

The state of consumer behavior

[2020]



Here's an experiment: head to Google and search for "retail is dead."

What do you see? Stories about Toys R Us, Sears, and Payless, combined with waves of store closures, have turned the discussion about the future of retail into a conversation with a foregone conclusion. People believe the age of retail has ended because that's what they expect to see. What they don't realize is that retail is not dead – it's evolving into something new.

Retailers are not blind to the pressures they face from ecommerce. On the contrary, technological advancements and innovations from other industries have driven retailers to come up with new and better experiences to address the needs of modern shoppers. The better a retailer understands its customers, the more relevant experiences that retailer can provide.

We wanted to learn the truth about the future of retail, free from preconceived ideas about its future. So, we conducted a survey of 1,000 American consumers in January 2020 to ask them about their habits, preferences, and expectations regarding in-store and online retail experiences. What we discovered painted an interesting picture about the future of retail:

- Of respondents aged 18 to 34, 55% prefer to shop online, while 57.5% of those over 35 prefer to shop at physical locations.
- People of all ages who prefer shopping online name convenience as their primary motivator. For young people, access to discount codes came second at 23.3%, while older shoppers enjoy the ease of price comparison (11.2%) and transaction speed (10.9%)
- People who prefer to shop at physical locations name the ability to see and touch products as their primary differentiator (40.3%), followed closely by an enjoyable shopping experience (38.4%).

- For men, the shopping experience (44%) is more important than the ability to see and touch products (23.4%). Women feel differently, with 45.7% prioritizing the physical presence of products and 34.6% preferring the experience.
- People shop online more than they used to. In our survey, 47.6% of respondents had increased their online spending, with only 16.5% saying their spending had decreased.
- Some people shop less in physical stores, but most shop the same amount (43.7%).
- The omnichannel experience is critical, especially regarding price comparisons. More than 68% of respondents had searched for a better price online after finding a product at a physical store.
- Most people appreciate human customer service reps, with 62.4% finding store associates helpful.
- 68.9% of people said a good in-store experience is either important or very important to them.
- Price remains king, but experiences provide differentiation. While 56.6% of respondents said they would shop more at physical locations for exclusive discounts not available online, 22.8% said they would shop more if store owners provided unique experiences.

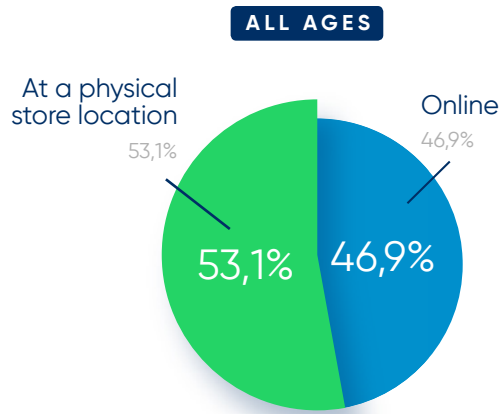
Confused? Don't worry. Our research helped us discover four secrets lying beneath the surface in the retail shopping landscape.

SECRET #1

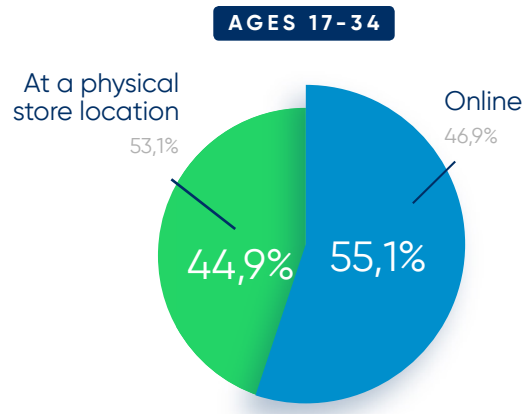
Different groups prioritize different things.

Yes, young people prefer online shopping more than old people. The difference is slight, though.

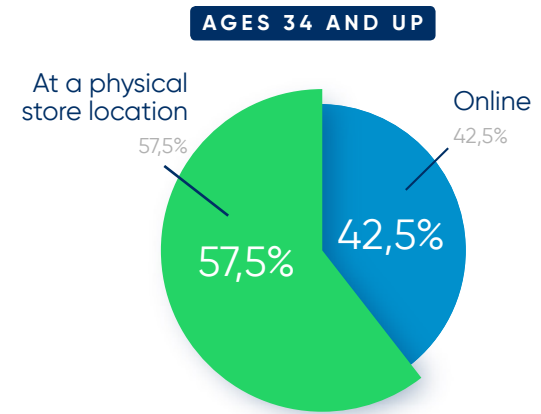
Generally, how do you prefer to shop?



