

# Affordability Is Top of Mind for Retail Customers Today

While the average retail customer will always be willing to spend money to get what they need, the first thing on their minds these days is affordability. Things are currently wildly expensive across the board, and people are constantly on the lookout for deals and steals. With this being the case, it is crucial for retail business owners to keep their pricing in mind when setting up their stores. Today, we're going to talk about some of the reasons that affordability is at the top of customers' minds and how you as a retailer can help put their minds at ease.

## **Why is affordability so important to your customers?**

As we mentioned above, inflation and demand have both gone up in recent times. The threat of a potential recession is ever-present in shoppers' minds as well. Between fluctuating employment levels, the economy moving up and down in worrying ways, and everything else, retail customers have started changing the ways that they shop. This causes a major issue as more people are in need of various retail items, but they either can't afford them, or they can't find them in stores. As you can imagine, this can create a major problem in turn for retailers. If they don't have those products in their stores, people will go elsewhere. The same applies if they overprice these items. Roughly 80% of consumers in 2021 said that they were paying closer attention to their spending, which was a 30% jump from 2020.

Another factor that has affected the need for affordability is the pandemic. During that time, so many consumers went through a panic mode of buying things regardless of price because they needed them or the other extreme of trying not to buy anything. While the initial panic has died down and people are cautiously trying to get back to some semblance of normalcy, people have become stationary in what can only be referred to as a "perma-crisis mode" where they see all of the effects of the pandemic as well as staying ready for it all to go downhill again. With this being the new state of mind, we have seen many changes in what consumers are likely to spend their money on. Recent studies show that consumers have become more likely to spend money on experiences rather than stuff to be living in the moment, so shopping is becoming a little less important to some consumers.

Something else that consumers are focused on when it comes to affordability is that it needs to pair with sustainability. Even though the primary focus for most consumers is on "Can I afford this?" people are also asking "Will this last and is it good for the planet?" Surveys by the Future Consumer Index have shown that mindful consumption is up to 26% from 18% in terms of customers being more focused on sustainability than affordability. This marks a shift in how consumers are willing to spend their money and

shows that for a business to succeed, they need to be focused on both affordability and sustainability.

### **How can you as a retail business owner help?**

So, what can you as a business owner do to make sure that you don't lose your customers to competitors? As a start, make sure that you are aware of the general costs of living in the area that your store is located. Look at what your customers need to be paying for, and what types of retail spending they tend to do. You need to have all your business planning teams connected, gathering and sharing data to track everything in order to make a plan for success. This can be done using various types of software that will make tracking easy, and it will help guide businesses on how to improve categories that aren't performing as well.

If you are a retail business owner and you are curious about some other steps you can take to help protect the viability and durability of your retail business and make customers feel like they are getting the best for their money, here are a few additional key tips.

- Set yourself and your retail goods apart. If you can showcase that your goods are high quality for a fair price (and actually follow through on that promise), then you will find yourself able to attract customers from a variety of levels. Goods that will last for a long time to come are going to be far more likely to be purchased by a bigger number of customers than poorly made products that are super cheap. If you have quality products, you can gain and keep quality customers...simple math.
- Showcase your values. Make sure the customer knows what your business stands for and show that in what you offer. Your retail business needs to have an effective pricing structure and a series of cost levels to draw in a variety of customers. Doing this will also mean making sure that there are options for the consumers who are more focused on value as well as those who want sustainable goods.
- Create new customer experiences. If you can offer your customers ways to make their lives simpler and/or cheaper as they shop for retail items, you can consider yourself well-set. Things like online shopping portals or subscriptions make it easier for the customer to find what they're looking for and keep it coming, while simultaneously making it easier for your business to track purchases and get a solid idea of the trends for retail shopping.

Retail is more competitive than ever, with such a wide array of ways to shop and to get things delivered. To stay relevant, retail businesses need to focus on competitive pricing. However, that can't be all they focus on. Sustainable goods have become very important to many consumers, so finding ways to be sustainable and affordable is truly the only way to ensure the success of your retail business.

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### **About the Author:**

Elias Amash, President of GRIP, is an industry veteran with more than 30 years of experience in global sourcing, manufacturing, distribution, retail merchandising, fulfillment, marketing, technology, and operations. He is a trusted partner to hundreds of retailers and has “leveled up” the industry with GRIP’s undying commitment to offering only the highest levels of service to its customers. Amash has published several books: 8 Skills That Pay Off Forever, The Top 10 Most Important Lessons, The Retail Advantage: How to Win the War with Amazon, Retail Survival: Who Lives, Who Dies and Why, The 50 Most Important Lessons in Life, The Future of Retail, Importing from China: The Good, The Bad, and The Ugly, and 101 Bright Ideas: Winning Tactics to Increase Retail Sales.

### **About GRIP:**

GRIP was incorporated by Charles Amash in 1980 and has grown into one of the nation’s top suppliers of innovative products to the retail industry. Located just south of Grand Rapids, Michigan, GRIP features a 200,000 sq ft state of the art warehouse facility including a 2,000 sq ft product showroom. GRIP carries a product line of over 1,000 specialty tools, tarps, automotive, cargo control, cleaning, LED lighting, magnetics, outdoors, household items, impulse and general merchandise. GRIP has a proven track record of excellence in supplying retail clients with innovative products, timely fulfillment, and world-class customer support. At GRIP, everything is about earning your business...one customer at a time. It’s about building relationships and fostering business partnerships that will last long into the future. Our goal is to have Customers for Life. The future at GRIP is exciting and we’re hoping that you can be a part of it as one of our many Customers for Life.

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