THE CONSUMER OF 2022:

A summary of research and insights into Australia's post-pandemic consumer.

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ABOUT THIS REPORT

2020/2021 was a period in history unlike anything seen before. And not only proving to be a catalyst for how **we live, work, travel** and **interact**, but it has permanently altered the way we **shop and form brand relationships.**

How consumers purchased changed. Household expenditure that would traditionally be spent on travel and entertaining was redirected into other categories – some obvious, some surprising.

The **acceleration of online shopping** saw the e-commerce sector grow at 10 times the rate of the traditional retail market, a surge that doesn't seem to be contracting.

This report explores the macro trends that have emerged due to COVID-19 and their impact on the consumer behaviour.

The insights are based on observational commentary, primary qualitative research conducted in June 2021 and a number of secondary research references.

Summary of research sources:
1. Primary quantitative research conducted by SCA insights in May 2021 with a nationally representative sample of over 700 consumers.
2. forbes.com/sites/ilkerkoksal/2020/05/02/the-rise-of-online-learning/?sh=1dd90a7e72f3
3. thinkwithgoogle.com/consumer-insights/consumer-trends/trending-visual-stories/retail-report-trends-insights)
4. messagemedia.com/au/blog/communication-trends-retail-predictions-2021/
5. auspost.com.au/content/dam/auspost_corp/media/documents/ecommerce-industry-report-2021.pdf
6. messagemedia.com/au/case-studies/vinomofo-sms-for-hubspot/

ABOUT THE AUTHOR

Amanda Stevens is an award-winning speaker, author and retail marketing consultant. She has a double degree in marketing and consumer psychology and is passionate and curious about ‘why people buy.’

She’s the author of five books on sales and marketing and has presented at over 1200 conferences in 14 countries.

As a researcher and marketing consultant, she’s worked with brands such as Microsoft, Procter and Gamble, Priceline, Lend Lease Retail and Best & Less.

Amanda is known as ‘the Consumer Futurist’ due to her ability to take complex and diverse data sources and synthesise them into what it means for brands and their ability to create deeper and more lasting connections with their consumers.

FORCED AGILITY

In March and April 2020 millions of Australians went into lockdown and were ordered to stay away from their workplace and school. Social distancing, border closures and working from home become commonplace in a matter of months and the uncertainty of snap lockdowns became part of daily existence for nearly two years.

This shift has meant that **Australians have turned to digital platforms to remain connected, continue working and maintain productivity.** For some, this is viewed a positive; avoiding peak hour commutes to and from the office. For others, the blend of traditional workplace and home environments has proved to be a challenge, overlayed with the additional realities of restrictions, isolation and home schooling.

The shift to working from home, while many Australians will eventually return to the office, will see a permanent change to how we **live, work and travel,** with many organisations adopting a **hybrid model** moving forward while others going ‘all in’ on working from home and choosing to completely decentralise their workforce.

ATLASSIAN GOES 'ALL IN' ON WORKING FROM HOME

Australian tech success Atlassian announces in April 2021 that it will enable their employees to work from anywhere in the world; they simply need to attend the office four times a year. Since the announcement, over a quarter of their Sydney employees have relocated permanently.

While the challenges of 2020 meant that the mood of Australian consumers was filled with **fear, anxiety and sadness,** it also saw them turn to online shopping for everything from **everyday convenience** and grocery items to major purchases such as **home electronics, homewares and furniture.**

Forced agility will not only change how we work, it will also see an **accelerated blend of professional and personal.** This blend will provide opportunity for market share growth across numerous categories, as consumers **cross pollinate personal and professional brand choices and relationships.**

- Online purchases grew by 57% YOY, with Australians spending a record $50.46b online in 2020.
- 9 million Australian households shopped online in 2020
- 1.36m Australians made their first online purchase in 2020
- 28% of shoppers expect their online shopping frequency to remain higher than pre COVID

SHIFT IN DIGITAL BEHAVIOUR

Not only did Australians turn to online shopping at rates never seen before, we utilised digital platforms to stay connected to friends and family, learn new skills and explore online education offerings.

According to Forbes, Covid's **acceleration of online learning** has fast-tracked the sector's growth exponentially, with forecasts estimating the **online education market valued at $350 billion by 2025.**

The increase in time spent online and the shift in the nature of our online behaviour is also generating emerging opportunities for brands that are connecting with consumers in the context of their changing digital behaviour.

- Since the start of the pandemic, 15% of daily google searches are ones that haven't been seen before.
- The increase in online engagement means that online brands have a greater 'digital distraction' challenge than ever before and the online experience needs to be engaging, seamless and convenient.

