SIGHT for **GROWTH**

- a monthly series

MAY| 2024

Consumer habits and lifestyles are changing drastically. Their shopping habits have also significantly evolved driven by technological advancements, the impact of the pandemic, economic conditions and global events.

This has in turn impacted how and where they shop, their channel preferences, and payment methods. Convenience, authenticity and personalization matters more than ever before.

With all these changes, the retail landscape too has transformed to meet these evolving needs.

Retail Reinvented:
Adapting to Changing Consumer Behavior

Pre-1990's

PRE-DIGITAL ERA

In-store Shopping Dominance | Catalog Shopping | Use of Cash & Cheques | Slow rise of Credit Cards

1990's - 2000s

RISE OF E-COMMERCE

Introduction to Online Shopping | Convenience & Variety rules | Credit & Debit cards, PayPal gain popularity.

2010's

MOBILE REVOLUTION

Mobile Shopping | Social Media Influence | Omni-Channel Retailing

2020's

POST-PANDEMIC ERA

Surge in Online Shopping | Contactless Payments | Subscription Services | Sustainability & Ethical Shopping | Personalization | Direct-to-Consumer brands gain traction

BEYOND 2020'S
FUTURE OF SHOPPING

Augmented Reality | Voice Commerce | Blockchain & Cryptocurrency | Sustainable Practices

So, what do these changes mean to consumers?

How is it impacting and influencing the choices they make?

How can companies stay relevant in this new context?

With all these changes, retail consumers crave to find a balance between the worlds of proactive search e.g. google and reactive discovery e.g. Instagram, TikTok.

They are looking for a shopping experience that they can trust, is authentic and has a personal connection.

This provides a massive opportunity for retail networks to build something more trustworthy, smart, and authentic.

Against this backdrop, let's look at some of the trends re-shaping the retail landscape ...

Key Trends reshaping Shopping Landscape in the Middle East

TREND 1

THE FUTURE OF RETAIL IS PHYGITAL

TREND 2

AI POWERS PERSONALIZED SHOPPING

TREND 3

AUGMENTED REALITY & VOICE COMMERCE IS TRANSFORMING THE SHOPPING EXPERIENCE

TREND 4

CREATORS AS THE NEW RETAILERS

TREND 5

RESPONSIBLE CONSUMERISM:THE NEW NORM

TREND 6

THE EMERGENCE OF RECOMMERCE

TREND 7

RISE OF FRICTIONLESS PAYMENT & DELIVERY

TREND 8

REVOLUTIONALIZING SUPPLY CHAIN RESILIENCE WITH BLOCK CHAIN

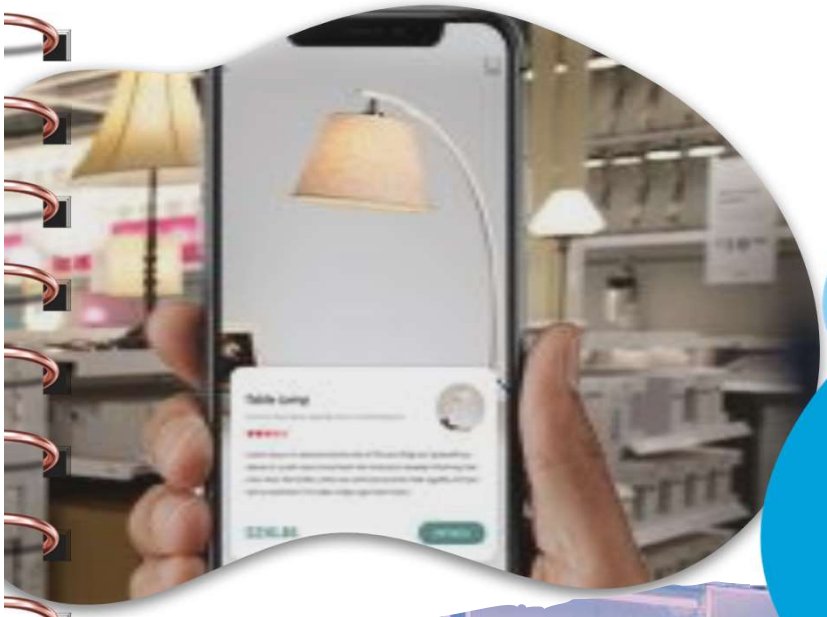
TREND 1

The Future Of Retail Is Phygital

“Hybrid shopping” is a trend on the rise, to cater to the unique needs and expectations of today’s shopper.

