

INDUSTRY RESEARCH: RETAIL

2017

CONNECTED SHOPPERS REPORT

Elevating the shopper experience:
Insights into the behaviors and
expectations of global consumers



SHOPPER SUCCESS

INTRODUCTION

To explore the current attitudes and habits of American consumers – and their use of technology as part of the shopping process – Salesforce Research has released its third annual “Connected Shoppers Report.” Based on responses from an online survey (conducted by Harris Poll on its behalf) of more than 2,000 U.S. adult consumers defined as “shoppers” throughout this report, the research indicates that the shopper’s path to purchase is becoming increasingly complex. The cloud, social, mobile, Internet of Things (IoT), and artificial intelligence (AI) revolutions have empowered shoppers to research and shop in new ways. This empowerment has led to an era of heightened shopper expectations, where retailers are struggling to meet shopper desires for more personalized retail experiences. To stay competitive and increase shopper satisfaction, retailers need to provide a smart and seamless shopping experience.

Data in this report is based on 2,011 adults ages 18+ in the U.S. Additional data is available in the appendices specific to Australia (1,076), Brazil (1,063), Canada (1,055), France (1,020), Germany (1,053), the Netherlands (1,079), and the U.K. (1,043).

Salesforce Research provides data-driven insights to help businesses transform how they drive shopper success.

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01. SHOPPERS SAY SO LONG TO THE LINEAR PATH TO PURCHASE

The shopper's path to purchase is no longer as simple as walking into a store, browsing the aisles, and buying a product. Today's shoppers are doing their homework well ahead of time, making them more knowledgeable and empowered than ever before. In fact, **79%** of shoppers research products prior to purchasing in-store, and **85%** research products prior to purchasing online.

This year, shoppers embraced emerging channels across their entire online buying journeys, particularly before making a purchase. For instance, **40%** of millennials (ages 18-36) report using voice-enabled digital assistants, such as Amazon Echo and Google Home – tools that didn't exist just a few years ago – to research products online. Similar percentages of this rising generation of consumers report using messaging apps and video chat (**43%** and **39%**, respectively) to research products prior to purchasing online.

Millennials are more likely than baby boomers to **research products** prior to purchasing online using the following channels

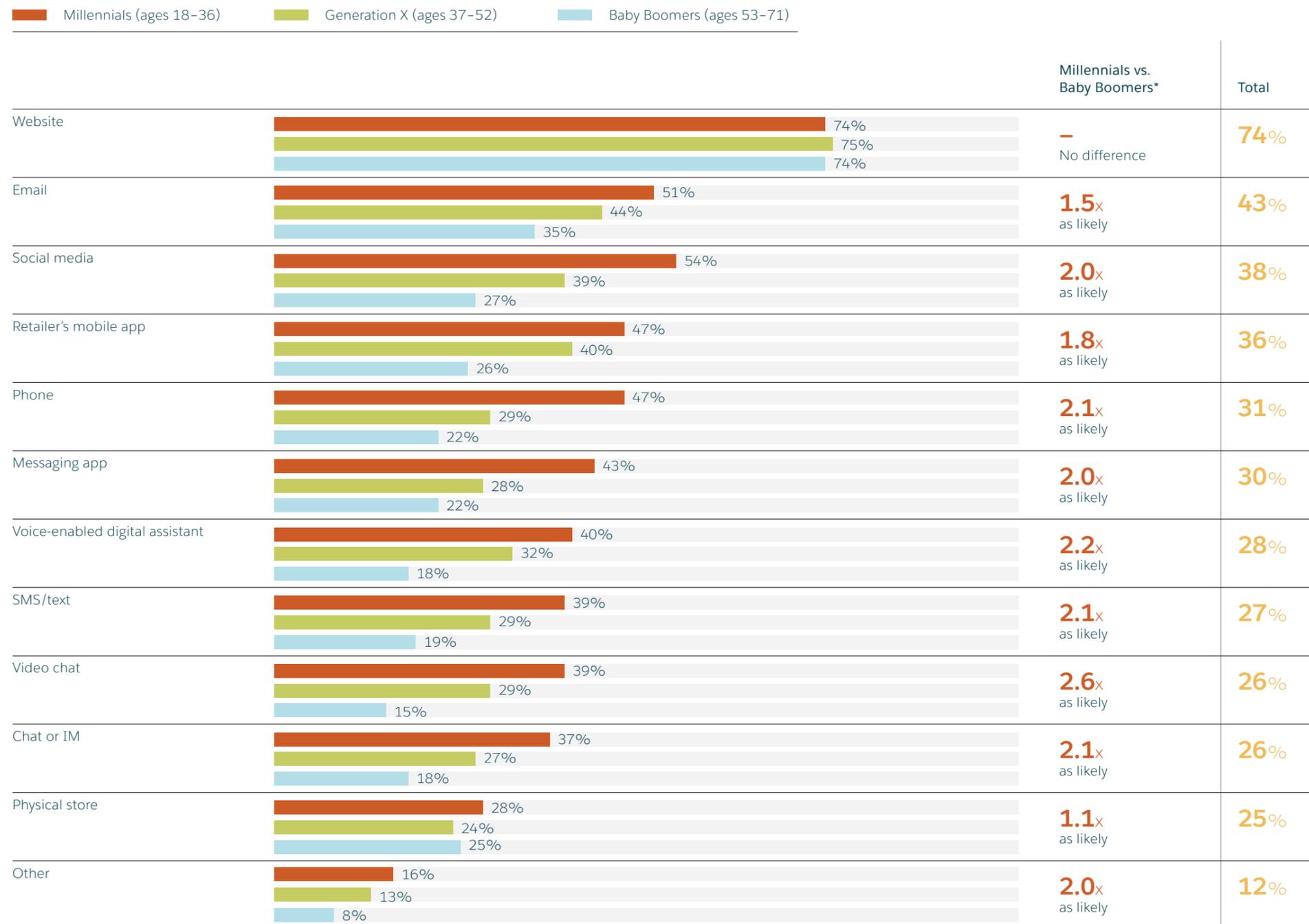
2.6x video chat

2.2x voice-enabled digital assistant

2.0x messaging app

RESEARCHING PRODUCTS

Which of the following channels do you use today when researching products from an online retailer?



* Difference between millennials and baby boomers was calculated using the following: %millennials / %baby boomers.

01. SHOPPERS SAY SO LONG TO THE LINEAR PATH TO PURCHASE

The research stage of buyer journeys isn't the only one undergoing a digital revolution. When buying products online, the No. 2 channel shoppers turn to, second only to traditional websites (67%), is a retailer's mobile app (32%). Social media (27%) has also entered the top-five channels for online purchasing.

Ever the trendsetters, millennials are more than three times as likely as their baby boomer elders to leverage video chat when making online purchases (31% vs. 10%), and at least twice as likely to use social media, messaging apps, and SMS/text, among other emerging channels.

Millennials are more likely than baby boomers to buy products from online retailers using the following channels

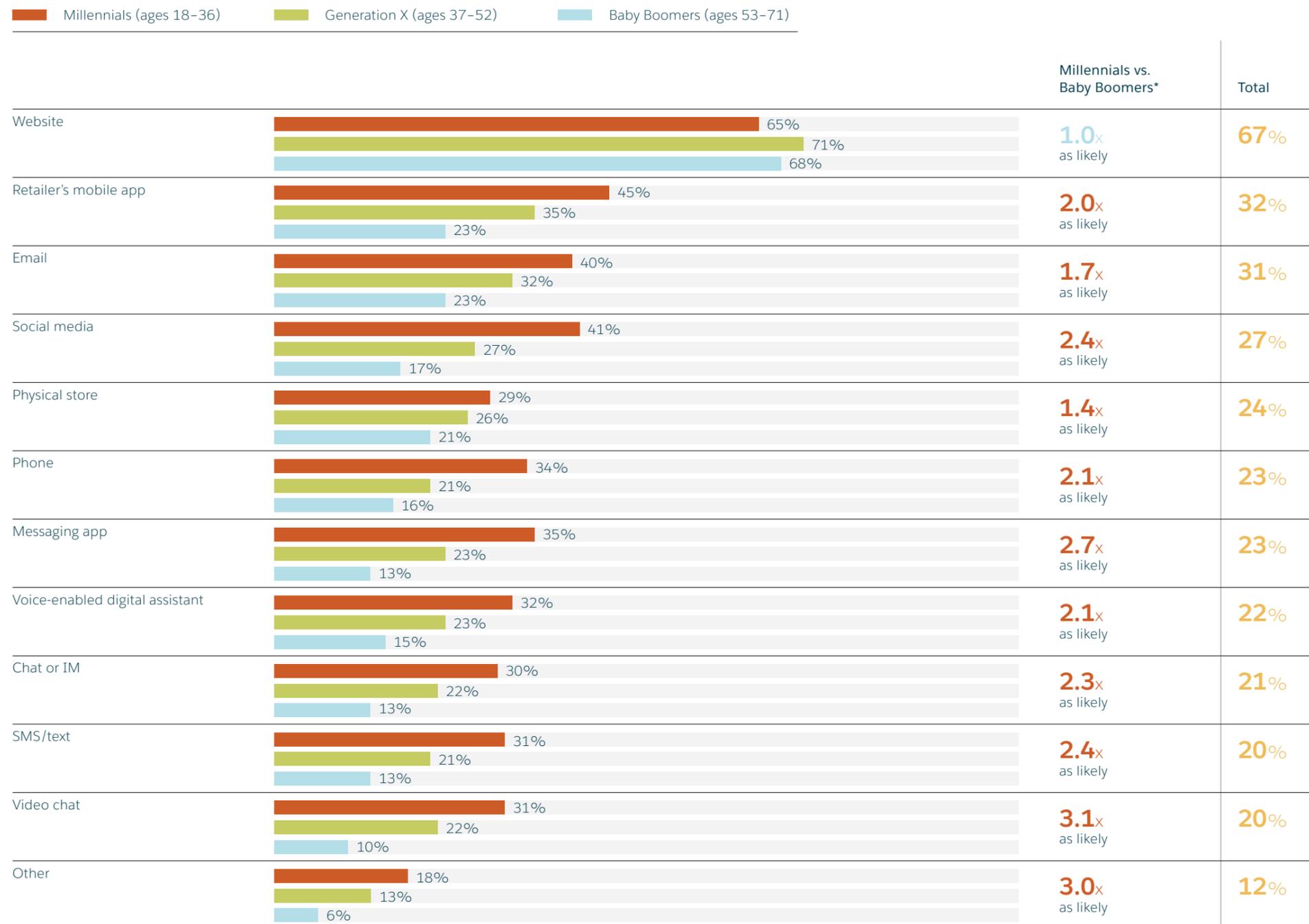
3.1x video chat

2.7x messaging app

2.4x social media

BUYING PRODUCTS

Which of the following channels do you use today when buying products from an online retailer?



* Difference between millennials and baby boomers was calculated using the following: %millennials / %baby boomers or % baby boomers / % millennials.

01. SHOPPERS SAY SO LONG TO THE LINEAR PATH TO PURCHASE

According to shoppers, customer service teams are no longer tethered to headsets. In fact, shoppers cite the phone (39%) as the No. 3 channel for requesting customer service from an online retailer with websites (52%) and email (45%) coming in as the top two channels.

But staid digital channels aren't the only ones shoppers are turning to for their customer service needs. For instance, about a quarter of all shoppers – and more than a third of millennial shoppers – use instant messaging (25% of all, 36% of millennials) or a retailer's mobile app (24% of all, 34% of millennials).

Millennials are more likely than baby boomers to request customer service from an online retailer using the following channels

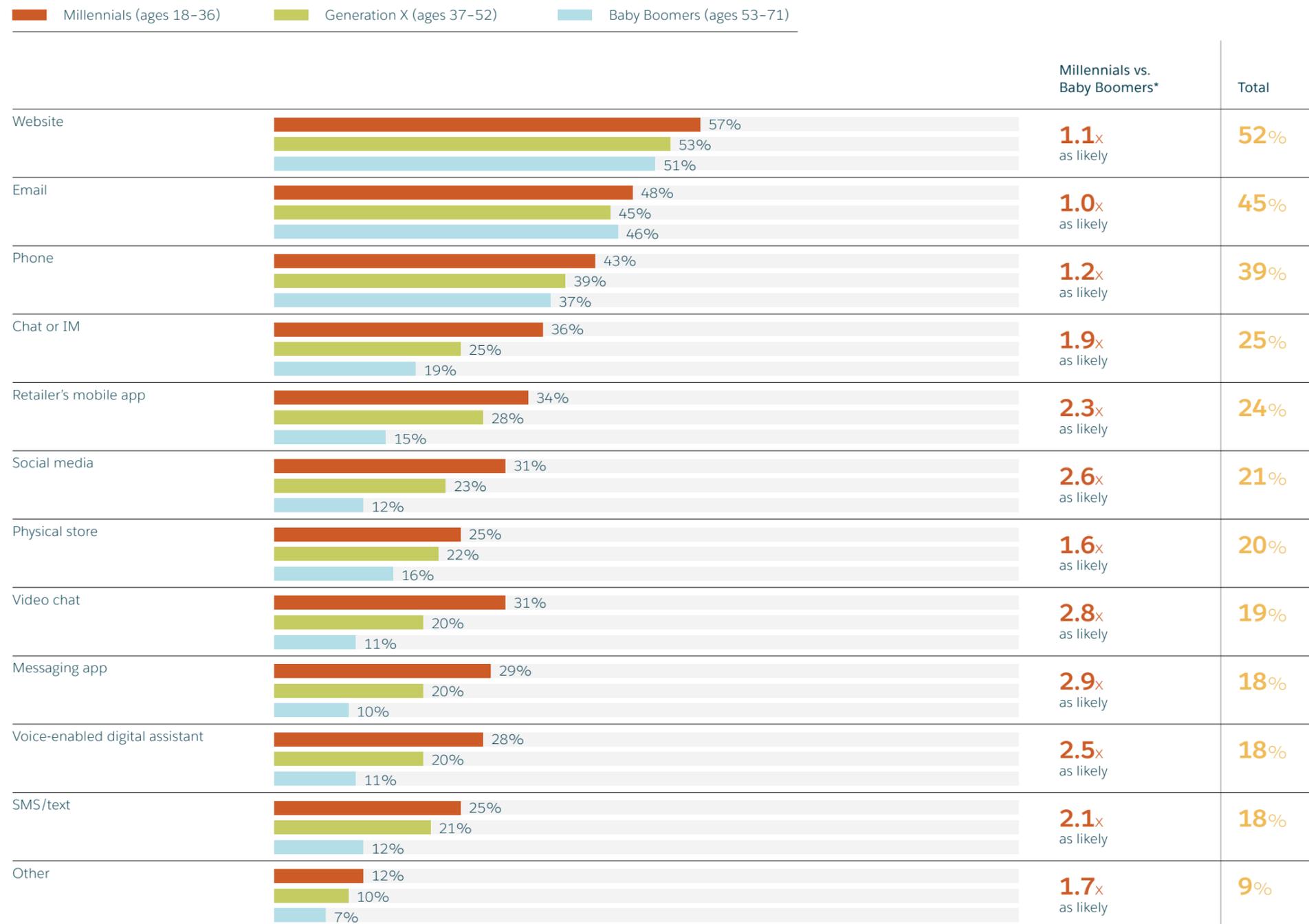
2.9x messaging app

2.8x video chat

2.6x social media

REQUESTING CUSTOMER SERVICE

Which of the following channels do you use today when requesting customer service from an online retailer?



