10TH ANNUAL
SHOPPER STUDY

THE NEW RETAIL MANDATE:

2018 SHOPPER VISION STUDY

TRANSFORMING FROM TRANSACTIONAL TO SERVICE-DRIVEN, PERSONALISED EXPERIENCES

TODAY'S SHOPPERS:

DEMAND TECHNOLOGY-ENABLED EXPERIENCES THAT STRADDLE CLICKS AND BRICKS

60%

60 % of shoppers say store associates who use mobile devices for customer assistance improve their shopping experience

HEIGHTENED DELIVERY EXPECTATIONS

66 % of shoppers prefer same-day or next-day delivery

66%

27%

27 % of shoppers are not willing to pay for shipping at any speed

TOP DEMANDS OF TODAY'S SHOPPERS

#1 BETTER PRICES

#2 ONLINE OPTIONS

#3 MORE CHOICES

EMERGING SHOPPER PREFERENCES

42%

Looks for sales and discounts most of the time

20%

Enjoys browsing even if they don't make a purchase

14%

Returns to familiar stores

13%

Shops only for what is needed

53%

IN STORE

Shoppers remain not satisfied with the returns/exchange process

51%

ONLINE

ABOUT THE STUDY

Zebra's 10th annual shopper study surveyed nearly 7,500 consumers from North America, Latin America, Asia-Pacific, Europe and the Middle East to gain a deeper understanding of shopper satisfaction and retail technology trends that are reshaping brick and mortar and online stores. *The New Retail Mandate: Shopper Vision Study* summarises the results of this analysis.

EXECUTIVE SUMMARY

Retailers worldwide are getting better at keeping step with the demands of today's always-on, savvy consumers whose expectations are increasing in today's digital economy, but more innovation is required. According to Zebra Technologies' 2018 Shopper Study, one-third of shoppers are still not satisfied with the in-store shopping experience.

While shopping satisfaction has improved over the last decade, retailers must accelerate the pace of change or risk losing sales and market share. Consumers equipped with smartphones expect fast, convenient, information-rich and connected shopping experiences that are uniquely relevant to them in store, online and via their mobile devices.

Today's consumer is now informed by the ease of online shopping and accessing the world's biggest, round-the-clock store at their fingertips. They've become less tolerant of longtime retail pain points that fail to meet their on-demand shopping needs. At the same time, consumers are increasingly channel agnostic and demand an easy, fast, seamless buying experience, no matter if they're buying online, via a mobile device, in store or using some combination of the three.

SHOPPER DISSATISFACTION

Consumers cite out-of-stock merchandise, difficulty finding an item and unclear pricing and discounting as the leading causes of in-store shopping dissatisfaction. Consumers are seeking out merchants that elevate the in-store experience by leveraging technology and knowledgeable sales staff to solve chronic shopping hassles.

PERSONALISED SHOPPER EXPERIENCE

Increasingly, consumers expect retailers to offer solutions such as store staff equipped with mobile computers to locate missing inventory, provide options like free home delivery of out-of-stock items, and expedite checkout, the study found. They are also looking to retailers to add curation, inspiration and customisation to the multichannel shopping experience that transforms the customer-retailer dynamic from merely transactional to service-driven and personalised. Shoppers value assisted-selling technologies that record consumers' purchase history to deliver customised product offers and tailored discounts, for example.

DELIVERY BECOMES CRUCIAL

Shoppers are demanding a variety of faster product delivery options, but many aren't willing to pay for speedier service. More than half of shoppers surveyed plan to increase their usage of buy in store, ship from store to home delivery and expect next-day and same-day delivery options. In response, forward-thinking retailers are scrambling to meet these heightened demands by rolling out perks such as reserve online, pick up in store and curbside pickup.

TRACKING THE RISING DEMANDS OF THE CONNECTED SHOPPER

Retailers are catching up to the connected consumer, whose smartphones serve as in-store shopping tools that help them compare prices and consult customer reviews. Merchants are recognising that shoppers increasingly crave comparable convenience in store. A look back at the shopper study findings over the past 10 years reveals that shoppers' in-store satisfaction has increased somewhat. However, consumers – particularly Millennials – feel they are better connected to product information than sales associates.

