

Q2

2016

Consumer

Market Monitor



UCD Michael Smurfit
Graduate Business School

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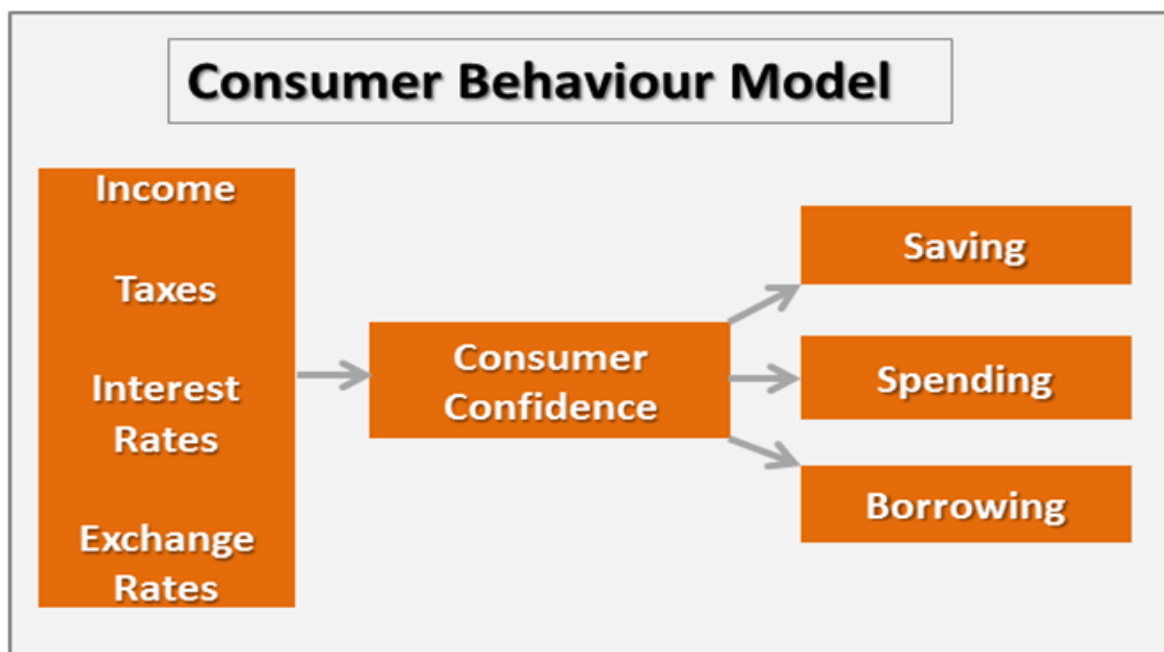
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CONSUMER MARKET MONITOR

The Consumer Market Monitor is a publication provided by the Marketing Institute of Ireland in collaboration with UCD Michael Smurfit Graduate Business School.

It is designed to track key indicators of confidence and activity in the Irish consumer market as a resource for marketers and the wider business community. The consumer market accounts for over 60% of GNP so it is an important indicator of the health of the economy.

It relies on a model of consumer behaviour which sees economic variables such as income levels, taxes, interest rates and exchange rates influencing consumer confidence which, in turn, influences consumer behaviour including spending, saving and borrowing.



It is based on data from the Central Statistics Office (CSO), the Central Bank, the European Commission, and other secondary sources. The added value rests in the fact that the information is brought together in a single location and presented in a way that is easy to use for market analysis and sales planning. The accompanying editorial also highlights important trends and linkages that point to emerging opportunities and threats.

It is published on the Marketing Institute website and UCD Smurfit School website and is updated every quarter. This edition covers quarter two of 2016 and also reviews previous years.

EXECUTIVE SUMMARY

The 26% growth in Irish GDP that sparked recent controversy highlights the point that a far more realistic measure of our economic wellbeing is the growth in personal consumption which makes up 55% of national economic activity.

The starting point is with the amount of disposable income circulating in the economy, because spending very closely matches income. In fact, there has been a remarkable increase in disposable income in recent times with very positive effects -- gross disposable income increased by 5% in 2015, and by a similar amount in Q1, 2016.

The improvement in the labour market has been the most important factor driving this income growth, with employment increasing by more than 2% each year since early 2012. There are now 1.98 million people at work, up 46,900 year-on-year, and up by 152,000 since the low point in 2012. Pay increases have also contributed, 2.7% on average in 2015, as have increased earnings among the self-employed.

Lower fuel prices have also helped to release income for spending on other things, although that benefit is now reducing. So has the fact that Irish household wealth is increasing as property values recover and consumers are making progress in paying down debt. These factors combine to improve consumer confidence, to release funds, and thereby to stimulate spending.

Consumer confidence has been on a steady upward trend since 2013 and is now at the highest level in a decade. Political uncertainty and worries about Brexit have weakened confidence slightly in recent months in this country, but there has been nothing like the collapse in confidence that has occurred in the UK.

Confidence is still strong here and is driving a steady increase in consumer spending that is producing better sales performance in virtually all retail and service sectors. Some of this reflects "pent up demand" following a long period of recession, and this can be seen most clearly in growing sales of "big ticket" items -- homes and home furnishings, new cars, clothing and other consumer durables--all of which are up very strongly in recent quarters.

Sales of new cars are always a bell weather of economic recovery, and Ireland is no exception. Following several lean years, sales of new cars were up over 30% last year, to 121,110. 2016 is continuing this trend, although at a slightly slower rate, with 97,490 cars sold in the first half, up 24% on last year. This suggests a final figure of about 150,000 cars which will bring us close to the average of around 160,000 cars sold each year in the early 2000s.

Sales of services such as accommodation, food and drink, and entertainment have also been strengthening, up by 7.8% for the year to May 2016, following 6% growth in 2015. Retail sales are also improving significantly; sales volume rose up by 6% in 2015 and by a further 5% in the first half of this year. All retail categories got a boost in recent quarters, and the evidence suggests that 2016 is delivering strong growth for most retailers.

Property sales are the one area that is not showing strong growth. There were 48,700 residential sales transactions in 2015, and more than 40,000 in 2014. In contrast, there were just 16,743 sales to the end of May 2016, down 7% on the same period in 2015. Mortgage approvals were also down 11% to the end of May, further evidence of a weak market. Growth for the year is expected to be muted, probably less than 5%.

This weak property market contrasts markedly with the increasing employment, rising incomes, and apparent demand in all other areas of consumer spending. There is much public discussion about this issue and there is clearly a need for some policy response to try to achieve a better balance in the market.

Consumer Confidence

Consumer confidence in Ireland began to pick up in 2013, and rose further through 2014 due to a steady flow of good news on employment, and industry.

This upward trend continued in 2015, reaching a record high in June, and remained strong through the rest of the year. At this point, consumer confidence in Ireland was well ahead of the last peak in 2007, and also well ahead of our European neighbours.

There has been a slight weakening in confidence during the first half of 2016, possibly reflecting uncertainty about the formation of a new government and about Brexit. However, consumer confidence remains strong here and bodes well for continuing economic activity.

In contrast, consumer confidence in the UK has plunged in recent months, a clear sign that the vote to leave the European Union is harming the nation's outlook. The core Index fell 8 points to -9 in the weeks following the Brexit vote, the largest drop in a single period in 21 years.

Consumer Incomes and Spending

Household disposable income rose by 5% in 2015, from €90 billion to €95 billion, due to a combination of expanding employment and increasing pay rates. There are now 1.98 million people at work, up 152,000 since 2012, and pay increased about 2% in 2015.

Disposable income was up by a further 6% in Q1 2016, largely driven by pay increases, with the amount of money now circulating in the economy very close to the level of the 2007 peak.

Household spending, which accounts for 90% of all personal consumption, closely mirrors income. Household spending began to recover in 2014, up by 2%, and increased by a much more significant 5.7% in 2015.

Personal consumption in total was up by 4.5% in 2015, and is up by 5% in Q1 2016, with no sign so far of a Brexit effect. Growth of 4% is forecast for the year as a whole.

Consumer Borrowing

Household debt is now at its lowest level since 2006, at €32,269 per capita, and is reducing at a rate of about 2.4% per annum. The ratio of household debt to disposable income has fallen by 60% since its peak of 215% in the mid-2011. This rate of debt reduction has surpassed most other countries, but still remains relatively high at 167% of disposable income. This compares with a Eurozone average of just over 90%.

Household wealth has risen by 41% since the post-crisis low of €444bn in mid-2012, but it is still 13% per cent lower than its peak of €718bn in mid-2007. Household net worth stood at €626bn, or €135,078 per capita, at the end of 2015. This increase was driven by a rise in housing values as well as a decline in liabilities.

Retail Spending

Following five years of decline, a significant turnaround occurred in 2014, with retail volume up by 3.7% and value up by 1.6%. The recovery accelerated further in 2015, with sales volume up by an impressive 6.1% and value up by 2.7% for the year.

Noteworthy is the fact that this growth in sales exceeded the growth in footfall (up 1.6%) providing evidence of a real uplift in spending. Strong Vat returns also provide evidence of growth; up by 7.9% in 2014, and by 7.1% in 2015.

The evidence suggests that 2016 is continuing to deliver strong sales growth for most retailers with spending in the first half year up 5.5% in volume, year-on-year.

Recent Trends

The latest indicators for 2016 show continued momentum in consumer spending. Sales of new cars were up over 30% in 2015 to 121,110. 2016 is continuing this trend, although at a slightly slower rate, with 97,490 cars sold in the first half, up 24%, suggesting a final figure of about 150,000 cars, close to the average of 160,000 sold each year in the early 2000s.

The services sector grew by 5.8% in 2015, and is continuing to grow strongly in 2016, up by 7.8% for the first five months of the year, with telecommunications, food and beverages, and professional services very buoyant.

Retail sales began to recover in 2014, with sales volume up 3.7% and value up 1.6%, and growth accelerated in 2015, with volume up 6.1% and value up 2.7%. 2016 is maintaining this momentum, up by 5.5% in volume and by 2% in value for the first half of the year.

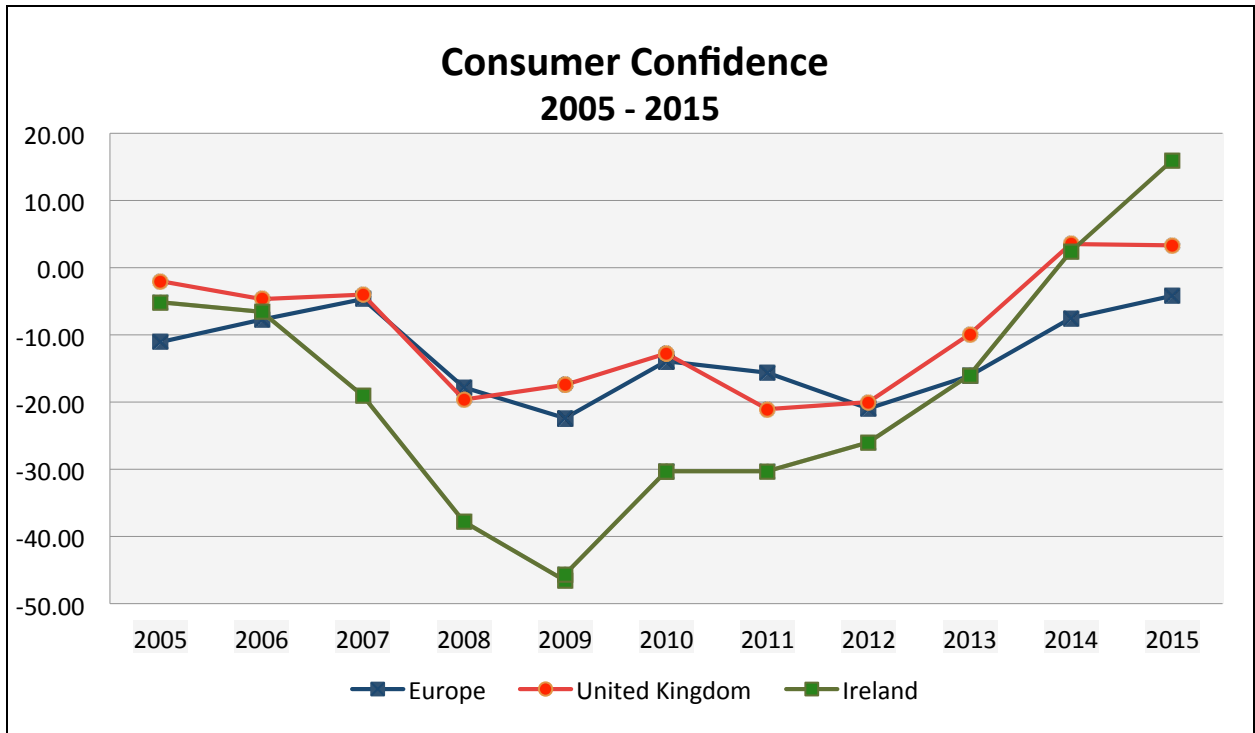
Retail sales excluding the motor trade were up 4.5% in volume and 1.4% in value in Q2, 2016. All product categories experienced growth; most remarkable is the growth in sectors that have been weak throughout the recession, such as bars and newsagents. In summary:

- Food sales up 3.2% in volume and up 2.5% in value;
- Non-specialised stores (supermarkets) up 3.1% in volume and 2.5% in value;
- Fuel up 1.7% in volume but down 6.6% in value;
- Clothing, footwear & textiles up 7.6% in volume and 5.9% in value;
- Household equipment up 8.6% in volume and 4.5% in value;
- Department stores up 3.2% in volume and 1.5% in value;
- Pharmaceuticals and cosmetics up 4.8% in volume and 4.2% in value;
- Bar sales up 6% in volume and up 7% in value.
- Books, newspapers, stationery up 0.6% in volume and 1.4% in value

Overall, we can conclude that retail sales are back on a strong growth path, and holding that strength in each successive quarter. This positive momentum augurs well for the rest of 2016, and into 2017, and a forecast of about 5% for the year seems reasonable.

CONSUMER CONFIDENCE

ANNUAL



Consumer confidence reached an all-time low in Ireland in 2009, following the financial crisis; Confidence remained low in 2009 and 2010, particularly around the time of the financial bailout. Confidence remained low throughout 2011 and 2012.

This trend changed in 2013, and confidence increased steadily through 2014, and 2015, due to a steady flow of good news on employment, increasing tax receipts, and strong services and manufacturing growth.¹

Confidence levels in the UK reached an all-time low in 2011, and remained low in 2012, due to a combination of higher living costs and a weak jobs market. Confidence in the rest of Europe also fell in 2011 and remained low in 2012 due to anxiety about the Eurozone crisis.

These trends reversed in 2013, and this improvement continued throughout 2014. All countries in this index have now surpassed the confidence levels experienced in the years up to 2007. For example, the UK averaged +4 in 2015 compared to -4 in 2006.

US consumer confidence reached an all-time high of 145 in January 2000 and a record low of 25 in February 2009.² The US index averaged 78 in 2013, 84 in 2014 and 98 in 2015, indicating a steady recovery³.

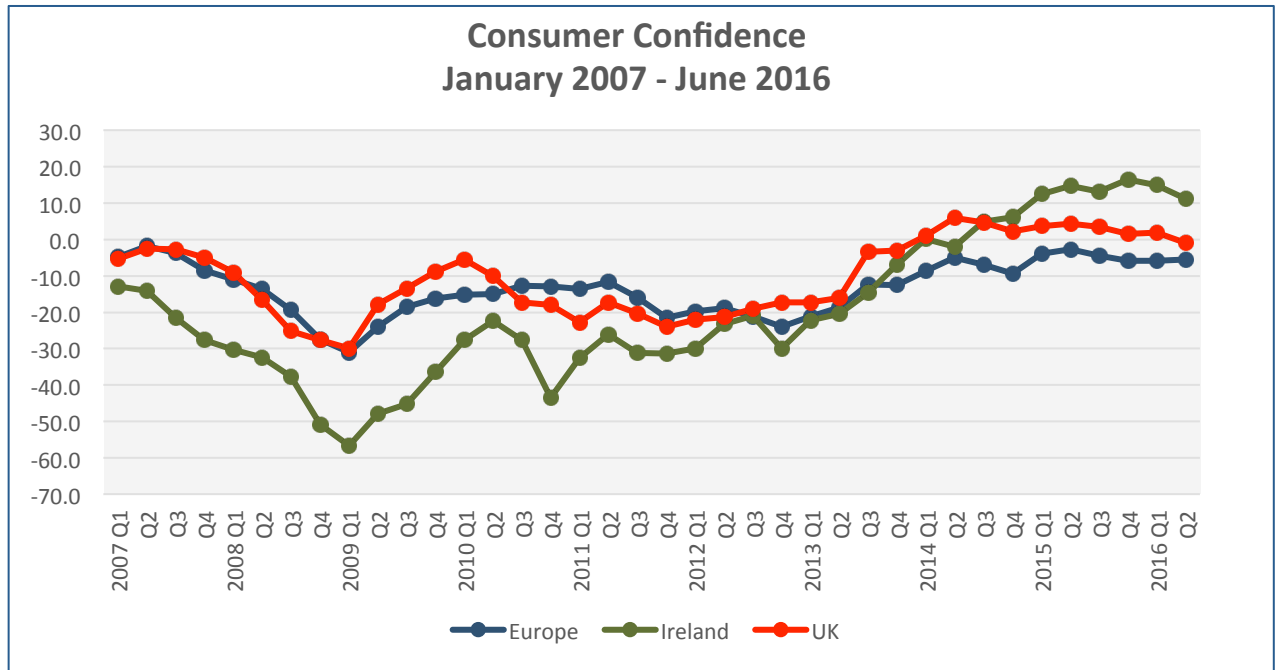
¹ www.independent.ie/business/irish/irish-consumer-sentiment-nears-eightyear-high-in-december-30892291.html

² www.tradingeconomics.com/united-states/consumer-confidence

³ US Conference Board, monthly press releases.

CONSUMER CONFIDENCE

QUARTERLY



Consumer confidence in Ireland fell dramatically in 2008 as the financial crisis unfolded, and remained low through 2009, the bailout in 2010, and the Eurozone crisis of 2011-2012. Confidence recovered slightly in 2013 due to strong employment growth and our exit from the bailout programme.⁴ It rose further through 2014 due to a steady flow of good news on employment, tax receipts, and growth in services and manufacturing.⁵

This upward trend continued in 2015, reaching a record high of +16.7 in June, and remained strong through the rest of the year.⁶ Consumer confidence in Ireland was now well ahead of the last peak in 2007, and also well ahead of our European neighbours.

There has been a slight weakening in confidence during the first half of 2016, possibly reflecting uncertainty about the formation of a new government and about Brexit. However, consumer confidence remains relatively strong and bodes well for economic activity.

