

## *Ten retailer investments for an uncertain future*

**30%** say their mobile phone will become their main shopping tool in the future

**37%** actively use social media networks

**73%** are wary of having their personal information hacked



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*We are delighted to present our first Irish Total Retail Survey report, part of PwC's global retail initiative. The global report, the most comprehensive in its six year history, canvassed the opinion of 24,471 online shoppers in 29 territories around the world, including 1,000 in Ireland.*

Total Retail seeks to establish the latest shopping behaviours and expectations among consumers. It identifies ten areas where retailers should invest to stay ahead and remain relevant in a very competitive marketplace.

**Key findings for Ireland include:**

**There is a step change in Irish shopping habits**

A quarter (25%) of Irish respondents said that they shop online at least weekly, compared to 46% in the UK, highlighting the considerable potential for online retail growth in Ireland.



of Irish respondents shop online at least weekly

The most frequently mentioned reasons for shopping online are convenience and price. Almost a quarter (23%) of consumers buy most or all their clothing and footwear online.

**Chart 1: Reasons for shopping online**

What has been your main motivation for buying online?



The relatively undeveloped Irish online grocery market is an underlying factor for Ireland lagging behind the UK. Some of the major Irish grocery retailers do not have an online shopping presence, which further highlights the potential for growth.

### ***Mobile offers huge growth potential***

According to the survey, almost half (48%) of Irish consumers have shopped online via mobile at least a few times a year. This lags behind the global experience of 54% for mobile shoppers.

At the same time, nearly a third (30%) say that their mobile will become their main shopping tool in the future.

The survey confirms that mobile is a game changer. Irish consumers are comfortable using their mobile phone for buying as well as searching for products and comparing prices. This trend is likely to increase and retailers would do well to adopt a 'mobile first' strategy.

### ***Social media is emerging as the 'great influencer', but the website cannot be ignored***

The importance of social media to inspire shopping trends is clear. Over a third (37%) of Irish respondents use social networks such as Twitter, Facebook and Instagram to find inspiration for their purchases, mirroring global trends.

The survey confirms that social media plays an important role for Irish consumers. They frequently read reviews and discover new brands and products through social channels. Given such high levels of engagement, investment in social media strategy should prove profitable.

At the same time, the survey highlights that, in Ireland, a retailer's website is still the most important online source for inspiring purchases. This is a warning to Irish retailers not to ignore their website at the expense of social media.

### ***In-store shopping remains very important***

The survey reveals that, like global trends, in-store shopping is by far the most popular way to shop in Ireland. 40% of Irish respondents said that they shopped in-store at least once a week compared to 16% via PC and 11% via mobile.

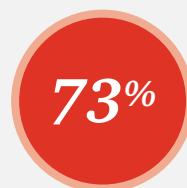
Global trends over the last five years show that while in-store shopping has remained steady, the frequency of mobile shopping has more than doubled from 7% in 2012 to 15% in 2016.

The store is not going away anytime soon, and there is compelling evidence that people want the physical experience of trying things. The survey also suggests that there is room for improvement with certain aspects of the in-store experience. Better trained sales assistants with deeper product knowledge is an area for Irish retailers to consider.

### ***Security is a key challenge***

While technology provides lots of new and exciting opportunities, it also increases the risk of cyber breaches. Irish retailers need to ensure that they continue to invest in cybersecurity in order to build customer trust.

Nearly three-quarters of Irish respondents are wary of having their personal information hacked on mobile and are more wary of this threat than their global counterparts (65%).



are wary of having their personal information hacked

## *Competition has never been fiercer*

The stakes have never been higher for retailers and competition has never been fiercer. We see new competitors and new technologies continuing to disrupt the marketplace. New entrants with new operating models are also disrupting the status-quo. Amazon, for example, poses such a threat. Additionally, a quarter of Irish respondents shop less often at retail stores because of Amazon.com, demonstrating that the struggle for market share is real.

With changing customer behaviour a threat to business growth, the quest for loyalty becomes more of a challenge. The survey highlights that consumers like to shop based on brands they know rather than buying new products. The majority of Irish shoppers are also happy receiving personal offers on their mobile phone. Using advanced analytics is an opportunity to invest in personalised brand features. Retailers who provide customised offers and special deals could reap big dividends. Converting data into actionable insights is a key differentiator. If executed well, this activity should ensure that consumers' spending potential is maximised.

PwC's latest Global Economic Outlook projects Ireland to be the fastest growing Eurozone economy over the next five years. GDP growth is often correlated with the level of consumer demand and provisional retail sales, according to the CSO (Jan 2017) for 2016 grew by 3.8% in value terms.

Brexit is a new disrupting factor, Irish retailers are struggling to understand the impact of Brexit on their businesses. This includes the impact of trade tariffs, customs compliance, longer lead times for product supply and regulatory costs. Recent weak Sterling values has also driven many shoppers online to UK-based retailers. Having experienced the ease of online shopping for the first time and as fulfilment options become easier many consumers are likely to continue these new shopping behaviours. Their loyalty will be hotly contested.

This report sets out ten key areas for potential retailer investment for an uncertain future. We are under no illusion that these investments will be challenging for retailers but we believe them to be necessary to stay competitive. The power has very much shifted from those who make and sell products to the customers who buy them. Offering consumers what they want, when they want it, how they want it, will separate the winners from the losers.



**John Dillon**  
Partner, PwC Ireland  
Retail & Consumer Practice Leader



## *Investment focuses*

The report identifies a number of key implications for Irish retailers and brands identifying areas for investment to become more adaptable to the digital world. According to Visa, E-commerce expenditure in Ireland increased at a substantial pace, up 15.4% year-on-year, in December 2016. This presents a significant opportunity for the retail sector to reap greater profits from technologically savvy initiatives. While the physical presence of shops on the high street is still extremely relevant, it is important for Irish retailers to make the best possible use of all purchasing channels. In this report we identify a number of key areas for investment by the Irish retail sector.







## 1. Invest in the mobile website

*With 40% of Irish respondents reporting that they shop in-store at least weekly, PwC's 2017 Irish Total Retail survey confirms that in-store shopping is still the most popular purchasing channel. At the same time, a quarter (25%) of Irish respondents said that they also shop online weekly or more frequently (Global: 25%). Furthermore, more Irish consumers (57%) have been shopping online for five years or more years compared to global consumers (Global:44%).*

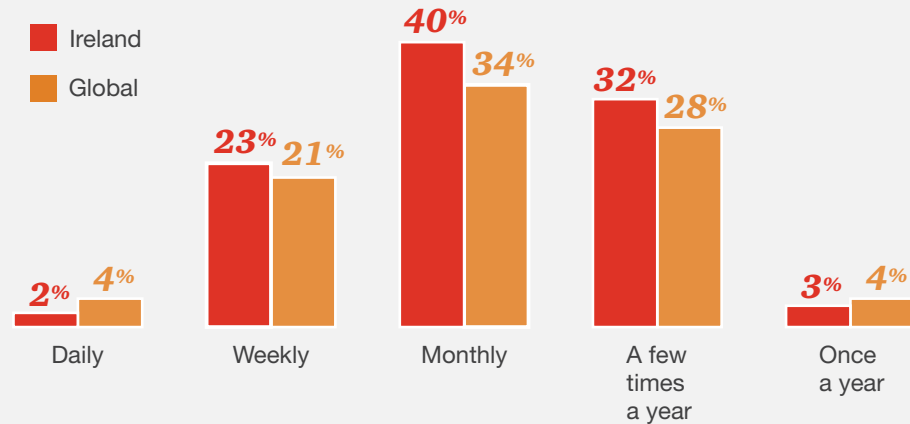




Although many Irish shoppers are not yet using their mobile phone for shopping, the Mobile as a shopping and purchasing device is continuing its surge in popularity. According to the survey, nearly half (47%) of Irish respondents are willing to pay for purchases using their mobile. The survey highlights that the frequency of mobile shopping has now overtaken tablet shopping and is within striking distance of shopping via the PC. For example, in Ireland, over one in ten (11%) respondents said that they shop at least weekly via mobile compared to 9% who shop at least weekly via tablet. Over one in six (16%) shop at least weekly via PC. With this growing trend, retailers and brands should endeavour to adopt a ‘mobile first’ strategy.

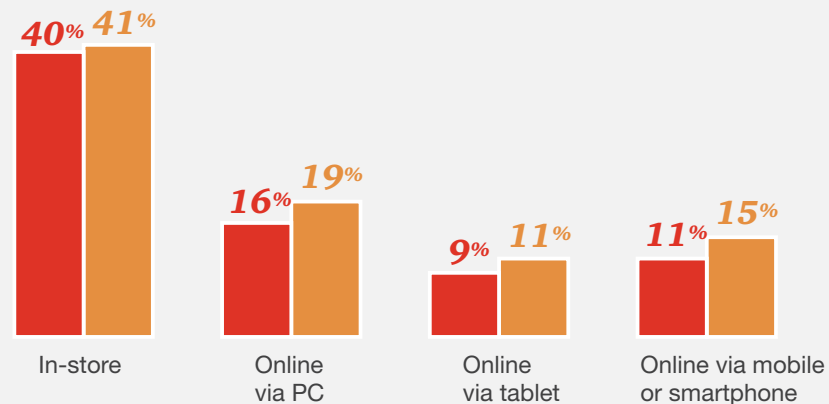
### Chart 2: Frequency of online shopping

On average, how often do you buy products online?



### Chart 3: Daily and weekly shopping - in-store and through various online channels

How often do you buy products (e.g clothes, books, electronics) using the following shopping channels? Note: Answers for daily and weekly shopping only are shown.



**47%**

of Irish respondents are willing to shop using their mobile phone (Global: 49%)







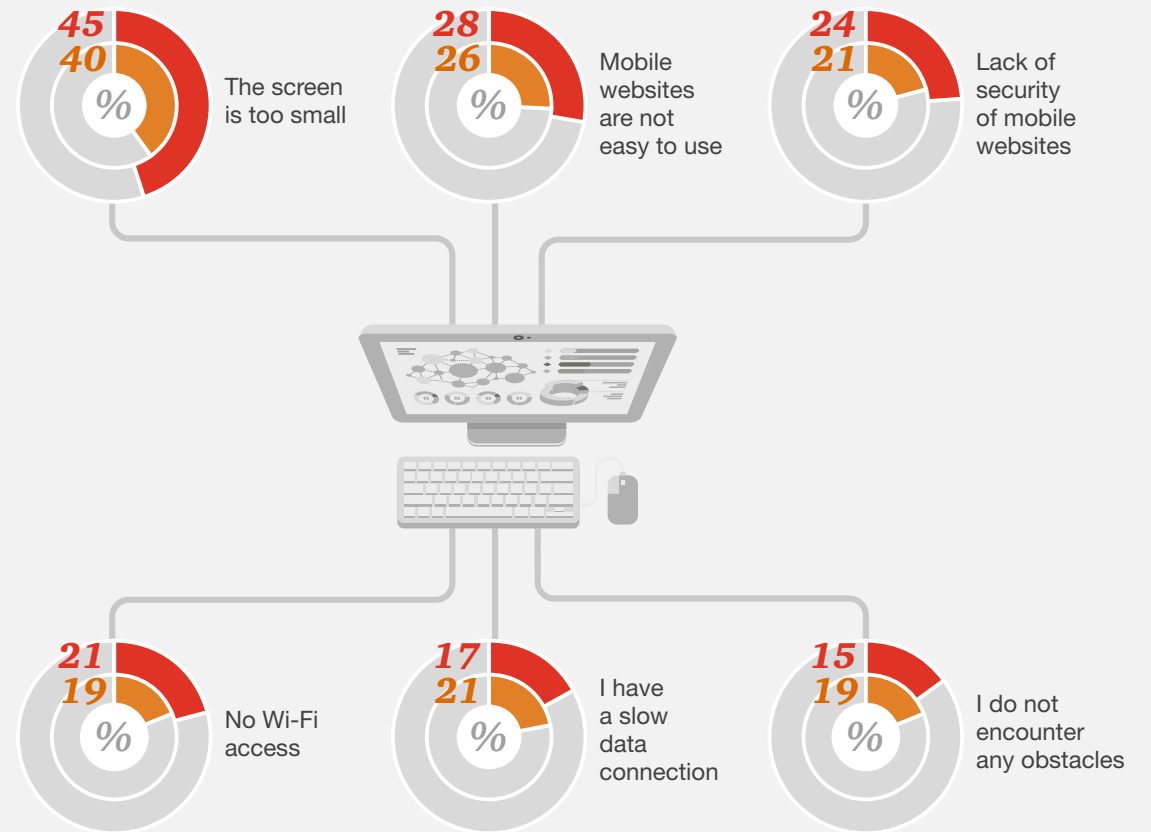
Shopping via mobile is here and now and has significant consequences for the retail sector. Failure to configure the mobile online shopping experience has the potential to drive customers to alternative more user friendly mobile adapted websites thus impacting sales, not just in the short term, but may be much more damaging in the long term.

