

Retail in 4 Dimensions

Understanding Consumer Behavior
in an Age of Relativity

12.
60.

65%

34%

42%

27%





SHOP

Methodology

The research cited in this paper was conducted in July 2017 with over 15,000 consumers across 4 key regions: EMEA (France, Germany, Italy, India, Spain, Sweden, UK) NA (Canada, USA), LAD (Brazil, Chile, Colombia, Mexico), and JAPAC (Australia, China).

Independent research and creative consultancy, Morar HPI, conducted the survey which explores consumers' expectations when it comes to the retail shopping experience now and in the future. This report is based on the findings from this study.

Introduction

More than personas, the new shopping types are mindsets most of us switch between depending on what we're buying, how much time we have and what we want to spend.

Today's retail landscape is in a constant state of flux as the march of digital technology continues to trample all over traditional models of consumer buying habits.

Omnichannel retailers are having to evolve at a rate of knots to stay afloat and compete with online innovators in an increasingly cut-throat and global environment. Today consumers rule and the businesses that can predict what they want win the game. As multiple ways to attract and retain customers emerge, it's more important than ever to understand what compels consumers to act and how to anticipate consumer trends.

Where personalization was once viewed with suspicion, in today's fast-paced world where everyone feels time-poor, a bespoke and balanced retail experience is increasingly more attractive. Consumers are more comfortable having their loyalty data, purchase history and brand-relevant interactions accessed in pursuit of a smart, personalized shopping experience that anticipates their needs, likes and dislikes. But companies need to be careful they don't overstep the mark – more intimate data around people's personal lives, social media networks and browsing history are still deemed private, no-go areas (at least for now).

Mobile payments are considered mainstream, and automated and speedy checkouts are popular. Consistent with our 2016 research "The Power and the Money," self-checkout on a mobile device is widely accepted and trusted, with males slightly more inclined to mobile payments and the millennial generation more comfortable than Gen Xs and baby boomers. Online automatic replenishment, though, is not as popular a concept among today's largely accepting consumers. They also don't like restrictive returns policies.

Consumers want free shipping when returning items, as well as the ability to take online purchases back to the store. A free and easy returns policy is now the expected norm, and people are much more likely to expect a grace period of 30 days or longer to make up their mind about keeping a product. In turn, retailers face a challenge with margins and the logistics of returns across multiple channels with delineated assortments. The fashion world more than any other sector is blazing a trail in retail innovation.

Online fashion shopping has become the rule with online pure play fashion sites competing with and often outperforming more established players. Almost a third of millennials browse and shop online several times a week and the habit cuts across price points from low-cost fashion to luxury designer brands. There's evidence of a niche demand for subscription services in the fashion sector and 3D printing for customized products looks like it could catch fire, with half of 18-34 year-olds thinking this would be 'awesome'.

People are also excited about being able to try on items remotely from home via virtual reality – half responding very favorably – but robots, virtual sales assistants and drones are still thought to be a little on the 'creepy' side. Only a third would welcome virtual sales assistants in the fitting room. As for drones and driverless cars for shipping and returns, only a third of people thought this was important for the future, with a quarter saying it wasn't important at all.

As digital innovation continues its radical rearrangement of the retail landscape, new types of shoppers are emerging. There's the Nomad, the multi-channel, self-propelled shopper; The Player, the avid shopper as motivated by the latest tech-enabled experience as he is by the products he purchases; and The Dealer, who has a nose for price and is on the hunt for the best bargains and offers. But even these types aren't discrete. The same person might be a Dealer when they're shopping for groceries or a new TV, a Nomad if it's fashion they're looking for and a Player when it comes to consuming music.

The Nomad

This free-spirited shopper is a wanderer, hard to pin down as she flits from smartphone to store, app to social media, making her own circuitous journey before every purchase. One minute she's on her phone clicking through an email to check out the latest new foundation by her favorite luxury brand, the next she's on Instagram where she spots a jumpsuit being modeled by a fashion blogger. Is it in-store, online? She checks on her phone. It's online, but she'd like to try it on. Is there a store nearby that stocks it? Do they have her size? She's online checking. Yes! And so she switches from online to in-store, browsing and picking up other items to try on as she wanders through the store.

She likes to feel the fabric, see the colors with her own eyes, but is impatient if she can't find her size and so turns to the store's app to see if the shoes that have just caught her eye are in stock. Not in her size, so she buys the jumpsuit and orders the shoes, deciding she'll have them delivered to the store, which will make returning them easier if she doesn't like them. Her mind flits back to the foundation. She's tempted, but it's another purchase she'd want to see in the flesh, unless she could pre-order sample shades? That could clinch the deal, as would a good review by one of her favorite makeup bloggers.

