CLOSING THE GAP
BETWEEN PEOPLE'S
EXPECTATIONS &
RETAIL REALITIES

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INTRODUCTION

Along the shopping journey, consumers seamlessly browse and buy, hopping between devices and commerce channels without hesitation. Whether they're researching products, comparing prices or making a purchase, they now have access to a variety of digital tools and resources that empower them to make the most informed decisions.

When making a retail purchase, the vast majority of shoppers often or almost always start their journey by looking for information using search engines like Google and Bing (70%). The next most popular channel is a retailer's e-commerce site (54%).

But the average path-to-purchase is anything but linear. In addition to using web outlets, shoppers are scrounging through their email inboxes to find timely offers and coupons from their favorite retailers (48%), and are using their smartphones and tablets to browse on the web (37%) and on apps (27%).

HOW OFTEN DO YOU DO THE FOLLOWING WHEN MAKING A RETAIL PURCHASE?

(RESULTS REFLECT RESPONDENTS WHO SELECTED "OFTEN" AND "ALMOST ALWAYS")

🐦 **TWEET THIS!**

70%
Look for information using a search engine

54%
Shop on a retailer's e-commerce site

48%
Go to personal email to find advertisements/coupons from a retailer

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HOW OFTEN DO YOU DO THE FOLLOWING WHEN MAKING A RETAIL PURCHASE?

(RESULTS REFLECT RESPONDENTS WHO SELECTED "OFTEN" AND "ALMOST ALWAYS")

Browse for products on a mobile device
37%

Browse for products in a retailer's mobile app
27%

Use a retailer's mobile app while in their store location
21%

Use social media to connect with a retailer
17%

TWEET THIS!

Because consumers have always-on access to a seemingly endless supply of information, they expect to receive meaningful content and offers from the brands and retailers they buy from.

In order to engage potential customers and retain long-term loyalty, retailers need to ensure the overall browsing and buying experience is easy and hassle-free. The primary way to achieve this level of ease is to deliver messages, offers and products that are **highly relevant** and **personal to individual shoppers**.

Retailers are in the early stages of meeting these heightened expectations and have not yet reached the level of personalization shoppers demand.

In partnership with Magnetic, *Retail TouchPoints* surveyed 200 consumers from the U.S. and Canada, as well as 100 retail executives. The results were analyzed and compared to identify key trends and disparities, helping retailers truly understand what customers want, with a focus on how to tailor their strategies and investments accordingly.

This ebook will outline key findings and takeaways from the surveys, and provide a series of best practices to help retailers close the gap between shopper expectations and their existing strategies.

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SERVE PEOPLE, NOT TARGETS

We live in a world where consumers are becoming more digitally connected and empowered; they expect a higher level of service and relevancy from brands and retailers.

For one, consumers expect to receive tailored email promotions (78%) that tout offers and recommendations that align with their personal tastes and interests. They also expect that the information on a retailer's website (39%) and the online ads that they see (30%) to be adapted to their wants, needs and behaviors.

Consumers are connected to their smartphones up to 22 hours each day, according to **IDC Research**. But when asked to share where they'd like to receive relevant messages, consumers selected their mobile devices less often than other channels. However, results indicate that one out of four consumers expect their apps (27%) and mobile ads (21%) to be more relevant and personal. The opportunity for mobile is just beginning.

WHERE DO YOU *EXPECT* RETAILERS TO PERSONALIZE THEIR MARKETING COMMUNICATIONS TO YOU?

(SELECT ALL THAT APPLY)

TWEET THIS!

