Clicks and cliques:

Understanding Shopper tribes now.

Klarna.

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Executive summary.

This year's events have transformed the way we browse and buy, reinventing our relationships with brands and retailers and accelerating change at an unprecedented rate.

To stay relevant and protect profits as we dive into a recession, merchants must keep a finger on the pulse of their audiences' wants and needs and adapt their products and service offers accordingly.

We've surveyed over 4,000 shoppers across the globe, exploring how priorities differ across a variety of personality types and life stages, and – importantly – how these are shifting during the pandemic.

In this report, we've provided an overview of the characteristics of five important shopper tribes that brands and retailers should consider in 2021 along with top tips on how to gain and retain them as customers.

Based on our research, we've identified 5 shopper tribes:

- Family Firsts
- Aspirational Achievers
- Savvy Fashionistas
- Here and Nows
- Conscious Consumers

Foreword.

Natalie Berg, Retail Analyst and Founder of NBK Retail, a consultancy specialising in international retail strategy and future trends:

"The retail sector is no stranger to disruption, yet nothing in our lifetime has jolted the industry like COVID.

As the COVID crisis unfolded in early 2020, consumer behaviour changed dramatically and instantaneously. Everyday certainties dissolved and consumers' needs dropped right down to the bottom of Maslow's pyramid – physiological and safety. As 21st century shoppers, we've gotten used to having the world at our fingertips yet seemingly overnight COVID redefined our values, behaviour and expectations.

As retailers learn to safely operate in the midst of a pandemic, they've had no choice but to temporarily sacrifice most of the joy and pleasure of shopping in-store – closing fitting rooms and cafes, encouraging customers to shop alone, requiring shoppers to wear face coverings, follow one-way systems and queue to get in at busy times.

But here's the good news – I believe we will see a post-pandemic revival of the physical store. This century will experience its own roaring twenties. We are social creatures, after all, and the notion of 'going shopping' is inherently a leisure activity. After the last major pandemic in 1918, we saw the emergence of department stores and cinemas. The future of retail in a post-COVID world is fewer but far better stores that will tap into emotion, human connection, discovery and community. Bricks and mortar retail will become a high-touch, sensory-driven experience once again.

In the meantime, shopping habits have been upended by the pandemic. Our lives are no longer just digitally influenced, they have become overwhelmingly digital. We have learned to work, educate, shop, socialise and even exercise online and many of these habits will stick in the post-COVID world. In the future, it will be difficult to know where the physical world ends and the digital one begins.

Retailers must, therefore, accept that digital transformation is no longer optional. COVID will accelerate the rise of e-commerce. It will accelerate the convergence of online and offline retail. And it will also accelerate the demise of mediocre retail. In this period of unprecedented change, it's never been more important to tune in to your customers' needs and adapt to shifting expectations."

"Our lives are no longer just digitally influenced, they have become overwhelmingly digital."

Introduction.

There are very few certainties in today's world. As we sail through uncharted territory, brands and retailers are being forced to pivot and make decisions for a future that is very difficult to predict.

We can't tell you all the answers. But we can talk about consumer behaviour and there are some things that our research has made very clear.

1. **We're all human.** We are united by a fundamental shared set of needs and our similarities have grown stronger in the face of the unprecedented challenges brought about by the pandemic. According to our research, non-negotiables include good value for money, quality and choice of products and impeccable customer service, while friends and family are an influential source of inspiration across the board
2. **Subtle differences require a nuanced approach.** While priorities are broadly similar, customers place different weight on each one. Brands and retailers must cater for these nuances throughout the customer journey and ensure they make emotional connections with their customers
3. **Demographics don't dictate needs.** Audiences shouldn't be segmented purely by age or gender. Instead, brands and retailers should consider how best to tap into people's passions and personality types

It's the subtle nuances that brands and retailers must consider carefully. Hit the mark and you can cultivate a loyal customer base and an army of advocates – even in the face of fierce competition that exists today.

Brands and retailers must act now to better understand their customers and meet their needs. Getting to know these modern shopper tribes is a great place to start.

Family Firsts.

What's hot, what's not?

Distinguishing traits.

Expert commentary.

Top tips.

