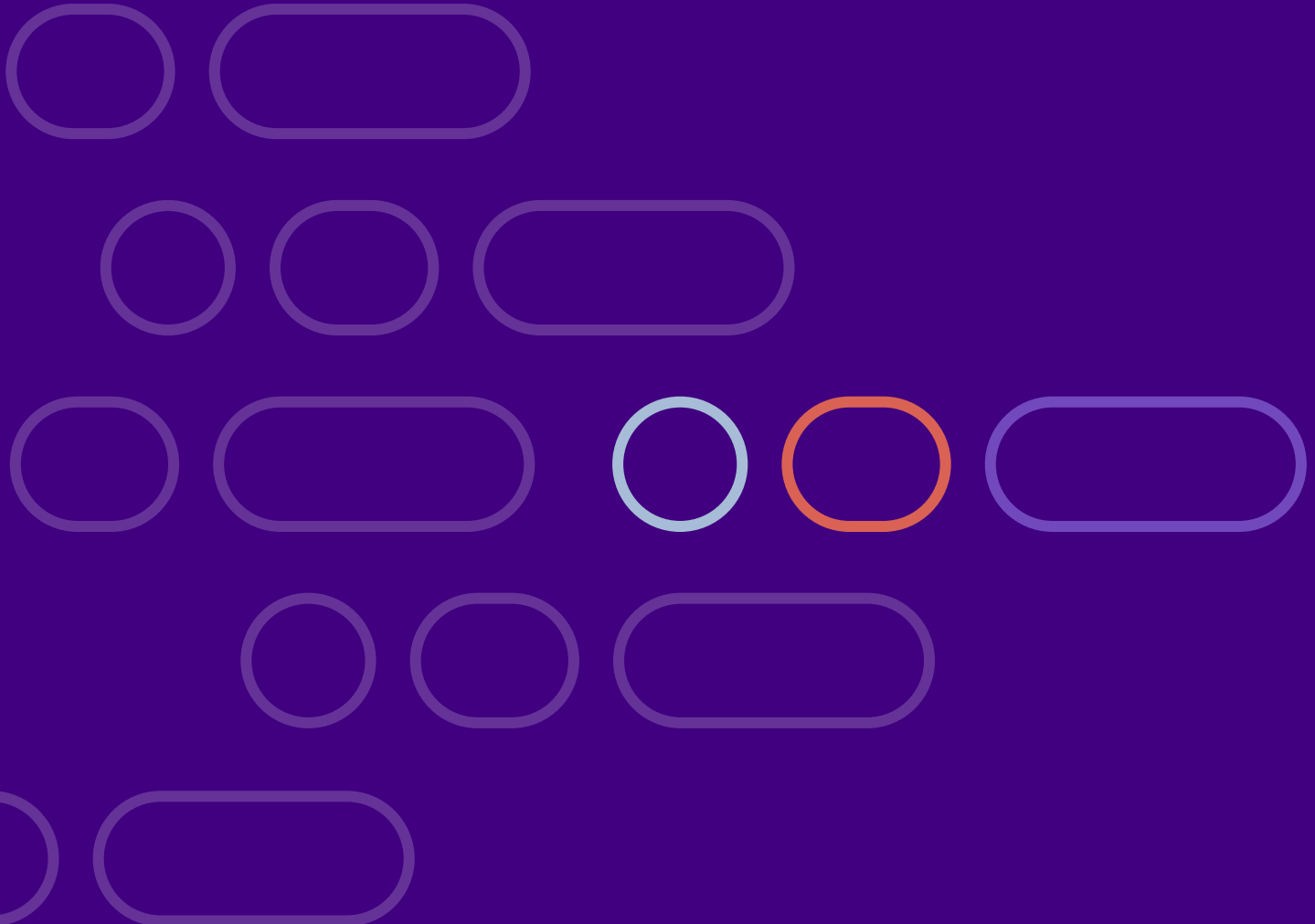


# The mindful shopper

Understanding customer needs  
in the post-pandemic world.





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# Introduction

Shopping is central to the human experience. In the modern age, it's how we provide sustenance for our families. But it's also how we acquire the items that define us and give us a sense of identity and purpose.

