

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.

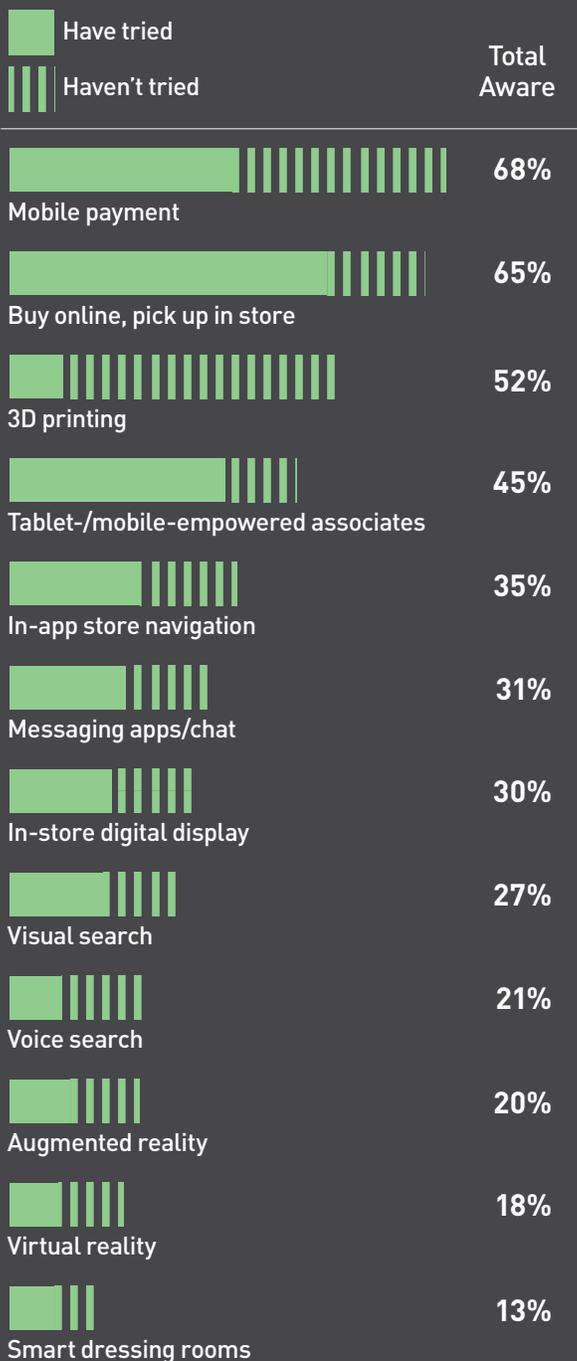
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Technology and the consumer:

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?



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.

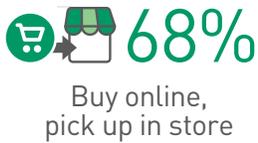
While “store of the future” technologies dominate the retail conversation, many still remain at the periphery of consumer awareness and usage. Today’s shoppers are much more concerned with the innovations impacting the most fundamental elements of retail: How do I pay for my items and how do I get my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

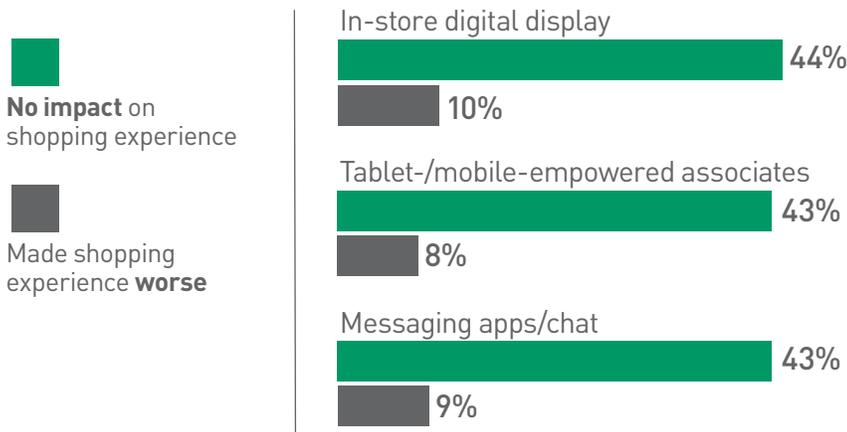
Customers are most satisfied with technologies that streamline the store experience, from checking out to finding and picking up the items they need.



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?



