

Q3

2016

Consumer

Market Monitor



UCD Michael Smurfit
Graduate Business School



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

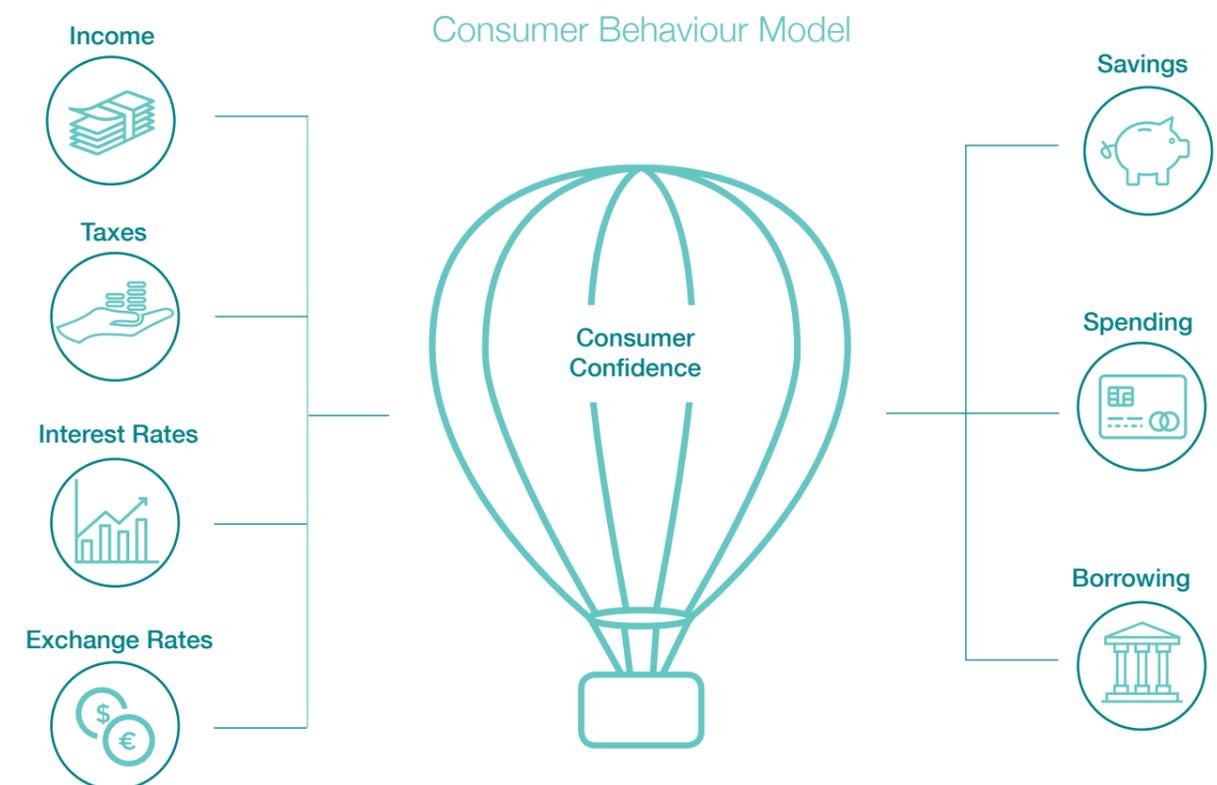
consumer behaviour including spending, saving and borrowing.

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.

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Executive Summary

Following a very strong first half year, the Irish consumer economy has slowed down across all sectors in quarter three of this year. This may owe something to the Brexit vote in the UK, and the knock-on effect on the value of sterling. It may also have been influenced by the lengthy uncertainty here at home over the formation of a new government.

While it is never good to see economic weakness, two points are worth noting about the recent figures. Firstly, the slowdown in the third quarter is relatively modest - it is a softening of the growth rate rather than an actual decline. In this respect, it looks more like a temporary blip rather than a fall from a cliff such as we experienced in 2009. Secondly, the economic fundamentals on which the consumer economy is built remain strong.

The improvement in the labour market has been a critically important factor driving the consumer economy and this remains very positive. There are now 2.015 million people at work, up 56,200 year-on-year, and up by 190,000 or 10% since the low point in 2012. Pay increases have also contributed, up 2% on average in 2015, and up by a similar percentage this year.

This increasingly healthy employment situation drives the amount of disposable income circulating in the economy, and the evidence shows that spending very closely matches income. In fact, there has been a remarkable increase in disposable income in recent times - it increased by 5% in 2015, and by a similar amount this year.

Another important influence on consumer spending is household wealth, which comes mainly from the value of our homes, as well as other savings

and investments. After a long slump, Irish household wealth is increasing again as property values recover and progress is being made in paying down debt. Under normal circumstances, perceptions of increasing wealth increase consumer confidence, encouraging people to release funds for spending on various things.

Unfortunately, circumstances were not normal during much of this year, and this had a downward effect on consumer confidence. Recent quarters have seen the first interruption to a steadily upward trend in confidence since 2013. Political uncertainty here at home and worries about Brexit have weakened confidence slightly, but there has been nothing like the collapse in confidence that has occurred in the UK.

Confidence is still relatively strong here and is driving a steady, if not spectacular, increase in consumer spending that is producing better sales performance in most 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 - new cars, home furnishings, clothing and other consumer durables - all of which are continuing to grow well, even in the most recent quarter.

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. New car registrations were up by a further 30% in the first half of 2016, but this slowed to 19% in Q3, for a year-to-date total of 136,044. Sales of imported second hand cars have been particularly strong, up 35% for the year to the end of September. This possibly reflects the weakening of sterling which makes imports more affordable.



5%

This increasingly healthy employment situation drives the amount of disposable income circulating in the economy. In fact, there has been a remarkable increase in disposable income in recent times - it increased by 5% in 2015, and by a similar amount this year.



+6.7

Consumer confidence in Ireland is well ahead of our European neighbours. Unfortunately, consumer confidence has fallen steadily during the first three quarters of 2016, reflecting uncertainty about the new government, industrial unrest and Brexit.

Retail sales excluding the motor trade grew strongly in 2015, with volume up 6.1% for the year, and value up 2.7%. This rate of growth continued in the first half of 2016, with volume up by 5.5% and value by 2.7%. Growth slowed to about half that rate, however, in Q3, with volume up by 3.2% and value by 1.3% year-on-year.

Sales of services have also showing a two tier pattern in 2016, up by 4.7% in the third quarter, year-on-year, compared to a 7% growth rate in the previous quarter. Worryingly, accommodation and food services fell quite dramatically, from a growth rate in double digits (13-14%) in the first half of the year to 3.4% in the third quarter. In contrast, information and communications held up well, continuing to grow in double digits in quarter three, following spectacular growth in previous quarters (up 21% year-on-year).

Residential property is the sector under most pressure., and this has been the case before ever Brexit came into sight. There were 47,313 homes purchased in 2015 and 22,767 mortgages issued for purchase, accounting for about 50% of purchase transactions.

There were 30,500 homes purchased in the first three quarters of 2016, 10% lower than the same period in 2015. Cash-buyers accounted for 46% of transactions, with just 16,343 mortgages issued, up just 2.2% from the same period in 2015.

Only 2% of housing stock is changing hands currently, half the EU average, which is indicative of a supply problem. Further evidence of a shortage of supply is that only 20% of mortgages approved were actually drawn down in quarters two and three of this year, in contrast to the 90% that is typical in a normal year.

Consumer Confidence

Following a trough in the recession years, consumer confidence in Ireland has recovered significantly. It began to pick up in 2013, and rose further through 2014 due to a steady flow of good news on employment, tax receipts, and growth in services and manufacturing.

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

Unfortunately, consumer confidence has fallen steadily during the first three quarters of 2016, reflecting uncertainty about the new government, industrial unrest, and Brexit.

Consumer confidence in the UK has also seen a significant drop in Q3 2016 in the aftermath of the "Brexit" referendum. This continuing downward trend is forecast to have a major impact on consumer spending in the coming quarters.

Consumer Incomes and Spending

Household disposable income rose by 5.5% in 2015 to a total of €98 billion, due to a combination of expanding employment and increasing pay rates. There are now 2.015 million people at work, up 190,000 or 10% from the lowest point in 2012. Pay increases of 2% were common in 2015, and increases of about the same level are also happening in 2016.

Consumer spending turned a corner in 2014, when it grew by 2%, and it grew by a very strong 4.5% in 2015. Personal spending has continued to grow this year, with 4% forecast for the year as a whole, and 3-4% in 2017. Recent figures suggest a slight slowdown, however, with a 3.5% rise in Q1 2016, and 2% in Q2, year-on-year. Vat receipts were up 5.1% cumulatively to the end of Q3, more or less in line with consumer spending, but below the 7% growth rate of the previous two years.

Consumer Borrowing

The ratio of household debt to disposable income has fallen by a remarkable 60% since its peak of 215% in the mid-2011, and is continuing to reduce, by about 2% per year. However, household debt in Ireland remains relatively high by international standards, at 153% of disposable income. This compares with a Eurozone average of just over 90%.

Loans for house purchase, which account for 84% of household loans, peaked in Q1 2008 at

€124 billion but decreased to €75 Billion by the end of Q3 2016, a cumulative decline of 40%, or an annual rate of -2.4%.

On the positive side, household savings almost doubled this year, to 9.5% of gross disposable income, up from 5% in 2014. This increase was driven by a rise in housing values as well as a decline in debts.

Household net worth stood at €626bn, or €135,080 per capita, at the end of 2015. In fact, household net worth has risen by 41% since the post-crisis low in mid-2012, but it is still 12.8% per cent lower than its peak in mid-2007.

Retail Spending

Following five years of decline, retail sales achieved a significant turnaround in 2014, with volume up by 3.7% and value by 1.6%.

The recovery accelerated in 2015, with sales volume up by an impressive 6.1% and value up by 2.7% for the year. This growth in sales exceeded the growth in footfall (up 1.6%) providing evidence of a real uplift in spending.

The first half of 2016 delivered strong sales growth for most retailers, up by a very strong 5.5% in volume and 2.7% in value year-on-year. Retail sales have continued to grow in Q3, but at a slightly slower rate of 3.2% in volume and 1.3% in value, year-on-year.

2.015 million people at work

There are now 2.015 million people at work, up 56,200 year-on-year, and up by 190,000 or 10% since the low point in 2012. Pay increases have also contributed, up 2% on average in 2015, and up by a similar percentage this year.

Recent Trends

The latest indicators for 2016 show a year of two halves. Spending in all categories increased strongly in the first half of the year, but the rate of growth has slowed to about half of the previous rate in the third quarter.

New car registrations in the first half of 2016 were up 30%, but this has slowed to 19% in Q3, for a total of 136,044. This suggests a final figure of about 150,000 cars for 2016 which is approaching the average sales level of the early 2000s.

Retail sales excluding the motor trade grew strongly in 2015, with volume up 6.1% for the year, and value up 2.7%. This rate of growth continued in the first half of 2016, with volume up by 5.5% and value by 2.7%. Growth slowed to about half that rate, however, in Q3, with volume up by 3.2% and value by 1.3% year-on-year.

All product categories except books/newsagents experienced growth in Q3 2016, but at a significantly lower rate than previous quarters. Household equipment which combines furnishings, electrical goods, hardware, paints and glass, was the only category to show continuing strong growth in Q3.

Overall, the indications are that while retail sales are still growing, the rate of growth has slowed in the third quarter. The final quarter, which is usually the most important period of the year for retailers, will be an important test, to see whether Brexit is likely to have an enduring influence on our consumer economy.



Fuel up 1.5% in volume but down -5.1% in value



Bar sales up 2.6% in volume and up 3.3% in value



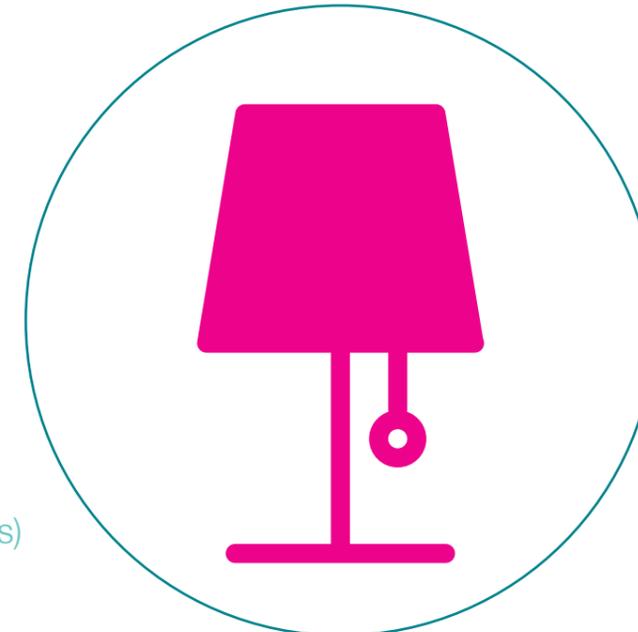
Department stores up 2.6% in volume and 1.7% in value



Clothing, footwear & textiles up 2.7% in volume and 2.3% in value



Non-specialised stores (supermarkets) up 3.0% in volume and 2.5% in value



Household equipment up 7% in volume and 2.2% in value



Food sales up 5.8% in volume and up 5.2% in value



Pharmaceuticals and cosmetics up 1.5% in volume and 1.1% in value



Books, newspapers, stationery down -5.6% in volume and -4.8% in value

Q3

Consumer & Retail Analysis



Consumer Confidence Annual

Consumer Confidence 2005-2015



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.

