

## Written evidence submitted by the Consumer Council (NIP0034)

### RESEARCH BRIEFING - THE NORTHERN IRELAND CONSUMER EXPERIENCE OF EU EXIT

#### BACKGROUND

1. The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland (NI). We have specific statutory duties in relation to energy, postal services, transport, and water and sewerage, with non-statutory responsibilities to educate and empower consumers against unfair or discriminatory practices in any market. For more information, visit: [www.consumercouncil.org.uk](http://www.consumercouncil.org.uk)

#### INTRODUCTION

2. It is vital to understand consumers' views and experiences of EU Exit, and to take account of how the COVID-19 pandemic has affected NI consumers.
3. This briefing largely outlines the key findings from independent research commissioned by the Consumer Council which looks at the early NI consumer experience of EU Exit from 1 January 2021.
4. The Consumer Council commissioned separate research studies, commencing from March 2021, to gain a better understanding of the NI consumer experience. This programme of research consisted of studies into:
  - **The Real and Perceived Impacts of the EU Exit for NI Consumers.** This was a quantitative study to understand consumer opinions, perceptions and early experiences of EU Exit<sup>1</sup>. This consisted of online interviews with 1,000 consumers. The fieldwork took place between 16 March and 31 March 2021.
  - **EU Exit – Impact on NI Consumers.** This was a qualitative research study of consumers in NI to understand if leaving the EU has affected consumers and how they feel it is likely to impact them in the future<sup>2</sup>. This consisted of 11 online focus groups across NI. The fieldwork took place during March and April 2021.
  - **The Impact of the EU Exit on Consumer Postal Deliveries.** This was a quantitative study into how EU Exit has affected consumer postal deliveries in NI<sup>3</sup>. This consisted of online interviews with 1,004 consumers. The fieldwork took place between 20 March and 30 March 2021.
5. It is important to highlight that in some areas it was difficult for consumers to identify the nature and extent of how their experience was affected by EU Exit, the COVID-19 pandemic or a combination of these two significant events. As mentioned above, it is also crucial to take account of how the pandemic has affected NI consumers in terms of a reduction in household income, the affordability of essential bills and changing consumer behaviour, such as a reduction in travel and an increase in the need to shop online.
6. In this context, we also outline some key findings from independent research we commissioned to assess the impact of the COVID-19 pandemic on NI consumers. This research consists of:
  - **Experiences of Low Income Households during COVID-19.** This was a qualitative study to identify and understand the day-to-day issues facing low income consumers taking account of the challenges created by COVID-19<sup>4</sup>. This consisted of 33 in-depth interviews with consumers living

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<sup>1</sup>Social Market Research. Real and Perceived Impacts of the EU Exit for NI Consumers (2021). April 2021.

<sup>2</sup> Ipsos MORI. EU Exit – Impact on NI Consumers. April 2021.

<sup>3</sup> Social Market Research. Impact of the EU Exit on Consumer Postal Deliveries. March 2021.

in low income households. Additionally, focus groups and interviews were carried out with advice agencies that have supported low income households throughout the pandemic and the fieldwork took place in February and March 2021.

- **Consumer Insight Survey 2021.** This was a quantitative study to provide insight into the issues facing NI consumers<sup>5</sup>. This consisted of online interviews with 1,059 consumers. The fieldwork took place between 10 February 2021 and 2 March 2021.
  - **COVID-19 - Barriers to Transport Recovery.** This was a qualitative study to understand real and perceived barriers to rebuilding consumer confidence in transport within, and to and from, NI<sup>6</sup>. This consisted of 12 focus groups with a total of 96 consumers taking part in the study. The fieldwork took place in February and March 2021.
7. When outlining the key findings from our research, the briefing discusses the following:
- Consumer Opinions and Perceptions of EU Exit;
  - The Consumer Experience of Food Shopping;
  - The Consumer Experience of Energy Pricing
  - The Consumer Experience of Transport and Travel; and
  - The Consumer Experience of Online Shopping and Parcel Deliveries.
8. The key statistical findings from the quantitative studies presented in the briefing are statistically significant and representative of the NI population.

