SPECIAL REPORT

THEMARSAGENCY

All Things Considered

GLOBAL COMMERCE TRENDS 2023

7 Universal Trends

Brands and retailers must strike the right balance for engagement to reach more selective shoppers. Seven universal trends that will impact commerce marketing in 2023.

Shoppers have learned the hard way, through the lingering COVID crisis and the looming recession, that they now have more options on where to shop, what to buy and how to receive their orders than they ever imagined.

They've also learnt that they very much like this situation, which means they have no intention of ceding control of their purchase journey back to retailers and brands.

And that has made shoppers more selective. They've returned to the physical store, but they're still shopping online. They've changed brands and retailers but found new reasons for staying loyal to their new favourites. They're spending more cautiously, but still finding ways to buy the items they want.

For brands and retailers, shopper engagement has become a balancing act that requires them to be present wherever, whenever and however shoppers might need them. Because if they aren't, someone else most certainly will be.

Using our proprietary Shopper Journey research, which surveyed over 14,000 shoppers across 34 categories from around the globe, The Mars Agency has identified the following seven shopper trends that should be guiding brand strategy in 2023.

What's inside:

COVID gone. Recession on?

Shoppers didn't bother waiting for economists to declare the current inflationary period a "recession" before changing their shopping behaviour.

Pandemic-driven product shortages and price increases taught shoppers to be savvier and more flexible about their purchases, which has them trading both down and up with their brand choices and across retailers in various channels to find deals that satisfy their own financial perspective. These new skills are coming in handy as food and beverage prices in many countries have soared to their highest levels in decades.

SHOPPER JOURNEY STAT:

UK and Canadian shoppers are responding to the recessional squeeze practically, with over 83% looking to save money on their weekly shop.

In fact, 79% of shoppers have already reduced their grocery budgets, according to our research. They're buying fewer items, switching to cheaper brands, moving to own brands, and choosing lower-price retailers.

In response, brands and retailers are trying to avoid passing on too much of their own cost increases to shoppers. But while price is a critical factor in purchase decisions, brands and retailers also need to clearly communicate their value proposition to shoppers and reward loyalty through thoughtful, empathetic messaging.

Quick Commerce Stays the Course

The online shopping surge of 2020–2021 has settled back to a slower, steadier pace, but shoppers around the globe continue to enjoy the conveniences of on-demand delivery they discovered during the pandemic. In fact, 46% of European shoppers plan to use quick commerce more often in the future, according to a survey conducted by Roland Berger.

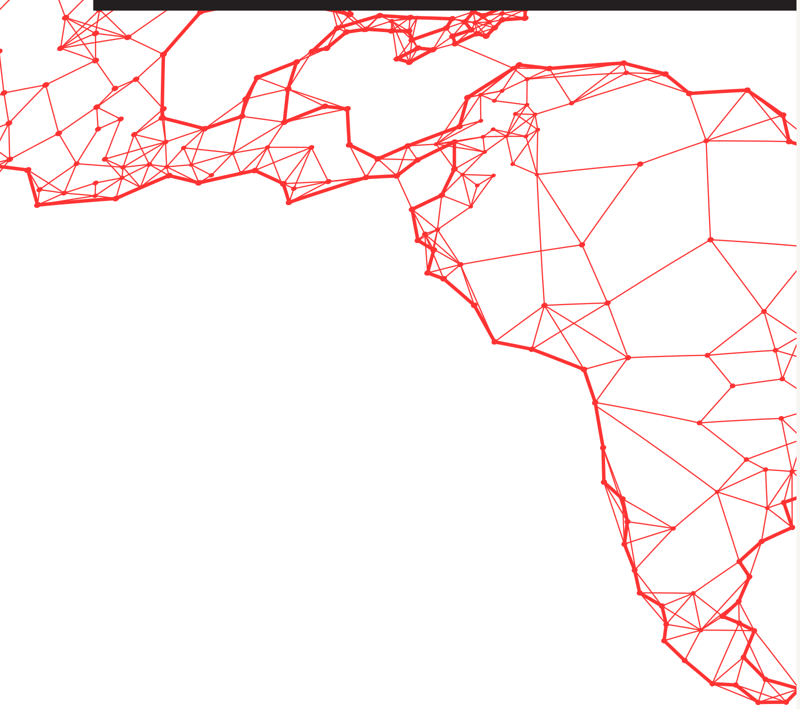
Driven by this demand, the quick commerce marketplace will continue growing in geographic scale and importance for brands, despite a recent shakeout and consolidation among service providers and even some cost-cutting moves at leading players. The growth will be driven in part by retailers looking to bypass third-party operators to maintain a direct connection with their shoppers.

