

2022 GROCERY RETAIL TRENDS REPORT



INTRODUCTION

Online shopping is a fast-growing retail segment, yet nearly half of United States based consumers prefer to shop in person¹ – there are a myriad of reasons for this, feeling or looking at the goods, seeing what is available (sizes/colors) or even just getting out of the house for human interaction. Online shopping has grown, even more so after the pandemic and there is the constant struggle between increasing online sales yet maintaining in-store sales – so what can technology do here to help?

Technology brings about an omnichannel strategy to increase customer loyalty and retention – by providing both an online and in-store customer experience. So, what have we seen in 2022 that has come to help the retailers, suppliers and shoppers?

This white paper details some of the strongest trends that we have seen over the past year.² It will also explore the effects of inflation and recession on shopping and how technology and innovation can help retailers maintain and grow their sales.

KEY FINDINGS

AI DRIVEN TECHNOLOGY

AI continues to be a major trend in technology in general and in retail specifically has been one to adopt it, with around 40% of retail and consumer product companies having implemented it. [4]

So, what have we seen in 2022 that is AI powered?

- **Chatbots** – they continue to be a major aide to online stores – they are always there and can always help with basic customer service.
- **Predictive Analysis** – using AI to help retailers take their data and solve problems related to their business thus increasing sales, improving customer experience and bringing in new customer
- **Machine Vision** – one of the major trends that continue to help online retailers is machine vision, helping customers to find something online that is similar to what they want or even something like Pinterest lens.
- **Augmented Reality** – Augmented Reality allows brands to develop smart retail experiences that influence their customers' buying decisions. When customers feel online like they do offline in their buying experience they will be more comfortable to purchase something.
- **Brand Monitoring** – knowledge is power, knowing where and how people are talking about your brand will help you better understand how people perceive it, and lets you collect valuable insights and feedback from your audience.

RETAILER - SUPPLIER CO - INVESTMENT

Deep loyalty club members behavior analytics can benefit both suppliers and retailers

Retailers have mainly leveraged technology for their internal use, whether it is for operations or streamlining their processes. But technology should also apply to their customer experience. We have seen more adoption of customer facing technology that reduces pain points, increases journey automation and engagement – between offline and online stores.

This is where retailer-supplier collaboration is essential - we all know that knowledge is power but unless we use this power to enhance partnerships, we will not get the increased sales and loyalty results we are looking for. How?

Data! ML/AI helps take insights and create co-sponsored promotion plans for quick activation - the continuous loyalty club members behavior learning of AI technology creates a streamlined workflow between CPG account teams and retailers. This in turn drives millions in incremental revenue in partnerships with CPG's.

This trend is not only growing but will continue to stay with us as the omnichannel experience is the only way for retail to progress.

PERSONALIZED MARKETING

Personalized marketing has been a growing trend³ over the past few years which has been strengthened by the pandemic and we are seeing the after effects in 2022. A report by Mckinsey has found that 78% of consumers are more likely to make repeat purchases from brands that personalize. Nearly 80% are also more likely to refer their family and friends to these companies.

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And it is not only a need, it is actually a want from consumers. As retailers find product and brand loyalty more elusive, the technology offered needs to be on point. Roughly 75 percent of consumers tried a new shopping behavior in the last 18 months, and more than 80 percent of those intend to continue with new embraced behaviors.

So how has technology helped fuel this trend and need? In store a retailer can offer their loyalty club members a variety of activities like receiving automated, customized pop-up messages about coupons or other promotions related to products they usually consume or in the same category. Online personalization has even better options than in person marketing - You can target users to view retailers/ suppliers follow their purchasing behavior through their shopping journey, as they discover new products or promotions and consider adding them to their purchase.

Ultimately if a consumer feels engaged and feels as if they were approached and taken care of personally (like having a concierge/personal shopper with them), their experience will be dramatically enhanced, which will increase their loyalty and brand appreciation.

We see personalization not only as a growing trend but one that is here to stay and again be one of our top trends for 2023.

INFLATION AND RECESSION IN THE RETAIL WORLD

Inflation, recession concerns and other issues (like the Ukraine war implications, post pandemic supply chain issues and more) are all affecting our shopping habits and retailers want to deliver both value and savings to their shoppers. Innovative technology can help with that.

