



Retail  
Ireland  
Ibec

# Christmas Retail Monitor 2019

# Christmas cheer for Irish retail

December 2019



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## A busy Christmas for Irish retail

Following a year of trading peaks and troughs, retailers are experiencing a busy end to 2019. The last 12 months have been erratic and unpredictable, with external issues greatly impacting the trade and giving consumers cause for nervousness. With the Black Friday promotional window now behind us, retailers are hopeful for a strong finish to the year with consumers putting aside any lingering concerns around Brexit and embracing the festive period with traditional enthusiasm.

All of the key economic indicators would suggest consumer spending power is certainly strong. With more people at work than ever before in the history of the State and wages growing at over 3.8% on average in 2019, consumers certainly have more money in their pockets, while the CSO suggest that disposable income is up 5.8% in 2018. The challenge for retailers will be convincing them to spend that growing disposable income in a retail setting and more specifically their stores. As retail's share of disposable income spend comes under pressure from other categories, retailers are innovating. Maintaining the status quo or business as usual approach won't win Christmas. Being brave, delivering experience and being ultra-competitive from a price perspective is what is required, and Irish retailers are rising to the challenge.

In addition, retailers are experiencing a pre-Christmas run on their online stores, with initial Black Friday trading reports suggesting record traffic and transactions on Irish based online stores during that period. This activity will surely prove complimentary to the many instore initiatives planned for the period between now and the big day itself. This is a much-changed narrative from only a few years ago, when many commentators declared the death of the high street due to the growing importance of online shopping. Irish retailers are active in the space now and are they are doing a fantastic job.

Season's greetings from Retail Ireland.



## All retail sales – as at October 2019



On a year to date basis the value of Irish sales is up 2.8% with volume up by 5.0%



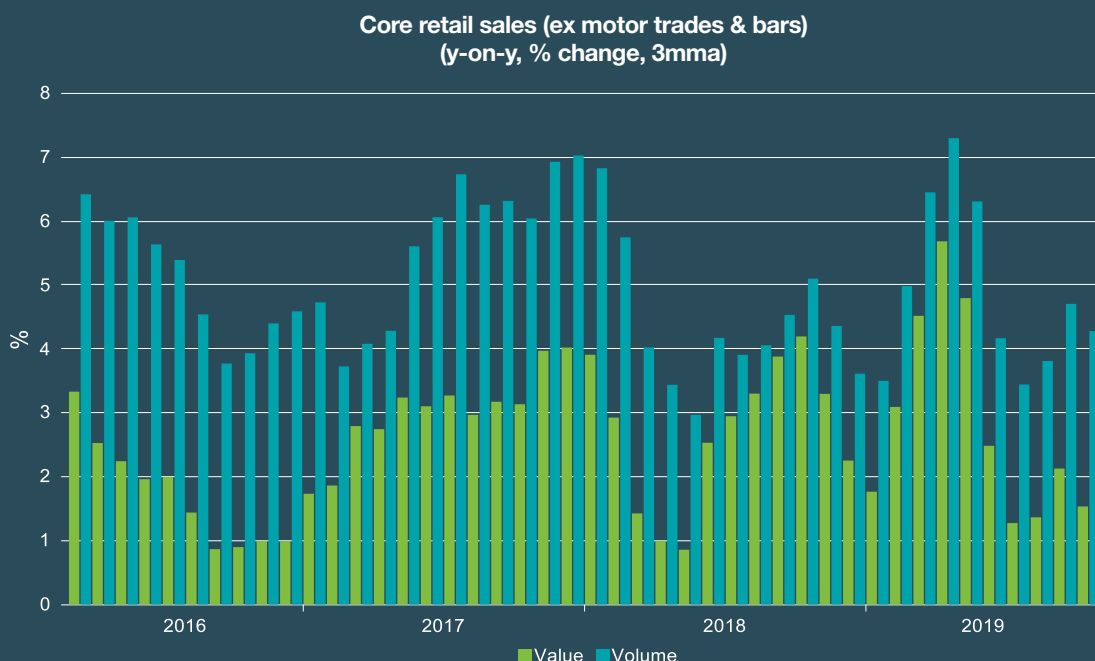
Comparing sales during October 2019 to those a month earlier in September 2019, total value decreased by 2.1%, with volumes decreasing by 1.9%



On an annualised basis, the total value of Irish retail sales (excluding sales of cars and sales in bars) increased by 0.6% compared with October 2018 with a 3.6% increase in volume

