Digital Impact on In-Store Shopping:
Research Debunks Common Myths

October 2014

BACKGROUND

We all know that the spread of smartphones and access to online information has changed the way we shop in physical stores—or at least we think we know that.
But how much has it really changed?

Will the online marketplace replace the store?
Will tomorrow's consumers be so informed that the in-store shopping experience will no longer matter? Is this the beginning of the end for physical stores?

To know how to act, stores need more information about constantly connected consumers and how they really shop.

So Google did a little research and confirmed some accurate perceptions about the impact of smartphones and online information on in-store shopping —and we also discovered a few myths that need to be debunked.

RESEARCH METHODOLOGY

Google worked with Ipsos and Sterling Brands to explore consumers' in-store shopping behavior and expectations in three verticals:

1. Retail (apparel/accessories, appliances, home furnishings, sporting goods, home improvement)
2. Tech (mobile phone handsets, computers, consumer electronics)
3. CPG (food, home care, personal care, beauty care)

Sterling—Qualitative Insights
Sixty-nine participants completed three-day online journals in New Jersey and Texas from March 12–14, 2014. Of them, 16 were invited to participate in shopping tasks with a friend of their choice on March 18 and 20. Screening criteria: Smartphone, tablet and computer users age 18–32, mix of parents, non-parents and genders.[1] Projective thinkers[2] who shop both online and in-store use tablet/smartphone for shopping, use the internet to research purchases at least 1x/week, and have purchased two product categories within the past two months.

Sterling Brands is a leading brand strategy consultancy with expertise in positioning, innovation and design. We believe that strong brands are built on clarity of difference, so we conduct research to help brands uncover meaningful, differentiated customer insights.

Ipsos Online Survey—Quantitative Insights
Six thousand respondents (N=2,000 per vertical) completed an online survey in May 2014. Screening criteria: Smartphone users age 18–54. Sole or shared purchase decision makers who have used the internet to research any purchase and purchased at least two product categories within the past six months.

Ipsos MediaCT is the market research division within Ipsos that specializes in reaching, engaging and more effectively understanding today's digitally-driven consumer in the fast moving media, content and technology space.

1. 25/75 split for age 18-25/26-32; 50/50 split for parent/non-parent; 56/44 split for female/male.
2. In this study, "projective thinkers" is defined as individuals who hold a creative job or creative hobbies and are early adopters or fast followers of new technology.
Projective thinkers were recruited because they tend to be leading-edge shoppers.

WHAT WE GOT RIGHT

Today's consumers are more informed than ever before.

They want information throughout the shopping process, and this drives their use of smartphones and their consumption of online information for shopping.

Stores that ignore this preference risk losing customers, but opportunities exist for retailers who find ways to take advantage of this behavior.

