



BORD BIA
IRISH FOOD BOARD

Irish Grocery Retail Market Overview 2022

Introduction

The Republic of Ireland is a vibrant, successful economy, with a well-educated population. The average weekly household earnings (unadjusted) is €880, up 2.3% in the year to Q1 2022.¹ The total population is 5.01 million, the highest on record since 1851. The population has grown rapidly in recent years, increasing by over 1 million people in just 20 years. 25-44 year olds are the largest age cohort, and Ireland still has one of the highest birth rates in the EU. The population is aging, with increasing numbers over 45 years old. However, this includes more empty-nesters and people finished paying their mortgage, often resulting in more disposable income. Non-Irish nationals living in Ireland account for 12.9% of the population (one in eight people).

The combination of all of these factors has contributed to a very dynamic, innovative and competitive Irish grocery retail market. Grocery retail value sales have grown strongly in recent years, to circa €12.4 billion per annum. And the quality of food on offer is of the highest standard. However, as in the world over, current global dynamics are driving up cost of living inflation, which will impact how consumers shop and how retailers respond over the coming months.

Macroeconomic Conditions

The Irish economy rebounded strongly in 2021, despite new coronavirus variants and higher inflation. Modified domestic demand recovered from Q1 2021, with the momentum continuing into Q4, resulting in a year-on-year growth rate of 9.8%.²

Growth continued into early 2022 thanks to the lifting of pandemic restrictions. However, higher inflation, the result of sharply rising energy charges and higher food prices, as well as greater uncertainty and a lowering in consumer confidence in the first half of 2022, have led to a slow-down in the growth rate.³

Consumer sentiment has fallen in recent months as the economic fallout of Russia's invasion of Ukraine and the cost of living increased. As a result of higher energy costs, supply bottlenecks and strong underlying demand, inflation has surged in recent months, reaching 5.6% (Harmonised Indices of Consumer Prices) in the year to February. In May, the European Commission forecasted inflation in Ireland to hit 6.1% in 2022.⁴

Housing, energy, transport and food prices have been the main drivers of rising inflation. The housing and rental market in Ireland has experienced particularly high levels of inflation in the past few years. According to the Residential Tenancies Board's Q3 2021 rent index report, rents grew by 8.3% in Q3 2021 on an annualised basis. This growth rate is higher than that of the previous quarter (7.0%) and the highest since Q4 2017 (which recorded growth of 8.4%).⁵

The seasonally adjusted unemployment rate for April 2022 was 4.8%, down from 5.1% in March 2022 and 7.5% in April 2021⁴. This seasonally adjusted figure matches that of pre-pandemic figures from

¹ Central Statistics Office [Earning and Labour Costs](#)

² Central Bank of Ireland ['Quarterly Bulletin Q2 2022'](#)

³ Ibid

⁴ Irish Times ['EU hikes Irish inflation forecasts as it lowers European growth outlook'](#), May 2022

⁵ ESRI ['The RTB Rent Index Quarter 3, 2021'](#)

February 2020. Covid-19 restrictions during the last two years had a significant impact on the unemployment rate in Ireland, with unemployment peaking at 28.2% in April 2020.⁶

The Central Statistics Office, responsible for compiling the monthly Consumer Price Index in Ireland, announced that prices on average were 7% higher in April 2022 compared to April 2021. The most notable changes in the year were increases in Transport (+18.9%), Housing, Water, Electricity, Gas & Other Fuels (+17.1%), Alcoholic Beverages & Tobacco (+5.1%) and Communications (+5.1%). There were decreases in Miscellaneous Goods & Services (-1.6%), Education (-0.8%) and Health (-0.4%).

