

HOW IS CONSUMER BEHAVIOUR CHANGING?

*Using data to meet customer
demands and improve
operations in the retail sector*

Discussion Summary

Digital Dialogue
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Moderator



Claire Jones

International Economy News
Editor
Financial Times

Claire Jones is part of the Financial Times' global economy team. She joined the FT in 2011 to cover economics and markets in the UK and the eurozone.

Speakers



Danielle Marceau

Principal Economist &
Director of Analytics
Prevedere

Danielle Marceau is the Principal Economist & Director of Analytics at Prevedere. Danielle is involved in Prevedere's modeling, forecasting, research and development, and sharing her industry expertise on big data, leading indicators, and predictive analytics. She focuses on how big data can improve business performance forecasting across different functions and roles in organizations. Her role at Prevedere includes advanced statistical modeling and the managing, mentoring, and growth of the analytics team.

Danielle has over 11 years of experience as an economist and received her M.S. in Applied Economics from Southern New Hampshire University.

Speakers



Heather Archibald

Chief Product & Merchandising Officer

Rothy's

As Rothy's Chief Product & Merchandising Officer, Heather oversees Rothy's merchandising, product design & sustainability, and inventory planning & allocations teams. She helps deliver on significant revenue growth and broad commercialization through strategic product architecture and a highly connected go-to-market approach.

Heather is known for being customer-curious and product-obsessed, and for her balanced strengths in both the creative and analytical aspects of driving results. She has always believed in top-of-funnel connectedness, allowing product stories to achieve cut-through memorability, by creating a strong connection between design, merchandising, inventory planning and marketing. This product approach has led to the launch and success of Old Navy's "fun" register lanes, RH Handmade Rugs, Piperlime's 4 distinct apparel private labels and Title Nine's Crash tights.

Heather's operational and analytical insights were leveraged to help build Old Navy's Pipeline, a cross-functional process to achieve faster speed to market on chase products, as well as on Old Navy's Pricing Team, a strategic unit that worked across functions and categories to identify market opportunities in pricing. Her product and style insights have also been leveraged on multiple national TV segments including Rachel Zoe Project, Project Runway and Access Hollywood Live.

Heather has had a broad range of retail experiences: vertical, horizontal and hybrid business models; retail, ecomm, catalog and social channels; and apparel, home, and footwear & accessories categories. She has throttled growth in established companies, built categories and brands from inception, re-built and re-stored broken businesses and made enduring and critical brand and product pivots. She has learned a tremendous amount from each experience, which she brings with her to Rothy's today.

Heather graduated from UC Berkeley, where she studied Communications and Social Anthropology. She paid her own way, by working throughout school for an SF newspaper.

Outside of work, you will most likely find Heather surfing. She lives in Marin with her husband Galen, their two high school daughters, Zoey and Larkin, and their beloved dog, Isla.

Summary

What We Learned

In the current market, one of the biggest challenges facing retailers is the need to deliver value that is significant enough to keep consumers coming back. As a result it is vital that businesses leverage data to understand the needs of their customers. This data, whether it be insights into consumer preference; the customer themselves or the macro factors which affect their behaviour, is key to informing every aspect of a business from product development to inventory management. As a result, it is imperative that businesses have access to a wide range of data, both qualitative and quantitative, if they are to have a truly holistic view of their customers.

The pandemic hindered this data collection as, almost overnight, physical retail completely stopped, taking away a major qualitative source of customer insight for retailers. As a result, businesses had to find innovative ways to replace this information. Despite the difficulties caused by the pandemic, the immediate period afterwards saw shoppers flush with disposable cash which provided analysts with valuable insights. With many no longer having to opt for budget conscious options, analysts were able to see where people wanted to shop and what they wanted to buy when given free rein. This has been key in understanding the shopping habits of modern consumers with the major trend that appeared being that sustainability is here to stay. Generation Z are the key drivers of this sustainable push as they continue to pursue consumption with purpose. This has led to a decrease in popularity for fast fashion brands and the rise of conscious consumerism with shoppers now prioritising quality in their product choice.

Despite the economic downturn and high interest rates, which has led shoppers to spend with a more budget conscious mentality, this trend has continued. Data shows that consumers, instead of curtailing their spending, are choosing to buy fewer, higher quality products that have a lasting meaning to them. As a result, luxury brands have continued to benefit. Given the differences between this recession and previous ones, such as 2008, with experts not expecting to see huge levels of unemployment or wage stagnation, this trend is likely to continue and analysts are predicting that consumer spending will remain healthier than it was in the previous economic crisis.

Summary

What We Learned

This shows the importance of retailers truly understanding the macro-economic factors that affect their customers. Whether it is higher interest rates, economic recession, supply chain issues or wage decline all these factors will affect the way consumers interact with different brands over prolonged periods of time. For example, the current continued spending patterns are being underpinned by the highest levels of credit card debt on record. When coupled with increasing interest rates this creates a concerning economic climate as these bills will eventually catch up with people which could lead to a decline in consumer spending while households attempt to balance their books.

Another major issue that will influence how retailers operate is China. Its delayed economic reopening has had a huge impact on the global economy over the last few years as it is home to one-third of global manufacturing. This has caused major supply chain issues for the host of companies who rely on the country to produce their goods. Even with the earlier than expected reopening of China's economic borders on January 8th 2023, many economists are warning of continued labour shortages and supply chain disruptions. These factors have sparked an 'onshoring' trend which has seen a lot of capital investment being used to reverse the offshoring of manufacturing and product creation that has taken place over the last decade, as it has become clear that reliance on foreign economies is no longer the safest business move.

However, despite these economic challenges that China's policies have caused in recent years, the reopening of their economy presents a massive opportunity for retailers. For some time now the Chinese government has been steering the rise of a consumer driven economy within the nation with consumer spending expected to double by 2030, reaching over \$12 trillion. This offers a huge growth opportunity for retailers that are able to successfully pivot their operations to serve this market.

Partner

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