Retailers are seamlessly integrating the tactile world of their physical stores with the convenience of their digital channels, offering customers a cohesive experience.

They are leveraging advanced inventory management systems, customer relationship management (CRM) tools, and sophisticated analytics to synchronize operations across all touchpoints.



According to the survey conducted by Globenewswire, 95% of consumers review products online, before making a purchase, with 58% expressing a willingness to pay a higher price for items endorsed by a positively reviewed brand.

Legacy businesses are exploring new digital frontiers in the Middle East, from launching a virtual Dubai Mall to opening Lulu Hypermarket’s online shopping service and Carrefour’s click-and-collect service..

TREND 2

AI powers Personalized Shopping

Artificial Intelligence (AI) is a game-changer in the retail sector. Retailers are harnessing the power of AI to deliver highly personalized shopping experiences.

With the power of artificial intelligence (AI) and automation, brands are finally able to tailor shopping experiences to customers' interests, based on real-time web browsing habits and shopping data.

Through personalization, brands now have the power to turn every shopping interaction into a meaningful and rewarding experience.

According to Salesforce Research, "Personalized product recommendations drive revenue. Visits where the shopper clicked a recommendation comprise just 7% of all visits, but 24% of orders and 26% of revenue."

AMAZON is using AI in several ways, including product recommendations, but also chatbots and voice recognition. This adoption is supposed to have a direct impact on companies' bottom line.

TREND 3

Augmented Reality & Voice Commerce is transforming the shopping experience

Augmented reality (AR) in retail is like sprinkling a touch of magic onto the shopping experience.

AR shopping combines the convenience of online shopping with the immersive and interactive elements of AR, resulting in a truly transformative way to explore and purchase products.

It allows for enhanced product visualization, interactive shopping experiences, personalized recommendations, social shopping, real time inventory tracking and integration with smart devices.

IKEA was one of the first companies to jump onboard the augmented reality bandwagon, creating an app specifically for visualizing furniture in your home.

According to Forrester, 62% of customers want to interact with brands across various online channels. Therefore, only retailers ready to deliver such an experience can stand out from the competition, grow, and profit.

Redsea.com in Saudi Arabia introduces the first augmented reality (AR) online experience for home appliances, creating an immersive shopping experience by blending the real world with the digital space.

TREND 4

Creators as the new Retailers

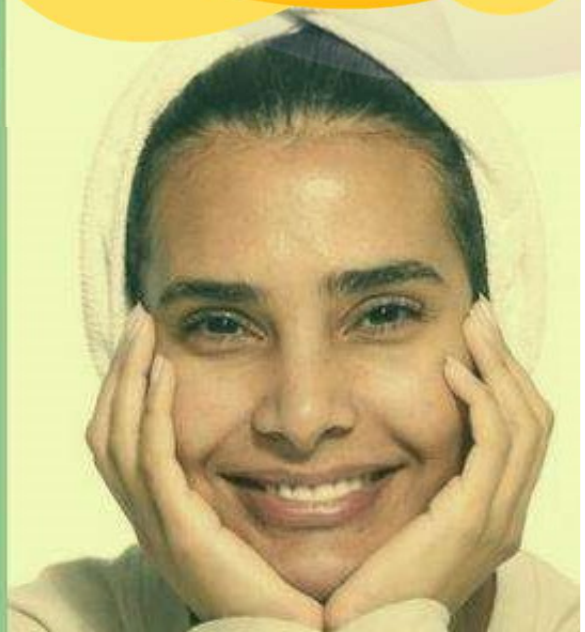
The emergence of creators as the new retailers in the Middle East is reshaping the retail industry by leveraging social media influence, personalized content, and direct-to-consumer models.