THE CONVERGENCE OF LESS & LUXE

With the economic challenges that many consumers faced as a result of the pandemic, lockdowns and border closures, one retail category that defied economic dynamics was the **luxury goods sector.**

It would seem that as a result of COVID, many consumers have re-evaluated their purchase behaviour; **buying less but higher quality and more sustainable goods.**

As a result of this trend, combined with the redistribution of spend previously injected into the travel sector, the luxury goods market exploded during the pandemic.

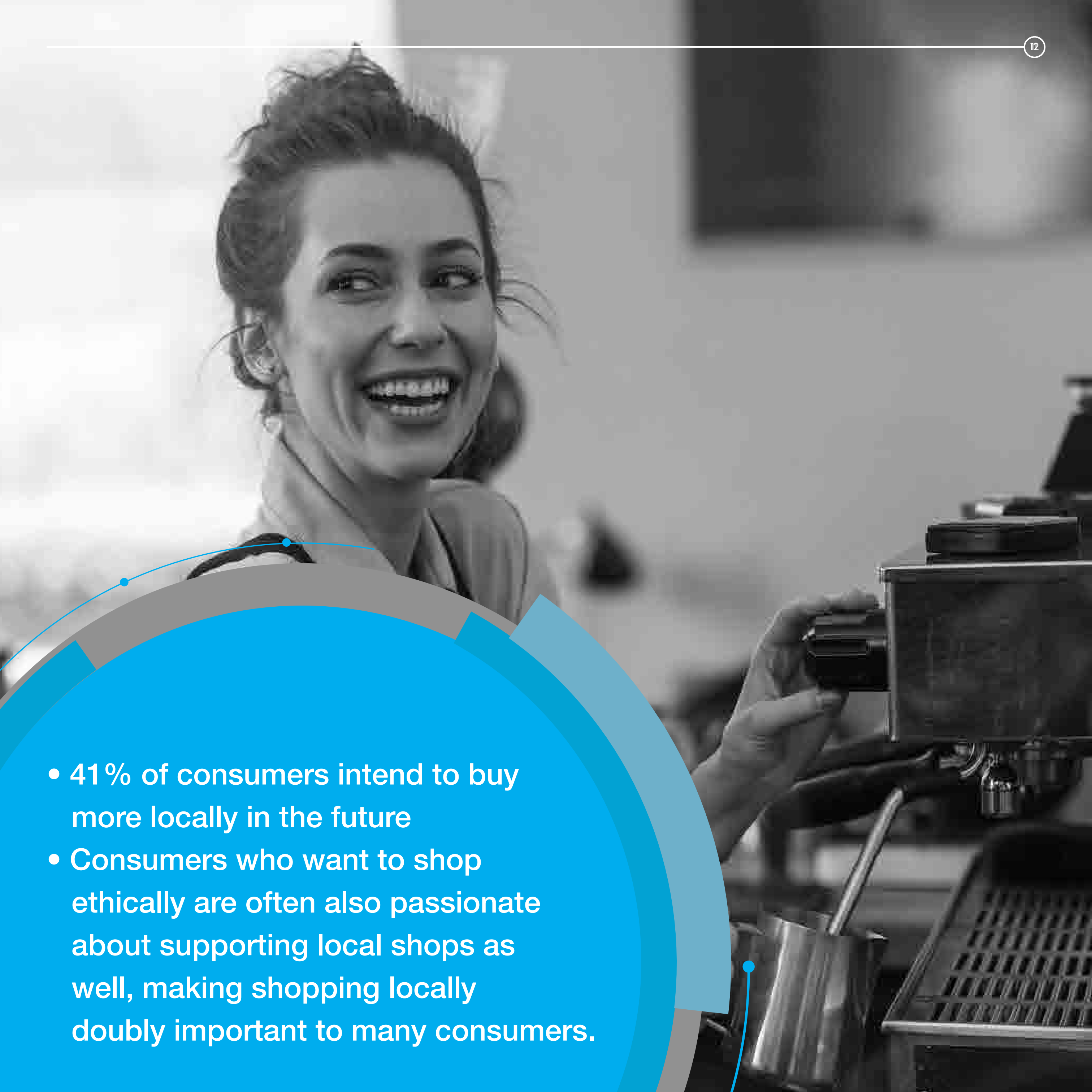
- 58% of Australian consumers say they are prioritising quality over quantity when purchasing goods since the start of COVID.
- One of the richest people in the world is now Bernard Arnault, the CEO of LVMH, the parent company of luxury brands Louis Vuitton, Moet & Chandon, Dom Perignon and Fendi
- Since June 2020, the stock price of LVMH has more than doubled.

