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Retail & CGS Innovation Survey: US Results

January 2007

In-store shopping is still the primary way consumers want to shop. There is room to expand and improve the customer experience.

If given the choice to shop for the same product at a store or online, 67% of respondents would typically make their purchase at a store.

- Across product categories, the majority of consumers, 69% on average, prefer to purchase items in a store over online options. The exception is electronics where the preferred purchase method is predominantly online (57%).
- The main reason for purchasing in-store versus online is that most respondent consumers need to see or try on an item before purchasing it (51%).

Shopping frequency as well as the number of stores consumers need to shop to get what they need is two or more for most respondents across all product categories.

- Most respondents shop for groceries once per week or more. Shopping for clothing, electronics and home furnishings occurs once per month or less.
- More than three quarters of the respondents shop at 2 or more stores for the same category of products: 81% Groceries; 93% Clothing, 84% Electronics, and 78% Home Furnishings. This implies that stores are not providing sufficient selection and variety.

Customers want to see more sales people and site this as the main problem encountered when shopping at a store.

- More than two-thirds (67%) report too few registers open
- More than half (54%) report not enough sales and customer service staff.

Retailers need to get it right to retain customers.

Without the appropriate selection, consumers tend to go elsewhere.

- The key criteria for deciding where to shop are: price (85%), product selection (69%) and store proximity (57%).
- Depending on the category of product, consumers will shop alternative stores if they don't find what they want:
  - 81% for Footwear
  - 78% for music, movies, books
  - 78% for Entertainment devices such as MP3 players
  - 76% for jeans or denim

Retailers should pay attention to store organization and customer service

- Most site store organization(61%), variety (59%), cleanliness (58%), customer service (57%) and friendly staff (55%) as the key to providing the best in-store experience.

Getting help in-store when needed is lacking

- Only 50% of respondents report getting help always or most of the time for electronics stores and household furnishings, 47% for specialty stores.
- According to 29% of respondents, mass retailers rarely or never have help available when needed. They are hit or miss with 43% reporting getting help some of the time. Department stores have a similar reputation among respondents.

The Internet is an extension of the in-store shopping experience. Consumers research products, check prices and product availability before going to a store.

Many consumers check the Internet before physically going to a store

- Almost half (49%) will call ahead or check online to determine if a product is in the store before traveling to the store.
- 69% will use the Internet to research product features before going to the store for their purchase
- 68% will price compare on the Internet and go to the store with the best price
- 58% will use the Internet to locate an at a store before going to the store to purchase the item
- 45% will order an item online for in-store pick-up

Promotions are a useful tool for incentives and customer retention, but word of mouth and advertising are the greatest influence on purchase decisions.

Word-of-mouth followed by advertising are the most powerful influencers on purchase decisions, according to 60% and 47% of respondents, respectively.

Special promotions are valued most by consumers to retain their business, according to 50% of the consumers surveyed; Improved customer service was cited by 37% of respondents to retain their business .

Coupons work best as an incentive to buy food & beverages (56%) and health & beauty (34%) items.

Ads are the best incentive for apparel, according to 39% of the respondents

Promotions and impulse buying are not strong influencers for many new product purchases.

New products have had a positive impact on consumers, making them more efficient.

The majority of respondents believe they are more efficient today compared to 2 years ago as a result of new products.

New products are ahead of the market but sometimes not driven by consumer needs. According to most respondents:

- New products are introduced before consumers realize the need (55%)
- New products are introduced while consumers typically don't feel they need them (47%)
- Almost one-third (30%) of respondent consumers could think of new products that they needed but were not available.

According to consumers, the top 3 places that they learn about new products are:

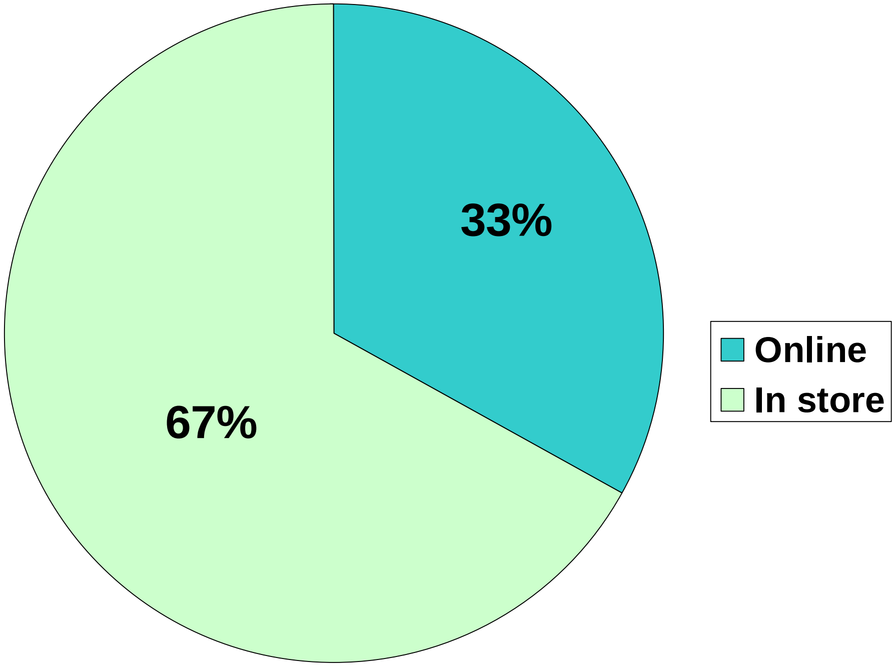
- TV 64%
- Word of mouth 47%
- Print ads 37%

Men are more likely to leave a store if they don't find what they want in alcoholic beverages, dry goods and produce. Men, more so than women, use the Internet to learn about new products and research products. Women rely on TV for new product awareness.

- Significantly more men than women (51% vs. 39%) report the Internet has improved their in-store shopping experience by allowing them to order items online for in-store pick-up.
- Significantly more men (17% vs. 9%) purchase in-store to get better prices while more women (16% vs. 8%) purchase in-store to avoid shipping charges.
- Men more so than women will shop alternative stores if they don't find what they want for: alcoholic beverages including beer, dry goods and produce. More women will go elsewhere for: special occasion clothing.
- New products are not driven by consumer needs; men agree more so than women
- Coupons work best as an incentive for men to buy alcoholic beverages while family and friend recommendations provide a better incentive for women. Advertisements work best as an incentive for women to buy health and beauty items
- Among services that keep customers shopping at stores they frequent, special promotions for frequent customers are more effective for women (54% vs. 47% men).
- Women learn about new products from TV and word of mouth more than men. Men learn more from Internet search engines.

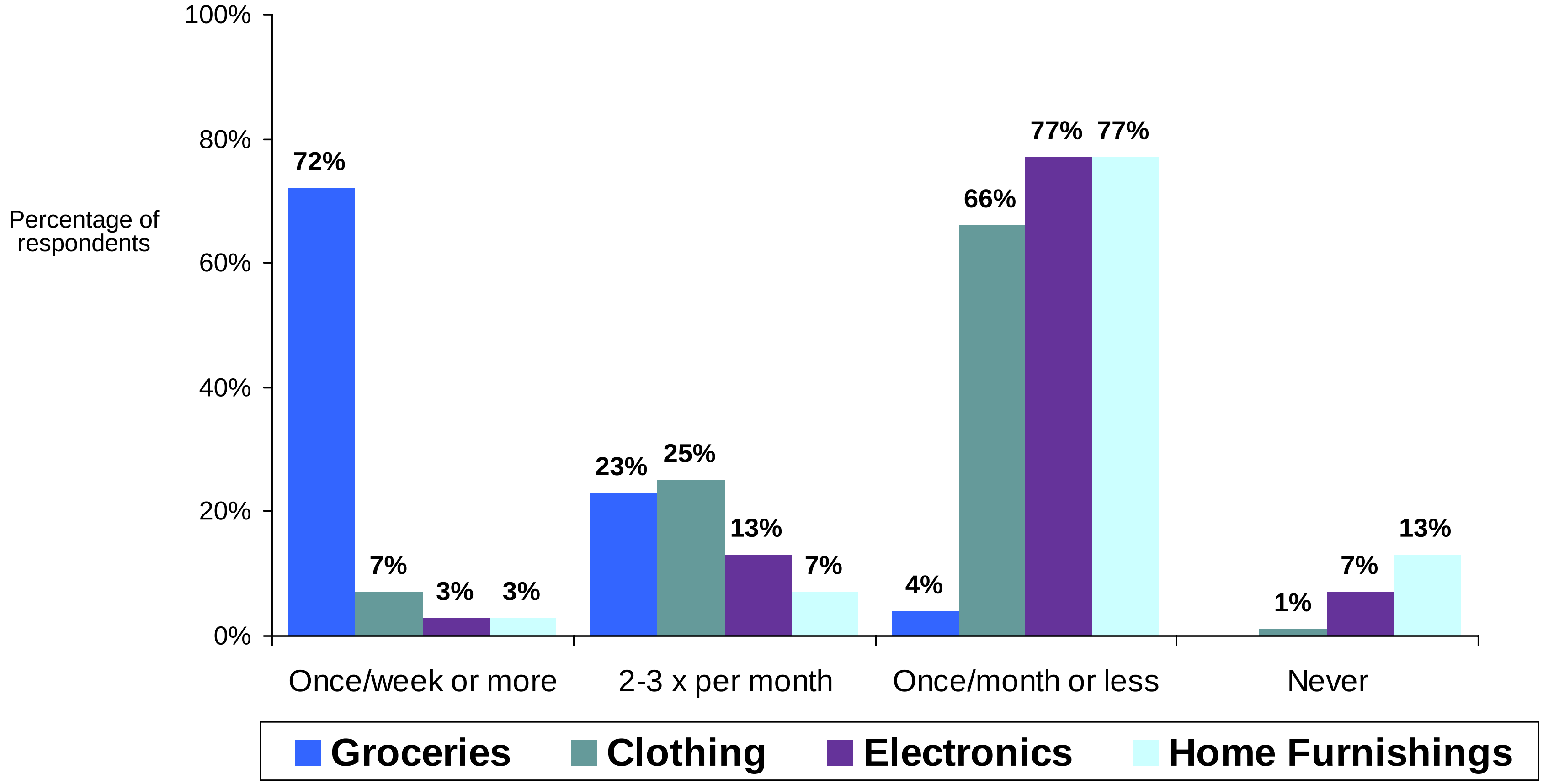
If given the choice to shop for the same product at a store or online, most respondents prefer to shop at the store.

Respondents primary mode of shopping

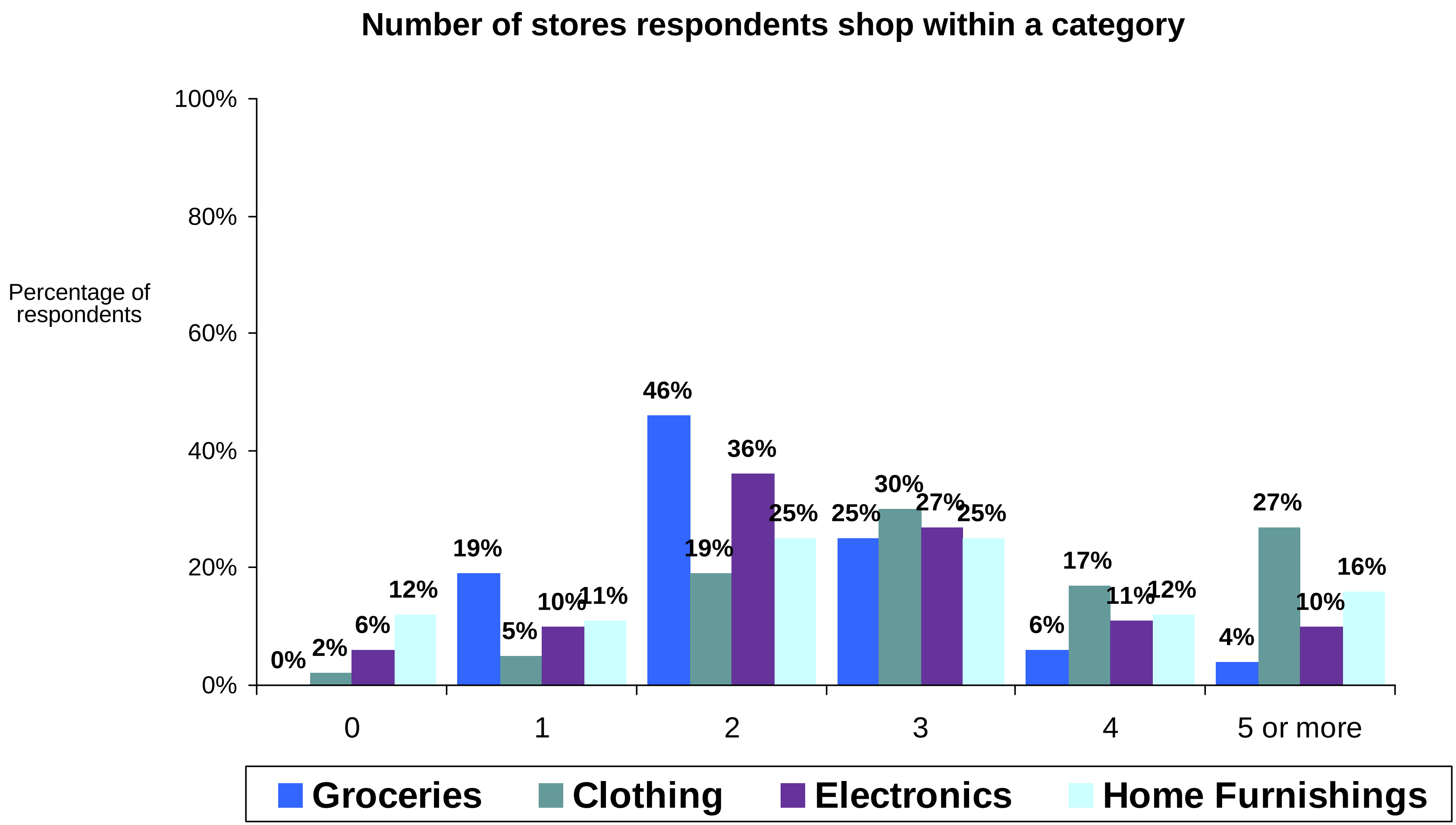


Most respondents shop for groceries once per week or more. Shopping for other more durable consumer products occurs once per month or less.

