Research Bulletin 19/2 | NI Retail Study: Value, Volume and Proportion of Goods Sourced from GB, or Transported via GB from other Parts of the World

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Summary

Analytical Services Division (ASD) within the Department for the Economy (DfE) have undertaken a range of research projects in order to support decision-making around EU Exit. The ongoing research provided a picture of Northern Ireland's (NI) trading position, however, there remained a gap in knowledge in terms of a detailed understanding of those products that come from or through Great Britain (GB) into NI in relation to the retail sector.

GB is by far NI's largest market for the routing of retail goods, including acting as the main route for the transportation of goods that come from other parts of the EU and Rest of the World (Row). These retail goods coming across the Irish Sea can come directly into the NI ports, or indirectly through the Republic of Ireland (RoI) ports and are then transported up across the land border.

In response to this data gap, DfE undertook a number of approaches (using retail researchers and experts as well as government statistics) to estimate the value and volume of NI retail purchases. In addition DfE also endeavoured to identify those retail product categories which are likely to have been sourced from or through GB, in contrast to being produced locally in NI (or produced in RoI and just moving across the land border into NI).

Introduction

This piece of research aims to provide a better understanding of the retail market in Northern Ireland in terms of the type, value and volume of products that are transported over from GB into NI either directly from producers in GB; or through the mainland from other parts of the globe. This research is unique in that analysis of this nature has not been undertaken before in the NI context by Analytical Services Division. Data on this was not readily available from existing statistics and data sources and therefore a two-stage plan was developed to address this issue, as follows:

Stage 1: DfE commissioned GlobalData to carry out an *aggregate study* which modelled the annual retail purchases (including volume[i]), by broad product categories, for Northern Ireland. The main aggregate study was supplemented with a food and groceries study by Kantar Worldpanel[ii].

Stage 2: The focus of this piece of research was around the proportion of retail goods transported into NI from GB, and used a variety of sources to identify to what extent products are likely to have been transported over from GB.

This included internal analysis on Government statistics, alongside consultation with the retail industry to identify at broad category product level the proportions of goods sourced from NI, Republic of Ireland (RoI), and through or from GB.

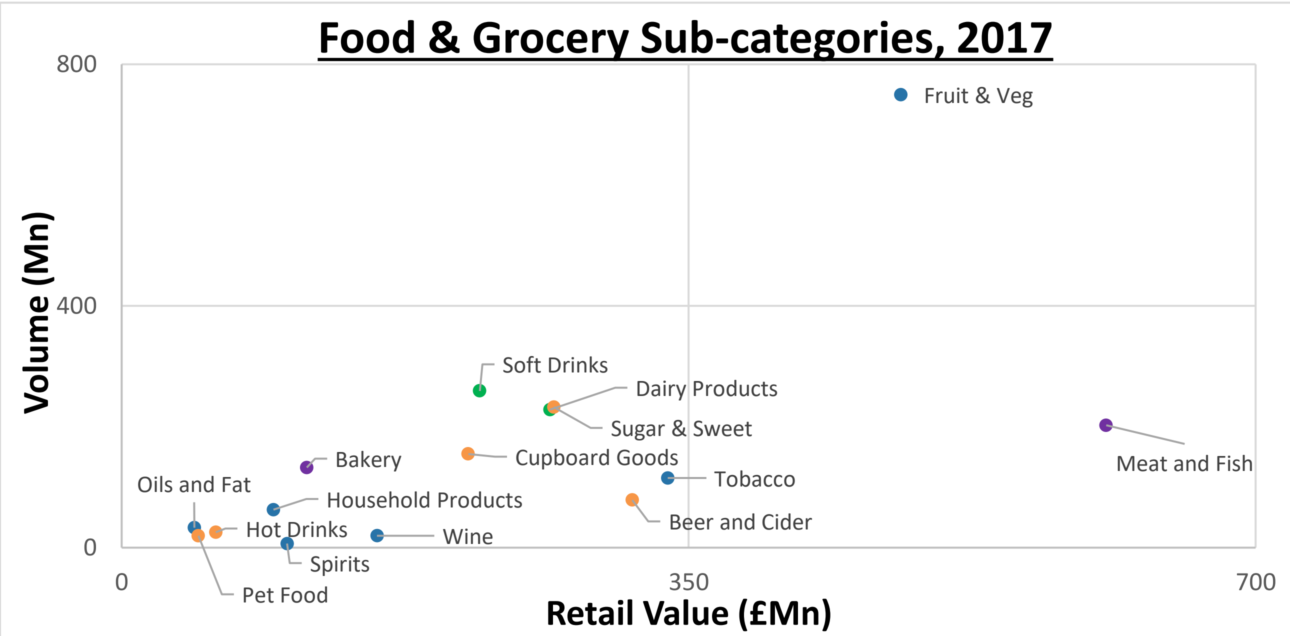
Further details on methodology, data sources and data limitations have been provided at the end of this bulletin. The full research report, published in March 2019, can be found on the DfE website.[iii]

