



**Impact of Digitalisation
on NI consumers**
**Summary Report prepared for:
The Consumer Council**
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Key insights: an executive summary

Background

Over the last twenty years the world has become increasingly more technological as access to goods, services and information have moved to online platforms. The Covid-19 pandemic has the potential to accelerate the speed of digitalisation even further. The Consumer Council has therefore identified the need to better understand the impacts that increased reliance on technology and digitalisation may have on consumers now and in the future and to understand the potential risks and rewards.

Methodology

A desk-based review of relevant literature was conducted followed by qualitative research consisting of nine focus groups with a total of 87 participants, 11 depth interviews with consumers and seven interviews with stakeholders. The focus groups and stakeholder interviews were conducted via Zoom given the present Covid-19 health restrictions. The depth interviews were conducted by telephone to facilitate the inclusion of those with no or limited internet access.

Key findings

Findings from the research were grouped under a number of key themes. These are explored in more detail below.

Experiences of digital exclusion

Research participants discussed a range of reasons why some consumers may struggle to access products and services online.

Cost of devices or internet connection

Participants explained that they were experiencing new or increased cost barriers to internet access due to the pandemic; either because the cost of devices had been driven up by increased demand or a need for more devices per household to accommodate at home working and schooling. A considerable number of participants felt that the cost of broadband needed to be addressed.

Lack of digital skills

A lack of digital skills appeared to be a barrier particularly affecting older consumers. Several participants described supporting older relatives to access online products and services. As more services have moved online during the pandemic, older consumers with limited digital skills have experienced a decline in their independence. Stakeholders were keen to highlight, however, that younger people too can lack adequate or suitable digital skills and that this can be compounded by poor mental health.

Fear or distrust of online services

A fear or distrust of online services often accompanied a lack of digital skills. Again, this issue was felt to mainly affect older internet users and was associated with specific activities online, particularly providing financial information.

Lack of accessibility

Research participants gave examples of how websites and devices were sometimes not designed to meet their needs. This affected a broad range of consumers such as those with visual impairments, learning difficulties, dementia, limited literacy and limited dexterity. Specific examples included sites that were not compatible with magnifiers or that would 'time-out' too quickly for a user to complete the task or where contact information for help and assistance were not clearly displayed.

Poor broadband speed

A number of participants were affected by poor broadband speed in some rural areas in Northern Ireland. Most felt powerless to do anything about the situation which caused frustration.

Challenges encountered online

Research participants were asked to share any negative experiences that they, friends or family had had online. They brought a number of concerns to the attention of the researchers:

Misinformation

Misinformation online can have negative consequences, particularly for vulnerable consumers by causing individuals to make decisions which are harmful to their health and wellbeing.

Online marketing

Participants explained that the volume of advertisements on some websites can make them difficult to use or navigate. Individuals were also unhappy with the number of spam marketing emails that they receive. One individual described setting up a separate account solely for this purpose. Some participants felt that more should be done to help people manage cookies online, describing how notifications about them on webpages can be confusing or intimidating for some internet users.

Pressure to download apps

Some focus group participants preferred using apps because they felt they were more secure and easier to use than webpages. However, others described how websites were increasingly encouraging consumers to download their apps in exchange for special offers or discounts. This added complexity and increased the number of decisions an individual had to make in a single transaction.

Loyalty penalties

Some participants also expressed frustration at so-called 'loyalty penalties' whereby they would be offered less preferable deals online than new customers. It was then necessary to contact a company by telephone to address the issue; something which some customers might lack the confidence to do.

Scams and fraud



Participants from all groups spoke about the rate and sophistication of scams and fraud online. Many had noticed an increased rate of scam attempts since the beginning of the pandemic and had linked this to their increased online shopping.

Security and data protection

The majority of research participants had concerns about the protection of their personal data online. While some participants recognised benefits to the collection of personal data online, such as access to more personalised services, it was generally felt that companies should be more transparent about what data they are collecting and for what purpose.

