inreality

THE 2ND ANNUAL

Reality of Retail Report

2016

Executive Summary

Online shopping and digital tech conveniences have created a complex, ever-changing path to purchase and produced the new, self-directed omnishopper—even harder to track and understand than before. InReality wanted to understand expectations and behaviors of these new shoppers and see if brands and retailers are meeting their expectations. Our research revealed a chasm between shoppers and brands and retailers, a chasm which must be collapsed. Otherwise—as you'll see—shoppers won't be handing out second chances.

Traditional Advertising Isn't Capturing Self-Directed Shoppers.

Brands and retailers are mis-allocating their budgets and wasting limited opportunities to get in front of shoppers.

ONLY

18% of shoppers stated that they discover a new brand/product through advertising.

It's All About Self-Help In-Store.

Shoppers are past the "cool" factor with digital in-store. They are now looking for digital in-store to give them self-directed shopping experiences like they get online.

69% of shoppers stated they would be more likely to buy in-store if given digital self-help tools like kiosks or interactive displays.

The Cost Of Just One Bad Experience Is Very Steep.

Thanks to an unending supply of options, empowered shoppers don't need to be forgiving. Whether it's a brand or retailer, online or in-store—shoppers aren't giving anyone free passes.

Only 27%

of shoppers said they would give a physical store a second chance after a poor customer experience.

Only 16%

of shoppers said they would give an online store a second chance after a poor customer experience.

Only 15%

of shoppers said they would give a brand or product a second chance after a poor customer experience.

Throughout the report we provide the findings of our survey along with recommendations brands and retailers can take note of—today—to start converting new shopper expectations into opportunities. These recommendations can be found in the Summary of Key Considerations section of this report.

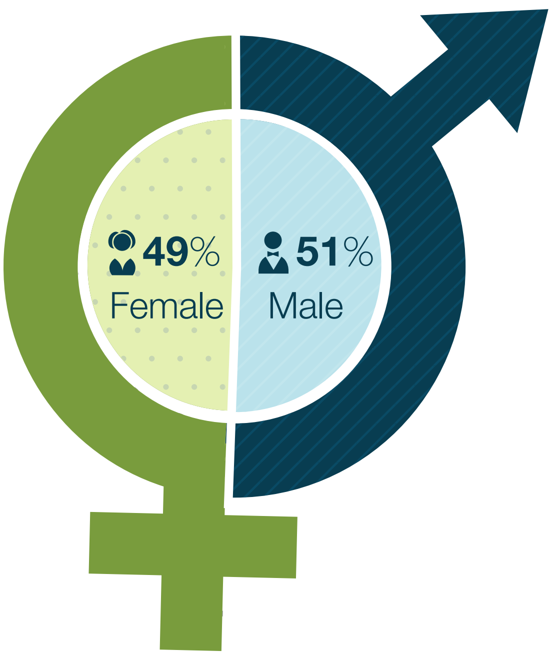
About the Survey

METHODOLOGY:

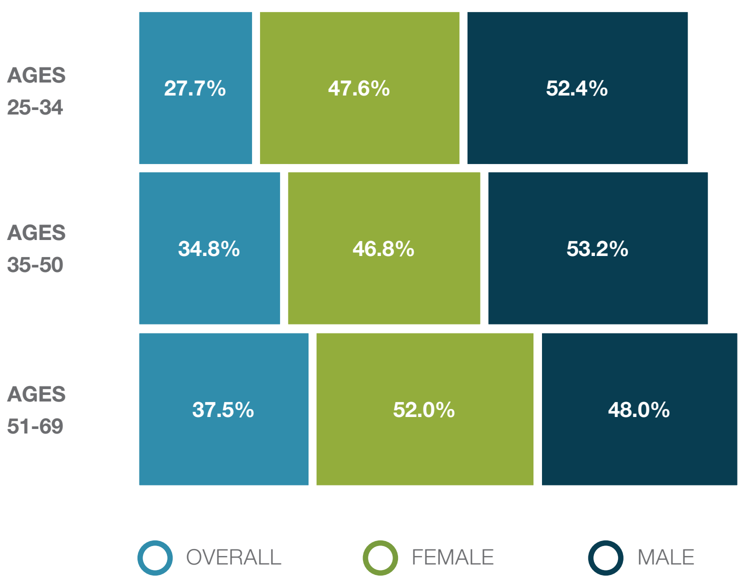
The second Reality of Retail survey was conducted between December 14-18, 2015. Sponsored by InReality, the survey invited 682 respondents to share their shopping experiences across 48 states and 10 retail categories. For the total survey of n=682 statistical confidence is 95% ±5.