There is plenty of room for growth in mobile shopping. While nearly half (48%) of Irish respondents have purchased products online via mobile at least a few times a year, 44% have never shopped online using their mobiles (Global: 38%). At the same time, as technology advances even more, there are a number of areas which we expect will make the mobile experience even more user friendly. For example, Irish survey respondents reported screen size as the greatest obstacle (45%) to shopping with their mobile phone; over a quarter (28%) said that mobile websites are simply not easy to use. Security is another key factor which must be taken seriously as a quarter (24%) of Irish respondents highlighted security of mobile websites being a concern. One in five (21%) said that the lack of in-store Wi-Fi is a challenge preventing them to shop.

### Chart 4: Common obstacles for mobile shoppers

Which obstacles, if any, do you encounter when using your mobile/smartphone to shop online?

■ Ireland ■ Global



**45%** said that the screen size is too small

**28%** said mobile websites are not easy to use



**30%**

state that their mobile phone will become their main shopping tool in the future (Global: 35%)

**23%**

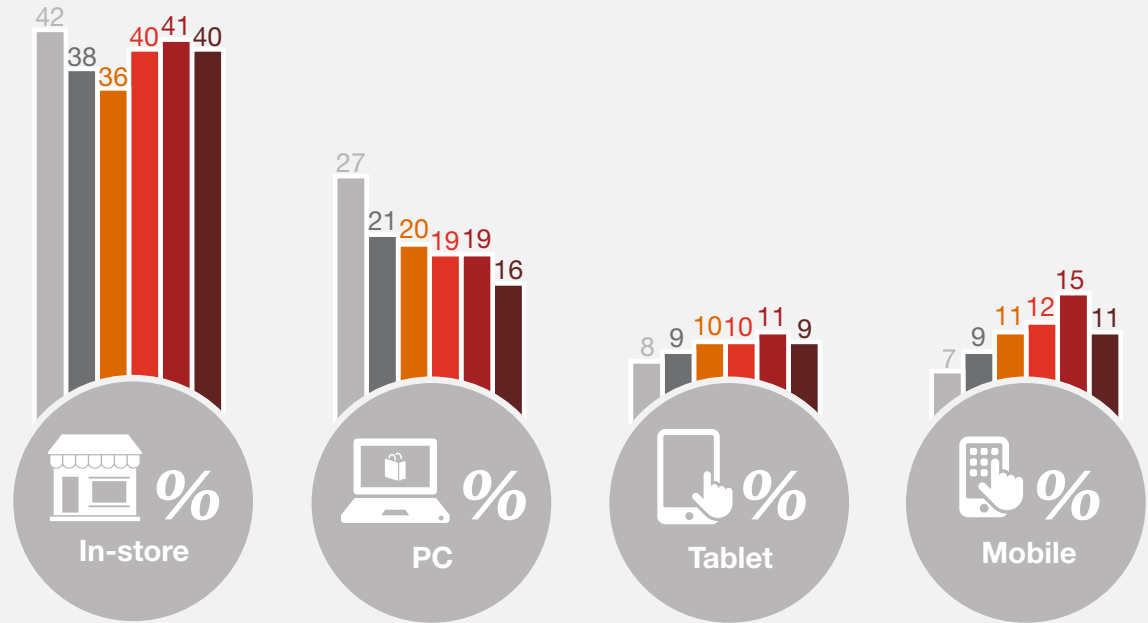
purchase most or all clothing and footwear online (Global: 28%)

As the user-friendliness of the mobile interface inevitably improves, so too, will mobile shopping gain even more popularity. Chart 5 shows how global respondents' shopping preferences have changed over time and illustrates how mobile shopping is continuing its steady gain on other digital channels. For example, in 2012, one in 14 global consumers shopped via mobile and has now climbed to nearly one in seven. Shopping via PC has declined steadily in the period. It is interesting to see that shopping in-store remains important for well over a third of all respondents and has remained steady over the period.

### Chart 5: Usage of shopping channels over time - daily and weekly shopping (2016 trends available for Ireland)

How often do you buy products using the following shopping channels? Note: Answers for daily and weekly shopping only are shown

2012 Global
  2013 Global
  2014 Global
  2015 Global
  2016 Global
  2016 Ireland





When we investigated trends for transactions completed by mobile, well over a third (41%) of Irish respondents said that they paid for purchases using their mobile which was slightly ahead of the global experience (37%). In addition to purchasing, other ways in which mobile phones were used in Ireland included researching products (43%) and comparing competitor prices (36%). A similar proportion (36%) of the Irish respondents reported that they use their mobile phone to check product/retailer reviews compared to 33% globally and just 28% in the UK. This shows that there is a greater interest amongst Irish consumers for product reviews. With consumers seeking reviews, it is essential that their appetite for such content is satisfied through the creation of rich online material that facilitates the purchasing journey. And the need to have brands easily found has never been greater.

Highlighting the opportunity, over a quarter (26%) of Irish respondents reported that they did not use their mobile phone for any kind of online shopping, research or other activity. This creates significant growth opportunities.

**26%**

have never used their mobile phone for any online shopping

### Chart 6: What have consumers done with their mobile/smartphone when shopping online?

■ Ireland  
■ Global

Which of the following have you done when shopping online using your mobile/smartphone?



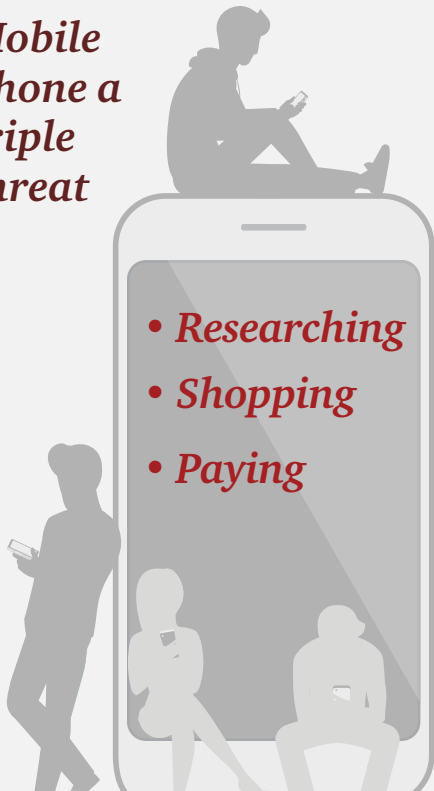


The survey highlights that the purchase journey today for many consumers includes the mobile phone as a triple threat: research tool, shopping device and payment method. To win in this new and changing environment, retailers and brands alike need to ensure that they are adequately satisfying their customers' demands across all three aspects.

The survey confirms that mobile has become a game changer. Irish consumers are comfortable using their mobile device not only for searching price and product information, but also for completing the transaction and this trend is likely to increase. While Irish consumers are ahead of US and UK consumers when it comes to paying for purchases using a mobile phone, they have some way to go to achieve the China experience (56%).

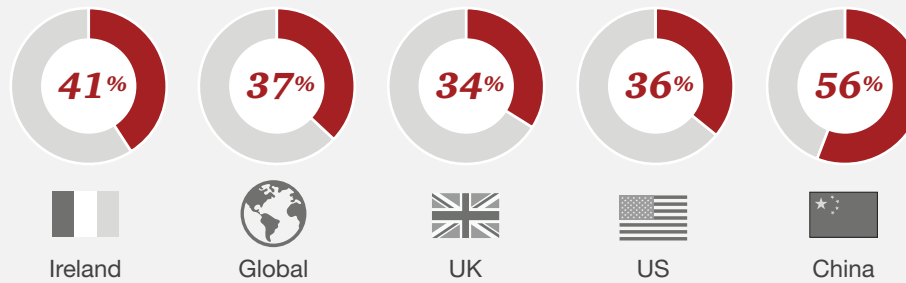
**Mobile phone a triple threat**

- **Researching**
- **Shopping**
- **Paying**



**Chart 7: Percentage of consumers who have paid for purchases using a mobile/smartphone**

When shopping online using your mobile/smartphone, how often did you pay for shopping?



Retailers must optimise the mobile experience for their customers. When it comes to mobile sites versus apps, it's not really a fair fight anymore. App usage is declining as mobile users tire of loading up with multiple apps they just use a few times. For example, less than one in three (27%) said that they mainly use retailer apps to shop with their mobile/smartphone. Additionally, less than one in ten (9%) of Irish shoppers use mobile apps to find inspiration for their purchases.



said that they mainly use retailer apps to shop with their mobile/smartphone



of Irish shoppers use mobile apps to find inspiration for their purchases



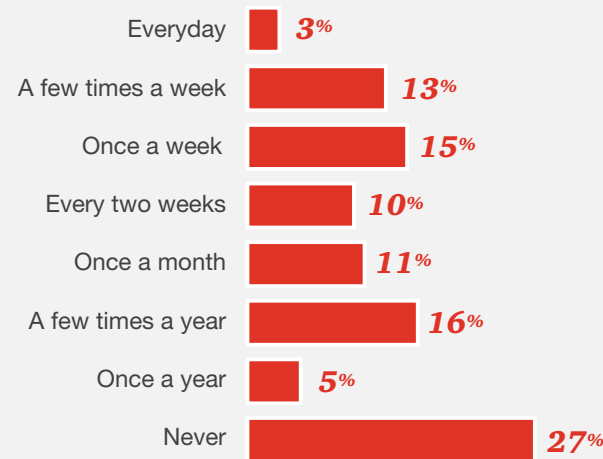


When retail executives are asked directly where they plan on making investments, their answers show just how important mobile is perceived to be. In a Shop.org survey of retail executives, when asked where most of their 2017 tech investments would be, 39% chose mobile, while just 6% said “in-store.” Anecdotally, PwC is seeing evidence of this dynamic in the marketplace. For example, Nicolas Franchet, Facebook’s Global Director Vertical Services, told PwC recently (source: Global PwC R&C Academy) that “apps are not the way of the future,” as Facebook’s retail clients are linking to their mobile websites directly from their social media tools.

### **Grocery – potential of online**

Over a quarter (27%) of Irish respondents reported not to visit a grocery retailer website or online store in the last year. Of those who did, just a quarter said that they purchased online. With some large grocery players in the Irish market not having an online presence, this is not surprising. In Ireland, online for some may not be considered a profitable investment at present, nevertheless, with mobile shopping becoming more popular, especially with the younger generations, this should be an area to be kept under review in order to protect and win further market share.

