Shifting Consumer Shopping Habits in 2021

How to Respond to Your Customers' In-Store Expectations in the Post-Pandemic Retail Sector

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How to Respond to Your Customer's In-Store Expectations in the Post-Pandemic Retail Sector

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Executive Summary

The COVID-19 pandemic has forever changed consumers' expectations about the in-store retail experience, forcing retailers to reconsider their priorities and investments. But just as the global crisis has raised new concerns about health, safety, and the availability of certain products and services, it has also introduced new opportunities and accelerated transitions already in progress—many of which consumers increasingly demand.

For example, according to a consumer survey reported by Forbes, 87% of consumers want brands to continue to offer curbside pickup—as well as other contactless and automated processes—even after the pandemic ends.[1] The pandemic has also compelled organizations to evolve some long-standing processes in serving their customers, introducing more flexibility into elements like in-store staffing and supply chain management.

In this report, we'll explore the perspectives of 500 U.S. consumers on future in-store retail experiences. Here, consumers will share their expectations for a post-COVID-19 retail economy, as well as what in-store shopping features they'd like to keep as part of the "new normal." Finally, you'll be provided with actionable insights into how best to respond to your customers' long-term desires.

87% of consumers want brands to continue to offer curbside pickup—as well as other contactless and automated processes—even after the pandemic ends.[1]

[1] https://www.forbes.com/sites/michelinemaynard/2020/06/18/consumers-overwhelmingly-like-curbside-pickup-a-new-covid-19-survey-shows/?sh=55e827ab74fd

Key Findings

39%
of consumers **did up to 25% of their shopping online before COVID-19.** But during the pandemic, 45% of consumers say they bought non-essential items less often in stores and more often online.

58%
of consumers say they **spent less on non-essential items** during the COVID-19 pandemic.

72%
of consumers **shopped online for one or more non-essential items** that they'd normally purchase in-store during COVID-19. Among these respondents, 71% say they will continue to buy one or more non-essential items online.

Some consumers say **they are spending more money** online on entertainment (49%), toys & hobbies (48%), department store products (46%), and specialty apparel (44%).

69%
of consumers say the safety precautions taken by stores **generally made them feel safer** in 2020.

The **in-store safety services** that gave consumers **the most peace of mind** during COVID-19 were social distancing markings and policies (75%), complimentary hand sanitizer (68%), and frequent cleaning of facilities (65%).

71%
of consumers say **an item they wanted wasn't in stock** when shopping in a retail store in 2020.

70%
of consumers **expect to be able to buy products online and have them delivered** once safety levels return to normal, and 57% expect self-checkout kiosks to continue.

70%
of consumers **expect store associates to be knowledgeable about the retailer's product and services,** above all else.

51%
of consumers **prefer to shop online for non-essential items and get home delivery** rather than purchase or pick-up items in-store.

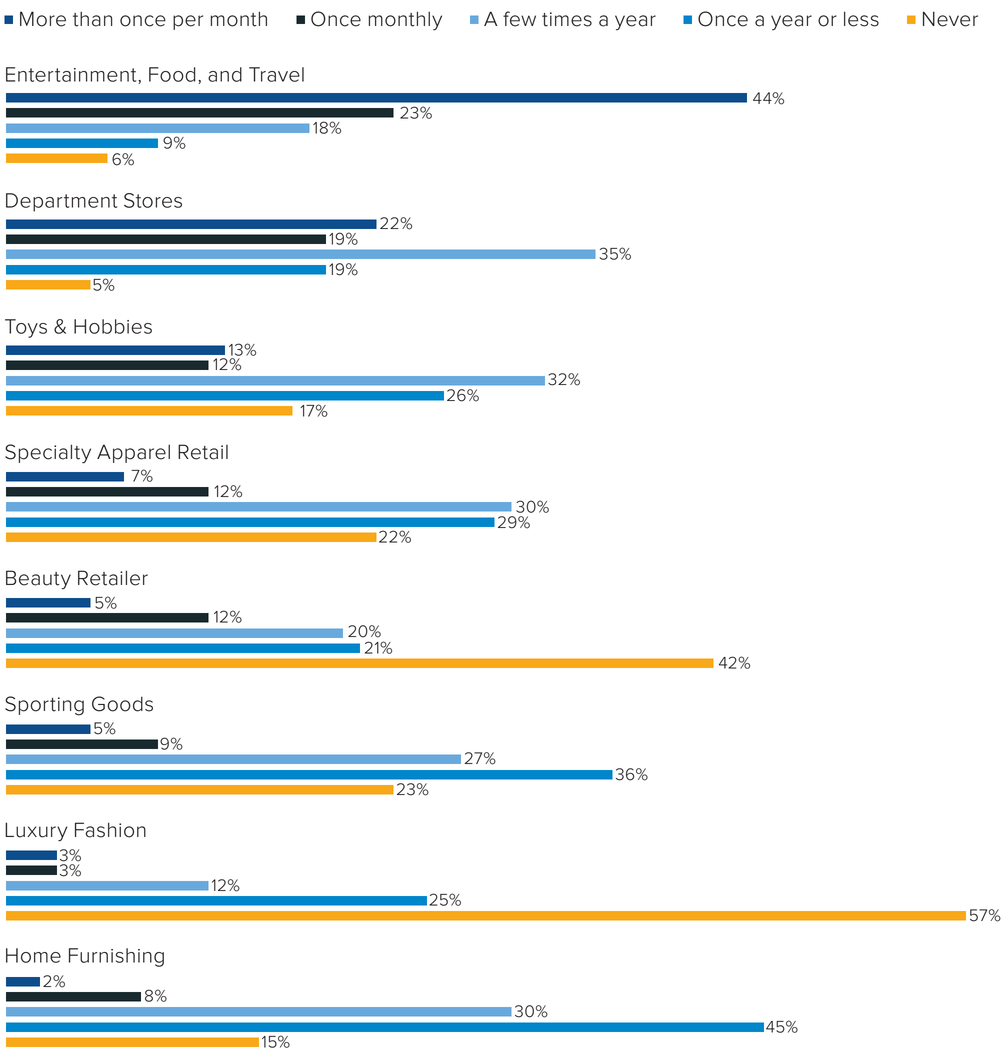
35%
of consumers tried out a new digital shopping method for non-essential items during the COVID-19 pandemic in 2020.

