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The Current State of Brick-and-Mortar Retail Customers

Introduction

The popularity of in-store shopping has seen some shifts in recent years due to the increasing prevalence of online shopping and technological advancements. However, in-store shopping remains a significant and preferred method of shopping for many people. The popularity of in-store shopping can vary depending on factors such as location, product category, and individual preferences.

In this report, we are exploring customer behaviours around their brick-and-mortar store visits, what they like and dislike, expectations they may have and what would make them increase the duration of their visits, or alternatively stop them from returning to the store on a recurring basis.

We will show differences that are present between different personas, based on key demographics, and how we should approach them differently from a service and commercial angle. An important question we go into is who our impulse-buyers are and what drives shoppers to make more impulse purchases.

Last but not least we will go into the dream-experience, the reason they will change stores, increase their spend and recommend the experience. We will answer questions around how far shoppers are willing to go out of their comfort zone to seek out these dream experiences and the premium they are willing to pay to get these.

Content

Part 1: In-store customer behaviors

Exploring in-store shopping behaviours of 3 personas

- What drives shoppers in-store?
- What drives customer experience when they are in the store?

Part 2: Opportunities and churns

- How to grow revenue by targeting impulse shoppers?
- What are customers concerned about before heading to a store?
- The shift from thinking twice to never walking into store again

Part 3: What is the dream in-store experience?

- What would make customers recommend a store to their friends and family?
- What improvements are most widely expected?
- What is the in-store dream experience?

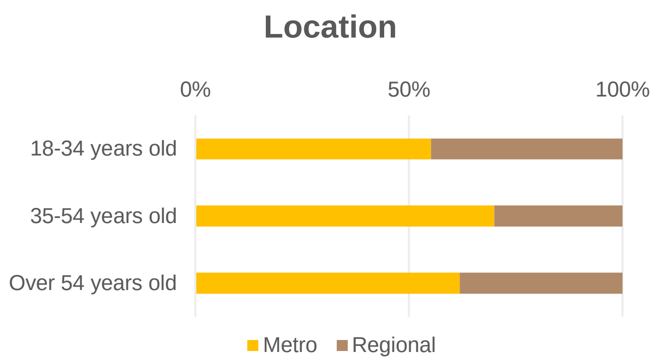
PART 1

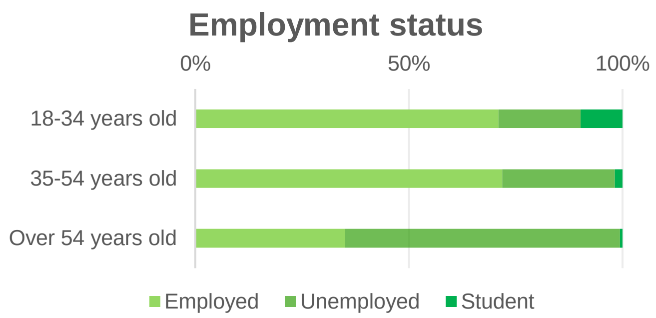
In-store Customers Behaviors

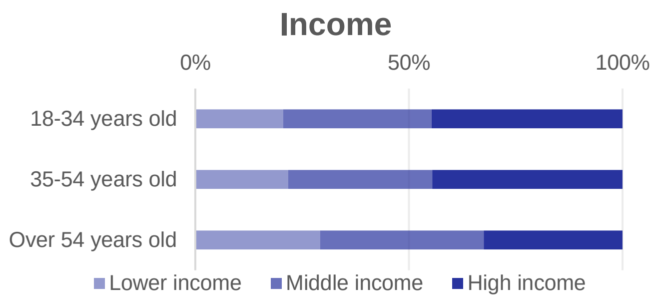
The usage patterns and their context

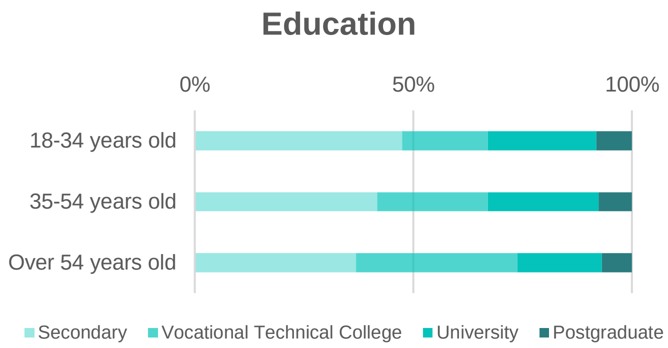
Demographic information reveals three distinct usage patterns which we can relate to young, middle-aged and older shoppers. When we break this down by other demographic information, it becomes clear **that a more complex persona is sitting behind the usage patterns** we need to understand better.

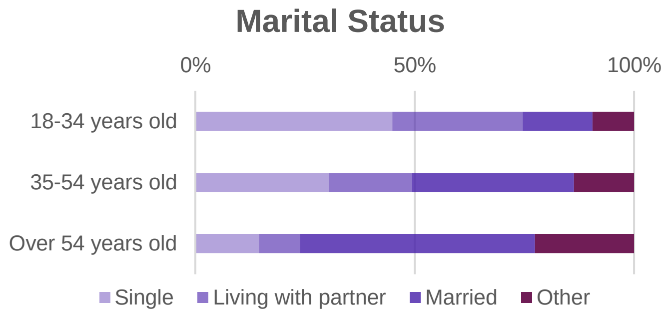
By creating a deeper understanding and better profile of the customer, we will gain a better grasp of customers' in-store shopping behaviours, which in turn gives us more opportunities to improve their customer experience and meet their expectations.

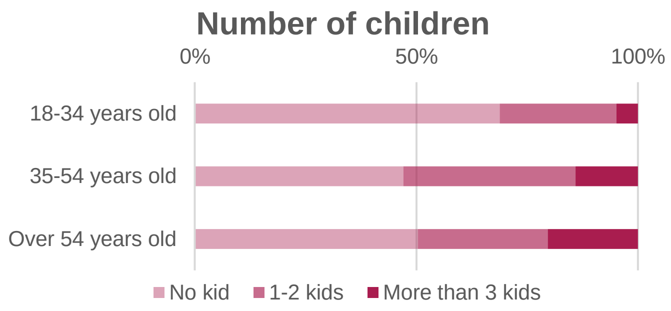












Understanding In-store Customer Personas

Resonate has identified three key personas based on age groups, their demographic information and shopping behaviors.

The report explores these personas in greater detail, which provides a comprehensive knowledge to build an effective strategy for in-store customer experience.



	Eager Shoppers	Time-poor Shoppers	Hesitant Shoppers
Age	18-34 years	35-54 years	Over 54 years
Marital Status	Single	Married	Married
Children	No Kids	Have Kids	Have Kids
Employment	Employed	Employed	Unemployed
Income Level	High Income	High Income	Middle Income

Understanding In-store Customer Personas

Eager Shoppers

Enjoy the shopping experience

Eager shoppers often research beforehand, spend more time shopping, are prone to impulse buying, and are willing to pay extra for their dream-experience.

Time-poor Shoppers

Busy and seeking efficient shopping experience

Time-poor shoppers conduct research before shopping fairly often but they may spend less time in stores. They have a moderate tendency for impulse buying while shopping. They are willing to pay a premium for a dream-experience.

Hesitant Shoppers

Less interested and usually need/prefer more staff support

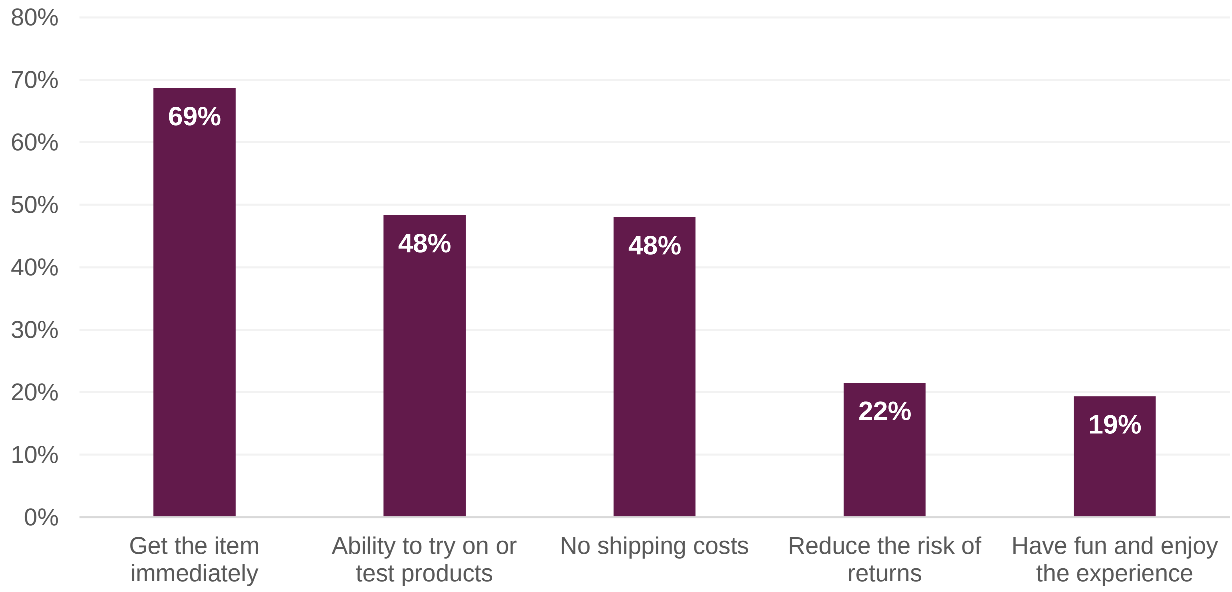
Rarely conducting research beforehand, the Hesitant shoppers are less inclined to spend extended periods in stores. They are unlikely to make impulse purchases while shopping. They are less likely to pay a premium for their dream-experience and tend to prioritize cost-effectiveness over indulgence.

