

**tyro**

| InsideRetail®

# REDEFINING RETAIL

Insights into shopping behaviours,  
payment needs, and loyalty in 2024-25.



# THE LAY OF THE K LAND

The evolving retail landscape in 2024-25 is marked by significant changes in customer behaviours and expectations. With economic pressures reshaping how shoppers prioritise value, flexibility, and security, retailers must adapt swiftly to stay competitive.

This report explores five critical areas shaping the customer experience – from the impact of economic pressures on shopping habits to evolving expectations for loyalty programs and payment flexibility. By understanding these trends, retailers can meet customer demands and foster loyalty in a competitive market.

Based on survey responses from 753 participants across various demographics, this report offers a detailed look at Australia's current customer shopping experience. By exploring different income levels, locations, and age groups, it covers key insights into the preferences, motivations, and frustrations influencing customer behaviour today.

## THIS REPORT IN A NUTSHELL

The report is organised into five critical areas, each addressing distinct elements of the customer experience

### Customers response to economic pressures

Economic pressures are reshaping how Australians shop, creating opportunities for retailers to better align with shifting priorities. Shifts in spending patterns, store preferences, and discount-seeking behaviours reveal new opportunities for retailers to align with evolving customer priorities.

### Experiences with small and independent businesses

Trust, loyalty, and service are central to how customers view small and independent businesses. Frequent visits and consistently positive service experiences build strong, long-lasting loyalty, making these businesses a valued part of many shoppers' routines.

### Importance of security and flexibility

With digital payments become more common, consumers are prioritising data security and payment flexibility. A secure and efficient payment process is now essential for building and maintaining customer trust in today's market.

### The evolution of loyalty programs

Loyalty programs are becoming more progressive, with customers increasingly favouring digital and personalised options. This shift highlights the growing need for tailored, convenient programs that make customers feel valued and connected.

### Customer frustrations with minimum spend and split bills

Policies like minimum spend thresholds for card payments and restrictions on split bills often frustrate customers, particularly in social settings. Offering more flexible payment options could significantly enhance the shopping and dining experience, improving satisfaction and encouraging repeat visits.



## Shifting Priorities: Value, Security and Convenience

Shifting Priorities: Value, Security and Convenience In 2024, Australian customers are adapting their shopping habits to navigate an increasingly challenging economic landscape, shifting priorities toward value, security, and convenience. Changing customer priorities push retailers to adapt quickly, offering value, convenience, and security.

This might include flexible and secure payment methods, and loyalty programs that provide meaningful benefits. Based on survey data from a diverse group of Australian customers, this report highlights the trends shaping the modern shopping experience. It offers actionable insights to help retailers meet these changing demands.

## The Growing Demand for Value and Affordable Options

As economic pressures grow, customers are focusing more on value and adjusting their spending to manage costs. Many are turning to larger retailers for competitive pricing and promotions, while others continue to support local businesses for their quality and community focus. This highlights the need for retailers of all sizes to adapt – whether through affordable pricing, personalised service, or loyalty rewards – to meet the ongoing demand for value without sacrificing quality.

## The Role of Small and Independent Businesses

Small and independent businesses are a vital part of the retail landscape, earning trust and loyalty through accessible service, personal connections, and a strong community presence. Customers rely on these businesses as reliable fixtures in their daily routines. Larger retailers can learn from this by focusing on personal touches and service excellence to strengthen emotional connections with their customers.

## Prioritising Data Security and Payment Flexibility

Customers are increasingly focused on data security and payment flexibility, expecting transparency in how their information is managed, as well as various payment options to suit their needs. Younger and urban shoppers, particularly favour digital and contactless payments, valuing efficiency and convenience at checkout.

Retailers who prioritise security and flexible payment processes can build stronger trust and satisfaction among a diverse customer base.

