

2014

Q3

2014

Consumer

Market Monitor



UCD Michael Smurfit
Graduate Business School



The
Marketing
Institute

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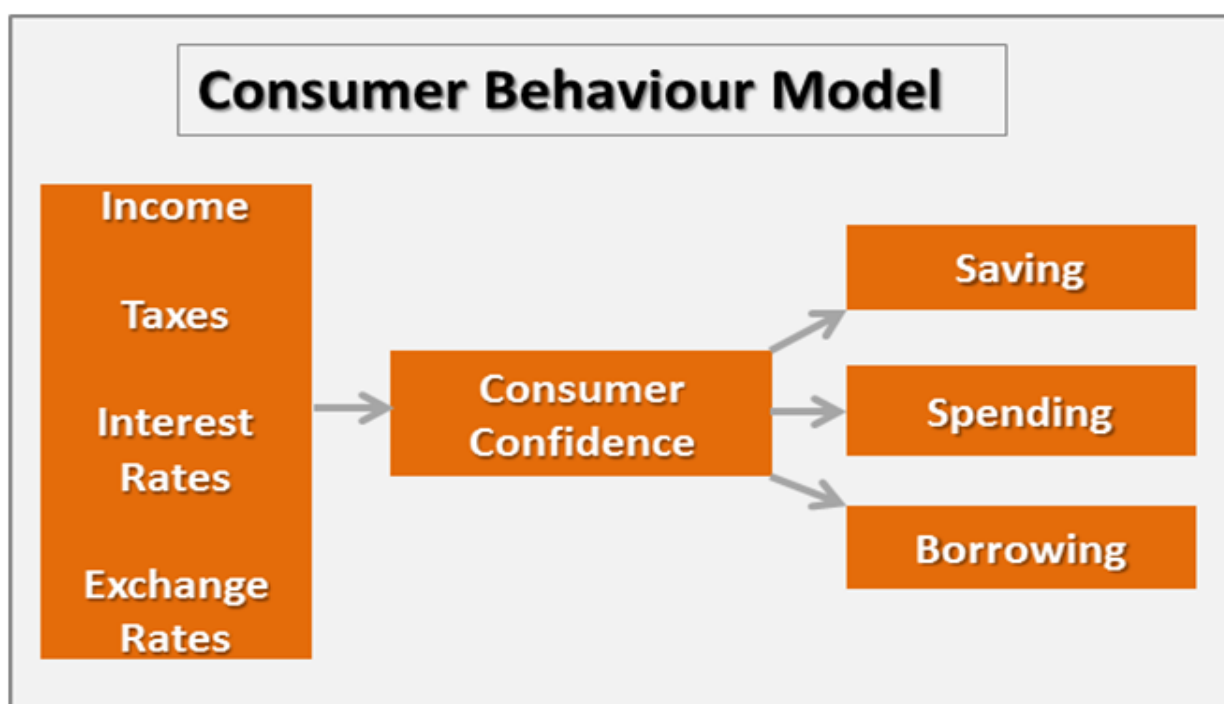
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CONSUMER MARKET MONITOR

The Consumer Market Monitor is a publication provided by the Marketing Institute of Ireland in collaboration with the 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 63% of GNP so it is an important indicator of the health of the overall 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 MII website and the UCD Smurfit School website and is updated every quarter. This edition covers quarter three of 2014 and also provides a review of last year.

EXECUTIVE SUMMARY

Following five tough years, there are strong signs of recovery in the consumer economy this year. Consumer confidence increased steadily through 2013, reaching a six year high by the end of the year, and this positive momentum is continuing this year.

Confidence rose to +12 in Q3 2014, a record level, higher even than the boom years of 2006-2007, and significantly higher than our neighbouring countries. This is remarkable in view of the fact that many Irish consumers are still wrestling with financial problems, such as pay cuts, mortgage arrears, water charges, and so on. However, the steadily improving employment figures are a major boost to morale, and are beginning to have a positive effect on disposable incomes.

This strong consumer confidence has begun to feed through into consumer spending. Sales of new cars, which are a leading indicator in the consumer economy, experienced a major turnaround this year, with 86,894 new private cars sold to the end of September, up 30% on last year. Second hand cars are also doing well, with sales up 20% on last year.

Property sales are also buoyant, with the number of transactions in the first half of the year standing at 14,000, up by 27% on the first half last year. There were 7,500 transactions in Q2, up by 21% on the same period last year, and similar momentum in Q3.

This is being assisted by an increase in the number of properties coming on the market, as well as by the wider availability of finance. More than 15,000 properties came on the market in Q2 2014, 6,000 in Dublin, the largest number since the same period in 2008. There were also 7,092 new mortgages issued in the first half of 2014, up 59% on the 4,450 issued in 2013.

General consumption expenditure was also up 1.2% in the first half of the year. Reflecting the increasing consumption, VAT receipts to the end of October of this year are 8.2% ahead of last year, and 3.8% ahead of target.

The Central Bank is projecting an increase of 1.4% in the volume of consumption for 2014 as a whole, and a slightly stronger growth of 1.6% for 2015. IBEC are more optimistic, suggesting that the growth in consumer spending may be 1.5% in 2014 and 2.9% in 2015.

Retail sales are also improving; sales volume excluding the motor trade is up by 3.4% for the year to the end of September, and value is up by 1.5%. Growth in Q3 was 3.2% in volume and 1.3% in value. Sales are particularly strong in household goods, with furniture and lighting up 19% in Q3 and electrical goods up 11.5%.

There are optimistic forecasts for the Christmas trade in Q4. Evidence from opinion polls suggests that shoppers finally have an appetite for Christmas spending, of a magnitude that we have not seen since before the recession. Let's hope they are right, and that we are returning to more normal trading conditions for the long term.

Consumer Confidence

Consumer confidence recovered steadily in 2013 reaching a seven year high of +5 in December, attributed to Ireland's exit from the bailout programme and an easing of fears about the austerity measures.

This positive momentum has continued into 2014. Confidence rose to +10 in Q1 2014, a level not seen since the year 2001, and significantly higher than our neighbouring countries.

Confidence levelled back slightly in Q2, but recovered again in Q3, to +12, a new peak, eclipsing the best of the Celtic Tiger years.

Consumer confidence in the UK also picked up steadily throughout 2013, and continued upwards this year, reaching a peak of +7 in June; the most positive figure in nine years. Confidence dropped back slightly in Q3, to +5, as a result of slow wage growth and uncertainty about the Scottish referendum.

Consumer Incomes and Spending

Household disposable incomes rose by 3% in 2013 on the back of growing employment, the first increase since 2008. Disposable incomes are expected to increase further this year and next, up by around 3% each year, in response to continuing increases in employment and a reduction in austerity measures.

Household spending closely mirrors income, and looks set to record positive growth this year, for the first time since 2008. Personal consumption expenditure was up 1.2% in the first half of the year. The Central Bank is projecting an increase of 1.4% in the volume of consumption for 2014 as a whole, and a slightly stronger growth of 1.6% for 2015. IBEC are more optimistic, suggesting that the growth in consumer spending may be 1.5% in 2014 and 2.9% in 2015.

Reflecting the increasing consumption, VAT receipts to the end of October of this year are 8.2% ahead of last year, and 3.8% ahead of target.

Consumer Borrowing

Total lending to Irish households has continued to fall in 2014, decreasing by -8% to the end of Q3 2014, as households try to get their borrowing down. By the end of Q1 2014, household debt stood at €164.3 billion in total, or €35,694 per capita.

Loans for house purchase, which account for 80% of household loans, peaked in May 2008 at €127 billion but reduced to €81 billion by August 2014, a drop of -36%. Outstanding loans for house purchase are continuing to decline, down by 4% since the beginning on 2014.

Lending to households for other purposes peaked in Q1 2008 at €30 billion but had declined to €24 billion by December 2013, a reduction of -20%. This category has continued to decline at a rate of -7% in the first half of 2014.

Despite the rapid reduction in credit, Irish households remain among the most indebted in Europe, with debt averaging 182% of gross disposable income in Q1 2014. This compares with 137% in the UK and 123% in the US.

However, household net worth has been on an upward trend since Q3 2012, rising by 13.7% cumulatively up to Q1 2014. Household net worth rose by 0.9% in Q1 2014, mainly as a result of rising property prices, and stood at €508.5bn in total, or €110,312 per capita.

Retail Spending

Following four years of decline, retail sales stabilised in 2012, and increased very slightly in 2013 – up by 0.8% in volume terms for the year, with value down by just -0.5%. This represented a turning point in the economic cycle, with sales growth continuing to accelerate this year. The retail sales volume index is now back to exactly where it was in 2005, although it is still down -16% from the 2007 peak.

Recent Trends

There has been a major turnaround in sales of new cars this year, with 86,894 new private cars sold to the end of September, up 30% on last year. Second hand cars are also doing well, with sales up 20% on last year.

Retail sales excluding the motor trade are up by 3.4% in volume terms for the year to the end of September, and up by 1.5% in value terms. Growth in Q3 was 3.2% in volume and 1.3% in value, and forecasts for the Christmas trade in Q4 are optimistic.

Essential products including food and fuel experienced modest growth in Q3 2014, while household equipment showed significant growth reflecting recovery in the housing market:

- Food sales up 1.9% in volume and up 1.0% in value;
- Non-specialised stores (supermarkets) up 2.3% in volume and 1.0% in value;
- Fuel up 2.6% in volume but down -0.3% in value;
- Clothing, footwear & textiles up 2.8% in volume and 1.4% in value;
- Household equipment up 9.7% in volume and 4.7% in value;
- Department stores up 4.0% in volume and 1.1% in value;

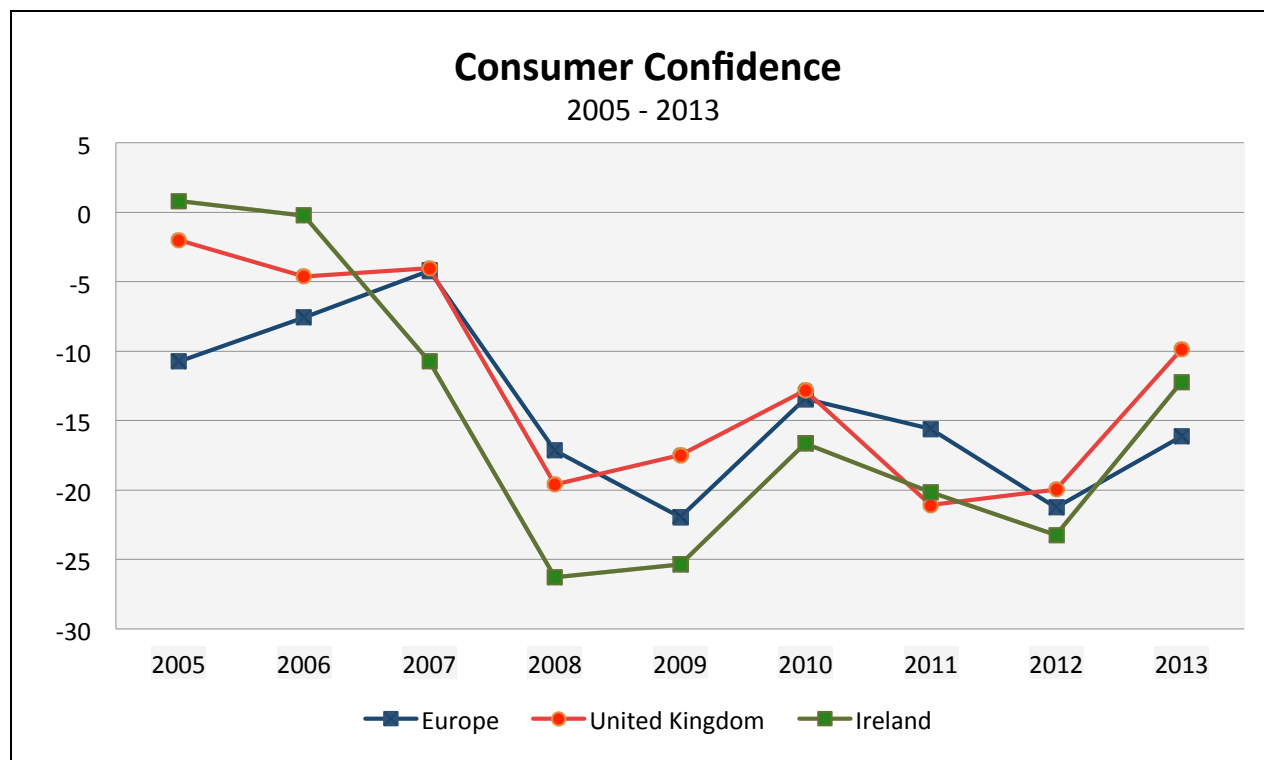
Other retail categories experienced declines in Q3 year-on-year, continuing the negative trend of previous quarters:

- Books, newspapers, stationery down -2.1% in volume and -0.4% in value;
- Pharmaceuticals and cosmetics down -1.6% in volume and -2.9% in value;
- Bar sales down -1.4% in volume but up 1.1% in value.

Overall, we can conclude that retail sales have turned a corner and are back on a growth path, although off a very low base. The few categories that are still falling are being influenced by forces other than economic recession which will be explained in later sections.

CONSUMER CONFIDENCE

ANNUAL



Consumer confidence reached an all-time low in Ireland in 2008, following the financial crisis, and this was mirrored in the United Kingdom and the rest of the European Union.

Consumer confidence remained low in 2009 but recovered steadily through the first half of 2010. However, this positive trend reversed in the second half of the year coinciding with the IMF bailout. The downward trend continued in 2011 with confidence falling by -21% compared to 2010, and remained low throughout 2012.

This trend reversed in 2013 with consumer confidence growing 11% due to an improved outlook for the Irish economy, and better employment figures.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. Consumer 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, however, with consumer confidence in the UK up by 10% and in Europe by 5%. Despite this improvement, all countries in this index remain below the confidence levels experienced in the growth years preceding 2007. For example, the UK averaged -10 in 2013 compared to a long term average of -5%.

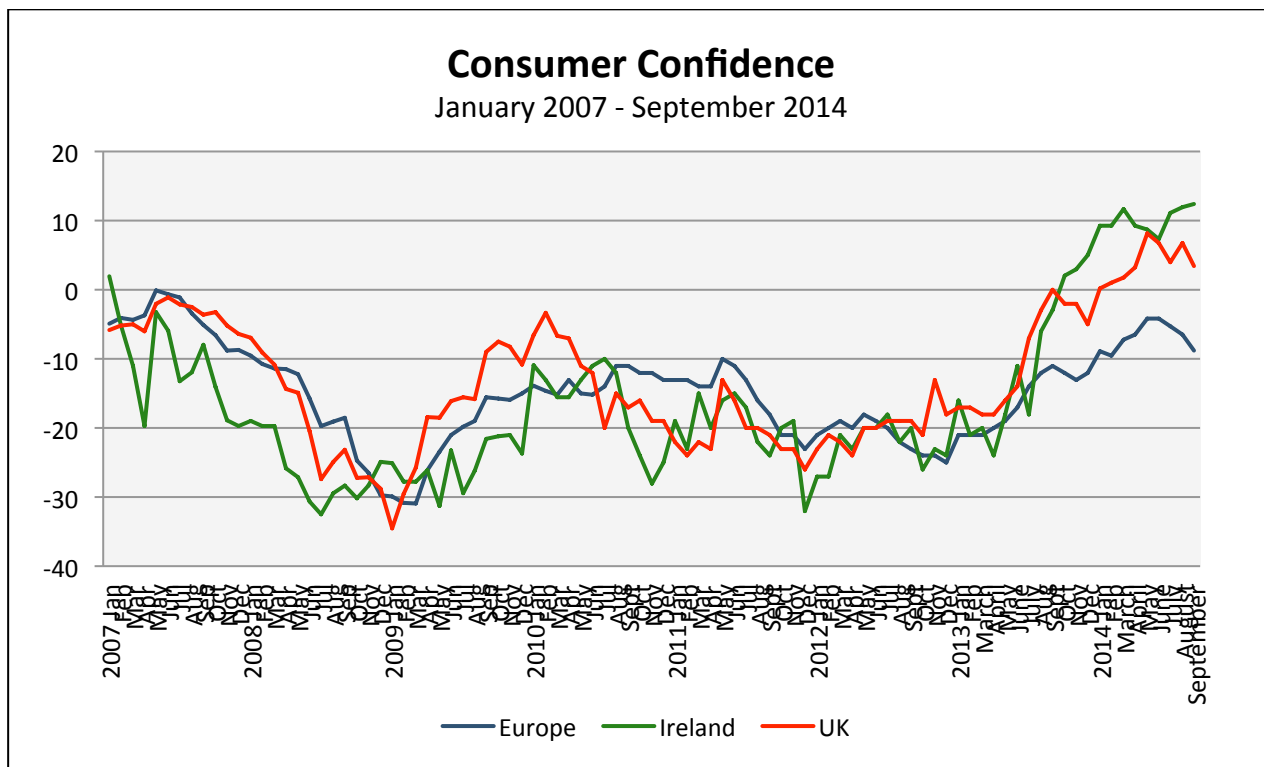
US consumer confidence reached an all-time high of 145 in January 2000 and a record low of 25 in February 2009.² The US index averaged 78 in 2013 compared to a long term average of 93.

¹ EU Business and Consumer Surveys, monthly.

² <http://www.tradingeconomics.com/united-states/consumer-confidence>

CONSUMER CONFIDENCE

MONTHLY



Consumer confidence in Ireland fell dramatically after the economic crisis in 2008, and remained low through 2009, the bailout in 2010, and the Eurozone crisis of 2011-2012.

Confidence recovered somewhat in 2013, reaching a seven year high of +5 in December, attributed to Ireland's exit from the bailout programme, strong employment growth, and an easing of fears about the austerity measures.³

This positive momentum continued into 2014. Confidence rose to +10 in Q1, the highest level since 2000, and significantly higher than our neighbouring countries. Confidence levelled back slightly in Q2, but recovered again in Q3, to +12, a new peak, higher than the best of the Celtic Tiger years.

