



AN EXCLUSIVE SHOPPER INSIGHTS REPORT

Decoding consumer trends: actionable strategies for success in-store





In this white paper we will look at the year ahead, focusing on expected consumer trends; we will compare several sources, trends and predictions to identify the key themes that will influence retail marketing and POS activation in the future.

Executive summary

Retailing in the UK during the last 12 months has been challenging, with rising product costs and retailer stability shaken by the loss of 6,000 stores in the UK since 2018^{1,2}.

The grocery retail sector in the UK has faced difficulties and also opportunities in the last year, as the effects of the pandemic, Brexit, inflation, and consumer preferences continued to shape the market. Inflation remains high, putting pressure on household expenditure². However, this has led to shoppers returning to bricks-and-mortar stores to seek better value and curb frivolous spending³.

Last year's long dry summer also played a role in disrupting key seasonal events retailers banked on. In the lead up to Black Friday and Christmas, shoppers were reticent to spend on middle tier priced products, preferring to shop for value items or invest in one-off, high price point goods⁴.



Sources:

1. UK loses 6,000 retail outlets in five years thanks to 'crippling' business rates - Retail Gazette
2. Top 10 Supermarket Retail Chains In The UK | ESM Magazine
3. Looking forward: 6 food and grocery trends set to define 2023 (grocerygazette.co.uk)
4. <https://www.mckinsey.com/industries/retail/our-insights/retail-reset-a-new-playbook-for-retail-leaders>

In hindsight...

Last year we made six retail predictions at the start of the year; here's how these were reflected in the headlines:



1 Physical fight-backs to counter recession

How retailers might change tactics to increase footfall

We saw retailers:

- Unlocking value by improving efficiencies, cutting costs, and maximising the use of their assets¹.
- Some retailers have focused on offering low prices and high quality, such as Aldi and Lidl, while others have focused on offering premium products and services, such as Harrods and Selfridges².



2 Phygital 2.0 in stores

How smart technologies are helping shoppers

We saw retailers:

- Investing in experience innovation using technology and business models to engage with consumers, build communities, and differentiate their brands¹.
- Using data and insights to understand the changing path to purchase and the impact of omnichannel³.

3 Alternative bricks and mortar events

The shape of events and experiences to come

We saw retailers:

- Launching non-traditional events (outside of Christmas, Easter etc) e.g. Diwali; Chinese New Year, Black History Month, Pride and King Charles III's Coronation as key sales drivers⁴.



4 Disruption and supply chain complexity

How design and innovation will play a key role in retail

We saw retailers:

- Directly or indirectly affected by industrial action; 3 in 10 UK businesses (30%) reported that they were unable to fully operate as a consequence.
- More than a quarter (28%) of businesses with 10 or more employees experienced worker shortages in late March, though this figure has fallen since late August 2022.
- Nearly half the businesses reporting worker shortages indicated that employees were working increased hours as a consequence⁵.

5 Sustainability vs. cost of living

How a focus on eco-friendly strategies vs. cost may play out

We saw retailers:

- Prioritising value for money by offering deals and discounts to attract customers who are facing inflation and cost-of-living pressures^{2,6}.
- Pledging to take action, meeting key climate goals and setting carbon reduction targets as they aim to mitigate operational risks across the supply chain⁷.



6 POS design for evolving retail experiences

Exploring how POS design can adapt to market conditions

We saw retailers:

- Adapting how and where POS display was placed on shop floors to overcome legislation changes e.g. HFSS, which put pressure on the space available for non-compliant products.
- Creating immersive and interactive store concepts, such as pop-up shops, virtual reality and gamification. Others have offered personalised and customised products and services such as 3D printing, voice assistants, and subscription models^{1,8}.



Consumer trends unpacked

To establish the key consumer trends we have curated predictions from notable research specialists and experts, to identify the common threads that will feature in consumer behaviour next year.



1

Euromonitor International

Top global consumer trends 2024

2

Mckinsey & Company

Retail reset: A new playbook for retail



3

Fetch

Shopper marketing trends for 2024

4

Global Web Index

Consumer trends taking over 2024



5

Common themes

Distilling the trend reports



1

Euromonitor Intl.

Top global consumer trends 2024

The six trends highlighted reflected a shift in technology use, political uncertainty and cost-of-living stretching spending habits; threads that will feature in consumer behaviour next year.

