WHAT CONSUMERS REALLY WANT

Shoppers' behaviours in an instant-everything world

RWRC CONNECT
BY ASCENTIAL

In association with VALITOR

AT A GLANCE

Consumers today can access anything and everything when they want, where they want and in whatever way fits into their lifestyle. Accessibility is at an all-time high, and it transcends age brackets and demographics – welcome to the ageless shoppers of the future. This accessibility has eroded traditional demographics – how today's consumers shop has little to do with age and much more to do with life stage.

This in-depth report, in association with Valitor, will uncover how accessibility has transformed consumer behaviour and reveal four key shopper personas based on exclusive consumer research.

Redefining demographics

Through detailed analysis of 2,000 shoppers, we quizzed consumers on everything about their shopping journeys across grocery and non-food, uncovering what motivates them to spend, as well as what deters them.

Because, if retailers are to truly put consumers at the heart of all they do, then they need to understand much more about them than just an age bracket.

The findings made for interesting results and dispelled some widespread beliefs about how certain age groups shop – highlighting the flaws of marketing by demographic. In chapter 1, we examine the rise of behavioural marketing as a far more sophisticated upgrade, and the increasingly integral role of a chief customer officer – both key to retailers understanding more about what motivates their shoppers.

Shopper profiling

In chapter 2, we reveal the four key shopper personas from our research to determine who some of today's customers are and how retailers can differentiate themselves to create shopping experiences that align with customers' desires and core values. From the Heartfelt shopper who needs an avenue to show off their ethical decisions, to the Forgotten shopper seeking an exceptional in-store experience (and also most likely to try out any tech innovations while they are there), the personas are full of takeaways for retailers on how they can cater to the needs of these consumers.

Of course, some savvy retailers are already hitting the nail on the head when it comes to appealing to these new breeds of shoppers, as examined through a series of case studies in chapter 3. These retailers aren't worried about a shopper's age, and they aren't chasing a short-term relationship, but are instead determined to make their customers the key focus in all they do.

ABIGAIL O'SULLIVAN, HEAD OF COMMERCIAL CONTENT OPERATIONS

WHAT DOES THIS REVEAL?

- How to foster a closer connection to customers through behavioural profiling
- Four shopper personas based on exclusive consumer research
- How retailers can align their shopping experiences to cater to the desires and values of these modern shoppers
- Case studies of retailers that have successfully created experiences based on the drivers and motivators of their customers

RWRC CONNECT: WHAT CONSUMERS REALLY WANT

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Data is built into the fabric of the customer experience and has redefined personalisation in retail. It is a brand's most important toolkit, but it should be handled with caution. Fail to understand and use data in the right way and you risk disappointing and damaging the customer relationship, as well as tarnishing its purpose and values.

Brands should no longer define customers based on demographics alone – after all, age is just a number. Today's customer experience is centred around building strong relationships and remaining consistently relevant to audiences. It is critical for brands to understand and engage their audience by not just looking at their demographics, but considering their audience's life stage through addressing their customer personas.

Knowledge is power

Brands can master the customer experience and sell the right products only if they know their purpose and their customer. The shift to focusing on customer personas becomes integral to shaping the right customer experience, with brands needing to look at the broader societal context in which their customers are shopping.

With this in mind, a lot of education is needed around personalisation in retail. Our research with Retail Week shows that 47% of consumers are happy to give their data to retailers in exchange for a more personalised service. Therefore, the appetite for such an experience is out there, but few customers are actually experiencing it.

