

# Christmas Retail Monitor

Key retail, economic  
and consumer trends  
December 2020



# Introduction

## Arnold Dillon Retail Ireland Director

It has been a year of enormous challenges, but there are some positive indicators as we approach Christmas. While other parts of Europe are introducing new retail lockdowns, the Irish retail sector is now open and trading. The sector is benefitting from increased household savings during the year and a modest lift in sentiment. However, many businesses remain in survival mode and are working to recover losses incurred earlier in the year. For many, Christmas will be make or break. A Brexit deal and the avoidance of retail restrictions in 2021 will be key to a sustainable retail recovery.



# Headline 2020 consumer trends

- In the first nine months of 2020 Irish households saved almost €11 billion. This compares to €5.3 billion in the first nine months of 2019.
- When it comes to personal credit and debit cards, the biggest changes in usage since March have been a fall in ATM withdrawals (€4.6 billion), spending on socialising (€1.6 billion) and transport (€1.6 billion).
- E-commerce transactions (which mostly are imported) rose by €1.6 billion, while spending by Irish people when abroad fell by €2.2 billion or 45%.
- Card spending increased in several categories, such as groceries (€2.2 billion), hardware (€405 million), utilities (€300 million) and electrical goods (€200 million).

# Key Christmas 2020 consumer trends

- We expect that Irish households will spend about €700 on average this Christmas over and above what they would spend in a normal month.
- Total retail sales over December are expected to reach €4.8 billion, marginally lower than in 2019.
- This year, online trading is likely to make up a much more significant proportion of Christmas retail than ever before.

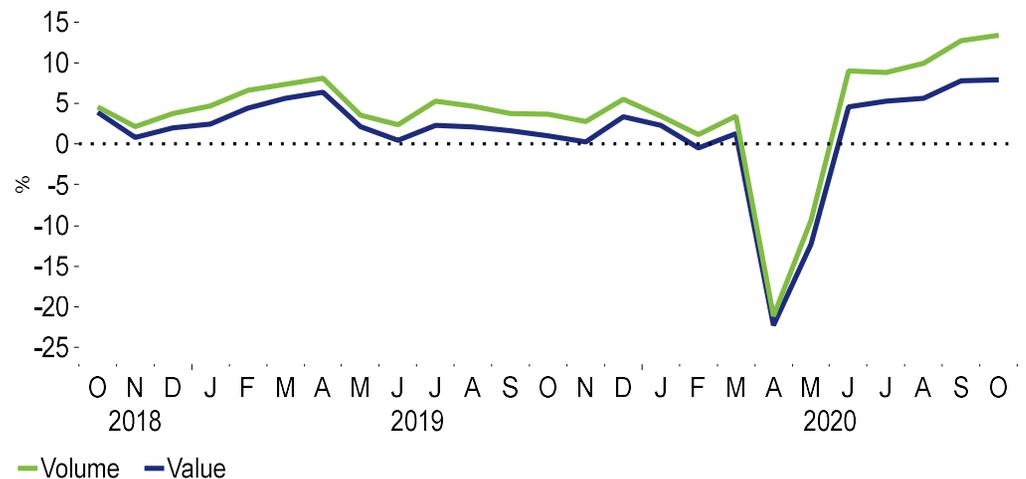


# October retail sales pick up

The volume of retail sales (ex bars & motor) was up 0.6% in the month of October from September and was 3.4% higher compared to October 2019. The year to date has seen a big jump in sales volumes in supermarkets (+11.9%), DIY/hardware (+9.9%) and computers/electrical (+14.3%); however fashion and footwear volumes have fallen dramatically (-23.2%) due to Covid restrictions.



Retail sales-All businesses (ex motor trades and bars)  
(y-on-y % change)