#### **CONSUMER OPINIONS AND PERCEPTIONS OF EU EXIT**

9. Many consumers across NI are concerned about how they may be affected by EU Exit. The Consumer Council's research into **The Real and Perceived Impacts of the EU Exit for NI Consumers** shows that over half (52%) of NI consumers feel worried now that we have left the EU<sup>7</sup>. This research also offers insight into the general areas of why consumers are worried and where consumers have most concerns. The list of consumer concerns in rank order are<sup>8</sup>:
- 1) price increases;
  - 2) the NI economy;
  - 3) maintaining a frictionless border with the Republic of Ireland;
  - 4) reduction of choice of retailers / products available in NI;
  - 5) introduction of tariffs on goods sourced from outside NI;
  - 6) introduction of customs checks;
  - 7) longer delivery times;
  - 8) reduction in quality of food standards;
  - 9) reduction in product safety standards; and
  - 10) reduction of consumer protections.
10. The top concern for NI consumers is price increases. This also featured in our qualitative research into **EU Exit – Impact on NI consumers** with many consumers saying they expect prices to increase across a range of products and services. One specific issue that was raised by these consumers was the disproportionate impact price increases would have on low incomes consumers, and how this would be compounded by the negative effect of the COVID-19 pandemic.

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<sup>4</sup> Social Market Research. Experiences of Low Income Households during COVID-19. March 2021.

<sup>5</sup> YouGov. Consumer Insight Survey 2021. March 2021.

<sup>6</sup> Social Market Research. COVID-19 - Barriers to Transport Recovery. May 2021.

<sup>7</sup> Social Market Research. The Real and Perceived Impacts of the EU Exit for NI Consumers. April 2021

<sup>8</sup> 1,000 NI consumers were presented with a list of often discussed EU Exit consumer matters and asked to rank their top three concerns.

11. Indeed, a separate Consumer Council study into the **Experiences of Low Income Households during COVID-19** helps to show the day-to-day challenges these consumers face<sup>9</sup>. This research shows low income consumer households have been severely affected by decreasing income levels and increasing household outgoings like more expensive food and energy bills due to COVID-19.
12. Alongside this, advice agencies explained that debt in low income households is building up and it can typically take two years or more for the debt to reach a level where consumers seek help and support.
13. Our annual Consumer Insight Survey shows that nearly a third (32%) of all NI consumers have had a reduction in their household income due to COVID-19. The research also shows that more than four in ten (42%) say their ability to pay bills has been negatively affected to some extent due to COVID-19.
14. Considering this, any future price increases will affect a significant proportion of NI consumers. It will also have a greater negative effect on low income consumers across NI and add to their existing financial struggles.

### **THE NI CONSUMER EXPERIENCE OF FOOD SHOPPING**

15. The Consumer Council's research into **EU Exit: Impact on NI Consumers** shows that a majority of consumers have recently experienced difficulty and expressed concern in relation to food shopping. We discuss this in detail below (Paragraph 18). This study reported consumer dissatisfaction due to changes in food pricing and concerns surrounding the availability of certain foods, such as fruit and vegetables.
16. This research found a number of common issues as identified below (Paragraph 18). One major concern for consumers was food supply shortages with many consumers that took part reporting an abundance of empty shelves at supermarkets.
17. Consumers also reported anger and frustration due to changes in pricing and supply of food believing that this would force them to shop locally at higher personal cost. However, some consumers did state they would be willing to accept price increases at local stores, if food standards did not decrease<sup>10</sup>.
18. Our quantitative research into **The Real and Perceived Impacts of the EU Exit for NI Consumers** provides statistical analysis of the food and shopping experience of NI consumers. This found that:
  - over two thirds (68%) have experienced certain goods being no longer available;
  - two thirds (66%) have experienced a noticeable increase in price for certain goods;
  - nearly two thirds (63%) report having to use alternative suppliers to access certain goods;
  - nearly two thirds (63%) have also had to substitute goods due to lack of availability; and
  - over half (53%) of consumers experienced going without certain goods.
19. The Consumer Council also monitors how much consumer households across NI spend on groceries in comparison to their GB counterparts. This activity is independently carried out by Kantar on behalf of the Consumer Council and looks at how much consumers spend over four week cycles<sup>11</sup>.
20. Overall this monitoring activity shows that NI households currently spend more on groceries compared to those in GB. For instance, in March 2021 NI households on average spent £400 compared to GB households who on average spent £356.

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<sup>9</sup> Social Market Research. Experiences of Low Income Households during COVID-19. March 2021.

<sup>10</sup> Ipsos MORI. EU Exit – Impact on NI Consumers. April 2021.

<sup>11</sup> Kantar: Grocery Shopping Monitoring in NI and GB.

