Christmas Retail Monitor

Key retail, economic and consumer trends

December 2021

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Introduction

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Projections for Christmas trading remain positive, even if Covid concerns cloud the horizon. Although recent restrictions have reduced footfall in key districts, we expect December retail spending as a whole to increase by 5% over last year. The recovery looks set to continue next year, but remains contingent on the course of the pandemic. Inflationary pressures and labour shortages remain a big concern.

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Christmas spend set to top last year

We expect to see about €5.4 billion of retail spending this December, about €1.58 billion higher than other months. This equates to a €832 Christmas spend per household, up 5% on last year. Feedback from members suggests consumers began shopping earlier this year due to supply chain concerns, but footfall may dip closer to Christmas as people limit their social contacts.

Positive Ibec projections for 2022

Key indicators annual % change	2020	2021	2022
Consumer spending	-10.4%	5.3%	8.1%
Domestic investment	-3.7%	7.4%	12.2%
Exports	9.5%	16.5%	5.0%
Imports	-7.5%	-5.6%	8.3%
GDP	5.8%	12.8%	6.1%
Inflation (annual average %)	-0.3%	2.4%	3.3%
Unemployment rate (annual average %)	16.7%	16.2%	5.8%
Unemployment rate, Q4	20.7%	7.1%	5.2%

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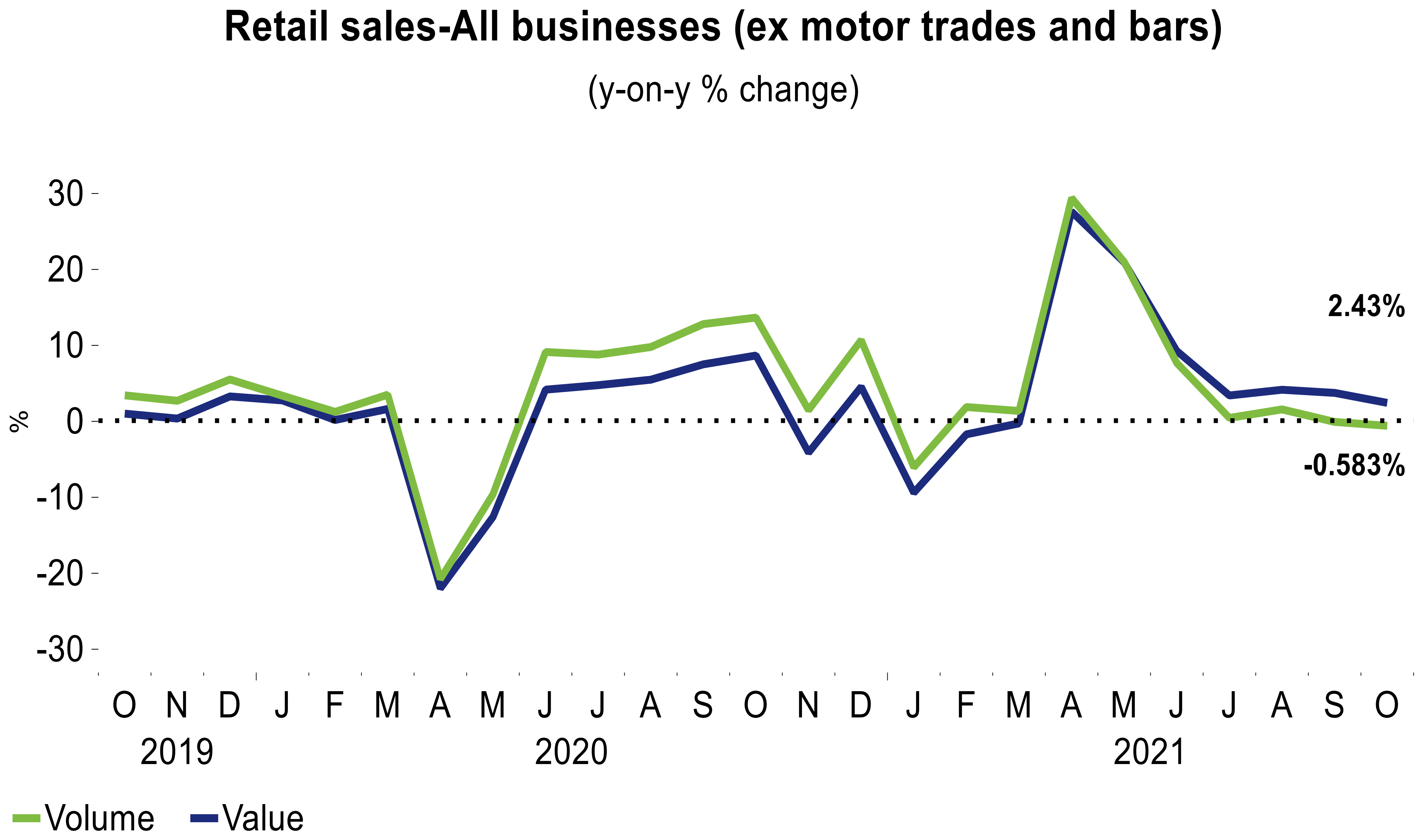
Retail sales bounce eases

