



2018 Retail Consumer Survey

Shopping Behaviors,
Attitudes and Familiarity with
Use of Mobile Devices in
Barcode Scanning

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Introduction

In autumn 2017, Scandit surveyed more than 1,500 women and men aged 18 and over in the United States, the United Kingdom, and Germany to gauge attitudes about brick-and-mortar retailers and benchmark the proliferation of mobile shopping apps that offer barcode scanning in their current shopping experiences.

Survey Goals

The purpose of this survey is to ascertain what percentage of consumers are using mobile shopping apps that offer barcode scanning, which specific functions they are using and what functions consumers would be interested in using, if brick-and-mortar retailers offered them. We tried to determine what segment of consumers are using mobile shopping apps to augment the in-store shopping experience and which factors are most important to consumers when choosing to do business with a retailer. Finally, we endeavored to gain some actionable insights into how consumers respond when their expectations of a chosen retailer are not met.

With these insights in mind, we identify areas where brick-and-mortar retailers can use mobile data capture technology to develop stronger, more profitable relationships by adding the critical digital shopping components to consumers' in-store shopping experience. In addition to the findings we have acquired, we also use supporting data and expert opinion to point out specific areas with extraordinary potential for brick-and-mortar retailers to compete successfully against online-only retailers and suggest simple strategies that retailers can implement right now to enhance the in-store shopping experience, increase sales, and improve overall customer satisfaction.



Big box and department stores have an advantage over Amazon and other ecommerce giants, thanks to in-person interactions with customers.

The State of Mobility in Department & Big Box Stores 2017, DMI Inc.





Consumer sentiment about brick-and-mortar retailers

The Survey revealed that 74% of participants have positive or very positive feelings about traditional physical retailers. This is an important finding and supports the fact that while online retail sales are growing at tremendous rates compared to physical stores, brick-and-mortar retailers still account for over 90% of all retail revenue. The data also suggest that while retail store sales and foot traffic are down year over year, it's not because people have negative feelings about in-store shopping (only 4% of Survey participants had negative or very negative feelings about physical retailers). Rather, it's more likely because online retailers offer information and a level of service and convenience that physical retail stores have not offered.

The positive feelings consumers have about brick-and-mortar retailers can also be attributed to the fact that in many instances they are more comfortable shopping in the physical store. A recent Deloitte study showed that consumers often experience more efficiency interacting with familiar physical retailers because they know the signage and layout and can shop in less time. As loyal customers, they expect that familiar retailers will help save them time. Physical retailers that use the first consumer interaction or purchase to capture basic information have the best chance to meet or even exceed that expectation¹.

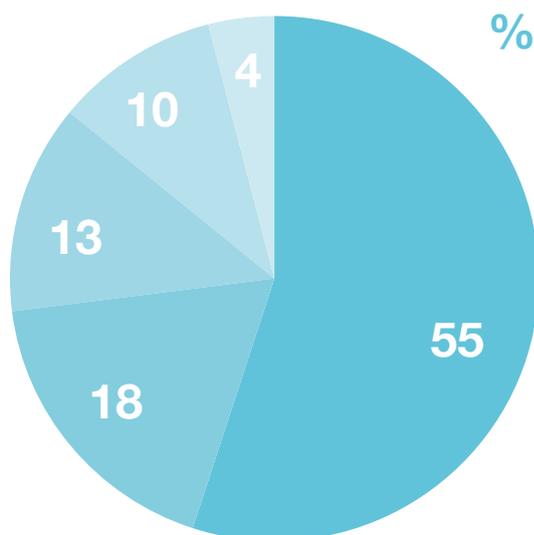
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The most important factors for consumers in choosing a brick-and-mortar retailer

Conventional wisdom suggests that price drives the choice of retailers, and the Survey bears this out. Overall, nearly 55% of Survey respondents chose price as the top factor in choosing a retailer and another 24% chose it as the second most important factor. Having a large selection is also an important factor with 28% and 29% listing it as second or third most important overall. For physical retailers, it is important to consider consumers' preference for a large selection nearly as critically as price.

