KPMG

Next Gen Retail

Understanding evolving shopping habits

May 2025

Volume 8

> "This research highlights the significant financial pressure Irish consumers are under as we move through 2025. There is a risk of further consumer price pressure as the impact of tariffs take effect. The best retailers will pivot their operating and supply chain models to meet this consumer dynamic."

The Irish retail sector is experiencing a transformative phase driven by shifting consumer behaviours, technological advancements, the rise of artificial intelligence, global economic uncertainties, and the impact of US trade tariffs.

Welcome to the eighth volume of our Next Gen Retail series, where we delve into the changing retail landscape during a time marked by increased financial uncertainty and a notable shift towards price-focused purchasing decisions. In this latest report, we uncover valuable insights into the concerns, behaviours, and attitudes of shoppers and discover a customer who is increasingly prioritising price, value for money and actively adjusting their shopping habits to save money.

This biannual report serves as a crucial gauge of consumer sentiment, capturing the preferences of shoppers and providing essential insights for retailers and consumer businesses. Independently conducted in April 2025, following the US tariff announcements, our research covers a range of topics – from attitudes towards in-store and online shopping to perspectives on loyalty programmes and sustainability initiatives.

The cumulative effect of rising living costs and food inflation continues to make shoppers highly price conscious and this trend is resulting in shoppers buying less items or using loyalty schemes and discounts to save money.

The key findings highlight that to maintain competitiveness, retailers need to adapt strategies that emphasise affordability, transparency, and a seamless in-store and online shopping experience.

Notwithstanding these challenges, the retail sector continues to demonstrate resilience and ingenuity in 2025, and remains a vital part of the economy, employing over 300,000 people and supporting many thousands more jobs throughout the supply chain across Ireland.

Retailers are aware of the need to understand and adjust to the changing retail landscape to remain competitive and successful. This report suggests a range of actions to help retailers and consumer businesses align their strategies with shopping habits and behaviours.

I hope you find this research useful. If you have any questions, please don't hesitate to get in touch.

David O'Kelly

Partner,
Head of Consumer, Retail & Manufacturing
KPMG in Ireland

Key findings

3 IN 10
feel less financially secure compared to the start of the year

56%
say price remains main driver of choice

54%
are now buying less items to save money

2 IN 5
say discounts have an important influence

85%
continue to buy groceries primarily in-store

2 IN 3
prefer shopping in physical stores

1 IN 4
are open to using buy now, pay later services

1 IN 5
to shop online more often with launch of Amazon.ie

6 IN 10
believe retailers should offer incentives for choosing eco-friendly products

58%
believe brands should provide more information about their sustainability efforts

55%
sceptical about sustainability claims made by brands and retailers

81%
use the Deposit Return Scheme

CHAPTER 01 Evolving shopping behaviours

Prioritising price

Price has become a paramount concern for adults. Several factors contribute to this trend including global economic uncertainty and the prevailing sense of financial insecurity. According to David O'Kelly, Head of Consumer, Retail & Manufacturing at KPMG, "This research highlights the significant financial pressure Irish consumers are under as we move through 2025. There is a risk of further consumer price pressure as the impact of tariffs take effect. The best retailers will pivot their operating and supply chain models to meet this consumer dynamic." Three in 10 of respondents feel less financially secure and only 15 percent feel more secure compared to the start of the year, creating a heightened focus on price and value for money. Those aged between 25 and 34 and 45 and 54 are especially more likely to feel their financial security has deteriorated over the course of 2025.

The findings also reveal that over half (56 percent) of shoppers say getting the best price is the main priority for them when deciding where to shop, followed by getting the best quality (19 percent) and convenience to work and home (12 percent). People aged between 18 and 24 are more likely to focus on getting best price when deciding where to shop.

Meanwhile, when thinking about favourite retailers or brands to purchase, the majority (88 percent) rate "value for money" as the most important offering in their preferred retailers, followed by quality at 73 percent and choice at 48 percent. Value for money is most critical among those over 55 (93 percent) but less so for younger shoppers

3 IN 10

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Cutting costs

Many consumers are concerned about the increasing cost of living and rising food inflation. This has led them to adjust their shopping habits to better manage their household budgets. Over half of consumers (54 percent) are now buying fewer items to save money, an increase from the previous rate of 50 percent in October 2024. The impact of rising prices on consumer behaviour is evident. According to the Central Statistics Office, figures released at the end of April 2025 show food prices are continuing to rise, and they are estimated to have increased by 3.1 percent in the last 12 months.