Email promotions to my inbox

78%

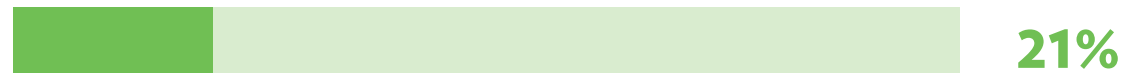Information on the retailer's website

39%

In ads I see online while browsing on my desktop

30%

Through the mobile app for that retailer

27%

In ads I see online while browsing on my smartphone or tablet

21%

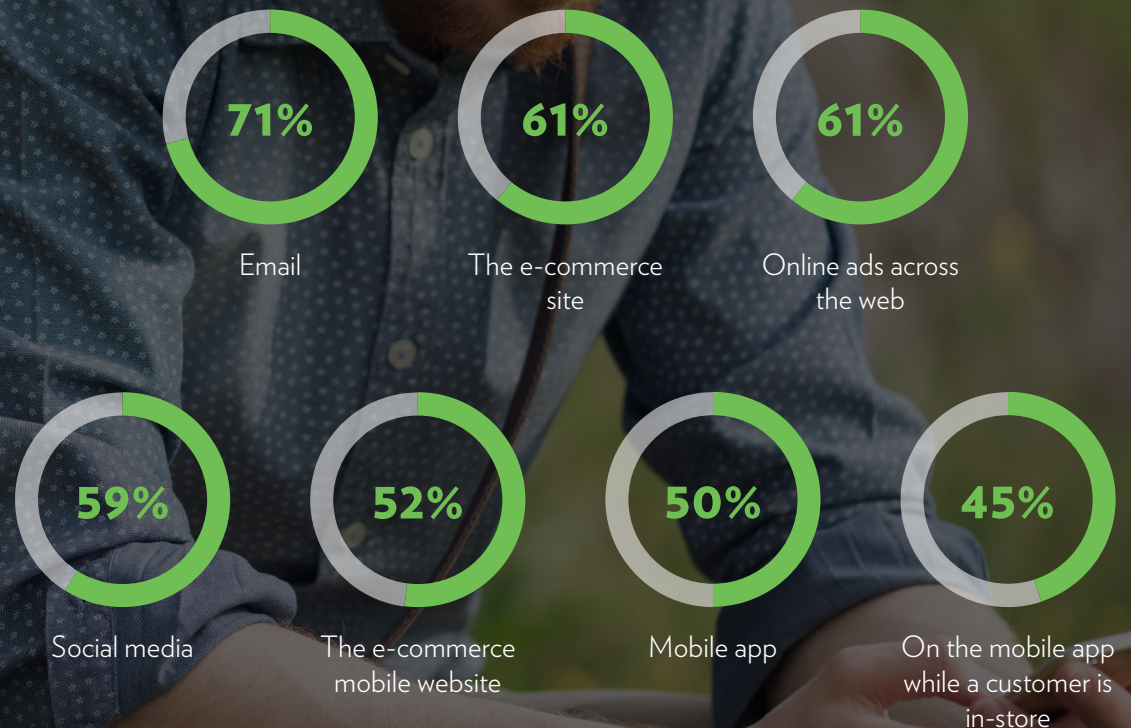On my social media feeds

21%

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At first glance, it seems as though retailers' strategies are aligned with consumer expectations. When asked to identify how often they're able to deliver tailored messages to consumers across channels, retailers confirmed that they're mostly focused on email campaigns (71%) and their e-commerce sites (61%).

On the other end of the spectrum, only 45% of retailers often or almost always send tailored messages through their mobile apps while customers are in-store. This is a lost engagement opportunity, as 85% of shoppers now use their smartphones while browsing in store aisles, according to **Forrester Research**.

CURRENTLY, HOW FREQUENTLY DOES YOUR BUSINESS USE THE FOLLOWING CHANNELS TO DELIVER TAILORED MESSAGES TO CONSUMERS BASED ON THEIR PROFILES OR INTERESTS?

(RESULTS REFLECT RETAILER RESPONDENTS WHO SELECTED "OFTEN" AND "ALMOST ALWAYS")

TWEET THIS!

71%
Email

61%
The e-commerce site

61%
Online ads across the web

59%
Social media

52%
The e-commerce mobile website

50%
Mobile app

45%
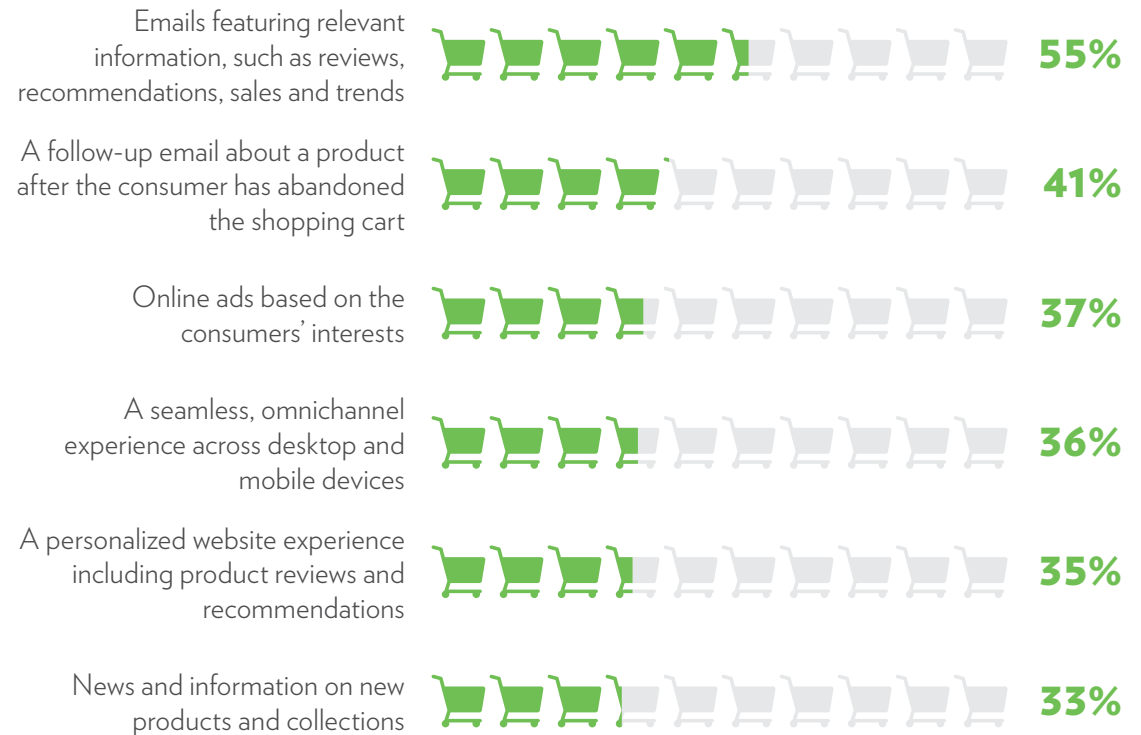On the mobile app while a customer is in-store

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Retail executives say they use a variety of channels to deliver tailored messages based on consumers' profiles and interests. However, it is clear that they are not providing enough relevant information and resources to sufficiently guide customers along the buying journey.

After all, only 55% of retail respondents currently send emails featuring relevant information, such as reviews, recommendations, sales and trends. Even fewer (35%) retail respondents said they provide a personalized site experience featuring product reviews and recommendations.

WHAT INFORMATION AND RESOURCES DO YOU PROVIDE CONSUMERS TO GUIDE THEM ALONG THE SHOPPING JOURNEY?

(SELECT ALL THAT APPLY)

TWEET THIS!

