

# 2017 RETAIL INDUSTRY REPORT

SHOPPING ONLINE VS IN-STORE COMPARISON FOR  
ELECTRONICS, FASHION & HOME IMPROVEMENT



**TRENDSOURCE**  
TRUSTED INSIGHT

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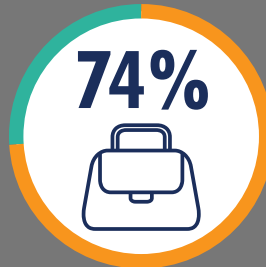
ONLINE  
IN-STORE

## WHICH SHOPPING EXPERIENCE DO YOU ENJOY MORE?

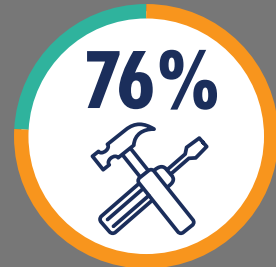
In all three industries, respondents still prefer the in-store shopping experience over online. While roughly  $\frac{3}{4}$  prefer in-store shopping for Fashion and Home Improvement, the narrowest gap appeared in electronics where 66% prefer in-store. With the rising popularity of online shopping, what keeps drawing these shoppers to in-store experiences?



**ELECTRONICS**  
n=884



**FASHION**  
n=1,582



**HOME IMPROVEMENT**  
n=1,735

### It's All About the Customer Service!

While online shopping beats in-store in expected categories such as availability of products and variety of selection, in-store dominates in terms of customer service. Through all three industries, overwhelming majorities of respondents felt returns and exchanges were far easier in-store.

### Pricing, the Final Battleground

While shoppers have decided that online is the place to go for availability of products and variety of selection, and in-store for customer service and returns and exchanges, there remains one final battleground: pricing.

Respondents proved almost evenly split when asked whether they believe pricing was better in-store or online, with only 51% believing fashion prices were better online and 55% believing the same of home improvement prices.




CLEAR MAJORITIES STILL WOULD RATHER THE IN-PERSON BRICK AND MORTAR EXPERIENCE OVER ONLINE

Online has a reputation for being less expensive due to lower operating costs and brick-and-mortar stores often struggle to compete with online pricing. Yet physical stores offer clearance sales, seasonal promotions, price matching, and other discounts to even the playing field.

### All Things Being Equal

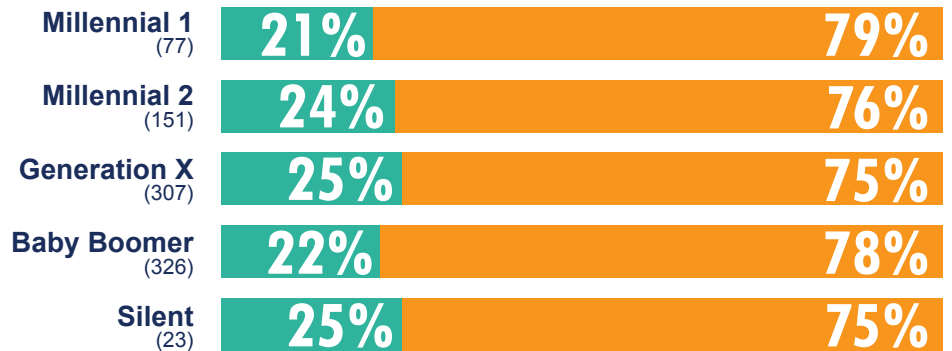
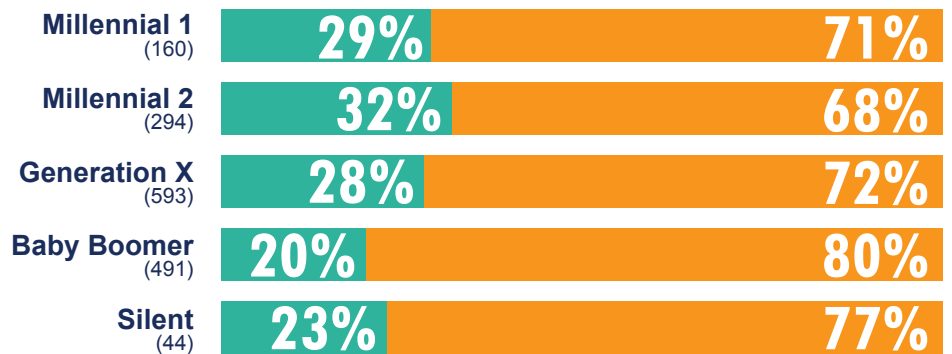
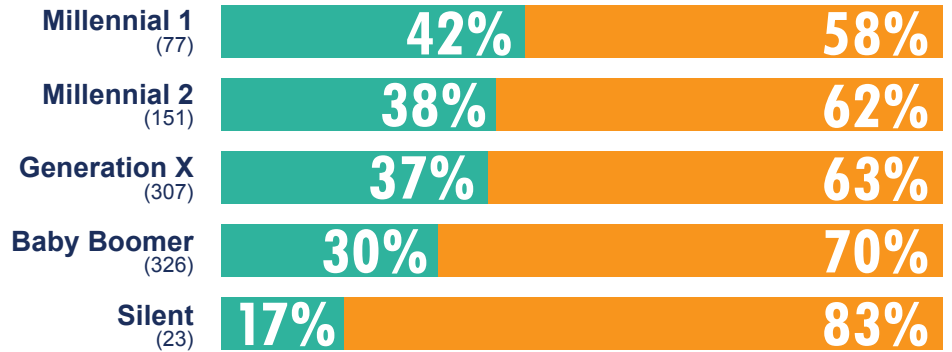
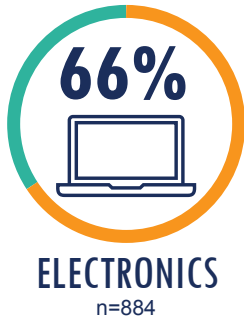
With respondents seeing the virtues of both online and in-store, and remaining fairly uncertain about which offers the best pricing, clear majorities still would rather the in-person brick and mortar experience over online.