## Consumers and retailers to reap rewards during Christmas period

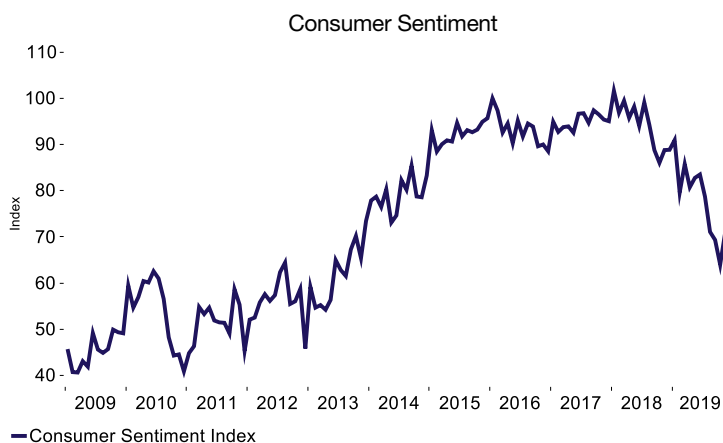
In what has been a relatively mixed year for the sector; both retailers and consumers are gearing up for what is the busiest trading period of the year. With sales values and volumes continuing their differing growth trajectories during 2019 due to deep discounting and growing price competition in the trade, it continues to be a great time to be a consumer in Ireland. Black Friday and Cyber Monday sales have become a fixture in the retail calendar over recent years and the Irish consumer is now well placed to take advantage of this. Over the course of the year we have seen a continued improvement in many of the key economic indicators, including employment, wages and disposable income levels. Retailers are very aware of the need to offer choice and competitive pricing in order to drive footfall and traffic through both their traditional stores and their online platforms. While Brexit angst has caused some softness in consumer confidence in recent months, retailers will be hoping that consumers will park these concerns over the festive period.



# Macro trends

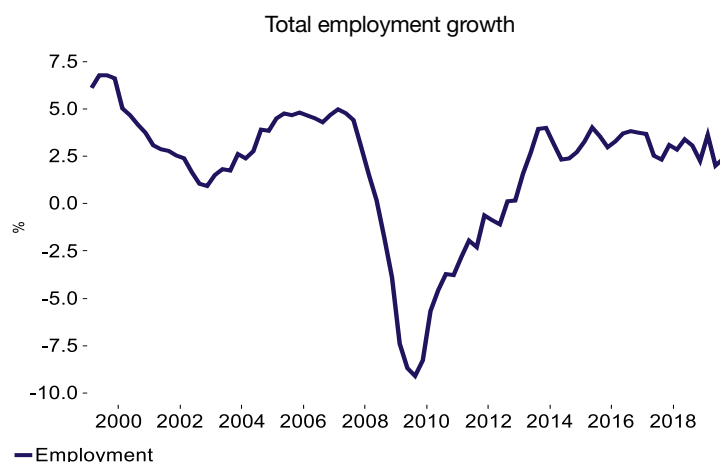
## Brexit uncertainty causes consumers unease

There has been significant fluctuation in consumer sentiment over the course of 2019. This has mainly been driven by the uncertainty surrounding the United Kingdom's departure from the European Union. It can clearly be seen from the data throughout the year that as a Brexit date was imminent, consumer confidence took a tumble. While the data shows a continued downward trend in consumer sentiment, this has not been reflected in consumers spending habits which have remained relatively strong throughout the year, with value of sales increasing by 2.3% in Q3 2019 in comparison with the same quarter last year.



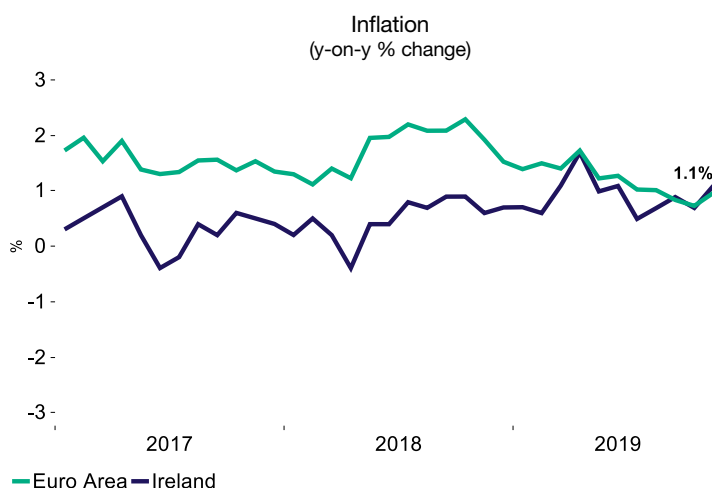
## Labour market a challenge as Ireland reaches full employment

Employment increased by 2.4% in year to Q3 2019, with over 2.3 million people now at work according to the CSO. There has never been so many people employed in the history of the state. Considering where Ireland was only a few short years ago this is a favourable situation to be in, however this brings with it a challenge for employers. Many employers are reporting difficulties in attracting and retaining talent. The retail sector in particular is investing heavily in the upskilling and retention of their existing work force.



