



# AIB RETAIL SPEND OUTLOOK REPORT

## Q2 2022

AIB'S DETAILED LOOK AT THE RETAIL SECTOR,  
HIGHLIGHTING TRENDS AND INSIGHTS FOR Q2 2022.



# Retail Trading Stable But Cautious Outlook

## Stable sales performance

In the second of our Retail Spend Outlook Reports we assess the sales performance in the Q2 2022 period across a variety of retail sub-sectors. Overall, the data shows the sector performance as stable with a modest decline in sales numbers of -1%.

This is compared to the same period last year, where it should be remembered for context, that some Covid related restrictions remained into early May. Thankfully, the second quarter this year saw no similar restrictions, and this shows through in the data with some behavioural changes evident as consumers were able to return to in-person shopping versus what was an exclusively online environment for some parts of the sector in the early part of last year.

The increased competition for spend is a continuing factor for the sector, in particular the grocery element,

as it contends with a reopened and reinvigorated food service and hospitality industry, but also across other retail sectors where there is increased spend on experiences and travel.

While the data shows some positive elements, it also suggests an element of caution among consumers, given the current inflationary environment which will likely have an impact on the discretionary spending power and attitudes of consumers as we look forward to Q3.



Alan Makim  
Head of Retail  
Sector AIB





# Industry View

## Return of Occasion Driven Spending

Q2 retail sales saw the return of customers spending on occasions and events. With rescheduled weddings happening this year, clothing and beauty sales bounced back significantly. In particular categories such as cosmetics, dresses, shoes and men's formal wear saw large increases in spending.

Categories that performed well last year such as garden centre and hardware sales have struggled to reach peak 2021 sales, but are well ahead of 2019 figures. Some over-stocking due to delays in shipping and factory shutdowns may see extra discounting to clear stock in Q3.

Many trends have reversed compared to a year ago. As more people returned to the office and hybrid working, the demand for electrical items slowed, and as hospitality has opened up, sales in grocery and alcohol have declined.

As the year has gone on, energy price rises, wage inflation and ongoing supply chain difficulties are beginning to impact discretionary spend, resulting in an uncertain 2nd half to 2022 for retail.

As the quarter came to an end, the summer sales started earlier and further discounts were added to clear stock. Further price increases are expected into the autumn as manufacturing, shipping, energy and labour costs all continue to increase. More government measures will be needed to assist businesses in managing through a difficult trading period.



Duncan Graham  
Managing Director  
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Merchant  
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# Key Trends



**-1%** Overall Retail Spending



**5%** Instore Retail



Merchant Services



# Retail

## Overall Retail -1%

Sales in Q2 2022 for the wider retail sector remained stable, recording a modest 1% decline year on year. The value of instore sales saw an increase of 5% on last year versus a decline of 17% in the online channel. This movement between instore and online spend must be viewed in the context of Q1 2021, where restrictions on some elements of the retail sector were removed in mid-May, allowing greater access to instore shopping.

CHANNEL	YOY
Total	-1%
Instore	+5%
Online	-17%

Category	Value(€)	Instore	Online
Groceries	-2%	-2%	-0%
Electronics	-18%	-2%	-26%
Hardware	-7%	-5%	-10%
Pharmacies	+9%	+11%	+25%
Clothing	+13%	+55%	-18%

The largest subsector by spend is grocery, which saw a modest 2% decline overall. The pharmacy and clothing sectors saw the biggest improvements, while hardware and electronics saw declines of 7% and 18% respectively. Clothing enjoyed the biggest bounce in instore trading as customers had the flexibility to choose the instore experience again. Subsector performance is explored in more detail in the following pages.





# Grocery

## Overall Groceries

The overall grocery sector showed an annual decline of 2% in the quarter. This remains a strong performance given the comparative increase in activity in other foodservice outlets, and greater numbers returning to office environments this year. A number of grocery subsectors are broken out in the first table.

Category	Overall	Instore	Online
Grocery Stores, Supermarket	-2%	-3%	-17%
Florists	-12%	+9%	-27%
Bakeries	+6%	+4%	+29%
Off Licence	-19%	-24%	+5%

The bakery subsector noted a significant upturn in performance, potentially driven by an increased number of social events. Conversely, this increased level of socialising has had a negative impact on off-licence performance, as consumers returned to bars and restaurants in greater numbers.

Looking at the demographics, the under-35 age group saw the biggest declines in both instore and online sales, where it could be assumed that age group has a greater average propensity to return to other foodservice in high volumes more quickly than other age groups on average.

	Instore	Online
Under 35	-9%	-9%
35-54	-2%	+6%
Over 55	+3%	-6%

1 Overall grocery Sector is made up of the following sub-categories: Candy, Nut, and Confectionery Stores; Cigar Stores and Stands; Dairy Products Stores; Florists; Freezer and Locker Meat Provisions; Grocery Stores, Supermarkets; Miscellaneous Food Stores – Convenience Stores and Specialty Markets; News Dealers and Newsstands; Package Stores—Beer, Wine, and Liquor; Pet Shops, Pet Food, and Supplies; Others

\* Combined sub-sector data





# Homeware/Hardware

## Overall Homeware/Hardware -7%

Overall, this group of subsectors (including homewares, hardware and garden centres) saw a 7% reduction on last year, with a 10% reduction in the online channel versus a 5% reduction in the instore channel.

Category	Overall	Instore	Online
Furniture, Home Furnishings	0%	+11%	-13%
Hardware Stores	-32%	-37%	-5%
Nurseries, Lawn and Garden Stores	-18%	+19%	-16%
Floor Covering Stores	+5%	+7%	+1%

	Instore	Online
Under 35	-7%	-19%
35-54	-7%	-12%
Over 55	-2%	+1%

reduction in the instore channel. The biggest reduction has come in the Hardware subsector at -32%, followed by Nurseries, Lawn and Garden Centres at -18% who would have felt the impact of underwhelming weather in the late spring and early summer period.

From a channel perspective, the only subsector to see contrasting performance is Furniture and Home Furnishings, where instore saw an increase of 11% versus a decrease in the online channel of 13%, suggesting that consumers are reverting to more typical behaviour, with instore sales dominating in this subsector as customers want to see and feel these high-value purchases before buying.

\* Combined sub-sector data





# Clothing

Overall Clothing +13%

The last category covered in this report is Clothing (including Department Stores). Overall the category is up 13% on last year, supported by an increase in social events, concerts, festivals and foreign holidays versus this second quarter last year.

Category	Overall	Instore	Online
Shoe Stores	+6%	+47%	-37%
Sports Stores	-1%	+27%	-27%
Clothing	+15%	+58%	-19%
Department Stores	+2%	+12%	-20%

There is also a very significant change in consumer behaviour, with a 55% increase in the instore sales values and a 18% decline in online sales.

	Instore	Online
Under 35	+42%	-25%
35-54	+62%	-14%
Over 55	+62%	-13%

This theme runs consistently through each of the individual subsectors highlighted in the table, and in each of the three age groups highlighted.

\* Combined sub-sector data





## Contact us



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