## PLEASE RATE WHETHER YOU BELIEVE THE FOLLOWING ARE BETTER IN STORE OR ONLINE:

	Availability of Products	Customer Service	Pricing	Returns and Exchanges	Variety of Selection
 <b>ELECTRONICS</b>	<b>73%</b>	<b>82%</b>	<b>62%</b>	<b>89%</b>	<b>73%</b>
 <b>FASHION</b>	<b>73%</b>	<b>84%</b>	<b>51%</b>	<b>93%</b>	<b>71%</b>
 <b>HOME IMPROVEMENT</b>	<b>70%</b>	<b>90%</b>	<b>55%</b>	<b>95%</b>	<b>70%</b>

Gray-colored numbers represent highest across retail category.

## WHICH SHOPPING EXPERIENCE DO YOU ENJOY MORE?



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■ ONLINE  
■ IN-STORE

Millennials nonetheless preferred in-store shopping across all three industries.

We hear all the time that millennials will be the death of brick and mortar shopping—the generation glued to its smart phone, shopping via social media, and shunning real-world interaction will retreat so far into their digital bubble that the retail industry will follow it.

Yet that doesn't seem to be the case. Even when millennials preferred online in numbers greater than their older counterparts, millennials nonetheless preferred in-store shopping across all three industries.

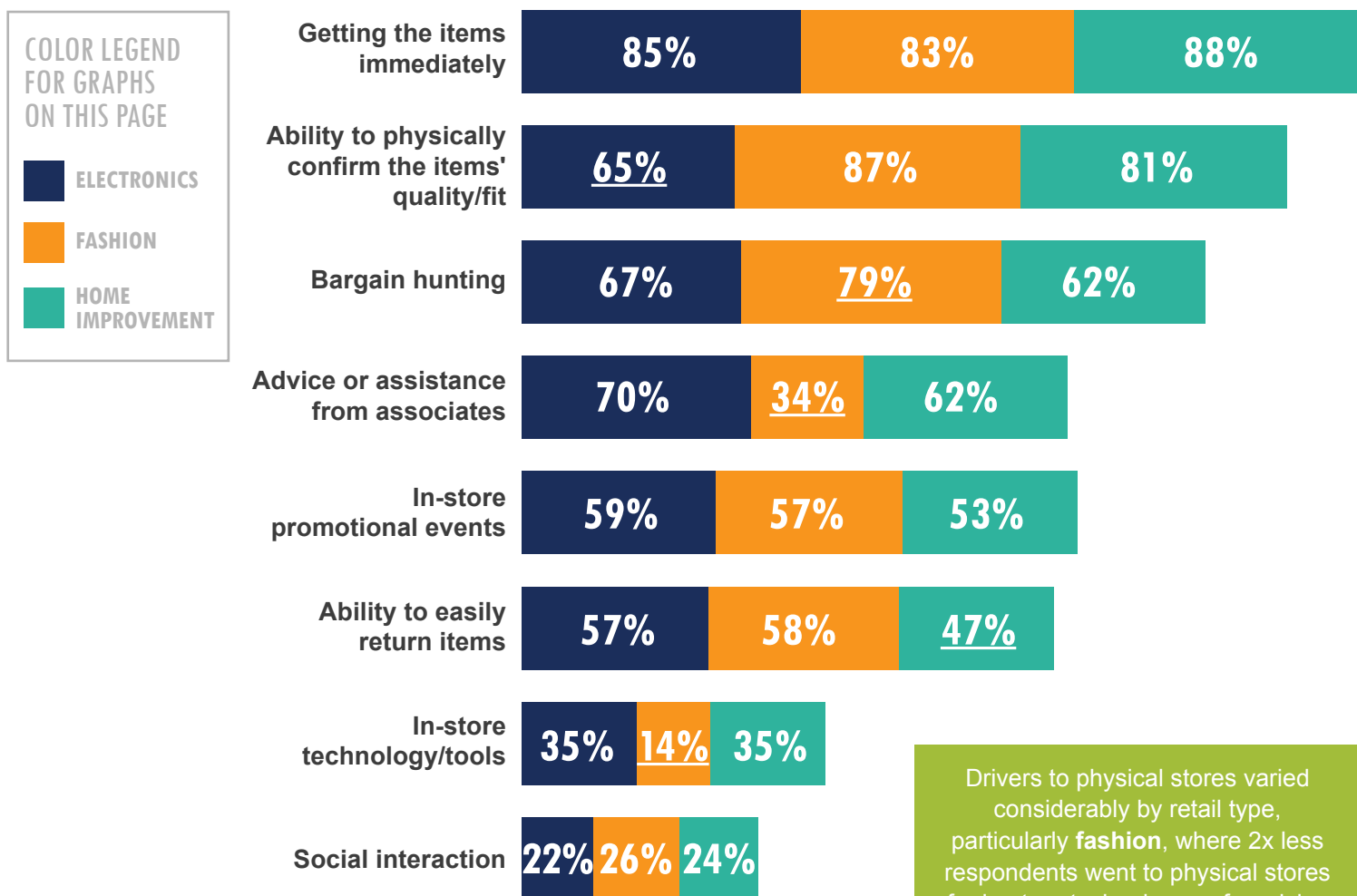
### Luddites and Nerds

Electronics, unsurprisingly, showed the greatest generational gap between online and in-store shopping.

Indeed, the older a customer, the likelier they are to prefer in-store electronics shopping with 83% of silents still heading to brick and mortar stores for their electronics purchases while a considerably smaller percentage of younger millennials (58%) favor in-store. Similarly, though not identically, older generations preferred in-store in fashion as well.

Generation did not impact home improvement preferences, however, with roughly the same percentage (75%-79%) of shoppers preferring the in-store experience.

## WHICH OF THE FOLLOWING DRIVES YOU INTO A PHYSICAL STORE TO MAKE A PURCHASE RATHER THAN DOING SO ONLINE?



Underlined numbers are significantly different at a 95% confidence level

Drivers to physical stores varied considerably by retail type, particularly **fashion**, where 2x less respondents went to physical stores for in-store technology or for advice from associates.

## Even Two Days is Slow Compared to Zero

If the reports of retail's death were greatly exaggerated, what is bringing shoppers into stores? Well, in all three industries immediacy is king. "Getting the items immediately" drives 85%, 83%, and 88% of shoppers to physical electronics, fashion, and home improvement stores, respectively.

### On-Site Inspection

The ability to physically inspect items to ensure quality and fit also proved quite enticing to fashion (87%) and home improvement (81%) shoppers, but did not carry over as strongly into electronics (65%), where merchandise is far more standardized than the other two industries.