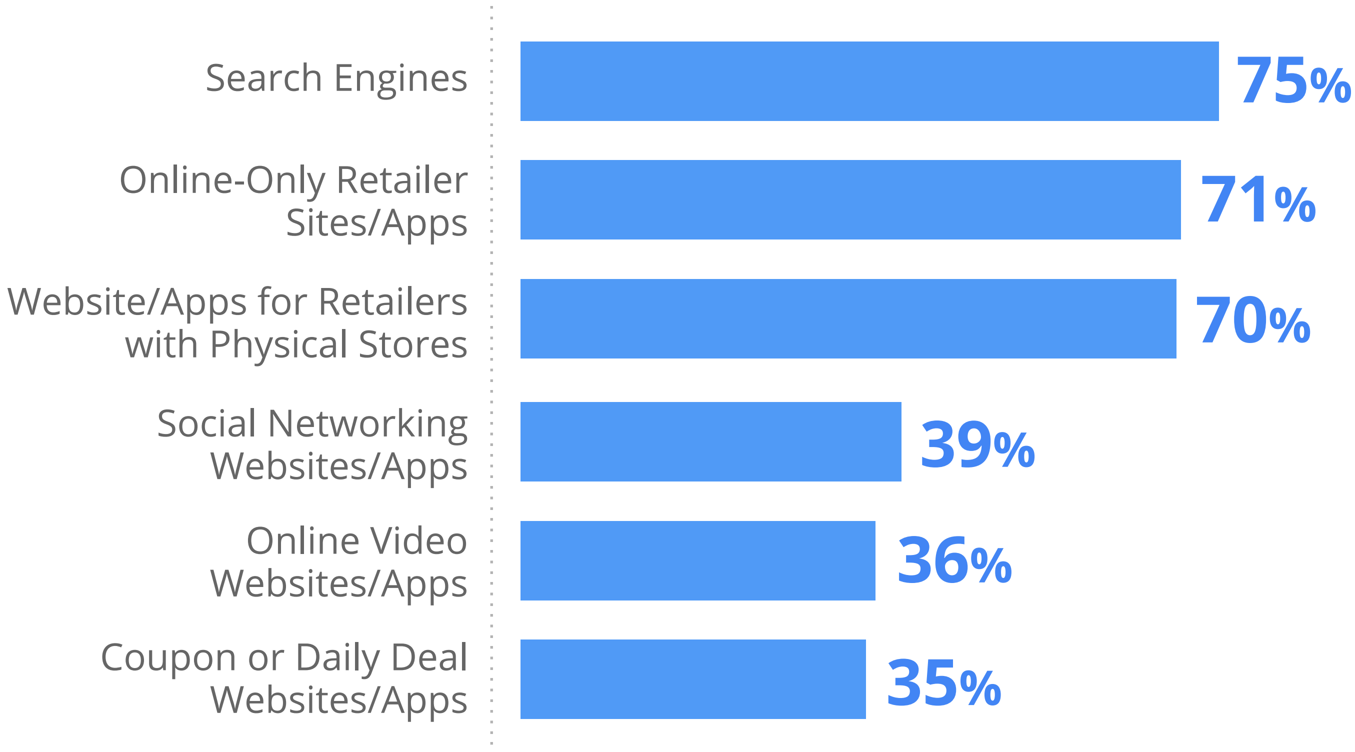
CONSUMERS PURSUE INFORMATION ALL THE TIME—BEFORE, DURING AND AFTER STORE VISITS

Shoppers look for information:

Base: Shopped At A Store And Looked for Information During Any Phase (n=4,860).
Google/Ipsos Q. Listed below is the type of information that you looked for related to your [SUB-VERTICAL] purchases. At which point(s) did you look for each type of information? Please select all that apply for each type of information.
Methodology Note: Respondents were screened on smartphone usage and purchase behavior

CONSUMERS USE A VARIETY OF ONLINE SOURCES, ESPECIALLY SEARCH ENGINES AND MOBILE SITES/APPS

Consumers use the following online sources for information on products/services:



Base: Looked for Information Using a Device (n=5,176)
Google/Ipsos Q. Did you use the following websites or applications ("apps") in the past 6 months for your [SUB-VERTICAL] purchases? Think about any websites or apps you used before, during or after your purchases.
Methodology Note: Respondents were screened on smartphone usage and purchase behavior.

SHOPPERS FEEL FRUSTRATED BY THE LACK OF INFORMATION IN STORES

2 in 3 shoppers who tried to find information within a store say they didn't find all the info they needed.

43% were left frustrated

41% were more likely to shop elsewhere

22% of them were less likely to buy from the retailer

Base: Looked for Info in a Store (n=3839).
Google/Ipsos Q. Which of the following words and phrases, if any, describe how you felt when you did not find the information you were looking for in-store? Methodology Note: Respondents were screened on smartphone usage and purchase behavior.

CONSUMERS TURN TO THEIR SMARTPHONES IN-STORE TO FILL AN INFORMATION GAP

71%

of in-store shoppers who use smartphones for online research say their device has become more important to their in-store experience.

Base: Made a Purchase In-Store and Used Devices to Gather Info (n=1,974).
Google/Ipsos Q. How much more or less important has each device become in helping with your in-store shopping?
Methodology Note: Respondents were screened on smartphone usage and purchase behavior.

MYTHS THAT NEEDED BUSTING

We were right about consumers' desire for information, but we didn't have a clear picture of what this could mean for brick and mortar stores.

The research shows that rather than marginalizing the value of in-store shopping, smartphones and online information offer an opportunity for stores to enhance consumers' shopping experience.

