



# THE SYNCHRONY TREND SPOTTER

THE LATEST IN RETAIL AND CONSUMER MARKETING

JULY 2016 | RETAIL MARKETING WATCH



5

RETAIL TRENDS TO WATCH

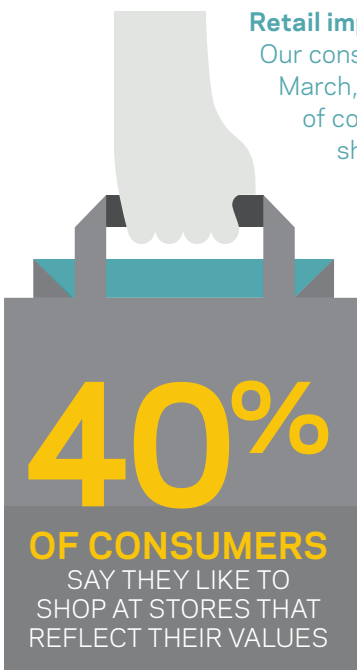
TREND 1

RETAIL BRANDS ARE INVESTING IN CONTENT ADVERTISING—MARKETING A “FEEL”, NOT JUST A PRODUCT.

Many retail brands are marketing a lifestyle or feeling, rather than a product. These brands focus on the emotion tied to the brand experience. Whether it is eating crackers or running a marathon, these brands stand for a point of view or lifestyle. Content marketing results in a great deal of buzz and can provide free advertising through social media. People who believe in the brand message are likely to share the videos and generate excitement for the brand.

Retail implications

Our consumer survey conducted in March, 2016 shows that over 40% of consumers say they like to shop at stores that reflect their values (47% of mass affluents: \$100-250K in household income, say this is the case).<sup>1</sup> This is an opportunity for retailers to attract new customers by reflecting the values that their shoppers believe in. Some retailers do this by focusing on diversity, others by promoting their organically sourced materials. Either way, customers value retailers whose values reflect their own.



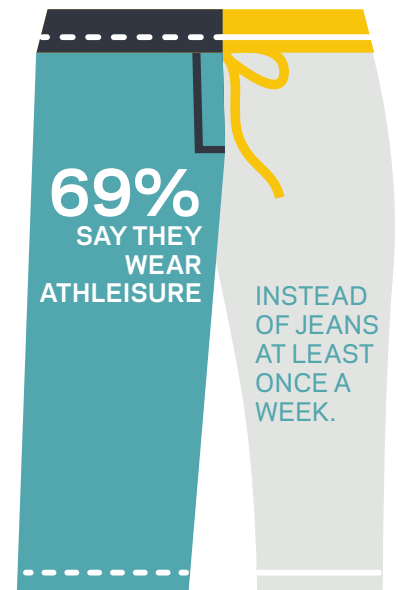
TREND 2

ATHLEISURE WEAR—A GROWING CATEGORY.

Merriam-Webster states that “Athleisure refers to casual clothing—like yoga pants, sweat pants and hoodies—that are designed to be worn both for exercising and for doing (almost) everything else.”<sup>2</sup> This category has grown in leaps and bounds, starting with Lululemon, and expanding to Nike and Under Armour. This trend has even surpassed denim for younger ages. According to a recent survey by Piper Jaffray, teens are now buying more gear from Athleta and Lululemon over denim classics.<sup>3</sup>

Retail implications

Last October, Morgan Stanley’s report on the athleisure trend found that “sports apparel and footwear sales have jumped 42% to \$270 billion over the past seven years.”<sup>4</sup> Our recent survey<sup>5</sup> shows that 80% of respondents say they have worn “athleisure” clothing for occasions other than working out. Of these, 69% say they wear athleisure instead of jeans at least once a week. Apparel retailers should consider investing in the new trend of customers wearing yoga pants to the studio and beyond. Today’s consumer values comfort, along with movement and style.



TREND

3

**BEYOND FREE SHIPPING. NEW CATEGORIES, EVEN FASTER DELIVERY TIMES.**

The retail industry has now generally absorbed free shipping and is moving on to the next stage. New categories are evolving, like in-home styling services, and delivery of wine, gourmet cooking kits and jewelry. Also, many online retailers are striving to differentiate themselves by providing same-day shipping. Some retailers are using car services for immediate delivery of anything from food to clothing.

**Retail implications**

Many customers value convenience and instant gratification, and will pay to get it. Retailers can think creatively to provide these services, or create new categories to provide instant gratification to their customers. Whether it's an instant hair style, or same-day gourmet food, this category could be a winner for years to come.

TREND

4

**AFFORDABLE FASHION IS MAKING A HIT—WITH ALL INCOME GROUPS.**

Many retailers are becoming successful by making high fashion accessible to the masses. This includes bringing fashion brands into mass merchant retail brands, or having everyday retail brands collaborate with fashion names to create fun and excitement. This trend moves up and down the income scale—affluent customers gravitate toward the treasure hunt thrill of low-cost retailers (e.g., H&M, TJX), and lower-income customers are attracted to the low-cost ticket size with high-end brand names.