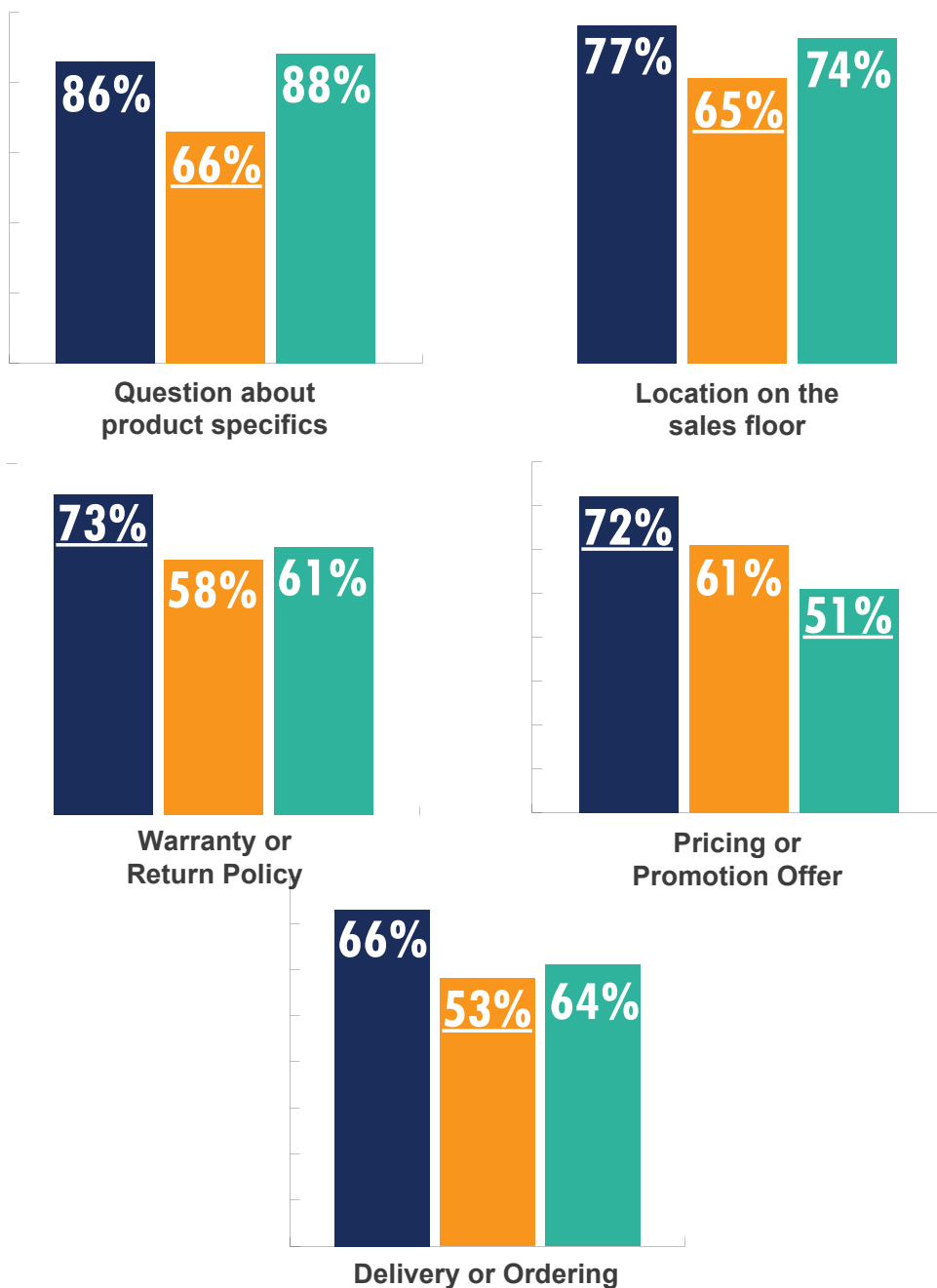
IMMEDIACY IS KING.

### More than You Bargained for?

With the rise in popularity of discount fashion stores such as TJ Maxx, Nordstrom Rack, and Ross, nearly 80% of fashion shoppers report being drawn into the store for bargain hunting. While similar bargains may be available online, the in-store "treasure hunt" experience is perhaps driving in-store purchases as customers potentially spend hours upon hours sifting through racks looking for their next great deal.

Yet they don't want any help doing it. While 70% of electronics shoppers and 62% of home improvement shoppers go in-store to seek advice or assistance from associates, only 34% of fashion shoppers want similar guidance. Some of this might have to do with the reputation fashion salespeople have for being a bit, well, shall we say pushy? But it also might speak to the evolution of fashion shopping in general—are customers already experts in what they "want" from social media and digital channels? Do they nonetheless enjoy the hunting for what they want at the best possible price?

## PLEASE RATE YOUR DESIRE FOR ASSOCIATE INTERACTION WHEN CONSIDERING THE FOLLOWING:



Underlined numbers are significantly different at a 95% confidence level

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### Just Leave Me Alone!

We know that only 34% of fashion shopper respondents are driven to physical stores seeking assistance and advice, and indeed, when asked to rate their desire for associate interaction in specific situations, they were less likely to desire this interaction in nearly every scenario. This is in stark contrast to retail in general, and electronics and home improvement more specifically, where associate interaction is more appreciated.

### Where Do You Plug This In?!

For electronics shoppers, the opposite proved true, with more respondents wanting associate interaction than any other industry in all but one scenario.

Electronics can be complicated for the uninitiated and it could be that conferring with an expert is especially important in this setting. This allows them to ensure comprehension of warranty and return policies, find the best pricing and promotional information, as well as set up deliveries, which were all areas in which respondents indicated they want some help.

### Improving Home Improvement Knowledge

Home Improvement shoppers, more than any other, want an associate to explain product specifics to them, which could make sense given their varied nature, complexity, and relative danger (nobody ever sawed their finger off with a floral printed blouse).

Respondents who visited **fashion** stores were less likely to desire associate interaction in all scenarios except pricing or promotion offers.

Retail in general and retailers specifically appeal to shoppers' five senses. In a crowded marketplace, being noticed is important, and as brick and mortar establishments defend themselves from or try to fold themselves into online, striking the right notes is important.

### I Spy with My Little Eye, I Hear with My Little Ear

As we learned in our food safety study, consumers trust what they can see. In all three industries, clear majorities reported that sight heightened their in-store experience.

