EPAM CONTINUUM

REPORT | STAGE 4 | WINTER 2023

Consumers Unmasked

Designed to help brands understand consumer attitudes and actions during and after the pandemic, the final installment of EPAM Continuum's 18-month survey details qualitative findings and reviews habits that are here to stay.

Contents

The pandemic changed consumers.

To understand how, EPAM Continuum launched Consumers Unmasked, a four-stage, 18-month study of consumer behaviors and perceptions across five key sectors — food, fashion, fitness, travel and home — in the United States, the United Kingdom and Germany.

Stage 4: Exploring Experiences on a Micro Scale

The first and final stages of the Consumers Unmasked study are qualitative studies of individual shopper experiences. The second and third were large-scale quantitative studies.

Because the sample size and survey format differ between stages, we are not drawing direct comparisons between them. Taken together, however, they paint a picture of the current consumer mindset, helping us understand which buying habits are sticking, what factors are influencing consumer behaviors and how those behaviors are translating into sustained actions.

Throughout, our study has centered on three key questions:

1. **What should be the balance between physical and online?**
2. **Does price still rule over brand ethics, sustainability and social responsibility?**
3. **How is loyalty changing and how has the pandemic affected loyalty?**

Five broad categories of shoppers

This stage of the study revealed five broad categories of shoppers, which will be explored in more detail later in the report:

Frivolous spenders

Experience-driven buyers

Fluctuant shoppers

Investigative consumers

Conscious consumers

Methodology & Project Timeline

AUGUST 2021

Stage 1:
Qualitative Study
with Consumer Council, 71 Millennial and Gen-Z consumers in the UK, the US and Germany

DECEMBER 2021

Stage 2:
Quantitative Survey
of 3,000+ citizens in the UK, the US and Germany, including our Consumer Council

JUNE 2022

Stage 3:
Quantitative Survey
of 3,000+ citizens in the UK, the US and Germany, including our Consumer Council

CURRENT STAGE

JANUARY 2023

Stage 4:
Qualitative Study
of the Consumer Council, 59 Millennial and Gen-Z consumers in the UK, the US and Germany

Meet the EPAM Consumer Council

Ages: 18 — 34

Locations: UK, US, DE (Germany)

Roles: Students, Workers and Unemployed

Habits: Regularly spending money on food, travel, fashion, home and fitness

Integral throughout the study, and particularly to the first and final stages, is the EPAM Consumer Council — 59 Millennial and Gen-Z shoppers from each of the countries in our study. In our first qualitative report, the council gave us insights into their mood as lockdowns eased in 2021.

Now in our second qualitative report, the final stage of the study, we revisited the council to further explore their buying habits. While the council has changed in makeup slightly — due to some dropouts and new additions — their sentiments remain the same as COVID concerns have shifted to a broader range of pressing matters, from climate change to the war in Ukraine to the rising cost of living.

US


Aine


Alexa


Amelia


Amit


David


Morgan


Nicole

UK


Faisal


Isabella


Liam


Lucy


Matt


Micash


Patrick


Pete


Vanya


Zain


Zoe

Germany

Data protection laws in Germany prevent us from sharing the profiles of our contributors.
Throughout this report, their contributions have been anonymized and marked with an asterisk*.

The COVID-19 Picture

During the lifecycle of Consumers Unmasked, COVID moved away from its pandemic status and shifted toward an endemic one. Tens of thousands of cases are still being recorded daily across each of the countries in our study, but vaccination programs and the shifting nature of the virus mean hospitalizations and deaths are dramatically down from peak-pandemic numbers. As our study demonstrates, consumers are now learning to live alongside COVID.

New threats

Of greater concern to consumers in this study was the rising cost of living, caused by a range of factors, most notably soaring energy and commodity prices driven in large part by the war in Ukraine. During Stage 3 of this study, the cost-of-living crisis was only just beginning to make its impact felt. Now our consumers are making choices based on its effects.

2.

Findings at a Glance

We asked our shoppers to tell us about their food, fashion, fitness, home and travel buying habits. Here, in summary, is what they told us.

Sector Insights

Food

The removal of restrictions enabled more face-to-face socializing and helped consumers build personal connections again.

Our survey found:

- Consumers have enjoyed the return of food freedoms.
- Price beats quality.
- Doing good matters.

LEARN MORE ON **PAGE 15**

Fashion

Consumers are quick to share experiences — good and bad. With an enduring hybrid model, it's important for brands to create equally positive experiences in-store and online.

Our survey found:

- Hybrid experiences are a conscious choice for consumers.
- Consumers want brands to make in-store experiences memorable for the right reasons.
- A minority are still fearful of COVID.
- Consumers (and retailers) are trying to find a balance between sustainability and affordability.

LEARN MORE ON **PAGE 18**

Fitness

Online options have lost prominence as dedicated workout spaces have reopened — yet many remain willing to invest heavily in their fitness.

Our survey found:

- Gyms have reclaimed customer preference.
- Fitness "value" = style, quality and durability.
- Consumers credit brands for offering pandemic support.

LEARN MORE ON **PAGE 21**

Travel

While international travel has increased, staying local remains popular.

Our survey found:

- Consumers are ready and willing to travel...
- ... but local remains best for some.
- Travelers are taking precautions...
- ...with buying habits informed by experience.

LEARN MORE ON **PAGE 24**

Home

Consumers value viewing home goods in person, but head online to find the best deals.

Our survey found:

- Consumers cut back on home purchases after pandemic splurge.
- Physical stores are important, but consumers buy online.
- Shoppers are willing to wait.

LEARN MORE ON **PAGE 26**

In Brief: Themes of a Dynamic Consumer Landscape

Our survey revealed numerous sector-specific insights, but many of the broad themes arising from our study have the potential to affect every sector. These include:

1.

The value-for-money calculation is increasingly based on price.

Price is now *the* trigger for buying, a situation driven by the cost of living.

Recommendations:

- Provide active cost-of-living advice.
- Help customers find low-cost alternatives.
- Produce sustainable private-label products.
- Champion pre-loved.

2.

Deals and discounts determine loyalty.

The renewed importance of price means that consumers are more inclined to become return shoppers if offered an incentive or discount, which they are accessing online and via social media.

Recommendations:

- Develop a robust customer data platform.
- Plan and build for customers of different mindsets.

3.

Consumers are looking for positive associations.

Our consumers felt customer service standards diminished during the pandemic. By contrast, a good customer experience will be shared and referred among friends and will drive loyalty.

Recommendations:

- Design for the spectrum of shopper preferences.
- Be helpful and enable customers to be helpful, too.
- Ensure in-store and online enjoy experience parity.

4.

Consumers are aspiring to sustainability, but living with affordability.

Our consumers exhibited high levels of enthusiasm for brands that offer eco-friendly products, materials, packing and delivery options, but they are concerned about greenwashing. Price concerns may overcome the desire to buy ethically.

Recommendations:

- Challenge customer preconceptions that buying responsibly and sustainably is unaffordable.
- Offer eco-friendly packaging and delivery options.
- Champion the broader benefits of buying sustainably.
- Reward consumers for recycling.
- Support consumers to live sustainable, ethical lives simply.

5.

Room remains for impulse buys and passion purchases.

Consumers displayed a need to balance frugality with occasional bouts of frivolous impulse spending.

Recommendations:

- Position brand to benefit from "passion purchasing".
- Anticipate and respond to the "lipstick effect".

6.

Brands must contend with two clear camps of the post-COVID consumer.

Shoppers said they were excited to return to stores and restaurants, yet attitudes were divided between those who felt able to wholeheartedly dive into their social life and those who expressed greater caution.

Recommendations:

- Respond to the wider legacy of COVID.
- Learn and apply the experiential lessons of COVID.
- Make change as easy and reassuring as possible.

MORE IN-DEPTH INSIGHTS FROM **PAGE 35**

3.

Consumers: A Longitudinal Look

Consumers: A Longitudinal Look

This stage of the study revealed five broad categories of shoppers. It's worth considering how your own customers fit these profiles and how you can support their shopping styles. You will certainly recognize a number of them among your customers. The trick is understanding the importance of each group to your business and learning how to design experiences for the ones that are most strategically valuable to you.

Frivolous spenders:
Find joy in shopping, are not price-sensitive and their shopping attitude is characterized by spontaneity. They are making up for lost time post pandemic.

Experience-driven buyers:
Are less focused on material possessions but are willing to spend loosely on experiences, such as travel and cultural or social activities.

Fluctuant shoppers:
Can be frugal at times but spend recklessly at others, depending on their mood or circumstances.

Investigative consumers:
View products as investments and research to find the best value. They enjoy finding quality products at discounted prices.

Conscious consumers:
Can be influenced by the values of an organization, quality of its products and environmental impact.

