

Consumer Trends Transforming Europe

Holden Bale - Global Chief Strategy Officer



We power the experience economy.

\$35B+

annual GMV on Merkle-built experiences and apps

\$20B+

annual GMV optimized by digital shelf, business management services, and merchandising analytics

350M

Loyalty members enrolled in managed programs

25,000+

CRM and promotional campaigns deployed annually

70B+

Chats and emails sent annually with 99.9% accuracy

Our capabilities

Experience & Product Design



CRM & Loyalty



Platforms & Engineering



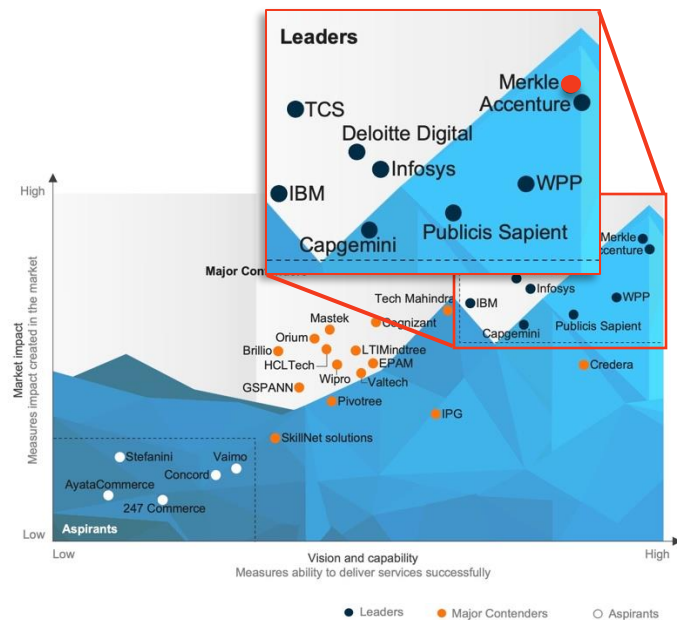
Analytics & Insights



Consulting & Business Operations



Leaders in experience-led transformation



#1 Global Leader in Commerce Services
Q3 2024



Global Leader in Digital Experience
Q4 2024

Gartner

CYPHER

Excellence in AI
Strategy Consulting



Cannes Lion for Creative
Commerce

FORRESTER

Leader in Customer
Data Strategy & Activation



Webby Awards for Software
& Shopping Apps

**LOYALTY360
AWARDS**

Best Loyalty
Services Provider



Grand Prix & Gold for
Digital Transformation

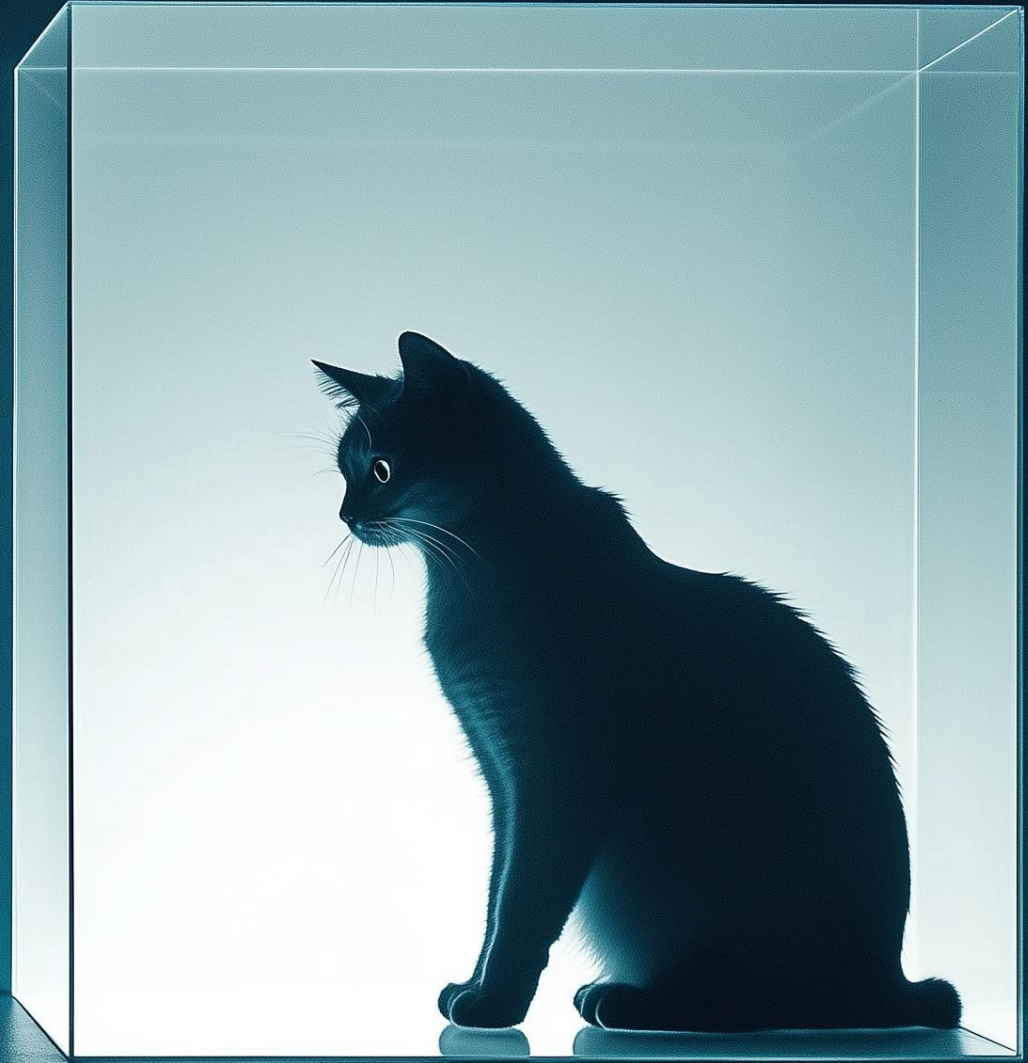


Leader in
Marketing Services

FORRESTER

Leader in Customer
Data & Engagement

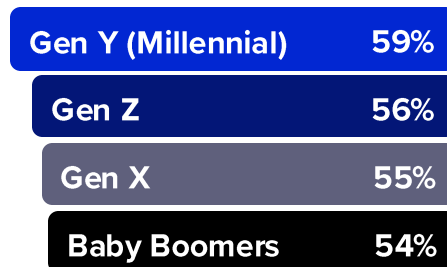
We live in an
age of paradox.



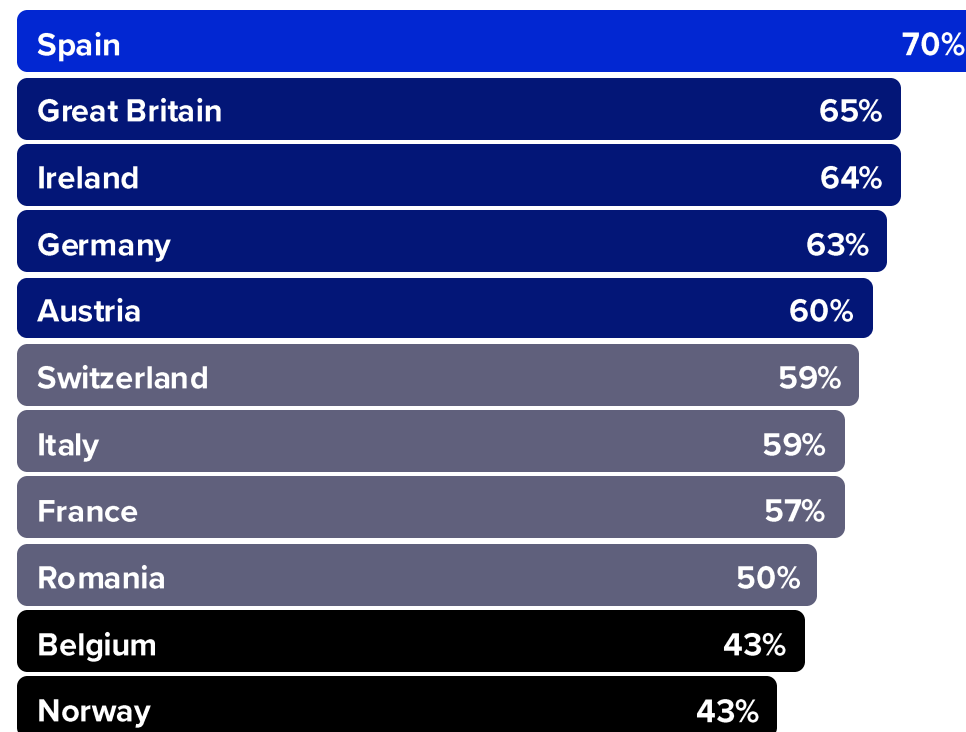
The paradox of choice

We love the power digital gives us to do research


I must **consider every option** before I spend my money



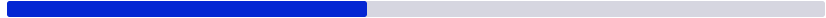
I **research things thoroughly** before I choose to buy



