

Retail Monitor

Key retail, economic
and consumer trends
January 2021



Retail
Ireland
Ibec

Introduction

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Our new Retail Monitor points to a strong Christmas for retail, largely due to pent up consumer demand. Unfortunately the strong December lift in consumer sentiment is likely to be short lived. We are now back in a lockdown scenario with no certainty on when it will end. Many retail businesses are again relying on government supports for survival and over 73000 retail workers are now in receipt of the pandemic unemployment payment. With Brexit disruption compounding difficulties, the first half of 2021 will be one of profound challenges for many businesses.



Headline consumer trends

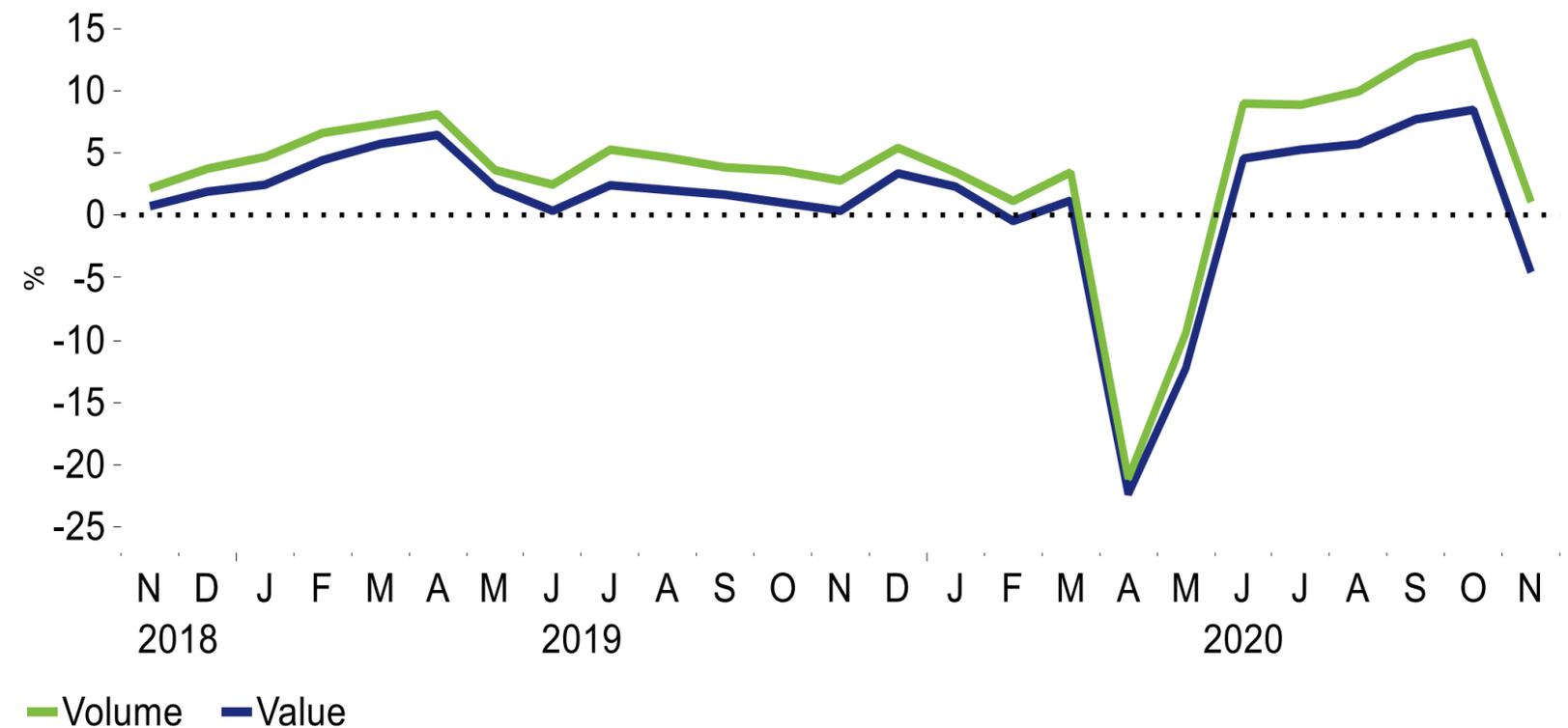
- Early signs point to a good Christmas for retail. Official CSO figures will be published next month, but December spending by Revolut customers was up 6% on the previous year.
- November figures were poor due to Covid restrictions. The total number of ATM transactions fell, decreasing by 10%, from October's 6.9 million transactions to 6.3 million the following month.
- Parts of the sector continue to perform well, including grocery, DIY and electrical, but fashion and footwear has taken a big hit.
- According to Revolut, 43% of December online spending went to Irish firms, while 57% went to overseas websites. This is a significant improvement on December 2019, when just 35% of internet spending was with domestic firms and 65% went abroad.

