

2020 TRENDS, 2021 PREDICTIONS

**5 consumer trends
brands and retailers should
lean into next year**



bazaarvoice™

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Introduction

WE'VE IDENTIFIED FIVE
OF THE BIGGEST TRENDS
AND HOW BRANDS AND
RETAILERS SHOULD LEAN
IN THIS COMING YEAR.

2020 has cemented itself in history as the year no one will forget. From our personal lives, to our professional ones, and everything in between, this year has proven just how quickly the status quo can be interrupted. Canceled product launches, delayed shopping events, and a widespread pivot to digital shaped retail from March onwards.

While the majority of the adaptations we've seen this year in retail have been a result of a quick pivot, many of them have staying power as we head into 2021 and beyond. With the initial shock of the pandemic having worn off, businesses have shifted away from the 'panic pivot' and are leaning into the new normal for shoppers, brands, and retailers alike.

Everything is e-commerce

Online presences are for thriving, not just surviving in 2021

While for years it's been promised that online shopping would overtake brick-and-mortar shopping, COVID-19 was the accelerant to that fire. In the first six months of 2020, online spending rose 30% compared to just 13% in 2019. As we close out the year, more than a third of consumers are still shopping online weekly – which is up 28% from pre-COVID times¹.

While shoppers do still express a desire to shop in-store, brands and retailers have to prepare to think digital-first, brick-and-mortar second heading into 2021. Prior to the pandemic, major retailers like Target had already begun their pivot to online. Instead of strictly fulfilling orders through warehouses and delivery, Target boosted its buy online, pickup in-store (BOPIS) capabilities and saved 40% of fulfillment costs².

For two-thirds of new online shoppers, BOPIS capabilities are what got them shopping online – and have kept them clicking “Add to cart” instead of pushing a physical cart in-store. Shoppers are selecting BOPIS at checkout 4X more now than they were pre-pandemic⁴.

One of the biggest areas seeing a surge in e-commerce activity is grocery. By the end of the year, online grocery sales are slated to grow by 40% compared to last year's 13%⁵. Between delivery and curbside pickup, the grocery industry is a prime example of how to lean into e-commerce – figure out what your shoppers need and how to get it to them in a timely, affordable manner.

Even with physical stores open in many regions, over a third of shoppers are still shopping with strictly contactless delivery methods, like online or BOPIS. About half of shoppers are currently using a mix of in-store and online shopping options but only 17% of shoppers are shopping only in-store⁶. Continuing to ramp up digital efforts, like site functionality, ordering capabilities, and fulfillment speed, will help keep brands and retailers on top of the e-commerce peak.

Heading into 2021, the investment in digital needs to continue. 2020 was about getting a handle on the new normal – 2021 is about leaning into it.

“Numerous retailers I have been speaking to have discussed how their online sales projections have been brought forward between three and five years, while there may be some retailers that see a slight pull back in overall online sales, the reality is online has clearly increased its share of the overall retail pie.”

