



Overview

Shoppers have experienced tremendous disruption in the past four years. The explosion of online and mobile technologies, the spread of social networks, a new generation of advanced analytics – all of these and more have combined to create an omnichannel environment that has completely transformed both the shopping experience and customer expectations. When and how will a “new normal” emerge, and what will it look like? To find out, the IBM Institute for Business Value analyzed more than 110,000 responses to global surveys from 2011-2014 to reveal how the speed and intensity of customers’ changing attitudes and behaviors translate into must-haves for retailers.

IBM Institute for Business Value

Shoppers disrupted: Retailing through the noise

Major consumer shifts examined by IBM focus on:

- The still-growing affection for online shopping
- More openness to communicating with preferred retailers
- Expectation that digital benefits will cross over into the physical store.

The still-growing affection for online shopping

The question is no longer whether shoppers will embrace online, but how much more will they do so and how will it change the perception of brick-and-mortar stores? Our multi-year study reveals strong consumer signals that online shopping still has room to grow.

For example, the study found that customers have an increasing affinity for the browse, click and purchase experience. Nearly half of shoppers today describe themselves as preferring to shop online. A telling age skew also exists here, with shoppers under 40 exhibiting an above-average and growing preference for online shopping.

Another indicator that affection has deepened for online shopping is shown in a large shift in perceived convenience. Purchasing at the store and leaving with the item is considered the most convenient fulfillment method for many consumers, but the option to purchase online and have the product delivered has gained considerable ground. Delivery of online purchases is preferred by 36 percent of shoppers this year, up from 23 percent in 2011. This growing perception of the convenience of delivery not only puts consumer pressure on retailers, but also introduces new a new range of non-traditional competitors that present themselves as the heroes of near real-time fulfillment.



More openness to communicating with preferred retailers

For savvy companies from many different service industries, new media and new rules for business-to-consumer (B2C) communications are emerging. Today's consumers are having more interaction with businesses than ever, and IBM's study shows that consumers want tailored, meaningful messages. Effective B2C messaging uses a variety of input to create a virtual portrait of the intended customer. Moving beyond simple demography, companies are collecting (or, through analytics, discerning) many of their customer's preferences and interests, their location, responses to prior communications, browsing and purchase behavior, relevant social messaging and so much more to infuse context into their messaging. Shoppers know and appreciate a well-crafted contextual message when they get one.

Shoppers are increasingly willing to share information with trusted retailers, including social, location and mobile contact methods. While only 28 percent of customers are willing to share current location information with trusted retailers, that number is growing, up from 24 percent last year. More consumer interest is shown in social and mobile sharing, with 38 percent of shoppers willing to share their social handle (up from 32 percent) and 42 percent willing to share mobile for text (up from 38 percent).

Even though the study found that more consumers are willing to share social, location and mobile information than in previous years, they remain nervous. Shoppers want to control the communications by having opt-in/opt-out options. And they are exhibiting interest in on-demand communications. For example, 48 percent of shoppers surveyed in 2014 want on-demand, personalized promotions while online, and 44 percent want the same in the store.

Expectation that digital benefits will cross over into the physical store

Consumers are looking for their shopping experiences to be seamless and personalized, regardless of touchpoint or technology used. Evidence of this is found in the importance shoppers place on inventory visibility, both before going to the store and while in store. Shoppers' tolerance for out of stocks is dwindling as they perceive a "low out-of-stock world" from their online experiences. Sixty percent of surveyed consumers indicate that an important differentiator for them when selecting a retailer is the ability to find out if an item is in stock before going to the store.

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Retailers with empowered store associates are noticed by shoppers as well, expanding customers’ view of what an associate can or cannot do for them. Forty-six percent of consumers say the ability of an employee to solve an out-of-stock issue via mobile device represents an important differentiator in selecting a retailer, up from 40 percent last year. The study further shows that retailers that focus efforts and technology on just increasing associates’ product knowledge will reap fewer rewards than those that empower teams to solve inventory problems and offer personalized communications on the spot.

Conclusion

Has a small period of relative normalcy emerged for shoppers? Will retailers ever be able to create stability among all the noise and volatile customer expectations? To find out, read the full IBM Institute for Business Value executive report, “Shoppers disrupted: Retailing through the noise,” coming in Q1 2015.

How can IBM help?

Long-standing commitment and investment in leading-edge mobile partnerships, cognitive computing solution development, acquisitions and research that provide disruptive creativity and take a new approach (new business models) to solve business problems.

Integrated systems of record, systems of engagement and systems of execution that span all phases of the consumer’s brand experience and all channels of brand interaction to consistently deliver on the promise of omnichannel retailing.

Deep industry experience—combined with software, consulting, infrastructure—to deliver the integrated solutions needed to unite physical and digital worlds, supported by an extensive, collaborative and innovative business partner ecosystem.



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