

Retail Monitor

Key retail, economic and consumer trends
February 2022



Retail
Ireland
Ibec

Introduction

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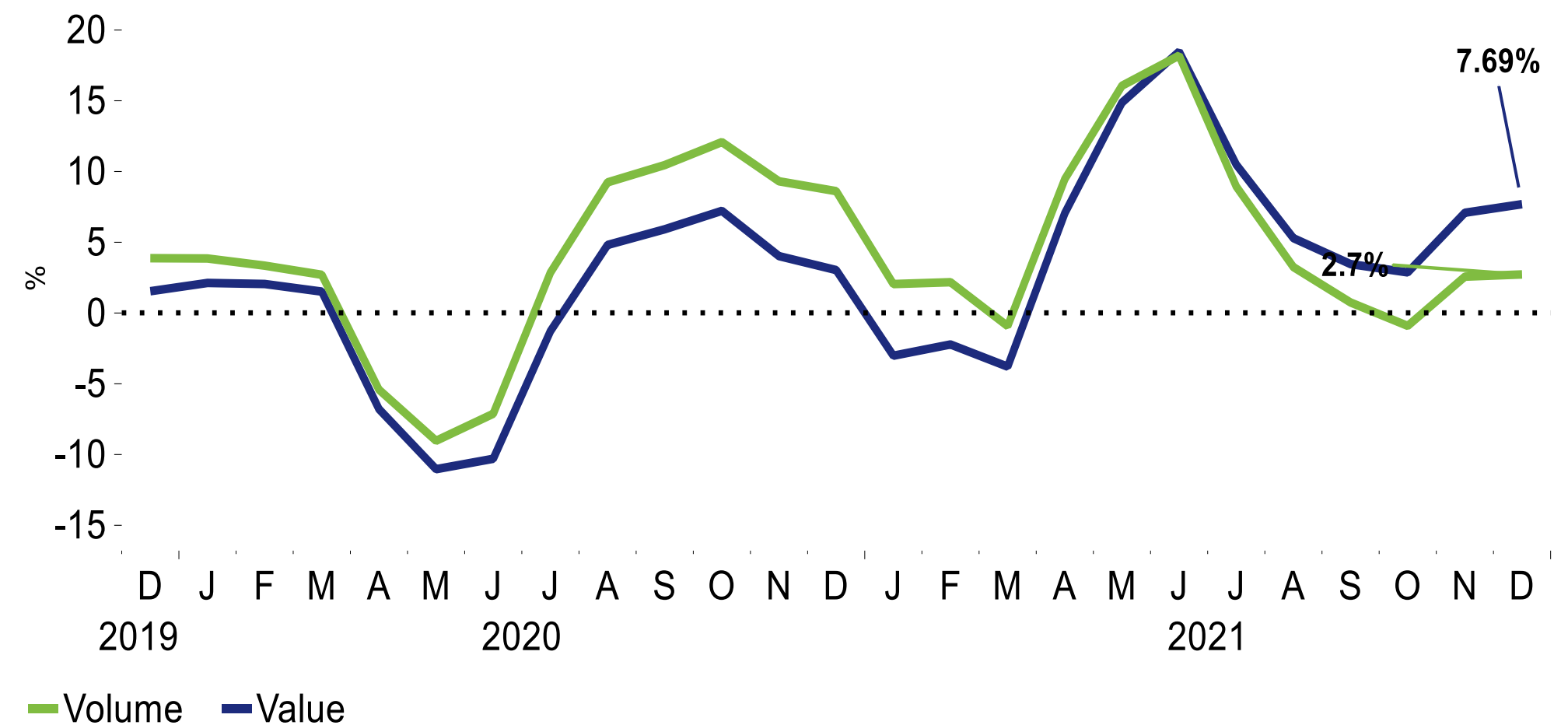
With many Covid restrictions dropped, Ireland is in a better place than much of Europe in terms of restoring normal economic activity. After a broadly positive December, heightened fears of a new Omicron wave have dissipated. This is reflected in strong consumer sentiment figures. A focus on getting city centre footfall back to pre-pandemic levels is now a priority. Meanwhile, rising inflation and a tightening labour market look set to frame the 2022 economic backdrop.



Positive December sales figures

The volume of retail sales (ex bars & motor) increased by 2.7% when looking at the three-month moving average (October, November, December 2021) versus the same months last year, while the value of sales increased by 7.69% during the same time. Compared to December 2019 (two years earlier and pre-COVID-19), the volume of retail sales in December 2021 was 4.8% higher.