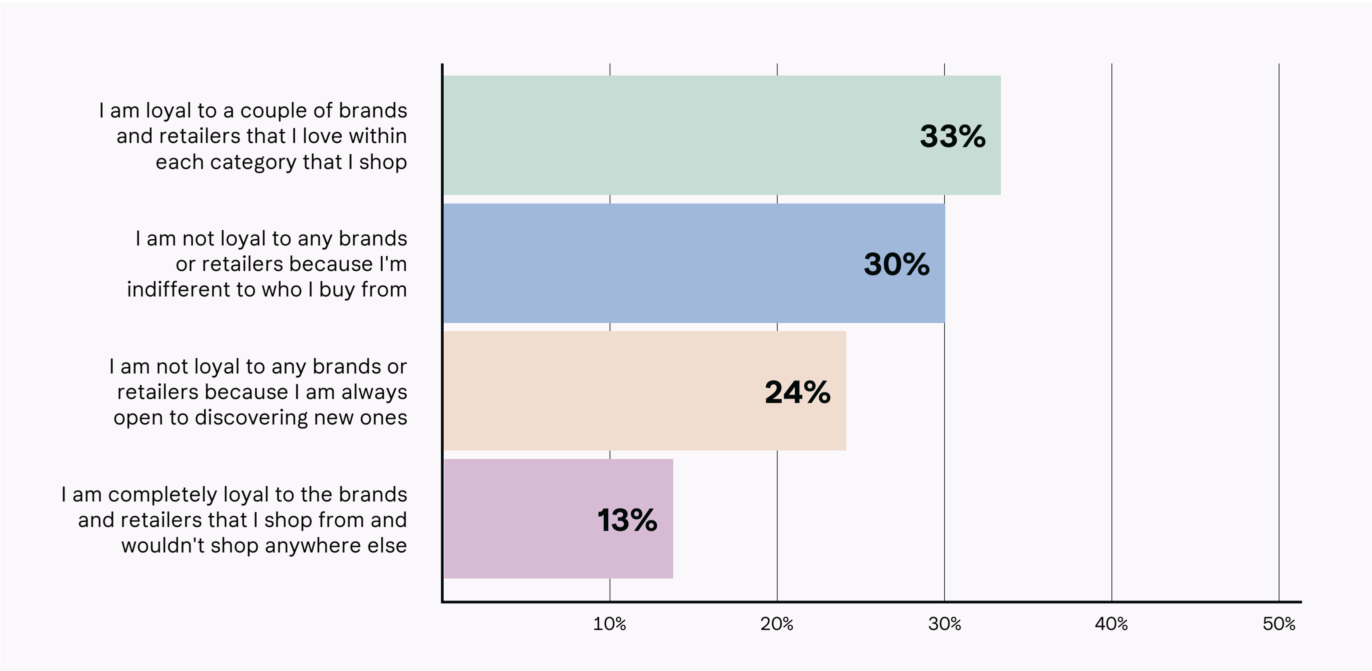
Family Firsts.

Family Firsts can afford a good quality of life, including a holiday every year. With children around, their priorities have moved away from themselves in favour of a comfortable home life and the good of the family unit. They're up to date with current affairs and somewhat passively follow mainstream culture and lifestyle. They may be following specific influencers on social media that they feel are similar to themselves and have similar interests.

Their family focus means they make fewer purchases for themselves and often buy for others in their house or family. Their busy life makes online shopping invaluable – but they can sometimes leave items in baskets because their shopping experience is often interrupted. Family Firsts are looking for payment options at the checkout that help them spread the bigger (sometimes unexpected) expenses over time, so they can budget better and focus spend on other family-orientated activities.

When you want to buy something, where are you most likely to start?

How would you generally describe your loyalty to particular brands or retailers?



What's hot?

What's become more important over the past year?

62% Good value for money

59% Promotions and deals

59% A wide range of products available

58% A good reputation and trustworthiness

57% The ability to shop online and in-store

What's not?

What's become less important over the past year?

23% Celebrity/influencer endorsements

20% Pop-up shops and experiences

17% Personalised marketing

16% Offering additional services in-store

16% Smart or humorous advertising

Distinguishable traits.

- Family Firsts are most likely to be indifferent to who they buy from **(30%)**, suggesting brands and retailers must work harder to keep them coming back
- They are most likely to start their shopping journey with a third party like Klarna to access a range of brands, with almost one in ten **(8%)** saying they do this
- Over half **(55%)** say they are more open to trying new brands now than they have been previously, more than any other tribe
- Almost half **(44%)** agree that they are more easily influenced by what they see on social media now than they have been previously – with the tribe a third more likely than Aspirational Achievers to make this statement
- They are least likely to be put off by negative reviews or ratings, with **28%** in this tribe saying these would deter them from buying from a brand or retailer, compared to over **40%** in each of the other tribes

Expert commentary: Natalie Berg, Retail Analyst and Founder of NBK Retail.

"Time is the most precious commodity for Family Firsts, who are juggling multiple roles and competing demands on their attention. As seasoned online shoppers, this tribe turns to e-commerce to take the chore out of shopping, whether for groceries, school uniform or gifts ahead COVID-safe kids' birthday parties.

Retailers must enable these time-starved consumers to shop on their own terms. Ubiquitously connected, this tribe is ultra-reliant on technology to keep the household running smoothly. They don't have patience for out-of-stocks or long delivery lead times, so retailers must ensure a frictionless e-commerce experience, with flexibility in both payment and fulfilment options, to cater for their needs.

Resilient and selfless by nature, the intensified role of carer will have been mentally and physically exhausting at times for this tribe – presenting an opportunity for retailers to indulge them in some much-needed self-care. With fewer opportunities to browse in the shops, retailers should be looking to virtually surprise and delight this group.