1

Euromonitor Intl. Top global consumer trends 2024



Ask AI

Imaginative intelligence

- The notion that generative AI is prompting an ecosystem reset. New tools are turning into co-creators for consumers, influencing their decisions and changing their expectations of brand engagement.
- 42% of consumers would be comfortable with voice assistants providing personalised information and recommending products.
- 72% of consumers used technology to improve their daily lives in 2023.

Delightful distractions

A sweet escape

- Consumers want to take their minds off everyday stressors. They need a little relief from their anxieties and a chance to break away from the mundane.
- Brands that find opportunities to sprinkle in bliss will build strong connections with customers.
- 73% of consumers who struggle with stress and anxiety said these issues had a moderate or severe impact on their daily lives.
- 55% of consumers said they shopped in stores that created engaging experiences.
- 29% of consumers would be comfortable with brands tracking their emotions and personalising experiences to their moods.



Greenwashed out

The climate conundrum

- Consumers feel they can't tackle the climate crisis alone. They've taken steps to live sustainably but also question whether companies and governments are using all possible resources to make a true difference.
- People are greenwashed out. They are placing the responsibility back onto businesses. Organisations must take ownership of their carbon footprint and prove their positive impact.
- 64% of consumers tried to have a positive impact on the environment through their everyday actions in 2023.
- 45% of consumers felt like they were personally contributing to climate change in 2023.

1

Euromonitor Intl. Top global consumer trends 2024



Progressively polarised

Culture clash

- Social and political movements continue to trigger debates around the world; moreover, major 2024 elections are expected to escalate tensions.
- The charged, often divisive nature of these issues will intensify the polarised landscape. How consumers react to brands that take a stance can be unpredictable.
- 37% of consumers believe there will be more political unrest in their country in the next 5 years.
- 4% of consumers shared their opinion on social or political issues on social media.
- 32% of consumers were actively involved in political and social issues in 2023.

Value hackers

Outsmart the system

- Inflation instilled a new financial mindset, but consumers won't skimp on what they really want.
- Consumers hunt for the best deals and that extends beyond price tag. Value Hackers find clever ways to maximise their budgets without sacrificing quality.
- 53% of consumers cooked at home more instead of eating out.
- 52% of consumers cut back on non-essential spending.
- 33% of consumers switched to buying private label products.

Wellness pragmatists

Real results and simple solutions

- Consumers want quick, effective solutions that enhance their bodies and minds. Proven efficacy will influence purchase choices.
- Products need to be backed by facts and easily blend with current habits.
- 85% of consumers would be willing to pay more for beauty products with proven efficacy of benefits.
- 40% of consumers say they adopt DIY alternatives to salon or spa treatments.
- 35% of consumers have shifted behaviour to spend more on self-care and beauty routines at home.





2

McKinsey

The 'zero consumer' has emerged!

McKinsey highlighted consumers are showing little loyalty, increasingly shopping across channels, while expecting fast shipping and sustainable products.



Zero boundaries

- The purchase journey is now more fragmented.
- Nearly half of consumers, and approximately 70% of millennials and Gen Zers say they rely on social media and articles or blogs for purchase inspiration. And they're shopping fluidly across channels.
- Grocery, once a stubbornly store-based category, is becoming solidly omnichannel.

Zero in the middle

- Consumers are moving away from the middle of the market - they're either scrimping or splurging.
- Total consumer share of wallet spent on mid-priced goods and services has declined almost 10% in the past five years.



Zero loyalty

- 65% of UK consumers say they now prefer private label products over name brands. Source: Kantar.
- What's more, about 90% said they'll keep switching. The retailer is at risk of soon becoming a utility - just a means of distribution.

Zero patience

- Consumers are much less willing to wait. Free standard shipping, once offered by only a few retailers, is fast becoming table stakes.
- Delivery speed and the rise of 'buy online, pick up in store' has raised consumers' expectations.





3

Fetch

What's changing in shoppers' habits for the upcoming years?

How shifts in consumer shopping habits are poised to reshape not only individual experiences, but also the broader retail and grocery landscapes.

3

Fetch

What's changing in shoppers' habits for the upcoming years?



Digital proliferation

- Digital proliferation is not a mere phase but a reflection of evolving consumer preferences.
- VR and AR are game changers, poised to transform digital shopping from a purely transactional affair to an immersive, interactive experience.
- For retailers and brands, this is an opportunity to elevate the customer journey, providing engaging and personalised shopping experiences.

