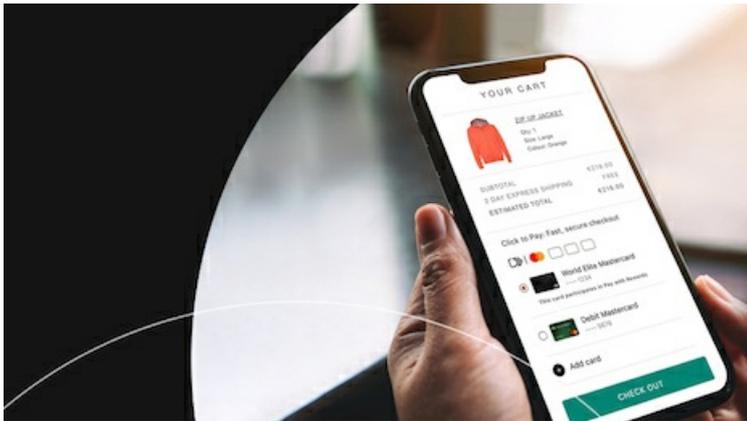


RETAIL

Nearly all iPhone users opting out of app tracking, at 96pc: report

January 5, 2023



Mastercard's retail trend report arrives just in time, as brands begin to pivot marketing budgets albeit limited in 2023, per looming recession accordingly. Image credit: Mastercard

By MARYBETH CONNAUGHTON

Leading American financial services company Mastercard has released its "Top Retail Trends to Watch in 2023" report, showing that retailers will have to give with both hands to meet consumers' evolving needs.

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As consumers continue to define what it means to be in a post-pandemic world, they are also uncertain about the future. Thus, they have an increasing number of, what can appear to be, contradictory needs.

Personalization vs. Privacy

According to the Mastercard Economics Institute, 2023 will continue to see economic issues including gas prices, job insecurity and an overall atmosphere of risk.

Perhaps this explains why their needs seem to reflect a desire to cover all bases.

For example, customers want to retain the services they became accustomed to during the pandemic, such as curbside pickup, while nonetheless expecting novel experiences when they enter retail shops. They appreciate the safety and convenience of online shopping, as well as the sensual delight of in-person visits.

Among consumers' top concerns is privacy now more than ever. 96 percent of iPhone users, for example, are eschewing the apps that track their online activity. In response, privacy regulations are increasing as search engines like Google plan to remove third-party cookies by 2024.

Yet, simultaneously, shoppers want to feel understood by retailers, and be provided with personalized shopping experiences. This requires, in part, obtaining the data and analytics. They allow brands to better understand their customer bases' purchasing decisions and to determine what experiences they should provide those customers with.

These analytical tools also allow retailers to segment their base and curate their offers, which is a relief to consumers who do not want to be bombarded by messages and offers via email, ads and social media. Appealing to their preferences makes consumers more likely to respond.

As retailers continue to work to meet shoppers in both the traditional and online spaces, the line between those spaces continues to blur. Brick and mortar sites are adopting digital strategies, and there are opportunities for the two to work in tandem, in yet another effort toward personalization.

For example, representatives at physical stores can check visiting customers' online profile and make in-store recommendations. In-store purchases can then be added to that profile to further tailor recommendations.

Overall, to reconcile the dueling needs of privacy and personalization, retailers will have to refine their data principles, including transparency.



Shoppers are increasingly looking for a variety of payment options as well as more creative loyalty incentives. Image credit: Mastercard

Looking ahead

Going forward, retailers will need to reach consumers where they are.

For Generation Z and younger, this continues to be social media. In fact, social commerce, where consumers make in-app purchases, is an increasingly popular option, generating \$724 billion in sales last year.

Retail media networks, digital channels owned by retail companies and offered to third parties for the sake of advertising, are able to reach in-market customers when they are in the mood to spend.

These networks are growing in popularity and expected to make up 20 percent of U.S. digital advertising spending in 2023, and account for \$160 billion by 2027.

When it comes to customer loyalty and retention, brands will have to get creative and think beyond spending-based rewards programs. Instead they will want to provide customers with exclusive experiences and immediate gracious gestures.

Upcoming generations are increasingly civic-minded, and brands would do well to align their loyalty programs with the social and environmental causes most dear to Generation Z and beyond.

Shoppers in 2023 will want as many payment options as possible, both online and in person. These options include QR codes and buy now pay later (BNPL) options. Mastercard World Payment Advisory surveyed 50,000 people, and nearly a fourth had used BNPL options to purchase their items. Another fourth of respondents said they plan to use BNPL again, to pay for travel, apparel and electronics in particular.

Cryptocurrency is a growing option in Latin America, where 6 million users have paid for items using the Bitso platform.

Ultimately, retailers who continue to strive to understand their consumers' changing needs, and offer them choices and inventive, personalized experiences, will be stood in good stead in the coming year.