
For once, Irish SMEs overtake global online giants on home turf

For a change, it appears Irish SMEs are holding their own against international retailers in the online shopping battle for consumer spending.

Historically, the bulk of Ireland's e-commerce spend has gone abroad to foreign companies.

However, since the Covid-19 crisis Irish consumers estimate that they have done most of their online shopping with Irish SMEs (53pc) versus international retailers (47pc). Those figures were the opposite before the crisis (52pc international vs 48pc Irish).

According to the latest [Tipping Point survey](#) by the [IE Domain Registry](#) (IEDR) in association with [Digital Business Ireland](#), 95pc of Irish consumers shop online at least some of the time, and 75pc say they have either spent more online during the Covid-19 crisis or the same as before it. Lockdown seems to have done little to quell consumer demand online.

The survey of 1,000 Irish consumers and 500 retail and customer-facing professional services SMEs found, however, that the increase in online shopping is not exactly great news for bricks and mortar retailers.

An omni-channel future for Irish retail

It found that seven in 10 Irish consumers (74pc) say Covid-19 restrictions in physical stores, such as social distancing, queues, and capacity limits, have negatively impacted their decision to shop in them.

While current restrictions are changing consumer behaviour, the report shows that if Covid-19 were controlled and social distancing no longer required, 48pc of consumers would continue to do the bulk of their shopping in physical stores.

52pc would engage in some form of online shopping – 11pc would do most of their shopping online, while the remaining 41pc would do a combination of both, shopping in-store for necessities but online for other products. It is clear that a “blended” shopping approach is preferred by consumers.

Consumers who said they would mostly shop online believe it to be safer (59pc) and more timesaving (56pc). Among the group that would prefer to shop mostly in-store, 62pc say that physical shops are more convenient, while 55pc say they simply want to go outside and be social, indicating the growing psychological toll of Covid-19 restrictions.

Wearing the green jersey

Among consumers who have done most of their online shopping with Irish SMEs since the Covid-19 crisis, 67pc say they have done so out of a sense of solidarity and a need to support Irish businesses. 48pc said Irish SMEs are more reliable than international retailers; 41pc said they are more trustworthy.

However, among those who have tended to shop online with international retailers during the Covid-19 crisis, cheaper products (71pc) and a better range of products (69pc) have been major factors influencing their decision. Over a third said international retailers have better online services and storefronts than their Irish counterparts.

Digital transformation needed

Despite the majority of Irish consumers turning to Irish SMEs for online shopping, 79pc of small businesses said that they had not invested any money whatsoever in their online services since the Covid-19 crisis. Indeed, only 25pc of all SMEs sell online in any capacity.

It is clear, however, that SMEs that do invest in online services reap rewards. Almost half (46pc) of those that have invested since the Covid-19 crisis say they are busier than or as busy as before it. Among those SMEs with an online store, 88pc said they had noticed a change in their volume of sales since the Covid-19 crisis. 77pc say this has been a positive change.

“Despite the Covid-19 crisis, consumers have continued to spend online,” said David Curtin, CEO of IEDR. “They are now looking closer to home for retailers that they trust and know are reliable. Most significantly, they simply want to support Irish businesses through an immensely challenging period.

“Once an effective treatment or vaccine is found and Covid-19 is no longer a contributing factor to consumer purchasing decisions, Irish SMEs may gradually lose out on the goodwill that they are currently benefiting from. From a digital perspective, Irish SMEs are still far behind their international peers; as many as 80pc have not invested anything at all in their online services since the Covid-19 crisis began, despite lockdown and the closure of physical stores. International retailers are seen as having better online storefronts and services, in addition to cheaper products and better product ranges.

“We need to ensure this new swing to Irish online retail is not short-lived. Those SMEs that embrace omni-channel, facilitating both an online and in-store experience, while promoting their trustworthiness and reliability will be able to better compete with international online retailers.

“Properly equipped with the digital technology and skills required to meet consumer demand, Ireland’s small businesses have a crucial role to play in reigniting this country’s post-Covid-19 economy.”

Bricks and clicks is the answer

Never before has the need for a digital business model for Irish retailers been more acute, said Lorraine Higgins, CEO of Digital Business Ireland.

“As Covid-19 engulfs our world, it has brought to the fore the pressing need for an omni-channel, bricks-and-clicks approach to business, a fact that is corroborated by stratospheric online retail sales figures over the past number of months.

“While an integrated, omni-channel business model must become an elevated priority in order to offset the threat of a return to a leak in spend to international businesses, further efforts will have to be made to bridge the digital divide.

“Personalisation, artificial intelligence, flexible payment options, faster delivery times, and seamless customer journeys will be a key focus for discerning e-tailers, who must seek out opportunities to differentiate themselves in a busy online marketplace.

“On a macro level, the timely delivery of the National Broadband Plan and further take-up of the Digital Trading Online Voucher will help us to become a leading digital economy,” said Higgins.

Written by [John Kennedy](mailto:john.kennedy3@boi.com) (john.kennedy3@boi.com)

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