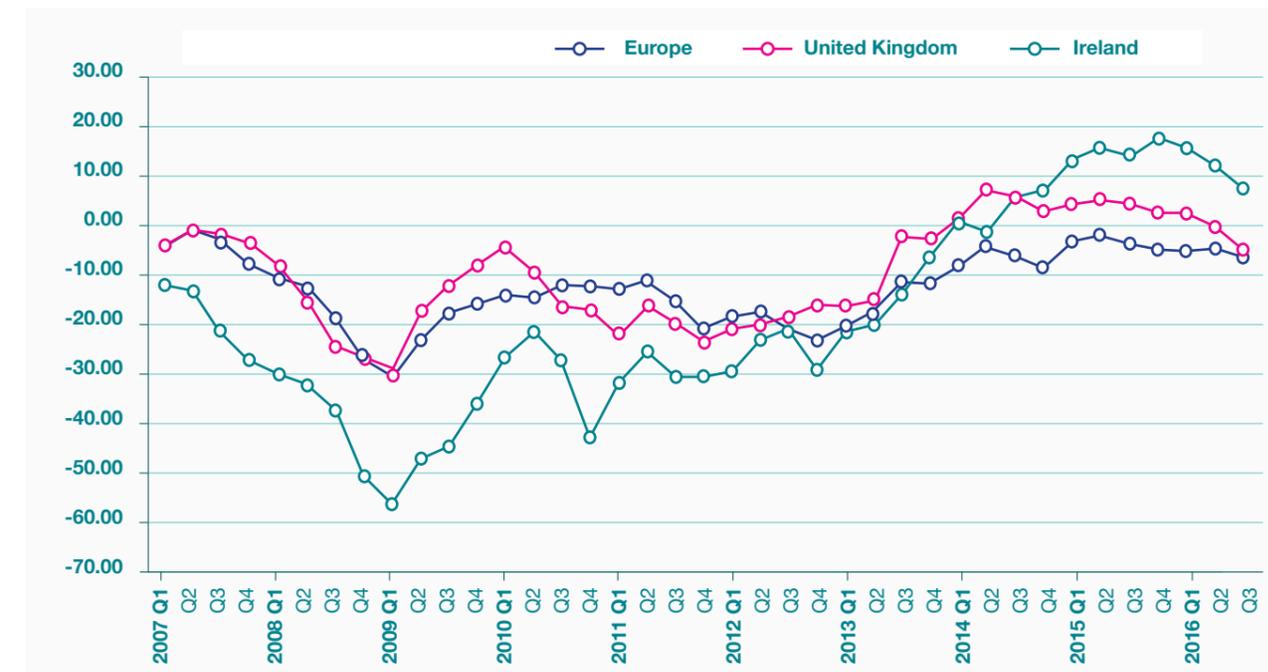
These trends reversed in 2013, and this improvement continued throughout 2014. All countries in this index have now surpassed the confidence levels experienced in the years up to 2007. For example, the UK averaged +4 in 2015 compared to -4 in 2006.

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 recovery.³

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 January 2007-September 2016



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 At this point, consumer confidence in Ireland was well ahead of the last peak in 2007, and also well ahead of our European neighbours.

Unfortunately, consumer confidence has fallen steadily during the first three quarters of 2016, reflecting uncertainty about the new government, industrial unrest, and Brexit.

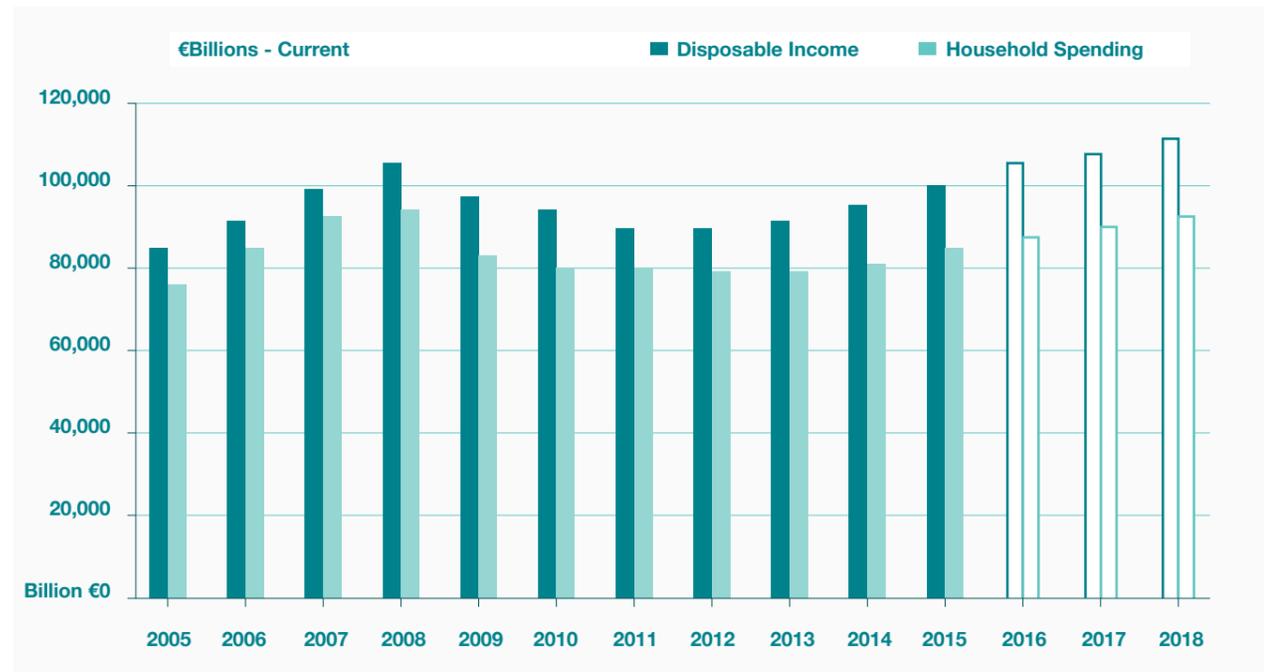
Consumer confidence in the UK has also seen a 4.7 point drop in Q3 2016 in the aftermath of the "Brexit" referendum. This continuing downward trend is forecast to have a major impact on consumer spending in the coming quarters.

Consumer confidence in the US was recovering for several years, but fell to the lowest reading in a year in Q3 2016, at 88.⁷ This correlates with falling inflation expectations and a slightly weakened US dollar, as well as negativity around the Presidential election.⁸

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-eightyear-high-in-december-30892291.html
6. <http://www.rte.ie/news/business/2015/10/01/731686-consumer-sentiment/>
7. <http://www.usatoday.com/story/money/business/2015/04/28/consumer-confidence-april/26475567/>
8. https://www.dailyfx.com/forex/market_alert/2016/10/14/Consumer-Confidence-Dips-Questions-Around-on-Q3-Consumer-Activity-.html

Consumer Incomes and Spending Annual

Disposable Incomes and Household Spending



Disposable income in Ireland increased by 60% from 2002 to 2008 - from €65bn to €104bn, due to growing employment and rising incomes.⁹ This trend reversed in 2009, and continued downwards until 2013. Disposable income fell by -15% in real terms from 2008 to 2012 as a result of rising unemployment, falling wages and higher taxes.¹⁰

This trend reversed in 2013, when disposable income rose by 3%, the first increase since 2008. It continued to rise in 2014, up by a further 3%, and again in 2015, with a larger increase of 5.5%, from €93 billion to €98 billion.¹¹ This is driven by the fact that there are more people at work and by pay increases. There are now 2.015 million people at work, up 193,000 from 2012. Pay increases of 2% were common in 2015,

and increases of about the same level are also happening in 2016.¹²

Household spending closely mirrors income, increasing by 48% from 2002 and 2008, from €62bn to €92bn. Spending then declined for five years, to a low of €78 billion in 2011, a net reduction of -15% in current terms and -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 substantial 4.5% in 2015.

Household spending accounts for about 90% of personal spending, and both are continuing to grow in 2016, although at a slightly lower rate, estimates ranging from 3.8 - 4.2%.^{13,14}

09. CSO Institutional Sector Accounts, Q2, 2016.

10. <http://danmclaughlin.ie/blog/record-rise-in-irish-household-real-incomes-in-2015/>

11. Ibid.

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

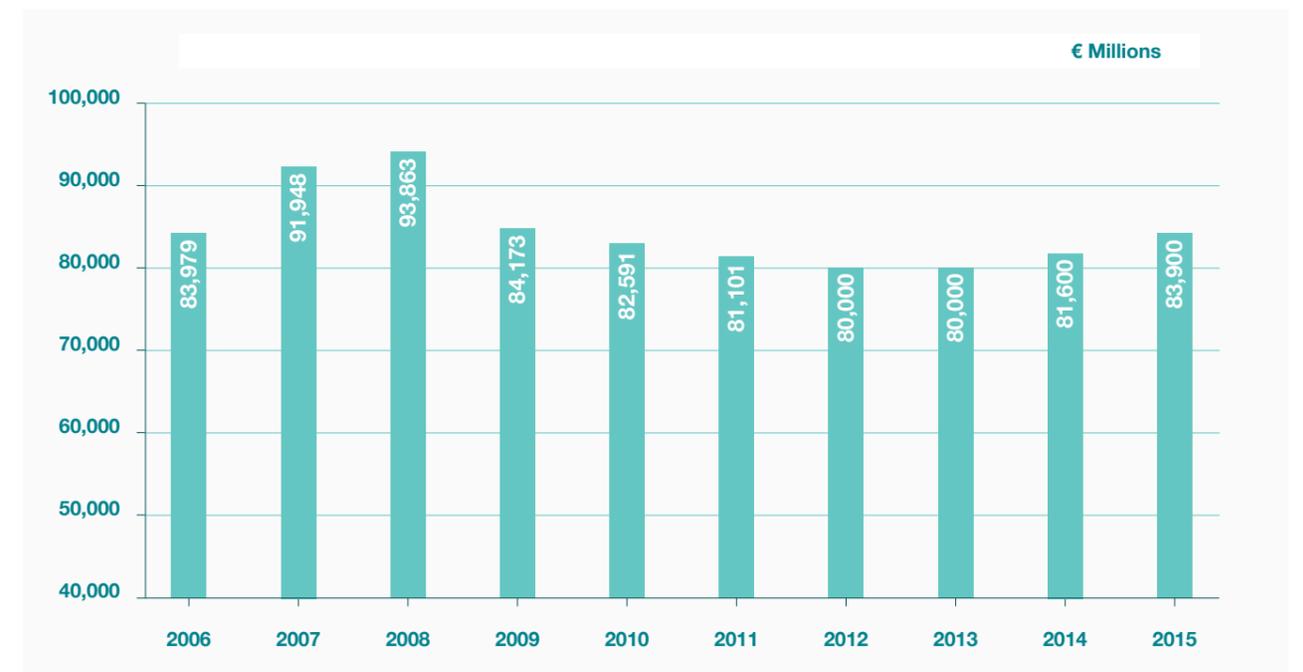
<http://www.irishexaminer.com/ireland/ibec-71-of-employees-set-to-receive-pay-rises-in-2016-360494.html>

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

14. Central Bank Quarterly Bulletin Q4 2016.

Personal Spending on Goods/Services Annual

Personal Spending on Goods/Services 2006 - 2015



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 six years of decline, consumer spending grew by 2% in real terms in 2014 and by a much stronger 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. Activity in the services sector was also higher, up 4.1% in 2014 and 5.7% in 2015.¹⁷

Consumer spending in the UK fell -4% from the 2007 peak to the trough in 2011, from £955 to £916 billion. Spending rallied again between 2012 and 2014, rising about 2% per year, reaching the same level as in 2007.¹⁸ Growth continued in 2015 at 3%.

