THIRD ANNUAL

# Modern Consumer Research Report

Insights and trends from 2,000 shoppers

jrni

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# About this report

For the third edition of our "Modern Consumer Report," we surveyed 1,000 shoppers from the United States (US) and 1,000 shoppers from the United Kingdom (UK) to understand:

- Who is the "Modern Consumer" and what are their shopping preferences
- What have retailers done well, and where do they need to step up their game
- Opportunities for retailers to increase their engagement and loyalty with customers

The survey portion of this report was conducted and tabulated by an independent research firm, MarketMeasures, via online consumer panel between June 28 to July 4, 2019 and generated responses from 1,000 consumers from the UK and 1,000 consumers from the US. The data is compared with survey responses from our December 2016 and November 2017 fieldings of the survey.

To ensure comparability of data, questions remained consistent, and minimum quotas were set on age, gender, and region to ensure national representative samples in both countries. For further survey demographics, see page 29.

*Due to rounding, not all percentage totals in this report equal 100%. All comparison calculations are made from total numbers (not rounded numbers).*

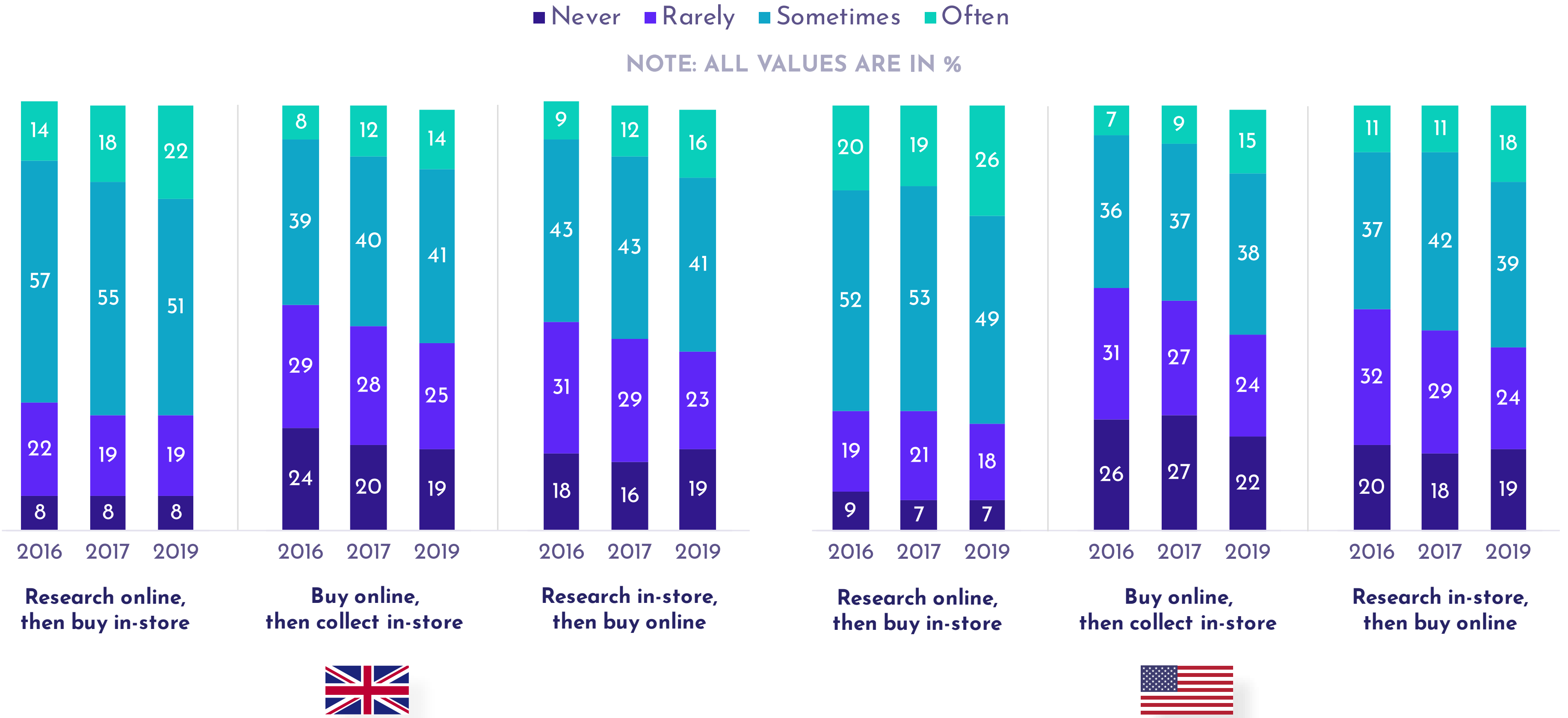
# Understanding consumer actions and desires in an omnichannel world

Inside, retailers will find actionable takeaways they can use as a catalyst to innovate and deliver a more satisfying omnichannel shopping experience. Our findings reveal numerous opportunities for retailers to satisfy the modern consumer's desire for personalized interactions, special access to products and staff, and frictionless transactions.

Comparing this year's survey with prior years at a high level, we see continued growth for online shopping and strength in omnichannel shopping for all product categories, with customers shopping in multiple channels before making their purchase decisions. The lines between online and in-store shopping continue to blur as customers cross back and forth between those channels as they research and purchase in both – just as they did in 2017.

# Multi-channel options

*Q: Across all the categories you might shop for, some people use both store and online for a single purchase. How often do you...*



Our research reveals three key trends that retailers can capitalize on to drive more business:

## Growing demand for in-store events

People love getting a sneak preview of a product, particularly when they can touch it and see it for themselves. From an in-store events perspective, gaining early access to products is a compelling reason for both US and UK consumers to visit brick-and-mortar stores.

On average, **64%** **of those in the US and UK** indicate they would attend an in-store event if invited to **enjoy early access to a product.**

Two additional trends are encouraging retailers to hold more in-store events. On average, 64% of US and UK consumers say they would attend a product demonstration in store. Plus, 59% of US consumers would go for DIY workshops (i.e., experts show consumers how to use products) – and 48% of UK consumers would too.

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## Shoppers crave face-to-face interactions

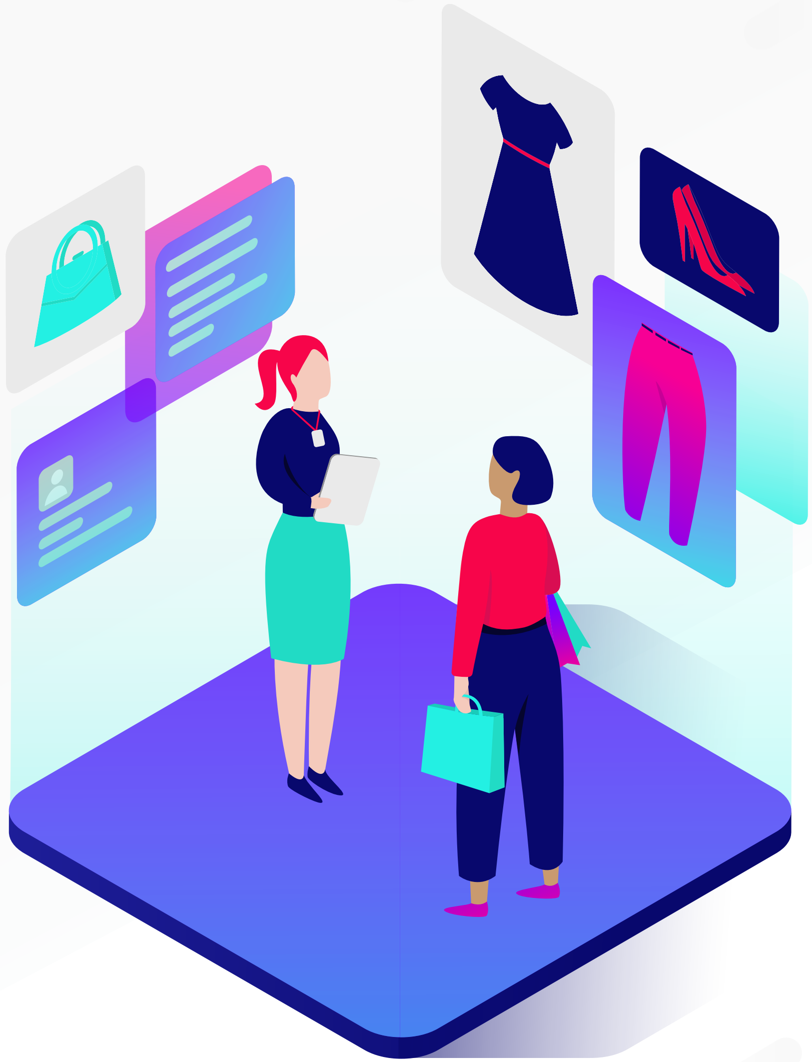
Throughout the study and in line with last year's findings, we see that the ability to interact with other customers and staff is what differentiates in-store shopping from online. That said, researching online, buying in-store (i.e., webrooming) is still the most popular purchasing method in both markets (and growing).