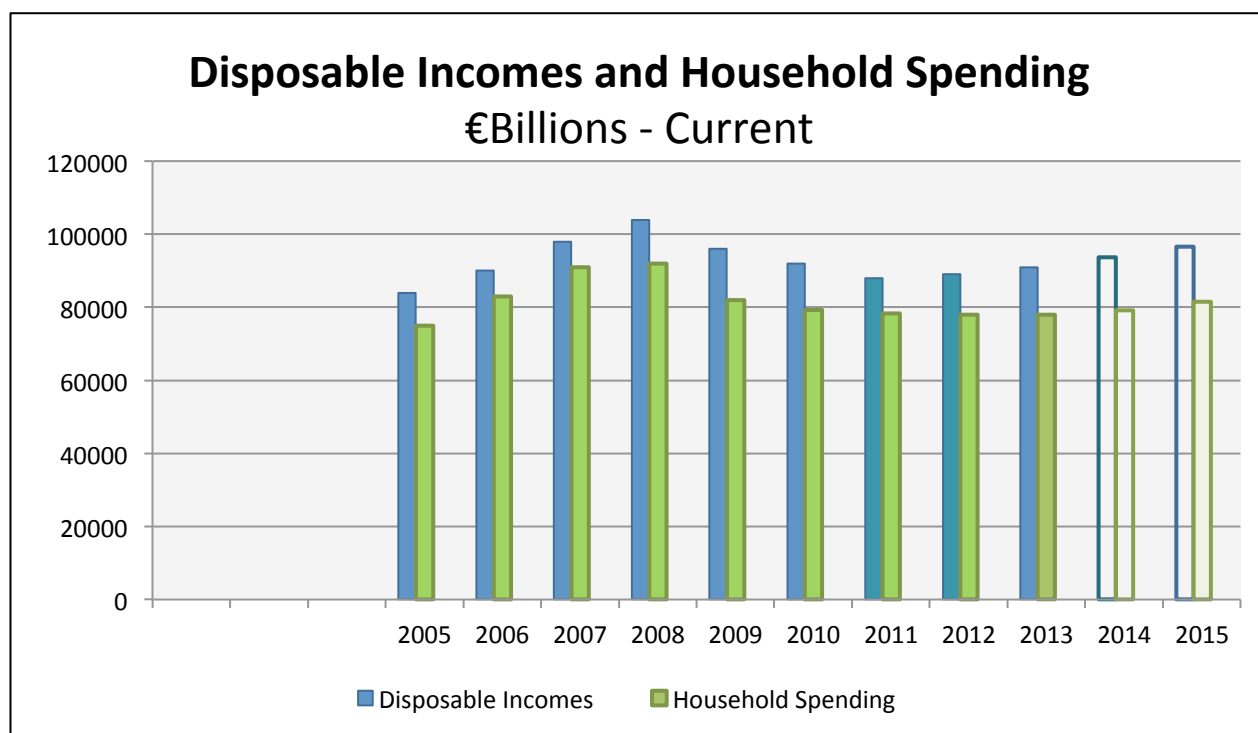
Consumer confidence in the UK also picked up steadily in 2013, reaching a peak of +7 in June 2014, the most optimistic in nine years.⁴ Confidence dropped back slightly in Q3, to +5, as a result of slow wage growth and uncertainty about the Scottish referendum.

Consumer confidence in the US faltered slightly in September, but recovered to 94.5 in October, which is the highest level since October 2007(95) due to a better short-term outlook on the economy, jobs and future earning potential.

³ EU Business and Consumer Surveys, Monthly. ec.europa.eu/economy.../db.../index_en.htm

⁴ <http://www.theguardian.com/business/2014/jun/27/british-consumer-confidence-optimism-nine-year-high>

CONSUMER INCOMES AND SPENDING



Disposable income in Ireland increased by 60% from 2002 to 2008--from €65bn to €104bn, due to the combined effects of more people in employment and rising income levels.⁵ This trend reversed in 2009, down -7.6%, and this downward trend continued from 2010 to 2012, when disposable income reached €87 billion, a decline of -16% from the peak. This period corresponded with a reduction in employment of 310,000, from 2.13m in 2008 to 1.82m in 2012.

On the back of growing employment, household disposable income rose by 3.3% in 2013, the first increase since 2008. Continuing increases in employment and a reduction in the budget adjustment mean that disposable income is expected to increase by around 3% in 2014 and 2015⁶.

Household spending closely mirrors income, increasing by a record 48% from 2002 and 2008, from €62bn to €92bn. Spending has since declined in line with income, to a low of €78 billion in 2011, resulting in five consecutive years of decline, which saw net consumption contract by -15% in current terms and by -7.5% in real terms.

Household spending has been more or less static since 2011, remaining at just over €78bn in 2012 and again in 2013.

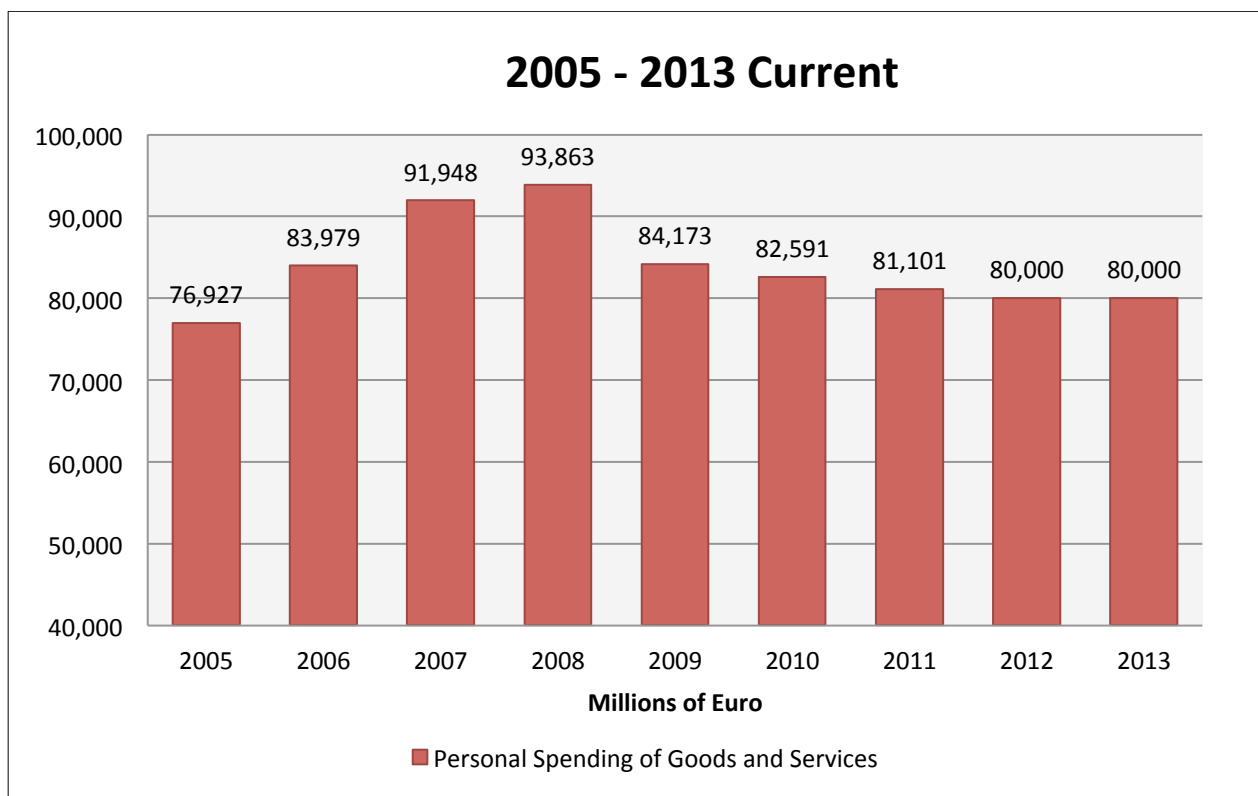
However, consumer spending is up 1.2% in the first half of this year compared with the same period in 2013, as a result of rising disposable incomes. Consumer spending is expected to rise by 1.5% for this year as a whole, and by 2.9% in 2015 as the consumer recovery picks up pace.

⁵CSO Institutional Sector Accounts

⁶ IBEC Quarterly Economic Outlook, Q3, 2014.

PERSONAL SPENDING ON GOODS/SERVICES

ANNUAL



There was a steady rise in personal spending in Ireland from 2000 to 2007, amounting to 43% in total, or an average of 6% per year. Spending growth slowed in 2008, and declined steadily over the next four years; there was a record decline of -7.2% in 2009. In sum, personal consumption fell by -14% in current terms (-7% in real terms) over the six years from 2007 to the end of 2013.⁷

Despite a strong outturn for retail sales in the second half of 2013, the latest figures show a decline in personal consumption of goods and services in the fourth quarter of 2013. For the year as a whole, there was a decline of -0.8%.⁸

Consumer spending in the UK has also been weak; it fell -4% from the 2007 peak to the trough in 2011, down from £955 to £916 billion. However, spending rallied in 2012 and 2013, rising 2% per year, and is now back at about the same level as in 2007.⁹

US consumer spending seems well on the road to recovery; it rose 2% in 2012, and continued that trend in 2013, increasing by 3% in the fourth quarter, following increases in each of the seven previous months.¹⁰ The rise in spending was largely attributed to the increase in earnings and spending on durable goods such as cars.¹¹

⁷Central Bank of Ireland, Quarterly Economic Bulletin, Quarter 1, 2014.

⁸CSO National Accounts, preliminary outturn for 2013.

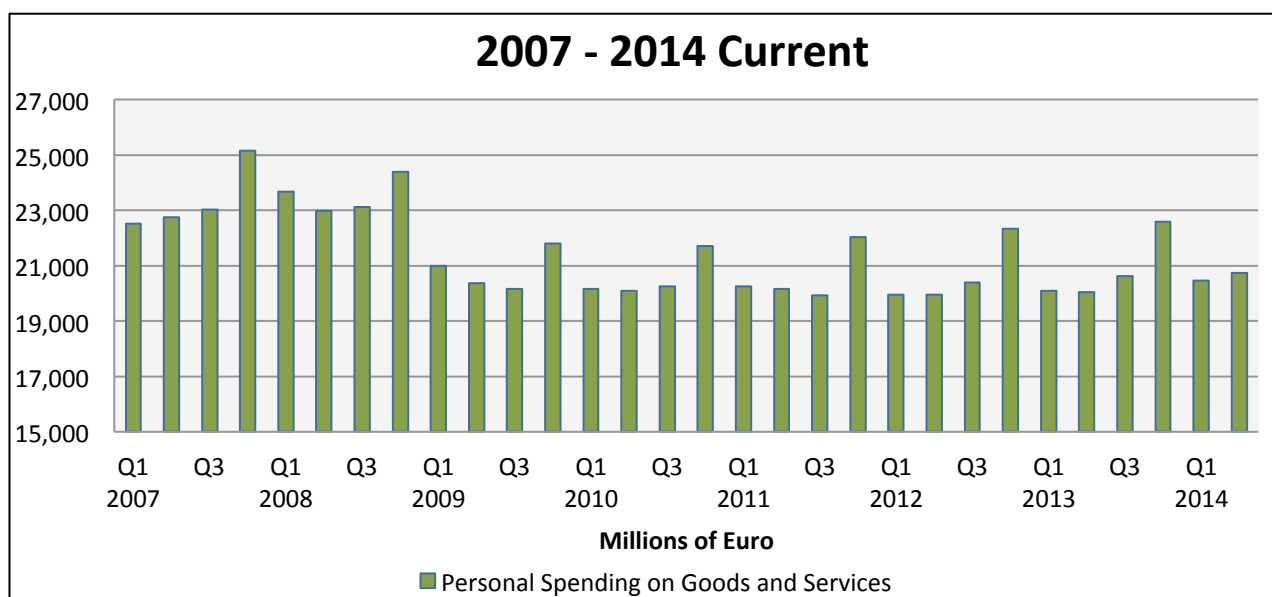
⁹http://www.ons.gov.uk/ons/dcp171778_357940.pdf

¹⁰<http://www.businessinsider.com/consumer-spending-accelerates-2013-12>

¹¹<http://www.theguardian.com/business/2013/dec/23/american-consumer-spending-incomes-confidence-november>

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 has been on a steady downward trend since then. The volume of personal consumption in Ireland declined in real terms by -7% from the peak in 2007 to the end of 2013.

There was a slight easing in the rate of decline in 2012 with consumption down by just -0.3% for the year. Despite a strong outturn for retail sales in the second half of 2013, there was a decline of -0.8% in personal consumption for the year as a whole.¹²

Consumer spending is set to record positive growth this year, for the first time since 2008. Personal consumption expenditure was up 1.2% in the first half of the year¹³. The Central Bank is projecting an increase of 1.4% in the volume of consumption for 2014 as a whole, and a slightly stronger growth of 1.6% for 2015.¹⁴ IBEC are more optimistic, forecasting growth in consumer spending of 1.5% in 2014 and 2.9% in 2015.¹⁵

This increase in consumption is reflected in improving Vat receipts which are 8.2% ahead of last year, and 3.8% ahead of target, up to the end of October¹⁶.

Household spending in the UK has been rising each quarter since Q3 2011; it was 2.1% higher in Q2 2014 compared with Q2 2013¹⁷. It is expected to grow by 2% over each of the next two years.

Household purchases make up almost 70% of the U.S. economy and have climbed an average 2% per annum in the recovery that's now in its sixth year. Spending growth will average 2.3% this year, and increase to 2.7% in 2015, according to the latest Bloomberg survey of economists.¹⁸

¹² CSO National Accounts.

¹³ Central Bank of Ireland, Quarterly Bulletin, Q4, 2014.

¹⁴ Central Bank of Ireland Quarterly bulletin, Q2, 2014.

¹⁵ IBEC Economic Outlook, Q2, 2014.

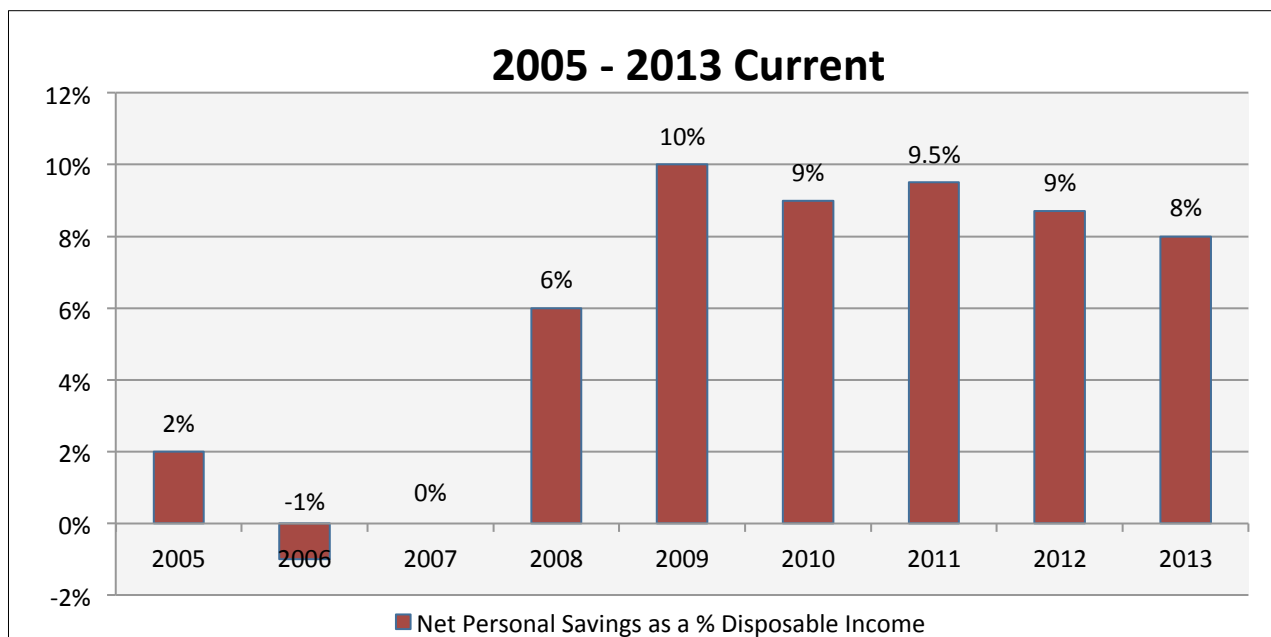
¹⁶ <http://www.finance.gov.ie/sites/default/files/Exchequer%20Returns%20end%20October%202014%20information%20note.pdf>

¹⁷ ONS Consumer trends, Q2, 2014.

¹⁸ Bloomberg, October 14, 2014.

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 10% in 2009¹⁹. The average for the past decade has been 3.5%.

The net savings ratio has remained very high since 2009, as consumers tried to pay down debt to restore their finances. Over 80% of this saving represents repayment of loans.²⁰

2012 was the first year in which savings fell slightly, and this decline continued in 2013. The net savings ratio decreased from 9% in 2012 to 8% in 2013.²¹ The longer-term net savings ratio consistent with economic recovery should be in the range of 5-7%.

In a recent survey, 46% of respondents said they had something to save at the end of the month, up from 38% a year ago²².

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 more normal level of 5% in Q2 2014.²³

Personal Savings in the US averaged 6.8% from 1959 until 2014, reaching an all-time high of 14.6% in May of 1975 and a record low of 0.8% in 2005²⁴. Personal Savings in the United States increased to 5.6% in September of 2014.

¹⁹ CSO Quarterly Institutional Sector Accounts, Q4, 2013.

²⁰ Central Bank of Ireland

²¹ CSO Institutional Sector Accounts, Q3 2013.