In the 21st Century, how we shop is now almost as important as why we shop. Technology has empowered us. It has made shopping more convenient and customer-centric through eCommerce and home delivery revolution. But it has also provided us with unprecedented choice. That's important because with, so much choice at our fingertips, we can choose between competing brands based on our own individual values.

How, when, and where we shop becomes an ethical and political choice. It's how we tell the world a little bit about ourselves. The pandemic accelerated these trends. In some ways, the changes are obvious, such as the explosion in eCommerce, but the true impact of the pandemic runs much deeper. Understanding this impact is critical to success because if you don't know your customers, you cannot meet their needs.



How, when and where we shop is an ethical and political choice.

So, how have your customers changed? What are their new values? And how can you inspire them with joyful experiences? In the wake of COVID-19, these questions really matter. Here, we set out to provide some answers.

What follows is a snapshot of the thoughts and behaviours of UK consumers. In this report, which is based on a survey of 2055 shoppers carried out in March and April 2021, we paint a picture of how the pandemic shaped shopping trends and what these trends mean for businesses like yours going forwards.

1

# Values vs. convenience: the contradictions of the mindful shopper

Price, quality, value. Once, these three drivers underpinned most purchasing decisions and informed the desirability of a product or service. Today the picture is much more complicated. For today's shoppers, values are increasingly just as important as value, and a purchasing decision is as likely to be made based on our personal ethics as anything else. A quite staggering 75% of consumers say they actively seek out ethical products to

buy, whether that's local produce (33%), goods with eco-friendly packaging (31%), or brands that are cruelty-free (30%).

**75%** 

of consumers say they actively seek out ethical products



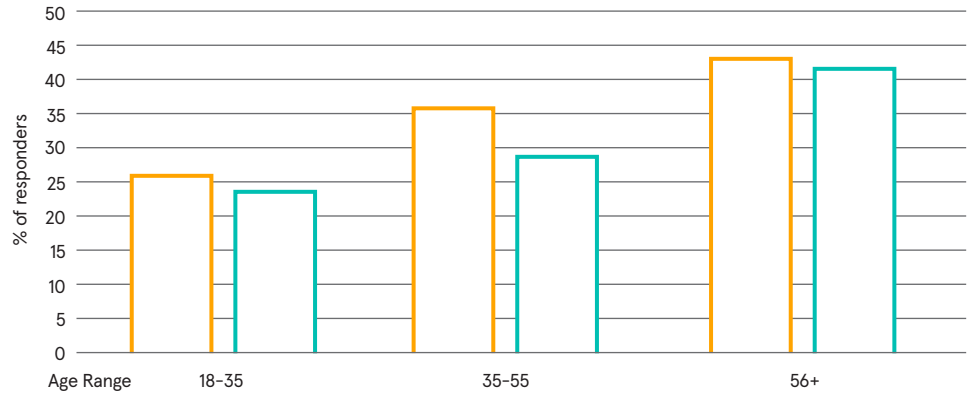


You will know that brand loyalty is a major indicator of success. But loyalty is not given once and forever. It is continually being tested, and businesses must do all in their power to nurture that loyalty. When it comes to

ethics-based purchasing, that requires taking the time to establish what matters most to your target customers. These values will vary according to the age of your target audience. For example:

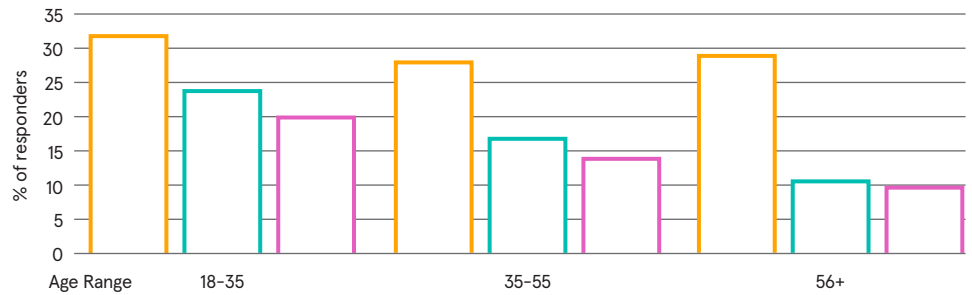
## Buying British and local gets more important with age