## A tale of two nations regarding in-store experiences

UK consumers overwhelmingly believe that stores with more staff available can deliver better experiences. US consumers echo that sentiment, but feel that staff could be far more helpful and stores would be more inviting with an injection of pizzazz.

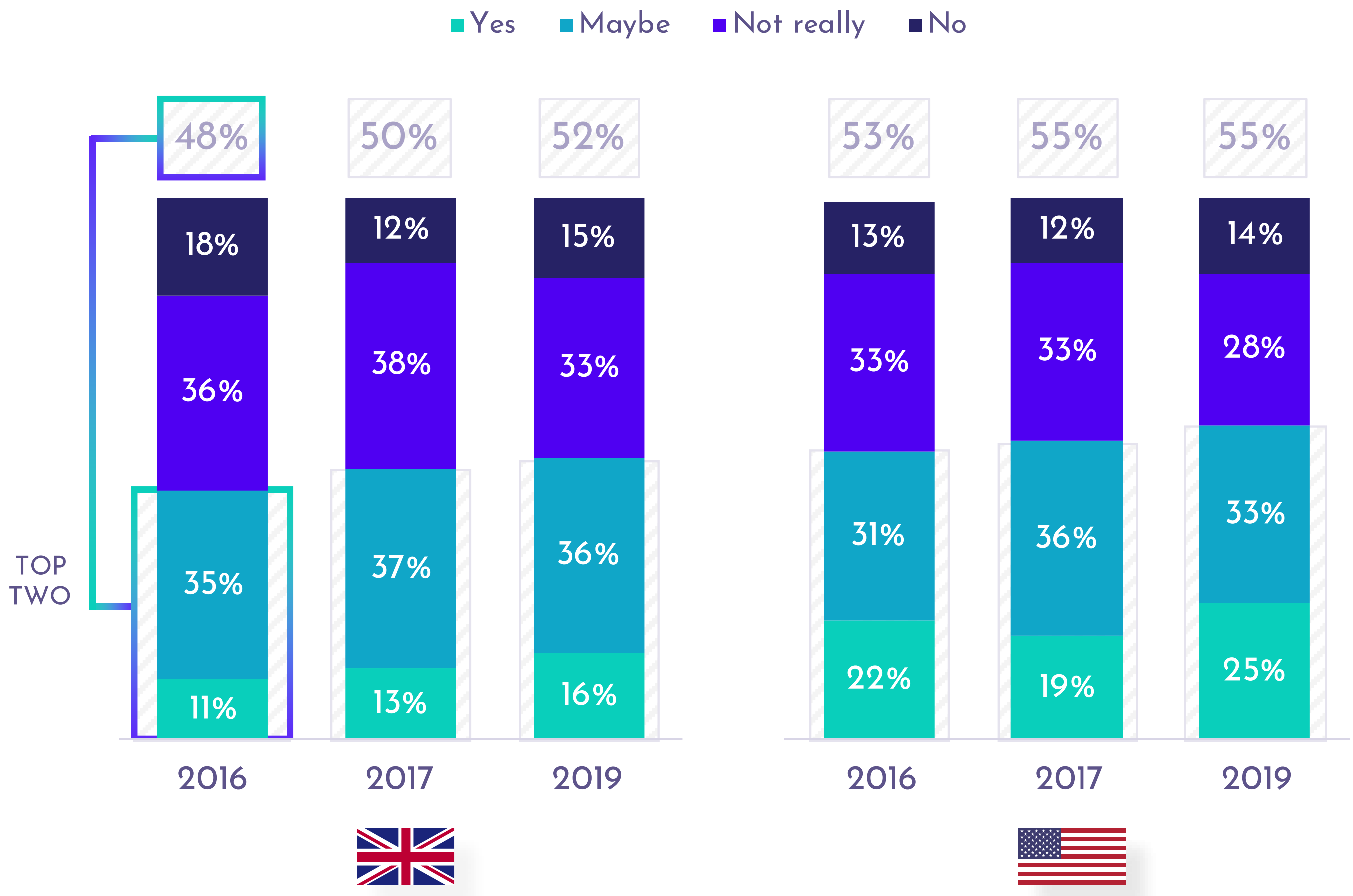
The dwindling love affair with consumers can be rekindled! Just give them more personal time and attention. Despite their misgivings about physical stores and their staff, a majority of consumers in both nations are showing a strong interest in value-driven appointments that take place in store.

**52%** of UK consumers and **58%** of US consumers would schedule appointments with in-store staff if given the opportunity.



# Online pre-arranged in-store staff appointments

*Q: Would it benefit you if you could plan a retail store visit online before you set off, so that store staff were there to help you when you arrived?*



# Defining the modern consumer

Thanks to several years of research, we have developed an in-depth understanding of the typical profile of today's Modern Retail Shopper. This educated consumer is leveraging omnichannel opportunities to realize the best shopping experience for themselves.

## Demographics

In the US, more Modern Retail Shoppers are males under the age of 50, while they are equally male and female in the UK. They also tend to be much younger in the UK, usually under 30 years old, and located in the south, closer to London. In both countries, they are higher income earners, making more than $90,000 per year in the US and more than £50,000 per year in the UK.

## Signs of sharp market differences

Some of the US-UK market differences we first noticed in 2017 have crystallized in 2019. One glaring difference between the US and UK markets is the quality of the in-store experience. US consumers continue to rate it higher:

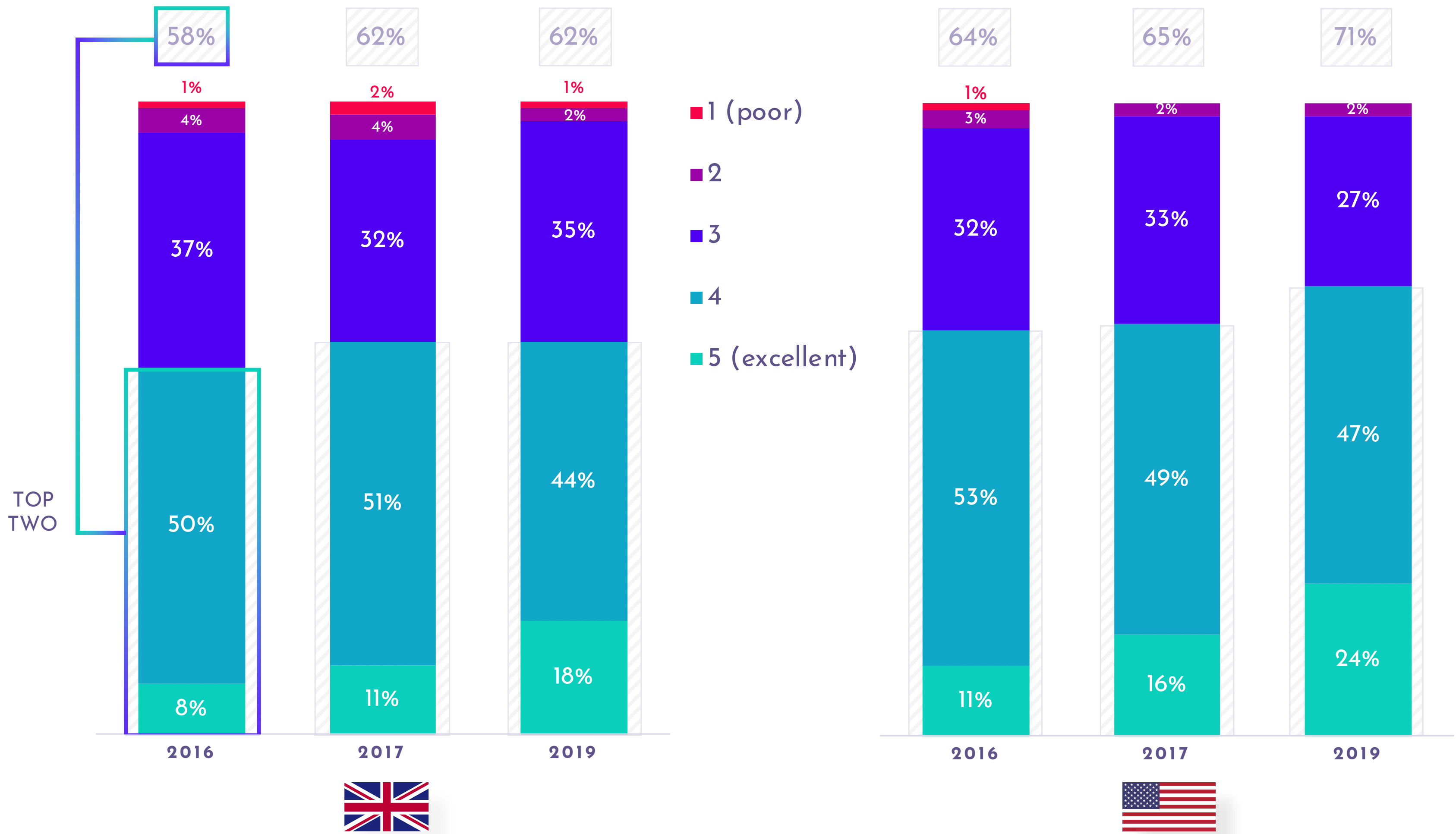
**71%** rate it positively versus just **62%** of UK consumers.

The lower ratings in the UK are likely driving the growth of showrooming (researching in store, buying online) across a number of retail product sectors. Simultaneously, the UK market showed a rising preference for both current and future online shopping. While this growing preference indicates a better online experience in the UK, our overall data more strongly suggests widespread dissatisfaction with the UK in-store experience.

Yet, retailers don't need to jump into panic mode. The outlook for in-store remains bright for retailers that are taking steps to attract consumers. In both nations, the data shows that by improving the in-store experience, retailers can boost consumer satisfaction. As the charts below demonstrate, fewer consumers in both the US and UK expressed dissatisfaction with the in-store experience in 2019 than in years past, while a growing number are falling in love with the experience again.

# Rating of the in-store experience

*Q: Thinking generally about every time you have shopped in a retail store in the last year, how would you rate your overall experience?*



## Shopping preferences

When it comes to convenience and broader access to products, the Modern Retail Consumer typically prefers shopping online versus in store. However, the modern consumer is actually quite omnichannel in nature. All three experiences of webrooming (researching online, buying in store), showrooming (researching in store, buying online) and click and collect (order products online and pick them up at the store) again showed growth.

Ultimately, we see that Modern Retail Consumers would visit physical stores more often if they could:

1. Access well-trained staff
2. Spend less time standing in line
3. Experience products in better ways

Interestingly, PwC has reached similar conclusions about consumer requirements for delivering positive customer experiences. According to PwC's research, nearly 80% of US consumers cite speed, convenience, knowledgeable help, and friendly service as the most important elements of positive customer experiences.

**74%** ↑ 1%*

**Webroom**

(researching online, buying in store)

**57%** ↑ 3%*

**Showroom**

(researching in store, buying online)

**54%** ↑ 4%*

**Click and collect**

(order products online and pick them up at the store)

* Data compared to 2017 Modern Consumer Study

As noted, the most sophisticated consumers take advantage of all the available shopping opportunities. So, despite the rise of showrooming, consumers on both sides of the pond are increasingly finding events a compelling reason to visit stores.

The good news is that retailers can battle the growth in showrooming and online shopping by drawing people into stores with events and better experiences.

Note that significantly more consumers answered **"Yes"** when asked if they would benefit from the opportunity to plan a retail store visit online. That's up an impressive **23% in the UK** and a whopping **31% in the US** over 2017 results.

## Store preferences

Store visits are still driven by product experience and immediate purchase. The UK has seen a 7% rise (from 59% to 66%) since last year in consumers saying immediacy drives in-store purchases. However, that strong growth is not mirrored in the US, where those valuing purchase immediacy only grew by 1%.

Interestingly, and as a warning to retailers, the advantage of purchase immediacy has shrunk for physical stores over online stores. With consumers increasingly finding they can enjoy immediacy from online stores, physical stores must improve in other areas to remain differentiated.

As noted earlier, the best areas to focus include **staff behavior and knowledge, staff availability, speed, and store atmosphere.**

# US purchase channel strengths

■ Online ■ The same ■ In-store


# UK purchase channel strengths

■ Online ■ The same ■ In-store

# The growing customer draw: in-store events

Our 2019 research revealed key insights and opportunities regarding in-store events. We believe that by hosting in-store events, retailers can change their relationship with customers. They also position their stores to progress from a place for conducting transactions to one that fosters a loyal customer community.

We asked consumers the following question: **"If retailers improved any of the following, would you visit their stores more often?"** Their responses contain hidden gems. Looking past the traditional improvements to in-store experiences (staff-related issues, store atmosphere, and product choice), we see two untapped opportunities to draw customers into physical stores: In-store events and pre-booked meetings with expert staff.

**61%** **of US consumers** and **58%** **of UK consumers** said they would be or might be interested in attending events at stores.

## Improvements to drive store visits


We know these are not one-year data anomalies, as these results mirror closely those from previous waves of the survey.

Even more compelling, the consumer appetite for pre-booked appointments with expert staff has skyrocketed, shooting upward from **49%** to **56%** **of consumers between 2017 and 2019.**

They clearly are falling in love with the concept!