21. It is also worth highlighting that compared to March 2019, both NI and GB households now spend more now compared to two years ago. At that time, NI households on average spent £347 and GB households spent £309 on groceries. This also means NI households were still spending more on food bills over two years, and that this trend has continued.
22. Another important consideration is that NI consumers more generally already have the lowest levels of disposable income across the UK. For instance, consumers in NI have on average £138 of weekly discretionary income, compared to the UK average of £239<sup>12</sup>. The combination of the lowest level of disposable income of any UK region and greater spend on groceries helps to illustrate the pressure increasing prices will put on NI consumers.
23. This is reflected in **The Real and Perceived Impacts of the EU Exit for NI Consumers** research, which asked what impact food price increases would have on consumers' financial resilience. It shows:
  - over a third (34%) said it would place a strain on their finances;
  - more than one in four (28%) would likely be able to absorb an increase (within reason);
  - more than one in five (23%) said they would have to cut household expenses elsewhere; and
  - more than one in ten (11%) stated that they would have to go without food.
24. Further analysis shows older consumers (71%), those with a disability (73%) and low income consumers (=<20k, 20%) are least likely to say they can absorb further increases in food costs. This highlights the most vulnerable NI consumers will be most negatively affected by food price increases.

#### **THE NI CONSUMER EXPERIENCE OF ENERGY**

25. The Consumer Council's **EU Exit – Impact on NI Consumers** research shows consumers are experiencing difficulty distinguishing the effects of EU Exit and those of the COVID-19 pandemic. This is apparent with the research findings of consumers' attitudes to energy consumption and utility pricing<sup>13</sup>.
26. NI consumers expressed concern and dissatisfaction over potential energy bill increases. However, for those who were dissatisfied, many have not attributed price increases to EU Exit, with a minority specifically feeling the COVID-19 pandemic has resulted in price fluctuations. NI consumers have also stated that market fluctuations and utility prices are to be expected. A number of NI consumers state they are expecting price increases across the board, from electricity and home heating oil, to petrol prices.
27. Additional research from the Consumer Council, **The Real and Perceived Impacts of the EU Exit for NI Consumers**, reveals how consumers believe leaving the EU will impact future energy policy<sup>14</sup>. The findings show:
  - over a third (36%) believe EU Exit will have a negative impact on energy prices;
  - one in four (25%) believe their choice and the availability of energy providers will be negatively impacted; and
  - more than one in five (22%) believe the security of supply of energy will be negatively impacted by EU Exit.
28. Energy and household utility prices have increased significantly since March, with recent household electricity prices seeing large increases for the NI consumer due to rises in wholesale costs.

#### **Electricity**

SSE Airtricity: Tariff increased by 3.9% / £22 a year (1 March 2021)

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<sup>12</sup> [Centre for Economics and Business Research Ltd. Asda Income Tracker. December 2020 \(released January 2020\).](#)

<sup>13</sup> Ipsos MORI. **EU Exit – Impact on NI Consumers**. April 2021.

<sup>14</sup> Social Market Research. **The Real and Perceived Impacts of the EU Exit for NI Consumers**. April 2021.

Budget Energy: Tariff increased by 3.9% / £22 a year (21 March 2021)  
Power NI: Tariff to increase by 6.9% / £39 a year (1 July 2021)  
Bright Energy: Tariff to increase by 7.9% / £42 a year (1 July 2021)  
Budget Energy<sup>12</sup> Tariff to increase 14.9% / £92 (1 July 2021)

#### **Natural Gas**

Firmus Energy (Ten Towns): Tariff increased by 17.75% / £78 a year (1 April 2021)  
SSE Airtricity Gas Supply NI: Tariff increased by 9.8% / £46 a year (1 April 2021)  
Firmus Energy (Greater Belfast): Tariff increased by 14% / £69 a year (15 April 2021)