In contrast, consumer confidence in the UK has plunged in the weeks following the Brexit vote; the core Index fell 8 points to -9, the most in 21 years, a sign that the vote to leave the European Union is harming the nation's outlook.⁷

Consumer confidence in the US has been recovering for several years, reaching 95 in December 2014.⁸ It fluctuated through 2015, averaging 93 in December, but picked up to 97 at mid-year 2016.⁹

⁴ EU Business and Consumer Surveys, Monthly. ec.europa.eu/economy.../db.../index_en.htm

⁵ www.independent.ie/business/irish/irish-consumer-sentiment-nears-eightyyear-high-in-december-30892291.html

⁶ <http://www.rte.ie/news/business/2015/1001/731686-consumer-sentiment/>

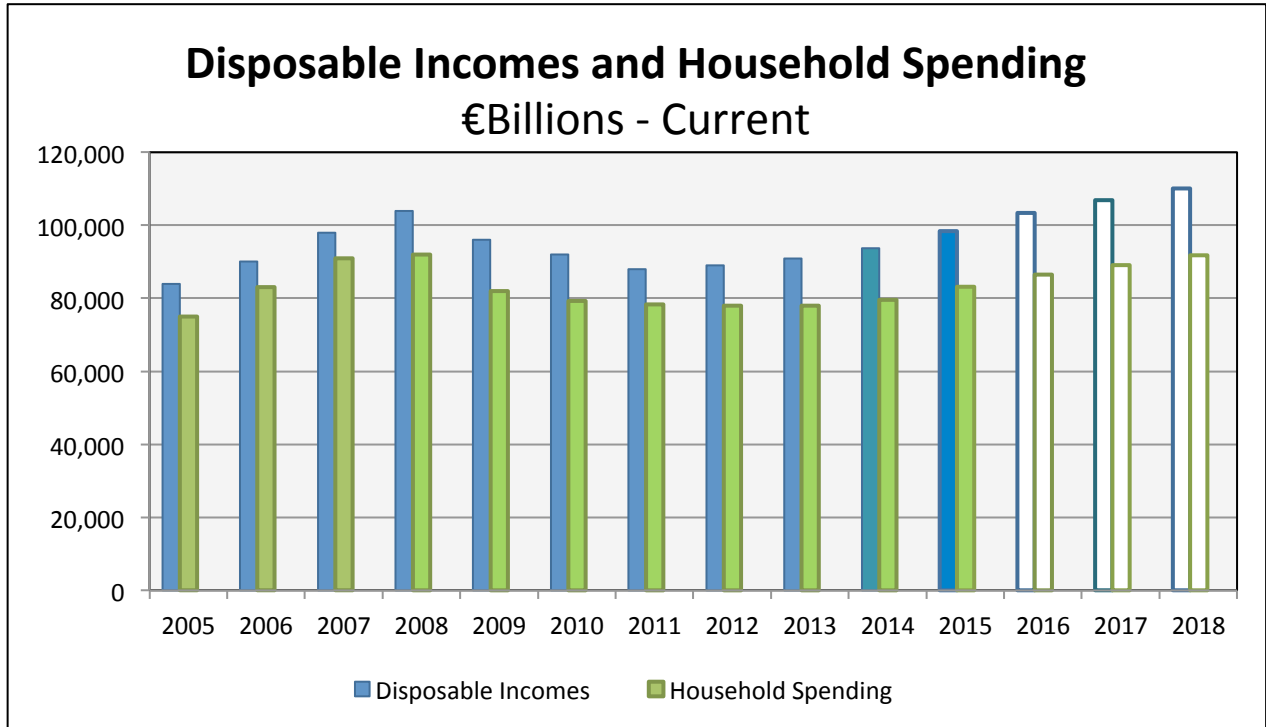
⁷ <http://www.bloomberg.com/news/articles/2016-07-07/u-k-consumer-sentiment-dives-most-since-1994-on-brexiteffect>

⁸ <http://www.usatoday.com/story/money/business/2015/04/28/consumer-confidence-april/26475567/>

⁹ <http://www.wsj.com/articles/u-s-consumer-confidence-virtually-unchanged-for-july-1469542610>

CONSUMER INCOMES AND SPENDING

ANNUAL



Disposable income in Ireland increased by 60% from 2002 to 2008--from €65bn to €104bn, due to growth in employment and rising incomes.¹⁰ This trend reversed in 2009, and continued downwards until 2013. Disposable income fell by -15% in real terms between 2008 and 2012 as a result of rising unemployment, falling wages and higher taxes.

This trend reversed in 2013, when disposable income increased by 3%, and was up by a further 3% in 2014. This trend continued in 2015, with a larger increase of 5%, from €90 billion to €95 billion.. This is driven by rising employment and by pay increases. There are now 1.98 million people at work, up 152,000 since 2012, and pay increased about 2% in 2015. Disposable income was up 6% in Q1 2016, largely driven by pay increases¹¹.

Household spending¹² closely mirrors income, increasing by 48% from 2002 and 2008, from €62bn to €92bn. Spending then declined for five consecutive years, to a low of €78 billion in 2011, a net reduction of -15% in current terms and by -7.5% in real terms.

Household spending was more or less static from 2011 to 2013 but began to recover in 2014, up by 2%, and increased by a more significant 5.7% in 2015. Household spending is up 5% in Q1 2016, and growth of 4% is forecast for the year as a whole.^{13 14}

¹⁰ CSO Institutional Sector Accounts, Q1, 2016.

¹¹ <http://www.cso.ie/en/releasesandpublications/er/qnhs/quarterlynationalhouseholdsurveyquarter42015/>

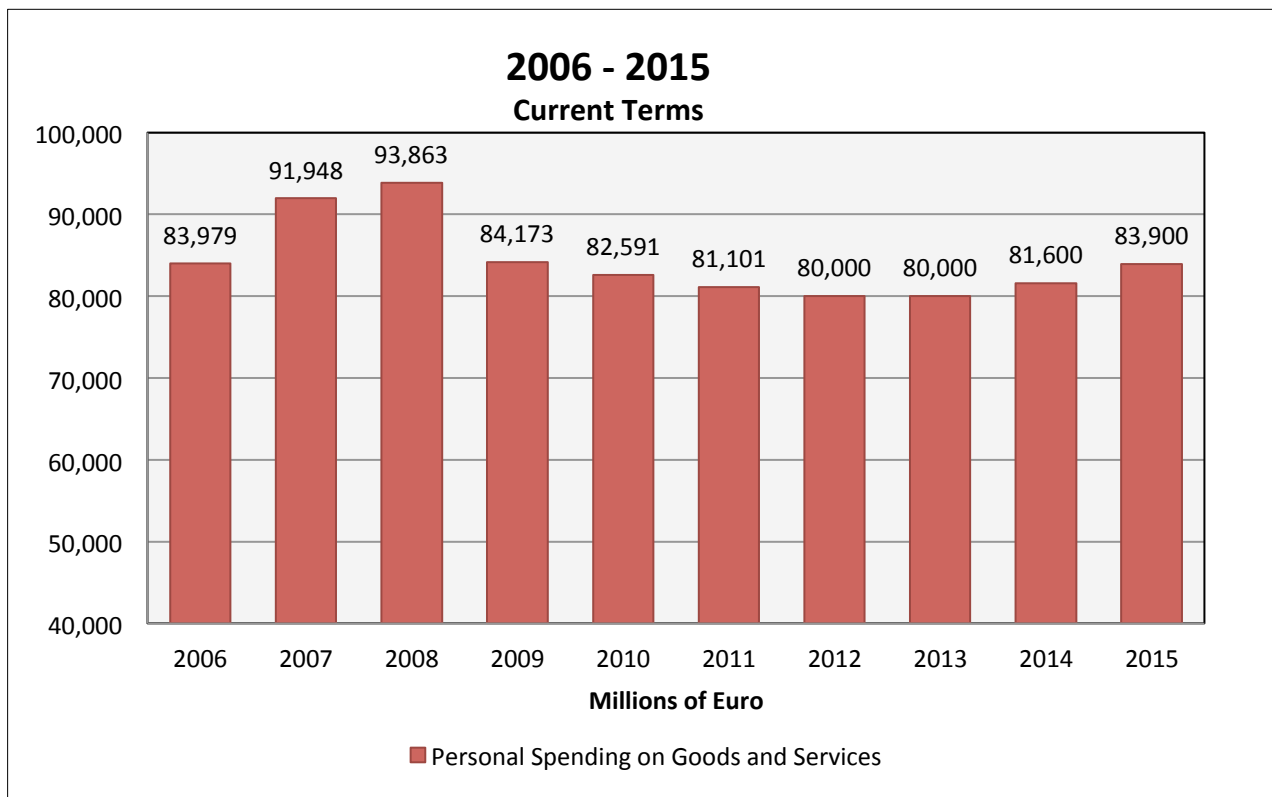
¹² Household spending accounts for approximately 90% of personal consumption.

¹³ www.ibec.ie/IBEC/Press/PressPublicationsdoclib3.nsf/vPages/Newsroom

¹⁴ Central Bank Quarterly Bulletin Q3 2016.

PERSONAL SPENDING ON GOODS/SERVICES

ANNUAL



Personal spending in Ireland rose rapidly from 2000 to 2007, by 43% in total, or an average of 6% per year. Spending growth slowed in 2008, and declined steadily over the next four years; with a record decline in 2009 of -7.2%. In sum, personal consumption fell by -14% in current terms (-7% in real terms) from 2007 to 2013.

Following these six years of decline, consumption expenditure grew by 2% in real terms in 2014 and by 4.5% in 2015.¹⁵ In parallel with this, VAT receipts were up by 7.9% in 2014, and by 7.1% in 2015.¹⁶ Similarly, retail sales (excluding motor trades) increased by 3.7% in 2014, and by 6.1% in 2015 in volume terms.

Consumer spending in the UK fell -4% from the 2007 peak to the trough in 2011, from £955 to £916 billion. Spending rallied between 2012 and 2014, up about 2% per year, and was up by 2.6% in 2015, at which point it is now back at the same level as in 2007.¹⁷

US consumer spending continues to be in recovery mode, with personal spending increasing by 3.6% for 2013, 3.1% in 2014, and 3% in 2015, due to cheaper oil and employment gains.¹⁸

¹⁵ Central Bank of Ireland, Quarterly Economic Bulletin, Quarter 2, 2016.

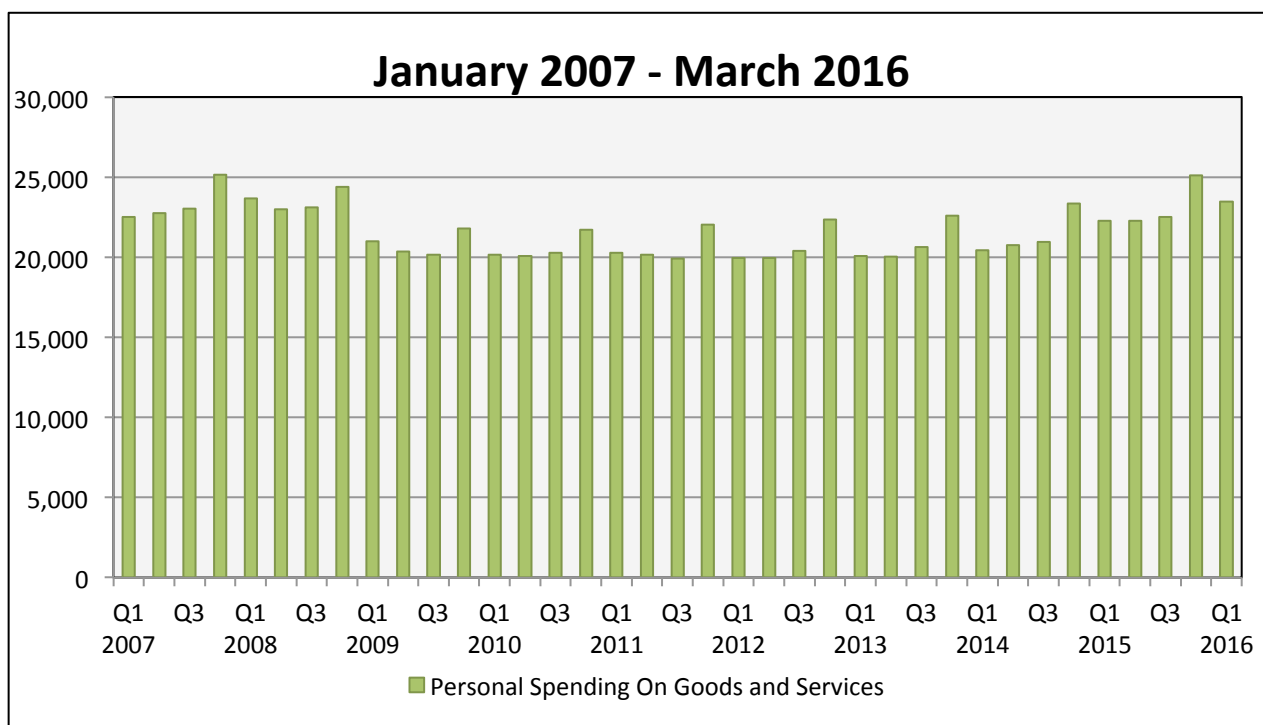
¹⁶ www.finance.gov.ie/sites/default/files/Irish%20Monthly%20Economic%20Bulletin%20-%20December%202015.pdf

¹⁷ www.ons.gov.uk/economy/nationalaccounts/satelliteaccounts/bulletins/consumertrends/quarter1jantomar2016

¹⁸ www.ons.gov.uk/economy/nationalaccounts/satelliteaccounts/bulletins/consumertrends/quarter1jantomar2016 www.wsj.com/articles/u-s-consumer-spending-down-0-3-in-december-1422883888

PERSONAL SPENDING ON GOODS & SERVICES

QUARTERLY



Personal spending peaks each year in the fourth quarter, in the run up to Christmas. This peak reached an all-time high in the final quarter of 2007 but declined for six years after that. Personal consumption declined in real terms by -7.5% from the peak to the end of 2013.

Consumer spending turned a corner in 2014, when it grew by 2%, and it grew by a more significant 4.5% in 2015.¹⁹ Personal consumption was up 5% in Q1 of this year, suggesting that momentum is still strong. The strength of consumer confidence supports the expectation that spending will stay on this positive trajectory for the rest of the year.

The Central Bank is forecasting growth of 4.5% for the full year 2016 and of 2.3% for 2017. The continuing momentum in the domestic consumer economy is not providing any evidence of harm from Brexit, at least in the short-term²⁰. Tourism also remains strong, contributing to good performance in the services sector which is up by 6.6% in Q1 Year-on-year.²¹

Personal spending in the UK has grown each quarter since Q4 2011, at an average annual rate of 2%. This increased to 2.6% in 2015, but slowed to 0.7% in Q1 2016, possibly a pre-Brexit slowdown²².

Consumer spending in the US has climbed an average 2% per annum in the recovery that's now in its sixth year. Growth for the year 2015 was 3% and is estimated at 4.3% for 2016.²³

¹⁹ Central Bank of Ireland, Quarterly Economic Bulletin, Quarter 2, 2016.

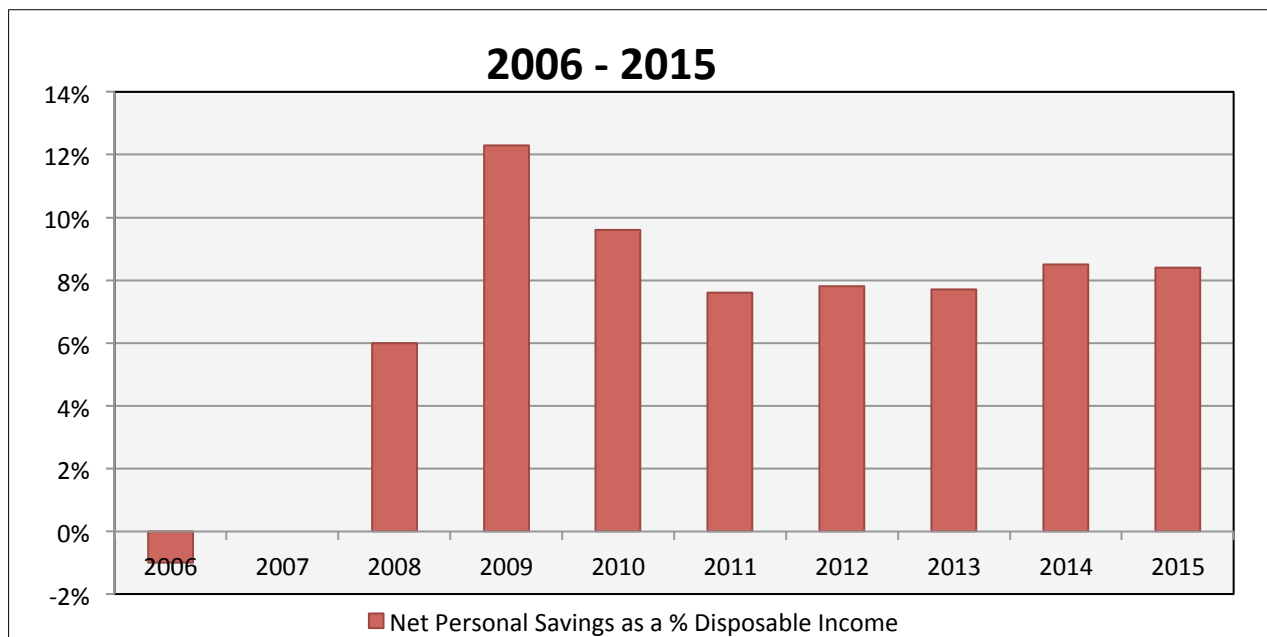
²⁰ Central Bank of Ireland Quarterly bulletin, Q3, 2016

²¹ <http://www.centralbank.ie/publications/Documents/Quarterly%20Bulletin%20No.%203%202016.pdf>

²² ons.gov.uk/ons/rel/consumer-trends/consumer-trends/q2-2016/stb--consumer-trends--q2--april-to-june--2016.html

PERSONAL SAVINGS

ANNUAL



The level of net personal saving in Ireland increased dramatically during the recession, from a low of -1% of disposable income in 2006 to a high of 12% in 2009.²⁴ It has remained high since 2009, as consumers tried to pay down debt to restore their finances. Over 80% of this saving represents repayment of loans.

2010 was the first year in which savings fell slightly and this decline continued in 2011. The net savings ratio stayed more or less static in 2012 and 2013 at just under 8%.²⁵ That trend changed slightly in 2014, with an increase to 8.5% but fell marginally in 2015, influenced by the fact that household wealth is rising again²⁶.