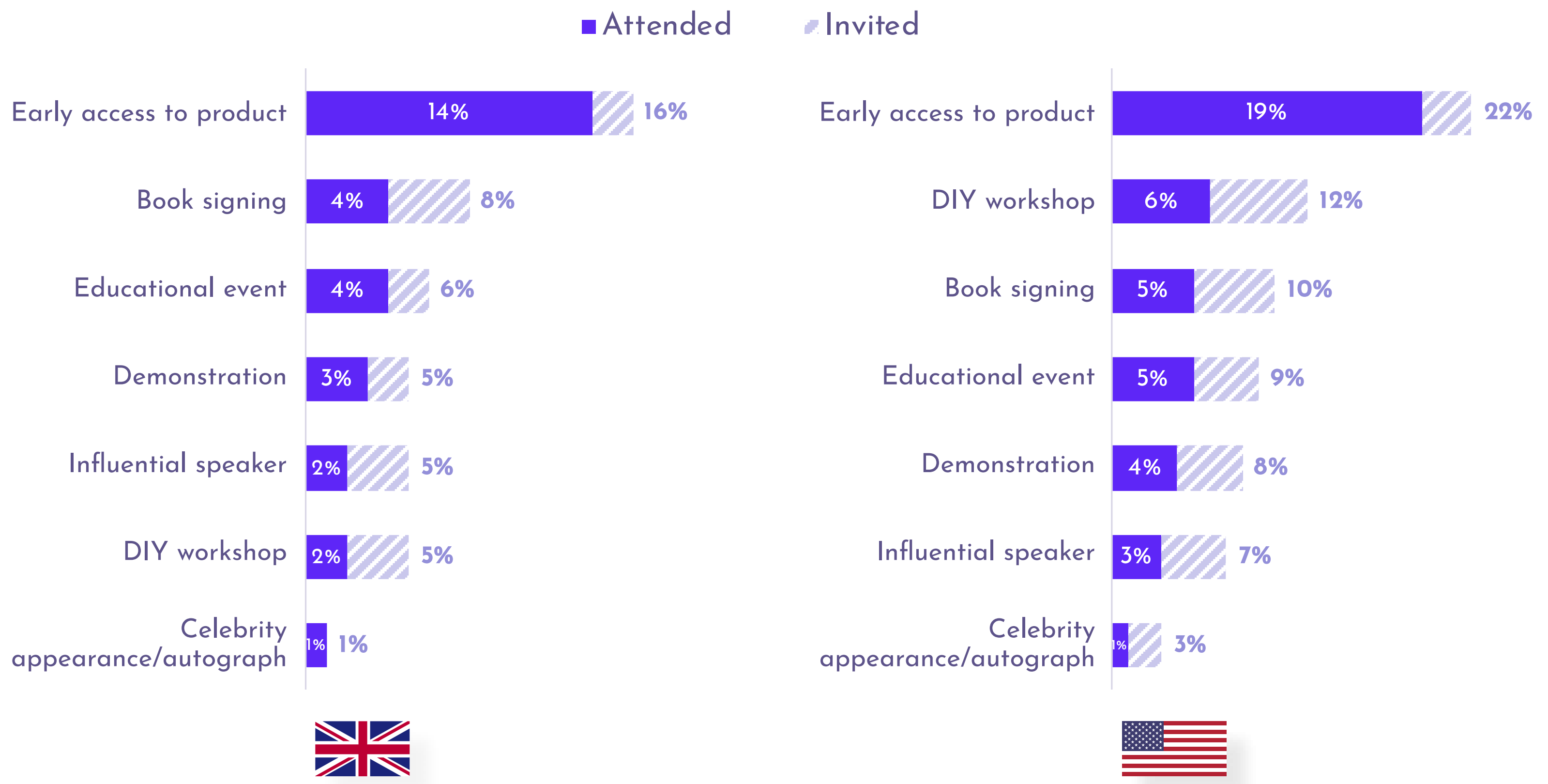
These consumers are not just whispering sweet nothings to retailers. They are actually following through on their desire to respond to retailers' personal touches. The majority of consumers invited to attend an in-store event actually attended.

From early product access, book signings, and DIY workshops to demonstrations and educational events, these in-store events enjoy a **50%** **or higher attendance rate.**

Hosting events allows retailers to engage shoppers in ways they typically don't experience during normal store hours. An event provides a forum for like-minded consumers to gather in a community fashion. It also offers retailers the chance to capture feedback from focused customer segments – something that rarely occurs in store.

## In-store events invited to, or attended

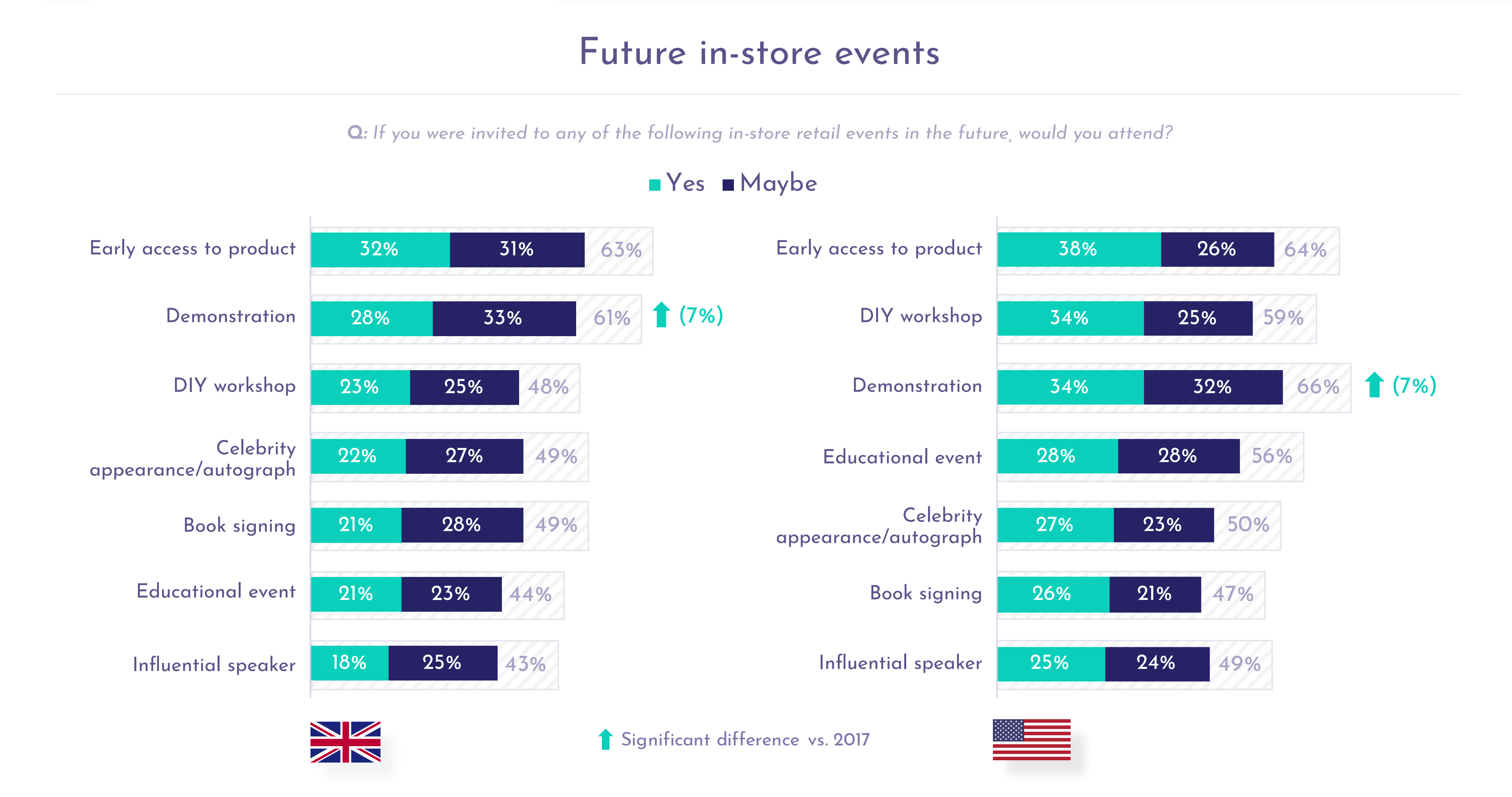
*Q: In the last year, have you been invited to any of the following retail in-store events? Did you attend any of the in-store events you were invited to?*



What types of in-store events are most attractive to consumers?

- Early access to products: 64% of US consumers; 63% of UK consumers
- Demonstrations: 59% of US consumers; 61% of UK consumers
- DIY workshops: 66% of US consumers; 48% of UK consumers

These are extremely high 'hit rates' when compared against product offers via email, mail, telemarketing, etc. Of note is that both nations' consumers continue to show fast-rising interest in demonstrations and waning interest in educational events.