People generally prefer to shop at physical locations, by a margin of 53% to 46%.



When we looked at how age and gender change the numbers, people aged 17 to 34 prefer online at 55.1%.



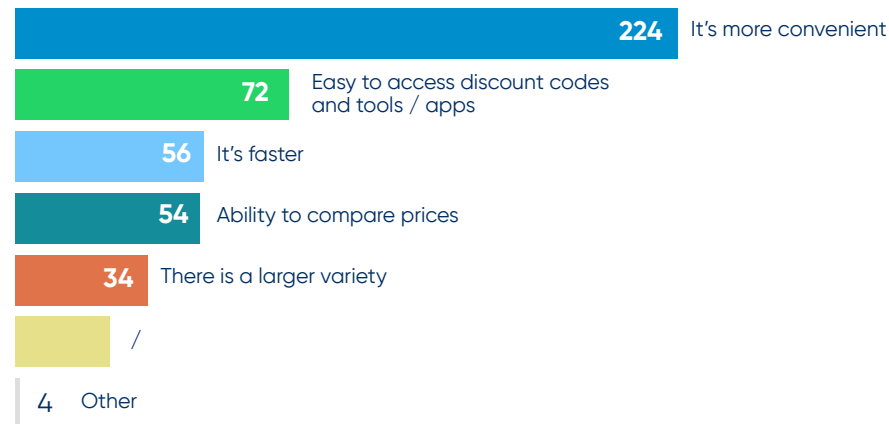
Those over 34 prefer physical stores to online shopping at 57.5%.

Ages aside, men and women prefer in-store experiences to online shopping at 54.5% and 52.7% respectively. Young people of both genders still narrowly prefer to shop online.

Why shop online or offline?

Across all respondents, 47.8% prefer to shop online because of the convenience, the most common reason by far. Of the rest, 15.4% like discount codes and tools best, while 11.9% appreciate the speed of the transactions.

What's the primary reason you prefer to shop online?



When we looked at age groups again, we found striking differences in their reasoning for shopping online vs. offline. Younger people who prefer online shopping were much more enthusiastic about discount codes (22.3%) while older shoppers were more interested in comparing prices (11.2%). Both groups still named convenience as their top factor when choosing online.

What's the primary reason you prefer to shop at a physical location?



For those who shop offline, all groups named the ability to see and touch products (40.4%) as their top factor, with the experience of in-person shopping taking a close second (38.4%).

Why shop online or offline?

Across age groups, these numbers remained consistent. In comparing men to women, however, we found that women are far more tactile than men.

What's the primary reason you prefer to shop at a physical location?

WOMEN



Of women who prefer to shop in person, 45.7% name the ability to see and touch products as their primary motivator, with 34.6% saying they enjoy the experience of shopping in person.

What's the primary reason you prefer to shop at a physical location?

MEN



Men reversed those priorities, with 44% enjoying the experience and only 23.4% saying the presence of the physical products mattered most.

The big secret? People are different, and they want different things. Retailers that sell more to one group than another must keep the priorities of their target audience in mind.

SECRET #2

People who want something specific want to shop in person.

Some people prefer to shop online, while others prefer the in-store experience. When we asked where people prefer to find certain products, however, we found that everyone vastly prefers to shop in person.

We asked respondents where they like to buy products across five different product categories. People greatly preferred to shop for household goods, such as groceries and cleaning products, in person, at a ratio of 84% to just 16% for online.

Clothing, shoes, and personal accessories had the closest split between in-person and online preferences, but even then, in-store shopping beat online shopping 61% to 38%.

Confused? Don't worry. Our research helped us discover four secrets lying beneath the surface in the retail shopping landscape.



Electronics (Cell phones, computers, TVs, etc)



Household goods (Grocery, cleaning products, etc.)



