

Understanding consumer patterns and preferences in multi-channel retailing

Today, browsing, comparing and purchasing retail merchandise is a multi-channel proposition for retailers and consumers. Our survey of nearly 4,300 consumers in the U.S. and the UK answers many questions retailers need to consider when evaluating multi-channel initiatives: “What channel combinations do shoppers prefer? Why do shoppers switch channels and retailers across channels? What functions and features do consumers expect when shopping across channels? What can retailers learn from seasoned multi-channel shoppers? How do consumers’ multi-channel priorities and patterns change by product category, customer demographics and shopping frequency?”

In our survey, participants were asked to select the product category they had used most recently, and describe their preferences and behavior for that shopping experience. Respondents came from the U.S. and the UK, and represented a wide distribution of demographics (gender, age, family status) comprising equal numbers of men and women. Their mean income was slightly above that of the national averages – capturing insights from an attractive segment of retail customers.

Some key findings

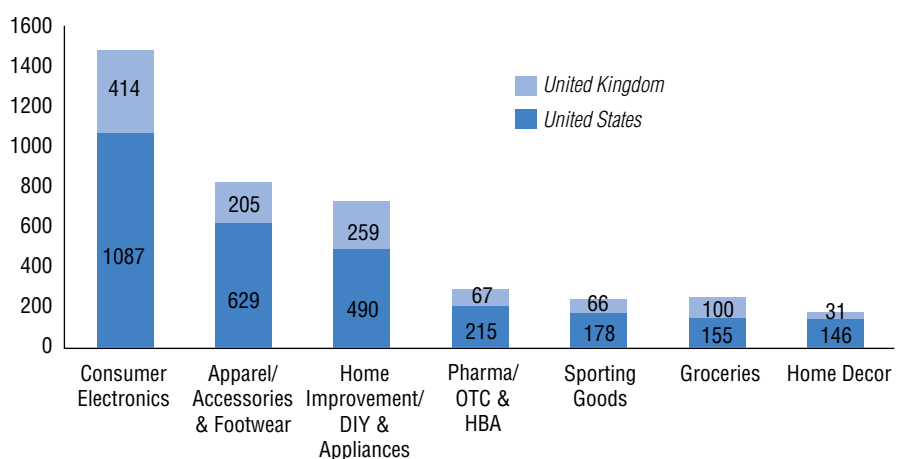
- In the U.S. and the UK, Consumer Electronics is the product category most often chosen by multi-channel shoppers, followed by Apparel/Accessories & Footwear, and Home Improvement/DIY & Appliances.

- The top multi-channel combinations are nearly the same for the U.S. and the UK. The vast majority (over 75 percent) of multi-channel shoppers

prefer the combination of “Online to Store,” followed by “Store to Online” (7+ percent) and “Online to Call Center” (3+ percent) for all product categories.

- The age group that has the highest percentage of frequent multi-channel shoppers (defined as once a month or more) in the U.S. is 18-24 years; those in the UK are slightly older – 25-34 years.
- A significant number (46-50 percent) of shoppers in the U.S. and the UK switch retailers when they move among shopping channels. Not surprisingly, price is their primary motivator, followed by convenience and product availability.

U.S. and UK – total respondents.



Source: IBM Institute for Business Value.



How consumers are filling their baskets

When looking at total basket size and additional impulse purchases, we see some noteworthy trends that vary by channel. We discovered that:

- Based on average basket size, multi-channel consumers in the U.S. spend the most money shopping between “Online to Call Center,” while multi-channel consumers in the UK spend more money shopping between “Online to Mobile.”

While Consumer Electronics and Home Improvement/DIY & Appliances in the U.S. and the UK show the largest basket size:

- In the U.S., Apparel/Accessories & Footwear and Grocery have the greatest percentage of impulse purchases per basket. The greatest percentage of impulse shoppers is in Grocery and Pharma/OTC & HBA.
- In the UK, Grocery has the highest percentage of impulse purchases per basket, as well as the largest percentage of impulse shoppers.

Why shoppers change channels

The top reasons consumers change channels and retailers vary by product, channel and demographic. For example, in the Consumer Electronics category, we discovered that shoppers who move from “Online to Store” do so for reasons relating to:

- *Store experience, convenience and assortment* (in the U.S.); *store experience, convenience and price* (in the UK)

- *Product availability, convenience and promotions* for the most frequent “Online to Store” shoppers (once a month or more) in both countries
- *Product availability, convenience and promotions* (for teens and young adults in both the U.S. and the UK).

Getting there from here

This executive summary highlights just basic findings from our survey. The insights revealed in the full study can help retailers better understand consumers’ preferences and the required features of multi-channel shopping – enabling organizations to develop strategies that align and evolve with customers’ needs over time.

To find out more about the full survey, e-mail us at iibv@us.ibm.com or contact one of our IBM experts listed below.

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How can IBM help?

- **Strategy and Change** - Helps to address changing customer buying behaviors, organizational structure and metrics, and customer-centric processes.
- **Retail Industry Solutions** - Solutions to address multi-channel retailing, including Next Generation e-Commerce, Mobile Commerce, Contact Center, Endless Aisle, Single View of Customer, Product Information and Attribute Management, Enterprise Content Management, Supply Chain Planning and Execution, and Multi-Channel Order Management and Fulfillment.
- **IBM Products** – Innovative and market-leading products to support the retail industry, including WebSphere® Commerce, InfoSphere™ MDM Server, InfoSphere MDM Server for PIM, Information Server, OmniFind™ Discovery, Content Manager, WebSphere Message Broker, Anyplace Kiosk, IBM Servers and IBM Total Storage® products.

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