RESPONDENT DEMOGRAPHICS:

Gender Breakdown:



Age Breakdown:



RETAIL CATEGORIES EVALUATED:

Respondents had all made fairly recent purchases from at least five of the 10 following product categories:

- Clothing/Footwear
- Health/Beauty
- Sporting Goods
- Home Improvement
- Electronics
- Furniture/Bedding
- Office Supplies
- Home Appliances
- Food/Grocery
- Auto Supplies

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Is Advertising Actually Influencing Shoppers?

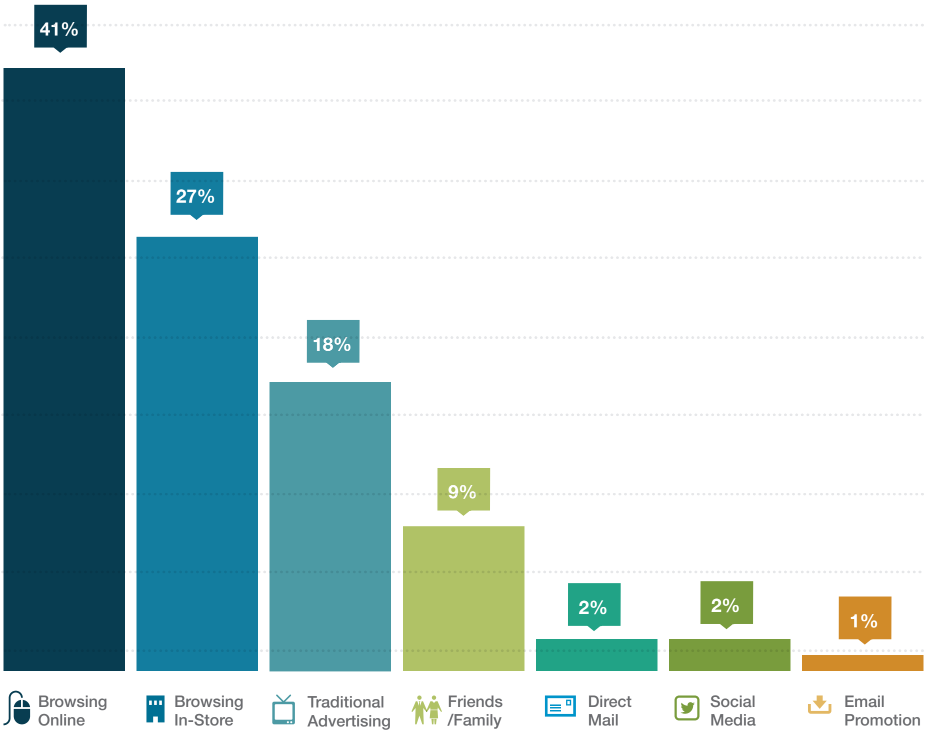
Traditional Advertising Continues To Take A Huge Bite Out Of Budgets...

$357.7B

was spent worldwide on traditional advertising (tv, radio, print, outdoor and cinema), according to GroupM. The U.S. alone actually accounted for about one-third of this figure.

But, Traditional Advertising Isn't Effective.

How Shoppers Typically Discover A Brand Or Product:



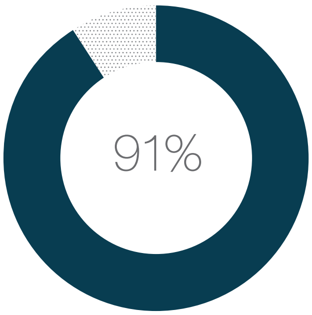
CONSIDERATION

With limited opportunities to get in front of shoppers, brands and retailers must make sure they are maximizing their investments.

Empowered shoppers are increasingly leading their own journeys outside of traditional advertising despite huge spending in this area. As such, online continues to become a critical point of influence. But, not far behind is the retail store. Moving forward, the store could become a huge opportunity to capture and connect with shoppers by using digital in-store to offer self-guided experiences like shoppers are used to online.