Grocery inflation is being widely felt by Irish consumers. Foods such as cooked poultry, bread, pasta and butter have seen some of the greatest increases. According to Kantar's 'Irish shoppers feel the pinch as grocery price inflation hits' article, the average Irish household is facing a €330 price increase on their annual grocery bill. 23% of households say they are now struggling to make ends meet when it comes to their weekly food shop. Retailers are responding to the rising price of goods, focusing their efforts on offering everyday low prices for shoppers.⁷

Irish Retail Market Dynamics

Ireland experienced some of the most restrictive Covid-19 measures during 2020 and 2021. The closure of foodservice outlets meant that consumers had to rely on grocery retail even more for their everyday needs. This resulted in a bumper two years for the grocery retail market, with 2 Year like-for-like sales growth for some retailers rising as high as 12%.⁸ As restrictions eased at the beginning of 2022, retailers began to see declines in sales. Kantar noted a decline of 4.5% over the 12 weeks to January 2022. Sales however remained 11.2% higher than for the same period in 2020.⁹

Kantar's most recent take-home grocery figures for Ireland show that sales fell by 7.2% over the 12 weeks to 17 April 2022. Against a complex backdrop of global supply chain issues, grocery price inflation has hit 4.7% this period - its highest level since September 2013. For the first time since the pandemic began, grocery sales are in decline by 5.2% (compared with two years ago), as the period now includes the start of the first lockdown when only essential shops were allowed to open. The pandemic might no longer be the first thing on shoppers' minds, but experts are still seeing its effects on the grocery market as life gets back to normal.

Kantar would also report that the number of supermarket trips made each month has continued to fall, with shoppers making 3.5 fewer visits on average than this time last year when Covid-19 restrictions were much tighter ie foodservice outlets were closed and supermarkets were one of the very few places that consumers could visit. The average spend per buyer has also fallen significantly - by €144, as consumers eat more meals out of home. In addition, the types of items Irish consumers are buying have changed also. Sales of instant hot snacks and frozen pizzas are growing by 9% and 4.3% respectively over the last four weeks, as shoppers turn to quick and easy meals now that many are back in the office and juggling school runs.¹⁰

⁶ Central Statistics Office

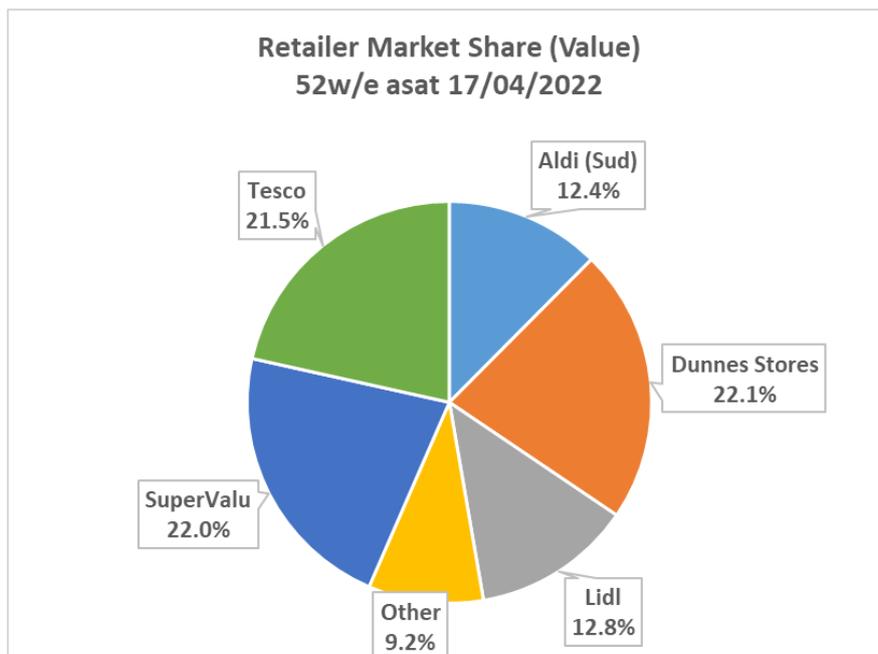
⁷ Kantar (2022) '[Irish shoppers feel the pinch as grocery price inflation hits](#)'

⁸ RTE (2021) '[Tesco raises full-year outlook after strong first half](#)'

⁹ Kantar (2022) '[Pandemic habits remain while Irish consumers embrace new freedoms](#)'

¹⁰ Kantar (2022) '[Irish shoppers feel the pinch as grocery price inflation hits](#)'

The Irish market is highly competitive, with little to separate the market shares of SuperValu (part of Musgrave Group), Tesco Ireland and Dunnes Stores. The “big three” supermarket chains, though, are increasingly being challenged by discounters Lidl and Aldi, who have a combined market share of circa 25%.¹¹



Source: Kantar Ireland / Worldpanel, May 2022

A contraction in the size of the Irish retail market is expected in the coming years as we see the gradual return of the foodservice industry. Restaurants are slowly showing signs of recovery, as are hotels, coffee shops and quick service restaurants. As Ireland returns to a hybrid way of working, corporate catering will also begin to recover. However, it is expected that the size of the Irish grocery market will remain above pre-pandemic levels.

