# FALL 2017
CONSUMER VIEW

In this quarter's *Consumer View*, NRF examines the consumer attitudes and experiences shaping today's retail environment, including shoppers' experiences with technology, what brings Millennials and Gen Z into the store and the core differences between online and in-store shoppers.
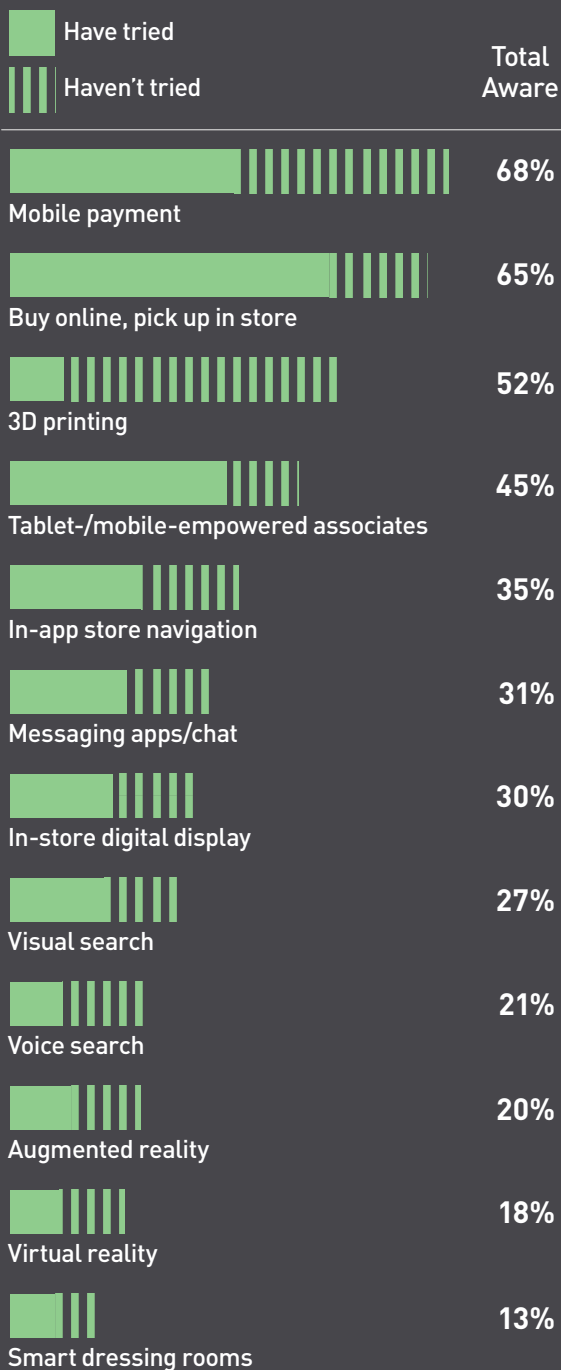
NRF® NATIONAL **RETAIL** FEDERATION®

Technology and the consumer:
Creating the store of the future while catering to the customer of today
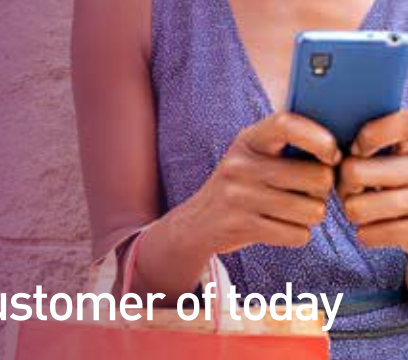
Which of the following technologies have you heard of? And which, if any, have you tried while shopping in a store or online?

■ Have tried

|||| Haven't tried

Technology		Total Aware
Mobile payment		68%
Buy online, pick up in store		65%
3D printing		52%
Tablet-/mobile-empowered associates		45%
In-app store navigation		35%
Messaging apps/chat		31%
In-store digital display		30%
Visual search		27%
Voice search		21%
Augmented reality		20%
Virtual reality		18%
Smart dressing rooms		13%

Retail technology runs the gamut from mobile payments to virtual reality. Retailers are under pressure to understand which innovations will attract and retain customers today and what will shape the commerce of tomorrow.

While "store of the future" technologies dominate the retail conversation, many still remain at the periphery of consumer awareness and usage. Today's shoppers are much more concerned with the innovations impacting the most fundamental elements of retail: How do I pay for my items and how do I get my purchases?

