# YOUR CUSTOMERS HAVE THE ANSWERS.

2018 Global Consumer Survey Findings Report

centiro

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# AS A RETAILER, YOU ALREADY KNOW THE PROBLEMS YOU'RE FACING. YOUR CUSTOMERS CAN HELP YOU SOLVE THEM.

The age-old saying that "The Customer is King" has never been more true than it is today. As a retailer, the main challenge you face is responding to shoppers' expectations, giving them expert guidance and helping deliver the products they want … in the environment they like best … with fulfillment options that meet their needs.

**No longer can you afford to think of these channels as separate entities, with different rules and perhaps even different technology systems for pricing and promotions management.**

After all, your customers aren't thinking about "channels" when they shop – just the best value for their needs. They aren't thinking about "fulfillment options" – just what works best for them. And they're not concerned about the inner workings of your supply chain. They're thinking about their specific reasons for shopping. Which means that they expect a unified, personalized experience, no matter how they choose to shop or buy – across every interaction, every time. And they want their purchases delivered however, whenever and wherever best meets their needs.

To keep you from guessing how you can best meet these challenges, we went right to the source – your customers – to find out what they prefer and how they're shopping and buying. This year, JDA Software partnered with Centiro to conduct a global Consumer Survey, examining what customers worldwide expect from retail – how they shop, how they buy, what experiences they prefer. Customers continue to shift shopping and buying behavior among channels, all the while blurring (if not destroying) the lines between e-commerce and in-store retail.

**About this survey:**
This global survey was conducted by Opinium Research between late May to early June 2018. The findings are based on over 12,000 online interviews with respondents in Asia (2,000 in China, 1,000 in India), Europe (2,000 in the United Kingdom, 1,000 in France, 1,000 in Germany, 1,000 in Italy and 1,000 in Sweden), North America (2,000 in the US) and Oceania (500 in Australia and 500 in New Zealand).

# What are Customers Telling You?

## The retail store is not dead.

For many customers, nothing can beat the experience of shopping in a store, with 38 percent of customers worldwide preferring the in-store retail experience to other ways of shopping – meaning that although they might be comparing prices and options online, many customers are walking through your doors because they want the experience of shopping in-person.

In fact, among UK shoppers, more than 50 percent of consumers still prefer the in-store experience to any other. To be sure, there is a generational shift taking place: Less than a quarter of 18-to-34-year-olds said they prefer in-store shopping to other means, compared to over 60 percent of shoppers in the 55-plus age range. This means that not only must you prepare for changing demographics, but your product assortments and brand range must go hand-in-hand with in-store experiences that encourage younger shoppers to come through your doors.

While customer journeys may start online and end in-store, or vice-versa, getting the fundamentals right remains critical when customers have so many other options to choose from. Thirty-four percent of respondents told us that having the right product in stock is the most important aspect of their shopping experience, followed closely by having the right variety of products/brands and providing a fast, seamless experience.

And, no matter how much they may enjoy shopping in a store, the unforgiving nature of today's customer means that if they don't find what they want, you may lose not only this sale, but potential future sales as well.

## Channels don't matter.

Your customers aren't thinking about "sales channels" when they shop. They expect to be able to pick and choose how they interact with retailers. Regardless of where a final purchase is made, our survey showed that when customers are shopping for clothes, 46 percent of respondents start that journey online. When they're shopping for household appliances and electronics, 63 percent start researching online. And when it comes to shopping online, desktop computers are still preferred by twice as many people as accessing a website through a mobile or tablet device.

## Technology and the shopping experience.

It shouldn't be a surprise that there's strong correlation between retailers' use of cutting-edge technologies (such as Augmented Reality, mobile coupons and robots) and consumers' demand for those technologies. Despite recent headlines questioning the value of these in-store technologies, 97 percent of those we interviewed said that these new technologies either always or sometimes enhance the customer experience.

Having a chance to experience new technology increases the desire to use it for future purchases. Case in point: Worldwide, 21 percent of people said they'd be much more likely to make a purchase if they could use AR to preview the product. But among shoppers worldwide who had actually used AR technology, 47 percent said they'd be much more likely to purchase if they could use AR to preview before buying.

