

ORACLE
Retail

Retail Shopper Outlook

Consumer Research 2022

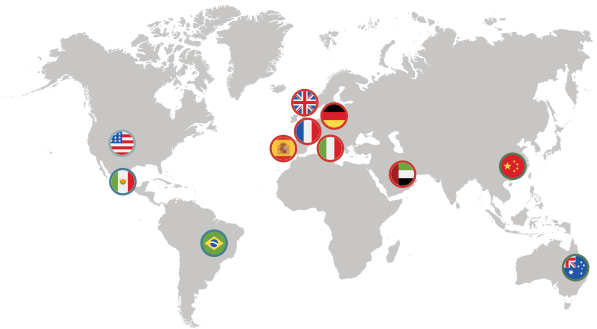




Introduction

In 2021, we noted that change had become not only a constant but the norm in retail, and 2022 has shown to be no exception. While pandemic restrictions have eased, ongoing supply chain issues, rocky economies, and global inflation continue to impact consumers and retailers. Despite it all, consumers are exuberantly returning to stores, ready to shop and buy.

Methodology



The research cited in this report was conducted in 2022 with more than 8,000 consumers across four key regions, including:

- **Europe and Middle East:** France, Germany, Italy, Spain, United Kingdom
- **APAC:** Australia, China
- **LATAM:** Brazil, Mexico
- **North America:** United States of America

On behalf of Oracle Retail, independent research and creative consultancy Untold Insights conducted the research, which explores consumer attitudes and expectations regarding the retail shopping experience now and in the future. This report is based on the findings of the global survey of consumers.



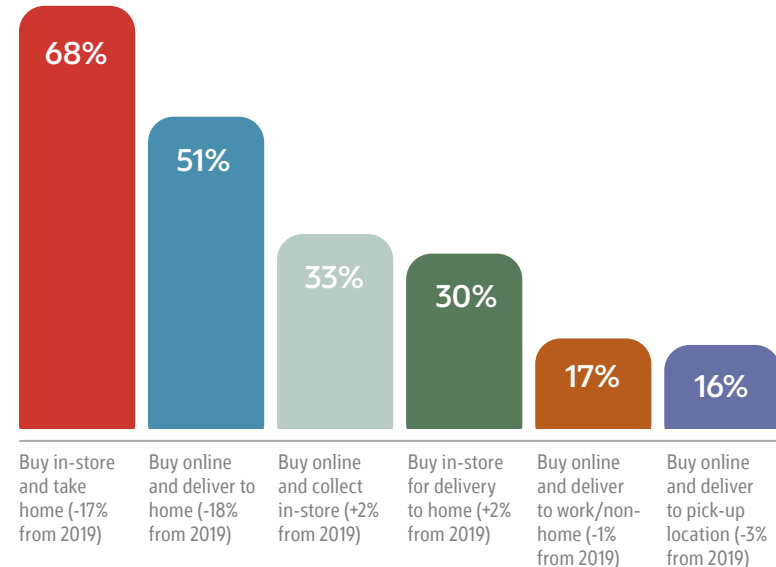
The store is back, but economic and inventory uncertainty looms

Stores strike back: How people are shopping

Store closures, reduced hours, and staffing woes forced many consumers to change how they shopped over the past several years. But with restrictions largely lifted in most regions, we have seen in-store shopping begin to bounce back. While not yet back to pre-pandemic numbers, 68% of people still say they mostly shop in person and take purchases home (down 17% from 2019).

The economy and inflation may be causing people to simply shop less, however, the number of people who are buying products online is less than pre-pandemic, with 18% fewer consumers shopping online and delivering items to their homes.

In which of the following ways have you shopped in the last 12 months?



