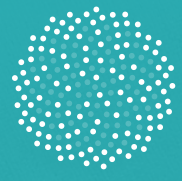


WHAT'S HOT 2022

**A Guide to Consumer Buying
Trends & Retail Tech Predictions**





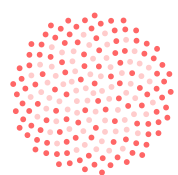
The Retail Landscape has Evolved for GOOD

The year 2021 was far from uneventful. While the retail industry was picking itself up after the disruption caused by the pandemic in 2020, a lot had changed since and businesses have had to realign their strategic goals to succeed in the new retail economy driven largely by digital channels and evolved shopper expectations.

While omnichannel became the go-to shopping option for most consumers, for some, shopping became synonymous with online stores and social commerce, with brick and mortar only as the last resort.

And retail businesses were quick to adapt: turning their large retail stores into warehouses for eCommerce orders, optimizing their supply chain and delivery management, leveraging technology to set up seamless experiences across channels, and offering personalized experiences to cater to the evolved shoppers.

One of the categories that saw exceptional online growth and adoption was grocery with online sales more than doubling in 2020 and the growth continued in 2021. Other categories to see massive online growth were books, games, and video followed by consumer electronics.

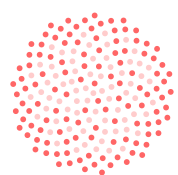


Now, we are entering 2022 and the ball is rolling once again. Consumer buying trends are changing - Black Friday and Cyber Monday, the biggest holiday season weekend, for the first time saw lower traffic than ever before in 2021. The reason is that consumers no longer shop on particular discount days but across a season. Moreover, supply chain issues, product unavailability and discounted prices throughout the year all led to lower sales on BF/CM.

Although some retail trends will stick around, a lot will change as we move forward. In this ebook, we discuss key consumer behavior trends, retail-tech predictions, shopper statistics, and more. We aim to give you a holistic picture of 2022 and to help you prepare for the new year.

Consumer Buying Behavior Trends & Retail Predictions, 2022





#1 TREND & PREDICTION

Social Commerce will Rule the Digital Space

According to a Statista survey report, “The US had approximately **79 million** social buyers in 2020”. This number is forecasted to grow by almost **37%** by 2025, with 108 million US Americans expected to shop through social networks.”

As consumer behavior continues to evolve, the next step after becoming comfortable with eCommerce would naturally be social commerce - especially considering the amount of time mobile users spend browsing social media platforms like Instagram and Facebook. In fact, social commerce is already on the rise due to its convenience and non-invasive advertising. An Inmar Intelligence study found that **52%** of socially-engaged shoppers made a purchase through a social platform in 2021. Further, **35%** of non-socially-engaged consumers purchased via social commerce.

