



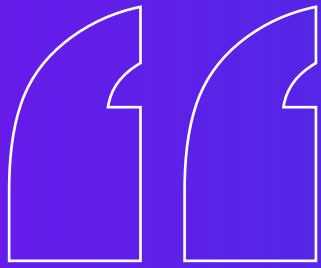
# Next Gen Retail

The end of greenwashing?

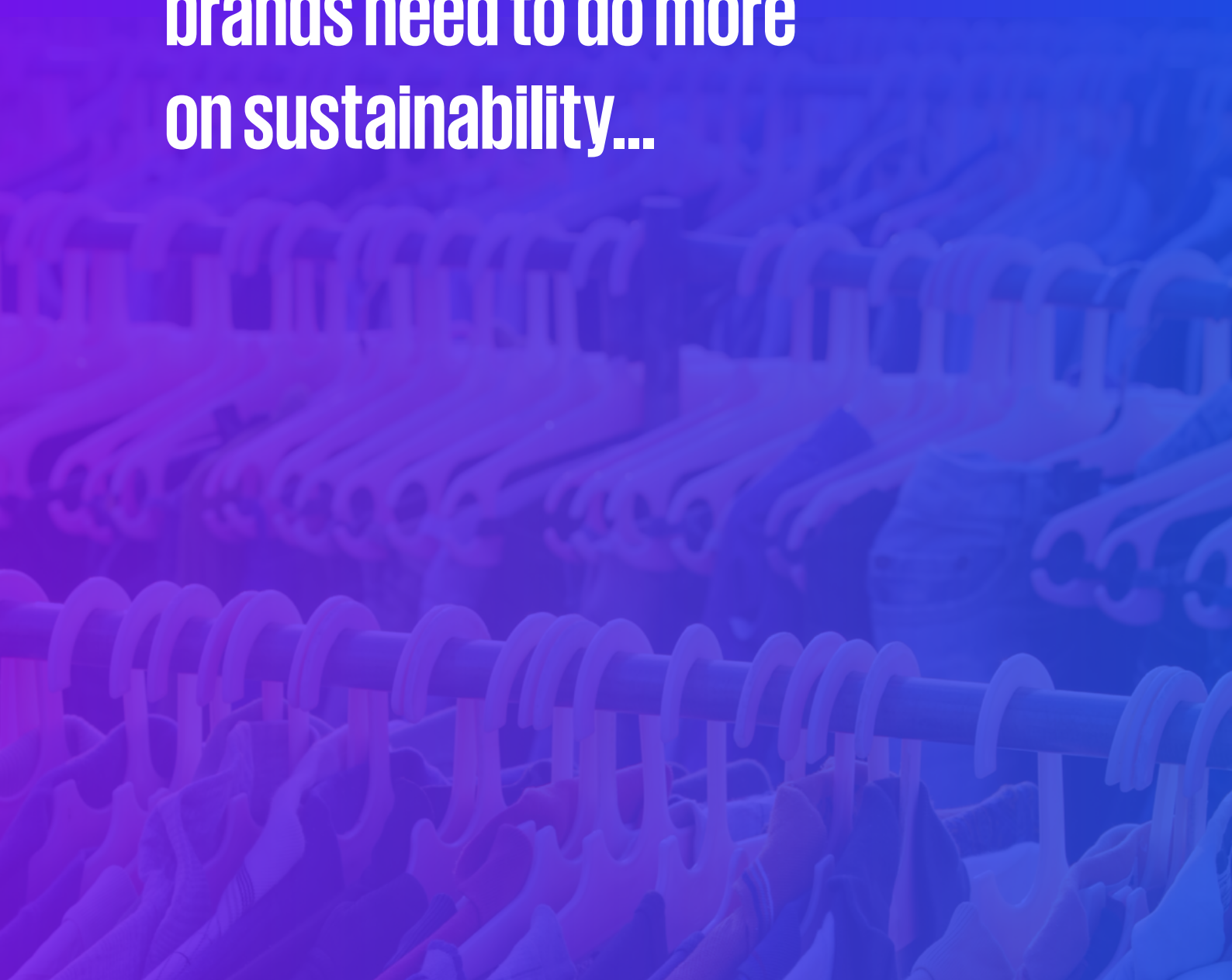
Dec 2022



Volume: 3



**There's an  
overwhelming sense  
from consumers that  
brands need to do more  
on sustainability...**





Welcome to volume three of our Next Gen Retail series, which analyses the results of our recent independent research on the concerns of the Irish shopper. In this issue we look at how Ireland's consumers are faring as we enter the winter months with both rising interest rates and a deepening energy crisis having a knock-on effect on prices across the board.