Back home on her laptop she browses the beauty reviews and ads for handbags from a fashion pop-up. She'd bought a bag the other week and had been thrilled when it arrived on the same day. She clicks on one she likes the look of. The service was so good and returning so easy, she buys it impulsively, almost expecting to send it back, but excited about receiving another luxury parcel, the anticipation being as much a part of the experience as the purchase. Catch the eye and hold the interest of the Nomad and you're halfway to making them yours.



Key Statistics

The Nomad is a nimble shopper jumping across multiple channels

42%

of consumers surveyed are now shopping both online and in-store every week

They are increasingly keen on omnichannel shopping

73%

want to return online purchases to a retail store

55%

want to be able to reserve online for same day pick-up

55%

want to check product stock on their mobile while in-store

57%

demand in-store Wi-Fi

One way to win them over may be through a personalized service, giving them a reason to come back to a preferred retailer. They crave the temptation.

52%

of consumers globally want personalized offers based on personal data from their store loyalty account



The Player

This avant-garde tech-loving shopper is looking for the perfect mix of brand, product and experience. Visiting bricks-and-mortar stores is less attractive for him unless the experience is high-tech; he's excited by the experience as much as the brand itself.

Checking out one of the many blogs he follows, he starts a hunt for some new outdoor gear. He's hoping to find something that also comes from one of his favorite brands. He spots a video review by a legendary free climber comparing a range of lightweight hard-shell jackets. He loves seeing gear being tested out in the wilderness, and one of them is made by his brand of choice. Result! He clicks through to an online retailer he knows, checks sizing with their virtual try-on app and adds it to the shopping basket. While he's browsing, his attention is caught by a new range of climbing holds that can be customized with 3D printing. That's cool – he immediately shares the link on a WhatsApp chat group with his climbing buddies. Now he's counting down the hours until his order arrives. It'll be the delivery man who rings the buzzer tomorrow but he can't wait for the day he can get his orders dropped off by drone in just a few hours.

It's all about an integrated shopping experience, balancing the right brands with the latest innovations. The Player wouldn't be shy about giving up his online browsing history if in return he could be a part of a radical new offer, as long as it's from a brand he loves. For him, the process is as important as the purchase; he believes a good brand should deliver a great buying experience. Win him over with ever-changing innovation, keep him up-to-date with the latest trends and never let the shopping get dull.

Key Statistics

The Player is keen on innovative ways to enhance the shopping experience

63%

of consumers surveyed think stock of well-known brands in-store is most important to their shopping experience

48%

say they would love to be able to try on items virtually

46%

think retailers should offer a mobile app

35%

like the idea of near real-time delivery via drone or driverless cars

48%

would like to be able to auto replenish frequently bought items

43%

love the idea of being able to 3D print custom fashion

The Dealer

What motivates this shopper is the hunt, the thrill of the chase. And what's the prize? The best offer, the lowest price, the biggest bargain. It's a Black Friday mindset where the Dealer is dedicated to searching out the best value for money.

She might be contemplating an appliance purchase. It's a once in a blue moon buy, so she wants to ensure she makes the right choice and gets the best price. She devotes time to the search and is willing to fill out personal details to access a good deal, even if it means giving up her valuable data. She'll research methodically comparing prices across a raft of retailers. She's happy to hit the high street or retail park and make a deal on the ground. Equally, she'll trawl through sites online until she narrows down the search and finds the needle in the haystack – the best deal on the internet.

Alternatively, she might bargain hunt her weekly household needs – food, cleaning products, beauty items. She might visit a discount store for detergent, shampoo, shower gel. What's the point in paying more for the same item from a fancier store? She'll switch from online to on the street, going wherever she can get the best price, but the sweet spot is the best deal delivered straight to her inbox, and for that the Dealer will pretty much tell you everything.



Key Statistics

The Dealer is motivated by finding the best prices, deals and offers

65%

of consumers surveyed say personalized offers and promotions are most important to them in their shopping experience

84%

say that competitive pricing and promotions first and foremost is the most important aspect of their shopping experience

87%

would mostly give up their personal email address in exchange for offers, with a third always being willing to give this up for an offer

50%

want real-time offers online depending on what they're browsing at that moment

52%

want retailers to offer them personalized discounts based on their loyalty card purchases

Personalization... just enough

Consumers are unequivocally open to personalized shopping experiences, communications and tailored offers and give the green light to retailers wishing to provide a more personal service.