Local British



## Younger people are more mindful of ethical produce

Cruelty free brands Organic  
Vegan or vegetarian



## Regional differences

Location is another powerful driver of peoples' values. What appeals to shoppers in one region may not resonate in another. 58% of Northern Irish respondents favour local produce compared to just 25% of those in the east of England. 40% of those in Wales opt for cruelty-free brands, with just 20% in the east of England. In Scotland, fair trade (37%) is the most popular ethical concern, and the Scottish are the most likely to choose convenience (22%) rather than ethics.

The pandemic fuelled ethical purchasing, with 35% of UK shoppers saying they are now more motivated by ethical affiliations. The reasons for this uptick can be guessed: Despite all the difficulties of the pandemic, the crisis served to remind people about what really matters, and that seems to be affecting how they spend their money.



## The corporate surge

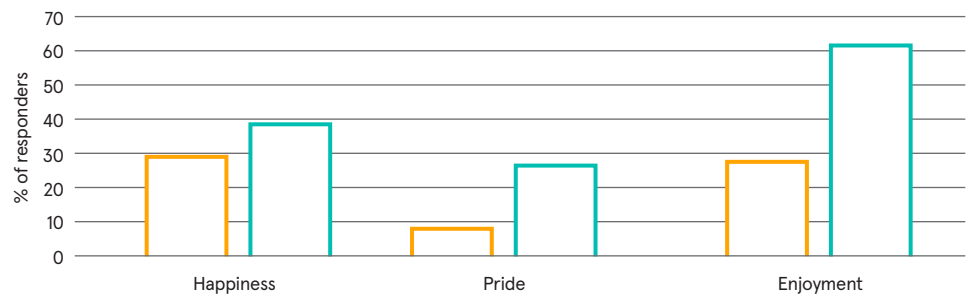
It's at this point that the narrative gets a little more complicated. And that's because people are complex. We are often guilty of holding several opposing opinions on a subject at any one time, and that's what seems to be happening when it comes to purchasing behaviours.

During the pandemic, although more people started shopping at the sort of independent retailers you would superficially associate with mindful shopping, far more increased the frequency with which they shopped at large corporates (25% vs. 39%).

In many ways, this is understandable. Large businesses bring with them convenience, accessibility, and reassurance – exactly what shoppers needed during a global catastrophe. But be in no doubt, our ethical consumers experienced some internal turmoil while doing so. In any event, buying from large corporates seems to be a far less rewarding experience than purchasing from local alternatives:

## People feel better buying from local retailers than from big corporates

 Amazon  Local retailers



If our theory is correct and the increase in purchases from large corporates was indeed down to their convenience and their ability to adapt quickly during the early days of the pandemic, then some interesting findings come to light.

If smaller retailers can replicate the seamless eCommerce experience of large corporates with their famously fast and efficient payments processes, then there's an opportunity to compete and capture more market share.

With the purchase experience on a level playing field, local shops will be able to leverage their strengths in delivering enjoyable experiences that chime with the values of their audiences. And, given that 76% of shoppers are willing to spend more on an item from an independent store than when buying it from a chain, this could be a highly lucrative opportunity.


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Shopping frequency with large corporates increased significantly

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 **76%**

of shoppers are willing to spend more with an independent store

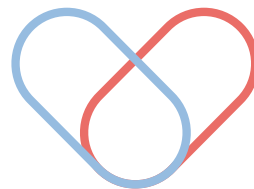
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## Reasons for shopping

The pandemic proved to be an extraordinary event, and the usual reasons for making purchases were thus turned on their heads. Today, people buy for a number of reasons, and, in a locked down UK, you will be unsurprised to hear that boredom featured quite highly.