¹¹ Kantar Worldpanel (2022)

Key Players in the Market

Supermarkets

The continuation of Covid-19 restrictions for much of 2021 meant that supermarkets located in suburban areas and local towns recorded strong sales, as they did in 2020. Irish citizens were in lockdown, no hospitality venues were open and 'stay local' instructions were in place at the start of 2021. Supermarkets located in city centre areas and near schools or universities continued to struggle. But the increase in footfall due to the loosening of restrictions in the middle of the 2021 helped these outlets to recover somewhat. Overall, supermarkets remain the largest type of grocery retailer in terms of value sales in Ireland. Value sales in 2021 were lower than 2020 figures but remained higher than pre-pandemic. A further reduction is predicted for 2022 (at constant 2021 prices) due to the likelihood that it will be a full year without restrictions on hospitality venues, in addition to consumers wishing to spend more time eating out of the home. Over the next few years, it is expected that the value sales of supermarkets in Ireland will remain relatively stagnant, with a €0.4 million increase expected through to 2026.¹²

As a reflection of consumers' altered shopping habits and needs resulting from the pandemic, supermarkets increasingly moved towards an omnichannel approach to building relationships with customers. One strategy has been the greater use of mobile apps. Dunnes Stores launched a new app in May 2021 which can be used to store vouchers, view offers and browse products. Dunnes Stores also rolled out its click-and-collect service across a greater number of stores, and also ramped up its partnership with buymie, which offers home delivery from certain stores located in Dublin and Cork.

A notable feature of 2021 was the strong engagement between supermarket brands and consumers, serving to build the company-consumer relationship. Brands such as Dunnes Stores feature healthy recipes and nutritional advice on their websites, offering ideas and inspiration to customers. This is partly due to the increased focus by local consumers on following healthy lifestyles as a result of concerns brought on by the pandemic. Additionally, programmes that engage with local communities continued to be launched by most players in the channel, such as utilising young people to deliver groceries to older or housebound consumers. For example, in June 2021, SuperValu partnered with the Gaelic Athletic Association to increase participation in sports such as hurling amongst those from diverse backgrounds. Overall, corporate social responsibility is increasingly valued by local consumers. Not only do these initiatives increase public awareness of the brand in question, but they also help to create positive associations with these retailers in the minds of consumers.¹³

Supermarkets will remain the largest type of grocery retailer in Ireland in value terms even though there will be greater competition from discounters and convenience stores, along with factors such as the increased sophistication of takeaway services. However, the number of outlets is expected to rise, as operators of supermarkets adjust to the altered shopping habits and open outlets in more suburban and rural destinations. Indeed, SuperValu and Dunnes Stores have plans for new store openings in the satellite towns of Dublin, Cork and Galway.¹⁴

An important focus as consumers return to normality, or whatever a 'new normal' looks like, will be a greater emphasis placed by consumers on corporate social responsibility and sustainability initiatives. Many brands already have such initiatives, including SuperValu, which is working towards sustainable

¹² Euromonitor (March 2022) – Supermarkets in Ireland

¹³ Ibid

¹⁴ Ibid

packaging and supporting Irish suppliers through a partnership with Guaranteed Irish. Such programmes will gain greater traction over the coming years due to the increased importance given to them by consumers following the pandemic. For instance, it is known that local consumers are keen to purchase Irish produce and support domestic suppliers. In addition, programmes that highlight the use of energy efficient equipment in-store, or the reduction of waste, are two types of initiatives that would appeal to a more socially-aware consumer base. Charitable programmes that support and engage with local communities are also likely to be well received by consumers, such as the effort by SuperValu to make many of its stores 'autism-friendly'.¹⁵

Dunnes Stores

Dunnes Stores launched in Ireland 75 years ago. It remains a family-run business with a grocery market share of 22.1% over the 52 week period to April 17, 2022.