In the previous issue, earlier this year, we looked at how inflation was beginning to bite. In May, consumers were starting to cut back on luxuries, but with bills soaring in the winter months, even with numerous government interventions, consumers are now reducing their spend on essential items such as basic groceries. We're undoubtedly living in a time defined by uncertainty, and it remains to be seen whether this will be a short-lived period of difficulty or if it will continue for longer.

The winners in this could be online retailers, as there is a widely held perception that online shopping is cheaper (53%, up from 49% in the last survey), and our survey indicates customers are willing to forgo convenience to get a better price as purse strings tighten. This should be welcome news to e-commerce businesses, who saw their pandemic-driven boom slow after the relaxation of restrictions earlier this year. Retailers, both physical and virtual, as we're seeing already, will be keen to place a strong emphasis on deals, as price remains the number one issue for consumers.

The latest report also looks at how consumers feel about sustainability, and it's clear that there is a growing suspicion of greenwashing by consumer brands. It's becoming increasingly clear that governments alone cannot solve climate change, and the business community will have a large role to play. Brands are increasingly conscious of this and it's becoming an increasing feature of the marketing of consumer products.

Being able to communicate sustainability credentials so far has become a stumbling block for the industry, and with only 26% of consumers believing the sustainability claims made by brands – independently verified credentials will become essential. There's an overwhelming sense from consumers that brands need to do more on sustainability – paying the green agenda lip service is no longer enough.

As we have previously commented, younger consumers once again have proven to be the most sustainability conscious, and as the next generation of consumers, their influence will be significant in driving this agenda. While in the short-term, price is trumping all else, sustainability will only grow in terms of importance, and retailers thinking about the longer-term will no doubt be aware of this and looking at how they can prove the authenticity of their green credentials.

I hope you find the insights in this report useful, and if you have any questions, do not hesitate to get in touch.

A handwritten signature in black ink, appearing to read 'Keith Watt', with a stylized flourish at the end.