Key Results and Findings

The research found that in 2017, the overall value of retail products purchased in NI was estimated to be just over £9.2Bn equating to just under 3.5Bn individual products/packs. Food and Grocery represented the largest area of retail spend by NI consumers (almost two-fifths) followed by Clothing and Footwear (around 15%). In terms of volume, Food and Grocery again accounted for the highest proportions, followed by Pharmaceuticals.

In terms of origin, a significant proportion of all retail goods are sourced from GB or travel from other parts of the EU or the rest of the world through GB, before reaching the NI retail market. This demonstrates that the Northern Ireland consumer's reliance on external markets is very high.

Figure 1: Value, Volume and % of Food & Grocery retail goods sourced from GB or transported via GB into NI (including indirectly via RoI ports), by sub-category



Key to origin colour coding:

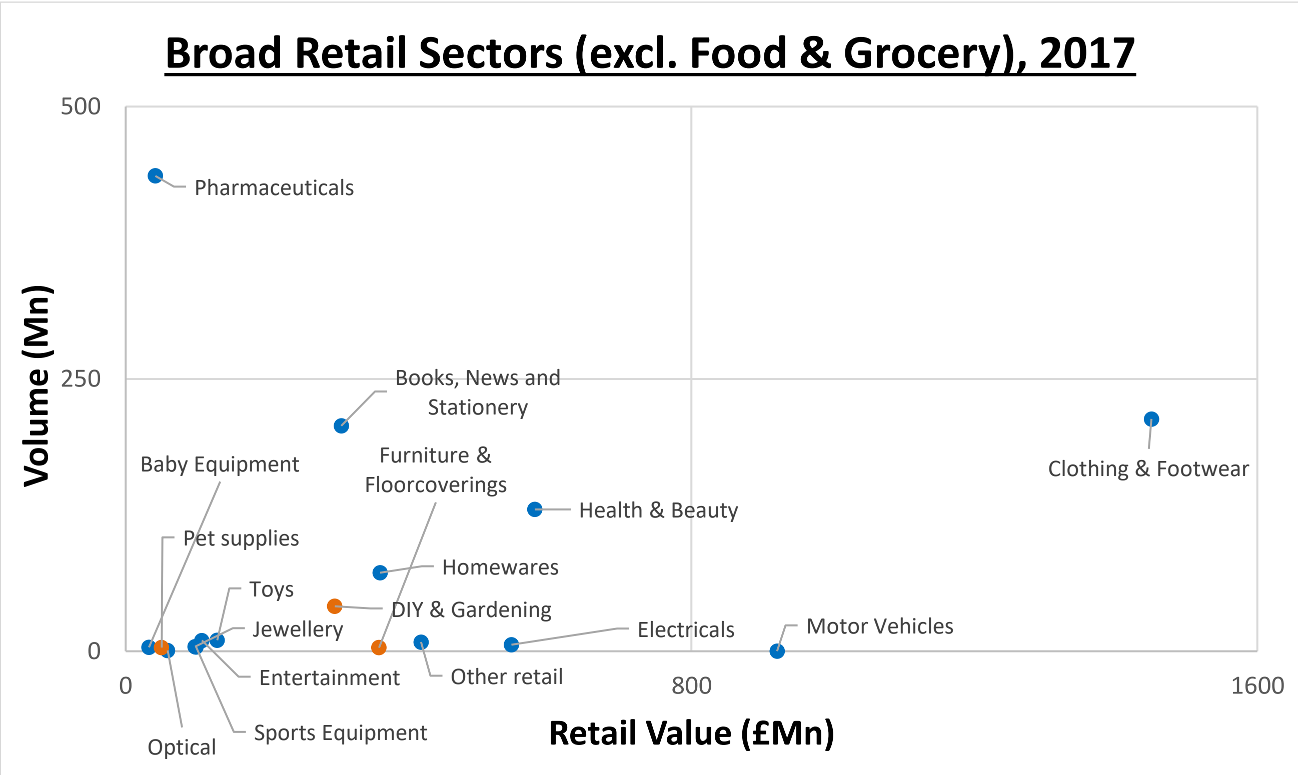
Very High	High	Medium	Medium – Low
Greater than 90%	Greater than 70%; less than 90%	Greater than 55%, less than 70%	Around 50%