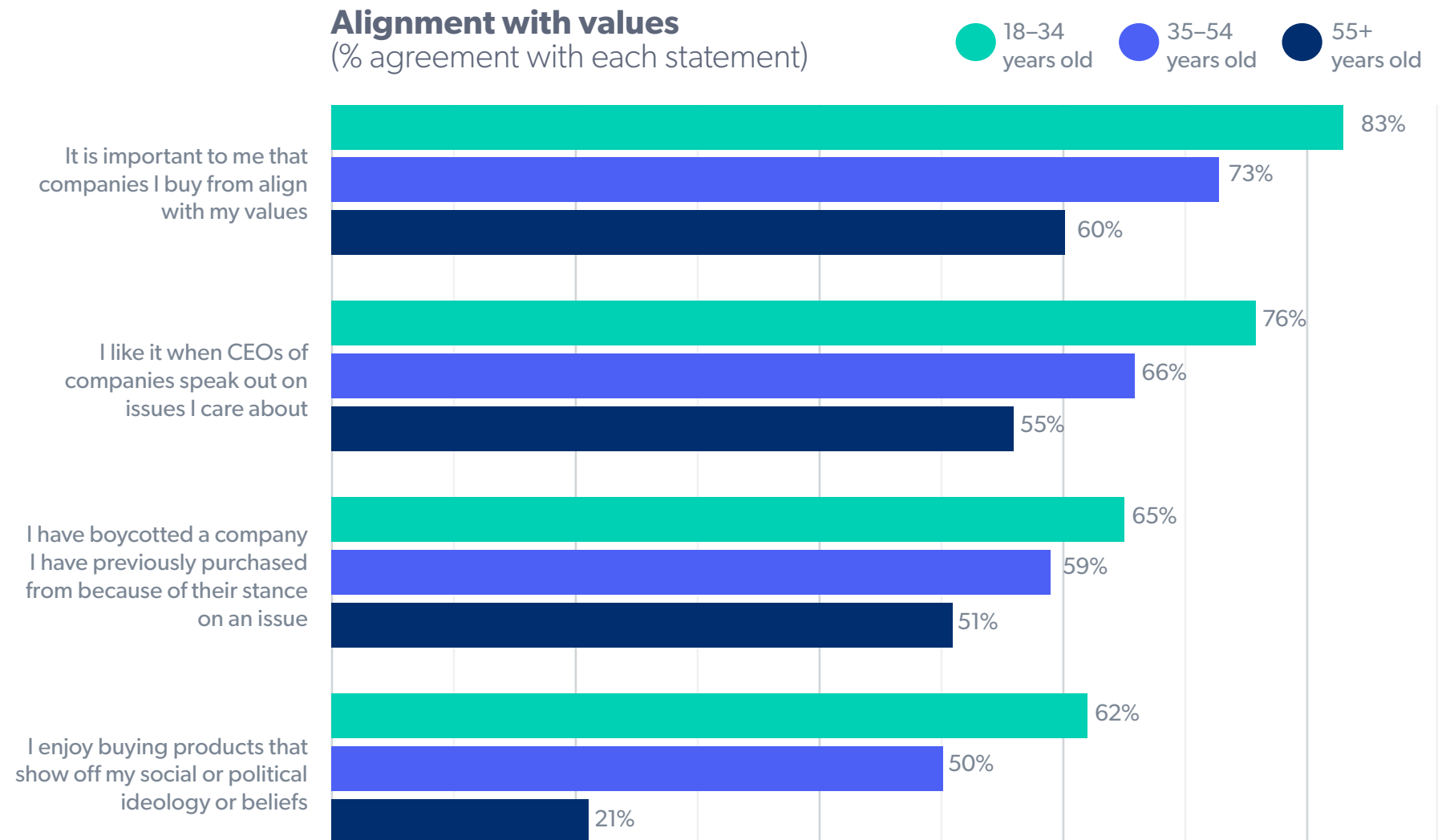
Thomas O'Connor
Analyst, Gartner Inc.³

Consumers are buying from socially responsible brands

Good brands will do (really) well

Between COVID-19 and its disparity in impact based on socioeconomic status and race, racial tensions, climate change, and economic recession, social responsibility for businesses is top of mind for many. As a result, consumers have begun scrutinizing who and what they support and how they spend their dollars more than ever before. In fact, 59% of shoppers agree/strongly agree that brands and retailers have the social responsibility to speak out or take actions to help others⁷.

And the actions that businesses take need to align with a shopper's for them to buy. Almost 75% of shoppers say they want brands to reflect their values before they buy from them⁸. With most industries being oversaturated, customers continue to find new ways to differentiate company A from company B. It's not enough to have good products anymore – your company also has to have good morals.



Millennials (born 1981 to 1996) are more likely than Baby Boomers (born 1946 and 1964) to openly express this sentiment, but regardless of age, brand values and actions impact buying decisions. Over 60% of shoppers are willing to switch from a company they're loyal fans of to purpose-driven companies more aligned with their values¹⁰. While brand values should come from an authentic place and be motivated by a sense of contributing to a greater good, there's an added benefit of building brand loyalty and reducing customer acquisition costs.