And with the majority of Family Firsts more open to trying new brands now than they were previously, retailers must capitalise on this opportunity to inspire and introduce new brands in a digital setting. Personalised outfit recommendations, restorative-themed offers and inspiration for the home would go down particularly well in the current climate."

"With fewer opportunities to browse in the shops, retailers should be looking to virtually surprise and delight this group."

Top tips to engage Family Firsts.

1. **Invest in customer relationships.** Capitalise on this tribe's propensity towards greater loyalty by making them feel special and valued, and giving them reasons to come back to you
2. **Recreate the offline experience online.** Use tools such as virtual changing rooms to feed consumers' craving for a regular shopping experience while 'normal' life is on hold
3. **Refresh the in-store experience.** From inspirational programming to intelligent technology, explore new, innovative ways of engaging with customers to make a return to physical stores safe and irresistible when the time is right

Aspirational Achievers.

What's hot, what's not?

Distinguishing traits.

Expert commentary.

Top tips.

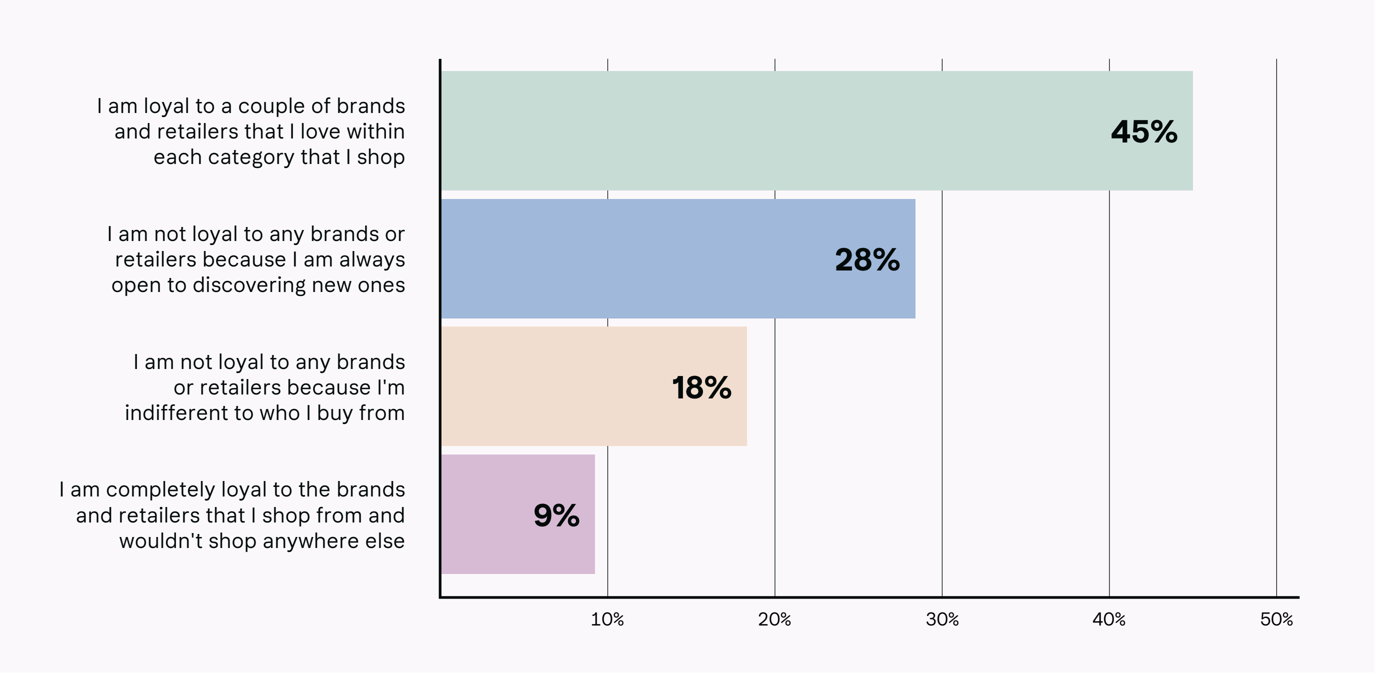
Aspirational Achievers.

Aspirational Achievers are financially comfortable enough to enjoy a good quality of life — and feel like they've earned the right to do so. They tend to have a family and want the best for them, meaning quality is important. Engaged in current affairs, culture or sports, they consider themselves to be worldly and well-travelled.

As smart consumers, they like to be well informed before making a purchase. They tend to shop around to ensure they're making a quality purchase and will invest in premium products and status pieces. When shopping they want financial flexibility and freedom, so they have the same power and control over payment as they have in the rest of their life.

When you want to buy something, where are you most likely to start?

How would you generally describe your loyalty to particular brands or retailers?



What's hot?

What's become more important over the past year?

71% Good value for money

67% A good reputation and trustworthiness

63% Promotions and deals

63% A wide range of products available

60% Good user experience across all devices

What's not?

What's become less important over the past year?

