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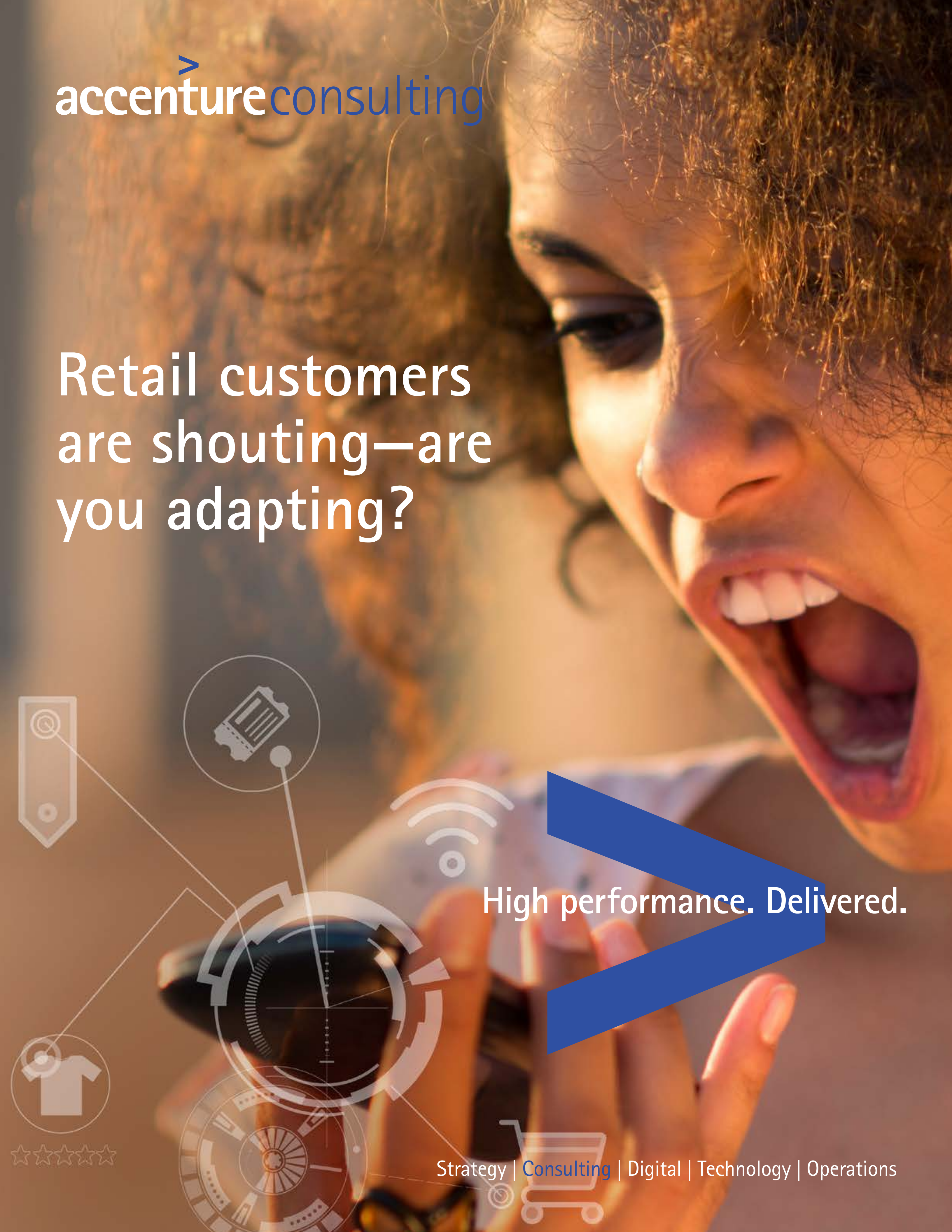
Retail customers are shouting—are you adapting?



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Accenture's new survey of global shoppers reveals a rising intensity that is forcing companies to adapt more quickly to the shifting retail reality that defines the customer experience.