# October retail sales by volume

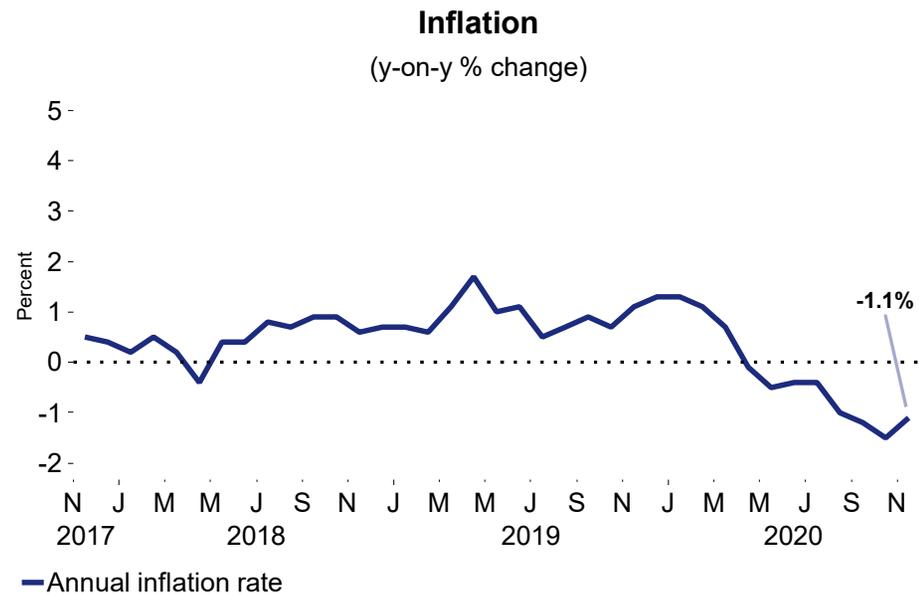
Category	YTD % change	Monthly % change	Annual % change
Supermarkets and convenience stores	11.9%	4.3%	15.2%
Department stores	-21.5%	-4.2%	-3.2%
Specialised food and drink stores	13.1%	7.1%	23.2%
Fuel (including petrol and diesel)	-17.7%	-17.8%	-21.3%
Pharmacies	0.9%	-7.6%	7.1%
Fashion, footwear and textiles	-23.2%	-7.5%	-7.1%
Furniture, lighting and homeware	-5.8%	-4.7%	18.7%
DIY and hardware	9.9%	-1.9%	34.1%
Computers, electrical and electronics	14.3%	3.2%	33.5%
Books, newspapers and stationary	-31.5%	5.6%	-13.6%
Non food specialised stores	8.9%	10.0%	41.2%
All sales (excluding motor and bars)	2.6%	0.6%	3.4%

# October retail sales by value

Category	YTD % change	Monthly % change	Annual % change
Supermarkets and convenience stores	10.9%	3.8%	13.3%
Department stores	-24.3%	-4.4%	-7.8%
Specialised food and drink stores	11.6%	6.5%	20.8%
Fuel (including petrol and diesel)	-19.2%	-16.5%	-25.6%
Pharmacies	0.6%	-8.7%	5.9%
Fashion, footwear and textiles	-25.1%	-8.1%	-11.3%
Furniture, lighting and homeware	-9.9%	-3.1%	14.4%
DIY and hardware	8.2%	-2.1%	29.7%
Computers, electrical and electronics	6.5%	3.1%	25.1%
Books, newspapers and stationary	-31.1%	3.2%	-14.3%
Non food specialised stores	-4.0%	0.7%	13.2%
All sales (excluding motor and bars)	-0.5%	-0.3%	7.9%

# Inflation bounces back marginally

Prices were 1.1% lower in November compared with November 2019, however consumer prices increased by 0.3% in the month. Clothing and footwear prices continued to fall, however, with a drop of 0.9% in the last month.