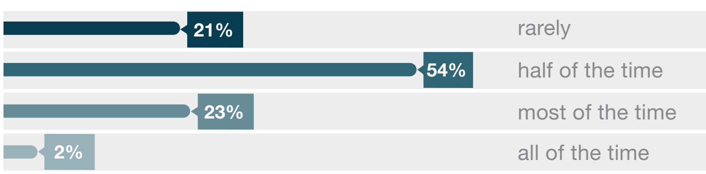
How Are Shoppers Using Channels?

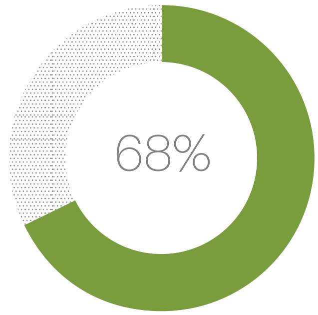
Omnishopping Is Now The Norm.



of shoppers research products online, then purchase in-store

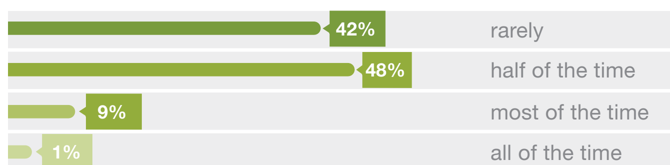
How Often?





of shoppers research products in-store, then purchase online

How Often?



How Shoppers Prefer To Use Channels:

	ONLINE	IN-STORE	MOBILE
Learn more about a product:	72%	19%	9%
Test/try out a product:	4%	93%	3%
Learn to use a product:	38%	57%	5%
Buy a product:	22%	75%	3%
Pick up/receive a product:	13%	85%	3%
Return/exchange a product:	7%	91%	2%
Get customer service/ product support:	43%	46%	11%

CONSIDERATION

What was once the battle of webrooming vs. showrooming is now just omni-shopping—creating one seamless experience.

Brands and retailers need to make sure that they are not narrowly focusing on sales conversion within particular channels. Instead, they need to focus on understanding and optimizing how different interactions along each channel influences the shopper's path to purchase.

What Matters Most for Shoppers In-Store?

Stores Maintain Their Hold On The Final Purchase…

87%

of shoppers go to a store when they are ready to purchase a particular product.

But, Shoppers Want More Than To Purchase In-Store.

32%

Entertainment

Go for leisure or to pass the time

38%

Inspiration

Go to check out what products are available when they want something

46%

Research

Go to learn more about a particular brand/product

42%

Pick Up

Go to pick up a product ordered online/in-store

26%

Support

Go to return a product or get customer service support

CONSIDERATION

As online shopping and the Internet of Things continue to fragment the shopper's path to purchase, the in-store experience is becoming increasingly critical for connecting the dots and bringing the brand to life for shoppers. As such, brands and retailers need to take a fresh look at their in-store experience, and enhance not only the tactile, end-of-journey experiences, i.e. touching, testing or purchasing products, but also experiences that entertain, educate, inspire and support the rest of the path to purchase. Consider this: as technologies like virtual reality expand, will the tactile nature of brick-and-mortar alone continue to be enough to pull shoppers in-store in the future?

What's The Cost Of One Bad Experience?

Shoppers Aren't Handing Out Second Chances.

AFTER A POOR EXPERIENCE WITH A PHYSICAL STORE:

63%

of shoppers said they would be unlikely to shop at that store again

10%

of shoppers said they would not shop there again

27%

of shoppers said they would give it a second chance

AFTER A POOR EXPERIENCE WITH A BRAND/PRODUCT:

57%

of shoppers said they would be unlikely to purchase the product again

28%

of shoppers said they would not purchase it again

15%

of shoppers said they would give it a second chance

AFTER A POOR EXPERIENCE WITH AN ONLINE STORE:

54%

of shoppers said they would be unlikely to shop at that online store again

30%

of shoppers said they would not shop there again

16%

of shoppers said they would give it a second chance

CONSIDERATION

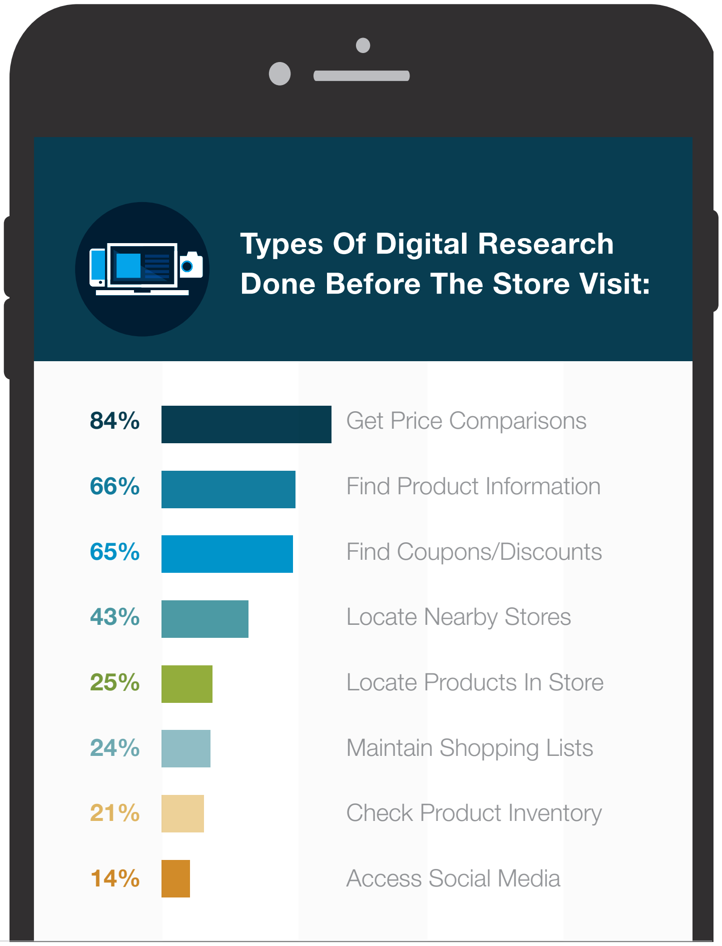
With endless options at their fingertips and a new coupon notification every minute, today's shoppers are unafraid to make the switch after a poor experience. But, for all this power that online and technology has given shoppers, it's also created an increasingly complex path to purchase. To keep up with shoppers, brands and retailers must start transitioning to daily insights, both online and in-store.

Digital In-Store—What Do Shoppers Want?

Out-Of-Store Digital Continues To Influence Shoppers…

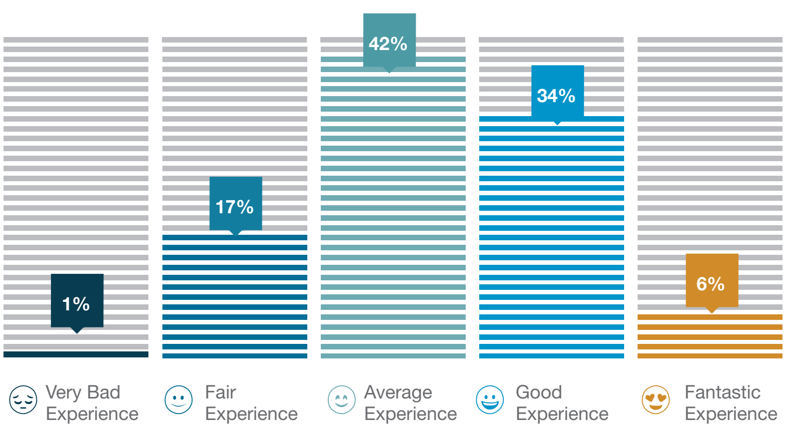
83%

of shoppers use digital (smartphone, laptop, tablet, etc.) for preliminary research before going to a store.

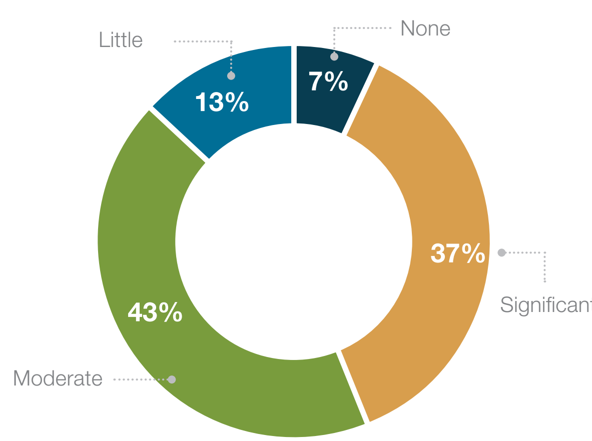


But, Digital In-Store Continues To Miss The Mark.