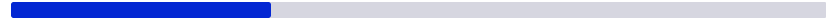
And the risk of substitution has **never been higher**



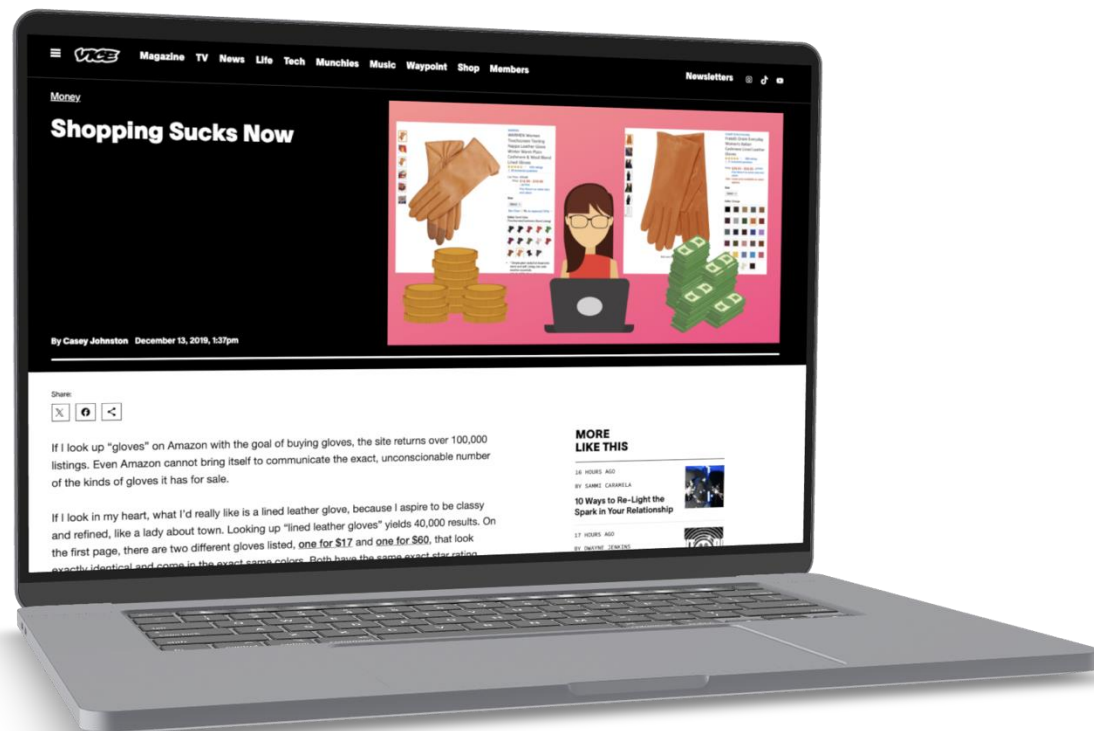
44% Of consumers regularly prefer to try to new brands



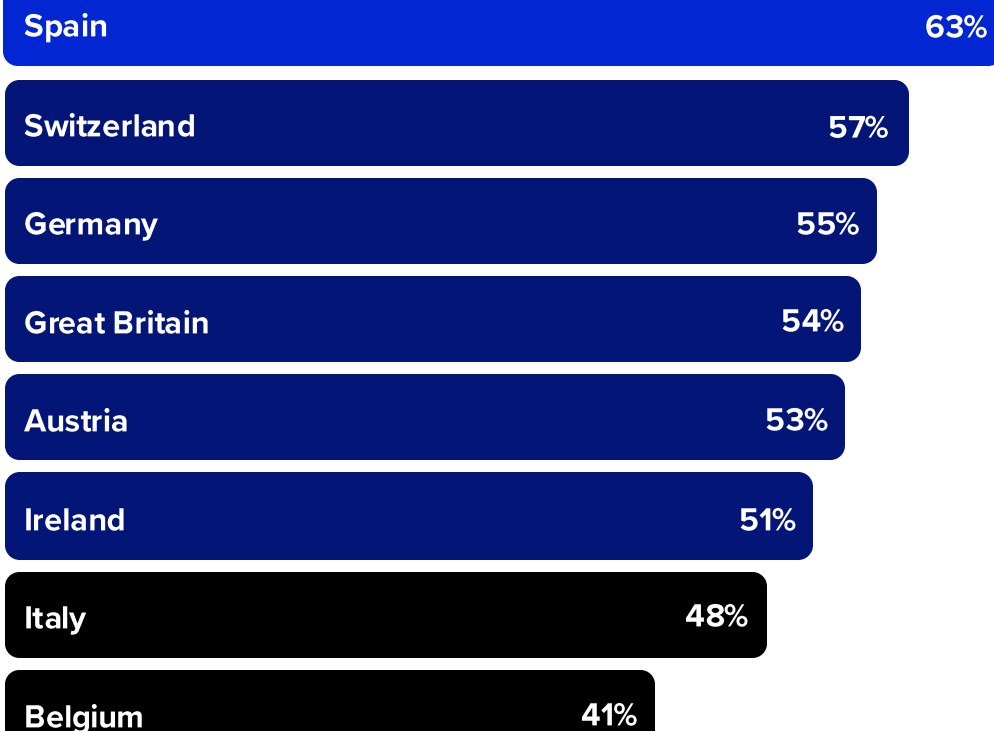
32% Consumers will abandon a brand they “loved” after **one bad experience**



Yet in most markets, consumers feel overwhelmed by choice



There are **too many choices** for products and services



The paradox of **trust**

Percent who say each is a **deciding factor** in their buying decision

91% value for money

90% best quality

88% I trust it

87% high quality customer service

86% has a good reputation

86% convenient to buy, find, and use

85% I love it

82% I trust the company that owns the brand

Bringing opportunity

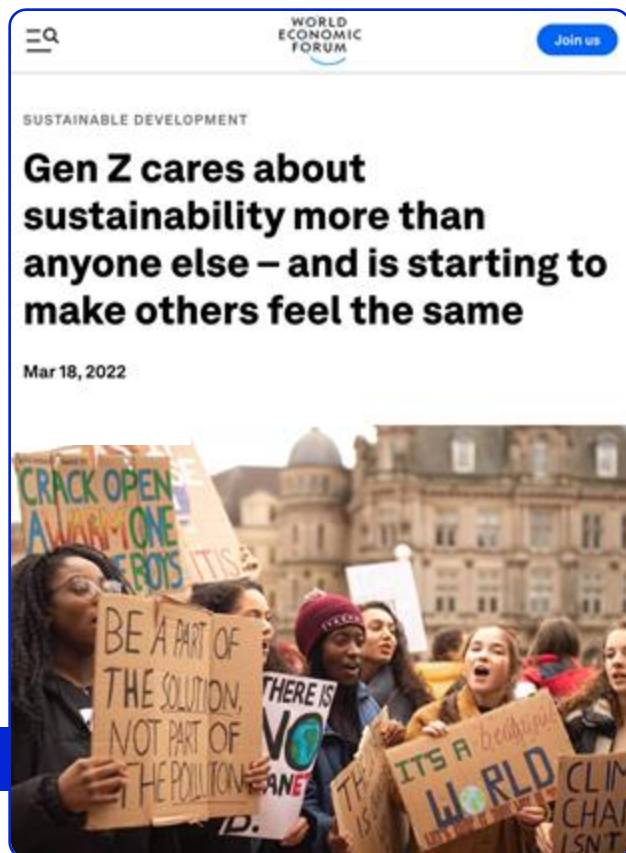
...and risk.