November retail sales drop

The volume of retail sales (ex bars & motor) was down 11.1% in the month of November from October and, but 1.1% higher compared to November 2019. The year to date has seen a big jump in retail 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)



November retail sales by value

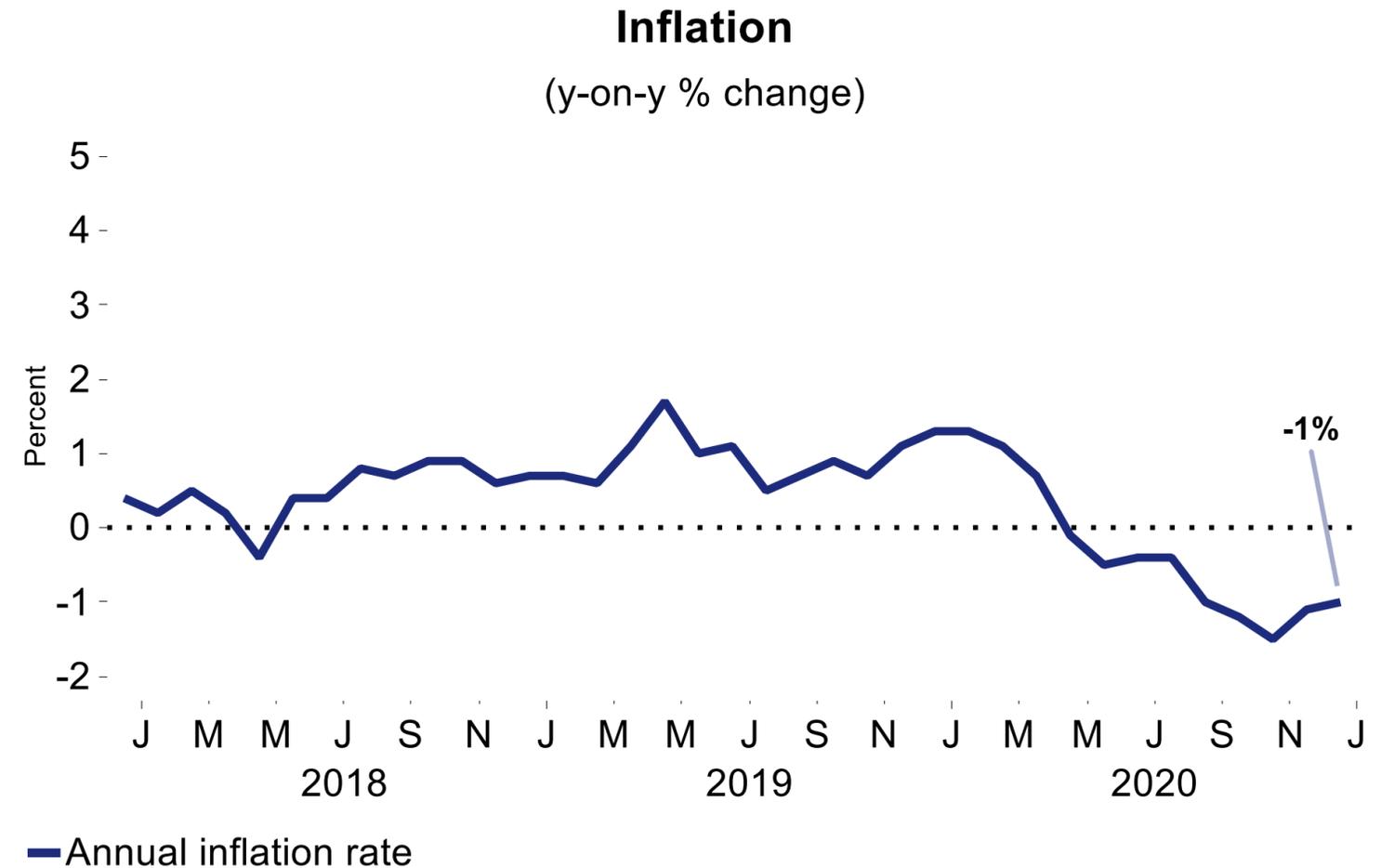
Category	YTD % change	Monthly % change	Annual % change
Supermarkets and convenience stores	10.8%	-3.9%	9.7%
Department stores	-24.0%	-32.7%	-37.6%
Specialised food and drink stores	12.4%	-1.1%	20.5%
Fuel (including petrol and diesel)	-18.9%	10.4%	-18.0%
Pharmacies	4.3%	0.7%	15.9%
Fashion, footwear and textiles	-29.4%	-52.5%	60.8%
Furniture, lighting and homeware	-11.2%	-47.9%	-39.7%
DIY and hardware	10.2%	-3.7%	22.3%
Computers, electrical and electronics	8.2%	-15.3%	22.8%
Books, newspapers and stationary	-30.1%	-7.1%	-22.1%
Non food specialised stores	-4.7%	-21.5%	-12.8%
All sales (excluding motor and bars)	-0.4%	-12.1%	-4.5%

