INCISIV

2020 Shopper Study

# The New Store Shopper in High-Touch Retail

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Manhattan Associates®

COVID-19 changed everything.

# The impact on high-touch retail has been transformational.

# The pandemic  brought about a radical change in economic and social circumstances that have altered fundamental human behavior.

## Self Preservation

With an unprecedented focus on health and employment, consumers prioritized physical and financial security over all else. Spending spiked in essential categories such as grocery, before following in home and self-care.

## Digital Acceleration

Years of growth arrived within months as consumers embraced digital ordering experiences such as Buy Online Pick-Up In-Store (BOPIS) and Contactless Curbside Pick-Up.

## Fewer Shared Experiences

Forced store closures and social distancing have made shopping less exploratory and more transactional, less collective and more isolated.

## A Multi-Tasking Frontline

Not only were retail store teams thrust into the frontline, they were asked to do more - learn new procedures, keep stores safe and fulfill more online orders - with fewer resources in an uncertain economic climate.



208%

The increase in the number of orders placed online and picked up at brick-and-mortar stores between April 1 and April 20 compared with a year ago.

Source: Adobe

Over 77%

of Americans have tried either new brands, places to shop or shopping methods between March 2020 - June 2020, primarily driven by value and convenience.

Source: McKinsey

As the economy re-opens and retailers lay go-forward plans, the question becomes: how will these changes impact shopper behavior?

## The past is no longer an indicator of future behavior. Before retailers re-imagine their store experience, they must understand the new store shopper.

Manhattan Associates commissioned Incisiv to conduct an in-store shopper survey covering US shoppers who plan to visit a high-touch retail store (non grocery) in the next 6 months. The survey was fielded between July 29, 2020 - August 6, 2020.

**2,510**
shoppers surveyed

**50%**
gender split

**50%**
with annual income > $125K

Unless stated otherwise, all data in this report is from the Incisiv 2020 The New Store Shopper in High-Touch Retail Survey.
See detailed survey methodology and demographics

01 | The Price of Entry

# Safety is the new store experience table-stakes.

# Shoppers miss what they've lost, but there will be no "return to normal" until health and safety concerns remain.

98%

of shoppers have reduced shopping in-store significantly compared to pre COVID-19.

And, 90%

continue to prefer home delivery over a store visit over the next 6 months.

91%

of shoppers miss shopping in stores, and "getting out of the house" is one of the top three motivators for future store visits.

But, only 5%

would like to try a product in-store in the next 6 months, even though 74% miss in-store product trials.

Offering safe experiences is the price of entry for retailers.

A "safe and clean experience" is the most important aspect across all store experiences for shoppers - be it an in-store visit, a store pick-up experience, or an online order that ships from store.

This will continue to be true until there is a sense of finality to the COVID-19 solution.

Until then, shoppers will overwhelmingly choose online ordering over store visits.

# Even in an environment of heightened sensitivities, shoppers give retailers high marks on the safety of store experiences.

How shoppers rate the safety of their recent shopping experiences across in-store purchase, store pick-up and online order delivery:

Safety and cleanliness of recent in-store experiences **(4.68)**

Safety and hygiene of recent home delivery experiences **(4.60)**

Safety and hygiene of recent store pick-up experiences **(3.90)**

Shoppers value the essential service retailers and their store teams are providing by operating stores safely. They rate the safety of store experiences the highest across a variety of store experience parameters.

Pick-up experiences lag in-store and home delivery.

Likely due to wait-times that place them in close proximity with others, shoppers rate the safety and hygiene of their recent store pick-up experiences much lower than in-store purchase or home-delivery experiences.

02 | Convenience 2.0

# Online ordering and store pick-up are here to stay. But, shoppers demand a better experience.

# BOPIS and Contactless Curbside Pick-Up went 🚀🚀🚀 in the immediate aftermath of the pandemic. The future will see continued 📈.

**85%**
of shoppers have significantly increased curbside pick-up compared to pre COVID-19.

**79%**
of shoppers say a contactless store pick-up is very important to them.

**80%**
expect to increase BOPIS and curbside pick-up over the next 6 months.

**41%**
of shoppers have had an online order delivered from a nearby store in the last 30 days.

Habits formed in necessity are now default preferences.

Shoppers are twice as likely to order online for store pick-up (BOPIS or curbside) than to make an in-store purchase over the next 6 months.

Retailers have already seen significant eCommerce growth year-over-year. Best Buy (242%), ULTA Beauty (200%) and Dick's Sporting Goods (194%) reported some of the highest year-on-year increases in Q2 2020.

Source: Retail Geek / Jason Goldberg

Even if growth rates decline over an ever increasing base, digital-first store shopper behavior is here to stay.

# Shoppers value the immediacy, speed and convenience stores offer, more than ever before.

## 100%

of shoppers miss the instant gratification of store purchases.

## Speed of checkout

of an in-store purchase is the most important factor for shoppers behind safety.

## For 88%

of shoppers, same day need of product is the top motivation for visiting stores.

## 28%

plan to increase in-store shopping over the next 6 months.

## Returning an item

to the store is the 2nd biggest motivator for future store visits (behind same-day need).