The volume of retail sales (excluding motor trade and bars) was down -0.583% in October, while the value was up 2.43%. On an annual basis, retail volumes in October 2021 were 1.5% higher than in the same month last year. Retail sales were 9% higher this year compared to pre-Covid October 2019.



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Retail sales: Key takeaways

- Large annual increases in volume compared to October 2020 included Clothing & Footwear (+29.4%) and Books, Newspapers & Stationery (+19.1%).
- The largest annual decreases in volume against October 2020 were in Hardware, Paints & Glass (-21.5%), Non-Specialised Stores (incl. supermarkets) (-6.1%) and Electrical Goods (-5.2%).
- Sectors that showed significant changes compared to October 2019 include Electrical Goods (+28.2%), Furniture & Lighting (+26.4%).
- The proportion of retail sales transacted online (from Irish registered companies) was 5.7% in October 2021 compared to 4.6% in September 2021 and 6.0% in October 2020.

October retail sales by volume

Category	YTD % change	Monthly % change	Annual % change
Supermarkets and convenience stores	1.0%	0.3%	-6.1%
Department stores	1.1%	-0.3%	5.7%
Specialised food and drink stores	5.8%	1.8%	-1.4%
Fuel (including petrol and diesel)	23.3%	-2.9%	17.7%
Pharmacies	8.5%	-4.9%	6.1%
Fashion, footwear and textiles	9.9%	-2.8%	29.4%
Furniture, lighting and homeware	11.1%	2.8%	5.3%
DIY and hardware	8.7%	-13.4%	-21.5%
Computers, electrical and electronics	11.1%	-0.7%	-5.2%
Books, newspapers and stationary	-5.5%	4.9%	19.1%
Non food specialised stores	8.1%	-0.3%	0.5%
All sales (excluding motor and bars)	4.8%	0.1%	-0.6%

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October retail sales by value

Category	YTD % change	Monthly % change	Annual % change
Supermarkets and convenience stores	1.6%	0.5%	-3.4%
Department stores	-2.4%	0.4%	4.4%
Specialised food and drink stores	4.7%	1.0%	-0.9%
Fuel (including petrol and diesel)	27.3%	-0.3%	39.6%
Pharmacies	6.0%	-5.5%	4.8%
Fashion, footwear and textiles	5.2%	-2.9%	25.6%
Furniture, lighting and homeware	9.9%	4.0%	7.7%
DIY and hardware	9.5%	-12.5%	-17.7%
Computers, electrical and electronics	9.2%	0.9%	-3.1%
Books, newspapers and stationary	-6.1%	0.5%	13.8%
Non food specialised stores	7.4%	-0.7%	4.2%
All sales (excluding motor and bars)	5.2%	0.1%	2.4%