Payment and fulfillment technologies lead consumer awareness. Nearly seven in 10 consumers have heard of mobile payment or buy/reserve online, pick up in store, and more than half of those have actually tried it for themselves.

THE MOST IMPACTFUL INNOVATIONS FOR TODAY'S SHOPPER ARE THOSE THAT **TRANSFORM,** NOT REPLACE, THE PHYSICAL RETAIL EXPERIENCE.

Customers are most satisfied with technologies that streamline the store experience, from checking out to finding and picking up the items they need.

68%
Buy online,
pick up in store

66%
In-app store
navigation

65%
Mobile
payment
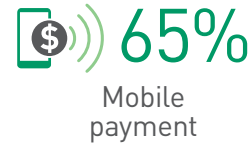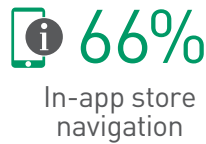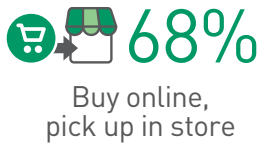
THE PERFORMANCE GAP

Even with high awareness, many technologies fall short of consumers' expectations, suggesting successful implementation still has a ways to go — even for more mature technologies. More than four in 10 consumers said their experience with in-store digital displays, tablet-/mobile-empowered associates or messaging apps had no impact on their experience; one in 10 said it actually made their experience worse.

How did the following retail technologies impact your shopping experience?

No impact on
shopping experience

Made shopping
experience **worse**

In-store digital display
44%
10%

Tablet-/mobile-empowered associates
43%
8%

Messaging apps/chat
43%
9%
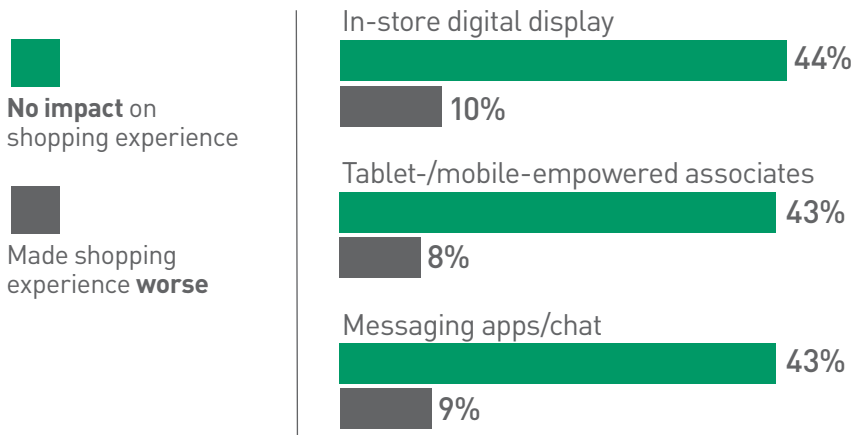
LOOKING TO THE FUTURE: WHAT CUSTOMERS WANT NEXT

Shoppers are most interested in trying:

3D printing

Drone delivery

The customer channel:
Where digital meets physical

Even with the focus on digital and mobile channels, physical retail remains an important touchpoint for consumers.