## Building Loyalty Through Customer Engagement

Loyalty programs are powerful tools for engagement and repeat visits. Customers appreciate programs that reward for frequent purchases and programs that are easy to manage especially through digital platforms. Offering both digital and physical options helps retailers cater to a wide range of preferences. Personalising loyalty rewards based on customer behaviour can further deepen connections, foster appreciation and strengthen long-term loyalty.

## Embracing Customer-Friendly Payment Policies

Rigid payment policies, such as minimum spend thresholds and no-split-bill restrictions, often frustrate customers and detract from the shopping experience. Flexible payment options particularly in social and group settings are increasingly in demand. Revisiting these policies can foster goodwill, encourage repeat visits, and position businesses as customer-centric, creating a more welcoming and inclusive shopping environment.

# SHOPPERS LOOK FOR A BALANCE BETWEEN VALUE AND QUALITY IN TOUGH ECONOMIC TIMES

As inflation and rising living costs impact purchasing power, customers today are more deliberate in their habits. They are carefully adjusting how often and where they shop to maximise savings and prioritise essential items. This shift offers retailers a chance to align with value-driven priorities and foster loyalty through affordability and convenience.

Economic pressures are driving a trend towards 'smart shopping', where value and quality are equally important. A significant 70% of customers report changing their spending habits, with 34.6% making notable changes to better manage costs. Store preferences also reflect this shift: nearly one-fourth (23.3%) are turning toward larger retailers for the perceived benefits of lower prices and extensive promotions, while 24.2% continue supporting small, independent businesses who offer quality, convenience and a community-focused approach.

This collective shift highlights a more strategic approach to spending: Larger retailers appeal to customers that are seeking affordability and convenience, while small businesses appeal to customers who value a personal touch and a sense of community. Additionally, with 61.1% actively looking for discounts, price-sensitivity and loyalty, rewards are key motivators. To stay relevant, retailers must understand and adapt to these diverse preferences, balancing value with the quality and authenticity of their offering.

## How have your in-store spending habits changed due to the current economic situation?

Source: Tyro x Inside Retail consumer survey 2024



**Larger retailers appeal to customers that are seeking affordability and convenience, while small businesses appeal to customers who value a personal touch.**

## Have you changed where you shop due to the current economic situation?

Source: Tyro x Inside Retail consumer survey 2024

**23%**

Yes, I now shop at larger retailers more often

**24%**

Yes, I now shop at local or independently-owned small businesses more often

**53%**

Agree that their shopping habits have not changed



## ← CUSTOMERS VALUE FRIENDLY SERVICE AND EASY CHECKOUT WHEN SHOPPING IN-STORE

Small and independent businesses are integral to many customer routines, especially those who value convenience and personal connections. With 67.8% of customers visiting these stores weekly, they play a vital role in local communities. Customers appreciate the easy access, familiar faces, and trust these businesses provide—qualities that larger retailers often struggle to replicate. Notably, key service elements like product availability, friendly staff, and smooth checkout processes receive satisfaction ratings over 80%, underscoring the unique strengths of small retailers in delivering a seamless and enjoyable shopping experience.

