bookingbug™

The Modern Consumer

A nationwide study of consumer attitudes and opinions of retail stores in the US and UK

Introduction

The global recession of recent years put pressure on retailers of all types. This study aimed to discover if this was purely an economic symptom or a much wider trend toward online purchasing.

Undoubtedly the two factors would be hard to categorically separate, but could a national representative sample of US and UK consumers shed light on the future role of the store? Indeed, the research examined the tactics that drive footfall to brick and mortar stores and the increasingly sophisticated online-only competition. The store still plays a crucial role in consumer shopping habits, but this study aimed to pinpoint the strategies retailers need to maintain or increase in-store purchasing.

The line between online and in-store have blurred as multichannel buyer behavior has evolved into more complex shopping habits. The report examines the numbers on the new types of shopper - 'webroomers' and 'showroomers' - as well as looking at click & collect and its impact on the overall customer experience.

In any vendor sponsored research, the temptation is to concentrate on areas that complement the vendor's own commercial offering. So while questions were asked about appointment led customer experiences, they are not included in this report to maintain impartial.

Key Insights

- Stores are preferred over online in the US, but less dominant in the UK, where a multichannel approach is popular — Pages 4-5
- Majority of consumers are already multichannel, often within the same purchase journey — Page 6
- Webrooming, showrooming and click & collect emerge as new purchasing habits among 94% of consumers — Page 6
- Consumers alter their behavior by category, few are consistent in their channel preferences across all categories — Pages 7-9
- Electronicals and apparel are where multichannel journeys are most common — Pages 7-9
- Most consumers expect online purchases to remain constant in the future — Page 10
- Stores deliver a better customer experience in several key areas; notably giving a sense of the company, answering questions & helping understand the product and getting the product fast — Pages 11-12
- Beyond the tangible advantage, consumers use stores to get help — Page 13
- Americans want product availability and knowledgeable staff — Page 14
- The British might be good at waiting in line, but they don't like it — Page 15
- Availability of staff in-store is key to driving US footfall — Page 16
- Investment in process and customer service is required in UK stores — Page 17

Research Methodology

- Online survey designed by Advisory Insight, a bespoke market research agency led by Derek Eccleston. Derek has over 25 years' experience in working with some of the world's leading brands and is Head of Expert Services at MaritzCX, the global leader in CX solutions, helping companies deliver greater customer experiences at every touchpoint to increase customer acquisition, loyalty and lifetime value.

- Fielded to Lightspeed, a well respected, award winning partner for their fieldwork who managed the online consumer research panel.

- Field research dates: December 12-19, 2016

- Identical surveys used in the US and UK

- Median time to complete = 8.17 min

- Quotas for age, gender and region to ensure nat rep* sample in both countries

- N=1000 UK completes, 1001 US completes = 2001 total

- Differences are reported when statistically significant at the 95% confidence interval

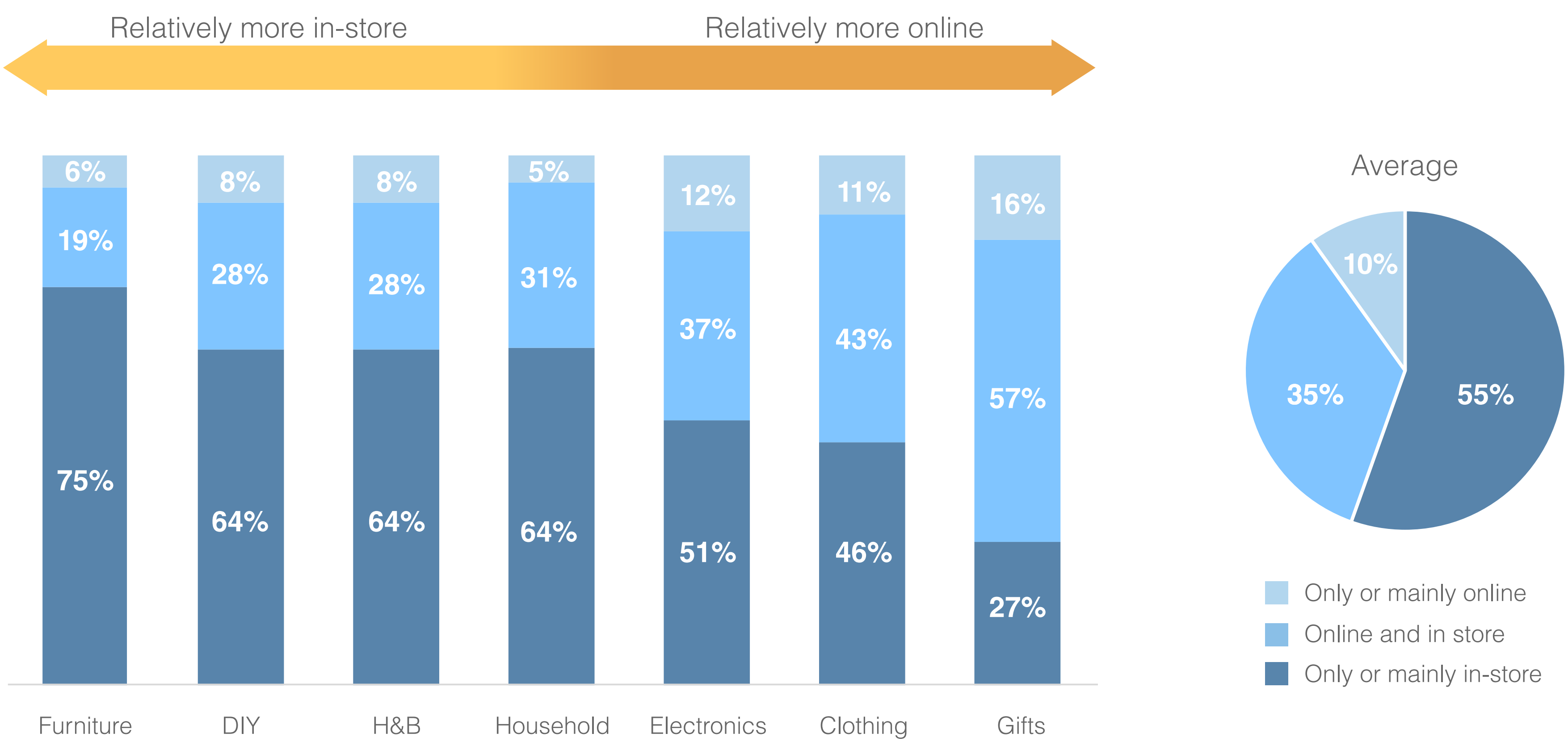
- Impact scores based on Pearson correlation coefficients

* Nationally representative sample

Stores are preferred over online in all categories in the US

Over half (55%) of US respondents rely on stores for a range of non-grocery shopping. Despite nearly 20 years of online retail, an in-store shopping trip is still an integral part of US consumer behavior. The store is used by over two thirds of those surveyed in furniture, health and beauty (H&B), and DIY purchases. For the gift category, which would have been very topical at the time of the research (December 2016), a blend of online and in-store was preferred by 57%, with only 16% choosing online exclusively.

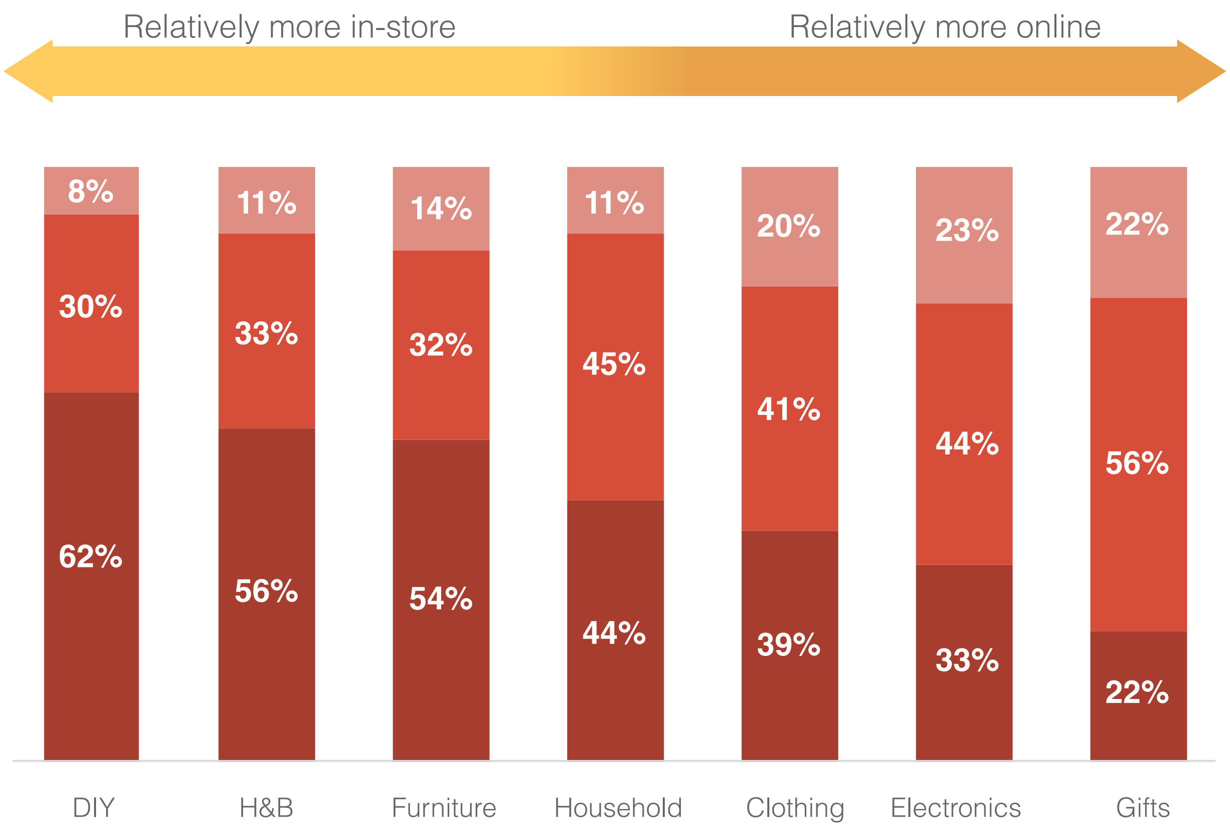
Where do you typically shop for each of the following? (US)