Meanwhile, 40 percent of respondents have used voice-controlled devices or services for some aspect of their shopping journey – including Siri, Alexa, Google Home, Tmall Genie or others. However, most shoppers told us they're using these voice services primarily for research, not to make purchases.

## Are Customers Using Voice-Controlled Devices & Services?

**17%** for research only **12%** for purchase only **11%** for both


12,000 global responses to the question, "Have you used any voice-controlled devices or services for shopping (Siri, Alexa, Google Home, Tmall Genie etc.)?"

## How much influence does social media have?

It's true that, from advertising to reviews and recommendations, social media plays a strong influencing role in purchasing. Our survey showed this to be especially true in China where social commerce is leading the way: 78 of respondents said they'd made a purchase through WeChat. Since Asia seems to be setting the trend on many new retail experiences, this is definitely a trend retailers active in this region will want to watch.

Worldwide, 34 percent of global respondents said Facebook played a role in purchases they've made – but the influence of Facebook and other social media platforms differs around the globe. For example, around a third of people in the US and India have made purchases via Instagram, compared to only 4 percent in the UK. And social media doesn't have widespread adoption everywhere, with 46 percent of survey respondents worldwide saying said they've never used social media to make a purchase.

# What Drives Customer Journeys?

## Sources of information and inspiration.

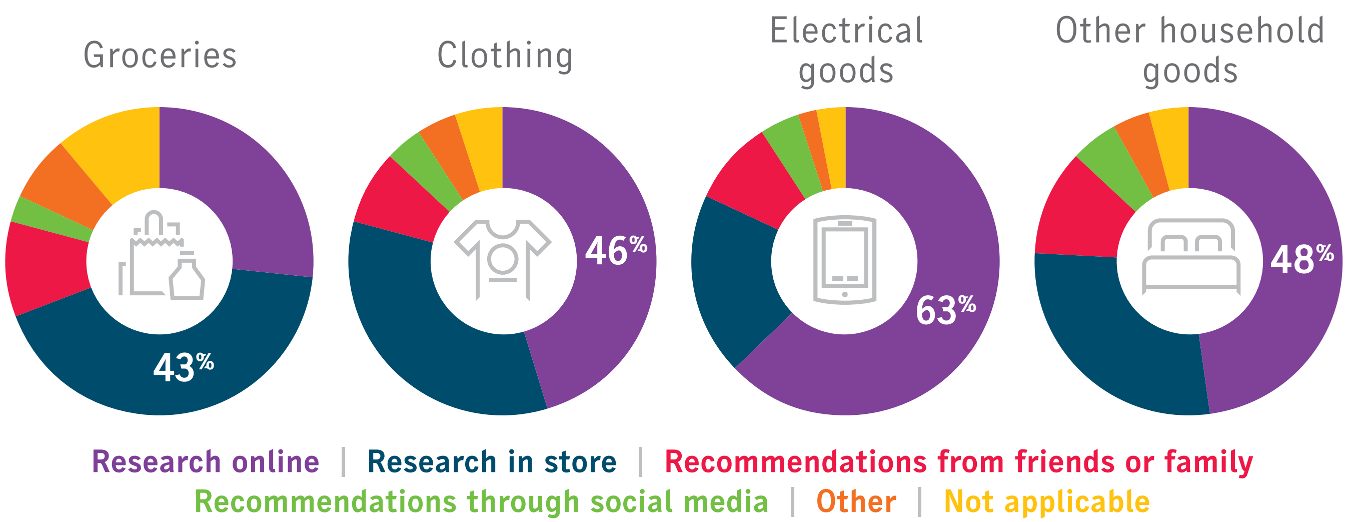
### Online vs. in-store research

With high smartphone ownership rates across many of the nations we surveyed, it's not surprising that online channels are the first stop on most shoppers' journeys, no matter how or where they finally make a purchase. This year's survey found that shoppers worldwide start searching online for electronics (63 percent), home goods (48 percent) and clothes (43 percent). However, despite growth in the number of grocers offering online ordering alongside store pickup or home grocery delivery services, 43 percent of respondents said they start researching their grocery purchases at the store.

