



A Sustainable Future for Irish Retail

Retail Ireland Strategy
2023-2026



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Chairman's perspective

by Shane Flynn, Managing Director, Aramark, Chairman of Retail Ireland



This strategy comes at a time of economic uncertainty. Cost-of-living concerns are clouding the short-term consumer outlook. At the same time, the

retail sector is going through a period of enormous change. Accelerated digital transformation, the need to adapt to address pressing environmental concerns and the emergence of labour and skills shortages are shaping future plans.

Despite these challenges, Irish retailers remain ambitious and are investing more in their businesses to improve the offering, value and service available to consumers. This new strategy reflects emerging consumer and retail trends, and follows in-depth engagement and consultation with Retail Ireland members.

We have also updated our vision for the sector, recognising that sustainability needs to be central to how we remain competitive. Retail Ireland will work closely with our members to support the development and introduction of further environmentally and socially sustainable practices.

As Ireland's largest indigenous industry, employing over 300,000 people across every town and village in the country, retail plays a central role in improving the local communities in which it operates. In every region, it is either the largest or second largest employer, with its share of employment typically ranging from 12% to 15.5%.

However, the positive impact of retail goes far beyond the economic benefits of the jobs it creates. We are putting forward a strategy that will make a positive impact on customers, create a rewarding environment for employees and contribute to wider economic development. It is crucial that Government and other key stakeholders work with the sector to make this happen.

This strategy is grounded on the need to sustain a vibrant and competitive industry into the future. It is structured around three key pillars – Sustainable Growth, Sustainable Careers and Sustainable Communities – and we will pursue a wide range of initiatives across each of these areas to ensure these priorities are achieved.

As Chairman of Retail Ireland, I would like to thank our members who participated in the development of this strategy, and in particular to the Retail Ireland Board for helping to champion this initiative and for their contribution and support in bringing it to completion.

With many demands and challenges to navigate, I'm confident this new strategy reflects the needs of the sector and will ensure a concerted and focused approach by Retail Ireland in supporting the development of the sector over the coming years.



Introduction

by Arnold Dillon, Director, Retail Ireland



In recent years, a series of major events has shaped the retail and wider economic environment. Brexit, a global pandemic, and rapidly increasing costs, sparked by war in Ukraine, have forced businesses to adapt quickly.

Against this evolving backdrop, Retail Ireland has worked to directly support its members and ensure the government's response safeguards the key interests of the sector. Success, however, is not just about reacting well to rapidly changing events, we must also be proactive.

This new strategy looks to the future. It identifies key strategic priorities for the years ahead, which reflect the needs of Irish retail businesses and the role that the association can play in supporting the growth, further development, and representation of the sector.

It follows in-depth consultation with members and sets out headline lobbying priorities. It also identifies areas where the association can support members in their work and facilitate knowledge sharing across the retail network.

As the sector undergoes rapid change, this strategy will ensure that the work of Retail Ireland remains relevant, informed, and targeted, and in doing so provides meaningful and tangible benefits for members.

Retail Ireland is the national voice of Irish retail, representing businesses large and small, from all categories and from all parts of the country. Working with Ibec at a national level and EuroCommerce at an EU level, this strategy provides a clear framework for the association to continue to provide leadership and support for the sector over the coming years.



Irish retail at a glance

The backbone of the Irish domestic economy

- › **€30 billion** annual sales¹
- › **€7 billion** in tax revenue every year, twice as large as any other sector²
- › **12%** of Ireland's GDP³
- › **320,000** employees⁴

Supporting Local

- › **Retail jobs** are evenly spread across every city, town and village in the country⁵
- › For every €100 spend, the benefit locally can be as much as €500⁶
- › In every region, retail is either the **largest or second largest employer**, with employment ranging from 12% to 15.5%⁷
- › The total retail wage bill is over **€9 billion**, filtering back through the economy⁸