Recent research from VDC indicates that in-store inventory accuracy levels lag at around 65%. This causes situations such as out-of-stocks and limited on-shelf availability – problems that competitive pricing cannot overcome. When asked “What do you do when you want to buy an item that a retailer doesn't have in stock?”, more than one in three respondents reported they would order online from a competing retailer and another 12% said they would get the item at a competing retailer's store.

What is the most important factor for consumers in choosing a retailer?



55% - Price
18% - Have the brands I prefer
13% - Large selection of items
10% - Customer service
4% - Multiple purchasing options (in store, online, mobile apps, etc.)

SOLD OUT

What do consumers do when they want to buy an item that a retailer doesn't have in stock?

29%

Order the item from a competing online retailer

12%

Go to a competing brick-and-mortar retailer

Consumers' attitudes about out-of-stock items

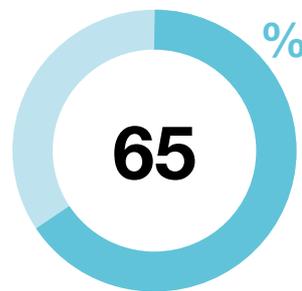
According to Askuity, shoppers delay purchasing after encountering an out-of-stock only 15% of the time². Consumer product manufacturer Proctor and Gamble reports that shoppers are much more likely to simply move on. They estimate 4% direct sales loss from out-of-stocks.³ But apart from lost sales, the added costs of dealing with out-of-stocks are numerous: extra ordering and auditing eats up time and resources; forecasting accuracy plummets; and promotions lose impact.

Improving inventory management doesn't have to be a complicated undertaking. For example, studies have shown that the larger the backroom inventory, the higher the out-of-stock rate on the sales floor. An empty shelf doesn't necessarily mean that the product doesn't exist in the store at all anymore. Store employees might simply have missed restocking the shelf once it was empty.⁴ Employees with barcode scanner-equipped smart devices can easily and quickly gain control of inventory management. More effective backroom inventory management is every bit as critical as a robust mobile shopping app in mitigating or eliminating sales abandonment and ensuring customer loyalty.



Shoppers delay purchasing after encountering an out-of-stock only 15% of the time.

Askuity



Retail industry estimates indicate in-store inventory accuracy and on-shelf availability rates are about 65%.



SOURCE:

Reengineer, Restructure, and Revamp Retail with Mobile Data Capture Technology, VDC Research, December 2017

Attitudes about using mobile devices in the physical store

44% of Survey respondents felt using a mobile device would or does enhance their brick-and-mortar shopping experience and only 29% said definitively that using a mobile device would not. For those respondents who have used a mobile device for shopping in the physical store, the smartphone is the device of choice by a wide margin – 83% use the phone, 14% use a tablet and just 3% use a wearable (e.g., smart watch, smart glasses, etc.). 54% of respondents reported an expectation that physical retailers offer a mobile shopping app. These data indicate a great deal of untapped potential to get customers to use mobile shopping apps while

in the physical store. While the rapid growth of online shopping with smartphones is no secret, a recent Monetate's eCommerce Quarterly Report reveals that nearly 44% of consumers don't order online using their smartphone because the screen is too small to review items properly and another 26% simply do not feel comfortable⁵. The brick-and-mortar store is ideally positioned to help shoppers overcome these apprehensions.

