



2024 retail trends you can't overlook

Introduction

Retail change continues as consumers expect more conveniences and connections, while a tighter economy is making shoppers more price aware. Influences such as the growing power of Gen Z and the evolution of AI are factors successful retailers will embrace to thrive.

- AI is everywhere.
- Social commerce continues its growth and influence across demographics.
- Retail outlet expansion is more thoughtful and strategic.
- Mitigating returns and return fraud.
- Micro-indulgences continue for consumers.

AI

AI Applications are growing and expected to become the primary customer service channel in a quarter of all businesses by 2027.¹ Other applications are enabling retailers to tie together previously disparate information about their business and customers to improve forecasting, inventory management, create predictive models and develop hyper personalized marketing. As third-party apps begin to include generative AI capabilities, small retailers can leverage the benefits.

What you can do

For businesses ready to leverage AI to streamline operations, Intuit Assist will offer automated tasks, such as invoicing and answering pressing financial questions on the spot. Ask it to send invoices, source profitability insights or identify top-selling products.

"AI is starting to appear everywhere. Although every retailer can't immediately adopt AI, it's important to be prepared. Accurate inventory is the basis for healthy business operations AND makes AI viable.

Lisa Burnett, Business Development, Ability Business Computing, Ltd.

Social commerce

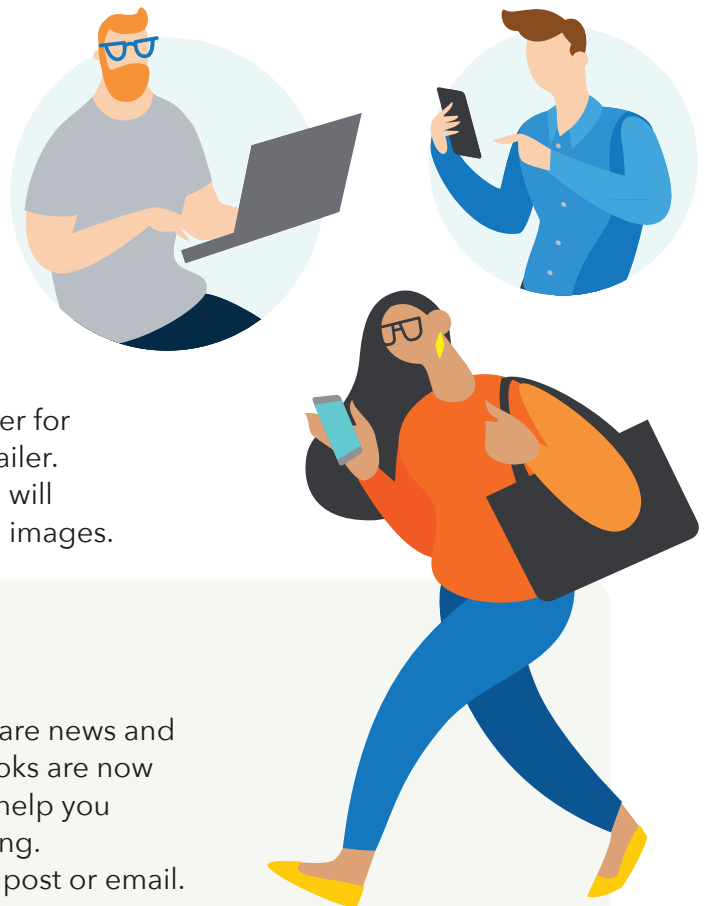
Social media has become the standard. Retailers are also recognizing its value as a sales channel, adopting, and enabling customers to watch, research and shop, all within a few swipes and clicks.

- 97% of Gen Z shoppers use social media for shopping ideas.²
- 45% have bought something online after seeing it on social media.²

Hyper-personalization and engagement:

Imagine being recognized by your favorite chatbot, who welcomes you, then highlights new items when you return to your favorite website. The challenge of this hyper-personalization will be to balance it with respecting customer privacy.

Search: Generative AI is changing and influencing the way search is done. Conversational search will make it even easier for customers, but more challenging for the retailer. Generative AI and its methods for searching will prioritize contextually rich content, links and images.



What you can do

Stay top of mind with customers.

- Create a monthly newsletter to share news and specials. Mailchimp and QuickBooks are now compatible applications and can help you streamline your customer marketing.
- Add a "Buy now" link in your next post or email.

“Customers are looking for a person to answer their questions, help them navigate choices, and respond to them. Small businesses can develop this personalization and relationship building to truly differentiate themselves from the large retailers.”

Pete Real, President, Paygration

Increasing retail locations and creating unique in-store experiences

Retailers are focusing on ways to further build customer loyalty and engagement through in-store discovery and personalization.

- 85% say scent helps create an enjoyable in-store experience.
- 70% say the same about branded music.
- 75% of shoppers are interested in QR codes to discover more about a product or product line.

What you can do

Create an experience unique to your store by adding ambiance or making it especially easy to discover new products.

- Consider if your staff can use mobile devices to access inventory information for customers.
- Create a QR code at the POS so customers can scan and leave a review for your business.
- Consider a pop up or sell at a special event.

“Retail clients always ask about extending their store with a mobile POS at pop ups or tradeshows. You can easily do this with Lightspeed, which integrates easily with QuickBooks Online. Your inventory is immediately updated.”

Carrie Kahn, Founder and CEO, Complete Business Group

Mitigating returns and return fraud

Returned merchandise and the rise in return fraud is also challenging retailers. In 2023, total returns for retailers amounted to \$743 billion, while return fraud contributed \$101 billion in overall losses for retailers. For every \$100 in returned merchandise, retailers will lose \$13.70 to return fraud.⁴

	Return rate	\$billions
Online purchases	17.6%	\$247
Brick and mortar purchases	10.02% (excluding online orders that are returned in-store)	\$371

What you can do

Having a single dashboard with visibility into accurate inventory can make a difference in identifying inventory anomalies.

Micro-indulgences

Shoppers are comparing prices, delaying some purchases and saving money to spend elsewhere. "Funflation," or buying things that bring joy, varies among customers and can be puzzling for businesses.

- 63% of respondents agree I use shopping to uplift my mental health.⁵
- 69% of consumers are reducing spend in one category to spend in another.⁵

"Consumers think about spend broadly and emotionally, making justifications and trade-offs across the wallet."

Consumer Institute, Kearney

What you can do

Your data may help provide insight into your customers' buying habits. Consider when you experience sales spikes and lulls. Determine if holidays, special occasions or product replenishment cycles are sales drivers. You can then create specials, bundles, marketing touches, and merchandising to help influence a buying decision.


Conclusion

Consumers are constantly evolving their buying decisions. Retailers can reinforce loyalty by making customers feel special. Creating the right mix of products, customer service, personalization and automation will be key to helping retailers thrive.

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- ¹ The 10 Biggest Retail Trends For 2024 | retailboss.co
- ² Q4 2023 Emerging Retail & Consumer Trends | Deloitte
- ³ In-Store Customer Trends Report: Turning Insights Into Inspiration | Mood Media
- ⁴ NRF and Appriss Retail Report: \$743 Billion in Merchandise Returned in 2023 | NRF
- ⁵ Kearney Consumer Institute Q4 2023, Katie Thomas, Lead | Kearney Consumer Institute