US consumer spending continues to be in recovery mode, with personal spending increasing by 3.6% in 2013, 3.1% in 2014, and 3% in 2015, due to cheaper oil and employment gains.¹⁹

15. Central Bank of Ireland, Quarterly Economic Bulletin, Quarter 4, 2016.

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

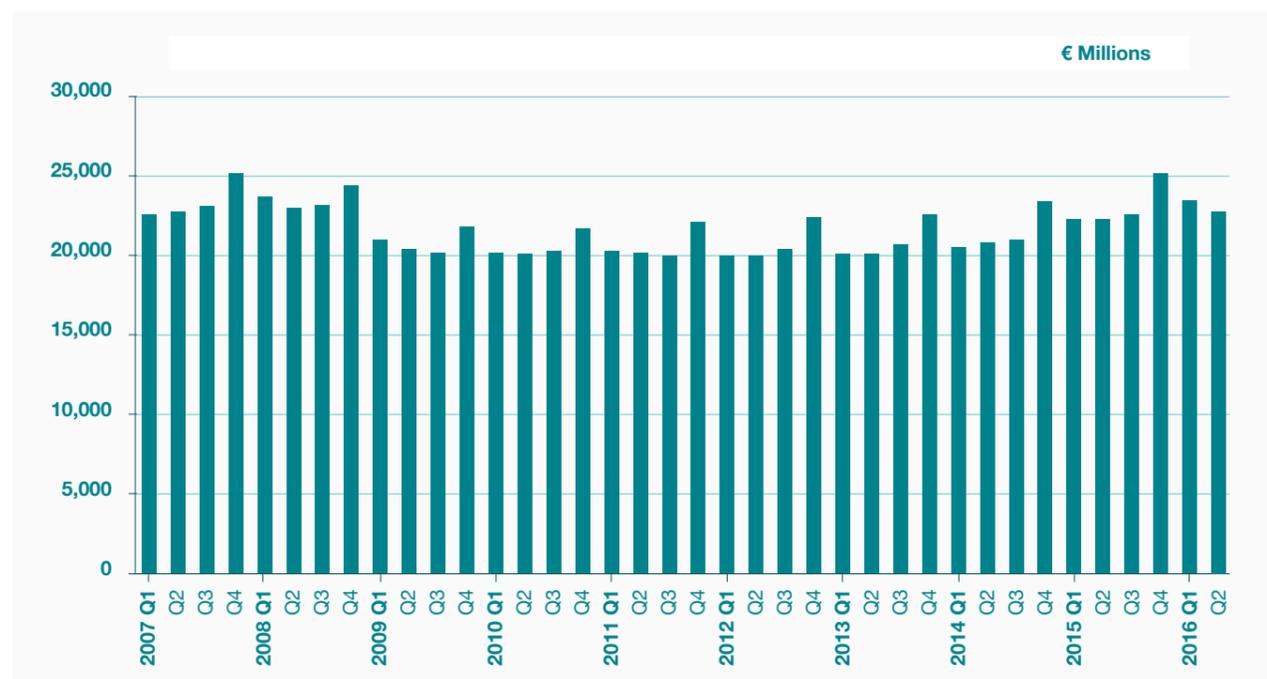
17. <http://www.cso.ie/en/releasesandpublications/er/si/monthlyservicesindexdecember2015/>

18. www.ons.gov.uk/ons/dcp171778_357940.pdf

19. www.wsj.com/articles/u-s-consumer-spending-down-0-3-in-december-1422883888

Personal Spending on Goods/Services Quarterly

Personal Spending on Goods/Services January 2007 - June 2016



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.

Consumer spending turned a corner in 2014, when it grew by 2%, and it grew by a very strong 4.5% in 2015.²⁰ VAT receipts were up also up, by 7.9% in 2014, and by 7.1% in 2015.²¹ Similarly, retail sales (excluding motor trades) increased by 3.7% in 2014, and by 6.1% in 2015. Activity in the services sector was also higher, up 4.1% in 2014 and 5.7% in 2015.²²

Personal consumption is continuing to grow, with 4% growth forecast for this year as a whole, and 3-4% in 2017.²³ Recent figures suggest a slight

slowdown, however; a 3.5% rise in Q1 2016, and 2% in Q2, year-on-year. Vat receipts were up 5.1% cumulatively to the end of Q3, more or less in line with consumer spending, but below the growth rate of previous years.

Personal spending in the UK has grown each quarter since Q4 2011, at an average annual rate of 2%. This increased to 3% in 2015.²⁴ Spending continued to grow at a rate of 3% in Q1 and Q2, suggesting that Brexit had impact up to that point.²⁵

Consumer spending in the US climbed 2% per annum in the recovery that's now in its sixth year. Growth for 2015 was 3% and this rate of growth continued for the first half of 2016.²⁶

20. Central Bank of Ireland, Quarterly Economic Bulletin, Quarter 4, 2016.

21. www.finance.gov.ie/sites/default/files/Irish%20Monthly%20Economic%20Bulletin%20-%20December%202014.pdf

22. <http://www.cso.ie/en/releasesandpublications/er/si/monthlyservicesindexdecember2015/>

23. <https://www.esri.ie/pubs/QEC2016AUT.pdf>

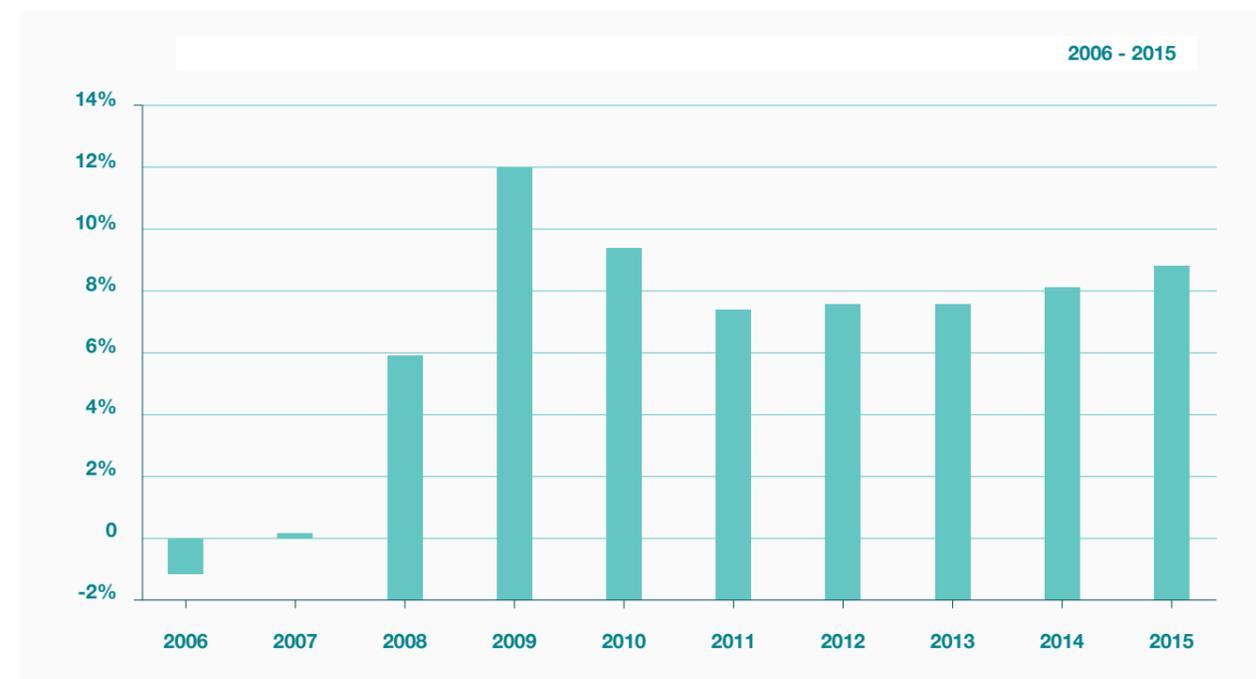
24. ons.gov.uk/ons/rel/consumer-trends/consumer-trends/q2-2015/stb--consumer-trends--q2--april-to-june--2015.html

25. <http://www.ons.gov.uk/economy/nationalaccounts/satelliteaccounts/bulletins/consumertrends/quarter2aprttojune2016>

26. www.bloomberg.com/news/articles/2015-09-25/economy-in-u-s-picked-up-on-consumer-spending-construction

Personal Savings Annual

Net Personal Saving as a % Disposable Income 2006 - 2015



Personal saving increased dramatically during the recession, from a low of -1% of disposable income in 2006 to a high of 12% in 2009.²⁷ It has remained high since 2009, as consumers tried to pay down debt; over 80% of this saving represents repayment of loans.²⁸ 2010 was the first year in which savings fell slightly and the net savings ratio stayed more or less static for the next three years at just under 8%.²⁹

That trend reversed in 2014, with an upward drift to 8.3%. It increased further in 2015, to 8.8%, influenced by the fact that household wealth is rising again. Household net worth stood at €626bn, or €135,078 per capita, at the end of 2015.³⁰ Household net worth has risen by 41%

since the low of €444bn in mid-2012, but it is still 12.8% lower than its peak of €718bn in mid-2007.

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 4.7% in September 2015.³¹

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 2005.³² The saving ratio was 5.7% in September 2016.³³

27. CSO Quarterly Institutional Sector Accounts, Q4, 2015.

28. www.irishtimes.com/business/personal-finance/household-wealth-at-highest-level-since-2008-1.2203542

29. CSO Institutional Sector Accounts, Q4 2015.

30. <http://www.irishtimes.com/business/financial-services/irish-households-continue-to-cut-debt-by-repaying-loans-1.2640807>

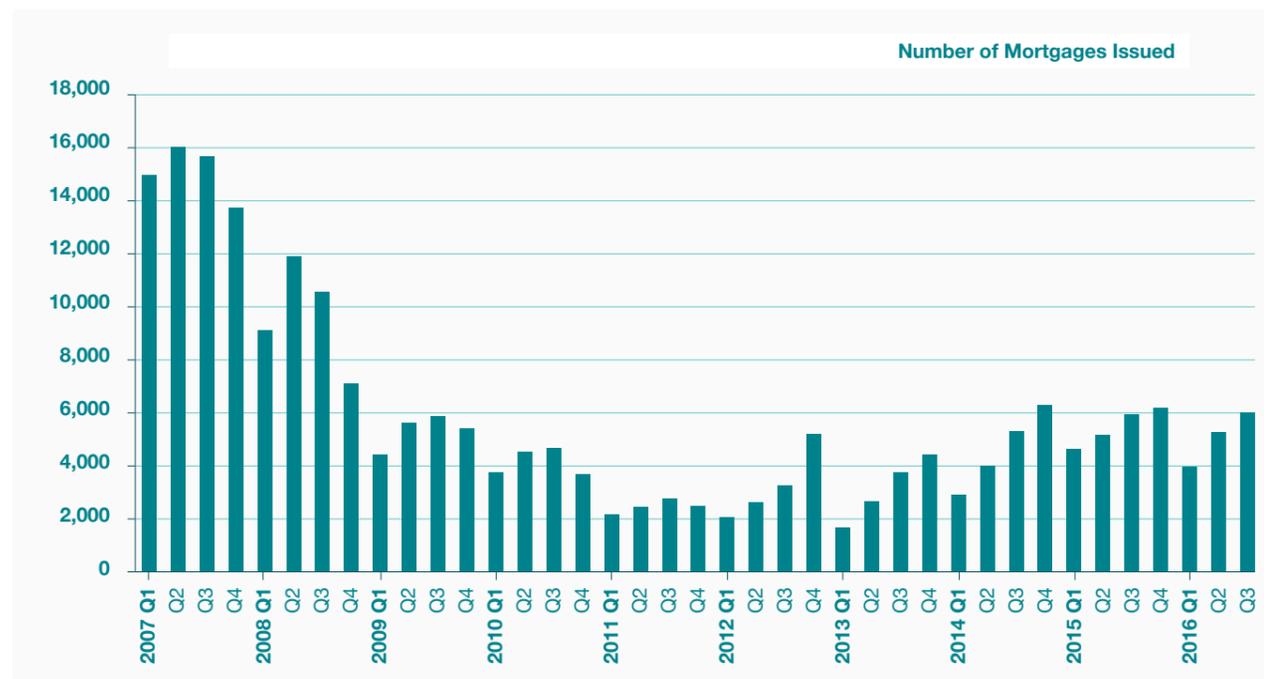
31. www.tradingeconomics.com/united-kingdom/personal-savings

32. US Bureau of Economic Analysis

33. <http://www.tradingeconomics.com/united-states/personal-savings>

Residential Property Sales Quarterly

Number of Mortgages Issued January 2007 - September 2016



Residential property sales slumped in the recession years, reaching an all-time low in 2012, with 21,000 homes sold and 12,696 mortgages issued.

Sales picked up slightly in 2012 and 2013, but 2014 was the first year to see a major lift in the housing market, with 42,441 sales transactions and 19,125 new mortgages issued, an increase of 50% over the prior year.