Dunnes Stores has 142 stores in the Republic of Ireland, offering a mix of fashion, food and homewares in the majority of their outlets, with some stand-alone food stores. Key elements of larger stores include a traditional market-style food hall, a substantial wine range and a premium foodservice or food-to-go offering.

Dunnes Stores have a tiered structure for their private label brands. From lowest price-point to highest, they are: *Everyday Savers*, *Dunnes Stores Range* and *Simply Better Collection*. Dunnes Stores utilise the quality and positive perception of their Simply Better Collection in their social media marketing campaigns. Celebrity chef Neven Maguire creates dishes from scratch typically using only Simply Better branded goods, and these recipes are shared across all social media. Dunnes Stores also spotlight producers who supply them with Simply Better products on their social media. As supporting local and buying Irish-made products moves up the list of priorities for the Irish consumer, Dunnes Stores are creating short videos of small producer-suppliers as a way of highlighting that Dunnes Stores are there to support small producers.

SuperValu

SuperValu is part of the Musgrave group. Musgrave is a family-owned business with a 140-year history in food retailing and wholesaling. The group operates other food retail brands including Centra and Daybreak in the Republic of Ireland. Musgrave also has a wholesale and retail distribution company in Spain.

SuperValu has 223 stores in the Republic of Ireland. The majority of the stores are franchised, independently owned stores, but there are also a number of company-owned stores primarily run by Musgrave Operating Partners Ireland (MRPI). SuperValu also has a presence in Northern Ireland.

SuperValu currently holds a 22% share of Total Grocery in the Republic of Ireland over the 52 weeks up to April 17, 2022. SuperValu runs a long-established new supplier development programme in partnership with Bord Bia - The Irish Food Board, called *Food Academy*. Successful products are showcased in a dedicated area of larger SuperValu stores, as well as being available in their category section. Musgrave is a member of Origin Green, Ireland's national sustainability programme for the food and drink industry.¹⁶

¹⁵ Ibid

¹⁶ Origin Green [origingreen.ie](https://www.origingreen.ie)

Tesco Ireland

Tesco is a global retailer with a presence in 13 countries. The product range includes food and beverages, clothing, home appliances, and financial services.

Entering the Republic of Ireland market in 1997 (celebrating its 25th year anniversary in 2022), Tesco Ireland now has 151 stores and operates under 3 different store formats: Hypermarket (Tesco Extra), Supermarket (Tesco) and Convenience stores (Tesco Express).

Tesco currently holds a 21.5% market share of the Total Grocery market in Ireland. As one of Ireland's largest private sector employers, Tesco employs over 13,000 people, with a turnover of circa €3 billion pa.

Tesco Ireland is also a member of Origin Green, Ireland's national sustainability programme. Part of being a member of this programme involves reducing energy usage and carbon emissions across the business, minimising food waste and supporting customers in leading healthy lives, all while securing a sustainable supply chain.

Marks & Spencer

Marks and Spencer Group plc is a British multinational retailer specialising in food, clothing and home products, with strong private label credentials. Marks and Spencer currently operates 17 stores and satellite locations in the Republic of Ireland. The first M&S Ireland store opened in 1979 on Mary Street, Dublin, with a second shop opening ten years later on Grafton Street, Dublin.

Historically Marks & Spencer sold only products under their own brand; however, in more recent years they have begun to stock key branded products in certain categories. Marks & Spencer also released a rewards and loyalty programme for its Irish consumers in December 2021. *Sparks* is an app where consumers can redeem coupons, receive personalised offers and donate to M&S supported charities. Another element to excite consumers is that one shopper per week will be granted their shopping for free at random.

