

2019 PwC Irish Retail & Consumer Report:

Investing in Experience

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Overview

We are delighted to present the 2019 PwC Irish Retail and Consumer Report. It is part of PwC's global insights initiative which canvasses the opinions of consumers across 27 territories, including over 1,000 in Ireland.



John Dillon

Retail & Consumer
Practice Leader,
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Ireland's consumer remains cautious and value-conscious, particularly as Brexit and the global economic climate remain uncertain.

While near full employment in Ireland is boosting economic activity, the growth of disposable income remains under pressure. This presents opportunities for those retailers and brands who can match and exceed the expectations of ever more savvy consumers.

Pay for the experience

Excelling at customer experience is increasingly coming to the fore of many corporate strategies as retailers and brands attempt to satisfy the demands of the more discerning, more informed and more demanding customers. Businesses need to think beyond the traditional approach of targeting a set of chosen

47%

of Irish respondents said that they expect to quickly and conveniently navigate the store

customers. Consumers will do the choosing, and their choices are increasingly influenced by the distinctive values and experience they encounter.

Irish shoppers expect seamless and friction-free shopping experiences. They expect to walk into the store and navigate it logically and rapidly. They expect to have access to knowledgeable and helpful sales assistants, pay using contactless or mobile technology and have the option to click and collect. Our survey shows that Irish consumers are willing to pay for a seamless experience. The survey highlights that investing in experience is





key for the future of retail and those who can invest in the right areas will achieve quantifiable Return on Experience, or ROX, a measurement that will enable companies to understand the value of investments relating to the customer experience.

Mobile first, boosted by social media, but store remains front of mind

The survey reveals a doubling of smartphone shopping compared to last year, while at the same time, in-store shopping remains critical. Mobile shopping is experiencing exponential growth, boosted by

54%

of Irish respondents shop In-store either daily or weekly (excluding grocery), up from 46% last year

social media, having a serious influence on buying patterns. While stores remain front of mind, there is growing pressure from online retailers and the need for stores to create a compelling proposition has never been greater. Stores need to constantly evolve and innovate in order to satisfy consumers who are clearly interested in store shopping albeit in a different way. The frequency of shopping (daily or weekly) is positive at 54% and is up from 46% last year.

Growing consciousness of sustainability

The survey highlights that Irish consumers care about sustainability and are willing to pay for it. Their values and beliefs matter in the purchasing journey. Companies need to be mindful of the growing consciousness of sustainability amongst customers

41%

of Irish consumers are prepared to pay a premium for sustainable products

and the need to provide a range of products that are ethically sourced, organic and locally produced. This consciousness will continue to grow with the greater awareness of climate change, resource depletion and the implementation of carbon taxes.

Embracing new technology

New emerging technologies will continue to cause disruption and businesses need to respond. The survey highlights that shoppers are embracing new technologies faster than anticipated, with the importance of smart devices set to grow. Globally, 'voice' has the potential to become the new

'mobile'. Irish retailers need to consider the integration of 'voice' into marketing campaigns as this new wave of technology takes hold. Through data analytics and artificial intelligence, the transactional nature of the retailer-shopper relationship will produce more insightful and actionable

9%

of global consumers are using Smart Voice Assistants to shop online every week

data. Analysis of this should help to inform which experiences should be invested in.

The survey confirms that retailers and brands who provide the right product at the right price combined with superior customer experience will be the most successful in the years ahead.

1 Customer experience is a key differentiator

Excelling at Customer Experience is at the heart of many corporate strategies as retailers and brands attempt to satisfy the demands of the more discerning, more informed and more demanding customers.

Winning through experience

Business can no longer rely on the traditional approach of targeting a set of chosen customers. Consumers will do the choosing, and their choices are increasingly influenced by the distinctive value and experience they encounter.

Experience is everything for the digitally empowered consumer, who will buy more, be more loyal and share advocacy with their network. People are increasingly loyal to the brands, retailers, services and devices that consistently provide exceptional value with minimum friction or stress. A positive brand experience can be more influential than great advertising.¹

Experience is everything for the leading companies in this space. They deliver a consistent experience across all their touchpoints, analysing the costs, benefits, and performance of their multichannel ecosystem and adapting accordingly from the data they receive. The Experience Economy ² has created an integrated customer experience rationale, steering brands and retailers beyond products and services into selling engaging holistic consumer experiences.

The payoffs for great experiences are tangible: up to 16% price premium on products and services, plus increased loyalty.³ However, traditional return on investment (ROI) metrics are no longer sufficient on their own to determine a company's success. Evaluating whether the value

proposition, capabilities, and portfolio of products and services will grow business requires laser focus on how well the business is meeting elevated consumer expectations related to the customer experience.

Organisations need to map consumers' purchase journey, isolate the touch points and factors that drive experience, and then invest in the key elements of the company that will move the needle on those interactions and yield measurable results through a Return on Experience (RoX).

RoX is a measurement that will enable companies to understand the return they are generating on investments made into the parts of the company directly related to the customer experience. Given that consumers today are far more

discerning and proactive in their purchase journeys and interaction with brands, most organisations need to invest far more in customer experience.

The challenge is to use new technology with purpose to make the customer experience feel more human, eliminating the pain points whilst at the same time empowering employees. The human touch is the connector, creating real connections by enabling technology to feel more personal and giving employees the tools they need to create better customer experiences.

1. The marketer's dilemma – The new capability agenda for marketers and their partners.' Strategy& PwC 2017

2. Term describes businesses selling memorable experiences as products - 'Welcome to the Experience Economy', Harvard Business Review, July-August 1998.

3. 'Companies have lost the human touch in customer experience', PwC Global Survey 2018

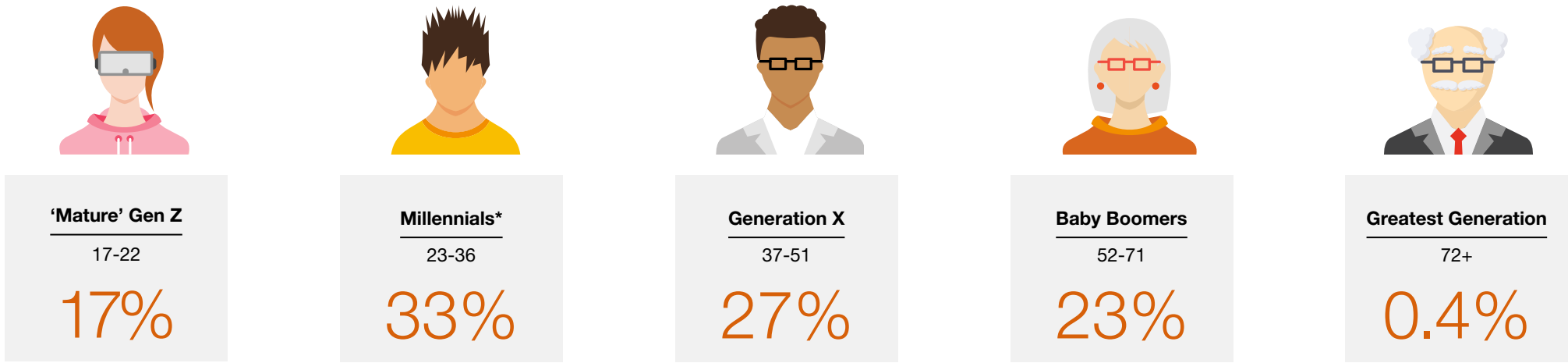
Demographics vs behaviours

Traditionally companies have used demographics to understand consumer sets. This allowed for the development of concepts, such as Baby Boomers, Generation X and Millennials. But those catch-all terms are exactly that - catching all and making generalisations commonplace, missing the nuance of the individual customer and their particular wants, needs, expectations and values.

Exhibit 1:

Who took part? A view across generations

*Young Millennials (23-26), Core Millennials (27-31), Mature Millennials (32-36).



Today’s consumer can be compartmentalised in a way that takes account of their attitudes to information and how best to engage with them, particularly on an experiential level.