Evaluate what your company stands for – does your company have a clear set of brand values? How does your company give back to your community? What social causes are important to your company? These answers can have an impact that outlasts even the most successful of product launches and sets up a solid 2021.

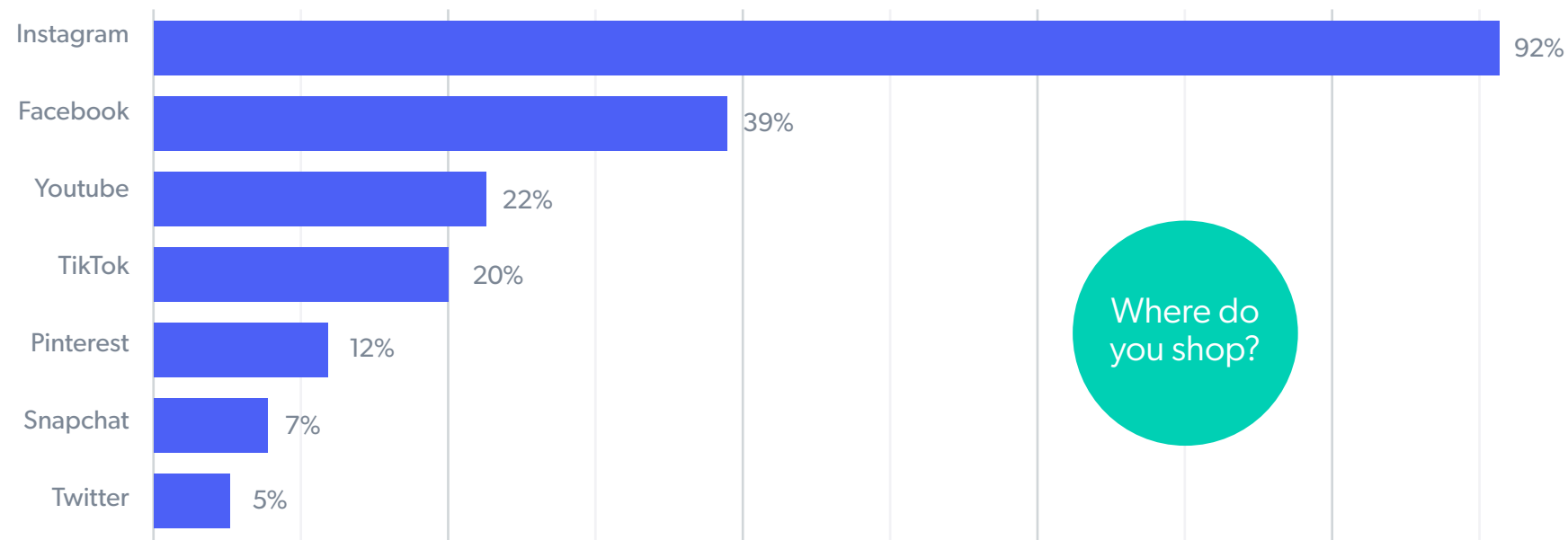
Social media is about more than memes and selfies

Commerce will be driven by social

With a majority of the world using social media, it's unsurprising that platforms like Facebook, Instagram, and TikTok have found ways to tap into commerce. With an overall spike in digital shopping activity, it only makes sense that social media apps capitalized on this trend. Prior to the pandemic, 42% of shoppers had made a purchase on social media in the past year¹.

In the past few months, all of the above mentioned social platforms dove deeper into making their apps shoppable for consumers. Facebook added a Shops tab and increased shopping capabilities for consumers to check out with ease², Instagram has shoppable posts and e-commerce functionality on IGTV and Reels³, and TikTok was purchased in part by Walmart, which has plans to increase e-commerce functionality within the app itself⁴.

Most popular social media platforms to shop on¹⁶



And this doesn't even scratch the surface of the social shopping functionality that's been developing in Asia over the past couple of years. Social and livestream shopping apps like Pinduoduo laid the groundwork for the surge in social commerce in the Western world, a trend we only expect to continue growing in popularity.