LOOKING TO THE FUTURE: WHAT CUSTOMERS WANT NEXT

Shoppers are most interested in trying:



The customer channel: Where digital meets physical

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

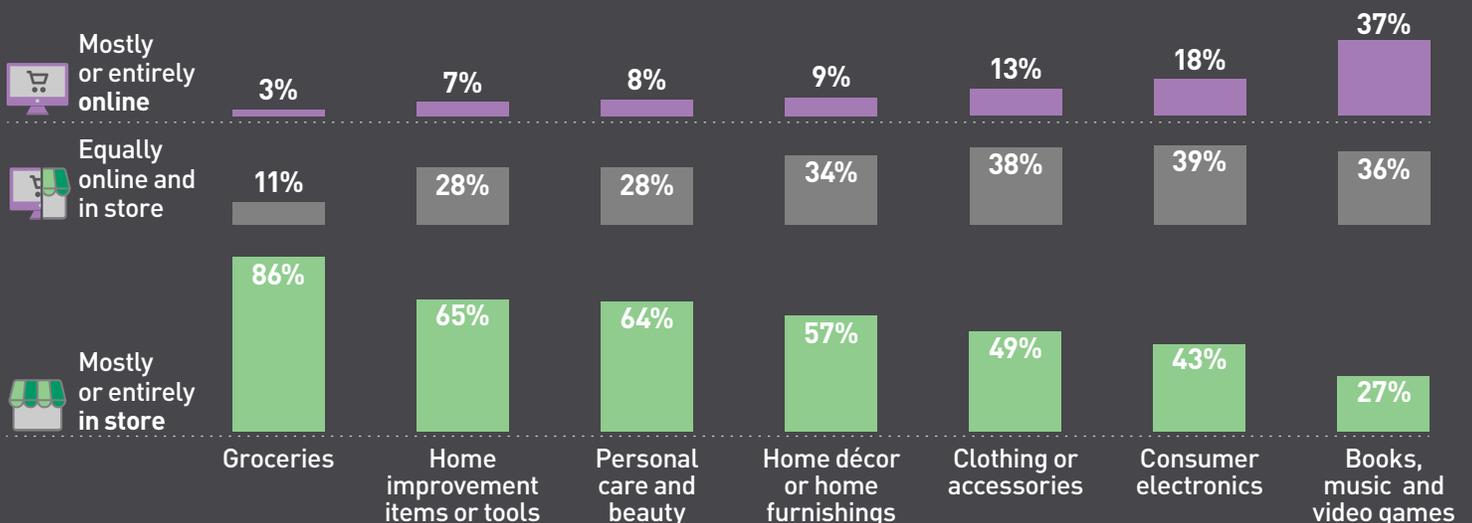


Only 21 percent of consumers are primarily online shoppers, purchasing more than half of their items online. The majority (79%) typically buy half or less of the items they need online.

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.



How do you purchase the following items?





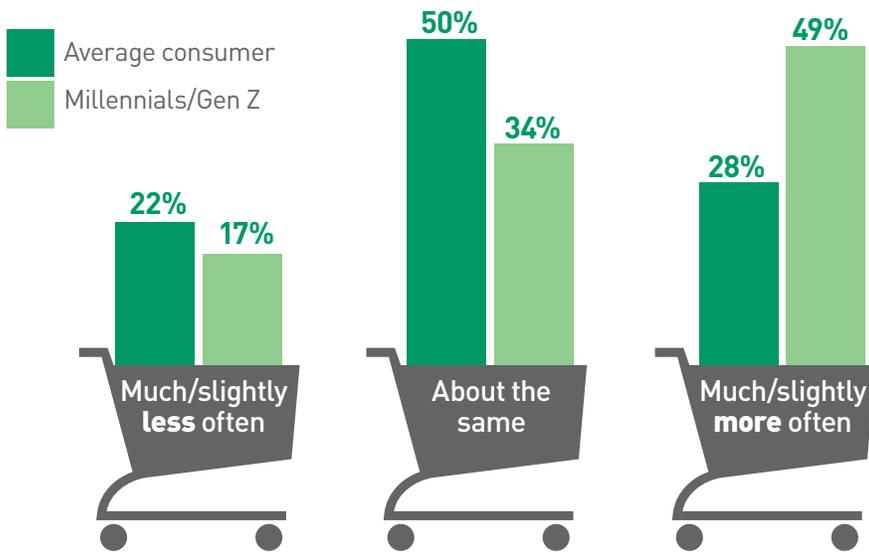
YOUNGER CONSUMERS EMBRACE PHYSICAL RETAIL WHEN IT OFFERS A NEW EXPERIENCE OR IS MORE CONVENIENT.