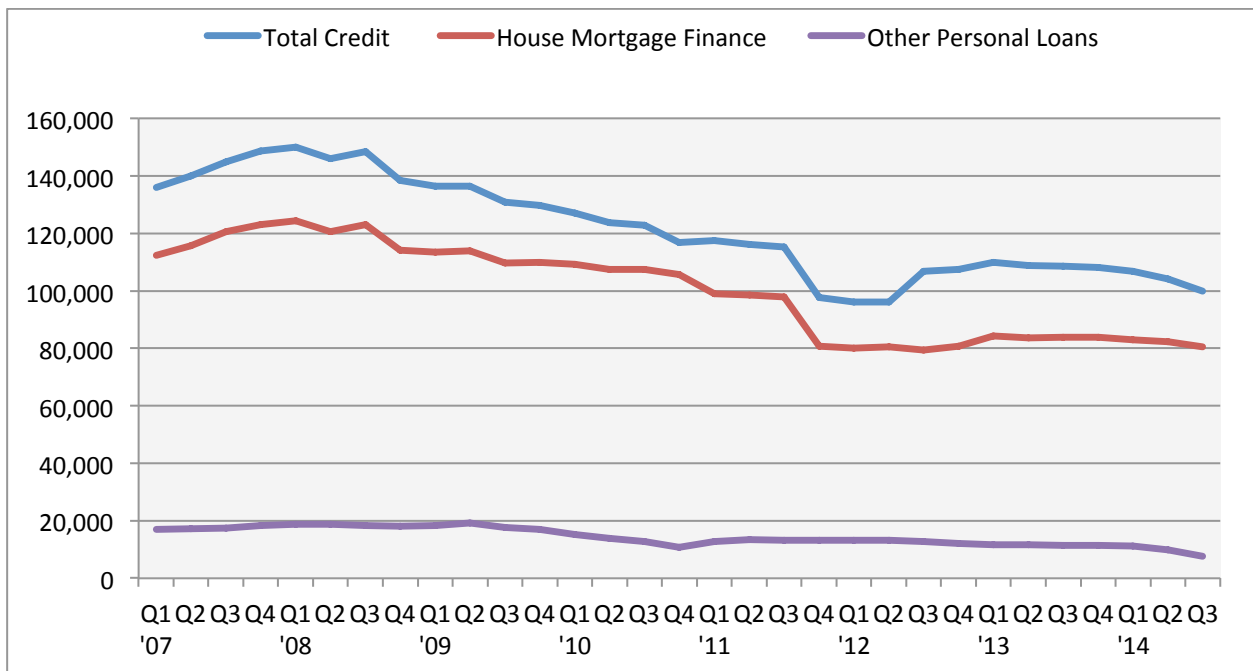
²² Irish League of Credit Unions survey, August 2014.

²³ <http://www.economicshelp.org/blog/848/economics/savings-ratio-uk/>

²⁴ US Bureau of Economic Analysis

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 -19% from Q3 2008

Total lending to Irish households has continued to fall in 2014, decreasing by -8% by the end of Q3 2014, as households try to get their borrowing down. By the end of Q1 2014, household debt stood at €164.3bn in total or €35,694 per capita.

Loans for house purchase, which account for 80% of household loans, have declined by 4% since the beginning on 2014. Outstanding loans for house purchase peaked in May 2008 at €127 billion but reduced to €81 billion by August 2014, a drop of -36%.²⁵

Lending for other consumption accounts for approximately 20% of total. This category peaked in Q1 2008 at €30 billion but had declined to €24 billion by December 2013, a reduction of -20%. This category continued to decline at a rate of -7% in the first half of 2014.

Despite the rapid reduction in credit, Irish households remain among the most indebted in Europe, with debt averaging 182% of gross disposable income in Q1 2014.²⁶ This represented a decline of 3 percentage points, year-on-year, reflecting the reduction in household debt and a slight increase in disposable income. This compares with 137% in the UK and 123% in the US.

However, household net worth has been on an upward trend since Q3 2012, rising by 13.7% cumulatively up to Q1 2014²⁷. Household net worth rose by 0.9% in Q1 2014, mainly as a result of rising property prices, and stood at €508.5bn in total or €110,312 per capita.

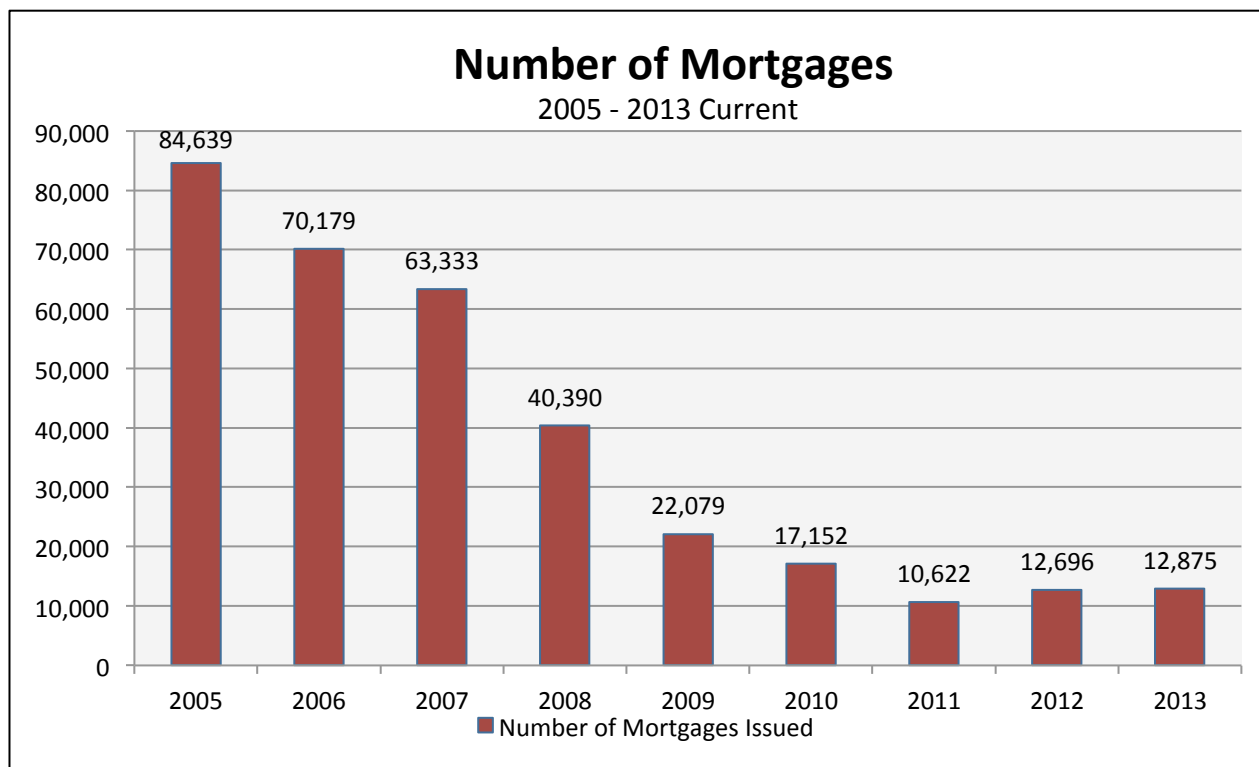
²⁵OECD Factbook

²⁶ Central Bank of Ireland, Quarterly Financial Accounts for Ireland, Q1, 2014.

²⁷ Central Bank of Ireland Quarterly Financial Accounts, March 2014.

MORTGAGES ISSUED FOR HOME PURCHASE

ANNUAL



The number of new loans paid out for house purchases 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 issued, but has fallen dramatically since then, to a low of 10,622 in 2011.

This trend reflected the number of new house completions, which reached almost 137,000 in 2006, the peak year of the Irish property bubble. In contrast, there were 26,820 house completions in 2009, 21,772 in 2010, 15,800 in 2011, 8,500 in 2012, and 7,500 in 2013.²⁸

This trend reversed slightly in 2012, with a 19% rise in the number of new mortgages issued, for a total of 12,696, suggesting the beginning of a recovery in the housing market. However, this upward trend stalled in 2013, when the number of mortgages issued was essentially flat at 12,875.

The total number of sales transactions registered in 2012 was 21,000, compared to 17,621 in 2011 and 19,000 in 2010. There were 28,500 transactions in Q4 of 2013, an increase of 36%.²⁹ This upward trend is continuing in 2014, limited only by the supply of properties and finance.³⁰

The number of residential properties for sale was 60,000 from 2008 to 2011, with little change. This number reduced to 54,000 by March 2012, and fell to less than 43,000 by March 2013, and 30,000 by March of 2014, the lowest level since mid-2007.³¹

²⁸ AIB Housing Bulletin, Q4, 2013.

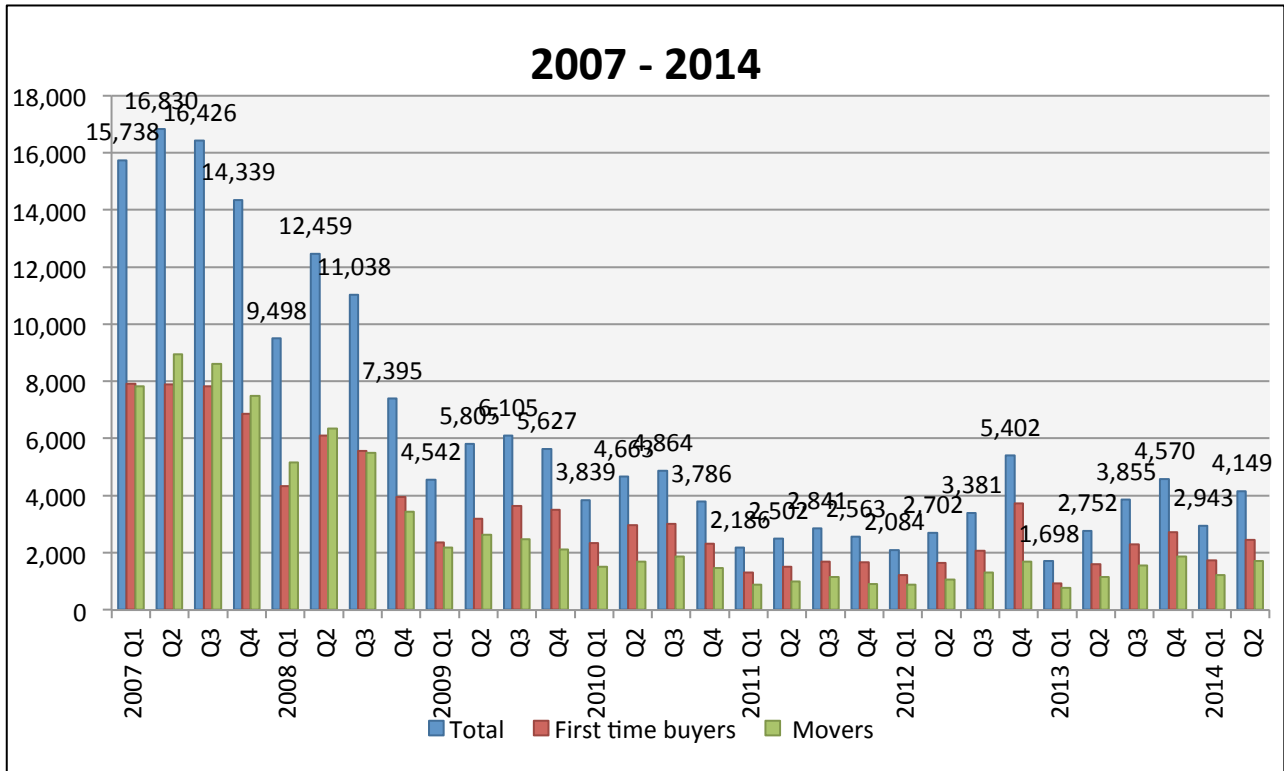
²⁹ MyHome.ie Property Barometer Q1, 2014.

³⁰ http://www.scsi.ie/scsi_residentialpropertyreview_2014

³¹ Daft.ie Property Price Report, Q3 2014.

NUMBER OF MORTGAGES ISSUED

QUARTERLY



The relentless decline in property sales reversed slightly in 2012, with a 19% rise in the number of new mortgages issued, for a total of 12,696, suggesting the beginning of a recovery in the housing market. However, this upward trend stalled in 2013, with 12,875 mortgages issued, essentially the same as the previous year.

The total number of sales transactions registered in 2012 was 21,000, compared to 17,621 in 2011 and 19,000 in 2010. There were 28,500 transactions in 2013, an increase of 36%.³²

This upward trend is continuing in 2014, with the number of transactions in the first half of the year standing at 14,000, up by 27% on the first half last year. There were 7,500 transactions in Q2, up by 21% on the same period last year, and similar momentum in Q3.

This is being assisted by an increase in the number of properties coming on the market, as well as by the wider availability of finance.³³ More than 15,000 properties came on the market in Q2 2014 (6,000 in Dublin), the largest number since the same period in 2008. There were 4,149 new mortgages issued in Q2 2014, up 34% on the 2,752 issued in 2013.

Mortgage lending in the UK is cooling down following the 6 year high of 76,295 in January 2014. There were 61,267 mortgages approved in September, down from 64,054 in August, which represents a 14-month low.³⁴

Sales of residential property in the US rose 8% in the first half of 2014, following a growth rate of 10% in 2013, reflecting an on-going recovery in the real-estate market.³⁵

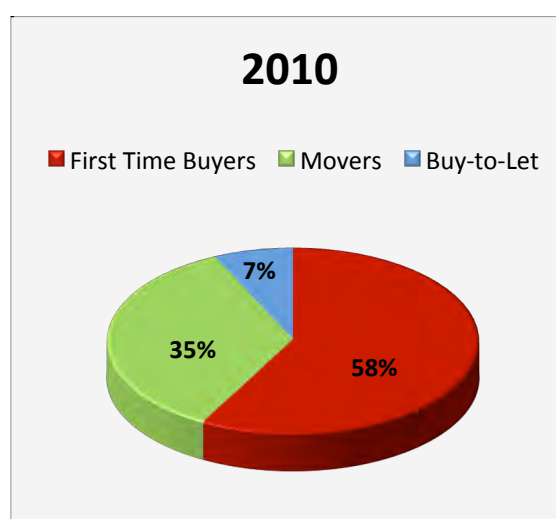
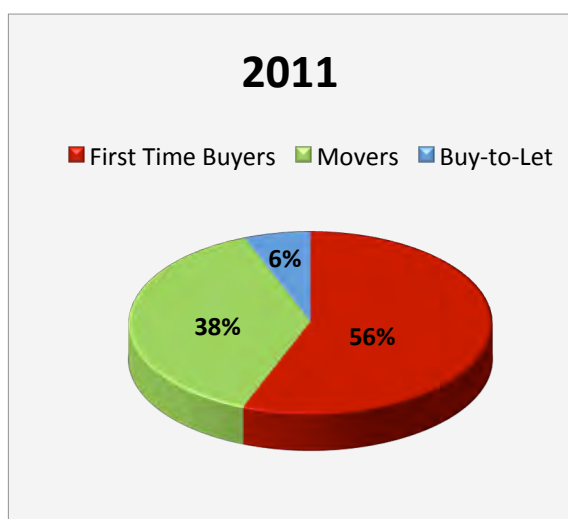
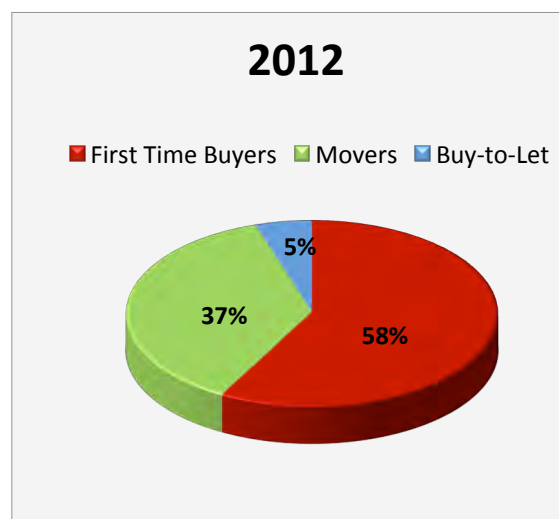
³² MyHome.ie Property Barometer Q1, 2014.

³³ http://www.bpfi.ie/wp-content/uploads/2014/10/IBF-PwC_Mortgage_Market_Profile_Q2_2014_FINAL.pdf

³⁴ <http://www.marketwatch.com/story/uk-mortgage-approvals-fall-to-14-month-low-2014-10-29>

³⁵ <http://www.reuters.com/article/2014/10/24/usa-economy-idUSL2N0S112Y20141024>

OWNERSHIP STATUS OF BORROWERS



The most notable change in the composition of mortgage lending has been the reduction in buy-to-let lending, from 25% in 2008 to 4% in 2013.³⁶ Other categories which experienced declines were mover purchasers, and the re-mortgage and top-up segments.