Household net worth has risen by 41% since the post-crisis low of €444bn in mid-2012, but it is still 12.8% per cent lower than the peak of €718bn in mid-2007. It stood at €626bn at the end of 2015, or €135,078 per capita²⁷. This increase was driven by a rise in house values (€6.3bn), as well as a decline in debt (€1.6bn).

The UK net savings ratio declined from the mid-1990s until 2007 when it reached 1.4%. It rose again following the financial crisis and reached a peak of 8.6% in Q2 2009, but has since fallen back to a level of 5.4% in 2015 and 4.2% in March 2016.²⁸

Personal savings in the US averaged 6.8% from 1959 through 2014, reaching an all-time high of 14.6% in May of 1975 and a record low of 0.8% in 2005.²⁹ The saving ratio was 5.4% in April 2016, down from a three-year high of 5.9% in March³⁰.

²³ <http://www.reuters.com/article/us-usa-economy-consumer-spending-idUSKCN0ZF1DV>

²⁴ CSO Quarterly Institutional Sector Accounts, Q4, 2015.

²⁵ CSO Institutional Sector Accounts, Q4 2015.

²⁶ <http://www.cso.ie/en/releasesandpublications/er/isanf/institutionalsectoraccountsnonfinancialquarter12016/>

²⁷ <http://www.irishtimes.com/business/financial-services/irish-household-wealth-continues-to-rise-1.2640807>

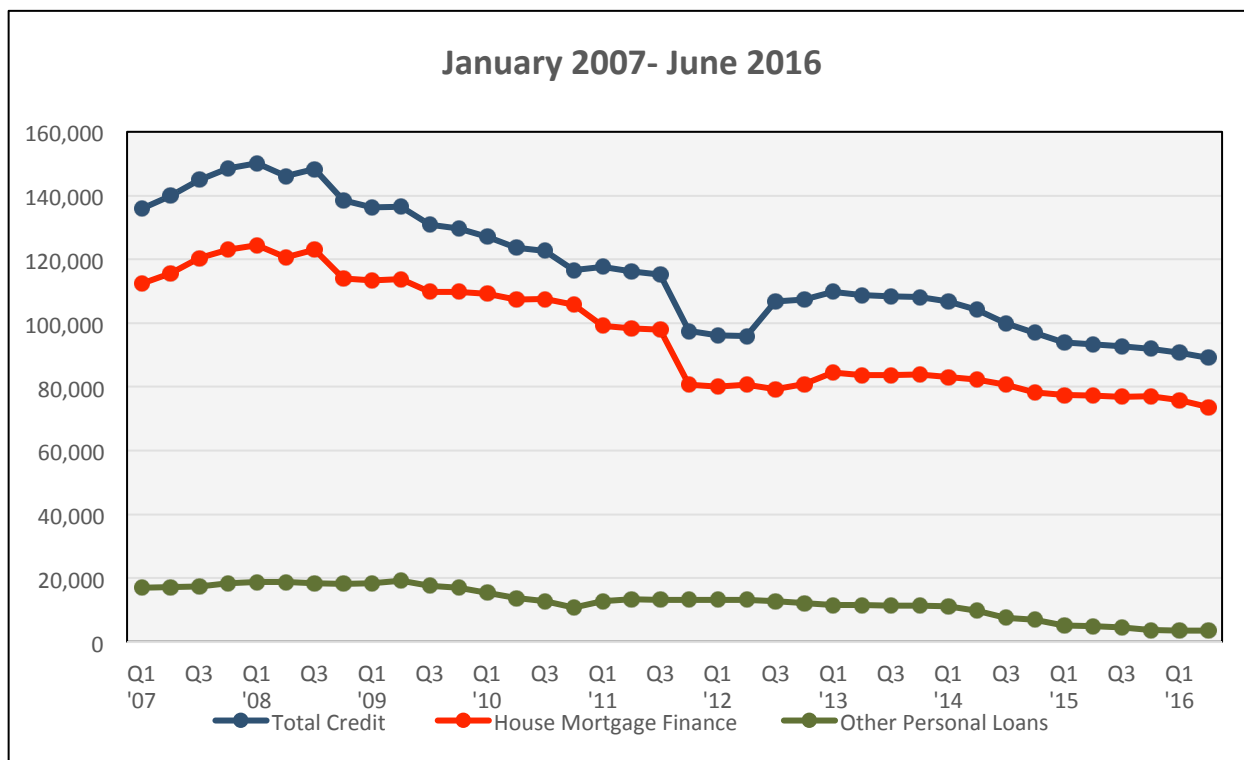
²⁸ www.tradingeconomics.com/united-kingdom/personal-savings

²⁹ US Bureau of Economic Analysis

³⁰ <http://www.bloomberg.com/news/articles/2015-12-23/u-s-consumer-spending-rose-in-november-by-most-in-three-months>

PERSONAL BORROWING

QUARTERLY



Borrowing by Irish consumers grew at a record level from 2000 onwards and peaked in March 2008 at €150 billion, but has declined steadily since then, down -39% to €89 billion in Q2 2016.³¹ Household debt is now at its lowest level since 2006, at €32,269 per capita, and is reducing at a rate of about 2.4% per annum.

Lending for house purchase, which accounts for 83% of household loans, peaked in Q1 2008 at €124 billion. This has decreased to €74 Billion by the end of Q2 2016, a cumulative decline of 40%. This category of lending is declining at an annual rate of 2%, with households repaying €1.6 billion more than was advanced in new loans in 2015.

Lending for other consumption accounts for approximately 17% of total borrowing. This category peaked in Q1 2008 at €30 billion but declined to €15 billion by March 2016, a reduction of 50%. It is continuing to reduce at an annual rate of 2.7%.

Overall, the ratio of household debt to disposable income has fallen by 60% since the peak of 215% in the mid-2011. This rate of debt reduction has surpassed most other countries.³² However, household debt in Ireland remains relatively high by international standards, at 167% of disposable income³³. This compares with a Eurozone average of just over 90%.

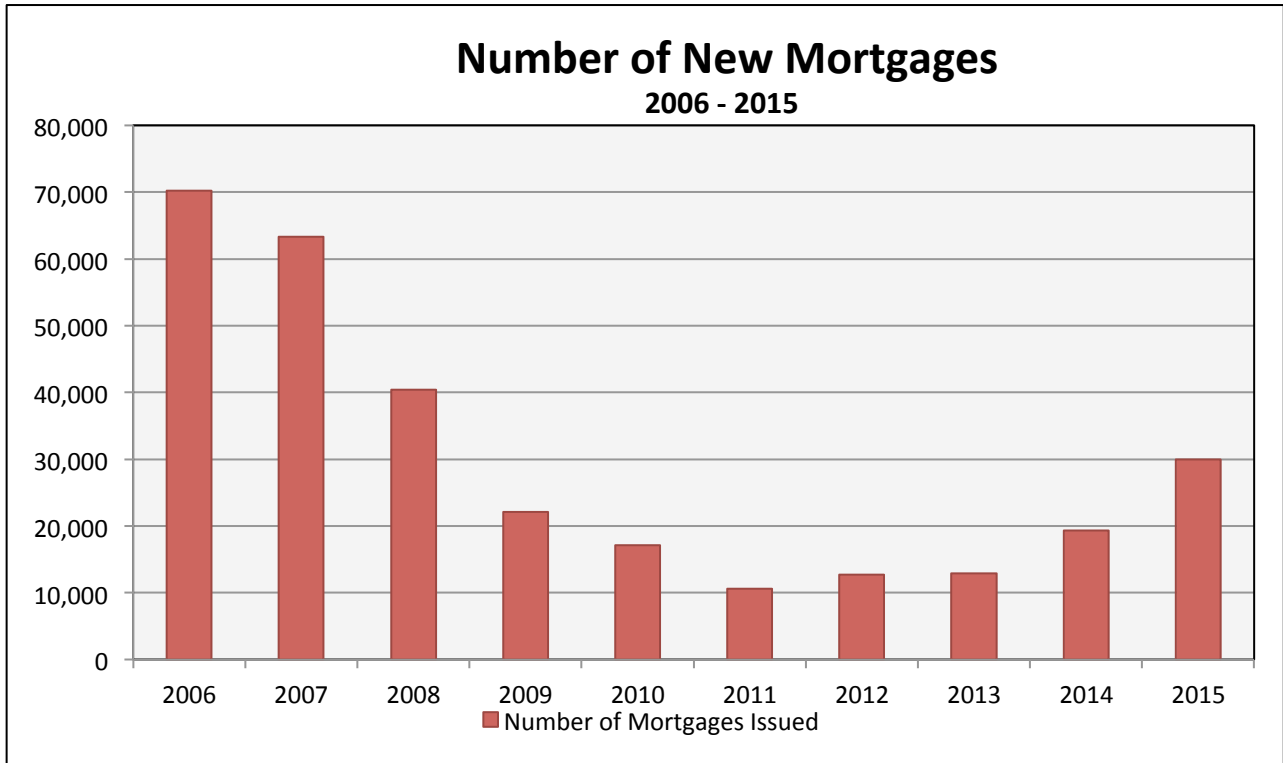
³¹http://www.centralbank.ie/polstats/stats/cmab/Documents/ie_table_a.1_summary_irish_private_sector_credit_and_deposits.xls

³² <http://www.irishtimes.com/business/economy/growth-easing-irish-debt-burden-study-finds-1.2093279>

³³ <http://trueeconomics.blogspot.ie/2015/03/25315-imf-on-irish-household-debt-crisis.html>

MORTGAGES ISSUED FOR HOME PURCHASE

ANNUAL



The number of new loans issued for house purchase is a good indicator of the number of homes being bought and sold in the market. This number peaked in 2005 with a total of almost 85,000 new loans issued³⁴, but fell rapidly since then, to a low of 10,622 in 2011.

2014 was the first year to see a significant lift in the housing market, with 19,125 new mortgages issued for private house purchase, an increase of 50% over the prior year. A further 2,994 mortgages were issued in 2014 for top-ups and buy-to-lets.

This upward trend continued in 2015, with 22,767 new mortgages issued for home purchase, up 19% on 2014. 4,496 mortgages were issued for top-ups and buy-to-lets.

There were 1.223 million residential properties sold in the UK in 2014, up 15% on the previous year.³⁵ This rose to 1.23 million in 2015, an increase of 4.5%. Mortgage lending amounted to £220bn in 2015, an 8% increase on 2014, and the highest level since 2008.³⁶

Sales of residential property in the US were strong in 2015, at 5.8 million units, up 14.5% on 2014.³⁷

³⁴ New loans for purchase of private homes. Excludes top-ups and buy-to-let.

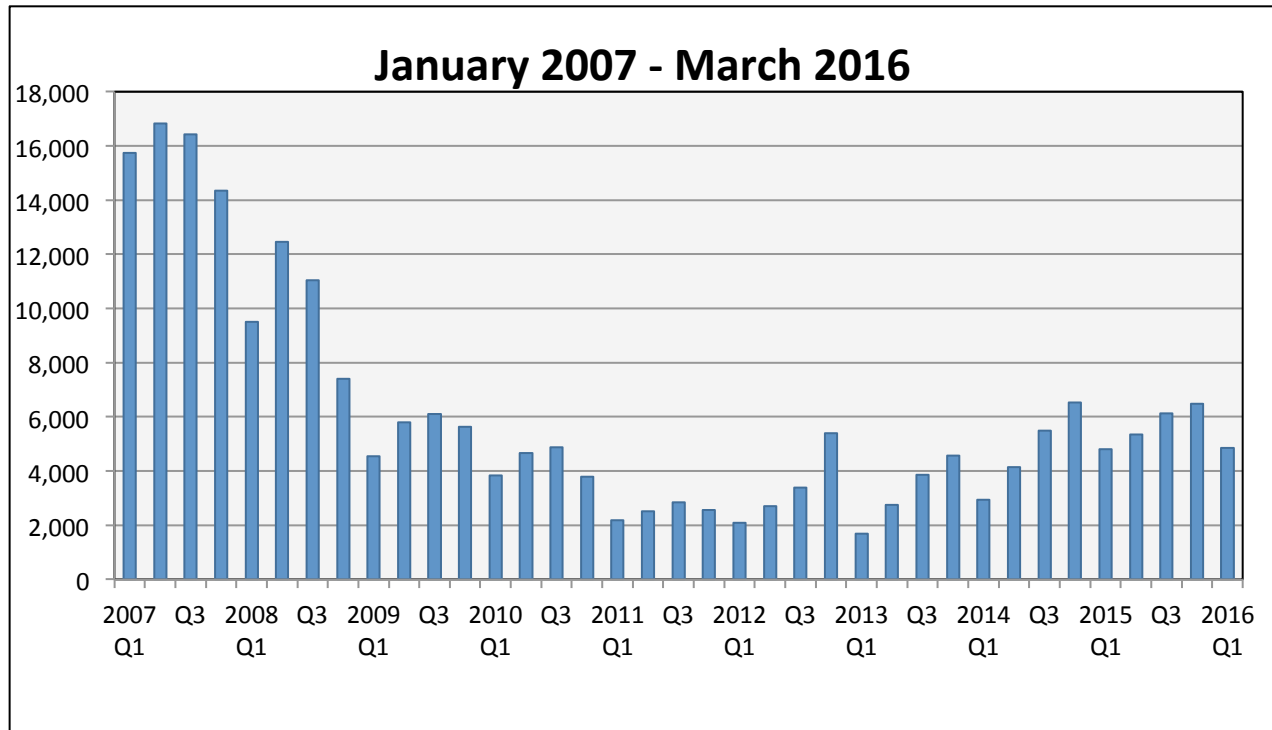
³⁵ www.gov.uk/government/uploads/system/uploads/attachment_data/file/395763/UK_Tables_Jan_2014__cir_.pdf

³⁶ <http://www.theguardian.com/money/2016/jan/21/uk-housing-market-strong-december-mortgage-lending>

³⁷ <http://www.worldpropertyjournal.com/real-estate-news/united-states/freddie-mac-mortgage-refinance-data-2015-refi-rates-len-kiefer-best-mortgage-rates-home-affordable-refinance-program-harp-refinance-loans-9058.php>

NUMBER OF MORTGAGES ISSUED

QUARTERLY



The number of property sales slumped to an annual rate of less than 20,000 in the recession years. This downward trend stabilised in 2012, with 18,310 homes sold and 12,696 mortgages issued. There were 22,330 sales in 2013, up 18%, and 40,600 sales in 2014, a major increase of 45%.³⁸ 19,125 mortgages were issued in 2014, suggesting about 50% cash sales.

There were 48,700 homes sold in 2015, up 12% on 2014, a slight slowdown in growth. There were 22,767 new mortgages issued in 2015, up 19% year-on-year, indicating that cash buyers still account for almost 50% of transactions.³⁹

There were 16,743 sales to the end of May 2016, down 7% on the same period of 2015. Mortgage approvals were also down 11% to the end of May, further evidence of a weak market. Growth for the year is expected to be muted, probably less than 5%.⁴⁰

There were 1.22 million residential properties sold in the UK in 2014, up 15% on the previous year.⁴¹ This rose to 1.23 million in 2015, an increase of 4.5%. Mortgage lending amounted to £220bn in 2015, an 8% increase on 2014, and the highest level since 2008.⁴²

In the US, 5.3 million units were sold in 2014, a reduction of -2.7% on 2013.⁴³ However, sales recovered strongly in 2015, up 7.7% for a total of 6 million units.

³⁸ MyHome.ie Property Barometer Q2, 2016.

³⁹ <http://media.myhome.ie/content/propertyreport/MyHome-Property-Report-Q2-2016.pdf>

⁴⁰ <http://media.myhome.ie/content/propertyreport/2016/MyHome-Property-Report-Q2-2016.pdf>

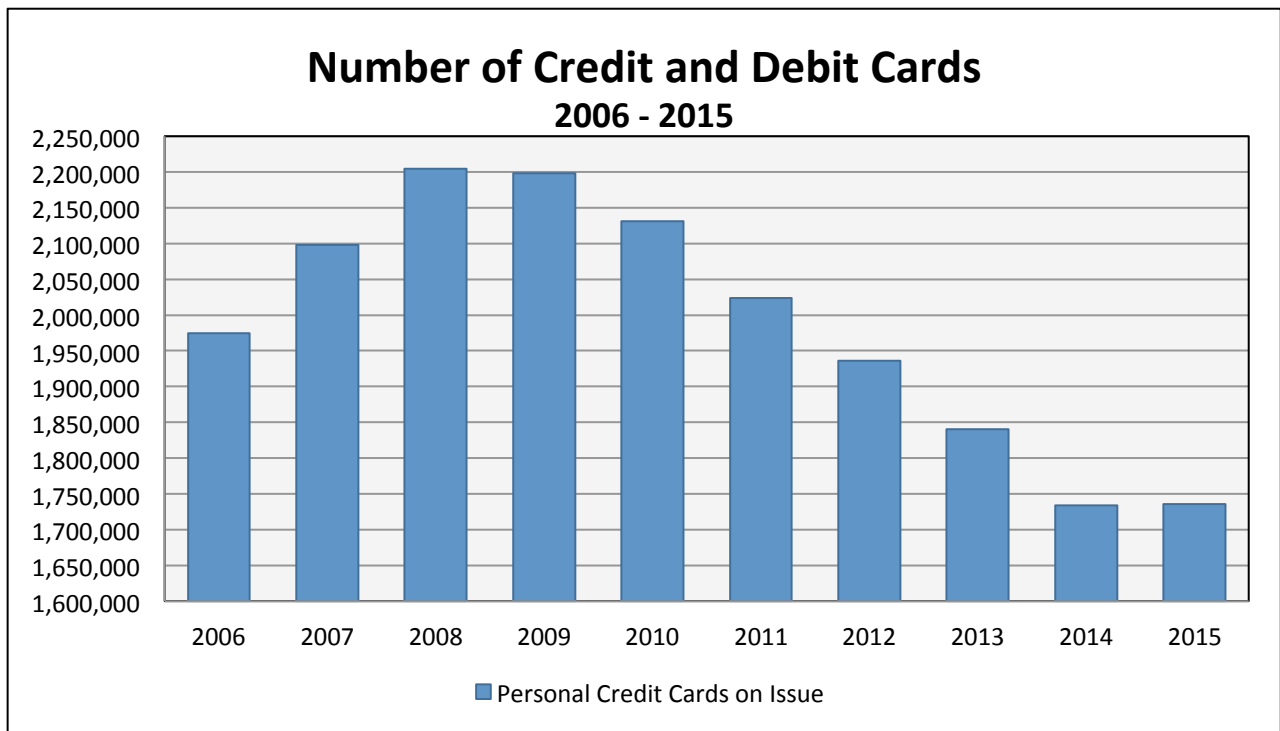
⁴¹ www.gov.uk/government/uploads/system/uploads/attachment_data/file/395763/UK_Tables_Jan_2014__cir_.pdf

⁴² <http://www.theguardian.com/money/2016/jan/21/uk-housing-market-strong-december-mortgage-lending>

⁴³ <http://www.worldpropertyjournal.com/real-estate-news/united-states/freddie-mac-mortgage-refinance-data-2015-refi-rates-lender-kiefer-best-mortgage-rates-home-affordable-refinance-program-harp-refinance-loans-9058.php>

NUMBER OF PAYMENT CARDS IN CIRCULATION

ANNUAL



There was a steady rise in the number of personal credit cards in circulation in Ireland from 2003 to 2008, peaking at 2.2 million, an increase of 22%. The number has declined steadily since then, with 1.7 million cards on issue at the end of 2015, down 23% from the peak.⁴⁴

Some of this decline is due to people abandoning cards, but the changeover to debit cards by the banks is also contributing. €1 in every €3 of Irish consumer spending is now on a plastic card⁴⁵.