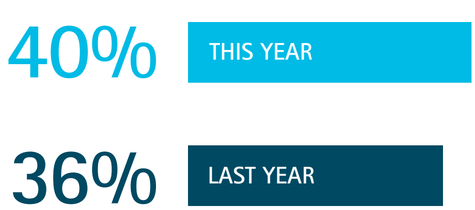
Adaptability is the new hallmark of successful retail strategies, offering retailers a proactive way to meet the demands of consumers who are racing ahead to embrace an ever more connected and integrated shopping experience. Accenture's global research into the wants and needs of retail consumers and the efforts retailers are making to meet those needs reveals a fluid landscape where the ability to adapt has become a must-have skill. As consumers turn up the volume regarding their customer experience demands, retailers face a unique set of hurdles that will require a fundamental shift in the customer/company relationship.

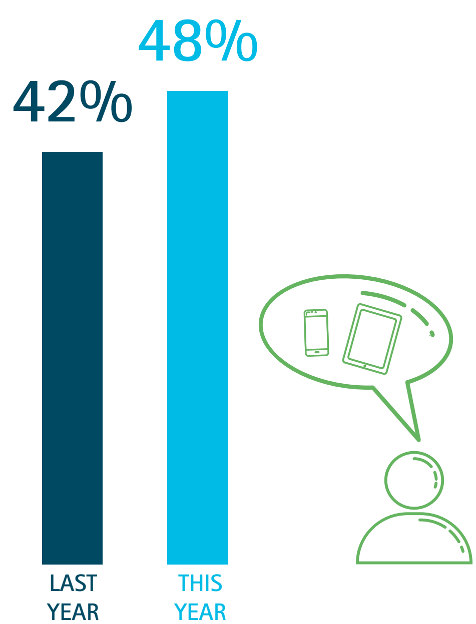
Consumers zero in on the mobile shopping experience

Shoppers worldwide are increasingly on the go, making mobile accessibility a more critical element of the customer experience.

Retailers are adapting to consumer demands by improving their mobile capabilities. This retailer strategy makes sense, since smartphones are the preferred mobile device when it comes to making purchases across categories, and more shoppers have indicated an increase in their purchases via smartphones compared to tablets.

Percentage of global shoppers who used their smartphones to track down goods and services:





This year, 48% of all shoppers said they found it easier to make purchases using their mobile devices compared to 42% last year.

For example, for apparel, footwear, accessories and consumer electronics, a third said they had increased their purchases via smartphone in 2015, while only a quarter indicated the same thing regarding tablets.

The millennial/baby boomer generation gap grew even wider here, with nearly three times as many younger consumers planning to increase their smartphone-based purchases compared to boomers.

The survey revealed that substantially more shoppers want to use services via their mobile phones while shopping this year compared to last year, but slow-moving retailers are holding them back.

Millennials were twice as likely to visit retail stores as boomers this year.

MILLENNIALS

BOOMERS

Only **58%** of retailers offer smartphone apps with purchase capabilities

89% have websites designed for tablets

93% have smartphone-optimized websites

Consumer demands are growing

CONSUMERS

47%
can't wait to receive real-time promotions

42%
want the ability to credit coupons and discounts automatically

37%
want to order out-of-stock goods via their smartphones

37%
can't wait to use a shopping list, in-store item locator or navigator

1/2 OFF!

RETAILERS

7%
send real-time promotions

16%
can automatically credit coupons and discounts

43%
have ordering out-of-stock capabilities through free wifi in store

Only **31%** offer mobile shopping lists

Just **4%** provide virtual smartphone apps that help consumers navigate their way in store

Problem areas: The in-store and seamless shopping experiences

While the industry is beginning to pay closer attention to consumer demands for easier and better smartphone access for shopping, retailers still aren't meeting customer expectations in two key areas: the in-store and seamless shopping experiences. When asked which channel needs the most improvement from a shopping experience perspective, 36% said the in-store channel and 27% mentioned the seamless shopping experience, which includes the ability to shop across channels.