Figure 1 above plots the value and volume of all the Food and Grocery sub-categories. Colour coding of data points reflect the proportion of the retail goods that come into NI directly from GB or have been transported through GB from other parts of the EU or Rest of the World as imports. Food and Grocery was separated out into sub categories given the sheer size of this sub sector and also to demonstrate the differences between these sub categories in the source from/through GB information.

The chart shows that, in general, a significant proportion of the Food and Grocery in the NI retail sector is sourced from or through GB, with Meat and Fish and Bakery products being the exception. In these categories NI has a number of local producers and given the fresh nature of these products is therefore less likely to source these from other markets.

Equivalent information for all other broad retail categories (excluding Food and Grocery sub-categories) are provided in **Figure 2** below.

Figure 2: Value, Volume and % of retail goods sourced from GB or transported via GB into NI (including indirectly via RoI ports) by broad sector



Key to origin colour coding:

Very High	High	Medium	Medium – Low
Greater than 90%	Greater than 70%; less than 90%	Greater than 55%, less than 70%	Around 50%

Figure 2 above shows that (when you exclude food and grocery) the vast majority of retail products in NI are sourced from or through GB. These goods may come into NI directly from GB or may be transported through GB from other parts of the EU or Rest of the World as imports.

The estimated values, volumes and source are also presented in **Table 1** below. The table highlights that the Food and Grocery sector was the largest sector in terms of both value and volume, (twice as big as the second largest sector Clothing and Footwear by value), with products to the value of £3.3Bn equating to 2.3Bn individual products purchased in NI in 2017.

Table 1: Estimates of value, volume and proportion of goods sourced from GB or transported via GB into NI (including indirectly via RoI ports) by broad sector, in 2017

		Retail Value (£Mn) [iv]	Volume (Mn)	Proportion of goods sourced from GB or transported through GB into NI
	Clothing & Footwear	£1,450.3	213.3	Very High
	DIY & Gardening	£295.6	41.3	High
	Electricals	£545.4	6.0	Very High
	Homewares	£359.8	72.1	Very High
	Health & Beauty	£578.3	130.2	Very High
Food and Grocery	**Bakery**	£114.3	132.6	Medium - Low
	Dairy Products	£264.5	228.5	Medium
	Fruit & Veg	£481.1	749.6	High
	Meat and Fish	£607.8	202.6	Medium - Low
	Oils and Fat	£44.9	33.0	Very High
	Pet Food	£47.4	19.7	Very High
	Sugar & Sweet	£266.8	232.6	Very High
	Cupboard Goods	£214.0	155.0	High
	Soft Drinks	£221.1	259.3	Medium
	Hot Drinks	£58.1	25.4	High
	Beer and Cider	£315.2	78.8	High
	Wine	£157.6	19.7	Very High
	Spirits	£102.1	6.8	Very High
	Household Products	£93.7	62.9	Very High
	Tobacco	£337.1	115.3	Very High
	Total Food and Grocery	£3,325.8	2,321.9	
	Books, News and Stationery	£304.8	206.9	Very High
	Entertainment	£107.8	10.0	Very High
	Furniture & Floorcoverings	£358.3	3.3	High
	Pet Supplies	£51.0	3.4	High
	Jewellery	£98.1	4.2	Very High
	Sports Equipment	£99.5	4.1	Very High
	Toys	£129.5	10.1	Very High
	Baby Equipment	£32.9	3.6	Very High
	Optical	£59.4	0.8	Very High
	Other Retail	£417.6	8.5	Very High
	Motor Vehicles[v]	£921.0	0.1	Very High
	Pharmaceuticals	£42.0	436.3	Very High

