

# Visa's Irish Consumer Spending Index - Sep 2019

Compiled by IHS Markit on behalf of Visa

16 October 2019

## Consumer spending falls for fourth time in past five months in September

### Headline Findings:



**Household spending** down in September  
(-2.0% year-on-year)



**Face-to-Face expenditure** returns to contraction following rise in August (-2.7%)



**Clothing & Footwear** sees sharp decline in spending (-7.0%)

Visa's Irish Consumer Spending Index, produced by IHS Markit, which measures expenditure across all payment types (cash, cheques and electronic payments), signalled a renewed downturn in household expenditure in September. At -2.0% year-on-year, the fall was the second-fastest since the series began in September 2014, behind only that seen in June. The reduction in September followed a rise of +0.6% in August. Spending has now decreased in four of the past five months.

On a quarterly basis, Q3 saw a fall in spending of -0.6% year-on-year, broadly similar to the -0.9% reduction seen in Q2.

Expenditure decreased across both Face-to-Face and online channels during September. Face-to-Face spending decreased for the fourth time in the past five months, and at a solid pace (-2.7% year-on-year).

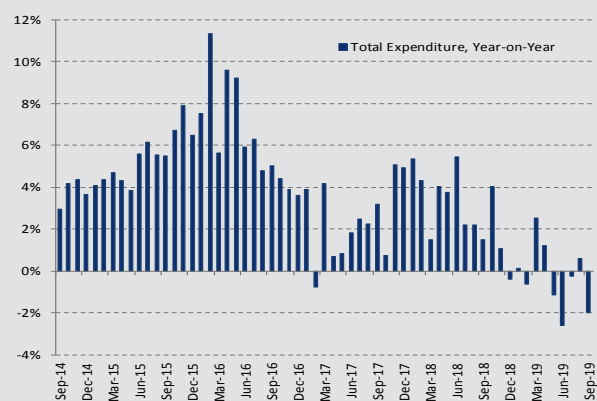
The reduction in eCommerce spending was more modest by comparison (-0.8%), but ended a two-month sequence of expansion.

(Continues overleaf)

### Spending annual % change

	Jul'19	Aug'19	Sep'19
Overall spending	-0.3	+0.6	-2.0
Face-to-face	-1.6	+0.4	-2.7
eComm.	+2.5	+0.8	-0.8

Visa's Irish Consumer Spending Index  
Annual % Change



#### Philip Konopik, Ireland Country Manager, Visa said:

"We are seeing a clear trend of a slowdown in Irish consumer spending with falls in household expenditure in four of the last five months. The only positive notes in September were growth for the Hotels, Restaurants & Bars and Recreation & Culture sectors, which is testament to the shift in shopping behaviour with people keen to spend their money on experiences, rather than material goods."

#### Andrew Harker, Associate Director at IHS Markit said:

"These are challenging times for Irish retailers, with consumers seemingly reining in spending in line with declining confidence. The Clothing & Footwear sector is particularly under pressure, with even the normally reliable Household Goods category seeing a decline in September. Only the more experience-based areas of consumer spending were able to generate growth."

# Visa's Irish Consumer Spending Index

## (Continued from page 1)

Six of the eight monitored sectors saw spending decrease year-on-year in September, the only exceptions being Hotels, Restaurants & Bars and Recreation & Culture.

The Clothing & Footwear sector continued to struggle, seeing a -7.0% reduction in spending. This was the sharpest decline in five years.

Household Goods expenditure decreased for the first time since the series began in September 2014 (-0.7% year-on-year), while Food & Drink, Transport & Communication and Health & Education all recorded declines in spend following rises in August.