75% Trust
scientists

53% Trust
media

37% Trust the
government

The paradox of virtue



I am willing to
pay more for
ecofriendly
products

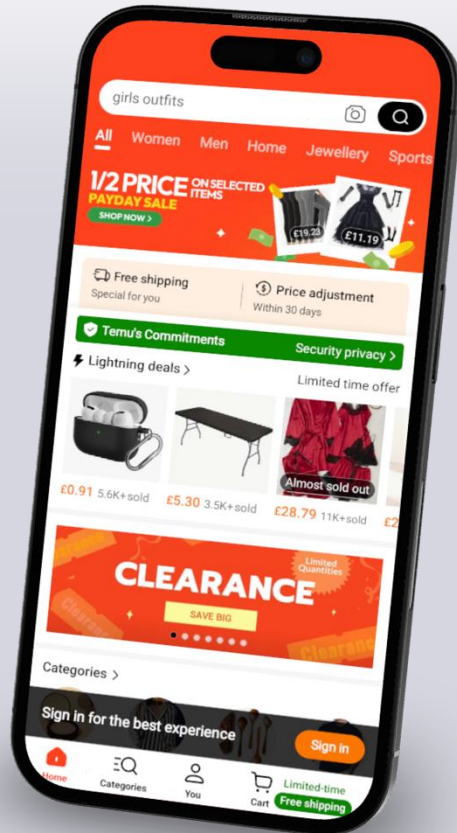
Gen Z	38%
Gen Y (Millennial)	37%
Gen X	31%
Baby Boomers	31%




I am a firm believer
in **making fewer
but higher quality
purchases**

France	70%
Finland	64%
Switzerland	64%
Germany	63%
Ireland	62%
Netherlands	61%
Spain	60%
Austria	60%
Great Britain	58%
Sweden	57%
Italy	55%
Belgium	44%

MAY 2025

Top 5 iOS shopping apps



		#1	#2	#3	#4	#5
	France	Klarna	Temu	Vinted	SHEIN	Lidl
	Germany	Temu	PAYBACK	Lidl	Klarna	Vinted
	Italy	Klarna	Hey Conad	Temu	Vinted	AliExpress
	Spain	Temu	SHEIN	Klarna	Wallapop	Amazon
	Sweden	Vinted	Temu	Amazon	Klarna	SHEIN
	United Kingdom	SHEIN	Temu	Shop	Vinted	AliExpress

Making sense of it all is a hard job.

DIGITAL DOMINANCE

In all consumer categories, digital leads the way.

“What methods do you regularly use to purchase...”

Travel Products

57% Website

32% Apps

17% High street / in-store

16% Social media

11% 2nd hand mrktpl online

9% 2nd hand mrktpl in person

Retail Products

63% High street / in-store

39% Website

31% 2nd hand mrktpl online

31% 2nd hand mrktpl in person

26% Apps

19% Social media

Tech Products

44% Website

35% High street / in-store

23% Apps

22% 2nd hand mrktpl online

19% 2nd hand mrktpl in person

19% Social media

Financial Services

50% Website

48% Apps

28% High street / in-store

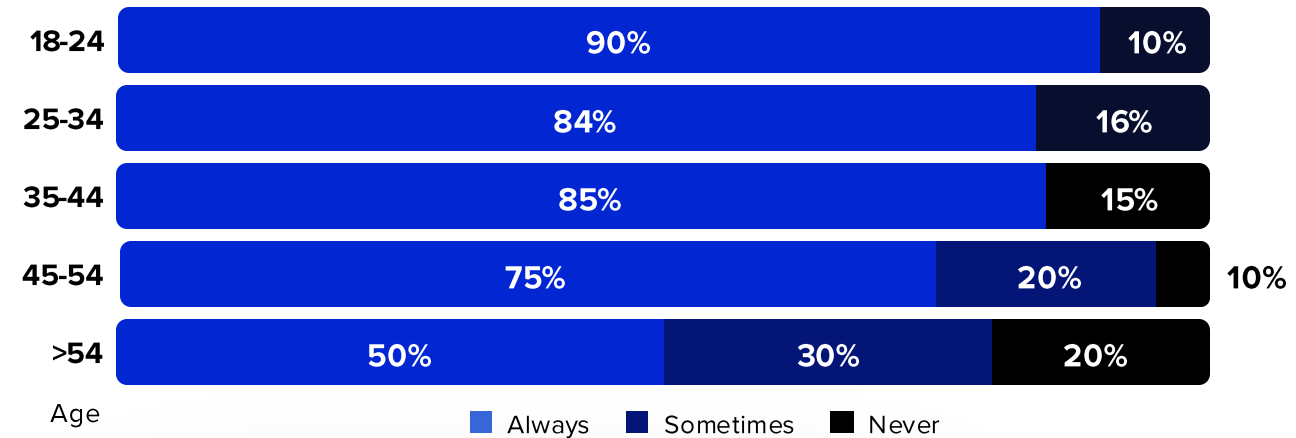
n.a. Social media

n.a. 2nd hand mrktpl online

n.a. 2nd hand mrktpl in person

But we all know
physical vs. digital
is a **false dichotomy**

How often do you use your phone
while shopping in store?

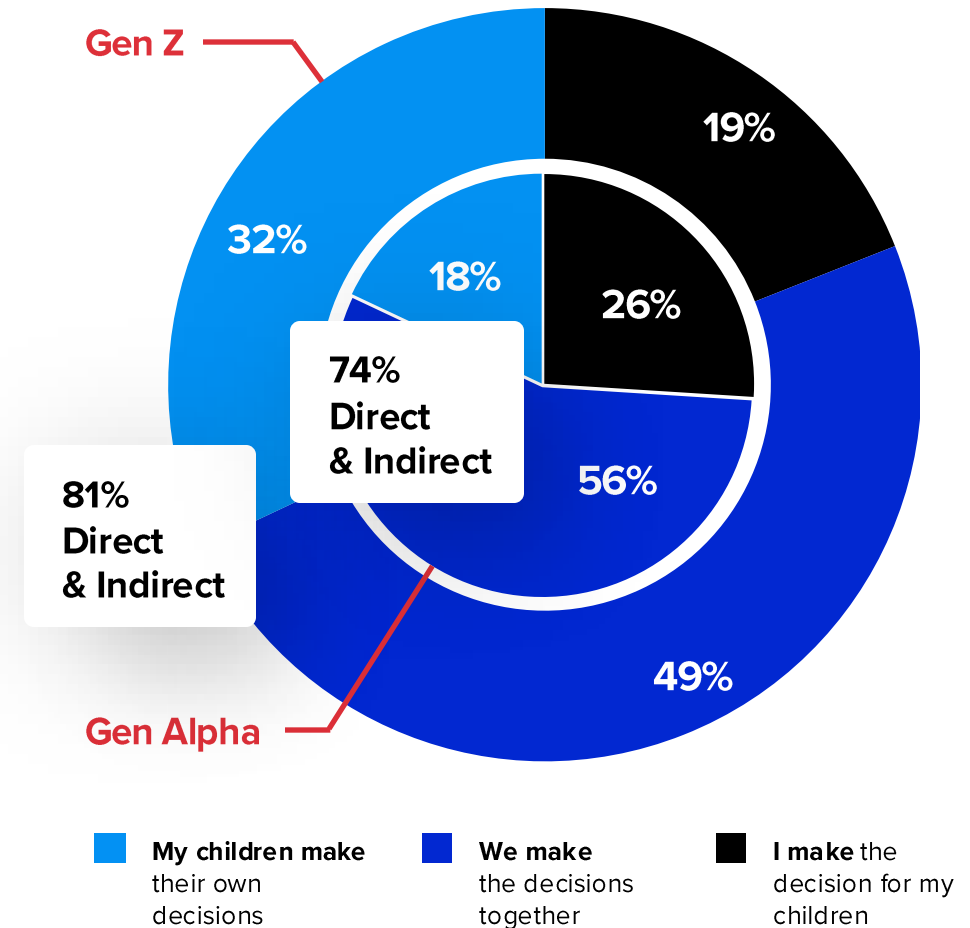


What do you primarily use your phone in-store to do?