To be clear, quick commerce isn't preventing the in-store shopping revival (to be discussed later) or even completely replacing more conventional modes of ecommerce fulfillment. But it has become a viable option for a range of purchase occasions, especially among younger shoppers. ■

SHOPPER JOURNEY STAT:

55% of 18- to 34-year-olds prefer shopping online vs. in-store because they believe it saves time, saves money, and gets them exactly what they want.

Community in Mind, Spirit, Body



Shoppers are more socially aware, community-minded, and purpose-driven than ever before. They expect the brands they buy to have a similar focus, or they will go find ones that do.

Buying local has become a common method of expression, as a way for shoppers to protect themselves financially, assert themselves environmentally, and empower themselves psychologically by giving back to their communities. In our research, 63% of shoppers said they prefer to buy locally, which often reflects a desire to align with small brands that are more authentic and trustworthy.

In order to tap into this new focus, national brands will need to tailor their marketing efforts so shoppers can see they are relevant and think like them.

One key aspect of this community wave is inclusion: Two-thirds of shoppers tell McKinsey that their social values now shape their shopping choices.

But brands can't just talk about inclusion. They must prove it outwardly through everything from hiring practices, marketing activities, and community outreach that will let marginalised groups themselves feel truly welcomed and all other shoppers feel good about the brand's efforts. ■

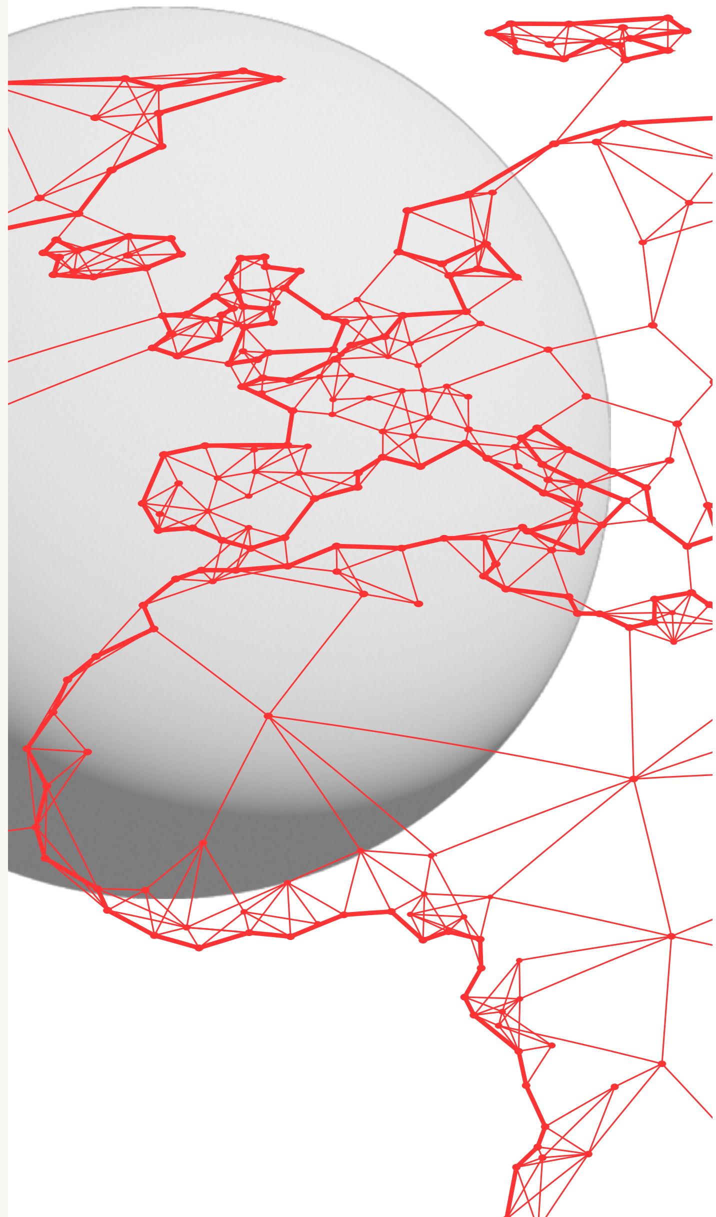
SHOPPER JOURNEY STAT:

Over 74% of adults 45+ place high importance on buying locally are willing to pay a price premium to do it.

SHOPPER JOURNEY STAT:

47% of Gen Z say they are influenced by trends that are "hot topics" within their peer group.

Recommerce is a Natural Fit



With shoppers of all ages (but especially younger generations) now making sustainability a priority, "recommerce" has surged around the globe. Sales — make that "resales" — in Europe alone are expected to jump 60% to €120 billion by 2025, far faster than the overall retail market, according to Cross-Border Commerce Europe.

Concerns about inflation play into this, with 93% of "reshoppers" saying it impacts their decision to buy pre-owned goods. The trend goes well beyond apparel to include consumer electronics, jewellery, home goods, sporting goods and even baby needs. Vinted, the leading European marketplace, now has over 65 million members.

The concept is particularly appealing to Gen Z and Millennials, who favour sharing vs. owning and stopping fast fashion's flooding of landfills. With economic uncertainty expected to continue in 2023, we expect the appeal to keep growing and inspire more traditional retailers to enter the market: The new Walmart Restored platform, for instance, offers refurbished electronics, home appliances and power tools.

In-Store Is 'In' Again

Freed from pandemic-driven restrictions and concerns, shoppers have returned to the physical store in greater numbers than most brands and even some retailers had expected. In fact, Mood Media found last Autumn that 38% of shoppers globally were shopping in-store more often than they did two years ago.

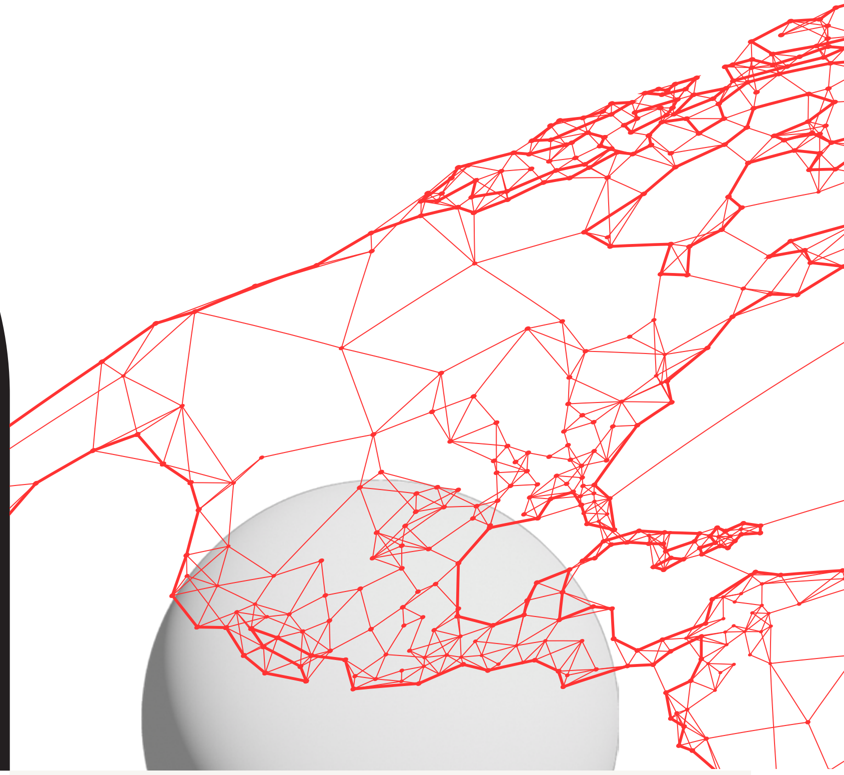
But now that they've experienced the many conveniences of ecommerce, they're returning with revised expectations that may make them less tolerant of common store issues like out-of-stocks, long lines, tight spaces and unsanitary conditions — and shoppers are more likely than ever before to change shops after an unpleasant visit, according to various reports.

