



## **Cheap imports from outside the EU impacted Irish retail in Q4 2017**

Deputy CEO at Retail Excellence, Lorraine Higgins today said that “from trends recorded in the Irish Retail Industry it is clear that a degree of vulnerability continues to exist. While figures might be up marginally this has occurred at the expense of intensive marketing campaigns undertaken by retailers and consequentially reduced margins”.

Ms. Higgins was speaking following the release of the Grant Thornton Retail Excellence Q4 2017 Retail Productivity Review which highlights the inconsistency of the performance of the industry.

Ms. Higgins said “Q4 2017 proved a challenging quarter with a very poor October in particular. This is undoubtedly attributable to a combination of factors to include a dip in consumer sentiment which usually accompanies Budget announcements and spending being postponed until Black Friday”.

“This view is further corroborated by the figures recorded in November which traded up +3.54% as a result of a very successful Black Friday but for many Irish retailers margin was certainly lost over this period generally”.

“Jewellery endured a very poor quarter due to the migration of demand to international markets either online or as a result of consumers buying abroad on leisure trips. The less than fulsome inspection of packages in sorting offices and a the need for more stringent customs controls at airports is leading to significant erosion of spending at home and billions in lost taxes to the State”.

“A positive is the continued rebound in the Furniture and Flooring sector which is set to continue with the anticipation of increased house building and renovation works in the foreseeable future”.

“Overall, the Irish Retail Industry recovery is marginal. No longer can it be expected in Budgets that increasing consumer spend will take care of retail. The industry continues to be threatened by the influx of cheap imports coming from non-EU websites and the failure to intercept every parcel coming in to Ireland from outside the EU and the consequential application of customs and VAT on such goods is a missed opportunity for the Exchequer. Retail focused policies and legislation must be implemented to curtail this. Budget 2019 provides an opportunity” Lorraine Higgins concluded.

Damian Gleeson Partner, Grant Thornton said “With the growth in the construction and building sectors, naturally consumers have invested in their homes with increases in the sales of furniture and flooring and home appliances as well as garden centres seeing a boost in sales of +4.69%. The construction measures introduced in Budget 2018 will serve to improve these performances going forward”.

“Irish retailers have seen a dip in sales in the areas of fashion, footwear, lingerie and childrenswear. Increasingly, consumers are turning to online shopping outside of Ireland with convenience and perceived value being the primary contributing factors. This category of retailer is now operating in a global market. Online shopping is a game changer and I would expect further erosion in the area as new opportunities to shop online arise”.

“Pharmacy and health stores have seen a steady increase where expert knowledge may be required.

While retail continues to face challenges, particularly online retailers outside of Ireland, overall, there has been a positive +1.01% increase in sales on Q4 2016”.

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### **About Retail Excellence**

Established in 1995, Retail Excellence is owned by the members, for the members. We are an organisation which invests in innovative and exciting learning, market intelligence, human resources services, Government representation and member networking initiatives. Retail Excellence has over 1,800 leading retail companies in Ireland. Our members are the most progressive and innovative retailers. Retail Excellence is by far the largest retail industry body in Ireland.