Health and wellness focus

- Tapping into this trend requires a thoughtful expansion of your product range to cater to the health-conscious consumer.
- Implementing clear labelling and creating dedicated sections both online and in-store for health and wellness products can significantly amplify your reach into this discerning market.



Customer-centric innovation

- 91% of consumers are more inclined towards brands that tailor offers and recommendations to their preferences.
- Appropriate utilisation of data will ensure customers are presented with products that resonate with their preferences, simplifying their shopping journey and bolstering satisfaction.

3

Fetch

What's changing in shoppers' habits for the upcoming years?

Sustainability and responsibility

- Sustainable products reflect a growth rate that's 5.6 times faster than their non-sustainable counterparts. This trend is closely linked to the values and purchasing behaviours of the younger demographic, particularly Gen Z, who exhibit a pronounced inclination towards brands that embody environmental responsibility.
- Make eco-friendly initiatives a cornerstone of your marketing strategies to resonate with environmentally-conscious consumers.



Influencer decline

- The retail landscape is witnessing a shift from influencer-led narratives to brand-centric storytelling. Consumers are seemingly growing weary of influencer endorsements.
- Engage in narratives that spotlight real customers and employees, making them the stars of your brand story rather than outsourcing authenticity to influencers. This approach not only fosters a deeper connection with your audience but also enhances brand trust and loyalty.



Experiential retail

- Transforming the in-store experience from merely transactional to memorable will significantly uplift customer satisfaction and brand loyalty, equating to increased sales.





4

Global Web Index

Consumer trends taking over 2024

Exploring how consumers digest media, versus the maturity in technology shaping future shopping habits.

4

Global Web Index

Consumer trends taking over 2024



The media's got a trust problem

- Consumers are increasingly reading news on social platforms, and with many feeling overwhelmed by negative stories, this is having an impact on people's outlook. Among those who believe social media damages their wellbeing, 48% say they often feel hopeless about the state of the world while using it.
- Many publishers are starting to offer information in new formats like short-form video or suggest solutions to the problems they're posting about.
- The number of UK consumers who claim they don't trust the news has climbed to 66% (the highest rate of all North Europe countries).

AI excitement is rising, but so is concern

- Consumers often see cutting edge tech as a double-edged sword, and AI's no different. Many people are fascinated with AI's potential, but simultaneously a bit intimidated by its explosive growth.
- AI isn't something that exists in a tech bubble; it affects all of us. 60% of consumers are excited about the development of AI, while 71% think it's moving at an alarming rate.
- Cosmetics buyers, fast food eaters, and fitness fanatics are the most apprehensive with their concerns more than doubling in the last year.
- In the world of business, everyone from beauty brands to sports retailers and beyond has AI-related decisions to make over the next 12 months.



4

Global Web Index

Consumer trends taking over 2024



Boomers are doing more scrolling and shopping

- Boomers are becoming more enthusiastic about commercial content. 27% of social media-using British adults claim to follow influencers on social networks. This rises to 45% amongst the 7.5million adults who claim to visit social networks more than 10 times a day.
- Older influencers have been capturing attention on various apps too, using them to defy ageist stereotypes and even inspire young adults.
- The way boomers use social media is changing, so brands' approach needs to change too. An example of a company adapting well is Trinny London, whose social-first strategy aimed at older women has yielded an online community of 90,000+ people on apps like Instagram, and contributed to its £50 million turnover.

Short-form video is changing sports

- Watching sports as a main reason for using social media is up 17% and sports highlights are becoming more popular on platforms here too. This habit saves consumers time, helps dodge broadcasting and time zone barriers, and allows them to take part in conversations around the action.
- Platforms can play host to extra content like more behind the scenes footage, something that 1 in 5 sports fans say would make the live viewing experience more exciting.
- Winning the attention game is tough, but AI-powered video tools built into today's social platforms make content creation easy. For example, media channels could condense a 90-minute football match into three golden minutes of highlights, offer exclusive footage, and make their events more interactive.