36.6B USD

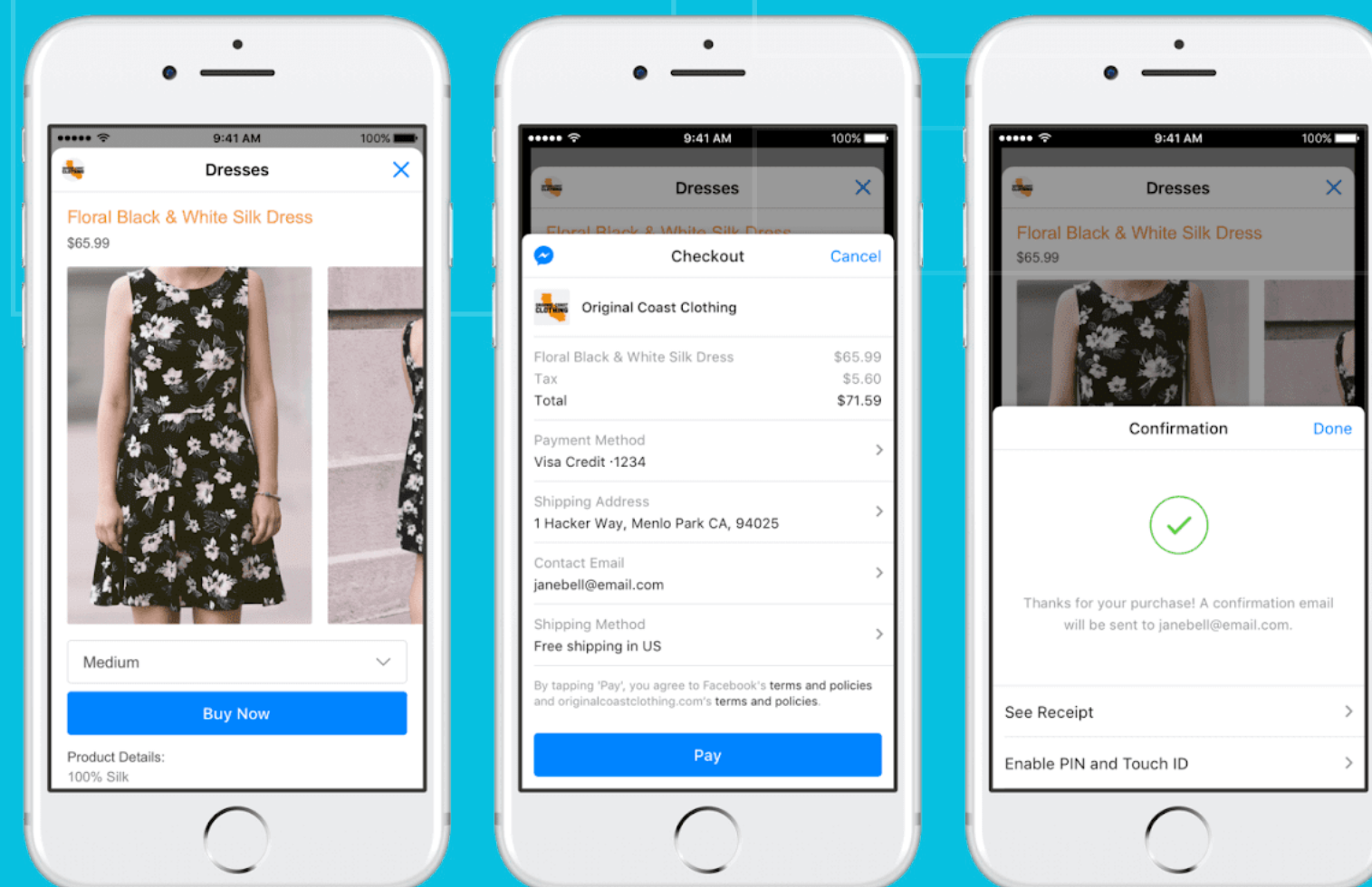
Forecast Social Commerce Sales Value in 2021