30% Celebrity/influencer endorsements

18% Offering additional services in-store

18% Pop-up shops and experiences

17% Personalised marketing

15% Smart or humorous advertising

Distinguishable traits.

- Aspirational Achievers are most likely to say they are loyal to a couple of brands and retailers that they love within each category that they shop, with **45%** making this claim
- More than any other tribe, their preferred starting point is their favourite brand or retailer's store on the high street **(25%)**
- However, almost half **(49%)** admit they don't feel comfortable shopping in-store while the pandemic is ongoing – with this tribe being most likely to value a Covid-safe shopping environment **(45%)**, compared to just 33% of the Family Firsts and Here and Nows
- Aspirational Achievers are looking forward to physical stores going back to normal more than any other tribe – with **64%** making this statement — so they can, for example, try clothes on in-store again
- High quality products are a must, with over half **(57%)** saying these must be offered by brands or retailers — more than any other tribe

Expert commentary: Natalie Berg, Retail Analyst and Founder of NBK Retail.

"Work hard, play hard is the ethos of Aspirational Achievers. This tribe might be somewhat fickle in their demands and expectations but, once won over, they tend to be valuable customers with a strong sense of loyalty.

Aspirational Achievers crave the high-touch experience traditionally offered in a bricks & mortar setting. But an inherent sense of safety is more important, so these shoppers must feel assured by a store's hygiene measures as well as how effectively retailers enforce social distancing and mask-wearing in-store. Winning confidence is the first step to winning custom.

The pandemic may have temporarily halted the art of browsing, but customers that do turn up are eager to spend. Therefore, it is vital that retailers roll out the red carpet for today's in-store shoppers and invest in technology that enables a safe, seamless and highly relevant shopping experience. Virtual queuing technology, for example, helps retailers to manage customer flow, but also gives those Aspirational Achievers a sense of entitlement and therefore a greater propensity to make a purchase.

Retailers must be agile and respond to new opportunities to engage with customers. For example, while queueing outside of a store, customers could be given access to store-level inventory or receive personalised offers, which will enhance the overall experience once in-store.

It's equally important that retailers adapt their e-commerce offerings to meet the needs of Aspirational Achievers. The white glove service can be digitally delivered. For example, retailers should connect their online shoppers with store staff through virtual shopping sessions, allowing customers access to the same advice and expertise that is so valued when making those more considered, bigger ticket purchases."

> **"Winning confidence is the first step to winning custom."**

Top tips to engage Aspirational Achievers.

1. **Invest in customer relationships.** Capitalise on this tribe's propensity towards greater loyalty by making them feel special and valued, and giving them reasons to come back to you
2. **Recreate the offline experience online.** Use tools such as virtual changing rooms to feed consumers' craving for a regular shopping experience while 'normal' life is on hold
3. **Refresh the in-store experience.** From inspirational programming to intelligent technology, explore new, innovative ways of engaging with customers to make a return to physical stores safe and irresistible when the time is right

Here and Nows.

What's hot, what's not?

Distinguishing traits.

Expert commentary.

Top tips.

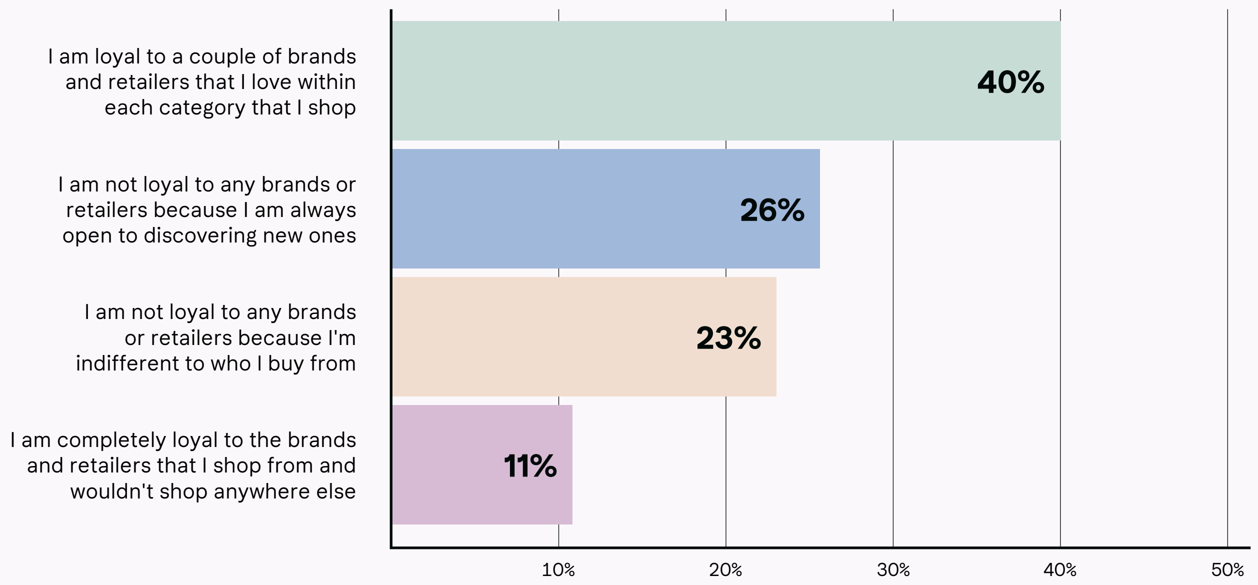
Here and Nows.

