



The Retail Customer: New Behaviors, New Expectations

In partnership with



The pandemic is driving a shift in when, where and how customers shop; forcing an acceleration in digital transformation plans.

The pandemic has upended every aspect of our lives, including our priorities and expectations around the retail experience.

The retailers and brands that were more digitally mature pre-pandemic fared far better during the 2nd quarter 2020. In addition, the retailers and brands that can identify and adapt to new customer expectations will have the best chance to survive and thrive going forward.

56%

of C-level retail executives feel the pandemic will **permanently change** the way people shop and that most consumers will move exclusively to omnichannel shopping.¹

Digital sales continue to rise, despite a fall in overall retail sales in Q1'20. Growth is driven by customers adapting to new lifestyle changes and adoption by new users.

\$146 B

is the recorded eCommerce sales Q1'20, 13% growth as compared to the same period last year.²

+90%

increase in online sales of grocery* category as compared to Q1'19.²

This shift is accompanied with a change in how customers shop for goods and services.

72%

of consumers say shopping trips have become less frequent but more expensive.³

59%

of consumers said they are more likely to choose online ordering and new fulfilment options even after the outbreak is over.⁴

*Grocery includes grocery stores, specialty foods and liquor stores

As the customer adapts to new rules around shopping, the definition of 'experience' has changed and retailers must also adapt and change.



Make it easy

Convenience

Frictionless commerce

Delivery options and speed

Responsiveness



Make it certain and safe

Certainty

Robust digital experiences

Safe shopping environments

Product handling



Make it memorable

Joy

New digital experiences

Empathetic communication

Social engagement

Convenience.

Frictionless commerce via seamless ordering and fulfillment experiences are now expectations for customers.

Demand has exploded for convenience-based shopping experiences such as cashierless checkout and omnichannel orders. Retailers that hadn't started the contactless or store-based fulfillment journey are scrambling to catch up to those that had.

+208%

Rise in digital orders for curbside delivery in Q1'20.⁵

Frictionless commerce to meet new safety needs:



Amazon set the bar with its small-format cashierless supermarket. It offers fresh meat and produce, local favorites and groceries.



Walmart opened a cashierless Neighborhood Market store in Florida, featuring online grocery pickup, same-day delivery, and its 'Check Out With Me' program.

Omnichannel fulfillment to maximize inventory availability:



Costco acquired the last-mile specialist Innovel for \$1 billion to expand its last mile delivery fleet with a rise in online orders.



Kroger has converted one of its stores in the greater Cincinnati area to "pick up-only" service and plans to expand the model.

Certainty.

Ensuring safe shopping environments using robust safety and hygiene procedures.

The pandemic changed the definition of 'experience' globally. Customer safety, trust and transparency have become the key metrics for success for retail shopping experiences.

62%

of shoppers would stop shopping at a retailer that is not taking health and safety seriously.⁶

Leveraging digital to redefine experience:



The addition of a new GPS technology feature to the click-and-collect program enhances transparency for shoppers and gives stores an accurate arrival time.



FlyBuy pickup curbside technology uses location tracking to alert a retailer when a customer is approaching to collect their online grocery order.

Safe shopping environments:



Creator burger, a tech-forward restaurant, enabled 'air locked' pressurized takeout windows to avoid contamination and contact with pick-up customers.



Trader Joe's far surpasses all the other grocery retailers in actively monitoring traffic and guest occupancy of store, with 94% of stores visited actively managing this process at the entrance.

Joy.

Making shopping fun and memorable with new virtual selling experiences.

Online shopping habits formed during the at-home lockdown will likely continue as the economy reopens. New digital selling experiences such as online personal shoppers and virtual design studios will become table stakes in the new world of retail.

105%

is the on average reported increase in conversion rates by early adopters of virtual selling experiences.⁷

New digital experiences:

SUITSUPPLY

Launched guided virtual shopping experience with live experts and allows online booking of fitting rooms and private shopping suites.