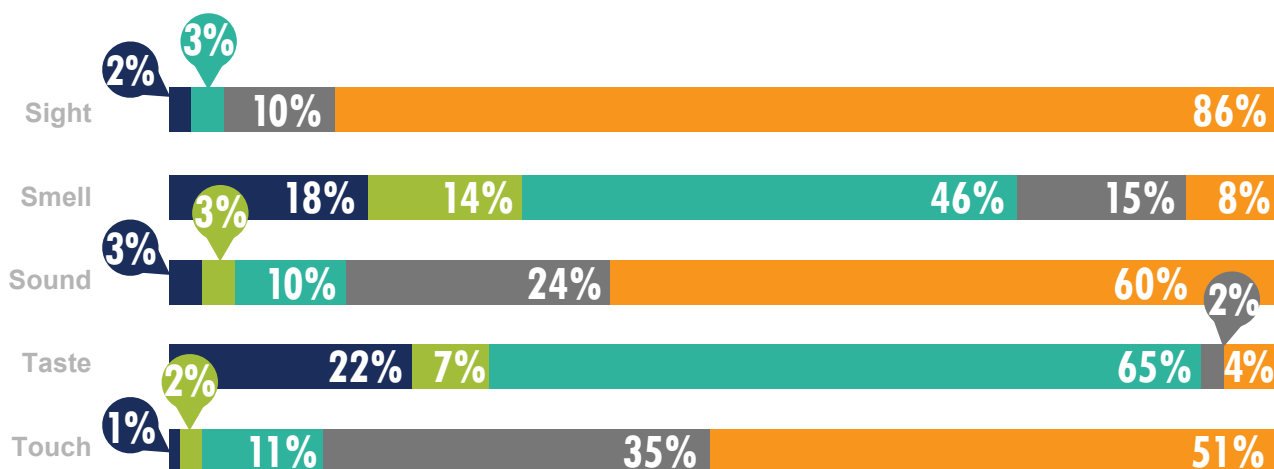
Yet not all the senses are so clean cut. While respondents also generally agreed across all three industries that touch also heightened their experience and that smell had little positive effect, they were not so sure about sound.

While 84% of electronics shoppers see it as a positive influence on their shopping experience, only half of fashion and home improvement shoppers felt the same positivity. Electronics retailers sell goods specifically designed to produce sound, namely speakers and other electronic devices and systems. Could it be that hearing these precise sounds from display units playing popular music and movies heightens their shopping experience?

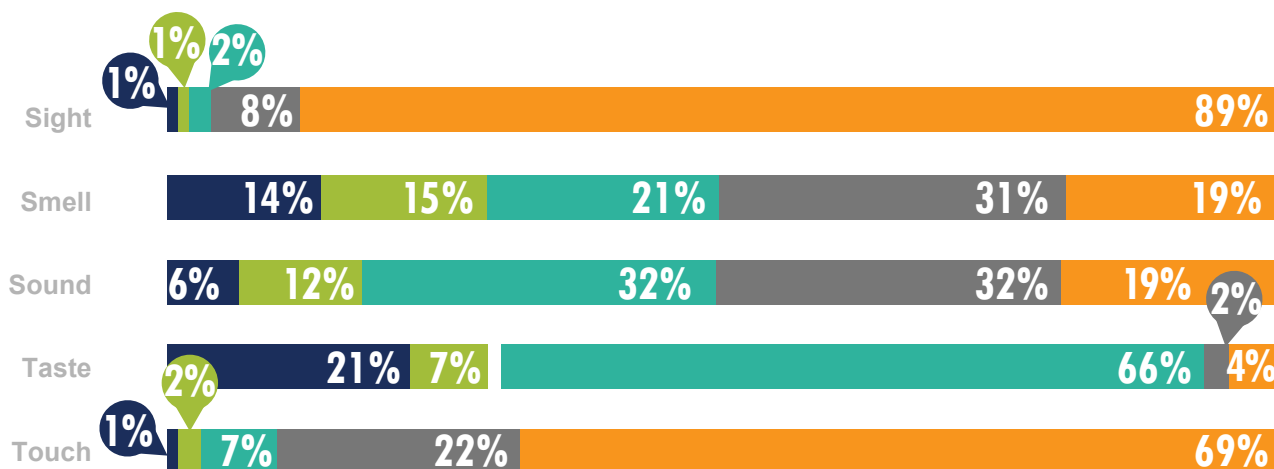
Fashion, however, is almost entirely silent save tap shoes and the occasional swooshing pair of pants. Home improvement goods make noise but only as a bi-product of their function: the sounds of electric motors, forklifts, and power saws are not the purpose of their design but rather a potentially irritating result if it.

