

Anatomy of Change



**Understanding Consumer Behavior
in the New Next 2020**

Methodology

The research cited in this report was conducted in 2020 with more than 5,000 consumers across four key regions, including Europe (France, Germany, Italy, United Kingdom, United Arab Emirates), APAC (Australia, China), LATAM (Brazil, Mexico), and North America (United States of America).

Independent research and creative consultancy Untold Insights conducted the research on behalf of Oracle Retail, 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.

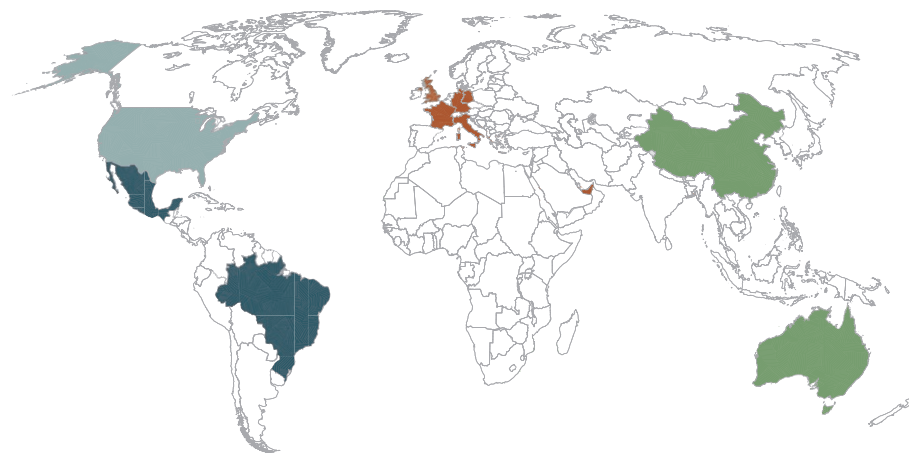
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Understanding Consumer Behavior in the New Next 2020

Introduction

2020 has been a year to remember and to forget. The pandemic had a dramatic impact on the retail industry and the consumer experience. Consumer expectations — online and offline shopping experiences — have dramatically influenced and inspired new behaviors for consumers. The year remains dynamic and unexpected, continuing to redefine what it means to have a superior consumer experience, from speed and selection to safety and sanitation.

This report examines three critical factors impacting consumer behavior as global conditions have changed—the pandemic effect, the social influence, and the holiday impact—and how retailers can anticipate, embrace, and thrive in the New Next.



World map regions, indicated by color, correlate to the list of countries included per area surveyed.

- North America:** United States of America
- LATAM:** Brazil, Mexico
- Europe:** France, Germany, Italy, United Kingdom, United Arab Emirates
- APAC:** Australia, China



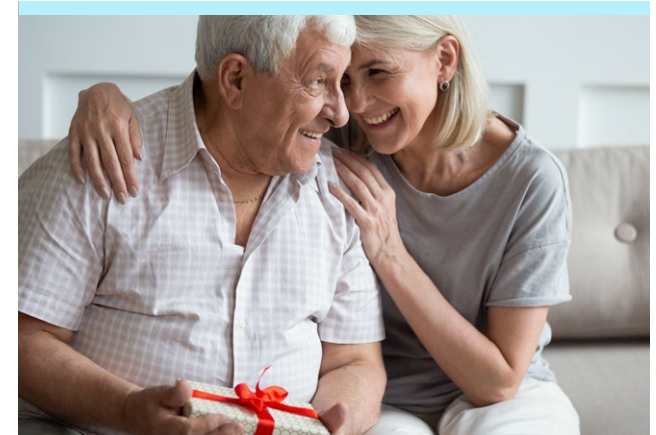
The Pandemic Effect

As the COVID-19 virus spread and lockdowns took effect, retailers saw consumer priorities change in parallel. Initially, consumers moved en masse to online shopping platforms, with a clear preference for home delivery and other [alternative fulfillment options](#) for both essential and nonessential items. While these shifts continue, as restrictions on in-store shopping lift, consumers of all ages are beginning to return to retail locations where they feel their safety is a priority. Consumers demanded a new delivery experience that brought the digital and physical experiences together. As we approach end-of-year holidays, retailers must be agile to meet the online and in-person demands of consumers over an extended shopping season.