How Shoppers Rated In-Store Digital Experiences (Digital Signage, Kiosks, Interactive Displays):



What's The Impact Of These Digital Elements On The Shopper's Experience?

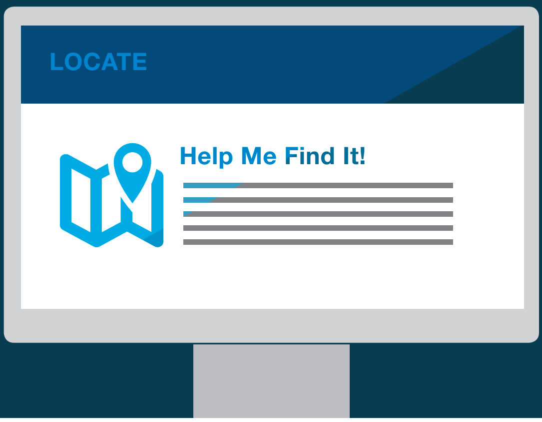


CONSIDERATION

Often, digital still isn't being done well in-store, and it's doing little to move shoppers along the buy cycle. To start seeing results, brands and retailers must move beyond the digital "cool" factor to bring shoppers real value.

Digital In-Store—What Do Shoppers Want?

For Shoppers, It's All About Self-Help.



69%

of shoppers would be more likely to buy in-store if given self-help digital tools like kiosks or interactive displays.

Specifically, Shoppers Would Be More Likely to Buy In-Store If Given:

78%	help finding a particular product
75%	product and price comparisons
69%	product inventory/ordering
67%	customer ratings & reviews
64%	digital media to learn more about products and how to use them
50%	mobile apps to improve or personalize the in-store experience

CONSIDERATION

According to Gartner, by 2020, shoppers will go through 85% of their path to purchase before talking to a person. Our study had similar findings, showing that shoppers want to be empowered to carry out their own shopping journeys, not just online, but in-store as well. Shoppers have become used to the power of the Internet and expect the same "power" in-store—to help them find what they are looking for quickly and often without help. Regardless of whether you are a retailer or a brand on the shelf, digital self-help offers a rare opportunity to get in front of shoppers, influence them and move them along the buy cycle.

Personalization—Is There Room In-Store?

Personalization Offers Chances To Increase Purchase Likelihood In-Store.

Shoppers Would Be More Likely to Buy In-Store If Given:

83% a loyalty program with personalized rewards

80% flexible pick up/delivery options, such as home delivery, in-store pick up, etc.

75% personalized offers/promotions delivered in the moment

67% exclusive in-store events tailored to interests, such as learning a new skill or trying a new product

55% personalized recommendations for products to purchase

CONSIDERATION

The role of marketing has changed. It's now all about bringing value to the shopper in the moment to help them along their path to purchase—something we call "MeCommerce." This idea extends to personalization as well. It isn't about simply attaching a name to an email; it's about providing targeted and relevant messages to shoppers.

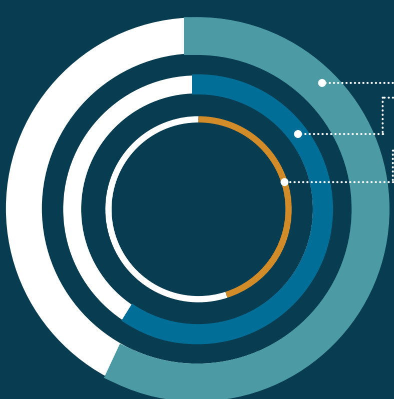
Can Digital & The Sales Associate Co-Exist?

Shoppers Know More Than Sales Associates.