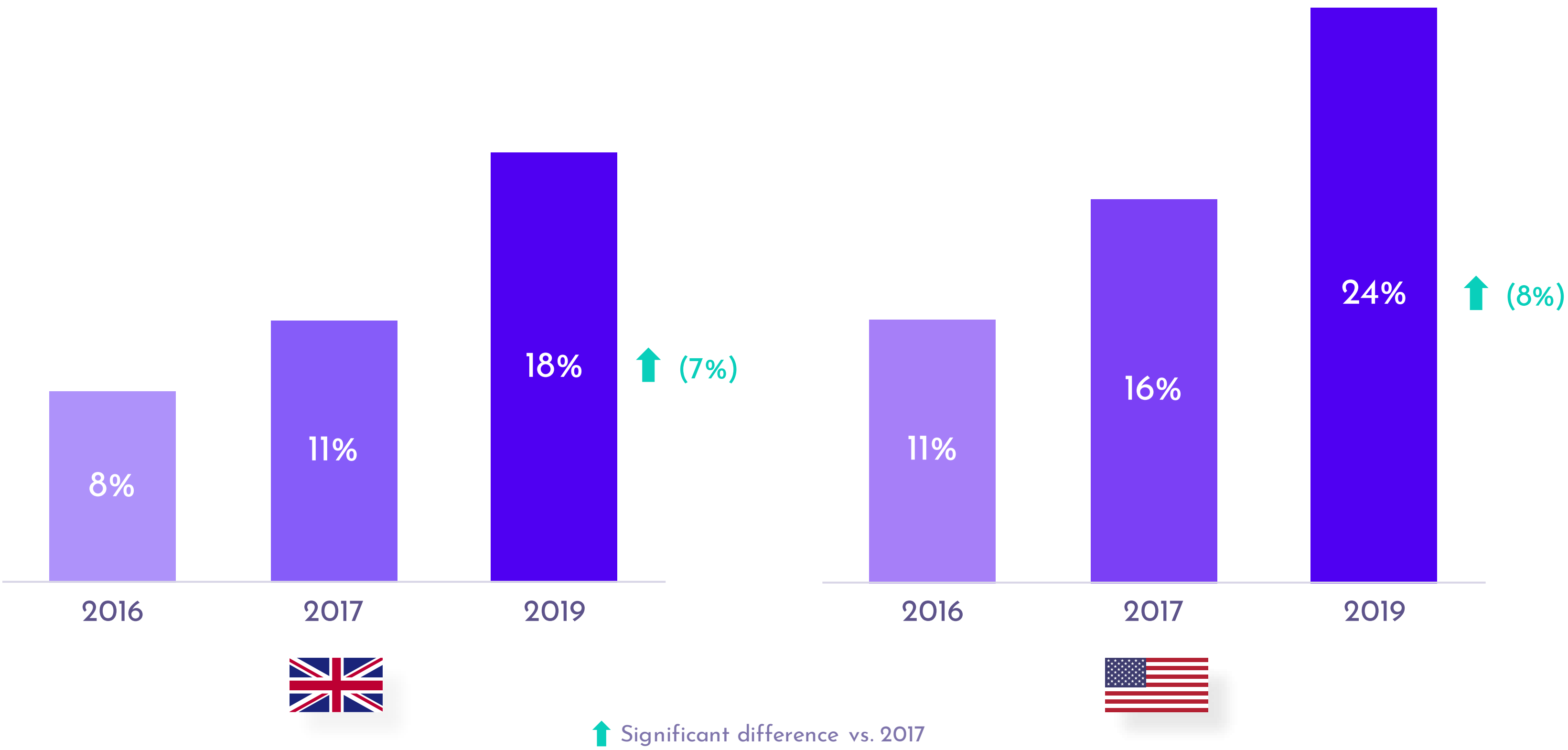


# Evolving and improving in-store experiences

Since our 2017 research, retailers in both the US and UK have made significant strides in providing a better in-store experience, and consumers have taken notice. The proof: Where only 11% of UK consumers rated the in-store experience as "Excellent" in 2017, today that number has jumped to 18%. The percent of US consumers giving a rating of "Excellent" has similarly climbed, from 16% in 2017 to 24% in 2019.

# Rating of the in-store experience

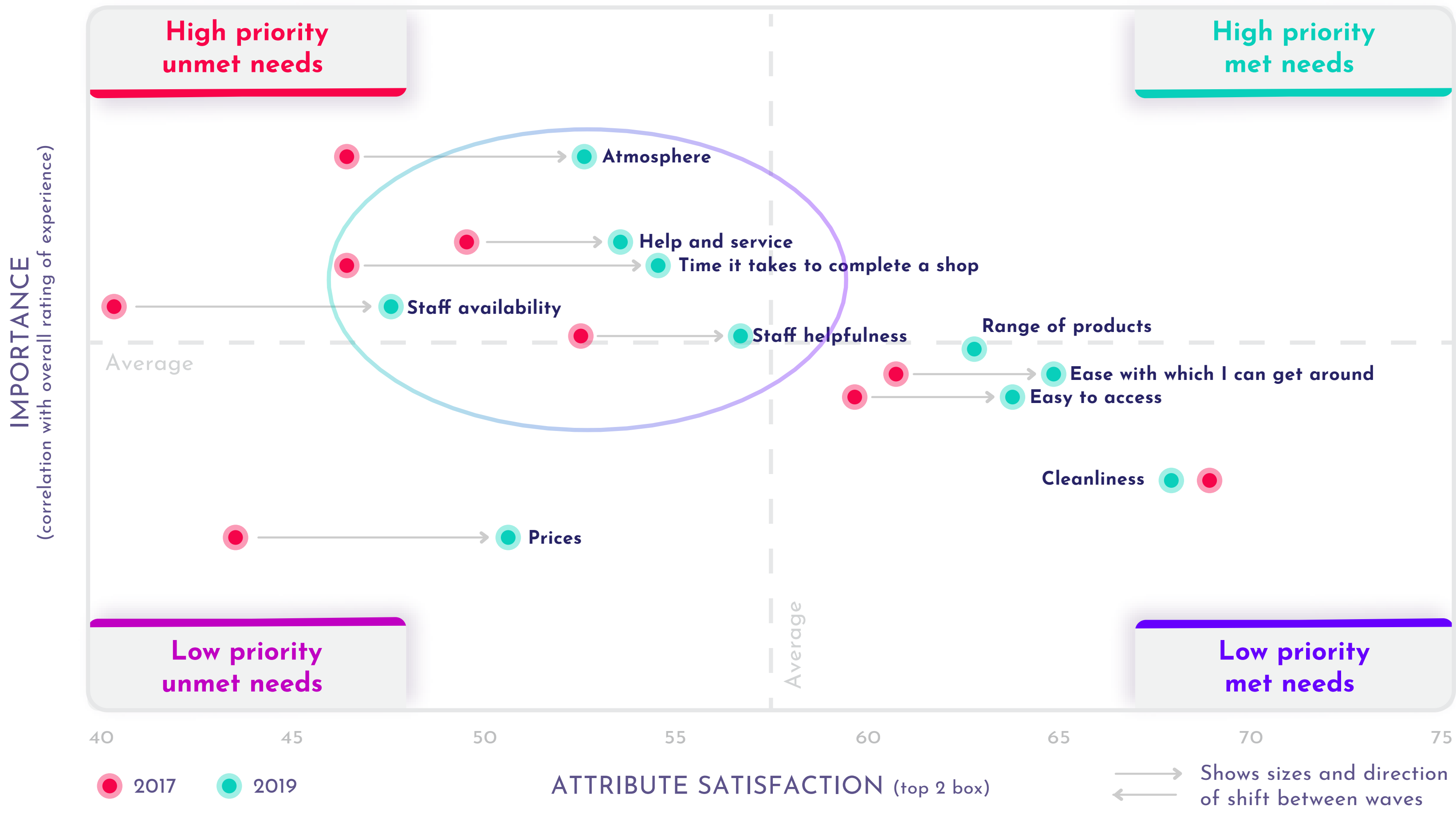
*Percentage of consumers who consider the in-store experience excellent.*



Retailers in both the US and UK markets have improved all but one critical areas of the in-store experience. As the two charts below demonstrate, with the exception of 'Cleanliness," consumers were more satisfied, on average, with all in-store experience criteria in 2019 than in 2017. That's great news for retailers' physical stores!