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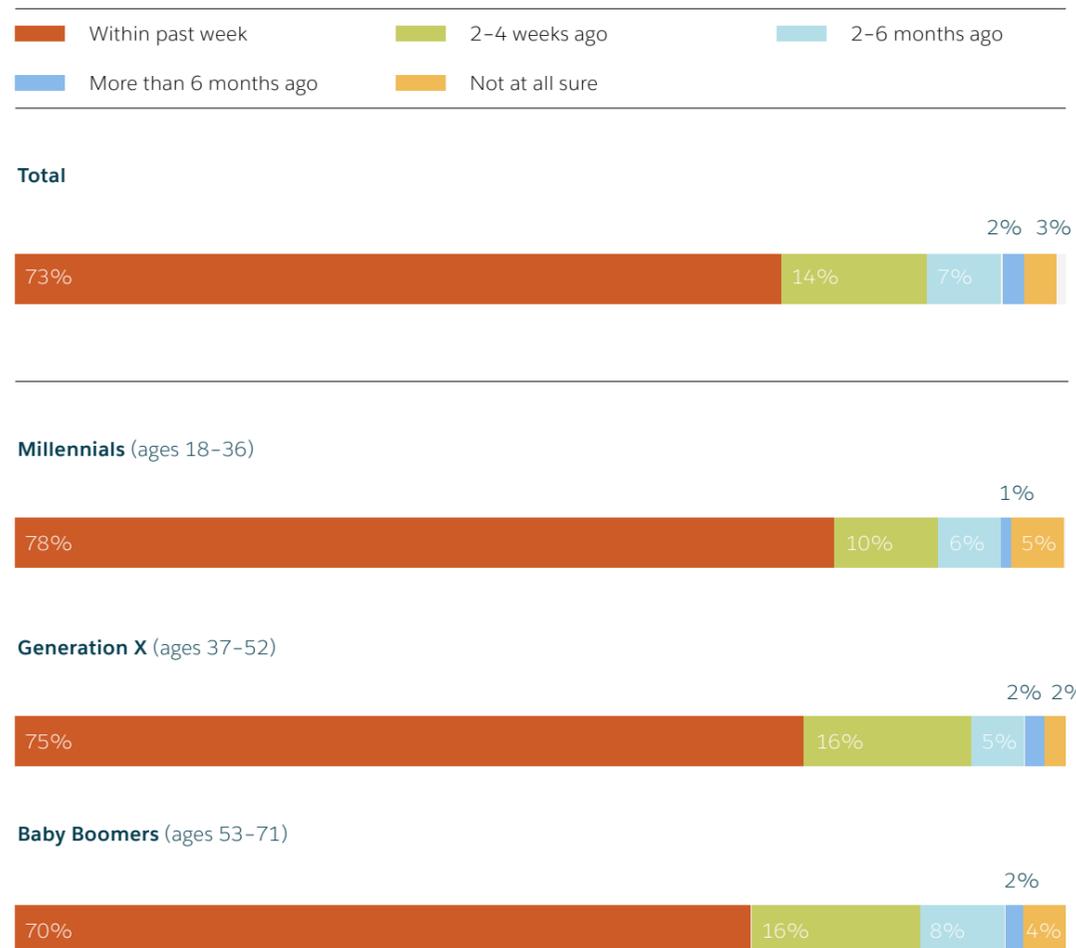
01. SHOPPERS SAY SO LONG TO THE LINEAR PATH TO PURCHASE

While there's no denying the explosive growth of digital commerce over the last decade, the brick-and-mortar channel is far from obsolete. In fact, **87%** of shoppers say they've visited a retail store within the past month. Perhaps even more telling is that millennials, who are often considered the most digitally savvy generation – are more likely than baby boomers to have visited a physical store within the last seven days (**78% vs. 70%**).

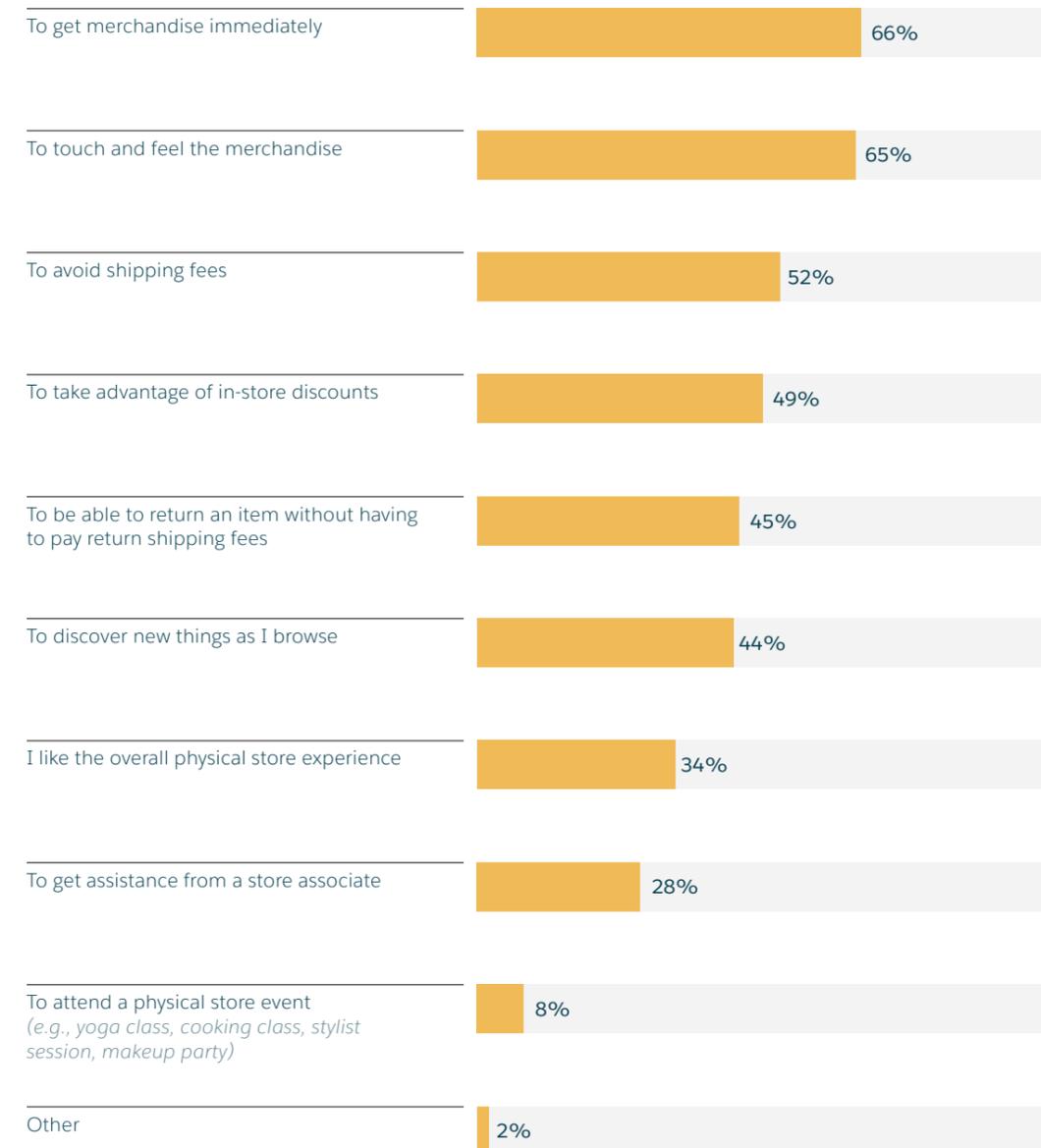
Although shoppers are experimenting with new digital channels across their purchase paths, the primary reasons shoppers like to visit a retail store include instant gratification (e.g., getting merchandise immediately) and the pursuit of cost savings (i.e., avoiding shipping fees).

When was the last time you walked into a physical retail store?

Please do not include grocery stores, drugstores, convenience stores, and restaurants when answering.



In general, which of the following are reasons why you like to shop in-store?



The omni-channel retail landscape continues to evolve as new channels emerge. Today's shoppers are well-accustomed to being able to move seamlessly along their journeys across whichever channels are most convenient. For example, **55%** of all shoppers report having purchased a product online to pick up in a physical store, and more than a quarter (**28%**) have embraced endless aisle capabilities that allow them to purchase a product for delivery that was not available while they were in-store.

Yet, despite their omni-channel mindsets, today's shoppers may be disappointed with the cross-channel experiences retailers provide. In fact, **55%** of all shoppers say retail experiences are generally disconnected from channel to channel. What's more, in an era in which personalized engagement is paramount, **63%** of shoppers don't feel like retailers truly know who they are.

In general, retail experiences are disconnected from channel to channel.

Percentage of shoppers who strongly or somewhat agree



I don't feel like retailers truly know who I am.

Percentage of shoppers who strongly or somewhat agree



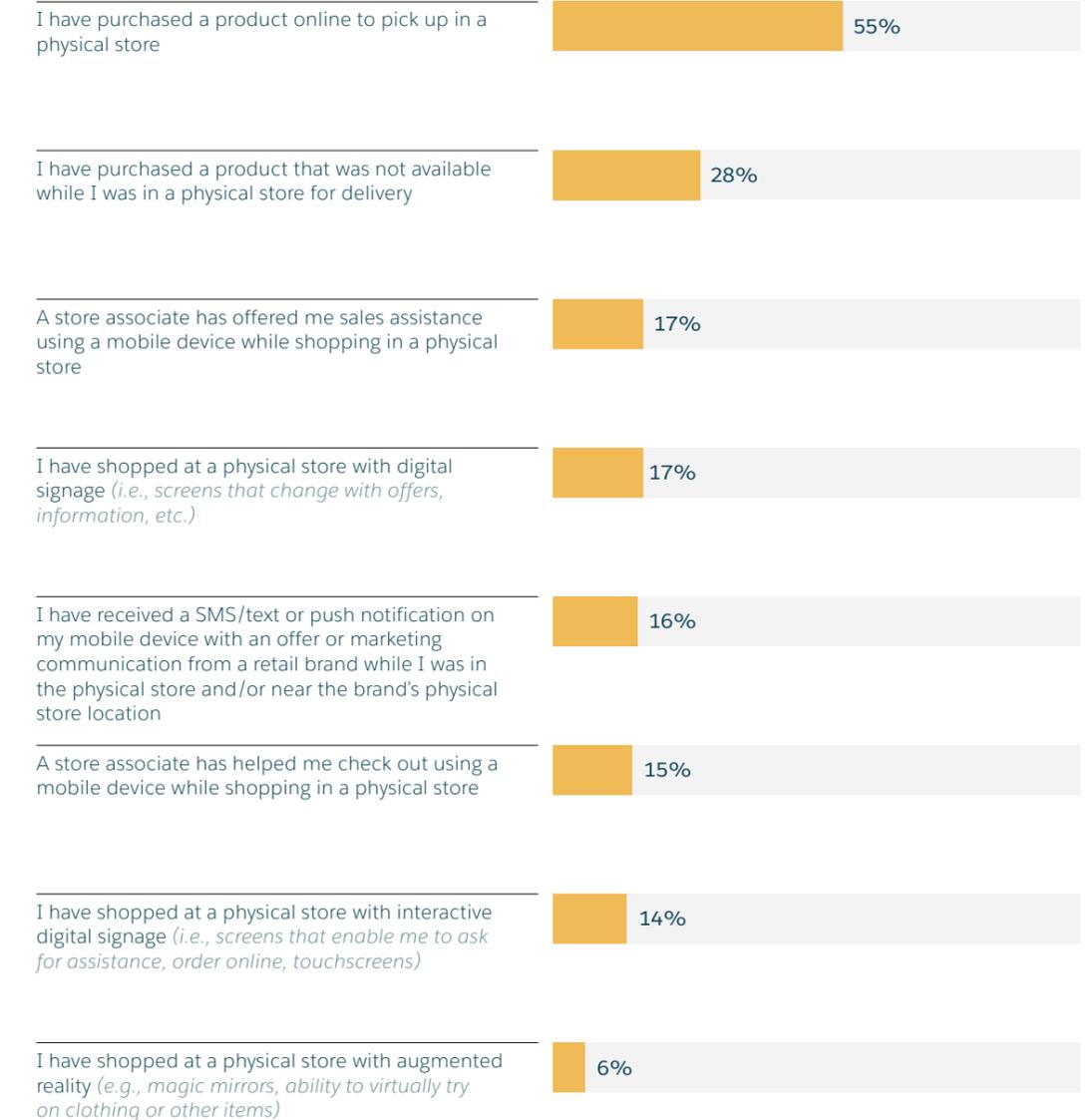
Millennials vs. Baby Boomers*

1.2x
as likely

Baby Boomers vs. Millennials*

1.1x
as likely

Which of the following are true for you?



* Difference between millennials and baby boomers was calculated using the following: %millennials / %baby boomers or % baby boomers / % millennials.