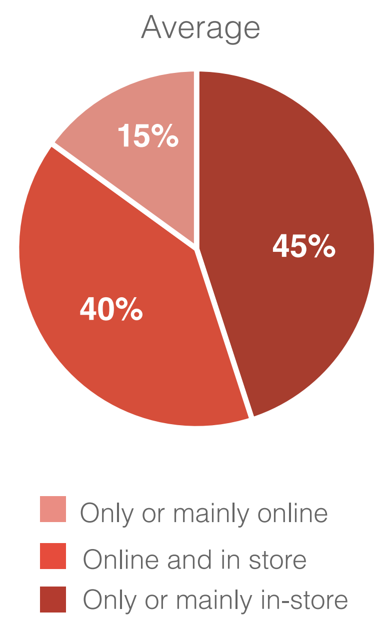


Stores are less dominant in the UK, a blend of online purchasing are preferred

Less than half of UK consumers report a reliance on the store (45%), with 15% typically shopping online across all categories. DIY, furniture and health & beauty (H&B) were the top areas for in-store shopping, with 62% turning to the store rather than the website for DIY purchases. Electronics, clothing and gifts are the top categories for online purchases in the UK. While one-fifth of gift purchases are made online, 56% prefer a blend of online and in-store for this purchases type, which is topical given the research timeframe.

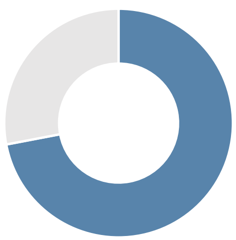
Where do you typically shop for each of the following? (UK)





Consumers are already multichannel, but the trends go deeper

When asked about channels used to research and buy, around 70% of US and UK consumers webroom*, while 50% admit to showrooming*. Buying online before collecting in-store, also known as click and collect, has convenience and speed as natural drivers, yet only 43% of US consumers and 47% of UK consumers shop this way. Around a quarter of respondents have never used click & collect and 6% have never used any multichannel option.



72%

Webroom**

(research products online before going in-store to purchase)

45%

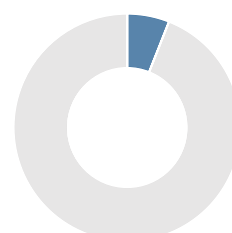
Click & collect

(ordering through the retailer's website, before collecting the product in-store)

50%

Showroom

(when a shopper visits a store to check out a product, but then purchases the product online)



6%

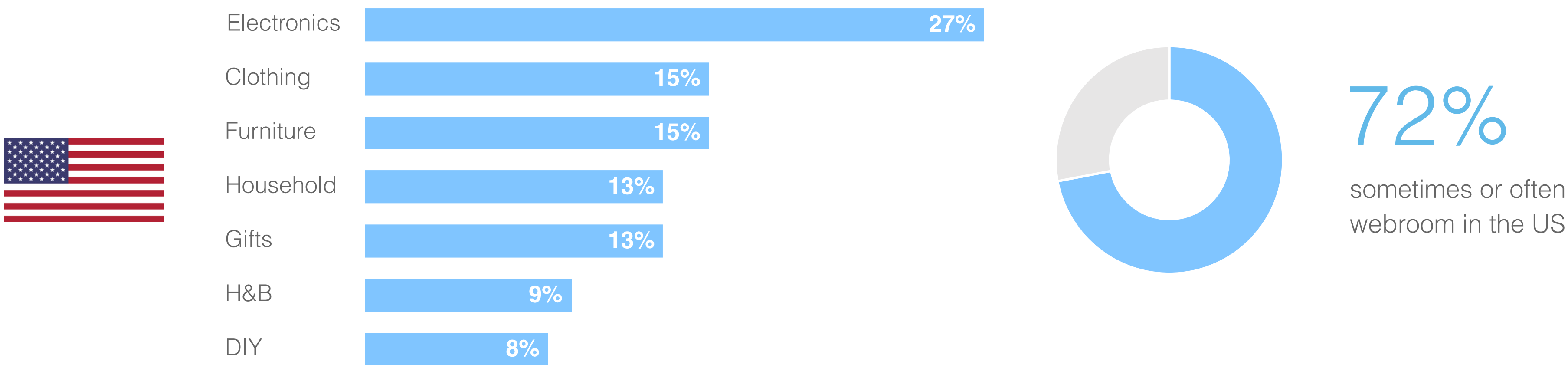
Never use any of the multichannel options

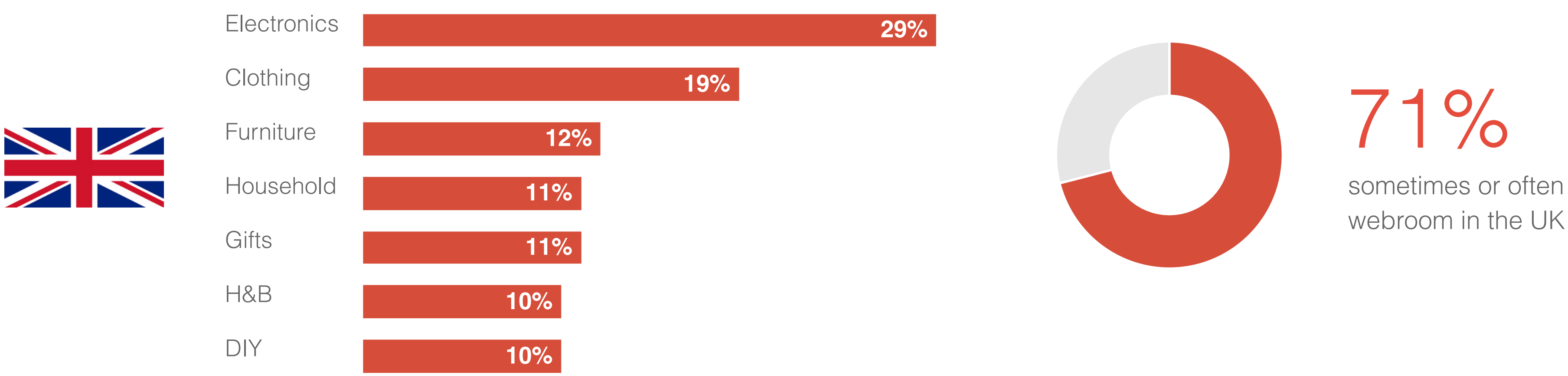
* According to a BI Intelligence report, 69% of people webroom (research products online before going in-store to purchase), while 46% showroom (when a shopper visits a store to check out a product, but then purchases the product online).
** Global averages

Multichannel consumers most likely to webroom

Trends between the US and UK are similar for consumers who research online then buy in-store, or 'webrooming', with only slight differences in gifts, household and clothing purchases. This relatively new multichannel consumer habit is especially prevalent in electronics, where around 30% shop this way. Nearly three quarters sometimes or often shop this way across all categories, which offers retailers the chance to begin augmenting stores to be less about product information and concentrating more on the final evaluation and purchase.

In which category do you most often webroom?

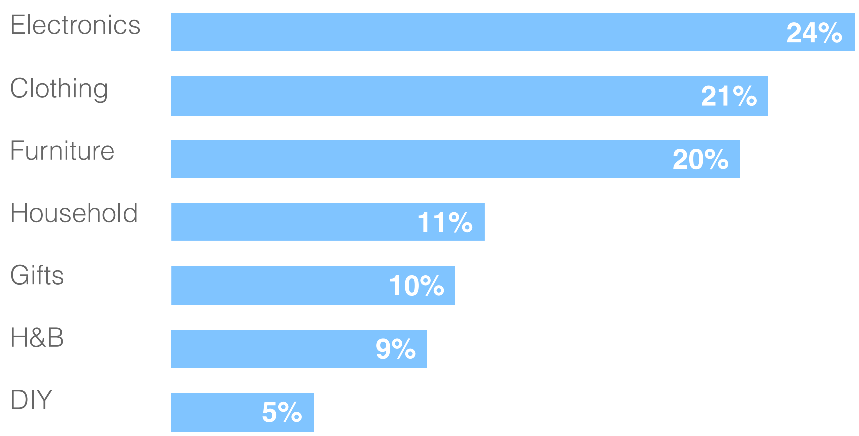




Price-driven showroomers are not converting in-store

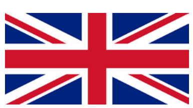
Half of US and UK consumers use the store to research purchases before buying online (most likely from cheaper competitors). Given price is the primary driver for this buyer behavior, it's surprising it's not more common. Electronics and clothing are the most common categories for showrooming, with gifts popular in the US.