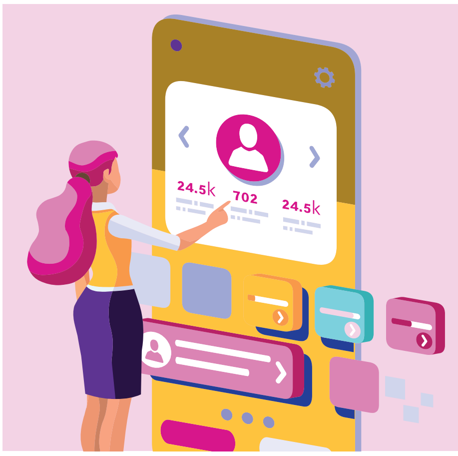
Getting access to the right data is just the first step in creating a tailored customer experience. Brands must educate their audiences on the benefits of giving over data if they are to improve the customer experience and ensure an engaged audience of people who want personalisation.

Once this is achieved, retailers must use this data to create insights that help inform the customer journey and to develop product lines and services, as well as inform any evolution of the brand and brand purpose. The days of using hard data to determine the customer experience through default categorisation are over.

The current state of play is not one that can continue. While rules, regulations and laws rush to catch up, brands themselves should look to establish a leadership position and set the tone for data usage and personalisation. In doing so, brands do not have to wait to start having conversations with their customers and can start that dialogue now to establish long-lasting meaningful relationships built on trust.

> “Brands must educate their audiences on the benefits of giving over data to improve the customer experience”

CONTENTS



METHODOLOGY

In July 2019, Retail Week and Valitor surveyed 2,000 consumers on every aspect of their shopping journeys.

Respondents from all age groups (starting from 18 years old), regions and income brackets were represented.

Questions were split into grocery and non-food purchases, both in store and online. Responses were used to identify four key shopper personas based on their consumer behaviour (overview below and detailed in chapter 2).

THE HEARTFELT SHOPPER

page 15

Influenced by ethical values and takes sustainability very seriously. More sceptical than the average shopper of companies making ethical claims. Tends not to shop on impulse, preferring instead to plan and research purchases. Found across the age and social spectrum, but slightly more likely to be female. Ethical features of purchase decisions are front of mind, but this shopper is also looking to display their retail choice; for example, with a reusable cup.

THE FORGOTTEN SHOPPER

page 16

Insists on being well informed before making a purchase. Research tends to be online, but purchases are often completed in store, so delivering a great experience worthy of making the trip is vital. Favours knowledgeable and friendly staff to be on hand for assistance. Likes to be rewarded for their loyalty with discounts off their next purchase. Particularly keen on making sure they have made a good decision.

THE MAGPIE SHOPPER

page 17

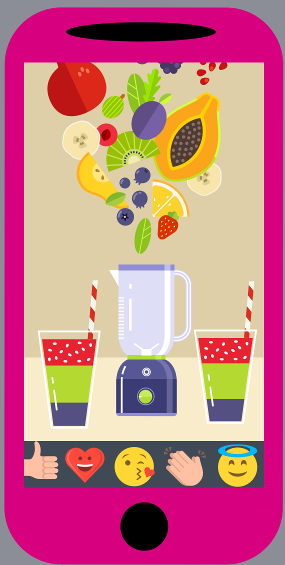
Thrives on the thrill of discovery and is more likely to shop on impulse. Heavily influenced by friends, family and celebrities; seeks inspiration in blogs, magazines and social media channels. Wants payment to be quick and easy to complete – seamless checkout is a must. One in five younger Magpie shoppers doesn't want to engage with brands directly, so partnering with influencers is vital to reach them effectively.

THE UTILITARIAN SHOPPER

page 18

Leads a hectic life; shopping is more a necessity than a pleasure, so favours online. The profile of this shopper is much more determined by their life stage (has children living at home) than their income or social class. When visiting a store, favours retailers that are located nearby. Looking for a short and frictionless experience – retailers that can continue customer journeys seamlessly across multiple touchpoints are at an advantage.

