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CONSUMER TRENDS FOR 2022

The COVID-19 pandemic and related economic issues have had a big effect on the way many people live and work. For consumers, there have been a number of shifts in how people save and how they spend their money. These shifts have resulted in new habits that could shape people's shopping behaviors for many years. While nobody knows for sure what the future will bring, we consulted the experts to learn about potential consumer trends for 2022 and beyond.

Consumer spending trends

Spending is bouncing back in some areas.

2020 brought with it a unique set of economic challenges. As a result of record unemployment, lockdowns, stimulus payments, and a high level of fear and uncertainty, consumers spent less and saved more. In 2021, however, things started to turn around. With many lockdowns lifted, consumers opened up their wallets again. While some categories are still struggling to fully recover (including travel and services), the current spending trend is expected to continue, though additional restrictions, based on COVID-19 developments, could impact this.

Inventory shortages may affect consumer purchasing.

The pandemic affected the global supply chain, causing shortages in everything from lumber to food to automobiles. While 53% of consumers say they haven't been impacted, the shortages are expected to continue through 2022. This could affect consumer spending in a wide range of areas going forward.

The rise of Buy Now, Pay Later financing.

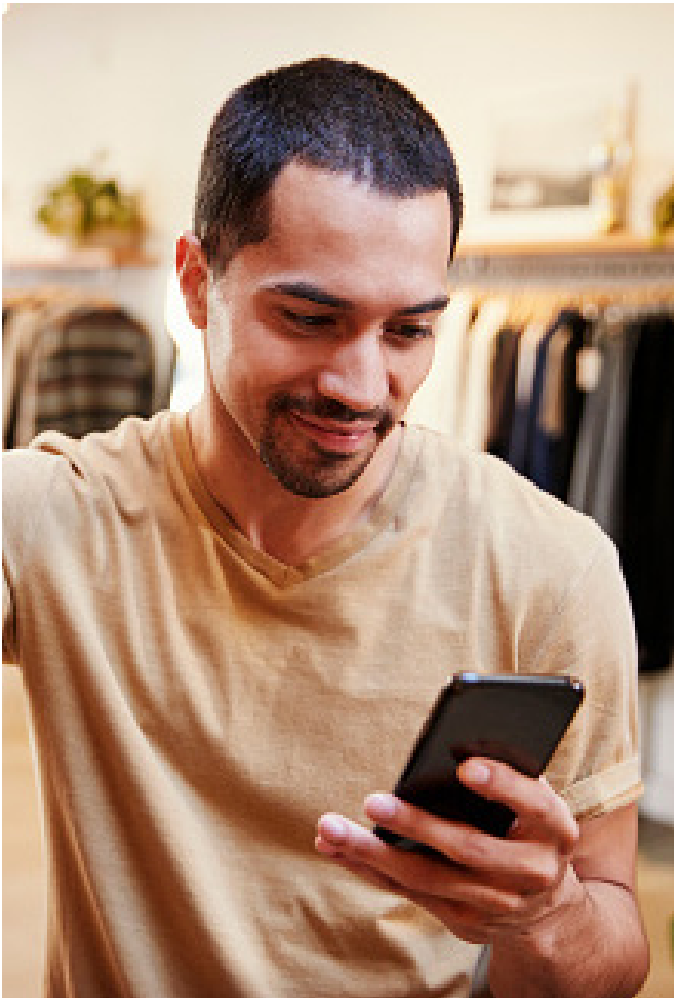
Alternative financing like Buy Now, Pay Later (BNPL) has become more popular. BNPL financing lets consumers pay in installments, usually without interest, which could help them save money.



Hybrid: The new shopping model

The years 2020 and 2021 have illustrated a shift in consumer priorities and shopping habits. While online shopping exploded during the pandemic, 2021 saw many people returning to stores. However, that doesn't mean they're ready to give up the convenience of shopping online.