## Speed of pick-up

of a BOPIS or curbside order is "very important" for 84% of shoppers.

Instant gratification is now a wider moat for brick and mortar retailers.

### Stores offer shoppers multi-dimensional convenience: a variety of order and pick-up options, instant gratification, and free returns.

During a time when supply chain disruptions caused online shipment delays, and store pick-up offered both immediacy and the opportunity to escape total isolation - stores' value in shoppers lives has only become more pronounced.

Case in point is how prominently Walmart is positioning curbside pick-up and app-based in-store checkout to differentiate Walmart Plus - its Amazon Prime competitor launching September 15, 2020.

# However, shoppers are dissatisfied with store ordering and pick-up experiences.

How shoppers rate various aspects their recent online ordering and store pick-up experiences:

Overall curbside pick-up experience **(3.53)**

Overall BOPIS experience **(3.56)**

In-store product availability **(1.86)**

Ability to search and filter products for online order pick-up **(2.30)**

Availability of preferred pick-up time **(2.40)**

Availability of products for pick-up **(2.70)**

Availability of same day / next-day delivery for ship-from-store **(2.90)**

Wait time for pick-up at the store **(3.10)**

Good enough will no longer be good enough.

In the immediate aftermath of the pandemic shoppers had little choice but to overlook friction in the online ordering and store pick-up experience.

Not any more.

Shoppers are demanding more from retailers across their ordering and pick-up experience for BOPIS and curbside.

With continued growth in adoption expected over the next 6 months, shoppers will switch loyalties to retailers who offer more seamless experiences.

## 03 | The New Store Shopper Journey

# Digital is the Front Door to the Store.

# As research & discovery goes almost entirely digital, inventory visibility is the new "open for business".

**The ability to see in-store inventory online (91%)** is most important to shoppers when planning a store visit; even more important than viewing store hours. With in-store browsing and trials least preferred, shoppers will default to digital experiences for research and discovery.

Percentage of shoppers that are likely to use the following to research products for an in-store purchase:

- Retailer's website or app (100%)
- Search engines (98%)
- In-store digital tools (55%)
- Viewing products in-store (24%)
- Trying products in-store (5%)

But, shoppers value simple digital experiences:

- Ability to view stores that offer curbside / BOPIS (100%)
- Ability to filter products for curbside or BOPIS (99%)
- Ability to view in-store inventory online (97%)
- Easy availability of pick-up dates / times (94%)
- Using in-store digital tools over next 6 months (55%)

Rather than the extremes of too digital or too physical:

- Ability to virtually browse the store (0%)
- Trying products in-store over next 6 months (5%)

Experience attributes shoppers rated "very important"
Behaviors shoppers said were "likely" or "very likely"

# Store associates continue to be seen as an important source of knowledge and insight, but relationships will need to be digitized.

Store associates are the lifeblood of the store experience in high-touch retail, offering shoppers expert advice and assistance. Across the survey, shoppers underscored how important store associates are to them and the customer experience:

- Improve my experience by making recommendations (84%)
- Availability of store staff for in-store visit (67%)
- Knowledge and professionalism of store staff (76%)
- Ability to talk to and consult with in-store specialists (34%)

Strongly agree
Very important during store visit
Top 3 "what do you miss about shopping in stores"

However, shoppers are unlikely to engage store associates in dialogue during store visits.

- Shoppers rated "**consulting a stylist or product expert**" the least motivating factor for store visits in the next 6 months
- 96% of shoppers say **in-store conversations with store associates** to seek product advice are "very unlikely" over the next 6 months

Shoppers are open to, but not too enthused by, engaging store associates digitally.

- For 80% of shoppers **digital communications with store associates** over next 6 months are "likely" or "very likely"
- 39% of shoppers consider the ability to book an **in-store appointment with staff** pre store visit "unimportant"

# Shoppers indicate a need for both the online and the in-store ordering and pick-up experiences to be re-built.

85% of shoppers rate the ease of completing an order 4 stars or higher, but they encounter significant friction getting there, both online and in-store.

Shoppers' rating or importance associated with specific checkout or pick-up experiences:

- Availability of preferred pick-up date/time (81% rate 3-star or lower)
- Ability to select a pick-up date / time before building the cart (96% very important)
- Availability of same-day / next-day delivery (65% rate 3-star or lower)
- Speed of checkout (2nd most important experience aspect behind safety)
- Speed of order pick-up (84% very important)
- Wait time for pick-up at the store (64% rate 3-star or lower)

Online experiences
In-store experiences

A new paradigm demands a new experience.

With shoppers demanding speed, immediacy and convenience, the checkout and pick-up customer journey becomes critically important for retailers.

Shoppers rate their recent checkout and pick-up experiences poorly across a variety of parameters - from availability of pick-up slots to wait-times for pick-up once at the store.

If their favorite retailers don't improve checkout and pick-up experiences, there is little likelihood they will retain shopper loyalty for long.

# Shoppers seek greater transparency, easier access to support and the ability to do more within a single interaction with retailers.