The Social Influence

Social distancing protocols may drive physical separation, but they naturally haven't dampened the desire to connect with others. Predictably, social media has become more central to how consumers interact with each other and how they explore the world around them. With consumers in all age groups worldwide spending more time on social platforms, they are also discovering more brands and making new purchasing decisions based on their experiences on social channels. Retailers that raise their visibility and entice consumers on social media will be well-positioned to realize the full potential of connecting with a newly curious online audience.



The Holiday Impact

In an unprecedented year for retail, all eyes are on the holiday season. Consumers plan to spend as much on holiday gift-giving as in 2019. Consumers stated that they intend to shop BOTH online and in stores over a more extended period this holiday season. With ongoing limits on in-person shopping and increased demand for online shopping and alternative fulfillment options, traditional retail milestones like Black Friday and Cyber Monday will evolve into the next generation of retail (online) milestones. Despite the unpredictability of the year, consumer expectations remain high with a slice of forgiveness. Retailers must be agile in response. Brands who tap into the inventory irrespective of its location (in-store or in-warehouse), deliver on time via multiple channels, and provide uncompromising online and in-person experiences will win the consumer's heart this holiday.



The Pandemic Effect: Shopping for Speed and Safety

Rising consumer demand for online shopping options is nothing new. But what happens when in-store shopping isn't an option at all? Local and regional lockdowns, as the coronavirus spread, shuttered all but the most essential retail locations, forcing customers to turn to online platforms for their shopping needs and retailers to adapt with agility everywhere.



65%

of all adults have shopped at a nonessential store since reopening,

Millennials: 75%

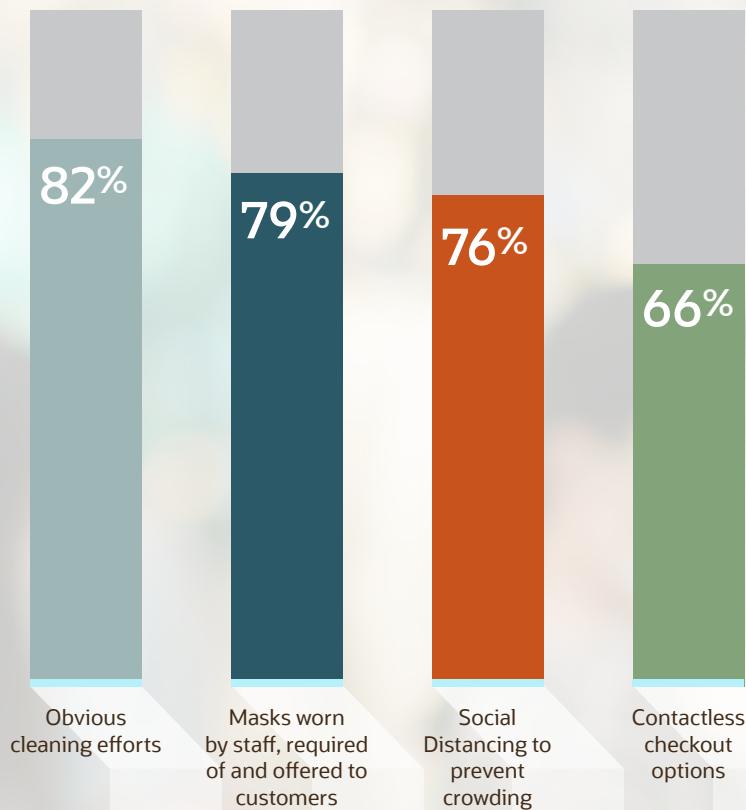
Gen Z: 74%

Since nonessential stores have begun to reopen, retailers see an uptick in apparent consumer confidence. Globally, 65% of all adults have shopped at a nonessential store since reopening, with younger shoppers leading the charge. So, what does this mean for holiday shopping? Half of the consumers report that their shopping habits will stay the same as last holiday season. This trend includes 64% of baby boomers planning a return to in-store shopping for the holidays.