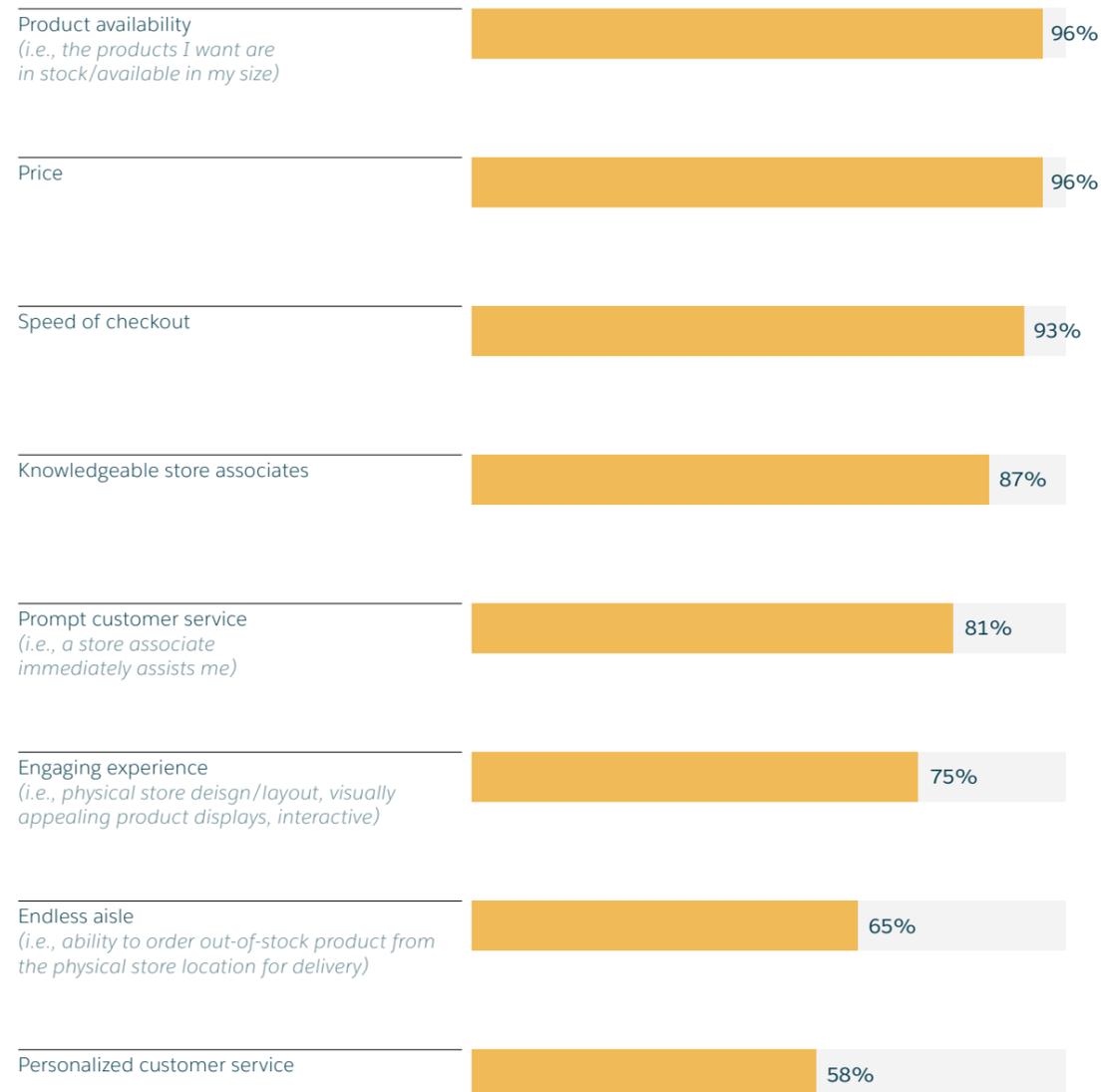
O2. RETAILERS FALL BEHIND IN THE RACE TO MEET SHOPPER EXPECTATIONS

From Apple's Siri to product recommendations to suggested tags on Facebook photos, consumers are now accustomed to AI-like technologies in their daily routines. Survey results show shoppers want similar levels of sophistication and personalization from retailers, regardless of whether it's an in-person or online experience; **58%** value personalized customer service when shopping in-store and **60%** value relevant product recommendations when shopping online.

PHYSICAL RETAIL STORE

How important are each of the following to you when you shop for a product in a physical retail store?

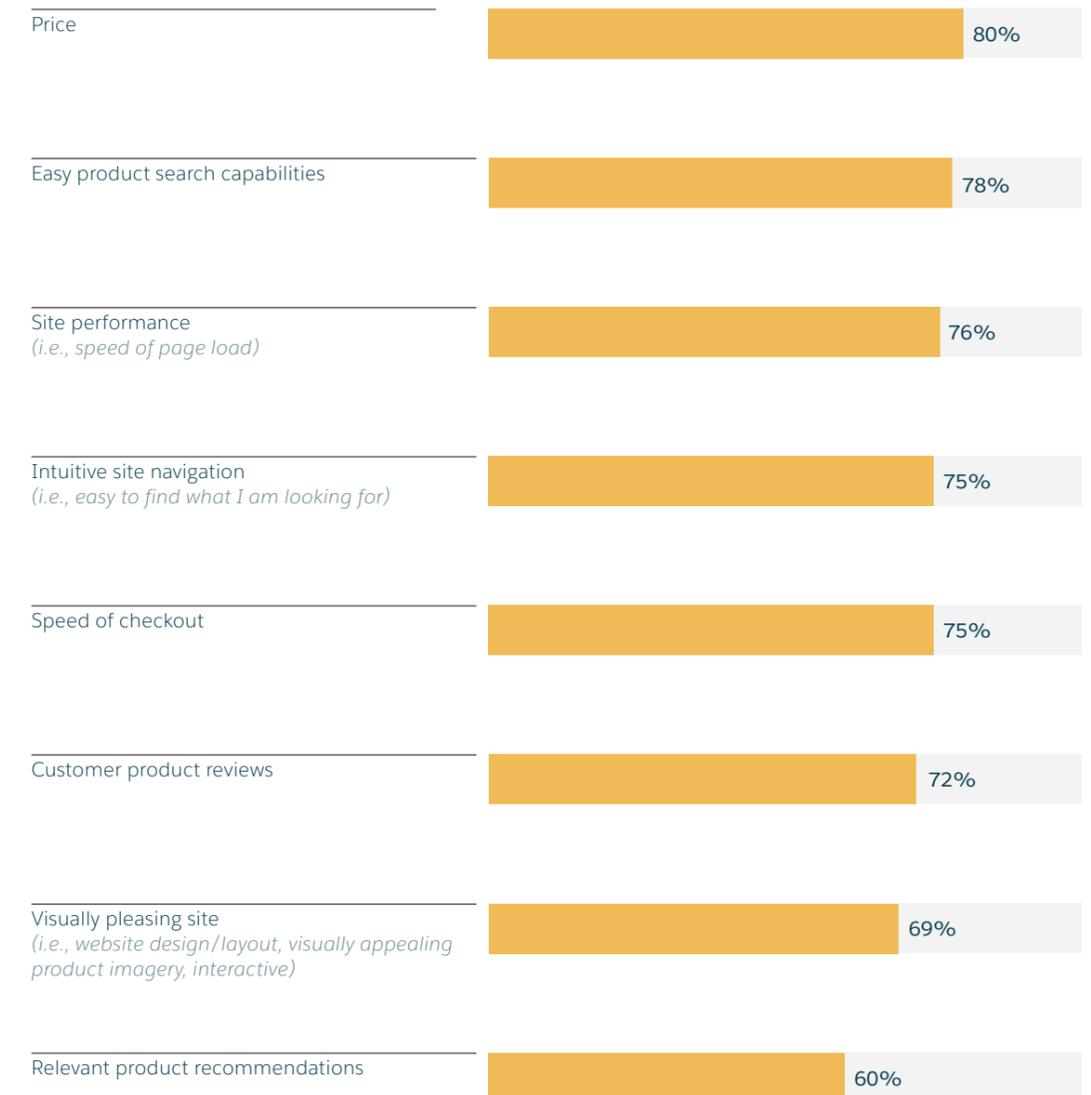
Percentage of shoppers who say the following are very or somewhat important



ONLINE

How important are each of the following to you when you shop for a product online?

Percentage of shoppers who say the following are very or somewhat important



O2. RETAILERS FALL BEHIND IN THE RACE TO MEET SHOPPER EXPECTATIONS

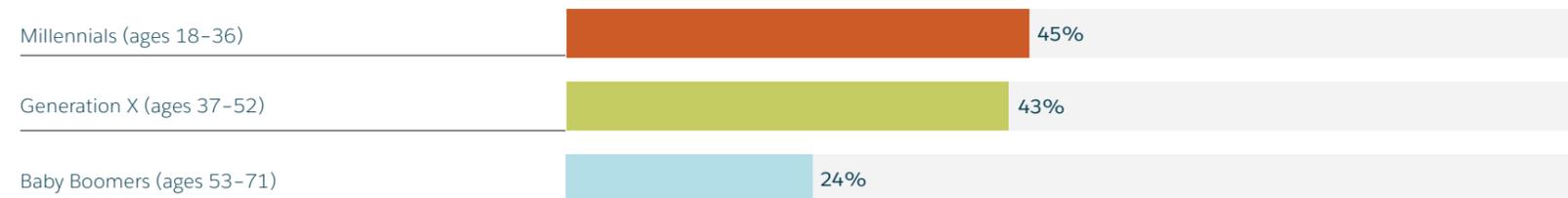
Shoppers rely on smartphones to augment their in-store experience, whether researching a product or making a purchase.

It's worth noting that although **34%** report using mobile devices to research products while in-store, only **17%** report being helped by a store associate using a mobile device.

34% of shoppers say they've researched a product online using a mobile device while in a physical store.

17% also say they've purchased a product online from a mobile device while in a physical store.

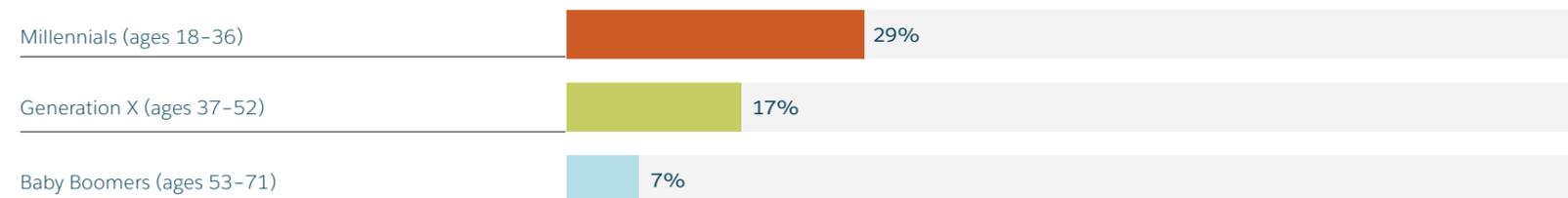
I have researched a product online using a mobile device while in a physical store.



Millennials vs. Baby Boomers*

1.9x
as likely

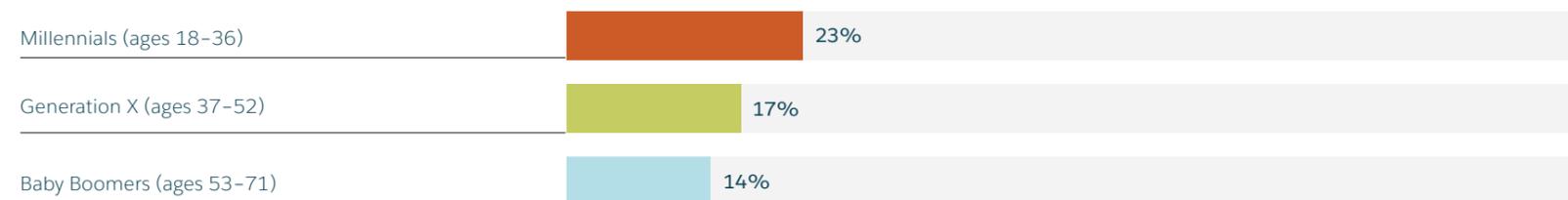
I have purchased a product online from a mobile device while in a physical store.



Millennials vs. Baby Boomers*

4.1x
as likely

A store associate has offered me sales assistance using a mobile device while shopping in a physical store.



Millennials vs. Baby Boomers*

1.6x
as likely

* Difference between millennials and baby boomers was calculated using the following: %millennials / %baby boomers.

O2. RETAILERS FALL BEHIND IN THE RACE TO MEET SHOPPER EXPECTATIONS

Over half of millennials (53%) agree that store associates do not have the tools they need to deliver excellent customer service.

Perhaps even more worrisome is shoppers' growing skepticism of the expertise of store associates. Sixty percent of millennials think they typically know more about products than the store associates do. More than two-fifths of millennials (43%) even think robots could replace human store associates.

I typically know more about a product than the store associate.

Percentage of shoppers who strongly or somewhat agree



Millennials vs. Baby Boomers*

1.1x
as likely

I typically know more about a store than the store associate.

Percentage of shoppers who strongly or somewhat agree

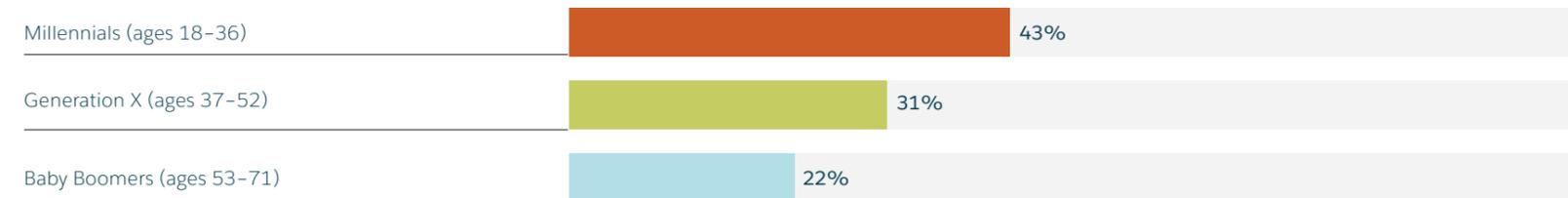


Millennials vs. Baby Boomers*

1.5x
as likely

I think robots could replace human store associates.

Percentage of shoppers who strongly or somewhat agree



Millennials vs. Baby Boomers*

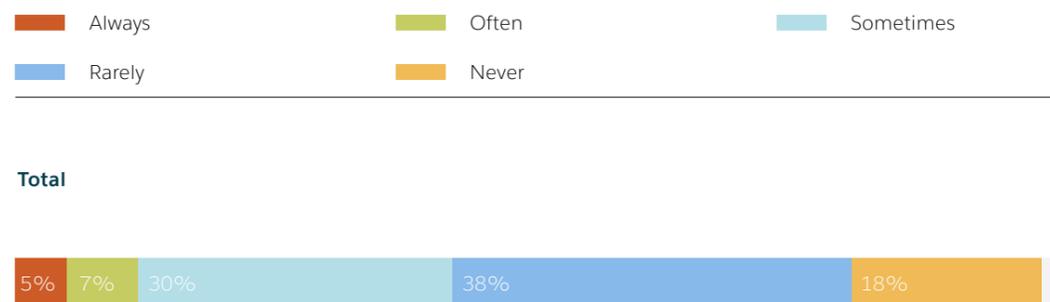
2.0x
as likely

* Difference between millennials and baby boomers was calculated using the following: %millennials / %baby boomers.

