

The background of the entire page is a photograph of a retail clothing store. It shows rows of clothing racks filled with various items, including striped shirts in the foreground. A price tag with the number '479' is visible on a rack in the background. The image is overlaid with a semi-transparent blue filter.

RETAIL SECTOR RESEARCH

DEPARTMENT OF ENTERPRISE,
TRADE AND EMPLOYMENT

CONTENTS



1. STUDY OBJECTIVES
2. METHODOLOGY
3. RESEARCH FINDINGS
4. RESEARCH CONCLUSIONS
5. SUMMARY RECOMMENDATIONS

1. STUDY OBJECTIVES



Map out the scale, scope and recent dynamics of the retail landscape in Ireland



Identify and analyse the impact of the trends, opportunities and challenges facing the retail sector



Identify the immediate issues facing the retail sector in Ireland and internationally



Develop a set of proposals to guide policy formulation based on the research evidence

2. METHODOLOGY



LITERATURE
REVIEW



QUANTITATIVE
ANALYSIS



POLICY
REVIEW



QUALITATIVE
ANALYSIS



CONCLUSIONS AND
RECOMMENDATIONS





3. RESEARCH FINDINGS

3.1 LITERATURE REVIEW

INTERNATIONAL AND NATIONAL RESEARCH



What's in store for consumer and retail in 2022?



Accelerating digital transformation on the road to a new reality



COVID-19 accelerating ESG agenda



COVID-19: A guide to maintaining Enterprise Resilience



Future of Retail: Transitioning from 'retail' to 'consumer commerce'

3.1 LITERATURE REVIEW

INTERNATIONAL AND NATIONAL RESEARCH

Platform-based
businesses

The logo for Done Deal, featuring the words "Done Deal" in a bold, red, sans-serif font, with "Done" stacked above "Deal".

Multinational
retailers

The logo for Kerry, featuring the word "KERRY" in a bold, blue, sans-serif font with a horizontal line underneath.

National
heroes

The logo for Avoca, featuring the word "AVOCA" in a bold, red, serif font.

Value-based
retailers

The logo for Choice, featuring the word "Choice" in a white, sans-serif font with a yellow dot over the 'i', and the tagline "A HOME FOR ALL SEASONS" in a smaller font below it.

Direct-to-
consumer

The logo for Oneills, featuring the word "oneills" in a white, lowercase, sans-serif font on a black circular background.

Category
specialists

The logo for Tubs & Tiles, featuring the words "tubs&tiles" in a green, lowercase, sans-serif font with a small ampersand, and the tagline "feel right at home" in a smaller font below it.

Independents
and Mutuals

The logo for Co-op Superstores, featuring the words "co-op" in white on a red background and "SUPERSTORES" in white on a green background below it.

3.1 LITERATURE REVIEW

INTERNATIONAL AND NATIONAL RESEARCH



Digital
Transformation



Sustainability



Labour and skills



Location and
Operations



Engagement



Data Availability

3.2 QUANTITATIVE ANALYSIS

304,000
304,000 persons of
the Irish workforce
employed in the
sector (2019 –
2021)

47,000
active retail
enterprises were
operating in 2019

10
Majority employ
less than 10

50
Less than 500
entities employ
over 50

7.2%
Turnover from online
sales increased from
3.3% to 7.2% (2019-
2021)



IRISH RETAIL SECTOR

3.2 QUANTITATIVE ANALYSIS

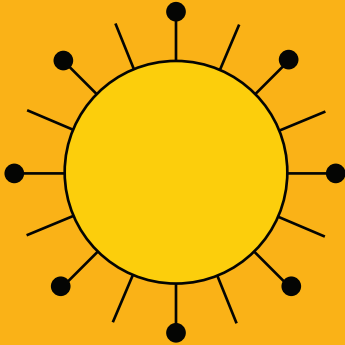
Sectors most affected were construction, hospitality, and retail

Lowest level of employment (2019-2022) in the sector was recorded in Q2 2020 (decrease of 37,000 to the previous quarter)

Those in receipt of PUP peaked at ~606,000 in May 2020 (13% retail workers)

321,200
Sector currently employs 321,200

25,400
25,400 more employees than combined employees in the Information and Communication and Financial, insurance and real estate



COVID-19 IMPACT

3.3 POLICY REVIEW

IRISH RETAIL SECTOR



DIGITAL TRANSFORMATION

National Digital Strategy
The Expert Group on Future Skills Needs
The National AI Strategy for Ireland



