Vast, Fast, And Relentless

CONSUMER BUYING ENTERS A NEW ERA
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What B2C Businesses Need To Know To Survive And Thrive In The Next Decade

If you’re in a consumer-facing business, let us be the ones to break it to you: You’re entering the most frenzied phase of innovation you’ve ever been in, and consumers won’t let you rest anytime soon.

This guide explores the future of buying and what B2C firms must do to be successful in the next 10 years. We will:

• Delve into the consumer behaviors and technologies driving the need for innovation. These include consumers’ increasing desire for brands to align with their personal values and their expectation of seamless interactions across multiple digital and physical touchpoints.

• Investigate the effects of new business models on consumer buying patterns.

• Explore how your firm can assess its market opportunities and adapt smartly in a changing environment.
Empowered Customers Demand Both Comfort And Innovation

Consumers no longer need to trade off price, convenience, and emotional experience. Innovation has given rise to new products, services, and delivery models that cater to all three at once. This has triggered five changes in consumer attitudes. Consumers:

01 Are more willing to test new brands and products.
02 Rely on personal devices when transacting.
03 Expect seamless digital and physical experiences.
04 Are savvy when gathering information.
05 Are motivated to seek out the best buying experience.

The confluence of these five attitudes spells big changes in buying behavior and consumer loyalty. Some changes are evident in the current market. Today, consumers already:

- Buy from — or avoid — brands because of perceived company values.

More consumers are voting with their wallets: 65% of US and 69% of European online adults who are Progressive Pioneers — the most emboldened cohort in Forrester’s Empowered Customer Segmentation — say they regularly purchase from companies that align with their personal values.¹

Many seek out brands like Cracker Barrel, Danone, and Firefox that demonstrate an ongoing commitment to the values they talk about through manufacturing practices, supplier partnerships, employee experience, corporate partnerships and philanthropy, and privacy experiences.

Expect more traditional as well as new buying and delivery methods.

From emerging technologies to brick-and-mortar spaces, the number of touchpoints available to brands has grown exponentially. The challenge? As consumers experiment with new modes of product discovery and acquisition, they still rely on the tried-and-true channels.

In fact, Progressive Pioneers note that they are more likely to buy from retailers online and spend time in physical stores in the next 12 to 24 months.²

21% of US online adults always research a company’s position on corporate social responsibility (CSR) to see if it aligns with theirs before making a purchase.
Four Forces Will Shape B2C Buying

The future of B2C buying is not a shift from traditional to digital or an abandonment of self-service in favor of delivery: It’s all of the above. Even as consumers demand more of everything and better experiences of every kind, focusing on consumers’ motivations holistically reveals a world in which four forces shape B2C buying.

1 Marketplaces And Brands Collide

Consumers are purchasing through marketplaces that give them access to products they may not have found elsewhere at lower prices than they believe they’d get through traditional purchase avenues.³

At the same time, 50% of US online adults who are familiar with online marketplaces were indifferent to them in 2019 — they buy products wherever they find them. In 2020, this indifference dropped to 44%, likely due to lockdowns preventing in-person shopping.⁴

Brands will own more of their destiny if they sell directly to consumers and prohibit marketplaces and other distributors from discounting their goods.

Online marketplaces will displace some old household names.

Online marketplaces are most advantageous to companies with commoditized goods and services (think little-known pizza joints that need Postmates) or companies seeking broad and quick reach. Just as online travel aggregators displaced travel agents 20 years ago, marketplaces will displace traditional retail destinations like undifferentiated grocers or low-price department stores.

Exclusive and sought-after brands will thrive outside marketplaces.

Brands will own more of their destiny if they sell directly to consumers and prohibit marketplaces and other distributors from discounting their goods. Disney withdrew distribution from media platforms like Netflix to make its products available exclusively via Disney+. European grocers Intermarché and Tesco thrive on their private-label items. But brands will need strong websites, digital marketing prowess, customer data and insights, and an appetite for price/offer matching to thrive in this way.
2 Product Experiences Drive Demand

More firms are allowing people to experience their products and services with little or no upfront payment and without lock-in. These models make it easier for consumers to switch providers, so they’re more willing to take a chance on brands and products with these approaches.

While rentals and subscriptions have enabled this in a few categories for years, brands like Bird, Joymode, Rent the Runway, Spotify, and Stitch Fix use innovative pricing and distribution models aided by the fluidity of digital. Firms do this through fractional and recurring payments, enabling access instead of ownership; or they reduce the purchase risk by making returns very simple.

Retention gets more critical.

