Top retail trends in 2023

THOUGHT LEADERSHIP

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Contents

How the economy and consumers will shape the retail industry post-pandemic

Soon after the pandemic made its way around the world in 2020, people started talking about the “new normal.” Three years later, the world is still grappling with how to define a post-pandemic life.

The global retail industry has been dealing with one of the most uncertain and evolving moments in recent history. While many of the 2023 retail trends detailed in this report have been around, they will take new twists and turns, dictated by an ever-evolving consumer and economy:

- Inflation is impacting household budgets but consumers are still fulfilling their pent-up demand for travel and experiences.
- Choice is key but consumers don’t want to be overwhelmed by messaging and offers, increasing the expectation for personalization.
- Privacy is more important than ever but people want brands to understand them.
- Curbside service and other conveniences borne from the pandemic are here to stay but people also want new experiences.

As consumers start 2023, a year with the fewest restrictions since 2020, they will expect choices in how, when and where they shop. Retailers that anticipate customer needs and pivot to meet or exceed those needs will see the strongest results.

In this report, we explore the following 2023 trends to watch around the globe:

- How the economy impacts consumer choice
- The evolving role of data and analytics in shaping the customer experience
- Emerging and innovative ways to reach consumers as they traverse online and offline channels
- The role of loyalty in cultivating affinity
- Expanding payment choices and shopping experiences

01
Economic outlook

Winners and losers trade places in 2023 as we see a reversion to the mean

"There is evidence of consumer shifts in grocery spending in some countries, with high food inflation driving consumers to shop in-person more frequently and spend less per visit."

Undoubtedly, rising global inflation is impacting consumers in different ways. They're making deliberate purchasing choices based on their own personal needs and economic situations.

Many consumers are responding to higher inflation by opting for cheaper everyday spend options to continue spending on experiences like travel and eating out, according to the Mastercard Economics Institute. There is evidence of consumer shifts in grocery spending in some countries, with high food inflation driving consumers to shop in-person more frequently and spend less per visit. This could reflect "trading down" to less expensive brands and stores, and simply purchasing less to avoid waste and better manage their grocery budgets.

In discretionary retail, which includes categories like furniture, electronics and apparel, consumers globally are spending less, potentially reflecting the retail demand that was "pulled forward" early in the pandemic. Similar to groceries, this could reflect a shift to less expensive options and consumer spending priorities. However, in contrast to groceries, consumers are not increasing their in-person shopping frequency as much.

In 2023, the Mastercard Economics Institute expects spending on travel and experiences to continue rising as a share of total consumer spending, while the share of big-ticket durable goods declines. The differences in inflation will fuel this dynamic as inflation accelerates for services and declines for goods.

02
Understanding consumers

Uncertain times call for very certain data and analytics

Text, social, email, ads. Consumers are managing a steady stream of messages vying for their attention.

For retailers, the art of connecting with consumers is complicated by a wide range of factors, from the economy, weather events and inflation to health concerns, data privacy and social issues. With these diverse dynamics at play, data and analytics are critical for helping retailers understand purchase decisions and the types of experiences they should deliver, while becoming more agile in the process.

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Understanding how consumers react to economic changes

Economic headwinds impacted consumer wallets in 2022 with shoppers making deliberate choices about how to spend their money as they were dealing with their pent-up demand for experiences coupled with inflation and rising gas prices.[1]

With more economic uncertainty expected through 2023, there is even more need to understand economic triggers (layoffs, rising gas prices) and consumer reaction (less discretionary spending), as well as other macro-influencers on consumer spending like weather and covid.

According to the Mastercard Economics Institute's outlook for 2023, the impact of inflation, interest rates and consumer spending will be felt differently around the world based on factors like fiscal policies and income levels.

For example, the gap in discretionary spending between high- and low-income households remains wide. Although inflation — the increase in the prices of goods and services — is expected to soften in 2023, prices are broadly going to remain higher relative to where they were before the pandemic.

In 2023, the resulting effect from less inflation could mean that discretionary spending by lower-income households catches up closer to discretionary spending by higher-income households. However, the risks remain wide. For example, labor market trepidations could be a headwind in 2023 despite inflation cooling off.

Understanding how to adapt through testing

Testing new ideas for products, stores and experiences, including content, messaging, recommendations and offers has always played a role in retail. Now, based on fast-moving changes in the global economy, retailers will rely more heavily on omnichannel, near real-time testing to understand the best ways to respond to consumer purchasing choices. This is particularly important as a larger pool of consumers respond to offers and potentially starts to trade down on their product choices. Pricing strategies may also start adjustments based on economic trends.