### Friends and family are influential

We've already noted that younger shoppers are less likely to want to shop in-store, and they're generally more open to using new technologies for shopping and purchasing. But while it might surprise those who believe younger shoppers are utterly reliant on the internet, survey respondents ages 18 to 34 told us they're more likely than average to begin their shopping journeys with recommendations from friends or family. And the proportion who start their purchase journeys with friends' or family members' recommendations gets smaller with older demographics.

# Where Customer Journeys Begin Worldwide




12,000 global responses to the question, "Regardless of where you make your purchase, how do most of your shopping journeys start for the following items?"

### Friends and family, continued

No matter the product category, China is the country most likely to rely on recommendations from friends and family — underscoring the personal nature of shopping and the value of consumers' personal networks. For example, when it came to purchasing household goods (not including electronics or appliances), 28 percent of shoppers in China said they base their decision on recommendations from friends and family, versus 14 percent in India, 8 percent in the United States and 4 percent in the United Kingdom.

## Branded retailer apps: Room for improvement.

With so many differences in capabilities and features between mobile phones, tablets and computers, it's difficult to ensure a consistent online experience in a web browser. A retailer's mobile app can overcome those challenges by letting you curate the experience without as many variables. But only 9 percent of global survey respondents told us that a retailer's mobile app is their preferred method for shopping — with only 4 percent of U.S. shoppers and just 3 percent of Chinese respondents saying they prefer retail apps.

There are also concerns around privacy and security of user data that will need to be addressed, not only to increase adoption of retailer apps, but to build stronger bonds of trust between retailers and customers in general. (See p.11 for a wider discussion of privacy and personalization.)

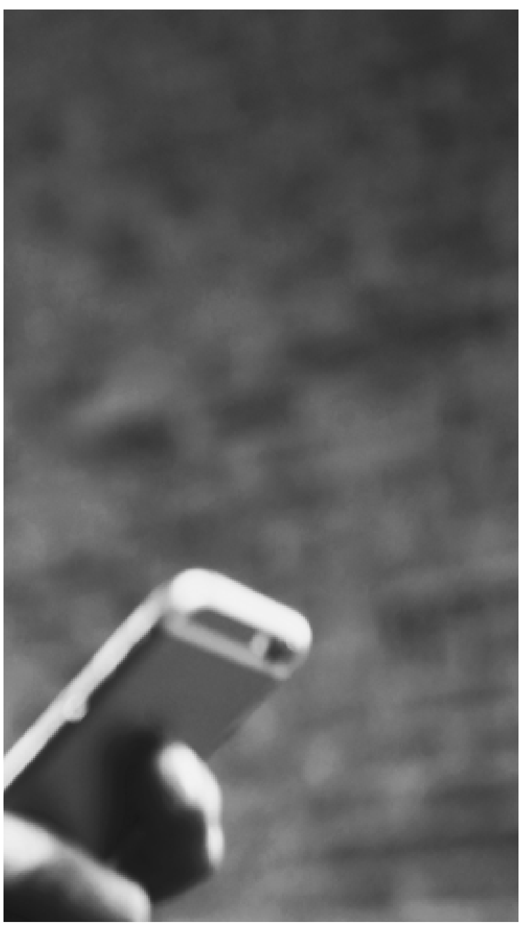
Fortunately, there are a lot of ways retailers can encourage wider adoption, from in-app discounts and loyalty program access, to exclusive product previews or other special features to make the app the first place your customers go when it's time to shop.

# What Do Shoppers Say About Fulfillment and Returns?

As busy shoppers lead ever more fast-paced lives, the option to purchase an item online and pick it up in-store has become much more widely used. At the same time, retailers are recognizing the customer-facing benefits of making returns easier by giving shoppers the ability to return online purchases to brick-and-mortar locations.

## Home delivery.

This year's survey highlighted the fact that, for most customers, convenient delivery is more important than speed. While shoppers remain cost-conscious, a majority of people we surveyed were willing to pay extra for convenient delivery options – especially younger consumers, with nearly 90 percent of 18-to-24 year-olds willing to pay a premium for 1-hour delivery or same-day delivery with a specific time slot.