A TEN-YEAR VIEW: ZEBRA SHOPPER STUDY HIGHLIGHTS 2007–2017

70% Of shoppers leave without purchasing sought-after item when shopping in store

60% Of sales can be recovered by retailers who offer discounts and fulfillment options

SHOPPERS WANT QUICK, FRICTION-FREE PRODUCT SEARCH AND PURCHASE

For retailers, making product search and purchase friction free is a necessity. Empty shelves cost retailers $238.1 billion a year while hurting brand integrity and compromising shopper loyalty.

For one, you can't sell what's not in store. The study found that 36 % of specialty apparel and fashion retail shoppers cited the primary reason for leaving the store without the article they wanted was because they didn't like the selection and 34 % were dissatisfied with the displays. Meanwhile, 30 % and 26 % of grocery/supermarket and specialty apparel shoppers, respectively, said they left a store if the product they wanted was out of stock.

When faced with out-of-stock inventory in store, consumers want retailers to step in with immediate solutions, and see technology as the answer. More than half of shoppers believe technology is critical to improving the shopping experience. Consumers surveyed said that while shopping, they most value staff armed with a mobile device to access information on in-store product availability and price, and offer services such home delivery to an out-of-stock item.

As a result, smart retailers are empowering front-line associates with mobile computers and tablets that make it easy to conduct inventory and price checks, scan coupons and communicate across the sales floor and the stockroom without ever having to leave the customer's side. They are also working behind the scenes to reduce out of stocks and boost inventory accuracy to better locate merchandise, whether it's in a warehouse, in the stockroom or on the sales floor.

MOBILE TECHNOLOGY HELPS RETAILERS RECOVER POTENTIAL LOST SALES

LIKELIHOOD OF SHOPPERS TO MAKE PURCHASE BEFORE LEAVING STORE

Order the out-of-stock item and have it delivered to home	59%
Offer a discount to come back to store when item is in stock	59%
Find another location that has item in stock and give directions on how to get there	54%
Order the out-of-stock item for pick up in store	50%
Find substitute product within the store	45%

LEADING CAUSES OF DISSATISFACTORY IN-STORE SHOPPING JOURNEYS

#1 Returns, exchange process

#2 Product prices

#3 Availability of coupons, special offers, discounts

#4 Sales associate availability and customer service

ENRICHING THE IN-STORE EXPERIENCE

In a shopping world where consumers can buy anything they want on the web, retailers are being forced to give shoppers an enriched in-store experience that they can't get online.

SHOPPERS RANK INTEREST IN NEW TECHNOLOGIES

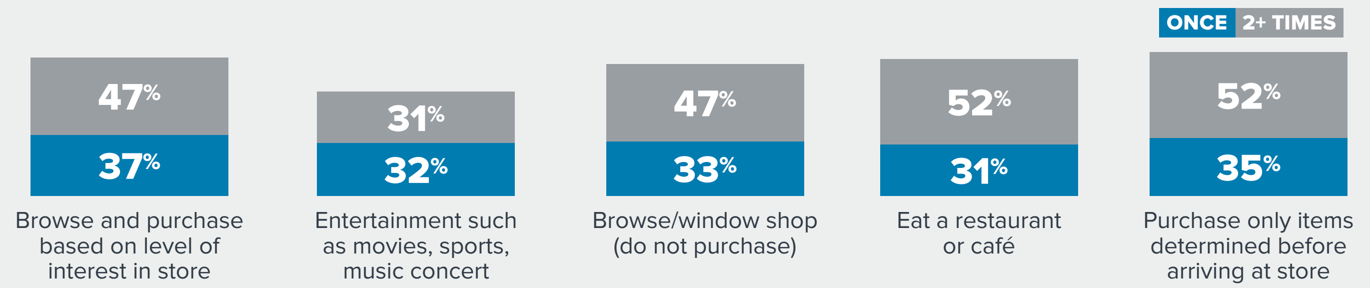
1. Best Personal Price
2. Electronic Shelf Labels
3. Smart Carts
4. Intelligent Dressing Room

It's a business imperative amid store traffic declines. In-store trips are becoming increasingly purpose-driven. As proof of how consumers plot their buying strategies, 35 % of shoppers purchased only the items they set out to buy before arriving at the store, the study found. For retailers, that means shorter stays and fewer impulse buys.