The Importance Of The Sales Associate For Shoppers:

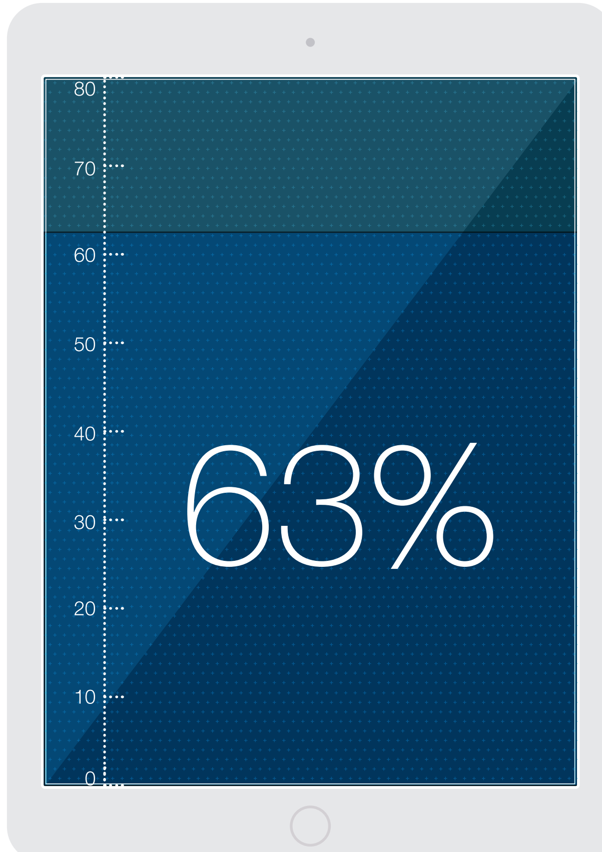
8%	I never ask a sales associate for help
46%	Not very important (I usually know more than the sales associate)
38%	Moderately important
9%	Extremely important

Who Knows More Than The Sales Associate?



It isn't just the younger generation that finds the sales associate ineffective. This belief spanned all three age groups almost equally.

However, It's Not The End For Sales Associates.



of shoppers said they would be more likely to buy in-store if sales associates equipped with tablets were available for product information, availability or ordering.

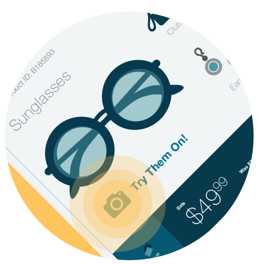
CONSIDERATION

The traditional role of the store associate is having less and less impact on shopper decisions. In fact, many shoppers feel they know more than the associate. So, if the sales associate is there, arming them with tools to make them more helpful to shoppers would provide a new entry point into the shopper's self-directed journey.

Summary Of Key Considerations

The second Reality of Retail Report highlighted several shopper trends and raised many questions about retailer and brand effectiveness in-store.

Shoppers Aren’t Discovering Brands Through Traditional Advertising.
Shoppers are actually 1.5x more likely to discover a brand/product while browsing a store than they are to discover it through traditional advertising. Yet, billions of dollars continue to be poured into traditional advertising. Why is that? How can brands and retailers better make use of advertising dollars to maximize their influence on shoppers along a limited set of touch points? Is there an opportunity to make better use of advertising dollars in-store?



Shoppers Want More Than To Touch Or Purchase Product In-Store.
As digital continues to fragment the shopper’s path to purchase, the store appears to be becoming increasingly critical to help shoppers connect the dots and connect with the brand. In fact, touching or purchasing the product isn’t the only reason shoppers visit stores—entertainment, education, inspiration and research are a few of the other reasons. How can brands and retailers better cater to these needs?

Shoppers Want More From Digital In-Store.
For today’s shoppers it’s all about self-help. Online adoption seems to have created new expectations of the in-store shopping experience. Shoppers want to be able to control their shopping experience just like they do online. And, they’re also looking for in-store experiences to be increasingly personalized.

Most Shoppers Won’t Forgive One Bad Experience.
Regardless of whether the interaction is online, in-store or with a particular brand/product, following a poor experience, the majority of shoppers won’t hand out a second chance. To keep up with these shoppers, it’s becoming increasingly critical that brands and retailers wise-up quickly, with daily, actionable insights, both in-store and online.

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Meet InReality

InReality provides brands and retailers with smart solutions to better understand and convert brick-and-mortar shoppers. With our comprehensive solution suite—in-store analytics, path to purchase research, in-store digital and in-store customer experience design and production—InReality is uniquely positioned to help maximize in-store investments in today's complex retail environment.

For over 20 years, InReality's solutions have powered brands and retailers like The Coca Cola Company, The Home Depot, Tempur-Pedic and Marshall, and 2015 marks the third year we've been named by Inc. as one of America's fastest-growing private companies.

Also Check Out:

The 2015 Reality of Retail Report

Optimizing Digital Throughout the Path to Purchase

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