Retail sales-All businesses (ex motor trades and bars)
(y-on-y % change, 3mma)



December retail sales by value

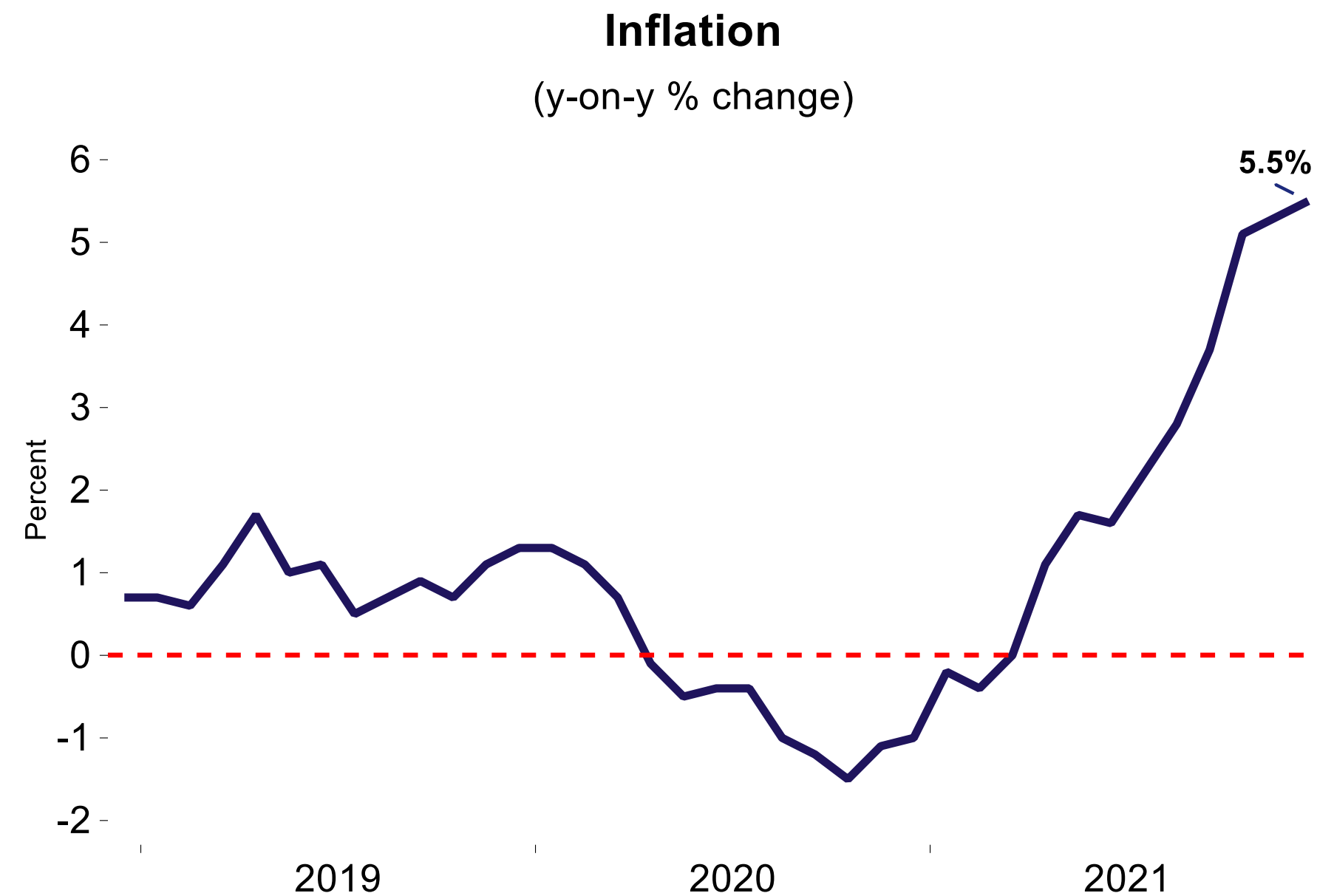
Category	YTD % change	Monthly % change	Annual % change
All sales (excluding motor and bars)	6.0%	-1.7%	5.3%
Supermarkets and convenience stores	1.2%	0.7%	0.1%
Department stores	1.0%	2.4%	6.6%
Specialised food and drink stores	3.7%	3.9%	2.7%
Fuel (including petrol and diesel)	23.9%	2.0%	21.5%
Pharmacies	6.6%	-5.9%	11.1%
Fashion, footwear and textiles	13.5%	-8.1%	-0.9%
Furniture, lighting and homeware	11.8%	10.7%	7.5%
DIY and hardware	8.1%	0.8%	1.9%
Computers, electrical and electronics	8.4%	-20.3%	-5.5%
Books, newspapers and stationary	-1.9%	1.4%	9.5%
Non food specialised stores	9.1%	-3.7%	3.9%