TREND

5

**RENTED OR USED CLOTHING—A NEW TREND.**

The trend of rent vs. buy is not just catching on in high-cost apartments in New York City. Borrowed or rented clothing is catching on in the retail world. Several retail companies have been created with a rental business model. A customer can now rent a designer dress for a wedding, and send it back for a fraction of the outfit's cost. Additionally, there are new retail apps which trade used clothing. Using Style Lend, for example, owners send in items they want to rent out. The company stores them in its offices, and handles delivery and dry cleaning, much like a traditional rental company.

**Retail implications**

This trend is still a very new one for the retail sector, but the flow of Venture Capital funds to these new entities points to a new trend. Our June, 2016 consumer survey shows that 24% of U.S. consumers have rented clothing, and an increasing number (34%) find the concept appealing.<sup>6</sup>

**"I get to look fly without the buy!"**

—CROWDTAP SURVEY RESPONDENT, MALE, 27 YEARS OLD



Forward-looking retailers can differentiate themselves by renting out their own designer outfits for a fee, or exploring borrowing arrangements, pooling together like-minded customers to share similar items or experiences.

**"I like the challenge of sorting through 'things' and finding great deals and things that I can decorate with or finishing touches for my home or gifts. It's fun to save money and go on the 'treasure hunt.'"**

—CROWDTAP SURVEY RESPONDENT, JUNE 10, 2016

**Retail implications**

Don't assume that all affluent consumers shop in designer stores or that all bargain hunters buy discount items. A fun shopping experience and designer clothing at bargain prices attract all shopping demographics.



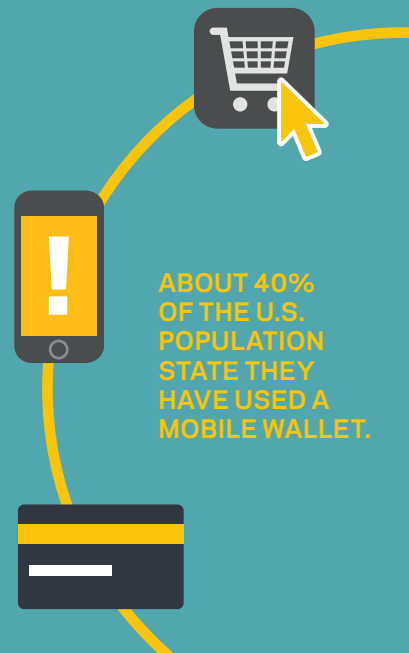
## PAYMENTS CORNER

### NEW DEVELOPMENTS IN THE PAYMENTS SPACE

As the retail industry reinvents itself, the FinTech world is also in a state of disruption with many entities focused on the premise that electronic payments are the future. Card issuers, banks and tech startups are all focused on retail, and are working on an experience where the payment experience is completely seamless. About 40% of the U.S. population state they have used a mobile wallet.<sup>7</sup> Some other examples of innovations in this field are app-based payment solutions, mobile payments and the Internet of Things. As a result of this technology, consumers develop different expectations of their shopping experience, moving towards online and app-based payment solutions.

#### Retail implications

For the retailer, this shift will support their business model and will help drive loyalty. It is critical that consumers can pay from their shopping cart and that process is as frictionless as possible. According to a study by the Baymard Institute, the average online cart abandonment rate across the retail industry last year was 73%.<sup>8</sup> The emergence of increased frictionless payments will lead to ease of use and ultimately mitigate the 'dropped cart' scenario, improve the shopping experience and ultimately increase customer loyalty for a repeat purchase.



<sup>1</sup> Synchrony Financial 2016 Affluent Research Study. March 2016.

<sup>2</sup> [www.merriam-webster.com/words-at-play/athleisure-words-were-watching](http://www.merriam-webster.com/words-at-play/athleisure-words-were-watching)

<sup>3</sup> Business Insider, A Longtime American Wardrobe Staple Is In Danger Of Extinction, October 11, 2015. [www.businessinsider.com/jeans-are-being-replaced-by-yoga-pants-2015-10](http://www.businessinsider.com/jeans-are-being-replaced-by-yoga-pants-2015-10)

<sup>4</sup> [www.morganstanley.com/ideas/global-athletic-wear-gear-ed-for-growth](http://www.morganstanley.com/ideas/global-athletic-wear-gear-ed-for-growth)

<sup>5,6</sup> Crowdtap Survey. June 10, 2016.

<sup>7</sup> Synchrony Financial Insights, Crowdtap Survey. June 10, 2016.

<sup>8</sup> Baymard Institute. 33 Cart Abandonment Rate Statistics. January, 2016. <http://baymard.com/lists/cart-abandonment-rate>

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