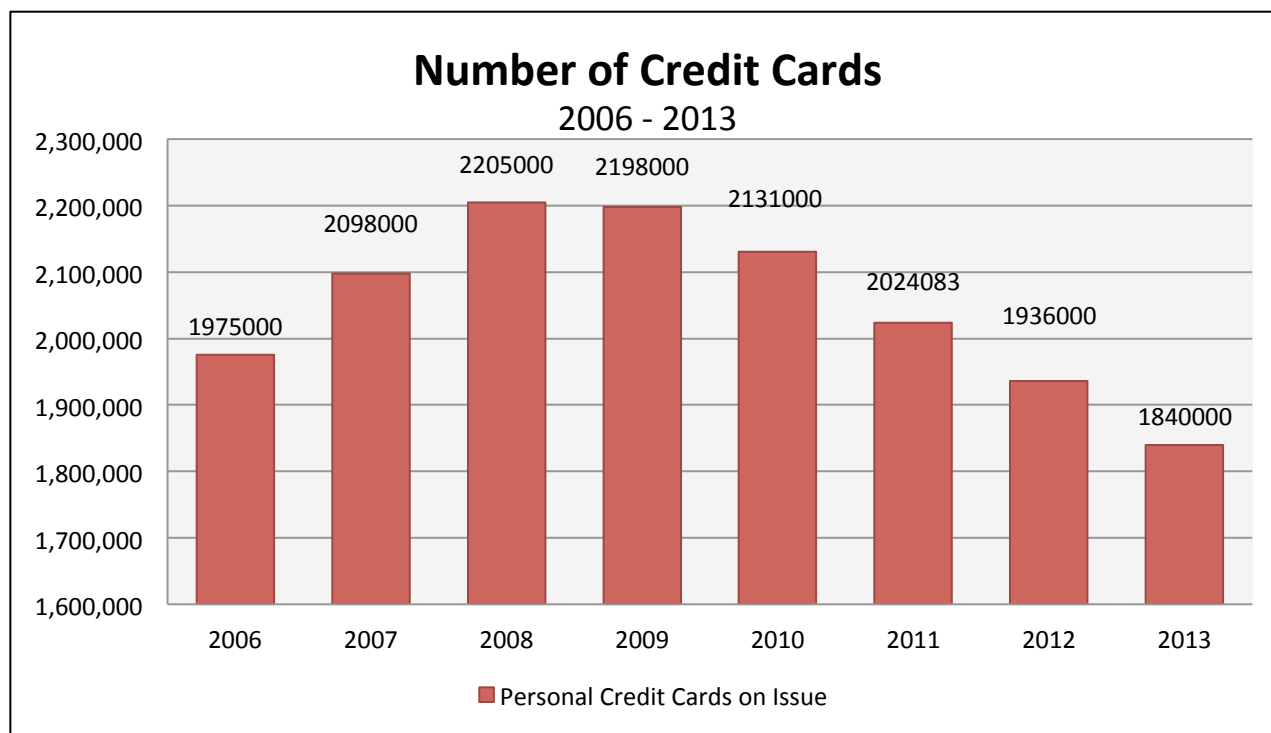
The only sector which has shown some buoyancy is first-time-buyers. First-time buyers remain the single largest segment of the market accounting for almost 60% of the total in terms of number of transactions, and 55% in terms of monetary value.

The mover market has held relatively steady in percentage terms from 2007 to 2012, but this conceals a dramatic reduction in the number of transactions, from 32,864 in 2007 to 6,533 in 2010 4,241 in 2011, 4,750 in 2012, and 5,340 in 2013.

³⁶ IBF/PWC Mortgage Report Q4, 2013.

NUMBER OF CREDIT CARDS IN CIRCULATION

ANNUAL



There was a steady rise in the number of credit cards in circulation in Ireland from 2003 to 2008, peaking at 2.2 million, an increase of 393,000, a rise of 22%.

The number of personal credit cards in circulation has declined steadily since then. The number on issue in September 2014 was 1.77 million which represents a decline of -20% from the peak.³⁷

Some of this decline is due to people abandoning cards as a way of controlling their spending, but the changeover by the banks to debit cards may also be causing a change in methods of payment, particularly for small purchases. There are now more than 4.3 million debit cards in Ireland, more than twice as many as credit cards.³⁸ A total of €27.6 billion was spent on payment cards in 2013 (debit cards €17.6 billion and credit cards €10 billion).

The number of credit cards in circulation in the UK has also fallen by some 3.5 million from 2009 to 2012,³⁹ down to 63 million, the lowest level since 2003.⁴⁰

American credit card debt is holding fairly steady, with the average balance per open credit card standing at \$4,878 (€3,640).⁴¹

³⁷ Central Bank of Ireland, Money, Credit and Banking Statistics, June 2014.

³⁸ Irish Payment Services Organisation (IPSO).

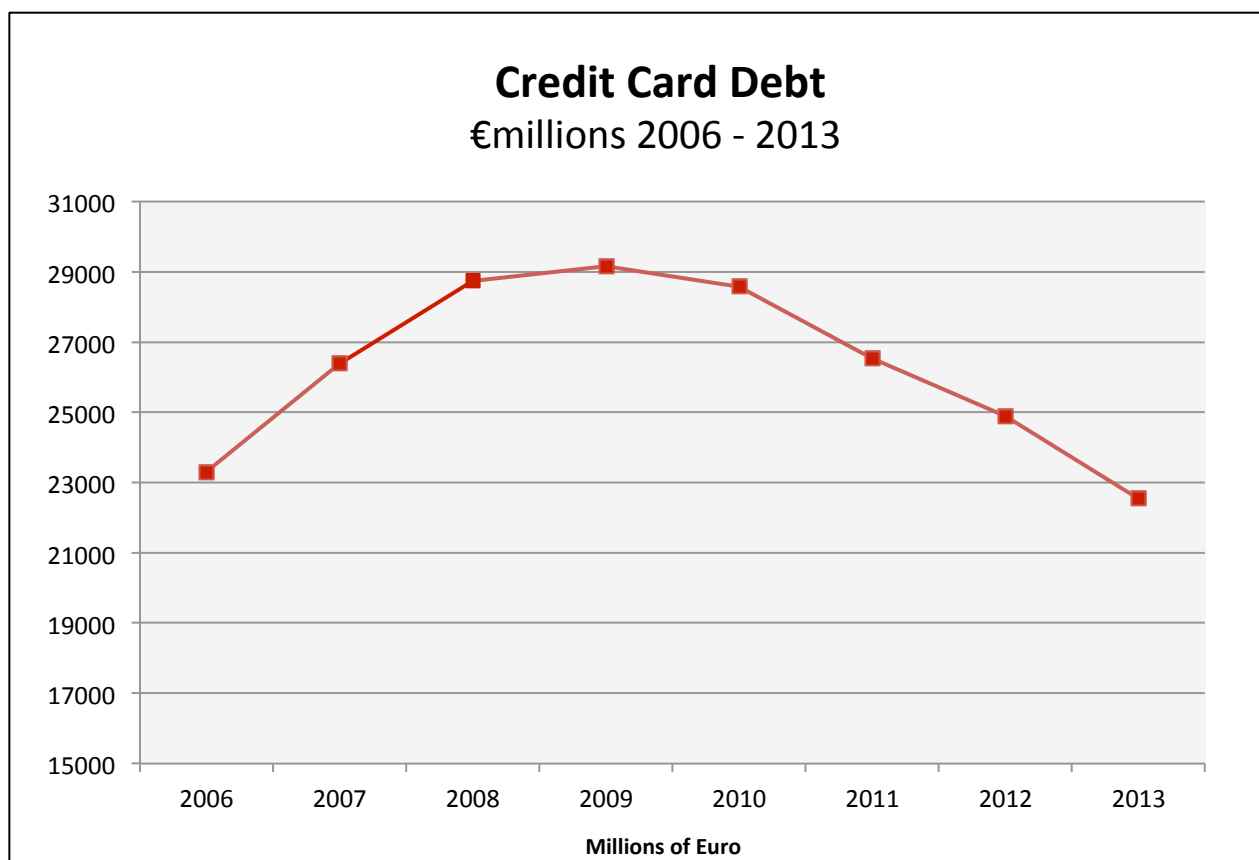
³⁹ Credit Cards in UK, Euromonitor International Jan 14th 2013

⁴⁰ Precious Plastic, PWC

⁴¹ www.creditcards.com/credit-card-news/credit-card-industry-facts-personal-debt-statistics-1276.php

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 8.2%, 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, a drop of -17%, and has fallen further this year, to a total of €2.03 billion in September 2014.

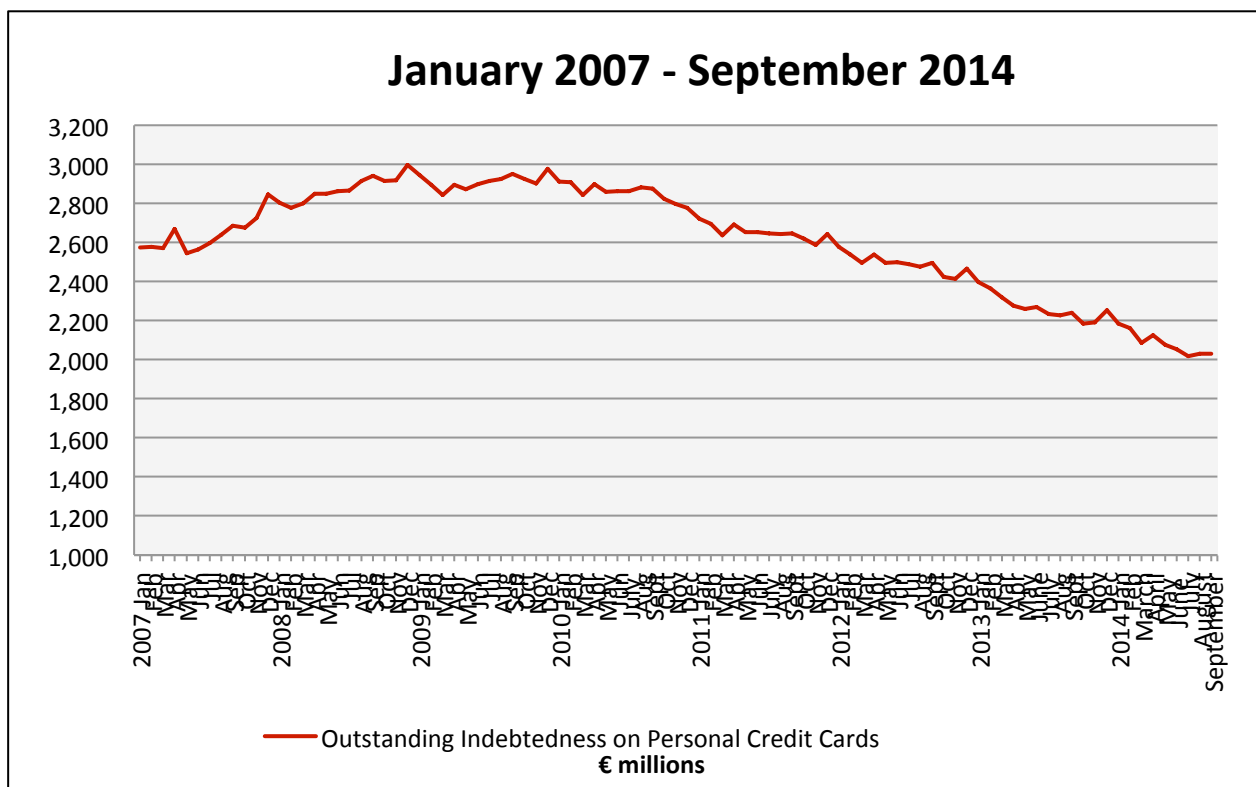
Credit card spending in the UK was also down, average unsecured credit (credit cards and personal loans) fell by -6% in 2010 and 2011, with a small recovery of 1% in 2012. In contrast, unsecured debt in the UK grew by 4% in 2013, the first rise for five years. The average level of unsecured household debt now stands at around £6,000 (€7,230), about £2,000 (€2,410) of which is on credit cards. This represents a 25% reduction since the start of the financial crisis in 2008.

US consumer credit has been increasing steadily since 2010, up 6% in 2012 and 7% in 2013.⁴² The average credit card debt in the US is \$4,858 (€3,640).

⁴² <http://www.federalreserve.gov/releases/g19/Current/>

CREDIT CARD DEBT

MONTHLY



The spike in credit card debt that occurs each December corresponds to the 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 2013, with repayments exceeding spending every month for those three years.

Credit card debt was down -9% for the year 2013, reflecting reduced consumer spending. Outstanding indebtedness on credit cards stood at €2.25 billion in December 2013, down from €3 billion at the peak in 2008, a drop of -25%. The average balance per card issued is therefore €1,225.

Credit card spending is continuing to fall this year, down -10% for the first nine months of 2014, quarter, year-on-year, with outstanding debt in September at €2 billion.⁴³

In contrast, unsecured debt in the UK grew by 4% in 2013, the first rise for five years. The average level of unsecured household debt now stands at around £6,000 (€7,230), about £2,000 (€2,410) of which is on credit cards. This represents a 25% reduction since the start of the financial crisis in 2008.

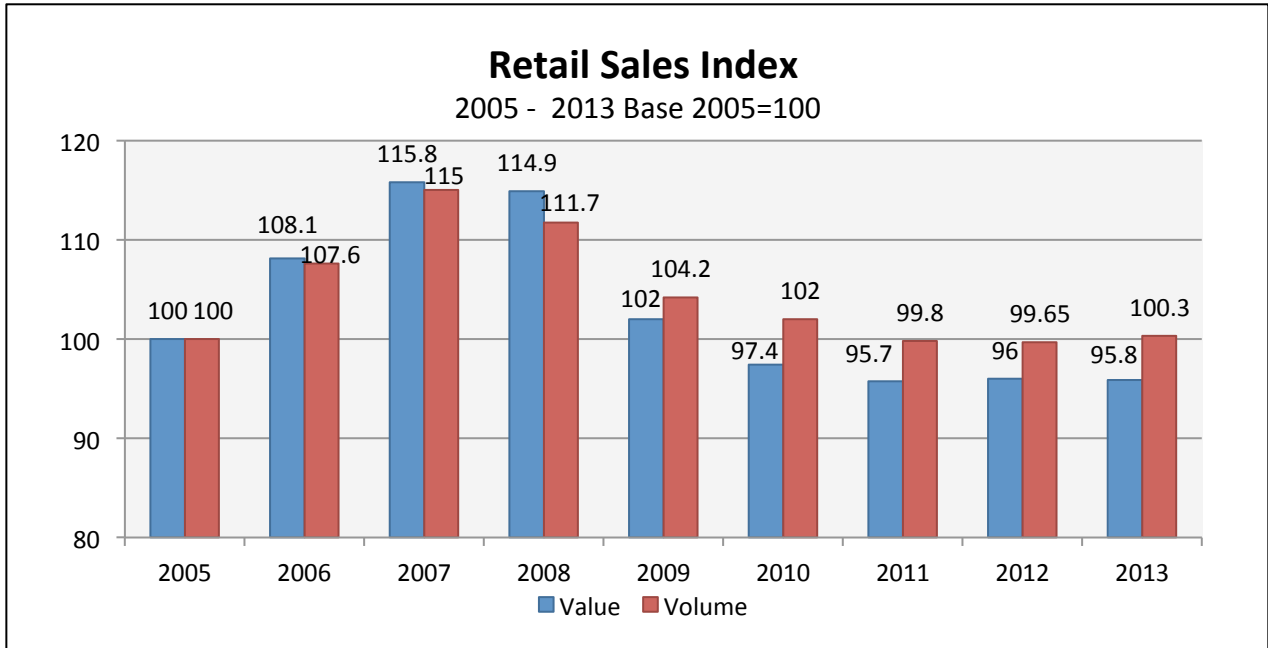
US consumer credit has been increasing steadily since 2010, up 4% in 2011, 6% in 2012, 7% in 2013, and 8% in 2014 to date.⁴⁴ The median credit card debt in the US is \$4,858 (€3,640).

⁴³ <http://themoneycharity.org.uk/money-statistics/>

⁴⁴ <http://www.federalreserve.gov/releases/g19/Current/>

RETAIL SALES

ANNUAL



Retail sales, excluding the motor trade, grew exceptionally strongly from 2000 to 2007, with an increase in value of 52% and volume of 32%. This was facilitated by a huge increase in shopping space over the 10 years from 2000 onwards, from 500,000 square metres to a current level of 3.3 million square metres.

Retail sales have fallen each year since 2007. The decline in volume from the peak in 2007 to the end of 2012 was -10%, while value declined by -16%.

Retail sales stabilised in 2012, with volume decreasing by just -0.2% for the full year, and value increasing by 0.4%. 2013 saw a very slight increase of 0.8% in volume, with value more or less steady at -0.1%. The volume index is now back to exactly where it was in 2005, although it is down -16% from the 2007 peak. The value index is down by a larger -21% from the 2007 peak, reflecting the extensive price discounting that occurred in an effort to stimulate weak demand.

Online retailing is currently worth €4.1bn to Irish businesses and that is predicted to grow to €21bn by 2017.⁴⁵ Online sales account for as much as 15% of business for many retailers.

Retail sales in the UK grew steadily up until the onset of the 2008/09 economic downturn, after which both volume and value remained broadly flat until 2012. Sales picked up significantly in 2013, increasing by 1.6% in volume and by 2.6% in value. Online retailing accounted for 12% of the total and this grew by 12% in the year 2013.

