



Horton International

Consumer Trends

IN 2024



Ani Närhi

Managing Partner - Sector Head Consumer
Horton International Finland

Consumer Trends In 2024

Retail sales are considered a barometer for economic vitality and consumer confidence. I always wonder how the complex interplay of multiple factors is reflected in consumer choices as consumer behaviours seems to be changing in an increasingly rapid phase. These are interesting times in businesses as trends are heavily shaping the world of consumption.

Here, we look at four trends shaping the consumer market into 2024. These include:

Generative AI

Generative AI stands at the forefront of technological innovation, poised to redefine the consumer sector. The potential impact spans from personalised experiences and efficient operations to innovation in product design. As businesses embrace the transformative potential of generative AI, it is imperative to navigate ethical considerations responsibly, ensuring that these technologies contribute to a positive and inclusive consumer experience. The future promises a consumer sector with unprecedented personalisation, efficiency, and engagement, ushering in an era of innovation and advancement.

Climate Concerns

The intersection of climate concerns and consumer behaviour marks a pivotal moment in the evolution of our global society. As individuals increasingly recognise the profound impact of their choices on the environment, they are reshaping markets, demanding sustainable alternatives, and holding businesses accountable for their environmental practices. The ongoing shift towards eco-conscious consumer behaviour reflects a collective commitment to creating a more sustainable and resilient future for future generations. It is a testament to the transformative power of informed consumer choices in the face of the pressing climate crisis.

Value for money

In challenging financial times consumers are looking for savings. They include traditional ways of e.g. taking advantage of sales but also transforming their own consumer habits, such as cooking more meals at home instead of dining out. Alongside traditional financial strategies, consumers can employ lifestyle changes to optimise their finances. For example, thrift shopping and buying second-hand items can significantly save money on clothing, furniture, electronics, and other goods. Energy-saving practices, for instance, using energy-efficient appliances, reducing water and electricity consumption, and adequately insulating homes, can contribute to lowering utility bills.

Wellness

The wellness trend is not just a fad but a fundamental shift in consumer consciousness. As consumers prioritise health and well-being, businesses across various industries must adapt and incorporate wellness-focused offerings to meet evolving consumer expectations. Brands that authentically align with wellness values and prioritise health-conscious practices are likely to resonate more strongly with today's discerning consumers.

Let's look at each of the trends and possible responses in a more in-depth way:



Trend 1 - Generative AI Impacts Consumer Behaviour

The impact of Generative Artificial Intelligence (generative AI) on consumer trends should not be underestimated. The technology can potentially impact the consumer sector significantly in multiple ways. According to Euromonitor International, in 2023, 72% of consumers used technology to enhance their lives, 42% were happy to engage with voice assistants, and 17% would be comfortable engaging with a bot regarding customer service.

Over the last year or so, generative AI has represented a groundbreaking frontier in technological innovation, with the potential to revolutionise the consumer sector. This technology, which involves machines autonomously creating content, promises personalised experiences, efficient operations, and unprecedented levels of innovation. The potential impact of generative AI on the consumer sector is far-ranging and appears poised to reshape how businesses interact with and cater to their customers.

Personalised Customer Experiences

One of the most profound impacts of generative AI on the consumer sector is the ability to deliver highly personalised customer experiences. By analysing vast datasets, generative AI algorithms can discern individual preferences, enabling businesses to tailor product recommendations, marketing messages, and overall interactions to meet the unique needs of each consumer.

Revolutionising Marketing and Advertising

The traditional approach to marketing and advertising is undergoing a paradigm shift with the integration of generative AI. Dynamic content creation allows businesses to craft highly targeted and adaptive campaigns, ensuring marketing messages resonate with specific audience segments. This approach not only increases the effectiveness of advertising but also fosters more profound connections between brands and consumers.





Innovative Product Design

Generative AI is poised to be a driving force behind innovation in product design. AI expedites the product development lifecycle by assisting in the generation of design concepts and prototypes. This acceleration enables businesses to bring a constant stream of innovative and appealing products to market, meeting the ever-evolving preferences of consumers.

Advanced Virtual Try-On Experiences

Generative AI transforms the consumer's online shopping experience through advanced virtual try-ons. Whether in the fashion or furniture sectors, consumers can virtually try on products, envisioning how they fit into their lives before making purchase decisions. This technology bridges the gap between the online and physical retail experience, providing a more immersive and informed shopping journey.

Efficient Customer Service

Generative AI is enhancing customer service by powering intelligent chatbots and virtual assistants. These systems, equipped with natural language processing capabilities, can quickly and accurately understand and respond to customer inquiries. Businesses benefit from more efficient customer support processes, while consumers enjoy a seamless and responsive interaction.