O2. RETAILERS FALL BEHIND IN THE RACE TO MEET SHOPPER EXPECTATIONS

Beyond questioning store associates' expertise, some shoppers also seem to doubt the sincerity of interactions with retail employees. More than half of shoppers (56%) hesitate to ask for associates' opinions, perhaps because they question motives (i.e., is the employee trying to make a quick sale or providing real value?). Only 12% always or often ask a store associate for his or her opinion before purchasing a product, and only two-fifths who ever ask for their opinion trust that a store associate always or often tells the truth when asked.

How often, if ever, do you ask a store associate for his or her opinion on a product before purchasing it?*



Millennials (ages 18-36)



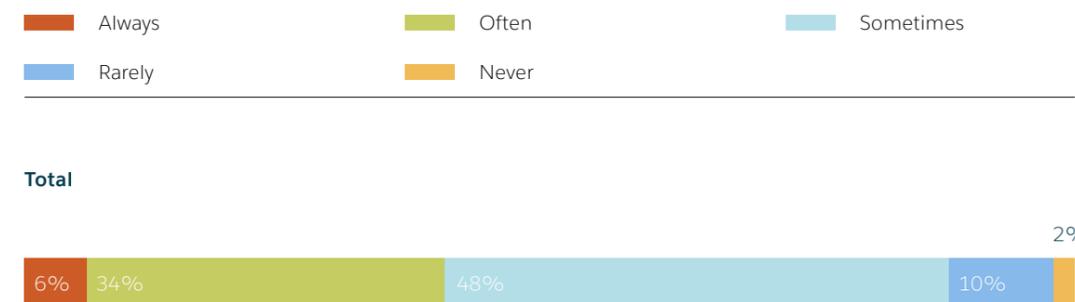
Generation X (ages 37-52)



Baby Boomers (ages 53-71)



How often, if ever, do you think the store associate is telling the truth when they give you an opinion on the product?*



Millennials (ages 18-36)



Generation X (ages 37-52)



Baby Boomers (ages 53-71)



* Bars may not total 100% as those who said "I don't shop in stores at all" have been excluded from this chart.

** Question asked of those who said they either always, often, sometimes, or rarely ask a store associate for his or her opinion on a product before purchasing it.

Mass marketing and customer engagement is a relic of retail's old playbook. Accustomed to tailored Spotify playlists and Amazon recommendations, today's customers expect highly relevant offers that meet their unique needs and preferences. Case in point, **62%** of all shoppers say they like retailers to provide product recommendations based on their purchasing history – a figure that increases for millennial consumers (**75%**).

Today's customers are technically savvy, and understand that the personalization they expect is based on rich data insights that extend beyond just completed purchases. Additionally, they know such capabilities cross the digital and physical worlds. A majority of shoppers (**54%**), including two-thirds of millennials, are willing to share data regarding their preferences with a store or brand to receive faster and more convenient service once in-store. **Forty-five percent** say it would be helpful for physical stores to know about the research they've done online before arriving at a store so they could receive better service.

I like it when retailers provide product recommendations based on my purchasing history.

Percentage of shoppers who strongly or somewhat agree

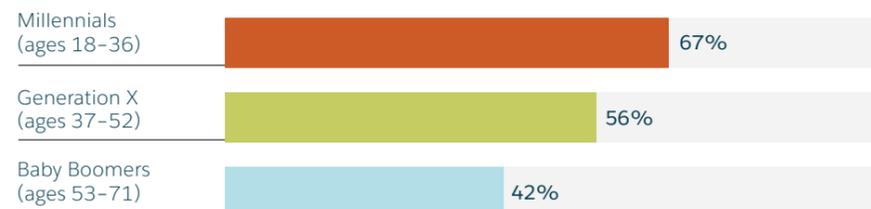


Millennials vs. Baby Boomers*

1.5x
as likely

I would be willing to share data regarding my preferences with a store or brand to receive faster and more convenient service once I am in the store.

Percentage of shoppers who strongly or somewhat agree

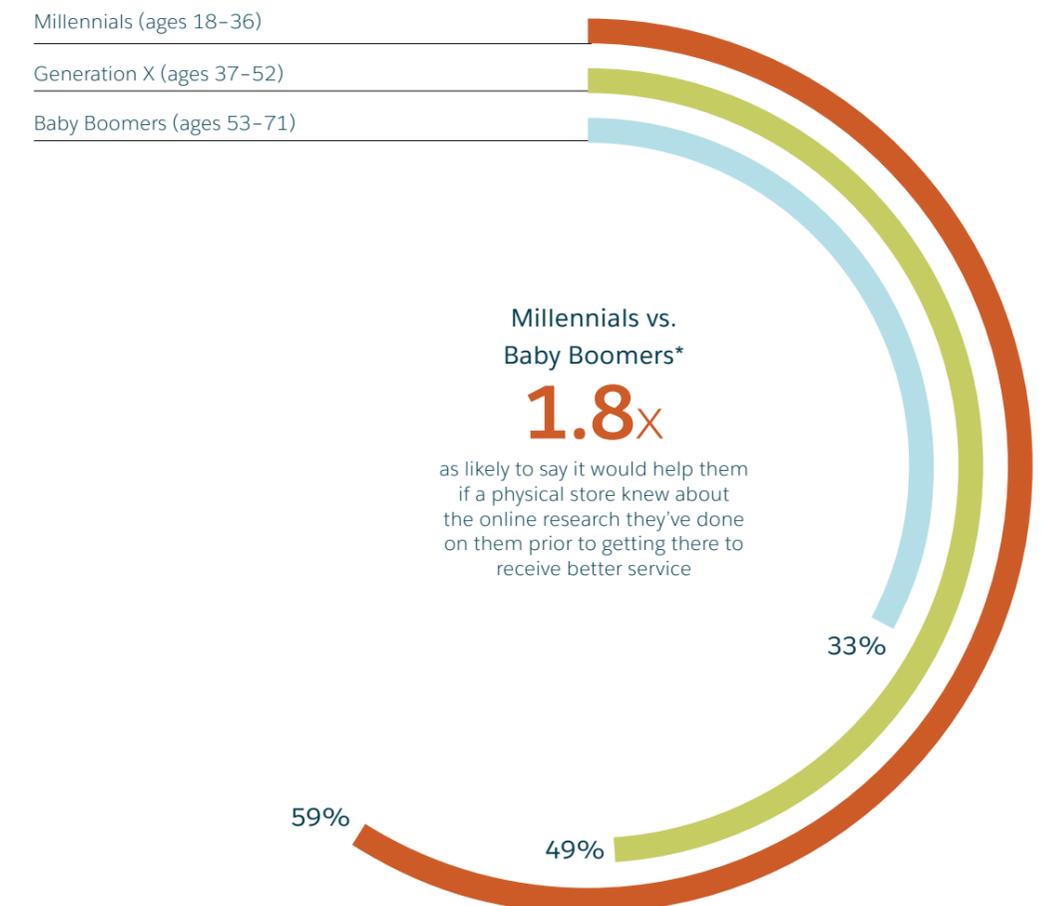


Millennials vs. Baby Boomers*

1.6x
as likely

It would help me if a physical store knew about the online research I've done on them prior to getting there so I could receive better service.**

Percentage of shoppers who strongly or somewhat agree



Millennials vs. Baby Boomers*

1.8x

as likely to say it would help them if a physical store knew about the online research they've done on them prior to getting there to receive better service

* Difference between millennials and baby boomers was calculated using the following: %millennials / %baby boomers.

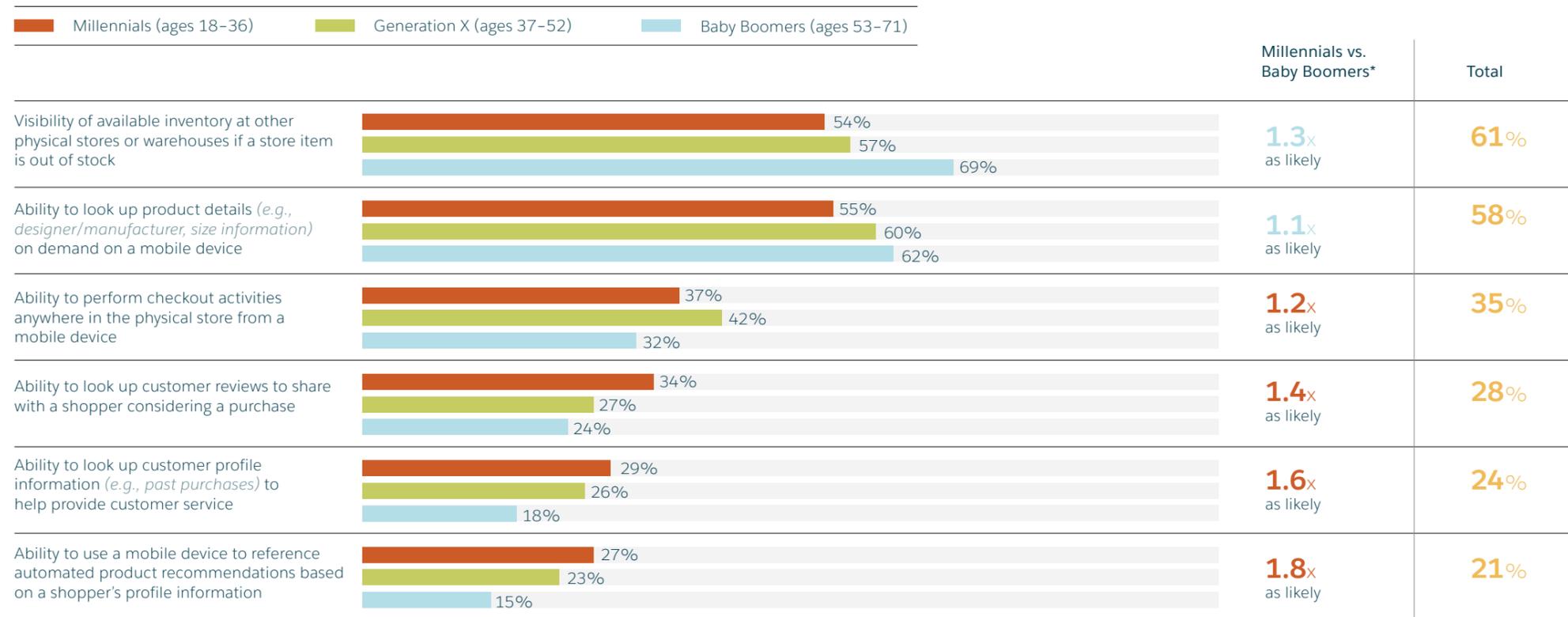
** Full question text: It would help me if a physical store knew about the online research I've done on them prior to getting there (e.g., wishlists, abandoned cart, social media activity) so I could receive better service (e.g., a store associate could get the item for me more quickly, ensure I get the best deal, reserve the item in the right size or color based on other preferences).

O3. CONNECTED EMPLOYEES KEEP SHOPPERS HAPPY

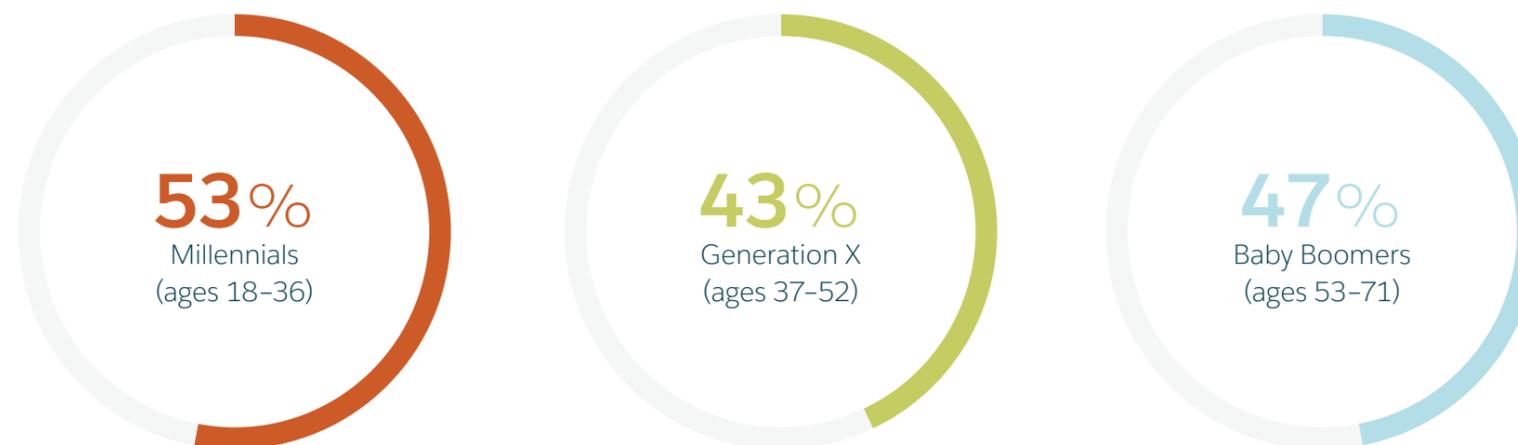
As indicated earlier in this report, brick-and-mortar retailing is far from dead. However, its role in commerce is fundamentally changing. To ensure their physical locations can play the role that shoppers expect, **retailers must realize the evolving capabilities their associates require to fulfill their new customer mandates.**

This is no easy feat, as generations differ on their opinions of what store associates must do to deliver an excellent customer experience. For example, millennials are **1.8x** more likely than baby boomers to say that store associates need the ability to use mobile devices to reference automated product recommendations based on a shopper's profile information (**27% vs. 15%**), and **1.6x** more likely to say the same for the ability to look up customer profile information, such as past purchases (**29% vs. 18%**). Conversely, baby boomers are **1.3x** more likely than millennials to say that associates need visibility of available inventory at other physical stores or warehouses if an item is out of stock at their location (**69% vs. 54%**).

In your opinion, what do store associates need in order to help deliver an excellent customer experience?