The new wave of modern consumers, Young and Core Millennials and Gen Z, grew up in a world that has always been connected. These Digital

Natives had access to smart devices since their infancy, and they consume vast amounts of information at a rapid pace. Their currency is social influences, validation, trends, and values that extend beyond the product. They are willing to hand over data about themselves but need to see a meaningful return on it. And they thrive on experience.

Mature millennials were born between 1980 and 1990, and were part of the first wave of consumers of the internet age. Their loyalty to specific brands is not assured. They tend to be the second wave of adopters of new ideas and disruption brands. They can be influenced by social media and peer approval. They are well versed with using multiple screens and will research their buying

intentions more thoroughly.

Generation X tend to be more loyal to the brands that shaped them, less likely to diversify in their tastes, and do not exhaustively research their purchases. They also are less concerned with the opinion of others or getting the validation of their peers.



The millennial mix



Young Millennials
(23-26)



Core Millennials
(27-31)



Mature Millennials
(32-36)








In order to further understand these demographic differences, the 2019 survey examined how behaviours across the millennial grouping differ by age.

Even within established consumer demographics there is divergence in expectations and requirements across the range of ages. This means that retailers and brands need to be aware of their customers and make sure they are able to adapt accordingly depending on what they want and need.

Take the example of the in-store experience where the ability to quickly and conveniently navigate the store was ranked the top priority by all age groups in Ireland. However, the level of importance attributed to navigation was higher among older respondents.

Exhibit 2:
Top three attributes influencing store experience (out of 14).

Which of these attributes would significantly improve your shopping experience?

	 Young Millennials (23 – 26)	 Core Millennials (27 – 31)	 Mature Millennials (32 – 36)	 Generation X (37 – 51)
 Ability to quickly and conveniently navigate the store	35%	42%	39%	50%
 In-store Wi-Fi with fast simple login	32%	37%	33%	38%
 Quick and easy payment methods	31%	35%	33%	37%

The different expectations among millennials highlights that they cannot be considered as one cohort. There are important and differing preferences that exist amongst them. Mature millennials display behaviours, driven by changing lifestyles and priorities.

Brands need to be able to pivot accordingly. Blending customer

experience with deep consumer insights beyond demographic trends is a key step in generating RoX. Building and acting on rich customer insights can support an organisation on its journey towards creating and sustaining credible customer experiences.

50%

Generation X feel the ability to quickly and conveniently navigate the store is the most significant attribute to improve store experience



Actions

1

Dig deeper into behaviours to understand your customers

The 2019 Global Consumer Insights Survey clusters behavioural characteristics into different consumer profiles. These insights enable deeper and more relevant personalisation than the paid media approach of segmenting customers by demographics alone. Demographics can't tell marketers how, when, where and why consumers shop. Behavioural and attitudinal attributes can build and act on these insights.

2

Fuse Customer Experience and Employee Experience

An organisation trying to improve customer experience without considering the employee experience is missing an integral part of the equation. Customer interaction starts with the people on the front line.

3

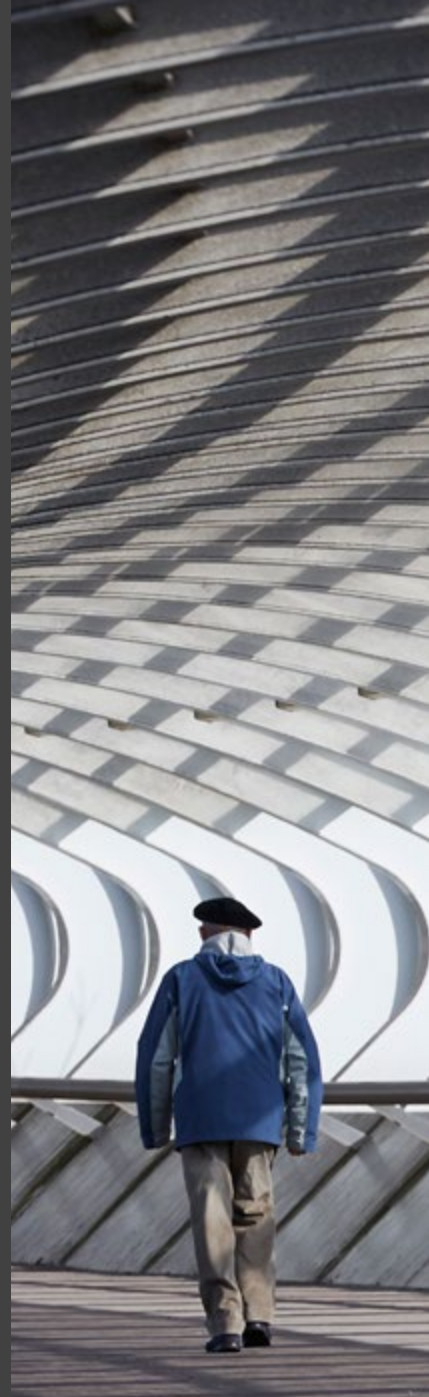
Use mobile and social to build consumer and employee communities with a purpose

Integrating the customer experience and employee experience is a lot easier when both groups are highly motivated to be associated with a particular brand or organisation. In the era of dynamic, always-on communication, this can contribute to an enduring relationship which leads to lifetime loyalty.

4

Build on “magic moments” along the customer journey

In an age of ever-expanding digital options, consumer loyalty can and does vanish with the touch of a button. To minimise that possibility, organisations should focus not just on talking about experiences but on building them focusing on those “magic moments” earns loyalty and creates a relationship that endures beyond the next product search.





5 **Treat consumers' data with respect, and deliver value in exchange for it**

Customers want the companies they interact with to protect their personal data, and they'll take their business elsewhere if they don't trust that a company is safeguarding their personal particulars. Organisations need to anticipate this demand and rethink how they use consumer data, to what extent they let consumers determine its usage, how they value it, and how they'll deliver value against it. There is also the paradox that exists between the availability of data and rising levels of distrust and growing regulation. Data is the opt-in enabler for consumers that will allow them to optimise their own bespoke experience that satisfies their individual needs, from a trusted provider.

6 **Win the trip**

Today there are more trips, more choices, more of everything. Companies can win over the customer both in-store and online by understanding what they are trying to experience and then make it easier for them to accomplish that goal, whether through ease of navigation, breadth and quality of selection, price, quality of advice or exclusivity.



2 Store remains front of mind

The in-store experience remains the most immediate connection between consumer and product. With growing pressure from online retailers, this is the time to focus on creating a compelling store experience.

The Value of In-Store

It is clear that while shopping in physical stores remains something the majority of consumers still expect, they are seeking more from their shopping experience. It is those retailers who improve their customer experience agenda who are most likely to win the shopping trip. With online shopping continuing to grow, the store still offers retailers an opportunity to create real engagement with the people who matter most. In addition, creating a seamless store and online experience is a key differentiator, and so building a complementary online offering is key to delivering the complete package.

Physical stores need to constantly evolve and innovate in order to remain relevant. The right combination of price, value and convenience together with seamlessly integrated online and offline experiences are key to making the customer experience one that keeps shoppers returning again and again.

In terms of the in-store experience, the ability to quickly and conveniently navigate the store, access to well-informed sales personnel and quick and easy payment methods are the attributes that consumers surveyed said would most significantly improve their in-store shopping experience.

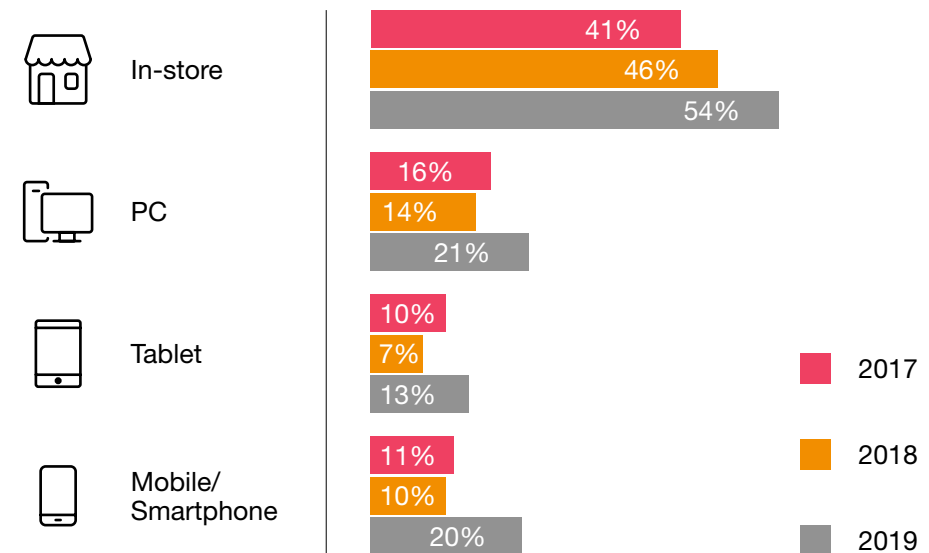
Shopping in-store remains important for Irish customers. The overwhelming reason that they gave for this in the survey

was that they prefer to see and interact with products before they make their buying decisions.