November retail sales by volume

Category	YTD % change	Monthly % change	Annual % change
Supermarkets and convenience stores	11.9%	-4.0%	11.3%
Department stores	-20.9%	-31.7%	-33.1%
Specialised food and drink stores	14.1%	-1.5%	22.7%
Fuel (including petrol and diesel)	-17.0%	12.1%	-12.8%
Pharmacies	4.8%	0.3%	16.8%
Fashion, footwear and textiles	-27.2%	-50.9%	-57.6%
Furniture, lighting and homeware	-7.1%	-47.4%	-36.9%
DIY and hardware	12.2%	-3.3%	25.7%
Computers, electrical and electronics	16.5%	0.0%	32.7%
Books, newspapers and stationary	-30.4%	-9.6%	-21.4%
Non food specialised stores	8.2%	-23.7%	4.9%
All sales (excluding motor and bars)	3.0%	-11.0%	1.1%

Inflation starts to level off

Prices were 1% lower in January compared with January 2020, however consumer prices increased by 0.3% in the month of December compared to November 2020. Clothing and footwear prices continued to fall, however, with a drop of 1.1% in the last month.



December consumer price index (CPI) key takeaways

- Tobacco and alcoholic beverages saw an annual price decrease of 1.2% due to lower prices across a range of products, particularly in alcohol sold in off licences and supermarkets
- The most notable annual price changes were decreases in Clothing and Footwear (-7.8%), Home entertainment systems (-9.8%) and Furnishings, Household Equipment and Routine Household Maintenance (-3.9%)
- Petrol prices fell by 11.3% annually, while diesel prices fell by 12.5%.