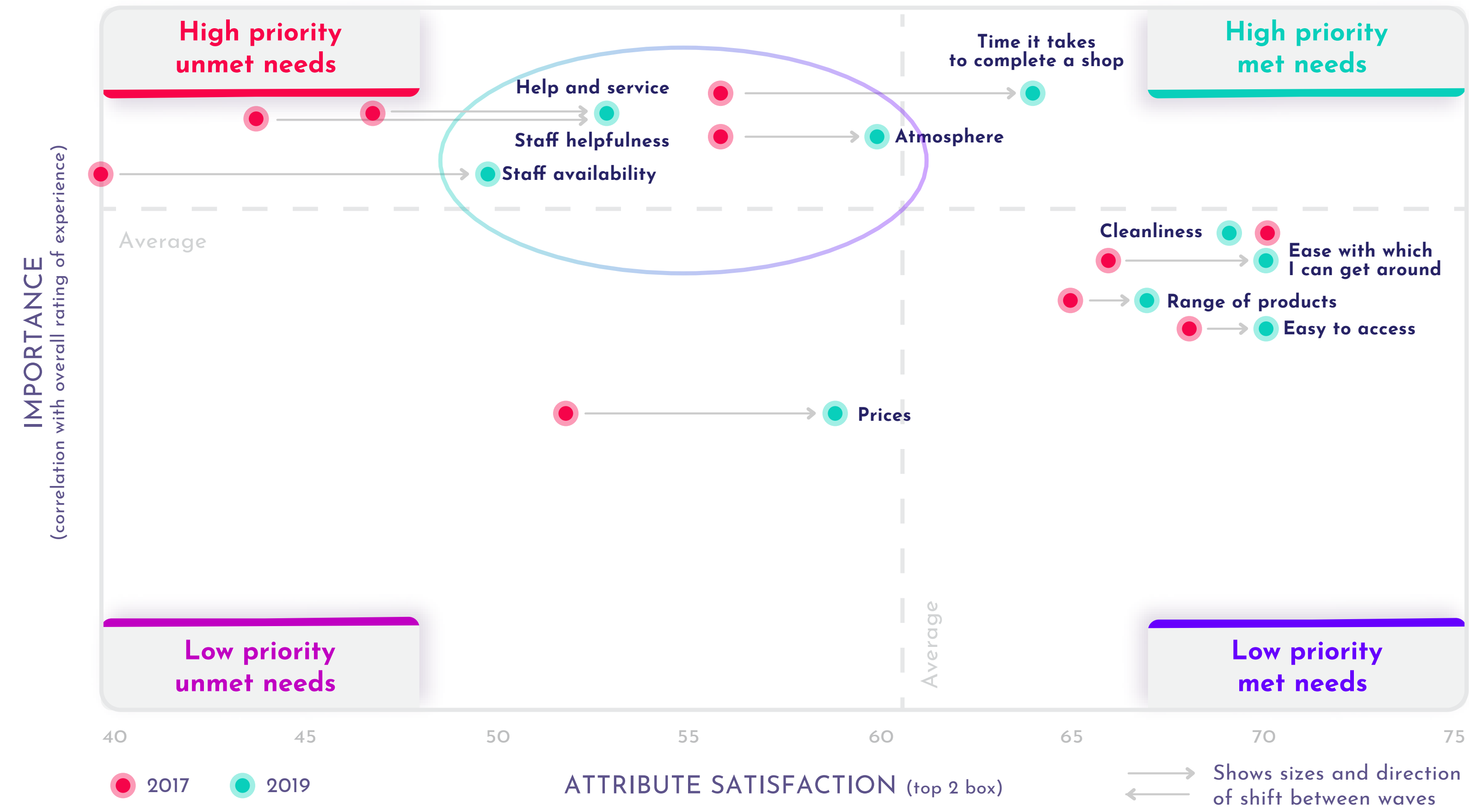
## Rating and importance of attributes

*Q: Thinking about all your retail store experiences over the last 12 months, how would you rate them on the following?*



## Rating and importance of attributes

*Q: Thinking about all your retail store experiences over the last 12 months, how would you rate them on the following?*




A careful examination of the charts above also reveals that, while consumers still rate prices at the same level of importance, they seem more satisfied with prices in 2019. This is easy to explain. Because in-store factors have improved, consumers get more for their money in terms of service, information, and a generally positive experience. The improved in-store experience and declining sensitivity to prices serve as reminders of the higher margins that retailers can reap with innovative services, such as appointment booking and events hosting.

Consumers' top reasons for visiting brick-and-mortar stores are "I like to see what I'm buying" and "I don't want to wait for delivery." To satisfy these consumer cravings for seeing and touching products and instant gratification, retailers should focus on staff behaviors, speed, and store atmosphere.

| Reasons for shopping in-store (%) | Household | Clothing | Gifts | Health & Beauty | Furniture | DIY | Electronics |
|---|---|---|---|---|---|---|---|
| I like to see what I'm buying | 82 | 86 | 78 | 66 | 87 | 66 | 56 |
| I like to touch/try what I'm buying | 40 | 69 | 47 | 32 | 64 | 32 | 37 |
| I don't have to wait for delivery | 49 | 37 | 34 | 37 | 16 | 35 | 31 |
| It's quicker | 37 | 29 | 26 | 35 | 16 | 34 | 36 |
| It's easier to buy items | 17 | 17 | 22 | 22 | 37 | 42 | 44 |
| I can ask for advice | 28 | 26 | 20 | 26 | 19 | 27 | 27 |
| It's easier to return items | 25 | 30 | 21 | 17 | 28 | 13 | 19 |
| It's a nicer experience | 19 | 31 | 22 | 12 | 12 | 17 | 22 |
| There are better offers available | 19 | 14 | 12 | 15 | 11 | 9 | 19 |

| Reasons for shopping in-store (%) | Household | Clothing | Gifts | Health & Beauty | Furniture | DIY | Electronics |
|---|---|---|---|---|---|---|---|
| I like to see what I'm buying | 77 | 81 | 77 | 65 | 81 | 69 | 53 |
| I like to touch/try what I'm buying | 39 | 63 | 41 | 31 | 65 | 39 | 33 |
| I don't have to wait for delivery | 49 | 37 | 38 | 45 | 27 | 40 | 39 |
| It's quicker | 42 | 31 | 34 | 40 | 24 | 31 | 36 |
| It's easier to buy items | 32 | 31 | 23 | 27 | 26 | 23 | 30 |
| I can ask for advice | 13 | 12 | 15 | 16 | 28 | 33 | 40 |
| It's easier to return items | 24 | 33 | 28 | 16 | 16 | 22 | 23 |
| It's a nicer experience | 17 | 21 | 20 | 16 | 20 | 13 | 16 |
| There are better offers available | 18 | 16 | 16 | 15 | 14 | 11 | 17 |

# Bridging the digital and physical

As consumers grow more omnichannel in their actions, retailers are meeting them halfway with higher staff availability and consistent experiences. This makes omnichannel shopping positive for everyone, driving the continued growth in webrooming, showrooming, and click and collect.