There were 47,313 homes purchased in 2015, up 12%, despite tighter lending rules. There were 22,767 mortgages issued, accounting for about 50% of transactions.⁴²

There were 30,500 homes purchased in the first three quarters of 2016, 10% lower than the

same period in 2015. Cash-buyers accounted for 46% of transactions, with just 16,343 mortgages issued, up just 2.2% from the same period in 2015. Only 2% of housing stock is changing hands currently, half the EU average, which is indicative of a supply problem.⁴³

There were 1.223 million residential properties sold in the UK in 2014, up 15% on the previous year.⁴⁴ This rose to 1.2 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 2008.⁴⁵

In the US, 5.3 million units were sold in 2014, and increased by a further 7.7% in 2015 for a total of 6 million units.

42. <http://media.myhome.ie/content/propertyreport/MyHome-Property-Report-Q3-2016.pdf>

43. <http://www.irishtimes.com/business/economy/cliff-taylor-irish-housing-market-clearly-still-dysfunctional-1.2734880>

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

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

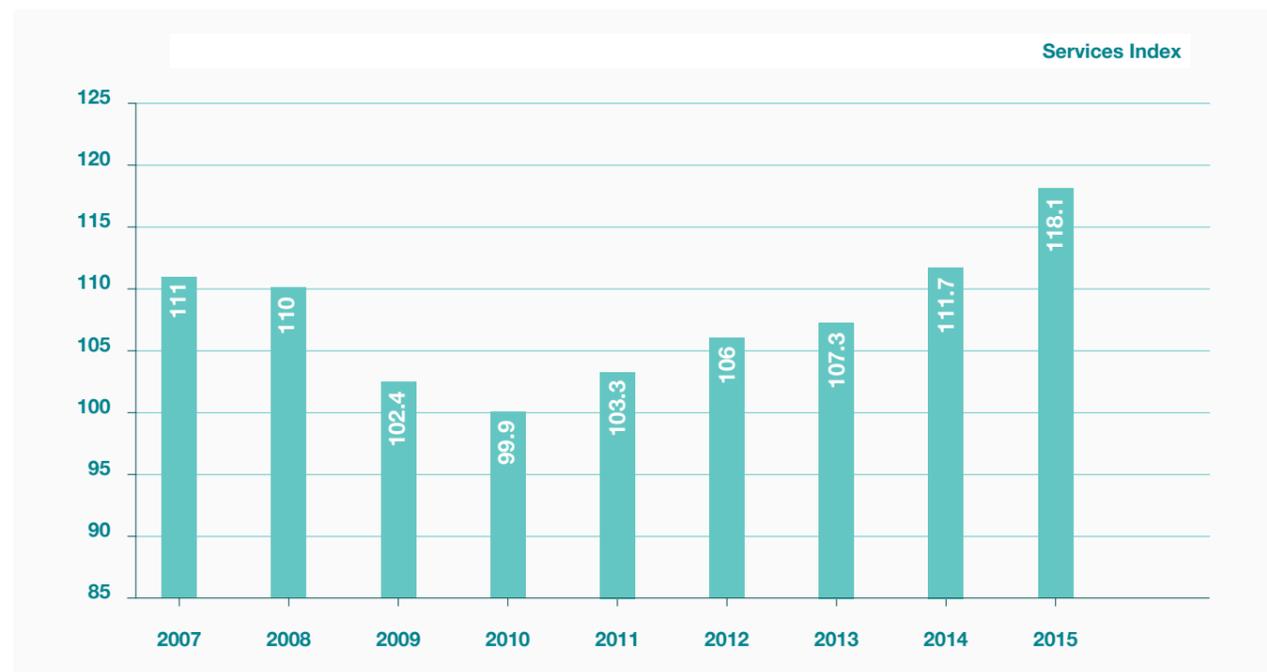


There were 30,500 homes purchased in the first three quarters of 2016, 10% lower than the same period in 2015. Cash-buyers accounted for 46% of transactions, with just 16,343 mortgages issued, up just 2.2% from the same period in 2015.



Services Index Annual

Services Index 2007 - 2015



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.

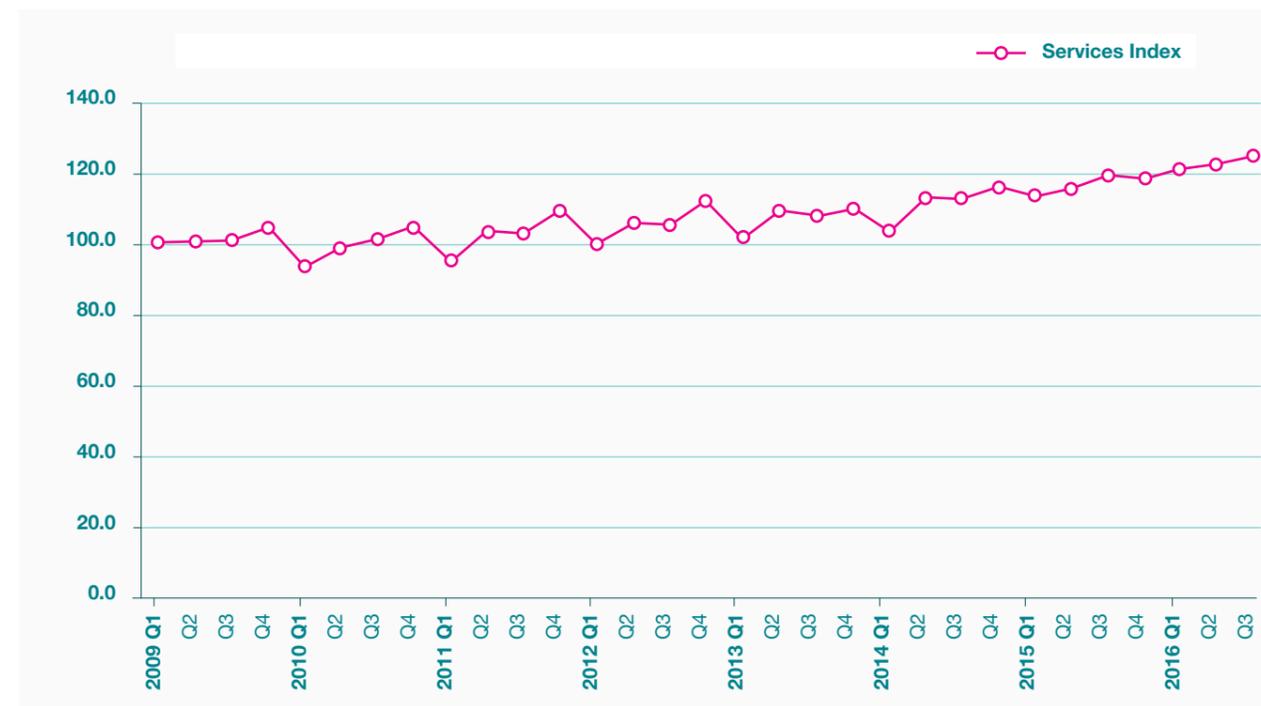
There was considerable variation, however, within the sub-categories, with some performing above the average and others below. Food service and wholesaling did best, with their indices reaching 134 in 2015, 14% better than the service sector as a whole. Accommodation and information/communication fared 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.⁴⁶

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

Services Index Quarterly

Services Index January 2009 - September 2016



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. The sector grew by 4.1% in 2014, and by 5.8% in 2015. This sector is continuing to grow in 2016, up by 5.4% for the year to date, and by 7% for the third quarter, year-on-year.

Following two very strong quarters, the third quarter saw a significant reduction in growth in most categories. Two categories saw strong growth: Information/communications grew by 13%, the motor trade by 9%, and the wholesale trade by 6%.

Less impressive were accommodation, up 1.2%, food and beverage services down 1%, professional, scientific and technical down 4%, administration/support down 13.2%, transport/storage down 1%, and other services down 6%.

The UK Index of Services is estimated to have increased by 2.3% in 2015 compared to 2014.⁴⁷ All of the 4 main components of the services industries increased compared with the same month a year ago.

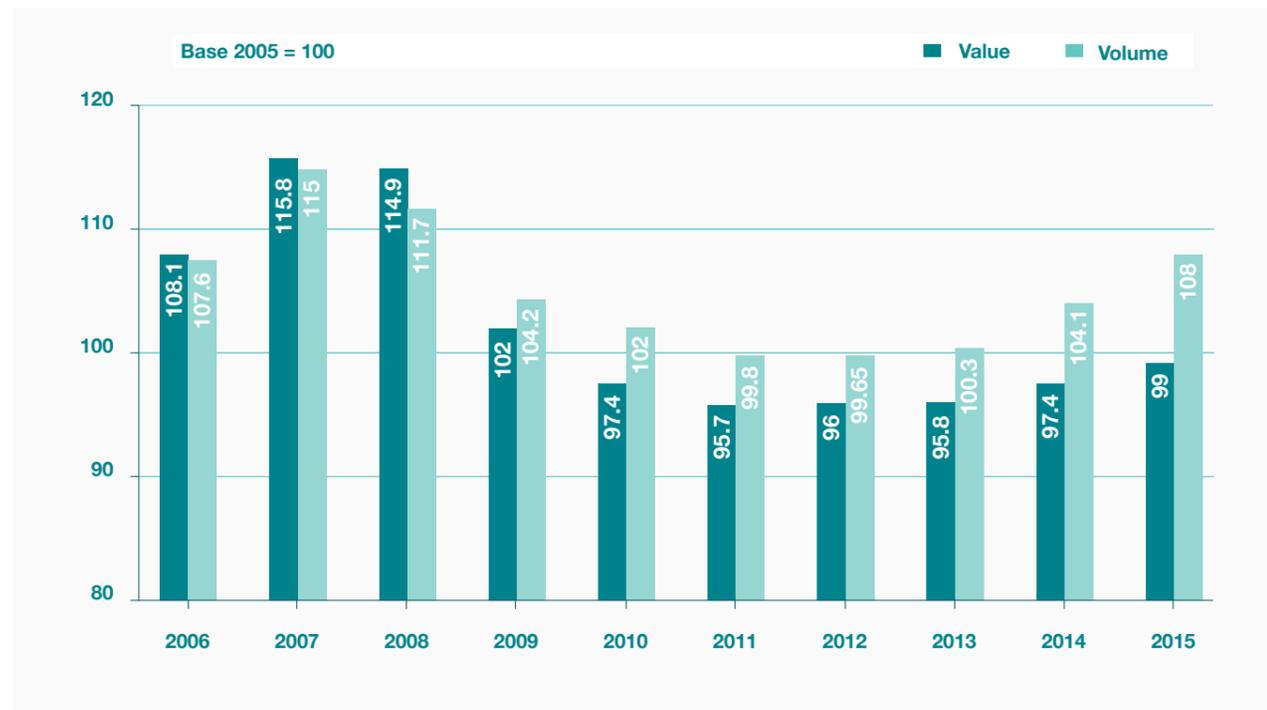
Europe continues to lag behind in terms of growth in the services sector, reporting just 1.4% growth in 2015, and less than 1% in the two previous years.⁴⁸

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

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

Retail Sales Annual

Retail Sales Index 2006 - 2015



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 by 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%. 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 reversed 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 value.⁴⁹

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%.⁵⁰

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

Retail Sales Quarterly

Retail Sales Index January 2007 - September 2016



Retail sales have a major seasonal peak in Nov-Dec, 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 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 2.8%. This growth in sales exceeded the growth in footfall (up 1.6%) providing evidence of a real uplift in spending.⁵¹

Q1 2016 saw a 6.4% increase in volume and a 4.3% increase in value, attributed to the early arrival of Easter⁵² Q2 saw an increase of 4.8%

in volume and 2.3% in value. Volume increased by a slightly lower rate of 3.2% in Q3, and value was up by 1.3%.

Retail sales in the UK grew strongly in 2015, up by 5% in volume and 1% in value.⁵³ Sales in 2016 have been quite robust, despite Brexit fears, up by around 3% in volume in the year to end September, and by a similar percentage in the third quarter since the Brexit referendum.

Retail sales in the US were relatively weak in 2015, up by 2% for the year as a whole, but down by -1% in Q4.⁵⁴ 2016 has been fairly strong, with a 3.4% increase in Q1, 3.8% in Q2, and 3% in Q3.