Here and Nows enjoy the freedom and independence of steady, well-paid employment. They're not thinking about settling down yet, instead focusing on living in the moment – spending what they earn on the things they want. Although they're aware of current affairs, they are more tapped into popular culture and – spending lots of time on social media – have a carefully curated digital life.

They tend to shop on mobile through apps, whilst also browsing and finding inspiration on social media. Here and Nows are looking for payment options that empower them to get what they love, when they want it – so they don't have to compromise in their social or personal life.

When you want to buy something, where are you most likely to start?

How would you generally describe your loyalty to particular brands or retailers?



What's hot?

What's become more important over the past year?

71% Good value for money

65% The ability to shop online and in-store

64% A good reputation and trustworthiness

63% Promotions and deals

60% An easy returns process

28% Celebrity/influencer endorsements

20% Pop-up shops and experiences

18% Offering additional services in-store

15% Smart or humorous advertising

14% Opportunities to provide feedback and be listened to by a brand or reatiler

What's not?

What's become less important over the past year?

Distinguishable traits.

- Over half **(54%)** of Here and Nows are doing most or all their shopping online now
- Six out of ten **(58%)** say they still want to treat themselves to nice items, even though they are going out less – more than any other tribe
- The same number **(58%)** admit that they're more likely to shop online when they're bored
- They are the most likely to be deterred by poor personalisation **(18%)** and too many adverts or marketing emails **(26%)** – being about a third more likely to be annoyed by these than Family Firsts **(13% and 17% respectively)**
- They are more likely than any other tribe to turn to TV adverts for inspiration, with almost a quarter **(24%)** saying they do this

Expert commentary: Natalie Berg, Retail Analyst and Founder of NBK Retail.

"Easy-going and asset-light, the Here and Now tribe has a unique set of shopping expectations. They value minimalism but are not afraid to spend on themselves. Honest pricing, engaging digital content and a seamless shopping experience are essential when targeting this tribe.

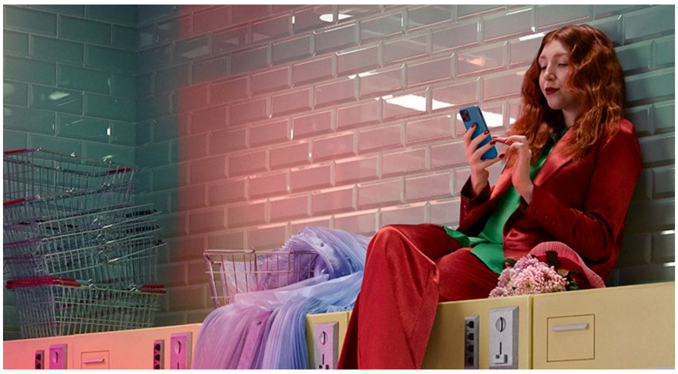
The Here and Nows' carefree lifestyle has been significantly hampered by the pandemic. Cancelled holidays, working from home and fewer nights out with friends have required a major lifestyle shift. Fortunately, this tribe already had an established and highly curated digital presence to turn to when the pandemic hit.

It's important for retailers to remember that consumer demands haven't disappeared, they've just pivoted. For many Here and Nows, COVID has actually strengthened their purchasing power as discretionary spending is diverted away from travel, hospitality and leisure activities. With the majority doing most or all of heir shopping online and looking to treat themselves, there's a sizeable opportunity for online retailers with a highly relevant, targeted offering.

In order to cater to this tribe, online retailers must bear in mind that product alone is no longer enough. Faced with a once-in-a-lifetime opportunity to take online shopping to the next level, retailers must move beyond the transactional nature of e-commerce and make the experience more engaging, immersive and hyper-personalised. Social commerce can bridge the gap between convenience and discovery, which Here and Nows are particularly craving in the absence of in-store shopping."

Top tips to engage Here and Nows.

1. **Make personalisation personal:** Get to know your customers' preferences, wishes and expectations to ensure every engagement is a relevant one. But remember, these can change – so use real-time data to ensure you're making decisions based on the most up to date information
2. **Invest in your ecommerce proposition.** Over half of this tribe are likely to only engage with you online, so ensure your website is up to scratch. That means fast loading, plenty of choice and a frictionless experience
3. **Provide inspiring content.** Alleviate boredom while browsing with interesting insights and ideas that will inspire these consumers to engage with you



"Cancelled holidays, working from home and fewer nights out with friends have required a major lifestyle shift."

Savvy Fashionistas.

What's hot, what's not?

Distinguishing traits.

Expert commentary.

Top tips.