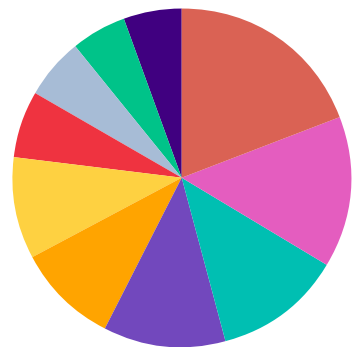
We want things to make us and our loved ones happier. This statement is true of purchases made at any time, but, in a time of crisis, this urge is felt all the more keenly. However, it's not just what we buy that counts: our research also shows that shoppers value high-quality experiences.



Values decide what people buy; convenience decides where they buy

## Why people are buying things

- Gifts to friends/family 36%
- Support hobbies 27%
- To treat myself 23%
- To relieve sadness 22%
- To relieve boredom 18%
- On a whim 18%
- Anticipation of arrival 12%
- Saw an advert 11%
- Influencer promotion 10%
- Other 10%





# 2

## What shoppers want

Prior to the pandemic, online shopping still had a long way to go to catch up with the high street. But as all of us know, prolonged lockdowns led to a surge in eCommerce. People of all demographics have taken to digital channels as the safest – and at times only – way to buy both essential and non-

In a short period of time, our behaviours transformed, and many of these changes have proven to be outlasting the pandemic. For businesses, the task now is to understand these changes so that customers' needs can be met.

Many of these needs are familiar. Cost and convenience remain important considerations in the online world, with free delivery (77%) and buying from the cheapest retailer (61%) cited as the most important factors by survey respondents. But the UK is a diverse country, and the requirements of online shoppers vary across the regions according to factors including location and age.

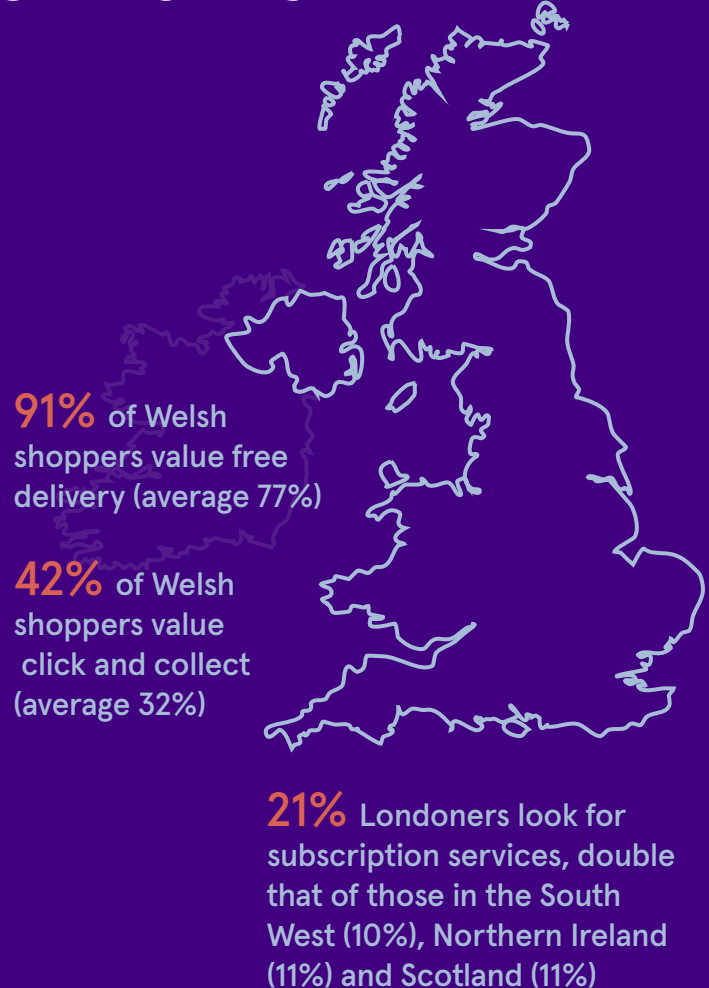
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**52%** aged 18–35 say next day is important, versus just 31% of those over 56 years old

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**63%** aged 36–55 are most likely to buy from wherever is cheapest

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**91%** of Welsh shoppers value free delivery (average 77%)

**42%** of Welsh shoppers value click and collect (average 32%)

**21%** Londoners look for subscription services, double that of those in the South West (10%), Northern Ireland (11%) and Scotland (11%)

We live in a fast-paced world, and consumers expect convenience and a streamlined, effortless shopping experience. Clearly, while people will respond to brand values and ethical goods, they also demand competitive pricing and benefits such as free delivery.