Frequency respondents shop in a store

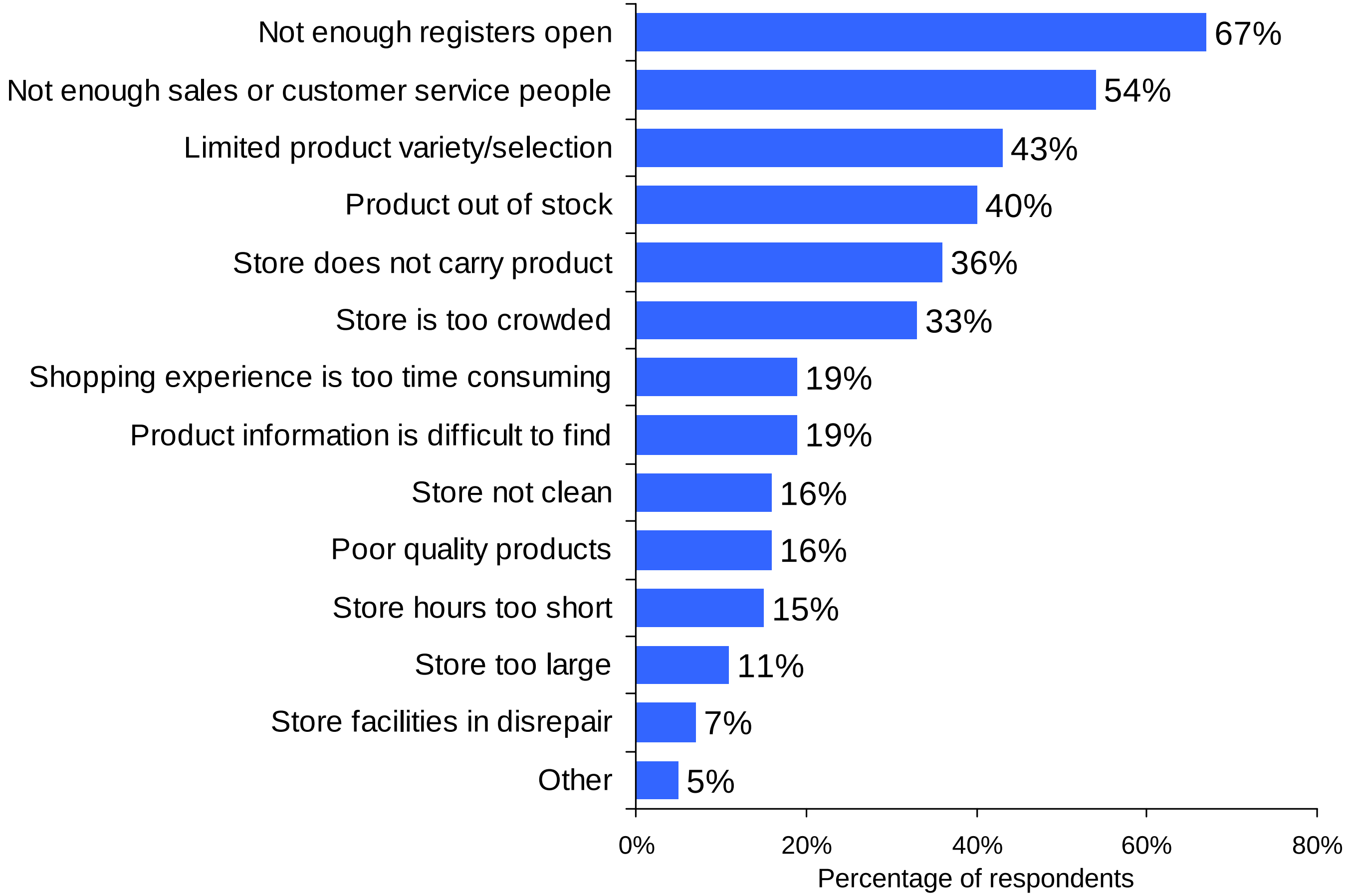


More than 80% of respondents shop at 2 or more stores for the same category of products. Presumably one store could capture more consumer interest by offering product variety tailored to consumer needs.



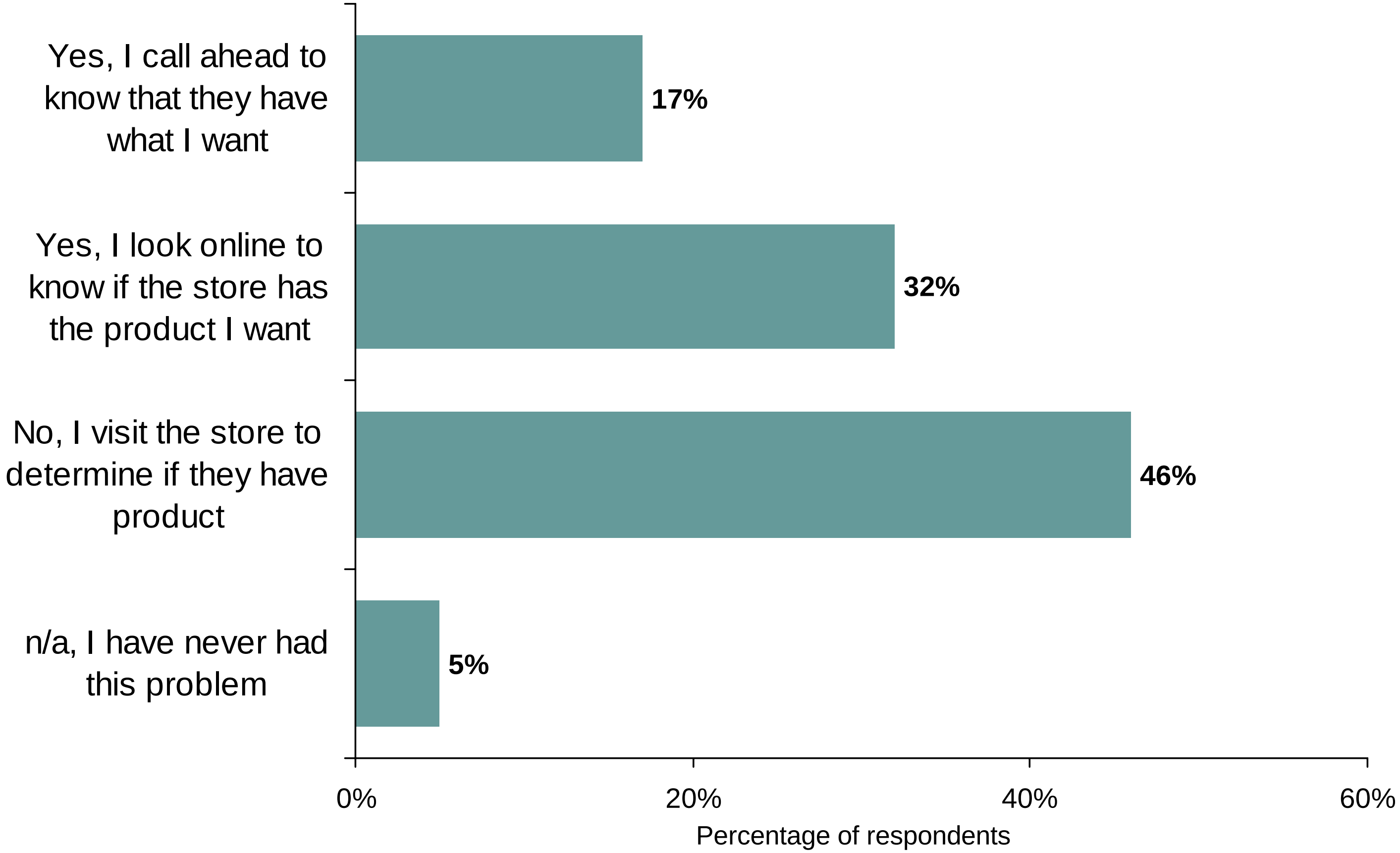
With too few registers open as well as sales and customer service staff, stores need to improve service by increasing the number of customer-facing positions.

Problems encountered when shopping in a store
(excluding price-related issues)



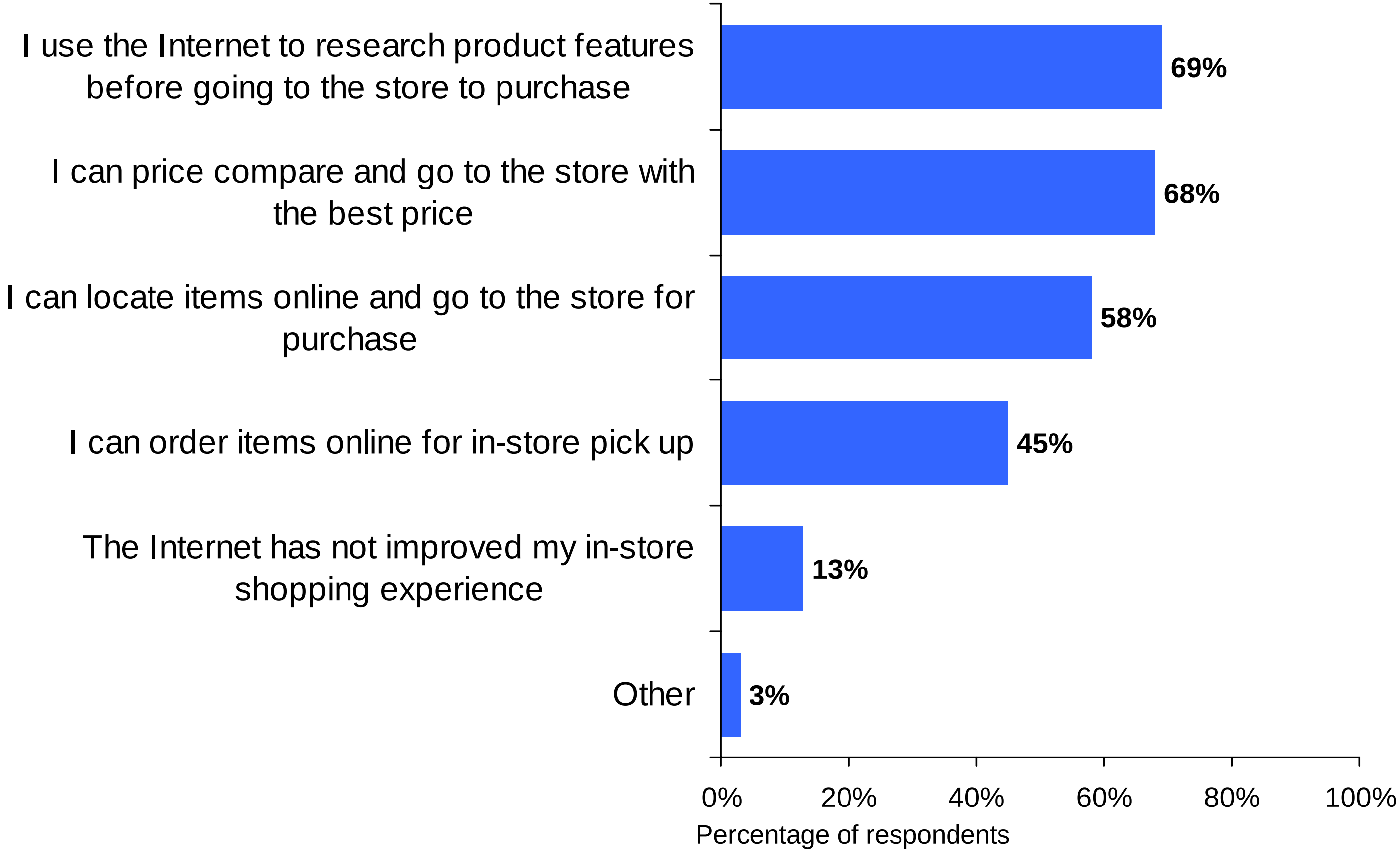
About half of the consumers surveyed will call ahead or check online to determine if a product is in the store before traveling to the store. Online sites can become very useful for stores to communicate with their shoppers.

Consumers checking if difficult to find product is in store before visiting store



The Internet has aided consumers with their in store shopping experience by allowing them to research products before going to the store.

How Internet has improved in-store shopping experience



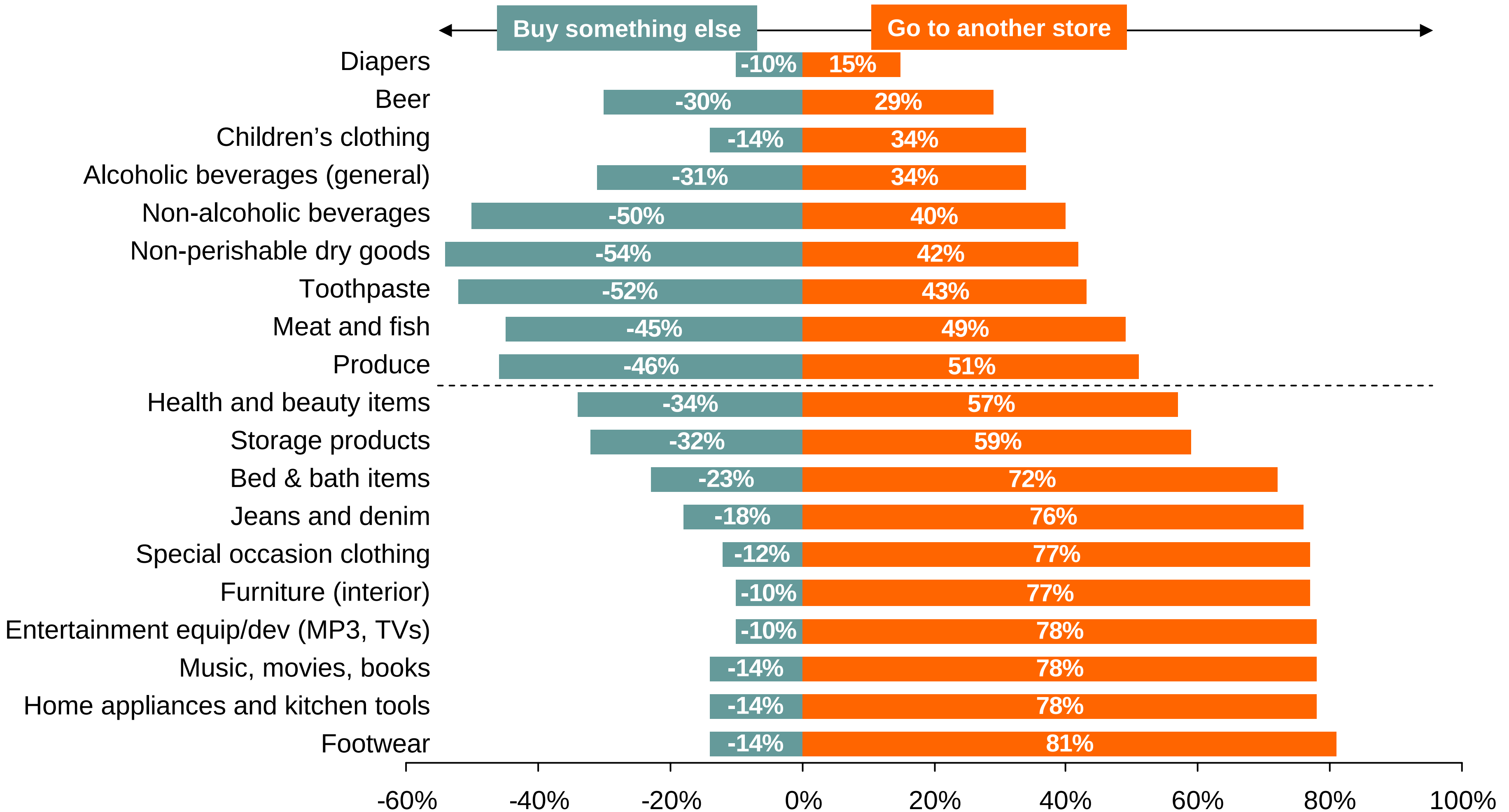
Men are significantly more likely to order items online for in-store pick up than their female counterparts.