Retailers are trusted to evaluate first-party data – any information they already have about their customers – but consumers are much warier of retailers scouring third-party data sources for information. Things like their website browsing history and social media data are more likely to be considered off limits to retailers.

The best way for retailers to build up a bank of customer knowledge is through offers – consumers are much more willing to give up personal information like email address, phone number and purchase history in exchange for an offer or reward.

The top 5 personal details people would be willing to share are:

- (1) Personal email 87%
- (2) Purchase history 82%
- (3) Personal mobile number 72%
- (4) Online browsing history 67%
- (5) Social media profile 62%

50%
of people would be attracted to personalized offers based on loyalty data, purchase data or real-time browsing data

Whereas

29%
would find offers based on 'social media' data 'creepy'



Returns made easy



82%
want the ability to return an online purchase with free shipping

73%
want to return an online purchase to a store

34%
of consumers want returns windows exceeding 30 days

Today, consumers expect retailers to offer a free and flexible returns policy regardless of whether the item was purchased online or in-store. What's more, they expect a degree of flexibility across channels – to get free return postage on online orders as well as having the option of returning in-store. Consumers are going on increasingly complicated, omnichannel purchase journeys, and expect retailers to keep up with them along the way.

Expectations of timeframes for returns could be getting longer too – a third of consumers expect a returns window of more than 30 days. Yet another reflection of today's modern consumer: changeable, on-demand, omnichannel shoppers who want to browse and buy at any time of the day or night.

Faster, smarter payments

Once consumers have finished browsing they want to pay quickly and securely, regardless of whether they are shopping online, on their mobile or in-store.

In-store, consumers are looking for faster ways to get through the checkout and, although a concept still in its early stages, there's appetite for a fully automatic checkout which charges you as you leave. Consumers also want to have the option to use mobile payments – something which is now in demand across a wide range of age groups from 18-55 years, not just younger audiences.

Online, consumers expect one-click checkouts, and if they're a new customer they don't want the bother of signing up for an account as part of the checkout process.



Fashion sets the pace

In the last few years, online fashion has exploded thanks to a shopping experience that is constantly improving and innovating. Many of the barriers that used to prevent us from buying online have long faded away. Today, browsing and buying online fashion is part of our everyday and we do this almost as much as we go in-store.

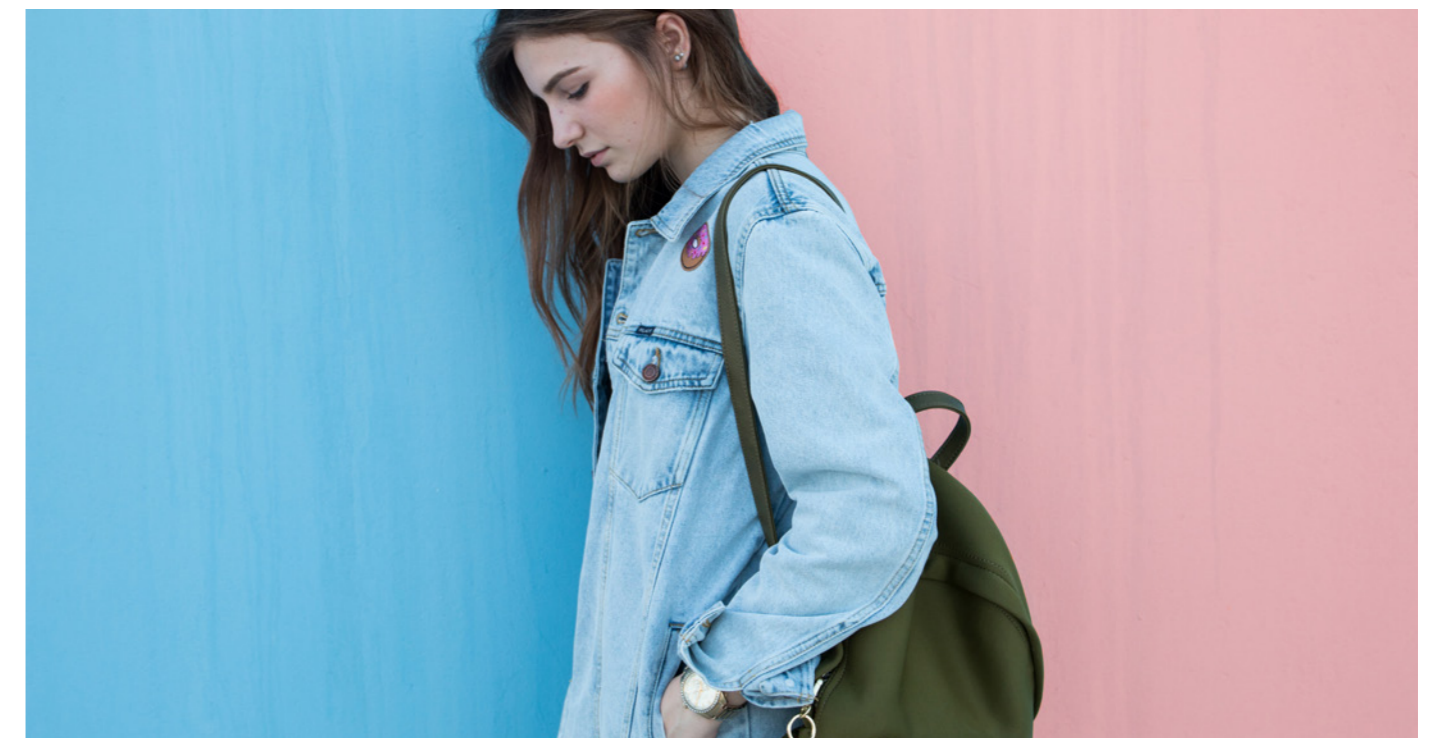
There's more on the horizon too, with indications that a niche demand is emerging for subscription clothing or online rent-and-return services and increasing concerns about sustainability and environmental initiatives in the fashion sector. 3D printing to customize products is exciting younger consumers and has the potential to be huge with half of them keen to say that it would be 'awesome'.