Veganism ain't hot anymore

- Interest in vegan food has declined and fewer Europeans are identifying as vegan or pescatarian - a sign many don't want to follow diets that are too prescriptive. Instead, more are becoming flexitarians, with over 1 in 4 interested in reducing their meat consumption.
- Studying these plant-curious consumers suggests ways to give meat-free food more flavour. In the US, aspiring flexitarians are less status-driven, thrifter, and less likely to say eco-friendly food is important than vegans, so plant-based items could benefit from some fresh branding.
- Previously veganism's popularity was driven by the consumer's desire to make sustainable food choices. The cost of food and preferences for multicultural flavours has increased; this has meant sustainability as an influence has waned. In fact, the importance of sustainability when buying food products has declined 10% year-on-year in four European markets.



5

Common themes

Distilling the trend reports

The 3 most likely factors for consideration and how they are applied to in-store marketing.

What are the common themes?

When we distil these trends reports together, there are three clear consumer trends which are likely to be the most important factors to consider and apply to in-store marketing activities. These are:

1. Trust and transparency



Consumers want to know the truth behind the products and services they buy, and they expect clear and honest communication from brands. They are wary of political influences, cancel culture, and AI interference that may distort their choices or opinions. They also value authenticity, personalisation, and emotional connection over generic or artificial interactions.

- Believable sustainability.
- Clear labelling for efficacy.
- Political influences and divisive content leave consumers unsure who to believe.
- AI can provide personalised experiences, but consumers have concerns.
- Authenticity is valued more than influencer opinions.
- Emotional connections drive sales.
- Personalisation is still valued.

2. Convenience and engagement



Consumers are busy and have short attention spans, so they want products and services that are easy to access, use and enjoy. They also want to be entertained and engaged by brands, and they use social media as a source of information, inspiration and interaction. They expect digital media to merge their virtual and in-store experiences, and they want to consume content in short and digestible formats.

- Social media and content enables footfall into store and full circle online.
- Shortened attention spans need shorter form marketing content.
- Digital media is merging consumer experience online and in-store.
- Highlight reels are key to driving traffic for sports consumers.

3. Value and quality



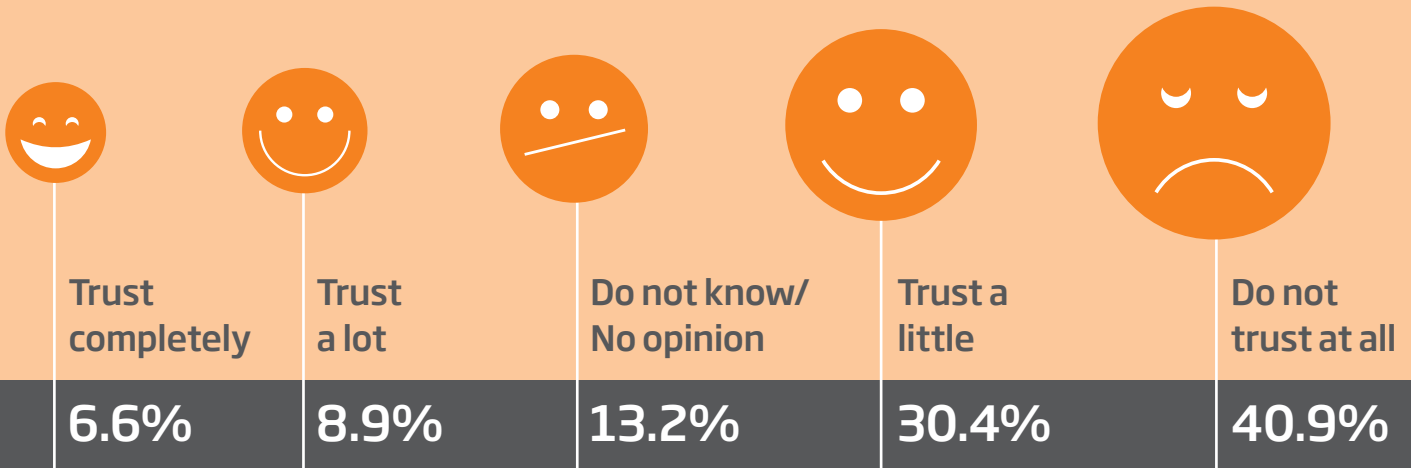
Consumers are looking for products and services that offer them the best value for their money, and they are willing to switch brands or labels if they find a better deal. They are also looking for quality products that deliver on their promises and provide easily believable results. They are not interested in spending on mediocre or average products, but rather on those that either save them money or offer them a premium experience.