How Internet has improved in-store shopping experience x Gender

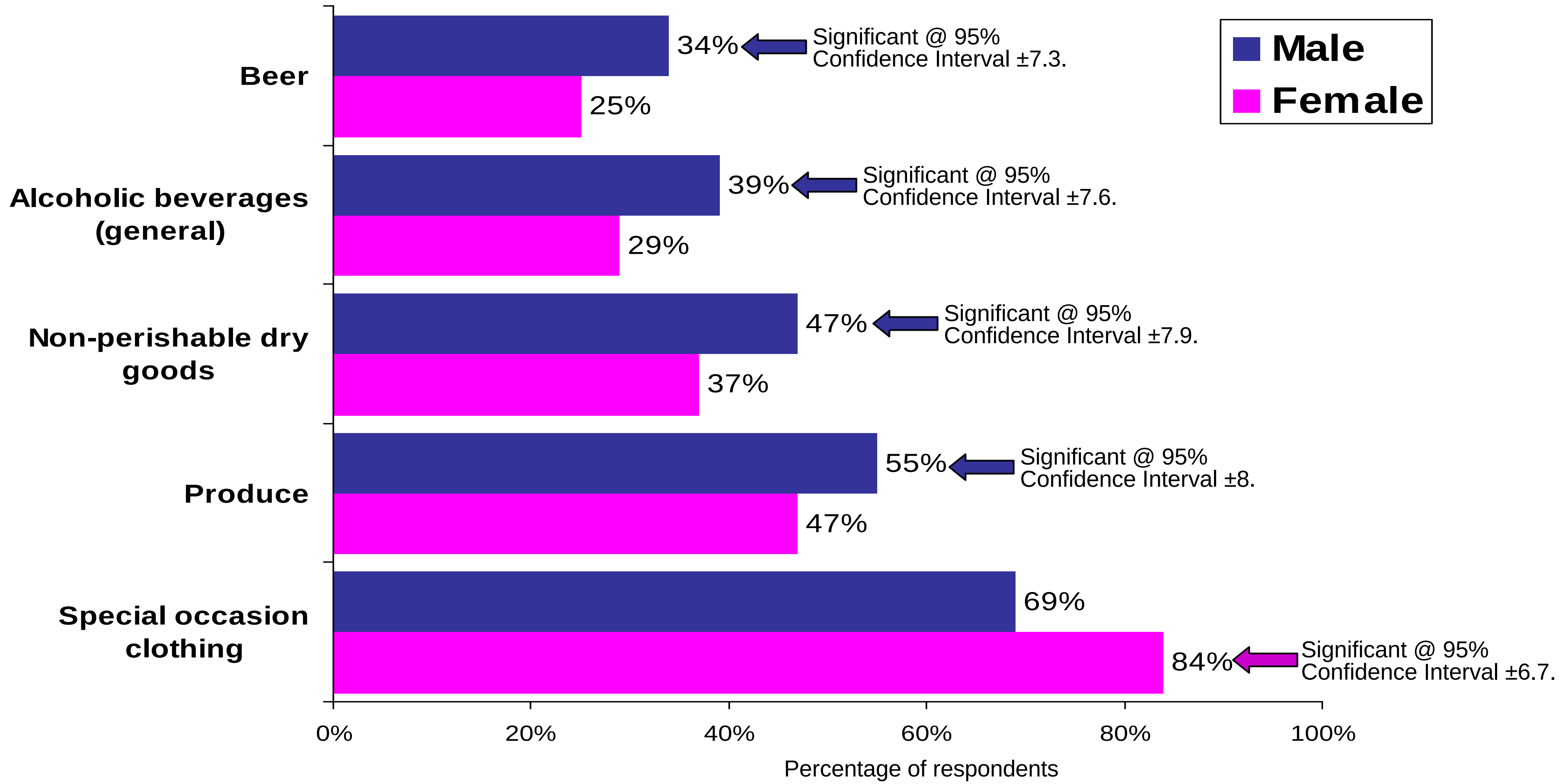
Male and Female groups are significantly different at the 95% Confidence Interval ±8.

Consumers will shop alternative stores if they don’t find what they want for the more durable types of goods and fashion-sensitive categories, such as footwear and jeans.

Consumer response if store does not have what respondents need

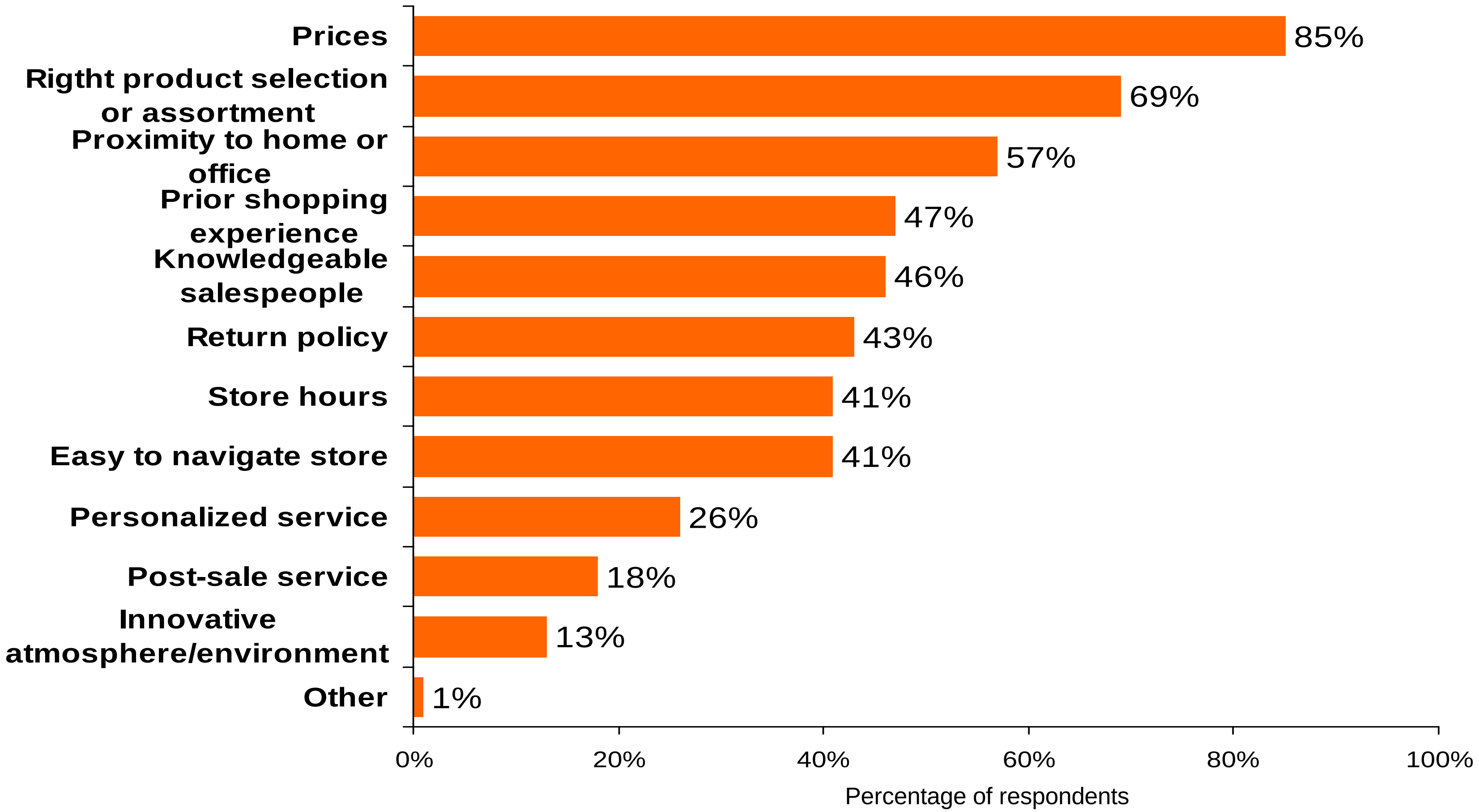


Men more so than women will shop alternative stores if they don't find what they want for: alcoholic beverages including beer, dry goods and produce. More women will go elsewhere for: special occasion clothing.



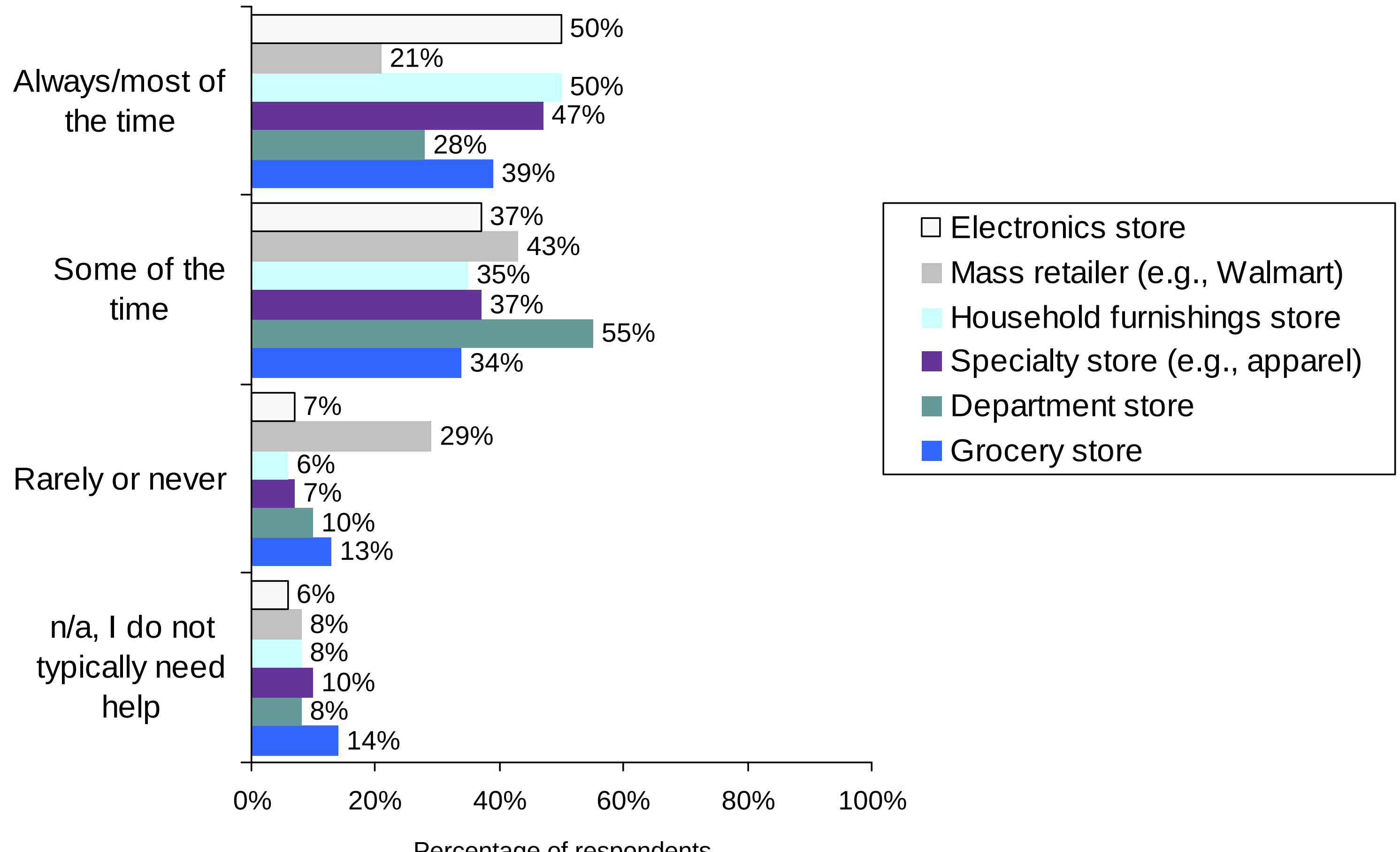
Aside from price, product selection and store proximity are the key criteria for deciding where to shop. Without the appropriate selection, consumers may go elsewhere.

Importance of criteria when deciding to shop at a store



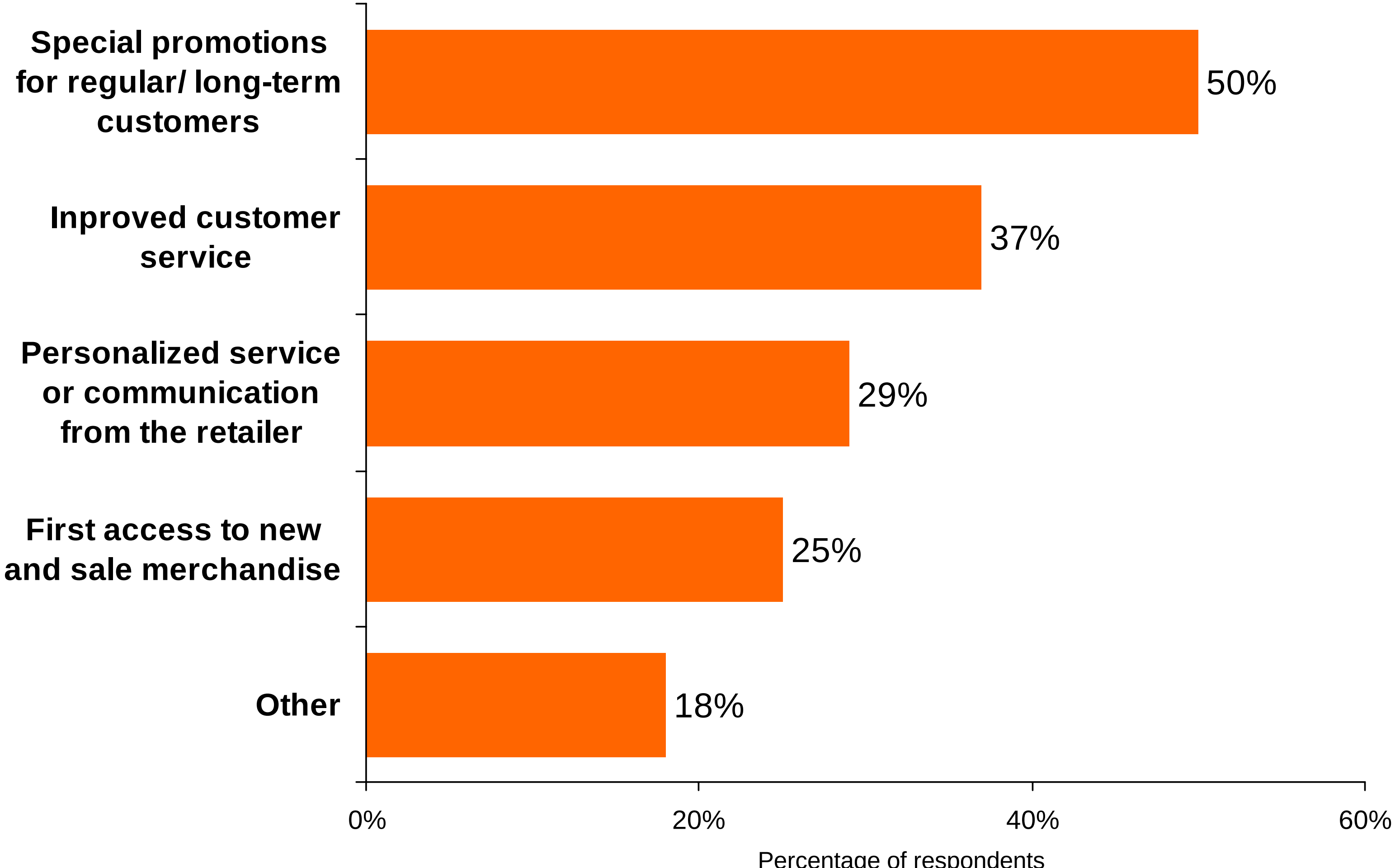
Overall, respondents report not getting the help they need once they are in a store.