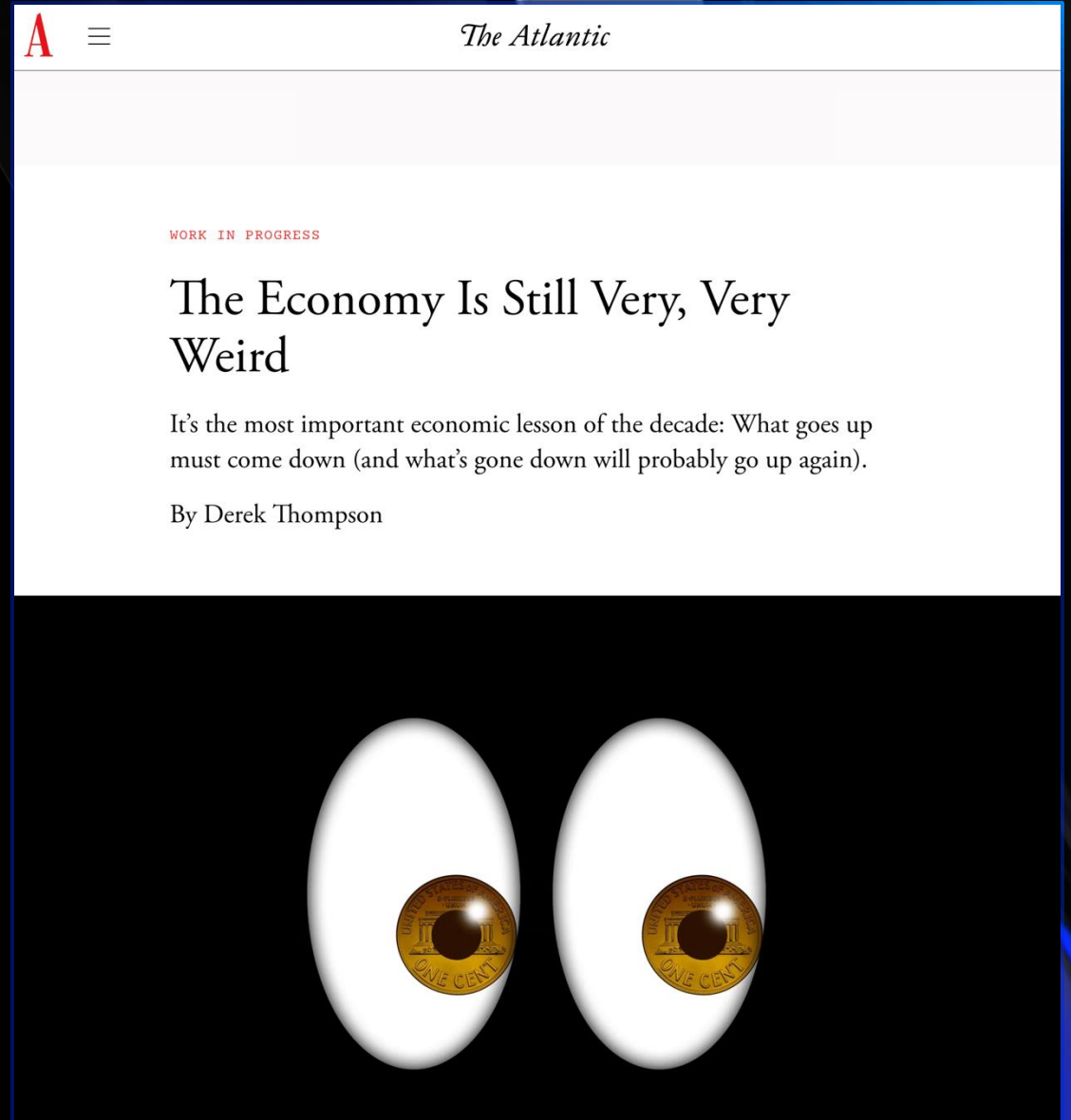
1. Check prices
2. Learn more about your product
3. Check a shopping or wish list
4. Look up reviews of a product
5. Talk to friends/family for advice

AHEAD OF THE CURVE

In the US, almost **75%** of Gen Alpha are already driving purchase decisions



Do old rules apply?



What typically happens during a recession

B2C

Consumers cut back on discretionary expenses

The middle gets hollowed out and all categories struggle

Postponement of 'large' expenditures and rethink of recurring costs (subscriptions)

A preference for private label and deals over EDLC pricing strategies

B2B

Procurement becomes even more "procurement-y"

Age old battle between revenue vs. margin protection heats up

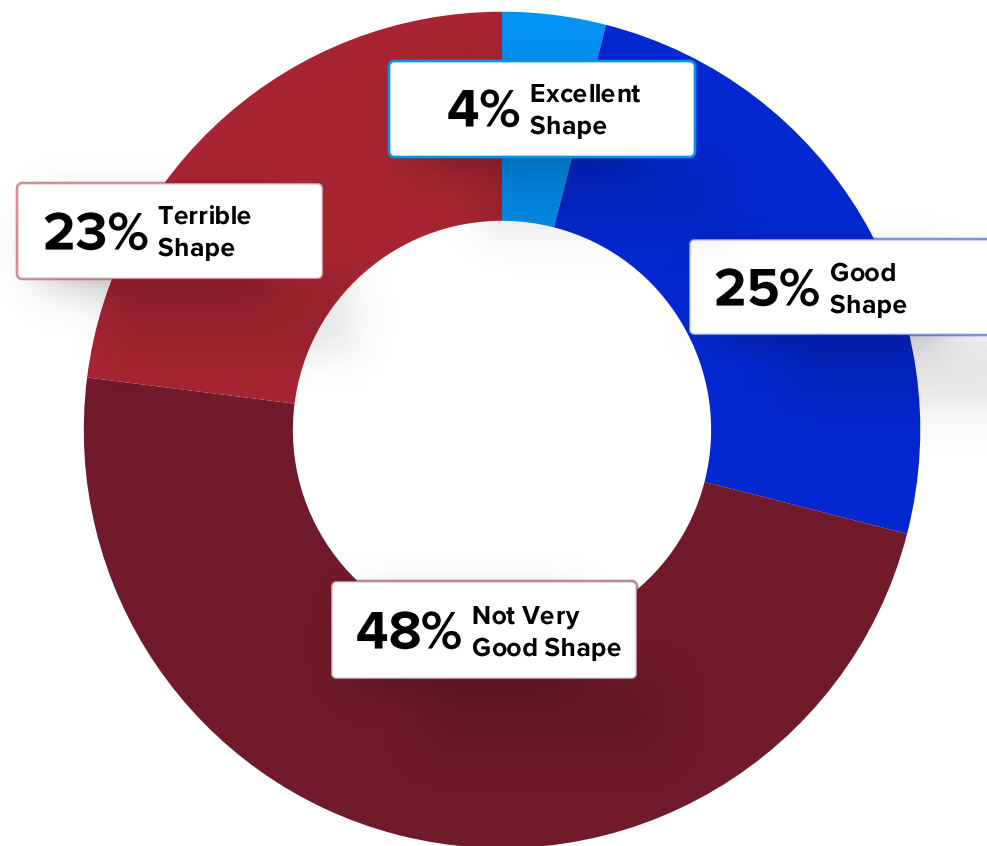
Deferment of capital improvements, unless it's a burning platform

Big reduction in marketing, minimal reduction in product, no reduction in performance marketing