## PLEASE RATE HOW THESE SENSES AFFECT YOUR IN-STORE EXPERIENCE:

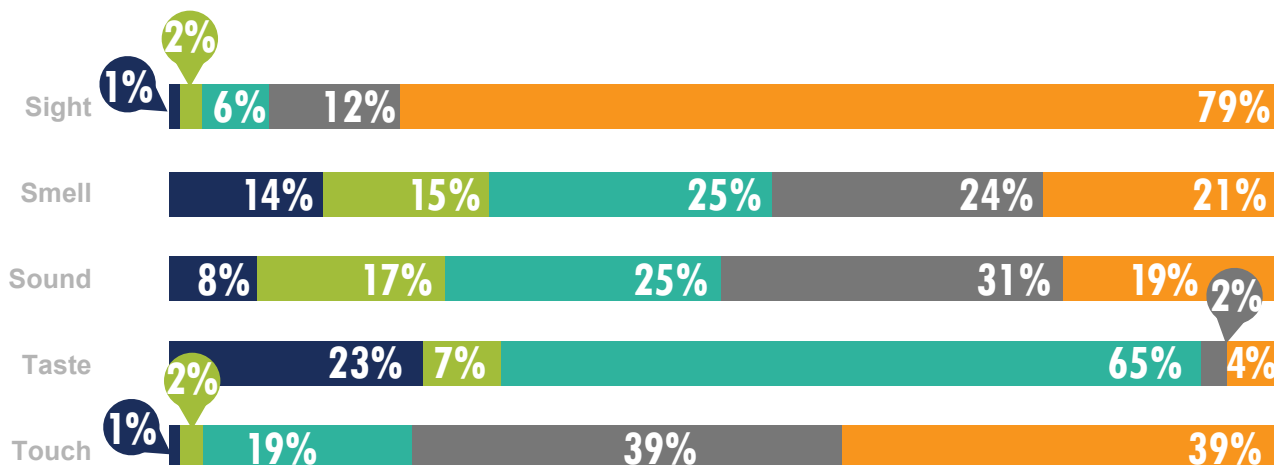
### ELECTRONICS n=884



### FASHION n=1,582



### HOME IMPROVEMENT n=1,735



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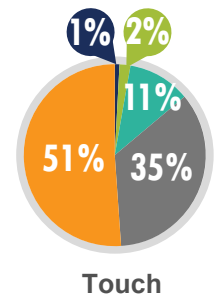
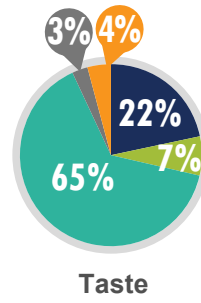
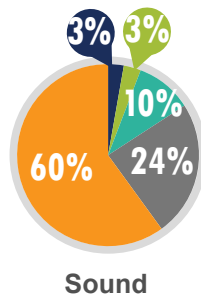
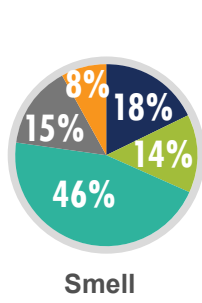
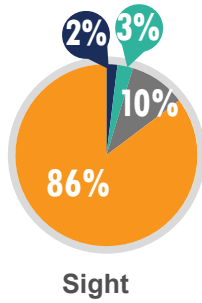
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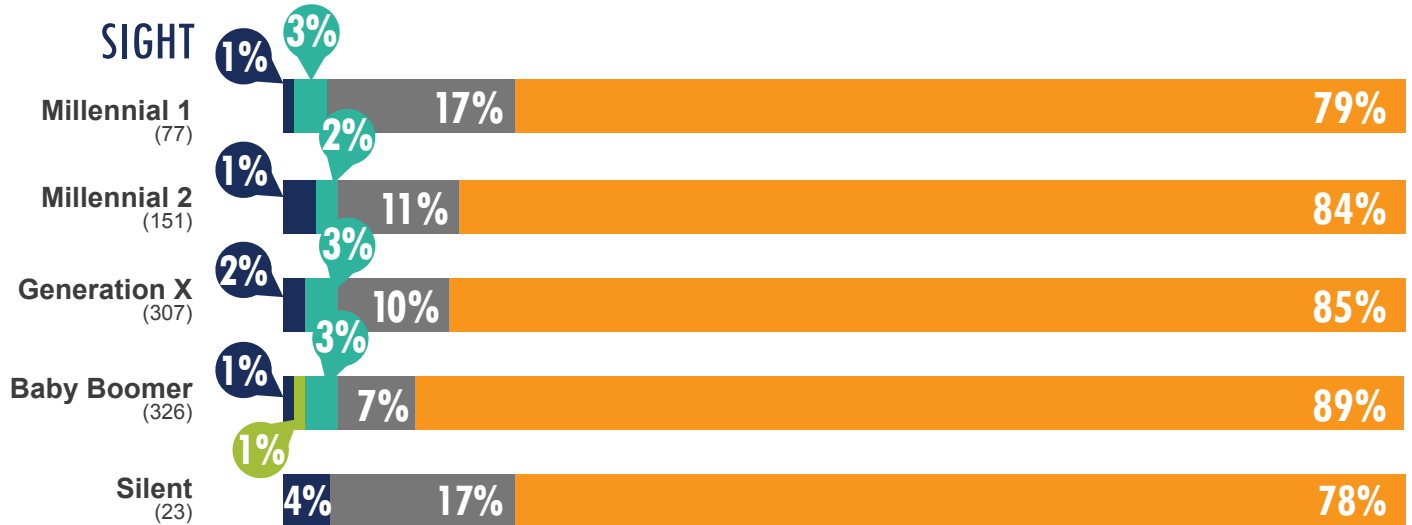


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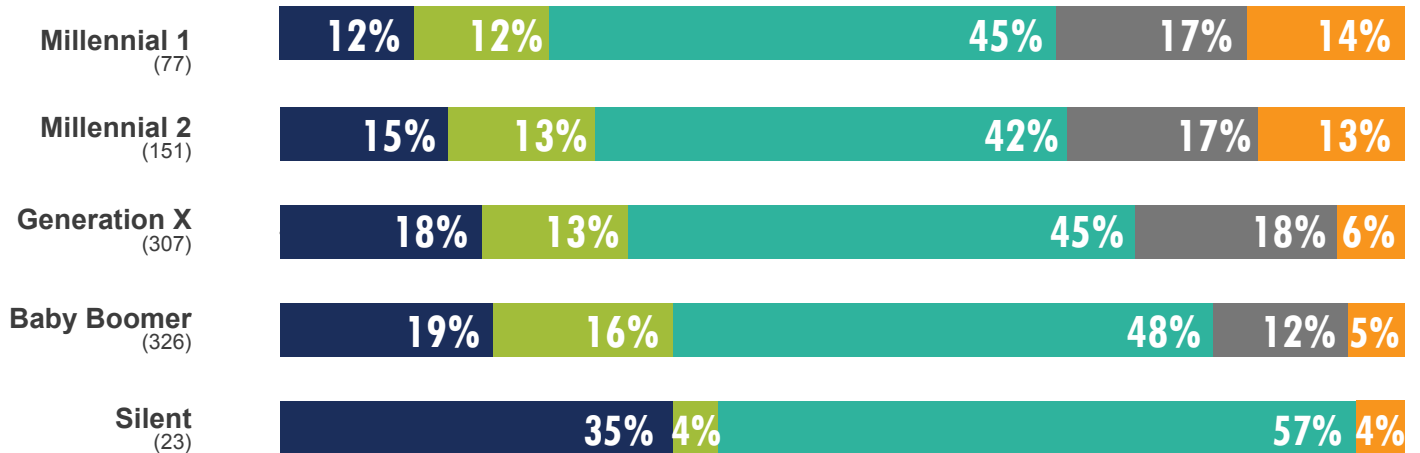