Generationally, millennials expressed much more concern about the mobile channel

Millennials were almost three times as likely as baby boomers to say the mobile channel needed the most improvement.

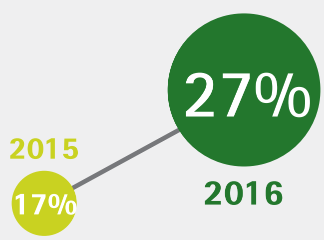
On the seamless shopping experience front, consumers are becoming increasingly frustrated with the lack of visibility across the retail channel, especially when it comes to checking product availability. This year, 49% compared to 27% of shoppers a year ago indicated that checking product availability prior to going to the store would improve the seamless shopping experience. This huge spike suggests the emergence of a critical new customer requirement.

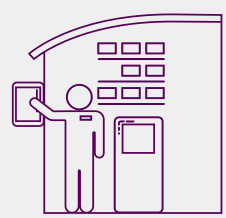
The top service that will improve the seamless experience?

Check product availability prior to going to the store.

The top service that will improve the in-store customer experience?

Order out-of-stock products.





Only **28%** of retailers provide stock availability information for specific stores

<1/2 of all retailers have store staff who can order out-of-stock items for customers

<1/10 have in-store kiosks that customers can use to order out-of-stocks themselves while shopping in stores


AVAILABLE NOW

More consumers channel-hop to shop and prefer home deliveries

Globally, more consumers are using a variety of different retail channels for shopping. Consumers have become veterans when it comes to having purchased products delivered to them. From household goods to electronics, majorities have had purchases delivered. Additionally, other than for grocery items, most shoppers had online orders delivered in more than 2 days from purchase. Consumers typically want to have their groceries delivered faster, perhaps due to spoilage concerns.

Delivery methods requested by CONSUMERS

The most popular way of getting online purchases by far was having goods delivered to their home.

Picking purchased items up in the store was a distant second choice, followed by drive-through pick up, and pick up at a third-party location.

RETAILERS continue to play catch up with their customers' fulfillment expectations

56% of retailers have next-day delivery capabilities, while just **11%** can deliver on the same day.

Approximately **1/2** of all retailers can schedule deliveries for a specific day.

Only **39%** currently offer "click & collect" capabilities, and recent studies suggest that most retailers are having major problems with the system.

57% of retailers allow shoppers to return online orders to their stores for a refund or a replacement.

Grocery store shoppers

61%

Percentage of shoppers who said they went online to shop for groceries (in the last 2 years)

43%

Percentage of consumers who have had their grocery purchases delivered

80%

Shoppers who said they went online to shop: global average across product categories

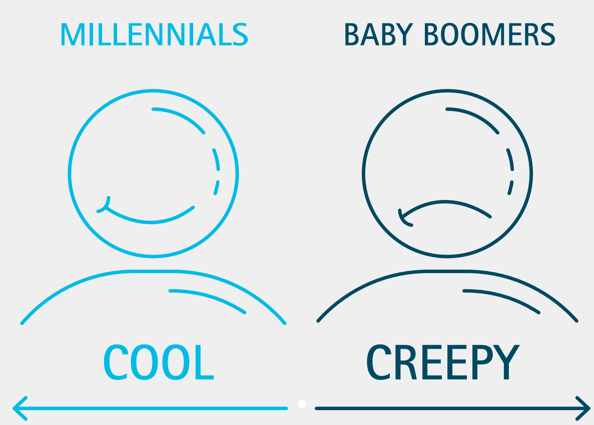
Which retailer capabilities are "cool", "neutral" or "creepy"

To understand the global shopping experience at a more personal level, the survey asked respondents to characterize different retailer capabilities and services in terms of whether they were "cool," "neutral," or "creepy". For example, in-store shoppers considered capabilities to be cool that helped them find what they were looking for and offered discounts easily. From an online perspective, shoppers were most interested in capabilities that improved the customer experience or speed of purchase.