Retailers can keep outgoing costs to a minimum by making sure all business processes, including payments, are as smooth and efficient as possible. Doing so will help them stand out in a crowded market.



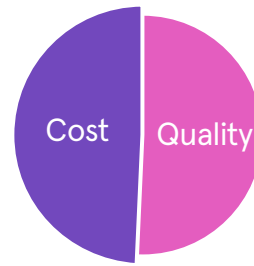
# Cost vs. quality

Historically consumers have, above all, looked for a balance between cost and quality when making a purchasing decision. For some, cost will be the most important factor, while for others it will be quality. While ethics are climbing up the list of drivers, these two criteria remain important. So, how did the pandemic impact the balance between the two?

Our research found that cost and quality are still the most important factors when choosing to buy items – and that holds true over both essential and non-essential products.

While cost and quality both score highly, cost is the most important factor. However, there are variances according to age. For those in older age groups, quality wins out

## Essential items

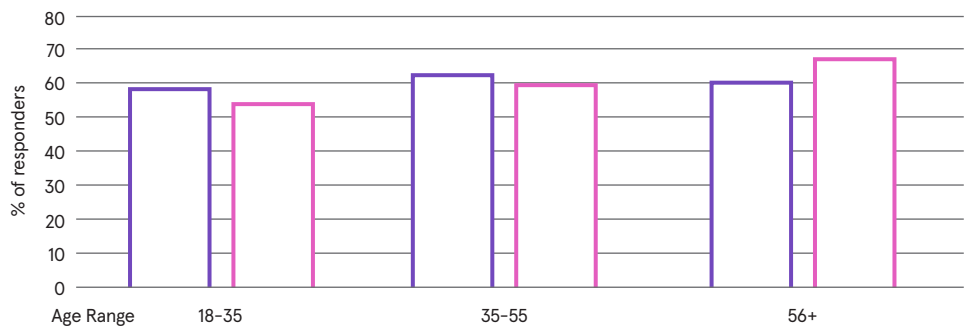


## Non-essential items

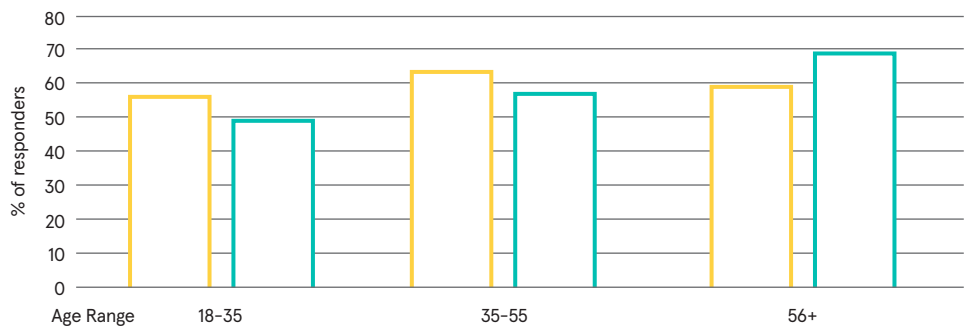


over cost, whereas cost is more important for the 36-55 demographic. Once again, tailoring your proposition to the exact needs of your audiences will be key to success.

## Essential items



## Non-essential items



For the most part, location is less of a factor when it comes to a preference between cost and quality. However, there are some outliers. For essential items, this includes London, Scotland, and the North West,

where, unlike the rest of the UK, quality was rated as more important for essential items. When it comes to non-essential items, just one region, Northern Ireland, recorded a preference for quality over cost.