Discounters

Aldi (Sud) and Lidl have continued to gain share of the Irish grocery market since their arrival in 1999 and 2000 respectively. In Ireland, both operate a softer discount model compared to their operations in other countries. Inflationary pressures on consumer income and the desire for value-for-money products have increasingly made the discounter offer attractive to Irish consumers. This is reflected in three new store openings by Lidl in Ireland in 2021, with second-ranked Aldi opening four stores. It is interesting to note that many of these new store locations are in suburban and rural locations. This reflects the trend for Irish consumers to favour more convenient-to-home locations away from city centres. Nevertheless, sales in city centre discounter locations are expected to increase as footfall improves following the loosening of restrictions and the return to office.¹⁷

Sustained growth is predicted for discounters in Ireland over the next five years, both in retail value sales and number of outlets, making it the most dynamic performer within grocery retailers. Furthermore, the channel's share of total grocery is likely to increase above 2021 levels. Going forward, 2022 sales figures will be the first full year without Covid-19 related restrictions since 2019 (which favoured retail food sales over foodservice), but lingering doubts about the virus and on-going price sensitivity will ensure stronger retail value growth (at constant 2021 prices) before gradually softening, as Irish consumers spend greater time eating away from home.

¹⁷ Euromonitor (March 2022) – Discounters in Ireland

Lidl announced that it intends to open 20 stores over the next three years, as part of its €550m Irish development plan. Aldi also announced that it opened its 150th store in March 2022, with a further 29 stores planned for 2022-2024 with an estimated associated investment of €320m. Whilst city centre footfall is likely to increase from 2021 levels over the coming years, these new outlets are likely to appear in more suburban and rural areas to align with changed consumer habits as a result of the pandemic – such as increased remote working measures and a desire for local grocery outlets.¹⁸

There will be several opportunities for discounters to take advantage of technology to boost engagement with consumers. Within the last two years, Aldi partnered with Deliveroo and Lidl with buymie to create a home delivery service. However, these partnerships were still in their infancy, with only 18 Aldi stores participating across Cork, Dublin, Galway and Limerick and only serving customers who live within a 5km radius of the store. Only nine Lidl stores offer buymie. The number of discounter stores with the capacity for home delivery in Ireland may increase, although issues with operating costs and the difficulty in reaching more rural, isolated locations will continue to challenge home delivery. Moreover, the costs incurred by home delivery contrast for the consumer with the low-cost model that characterises discounters. It is possible that there will be a development in the capacity for click-and-collect services. Indeed, Aldi offered a click-and collect service at 20 of its stores (14 located in Dublin) at the end of 2021.¹⁹

Interest in the sustainability and origin of food products is growing amongst Irish consumers. This is reflected in the discounter's many sustainability initiatives including the use of plastic packaging, responsible sourcing and the environmental impact of their production. Sustainability initiatives are an effective strategy for discounters to adopt and gain a positive perception amongst local consumers. Some sustainable programmes have already been unveiled by discounters, such as Aldi announcing its plans to stop the use of outer cardboard boxes from its meat and fish products. However, there is likely to be greater public scrutiny of and demand for sustainability programmes over the next few years leading to a more favourable perception among consumers of players that address these concerns. Initiatives that meaningfully reduce plastic packaging or source products from Irish producers are likely to be popular, along with investment programmes in local communities. Both Lidl and Aldi are members of Origin Green, Ireland's national food and drink sustainability programme.

Furthermore, given the renewed focus on health and wellbeing among consumers, as a result of the pandemic, operators of discounters are likely to develop and publicise healthy eating campaigns. For example, Lidl has a "Healthy Recipe Inspiration" section on its website.²⁰

The value sales of discounters in Ireland is set to grow by an estimated €19 million over the five years 2021-2026.²¹

¹⁸ Ibid

¹⁹ Ibid

²⁰ Ibid

²¹ Ibid

Lidl

Lidl is a multi-national discount retailer who entered the Republic of Ireland in 2000. It holds a 12.8% market share of Total Grocery in Ireland in the 52 weeks leading up to April 17, 2022.

Lidl offers a range of roughly 1,400 SKU's, primarily private label, with a limited (but increasing) number of well-known brands. In Ireland it now operates 181 stores, with an ambition to reach 200 stores in the Republic of Ireland and 50 stores in Northern Ireland.

Lidl runs their annual *Kick Start* Supplier Development Programme in partnership with Bord Bia the Irish Food Board, to give Irish food and drink suppliers the opportunity to showcase their products in Lidl stores. To date, Lidl has invested €3.3m into the programme.

Successful Irish products in Lidl Ireland stores can access Lidl's international network, with exports circa €300m worth of Irish food and drink products now sold across its international network.²²

Rather than accelerating its online development, Lidl is focused on its digital transformation, including its loyalty programme.²³ The Lidl Plus app has been introduced across Europe over the last few years, including Ireland in 2021. Consumers build loyalty through collecting points, redeeming coupons and receiving receipts all through one app.