Only **16%** of retailers automatically discount items at checkout for loyalty points or coupons

The majority of people surveyed thought a website optimized by device, whether desktop PC, tablet or smartphone, and receiving promotions for items in which they were interested, were cool capabilities. They were also interested in being able to pay via a "one click" checkout process.

Two offerings ranked high on the creepy list: shoppers thought it was a bit too invasive if retailers tracked their social media activity or showed feedback from their friends for items they were considering.



Store associates who knew how they liked to shop in terms of delivery preferences and the days they would be in the store

In store

Cool · Neutral · Creepy

GLOBAL SHOPPERS

	Cool	Neutral	Creepy
At checkout, items are automatically discounted for loyalty points/coupons.	75%	19%	6%
Only receive recommendations or offers for items that interest me based upon who I am and what I like.	46%	35%	19%
While shopping in store, real-time promotional offers, recommendations and reviews are sent to me for the item I am shopping for at the time.	45%	29%	26%
Complementary items are suggested based upon what I am strongly considering or I have already purchased.	44%	35%	21%
Sales associate asks how I like my most recent purchases.	42%	33%	25%
Store associate greets me by name when I walk into the store.	41%	26%	33%
Associate knows how I like to shop (delivery speed, type of delivery, days I shop, etc).	40%	30%	29%

	Cool	Neutral	Creepy
Purchase charged automatically to my account without having to pull out my wallet or mobile phone.	36%	25%	38%
Sales associate knows what's in my online basket/wishlist.	29%	30%	41%

Online

Cool · Neutral · Creepy

GLOBAL SHOPPERS

	Cool	Neutral	Creepy
Send me promotions for items I'm strongly considering.	56%	28%	16%
Website optimized by device (desktop, tablet, mobile).	55%	29%	16%
One click checkout as retailer knows how I want to pay.	49%	28%	24%
Website that automatically tailors to who I am, what I like and what I have previously purchased.	45%	32%	23%
Browsing setting that only shows me things that I can buy and are right for me based upon my profile and preferences.	39%	33%	29%

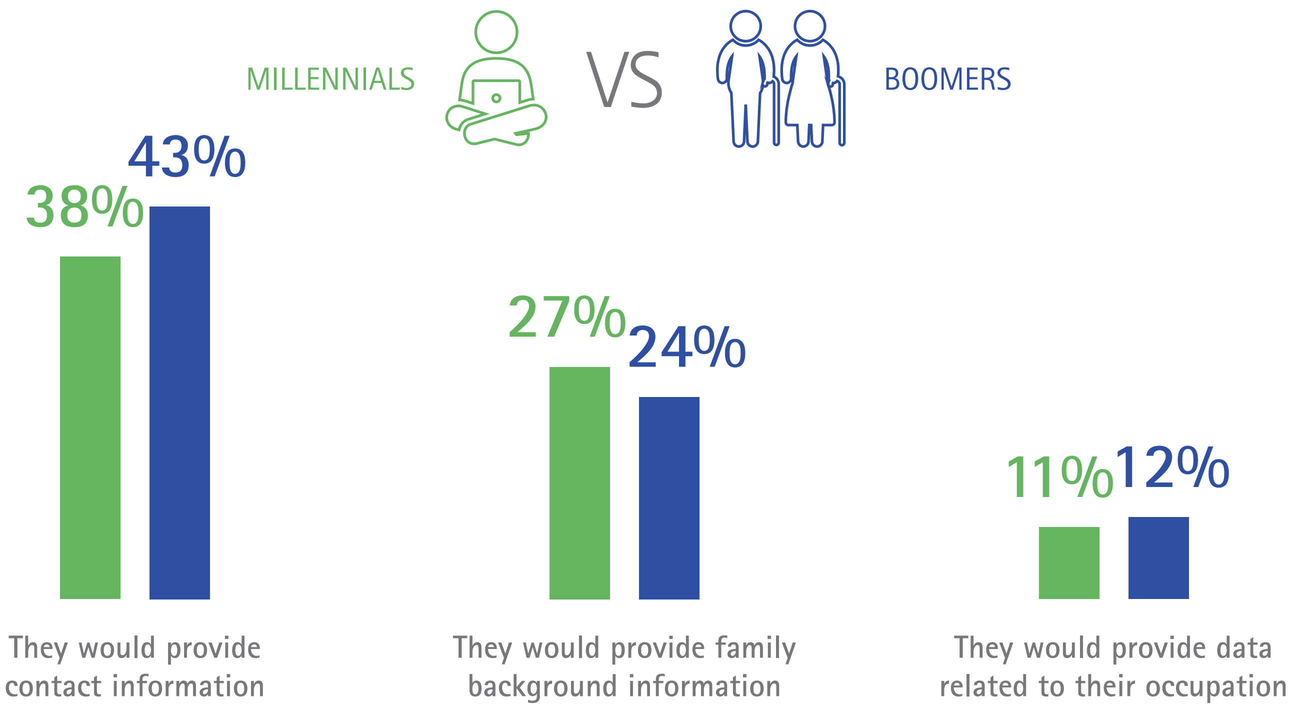
	Cool	Neutral	Creepy
Website that provides recommendations based upon social media activity.	34%	29%	36%
Provide feedback from my friends for items I'm considering.	31%	32%	37%

