

Insights

HERE AND NOW Local and global factors that are currently influencing consumer behaviour and Irish e-commerce.

1. 'Buying Irish' isn't enough



In this edition of the .IE Tipping Point report, more consumers who reported doing the majority of their online shopping with Irish SMEs said they did so out of a desire to

help local businesses through the pandemic. However, overall online spend has actually swung away from Ireland and back to international retailers.

Crisis solidarity is not enough for a stable e-commerce strategy. Irish SMEs seeking to sustain their business through their online store can only retain their customers in the long term by consistently improving the online customer experience.

2. Play to your strengths



Multinationals with globalised supply chains have many clear advantages over Irish SMEs. They can be far more competitive on price and range. In these respects they can be unassailable, and SMEs trying to undercut them in a race to the bottom are wasting their scarce time and money and potentially endangering their business.

However, SMEs still have competitive USPs, such as trust and reliability. They need to focus on perfecting these advantages—for example, with personalised customer communications or faster delivery services—so that shopping local continuously generates benefits and value-adds for their customers.

3. Brexit: advantage Ireland?



While Irish SMEs no doubt prefer that Brexit had not happened, the UK's withdrawal from the EU may actually confer local businesses with some advantages. SMEs should seek to exploit them and inform their customers wherever possible.

For example, because many Irish SMEs ship goods entirely within Ireland, they can pass on cost benefits to consumers, who will not have to pay unforeseen customs charges. Delivery from within Ireland is also faster, as customers do not experience the recent delays associated with border inspections and customs checks on goods.

FUTURE TRENDS Short- and medium-term trends with the potential to shape the future of digital Ireland.

4. Omni-channel is preferred



Consumers are spending more online and intend to keep doing so after the pandemic. Their in-store shopping routines have changed over the last year, and many now

favour visiting shops at a certain time of the week, when they view them as safer or less crowded.

This may help to accelerate a long-observed trend that suggests consumers now prefer to buy necessities online during the week—the 'midweek convenience'—and save discretionary purchases for the weekend 'experience'. If this behaviour becomes more apparent, bricks-and-mortar SMEs that have invested in an online store since lockdown will have a major advantage over their offline competitors after the pandemic.

5. Virtual service delivery



While Irish SMEs and international retailers remain locked in a constant struggle to win market share of online spend on physical **products**, this report shows that Irish online **service** providers have a clear advantage over their overseas counterparts.

However, services are still purchased only infrequently online by consumers. This may be because many Irish SMEs and professional services firms have not yet invested in the tools or methods required to make the consumer experience useful and seamless. Service providers should therefore begin by undertaking an internal assessment of their use and deployment of technology, and whether it is fit for purpose.

6. No way back



The pandemic is a continuum, not a standalone event. Shifts in consumer and SME behaviour are still occurring, some now at a faster rate, others slower.

From a digital perspective, it is clear that the pandemic is having an accelerant effect.

What we view as Ireland's digitalisation tipping point may, therefore, be an accelerating downward spiral for those who fail to adapt as e-commerce and online interaction become the default. Local authorities and national decision-makers must consider these factors if their digital development plans are to be effective and relevant.