Lidl Ireland have reacted in a robust way to the ongoing inflation and cost of living crises. They have launched and executed an "inflation buster" campaign across social media, TV, radio and billboards which outlines how a consumer can feed a family of four for as little as €76 a week when they shop at Lidl. Part of this ongoing campaign includes user-generated content on social media, which involves customers submitting the meals that they have made for a family of four from products bought at a Lidl store.

Aldi (Sud)

Aldi is a multinational discount retailer with a 12.4% market share of Total Grocery in Ireland in the 52 weeks to April 17 2022.²⁴

The Aldi product offer typically consists of exclusive private labels. Although the offer is heavily weighted in favour of private label, the balance in Ireland is beginning to shift with a growing number of producer-branded products being listed. Like other retailers in Ireland, Aldi recognised the gastro-nationalistic traits of the Irish consumer and have acted accordingly. Aldi's 'Love Ireland' campaign highlights the retailer's commitment to local sourcing. They also run an annual *Grow with Aldi* programme in partnership with Bord Bia – The Irish Food Board, whereby smaller Irish producers are invited to participate in a series of capability development workshops culminating in a promotional listing in Aldi. Based on sales achieved during this initial listing, five of these producers secure a national listing.²⁵

Another key aspect of Aldi's strategy is their corporate social responsibility. Aldi Ireland and UK have been climate neutral since January 2019. This achievement has been made and maintained by continually working to reduce carbon footprint through buying 100% renewable electricity, using greener refrigerant gases and purchasing carbon offsets for the emissions that Aldi cannot reduce completely yet.

²² Ibid

²³ IGD – Lidl Profile (December 2021)

²⁴ Kantar Data Explorer

²⁵ Bord Bia Retailer Directory

Convenience Retail

Convenience banners in Ireland include Centra, Mace and Daybreak, all part of the Musgrave Group; Spar and Londis, part of the BWG Group; Costcutter and Gala.

Convenience stores witnessed another strong year of sales in Ireland in 2021. Whilst value sales levels were marginally lower when compared to the record-breaking figures of 2020, they were still notably higher than pre-pandemic levels. The main explanation for the marginal decline in 2021 was the loosening of Covid-19 related restrictions and the opening of hospitality venues, enabling consumers to dine out in foodservice establishments. However, convenience stores retained significant popularity in Ireland due to the continued practice of working from home and the perception amongst consumers that shopping at convenience stores makes them less susceptible to exposure to the virus. This was especially the case during the lockdowns of early 2021, where there was an order to stay local.

Leading convenience banners such as Centra and Spar, which have many locations in more rural and suburban areas, reported huge growth in 2020, and these high sales figures continued in 2021. Overall, convenience stores are well-suited to the current trend amongst consumers to visit local, smaller and quieter grocery outlets. Thus, in 2021, convenience stores continued to benefit from its positioning as a feasible grocery shopping option for consumers.²⁶

2021 witnessed further development in home delivery services provided by convenience stores. In December 2020, Centra launched a home delivery service which was available at 88 stores throughout the country by the end of the review period. Customers can order both through the website and through the Centra App. Meanwhile, Daybreak continued its home delivery service for elderly or at-risk customers at 74 of its stores. Spar and Londis, both part of BWG Foods, also incorporate home delivery and click-and-collect services. There is also a possibility that the development of home delivery could be expanded further, such as being available at a higher number of stores. Indeed, in August 2021, Internationale Spar Centrale BV announced that it was developing a customisable e-commerce solution for Spar, which aims to improve in-store selections and order fulfilment.

Centra

Centra is a part of Musgrave Group and is one of Ireland's leading convenience retail groups, with stores in over 480 locations throughout the country. Centra holds a 1.4% market share of the value of Total Grocery in Ireland in the 52 weeks to 17 April 2022. Approximately 75% of the produce stocked on the shelves of Centra is sourced in Ireland. This retailer serves over 3 million customers each week. Centra has a reputation for quality, value and friendly service; stores are independently owned and operated by local people.

