



EU Exit - Online shopping and parcel delivery for consumers in Northern Ireland

August 2020

1. Executive Summary

- 1.1 The Consumer Council has been monitoring the UK's departure from the European Union (EU) to establish if there are potential risks to Northern Ireland consumers when they shop online.
- 1.2 One area we are particularly concerned about is the impact on online shopping for Northern Ireland consumers. Online purchases are now a significant part of purchasing habits. The UK Government Approach to the Northern Ireland Protocol¹ has suggested that UK authorities will apply EU customs rules to goods entering Northern Ireland. This will entail new administrative processes for traders, notably new electronic import declaration requirements, and safety and security information, for goods entering Northern Ireland from the rest of the UK. These are needed to make sure that goods destined for the Republic of Ireland attract tariffs when they should. Currently it is unclear how this might affect consumers in Northern Ireland either directly or indirectly when they buy goods online from UK retailers based in Great Britain (GB).
- 1.2 The Consumer Council is concerned that online GB businesses may decide to pass some or all of these additional costs to consumers in Northern Ireland, or decide not to sell to consumers in Northern Ireland at all. While there has been an announcement around a Trader Support Service for businesses², we do not have any clarity as to how this service will ensure that no new costs are imposed on consumers. Additionally, the EU's guidance³ suggests there is a potential risk around a postal operator handling charges to consumers. These charges recover any cost the postal operator incurs as part of the custom processes when goods arrive into Northern Ireland from GB.
- 1.3 The Consumer Council wanted to explore how this would impact on consumers in Northern Ireland that shop online by carrying out research. Quantitative research was carried out by YouGov consisting of 1,014 online interviews with consumers. Qualitative research was also carried out by Ipsos MORI consisting of 11 online focus groups, one in each Local Government District (LGD) in Northern Ireland.
- 1.4 It should be noted that the quantitative research took place from 6 March to 23 March 2020, before the UK entered a lockdown on 23 March 2020, and the qualitative research took place from 24 March to 6 April 2020 at the start of the UK lockdown to help deal with the Coronavirus pandemic.
- 1.5 The findings from the two research studies show there could be a significant negative impact which would reduce consumer choice in Northern Ireland.
- 1.6 Most consumers (65%) in Northern Ireland shop online every month and say this provides a number of benefits. For instance, it allows consumers to shop around,

¹ UK Government Cabinet Office – The UK's approach to the Northern Ireland Protocol – May 2020

(https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/887532/The_UK_s_Approach_to_NI_Protocol_Web_Accessible.pdf)

² <https://www.gov.uk/guidance/trader-support-service>

³ https://ec.europa.eu/info/sites/info/files/notice_to_stakeholders_brexit_online_sales_0.pdf

provides greater choice and better access to deals for the goods consumers in Northern Ireland want or need.

- 1.7 Consumers in Northern Ireland regularly spend up to £100 each month online buying everyday low value items such as pet supplies, clothes, cosmetics and medicines. Additionally, consumers in Northern Ireland buy most of their online goods from GB (77%) compared to other locations around the world.
- 1.8 Northern Ireland consumers have embraced online shopping with many (26%) saying they will do more of this in future. Alongside this, the Coronavirus pandemic means more consumers (11%) will now shop online.
- 1.9 This helps to illustrate the nature and extent of the potential risk to Northern Ireland consumers if any of The Consumer Council's concerns about higher prices, goods not being available, delays in delivery and operator handling fees become a reality.
- 1.10 The research shows that consumers in Northern Ireland say it is unfair (83%) if they experience higher delivery costs, postal operator handling fees, items not being available and longer delivery times due to new arrangements for goods moving from GB to Northern Ireland. Indeed, it brought out a strong emotive response from consumers taking part in the online focus groups, with many saying they would move away from online shopping. Worryingly, many (57%) say they would not be able to get the goods they want or need. There would be significantly less choice for Northern Ireland consumers that want or need to shop online.
- 1.11 Consumers in Northern Ireland (55%) want the UK Government to tell them how the new rules will affect them. The UK Government must clarify without delay how the customs arrangements will affect Northern Ireland consumers when they shop online with UK retailers located in GB.
- 1.12 The Consumer Council proposes a number of recommendations to deal with the potential negative impacts which are:
 - *Goods ordered online for delivery to consumers in Northern Ireland should be exempt from tariffs and administration checks as they pose minimal risk of entering the EU.* The Consumer Council believes that online purchases made directly by consumers are generally low value⁴ and at minimal risk of moving outside of the UK. The Joint Committee should consider the exemption of any customs administration on UK retailers selling to Northern Ireland, so as to avoid discrimination against Northern Ireland consumers. The Consumer Council would suggest that the Joint Committee may wish to undertake a risk assessment to understand further the level of risk the exemption of tariffs and administration checks to goods ordered online for delivery in Northern Ireland presents to both the EU and UK economy, retailers and consumers.