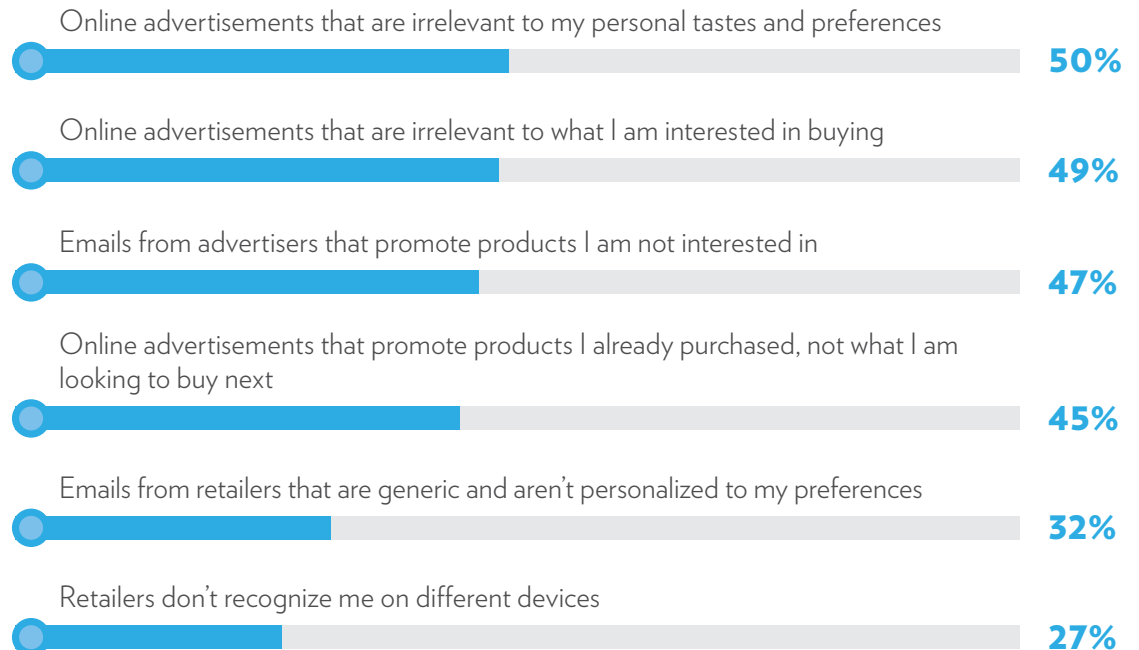|	
Emails featuring relevant information, such as reviews, recommendations, sales and trends	**55%**
A follow-up email about a product after the consumer has abandoned the shopping cart	**41%**
Online ads based on the consumers' interests	**37%**
A seamless, omnichannel experience across desktop and mobile devices	**36%**
A personalized website experience including product reviews and recommendations	**35%**
News and information on new products and collections	**33%**

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ALLEVIATE CUSTOMER FRUSTRATION

As consumers move across different shopping channels, they face a number of obstacles and frustrations. The areas they find most frustrating revolve around relevancy — or a lack thereof.

For example, 50% of consumers find it "frustrating" or "extremely frustrating" that online ads are irrelevant to their personal tastes and preferences. Nearly just as many consumers (49%) say it's frustrating that ads are irrelevant to products they're interesting in buying and as many as 47% claim to receive promotional emails about products that they are not interested in. These takeaways confirm one key point: **Retailers may be investing in personalization to a certain extent, but they have yet to master it across channels.**

WHICH OF THE FOLLOWING EXPERIENCES ARE MOST FRUSTRATING TO YOU?

(RESULTS REFLECT CONSUMER RESPONDENTS WHO SELECTED "FRUSTRATING" OR "EXTREMELY FRUSTRATING")

TWEET THIS!

Online advertisements that are irrelevant to my personal tastes and preferences

50%

Online advertisements that are irrelevant to what I am interested in buying

49%

Emails from advertisers that promote products I am not interested in

47%

Online advertisements that promote products I already purchased, not what I am looking to buy next

45%

Emails from retailers that are generic and aren't personalized to my preferences

32%

Retailers don't recognize me on different devices

27%

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In an effort to drill down to the cause for consumers' frustrating and irrelevant experiences, we asked retailers to share how frequently they deliver personalized ads and messages across channels. The breakdown of results shows that retailers are experimenting with a multitude of different tactics, but do not have a consistent approach.

Up to 60% of retailers said they "often" or "always" deliver relevant online ads to consumers who are interested in specific products or services. More than half of retailers (56%) said they send personalized emails with a special offer or promotion. But 45% of these respondents also admitted to sending emails containing information that is *irrelevant* to consumers.

The majority of retailers don't "often" or "always" deliver relevant ads, send personalized emails or deliver the information shoppers need to make an informed buying decision. In the new era of retail, brands need to listen to the wants and needs of consumers and work to constantly deliver messages, advertisements and offers that resonate with individuals.

HOW FREQUENTLY DO YOU THINK YOU...

(RESULTS REFLECT RETAILER RESPONDENTS WHO SELECTED "OFTEN" OR "ALWAYS")

🐦 **TWEET THIS!**

60%
Deliver relevant ads online to consumers who have shown interest in a particular product/service

59%
Empower your buyer to make a better purchase based on information you have given them

56%
Send personalized emails with a special offer or promotion

55%
Focus on relevant information and a personalized experience for each consumers on your e-commerce site

55%
Personalize advertisements on smartphones and tablets

50%
Send a follow-up email about a product after a consumer has abandoned their shopping cart

46%
Recognize users across devices to create a seamless digital experience across all channels

45%
Send emails to consumers with information they wouldn't find relevant

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CONSUMERS REVEAL HOW RETAILERS CAN IMPROVE BRAND EXPERIENCES

Consumers were asked to share how retailers can further improve their digital experiences and, in turn, better meet their expectations. The top three recommendations were:

1
CUSTOMIZE SALES AND OFFERS BASED ON MY PERSONAL TASTES AND PREFERENCES.

2
CRAFT EMAILS THAT ARE MORE RELEVANT AND VALUABLE TO ME.

3
KNOW WHEN I'M READY TO BUY AND SEND ME RELEVANT PROMOTIONS DURING THAT TIME PERIOD.

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CONVENIENCE IS KEY

It is undeniable that an increasing number of consumers rely on e-commerce sites and web-based tools to shop. Rightfully so — results from our survey verify that consumers find digital shopping beneficial for a multitude of reasons.

For example, many respondents indicated that they enjoy shopping online because it's easy. They also like the fact that they can spend their time more efficiently and zero in on the products and brands that matter most to them.

WHAT IS THE MOST BENEFICIAL PART OF A DIGITAL SHOPPING EXPERIENCE?

(RANKED FROM HIGHEST TO LOWEST)

TWEET THIS!