Rising inflation may inspire more people to respond to offers, but only the ones that appeal to their preferences. Retailers will want the ability to segment the customers who are offer-driven versus people who use an offer out of convenience. In addition to focusing on select customer segments, retailers will look to analytical tools to optimize the promotion and messaging.

As some consumers become more cost conscious, they could also start to trade down some of their product choices. Retailers will want to track which types of products they're willing to trade down and how that dictates their offers for higher-ticket products.

Inflation is also impacting pricing strategies across the retail industry. Companies have always been challenged with the right balance between increasing prices and price elasticity over consumer expectations. But the balance will become even more delicate as the economy continues to ebb and flow in 2023. Testing will become even more vital as companies work to keep customers, attract new ones and stay nimble.

Both real-time and near real-time business experimentation can also provide insights on in-store traffic and help retailers flex their staffing needs and hours of operation based on when consumers are transacting. In 2022, some retailers saw less activity in their formerly bustling locations near commercial hubs and invested more into their suburban locations. But the question of whether virtual work environments continue remains, and retailers will need to adjust their physical footprints to stay current.

Understanding how to make personalization really work

Personalization is no longer a nice-to-have but a business requirement. In 2023, more retailers will work to collect, consolidate and put meaningful data into action for the purposes of tailoring commerce experiences that move the needle, whether online or in-store.

Many brands strive for 1:1 personalization. But without applying the right concepts out of the gate, this can bring unnecessary complexity and prevent personalization strategies from driving significant and material business impact. Instead, personalization strategies should be developed from root audiences to ensure that learnings are scalable.

This framework is meant to help companies establish a testing and optimization program to provide all customers curated and personalized experiences based on click-stream, affinity, loyalty and other behavioral or contextual data. This allows for scalability and maximum efficiency, with teams able to more easily institutionalize learnings about certain audiences and optimize experiences (content, offers, messages, recommendations) for them over time, driving incremental engagement, conversion and revenue across all website traffic.

Once personalization efforts are well underway, further gains can be achieved through artificial intelligence and deep-learning recommendation algorithms. This is where algorithmic product recommendations should be layered on for true 1:1 personalization, with dynamically allocated content and recommendations served to the consumer according to affinity and historical purchases. The constant learning impact will yield a flywheel effect, driving relevance and an ever-improving customer journey.

Further, retailers will look beyond digital channels to deliver personalized experiences every time a consumer interacts with their brand (store, web, mobile, email). Traditional brick and mortar and other assisted channels have the opportunity for innovative advancement through the integration of digital capabilities, further enhancing the unified customer journey. The infographic below provides provides an example of how personalization can support the customer journey, informing a retail sales representative to personalize what can be an increasingly white glove experience for a given customer.

The personalized journey

Step 1

A sales person in a physical location accesses a shopper's up-to-date customer profile (upon consent) via tablet or an in-store kiosk

Step 2

The sales rep provides them recommendations based on their purchase history and most recent browsing activity (upon consent).

Step 3

The customer then receives offers and promotions while they're in the store that are tailored to them.

Step 4

This offline purchase data can then be onboarded to ensure the retailer doesn't continue to recommend the product they purchased but instead highlights items typically purchased with it to encourage cross-selling once the shopper (re)visits the site again.

04
Reaching consumers

Reaching consumers becomes a game of diversification balanced with privacy

From retail media networks to social commerce, retailers are doubling down on the 'omni' in omnichannel as they expand their reach virtually and in person.

160 billion

Projected total global retail media spend by 2027[2]

Reaching captive consumers through retail media networks

Retail media networks — digital channels owned by a retail company and offered to third-party businesses for advertising purposes — have grown quickly in 2022 and will continue to grow in 2023. Advertising on retail media networks is expected to reach 20% of U.S. digital ad spend in 2023, according to Gartner. Global retail media spend was projected to reach $101 billion by the end of 2022 and total global retail media spend could hit $160 billion by 2027, which represents a 60% growth rate over five years.[2]

These networks allow retailers such as Ulta Beauty[3] and Kroger[4] in the U.S., and Mimeda, the largest grocery retailer in Turkey, to sell ads to vendor brands to reach prospects who are already in a spending mood. For the retailer with the platform, it gives them an additional stream of revenue; for the companies that advertise on these networks, it gives them another way to reach captive consumers and the consumer insights provided by the platform.

