



# AIB RETAIL SPEND OUTLOOK REPORT

Q2 2024

AIB'S DETAILED LOOK AT THE RETAIL SECTOR,  
HIGHLIGHTING TRENDS AND INSIGHTS FOR Q2 2024.

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# Consumer spend in Q2 2024 broadly in line with the same period in 2023

Overall spend to the retail sector remains stable, marginally down -0.1%

Overall Retail spend modestly contracted in Q2 by 0.1%. This result is driven by a reduction of 0.3% in instore sales and partially offset by increase in online sales of 0.7%. This is the first quarter in over two years of producing our retail card spend report where overall retail spend has not achieved year on year growth. While consumers are purchasing more with the number of transactions up 1.2%, the average value of those transactions reduced by the equivalent amount 1.3% in the Q2 period.

Retail value spend saw incremental growth through 2023 and into Q1 2024, however this growth in the main could be attributed to price inflation. The rate of inflation continues to normalise and stood at 2.2% in June 2024, down from 2.6% in May 2024.

Grocery spend is a key contributor to the overall spend trend in our report. Overall Grocery spend for Q2 increased by 0.6% with instore spend in line with Q2 2023. Consumers carried out more transactions, up 1.6%, but conversely the average size of each transaction was down 1% for the period.

The overall spend to the Hardware / Homeware sector declined by 1.1% with both instore spend and online spend seeing reductions of 1% and 1.4% in Q2. While transaction numbers were marginally down 0.2%, average transaction size reduced by

0.9% in the quarter. This was the third consecutive quarter where card spend was lower against the previous year.

Clothing, Department and Sporting Goods Stores all saw some softening in Q2 with spend down by 1%, 4.8% and 2% respectively for these sectors in Q2 and against the same period in 2023.

AIB macro-economic forecasts point to inflation continuing to normalise, strong employment rates and stable incremental modified domestic demand growth for the rest of 2024 and into 2025 which helps to support consumer capacity to spend in the short term.

While overall consumer spending remains at historically high levels, the cost of doing business including wage inflation and high input costs remain a concern for operators across the subsectors of retail to varying degrees. We will explore the changes within some of the retail sectors and subsectors in more detail through this report.



Ciaran Foley  
AIB Retail  
Sector Specialist



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# Industry View

## Sector Faces Headwinds in Q2 2024 Amid Economic and Environmental Challenges

The AIB Q2 2024 Retail Industry Card Spend Report reveals a cooling retail market in Ireland, with overall spend showing a marginal decline of 0.1% compared to the same period last year. This stagnation reflects a cautious consumer base navigating through economic uncertainties and unfavourable weather conditions.

In-store spending experienced a slight decrease of 0.3%, while online spending saw a modest uptick of 0.7%. This shift towards digital platforms may be attributed to increased discounting strategies by retailers to move unsold stock, as well as changing consumer habits with more people returning to office work.

The grocery sector, a key indicator of consumer spending, has hit a plateau with a mere 0.1% growth in-store. This suggests that inflation-driven price increases have largely subsided in this essential category. However, discretionary spending categories such as clothing, sporting goods, and electronics have seen notable declines, indicating a more prudent approach from shoppers.

Weather patterns played a significant role in Q2's retail performance. The absence of early warm spells, which typically drive summer-related purchases like summer footwear, light clothing, and garden supplies, has dampened sales in these categories.

Interestingly, the pharmacy sector experienced a substantial increase, driven by solid dispensary performance and OTC sales. This growth is attributed to several factors: a surge in antigen test kit sales due to rising COVID-19 cases and consumers stocking up on OTC products. While dispensaries are busy with prescriptions, retail pharmacy sales for non-pharmaceutical items remain flat, reflecting the theme of stagnant discretionary spending.

Looking ahead, retailers face additional challenges, including additional increases in labour costs including further increases in the minimum wage for 2025, additional sick pay and the introduction of pension auto-enrolment schemes.

The erosion of margin for retailers has posed significant challenges also. Retail Excellence is continually advocating for supportive measures in the upcoming October budget to help retailers navigate what has become a challenging industry. The retail landscape is expected to remain flat as we move into the second half of the year.



Jean Mc Cabe  
CEO,  
Retail Excellence





# Key Trends





# Retail

## Retail -0.1%

Year on year sales by value for the wider retail sector decreased in Q2 2024 by 0.1%, driven by a blend of decreased instore sales of 0.3%, and marginal increased online sales of 0.7%, versus the same period in 2023. Price inflation was less of a contributing factor to the spend trend in Q2 2024. Consumers carried out more purchases in the period up 1.2% however the average size of each transaction was down 1.3% resulting in a

CATEGORY	OVERALL	INSTORE	ONLINE
Groceries	0.6%	0.1%	7.5%
Electrical goods	-1.6%	-3.0%	-0.7%
Homeware Hardware Garden centres	-1.1%	-1.0%	-1.4%
Pharmacies	6.3%	5.6%	18.6%
Clothing	-1.0%	-0.7%	-1.4%
Department store	-4.8%	-7.8%	5.6%
Sporting good stores	-2.0%	-0.3%	-4.1%
Jewellery	1.0%	0.5%	2.5%

modest overall value spend decline. As can be seen in the adjacent table, spend by value decreased for five of the eight sectors with grocery, pharmacy and jewellery achieving spend growth. The three growth sectors had spend increases across instore and online spend channels albeit modest growth for instore grocery and jewellery spend.

Spending in the Pharmacy sector saw increases in the first two quarters of 2024. While online sales achieved double digit growth against Q2 2023, online represents less than 7% of total spend in the pharmacy sector. Non-discretionary sectors such as grocery and pharmacy continue to see sticky incremental spend growth.