Other savings methods include making more frequent use of retailer loyalty schemes to get lower prices (48 percent), actively seeking out products on promotions or discounts (47 percent), buying more own-brand or value products (44 percent) or cancelling monthly subscriptions (33 percent). The findings reveal that females are more likely than men to implement various cost-saving measures.

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2 IN 5
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SALE

Loyalty and discounts matter

Loyalty schemes and discounts remain key factors shaping consumer purchasing behaviours. Forty percent of consumers believe that discounts are pivotal in their shopping decisions and have an important influence when deciding where to shop. Specifically, individuals aged between 18 and 24, as well as those between 35 and 54, place even greater importance on these savings. Furthermore, nearly 57 percent of individuals say that loyalty programmes are instrumental in selecting a retailer, with these schemes having a particularly strong impact on younger shoppers when deciding where to shop.

Actions for retailers to consider

Based on the current retail environment, retailers and consumer businesses need to adapt to shifting preferences. While shoppers remain focused on price and value, they also expect quality, convenience, choice and a commitment to sustainability. To stay competitive, retailers should focus on understanding and responding to those changing demands. This involves balancing pricing tactics with maintaining perceived value, potentially through flexible pricing strategies or enhancing value through loyalty programmes and bundled offers which can help alleviate consumer price concerns.

Beyond price, quality remains a significant factor. Retailers should prioritise maintaining product quality and effectively communicate these efforts to build consumer trust. By investing in product innovation and robust quality control processes, retailers can build trust and loyalty among their customer bases.

Clearly communicating these advancements to customers demonstrates a commitment to quality and aligns with buyer behaviour. Retailers that prioritise these approaches will be better equipped to succeed amidst the changing retail landscape.

CHAPTER 02

Adapting to customer expectations

Shopping habits unchanged

Consumer behaviour shows little change, with physical stores continuing to be the favourite channel for essential categories. A significant 85 percent of adults still purchase groceries primarily in-store, a figure that has remained stable in recent years. Similarly, over half (56 percent) of shoppers choose physical stores for homeware items, while nearly 2 in 5 (37 percent) of clothing shoppers also favour in-person shopping experiences. Interestingly, rural shoppers are more likely to buy clothes and fashion online compared to urban residents.

Furthermore, nearly two-thirds (62 percent) of consumers prefer shopping in physical stores because they can touch and see the products before buying, underlining the importance of bricks and mortar retail and the value of excellent in-store customer service. Meanwhile, half of respondents believe that for the best shopping experience, shoppers should research online before going into the shops to touch and see the product before purchasing it in the shops.

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2 IN 3

prefer shopping in physical stores

Attitudes to online shopping

Similar to 2024, 37 percent of consumers opt to purchase products online, while 31 percent still prefer buying them in physical stores. Despite the growth of online shopping, there is a significant portion of consumers who value the in-store shopping experience. According to our research, 32 percent of shoppers research products online before or during a physical store visit for their purchases, while only 18 percent use click-and-collect services.

Furthermore, over 3 in 5 (63 percent) think it's essential that retailers provide an excellent online user experience along with an attractive in-store offering, a slight decrease from 65 percent in 2024. However, almost 3 in 5 (59 percent) think the experience of shopping in-person will never be matched by online shopping.

Although online shopping is on the rise, with 50 percent of respondents finding it more convenient and cost-effective than shopping in physical stores, challenges such as complicated return processes hinder online transactions. Approximately 45 percent sometimes don't complete the transaction because of complicated or lengthy website navigation and payment forms, while over a quarter (28 percent) avoid online shopping altogether due to the inconvenience of returning products.

Most (69 percent) rely on online product reviews from other customers before making a purchase. Additionally, 27 percent are open to using buy now, pay later services like Klarna and Humm for both online and in-store transactions, with a strong interest in these services among the 18-24 and 35-44 age groups.

The online shopping environment is also being shaped by new entrants. Notably, 1 in 5 express their intention to shop more frequently online following the launch of Amazon.ie in March 2025, a figure that increases to 42 percent among individuals aged between 18 and 24.