Exhibit 3:

Buying behaviours - Frequency of shopping by channel (daily and weekly, excluding grocery)

How often do you buy products using the following shopping channels?



The importance of in-store experience is critical when considering the frequency of in-store shopping. It remains strong even in the digital era. Over half of the consumers who took part in the survey still shop weekly or more frequently in-store.

Creating Experience Destinations

While consumers are generally satisfied with their in-store experience, the continued growth of online retail and increasing expectations means that stores should aim to become experience centres, not just places to purchase. The ability to quickly and conveniently navigate the store was identified by half of those

surveyed as one of the most significant improvements retailers could make to improve their in-store experience. Combined with the fact that a 'fun' experience via store design and atmosphere was the fourth most popular improvement, it is clear that experience and navigation are intertwined. Retailers and brands must begin to design smarter spaces so that customers can navigate stores quickly and easily.

By optimising areas including layout, signage along with technology such as self-service kiosks, and mobile payment options, retailers have the opportunity to create an engaging proposition.

Investing in, and improving the employee experience, is one of the key drivers of creating delightful customer experiences.

Exhibit 4:

Buying Behaviours – In-store Store navigation reigns supreme

Which of these attributes would significantly improve your in-store shopping experience?



47%

Ability to quickly and conveniently navigate the store
[64% Baby Boomers]

34%

Quick and easy payment methods (including mobile and contactless)



34%

Sales associates with a deep knowledge of the product range
[55% Baby Boomers]

Over a third (34%) of Irish consumers said that ensuring sales associates have deep product knowledge was critical to improving the in-store experience. In-store and increasingly online, employees directly interact with customers and shape the consumer experience. They set the emotional tone and often make the difference between winning consumers' affections and business, or leaving them cold.

Click and Collect

A growing feature in Ireland is the concept of Click and Collect, which enhances customer experience and, more importantly, drives customers into stores. Last year, 17% of survey respondents stated that they availed of services to place and pay for

17%

of respondents stated that they used Click and Collect services in 2018

customised orders and collect later in-store. Young millennials are high users of such services, with 44% expected to buy in this way in 2019. This type of offering can relate to both the collection of grocery and non-food categories as well as the emerging interest in the pre-ordering of food-to-go.

44%

of Young Millennials expect to use Click and Collect in 2019

Many retailers are integrating Click and Collect solutions as a way to drive footfall into stores. Importantly, this provides a key customer touch-point. However, getting customers to collect their product in-store helps manage delivery challenges, and provides an opportunity to address the complex and often costly issue of managing product returns.

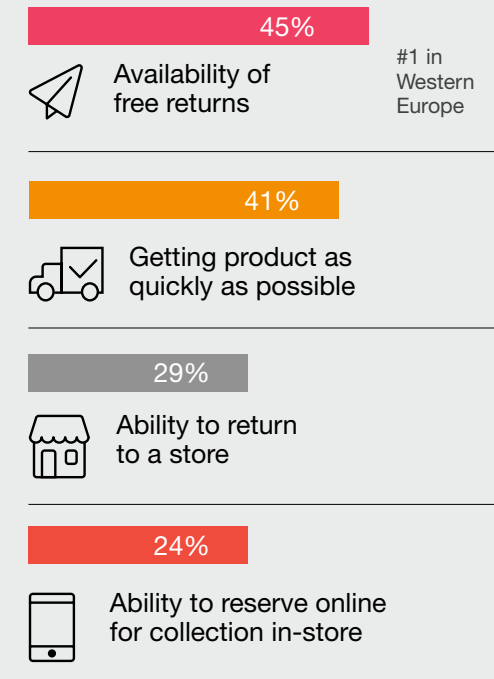
Consumers are clearly interested in Click and Collect with the ability to reserve online for store collection being ranked as a priority by a quarter of respondents. In addition 29% ranked the ability to return items through a store as a key priority. Both of these generate opportunities for in-store customer engagement which would not be available if the customer was purely shopping online.

Delivering a seamless experience

When it comes to paying for delivery, 88% of respondents stated that they are willing to pay the associated charges. However, 50% expect their deliveries within two days and a further 33% are willing to wait three to five days. Factors of most importance to Irish customers are the availability of free returns (45%), and knowing the exact delivery date at the point of ordering (44%).

Exhibit 5:

Considering the delivery process for online orders, what is most important?



The Micro-Trip

A growing trend in grocery shopping is the micro-trip, where consumers spend less than five minutes in store. Changing lifestyles combined with growing urbanisation are key factors in this trend. Younger shoppers behave differently to their parents' generation. A quarter of Irish consumers undertake micro trips at least daily compared to 31% of young millennials.

As these limited interactions become more common, the frictionless experience will become a customer expectation. The ease of navigating across the store and ease of payment will play a large part in generating return business for stores as the core experience improves.



Actions

1

Understand your shoppers

Meeting the needs of differing consumers is a challenge. However, by fully understanding their different demands also creates a real opportunity. Meeting the demands of older shoppers who have prioritised easier navigation and experienced sales personnel along with the needs of younger shoppers who focus on other aspects including wifi and quick payment methods will create a winning formula.

2

Make the store a destination

With consumers seeking new experiences and higher levels of customer service, make their store visit a memorable one. Customers are making a conscious decision to shop in-store against a crowded online and store based competitive landscape. Win the trip.

3

Build a complementary online store

Ensure your online store complements and supports your bricks and mortar store. If properly integrated, it is the consumer who wins as shopping is made easy. Maximise your assets to drive online customers in store. Click and Collect and online returns are easy ways to engage face to face with online customers. Ensure your store personnel are fully trained and understand the sales potential of directly engaging with these customers.



3 It's all about mobile first

As retailers and brands look to create more seamless and friction-free shopping experiences, technology is now the great enabler. Online and in-store, mobile-based research, shopping and payments are now easier and more reliable than ever.

30%

of consumers purchased online weekly or more often in 2018, compared to 24% in 2017

The ubiquity of mobile shopping is happening even faster than previously anticipated. Our belief that mobile shopping would grow over the next five years is being realised now, with 20% of consumers now using mobile as part of their weekly shop.

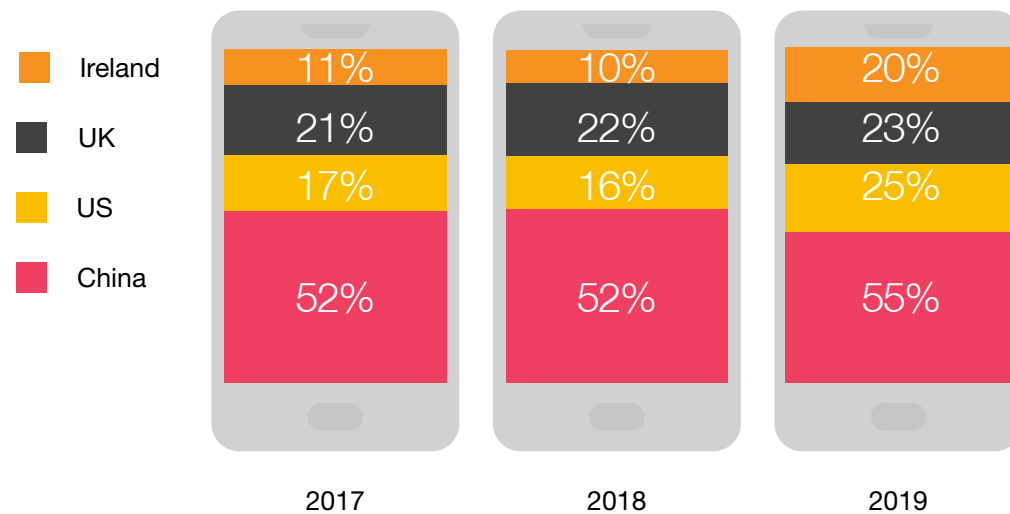
Mobile shopping

One in five are shopping via mobile weekly or more frequently, a figure that has doubled since 2017. In this area, Irish consumers

are keeping pace with their UK and US counterparts. They remain significantly behind Chinese consumers, more than half of whom use their mobile devices to shop weekly or more often.