**Keith Watt**

*Partner,  
Head of Retail*

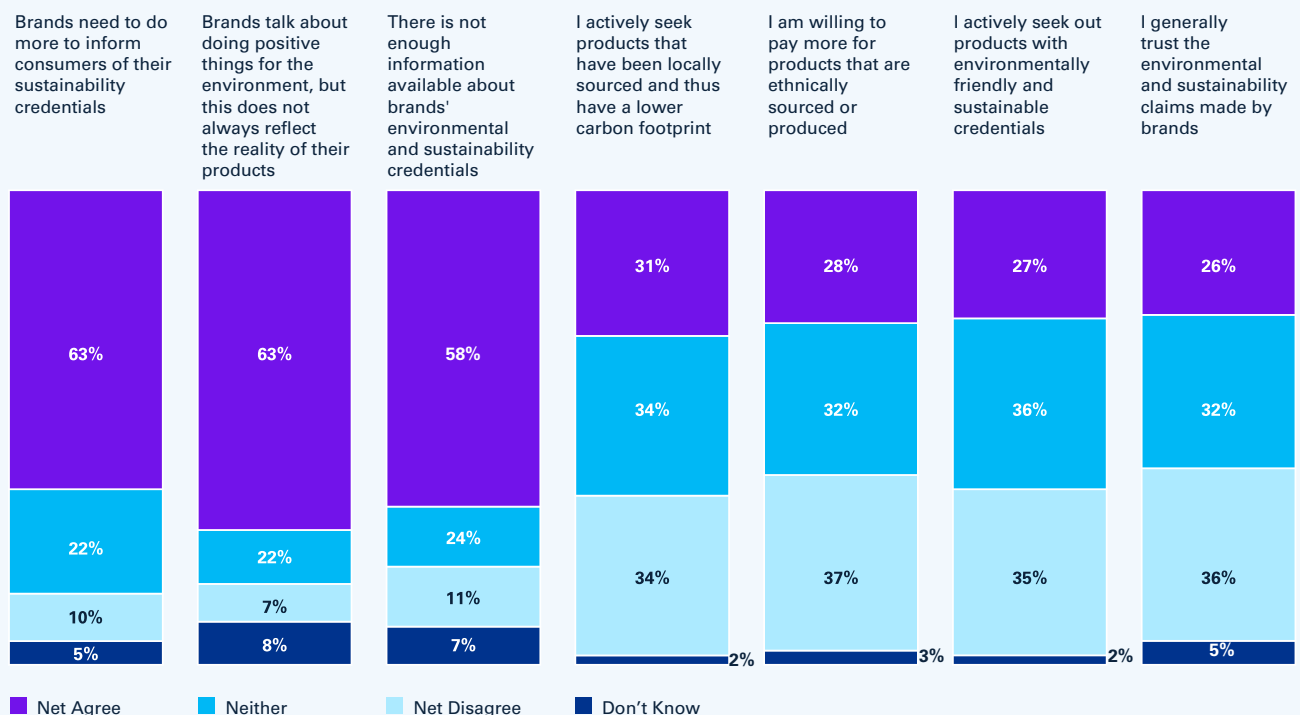
# Sustainability

## Greenwashing: consumers aren't buying it

Consumers have a very low level of trust (26%) in the environmental and sustainability claims made by brands. Almost two-thirds (63%) agreed that “brands talk about doing positive things for the environment, but this does not always reflect the reality of their products”. Most respondents agreed with this sentiment across all age groups but it was particularly pronounced among the young (70% of 18–24-year-olds and 69% of those aged 25–34). Notably, middle-age consumers are least likely to actively seek out sustainable products.

58% of consumers also felt that there's not enough information available about brands' environmental and sustainability claims, further highlighting the sense of a lack of transparency on green credentials. However, with less than a third stating they seek products out that have been either locally sourced or have green credentials, and only 28% willing to pay more for the same, it's clear that price is a significant inhibitor to the importance placed on sustainability, further exacerbated by the current challenging economic environment.

## Attitudes Towards Sustainable Shopping







# Eco-friendly Products: what consumers want

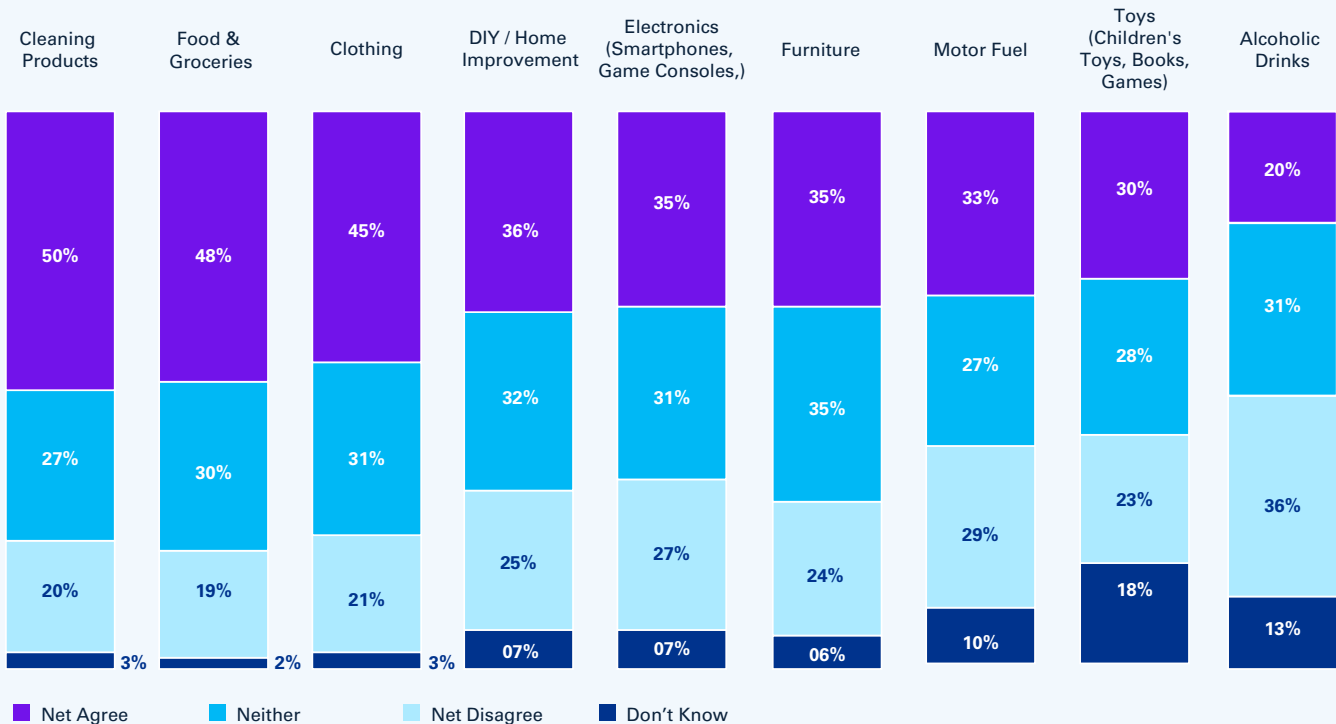
Half of consumers say it is important for cleaning products to be sustainable or eco-friendly, with a similar proportion saying the same for food & groceries. Notably, middle-aged cohorts place a higher importance on sustainability when it comes to products like children's toys, whilst younger and older consumers do so for cleaning products and food/groceries. Interestingly, the sustainability credentials of alcoholic drinks were of the least importance to consumers across all age groups.

