

# Building Retail: North & South

Summary Report February 2015



## 1. FOREWORD

Retail is our largest private industry employer on the island of Ireland, providing hundreds of thousands of jobs in every village, town and city.

Our industry has a key role to play at the cutting edge of economic recovery and playing its role in supporting vibrant 21st century town and city centres, which are so crucial to building the tourism brand North and South.

The Retail market is undergoing the biggest change in its history and the key challenge for independent and multiple retailers is to show innovation and embrace that change.

Thanks to support from the Department of Foreign Affairs and Trade, Retail Excellence Ireland and the Northern Ireland Independent Retail Trade Association have commissioned this first ever cross-border retail report to outline the views of Tourists and Retailers. It also sets out a number of recommendations to the Northern Ireland Executive and Irish Government.

Both our organisations will be working in partnership to ensure the island's largest industry voice with policy makers.



Glyn Roberts - Chief Executive



David Fitzsimons - Chief Executive



## 2. KEY RESEARCH FINDINGS

### 2.1 Introduction

In September 2014, RSM McClure Watters Consulting (Belfast) and RSM Farrell Grant Sparks (Dublin) were commissioned by Retail Excellence Ireland (REI) and the Northern Ireland Independent Retail Trade Association (NIIRTA) to conduct research into a North - South Approach to Retail. The research was comprised of two main stages:

1. Primary research was conducted by researchers on-street in Dublin and Belfast. A short 10 minute questionnaire was conducted with visitors to each city, with researchers first establishing that the respondent had travelled to the city that day for purposes other than work. Fieldwork was conducted between 22nd September and 17th October 2014. A total sample of 301 was reached in Dublin and 201 in Belfast.
2. In November 2014, REI and NIIRTA conducted research with border retailers to assess their views on cross-border trading. A short telephone questionnaire was conducted with 40 border retailers, 20 in ROI and 20 in NI.

### 2.2 Visitor Profile

Overall, most visitors to both Dublin (71%) and Belfast (55%) are staying for more than one night but less than a week, indicating a strong preference for short breaks in Ireland rather than longer holidays. Visitors from Australasia were the most likely to be staying for an extended period, with around a third staying for more than 2 weeks (33% in Dublin and 35% in Belfast). By comparison, the next longest staying visitors are North Americans (10% in Dublin and 13% in Belfast).

When asked about travel between the North and South, 16% of visitors in Dublin had also visited Belfast, while 32% of visitors in Belfast had also visited Dublin. Again, it was North American and Australasian visitors who had visited both cities in significant proportions.

### 2.3 Visitor Spend

Looking at the combined figures from visitors in both Dublin and Belfast, it is possible to get an overall average of tourist spending in Ireland. Of the 502 visitors surveyed across both cities, the total average spend was €1,142. However, this varies substantially depending on length of stay, visitor region, age and segment. Average spends are higher in Dublin than in Belfast:

- The average visitor to Dublin is spending €606 in the city during their stay. This ranges from €224 for visitors on a day trip, up to €3,020 for those staying more than 2 weeks.
- The average visitor to Belfast is spending €358 in the city during their stay. This ranges from €123 for day-trippers to €3,874 for those staying for more than 2 weeks.

Overall, visitors are spending most on accommodation (€467.15) followed by food and drink (€321.06). The average spend on shopping (North and South combined) was circa €120. In 2013 there were 6.64 million non-business related visitors to the island of Ireland (source: Tourism Ireland). Therefore tourist shopping is worth potentially €796.8 million to retailers North and South.

However, the income from shopping is likely to be higher in the South as Dublin retailers also took 56% of visitors total spend on shopping during their visit to Ireland, compared to 47% in Belfast.



## 2.4 Retail Experience

Views on the retail experience in Dublin were very positive, particularly in relation to the choice and variety of outlets and types of retailers. Three in ten (31%) visitors said they were very satisfied with the choice of retailers and 80% in total were 'satisfied'. Areas with lower satisfaction in Dublin are both connected to value for money. One in ten visitors (10%) are dissatisfied with value for money of non-food items and almost one in four (24%) are dissatisfied with the value for money of food & drink items.

The retail experience in Belfast is also viewed favourably by visitors. However, it is the ease of travel around the shopping districts and information relating to them that travellers are most satisfied with (72% and 65% respectively). Over half (57%) are satisfied with the choice of retail outlets and the overall shopping experience. While almost one in ten (9%) are dissatisfied with the value for money of food & drinks, over half (56%) are satisfied.

When comparing the views of all visitors to Dublin versus all visitors to Belfast, regardless of whether or not they have also visited the other city, it is possible to examine statistically significant differences occurring in satisfaction ratings:

- Dublin scores higher among its visitors in terms of choice, variety of brands, types of retailers and the overall shopping experience.
- Belfast scores higher among its visitors in terms of value for money of food & drink items.
- There is no difference among visitors to both cities in terms of value for money of non-food items, ease of travel around the shopping districts and information regarding shopping districts indicating these aspects are on par with each other in both locations.