## Online shoppers crave order tracking

We asked our global respondents to tell us the extent that ability to track an order from checkout to front door influenced who they shopped online with, and found that an overwhelming 87 percent said order tracking ability would influence where they'd shop.

This corroborates what we learned from UK shoppers in the most recent JDA & Centiro Customer Pulse report: Shoppers aren't just attracted by promotions and promises of free delivery, but also by visibility into the ordering process. And in that UK survey, 76 percent of respondents said a poor home delivery experience would make them likely to switch to a different retailer for their next purchase.

## Buy Online, Pick Up In-Store (BOPIS).

Sixty-nine percent of global respondents have used a Click & Collect pick-up option, also known as Buy Online, Pick Up In-Store (BOPIS). Shoppers gave a wide variety of reasons for choosing this over home delivery, especially avoiding delivery charges (42 percent), followed by getting the product sooner than they could if it were shipped (36 percent) and the convenience of in-store pickup over home delivery (33 percent).

While BOPIS remains a favorite service, the ideal for many customers is actually free, convenient home delivery. But for retailers, there's an added benefit to in-store pickup that makes it worth encouraging: Forty-seven percent of respondents said they sometimes make additional purchases while visiting a store to pick up online purchases, making in-store fulfillment an opportunity to capture additional revenue from online customers – if it's done right.

## Buy Online, Return In-Store (BORIS).

Having the right process in place for returns is key to customer satisfaction. Convenience is the main factor driving customers to return online purchases to a retail store: 36 percent of respondents used this option because an item they'd purchased online wasn't what they expected.

In addition, our survey showed that 86 percent of consumers look for ease of returns as a key factor in their decision where to buy – and 81 percent said they're likely to switch to an alternative retailer for future online purchases if the returns process isn't easy. Interestingly, although customers are equally happy to return items to a store or have a delivery service pick them up, they aren't comfortable with postal mail or having to take their returns to a collection point. This highlights the need for a seamless, unified retail experience, especially as customers say rapid refunds and the opportunity to purchase a replacement are reasons why they're happy to return items to a store.

## "Serial returners" and customer satisfaction.

Here's an important fact for retailers struggling with reverse logistics challenges: More than one in four respondents (27 percent) said that they intentionally bought multiple sizes or product options for their own convenience, with the intent of returning what they didn't want or need to a store. This reverse logistics trend continues to cause problems for retailers as more online shoppers become "serial returners."

However, our survey also shows that 49 percent of respondents sometimes buy additional products when returning items to stores – again, providing an opportunity to secure additional sales by offering alternatives or taking special steps to engage customers who come to stores for returns.

## North America embraces grocery delivery.

Today's grocery retailers face an incredibly fast-paced, high-pressure market, with competition increasing as consumers change their shopping habits and become more demanding. Part of what's driving this change is a rise in home grocery delivery services – perhaps most notably, the Amazon Prime Pantry service, against the backdrop of Amazon's purchase of Whole Foods last year.

In response, North American grocers have introduced new sales channels of their own in a bid to win customers' hearts and wallets. Those efforts are getting a response: Three in ten U.S. adults told us they have used on-demand grocery delivery or pick-up services (30 percent). Interestingly, men in the U.S. are more likely than women to have used one of these services (39 percent vs. 21 percent).

What isn't surprising is that convenience is the most widely-cited reason for using a grocery delivery or pick-up service (53 percent), followed by discount offers for delivery or pick-up (32 percent) and a lack of time to shop (30 percent).

## Grocers' delivery growing pains.

But these services are still new for many grocers, and they aren't without their challenges. Survey respondents told us the main issue they'd experienced with on-demand grocery delivery or pick-up is being notified that items they had ordered were no longer available – but only after they had already placed their order. Thankfully, this frustrating problem is one grocers can solve, especially through upgraded technology: Similar issues involving inventory visibility were prevalent with BOPIS services when they were first adopted by retailers.

# What's the Impact of Flash Sales and Shopping Holidays?

As both traditional retailers and growing mega-marketplaces (including Amazon, Alibaba and others) continue to vie for share of customers' retail spend, they do so not only by removing friction from retailing, but by giving customers more opportunities and reasons to shop. And shoppers do respond, in many cases, by spending beyond the purchases they originally planned to make.