- Seeking value and retaining quality is critical as 45% of UK consumers are actively looking for cheaper alternatives.
- 33% of consumers are switching to own label products with 65% of Brits claiming they now prefer these cheaper private label products over named brands.
- Believable results from products
- Scrimping or splurging, not spending in the middle.
- Shoppers are switching to other brands more frequently.

How do these consumers shop?

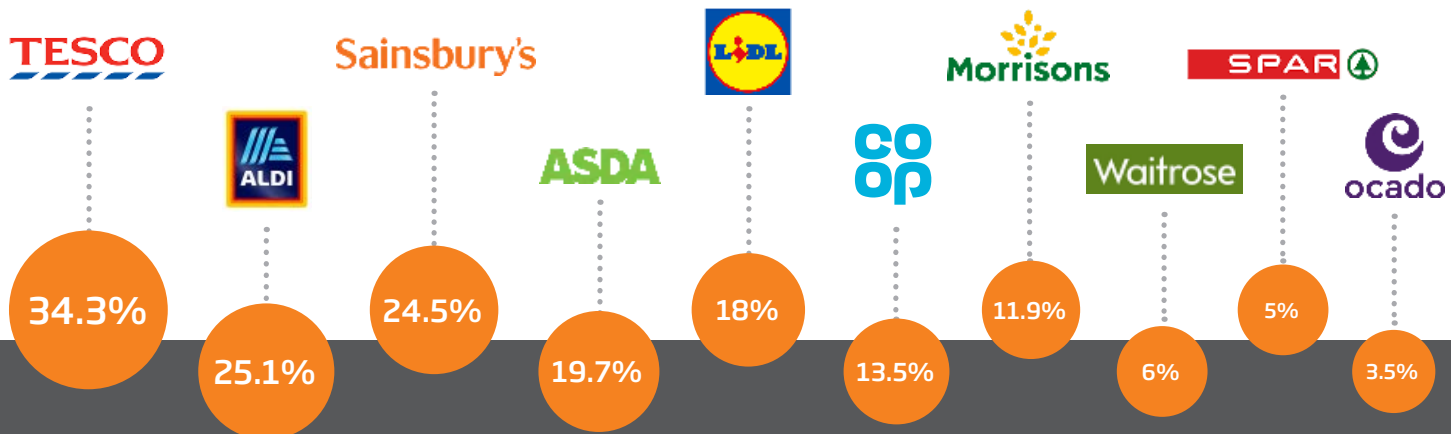
Trust in social media recommendations

TRUST & TRANSPARENCY



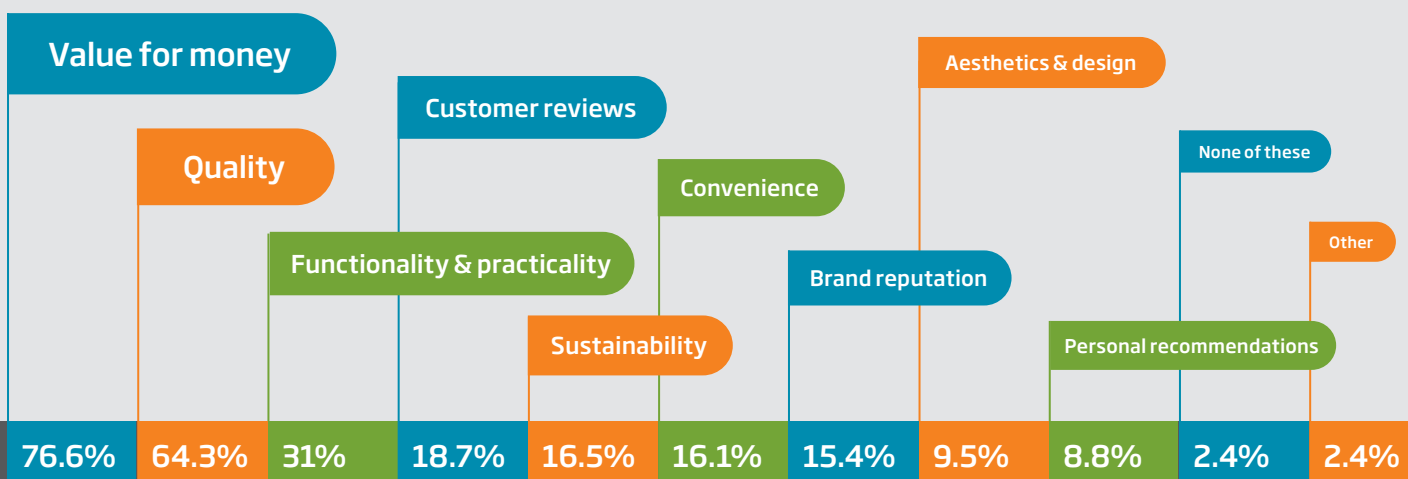
Shopping at these stores weekly

CONVENIENCE & ENGAGEMENT



Important factors when purchasing products

VALUE & QUALITY



What do these numbers tell us?