## Essential items



# 3

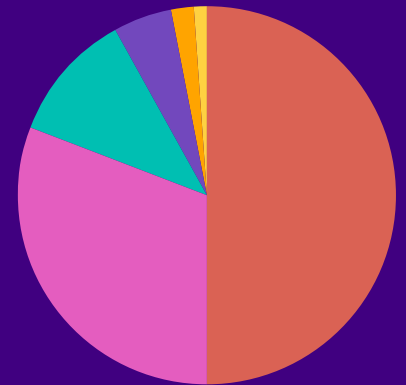
## Creating joy at purchase

There is no doubt that we are in the midst of a seismic shift in the way people buy goods and services. This shift has been decades in the making, but the pandemic accelerated it by bringing forward adoption rates for eCommerce. Today, the majority of people prefer to shop online than off. This is a truly staggering shift and one that wasn't expected to happen for some time yet.

There is one caveat to these findings in that the majority of shoppers in the 56 years + age range marginally prefer shopping in-store (51% compared to 46% for digital channels). However, this older demographic has historically been much slower on the uptake of eCommerce than younger shoppers. The fact that so many now prefer online shopping stands testament to just how far-reaching today's changes in consumer behaviour really are.

### People prefer to shop online than in-store

- Website 50%
- In person 31%
- App 11%
- Social media 5%
- Telephone 2%
- Other 1%



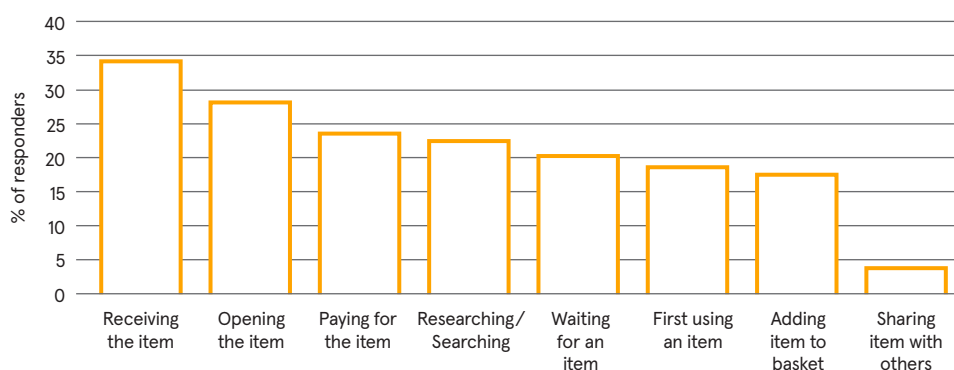
## Delivering in the moments that matter

In the light of changes to consumer behaviour, retailers must now look to create differentiated experiences that build customer loyalty and encourage repeat purchases. In a world where a competitor is a matter of clicks away, achieving this goal has never been more important. Consumers will take their time to decide between competing options, and the task now is to work out which offers, perks, and add-ons will deliver them the moments of joy that they seek and to deliver them at the right time.

Our research suggests that the moments that matter, here defined as the point where consumers feel most joy during the purchase process, are spread fairly evenly across the purchase journey.



## The moment of joy



In today's technology-driven world, having a presence online is a must for any business, large or small. Retailers should aim to give their consumers a pleasurable experience at every stage of the buying process to encourage customers to return. A big part of this is in the final act of purchase. Making this as smooth as possible and delivering payment options across all relevant channels will not only limit cart abandonment but will ensure that the final interaction with the brand is a positive one.

These considerations are only going to become more important. This is because younger shoppers get more joy from online purchases than those made in the real world – 37% of the 18-35-year-olds we spoke to said they experienced joy buying items online compared to just 28% in-store. People in this age demographic are also more likely to experience joy when paying for an



# 37%

of 18-35-year-olds said they experienced more joy buying items online

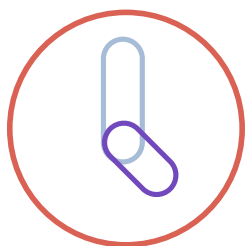
item (27%) than when opening an item (21%) or using the item for the first time (12%). For many, the rush of endorphins that follow putting in an order for a must-have item is the single most important part of the experience. This is a lesson that retailers should pay close attention to when designing their customer experiences.



## Accelerating the path to purchase

One of the consequences of the rapid embrace of digital is that consumers now have a much broader range of options when it comes to buying goods. Given this choice, consumers have the luxury of taking their time before making a purchase. They can weigh their options and search out the retailer that most exactly meets their needs.