Percentage of shoppers who strongly or somewhat agree that store associates do NOT have the tools they need to deliver an excellent customer experience



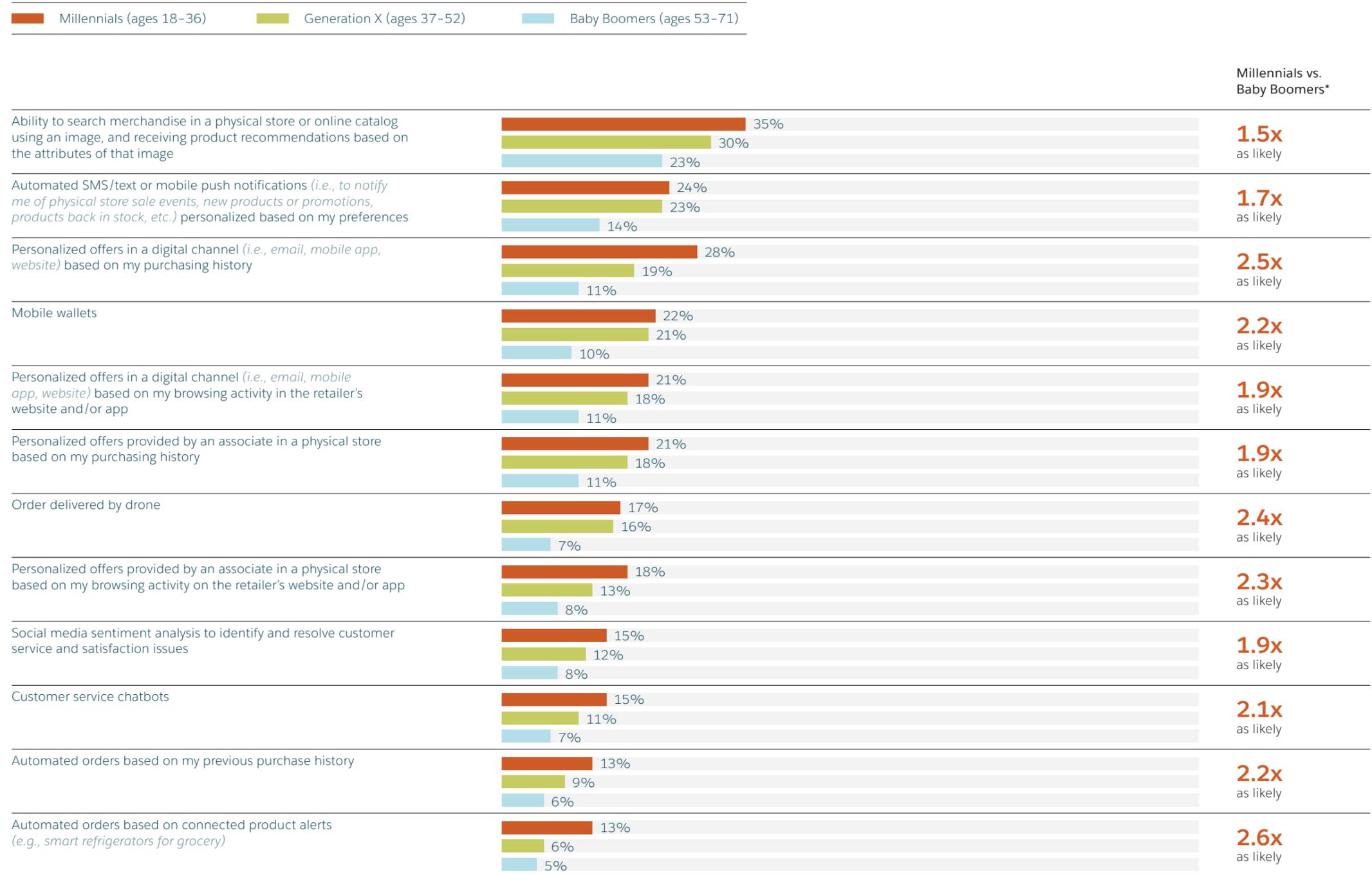
* Difference between millennials and baby boomers was calculated using the following: %millennials / %baby boomers or % baby boomers / % millennials.

O4. THE NEXT GENERATION SEEKS A SMARTER RETAIL EXPERIENCE

AI is creating even more ways for retailers to reach shoppers with smarter, more predictive, and personalized messages – and millennials are particularly eager to experience smarter shopping journeys.

Over a third of millennials (**35%**) say the ability to search merchandise in a physical store or online catalog using an image and receiving product recommendations based on the attributes of that image is appealing. Millennials are also far more likely than older generations to appreciate retailers' personalization and automation efforts. Compared to baby boomers, millennials are **2.5x** more likely to say personalized offers from retailers in a digital channel (i.e., email, mobile app, website) based on their purchasing history would appeal to them (**28% vs. 11%**).

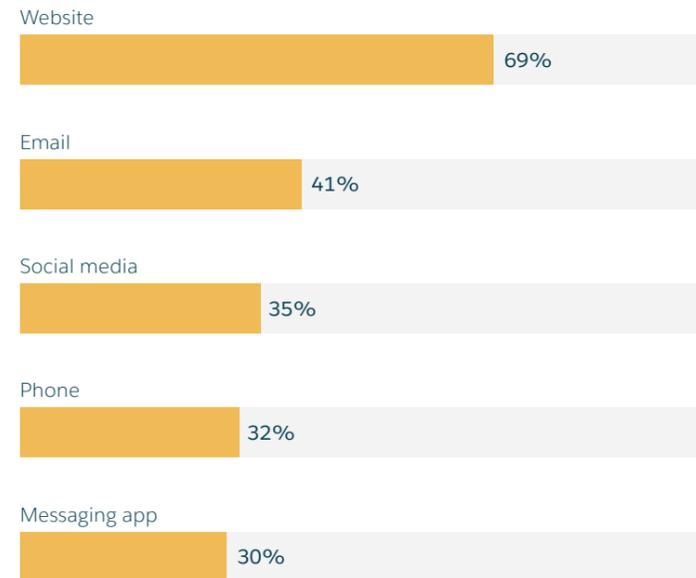
Which of the following artificial intelligence (AI) or other technology capabilities would appeal to you if offered by a retailer?



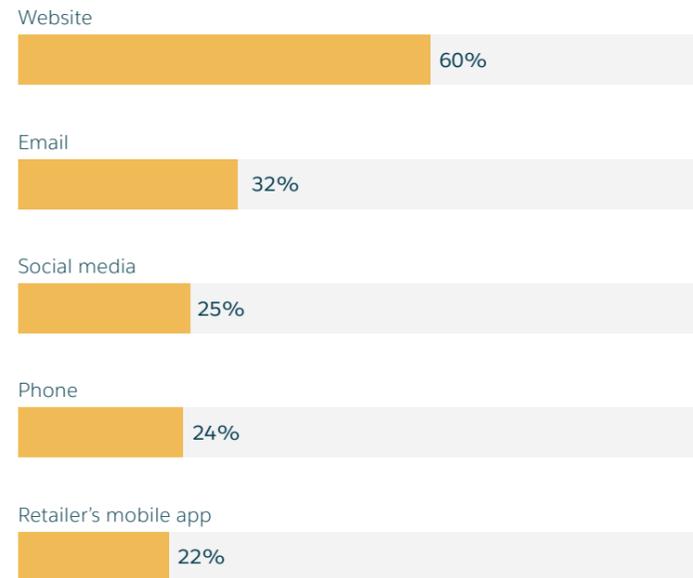
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SHOPPERS SAY SO LONG TO THE LINEAR PATH TO PURCHASE

Top channels for researching products from an online retailer



Top channels for buying products from an online retailer



RETAILERS FALL BEHIND IN THE RACE TO MEET SHOPPER EXPECTATIONS

Percentage of shoppers who say retail experiences are disconnected from channel to channel



Percentage of shoppers who think retailers don't know them



Percentage of shoppers who like when retailers offer product recommendations based on their purchasing history

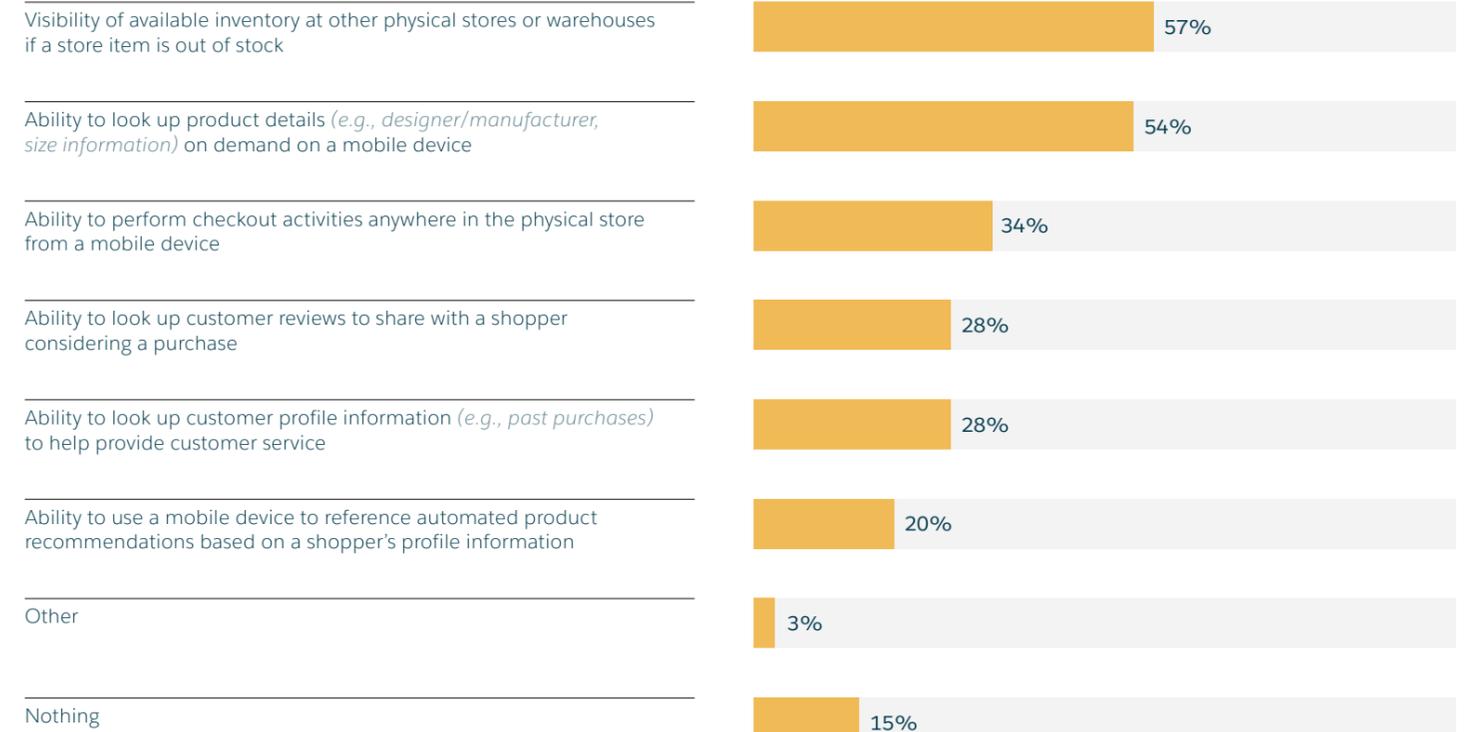


Percentage of shoppers willing to share data regarding preferences in order to receive faster/more convenient service in-store



CONNECTED EMPLOYEES KEEP SHOPPERS HAPPY

Percentage of shoppers who believe store associates need the following in order to deliver excellent customer experience



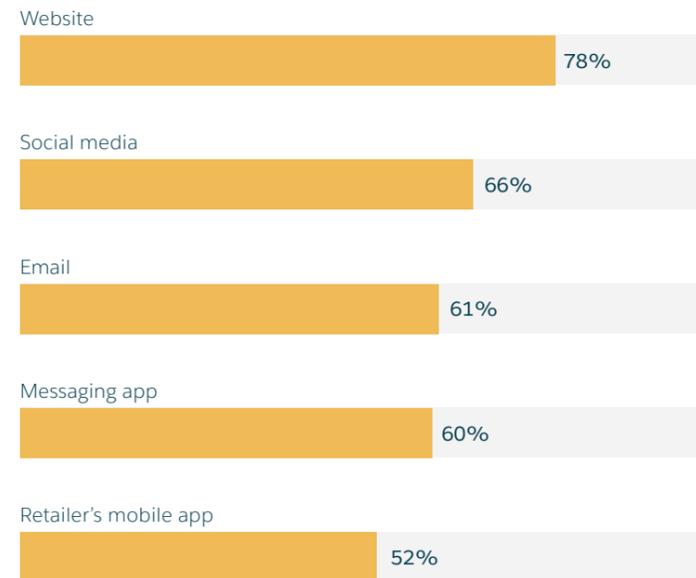
THE NEXT GENERATION SEEKS A SMARTER RETAIL EXPERIENCE

Top three AI or other tech capabilities that would appeal to shoppers if offered by a retailer