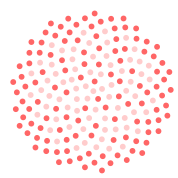
4%

Forecast Social Commerce Share of Online Retail Sales in 2021

Facebook

Main Social Network used to Make Purchases





#2 TREND & PREDICTION

Personalized Experiences Will Go a Long Way

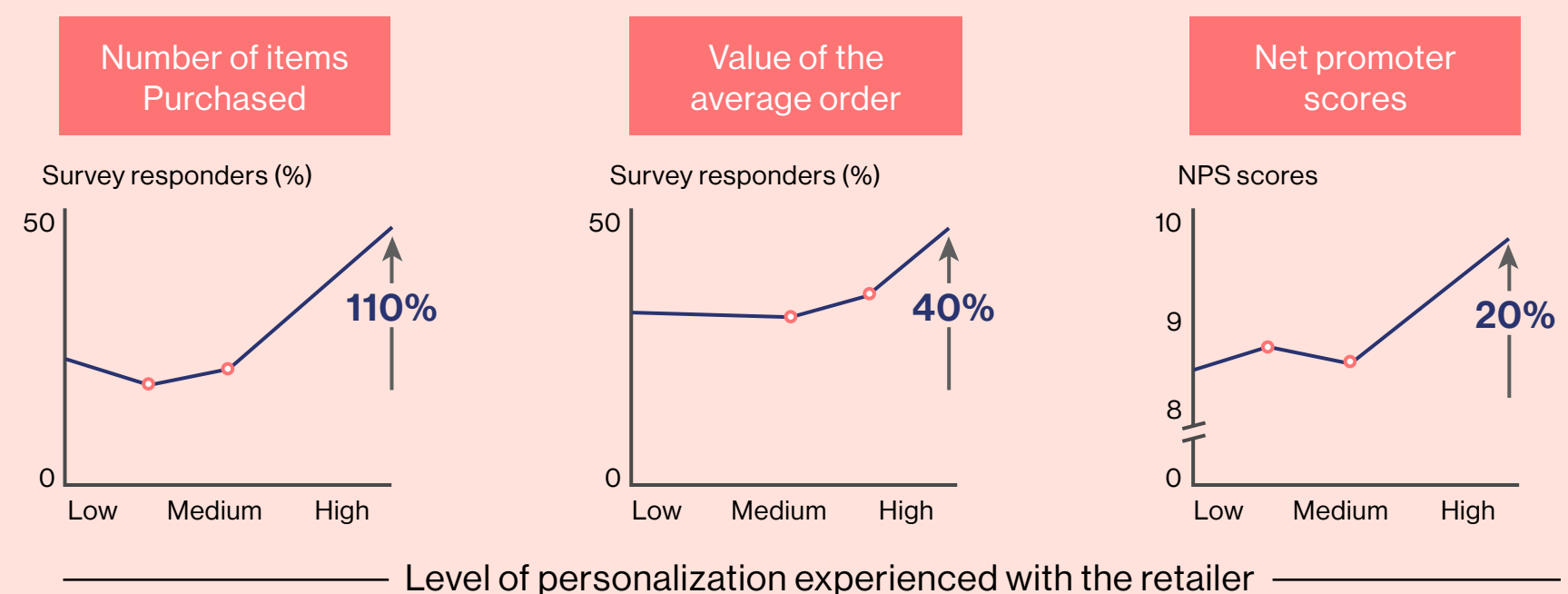
In today's hyper-connected world, shopper expectations have heightened and retailers and brands have to work harder to earn their loyalty. Shoppers expect brands to go the extra mile to offer them content and experiences that are meaningful and targeted. They are even willing to spend more time and money on brands that make them feel valued.

According to a recent BCG survey, "When the shopping experience was highly personalized, shoppers were **110%** more likely to add additional items to their baskets and were **40%** more likely to spend an additional amount than initially planned."

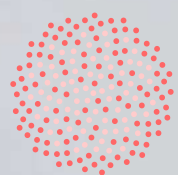
Retailers understand the need for personalized experiences to maintain a competitive edge in the highly saturated retail space. Some of the leading retailers and brands are already investing in curating highly personalized experiences across critical touch points while many others are still lagging behind and just starting to understand and explore ways to personalize experiences.

According to the same BCG survey, "Retailers plan to increase their investment in personalization by an average of **18%** over the next three years. But best-in-class retailers expect to boost their investment by **30%**, which will give them an investment advantage and improve their performance."

Greater Personalization Boosts Consumer's Spending and Brand Satisfaction



Source: BCG Google Business Impact of Personalization in Retail Study-Customer Survey (n=3,144), US, 2019



#3 TREND & PREDICTION

Reviews and Ratings will Increase in Importance

90% of consumers read user reviews online before visiting a website. Further, according to Trustpilot, **nine out of 10 shoppers** said that an online review is equivalent to a personal recommendation for them.

In a LinkedIn poll carried out by Intelligence Node, **41%** of respondents specified that they found consumer reviews and ratings the most important factor while making a purchase online, while, in comparison, low prices were deemed the most important only by **20%** of the same group of respondents.

Furthermore, to rank on the digital shelf, one of the key factors is reviews and ratings. A large number of bad reviews or the lack of consumer reviews can negatively impact your digital shelf rankings and can hinder your chances of appearing on the first page of search results.

Hence, optimizing your websites for consumer reviews and incorporating consumer reviews and sentiment into your product and marketing strategy will be crucial to improving brand integrity and conversions in 2022.

Which of these factors influence your decision to shop with an online brand or a retailer?