42%

of companies predict the removal of third-party cookies will lead to lower return on their marketing spend[6]

One reason retail media networks are growing is consumer privacy, including the adoption of more privacy regulations and Apple allowing iPhone users to opt out of allowing apps to track their activity across other company websites and apps — 96% of iPhone users are choosing to opt out.[5] The removal of third-party cookies on Google browsers by 2024 will also have a big impact on the way companies reach consumers. A global survey of 3,450 business leaders and 4,500 consumers found that more than half of companies are not fully prepared for a cookieless world. In addition, 42% predict the impending changes will lead to lower return on investment on their marketing spend.[6]

While the importance of giving consumers control over their privacy has opened the door for retail media networks, more broadly it's created urgency for retailers to commit to data principles. Retailers can build trust with consumers by adopting a transparent and controlled way to protect and manage data and allow consumers to own it, control it and benefit from the use of it.

724 billion

In revenue generated from social commerce worldwide in 2022[7]

31%

Compound annual growth rate expected from 2022 to 2030 in social commerce worldwide[7]

Reaching consumers where they spend most of their time

Retailers will make bigger investments in social commerce as consumers spend more of their time on social channels. This is particularly important for engaging with Gen Z and younger generations, so a well-thought-out plan and investment in this space gives brands a leg up for future generations.

Brands are investing in Instagram and TikTok, where consumers are first interacting with brands through strategic content placement and influencer networks. They're making in-app purchases, receiving exclusive discounts and avoiding having to leave a social channel to purchase the hottest new pair of Nike shoes or the latest make-up colors from MAC Cosmetics. New opportunities are emerging to further optimize these experiences through the personalization of products that are featured alongside them either on the site or via YouTube and other social commerce platforms.

Worldwide, social commerce generated about $724 billion in revenue in 2022 and is seeing an expected compound annual growth rate of nearly 31% from 2022 to 2030.[7]

Walmart expanded its livestream shopping capabilities in late 2022 through a partnership with Firework, a video e-commerce solution. The arrangement brings shoppable, short-form, social media style videos to Walmart's digital properties while also making them available to advertisers, creating a video commerce experience.[8] The company is now expanding its social commerce offering with the launch of its platform that allows creators to monetize shoppable products.[9]

Social commerce is growing as consumers rely on social media for more than dance videos and in 2023, more retailers will look to play in this space.

05

Keeping customers

Keeping customers goes beyond points and rewards programs

53%

of consumers have sought out cheaper alternatives in at least one product category.

When customer experience encourages ongoing engagement and builds a deeper relationship, loyalty is the direct result. Savvy retailers recognize that loyalty goes beyond what the customer is buying — and beyond points.

Given the economic environment — one where competition for customers' wallets is intensifying — retailers will look for innovative ways to keep their current customers. Loyalty provides a valuable means of gathering consented customer data and preferences, which in turn, provides the platform to market and communicate relevant content that retailers will use to drive sales and shift stock.

Keeping customers as they make difficult choices

Against the backdrop of an unfamiliar global economy, consumers are making deliberate shifts in what, where and how they spend.[10] When periods of economic change happen, customer loyalty can become evasive.

The fear is not unfounded. According to a survey of U.S. consumers by Gartner in September 2022, 53% of consumers say they have sought cheaper alternatives in at least one product category. But while some consumers may be willing to trade down on certain purchases, others will protect their favorite brands. More than half of consumers (52%) say they will, at times, remain brand loyal even in the face of inflation. Half of that group is willing to pay a higher price.

Some retailers looking to reduce expenses might be tempted to cut back on their loyalty budget. But the prevailing view of most retailers is that customer loyalty is not a cost center, but a profitable, revenue-generating platform and a powerful customer engagement tool. Whether it's a grocer eliminating the free coffee they began offering shoppers during the pandemic and then suddenly reversing that decision due to customer backlash, or a fashion brand changing their policy overnight to require more spend to earn the same rewards, the potential for negative impact on revenue and harm to a brand in the long term, must be weighed. For its part, global big-box retailer Costco has vowed to never change the $1.50 price of its famous food court hot dog and soda combo.[11]

"When a brand can encourage positive behavior on a repeat basis from their best customers, that will have a greater cumulative effect than a one-time behavior from a customer that doesn't return to the brand."

Keeping customers by rewarding behaviors, not just spend

Innovative brands will go beyond the "points for dollars spent" model. Consumers now expect brands to recognize their loyalty through small meaningful gestures that offer immediate gratification. For example, a purchase may immediately trigger $5 off for the loyal customer's next purchase. Retailers will also expand their loyalty offerings beyond points by promoting exclusive experiences that help drive loyalty program objectives. Whether it's a reward for making their first purchase from the app or referring a friend, helping customers feel part of the brand's family goes a long way to creating brand loyalty.

Some retailers are going beyond traditional loyalty tactics to make customers an active participant in the brand. Canadian furniture maker Rove Concepts offers the Rove Host Program in which Rove members offer their homes as a de facto showroom and share them virtually with other consumers. These Rove hosts earn points for each customer interaction and early access to new products.