Customer retention is becoming more important for many brands’ revenue streams than acquisition. Why? The money is in getting consumers to want to continue using the product or service. In categories where product experimentation is happening, persuading a consumer to purchase initially requires a very small payment — or none, in a freemium scenario. That initial payment is rarely enough to cover the company’s costs, much less to drive growth. Instead, only a prolonged series of recurring payments enables the firm to recoup its costs and earn real upside.

3 Values Strategies Become A Must

If your company hasn’t yet established and communicated its values, it’s already a laggard. Twenty-one percent of US online adults always research a company’s position on corporate social responsibility (CSR) to see if it aligns with theirs before making a purchase. As the market power of values-based consumers rises, every company needs a systematic values strategy, even if it means holding true to niche values that your company believes in. But a values strategy is about much more than CSR alone. Forrester has established a framework and interactive tool for determining your approach to values.

Privacy becomes the number one battleground.

The most popular corporate value among US and Canadian online adults is a commitment to information confidentiality and data privacy. Meanwhile, global legislators are passing laws that make it risky for companies to misuse personal data — or use it in ways their customers wouldn’t expect. Laws like the CCPA and GDPR are just the tip of the iceberg: Firms that don’t make privacy, security, and data ethics a core tenet of their CSR efforts will face the ire of consumers and regulators.
4 Brands Seek New Business Models

Consumers are demonstrating their new combined priorities at breakneck speed. Coupled with a business environment characterized by shriveling margins and emerging marketplaces, traditional commerce practices are untenable for long-term growth.

Brands must recognize these changing market dynamics and plan how to adapt to, rather than ignore or fight, the new environment.

Expanded partnerships become the norm.

Firms within the supply chain have traditionally partnered (e.g., brands and retailers) to attract new customers and provide more value to existing ones, but the opportunities increasingly lie in ecosystems where noncompetitive but adjacent companies work together to leverage new ways to weather downturns and find profit pools. Amazon’s Haven Healthcare joint venture with J.P. Morgan and Berkshire Hathaway is an example of expansion through adjacency.

These partnerships offer incremental value by expanding the addressable market, providing net new distribution opportunities, and creating opportunities to develop new products and services.

New channels unlock opportunities.

New technologies continue to emerge, such as augmented and virtual reality, assistants, voice, and shoppable video. Firms must adapt to these new customer engagement models either by employing skilled team members or partnering with vendors that have the capabilities to innovate in emerging channels, devices, and touchpoints, rapidly and inexpensively.

For example, as the pandemic shifted buying patterns, Target rapidly transformed its mobile shopping app into an order pickup tool via app functionality, notifications, and geofencing.

"Which aspects of corporate social responsibility are important to you?"
(Multiple responses accepted)

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment to information, confidentiality, and data privacy</td>
<td>40%</td>
</tr>
<tr>
<td>Giving back to the local community</td>
<td>39%</td>
</tr>
<tr>
<td>Environmental protections/position on climate change</td>
<td>35%</td>
</tr>
<tr>
<td>Commitment to corporate ethics</td>
<td>33%</td>
</tr>
<tr>
<td>Gender equality</td>
<td>31%</td>
</tr>
<tr>
<td>Commitment to supporting diverse racial and ethnic groups</td>
<td>27%</td>
</tr>
<tr>
<td>LGBTQ inclusiveness</td>
<td>22%</td>
</tr>
<tr>
<td>Percentage of company’s profits going directly to charity (e.g., 1% for the planet)</td>
<td>20%</td>
</tr>
</tbody>
</table>

Base: 4,818 US online adults
Source: Forrester Analytics Consumer Technographics® North American Retail And Travel Topic Insights 2 Survey, 2019

Consumers demand transparency for specific business practices.

Consumers are questioning product paternity, supply chain, employee labor practices, and anything else that companies may have ignored or concealed in the past. More than 60% of online adults in Canada, the US, and Europe want the companies they buy from to be transparent about their business practices. And some of the biggest firms are listening: Signed in 2019 by 181 CEOs of some of the world’s most recognized brands, the Business Roundtable concept of “stakeholder capitalism” holds companies accountable to customers, suppliers, employees, and their communities as well as shareholders.9
Set It And Forget It? Try Invention And Reinvention

Today’s pandemic will be tomorrow’s climate change or stock market crash. You need a long-term strategy that enables you to adjust to ever-changing consumer demands against the backdrop of shifting economies, climate change, and catastrophes.

