E M B R A C I N G   A C C E L E R A T I O N   I N   T H E

Age of Digital Influence

I N   R E T A I L

Build a better experience or face being forgotten.

The retail industry is accelerating in a way we've never seen before. Transactions are up more than 14 percent over the last two years while baskets remain flat.[1] Rather than customers spending more dollars per trip, industry acceleration is being driven by more trips overall. And those trips are spread out across a wider selection of retailers. More than $123B of market share is being exchanged among 78% of retailers; a rate that is only picking up over time.[2] In order to survive and thrive in this new environment, retailers need to understand and embrace this acceleration and make the active choice to embrace their overall digital presence as part of a comprehensive consumer experience rather than simply a separate online-only sales silo. John McAteer, VP of US Sales and Operations at Google stated, "Retailers have always differentiated with price, convenience, assortment, brand and service. What's changed is digital, which has elevated consumer expectations dramatically across all these levers.

A look back in time

87% of all retail purchases happen in-store.[3] And while that's true, it leads us down the path of a misinformed narrative that most of a retailer's customers are still focused on and directed primarily by the in-store experience in the way they make their purchase decisions.

The data illustrates a much different reality as retail shoppers are more and more influenced by digital. In 2017, 75% of in-store retail sales were influenced by a digital interaction versus 56% two years prior.[4] The overwhelming majority of retail purchases are influenced directly by this new omnichannel reality where all products are available to customers where they need them and in the moment that they need them, leading to a higher number of transactions while baskets remain flat.

What's different today?

With technology at one's fingertips, today's customer has almost unlimited choices from retailers who have proven themselves capable of delivering products when, where and how they are most needed.

"The need-driven customer is driving the industry. They're leaving a digital trail for retailers to follow," stated Jeff Simpson, Principal at Deloitte Consulting LLP. Shouting to retailers that, for them, it's all about meeting the need. When retailers understand and deliver on that need, they are rewarded with a trip and bigger baskets.

Your customers are practically shouting to you that, for them, it's all about meeting the need:

77% of shopping trips are driven by a specific need

88% of customers buy immediately or as soon as possible rather than wait for their next trip[5]

Need-driven trips have **29%** higher purchase value[6]

And when you can be in a position to understand and deliver on that need, the need-driven shopper is more valuable to you than any other.

meet the need

The data is telling us a story about customers. Retailers need to play a role in the entire customer journey from inspiration to research to making the purchase to the satisfying experience of receiving the product in-hand. We see four specific ways to play a role in that journey.

Understand them early

Shoppers leave a clear digital trail behind that provides signals across their entire customer journey. Retailers should lean into those signals to meet their expectations—before someone else does. We've found that mobile shoppers, for example, are a measurably more qualified and lucrative audience.

Shoppers who consistently use their phone along their path to purchase convert at a more than 13% higher rate and spend 18% more compared to the non-mobile audience.[7]

To capitalize on this impact, it is imperative that retailers reinvent their mobile site and website as more than just transaction engines;they need to understand and optimize towards the high value actions that customers take.

Retailers need to get in front of these shoppers during the early stages of the journey when they are actively seeking inspiration and doing their research in order to capture capture their activity and accurately interpret their needs.

Strive for a frictionless experience

When retailers remove friction from the shopping process—a slow page loading experience, too many suggestions—the shopping experience is simpler, more satisfying and better meets the customer's needs. For retailers that let poor experience get in the way, their customers will be off to engage with someone else.

For example, we found that shoppers expect a mobile site to load in less than 3 seconds. Longer, and Retailers face increased bounce rates. Our data shows making just a 1-second improvement in this experience can result in a more than 20% lift in conversion.[8]

Implementing a faster mobile experience for your shoppers directly impacts results in a measurably positive way. Other solutions include implementing faster payment solutions and optimizing where customers land on a website after viewing a marketing campaign.