⁴ YouGov research commissioned by The Consumer Council research indicates that clothes, books and stationery, and footwear are the most commonly bought items online, with 75%, 53% and 53% of consumers purchasing these items in the last year. The majority of people spend under £100 a month.

- *Clarity is needed urgently for retailers trading under the Northern Ireland protocol.* The Consumer Council is calling on the UK Government to provide clarity on customs arrangements for online retailers selling to consumers in Northern Ireland. The lack of clarity and detail around the NI Protocol and the movement of goods from GB to Northern Ireland is causing uncertainty for businesses and consumers alike. The UK Government should consider that many retailers do not have the capacity to absorb additional administration costs for selling to Northern Ireland, and will therefore be likely to pass these onto consumers in this part of the UK.
- *The UK Government should hear the voice of the Northern Ireland consumer.* The UK Government has continued to seek views from business representatives throughout the Brexit trade negotiations. Whilst we commend this work and believe it to be fundamental, we would caution that it is equally important for the UK Government to hear from Northern Ireland consumers. This has been a missing element of the Brexit negotiations. Northern Ireland consumers' voices have not been heard. We would request that the UK Government seeks to establish a Consumer Working Group that represents Northern Ireland consumers.
- *Explore the impacts of the Northern Ireland Protocol on the Universal Postal Service.* The UK Government and Ofcom (Postal Regulator) should consider what impact the arrangements outlined in the Ireland and Northern Ireland Protocol could have on the Universal Postal Service, and seek a commitment from the UK Government that there will be no impact on the Universal Postal Service.
- *Review Handling Fees charged by Postal Operators.* If postal operators are instructed to undertake customs processes for postal items entering Northern Ireland from GB, The Consumer Council will work with Postal Operators to review the postal operator handling fee to ensure the charge is fair, and consider if the UK Government should explore possible options to introduce a cap on the amount that can be charged and to reduce the cost of the handling fee.

2. Introduction

Background

- 2.1 Nearly all consumers in Northern Ireland shop online and have items delivered to their home address. The Consumer Council's research in August 2019 showed that 95%⁵ of Northern Ireland consumers shopped online at least once over the previous 12 months. Additionally, nearly two-thirds (64%) shop online every month and on average consumers in Northern Ireland receive 15 parcels a year with goods they have ordered online⁶. Online shopping and parcel delivery are part of the Northern Ireland consumer's lifestyle.
- 2.2 A fundamental part of the consumer online experience is parcel delivery of the goods. Consumers in Northern Ireland already experience delivery issues when shopping online with retailers based in GB depending on that retailer's delivery policy. These issues include higher delivery prices, having free delivery withdrawn as they live in Northern Ireland and experiencing longer delivery times. Additionally, some UK retailers tell consumers they do not deliver to Northern Ireland for various reasons⁷. These existing issues create barriers for consumers in Northern Ireland which they feel are unfair. We discuss this further in Paragraph 2.11.
- 2.3 The majority of UK online retailers send goods bought online by consumers in Northern Ireland to the consumer's home address. This means the majority goods bought online by Northern Ireland consumers move through the postal system or the operator's parcel network within the UK from GB to Northern Ireland.

