



## Driving shopper engagement through digital technology

Third annual study of the impact of digital technology on the retail landscape.

June 2015

The habits of many retail shoppers are changing. Some key segments of the population are becoming omni-channel shoppers—they use any and all digital resources available to shop and purchase in and out of the store. These customers are especially connected to their mobile devices.

This can cause operational challenges for some retailers, as customers seek a frictionless shopping and payment experience. There is an upside, as many omni-channel shoppers can become engaged, loyal and profitable. These “early adopters” expect a flawless digital experience, and there is an opportunity for retailers to differentiate themselves by excelling in this area.

To satisfy the omni-channel needs of the shopper, it is key to explore new tools and strategies to engage them in the channels they choose.

# Insights - Executive Summary

Our third annual Mobile Shopper Study gathered insights on how customers view mobile technology while shopping and what they expect in their mobile retail experience. Based on these insights, we outline new strategies that will help attract customers, enticing them to become more loyal shoppers and brand advocates.

While there are many similarities to the first two Mobile Studies, completed in 2013 and 2014, there are striking differences, signaling the rapid pace of change in this industry. Major developments include:

- Overall mobile adoption continues to climb
- Coupon and discount behavior declines for the 3rd year in a row
- Less reliance on mobile technology while in the store

## 5 key insights from our Mobile Shopper Study:

**INSIGHT 1** Shopping and related activities are one of the top uses of digital technology. Customers are well aware of the tools available to them, and have definite likes and dislikes.

**INSIGHT 2** Retail offers delivered to mobile devices motivate incremental shopping behavior, but the propensity for customers to shop with coupons and regularly take advantage of offers is edging down.

**INSIGHT 3** Customers are using mobile technology while in the store, representing both opportunities and challenges to the retailer.

**INSIGHT 4** The impact of social media is powerful, but indirect and hard to measure. There are distinct differences in the influence of social media on different generations.

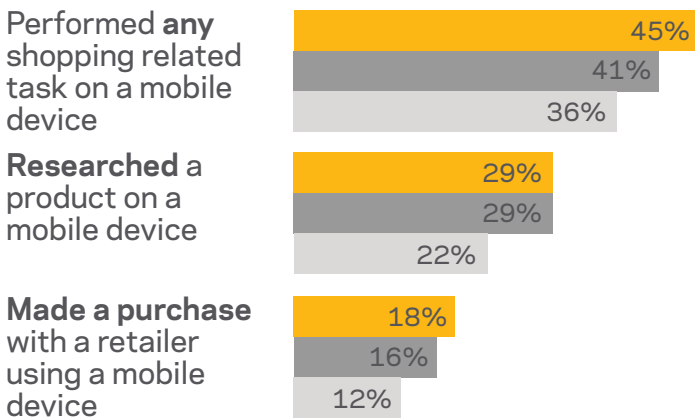
**INSIGHT 5** As digital card application and servicing rise, retail credit cardholders are becoming more digitally enabled than the general shopping population.

# The omni-channel landscape has changed dramatically over the past several years.

This year's insights show a shift in omni-shopper behaviors, as illustrated by the graphic below.

## SHOPPING RELATED TASKS ON MOBILE CONTINUE TO CLIMB

2015 2014 2013



Mobile shopping continues to climb... Almost 50% of the total U.S. population now say they are shopping using their mobile device. Retailers should continue to focus on mobile apps and functionality.

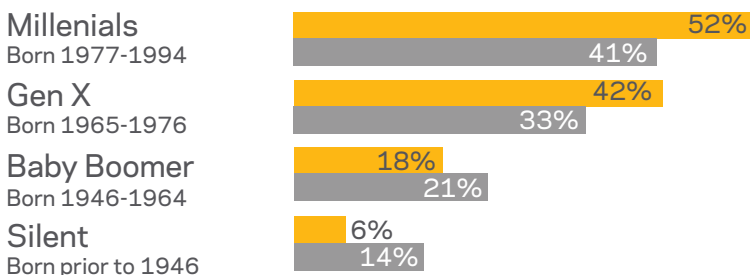
## PERCENTAGE OF CONSUMERS WHO SAY THEY REGULARLY TAKE ADVANTAGE OF DISCOUNT OFFERS IS DECLINING



Even though price is still a driving force in purchase decisions, interest in "discount offers" seems to have peaked, and is now on the decline. Retailers may want to take this into consideration when designing their loyalty programs and pricing strategies.