Security concerns remain constant

Consumers continue to be wary of retailer abilities to safeguard their personal information. For the most part, shoppers indicated that they were willing to provide the same information they gave the year before; however, this year substantially more shoppers said that they would provide health information, perhaps reflecting the growing popularity of wearable, connected health monitoring devices.

Another generational difference between baby boomers and millennials concerned their respective inclinations to share personal information with retailers. With some exceptions, millennials overall were much more willing than baby boomers to provide such data in exchange for a more personalized shopping experience.

Overall, trust remains an issue for shoppers: 57% this year compared to 49% last year were concerned about the potential theft of their personal information, and only a third felt confident that their favorite retailer was adequately safeguarding their data.



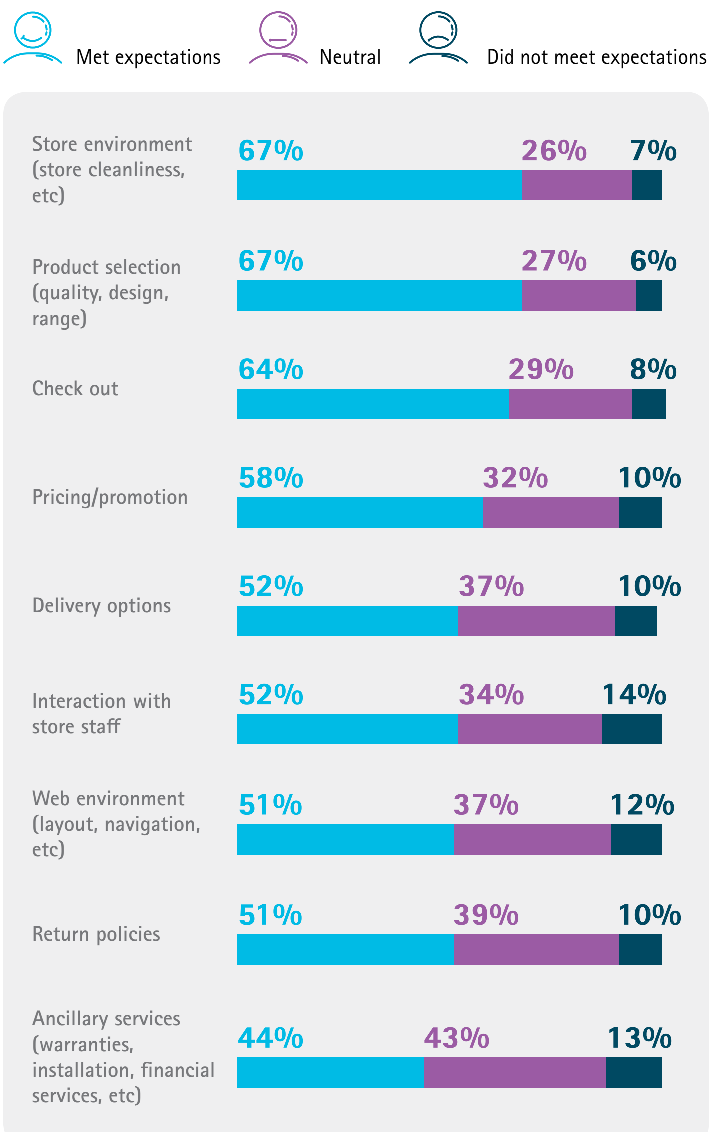
Struggling to meet shopper expectations in key areas

