

'Catch and Keep' Digital Shoppers How To Deliver Retail Their Way (U.S. Survey Findings)

Summary

- Digital influence has captured the mass shopper market, with 78 percent of all consumers using digital sources to help them decide what to buy. This "Digital Mass Market" employs a variety of touchpoints to shop: 97 percent are either using or are interested in using a home PC for this purpose, while more than 50 percent are either using or are interested in using in-store touchscreens, mobile phones, and tablets.
- Online ratings and reviews continue to exert the most influence on buying decisions, followed by friends and family. Expert online reviews by consumer groups, expert buyers, and bloggers, meanwhile, now rank third in purchase influence. Store employees and social media are declining as direct-purchase influencers.
- Among all consumers, cross-channel shopping continues to increase, with the online-to-store journey being used by 65 percent of shoppers, and the store-to-online journey by 40 percent. Cross-channel shopping journeys involving mobile rose on average by 20 percent.
- Shoppers are more demanding than ever, with 60 percent now expecting more value and visibility into pricing and product comparisons. Consumers expect a retailer to demonstrate that it is authentic and can be trusted to deliver good value consistently. These expectations are driven by use of the Internet both to search and to shop, as well as by changes in consumers' financial situations.
- Different types of digital content drive different shopper behaviors in different segments. Across grocery and general merchandising, price comparisons, information on deals and promotions, availability, and ratings and reviews have greatest influence. For general merchandise, expert reviews, recommendations, videos, and images can help inspire new purchases and expand basket size.
- Seventy-one percent of shoppers want to access digital content in-store, and retailer touchscreens and shopper mobile devices are equally preferred.
- In-store self-service is now the expected norm for consumers. Eighty-five percent want in-store self-service access to digital content, and only 4 percent desire help from store employees all the time.
- While two-thirds of shoppers are interested in personalized shopping experiences, they do expect opt-in / opt-out control, and they assume retailers will use only transactional types of data.



- As identified in Cisco IBSG's previous research, "mashing-up" physical retailing with the best of rich online content revitalizes stores by creating compelling experiences not possible via either channel (online, store) alone. Once again, we found that "Mashop" experiences are in high demand by today's digital shoppers.

Introducing Today's Digital Shopper Segments

- The Digital Mass Market now encompasses nearly 8 out of every 10 shoppers. On average, 55 percent of them either use or are interested in using a mobile phone, tablet, or touchscreen to shop; 97 percent regularly use or are interested in using a PC for this purpose. They cross-channel shop mainly via online-to-store and store-to-online. This segment comprises Gen Y and Gen X males, and Gen X and boomer females, with an almost equal mix of males and females.
- About 1 in 10 shoppers qualifies as Über Digital. These shoppers are connected 24/7, and more than 90 percent use a smartphone or tablet to shop. They're the "show-rooming," deal-seeking addicts. Über Digital shoppers are predominantly Generation Y, with a 60:40 male-to-female ratio. This subsegment is very interested in personalized digital experiences, and is willing to share more personal data. This is the core segment to watch for future mass-market shopping behaviors. We estimate that the Über Digital subsegment currently leads the mainstream by 18 to 24 months.
- Two in 10 shoppers fall into the "Living in Analog Times" segment. Predominantly baby boomers and silvers, they rely on stores, newspapers, and television to make their purchasing decisions. Their technology usage applies mainly to simple cell phones for voice and text, along with TVs and an occasional PC.

Digital Content Has Significant Influence

- Online content is the most-utilized source of information to help shoppers make buying decisions. When assessing the last three years data, Cisco IBSG discovered the following changes among the top three direct influences on consumer buying behavior:
 - Online reviews from retailer websites: increased from 44 percent in 2010 to 52 percent in 2012
 - Friends and family: decreased from 60 percent in 2010 to 49 percent in 2012
 - Online expert reviews: rose from 29 percent in 2010 to 42 percent in 2012
 - Store employees: slid from 21 percent in 2010 to 11 percent in 2012
- Consumers say that social networks have less direct-buying influence. In general, shoppers like to use the medium to access advice, service, and support, and are less likely to be influenced by a direct "sell." Only the Über Digitals subsegment is more open to direct sales strategies through social media, with 22 percent saying they are directly influenced by social media.

Channel Hopping Is the Norm

- Cross-channel behavior—searching in one channel and buying in another—continues to increase. Mobile and kiosk searches provide good opportunities for retailers to land sales in stores.

- Key shifts in cross-channel shopping within the Digital Mass Market include:
 - PC-to-store: increased from 57 percent in 2011 to 65 percent in 2012
 - Mobile-to-store: rose from 24 percent to 29 percent in 2012
 - Kiosk-to-store (click and collect): remained at 18 percent in 2012
 - Mobile-to-online-PC: jumped from 26 percent to 33 percent in 2012
 - Store-to-online (mobile or PC): remained at about 40 percent in 2012

Shoppers Really Do Expect More from Their In-Store Shopping Experience

- Survey respondents were asked how much more demanding they were of their in-store shopping experience compared to two years ago. In the Digital Mass Market, respondents claimed they were demanding greater:
 - Value (60 percent)
 - Price visibility (53 percent)
 - Access to promotions (46 percent)
 - Information access (40 percent)
 - Ease of shopping (39 percent)
 - Faster shopping (37 percent)
 - Wider range / assortment (36 percent)

Different Types of Digital Content Inspire Purchases in Grocery, Nonfood

Grocery purchases are influenced by value positioning, deals, availability, and bundles. General merchandising requires richer, more contextual content, including ratings, reviews, videos, and images.