1 IN 4

are open to using buy now, pay later services

1 IN 5

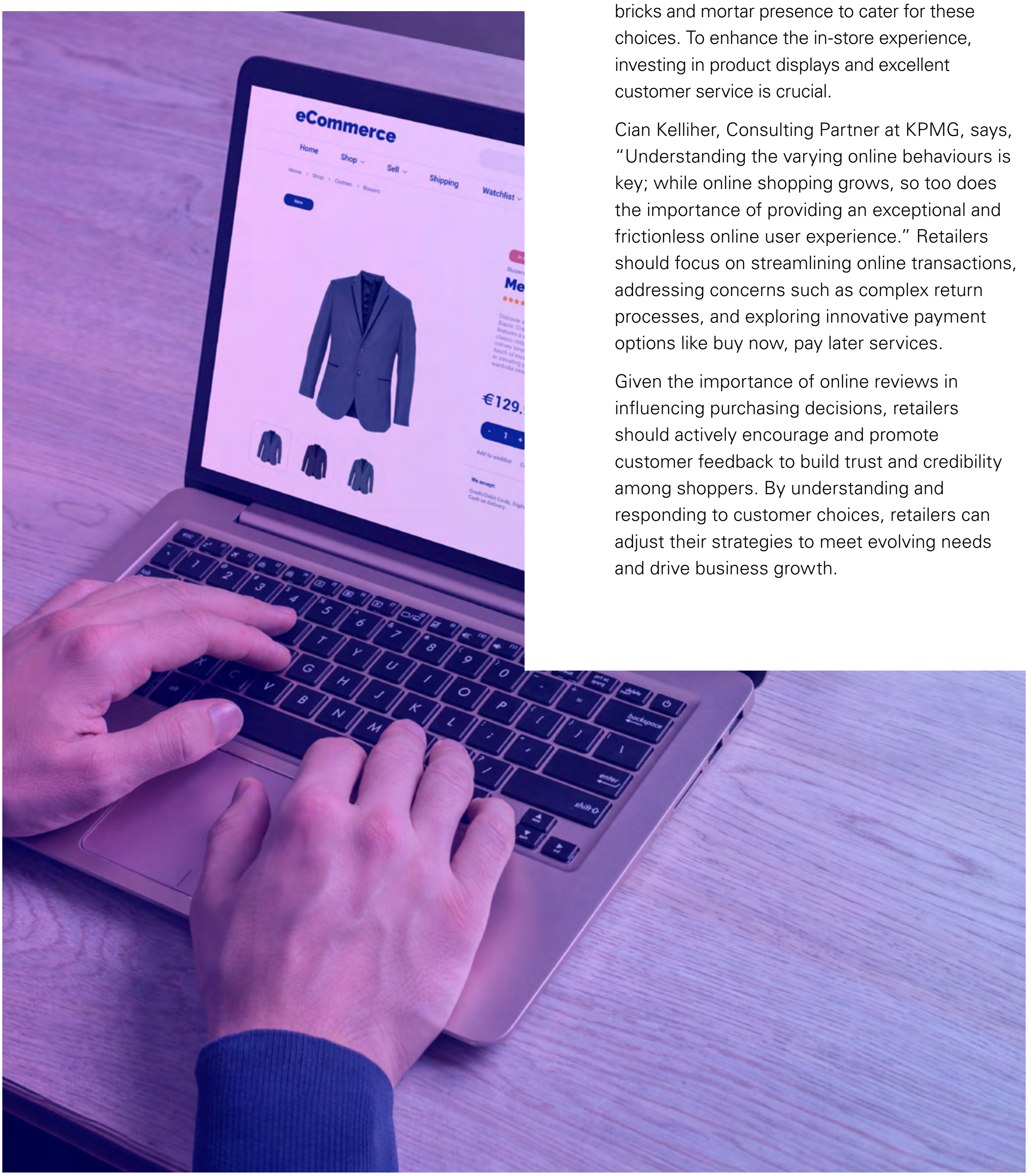
to shop online more often with launch of Amazon.ie

Actions for retailers to consider

The data highlights a continued preference for in-store purchases for essential categories like groceries, homeware, and clothing. Retailers should adopt a strategic approach that leverages both physical stores and online platforms effectively and prioritise maintaining a strong bricks and mortar presence to cater for these choices. To enhance the in-store experience, investing in product displays and excellent customer service is crucial.

Cian Kelliher, Consulting Partner at KPMG, says, "Understanding the varying online behaviours is key; while online shopping grows, so too does the importance of providing an exceptional and frictionless online user experience." Retailers should focus on streamlining online transactions, addressing concerns such as complex return processes, and exploring innovative payment options like buy now, pay later services.

Given the importance of online reviews in influencing purchasing decisions, retailers should actively encourage and promote customer feedback to build trust and credibility among shoppers. By understanding and responding to customer choices, retailers can adjust their strategies to meet evolving needs and drive business growth.



CHAPTER 03

Supporting sustainability

Sustainability remains relevant

Sustainability continues to be a pressing concern among shoppers as they seek greater environmental responsibility from brands and retailers. Consumers still feel brands and retailers alike have a bigger role to play in sustainability in Ireland, with 62 percent believing retailers should offer incentives or discounts to customers for choosing eco-friendly or circular economy products. People aged between 18 and 24 are more likely to want incentives for choosing eco-friendly products. Additionally, over half (52 percent) think retailers should actively educate shoppers on the environmental impact of their purchasing choices.