Frequency help is obtained from salespeople when needed for each store type



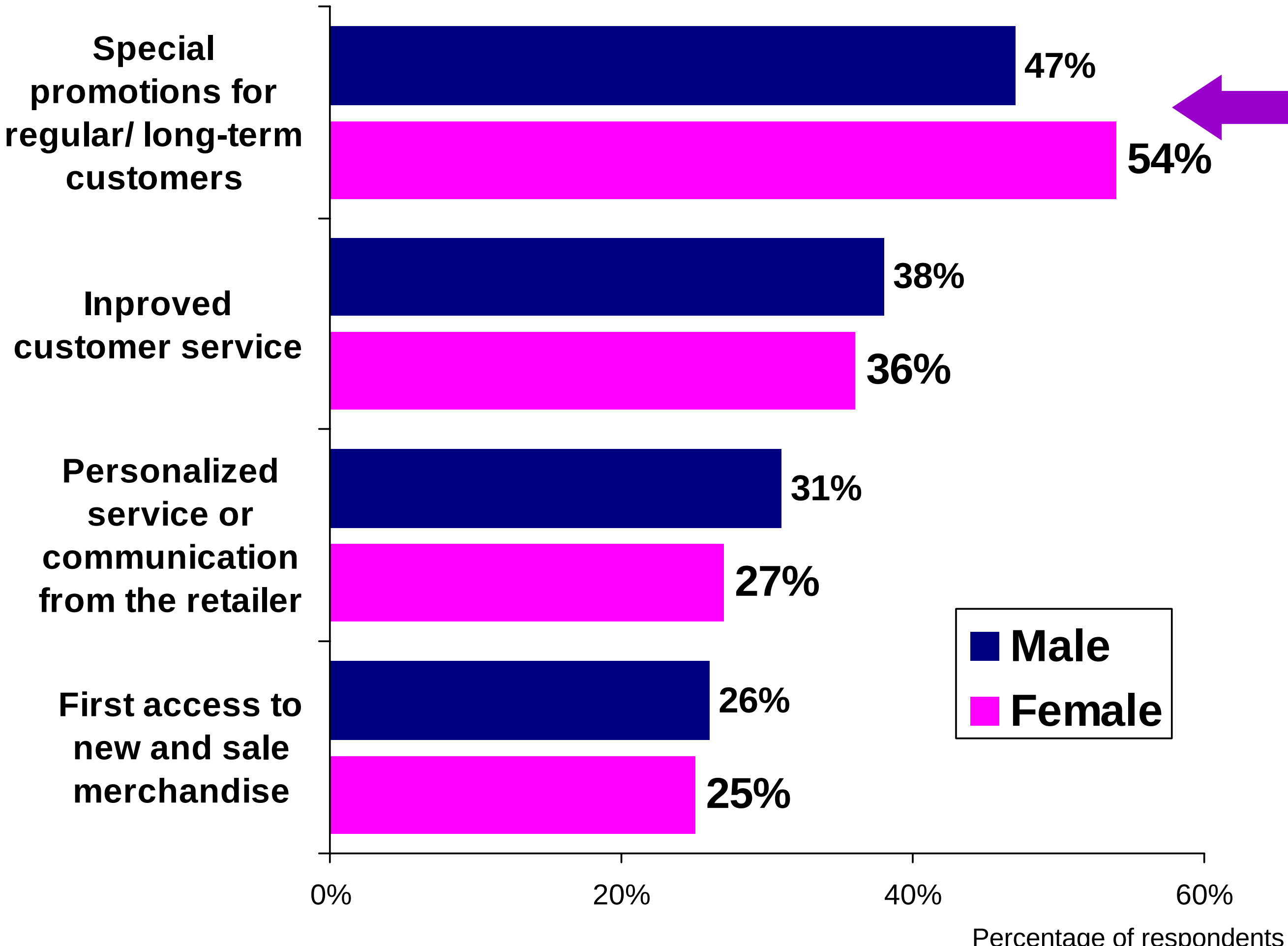
Special promotions are valued most by consumers to retain their business.

Services that keep customers shopping at stores they frequent



Women respond more to promotions than men.

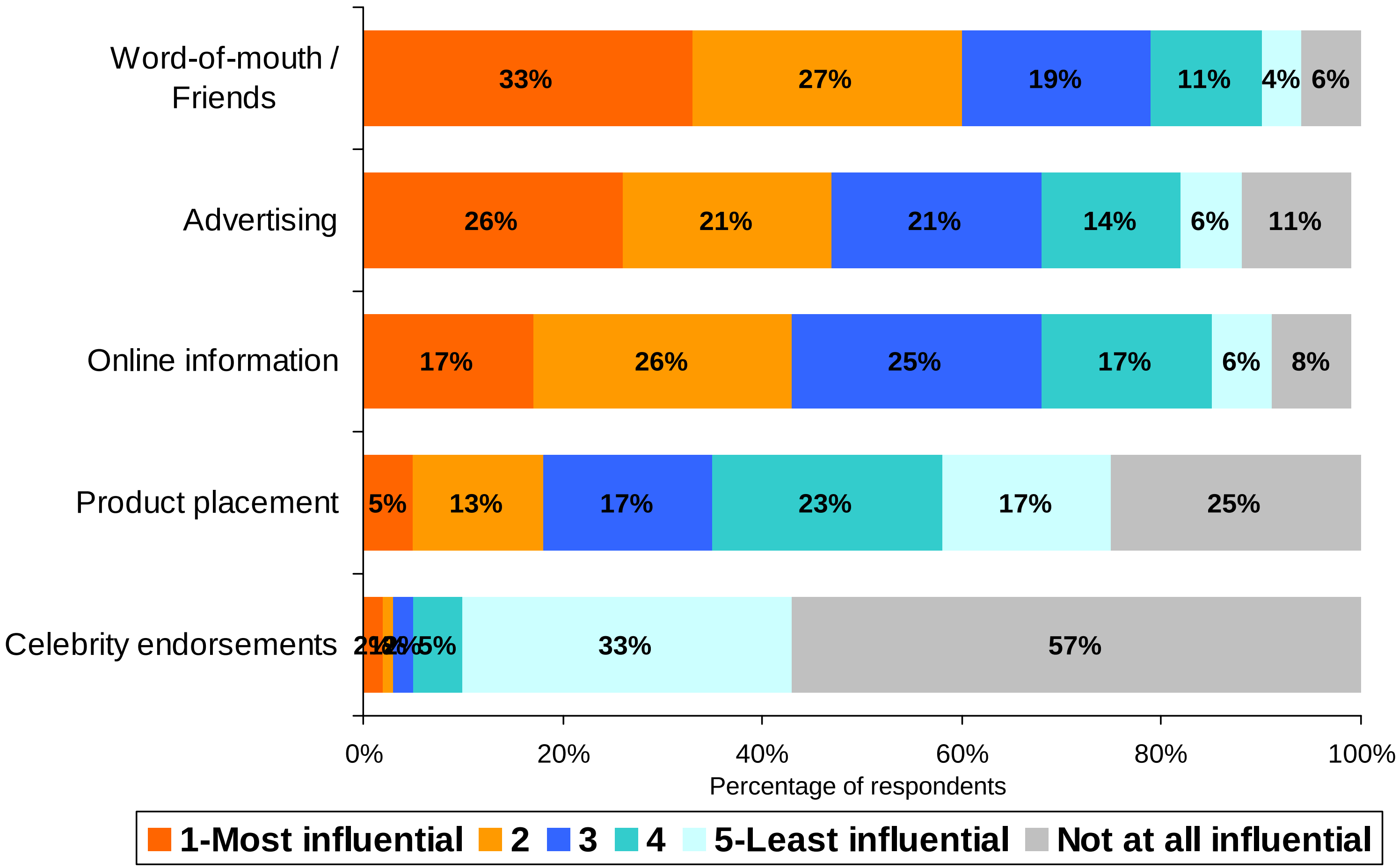
Services that keep customers shopping at stores they frequent x Gender



Male and Female groups are significantly different at the 95% Confidence Interval ±5.5.

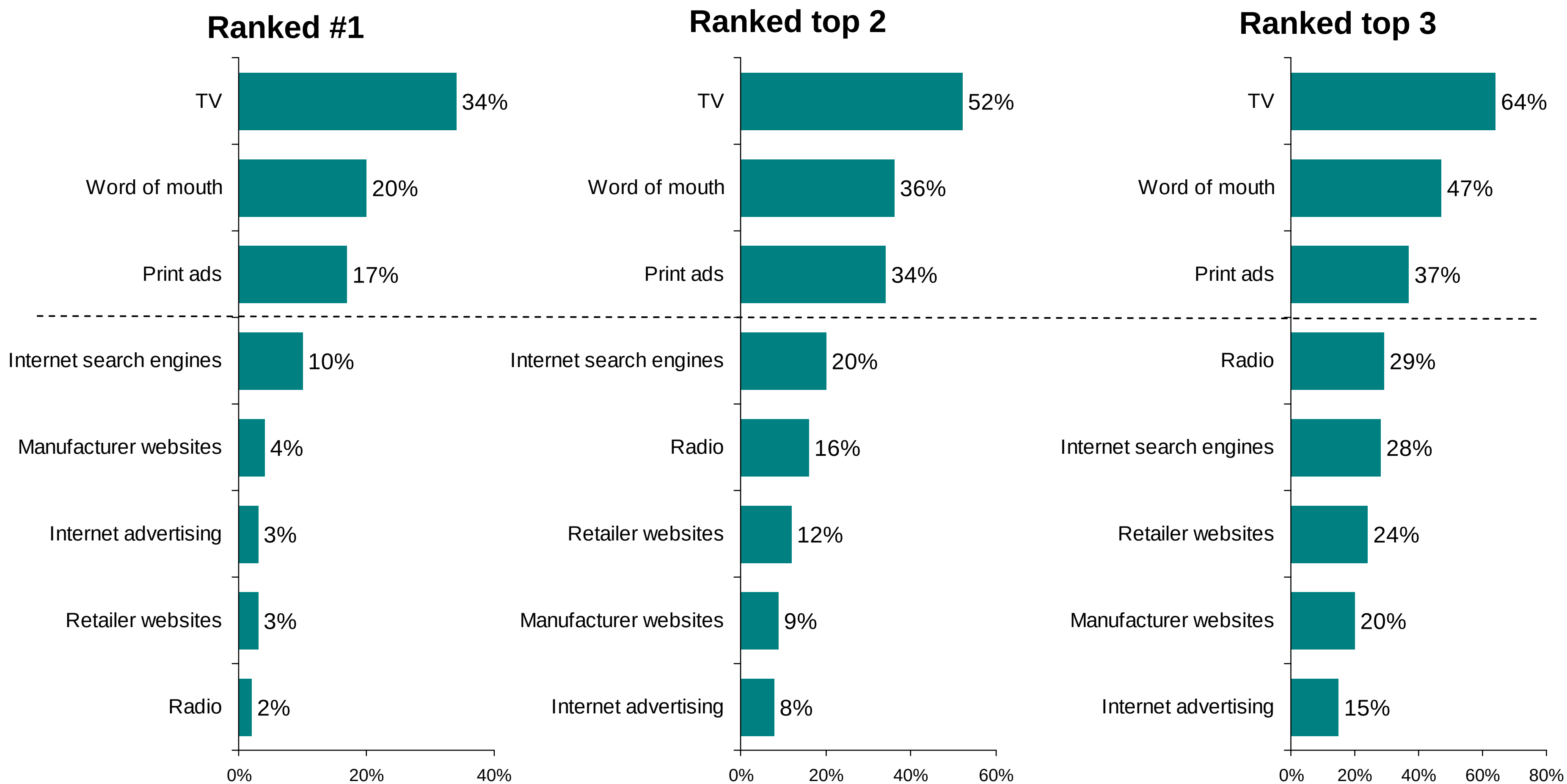
Word-of-mouth followed by advertising are the most powerful influencers on purchase decisions.

Information sources having influence on purchase decisions



Respondent consumers learn about new products primarily through TV, word of mouth and print ads.