Keeping customers through sustainability

Consumers are increasingly aware of what their favorite brands represent and, led by Gen Z, demand for increased sustainability measures is only expected to grow.[12] In 2023, retailers will seek concrete ways to tie their loyalty programs to their environmental and social efforts to demonstrate their commitment to sustainable practices.

Ongoing positive behavior from a brand's best customers will have a greater cumulative effect than a one-time behavior from a customer that doesn't return. Innovation is required to help encourage environmentally friendly actions from customers and loyalty programs are an effective way to promote sustainability and effect real change. Personalization technology is one tool that can determine which customers have a higher affinity to climate conscious products or services, which helps shape the experience brands deliver to reflect that interest. For example, a coffee shop might recommend a lower carbon product like oat milk as a substitute for cow's milk in a coffee. Retailers could even go a step further, offering them a discount on the sustainable product or donating a certain portion of the proceeds to a relevant cause.

Keeping customers by expanding paid memberships

Paid memberships, also known as subscription or premium loyalty, create powerful value for the customer willing to pay a fee to unlock benefits. In 2023, retailers will use this concept in various ways, from creating clubs that play to their customers' interests to adding a paid membership tier to their existing loyalty programs. While the paid membership trend will continue in

2023, it's one that's been going strong for some time. With the proliferation of options, it's possible that consumers will begin to suffer from subscription fatigue.

"Paid memberships require careful consideration to ensure that the proposition brings good value to customers, but when they are successful, they can create a healthy new revenue stream."

Subscriptions with clear, easy and personalized benefits are one way to create a strong incentive for customers to be loyal. In the U.K., wine retailer Virgin Wines offers a WineBank program. Members receive bonus funds — one GBP added by Virgin Wines for every five GBP deposited by the customer — that add up to more money to spend on an eventual purchase. Free next-day delivery on wine orders, access to WineBank member-only wines and priority access to events add value to the loyalty proposition.

Paid memberships require careful consideration to ensure that the proposition brings good value to customers, but when they are successful, they can create a healthy new revenue stream. Amazon Prime is a leading player, and around the world, others are pursuing that successful model.

In the United Arab Emirates, food and grocery delivery platform Talabat launched Talabat Pro in 2022, offering unlimited deliveries for a monthly fee. In the U.S., leading food delivery service DoorDash offers DashPass, a subscription service with free delivery and reduced services fees, while specialty players such as Wild Fork Foods offer a membership that can reduce a consumer's delivery cost while providing bonuses such as recipes, special offers and promotions.

In South Africa, Massmart, an African retail and wholesale group, continues to see success with Makro, an international brand of warehouse clubs with 22 warehouses in South Africa selling food, general merchandise and liquor to customers with paid memberships.

"Best practice co-brand programs will integrate their value proposition with their loyalty programs, by extending even more preferential benefits to what should be the most loyal customers."

Keeping customers by prioritizing a cookieless future

Forward-looking brands will use 2023 to prepare for the expected change in third-party cookie policies in 2024. In the face of a cookieless world, the consented, first-party data resulting from loyalty efforts will be increasingly important. Brands that proactively adapt to a cookieless future will fare better than those that wait for a cookieless future to happen to them.

As consented first-party data and zero-party data become increasingly in demand, retailers will turn to loyalty and personalization — with customers volunteering their information in exchange for rewards and benefits — as a compelling proposition. Leading retailers will connect that consented first-party data and zero-party data to a broader data, technology and engagement strategy. They will use data to segment customers into sub-tiers, stratify them and personalize their different experiences.

"The card is also marketing across four different tiers to provide greater benefits to customers spending more in a group, such as preferential parking privileges, VIP lounge access and additional discounts."

