

REPORT

Retail Industry Report

2016

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INTRODUCTION

Today's digital-first shoppers are given a variety of options when making a purchase. As a result, those who still choose to make the trek to a physical store are armed with information and ready to compare.

With so much focus on the retail industry's shift to digital, it's easy to forget that consumers are still making purchases in-store, and doing so often. Retailers who fail to meet the needs of today's well-researched brick-and-mortar shopper risk being ousted by their competitors. This moment presents a difficult choice in navigating the in-store sales environment: Should retailers hold on to sales strategies that have proven effective in the past, or update operations based on leading consumer behaviors?

To shed light on this question and gain a better understanding of shopping habits, InMoment surveyed more than 25,000 North American consumers on their experiences throughout their buying journey, buying journey, including their decision to visit the store, their in-store experience, and their feelings post purchase. The analysis factored in a retailer's staff, store layout, available products, website, and other unique factors.

Based on this research it seems the best answer for retailers is to dabble in both proven, more traditional sales strategies and make some leaps that defy outdated logic to compete in this brave new world of retail.

The InMoment Retail Industry Report confirmed that today's shoppers are certainly digitally savvy, and they also have increased expectations for their in-store experience. While retailers can't afford to skimp on a mobile-responsive website, for example, the brick-and-mortar sales associate still plays a significant role in the customer purchase journey. Consumers are accessing their mobile devices while in-store to conduct research on the spot, and they expect in-person assistance to compliment their mobile habits. In general, the more assistance a consumer receives, whether digital or human, the more he or she is willing to spend in-store.

No matter the industry, retailers must allow, even invite, customer collaboration in shaping their approach to the experience from start to finish. As the InMoment Retail Industry Report proves, in-store shopping remains a crucial part of encouraging shoppers toward conversion.

KEY FINDINGS

- 1.** Mobile browsing won't necessarily lead to showrooming (visiting a store and then buying online). Consumers spend, on average, 2.2 times more when they visit the brand's website while at the store.
- 2.** Consumers spend, on average, twice as much when they have been assisted by a staff member across all sectors.
- 3.** Average spending increased nearly four times when the consumer was engaged by both staff and the brand's website.
- 4.** Consumers ages 18-24 are almost twice as likely to visit the brand's website before a store visit when compared to all other age groups.
- 5.** Forty-one percent of consumers under age 34 said research was the primary reason they prefer to shop online.
- 6.** Of those who visit the brand's website while in a store location, 72 percent were younger than 44 years old, with the highest percentage (26.1 percent) coming from the 35-44 year old demographic.
- 7.** Consumers who visited another brand's website while in store spent, on average, 1.2 times more than those who did not.



WHY MAN (OR WOMAN) AND MACHINE SHOULDN'T COMPETE

In the age of online shopping characterized by quick delivery and seamless, self-service purchasing options, many assume retail sales associates are obsolete. However, the in-store experience remains a crucial step in the consumer buying journey, especially for shoppers conducting extensive research before making a purchase.

With the world at their fingertips, today's customers actually have increased expectations for in-store service, not resistance toward it. When informed retail associates treat in-store shoppers to an exceptional experience, customer purchase behavior mimics this positivity.

2.2 Times more

Mobile browsing won't necessarily lead to showrooming (visiting a store and then buying online). Consumers spend, on average, **2.2 times more money** when they visit the brand's website while at the store.

4x

Average spending increased nearly **four times** when the consumer was engaged by both staff and the brand's website.

2x

Consumers spend, on average, **twice as much** when they have been assisted by a staff member across all sectors.

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According to the study, consumers spent, on average, twice as much when they reported assistance from a retail sales associate. The technology and entertainment sectors saw the largest increase in spend (3.9 times more) when consumers reported an interaction with staff versus those who did not.

As expected, that positive customer experience extends into the digital realm as well. Customers who use a brand's site while in-store, on average, spend 2.2 times more money than those who do not. This difference is especially significant in the technology and entertainment sector here, too, as well as in home improvement.