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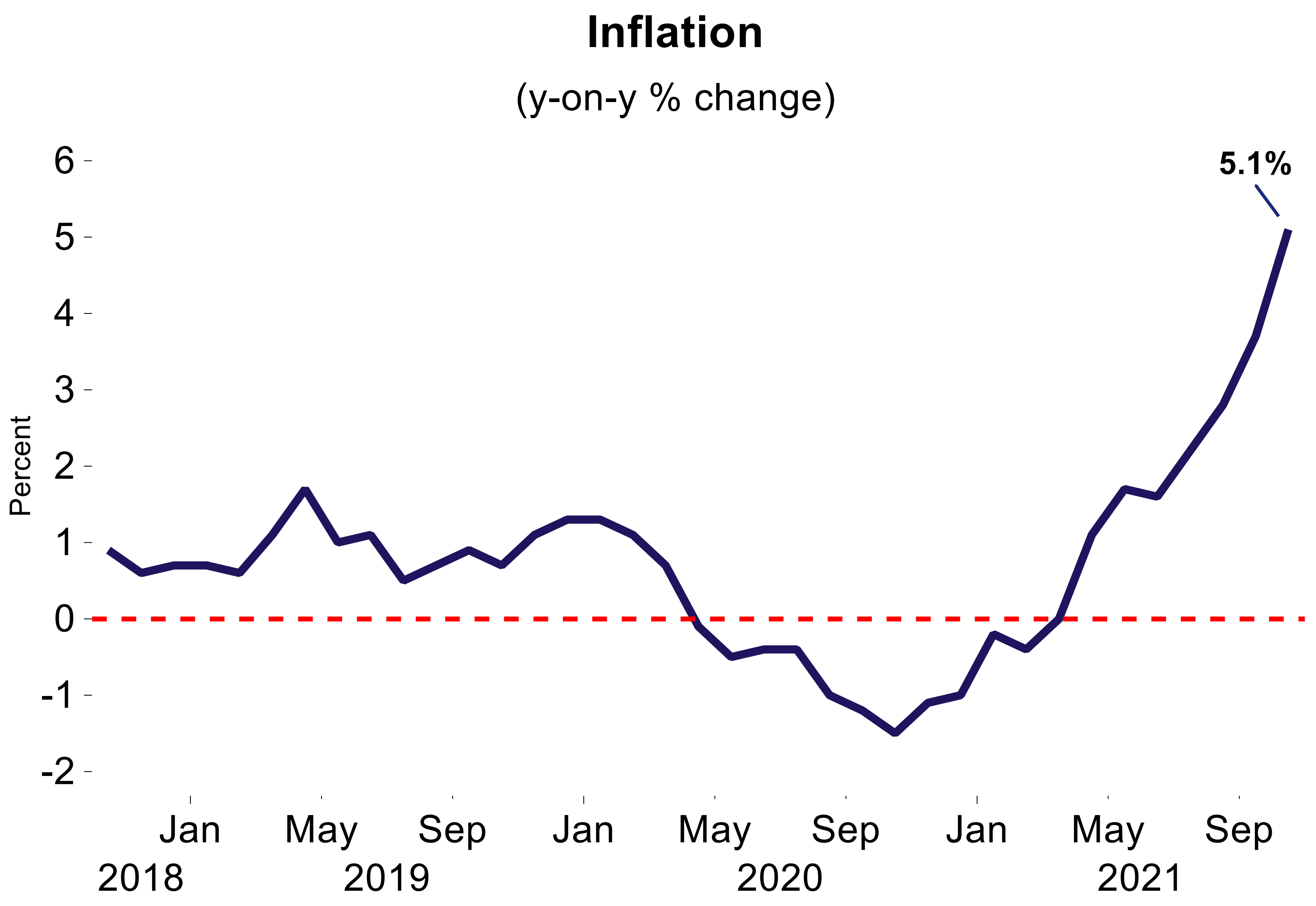
Inflation hits 5.1% in October

Prices across the economy were 5.1% higher in October compared to October 2020. Inflation has been rising sharply over the last year and we are now experiencing the largest annual change in prices since April 2007. High energy prices remain the primary reason behind the current spike. Services are creeping up too, with rents up 7.5% and phone costs up 5%.



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October 2021 consumer price index: Inflationary pressures push up prices

- Food and Non-Alcoholic Beverages increased monthly by 0.4% and annually by 0.8%.
- Major Household Appliances (+9.2%) have gone up mainly due to the rise in costs for raw materials.
- Other notable annual increases in retail items include Furniture and Furnishings (+2.8%) and Books (+3.8%) and Cigarettes (+6.3%).
- Clothing & Footwear (-2.4%) fell primarily due to sales for clothing.
- Other annual decreases in specific retail sectors include Jewellery, Clocks and Watches (-16.3%) and Cosmetic and Skincare Products (-3.3%).