THE RISE OF COMMUNITY

During COVID's lockdowns and the resulting devastation on many traditional retailers, consumers rallied to help where they could.

This saw the launch of several small business community 'buy local' initiatives as **consumers looked for ways to support local businesses** through difficult times.

Gyms, cafes, restaurants and other retailers had to rapidly pivot to provide virtual, take-away and contactless delivery options and many are offering a hybrid model moving forward as **consumers value having choice in delivery methods.**



- 41% of consumers intend to buy more locally in the future
- Consumers who want to shop ethically are often also passionate about supporting local shops as well, making shopping locally doubly important to many consumers.

SUSTAINABILITY VERSUS ECO-FRIENDLY

In 2020 consumers cemented their awareness and priorities around **sustainability**, in particular relative to 'eco-friendly'

Consumers rate 'sustainability' over 'eco-friendly' as far more of a priority when choosing a product or service.

This insight serves as a warning for retailers in the fast fashion sector and indicates opportunities for retailers to amplify product / service claims around sustainability, value and longevity.

- 53% of consumers say they actively seek out products and services that are ‘sustainable’ versus 39% that prioritise ‘eco-friendly’
- 64% of consumers say they’re more willing to pay extra for better quality products since prior to the pandemic

EMOTIONAL EXHAUSTION

The full emotional and mental health toll of the pandemic may not be fully understood for years to come.

While COVID impacted everyone differently, the **ongoing uncertainty of lockdowns, border closures, forced separation from loved ones** has wreaked havoc on nervous systems and caused **ongoing anxiety.** 71% of consumers say they feel **'emotionally exhausted'** compared to prior to COVID.

How this will fully play out in terms of consumer behaviour is yet to be seen but early data suggests that **greater priority will be placed on 'feel-good' purchases.**

In fact 92% of consumers say they have made a purchase since the start of the pandemic to cheer themselves up or as a distraction from the pandemic.

This suggests that amplifying the positive, 'feel-good factor' of a product or service will be an important strategy in connecting with the consumer of 2022.

MILESTONES MATTER

One of the most personally devastating impacts of the pandemic was the millions of missed birthdays, engagement parties, weddings, anniversaries and funerals.

Missing these key life events has only heightened their importance. Milestones we once took for granted are now being marked with **more meaning and a deeper sense of significance.**

This shift provides a unique opportunity for brands to be a part of these milestones, where appropriate. **Recognising and celebrating milestones such as birthdays and anniversaries are prime customer experience touchpoints.**

Being a part of these milestone moments is also critical in **moving from a transaction mindset to a relationship mindset.**

- 71% of consumers say they missed out on attending a life event such as a birthday, engagement, wedding, anniversary or funeral since March 2020.
- 62% of consumers say they value and celebrate life milestones such as birthdays more now compared to prior to COVID

THE CUSTOMER EXPERIENCE

While consumers shifted their retail spend significantly to online during 2020, **the in-store customer experience** emerged as a key consideration for the instances when traditional retail shopping was a possibility and a choice.