Spar

Spar is a leading convenience banner in Ireland, operating here for over 55 years. Spar holds a 1.1% share of Total Grocery in Ireland (Kantar). From its first store opening in Dublin in 1963, Spar has had a focus on convenience at its core, constantly evolving to meet the changing needs of the Irish customer. The group, which is part of wholesale and retail company BWG Foods, has a presence in every county across Ireland, with Spar stores providing employment for 14,000 people locally.

BWG owns and operates a number of other convenience-focused retail brands with over 1,400 Spar, Eurospar, Mace, Londis and XL stores serving local communities in partnership with independent retailers.

²⁶ Euromonitor (2022) 'Convenience Stores in Ireland'

Premium Grocery Retail

Donnybrook Fair

Founded in 1999, Donnybrook Fair is a gourmet food company retailing fresh foods such as deli meats, bakery products, fruits, vegetables and fresh cuts of meat. It also sell a wide range of ambient products. Now part of the Musgrave Group, Donnybrook Fair grew from a local, South Dublin market to a food business that now operates in six locations across greater Dublin. Each store features an artisan butcher, a served fresh seafood counter, coffee to go and extensive ranges of handmade deli foods, as well as a full grocery range. Donnybrook Fair also operates a number of cafes.

Avoca

Founded in 1723, Avoca Handweavers, known as Avoca, is a clothing manufacturing, retail and food business. Avoca has 13 stores and cafes across Ireland which include large food halls at many of the sites. Avoca is a member of the Aramark Corporation, the American foodservice, facilities and uniform services provider. Avoca carries a vast range of own brand products including freshly baked goods, meals and preserves produced either in-store or in their central kitchen. They sell product from a wide range or artisan producers.

Key Insights and Drivers in the Irish Grocery Retail Market

Sustainability

Sustainability has come to the fore as an important aspect of Irish grocery retailers' strategy over the past few years. Consumers have become more demanding for companies to do more to reduce their carbon emissions, energy usage and to give back more to the communities of which they are a part. 75% of consumers globally have made an effort to buy more sustainably produced food and drink in the 12 months up to September 2021, while 77% say they have made some effort to buy products with less packaging over the same period. Thus going into the future, companies must constantly innovate to stay ahead and embrace sustainability in their consumer and customer strategy.²⁷

SuperValu, part of Musgrave Group, has three pillars to its sustainability strategy, Caring for The Planet, Being a Better Business and Creating a Vibrant Community. This three-pronged approach covers topics including packaging, carbon emissions, local and responsible sourcing and collaborating with organisations that are doing good in local communities. SuperValu have introduced a "Save the Bees" initiative aimed at informing primary school children of the importance of bees and biodiversity. To date, they have aimed at helping 3,240 schools to educate 560k children.²⁸

Local Provenance

The pandemic emphasised the importance of communities, with experts shedding a light on the importance of collective action and the shortcomings of individualistic cultures and societies. This thinking has seeped into consumer preferences, with research showing a surge in 'localism' around the

²⁷ Origin Green (2021) '[Global Food Sustainability Outlook](#)'

²⁸ SuperValu – '[Sustainability at SuperValu](#)'

world. From unequal vaccine distribution to a desire to buy local products, people are placing more importance on protecting their communities. The idea of a unified and collaborative world seems to slowly be slipping away. The pandemic has fragmented some international relationships and destabilised global institutions and organisations. In their place, localism is gaining ground, and people are increasingly looking to support their national and hyper-local communities – including brands.²⁹ Retailers are looking to differentiate themselves through listing small Irish suppliers in order to emphasise their role in supporting communities. This is evident through SuperValu's Food Academy and Taste of Local initiatives, Lidl's Kickstart supplier development programme, Aldi's Grow With programme, through Dunnes Stores' social media activity, featuring small suppliers to their Simply Better (premium) private label and Tesco's Food Love Stories campaign featuring Irish suppliers.

Local provenance of raw meat in Ireland has long been of high importance for consumers. As a result, the vast majority of raw meat sold in all major retailers is of Irish origin. Irish consumers have become accustomed to seeing Bord Bia Quality Assurance mark on the packaging of meat products, ensuring both quality and that the meat is fully traceable back to an Irish farm. In the most recent Bord Bia Quality Mark Retail Audit, 98% of beef, 84% of chicken, 96% of lamb and 91% of pork had Bord Bia's Quality Mark on pack³⁰.