Shoppers prefer to go in-store for the instant gratification it offers

Almost 7 in 10

respondents shared that **immediacy** is the primary reason they want to shop at a physical store.

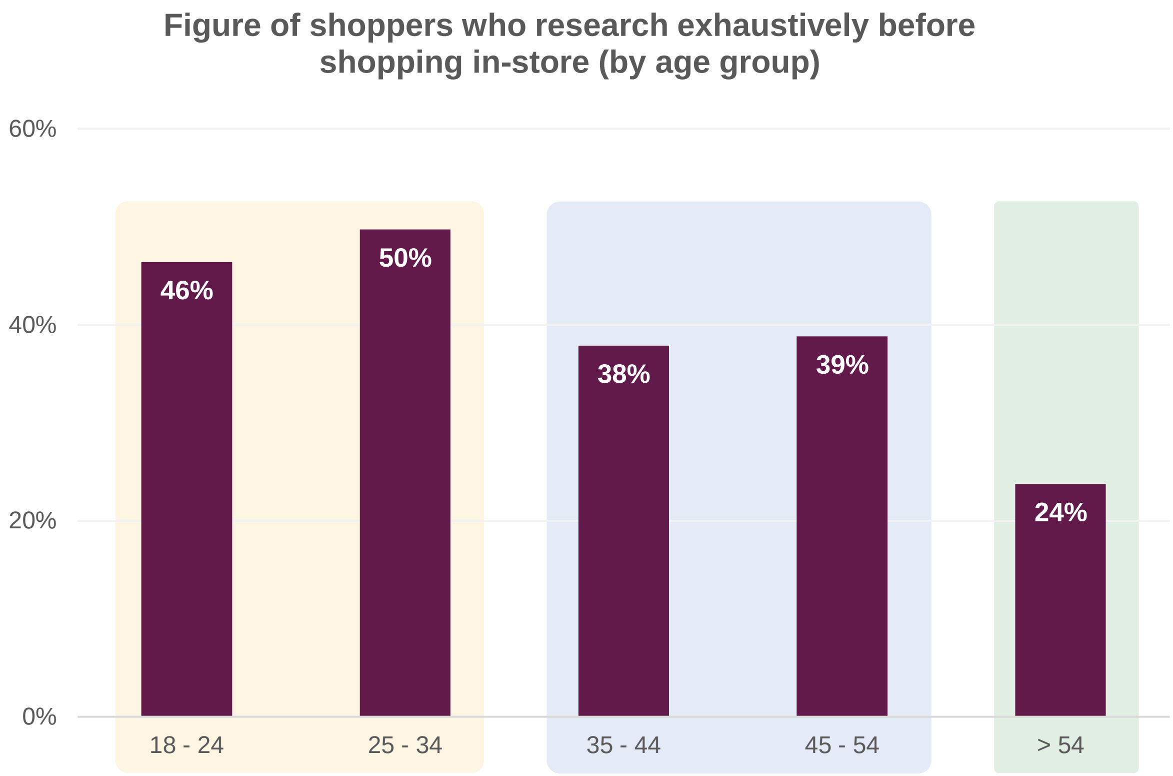
Top 5 reasons customers prefer to shop at a physical store



Moreover, nearly half (48%) of respondents report that **trying and testing products and saving shipping costs** are benefits of brick-and-mortar stores which make them shop in this channel.

Shopping in-store allows people to get the products they want immediately. They can see, touch, and try on items before making a purchase, which provides a sense of **instant gratification**.

Almost 1 in 2 young shoppers do extensive research before heading to the store

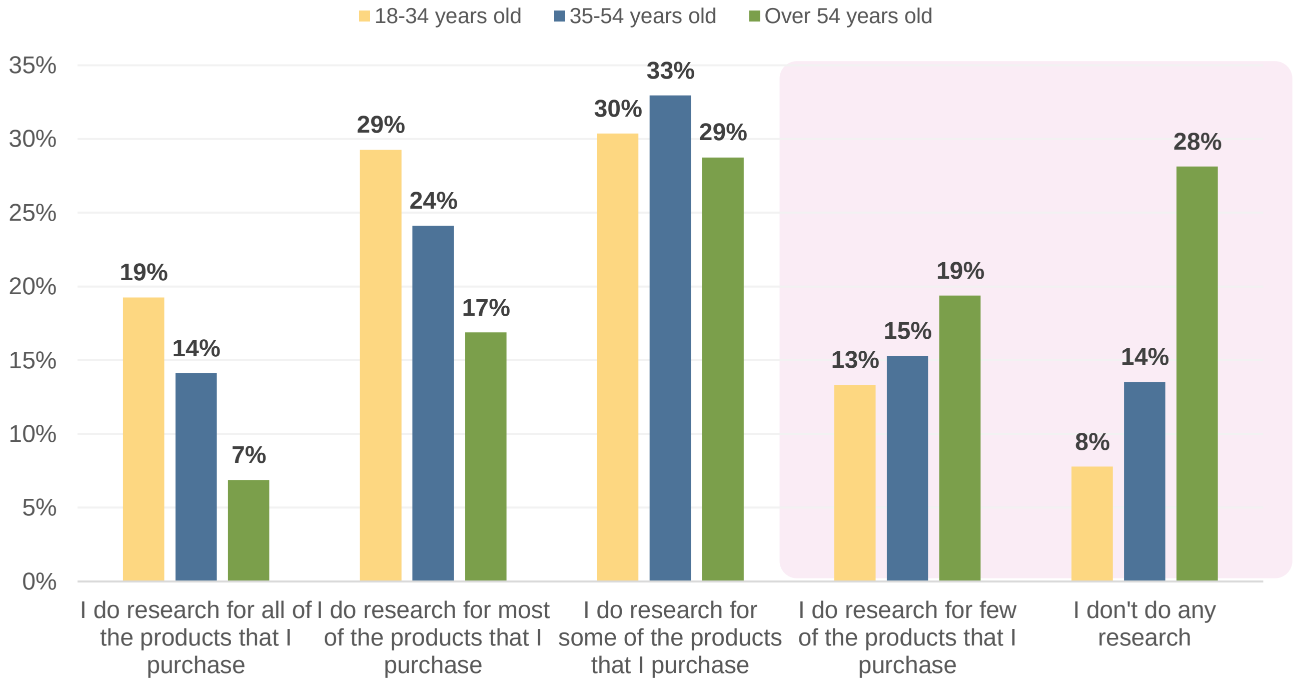


The extent to which shoppers in different age groups research their intended purchases before heading to the store really comes through in their age-based demographics. Steadily dropping off as the age goes up.

Each persona will start their shopping experience with different levels of being informed, thus walking in with different expectations and requirements for assistance, product knowledge and intent to buy.

Drilling down into the pre-shopping research behaviour shows huge risks if shoppers cannot get informed

We risk missing out on over **70% of potential shoppers** if they cannot find the information they're after (or it may be easier to find elsewhere.)



The high amounts of effort shoppers put into researching their next purchase means it is more important than ever to have up-to-date, appealing and easy- to find information on products in the store.

Young and middle-aged shoppers will spend time and effort on research (for all/most/some products) before heading to a store.

Only 21% of young shoppers and 29% of middle-aged shoppers reported they **do little or no research** before shopping, this figure is approximately **50% for older customers**.

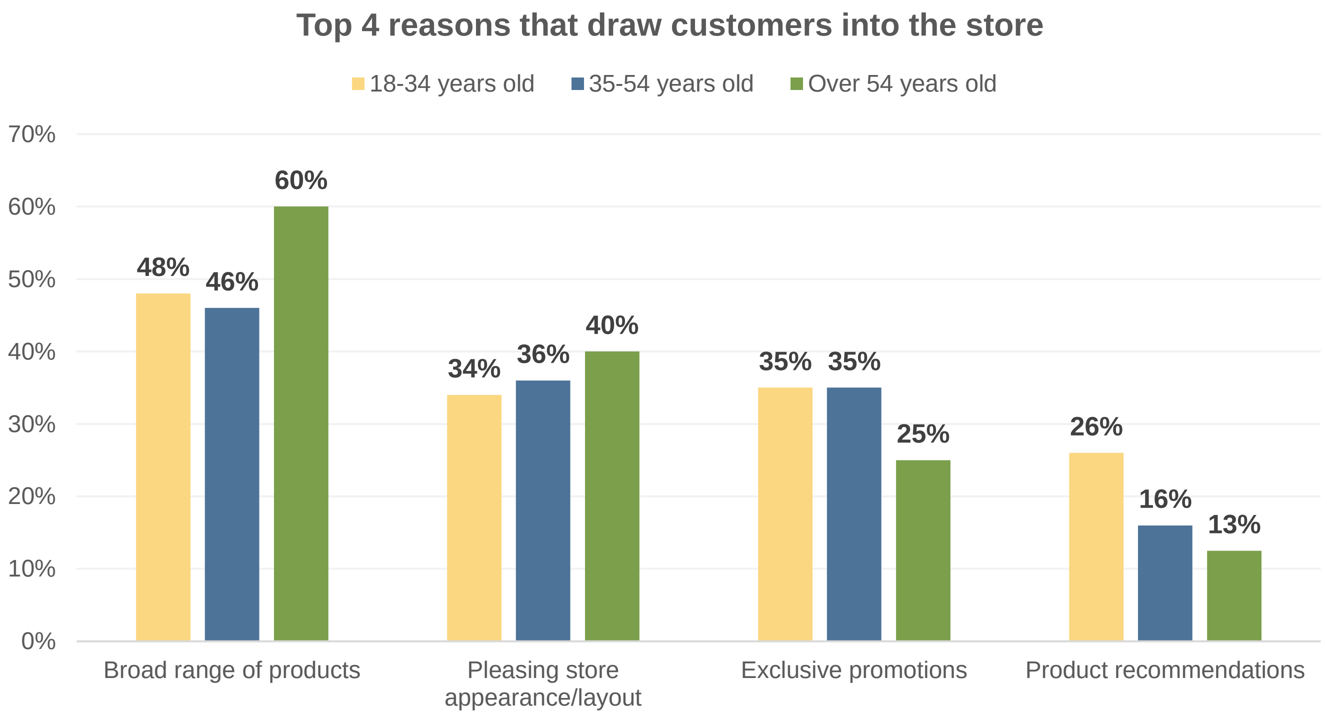
Online reviews and **Store opening hours** are more important for youngsters and middle-aged shoppers