Consumers both young (18-24) and older (55+) are more likely to emphasise the importance of sustainability compared to those in the middle-age categories.

## Second-hand shopping is relatively unpopular despite the cost-of-living challenges, but more prevalent amongst the young.

Second-hand shopping does not seem to be particularly popular, with only 29% stating they look for previously used goods when available, and almost half (49%) stating they do not. Younger consumers, those in the 18-24, and 25-34 brackets, were the most likely to shop second-hand however, there is evidence of a 'thrift boom' among gen-z and millennials who favour buying second-hand, not just as a good cause, but also because they see vintage clothing (for example) as a fashion statement.

### Sustainability Importance by category



# Cost of Living

## Consumer worry over price increases

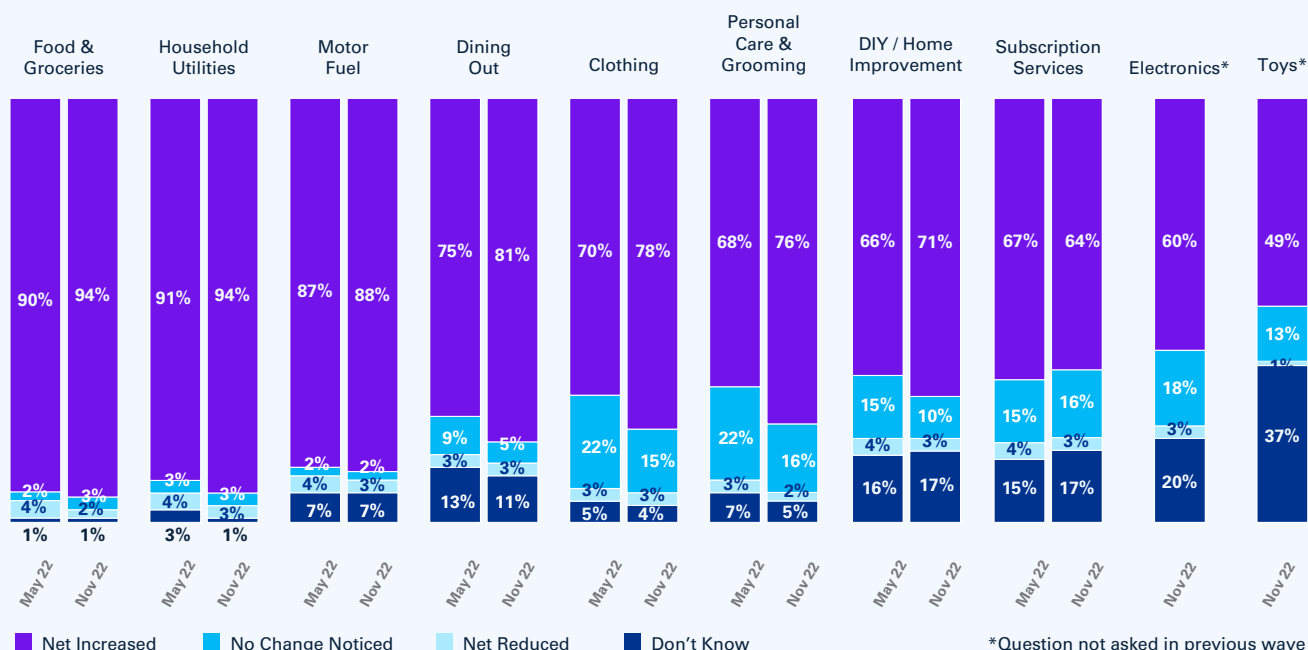
Products across most categories are perceived to have increased in price by a vast majority of consumers, notably food/groceries and utilities (94% each). Respondents who had previously (May 2022) cited reducing expenditure on discretionary spend such as dining out, are now looking at cutting back on necessities such as groceries.