← →

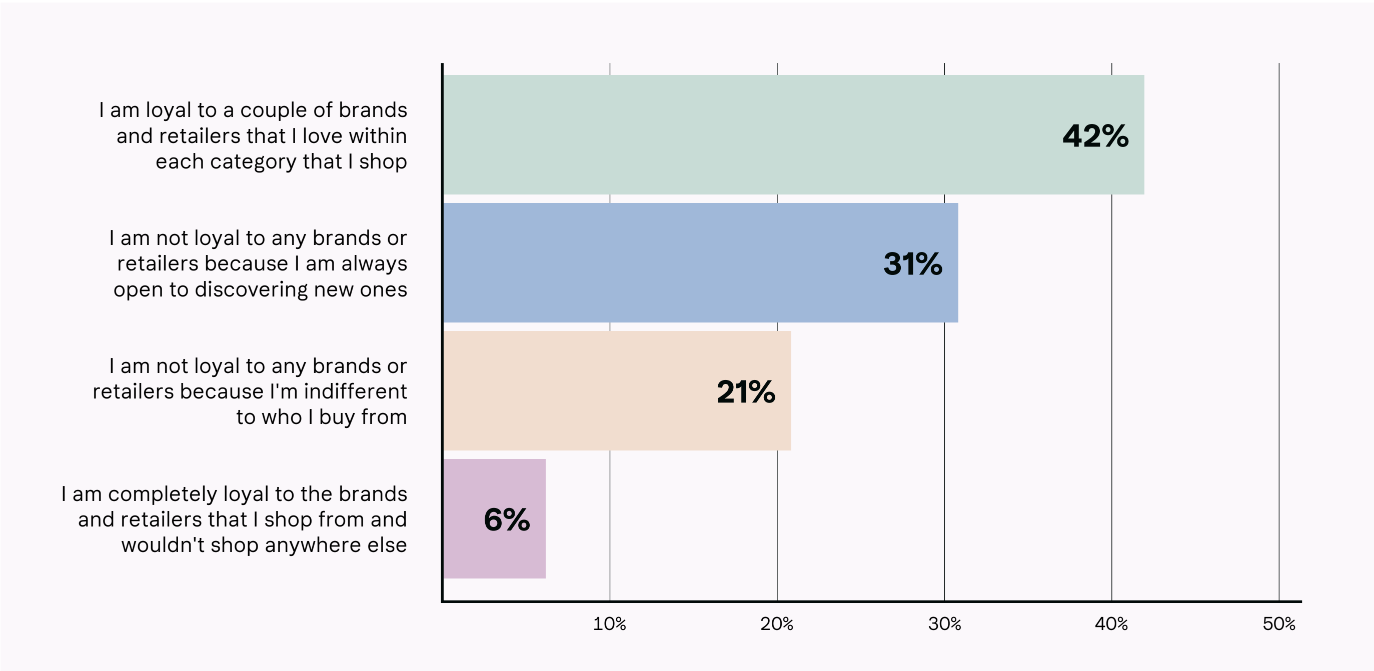
Savvy Fashionistas.

Savvy Fashionistas are in employment but don't earn as much as they'd like to yet. They are very aligned to popular culture and are active on social media.

They regularly seek fashion and beauty inspiration online and will always look for hacks to help them get the best products and deals. While it's important for them to stay on top of the latest trends, they try not to spend beyond their means. Savvy Fashionists are looking for payment options that will make their money go as far as possible, to help them budget better and buy smarter.

When you want to buy something, where are you most likely to start?

How would you generally describe your loyalty to particular brands or retailers?



What's hot?

What's become more important over the past year?

75% Good value for money

71% Promotions and deals

66% A good reputation and trustworthiness

65% A wide range of products available

64% The ability to shop online and in-store

What's not?

What's become less important over the past year?

34% Celebrity/influencer endorsements

20% Pop-up shops and experiences

19% Offering additional services in-store

17% Personalised marketing

17% Smart or humorous advertising

Distinguishable traits.

- Savvy Fashionistas are most likely to have less disposable income for shopping than they used to, with **61%** making this claim
- They are most likely to buy more from brands and retailers that offer promotions and deals **(45%)** and that have a wide range of products available **(45%)**
- Seven in ten **(69%)** say good value for money is important - more than any other tribe
- They're also most likely to consider it important for brands or retailers to offer flexible payment options **(36%)** – which encourage them to shop regularly **(33%)** and buy more **(35%)**
- An easy returns process encourages Savvy Fashionistas to buy more, with a quarter more citing this as important than Conscious Consumers **(39% vs 29%)**

Expert commentary: Natalie Berg, Retail Analyst and Founder of NBK Retail.

"Frugality is celebrated among this tribe of smart shoppers. The value-conscious Savvy Fashionista knows all the tricks of the trade and will unashamedly utilise discount codes, cashback sites, price comparison apps and all other tools at their disposal in order to ensure they are getting the best value for money.