**Chart 8: Frequency of visiting a grocery retailer website or online store in the last 12 months (% of respondents Ireland)**



In the last 12 months, how often did you visit a grocery retailer website or online store?





Of the large grocery players, only Super Valu and Tesco currently offer an online grocery shopping service in Ireland, it is hardly surprising that consumer adoption levels are relatively low. However we only need to look to the UK to understand potential market growth where it is estimated that online accounts for 6% of the UK grocery market. Taking this into account, it provides considerable opportunities for Irish grocery online players to either grow their current market share or for existing incumbents to enter the online grocery space.

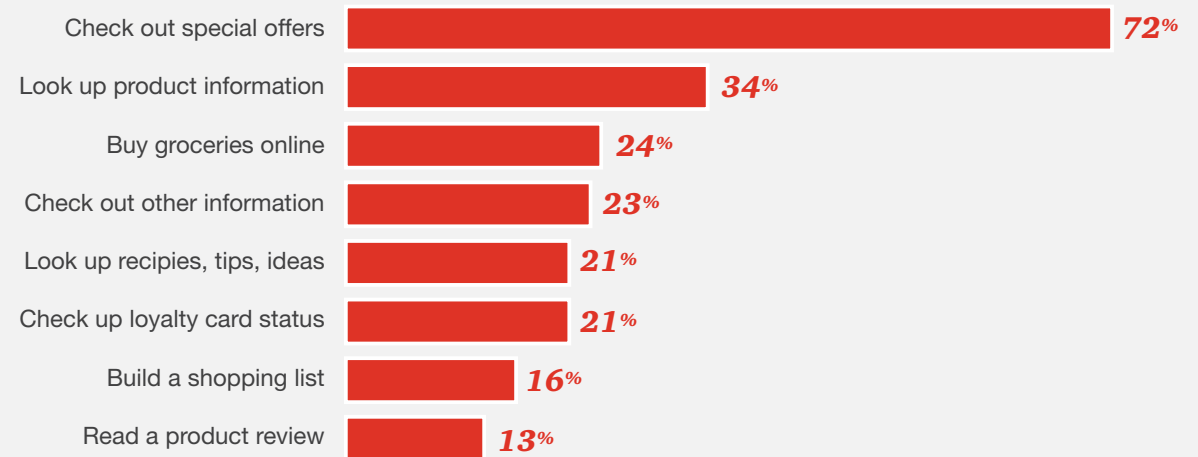
Another dynamic yet to face the Irish market is the entry of a pure play operator such as Amazon who seem determined to fundamentally change the face of UK grocery shopping. Through their tie-up with Morrisons to access their own-label products and the introduction of the Amazon Fresh service in London, they will carve out market share at the expense of the current Big 4 grocery retailers.

A question to understand is whether a similar strategy could be successfully deployed in the Irish market? With consumers shifting more and more online, it would be foolish not to seek to win market share early in the online race rather than having to win it back from future disruptors.

With 30% of Irish consumers stating that the mobile phone will become their main shopping tool, Grocers cannot ignore the views expressed by consumers relating to screen size and general usability of mobile sites. Making the mobile site intuitive and user friendly is critical to winning the hearts, minds and spending power of online grocery shoppers. In a market where price is king, the basic retailing principles, albeit now taking place on a mobile phone, cannot be ignored either.

### **Chart 9: Reasons for visiting grocery retailer website or online store (% of Irish respondents who said they visited grocery websites/online store)**

Why did you visit a grocery retailer website or online store in the last 12 months? Note: % of respondents who said that they visited grocery websites/online store.



With 72% of Irish respondents using grocery websites to check out special offers, this is a key engagement consumer opportunity which needs to be fully utilised in order to deepen consumer relationships.





## 2. Invest in talent

*The survey reveals that despite the growth of mobile shopping, the physical store isn't in danger of disappearing any time soon. This has a clear implication on the shopping experience and the skills of the staff dealing with the customers. In fact, continuing loyalty to the physical store seems to be one of the dominant trends in our survey year-to-year. Even as mobile shopping gains on other online channels, the store stays at the centre of the consumer shopping experience.*





An overwhelming majority (81%) of Irish respondents reported that having sales assistants with a deep knowledge of the product range is the single most important attribute for their in-store shopping experience (Global: 77%). However, only two-thirds (66%) were satisfied with this level of service. Another two-thirds (68%) said that the ability to check other store or online stock quickly was important but only half (50%) were satisfied.

These factors are a measure of the sales assistants' familiarity with the store's products, systems and technology and there are clear opportunities to improve customer experience.

Investment in having the right people and proper training, including digital and data analytics, is well worth it. With more and more customers seeking to check stock availability across a retailers store network or, indeed, online fulfillment channel, it is essential that Irish retailers understand how they can best leverage the opportunity and match this demand.

### Chart 10: Levels of importance versus satisfaction of in-store attributes

Please rate the importance and satisfaction of the following attributes in relation to your in-store shopping experience?

	Importance		Satisfaction	
	Ireland	Global	Ireland	Global
Sales assistants with a deep knowledge of the product range	<b>81%</b>	<b>77%</b>	<b>66%</b>	<b>59%</b>
Ability to check other store or online stock quickly	<b>68%</b>	<b>66%</b>	<b>50%</b>	<b>52%</b>
Ability to order extended range of products on screen in-store	<b>55%</b>	<b>55%</b>	<b>50%</b>	<b>45%</b>
Real-time personalised offers	<b>51%</b>	<b>55%</b>	<b>38%</b>	<b>41%</b>
Inviting ambience (i.e. waiting areas etc)	<b>50%</b>	<b>57%</b>	<b>46%</b>	<b>49%</b>
Self-service checkout	<b>47%</b>	<b>49%</b>	<b>51%</b>	<b>45%</b>
In-store Wi-Fi	<b>39%</b>	<b>42%</b>	<b>36%</b>	<b>37%</b>



said that sales assistants with deep product knowledge was important, but only 66% were satisfied with the experience





Perhaps the most important talent question for retailers relates to the C-suite. For decades, retailers basically needed two executive skillsets: property, to manage a network of stores; and merchandising/supply chain, to get product onto the shelves. Today, those skillsets are secondary to digital, omnichannel, supply chain and operations. For retailers it has traditionally been a 'push' model, and the executive's focus was on opening stores and pushing out product. Today, the competency requirements have changed and it's not as much about building a store network. Retailers really need to ensure that their management teams are lined up to the new priorities of the digital world. They need to strengthen the digital and operations talent in the retailer C-suite to manage shrinking store networks, more complicated supply chains, digital innovation as well as launching new services to keep currently loyal customers.

Relevance today is based on being digital and technology savvy. Store colleagues, corporate staff and the C-suite need to mirror the consumer - if a retailer is not versed in social and digital, it is not relevant or attractive to young, savvy customers nor prospective employees.

To maximise return on their digital investment and achieve their growth ambitions, organisations need to ensure that their workforce is adapting to meet the demands of customers and the omnichannel environment. The starting point is understanding the new skills required and developing a plan to build or buy them. Those in the retail sector won't be alone in this: the 2017 PwC HRD Pulse Survey showed that talent shortages are a key concern for 77% of Irish HRDs, with IT and data analytics experiencing the greatest talent constraints.

Developing or recruiting employees with the right skills to navigate the digital retail world will be essential for future business growth. Organisations whose workforce keeps pace with technology changes will maximise their return on digital investment.



### **3. Invest in big data analysis, not just data collection**

*With over half (56%) of Irish consumers open to receiving offers and coupons on their mobile phones, this presents an opportunity for retailers and brands to work together to target these customers with highly focused and personalised offers. However, as noted on page 16, just over one-in-three (38%) of Irish respondents were satisfied with their in-store personalised offers.*





are happy to receive offers on their mobile

A key area of focus for retailers today is the enormous amount of customer data they generate and how they convert this into actionable insights. In our experience, huge gaps exist between the data possessed and retailers' ability to glean insights from that data. From customer store visits, to warehouse inventory, to how long shoppers spend in retailer web sites, retailers are held back by the growing gap separating the data collected and the potential insights to be extracted from that data.

At the same time, the number of loyalty programs are spiraling. This increases the potential to collect larger volumes of data but unless proactive steps are taken, the gulf between collecting data and gaining insights widens with any potential return on investment diminishing.

The research tells us that respondents who have positive interactions with an online retailer are much more likely to endorse the brand. This supports the business case for developing a personalised promotional strategy as consumers are more likely to redeem a voucher or engage with a promotion when they have higher levels of connection with a brand. There is a level of trial and error at play here, however, the greater the investment made by the retailer, the greater the level of insights that will be gained.

The truth is that, in our experience, most retailers' systems are not robust enough to reflect minute-by-minute inventory, much less communicate it accurately and in real-time to shoppers. Retailers need one, integrated data platform so they have one picture of their business. The information on how customers buy is generally available, but rarely gets turned into personalised offers communicated via an email or a text or personalised social media. Getting the complete picture of consumers and their buying patterns is a real "to-do" for retailers to understand the areas they should invest in.

It's also about having the appropriate analytical capabilities. The issue isn't having enough data, especially given the vast amount of online data and offline behaviour increasingly tracked digitally. The challenge is to devise meaningful analyses that can benefit both customers and businesses. Analytical expertise is a key asset for today's retailers and the smart use of data is a competitive advantage. Predictive analyses requires sophistication in all phases of the process—from sampling to modeling to drawing conclusions from the results.

**010001**    *The ability to leverage data can be a competitive differentiator*  
**111010**  
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With so much data available, knowing what value can be extracted is important, as it will help an organisation understand how to resolve its biggest challenges. For example, a retailer seeking to understand how to increase basket spending sizes will find rich insights within their consumer shopping data.

As consumer sophistication increases in how, when and what they buy, retailers must adapt by better understanding buying behaviours and developing propositions and services to meet consumer needs.

Prior to investing in infrastructure to enable access and use of the underlying data, it is critical that retailers are clear about the insights they would like to generate – e.g. what are the attributes of repeat and return purchasers; what are the drivers of customer advocacy; what are the drivers of retention; what markets or geographical areas present greater opportunities? The ability to provide insights around these questions can help retailers design targeted campaigns with specific objectives to improve financial and customer performance.

Investing in the ability to leverage data can be a strategic asset and competitive differentiator for retailers.