# November consumer price index (CPI) key takeaways

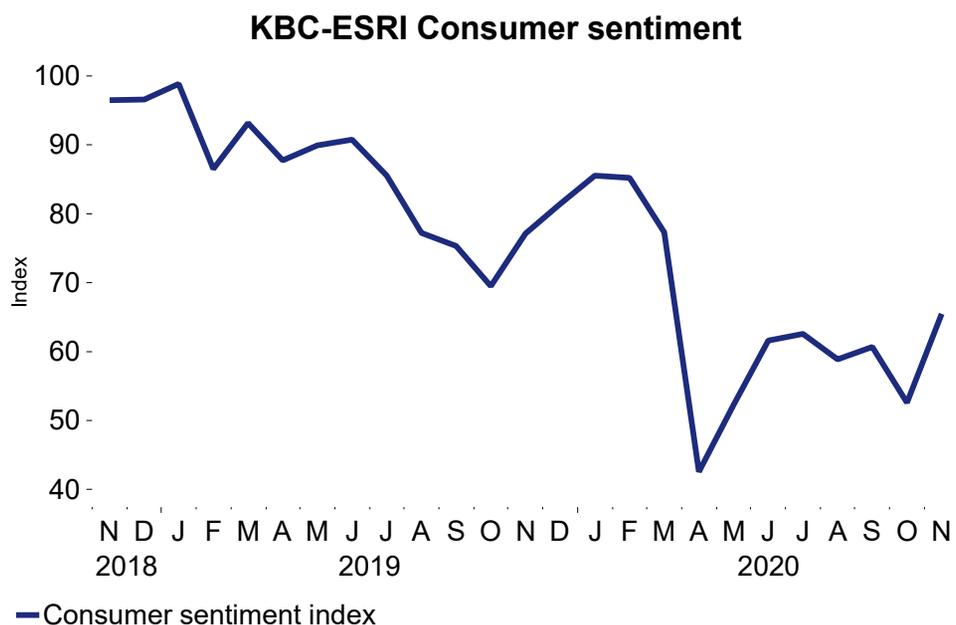
- Food and non-alcoholic beverages saw an annual decrease of 1.5% due to lower prices across a range of products such as vegetables, sugar, jam, honey, chocolate and confectionery, and non-alcoholic drinks.
- The most notable changes in the last year were decreases in Clothing and Footwear (-7.9%), Home entertainment systems (-12.8%) and Furnishings, Household Equipment and Routine Household Maintenance (-3.7%).
- Petrol prices fell by 5.1%, while diesel prices fell by 6.8%.

# October CPI category breakdown

Category	Monthly % change	Annual % change	Category	Monthly % change	Annual change
Food and non-alcoholic beverages	0.0%	-1.5%	Books	-0.2%	3.4%
Restaurants and hotels	0.1%	0.8%	Stationary	-0.1%	-6.5%
Clothing and footwear	-0.9%	-7.9%	Hairdressing	0.0%	7.3%
Petrol	0.1%	-5.1%	Jewellery, clocks and watches	-2.5%	-8.9%
Diesel	0.4%	-6.8%	Home entertainment systems	-1.5%	-12.8%
Furniture and furnishings	0.3%	-3.7%	Tools and equipment for house/garden	0.2%	-3.9%
Major household appliances	0.7%	0.0%	Cigarettes	1.3%	2.0%
Pharmaceutical products	-1.6%	1.3%	Prescribed Drugs	-4.7%	-4.2%
Cosmetic and skincare products	7.8%	2.0%	Hygiene products	1.5%	-5.7%

# Sentiment on the rise

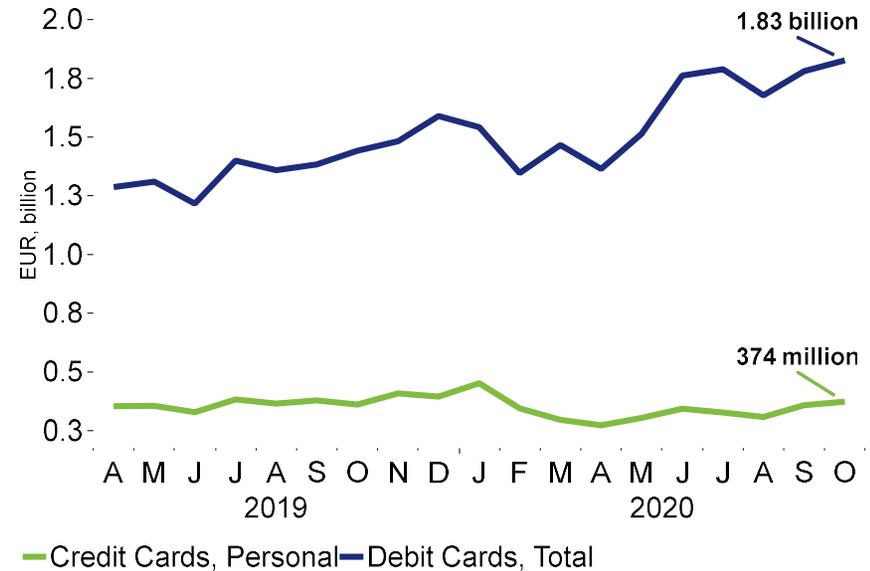
Consumer sentiment rose this month to 66.5, up from 52.6 in October, on the back of news of Covid restrictions lifting. This second lockdown has in the main followed the patterns set by the spring lockdown. The hope is this trends continues into December and the New Year, although the outcome of Brexit talks will be a factor.