SUSTAINABILITY

Climate Action Plan
Circular Economy Strategy



LABOUR AND SKILLS

The National Skills Strategy



LOCATION AND OPERATIONS

Town Centre First policy
The Night-Time Economy Taskforce

3.4 QUALITATIVE ANALYSIS

STAKEHOLDER ENGAGEMENTS

Several comprehensive case studies

Online Survey distributed by DETE to Retail Forum members and retail representatives

21 semi-structured interviews with retail stakeholders

A roundtable meeting with policymakers and relevant officials from a cross-section of government departments

A workshop based around the six thematic strands, with 59 participants

3.4 QUALITATIVE ANALYSIS

3.4.1 ONLINE SURVEY - INSIGHTS



DIGITAL TRANSFORMATION

Areas of concern were security, appropriate training, and general internet infrastructure

74% of respondents have yet to implement advanced customer sale data into their business model

49% align their sustainability strategies with the United Nation's SDGs



SUSTAINABILITY

Packaging and operating resources (such as heating and water) were most popular mechanisms due to low implementation costs

78% actively try to reduce their carbon emission

Respondents not very active in sustainability highlighted a lack of resources to align with sustainable initiatives

3.4 QUALITATIVE ANALYSIS

3.4.2 INTERVIEWS - INSIGHTS



Government Supports

The various supports provided to retailers were greatly appreciated

Brexit Messaging

Communication, interaction, and preparation coming up to and post-Brexit was well received. The availability of department officials for discussions and guidance was also praised



Current Labour Market

Attracting people back to work and the lack of returning migrant workers

Supply Chain

Increases in container shipping rates and the increased Brexit-related administrative tasks

Covid Messaging

Retailers regarded messaging and rationale about what was essential and non-essential as frustrating and challenging

3.4 QUALITATIVE ANALYSIS

3.4.2 INTERVIEWS - INSIGHTS



OPPORTUNITIES

Online Retailing

Many businesses, spurred on by lockdown closures, brought forward plans to develop their e-commerce offering

Affordable Sustainability

Support was expressed for taxation and financial incentives to reward investment in environmentally friendly initiatives

Generational Shift

Multi-generational businesses saw younger generations return home due to the pandemic and become involved in the family business bringing with them new ideas and perspectives



THREATS

Covid Uncertainty

The threat of further lockdowns was a concern and deterred investment into the sector

Inflation

Inflation, increasing prices, and the costs of doing business were also a concern across the sector

3.4 QUALITATIVE ANALYSIS

3.4.3 WORKSHOP - INSIGHTS



Transition Online

Many businesses accelerated planned efforts at digitalisation as a result of the pandemic. Various platforms and social media channels were used to successfully boost sales and garner interest in their physical stores as well.

Environmental Awareness

The UN SDGs are now widely considered by businesses as the basis for their sustainability strategies.

Government Cooperation

The Covid-19 pandemic enhanced communication between the Government and the retail sector, which ensured an informed response.



E-commerce Facilities and Skills

Some businesses do not have the necessary facilities to operate an online store.

Sustainability Costs

Sustainable practices are too expensive for certain businesses to implement.

Climate Change Costs

Providing “green” products is more expensive and opens an opportunity for business competitors to undercut them.

National Planning Policy

Incentives to promote occupancy and investment to reduce vacant buildings would be welcomed.

3.4 QUALITATIVE ANALYSIS

3.4.3 WORKSHOP - INSIGHTS



Digital Knowledge Sharing

There is potential for cooperation between multiple SMEs to reduce the infrastructure costs related to an e-commerce business model and close the gap to larger retailers

Affordable Sustainability

Tax relief and financial incentives together with a clearly defined and active government plan with information on best practices and proper implementation techniques that provides a cohesive framework for businesses will boost their efforts to improve sustainability

Skills and Training

Continue training supports and increase awareness of upskilling opportunities for business owners

Labour Gap

Interest was expressed in investigating the potential of employing asylum seekers, which current laws prohibit

3.4 QUALITATIVE ANALYSIS

3.4.3 WORKSHOP - INSIGHTS



Digital Reputational Damage

Some retailers who have established e-commerce channels at the onset of the pandemic have not maintained them due to a lack of skills and/or time, damaging their reputation

Cyber Security

General Data Protection Regulation (GDPR) training for business owners is necessary

Operating Costs

Rents and rates for stores are causing major issues, especially with a rise in inflation putting a further strain on business owners

Government Cooperation

The government needs to re-engage with businesses to ensure continued support. Examples given included the exclusion from grants due to missed rates payments

3.5 QUALITATIVE ANALYSIS

CASE STUDY - INSIGHTS

KILKENNY GROUP

Virtual Store

- > Established a virtual store that combines in-store and online services
- > Created a seamless shopping experience that caters for a range of consumer preferences
- > Offering 'add to cart' service and internal data insights (such as virtual store heat mapping)