Over 7 in 10 (76%) believe Christmas shopping will be more expensive this holiday season, naming limited disposable income and inflation as stress factors and almost two-thirds (62%) say they will reduce their spending over this Christmas due to having less disposable income.

This could be a cause for concern for main street retail outlets and hospitality as almost half of people (47%) say they will shop online more to find better deals this Christmas and 6 in 10 (62%) plan to reduce their spend in restaurants and pubs compared to last year. Only slightly more than 1 in 10 (13%) plan to use a loan or credit facility to fund their Christmas shopping as interest rates increase across the Eurozone.

However, the survey found that older cohorts (those in the 55-64, and the 65+ categories) expect to spend more on Christmas shopping, compared to younger consumers (those in the 18-24, 25-34 and 35-44 categories), who are more likely to have less disposable income and be more stressed due to inflation.

## Perceived increase in costs





# Bricks vs. Clicks

## Online shopping sees slow and steady growth

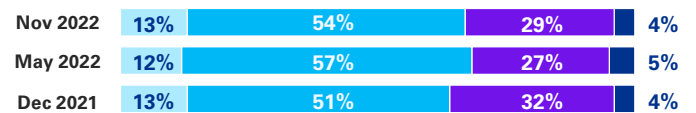
The perception that products are cheaper online is more prevalent again, and as a result, a slight increase has been seen in those who expect to buy products online in the next 12 months, with a similar slight decrease seen for physical stores.

### Few deterred from shopping online by data concerns

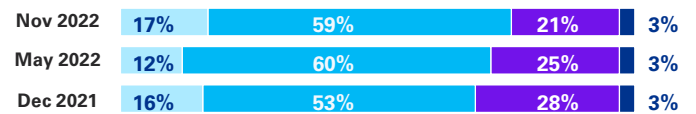
While almost half of consumers are concerned about how their personal data is collected by online retailers, only 1 in 5 actually shop less online as a result of this. However, only 21% believe targeted ads show them relevant products, although this is higher amongst the young at 35% and 32% for 18-24s and 25-34s respectively, suggesting either differing generational attitudes or that targeted adverts and algorithms are more effective at reaching younger demographics.

## Shopping Behaviour In The Next 12 Months

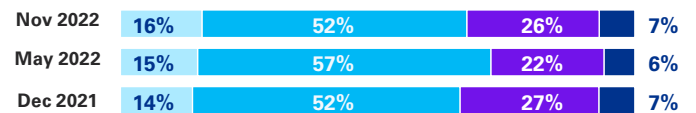
### Buy products online



### Buy products in a Physical Store



### Buy products from Website with no Physical Stores



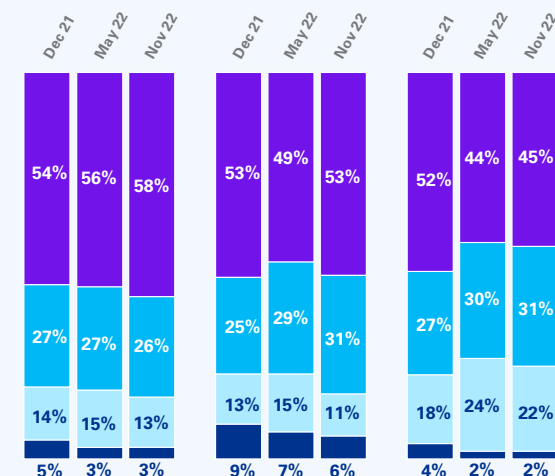
■ Net Less Often
 ■ Same as Before
 ■ Net More Often
 ■ Don't Know