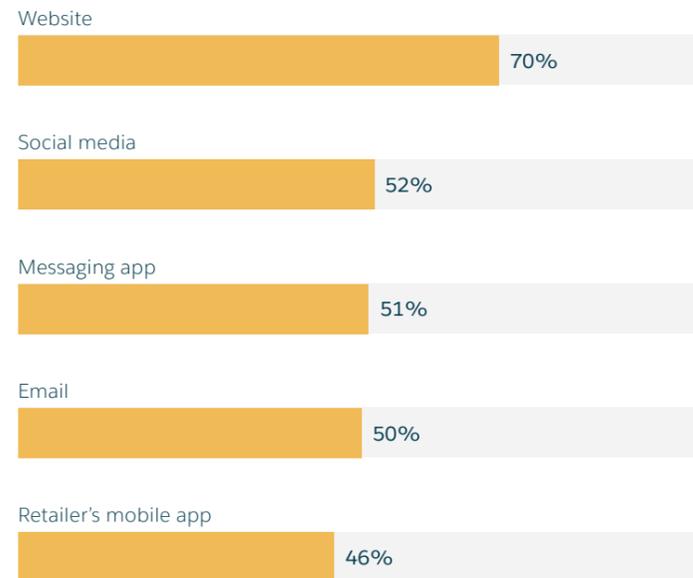


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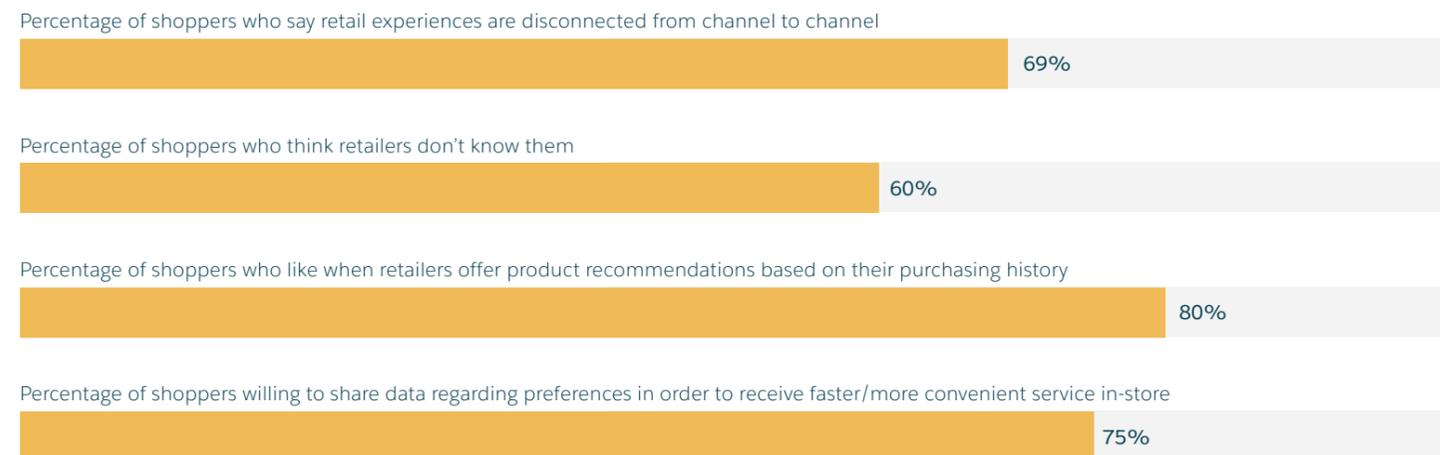
Top channels for researching products from an online retailer



Top channels for buying products from an online retailer

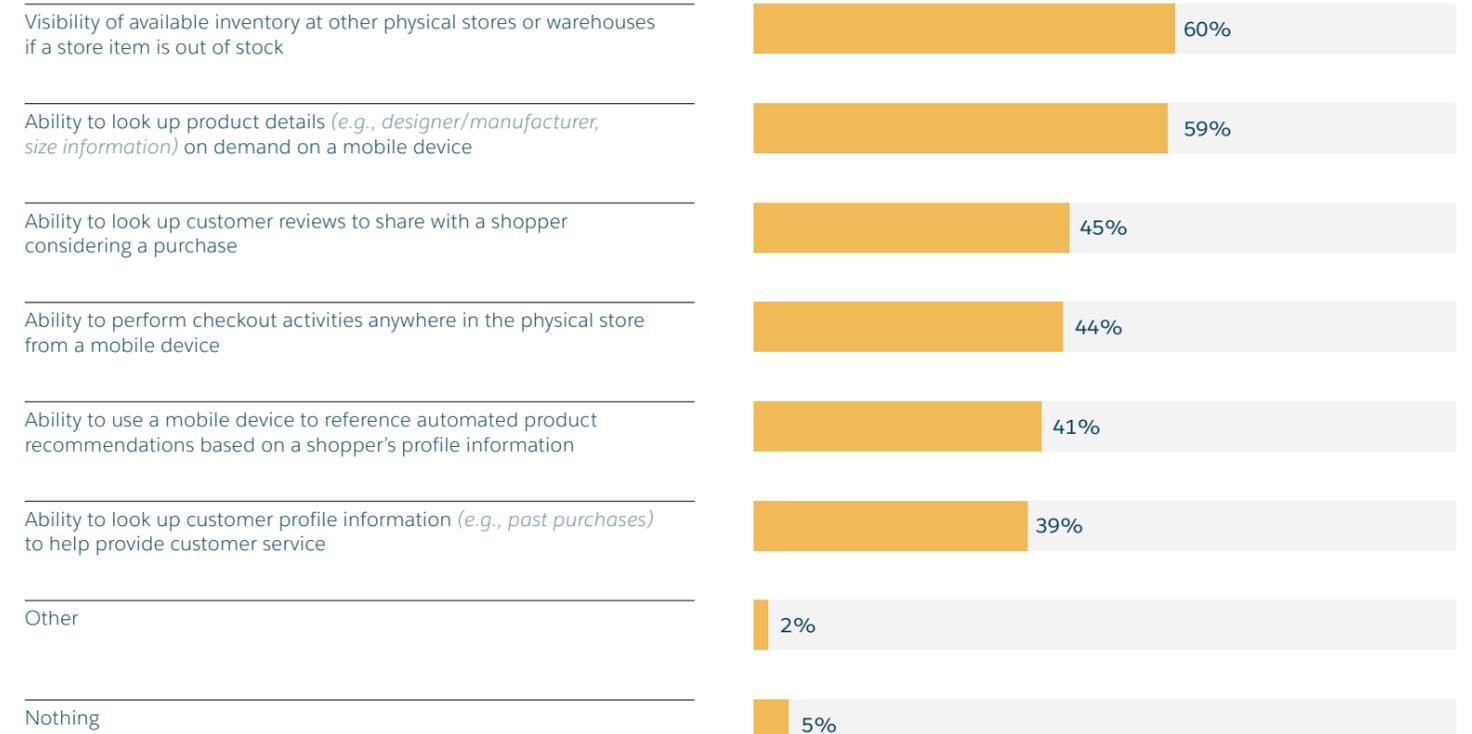


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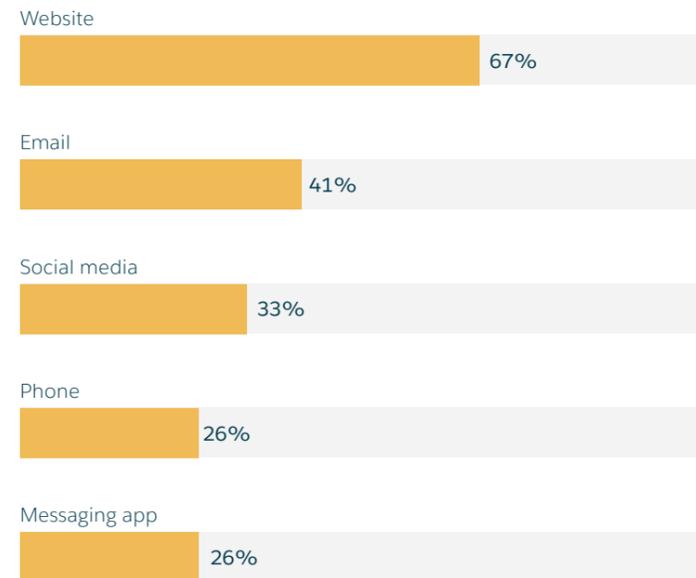
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Top three AI or other tech capabilities that would appeal to shoppers if offered by a retailer

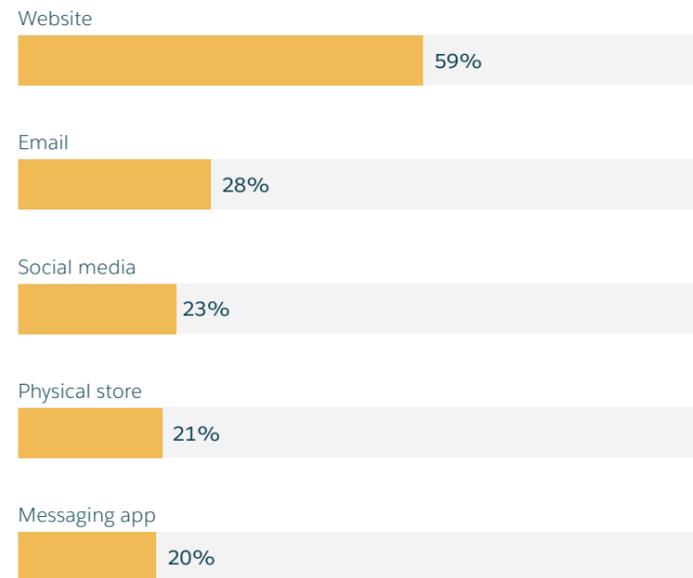


SHOPPERS SAY SO LONG TO THE LINEAR PATH TO PURCHASE

Top channels for researching products from an online retailer



Top channels for buying products from an online retailer



RETAILERS FALL BEHIND IN THE RACE TO MEET SHOPPER EXPECTATIONS

Percentage of shoppers who say retail experiences are disconnected from channel to channel



Percentage of shoppers who think retailers don't know them



Percentage of shoppers who like when retailers offer product recommendations based on their purchasing history

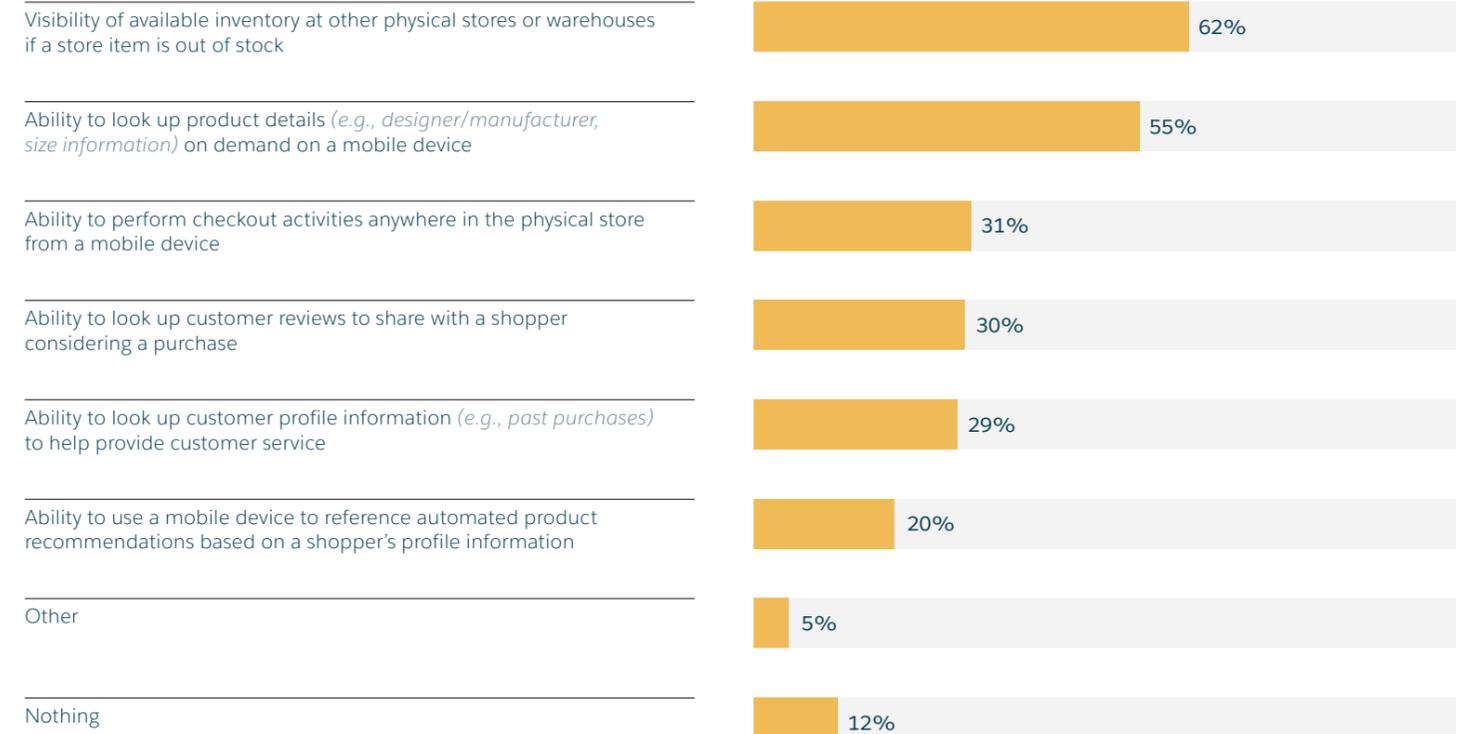


Percentage of shoppers willing to share data regarding preferences in order to receive faster/more convenient service in-store



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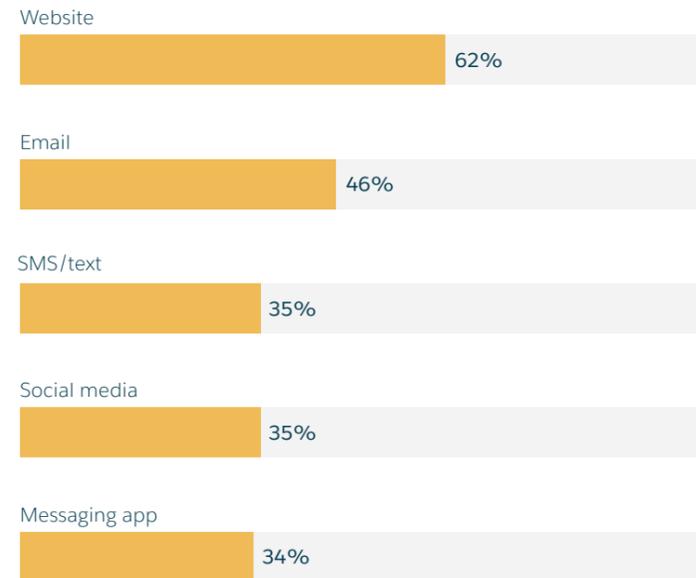
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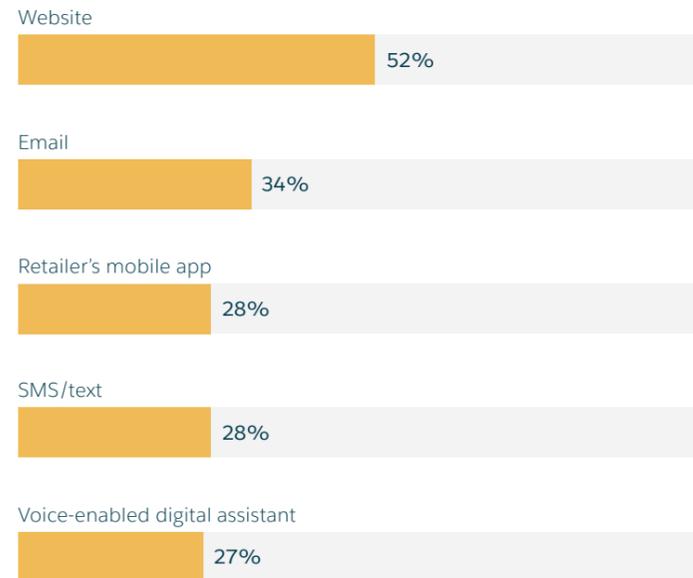