Top 4 research topics of 3 personas

	18-34 years old	35-54 years old	Over 54 years old
1	Stock availability	Stock availability	Stock availability
2	Current promotions/deals/events	Current promotions/deals/events	Range/selection of products
3	Online reviews	Store opening hours	Current promotions/deals/events
4	Store opening hours	Online reviews	Product description

Stock availability is the most crucial information for all shoppers. Since most youngsters and middle-aged shoppers are working professionals, **Store opening hours** is top of mind for them whereas it's not present in the top 4 for older shoppers. Instead of looking for **Store opening hours** and **Online reviews**, elders are more likely to search for **Range/selection of products** and **Product description**.

We observe different needs between 54+ and those younger when it comes to **visiting a store for the first time**.



Older shoppers will be drawn to a new store based on a **broad range of products**, but don't care much for **Exclusive Promotions** and **Product Recommendations**

For the under 54's **broad range of products** is still the most important reason, but **exclusive promotions** and **product recommendations** is something this cohort is looking for and will draw them into the store.

Ensuring the store layout and appearance is please is important across the board.

The Broad range of products and stock availability are driving recurring business amongst the older shopper cohort

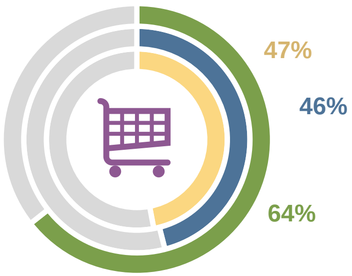
Older shoppers are keenly interested in the product-side factors **(Broad range and Stock availability)** at stores they regularly shop at.

When combined with the insight that a **Broad range of products** is also the major reason that they will go to a store **for the first time**, keeping well-stocked and having a wide variety of products is key to both attracting and retaining the older shopping group.

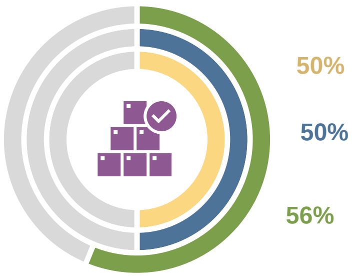
"Think about a store where you shop for non-essential goods frequently, what makes you go there on a regular basis?"

- 18-34 years old
- 35-54 years old
- Over 54 years old

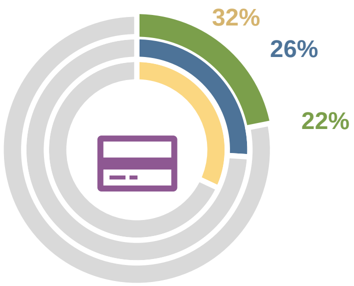
Broad range of products



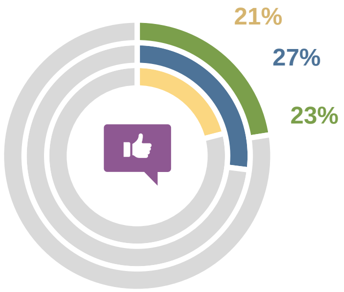
Stock availability



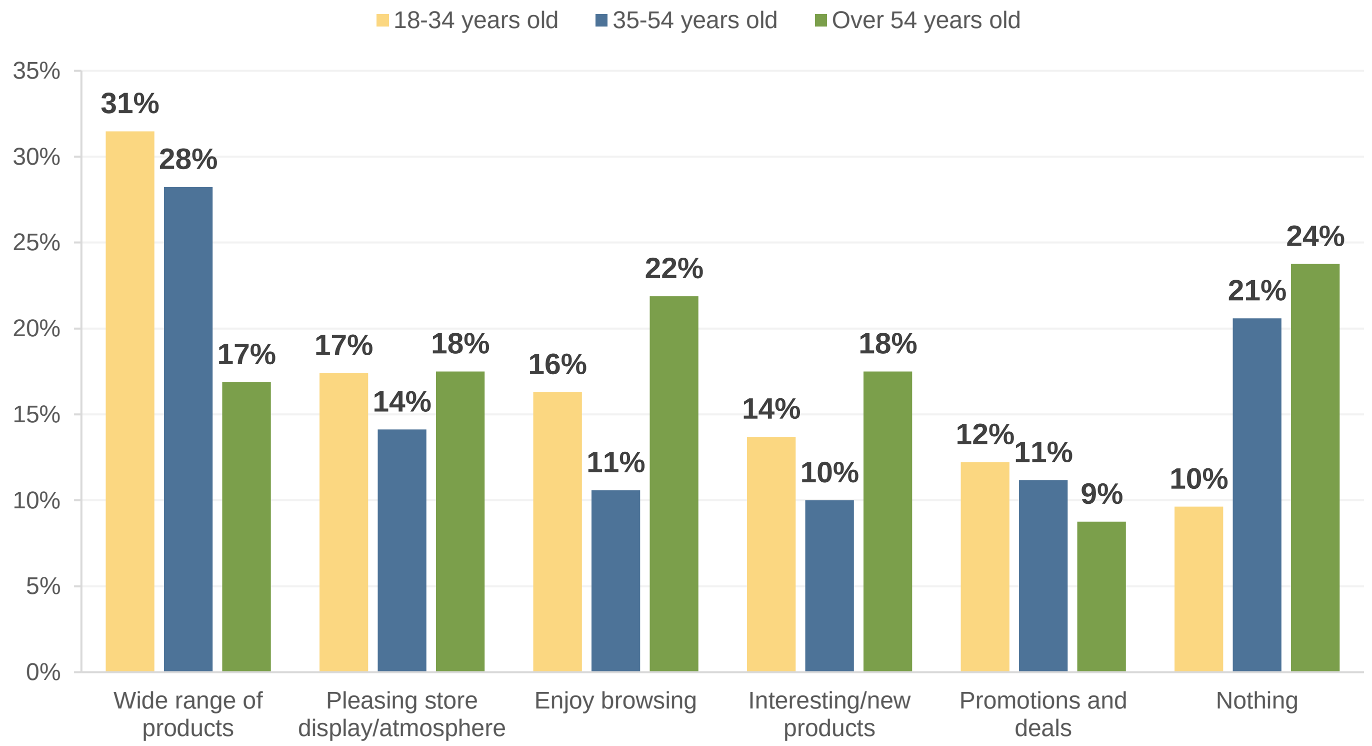
In-store loyalty program



Helpful and friendly staff



Young shoppers are looking for factors to spend more time at the store, while most old shoppers are far less likely to stay in the store for a longer time



