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AIB retail spend outlook report

Q4 2024

AIB's detailed look at the retail sector,
highlighting trends and insights for Q4 2024.

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Consumer spending to Retail Sector increases by 2.9% for Q4 2024

Increased consumer spending over Christmas helped drive overall increase in Q4 2024.

Our card spend data for the Christmas week (18th Dec – 24th Dec) showed an increase in overall value spend of 3% against the same period in 2023. The increase was very much driven by instore sales increasing by 4.8% with online sales actually down 9.1% against Christmas week 2023. For the month of December, card spend was up for both instore and online spend which suggests consumers purchased online earlier in the month when compared to 2023, potentially driven by consumer supply chain concerns following the adverse weather conditions caused by storm Darragh.

Comparing retail card spend data for Q4 against the same period in 2023, spend value and spend volume was up 2.9% and 2.6% respectively. A positive trend for bricks and mortar retailers in the period saw instore sales increasing 3.3% by value and 2.8% by number of instore transactions. The last quarter of 2024 saw consumers spending more instore in grocery stores, pharmacies,

hardware and homeware stores, and clothing stores. Consumers bought less in electrical goods stores, department stores and sporting goods stores when compared to Q4 2023. Online sales in Q4 by volume of transactions was in line with the same period in 2023.

In Q4, consumers continued to spend the most on groceries which is well ahead of any other retail subsector. After groceries which has the highest value and volume spend, the next highest spend by value was to the homeware / hardware subsector. Based on number of transactions, the clothing sector followed by pharmacies were the sectors consumers transacted most in, in Q4.

For many retailers, 2024 has been a challenging year with costs of doing business significantly higher than in previous years. While the rate of inflation reached more normalised levels in 2024, it follows a heightened inflationary environment over the

past two years which has resulted in a more discerning consumer. The tailwinds for the retail sector are the underlying strength of the economy, high employment rates and a post budget improved average disposable income. The consumer spend growth rate evident over the past 12 months has not shown signs of slowing in the latest quarter which is a positive indicator for the retail sector for the year ahead.



Ciaran Foley
AIB Retail
Sector Specialist



Industry View

Retail Growth Figures Mask Underlying Sector Challenges

The Q4 2024 retail performance data shows a 2.9% increase in consumer spending, influenced by multiple factors, including the government's social welfare bonus package issued in December, strong employment rates, and retailers' strategic adaptations to changing consumer behaviours.

Christmas week trading demonstrated a significant return to physical retail, with in-store spending rising 4.8% while online declined 9.1%. The peak shopping day of December 20th reflected strong consumer confidence, suggesting that a combination of improved disposable income, delivery uncertainty from Holyhead, and consumer preference for in-store experiences drove spending patterns.

Sector performance varied notably. Grocery stores showed steady growth of 3.3%, with miscellaneous food stores up 5.5%. The homeware and hardware category revealed contrasting results: lumber and building materials experienced substantial growth with 51.1% higher in-store sales, while hardware stores faced a 4.2% decline in combined sales. Fashion retail similarly showed mixed performance, with sports and riding apparel growing 7.7% against shoe stores' 6.7% decline.

Department stores' performance highlighted ongoing channel evolution, with online sales surging 23.3% while in-store sales dropped 10.8%, resulting in a Q4 decline of 1.6%. This divergence reflects the complex interplay between changing consumer shopping preferences and broader economic factors.

Looking toward 2025, while the retail sector maintains cautious optimism supported by strong employment rates and normalising inflation, significant uncertainties loom. The political landscape across the Atlantic adds a layer of complexity to Ireland's economic outlook, potentially impacting consumer confidence and spending patterns into 2025. This international context suggests retailers must remain highly adaptive in their strategies while carefully monitoring consumer sentiment and spending behaviours throughout the year.



Jean Mc Cabe
CEO,
Retail Excellence



Key Trends

↑ **3.3%**

Instore Retail

↑ **2.9%**

Overall Retail
Spending

↑ **1.7%**

Online Retail



Retail

Retail +2.9%

Year on year sales by value for the wider retail sector increased in Q4 2024 by 2.9%, driven by a blend of increased instore sales of 3.3% and 1.7% increase in online sales versus the same period in 2023. Total transaction numbers rose by 3.8% with average spend per transaction remaining stable in the period pointing to normalizing price inflation.

As can be seen in the table below, spend by value increased for five of the eight sectors with electrical goods, department stores and sporting goods stores seeing a decline against Q4 2023.

Spending to the non-discretionary categories of grocery and pharmacy has increased in each of the four quarters in 2024 versus 2023 driven in the

main by increased instore sales. The number of instore transactions increased by 3.2% and 6.3% for the grocery and pharmacy sectors respectively.

The performance of the jewellery sector bucked the trend over the previous quarters achieving growth across both instore and online sales.

Similar spend declines were seen across department stores, electrical goods and sporting good stores albeit all quite different subcategories of retail. While each of the categories saw declines in the number of transactions, electrical goods was the only category to see average transaction value increase.