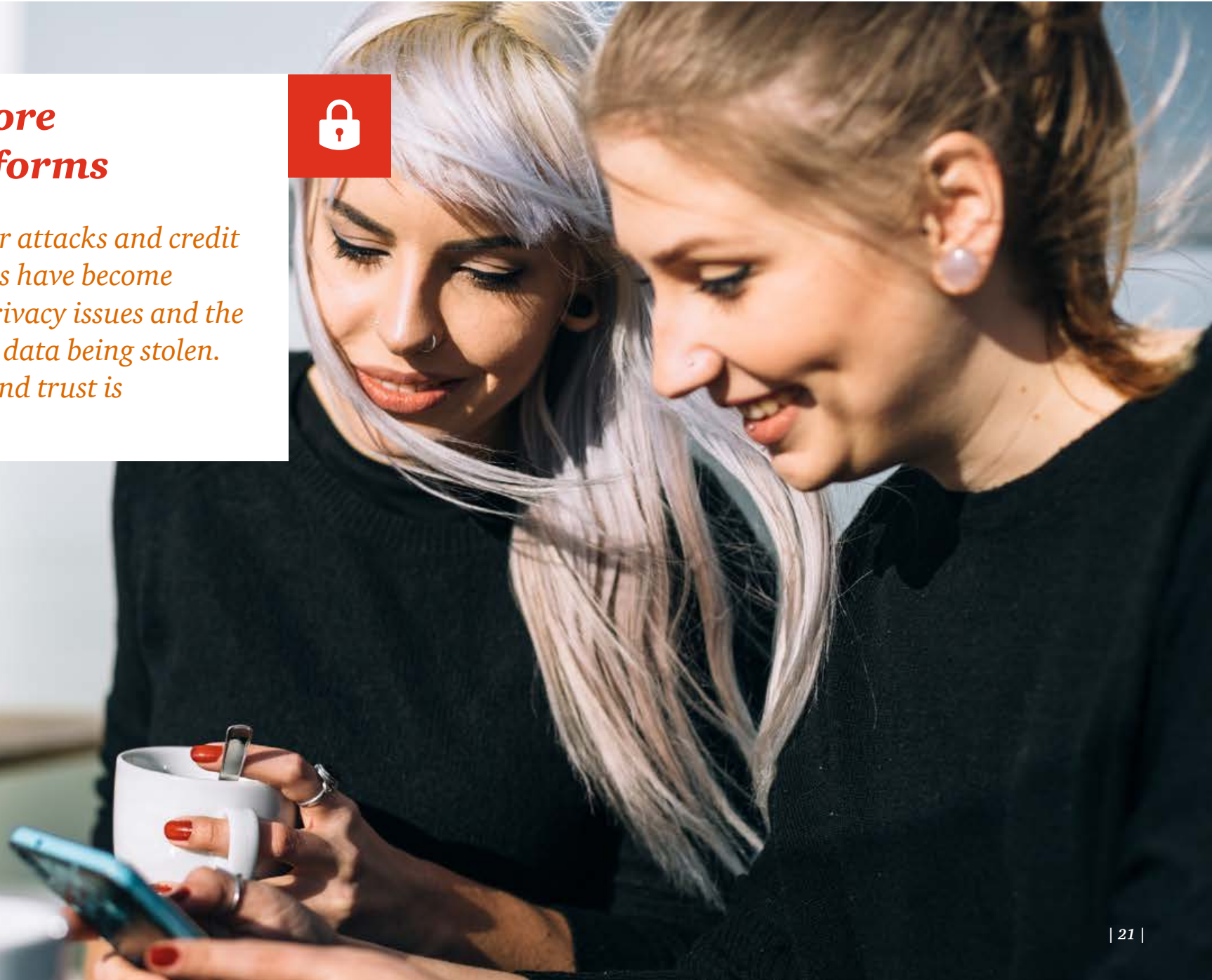






## **4. Invest in more secure platforms**

*With the surge in cyber attacks and credit card scams, consumers have become much more wary of privacy issues and the risks of their personal data being stolen. Investing in security and trust is really important.*





Nearly three quarters (73%) of Irish respondents said that they are wary of having their personal information hacked when shopping using their mobile and are more wary than their global counterparts (65%). These higher expectations need to be addressed in order to win the hearts and minds of Irish consumers. At the same time, Irish consumers are conscious of minimising the risk with two-thirds (66%) saying that they only use legitimate websites. A similar proportion (66%) say that they only choose payment providers they trust. The survey highlights that Irish consumers are less likely to click on pop-ups compared to their global counterparts and are also less likely to give out their personal data.

**73%**

are wary of having their personal information hacked

While technology provides a lot of new exciting opportunities for shoppers, on the other hand, it also increases the risk for all kinds of cyber breaches, including data hacking, CEO fraud and credit card scams. Some recent well publicised hacks, for example, Yahoo, are reminders to shoppers of the risk they are exposed to which retailers and payment providers must protect against if they want to keep customers' trust. It is not surprising that cyber security is very high on the list of consumers' concerns.

### Chart 11: How do consumers personally reduce the risk of online security issues/fraud?

How do you personally reduce the risk of online security issues/fraud?





There are significant opportunities for Irish retailers to build consumer confidence in this area through the development of highly secure online platforms. Irish retailers must ensure that they meet these basic requirements as a priority, otherwise the full potential of any broader digital strategy may not be fully realised.

The area of cyber security is constantly changing with new threats continually facing the sector. Staying ahead of the game requires unwavering focus to satisfy challenging and unforgiving consumer expectations. In addition, changing legislation, such as the General Data Protection Legislation will require firms to understand how to comply with more stringent standards. Very few organisations have adequate skillsets to manage this area single handedly, therefore specialist support will be needed.

With large shifts towards mobile and increased levels of consumer data now being stored, protecting this data is not-negotiable with consumers who have high expectations of their online shopping providers. Security cannot be viewed as an add-on service which is developed to complement the online shopping experience, both security applications and the online shop must be developed and maintained in parallel.







## **5. Invest in social media**

*More and more of the global population isn't attracted to traditional advertising spots - they want what they see as authentic information they can find at their fingertips: what are their friends doing, which brands are hot on social media, what is trending with their favourite influencers.*



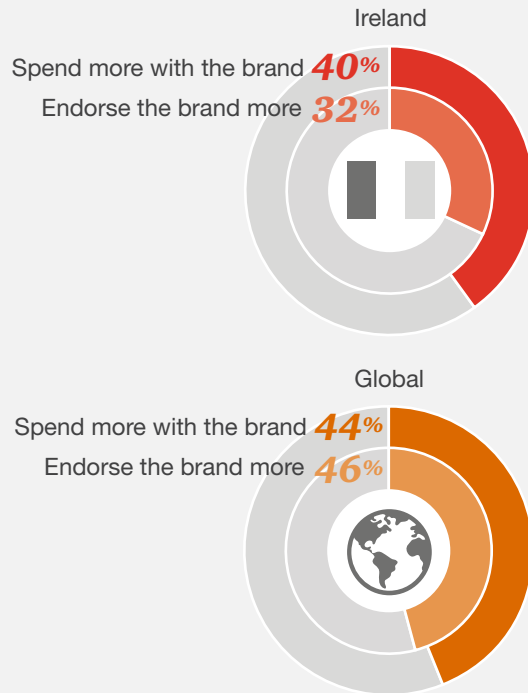




The survey confirms that positive social interaction with brands leads to increased spending. In Ireland, for example, 40% of consumers said that interaction with their favourite brand on social media led to more spending (Global:44%). A third (32%) said that this interaction resulted in greater endorsement of the brand (Global: 46%).

### **Chart 12: Interactions with favourite brand on social media has resulted in ...**

Has any interaction you have had with your favourite brands on social media driven you to...? Note: Respondents were asked to select either Yes or No.



With this high level of social media engagement, it is hardly surprising that Irish respondents are very open to engaging with real-time personalised offers. Half (51%) of the Irish survey participants reported that “real-time, personalised offers” are important to their in-store shopping experience, but just over a third (38%) are happy with the experience. This presents opportunities for retailers and brand owners to collaborate together to create interesting personalised customer promotions that drive customer engagement, ultimately benefiting retailers and brand owners alike. Providing this personalised shopping experience is facilitated by easy access to free in-store Wi Fi, considered by one in four (39%) as important, but just a third are happy it’s working.

The survey highlights how social media leads to greater engagement with customers. Investing in a distinct social media strategy will generate a healthy return on investment. This includes ensuring employees are equipped with the right digital skills who can lead social media campaigns, track social trends, monitor what is being said online and craft appropriate social media responses. Synchronising social media activity at the same time as consumers engage with the brand requires fresh thinking as such social media engagements are often outside traditional business hours.



Well over a third (37%) of Irish respondents actively use social networks such as facebook and twitter to find inspiration for their purchases. Nearly one in five (18%) use visual social networks (instagram, snapshot etc). Of interest is that nearly half (48%) still use individual retailer websites and is much higher than the global experience (Global: 37%).

**37%**

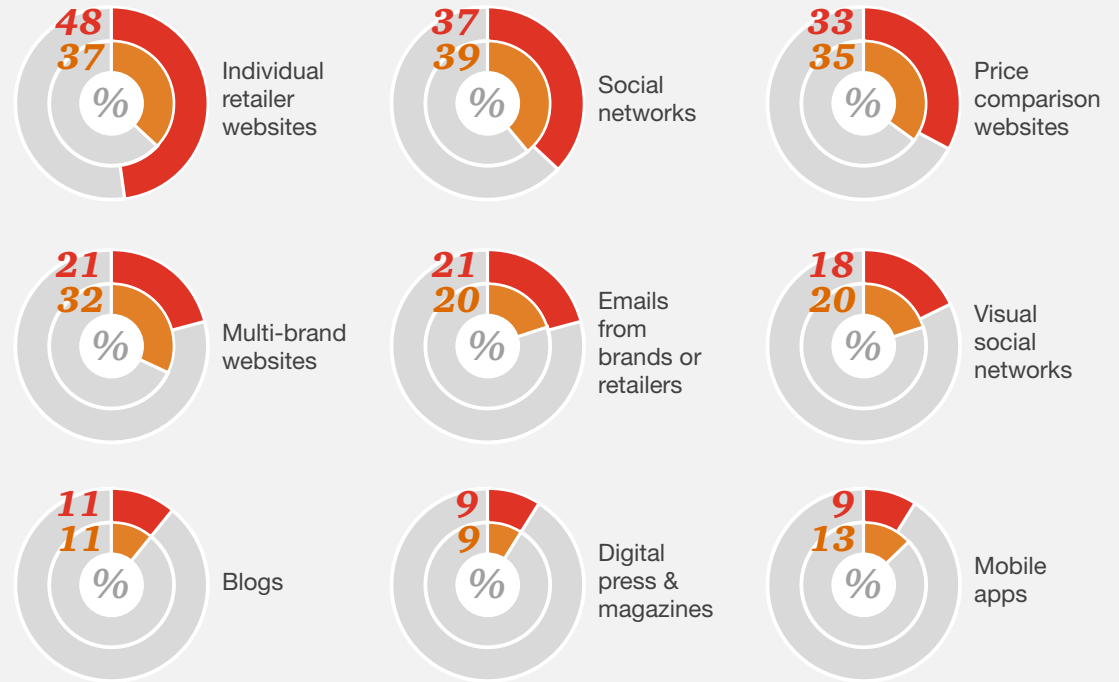
of Irish respondents actively use social networks to inspire purchasing



### Chart 13: What online media is used regularly to inspire purchasing

What online media do you regularly use to find inspiration for your purchases?

■ Ireland ■ Global



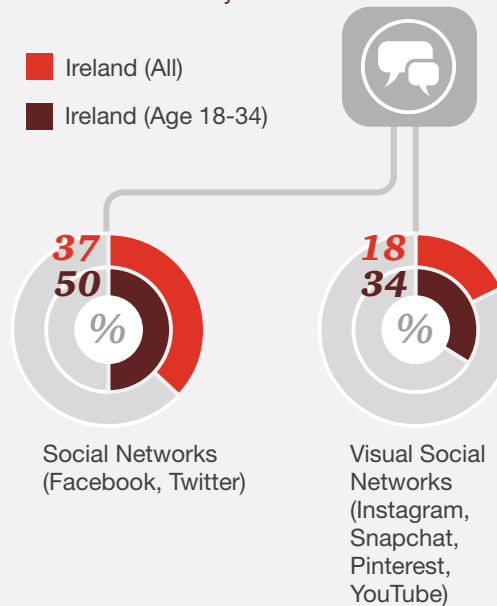


### Understanding the younger generations

The report confirms that social media is more popular with the younger generation. For example, half of survey respondents in the 18 to 34 year-old age bracket use social networks and a third use visual social networks compared to 37% and 18% respectively for all ages. Understanding the changing shopping habits of younger shoppers is critical to building a customer centric offer which takes account of differing generational needs.