## ACROSS ALL AGE GROUPS, ABOUT 30% OF U.S. SHOPPERS STATE THEY HAVE PURCHASED A PRODUCT AFTER SEEING IT ON SOCIAL MEDIA, UP FROM 26% LAST YEAR

2015 2014



If you are a retailer targeting Millennials or Generation X, do not ignore the impact of social media! Half of the Millennial population has purchased a product after seeing it on a social media site.

# INSIGHT 1 Shopping and mobile digital platforms are made for each other.



## MOBILE PHONE

**53%** have visited a retailer website on their mobile phone

↑ +4 pts vs last year

**45%** have performed shopping related tasks on their mobile phone in the past 3 months

↑ +4 pts vs last year

**29%** have researched a product on mobile phone

## TABLET

**31%** have performed shopping tasks on a tablet

↑ +2 pts vs last year

**19%** have researched a product on a tablet

↓ -2% from last year

Mobile usage for shopping is on the rise, with about 50% of the U.S. population using a mobile phone for shopping. Tablet usage for shopping has plateaued.

## Strategies

Invest in tools to engage customers who are shopping with smart phones and tablets. Customize the experience.



**Responsive design** Design your website so the experience is optimized no matter which device your customer is using: desktop computer, smart phone or tablet.



**Enhanced wish lists** These create excellent cross-merchandising opportunities by giving customers a place to retain their favorite items. It gives the retailer several opportunities to close the sale.



**Drag & drop feature** Gives mobile shoppers the ability to drag a product onto a clipboard and save items as they shop. With one click, they can see their personal clipboard at any time to review and compare their favorite items.

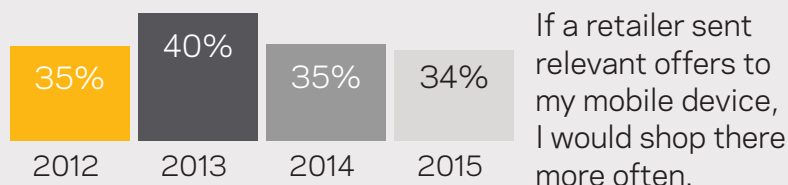
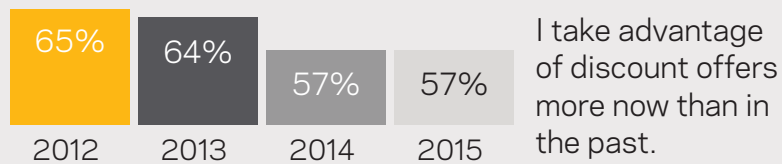
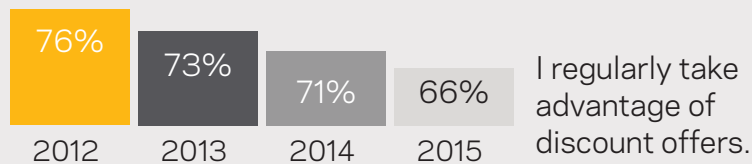


**Create custom alerts** Enable customers to set up mobile alerts when selected items become available or go on sale. At Synchrony Bank, our cardholders can customize alerts according to their payment due date, balance, spend threshold and other important criteria. This functionality can be used for product alerts as well. Send a text message when customers ask for an item—the customer will see it as a delighter.

## INSIGHT 2 Special offers and coupons can be extremely effective, but interest in them is declining.



As consumer confidence increases and unemployment eases, customers do not have the same focus on chasing offers and discounts as in years past. But, with **66%** of the population saying they take advantage of discounts, special offers and coupons still drive behavior.



Percentage of survey respondents who *Somewhat* or *Completely Agree* with the above statements.

## Strategies

Increase focus on technology, loyalty and free shipping.

### 1. Offer immediate, personalized offers.

Link your loyalty program with customer's online behavior. If a customer is checking out or exploring an item on your website, notify them immediately if they have enough loyalty points to purchase the item and get it for free.

### 2. Make life easy and simple.

Focus is shifting from offers and discounts to things that make life easier. 73% of survey respondents state that technology can simplify life. And, a quarter of the population says they would rather leave home without their wallet than their smart phone.

### 3. Do not ignore loyalty programs in your marketing mix.

64% say they regularly take advantage of loyalty benefits and coupons, and the same percentage say they are more likely to make a purchase if they have a loyalty coupon to redeem. This percentage goes up to 75% for retail credit card holders.

### 4. Free shipping drives behavior.

In our survey, 75% of the survey population says they are more likely to choose a retailer with free shipping. 70% say they are likely to choose a retailer with 2-day free shipping.