The sectors which saw Q2 spend declines have similar characteristics. While each sector has varying discretionary and non-discretionary components these sectors would be in the main considered non-discretionary sectors. The declines in each of these sectors while modest points to consumers having to spend more in the quarter on essential items.



For the purposes of this report, we've used our data across these eight categories to analyse retail spend trends



# Groceries

## Overall Grocery 0.6%

When referring to the grocery sector we are discussing the retail categories listed in the table below. The grocery sector saw a Q2 2024 spend value increase of 0.6% with both instore and online sales channels seeing increases of 0.1% and 7.5% respectively. The number of transactions in the quarter increased by 1.6% with instore transactions up 1.6% and online transactions up 7.1%. Online sales represented 7.7% of total grocery spend in Q2 2024.

CATEGORY	OVERALL	INSTORE	ONLINE
Grocery stores, Supermarket	1.4%	0.8%	13.7%
Pet food & Supplies	19.7%	29.9%	0.4%
Miscellaneous food stores	-3.9%	-4.5%	0.5%
Off licence	-5.2%	-3.8%	-9.6%
Florists	-4.9%	-5.8%	-3.9%

Spend across the Pet Food and Supplies category is buoyant in Q2 following growth in Q1 and the same periods in 2023. Increased average transaction size coupled with increased instore visits and the addition of some new store openings in the sector in 2024 have driven double digit spend growth in the quarter against 2023.

Miscellaneous food stores which is made up of convenience stores and speciality markets saw value spend fall by 3.9% in Q2 2024. While the number of transactions in this category increased by 3% for instore and 2.4% online, the average transaction size decreased by 6.7%.





# Homeware/Hardware

## Overall Homeware/Hardware -1.1%

Overall, this group of subsectors (including home supply stores, hardware stores, nurseries, lawn and garden centres, floor covering stores and lumber, building material stores) saw a 1.1% decrease in value spend in Q2, with a 1.0% decrease in the instore channel along with a 1.4% decrease in the online channel. Total number of consumer purchases was behind modestly by 0.2% against the same period in 2023. Three categories, furniture, home furnishings, hardware stores and lumber, building material stores make up the majority of spend to this sector.

CATEGORY	OVERALL	INSTORE	ONLINE
Furniture, Home furnishings	1.2%	0.8%	1.8%
Hardware stores	-3.0%	-1.3%	-8.0%
Nurseries, lawn and Garden stores	-7.4%	-8.7%	-2.7%
Floor covering stores	-11.3%	-15.7%	-4.2%
Lumber, Building material stores	8.4%	10.1%	6.3%
Home supply stores	-5.9%	-4.6%	-13.9%

Spend in the furniture, home furnishings sector was up 1.2% in Q2 driven by increased numbers of transactions instore and online of more than 5% however average transaction size declined 3.7% in the period.

Hardware store spend declined by 3% for the period. Transaction numbers stay flat with average transaction value spend declining by 3.3%. Online sales represented 24% of sales for the period.

Spend in the Lumber & Building Materials Stores category increased by 8.4% driven by growth across both online and instore channels.





# Clothing / Department Stores / Jewellery

## Overall Clothing -1.0%

This category of subsectors (including shoe stores, sports & riding apparel stores, family clothing stores, men’s, women’s clothing stores and women’s ready-to-wear stores) saw an overall decrease in value spend of 1.0% for the quarter.

CATEGORY	OVERALL	INSTORE	ONLINE
Shoe store	-11.7%	-17.5%	2.7%
Sports & Riding Apparel Stores	4.3%	2.3%	6.0%
Family clothing stores	5.7%	4.1%	9.7%
Men’s women’s clothing stores	-6.0%	-2.6%	-9.3%
Women’s ready to wear stores	-6.1%	-7.7%	-3.4%

CATEGORY	OVERALL	INSTORE	ONLINE
Department store	-4.8%	-7.8%	5.6%

CATEGORY	OVERALL	INSTORE	ONLINE
Jewellery	1.0%	0.5%	2.5%

**Clothing** - Family Clothes and Sports & Riding Apparel stores saw spend rising in Q2 by 5.7% and 4.3% respectively. In contrast shoe stores saw the largest category spend decline down 11.7%, with men’s and womens stores showing declines of 6.0% and 6.1%. A reduced number of transactions was the common driver for reduced spend.

**Overall Department stores -4.8%** - Department stores spend was down for the period driven by reduced instore spend likely impacted by poor weather conditions affecting footfall. Online represented 22% of spend in Q2.

**Overall Jewellery 1.0%** - Card spend on jewellery saw growth across instore and online sales channels in Q2 2024, following on from increases seen in Q1 2024.





## Contact us



**Ciaran Foley**

AIB Retail Sector Specialist

**T:** 087 056 3880  
**E:** [ciaran.c.foley@aib.ie](mailto:ciaran.c.foley@aib.ie)



**Caoimghin McLoughlin**

AIB Retail Sector Specialist

**T:** 087 220 6140  
**E:** [caoimghin.x.mcloughlin@aib.ie](mailto:caoimghin.x.mcloughlin@aib.ie)



**Darren Flanagan**

Head of SME Payment Consultants  
and Direct Partnerships,  
AIB Merchant Services

**T:** 086 029 7680  
**E:** [darren.flanagan@aibms.com](mailto:darren.flanagan@aibms.com)



**Jonathan Mahon**

SME Director,  
AIB Merchant Services

**T:** 086 130 1932  
**E:** [jonathan.mahon@aibms.com](mailto:jonathan.mahon@aibms.com)



**Jean McCabe**

CEO  
Retail Excellence Ireland

**T:** 065 68 469 27  
**E:** [jean@retailexcellence.ie](mailto:jean@retailexcellence.ie)

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