Globally, 62% of seniors still shop in stores, despite their increased risk of illness. In Germany, 65% of seniors head for retail shops, while in highly connected China, 44% of seniors have shifted to online shopping with home delivery. Though seniors still strongly associate with the in-store experience, younger consumers lead the return to in-store shopping, with 75% of Millennials and 74% of Gen Z having shopped in the store since reopening.

Despite the return to in-person shopping, consumers are still looking for retailers to reassure them about the safety of in-store experiences by clearly following public health guidelines.

What makes consumers feel safe shopping in-store?



71%



of consumers say that the speed of service, [checkout experience](#), and delivery options are important to stay loyal to a retailer.

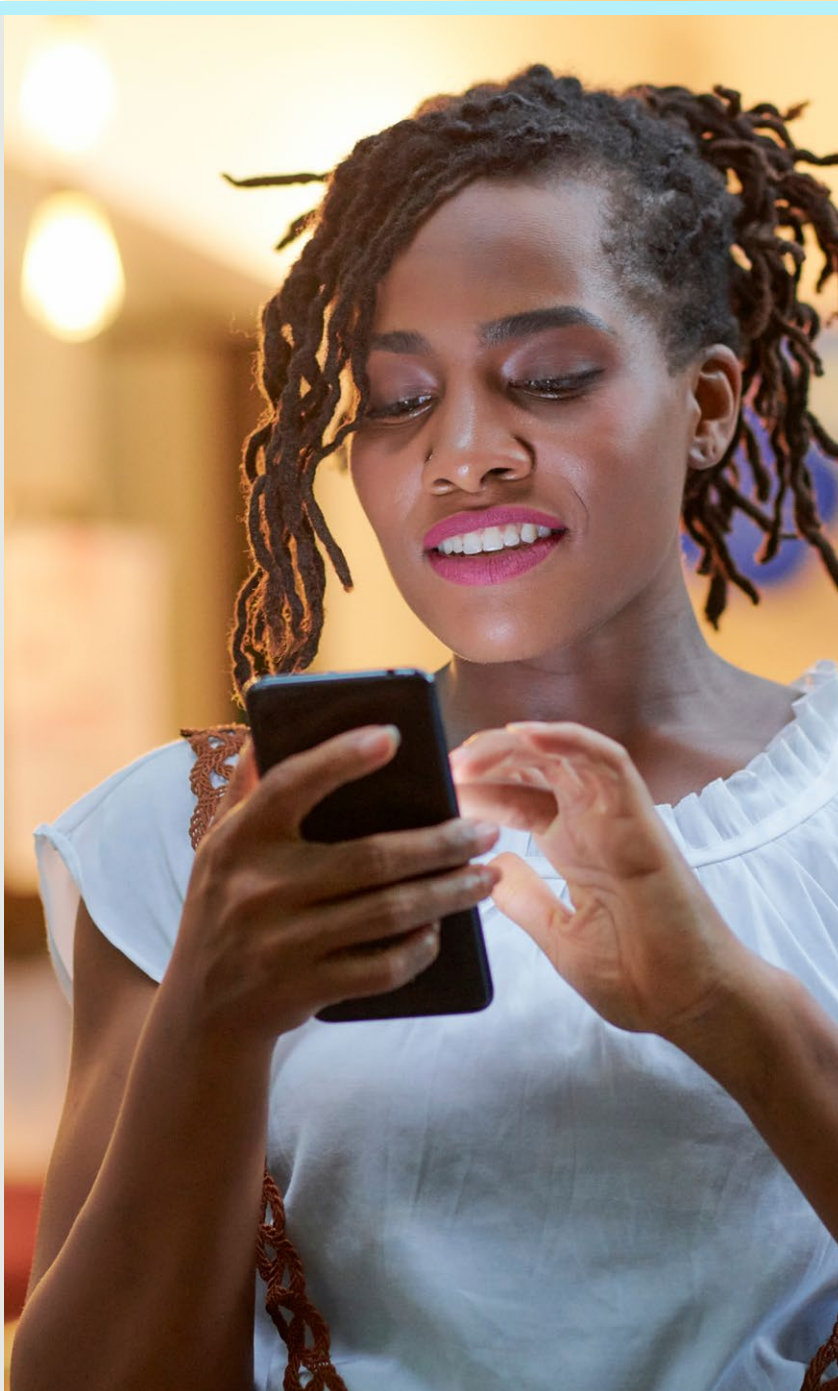
And although many consumers appear eager to return to "normal" shopping habits, consumers and retailers alike continue to explore low- or no-contact delivery methods, as well as new ways to minimize shopping time in stores. Home delivery is still preferred by 66% of consumers globally, with just 18% opting for in-store pickup and 16% for curbside pickup.