1 My time is spent more efficiently because I only browse and buy what I want

2 Ease of use — online retailers are easy to do business with

3 I can make a more informed purchase decision than ever before

4 I love online product recommendations, reviews and trends based on my interests

5 My online experience feels more engaging than in a store — marketing messages are tailored to me

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Reaffirming the need for an easy and relevant shopping experience, consumers were asked to identify what they found to be most important during their interactions with brands and retailers. By far, consumers said **being able to easily access the products, content and information** they're looking for was most critical.

Although people reaffirm that they crave ease and convenience, retailers' sporadic and sometimes ineffective engagement strategies are hampering consumers' shopping experiences. The vast majority (75%) of consumers feel retailers do not educate or empower them in the buying process.

WHAT DO YOU FIND MOST CRITICAL DURING YOUR RETAIL EXPERIENCES?

(RESULTS REFLECT CONSUMER RESPONDENTS WHO RANKED THE FOLLOWING "IMPORTANT" AND "CRITICAL")

TWEET THIS!

My online experience is easy; I can find what I am looking for, see product reviews and recommendations, and buy when and how I want — **81%**

My retail experience is consistent across digital *and* in-store — **59%**

Information shared with me is relevant to what I am currently interested in or looking to buy — **56%**

My retail experience is consistent across *digital* devices no matter where I am — on my desktop, tablet or smartphone — **54%**

Information shared with me is relevant to my personal taste, style, age group or location — **52%**

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HOW FREQUENTLY DO YOU...

(RESULTS REFLECT CONSUMER RESPONDENTS WHO SELECTED "OFTEN" AND "ALWAYS")

TWEET THIS!

50%
Receive emails from retailers with irrelevant information

34% Visit a website after seeing a relevant online advertisement

30% See advertising online relevant to your interests

25% Experience a seamless experience across desktop and mobile devices

25% Receive a follow-up email about a product after abandoning your shopping cart

25% Feel empowered to make a purchase based on information you receive from the retailer

24% See relevant information and a personalized experience when browsing a retailer's website

21% Make a purchase based on an email from a retailer

17

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Retailers that cannot deliver highly relevant and timely messages to consumers miss out on the chance to not only drive traffic to their website, but also generate engagement, sales and long-term loyalty. In fact, 41% of consumers who received a highly relevant digital advertisement or email said they **spent slightly** or **significantly more** with that retailer.
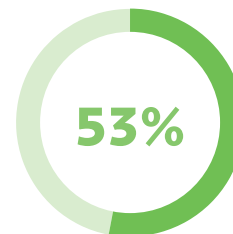
THINK ABOUT THE LAST TIME YOU SAW A RELEVANT DIGITAL ADVERTISEMENT OR EMAIL FROM A RETAILER. DO YOU BELIEVE THAT OFFER HAD ANY INFLUENCE ON YOUR NEXT PURCHASE WITH THAT RETAILER?
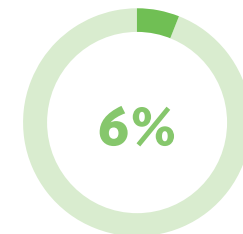
TWEET THIS!

31%
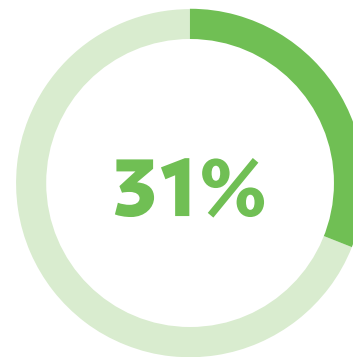
Yes, I think I spent slightly more

10%

Yes, I think I spent significantly more

53%

It didn't make a difference; I spent the same

6%

It didn't make a difference; I actually spent less

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ACCELERATE THE SHOPPING JOURNEY

In order to maximize potential revenue, retailers need to understand what types of content and offers resonate most with consumers.

Certainly, promoting deals and sales can help retailers drive impulse purchases, hence why consumers said this information would be helpful during their next shopping experience (79%). Consumers also value content such as ratings, reviews and product recommendations (50%). In order to achieve this level of relevancy, retailers need to go beyond standard audience segments and understand individual shoppers. What is relevant to one individual may be irrelevant to another.

WHAT INFORMATION WOULD BE HELPFUL DURING YOUR NEXT SHOPPING EXPERIENCE?
(SELECT ALL THAT APPLY)

🐦 **TWEET THIS!**

Products that are on sale for a limited time
79%

Products that have great reviews
50%

Products that go well with my past purchases
41%

Products that are similar to things I've purchased in the past
40%

Products that people like me have purchased in the past
37%

Products that are new or popular among my fellow shoppers
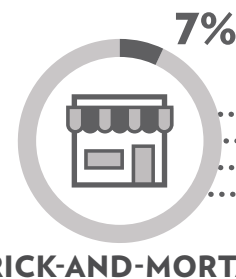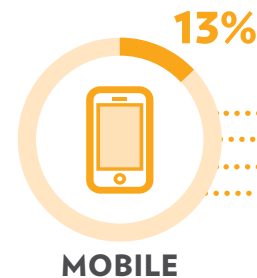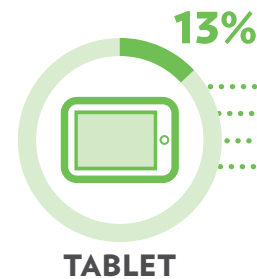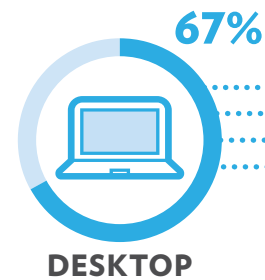**23%**

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INFLUENCE SALES ACROSS DEVICES