Economic factors swaying customers, risk stifling retailers

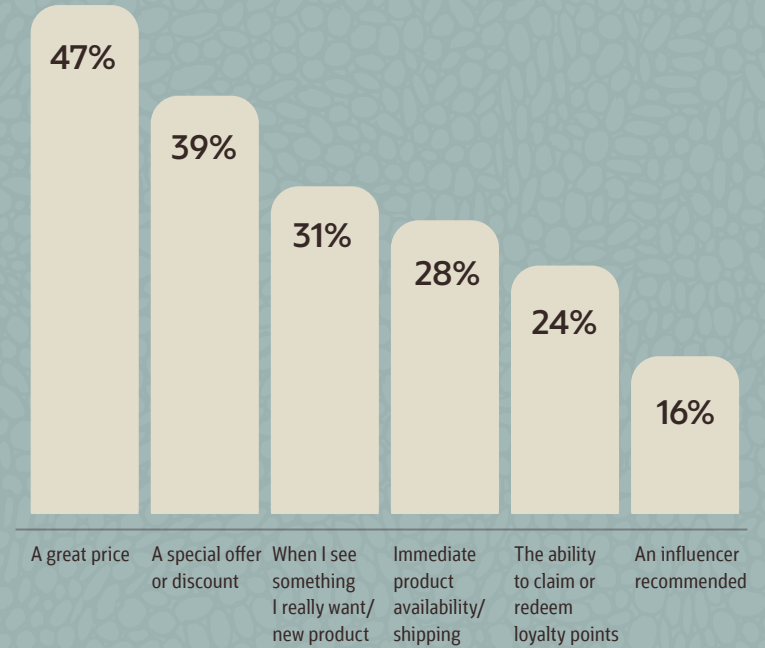
From a pandemic to a supply chain and staffing crisis, rising commodity prices, and pending recession in certain regions, the economic environment continues to be volatile for retailers. While consumers are still out shopping, these factors will impact their patience and pocketbook. In fact, 20% of those surveyed noted they would reduce retail spending and save for essentials.



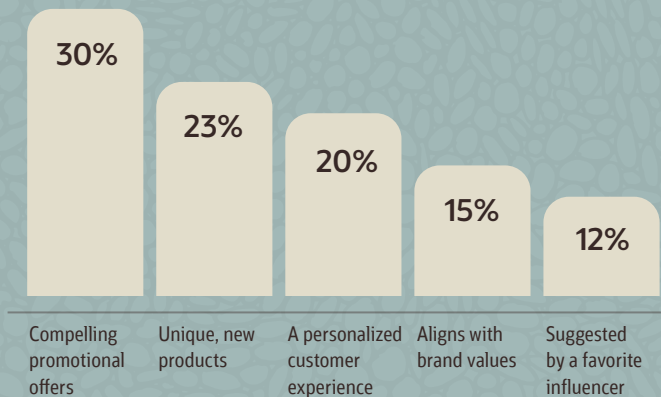
Price is right

Inflation and shifting priorities mean that consumers are currently very conscious of price. While trying new, unique products and providing a stellar customer experience are nice-to-haves, customers are ultimately looking for wallet-friendly prices and deals. A whopping 71% of shoppers would also consider financing plans (such as layaway or plan-to-play)—with 25% of those respondents having never used these programs before. For retailers, this means using more sophisticated [pricing strategies](#) and technology to draw in buyers without losing margin on over discounting will be essential.

When browsing, what compels you to make a purchase?



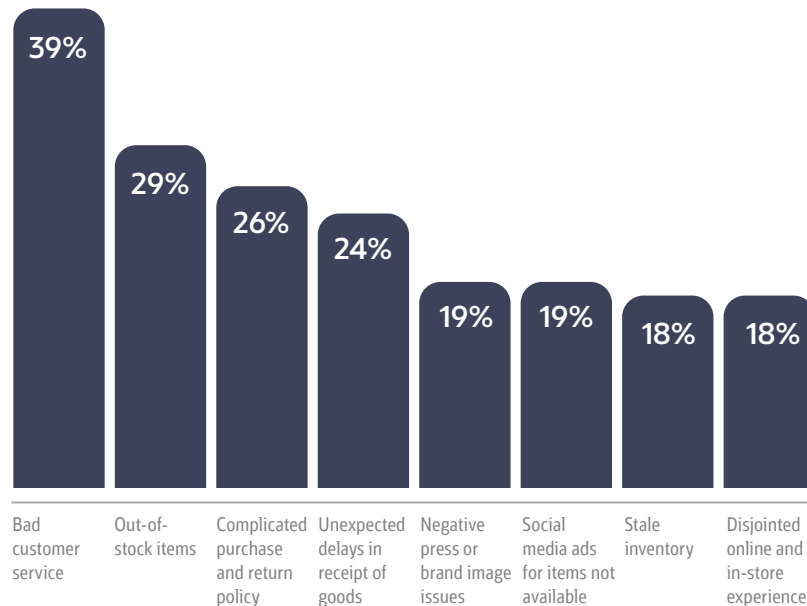
What attracts you to buy from new brands or companies?