Negative experiences, like out of stocks and limited product [availability](#) or extended shipping time, drive purchasing decisions as well, and 33% of consumers say that delay of goods equates to a bad shopping experience.

Availability, or lack of, is also driving changed consumer behavior, opening the door for consumers to try new brands and even new stores. More than 63% of global consumers reported trying new stores to meet their needs for essential goods, and more than half plan to continue shopping at these new stores moving forward. Meanwhile, 82% of global grocery shoppers reported trying [private-label](#) or store-owned brands, along with 62% of shoppers searching for nonessential goods.

The Social Influence: Discovery from a Distance

Consumer preferences for online experiences aren't limited to shopping alone. As more people have stayed home, social media use has predictably increased. Unable to meet in person, people turn to social channels to connect with friends, share personal updates, get news, and engage in day-to-day conversations. Where consumers go, retailers must follow. As consumer demand grows digital, retailers expand their visibility on social channels to entice new consumers and capture new shoppers as behaviors continue to change.



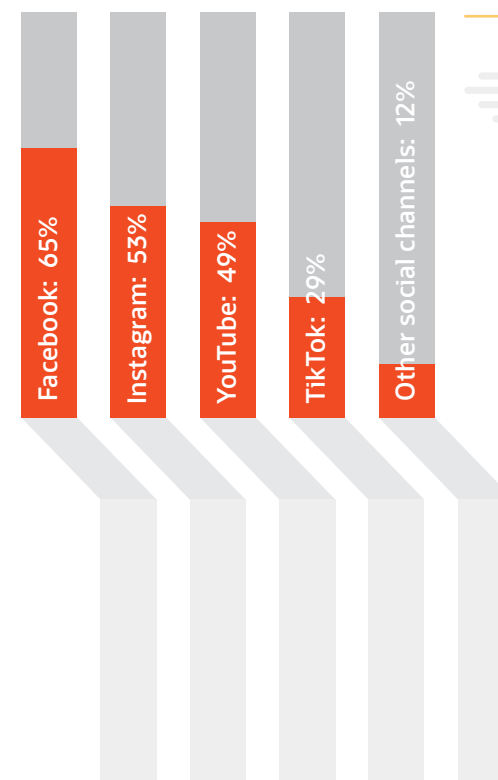
Social discovery by platform

By far, consumers around the world discovered new brands on Facebook first, then Instagram. The exception is naturally China, where 88% of consumers found new brands on TikTok, while only 30% of consumers discovered new brands on YouTube, 26% on Facebook, and only 18% on Instagram.