The UK's approach to the Northern Ireland Protocol

- 2.4 The UK left the EU on 1 February 2020. The UK and EU reached an agreement for the transition period which finishes on 31 December 2020.
- 2.5 During this transition period the UK and EU are set to negotiate a trade agreement. If no trade agreement is reached the UK's existing arrangement, The Northern Ireland protocol⁸, will apply.
- 2.6 The UK published its approach to the Northern Ireland Protocol on 20 May 2020⁹. This document confirmed some limited additional processes on goods arriving in Northern Ireland from GB will be required, and highlighted new administrative process for GB traders such as the need for electronic import declaration, and safety and security information. More recently in August 2020, there has been an announcement around a new free to use Trader Support Service for businesses¹⁰,

⁵ The Consumer Council. Opinion Online Survey (August 2019). Unpublished Research.

⁶ The Consumer Council. Opinion Online Survey (August 2019). Unpublished Research.

⁷ [The Consumer Council. The Online Parcel Premium \(June 2015\).](#)

⁸The UK's approach to the Northern Ireland Protocol
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/887532/The_UK_s_Approach_to_NI_Protocol_Web_Accessible.pdf

⁹ [Cabinet Office. The UK's Approach to the Northern Ireland Protocol \(May 2020\).](#)

¹⁰ <https://www.gov.uk/guidance/trader-support-service>

however, this does not have any clarity as to how this service will ensure that no new costs are imposed on consumers.

- 2.7 In March 2020, the EC issued a notice to stakeholders named the ‘Withdrawal of the UK and EU rules for online sales which require parcel delivery’, which is set to apply after the transition period¹¹. This notice outlines the EU’s customs administration advice. It states goods shipped from GB to Northern Ireland will be treated as an import to the EU. This document suggests that at the end of the transition period, goods from GB to Northern Ireland will need ENS, Customs Declarations and presentation to customs. This notice also says that the postal or express operator may charge a fee for dealing with customs procedures.
- 2.8 There is no substantial discussion in the above documents about how the customs administration processes between GB and Northern Ireland will affect consumers in Northern Ireland, especially when consumers shop online with UK retailers based in GB. However, the UK Government’s impact assessment on the withdrawal agreement does identify a high level risk around higher prices for Northern Ireland consumers if businesses incur higher costs and pass some or all of these onto consumers as a result of compliance with processes associated with the Northern Ireland protocol¹². On 7 August 2020 around £200 million of funding was pledged by the UK Government to set up a free-to-use Trader Support Service, an end-to-end support service to deal with import and safety and security declarations¹³. However, the Trader Support Service for businesses¹⁴, does not provide any clarity as to how this service will ensure that no new costs are imposed on consumers.
- 2.9 The House of Lords EU Select Committee published its report on the Protocol on Ireland and Northern Ireland on 1 June 2020¹⁵. It states the Protocol is a complex document, specifically with what its provisions mean and how the provisions within the Protocol will be implemented operationally. It also highlights that stakeholders have asked for more information on what the Protocol will mean for them in practice¹⁶.

Existing issues and future risks when Northern Ireland consumers shop online with UK retailers located in GB

- 2.10 It is essential that any potential consumer issues created by the Protocol are fully understood and where relevant, action is taken to reduce or eliminate any consumer detriment. Any additional costs passed to consumers and reduction in

¹¹ [European Commission. Notice to stakeholders – withdrawal of the United Kingdom and EU rules in relation to online sales \(B2C\) of goods with subsequent parcel delivery \(incl. aspects of online pharmacies\) \(March 2020\).](#)

¹² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/841245/EU_Withdrawal_Agreement_Bill_Impact_Assessment.pdf

¹³ <https://www.gov.uk/government/news/major-650-million-investment-for-northern-ireland>

¹⁴ <https://www.gov.uk/guidance/trader-support-service>

¹⁵ [House of Lords. The Protocol on Ireland and Northern Ireland \(June 2020\).](#)

¹⁶ <https://www.gov.uk/government/publications/moving-goods-under-the-northern-ireland-protocol/moving-goods-under-the-northern-ireland-protocol-section-two-moving-goods-from-great-britain-to-northern-ireland#great-britain-to-northern-ireland-other-requirements> [item

4.6]

the quality of service could significantly reduce consumer choice by creating barriers which prevent consumers from shopping online with GB traders.