Exhibit 6:

Weekly or more frequent purchases via mobile device



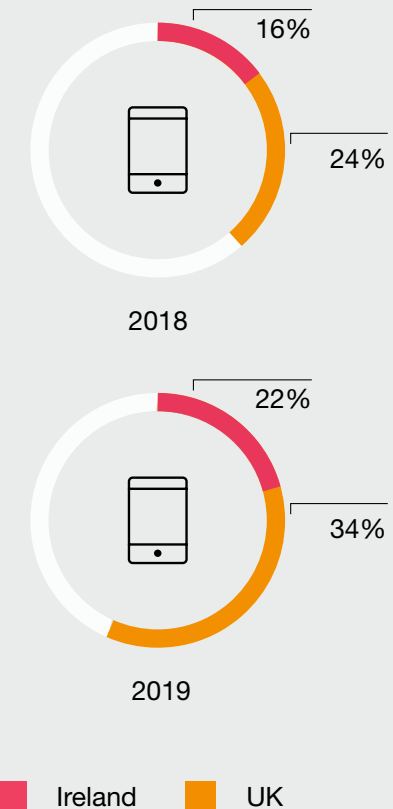
In store mobile payments

Mobile technology is having a significant impact in the area of mobile payments. These include the use of mobile or digital wallets which allow contactless payments on card terminals using fingerprint or facial authentication on the device.

16% of all Irish consumers used their mobile device to make payments in 2018. This is expected to grow to 22% over the next 12 months. Globally, 34% of consumers paid in-store using mobile payment methods, up from 24% a year earlier. The growth of mobile payments is being most rapidly adopted by young millennials, 32% of whom expect to use the technology this year.

Exhibit 7:

Do you use your mobile device to make in store payments?



Mobile at the heart of channel integration

The integration between offline and online is a business reality that many retailers are grappling with. However, getting it right is imperative as consumers expect a seamless experience between both worlds. Understanding the path to purchase is at the heart of channel integration. Consumers may research online and purchase offline and vice versa. Social media advocacy can be a significant influencer while shoppers are investigating their options.

Given the rise of mobile shopping and payments, social media has become an even more crucial touchpoint for retailers to create

opportunities to engage with consumers.

While a third of consumers only use social media to keep in touch with family and friends, more than a quarter believe that it influences

them to buy particular products and services. In this group, fashion and technology goods are most frequently purchased. 28% of Irish consumers are also influenced by reading positive social media reviews.

It is apparent that social media has a much greater influence in certain categories such as fashion (51%) and technology (49%). Understanding the opportunities that this presents needs to be fully considered.

Exhibit 8:

What's going on vs. what's on sale; Social media's main use is to stay in touch

Thinking about social media channels and how you use them, which of the following activities describes your online behaviour?



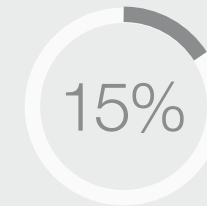
I browse social media to seek inspiration for purchases.

37% Gen Z and Young Millennials



I have been influenced to buy a product or service following reading positive reviews

38% Gen Z



I have made a purchase directly from social media.

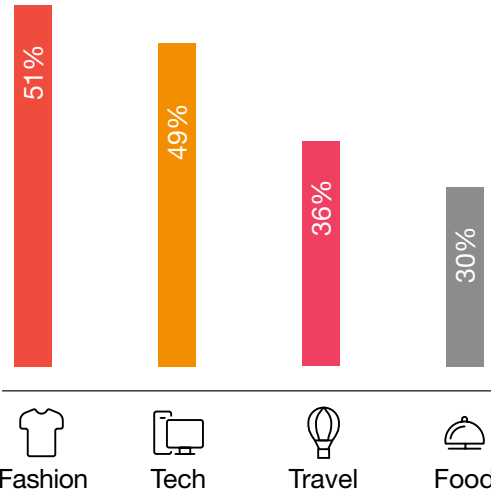
25% Core Millennials

Categories at risk of disruption

Exhibit 9:

“Shop now!” – shopping straight from a social feed occurs most within fashion and technology

In which of the following categories do you feel social media has influenced your purchase decisions most?



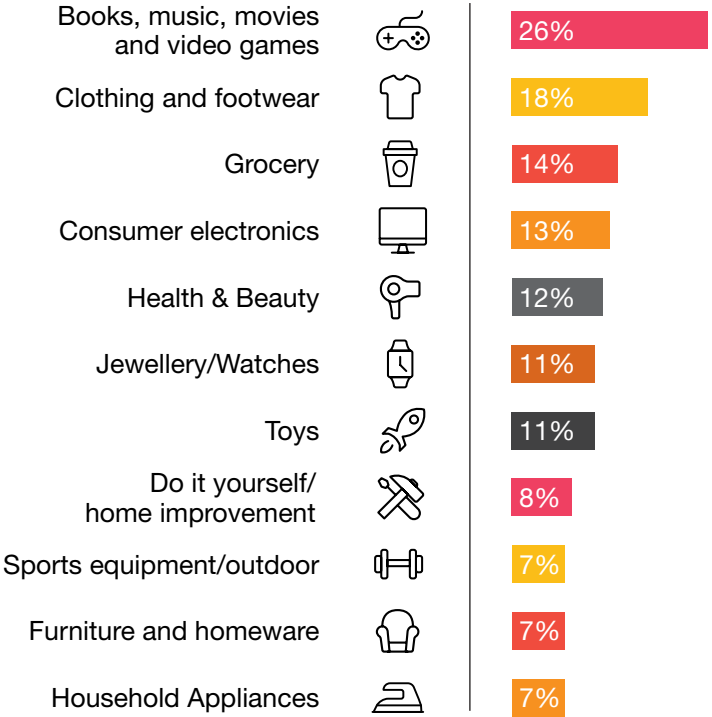
There are a number of categories that are at risk of online disruption as the transition from in-store to online purchasing evolves. Consumer electronics, toys, sports equipment, homeware, appliances and DIY are some of the categories that remain in the bricks and mortar domain.

While a number of these items are not bought online frequently, there is huge potential disruption. Given the rising influence of mobile in shaping the retail and consumer environment, in addition to the lack of disruptors in these categories, retailers and brands have the opportunity to provide a different proposition for consumers through carefully crafted, digital-first strategies.

Exhibit 10:

For each of the following categories, how many of your purchases have you made online in the last 12 months?

Products purchased online (more than half).



Changing channels

Brand impressions are influenced from a combination of Paid, Owned and Earned Media. Optimising the marketing mix is dependent on the consumer's need and the stage at which the customer is engaged. There is an enormous opportunity for savvy companies to use digital tools to enhance social experiences along the purchase journey. It is easier than ever to encourage positive sharing and commenting about products and services - which may be more valuable than advertising because of its authenticity.

While TV advertising continues to lead the way, it is clear that social media adverts have a real influence on the younger generations.

Exhibit 11:

What types of adverts are most influential?



45%

Traditional TV advertising
[35% for Gen Z but 57% for Baby Boomers]



22%

Social media advertising
[30% for Gen Z but 14% for Baby Boomers]

Retailers and brands must take advantage of the rise of mobile shopping and constantly innovate their social media marketing, with the goal being a seamless multi-platform experience. Increased brand engagement through social media platforms has been driven by growing consumer demand. Retailers have a “captive audience” and by adopting the latest technology such as shoppable tags and proximity-based marketing, they have an opportunity for immediate conversions.