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October CPI category breakdown

Category	Monthly % change	Annual % change	Category	Monthly % change	Annual change
Food and non-alcoholic beverages	0.4%	0.8%	Books	2.4%	3.8%
Restaurants and hotels	-0.4%	4.1%	Stationary	3.0%	3.9%
Clothing and footwear	0.5%	-2.4%	Hairdressing	0.2%	2.4%
Petrol	5.9%	21.6%	Jewellery, clocks and watches	-7.6%	-16.3%
Diesel	7.6%	25.3%	Home entertainment systems	0.2%	3.8%
Furniture and furnishings	-0.8%	2.8%	Tools and equipment for house/garden	-0.2%	0.3%
Major household appliances	0.4%	9.2%	Cigarettes	1.2%	6.3%
Pharmaceutical products	0.6%	-2.8%	Prescribed Drugs	0.0%	-4.5%
Cosmetic and skincare products	0.0%	-3.3%	Hygiene products	-0.5%	6.3%

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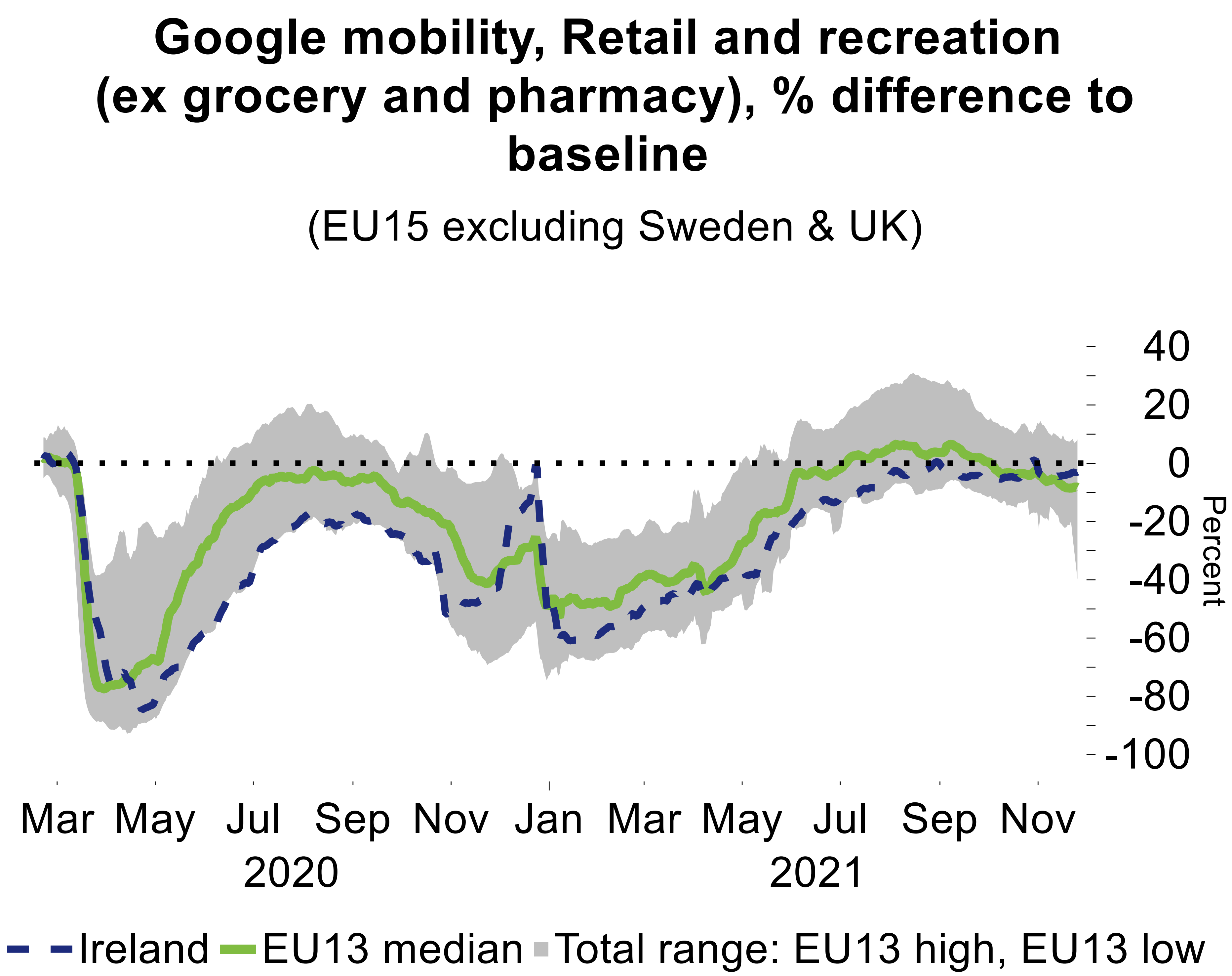
Footfall at pre-pandemic levels

The Google mobility index saw footfall across Irish retail surpass the European average towards the end of October and into November. The reopening of the hospitality sector brought more people into towns and cities. Some key retail districts are however still down due to a lack of office workers and tourists.