*"I think shopping is a lot more convenient using my phone. No issue if I forget my coupons and comparison shopping is so much easier."*

- Survey respondent

## INSIGHT 3 Customers who use mobile technology in your store present opportunities and challenges.

### + OPPORTUNITIES

**34%** would shop at a retailer more if they received offers on their mobile device.

**41%** would prefer to have special offers sent to their mobile phone in emails rather than text messages.

**51%** would be willing to send a text message in order to receive a discount.

### - CHALLENGES

**30%** regularly use their mobile phone to check prices before making a purchase.

**20%** check prices of competing products while in a store.

↑ +6 pts vs last year

**34%** say they regularly use their mobile device to look for coupons before they shop.

Percentage of survey respondents who *Somewhat* or *Completely Agree* with the above statements.



## Strategies

Even though interest in discount offers is on the decline, there is still a percentage of the population who would like to get offers through their mobile device.

### 1. Find the segment of the population that would like to receive offers via mobile.

**34%** of survey respondents and **48%** of retail credit cardholders say text offers would drive an incremental visit. Explore ways to find this population, appropriately collect their mobile phone numbers and incent them to opt-in to mobile alerts. A personalized email/text campaign is often an impactful way to communicate to these shoppers.

If you have location-based technology, along with the customer's mobile phone number, this presents a perfect opportunity for a "surprise and delight" text message offer.

### 2. Make the in-store shopping experience truly "omni" by crossing over to the digital experience.

- Give associates the ability to access wish lists or online baskets
- Ensure associates are comfortable with online functionality and technology
- Ability to "tag" an item in the store to put in their online shopping basket
- Free shipping / returns from store or online is becoming an expectation
- Consider extra loyalty points for increased cross-channel behavior
- Explore auto replenishment / shipping of often-used items (coffee, cosmetics, etc.)

### 3. Give shoppers the ability to share their selections with their social media friends.

Ask for product reviews and feedback. This is an excellent way to drive re-engagement with your website.

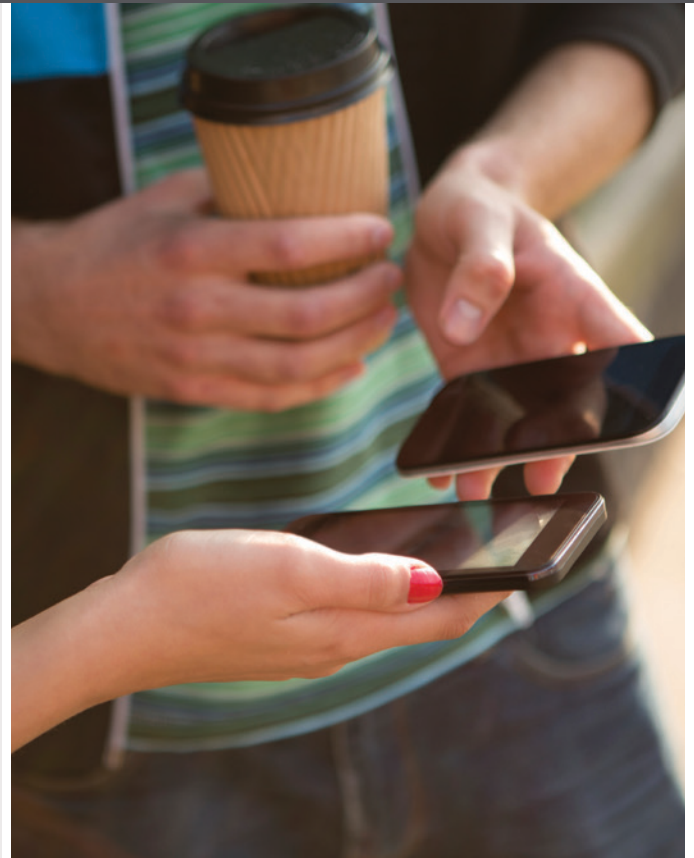
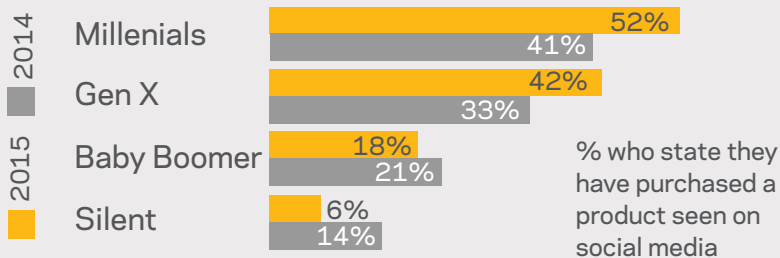
# INSIGHT 4 Social media does drive sales, particularly for the Millennial consumer, but its influence is indirect and hard to measure.

