How Consumers Are Adapting to the Evolving Retail Landscape

July 2022
Dramatic changes in the retail landscape

The retail landscape has changed dramatically over the past few years. Technology continues to alter the course of consumer interactions with retailers in stores, online, and via mobile devices. In parallel, the COVID-19 pandemic has radically changed many consumer behaviors, perhaps permanently. Now more than ever, marketers need a clear line of sight into the motivations and lifestyle factors that drive channel preference to help reach today’s shoppers more effectively and efficiently.

This report explores retail shopping attitudes and behaviors in the US, with a focus on how the landscape continues to evolve in stores and online as more technology is introduced into the space.
Technology is changing the way people shop

Digital touchpoints along the path to purchase are growing rapidly year over year

- 32% Used a virtual assistant (compared to 18% in March 2021)
- 23% Used QR codes (compared to 6% in March 2021)
- 15% Used view-in-room technology (compared to 6% in March 2021)
- 18% Used click & collect (compared to 15% in March 2021)

Source: 2022 March Retail Trends Study

Q22: Which of the following tools have you used in the last 6 months specifically to help you shop?
Some brands are separating from the pack when it comes to digital payment adoption

Top 10 payment options used last 6 months (vertical %)

<table>
<thead>
<tr>
<th>Payment Option</th>
<th>Vertical %</th>
</tr>
</thead>
<tbody>
<tr>
<td>PayPal</td>
<td>45%</td>
</tr>
<tr>
<td>Apple Pay</td>
<td>17%</td>
</tr>
<tr>
<td>Venmo</td>
<td>14%</td>
</tr>
<tr>
<td>Visa Checkout</td>
<td>13%</td>
</tr>
<tr>
<td>Digital gift card/cash-back rewards card</td>
<td>13%</td>
</tr>
<tr>
<td>Google Pay</td>
<td>12%</td>
</tr>
<tr>
<td>Zelle</td>
<td>10%</td>
</tr>
<tr>
<td>Money transfer from my bank</td>
<td>8%</td>
</tr>
<tr>
<td>AfterPay</td>
<td>8%</td>
</tr>
<tr>
<td>Walmart Pay</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: 2022 March Retail Trends Study
Q23: Thinking about all the purchases you have made in the last 6 months, which of the following payment options have you used?
COVID-19 has permanently changed the shopping landscape

Convenience and safety drive shopping decisions

- **40%**
  - I stock up on more things at a time to reduce trips to the store
  - +5 pts since March 2021

- **26%**
  - I am more willing to substitute / go without if necessary
  - +4 pts since March 2021

- **28%**
  - I am more likely to use delivery services
  - +3 pts since March 2021

Source: 2022 March Retail Trends Study

Q3: In what ways has your shopping behavior changed as a result of COVID-19?
COVID-driven checkout conveniences continue to be popular
Nine in ten younger consumers prefer self-checkout and contactless payment

In-store checkout options: % who find each option appealing

Source: 2022 March Retail Trends Study
Q1: Please indicate how appealing each of the following in-store shopping and checkout options are to you.
Consumers cite specific reasons for shopping online or in-store

Cost jumps out as a reason to shop online, while speed is a benefit of in-person purchases & returns

Why shop online?

- **74%** I like shopping online because it is **easier to find the specialty products** and services I want
- **57%** I like shopping online because it is **easier for me to stick to a budget**
- **56%** I am influenced to shop online by **free shipping**

Why shop in-store?

- **92%** I prefer seeing products in person before I purchase them
- **84%** I appreciate quick returns
- **81%** I want to get the products I want quickly

Source: 2022 March Retail Trends Study

Q18: Please tell us the extent to which you agree or disagree with each of the following statements about shopping in general (any agree).
Rewards & loyalty programs have appeal to shoppers

Instant benefits like free shipping, and cumulative ones like rewards points drive participation.