Triggers & Barriers

The pandemic has not seen a major change in the barriers and triggers to shopping, but there is a greater awareness among consumers of where they are willing to compromise... and where they are not.

TRIGGERS

- Value for money
- Product quality
- Product range and choice
- Deals & discounts
- Payment security
- Ease of purchase
- Peer pressure
- Sustainability & ethics
- Positive associations
- Marketing and social media

BARRIERS

Barriers impacting all categories of shoppers

- High price points
- Bad quality or service
- Poor reviews and negative word of mouth

Five broad categories of shoppers

FRIVOLOUS SPENDERS

EXPERIENCE-DRIVEN BUYERS

FLUCTUANT SHOPPERS

INVESTIGATIVE CONSUMERS

CONSCIOUS CONSUMERS

How are Our Consumers Feeling?

We asked consumers to pick a character that best represented their feelings about returning to in-person experiences. Consumers are excited to return to shops and entertainment, but some are still cautious.

CAUTIOUS PARTICIPATION

“It's still a balancing act. I am just happy that it's possible to go out again, but often I am the only person in the room with an FFP2 mask. And I think at this point, those should be worn in enclosed spaces. You are constantly checking and looking to make sure you're not exposing yourself unnecessarily.

—
Elias*, DE

“There is a degree of caution that has to be shown. I am still wary of big crowds and queuing in shopping malls. I am always conscious of my proximity to other people, and I don't like to be intimately in their space or them in mine .

—
James, UK

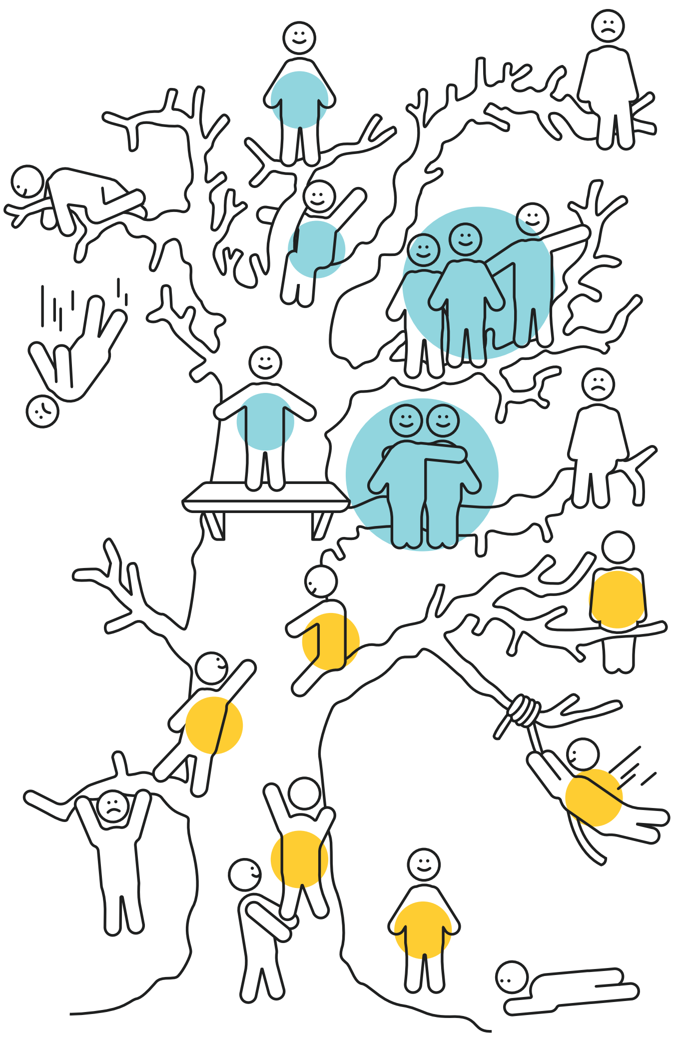
ALL IN

“I feel free and happy that you can spontaneously decide to go shopping locally. You get together, spend time with each other, chat, celebrate special occasions, and it's no longer all about the virus. Vaccinations, tests, restrictions are almost forgotten and don't matter anymore. You just meet up with your friends and family and enjoy a nice time together.

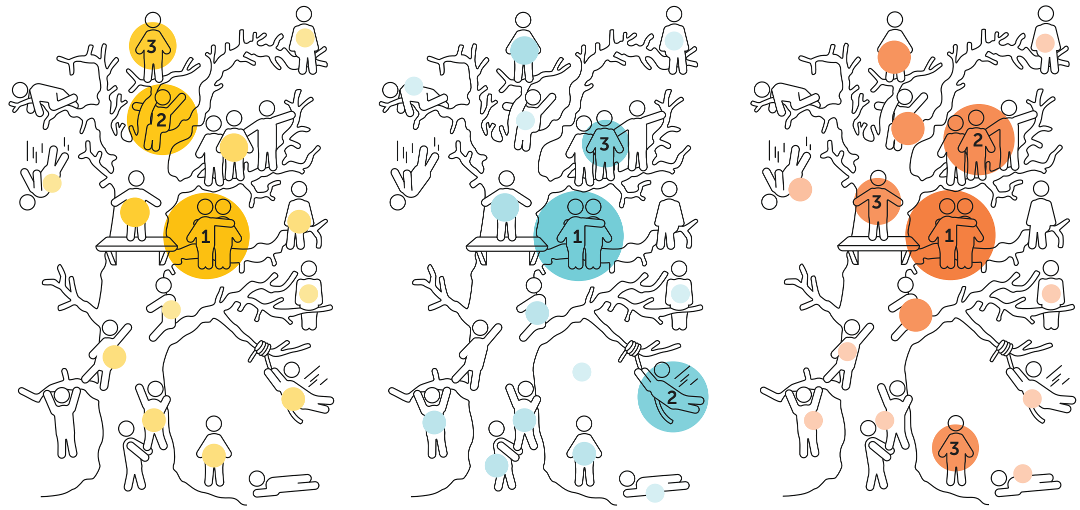
—
Katrin*, DE

“I think generally I'm excited to go back since doing things in person are just much more fulfilling than doing things online. Things like attending concerts, sporting events, trying new restaurants with friends are just much more exciting and that's something I'm eager to go back to doing.

—
Kiran, US



Blobtree.com



	UK	US	GERMANY (DE)
Most selected characters:	**(1) Sitting together on the branch** **(2) Sitting just below the topmost branch** **(3) On the top of the tree**	**(1) Sitting together on the branch** **(2) Swinging on the branch** **(3) Standing together near the top of the tree**	**(1) Sitting together on the branch** **(2) Standing together near the top of the tree** **(3) Standing on the platform halfway up the tree & On the ground looking up**
What they said: (1)	"I feel completely confident in engaging with people in public spaces and returning to a sense of normality. I want to use places for social development and communication."	"Happy to be making connections again." "I know that I can get through the situation if I have my family and friends."	"I go out to eat with friends a lot more now than before the pandemic." "If I'm not shopping online, I prefer to do it with someone to share opinions, but also to see each other and to spend time together."
(2)	"I feel pretty cheery, life is a little hard, which is why I'm sitting down but it's all good." "Smiling, waving at people but at a distance."	"I'm definitely ready to swing back into in-person shopping completely, with no reservations!" "I want to do more exciting things in general."	"It's now normal again to do community things without feeling bad about the virus." "Be together again and do things out of the ordinary."
(3)	"I feel completely confident returning in person and have no reservations. I just want to get back to my old life, and if people prefer I distance myself and practice social distancing, I will happily do so."	"I feel ready to embark on this journey with my friends and family." "Because I feel I no longer have to be isolated from my loved ones."	"It's still a balancing act." "Open, sincere, walking through life, taking things as they come!"

4.
Spending Habits by Sector

We asked the EPAM Continuum Consumer Council to tell us about their food, fashion, fitness, home and travel buying habits. Here's what they had to say.

Food

The removal of restrictions has enabled more face-to-face socializing and helped consumers build personal connections again.

Consumers enjoy the return of dining out.

Hybrid may have become the accepted default in most sectors but for food, consumers said they were relishing the return not only to in-person socializing in restaurants but also being able to shop for groceries in person.

> It has been joyous to meet people again in person at bars and restaurants.
>
> —
>
> Jens*, DE

Our shoppers said eating out was about creating memories and socializing with others, highly sensory experiences that can't be replicated online. Regarding supermarkets, consumers said they preferred in-person shopping where they could gain a better understanding of individual products, focus on relative quality and, particularly when it came to fresh produce, select their own ingredients.

> I am still very much about shopping in-person, especially for fresh products. I go to the market to buy food or to supermarkets.
>
> —
>
> Florence, UK

Although consumers were enjoying eating out, Uber Eats remained a popular choice for takeaway, especially as it gave access to restaurants that didn't operate their own takeout service.

Doing good matters.