Not willing to wait

While bad customer service (39%) continues to be the #1 thing that would drive consumers to shop at another brand, [inventory](#) issues—from out-of-stock items (29%) to delays in the receipt of goods (24%)—remain a significant issue. In fact, 22% of consumers said they would not wait and go to another retailer if a product was out of stock. For retailers caught in the constant loop of limited supply, under-ordering or overordering, getting inventory right can be a make-or-break situation when it comes to consumer loyalty and staying power.

What makes you shop another brand?



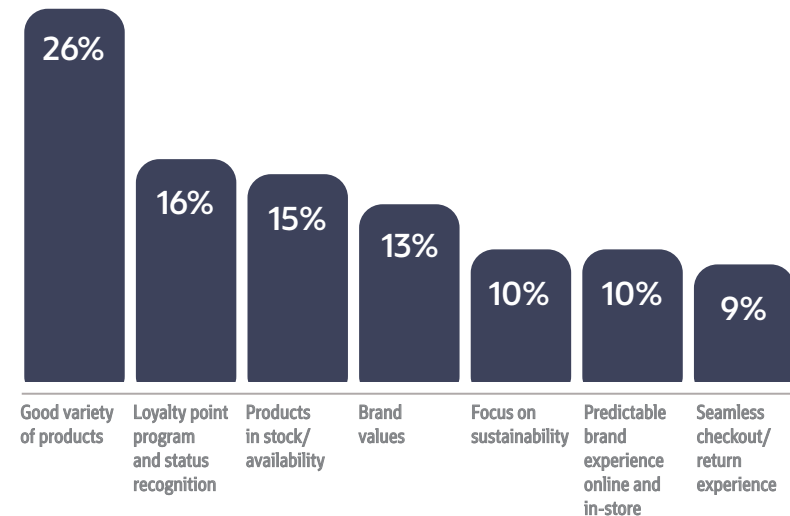
What do you do when shopping at a retailer where an item is out of stock?



Consumers value recognition and choice

Consumers are loyal to retailers that provide variety, instant availability, and recognition. These attributes are esteemed far above an easy checkout experience or brand value alignment.

Which makes you most loyal to a retailer?



But not all categories of retail are created equal when it comes to what drives consumer loyalty. For beauty and cosmetics retailers, consumers most appreciate the product sample experience (41%), and at pharmacies, they equate a great shopping experience with effective communication and connected customer records/record retention (39%).

Likewise, in the luxury sector, customer service and the return policy lead when it comes to a great shopping experience (37%), followed closely by unique merchandise (36%).



Shopping their way

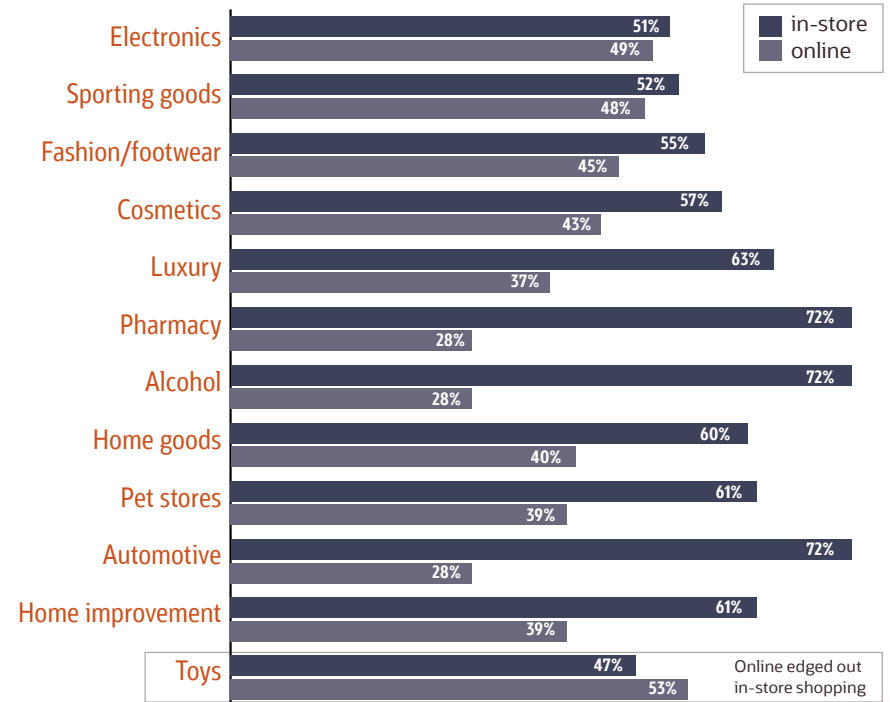
The rush back to the store is real, and despite the potential convenience of online shopping, shoppers are anxious to get out and browse the aisles, depending on what they are buying.