Brands must return to the store with a new message that addresses the heightened importance of value and community. They also must deliver engaging experiences that will make the trip worthwhile — especially for younger shoppers who expect to be entertained. This expectation has fuelled a rise in the use of QR codes and other on-pack techniques as a means of bringing augmented reality and gamification into the aisles.

SHOPPER JOURNEY STAT:

On average, only 25% of shoppers are brand loyal, & that percentage drops to 19% and 20% in Poland & Germany.

Digital Shopping Deepens



Ecommerce sales growth may have fallen sharply in 2022, but sales still grew by 9.7%, according to eMarketer. That's because even 87% of grocery shoppers now make some of their purchases online, according to Incisiv/Wynshop.

The demand for convenience and instant gratification is growing, as shoppers increasingly expand their "trips" beyond actual ecommerce websites to encompass social media networks, entertainment publishers, and other forms of shoppable media.

The growing demand for richer, more personalized shopping experiences is driving retailers and brands alike to adopt new artificial intelligence and AR/VR tools. Executions in the metaverse are growing in frequency (if not yet gaining scale among shoppers) and sophistication. Such tools can make the brand experience more personal and drive stronger connections with shoppers, especially among the oft-elusive and digitally native Gen Z.

Meanwhile, traditional ecommerce sites must improve their experiences to deliver the functionality, variety, and personalisation that increasingly more sophisticated shoppers expect — to move the engagement "from transactional to inspirational," as North American on-demand delivery leader Instacart calls its efforts. ■

SHOPPER JOURNEY STAT:

56% of shoppers ages 18-34 view shopping as a great way to relax & are looking for brand experiences & entertainment.

For their part, shoppers don't distinguish between in-store and digital. They simply want the ability to buy what they want, when they went, how they want — and for many shoppers, that involves both channels. For instance, 25% of shoppers used in-store pickup for online orders in 2022, according to PYMNTS.

PYMNTS also finds that 81% of in-store shoppers want access to mobile apps and QR codes, the former to provide store navigation, prices, personalized promotions, and inventory information; the latter to deliver enhanced brand experiences as well as additional information (games, recipes, etc.) they can consume in the aisle but also bring home.

Forrester predicts that 70% of all retail sales in the U.S. will be digitally influenced by 2027, with more than half of purchases ultimately happening in a store. How brands and retailers engage shoppers in the digital space, which includes helping them understand exactly what is available in-store, will have a major impact on the ultimate conversion.

The winners, therefore, will be the brands and retailers who can work with their agency partners to build connected commerce strategies that enable engagement on the shopper's own terms — whatever those terms might be. ■

It's All the Same to Shoppers

SHOPPER JOURNEY STAT:

53% of shoppers use third-party reward apps & 43% use retailer shopping apps to browse products and make purchases.

To gain more insights from The Mars Agency's proprietary Shopper Journey research, contact Nathan Palmer.
npalmer@marslondon.co.uk

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Rob Rivenburgh

GLOBAL CEO

rivenburghr@themarsagency.com

Darren Keen

CEO INTERNATIONAL MARKETS

dkeen@marslondon.co.uk

Jake Berry

CMO

berryj@themarsagency.com

Greg Thorpe

MANAGING DIRECTOR, EUROPE

gthorpe@marslondon.co.uk