79%
of consumers purchase **half or less** of their items online

21%
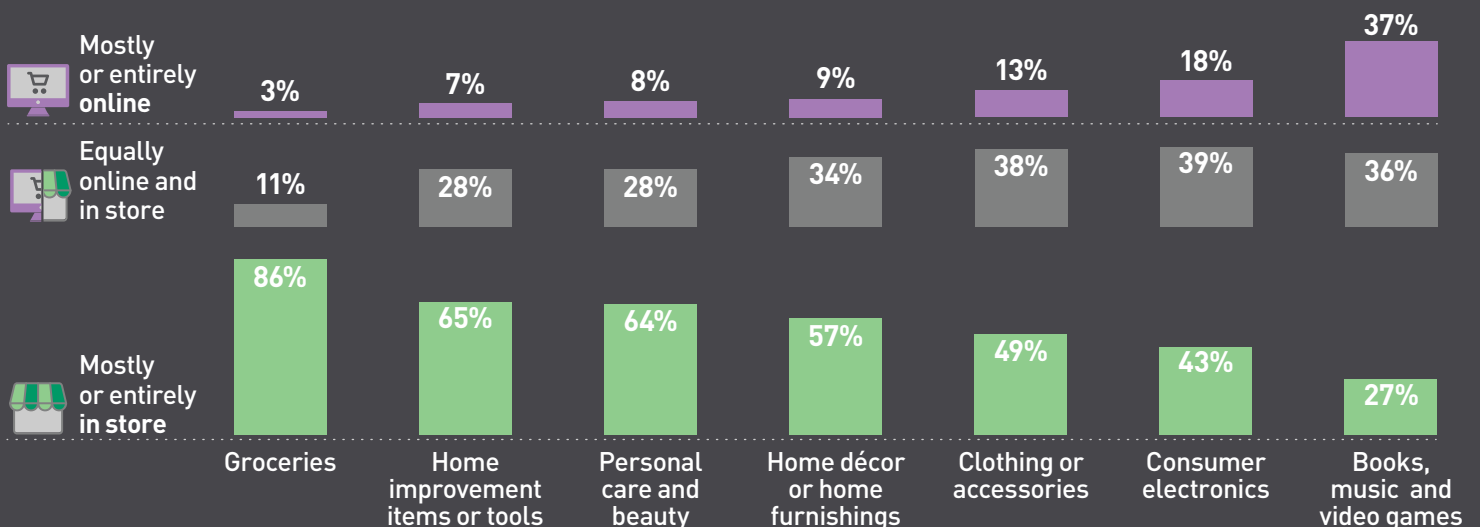of consumers purchase **more than half** of their items online

Only 21 percent of consumers are primarily online shoppers, purchasing more than half of their items online. The majority (79%) typically buy half or less of the items they need online.

The first generation of digital natives, Gen Zers are more likely to make the majority of their purchases online — along with Millennials, their older counterpart.

34%
of Millennials/Gen Z purchase more than half of their items online

How do you purchase the following items?

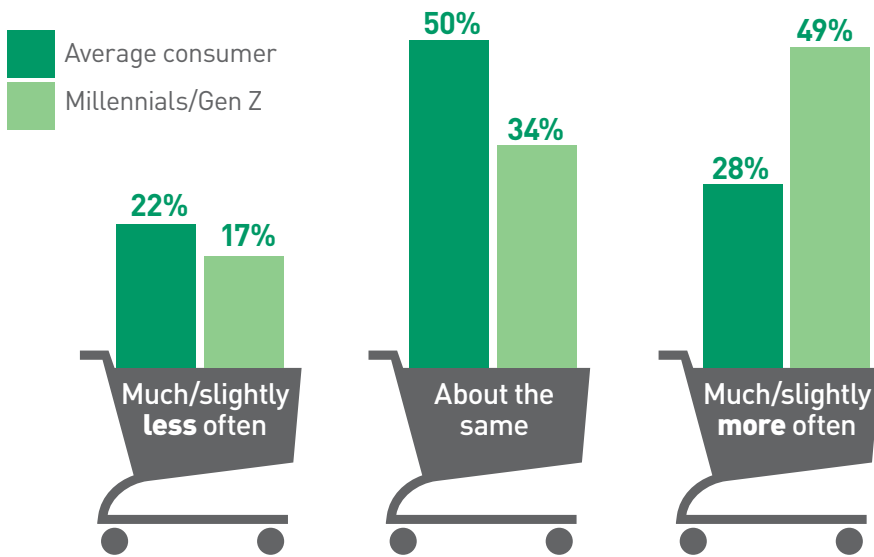|	Groceries	Home improvement items or tools	Personal care and beauty	Home décor or home furnishings	Clothing or accessories	Consumer electronics	Books, music and video games
Mostly or entirely online	3%	7%	8%	9%	13%	18%	37%
Equally online and in store	11%	28%	28%	34%	38%	39%	36%
Mostly or entirely in store	86%	65%	64%	57%	49%	43%	27%

YOUNGER CONSUMERS EMBRACE PHYSICAL RETAIL WHEN IT OFFERS A NEW EXPERIENCE OR IS MORE CONVENIENT.

It can be difficult to sway consumer behavior when it comes to physical retail. But younger consumers show they can be convinced to visit stores more frequently when offered the chance to have a new experience or pick up items they order online.

Half (49 %) of Millennial/Gen Z respondents say they are shopping in stores more than they were a year ago.

Compared to a year ago, are you visiting physical retail stores *more* or *less* often than you used to?