Year on Year Quarter Comparison

Category	Overall Spend	Instore	Online
Groceries	3.6%	3.2%	7.4%
Electical goods	-1.8%	-7.8%	2.6%
Hardware store	4.0%	7.7%	-1.9%
Pharmacies	6.5%	6.3%	8.8%
Clothing	2.8%	6.5%	-1.8%
Department store	-1.6%	-10.8%	23.3%
Sporting goods stores	-6.2%	2.2%	-13.9%
Jewellery	6.9%	5.0%	11.9%

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



Groceries

Overall Grocery +3.6%

When referring to the grocery sector we are discussing the retail categories listed in the table below. The grocery sector has seen stable incremental growth through 2024 continuing into Q4. Consumer spend to the sector increased by 3.6% in the quarter with both instore and online sales seeing increases of 3.2% and 7.4% respectively. The number of transactions in the quarter increased by 3.6% with instore transactions up 3.1% and with online transactions up 9.6%. Online sales represented 3.2% of total grocery sales in the quarter.

In Q4 spend across the Pet Shops, Pet Food and Supplies category continued its increased spend performance following a buoyant Q3 period against 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 increase by 5.5% in Q4 2024. While the number of transactions in this category increased by 7.6% instore, the average transaction size decreased by -1.6% pointing to possible price deflation or consumers looking for greater value per transaction.

Spend to the Off Licence category was down 5.2% in the quarter against Q4 2023. Consumers spent less during Christmas week (18th - 24th December) compared to last year by 6.6% which was a factor in the Q4 decline

Category	Overall Spend	Instore	Online
Grocery Stores	3.3%	2.9%	11.8%
Miscellaneous Food Stores	5.5%	5.3%	6.5%
Pet Shops and Supplies	21.2%	31.5%	1.5%
Off License	-5.2%	-5.4%	-4.6%
Bakeries	0.3%	-1.2%	14.0%



Homeware/ Hardware

Overall Homeware / Hardware +4%

Overall, this group of subsectors (including furniture stores, home supply stores, hardware stores, nurseries, lawn and garden centres, floor covering stores and lumber, building material stores) saw a 4.0% increase in value spend in Q4, with a 7.7% Instore sales increased by 7.7% with online sales seeing some decline of 3.0% 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.

In Q4, consumers spent more on furnishing the home with both the furniture and home supply categories seeing increased growth in the quarter. Spend to the floor covering stores was down 9.9% in the quarter driven by a decrease in instore

spending. The number of transactions carried out was down also in the period pointing to some drop in demand against the same time last year.

Hardware store spend declined by 4.2% in Q4. Transaction numbers remained flat with average transaction value declining by 5.3%. Spend has been behind in each of the quarters of Q4 2024 when compared to 2023 for this category.

Spend to the Lumber & Building materials Stores category increased significantly in the period driven by growth across both online and instore channels. This significant increase is likely driven in part by the increase in new residential housing commencements in ROI in 2024 vs 2023.

Category	Overall Spend	Instore	Online
Furniture, Home Furnishings etc	4.0%	4.8%	2.8%
Hardware Stores	-4.2%	-0.4%	-15.7%
Nurseries, Lawn and Garden Supply Stores	8.6%	8.7%	8.3%
Floor Covering Stores	-9.9%	-12.9%	-5.2%
Lumber, Building Materials Stores	36.8%	51.1%	20.9%
Home Supply Warehouse Stores	5.0%	5.3%	3.4%



Clothing / Department Stores / Jewellery

Overall Clothing +2.8%

This category of subsectors (including shoe stores, sports and riding apparel stores, family clothing stores, men's, women's clothing stores and women's ready-to-wear stores) saw an overall increase in value spend of 2.8% for the quarter.

Clothing - Sports and riding apparel and family clothing stores saw spend rising in Q4 by 7.7% and 4.6% respectively. In contrast, shoe stores saw the largest category spend decline down 6.7%. Spend growth has been achieved in consecutive quarters following on from the 1.4% growth in Q3 2024.

Overall Department stores -1.6% - Department stores spend was down for the period driven by reduced instore spend likely impacted by poor weather conditions affecting footfall. Online increased significantly at 23.3%, offsetting the 10.8% instore decrease.

Overall Jewellery +6.9% - Card spend on jewellery saw growth across instore and online sales channels in Q4 2024, following on from increases seen in the previous quarter.

Category	Overall Spend	Instore	Online
Shoe stores	-6.7%	-6.6%	-7.0%
Sports & riding apparel Stores	7.7%	6.9%	8.1%
Family clothing stores	4.6%	12.5%	-13.0%
Mens' , Women's clothing stores	1.8%	3.2%	0.6%
Women's ready to wear stores	0.1%	1.8%	-3.0%

Category	Overall Spend	Instore	Online
Department store	-1.6%	-10.8%	23.3%

Category	Overall Spend	Instore	Online
Jewellery	6.9%	5.0%	11.9%



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