There are over 4.6 million debit cards in Ireland, more than twice as many as credit cards. The number of debit card payments increased by 13% during 2015, amounting to 386 million transactions, with a value of €20 billion. Debit card usage increased further in 2015, as credit unions began distributing debit cards.

There were 60 million credit cards in the UK in 2015 with a transaction volume of £13.2 billion which was up 14% year-on-year.⁴⁶

There were 422 million credit card accounts in the US in 2015, a 3.5% increase over the same period in the prior year.⁴⁷

⁴⁴ Central Bank of Ireland, Money, Credit and Banking Statistics, November 2015

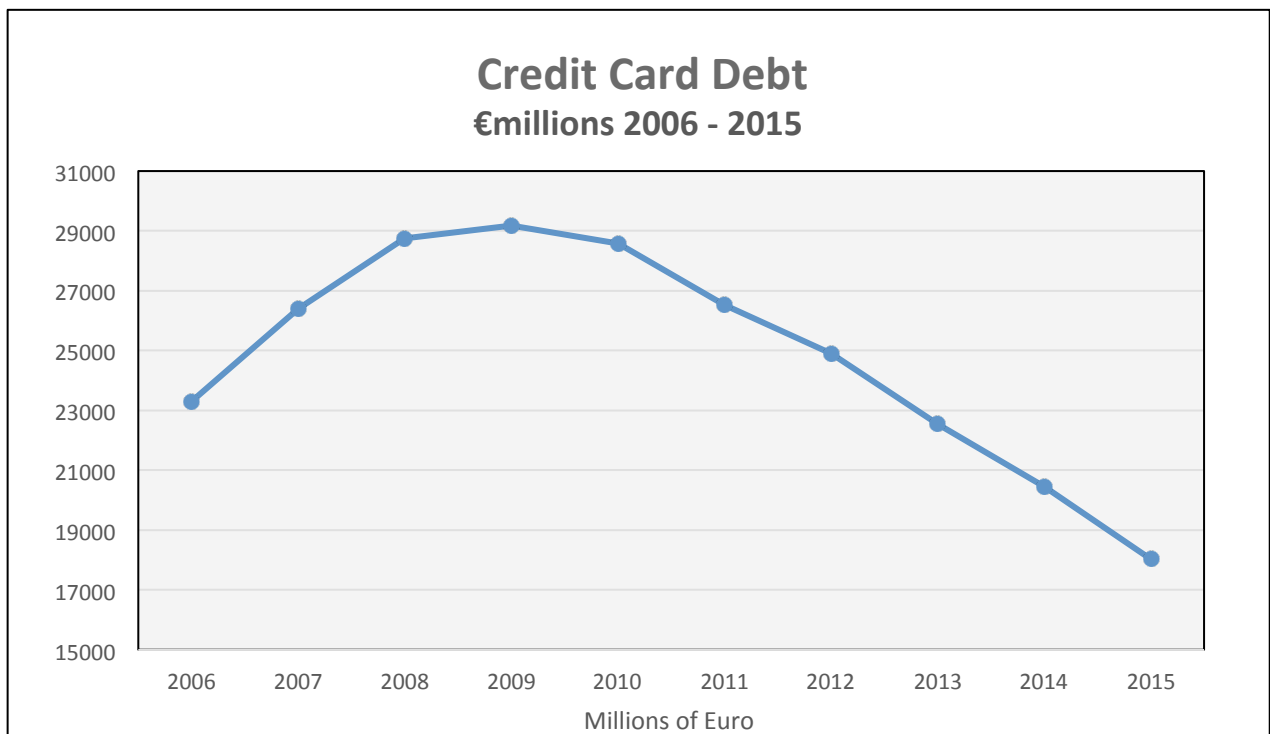
⁴⁵ <http://www.bpfi.ie/news/increasing-trend-towards-card-cash-continues/>

⁴⁶ <http://uk.creditcards.com/credit-card-news/uk-britain-credit-debit-card-statistics-international.php>

⁴⁷ <http://www.statista.com/statistics/245431/number-of-credit-card-accounts-in-the-united-states-2015/>

CREDIT CARD DEBT

ANNUAL



There was an increase of 31% in credit card debt from 2005 to 2008, or approximately 10% per annum. Growth continued into 2008 but at a slower rate of 8%, and reversed altogether in 2009 with a decline of -1% for the year.

Total outstanding debt on personal credit cards peaked at €3 billion in December 2008, but has fallen steadily since then. It was down to €2.25 billion by December 2013, and fell 20% further to €1.8 billion by December 2015. In contrast, spending on debit cards has grown from €5 billion in 2005 to €20 billion in 2014. The value of all card payments combined has doubled from 2005 to 2014, from €15bn to €30bn.⁴⁸

Credit card spending in the UK was also down during the recession years; there was a small recovery in 2013, of 4%, the first rise for five years. This turnaround continued in 2014, which was up 9%, and grew rapidly in 2015⁴⁹. The average unsecured credit balance of British consumers is now £10,000, with credit card balances averaging £1,021.⁵⁰

US consumer credit has been increasing steadily since 2010, up 4% in 2011, 6% in 2012, 6% in 2013, and 7% in 2014.⁵¹ Outstanding consumer credit stood at \$16 billion in 2015, up by 5.6% for the year.

⁴⁸ <http://www.bpfi.ie/wp-content/uploads/2015/05/BPFI-Payment-Statistics-2014-Data-Report.pdf>

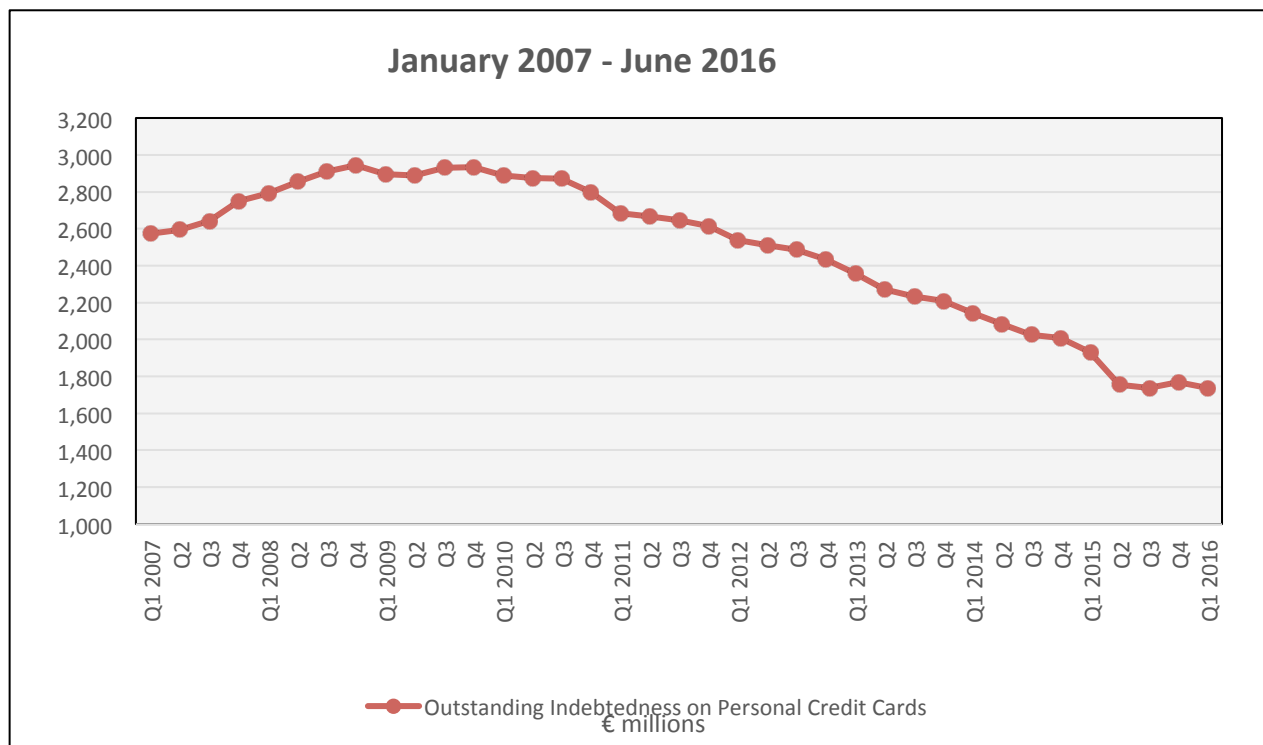
⁴⁹ http://pwc.blogs.com/press_room/2015/03/pwc-uk-unsecured-debt-set-to-rise-to-nearly-10000-per-household-by-the-end-of-2016.html

⁵⁰ <http://www.theguardian.com/money/2015/mar/23/average-uk-household-owe-10000-debt-by-end-2016>

⁵¹ www.federalreserve.gov/releases/g19/current/

²⁴ <http://www.creditcards.com/credit-card-news/credit-card-debt-statistics-1276.ph>

CREDIT CARD DEBT QUARTERLY



Credit card debt spikes each year in the pre-Christmas season. Having grown at a dramatic rate for several years, the level of debt levelled off in 2009 and began a steady decline from 2010 to 2014, with repayments exceeding spending every month for those four years.

Debt on personal credit cards continued to decline through 2015, reflecting reduced consumer spending. Outstanding indebtedness on credit cards was down to €1.7 billion by the end of Q2 2016, 22% lower than the same period last year, and down -39% from the peak of €2.8 billion in 2008. The average balance per card was about €1,100.⁵²

Credit card debt represented approximately 21% of consumer bank credit in March 2016. The majority of new credit card spending is related to the retail sector⁵³. Credit card e-commerce has increased by 30% in the year to end-May 2016. Debit card e-commerce has risen by 22% over the year, to stand at €691 million at end May 2016.

The UK is the biggest card payment market in the EU; cards account for 75% of all retail purchases. Consumer credit in the UK grew by 8% in 2014, the highest rise since 2006, and continued to grow through 2015.⁵⁴

American credit card debt reached a high of \$6,276 per person in mid-2008. It dropped to \$5,164 in Q1 of 2014, the lowest point in the six-year period. However, this began to creep up again in 2015, reaching \$5,500 in Q4.⁵⁵

⁵²http://www.centralbank.ie/polstats/stats/cmab/Documents/ie_table_a.13_credit_card_statistics.xls

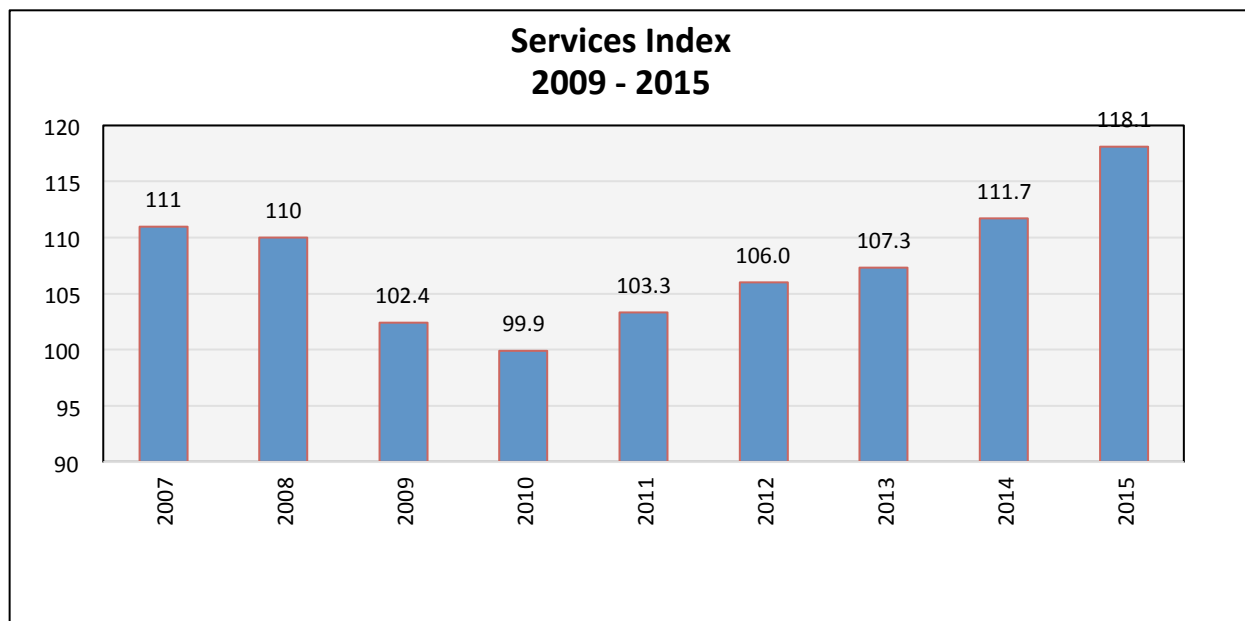
⁵³http://www.centralbank.ie/polstats/stats/cmab/Documents/2016m03_ie_monthly_statistics.pdf

⁵⁴<http://www.telegraph.co.uk/finance/economics/11770654/Is-the-UK-economy-on-another-credit-fuelled-binge.html>

⁵⁵ www.creditcards.com/credit-card-news/credit-card-debt-statistics-1276.php#source8

SERVICES INDEX

ANNUAL



The services sector accounts for about half of all personal consumer spending, with retailing accounting for the other half. This sector includes accommodation and food service, professional services, information and communication, and transportation.

The services sector recovered more quickly from the recent recession than the retail sector, showing modest growth from 2011 onwards, and recovering more rapidly in the last two years. The index overtook the 2007 peak in 2014, and made further gains in 2015, up by 5.8% for the year as a whole.

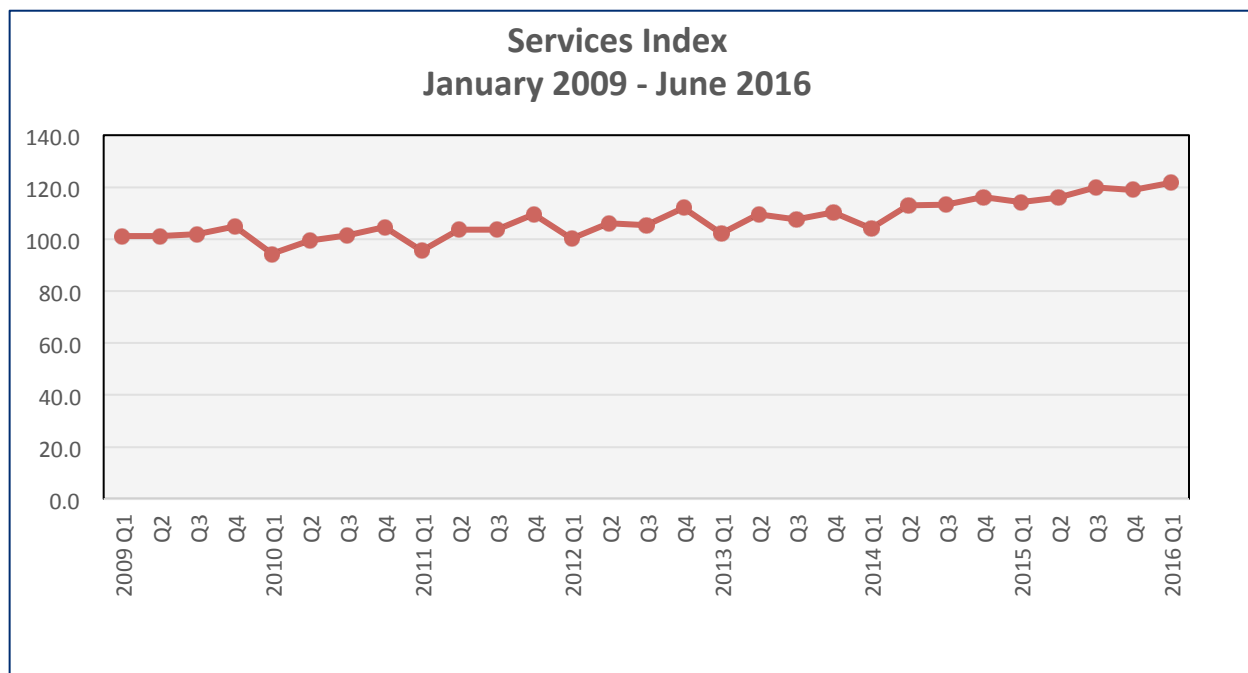
There was considerable variation, however, within the sub-categories, with some performing above the average and others below. Food service and wholesaling did best, with their indices reaching 134 in 2015, 14% better than the service sector as a whole. Accommodation and information/communication fared next best, at around 130. Professional, scientific and technical services did least well at 92, with transportation also slightly behind the average at 116.

When compared to the UK, the services sector in Ireland is performing very well. The services sector in the UK, which accounts for 75% of GDP, reached a 17 month low in 2014, although it picked up in 2015, rising by 2.3% year-on-year.⁵⁶

⁵⁶ http://www.ons.gov.uk/ons/dcp171778_431487.pdf

SERVICES INDEX

QUARTERLY



The services sector has a marked seasonal trend, with the highest sales occurring in Q4 each year. This reflects the spending in the run up to Christmas and New Year.

Following a drop of 7% in 2009, the services index recovered steadily from 2010 onwards, culminating in a high of 123.8 in Q2 2016. The sector grew by 5.8% in 2015, following growth of 4.1% in 2014. The services sector is continuing to grow in 2016, up by 7.8% for the first five months of the year, although there is considerable variation within sub-categories.