51. <http://www.irishtimes.com/business/commercial-property/retail-sales-outstrip-footfall-1.2519597>
52. <http://www.businesspost.ie/early-easter-boosts-first-quarter-retail-sales/>
53. <http://www.ft.com/intl/cms/s/0/10a188ec-e99a-11e4-a687-00144feab7de.html#axzz3ZCT7brvf>
54. http://www.census.gov/retail/marts/www/marts_current.pdf



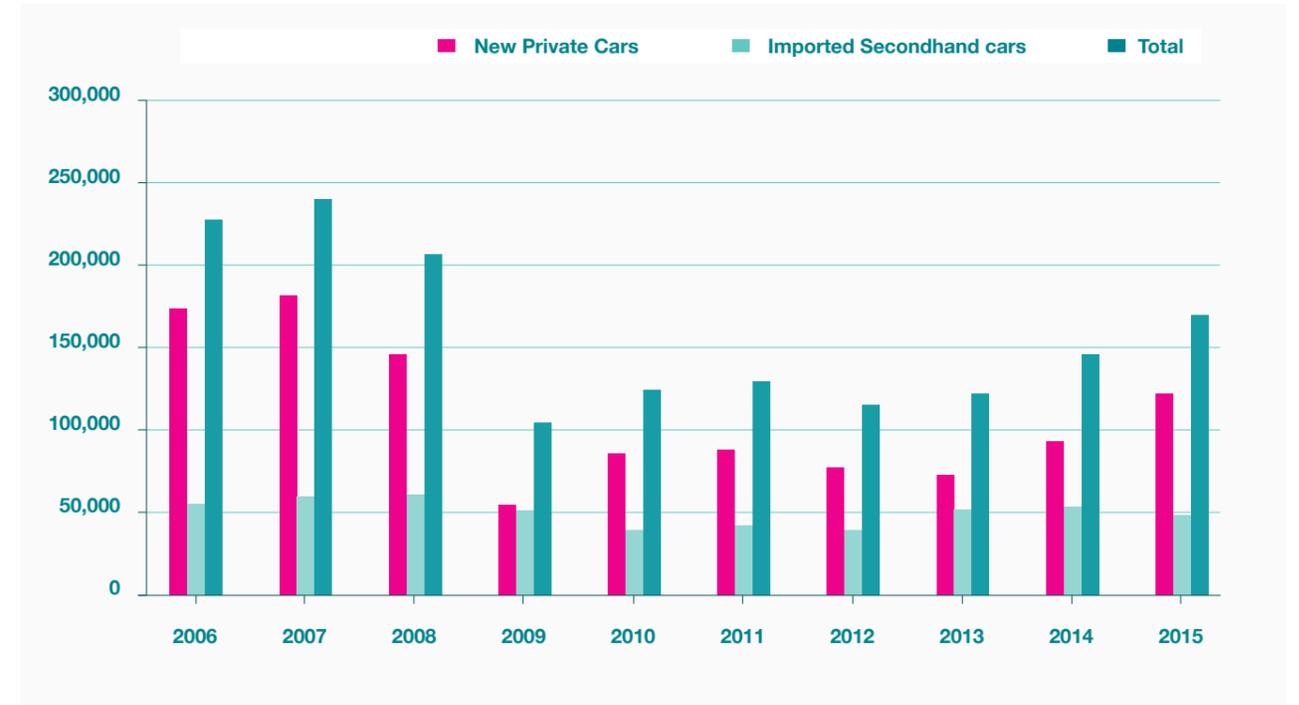
18%

New car registrations for the first three quarters of 2016 totalled 136,044, up 18% year-on-year, suggesting a total for the year of about 150,000. Sales of second hand cars have also been strong, there were 48,700 registrations of imported used cars registered in the first three quarters of 2016, up 35% on 2015.



Sales of Private Cars Annual

Sales of Private Cars 2006 - 2015



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, 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%).⁵⁵

New car sales in the UK reached a 10-year high in 2014, with 2.5 million sold. This was bettered in 2015, with 2.63 million cars sold, up more than 6% on the previous year and better than the 2003 record of 2.58m. New car sales in the EU reached 12.6 million in 2015, up 8.7% on 2014, but still 20% below the level before the economic crisis, when 5.6 million cars were sold annually.⁵⁶

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.⁵⁷

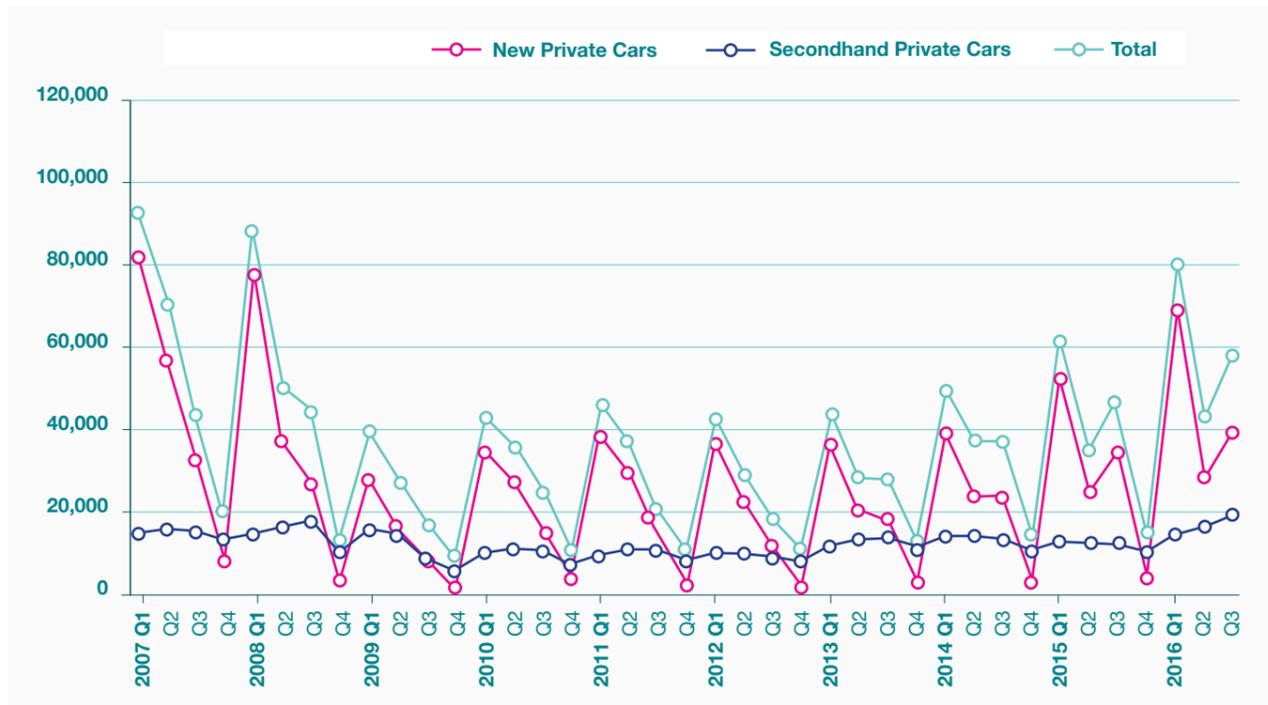
55. www.motorcheck.ie/blog/new-car-sales-2014-up-30-percent/

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

57. 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 Private Cars January 2007 - September 2016



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 year.⁵⁸

There was a major turnaround in 2014, with 92,361 cars sold, a 30% increase. This recovery continued in 2015 with 121,110 sales of new private cars, up 31%.⁵⁹ New car registrations for the first three quarters of 2016 totalled 136,044, up 18% year-on-year, suggesting a total for the year of about 150,000.

Sales of second hand cars have also been strong in 2016. There were 48,700 registrations

of imported used cars registered in the first three quarters of 2016, up 35% on 2015.

New car sales in the UK reached a 10-year high in in 2015, with 2.63 million cars sold, up better than the record set in 2003 when 2.58m cars were sold.

US car sales peaked at 17.4 million in 2005, and bottomed out in 2009 at 10.6 million. Growth resumed in 2010, averaging 4% a year, reaching 16.8 million in 2014, and 17.7million in 2015, exceeding pre-2007 levels.⁶⁰ Car sales are up by 5% again in 2016.



3.2%

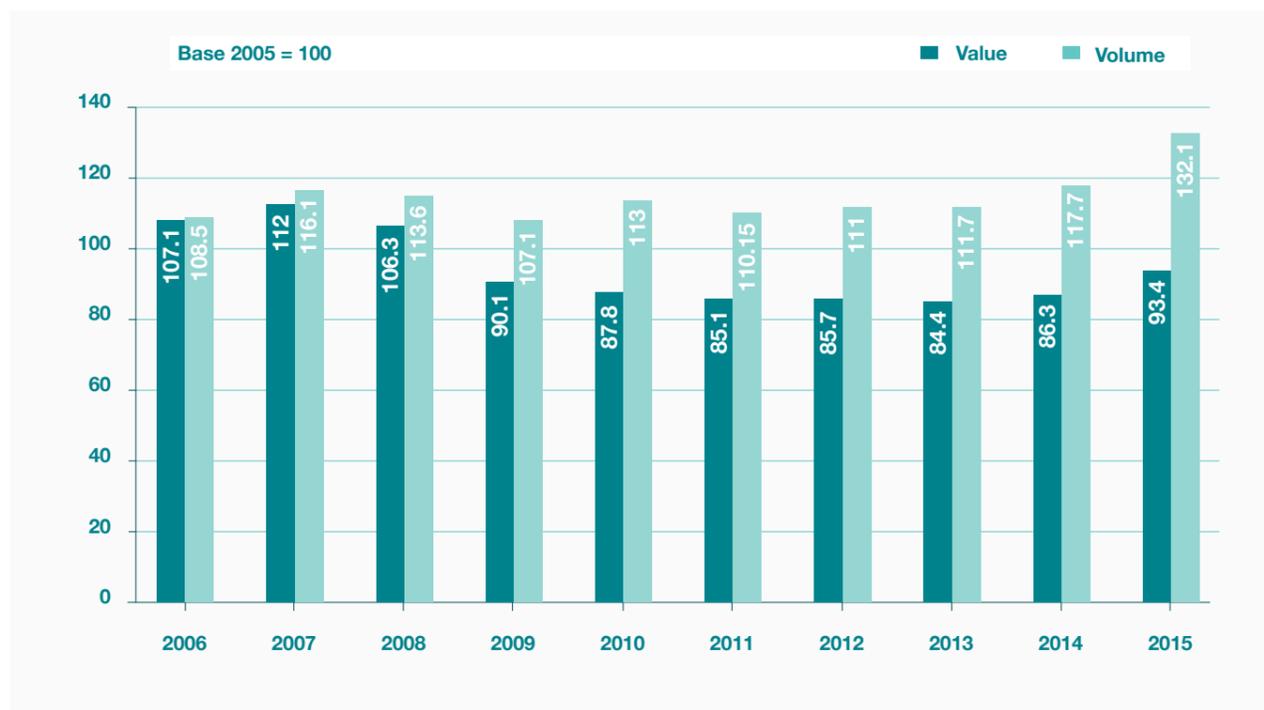
Sales in Q1 maintained an accelerated growth rate, with volume increasing by 10.2% and value by 7.6% compared to the previous year. This rate slowed, however, in recent quarters, averaging a much lower rate of growth of 3.2% in volume and 1.5% in value across both Q2 and Q3.



58. <http://www.rte.ie/news/2015/0811/720529-new-cars-licensed-in-july-up-over-50-on-last-year/>
 59. <http://www.rte.ie/news/business/2015/1016/735186-european-car-sales/>
 60. www.thedailystar.net/business/carmakers-rack-up-big-gains-in-2013-us-sales-5461?archive=2014-01-06

Retail Sales – Department Stores Annual

Department Stores 2006 - 2015



Department store sales increased continuously from 2000 to 2007, with an overall growth of 42% in volume and 49% in value. Sales 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 2013, of 0.5%, while value continued to drop, decreasing by -1.6% year-on-year. Volume increased by 5.5% for 2014, while value increased 2.3%.

2015 saw a significant turnaround, with an increase of 8.8% in volume and 5.6% in value.

The volume sales index now comfortably exceeds the 2007 peak, although sales value remains well below that.