- Free shipping for program members: 88%
- Cash in loyalty points for gifts or services: 85%
- Rewards based on the amount you spend: 84%
- Earn & redeem across a network of stores: 83%
- Rewards based on the number of purchases: 80%
- Early access to new programs for member: 74%

Source: 2022 March Retail Trends Study
Q24: How appealing are each of the following features when considering whether to join a shopper loyalty or rewards program?
Word of mouth is still king when it comes to new brand discovery

Top 10 methods used to discover new brands (vertical %)

- Recommendations from friends/family: 38%
- Internet search sites (e.g. Google, Bing, etc): 32%
- Amazon.com or the Amazon app: 31%
- Trying free samples: 30%
- Browsing online shops w/ one-of-a-kind sellers: 22%
- From ads on social media: 21%
- Newspaper/magazine articles or ads: 19%
- From influencers I follow on social media: 13%
- Exploring pictures on Pinterest: 12%
- Via Google Shopping: 11%

Source: 2022 March Retail Trends Study
Direct-to-consumer brands: some are starting to gain traction; most DTC categories still lack brand recognition

Source: 2022 March Retail Trends Study
Q29: For each of the categories below, which best describes your experience with direct-to-consumer brands?

### Women's Clothing / Apparel
- 43% Have not heard of any DTC brands in this category
- 18% Purchased a DTC product in this category
- 14% Visited a DTC brand’s website, but no purchase
- 24% Heard of a DTC brand in this category, but no visit/purchase

### Fitness
- 38% Have not heard of any DTC brands in this category
- 7% Purchased a DTC product in this category
- 12% Visited a DTC brand’s website, but no purchase
- 43% Heard of a DTC brand in this category, but no visit/purchase

### Consumer Electronics
- 56% Have not heard of any DTC brands in this category
- 14% Purchased a DTC product in this category
- 19% Visited a DTC brand’s website, but no purchase
- 11% Heard of a DTC brand in this category, but no visit/purchase

### Travel
- 44% Have not heard of any DTC brands in this category
- 12% Purchased a DTC product in this category
- 12% Visited a DTC brand’s website, but no purchase
- 32% Heard of a DTC brand in this category, but no visit/purchase

### Food
- 30% Have not heard of any DTC brands in this category
- 16% Purchased a DTC product in this category
- 17% Visited a DTC brand’s website, but no purchase
- 37% Heard of a DTC brand in this category, but no visit/purchase

### Beauty / Skin Care
- 44% Have not heard of any DTC brands in this category
- 14% Purchased a DTC product in this category
- 15% Visited a DTC brand’s website, but no purchase
- 27% Heard of a DTC brand in this category, but no visit/purchase

### Pet Care
- 37% Have not heard of any DTC brands in this category
- 17% Purchased a DTC product in this category
- 15% Visited a DTC brand’s website, but no purchase
- 31% Heard of a DTC brand in this category, but no visit/purchase
Despite the lagging DTC recognition, many consumers are interested in DTC brands and products.

- I would switch from a traditional brand to a DTC brand if its products were customized to my needs: 51%
- I plan to buy more DTC brands in the future: 46%
- Products from DTC brands tend to be better priced than traditional brands: 40%
- I am more likely to purchase from a DTC brand if I see an ad on social media: 38%
- I would purchase from DTC brands if my favorite celebrity/influencer advertises its products: 35%

Source: 2022 March Retail Trends Study
Buyers are aware of supply chain situation

Consumers have concerns about product availability – and backup plans

- It is important that the products I want are available in stores: 93%
- I worry that I won’t be able to find the products I want in stores: 61%
- I worry that I won’t be able to find the products I want online: 46%

If I can’t find the product I want in stores, I will...