Information/communications grew by a remarkable 36.4%, food and beverages by 13.5%, accommodation by 10%, professional, scientific and technical up by 13.4%, and the motor service trade by 3.5%. In contrast, administration/support was down 18.7%, transport/storage down 2.4%, and other services down 10.5%.

The UK Services Index increased has been increasing but at a slower rate, up by 2.3% in 2015, and by 2.6% for the first five months of 2016.⁵⁷ All of the main services industry categories have been increasing but at about half the Irish rate.

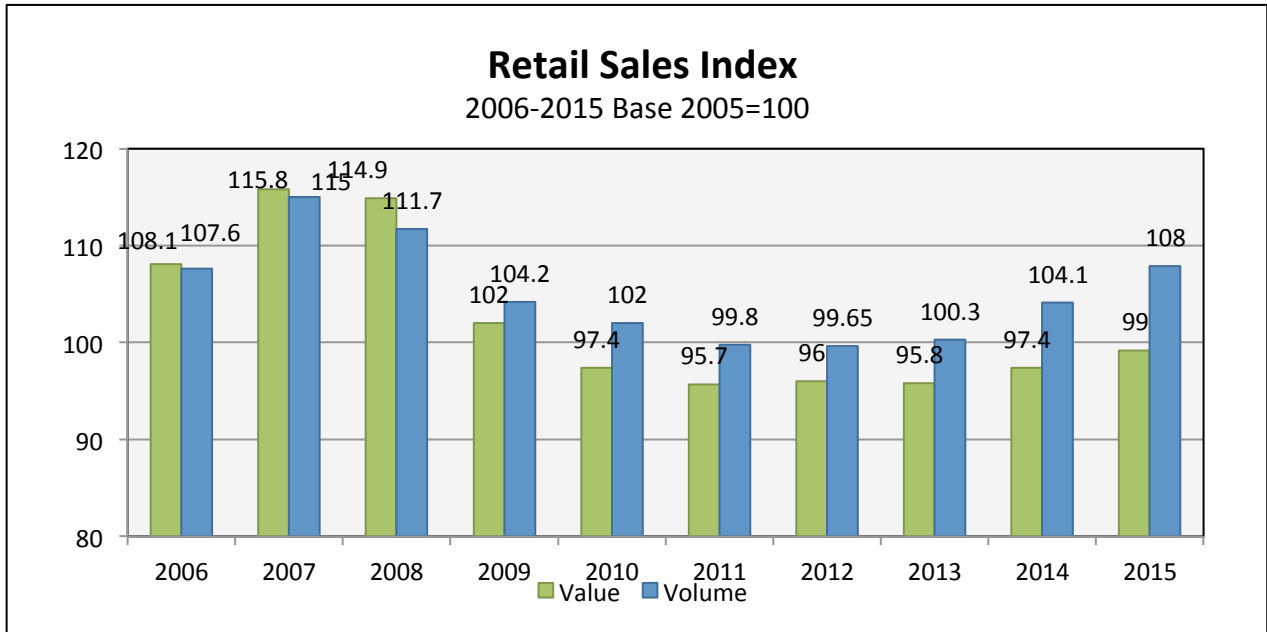
Europe also lags behind in terms of growth in the services sector, reporting just 1.4% growth in 2015, and less than 1% in the two previous years.⁵⁸

⁵⁷ http://www.ons.gov.uk/ons/dcp171778_431487.pdf

⁵⁸ http://ec.europa.eu/eurostat/statistics-explained/index.php/Services_statistics_-_short-term_indicators

RETAIL SALES

ANNUAL



Retail sales, excluding the motor trade, grew exceptionally strongly from 2000 to 2007, with volume up by 32% and value by 52%. This was stimulated by increases in employment and income, as well as low interest rates and high levels of borrowing.

Retail sales fell each year from 2007 to 2012, down -10% in volume, while value declined by -16%. Retail sales stabilised in 2012, with volume and value more or less static. 2013 saw a very slight increase of 0.8% in volume, with value steady at -0.1%.

This trend turned around in 2014, with volume increasing by 3.7% and value by 1.6%. 2015 saw sales accelerate further, with increases of 6.2% in volume and 2.8% in value.

Retail sales in the UK remained broadly flat from 2008 until 2012 during the economic downturn. Sales picked up in 2013, by 1.6% in volume and by 2.6% in value, and increased further in 2014, with both volume and value increasing, by 4.1% and 3.7% respectively. As in Ireland, retail sales growth accelerated in 2015, up by 5.0% in volume and 1% in value⁵⁹.

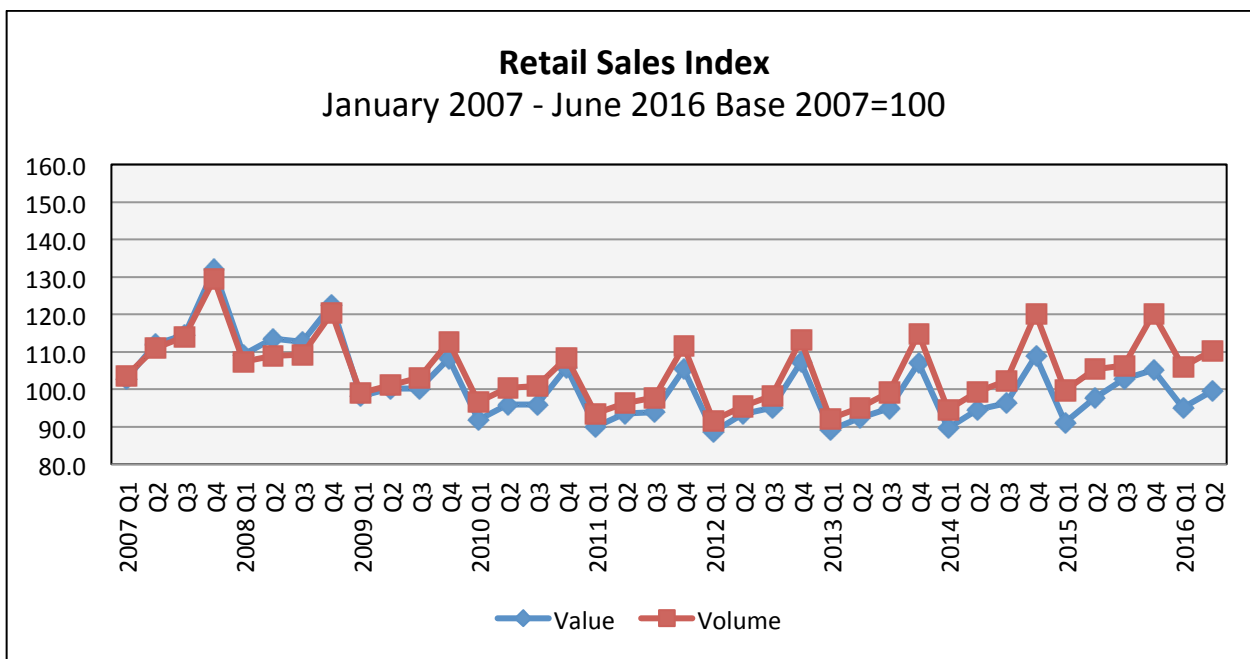
Retail sales in the US recovered sooner than Europe, and were on an upward trend from 2011, when spending grew by 8%. Sales were up by 5% in 2012 and by 4% in 2013. This momentum slowed in 2014, to 3%, and slowed further again in 2015 to 1.4%⁶⁰.

⁵⁹ <http://www.ons.gov.uk/ons/rel/rsi/retail-sales/november-2015/stb-rsi-nov-15.html>

⁶⁰ <http://www.census.gov/retail/index.html>

RETAIL SALES INDEX

QUARTERLY



Retail sales have a major seasonal peak in November- December, 50% above the monthly average for the rest of the year. Following four years of decline, retail sales stabilised in 2012, and increased by a very slight 0.8% in volume in 2013.

A significant turnaround occurred in 2014, with retail sales volume up by 3.7% and value up by 1.6%. The recovery accelerated in 2015, with sales volume up by 6.2% and value up by 2.8% for the year. This growth in sales exceeded the growth in footfall (up 1.6%) providing evidence of a real uplift in spending⁶¹.

In 2016, Q1 saw a 6.4% increase in volume and a 4.3% increase in value, attributed to the early arrival of Easter⁶². Sales in Q2 have also held up well, up by 4.5% in volume and 1.8% in value, year-on-year. Sales in individual retail categories showed considerable variation, which will be explored in later sections.

Retail sales in the UK have also been accelerating, up by 5% in volume and 1% in value in 2015 for the year.⁶³ However, in Q1 and Q2 2016, volume increased by 3.7% but value increased by just 1%, suggesting some weakness in the market⁶⁴.

Retail sales in the US were relatively weak in 2015, up by and 2% for the year as a whole, but down by -1% in Q4⁶⁵. Q1 2016 demonstrated increased consumer confidence with a 3.4% increase in retail sales for the quarter.

⁶¹ <http://www.irishtimes.com/business/commercial-property/retail-sales-outstrip-footfall-1.2519597>

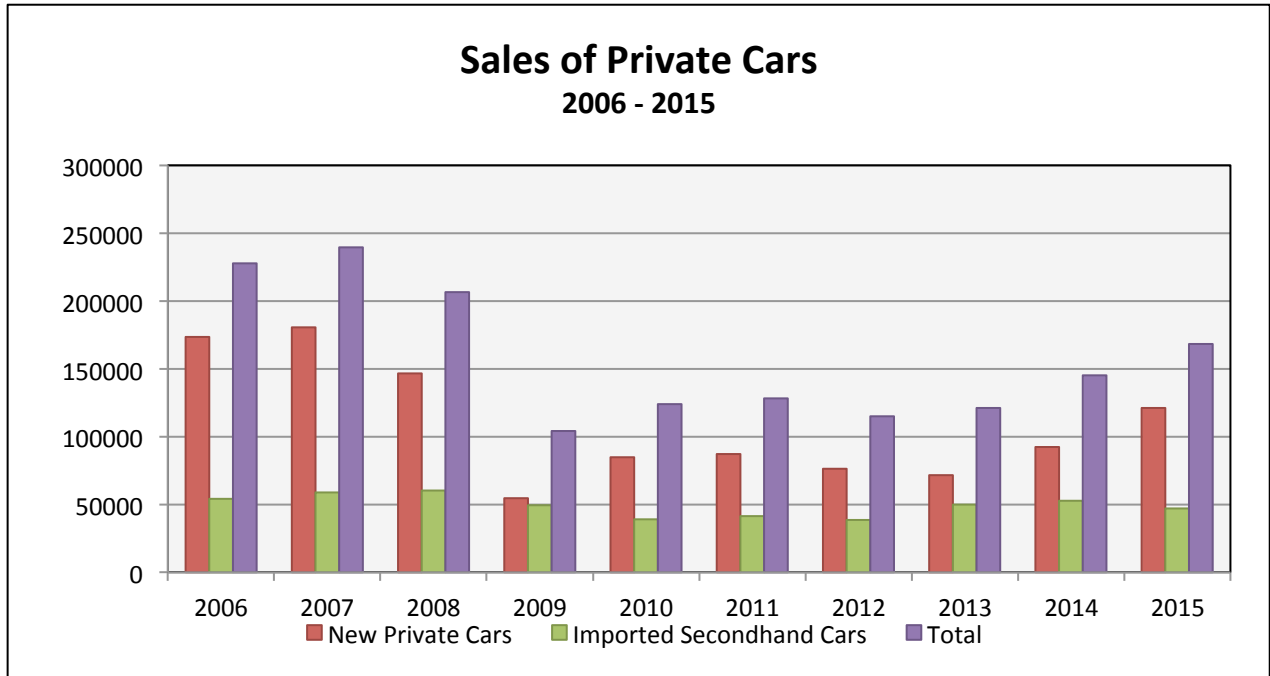
⁶² <http://www.businesspost.ie/early-easter-boosts-first-quarter-retail-sales/>
⁶³ <http://www.ft.com/intl/cms/s/0/10a188ec-e99a-11e4-a687-00144feab7de.html#axzz3ZCT7brvf>

⁶⁴ <http://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/march2016>

⁶⁵ http://www.census.gov/retail/marts/www/marts_current.pdf

SALES OF PRIVATE CARS

ANNUAL



The motor industry grew strongly during the economic boom, peaking in 2007 with 180,754 new cars sold. Sales of new cars dropped steadily since then, with the largest fall from 2008 to 2009, when just 54,432 new cars were sold. There was a small revival in 2010 and 2011, but sales dropped again in 2012, with 76,256 new cars sold, and 2013, with 71,348 cars sold.

This downward trend reversed in 2014 with 92,361 new private cars licensed, an increase of 30%. There was a further increase in 2015, with 121,110 new cars sold, an increase of 31%. However, the 121,110 new private cars licensed in 2015 is still only about the average level experienced in the mid-1990s, and 33% below the peak of 180,872 in 2007.

Sales of second hand cars actually benefitted in the recession. A total of 515,000 were sold in 2011, 660,000 in 2012 (up 22%), 785,000 in 2013 (up 19%) 874,000 in 2014 (up 11%), and 950,000 in 2015 (up 8%)⁶⁶

New car sales in the UK reached a 10-year high in 2015, with 2.63 million new cars sold, a growth of 8.7%, and better than the 2003 record of 2.6m. New car registrations in the EU reached 12.6 million in 2015, up 8.7% on 2014, but still 20% below the pre-crisis level⁶⁷.

US car sales peaked in 2005 at 17.4 million, and bottomed out in 2009 at 10.6 million. Growth resumed in 2010, averaging 4% a year for the next four years, reaching 16.8 million in 2014. 2015 saw 5.2% growth to a total of 17.7million vehicles, exceeding pre-2007 levels.⁶⁸

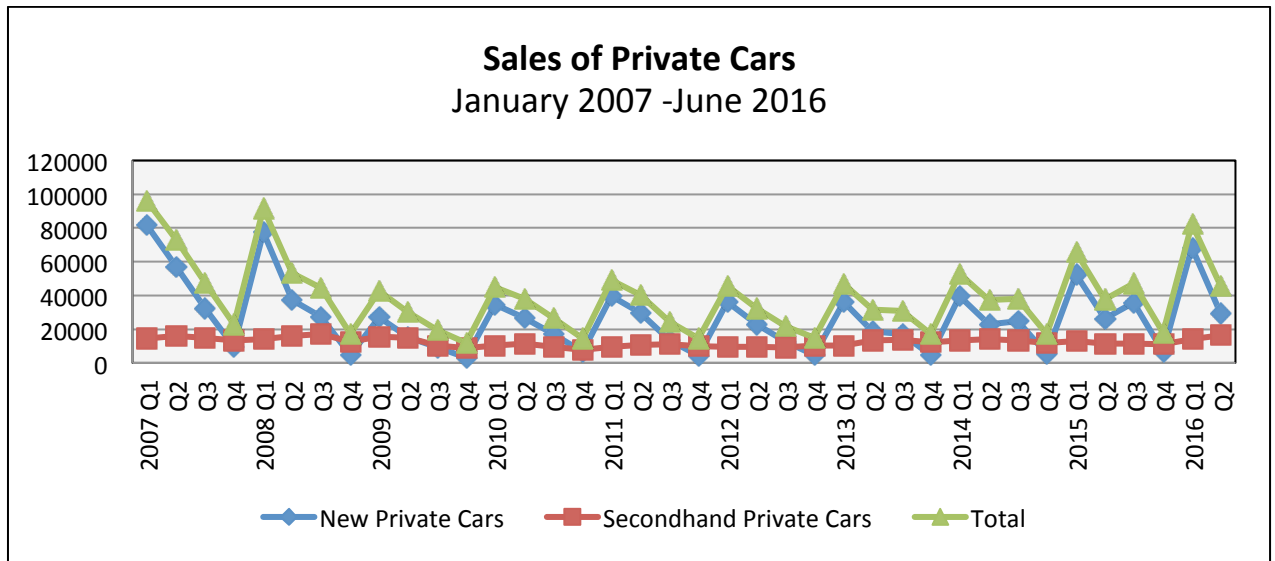
⁶⁶ www.motorcheck.ie/blog/new-car-sales-2014-up-30-percent/

⁶⁷ <http://www.wsj.com/articles/european-union-new-car-sales-grow-13-7-in-november-acea-1450162833>

⁶⁸ www.thedailystar.net/business/carmakers-rack-up-big-gains-in-2013-us-sales-5461?archive=2014-01-06

SALES OF PRIVATE CARS

QUARTERLY



Sales of new car sales were traditionally concentrated in January and February. The new dual registration system is helping, but 65% are still occurring in the first half of the year⁶⁹. Following declines from 2009 to 2013, there was a major turnaround in 2014, with 92,361 cars sold, a 30% increase.

This recovery continued in 2015 with sales of 121,110 new cars, up 31%.⁷⁰ 2016 is continuing this trend, although at a slightly slower rate, with 97,490 cars sold in the first half, up 23.9%, suggesting a final figure of about 150,000 cars, close to the average of 160,000 sold each year in the early 2000s.

Sales of second hand cars actually benefitted in the recession. A total of 515,000 were sold in 2011, 660,000 in 2012 (up 22%), 785,000 in 2013 (up 19%) 874,000 in 2014 (up 11%), and 950,000 in 2015 (up 8%)⁷¹. Q1 of 2016 saw an increase of 8.2%, but this is accelerating with a large rise in imported used cars (up 40% in the second quarter).