1. Trust and transparency

23%

Just 23% of Brits take environmental promises and initiatives from businesses at face value, with a third (30%) expecting companies' environmental claims to be "slightly exaggerated" and 14% considering them **entirely dishonest**¹

64%

engage more with brands that **embody a personality and purpose**²

2. Convenience and engagement

60%

of Brits say a **convenient shopping experience** remains a high priority when spending with a retailer³

44%

of UK shoppers say they are willing to **share their personal data** for a better, more personalised, shopping experience³

1 in 2

UK shoppers claim they would actively **switch to a frictionless** store versus a regular store. This rises to 3 in 4 when we look at those aged 45 and under⁴

41%

of consumers are willing to **pay more** for a product if they can purchase them more quickly and conveniently⁴

3. Value and quality

54%

of UK consumers are looking to **buy smaller quantities** each time so they only spend what they have⁵

73%

of consumers are making **fewer impulse purchases**⁶ as 46% of Brits feel their financial situation has worsened in the last year⁷

1 in 5

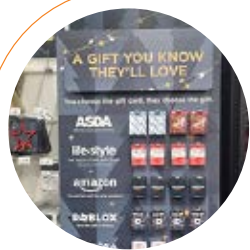
households in the UK now have **negative disposable income**⁸

47%

of Brits say they prefer to **buy fewer, better-quality items**, these are known as "feel good purchases"³

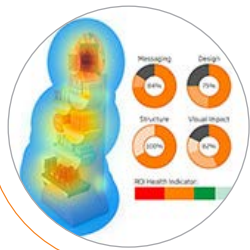
What are the implications for POS display?

1. Trust and transparency



Believable sustainability

To demonstrate your commitment to sustainability, do not rely on greenwashing your displays; shoppers expect this from all products and brands nowadays. Instead, use mono materials that are easy to recycle and avoid plastics that harm the environment. Make sure your display is also convenient for store operations to dispose of at the end of its life cycle.



Clear labelling for efficacy

Highlight your brand or product's features and benefits clearly and concisely. Shoppers spend less than a second reading in-store communications, so use colour blocking and lower case copy to catch their attention, and convey your message in less than 10 words to connect with shoppers at POS displays more effectively.



Build trust through authenticity

Consumers want authenticity and trustworthiness from the sources they rely on. They are losing faith in political figures, celebrities and social influencers who are involved in global conflicts and controversies. They prefer authorities who have proven expertise and credibility, such as medical professionals, industry experts and sporting achievers. These sources inspire confidence in consumers.

 100% RECYCLABLE

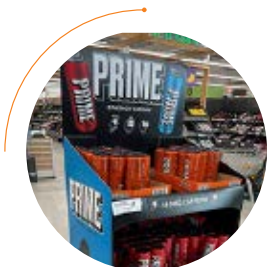
What are the implications for POS display? (cont'd)

1. Trust and transparency (cont'd)



AI is coming

Displays are not just silent salesmen in-store; they are being utilised more to connect to the phygital world through mobile devices, QR codes, coupons and competitions. AI will most likely play a role in personalising promotional content for shoppers in the near future.