**85%** have accessed social media websites.

**47%** use social media to follow brands (of social media users).

**30%** of all age groups state they have purchased a product after seeing it on social media. **↑ +4 pts vs last year**

However there are wide differences by generation, and Millennials are much more likely to do so:



## Strategies

While the majority of consumers engage with brands on social media, and almost half follow brands, little connection can be made for the purchase of products directly through social media channels. The presence of social media is an amplification effect, much like word-of-mouth.

### 1. Maintain a social media presence tied to your brand identity.

Whether it is selling tires or maternity clothes, develop a social media strategy that features helpful content, not just a sales pitch. For instance, a social media message should include the emotional connection customers feel to your brand, whether it is driving safely or having a baby. A social media strategy is particularly important to retailers who have a large Millennial customer base, or who would like to do more to attract Millennials.

### 2. Influencers / Blogs

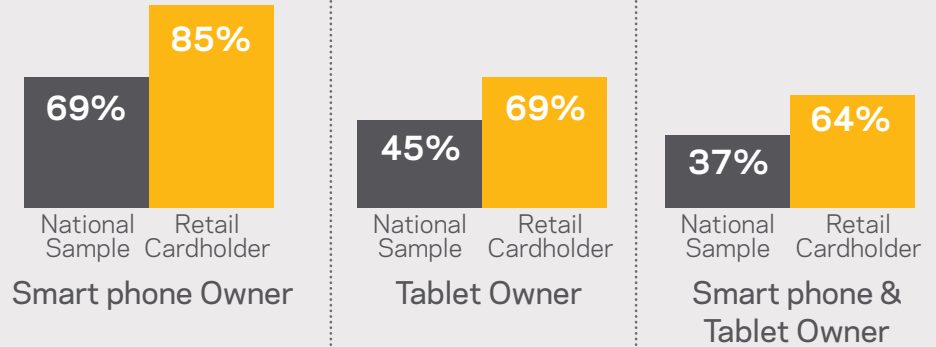
Find the bloggers in your retail space. Introduce yourself and your retail identity to them. If you have an innovative product or interesting brand identity, they will often be happy to help get the word out. Bloggers are constantly looking for interesting content.



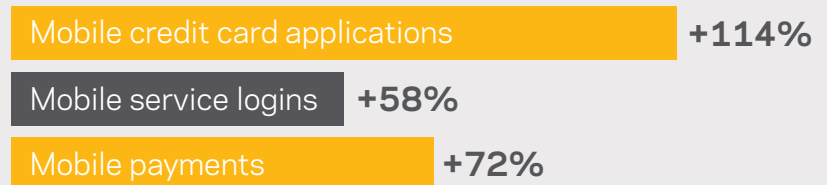
# INSIGHT 5 Retail credit cardholders are more “digital” than other shoppers.



More retail credit cardholders have smart phones and tablets...



