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Irish SMEs win out against international retailers in online shopping battle as Covid-19 restrictions discourage three-quarters of consumers from purchasing in-store – new report

- **IE Domain Registry report shows Irish consumers in solidarity with SMEs: 67% of those who have done their online shopping with Irish businesses did so out of a desire to help them through the crisis**
- **However, swing may be short-lived: just 21% of Irish SMEs have invested in their online presence since the Covid-19 crisis, and only 25% sell online**
- **International retailers still preferred by Irish consumers for their cheaper products, better product ranges, and superior online services**
- **Almost half of SMEs that have invested in their online presence say they are busier than or as busy as before the Covid-19 crisis**
- **IE Domain Registry CEO: “Properly equipped with the digital technology and skills required to meet consumer demand, Ireland's small businesses have a crucial role to play in reigniting this country's post-Covid-19 economy.”**

Over 7 in 10 Irish consumers (74%) say Covid-19 restrictions in physical stores, such as social distancing, queues, and capacity limits, have negatively impacted their decision to shop in them, according to a new research report published today by IE Domain Registry.

“Tipping Point: How e-commerce can reignite Ireland’s post-Covid-19 economy”, published by IE Domain Registry in partnership with Digital Business Ireland, explores consumer and SME responses to the Covid-19 crisis.

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

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

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



Ireland's online businesses win out against international retailers

According to the Tipping Point report, 95% of Irish consumers shop online at least some of the time, and **75% say they have either spent more online during the Covid-19 crisis or the same as before it**. Lockdown seems to have done little to quell consumer demand online.

Historically, the bulk of Ireland's e-commerce spend has gone abroad to foreign companies. However, since the Covid-19 crisis **Irish consumers estimate that they have done most of their online shopping with Irish SMEs (53%)** versus international retailers (47%). Those figures, according to the Tipping Point report, were the *opposite* before the crisis (52% international vs 48% Irish).

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

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

However, most Irish SMEs still don't sell online

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

This suggests that the current swing to online Irish SMEs from international retailers is based mostly on consumer goodwill and national solidarity, and that once Covid-19 is controlled and the economy returns to "normal", consumers will no longer feel it is necessary to support businesses at home when a better online experience is available elsewhere.

When SMEs were asked why they hadn't invested in online services since the Covid-19 crisis, **46% said that online simply isn't a priority for them**. 12% had been forced to divert money to wages and bills, while 14% had managed to do most of their business in-store.

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

Commentary and insight

David Curtin, Chief Executive of IE Domain Registry, said:

"Sustained online spending has been one of the few good news stories for Ireland's Covid-19 economy. Our research shows a swing in online retail sales away from international retailers, which have traditionally dominated Ireland's €16 billion annual e-commerce spend, to Irish SMEs. This is an important milestone.

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

"This swing, welcome as it is, is not necessarily a permanent one, and this an important point for business groups and the government to consider as the country begins its economic recovery.

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

"We need to ensure this new swing to Irish online retail is not short-lived. As we take a backwards step in our fight against Covid-19 and people are encouraged to work from home, reduce contact with others, and refrain from using public transport, having an online presence will be critical to retailers, who are now likely to see a further dip in physical footfall as the new restrictions remain in place until at least 13 September.

"Those SMEs that embrace omni-channel, facilitating both an online and in-store experience, while promoting their trustworthiness and reliability will be able to better compete with international online retailers.

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

Lorraine Higgins, Chief Executive of Digital Business Ireland, said:

"Never before has the need for a digital business model been more acute. As Covid-19 engulfs our world, it has brought to the fore the pressing need for an omni-channel, bricks-and-clicks approach to business, a fact that is corroborated by stratospheric online retail sales figures over the past number of months.

"While an integrated, omni-channel business model must become an elevated priority in order to offset the threat of a return to a leak in spend to international businesses, further efforts will have to be made to bridge the digital divide. Personalisation, artificial intelligence, flexible payment options, faster delivery times, and seamless customer

journeys will be a key focus for discerning e-tailers, who must seek out opportunities to differentiate themselves in a busy online marketplace.

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

ENDS

Notes to editor

The Tipping Point report was commissioned by IE Domain Registry, in partnership with Digital Business Ireland, and carried out by Core Research. The survey sample comprised 1,000 consumers and 500 retail and customer-facing professional services SMEs.

Complete survey findings and methodology can be found in the [full report, which is available to download from \[iedr.ie\]\(http://iedr.ie\)](#).

For media enquiries, contact 360:

Nicola Forde | nicola@weare360.ie | 087 205 5541

Lauren Ennis | lennis@weare360.ie | 086 161 1912

About IE Domain Registry

IE Domain Registry is the national registry for .ie domain names and is responsible for the management and administration of Ireland’s official internet domain, .ie, in the interest of the Irish and global internet communities. It operates the domain name system (DNS) for the .ie namespace, facilitates an independent dispute resolution service, and operates a public WHOIS lookup service for .ie domains.

The company’s mission is to grow and strengthen .ie as the digital identity of choice for people and businesses with a connection to Ireland. In cooperation with our Registrars, technical partners and stakeholders we help shape the development of the internet landscape and ecosystem. Policy development for the .ie namespace follows a bottom-up, consensus-driven approach through a multi-stakeholder Policy Advisory Committee.

IE Domain Registry is committed to digital advocacy for the SME community. Through stakeholder engagement initiatives such as the OPTIMISE programme and Digital Town, the company works with and supports SMEs organisations to improve their members’ online presence and e-commerce capabilities.



IE Domain Registry

IE Domain Registry produces fact-based research for the business community and policymakers, such as the SME Digital Health Index, which provides key insights into the digital health of Irish SMEs.

The company is focused on providing excellence in customer service through its ongoing customer experience (CX) innovation and improvement programmes. Since March 2018, it is easier and faster to register a .ie domain. There are over 295,000 domains in the database.

Based in Dun Laoghaire, Co Dublin, IE Domain Registry employs 22 people.

About Digital Business Ireland

Digital Business Ireland (DBI) is the voice of the Irish digital commerce sector. Set up in 2019, DBI counts over 3,400 businesses in its community with Health Stores Ireland, the Association of Fine Jewellers, County Kildare Chamber of Commerce, Women's Inspire Network, and IPAV among its affiliate members.

It continues to grow its membership footprint across a wide range of online and digital businesses including technology, retail, hospitality, professional services, travel, transport, education, leisure, agri-business, and property.

DBI provides a range of services to its membership including training and events, networking opportunities, general advisory, insights, advocacy, and public policy influence, all of which facilitate digital businesses to grow, thrive, and achieve their ambitions.