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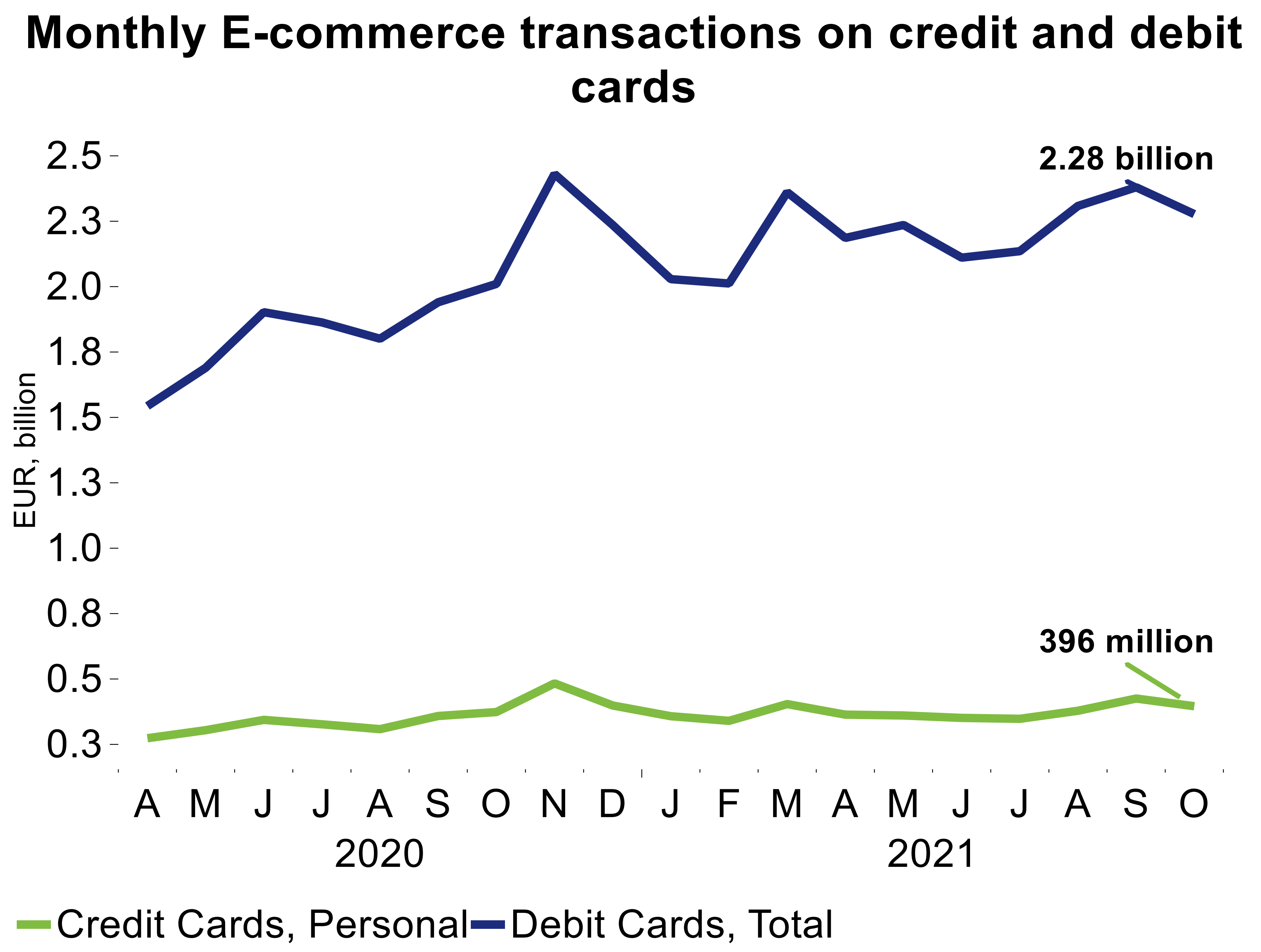