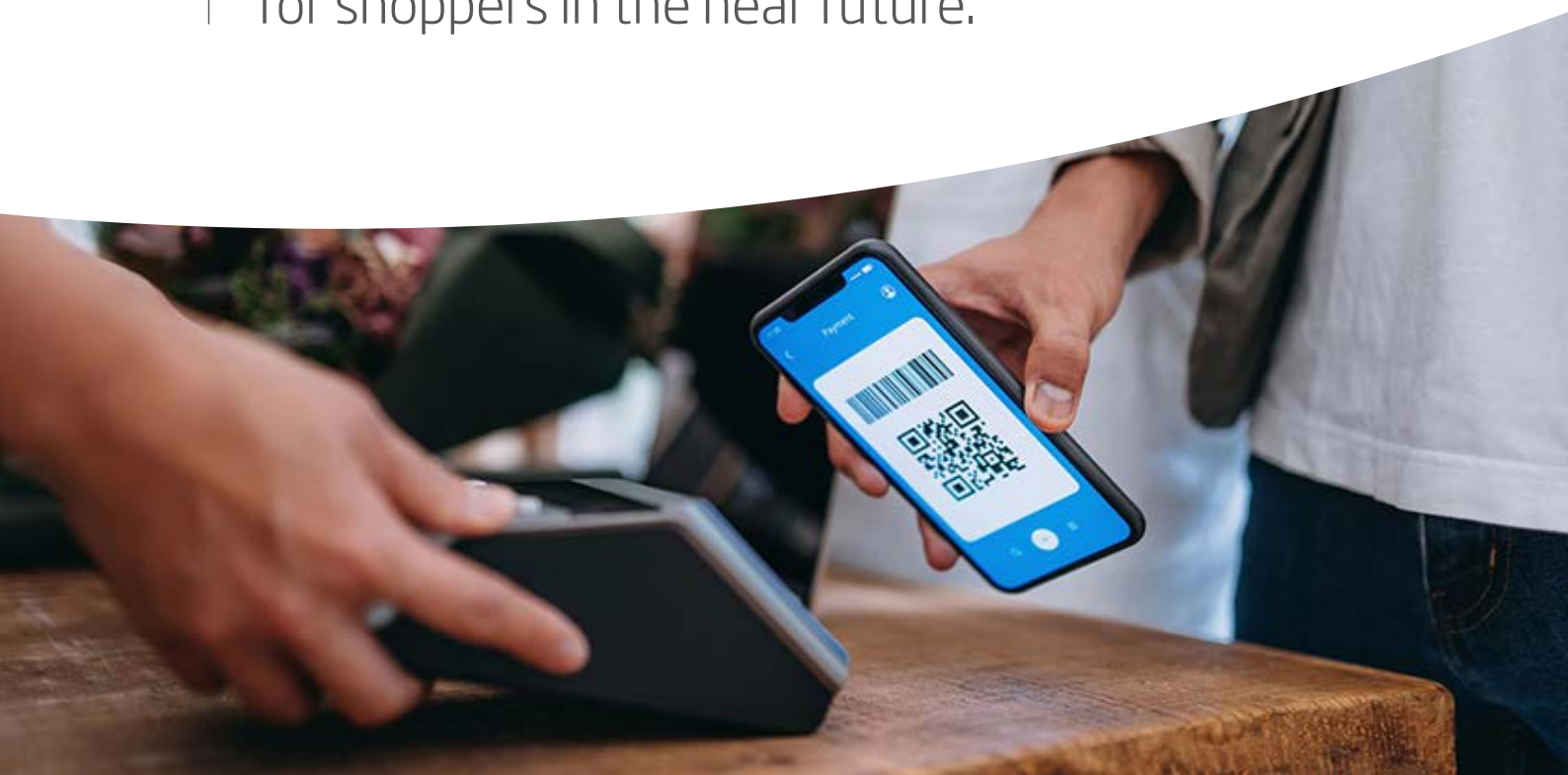


Emotive content to drive sales

Utilising techniques which connect with shoppers on an emotional level is key for POS display. Humans have two types of cognitive processes that our brains use to make decisions and judgments. System 1 is fast, intuitive and emotional. While System 2 is slow, rational and logical. System 1 operates automatically and effortlessly, while System 2 requires more attention and effort. Pulling in colour shape and imagery that triggers our System 1 responses is more effective in attracting shoppers to products in-store.



AI will most likely play a role in personalising promotional content for shoppers in the near future."



What are the implications for POS display? (cont'd)

2. Convenience and engagement



Online to in-store drives footfall

Shoppers are looking for quality and value in stores more often due to the economic situation. POS display can bridge the gap between online and offline content that shoppers have seen. POS display can remind them of the brand and product stories they have browsed online and link them together to attract, engage and persuade them to buy.



Shortened attention spans need shorter form marketing content

We evaluate creative and display designs to ensure they work as hard as possible in-store to capture shopper attention. Too much text or unclear benefits can make shoppers lose interest in digital or in-store content. We make sure that our creative and display designs are effective and eye-catching in-store.