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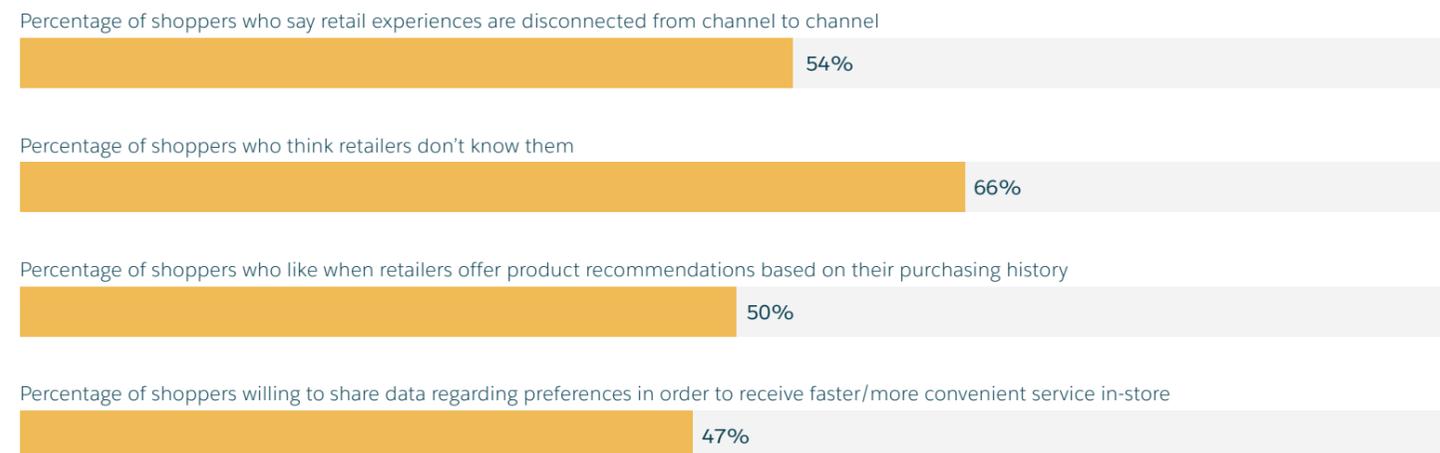
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Top channels for buying products from an online retailer

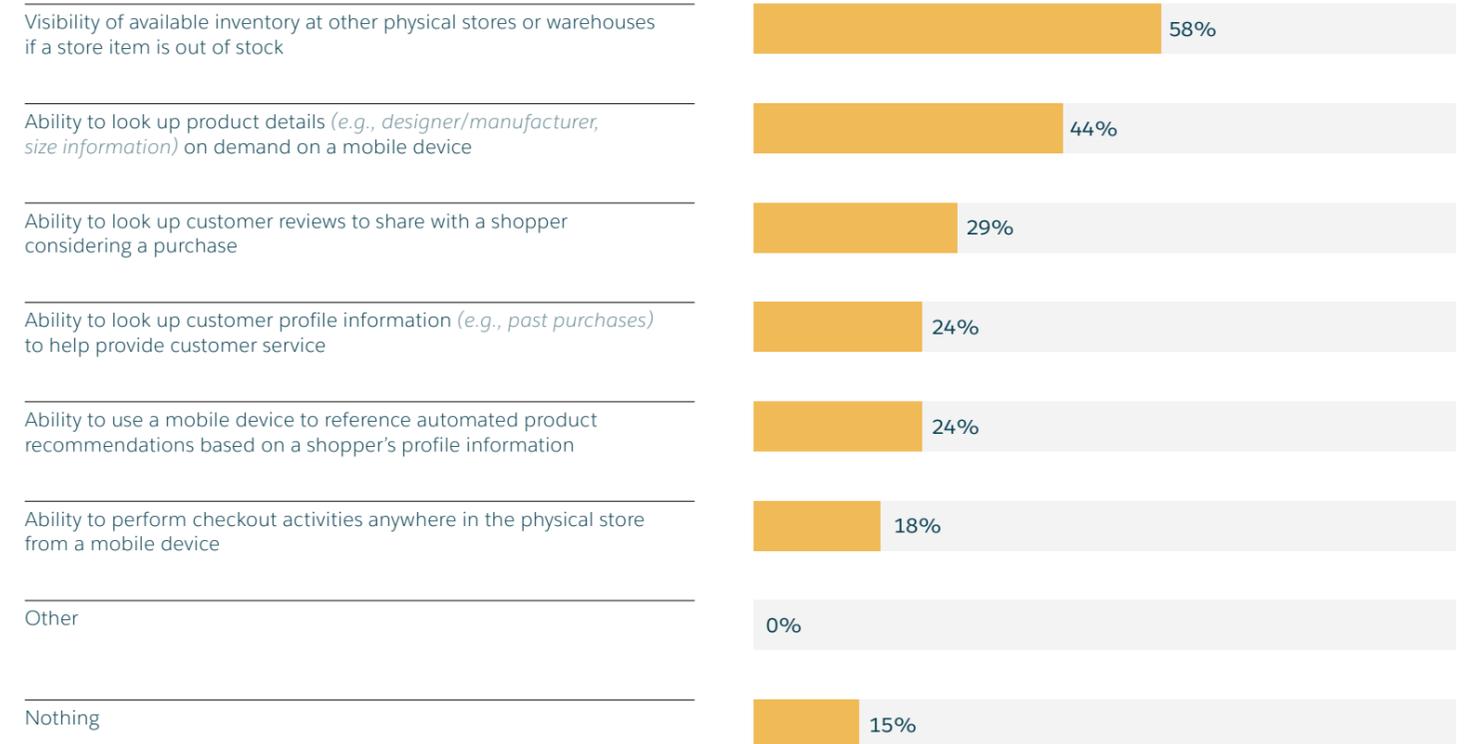


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Percentage of shoppers who believe store associates need the following in order to deliver excellent customer experience



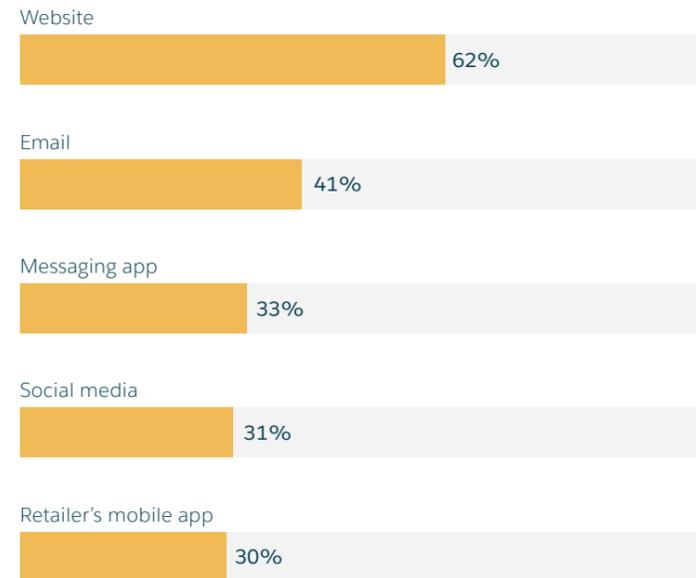
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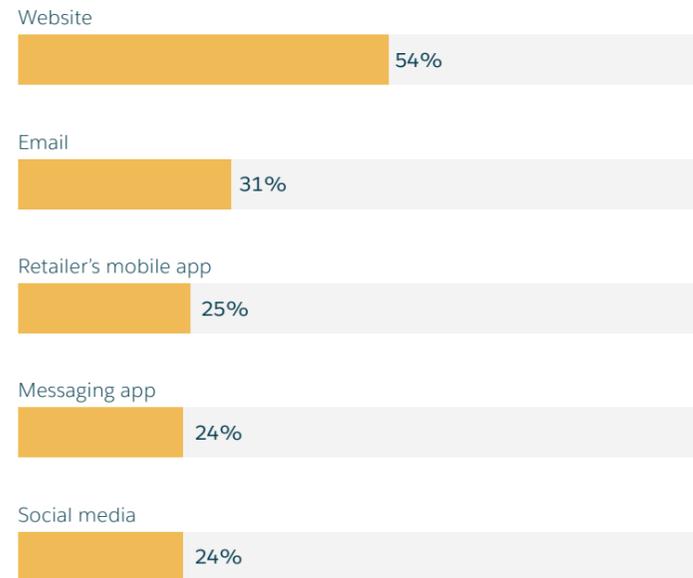


SHOPPERS SAY SO LONG TO THE LINEAR PATH TO PURCHASE

Top channels for researching products from an online retailer



Top channels for buying products from an online retailer



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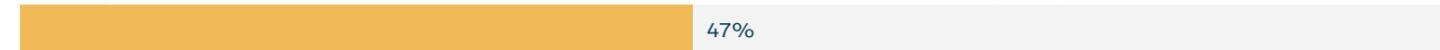
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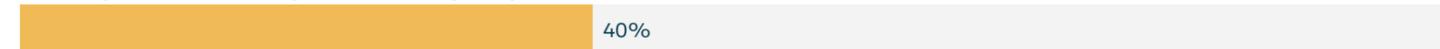
Percentage of shoppers who think retailers don't know them



Percentage of shoppers who like when retailers offer product recommendations based on their purchasing history

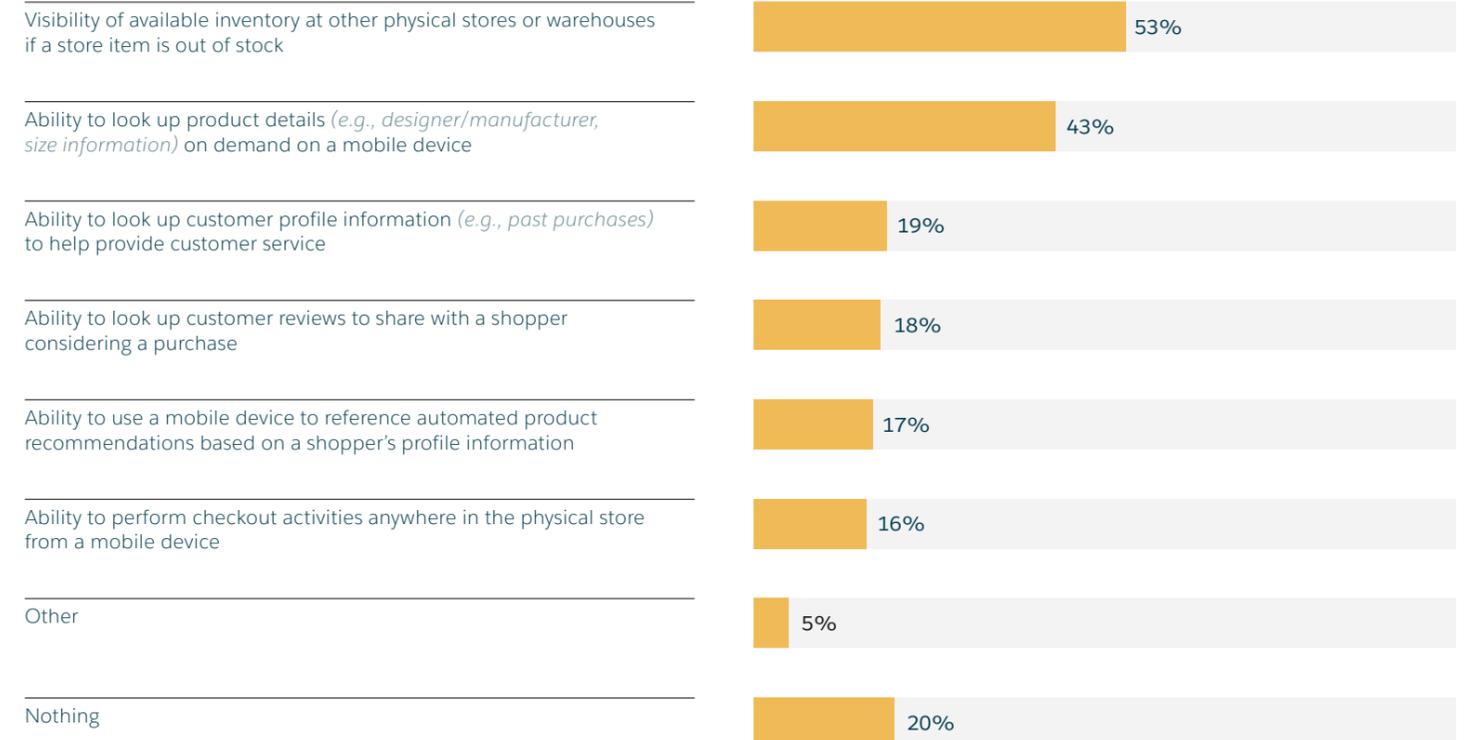


Percentage of shoppers willing to share data regarding preferences in order to receive faster/more convenient service in-store



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Percentage of shoppers who believe store associates need the following in order to deliver excellent customer experience



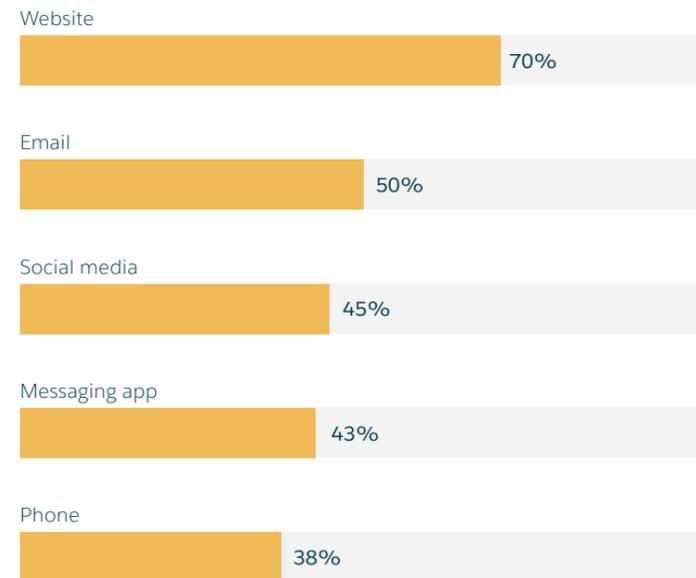
THE NEXT GENERATION SEEKS A SMARTER RETAIL EXPERIENCE

Top three AI or other tech capabilities that would appeal to shoppers if offered by a retailer