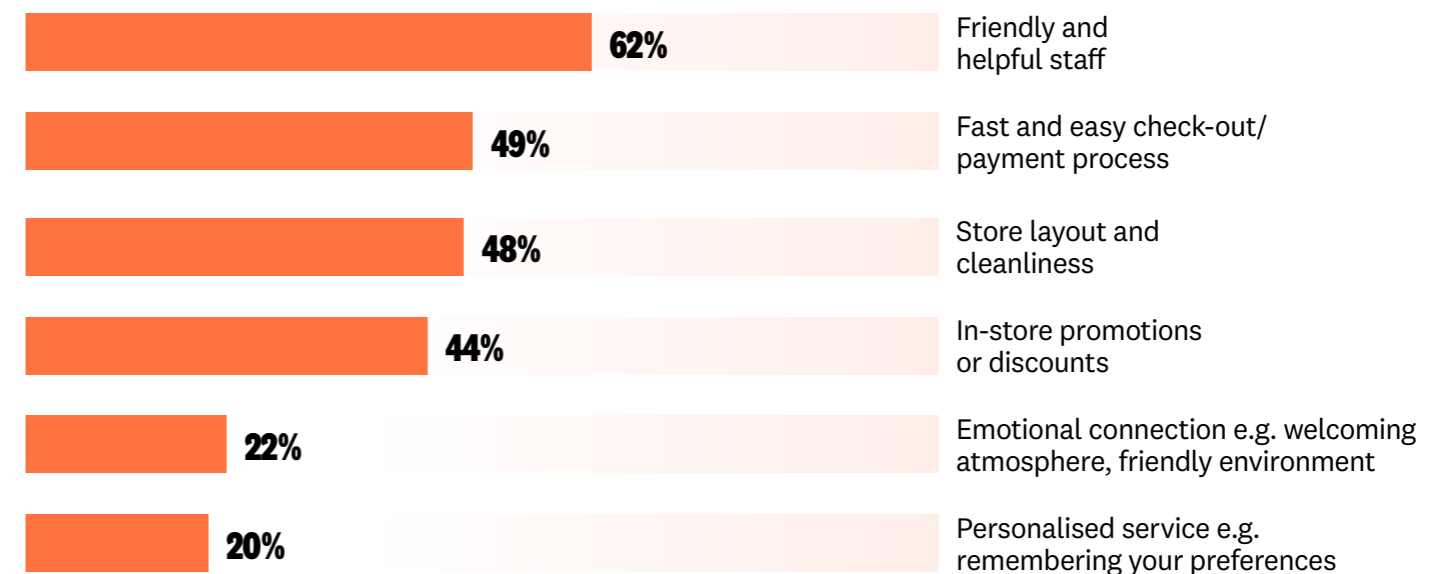
Small retailers that offer both online and physical store options inspire greater confidence, with 65.6% of customers expressing high trust in businesses with multichannel formats. These retailers appeal to customers who seek personalised interactions, attentive service, and a strong sense of community connection, often making them a preferred choice over larger retailers.

By combining familiarity and quality, small businesses position themselves as approachable and reliable, earning loyalty and becoming trusted parts of their customers' lives. For many, these stores go beyond mere shopping destinations – they provide a consistent, comfortable experience that strengthens customer relationships and reinforces their role as an essential fixture in the community.

**Small businesses thrive on trust, personal connections, and convenience, with 67.8% of customers visiting weekly and satisfaction ratings exceeding 80% for key services.**

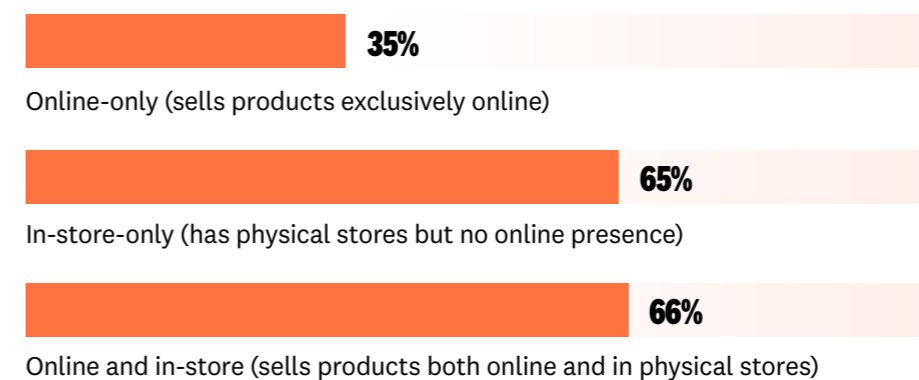
### What factors most enhance your in-store shopping experience?