Content Creation and Curation

Content creation, a vital aspect of consumer engagement, is streamlined through generative AI. Algorithms can generate high-quality content, including social media posts, articles, and product descriptions. This ensures a consistent and engaging online presence and frees up human resources for more strategic tasks.

Interactive Entertainment and Gaming

The entertainment industry is experiencing a transformative shift with the integration of generative AI. From personalised content recommendations on streaming platforms to developing interactive and immersive gaming experiences, AI is reshaping how consumers engage with and enjoy entertainment.



Trend 2 - Climate concerns influence consumer behaviour

As people grapple with the urgent challenges of climate change, environmental concerns are increasingly shaping consumer behaviour. Realising the ecological impact of human activities has spurred a significant shift in how consumers make choices, demanding more sustainable and eco-friendly options. According to Euromonitor International, in 2023, more customers reduced food waste, decreased their use of plastics, bought sustainable items and reduced their carbon footprints.

Rising Environmental Awareness

Climate concerns have ignited a surge in environmental awareness among consumers. Information about carbon footprints, plastic pollution, deforestation, and other environmental issues is more accessible than ever. As a result, consumers are becoming informed advocates for sustainable living, making conscious choices to reduce their environmental impact.

Preference for Sustainable Products

Consumers increasingly seek out and prefer products that align with their environmental values. This habit has created a demand for sustainable and eco-friendly goods, from responsibly sourced clothing to energy-efficient appliances. Businesses responding to this shift incorporate eco-friendly practices into their production and marketing strategies.

Emphasis on Circular Economy

The concept of a circular economy, where products are designed to be reused, recycled, or repurposed, is gaining traction. Consumers are showing a preference for products with longer lifespans, minimal waste, and recyclable materials. Companies embracing circular economy principles meet consumer expectations and contribute to a more sustainable future.



Eco-Conscious Travel Choices

Climate concerns influence travel behaviour, with consumers opting for eco-conscious travel choices. This trend includes a preference for sustainable transportation options, eco-friendly accommodations, and destinations that prioritise environmental conservation. Travellers are increasingly aware of their carbon footprint and seek ways to minimise it.

Shift Towards Plant-Based Diets

The environmental impact of animal agriculture has prompted many consumers to adopt plant-based diets. Concerns about deforestation, greenhouse gas emissions, and water usage associated with meat production have led to a surge in the popularity of plant-based and alternative protein options.

Waste Reduction Initiatives

Consumers actively participate in waste reduction initiatives, including reducing single-use plastics and promoting recycling. The zero-waste movement has gained momentum, inspiring individuals to adopt practices that minimise their contribution to landfill waste.

Demand for Transparent Business Practices

Transparency in business practices is becoming a key consideration for consumers. They increasingly seek information about a company's environmental policies, ethical sourcing, and overall commitment to sustainability. Brands that communicate their ecological efforts transparently are gaining trust and credibility among consumers.

TREND 3 – Value for Money

The financial challenges caused by recent price hikes and rising costs have prompted consumers to adopt various strategies to manage their expenses and maintain their standard of living. Facing the need to make sharp cutbacks, many individuals have become adept at finding cost-effective alternatives and adopting frugal habits. These consumers continuously seek innovative ways to stretch their budgets without sacrificing quality.

Such consumers are adopting cost-saving measures related to everyday essentials that can significantly impact overall expenses. For instance, consumers can explore options such as bulk buying, couponing, and taking advantage of sales and discounts to reduce costs on groceries, household items, and personal care products. Also recycling clothes, goods and gadgets and buying second-hand can have a great impact.



According to Euromonitor International, 53% of consumers cook at home more frequently, 52% have reduced non-essential spending, 47% have reduced energy bills, 26% have repaired items rather than replace them, and 33% have switched to supermarket own-brand products.

Business Response

Naturally, businesses respond to this shifting landscape by providing cost-effective, added-value options. Approaches include affordable options other than traditional markdowns. For instance, bundle-and-save offers discounts that let shoppers buy multiple products; discounted subscribe-and-save deals encourage consumers to purchase automatic replenishment deals; own label lines provide comparable quality at a lower price. Referral bonuses are a popular marketing strategy, as are early-bird prices. Other strategies include bundling complimentary services, for instance, cleaning and repairs.