This trend drives increased competition, necessitates digital transformation, and changes consumer expectations, ultimately leading to a more dynamic and interactive shopping experience. Traditional retailers and brands must adapt to this new landscape by embracing collaborations with creators, investing in digital technologies, and focusing on personalized customer engagement and content driven commerce.

German technology firm, Mitgo Group, has launched a platform to connect creators of the region with brands and host 1 to 3 million users within two years.

With the influencer and content creator market rising in the MENA region, which is estimated to be worth more than $1 billion, governments and companies have been aiming to provide a more seamless experience between creators and brands. (Fast Company Middle East)

Emirati influencer and content creator Salama Mohamed has started a new skincare brand called Peacefull, debuting it with French multinational retailer Sephora.



TREND 5

Responsible Consumerism: The New Norm

Consumers in the Middle East are increasingly mindful of how their buying choices affect the environment and society.

To thrive in this changing market, retailers and brands should pivot towards providing sustainable, ethical, and health-conscious products. They should also prioritize transparent and responsible business operations.

This trend not only contributes to the well-being of the environment and society but also fosters stronger customer relationships and boosts brand reputation for businesses.

Joe & the Juice is an eco-conscious juice bar and coffee shop offering vegan products. They reduced food waste to 2% with a tracking system since 2019. They use recycled materials and eco-friendly utensils to minimize environmental impact.

According to PWC, "COVID-19 has reinforced the growing awareness of Middle East consumers about social and environmental sustainability.
In our Pulse 2 survey, 65% of regional consumers said they have become more eco-friendly in the last six months.

Lush Cosmetics has redefined sustainability in the beauty industry through its ethical sourcing and innovative packaging solutions. The brand's commitment to fresh, organic ingredients and its policy against animal testing set it apart in a competitive market.

TREND 6

The emergence of Recommerce

Resale is the future of retail. Big name retailers in the US are partnering with startups like Thredup to appeal to a new generation of sustainability and cost-conscious consumers.

In our region, consumer to consumer resale and recommerce is also growing in popularity. While physical stores, classifieds and listings sites, like Dubizzle and Facebook, remain cornerstones of the used trade, new business models around resale and recommerce have arisen to serve the needs of millennials and Generation Z, with local startups like Melltoo and The Luxury Closet leading the charge.

According to research by GlobalData, "In 2019, the resale sector grew 25x faster than the broader retail sector, with resale expected to grow five times in the next five years.

Resale and recommerce business models cater to millennials and Gen Z, with startups like **Melltoo** and **The Luxury Closet.** The Luxury Closet focuses on luxury consignment, while Melltoo facilitates mass market recommerce transactions between individuals.

soum

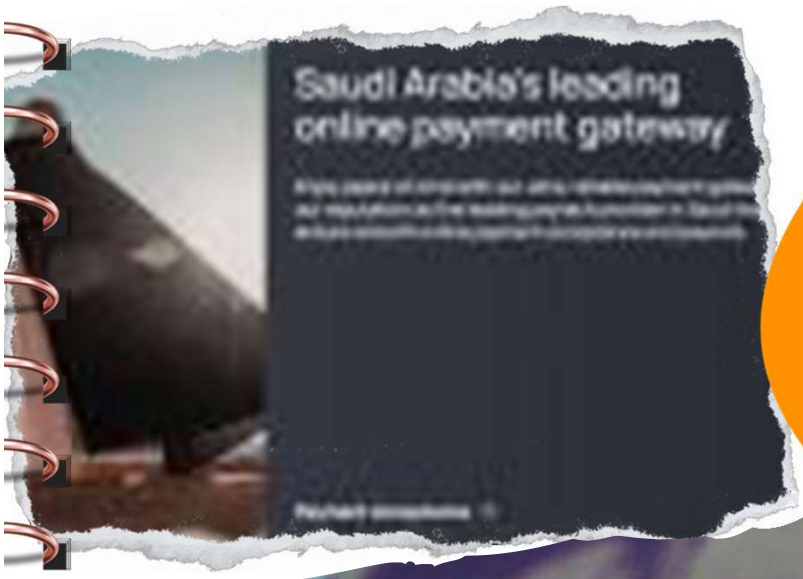
ReCommerce platform Soum has raised $18 million to expand through the Middle East.