Consumers Significantly Altered Their Shopping Habits Due to COVID-19

In the past, consumer behavior rarely shifted unless there was a serious disruption to day-to-day activities. But even before COVID-19 struck, consumers were gradually adjusting how they purchase non-essential items. Generally, many consumers were turning to online shopping when it was inconvenient to shop in-store.

Still, consumers were turning more to online shopping only for specific types of retail products. For example, 57% of the consumers surveyed in this study say they never purchased luxury fashion items in-store before COVID-19. Meanwhile, 42% say they never purchased from in-store beauty

Before COVID-19, how often did you shop for non-essential items at the following types of in-person retail stores (a.k.a., "in-store")?



retailers and 45% say they only shopped at home furnishing stores once a year or less.

Some of these numbers could be due to demographics and general shopping habits. Not everyone is willing to spend money on luxury fashion items, and some consumers only purchase new furniture when their old furniture is worse for wear.

But the fact that 44% of consumers shopped with entertainment, food, and travel retailers more than once per month before COVID-19 is an important indicator. Some shopping experiences are better suited to the salesfloor (or restaurant) and are difficult to replicate online.

Indeed, most consumers (67%) did more than 50% of their shopping in-store before COVID-19 struck. [Appendix B, Exhibit A]

There are also variations in how much money consumers spend on different types of products. Essential items like food, fuel, toiletries, and prescription drugs tend to take up most of consumers' spending budgets. Before COVID-19, 79% of consumers spent $500 or less each month on non-essential items. [Appendix B, Exhibit B]

Changes in Consumer Shopping Due to COVID-19

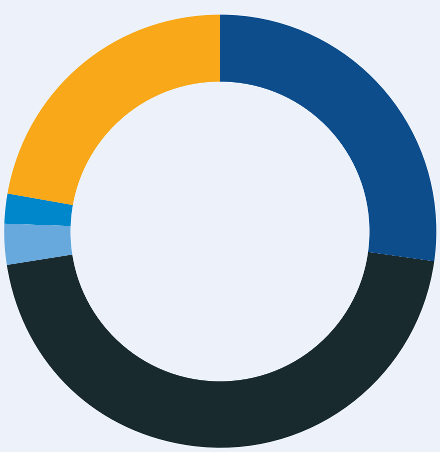
Not surprisingly, one of the most significant shifts in consumer buying habits was the switch from in-store to online purchasing. But consumers also suffered a direct impact on their buying power due to the economic slowdown, layoffs, and other factors.

At 27%, over one-fourth of the respondents say they shopped less for non-essential items both online and in-store during the pandemic.

Consumer budgets for non-essential items weren't the only things to change when the pandemic started sweeping across the country. As a matter of safety and convenience, consumer shopping habits changed as well. Almost half of the respondents to this study (45%) say they bought non-essential items in stores less often during the pandemic but began purchasing them more online.

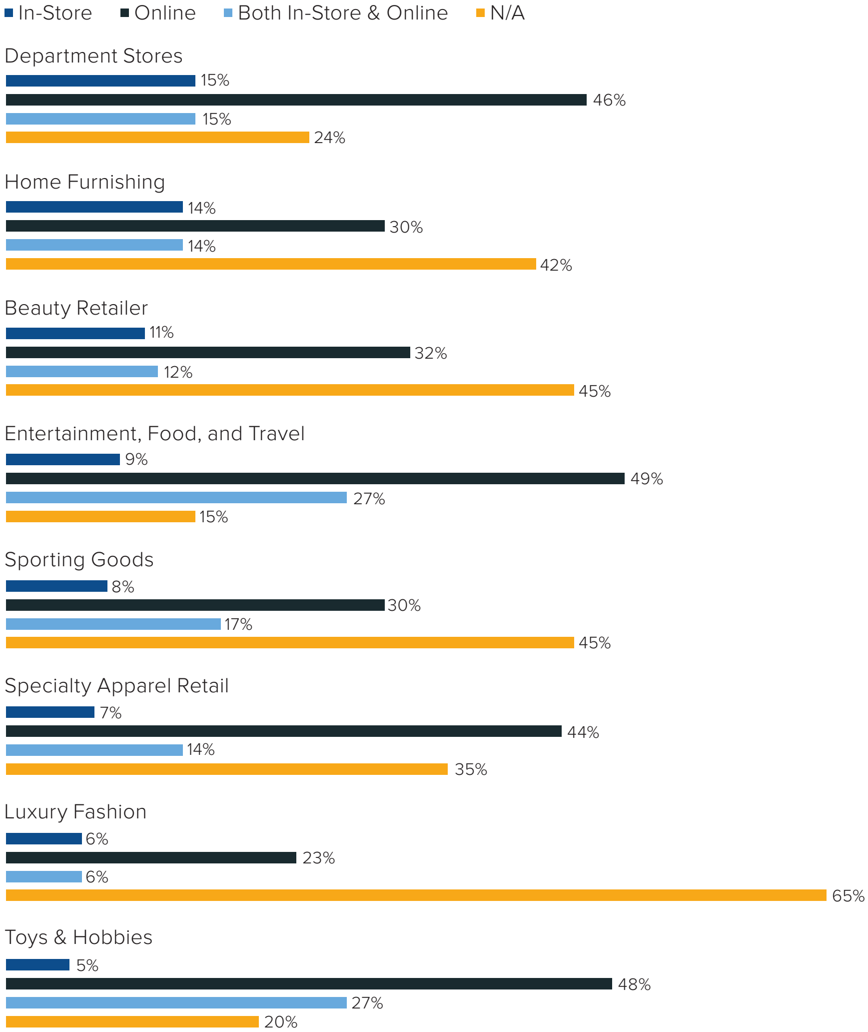
Additionally, 58% of consumers say they are spending less money on non-essential items in general, even today. [Appendix B, Exhibit C] Likely, these consumers reduced their spending to ensure they had enough in their budgets for essential supplies.

How have your in-store shopping habits changed during COVID-19 with regard to non-essential items?



- **27%** I am buying them in stores less often, and buying them less online.
- **45%** I am buying them in stores less often, but buying them more online.
- **3%** I am buying them in stores more often, and buying them more online.
- **2%** I am buying them in stores more often, but buying them less online.
- **22%** My shopping habits have not changed during COVID-19 with regard to non-essential items.