Whichever strategy retailers navigate is likely to be a delicate balance. Successfully meeting these demands requires strategic planning, operational efficiency, and creative approaches to cost management. Some additional strategies that retailers can adopt to address customer expectations for lower prices without compromising on quality include:

- Supply Chain Optimisation – from sourcing raw materials to product distribution by negotiating favourable terms with suppliers, bulk purchasing options, and alternative sourcing strategies.
- Efficient Inventory Management – including just-in-time inventory practices to minimise storage expenses while ensuring that products are readily available to meet customer demands
- Product Redesign or Simplification to reduce manufacturing costs - maintaining quality doesn't always mean offering elaborate features; sometimes, a streamlined design can achieve both cost savings and customer satisfaction.
- Transparent Communication about cost-saving measures and improvements in operational efficiency - customers appreciate honesty, and understanding the reasons behind price adjustments can help build trust and maintain positive relationships.

By combining these strategies, retailers can respond effectively to customer demands for lower prices while retaining product quality. Successful implementation requires a comprehensive and adaptive approach considering internal and external factors influencing the retail environment. Balancing cost savings with customer expectations is critical to sustaining a competitive edge in the market.



TREND 4 - Wellness

The wellness trend has significantly influenced consumer behaviour, shaping preferences and choices across various industries. As people increasingly prioritise their health and well-being, this trend has created a ripple effect that impacts how consumers approach products, services, and lifestyles.

For instance, According to Euromonitor International, 50% of consumers seek new solutions to sleep problems and weight management, 48% want answers for stress and anxiety, 47% are concerned about mental health, and 46% have skin care problems.

Here are some ways in which the wellness trend is influencing consumer behaviour.

Healthy Eating and Nutrition

Consumers are paying more attention to the nutritional content of their food. There is a growing demand for fresh, organic, and nutrient-dense foods. Plant-based diets, superfoods, and functional foods that offer health benefits are gaining popularity. Consumers are also seeking transparency in food labelling to make informed diet choices.

Fitness and Active Lifestyles

The emphasis on wellness has fuelled interest in fitness and active lifestyles. Consumers invest in fitness-related products, including athleisure wear, fitness trackers, and home exercise equipment. Gyms, fitness studios, and wellness retreats are experiencing increased demand as people prioritise physical activity for overall well-being.

Mental Health and Stress Management

Wellness is not just about physical health; it also encompasses mental well-being. Consumers are recognising the importance of stress management, mindfulness, and relaxation. This trend has led to increased interest in products and services related to mental health, such as meditation apps, stress relief products, and wellness retreats that focus on mental and emotional wellness.

Holistic Health and Preventive Care

Consumers are adopting a holistic approach to health, emphasising preventive care above reactive solutions. This shift is evident in the increased interest in alternative therapies, holistic medicine, and preventative health measures. People are proactively seeking ways to maintain good health rather than waiting for the onset of illness.



Tech-Driven Health Solutions

Technology plays a significant role in wellness, with consumers embracing health-related apps, wearables, and smart devices. These technologies enable individuals to track their fitness goals, monitor health metrics, and access personalised health information. Telehealth services have also gained prominence, providing convenient access to healthcare professionals.

Sleep Health

Recognising the importance of sleep in overall well-being, consumers are prioritising sleep health. This trend has increased interest in products and technologies that enhance sleep quality, including comfortable bedding, sleep-tracking devices, and sleep aids.

Conclusion

Several powerful trends will shape the consumer landscape in 2024 and beyond, leaving an indelible mark on individuals' purchasing decisions.

Generative AI has enabled an era of personalised recommendations and tailored experiences, revolutionising how consumers engage with products and services. Simultaneously, an escalating awareness of climate and environmental concerns has prompted a paradigm shift towards sustainable and eco-friendly options, emphasising the ethical dimensions of consumer choices.

Saving costs and finding value for money are perennial influencers, especially in an era of economic uncertainties. Consumers are increasingly discerning, seeking products and services that meet their needs and offer optimal value. Furthermore, the growing emphasis on wellness, encompassing physical and mental health, reflects a profound shift towards a holistic approach to living. Consumers are gravitating towards products and services that promote well-being, reflecting an awareness of the integral connection between a healthy lifestyle and overall satisfaction.

The interplay of these trends means businesses must adapt to meet evolving consumer expectations. However, they also present opportunities for innovation, growth, and a redefinition of the relationship between consumers and the marketplace. The consumer sector continues to offer tremendous opportunities for those willing to embrace its complex challenges.



Author Info

Ani Närhi, Ani is Managing Partner at Horton International in Finland, bringing over 20 years of valuable experience in executive search and recruitment. She has focused her search career in Consumer Goods and Retail, Technology, Industrial and IT as well as Services.

Ani believes in diversity when building successful management teams.

Ani Närhi

Managing Partner - Sector Head Consumer
Horton International Finland

✉ narhi@hortoninternational.com

