

Online shopping is eating up the high street

Spending on the high street has decreased for five of the past six months due to the return to growth of online shopping.

That's according to [Visa](#)'s Irish Consumer Spending Index, produced by IHS Market, which measures expenditure across all types including cash, cheques and electronic payments.

It pointed to a further reduction in spending during October. At -1.4pc year-on-year, the decline was less marked than that seen in September (-2.1pc). That said, expenditure has now fallen on a monthly basis in five of the past six months.

Face-to-Face spending continued to fall at a solid pace. At -2.6pc year-on-year, the rate of decline was broadly similar to that seen in the previous month (-2.8pc). Expenditure on the high street has now decreased in five of the past six months.

The slower overall decline in spend largely reflected a return to growth of online expenditure. E-commerce spending was up +0.7pc, following a -0.9pc reduction in September. That said, the rate of expansion was marginal and much weaker than the series average.

Half of the eight monitored sectors saw spending increase during October. Household Goods was the best performer, registering a +1.8pc year-on-year expansion following a -1.1pc fall in September. Marginal increases in expenditure were recorded in the Hotels, Restaurants & Bars (+0.8pc), Transport & Communication (+0.6pc) and Health & Education (+0.6pc) sectors.

Clothing & Footwear posted the sharpest fall in spending during October, seeing a -3.4pc decline. Although this was a softer reduction than in the previous month (-6.9pc), spend in the sector has contracted in each month since April. Recreation & Culture spending decreased for the first time in six months (-2.0pc), while further reductions were seen in Food & Drink (-0.3pc) and Miscellaneous Goods & Services (-3.3pc).

Hoping for a Christmas miracle?

"Halloween failed to provide a boost this year, with the report indicating a slowdown in consumer spending during October, as half of the sectors monitored posted falls in expenditure," said Philip Konopik, Ireland country manager at Visa.

"Recreation & Culture took a tumble for the first time in six months, while Clothing & Footwear's downward trend continued after recording a fall for the seventh consecutive month. The Irish retail community will be hoping for a change in fortune in the run-up to Christmas."

Andrew Harker, associate director at IHS Market said that retailers are hoping for a last-minute reprieve.

“Spending trends remained subdued at the start of the final quarter of the year, with a lack of confidence among consumers leading them to rein in their spending. Retailers will be hoping that the upcoming Black Friday and Christmas periods can provide a shot in the arm to households and help support a recovery in spending.”

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