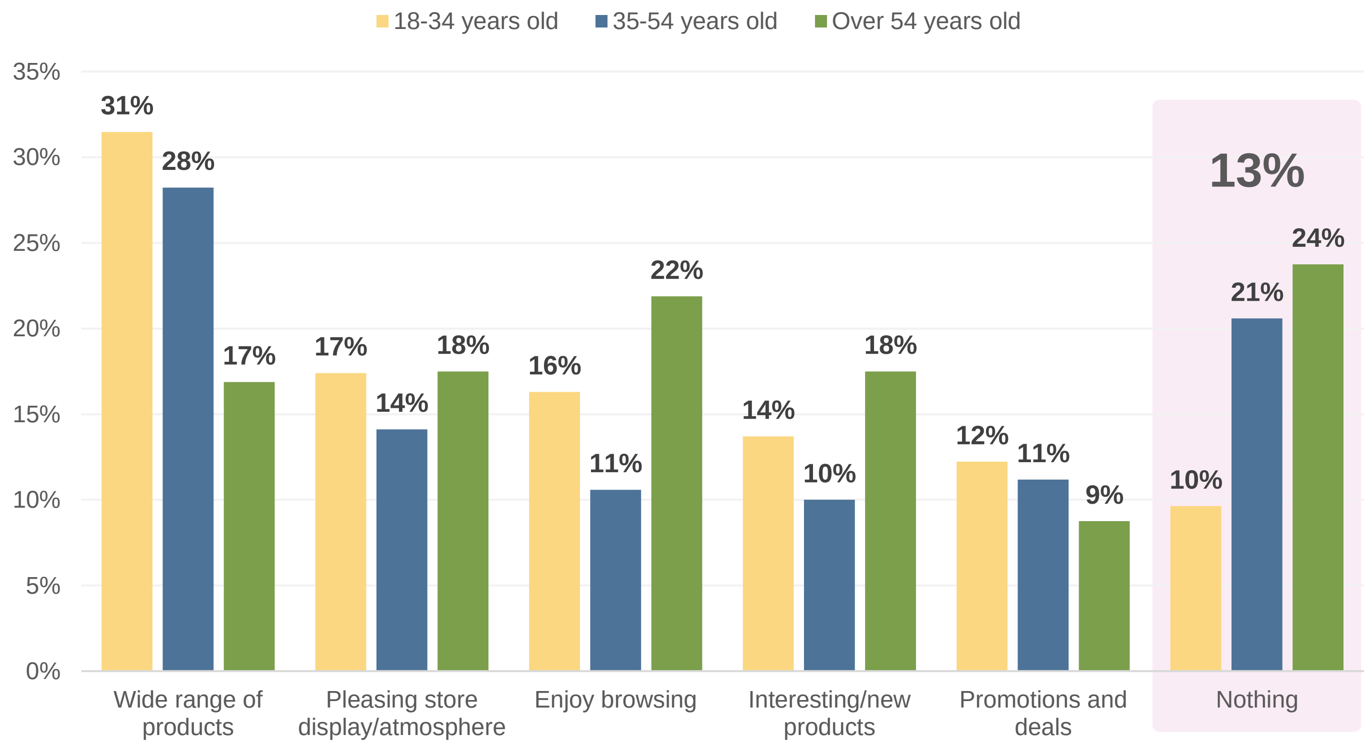
Over 20% of shoppers aged 35+ y/o

argued that there is Nothing making them stay in the store for a longer time, as compared to only **10% of younger shoppers**.

This may be due to the fact that most of these shoppers are working and have kids.

However, if inspecting the reason that **does** make them stay in the store for a longer time, the key factor again is **Wide range of products**. To also address their preference for good customer service, retailers could provide a pick-up service within the customer's timeframe, with a wide range of products, so this cohort is able to pick everything up at once, as part of a more time-efficient shopping experience.

Young shoppers are looking for factors to spend more time at the store, while most old shoppers are far less likely to stay in the store for a longer time



87% of the overall customers

87% of the overall customers will stay in the store longer if they find an ideal store.

Youngest shoppers are the most likely to stay for longer time whereas oldest shoppers are the least likely.

Although middle aged shoppers are the busier of the three cohort with family and job commitments, **79% of these respondents are willing to stay in stores longer**.

A **wide range of interesting products along with appealing placements** in the store would intrigue shoppers' interest of browsing, thus staying in the store longer. This shows that improving on these factors may likely keep the shoppers in the store for longer time which in turn may increase the basket size.

What makes customers recommend a store to their friends and family?

	18-34 years old	35-54 years old	Over 54 years old
Competitive pricing	27%	31%	36%
Good customer service	21%	25%	29%
Wide range of products	16%	18%	24%
Helpful and friendly staff	20%	18%	18%
Good quality of products	21%	14%	13%
Consistent product availability	13%	12%	10%

Alongside **Competitive pricing, Good customer service** is the key factor in making shoppers across all cohorts recommend the store to friends and family.

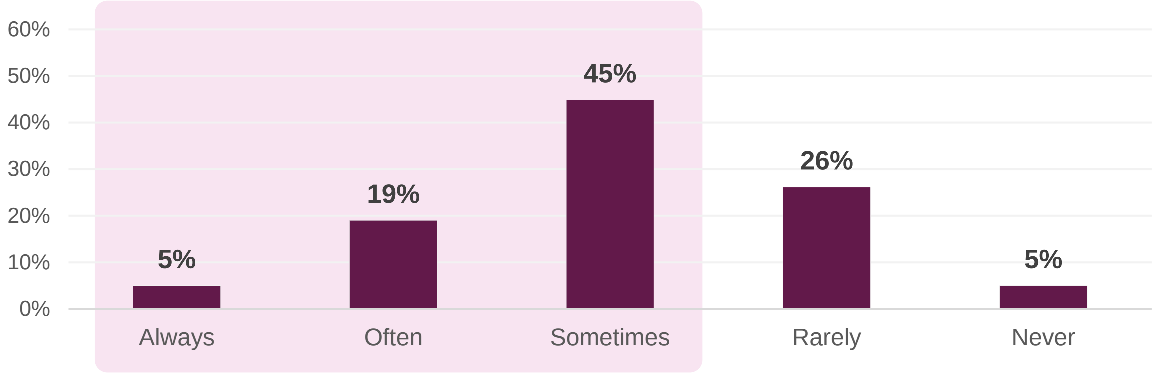
The factors behind a recommendation are more closely linked to customer loyalty over customer satisfaction, and as seen here, the influencing factors are more concentrated for middle and older age shoppers than younger ones.

PART 2

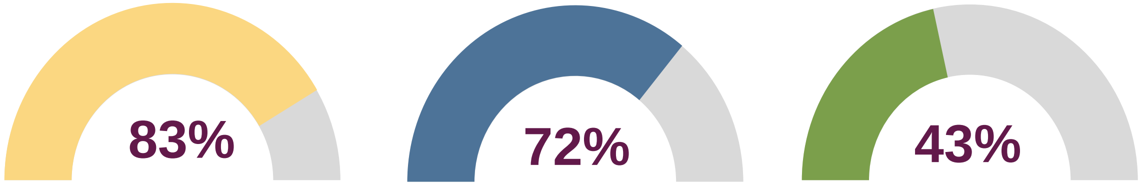
Opportunities and Churns

Unpacking impulse shopping at the store

Frequency of doing impulse purchases



Figures of making impulse purchases at least sometimes when shopping

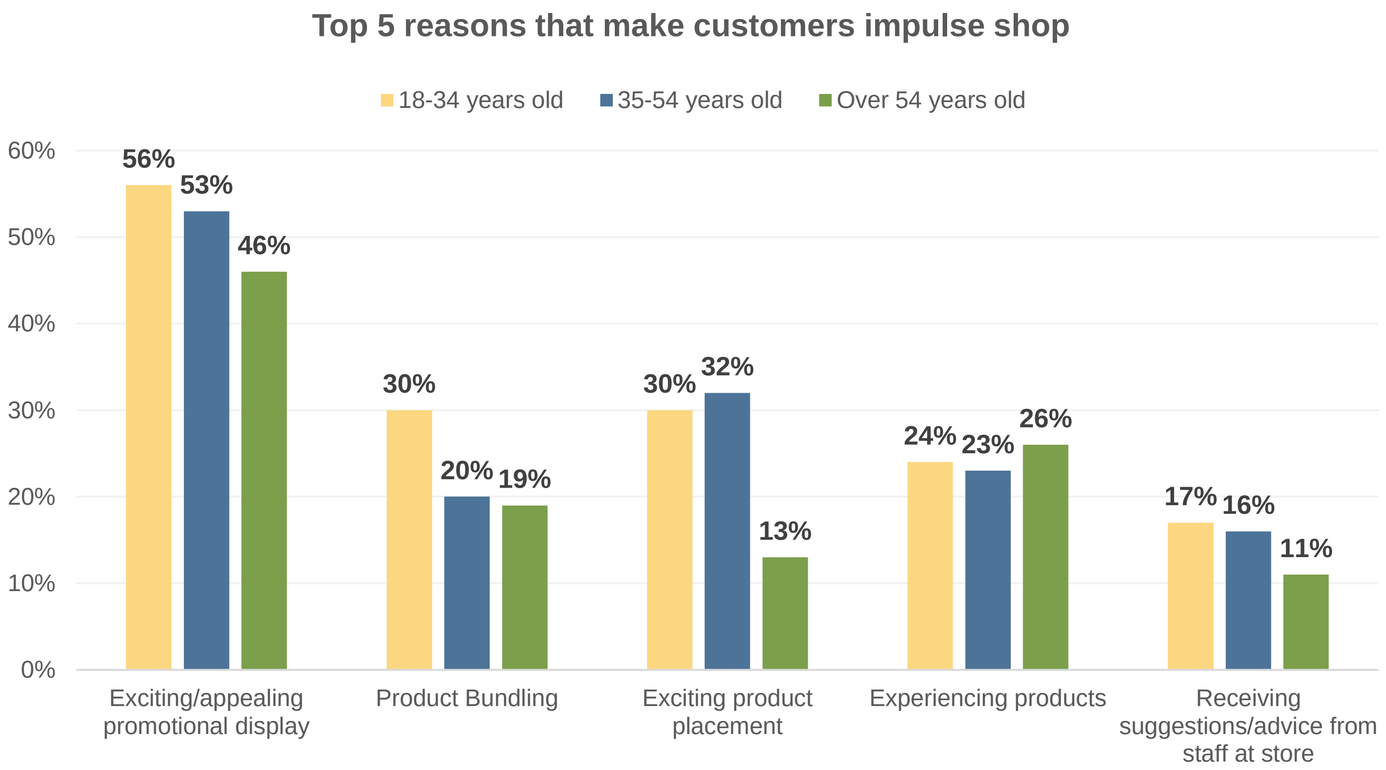


Almost 7 out of 10 respondents said that they make impulse purchases at least sometimes when shopping in-store.