Source: Tyro x Inside Retail customer survey 2024



### Based on your shopping experience what is your level of trust in the following retail formats?

Source: Tyro x Inside Retail customer survey 2024



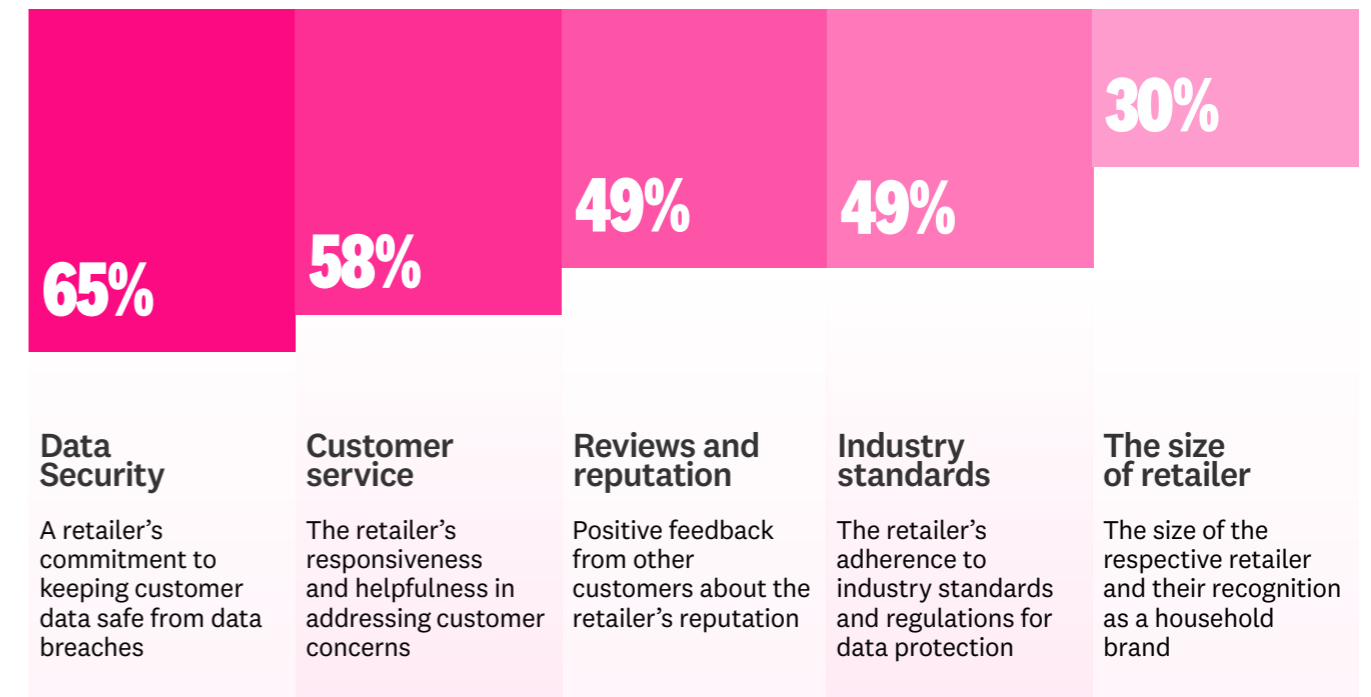
# DATA PROTECTION AND PAYMENT FLEXIBILITY ARE KEY TO BUILDING CUSTOMER TRUST

In today's digital retail environment, customers are increasingly focused on data security and flexible payment options, considering both as essential for a safe and secure shopping experience. Data protection stands out, with 65.3% of customers stating that a retailer's commitment to protecting personal information is critical to earning their trust. This growing emphasis on security highlights the importance of transparency and robust data management practices. Retailers who prioritise and clearly communicate their efforts to protect customer data are better positioned to build confidence and loyalty.