### **THE NI CONSUMER EXPERIENCE OF TRANSPORT & TRAVEL**

29. Our research into **EU Exit – Impact on NI consumers** also examined how transport and travel arrangements have been affected<sup>15</sup>. However, as the end of the transition period coincided with the COVID-19 pandemic, consumers, who had significantly curbed travel, largely discussed their views in relation to future travel arrangements and travel behaviour.
30. Consumers expressed concern about additional costs in a number of travel areas including the greater need for travel insurance, medical insurance abroad, travel visas and general price increases. However, consumers generally found it difficult to predict how they could be affected by changes to travel costs, mainly due to the inability to separate the potential consequences of COVID-19 travel restrictions and the future impact of EU Exit. This indicates that it could take some time before consumers can distinguish between the impact of the pandemic and the impact of EU Exit on travel, as the two issues remain temporarily intertwined.
31. However, the Consumer Council’s research into **The Real and Perceived Impacts of the EU Exit for NI Consumers** provides some insight. This research found that:
- Consumers are more likely to anticipate negative impacts in relation to queues at passport control (52%), customs checks (52%), driving in Europe (48%), getting treatment abroad if ill (48%), and exchange rates / value for money (45%).
  - Conversely, relatively fewer consumers believe that their air passenger rights in relation to cancellations and delays (31%), and duty free allowances (33%), will be negatively impacted by EU Exit.
  - Furthermore, 42% anticipated negative impacts in driving in the Republic of Ireland, 44% in travel insurance cover and 37% in frequency and choice of destination for flights and sailings.
32. A majority of consumers said they are aware of specific changes following EU Exit. For instance, nearly two thirds (63%) are aware of green cards relating to car insurance when driving in EU countries; nearly six in ten (59%) are aware of changes to passports; and, more than half (52%) are aware of changes relating to Global Health Insurance Cards when travelling in EU countries.
33. The research also asked consumers if in the lead up to EU Exit, they made any preparations or arrangements in response to the changes resulting from the EU Exit deal. The findings show:
- over a quarter (28%) had requested or received a green card for their car insurance;
  - over a quarter (26%) checked the date of issue on their passport;
  - nearly one in five (19%) applied for or received an Irish passport; and
  - relatively fewer consumers had checked pet / animal travel arrangements (6%), or purchased / updated their travel insurance (8%).
34. The Consumer Council’s **Barriers to Transport Recovery** research also offers some insight into consumer attitudes towards travelling now and in the near future due to COVID-19<sup>16</sup>.

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<sup>15</sup> Ipsos MORI. EU Exit – Impact on NI Consumers. April 2021.

<sup>16</sup> Social Market Research. COVID-19 - Barriers to Transport Recovery. May 2021.

35. The findings show consumers are worried about travelling by air in the next few months due to the risk of being infected with COVID-19 and they are unlikely to travel to holiday or leisure destinations until there is a much lower risk of having to quarantine upon return. The risk of losing money or having problems getting it back are major deterrents to booking a holiday at this point in time.
36. The research also shows consumers consider ferry travel to be much safer than airline travel with enough space on-board to avoid the dangers of COVID-19. Sanitising is less of an issue on ferries than it is on planes and passengers feel they can take sanitising responsibility for themselves. Consumers are also less concerned about losing money if ferry arrangements have to be changed or cancelled compared to airline travel. Ferry companies are seen as having more flexible policies on changing bookings and offering refunds.
37. With much uncertainty about restrictions and the fear of contracting COVID-19, some consumers are looking closer to home for leisure travel and holidays.
38. Taking account of these findings, many consumers are deciding not to travel like previous years, which means it is not clear yet how EU Exit will affect the NI consumer experience.

### **THE NI CONSUMER EXPERIENCE OF ONLINE SHOPPING AND PARCEL DELIVERIES**

39. The Consumer Council's research into **The Real and Perceived Impacts of the EU Exit for NI Consumers** shows that more than nine in 10 (92%) NI consumers currently shop online<sup>17</sup>. The research also shows most of their online shopping comes from GB (69%), followed by NI (16%) and a smaller proportion comes from the EU (8%)<sup>18</sup>.
40. Additionally, this research explored what issues NI consumers have experienced when shopping online that can be attributed to leaving the EU. The findings show that since January 2021, NI consumers have experienced a range of issues when ordering goods online. This includes:
  - over two thirds (68%) have experienced UK online retailers no longer delivering to NI;
  - nearly two thirds (65%) have experienced delayed delivery of goods from GB online retailers;
  - over half (53%) have experienced reduced access to products offered by GB retailers;
  - over half (51%) have experienced an increase in the cost of goods bought online;
  - nearly a third (29%) have been charged customs related fees for parcels coming from GB; and
  - one in four (25%) have had problems with returning goods and getting refunds from GB retailers.
41. The research also illustrates NI consumers have experienced issues with EU retailers when ordering goods online. This includes:
  - nearly half (48%) have experienced EU online retailers no longer delivering to NI;
  - nearly half (47%) have experienced delayed delivery of goods from EU retailers;
  - nearly a third (31%) have been charged customs related fees for parcels from EU retailers; and
  - nearly one in four (24%) have had problems with returning goods and getting refunds from EU retailers.
42. A separate study commissioned by the Consumer Council into **The Impact of the EU Exit on Consumer Postal Deliveries** offers some further insight<sup>19</sup>. It shows that more than nine in 10 NI consumers shop online (98%), and identifies the types of items consumers across NI are buying online. The most common items are clothes (62%), shoes (39%), consumer electronics (34%), cosmetics (31%), and household goods like curtains and bedding (31%).

