



“Our standard of living has gone from being one of the lowest in Europe to one of the highest.”

Have You Been Experienced?

Mass affluence is the democratisation of luxury. The products and services that were once the exclusive preserve of the rich over time become the taken-for-granted commodities of the greater part of the population. This process has been observed since the dawn of the industrial era in the late 18th century. Indeed Ireland has undergone an ‘Affluence Shock’ in the past fifteen years, during which our standard of living has gone from being one of the lowest in Europe (little more than half the EU average) to one of the highest (almost a third higher than the EU average). A process that in other countries took several generations has taken little more than half a generation in Ireland. No wonder we are still a little uncertain and suspicious about its robustness and its prospects.

Nevertheless, Ireland’s prosperity means that we are quickly evolving into an ‘Experience Economy’, one in which affluent consumers dedicate a growing share of their spending power to tailored, personalised experiences. A leading indicator of this trend is the growth of the spa sector in Ireland. A recent Amárach study shows that a quarter of Irish adults have used spa facilities at hotels and resorts, rising to 3 in 10 Irish women. With a third of UK adults using spas the short term outlook for the sector in Ireland is clear. But these are only indicators of an emerging Experience Economy in Ireland. There will be numerous business opportunities in catering for the needs of experiential consumers - all driven by the democratising influence of mass affluence.

The €100 Billion Opportunity

A lot can change in just ten years. Back in 1996, the total Irish consumer market was worth €33 billion, fast forward ten years and its value has more than doubled to €80 billion. And it doesn’t stop there: based on consensus growth rates we foresee consumer spending topping €100 billion by the end of the decade. In the short term, nominal consumer spending growth (including inflation) will reach double digit figures again, just as in the original ‘Tiger I’ boom of 1999-2000 - illustrated in the chart:

The implications of the continued growth in the value of the consumer spending cake are far reaching. Firstly, despite our small population, the sheer size of the market will make Ireland an increasingly attractive destination for exporters of consumer products and services from around the world. Secondly, Irish businesses that succeed in meeting the needs of Irish consumers will increasingly have the scale to support overseas delivery of the same products and services to consumers in other markets.

Thus we can anticipate that the rise and rise of the Irish consumer will facilitate even greater choices for consumers here in Ireland, and increasing investment overseas by Irish businesses building on their domestic successes.

In The Web We Trust

A recent study by the BBC and Reuters points to the challenges facing media seeking to reach younger consumers. The study - looking at the most trustworthy sources of news - found that across 10 countries (including the UK and USA) the web is now considered the most important news source for 19% of all young people. Indeed, seven in ten 18-24s consider the web to be just as reliable a news source as television, press etc.

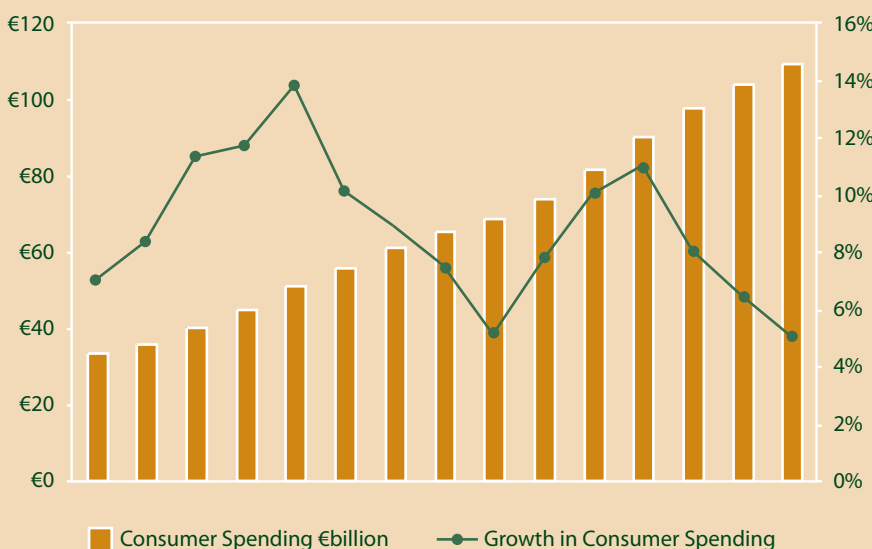
With a whole generation of younger Irish consumers now online it will not belong before incumbent news providers struggle to maintain relevance to increasingly web savvy youth.

More about the BBC/Reuters study at: www.bbc.co.uk

Ask Amárach

If you require any further details about the studies reported in this or previous issues of The Irish Consumer just contact us with your questions. Also, if you have any suggestions on themes and trends you would like us to explore, then please send your suggestions to adrian.fernandes@amarach.com

Tiger II - The Reprise



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