Clothing, shoes, and personal accessories



Personal care items (Facewash, makeup, hair products, etc)



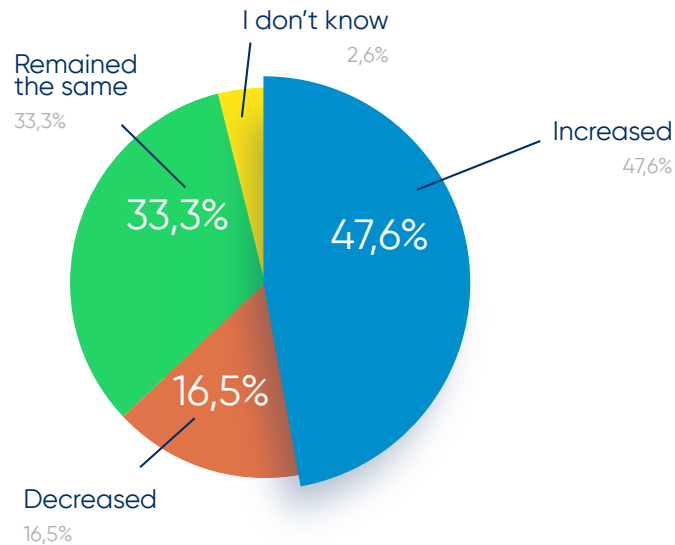
SECRET #3

People are shopping more in general.

True, some of those shopping less in person have moved their activities online. However, our numbers show that most people are either shopping the same amount or more on both fronts, indicating that both online and offline retailers are riding a wave of shared consumer activity.

Has this amount increased or decreased over the past year? (Online shopping)

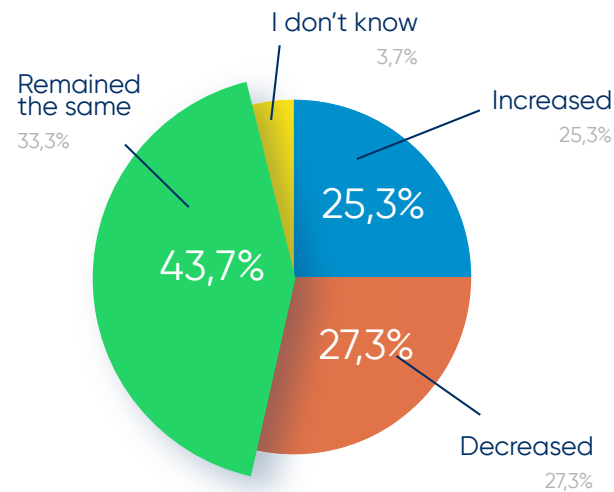
ALL AGES AND GENDERS



Our survey found that 43% of respondents were shopping more online, with 16.5% shopping less and 33.3% shopping about the same. These numbers remained consistent when accounting for age and gender.

Has this amount increased or decreased over the past year? (Offline shopping)

ALL AGES AND GENDERS



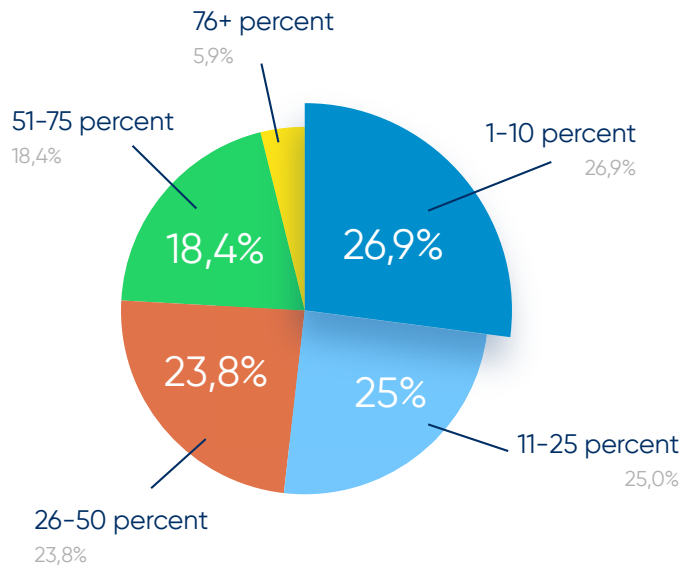
Regarding offline shopping, 25% of respondents were shopping more, with 27% shopping less and 43% shopping about the same.

SECRET #3

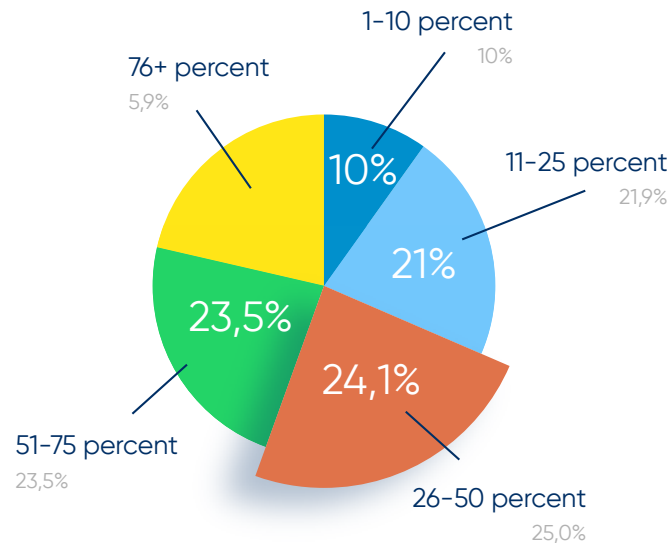
People are shopping more in general.