During the pandemic

48%

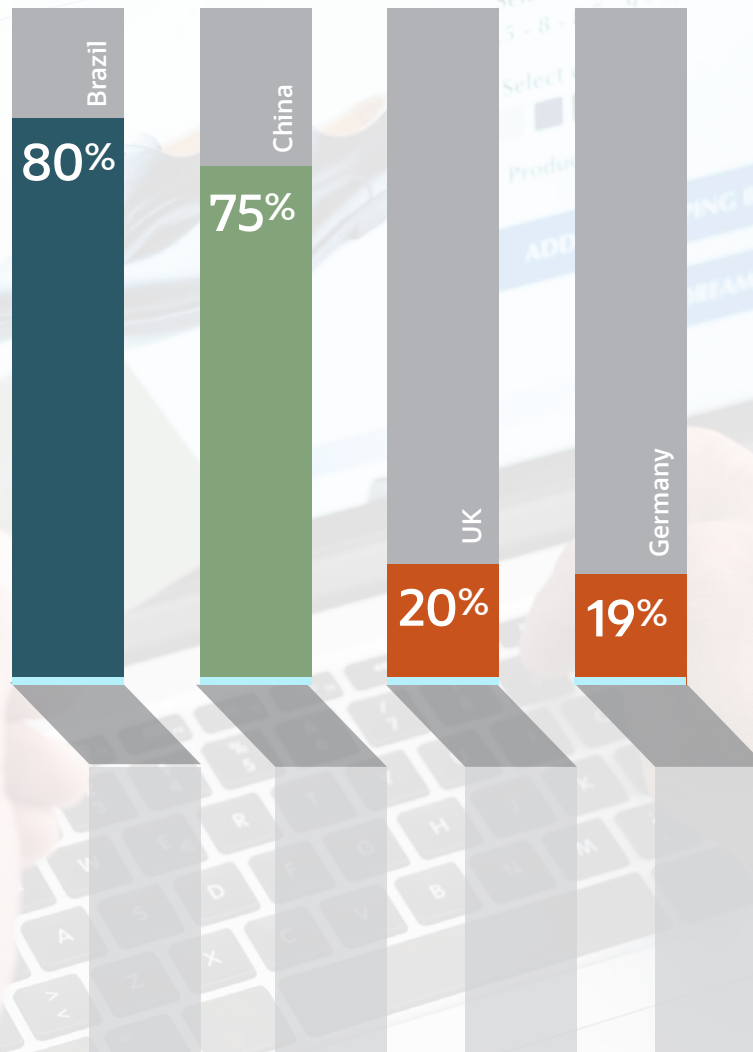
of consumers around the world reported discovering new brands on social media.



Social discovery by market

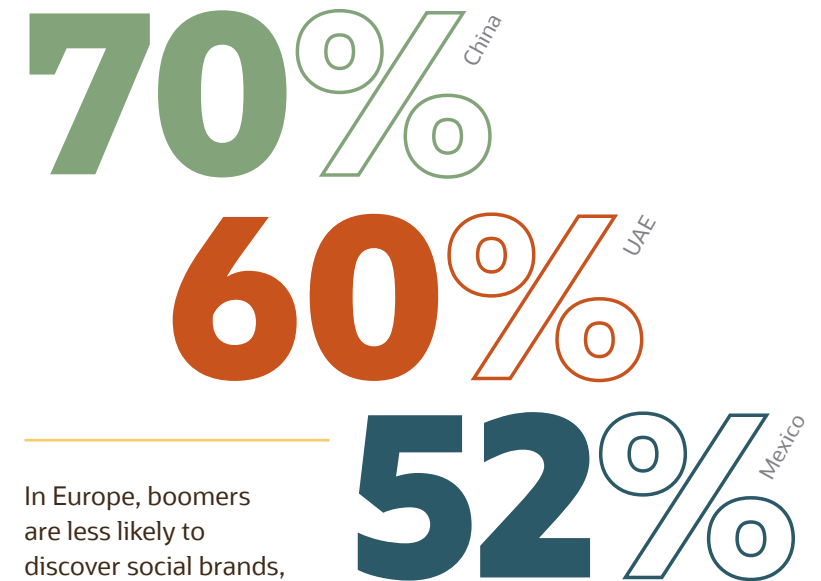
Consumers in Brazil (80%) and China (75%) were most likely to use social media to discover new brands.

In contrast, consumers in the UK (20%) and Germany (19%) were least likely to rely on social media to find new brands.



The boomer experience

Globally, younger consumers (Gen Z at 67% and millennials at 65%) are the most likely to discover new brands on social, compared to only 20% of baby boomers. However, specific markets show an uptick in older consumers discovering brands on social channels:



In Europe, boomers are less likely to discover social brands, including just 34% in Italy, 9% in France, and 6% in Germany.

The Holiday Impact: An Unprecedented Season

Despite the challenges of the year — or perhaps because of them — consumers are trying to create a memorable holiday season.



