

Long established retailers need to reinvent themselves according to new BBC commissioned research

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Savvy's latest research, carried out on behalf of BBC Radio 4 (BBC coverage), has taken a closer look at today's shopper and reveals new and emerging trends. The survey (of 1,000 household shopping decision makers) looks at how shoppers are interacting with the retail world around them, the demands and behaviours of younger shoppers and what's coming up next.

Alastair Lockhart, insight director at Savvy comments: "The retail world is playing catch-up with how today's – and tomorrow's – shoppers are wanting to interact with them. The tech savvy generation have high expectations and retailers need to inspire shoppers both instore and online whilst providing all the necessary product information to help convert sales."

Key research findings:

Shopping 'channels': Around 95 percent of adults that have access to the internet have shopped online at least once in the past 6 months and nearly half of UK shoppers shop online at least once every two weeks. It's not just for physical goods either – 70 percent have downloaded digital products (such as apps, music, video and games).

How we shop: Researching products and getting inspiration has never been easier – no longer is the retailer's store the main or even only source of product information. 42 percent of shoppers say that a search engine (such as Google) has encouraged them to click through to a retailers' website. The positioning of a retailer in Google's search results is critical and compares to having the prime spot on Oxford Street.

For online retailers, the lack of physical contact means returns policies are important. 57 of shoppers say easy returns make them more likely to shop online, yet only 37 percent have returned something to an online retailer in the past six months. Interestingly, 25-34 year olds are the age group most likely to make returns – likely because this group have busy family and work lives so buying online, trying and returning is a convenient way to shop.

Next generation: Younger shoppers amongst us (those aged 18-24) have developed significantly different shopping behaviours. For them, inspiration often comes from a post of social media (24 percent), YouTube (20 percent) or a link sent by an instant messaging service like WhatsApp or Facebook Messenger (19 percent).

Especially amongst shoppers aged under 35, use of smartphones instore is commonplace (around 38 percent). These shoppers are checking prices at competitors, sending photos of products to friends, accessing social media and for some (13 percent) actually buying from an online retailer.

Ownership and usage of smart technology: 81 percent of UK shoppers now own a smartphone, while 67 percent of households have a tablet. Around half of UK shoppers have shopped online using their smartphone – still some way behind the laptop, which is used by 76 percent, however, the use of smartphone for online shopping is set to accelerate as the young generation of shoppers grow up. 74 percent of 18-24 year olds have used a smartphone to shop online.

Impulsive spending: Despite the convenience of online shopping, the research found around half of the respondents saying they're more likely to shop impulsively instore than online. The research also found that shoppers aged under 35 are more likely to buy on impulse – they have a higher propensity to buy clothing which is a less considered purchase and are more likely to buy quickly using their smartphones.

The convenience of smartphones and next day delivery do encourage impulsive behaviour for around a third of people. Also around a third believe they are shopping more impulsively now than a couple of years ago.

Relationship with traditional retailing: Only a fifth of UK shoppers believe that the high street/shopping centre closest to their home has improved in the past 2-4 years. Nearly 40 percent think it has declined.

59 percent of shoppers said that they don't visit traditional stores as much as they used to because of online shopping. A similar proportion say online shopping has taken the buzz out of the high street and 79 percent think physical retailers need to do more to attract shoppers to their stores. That said, traditional retailing has a strong role to play and 91 percent think there will always be a place for physical stores and 85 percent say that online retailers can never recreate the experience of shopping in a store. Around three-quarters of shoppers also still believe human interaction is important when shopping and there is a strong sense of nostalgia, with 42 percent saying shopping was better before online retailing was invested.

What's next? The research findings found that 75 percent of shoppers think they'll do the majority of their shopping online in 10 years' time. Over the same period, 60 percent also think the high street will not exist as we now it. Perhaps unsurprisingly, over 80 percent think all retailers of all sizes need to have an online presence.

Awareness of popular virtual reality headsets amongst shoppers is also increasing: Samsung Gear VR (21 percent), Sony Playstation VR (18 percent) and Oculus Rift (17 percent) – and especially of the Samsung Gear VR among 18-24 year olds – which stands at 37 percent.

A third of shoppers find the idea of using virtual reality for retail appealing and this interest rises to 46 percent amongst 18-24 year olds. When asked about life in 10 years' time, 54 percent of respondents agreed that virtual reality will be commonplace in people's homes – this rose to 62 percent amongst 25-34 year olds – an age group who views are often shaped by their young children's appetite for technology.

“There’s no doubt about it,” concludes Lockhart, “demographic shifts, improving technology and retail innovation will ensure the continuing growth of online retailing, but reassuringly, the high street and shopping centres will still have a role – albeit a different one – to play. The bottom line however, is that retailers can ill-afford to stand still and rely on a long standing customer base. Instead, they must evolve with the times and reinvent themselves.”

Link: <http://blog.getsavvy.com/long-established-retailers-need-to-reinvent-themselves-according-to-new-bbc-commissioned-research/>