## Attitudes Towards Online Shopping

I often find that the products I am looking for are not available in-store

It is generally cheaper to buy products online than in a store

It is easier to buy products online than in a store



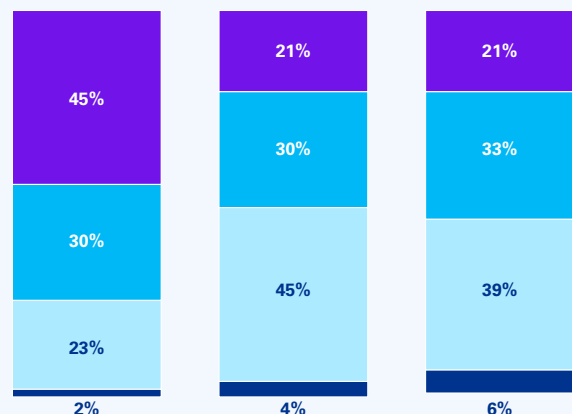
■ Net Agree
 ■ Neither
 ■ Net Disagree
 ■ Don't Know

## Attitudes towards data and targeted ads

I have concerns about how my data is collected by online retailers

I shop less online than I would like to because I am put off by how my data is collected

Targeted ads I see online and on social media show relevant products

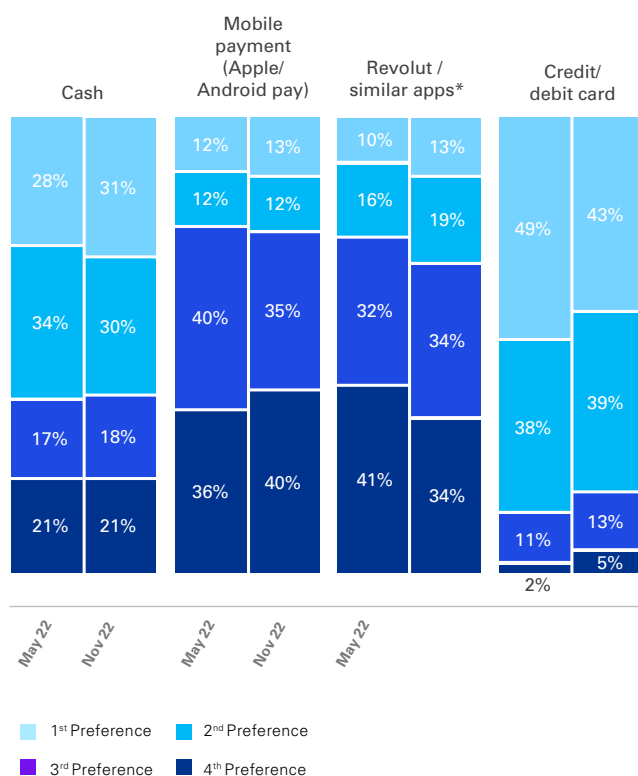


# Next Gen Shopping

## Revolut & similar apps and cash increasing market share

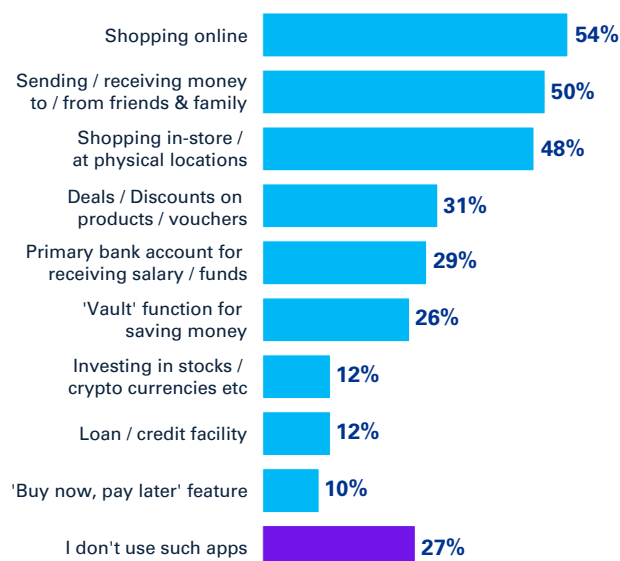
First preference for cash and apps such as Revolut has grown compared to the previous period, which is countered by a decline in 1st preference for debit and credit card payments. Notably, 18-24s overwhelmingly prefer mobile payment and credit/debit cards over other options. Cash remains a preferred payment method in Munster, Connacht and Ulster.