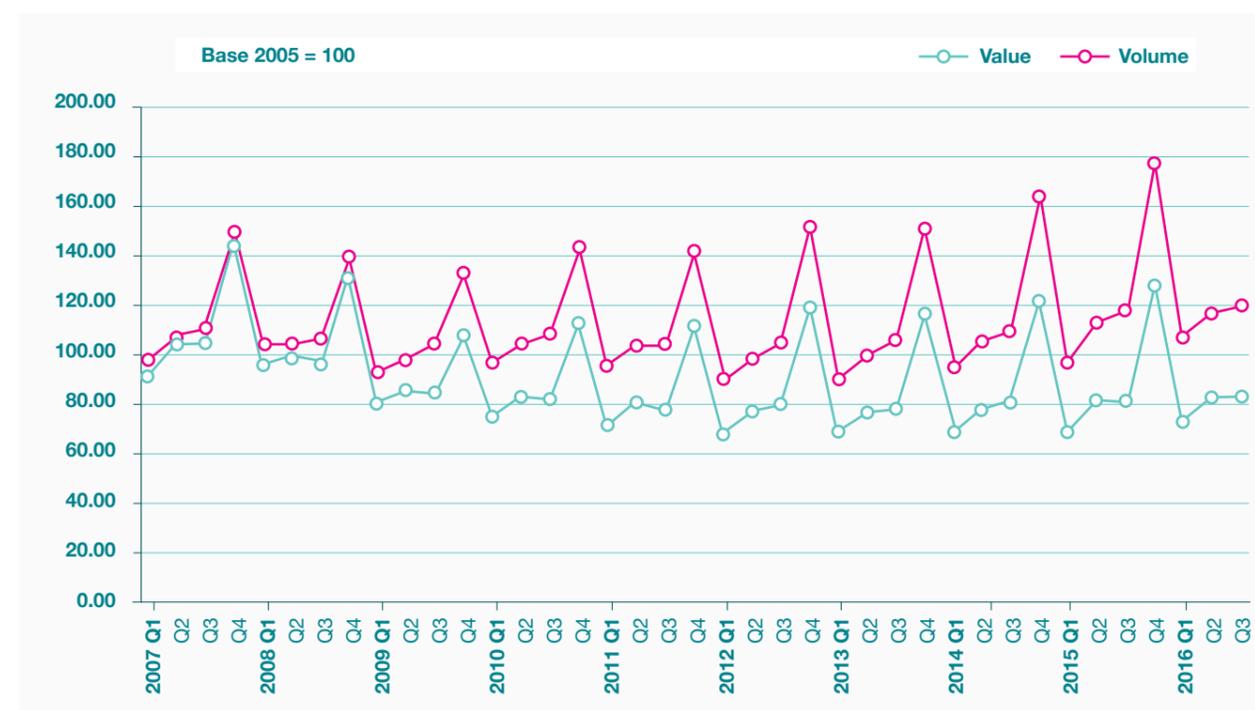
Department store sales were also weak in the UK for several years, with a large drop in 2012, down -8.4% in volume and -6.6% in value. This reversed in 2013, however, and accelerated in 2014 as sales increased 10% in volume and 5.9% in value year-on-year. This growth continued into 2015 with sales volume 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 2014.⁶¹ This downward trend continued into 2015 with sales decreasing -2.06%.

61. <http://www.statista.com/statistics/293195/revenue-of-department-stores-in-the-us/>

Retail Sales – Department Stores Quarterly

Department Stores January 2007 - September 2016



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

Sales recovered 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, up by 7.6 and 4.2% on average.

Sales in Q1 2016 maintained this accelerated growth rate, with volume increasing by 10.2% and value by 7.6% compared to the previous year. This rate slowed, however, in recent quarters, averaging a much lower rate of

growth of 3.2% in volume and 1.5% in value across both Q2 and Q3.

Sales through UK department stores have followed a similar trend, increasing in 2013, and accelerating in 2014, with sales volume up by 8% and value by 7%.⁶² This trend continued in 2015 with sales volume up 7% and value up 5% year-on-year.⁶³ Sales have slowed significantly in recent quarters, averaging 1% in volume and 0% in value over the three quarters of the year.

Department stores have been weaker in the US, with no growth in 2014, following modest declines in each of the previous six years.⁶⁴ 2015 began positively but ended the year down 2.06%. The downward trend continued in Q1 2016, down by 3%, and a further decrease of 7% in Q3.

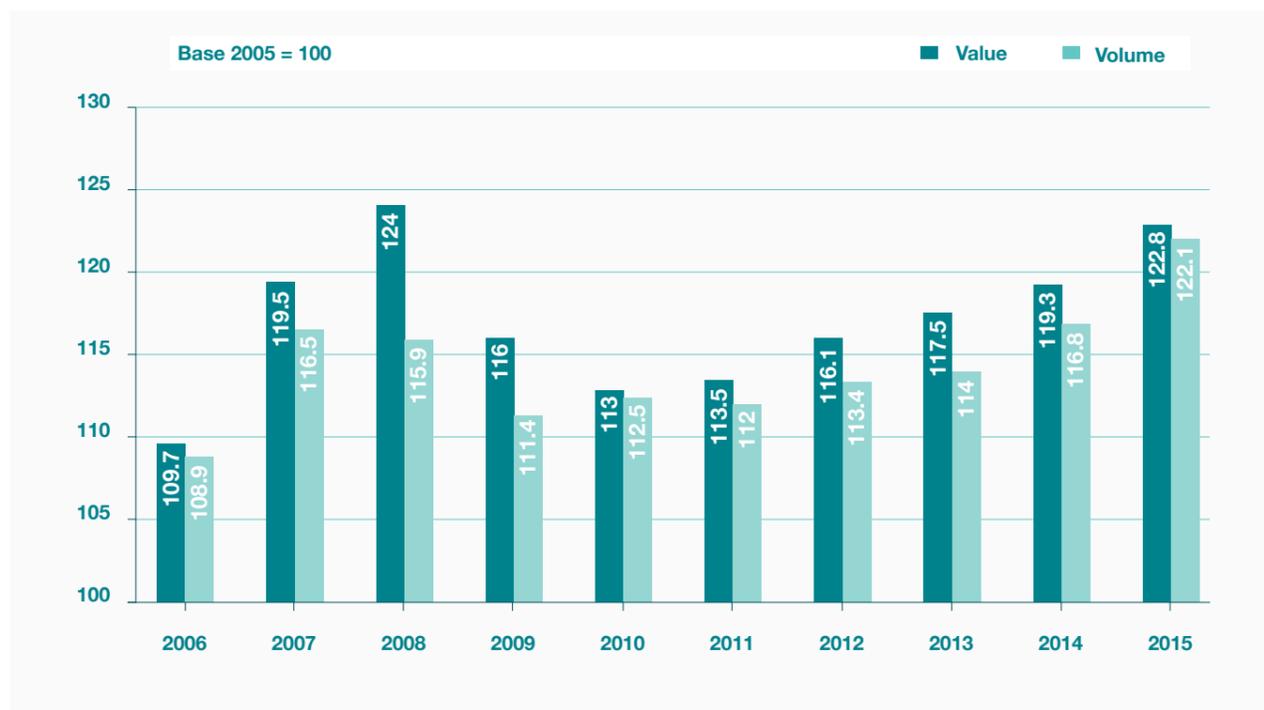
62. <http://www.theguardian.com/business/2014/sep/25/department-stores-john-lewis-house-of-fraser-record-september-sales-surge>

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

64. www.statista.com/statistics/197712/annual-department-store-sales-in-the-us-since-1992/

Retail Sales – Food Annual

Retail Sales - Food 2006 - 2015



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 by 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.⁶⁵ SuperValu have also increased their share to 25%, overtaking Tesco which has 24%, and Dunnes with 24%.⁶⁶

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.

Retail Sales – Food Quarterly

Retail Sales - Food January 2007 - September 2016



Sales of food are normally steady throughout the year with a modest 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 last year.

This continued into the first quarter of 2016. Q1 saw an increase of 5.8% in volume and 5.2% in value. Q2 saw a slight slowdown, with volume

growth of 3.2% and value of 2.2%. This softer growth trend continued in Q3, up 2.9% increase in volume and 2.2% in value.

Food sales in the UK, increased by 3% in volume and 1% in value for 2014. Sales in 2015 were a bit slower, with volume up by 2% year-on-year, while value was constant. 2016 has seen a stronger trend with volume up 5% in the year to date, although value is remaining flat.

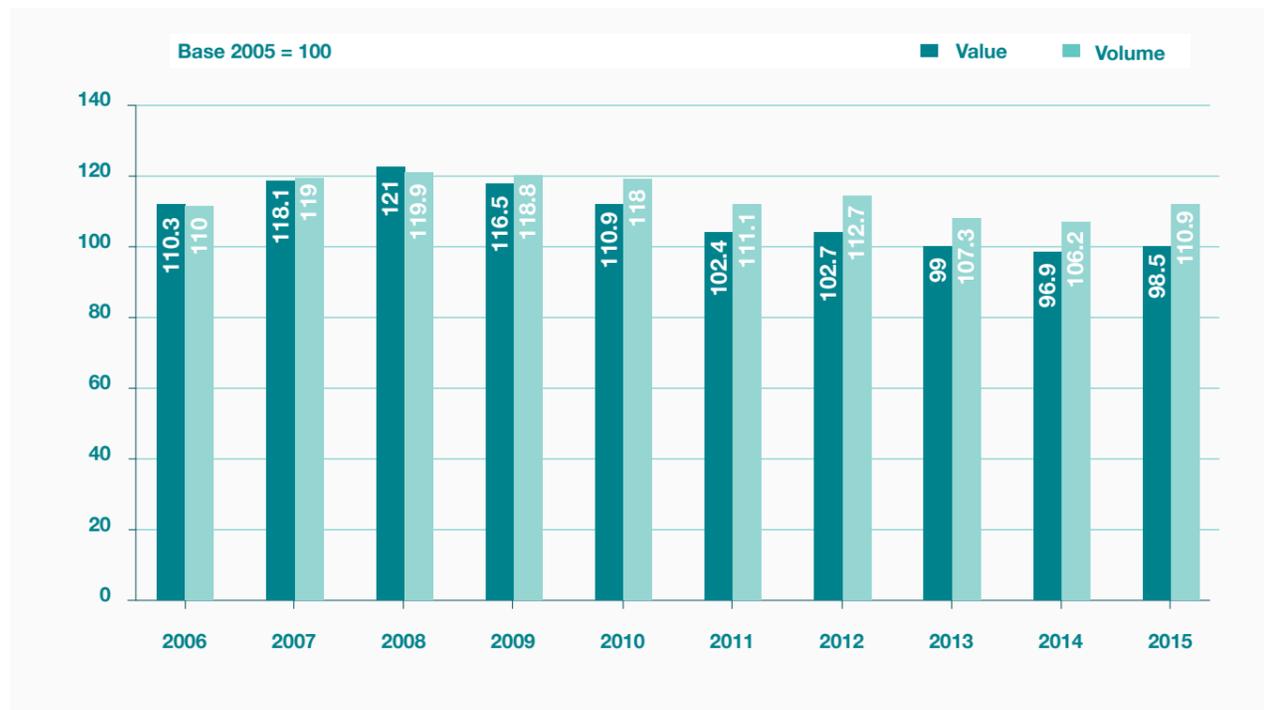
US food retail sales were up 3.5% in 2014 and up by a slightly lower 2.4% in 2015.⁶⁷ 2016 has been more positive, up by about 4% for the first three quarters.

65. www.shelflife.ie/wp-content/uploads/2016/11/KWGH.png
66. <http://www.kantarworldpanel.com/ie>

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

Retail Sales Pharmaceutical, Medical & Cosmetics Annual

Pharmaceutical, Medical and Cosmetic 2006 - 2015



Sales of pharmaceutical, medical and cosmetic goods increased substantially between 2006 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.

Retail Sales Pharmaceutical, Medical & Cosmetics Quarterly

Pharmaceutical, Medical and Cosmetic January 2007 - September 2016



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, growing by 3% in volume and 1% in value, on an increasing trend over the four quarters.

This growth continued into 2016 with Q1 volume up by 6.5% and value up by 3%, the same trend continued in Q2, with an increase of 3.5% in both value and volume. However, Q3 has been weaker, with growth of just 1.5% in volume and 1% in value.

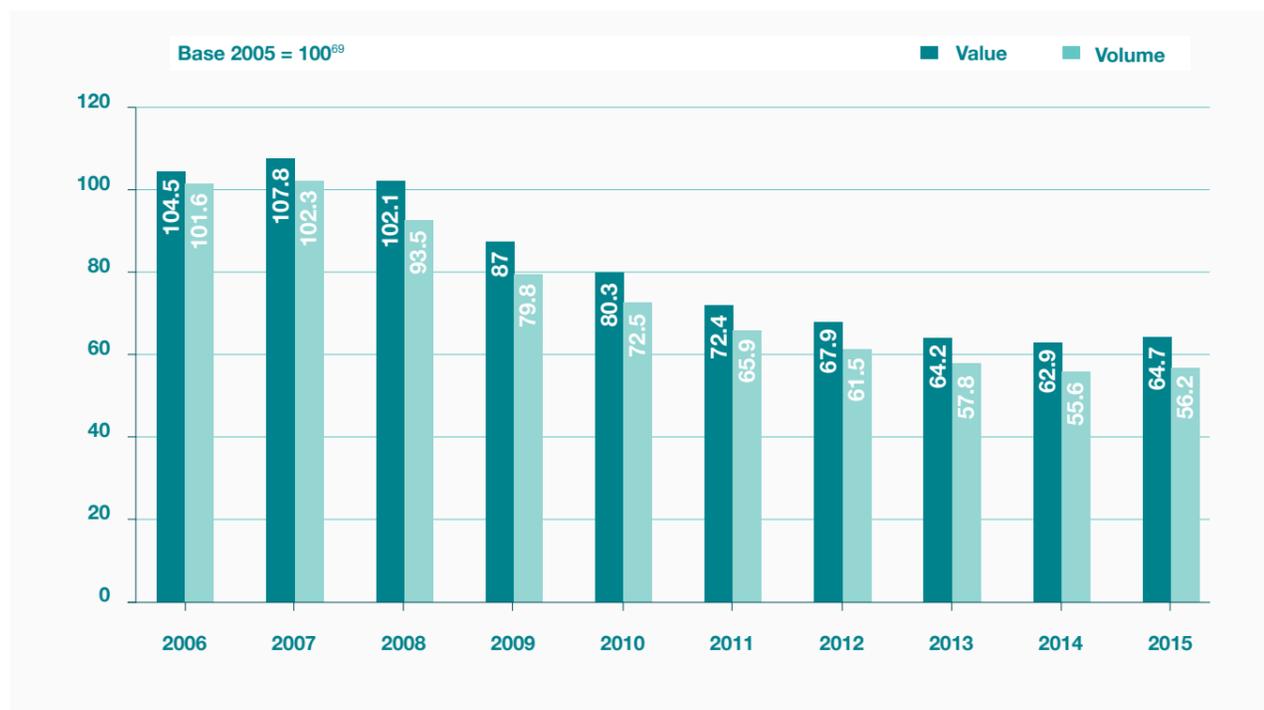
Sales of pharmaceuticals and cosmetics grew strongly in the UK in 2015, with an increase of 5.7% in volume and 4.8% in value. However, this trend is no longer the case as volume has been relatively static while value decreased by 1.3%.