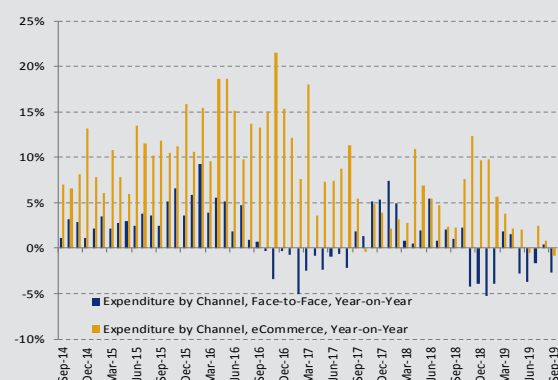


## eCommerce and Face-to-Face Spend

Declines in spending were seen across both the Face-to-Face and eCommerce channels in September, with the high street seeing the sharper reduction. Face-to-Face expenditure was down -2.7% year-on-year, the most marked fall since June.

Spending via eCommerce, meanwhile, decreased for only the third time in the series so far at the end of the third quarter. The marginal reduction of -0.8% was the first for three months.

### eCommerce vs Face-to-Face Annual % Change



## Spending by Sector

Visa's Irish Consumer Spending Index monitors eight broad sectors. Summary data for annual growth rates in July, August and September, which are not adjusted for seasonality and trading days, are provided in the table opposite.

Clothing & Footwear spending decreased at the sharpest pace for five years in September, with Miscellaneous Goods & Services also recording a marked reduction.

Four other categories posted falling expenditure following rises in August, with Household Goods registering the first decline in the series history.

The only two sectors to see rises in spending were Hotels, Restaurants & Bars (+4.7%) and Recreation & Culture (+2.7%).

### Annual Growth Rates by Sector

Data not adjusted for seasonality and trading days

Broad Sector	Jul'19	Aug'19	Sep'19
Food, Beverages & Tobacco	-1.3%	+2.6%	-0.7%
Clothing & Footwear	-4.6%	-2.5%	-7.0%
Household Goods	+6.3%	+4.1%	-0.7%
Health & Education	+3.4%	+4.0%	-3.8%
Transport & Communication	+1.6%	+0.4%	-1.9%
Recreation & Culture	+2.7%	+1.2%	+2.7%
Hotels, Restaurants & Bars	+2.0%	+5.1%	+4.7%
Misc. Goods & Services	-4.9%	-5.7%	-7.9%

# Visa's Irish Consumer Spending Index



**Visa's CSI can be used to give advanced signals of trends in official data series such as retail sales and consumer spending.**

Quarterly consumer spending data from the CSO is now available for the second quarter of the year, and signalled an easing in the rate of growth. At +2.6% year-on-year, the rise was solid but the joint-weakest for two years. Visa's CSI data suggest that the third quarter saw further muted growth.

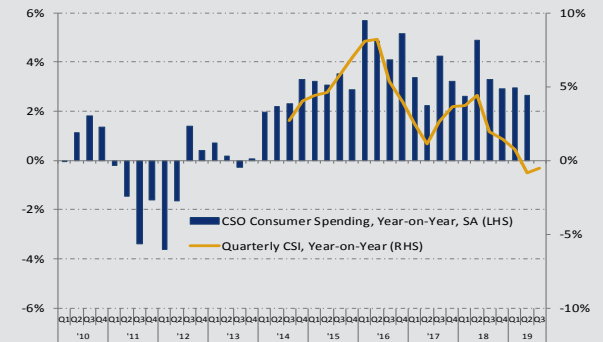
Monthly CSO data on retail sales pointed to a first rise in three months during August, rebounding from a sharp fall in July. Visa's CSI also pointed to increased spend in August, but renewed weakness in September.

Central to recent weakness in spending has been falling consumer confidence. European Commission data suggested this continued in September, with confidence down to the lowest since July 2014.

