What to Expect of Consumers in 2017

I had an interesting discussion last week with some area businesses and we tried to predict what our customers were going to look like in the new year. What can we look at to make this prediction? Do you have any observations about this in your business? So, we took some time to share our ideas about this question and then took it a step further to name the impact that this may have for our business.

We looked at what trends were appearing in 2016. We observed what was happening in our businesses. We shared what we had been reading recently. One that I shared was a source with which I keep in contact and I will share that in this column.

Sue Yasav is the VP of Thought Leadership at Synchrony Financial. (I love that title!) She’s responsible for developing strategic insights through surveys, social listening and academic studies on topics related to the financial services and retail industries. Sue has 20 years of experience in the credit card industry, encompassing 10 years at Citi Cards as VP in the Finance and Marketing organizations. In the past 11 years at Synchrony Financial, Sue has been a Lean/Six Sigma Master Black Belt, a marketing leader for a high-end retail partner in NYC and the leader of Value Proposition Development. She recently posted a blog as published in Target Marketing. (http://www.targetmarketingmag.com/post/3-consumer-trends-watch-2017/)

As we launch into a brand new year, we look to connect with consumers and make our brands shine. Sue shares in her blog that “The surveys and insights we gathered over the past year reveal certain learnings that caught our eye and were quite a revelation.”

Consumers Are Inclined to Spend More on Experiences

Yasav said that “In survey after survey, consumers have told us that they value experiences over things.” According to a Synchrony Financial 2016 consumer survey, 68 percent of the population said enjoying experiences are more important than owning things, and over 60 percent said they will pay a premium for experiences they feel are valuable. These categories include travel, leisure, entertainment and dining out.

According to a study by Lightspeed GMI/Mintel, the top three categories consumers say they increased spending on since 2013 are: leisure and entertainment (+12 percent), dining out (+11 percent) and vacations (+10 percent).

Implications for retailers: What are retailers doing to take advantage of this trend? Yasav’s response was “Quite a lot, actually. Many retailers are creating restaurants right
in their stores. For instance, Barnes and Noble has put full restaurants in several of their stores, complete with waiter service and Urban Outfitters has several stores with bars. Toys”R”Us has unveiled plans to create a prototype store that will include a play space and interactive technology to engage kids and parents alike. Add that to cooking demonstrations at Williams-Sonoma and rock climbing at REI, and we have a trend that is taking hold.”

**Digital Shopping Grew Tremendously in 2016** The Synchrony Financial 6th Annual Digital Study showed dramatic increases in using digital technology for almost all shopping related tasks. About two-thirds of survey respondents stated that they have performed some kind of shopping related task on their mobile phones, up from 45 percent a year ago. And 40 percent of the population say they are more likely to increase online shopping over the next 12 months. Not only are they engaging with retailers via digital, consumers are also driven by digital offers. More than half (55 percent) say they would shop at a store more often if they were sent relevant offers to their mobile device, up from 35 percent only a year ago.

**Implications for retailers:** Yasav suggested, “Since digital shopping is widespread, many retailers have invested in technology to make the digital experience seamless. This includes creating shopping apps with high functionality that provide access to everything related to the shopping experience — from rewards to checkout. Location-based services and beacons have also become commonplace, as two out of three consumers tell us they check in at retailers to get points, special offers and discounts.”

**Mobile Payments Are on the Rise** According to the Digital Study referenced above, 81 percent of the U.S. population is now aware of mobile wallets, up from only about half a year ago. However, regular usage is fairly low. Consumers expressed concern about security and the lack of additional value as their reasons. And at this point, many retailers do not accept mobile payments. But according to a recent study by Forrester, 75 percent of retailers say they plan on accepting ApplePay by the end of 2017. And 46 percent of non-users say they are likely to try mobile payments if they receive an offer. So, as the technology becomes ubiquitous across retailers and there is added value for consumers, mobile payments are expected to increase.

**Implications for retailers:** Yasav observes, “payments are an extremely important part of the shopping experience. For some retailers, the payment process is the only interaction they have with the customer. Think of the last time the line at the register was too long and the customer just walked out without buying. If the payment experience is seamless, the customer is happy; if not, the result could be lost sales. This is the reason mobile
wallet technology is an imperative for the retail industry and so many retailers are making big investments in it. As shoppers expect to be able to check out using their smartphones, the retail experience must match this expectation.”

As we look ahead to the coming year, we know for certain there will be some elements of predictability in what we will see, and some things will surprise us. But, the closer we track the sentiment of consumers, the better we will be at delighting them.

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