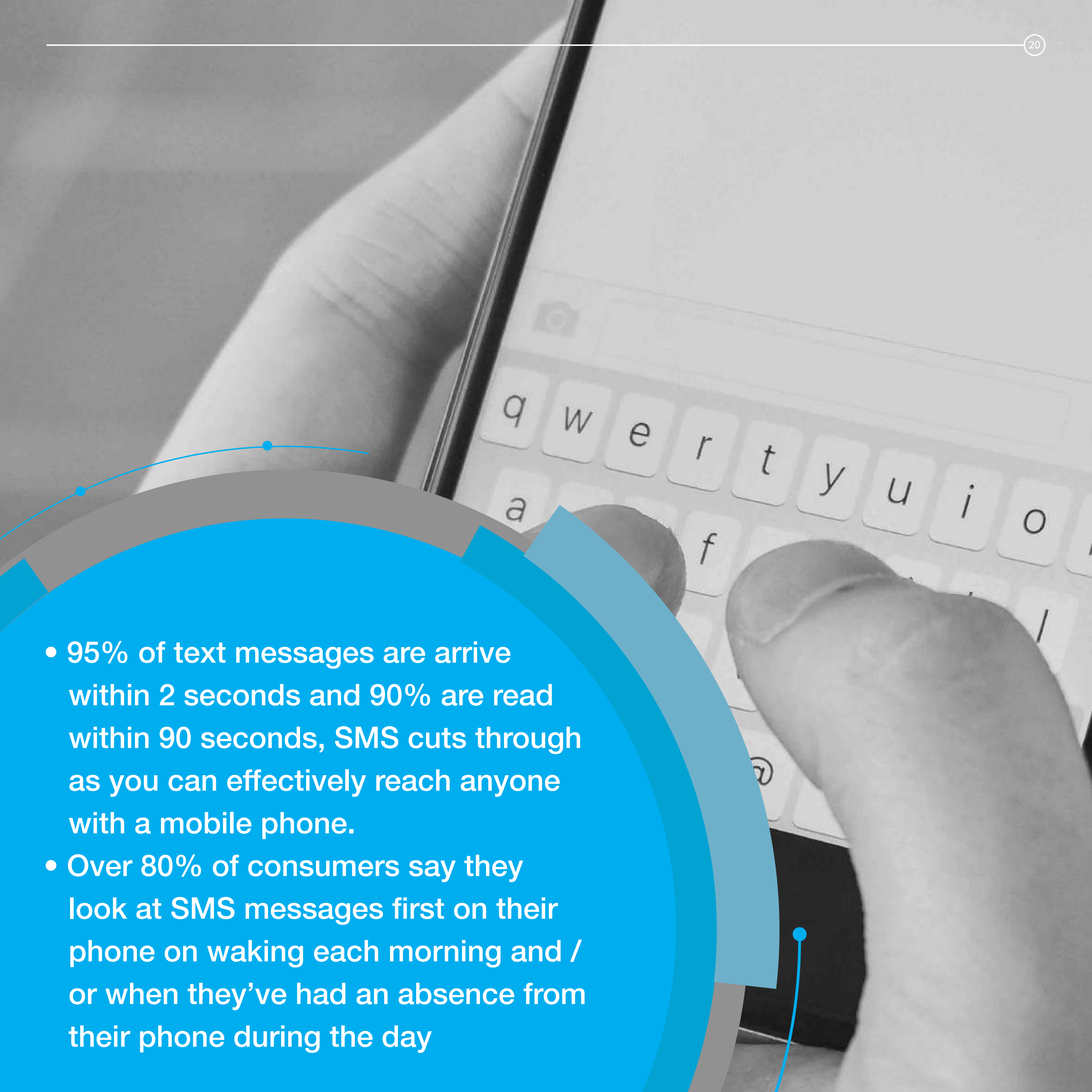
- Consumers rate 'Service / Customer Experience' as the second most important priority when shopping in store, second only to 'range of products' and more important than convenience, expertise and store layout.
- 66% of consumers say they're likely to spend more on a product or service if the experience is positive.

PROXIMITY IS POWER

With the increase in screen time as a result of the pandemic, brands have an opportunity to **connect with consumers in more immediate ways.**

Leading retailers are using **SMS as part of their customer journey to connect, confirm and nurture consumers,** as well as entice them with short-term offers and promotions.

The immediate nature of SMS means that while it may be the second-most preferred method of communication, **it's the most read and actioned.** When engaging with their smart phone, SMS is 'triaged' / prioritised over email, social media notifications and chat platforms. SMS is the most effective communication channel to cut through the noise.



- 95% of text messages are arrive within 2 seconds and 90% are read within 90 seconds, SMS cuts through as you can effectively reach anyone with a mobile phone.
- Over 80% of consumers say they look at SMS messages first on their phone on waking each morning and / or when they've had an absence from their phone during the day

CONSUMER CONNECTION

Connecting with consumers, building a community and predicting the ever-evolving needs and desires of consumers remains the key competitive opportunity for brands, particularly in light of shifting online shopping activity levels and behaviour

While consumers still cite email as their preferred communication channel from retailers, **other channels such as SMS are quickly emerging as a more immediate, personal form of communication** that gets cut-through with consumers and wins the battle of attention.

- 32% of consumers say that SMS is their preferred channel of communication to learn about offers and information from retailers, second only to email (47%)

SUMMARY

The world permanently shifted in March 2020. The arrival of the worldwide COVID-19 pandemic has transformed how we live, work, travel, interact and shop.

The upside of the pandemic arriving in 2020 versus 20 years ago is that we had access to technologies to remain connected and allow us to continue to engage with the brands we love, while discovering new ones.

For the retail sector, this is time of monumental change. Consumer behaviour, expectations, priorities and paths to purchase are vastly different to prior to pandemic.

And while for many businesses there are no silver bullets, 2022 will bring silver linings for those who are silver lining seekers.

Let's connect with the new consumer of 2022.

"Every adversity carries with it the seed for equal or greater benefit."

NAPOLEON HILL

THE CONSUMER OF 2022:
WHAT'S NEXT AND WHAT TO DO

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