Immediate needs (like medicine or make-up) or bigger ticket items—a new couch or a luxury handbag that people want to see in person before pulling out their wallet—both drove consumers to want to shop more in-store.

For day-to-day items where a variety of retailers carry the same product, brand, make, or model—such as a baseball bat or television—consumers were nearly evenly split between online and in-store shopping.

The single outlier was toy stores, where shopping online edged out in-store shopping.

For each retailer, is it best to shop in-store or online?

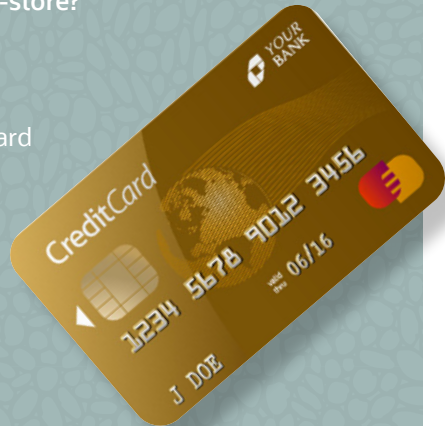
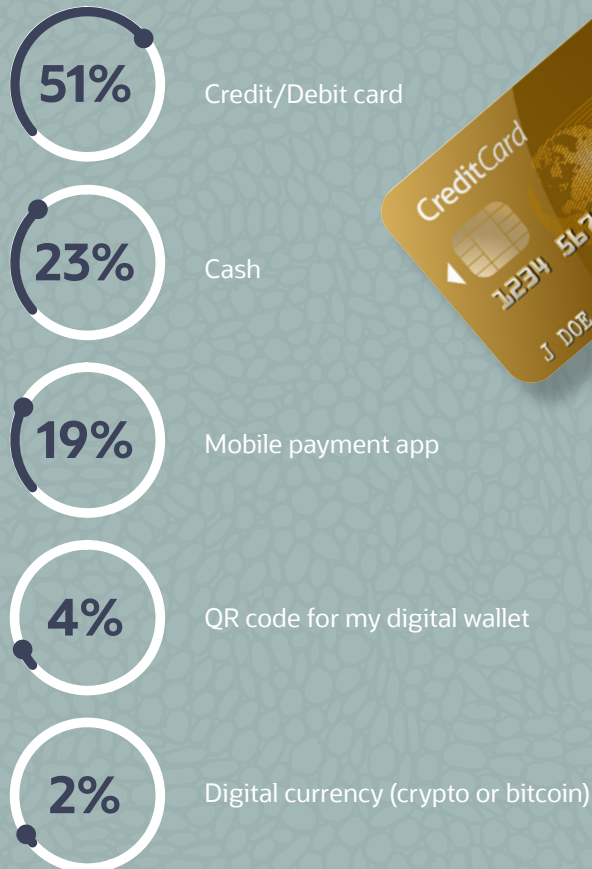


And others are not looking for material things at all. Retailers must be mindful that they are competing for consumer dollars and mindshare with their desire to spend on experiences after several years of mainly staying home. Four out of ten consumers (41%) globally plan to spend an equal amount on things and experiences in the next 6-12 months, and one in four (26%) plan to spend more on experiences than material goods. This can be both an obstacle and an opportunity for retailers. Pending trips often mean new clothes, shoes, makeup, and more. The right marketing can help retailers capitalize on the revenge travel craze.