With less disposable income, this tribe's love of bargain hunting has now become a necessity. However, don't expect them to come running at the first sign of a sale. Savvy Fashionistas know how to spot a genuine bargain, they read the fine print and won't fall for any gimmicky promotions or endorsements.

Retailers should forget blanket discounting – it's a race to the bottom and will only encourage this tribe to buy on sale. Instead, promotions should be smarter, more strategic and personalised to individual shopper needs - considering loyalty perks such as early access to sales, member prices and under-rated birthday discounts. Given that this tribe is typically armed with their own personal shopping companion when they walk into a store, retailers should also embrace technology to offer real-time digital promotions at the point of purchase.

This tribe is still looking for affordable indulgences so it's essential that retailers offer flexibility in pricing and returns. The pandemic has accelerated the buy-to-try trend as our home becomes the new fitting room. Retailers should offer extended returns windows to instil confidence and could invest in technology and digital tools to improve."

"Savvy Fashionistas know how to spot a genuine bargain."

Top tips to engage Savvy Fashionistas.

1. **Empower through payments.** Flexible payment options, such as Pay in 3 and Pay 30 days later will grant this tribe the financial freedom they crave without allowing them to spend beyond their means
2. **Ban blanket discounts.** Use personalised promotions to draw these shoppers in without starting a sales spiral that could cause a blow to your bottom line
3. **Sharpen the shopping experience.** From inspirational content to wish lists and price drop notifications, incorporate value-add features to enhance the shopping experience

Conscious Consumers.

What's hot, what's not?

Distinguishing traits.

Expert commentary.

Top tips.

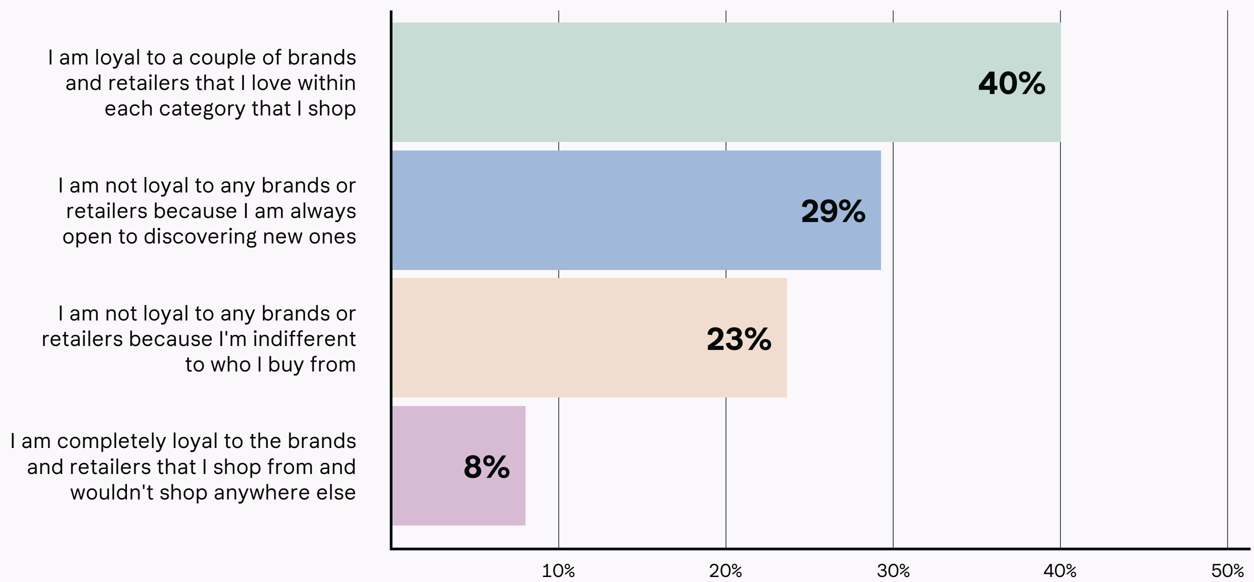
Conscious Consumers.

Conscious Consumers are enjoying steady career progression but are less focused on hitting life's traditional milestones and living by the system. They're keenly attuned to current affairs whilst also tapped into culture and the changing world. With an activist streak that keeps them curious, they're likely to work for a company that aligns with their morals and beliefs.

Conscious Consumers seek fulfilment in pursuits like learning and discovery rather than home ownership. Prioritising investment purchases over fast fashion, they shop as sustainably as they can – tending to make more considered, rather than spontaneous, purchases. To them, payment empowerment means being able to invest in expanding their horizons and experiencing new things.

When you want to buy something, where are you most likely to start?

How would you generally describe your loyalty to particular brands or retailers?



What's hot?

What's become more important over the past year?

63% Good value for money

60% A good reputation and trustworthiness

59% Promotions and deals

58% The ability to shop online and in-store

58% A wide range of products available

What's not?

What's become less important over the past year?

28% Celebrity/influencer endorsements

22% Offering additional services in-store

18% Pop-up shops and experiences

18% Smart or humorous advertising

18% Personalised marketing

Distinguishable traits.