Data Strategy

- > Partnered with Munster Technological University and National University Ireland Maynooth to develop an advanced digital strategy
- > The strategy has facilitated a seamless and personalised experience for its customers
 - >The company is currently developing an in-house data analytics platform, specialised technology branch and an augmented reality digital store offering

EASON

Critical Insights

- > Relies on customer survey data to produce detailed analyses of its current and potential consumers
- >Consumer preference data and brand awareness support the business as it continues to compete in its operating markets

Self-Assessment

- > Regularly self-assesses to identify gaps within its services and products
 - > Self-assessments are aided by data gathered through its consumer surveys

Continuous Investment in UX and Digital Communications

- > Continually improves its web design, functionality, operating speed, mobile application, and online advertising
 - > Increasingly cloud-based

3.5 QUALITATIVE ANALYSIS

CASE STUDY - INSIGHTS

LITTLE GREEN GROWERS

Covid Adaptation

- > Had to pivot their business model in response to challenges of pandemic
- > Launched new product line in response to Covid.

Sourcing and Supporting Locally

- > Sources Organic gardening Supplies from Donegal, Galway, Wicklow, Meath & Cork
- > Distributes Nationally in Zero Waste Packaging.
- > Beneficiaries of the TOV to support online expansion

Online Community

- > Placed a significant importance on the fostering of an online community of customers establishing an respected space for knowledge sharing and advice

MUSGRAVE GROUP

Climate Action

- > Works to reduce the carbon emissions of both its business operations and those of its retailers and partners
- > Acknowledging the importance of transparency, the Group has sought to use science-based targets and has committed to reduce its carbon footprint in Ireland by 70% by 2025

Circular Economy

- > Has taken a leadership position in removing non-recyclable plastics from its supply chain and encouraging its consumers to shop more sustainably in its own and its partners' stores.
- > Pledged to ensure that 100% of its brand, in-store, and fresh produce packaging is reusable, recyclable or compostable by 2025

Sourcing and Supporting Locally

- > Supports SuperValu source over 75% of its products from Ireland
- > Has expanded its work with community development charities such as autism charity AsIAm and the SuperValu Tidy Towns project
- > Named as an SDG Champion by the Government of Ireland in 2019

4. RESEARCH CONCLUSIONS

Literature review reveals that the trends (which stem from the six themes) are impacting the retail sector at a global and national level

Data analysis of the Irish retail sector shows that despite the negative impact of Covid, online sales and new business registrations have increased significantly

Policy review highlights the extent to which current and planned policy considers the six thematic areas in the context of the retail sector

Stakeholder engagements noted that support from the Government in relation to Covid, Brexit and emerging trends have been well received. However, several challenges remain

Six thematic areas which have impacted the retail sector in recent years have been identified



DIGITAL TRANSFORMATION

Relevant training across e-commerce is needed for independent and standalone retailers, who have limited resources, to keep up to date with evolving EU legislation.

A follow-on scheme that utilises lessons learned from the Online Retail Scheme to enhance and support the online presence of micro-enterprises.

SUSTAINABILITY

Develop a specific and targeted toolkit for retailers that would inform, signpost and map out actions and targets to achieve sustainable goals

An initiative designed for the large and multinational retailers driving the sustainability agenda to mentor smaller and independent counterparts.

Investigate the viability of a promotional campaign that is similar to the '#lookforlocal' campaign.

LABOUR AND SKILLS

A suite of initiatives is required in the training and skills area to increase the participation and attractiveness of the retail sector as a long-term, financially viable career option.

LOCATION AND OPERATIONS

A strategy to ensure engagement between the Retail Forum and retail sector representative bodies with relevant departments to ensure the retail sector is represented in the implementation of the Town Centre First policies.

Commission a webinar series to inform retailers on winning business models of the future.

ENGAGEMENT

The continuation of a dedicated minister of state with responsibility for business, employment and retail.

The continuation of the Retail Forum.

The creation of a retail-specific portal which would collate relevant links, sources and documents that relate to retail policy and supports.

Investigate the impact of targeted rate reductions for small and independent businesses on the development of innovative retail offerings.

Explore mechanisms through which intergenerational business transfers can be supported.

DATA AVAILABILITY

An initiative to collect and produce retail-specific data and visualisations that could be used to inform decision-making.

5. SUMMARY RECOMMENDATIONS

A photograph of a clothing store interior, featuring rows of clothes on hangers. The image is overlaid with a semi-transparent blue gradient. The text "THANK YOU!" is written in a white, thin, sans-serif font on the left side of the image.

THANK
YOU!