The majority of shoppers indicated that most retailer/customer experiences met their expectations. The strongest experiences involved checkout processes, store environment including cleanliness, and product offerings. However, shoppers expected more from retailers in certain key areas. The worst of these were interactions with staff, delivery, returns and the web environment.

Accenture research shows that over two-thirds of retailers have knowledgeable staff who could explain features as necessary. However, only 1% provided their sales associates with tablets so that they could easily access the customer's personal history, and only a slightly higher number allowed customers to schedule time with sales associates and alerted them when the sales associate was free so that they could complete other shopping in the meantime.

Retailers meeting shopper expectations

Thinking about the last visit to your favorite retailer, how well were your expectations met for each of these areas?



Only two online brands have significantly influenced shopper lifestyles

While the social media revolution has transformed large parts of the planet, on a personal level, only two companies—Google and Facebook—have had a significant influence on people's lifestyles, according to the survey. Google in particular has had a singular impact on customer lifestyles, with 57% of respondents saying the company had changed their lifestyle, while Facebook followed at 41%. By way of comparison, shoppers were neutral about Amazon, and other big names, like Apple and Alibaba, as they had much less impact on lifestyles.

Percentage of shoppers who said this brand has had a significant influence on their lifestyle.

Conclusion

This year's survey confirms that while retailers have begun to adapt to the evolving needs of their customers, they are actually involved in a race that will likely accelerate in the future as consumers continually seek more value, greater convenience, and better customer experience. As the digital elements of the retailer's channel strategy become more important, companies need to step up the pace at which they adapt these channels to customer demands.

Study Methodology

To obtain customer insights, Accenture surveyed a global sample of 10,096 consumers in Brazil, Canada, China, France, Germany, Italy, Japan, Mexico, South Africa, Spain, Sweden, the UK, and the US who have shopped online and in stores in the last three months. Sourced from panel data, survey respondents were vetted by ESOMAR, which adheres to strict international guidelines for market research. The sample of shoppers came from seven equally weighted sectors: apparel; consumer electronics; department stores; discount, mass, and hypermarket stores; grocery stores; drug stores; and home improvement outlets. The survey represents respondents in terms of gender, generation, household income level and place of residence. The survey screened all shoppers for regular internet and smartphone use, and has a 95% confidence level with a margin of error of plus or minus 1%.

To understand retailer capabilities, Accenture benchmarked a global sample of 162 companies representing the apparel, consumer electronics, department, discount, mass and hypermarket, grocery, drug/health and beauty, and home improvement sectors in 10 countries around the world. The research assessed retailers in terms of nearly 200 dimensions that evaluated their performance across six key metrics (consistent experience, connected shopping, flexible fulfillment, personalized interaction, and in-store mobile and digital capabilities).

Accenture conducted both the consumer survey and the retailer capabilities research in November 2015.


95%

About Accenture

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