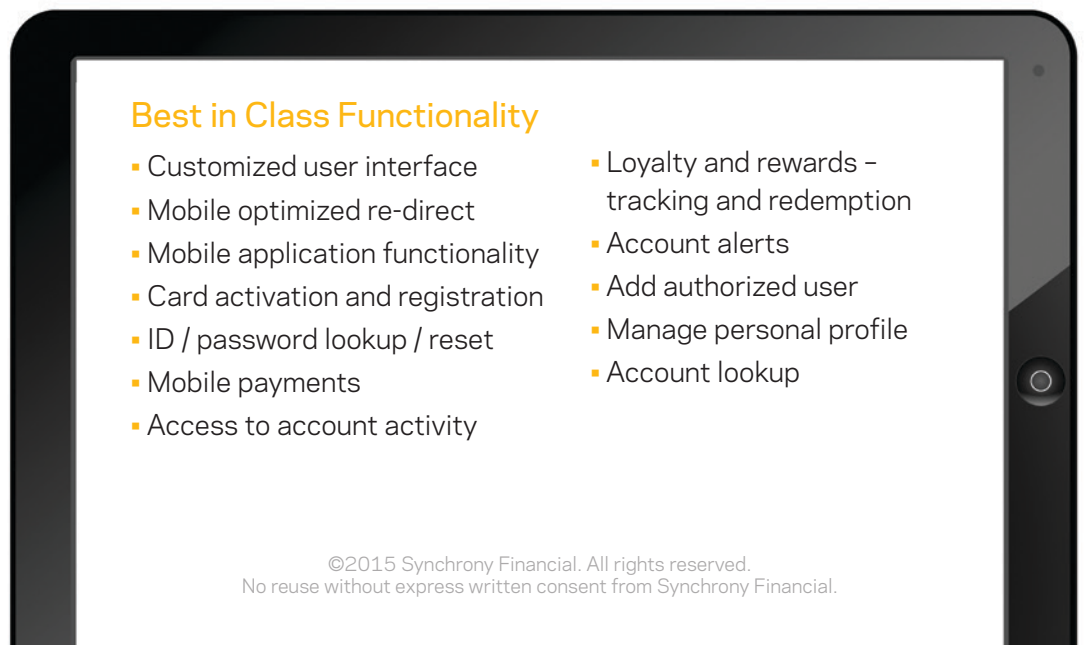
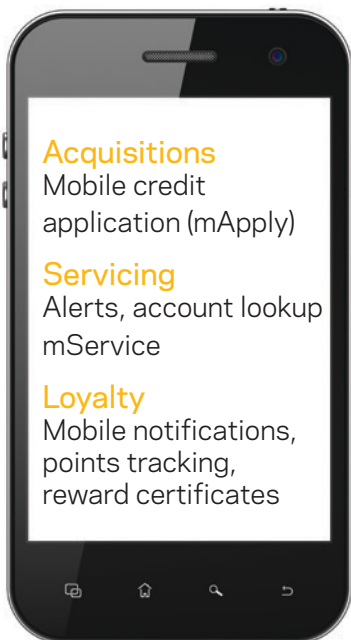
And use mobile functionality for credit card transactions (growth over 2014)\*



\*Yearly growth rate in mobile engagement for Synchrony Bank retail credit cardholders.

## Strategies

Ensure your retail cardholder is fully mobile-enabled with the latest retail tools and apps. From applying for cards to accessing their accounts and loyalty programs, omni-shoppers want it all.





## Summary

A growing number of your customers are becoming mobile-enabled and digitally savvy. These customers are often your most valuable shoppers. To properly support these loyalists, take steps to optimize their digital opportunities and give them a shopping experience that is truly “omni.” Here are some important features and strategies to consider.

1

Once customers are on your website, deepen the brand engagement with **personalized features** and delighters.

2

Drive repeat engagement with **customized digital tools**. Understand customer preferences and use the tools to drive customers back to your website or store.

3

Consistently communicate to your customers in their **preferred channel**. Some prefer personalized email offers, others mobile texts. Understand these differences – instead of over-communication, use custom communication.

4

Use social media to **communicate your brand message**. Engage your Millennial customers and encourage word-of-mouth promotions.

5

If you have a store-branded retail credit card, **ensure the digital experience is seamless**. These customers are much more mobile-enabled than the national average.

# Analytics & Research Design

## Synchrony Financial:

### Market Research

The Market Research team provides insight into consumer attitudes and perceptions toward the retail brand, products and platforms to improve customer satisfaction and information to drive strategic investments.

The survey data used in this report is produced through online research conducted in March/April 2015. Respondents shopped in all price points, in at least one of the following retail categories in the past 6 months: apparel, home improvement, home furnishings, mass merchandiser, oil and gas, warehouse club, appliance and electronics, department stores, web-only, sporting goods and toys. U.S. Base sample sources from national panel suppliers. U.S. Base data has been weighted to U.S. census proportions. Data in this research has been stat-tested (two tailed test) at the 90% confidence level. Synchrony Financial cardholder results have been tested against the U.S. Base results.

### Survey Respondents



# Focus on what really matters.

Synchrony Financial is one of the premier consumer financial services companies in the United States. Our roots in consumer finance trace back to 1932, and today we are the largest provider of private label credit cards in the United States, based on purchase volume and receivables.



## About Synchrony Connect

Synchrony Connect is a value-added program that lets Synchrony Financial partners tap into our expertise in non-credit areas. It offers knowledge and tools that can help you grow, lead and operate your business.

### Grow

Marketing, analytics and research expertise to help you drive business growth

### Lead

Tools for leading your organization and developing yourself as a leader

### Operate

Best practices around business strategy and optimizing cost

Contact your Synchrony Financial representative or visit us at [SynchronyFinancial.com](http://SynchronyFinancial.com) or [SynchronyBusiness.com](http://SynchronyBusiness.com) to discover how we can help you grow your business.

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