### Preference for Payment Methods



## What are people using 'money apps' for?

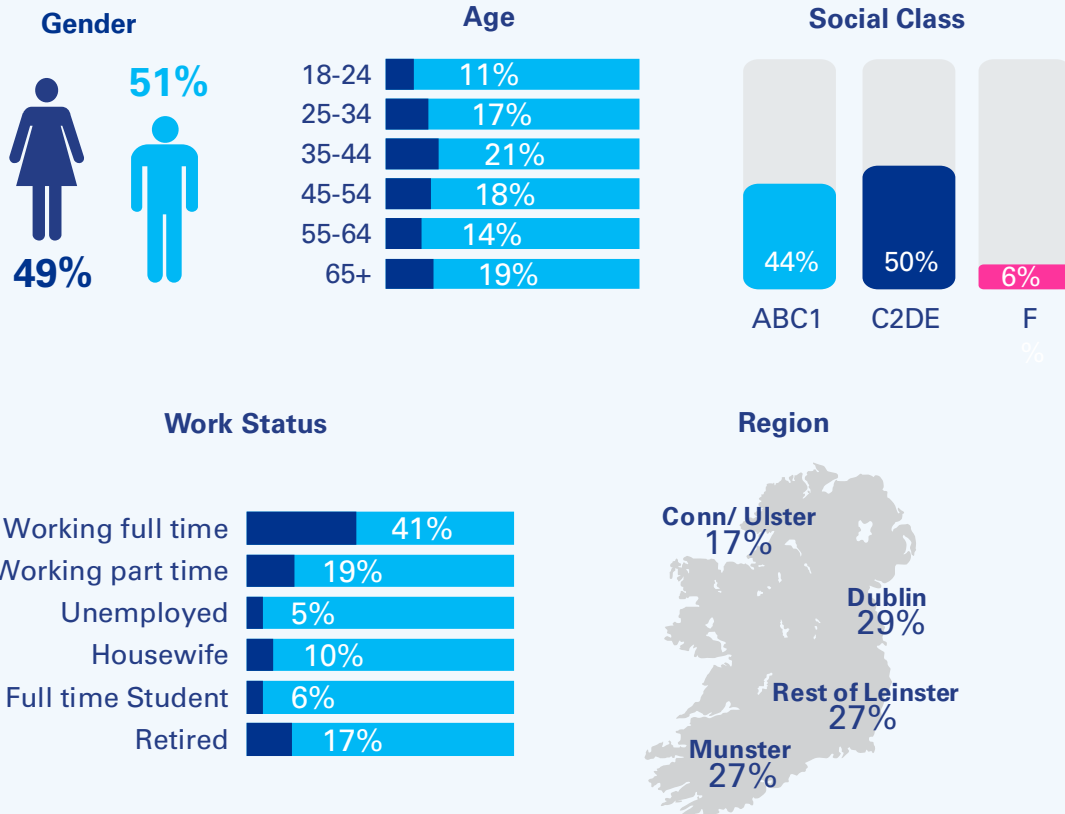
Incredibly, only 27% do not use apps such as Revolut, which is remarkable considering how recent they are. Over half of Irish consumers now use money management & transfer apps for online shopping and exchanging money with family & friends and almost the same number (48%) use them for shopping in-store. The more advanced features of those apps such as shopping discounts and 'vault' functions for saving money are being used by close to a third, while investing and using credit facilities are being used by slightly above 1 in 10. Younger consumers are far more likely to use apps than any other demographic, with 80% of 18-24-year-olds using them to shop online, 50% using them to save money, almost double that of the general population, and 33% of the same age group uses them to invest in stocks or cryptocurrencies, close to three-times that of Irish consumers as a whole.





# Methodology

KPMG's survey of consumer retail attitudes was conducted via RED C. Quotas were set on age, gender, social class and region to ensure a nationally representative sample of 1,000+ adults 18+. Fieldwork was carried out in November 2022, and where relevant, results are compared to previous waves of the retail survey.



## Get in touch

The pace of change is challenging retailers like never before. To find out more about how KPMG perspectives and fresh thinking can help you, please get in touch with Keith Watt, Head of Retail.

We'd be delighted to hear from you.

### Keith Watt

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## Contact



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