Interestingly, young shoppers **(18-34 years old)** tend to keep informed by doing heavy research before shopping at a store, yet they are far more likely to do impulse shopping with **83%** of them saying that they do impulse purchases sometimes or more frequently compared to **43%** for older shoppers **(over 54 years old)**. It is possible to explain this pattern when most older shoppers are unemployed and have middle income.

This implies a huge opportunity to increase the store's revenue when exploring what drives the impulse shopping of these cohorts.

Exciting/appealing promotional displays are the key behind impulse purchases



Exciting/appealing promotional display is a stand-out reason, across all age groups, behind making an immediate purchase of a product without any pre-shopping intention. As for the next most important reason, 18–54-year-olds see **Exciting product placement** as the second main factor, while older shoppers (over 54) look more towards **Experiencing products**.

Interestingly, the youngest cohort is persuaded by **Product Bundling** at quite a higher rate than the other cohorts. Pushing and promoting complementary products and bundle offers looks to be more effective among the 18-34-year-old cohort than others.

What makes customers think twice before shopping at a store again?

Top 4 reasons make people think twice

1. **Bad employee attitudes**
2. **Overpriced products**
3. **Poor customer service** ★☆☆
4. **Insufficient stock availability**

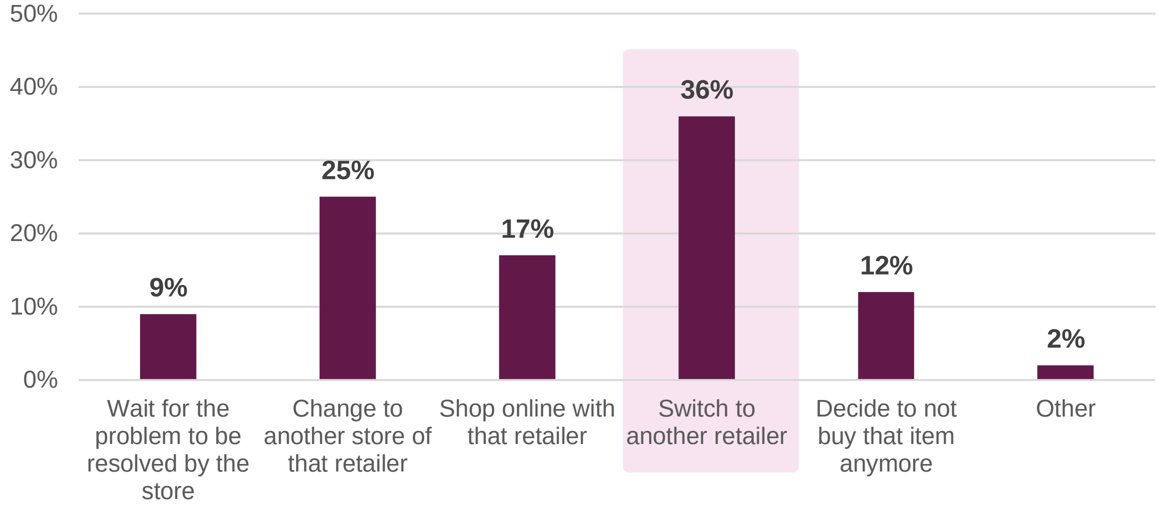
> *Unpleasant staff and being rude or unhelpful. Not worth the trip.*
>
> Hesitant Shopper - what makes them think twice

Bad employee attitudes and **Overpriced products** are the most common reasons making customers reconsider before shopping with a store again. **Poor store appearance/layout** and **Insufficient stock availability** in their last experience are also making shoppers think twice prior to heading to a shop. These are early pain points for customers which must be addressed and anticipated by the retailer, before they lose the customer permanently.

Identifying potential churners

More than 1 in 3 shoppers will consider switching to another retailer if they face issues with **customer service**, **employee attitude**, **competitive pricing**, and **stock availability**.

Among customers who decided to still shop at that retailer, most of them would **change to another store (25%)** for the item or change to **shopping online (17%)**, this is an opportunity for retailers to improve customer experience by providing a service to ship items into the preferred shopping store for customers and maintaining a good eCommerce channel.



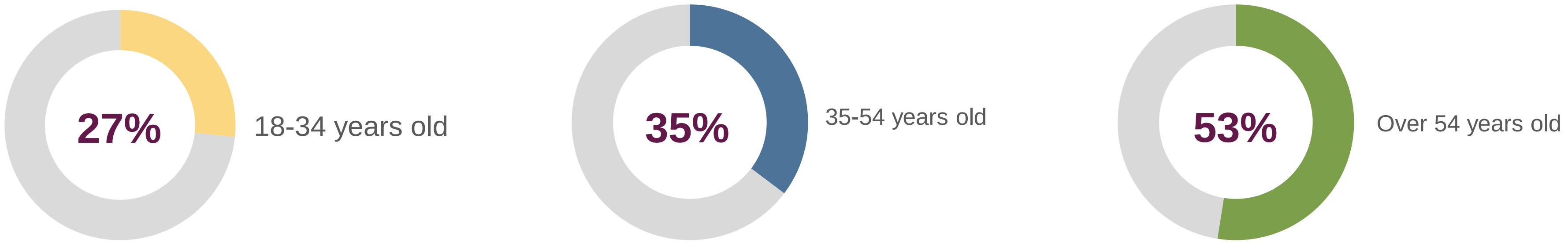
Top 4 reasons for potential churn

When something happens to make shoppers reconsider coming back, younger shoppers are more committed to a retailer than older shoppers

For the reason making people reconsider before choosing a store to shop at, it’s clear that rather than switching to another retailer, the younger generations are far more loyal compared to other groups when most of them would try to handle it in other ways. However, older shoppers are more volatile and more likely to switch to another retailer when facing the matter.

This implies that if the retailer targets to older customers, they should pay more effort to keep customers shopping at their brand.

The proportion of respondents who chose to switch to another retailer



The shift from thinking twice to walking away from retailers

Although **Customer Service** and **Employee Attitudes** don’t significantly contribute to either attracting customers or making them stay at a store for a longer time, just one negative experience with store employees, it’s likely they hesitate to return. Up till shoppers feel frustrated with service, it’s very likely they decide never to enter that particular store again.

Staff that are either too pushy or fail to notice you at all when you are ready to purchase

If I was mistreated by an employee or manager of the store and if I witness customers being mistreated!

Rude, pushy superficial too friendly sales staff. A common problem

Rude customer service and if the store smells terrible

The attitude of the staff in the store was very bad

Bad customer service that does not get resolved by the store

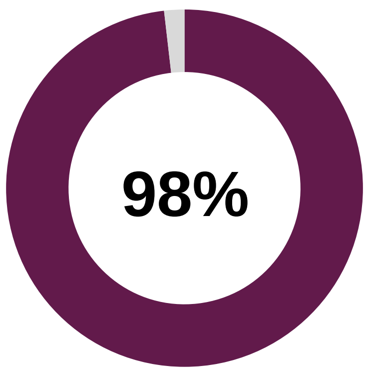
Terrible customer service experience

Extremely bad customer service

PART 3

What is the dream In-Store experience?

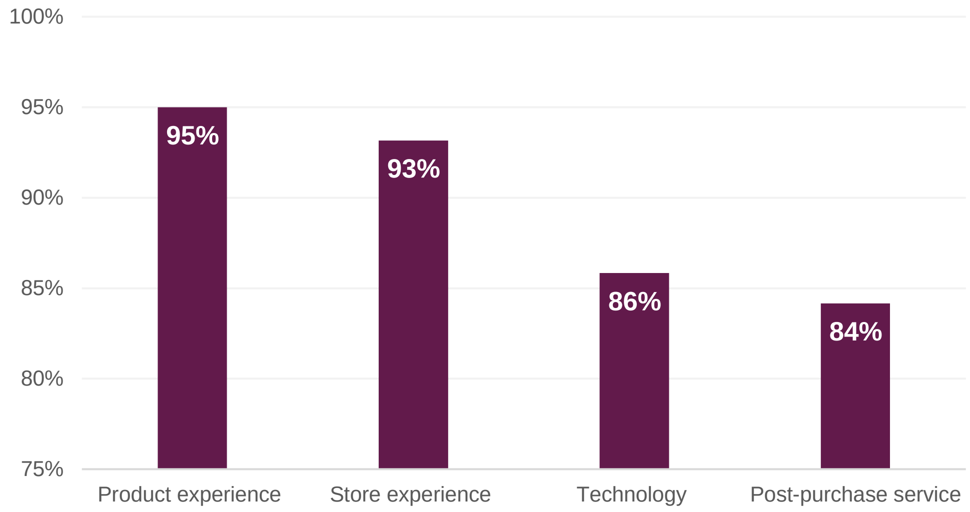
There are opportunities to improve in-store experience that encourage customers to shop more often



Respondents chose at least one option for improvement in each of the area

Very few people can think of nothing to improve the product and store experience. There are over 90% of respondents expect improvements in these areas to have a better experience when shopping at a store.

The following analysis would disclose what customers expect for improvement and whether the expectation differs across age groups.