Companies are following suit of what their customers want – 89% of retailers expect to use social commerce in the next two years¹⁶. The easier it is for a shopper to buy, the more likely they are to buy.

And if shoppers aren't ready to buy in the moment, you still want them to shop on your profiles and website. Inspiring shoppers to think of new ways to use your products or helping them discover your products for the first time gets them into your sales funnel, where you win them over with expertly curated social images and content.

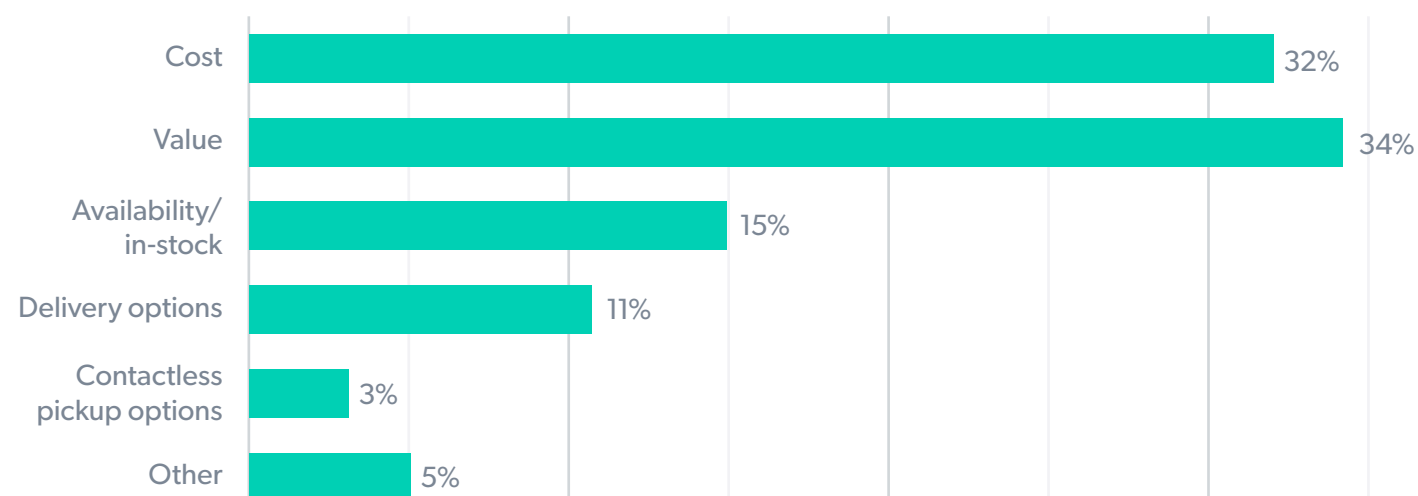
Value > cost

Start selling experiences, not just products

With purse strings tighter for many consumers due to the pandemic and the resulting economic fall out, being deliberate with money has become even more crucial. But, this doesn't mean shoppers aren't shopping – they're just looking for greater value in their purchases before they pull out their credit cards. In reality, the average monthly splurge spend is up about \$28, and it's anticipated shoppers will spend 18% more this year than pre-COVID on non-essential purchases¹⁷.

In a consumer survey, Bazaarvoice found value is most important to shoppers when making purchases (34%), followed by cost (32%)¹⁹. This presents a clear opportunity for brands and retailers. With many product launches and overhauls off the table, pivoting marketing strategies to focus on building awareness and establishing product value will be the key to keeping consumers coming back to your site or store.

Importance to shoppers¹⁹



You know how much it costs to manufacture one of your products and what your target profit margins are. Setting your price based on cost is well within your right, but switching to a value-based pricing strategy will not only help your business generate more revenue, but you'll speak more clearly to your target customers.

Some shoppers already assume that higher prices mean better value, which makes it easier for your business to take this approach. Think about dining at a fine restaurant – you're willing to pay more for the meal not just for the food, but for the experience. Same goes for your products. Shoppers will be willing to spend more on a fancy pair of shoes when you sell them the experience – looking stunning for a formal event, feeling powerful at an important business meeting, or exuding confidence walking down the street.