- Average consumer
- Millennials/Gen Z

	Much/slightly **less** often	About the same	Much/slightly **more** often
Average consumer	22%	50%	28%
Millennials/Gen Z	17%	34%	49%

Top reasons Millennials/Gen Z say they're visiting stores more often than they used to:

52%
A new retail store or shopping center opened near me

49%
Entertainment or food options

45%
I'm using buy online and pick up in store

With most Gen Zers still too young to own credit cards, drive a car or live away from home, it remains to be seen how their attitudes toward physical retail will evolve over time.
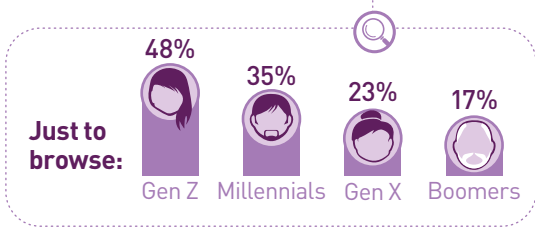
Shopping with intent:
What gets consumers through the door

When you visit a store, is it typically to buy something specific, or just to browse?

74% To buy something specific   **26%** To browse

Just to browse:

48% Gen Z
35% Millennials
23% Gen X
17% Boomers

74 percent of consumers say they typically visit the store to buy something specific rather than to browse.

However, compared to older shoppers, younger generations are more likely to view the store as an opportunity to socialize and explore: 48 percent of Gen Zers and 35 percent of Millennials say they typically visit the store just to browse.

THE TOP REASONS CONSUMERS CHOOSE THE STORE ARE CONVENIENCE AND PREFERENCE.

Approximately seven in 10 consumers say they usually visit a store because they need something right away (69%) or because they prefer to shop in stores (66%).
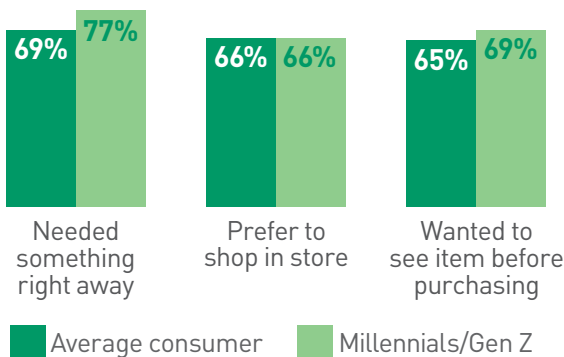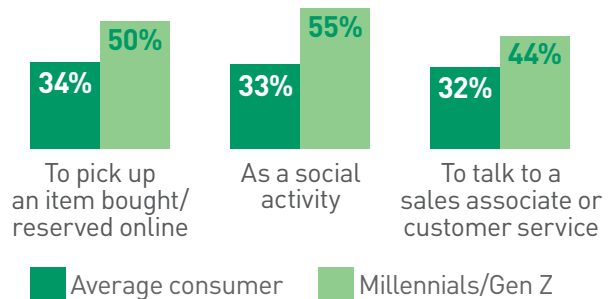
FOR MILLENNIALS/GEN Z, THE STORE OFTEN SERVES A DIFFERENT PURPOSE THAN FOR THE AVERAGE CONSUMER.

Half of Millennials/Gen Z are more likely to visit a store to hang out with friends and family (55%), pick up an item they ordered online (50%) or chat with a sales associate (44%) compared to just a third of shoppers overall.

Most popular reasons consumers visited a store in the past 3 months

	Average consumer	Millennials/Gen Z
Needed something right away	69%	77%
Prefer to shop in store	66%	66%
Wanted to see item before purchasing	65%	69%

Least popular reasons consumers visited a store in the past 3 months

	Average consumer	Millennials/Gen Z
To pick up an item bought/reserved online	34%	50%
As a social activity	33%	55%
To talk to a sales associate or customer service	32%	44%

■ Average consumer   ■ Millennials/Gen Z

The online shopper **vs** the in-store shopper

21% are primarily **online** shoppers
Those who typically make more than half of their purchases online

	Online	In-store		79% are primarily **in-store** shoppers

79% are primarily in-store shoppers
Those who typically make half or less of their purchases online