Sources: Value and volume sourced from GlobalData, goods sourced from/through GB from independent research and government statistics

In terms of value for Food and Grocery, NI shoppers collectively spent the most on Meat and Fish (18% of total Food and Grocery expenditure) followed by Fruit and Veg (14% in terms of value, however almost one third in terms of volume). Whilst medium to low proportions of Meat and Fish are sourced from or transported through GB, in contrast, high proportions of Fruit and Veg are sourced from or transported through GB.

The second largest sector is Clothing and Footwear, which amounts to just under £1.5Bn and 0.2Bn products purchased in 2017 with the vast majority of products being sourced from or transported through GB from other parts of the EU or further afield.

Motor vehicles was the third largest sector, equating to an estimated £0.9Bn in 2017 and just over one hundred thousand vehicles. The majority of these vehicles are transported through or from GB and this includes both new and used vehicles sourced from GB.

For the remaining sectors Health & Beauty, Electricals, Homewares, Furniture & Floorcoverings, Books, News and Stationary, DIY & Gardening and Entertainment, whilst smaller in terms of retail value and volume, these products are almost entirely sourced from or transported through GB.

Health & Beauty was the largest sector of these remaining sectors with retail sales of approximately £578Mn in 2017 and over 130Mn products purchased. Electricals followed with retail sales of £545Mn but a significantly smaller amount of products purchased (6.0Mn), which would be expected given that in general these are higher value items which are not every day purchases.

The Furniture & Floorcoverings and DIY & Gardening sectors have a smaller, but still very significant, proportion of products coming through or from GB than the other remaining sectors, with greater than 70% of products coming from or through GB versus over 90% from the other remaining sectors.

The Books, News & Stationery sector whilst one of the smaller sectors in terms of retail value is the fourth largest in terms of volume.

The Pharmaceuticals sector whilst one of the smallest sectors in terms of retail value is the second largest in terms of volume with significant proportions of these sourced from or transported through GB.

Conclusion

Given that the diverse range of products in retail outlets is far wider than the manufacturing base in NI, and indeed much wider than that of the rest of the UK, there was a need to understand the NI consumer's reliance on external markets and sourcing. In the absence of routinely collected data and statistics in relation to the movement of retail goods from GB to NI, this research project represented a novel retail-based approach. There was a need to identify and understand what information was available and to develop this information through tapping into the expertise of external retail market researchers and industry experts as well as consulting with the sector itself, to which DfE are grateful for their participation in this study. The analysis developed has been useful for informing key considerations around EU Exit as part of the ongoing negotiations and in helping to communicate NI's unique position in relation to the broader retail sector.

In 2017 the overall value of retail products purchased in NI was estimated to be just over £9.2Bn equating to just under 3.5Bn individual products/packs. Food and Grocery represented the largest area of retail spend by NI consumers (almost two-fifths), followed by Clothing and Footwear (around 15%). Food and Grocery and Pharmaceuticals accounted for the highest proportions in terms of volume.