Myth #1

Search results only send consumers to e-commerce sites.

Reality

Search results are a powerful way to drive consumers to stores. Providing local information, such as item availability at a nearby store or local store hours, fills in information gaps that are keeping consumers away from stores.

CONSUMERS AVOID STORES BECAUSE THEY LACK INFORMATION ON LOCATION AND STOCK AVAILABILITY

1 in 4

consumers who avoid stores do so because of limited awareness of nearby stores or the risk of items not being available.

Base: Did Not Shop at a Store at All (n=885).
Google/Ipsos Q. You indicated that you did not visit any stores related to your [SUB-VERTICAL] purchases in the past six months. For which reason(s) did you not visit a store at all? Even if you indicated these answers earlier, please select them here, too.
Methodology Note: Respondents were screened on smartphone usage and purchase behavior.

ONLINE INFORMATION IN SEARCH RESULTS OFTEN SENDS CONSUMERS TO STORES

3in4

who find local information in search results helpful are **more likely to visit stores.**

Base: Used Search Engines and Consider Any Item at Least Somewhat Helpful (n=3,842).
Google/Ipsos Q. And would having this information included within your search results make you...? (Respondents evaluated local information in search results)
Methodology Note: Respondents were screened on smartphone usage and purchase behavior.

ONLINE INFORMATION FILLS IN INFORMATION GAPS AND MOTIVATES STORE VISITS

Shoppers would find this information very/extremely helpful in search results:

75% Price of item at a nearby store

63% Details about local stores (hours, phone number)

74% Item is in stock at nearby store

59% Map showing which stores carry the item searched for

66% Location of closest store with item in stock

56% What else is available at the store that carries the items searched for

Base: Used Search Engines (n=3,891).
Google/Ipsos Q. Earlier, you mentioned that you used search engines to gather information about your [SUB-VERTICAL] purchases. Below are types of information that could be made available on the search engine results page in the future (thus minimizing the need for you to click through to another website). How helpful would each of the following be if it were included within your search engine results?
Methodology Note: Respondents were screened on smartphone usage and purchase behavior.

What brick and mortar stores can do

Physical stores can provide helpful information online to drive consumers to stores.

Be sure to feature product availability, store location and hours and your phone number in ads.

Plus, use local inventory ads to let shoppers know that the product they're searching for is in stock nearby at your store. Also be sure that, consumers can check out other items you have available.

Myth #2

Once in-store consumers begin looking at their smartphone, the store has lost their attention.

Reality

Stores can grab consumers' attention through search results and a retailer's mobile site or app.

CONSUMERS LOOK AT COMPETITOR SITES, BUT A GREATER PERCENTAGE LOOK AT SEARCH ENGINE RESULTS AND THE RETAILER'S SITE/APP

42% of in-store consumers conduct research online while in stores using:

- **64%** Search engines
- **46%** Retailer's site/app
- **30%** A different retailer's site/app
- **26%** Another type of site/app (e.g., coupon review)

Base: Looked for info in A Store (n=3,839); Base: Used Online Resources to Look For Information in A Store (n=1620)
Google/Ipsos Q. Thinking about all the information you looked for while in-store, how did you find the information, if at all?
Methodology Note: Respondents were screened on smartphone usage and purchase behavior.

What brick and mortar stores can do

Optimize your search engine results and mobile website or app.

Consumers are looking up information in stores—and many are accessing search engines and the website or app for the retailer whose store they are in.

Stores should optimize their online presence, including search results, website, app, and mobile ads to engage consumers while they're in stores.