<table>
<thead>
<tr>
<th>Substitute with a similar product</th>
<th>Food &amp; Beverages</th>
<th>Household Products</th>
<th>Health &amp; Beauty</th>
<th>Furniture &amp; Appliances</th>
<th>Clothing &amp; Footwear</th>
<th>Electronics &amp; Computers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50%</td>
<td>39%</td>
<td>34%</td>
<td>19%</td>
<td>18%</td>
<td>15%</td>
</tr>
</tbody>
</table>

| Go to another store or online    | 36%              | 41%                | 47%            | 56%                    | 54%               | 64%                    |

| Go without the product           | 14%              | 20%                | 19%            | 25%                    | 28%               | 21%                    |

Source: 2022 March Retail Trends Study
Q15: Please indicate how important each of the following are when shopping in a store (somewhat or very important).
Q16: Generally, what do you do if the following product(s) is out of stock when shopping in a store?
Q18: Please tell us the extent to which you agree or disagree with each of the following statements about shopping in general (any agree).
Consumers are cutting back amid inflation increases

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cutting back on buying non-essential items (e.g., entertainment, cosmetics, etc.) to save money</td>
<td>42%</td>
</tr>
<tr>
<td>Shopping at dollar or discount stores</td>
<td>34%</td>
</tr>
<tr>
<td>Searching for coupons or digital savings apps</td>
<td>31%</td>
</tr>
<tr>
<td>Switching from name brand products to store brand / generic products</td>
<td>30%</td>
</tr>
<tr>
<td>Cutting back on buying essential items (e.g., food, health care products, etc.) to save money</td>
<td>21%</td>
</tr>
<tr>
<td>Dipping into my savings for everyday expenses</td>
<td>18%</td>
</tr>
<tr>
<td>Buying on credit / using my credit card more</td>
<td>14%</td>
</tr>
<tr>
<td>Considering switching to an electric / hybrid vehicle</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: 2022 Q2 Trending Topics Study
Q8: Which of the following, if any, are you currently doing as a response to inflation in the US?
About this report

This insights provided in this report were compiled from MRI-Simmons’ March 2022 Retail Trends Study. The Retail Trends Study helps marketers:

• Understand consumer usage of and interest in new retail technologies that go beyond the online shopping cart including payment, virtual assistants, mobile checkout, and other facets of the retail world.

• Build shopper strategies with insights into the drivers behind shopping behavior, and dive deeper into general and category-specific motivations and behaviors.

Best of all, the Retail Trends Study is fused with over 60,000 variables from the MRI-Simmons USA Study including questions on media, advertising, language, culture, and more.

Data releases:

• The Retail Trends Study is released bi-annually (March & August)
Retail Trends Study topics

Products purchased online and in stores
• Last 6 months, amount spent

Path to purchase
• Behaviors before making a purchase (in-store and online)
• Where essential and non-essential purchases are made
• Emotions experienced during the shopping experience
• Factors influencing purchase decisions
• How item was received (in-store, curbside, delivery)
• Shopper type segment (Predetermined Shopper, Browser, Researcher, Bargain Hunter)
• Factors influencing shopping in-store versus shopping online
• Actions when product is out of stock

Social media impact
• Purchases made through social media
• Impacts of social media influencers/creators

Grocery and food
• Where typically shop
• Awareness and usage of delivery services
• Awareness and usage of restaurant/take-out services

New technology in shopping
• Tools used in last 6 months and plan to use to specifically aide in the shopping process
• Usages of various payment options
• Appeal of loyalty and rewards programs

Retail subscription services
• Retail subscription boxes and services currently subscribe to (product type)
• Reasons for subscribing
• Retail subscription boxes and services would consider in next 12 months

Direct-to-consumer brands and emerging brands
• Ways discover new brands
• Experience with direct-to-consumer product types

Holiday and special event purchases
• Amount spent for 25 annual holidays and special events (past 12 months), including weddings and engagements, births, Super Bowl, sporting events, graduations, and back-to-school
• Shop in-store vs online
• How plan to shop/shopped for winter holiday season

Ethics and values
• Attitudes towards timely social issues, such as supporting black-owned businesses
Want to learn more?

For more information on MRI-Simmons’ Retail Trends Study, please contact us at info.ms@mrisimmons.com.