

Retailers, are you keeping up with the evolution of consumer behaviour?

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The digital revolution has led to dramatic shifts in consumer behaviour, and retailers who want to stay ahead in the market must relook their approach.



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What separates successful retail brands from those that are battling to stay afloat in today's fast-paced and digitally-driven world? The answer seems to be the holy grail that retailers across the board are seeking.

Although annual consumer inflation slowed to 6.8% in April from 7.1% in March, consumers are still facing some of the highest inflation numbers our country has seen in years. As food prices hit a 14-year high in April, inflation sky rocketed, and many consumers had to rethink their spending – leaving retailers with little choice but to rethink their strategies.

Personalisation

Already reeling from the pandemic, many retailers have had to change their approach to include convenient omnichannel options, personalised shopping experiences driven by tech, loyalty programmes and elevated levels of customer service, to name but a few. Shoppers have come to expect a completely different experience, and retailers must follow suit with more pliable operations and strategic investments to enable profitable and sustainable growth.

First and foremost, retailers must continue to advance some of the innovations they had to rapidly adopt during the pandemic. They cannot lose sight of the consumer demand for curated experiences – from start to end. Even if inflation has lowered consumers' purchasing power, it certainly hasn't lowered their appetite for convenience.

Now more than ever it is crucial to prioritise investment into areas such as greater omnichannel capabilities, evolving loyalty programmes, hyper-personalisation, tech advancements to include artificial intelligence (AI), and managing their supply chain.



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It is also important for retailers to understand that their relationship with consumers is ever-changing, as is their role in the consumer journey. Customers will continue to look for personalised, valuable content at every stage of their purchasing journey, but it has become increasingly complex.

Customer experience — not product — is now the main differentiator for brands. It is no longer enough to simply drop a 'Dear Jane' in an email. Shoppers expect personalisation in any and all forms of product suggestions, sizing, and smart cross-sells.

Retaining loyalty

This even extends to the rewards, discounts and vouchers they receive. Personalisation through AI helps retailers retain customers by rewarding them based on their purchase habits with tailored discounts or vouchers that are exclusive to them. Many even expect an AI experience where they can view products and interact with the brand.

Offerings such as subscription-based delivery services are also changing the shopping experience as more and more shoppers are choosing retailers who give them convenient access to products or services they purchase on a regular basis. The goal of experiential retail is to create a community around your brand for long-term loyalty.

Cost-conscious consumers

In terms of price, as inflation increasingly drives behaviour, consumers are set to become even more cost conscious. Although their priorities may change to a more 'no-frills' mindset in times of uncertainty, retailers must still address their basic demand - seamless in-store and online experiences that better suit their lifestyles.



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It is up to savvy retailers to make shopping experiences across the physical and digital space as frictionless as possible so that they don't feel the need to travel for example, to find cheaper alternatives or switch to a cheaper brand. Although they may be spending less, strategies must ensure that consumers are still doing their spending with you.

Sustainable spending

Finally, sustainability is a massive game-changer for retailers. Socially conscious shoppers demand more and that means investing in sustainability initiatives. Consumers are more likely to put their money where their values are, which is with brands who share a socially conscious ethos.

In a digitally connected world, transparency is critical because globally, more than three in five consumers consider social and environmental factors before making a purchasing decision. If customers are ready to reward a brand that makes a difference, growth strategies must take that into account as the market expands.

It is becoming increasingly important to apply more nuanced segmentation, to show up across all channels, to be the 'best choice' in your sector and be authentic. Consumers are seeking the 'why' and if you don't give it to them, they aren't going to stick around to ask 'why not'.

Retailers today have the unique opportunity to reimagine the shopping experience entirely, and these opportunity areas are relevant to all retail sectors. The market is tough and the financial squeeze is being felt by all, but there are still shoppers looking to spend their hard-earned rands where they feel they're getting the best value and ultimate customer experience.

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