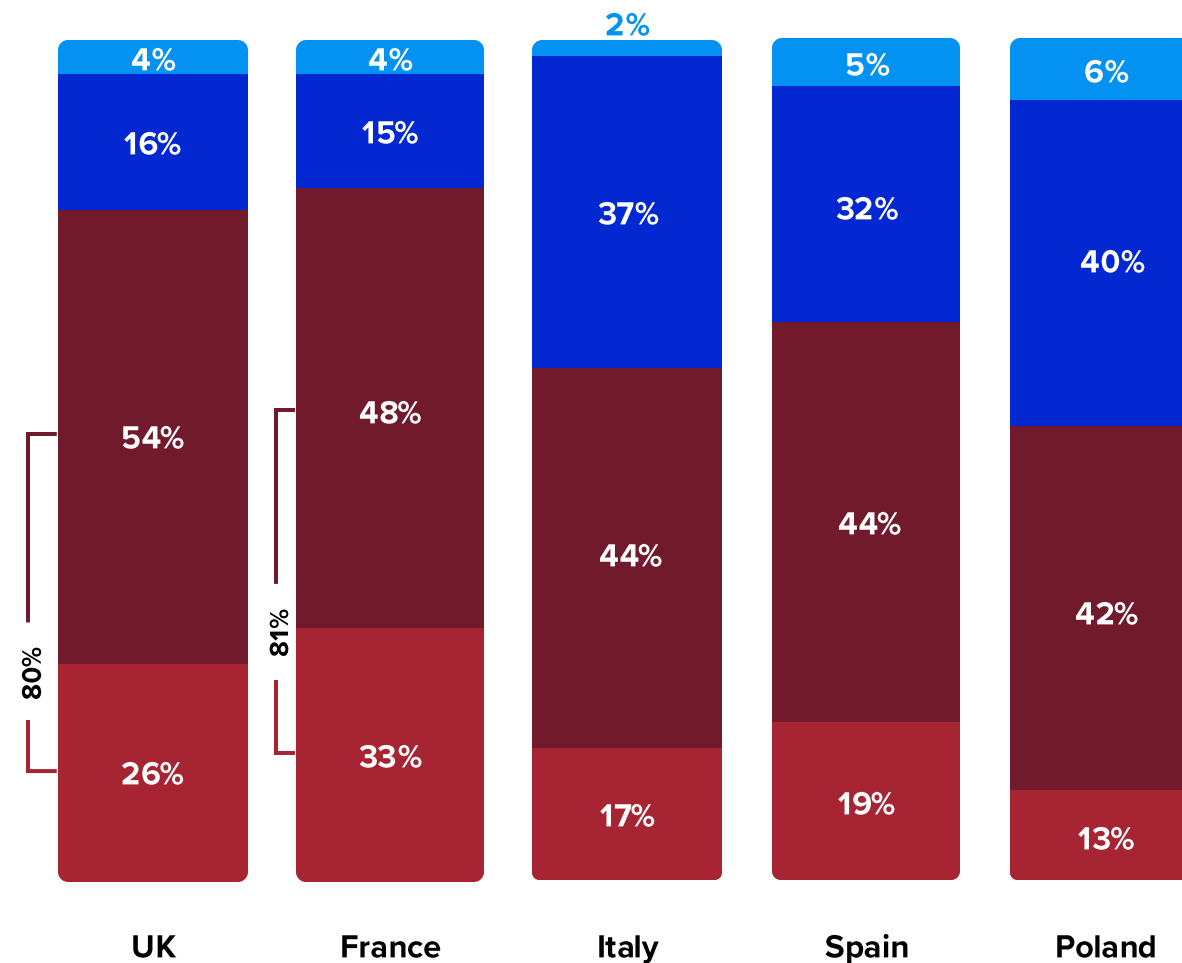
WHAT CONSUMERS ARE TELLING US ABOUT THE ECONOMY:

They're largely pessimistic, especially in France and the UK

Sentiment About How The European Economy Is Doing



Sentiment by Market

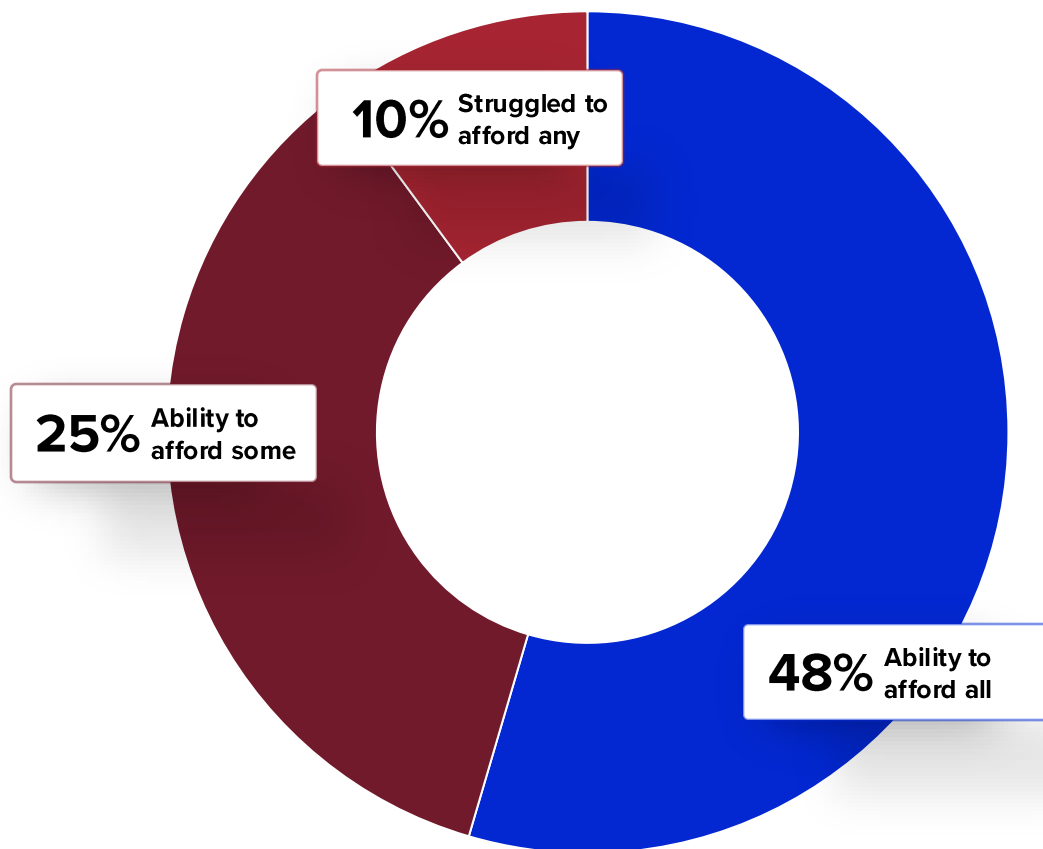


Excellent Good Not very good Terrible

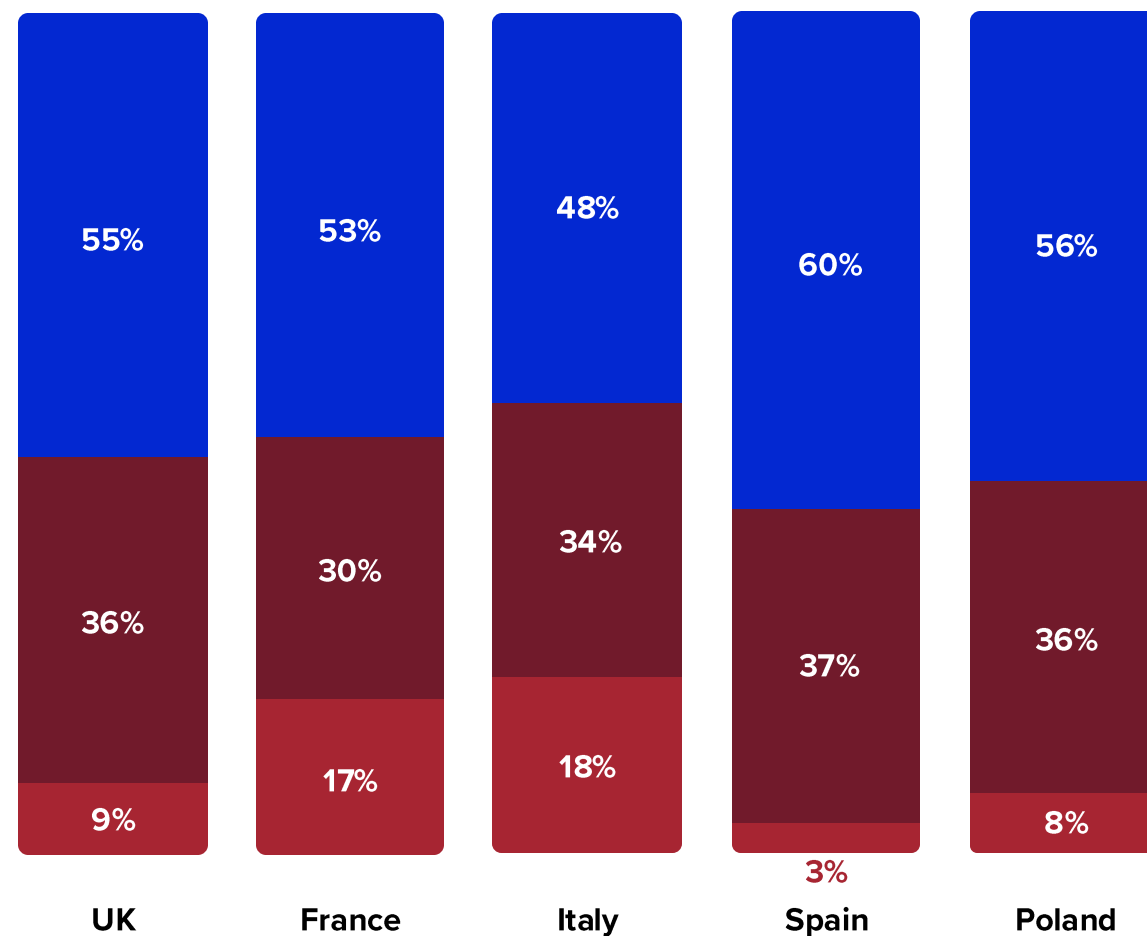
WHAT CONSUMERS ARE TELLING US ABOUT THE ECONOMY:

There is some pressure on the **ability to afford essentials**

Ability to Afford Expenses Over Past 30 Days



Sentiment by Market

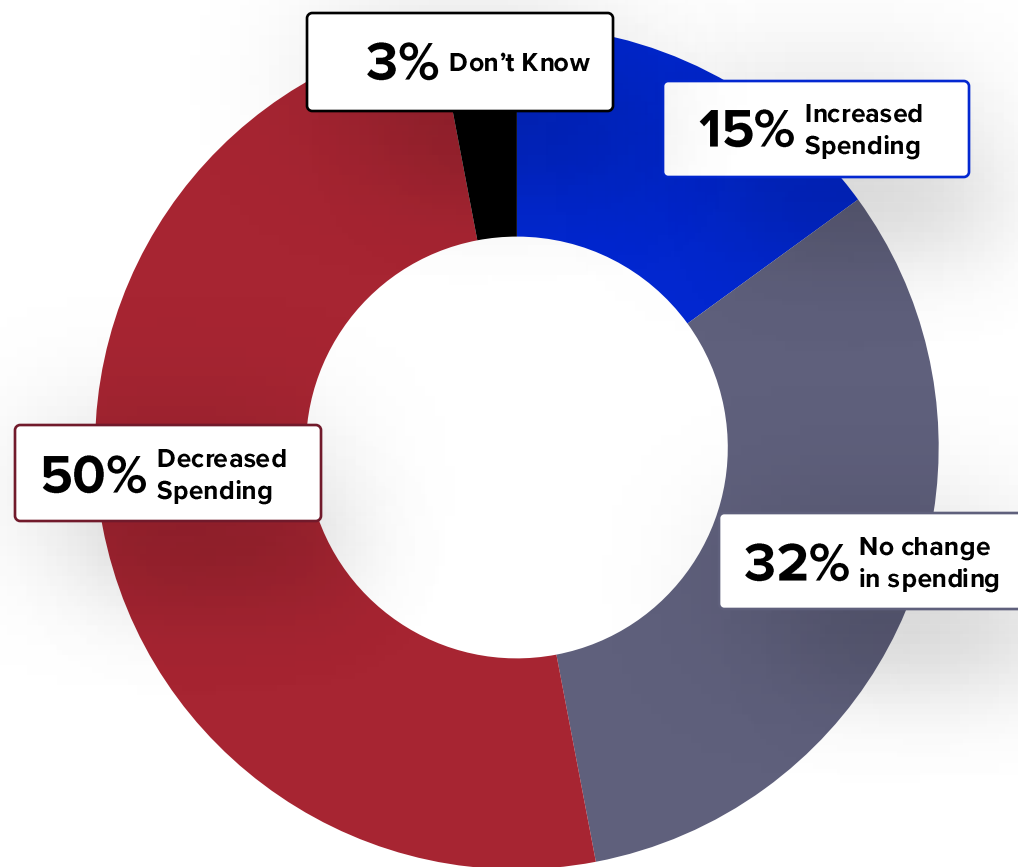


■ Ability to afford all ■ Ability to afford some ■ Struggle to afford any

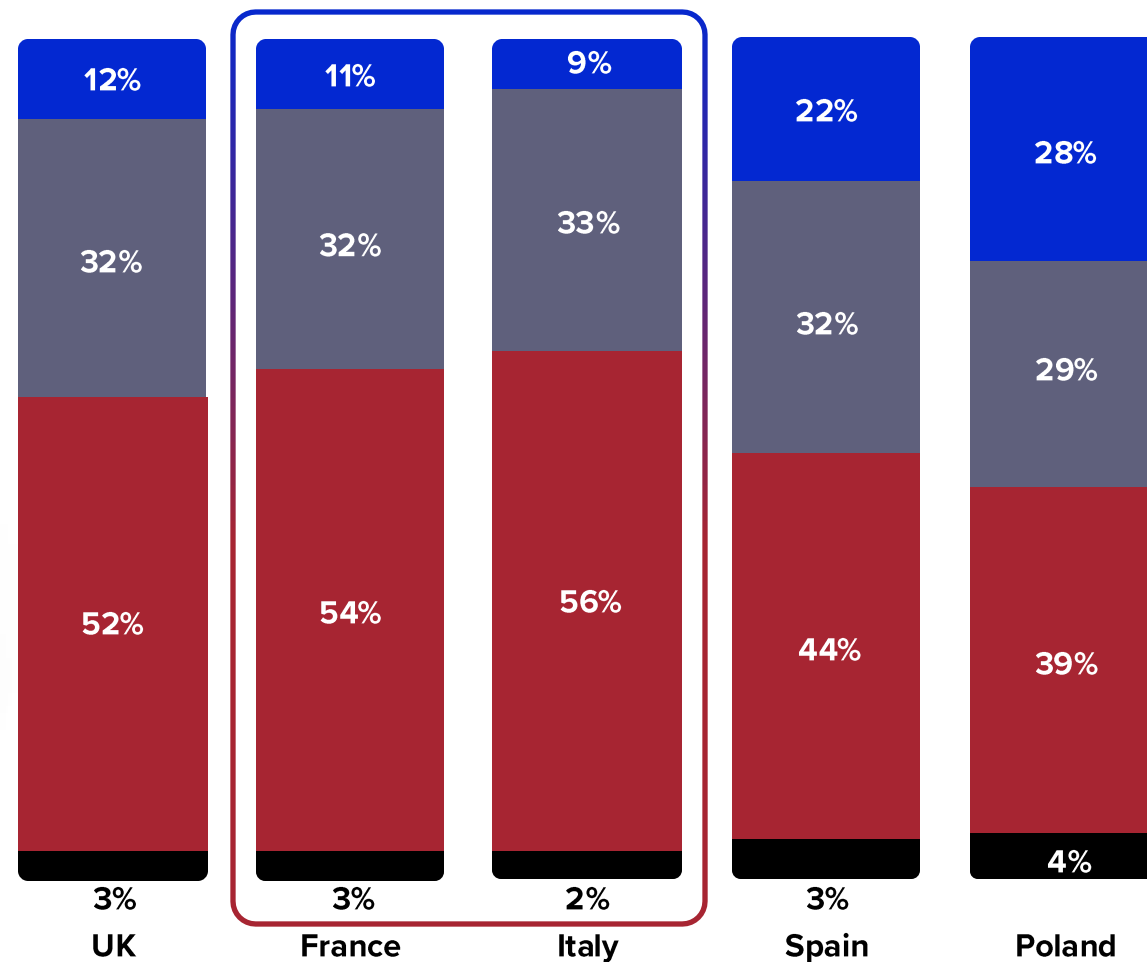
WHAT CONSUMERS ARE TELLING US ABOUT THE ECONOMY:

And while they're **starting to spend less...**

Purchasing Decisions in the Last Year



Sentiment by Market

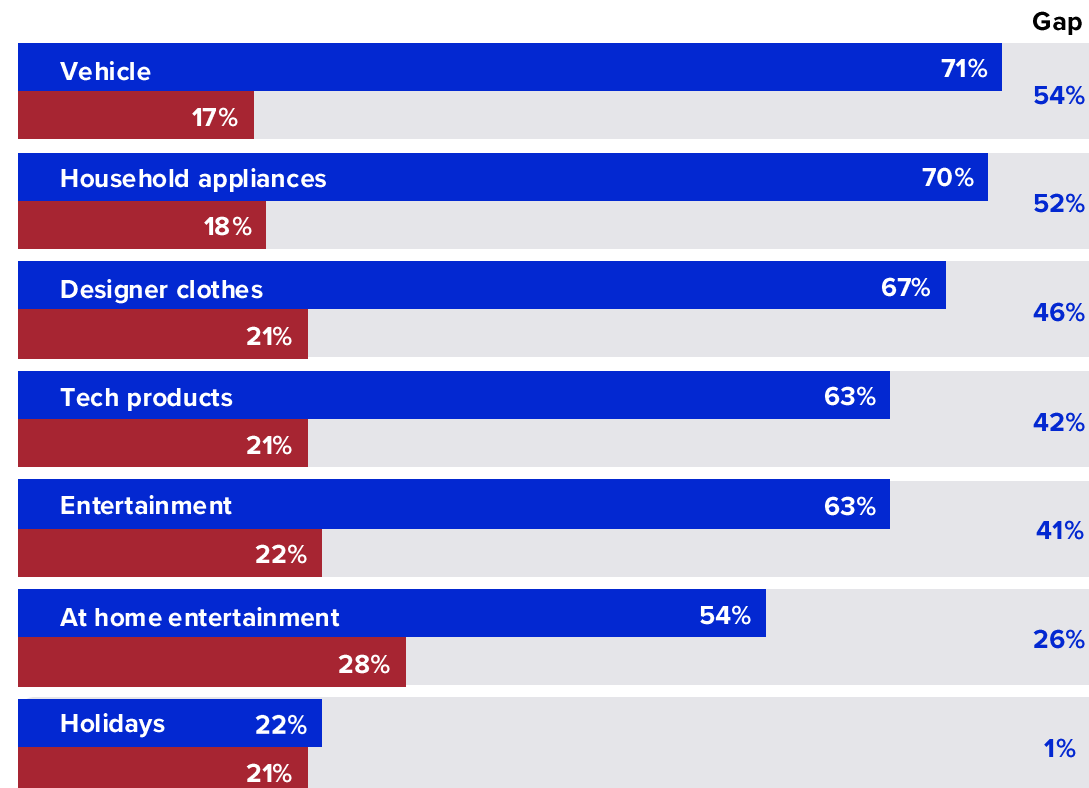
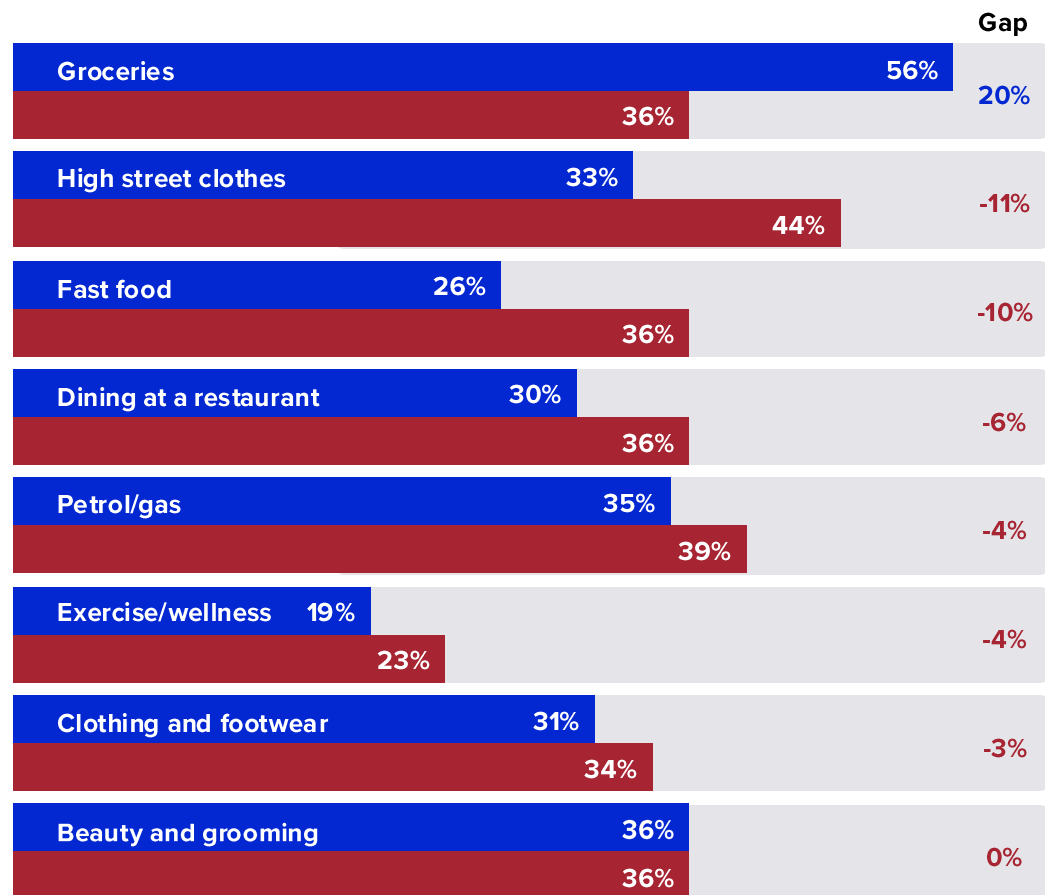


■ Increased spending ■ No change in spending ■ Decreased spending ■ Don't know/Not sure

WHAT CONSUMERS ARE TELLING US ABOUT THE ECONOMY:

Their behavior seems a little **unusual...**

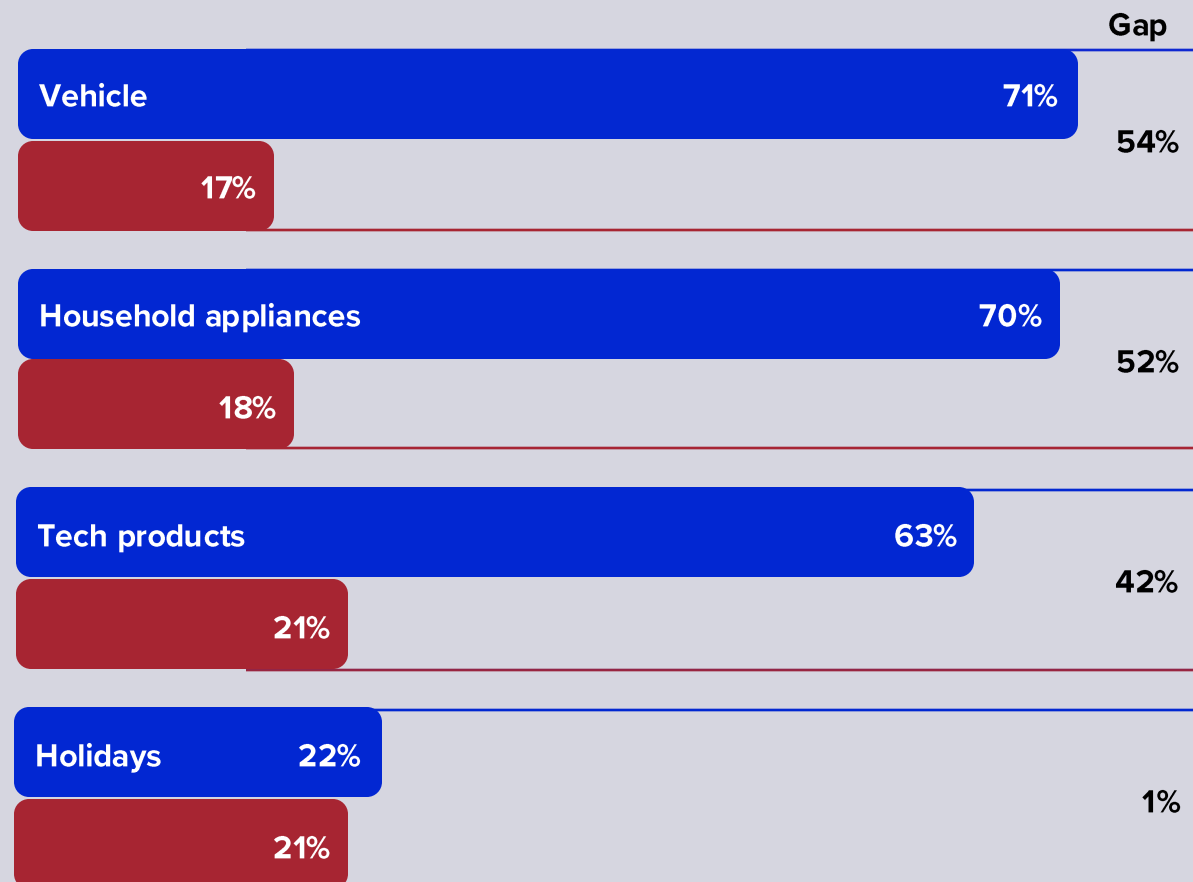
Category Purchasers Who Have Done The Following In the Past 30 Days