Forty-eight percent of worldwide respondents said that they occasionally purchase more items than planned while shopping during sale holidays (including Black Friday, Cyber Monday, Amazon Prime Day, etc.).

But this behavior isn't common in all regions, with some shoppers being more inclined to make additional purchases. Case in point: 46 percent of UK respondents said they never spend more than they planned, while 33 percent of respondents from India say they always buy more than expected during sales holidays.

## The Amazon Prime effect

Much has been said about "the Amazon Effect" on retail, and we continue to see the impacts of the e-commerce juggernaut in the growth of Amazon Prime.

Our survey results found that Amazon continues to make inroads, with 42 percent of respondents in North America, Europe and India saying they find Amazon Prime to be a convenient service, underscoring a desire for free shipping. And, as Amazon Australia approached its first anniversary of full operation, 51 percent of Australian respondents said they plan to shop the retailer's Australian site in the next 6 months.

In a separate survey commissioned by JDA and conducted during the 36-hour 2018 Amazon Prime Day event (July 16 & 17), 48.5 percent of those surveyed said their shopping on Amazon Prime Day would have some level of influence over their overall holiday spending around other "peak shopping days" such as Black Friday and Cyber Monday – with about 7 percent saying it would "extremely influence" their holiday spending, leading them to spend less on those other shopping days.

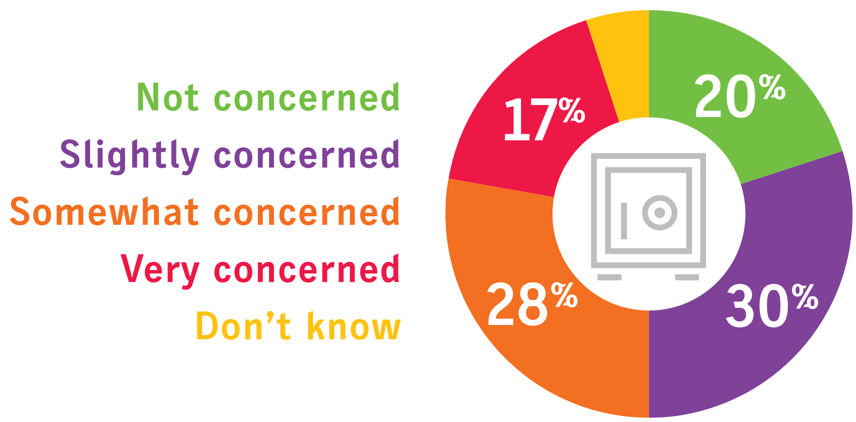
# How Do Shoppers Balance Personalization with Privacy?

## Giving personal data vs. receiving personalized service.

While shoppers worldwide continue to embrace new technology for both research and transactions, they still express concerns about how their personal data is being used – a fact perhaps enhanced by news headlines about high-profile data breaches, as well as ongoing discussions of the European Union's General Data Protection Regulation (GDPR). Seventy-five percent of our survey respondents said they were concerned about how retailers would use their online and in-store shopping history, such as transaction history and online searches – even if to provide better, more-personalized service.

## Shoppers and Privacy Concerns: Transaction and Search History

12,000 global responses to the question, "Some retailers use online and in-store shopping history, such as transaction history and online searches, to provide a better, more-personalized service to you. To what extent are you concerned by this?"




## Adoption of technology.

With a global average of 60 percent, UK consumers were least likely to try new technology in their shopper journey, with 80 percent of UK respondents saying they have not used any emerging technology in stores. On the other hand, 90 percent of Chinese respondents said they would be likely to use AR in their purchase decision making.

## Voice-controlled devices.

Thanks to not only mobile phones, but smart speakers and other in-home devices, Amazon's Alexa, the Google Assistant and Apple's Siri have become a familiar presence in many households. And the potential of voice assistants and voice-controlled devices for retailers – not only to provide product information, but an additional sales channel – has been widely discussed.