TREND 7

Rise of Frictionless Payment & Delivery

The Future of Fast, Easy Transactions is a growing reality as customers are less inclined to wait in long queues. Frictionless shopping has become the latest way to effectively meet and exceed customer expectations within the retail sector.

Customers want their shopping experience to be as effortless and smooth sailing as possible. With the rise of contactless and mobile payments, customers are becoming more accustomed to a fast and efficient transaction process.
Another bug bear for customers shopping online is to pay for delivery. Fast and free shipping is an additional way of making the purchasing process friction free.



According to Infosys Middle East, "The region is positioned as one of the fastest-growing real-time payments markets, with transactions expected to surge from $675 million in 2022 to $2.6 billion by 2027, showcasing an impressive CAGR of 30.6%."

Tap Payments, the leading paytech company in the Middle East and North Africa. This offers MENA businesses the convenience of a single partner for all of their payment requirements, simplifies the payment process, streamlines operations, and highlights Tap's unwavering commitment to facilitating seamless payment experiences for its business partners.

TREND 8

Revolutionizing Supply Chain resilience with Block Chain

In today's ever-evolving global marketplace, effective supply chain management is crucial for businesses' success. It enhances operational efficiency, reduces operating costs, and elevates customer satisfaction to unprecedented levels. Additionally, it enables companies to be more agile and responsive to changing market conditions, thereby mitigating the risks of disruptions that may arise.

By automating tasks such as validating product authenticity and initiating payments, blockchains can considerably minimize the time and resources required for efficient supply chain management. This not only improves operational efficiency but also lowers the risk of fraudulent activities and human errors.

According to HBR, Blockchain, is a potential game changer not just in the financial world but also holds great promise is supply chain management. It can greatly improve supply chains by enabling faster and more cost-efficient delivery of products, enhancing products' traceability, improving coordination between partners, and aiding access to financing.

Dubai Blink is the first B2B Smart Commerce platform launched by the Dubai Airport Freezone Authorities. It uses modern AI for logistics Middle East, virtual business licences, and blockchain technology. This will create a new revolution in the functioning of the new trade platform. This technology has ushered in the era of Smart Commerce for Dubai.

Mind-the-Gap

Here is a snapshot of the generational mindsets to help better connect with them...

BABY BOOMERS
(1946 - 1964)

Baby Boomers in the Middle East prefer traditional retail experiences, quality products, and personalized service. They enjoy browsing through physical stores, touching and feeling products, and interacting with knowledgeable sales staff. They prefer investing in products that offer durability, craftsmanship, and longevity. They are likely to patronize retailers that offer convenient parking, easy accessibility, and comfortable shopping environments

Gen X prefer convenience, quality, and value. They prefer retailers who offer seamless omnichannel experiences. They value consistency, reliability, and familiarity when it comes to their purchasing decisions. They appreciate personalized recommendations, tailored shopping experiences & loyalty rewards. They are likely to use mobile apps, comparison websites, and social media for product research and price comparisons.

GEN X
(1965 - 1980)

GEN Y
(1981 - 1996)

Gen Y reflect their digital savviness, desire for convenience, and preference for experiences. They are avid users of e-commerce platforms and mobile shopping apps. They are influenced by social media for product recommendations & reviews. They are drawn to brands that prioritize environmental sustainability, ethical sourcing, and CSR. They pay more for products that align with their values and lifestyle preferences. They seek brands and retailers that offer unique and immersive shopping experiences.