*Shoppers leave a clear digital trail behind them that provides signals across their entire customer journey that can help you identify **how to deliver on their need***

Mobile buying habits

Past purchases

You may also like
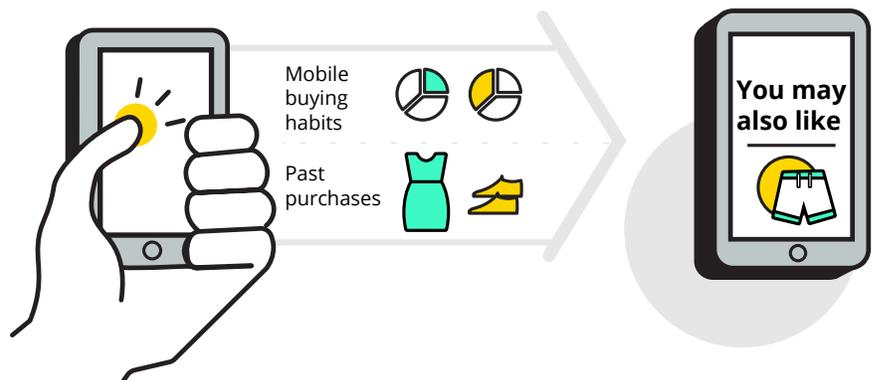
Nearly
Half
of all US retail sales

are influenced by mobile information and mobile behavior.
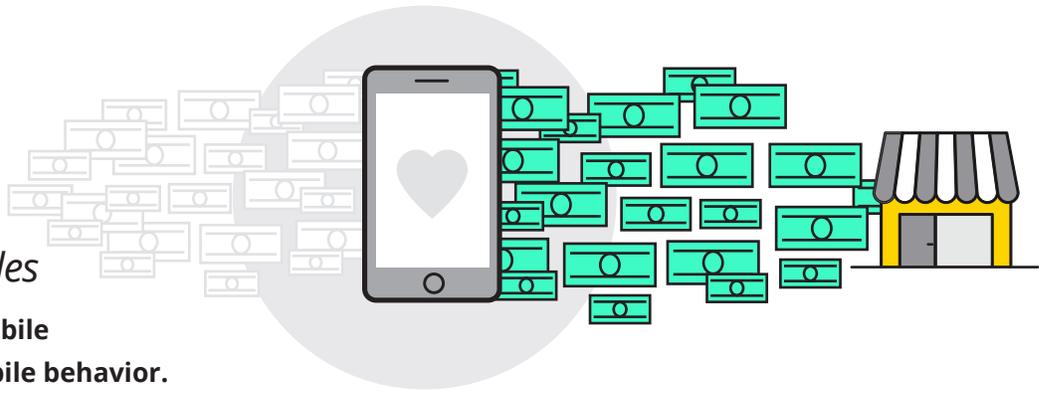
Making the brand personal

Because shoppers expect retailers to deliver on their needs, a brand's story needs to connect to shoppers on a personal level. Brand matters and retailers need to give themselves an advantage by using their brand as an authentic way to make interactions feel personalized.

Average shoppers navigate across 2.7 retailers before they make a purchase.[9] As a result, what separates a retailer from others is how it connects to a customer.

When retailers leverage digital to communicate their brand story directly to a shopper through imagery and online video, the retailer amplifies what their brand stands for and enables shoppers to connect to them at a human level. Shoppers understand the retailer. They believe in the retailer. They trust the retailer.

At that point, it is not only about price, it is also about connection.

Make the most of what you know

In just a few short years, easy, handheld access to almost every type of information has profoundly shifted the power dynamic to consumers in the retail shopping experience. Based on traditional metrics, US mobile retail sales are only credited for the $150B that actually happen on a mobile device, but the truth is nearly half of all US retail sales — that's just about $2T — are influenced by mobile behavior.[10,11]

Industry-wide, retailers are failing to recognize mobile's full value. Last-click attribution remains the industry-standard metric for mobile marketing campaigns. Nearly half of retailers (42%) use it to measure success in spite of clear data that proves the profitability of mobile influence.[12]

And this is just one example of what's possible when retailers embrace all the data that's available. Retailers develop a clear understanding of how consumers shop, and a clearer picture of their overall shopping preferences and behavior. From that position, retailers are able to utilize those insights to create an informed approach to optimize ROI.