In an effort to fully understand consumers' purchasing journeys, we asked our respondents to select the devices they used the last time they **searched for** and **purchased a product**.
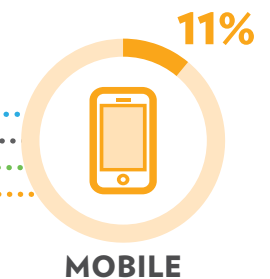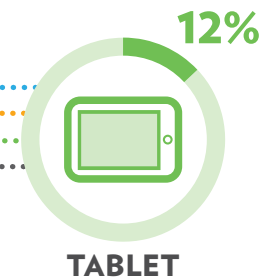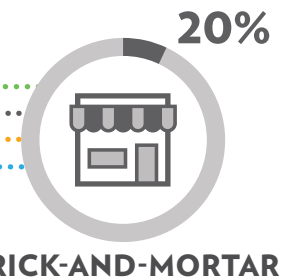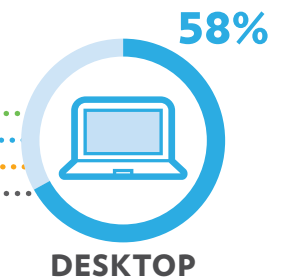
Interestingly, most consumers used their desktops to both search and purchase items during their last buying journey — 67% and 58%, respectively. However, the number of consumers using their smartphones (13%) and tablets (13%) to research products was nearly **twice as many** as those who visited stores (7%). When it came time to purchase, though, more consumers visited a store (20%) instead of using their smartphones (11%) and tablets (12%).

These findings confirm that both researching and buying occurs across different online entities, multiple devices and in brick-and-mortar stores. Recognizing consumers across devices is the best way to get in front of individuals and influence them to purchase. Retailers need to be prepared to reach people wherever they are.

WHERE I SEARCHED

67%

DESKTOP

13%

TABLET

13%

MOBILE

7%

BRICK-AND-MORTAR

WHERE I PURCHASED

58%

DESKTOP

20%

BRICK-AND-MORTAR

12%

TABLET

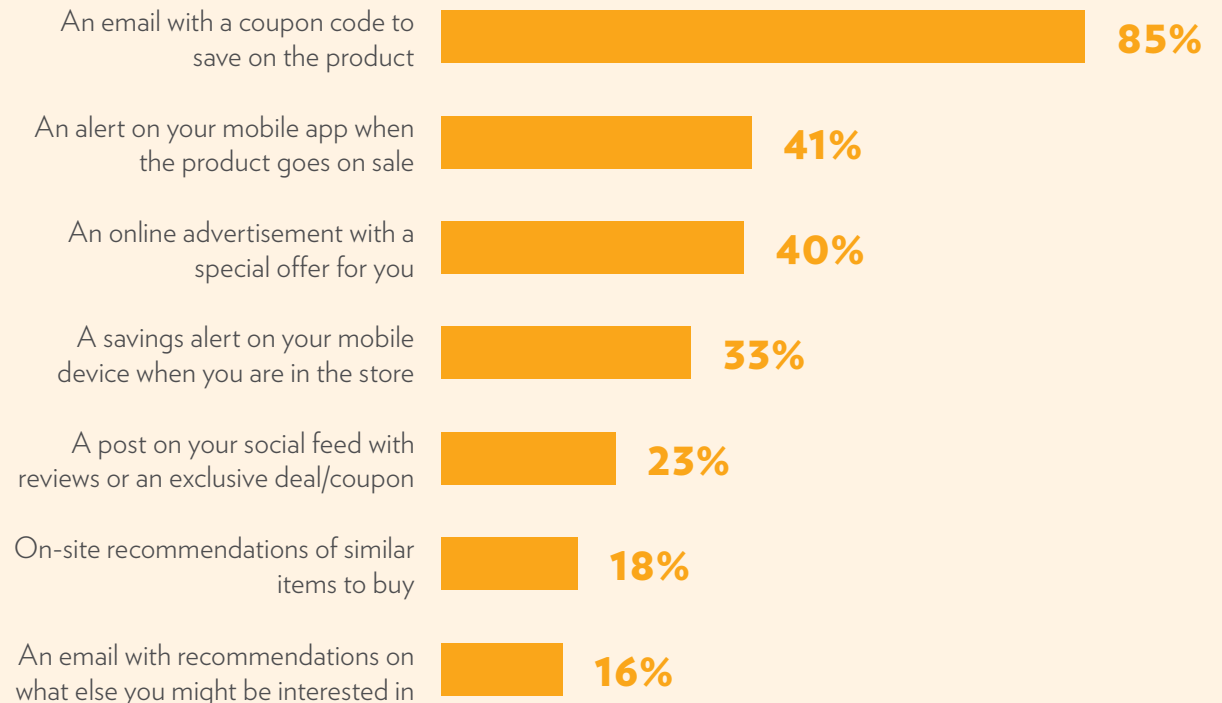**11%**

MOBILE

TWEET THIS!

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MOTIVATION TO BUY

Thanks to digital channels and touch points, consumers have the ability to access any product they desire. But what drives consumers to eventually make a transaction?

Consumers were asked to call out the marketing messages and tactics that encourage them to purchase items online. Most consumers pointed to coupons, offers and sale alerts as strong incentives.

YOU ARE ON A RETAIL WEBSITE AND YOU HAVE JUST ADDED AN ITEM IN YOUR SHOPPING CART, BUT HAVE NOT YET PURCHASED IT. WHICH OF THE FOLLOWING WOULD HELP OR ENCOURAGE YOU TO MAKE A PURCHASE?

(CHECK ALL THAT APPLY)

TWEET THIS!

An email with a coupon code to save on the product	**85%**
An alert on your mobile app when the product goes on sale	**41%**
An online advertisement with a special offer for you	**40%**
A savings alert on your mobile device when you are in the store	**33%**
A post on your social feed with reviews or an exclusive deal/coupon	**23%**
On-site recommendations of similar items to buy	**18%**
An email with recommendations on what else you might be interested in	**16%**

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THE PAIN POINTS

Retailers face many internal challenges that inhibit them from understanding their customers and creating highly relevant shopping experiences.

Less than half (46%) of retailers say they are able to send personalized emails featuring product recommendations, ratings/reviews or exclusive deals and coupons. **Interestingly, even with this low percentage, this was the most widely implemented tactic among our retail respondents.** Additionally, retailers don't know what messages and offers resonate with customers (50%). *(See page 27 for additional insights.)* This reaffirms retailers' lack of knowledge and understanding of their shoppers.