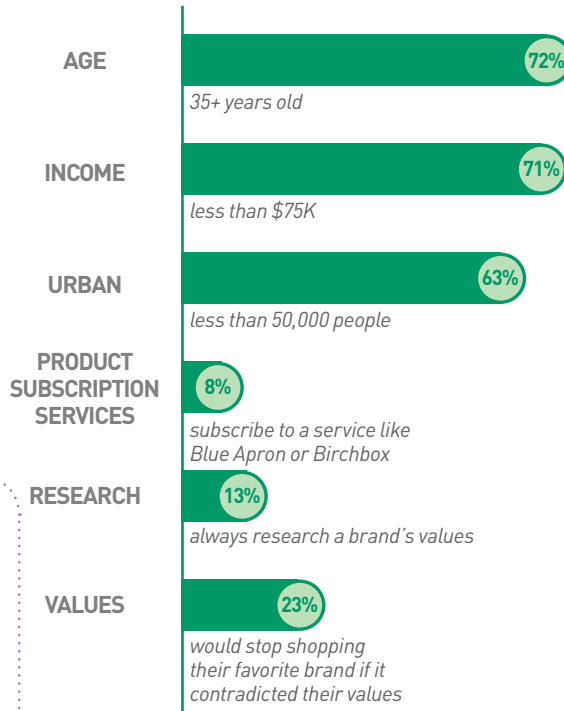| Category	Online	In-store
AGE	49% — 18–34 years old	72% — 35+ years old
INCOME	53% — $75K or more	71% — less than $75K
URBAN	53% — 50,000+ people	63% — less than 50,000 people
PRODUCT SUBSCRIPTION SERVICES	33% — subscribe to a service like Blue Apron or Birchbox	8% — subscribe to a service like Blue Apron or Birchbox
RESEARCH	48% — always research a brand's values	13% — always research a brand's values
VALUES	45% — would stop shopping their favorite brand if it contradicted their values	23% — would stop shopping their favorite brand if it contradicted their values

BRAND AS AN EXTENSION OF THE SELF

Online shoppers are much more likely to research a brand's views on topics that matter to them — whether political, social or environmental issues — and are not afraid to walk away if they discover that a retailer's values contradict their own.
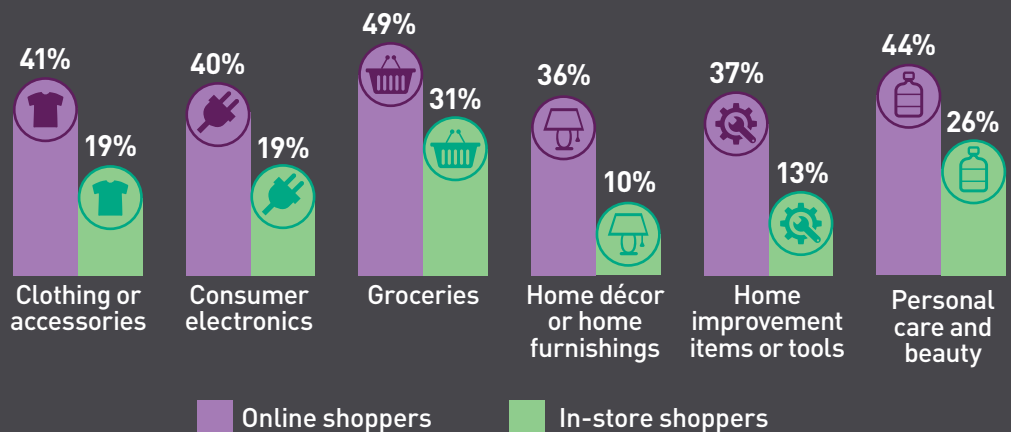

Online shoppers view themselves as more loyal than consumers who concentrate their shopping in stores.

Consumers who shop primarily online are two to three times more likely to perceive themselves as very loyal to the brands and retailers they shop for items such as clothing, consumer electronics and home decor.

How loyal are you to the brands or retailers you shop?
Percent of consumers who are very loyal

Category	Online shoppers	In-store shoppers
Clothing or accessories	41%	19%
Consumer electronics	40%	19%
Groceries	49%	31%
Home décor or home furnishings	36%	10%
Home improvement items or tools	37%	13%
Personal care and beauty	44%	26%

■ Online shoppers   ■ In-store shoppers

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ABOUT THE *CONSUMER VIEW*

The Fall 2017 *Consumer View* was designed to gauge consumer behavior and shopping trends relating to stores, online channels, loyalty and technology. The survey polled 3,002 consumers and was conducted by NRF, powered by Toluna Analytics, from July 20–25, 2017. The consumer poll has a margin of error of plus or minus 1.8 percentage points.

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