Additionally, consumers spent nearly four times more across industries when engaged by both staff and the brand's website, indicating that a balance of both human and machine assistance is crucial in providing a positive customer experience (and one that results in a purchase).

Just as delaying a mobile-responsive site is no longer an option for retailers, the same can be said for ensuring employees are engaged. Brick-and-mortar sales associates still fulfill an important role in the buyer journey and can encourage shoppers with the information and avenues required to purchase.

To ensure employees succeed in this role, retailers must both hire the right personnel and provide initial and ongoing training and resources. Front-line associates must be able to aid in-store shoppers with ease and confidence. Likewise, when preparing sales associates to master their on-floor responsibilities, retailers must ensure that what employees recommend in stores is consistent with what shoppers can find online. Consumers have a need for both in-store and online assistance, but the connection will not be lucrative if there is confusion or inconsistencies with the basic information shared in company training materials.

DIFFERENT INDUSTRIES SPARK DIFFERENT TYPES OF MOBILE ENGAGEMENT

Consumers engage with their mobile devices during the purchase process, but the point when they are doing so varies by sector. Today's shoppers exhibit a wide range of mobile needs, and retailers would be wise to meet the demands unique to their industries.

For example, the number of technology and entertainment shoppers visiting a brand's site before, during, and after a store visit increased the most of all industries year-over-year. Conversely, the number of multi-department (e.g. Target or Walmart) shoppers visiting a brand's site before visiting the store decreased 21 percent year-over-year. Shoppers demonstrate similar industry-specific behaviors when visiting brands' competitors mobile sites and applications, too.

Across industries, creating a mobile solution and user experience that meets targeted customers where they are, and with the information they desire, is crucial. This means retailers must look to improve their mobile content and ensure shoppers can find everything they need to ultimately make a purchase. This can include product specs, purchasing details, inventory status, return policy, store locations and hours, and more. For industries with strong competitor research trends, retailers should also create a mobile app or website that puts product information front and center. Highlighting this information will make it easier for shoppers to educate themselves both before visiting a store and while at the store, as well as quickly make decisions when browsing across multiple retailers.



MILLENNIALS VS. GEN X: EXPLORING SHOPPING HABITS BY AGE

Just as shopping habits vary by industry, when and where consumers engage with a brand's website during the purchase process varies by age, too. Consumers of all ages are hyper-aware of the multitude of options at their disposal for completing their shopping journeys, but this

philosophy holds especially true for younger shoppers. According to the study, 41 percent of consumers under age 34 said research was the primary reason they prefer to shop online. Additionally, 18-24-year-old consumers are almost twice as likely to visit a brand's website before a store visit.

Consumers under age 34 said research was the primary reason they prefer to shop online.

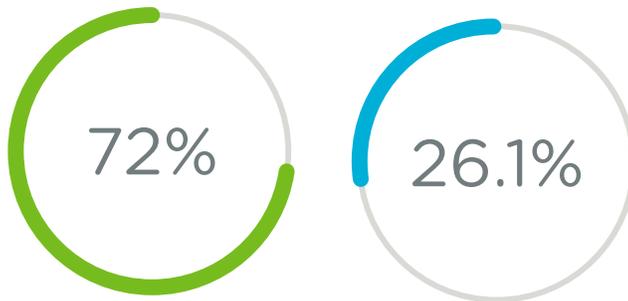


Consumers ages 18-24 are almost **twice as likely** to visit the brand's website before a store visit when compared to all other age groups.

Gen X shoppers, on the other hand, are most likely to conduct mobile research when they're already in-store. Of those respondents who visit the brand's website while in a store location, 72 percent were younger than 44 years old, but the highest percentage (26.1 percent) came from the 35-44-year-old demographic.

Of those who visit the brand's website while in a store location.