- 2.11 The Consumer Council has been campaigning for several years against the consumer detriment which many consumers in Northern Ireland have experienced when they shop online with UK retailers based in GB. As highlighted above (Paragraph 2.2) this existing detriment consists of higher delivery prices, non-delivery to Northern Ireland and longer delivery times.
- 2.12 For instance, The Consumer Council's research¹⁷ has found that as many as four in 10 UK online retailers apply an additional delivery surcharge for consumers living in the UK, including Northern Ireland, which can range from £0.45 to £39.95 per parcel. Additionally, almost one in three retailers who offer free delivery to the UK mainland did not extend the same offer to Northern Ireland consumers.
- 2.13 In this context, along with the high level risk identified in the UK Government's impact assessment on the withdrawal agreement, The Consumer Council is concerned that this detriment could increase significantly if GB businesses decide to pass some or all of the additional costs created by new customs processes when selling goods to consumers in Northern Ireland, or decide not to sell their goods to consumers in Northern Ireland. This will reduce choice for consumers in Northern Ireland.
- 2.14 Additionally, the EU's guidance to stakeholders implies there is also the potential risk around postal operator handling charges for goods coming into Northern Ireland from GB¹⁸. An additional amount is charged by the postal operator which is called a handling or clearance fee. This fee is to cover the costs the operator incurs processing the item, notifying you of the outstanding charges and collecting this money on behalf of HMRC.
- 2.15 Consumers in Northern Ireland are currently charged postal operator handling fees when they order goods online or receive gifts from outside the EU, and have to pay tax and custom charges¹⁹. Recent research shows that the current postal/parcel operator handling fee can range from £8.00 to £20.00²⁰. Table 1 outlines the published customs clearance fees for a number of operators.

¹⁷ The Consumer Council. Triangle Management Services: Online parcel delivery costs to NI (March 2018)

¹⁸ https://ec.europa.eu/info/sites/info/files/notice_to_stakeholders_brexit_online_sales_0.pdf

¹⁹ <https://www.consumercouncil.org.uk/customscharges>

²⁰ Triangle Management Services. Research into how Brexit may affect postal services and consumers in Northern Ireland (January 2020). Unpublished research.

Table 1. Published Customs Handling Fees

Operator	Cost of the fee
DHL Express	£11.00 or 2.5% of the total Duty and/or VAT, whichever is higher
DHL Parcel	£11.00 or 2.5% of the total Duty and/or VAT, whichever is greater
FedEx	£12.00 or 2.5% of the combined Duty and VAT (whichever is greater)
Parcelforce	£12.00
Royal Mail	£8.00
TNT Express	£20.00 or 5% of the combined Duty and VAT charge (whichever is greater)
DPD	From £10.00 or 2% of the combined Duty and VAT value, whichever is greater

- 2.16 If new arrangements resulted in customs handling fees for Northern Ireland consumers when buying goods from GB, this would add a significant cost to consumers in Northern Ireland, creating barriers and leading to a reduction in consumer choice when shopping online.