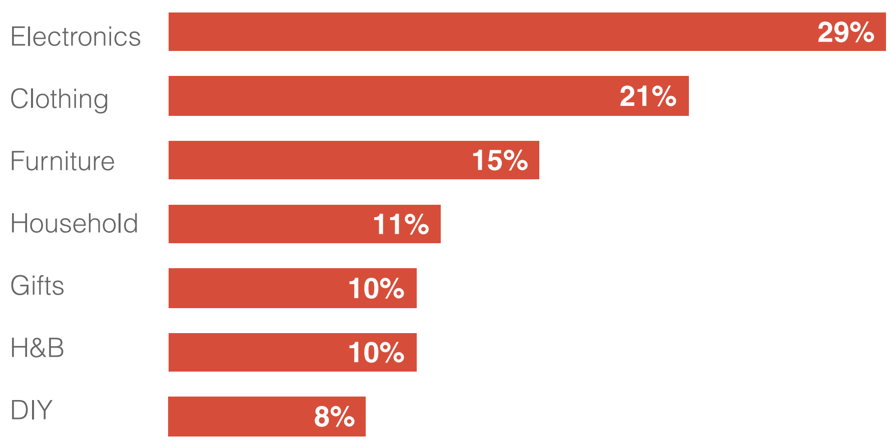
In which category do you most often showroom?



48%

sometimes or often showroom in the US





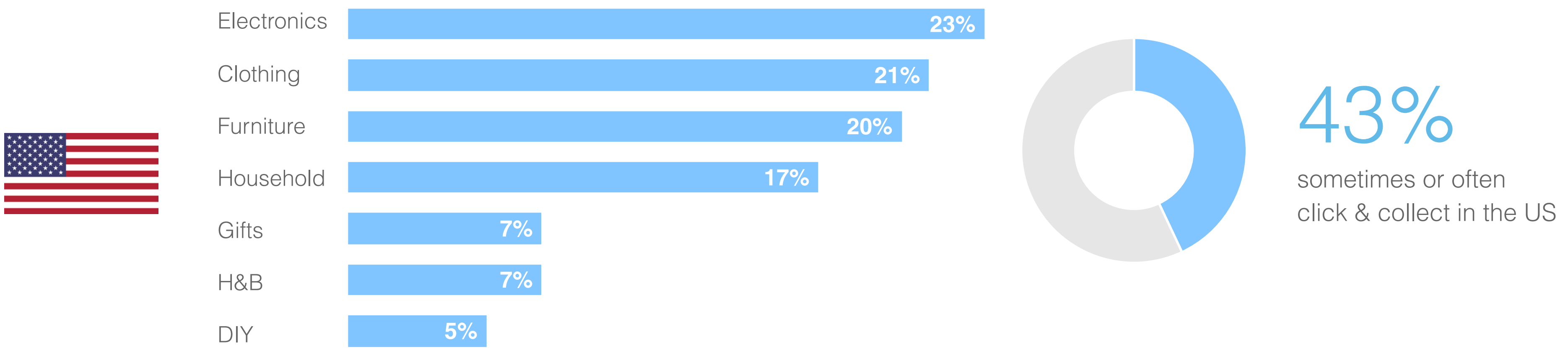
52%

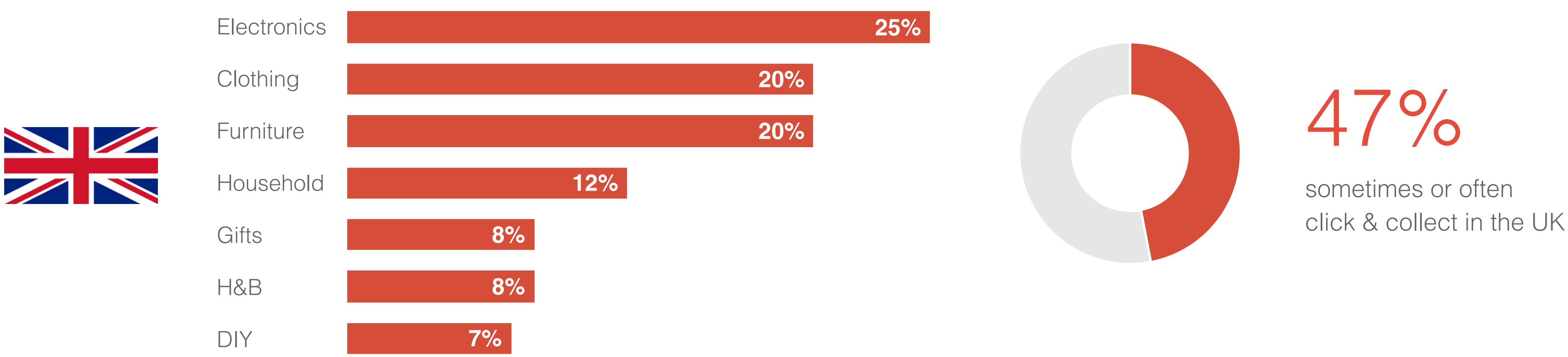
sometimes or often showroom in the UK

Retailers are retaining multichannel consumers with click & collect

Using the store purely as a collection point for purchases made online is the least common among multichannel buyer behaviors. As the purchase is most likely to be made via the retailer's own website, the challenge is for the brand to carry the experience from online to in-store. Although the practice is slightly more common in the UK than the US, household purchases are more widely click-and-collected by US consumers.

In which category do you most often click & collect?

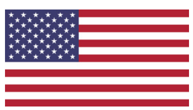


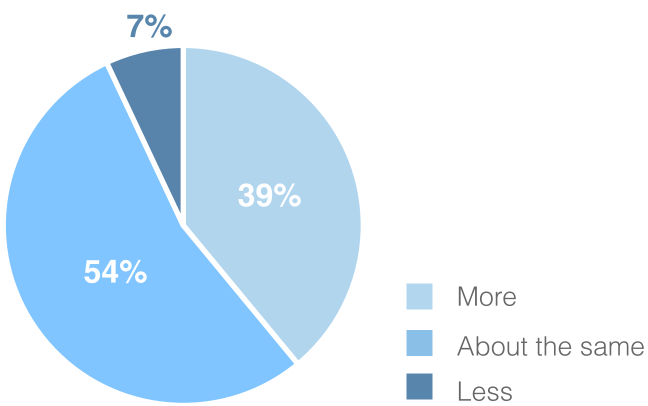


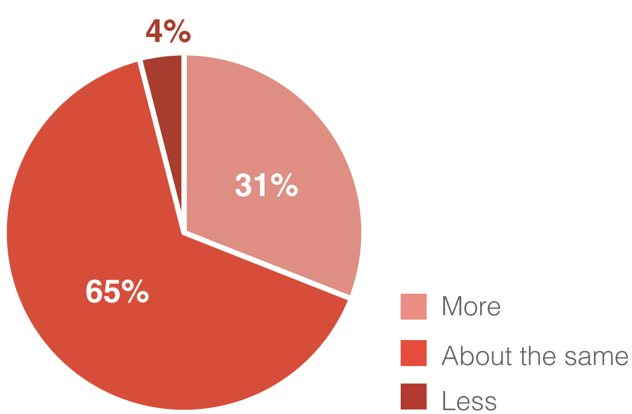
Online purchasing plateaus

Around 30-40% of consumers increased online spend in the last year, but up to 76% expect it remain the same in the next 12 months. The swing between those who increased spend in the last year, but now expect more constant spend in the next year is around 10% across both territories. A stubborn minority of 6-7% in the US reported online purchases to decrease over both periods.

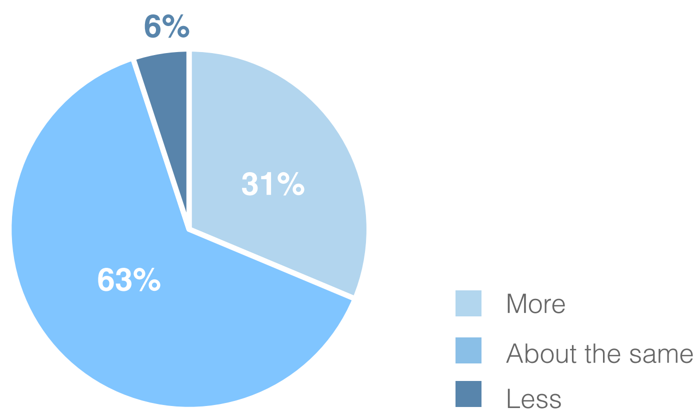
Do you shop more or less online than one year ago?

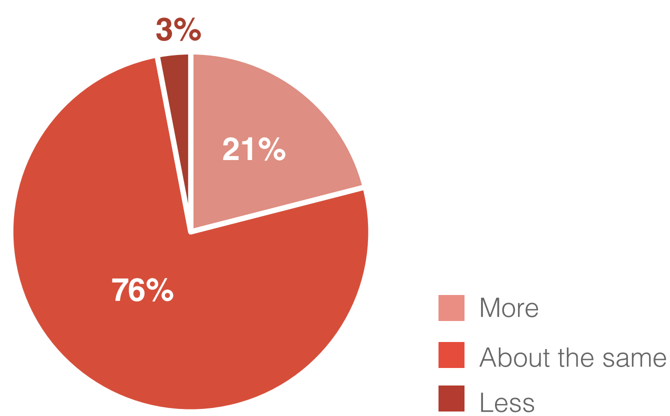






In the next 12 months, will you shop more or less online than you do now?