20%

Free & fast
delivery/returns

41%

Positive reviews
& ratings

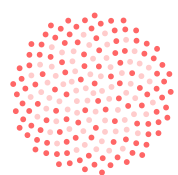
20%

Wide range of
product & sizes

20%

Lower
prices





#4 TREND & PREDICTION

Ethical, Sustainable, and Value Based Brands will Dominate

Today's consumers are increasingly embracing social causes and expect their brands to hold similar values and support similar causes. This is especially true for the Millennial and Gen Z demographic of shoppers whose shopping habits align closely with the social causes and lifestyle they believe in. According to IBM, "Nearly **60%** of surveyed consumers said they are willing to change their shopping habits to reduce environmental impact and nearly **80%** indicated that sustainability was an important factor for them."

More and more consumers expect brands to be sustainable and are willing to pay a premium for environmentally friendly and sustainable brands. They also expect brands to stand up for social causes and many are ready to disassociate from brands that do not support an environmental or a social cause they support.

According to an IBM survey, "**78%** of respondents said it's at least moderately important for brands to offer 'clean' products, be sustainable and environmentally responsible (**77%**). Support recycling (**76%**), or use natural ingredients in their products (**72%**)."

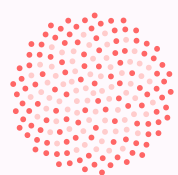
60% of adults in France

49% in the UK

41% in the US

prefer to purchase environmentally sustainable products.





#5 TREND & PREDICTION

Circular Economy will Gain Momentum

Stemming from today's woke and socially conscious shopper psyche comes the newly popular circular economy. The linear economy in retail has seen raw materials transformed into products that are disposed of once used. It's no secret that this is a large driver of waste and carbon emissions. In a circular economy, products and raw materials are reused, recycled, and upcycled. Product components are also ethically and locally sourced to make the entire business model sustainable - leading to reduced waste and carbon footprint.

Today's consumers are all for the circular economy and the consumer spending on second-hand or upcycled goods has been on the rise. According to Statista, "Consumer spending on second-hand home furnishings in the US grew by **more than two billion U.S. dollars in 2020**, the equivalent of over **15%**."

An IBM survey observed that when it comes to purchasing pre-owned, repaired, or upcycled products, **70%** of respondents have tried or would like to try such products, and **84%** of those who have tried them expect to continue to do so.

And nearly eight in 10 Gen Z and Millennials have purchased or want to purchase pre-owned products. As for renting products instead of buying, nearly **60% of respondents have tried it or would like to**, and **77% of those who already do, plan on doing it again.**

The circular economy appeals to all age groups

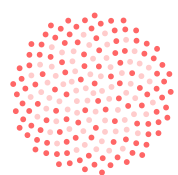
Gen z Millennials Gen X Boomers

Rent or want to rent products instead of purchasing



Purchased or want to purchase pre-owned, repaired, or renewed products





#6 TREND & PREDICTION

Returns Optimization will be Key to Shopper Retention

Although return policies are a highly contentious topic amongst retailers, retail businesses today have to agree that they have more pros than cons. Almost a third of online purchases get returned every year but if used correctly, a good returns policy can improve sales, shopper retention, and profits in the long term.

A lenient returns policy has become a requirement for online businesses to do well and to expect shoppers to return. If an online store does not offer a good returns policy, chances are most shoppers will pass on it and look for similar products elsewhere. Returns directly influence shopper choices and research suggests that an efficient and lenient returns policy increases shopper trust and often leads to repeat purchases and brand loyalty.

Research shows that shoppers with a positive return experience are more likely to shop from an online brand or retailer again. In fact, a Narvar study found that **95%** of shoppers said that a positive return experience drives brand loyalty. Further, according to a Forrester consumer survey, around **60%** of online shoppers across France, UK, and US prefer retailers that offer free shipping on returns.

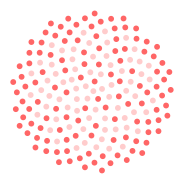
Narvar study found that

95%

of shoppers said that a positive return experience drives brand loyalty.

Amidst COVID, with shipping lags and supply chain problems, retailers have had to rethink their return policies and make them more lenient by pushing back on time constraints. And in the long term, they too have noticed the benefits of the new policies in increasing purchases and lowering return rates in the long term.

This trend is likely to continue even in 2022 and retailers that fail to optimize returns and update their policies have a lot to lose.