December CPI category breakdown

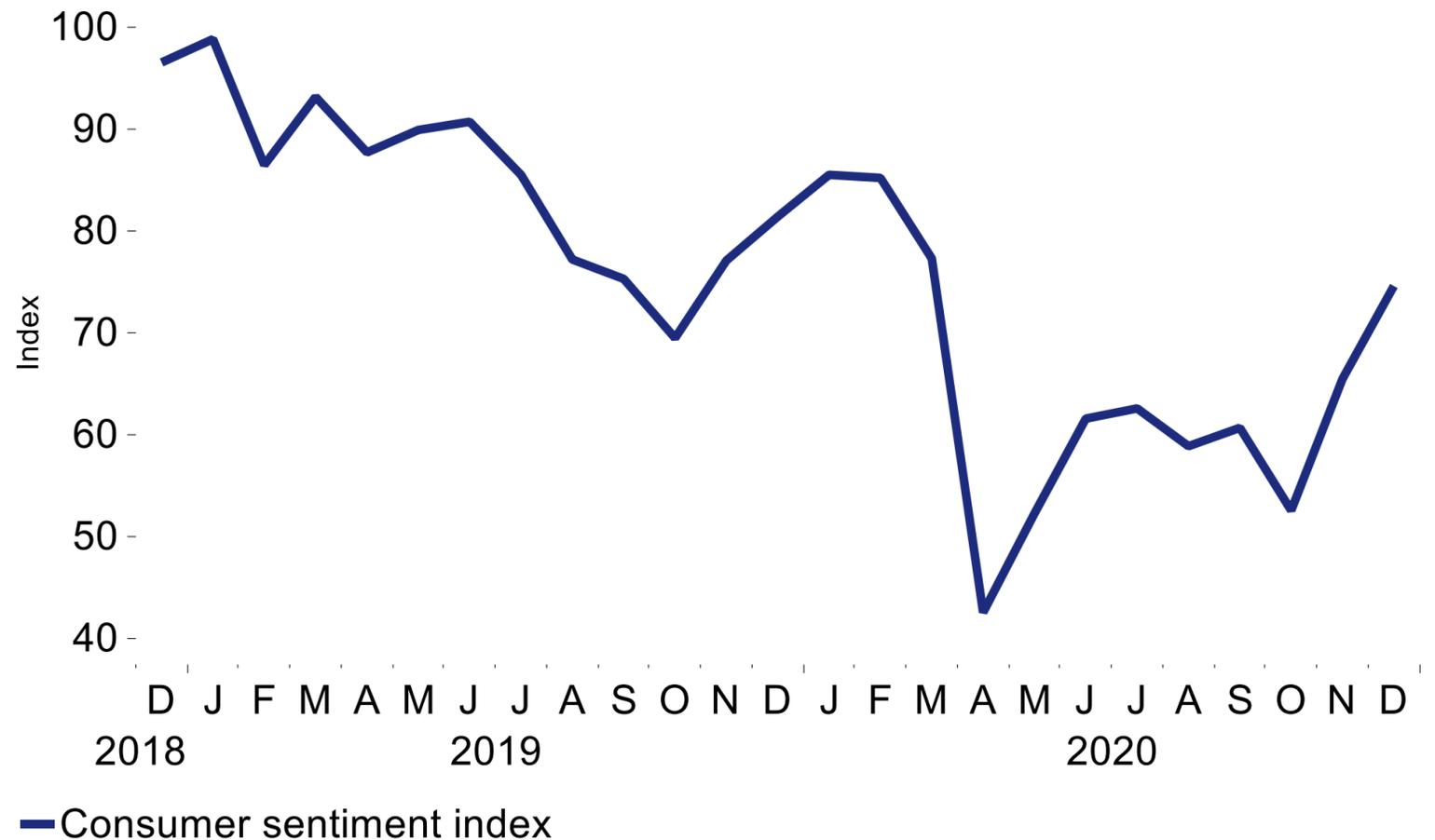
Category	Monthly % change	Annual % change	Category	Monthly % change	Annual change
Food and non-alcoholic beverages	-0.1%	-1.6%	Books	0.9%	4.8%
Restaurants and hotels	1.5%	2.5%	Stationary	0.0%	-6.5%
Clothing and footwear	-1.1%	-7.8%	Hairdressing	0.3%	7.5%
Petrol	-5.8%	-11.3%	Jewellery, clocks and watches	-2.6%	-11.1%
Diesel	-5.5%	-12.5%	Home entertainment systems	0.7%	-9.8%
Furniture and furnishings	0.1%	-4.4%	Tools and equipment for house/garden	-1.2%	-4.9%
Major household appliances	0.2%	0.9%	Cigarettes	0.1%	2.0%
Pharmaceutical products	-0.9%	-0.8%	Prescribed Drugs	0.0%	-4.2%
Cosmetic and skincare products	-9.3%	-6.8%	Hygiene products	-1.5%	-7.1%

Consumer mood lifts in December

Consumer sentiment rose sharply in December to 74.6, up from 65.5 in November, on the back of an easing of Covid restrictions. This upward trend followed a strong showing in November and manifested itself in strong consumer spending over Christmas. Unfortunately January is likely to see another fall, due to heightened Covid concerns.