HOW ARE YOU ABLE TO USE DATA TO MARKET AND COMMUNICATE TO YOUR CUSTOMERS IN A RELEVANT AND MEANINGFUL WAY?

(SELECT ALL THAT APPLY)

TWEET THIS!

We send personalized emails featuring product recommendations, ratings/reviews or exclusive deals/coupons — **46%**

We have product recommendations on our website — **41%**

We have access to customer data and we use it to boost cross-sells and up-sells online and in-store — **37%**

We publish personalized banners and ads on our site as well as other sites, including social networks — **35%**

We use data across all platforms to create a consistent consumer experience across all channels — **32%**

We are not currently able to, but it's a top priority for us over the next 12-18 months — **18%**

We are not currently able to — **9%**

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WHICH STATEMENTS MATCH YOUR BUSINESS' ABILITY TO SERVE CONSISTENT AND PERSONALIZED MESSAGES?

(SELECT ALL THAT APPLY)

🐦 **TWEET THIS!**

38% We can see a consumer online and then serve them relevant ads online

36% We can see a consumer online and match them to their email to serve relevant messages

34% We can see a consumer online, match it to our database of consumer profiles and preferences, and serve them customized messages through their preferred channels

32% We can see a consumer online and match them to their mobile device or tablet

22% We have a complete profile of our consumers across all channels

16% We don't — every channel's messaging is siloed

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Each day, retailers capture a variety of data points, including browsing, search and purchase data, and customer information. Yet, even within our world filled with data, very few are turning this information into insights to fuel marketing and engagement initiatives.

Retailers realize that their inability to analyze data and turn it into actionable insights is inhibiting their success. In fact, they point to a lack of comprehensive customer profiles as their top challenge for improving customer experiences and messages across all channels (55%).

Supporting this point is the fact that very few retailers can see consumers online and deliver relevant ads (38%), or match them to their email addresses (36%) and mobile devices (32%). Moreover, less than a quarter (22%) of retailers have a complete view of people across channels.
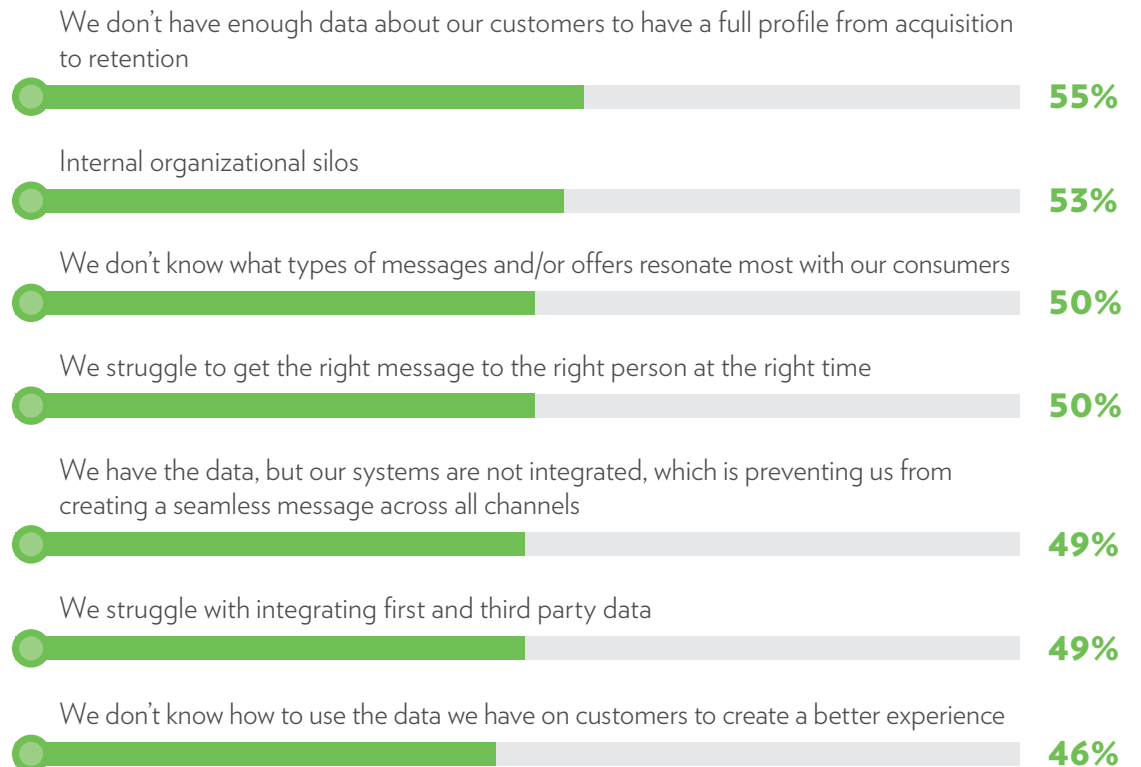
The ability to address media and merchandising channels through a single solution would help close the gaps across channels. Not only could retailers then take advantage of more complete profiles, but they could also use this information to inform marketing campaigns across channels, make precise predictions and reach people who are in market in that moment.