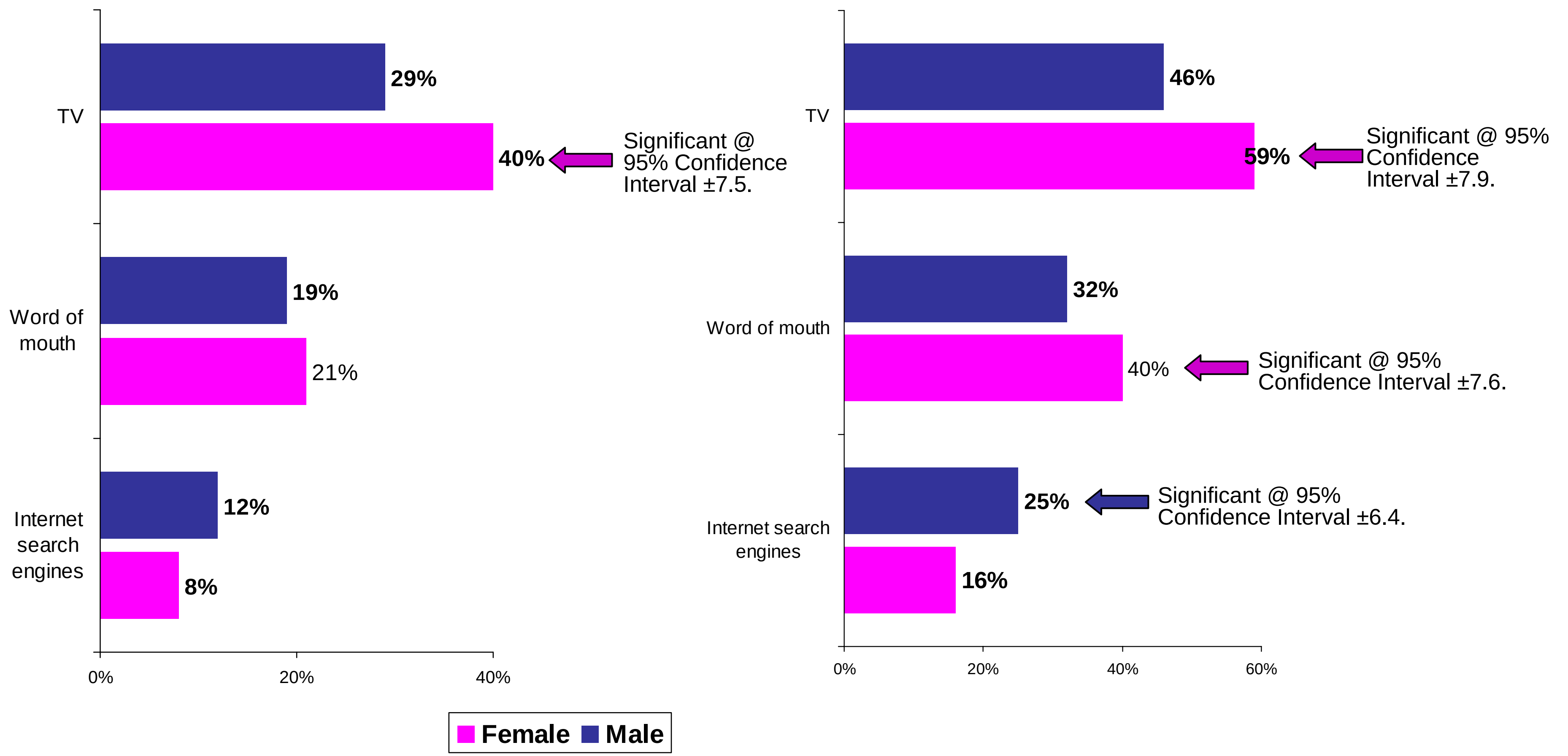
Where respondents learn about new products



Women learn about new products from TV and word of mouth more than men. Men learn more from Internet search engines.

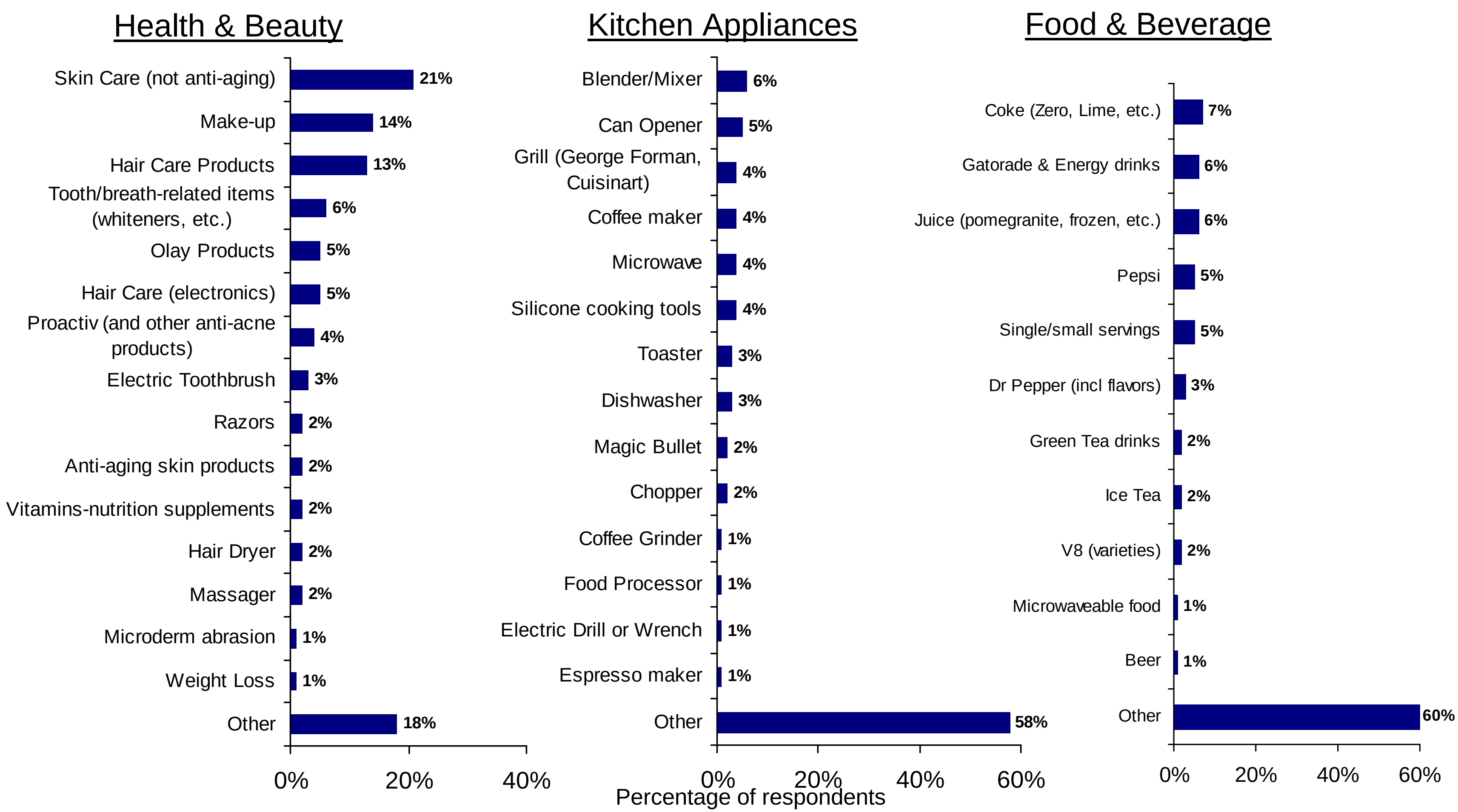
Where respondents learn about new products x Gender

Ranked #1 / Ranked top 2



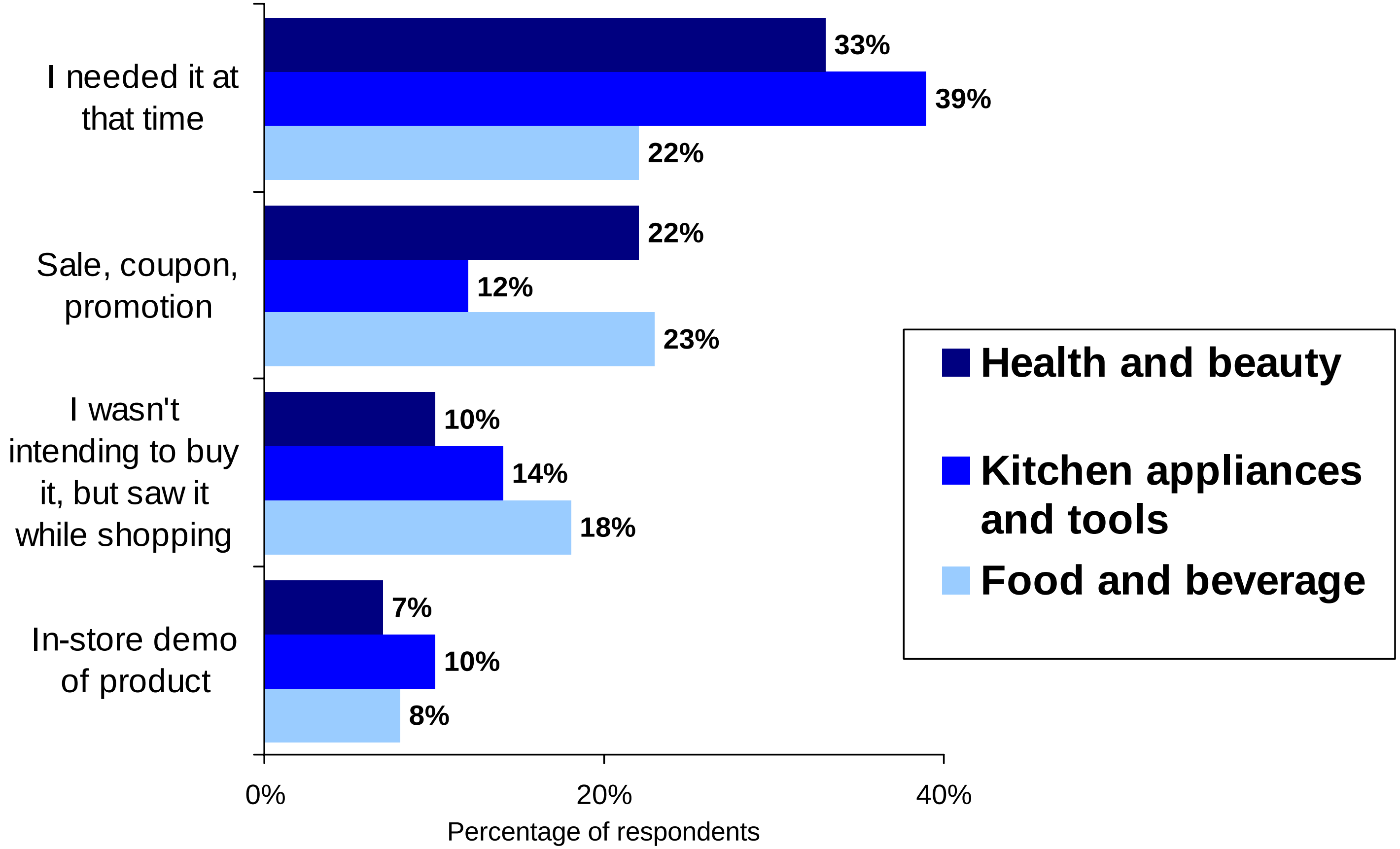
Respondents demonstrated the most agreement regarding innovative new products in health and beauty than other categories. Mostly beverages were cited under "Food & Beverage".

Most innovative new products purchased and used in the past year

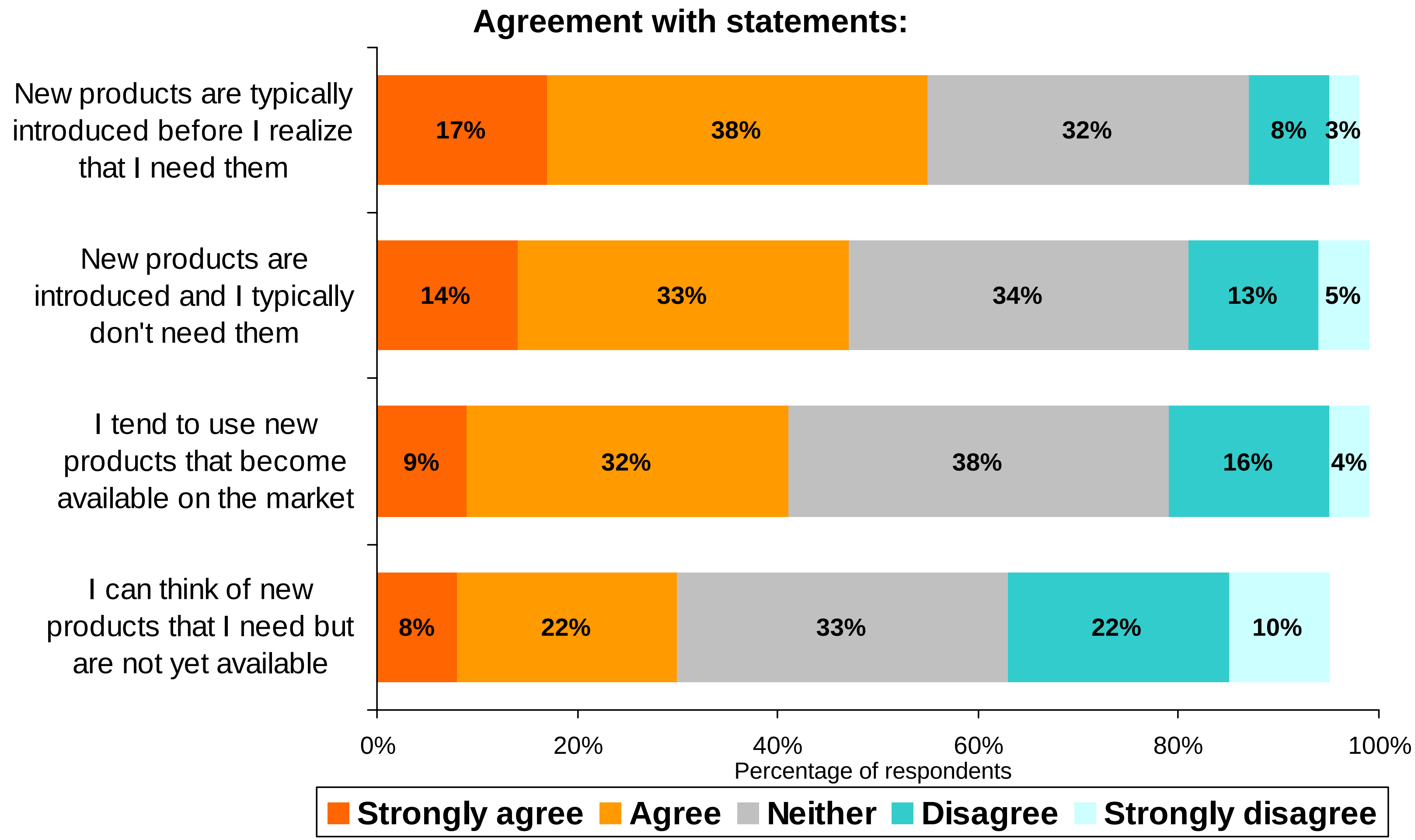


New product purchases in health and beauty as well as kitchen appliances appear to be most influenced by the timing of the need. Promotions are least effective for kitchen appliances.