With the rise of online shopping, many have assumed retail must be dying to make up the difference. As our research indicates, that is not the case.

What percentage of your shopping last year (2019) was done online?



What percentage of your shopping last year (2019) was done at physical stores?



These figures could be a sign of general economic prosperity among the survey group. Should a recession occur, shoppers may show a stronger preference for one channel over another.

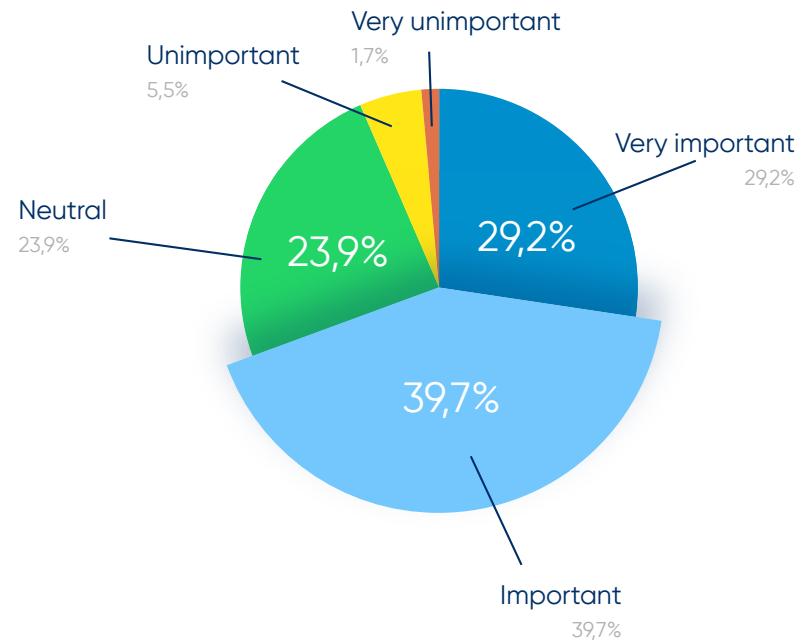
SECRET #4

Great in-store experiences make a massive difference.

Some people named the in-store experience as the most important factor driving them to shop in person. Even among those who looked at prices first, however, experiences remained a major factor.

Of the total group, 39% rated in-store experiences as important, with 29.2% saying experiences were very important. Only 7.2% said in-store experiences were unimportant or very unimportant, with 23.9% staying neutral.

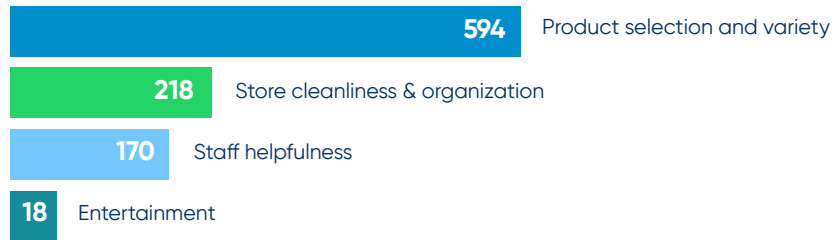
How important is the in-store experience for you when shopping at a retail store?



SECRET #4

Great in-store experiences make a massive difference.

What factor has the biggest influence on your in-store experience?



When we asked what creates a good in-store experience, product selection and variety came in a strong first with 59%. Store cleanliness and organization came second at 21.8%, with staff helpfulness a close third at 17%.

What can store owners do to encourage you to come shop in person more?



Store owners looking to attract larger crowds should entice shoppers with offline-only discounts. Our research found that 56.6% of buyers would visit more for exclusive deals, while 18.9% would come for products they could not find online. Retailers should also consider offering unique and fun experiences, which 22.8% said would get them to visit more often.



What's Next for In-Store Retail

Look beyond the narrative of retail's demise to see the truth. Retail may not look the way it used to, but change is good. Shoppers need physical locations and will continue to need them for decades to come. The stores that thrive in the chaos will entice shoppers with better experiences and give them the tactile reassurance that online sellers will never be able to match.

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