¹Future of the Irish Retail Sector, KPMG. Trends, Opportunities, Challenges, and Drivers of Change. On behalf of the Department of Enterprise, Trade and Employment. September 2022. ²Future of the Irish Retail Sector, KPMG. Trends, Opportunities, Challenges, and Drivers of Change. On behalf of the Department of Enterprise, Trade and Employment. September 2022. ³Future of the Irish Retail Sector, KPMG. Trends, Opportunities, Challenges, and Drivers of Change. On behalf of the Department of Enterprise, Trade and Employment. September 2022. ⁴Retail Ireland, Ibec, "Retail is at the heart of every Irish Community, How the sector supports and improves life nationwide". ⁵Retail Ireland, Ibec, "Retail is at the heart of every Irish Community, How the sector supports and improves life nationwide" Original Source PWC Report. ⁶Retail Ireland, Ibec, "Retail is at the heart of every Irish Community, How the sector supports and improves life nationwide" Original Source PWC Report. ⁷Shaping the Future of Irish Retail 2020, A Strategy Developed by Retail Ireland and its members. ⁸Retail Ireland, Ibec, "Retail is at the heart of every Irish Community, How the sector supports and improves life nationwide" Original Source PWC Report.

Revitalising Irish towns and villages

- **Over 85%** of retail businesses in Ireland are classed as small businesses with ten employees or less⁹
- Irish retailers have been supporting **local sport clubs, community groups and charities** for generations¹⁰
- During **Covid-19**, the retail sector provided vital services, supporting the elderly, the vulnerable and providing the local community with a focal point

A boost for the domestic economy

- There are over **37,000** retail enterprises across the country¹¹
- Every **€1 million spent** in retail creates **26 jobs** directly and indirectly¹²

⁹ **Outlook on the Retail Sector**, <https://www2.deloitte.com/ie/en/pages/finance/articles/retail-domestic-market-review.html> ¹⁰ **Retail Ireland, Ibec report**, *Retail is at the heart of every Irish community, how the sector improves and supports life nationwide*. ¹¹ **Shaping the Future of Irish Retail 2020**, A Strategy Developed by Retail Ireland and its members. ¹² **Ibec Economics Unit**, *Retail Ireland Community Report*.

Research findings: New retail landscape refocuses priorities

In an effort to maximise its contribution to its members, and subsequently, the economy, jobs and local communities, Retail Ireland undertook a review of its most recent strategy, *Shaping the Future of Irish Retail 2020*. As part of this, we gathered insights from our diverse members representing a wide range of businesses, including one-to-one interviews, an online 'pulse check' and an interactive workshop. Selected organisations were also assessed and benchmarked as part of the analysis. The culmination of this work is a refreshed and refined approach to how we support the Irish retail sector over the coming years.

On the back of a modest but sustained economic recovery, these new findings show a resilient and dynamic sector with an ambition to invest, despite a very challenging operating environment. Retailers voiced a desire to retain talent and cultivate a modern, flexible workplace and to accelerate the digital transformation with customer experience at its heart. There was strong agreement on the importance of rejuvenating the high street and reinvigorating the sense of community in towns and villages across Ireland after the impact of the pandemic. Retailers remain optimistic overall about how they can deliver value when it comes to ESG and sustainable practices, while Retail Ireland's insights show a renewed sense of commitment and focus to drive positive environmental change.

- In-depth, one-to-one interviews with senior retail executives
- Online survey responses from member community
- Interactive retailer workshop
- Desk-based analysis of retail trends and EU trade associations

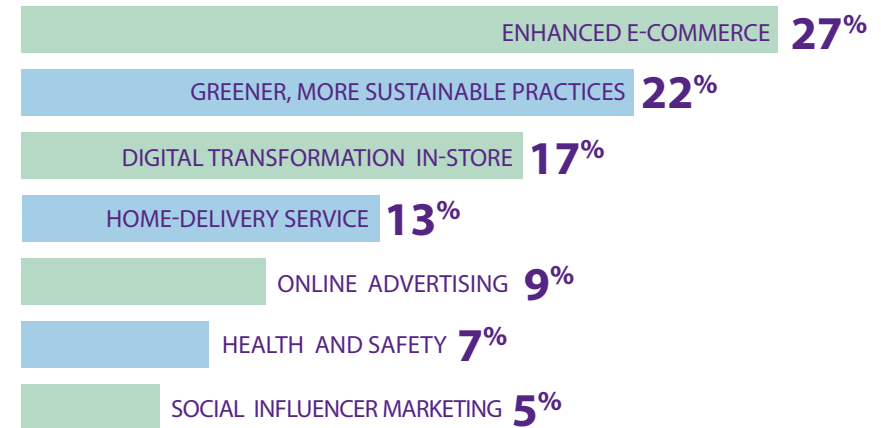
Areas we explored with members:

- > Impact of Covid-19
- > Collaboration with retail and Government
- > People and skills
- > Sustainability and climate action
- > The digital transformation
- > Reviving communities
- > In-store experiences

A move to online for future growth and resilience

Rapid evolution of e-commerce requires accelerated response with increased investment

Q. As a result of the pandemic, is your business likely to focus more on any of these areas into the future?



Since the pandemic, retailers have seen an accelerated move to online and omnichannel highlighting the need for both channel diversity and investment in digital to support future growth and resilience. However, growing awareness of competition from online platforms, improved omni-channel design, and enhanced personalisation were all areas highlighted as part of a response to establishing an attractive e-commerce offering.

What our interviewees had to say:

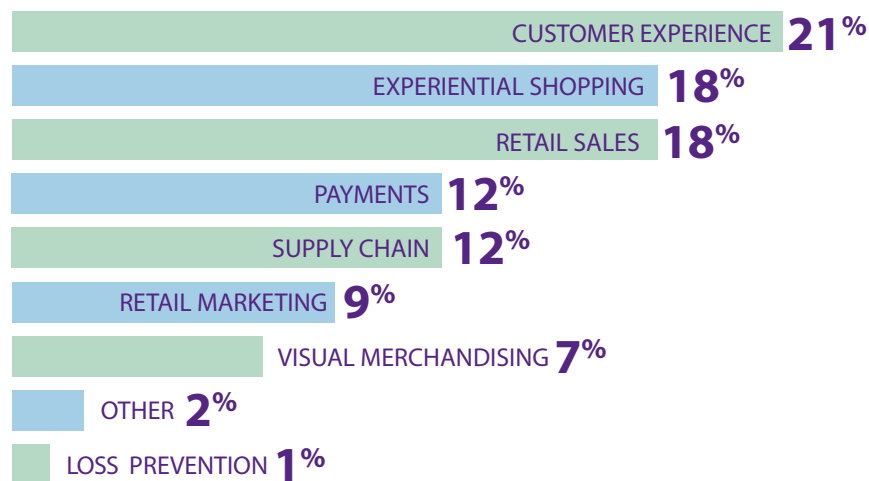
"There was a massive shift of customer behaviour to online. It's a customer behaviour that has stuck more than anything else."

"Omni-channel is about being able to facilitate that journey, and the customer knows that you're with them right through those different paths."

Stores remain critical touchpoints

To remain sustainable, retailers need to invest in an experiential and showroom design

Q. In terms of the potential impact of changing digital behaviours, what are the emerging trends and/or technologies?



Destination retail is now considered a value-add, with almost a quarter of retailers believing customer experience is most at risk of being impacted by accelerating digital behaviours.

What our interviewees had to say:

"We're going back to more of the customer experience. The store is becoming a destination and more of that theatre experience."

"We are going to dial-up the events in-store in the months ahead including yoga classes - complemented by cake/brunch, wine tasting, cookery classes, etc."

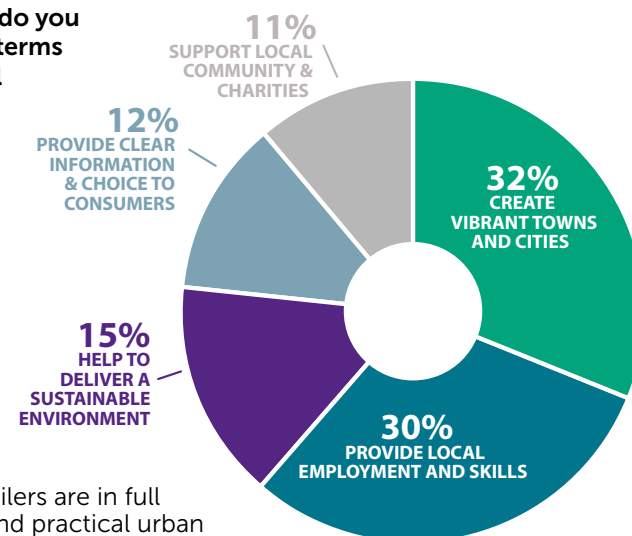
"We want to make sure that the look and feel of the stores are right for what the customers are looking for. We're going to have to invest to make sure they are fit-for-purpose moving forward."