# E-commerce transactions rise

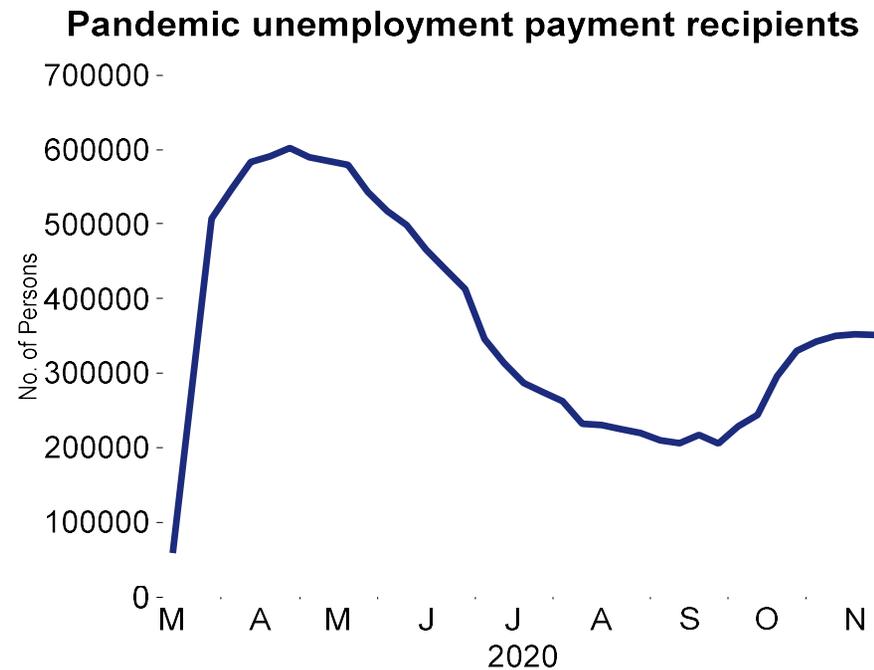
Total e-commerce personal expenditure amounted to €2.2 billion in October 2020, an increase of 3% on the previous month or 19% when compared to October 2019. Of total e-commerce expenditure, €1.83 billion can be attributed to debit cards, while €374 million can be attributed to personal credit cards.

Monthly E-commerce transactions on credit and debit cards



# Lockdown prompts PUP claim rise

The numbers on the Pandemic Unemployment Payment (PUP) rose to approximately 330,000 people in receipt of the payment by the last week in October. While the numbers from hospitality, retail and construction had fallen sharply over recent months, they still account for almost half of all recipients. PUP numbers levelled off in November as we approach the end of level 5.

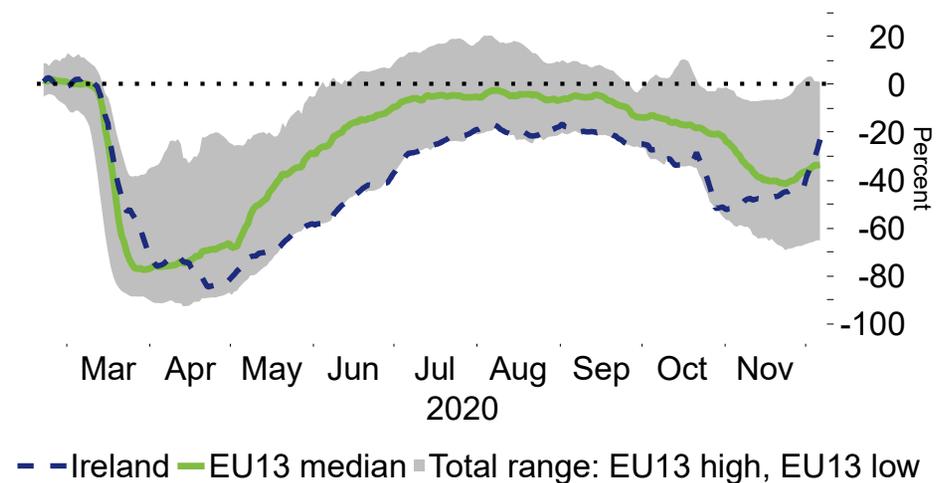


# Footfall lifts as restrictions ease

Further tracking data from Google clearly shows how people started moving around more as level 5 came to an end. Ireland's retail activity has dropped more than any other European country, but has now increased to the European average for the first time since April. Ireland is easing Covid restrictions just as others in Europe are increasing theirs.

## Google mobility, Retail and recreation (ex grocery and pharmacy), % difference to baseline

(EU15 excluding Sweden & UK)



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