

# PayPal's chief product officer talks the modern consumer

Regardless of where you do business, the past few years have been marked by economic uncertainty, fueled by market fluctuations, political unrest, and the long-reaching fallout of a global pandemic.



John Kim, chief product officer at PayPal. Source: Supplied.

However, despite the economy stalling, technological innovation has continued to surge, particularly around consumerism, leaving business leaders catching their breath as they maneuver through the new trends that will keep them ahead of the competition.

With the first half of 2023 behind us, industry insights are beginning to show which consumer trends will continue to dominate and how consumer expectations continue to evolve. Here are some of the latest revelations that could help business leaders navigate the challenges ahead.

## Straddling the scrimp and splurge

Consumers have seen a dramatic rise in their cost of living, from the price of groceries and fuel to rising interest rates and electricity tariffs, forcing them to think hard about how to spend any disposable income.

“As South Africans continue to navigate high living costs, they have been forced to shop smarter and manage their finances in ways that include deciding on what and where they spend their money,” John Kim, PayPal’s chief product

officer, explained. “This leaves businesses with the opportunity to reimagine how they add value to current customer offerings.”

In 2022, the Truth and BrandMap Loyalty Whitepaper revealed that 73% of South Africans who were economically active were using loyalty programs and that these programmes had the ability to change consumer behaviour.

More payment options for example through loyalty rewards, promotional and bulk discounts, and payment plans such as subscriptions or instalments help remove barriers for value seekers who have hard choices to make about their next purchase.

## Prioritising trust and transparency

For the modern consumer, hard choices about purchases are as much about trust as they are about anything else, and privacy and security are two issues that could be weighing on consumers’ minds.

Digitisation of the economy means they leave behind an increasingly significant data footprint each time they transact online and tools such as and augmented reality continue to play a growing role in consumerism - shoppers want to be reassured that security measures are keeping up with the pace.

The Protection of Personal Information Act (PoPIA) has forced owners of data such as businesses to ensure measures are in place to keep customer information secure and to ensure transparency about how data is used and stored.

The need for this is clear given that 78% of South African organisations were hit by a ransomware attack in 2022 according to Sophos’ *The State of Ransomware in South Africa 2023* report.



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Katja Hamilton 28 Apr 2023



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Today, people commonly – and willingly – use devices that track everything from their location to their shopping habits, using facial recognition and fingerprints to unlock access to platforms. They subscribe to these features because they find the data about themselves valuable and enriching.

“This will be a growing theme throughout 2023 and beyond – how to use data to create adaptable experiences. Data is a powerful tool for big business but also for savvy consumers who want an efficient and tailored shopping experience,” Kim said.

“Being transparent builds trust, but it is also imperative to build customer loyalty.”

## Being valiant about values

Today, it’s not enough to build trust in a platform. The modern consumer is engaged, social, educated, and wants to know they are transacting with companies that share their values and operate with a deep social conscience when it comes to matters of the environment and social justice.

A 2022 global survey found half of consumers said they were willing to pay a premium for a sustainable brand and product whilst research commissioned by Google Cloud found that 82% of consumers say they want a brand’s values to align with their own. More importantly, 75% of shoppers have parted ways with a brand over values that were not aligned with theirs.

Impactful actions resonate most with this audience and they will be looking for ways businesses meaningfully contribute to

causes; from investing in products from marginalised communities to adopting a bulk return process that reduces the carbon footprint by shipping returned items in bulk from a designated drop-off depot.

“Creating solutions that are valuable to a consumer while informing them of how they are helping the business make an impact is a powerful way to show how when consumers and companies are aligned, real, positive change takes place,” said Kim.

## **Wagering on wellness**

As much as consumers want to ensure their purchases are making a positive environmental change, they are also looking to make improvements within their own lives.

There is an increased shift in attention to the decline of our collective mental health with the United Nations (UN) declaring the situation “extremely worrying.” South Africa is amongst the lowest-ranking countries.

One of the ways consumers have dealt with their declining mental health is by spending their income on experiences and products that will improve their overall wellness.

Globally, people spent about R28m a year on consumer health and wellness products in 2022 and according to McKinsey and Company, millennials and Gen Z desire wellness products and services at a rate that is six to seven percentage points higher than that of the average consumer.

“There is a real opportunity for businesses to find a way to connect with their customers over their desire to improve their overall wellness,” Kim said.

“Companies in every industry can benefit from understanding how important wellness has become to their consumers and the ways in which their wellness needs continue to be underserved.”

The consumer’s focus on wellness, flexibility, corporate values, and trust reflects the unpredictable and difficult time that has marked the past few years.

But today’s modern consumer is marching forward, determined and yet cautious, hyper-aware with a sense of duty and sensitive social conscience.

Most importantly, they are walking into the future with a renewed zeal for adventure and discovery.

As business leaders, our job is to make sure they have the inspiration, confidence, and ideally a rand that stretches a bit further so that they can realise the adventures that await.

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