Despite some privacy concerns and a relatively slow pace of adoption for making purchases, our global survey showed that 40 percent of respondents have used voice-controlled devices or services for some aspect of their shopping journey. In fact, respondents in the majority of countries are leveraging voice services to learn about products. And China and India are ahead of the adoption curve: 27 percent and 23 percent of shoppers in those countries, respectively, said they use voice for both product discovery and purchases.

## Access to doors for package delivery.

Many customers are fine with inviting Siri, Alexa or the Google Assistant into their homes and lives. But when it comes to letting Amazon or other retailers actually come through the door, only 16 percent of respondents we surveyed in North America, EMEA and Oceania would consider providing remote access to their homes for package delivery.

# Key Takeaways for Retailers

## Convenience equals competitive advantage.

One message that comes through loud and clear in this year's survey is that a critical measure of success, especially for brick and mortar retailers, is having the right product in stock, right now. Retailers who can provide a more convenient option are able to compete even with major online marketplaces such as Amazon.

Alongside this challenge is a need for retailers to understand the changing role of the store. Retailers must provide product assortments localized for what customers in a particular market want, using data to determine what items to stock in-store and which to offer via endless aisles online.

## A commitment to data security and privacy is critical.

Contrary to what you might think, younger shoppers are more concerned about data privacy and security than older shoppers: Fifty-four percent of respondents ages 18 to 34 said they're concerned about how the data from their online searches and transaction history might be used, compared to 35 percent of shoppers 55 and older. In this post-GDPR era where data breaches become global headlines, retailers must find a way to convince customers to share their data and preferences – not just by creating a valuable incentive to do so, but by helping them understand how that data will be kept secure.

This will be more of a challenge in some regions where data security and privacy laws are still catching up to technology. In addition, shoppers in some parts of the world tend to be more conservative and, as a result, more hesitant to share their personal details. As a retailer, your goal is to be open, show your commitment to security – and then help customers see the value they'll gain.

## Show customers what emerging technologies can do for them. They'll respond.

Despite all the hype, we know that some technologies such as Augmented Reality and Virtual Reality aren't fully mature. Faced with lukewarm early results, some retailers are scaling back their investments in these areas. But it's way too soon to give up on game-changing retail technologies. (See our note on AR on p.4, for instance.)

While many customers aren't yet demanding AR or VR technology, or in-store robots, or interactive displays, we know the value that these technologies can provide. And even though relatively few shoppers are making purchases via voice assistants like Alexa and Siri, those new channels provide a valuable resource for comparing products and learning more about them before buying. In a market where shopping experience helps drive loyalty, don't miss a new chance to capitalize on ways to drive engagement now by waiting for lifestyles to catch up to tech adoption curves. After all, you as a retailer have a chance to tell a story through your brand experience – why not make it a unique, innovative experience?

## Innovation doesn't sleep. Neither should you.

Change is one of the few constants in the universe, and as retail continues to evolve, we're going to see that pace of change continue steadily. The time has come to leave behind old, siloed technology that has become a liability. It's time to invest in solutions and partnerships that will help you gain more visibility and agility within your retail supply chains. If customers have told us anything clearly in this year's survey, it's that frictionless, seamless retail experiences are what will keep them coming back – either to your stores, or to your website or app – and to your brand before others, no matter which channel is most convenient.

**The next time they choose you, will you be ready to answer?**

## About JDA Software

JDA delivers end-to-end supply chain solutions that help you seamlessly connect your supply chain. With JDA, you can seamlessly deliver for your end-customers, optimizing their experience with your retail store or product — all while you achieve your profit goals. More than 4,000 JDA global customers use JDA integrated retail and supply chain planning and execution solutions to optimize costs, increase revenue and reduce time to value. | jda.com

## About Centiro

Centiro believes in empowering logistics for successful companies. Our cloud-based solution for delivery management is used by finer supply chains in more than 125 countries. With us a retailer can think global, yet offer customers a consistent and personalised experience for first- and last mile delivery and returns to take a brand and shopping experience full circle. It's a plug-and-play setup offering a world-class portfolio of carrier networks. From straightforward shipping labelling solutions and carrier management, through harmonised tracking, event management and cost control – we offer functional features that extend your existing IT-landscape. | www.centiro.com

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