■ Increased my spending or made an impulse purchase ■ Reduce my spending or delayed a purchase

There's actually an **increase in big ticket items.**

(probably out of fear of tariffs)



■ Increased my spending or made an impulse purchase ■ Reduce my spending or delayed a purchase

What happened during 2008 and COVID **was different...**

Consumers cut back on discretionary expenses.



The lipstick test was true (beauty did well), but local travel and hospitality bounced back faster than expected.

A preference for private label and deals over EDLC pricing strategies.



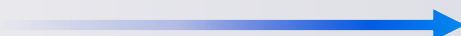
The dopamine hit of a good deal wins with everyone, across income cohorts.

Postponement of 'large' expenditures & rethinking recurring costs (subscriptions).



Home improvement and large at-home digital discretionary purchases, including fitness, exploded.

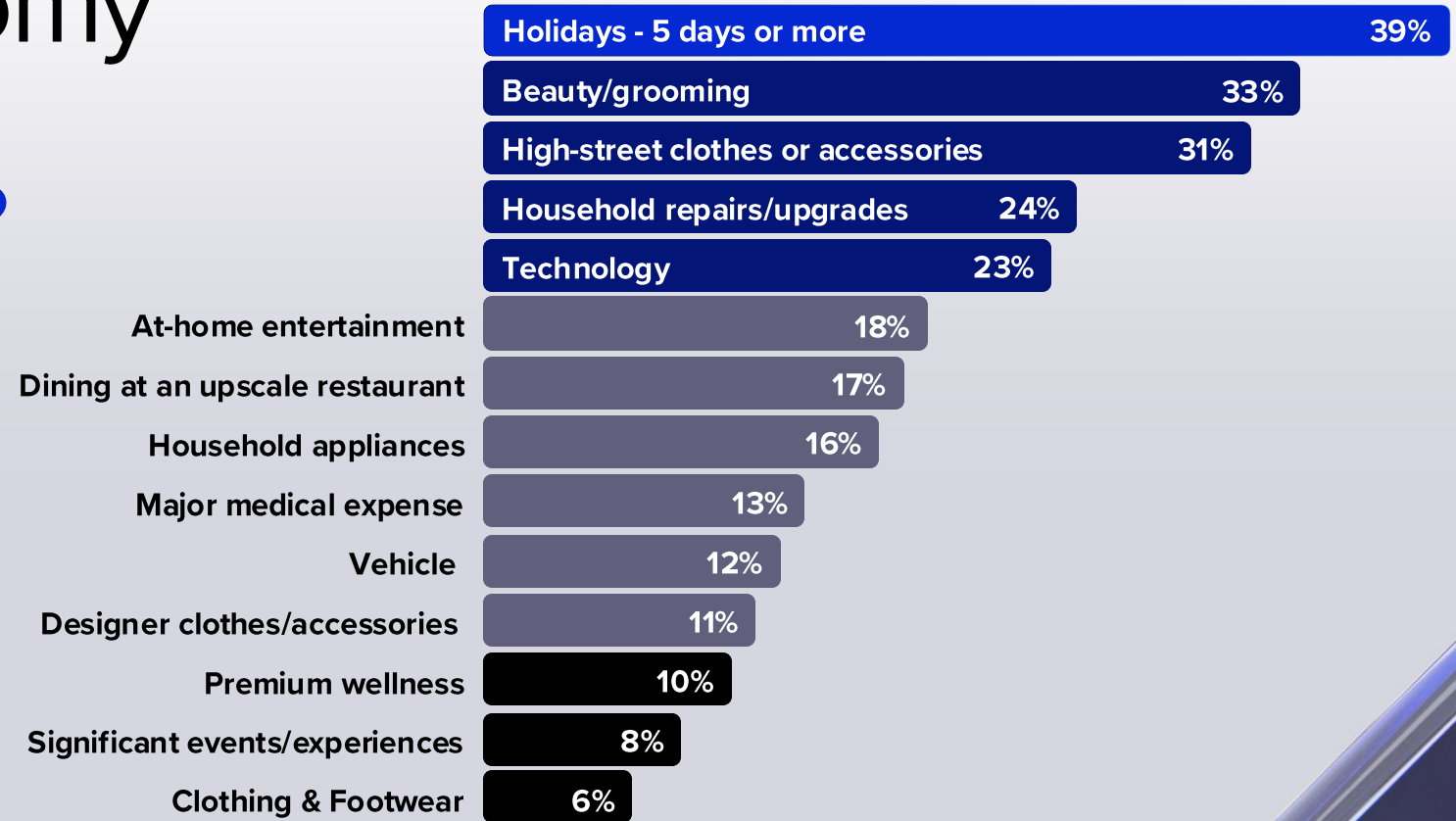
The middle gets hollowed out and all categories struggle.



The economic stimulus changed behavior, and luxury did amazing. Now, luxury is doing a leading indicator of decline.

Ask yourself:
What if the the
experience economy
has **changed**
behavior forever?

Major purchases expected
to make **in the next 3 months**



“Plans are useless,
but planning is
indispensable.”

DWIGHT D. EISENHOWER



What it means for retail professionals

Acquisition

Merchandising

Technology

Take Away

Discovery and purchase are increasingly distributed;
you must be everywhere

Consumers are complex and the market is fluid; **merchants must prioritize agility as a first principle**

AI will accelerate the ‘digital maturity gap’: **the time to align tech and business strategy is now**

What To Explore

- **Connecting advertising to CRM and loyalty** to drive experiential brand engagement
- Moving beyond personas and journeys to **moment-oriented customer strategies** for acquisition **and** re-engagement

- Rethinking organizational design to create an enterprise culture around **data-driven commerce**
- Adopting a **future-looking channel sales strategy** with new value mechanics (e.g., social commerce for CAC reduction)

- Moving from a best-of-breed to a **best of need** technology strategy balancing **Build, Buy, and Borrow**
- Growing technology literacy by **democratizing product management and AI enablement**

Enablers

- **Content supply chain** to deliver multi-channel production and performance analytics
- **“Living segmentation”** – dynamic audiences with predictive LTV and cost to serve models

- **360-degree digital shelf and merchandising intelligence** to bring together 1P, 2P, and 3P
- **Enterprise KPIs** that cut across selling channel to drive collaboration

- A living, **enterprise roadmap**, demonstrating priority, key KPIs, and dependencies across every initiative – viewable by everyone

SHOPTALK FALL 2024

New Insights for Unlocking Retail Growth



SHOPTALK

CX IMPERATIVES FOR RETAIL

WINNING IN TODAY'S EXPERIENCE ECONOMY

What CX leaders do differently



MERKLE