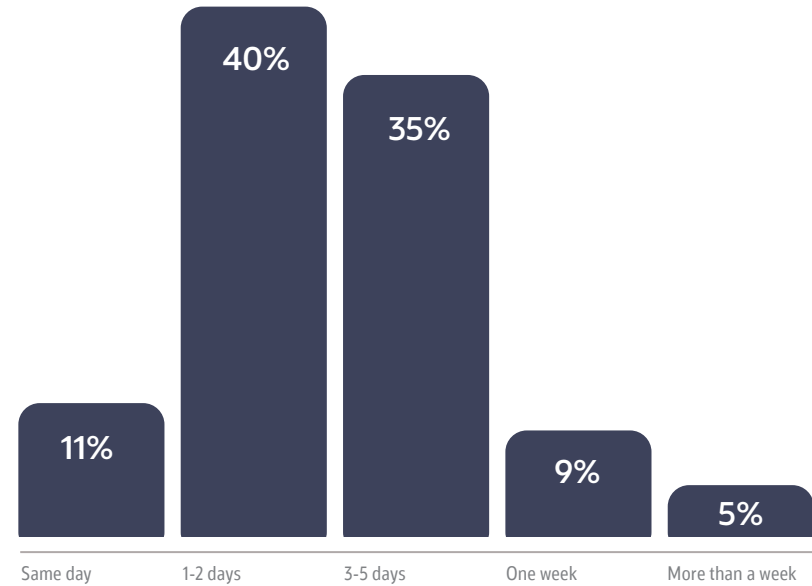
Cash dethroned

Not only do consumers want to control how and where they shop, but also how they pay. The pandemic-driven emphasis on touchless payments is here to stay. Debit and credit cards still reign supreme, but nearly one in five consumers (19%) now prefers to pay via mobile app. Just 2% are embracing new payment methods such as crypto.

What payment methods do you prefer in-store?



What is your current delivery expectation when you order online?



Ease of shopping

Delivering on high expectations

Along with consumers continuing to choose to shop online and have products delivered to their homes comes heightened expectations around the delivery experience. Some 47% of global shoppers say that the time it takes to get a delivery influences their decision to order online. Once the order is placed, customers want it fast: 40% say they expect the delivery to arrive in 1-2 days, and 66% say granular tracking is important. Online retailers should be ready to deliver on fast shipping and real-time status updates.

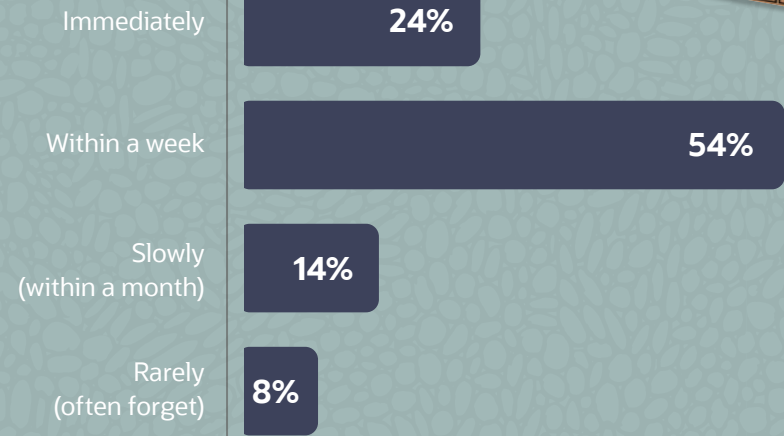


Shipping and returns

The rise of in-store (16%) and curbside (21%) pick-up has not won over enough consumers to dethrone traditional to-home delivery (56%). Baby Boomers (66%) prefer delivery more than Gen X (57%), Millennials (54%), and Gen Z (46%).

When returning a product, nearly half prefer to make returns in-store (48%), and fewer choose to mail returns back to the store (29%). About one-quarter (23%) of consumers opt for an equal mix of both. Having children might influence this preference, with parents (33%) more likely to mail back their returns than shoppers without kids (24%).