Prompts for new product purchases

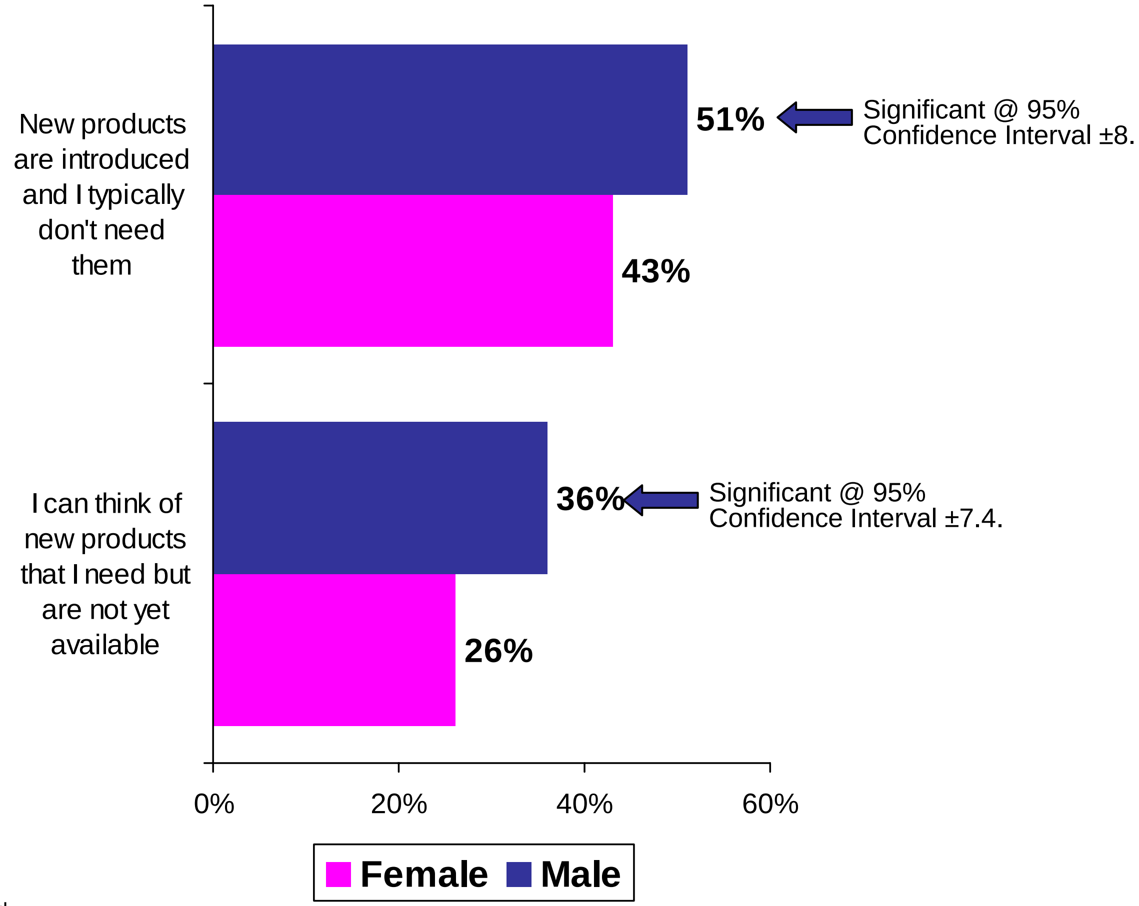


It appears new products are ahead of the market and sometimes not driven by consumer needs…



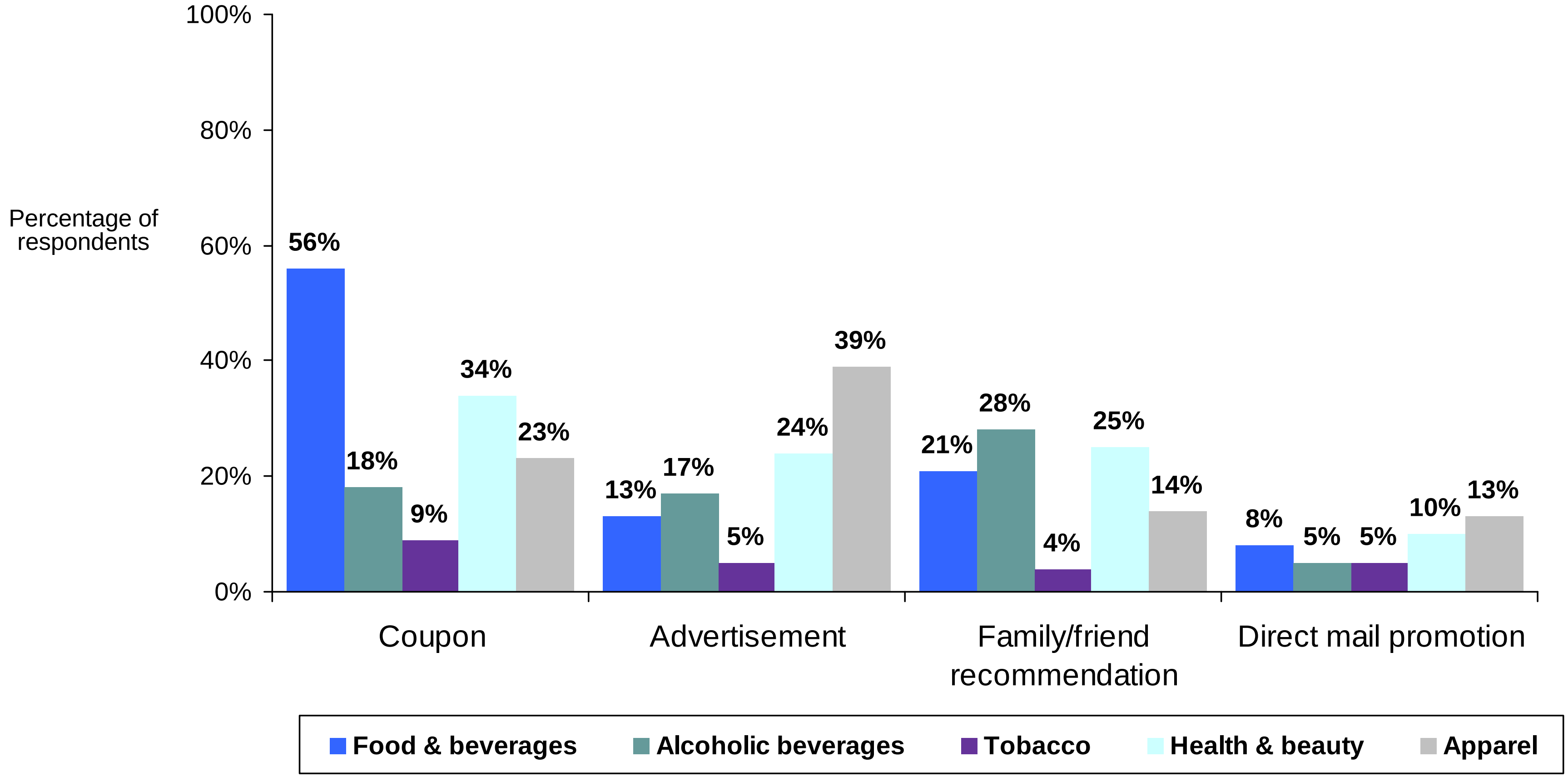
…and this holds true more for men than women.

Agreement with statements x Gender (top 2 box: Strongly agree, agree)

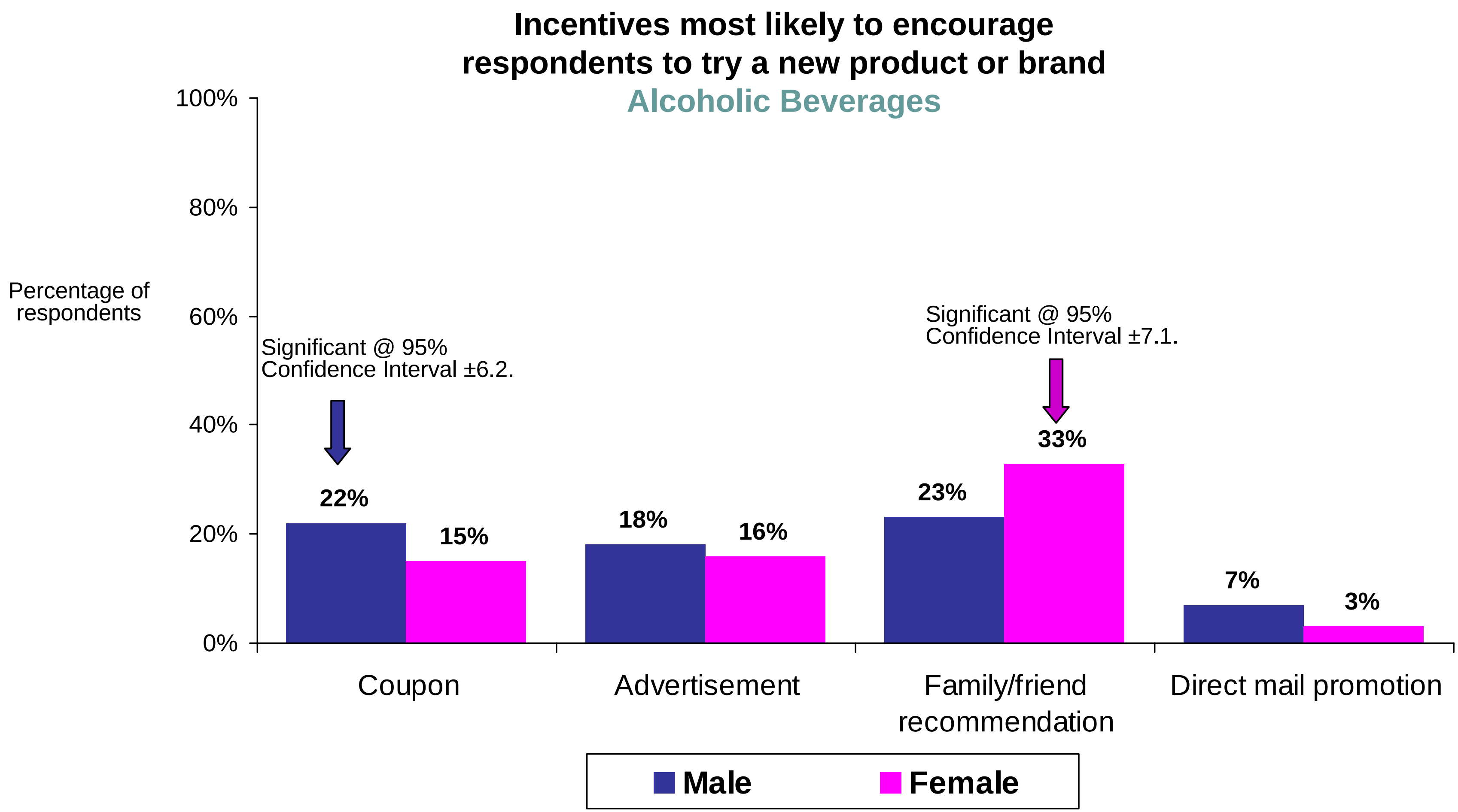


Coupons work best as an incentive to buy food & beverages and health & beauty items. Ads are best for apparel.

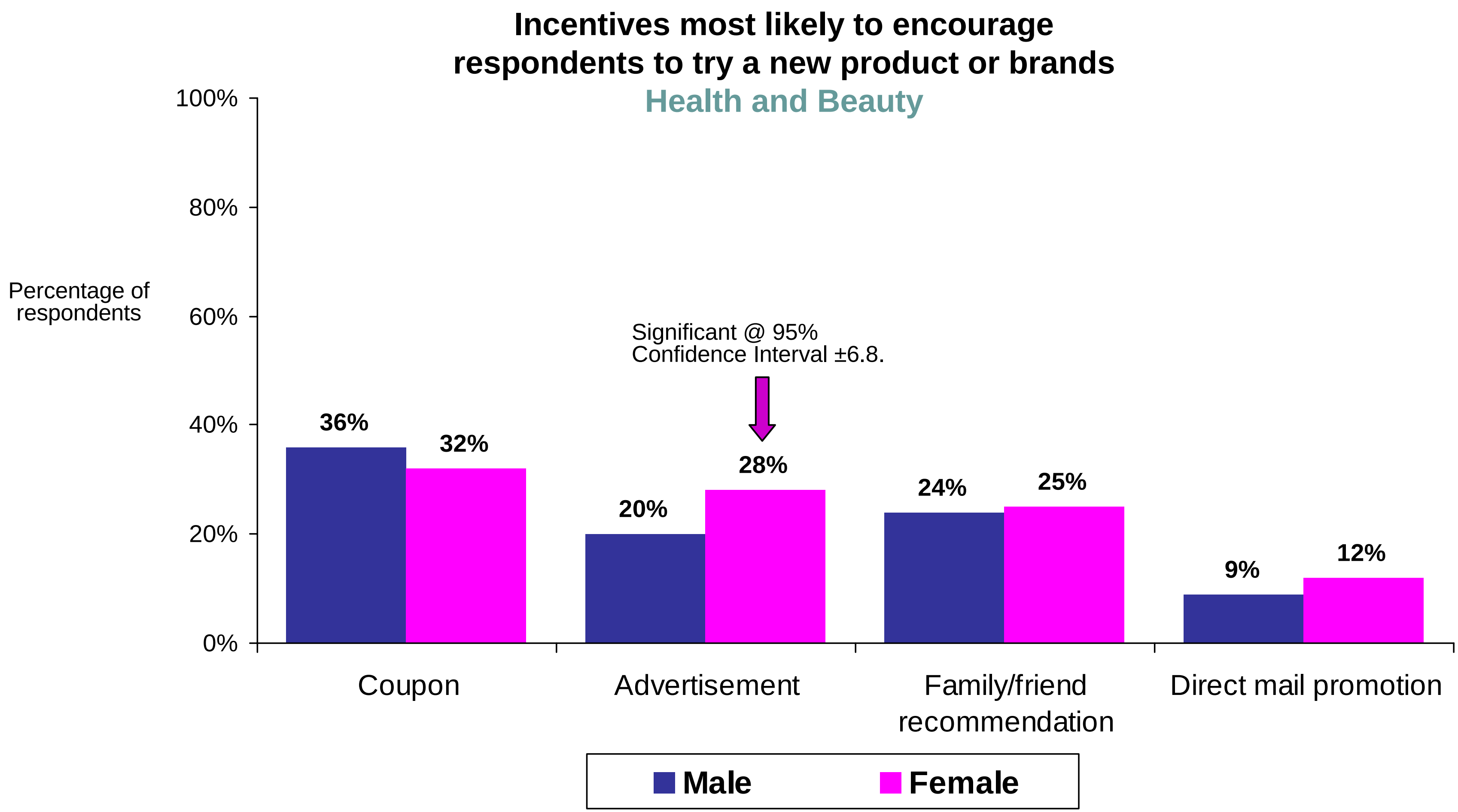
Incentives most likely to encourage respondents to try a new product or brand