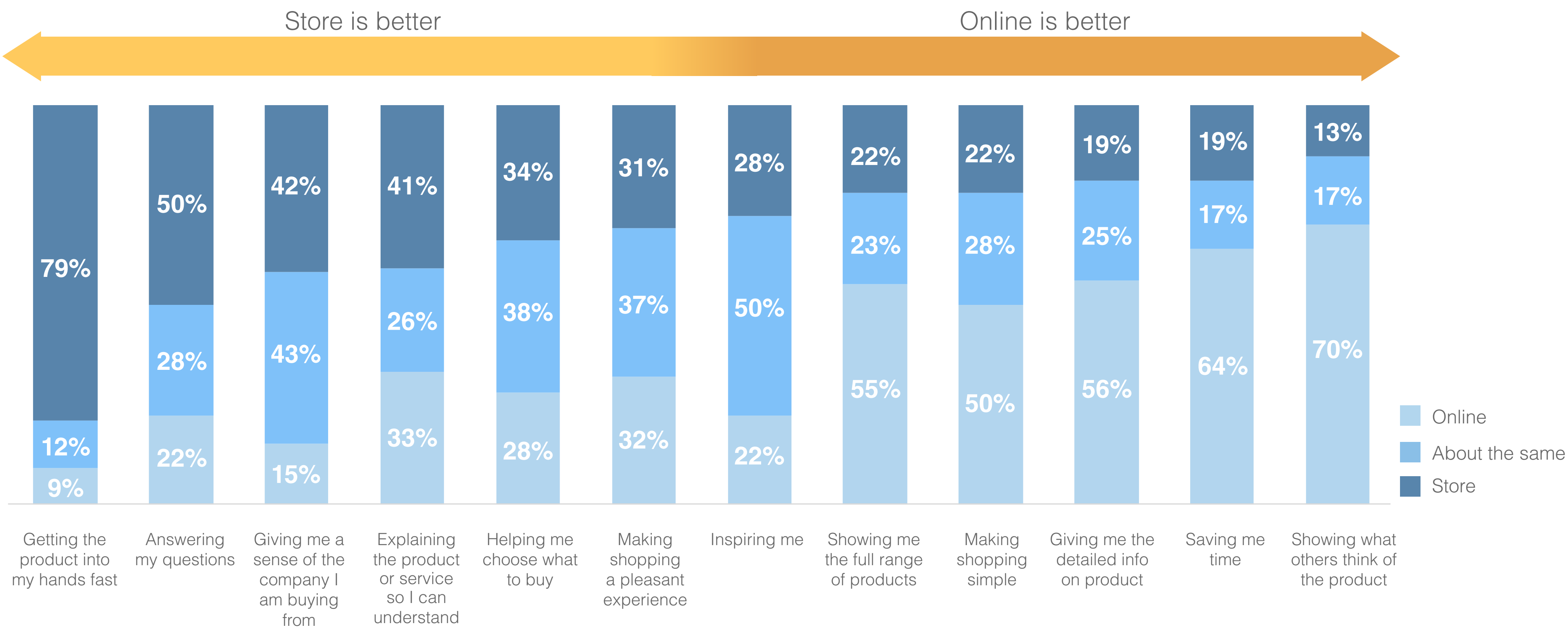




US consumers are looking for help and brand reassurance

Aside from the obvious advantage of fast access to products when in-store shopping, the wider role of the US store is clear: answer product and service questions, and give a sense of the company. Half of US consumers need answers about products and over 40% rely on the store to get a feel for the company, as opposed to only 15% for online experiences. The store is less used to see the full range of products, getting detailed product information and seeing peer-to-peer product reviews, where online naturally excels.

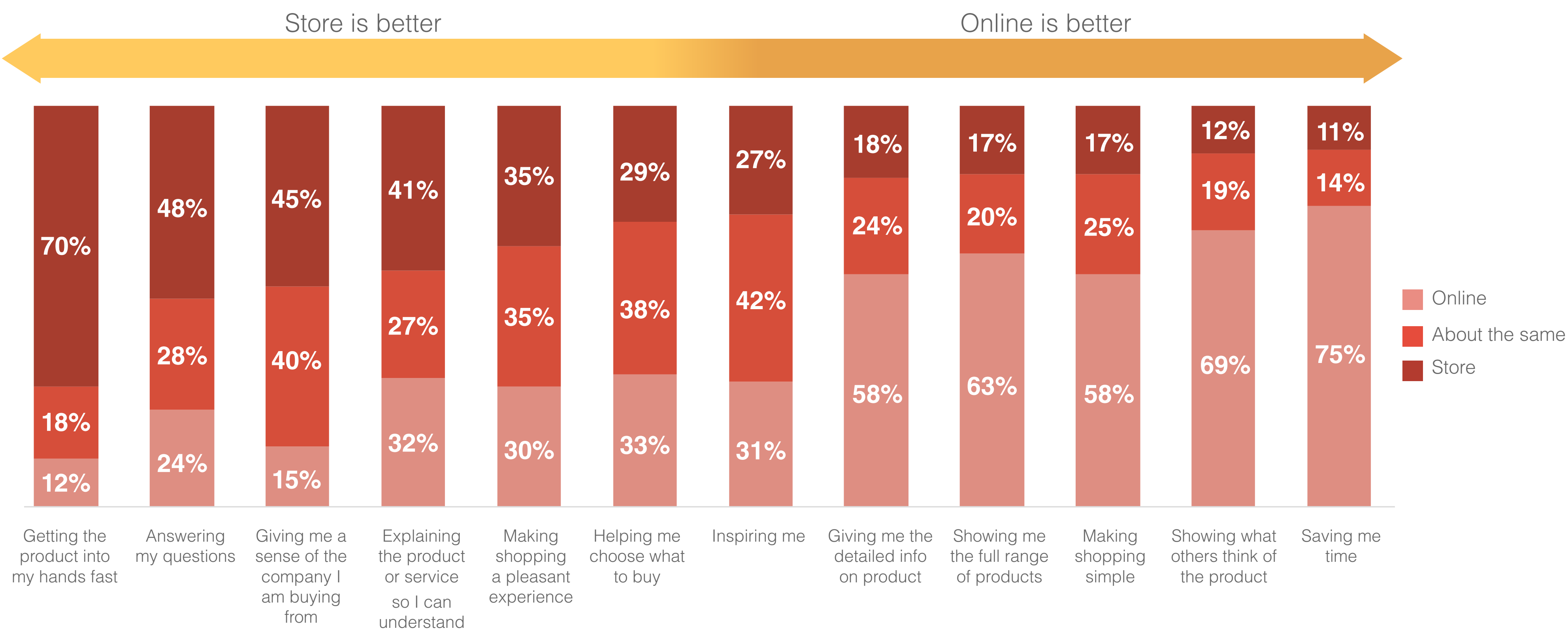
Which is better for each of the following? (US)



UK shoppers are looking for customer experience

UK consumers mirror the US in expecting answers to questions and brand reassurance from the store, but making shopping a pleasant experience was a notably more important role of the UK store. Getting hold of products was about 10% less important than in the US, possibly reflecting a trend toward the high percentage of people relying on the web to save them time — a 10% difference between the US and UK.

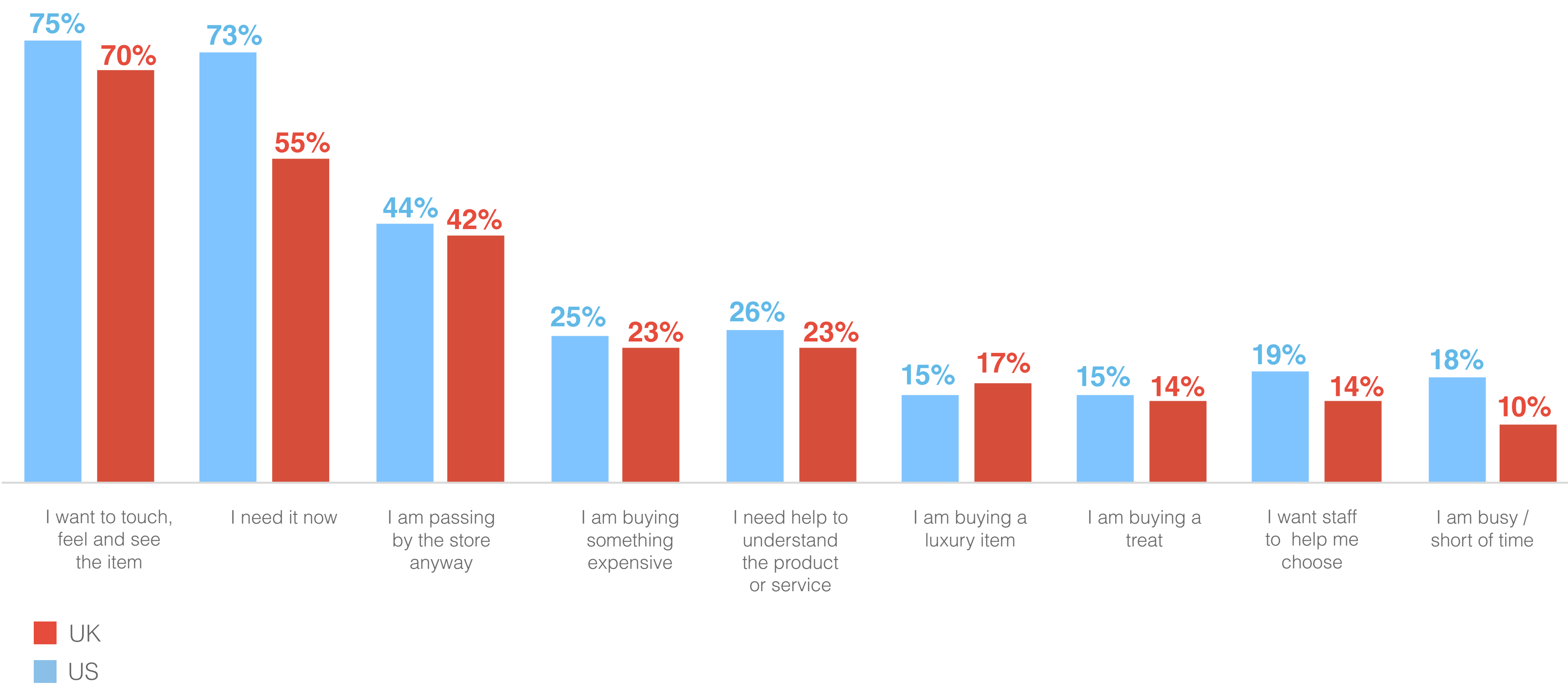
Which is better for each of the following? (UK)