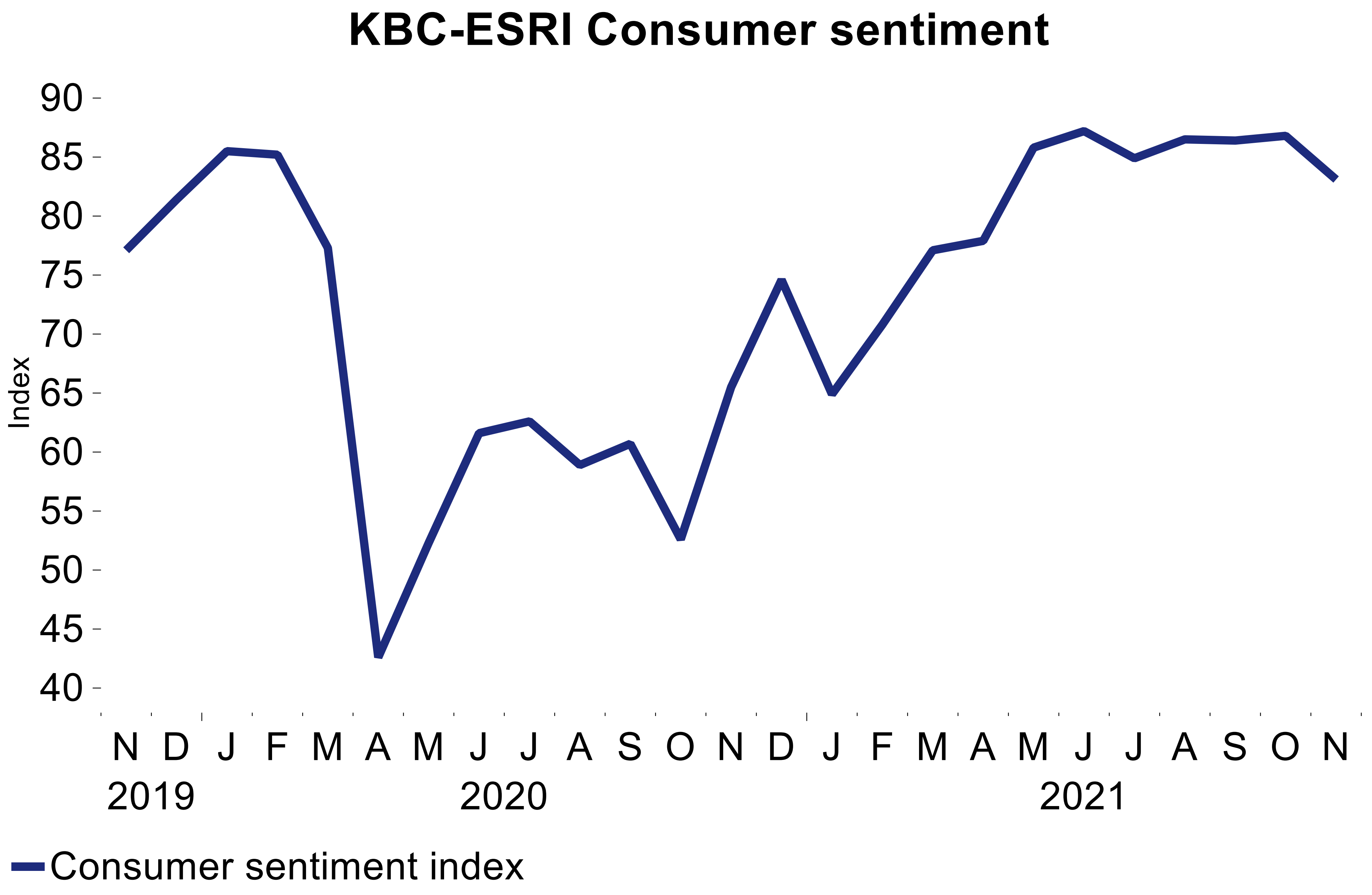
Online spending moderates in October