It may not be sufficient to tip the scales of the value equation, but brands that engage with social issues and actively give back to their communities are still acknowledged and appreciated by consumers.

In Germany, consumers said they held local restaurants and supermarkets in high regard for the way they have given back to local communities. A similar dynamic was at work in the UK, where major supermarkets like Tesco and Sainsbury's are recognized for their superior treatment of essential workers and vulnerable customers during the pandemic.

Doing good may not, in isolation, be enough to win or retain price-conscious customers, but where two retailers offer similar levels of value and price, consumers may feel inclined to choose the one that does most to support its people and community.

Price beats quality.

Quality remains important to our consumers but, when balanced against value for money, it was value that won out as the cost-of-living crisis has impacted shoppers' day-to-day spending.

> If the price is high, then I will think twice about buying that product even if that product is something I absolutely need. I will be more likely to buy an alternative item.
>
> —
>
> Patrick, US

Favored Brands

Aldi

"I always come back here because it's one the cheapest supermarkets that allows me to save money compared to other shops, especially with the rising cost of living. All their products are really good quality. The staff are all very caring and friendly, and it's also not far of a walk so I can save even more money not buying public transport."

—

Micah, UK

Uber Eats

"What has made them stand out is their contactless delivery and drop at the door services. I have been very, very impressed with this company thus far and they keep doing everything right pandemic wise. This affects how I feel about them because not only are they adapting to the world, but they also show that they care about others and their safety."

—

Aaron, US

Costco

"Costco is a brand that is making more and more news as they've expanded...the fact that they're making their popular food court items, like their hot dogs, remain the same price during inflation is very admirable. They also pay very good wages to their employees. Finally, and most importantly as a consumer, they have good deals on bulk products, which reduces the need to make multiple trips month after month for a bigger price."

—

Kiran, US

REWE and Lidl

"My behavior has changed during the pandemic in that I now order even more online (everything possible). I only go grocery shopping in two stores: REWE and Lidl."

—

Katrin*, DE

From the Expert

It's difficult to divorce 'quality' from any assessment of 'value,' but the key point here is that as food prices rise, more customers are going to become cost conscious. While there will always be those who aren't — and others willing to splurge — reframing options, such as eating out less often but more lavishly or opting for premium ingredients vs. eating out, changes consumers' spending calculations.

—

Nicole France, Evangelist, Product Marketing, Contentful

From the Expert

"Promoting the value message provides retailers with a key opportunity to retain customers and gain new ones. Get creative — compose recipes that are nutritionally sound and cost-effective. Maybe partner with a local hospital or nutritionist for in-store demonstrations or videos used on social media. Use store space to offer pairing suggestions so they are easily accessible. Coupons and rewards programs are also key to communicating the value message to customers.

—

Barbara Castiglia, Executive Editor, *Modern Restaurant Management* and host of *The Main Course* podcast

Fashion

Consumers are quick to share experiences — good and bad. With hybrid here to stay, it's important for brands to create equally positive experiences in-store and online.

Hybrid a conscious choice for consumers.

During the pandemic, online and (later) hybrid shopping were essential as normalcy gradually returned. With restrictions fully lifted, hybrid may no longer be the required model, but it is the one our consumers have continued to adopt.

Convenience and choice were the most common reasons for shopping online as consumers said they were able to compare so much quickly and easily. The more familiar a consumer was with a brand, the more likely they were to feel confident shopping with them online.

> I still prefer to do most shopping online because of the sheer range of products available.
>
> —
>
> James, UK

Consumers would, however, still be drawn to stores to experience the product before buying, particularly if it was a costly purchase or they were unsure about sizing.

> I do about half of my shopping online and half in-store. I enjoy both experiences. I like reading reviews and watching videos about new products online. Sometimes it is easier to click and check out online. Shopping in person is great for me to get me out of the house and pick up the items at the store and really look at the packaging. It's a great way to experience the product.
>
> —
>
> Chris, US

Make in-store memorable for the right reasons.

As with food (although in a less pronounced way), consumers did express their joy at returning to stores, particularly when the experience was a memorable one. The opportunity remains, therefore, for brands to entice consumers to visit stores and give them a unique and memorable experience when they do.

Not every memorable experience is a good one, and some felt that poor customer service had become more commonplace after the pandemic, something that was a clear barrier to loyalty. Yet this only increases the opportunity for retailers to stand out by getting the in-store experience right.

From the Expert

> The hybrid shopping experience is here to stay. Stores are one of many channels customers expect to be engaged on, rather than the main purchasing channel. Vertically integrating your store to supplement online channels is a theme we are seeing across the industry. Physically touching, trying on and visualizing items is still an incredibly important aspect of the store experience. This explains why many retailers are using brick-and-mortar spaces as "showrooms" for products. No longer competing with their online channels means that customers are increasingly getting a physical feel for a product in-store before concluding the purchase online. Our client, Ulta Beauty, created a buy-online-pick-up-in-store (BOPIS) channel during the pandemic, in just seven days. This channel now accounts for over 30% of the brand's revenue.
>
> —
>
> Anthony Meir, Global GTM Strategist, commercetools

From the Experts

“ Retailers need to think holistically across the entire customer experience and recognize that what customers want in one mode may not be what they prioritize in another. Observing customers (and asking about their preferences), reframing job roles and clearly communicating the mission for in-store staff can reset everyone's understanding of expectations.

Can investing in quality — and convincing customers they should as well — become a winning strategy for more of the industry? This may become an existential question for fashion retailers. As transportation and disposal costs increase, the financial equation seems to suggest it can. Morally, it already should be.

—
Nicole France, Evangelist, Product Marketing, Contentful

“ How should retailers respond in making the whole hybrid experience memorable? Retailers have to create a compelling physical-digital commerce blend through relevant content — for example photos and videos of the clothing, 3D visuals of the product, newsletters and more.

When we surveyed 358 global retailers* about the year ahead, we found that a majority are already preparing for this reality: 67% of retailers expect the number of digital assets that they manage to increase over the next 12 months. It's vital that retailers are prepared to handle this rapid need for content, by implementing agile technology and processes that will set them up for success.

—
Neha Sampat, CEO, Contentstack

*Research from Digital Complexity: Thriving in Unpredictable Times (by Contentstack, commercetools, Fluent Commerce and Incisiv, 2022)

Sustainability vs. affordability a finely balanced decision.

Many shoppers said they were increasingly conscious of brands' claims around sustainability and said they would often look for more sustainable options. This was true even among those who regularly purchase fast-fashion brands. However, rising costs mean sustainability considerations have become a highly personal calculation balancing sustainability against quality, fit, design and cost.

Brands able to make the decision easy — by offering the combination of ethics, sustainability, quality and value without requiring the customer to work hard to find it — are best placed to succeed.

> Patagonia is a quality outdoor gear brand that has sustainability and love of our planet in their DNA... [purchasing from them] makes me feel good and that I am making a positive impact on our environment.
>
> —
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> Chris, US

Pre-loved

The cost of living had compelled some to consider buying second hand more frequently. For others, environmental considerations and social responsibility were behind their shift to choosing pre-loved clothing.

A significant number of our consumers said that while sustainability was an important consideration for them, they simply couldn't afford premium prices.

> I love [Everlane's] sustainably sourced mission... their clothing is top quality. However, the price point is quite steep, so I do have to be picky about what I'm buying and think about it as a future investment.
>
> —
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> Kelly, US

Some are still fearful of COVID.

COVID was no longer the dominant concern among shoppers, but its presence was still felt in each of the markets surveyed, especially Germany. The minority that remained fearful of COVID questioned safety measures within stores and preferred online shopping.

> You never know who has tried on the clothing before you and what aerosols are on that piece of clothing ... I do have a greater peace of mind when shopping from home.
>
> —
>
> Kelly, US

Favored Brands

ASOS

"Quick, easy, cheap and lots of brand range with easy delivery and returns. I purchase very often as [they have] good sales and a student discount. I shop around, but ASOS has the biggest range and most convenient (and good) app."

—

Monique, UK

Zara

"Who doesn't love Zara? Their clothes are great quality and reasonably priced and fashionable! I hardly shop anywhere else. I love it."

—

Matt, UK

Adidas

"I buy more from Adidas in store and less online as I value the store experience."

—

Josias*, DE

Fitness

Online options have lost prominence as dedicated workout spaces have reopened, yet many remain willing to invest heavily in their fitness.

Gyms reclaim customer preference.

Stage 1 of Consumers Unmasked saw consumers largely limited to home exercise. By Stage 3, our shoppers were relishing the social aspect of being able to return to their gym. At Stage 4, our Consumer Council was somewhat split.

Working out at home is flexible and easy to fit into daily routines. Those who approach fitness as a necessary chore were likely to want to spend a minimum amount (of time and money) for maximum impact. For some, this included the ad-hoc use of online platforms.