In the US, sales of pharmaceuticals increased by 4% for 2015 and an increase of 3% is forecast for 2016.⁶⁸ An increase of 1.7% was seen in Q2.

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

Retail Sales – Books, Newspapers and Stationery Annual

Retail Sales - Books, Newspapers and Stationery 2006 - 2015



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

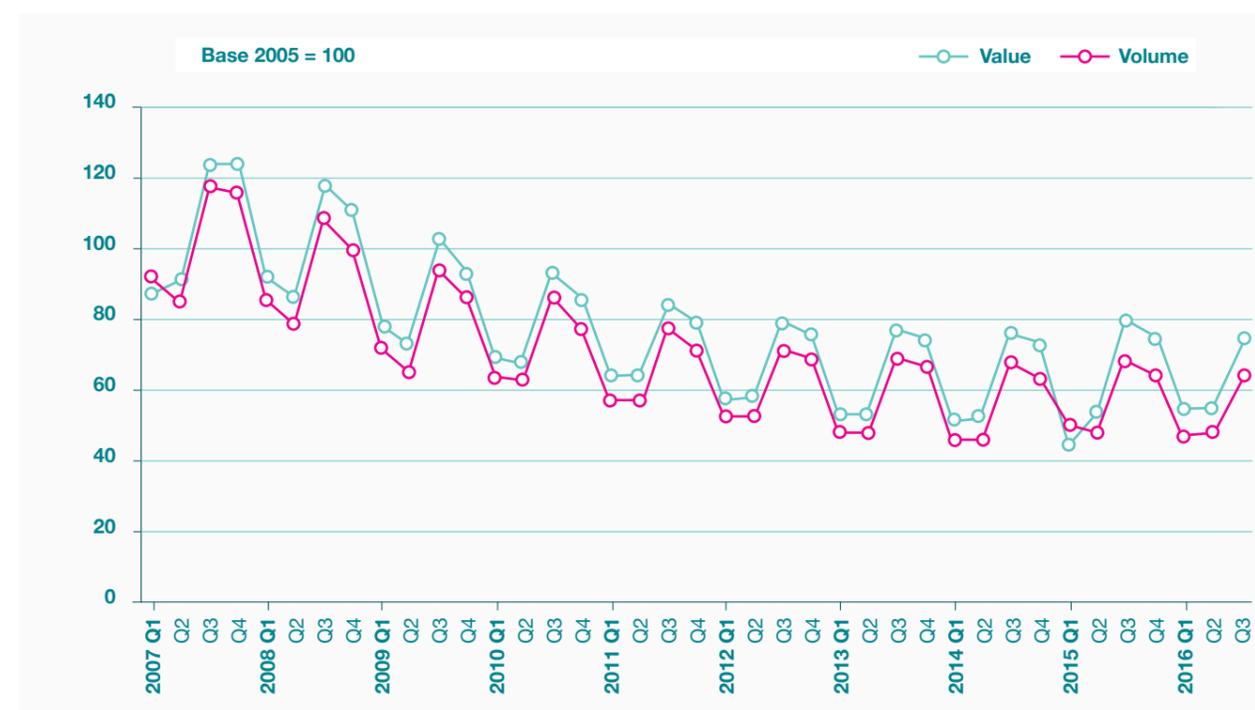
reversed in 2015, with sales volume increasing by 1.1% and sales value by 2.9% year-on-year.

Book sales in the UK continued to fall in 2014 also, due to the ever increasing popularity of e-books.⁷⁰ Volume sales were down -1.9%, with value sales down -1.3%.⁷¹ 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 2014.⁷² Book sales increased by 4.4%.in 2015.

Retail Sales – Books, Newspapers and Stationery Quarterly

Retail Sales - Books, Newspapers and Stationery January 2007 - September 2016



Sales of books and stationery have two peaks each 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. This positive trend continued in Q1 2016, with volume up by 6.5% and value by 7.8%. Q2 saw an increase of 1.8% in value and a 1.5% increase in volume. Unfortunately, that positive

trend has not been sustained, with sales volume down -5.6% and value down 4% in the third quarter.

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, Q1 2016 saw a downward trend again, with volume decreasing 2.7% year-on-year and value decreasing 2.41%. This continued in Q2 with a decrease of 1.8% in volume and 0.8% in value.

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.

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

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

71. Nielsen BookScan

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



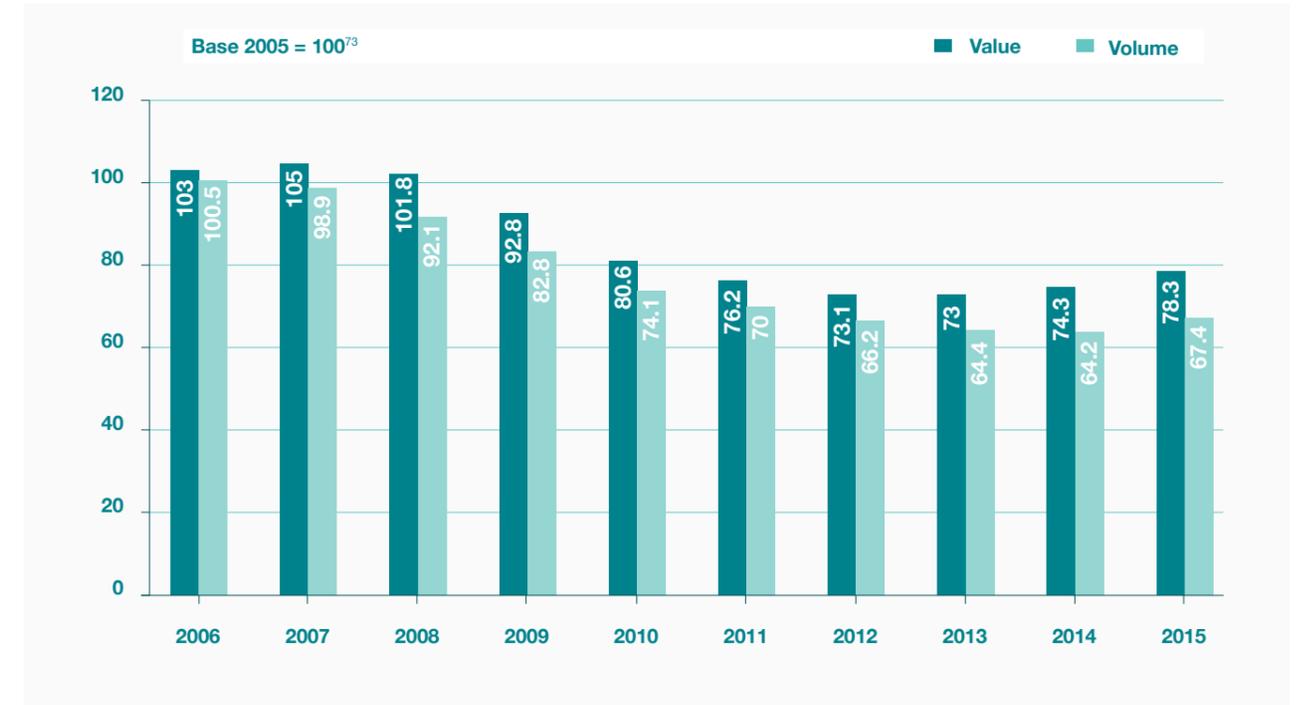
2.6%

Growth continued in Q1 2016, which saw an increase in volume of 7.6% and an increase in value of 8.2%. Q2 brought an even bigger increase, up 6% in volume and 7% in value. Q3 saw a slight slowdown, with volume up 2.6% and value up 3.3%.



Retail Sales – Bars Annual

Retail Sales - Bars 2006 - 2015



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%.⁷⁴

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 decline.⁷⁵ 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 2002.⁷⁶

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

74. Drinks Industry Ireland, 2015

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

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

Retail Sales – Bars Quarterly

Retail Sales - Bars January 2007 - September 2016



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 positive trend which continued in 2015, with sales volume up by 5% and sales value by 5.4% for the year.

Growth continued in Q1 2016, which saw an increase in volume of 7.6% and an increase in

value of 8.2% Q2 brought an even bigger increase, up 6% in volume and 7% in value. Q3 saw a slight slowdown, with volume up 2.6% and value up 3.3%, year-on-year.

Following a decade of decline, UK sales through bars (the on-trade) were almost stable in 2014, down by just -0.8%.⁷⁸ 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%.⁷⁹

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

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



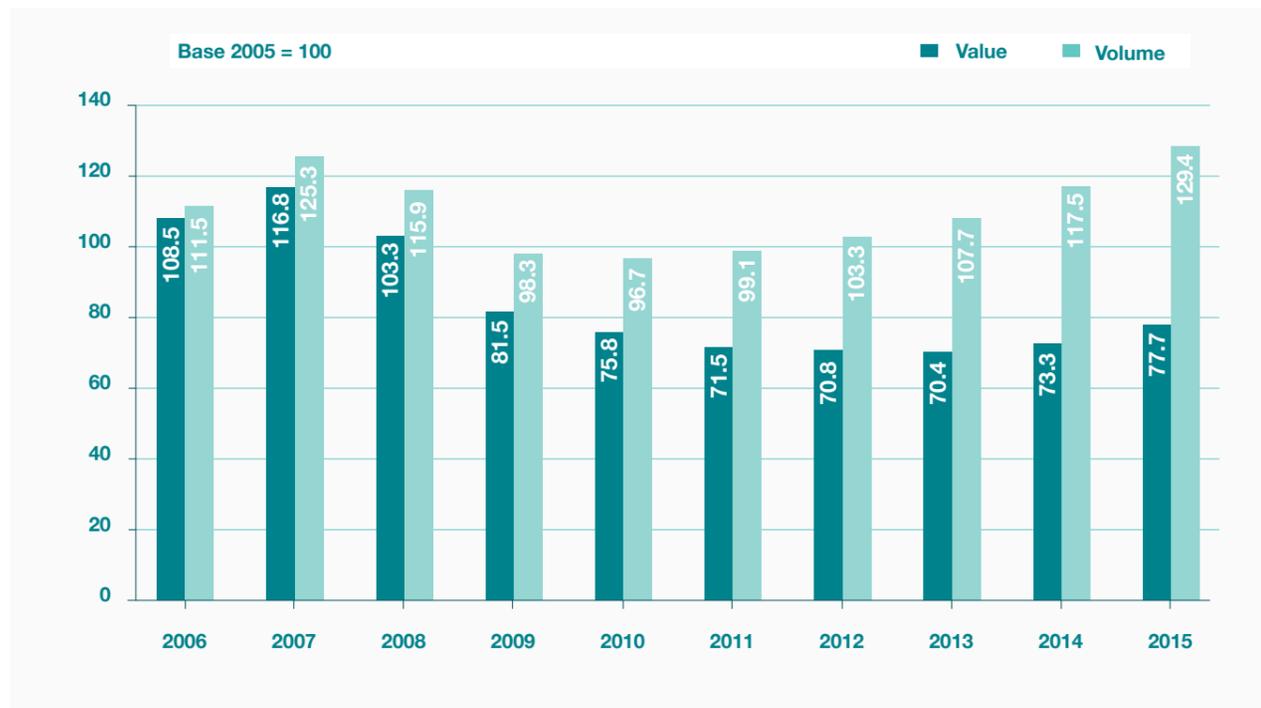
11.2%

Growth is continuing in Q3 with an increase of 11.2% in volume and 6.5% in value. This is by far the fastest growing retail sector at present. Some of the sub-categories are showing even larger increases. In Q3 2016, furniture and lighting were up by 11.9% in volume and 6% in value.