37%
of consumers think that innovations in subscription clothing could be an important driver of their loyalty in the future

40%
of consumers browse or buy fashion online at least once a week

50%
of millennials and pre-millennials think 3D custom printing would be very engaging

55%
of consumers browse or buy fashion in-store at least once a week



56%
say self-checkout machines are important to them

47%
think automatic checkout will be important in the future

60%
want mobile payment options in-store

57%
want instant one-click checkout online

62%
don't want to set up an account to checkout online

New technology horizons

Consumers are curious about Virtual Reality (VR) and are keen to see how retailers can use this to provide a more engaging online shopping experience. Around half of consumers would love the ability to browse and

shortlist items in a more immersive environment. They are much more skeptical about robots, driverless cars and drones as part of the retail experience. Many consumers agree that robotic or virtual assistance

in the changing room would be 'creepy'. There is also a lot of skepticism around driverless cars and delivery by drone, especially by older age groups.

48%

think virtual reality for online shopping would be very motivating

39%

think robot assistance would be 'creepy' and the sentiment is shared across age groups

26%

think drones are a bit unnerving (particularly older audiences at 41%). Younger audiences are more used to the idea with 40% responding very positively



Auto replenishment



The ability to get consumable products automatically replenished is an emerging concept in the modern retail landscape. Despite the recent buzz about it in industry media, we found that it divides opinion among today's consumers. Many are still skeptical about relinquishing control over the purchase of regular items, and are particularly suspicious of automatic grocery deliveries based on nothing more than purchase history, social or environmental data. On the other hand, almost half would be open to the concept of automatic replenishment if they can control how it works. People are a lot more open to intelligent grocery suggestions, which they can then approve before finalizing purchase and delivery.

48%

think online automatic replenishment would be important to their experience in the future

33%

think it would be 'creepy' for supermarkets to ship grocery items based on purchase, social and environmental data

40%

think it would be 'awesome' if supermarkets use the same technology to 'suggest' a shopping list without automatically charging for it

Oracle Retail's global consumer research plays a critical role in delivering to retailers exactly what they need – an insightful understanding of global consumers' dynamic and contrasting expectations. Retailers who tune into and anticipate what customers want and simultaneously optimize their operations to maximize efficiencies and in turn profits, will steal a march on their competitors. Keeping one step ahead of customers' needs and wants is at the heart of how Oracle Retail empowers retailers to not only survive, but thrive.



Create the Moment. Cultivate Affinity. Captivate your Customers.

Oracle provides retailers with a complete, open, and integrated suite of best-of-breed business applications, cloud services, and hardware that are engineered to work together and empower commerce. Leading fashion, grocery, and specialty retailers use Oracle solutions to anticipate market changes, simplify operations and inspire authentic brand interactions. For more information, visit our website at www.oracle.com/retail.

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