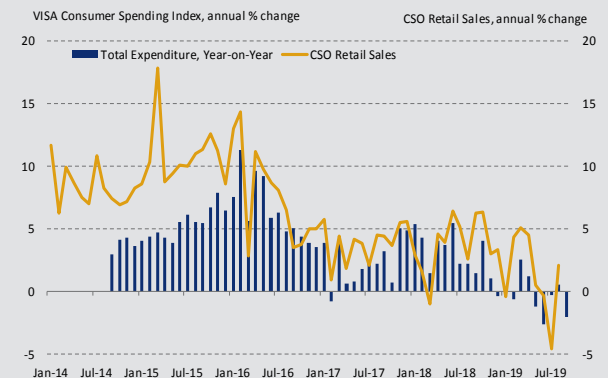
Generally subdued conditions were also noted in terms of business activity in September. IHS Markit PMI data showed that output across the combined manufacturing and service sectors rose at the slowest pace for six-and-a-half years.

## Ireland Consumer Spending

Annual % Change

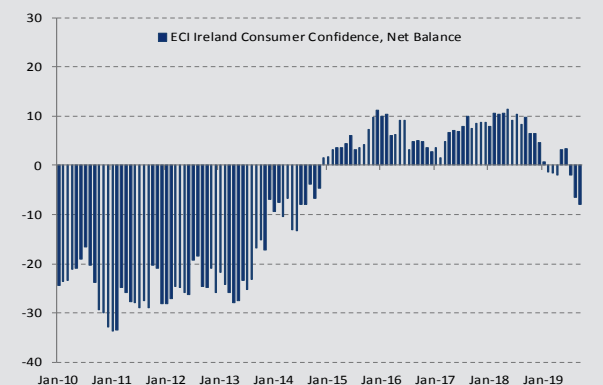


## Visa CSI v Official Retail Sales Data



## Ireland Consumer Confidence

Net Balance



Sources for Charts: Visa, CSO, European Commission  
NSA: Non-Seasonally Adjusted, SA: Seasonally Adjusted



Visa's Irish Consumer Spending Index uses card transaction data to provide a robust indicator of total consumer expenditure across all payment methods and is used by a range of stakeholders to gain insights into consumer spending. It is based on spending on all Visa debit, credit and prepaid cards which are used to make an average of over 110m transactions every quarter and account for €1 in €3 of all Irish spending. Working with IHS Markit, these card spending data figures are adjusted for a variety of factors such as card issuance, changing consumer preferences to pay by card rather than cash and inflation. These adjustments mean that these data are distinct from Visa's business performance and the Index reflects overall consumer spending, not just that on cards.

### Further information:

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# Notes and Further Information



**Visa's Irish Consumer Spending Index is based on data for all Visa debit, credit and prepaid cards held by Irish cardholders, with a number of adjustments made to ensure an accurate indication of consumer spending trends is provided.**

First, the data – which covers spending by cardholders at all Irish domestic-based merchants plus purchasing at a number of non-domiciled online retailers – are cleaned to remove any spending on items that are not ordinarily classified as consumer expenditure (such as spending on savings products or taxes). Moreover, refunds and cashback are also accounted for at this stage. Second, the data are deflated by changes in the number of active Visa cards in order to account for the expansion of Visa's card operations, particularly on the debit side. Thirdly, an adjustment is made to offset changing consumer preferences for card usage. This is based on data on payments at terminals and cash withdrawals sourced from a report published by the ECB. Fourthly, to account for inflation, the data are deflated by changes in the consumer price index to provide an indicator of real changes in household spending.

**Visa's Consumer Spending Index product categories consist of the following standard Classification of Individual Consumption According to Purpose (COICOP) groups:**

 **Food, Beverages & Tobacco** Group 1,2

 **Communication & Transport** Group 7,8

 **Clothing & Footwear** Group 3

 **Recreation & Culture** Group 9

 **Housing & Household Goods** Group 4,5

 **Hotels & Restaurants** Group 11

 **Health & Education** Group 6,10

 **Miscellaneous Goods & Services** Group 12



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Our advanced global processing network, VisaNet, provides secure and reliable payments around the world, and is capable of handling more than 65,000 transaction messages a second.

The company's relentless focus on innovation is a catalyst for the rapid growth of connected commerce on any device.

As the world moves from analogue to digital, Visa is applying our brand, products, people, network and scale to reshape the future of commerce.

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