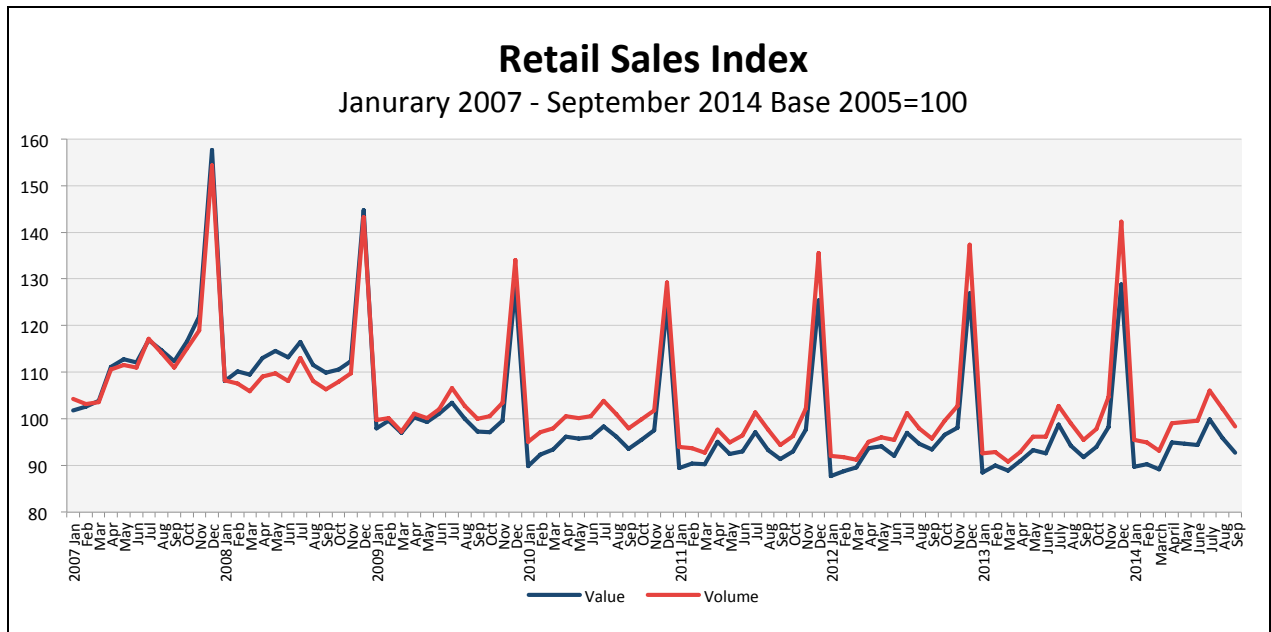
Retail sales in the US have been on an upward trend since 2011, when spending grew by 8%. Sales were up by a further 5% in 2012, and by 4% in 2013.⁴⁶

⁴⁵ Retail Ireland, IBEC, 23/5/2013.

⁴⁶ All Businesses Excluding Motor Trade 2005 - 2011, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie
CBRE Richard Ellis Retail Reports
Central Statistics Office
ONS Retail Statistics December 2013
<http://www.marcumcroun.com/bulletin/February2013/RetailTechSectorBulletin2-2013.pdf>

RETAIL SALES INDEX

MONTHLY



Retail sales have a major seasonal peak in November and December, averaging 50% above the monthly average for the rest of the year. Following four years of decline, retail sales stabilised in 2012, with volume decreasing by just -0.2% for the year. Sales volume increased by a very slight 0.8% in 2013, while value decreased by -0.1%. The volume index is now back to where it was in 2005, which is -16% below the 2007 peak.

Sales volume increased by 2.8% in Q1 of 2014, but sales value increased by just 0.5% year-on-year. Q2 saw a significant improvement in retail sales, increasing 4.5% in volume and 2.6% in value, year-on-year. Growth continued in Q3 with an increase of 3.1% in volume and 1.3% in value.⁴⁷

Some categories increased by far greater amounts, notably, motor trades (up 26.3% in Q3), furniture and lighting (up 18.9%), and electrical goods (up 11.3%).

Reflecting the improving retail figures, VAT receipts of €9.32 billion to the end of October of this year are 8.2% ahead of last year, and 3.8% ahead of target⁴⁸.

Q2 of this year saw the strongest growth in UK retail sales since 2004, increasing by 6% in both volume and value of sales. This was followed by a more modest 3% growth in value and volume in Q3.⁴⁹

In the US the retail sales saw an increase of 3.9% during Q2 of this year compared to the same time last year. Q3 saw a similar growth of 3.6%.⁵⁰

⁴⁷ http://www.finfacts.ie/irishfinancenews/article_1028365.shtml

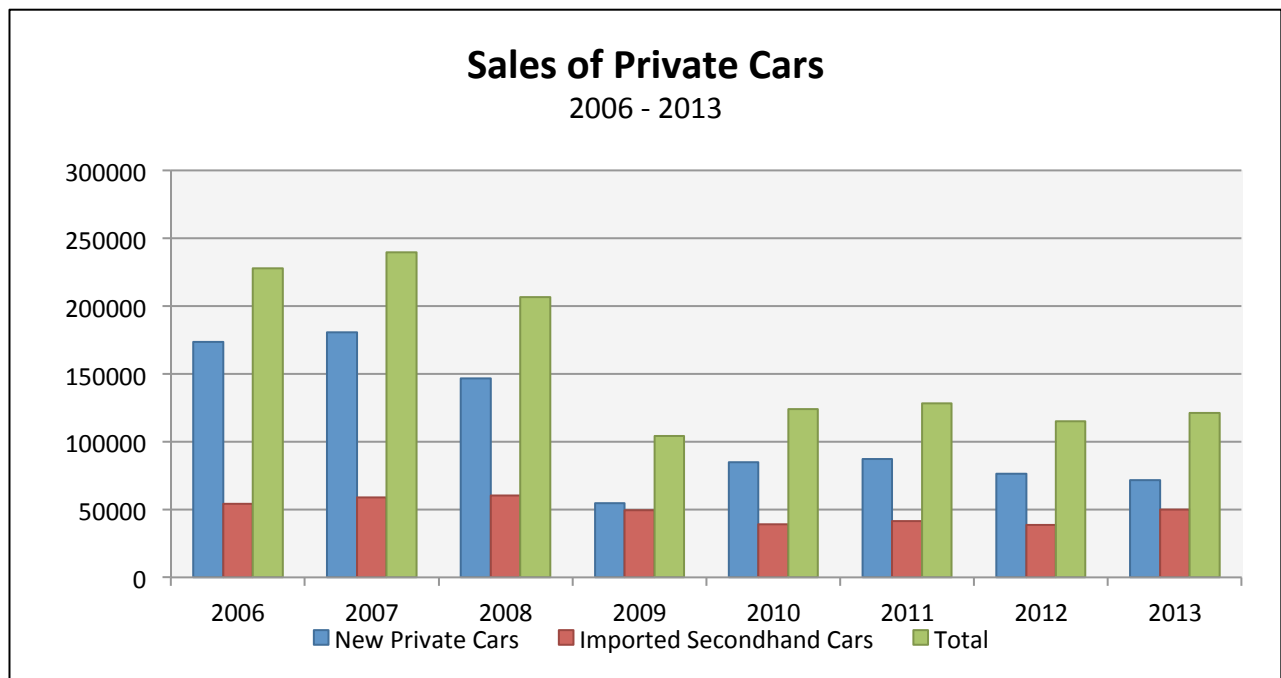
⁴⁸ <http://www.finance.gov.ie/sites/default/files/Exchequer%20Returns%20end%20October%202014%20information%20note.pdf>

⁴⁹ http://www.deloitte.com/assets/Dcom-Guam/Local%20Assets/Documents/Global%20Economic%20Outlook/GEO_Q314_072014_FINAL.pdf

⁵⁰ <http://online.wsj.com/articles/u-s-retail-sales-fall-0-3-in-september-1413376472>

SALES OF PRIVATE CARS

ANNUAL



Car sales are a leading indicator of activity in the wider consumer market. The motor industry in Ireland grew strongly during the economic boom, peaking in 2007 with 180,754 new cars sold. Sales of new cars have dropped steadily since then, with the largest fall from 2008 to 2009, when just 54,432 new cars were sold, down -63%.

Sales continued a downward trend in 2012, with 76,256 new cars sold, a -12% decrease. That trend continued in 2013 with 71,348 cars sold, a reduction of -6.4% for the year. The new 131/132 registration scheme served to distribute sales more evenly throughout the year, but did not increase the overall level of sales.

In contrast, second hand cars increased in popularity, with a total of 850,000 sold in 2013, up from 660,000 in 2012. This seems to reflect the reduced spending power of consumers, who opted to update their cars rather than buying new ones. 49,762 of the second hand cars sold were imported, an increase of 29.4% on the previous year. This reflects a shortage of second hand cars available in Ireland to satisfy demand.

New car sales in the UK saw an increase of 16% in 2013 compared to the previous year, to a total of 1,074,622. This marks the first time since 2007 that car sales have exceeded pre-recession levels.⁵¹

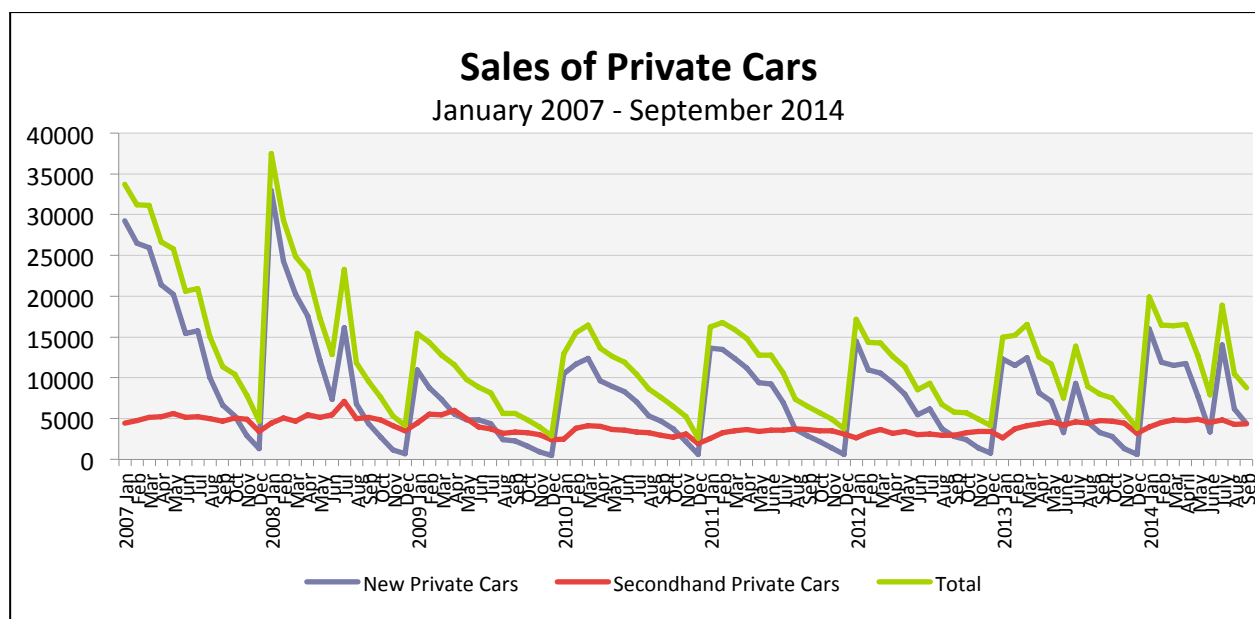
US car sales peaked in 2005 at 17.4 million, and bottomed out at 10.6 million vehicles in 2009. Growth resumed in 2010 and has averaged 9% a year for the past three years. New car sales were up 8.7% in 2013, to 15.6 million vehicles, the first time sales reached pre-2007 levels.⁵²

⁵¹ <http://www.smm.co.uk/2014/01/2013-new-car-market-records-best-performance-five-years/>

⁵² <http://www.thedailystar.net/business/carmakers-rack-up-big-gains-in-2013-us-sales-5461?archive=2014-01-06>

SALES OF PRIVATE CARS

MONTHLY



The variance in car sales over each year is due to seasonality, with new car sales traditionally concentrated in January and February. The recent introduction of a new registration system (141/142) is intended to even out sales across the year. Sales continued a downward trend in 2013 with 71,348 new cars sold, a reduction of -6.4% on 2012.

There has been a major turnaround in sales of new cars this year, with 86,894 units sold in the first nine months, a 30% increase on last year. Q3 saw continuing growth in the sales of new cars with 24,614 units sold, an increase of 44% year-on-year.⁵³

Imports of second hand cars are also doing well, due to a shortage of second hand cars available to satisfy demand here in Ireland. Sales for the first nine months of 2014 totalled 41,134, compared to 37,439 last year, an increase of 10%.

A total of 850,000 second hand sales were made in 2013, up from 660,000 in 2012 (an increase of 22%, and this figure is forecast to exceed 900,000 this year.⁵⁴

Car sales in the UK have also seen a huge increase this year, up by 18% in Q1 and by 5% in Q2 year-on-year, the imbalance due to the commencement of new license plates.⁵⁵

Sales of new cars have also recovered well in the US, with growth averaging 9% a year for the past three years. Sales of new cars increased 8.7% in Q3 year-on-year continuing the strong growth trend.⁵⁶

⁵³ <http://files.simi.ie/statistics/2014/Q2%20Report%202014.pdf>

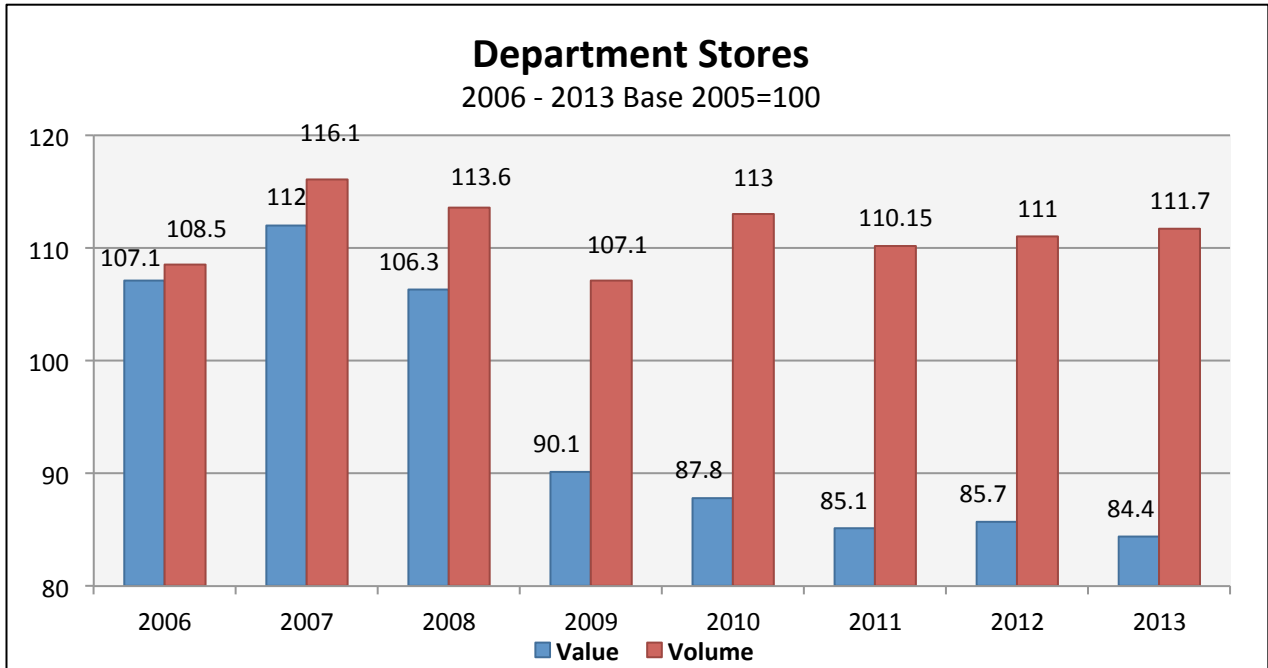
⁵⁴ Cartell.ie

⁵⁵ <http://www.smmr.co.uk/2014/07/new-car-registrations-june-2014/>

⁵⁶ <http://www.irishtimes.com/business/economy/us-retail-sales-rise-modestly-on-surprise-cars-decline-1.1867037>

RETAIL SALES – DEPARTMENT STORES

ANNUAL



Retail Sales Index – Department Stores, Base 2005 = 100⁵⁷

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 used to stimulate sales. Sales volumes held up much better, down by just -4% over the five year period.

Sales through department stores saw a marginal increase in volume in 2013, of 0.5%, while value continued to drop, decreasing by -1.6% year on year.

Department store sales were also weak in the UK, with a large drop in 2012, down -8.4% in volume and -6.6% in value. This reversed in 2013, however, when sales rose by 5.3% in volume and 4.4% in value.⁵⁸

Department stores have benefited particularly from internet sales, which now account for 12% of their total sales and which grew at a rate of 32% in 2013.

In the US, department store sales have been weak in recent times, down -1% in value in 2012.⁵⁹ Sales dropped further in 2013, down -4.7% for the year, partly due to the unexpectedly bad weather experienced at the end of Q3 and continuing into Q4.⁶⁰

⁵⁷ Department Stores 2006 - 2011, Retail Sales Index, Value and Volume Unadjusted (Base 2005=100), www.cso.ie

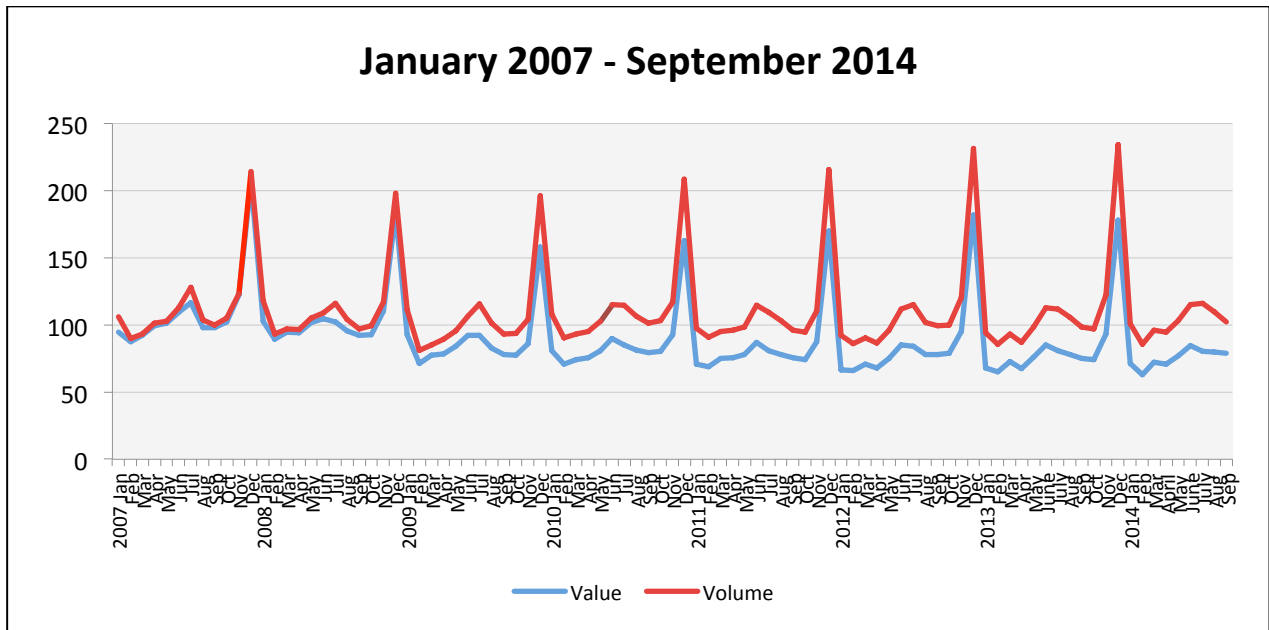
⁵⁸ <http://www.proactiveinvestors.co.uk/columns/beaufort-securities/15139/beaufort-securities-breakfast-today-nostra-terra-oil-gas-alecto-minerals-ithaca-energy-firstgroup-and-others-15139.html>

⁵⁹ U.S. Census Bureau

⁶⁰ <http://www.cnbc.com/id/101323350>

RETAIL SALES – DEPARTMENT STORES

MONTHLY



Retail Sales – Department Stores, Base 2005 = 100⁶¹

Department stores have a marked seasonal pattern, which peaks in the pre-Christmas period and shows a smaller increase in July coinciding with summer sales. This peak was somewhat subdued during the recession years but has been recovering recently, with 2012 reaching a new peak compared to the previous one in 2007, and 2013 building on that gain.