December retail sales by volume

Category	YTD % change	Monthly % change	Annual % change
All sales (excluding motor and bars)	4.7%	-2.0%	0.5%
Supermarkets and convenience stores	0.4%	0.3%	-3.5%
Department stores	4.1%	1.1%	4.9%
Specialised food and drink stores	4.3%	4.3%	2.0%
Fuel (including petrol and diesel)	18.3%	1.2%	-3.5%
Pharmacies	8.5%	-3.6%	9.8%
Fashion, footwear and textiles	17.8%	-11.3%	-2.6%
Furniture, lighting and homeware	12.1%	10.9%	2.5%
DIY and hardware	6.5%	0.1%	-3.4%
Computers, electrical and electronics	9.0%	-22.5%	-8.5%
Books, newspapers and stationary	-1.9%	3.5%	5.2%
Non food specialised stores	8.4%	-5.4%	-1.0%

Inflation continues on upward trajectory

Prices across the economy were 5.5% higher this December compared with December 2020, the largest annual change in prices since April 2001. Much of this is being driven by increased energy costs, but this will feed into prices right across the economy. Ibec currently projects that we'll see an average 2022 inflation rate of 3.3%.



December 2021 consumer price index: Increased cost of fuel drives inflation

- Significant increases in the year were driven by energy price rises, including Transport (+18%) and Housing, Water, Electricity, Gas & Other Fuel costs (+11.8%)
- Other notable annual price increases specifically in the retail sector were seen in Cigarettes (+7.6%), Hygiene products (+8.1%) and Major Household Appliances (+9.8%).
- Annual price decreases in retail included Jewellery, clocks and watches (-12.4%) and Cosmetic and skincare products (-0.5%).
- Food & Non-Alcoholic Beverages (+1.3%) rose due to higher prices across a range of products such as bread and cereals, mineral waters, soft drinks, fruit and vegetable juices and sugar, jam, honey, chocolate & confectionery.

December CPI category breakdown

Category	Monthly % change	Annual % change	Category	Monthly % change	Annual change
Food and non-alcoholic beverages	0.7%	1.3%	Books	-0.5%	1.4%
Restaurants and hotels	0.3%	1.2%	Stationary	-0.1%	4.1%
Clothing and footwear	-0.9%	2.1%	Hairdressing	0.5%	2.9%
Petrol	-1.5%	31.8%	Jewellery, clocks and watches	0.1%	-12.4%
Diesel	-0.5%	35.9%	Home entertainment systems	0.3%	2.3%
Furniture and furnishings	4.4%	6.6%	Tools and equipment for house/garden	0.4%	3.3%
Major household appliances	1.4%	9.8%	Cigarettes	0.2%	7.6%
Pharmaceutical products	0.0%	0.2%	Prescribed drugs	0.0%	0.4%
Cosmetic and skincare products	-1.3%	-0.5%	Hygiene products	1.7%	8.1%
Annual consumer price change	5.5%		Annual goods price change	6.1%	

Consumer sentiment jumps in January

The KBC Ireland Bank consumer sentiment increased to 81.9 from 74.9 in January, as concerns about the severity and length of difficulties posed by the Omicron variant of the Coronavirus eased. This improvement contrasts with a further decline in sentiment in the US and across Europe.

KBC-ESRI Consumer sentiment



Households more upbeat about finances

- The Bank of Ireland Consumer Pulse found that receding Omicron fears raised households' spirits this month, with good news on the FDI front and the state recording its highest ever tax take – also providing reassurance about the economy's resilience.
- Households were more upbeat about their own finances in January too, though buying sentiment was unchanged on the month. One in four considered it a good time to make major purchases like furniture and electrical equipment.