- Conscious Consumers are the only tribe to rely more on brand or retailer websites for inspiration than family or friends, with **36%** ranking them as a top source – perhaps because they feel the need to validate information themselves
- Two thirds **(67%)** are currently prioritising essential purchases over 'nice to haves' – more than any other tribe
- They are least likely to shop with a brand or retailer that they don't trust to be Covid-secure, with over half **(56%)** saying they wouldn't
- Trustworthiness and a good reputation are more likely to encourage Conscious Consumers to shop regularly with a brand or retailer – with **42%** reporting this effect – more than any other tribe
- They are more likely than any other tribe to start their shopper journey on an auction site or second-hand marketplace – with almost one in five **(17%)** beginning there – to see a variet of items and experiences

Expert commentary: Natalie Berg, Retail Analyst and Founder of NBK Retail.

"Conscious Consumers prioritise values over value and longevity over fashionability – and this sentiment is spreading. The pandemic has shone a spotlight on the human impact on our environment, accelerating the transition from mindless to mindful consumption as consumers awaken to the reality of climate change.

COVID is making many Conscious Consumers think twice before buying new, which will create new opportunities in the resale, repair and rental economies. In a post-COVID world, expect more products to become services, as access continues to trump ownership.

The hyper-local retail movement will gain momentum in 2021 as consumers continue to spend more time in the home. Conscious Consumers, in particular, will feel a moral obligation to support their local communities and the businesses that were there for them during lockdown.

COVID's one silver lining is the opportunity to reshape our world for the better. Consumers will be looking to retailers to take action to reduce their environmental impact and embrace a green recovery. Retailers must help Conscious Consumers make more informed decisions by providing greater transparency around provenance and sourcing. Online marketplaces, for example, should consider embedding a 'buy local' or 'ethically sourced' filter as consumers become more thoughtful in their spending.

E-commerce fulfilment is an elephant in the room. For the past decade, retailers have trained customers to expect fast, free delivery and returns. It's very difficult to put that genie back in the bottle but, for the sake of both financial and environmental sustainability, retailers should be rethinking loyalty. Not every online order is time-sensitive so why don't we reward shoppers for choosing green delivery? Conscious consumption is the future."

Top tips to engage Conscious Consumers.

1. **Celebrate sustainability.** From deliveries and returns to ESG, consider your contribution to the wider world. Remember, actions speak louder than words so be seen to put plans into practice
2. **Operate consistently.** Be clear about what you stand for and act on it consistently to earn the valuable trust of this tribe and keep them coming back
3. **Ensure your website can perform to inform.** Conscious Consumers rely on websites more than any other tribe for information and inspiration, so make sure yours is carefully considered and easy to navigate

"Not every online order is time-sensitive so why don't we reward shoppers for choosing green delivery? "

Conclusion.

Humans are tribal, with the commonalities connecting us running deeper than demographics. We can be united by our passions and ambitions, our lifestyles and even our views and values on a much deeper level than we can by gender and age.

Brands and retailers that understand this fact are already winning half of the battle. By tapping into the priorities, wants and needs of shoppers – based on what brings them joy – it's possible to create a deeper, more emotional connection with customers.

From flexible payment options to inspiring content and engaging experiences, a partnership with Klarna can help brands and retailers to cater for every tribe's shopping needs. This will help drive customer acquisition and retention, paving the way for long-lasting loyalty that will help businesses navigate the choppy waters ahead.

Expert perspective.

Natalie Berg, Retail Analyst and Founder of NBK Retail, a consultancy specialising in retail strategy and future trends:

"There will be no return to the status quo. Every aspect of the customer journey has been disrupted by COVID, and much of this behavioural change will stick in a post-pandemic world. As retailers look to navigate the new normal, agility and resilience will be essential for survival. The days of being everything to everyone are well and truly over: in order to find their tribe, retailers need to be bold about who they are and what they stand for. Retailers must seize the opportunities that will emerge from this crisis, reimaging both physical and digital commerce for a new world."

About Klarna.

We make shopping smoooth. With Klarna consumers can buy now and pay later, so they can get what they love today. Klarna's offering to consumers and retailers includes payments, social shopping, and personal finance.

Over 200,000 merchants, including H&M, IKEA, Expedia Group, Samsung, ASOS, Peloton, Abercrombie & Fitch, Nike and AliExpress have enabled Klarna's innovative shopping experience online and in-store. Klarna is the most highly valued private fintech in Europe with a valuation of $10.65 billion and is one of the largest private fintechs globally. Klarna was founded in 2005, has over 3,500 employees and is active in 17 countries. Klarna has been backed by Sequoia Capital since 2010 and more recently, Bestseller Group, Permira, Visa, Atomico, Ant Financial and Silver Lake amongst others. For more information, visit **klarna.com**

About the research.

These findings are based on a survey of 4,085 consumers in the UK, US, Australia, Germany, France, Italy & Spain. Respondents were asked to assign themselves to a tribe, based on the descriptions included within this report.

Learn more at klarna.com

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