To counter the shortfall and increase the amount of time shoppers spend in store, retailers are adding immersive, interactive and customised shopping elements to the retail experience that bring new services, customised offerings, entertainment and even consumer education to the purchasing equation.

These services range from upgrades such as sales associates who have been trained as product specialists to offer shoppers concierge-like, in-store guidance on merchandise; in-store apparel tailoring; on-site cafes and eateries; fitting-room technology that enables the shopper to select items to try on from the fitting room; in-store parties; and even classes ranging from beauty and exercise to cooking.

LEVEL OF PARTICIPATION IN ACTIVITIES AT STORES AND SHOPPING MALLS



AVERAGE LENGTH OF TIME CONSUMERS SPEND AT IN-STORE LOCATIONS

LESS THAN 30 MINUTES	30 TO 59 MINUTES	1 OR MORE HOURS
PHARMACY	SUPERMARKET	MASS MERCHANDISER, MEGA STORE, OUTLET
CONVENIENCE STORE	SPECIALTY HARD GOODS STORE	DEPARTMENT STORE
DISCOUNT STORE	SPECIALTY APPAREL AND FASHION STORE	SHOPPING CLUB, WAREHOUSE STORE

TECH-ENHANCED, PERSONALISED SERVICE WITH A HUMAN TOUCH

Digital technology and online shopping have shifted power from the retailer to the consumer, who now has limitless buying choices and price transparency at any given moment, but merchants' mobility investments over the last few years have changed shoppers' perception that they are more connected than store associates.

TRUST REMAINS AN ISSUE

According to the study, 48 % of shoppers trust retailers to protect their personal data and use it to offer something they value. Of those who prefer not to share personal information, 81 % cite concerns of identity fraud.

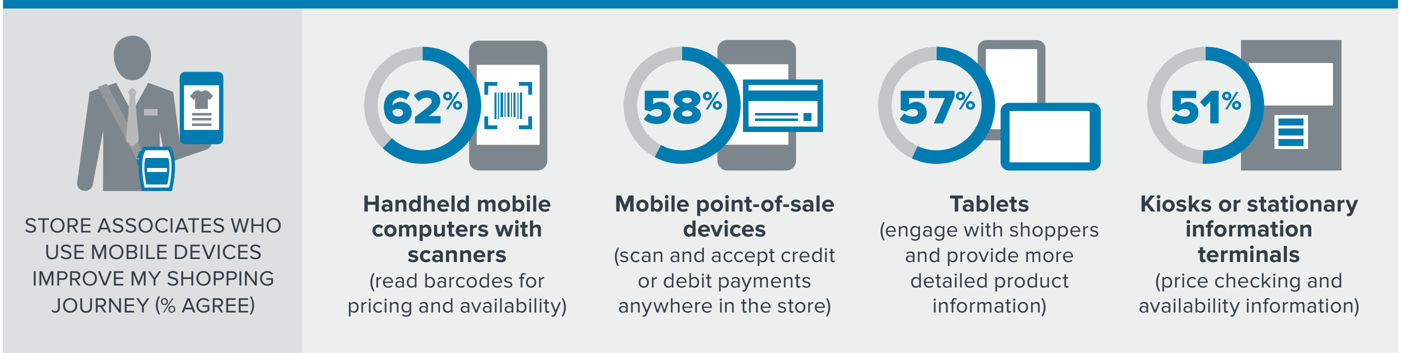
When asked about how well connected they are with merchandise information they can find on the Internet, only 44 % of shoppers believe they are better connected than store associates, compared to 61 % in 2011. Even though the gap is closing, much work remains to meet consumer demands for tailored, contextually relevant shopping experiences that reflect their digital and physical footprints, from product exploration to checkout.