### Chart 14: Usage of various social media networks to gain inspiration when shopping online

What online media do you regularly use to find inspiration for your purchases? Note: Answers shown for All Ireland respondents and 18-34 year olds for social networks and for visual social networks only.



Millennials generally are in the age group 18 to mid-thirties while post-millennials, also referred to as generation Z (born post 2004) and not yet in employment, are future consumers and their spending power will influence future trends.

A key insight is that engagement with social media is particularly popular with the younger age group. There is a need for Irish retailers and brands to invest in focused social media activity designed to engage with the millennial and generation Z population.



of 18-34 year olds are using social networks



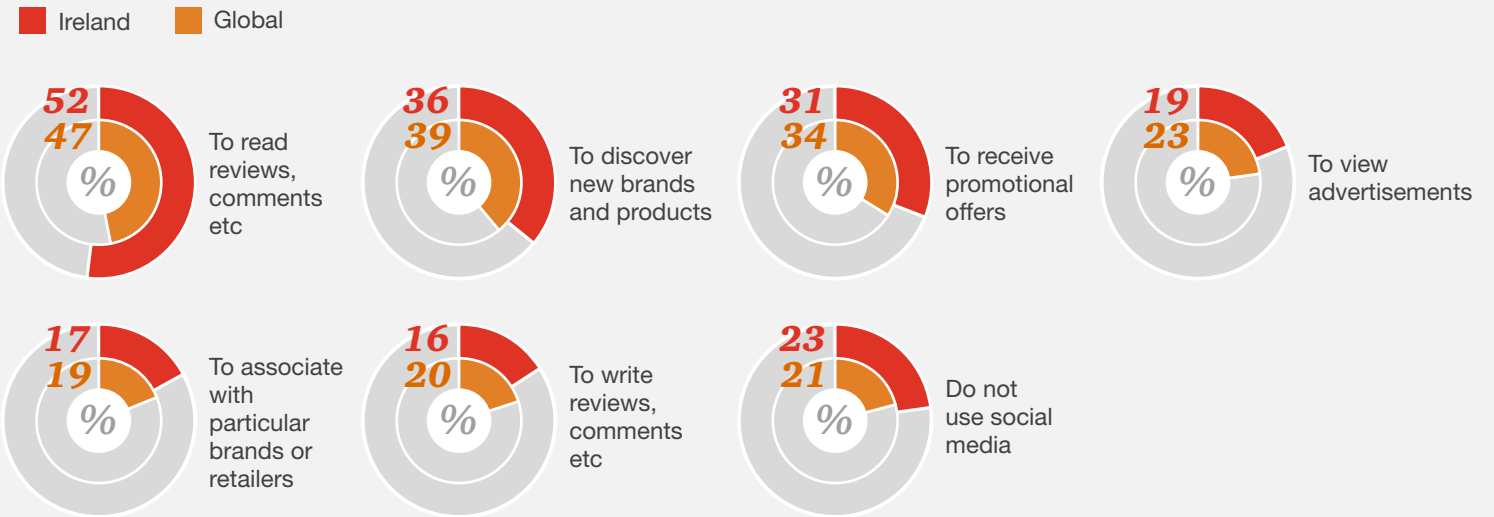
### A connected social media strategy is critical

The survey also highlights that global consumers have a greater tendency to use multi-brand websites (32%), such as Amazon, compared to their Irish counterparts (21%). This indicates that a strategy focused on social, visual and individual websites is key to engaging Irish shoppers.

Nearly a third (30%) of Irish consumers said that their mobile/smartphone will become their main purchasing tool. And with one in four of Irish consumers using their mobile phones to research and purchase products, creating mobile enabled content is critical to ensure that the brand interaction is as positive as possible. The survey confirms that social media plays an informative role with Irish consumers most frequently reading reviews and discovering new brands and products. Irish consumers are willing to invest their time in reading product reviews. For example, 52% said that they use social media to read reviews etc and is higher than the global experience (47%). Over a third (36 %) said they use social media to discover new brands

**Chart 15: How is social media used as part of the shopping experience (% of respondents)**

How do you use social media as part of your shopping experience?



and products (Global:39%). And with the direct correlation with spending and brand endorsement, it is certainly in the interest of Irish retailers and brands to ensure that they have a connected social media strategy.

It is interesting to note, however, that less than one-in-five read advertisements on social media, compared to nearly a third who are happy to receive promotional offers, perhaps an indication that investment in tailored promotions rather than advertising is the way to go.





## *Social networks are becoming very popular*

Designing for mobile is critical. However an issue faced by developers is managing to display their content on a relatively small screen compared to that of a tablet or laptop. As noted earlier, many Irish consumers report relatively small screens as an obstacle when using their mobile phone to shop online.

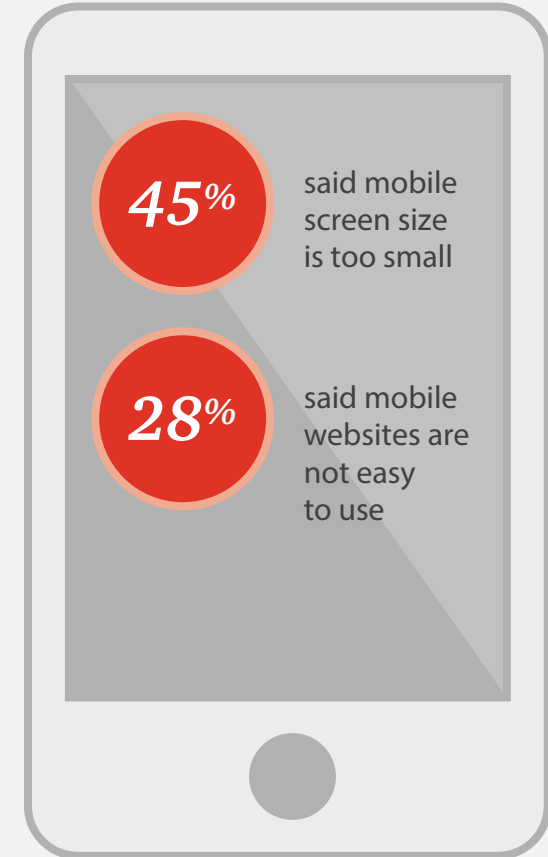
Retailers must find new and innovative ways of telling their story and connecting with customers. For example, many western retailers are using Facebook to digitise their catalogue with carousel ads, while Chinese retailers similarly use Tencent's QQ/WeChat. Customers who want to know if items are in stock can check on Facebook for real-time links to inventory for certain retailers. This encourages the social media user to order the product. Other retailers are developing narrative story lines – almost like short stories with product placements – and publishing them on Facebook and other social platforms.

Social media is about connecting with customers. Emotional engagement can be powerful, and telling stories, for example, through a series of connected narratives that feature to-be-promoted products and services, can be an effective tool.

Given all the advances by social media sites to become shoppable, investments into the social media strategy should be very profitable. A key ingredient of a successful

social media strategy is the content and the media strategy—what platform, frequency of posting, etc. Hiring and training expert staff to make sure they are thoroughly familiar with the retail brand, the items and topics they post about and the target audience should all be priorities. Another critical area is social media listening tools. On occasion the “noise in the system” about a certain retailer or product is unfavourable. Catching the clues on social media that a negative narrative is building can help preserve the brand story. Solutions in this area include outsourcing social media monitoring to specialised firms.

According to the survey, the retailer's website for Irish respondents is the most important online source for inspiring purchases, providing a warning message to Irish retailers not to ignore their website at the expense of social media. It is important that the website is consistent with and connected to the company's social media platforms to complement the brand story, provide a coherent brand experience and make conversion of social media leads easy. After all, a retailer's website serves as both a marketing vehicle and an online store and deserves at least equal attention as the overall social media strategy. Globally, social networks are the most popular online media for purchasing inspiration.





***The following insights support the creation of a memorable social media consumer experience:***

1. Engage with customers on a personal level. Over half (50%) of Irish consumers use social media to read reviews, comments and feedback on products and retailers. If customers post feedback, whether positive or negative, businesses should strive to contact and reward consumers who provide constructive feedback that can improve the firm's performance, which can then improve brand image. With positive customer experiences, more brand mentions are likely.
2. Identify brand advocates, who have considerable reach (in terms of followers or friends) and will endorse your brand. Given that Facebook, Twitter, Instagram and Snapchat can reach up to 2.5 billion people, brand advocates can interact instantly with an audience that is much larger than the population of Ireland.
3. Utilise carousel advertisements. These advertisements can showcase a whole range of products that the consumer might be interested in and can be linked directly to the product's inventory status on a retailer's website. ASOS has been extremely proactive in using these advertisements to drive interest in purchases.

At the end of 2016, for the first time in history, more users accessed the web from mobile devices like smartphones and tablets than they did from desktops or notebooks.

It is clear that the retail experience is becoming more and more omni-channel, but this should be considered in conjunction with segmentation and personalisation. The consumer is more and more sophisticated in terms of their device usage and not all products or all information need necessarily be delivered on all channels. You need to understand your customer, their device choices and what is contextually relevant.

Shopping and researching on mobile, even whilst in-store is real, and whilst there are some of the obstacles outside of your control (size of a mobile shoppers screen), there are others that you have full control over. Having a responsive/adaptive secure web site is totally within your control.

Integrating Social in your Retail and Customer Care processes is also increasingly important. The 2017 Retail experience is across online, mobile, in-store and social, and doesn't stop at purchase – you have an opportunity to be a trusted brand and deliver great experience across all channels. Are you listening, measuring and analysing behaviours to help you make the right decisions and deliver to your customers. If not, you will lose relevance.



## ***6. Invest in keeping loyal customers***



*We know from previous Total Retail surveys that nearly all online shoppers belong to retailer loyalty programs. But what else can retailers do to retain customers?*



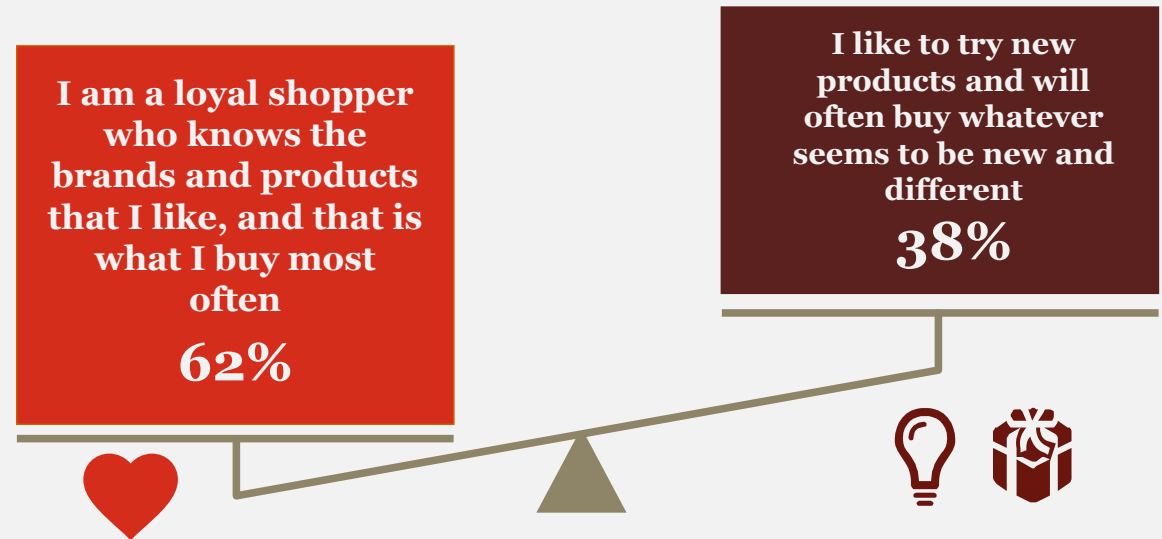


We probed survey respondents to understand what type of shoppers they are: do they generally know what they like and tend to stick with it, or do they generally like to buy whatever seems new and different? The results show that nearly two-thirds of Irish consumers like to shop based on brands they know rather than buying new products.