Since you are spending more money on non-essential items, with which of the following types of retailers are you spending MORE—either in-store, online, or both?



Only 13% of consumers say they are spending more on non-essential items in general. Among them, consumers are spending most of their extra dollars by shopping online, regardless of the type of retailer they shop with.

For example, 49% of these consumers report spending more online with entertainment, food, and travel retailers, while 48% say they are spending more online with toys & hobbies retailers. Meanwhile, 46% report spending more online with department stores and 44% report spending more online with specialty apparel retailers.

Consumers are generally using the online shopping channels they're already familiar with, as 65% say they did not try out a new digital shopping method during the COVID-19 pandemic. [Appendix B, Exhibit D]

These habits represent a departure from normal consumer behaviors. When shopping becomes safe again, we can expect some of the shift to online shopping to revert to in-store shopping.

Still, some consumers may not shift back to in-store shopping, even when some degree of normality returns to the country and the economic outlook for everyday consumers improves. Retailers must prepare the next generation of in-store experiences now if they want to entice post-COVID-19 shoppers to visit their stores.

Most Consumers Now Prefer Shopping Online for Non-Essential Items

If consumers were shifting toward online shopping before the COVID-19 came to the United States, the pandemic likely had a role in accelerating the move.

When asked about their preferred way to purchase non-essential items from retailers, a slight majority of respondents (51%) say they generally prefer to shop online and get items delivered to them at home. Only 37% say they prefer in-store shopping for non-essential items, and 12% say they prefer shopping online and picking up items in-store.

At 72%, a clear majority of respondents say they shopped online for one or more specific non-essential items during the pandemic that they'd normally purchase in-store. [Appendix B, Exhibit E]

Generally, which of the following is your preferred way to purchase non-essential items from retailers?

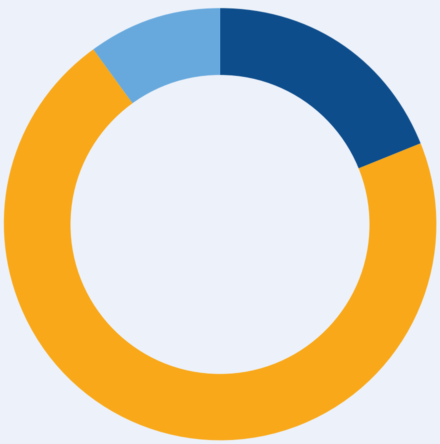
Significantly, 71% of these respondents say they will continue to buy one or more specific non-essential items online once in-store shopping safety conditions fully return to normal—19% say they will continue to buy all non-essential items online. Only 10% say they will go back to buying all such non-essential items in physical stores.

Considering this data, it could be challenging for retailers to convince consumers to return to in-store shopping, even after it becomes safe for them to do so. But there are some in-store experiences consumers became accustomed to during the pandemic that they'd like to continue.

Retailers also have more capabilities than they did just a few years ago thanks to innovative new in-store technologies. Moving forward, many retailers will be working to replicate the best parts of the online shopping experience in their stores.

For example, empowering store associates with customer information in real-time could help to build more personalized shopping experiences at the store level. Similarly, retailers could invest in experiences that simply can't be replicated online, such as community events, social gatherings, and novelty experiences.

Since you said "Yes," do you believe that habit will remain once in-store shopping safety conditions fully return to normal?



19% Yes, I will continue to buy all these non-essential items online.

71% I will continue to buy one or more online, and go back to buying one or more in physical stores.

10% No, I will go back to buying all these non-essential items in physical stores.

Consumers Expect Some In-Store Experiences from the Pandemic to Stay

During the pandemic, the most important aspect of the in-store shopping experience was safety. Most retail stores that remained open went to great lengths to ensure the virus couldn't spread easily, even as hundreds of customers walked through their stores each week.

This also meant that consumers had to take precautions on their own. Several states made wearing a mask a requirement for being out in public, and most major retailers set policies in their stores that required customers to do the same. In general, most consumers (69%) say the safety precautions taken by stores in 2020 made them feel safer. [Appendix B, Exhibit F]

Nonetheless, some respondents say they did not feel safer while shopping in-store, even though stores took precautions to ensure their customers' safety. Researchers asked these respondents to describe what in-store associates could have done better to ensure their safety.

Many of these respondents insist that in-store safety precautions are a good idea, but that the stores should have enforced their safety policies more stringently. Specifically, many of these respondents complain that stores allowed other customers to shop without masks even though it was expressly stated that masks were required.

"If you state that guests must wear masks in order to be in the store but let people in without them, then I feel you don't actually care about the guests' health, just the theater of making it look that way," says one respondent.

One respondent even insists stores should "turn away non-masked customers," and that they should "have some way of sharing how many patrons were in the store so I [know] what I would be encountering."

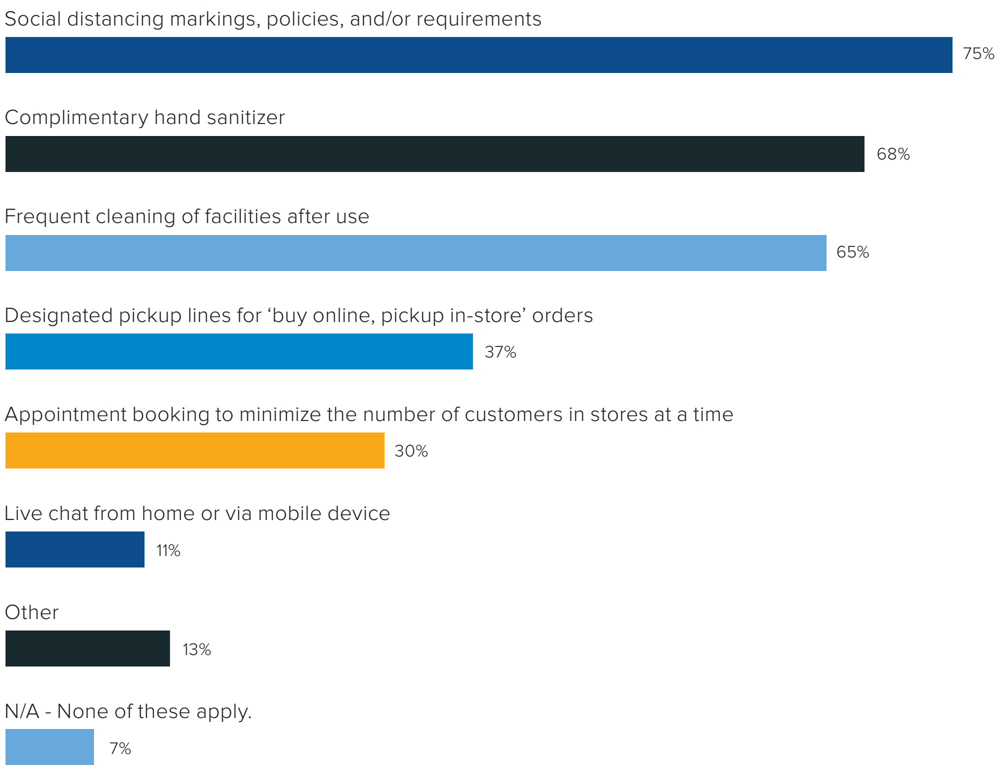
Another insists stores should install "security outside and inside to enforce masks."