More than half: **58%** are planning to spend the same amount or more versus 2019.

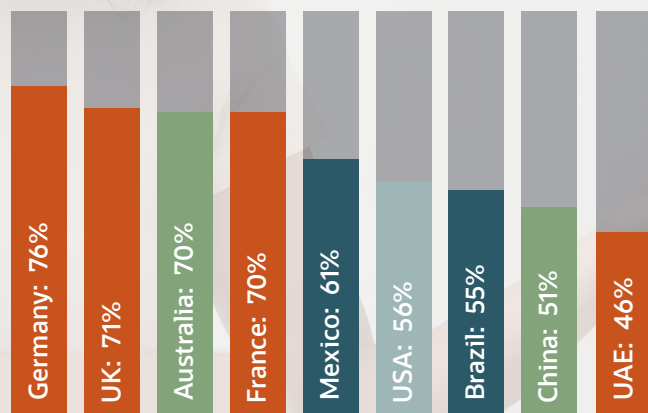
Holiday shoppers are also planning a mix of online and offline shopping, with 47% of consumers planning to shop virtually and in-person—just 19% plan to shop exclusively in-store. With so much shopping taking place on online platforms, retailers must find a way to leverage physical proximity and inventory in the stores to meet demand. December 18th was the magic deadline for online shopping to ensure Santa's gifts arrive on time. Similarly, with increasing volume and the delivery windows extending longer than average, the procrastinators will have to turn to in-store shopping to secure last-minute gifts.

More so this year than in the past, gift-buying plans show a preference for the practical. Of global consumers surveyed, 39% said they were planning to purchase clothing and necessities, 29% are planning to buy electronics, and 27% are planning purchases of gift cards.

Around the world, more consumers than ever before are planning to not return holiday gifts. In the US, UAE, China, and Brazil, about half of consumers plan no gift returns, while 70% or more of consumers in Australia, France, the UK, and Germany plan to keep all their gifts.

The Geography of Gift Returns

Plan to return no gifts:



Globally, only

36%

plan to go to the store to execute their returns.

A trend toward necessities could also indicate fewer returns this year. In 2019, 77% of consumers reported planning to return at least some of their gifts. This year, only 38% plan to return some gifts.

To ensure customer satisfaction and retain loyalty, retailers will need to explore alternative return methods for gift-givers and recipients that don't devour the season's profits.

Globally, engaging consumers on social channels, even as they return to "normal" social interaction, is also likely to continue to yield new customer engagement. Retailers must make an effort not just to know what consumers want and what they are purchasing but also to understand why deeply. Understanding customer audiences and segmenting offers to drive new and return engagements will keep brands at the forefront of competitive social spaces.

Conclusion

Global events have created significant shifts in consumer behavior in 2020 — changes that will likely impact the retail industry for years to come. Customer care and customer engagement have also taken on new dimensions in the current environment. While convenience remains a priority for consumer decision-making, safety is emerging as a strong consumer choice driver. As the customer journey evolves and becomes even more personalized, retailers will do well to rethink the shopping experience, embracing mobile as the new and leading point of sale and creating flexible, engaging, and frictionless virtual store environments.

There is no way to know what lies ahead. In retail, the balance between digital and physical shopping preference changes almost daily. Retailers that can be agile in meeting shifting consumer demands, both online and in stores, while also showing care for customer safety will benefit this new environment.

Similarly, those that can innovate for their consumers, offering new browsing, buying, and fulfillment options (such as [online ordering with curbside or in-store pickup](#) or home delivery) will also be well-positioned to succeed. The key is flexible, sophisticated omnichannel operations that engage consumers at every step.

As the holidays draw close, all signs point to a busy season for retailers – and a challenging one, with consumers fluctuating between online and offline shopping with expectations for superior customer service. With greater [insight into their inventories](#), retailers can accurately assess what's in stock and where inventory is located to meet demand, regardless of channel. Nevertheless, consumers maintain high expectations for availability and delivery speed. [Inventory transparency](#) and clear deadlines for holiday-timed shipping will help end 2020 on a high note.



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