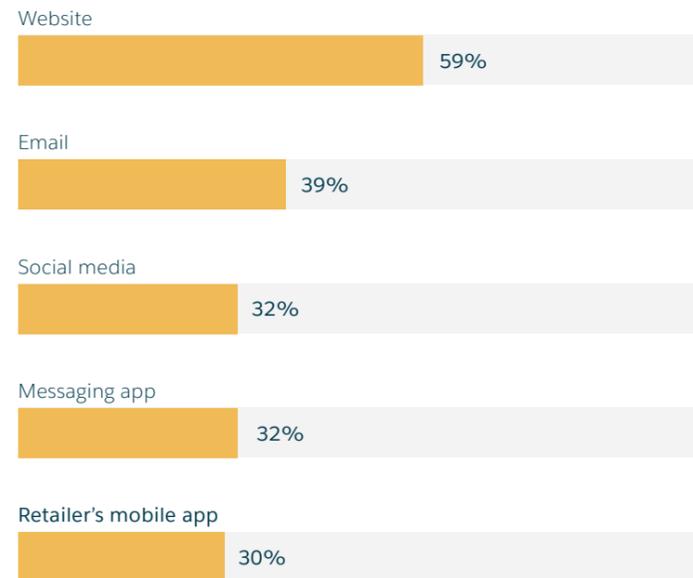


SHOPPERS SAY SO LONG TO THE LINEAR PATH TO PURCHASE

Top channels for researching products from an online retailer



Top channels for buying products from an online retailer



RETAILERS FALL BEHIND IN THE RACE TO MEET SHOPPER EXPECTATIONS

Percentage of shoppers who say retail experiences are disconnected from channel to channel



Percentage of shoppers who think retailers don't know them



Percentage of shoppers who like when retailers offer product recommendations based on their purchasing history

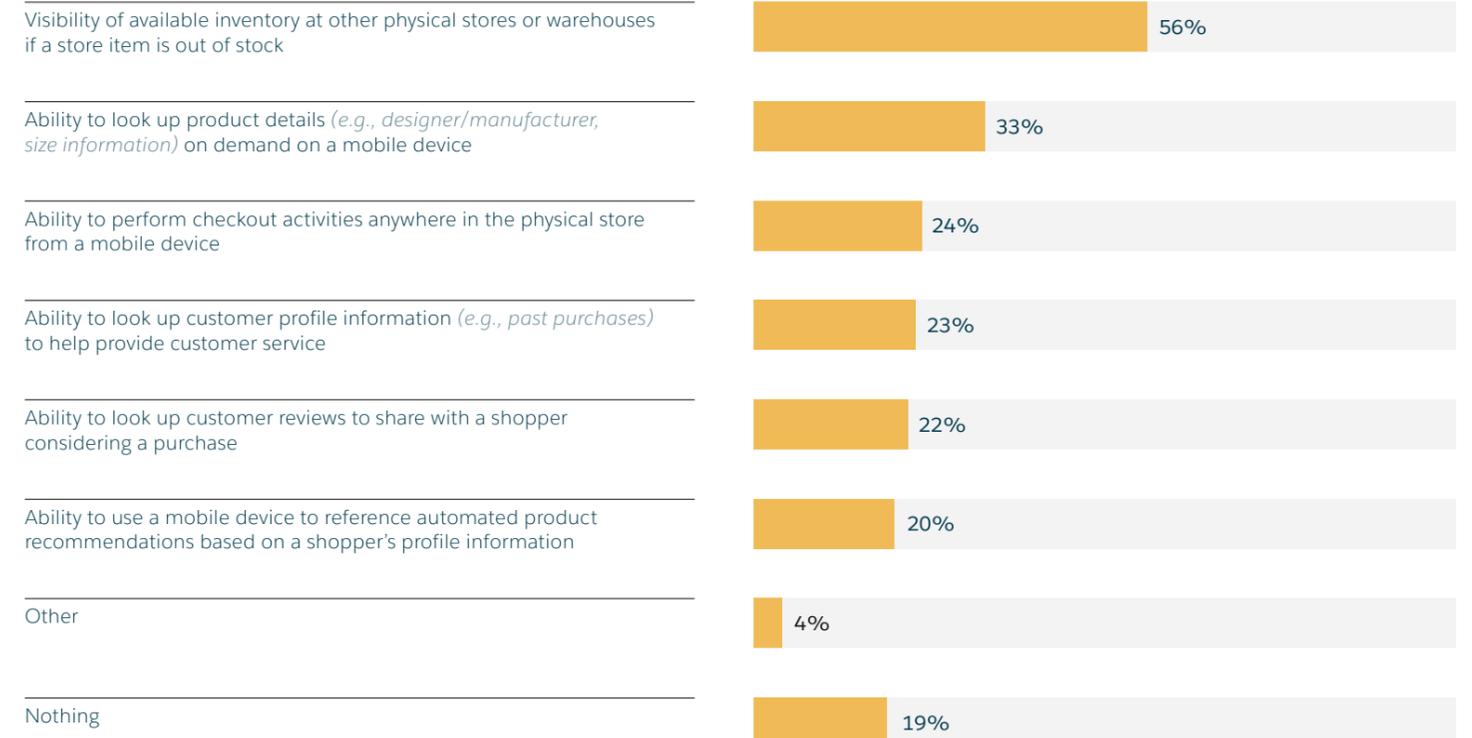


Percentage of shoppers willing to share data regarding preferences in order to receive faster/more convenient service in-store



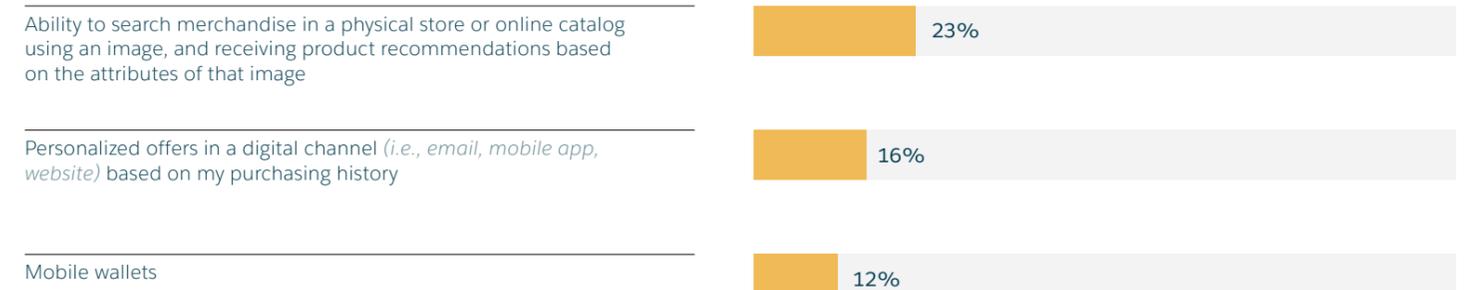
CONNECTED EMPLOYEES KEEP SHOPPERS HAPPY

Percentage of shoppers who believe store associates need the following in order to deliver excellent customer experience



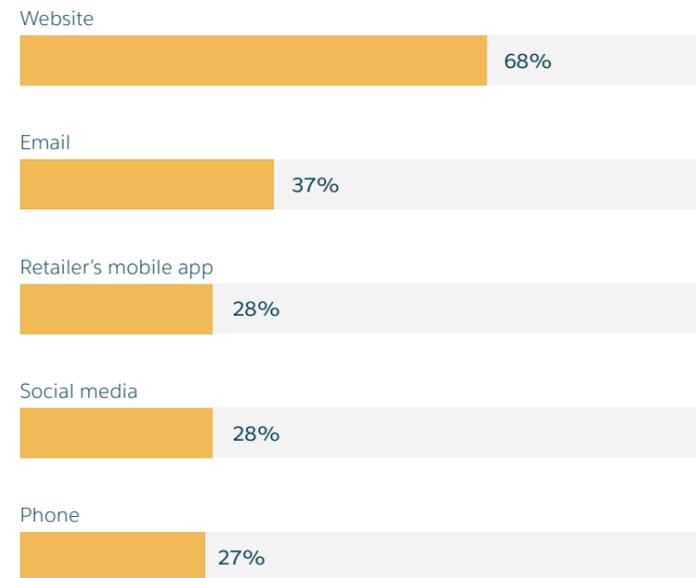
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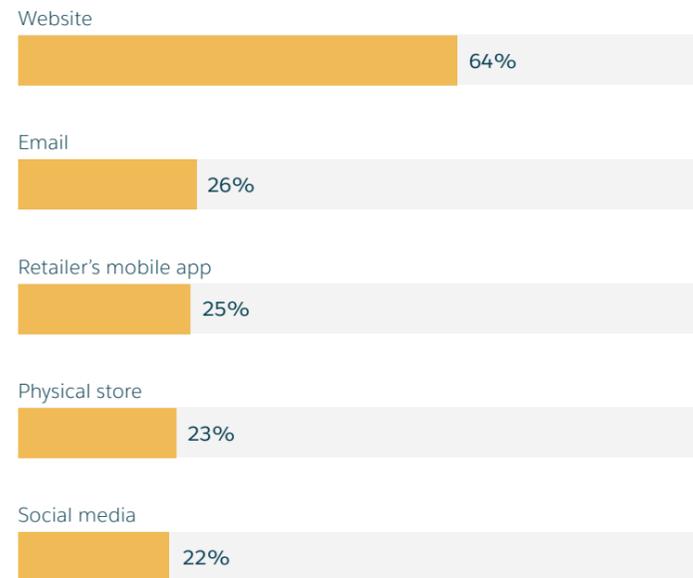


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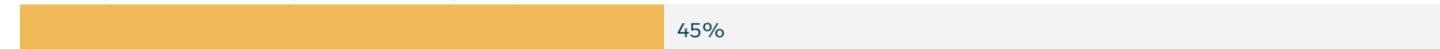
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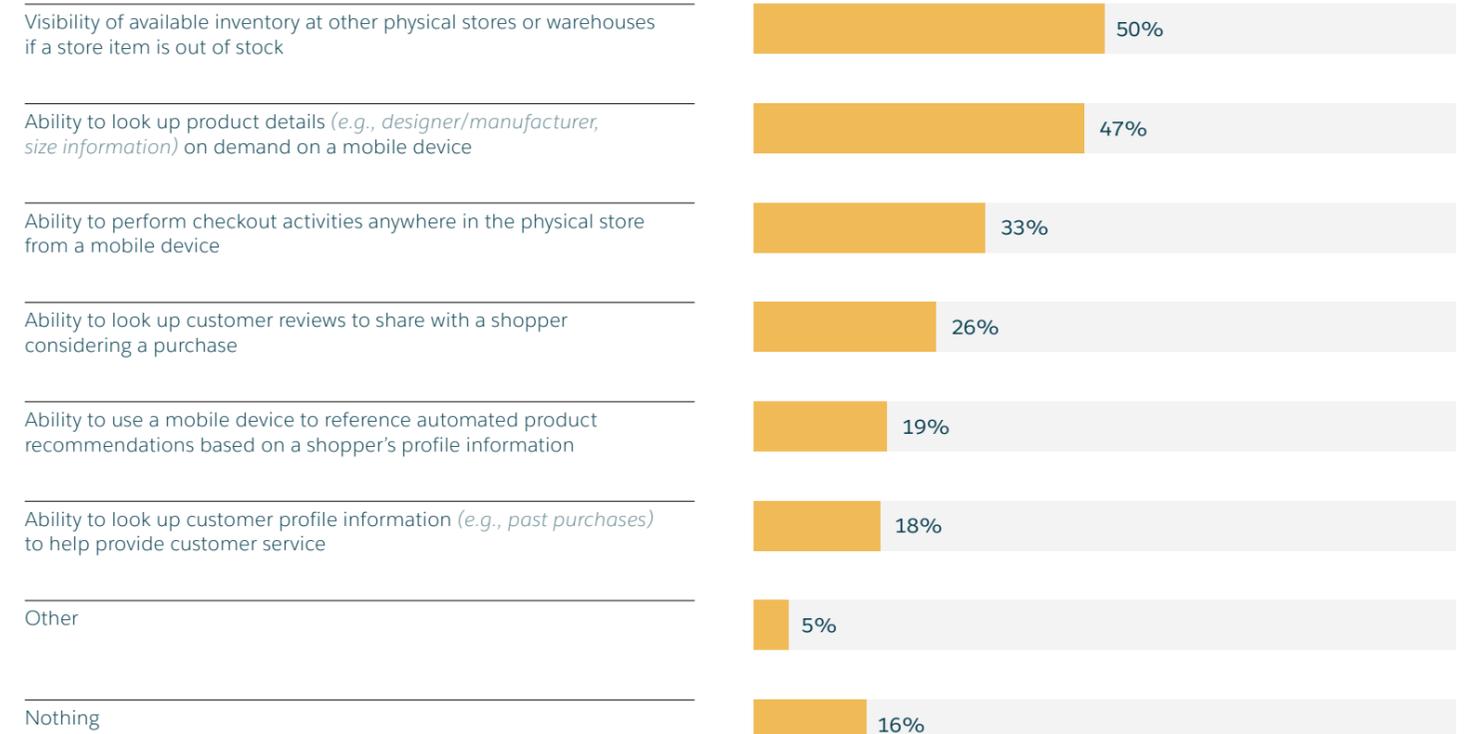


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The 2017 survey was conducted online by Harris Poll on behalf of Salesforce between August 4–8, 2017, among adults 18+ in Australia (1,076), Brazil (1,063), Canada (1,055), France (1,020), Germany (1,053), the Netherlands (1,079), the U.K. (1,043), and the U.S. (2,011).

Of those U.S. adults, 529 are millennials (ages 18–36), 530 are Generation Xers (ages 37–52), and 737 are baby boomers (ages 53–71). Raw data was weighted by age within gender, education, race/ethnicity, region, and incomes where necessary to reflect the U.S. general adult population.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error, which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with

question wording and response options, and post-survey weighting and adjustments. Therefore, Harris Poll avoids the words “margin of error” as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100% response rates. These are only theoretical because no published polls come close to this ideal.

Respondents for this survey were selected among those who have agreed to participate in online surveys. The data has been weighted to reflect the composition of the adult population in the U.S. No estimates of theoretical sampling error can be calculated.

Due to rounding, not all percentage totals in this report equal 100%.

COUNTRY SAMPLE SIZES

Australia	1,076
Brazil	1,063
Canada	1,055
France	1,020
Germany	1,053
Netherlands.....	1,079
United Kingdom	1,043
United States.....	2,011