The above analysis demonstrates that the Northern Ireland consumer's reliance on external markets is very high. GB purchases and RoW imports represent a significant proportion of the goods in NI retail shops and showrooms. To a large degree these imports and purchases are sourced from, or transported through, GB into NI regardless of where they have originally come from. Consultation with the retail sector showed that even products that have originated within NI may still travel to GB for further processing or to join a distribution chain or centre, particularly products within the Food and Grocery sector. All sectors, with the exception of some sub-categories in Food and Grocery, have a high or very high proportion of goods being sourced from or through GB. For some product categories the proportion is effectively 100% given that NI or the RoI do not produce these goods. Within Food and Grocery 11 of the 15 subsectors have a high or very high proportion of goods being sourced from or through GB. Soft Drinks and Dairy products are less likely to be sourced from GB than some of the other subsectors, however between 55-70% of these goods are likely to be sourced from or through GB. For Meat and Fish and Bakery goods these are more likely to be sourced on the Island of Ireland (around half), however, it is important to bear in mind that inputs into these final products in terms of the manufacturing process may still come from GB and this particular study did not attempt to unpick the complexities around these supply chains.

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For further information or queries please contact: analyticalservices@economy-ni.gov.uk

Further Detailed Methodological Overview

Approach One: **GlobalData** (GD) was commissioned to undertake an aggregate study to model the annual retail purchases, by broad product categories, for NI in terms of value and volume. Alongside this GD carried out a bespoke nationally-representative consumer survey of 1,000 NI consumers, alongside a control sample of 500 UK consumers. This was designed to measure consumer behaviour across different retail categories, including purchase penetration, average spend per purchase and number of goods purchased. GD then sense-checked their data against other retail and against GD consumer panel info. The output of this piece of work was a detailed list of retail products purchased annually in NI broken down by value and volume.

Approach two: **Kantar** was commissioned to undertake a supplementary groceries study. Utilising their monthly continuous panel of 650 NI shoppers who were tracked over time in terms of what they are buying, price paid, attitudes, age, and where they shop (amongst other things). This piece of research culminated in an analysis on Fast Moving Consumer Goods in NI and some information in terms of Origin of products over the space of a year.

Approach three: **DfE/NISRA internal multi-disciplinary team –** economists and statisticians utilised a variety of sources (HMRC, BESES, SUTs, LCF survey etc) to identify those products which are likely to have been sourced from or through GB. In addition, GlobalData did not cover all retail categories e.g. Motor Vehicles and Pharmaceuticals and as a result departmental economists undertook desk research and engaged with the relevant government Departments to identify the potential value and volume of each.

Approach four: **Consulting with retail industry** – Hugh Black Consulting was commissioned to gain further insight on origin of retail goods from or through GB, through qualitative consultations with a variety of businesses across the broad product retail categories. Hugh carried out field and desk based research with a range of large, medium and small retailers and wholesalers across a number of locations in NI to develop a well-rounded assessment of the NI market in terms of origin of products. In addition, DfE liaised directly with a number of retailers to gather this information.

Notes to consider in relation to information presented in this research article

Value and Volume

The value and volume data is sourced from GlobalData Retail. The value data relates to the retail value of the goods on the shelf or in store. Volume data includes the number of items and items bought in a packet or package counts as one item.

Proportion of retail goods sourced from GB or transported via GB

Data reported here on the proportion of retail goods sourced from GB or transported via GB is based upon a triangulation of a number of data sources. That information has been categorised into ranges to demonstrate the broad proportions for each category.

There has been no attempt to identify the balance of this proportion in terms of proportions of retail goods sourced directly from within GB and those which will have originated from outside GB, i.e. imports but which use GB as a landbridge to come across the Irish Sea into the NI ports.

In addition, the analysis does not distinguish between what proportion of retail goods coming across the Irish Sea come into the NI ports and those which come into the RoI ports and ultimately cross the land border with NI as its final destination.

The inputs (in terms of the manufacturing process) into final retail products produced locally have not been considered in this project – some of which may still come from GB or further afield.