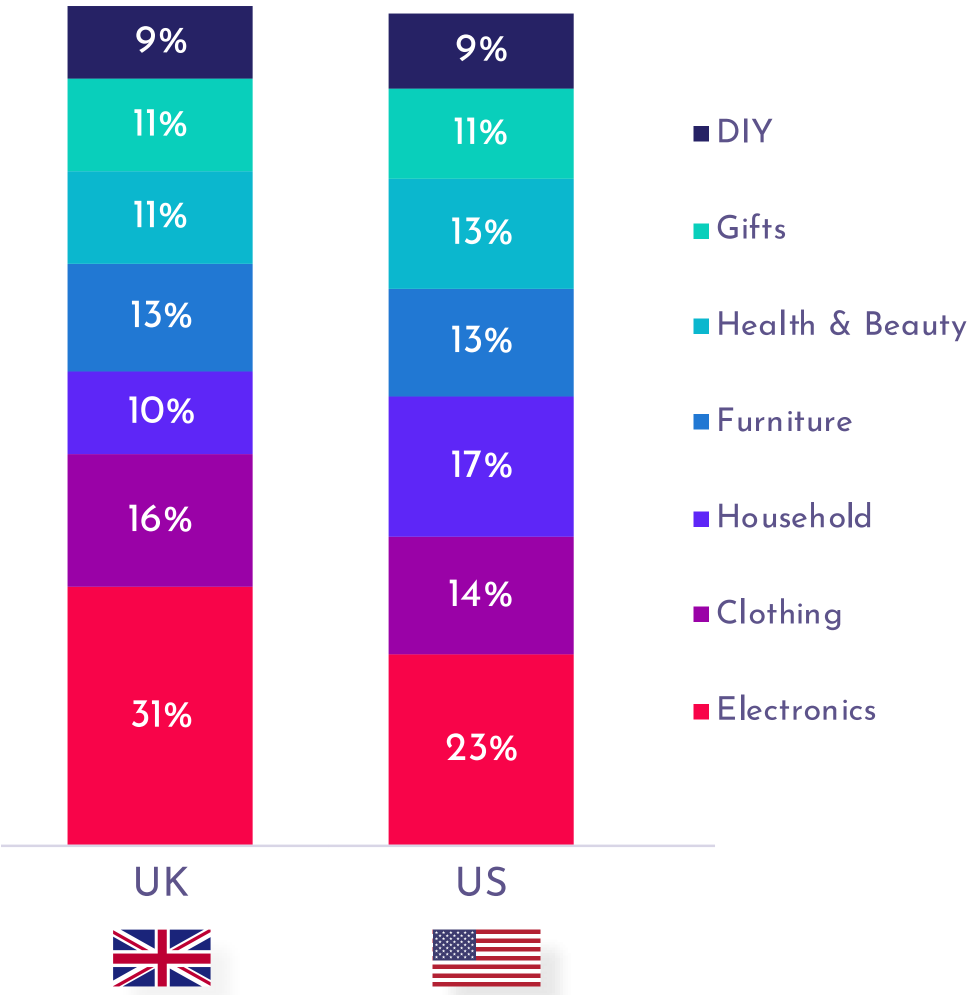
## Webrooming

While the concept of showrooming gets most of the media attention, our data shows that webrooming outpaced showrooming by large margins in 2017 and 2019. In fact, 74% of consumers (75% US, 73% UK) webroomed in 2019, versus just 57% who showroomed.

In the UK, consumers use webrooming far more for electronics than any other product category. In the US, electronics hold the lead as well, but US consumers spread their webrooming more evenly across product categories.

## Researched online, bought in-store

*Q: In which category do you most often research online then buy in-store?*

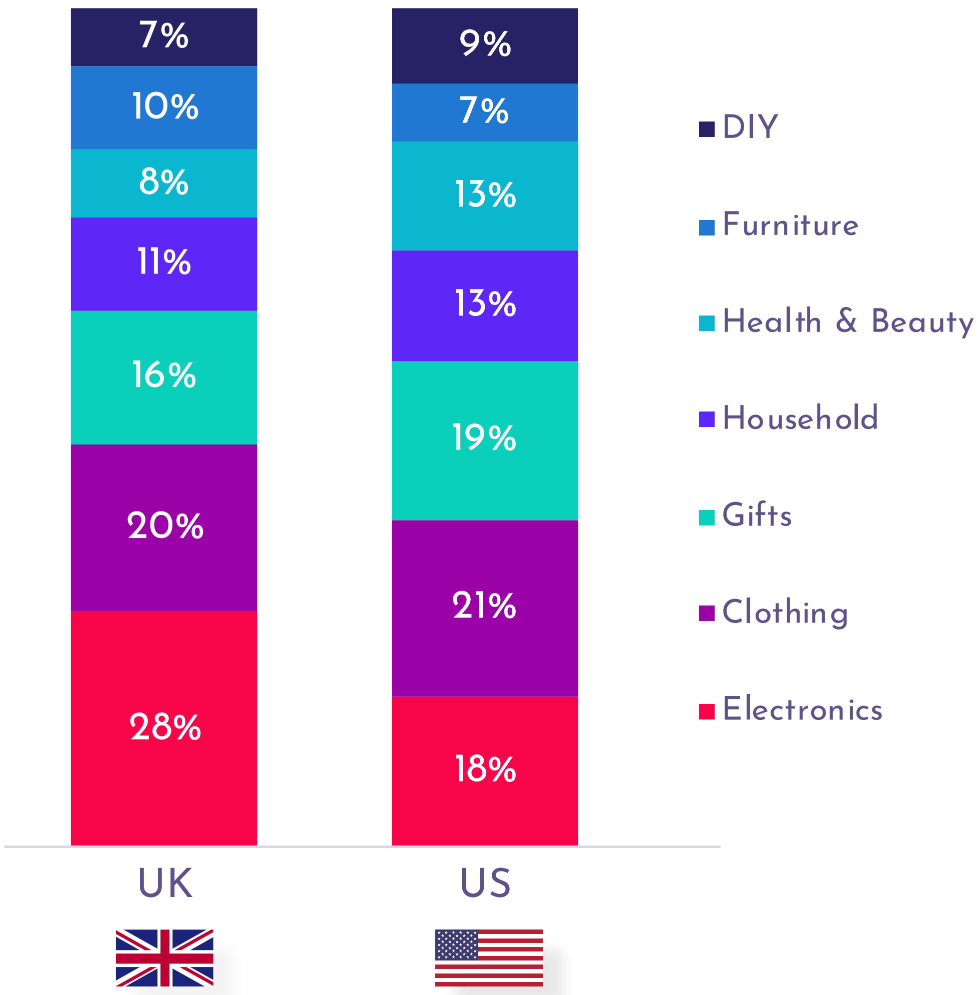


## Showrooming

Our research shows growing interest in showrooming in both the US (57% in 2019 vs. 48% in 2017) and the UK (57% in 2019 vs. 52% in 2017). Unlike with webrooming, US consumers use showrooming most often for clothing, followed by gifts and then electronics. This makes sense, given the unpredictable nature of fitting clothes and the desire by many to window shop for gifts and check prices online before purchasing in store. While UK consumers use showrooming often for clothing and gifts, electronics again hold the top spot.

## Researched in-store, bought online

*Q: In which category do you most often research in-store and buy online?*

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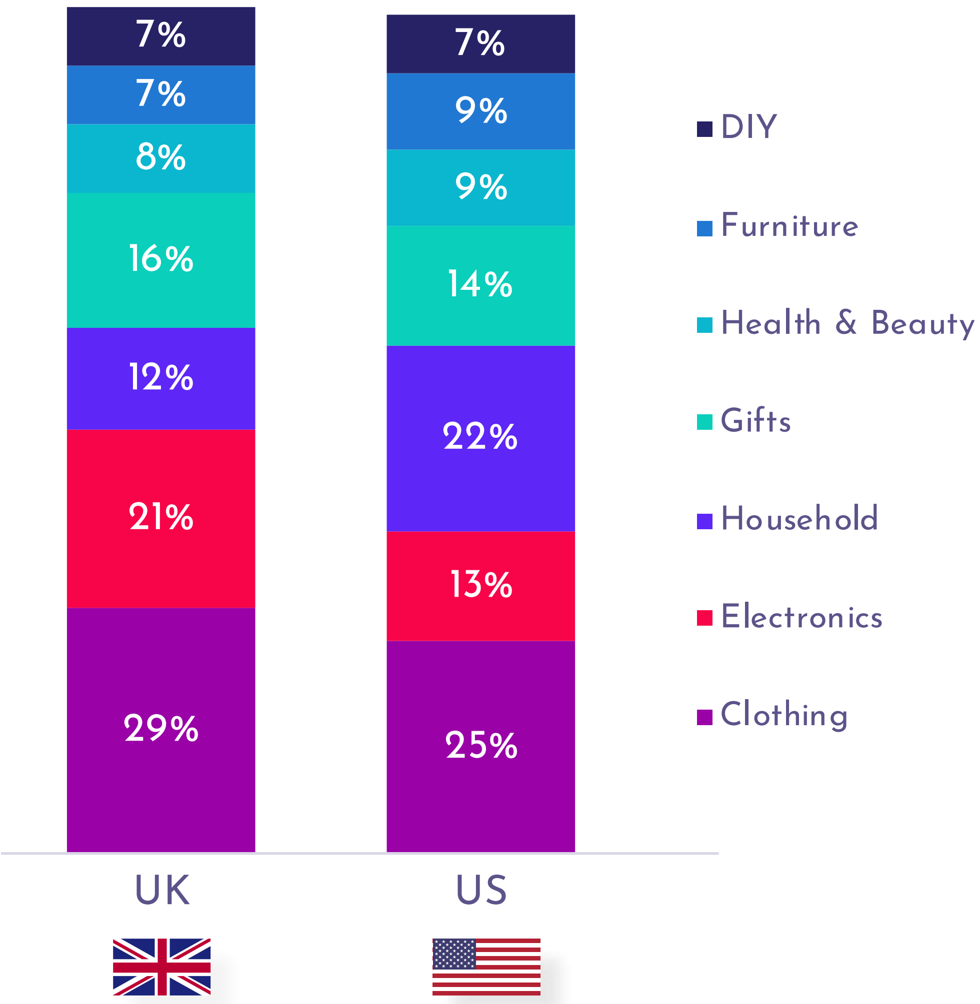
## Click and collect