> I no longer really feel the need to go to the gym or pay for it... I built my own home gym during the pandemic, and I have also bought the essential workout equipment for me to get the most out of my workout.
>
> —
>
> Jessica, US

For others, fitness was a central part of their daily lives, and they were willing to invest significant time and money in equipment and clothing.

Overall, however, the preference for online fitness options was less prominent compared to Stage 1, with many enjoying the opportunity to go back to dedicated workout spaces.

> [Crossfit classes] were something I started a year ago, and now I look forward to a session every day.
>
> —
>
> Rahil, US

Favored Brands

Nike
"Nike was brilliant during the pandemic."

—

Matt, UK

Sports Direct
"Sports Direct is where I buy the majority of sports goods. The prices are always low and the products always reliable and have a good quality with a long shelf life."

—

JW, UK

Lululemon
"I thought that Lululemon did a fabulous job during the pandemic. They continue to put their customers first, and always have the highest standard for sanitation and cleanliness in the store. I love how helpful their employees always are, and it's always such a pleasure for me to shop in there."

—

Kelly, US

Fitness "value" = style, quality and durability.

Value for money was as important to fitness consumers as for any sector. Brands selling fitness equipment and clothing were favored for their durability, sturdiness and overall quality of their products. Providing the product was also stylish, they were happy to invest, especially when they were able to find a bargain.

> [I'm looking for] the best running shoe,
> but I am waiting for the Black Friday sale.
>
> —
> Amit, US

Brands credited for offering support.

Consumers haven't forgotten the support offered by some fitness brands during the pandemic. Examples included ensuring people could still take part in fitness activities throughout lockdown, supporting mental health or contributing to the local or fitness community. Some consumers said this made them feel greater loyalty to brands.

> Gymshark is a brand I admire for 2 reasons. 1) They create reasonably-priced, quality gym clothes for all sizes. 2) They do a lot for important causes such as their recent mental health barber shop they offered for free. I think when you have a company that is involved in important things, your loyalty grows as you feel your money is doing good things.
>
> —
> Matt, UK

From the Experts

> Building a sense of community isn't limited to a physical workout space. Having a virtual set of gym buddies and taking the gym with you both continue to have wide appeal — even for those who still go back in person. Flexibility and options are key to meeting shifting consumer needs. It may now be economic pressures and not the pandemic that are causing those needs to change, but the core principles remain.
>
> —
>
> Nicole France, Evangelist, Product Marketing, Contentful

> I advise all retailers to remember one thing: Don't sleep on creating better content experiences for your customers. Know that many retail brands are preparing to launch more online campaigns than ever before: our global retailer survey* found that 47% of retailers expect the amount of content marketing to increase. So, keep creating and providing your customers with the high-fidelity content experiences that they're asking for.
>
> —
>
> Conor Egan, VP Product and Engineering, Contentstack

*Research from Digital Complexity: Thriving in Unpredictable Times (by Contentstack, commercetools, Fluent Commerce and Incisiv, 2022)

Travel

While international travel has increased, staying local remains popular.

Consumers are ready and willing to travel...

The opening of borders led some consumers in the study to feel a need to make up for lost time. They said they were excited to travel more, and some have reevaluated their priorities after the pandemic. Consequently, they were considering spending more money on travel, even if that required sacrificing other luxuries.

> I have been investing as much as possible of my money in days out or travel abroad, in enjoying life more, as the lockdown showed me how important that is to me.
>
> —
>
> Anke*, DE

... but local remains best for some.

In Germany, holidaying (relatively) locally was commonplace before the pandemic and it continues. The US saw a split between consumers who felt comfortable traveling overseas and those who found comfort in staying closer to home. In the UK, the post-pandemic practicalities of travel were as great (if not a greater) block to international travel ambitions as COVID concerns. Staying local enabled them to avoid the risks of canceled flights and airport delays.

> I used to love short breaks or spontaneous trips, but COVID has stopped that slightly as air travel is far harder than it ever has been before, and you need to be organized.
>
> —
>
> Matt, UK

Travelers are taking precautions...

Several of our shoppers wouldn't usually have considered buying travel protection or insurance products pre-pandemic. Recent experiences and seeing what can go wrong without such protection has encouraged them to be more prepared for their travels.

...with buying habits informed by experience.

Two distinct consumer attitudes were clear in the latest survey. Not since Stage 1 has trustworthiness and customer service been so clearly important to shoppers. With international travel so susceptible to unexpected problems post-pandemic, consumers have looked to spend with trustworthy companies likely to offer greater support should something go wrong.

Countering that is the need to be savvy with spend as cost pressures mount. Some of our consumers noted comparison sites among their most trusted brands as they looked to limit costs and find bargains.

Favored Brands

British Airways

"After using a few airlines, I find [British Airways'] service to be a higher quality for the same or cheaper price."

—

Rachel, UK

Airbnb, Southwest Airlines, Uber

"When I use them, I have good experiences. If issues happen, they're easy to get addressed."

—

Reeva, US

From the Experts

> Make adapting to change — including modifying itineraries — as easy as possible. Set customer expectations appropriately for the challenges that may be encountered. Airline pilot shortages, for example, aren't going to be resolved quickly. But that may open up opportunities for other kinds of travel that consumers wouldn't have considered before.
>
> —
>
> Nicole France, Evangelist, Product Marketing, Contentful

> My recommendation is to use technology to make travelers' lives easier and show you care about their individual needs. The modern-day traveler needs to easily access their customized itinerary, speak with a virtual customer service agent, check the status of a flight via the travel brand's app, etc., to get all the information they need at a moment's notice. Brands that are unable to improve their digital experience risk losing their customers to the competition, so invest the time and resources needed to advance your digital customer experience now.
>
> —
>
> Jasmin Guthmann, Head of Corporate Communication, Contentstack

Home

Consumers value viewing home goods in person, but head online to find the best deals.

Consumers cut back on home purchases after pandemic splurge.

Many of our shoppers invested heavily in their homes during the pandemic but have scaled back on buying big ticket items since.

> Can I live without this piece of home decor, or is it a necessity like a couch, table or chair?
>
> —
> Kelly, US

Some, however, have continued to renovate specific spaces. Types of purchase were often motivated by consumers' life stages and whether they owned or rented their properties, regardless of the pandemic.

> I am now 33 weeks pregnant, so I've been spending lots of time and energy prepping for baby, including a lot of shopping! We've done some home projects including a DIY bathroom reno.
>
> —
> Amy, US

Physical stores are important, but consumers buy online.

As during Stage 1, home consumers emphasized the importance of liking the look and feel of a product, and the requirement for it to fit with their existing decor. Gauging that look-and-feel is something our consumers said they could do best in store, but they would often buy online, particularly if it was more cost-effective.

> I like going to stores to see things in person... but when it comes to shopping, I prefer buying things online as I often get discount coupons and cash back offers which usually work online only.
>
> —
> Rahil, US

Shoppers willing to wait.

Our consumers said home purchases were a balance between cost and quality. "Quality" was determined in two ways. One was a product's durability and the assessment of cost now compared with a reduced need to replace later. The second approach was cost vs. design. Where consumers fell in love with a product and felt it would fit well in their home, they would plan the purchase, waiting to see if prices dropped in a sale before buying.

Favored Brands

eBay
"The place I go back to is eBay. They have every product for every need. Also, [I like the] free shipping availability, affordability and easy check out."