Consumers expect a choice of how and where to shop. Many would like a hybrid model that lets them shop either in-store or online. Curbside pickup—which uses both online ordering and in-store pickup—remains popular. This type of shopping and selling requires businesses to have an e-commerce site in addition to their physical store, which could be beyond the reach of some small businesses.



To help you prepare for the future, here are some other shopping trends to watch:¹

Consumers are buying more private label products.

Many budget-conscious shoppers prefer store brands that offer the same quality for less money than well-known brands.

Sustainability matters more. This has been a growing trend for many years, but it's even bigger now. Consumers want to know what a product is made of, where it was made, and how to recycle it when they have finished with it.

Consumers want to support businesses that share their values. Social consciousness reached a new level during the pandemic. A high percentage of consumers now look at a company's marketing messages, and even political views when deciding where to shop.

Shoppers still want ease and convenience.

With takeout, curbside pickup, and contactless delivery all growing in popularity, consumers have gotten used to a certain level of convenience. And they're not ready to give it up.

Support for local businesses continues.

The pandemic saw many local businesses struggle. To help their communities, many shoppers have made it a priority to buy local. This is good news for small businesses.

Consumers want in-person shopping to be safe, clean, and stress-free. While most lockdown rules have eased, shoppers still want the high level of cleanliness and safety they've come to expect. This includes store layouts that encourage social distancing and contactless payment options.

62% say they shop more online now than they did before the pandemic⁶

Trends and predictions: What consumers may buy in 2022

Over the past two years, people have gotten used to spending much more time at home. They now see it as a hub for work, exercise, study, family time, and entertainment. While there's been a return to life outside the home, it's expected that consumers will continue doing more at home than ever before. This trend should lead to strong spending in the following categories:



Home décor, appliances, and furniture.

The more time people spend at home, the more they want to invest in making it an enjoyable, comfortable place.



Home office equipment. More people working remotely means a continued need for home office equipment and supplies.



Cooking supplies, gadgets, and groceries.

With more time spent at home, people have gotten used to cooking more of their own meals.



Work-from-home apparel. The past couple of years have seen a shift to remote work and more comfortable work-from-home clothes.



At-home entertainment. More than ever, the home is a hub for entertainment. Consumers have been purchasing televisions, computers, tablets, and video games.



Pet care and pet-related products.

A large number of people adopted pets for companionship during lockdown. These pets will continue needing food, medical care, and other supplies.



Health, beauty, and wellness products.

As people have thought about what matters most to them, they may have prioritized their health and self-care.



Cars and personal transportation. The past couple of years have seen people move from the cities to the suburbs. This has created a bigger need for cars and transportation as well as a higher demand for vehicle parts and service.

Spending categories that may continue to decline include:



Home fitness equipment. After a surge in buying home exercise equipment, many people may now have what they need. People are also going back to the gym and working out less at home.



Work and dress clothes. While this category is bouncing back as some people return to the office, remote work is the new normal, and with it, less of a need for more formal work clothes.



Restaurants, fitness centers, travel, other services. After the lockdown, pent-up demand boosted spending on services. However, due to current uncertainties, these categories are now on the decline. Looking ahead to 2022, spending on services will depend on current conditions and people's comfort level.

68%

of shoppers say they want to use curbside pickup more⁷

30%

of online consumers prefer curbside pickup over delivery⁸

65%

of consumers say that a positive in-store experience makes them more likely to interact with that brand online⁹

89%

of consumers are more likely to purchase from a brand they feel makes a positive impact¹⁰



Things to watch in 2022 and beyond

While we've shared what consumer shopping behavior might look like through 2022, several factors could affect the economic recovery, consumer behavior, and its impact on small businesses. Here are some of the key indicators to watch in the coming months:

- Shifts in unemployment rates, and the end of several government aid programs could impact people's spending habits. Low unemployment may still be an issue through 2022—for both job seekers and businesses in need of workers. Employment uncertainty could affect people's spending habits. Businesses, especially small businesses, may struggle to find workers, while also facing growing labor costs. [Log in to Learning Center](#) to see this article on how to hire during times of low unemployment.
- Supply chain issues will likely continue in 2022 and maybe longer. This could make it hard to keep products in stock and get raw materials for manufacturing. It could also mean rising costs and missed selling opportunities for businesses. To help protect your business from supply challenges, see the article on how to develop strong vendor relationships.
- Supply chain issues and worker shortages have been giving rise to higher inflation. The resulting higher prices could keep shoppers from spending—especially on non-essential items.
- The work-from-home trend could continue to have a strong impact on consumer lifestyles and the products they buy.
- COVID-19 and health-related questions are still very much on people's minds. As COVID-19 cases ebb and flow, as vaccination rates rise (or not), we could see changes in the way people live, how they shop, and what they buy.

5 ways small businesses can plan and prepare for 2022

No one can accurately predict the future. But planning could help keep your business strong and help it thrive during times of uncertainty. Here are five steps you could take:

1 Provide customers with multiple shopping options.

The hybrid model seems here to stay. You can't just rely on online or in-store shopping methods to keep customers happy. Instead, offering both options will help ensure that no matter how they like to shop, you'll be able to meet their needs—whether it's online, in-store, or a combination of both. If you don't have a shopping website, consider creating one. There are many website-builder tools available that could have your website up and running quickly.

2 Stay connected to your customers.

Maintaining regular contact with your customers can help keep your business top of mind, and increase loyalty. Whether it's through social media, blog posts, newsletters, emails, or other online content, by reaching out regularly, your business could be the one people think of when they're ready to buy.

3 Provide a more personal shopping experience.

As a result of events of the last two years, many consumers want more meaningful interactions with the businesses they support. Values matter, too. Customers may want to know “who” you are as a

business, and where you stand on important topics, such as local sourcing and sustainability. If your business has a socially-conscious, community-focused mindset, be sure to let your customers know.

4 Offer a safe, convenient shopping process.

While health concerns may have softened, the need to feel safe while shopping may likely linger in people's minds for years to come. So, to encourage visits to your store, take steps to help make your customers feel comfortable. This can include posting your cleaning processes, have store layouts that make social distancing easier, and offer contactless payments.

5 Stay on top of the latest trends.

To keep your business thriving, it's important to stay aware of consumer trends so you can be ready for what lies ahead. Keeping track of the latest economic news, shopping trends, and what's happening in your industry and in your community, can help you adapt quickly, if and when things change. Subscribe to industry newsletters, check out government websites, and follow organizations like the Small Business Administration to keep up on the latest news.



For further reading

For more information and tips, check out these helpful articles.

Consumer behavior trends:

<https://www.score.org/resource/infographic-consumer-trends-bring-opportunity-small-businesses>

<https://www.insiderintelligence.com/insights/future-retail-trends-industry-forecast/>

<https://www.fool.com/the-ascent/research/buy-now-pay-later-statistics/>

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<https://www.cnbc.com/2021/04/18/the-post-pandemic-spending-spree-begins-6-things-americans-are-buying.html>

<https://ihsmarkit.com/research-analysis/trends-in-postpandemic-consumer-spending.html>

<https://www.npd.com/news/thought-leadership/2021/10-consumer-trends-we-re-watching-in-2021/>

References:

¹ Synchrony's Sept 2021 consumer trend report

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³ <https://www.score.org/resource/infographic-consumer-trends-bring-opportunity-small-businesses>

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⁵ <https://www.statista.com/statistics/1255760/bnpl-lending-market-size-usa/>

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⁸ https://www.adobe.com/content/dam/www/us/en/experience-cloud/digital-insights/pdfs/adobe_analytics-digital-economy-index-2020.pdf

⁹ <https://www.raydiant.com/blog/state-of-consumer-behavior-2021/>

¹⁰ <https://www.groundtruth.com/insight/consumer-trends-to-watch/>

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