Online services in key sectors

The research explored the online experiences of NI consumers in a number of key sectors:

 <p>ENERGY</p>	<p>Consumers with no or limited internet are missing out on more favourable online tariffs or payment options.</p> <p>During the pandemic older people and vulnerable households became reliant on others to facilitate their gas and electricity top-ups.</p> <p>Participants described the inconvenience of having to top-up gas prepayment meters at a shop because there was no option to do so online. This created an additional risk of self-disconnection in cases where consumers struggled to access the outside meter.</p> <p>A number of participants felt there is a lack of choice or options in relation to energy suppliers in Northern Ireland.</p>
 <p>TRANSPORT</p>	<p>Those on low incomes are more likely to be dependent on public transport and may be more negatively impacted by changes to timetables, routes or prices if they do not have easy access to online information.</p> <p>The Translink website and app services were described as difficult to use. Participants criticised the need for two separate apps - one for checking journey times and another for booking tickets.</p> <p>Participants described the need to be cautious when booking flights online due to a risk of over-paying or spending more than intended.</p> <p>Participants highlighted a range of accessibility issues when using transport and travel services online. These included poor presentation of websites and timetables, which particularly impact those with visual impairments or cognitive or learning difficulties.</p> <p>For those with physical disabilities, it was suggested that accessibility resources are underdeveloped.</p>



Across all demographic groups, participants had almost no experience or awareness of online water services.

Only one individual had used the NI Water website to find out more information about a fault and two had booked an appointment to have a septic tank emptied online. All three were happy with the experience.

When other individuals had had to contact NI Water, they had done so by telephone and were satisfied with the experience.



A proportion of the consumer population in Northern Ireland still lack access to the most basic financial services. For these individuals, online banking is totally out of reach.

Others choose not to use online banking, either due to fears around security or because their lack of internet makes it impossible. In addition, some consumers with additional needs struggle to navigate complicated security processes for online banking.

There is concern that reduced availability of Post Offices and bank branches is making it much more difficult for consumers without internet banking to retain control over their finances and is making them more vulnerable to financial abuse by those they rely on for assistance with their banking.

Participants also described concerns about the security of online banking; for example, if an individual loses a phone with banking apps installed on it or when asked to provide security information over live chat.





The Covid-19 pandemic was especially disruptive. Many older people or those with specific disabilities were unable to access online grocery shopping despite the health risks associated with going to the supermarket. For non-essential items, they had to go without or were dependent on friends, family or charities.

Many participants complained that a number of companies had stopped delivering to Northern Ireland following Brexit or were increasing their prices for delivery to the region.

The level of protection offered to consumers varied significantly across consumer-to-consumer sales platforms with Facebook Marketplace being identified as particularly high risk.

Participants were frustrated by the complexity of price comparison sites and that they often did not cater for consumers based in Northern Ireland in respect of insurance products.

 <p>POSTAL</p>	<p>For those with no or limited access to online postal service, Royal Mail continued to be a vital service. Therefore, there was some concern about the closure of local Post Offices, especially in rural areas.</p> <p>Numerous participants described a range of negative experiences with the delivery of items by courier services; from undelivered or lost packages to poor customer service.</p> <p>A number of participants wanted to see more accurate delivery times provided or a more reliable means of tracking parcels made available.</p> <p>Given the current reliance on online shopping, others felt that returns should always be free and be made easier.</p>
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 <p>GOVERNMENT SERVICES</p>	<p>An online presence and basic digital skills have become a prerequisite for accessing basic government support services, particularly Universal Credit.</p> <p>This has created a situation where the most in need are also the most likely to be excluded from government sources of support.</p>
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Impact of Covid-19 and increasing digitalisation

Study participants were asked to describe if and how Covid-19 had impacted on their internet usage and if they felt any of these changes would be permanent. Participants also spoke about both the positive and negative aspects of increasing digitalisation.

Positive impact of increasing digitalisation

For some, increased digitalisation had improved their work-life balance, both through opportunities to work from home rather than in an office and also through being able to carry out more tasks online at the same time as working or performing childcare or other activities. Social media and video conferencing software such as Zoom had been vital for social connection, and some participants said they would continue to use these platforms to keep in touch with friends and family abroad beyond the end of the pandemic. The movement online of many aspects of life had cut down on time spent travelling and had improved access to services for individuals. This was particularly the case for those in rural areas who would normally have had to travel long distances to attend, for example, medical appointments. The pandemic had also highlighted that employers could adapt to their employees working from home and, as such, this option could be available to some who had previously been excluded from the workforce.

Worries and concerns around increasing digitalisation

At the same time, the Covid-19 pandemic had highlighted that some individuals could be 'left behind' by increasing digitalisation as many services become digital only or digital first. The move online had also brought new risks, particularly for vulnerable consumers such as those with learning difficulties or cognitive impairment or children who may lack the awareness or understanding to protect

themselves from online threats. The pandemic and our increasing reliance on digital platforms had led to social isolation and worsened mental health for many of those who took part in the research. Isolation was even more acute for those with no or limited internet access. For some, the added costs of increased internet use during the pandemic are unsustainable in the long term.