#7 TREND & PREDICTION

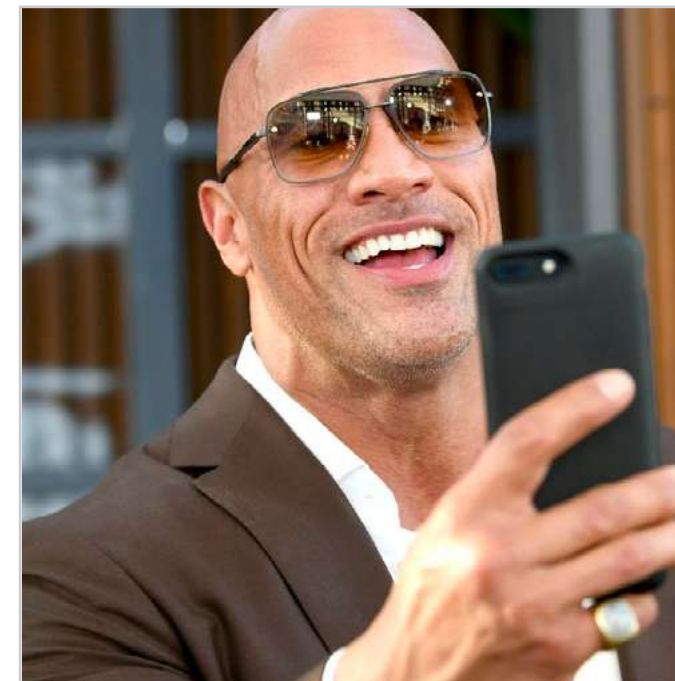
Brands will Invest More in Influencer Marketing

Influencer marketing is becoming one of the more sought after marketing channels for eCommerce brands and retailers due to the rapid return on investment, strategic targeting of the right online audiences and positive advertising. Shoppers often view influencer marketing as positive word of mouth and are influenced to try out brands endorsed by influencers they follow. Many new brands launched themselves using this strategy and even bigger brands like Starbucks, Adidas, and Dunkin' Donuts use it extensively to market to their online audiences.

Influencer marketing has become essential especially for brands targeted at Millennials and Gen Z audiences who have higher online presence and social media usage.

Nearly **70% of all US internet users follow influencers** - making influencer marketing a lucrative and engaging means to promote your brand to online users without being invasive. It also feels more personable and less corporate when influencers tweak content to appeal to their audiences and make it valuable for their followers, leading to higher engagement rate and better conversions.

Marketing professionals have noticed it too and are ready to invest more into this form of marketing. A survey of marketers in the US conducted in 2021 by Statista revealed that

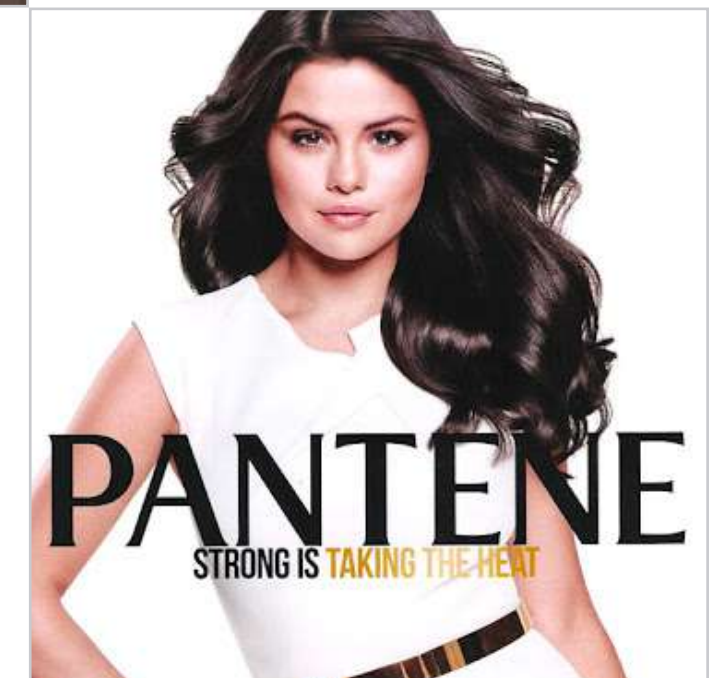


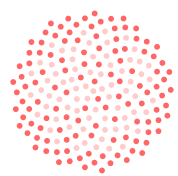
71%

of industry professionals, as compared to

57%

in 2020, planned to increase their budgets devoted to influencer marketing in 2021.