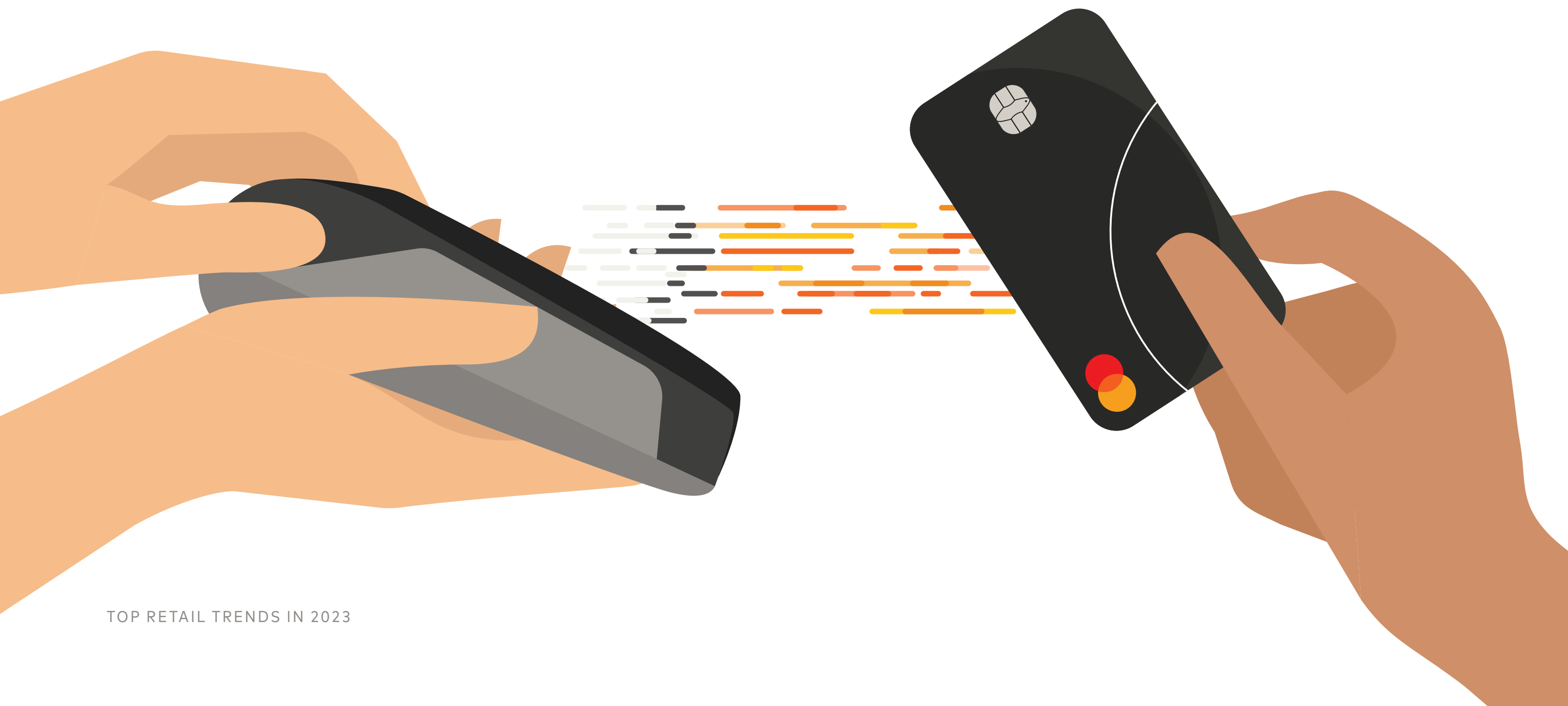
Keeping customers by integrating loyalty and payment technology

In 2023, more brands will look to link their loyalty programs to payments. Some will use co-branded cards to provide a continuous flow of offers to loyalty members, with the goal of staying top-of-wallet. Others will add a wallet to their loyalty program to enable customers to pay with points or a combination of points and cash.

While many co-brand cards act as a direct extension of a retail loyalty program, the required partnership with a bank can at times add complexity to fully linking the program to the retailer's loyalty program and consumer journey. Best practice co-brand programs will integrate their value proposition with their loyalty programs, extending even more preferential benefits to what should be the most loyal customers.

The Asia Pacific region has been leading the way on integrating loyalty and payments with wallets, QR codes — which in some cases has superseded wallets — and super apps. The Central "The1" co-brand card offered by Central Group in Thailand allows for the direct earn of points on a multiplier. The card is also marketing across four different tiers to provide greater benefits to customers spending more in a group, such as preferential parking privileges, VIP lounge access and additional discounts. The direct earn of points is a multiplier on Central spend, plus 1x points for 25 Thai Baht spent on out-of-store spend. All of this appears in real or near-real-time within Central's loyalty ecosystem, in lieu of the requirement to transfer points or get a month-end credit based on spend.[13]

Other retailers are looking for solutions for getting customers to identify themselves early in the payment process by swiping a loyalty card or scanning a QR code and then incentivizing them to attach payment credentials. Some retailers with loyalty apps enable consumers to scan a QR code in store that adds loyalty points and offers the ability to pay. In Australia, Woolworths Group launched Everyday Pay, a proposition embedded in their Everyday Rewards app, which allows consumers in stores to securely pay and collect points in one scan of a QR code at checkout.



06

Paying for purchases

Paying for purchases is about as many choices as possible

Cash, check or card? There was a time when consumers had three choices when making a purchase. The different ways to pay — whether in-person or online - have expanded to include everything from QR codes to small loans at the point of sale. The ability to offer different payment choices is key for driving stickiness for retailers in 2023.