Measure Effort .... **Test & Learn** .... **Optimize** .... **Measure Again**
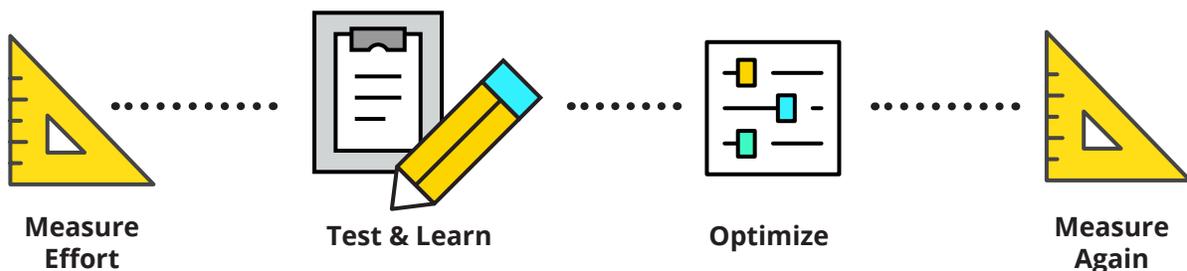
Combining a retailer's owned data with 3rd-party data gives a *holistic view* of what customers are doing online and offline. This enables retailers to *amplify what works bes*t when the time is right. Utilize the flywheel effect of measurement to inform *consistent improvement* over time.

The retail industry is accelerating

And digital's influence on consumers fuels it. In order to survive and grow when expectations for a speedy, satisfying experience that delivers a personal need are so important, retailers need to lean into creating omnichannel shopping experiences that creates inspiration and empowers decision making. Ones that makes customers think to shop from them, want to pick up from them, and need to engage with them throughout their entire shopping journey.

Deloitte. Digital

About the research

Google and Deloitte partnered to conduct two unique studies that combine customer behavior research with observed data on consumer spend, and observed clickstream behavior. The first study (Deloitte / Google Shopper Wallet Study, 2018) provided a deep understanding of where customers engage with digital at each stage of the journey and how shoppers are changing their relationship with retailers over time. Credit and debit card data was used to further quantify these shifts in spending behavior and give a longitudinal lens. The second study (Deloitte / Google Mobile Influence on Retail Study, 2018) provided a detailed understanding of the role that mobile plays in the shopping journey. That data was paired with clickstream data from observed shopping journeys to deeply understand the path to purchase and the decision-making process. Both studies followed shoppers from inspiration, when customers form intent, through their purchase decision. Deloitte / Google Shopper Wallet Study, 2018: 11,566 consumers were surveyed from 10/6/17-10/13/17. The survey covered 37 retailers and 8 product categories. Survey data was combined with 36 months (June 2014 – July 2017) of credit/debit card spend from 494M transactions across the same 37 retailers. These retailers were selected because represent a significant portion of all retail sales in the US. Deloitte / Google Mobile Influence on Retail Study, 2018: 10,868 consumers were surveyed 11/10/17 – 11/27/17. The survey covered 38 retailers and 9 product categories. Survey data was combined with clickstream data from hundreds of online shopping journeys.

REFERENCE

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3   "Top 1000 Report," Internet Retailer, 2018.
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8   Google/SOASTA, "The State of Online Retail Performance," April 2017.mobile load time
9   Deloitte / Google Shopper Wallet Study, 2018
10   Deloitte / Google Mobile Influence on Retail Study, 2018.
11   Deloitte / Google Mobile Influence on Retail Study, 2018:
        Traditional mobile retail sales metric includes all purchases that took place on a mobile phone. Mobile influence metric includes all purchases that were influenced by the use of a customer's web enabled device, including smartphones, at some point during that shopping journey.
12   Merlivat, Samantha, "The State of Mobile Advertising: Context and Measurement Wanted," Forrester, December 19 2017.