#8 TREND & PREDICTION

Direct-to-Consumer (DTC) Businesses will Flourish

As shopper expectations are at an all time high, it's no surprise that their preference to buy from direct-to-consumer brands has increased as well. A DTC brand owns the entire relationship with a shopper, from sales, distribution, and marketing. This allows DTC brands to forge better, more personalized relationships with shoppers and use their data to offer customized and meaningful experiences, which today's shoppers hold in high importance. According to Diffusion's 2021 Direct-to-Consumer Purchase Intent Index, "**81%** of shoppers plan to make at least one DTC purchase in the next 5 years".

DTC channels are becoming more popular with brands too as they help them increase their profits by cutting distributor and middle-men expenditure (**11%** of DTC companies are doing more than \$100M in annual sales currently), have complete ownership of consumer data, and develop long-term relationships with shoppers. It also eliminates the problems of MAP (Minimum Advertised Price) violations, counterfeit product sales, and distorted brand image, as brands have complete control on production, distribution, pricing, and marketing of their products.

81%

of shoppers plan to make at least one DTC purchase in the next 5 years

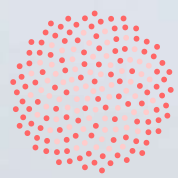
The fashion category has embraced DTC more than others with **77%** of apparel and accessory companies now using the DTC channel.

While DTC businesses will continue to flourish in 2022, the market is getting competitive and companies need to have more than just a good product to achieve success. A strong content marketing strategy, good distribution channels, and company values that align with consumers will be crucial to winning the DTC market in 2022 and beyond.

11% of DTC companies are doing more than

\$100M

in annual sales currently



#9 TREND & PREDICTION

Private Label Brands will Continue to Rise

In recent years, private label brands have increased substantially in number to cater to the increasing demand from shoppers. While previously private label products were looked down upon as substandard or cheaper alternatives, that is no longer the case. Private label brands today have the potential to be on-trend, affordable, and competitive and are fast being adopted across major retailers. In 2020, mass merchant stores were the most profitable channels for private label products with **\$77.8 billion** in sales followed by supermarkets at **\$73.1 billion** sales.

Big box retailers like Aldi, LIDL, Walmart, Amazon are amongst the many retailers who are reaping the benefits of their own private labels. Trader Joe's boasts of thousands of private label products, Target's Good & Gather private label brand grew to a billion-dollar brand, while Kroger's Simple Truth organic food brand is now a **\$2 billion** brand, and Target's Good & Gather grew to a billion-dollar brand in less than a year. Health and beauty, personal care, and general health and wellness also saw significant growth.

Even private label auto parts are on the rise. While larger profit margins is a definite win for retailers, private labels also come with other benefits like more control over production and marketing, increased brand loyalty, unique products, etc.

Shoppers too are more open to private label brands and often prefer these over established brands for more than one reason. While **45%** of respondents said price was the primary reason for switching to private labels, **58%** are now of the opinion that private labels are a fine alternative to national brands, and **70%** feel they provide similar or even better quality.

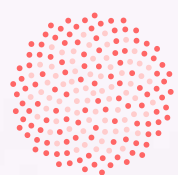
20%

of consumers rely more on private-labels than pre-pandemic

52%

expect to continue purchasing private-label products once the pandemic subsides.





Further, the exclusivity of these products is another winning point that attracts shoppers to private labels. While private labels will continue to succeed and grow in 2022, it is important for retailers to understand the market gaps, shopper expectations, product lifecycle, quality, pricing, distribution and marketing before riding the private label wave.

Reasons Why Consumers Are Opting for Private Label Brands

45%

of respondents said price was the primary reason for switching to private labels.

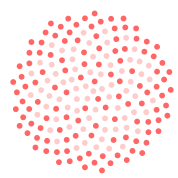
58%

are now of the opinion that private labels are a fine alternative to national brands.

70%

feel they provide similar or even better quality.





#10 TREND & PREDICTION

The Adoption of Analytics and AI-driven Retail Tech Will Increase

Today's shoppers are spoiled for choice and have thousands of brands and retailers to choose from for any product. This in turn has heightened their expectations from retailers and offering a good product alone is no longer enough to convert these evolved shoppers or make them your loyal consumers. From seamless checkouts, price matching, highly engaging content to timely delivery and returns, and personalized experiences - shoppers expect seamless, hasslefree, and customized experiences across every channel.