- Younger than 44 Years Old
- Highest % of 35-44 Years Old



While retailers' mobile capabilities must cater to shoppers of all ages, tailoring services based on the average age of target shoppers will yield stronger results. For example, a high-end home goods store might cater more towards older shoppers who can afford its products, so retail sales associates on the floor must be especially well-versed in their brand's mobile site. Conversely, a low-end apparel retailer that caters to a younger crowd should engineer a mobile website that nicely facilitates early research with searchability features and ease of use, letting these young shoppers guide their own experience and ask for help when needed.

ELIMINATE DIGITAL FOMO, NEUTRALIZE THE COMPETITION

Conventional retail wisdom advises the in-store salesperson to keep the customer focused on the wares on hand. Today's consumers are simply too connected and too savvy for that to fly.

When consumers visit a store, they often wonder whether they can get the same product for a better deal from the brand's own website—or a competitor's. As such, companies should eliminate the fear of missing out (otherwise known as "FOMO") by facilitating online browsing on site. As stated previously, the study reveals consumers that browse a brand's website while in-store spend twice as much on average. The data also shows that even when customers peruse a competitor's website while shopping in a brand's brick-and-mortar location, they spend an average of 1.2 percent more per transaction. The takeaway? Don't be afraid when customers want to shop other websites while in your store, but don't miss the chance to recommend they check out your website, too.

2.2 Times
more

Consumers spend, on average, **2.2 times more** when they visit the brand's website while at the store

1.2 Times
more

Customers who peruse a competitor's website while shopping in a brand's brick-and-mortar location spend an average of **1.2 times more** per transaction.

When analyzing how shoppers of different ages research the competition, data indicates that younger shoppers may be a retailer's toughest sale, as they're more likely to check competitors' sites before and during their store visits. Nearly half (47.3 percent) of those consumers who visit a competitor's website while in the store location are 34 years or younger, with the largest percentage coming from the 25-34-year-old demographic. Additionally, only 13 percent of consumers ages 18-24 reported visiting a competitor's website after a visit to a brand's store.



Competition, especially in the retail industry, is by no means a bad thing. Consider commercials for laundry detergents, for instance. Detergent companies blatantly call out their competitors to showcase their own strengths in comparison. While this example is a bit extreme, the underlying concept still resonates. Just as brands are confident enough to take on their competitors in their advertising, retailers should be confident enough in their offerings to show shoppers why they're receiving the best deal at their store and not at others. In doing so, retailers are more likely to win the purchase and earn brand loyalty in the process.

KEY TAKEAWAYS

Regardless of age or the industry they're shopping in, today's digital-first shopper still expects a seamless in-store experience. Now more than ever, it's crucial for retailers to tailor this experience to best fit these shoppers' needs.

Make sure your website offerings are in line with what's in-store.

With so much research done before and during the purchasing process, retailers can't afford to have information that's not up-to-date in real time.

Listen to the voice of your employees.

Listening to your customers starts with listening to your employees. As the face of your brand, they often have a broader view of the operational performance of your organization. Despite a general shift to digital, sales associates play a key role in the buyer journey. To keep customers engaged, employees must be both engaged and included in evolving the customer experience. This means keeping sales associates in sync with what's online, providing exceptional ongoing training, and inviting them to lend their perspective on everything from customer pain points to new products and services.

Different generations need a different approach.

Millennial shoppers are armed and ready before they actually make a purchase in-store. Gen X shoppers, on the other hand, are conducting their research on the go. Retailers must keep behavioral patterns in mind to deliver the best online and in-person experience for each demographic group.

Don't be afraid to call out your competitor.

Contrary to popular belief, bringing competitor offerings to the attention of consumers can benefit your business. In the end, confident retailers that put their money where their mouth is and show consumers exactly where they excel beyond competitors will come out on top.



M E T H O D O L O G Y

InMoment surveyed more than 25,000 North American consumers to gain a better understanding of their shopping habits during the path to purchase, from their decision to visit the store to the in-store experience to their feelings post purchase. The study factored in a retailer's staff, store layout, products available, website, and other unique factors.

All results were weighted by official census data.



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