New car sales in the UK reached a 10-year high in 2015, with 2.63 million new cars sold, a growth of 8.7%. 1.4m new cars were registered in the first half of 2016, up 3.2% on 2015, with a small decline in June, suggesting a Brexit effect.⁷²

Car sales in the US resumed growth in 2010, reaching 17.7million in 2015, exceeding pre-2007 levels.⁷³ Growth averaged 4% a year, but stalled in 2016, up 1.4% for the half year.⁷⁴

⁶⁹ <http://www.rte.ie/news/2015/0811/720529-new-cars-licensed-in-july-up-over-50-on-last-year/>

⁷⁰ <http://www.rte.ie/news/business/2015/1016/735186-european-car-sales/>

⁷¹ www.motorcheck.ie/blog/new-car-sales-2014-up-30-percent/

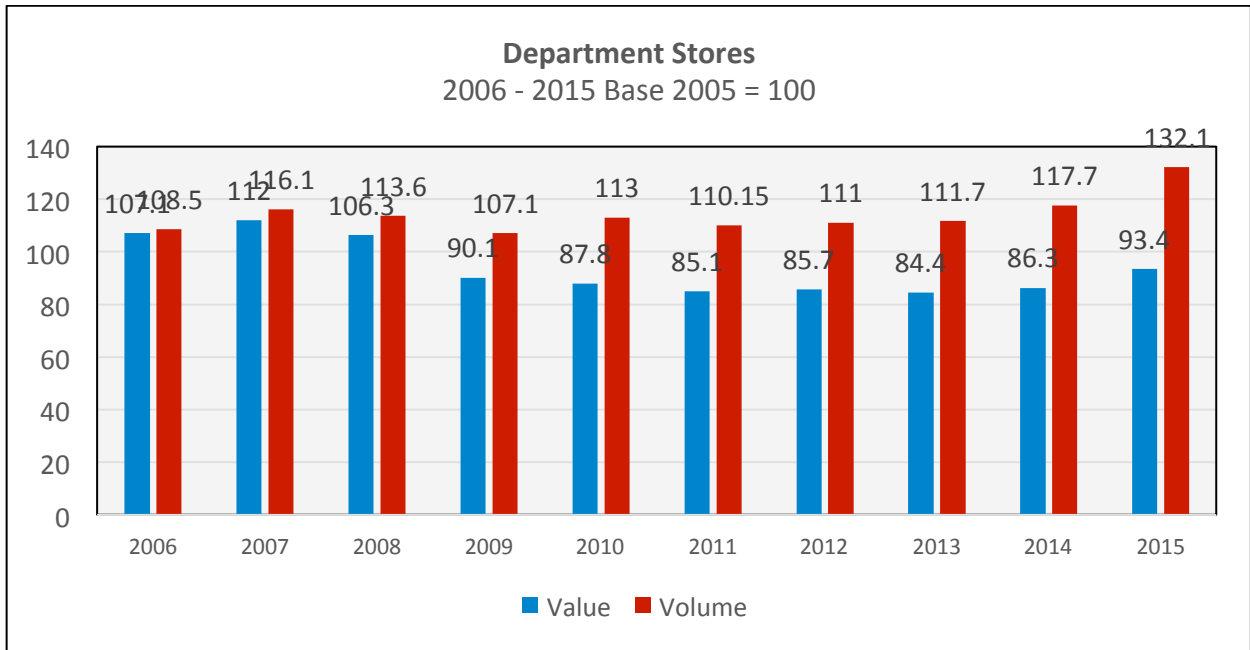
⁷² <http://www.smmr.co.uk/2016/07/record-six-months-for-new-car-market-but-demand-stabilises-over-second-quarter/>

⁷³ www.thedailystar.net/business/carmakers-rack-up-big-gains-in-2013-us-sales-5461?archive=2014-01-06

⁷⁴ <http://www.thetruthaboutcars.com/2016/07/u-s-auto-sales-brand-brand-results-june-2016-ytd/>

RETAIL SALES – DEPARTMENT STORES

ANNUAL



Retail Sales Index – Department Stores, Base 2005 = 100⁷⁵

Department store sales increased continuously from 2000 to 2007, with an overall growth of 42% in volume and 49% in value. Sales revenues declined every year from then to the end of 2012, down 23% in value over five years, reflecting price discounting. Sales volumes held up much better, down by just -4% over the five year period.

Sales through department stores saw a marginal increase of 0.5% in 2013, while value continued to drop, down by -1.6% year-on-year. Volume increased by 5.5% for 2014, while value increased 2.3%.

2015 saw a further increase in volume of 8.8%, and 5.6% in value. The volume sales index now comfortably exceeds the 2007 peak, although sales value remains well below that.

Department store sales were also weak in the UK for several years, with a large drop in 2012, down -8.4% in volume and -6.6% in value. This reversed in 2013, and accelerated in 2014 with sales up 10% in volume and 5.9% in value. This growth continued into 2015 with sales volume increasing by 5.8% and sales value by 4.8%.

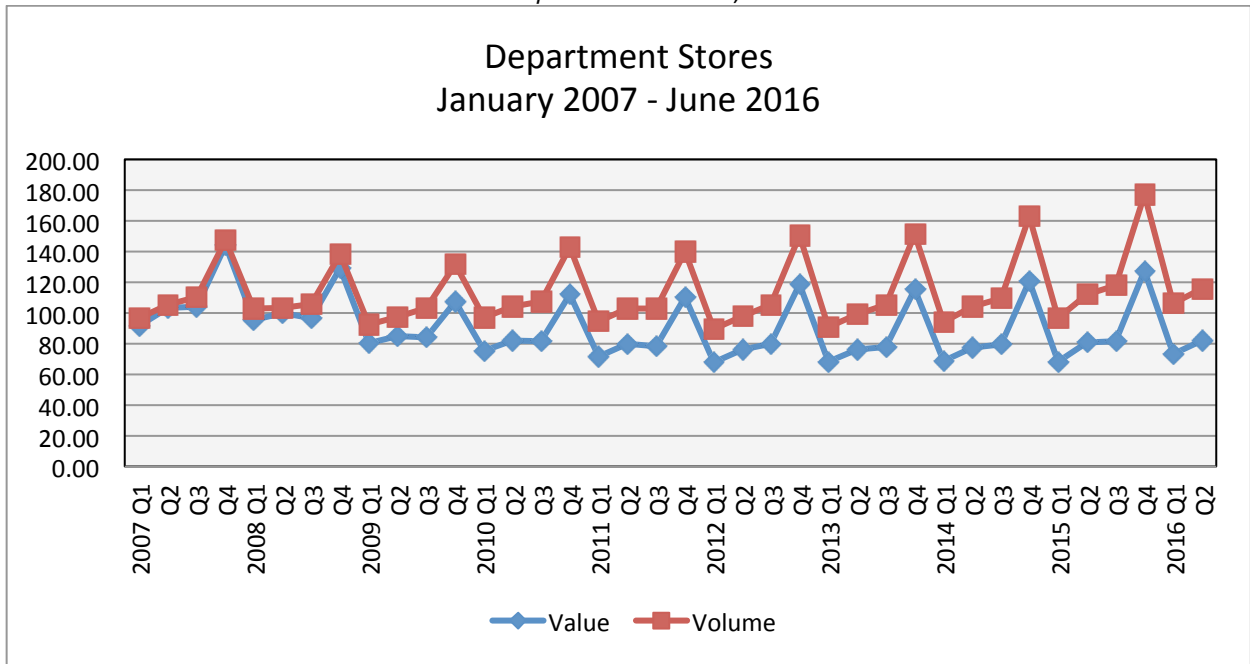
In the US, department store sales have been weak, down -4.7% in 2013 and continuing flat in 2014.⁷⁶ This downward trend continued into 2015 with sales decreasing -2.1%.

⁷⁵ Department Stores 2006 - 2015, Retail Sales Index, Value and Volume Unadjusted (Base 2005=100), www.cso.ie
⁷⁶ <http://www.statista.com/statistics/293195/revenue-of-department-stores-in-the-us/>

RETAIL SALES – DEPARTMENT STORES

QUARTERLY

Retail Sales – Department Stores, Base 2005 = 100⁷⁷



Department stores have a marked seasonal pattern, which peaks in the pre-Christmas period and to a lesser extent in July coinciding with summer sales. This peak was subdued during the recession years but has recovered recently, with new peaks each year since 2012.

Sales increased significantly in 2014, with volume up by 4% for the year, and value up by 2%. Sales in 2015 were even stronger, particularly in the latter part of the year. Sales in Q4 rose by 9.1% in volume and by 5.9% in value, year-on-year.

Sales in Q1 2016 maintained this strong growth rate, with volume increasing by 10.2% and value by 7.6% year-on-year. The growth rate slowed in Q2, however, increasing by 3.2% in volume and 1.5% in value.

Sales through UK department stores have followed a similar trend, recovering in 2013, and growing strongly in 2014, and 2015, with sales volume up by 7% and value by 5%.⁷⁸ Sales have weakened in 2016, however, with small increases in Q1 (volume up 2% and value up 1.6%), and a slight decrease in both volume and value in Q2.

Department stores have been weak in the US for several years, with no growth in 2014, a drop of 2.1% in 2015, and of 3% in 2016 thus far.

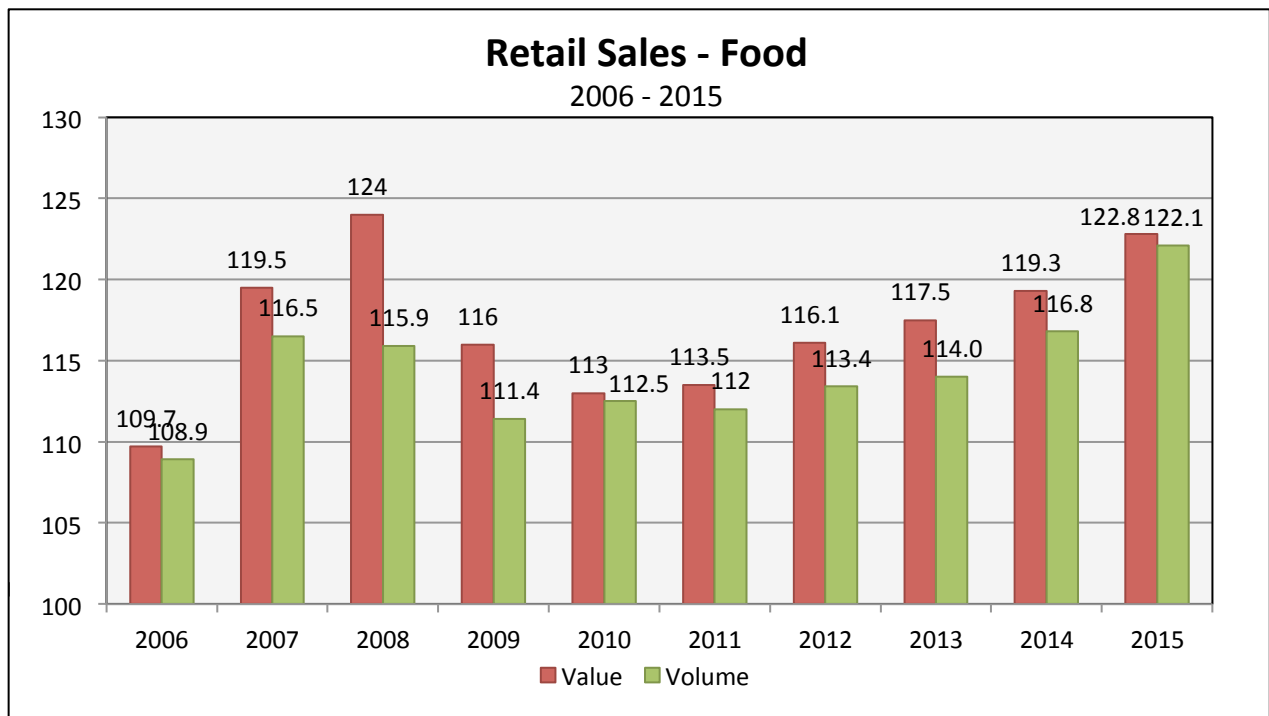
⁷⁷ Department Stores 2005 - 2015, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

*Visible data labels refer to value of sales

⁷⁸ <http://www.theguardian.com/business/2014/sep/25/department-stores-john-lewis-house-of-fraser-record-september-sales-surge>

RETAIL SALES – FOOD

ANNUAL



Retail Sales Index – Food, Base 2005 = 100⁷⁹

Food sales increased steadily between 2005 and 2008 along with most other retail categories, up by 16% in volume, an average annual growth rate of 5.3%. Sales value increased even more, by 24%, an average annual rate of growth of 7.9%.

As an essential item, sales of food have held up relatively well in the recession. From the peak in 2007 to the end of 2012, volume declined by just -0.3%, and value by -4%.

Food sales stabilised in 2013, up by 0.6% and 1.2% respectively. Sales of food increased significantly in 2014 with volume up by 2.6% and value up 1.4%. This upward trend increased further in 2015, with sales volume increasing by 4.5% and sales value increasing by 3.3%.

There has been considerable upheaval in the Irish grocery market in recent years with significant swings in market share. The discount chains, Lidl and Aldi, are continuing to grow, reaching a combined share of 17% of the grocery market.⁸⁰ SuperValu have also increased their share to 25%, overtaking Tesco which has 24%, and Dunnes with 24%.⁸¹

UK food sales have also been fairly stable overall, with volume increasing by just 1% in 2014 while value remained unchanged from 2013. 2015 sales remained fairly constant also.

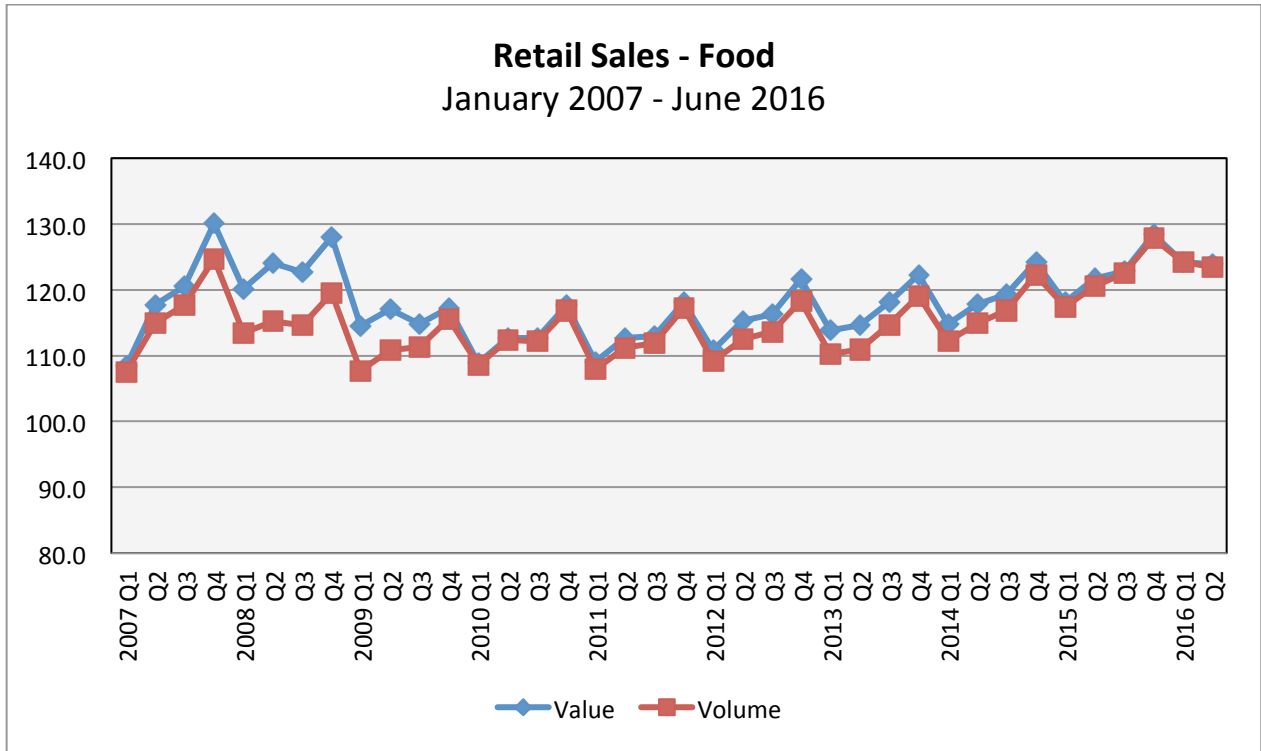
⁷⁹ CSO Retail Sales Index Value and Volume Unadjusted (Base 2005=100).

⁸⁰ www.shelflife.ie/wp-content/uploads/2016/11/KWGH.png

⁸¹ <http://www.kantarworldpanel.com/ie>

RETAIL SALES – FOOD

QUARTERLY



Retail Sales Index – Food, Base 2005 = 100⁸²

Sales of food are normally steady throughout the year with a peak in the pre-Christmas period, followed by a return to trend in January.

Food sales grew steadily throughout 2014, reflecting the general recovery in the economy. For the year as a whole, food sales grew by 2% in volume and by 1% in value.

This upward trajectory continued into 2015, with food sales growing by 4.5% in volume, and by 3.4% in value compared with the previous year. This continued into the first quarter of 2016 which saw an increase of 5.8% in volume and 5.2% in value. Q2 has been a little weaker, with volume up 3.2% and value up 2.5%.

Food sales in the UK have also been steady, increasing by 3% in volume and 1% in value for 2014, by slightly less in 2015 (volume up by 2% year-on-year while value was constant). Sales in 2016 have been increasing by 3% in volume and 1% in value.

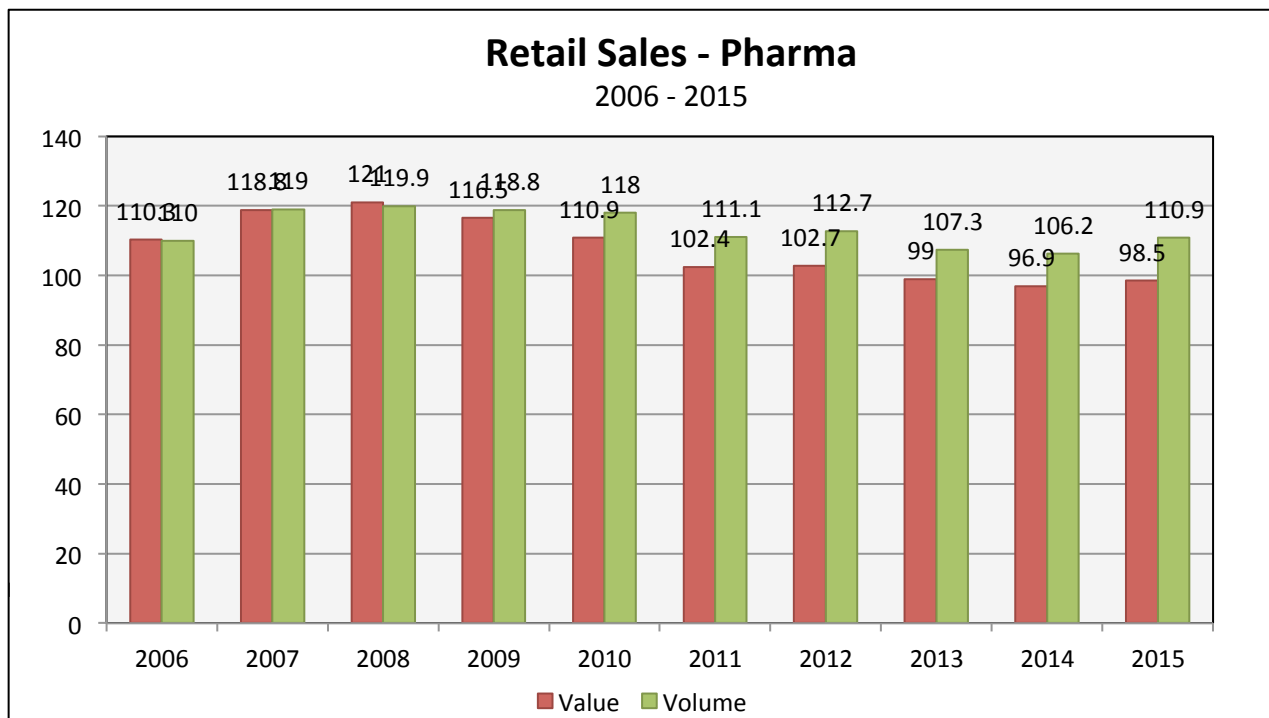
US food retail sales were up 3.5% in 2014 and up by a slightly lower 2.4% in 2015.⁸³ Sales have been strong in 2016, averaging 5% for the half year.