Retail Sales Household Equipment Annual

Retail Sales - Household Equipment 2006 - 2015



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,

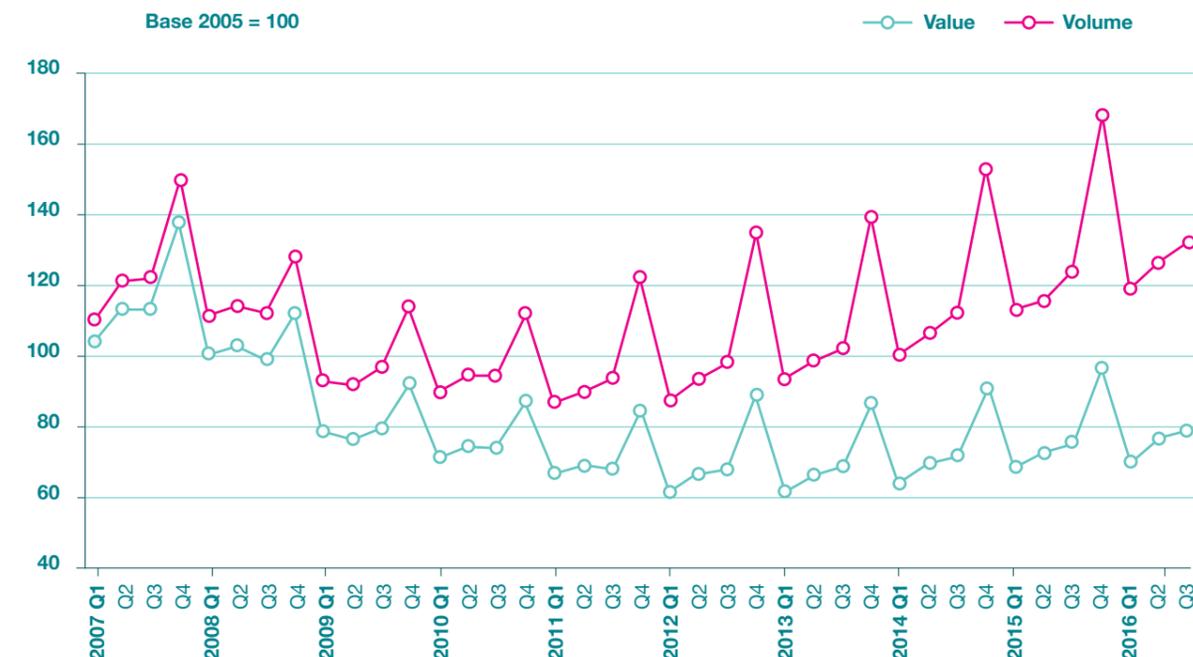
the volume of sales was back to the peak level of 2007, although value was still 22% lower.

Despite the improvement in the UK property market in 2013, sales decreased both in volume and value, by -2.4% and -2.7% respectively.⁸¹ This trend reversed in 2014 with sales up by 7.1% in volume and 6% in value. 2015 saw this positive trend continue, 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 slightly lower rate of increase of 3% in both 2013 and 2014.⁸² This lowered again in 2015, which saw only a 1% increase.

Retail Sales Household Equipment Quarterly

Retail Sales - Household Equipment January 2007 - September 2016



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 at the 2007 level, although value was still 22% lower. The first quarter of 2016 saw this increase continue, with volume up 5% while value increased by 2.9%. Q2 saw an increase of 8.6% in volume and 4.5% in value. Growth is continuing in Q3 with an increase of 11.2% in volume and 6.5% in value.

In fact, this is by far the fastest growing retail sector at present. Some of the sub-categories are showing even larger increases. In Q3 2016, furniture and lighting were up by 11.9% in volume and 6% in value year-on-year, hardware, paints and glass were up by 3.9% and 2.9%, while electrical goods were up 6.9% in volume but down 2.8% in value.

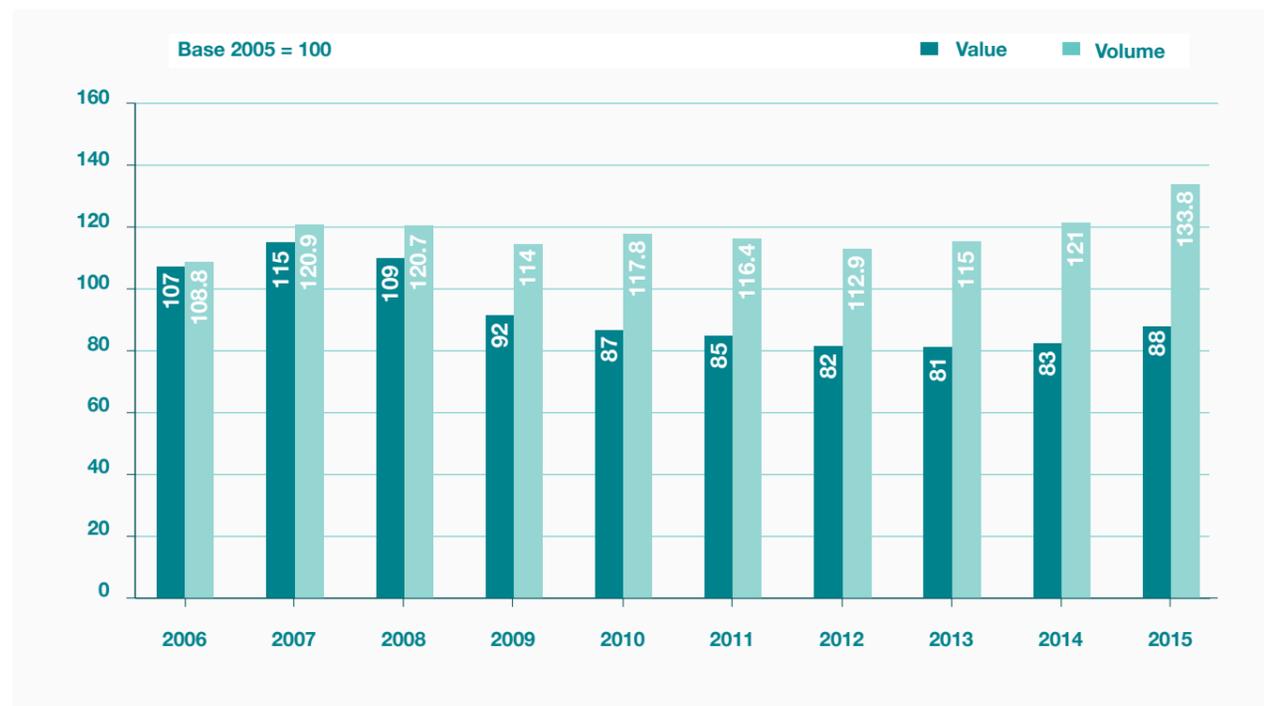
UK sales of household equipment have also been strengthening, up by 8% in volume and 7% in value for 2015.⁸⁴ Growth has slowed this year, with volume up by only 2.2% and value by 1.4% in Q1. This growth continued in Q2, with an increase of 1% in volume and an increase of 2% in value.

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.

81. www.bbc.co.uk/news/business-2574546882. www.postandcourier.com/article/20140124/PC05/140129750/1010/us-home-sales-in-2013-best-in-seven-years84. http://www.ons.gov.uk/ons/dcp171778_428415.pdf

Retail Sales Clothing, Footwear and Textiles Annual

Retail Sales - Clothing, Footwear and Textiles 2006 - 2015



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 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.

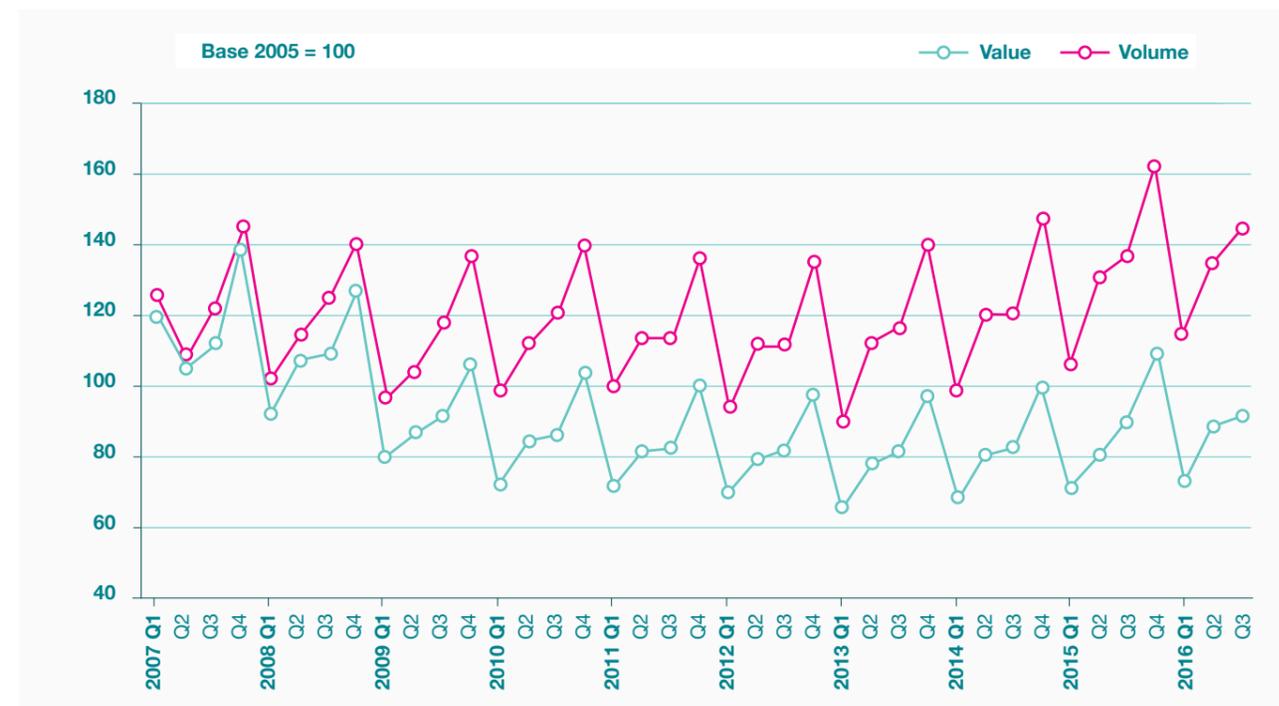
Sales increased more significantly in 2014, with volume up by 5.2% year-on-year, and value up by 2.3%. 2015 saw sales of clothing, footwear and textiles increase significantly. Sales volume increased by 10.6% and sales value by 6.2%.

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.

Retail Sales Clothing, Footwear and Textiles Quarterly

Retail Sales - Clothing, Footwear and Textiles January 2007 - September 2016



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.

Sales volume held up relatively well during the recession, down by just -4% from peak to the end of 2012, although value fell by 26%, due to price discounting. Sales of clothing and footwear showed signs of recovery in 2013, up 3.9% in Q4, with value steady, year-on-year. This recovery continued in 2014, with volume increasing by 5.6% and value by 2.6%.

Sales fluctuated through 2015 with some quarters stronger than others, but averaged a very healthy increase of 8.5% in volume and

5.1% in value. The first half of this year was very strong, but has levelled off a bit this quarter. Q1 saw an increase in volume of 12.2% and an increase in value of 8.7%. Q2 rose by 7.6% and 5.9% respectively. Q3 saw an increase of a slightly lower rate of 3.7% in volume and 2.3% in value.

Clothing sales in the UK have been on a rollercoaster. 2015 saw growth in volume of 3.5%, while value grew by 2.5%.⁸⁷ Q1 2016 saw a dramatic drop in sales of 6.2% in volume and 6.4% in value,⁸⁸ while Q2 saw a rise in volume of 11% and value of 10%.

US clothing sales were more muted, up by about 2% for the full year 2015. Q1 2016 saw an increase of 3.7%, year-on-year, with an increase of 10.4% in Q2.

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

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

The logo for Q3 2016 features the letters 'Q3' in a large, white, outlined font, with the year '2016' in a smaller, white, solid font positioned to the right of the '3'.

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The Marketing Institute is the professional body for Ireland's marketing people, in operation since 1962. With a mission to strengthen the profession of marketing in Ireland, the Institute aims to deliver in three key areas: (1) enhancing professional effectiveness through the provision of insights and expert content; (2) building the community of marketers through access to networks; and (3) providing professional career development to members through training and education. Content, Community and Career are the three themes that underpin all Institute activities.

The Marketing Institute of Ireland

South County Business Park, Leopardstown, Dublin 18, Ireland
Email: info@mii.ie, Web: www.mii.ie

Contact: Gaelle Robert

Email: gaelle@mii.ie

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UCD Michael Smurfit Graduate Business School

University College Dublin, Carysfort Avenue, Blackrock Co. Dublin, Ireland
Email: info@smurfitschool.ie, Web: www.smurfitschool.ie

Contact: Professor Mary Lambkin

Email: mary.lambkin@ucd.ie