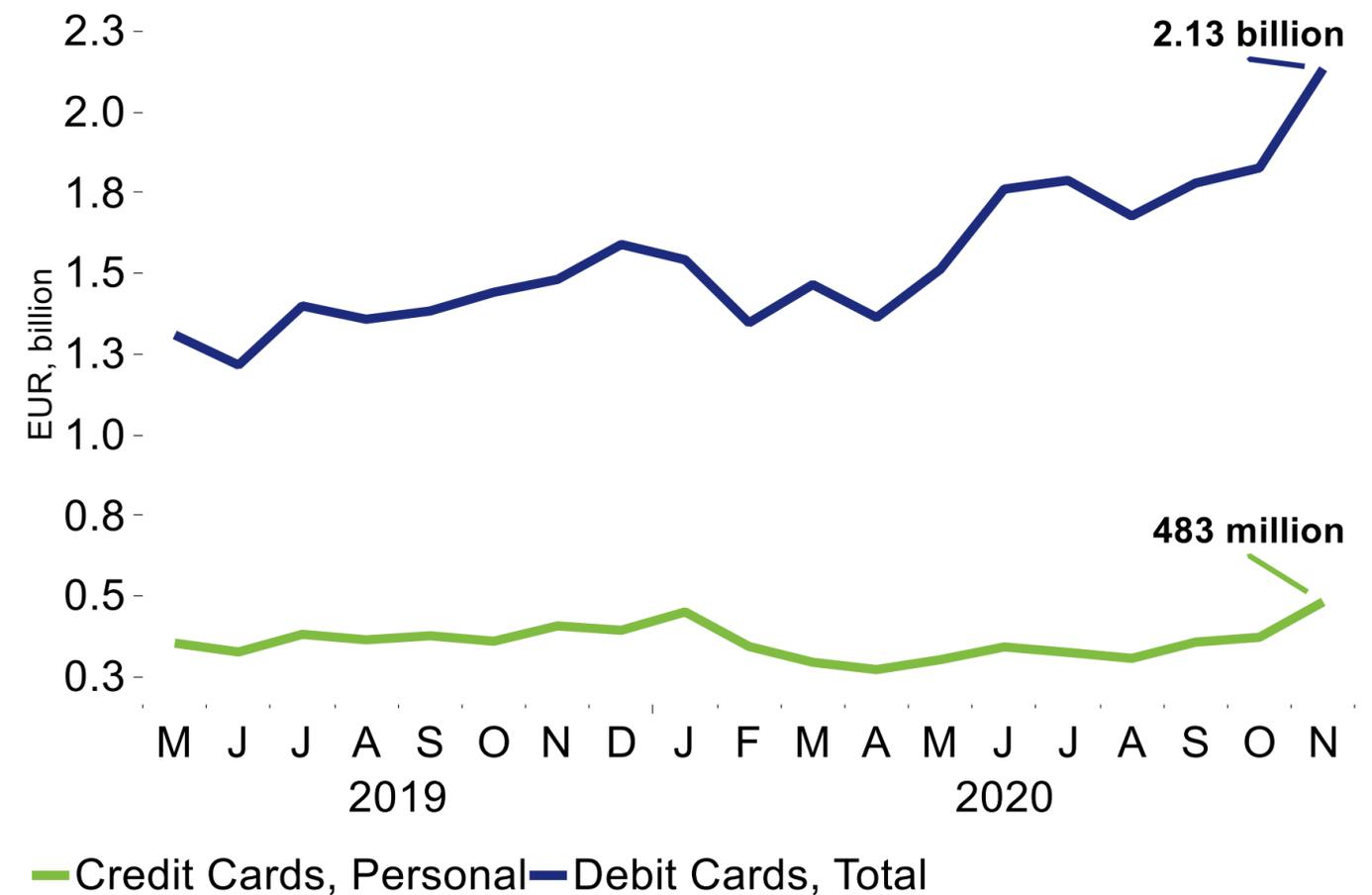
KBC-ESRI Consumer sentiment



E-commerce transactions continue to rise

Central Bank data shows that e-commerce expenditure on credit and debit cards increased 19% on the month in November and 35% on a year-on-year basis. The latest Revolut figures point to an even greater increase the following month. Between apps, games and digital media, overall digital spending by Revolut customers was 147% higher in December than the previous year.