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.

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.

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



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

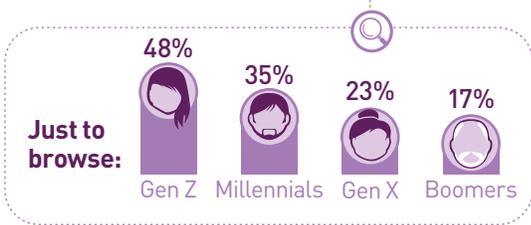


Shopping with intent:

What gets consumers through the door



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



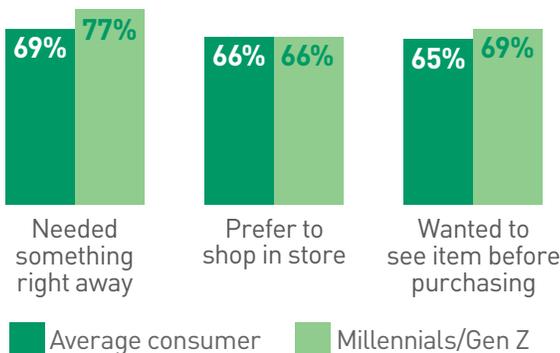
74 percent of consumers say they typically visit the store to buy something specific rather than to browse.

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%).

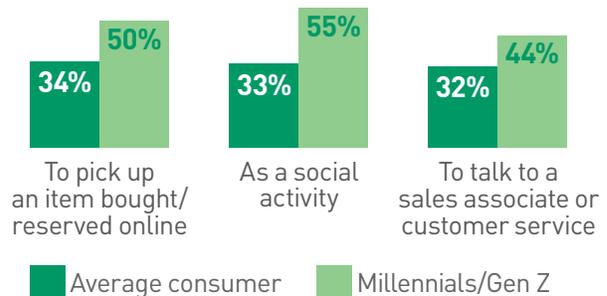
Most popular reasons consumers visited a store in the past 3 months



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.

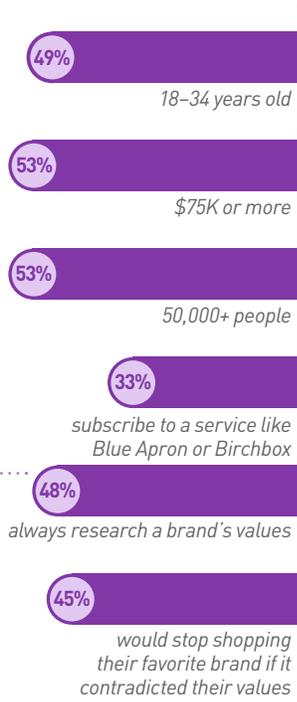
Least popular reasons consumers visited a store in the past 3 months



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

21% are primarily online shoppers

Those who typically make more than half of their purchases online

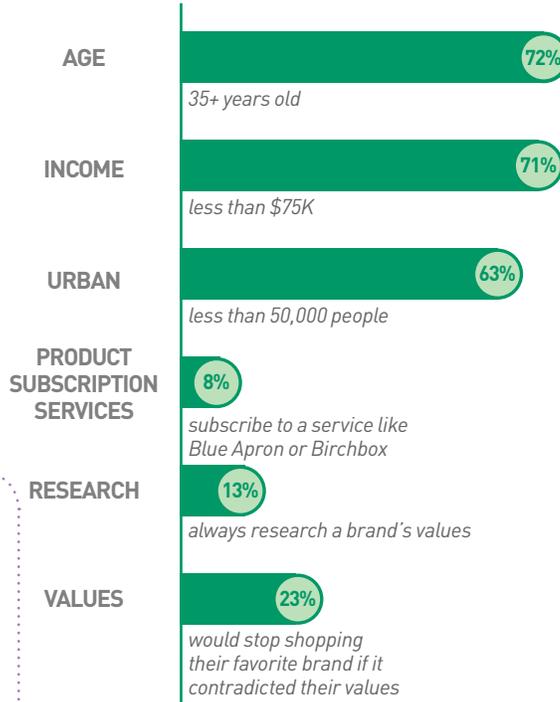


BRAND AS AN EXTENSION OF THE SELF

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.

79% are primarily in-store shoppers

Those who typically make half or less of their purchases online



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





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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