Other respondents claim that it wasn't believable that stores were being properly sanitized, regardless of what the store's policy may be.

"There's no way everything in [the department] store could be wiped down & sanitized," says a respondent. "To try on clothes was scary. I was uncomfortable in the dressing room."

Some customers appreciate the efforts that stores made to make them feel safe but note that even the most stringent precautions aren't enough when there's no clear indication that the store is clean and ventilated. "They all did the best they could," says one respondent. "It is just that I do not want to be indoors with others when I don't know how the ventilation functions."

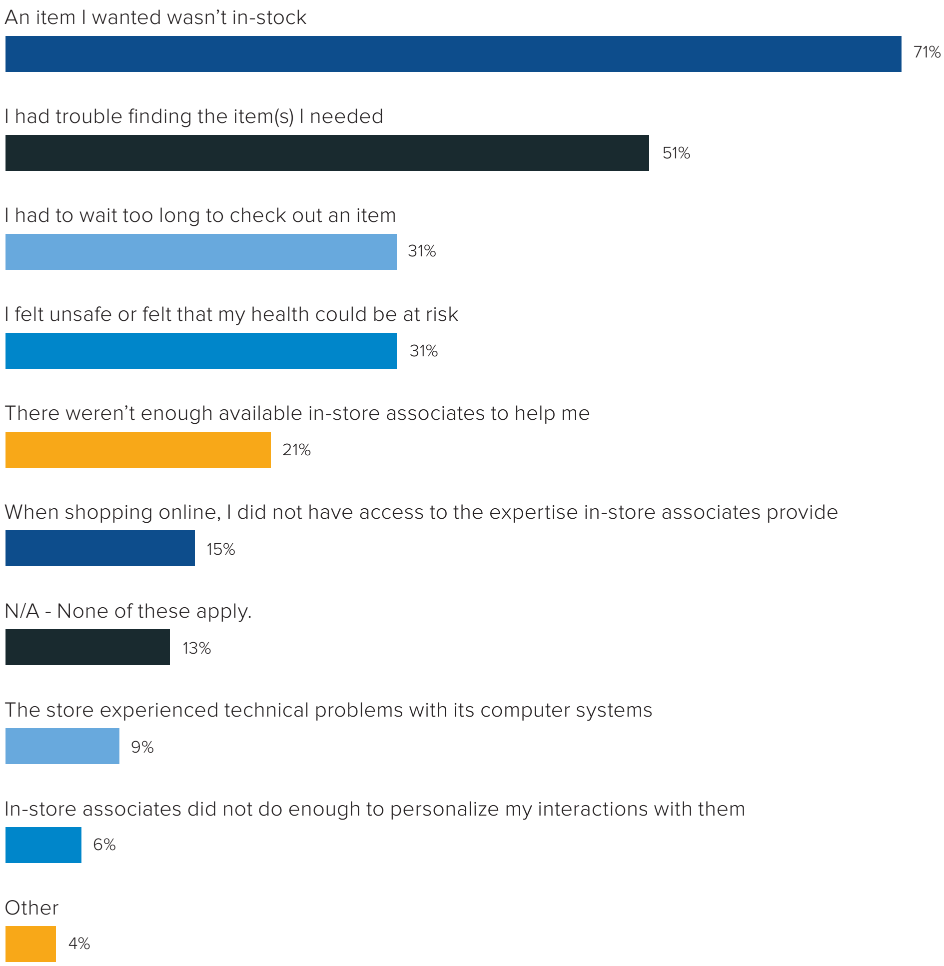
Which of the following in-store safety services gave you peace of mind during COVID-19?



The safety precautions consumers appreciated the most were social distancing markings and requirements (75%), complimentary hand sanitizer (68%), and the frequent cleaning of facilities after use (65%).

When considering this data and the responses above, it's clear that many consumers need proof that stores are sticking to their policies before they will trust them to keep them safe. In some cases, consumers would prefer to take their safety into their own hands by using complimentary hand sanitizer.

In 2020, did you ever struggle with any of the following challenges when shopping in retail stores?