Myth #3

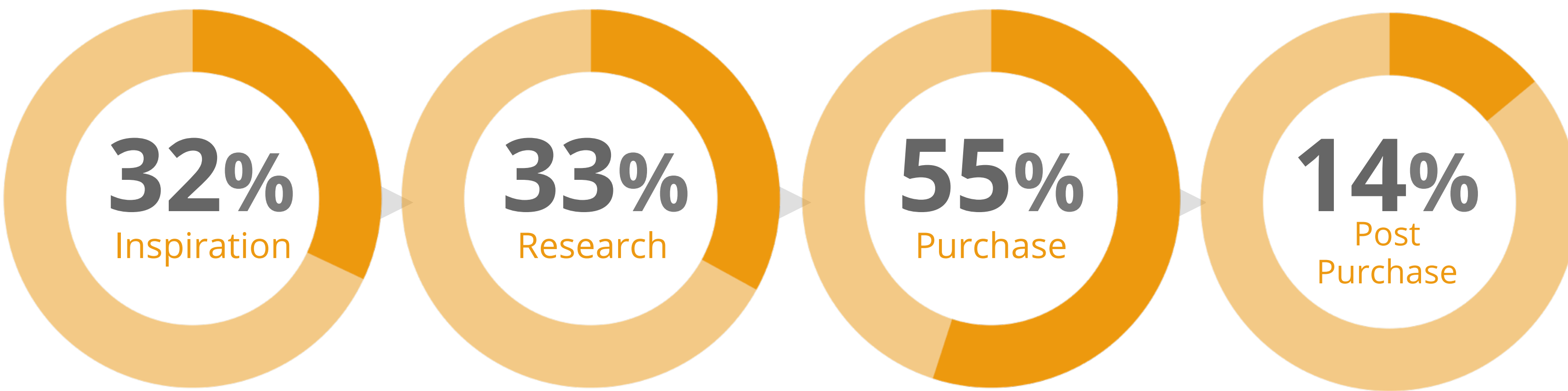
Online research has limited what consumers expect from stores; they really just go to stores to transact.

Reality

Consumers still visit stores for more than just transactions, but they now expect more out of any place they shop. They want informed, customized experiences.

CONSUMERS USE STORES THROUGHOUT THE PURCHASE PROCESS FOR MORE THAN JUST TRANSACTIONS

69% of consumers used physical stores for information during different phases of the purchase process:



Inspiration
The time when you realized you wanted or needed a particular product(s)

Research
The time when you actively looked and researched your purchase

Purchase
The time when you purchased the product(s)

Post Purchase
Any behavior you participated in after you purchased your product(s)

Base: Total Respondents
Google/Ipsos Q. Please think about how you looked for information for your [SUB-VERTICAL] purchases in the past six months. During each phase, which of the following did you use to find this information? Please select all that apply for each phase.
Methodology Note: Respondents were screened on smartphone usage and purchase behavior.

CONSUMERS PREFER STORES THAT OFFER PERSONALIZED RECOMMENDATIONS AND COUPONS

Shoppers would be more likely to shop in stores that offer:

85% Personalized coupons and exclusive offers provided in stores

64% Recommendations for specific products to purchase

54% Recommendations based on what friends/family have purchased

Base: Total Respondents.
Google/Ipsos Q. There is often information available but not in stores. How much more likely would you be to shop from a specific retailer in the future for [SUB-VERTICAL] purchases if it provided the following information in the store (via displays, self-help kiosks, sales associates)? Methodology Note: Respondents were screened on smartphone usage and purchase behavior.

What brick and mortar stores can do

Brick and mortar stores can and should create "smarter" store experiences.

Customized offers and recommendations can be delivered right to consumers as they search on their phone, or be integrated into the in-store experience.

WHAT BRICK AND MORTAR STORES NEED TO DO

Online information and smartphones have changed consumer behavior. Consumers want information throughout the shopping process, they seek it out online even while in a store, and they expect more from retailers who want to win their business. But this doesn't have to be a bad thing.

Savvy retailers will take steps to satisfy consumers' desire for smarter experiences:

Provide location and stock availability information online
Consumers are more likely to visit for which they find information on things like product availability and store location online. By providing this local information in advance, stores can increase business and improve customer satisfaction.

Optimize your search engine results and website or app
When consumers use their smartphones in-store, they're probably looking at search engine results or the retailer's own website/app. Take advantage of this by ensuring that you feature relevant information in search results (for example, location of nearby store with item in stock), have a mobile optimized site and app and have mobile ads to engage consumers.

Create "smarter" customized shopping experiences
Consumer expectations have gone up; today's shoppers prefer stores that offer personalized experiences. Smart retailers will take advantage of their online presence and in-store experience to deliver coupons and recommendations that are customized to shoppers.

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