Meanwhile, nearly 6 in 10 (58 percent) believe brands should provide more information about their sustainability efforts and 54 percent think brands should go beyond being sustainable and take responsibility for reversing environmental damage.

Despite consumer interest in sustainability, there is growing scepticism, with over half (55 percent) of adults increasingly doubtful about the sustainability claims made by brands and retailers.

While a majority (81 percent) have participated in the Deposit Return Scheme, a smaller fraction (28 percent) is willing to pay a higher price for sustainably produced goods. Notably, those aged between 55 and 64 are more likely to use the Deposit Return Scheme.

6 IN 10
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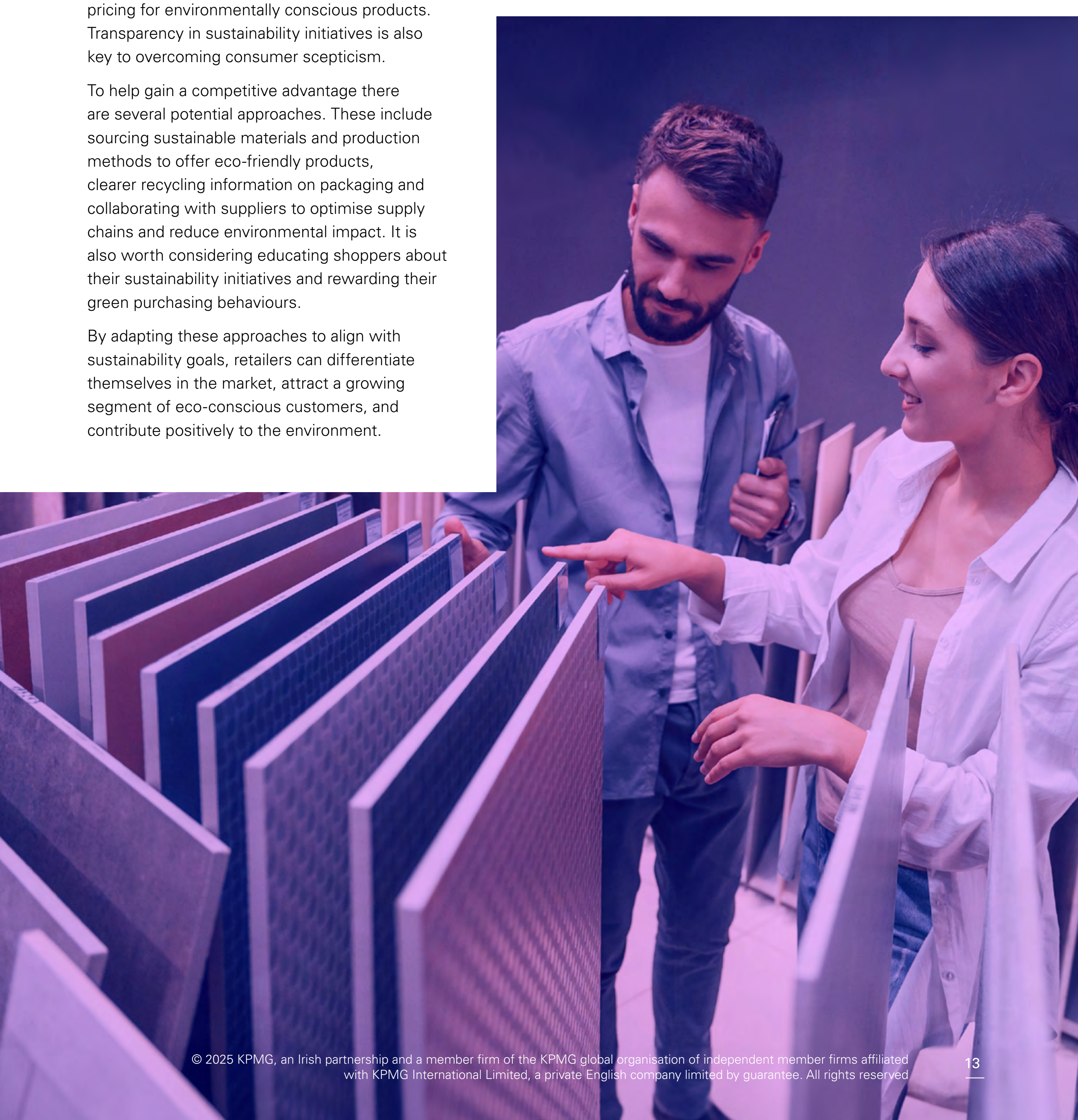
Actions for retailers to consider

Retailers and brands could implement initiatives such as offering incentives or discounts for eco-friendly purchases and educating shoppers on the environmental impact of their choices to help build trust and loyalty. To address any concerns and doubt, retailers and brands could also introduce sustainable product lines, promote eco-friendly practices in-store, and ensure fair pricing for environmentally conscious products. Transparency in sustainability initiatives is also key to overcoming consumer scepticism.