How long does it usually take you to return your purchases?



Consumers are also efficient with returns. The majority (54%) of global consumers make their returns within a week, while 24% make them immediately and 14% make them within a month. Only 8% of shoppers rarely make returns, often forgetting to make them at all. Men are quicker than women when making returns, with 26% of men returning purchases immediately, while only 23% of women do so. Kids seem to factor in here, too, with parents (6%) less likely to forget about making their returns than consumers without children (11%).

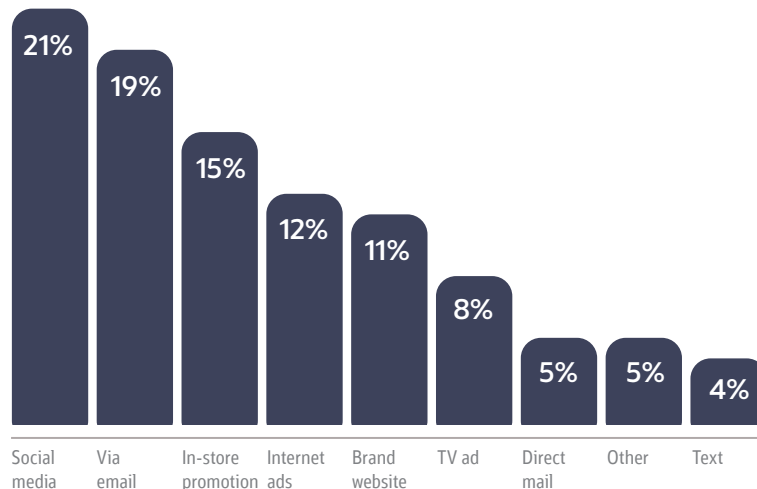
Reaching and retaining customers

Digital channels continue to influence buying behavior

Social media continues to play a larger role in how consumers discover new offers, products, and brands. In 2022, social media jumped to the top spot (21%) in how consumers find the most compelling offers and products from retailers. Interestingly, email closely followed at 19%, up from just 10% in 2021, and in-store promotions at 15% (still a top contender, but down from 23% in 2021).

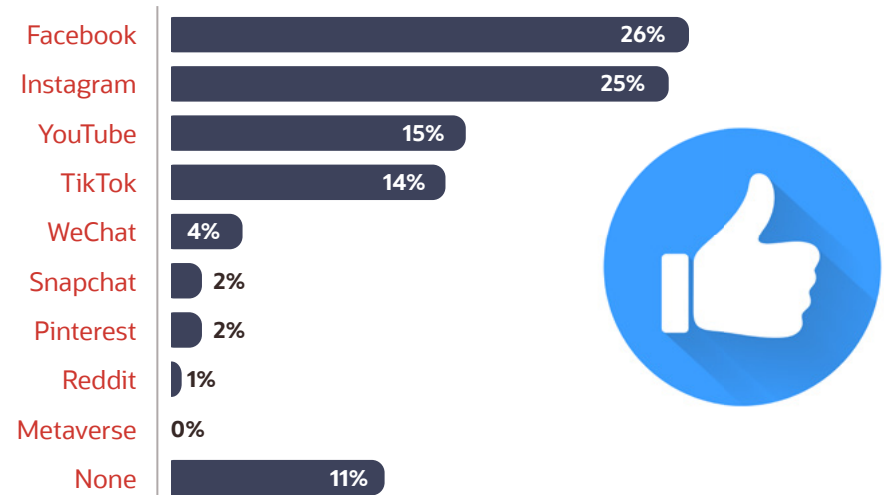
The rush back to the store is primarily driven by Baby Boomers, who cite in-store promotions as the second most compelling (21%), right behind email marketing (22%). With many customers demanding a full in-store experience, email marketing, and social media have broken through the ad clutter. What's not as persuasive? Internet ads, branded websites, and TV.

Where do you find the most compelling offers and products from retailers?



On the social front, most consumers still favored Facebook (26%) and Instagram (25%) to discover fun new finds. YouTube (15%) rounded out the top three, with TikTok's rise in popularity (14%) wasn't enough to knock it out of the top three platforms.

Which social media/interactive channels are the best for discovering great products and promotions?