Sales through department stores saw a marginal increase in 2013, with volume up 0.5%, while value continued to drop, down -1.6%, year on year. Sales in Q4 were down -0.6% in volume and -3.9% in value, suggesting a relatively weak Christmas trade.

Sales in Q1 2014 saw an increase of 3.9% in sales volume, while the value of sales increased by a more modest 0.7%, compared with last year. Q2 saw continued growth in sales for both volume and value, increasing by 5.5% and 2.1% respectively year-on-year. Growth continued in Q3 with volume and value increasing by 4% and 1%, respectively.

Sales through UK department stores were strong in 2013, increasing by 5.3% in volume and 4.4% in value for the year as a whole. This growth accelerated further in 2014, with sales volume up by 8% and value by 7% in Q1, and further growth of 9% in volume and 8% in value in Q2. This growth continued in Q3 with volume up 8% and value up 7%.⁶²

Sales through department stores have been weaker in the US, with a decrease in value of -5.3% in Q1 2014 compared with the same time last year. There was a turnaround in Q2, with sales increasing by 3.9% year-on-year, but sales weakened again in Q3 with a decrease in value of -1.3%.⁶³

⁶¹Department Stores 2005 - 2011, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

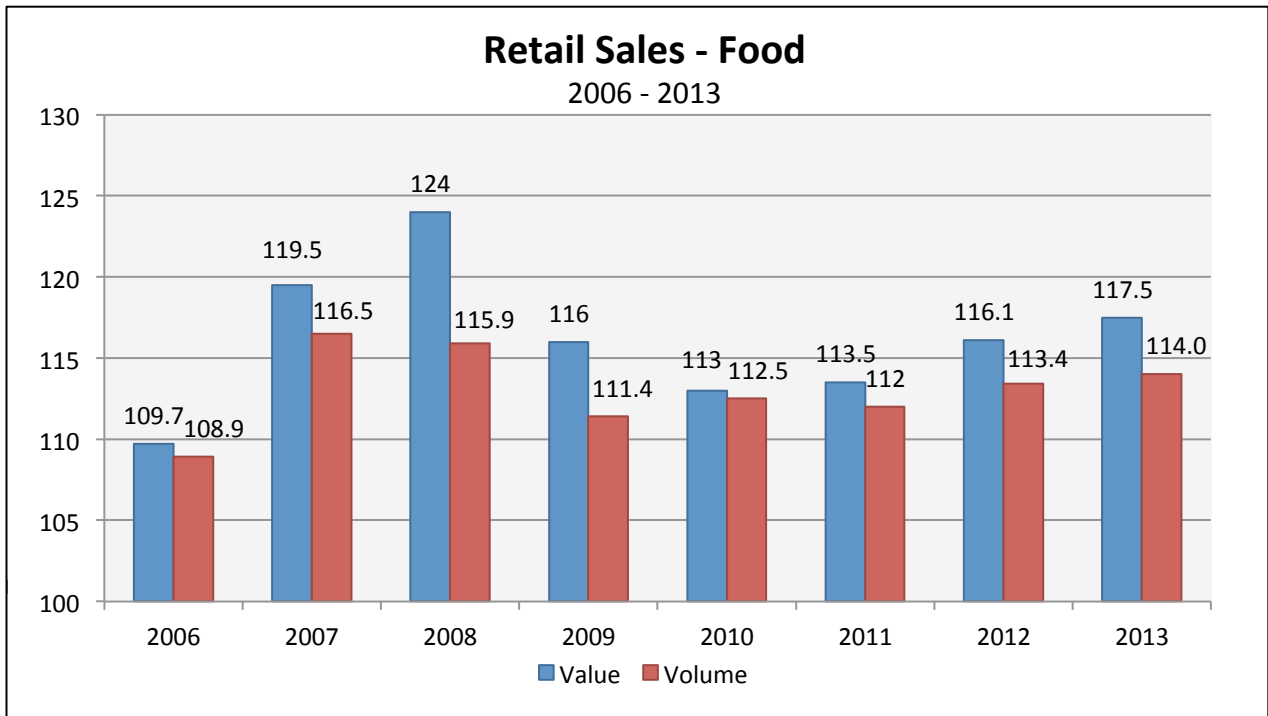
*Visible data labels refer to value of sales.

⁶²<http://www.theguardian.com/business/2014/sep/25/department-stores-john-lewis-house-of-fraser-record-september-sales-surge>

⁶³http://www.nytimes.com/2014/09/13/business/us-retail-sales-gain-slightly.html?_r=0

RETAIL SALES – FOOD

ANNUAL



Retail Sales Index – Food, Base 2005 = 100⁶⁴

Food sales increased steadily between 2005 and 2008 along with most other retail categories, increasing 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 current recession. From the peak in 2007 to the end of 2012, volume declined by just -0.3%, and value by -4%.

For 2013, food sales increased slightly both in volume and value, up 0.6% and 1.2% respectively.

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 their share of the market, reaching a combined share of 32.3% of the grocery market.⁶⁵ SuperValu have also increased their share to over 20% due to their recent acquisition of SuperQuinn.⁶⁶

UK food sales volume decreased by -0.4% in 2013, while value increased by 2.8%, following the 2012 trend when volume decreased -0.9% while value increased 1.9%.

Food sales in the US performed well, increasing by 3.3% in value in 2012, and continuing this growth into 2013, with an increase of 2.9%.

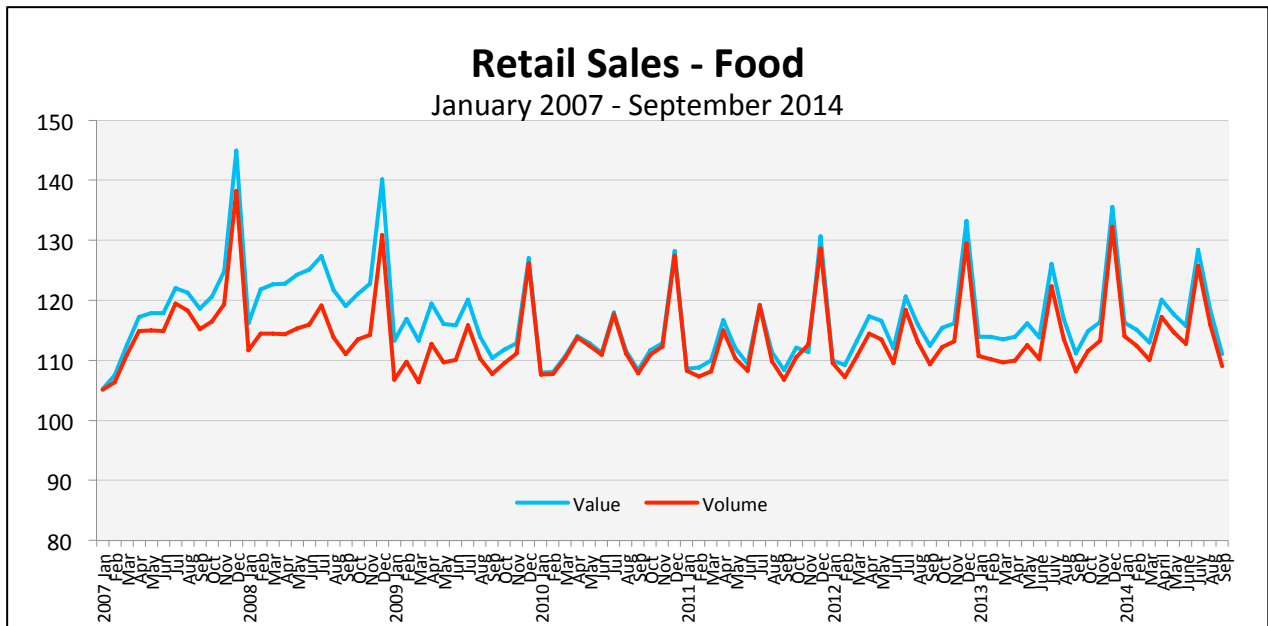
⁶⁴ CSO Retail Sales Index Value and Volume Unadjusted (Base 2005=100).

⁶⁵ <http://businessetc.thejournal.ie/market-share-retailers-groceries-supermarkets-1273458-Jan2014/>

⁶⁶ <http://www.irishtimes.com/business/sectors/retail-and-services/consumers-switch-to-discount-supermarkets-for-christmas-1.1661685>

RETAIL SALES – FOOD

MONTHLY



Retail Sales Index - Food, Base 2005 = 100⁶⁷

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

For 2013 as a whole, sales of food increased 0.6% in volume and 1.2% in value. Sales in the fourth quarter saw volume increase by just 0.7%, while value increased by 0.6% on the same period last year. This was disappointing for retailers, who were expecting higher sales due to exiting the bailout and high consumer confidence.

In the first quarter of 2014, Irish food sales saw growth of 1.3% in volume, and 0.5% in value, compared with last year. This growth continued into Q2 with sales volume increasing by 2.7% and sales value by 1.8% year on year. Growth was similar in Q3 with volume increasing by 1.9% and value increasing by 1%.

Food sales in the UK increased by 2% in value, while volume remained steady in Q1 2014, year-on-year. Food sales saw further increases in Q2, of 3% in volume and 4% in value, year-on-year. Growth slowed in Q3 with a minimal decrease in both value and volume.

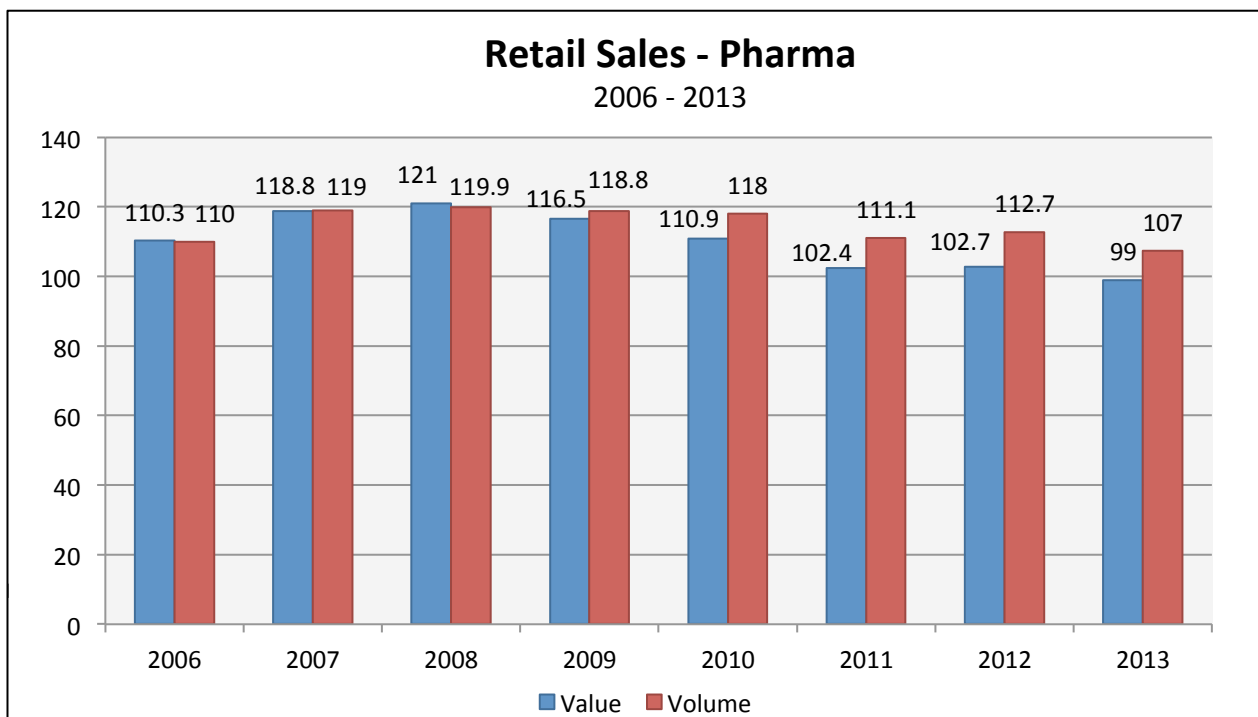
US food retail sales have been quite strong, up 3% in 2013.⁶⁸ This trend continued into 2014 with sales increasing by 3.5% in Q2 and by 2.9% in Q3.

⁶⁷ Food 2006 - 2010, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie

⁶⁸http://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 = 100⁶⁹

Like other retail categories, sales of pharmaceutical, medical and cosmetic goods increased substantially in the period between 2000 and 2008. The volume of sales increased by 50% over that time, equivalent to an annual growth rate of 6%. The value of sales increased even more, by 79%, or an annual growth rate of 10%.

Along with most other categories, this sector suffered a decline in the recession years from 2008 although, as this category includes essential medicines, it suffered less than some other categories. Sales volume fell by -10% from 2007 to the end of 2013, an average annual drop of -2%. Value declined by considerably more, at -18%, from peak to the end of 2013, an average annual drop of -3.5%.

Sales of this category stabilised in 2012, up by 1.4% in volume and 0.3% in value. However, this trend reversed in 2013, with sales decreasing both in volume and value, by -4.5% and

-3.3% respectively. This is probably influenced by cutbacks in health spending and switching to generic medicines as well as by consumer spending.

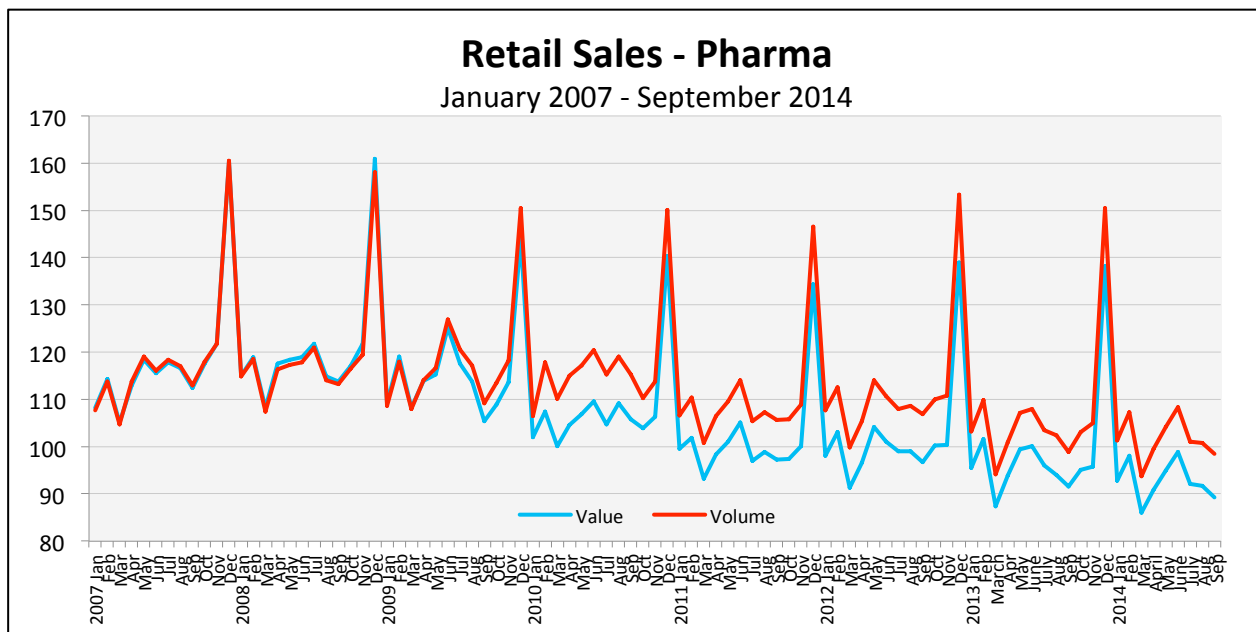
Pharmacies in the UK have also been under pressure in recent years, partly due to falling consumer spending, but also due to government cutbacks. Average pharmacy revenue decreased by -21% from 2008 to 2012, an annual decline of -5%.⁷⁰ This trend reversed in 2013 with an increase both in volume and value of 9.8% and 9.4% respectively.