Beyond the tangible advantage, consumers use stores to get help

When asked about the situations that encourage store visits, the obvious logistical advantages of the store prevail. Beyond this though, a quarter rely on the store to provide help in understanding the product, confirming the need for well-informed staff in-store. Immediacy was a particularly strong reason for store visits in the US (73%) and the UK (55%), which when linked with the click & collect findings, this could be strategically advantageous for store planning.

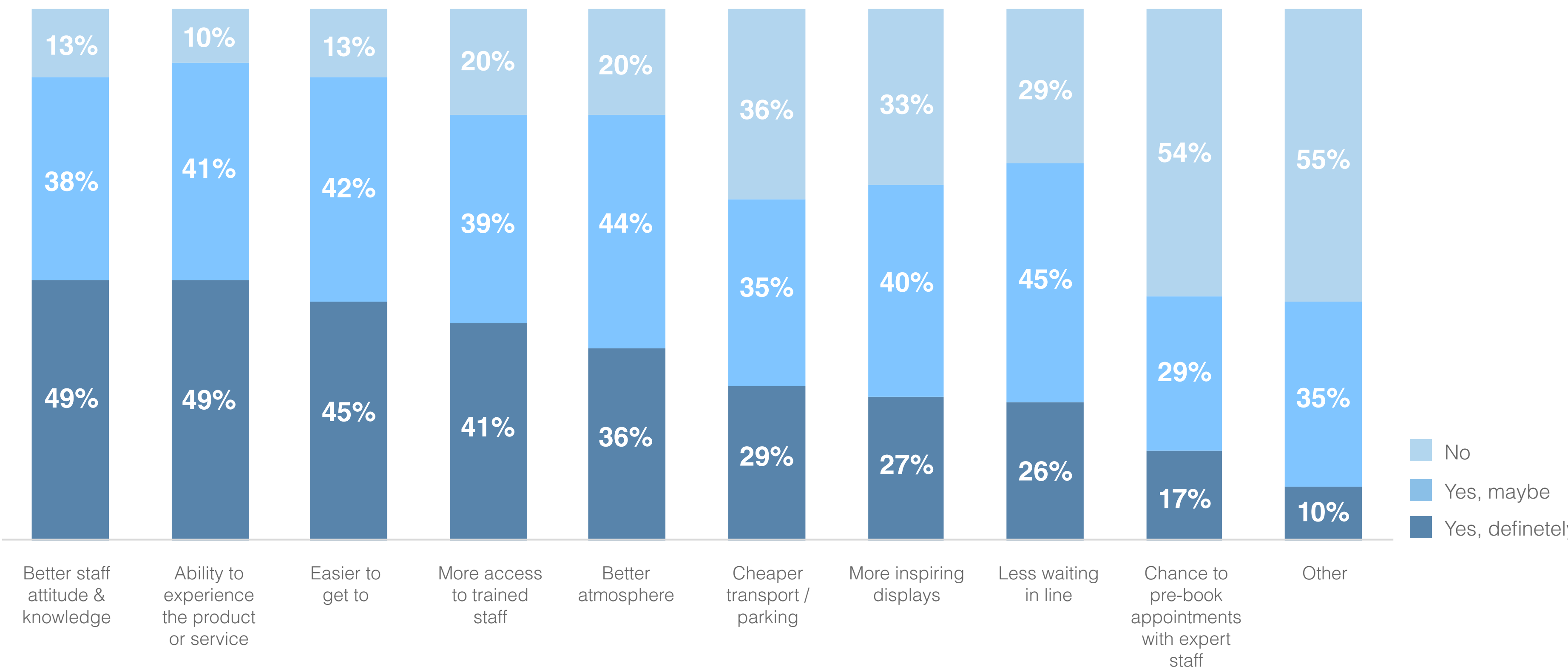
Which of these situations encourage you to visit the store?



Product availability and staff are key to driving US footfall

When asked about the in-store improvements that would increase footfall, 90% of American shoppers reported that the ability to experience the product would be important. Given the trend for retailers to have less stores, but those that remain have a larger footprint (and increased product availability), this finding will be welcomed. Utilizing online stock checkers would presumably further enhance the experience too. Access to trained staff (80%) and better staff attitude and knowledge (87%) are clear areas retail management can leverage their advantage over online.

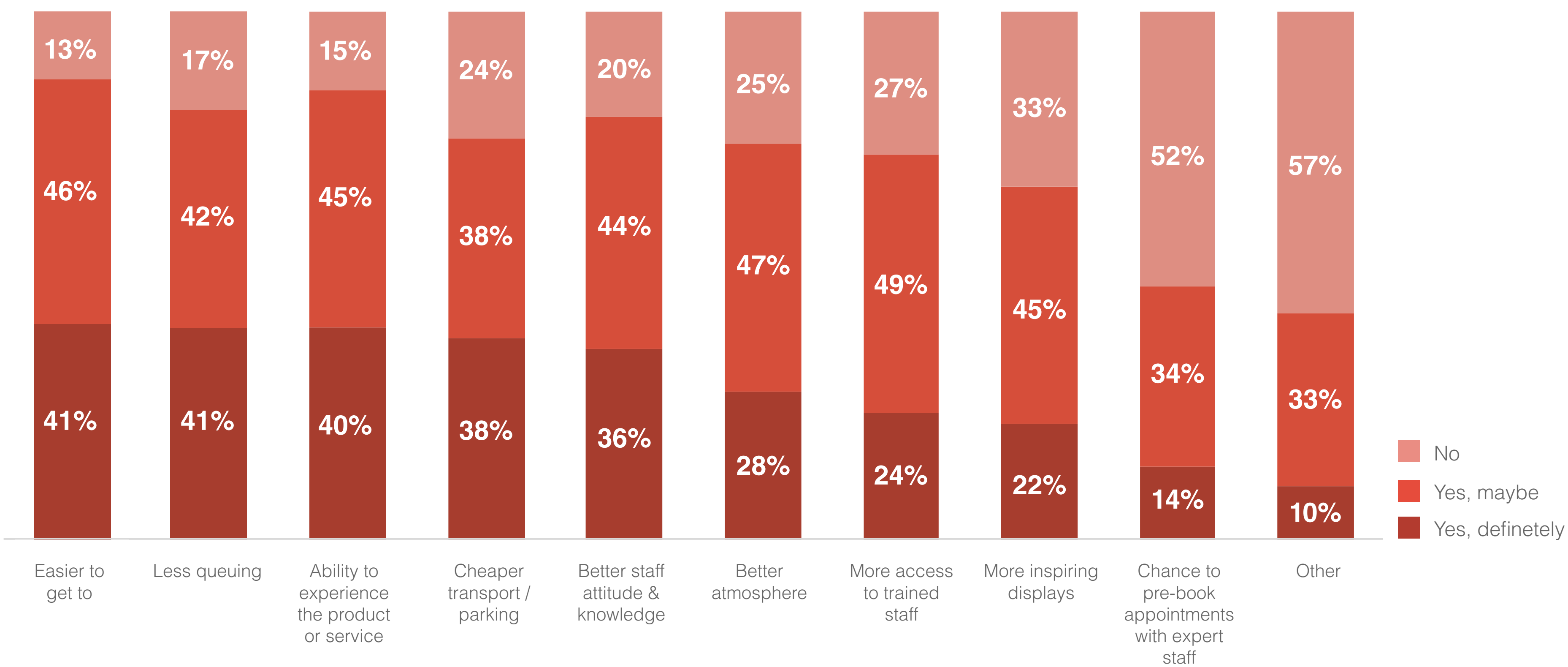
If retailers improved any of the following, would you visit their stores more often? (US)



The British might be good at waiting in line, but they don't like it

Despite the country's famed abilities at waiting in line, the average British consumer would still appreciate less when they visit the store, with 83% saying not having to wait in line would encourage them to go into a store more often. Increased access to trained staff (73%) and better staff attitude and knowledge (80%) are other key drivers.