According to the survey, nearly two-thirds (62%) of Irish consumers like to shop based on brands they know rather than buying new products (Global: 61%). It is interesting to see that Japanese (83%), US (71%) and French (71%) shoppers are even more loyal to their brands. Just over a third (38%) of Irish consumers said that they would try new products.

Since customers seem to be brand loyal, reinforcing this loyalty by investing in uniquely appealing brand features – such as customised offers and special access to deals – will pay big dividends. Investing in excellent websites, optimised for any device, is critical.

Looking for best in class practices, Best Buy, the Minneapolis multinational based computer electronics retailer, has made keeping loyal customers a major priority. The company is offering premier customer-only shopping days, advanced ordering on limited allocation products, an exclusive concierge service for repair above and beyond the more general customer service department and discounts through its private label and loyalty cards. Recently, it added a new “consulting” in-home service that loyal customers can use as a perk. Best Buy will send trained technicians to a customer’s house to give advice on home technology projects such as



the best way to set up a multi-zone home theatre with surround sound, or the smartest way to wire a house for sound. While the service is open to new customers for a price, loyal customers have the inside track on the service.

The survey identified where these loyal shoppers get their inspiration from and it is the retailers website that won. Loyal shoppers are less inclined to look elsewhere for inspiration such as multi-brand websites or mobile apps. Other tools such as direct email communications and blogs are also used for inspiration, but not to the same extent. The upshot is that investing in excellent website, optimised for any device, is critical and is particularly relevant to driving consumer engagement.





## ***7. Invest in coping with the 'Amazon' strategy***

*There are few truly global retailers that sell a wide range of general merchandise with the global leaders being long-established companies such as Walmart, Carrefour and Costco. Amazon is relatively young compared to its more senior peers taking 12th place in the NRF list of the world's top 250 retailers, after only a little more than two decades in business.*





**71%**

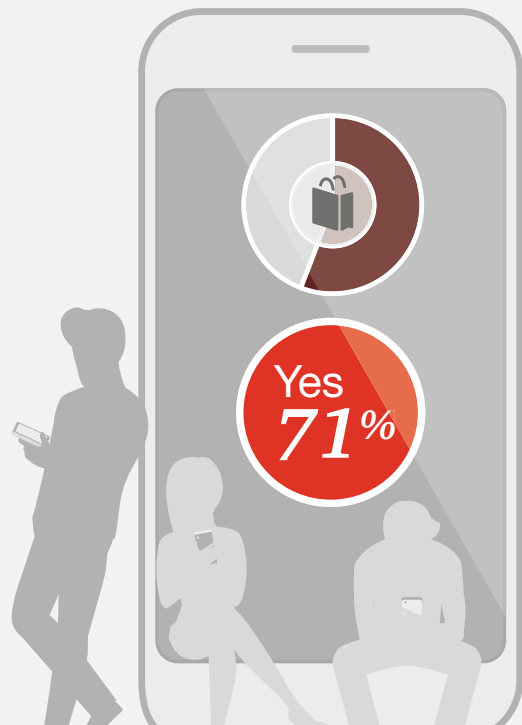
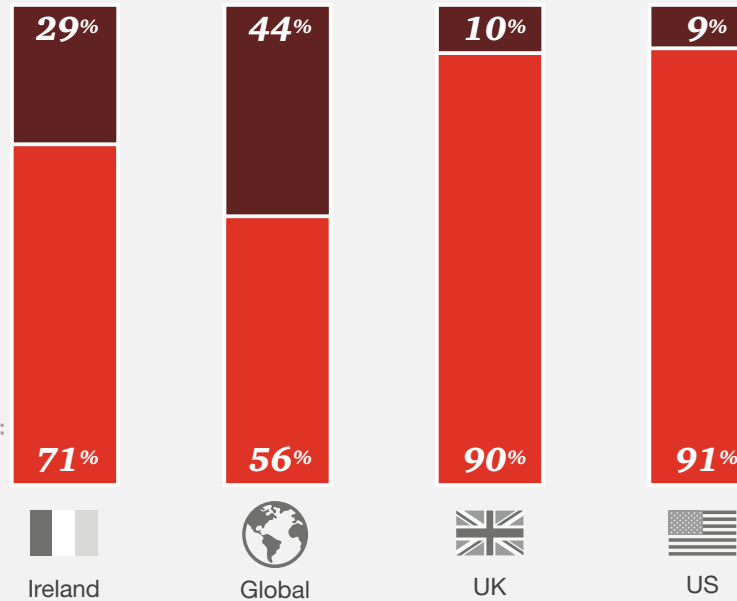
of Irish respondents shop at Amazon

Amazon is leaving its mark with nearly three-quarters (71%) of Irish survey participants reporting that they shop with the e-commerce giant. This compares to 90% for the UK, 91% for the US and just over half (56%) for global consumers. In Ireland, nearly half (48%) of Amazon shoppers use the site as a price-referencing tool, with a third (33%) saying that they begin their product search with Amazon.

**Chart 16: Percentage of consumers shopping on Amazon**

Do you shop with Amazon?

Yes No



*Do you shop with Amazon?*



Amazon has set many new standards in retail through its creativity and seemingly never-ending disruptive innovations to make shopping-and life-easier, more convenient, and more fun. For example, Amazon Echo also allows voice-based ordering and other interactions; the Amazon Dash button facilitates reordering supplies for household staples such as coffee and laundry detergent; Amazon drones make deliveries faster and more efficient; and the soon-to-be-launched Amazon Go stores featuring checkout-free shopping.

As an indicator of industry disruption, Amazon has also recently announced that it plans to invest US\$1.5 billion to build a large air cargo hub in Kentucky, driving expectations that it may one day opt to directly compete with FedEx and United Parcel Service. One can only expect that consumers can expect even more competitive deals in the future.

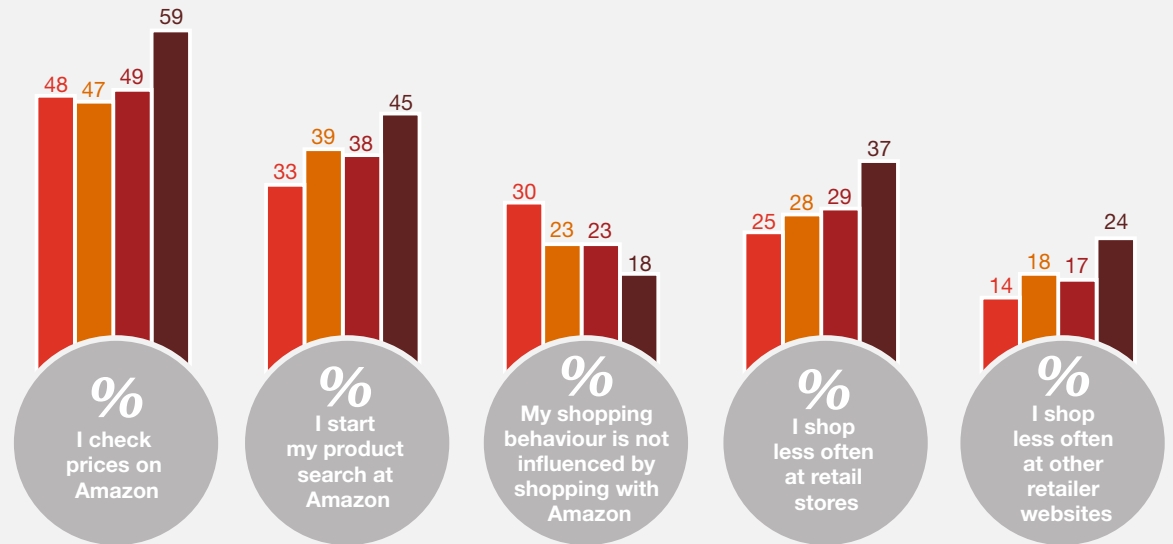
Much closer to home, Amazon is expanding their distribution centre in Tilbury, South-East England, which will raise current workforce numbers from 4,000 to 12,000. In addition, the centre is located in the expanding docks area which will enable direct unloading of ships into the distribution centre, a further step towards process simplification and lowering their cost base.

Consequently, we see retailers figuring out how to stay competitive given Amazon’s appeal to shoppers. Amazon presents significant challenges in the Irish retail sector influencing shopping behaviours in two key areas: Firstly, Irish shoppers mainly use Amazon as a research site for prices and products. Secondly, Amazon is cannibalising

### Chart 17: Amazon’s influence on shopping behaviour

How has shopping with Amazon influenced your shopping behaviour?

■ Ireland ■ Global ■ UK ■ US



other retailers, both online and traditional retailers. For example, a quarter (25%) of Irish consumers shop less often at other retailers due to Amazon and this is over a third (37%) in the US. The Amazon effect also has the impact of consumers shopping less often at other retailer websites.

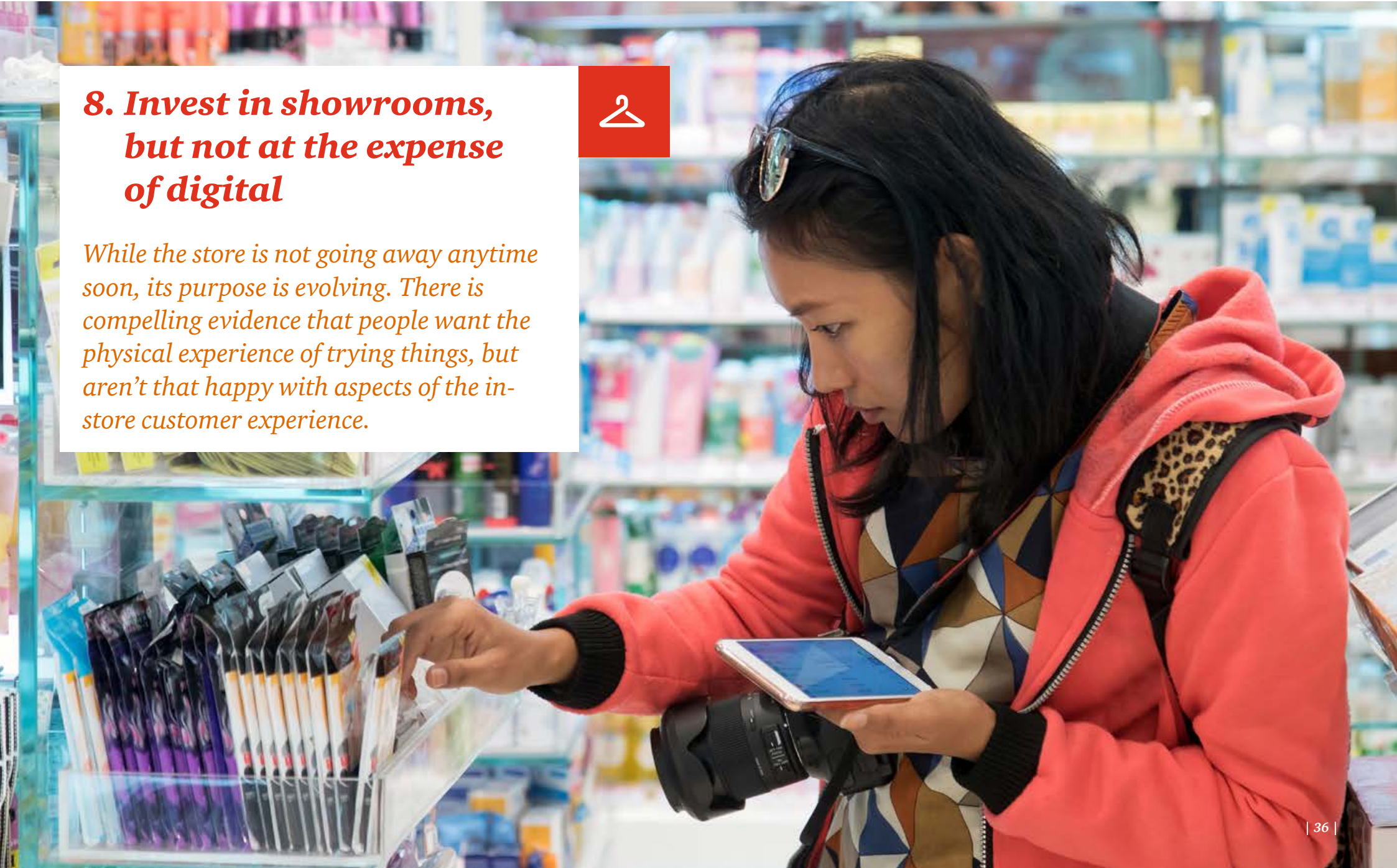
There is no doubt that Amazon is changing the Irish shopping behaviour. It is evident that there is a direct correlation between shopping with Amazon and a decline of in-store traffic. Higher levels of engagement by consumers with Amazon creates challenges as well as opportunities for the retail and consumer sectors.