Reviving town and city centres is critical

Accessible and welcoming social and cultural urban hubs need to be carefully planned

Q. What issues and initiatives do you think should be prioritised in terms of promoting the role of retail in sustaining and reviving communities?

Irish retailers are proud of the contribution they make to communities across Ireland and their role at the heart of them. However, retailers want safe urban areas that are welcoming to shoppers and employees alike. Impactful actions to rejuvenate shopping destinations and initiatives that draw tourists and shoppers to cities and town centres are needed. Retailers are in full support of more progressive and practical urban planning.



What our interviewees had to say:

"We should re-purpose dormant buildings. Could we look at incentives to retailers to utilise space on their 1st floor or 2nd floor perhaps? Some of our towns have empty buildings everywhere."

"It is a big structural and societal issue that government needs to grapple with...bringing that vibrancy back to urban centres."

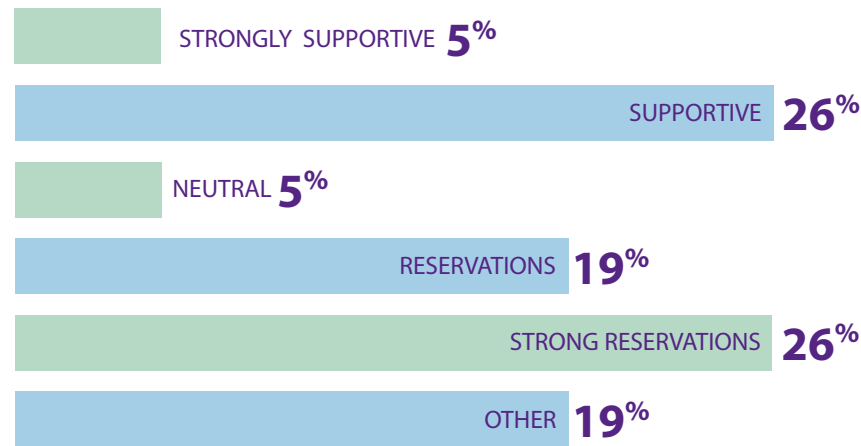
"The key to revitalise Irish town and city centres is proper planning."

"There needs to be a focus on proper planning, and a proper mix of retail outlets."

Impactful actions to rejuvenate the high street

More pedestrian-friendly policies?

Q. How much support or reservation would you have for the changes proposed for cities and major towns in terms of reducing car access and increasing cycling infrastructure and more pedestrian-friendly spaces?



Retailers who participated in this survey emphasised the need to enhance public transport, with 45% saying they had reservations about more vehicular restrictions if access options didn't improve. It was widely accepted that with changes in access to town and city centres, in order to maintain optimal operations, delivery access should not be hampered.

What our interviewees had to say:

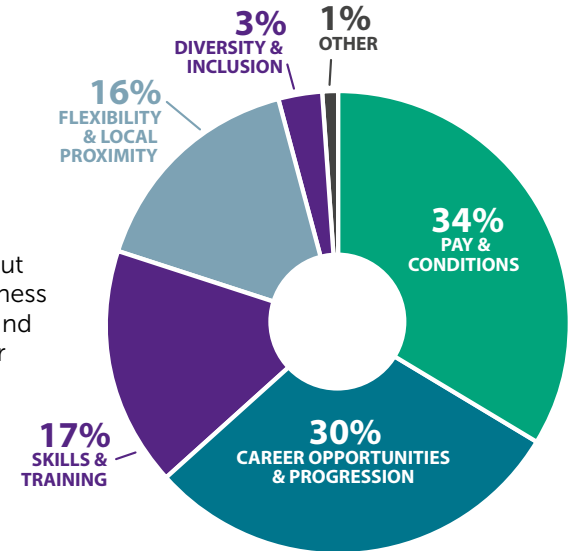
"The public transport infrastructure needs to improve."
 "We're supportive but we need to ensure that access for deliveries (home and store) are maintained, as well as customer parking."