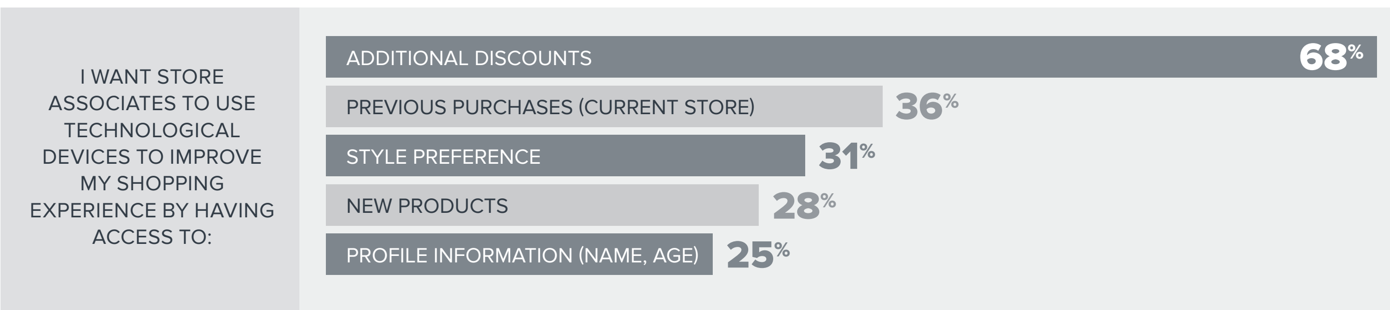
Retailers looking to save the in-store sale are meeting shopper demand for personalised, tech-aided customer service, enhanced by the human touch of a sales associate. The study found more than half of shoppers believe store associates armed with the latest technology improve the overall shopping experience.

Shoppers value connected store environments that empower sales associates with digital tools to provide concierge-like services. Clienteling, the one-on-one service offered by personal shoppers who have long served consumers at upscale department stores and independent boutiques, is now being democratised via technology. Indeed, 62 % of those surveyed appreciate associates' in-store use of handheld mobile devices that are equipped with clienteling tools.

With a handheld device, a sales associate can send a text message to a shopper with a penchant for ditzy prints and special-occasion dressing or a promotional offer for a holiday floral dress from her favourite designer, drawing from past purchases and her browsing history on the company's website.

60% of shoppers say store associates who use mobile devices for customer assistance improve their shopping experience





TOP REASONS CONSUMERS SHOP WHERE THEY SHOP

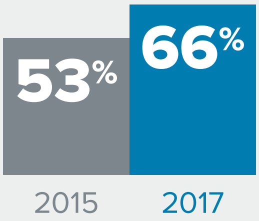
1. BROWSING OR EXPERIENCING PHYSICAL PRODUCT
2. DISCOUNTS
3. PRODUCT AVAILABILITY

1. DISCOUNTS
2. PRODUCT SELECTION
3. COMPARISON SHOPPING

ONLINE VERSUS IN STORE

Online shopping has given traditional brick-and-mortar retailing a run for its money, but in-person shopping continues to hold consumer appeal for distinct reasons.

"SHOWROOMING" ON THE RISE



Shoppers point to the ability to browse and experience a product as the top reason for shopping at a physical store. In contrast, price, product selection, and the ability to comparison-shop and find discounts are the top reasons why shoppers prefer buying online versus in store. And more than half of shoppers (66 %) engage in showrooming — browsing merchandise in store to purchase online later.

To survive and thrive in today's multichannel landscape, retailers are working to bridge digital and physical siloes with technology that offers a single, accurate view of their offline and online operations, such as inventory levels, as well as a holistic picture of shoppers' digital and physical footprints. The idea is to deliver shoppers a seamless, personal multichannel buying experience that balances the convenience of e-commerce with the experiential benefits of in-store shopping.