⁸² Food 2006 - 2016, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie

⁸³http://www.census.gov/retail/marts/www/marts_current.pdf

RETAIL SALES - PHARMACEUTICAL, MEDICAL & COSMETICS

ANNUAL



Retail Sales Index – Pharmaceutical, Medical and Cosmetic Articles Base 2005 = 100⁸⁴

Sales of pharmaceutical, medical and cosmetic goods increased substantially between 2000 and 2008, with volume up by 50%, an annual growth rate of 6%. Sales value increased even more, by 79%, or an annual growth rate of 10%.

This sector declined in the recession years, although it suffered less than some others. Sales volume fell by -10% from 2007 to the end of 2013, an average annual drop of -2%. Value declined by -18% from peak to the end of 2013, an annual drop of -3.5%.

Sales stabilised in 2012, up by 1.4% in volume and 0.3% in value. This trend reversed in 2013, however, with sales down by -4.5% and -3.3% respectively. Sales remained in negative territory in 2014, with volume down -2% and value down -1%.

This negative trend reversed again in 2015, with sales volume increasing by 4.4% year-on-year, and sales value up 1.7%.

Pharmacies in the UK have done better in recent years, with an increase in volume and value of 9.8% and 9.4% in 2013. Sales continued to improve in 2014, with volume up by 4.8% and value by 4.6%. 2015 saw sales volume increase by 5.6% and value by 4.7% year-on-year.

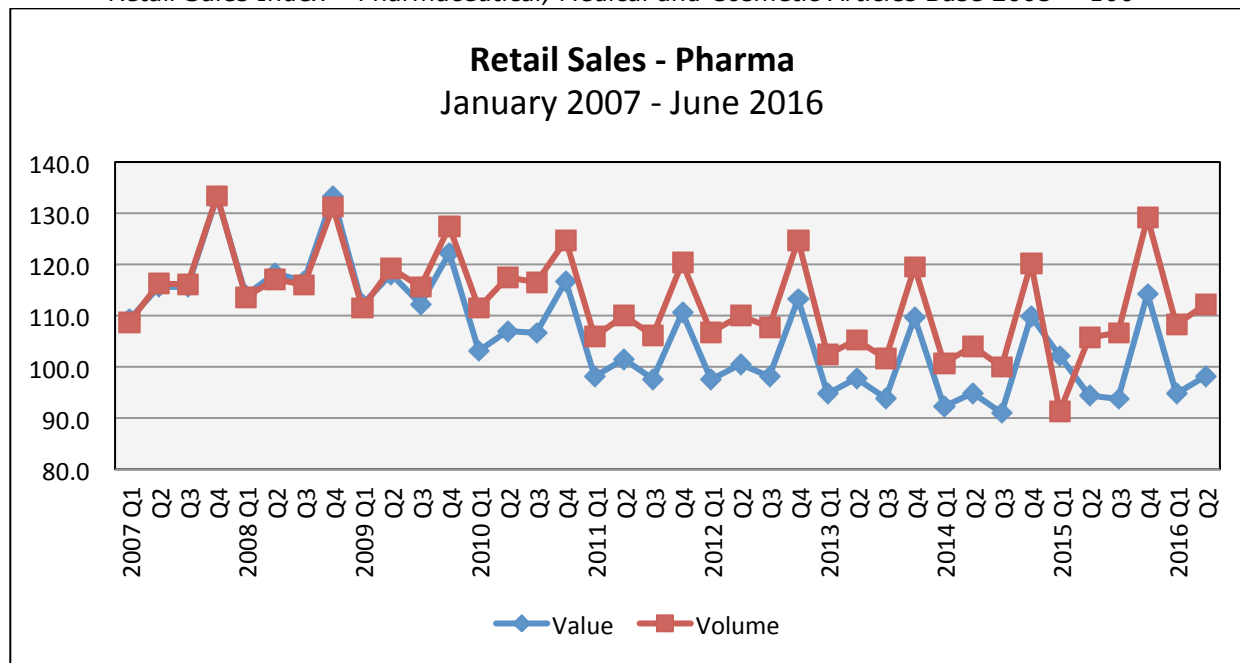
Pharmacies in the US have also performed well as sales increased by 6.1% in 2014. This growth slowed down to 4.2% in 2015.

⁷⁴ Pharmaceutical, Medical and Cosmetic Articles 2006 - 2014, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie

RETAIL SALES – PHARMACEUTICAL, MEDICAL, AND COSMETICS

QUARTERLY

Retail Sales Index – Pharmaceutical, Medical and Cosmetic Articles Base 2005 = 100⁸⁵



Sales of Pharmaceutical, Medical and Cosmetic products are normally steady throughout the year with a significant increase in December, reflecting gift buying. This peak was much reduced in the three years from 2009 to 2012, but re-established itself in 2013.

There was a significant drop in sales in 2013, with a decrease of -4.5% in volume and -3.3% in value, year-on-year. Sales saw a further decrease in 2014, with volume down -2% and value down -1% year-on-year, reflecting continuing price pressure.

Sales were positive in 2015, and getting stronger in each quarter. Q1 and Q2 saw volume increase by just 1% with value down by -1%. Sales picked up in the second half, increasing by 7% in volume and 3.5% in value. This growth continued into 2016 with volume up by 5% for the first half of the year and value by 4%.

Sales of pharmaceuticals and cosmetics also grew strongly in the UK in 2015, with an increase of 5.7% in volume and 4.8% in value. However, this trend has not continued with sales more or less static in the first half of the year.

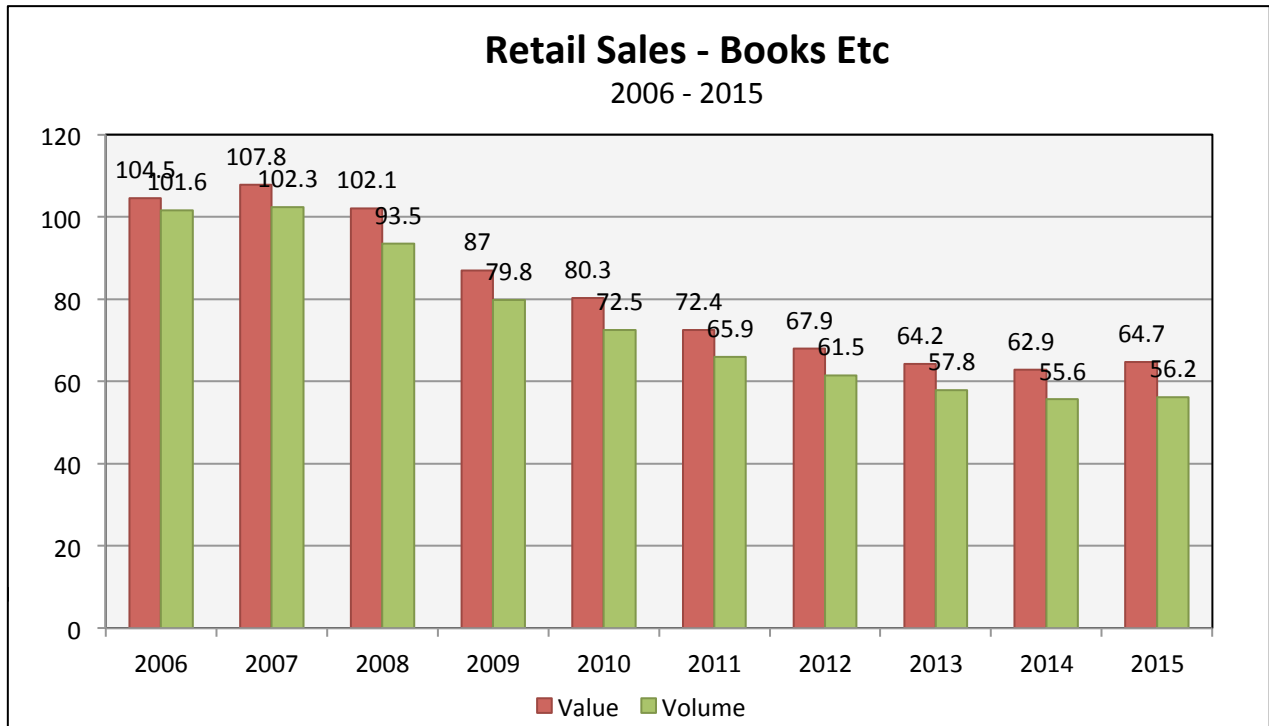
In the US, sales of pharmaceuticals increased by 4% for 2015 but has reduced to a lower level of 2% in 2016.⁸⁶

⁸⁵ Food 2006 - 2016, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie

⁸⁶ <http://www.statista.com/statistics/243742/revenue-of-the-cosmetic-industry-in-the-us/>

RETAIL SALES – BOOKS, NEWSPAPERS AND STATIONERY

ANNUAL



Retail Sales Index – Books, Newspapers and Stationery Base 2005 = 100⁸⁷

The books, newspapers and stationery sector, which includes specialist book stores as well as newsagents, has been one of the hardest hit sectors during the past six years. Sales volume declined by -43% from the peak in 2007 to the end of 2013, an annual decline of -8%, and value declined by -40%. This was partly due to the recession, but also because of a fundamental shift towards digital media.

The negative trend continued in 2014 with volume of sales down -3.7% and value down -1.8% for the year. Fortunately, this trend reversed in 2015, with sales volume increasing by 1.1% and sales value by 2.9% year-on-year.

Book sales in the UK continued to fall in 2014 also, due to the ever increasing popularity of e-books.⁸⁸ Volume sales were down -1.9%, with value sales down -1.3%.⁸⁹ 2015 was more positive with sales volume increasing by 5% and value by 4.7%.

Unlike the UK, US book sales increased by 4.1% in 2013, and held steady in 2014.⁹⁰ Book sales increased by 4.4%.in 2015.

⁸⁷ CSO Retail Sales Index Value and Volume Unadjusted (Base 2005=100).

⁸⁸ www.theguardian.com/books/2015/jan/13/sales-printed-books-fell-150m--five-years

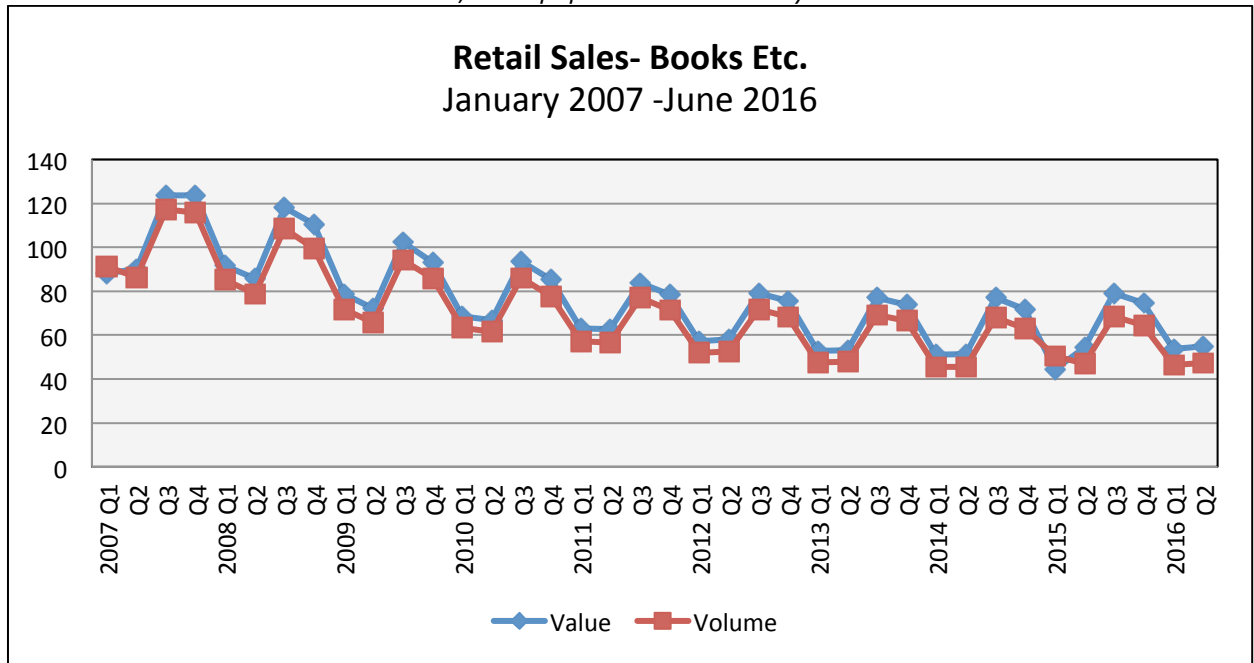
⁸⁹ Nielsen BookScan

⁹⁰ www.digitalbookworld.com/2013/ten-bold-predictions-for-ebooks-and-digital-publishing-in-2014/

RETAIL SALES – BOOKS, NEWSPAPERS & STATIONERY

QUARTERLY

Retail Sales – Books, Newspapers and Stationery Base 2005 = 100⁹¹



Sales of books and stationery have two peaks in the average year, one in August/September coinciding with back-to-school time, and a second in the pre-Christmas period. These peaks were on a steady downward trend from the peak in 2007 until the end of 2014.

Sales of books, stationary and newspapers continued to fall in 2014, with a decrease of -3.6% in sales volume and -2% in sales value.

Sales were up modestly in 2015, by 1% in volume and 2.7% in value for the year. Q1 2016 saw a significant increase in sales with volume up by 6.5% and value by 7.8%, year-on-year, but this did not persist in Q2, with volume and value more or less flat.

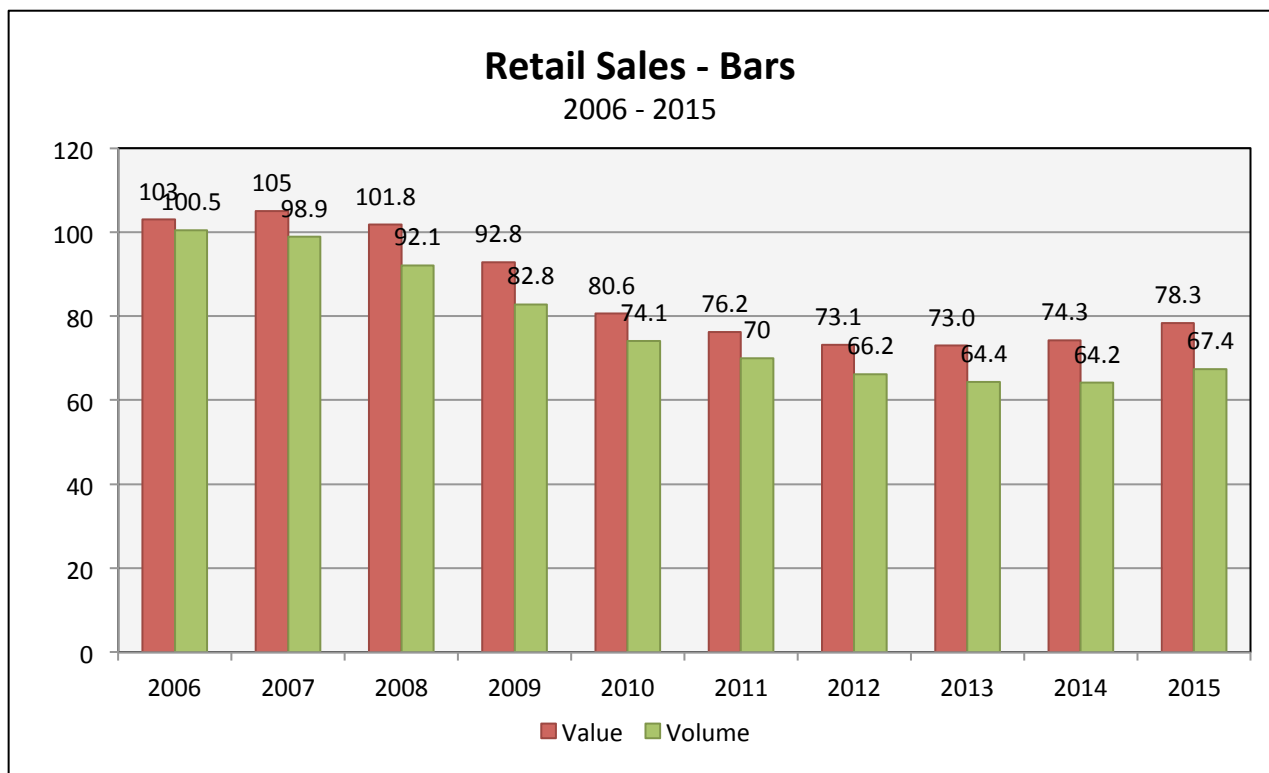
Sales of books and newspapers in the UK have undergone a similar pattern. Following several years of falling sales, 2015 saw an increase of 5% both in volume and value. However, 2016 saw a downward trend again, with volume and value down 2%.

Sales of books and newspapers in the US also saw an increase in 2015, of 4.5%, but mirrored the UK with a decrease of 3.7% in Q1 2016, year on year.

⁹¹ Books, Newspapers and Stationery 2005 - 2015, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie
 *Visible data labels refer to value of sales

RETAIL SALES – BARS

ANNUAL



Retail Sales Index – Bars, Base 2005 = 100⁹²

The bar trade in Ireland has been in decline for more than a decade as a result of a combination of factors including the introduction of the smoking ban and random breath testing, and changing consumer lifestyles.

From the peak in 2007 to the end of 2013, volume sales through bars decreased by -35% and value by -30%. Over the same period, the number of pub licences reduced from 9,500 to 8,300, a drop of -13%.⁹³

2014 was the first year since 2007 in which sales did not fall; volume sales were steady and value up by 1.8%. This was the beginning of a positive trend which continued in 2015, with sales volume up by 5% and sales value by 5.4%.

Beer sales in the UK also stabilised in 2014, after a decade of decline⁹⁴. Beer sales in pubs dropped by just -0.8% in 2014, the smallest decline since 1996. In contrast, off-trade sales grew by 3.5%, exceeding on-trade sales for the first time on record.