3. Purpose

3.1 The Consumer Council has identified the potential for consumer harm from the Northern Ireland Protocol with the growing online shopping market. The Consumer Council wanted to explore how this would impact on consumers through consumer research. This report outlines the most significant findings from two research studies (Paragraph 3.2 and 3.3) and has three key objectives which are:

- To establish the proportion of consumers in Northern Ireland that regularly shop online, why they do this, how much they spend, what they buy, where in the world they do most of their online shopping and how they feel about their future online shopping behaviour.
- To ascertain the present day delivery related issues Northern Ireland consumers face when they shop online with UK retailers based in GB, the proportion experiencing higher delivery costs because they live in Northern Ireland, those that experience UK retailers based in GB not delivering to Northern Ireland and longer delivery times.
- To understand how consumers in Northern Ireland would feel if they experienced any further delivery related issues due to new arrangements for goods moving from GB to Northern Ireland and who is best placed to tell them about any new rules and potential issues.

Methodology

Quantitative study

3.2 The Consumer Council commissioned YouGov to carry out a quantitative online study with 1,014 consumers to understand consumers' perceptions and attitudes to the impact of Brexit on postal services when receiving goods from GB. This research took place from 6 March to 23 March 2020. The research report can be found on The Consumer Council website.

3.3 **It should be noted that this research took place before the UK entered a lockdown on 23 March 2020 to help deal with the Coronavirus pandemic.**

Qualitative study

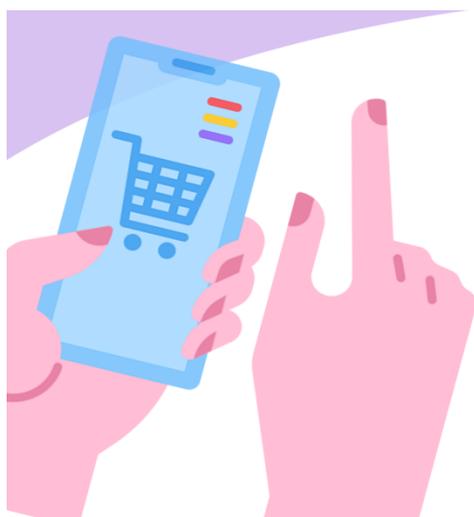
3.4 The Consumer Council commissioned Ipsos MORI to carry out a qualitative study into Northern Ireland consumer opinions about the potential impact the end of the Brexit transition may have on them. This consisted of 11 online focus groups, one in each Local Government District (LGD) in Northern Ireland. The research took place from 24 March to 6 April 2020. The research report can be found on The Consumer Council website.

3.5 **It should be noted that this research took place at the start of the UK lockdown to help deal with the Coronavirus pandemic.**

4. Key Findings

Northern Ireland consumers and online shopping

4.1 Many consumers in Northern Ireland regularly shop online. The quantitative study shows nearly two thirds (65%) of Northern Ireland consumers shop online every month. Additionally, a similar proportion (64%) say shopping online is important to them. Only 8% say online shopping is not important. It is clear online shopping is important to Northern Ireland consumers.



65% of Northern Ireland consumers shop online every month.

64% say shopping online is important to them.

Only **8%** say shopping is not important to them.

4.2 Online shopping provides many benefits to Northern Ireland consumers. The quantitative study shows greater accessibility, shopping around, choice and cost are the top reasons why consumers in Northern Ireland shop online. For instance:

- 59% say online shopping is more accessible as they can shop over longer hours compared to high street shops;
- 55% say online shopping allows them to shop around to compare prices;
- 53% say online shopping provides more choice; and
- 39% say online shopping reduces their costs as it is cheaper to shop online.

This further highlights why online shopping is important to consumers across Northern Ireland.

4.3 The qualitative study provides further insight into why consumers shop online, highlighting a busy lifestyle and the importance of price even when consumers would like to buy locally from the high street.



4.4 The majority of consumers (76%) in Northern Ireland regularly spend up to £100 each month online to buy goods which range from pet supplies to medicines. This

shows consumers are frequently buying everyday items online which are for personal/household use and in the context of the movement of goods are low value items.

Over three quarters (**76%**) spend on average £100 or under each month

- 4.5 Consumers in Northern Ireland buy most of their online goods from GB. As Table 2 demonstrates, in the last year GB (77%) is the top location where consumers buy online goods from followed by Northern Ireland (40%).