## LET'S BREAK IT DOWN

### SIGHT



### SMELL



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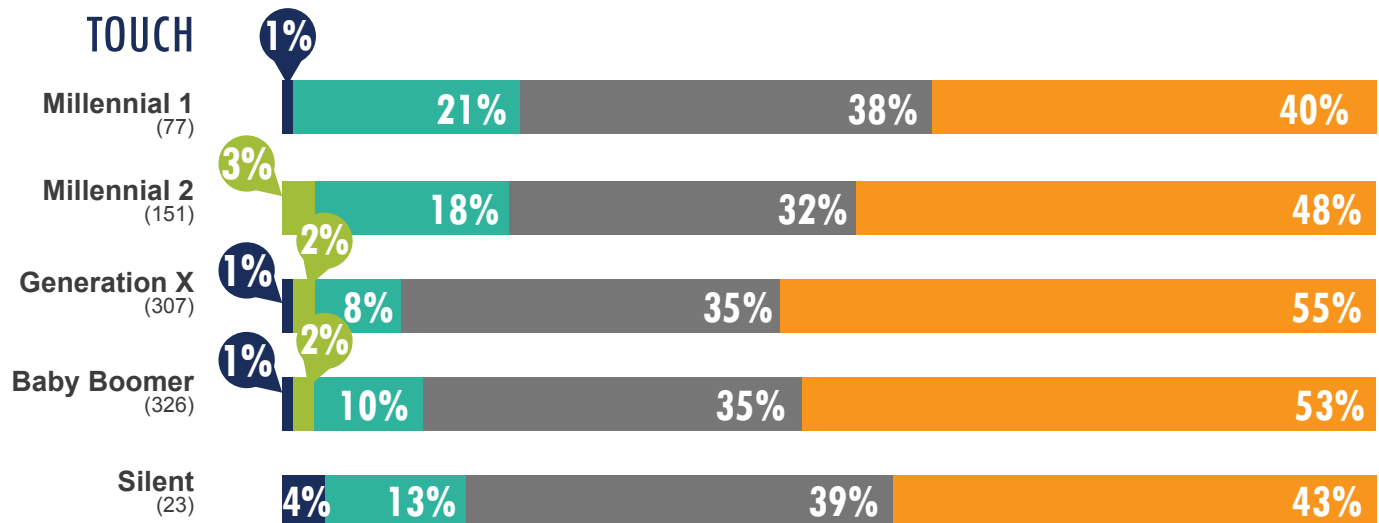


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HEIGHTENS



HEIGHTENS

## TOUCH



Opinions on how senses affect the shopping experience varied by generational group. Some, such as smell, displayed a large disparity, while others (sight, for example) had similar distributions.

### Something Smells Fishy in Here...

Within electronics, as would be expected, shoppers across all generations felt that seeing (96%) and physically interacting (86%) with the store and its products enhanced their shopping experience. But it gets a bit trickier with smell. Smells trigger different associations and reactions among different people and the older a customer, the less inclined they are to appreciate the smells of a typical electronics retailer.

While ~30% of millennials (1 and 2) find that electronic store smells enhance the shopping experience, only 4% of silent shoppers and 19% of boomers felt the same way.

Whether the store is triggering a physical or emotional response (or both), it does seem that, at least on an olfactory level, millennials are more at home in an electronics store.

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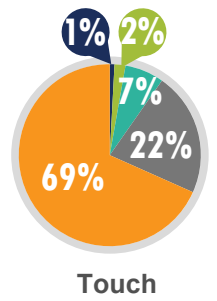
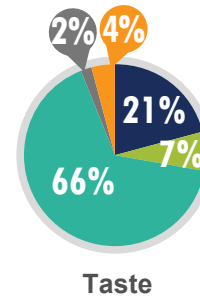
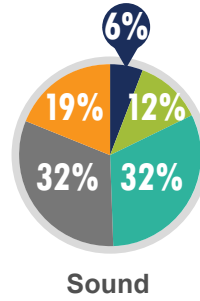
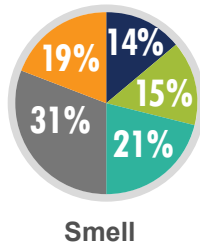
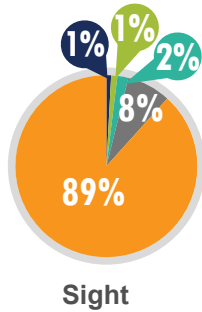


HEIGHTENS



## FASHION

n=1,582



## LET'S BREAK IT DOWN

### SOUND

Millennial 1  
(77)



Millennial 2  
(151)



Generation X  
(307)



Baby Boomer  
(326)



Silent  
(23)



### SMELL

Millennial 1  
(77)



Millennial 2  
(151)



Generation X  
(307)



Baby Boomer  
(326)



Silent  
(23)



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SOMEWHAT  
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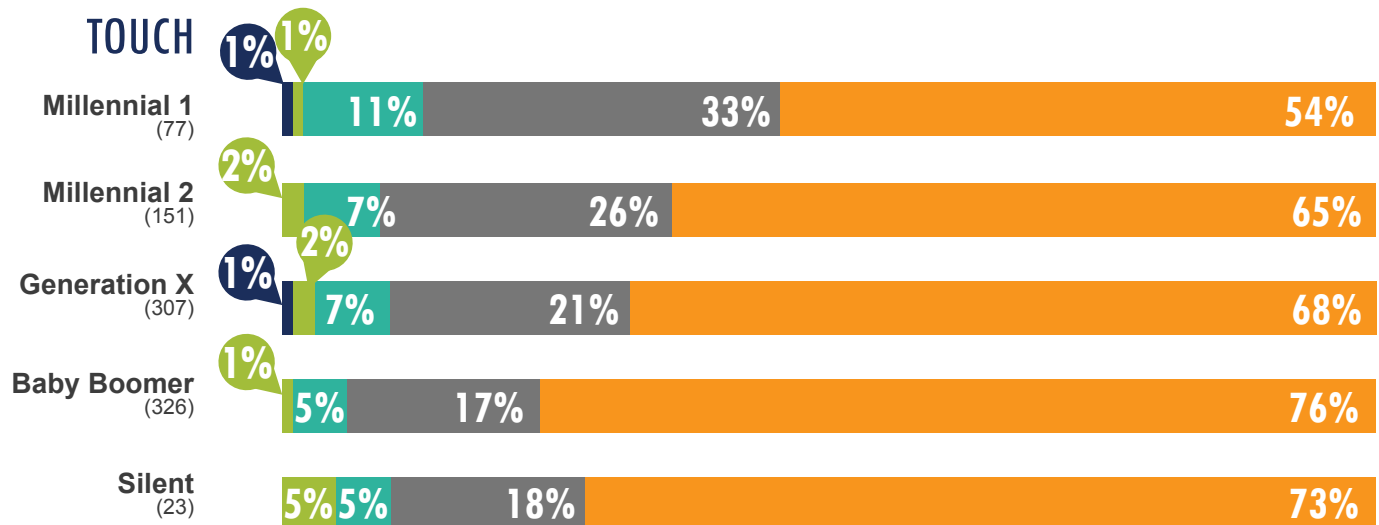