## **8. Invest in showrooms, but not at the expense of digital**

*While the store is not going away anytime soon, its purpose is evolving. There is compelling evidence that people want the physical experience of trying things, but aren't that happy with aspects of the in-store customer experience.*







According to the survey, consumers want in-store features: In Ireland 68% of respondents want the ability to check other store or online stock quickly, 55% want the ability to see/order an extended range of products and half want an inviting ambience. Yet, the levels of satisfaction of these experiences are considerably lower.

The concept of show rooming is becoming more popular with the large sports brands opening up concept stores aimed at generating high levels of brand engagement. Furniture retailer, IKEA in Ireland, has recently launched its smaller Carrickmines store having two purposes: a catalogue and a collection point.

One solution could be for retailers to invest in physical locations that are designed not to push product, but instead to entice consumers with all of those amenities they want from the store showrooms. The biggest difference between a showroom and a traditional physical store is that a showroom's sole purpose is to showcase – not sell – products.

A showroom offers a comfortable, inviting – sometimes even luxurious – environment to peruse products, get advice on sizes and styles, and place an order. The shopper's products are then shipped to the consumer's home from an offsite warehouse or store. Since a showroom has no need to maintain the expensive structure associated with selling goods and shipping, showrooms are economically viable for retailers. Whilst this may seem like a relatively extreme approach for some retailers and perhaps not possible in certain sectors, elements can be incorporated into a more traditional store format, let's say to offer a wider range to consumers which the store may not normally be able to offer.

Over  
**55%**

want the ability to see/order an extended range of products

*and*

**50%**

want an inviting ambience in the store



Chart 18 shows the shopping preferences in Ireland as between in-store and online for various product categories. This shows that shoppers prefer to buy books, movies and videos online. But for all other categories and especially for product categories such as furniture & homeware, household appliances and DIY/home improvement, consumers prefer the in-store experience to look at and try the products. Retailers should consider if they would have even more success in-store with these products if they employed a pure showroom model, but it should not be at the expense of digital.

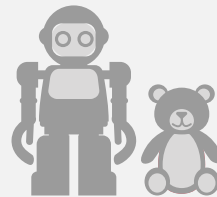


*Customers still prefer in-store shopping for many product types*

### Chart 18: Ireland - Goods being sold online versus in-store

Which method do respondents most prefer researching/buying purchases in the following categories?

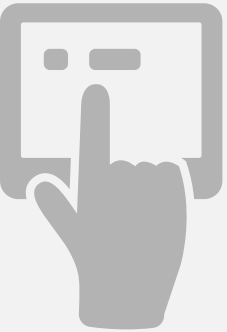
Online		In-store
60%	Books, music, movies & video games	32%
30%	Toys	43%
37%	Consumer electronics & computers	57%
33%	Sports equipment/outdoor	47%
29%	Health & beauty (cosmetics)	54%
39%	Clothing & footwear	55%
28%	Jewelry/watches	56%
24%	Household appliances	64%
25%	DIY/home improvements	61%
22%	Furniture & homeware	68%
20%	Grocery	74%



Toys are closing the gap with almost equal amounts being purchased online and in-store.



The showroom model is also good for products that are referred to as “differentiated goods,” such as branded fashion products, the latest electronic gadgets or expensive jewelry. Differentiated products are difficult to sell online because consumers prefer to browse for these items, examine them, and even seek out advice about what to buy.



***Retailers should not ignore digital marketing and selling***

In terms of individual retailers, the men’s clothing retailer, Bonobos, is a good example of showrooming. Since 2012, the company – catering to 18-40 year old men - has been experimenting with Guideshop showrooms, now in 30 locations in the US. Consumers can walk-in or book an appointment, enjoy a beer or other cold drink, and chat with knowledgeable salespeople. Guideshops save money by requiring fewer sales people and having small footprints. Furthermore, since repeat customers’ details (such as sizing and favourite styles) are recorded in Bonobos’ data system, customers are more likely to make online purchases unassisted in the future, driving customer loyalty and lower returns, even for e-commerce transactions. Outside of the physical store, customers have three channels – live chat, email or customer service telephone line - to interact with so-called “Ninjas,” customer service representatives whose job it is to go beyond any one sale and, instead, promote the brand.



## 9. Health & wellness



*The research suggests that global retailers are emerging as new entrants into the ranks of non-traditional health care providers. This may be for cost, convenience and/or accessibility reasons.*







### Emergence of non-traditional healthcare providers

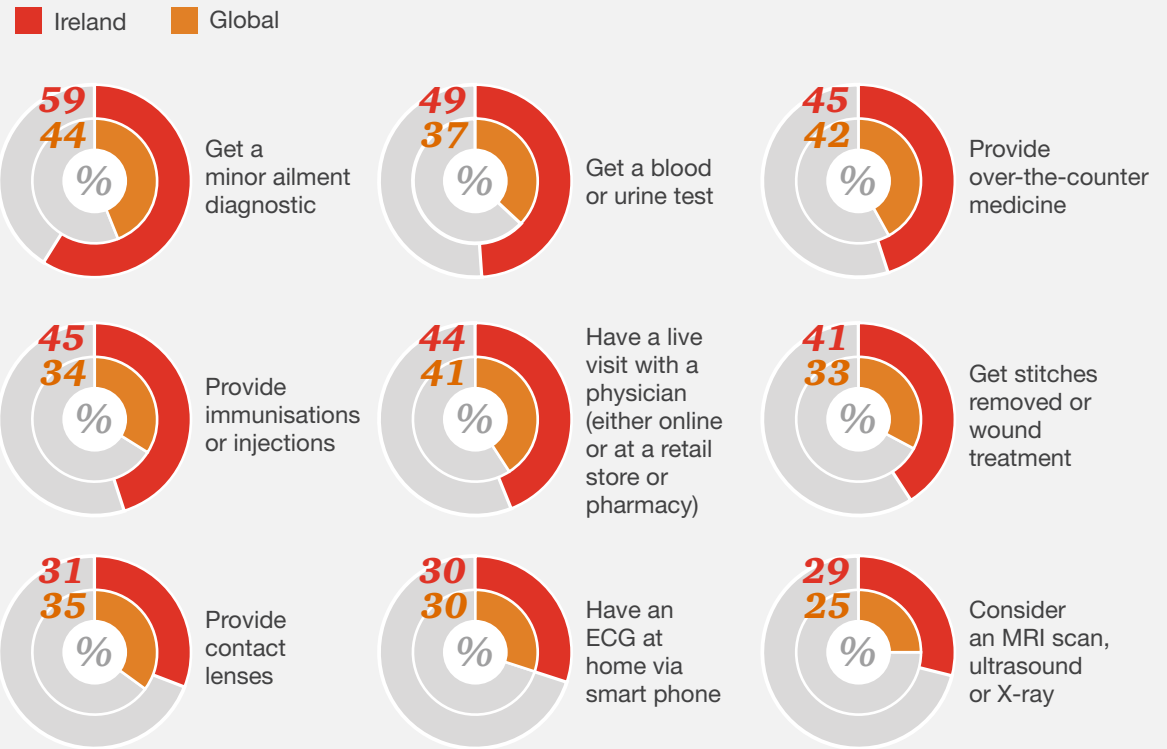
In Ireland, with long waiting lists and the relatively high costs of visiting the GP, retailers and pharmacies providing healthcare services may emerge as a channel to fill some of the gaps between consumer expectations and the current medical infrastructure. It also is aligned with trends towards greater out-patient and in-community healthcare, while reducing pressure on hospital staff. In the US, within retail stores, clinics have become a very real choice for Americans seeking health care.

To better understand the future investment opportunity in this area, we asked several questions in this year's survey to ascertain levels of trust in receiving healthcare from various types of non-traditional providers. It is important to stress that such alternative healthcare would be provided by trained medical professionals based at the non-traditional healthcare provider (i.e. retailer or pharmacy).

The research reveals that many Irish respondents would be happy to receive certain medical procedures by non-traditional healthcare providers. They would be more willing, compared to their global counterparts, to receive procedures such as ECGs, MRI scans and a consultation with a physician at a non-traditional healthcare provider. In particular, Irish consumers would be far more willing to have minor ailment diagnostics, blood tests, injections and wound treatments.

**Chart 19: Levels of trust in non-traditional healthcare providers (i.e. provided by trained medical professionals in the retail store or pharmacy)**

Would you trust a non-traditional healthcare provider to: Note: Percentage who said Yes.



There may be a great opportunity in Ireland, therefore, for retailers to adapt their offering and enter the healthcare sector.