IN STORE	SHOPPER PREFERENCES	ONLINE
64%	DISCOUNT STORE, DOLLAR STORE	11%
67%	SPECIALTY APPAREL, FASHION STORE	11%
51%	SPECIALTY HARD GOODS STORE	19%
52%	SERVICE RETAILER	16%
56%	MASS MERCHANDISER, MEGA STORE, OUTLET	15%
68%	PHARMACY	10%
61%	DEPARTMENT STORE	11%
57%	WAREHOUSE STORE, SHOPPING CLUB	16%
72%	SUPERMARKET	9%

HEIGHTENED DELIVERY EXPECTATIONS SHAKE UP THE RETAIL PARADIGM

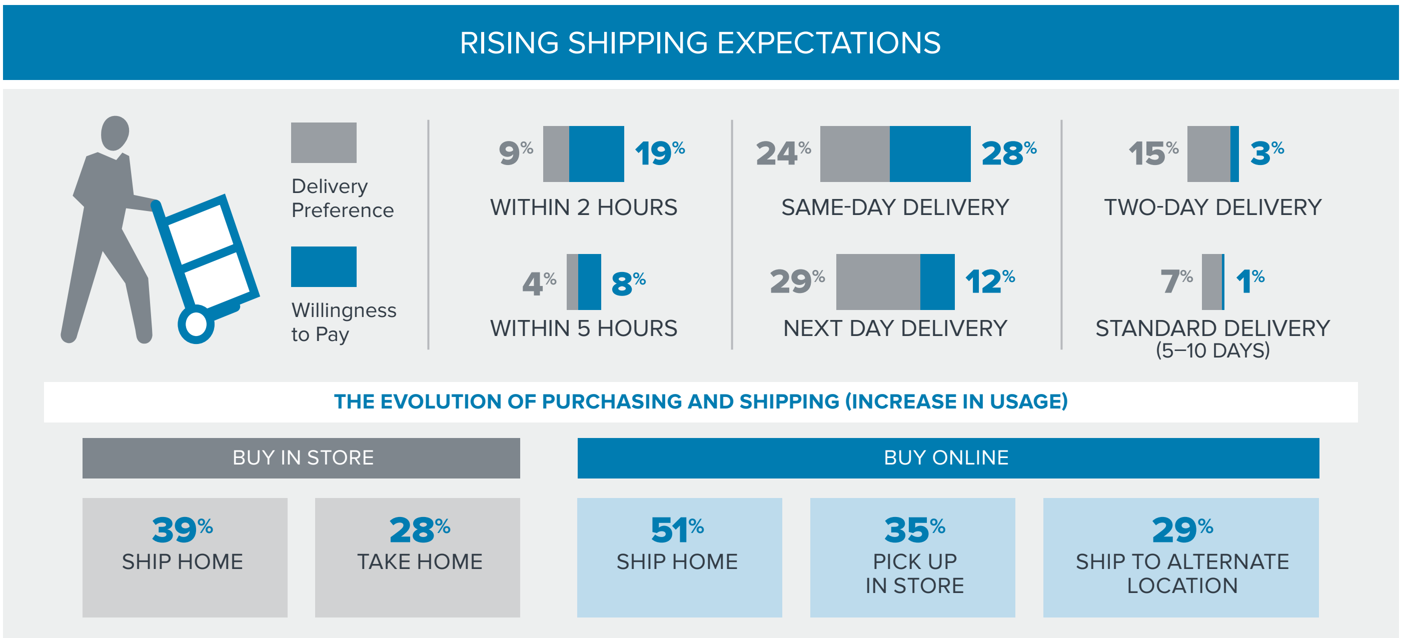
Heightened shopper expectations for merchandise delivery are transforming the retail landscape. Consumers now have a lower threshold for longtime shopping pain points. Delivery of online purchases has become an expected convenience associated with the modern shopping experience.

Two notable findings exemplify new consumer demands that would have been unimaginable just 20 years ago: Shoppers cited carrying large and heavy purchases home as a leading drawback of in-store shopping. The study revealed that 80 % of shoppers purchase items in store to take home or ship to home.

Reflecting a retail landscape where saving shoppers time and offering them heightened convenience has become a standard shopping expectation, 66 % of shoppers want next-day or same-day delivery; 37 % prefer same-day or sooner; and 27 % do not want to pay for shipping at any speed, the study found.

Today's multichannel consumers also expect a variety of fulfillment options to meet their lifestyle needs. Sixty-four per cent of those surveyed buy online and ship to home; 34 % buy online and pick up in store; and 15 % buy online and ship to an alternative location.

To keep up with rising consumer demand for flexible, fluid and free physical and digital product delivery and fulfillment options, retailers are expanding their buy online, pick-up in-store offers with dedicated service kiosks, and retrofitting stores so that they double as online fulfillment centres. Consumer preferences reflect these emerging capabilities.