**Data protection stands out, with 65.3% of customers stating that a retailer's commitment to protecting personal information is critical to earning their trust.**

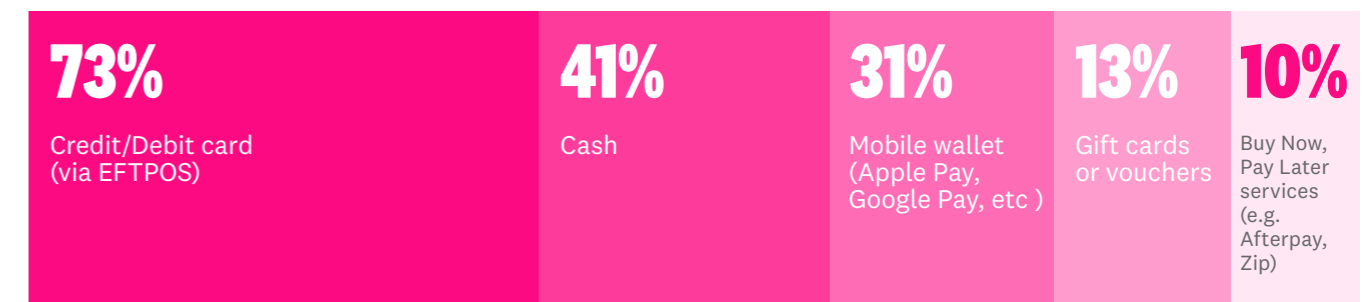
## Which of the following factors affect your trust in a retailer's ability to safeguard your personal and financial information?

Source: Tyro x Inside Retail consumer survey 2024



## What is your preferred payment method when shopping in-store?

Source: Tyro x Inside Retail consumer survey 2024





# ← SLOW CHECK-OUT LINES ARE A COMMON CUSTOMER PAIN POINT

Efficiency at checkout plays a critical role in customer loyalty, with slow checkout lines emerging as a source of frustration. In fact, 43.7% of customers have actively avoided stores because of long lines, highlighting the direct impact on purchasing decisions. For retailers, addressing this issue by reducing wait times and streamlining the payment process can significantly enhance satisfaction and encourage repeat visits. Investments in innovative solutions, such as self-checkout, additional point-of-sale terminals, and mobile payment options are proven strategies to reduce congestion and speed up service. Leveraging advanced payment platforms that offer seamless, secure, and flexible payment experiences can also address this point. These solutions not only improve operational efficiency but also engage the overall customer experience.

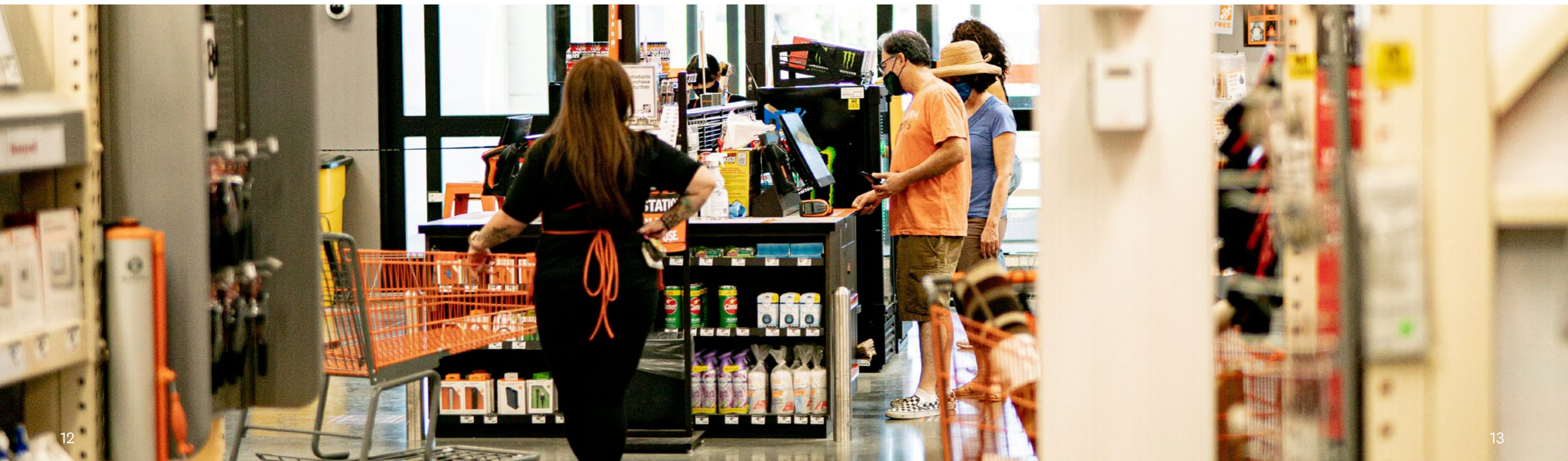
Customers increasingly expect both security and convenience in their shopping experiences. Retailers who prioritise a transparent approach to data protection and provide a variety of fast, reliable payment options are better positioned to meet these expectations. As the retail landscape becomes more digital, quick and efficient checkout processes are no longer optional—they're essential for building trust and loyalty.