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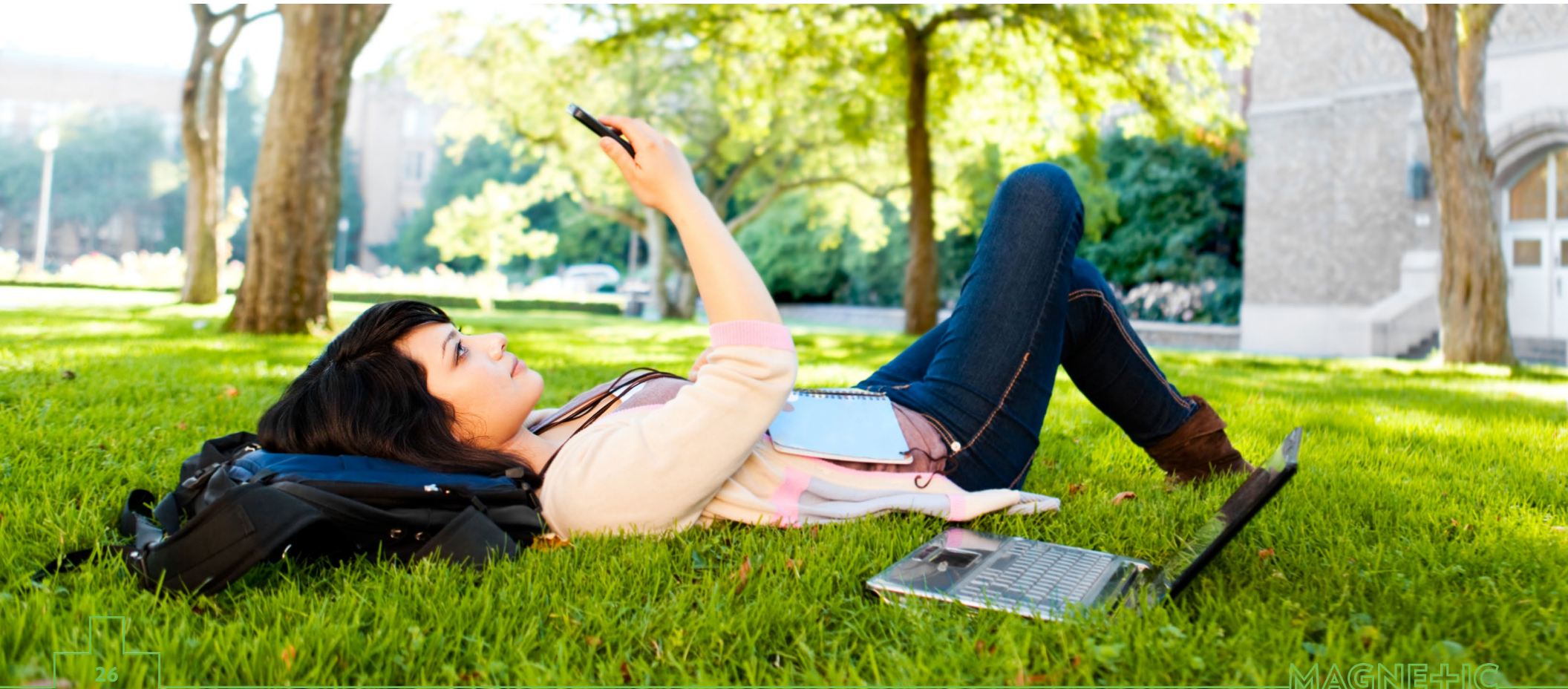
Without a more complete view of customers across all channels, retailers cannot understand what people want, know what they are in market to buy now or what they have purchased in the past. And without this rich set of information, it makes it difficult to run effective prospecting, merchandising and remarketing strategies.

WHAT ARE THE MOST SIGNIFICANT BARRIERS TO IMPROVING YOUR CUSTOMER EXPERIENCES AND MESSAGES ACROSS CHANNELS?

(RESULTS REFLECT RETAILER RESPONDENTS WHO RANKED THE FOLLOWING "CHALLENGING" AND "EXTREMELY CHALLENGING")

TWEET THIS!

We don't have enough data about our customers to have a full profile from acquisition to retention

55%

Internal organizational silos

53%

We don't know what types of messages and/or offers resonate most with our consumers

50%

We struggle to get the right message to the right person at the right time

50%

We have the data, but our systems are not integrated, which is preventing us from creating a seamless message across all channels

49%

We struggle with integrating first and third party data

49%

We don't know how to use the data we have on customers to create a better experience

46%

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In an era when consumers have access to so many options at any time, retailers need to focus on creating valuable offers and interactions that resonate with shoppers and empower them to buy, and buy more frequently.

Results from the retailer survey indicate that companies are focusing most on short-term sales. When asked to spotlight the most significant benefit of marketing across channels, retailers pointed to increased sales as the most important (68%). Conversely, very few retailers found improved customer engagement (21%) and loyalty (21%) to be imperative.

WHAT IS THE MOST SIGNIFICANT BENEFIT OF MARKETING ACROSS DIGITAL CHANNELS, AS OPPOSED TO JUST IN-STORE?

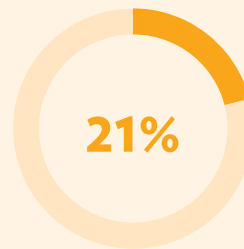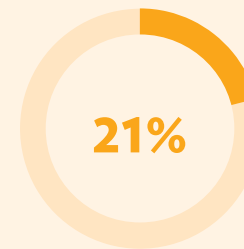**(RANKED ON A SCALE FROM 1-6, 1 BEING MOST IMPORTANT. BELOW RESULTS RANKED 1 AND 2.)**

TWEET THIS!

68%
Increased sales
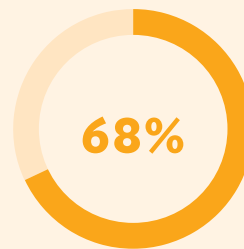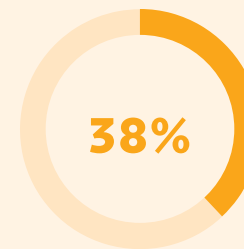
38%
Improved customer retention
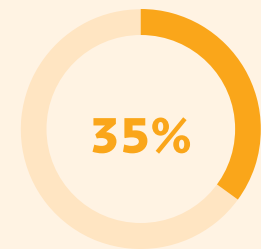
35%
Improved customer acquisition

21%
Improved customer engagement

21%
Improved customer loyalty
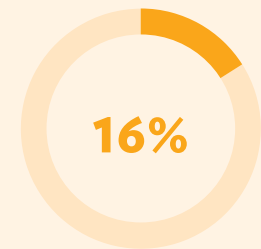
16%
Increased average order value

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CONCLUSION: SEE SUCCESS IN THE ME-TAILING MOVEMENT

Retailers realize the urgent need to become more relevant in the eyes of consumers. They also recognize the need to have a more complete view of customers so they can give them what they want, when they want it. Moving forward, retailers predict that shoppers will demand more relevant product recommendations, customized sales and offers, and more seamless shopping experiences across devices.