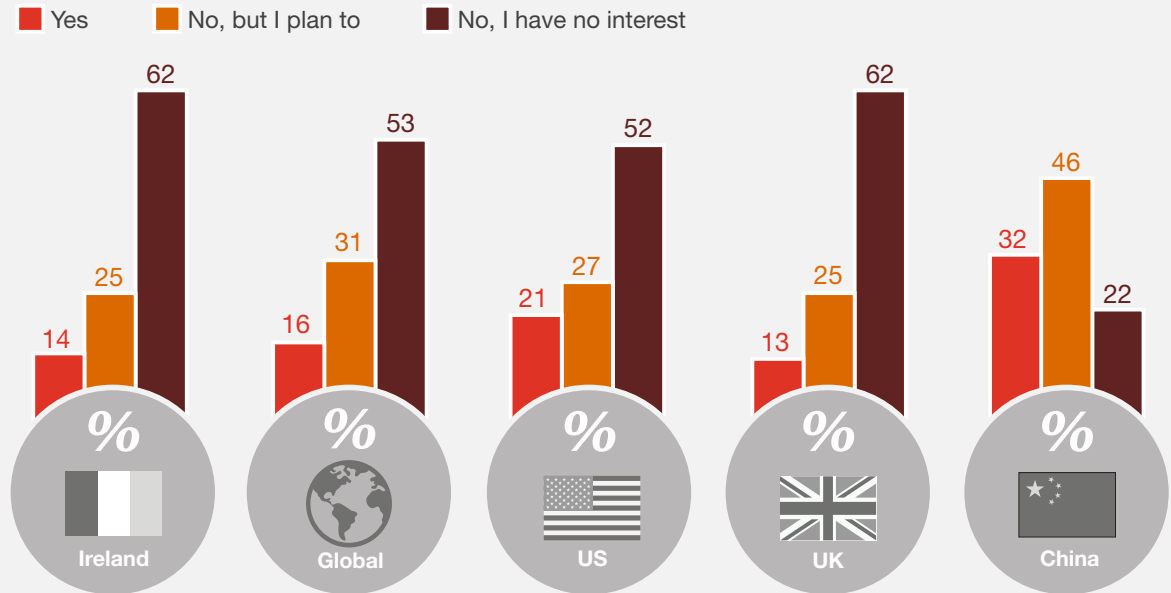


According to the survey, over a third (39%) of Irish respondents own or plan to own a wearable device that tracks or monitors their health and is behind the global average (47%). The research shows that wearable devices for health tracking are much more prevalent in China with over three-quarters (78%) either owning or planning to own such a device.

The greatest benefits of wearable devices, reported by Irish respondents, include tracking exercise routine (72%), improving fitness levels (56%), monitoring vital statistics such as heart rate, weight etc (49%) and monitoring eating & sleeping patterns (48%).

### Chart 20: Ownership of a wearable device that tracks or monitors an individual's health (% of respondents)

Do you currently own a wearable device that tracks or monitors your health?



**72%**

said wearable devices help track exercise activities

**56%**

said wearable devices help improve fitness levels



**39%**

own or plan to own a wearable device that tracks health



## **10. Invest in authenticity**

*Many Irish consumers still prefer the experience of shopping for luxury goods in-store rather than purchasing them online. But there is a particular concern regarding fake luxury goods.*





The survey suggests that around one in five Irish consumers are concerned that luxury products in the categories of cosmetics (23%), clothing (19%) and jewellery (25%) sold online may not be genuine. Furthermore, well over a third of shoppers prefer to touch these luxury products before buying and like the in-store experience with a sales assistant. Thus, retailers selling luxury goods can use these trends to their advantage and focus on enhancing the on-line and in-store experience.

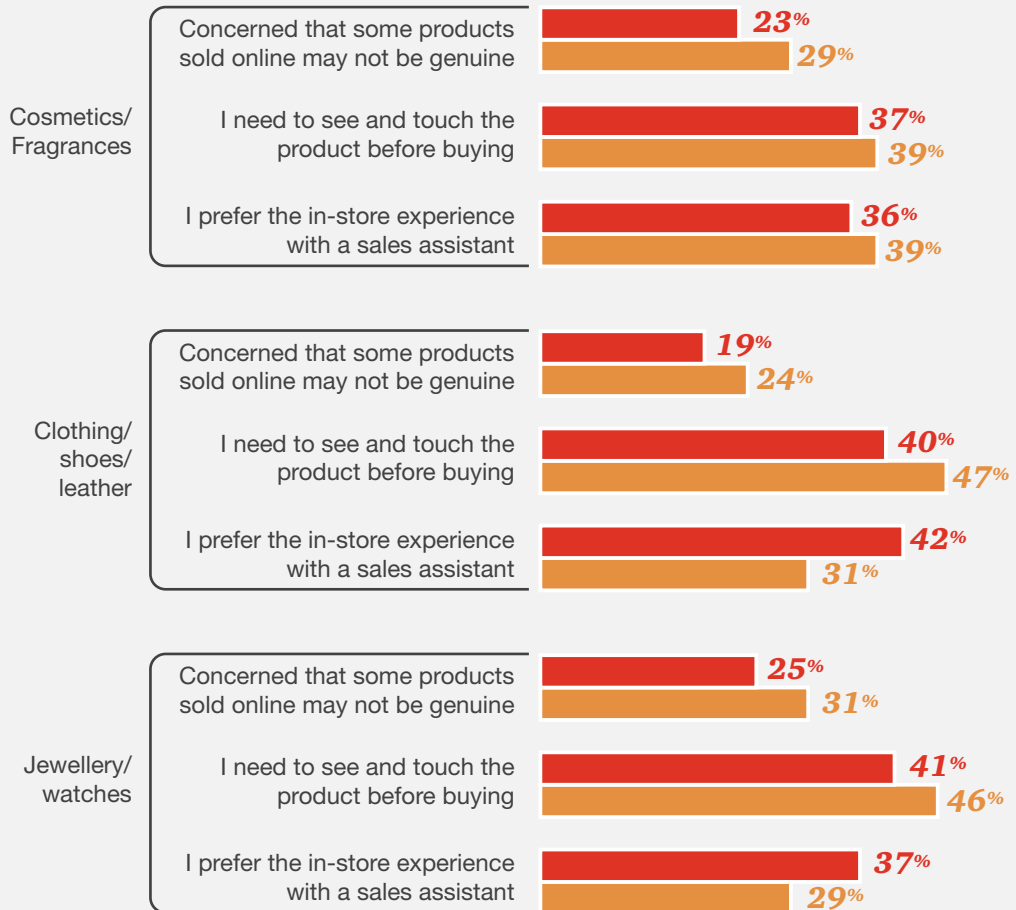


**One-in-five of Irish consumers are concerned luxury goods purchased online may be fake**

**Chart 21: Reasons for not purchasing luxury goods online - Ireland v Global**

■ Ireland  
■ Global

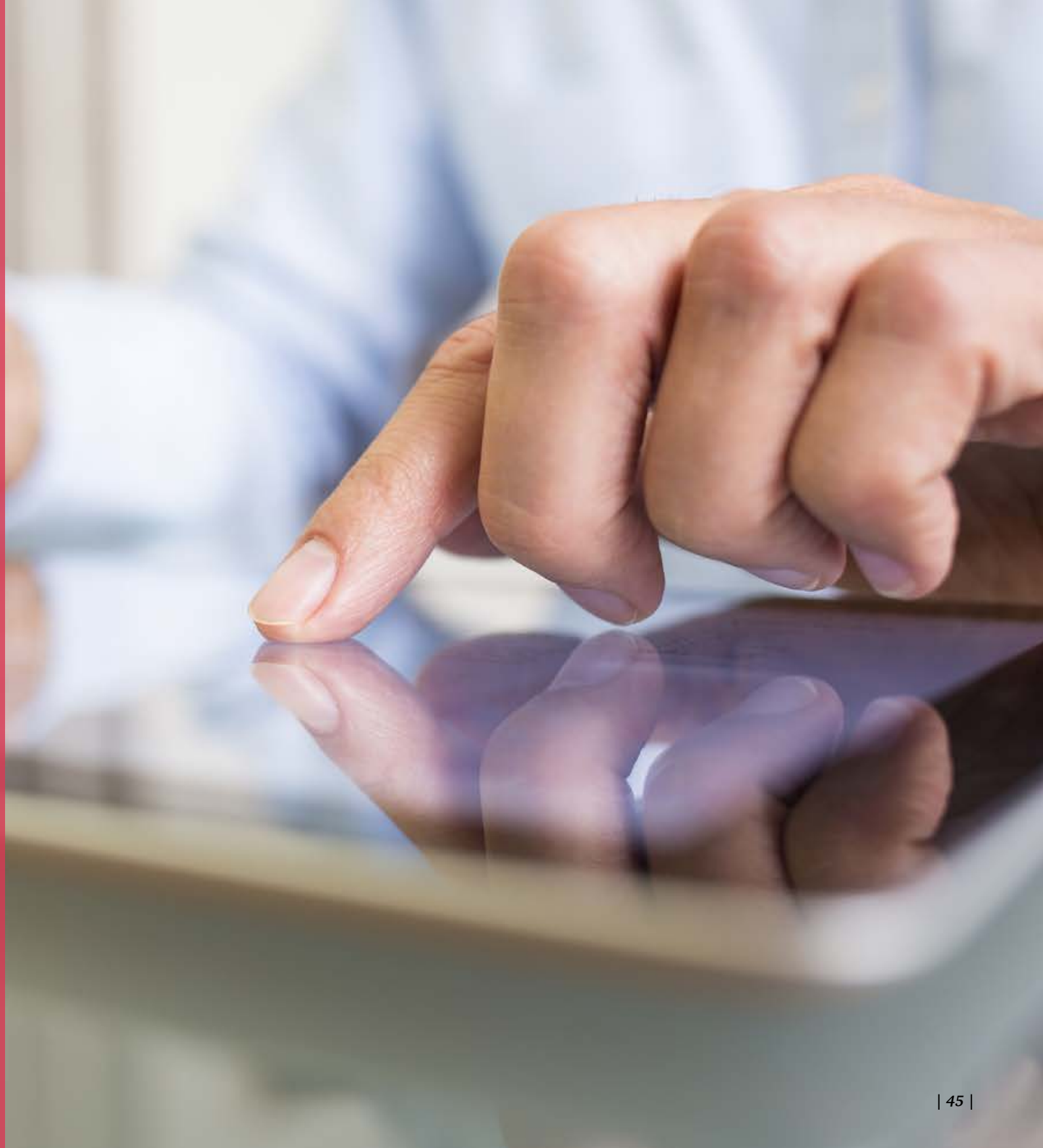
For the categories listed, what are the reasons you may not purchase luxury goods online?





# *Appendix*

Methodology and Contacts



## Survey methodology

The survey was carried out in Autumn/Winter 2016 having 1,000 Irish online consumers in Ireland representative by age, gender, employment status and by region.

Respondents by gender:	
Male	50%
Female	50%

Respondents by age:	
18-24	17%
25-34	20%
35-44	19%
45-54	16%
55-64	20%
65 or older	8%

Respondents By geography:	
Ulster	6%
Leinster	55%
Munster	27%
Connacht	12%

## Contacts



### John Dillon

Partner PwC Ireland  
Retail & Consumer Practice Leader  
+353 1 792 6415  
john.p.dillon@ie.pwc.com



### Owen McFeely

Senior manager, PwC Ireland  
Retail & Consumer Practice  
+353 1 792 8162  
owen.mcfeely@ie.pwc.com

### David McGee

Advisory Partner  
+353 1 792 8785  
david.a.mcgee@ie.pwc.com

### Mary Honohan

Tax Partner  
+353 1 792 8609  
Mary.Honohan@ie.pwc.com

### Andrew Fleming

Advisory Partner  
+353 1 792 8226  
Andrew.Fleming@ie.pwc.com

### Paul Barrie

Assurance Partner  
+353 1 792 8688  
Paul.Barrie@ie.pwc.com

### Grainne Tallon

Advisory Senior Manager  
+353 1 792 8942  
Grainne.Tallon@ie.pwc.com

### Declan Maunsell

Assurance Director  
+353 1 792 4005  
Declan.Maunsell@ie.pwc.com

### Jimmy Maher

Advisory Director  
+353 1 792 6326  
james.maher@ie.pwc.com

### Donal Boyle

Assurance Director  
+353 1 792 8304  
donal.boyle@ie.pwc.com

### Liam Diamond

Tax Partner  
+353 1 792 6579  
liam.f.diamond@ie.pwc.com

### Martina Curtin

Assurance Director  
+353 1 792 3368  
martina.curtain@ie.pwc.com

***[www.pwc.ie/totalretail](http://www.pwc.ie/totalretail)***

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