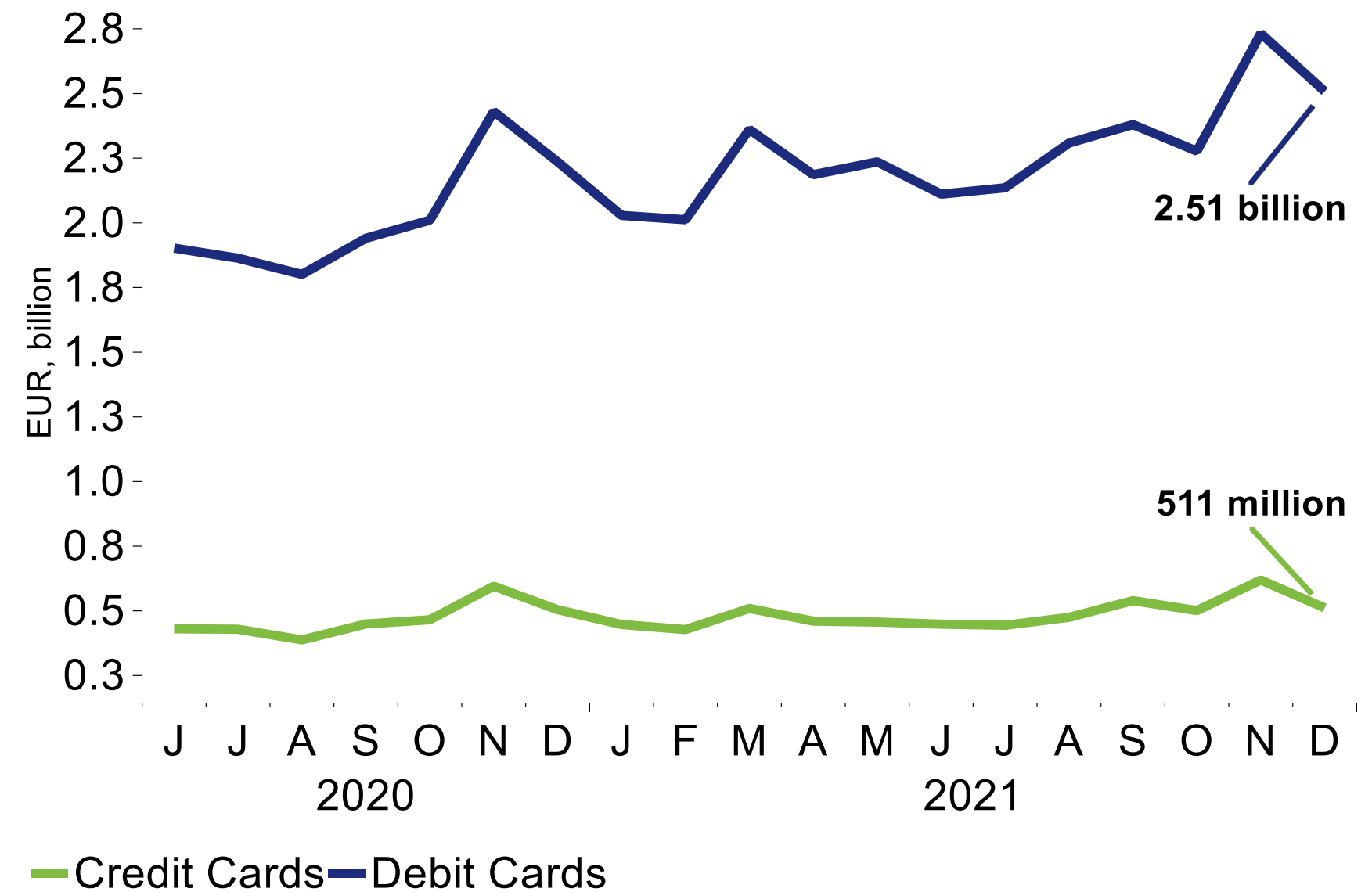
GENERAL ECONOMIC SITUATION		
	Past 12 Months	Next 12 Months
⤴	4%	5%
⤵	16%	34%
No Change	14%	18%
⤶	37%	26%
⤷	27%	14%
Balance	-34%	-5%
Change on previous reading	+4	+7

HOUSEHOLD FINANCIAL SITUATION		
	Past 12 Months	Next 12 Months
⤴	4%	7%
⤵	18%	24%
No Change	53%	48%
⤶	17%	15%
⤷	7%	4%
Balance	-2%	+8%
Change on previous reading	+2	+4

Online spending declines in December

According to the latest data by the Central Bank of Ireland, e-commerce spending on debit cards increased to 2.51 billion in November 2021, while credit card spending reached 511 million. In-store spending rose to a record high of €4.2 billion in December, an increase of 10% compared to the previous month. While online spending declined by 10% to €3 billion in December, both online and in-store spending are 10% above December 2020.