REGIONAL FINDINGS

Consumers around the globe expressed some distinct shopping expectations, preferences and habits. On a regional basis:

58%
of shoppers have "showroomed"

NORTH AMERICA

In the United States and Canada, merchants must be sharp on their pricing strategies, as consumers can compare the price of an item from their smartphones in a matter of minutes. In North America, 58 % of shoppers said they have "showroomed," or looked at items in a store, and then purchased online instead.

EUROPE AND MIDDLE EAST

In Europe and the Middle East, 64 % of shoppers would be willing to purchase more merchandise in exchange for better customer service and 52 % value retailers that tap technology to make the shopping experience more efficient.

52%
value retailers that tap technology

52%
are comfortable sharing personal data with retailers

LATIN AMERICA

Approximately half of Latin American shoppers (52 %) are comfortable sharing personal data with retailers, so there's work to be done in building trust in the region. Overall, retailers rank low on the list of institutions that shoppers trust with personal data.

ASIA PACIFIC

In Asia Pacific, 32 % of shoppers would prefer to go to a retail store to pick up items they bought online. And more than half of shoppers in Asia Pacific are interested in location-based in-store perks such as mobile coupons.

32%
would prefer to go to a retail store to pick up items purchased online

ABOUT THE STUDY

RESPONDENTS BY GEOGRAPHY

24%
NORTH AMERICA
(Canada, United States)

20%
LATIN AMERICA
(Argentina, Brazil, Chile, Colombia, Mexico)

32%
EUROPE & MIDDLE EAST
(France, Germany, Italy, Poland, Russia, Spain, UAE, United Kingdom)

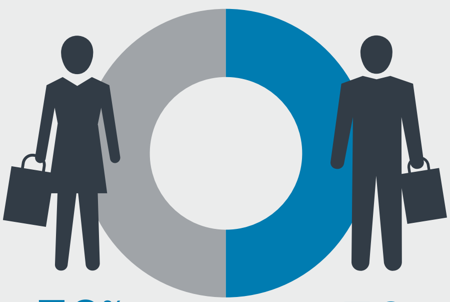
24%
ASIA PACIFIC
(Australia, China, Hong Kong, Japan, New Zealand, Singapore, Thailand)

SAMPLE SIZE = 7,500 SHOPPERS

BY AGE GROUP

CENTENNIALS	(AGES 18–19)	2%
MILLENNIALS	(AGES 20–36)	43%
GENERATION X	(AGES 37–52)	32%
BABY BOOMERS	(AGES 53–71)	21%
SILENT GENERATION	(AGES 72–89)	2%

BY GENDER



50% FEMALE

50% MALE

BY INCOME

< $30,000	29%
$30,000 - $44,999	18%
$45,000 - $ 64,999	15%
$65,000 - $89,999	12%
$90,000 - $129,999	11%
$130,000 - $189,999	7%
$190,000 +	8%

TRANSFORMING TODAY'S RETAIL SHOPPER VIA TECH-FUELLED CONVENIENCE, CURATION AND SERVICE

The retail industry is at an inflection point, as technology from smartphones to online shopping has radically transformed consumer expectations, Zebra's 10th annual shopper study found. As a result, one-third of shoppers are not satisfied with the in-store experience, turned off by everything from chronic out of stocks to cookie-cutter products and marketing messages that speak to the masses, as opposed to them as individuals.

Retailers are tapping technology to meet the demands of today's savvy consumers, who have 24-hour access to anything and everything online. They must keep step with the emerging demands of today's shopper, who values assisted-selling technologies that record their purchase history to deliver personalised product offers and tailored discounts.

In turn, retailers are empowering front-line associates with tools designed to add newfound conveniences, such as locating inventory without having to leave a shopper's side, to texting them curated product offers based on in-store and online buying patterns and preferences.

ABOUT ZEBRA TECHNOLOGIES

Zebra Technologies offers retailers industry knowledge, consumer insight and mobile technology solutions to help merchants implement successful multichannel strategies with insight into store operations, associates, assets and inventory, shipment and receipts.

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