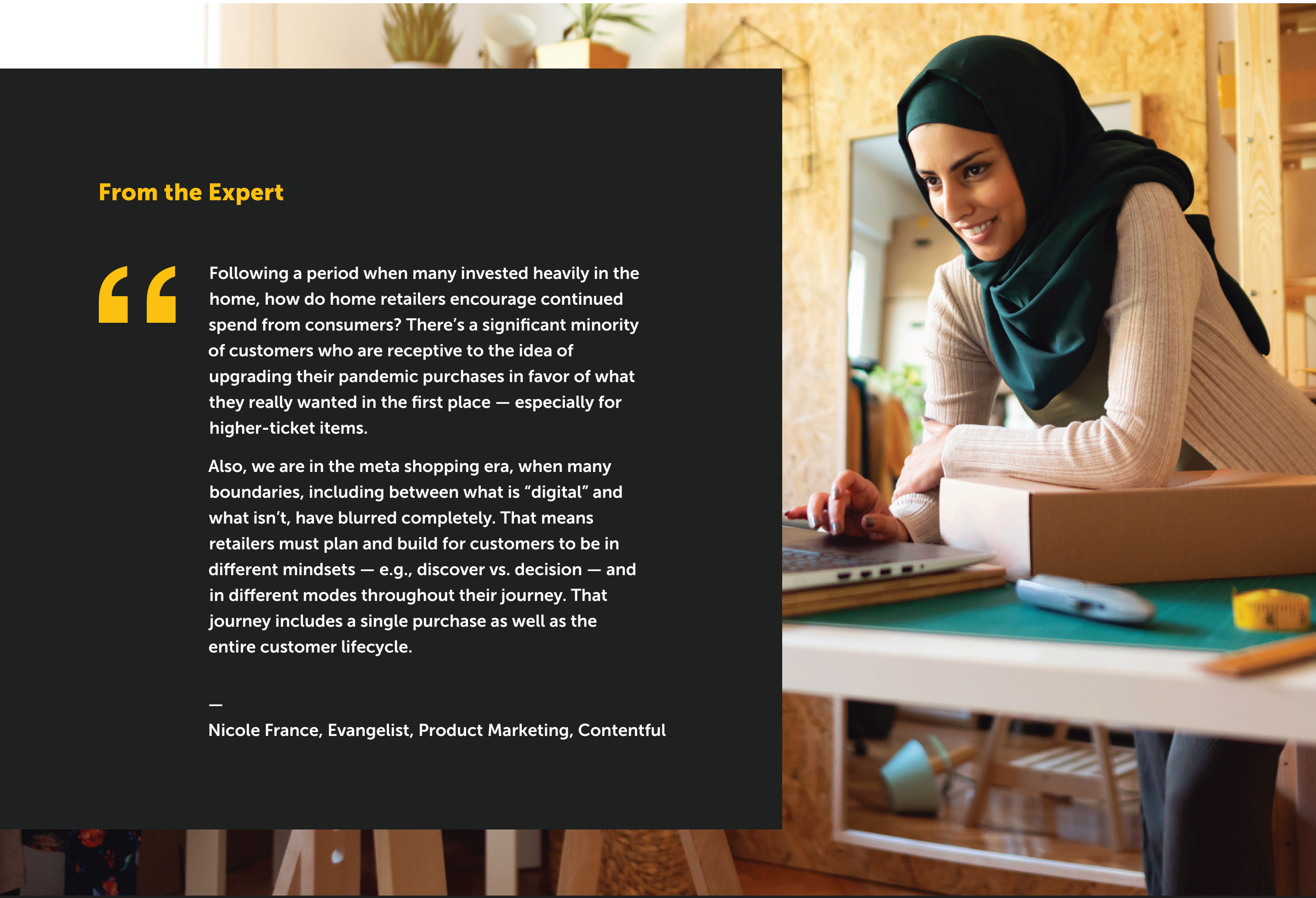
—
Peter, US

Depot
"I like going shopping at IKEA or Depot, for example, and sometimes spontaneously. The service there is wonderful, and the price is always a hit."

—
Sofia*, DE

IKEA
"I really like how this brand has started to focus on sustainability and better-quality items, while still keeping costs down. I also like how they are offering low-cost children's meals during the school holidays. I have made many purchases from this company."

—
Lucy, UK



From the Expert

Following a period when many invested heavily in the home, how do home retailers encourage continued spend from consumers? There's a significant minority of customers who are receptive to the idea of upgrading their pandemic purchases in favor of what they really wanted in the first place — especially for higher-ticket items.

Also, we are in the meta shopping era, when many boundaries, including between what is "digital" and what isn't, have blurred completely. That means retailers must plan and build for customers to be in different mindsets — e.g., discover vs. decision — and in different modes throughout their journey. That journey includes a single purchase as well as the entire customer lifecycle.

—
Nicole France, Evangelist, Product Marketing, Contentful

5.

Special Feature

From developing technologies, like the metaverse, to recent geopolitical realities, like rising inflation, there's no shortage of changes facing our society — and it's affecting consumer behavior. See what our council has to say on these developments, and what retailers can learn.

Loyalty to Subscriptions and Memberships

In uncertain economic times, consumer loyalty can be tricky. Of course, many people are focused on cutting back on subscriptions and memberships, but not everyone is. And not every subscription or membership is created equal. But in our age of instant analytics, we can get a sense of which ones do produce the necessary levels of loyalty and revenue, and which are most worth investment.

Chris Hosmer, Managing Principal, Experience Consulting, EPAM, says there are today two kinds of loyalty. This first one is experience-based: “You’re loyal because you’re getting an experience that actually engenders your loyalty.” He points to Starbucks and their new Odyssey Program as an example of the first type, saying that it is “an extension of their Starbucks Rewards” and “the first notable example of Web3 and NFTs being integrated with the loyalty program of this size and scale.” The second type is what Hosmer calls “loyalty as a platform or program” — what he calls “the airlines and the hospitality model” — and says that this approach has led to a “mentality by consumers of keeping score.” The trick is knowing which type of loyalty makes sense to your consumer base, and intelligently optimizing for it.

TO LEARN MORE, CHECK OUT OUR PODCAST ON LOYALTY.

Streamers exhibit caution.

Across each market, streaming continued to be the most common form of subscription, with regular mentions of Netflix, Disney+ and Amazon Prime. However, with the rising cost-of-living and removal of restrictions, the number of subscriptions was under review in many households.

> I found [Netflix] great during [the pandemic] and it really kept me entertained. I do feel that it’s losing value.
>
> —
>
> Zain, UK

Food services thrive on convenience.

Food delivery apps such as Uber Eats were the most mentioned food service. The convenience of recipe providers like Gousto continued to appeal to those with busy lifestyles, but consumers said they were highly attuned to whether they felt they were getting enough value from such services and were quick to switch to alternatives or unsubscribe entirely.

> Uber Eats allows me to stay home and watch my young kids while getting me access to restaurants I would not be able to eat from due to COVID/inability to leave the house.
>
> —
>
> Amit, US

Fitness costs prompt change.

The increasing cost of fitness subscriptions has left ad-hoc gym goers among our Consumer Council considering other options, such as online services. Avid gym-goers have adopted alternatives rather than cease their subscription, such as pay-per-class or choosing lower-cost schedules. Where consumers perceive value, they will continue to pay.

> [My gym] is quite a low-cost monthly expenditure, but it has all the equipment and everything that I need, so it doesn't warrant me spending more on a monthly basis.
>
> —
> James, UK

Amazon Prime stands apart.

As in previous stages of Consumers Unmasked, Amazon Prime remained one of the most mentioned subscriptions across each market in our study for its range of products, convenience and free-delivery options. The breadth of its offering — from food to fashion, homeware to streaming — was appreciated.

Makeup subscription services were the only other miscellaneous subscription service to receive significant mentions.

> [Amazon] stands for convenience. They can get me anything I want faster and cheaper than others.
>
> —
> Emiddio, US

From the Experts

> **Loyalty is tough for cost-conscious customers — especially in the face of increasing inflation. In these circumstances, "loyalty'" centers on two options: maintaining an aspirational connection with customers to keep them over the long-term and/or providing appealing discounts in the short-term.**
>
> **—**
> **Nicole France, Evangelist, Product Marketing, Contentful**

> **Meeting your different customers where they are is key to the loyalty battle. Understanding which channels foster loyalty to both current and new potential consumers is paramount. Social selling is a great example. Gen Z (age 18-26) has grown up in an era where every brand under the sun is vying for their precious attention. A full 44% of Gen Z'ers in a recent survey said their purchasing decisions are most influenced by social media. Being able to deploy new social selling strategies can foster more loyalty to your brand through trusted brand ambassadors.**
>
> **—**
> **Anthony Meir, Global GTM Strategist, commercetools**

Subscription Bundling and Mobile Gaming are the Key to Mass Market Appeal

Attitude to gaming spend was driven by consumer attitudes to gaming in general. There was a clear difference between the actions of regular and casual gamers.

Only frequent gamers were likely to invest in new game systems and improving their gaming environment.

> One of the places that I enjoy shopping for my video games is usually through the official storefront for that system since they usually will have a load of different discounts going on for games since they are digital download files for those titles, and you do not have to purchase a physical copy.
>
> —
>
> Alexa, US

Consumers who gamed infrequently or those who only play games on their mobile phone were far less committed spenders, buying and participating only when they had time or extra budget.

> I spend a bit more for things like video games, but I only get games that will last a while so multiplayer games or long duration single player games.
>
> —
>
> Kiran, US

Consumers reported finding mechanisms to access as many games as possible at a discount or reduced rate. For casual gamers who may not know which games would appeal, subscription services were the preferred option, enabling them to try a range of games simply and inexpensively.

No consumers said they visited or wished to visit physical stores to purchase games.