Despite this, consumers are also looking for engaging experiences when it comes to the food that they eat. During the Covid-19 pandemic and the restrictions that went along with it, the kitchen became a hub of adventure and creativity. From a playful attitude towards store cupboard ingredients to enhancing offbeat flavours, people are using their taste buds to travel the world. Gen Z is a particularly active demographic in this space. They are also becoming tastemakers. Gen Z is often more adventurous with their food, being more open to bold and spicy flavours. It has been suggested that this is partly due to the fact that they are the most diverse generation, and so many have been exposed to global flavours from a young age.³¹ Gen Z actively looks for multicultural experiences when it comes to their food.

Omnichannel

The online market has continued to grow throughout the pandemic, and this convenient option for consumers seems to have stuck. The channel's market share is now 3.3 percentage points higher than the same 52-week period in 2019. Many people became more reliant on online shopping over the course of the pandemic, and this has fitted in quite naturally with our busier schedules post Covid-19. In the context of rising prices, it also allows consumers to be more considerate as they add items to their basket. While people are buying less in stores, the average number of items being purchased online is actually on the rise, growing by 3.2% year on year.³²

Multiple retailers have either developed their own order fulfilment and delivery system or have partnered with companies offering delivery services. The likes of Deliveroo and buymie have been growing throughout the pandemic, especially in urban areas. Deliveroo has partnered with Aldi for deliveries, while buymie have partnered with Dunnes Stores, Lidl and Tesco.

Enhancing the overall consumer experience has also become important for those shoppers who still have the desire to go to the store themselves. Self-service checkouts as well as self-scanners have been on the rise over the last few years, with the majority of supermarkets and convenience retail outlets utilising this technology to enhance consumer experience. Loyalty apps and digitised coupons have also been on the rise in recent years, with most key players in the market now integrating mobile technology into their omnichannel and consumer experience strategy.

²⁹ Bord Bia '[Consumer Lifestyle Trends, Life Logistics](#)'

³⁰ Bord Bia '[Retail Audit on the Quality Mark](#)' Q1 2022.

³¹ Bord Bia (2020) '[Keeping up with Gen Zs](#)'

³² Kantar (2022) 'Irish shoppers feel the pinch as grocery price inflation hits'

Functional Foods

Interest in health and wellness has been on the rise for some years, but the pandemic has thrown it into even sharper focus, with people becoming hyper-focused on both physical and mental health. It means there is a growing need for better access to not only health treatments, but also to information and education around health and nutrition. Pre-pandemic, people were focused on proactively optimising their health and pushing to be the best version of themselves. But the pandemic saw a shift to people taking reactive approaches to avoid catching the virus and reduce the severity of symptoms. Moving forward, people will be marrying proactive and protective approaches to their health and wellbeing.³³

This trend comes to the fore particularly in the drinks category, with the rise of beverages such as kombucha and kefir, which have probiotic properties to aid in gut health. 57% consumers want to use beverages as a vehicle for digestive health benefits (Globaldata).³⁴ With growing evidence of the gut-brain connection and more palatable and accessible options coming on-stream, demand for functional foods are expected to grow significantly across multiple categories.

Final Remarks

The Irish retail grocery market is likely to remain competitive and dynamic for the foreseeable future. This is driven both in response to the immediate inflationary pressures causing cost of living challenges for Irish consumers, and in response to a demand for increased variety and range of foods on offer by a population seeking new and exciting food options and experiences. Retailers in Ireland are investing in their businesses, and look set to remain focused on bringing innovative products and in-store theatre to their customers, all the while committed to offering high quality and sustainably produced food and beverages.

Report Author

Bord Bia - The Irish Food Board, is the Irish government trade agency for the food and drink industry. Our role is to play a significant part in the sustained success of Irish food and drink while we carry a huge sense of pride in the sector's produce, its people, its place and its progress. Our focus is on supporting and enabling our clients (producers and farmers) so that they can be at their best, bringing Ireland's outstanding food, drink and horticulture produce to the world. www.bordbia.ie

³³ Bord Bia "Consumer Lifestyle Trends (2021)"

³⁴ Bord Bia "Beverage Futures Playbook" (2021)