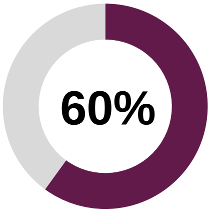


Improvements related to product experience

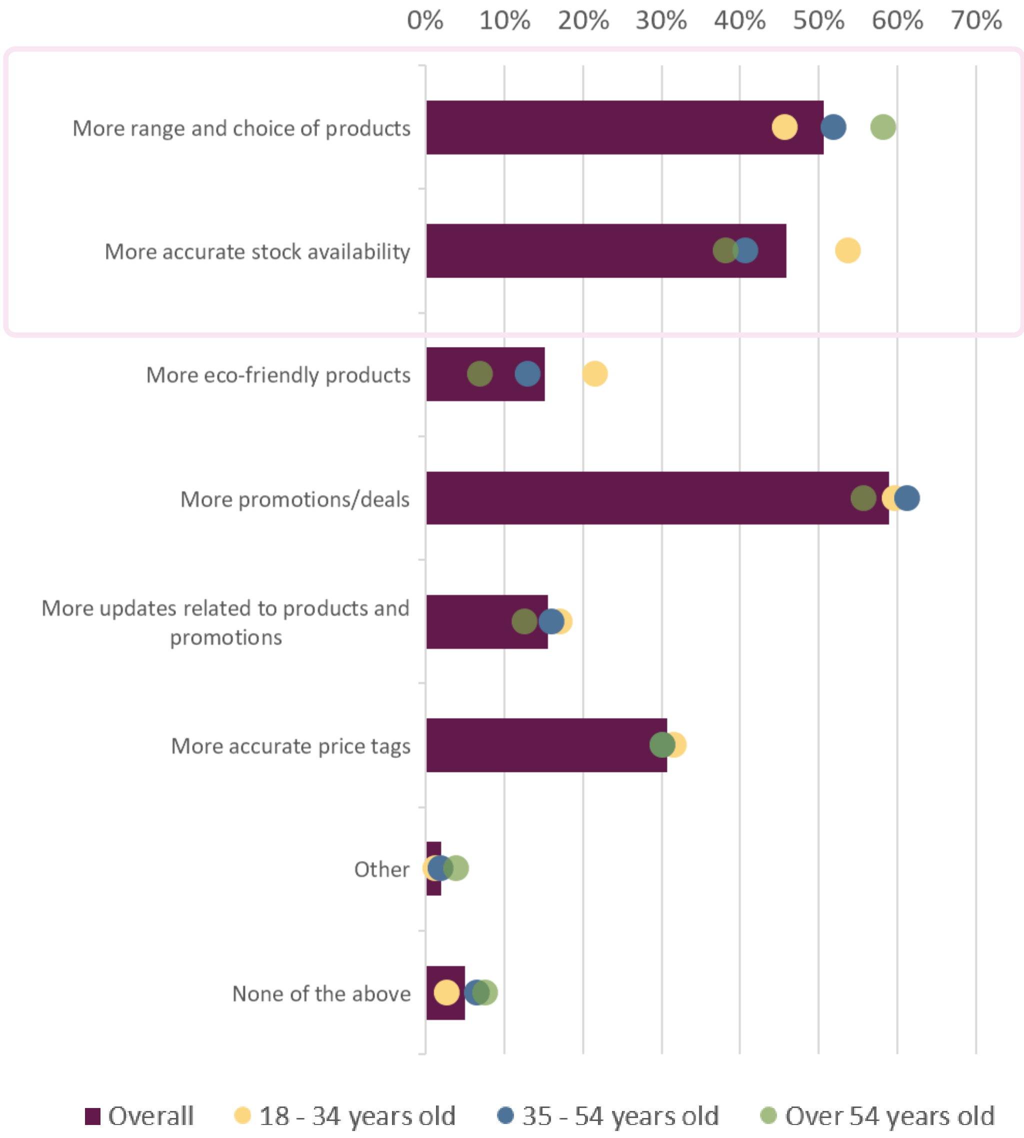
Most shoppers want **More promotions/deals, More range and choice of products**, and **More accurate stock availability** to shop more often at the store.

While older shoppers are more likely to expect **More range and choice of products**, younger shoppers are more likely to prioritise **accurate stock availability**.

Among the young customers who do research for stock availability information before heading to a store, 60% of them expect more accuracy from this information. This indicates that keeping the stock availability information updated on the website could be hugely beneficial to delivering a more seamless shopping experience.



Young shoppers (18-34 y/o) who do research for stock availability before going to a store



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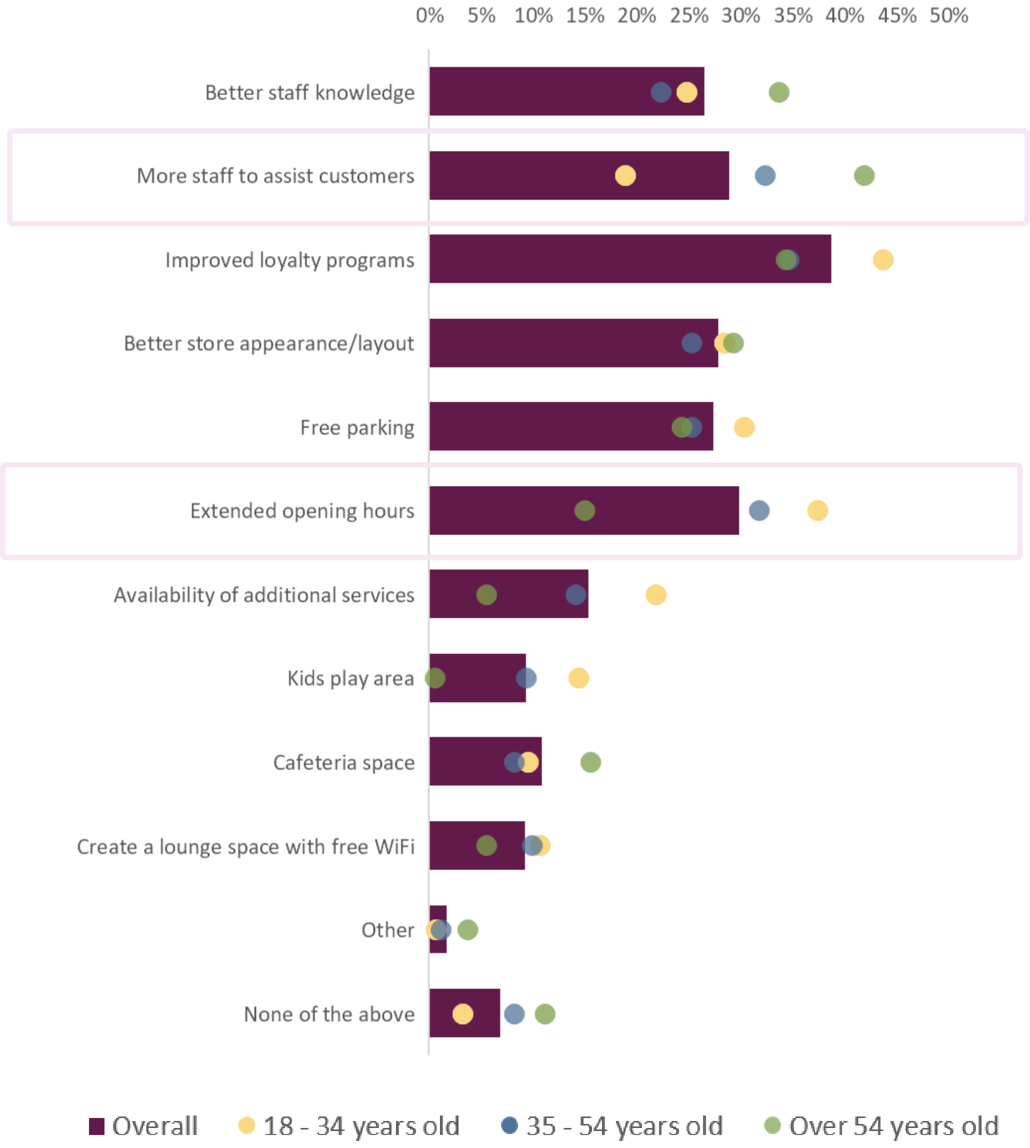
Improvements related to store experience

Overall, most respondents are voicing that there should be improved loyalty programs for their in-store experience. However, there are significant differences in improvements related to store experience between the younger and older groups.

While younger shoppers are more likely to look at **Extended opening hours**, older shoppers still need more human interaction when most respondents of this cohort chose **More staff to assist customers** at the store.