Paying for purchases with more QR code options

QR codes have typically been used by retailers for everything from product information to placing food and drink orders at restaurants. QR codes have also opened the door for apps like PayPal and Venmo to be used at the point of sale. Personalization has a role here as well, with recommendations and tailored experiences able to be infused within digital receipts.

QR codes will continue to expand into other payment types, allowing retailers to provide more choices to consumers. Bitso, a cryptocurrency platform in Latin America, now enables its 6 million users to pay for purchases with crypto using QR codes through its app. QR codes are one of the most common forms of payment in Argentina — in 2022, 59% of Argentinians used QR codes, compared to 34% in all of Latin America.[14]

25%

of consumers said they're "very likely" or "interested" in using an installments payment option in the next six months, within categories like apparel, consumer electronics and appliances, travel and home décor.

Paying for purchases with enhanced 'buy now, pay later' options

In a survey of 50,000 consumers in over 50 markets in 2022 by the Mastercard World Payments Advisory,[15] nearly a quarter of respondents said they've recently used BNPL to make purchases.[16] An additional 25% said they're "very likely" or "interested" in using an installments payment option in the next six months, within categories like apparel, consumer electronics and appliances, travel and home décor.

A growing number of retailers are starting to offer BNPL directly through various installment options, including Mastercard Installments, which is offered through a banking app that can be used during checkout online or in-store and by using a digital wallet like Apple Pay. In the U.S., while 21% of consumers have used offerings from BNPL service providers, a near equal number are using or wanting to use an account offered directly by the retailer. In Singapore, there's more interest with 28% of survey respondents using or interesting in using a BNPL account offered directly by a retailer.

21%

of consumers have used offerings from BNPL service providers; a near equal number are using or wanting to use an account offered directly by the retailer.

Consumers are motivated by different BNPL features — many that are common among existing product offerings and many that new entrants could introduce. Among the top three drivers for shoppers using BNPL in the future include guaranteed interest-free installment payments, making purchases they can't afford to pay for all at once, and getting the product right away rather than waiting until it's paid off. Other drivers include rewards offers and access to special deals.

There's an opportunity for BNPL providers, whether that be fintech companies or retailers through their acquiring banks, to increase the clarity and transparency of the BNPL offer, develop processes to help consumers manage their spending and payments, and incorporate more relevant rewards and promotions.

Paying for purchases the same way, no matter the retail format

The pandemic accelerated the use of contactless card payments for in-person shopping. Worldwide, 44% of consumers claim to have made a contactless card payment in the past year instead of inserting or swiping, and half of them claim to have increased usage of such cards, according to the Mastercard New Payments Index (NPI) from March—April 2022.

But the ease and the convenience of this payment option didn't quite make its way online despite the rapid growth of e-commerce. Sixty-four percent of respondents to the NPI survey say they are likely to make an online payment via the manual entry of card details over the next year.

The future of e-commerce now increasingly depends on card issuers, payment solution providers and retailers rallying around a secure online one-click checkout standard in the same way they rallied around a secure offline contactless standard. It removes the need for passwords and provides a consistent checkout experience across devices, operating systems and retailers without making consumers re-enter information.

44%

of consumers claim to have made a contactless card payment in the past year instead of inserting or swiping, and half of them claim to have increased usage of such cards.

64%

of respondents to the NPI survey say they are likely to make an online payment via the manual entry of card details over the next year.

Paying for purchases and managing other activities all in the same "super app"

Mobile shopping and purchasing apps have been part of the retail experience for several years and it continues to accelerate in 2023, based on a survey of 50,000 consumers in 50 markets by the Mastercard Payments Advisory. In each category of shopping and purchasing, respondents said they plan to use their mobile apps even more in the categories they already use them, including ordering food, scheduling a ride, and making a purchase in-store with a mobile wallet app.

For example, 23% of consumers say they have recently used an app to order meals for delivery or pick-up in the past three months. Among those users, 64% said they expect to use an app to order meals for delivery or pick-up even more. A similar theme is trending for 40% of respondents who recently made an online purchase using an app on a mobile device. In that same group of respondents, 77% of them said they plan to make more online purchases using a mobile app.