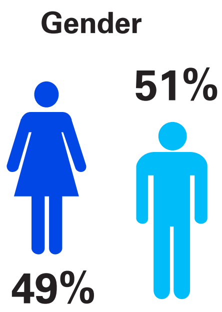
To help gain a competitive advantage there are several potential approaches. These include sourcing sustainable materials and production methods to offer eco-friendly products, clearer recycling information on packaging and collaborating with suppliers to optimise supply chains and reduce environmental impact. It is also worth considering educating shoppers about their sustainability initiatives and rewarding their green purchasing behaviours.

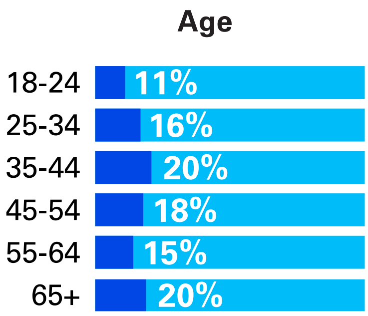
By adapting these approaches to align with sustainability goals, retailers can differentiate themselves in the market, attract a growing segment of eco-conscious customers, and contribute positively to the environment.

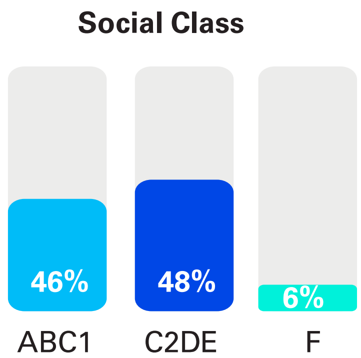


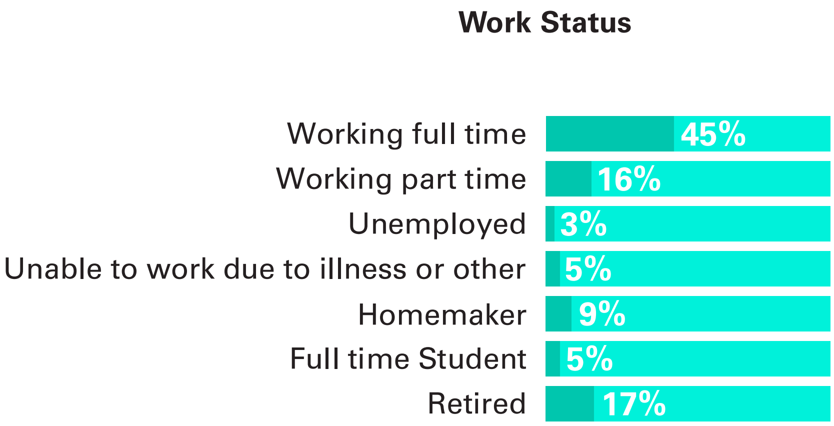
Methodology

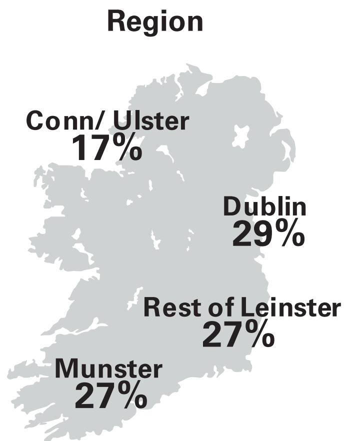
KPMG's survey of consumer retail attitudes was conducted via RED C. It focuses on understanding evolving consumer behaviours and market trends to guide businesses in adapting to the future of retail. Quotas were set on age, gender, social class, and region to ensure a nationally representative sample of 1,000+ adults 18+. Fieldwork was carried out between 3rd – 9th April 2025; where relevant, results are compared to previous waves of the retail survey.











Get in touch

The pace of change is challenging retailers and consumer businesses like never before. To find out more about how KPMG perspectives and fresh thinking can help you, please get in touch with David O'Kelly, Head of Consumer, Retail & Manufacturing. We'd be delighted to hear from you.

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