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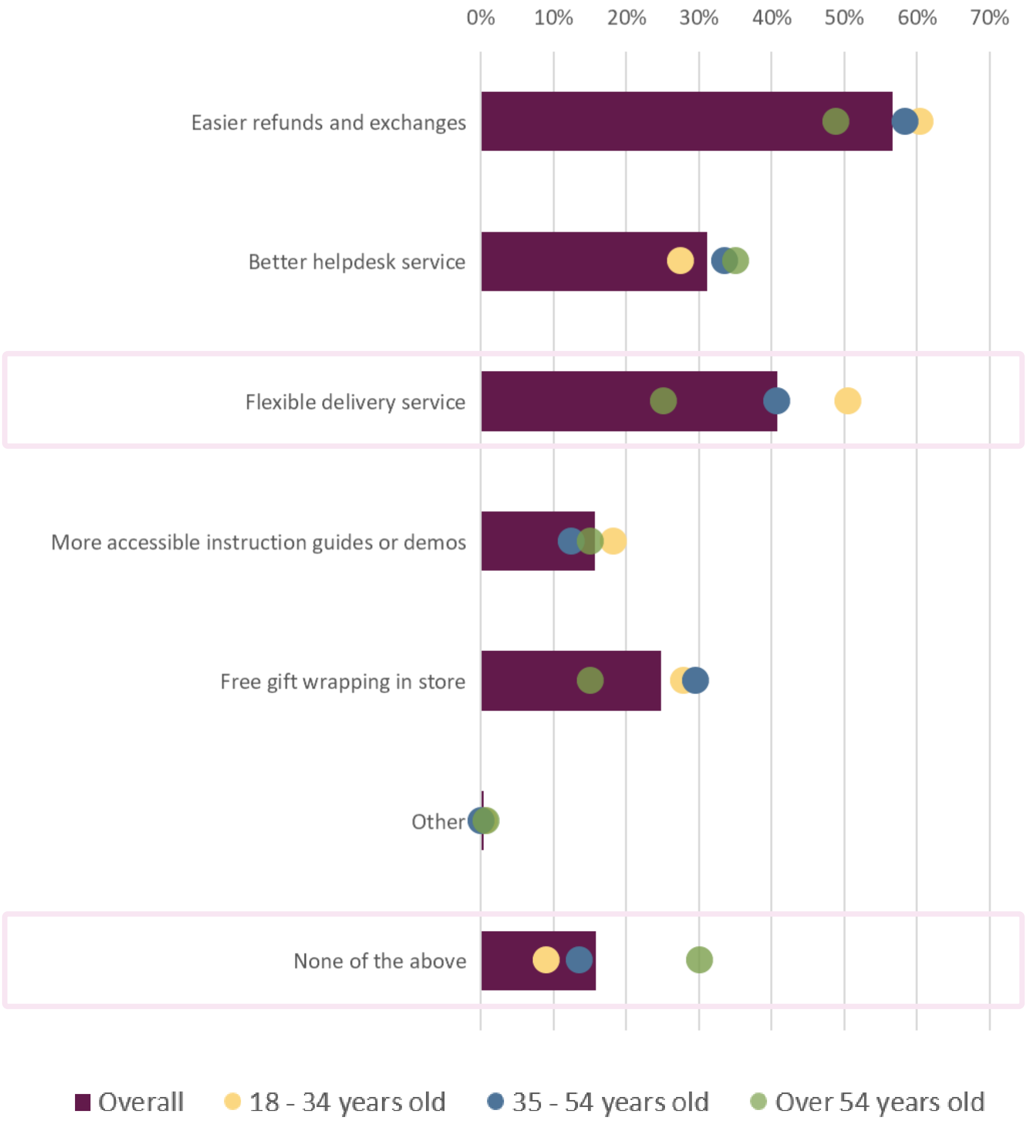
Improvements related to post-purchase

More than half of respondents consider **Easier refunds and exchanges** to shop more often at stores. While around one-third of **>54 y/o shoppers do not require improvements related to post-purchase service**, there is a high demand for other features besides those refund and exchange services in other age groups. Noticeably, around half of **18-34 y/o shoppers** want the improvement in **flexible delivery service**.

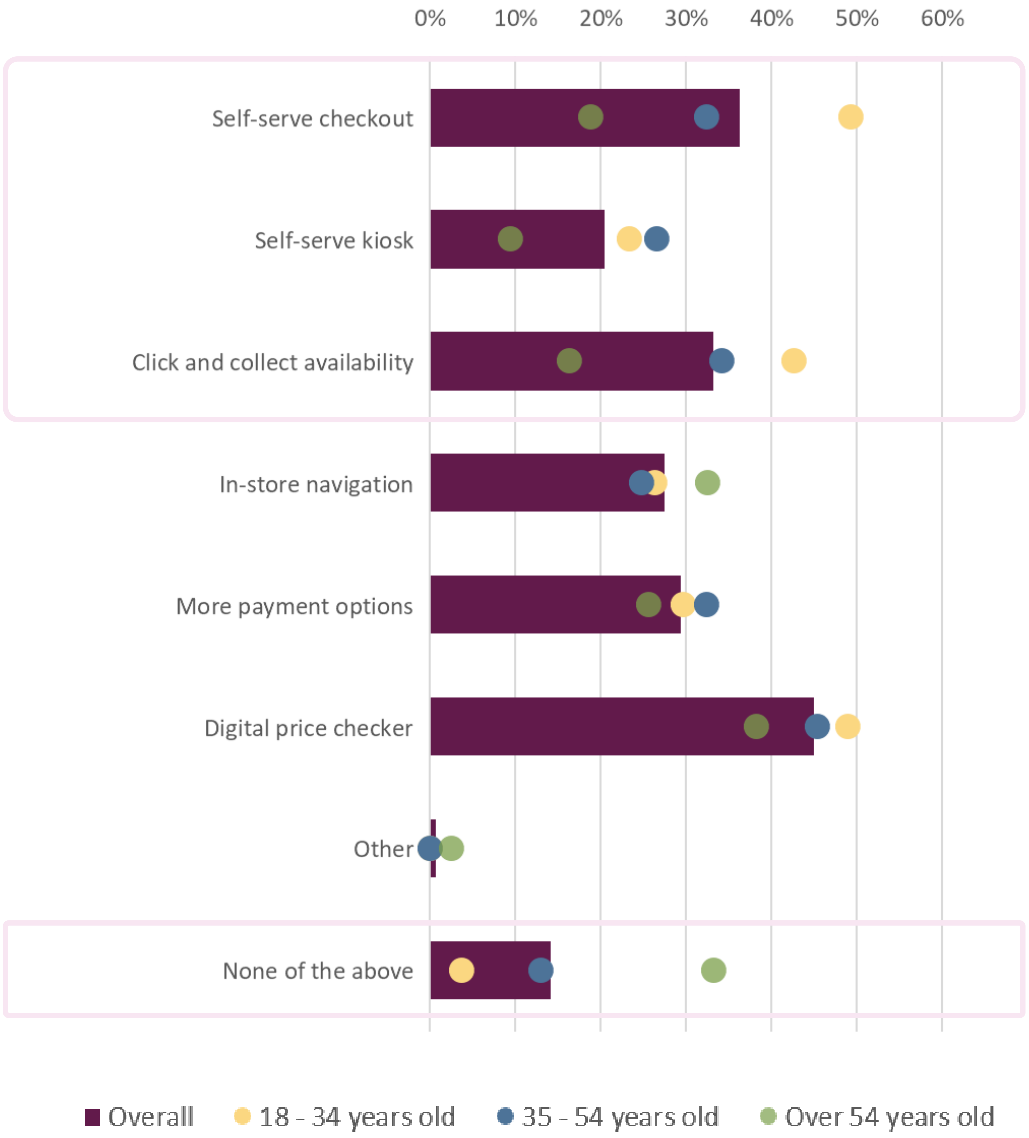


Improvements related to technology

Digital price checker is the most desirable improvement for customers.

While older shoppers are less interested in **Self-serve checkout** and **Click and collect** features, these are highly expected for younger shoppers due to this generation possessing technological proficiency.

Similar to post-purchase service, around one-third of >54 y/o shoppers are not interested in improvements related to technology.



What is the dream in-store experience?

Top 4 expectations for dream experience

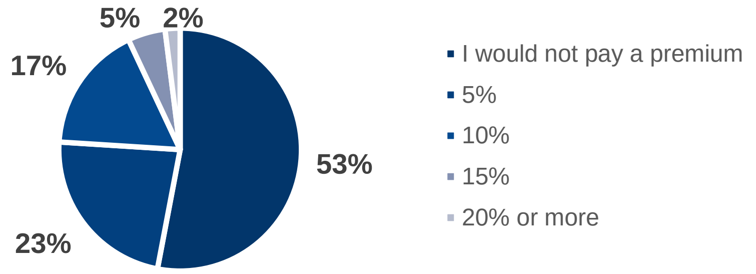
1. **Helpful and friendly staff**
2. **Competitive pricing**
3. **Exclusive sales/promotions**
4. **Product always available**

> ***"Feeling welcome friendly greeting, knowledgeable and helpful non-judgmental lovely staff who genuinely help me make my decision."***
>
> Dream experience of a respondent

Apart from improvements that make customers shop more frequently, when getting asked about dream experience for in-store shopping, most respondents gave answers related to **staff** which made it become the foremost expectation for customer experience. Shoppers expect to receive friendly support from staff at the store as needed.

Competitive pricing is the second thing retailers should consider, other than that, **Exclusive sales/promotions** and **Product always available** are also good areas to focus on building dream experience.

Almost 1 in 2 shoppers would pay a premium for the dream in-store experience



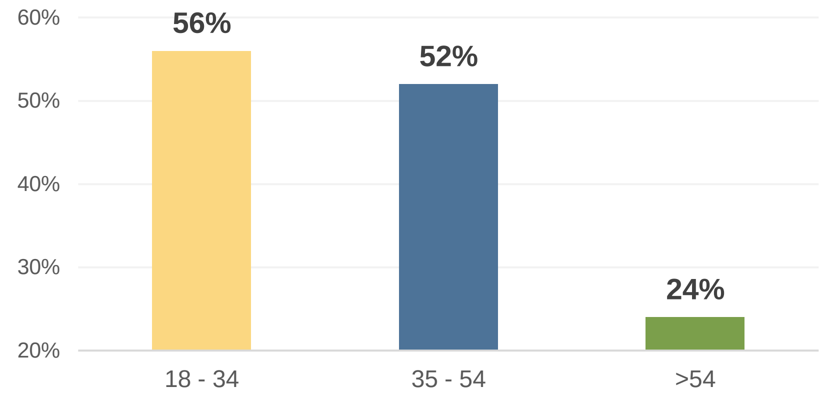
%Premium	% Customer	% Increase in share of wallet
0%	53%	-
5%	23%	2.35%
10%	17%	2.40%
15%	5%	1.05%
20%	2%	0.40%

47% of respondents reported they are willing to pay a premium for their dream experience at stores. More than 1 in 5 shoppers (23%) are willing to pay a premium of 5%, 17% would pay 10%, and 7% would pay 15% or more. This infers the premium of 5%-10% is the best option as this range causes the highest increase in the share of wallet.