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<sup>17</sup> Social Market Research. The Real and Perceived Impacts of the EU Exit for NI Consumers. April 2021.

<sup>18</sup> Where does most of your online shopping come from? Base size: 916.

<sup>19</sup> Social Market Research. The Impact of the EU Exit on Consumer Postal Deliveries. April 2021

43. This study also explored the issues NI consumers have experienced when ordering goods. The findings show that over eight in 10 (83%) have noticed negative changes to their online shopping experience, the most notable being online retailers withdrawing delivery to NI with 65% experiencing this issue since January 2021.
44. The Consumer Council is also monitoring, as accurately as we can, the number of GB online retailers withdrawing delivery to NI and/or increasing their delivery costs. Indeed, a significant number of GB retailers have decided to suspend delivery to NI. Our monitoring activity from 1 January 2021 shows that overall:
- 289 GB retailers have suspended delivery to NI and, of these, 88 have resumed delivery to NI.
  - Six non-GB retailers have suspended delivery to NI and have yet to resume delivery to NI.
45. Alongside withdrawing delivery, many consumers (38%) have told us they have noticed more expensive delivery costs.
46. The **EU Exit – Impact on NI Consumers** qualitative study offers some insight into how NI consumers feel about increasing delivery costs. This aspect was a source of concern and frustration for consumers and there was a perception that increasing costs incurred by retailers would be passed on to NI consumers.
47. It is also important to note that a number of UK high street brands do not have a physical presence in NI and therefore the ability to shop online offers consumers here more choice and access to better deals which can save them money.
48. COVID-19 has also influenced consumers' online shopping behaviour across NI. The **Impact of the EU Exit on Consumer Postal Deliveries** research shows that some NI consumers are shopping online more frequently now than before with 35% shopping online each week compared to 30% before the pandemic. NI consumers are also spending more with online retailers for goods which require parcel deliveries, with NI consumers now spending £140 in an average month compared to £100 before the pandemic. This means with online shopping becoming increasingly important, it is vital that consumers across NI get adequate choice and access to the goods they need to buy online.

## **CONCLUSION**

49. Many consumers found it difficult to separate their experiences of EU Exit and the NI Protocol from the impacts of the COVID-19 pandemic.
50. The Consumer Council's research shows many consumers across NI are concerned about how they may be affected by the EU Exit. Consumers' top concern is around price increases.
51. However, it is vital to consider the context, the pandemic has put pressure on household finances and many have experienced an increase in the cost of household bills such as energy bills. This means that any future price increases for whatever the reason will affect a significant proportion of NI consumers and will have a greater negative affect on low income consumers who are already struggling with household bills.
52. Additionally, our research shows some consumers are having difficulty identifying if EU Exit or the COVID-19 pandemic is the main reason for the challenges they face. For instance, some consumers feel that energy prices are increasing due to the pandemic but some also expect EU Exit at a point in the future to affect energy prices and competition in the energy market.
53. Alongside this, many consumers are not yet clear how EU Exit will affect them when they travel. The reason for this is that many are deciding not to travel like previous years due to the pandemic. However, some consumers do feel in future that they will experience travel related issues such as queues at passport control, issues with customs checks, getting treatment abroad if they become ill and poorer value exchange rates.

54. Our research findings clearly demonstrate how consumers are being affected by EU Exit when they shop online. The most significant issue being experienced is UK online retailers no longer delivering to NI. However, our research also shows many consumers in NI have experienced issues with EU retailer including that some no longer deliver to NI.
55. Consumers across NI are facing significant challenges with the impact of COVID-19 pandemic and understanding how EU Exit is affecting them. Whatever the challenges, it is vital that these challenges are fully addressed so that consumers across NI are able to get access to the goods and services they need and want at affordable prices, and that the quality of service they receive meets their needs.

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