More captivating and engaging content resonates with younger customers, proving that short-form video sells and is the future of buying influence. Over half of Gen Z turn to Instagram (33%) or TikTok (22%) to find out what they've been missing out on. Meanwhile, Baby Boomers are sticking with Facebook (26%), although 32% believe that none of these platforms truly work for them.

Interestingly, despite the recent hype, less than 1% of consumers turn to the metaverse to discover new products. Likewise, influencers aren't influencing as much as we thought. Despite the rise in influencer marketing over the last several years, only 12% of consumers suggested seeing one of their favorite influencers suggest a product as the reason for them to hit the buy button.



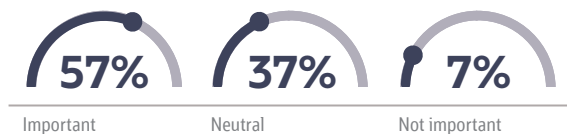
Getting personal

Although it's a slow transition, hyper-personalized, catered offers and messages are growing in demand. Overall, the majority of consumers (66%) want brands to reach out with discounts and offers on items they've purchased before (44%) or even predict items they might be interested in buying in the future (32%). In a battle of the generations, millennials are the most interested in being catered to, with 38% desiring a more personal, customized experience and wanting brands to get to know them better.

Those in the midst of the hustle and bustle seek more personalized offers, with 37% of small and large city-dwellers demanding a highly customized experience compared to 20% of those that live in suburban or rural areas. Separately, 38% of parents, apparently looking for ways to offload stress, want a hyper-personalized experience (compared to 25% for those without children). And 20% of consumers without kids prefer no personalization (compared to 8% of those with kids).

Aligning values

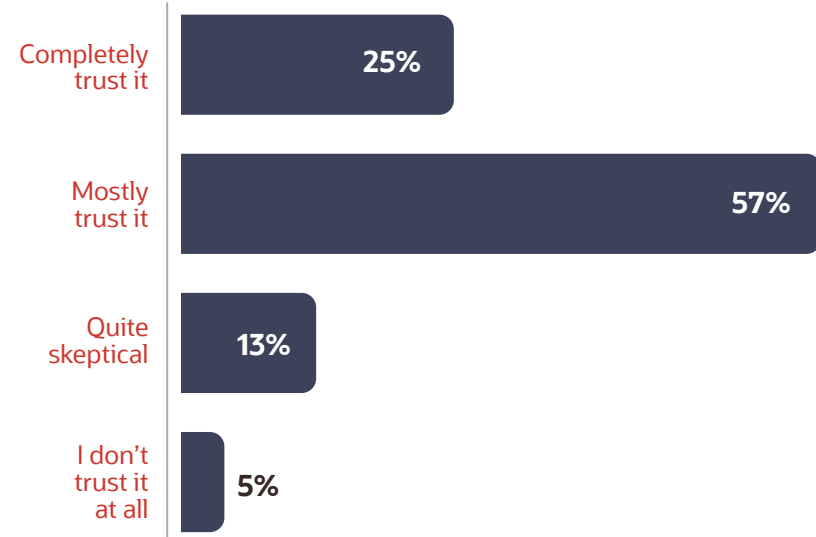
How important is it that a retailer's brand values, such as sustainability and ethically sourced materials, are aligned with your personal values?



Consumers are also looking more toward brands that they can trust. Nearly 60% said that it is important that a retailer's brand values, such as sustainability and ethically sourced materials, align with their personal values.



When you go shopping, how much do you trust the information about the products you buy from retailers today?



Building trust through transparency

The same thing held true for trust. And the good news, retailers are gaining ground in this area. When asked how much they trust the information about the products they buy from retailers today, 25% say they completely trust it—9 percent more than they did in 2019. This increase in complete trust in product information rose consistently across all age brackets in this timeframe: Gen Z (23%) increased three percentage points; Millennials (27%) increased five percentage points; Gen X (29%) increased 11 percentage points, and Baby Boomers doubled from 9% in 2019 to 18% in 2022.



Conclusion

Moving into the holiday season and 2023, both consumers and retailers are hoping for a dynamic season and robust year ahead. Recent history has made consumers adaptable and retailers nimble, all of which bodes well for the future of retail.



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