More than **1 in 2** young and middle-aged shoppers are willing to pay a premium for the dream experience while only **1 in 4** older shoppers are willing to pay for the extra.

Understanding the expectations and characteristics of these age groups would help the retailer build an effective strategy to improve the in-store experience.

The proportion of shoppers who are willing to pay a premium across age groups

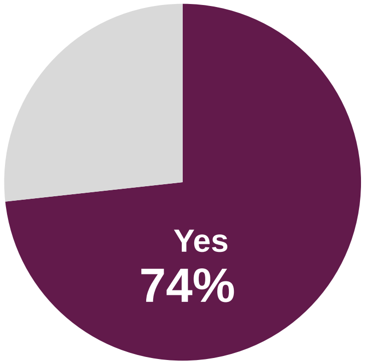


The vast majority of shoppers would switch to another retailer for their dream in-store experience

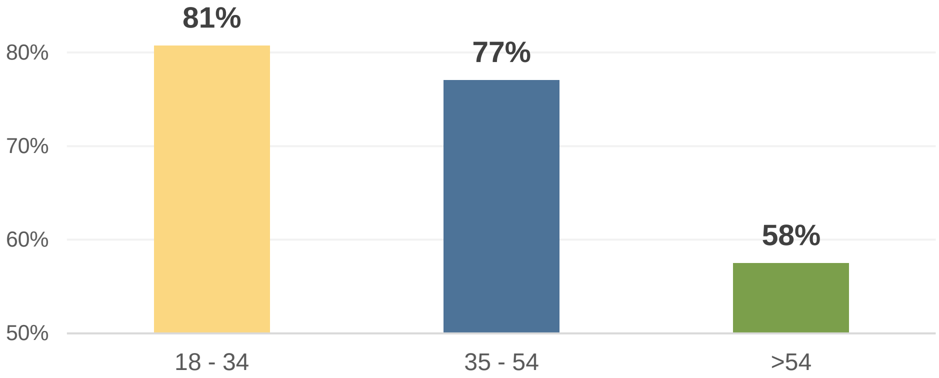
More than 7 out of 10 respondents said that they would change to another retailer for their dream experience.

Another thing to take into consideration is that younger shoppers are more enchanted to the dream experience as **81%** of them are willing to switch to another retailer. This shows a unique view on their brand loyalty; even if they're shopping with a retailer they're willing to stay with after a shopping issue, they are constantly looking for the dream customer experience and will gladly switch to it.

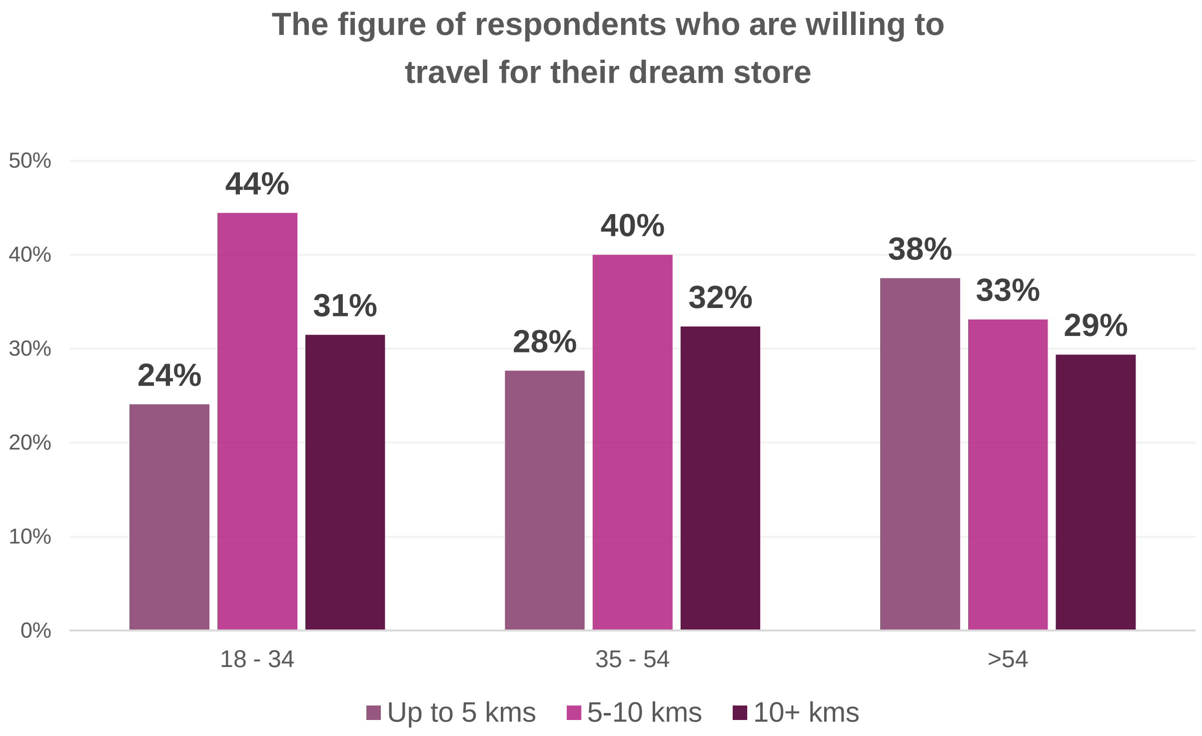
"Would you switch to another retailer for your dream in-store experience?"



The figure of respondents who are willing to switch to another retailer for their dream in-store experience



How far are customers willing to travel for their dream experience?



Most younger shoppers (75%) are willing to travel for 5+ kms to access a store with their dream experience compared to 62% of older shoppers. This indicates that there is a significant opportunity to increase the Total Addressable Market (TAM). The following analysis gives a deeper look at what improvements young customers expect across traveling distances.

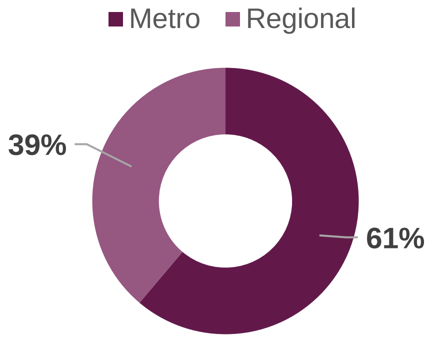
What improvements are most young customers expecting?

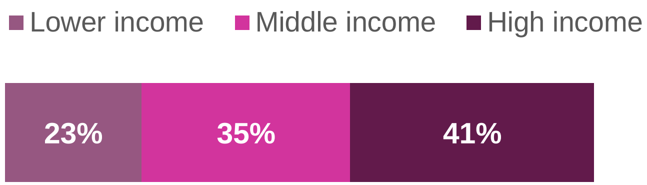
Improvements in **loyalty programs** and **refunds** and **exchanges policies** are likely to meet the expectations of most young customers (18-34 y/o) who are willing to travel 5+ kms.

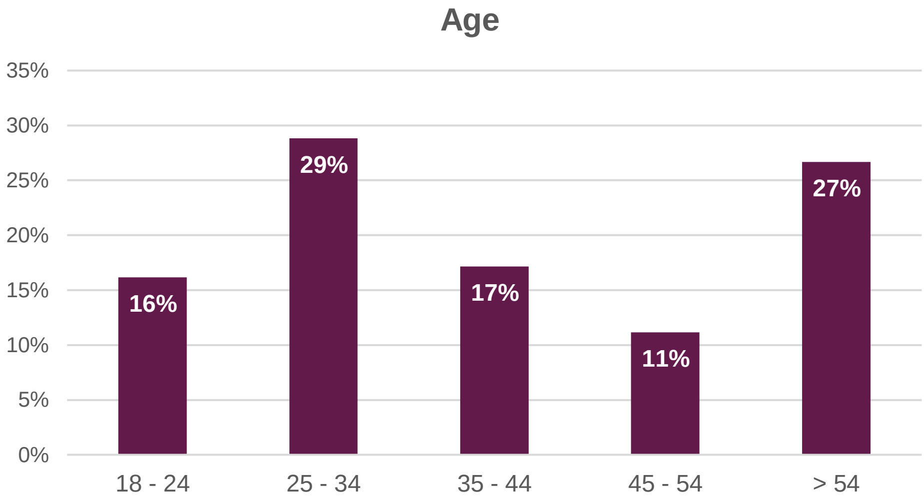
Area of improvement	0-5km	5-10km	More than 10km
Product experience	More promotions/deals	More promotions/deals	More accurate stock availability
Store experience	Extended opening hours	Improved loyalty programs	Improved loyalty programs
Post-purchase service	Flexible delivery service	Easier refunds and exchanges	Easier refunds and exchanges
Technology	Self-serve checkout	Self-serve checkout	Digital price checker

About the Study

The state of brick-and-mortar retail customers in 2023 Report is based on an Australia-wide survey conducted by Resonate in the first half of 2023. The report captures the concerns and needs of 600 retail shoppers, specifically the in-store experience.







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