Advocacy is another important aspect of social media. As authenticity and brand loyalty are important aspects of influencing, consumers are inspired to purchase goods and services from brands trusted by their friends and family. Becoming a trusted brand can create a ripple effect

throughout each consumers' personal social networks, creating greater awareness and revenues. Given that previous iterations of this report have illustrated the unwavering loyalty of Irish consumers, winning them over can result in long term repeat business.

Stop the press - sourcing of current affairs

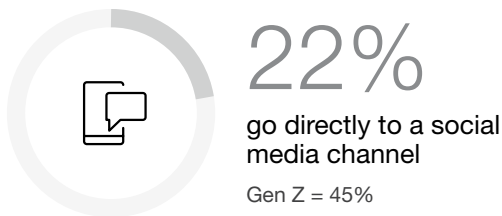
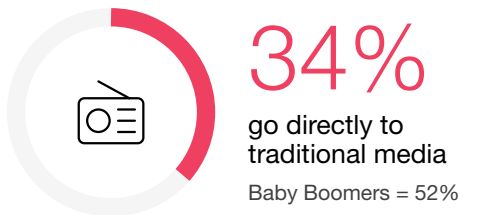
With television and social media now competing as key consumer influencers, we are also experiencing shifts in how Irish consumers are keeping abreast with current affairs. As advertising forms a key aspect of current affairs programmes, gaining a deeper understanding of where consumers are spending their time is critical as brands

assess how they build and manage their advertising strategies.

Exhibit 12:

Traditional media is a key influencer. However, the role of social is growing especially amongst younger shoppers.

Which source do you turn to first for news or to keep on top of current affairs?



Actions - Three key priorities for winning on mobile

1

Lead with a mobile-first strategy

With mobile now the key online platform to drive growth, adopting a mobile first strategy is critical. With consumers choosing mobile as a key shopping platform, those retailers who excel are the most likely to win. Similar to the store, there needs to be a focus on winning the trip.

2

Understand the role of social

The role of social is changing and is becoming more influential every year especially with younger shoppers. Customer segments need to be clearly defined and understood in order to craft the most relevant social media strategy. With consumers now using social more as an integral part of their purchase journey, failure to influence potential customers, and more importantly, their spend is a lost opportunity

3

Blend traditional and new media

With traditional media sources such as, television and newspapers being challenged by the next generation media, this needs to be given due consideration. Whilst TV continues to lead the way in terms of advertising, influence and traditional news sources, this is changing as new technologies disrupt the existing norms. Understanding how customers digest their advertising and current affairs is critical to gaining share of mind and wallet.



4 Creating a sustainable customer experience

Loyalty and trust are essential to the experience for many consumers.

While the economics of price and convenience are still important, consumers are balancing influencing factors such as quality, the social approval of friends and the environmental impact of the products they are purchasing. Each factor adds value and contributes to the totality of their experience. It is timely for companies to start to think more about the values that add to the Return on Experience.

Ultimately, consumers are seeking to engage with brands where trust exists. Sustainability is good for the environment, good for business and also enables a relationship based on trust to be built with consumers. With consumers prepared to pay premiums for sustainable products, this is an opportunity not to be missed.

Organisations who are able to consistently and transparently demonstrate their alignment

41%

of consumers are prepared to pay a premium for sustainable products.

with their customers' values and beliefs have an additional advantage when it comes to where spend is directed, and how trust and loyalty are earned. Socially, environmentally and locally conscious retailers and brands will have additional attributes that add to the customer experience. Investing in those considerations throughout the production and supply chain will add to customer experience and ultimately benefit your brand.

This presents a clear potential for new entrants and industry stalwarts alike to construct their brand and product story around the values of responsibility, sustainability, authenticity and transparency.

Companies need to be mindful of the growing sustainable consciousness of their customers and the need to provide a range of products that are ethically sourced, organic and local in nature. This consciousness will continue to grow with the greater awareness of climate change, resource depletion and the implementation of carbon taxes and levies.

In addition, business has the opportunity for differentiation by themselves by examining and improving their own environmental





and carbon footprint. Leading organisations have implemented comprehensive sustainability programmes and have stringent standards for themselves and their suppliers. This creates a different style of engagement with consumers compared to competitors who have not adopted this defining strategy.

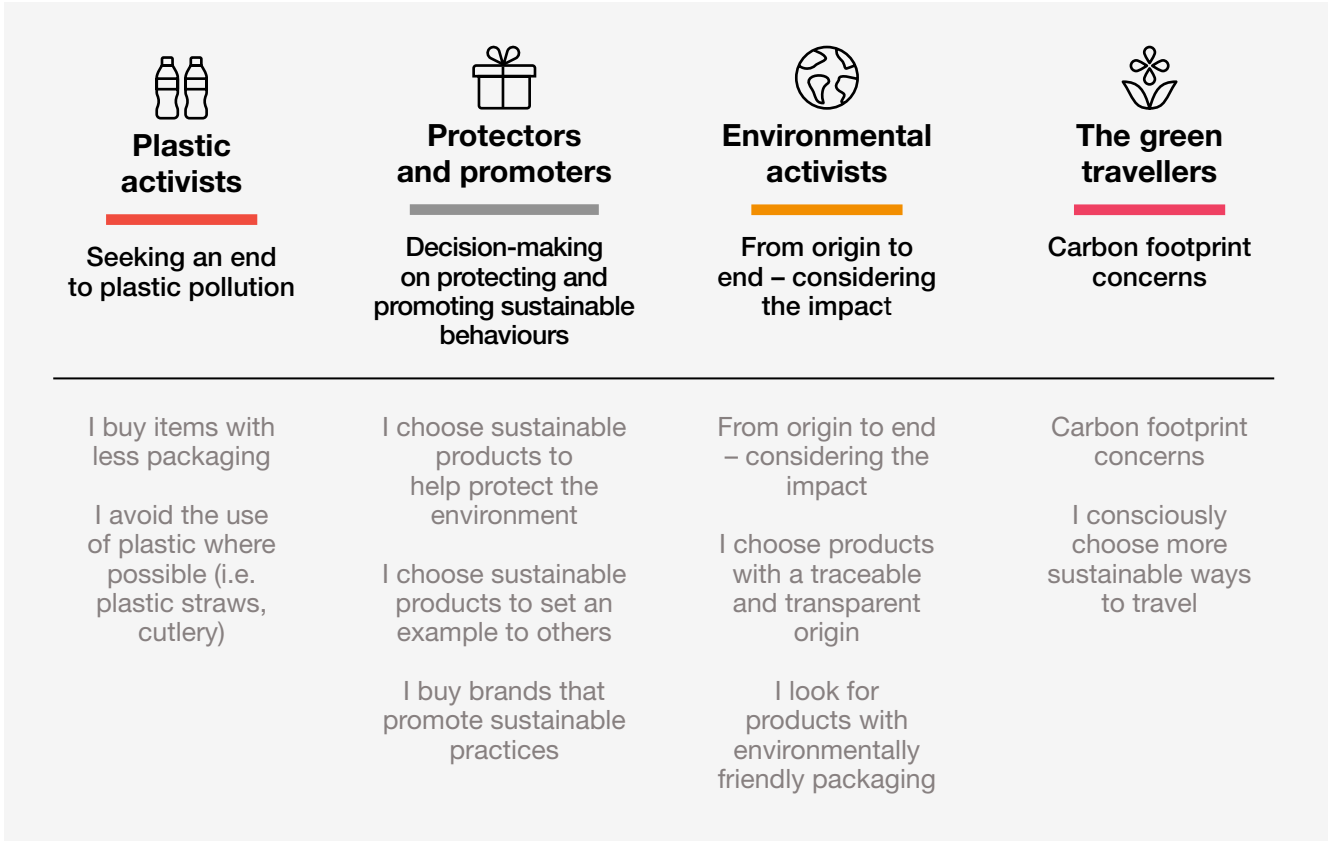
Understanding motivations behind sustainability

Irish consumers show a high degree of awareness about environmental issues and understand the influence that their purchasing decisions can have on production, marketing and packaging decisions.