⁶⁴ Pharmaceutical, Medical and Cosmetic Articles 2006 - 2010, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie

⁷⁰ http://www.fitzgeraldpower.ie/uploads/publications/2012_Retail_Pharmacy_Benchmarking_Study.pdf

RETAIL SALES – PHARMACEUTICAL, MEDICAL, AND COSMETICS

MONTHLY



Retail Sales Index – Pharmaceutical, Medical and Cosmetic Articles Base 2005 = 100⁷¹

Sales of Pharmaceutical, Medical and Cosmetic products are normally steady throughout the year with a significant increase in December, reflecting gift buying of cosmetics and toiletries.

This peak was much reduced in the three years from 2009 to 2011, but December 2012 saw a reversal of the trend, with an increase of 4.6% in volume and 3.3% in value year-on-year.

That trend was not sustained, however, with a significant drop in sales in 2013, with a decrease both in volume and value of -4.4% and -3.3% respectively, year-on-year.

Sales through pharmacies saw a further decrease in Q1 2014, with volume down -0.9% and value down -2% year on year, reflecting continuing price pressure. This decline in sales continued in Q2, with volume down -1.5% and value down by -3.3% and in Q3 with a -1.6% decrease in volume and a -2.9% decrease in value.

In contrast, pharmaceutical sales in the UK saw an increase of 8% both in volume and value in Q1 2014 compared with the previous year, and further increases of 2% in volume and value in Q2 year-on-year. This trend continued in Q3 with an increase of 5% in both volume and value.

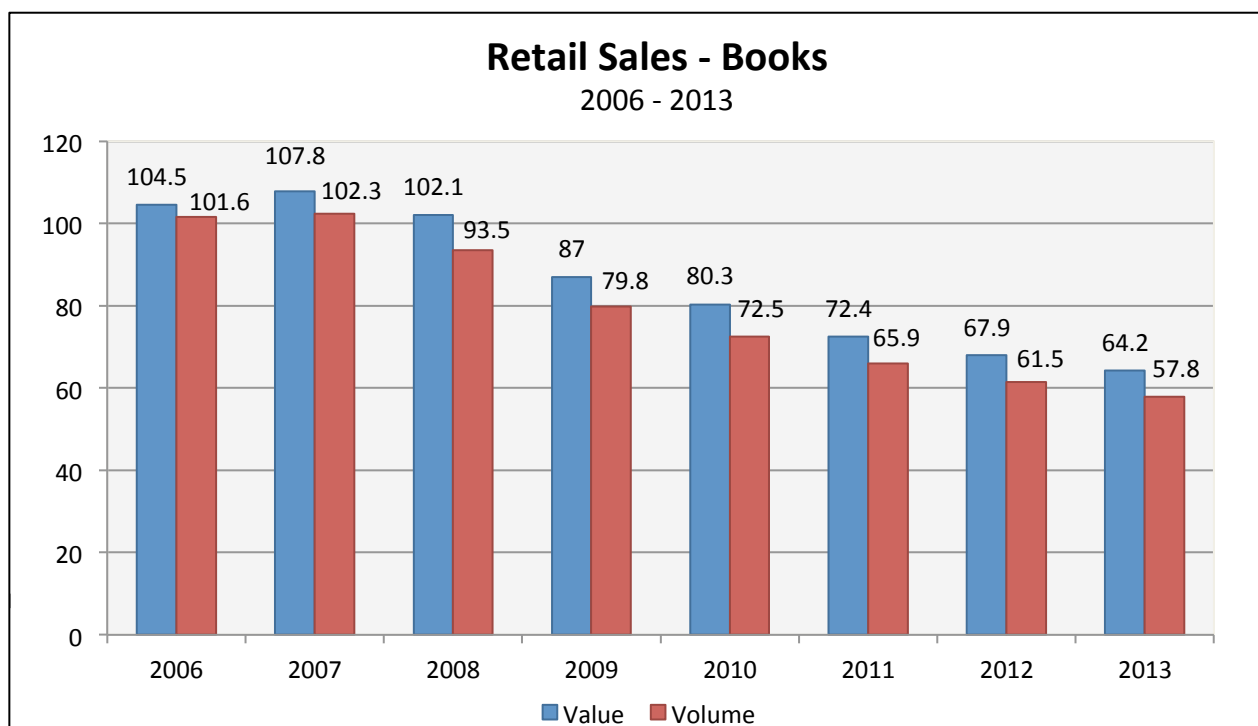
In the US, sales value in the pharmaceutical industry has increased by 4.5% in Q1 2014 compared with the previous year. Growth continued in Q2, up by 7.2% year-on-year⁷² and a further 7% in Q3.

⁷¹ Food 2006 - 2010, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie

⁷² US Department of Commerce

RETAIL SALES – BOOKS, NEWSPAPERS AND STATIONERY

ANNUAL



Retail Sales Index – Books, Newspapers and Stationery Base 2005 = 100⁷³

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 -40% from the peak in 2007 to the end of 2012, an annual decline of -8%, and value declined by -37%. This was partly due to the recession, but also because of a fundamental shift towards digital media.

Irish newspapers began to lose circulation over a decade ago but the trend has accelerated since the recession. Circulation of the three main dailies fell -18% in the three years to the end of 2012, and the total decline from peak was almost -30%.⁷⁴

This downward trend continued into 2013, with overall sales for the year showing a decrease in volume and value of -5.6% and -4.9% respectively.

Book sales in the UK continued to fall dramatically in 2013 also, due to the ever increasing popularity of e-books.⁷⁵ Books saw a decrease of -10% in volume and -7.9% in value.

Unlike the UK, US book sales increased by 4.1% in 2013. This was because e-book retailers become subject to more stringent pricing controls, leading some industry analysts to predict online retailers opening bricks and mortar stores.⁷⁶

⁷³ CSO Retail Sales Index Value and Volume Unadjusted (Base 2005=100).

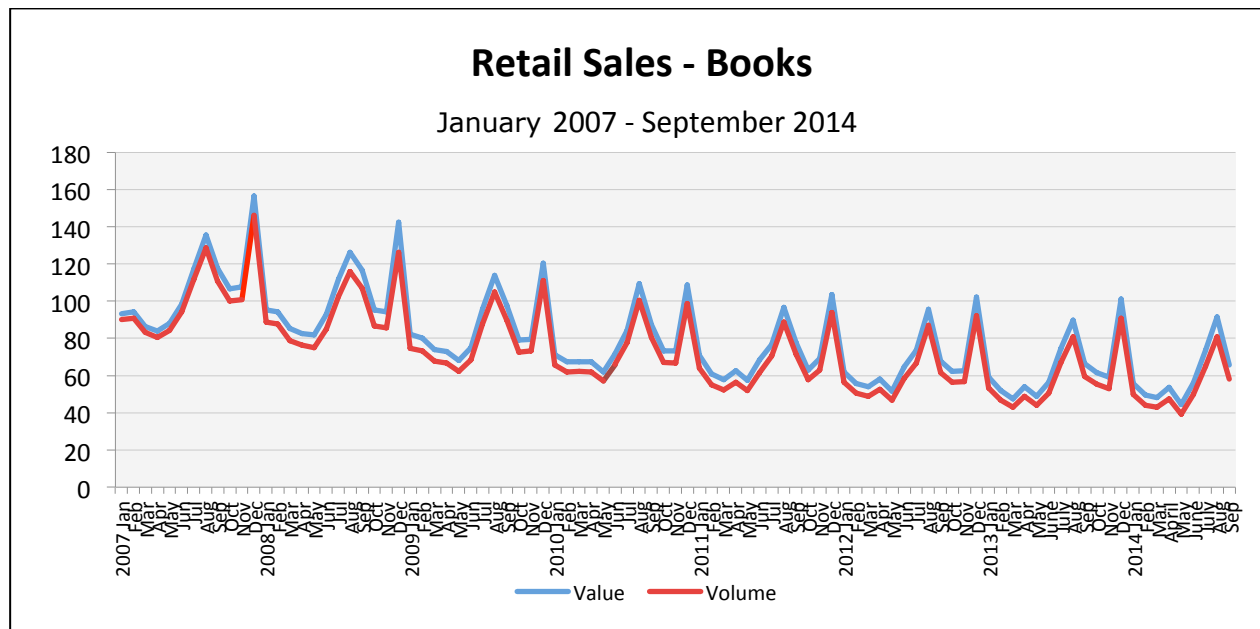
⁷⁴ <http://www.independent.ie/opinion/columnists/colm-mccarthy/newspapers-must-not-be-hindered-by-careless-policy-29453952.html>

⁷⁵ <http://www.bbc.co.uk/news/entertainment-arts-25624856>

⁷⁶ <http://www.digitalbookworld.com/2013/ten-bold-predictions-for-ebooks-and-digital-publishing-in-2014/>

RETAIL SALES – BOOKS, NEWSPAPERS & STATIONERY

MONTHLY



Retail Sales – Books, Newspapers and Stationery Base 2005 = 100⁷⁷

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. A review of the graph above shows that these peaks have been on a steady downward trend since the end of the boom period in 2007.

Sales of books, stationery and newspapers continued to fall in 2013, down -3.2% in volume and -2.9% in value in Q4 year-on-year. Sales did not rally even in December, with volume down -2.4% and value by the same amount, year-on-year.

Sales have continued on a downward trend in 2014, with a decrease of -2.4% in sales volume and -1.2% in sales value in Q1. This trend continued into Q2 with decreases of -5.1% and -3.2% in volume and value respectively. Q3 saw a slight break in the trend with value remaining stable, although volume still decreased by -1.8%.

Sales of books and newspapers in the UK saw their largest single decrease of recent years in Q1 2014, falling -13% in volume and -11% in value compared with Q1 2013. This decline continued in Q2 with sales decreasing by -9% in volume and -8% in value year-on-year. Much like in Ireland, the trend shifted in Q3 with a 1% increase in value and a more modest -4% decrease in volume.

US books and newspaper sales also saw a decrease of -3.7% in Q1 2014, year on year. This decreasing trend continued in Q2, with book sales decreasing by -1.4%. However, similar to Ireland and the UK, the US saw an increase of 1% in Q3.⁷⁸

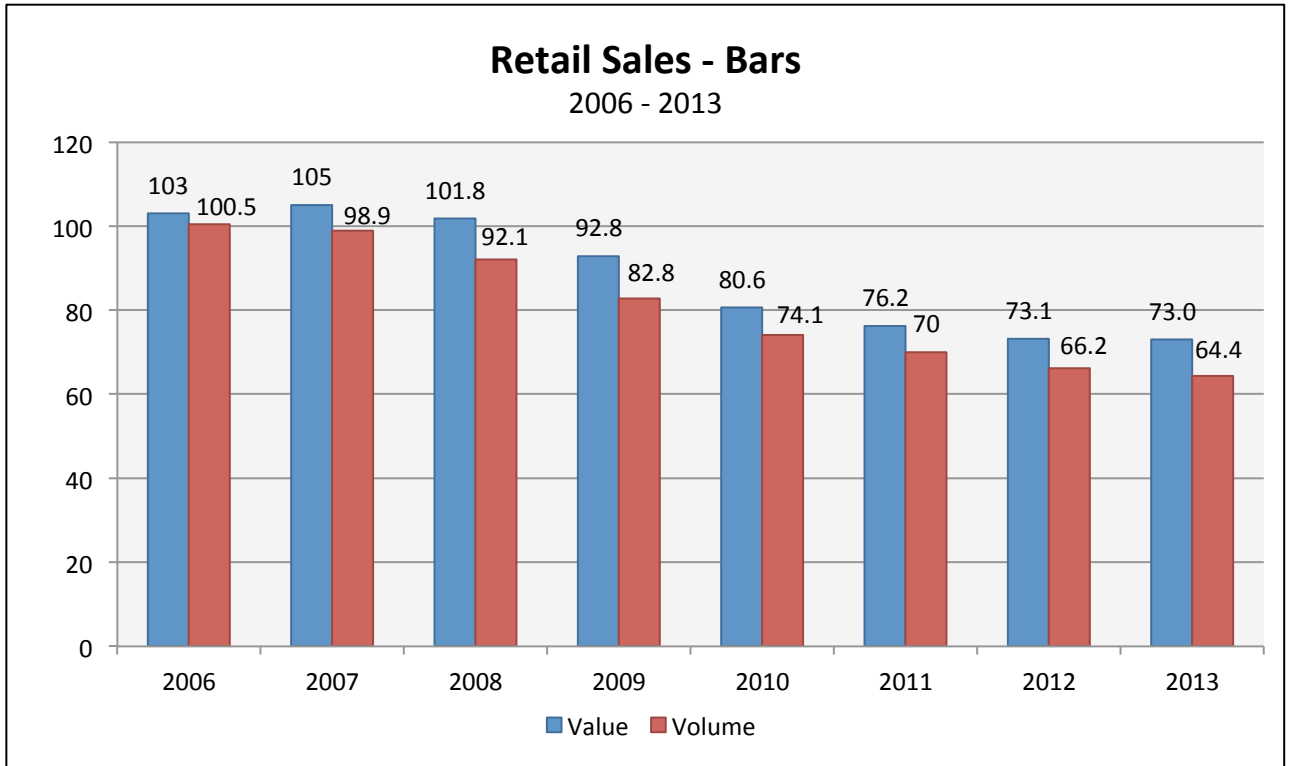
⁷⁷Books, Newspapers and Stationery 2005 - 2011, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

*Visible data labels refer to value of sales.

⁷⁸ Why Bookstore Sales Spike in August - Businessweek. [ONLINE]

RETAIL SALES – BARS

ANNUAL



Retail Sales Index – Bars, Base 2005 = 100⁷⁹

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

The volume of bar sales decreased by -26% from 2000 to 2010, with a regular annual decline of around -2.5%. The value of bar sales decreased by slightly less, down -19% in total, or -2% per year, supported by increases in prices and taxes.

From the peak in 2007 to the end of 2012, volume sales through bars decreased by -37% and value by -30%. Over the same period, the number of pub licences reduced from 9,500 to 8,300, a drop of -13%⁸⁰.

Sales in 2013 saw a decrease in volume of -2.8%, while there was no change in the value of sales compared to the previous year. This marks the first time since 2007 that the value of sales has not decreased from the previous year.

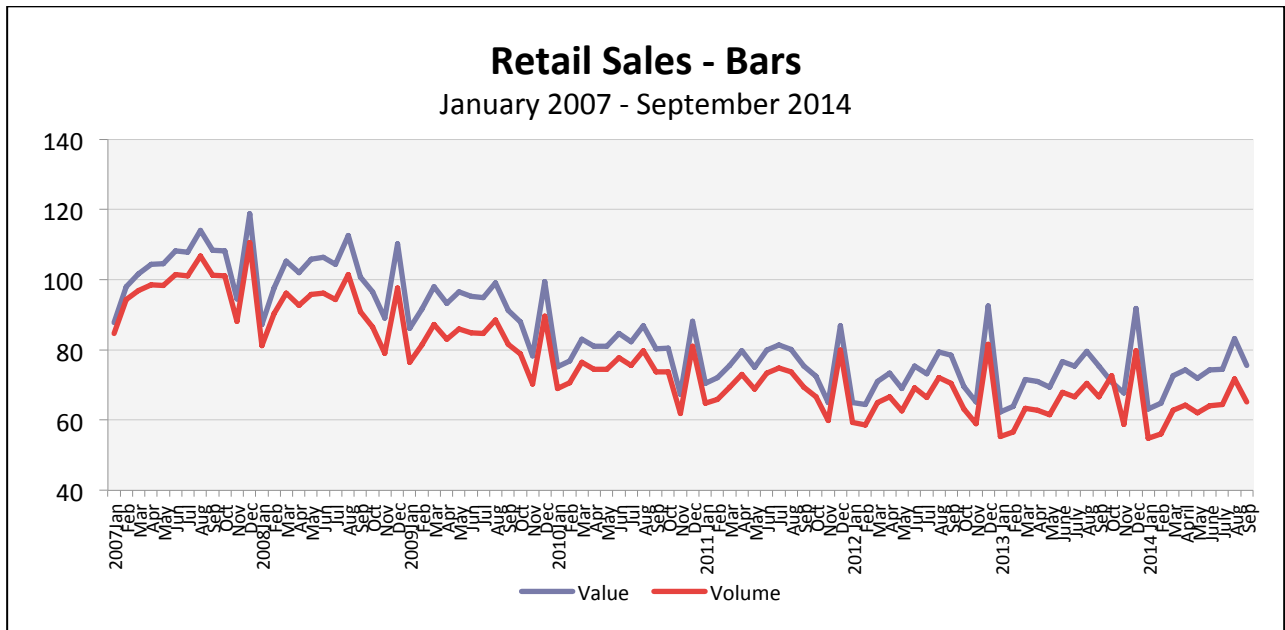
Bars in the UK have also been experiencing a steady downward trend over the past decade; the number of pubs in the UK is now down to 49,500 compared with 60,100 in 2002. Beer sales in the UK actually increased for two consecutive quarters in 2013(Q3 and Q4), but sales value actually decreased -0.4% for the year as a whole.

⁷⁹ Bars 2005 - 2010, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie, All figures relate to on-trade sales.

⁸⁰ Drinks Industry Ireland, August 2014.

RETAIL SALES – BARS

MONTHLY



Retail sales Index – Bars, Base 2005 = 100⁸¹

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 is showing little sign of abating.

Bar sales in Q4 2013 fell -1.4% in volume but increased in value by 1.9% year-on-year. Even the seasonal effect in December failed to lift sales, with volume down -3.1% for the month and value flat compared to the same time in 2012.

Bar sales were relatively steady in Q1 2014, with sales volume down by just -0.1%, and sales value actually up by 2.3%, year-on-year. Q2 saw an increase of 1.8% in the value of bar sales but volume decreased by -0.6%, reflecting the rise in the popularity of more expensive craft beers in Irish bars.⁸² The trend continued in Q3 with a -1.4% decrease in volume but a 1.1% increase in value.