Monthly E-commerce transactions on credit and debit cards

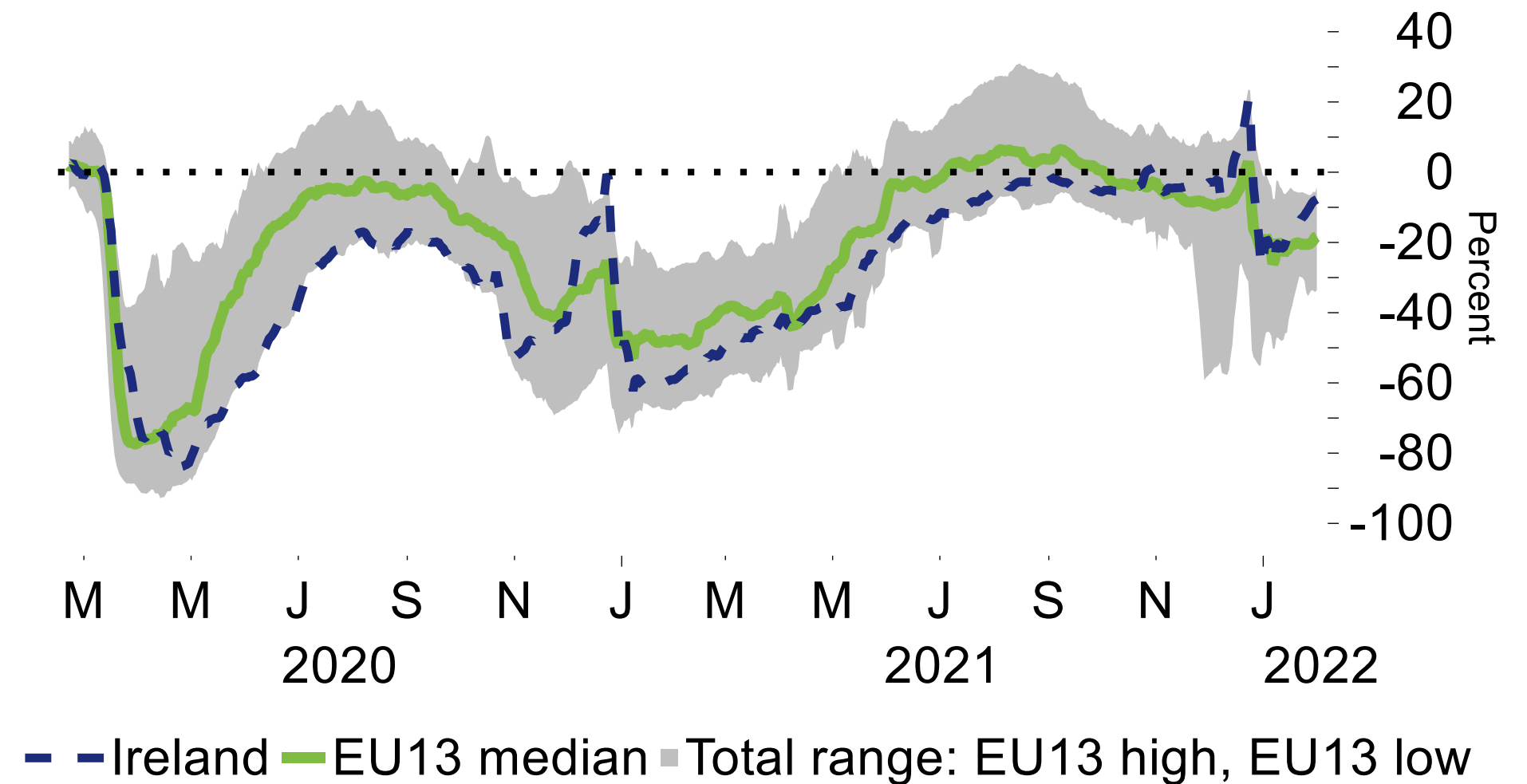


Footfall levels rise in January

The latest data from Google shows that footfall in Irish retail (excluding grocery and pharmacy) is on the rise again. Irish footfall levels are now outperforming trends across much of Europe, where Covid concerns remain high. The return of office staff should see more people back into towns and city centres over the coming weeks.

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

(EU15 excluding Sweden & UK)



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