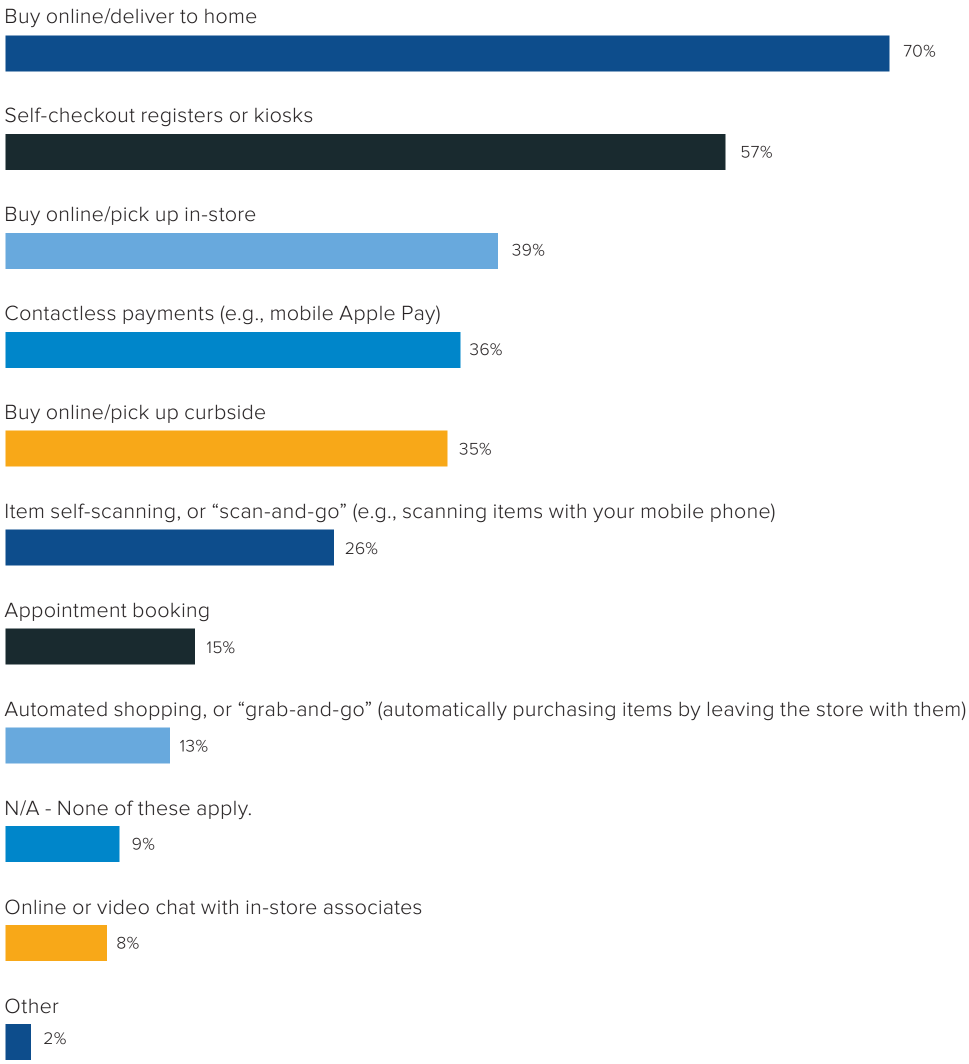
Consumers struggled with four key challenges when shopping in-store in 2020. At 71%, most respondents say an item they wanted wasn't in stock. About half of the respondents (51%) say they struggled to find an item they wanted and 31% say they had to wait too long to check out an item.

Meanwhile, 31% of respondents say they felt unsafe or that their health could be at risk while shopping in 2020. Although this wasn't the greatest concern, that percentage represents a significant portion of respondents to this survey.

If COVID-19 continues to be a significant risk to people's health, and if retailers hope to ensure the safety of their customers, they'll need to take the advice provided in the open-ended responses above. They must ensure customers know they are cleaning their facilities and ventilating the salesfloor properly, and they must strictly enforce masking and social distancing policies.

That said, even as the risk from COVID-19 subsides, consumers expect many of the shopping experiences they've grown accustomed to during the pandemic to continue.

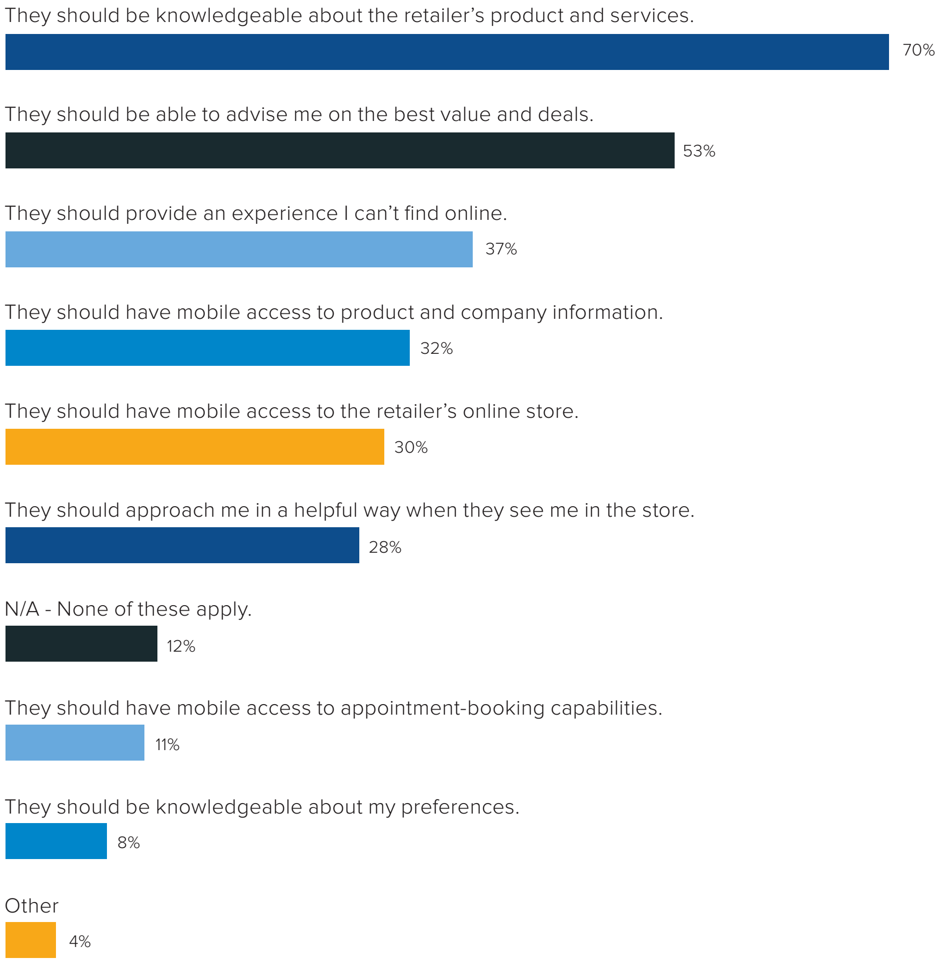
Which shopping experiences do you expect to continue once safety levels fully return to normal?



Most respondents (70%) expect to be able to shop online and have items delivered to their homes. In this case, they may be referring specifically to retailers that didn't support this capability before the pandemic. For example, retailers that shifted to a ship-to-home sales model by turning stores into edge warehouses may want to continue similar practices if they are popular.

At 57%, over half of the respondents expect self-checkout registers and kiosks to be mainstays at retailers. Although these systems are already deployed widely in grocery stores, retailers in other sectors may want to consider them as an option if they hope to encourage more in-store shopping.