Empathetic engagement:

DAVID'S BRIDAL

David's Bridal's AI-enabled chat-based service, Zoey concierge, automates customer service requests such as booking appointments, process return, and check order status.



Macy's added an AR tool that allows customers to virtually design and experience the interior of a room for which they are purchasing furnishings.



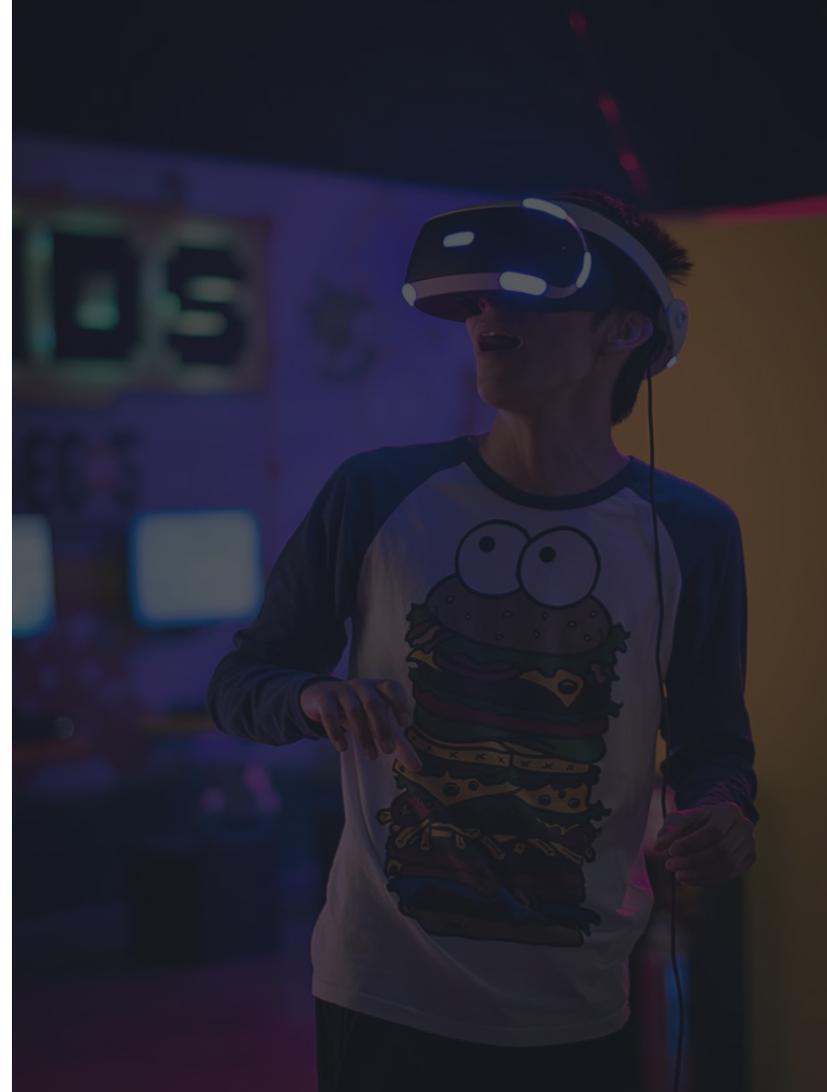
Toys R Us Canada's AR lens on Snapchat immerses users in an interactive experience starring a 3D version of mascot Geoffrey the Giraffe, who guides them through a computer-generated virtual store.

5 recommendations to meet new customer expectations.

-  1. Address the major gaps in the online to offline digital journey. Many providers have developed quick implementation cloud based solutions that don't require significant resources. Take advantage of them.
-  2. Trust is the most valuable currency for retailers as they rethink and adjust their operations. All strategies should be developed through the lens of building trust with customers.
-  3. Find ways to implement contactless options into the retail journey. Such options will lessen friction and provide a safer environment with customers.
-  4. Leverage digital technologies to engage with customers in a new way. Virtual shopping or appointment-based shopping are areas of great interest to customers and retailers should be looking at these options.
-  5. Treat customers with empathy and care. Customers will remember how retailers acted and whether they delivered on what they said they were going to do.