When it comes to their understanding of sustainability

Irish consumers can be grouped into four different typologies:

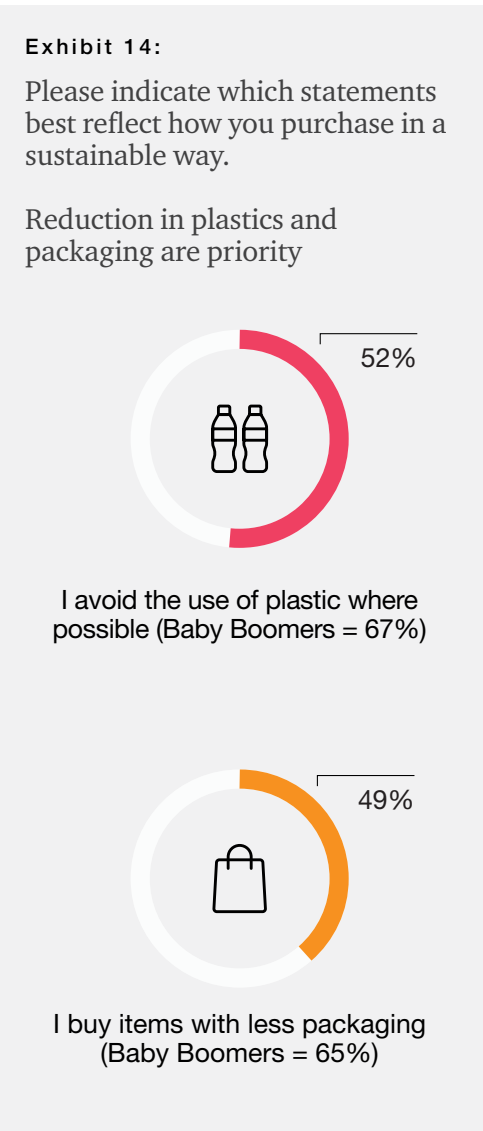
Exhibit 13:
Consumer typologies based on approach to purchasing sustainably
Please indicate which statements best reflect how you purchase in a sustainable way?



In order to maintain trust and loyalty, it is very important for brands and retailers to understand these typologies, to know what motivates them and to identify the specific drivers that influence their purchasing decisions.

Reasons for choosing sustainable products

Thirty-two percent of our survey respondents say they choose sustainable products to help protect the environment, 49% look for products with environmentally-friendly packaging, and 52% avoid the use of plastic when they can. In addition, two-thirds of the Irish sample is willing to pay for locally-produced food items, and 41% say



they will pay more for sustainably produced non-food items. The traditional linear model of ‘take, make and throw away’ is being superseded by the circular economy model of ‘reduce, reuse and recycle’. The circular economy promotes a low-carbon, sustainable society and in turn, a green, organic and local lifestyle. This presents as many opportunities as it creates challenges. Corporate social responsibility strategies can struggle to align the whole of their supply chain with consumer demands and expectations. The story that retailers and brands tell needs to be watertight and transparent from end to end.

Irish consumers show a high degree of awareness of sustainability and the environmental impact of production and disposal, and

in some instances score higher on taking action than their global counterparts. Consumer motivations around sustainability are driven primarily by packaging priorities, environmental concerns and living sustainably.

In terms of their shopping decisions 52% of Irish consumers stated that their priority is to seek to avoid the use of plastic packaging where possible compared to 41% globally and 49% stated that they seek to buy items with less packaging compared to 37% globally.

Organisations can leverage the growing awareness of sustainability among Irish consumers and providing alternatives to 100% packaged goods and by working across the entire value chain to actively reduce packaging and associated waste.

Sustainability creates a premium

When it comes to food items there are a number sustainable attributes that Irish consumers are willing to pay more for. These include locally produced food (68%), organic food (56%) and packaging that is sustainable in nature (49%). In relation to non-food items Irish consumers show a higher degree of awareness of how a product is made with over 40% willing to pay more for both ethically and sustainably produced product.

68%

of Irish consumers are prepared to pay a premium for locally produced food.



Sustainable awareness is more heightened among the Generation Z consumer (age 37 – 51) who outstrip the average in terms of their environmental awareness. For example 58% of Gen Z are willing to pay a premium for ethically produced non-food items and 53% chose brands that are well known for their sustainable practices.







Local matters

Irish consumers are acutely aware of the impact that their purchasing power has on the Irish economy and actively seek to support Irish producers where possible.

The main reasons why Irish consumers choose Irish produce include:

Exhibit 15:

What are your main reasons for purchasing Irish products?

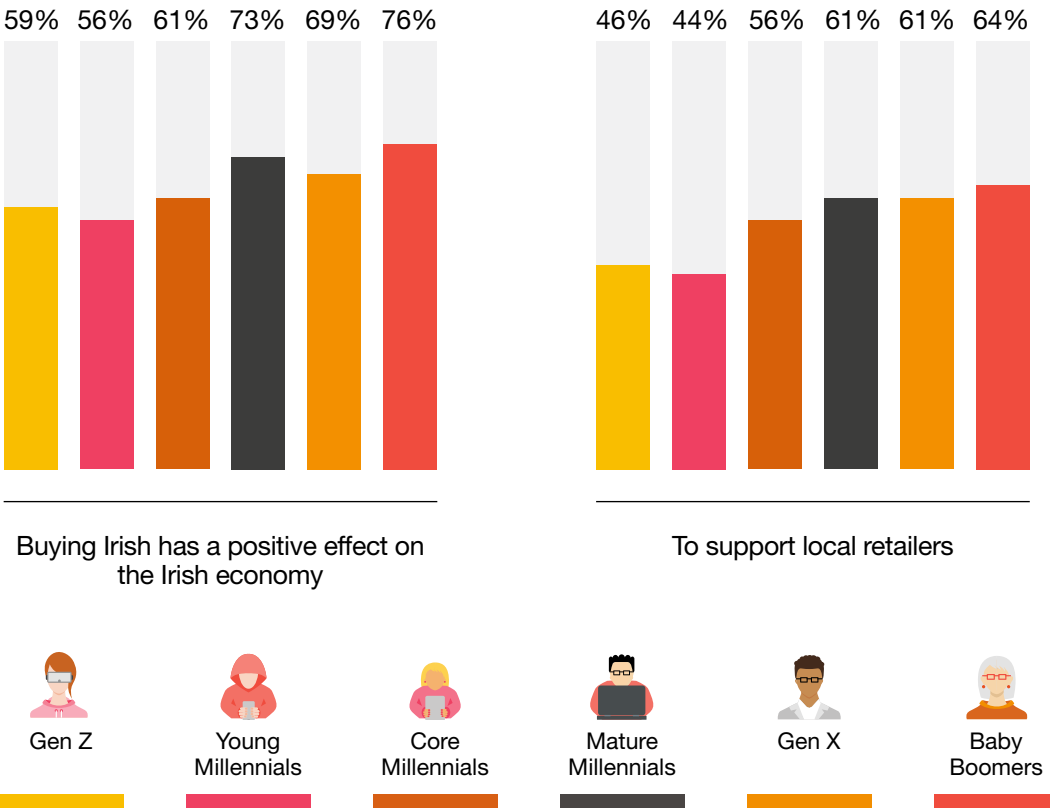
	2018	2019
 Buying Irish has a positive effect on the Irish economy	62%	67%
 Quality of the product as it is locally produced	45%	58%
 To support local retailers	52%	57%
 Food traceability is more guaranteed as the food is local	44%	43%
 Products are only available in Ireland	10%	13%
 I do not purchase Irish products	3%	3%

Across many of these dimensions, opinions related to buying Irish are showing positive improvements versus 2018, suggesting that Irish retailers increase their focus on how they source and promote local Irish products.

However, a real challenge exists as the younger shoppers are not seeing as strong a connection between buying Irish and the associated positive impact for the local retailers and the wider economy. It is the mature shoppers who are making these positive connections and with this group accounting for 50% of the respondents, this is an issue not to be ignored. However, getting younger shoppers to see the positive effect that shopping locally can have on the wider economy needs real focus.