In the future, what role do you feel store associates should play in the in-store customer experience?



Concerning store associates, most consumers have standard expectations. They expect associates to be knowledgeable about the retailer's products and services (70%) and they expect associates to be able to advise them on the best deals (53%).

However, 37% of consumers expect associates to provide an experience they can't find online and 32% expect them to have mobile access to product and company information. It's in these areas that retailers will be able to differentiate their in-store experiences from those of their competitors.

Conclusion: Consumers Expect More Convenience and More Contactless Shopping In-Store

To conclude the study, researchers asked the respondents to identify which in-store features would make them want to return to stores once safety levels fully return to normal. At 41%, a plurality of respondents says they will return to in-store shopping regardless of what features are implemented in-store.

Nonetheless, 40% of respondents want more convenience and 38% of respondents want more contactless shopping options, such as self-checkout. Exactly one-fifth of the respondents want better interactions with store associates and 14% want more personalized experiences in-store.

The results of this study suggest that the best way for retailers to address consumers' shifting shopping habits is to meet them halfway. Plenty of consumers want to return to their regular in-store shopping habits, but others expect many of the changes enacted during the pandemic to be permanent.

While convenience, safety, and cleanliness are the most important factors for consumers while shopping, plenty of them expect store associates to be empowered with more information, and some insist on having a personalized in-store experience. In other words, they want retailers to take the best aspects of shopping online and apply them to the in-store experience, wherever possible.

Which of the following features would make you want to return to a store once safety levels fully return to normal?

Key Recommendations

- **Consumers have grown accustomed to convenience and personalized experiences while shopping online.** Although many consumers will return to their normal in-store shopping habits when it's safe to do so, others will have elevated expectations for the in-store experience. Begin planning how your organization will take the best aspects of shopping online and incorporate them into your in-store operations.

- **Most consumers appreciated the safety policies stores enacted during COVID-19 but felt that they weren't enforced strictly enough.** If pandemic conditions continue, and in preparation for future health crises, customers need to be made aware of how often the store is cleaned, how well it is ventilated, and how strictly stores are enforcing mask and handwashing policies. Consider keeping some safety features, such as complimentary hand sanitizer, even after things return to normal.

- **Empower your store associates with information.** Consumers expect associates to be knowledgeable about products and services available in the store, but they will also be impressed by associates who can provide personalized shopping experiences using customer data.

- **Most consumers expect to continue shopping online to have products delivered to them at home.** They also say, "more convenience," such as buy online/pick up in-store, and "more contactless shopping" are two features that would make them want to return to a store once safety levels fully return to normal. If your organization enacted new capabilities to facilitate home delivery, in-store pickup, and contactless shopping, consider continuing these practices.

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Tulip is a cloud-based software provider focused on omnichannel mobile solutions for retail stores. Partnered with Apple, Tulip's mission is to harness the power of the world's most advanced mobile technology to deliver simple-to-use apps for store associates to look up products, manage customer information, check out shoppers, and communicate with clients. Leading retailers like Mulberry, Saks Fifth Avenue, Kendra Scott, Kate Spade, Coach, and Michael Kors use Tulip in their stores to elevate the shopping experience, increase sales and improve customer service.

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About the Authors

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Building upon Worldwide Business Research's (WBR) vast expertise in creating educational executive events for the Retail Sector including eTail, Mobile Shopping and Next Gen Customer Experience, Future Stores was launched in 2013 and has been dedicated to the growth of the in-store retail industry ever since. Future Stores continues to be the leading in-store experience event. Months of industry research with over 100 retail executives is compiled to create the program each year.
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Appendix A: About the Respondents

To generate the results of this study, researchers surveyed 500 United States consumers of varying ages, household incomes, and regions.

Most of the respondents are from the South Atlantic (20%), the Pacific (19%), and the East North Central (12%) regions. Another 12% of respondents are located in the Middle Atlantic region and 10% are located in the Mountain region.

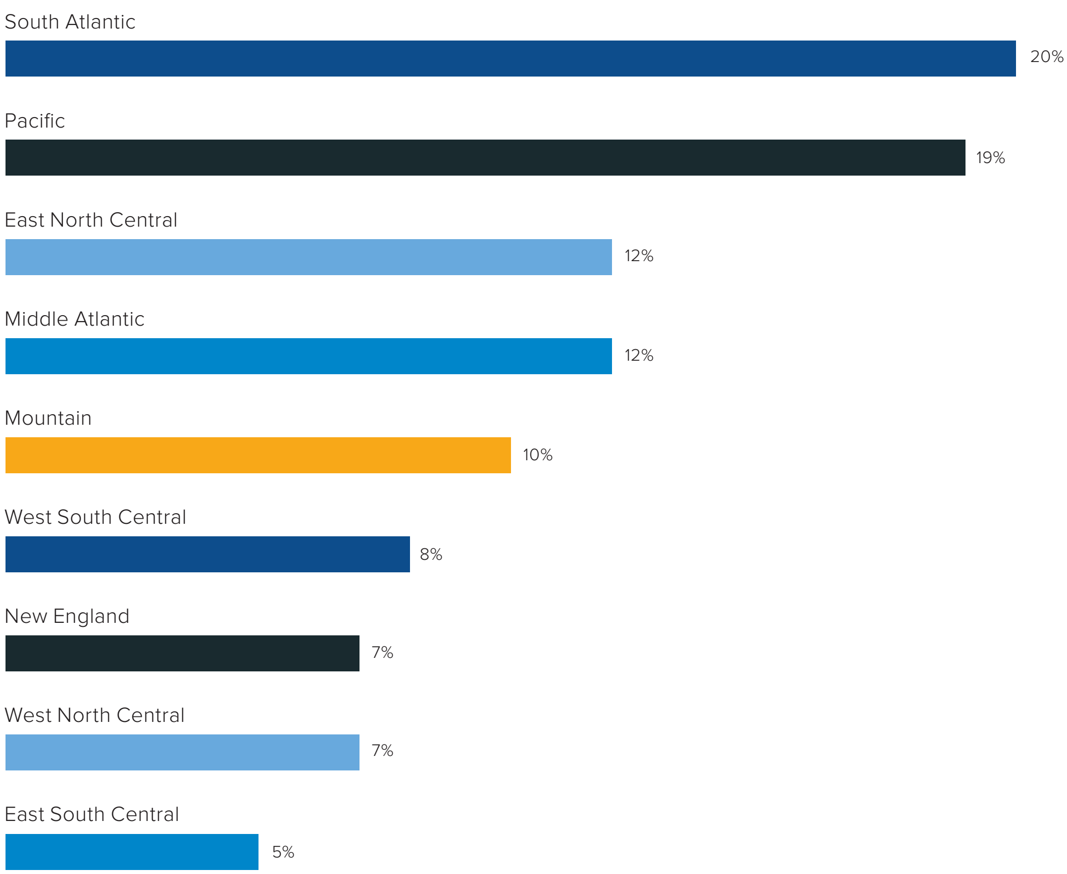
At 57%. most of the respondents are from a household with an annual income of less than $99,000. However, 21% of the respondents preferred not to provide their annual household income.

