

Innovative retailers will win as optimistic consumers return to shops

As optimistic consumers return to the shops, trends such as contactless payments, omnichannel retail and click and collect are here to stay, says [Bank of Ireland](#) head of [Retail sector](#) Owen Clifford.

The rollout of the vaccine has spurred consumer optimism, but traditional retailers will need to stay on top of trends that took hold during the Covid-19 pandemic.

In the most recent Sector Development Insights report from the bank, Bank of Ireland's head of Retail Sector Owen Clifford pointed to how grocery retailers continue to deliver a strong performance with the latest Kantar data outlining that the average household bill was around €250 greater in the twelve weeks ending 18 April 2021 than in the equivalent pre-pandemic period in 2019.

The data also highlights that Irish consumers are becoming more comfortable visiting supermarkets linked to the vaccination roll-out with a 9pc increase in shopping trips recorded in the prior four weeks. The over 65s are leading this return and increased their visits to bricks and mortar stores by around 14pc compared with this time last year.

Clifford pointed out that retailers recognise that investment is required to retain and attract footfall and said that the bank has received a strong volume of funding requests from many family-owned retailers linked to store revamp and refurbishment projects.

One major change that has taken hold since the pandemic is how many retailers now recognise that their online platform is the "front door" of their store and Clifford urges greater cohesion between the physical store network and the online platform as an imperative.

He also revealed how a combination of Covid-19 and Brexit have stimulated an increase in activity and demand for retail distribution hubs in Ireland, particularly along the M50 belt to service the greater Dublin/East coast market. This demand has been led primarily by international retailers seeking to circumvent Brexit related tariffs and meet customer expectations of faster delivery. Meeting the demand, Clifford revealed, is proving challenging for property professionals.

Taking stock

Owen Clifford, head of Retail Sector, Bank of Ireland

ThinkBusiness caught up with Clifford to delve into how Irish retail will meet customer expectations in the post-Covid marketplace.

Do you think the Covid-19 vaccine roll-out will change consumer behaviour in the months ahead?

The roll-out of the vaccine programme has signalled renewed consumer optimism. As we all emerge from our lock-down cocoons, we will seek the experience and social interaction involved in traditional in-store shopping. However, physical distancing and health and safety will continue to have conscious resonance in how we shop, how we move around stores and how we are served.

The customer preference to use card and contactless will endure. Click-and-collect will form an essential element of a retailer's sales and fulfilment channel given the prohibitive costs associated with a pure online and delivery method. The use of social media led events/sales, virtual appointments/consultations, and a strong after-sales service will distinguish progressive retailers from the crowd.

Online retailing and services have found a new, wider audience over the past year - the discovery and adoption of this new way of shopping will become ingrained in consumers future routines.

Retailers will need to ensure that they meet their customers' expectations consistently and that this captive audience is retained. While technology has provided good solutions for the transactional aspects of online shopping (displaying products and payment platforms), in many cases it has failed to deliver a great experience. The online journey needs to be as frictionless as possible for the customer – eliminating out of stocks, efficient/flexible delivery and return options and personalisation of the offering for recurring customers will all support enhanced customer acquisition and more importantly, retention.

How has Covid-19 transformed the fortunes of the retail sector and how are retail chains embracing the digital/omnichannel opportunity?

Covid-19 has had a disproportionate effect on the retail sector with some sub-sectors such as grocery, garden, sportswear performing very strongly over the past year and others such as fashion and department stores operating in a much more challenged environment. Whilst online has been a lifeline for many Irish retailers during the pandemic, the importance of physical stores should never be underestimated.

Results from Ipsos' Global Trends Survey 2020 showed that friction with e-commerce has grown during the pandemic; the percentage of even Gen Z respondents finding online more difficult than shopping in traditional stores rose from 26pc in 2019 to 37pc in 2020.

Retailers need to take a pragmatic approach in respect of their physical store network – don't pull up the tram tracks just yet – a physical store presence will remain key to gain/maintain visibility and build up direct relationships with the Irish consumer in the years ahead. Opportunities to activate pop-up stores, brand within in a brand outlets etc should emerge for Irish retailers in 2021 as landlords seek to re-invigorate and re-imagine prominent high-street locations vacated by UK fashion brands in recent months.

Irish retailers have been proactive and innovative; adapting themselves to meet the immediate needs of consumers, for example, improving safety measures, bringing the store to the home (e.g. personal shopper video calls etc) and offering alternative services. But as engagement with the consumer evolves post Covid-19, retailers will need to re-think the economics of stores as an integral part of the customer journey. They will look to create places that inspire, entertain and educate, while also fulfilling other operational and logistical needs, such as Click & Collect, service points and our home working requirements.

Retailers will aim to deliver a “New Retail” model, combining the best of digital and physical to produce a genuine, valuable omnichannel experience for us the Irish consumer. Indeed, greater cohesion between a retailers online and physical store channels needs to be a lasting legacy of Covid-19 and an imperative for a sustainable retail model.

Retailers with no existing online or delivery channel will struggle to survive in a competitive landscape in the future. Companies now need to be good at not just buying and selling products, but also at things like online fulfilment, home delivery, data analytics, AI, machine learning and process automation. A multi-partnership platform model may help deliver some of those important capabilities into the future.

This may involve a partnership structure between retailers driving mutual benefits, whether through shared distribution channels, shared sales space (in-store and online), or shared customers. Partnerships with specialists from outside of the sector will also prove essential if retailers are to realise their digital potential particularly from data analytics.

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