Exhibit 16:
Two thirds of consumers buy Irish products to support the Irish economy

What are your main reasons for purchasing Irish products?





Actions – Three ways to sustain your business through sustainability strategies

1

Address the packaging challenge

Consumers are seeking products with less plastic packaging and therefore this needs to be a key priority as retailers and brands develop their products. Brand owners have a key role to play in reducing plastic usage and packaging waste. However, collaboration across the value chain is essential if growing consumer expectations are to be satisfied

2

Maximise the potential to obtain a premium

Consumers are expressing a willingness to pay a premium for locally produced goods. This presents a real opportunity to leverage this through the effective branding and marketing of locally produced foods. The entire value chain need to work together to ensure the effective execution of these brand strategies.

3

Make local important to the younger shopper

It is clear that the older shopper makes the connection between purchasing Irish products and the positive impact on the local and wider economy. However, this is not as apparent across all age groups - younger shoppers not seeing the connection to the same extent. Retailers and brands need to be aware of this and seek to positively influence these consumers.



5 Engaging consumers through emerging technology

To really understand consumers motivations, needs and experiential expectations, companies need to look to the future beyond the current transactional purchasing decisions.

The traditional path to purchase is being replaced by a highly personalised consumer journey, enabled by smartphones, digital assistants, and other personal devices, and embedded in new forms of logistics such as Click & Collect and same-day delivery. In this new world, every product and brand is always accessible, information is limitless, variety is infinite, and delivery is nearly instantaneous. It's not yet clear which shopping habits will catch on most widely, but those that do will heavily influence which brands people will buy and which retailers and brands will succeed.

To help unlock growth potential, brands and retailers need to pay close attention to emerging digital technologies, such as Artificial Intelligence. The 2019 PwC CEO Survey findings for Ireland show

that CEOs in all industries believe that the application of AI will significantly change the way they do business. However, only half have plans to pursue AI strategies at present compared to 77% globally.

The report recommended that Irish CEOs need to understand how AI can be applied in their businesses, and ensure their organisations have the right talent, data and technology to exploit these opportunities.

The same recommendation applies to retailers and brands. They need to be thinking beyond the current use of AI to consider the customer experiences of the future. Irish consumers will adopt, accept and use emerging technologies like voice-activated smart devices.

Irish consumers currently use their smart home devices for a number of purposes, predominantly to access information like news and weather reports. Retailers should pay attention to the extent that consumers use their devices to research their options or actually make those purchases. If Ireland maintains the trends seen in other countries - and we are seldom behind the curve - then the extent to which people research and shop online will only increase in the years to come.

Retailers and brands who can create seamless experiences, from interacting with a smart device, to putting the right product in the consumer's line of sight, to purchasing and delivering the goods to their door, will reap the rewards of this technological revolution.

The Internet of Things (IoT) movement is now expanding to devices outside of wearables and home appliances. This growth will be compounded by the introduction of 5G networks in the next few years. Aspects of the retail and consumer goods value chain are set for further disruption in 2019 and beyond, including transportation and manufacturing.

Consumers continue to push other boundaries as well. Nearly a quarter of Irish consumers (22%) would like to have an autonomous vehicle today, and an additional 21% would consider one in the future. They are most interested in automotive features that have eliminated the human element of driving. In the digital healthcare arena, 39% of respondents are using healthcare, wellness or fitness apps on their mobile devices.

51%

of Irish respondents use their smart home device to access information such as current affairs and weather. 48% use these devices to stream music.

The Connected Home

The Irish consumer is generally open to new technological innovations, in particular smart home entertainment and smart home energy meters. Despite year-on-year growth in ownership (8% in 2018 to 13% in 2019), almost half of consumers surveyed (47%) are currently not planning to purchase one at all.



Getting Vocal

AI-powered digital voice assistants are another modern tool that contributes to a frictionless purchase journey, with 9% of global consumers telling us they use the technology to shop online weekly or more frequently. In some ways “voice” could have the potential to become the new “mobile.”

Search and social moved to mobile devices must faster than anticipated, and it’s likely that the pivot to voice technology will be just as speedy. This means not only do companies need to take a design lens to mobile experience, but also consider how voice technology in homes, cars and elsewhere will affect customer experience.

The bar for brand leadership will continue to shift as organisations launch ever-more friendly consumer technologies.

The importance of smart devices will only grow in the next five years and Irish retailers need to integrate voice into evermore sophisticated marketing campaigns.

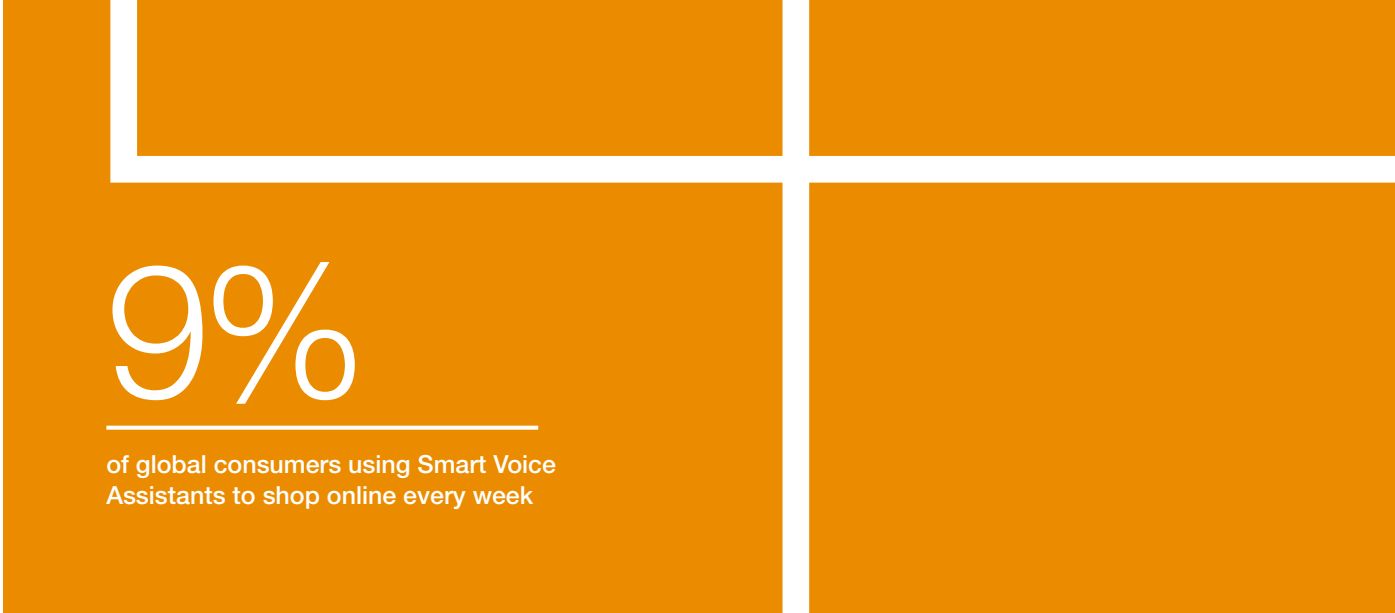
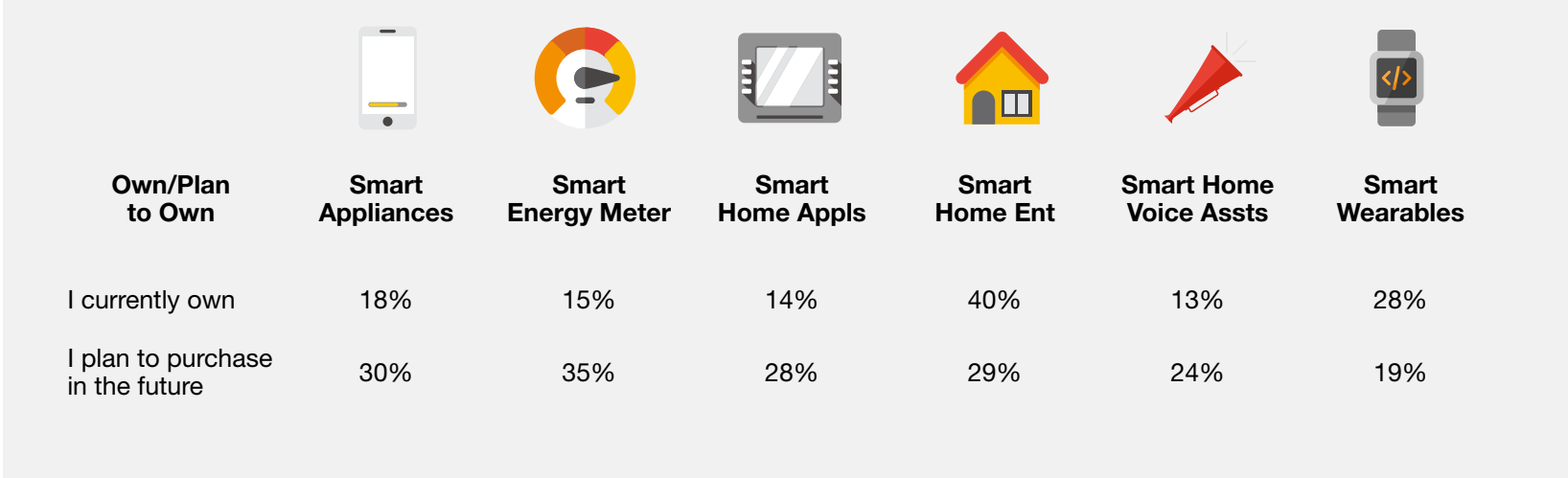