This study did not attempt to estimate the value, volume or source of goods for inputs to the production of goods manufactured here in NI or the RoI (commonly referred to as Intermediate Consumption goods). However, DfE have also taken forward work using Annual Purchases Survey (APS) data to obtain more detailed data on NI trade in relation to purchases made by NI businesses in relation to *intermediate consumption goods*. It is important to note that this is wholly separate analysis to that carried out in the retail study presented here in this paper. This NI retail study includes VAT and mark ups associated with retail goods for sale directly to the consumer, whereas the APS data is at the wholesale level, therefore no attempt should be made to add these two together. **Table 2** provides estimates of the product proportion and proportion of retail goods sourced from GB or transported via GB for these intermediate goods by way of further background.

Table 2: Estimates of Product Proportion and GB sourced - Intermediate Consumption

APS 2015 - Goods products purchased	Product Proportion (% of total goods intermediate consumption)	Proportion of goods purchased/sourced from GB
Wood And Of Products Of Wood And Cork, Except Furniture; Articles Of Straw And Plaiting Materials	9.5	High
Fabricated Metal Products, Except Machinery And Equipment	9.1	Medium - Low
Machinery And Equipment N.E.C.	8.9	Medium
Basic Iron And Steel	8.6	High
Products Of Agriculture, Hunting And Related Services	6.6	Medium - Low
Preserved Meat And Meat Products	6.5	Medium - Low
Plastic Products	6.3	Medium
Dairy Products	4.9	Medium - Low
Motor Vehicles, Trailers And Semi-Trailers	4.3	Medium
Paper And Paper Products	3.1	Medium
Petrochemicals (Part Of Chemicals And Chemical Products)	3.1	Medium
Electrical Equipment	2.6	Medium - Low
Grain Mill Products, Starches And Starch Products	2.5	Medium - Low
Cement, Lime, Plaster And Articles Of Concrete, Cement And Plaster	2.5	Medium - Low
Alcoholic Beverages	2.1	Medium - Low
Other Basic Metals And Casting	1.9	Medium
Computer, Electronic And Optical Products	1.8	Medium - Low
Other Food Products	1.8	Medium - Low
Rubber Products	1.8	High
Textiles	1.5	High
Other Mining And Quarrying Products	1.4	Medium - Low
Wearing Apparel	1.3	High
Prepared Animal Feeds	0.9	Medium - Low
Processed And Preserved Fruit And Vegetables	0.8	Medium - Low
Other Non-Metallic Mineral Products	0.7	Medium - Low
Metal Ores	0.7	Medium - Low
Paints, Varnishes And Similar Coatings, Printing Ink And Mastics	0.6	Medium - Low
Basic Pharmaceutical Products And Pharmaceutical Preparations	0.5	Medium - Low
Sports Goods And Safety Wear (Part Of Other Manufactured Goods)	0.5	Medium - Low
Vegetable And Animal Oils And Fats	0.4	Medium - Low
Bakery And Farinaceous Products	0.3	Medium - Low
Soap And Detergents, Cleaning And Polishing Preparations, Perfumes And Toilet Preparations	0.3	Medium - Low
Soft Drinks; Mineral Waters And Other Bottled Waters	0.3	Medium - Low
Processed And Preserved Fish, Crustaceans And Molluscs	0.3	Medium - Low
Fish And Other Fishing Products; Aquaculture Products; Support Services To Fishing	0.3	Medium - Low
Medical And Dental Instruments (Part Of Other Manufactured Goods)	0.2	Medium - Low
Pens And Writing Implements (Part Of Other Manufactured Goods)	0.2	Medium
Furniture	0.2	Medium
Other Chemical Products	0.2	Medium - Low
Products Of Forestry, Logging And Related Services	0.1	Medium - Low

[i] Volume (number of units) of total retail products sold in Northern Ireland per annum.
[ii] Further details on GlobalData Retail and Kantar Worldpanel can be found at: https://www.globaldata.com/industries-we-cover/retail/ and https://www.kantarworldpanel.com/en/Consumer-Panels-/FMCG respectively
[iii] https://www.economy-ni.gov.uk/publications/northern-ireland-retail-study-value-volume-and-proportion-goods-sourced-gb-or-transported-gb-other
[iv] Retail value and volume sourced from GlobalData study with exception of Motor Vehicles and Pharmaceuticals. See full research report for details on how these two categories were estimated.
[v] Note: this excludes buses.