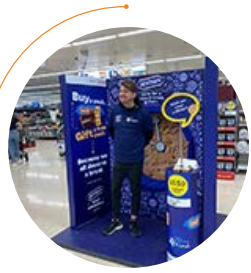
Short-form content for sports is key to driving traffic

Sports events are great opportunities for retailers and brands to boost footfall and sales, besides traditional holidays like Christmas, Easter, Black Friday and others. This year, there are many sports events e.g. Euro 2024 this June in Germany that will be promoted in various retail environments. POS can create cost-effective and impactful event marketing to leverage these opportunities.



What are the implications for POS display? (cont'd)

3. Value and quality



Seeking value and retaining quality

POS has a role to play in presenting the features and benefits of products when shoppers have the products in their hands. According to a survey conducted by Mood Media, 82% of consumers say that seeing, holding or demoing a product in-person makes them more likely to buy it; POS behaves like a beacon to drive this interaction with shoppers.



Private labels now have a 50% share of UK FMCG sales volume*

Price comparisons are a common advertising technique in-store, where POS displays highlight how own-label products match up to well-known brands. Aldi and Lidl use this technique to merchandise similar products together. POS helps brands stand out and gain extra space, especially during peak seasons like Christmas when own-label food products are attractive alternatives to big brand products.



Scrimping or splurging, not spending in the middle

This trend means brands need to work harder with their in-store messaging. There are ways that brands can use POS displays in-store to attract shoppers, such as:



Highlighting the value proposition

of the mid-priced products, such as quality, features, benefits, or customer reviews and comparing them to the low-cost or high-value alternatives. For example, a POS display for a mid-priced shampoo could emphasise its natural ingredients, its effectiveness for different hair types, and its positive feedback from customers.



Creating a sense of urgency or scarcity

for the mid-priced products, such as by using limited-time offers, discounts, coupons, or loyalty rewards. This can help shoppers to feel that they are getting a good deal and that they need to act fast before they miss out. POS displays can host offers; coupons or free accessories for every purchase, or a chance to win to convert a sale.

What key strategies will play an important part in meeting these consumer expectations in UK retail next year?

We spoke to our experts about the trends predictions and got their view about what they expect to see as a result:



Kerry Afxentiou, Sales Director



To succeed in selling products, brands need to be creative and stand out with their POS. They need to use impactful designs on displays that are produced efficiently, to get the best return on their investment. Spending will probably stay low in 2024, so brands need to be smart and strategic about how they execute in-store."



Sarah Bell, Cluster Director, Retail Marketing



The political and post-pandemic situation is affecting how shoppers perceive and choose brands. This trend will likely continue next year, and retailers and brands will have to be more careful and balanced to avoid getting involved in social-political conflicts. It is a challenging time for retail."



Lauren Wilkinson, Insights Executive



The UK is facing major uncertainties due to the political and pandemic situation, as well as new regulations like HFSS. Some sectors, like beers, wines and spirits, have done well, while others, like confectionery and snacking, have struggled. I think brands will find a way to balance these pressures, but they will need to be creative and connect to key events, like the summer of sports, to boost their sales in 2024."



Matt Pickering, Creative & Marketing Director



The retail landscape and consumer priorities are constantly changing, and brands need smart technical solutions to achieve in-store impact and stable returns. I am excited about how automation can help our industry to design displays more efficiently and reduce labour costs. I think we will see more innovation in this area for displays in the next few years."



Anouska Kett, Marketing Innovation Director



Sustainability is no longer a choice, but a necessity for brands and retailers. Consumers demand that brands take responsibility for reducing their environmental impact. Token statements on displays about eco credentials are not enough; shoppers can spot greenwashing easily. Brands need to guarantee their commitment to sustainability in every aspect of their products and displays they use."

Summary

Considering the consumer trends we are likely to see in 2024, it is evident that POS displays will play a critical role for success in-store by influencing consumer behaviour in three main areas:



Build trust and transparency

with consumers by using sustainable materials, clear labelling, authentic sources, and AI technology to communicate their products' features and benefits.



Enhance convenience and engagement

with consumers by bridging the gap between online and offline content, using short and eye-catching messages, and creating event marketing for sports and other occasions.



Deliver value and quality

to consumers by highlighting the advantages of mid-priced products, using price comparisons, and encouraging physical interactions with products.

To find out more about how **DS Smith** can support your in-store marketing efforts further. Please contact us at: <https://shorturl.at/bdxX8>