Exhibit 17
Which of the following smart home devices do you currently own, or plan to buy in the future?
There’s no place like a connected home



Autonomous Vehicles

As technology advances, the vehicle of the future could be fully ‘connected and autonomous’. These vehicles which can also be driven by a human if required, can operate completely autonomously in navigating roads, stopping at traffic signals and responding to potential hazards.







Irish consumers are generally positive about the prospect of fully connected and autonomous vehicles, with almost two-

thirds (62%) interested to find out more or would consider one in the future. This positive outlook increases with younger demographics, rising to almost three-quarters (71%).

Ongoing developments and partnership with car manufacturers illustrates the importance of connectedness and ubiquity among devices, and this now extends to motor vehicles.

Exhibit 18:
A driverless future – consumers are ready to embrace driverless cars

Which of the following statements best describes how you feel about a vehicle like this?

22%	 Excited, I would like to have one now Generation Z = 32%
21%	 I would consider it in the future Generation Z = 25%
19%	 Quite interested to find out more
17%	 Unsure how I feel about it
14%	 I would dislike this type of vehicle/
8%	 I don't think this type of vehicle will ever be commercially viable





34%

of Irish consumers identified reducing driver fatigue as the most attractive feature of an autonomous vehicle

The most desired features are those that take the human 'element' out of driving decisions



Actions – Three ways to make sure technology makes your business tick

1

Accept disruption

New emerging technologies are real threats to existing businesses. Accepting and understanding the role that they will play in the shaping of your future strategy is essential. Seek out opportunities to determine how your market and customers will change with the advent of these emerging digital solutions. Do not only view them as a threat but also as an opportunity.

2

Intelligent digital

Seek out opportunities to digitise your business. Artificial Intelligence and Robotic Process Automation are real and are delivering tangible benefits to organisations that are adopting them as part of their business processes. Businesses must integrate intelligent digital solutions in order to gain vital competitive advantage.

3

People are still at the heart of business

With consumers placing factors such as store navigation and customer experience at the top of their wish lists, make sure not to build digital solutions that create barriers between you and your customers. Technology must enable and enhance the customer experience rather than detract from it.



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Methodology

This survey was carried out in Autumn/Winter 2018 having 1,005 Irish online consumers in Ireland representative by:

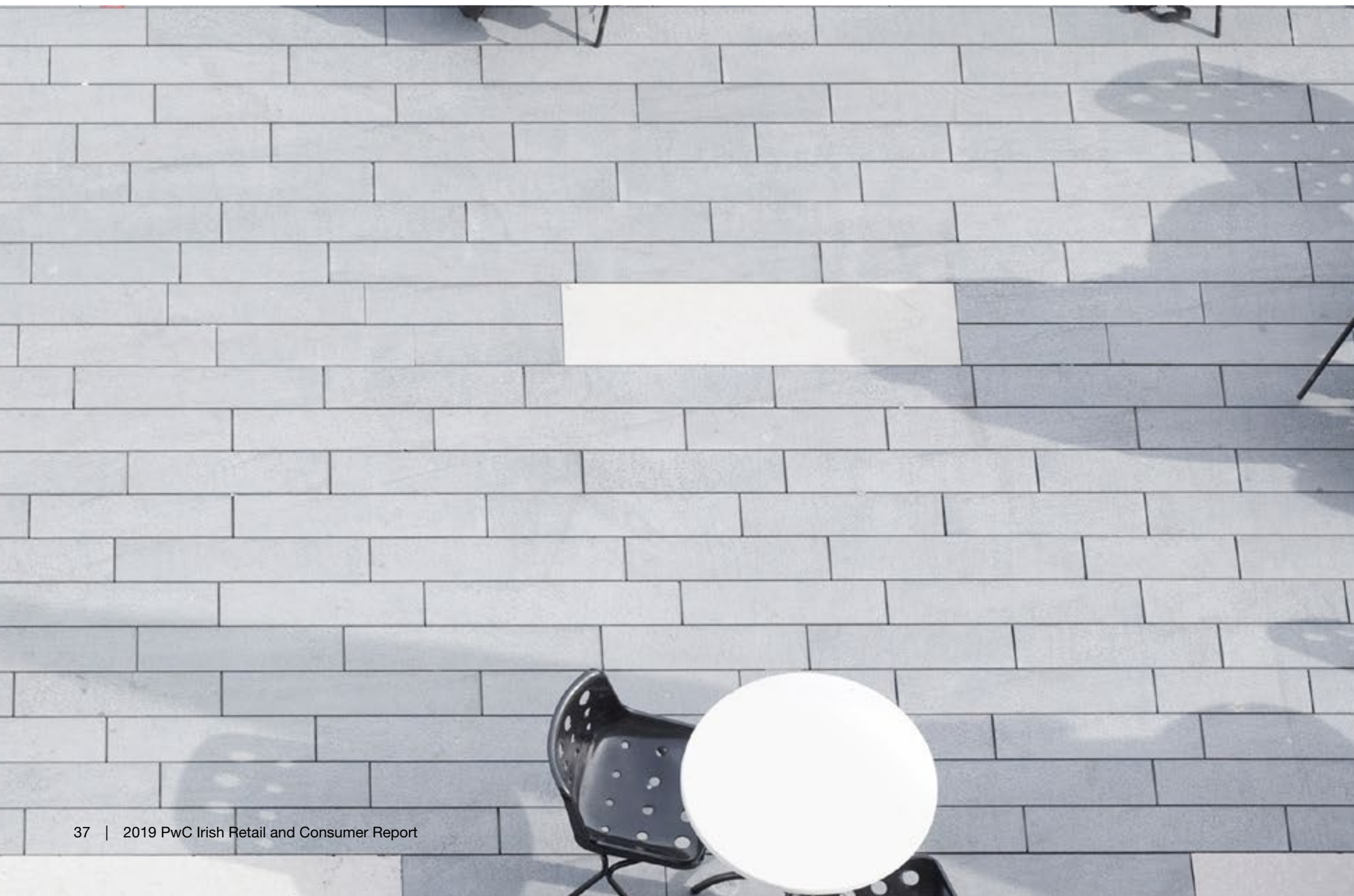
- Age
- Gender
- Employment status
- Region
- Income

PwC's Global Retail and Consumer practice, in conjunction with PwC's Research to Insight (r2i), administered a global survey (21,480 participants) to understand and compare consumer shopping behaviours and the use of different retail channels across 27 territories including Ireland.

At PwC Ireland we are determined to focus on the issues affecting Irish business leaders, provide insights that are valuable and actions that are of practical help. We'd welcome your feedback on this report.

[Take our 1-minute survey](#)







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