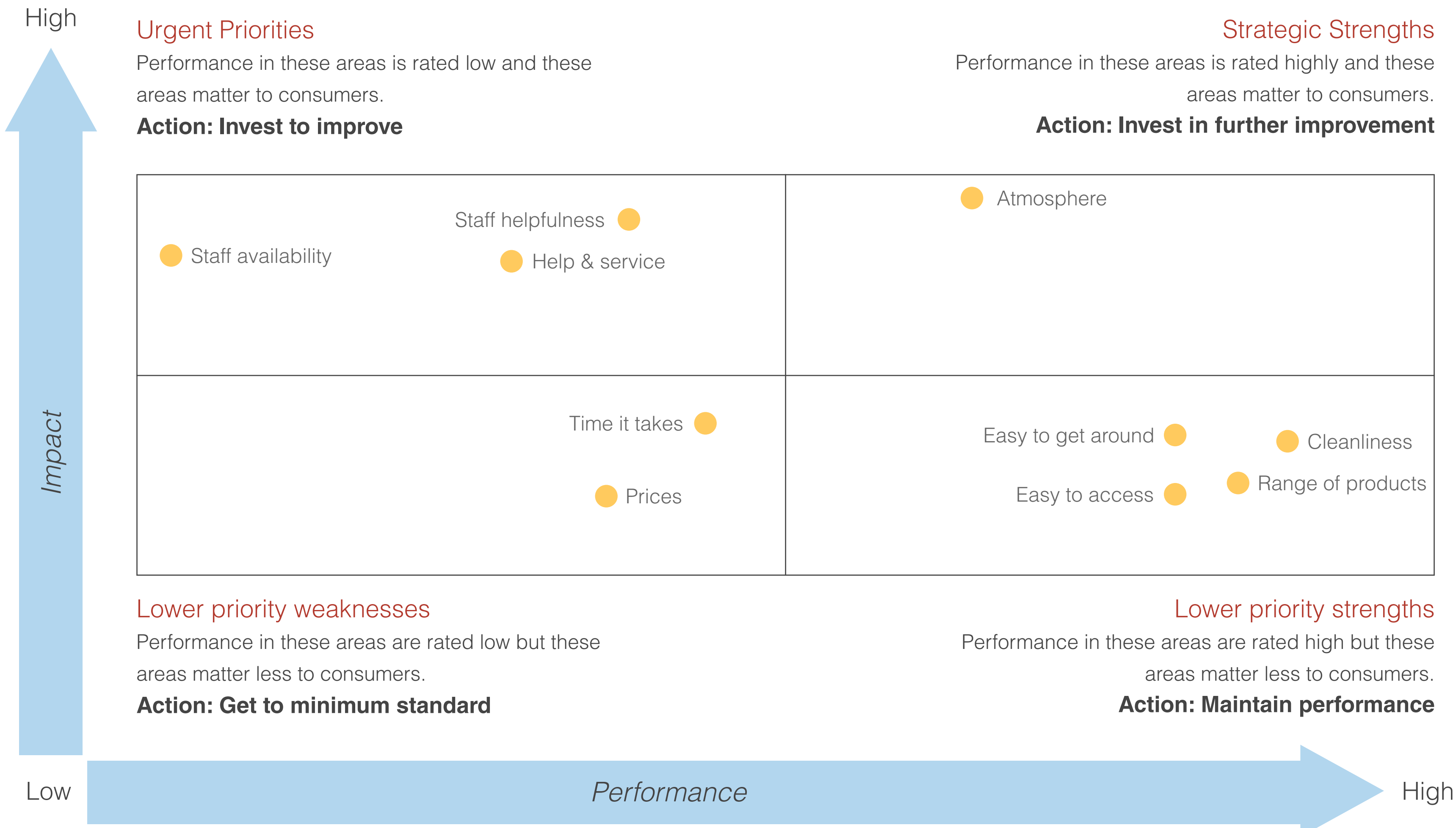
If retailers improved any of the following, would you visit their stores more often? (UK)



US Customer Experience Perceptions* - Staff availability is a critical in-store weakness

In the US, the lack of available staff is highlighted as a fundamental barrier to increasing footfall. Other urgent priorities suggest some training needs to improve helpfulness and service. Atmosphere in-store was rated as a key strategic strength of the store and again is a key competitive advantage to online sales. While product range, accessibility and cleanliness rated well, they are less important to the overall experience. Surprisingly, time and price were deemed lower priority weaknesses and therefore little or no investment is recommended.

Thinking about your retail store experiences over the last 12 months, how would you rate them on the following? (US)

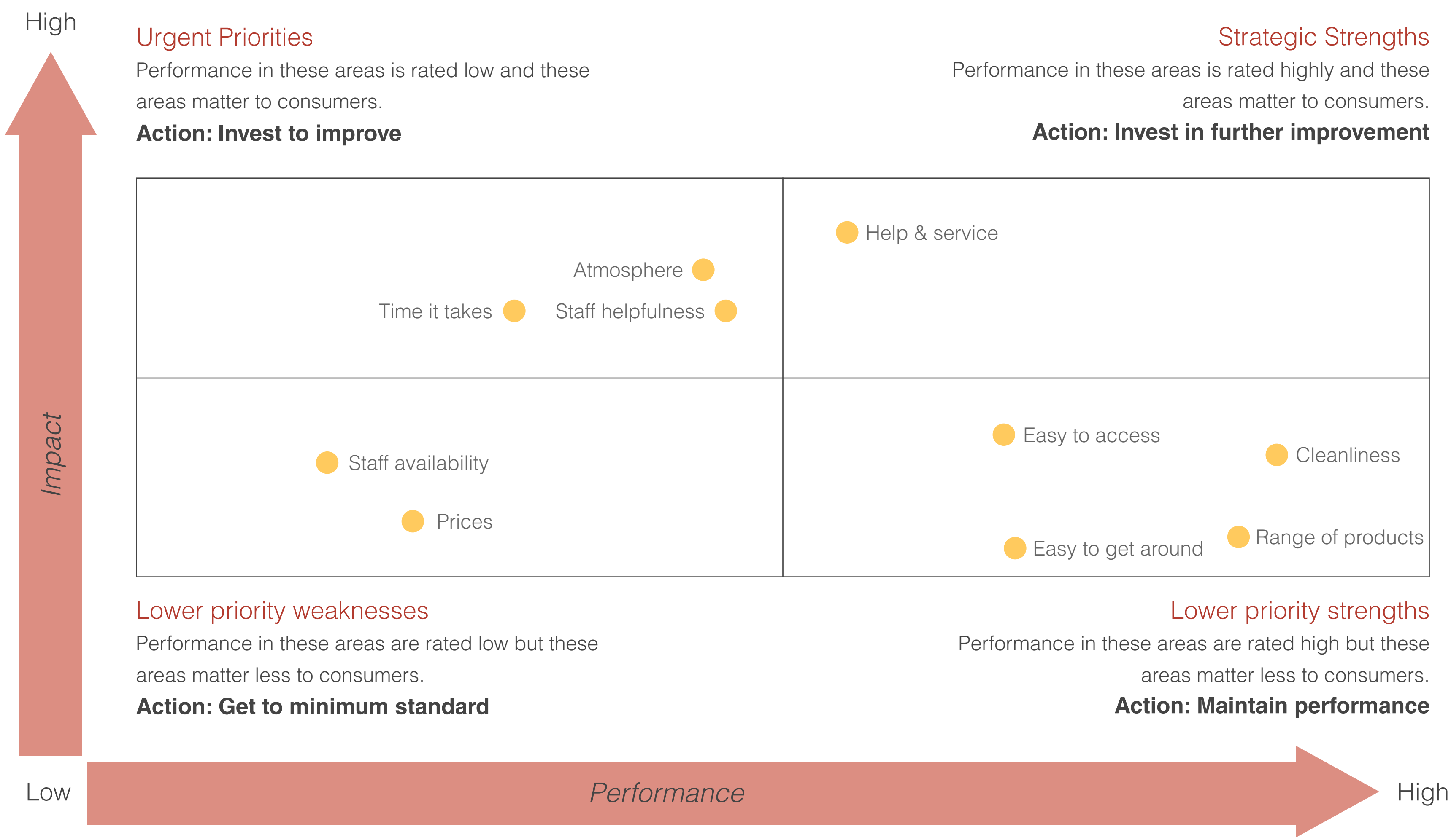


* When we plot responses to questions about the impact of certain in-store features against their relative performance, we begin to understand what is required to deliver positive in-store experiences.

UK Customer Experience Perceptions* - Investment in process and customer service required

In the UK, the time taken to perform in-store processes is highlighted as an area for urgent investment, with staff helpfulness and atmosphere areas for particular attention. Despite the urgency of other staffing issues, staff availability is not a high impact requirement. While the performance of product range, accessibility and cleanliness is good, their impact is less important to the overall experience. Time taken and price were deemed less important strengths in the UK, so the requirement is to only maintain performance.

Thinking about your retail store experiences over the last 12 months, how would you rate them on the following? (UK)



* When we plot responses to questions about the impact of certain in-store features against their relative performance, we begin to understand what is required to deliver positive in-store experience.

Conclusion

We shop in a multichannel world and although online shopping is increasing, the store is important and will remain so for the foreseeable future. However, retailers cannot be complacent; consumers have given clear indication that staffing and atmosphere must be improved to retain their loyalty.

