

Black Friday and Xmas sales: 'Tis the season to be digital

Consumers have become savvy online shoppers since the pandemic began, but with Black Friday and Christmas sales, many SMEs are still waiting to grapple with digital commerce.

Now that Halloween is out of the way, the next way point on the road to Christmas will be Black Friday (27 November) sales and with many retail outlets in lockdown until December, the post-Thanksgiving shopping extravaganza that has become a US export will be a major occasion online.

Having lost so much business because of lockdowns, selling products below cost is hardly appetising for SMEs at the end of a far-from-satisfactory year. December will be a key month offline and online to make up for lost business.

Two bits of research indicate that on one-hand consumers are primed to engage in e-commerce but on the other, while many SMEs know that the future is digital, they just aren't ready.

How prepared are Irish businesses for digital commerce?

Research published by Visa shows that one in five (21pc) Irish consumers surveyed plan to do most of their shopping online this Christmas due to Covid-19. Yet more than a quarter (28pc) of Irish small and medium enterprises surveyed (SMEs) are unprepared to take on the holiday season influx of sales, and only 12pc of small businesses are planning to digitise their business to meet demand.

According to the research, the Christmas trading period represents the largest sales opportunity for 33pc of Irish SMEs. Online shopping is likely to represent a higher percentage of sales compared to previous years, with 40pc of Irish Visa cardholders who didn't shop online before the pandemic, now doing so.

This means that small businesses face losing out on valuable sales if they do not have an online offering.

Despite the increased appeal of online shopping, thousands of Irish SMEs also risk being unable to

trade online successfully due to not having security technologies place that meet the requirements of Strong Customer Authentication (SCA) – part of the EU Payment Service Directive (PSD2).

SCA, which will be enforced in Ireland from 31 December 2020, requires banks to check payments are being made by the correct cardholder -and not a fraudster- by asking them for two methods of identification such as a fingerprint or four-digit one-time passcode. Businesses that aren't prepared for the regulation may find that banks will decline customer payments.

By adding these features, Visa says SMEs can help make payments more secure and ensure their customers can still make online purchases quickly and easily. Visa recently launched its [Digital Business Kit](#) which provides end-to-end guidance on setting up and growing a digital presence, in addition to [helpful tips](#) and [guides to preparing for SCA](#).

“Christmas is a key trading period for businesses in Ireland, many of whom have been impacted by Covid-19,” said Philip Konopik, Ireland country manager at Visa.

“While creating an online offering has never been easier, small businesses also need to consider the regulatory requirements they need to trade successfully online and in-store. Businesses have the power to decide how smooth the checkout experience is for their customers and ensure that legitimate payments can be approved. By offering them the tools and resources needed, we can empower them to maximise sales and rebuild for long-term recovery,” Konopik said

Consumers are primed and connected

Research out this week from [Virgin Media](#) reveals just how digitalised Irish consumers have become since the pandemic began with more than half confirming they now shop online more than they ever did previously.

No doubt Level 5 restrictions will accelerate this.

The findings come from research commissioned by Virgin Media Ireland and conducted independently by Amárach Research, surveying over 1,000 people aged 18 and upwards across all regions of the country.

Consumers have shown a rapidly increasing preference to shop from home using digital channels with 90pc saying they spent money online over the past month.

Four in 10 people (37pc) said they began shopping online for the first time - at the start of the pandemic.

According to Virgin Media's research, Ireland's Top Five most popular online purchases on a usual basis are (1) Clothing 81pc, (2) Food Takeout and Delivery 62pc, (3) Footwear 60pc, (4) Consumer Electronics 59pc and (5) Entertainment at Home, 57pc.

The Top Five most popular new online purchases among these consumers include (1) Groceries, 44pc of online grocery shoppers began purchasing their groceries online since the start of the pandemic; (2) Healthcare, Fitness and Wellness Products 37pc; (3) Snacks 36pc; (4) Household Supplies 35pc, (5) Vitamins / Supplements 35pc.

Among grocery shoppers, 24pc of people said that once the pandemic is over, they'd like to do less in store shopping and continue shopping online for groceries into the future.

One in four people surveyed who have used a 'click and collect' service did so for the first time ever in recent months, and 7 in 10 respondents said they have used restaurant kerbside pickup services for the first time since lockdown started.

Taking the above into account, the research estimates current average monthly online spending by consumers at €775m per month or an annualised figure of €9.3bn. This is a conservative estimate given that a significant online Christmas rush can reasonably be expected by year-end. Central Bank data recorded online spending of €15.9bn for the first three quarters of 2019.

"The research shows there is a constant ramping up of activity online and we see this reflected in a 40pc increase in data usage across our network since March," said Paul Higgins, vice-president of Virgin Media Ireland. "The findings also demonstrate the need for reliable, fast and secure broadband to meet constantly growing connectivity needs.

"We are seeing a dramatic shift in Irish consumers' shopping habits with 90pc of people now regularly buying goods and services online and 47pc doing this more than they ever did before. This highlights how important an online capability is for Irish businesses including retailers and SMEs. Serving customers and consumers requires an omnichannel approach with a major emphasis on digital service delivery and this will continue to be the case in the run-up to Christmas, into the new year and onwards.

"The current situation is driving significant change in how people live their lives. Our increased data usage underlines the fact that broadband is playing a central role underpinning the continuity of daily life and business activity to the best possible effect. "With our recent 1Gb broadband boost, we're ensuring that people and businesses will be able to participate fully in every aspect of digital life as we continue to support the economy through the essential connectivity we're providing."

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