## 2.5 Claiming VAT Back

Visitors were asked about their awareness of the VAT arrangements in Ireland. The majority of non-EU visitors to both Dublin and Belfast are aware that they can claim back VAT on their purchases. Awareness was 10 percentage points higher in Belfast than Dublin. However, awareness does not seem to affect propensity to claim back VAT as more visitors to Dublin said they would be claiming back the tax than visitors to Belfast.

Interestingly, there is a correlation between the age of traveller and awareness that they can claim back VAT. Just 9% of 18-34 year old visitors to Dublin and 19% visiting Belfast were aware they could make a claim on returning home.

Commonly cited challenges in claiming VAT back were: knowing where to claim/using the VAT refund card; having time to do this; the hassle involved; and keeping hold of receipts.

## 2.6 Retailer Views

A sample of retailers in the border counties (20 in ROI and 20 in NI) were surveyed to gather their views on how the border impacts on their business.

On the whole, the majority of retailers who took part in the research (70% in ROI and 65% in NI) did not consider the border to be a problem for their business. However, when asked what is the biggest barrier to developing cross-border trade, retailers on both sides of the border considered the different currency and fluctuating exchange rates to be the biggest issue (50% in ROI and 100% in NI mentioned this).

Other commonly cited issues for border retailers in ROI are connectivity in terms of transport links and perceptions that prices and the cost of doing business are cheaper in NI.

# 3. RECOMMENDATIONS

Based on the findings of the research, the following recommendations were made as to how REI and NIIRTA can better promote Ireland as a visitor shopping destination and grow visitor retail spend on the island of Ireland.

1. Retail Excellence Ireland and NIIRTA will establish a North-South Retail Forum to bring together key retail business groups and relevant Ministers to ensure effective communication and policy challenges. We envisage that this Forum would meet at least twice year and that its Chair would alternate between retail groups North and South.
2. Tourism Industry should promote Cross-Border Weekend Shopping Breaks for Dublin and Belfast and other shopping destinations on the island
3. The promotion of town centres and Retail should be

included as a core part of the Tourism Strategy of both Tourism NI and Fáilte Ireland.

4. Retail Excellence Ireland and NIIRTA welcome further investment in the Belfast-Dublin Enterprise Rail Service moving eventually towards a one-hour service.
5. Both the Irish Government and NI Executive should have in place a strong Town Centre First Retail Planning Policy.
6. Launch a campaign across the Island to non-EU Shoppers regarding VAT back entitlements. The campaign should focus on 18-34 year old non-EU nationals where awareness levels are low.
7. Promote the new British-Irish visa arrangements in order to attract visitors from outside the EU.





The Northern Ireland Independent Retail Trade Association (NIIRTA) is the representative business organisation for the independent retail sector. Our members include Retailers, Wholesalers, Suppliers to the Sector, affiliated Chambers of Commerce and Traders' Groups. Our 1500 members come from every village, town and city across Northern Ireland. NIIRTA is committed to standing up for our High Streets and local Town and City Centres to ensure our independent retail sector gets a fair deal from Government. We have also established a Suppliers' Forum to support local companies who supply or wish to supply goods and services to our members.

245 Upper Newtownards Road • Ballyhackamore • Belfast BT4 3JF

028 9022 0004 • [info@niirta.com](mailto:info@niirta.com) • [www.niirta.com](http://www.niirta.com)  
[www.twitter.com/niirta](http://www.twitter.com/niirta) • [www.facebook.com/niirta](http://www.facebook.com/niirta)



Established in 1995, Retail Excellence Ireland is owned by the members, for the members. We are a not for profits organisation which invests in innovative and exciting learning, market intelligence, human resources services, Government representation and member networking initiatives.

Retail Excellence Ireland involves over 1,100 leading retail companies who operate over 11,000 stores in the Irish market. Our members are the most progressive and innovative retail operators. We make every effort to deliver activity which is wholeheartedly based on member requirements. REI is by far the largest retail industry body in Ireland.

1 Barrack Street • Ennis • Co. Clare  
38 | 39 Fitzwilliam Square West • Dublin 2

065 68 46927 • [info@retailexcellence.ie](mailto:info@retailexcellence.ie)  
[www.retailexcellence.ie](http://www.retailexcellence.ie)

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An Roinn Gnóthaí Eachtracha  
agus Trádála  
Department of Foreign Affairs  
and Trade

This study was funded by the  
Department of Foreign Affairs and  
Trade's Reconciliation Fund

Photos of Belfast City Hall courtesy of AECOM Design & Planning