Click and collect presents a fantastic opportunity for retailers to draw consumers into physical stores and drive additional sales, particularly for products that are strong impulse buys. But customers will be highly disappointed if their product is not in stock when they arrive to pick it up. To avoid the disconnect between physical inventory levels and online quantities, retailers need a sophisticated inventory management solution that integrates well with their customer relationship management system.

Retailers are wise to address this back-end requirement since a majority of UK consumers took advantage of the click and collect method in 2017, and today, 55% do so – a 3% rise. Only 46% of US consumers used this method in 2017, but 53% now use it – and increasingly across nearly every product category.

## Bought online, collected in-store

*Q: In which category do you most often buy online, then collect in-store?*



# Takeaways

This year's retail consumer research will certainly cheer up jilted retailers that had started to feel that the love affair with consumers was irreversibly breaking down. That's not true by any stretch of the imagination, according to this year's research data. On the contrary, retailers that are creatively attracting consumers with more attentive, personal approaches can grow visits to physical stores, earn higher customer loyalty, and thrive in the midst of burgeoning online and omnichannel shopping.

## Consumers are increasingly omnichannel

Regardless of the flavor – webrooming, showrooming, or click and collect – today's US and UK consumers are steadily shopping in omnichannel ways. Retailers shouldn't view this trend as a threat; rather, they should see it as a chance to draw consumers into their physical stores.

## In-store customer satisfaction is on the rise

Retailers made a strong turnaround between 2017 and 2019 in the way they delivered in-store experiences. By improving staff availability, service, and speed, retailers are seeing higher levels of consumer satisfaction in store. Still, they have plenty of room for improvement. Most of the customer experience factors rated the highest in importance continue to go unmet, according to a majority of consumers.

## Retailers should make the most of in-store events

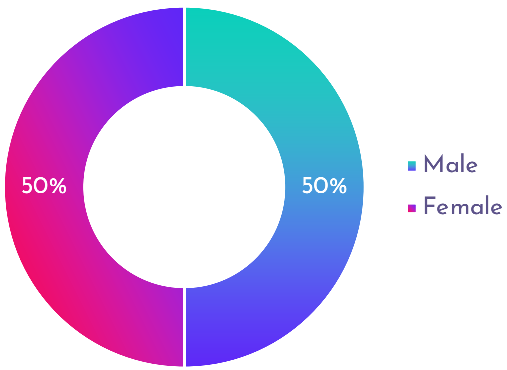
Our 2019 data shows that consumers in the US and UK place a premium on interacting in store with knowledgeable employees who provide solid customer service. At the same time, in-store events that feature early access to products, book signings, education, and product demonstrations or that help DIYers all draw 50% or more of invitees into stores. That impressive hit rate should encourage retailers to get creative and devise more in-store events that foster community and drive long-term customer loyalty.

## It all adds up to booking more appointments online

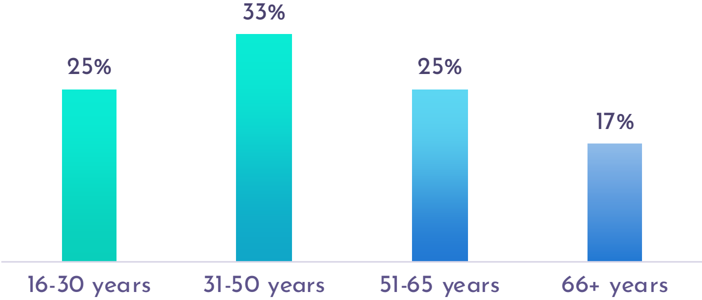
As noted earlier, 57% of UK consumers and 56% of US consumers would schedule appointments with in-store staff if given the opportunity. So, why not give it to them? Consumers say they desire the types of knowledge sharing and service that in-store experiences can provide, while expressing strong interest in several event types. Add to this consumer penchant for shopping in an omnichannel way, and it is clear that online appointment scheduling can dramatically boost top-line growth.

# Survey Demographics

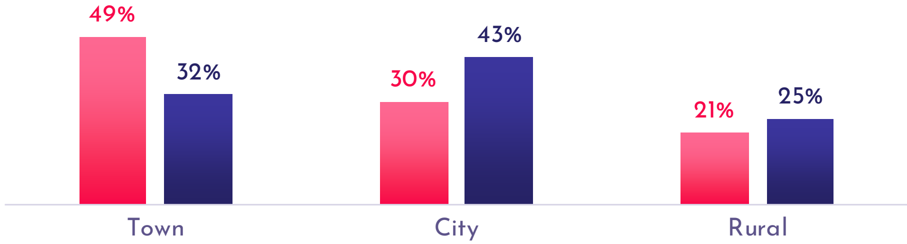
## Gender



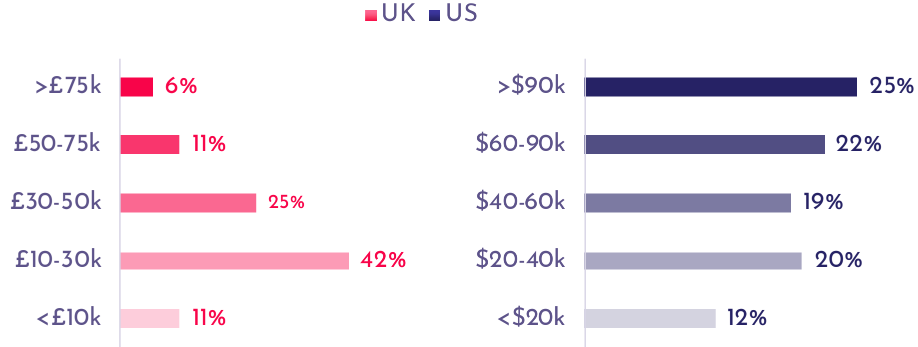

## Age




## Where they live




## Income




*Age and gender are matched across both markets, and demographics are in-line with previous waves*

# About JRNI

Companies strive to leverage every customer interaction for maximum conversion and revenue. With so much research and purchase activity starting online, JRNI offers a customer engagement platform that enables companies to interact with customers, online to offline, and across lines of business, while providing a 360-degree view of the full customer journey.

JRNI is designed to facilitate powerful human-to-human experiences that increase conversion and revenue, customer loyalty, and lifetime value. Forward-thinking executives from companies like U.S. Bank, ANZ, John Lewis, and LEGO rely on JRNI's AI-driven scheduling engine to deliver predictive actions across touchpoints – appointments, events, concierge, queuing – and optimize resources to deliver superior quality of experience.

To learn more, visit https://www.jrni.com.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