Bringing you the latest consumer behaviour trends throughout Europe.

Each quarter, FootFall analyses thousands of retail outlets across 10 countries.
Executive Report Summary

Quarter 4 2014

Each quarter, FootFall analyses thousands of retail outlets across 10 countries to bring you the latest consumer behaviour trends throughout Europe.

Economic uncertainty within the Eurozone led to an overall Year-on-Year decline in footfall for quarter 4. Only 3 regions enjoyed an improvement in retail traffic, with the majority of markets experiencing a decline.

Germany was worst affected, with Year-on-Year footfall figures decreasing from -0.7% in quarter 3 to -6.6% in quarter 4.

Austria was the strongest performing nation, while Spain and Ireland also recorded positive results. Poland continued to struggle – as it has done throughout the year – while Italy and France’s performances in particular were hindered by economic shrinkage.

European Index Average Change for Q4 Year-on-Year

-1.64%

Analysis of Footfall % Change:
Year-on-Year for Q4 2014

<table>
<thead>
<tr>
<th>Country</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Q4</th>
<th>Q3</th>
<th>Q2</th>
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In Quarter 4, economic uncertainty within the Eurozone continued to impact consumer activity.
The last quarter of 2014 brought challenges for many regions, with economic stagnation in the Eurozone significantly impacting retail traffic across the continent. Only 3 markets – Austria, Spain and Ireland – recorded footfall increases, and two of these were marginal, whilst the remaining 7 surveyed nations all saw consumer activity decline Year-on-Year.

Austria was the only region to experience significant footfall growth, with figures increasing +2.0%. However, bricks and mortar is being put under greater pressure by the rise of ecommerce; a study from Conlumino into the country’s retail sector predicts that online shopping will greatly increase in popularity over the next 3 years ¹.

Spain’s footfall improved by +0.7% across the final quarter, predominantly due to strong performances in October and November. Although problems for its Eurozone neighbours slowed economic growth, Spain’s consumers were tempted into shopping through a combination of improving employment levels and deflating prices. The Spanish government is confident this momentum will continue into the first quarter of 2015, particularly as a drop in global oil prices is pushing prices in the country even lower than recent months ².
Ireland was the final European region to experience a footfall increase in Q4, with retail traffic up by +0.3%. Its strongest performance came during December, when there was a +0.9% rise in consumer traffic; 68% of retailers predicted that consumers would spend more at Christmas than in 2013, and this positivity was certainly reflected in footfall figures. In fact, Ireland enjoyed its strongest festive sales period in 5 years, whilst consumer confidence levels dramatically increased at the end of the quarter, from 85.3 in November to 90.5 in December.

Unfortunately Ireland’s neighbour did not enjoy the same positive result, as retail traffic in the UK fell -1.7% during the final quarter. There was much hype in the country around Black Friday (28th November), but even a phenomenal promotional drive around the US-founded event was not powerful enough to increase footfall; an average of £385,000 was spent every minute during the one-day event, but annual consumer activity still fell -1.5% during December.

Several European regions endured even more significant drops in Year-on-Year footfall during Q4, including Portugal, where consumer traffic declined -2.2%. Consumer confidence has lingered in the negative throughout the year, leading to cautious behaviour among shoppers. However, it is worth noting that, despite shopper volumes being down, yearly retail sales were up each month – significantly more so during October. This shows that consumers who did indulge in retail therapy were not afraid to make purchases.

Another market experiencing difficulties during the final quarter was Italy. Unlike Spain, the country did not weather economic troubles in the Eurozone so robustly - a factor that contributed to footfall decreasing by -2.4%. In fact, Italy suffered its worst recession since World War II during the latter months of 2014, which led to rising unemployment levels.
By November, unemployment had reached 13.4% with December’s consumer confidence falling to its lowest in 8 months.

Switzerland’s footfall also dropped dramatically during Q4, which was especially surprising considering it was the strongest performing region during the previous quarter. This downturn also surprised market analysts, who predicted retail sales would rise 1.1% in December, when they actually fell by 1.2%.

In France, retail traffic experienced an even greater drop, declining -3.1% Year-on-Year. Many retailers discounted prices to stimulate activity amid a shrinking economy, while the French government has relaxed regulations surrounding Sunday shopping in a bid to revive footfall in Q1 2015. Early indications show there is still much work to be done though, as consumer activity actually worsened as the quarter progressed – reaching its lowest level of -7.4% during December.

After languishing at the bottom of the league table for the last three quarters, Poland experienced a slight improvement in consumer activity during Q4 – although footfall still recorded a -3.7% decrease. Despite 340,000 square metres of new retail space being constructed during the first 9 months of 2014, retail traffic declined month by month during the final quarter, dropping to -7.1% during December.

These results are unsurprising considering consumer confidence remained negative throughout the year, while 25% of Poles claim their financial situation deteriorated during 2014. This is, however, a slight improvement on the previous year, when 33% of the nation felt worse off.

The poorest performance of the quarter fell to Germany, where footfall declined -6.6%. Economic instability played a major part in this result, as the country narrowly avoided slipping into a recession during Q4, although the economy did grow 1.5% across the year as a whole.

But while shopper volumes may have been disappointing, there was some hope for German retail businesses; retail sales actually increased during the quarter. This shows that, like Portugal, less people in stores and shopping centres did not necessarily mean fewer purchases were being made.

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Retail Intelligence Services

You can’t increase profitability without knowing your customers inside and out.

That’s what FootFall has learned in 20 years as a global retail intelligence expert.

In that time, we’ve enabled thousands of retailers and shopping centres worldwide to increase revenue and profitability, by providing them with multi-dimensional data for clear cut decisions - so they can uncover extraordinary insight to increase profitability.

FootFall is a trusted advisor to retailers and shopping centres in Europe, Asia and the USA. We work with internationally renowned brands.

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We also pioneered and manage the now globally-recognised FootFall Index, a set of national trend indices measuring shopping numbers, which is relied upon by retailers and shopping centres across the globe as a consistent and trusted performance benchmark.

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