

RETAIL GETS PERSONAL

Learn how innovative technology delivers the unique shopping experiences today's consumers demand

The challenges

The triple impact on consumer spending

Several factors play a pivotal role in shaping consumer behavior and determining the health of retail markets, including inflation, interest rates and consumer confidence. Changes in one factor can trigger a ripple effect that reverberates throughout the economy, influencing consumers' decisions within brick-and-mortar stores and online marketplaces.

Inflation can erode the purchasing power of individuals. When prices rise, consumers are more likely to reduce their discretionary income and allocate more funds toward meeting basic needs. In March of 2023, the month-over-month sales dropped in many categories, including fashion goods, apparel, furniture, electronics and home improvement.

Similarly, interest rates, set by central banks, determine the cost of borrowing and influence credit availability. When interest rates rise, borrowing becomes more expensive, making it harder for consumers to obtain loans. The Federal Reserve's continuing interest rate hikes going into 2023 impact consumers relying on revolving credit card balances to make ends meet. For retailers, high-interest rates and increased product costs mean they'll face tougher decisions on how to fund a growing business.

Consumer confidence represents the overall optimism or pessimism of individuals about their financial situations and the broader economy – to buy or not to buy, that is the question. When consumer confidence is high, people tend to feel more secure in their financial stability, leading to increased spending in the retail sector. Conversely, a decline in consumer confidence can restrain consumer spending, regardless of the prevailing economic conditions. In the U.S., a solid job market has helped to prop up spending. While consumers are increasingly fragmented by generation, spending power, life stage and attitude, the impact of economic pressures has increased the importance of value overall.



*A monthly update on the state of the U.S. consumer: June 2023 by McKinsey & Company.

Enhance the shopping experience

In an increasingly digital and interconnected world, the retail landscape is undergoing a remarkable transformation. Gone are the days of generic one-size-fits-all shopping experiences. According to Salesforce, 73% of shoppers expect brands to understand their unique needs and expectations.

A personalized retail experience goes beyond a customer's name and demographic information. It delves deep into understanding individual preferences, behaviors and unique needs. From tailored product recommendations to customized marketing campaigns, the era of personalized retail experience has arrived, and its impact on shoppers is undeniable.

According to PWC, shoppers are willing to pay up to 16% more for personalized shopping experiences. They want their favorite brands to know them as well as they know the brand.

By leveraging advanced technologies, data analytics and a customer-centric approach, retailers can now create tailored experiences that resonate with shoppers on a personal level. In 2021, the facial recognition market was valued at \$4.45 billion, and experts say it will grow at a CAGR of 15.4% through 2028 – the retail and e-commerce sector are responsible for 21% of that revenue according to a study by Verified Market Research.

The importance of personalized retail experiences extends beyond convenience and novelty. Research consistently demonstrates that shoppers are more likely to engage with brands and make purchases when they feel a sense of personal connection and relevance. According to the State of Personalization Report 2022, conducted by Twilio, 49% of consumers would become repeat customers if retailers offered personalized shopping experiences. By tailoring their offerings to align with customers' unique tastes and preferences, retailers can foster a deeper emotional bond, engendering loyalty and advocacy.

FIS® solutions

Technology to transform the shopping experience

With the arrival of advanced data analytics, artificial intelligence and customer relationship management (CRM) systems, retailers have powerful tools at their disposal to understand customer preferences, deliver tailored recommendations and foster long-term loyalty.

Ethos Data Solutions from FIS is a comprehensive fintech data ecosystem. Retailers are empowered with KPIs and dynamic data visualizations to see what's ahead, connect with consumers and act on new business opportunities. With these analytics, you can identify patterns, segment customers, and create detailed customer profiles, enabling personalized targeting and messaging.

From a customer loyalty perspective, **FIS Premium Payback** allows cardholders to turn their rewards points into money-saving currency right at the point of sale. With Premium Payback, your loyalty program aligns with customer expectations by offering clear benefits and reducing checkout friction. It also gives you the opportunity to experiment with creative promotional approaches while building on your brand story.

With the right financial technology, retailers can harness the power of personalization to meet customer expectations, enhance the shopping experience and build long-lasting customer loyalty.

Developing your fintech strategy doesn't stop here. This is just part one of our three-part series. Learn how to leverage operational automation and create seamless omnichannel experiences to help your retail business disrupt and advance.

Ready to explore next steps? Visit here 
or contact us at fis4retailers@fisglobal.com.

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REVOLUTIONIZE THE RETAIL EXPERIENCE

Get started with FIS.

About FIS

FIS is a leading provider of technology solutions for financial institutions and businesses of all sizes and across any industry globally. We enable the movement of commerce by unlocking the financial technology that powers the world's economy. Our employees are dedicated to advancing the way the world pays, banks and invests through our trusted innovation, absolute performance and flexible architecture. We help our clients use technology in innovative ways to solve business-critical challenges and deliver superior experiences for their customers. Headquartered in Jacksonville, Florida, FIS ranks #241 on the 2021 Fortune 500 and is a member of Standard & Poor's 500® Index.

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