

Recalibrating for diminished growth - resolutions for 2021

By [Ailsa Wingfield](#)

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Despite the dissemination of vaccines in the months ahead and as expectations of more normal behaviours edge closer, a larger portion of consumer spending will be impacted by recessionary conditions in most countries where Covid-19 leaves a trail of high unemployment, lower confidence levels and economies that will take years to fully recover.



Ailsa Wingfield

The retail industry will be forced to focus on quick recalibrations of relevance in a world where consumers are shopping differently.

2021 will involve a new playing field, but industry players can still maximise growth by setting the right goals and resolutions.

1. Segment strategies for the sliding scale of consumers

Socio-economic consequences will continue to weigh heavily on spending decisions.

Four consumption patterns that emerged as a result of Covid-19 – resets in basket, rationale, affordability and homebody mentality – are heightening disparities between constrained spenders and insulated spenders.

In 2021, constrained spenders will continue seeking out cheaper alternatives, opting for more value offerings and private label products. Tiering products and pricing will become increasingly important as the year progresses.

Meanwhile, there is an opportunity to continue to deliver on the needs of consumers whose incomes remain unchanged and may even have more disposable income in 2021 after deferring travel, dining and entertainment costs in 2020.

From higher-priced, sustainability-focused products for insulated consumers who are reinvigorated to follow eco-friendly practices, to premium speciality goods for those who want to treat themselves, 2021 presents opportunities for sustainability and premiumisation.



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2. Recalibrate assortment as consumers shift shopping routes

With consumers exiting commercial and city hubs to suburban and rural 'residential workplaces,' they're shifting where they shop for groceries. Many will not return to pre-Covid commuting habits.

Retailers and manufacturers are adapting to low foot traffic in urban hubs and surges in more suburban, or even rural, areas. Brands will need to focus on maximising their presence in these newly popular stores in lower-density locations, while retailers may be forced to consider closing or downsizing some stores and revamping others that now have more demand.

Further complexity comes with these shifted shopping habits. Consumers shopping closer to home or in less-familiar locations are confronted with layouts and ranges of products that may be different from what they are used to.

“ Savvy brands can view shop-shifting as a fresh start – a golden chance to recalibrate their assortment and packaging to meet the new needs of consumers who may be willing to ditch their loyalty to their usual brand choices in favour of an alternative. ”

3. Recommit to pandemic-fueled innovation

History shows that brands that maintain focus and continue to innovate in difficult economic times emerge stronger. But these are tough decisions.

On the one hand, brands feel the impetus to appeal to more fragmented consumer demands across a much wider spectrum of price tiers. On the other hand, many brands are also reckoning with decisions taken earlier in the pandemic to pare back the number of SKUs they produce to address supply chain pressures and rapid shifts in consumer habits. Healthy innovation inside of SKU optimisation will be critical.

“ As 2021 progresses, brands will continue to win with health and efficacy focused innovations. ”

Through the months of Covid-19, there have been clear signals from consumers that they want complete transparency on what is in the products they buy and what the benefits are. For insulated consumers, products that claim to have natural and high-quality ingredients will continue to appeal on the premium end of the price scale.

Retailers must be prepared for this dichotomy; while a reduction in SKUs has made it easier to manage inventory cycles, making room for the innovations that meet consumer needs is paramount.



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4. Win locally, without neglecting multinational

When we envisioned 2020 before Covid-19, we predicted that “manufacturers will produce locally to win globally” – a forecast that became an urgent reality as the disease led to upended supply chains, and consumers (in the early days of the disease) favoured local products or products that had travelled through fewer sets of hands.

We expect that this gravity shift towards locally sourced products will continue to stick, though likely at lower levels. Much of this loyalty to local will be driven by desires to continue to support local suppliers who helped bridge the supply gaps during the days of heavy pandemic pantry stocking.



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5. Treat omnichannel as omnipresent

In the challenging physical store environment of 2020, consumers wanted little more than to find what they needed and to leave the store. But online, with more time and no health concerns, they became more open to exploring.

The expanding pool of omnishoppers will keep leveraging online channels as an essential way to research, compare prices and hunt for the right deals before deciding whether to leave home to make the purchase at a physical store, buy it online or click and collect their purchase.

“ Emerging technology will enhance omnichannel growth opportunities. Most prominently, there is room to capitalise on shoppable livestreams, mobile applications and augmented reality-based shopping will also continue to grow in importance as consumers demand enhanced shopping experiences at home. ”

Those who can deliver positive and successful user experiences will win online and offline.
Setting resolutions should underpin the start of any new year, but 2021 truly demands it.

ABOUT AILSA WINGFIELD

Ailsa Wingfield is Executive Director: Intelligence for Nielsen Global Markets. She helps companies capture today and tomorrow's prospects by identifying and exploring demand generating trends through strategic foresight, knowledge and thought leadership creation. With a passion for Africa and Middle East, she established the Africa Prospects Indicator which determines overall country prospects and the sources of potential, across economic, business, consumer and retail metrics. Ailsa has extensive experience working with global and local brands in multiple countries across the consumer goods, media and telecommunications industry.

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