The number of bars in the UK has also been declining over the past decade; the number of pubs is now down to 51,900 compared with 60,100 in 2002⁹⁵.

⁹² Bars 2005 - 2015, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie, All figures relate to on-trade sales

⁹³ Drinks Industry Ireland, 2015

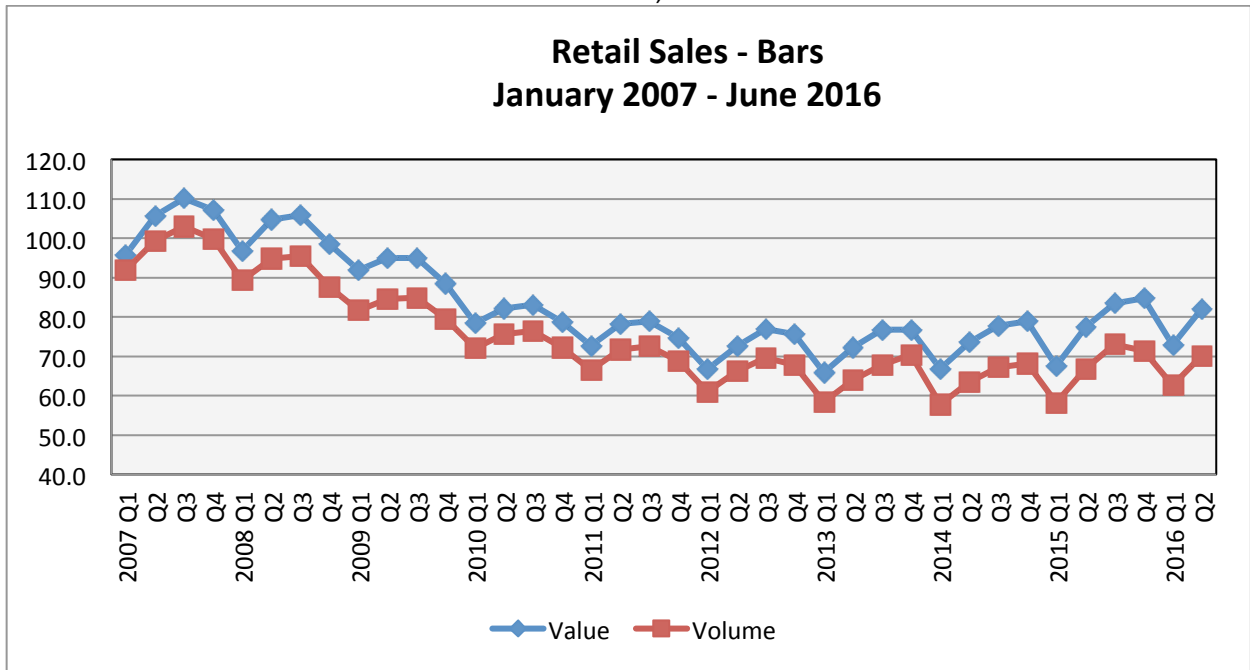
⁹⁴ <http://www.beerandpub.com/news/british-beer-sales-up-for-the-first-time-in-ten-years>

⁹⁵ <http://www.beerandpub.com/statistics>

RETAIL SALES – BARS

QUARTERLY

Retail sales Index – Bars, Base 2005 = 100⁹⁶



Irish bar sales follow a seasonal pattern with a peak in the run up to Christmas followed by a trough in January each year. This conceals a long-term decline in the pub trade which has only recently shown signs of abating.

2014 was the first year since 2007 in which sales did not fall; volume sales were steady and value up by 1.8%. This was the beginning of a recovery which continued in 2015, with sales volume up by 5% and sales value by 5.4% for the year. In fact, sales growth increased through the four quarters of 2015; Q4 saw sales volume up by 7% and sales value by 8%.

Growth has continued in 2016 with an increase in volume and value of about 7% for the first half of the year.

Following a decade of decline, UK sales through bars (the on-trade) were almost stable in 2014, down by just -0.8%.⁹⁷ In contrast, off-trade sales grew by 3.5%, exceeding on-trade sales for the first time on record. Sales returned to pattern in 2015, down by -2.4%, but have increased by 1.5% in the first half of 2016.⁹⁸

In the US, restaurants and drinking places reported an increase of 3.3% in sales value in 2014, and of 5.8% in 2015.

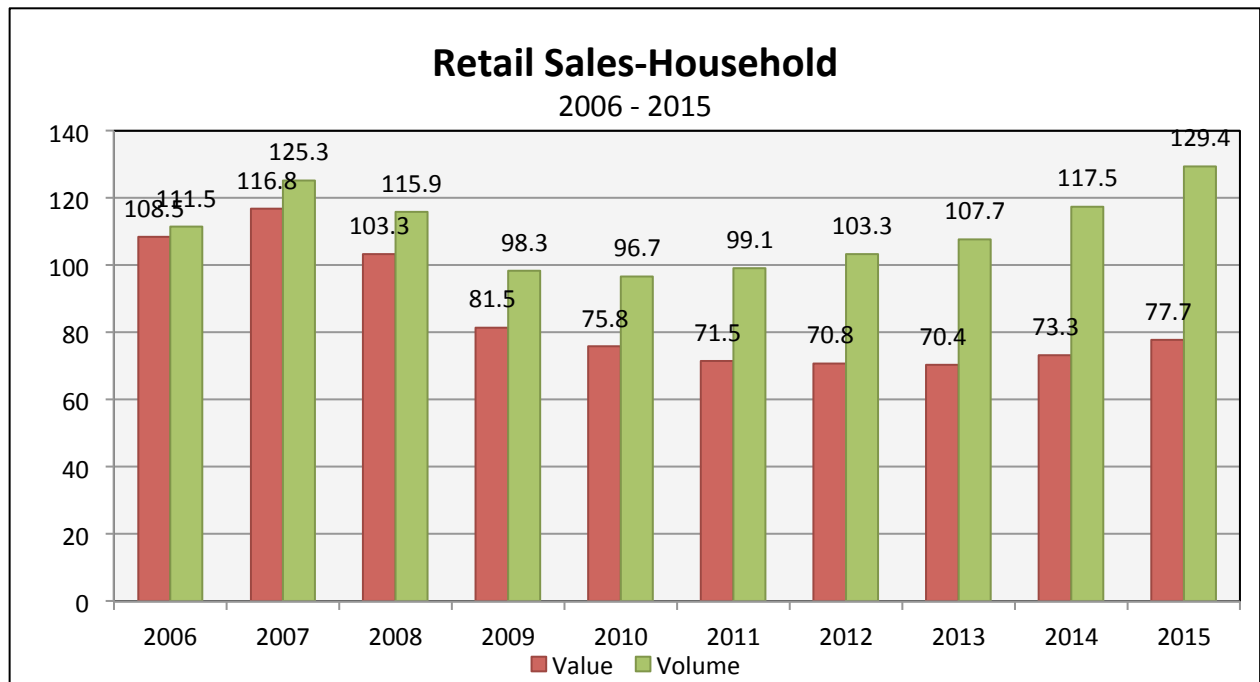
⁹⁶ Bars 2006 - 2015, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie all figures relate to on-trade sales

⁹⁷ <http://www.beerandpub.com/news/british-beer-sales-up-for-the-first-time-in-ten-years>

⁹⁸ <http://www.beerandpub.com/statistics>

RETAIL SALES- HOUSEHOLD EQUIPMENT

ANNUAL



Retail Sales Index – Household Equipment, Base 2005 = 100⁹⁹

Household equipment is the sum of three sub-categories: furniture and lighting; hardware, paints and glass; and electrical goods. Sales grew rapidly with the boom in housing construction, reaching a peak in 2007. However, sales declined just as rapidly, falling by 18% in volume and by 40% in value from the peak in 2007 to the end of 2012.

There was a slight recovery in 2013, with an increase of 4.3% in sales volume, although value decreased by -0.5%. The recovery accelerated in 2014 with a 4.1% increase in volume sales, while value rose by a much larger 9.1%.

This growth accelerated further in 2015, with sales volume up by 10% and value by 6%. At this point, the volume of sales was back to the peak level of 2007, although value remained 22% lower.

Despite the improvement in the UK property market in 2013, sales decreased both in volume and value, by -2.4% and -2.7% respectively.¹⁰⁰ This trend reversed in 2014 with sales up by 7.1% in volume and 6% in value. 2015 saw this positive trend increase further with sales volume growing by 7.7% and sales value by 6.5%.

In the US, sales of household goods increased by 8% in value in 2012, with a lower rate of increase of 3% in both 2013 and 2014.¹⁰¹ This lowered again in 2015, with only a 1% increase.

⁹⁹ Household Equipment 2006 - 2015, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

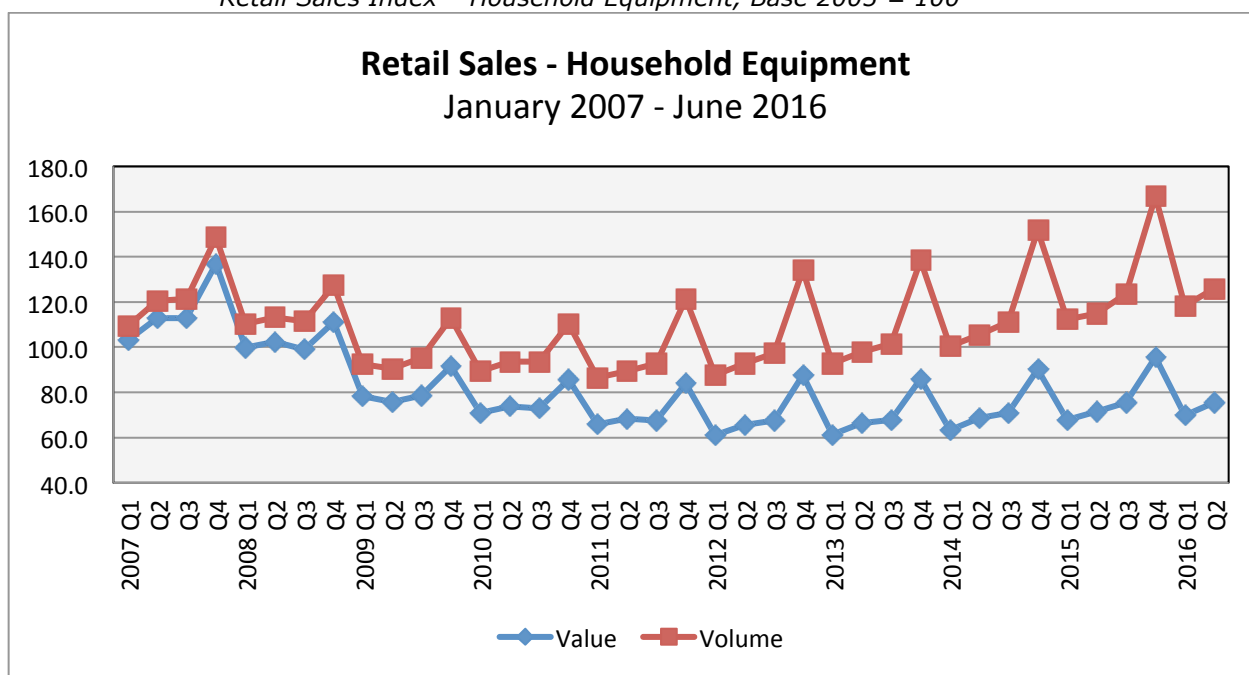
¹⁰⁰ www.bbc.co.uk/news/business-25745468

¹⁰¹ www.postandcourier.com/article/20140124/PC05/140129750/1010/us-home-sales-in-2013-best-in-seven-years

RETAIL SALES - HOUSEHOLD EQUIPMENT

QUARTERLY

Retail Sales Index – Household Equipment, Base 2005 = 100¹⁰²



Sales of household goods are seasonal with a small peak in June/July, and a bigger peak in the pre-Christmas period. The annual peak reached its highest level ever in December 2015, surpassing its previous peak in 2007.

Sales of household equipment began to recover in 2013, with an increase in volume of 4.3%, although value decreased -0.5%. The recovery accelerated in 2014 with a 4.1% increase in volume, while value rose by a much larger 9.1%.

This growth really took hold in 2015, with sales volume up by 10% and value by 6%. The volume of sales was now back to the 2007 level, although value remained 22% lower. The first half of 2016 saw a further increase, with volume up 8.6% and value by 4.5%.

The combined index of household equipment conceals considerable variation, however, with some of the sub-categories showing even larger increases. In Q2 2016, furniture and lighting were up by 13% in volume and 7.2% in value year-on-year, hardware, paints and glass were up by 6.6% and 4.8%, while electrical goods were up 8.8% in volume and 3.8% in value.

UK sales of household equipment strengthened in 2015, up by 8% in volume and 7% in value.¹⁰³ However, growth has slowed this year, up by only 2% in volume and 1% in value.

US sales of household equipment have been more sluggish, up by just 1.6% for 2015, while there was only a 1% increase in the first half of 2016.

¹⁰² Household Equipment 2006 - 2015, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

¹⁰³ http://www.ons.gov.uk/ons/dcp171778_428415.pdf

RETAIL SALES - CLOTHING, FOOTWEAR AND TEXTILES

ANNUAL



Retail Sales Index – Clothing, Footwear and Textiles, Base 2005 = 100¹⁰⁴

Sales of clothing and footwear grew strongly during the boom years. Sales volume grew by 89% from 2000 to 2007, equivalent to 13% per annum, while value increased by 46%, or 7% per annum.

Sales volume held up quite well during the recession, down by just -5% from the peak to the end of 2013, but value fell by far more, down -29%, due to price discounting.

Sales of clothing and footwear stabilised in 2013, with a small increase in volume, of 1.9%, although there was a decline of -1.1% in value year-on-year.

Sales increased more significantly in 2014, with volume up by 5.2% year-on-year, and value up by 2.3%. 2015 saw sales of clothing, footwear and textiles increase significantly. Sales volume increased by 10.6% and sales value by 6.2%.

UK sales showed a similar pattern, with volume up by just 1% in 2013, up more substantially in 2014 by 3%, and growing dramatically in 2015, up by 12% in sales volume and 3% in sales value.

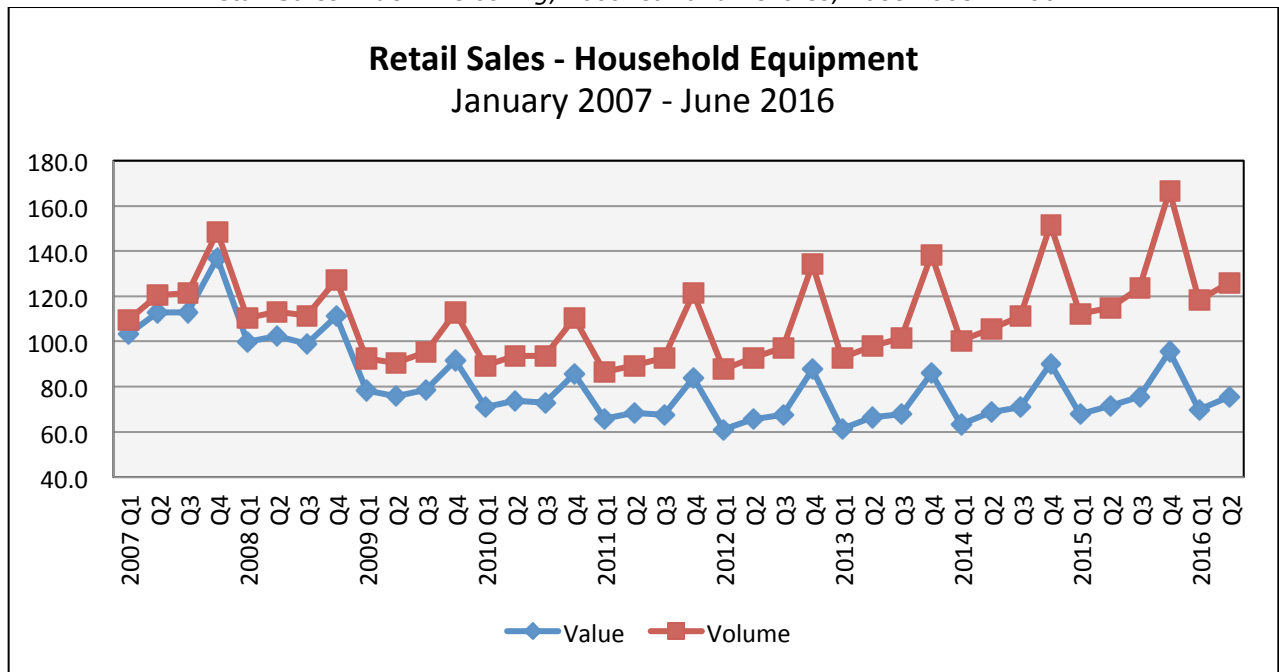
Sales of clothing in the US increased by 5.5% in 2012, by 3.8% in 2013 and 2.2% in 2014. This growth slowed to 1.5% in 2015.

¹⁰⁴ Textiles and Clothing 2005 - 2015, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

RETAIL SALES - CLOTHING, FOOTWEAR AND TEXTILES

QUARTERLY

Retail Sales Index - Clothing, Footwear and Textiles, Base 2005 = 100¹⁰⁵



Sales of clothing, footwear and textiles have a marked seasonal pattern with a large peak in the pre-Christmas period. Typically, sales volume increased by 50%+ from November to December each year, compared to the monthly average for the rest of the year.

Following a significant decline in 2009, sales of clothing and footwear fell only slightly for the next three years. Sales volume was down by just 4% from peak to the end of 2012, although value fell by 26% due to price discounting.

Clothing and footwear showed signs of recovery in 2013, and this continued in 2014, with volume increasing by 5.6% and value by 2.6%. Sales fluctuated through 2015 but averaged a healthy increase of 8.5% in volume and 5.1% in value.

The first half of this year has witnessed further strong growth, averaging 10% in volume and 5% in value, year-on-year.

Clothing sales in the UK showed a similar pattern, with an increasing rate of sales growth. 2015 saw growth in volume of 3.5%, while value grew by 2.5%¹⁰⁶. However, 2016 has seen a dramatic drop in sales of -6% in volume and -7% in value for the half year¹⁰⁷.

US clothing sales were more muted, up by about 2% for the full year 2015. 2016 has seen an increase in clothing sales of 3.7%, year-on-year.

¹⁰⁵ Textiles and Clothing 2006 - 2015, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie

¹⁰⁶ http://www.ons.gov.uk/ons/dcp171778_428415.pdf

¹⁰⁷ <http://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/june2016>

Q2 2016

The Consumer Market Monitor is published by:

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