Looking at how we attract new and diverse employees

A concerted effort is required as labour shortages are putting significant pressure on businesses

Q. How do we make a career in retail more attractive?

Retail remains Ireland's largest private sector employer. However, market disruption and the growth of online have all impacted the reputation of career stability in the sector. Employee expectations are now higher, as borne out in our research, with over a third of business leaders believing improvements to pay and conditions are required to make a career in retail more attractive. Employees are aware that the market has become more competitive, and expect better conditions, more flexibility, a better work-life balance, and a commitment from employers that they will help staff excel in their role.



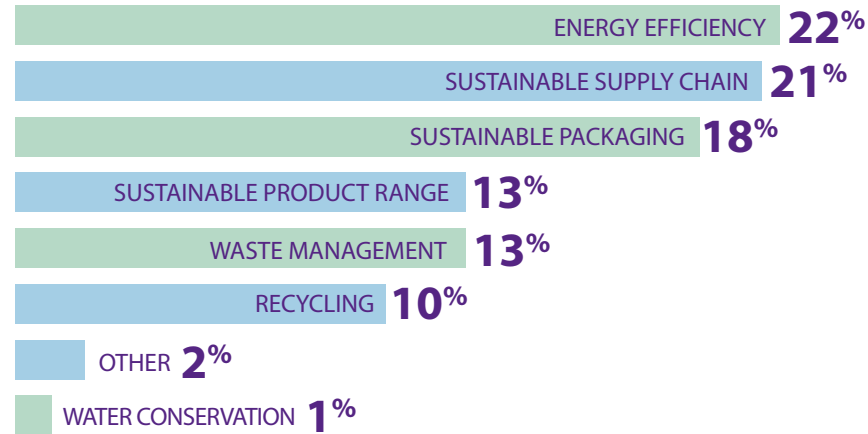
What our interviewees had to say:

"Retail was a difficult career through the pandemic. I see a lot of individuals re-skilling to try and move into roles that are remote or have weekends off."
 "We've had to be more flexible."
 "We are experiencing some challenges in recruiting. This is largely driven by the availability of jobs and choice of employment."
 "To advance retail we need to focus on showing people that there are great career opportunities in the sector."

Sustainability ambition

What do we stand for?

Q. What areas are most important for the retail sector in terms of having the most impact on sustainability and climate action?



Overall, Retail Ireland members agree that more leadership on sustainability within the sector is required. It was widely acknowledged that sustainability and the role retail plays in society will be in the spotlight and become far more important into the future – how we treat people, how we impact communities and how people generally think of retail in this context. While Retail Ireland represents a diverse set of retail businesses that are all on their own journey to becoming more sustainable, those consulted in this process recognised the need for deeper consideration and focus on ESG policies. From greener supply chains and promoting best practice to improving energy efficiency and the reduction of plastic use – a broad range of initiatives and activities were referenced.

What our interviewees had to say:

"Sustainability is no longer a trend. It's much more fundamental now..."

"Sustainability means different things. It could mean ESG work that you're doing. It can also mean how you support local brands, which the grocers do very well."

"It's something we are looking to do more of, how would you support those local brands and give them more exposure? That's really important....we want to create a 'sustainable legacy.'"

"We need to be at the forefront, reflecting diversity and the make-up of society and how everyone should have an opportunity to work in our sector and be an active member of the community."

During the Covid-19 pandemic, Retail Ireland members considered the association's engagement to be highly consistent, informative, and solutions-focused. Following our review, external communications and proactive campaigns will increase. The following are campaigns and initiatives highlighted by our members as those Retail Ireland could either drive or collaborate with relevant and like-minded associations on:

- Town and city centre rejuvenation, including tourism promotion
- Tackling the costs of doing business e.g. insurance, energy, rates
- A greater focus on ESG and promoting best practices
- Promoting long-term, successful careers in retail
- Helping to tackle recruitment challenges
- Sharing best-in-class retail initiatives from across Europe
- Support business with digital transformation and customer experience

A Sustainable Future for Irish Retail

New Retail Ireland vision:

“A thriving, world-leading retail industry, contributing to sustainable and inclusive economic growth, and supporting our customers, employees and the wider community.”