Total online expenditure decreased by 5% in October 2021 to €2.8 billion from September. Online spending accounted for 45% of card spending in October, a fall of 1% against September and an increase of 12% (€302 million) on October 2020 levels. Total in-store spending remained flat when compared to September, at €3.4 billion. This represents a 21% increase over October 2020.



Sentiment eases in November

The KBC-ESRI Consumer sentiment dipped in November to 83.1, down from 86.8 in October. While modest, this is the largest monthly fall since January and suggests an increased nervousness on the part of consumers. This is likely to reflect high Covid case numbers and inflation.



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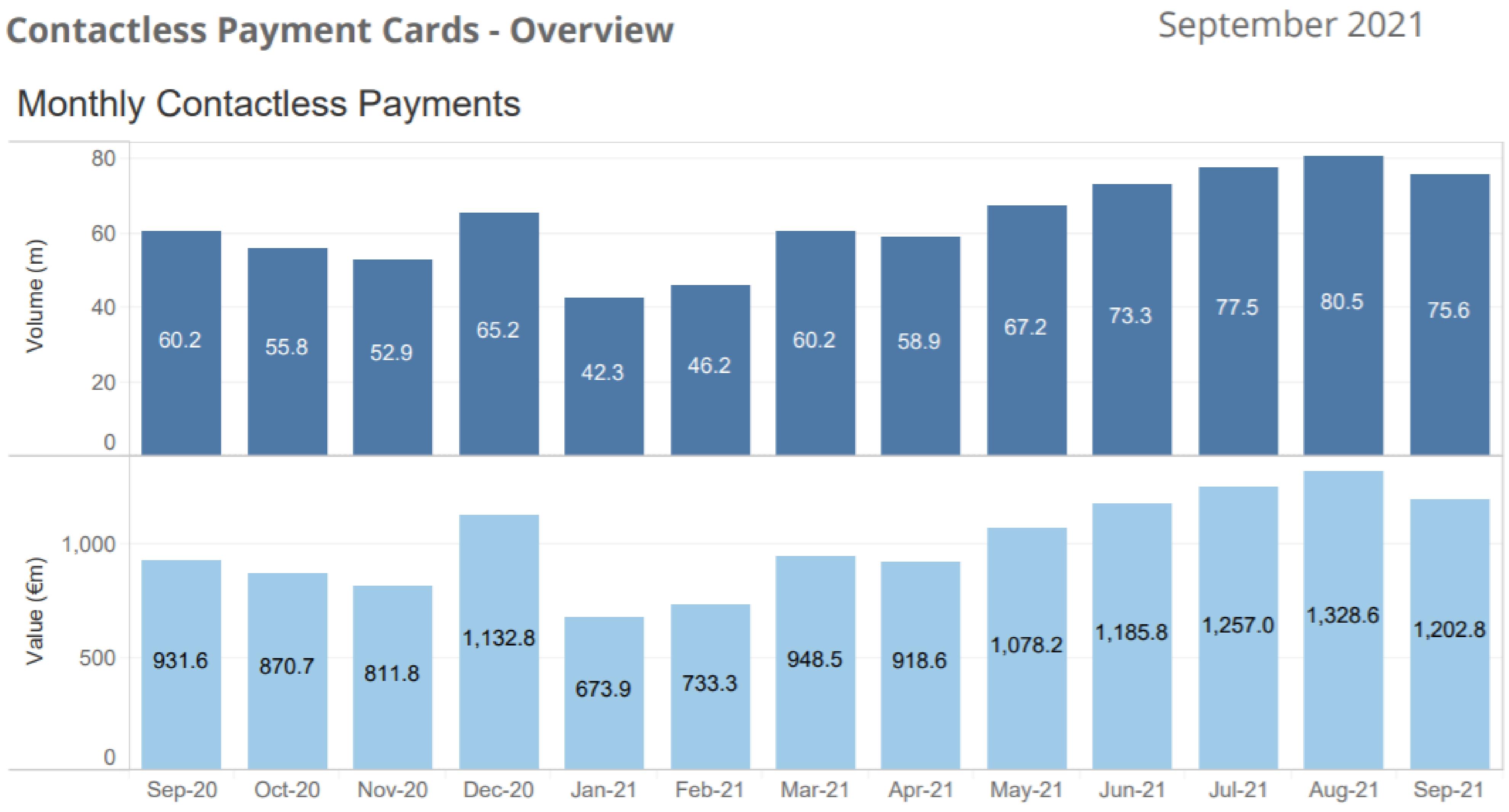
Contactless payments dip in September