Gen Z reflect their digital-native upbringing, preference for convenience, and emphasis on social responsibility. They often turn to social media for product discovery, recommendations, and purchases. They are drawn to brands that offer customizable products, personalized recommendations, and interactive shopping experiences both online and offline. They value authenticity and transparency from brands

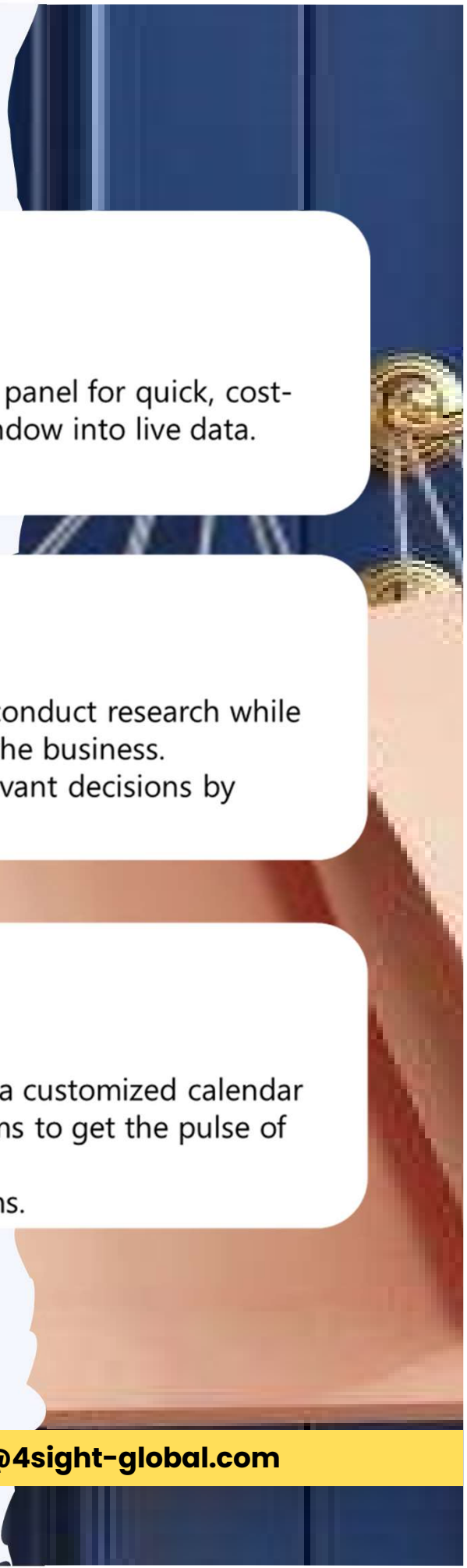
GEN Z
(1997 - 2012)

GEN ALPHA
(2012 onwards)

Gen A's shopping habits are largely influenced by their parents or guardians. They are digitally savvy and likely to be exposed to educational toys and tech gadgets. They are introduced to concepts of sustainability and responsible consumption from a young age. They prioritize experiences & seek retailers who provide that experience.

OUR

4SiGHT Live Suite



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COMMUNITIES

Designed to build an agile system to conduct research while keeping the customer at the heart of the business.
Enables clients to make consumer relevant decisions by testing on the go.

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Provides an innovative boost to your iterative process by making it more AGILE through co-creation workshops, giving wings to potential ideas/improvements

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OUR

Calendar 2024

JANUARY	FEBRUARY	MARCH
TRENDS SHAPING OUR REGION	RAMADAN IN THE POST PANDEMIC ERA	EVOLVING LANDSCAPE OF LEISURE & ENTERTAINMENT
APRIL	**MAY**	**JUNE (COMING SOON)**
CHANGING FACE OF CUSTOMER EXPERIENCE	EVOLVING RETAIL LANDSCAPE	THE THRIVING GAMING INDUSTRY

For more information, contact **info@4sight-global.com**