## Prices remain low as inflation stagnates

In the year to November the rate of inflation in Ireland remained low at 1% with goods prices declining by 1.7% in the year to November 2019. Services saw inflation of 3% for the year to the end of November, this was driven mainly by bars and restaurants, utility bills and household rents. The continued trend of low prices in the retail sector further highlights the ongoing and consistent discounting which is now a hallmark of the trade, underlining the highly competitive nature of the sector.

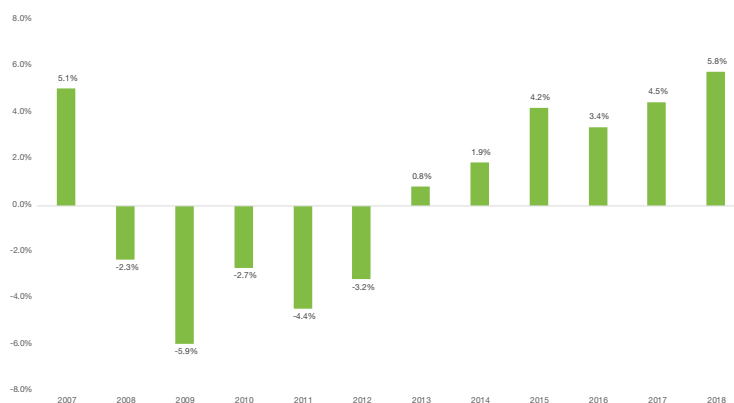


# Macro trends

## Household disposable income continues to grow

Real disposable income increased by 5.8% in 2018 building on growth of 4.5% in 2017. While this is good news, the rate of saving by Irish households in 2018 remained high at 10.7%. This differential shows that while there is more disposable income in the economy, people remain cautious in relation to their personal finances. This is largely due to the uncertainty generated around external factors such as Brexit. With much discounting taking place in the run up to and during the festive period; retailers will be hoping that some of the extra disposable income that is available will be spent in the sector.

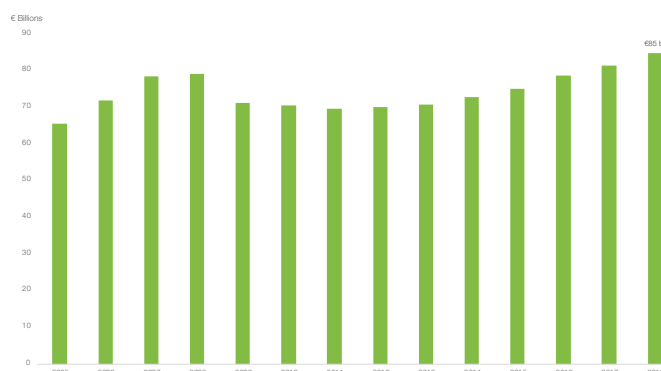
Retail household disposable income-Annual growth (%)



## Consumer spending strong as Christmas season looms

Consumer spending; will reach almost €5 billion this December, €1.6 billion more than the average spend in any other month during 2019. This €1.6 billion in additional Christmas related spend in December, equates to around €940 more per household than in any other month of the year. The average household will expect to spend €2,800 over the Christmas period. This increase in consumer spending will not be wholly spent in the domestic retail sector. The growth of online and an increase in cross-border shopping as a result of the weakness in sterling will draw a substantial proportion of the extra spending away from our high streets and traditional bricks and mortar stores.

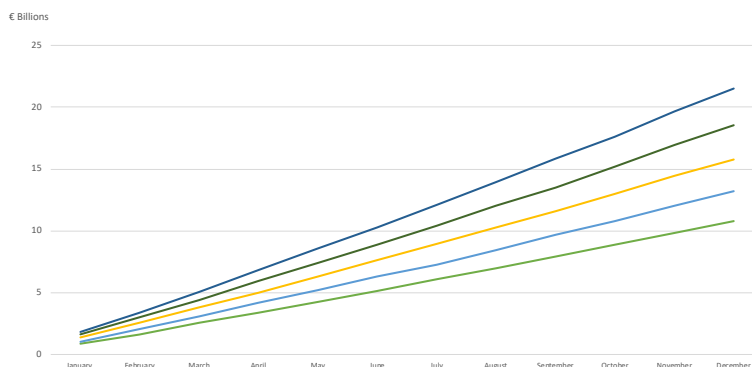
Consumer spending (ex. housing)



## The march of online spending continues a pace

With the value of Sterling fluctuating considerably over the course of the year, Irish consumers have benefited from sterling's weakness. Recent data from the Central Bank on spending habits on Irish debit and credit cards showed that in the first nine months of 2019 Irish consumers spent €15.9 billion online, with spending at the end of the year predicted to reach €21 billion. While the majority of this spending will leave the State, Irish retailers are meeting the online challenge with excellent deals in store and expanding their omni channel presence.

Cumulative online spend on Irish credit and debit cards (€bn)









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