Supporting NI consumers online

Research participants made a number of suggestions for actions they would like to see taken to overcome the barriers faced online. These included:

- Improving broadband speed in certain rural areas of Northern Ireland;
- Addressing the cost of broadband and data so that all consumers can afford sufficient internet access to meet current demands;
- Supporting consumers to protect themselves online, particularly by providing better information about the format of current scams and what to do if you receive a suspicious text, phone call or email;
- Addressing support for vulnerable consumers online, including involving end users with additional needs in the design of online services; and
- Providing tailored training for digital skills while also being careful to avoid causing additional hardship, for example, by providing free devices that some families cannot afford to run.

Conclusion and recommendations

The research demonstrated that Covid-19 has had a significant impact on the level of reliance that consumers have on the internet, for everything from learning, to working, to medical appointments and shopping for essential and non-essential items. For some, this brought benefits, including an improved work-life balance and increased access to some services (for example, medical consultations via video call for those in rural areas). At the same time, many reported an increased sense of isolation and disconnection which had impacted on their mental health. This was often expressed most strongly by younger participants, particularly those excluded from maintaining contact with friends on social media due to no or limited internet access.

While this level of reliance may reduce somewhat as the region and the world emerges from the pandemic and subsequent lockdowns, the unusual period has revealed gaps or areas for improvement in the consumer protection apparatus online. The research took place at a time when these issues may have been further to the forefront of consumers' minds and therefore the study has been able to achieve a considerable insight into the range of threats, risks and concerns that consumers are facing online. At the same time, there is a proportion of the NI consumer population who may never attain sufficient levels of digital literacy or for whom other barriers to digital services will always remain. For these consumers, traditional face-to-face and telephone services continue to be vital and should be maintained. The following paragraphs set out a number of areas for further consideration by the Consumer Council.



It is apparent from the study that consumer vulnerabilities regularly intersect and, often, those already in need of additional support due to their personal circumstances, such as poverty, old age or a disability, are further marginalised by a lack of accessibility to online services. Digital exclusion rarely occurs in isolation from other forms of deprivation or disadvantage. With this in mind, service operators should be encouraged to consider and involve vulnerable consumers in

every stage of the design process of their online services and be mindful that they need to cater to and include this demographic as a core part of their client group.

It is also important for service providers to be aware that a proportion of consumers are likely to remain largely off-line. It is essential that these individuals are not left behind. The Covid-19 pandemic illustrated the considerable negative implications on consumer independence, agency, choice, finances and a range of health and social outcomes where viable and equivalent alternatives to online access are not maintained. This was especially relevant during the pandemic in relation to online shopping for both essential and non-essential items, home schooling, financial services, public transport, and government services, most notably Universal Credit.

As access to the internet becomes increasingly essential to daily life, study participants felt strongly that more needed to be done to dismantle some of the practical barriers to accessing fast and reliable internet. This was particularly directed at improving available broadband speeds and coverage to affected parts of the region, as well as lowering the cost of broadband and data, particularly for low-income families and households which included an individual with a disability. It was suggested that a system of social tariffs could be explored here or the possible introduction of a scheme whereby those with unused data could share this with those in need.

Across all consumer profiles there was considerable concern around data protection and security online. For many, this centred on a perceived increasing rate and sophistication of scams and fraud attempts online. Stakeholders also noted the increasing risk to vulnerable consumers who may be deliberately targeted on a growing number of platforms. A number of participants expressed a sense of powerlessness or inevitability in relation to both the collection and misuse of their data. At the same time, it was felt that more practical steps could be taken to help consumers feel more in control of their data online, including cookies and privacy settings automatically set to the highest levels of protection as default. Overall, it was acknowledged that consumers themselves could not be held responsible for the misuse of their data given the necessity of many online services.

In the context of increased home deliveries and the current dependence on online stores for non-essential items, a common theme emerged of poor or inconsistent service from couriers. Numerous participants also described poor customer support or difficulty contacting delivery agents when something went wrong. While it is possible that some of these issues may have been due to higher service pressure than usual, it is suggested that, as dependence on these services is likely to remain high into the medium and long term, the Consumer Council may wish to conduct additional research into the challenges faced by consumers in this area.

It was apparent from the research that consumers are to a large extent disengaged from the energy market. Most were unaware of available price comparison tools and websites and there was a general feeling that choice of suppliers and tariffs was very limited in Northern Ireland. There was particular concern from stakeholders that accessible and easy to understand information about bills and charges were not reaching the most vulnerable consumers. In addition, stakeholders noted that more favourable energy deals are often available only to those with an online presence. It is suggested that the Consumer Council should further explore strategies to improve consumer involvement in the energy sector and methods of better informing and empowering vulnerable consumers to make energy choices that support their interests.