**41 mins:**  
average time taken for consumers to decide on purchasing items up to £25



**6 hours 59 mins:**  
time taken for consumers to decide on purchasing an item costing £100-£500

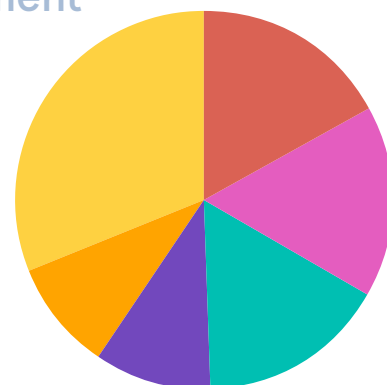
Of course, not all purchases are pondered in such depth. Impulse purchases remain important. In the North East, 25% of respondents say they are happy to make a purchase of less than £25 without thinking about it at all – 12% would do so for expensive items of between £100-£500. Impulse purchases like these don't always meet with success: 39% of respondents say they have made a purchase they instantly regretted, forgot about, or didn't need – this number rises to 54% for 18-35-year-olds.

In the light of these findings, businesses should consider a two-pronged strategy. First, you can look to encourage a fast decision by making the purchase process as convenient as possible and by offering perks such as free delivery. Make it easy for customers to click the "buy" button and have their goods delivered to them in whichever way suits them best. Doing so will make it less likely that shoppers will abandon their carts or look for alternatives.

Second, you can improve the customer experience by offering easy returns options in case of buyers regret or simple purchasing errors. Any barriers at this stage of the process will serve only to irritate customers and reduce the likelihood of them returning to shop with you.



## Common payment pitfalls



- Forgot about a purchase 22%
- Instant regret of a purchase 21%
- Used contactless without checking amount 21%
- Bought item already owned 13%
- Bought same item from two retailers 12%
- None of the above 40%



# 4

## Conclusion: seize the opportunities of shopping's new normal

Your customers have changed. They are increasingly focused on ethical concerns and pride themselves on selecting products from companies that share their values and beliefs. Consumerism has become linked to the expression of identity; shopping is now more personal than ever.

Where and how people shop has also shifted. A permanent change is underway: digital has become the predominant mode of commerce, and retailers will need to ensure they can deliver to their customers across any and all digital channels that appeal to them.

As the saying goes: everything changes, but everything stays the same. Despite the revolution in behaviours taking place today, core essentials will remain unchanged. Consumers value convenience and respond to cost and quality. They will respond to brands that go the extra mile and can provide add-on services that elevate the overall experience.

For businesses, understanding your customers in the round is vital. The insights you gather can inform both



the products and services you deliver as well as the overall shopping experience. Major retailers have been taking this approach for some time now, which explains their continued popularity with consumers. However, as values-based consumerism takes root, shoppers will take the time to dig out the brands that align with their world views, and that presents a significant opportunity for any independent retailer.

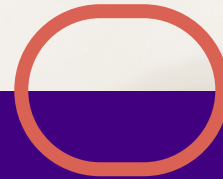
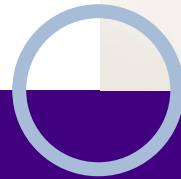
The aim now for retailers is to double down on the customer experience by streamlining every stage of the buying process to encourage conversion and repeat custom. Brands that do so successfully stand to become future leaders in the new normal that's falling into place.

# 5

## Methodology

The survey was conducted among 2055 UK consumers online by Sapio Research in March and April 2021 using an email invitation and an online survey.

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. In this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 2.2 percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample



# 6

## About Cashflows

**The perfect payment experience brings customers back again, again, and again.**

We know businesses need to offer a seamless, flexible omnichannel payment experience. Shaped around the personal preferences of each paying customer. We're here to help you embrace the future with a payments ecosystem that is transparent, versatile and connected. That supports and guides you every step of the way.

Learn more at [www.cashflows.com](http://www.cashflows.com)

Get in touch for more information on Cashflows or to talk through the findings of our survey in more detail.



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