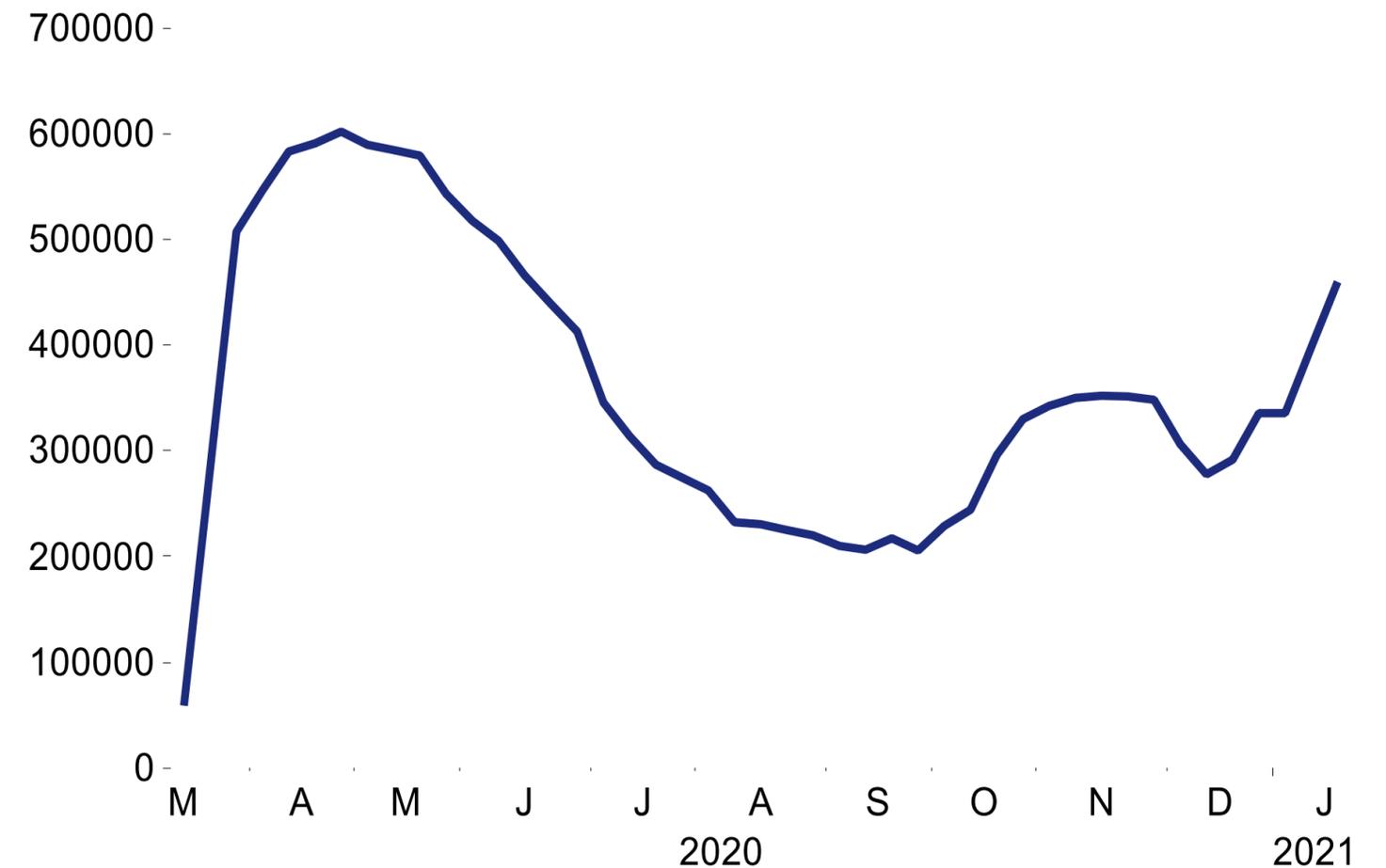
Monthly E-commerce transactions on credit and debit cards



Lockdown prompts PUP claim rise

The numbers on the Pandemic Unemployment Payment (PUP) rose to approximately 460,000 in early January. There was a rise of 61,715 claiming PUP as the government introduced level 5 in December. Retail workers in receipt of the payment rose from 65,300 to 73,382 as the Government moved to close non-essential retail.