What experiences can your products play a role in? How will your products create an elevated experience? Why do your products improve your customers' lives more than others? How are you curating and highlighting content from real people to highlight these things?

These are the types of questions that can help you build campaigns that speak to your customers about why your products are invaluable and that cost is just a number. And as shoppers are looking for fresh starts and new experiences in 2021, make sure your products fit into that narrative.

Product sampling is more lucrative than ever

Connect with shoppers at their mailboxes in lieu of at stores

Right now, shoppers are the most open to trying new brands that we've seen in a while – during COVID-19, almost 40% of global shoppers tried a new-to-them brand. Of that, 83% of shoppers say they'll continue buying from the new brands they discovered¹⁹. But with fewer end caps on store aisles, in-store sampling, or major product expos, brands and retailers need to get creative with how they get products into their customers' hands to drive awareness, advocacy, and loyalty.

From full-blown product sampling campaigns, to inserting free samples in customers' packages, sampling builds new and loyal customers. For shoppers who purchased a product after it was sampled to them, 78% said it was because they were given the opportunity to try the product for free first²⁰. And this tactic isn't just for new products. Product sampling can reinvigorate consumers to become fans of your staple products.

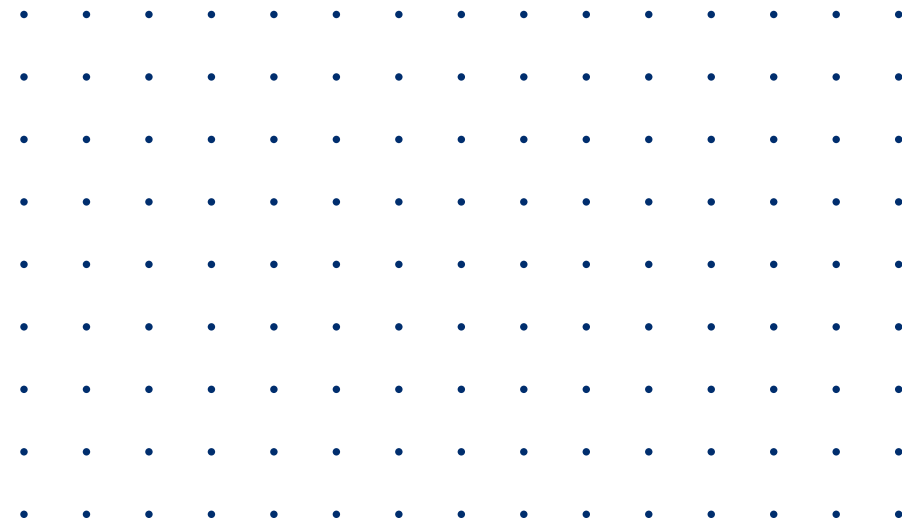


Every time a customer fills their cart on your website or checks out in-store, they're giving you data points about who they are and what they like. If they routinely purchase skincare products for oily skin, sending them a sample of a moisturizer for those with oily skin could be a great fit, or if someone purchases frozen meals regularly, offering them cash back to try your new line of freezer meals could make them feel inclined to branch out. A huge part of making a sampling play successful is getting the right products to the right customers.

With new barriers in place to getting in front of your ideal customers at trade shows or in-store aisles, sampling lets you meet shoppers where they are – which will largely be at home in 2021.

Conclusion

2020 has accelerated commerce innovation in a way that experts never could have predicted. This pivot affects all of our approaches to success in retail in 2021. Staying agile, meeting your customers where they are, and leaning into this new normal are key to build a successful 2021.



Want to learn more about responding to customer reviews and the impact it can have for your business?

▶ Contact us today.

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About us

Thousands of the world's leading brands and retailers trust Bazaarvoice technology, services, and expertise to drive revenue, extend reach, gain actionable insights, and create loyal advocates. Bazaarvoice's extensive global retail, social, and search syndication network, product-passionate community, and enterprise-level technology provide the tools brands and retailers need to create smarter shopper experiences across the entire customer journey.

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