Sources:

1. [Adapting to the New Normal](#); Cambridge Retail Advisors
2. [Retail Trade](#); U.S. Census Bureau
3. [Shopkick Survey](#); Food Dive
4. Incisiv data pool
5. [Adobe Analytics](#)
6. [Consumer Health & Safety Index](#)
7. [Chain Store Age](#)





Avanade is the leading provider of innovative digital and cloud services, business solutions and design-led experiences for its clients, delivered through the power of people and the Microsoft ecosystem.

Learn more at:

[avanade.com/retail](https://www.avanade.com/retail)

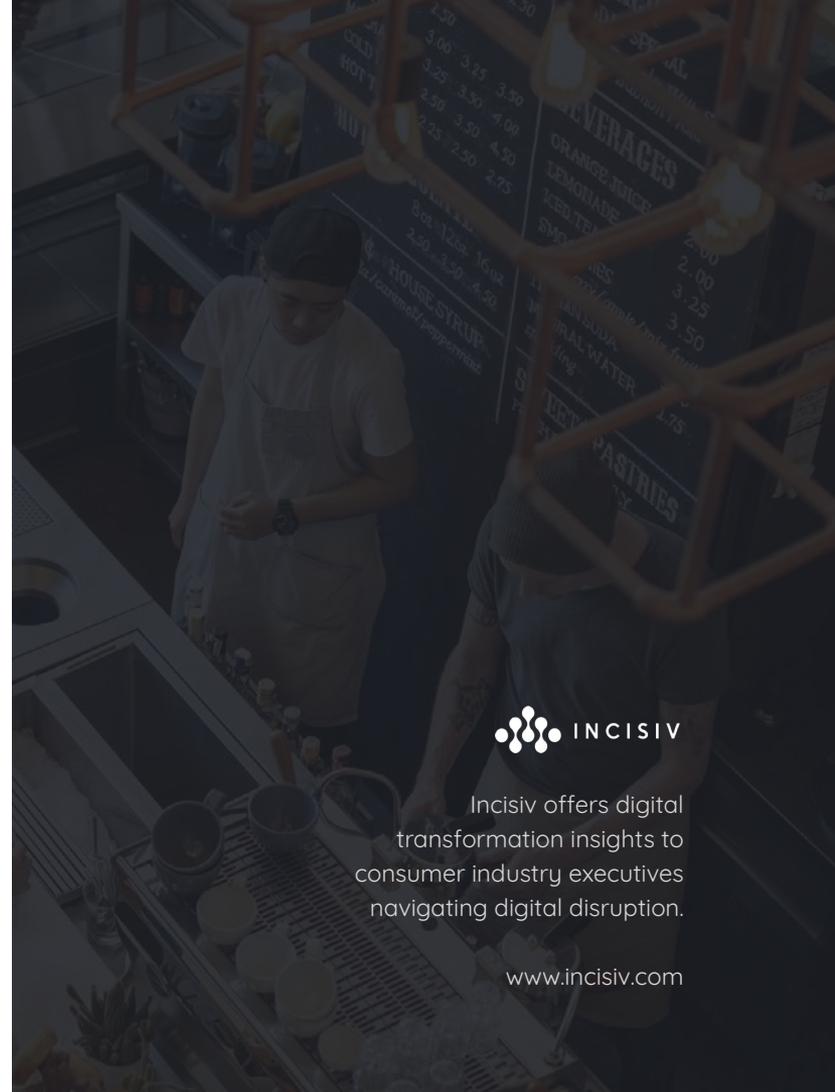


Microsoft enables retailers to deliver personal, seamless, and differentiated customer experiences by empowering people, enabling digital transformation, and capturing data-based insights to drive growth.

Learn more about intelligent retail at:

[microsoft.com/retail](https://www.microsoft.com/retail)

Copyright © 2020 | Incisiv Inc



Incisiv offers digital transformation insights to consumer industry executives navigating digital disruption.

www.incisiv.com