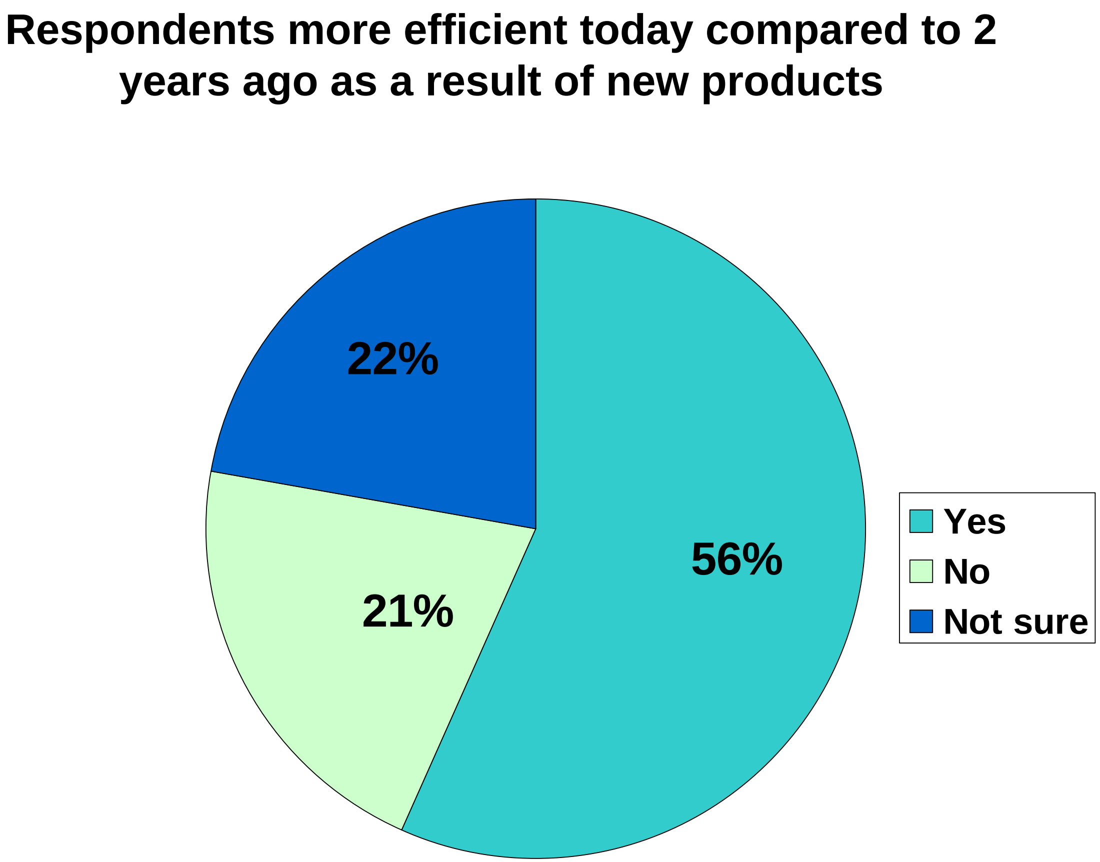
Coupons work best as an incentive for men to buy alcoholic beverages; family and friend recommendations provide a better incentive for women.



Advertisements work best as an incentive for women to buy health and beauty items.

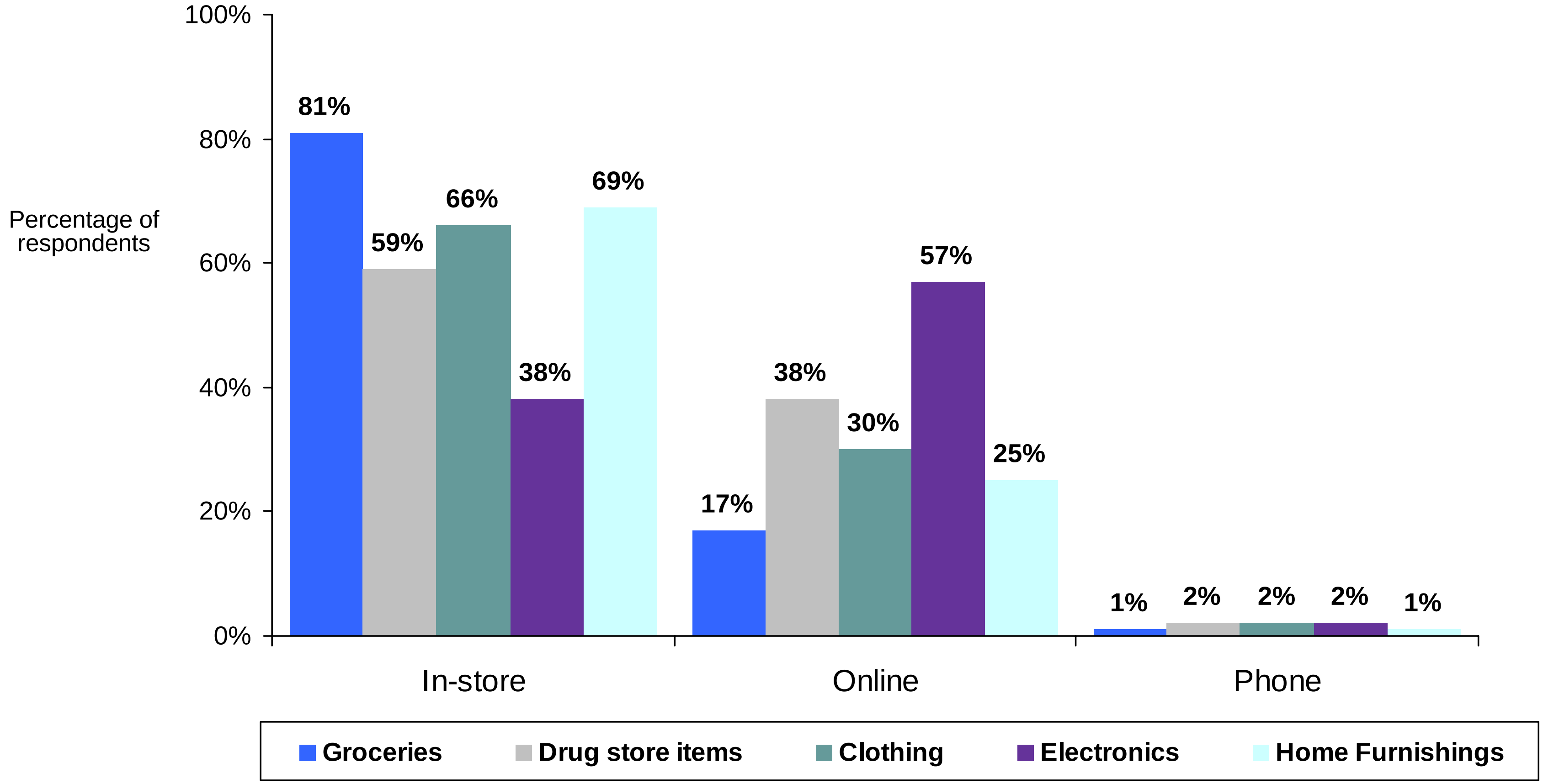


The majority of respondents believe they are more efficient today compared to 2 years ago as a result of new products.



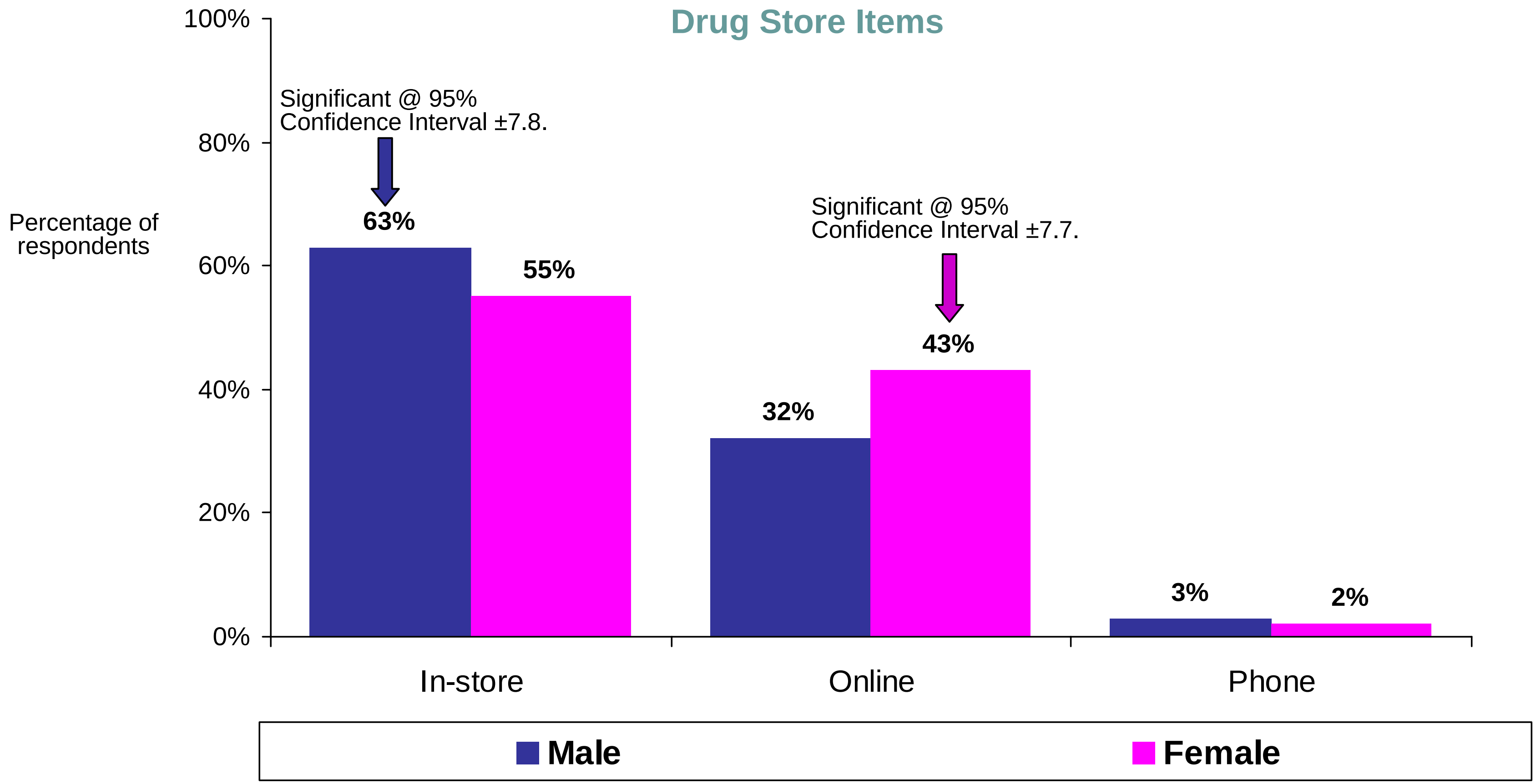
Consumers prefer purchasing items in stores over online except for electronics where online is the preferred method.

Respondents typical mode of purchasing if buying the same product at the same price without shipping or delivery charges



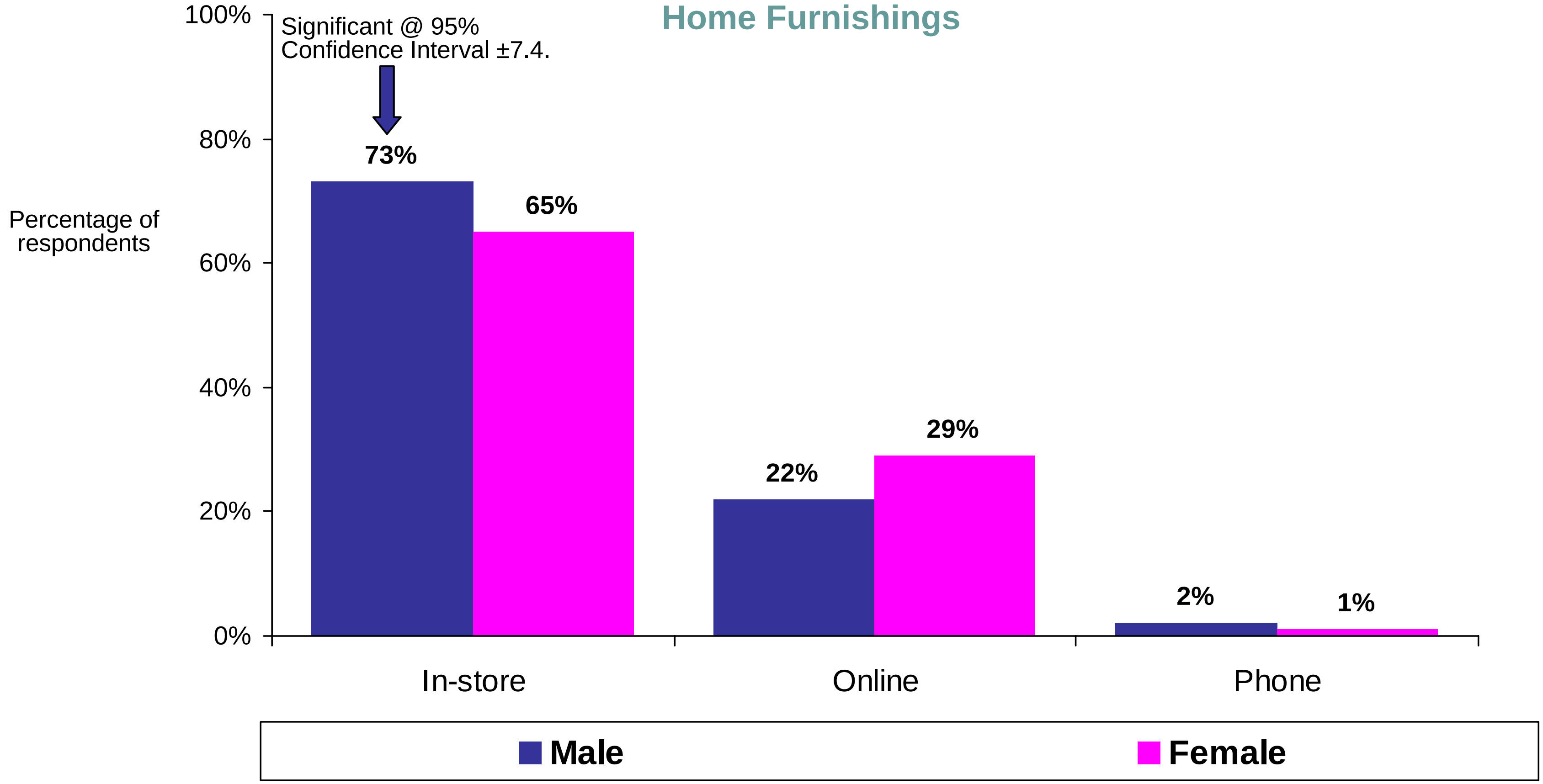
Men are more likely to buy drug store items in the store than women, while women are more likely to buy online.