Have you ever decided not to shop at a store because the payment line was too long?

Source: Tyro x Inside Retail consumer survey 2024



**43.7% of customers have actively avoided stores because of long lines, highlighting the direct impact on purchasing decisions.**





## ← THE EVOLUTION OF LOYALTY PROGRAMS: A WIN-WIN FOR BUSINESSES AND CUSTOMERS

Loyalty programs are a powerful tool for building long-term relationships with customers. Shoppers now expect programs that reward frequent purchases and are simple to use, especially via digital platforms. Retailers offering seamless loyalty solutions—whether through apps, websites, or integrated payment systems—can deepen connections with their customers and transform occasional transactions into consistent engagement.

The most effective loyalty programs cater to diverse preferences. While 45.6% of customers prefer managing loyalty rewards digitally, 31.6% still value physical loyalty cards, underscoring the need for hybrid solutions. Additionally, drivers like product quality, competitive pricing, and meaningful rewards consistently rank as top factors influencing where customers choose to shop.

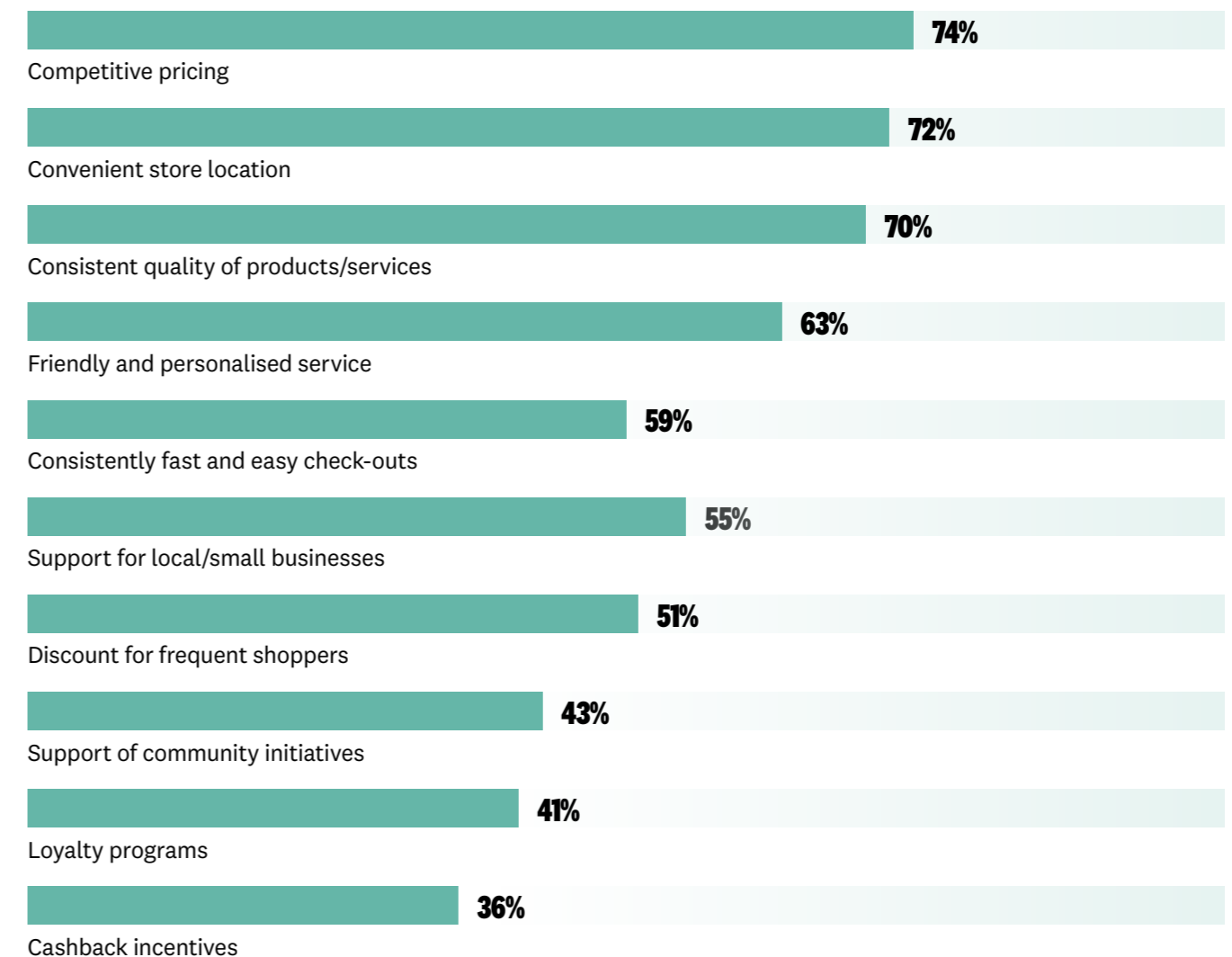
By focusing on digital accessibility and personalised rewards, retailers can create loyalty programs that feel tailored to individual customer needs. This personalised approach not only boosts engagement but also strengthens brand loyalty, making shoppers feel recognised and appreciated.