> I have been subscribing to Xbox premium rather than purchasing any games because they allow me to download loads of games for $10.99 a month.
>
> —
>
> Joseph, UK

From the Expert

> In the old days (read: less than a decade ago), players would buy a game and complete it in days, weeks or months. Once they were done, the only option was to repeat it or buy the sequel. That's no longer the only way. The industry is shifting to a games-as-a-service model. Blockbusters like Fortnite are leading the charge, hosting special events such as the world's largest concert, which featured Travis Scott performing for 27 million concurrent players on the platform.
>
> There has been a dramatic shift in gamers' habits as more players get used to playing anytime and anywhere. It's clear to see this shift is about connected experiences. There are multiple services designed around the long-term engagement that can become a part of players' lives.
>
> —
>
> Vitalii Vashchuk, Director of Gaming Solutions, EPAM Continuum

Consumers Skeptical of the Metaverse

Attitudes to the metaverse varied by level of exposure to it. Those with little or no experience of it were more likely to be skeptical of its wider impact. German shoppers were the least likely to be aware of the metaverse and most concerned about the impact of society spending more time online.

Those with direct experience of the metaverse expressed greater enthusiasm, although even here there was some hesitancy about its use at scale.

Care will need to be taken to ensure responsible architecture and to account for the new vulnerabilities the metaverse creates: social, psychological and security.

> We still don't know what the metaverse is. We don't know what it's going to be in one year, in two years, in 10 years. We don't want the metaverse just to happen to us because next to all the amazing potential which it will bring to us — it's going to be transformative; it's going to be transcendent for humankind — we also know that it opens new pathways for potential risks. And that's why we just don't want to build it for our clients and for the society in general; we want to make sure that we will be building it responsibly.
>
> —
>
> Dr. Alexandra Diening, Head of Research & Insights, EPAM Continuum

> I personally thought [the Metaverse] was very cool and innovative and a great concept, although when it comes to sports, no virtual experience can really substitute or replace that emotion and energy of watching a live game in person.
>
> —
>
> Jessica, US

Some consumers had negative perceptions of the metaverse, fueled by mistrust of Facebook/Meta.

> It sounds scary and shocking, and I don't want anything to do with it, really... What would this do to our society if everyone just lives a virtual life?
>
> —
>
> Stefanie*, DE

LISTEN TO OUR PODCAST ABOUT BUILDING THE RESPONSIBLE METAVERSE.

Distinct Local Payment Preferences

Each of the countries in our survey had different attitudes about the easiest form of purchase.

American consumers told us they primarily used credit cards when shopping because of the secure nature of the purchase and the potential for cash back. Debit cards were also widely used and widely accepted by retailers. Germans preferred debit cards and were least likely to use credit. Similar to the US, UK shoppers used both credit and debit and were most likely to switch between payment methods (using contactless cards and mobile wallets).

> I almost exclusively use card and contactless to buy everything. Online I have my card details saved on regular websites like Amazon or Qwertee. Out and about, I generally just tap away. Sometimes I use Google Pay, but generally only if I've forgotten my wallet."
>
> —
> Liam, UK

Buy now, pay later (BNPL) was particularly popular with younger consumers who use it to fund clothes and home purchases. In fact, the 2022 EPAM Continuum Consumer Banking Report found that BNPL was on the rise: a whopping 51% of consumers had used some form of embedded finance, with 22% of that being BNPL.

A few of our consumers had used cryptocurrency as a payment method (rather than as investment) in virtual spaces. Overall, however, there was a hesitancy among consumers to investigate further because of a feeling that the space is unregulated.

> I have used crypto to make online purchases, but not often. These are mostly online/virtual world, e.g., gaming/online stores for fashion and accessories."
>
> —
> Jessica, US

> I might be tempted to use something like crypto or other methods if they become more mainstream... but right now it doesn't feel very useful.
>
> —
> Kiran, US

Consumer Choice

The brands getting it right: Big Box Superstars

Big box superstores like Amazon, TJ/TK Maxx and Target are consumers' go-to choices for range, affordability and availability. Shoppers continued to praise these brands for offering a wide range of groceries, home and tech products at affordable prices and accessible locations.

Throughout the pandemic consumers took advantage of these retailers' online delivery and curbside collection. Now that they have returned to busy lifestyles, they want these to continue.

Because they also offer enjoyable shopping experiences, many consumers admitted to browsing for additional items.

> "I keep going back to wholesale retailers as well as big box stores that offer discounted and low-price goods. These places offer a vast selection of items and give me so many options to choose from. Their prices are also really good, and I get great deals while shopping there.
>
> —
>
> Patrick, US

6.
Themes of a Dynamic Consumer Landscape

1.

The value-for-money calculation is increasingly based on price

Price was always one of the most important factors in the way consumers calculate value. Yet where its importance has, at times during this study, shared near parity with product quality or availability, now price is the trigger, a situation driven by the cost of living.

This is not to say that other value-related issues (such as product quality, brand values, availability etc.) are no longer a factor — they are — but price is now the decisive factor and is a key reason consumers are willing to walk away from products, particularly lower value items. Shoppers feel confident in their ability to find cheaper elsewhere.

Some consumers expressed regret at the way they had spent during the pandemic, given the challenges which appear to lay ahead.

> I was always money conscious but the pandemic and recent economic problems have made me much more money aware... you really do have to be careful to make your money go far.
>
> —
>
> Joseph, UK

> I really regret having lived the way I used to for much of the pandemic. I should have saved every cent to prepare for what is coming. I am going to postpone bigger investments... shopping and impulse buying will have to be cut back drastically.
>
> —
>
> Katrin*, DE

RECOMMENDATIONS

- **Provide active cost-of-living advice:** Help customers save through recipe ideas, in-store and social media demonstrations of cost-saving products, and partnering with other brands. For example, fitness and food brands could work with local healthcare providers to offer "healthy eating for less" initiatives.
- **Help customers find low-cost alternatives:** As consumers rein in spending, offer alternative products that meet their price points while enabling them to maintain the feel of quality to which they have become used.
- **Produce sustainable private-label products:** Champion pre-owned, like Patagonia does, to keep pricing relatively stable, enabling consumers to differentiate the private label from non-sustainable brands.
- **Champion pre-loved:** Use it as a way of delivering quality at reduced prices (and demonstrating sustainability in action).

2.

Deals and discounts determine loyalty

The renewed importance of price means consumers are more inclined to become return shoppers if offered an incentive or discount, which they are accessing online and via social media.

In Stage 1 of Consumers Unmasked, finding discounts became a "badge of honor" among shoppers who, with time on their hands due to pandemic lockdowns, enjoyed the hunt for the best deals. Now, deals and discounts have become much more of a necessity.

Brands need to give customers a reason to shop. At present, deals and discounts are a greater incentive to shop than any other.

> I want a reason to stay loyal to a shop.
> It needs to be win-win.
>
> —
>
> Anya*, DE

RECOMMENDATIONS

- **Develop a robust customer data platform:** Employ sophisticated analytics tools to see which deals and discounts are most meaningful to which customers to provide better, personalized customer experiences.
- **Plan and build for customers in different mindsets:** For example, discover vs. decision in different modes throughout their journey. Tailor deals and discounts accordingly.

From the Experts

> Value for money has been a theme throughout all stages of the Consumers Unmasked study — in fact, we heard "Give bigger discounts for very loyal customers" all the way back at Stage 1. Money talks, and nothing says value more than rewarding loyal customers with deals and discounts that aren't available to anyone else.
>
> What retailers need to do is figure out which deals/discounts are most meaningful to which customers, so they can provide personalized offers that maximize ROI at a customer level. A robust customer data platform coupled with savvy use of advanced analytics can enable this
>
> —
>
> Daniel Smythe, Vice President of Retail and Hospitality Consulting, EPAM Continuum

> Consumers have always signed up for loyalty programs to receive the best deals, but these deals are more critical than ever due to the rise in inflation. To build a long-lasting relationship with customers and to protect margins, retailers need to personalize their discounts based on what they know about their loyal members to avoid needing to provide steep discounts for everyone.
>
> —
>
> Michelle Grant, Director, Strategy and Insights, Retail and Consumer Goods, Salesforce

> Loyalty is increasingly fleeting given the amount of competition in the retail sector. Amazon's meteoric rise was built on unmatchable prices and the speed with which they fulfill orders. Retailers need to get creative with the ways they use promotions, giveaways and discounts on their own channels to stave off marketplace competition.
>
> —
>
> Anthony Meir, Global GTM Strategist, commercetools

3.

Consumers looking for positive associations

Our consumers felt customer service standards diminished during the pandemic. Whether returning products or making a complaint in a restaurant, a poor response has driven them away.

By contrast, good experiences will be shared and referred among friends and drive loyalty — especially those that offer a good price, simple buying options and friendly and helpful staff. Customers want to shop with stores that make them feel good. On social media or via onsite reviews, they trust other consumers' opinions about brands more than they trust a brand's own voice.