Summary: Key strategic pillars

To deliver on our vision and drive the growth and development of the Irish retail sector, Retail Ireland and its members have set out an ambitious strategy based around three key pillars.

Pillar One

Sustainable Growth

Advance initiatives and policies to promote retail investment and digitalisation, drive growth and deliver a competitive, innovative and resilient retail sector.

Pillar Two

Sustainable Careers

Promote the critical role of retail as Ireland's largest employer providing rewarding, flexible and dynamic careers.

Pillar Three

Sustainable Communities

Play a key role in improving our communities and help accelerate Ireland's transition to a more sustainable future.

Pillar One Sustainable Growth

As a large employer embedded in every community across Ireland, economic growth for the retail industry positively impacts society as a whole and delivers quality, value and choice to the consumer.

In this challenging operating environment, identifying opportunities to improve competitiveness and innovation, while also supporting long-term growth, is crucial.

As part of this focus, Retail Ireland and its members will aim to advance initiatives and policies to promote retail investment and digitalisation, drive sustainable growth, and deliver an innovative, resilient and competitive retail environment.

In terms of representing the needs of the sector, Retail Ireland will aim to:

- **Promote retail investment by safeguarding cost competitiveness**

Ensuring business cost efficiencies are prioritised, such as rates, rent, insurance and energy costs in order to support industry growth and investment. Retail Ireland will also advocate for sustainable labour market costs.

- **Bring forward initiatives and advocate for consumer and regulatory policies which support digital retail, e-commerce and omni-channel transformation**

Retail is highly competitive, with international and internet-only retailers increasingly sharing the market. The sector will advocate for more support to accelerate digital transformation and enhance online capabilities.

- **Support policies to boost consumer confidence**

As part of this strategy, Retail Ireland will support Government measures to underpin consumer confidence.

Collaborate with key stakeholders to drive sustainable growth

Retail Ireland and its members will engage with key stakeholders on priority issues such as sharing knowledge on how best to:

- advance cutting-edge digitalisation
- promote regional investment and development
- assess the impact of Brexit and related supply chains

The association will work with key industry leaders on accelerating training and support mechanisms to bolster cyber security, and advocate for measures to alleviate economy-wide cost pressures on businesses.

In order to advance the sector's growth and competitiveness, Retail Ireland aims to champion and drive campaigns and initiatives that:

- **Showcase the critical role and contribution of retail in the wider economy**
- **Highlight the role of a thriving, competitive retail sector in addressing cost-of-living concerns**



Pillar Two Sustainable Careers

The impact of the pandemic has changed the priorities and patterns of both customers and the workforce in Ireland. The now established hybrid-model has implications for how, where and when customers engage with retail. At the same time retailers are recognising and responding to the expectations of staff to provide more flexible work patterns.

Moreover, as technology increasingly impacts customer behaviour, this fundamental transition in the industry is changing the nature of the skills required and roles available in retail, across a range of areas.

In the research conducted by Retail Ireland, people, skills and careers for the future were highlighted as a key priority by members, particularly given the impact of the Covid-19 pandemic on the recruitment and retention of staff. Retail businesses are keen to promote progressive policies that support employees and ensure skills and training reflect business needs as well as careers for the future.

Priority areas include:

■ Investment in employee training and development

Retail Ireland will promote the development of upskilling programmes for employees that reflect key growth areas and promote the benefits of high-value initiatives such as retail apprenticeships.

■ Support the development of new career pathways

Creating the next generation of retail leaders will be key as we look at the changing retail environment. Retail Ireland will work with its members to promote retail as an exciting and rewarding career path, highlighting the diverse and evolving skill set required by modern retail businesses.

■ Promote measures that improve staff welfare

Retailers recognise the key role they play in the welfare of their employees. Retail Ireland will work with members to identify and implement measures to support employee wellbeing.

Collaborate with key stakeholders to promote people, skills and careers for the future

Retail Ireland will work through Retail Ireland Skillnet and its Apprenticeship Programme to support the development of new career pathways.