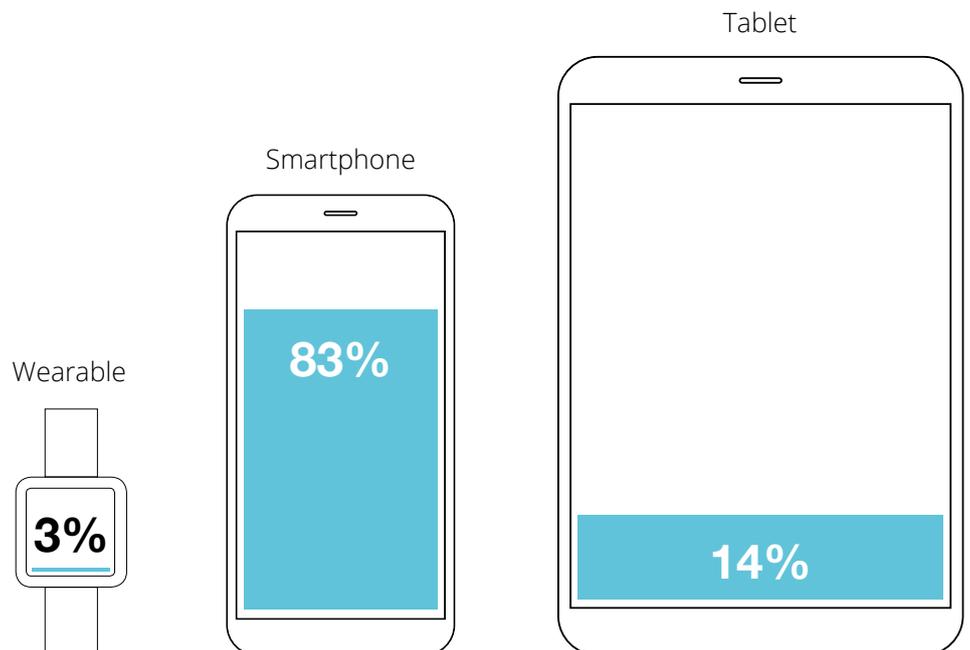


Nearly 44% of consumers don't order online using their smartphone because the screen is too small to review items properly and another 26% simply do not feel comfortable.

[Monetate's eCommerce Quarterly Report](#)



On which devices have you used a mobile shopping app?



Current consumer use of mobile shopping apps

When asked if they were aware that they could use mobile devices to scan barcodes on items in a store and perform a variety of shopping tasks, 59% of Survey respondents reported that they were and 41% were not. This data suggests that in-store retailers have some evangelizing to do for some customers to become familiar with mobile shopping apps and benefit from digital aspects of the shopping experience.

The Survey data also demonstrates that showrooming – visiting a physical store to see a product then buying it online – is alive and well. 16% of respondents said they often browse in physical stores and then order products on a mobile device and 42% reported they did it sometimes. While showrooming is usually considered a threat to brick-and-mortar retailers, it doesn't have to be. Retailers that equip their mobile shopping app or mobile website with scanning functionality and the ability to look up and/or order products can turn competitors' stores into showrooms for non-store brand products. To maximize this effort, retailers must employ strategies to keep their own mobile app and/or website top of mind with their customers.

The Survey data demonstrates a tremendous opportunity for physical retailers to develop mobile shopping apps that not only make online shopping easy, but also facilitate smartphone use for in-store shopping. According to the Survey, most people are using their smartphones to do at least some online shopping, with more than 63% of respondents reporting they do some, most, or all of it with their smartphones. These findings are hardly a surprise; most consumers have been using smartphones for online shopping for some time. Smartphones deliver flexibility that no other means can. However, only 45% of Survey respondents are using their smartphones to shop in the physical store.

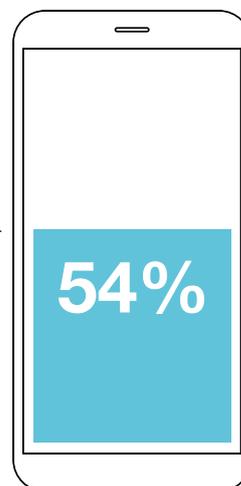
Creating mobile shopping apps and browser-based barcode scanning that add critical elements of the digital experience to the in-store shopping experience are the next logical step for savvy brick-and-mortar retailers.

Many Survey respondents report using mobile devices to facilitate in-store shopping experiences. 40% report using their smartphone to locate a store and 38% to check opening and closing times. 40% use their smartphones to check prices and 33% to read customer reviews. It is very likely that respondents are using the retailers' mobile websites to assist them.