The COVID-19 pandemic has inspired a range of clever, rapid, and innovative adaptations to fluctuating conditions — from Chicago’s legendary Jeppson’s Malört shifting liquor production to branded hand sanitizer to restaurant group Lettuce Entertain You’s creation of a meal delivery subscription service. To thrive in the long term, you must be able to regularly modify your products, distribution, or delivery methods. You must proactively and continually evaluate your markets and identify potential adaptation options.

Assess Your Market Opportunities In Three Stages

The Customer

Determine how consumers’ lives are changing and the impact on your target buyer markets. Consider which trends are affecting customers — both in the near term and further into the future — and how those changes drive the size of your buyer universe. Netflix’s success is predicated on correctly identifying shifts, such as the implications of increased internet bandwidth, the paucity of content for multiple and mobile devices, and consumers’ preference for quality content regardless of delivery platform.

The Product

What offering will meet customer expectations and needs? Evaluate your product’s market fit to ensure that it continues to meet the requirements of your buyers. Validate its existing features; identify gaps that require new capabilities or a more effective design; and evaluate the creation of wholly new offerings alongside possible changes to existing products. Netflix determined that a streaming service — a new product that could be consumed simultaneously with or as an alternative to DVDs via mail — would meet customer needs more effectively than traditional physical media.

The Business

What is the optimal structure to match the market with products? Analyze the effectiveness of your current business model and its likely efficacy as market changes play out; consider the changes to the business required to maximize returns in the future; and decide whether you need one or multiple business models. The success of streaming at Netflix drove the addition of a second business model: The company became a content producer as well as a distributor to meet the ultimate customer need of diverse, high-quality media.

B2C firms swim in the same waters as their customers. Right now, those waters are choppy due to the uncertainty and stress caused by COVID-19. By staying attuned to consumers’ realities and desires, B2C brands can create strategies that lead to short- and long-term success.
Recommended Resources

  [WATCH NOW]

- How To Build Your Customer Obsession Strategy
  [READ NOW]

- Capturing The ROI Of CX
  [READ NOW]
1017 marked a tipping point in values-based buying: More than half of US online adults said they actively consider companies’ social, environmental, moral, political, or religious values when choosing which brands and products to buy. Source: Forrester Analytics Consumer Technographics® Benchmark Survey, Part 1, 2020 and Forrester Analytics Consumer Technographics North American Omnibus Survey, 2017.


03 Sixty-five percent of US online adults who buy products from online marketplaces believe that online marketplaces have allowed them to locate items that they may not have otherwise found; 57% report that online marketplaces offer convenience; and 43% report that prices are lower on online marketplaces. Source: Forrester Analytics Consumer Technographics US Retail Recontact Survey, 2020.


05 This is happening not only in B2C contexts but also in B2B — at firms like GE, Pratt & Whitney, and Workday. See the Forrester report "The Design Revolution."

06 And 32% of US online adults say they sometimes research a company to make sure it aligns with their position on corporate social responsibility before making a purchase. Source: Forrester Analytics Consumer Technographics North American Retail And Travel Topic Insights 2 Survey, 2019. This is a European and North American trend; 66% of Canadian, 61% of UK, 70% of French, and 68% of Italian online adults agree with the statement, "I wish more companies were transparent about their business practices." Source: Forrester Analytics Consumer Technographics North American Retail And Travel Topic Insights 1 Survey, 2019 and Forrester Analytics Consumer Technographics European Retail And Travel Consumer Buyer Journey Survey, 2019.

07 Source: Forrester Analytics Consumer Technographics North American Retail And Travel Topic Insights 2 Survey, 2019. Note: In the UK, France, and Italy, a commitment to information confidentiality and data privacy is one of the three most important aspects of corporate social responsibility. Source: Forrester Analytics Consumer Technographics European Retail And Travel Topic Insights 2 Survey, 2019. See the Forrester report "The Mechanics Of Trust."

08 See the Forrester report "Q&A: The Privacy-Personalization Paradox." In addition, consumers are trying to protect themselves: 49% of European (France, Germany, Italy, Spain, the UK) and 47% of US online adults use multiple passwords; 23% of European (France, Germany, Italy, Spain, the UK) and 26% of US online adults block information sharing through device settings. Source: Forrester Analytics Consumer Technographics Benchmark Survey, Part 2, 2020.


10 Source: "Iconic Chicago liquor company makes hand sanitizer for hospitals," ABC7 Chicago, April 17, 2020 and "Family Meals, Booze To-Go & More: We’re Here To Help You Through This!" Lettuce Entertain You Enterprises, August 1, 2020.