Even though shoppers rate their overall store experience high, their satisfaction with communication, accuracy and ease of accessing customer service are amongst the lowest.

% of shoppers who rate customer service related aspects of their store experience 3-star or lower:

| | **BOPIS** | **Curbside** |
|---|---|---|
| Communication of order status | 68% | 69% |
| Accuracy of completed order | 65% | 57% |
| Ease of contacting customer service | 68% | 86% |

Returns will be an ever more important aspect of customer service over the next 6 months. Shoppers want retailers to make it easier for them to return store and online orders:

- 43% of shoppers are planning an **increase in store visits to return** an order or item
- 96% of shoppers strongly agree that store associates can make their store experience better by making it **easier to return an order**
- 88% of shoppers strongly agree that retailers can make their pick-up experience better by **allowing them to return an item during pick-up**

## 04 | The New Digital Divide

# How shopper behavior varies by age, gender and income.

# Digital experiences are leaving the elderly (60+) behind.

They are least likely to increase going to a store in the next 6 months (19% plan to increase vs. 30% other age average), yet they consistently rate their online ordering experiences much lower than other cohorts.

| | **% of 60+ shoppers who rate 3-star or lower** | **% of other shoppers who rate 3-star or lower** |
|---|---|---|
| Availability of products for online order pick-up | 89% | 71% |
| Availability of preferred pick-up date/time | 98% | 77% |
| Ability to search and filter products for online pick-up | 96% | 80% |
| Ease of completing online order for pick-up | 74% | 32% |
| Wait time for pick-up at the store | 79% | 61% |

# A tale of two extremes.

Lower income shoppers (<$50K) find new online ordering experiences challenging and expensive, but are more forgiving than higher income shoppers (>$250K). High-income shoppers use new shopping experiences more, but are also more demanding.

How lower income (<$50K annual income) and higher income (>$250K annual income) shoppers compare:

| | **Lower income shoppers** | **Higher income shoppers** |
|---|---|---|
| Ability to search and filter products for online pick-up | 77% rate 2-star or lower | 57% rate 2-star or lower |
| Ease of completing online order for pick-up | 48% rate 2-star or lower | 13% rate 2-star or lower |
| Used a third party delivery service in the last 30 days | 7% | 36% |
| Plan to increase store visits over the next 6 months | 65% | 18% |
| Average rating of shopping experience | 3.66 / 5 | 3.57 / 5 |



# Men and women are largely alike in their behavior and preferences for in-store shopping in high-touch retail.

But, subtle differences remain - especially in their use of specific online order types, their willingness to give retailers the benefit of doubt, and how much they value specific aspects of the customer experience.

- Women used BOPIS ~2X more than men in the last 30 days
- Women also rate their store pick-up experience better than men, with 41% of women giving either 4 or 5 stars vs. 36% of men
- While safety and cleanliness of the store is most important to both, men value speed of checkout next whereas women value open space and layout

## As the in-store shopper evolves, so must retailers' strategies to serve and engage them.

In addition to the 2,500 US shopper survey cited in this eBook, Incisiv also conducted a survey of 125 US retailers to benchmark their store experience, contrast investments against shopper preferences, and identify investment priorities for the store point-of-experience. Continue your journey with Incisiv and Manhattan's thought leadership series to learn more about how the retail store point-of-experience needs to evolve in response to changing shopper behavior.

VIDEO WEBINAR | OCT 1

### The New Store Experience Imperatives in High-Touch Retail

Featuring executives from Macy's and Lamps Plus.

Register now.

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# Incisiv conducted a hybrid online + Computer Aided Telephonic Interview (CATI) survey of 2,510 US shoppers who plan to visit a store for an in-store purchase, order pick-up or customer service in the next 6 months.

## Respondent Distribution by Age (in years)

| | |
|---|---|
| < 25 | 27% |
| 25 - 40 | 28% |
| 40 - 60 | 32% |
| 60 + | 12% |

## Respondent Distribution by Annual Income

| | |
|---|---|
| < 50,000 USD | 18% |
| 50,001 - 125,000 USD | 32% |
| 125,001 - 250,000 USD | 29% |
| > 250,001 USD | 20% |

## Respondent Distribution by Gender

| | |
|---|---|
| Male | 50% |
| Female | 50% |

## Retail Segments Included in Survey

| | |
|---|---|
| Building Material and Garden Equipment and Supplies Dealers | General Merchandise Stores |
| Clothing and Clothing Accessories Stores | Health and Personal Care Stores |
| Electronics and Appliance Stores | Motor Vehicle and Parts Dealers |
| Furniture and Home Furnishings Stores | Sporting Goods, Hobby, Book, and Music Stores |

## ABOUT INCISIV

Incisiv is a peer-to-peer executive network and industry insights firm for consumer industry executives navigating digital disruption.

Incisiv offers curated executive learning, digital maturity benchmarks and prescriptive transformation insights to clients across the consumer and technology industry spectrum.

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Manhattan Associates designs, builds and delivers leading edge cloud and on-premises solutions so that across the store, through your network or from your fulfillment center, you are ready to reap the rewards of the omnichannel marketplace. For more information, please visit www.manh.com.