To offer these elevated experiences is no easy feat. Retailers need to monitor consumer data, analyze market and shopper trends, optimize prices based on competitor price movements, rank high on digital shelves, streamline delivery and fulfillment, and manage a host of other factors to reel in shoppers and retain them - and this is where AI and automation comes into the picture.

Best-in-class brands and retailers already use AI and analytics extensively to analyze, optimize, and improve their processes, reduce costs, increase productivity, and make the business more consumer-centric.

But today, AI is no longer a luxury but a necessity and it's benefits haven't gone unnoticed by the mass retailers as well. According to a Forrester report, "68% of retail and wholesale purchase influencers are planning to invest in artificial intelligence in 2021".

Where retailers and brands stand today ...

26%

DATA-LED: We avoid preconceived notions about the consumer and our business, and executives usually use data to guide strategic decisions before making them.

DATA-DRIVEN: We use data for tactical decision making and often to support strategic decisions that executives have already made.

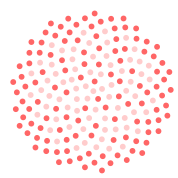
51%

21%

DATA-AWARE: We use data for tactical decision making but are just getting started at the executive level using data to support our strategic decision making.

DATA-AVERSE: Although we use data at tactical levels, executives generally rely on experience, intuition, and options - more than data - for strategic decision making.

2%



Some areas where AI and analytics investments will peak in 2022:

1. Omnichannel fulfilment
2. Geofencing / Localized Engagement
3. In-Store / Inventory Robots
4. Guided selling solutions
5. Social commerce
6. Computer Vision / Visual Search
7. Pricing optimization
8. Digital shelf analytics
9. Personalization



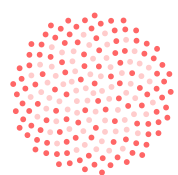
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Final Word: Technology & Consumer Centricity for the Future

Consumers have gone digital and there is no coming back from there. 2022 will be the year of more digital advancements, higher eCommerce adoption rates, and evolved shoppers that will expect businesses to offer them the convenience of omnichannel along with the personalization of DTC businesses and low prices of private labels. And for brands and retailers to deliver on these would necessitate the use of sophisticated, advanced, and automated tech solutions. Retail businesses need to get future-ready for a post-pandemic world that is driven by consumers and is channel-agnostic. Understanding consumer behavior and market trends, investing in the right technologies, being flexible, and pushing the envelope for customer satisfaction will be the key to retail success in 2022 and beyond.

Intelligence Node's advanced eCommerce analytics and competitive intelligence solutions can help online businesses convert shoppers into loyal consumers, improve margins, and stay ahead of the curve. **[Book a free demo to know more.](#)**



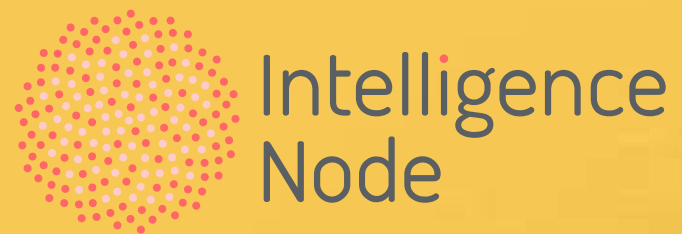
About Intelligence Node

Intelligence Node is a real-time retail price intelligence platform that empowers businesses to drive product level profitability and grow margins using data-driven competitive insights. Leading as a premier independent data powerhouse, it has created the world's largest pricing dataset with unmatched accuracy - feeding the growth of more than **\$600 billion** in retail revenue globally.

Intelligence Node's proprietary AI-driven algorithms are packaged in an intuitive and beautiful user interface, simplifying onboarding by providing easy-to-use plug & play capability.

It is the platform of choice for hundreds of retailers and brands worldwide, including category leaders like **Nestle, Lidl, Clos 19, Li & Fung, Lenovo** and many others.





Simplified Intelligence for Complex Retail Decisions

Optimize pricing, assortment, product visibility,
and more with patented AI

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