Table 2²¹. Percentage of Northern Ireland consumers buying from Great Britain, Northern Ireland, Republic of Ireland, another European Union country and Outside the European Union

Location of retailer	% of Northern Ireland consumers who bought goods online by location in the last year
Great Britain	77%
Northern Ireland	35%
Republic of Ireland	8%
Another European Union country	16%
Outside the European Union (such as USA, Australia, Japan etc)	20%

- 4.6 Again UK retailers based in GB are the top location for consumers buying everyday items across all the product ranges identified within the quantitative study. For instance:
- **Clothes:** 74% of Northern Ireland consumers buy from retailers located in GB;
 - **Pet Supplies:** 69% of Northern Ireland consumers buy from retailers located in GB;
 - **Cosmetics:** 69% of Northern Ireland consumers buy from retailers located in GB;
 - **Medicines, prescriptions and eyewear:** 64% of Northern Ireland consumers buy from retailers located in GB.
- 4.7 Consumers in Northern Ireland say they will shop online more in future. Nearly two thirds (65%) say they will shop online as they do now and over a quarter (26%) say they will do more online shopping in future. The main reasons for consumers saying they will shop online in future is because it is convenient (23%), easier (18%) and the belief that this is the future way of shopping (12%). Interestingly, over one in ten (11%) said Coronavirus would influence their online shopping behaviour which means they would do more online shopping

²¹ Figures do not total as the questions allowed all options that applied to the respondent. In the past 12 months when shopping online, to the best of your knowledge, have you bought from retailers based in the following locations? Please tick all that apply.



Over one in four
(26%) Northern
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Over one in ten
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Existing delivery related issues

- 4.8 As highlighted in 2.11 and 2.12 above consumers in Northern Ireland already face barriers including higher delivery costs because they live in Northern Ireland, UK retailers based in GB not delivering to Northern Ireland and longer delivery times. However, The Consumer Council required up-to-date information on the proportion of consumers who have experienced these issues over the last 12 months.
- 4.9 Many consumers in Northern Ireland still face these issues. Over half (51%) experienced UK retailers telling them they did not deliver to Northern Ireland, nearly half (48%) experienced higher delivery costs because they lived in Northern Ireland and over a third (34%) experienced longer than agreed delivery times.



Over half (**51%**) of consumers in Northern Ireland experienced UK retailers telling them they did not deliver to Northern Ireland.



Nearly half (**48%**) of consumers in Northern Ireland experienced higher delivery costs.



Over a third (**34%**) of consumers in Northern Ireland experienced longer than agreed delivery times.

- 4.10 In this context The Consumer Council is concerned that if online GB retailers incur additional costs due to compliance with the Northern Ireland protocol the proportion of Northern Ireland consumers experiencing these issues could increase considerably.

Potential future delivery related issues and the consumer perspective

- 4.11 Regardless of whether a trade agreement is reached between the UK and EU, in January 2021 customs arrangements between GB and Northern Ireland will mean goods bought online coming from a retailer in GB into Northern Ireland will be subject to customs administrations.
- 4.12 As previously mentioned these arrangements could increase GB retailers' administration costs when sending items to Northern Ireland. The retailers' additional costs could result in higher delivery prices for consumers in Northern Ireland as retailers try to recover costs by passing these to the consumer. Retailers might also decide not to sell goods to consumers in Northern Ireland to avoid additional costs. Consumers could also be directly affected by experiencing delivery delays due to the potential checks on goods, retailers refusing to sell to Northern Ireland and additional postal operator handling fees²² may be applied for their role in any custom processes.. If this happened it would reduce consumer choice creating significant barriers preventing or reducing the likelihood that consumers would shop online with retailers based in GB.
- 4.13 In the absence of any clear guidance about how new arrangements will affect consumers in Northern Ireland shopping online, The Consumer Council wanted to better understand consumers' attitudes if new arrangements meant:
- Higher prices to deliver goods to Northern Ireland;
 - Postal operator handling fees;
 - Some items not being available; and
 - Longer delivery times.