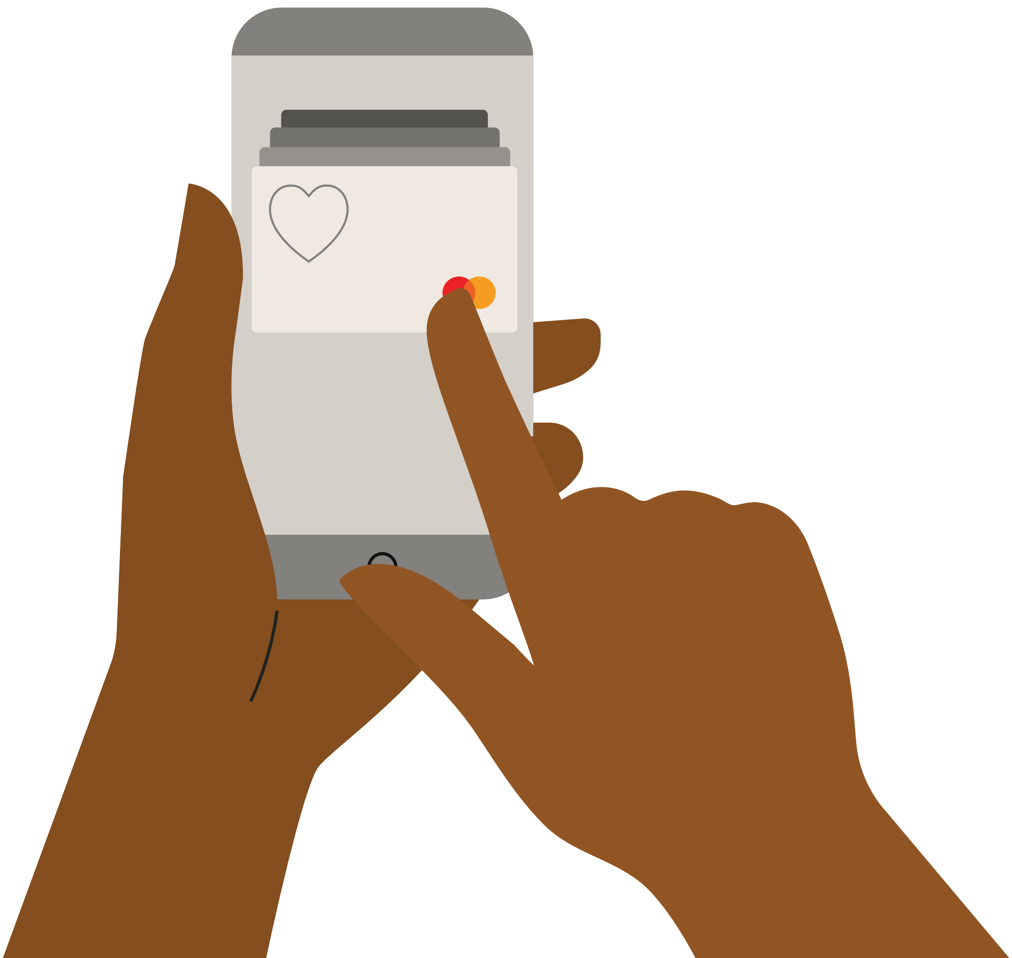
Survey respondents also said they would prefer to have a single mobile app that will let them do all of their shopping, ordering, paying and banking functions.