> The quality of service has gone down since the pandemic. It almost seemed like COVID was used as an excuse not to work well. I go back to shops that are consistent with excellent service.
>
> —
>
> Vanya, UK

RECOMMENDATIONS

- **Design for the spectrum of shopper preferences:** From in-store to online and curbside pickup to delivery, individual preferences vary and change constantly. Your physical spaces and staffing models need to adjust accordingly.
- **Be helpful and enable customers to be helpful, too:** For example, by pairing related products to unlock greater savings and/or enjoy a better experience, or by offering products that enable customers to help others (via donations or community support initiatives).
- **Ensure in-store and online enjoy experience parity:** When consumers value in-store as their route to trying, feeling and experiencing, ensure stores have the range to make a store visit worthwhile. Create a compelling physical-digital commerce blend through relevant content, for example photos and videos of the clothing, 3D visuals of the product, newsletters and more.

From the Experts

> Retailers and Brands need to focus their attention on hiring and retaining their teams. Remember, people work for people. Giving them a voice in their benefits, bonuses and schedules, empowering them with training and tools, listening to them and reacting to what they say can go a long way to building a team that delivers great, memorable in-store experiences.
>
> —
>
> Jeff Fisher, Principal, Business Consulting,
> EPAM Continuum

4.

Consumers are aspiring to sustainability but living with affordability

Our consumers exhibited high levels of enthusiasm for brands which offer the following:

- Eco-friendly products, packing and delivery options
- Sustainable materials
- Easily accessible product information

This was especially true for young parents/relatives of children, as they are eager to buy natural products.

> Nala's Baby, I heard about them on a podcast... they are 100% natural baby products. I respect them because they are different and purposefully wanted to keep costs low regardless of their own profit margins. I have purchased for my niece and it makes me feel good knowing what she's using is good for her skin and natural.
>
> —
>
> Matt, UK

Although some of our shoppers thought ethically and sustainably about every purchase, most simply wished to do good by buying sustainably, simply. They don't have time to dig into the detail, so they want quick, accessible information and simple buying processes from brands they trust.

Trust was important to some of our shoppers as there remain underlying concerns of whether brands are greenwashing. These consumers are unsure how to easily confirm the claims made by large corporations and value brands that make it easy.

> I think Body Shop stands for sustainability and innovation as they consistently come up with campaigns to give back to the environment and the community hence why I respect them.
>
> —
>
> Vanessa, UK

Nonetheless, price remains the key driver for most shoppers. An unsustainable product that matches a buyer's style, quality and (especially) price requirements will win out over a sustainable product that doesn't. More than at any point in our study, shoppers are keen to buy sustainably, but may simply not be able to afford it.

> I respect the fact that [H&M] are embracing sustainable options for the environment... they also have kept some cheaper products they may not be sustainable but it keeps fashion affordable for many in this way as not everyone can afford the extra.
>
> —
>
> Zoe, UK

> I try to buy second hand because I don't want to support fast fashion and it feels good. Also, you tend to save money.
>
> —
>
> Hanna*, DE

From the Experts

"The good news is sustainable options aren't always more expensive. For example, customers are often willing to select longer shipping times on online orders to support sustainable practices, even if they aren't willing or able to pay more. The key for retailers is to couple sustainable practices with cost efficiency where possible and offer consumers choice and visibility so they can make the trade-offs that work best for them.

—

Daniel Smythe, Vice President of Retail and Hospitality Consulting, EPAM Continuum

"Retailers need to lean into marketing the benefits of shopping sustainably, focusing on the innovation behind the product materials, highlighting the durability of these products and rewarding consumers for recycling the products. Another opportunity is to produce private label products in a sustainable manner, balancing margin to keep pricing relatively stable to differentiate the private label against non-sustainable brands.

—

Michelle Grant, Director, Strategy and Insights, Retail and Consumer Goods, Salesforce

"Adding new channels that show a brand values sustainability and affordability is essential. The need to test new initiatives and iterate fast is integral to this whole process. For example, a Norwegian sports brand we work with has now embedded a resale aspect to their website promoting purchases of second-hand items of their brand's goods. Having an agile e-commerce architecture shifts the C-Suite's demands from "How can we make this initiative happen" to "We need you to deliver a new feature that aligns with our sustainability or affordability goals."

—

Anthony Meir, Global GTM Strategist, commercetools

RECOMMENDATIONS

- **Challenge customer preconceptions that buying responsibly and sustainably is unaffordable:** Brands able to meet shoppers' price requirements while also offering ethical options will be at an advantage. To do this, they will need to couple sustainable practices with cost efficiency.
- **Offer eco-friendly packaging and delivery options.**

  "If a storefront offers to use ShopPay to ship and deliver my order, I try my best to use my account since they use non-carbon-based delivery options and every order is set to help with projects of repopulating forests that require regrowth.

  —

  Alexa, US
- **Champion the broader benefits of buying sustainably:** Not only environmental issues, also focus on the durability of products (hence cost savings to the consumers in the long-term) and the innovation behind the product materials.
- **Reward consumers for recycling:** Promote a recycling attitude in exchange of points, discounts or other benefits as part of your loyalty strategy.
- **Support consumers to live sustainable, ethical lives simply:** Make information clear and accessible as few customers will dig deep into a site to find eco or social details.

5.

Room remains for impulse buys and passion purchases

Many of our Consumer Council members expressed significant concern about rising costs, yet having come through the challenges of the pandemic, there remains a need to balance frugality with occasional bouts of frivolous impulse spending.

> I'm very impulsive and reckless with money. I make sure my bills are paid, but then any spare money is wasted on unnecessary things.
>
> —
>
> Lucy, UK

Although generally more price conscious, our consumers are also finding room for the home, fashion and travel products that really matter to them. When it's a product they really want they will save or wait for the sale to find a way to buy.

RECOMMENDATIONS

- **Position brand to benefit from "passion purchasing":** Use personalized data and content channels to ensure that, when consumers are ready to invest in the passion purchases, your brand is top of mind.
- **Anticipate and respond to the "lipstick effect":** In recessionary times, people look to budget-friendly items that provide an immediate emotional uplift. Brands need to be prepared to feed consumers' desire to treat themselves with indulgent items.

6.

Brands must contend with two clear camps of the post-COVID consumer

Shoppers are excited to have been able to return to stores and restaurants, yet attitudes are divided between those who feel able to wholeheartedly dive into their social life and those who express greater caution, perhaps steering clear of larger group gatherings. This divide was visible in every territory, but particularly apparent in Germany.

Cautious participants

> It has been joyous to meet people again in person on bars and restaurants. If those are smaller venues, I have no concerns at all. On public transport, I feel uncomfortable if people don't wear a mask if it gets crowded.
>
> —
>
> Jens*, DE

> It depends on the setting still how crowded some place is, and how the staff might interact with me. Being pregnant, I've been more cautious and still wear masks often when shopping in public.
>
> —
>
> Amy, US

Enthusiastic participants

> I feel excited and optimistic about life returning to normal and being able to socialise again. I have pretty much returned to pre-COVID behaviours.
>
> —
>
> Lucy, UK

> I think generally I'm excited to go back since doing things in person are just much more fulfilling than doing things online. Things like attending concerts, sporting events, trying new restaurants with friends are just much more exciting and that's something I'm eager to go back to doing.
>
> —
>
> Kiran, US

RECOMMENDATIONS

- **Respond to the wider legacy of COVID:** Cater to consumers still wary of COVID, but also to those whose actions are influenced by the fallout from COVID. Many travelers, for example, are vacationing locally, not specifically because of COVID concerns, but because of the legacy of delays, inconvenience and risk it has left.
- **Learn and apply the experiential lessons of COVID:** Understand the COVID-era measures your customers have grown to love, and find ways to retain and adapt them for the future.
- **Make change as easy and reassuring as possible:** Manage expectations where service delivery remains affected by legacy of the pandemic.

7.
Future Unmasked—What's Next for Retail?

Affordability beats sustainability... for now.

Until now, consumers have enjoyed associating themselves with sustainable, socially responsible brands. The desire to shop ethically remains — and for some, sustainability and ethics are the paramount consideration.

> Stop caring about your bottom dollar and start caring about your customers, your country and the planet. Companies today have more power than any individual and everything they say and do affects us. The more responsibility and accountability they take, the better they (and all of us) will do.
>
> —
>
> Amelia, US

For most, however, good intentions may wilt in the face of rising prices. Consumers will, therefore, shop with brands that may not fully align with their ethics or sustainability ambitions if the price, convenience, range and experience are right.

> I did discover a few sustainable shopping brands during the pandemic, but haven't really stuck with them to be honest because of convenience and the fact that I can go to shops and experience interaction, too.
>
> —
>
> Vanya, UK

For most of our consumers, and in the current crisis, affordability beats sustainability. Yet the desire to shop responsibly remains. Brands that can match price and quality with authentic sustainability commitments will be best placed to attract loyal customers and enthusiastic word of mouth.