SOMEWHAT  
HEIGHTENS



HEIGHTENS

## TOUCH



Opinions on how senses affect the shopping experience varied by generational group with some, such as smell and sound, showing considerable differences between groups.

### Turn that Music Down!

The same held true for fashion where, as expected, each generation valued the sight and touch, but generational disparities emerged when it came to sound. While 57% of millennials say that the sounds of fashion retail heighten their shopping experience, this was true for only 28% of silent. Clothing stores often play music to create a particular atmosphere—be it tony piano music in an upscale store or contemporary hip hop and house music at trendier locations—and the younger a shopper, the likelier they are to appreciate these sounds.

Of course, it could be that this is no accident—that these young shoppers are the ones retailers are targeting when creating their in-store experience. But it is worth noting that the silent generation valued touch in fashion retail more than any other generation, so it's not just that our elders disapprove of everything.

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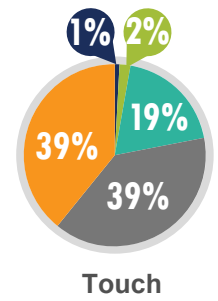
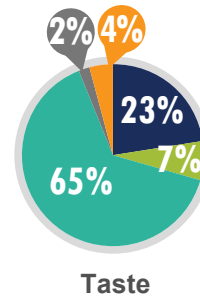
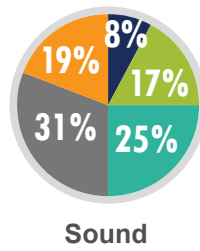
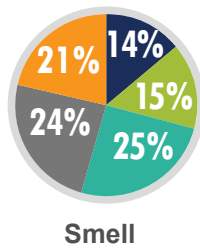
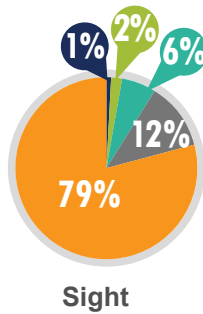
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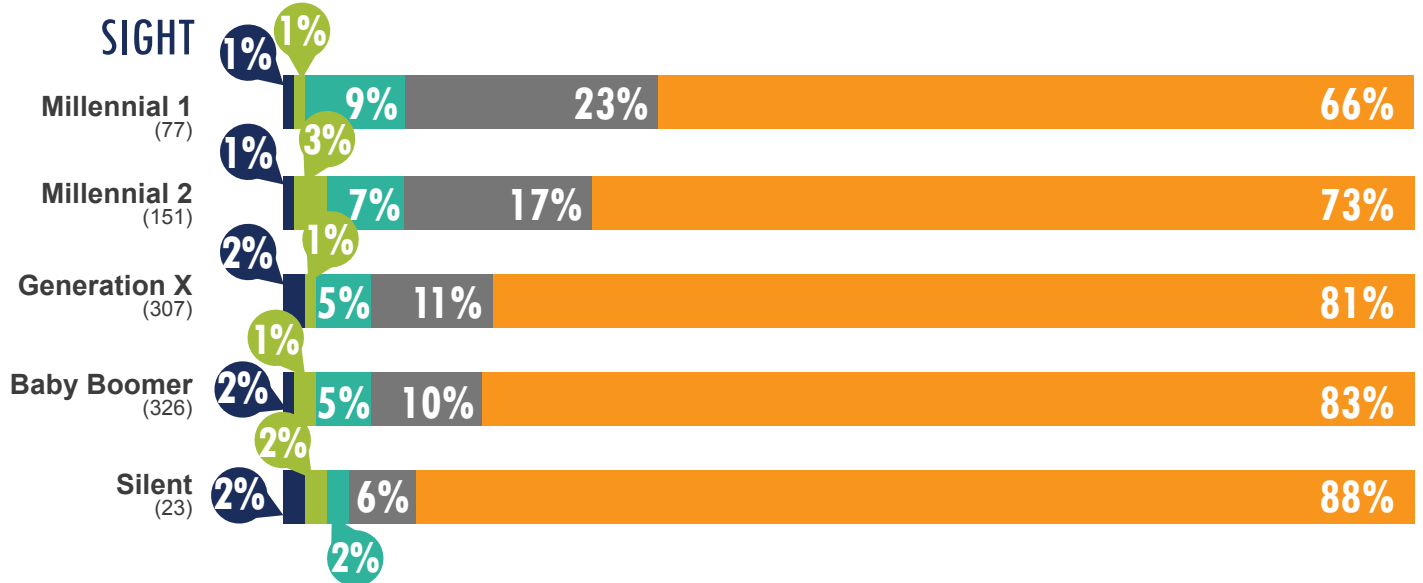