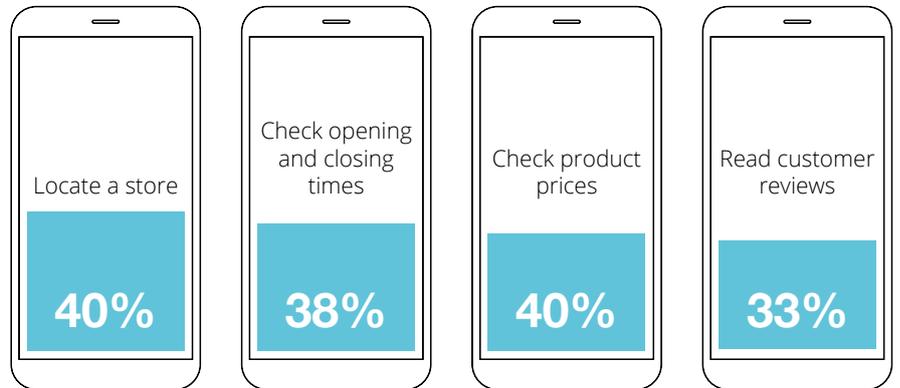
The Survey also shows that using mobile devices for shopping is a trend that is here to stay. Survey respondents report that compared with a year ago, 93% use their mobile device for shopping the same or more. Only 7% claim to use it less.

Survey respondents that currently use a mobile shopping app on their tablet or smartphone when shopping report that they access a variety of features. The most popular feature is in-store coupons, with 33% of Survey respondents reporting they get coupons and another 24% saying they plan to or would get coupons if the mobile shopping app offered them. 25% said they access customer reviews and 25% plan to or would if offered. 23% reported using an app to search for sales and 26% said they plan to or would if offered. 14% have used an app for self-checkout and 30% said they plan to or would if offered.

54% of Survey respondents reported an expectation that physical retailers offer a mobile shopping app.



How are consumers using mobile devices to facilitate in-store shopping experiences?



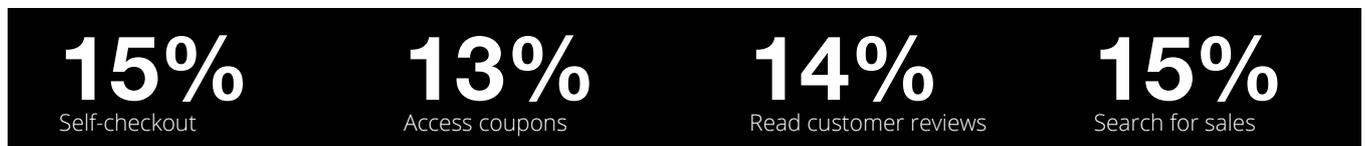
Which barcode scanning app features do consumers access on their smart devices when shopping in stores?



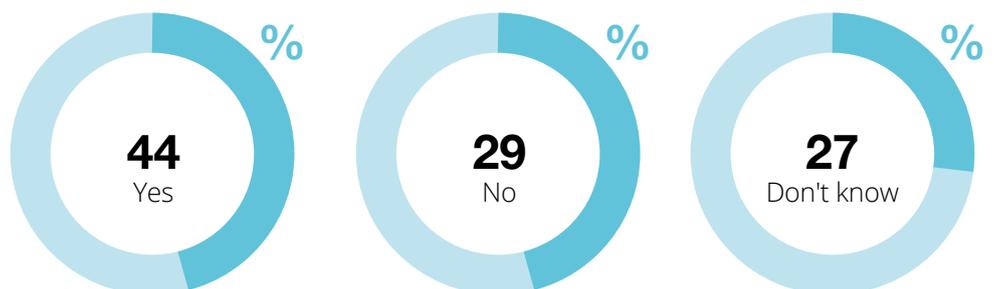
If available, which barcode scanning app features would consumers use on their smart devices while shopping?



What features are consumers who use mobile shopping apps on their tablet or smartphone planning to use in physical stores?



Does using a mobile device enhance your brick-and-mortar shopping experience?



Summary and key recommendations

Current consumer sentiment regarding brick-and-mortar retailers ensures that they will continue to generate revenue and sustained profitability if they take some fundamental steps toward integrating the best features of online retailing into the in-store shopping experience.