²² https://ec.europa.eu/info/sites/info/files/notice_to_stakeholders_brexit_online_sales_0.pdf

- 4.14 Not surprising, consumers in Northern Ireland say any of these outcomes would have a negative effect on them. Some expressed strong feelings about being treated unfairly, having reduced choice and perhaps most importantly saying they would be unable to get the goods they want or need.
- 4.15 The quantitative study shows the majority (83%) say being treated this way is unfair. The key advantage of more choice would be removed with over three quarters (78%) saying they will have reduced choice. Over three quarters (76%) say they will be inconvenienced but will shop around to try and get goods somewhere else. Most worryingly, over half (57%) say they will not get the goods they want or need.
- 4.16 The qualitative study also provides some insight into consumer concerns about these potential issues. Some consumers have already experienced higher delivery charges or companies refusing to deliver to Northern Ireland, and any prospect of higher delivery charges caused the most concern.



- 4.17 Both studies show how consumers in Northern Ireland would respond to any negative effects on them when buying goods from GB retailers.
- 4.18 The quantitative study shows that if additional charges were applied nearly one in two (49%) would move away from online shopping and go to the high street instead for the goods they needed. This would reduce consumer choice in Northern Ireland. Also, if GB retailers did not sell the items to consumers in Northern Ireland the majority (73%) would move away from online shopping and go to the high street. Again, it is important to highlight that over half (57%) of Northern Ireland consumers say they would not be able to get the goods they want or need. This would lead to a significant reduction in consumer choice.



57% of Northern Ireland consumers say they would not be able to get the goods they want or need.

- 4.19 The qualitative study supports these findings. For instance, consumers would respond by shopping less online and agreed that the increased fees/prices would remove the benefits of shopping online such convenience and value for money.
- 4.20 Both studies show consumers in Northern Ireland will have strong feelings about any negative effect they experience due to new custom arrangements between GB and Northern Ireland, and that the Government must communicate how these new rules will affect them without delay. For instance, most consumers (55%) say that the UK Government should communicate any changes instructions which impact on their online shopping should be communicated through online retailers. This should also be done as soon as changes are decided so Northern Ireland consumers are given adequate notice.

55% of Northern Ireland consumers say new UK Government instructions affecting them when they shop online should be communicated through online retailers as soon as possible.



- 4.21 It is vital that the UK Government clarifies in detail how the new customs arrangements will affect Northern Ireland consumers when they shop online with

UK retailers located in GB. Indeed, consumers (68%) want to know as soon as the Government knows what it means for them.



4.22 Consumers also recognise the role businesses, consumer bodies and parcel operators need to play in advising them about new import rules and any potential charges. The quantitative study shows that:

- 43% of consumers in Northern Ireland say that the businesses they buy from are best placed to tell them about potential changes and how they affect them ;
- 29% of consumers in Northern Ireland say consumer advice bodies are best placed to tell them about potential changes and how they affect them; and
- 22% of consumers in Northern Ireland say parcel operators' bodies are best placed to tell them about potential changes and how they affect them.

4.23 It is clear that a number of organisations will have an important role to play but it will need the UK government to issue clear and timely advice so businesses, consumer bodies and parcel operators can all plan how to tell consumers about any issues that might affect them and provide support.

5. Conclusion

5.1 Many consumers in Northern Ireland regularly shop online. It gives Northern Ireland consumers greater accessibility, allows them to shop around, provides greater choice and they can save money by getting access to better deals for the goods they want or need.

5.2 Consumers in Northern Ireland regularly spend up to £100 online each month to buy everyday items. The typical items consumers buy online include pet supplies, clothes, cosmetics and medicines.

5.3 Consumers in Northern Ireland buy most of their online goods from GB compared to within the EU and from traders located outside of the EU including for clothes, pet supplies, cosmetics and medicines.