- For grocery, respondents were influenced by:
 - Price comparisons (66 percent)
 - Information on deals and promotions (54 percent)
 - Product availability in nearby stores (39 percent)
 - Information on specially priced bundles (32 percent)
- For general merchandising, respondents were influenced by:
 - Price comparisons (67 percent)
 - Information on deals and promotions (57 percent)
 - Product ratings and reviews (56 percent)
 - Product availability in nearby stores (52 percent)
 - Expert recommendations (42 percent)
 - Videos of product usage (41 percent)
 - Pictures of product usage (39 percent)

Shoppers Expect Self-Service

Because 71 percent of consumers want in-store access to the types of digital content described above, retailers serving the mass market need to offer a range of mobile and touchscreen experiences and touchpoints.

- When it comes to devices, 22 percent want to use their own device, 21 percent want to use a retailer's device, and 28 percent are happy to use either one.
- When using their own mobile devices, respondents expressed a preference for mobile web (21 percent) over mobile apps (12 percent). Twenty percent are happy to use either one.
- When it comes to retailers' devices, the preferred endpoint is a 26-inch slanted touchscreen (46 percent), followed by an iPad-sized screen (26 percent).
- Thirty-seven percent of all shoppers expect greater access to in-store information today than they did two years ago.
- Eighty-five percent of shoppers want to access this content on their own, but they do expect immediate help from staff if they need it. Only 4 percent want store staff help all the time.

Personalization Is the Next Big Thing

- In the Digital Mass Market, 70 percent believe that personalized shopping experiences—service, advice, and offers—would encourage them to make more purchases. This jumps to 85 percent among the Über Digital subsegment.
- The most favored personalized services include:
 - Personalized promotions and offers, especially if applied directly at checkout
 - The ability to create and manage personalized lists
 - Access to preferences, likes, dislikes, and past purchases for in-store service and at checkout
- Seventy-eight percent of shoppers are happy for retailers to use transactional / self-provided data such as past purchases, likes and dislikes, interests, items they own, future purchase needs, coupons, loyalty points, and warranties. They do expect opt-in / opt-out control for any personalized services.
- Shoppers are less comfortable with retailers using personal information—for example, financial data, social media and web browsing information, car license plates, and facial recognition—to create custom services.

Mashop Concept Tests: Winning Hearts and Minds

Cisco IBSG tested several Mashop concepts to determine shoppers' overall interest in each solution. The research also explored how the concepts encouraged shoppers to make purchases, as well as which elements of the experience (for example, content, endpoints, devices) shoppers found most useful. Survey results show broad interest in the Mashop concepts among men and women, and across all age groups and industry categories, with six key solutions standing apart and generating significant interest levels. Gen Y and Gen X appear to be most interested.

- **Automated Pickup:** An automated locker mechanism that allows shoppers to pick up purchases from a store using a unique code sent to their smartphone or Internet-enabled device:
 - 53 percent interested; top pick for the Digital Mass Market
 - High interest on using to shop for consumer electronics and health & beauty products

- **Product Selector:** Use interactive screens to view entire product ranges and detailed information about specific products to help you decide what to buy:
 - 53 percent interested
 - Most interest in using for consumer electronics and home improvement / furniture stores
 - Majority of consumers voted preference for using a medium-sized (26-inch) touchscreen.
- **Personal Mobile Shopping:** Use mobile device in-store to get offers and coupons; scan product code for online product information, ratings, reviews, and so forth:
 - 50 percent interested; most consistent appeal across all ages; top pick for Über Digitals
 - Most interest in using for grocery and health & beauty products
- **Design Center:** Select, configure, and arrange products to meet needs and create design / solution:
 - 49 percent interested; biggest hit in the home improvement / furniture segment with all types of consumers
- **Shopping Helper:** Get help from store staff, who use an online tablet like an iPad to show shoppers online information and comparisons:
 - 39 percent of overall consumers interested; significant interest in consumer electronics
- **Product Recommender:** Guided selling advice to help shoppers find the right products and services. Get ideas about how products work together and can do more for shoppers:
 - Preferred by almost 39 percent of all consumers; significant interest in fashion

Survey Demographics

- 1,069 U.S. consumers
- Ages:
 - 18 to 29: 30 percent
 - 30 to 39: 17 percent
 - 40 to 49: 18 percent
 - 50 to 59: 17 percent
 - 60+: 18 percent
- Ages by generation:
 - Gen Y: 18-29
 - Gen X: 30-49
 - Baby boomers: 50-64
 - Silvers: 65 and older
- Gender
 - Male: 51 percent
 - Female: 49 percent

For More Information

Contact Lisa Fretwell (lfretwel@cisco.com) or Jon Stine (jostine@cisco.com) of Cisco IBSG's Global Retail Practice.

More Information

Cisco IBSG (Internet Business Solutions Group) drives market value creation for our customers by delivering industry-shaping thought leadership, CXO-level consulting services, and innovative solution design and incubation. By connecting strategy, process, and technology, Cisco IBSG acts as a trusted adviser to help customers make transformative decisions that turn great ideas into value realized.

For further information about IBSG, visit <http://www.cisco.com/ibsg>



Americas Headquarters
Cisco Systems, Inc.
San Jose, CA

Asia Pacific Headquarters
Cisco Systems (USA) Pte. Ltd.
Singapore

Europe Headquarters
Cisco Systems International BV Amsterdam,
The Netherlands

Cisco has more than 200 offices worldwide. Addresses, phone numbers, and fax numbers are listed on the Cisco Website at www.cisco.com/go/offices.

Cisco and the Cisco logo are trademarks or registered trademarks of Cisco and/or its affiliates in the U.S. and other countries. To view a list of Cisco trademarks, go to this URL: www.cisco.com/go/trademarks. Third party trademarks mentioned are the property of their respective owners. The use of the word partner does not imply a partnership relationship between Cisco and any other company. (1110R)