For retailers, integrating loyalty features directly into payment platforms can streamline the customer experience, ensuring rewards are easy to access and use. These programs are not just tools for customer retention—they are strategic assets for fostering sustainable engagement and building lasting customer relationships.

**For retailers, integrating loyalty features directly into payment platforms can streamline the customer experience, ensuring rewards are easy to access and use.**

### How important are the following factors in influencing your loyalty to a specific store or outlet?

Source: Tyro x Inside Retail customer survey 2024





# ← DIGITAL AND IN-STORE LOYALTY OPTIONS KEEP CUSTOMERS COMING BACK

Personalised service is a key driver of customer engagement, particularly among higher-income households and female shoppers. These groups respond strongly to loyalty programs offering tailored rewards and customised experiences. This demand for personalisation underscores the value of loyalty programs as tools for building deeper connections and enhancing both satisfaction and loyalty through targeted interactions.

To effectively engage diverse customer groups, retailers must maintain high standards in product quality and fair pricing, as these remain fundamental to earning loyalty. Offering both digital and physical loyalty options ensures inclusivity, catering to customers who value the convenience of digital platforms and those who appreciate a tangible connection to the brand.

Customising loyalty rewards based on individual preferences and shopping behaviour can further boost engagement, especially for customers seeking personalised interactions and added value. By implementing flexible, customer-focused loyalty programs, retailers can enhance brand affinity and foster long-term loyalty across a wide range of customer segments.

**Demand for personalisation underscores the value of loyalty programs as tools for building deeper connections and enhancing both satisfaction and loyalty.**

## How do you prefer stores to manage personalisation and loyalty programs to enhance your shopping experience?

Source: Tyro x Inside Retail customer survey 2024

**46%**

Use the store's website, app, and/or payment technology to manage personalisation and keep track of loyalty

**32%**

Use a physical card to keep track of loyalty (i.e. stamps per purchase)

**14%**

Do not expect the store to manage personalisation and/or loyalty programs

**9%**

Use a third-party app to keep track of loyalty programs

## MINIMUM SPEND AND SPLIT BILL POLICIES FRUSTRATE CUSTOMERS

Minimum spend requirements for EFTPOS payments are inconvenient or frustrating to me.