Respondents typical mode of purchasing if buying the same product at the same price without shipping or delivery charges x Gender



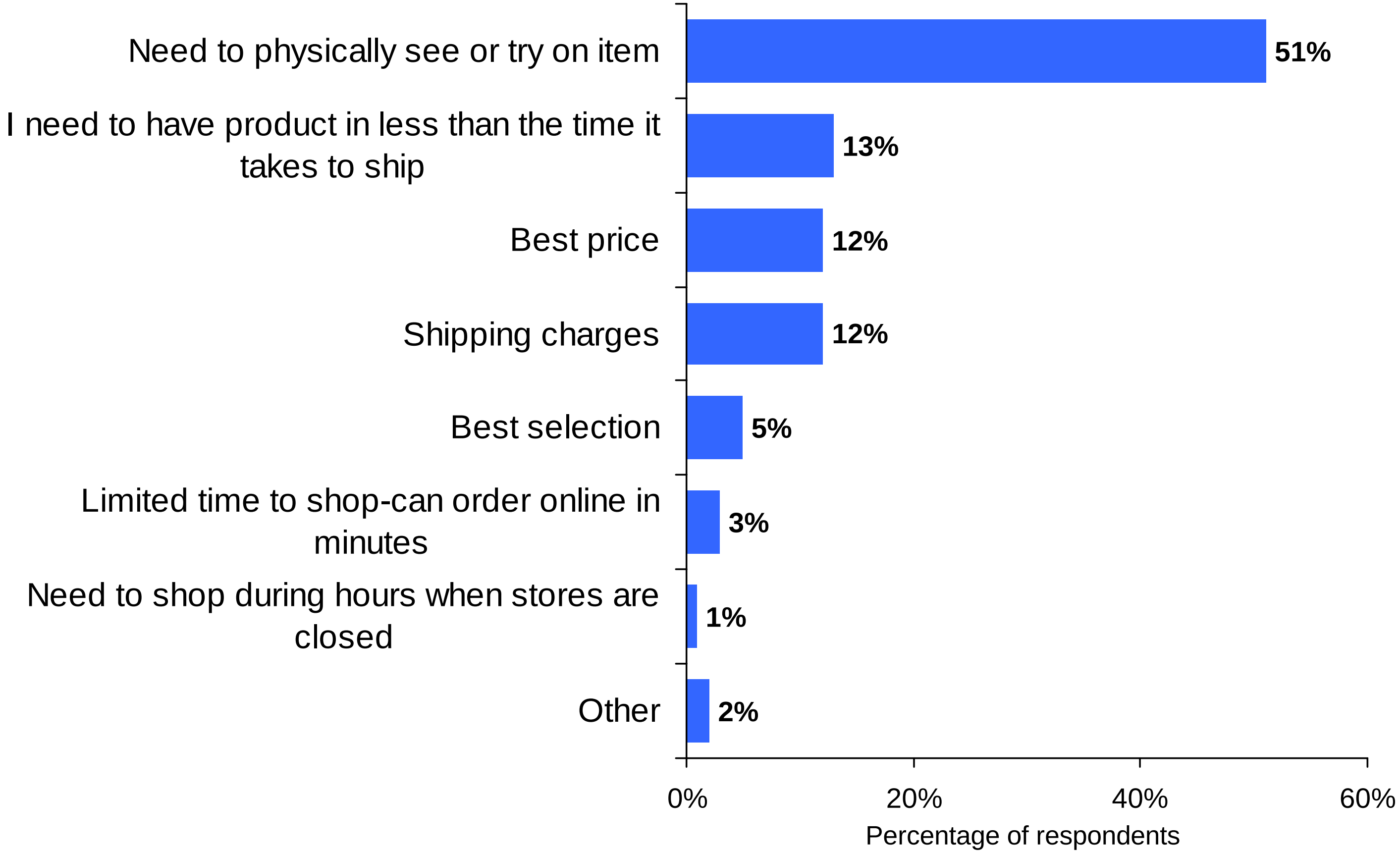
Men are more likely to buy home furnishings in the store than women.

Respondents typical mode of purchasing if buying the same product at the same price without shipping or delivery charges x Gender



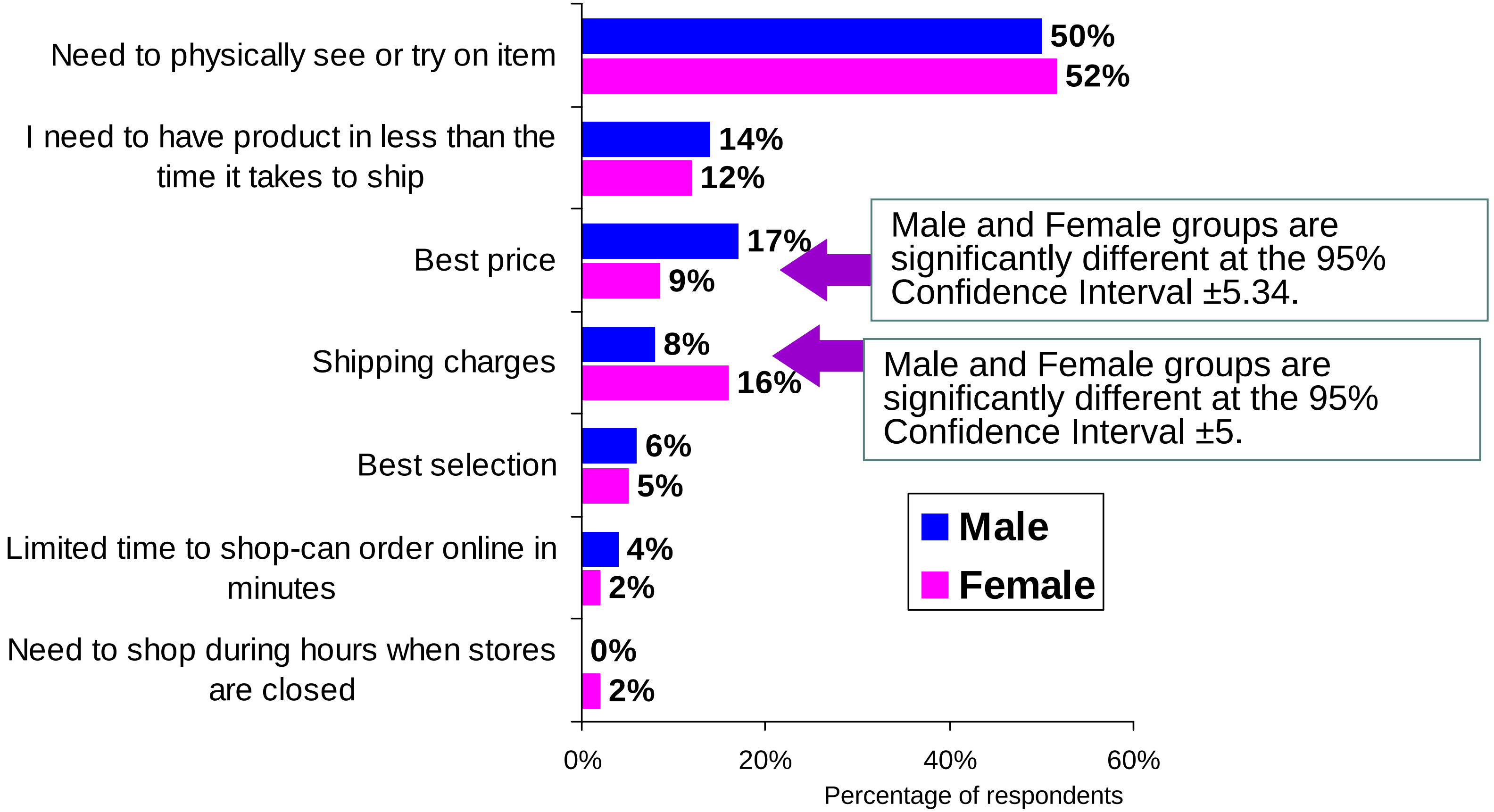
The main reason for purchasing in-store versus online is that most respondent consumers want to see or try on an item before purchasing it.

Main reason behind decision to purchase in-store

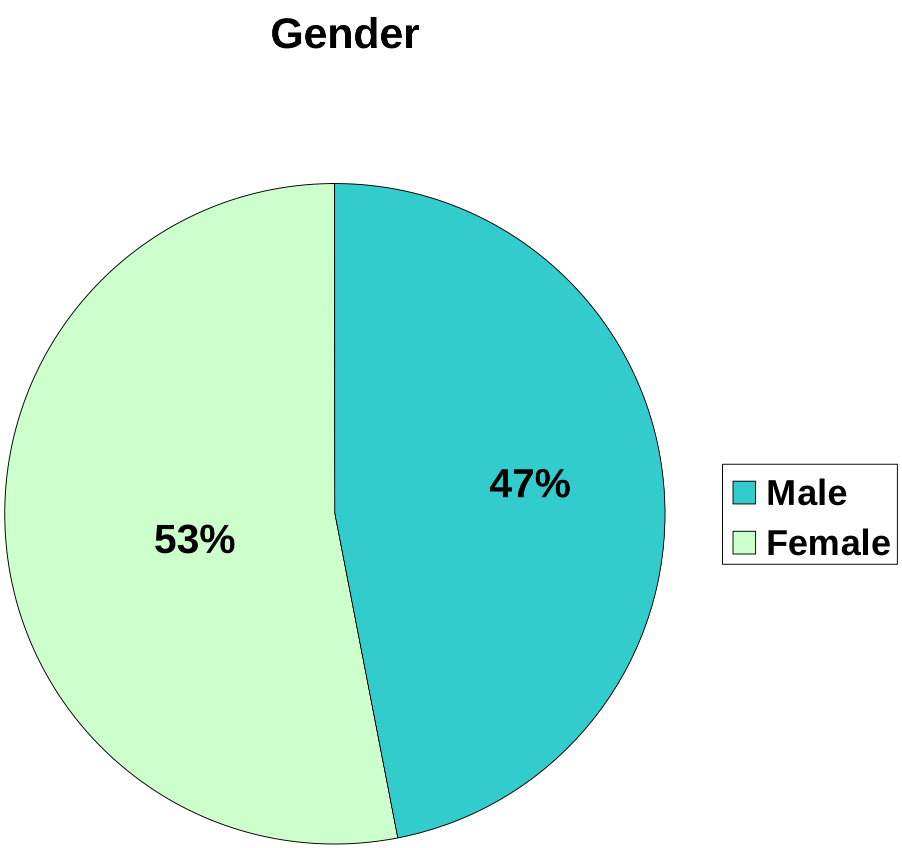


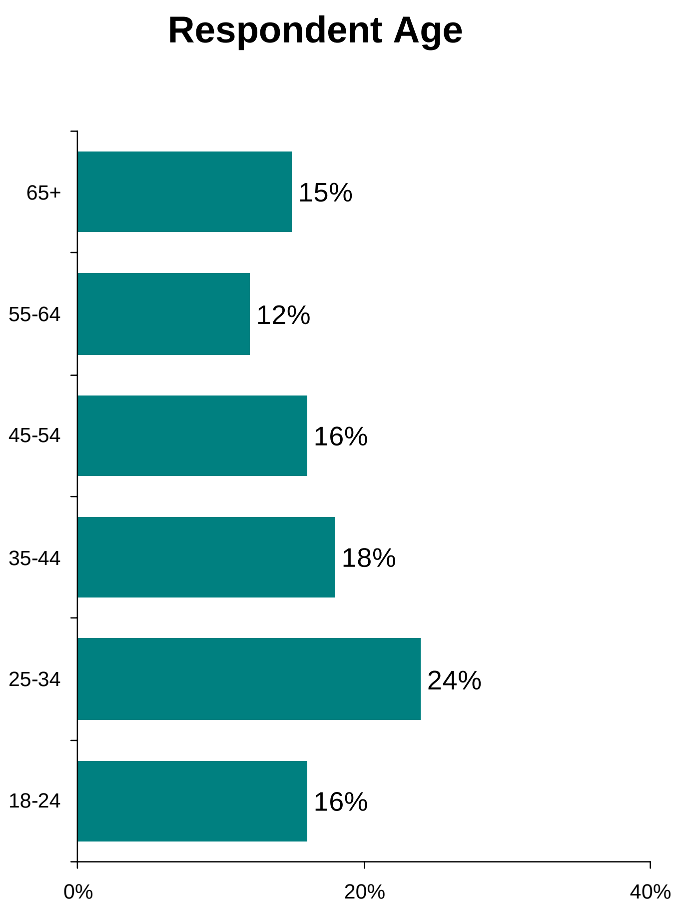
Significantly more men purchase in-store to get better prices while significantly more women are drawn to stores to avoid shipping charges.

Main reason behind decision to purchase in-store x Gender



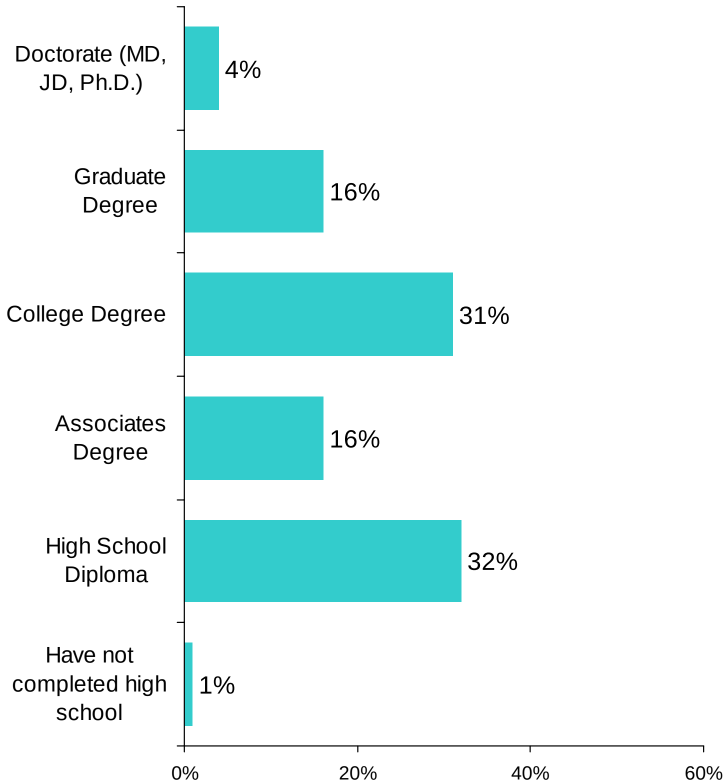
602 U.S. respondents participated in this Web-based survey





Respondent Demographics

Education



Annual Income