The respondents are spread relatively evenly across age groups. Altogether, most respondents are aged 30 to 60.

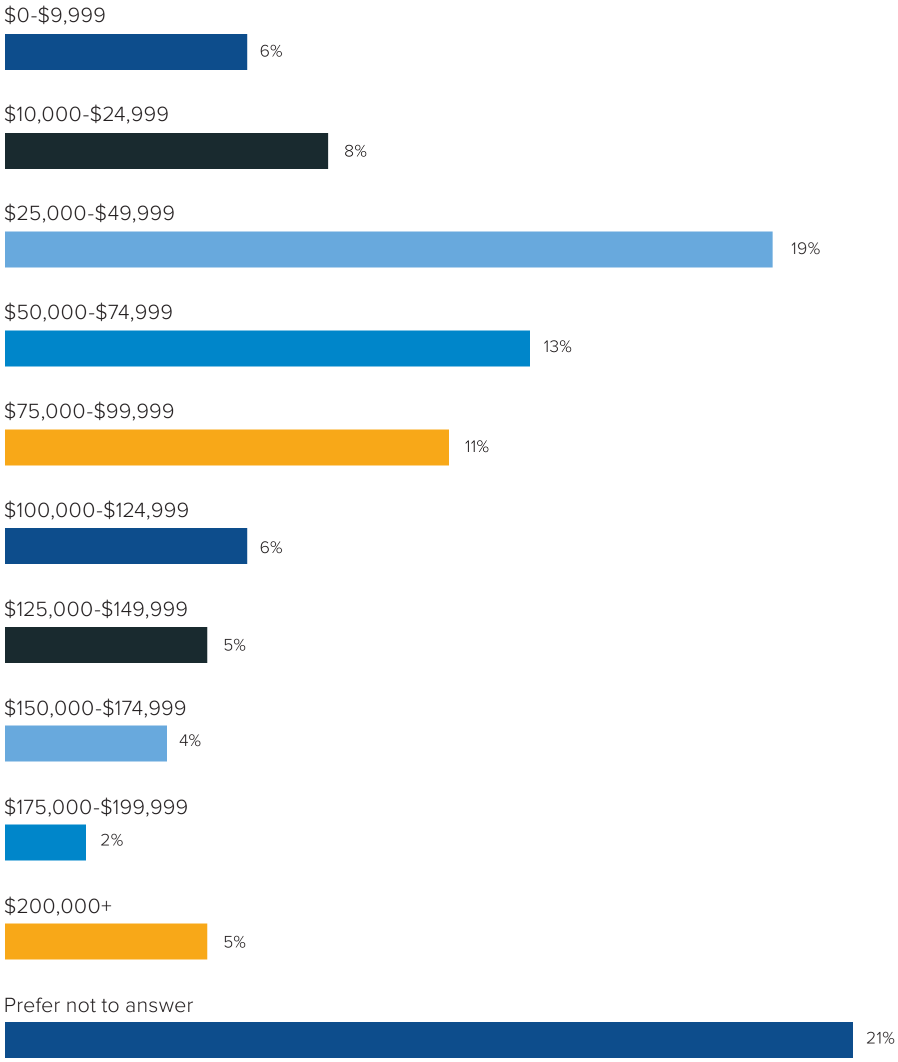
Most of the respondents (55%) identify as female.

At 44%, a plurality of respondents used a Windows desktop or laptop computer to take the survey. Meanwhile, 41% used either an iOS phone or tablet or an Android phone or tablet.