According to the Banking & Payments Federation Ireland the use of contactless payments reached new heights in Q3 2021 at almost 234 million payments worth nearly €3.8 billion. The number and value of payments were 17.2% and 19%, respectively, above the previous highs in Q2 2021



Banking & Payments Federation Ireland (BPFI)

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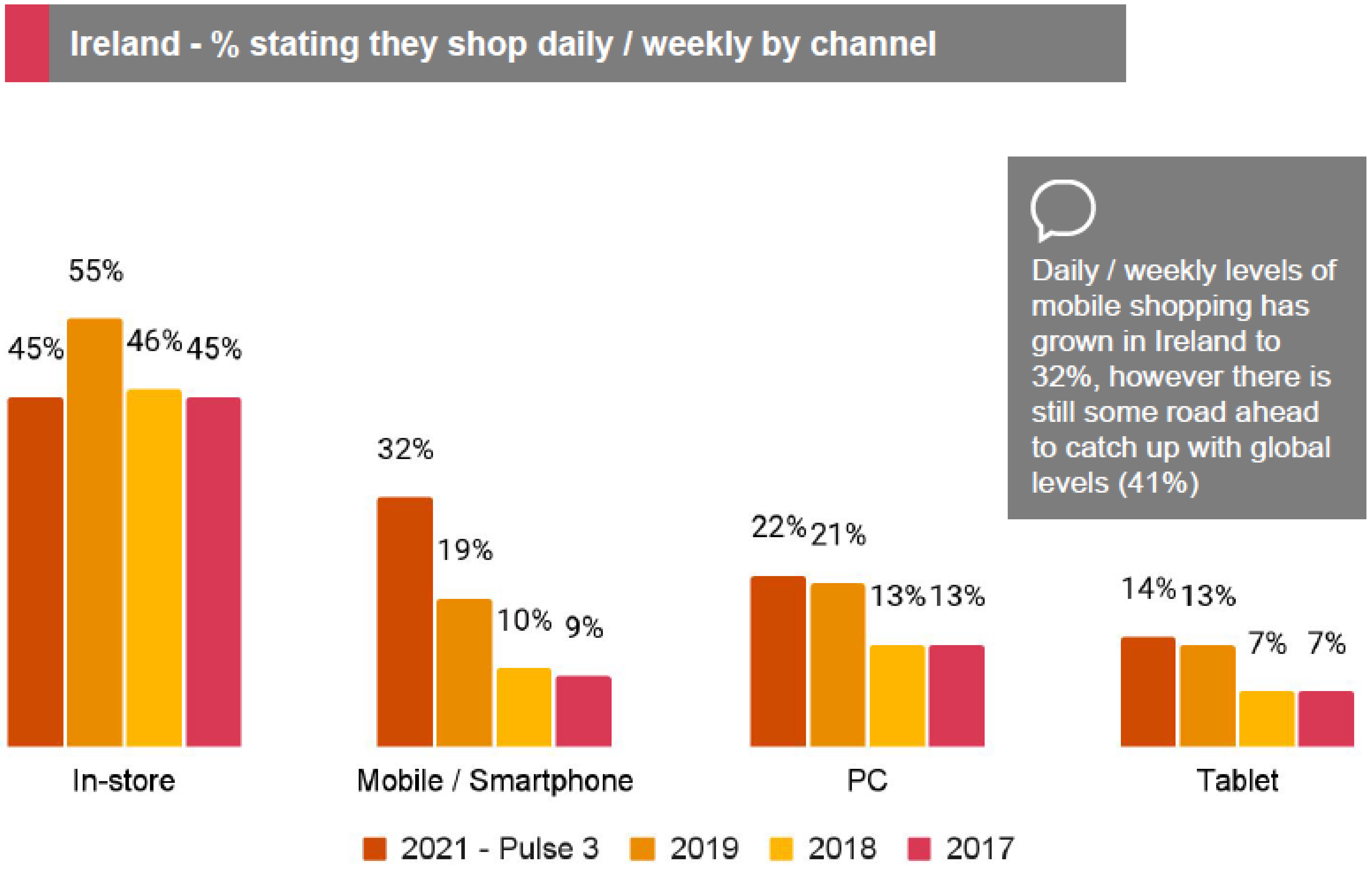
Consumer use of mobile accelerates



Source: PWC Global Consumer Insight Survey – Irish Results

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