Pandemic unemployment payment recipients

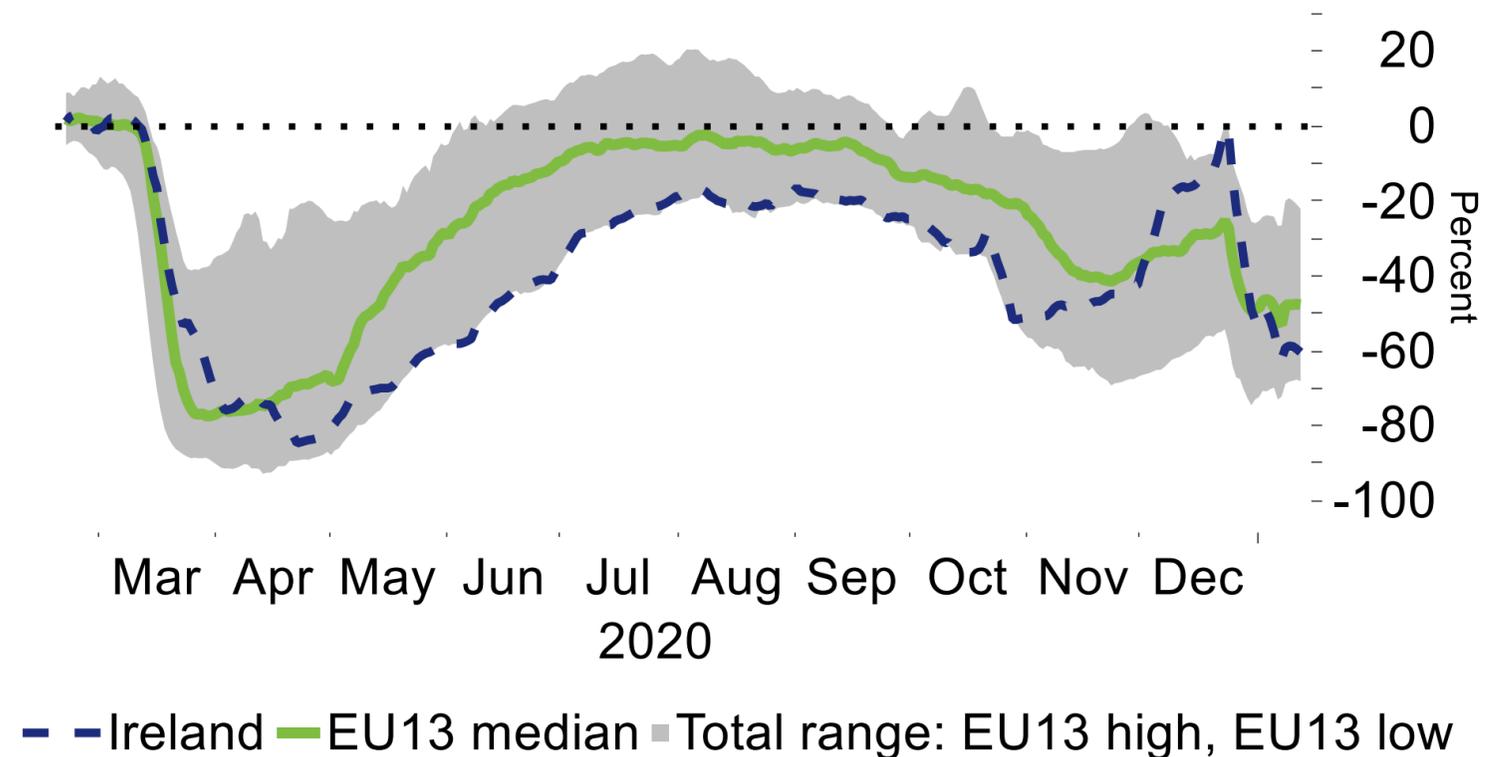


Footfall tumbles as new Covid restrictions bite

Further tracking data from Google clearly shows people started moving around more as Christmas approached, with levels rising to just below the normal pre-pandemic baseline. However, the return of strict post-Christmas restrictions saw a sudden fall, with Irish retail and recreation footfall (excluding grocery and pharmacy) now amongst the lowest in Europe.

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

(EU15 excluding Sweden & UK)



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