Working with members, Retail Ireland will also identify opportunities to develop the sector's employee value proposition, including how it can offer flexible careers, promote skills development, improve diversity and inclusion and support staff wellbeing. Sharing HR best practice will be key to this.

In order to promote people, skills and retail careers for the future, Retail Ireland aims to champion and drive campaigns and initiatives that:

- Promote new and diverse types of retail careers
- Encourage greater diversity and inclusion in the sector



Pillar Three Sustainable Communities

Environmental sustainability will be a key focus of the sector over the coming years and Retail Ireland will support its members as the industry continues to transform how it operates. From improving energy efficiency, increasing the use of recycled materials, reducing the use of plastic to championing the wider circular economy, tackling environmental issues is now a both a social and commercial priority.

Covid-19 highlighted the central role retail plays in Irish society and local communities. Retail Ireland will work with key stakeholders to promote the development of these communities, support town centre investment, and foster attractive, liveable and sustainable town and city centres.

Priorities for Retail Ireland include:

- **Advocate for practical policies to support investment in decarbonisation and the circular economy**

Retail Ireland will work with its members to address the challenges for retail in reducing its carbon footprint, and advocate for government supports where needed to support this transition.

- **Support public and private investment to make our towns and cities more attractive destinations (including transport, mobility access)**

Retail Ireland will engage with government and local communities to support urban investment and renewal policies that take account of the work and social changes that Covid has precipitated.

- **Advocate for measures that address crime and anti-social behaviour**

Retail Ireland and its members will work with policymakers and the Gardai, to tackle crime and anti-social behaviour in urban centres and promote vibrant and welcoming shopping destinations.

Collaborate with key stakeholders to promote vibrant, sustainable communities and environment

In an effort to help Ireland accelerate its transition to a more sustainable economy, Retail Ireland will encourage cross-industry collaboration to promote sustainability initiatives and measures amongst its members.

To advance urban renewal and regeneration, Retail Ireland will engage with key stakeholders on accelerating progress on key issues such as transport, vacant housing, crime and the environment.

To promote a sustainable environment and communities, Retail Ireland will champion and drive campaigns and initiatives that:

- **Showcase the sector's sustainability initiatives and commitments, including sharing best practice**
- **Highlight the role of retail in supporting the social and commercial life of our villages, towns and cities**

About Retail Ireland

Retail Ireland is the largest and most influential business organisation representing Ireland's retail sector. We are the leading voice of Irish retailers and represent the sector's interests to Government, media and all other stakeholders at both Irish and EU level.

Retail Ireland represents a broad mix of the Irish retail sector, from global multinationals to indigenous chains and independent operators.

Our membership includes major grocery retailers, department stores, pharmacies, DIY home and electrical outlets, fashion and luxury goods, shopping centres, convenience stores, forecourt, specialist outlets and independent operators.

Through our expert knowledge, extensive connections and unrivalled influence, Retail Ireland aims to enhance the profile of our industry and promoting a more positive business environment for Irish retail.

Through our Retail Ireland Skillnet and Apprenticeship teams, we are proud to deliver Ireland's leading retail education and training programmes.

Retail Ireland operates as a dedicated unit within Ibec, Ireland's foremost business, enterprise and employers' group. Ibec and its sector associations work with government and policy makers, both nationally and internationally, to shape business conditions and drive economic growth. Ibec also directly provides a wide range of professional services to members.

Retail Ireland is the Irish member of EuroCommerce, the principal European organisation representing the retail and wholesale sector at EU level.

Visit www.retailireland.ie and www.ibec.ie for more information.

Acknowledgements

Retail Ireland would like to acknowledge and thank the members of Retail Ireland, including the Board and Council, for their contribution and direction during the drafting of this strategy.

The development of the strategy was led by Retail Ireland with the support of Reputation Inc, and has been informed by views gathered from a wide range of member organisations and desk research.

Retail Ireland would also like to acknowledge the wider Ibec team for its contribution to the development of the strategy.

For further information:

Retail Ireland
84/86 Lower Baggot Street
Dublin 2

T: +353 (0)1 605 1500

E: retail@ibec.ie

W: www.retailireland.ie