In order to keep pace with consumers' heightened expectations, retailers have established the following strategic objectives:

- Create more seamless and consistent experiences across channels (**51%**);

- Test more advertising and messaging strategies to understand what is most impactful (**51%**); and

- Consolidate data about consumers to improve relevancy of messages and promotions (**46%**).

As we venture further into the me-tailing movement, sending batch-and-blast discounts and hoping it sticks will not work. To successfully reach new people, keep current customers and bring back past shoppers, retailers need to prioritize the data and information they have to better understand what individuals want across their own unique buying journeys.

WHAT DO YOU THINK CONSUMERS WILL FIND TO BE MOST IMPORTANT DURING THEIR DIGITAL EXPERIENCES OVER THE NEXT 12-18 MONTHS?
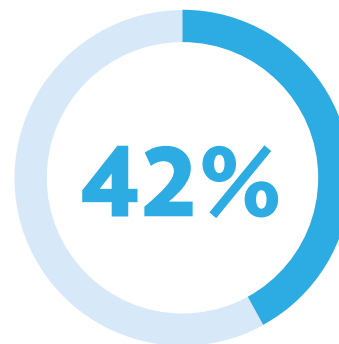
(RANKED ON A SCALE FROM 1-6, 1 BEING MOST IMPORTANT. BELOW RESULTS RANKED 1 AND 2.)

TWEET THIS!
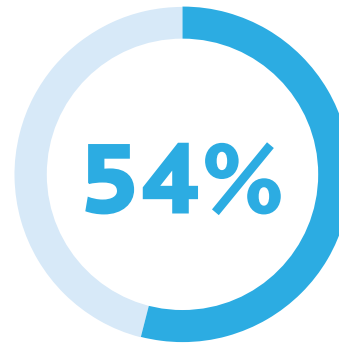
54% Consumers want retailers to customize sales and offers to personal tastes and preferences
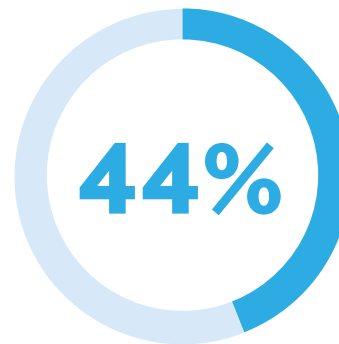
44% Consumers want retailers to give more relevant product recommendations

42% Consumers want retailers to create a more seamless and enjoyable digital experience, regardless of the device being used

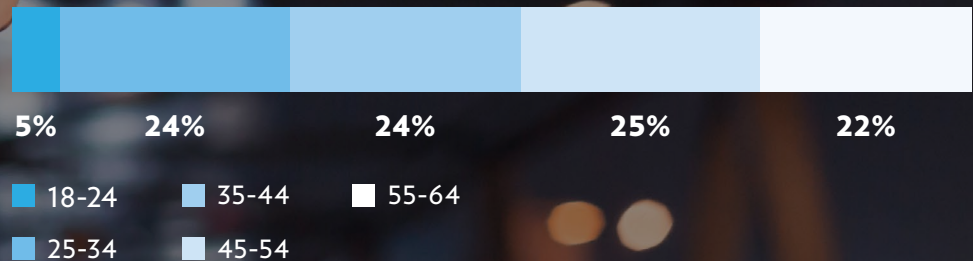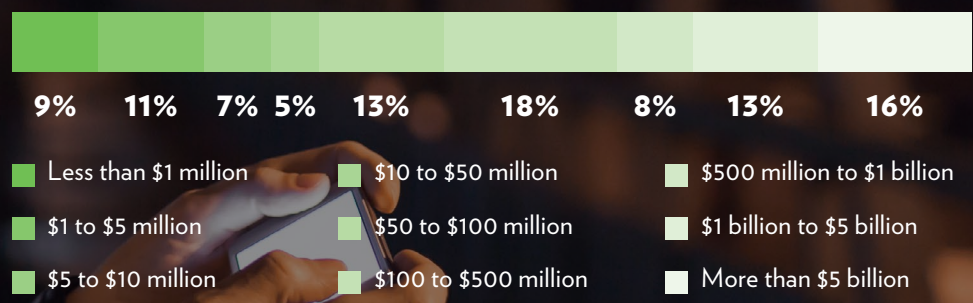MAGNE+IC

SURVEY DEMOGRAPHICS

GENDER
CONSUMER SURVEY

47% **53%**

AGE
CONSUMER SURVEY

5%	24%	24%	25%	22%

- 18-24
- 25-34
- 35-44
- 45-54
- 55-64

ANNUAL REVENUE
RETAILER SURVEY

9%	11%	7%	5%	13%	18%	8%	13%	16%

- Less than $1 million
- $1 to $5 million
- $5 to $10 million
- $10 to $50 million
- $50 to $100 million
- $100 to $500 million
- $500 million to $1 billion
- $1 billion to $5 billion
- More than $5 billion

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ABOUT MAGNETIC

Magnetic is a technology company with a marketing platform for enterprises, brands and agencies. Our ad, email and site solutions help marketers find, keep and bring back customers. These solutions are powered by our unique data including purchase intent data from more than 450,000 partner sites, shopping profiles of over 250 million individuals, and behavioral insights across a billion active devices. For more information, visit **magnetic.com**.

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ABOUT RETAIL TOUCHPOINTS

Retail TouchPoints is an online publishing network for retail executives, with content focused on optimizing the customer experience across all channels. The Retail TouchPoints network is comprised of a weekly newsletter, special reports, web seminars, exclusive benchmark research, an insightful editorial blog, and a content-rich website featuring daily news updates and multi-media interviews at **www.retailtouchpoints.com**. The Retail TouchPoints team also interacts with social media communities via Facebook, Twitter and LinkedIn.