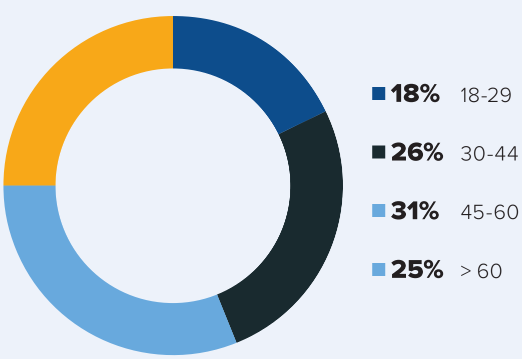
Region



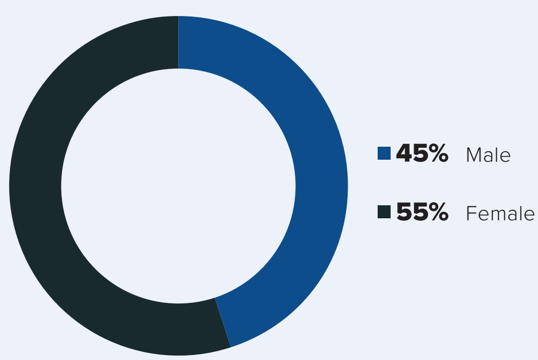
Household Income



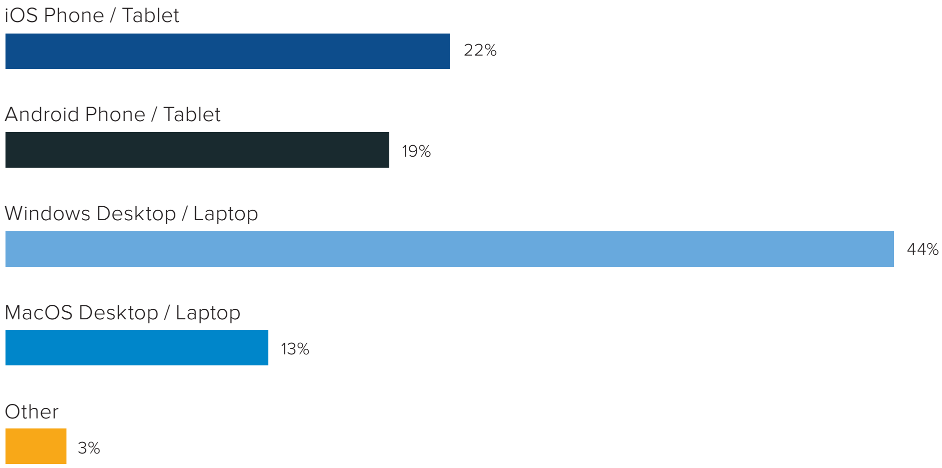
Age



Gender

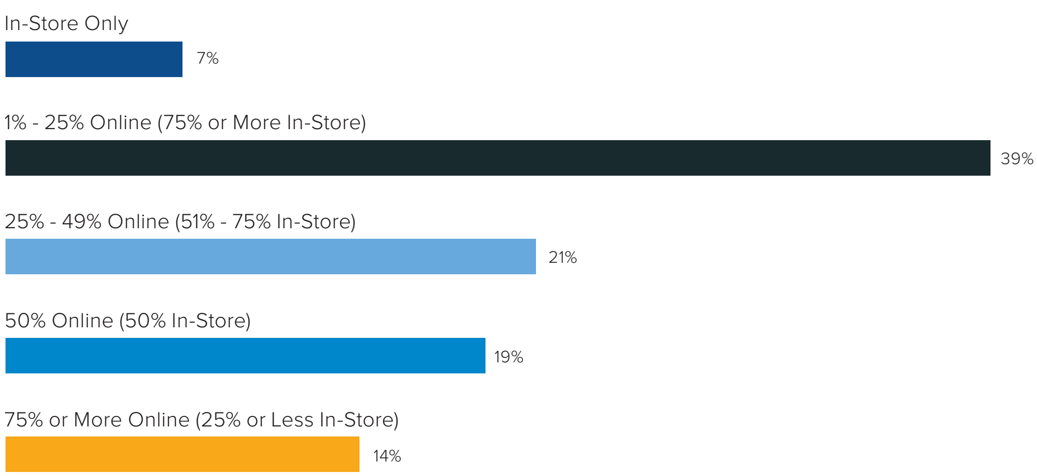


Device Type

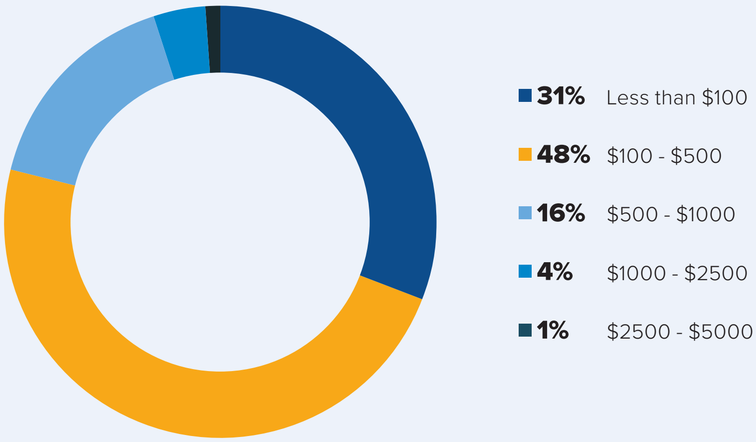


Appendix B: Other Data Referenced in This Study

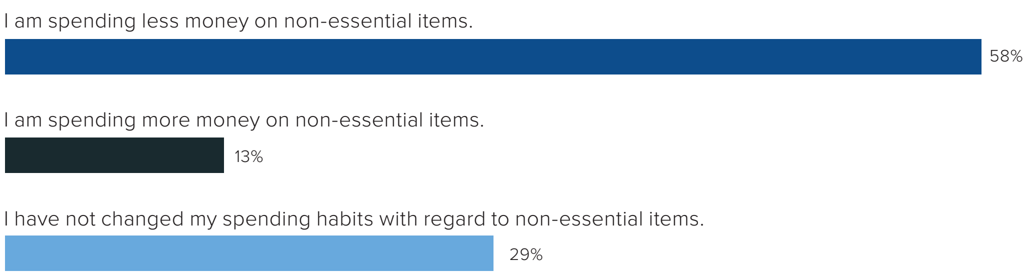
[Exhibit A] Before COVID-19, roughly how much of your shopping did you do online (versus in-store)?



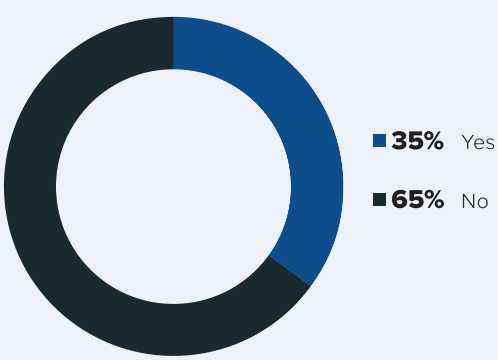
[Exhibit B] Before COVID-19, how much did you spend on non-essential items each month on average—including both in-store and online purchases?



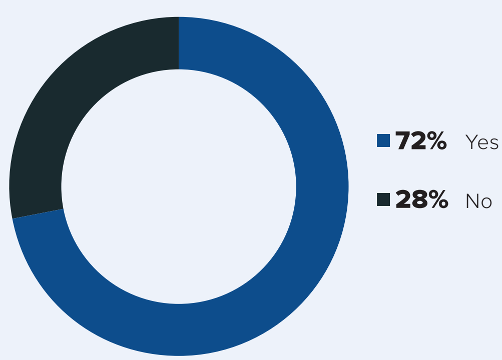
[Exhibit C] To date, how have your spending habits in general changed with regard to non-essential items?



[Exhibit D] Did you try out a new digital shopping method for non-essential items during the COVID-19 pandemic in 2020?



[Exhibit E] During the COVID-19 pandemic, have you shopped online for one or more specific non-essential item that you'd normally purchase in-store?



[Exhibit F] During your in-store shopping experiences in 2020, did the safety precautions taken by stores generally make you feel safer?