59%

Agree or strongly agree

How inconvenient is a 'no split bills' policy for you when dining with a large group?

39.5%

Very to extremely inconvenient

Rigid policies like minimum spend requirements and restrictions on bill splitting are increasingly seen as barriers.

As customer expectations around payment flexibility evolve, rigid policies like minimum spend requirements and restrictions on bill splitting are increasingly seen as barriers to a positive shopping experience. In group dining or social settings, customers are particularly drawn to adaptable payment options that cater to diverse needs, highlighting the importance of flexibility in driving satisfaction. Aligning payment policies with customer preferences allows retailers and restaurants to create a more welcoming and accommodating experience that resonates with modern shoppers.

The inconvenience of minimum spend requirements is especially pronounced, with 59% of customers expressing frustration, particularly among lower-income and regional groups. These restrictions can leave customers feeling limited, reducing their likelihood of making purchases or returning. Similarly, 39.5% of customers in group dining scenarios report significant dissatisfaction with 'no split bills' policies, underscoring the demand for billing options that simplify group payments and better accommodate social dynamics.

This growing preference for flexible payment policies reflects customers' heightened expectations for convenience and adaptability. Group settings demonstrate the need for payment solutions that handle diverse and often complex billing arrangements. Offering features like split billing can improve satisfaction and make group experiences more seamless, stress-free and enjoyable.

To meet these expectations, retailers and restaurants should consider revising minimum spend requirements, especially for loyal or repeat customers. Reducing or eliminating these thresholds can foster inclusivity and encourage customer loyalty. Additionally, introducing split-billing options can enhance the group dining experience, generating positive word-of-mouth and repeat visits. By adopting customer-centric payment policies, businesses can position themselves as responsive and adaptable, ultimately building stronger trust and loyalty with their customers.



# THE ROAD AHEAD: ADAPTING TO MEET CUSTOMER EXPECTATIONS

To thrive in today's competitive landscape, retailers must embrace a proactive and adaptable mindset. Customers demand more value, convenience, and personalisation than ever, and businesses that respond strategically can build loyalty and long-term success. Here are the key takeaways to create a customer-focused retail experience:

## Emphasising value without compromising quality:

Customers are more cost-conscious but unwilling to sacrifice quality. Retailers can meet these expectations by offering discounts, bundles, and loyalty incentives that deliver affordability while maintaining value, ensuring customers feel they're getting the best of both worlds.

## Leverage the Strengths of Small and Independent Retailers:

Small businesses are uniquely positioned to shine through personalised service, community involvement, and consistent quality. These attributes resonate deeply with customers and make small retailers indispensable. By doubling down on these strengths, they can continue to build strong emotional connections.

## Invest in security and payment innovation:

Trust is non-negotiable in the digital age. Retailers who provide secure payment options and are transparent about data protection practices can win customer confidence. Adopting innovations like mobile wallets, contactless payments, and seamless checkout experiences is key to attracting younger, tech-savvy shoppers.

## Reimagine Loyalty Programs for Deeper Engagement:

Loyalty programs work best when they're simple, personalised, and accessible. Offering both digital and physical loyalty options ensures inclusivity, while catering to varying preferences. Tailoring rewards based on customer habits can strengthen relationships, turning occasional shoppers into loyal followers.

## Adopt flexible payment policies:

Rigid policies like minimum spend requirements and no-split-bill restrictions often frustrate customers. By introducing flexible payment options, retailers can create an inclusive, hassle-free experience. This not only improves satisfaction but also encourages repeat visits and positive word-of-mouth.

Retail success in this evolving landscape requires more than meeting current demands—it calls for creating experiences that surprise and delight. By prioritising value, trust, and flexibility, retailers can build deeper relationships with their customers, ensuring their businesses remain relevant and resilient in the years ahead. The future belongs to those who listen, adapt, and innovate.

# tyro

REPORT BY

Inside(R)etail®