23%

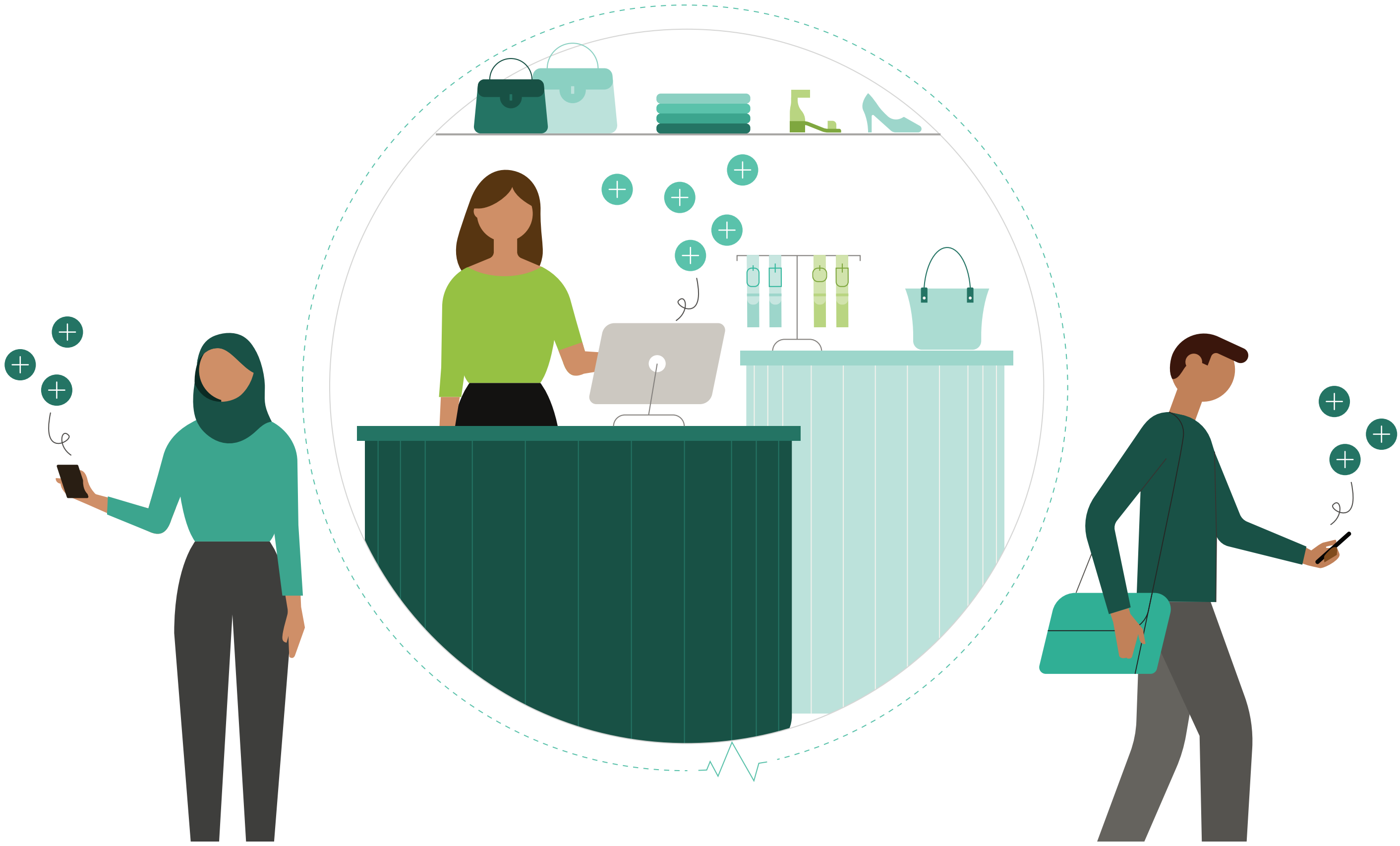
of consumers say they have recently used an app to order meals for delivery or pick-up in the past three months.

77%

of respondents said they plan to make more online purchases using a mobile app.



07 Shopping in-store and virtual



Shopping in-store and virtual carve out their distinct roles but work more cohesively

Shop online or shop in person, or just shop. The distinct lines between in-store and online purchasing will become more blurred as in-store adopts many digital features. But in-store and digital will also each have their unique distinctions to satisfy the need for a shopping experience, whether that be a touch, feel, taste experience or a safety, convenience and choice experience.

Shopping in-store but feeling digital

Bringing more digital elements to brick-and-mortar stores is happening for two reasons: retailers want to simplify their operations and make the consumer journey easier.

Digital is simplifying operations by making everything seamless. One area where this has made progress is unattended stores, which replaces the need for a traditional check-out experience. A person walks out with the purchase

without interacting with a human who has to physically scan each item and manually take payment. Amazon paved the way and many other retailers are following suit as unattended stores check off the consumer's need for convenience, speed and safety.

The concept of digital cookies will also enter the doors of brick-and-mortar. Effective integration of technology and data sources will allow for a shopper to walk into a retail outlet and be known immediately (upon consent), allowing for the retailer to guide the shopper to what they like through their mobile app via an in-store kiosk or a clienteling app to create a hyper-personalized experience that flows from their online interactions in the store.

Shopping with the best that the pandemic had to offer

Retailers are expanding many of the perks that were adopted or accelerated during the pandemic. Target, for example, rolled out plans late in 2022 to expand its same-day pick up services.[17] The company is testing offering the option for guests to add a Starbucks order or make a return within Target's curbside service. The company, whose digital business has more than doubled during the last two years, said these enhancements build on Target's strategy of using the company's nearly 2,000 stores as fulfillment hubs.

QR codes will also play a role in the adoption of smaller product-focused stores by allowing shoppers to get product info and ordering capabilities through a QR code.

Even retail workers are going through a renaissance as traditional roles like personal shoppers are moving to virtual environments to grow the brand's social commerce.

08

Conclusion

2023 will be the year to watch in retail as inflation and consumer pent-up demand create unusual dynamics. For retailers, the year will mean different approaches to understanding consumers, reaching them in new ways, personalizing their experiences and earning their loyalty. New and different ways to create an in-store and digital experience will also go through an evolution.

To learn how Mastercard is helping brands and retailers with data and insights, personalization and loyalty solutions, and experimentation and consulting, reach out to your Mastercard representation or contact us here.

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