- 5.4 Northern Ireland consumers have embraced online shopping with many saying they will do more in future. Indeed, the Coronavirus pandemic may serve to increase their online shopping behaviour.
- 5.5 Consumers in Northern Ireland still experience higher delivery costs because of UK retailers based in GB not delivering to Northern Ireland and longer delivery times.
- 5.6 The Consumer Council is concerned that if online GB retailers incur additional costs due to compliance with the Northern Ireland protocol the proportion of Northern Ireland consumers experiencing these issues could increase considerably. This would have a significant negative effect on consumer choice in Northern Ireland.
- 5.7 Consumers in Northern Ireland say it will be unfair if they experience any further issues with higher prices for delivery of goods to Northern Ireland, postal operator handling fees, items not being available and longer delivery times due to new arrangements for goods moving from GB to Northern Ireland.
- 5.8 If these issues affected consumers in Northern Ireland many would move away from online shopping or shop online less frequently, significantly reducing consumer choice. Most worryingly, many Northern Ireland consumers say they would not be able to get the goods they want or need which would create significant Northern Ireland consumer detriment compared to their GB counterparts.
- 5.9 Consumers in Northern Ireland want the Government to tell them how the new rules will affect them. The UK Government must clarify without delay how the new customs arrangements will affect Northern Ireland consumers when they shop online with UK retailers located in GB.

6. Recommendations

- 6.1 The Consumer Council proposes a number of recommendations to deal with the potential negative impacts which are:
- *Goods ordered online for delivery to consumers in Northern Ireland should be exempt from tariffs and administration checks as they pose minimal risk of entering the EU.* The Consumer Council believes that online purchases made directly by consumers are generally low value²³ and at minimal risk of moving outside of the UK. The Joint Committee should consider the exemption of any customs administration on GB retailers selling to Northern Ireland, so as to avoid discrimination against Northern Ireland consumers. The Consumer Council would suggest that the Joint Committee may wish to undertake a risk assessment to understand further the level of risk the exemption of tariffs and administration

²³ YouGov research commissioned by The Consumer Council research indicates that clothes, books and stationery, and footwear are the most commonly bought items online, with 75%, 53% and 53% of consumers purchasing these items in the last year. The majority of people spend up to £100 a month.

checks to goods ordered online for delivery in Northern Ireland presents to both the EU and UK economy, retailers and consumers.

- *Clarity needed urgently for retailers trading under the Northern Ireland protocol.* The Consumer Council is calling on the UK Government to provide clarity on customs arrangements for online retailers selling to consumers in Northern Ireland. The lack of clarity and detail around the NI Protocol and the movement of goods from GB to Northern Ireland is causing uncertainty for businesses and consumers alike. The UK Government should consider that many retailers do not have the capacity to absorb additional administration costs for selling to Northern Ireland, and will therefore be likely to pass these onto consumers in this part of the UK.
- *The UK Government should hear the voice of the Northern Ireland consumer.* The UK Government has continued to seek views from business representatives throughout the Brexit trade negotiations. Whilst we commend this work and believe it to be fundamental, we would caution that it is equally important for the UK Government to hear from Northern Ireland consumers. This has been a missing element of the Brexit negotiations. Northern Ireland consumers' voices have not been heard. We would request that the UK Government seeks to establish a Consumer Working Group that represents Northern Ireland consumers.
- *Explore the impacts of the Northern Ireland Protocol on the Universal Postal Service.* - UK Government and Ofcom (Postal Regulator) should consider what impact the arrangements outlined in the Ireland and Northern Ireland Protocol could have on the Universal Postal Service, and seek a commitment from the UK Government that there will be no impact on the Universal Postal Service.
- *Review Handling Fees charged by Postal Operators* – If postal operators are instructed to undertake customs processes for postal items entering Northern Ireland from GB, The Consumer Council will work with Postal Operators to review the postal operator handling fee to ensure the charge is fair, and consider if the UK Government should explore possible options to introduce a cap on the amount that can be charged and to reduce the cost of the handling fee.



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