Brick-and-mortar retailers have historically struggled with taking on the challenge of integrating mobile shopping apps into their existing infrastructure. Today, new barcode scanning solutions make it possible to create mobile shopping apps without disrupting existing enterprise software, so physical retailers can start transforming their business to match consumer demand with no upfront risk. Retailers can also offer digital features to customers from their mobile websites without creating a mobile shopping app. The barriers to augmenting the in-store shopping experience with popular and effective digital elements have never been lower for brick-and-mortar retailers, nor have the costs to initiate and maintain these programs.

It is also clear that many customers are already using smart devices to access brick-and-mortar retailers' mobile websites to get information. These are ideal places to begin offering customers mobile shopping apps and browser-based barcode scanning that add digital features to the in-store shopping experience.

Brick-and-mortar stores have one distinct advantage over online-only retailers – the ability to offer the product physically to the consumer. When brick-and-mortar retailers can integrate the best of the digital experience in-store with mobile shopping apps, they have an excellent opportunity to mitigate sales abandonment, create sustainable sales and profits, build customer loyalty, and increase overall customer satisfaction.

Scandit suggests taking the following actions to leverage consumer trends and sentiments about brick-and-mortar retailers:

Evaluate use cases and determine where smart device-based digital shopping features will have the biggest impact on acquiring customers and ensuring that they buy in the physical store.

The technology exists now to rapidly develop and pilot the digital shopping features that your customers want from the in-store shopping experience. With little or no development work, you can begin integrating digital features using barcode scanning tools on smart devices or in web browsers and make these features available for your customers.

Look to create value across entire retail ecosystem in consumer-facing interactions, in-store experience and back-of-the-house/supply chain.

Current research and study of the retail industry shows that in order to get the most benefit from implementing digital features with the in-store shopping experience, a strategic plan must be developed to deliver improvements across the board.

Retail operations are built around barcodes, so make sure you're getting the most value from them.

Leveraging barcodes on products and integrating top-flight barcode scanning functionality into your applications enables you to drive consumer engagement through your mobile apps and websites. Further, you can create a more seamless way for customers to interact with products in store, at home and on the go.

Learn about affordable, easy-to-deploy, next-generation mobile barcode scanning solutions from the whitepaper **Think Like Amazon**, written by Scandit co-founder and CEO Samuel Mueller. **Think Like Amazon** explains what retailers need to do to enhance the in-store shopping experience with the digital features that today's consumers demand. You'll gain valuable insight into how Scandit's mobile data capture innovations are uniquely positioned to help add value across the retail ecosystem.

Methodology

The Survey was conducted via Survey Monkey and the data is representative of the population. All genders, ages, geographies, and income levels have been represented. The sample size is statistically significant for the combined “shoppers” population in the US, UK and Germany with a $\leq 3\%$ margin of error. A professional German translation of the survey instrument was presented to the German audience and responses were returned entirely in German. The results have been compiled from all respondents and unless otherwise specified represent the entire surveyed audience.

Notes

- 1 <https://www2.deloitte.com/tr/en/pages/consumer-business/articles/understanding-consumer-behavior-shopping-trends.html>
- 2 www.askuity.com/insights/7-root-causes-out-of-stock-retail-intelligence-addresses-industrys-enduring-problem/
- 3 *ibid.*
- 4 <https://streetpotr.com/2017/08/14/out-of-stock/>
- 5 <https://howtogetonline.com/are-customers-shopping-online-with-mobile-devices.php>

About Scandit

At Scandit, we are helping business users and consumers to augment the physical world with relevant digital information in real time through barcodes, images and other visual identifiers captured with smart devices such as smartphones, wearables, drones, and robots.

With our next-generation mobile data capture platform built on proprietary computer vision, machine learning and augmented reality, we enable businesses to unlock previously unavailable levels of insights into enterprise processes and workflows, resulting in more efficient decisions, more effective employees, lower cost and more satisfied customers and clients.

Don't just take our word for it. Many of the world's most innovative and successful companies are already reaping the benefits of Scandit's next-generation mobile data capture platform. Our clients include Ahold, dm, Coop, Macys, Louis Vuitton, DHL, Cardinal Health, NASA and Verizon Wireless.

For more information visit www.scandit.com

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