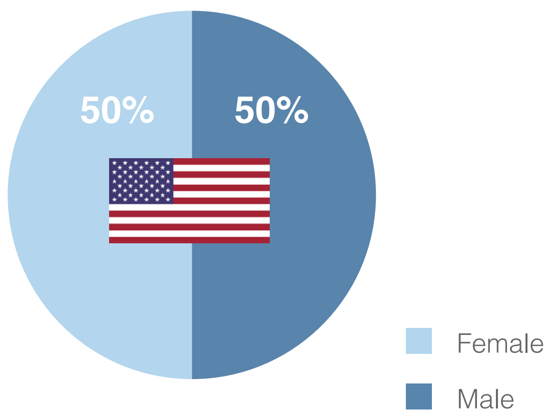
The vast majority of consumers are already multichannel and familiar with using more than one channel within the same purchase journey, but there's no consistency in these habits. Consumers constantly alter their behavior by category, few are consistent in their channel preferences. Understanding when and where consumers choose certain purchase paths is a clear goal for retailers to more intimately understand the complex modern customer.

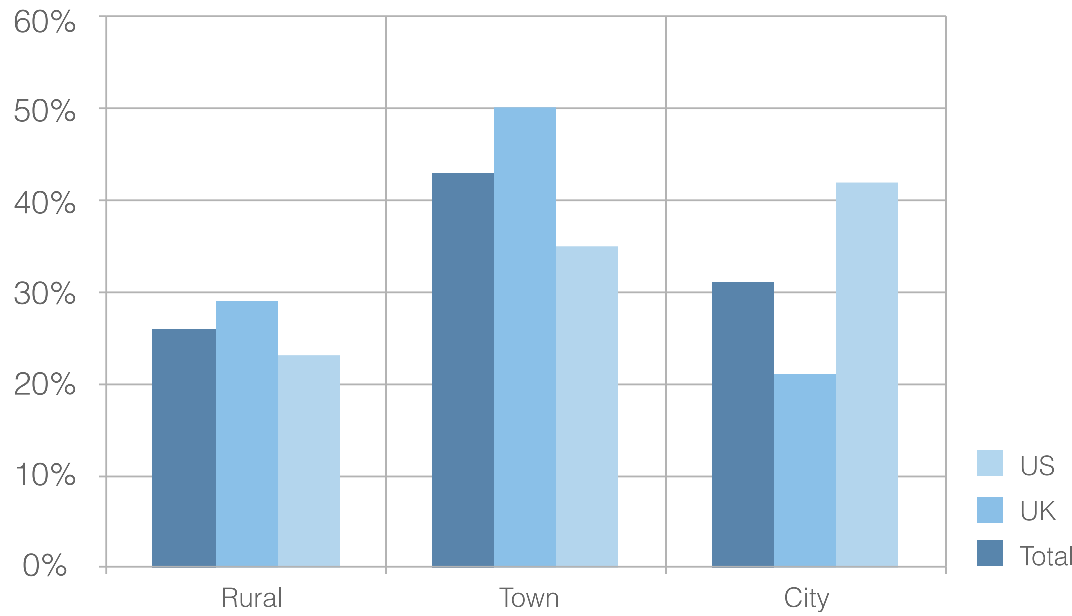
Overall the retail store experience is good, but it could be better in areas like staff help and service. Despite the price-conscious culture of retail, in-store consumers are less concerned with getting the best deal. Atmosphere was reported as a key reason for in-store shopping and an area that needed urgent investment. The role of the store has changed from a convenient method of purchasing goods and services, to one of elevated emotional experience where shoppers expect to be given a high level of service, care and expertise.

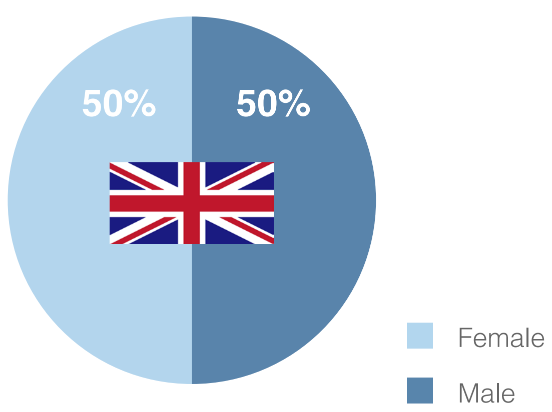
The opportunity for stores is to deliver a better customer experience in several key areas; notably giving a sense of the company, answering questions and helping understand the product. This is a key shift in strategy for retailers who now need to focus on the core differentiators. Getting the product fast and the desire to touch the product are givens; help, service and atmosphere need to be improved as they are key drivers of future in-store experiences.