Looking beyond the current crisis and bearing in mind how many consumer attitudes formed during the pandemic have persisted, brands would do well to continue to act as ethically as they can, perhaps running dual ranges to appeal to those who can still afford to shop with their conscience.

> I love brands with sustainably sourced mission... however, the price point is quite steep, so I do have to be picky about what I'm buying.
>
> —
>
> Kelly, US

> I definitely believe in social causes but found a huge amount of virtue signalling revolving around shopping such as supporting businesses that help the environment while exercising unsustainable habits... ultimately, I think it is about the 'easiest' product while also trying to ensure it comes from a 'good' place.
>
> —
>
> Ori, US

From the Expert

> In the current economic climate, no one can afford superficial efforts to be sustainable and responsible. The real opportunity is to make deep, long-term commitments to practices and procurement options that support these objectives. Despite the initial costs of transition, in many cases, these offer the best options for reducing costs as well.
>
> —
>
> Nicole France, Evangelist, Product Marketing, Contentful

Quality experiences expected. Local experiences appreciated.

Consumers have high expectations for the quality of their shopping experience, particularly when shopping for specific products in store and browsing brands they may not have previously considered.

This expectation was, in part, fed by the quality experiences they enjoyed with local retailers during the pandemic. Consumers still enjoyed shopping with small businesses in their local area and online independents (e.g., via Etsy and social media). Yet with price now of greater importance, some said they would revert to larger chains in the future and use local stores only for specific one-off purchases.

Quality comes in many forms. Brands must choose which type of quality experience their shoppers are demanding now and focus on that to make them loyal.

> “During the pandemic I discovered many small businesses… I feel I will continue to shop small for special bespoke items, but it won't become the norm as I sometimes feel there are cheaper equivalents in national/large organizations.
>
> —
>
> Isabella, UK

Online is expected everywhere...

The success of Uber Eats and marketplaces, such as eBay and Etsy, have raised expectations that stores of all sizes and sectors should have online capability. Consumers want to shop small, local and independent, but only online simplicity, convenience and price can help ensure such purchases are more than one-offs.

> “Retailers have to reinvent themselves and focus more on customer service. What is the added value of going to the store instead of ordering online? How could they combine on and offline with each other, maybe through vouchers or some such. I think there are a lot of possibilities, they just have to get away from this 9 to 5 behind the counter. That does not really work anymore.
>
> —
>
> Jens*, DE

... but retailers should not neglect in-store.

Hybrid is now deeply entrenched with consumers. They have seen many stores close as brands placed greater emphasis online, but they want to be able to have distinct online and offline shopping experiences. They don't want to enter stores to find sparse racks and poor choice. They want to test, try, smell and feel, so it is important that retailers have more than a “presence” online and in store. They need to offer a full and genuine dual experience.

Shoppers will pay a premium for convenience.

Consumers appreciated the curbside pickup or click-and-collect services rolled out throughout the pandemic. As life returned to normal, however, shoppers realized that these convenience measures fit their lifestyles. Parents and young, affluent shoppers were especially appreciative of them. Some said they were willing to pay a fee for premium subscriptions (e.g., Walmart+) based on the ease of use and overall value for money.

> I used store pickup more than ever before. It saved me time, guaranteed the item would be there, and cut down on time perusing and maybe buying something I didn't really need on impulse. I could often avoid shipping fees this way, too.
>
> —
>
> Amy, US

Some consumers would prefer to pay a premium for delivery of items ordered online to maximize convenience and avoid the in-store experience, particularly if they are confident in the quality of the product.

> My generation really cares about convenience and comfort when shopping and spending money. People nowadays like to frequently order using DoorDash, Instacart, Uber Eats, etc., and are willing to pay the exorbitant fees to get groceries and food delivered to their doorstep.
>
> —
>
> Patrick, US

Pandemic-honed reactions remain essential for the future.

The way retailers responded to the pandemic has had a lasting impact on the way people shop and what they expect from their in-store and online experiences. Clothing and makeup brands, for example, were able to adapt their marketing to the changing lifestyles of consumers as they locked down, ventured outside and returned to social spaces. Now it's important that retailers continue to understand and adapt to their needs, recognizing their evolving priorities, which include but are not exclusively about price.

> I originally heard about Lizzo's shapewear/underwear brand YITTY on TikTok. I love it because Lizzo's main priority with this brand is to promote inclusivity and loving yourself and your body.
>
> —
>
> Aine, US

Inclusivity and transparency: authenticity still matters.

Recent social justice movements increased consumer desire for shopping with brands that not only claim to be inclusive but actively take steps to be socially responsible.

Similarly, the increased interest in ethical corporations has increased consumer concern over greenwashing. Our consumers felt it was not aways clear how businesses operate or what their main motivations are.

Like sustainability, these issues are subject to the current price concerns, but brands seeking to build long-term relationships should make authenticity and transparency central to their actions.

Finally, there is the notion of privacy. Consumers want to engage with brands that will treat their data with respect and care. They expect this to be part of the ethical contract they enter into a relationship with a brand.

Retailers should make every part of their service hybrid.

Our consumers spoke of the importance of brands recognizing and valuing them. They didn't want to be treated like an inconvenience by an in-store staff member because they were returning a product they had bought online. They wanted their loyalty program membership, discounts and vouchers to apply equally in the physical and digital space. They wanted personalization that traveled with them between store, app, website and marketing. They wanted a seamless, omnichannel experience.

This final stage of Consumers Unmasked has identified that consumers have fractured into five core types. Being able to respond to each of these — for example, by giving conscious consumers the information they need to make sustainable choices while giving investigative consumers a steady supply of discounts and vouchers — is a major opportunity for brands to build relationships that will outlast the current cost-of-living challenges.

From the Expert

> I expect an increasing dependence on technology to provide solutions for consumers to not rely on the store as a means of assessing the feel of a product. Returns are costing UK businesses in the excess of £60bn each year. Investments in AR will provide 3D visualizations of a product that is currently exclusive to the physical store. A blend of virtual and physical worlds is a huge area of research to make the purchasing experience more seamless for the customer. I also expect virtual shop assistants to be an increasing area of investment for retailers, who can digitally replicate the invaluable customer assistance they provide in-store to reduce cart abandonment online.
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> —
>
> Anthony Meir, Global GTM Strategist, commercetools

8.
Conclusion

Uncertainty will keep consumers focused on price for now. But in the long run, a balanced strategy will win.

As our 18-month study winds down, we have some thoughts for retailers as they move forward.

Your understanding of consumers must be multidimensional. No one dimension rules *exclusively* over the others. Yes, retailers need to understand that, right now and going into next year, consumers are essentially concerned with price. They see the threat of inflation, the instability of war, and worry. These are still the same young people who have ethical aspirations and are thinking about sustainability… but when it comes to the act of buying, they seek affordability first.

You must always see your shoppers operating out of a competing variety of motivations. Our research has shown that the strongest retail position comes from understanding how all the elements play against each other.

We can safely assume that the uncertainties of rising costs and war will, in the short-term, keep consumers focused on price. And while the ethical behavior of an organization might not be the primary factor in consumer purchasing choice, it may well be a differentiator. Which is to say: Yes, price is primary, but brands cannot let up on these other elements of their business.

Shoppers always have a range of needs. Think of it like a stereo's EQ system. Sometimes you need to increase amplitude and sometimes you need to cut… but the overall mix, which is always changing, must be properly balanced.

The balanced strategy — one that considers price and ethics, digital and physical, quality service experiences and superbly designed products — was the winner during the pandemic and it will be the one that wins going forward.

The fact is, change is here right now, and it only promises to accelerate. We're seeing the introduction of new trends and emerging innovations, such as Web3, the metaverse and NFTs. Your organization should pay attention, so you don't fall behind, and prepare for when consumers fully adopt these trends.
To make the best use of our insights, you'll need a strong tech stack, a resilient supply chain and an agile operational structure to attend to consumers' demands. To create a truly hybrid shopping experience, these are not options.

Today's consumers are not easy to please, so the burden is on retailers to figure out what consumers will need when the masks fully, finally drop and we can all get back to business. We hope our research has readied you for what comes next!

External Contributors

Barbara Castiglia

Executive Editor, *Modern Restaurant Management* and host of *The Main Course* podcast

Michelle Grant

Director, Strategy and Insights, Retail and Consumer Goods, Salesforce

Nicole France

Evangelist, Product Marketing, Contentful

Anthony Meir

Global GTM Strategist, commercetools

Neha Sampat

CEO, Contentstack

Conor Egan

VP Product and Engineering, Contentstack

Jasmin Guthmann

Head of Corporate Communication, Contentstack

Register here to receive regular consumer-related updates from EPAM Continuum's experts.

EPAM-CONTINUUM.COM

enquiries@epam.com

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