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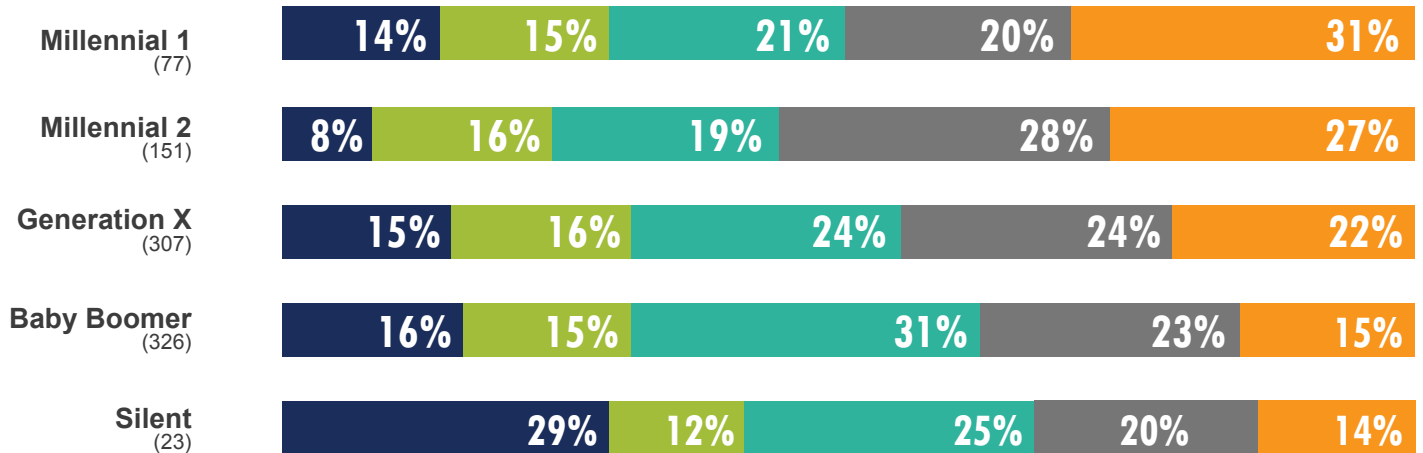


## LET'S BREAK IT DOWN

### SIGHT



### SMELL



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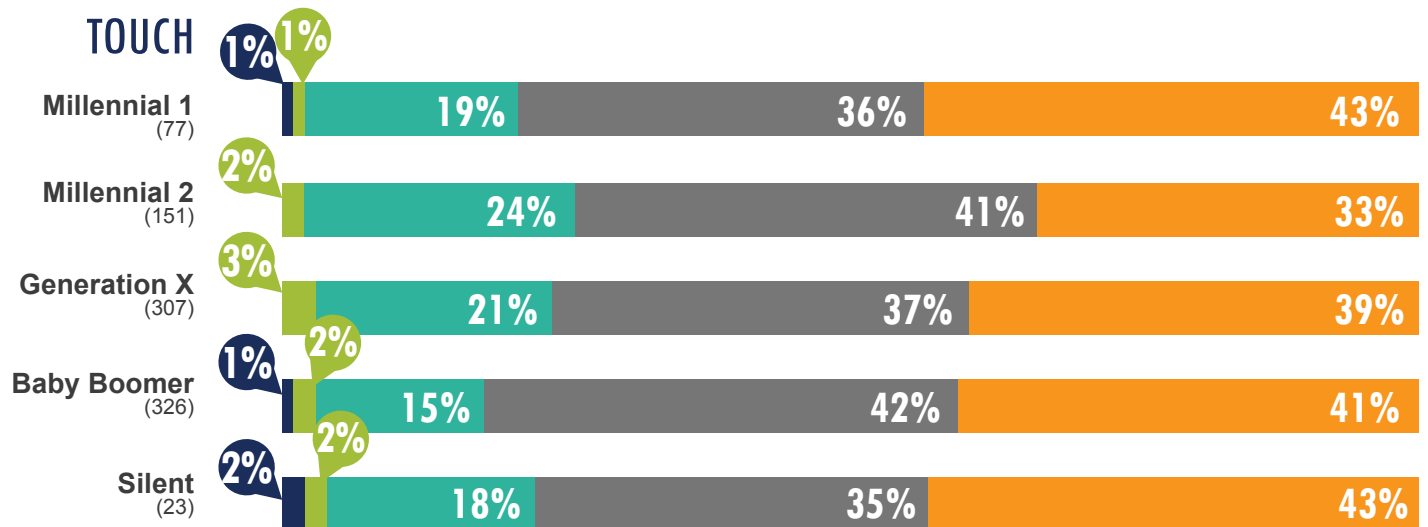


SOMEWHAT  
HEIGHTENS



HEIGHTENS

## TOUCH



Opinions on how senses affect the shopping experience varied by generational group with some, such as smell and sound, showing considerable differences between groups.

### Smells Like Teen Spirit

The iconic fresh-cut-wood smell seems to be a crowd pleaser among millennials, as over half of them reported enjoying the olfactory experiences home improvement stores offer. The older folks aren't too concerned with smell—at least ¼ of X, Boomers, and Silents were entirely indifferent to it—but really (really) wanted to take a look around. A stunning 94% of silents said sight heightened their shopping and, the older the respondent, the likelier they were to respond similarly.

Does this indicate a mistrust among these generations of the photos and descriptions online home improvement shoppers must rely upon? We know one thing for sure, they aren't going there for the smells!

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DETRACTS



SOMEWHAT  
DETRACTS



NEITHER DETRACTS  
OR HEIGHTENS



SOMEWHAT  
HEIGHTENS



HEIGHTENS

## RECOMMENDATIONS

1. Pricing is the final battle ground between online and brick-and-mortar as consumers have yet to decide which channel they prefer. Except for electronics, shoppers no longer inherently view online as cheaper so instead of worrying about price matching, create in-store experiences shoppers will value.
2. Speaking of in-store experiences, millennials still prefer in-store shopping in each industry. Retailers should not surrender them as a lost cause, nor should they desperately try to regain what they have not necessarily lost. Instead, focus on creating the in-store experiences they want. Electronics, for example, should engage with them in authentic ways that gives them the information they request without violating their space.
3. In terms of associate behavior, electronics and home improvement retailers should train their associates to be proactive, in-store product experts working the floor because much of in-store traffic seems to be seeking information. They should not be pushy but should not be afraid to approach any perplexed looking customers with an offer of assistance.
4. In fashion, however, associates should be a pleasant background presence, armed with pricing and promotional information and helpfully positioned at cash registers. Since most shoppers merely want pricing and promotional information, they should be prepared with those details, but should only answer questions when asked: customers should see them and approach them, not vice versa.
5. Consider the sensory landscape when designing your brick and mortar retail experience. Soundscapes at electronics store, for example, are not merely a demonstration of a products sonic powers but part and parcel of the in-store shopping experience.
6. Remember, there is a difference between older and younger millennials. They are different, their habits, preferences, and priorities are all different. So treat them differently.

### Methodology

*This information was gathered between February 20th and March 3rd, 2017. The data represents 2,016 North American respondents (18 years or older) from The Source, TrendSource's proprietary database of independent contractors (Field Agents) who responded to the 2017 Retail Survey.*



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