UK beer sales fell by -3.1% in the first quarter of 2014 compared to last year. Beer sales in pubs fell by a higher rate of -4.2%, but this was an improvement on the -5.4% fall in the same period in 2013.⁸³ Sales turned around a bit in Q2 2014, increasing by 2.6% year-on-year, with a late Easter and the World Cup being cited as that main reasons.⁸⁴

In the US, restaurants and drinking places reported an increase of 5.1% in sales value in Q4 of 2013, reflecting a shift from lower-priced to premium beverages. Sales saw further increases in Q1 of 2.9%, and Q2 of 5%. Growth continued in Q3 with a 7% increase.

⁸¹ Bars 2006 - 2011, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie/all figures relate to on-trade sales.

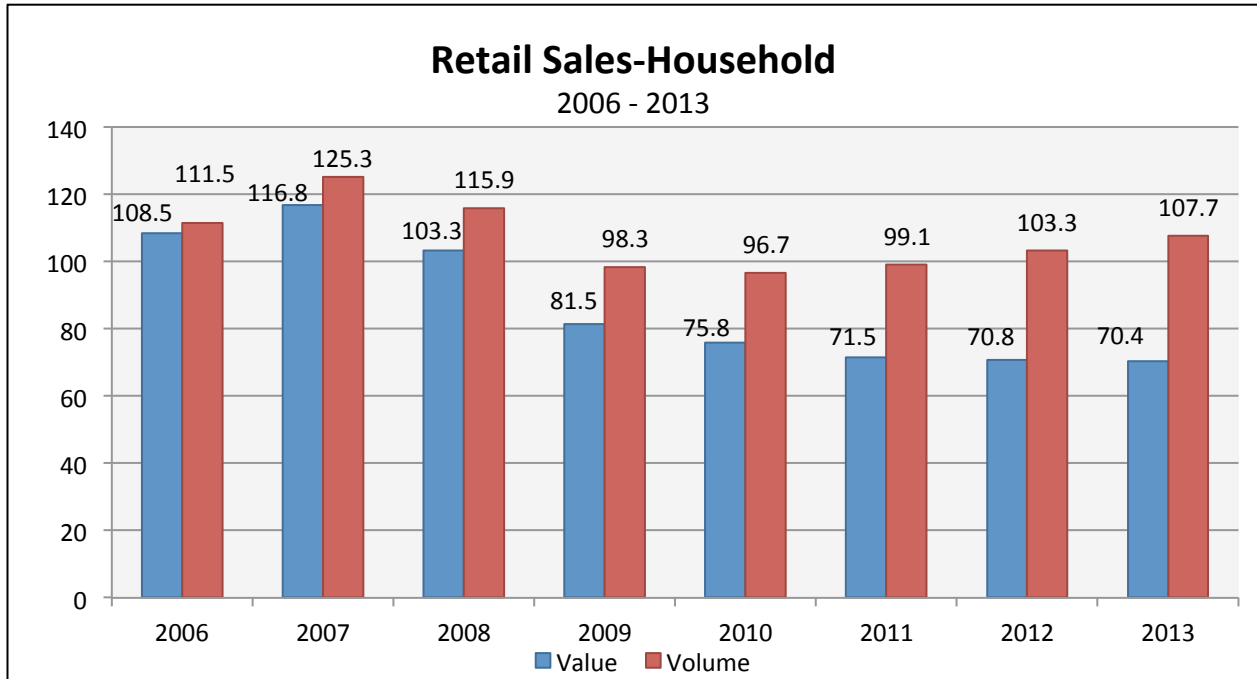
⁸² <http://www.independent.ie/irish-news/news/beer-brewers-get-even-more-crafty-in-bid-to-change-our-drink-habits-30463691.html>

⁸³ BBPA Quarterly Beer Barometer, Q1 2014.

⁸⁴ <http://www.beerandpub.com/news/big-cheer-for-beer-as-q2-sales-grow-in-both-pubs-and-off-licences>

RETAIL SALES- HOUSEHOLD EQUIPMENT

ANNUAL



Retail Sales Index – Household Equipment, Base 2005 = 100⁸⁵

Household equipment is the sum of three retail sub-categories: furniture and lighting; hardware, paints and glass; and electrical goods. All of these items are highly dependent on the housing market, particularly on the number of new homes built.

Sales of household equipment grew rapidly in line with the boom in housing construction, reaching a peak in 2007, following the year in which 90,000 new homes were built. However, sales declined just as rapidly, falling by -18% in volume and -40% in value from the peak in 2007 to the end of 2012.

Sales of household equipment saw a bit of recovery in 2013, with an increase of 4.3% in volume, while value saw a decrease of -0.5%. This average conceals considerable variation in sub-categories. For example, furniture and lighting increased by 16.6% in volume, while hardware, paints and glass increased by just 1.1%, and electrical goods actually declined by -1.1%.

UK sales of household goods were virtually flat in 2012, with an increase of just 0.1% in volume and 0.2% in value.⁸⁶ Despite the improvement in the UK property market, sales for 2013 saw a decrease both in volume and value, of -2.4% and -2.7% respectively.⁸⁷

In the US, sales of household goods increased by 8% in value for 2012, with a slightly lower rate of increase of 3% in 2013.⁸⁸

⁸⁵ Household Equipment 2006 - 2011, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

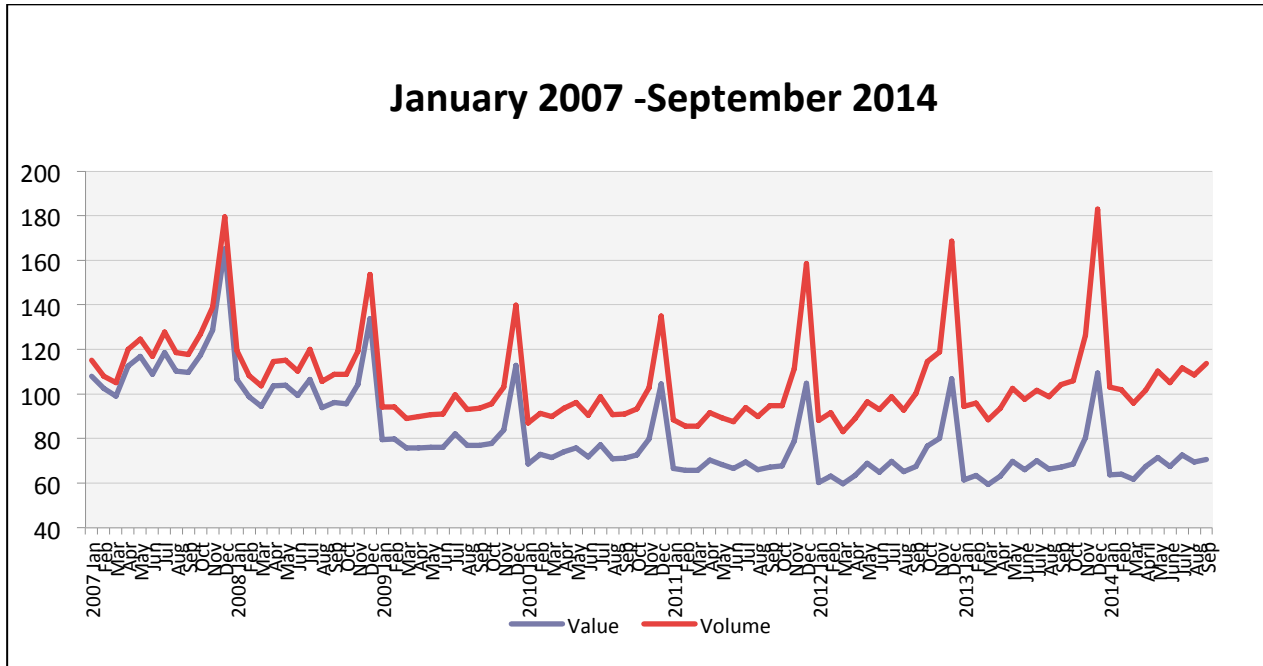
⁸⁶ (ONS)

⁸⁷ <http://www.bbc.co.uk/news/business-25745468>

⁸⁸ <http://www.postandcourier.com/article/20140124/PC05/140129750/1010/us-home-sales-in-2013-best-in-seven-years>

RETAIL SALES - HOUSEHOLD EQUIPMENT

MONTHLY



Retail Sales Index – Household Equipment, Base 2005 = 100⁸⁹

Sales of household goods are quite seasonal with a small peak in June/July each year and a bigger peak in the pre-Christmas period. The annual peak in sales volume reached the highest level in December 2013, surpassing its previous peak in 2008.

Sales of household equipment showed signs of turnaround in 2013, with an increase in volume of 4.3%, although value remained weak with a decrease of -0.5%.

Sales of household equipment rebounded dramatically in Q1 2014, increasing by 8.6% in volume and 3.4% in sales value, compared to last year. This upward trend continued in Q2 of this year, with sales increasing by 9.1% in volume and 4% in value year-on-year, and in Q3 with a 9.6% increase in volume and a 4.6% increase in value. This reflects the renewed confidence in the construction sector and the recovery of the property market⁹⁰

This average conceals considerable variation in sub-categories. For example, furniture and lighting increased by 18.9% in volume, electrical goods by 11.3%, and hardware, paints and glass by just 2.9% in Q3 of this year.

UK sales of household equipment have also been strengthening, up by 5% both in volume and value for the first three months of 2014. Q2 saw further growth, with sales volume and value both increasing by 4% year-on-year, followed by a 7% growth in both value and volume in Q3.⁹¹

US sales of household goods increased 4.4% in Q4 of 2013 year-on-year. Sales were actually flat in Q1 2014, but increased by 3.1% in Q2 and 2.3% in Q3 year-on-year⁹².

⁸⁹ Household Equipment 2006 - 2011, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

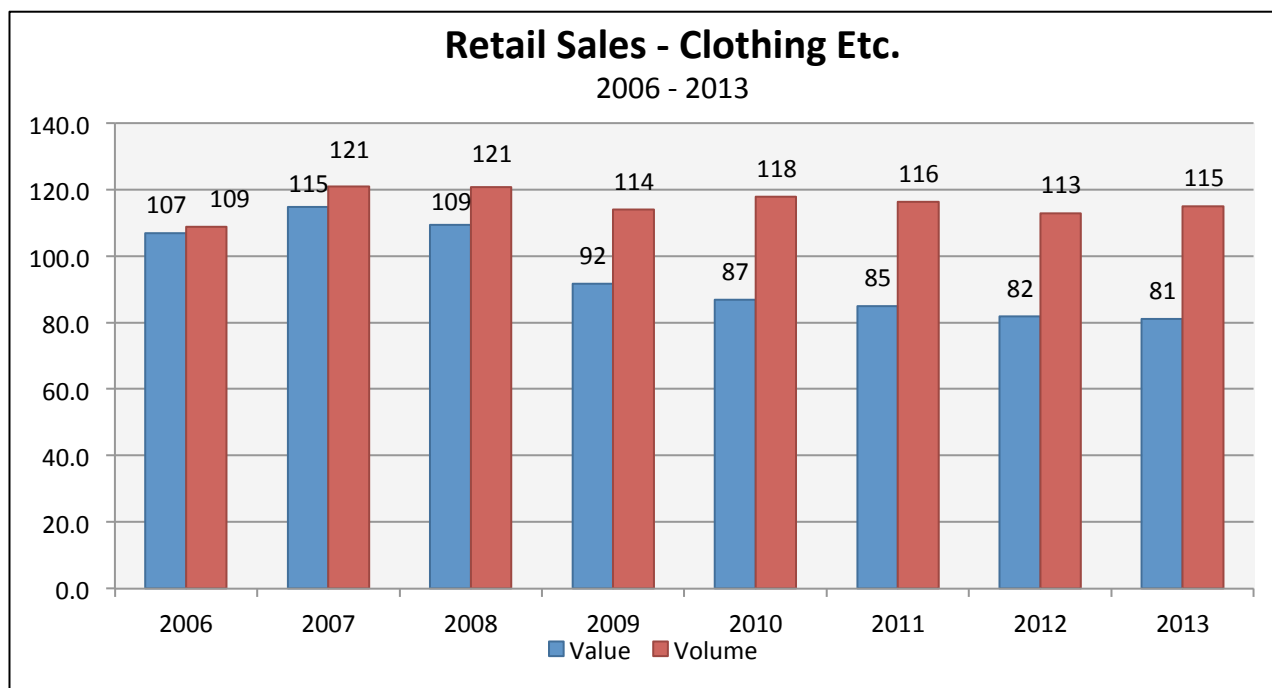
⁹⁰ <http://www.propertywire.com/news/europe/ireland-real-estate-prices-201410289751.html>

⁹¹ ONS Quarter 3, 2014.

⁹² U.S. Commercial Market Enjoys Strong Recovery in Q3 - WORLD PROPERTY JOURNAL Global News Center. [ONLINE]

RETAIL SALES - CLOTHING, FOOTWEAR AND TEXTILES

ANNUAL



Retail Sales Index - Clothing, Footwear and Textiles, Base 2005 = 100⁹³

Clothing and footwear purchases are price and income elastic which means that they tend to fluctuate along with the health of the economy. Sales of clothing and footwear grew strongly during the boom years but dropped back significantly when economic conditions deteriorated.

Sales volume grew by 89% from 2000 to 2007 which is equivalent to 13% per annum, while value increased by 46%, or 7% per year.

Sales volume held up quite well during the recession, down by just -4% from peak to the end of 2012, but value fell by far more -- down -26%, due to price discounting.

Sales of clothing and footwear stabilised in 2012, and 2013 saw a small increase in volume of 1.9%, although there was a decline of -1.1% in value year on year.

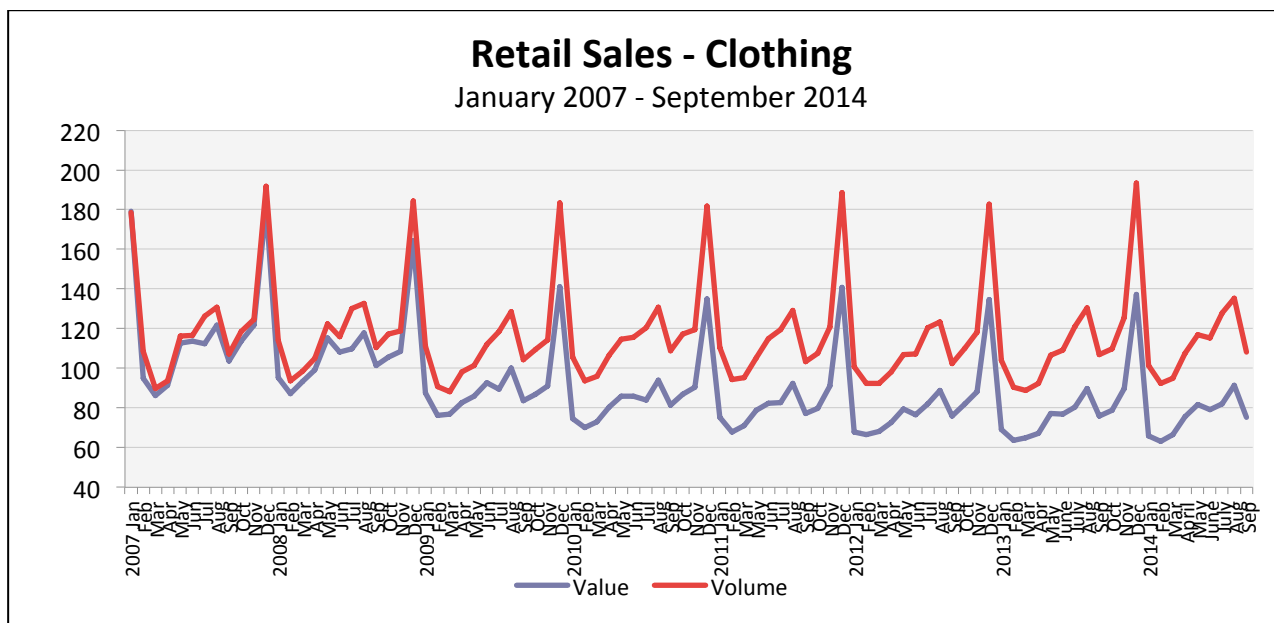
UK clothing and footwear sales were also weak in 2012, with a decline in sales value of -2.8% for the year. Sales in 2013 saw a slight reversal of this trend, with volume and value increasing, by 1% and 2.4% respectively. Online sales account for 11% of this category and were up 10% year-on-year, in 2013.

Sales of clothing in the US increased by 5.5% in 2012 and this trend continued in 2013 with a further increase of 3.8%.

⁹³ Textiles and Clothing 2005 - 2013, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

RETAIL SALES - CLOTHING, FOOTWEAR AND TEXTILES

MONTHLY



Retail Sales Index – Clothing, Footwear and Textiles, Base 2005 = 100⁹⁴

Sales of clothing, footwear and textiles have a marked seasonal pattern with a large peak in the pre-Christmas period. From 2006 to 2009, sales volume increased by 57% on average from November to December each year, compared to the average for the rest of the year.

Following a marked decline in 2009, sales of clothing and footwear stabilised in 2010 and 2011. Sales decreased further in 2012, volume down by about -2% for the year, and value by about -3%.

Sales of clothing and footwear showed signs of recovery in 2013, up 3.9% in Q4, with value steady, year-on-year.

This recovery has continued into 2014, with an increase of 3.2% in sales volume in Q1 although value remained flat. Q2 saw even larger increases, with volume up by 9.1% and value by 5.7%. Growth rates slowed a bit in Q3 with an increase of 2.8% in volume and 0.4% in value.

Clothing sales in the UK started the year on a weak note, up by 1% in volume, but down by -1% in value in Q1. However, Q2 saw growth resume with both sales volume and value increasing by 4% and 5%. Q3 maintained similar growth of 3% in both value and volume.

US clothing sales in Q1 2014 remained flat year on year. However Q2 saw an increase of 1.7% year on year.

⁹⁴ Textiles and Clothing 2006 - 2011, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie

Q3 2014

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