Appendix

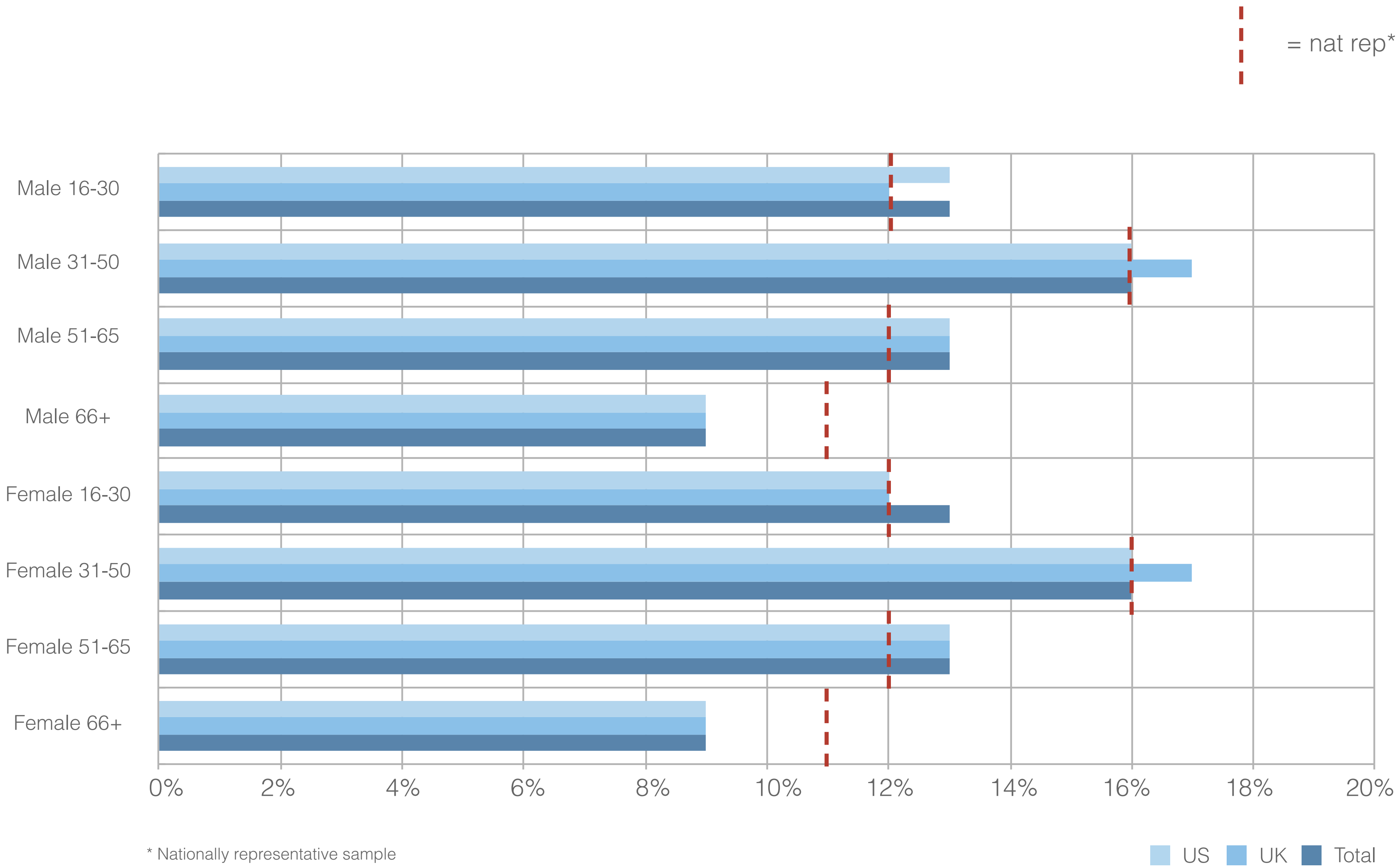
Respondent profile





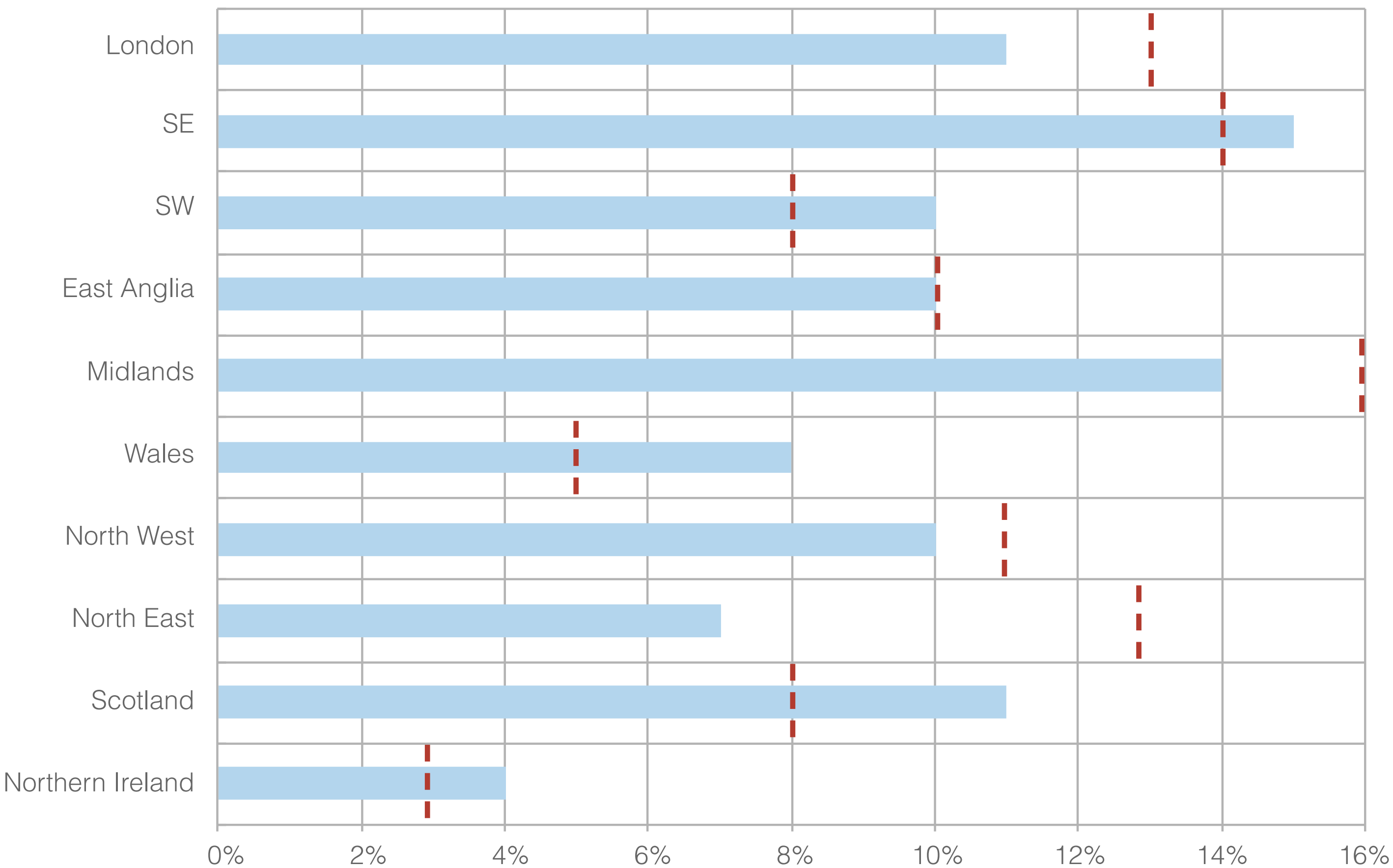


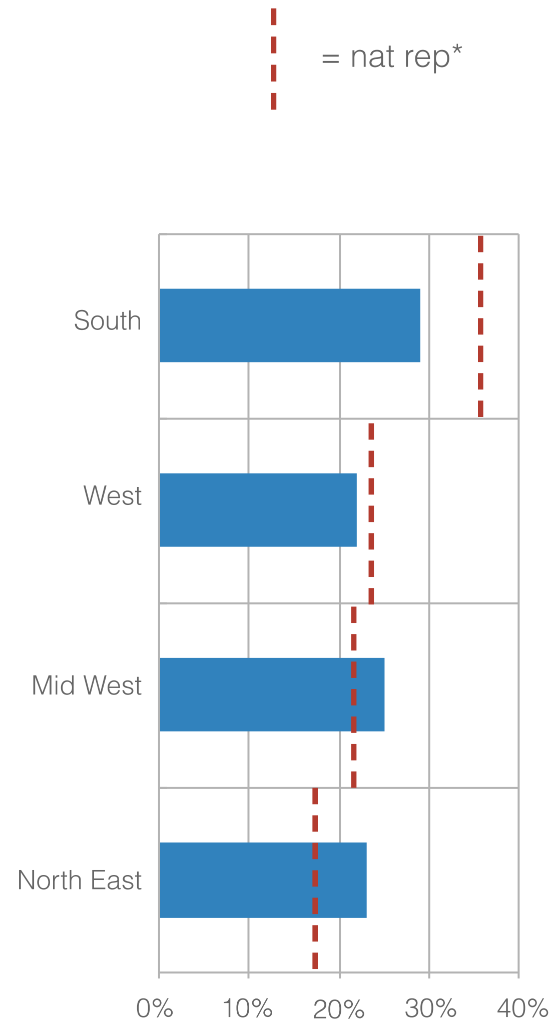
Respondent profile



* Nationally representative sample

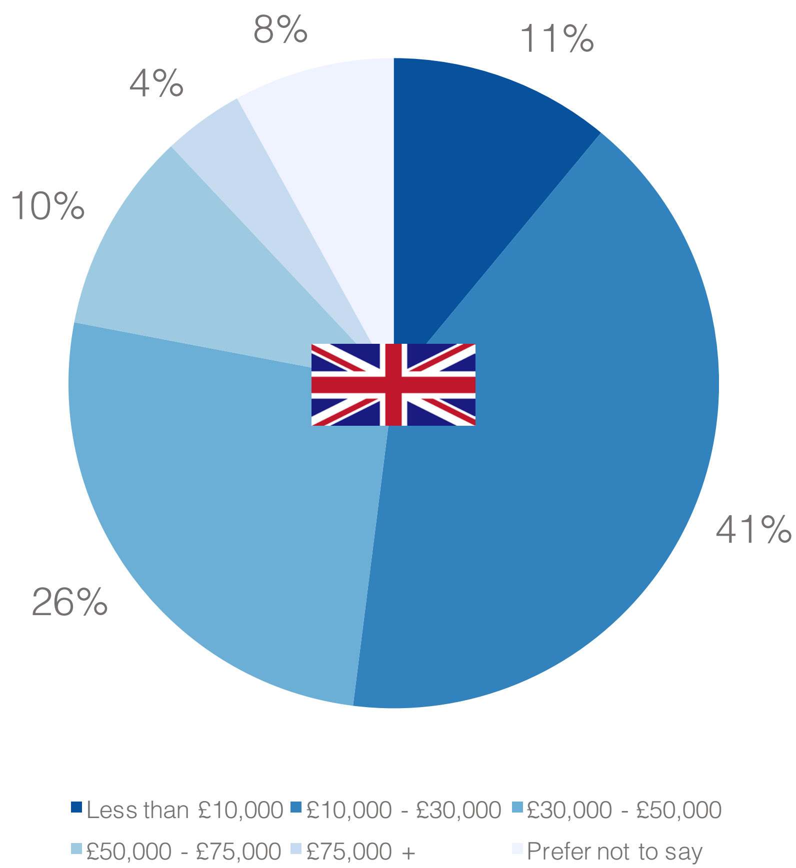
Respondent profile

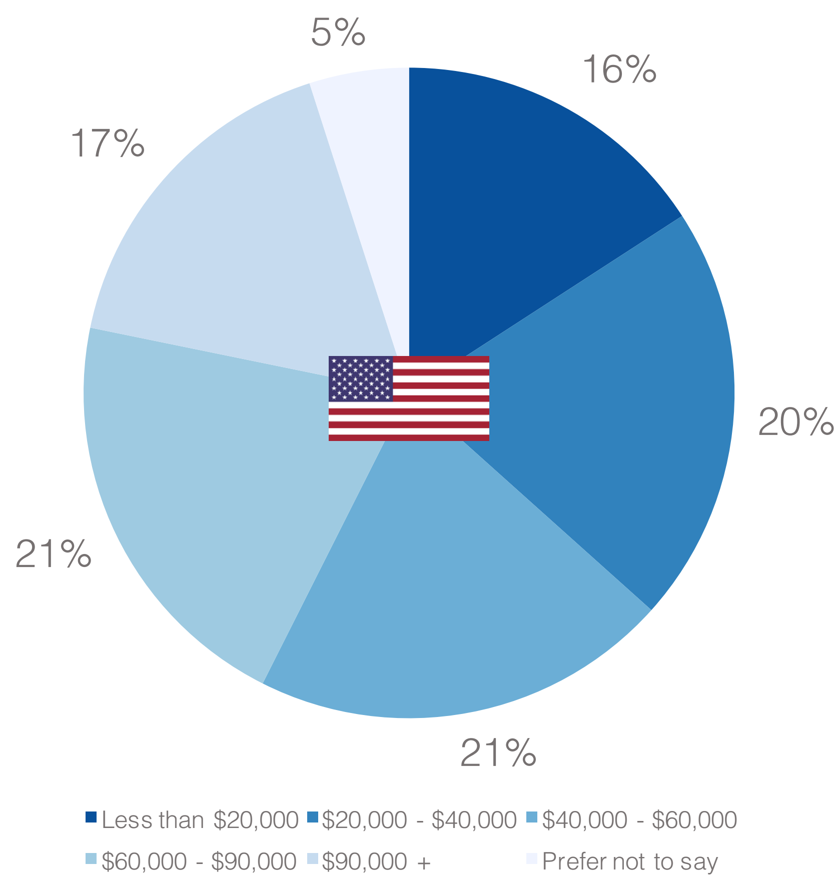




* Nationally representative sample

Respondent profile: household income





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