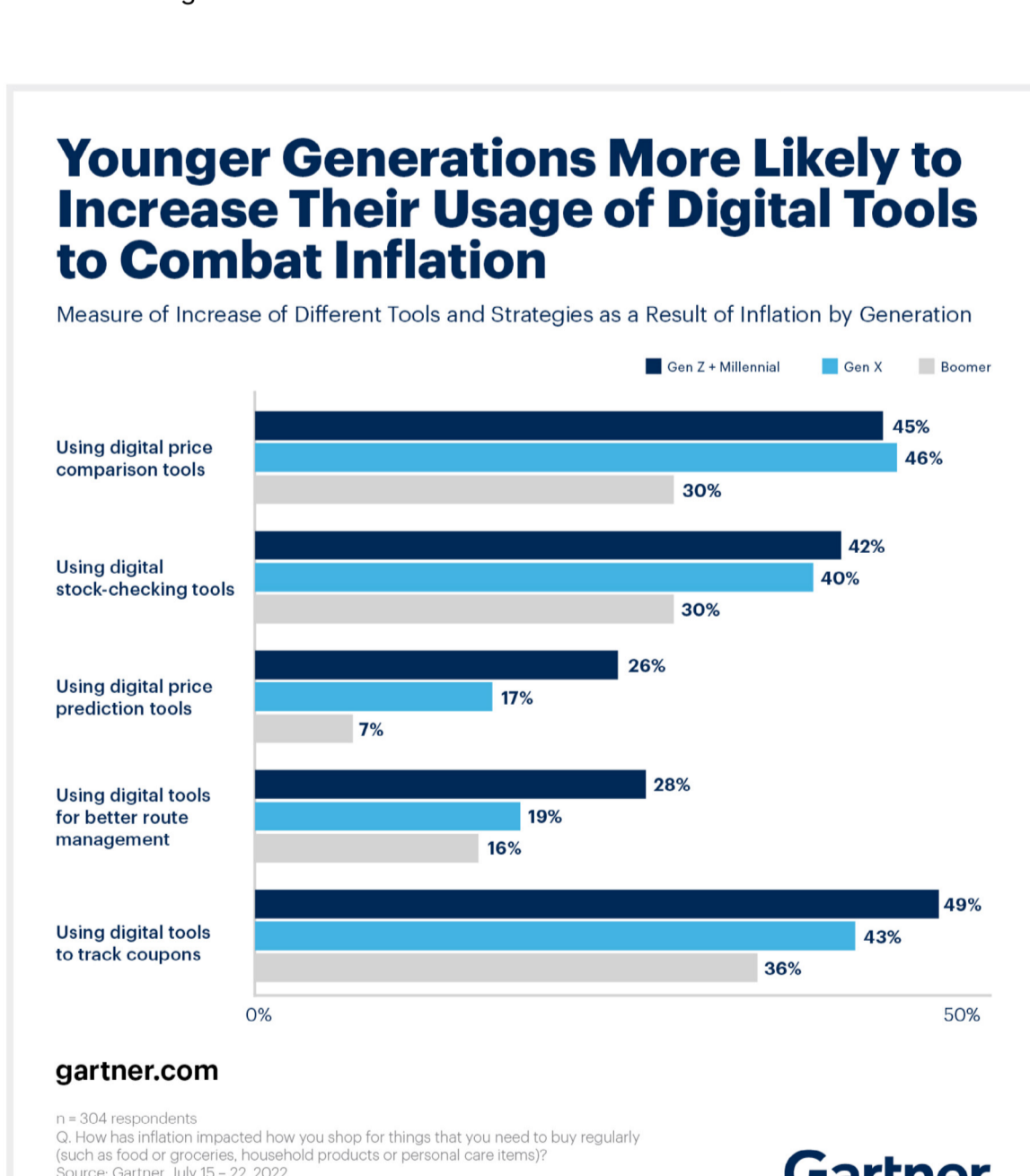
Now more than ever personalization (aka understand your shopper on a personal level) can help guide your customer on every step of their shopping journey and reduce the cost of their baskets with dedicated personal offers.

Even in the beginning on 2022 we saw the change in shoppers' behavior (as can be seen in this report by Walmart)³

DURING PERIODS OF INFLATION LIKE THIS, MIDDLE-INCOME FAMILIES, LOWER MIDDLE-INCOME FAMILIES, EVEN WEALTHIER FAMILIES BECOME MORE PRICE SENSITIVE

How can retailers manage their sales with rising inflation?

1. **Be strategic with price increases**
Be clear on why you are raising prices (explain to your customer, they will appreciate it), and raise prices on products that are not your "key" products – not making
2. **Efficiency, efficiency and some more efficiency**
This is especially relevant to in store shopping, retailers need to see how they can work with fewer staff members, or even better fewer staff but technology-oriented staff that can use new technology that helps them be more efficient
3. **Know customer**
The more you are customer-centric the more you are able to provide what they want and keep them loyal! For instance, younger customers use digital tools to combat inflation as can be seen in this research from Gartner. Marketers must consider how to shift their digital marketing strategy to accommodate shifting consumer behavior and what tools to use.



4. Loyalty Programs Research from McKinsey & Company⁴ found that:

- A top-performing loyalty program can boost revenue from customers 15% to 25% annually
- Active loyalty program members spend 10% more than inactive members
- Active point redeeming members spend 25% more than inactive members

CONCLUSION

As online shopping continues to grow there is a need to "catch up" by in-store shopping. Technology, omnichannel marketing and solutions and a shift in human behavior have all influenced trends in 2022. We believe that these trends will continue to grow and stay consistent in 2023 as well. Retailers and suppliers who adopt technology will be able to maintain and grow sales and basket lift throughout an economic downturn.

Sagarmatha has led the change in grocery retail personalization, from its founding in 1999.

From the start we have been dedicated to empower retailers and suppliers to understand their shoppers' behavior and optimize their daily interactions in the best way for their customers, so they can increase their sales, increase footfall, customer loyalty and engagement while improving campaign effectiveness and reducing promotional cost, year over year.

[To learn how our personalization platform can help you www.sag121.com](http://www.sag121.com)

1. <https://chainstoreage.com/nearly-half-consumers-prefer-shop-person-heres-why>
2. <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/the-value-of-getting-personalization-right-or-wrong-is-multiplying>
3. <https://www.researchandmarkets.com/reports/5301840/artificial-intelligence-ai-in-retail-global#src-pos-1>
4. <https://www.cnbc.com/2022/02/17/walmart-cfo-brett-biggs-says-customers-are-paying-attention-to-rising-prices.html>