SURVEY SNAPSHOT

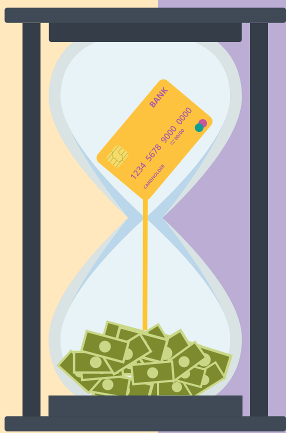


42%

of 18- to 24-year-olds' grocery purchases are influenced by social media

47%

of over-65s say an easy checkout process is important to the online shopping experience



29%

say quick payment is an important aspect of customer service when shopping in store for non-food

In every non-food category, consumers say stores would be their preferred buying channel

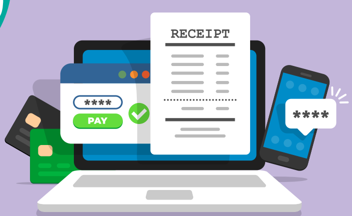
YET

29% of consumers say they end up researching and comparing products online before purchasing online

38%

of over-54s say free returns are an important aspect of online customer experience

37% of consumers prefer to pay online using one-click checkout



20% of 18- to 24-year-olds prefer to pay in store using ApplePay

47%

of respondents are happy to give retailers their data to improve and personalise the service they receive

Top in-store technologies consumers would actively avoid because they see no benefit to using them:

29% self-service checkout

17% order online in store

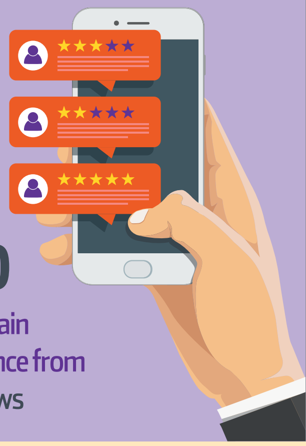
12% wi-fi

22%

of consumers place the most trust when shopping in brands

11%

place the most trust in family and friends' recommendations

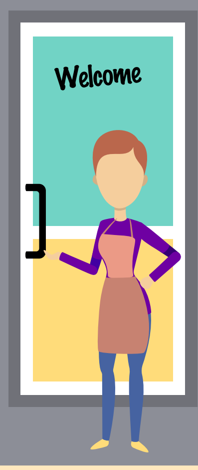


54%

of consumers gain buying confidence from customer reviews

32%

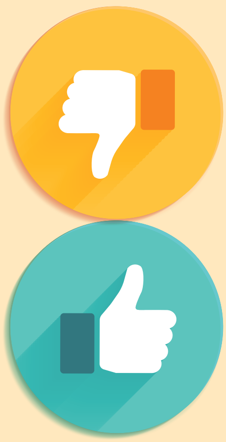
of consumers think retailers don't care about retaining them as a customer post-purchase



20% of shoppers will write a review if they are pleased with a product

15% if they are disappointed with a product

10% if incentivised as part of a promotion



CHAPTER 1

THE ULTIMATE DIFFERENTIATOR

Rarely a week goes by without a retailer launching a new product or service targeting millennials, Generation Z or the younger, emerging Alpha generation.

"Retailers often look to group similar customers together, and basic demographics is an easy way of doing this," says Amy Nichols, research director at Walnut Unlimited, which describes itself as 'the human understanding agency'.

It is certainly possible to identify some commonalities in how different demographic groups behave when shopping.

For instance, our analysis for this report shows that shoppers in the 45 to 64 age group tend to be inspired by magazines, in-store demonstrations and review sites, while younger shoppers favour social channels and influencers.

But demographic profiling has its limits. One of the risks of segmenting customers in this way is that the stereotypical opinion of what certain groups like and dislike might be unfounded. For example, the research also shows that older shoppers are more open to the latest in-store technology than is sometimes perceived; conversely, younger shoppers show less appetite for in-store tech, particularly the more 'faddish' innovations such as augmented reality and beacon technology.

This suggests retailers will need to educate shoppers on the benefits these types of technologies can bring to the customer experience.

Beyond the demographics

To deliver an outstanding customer experience, retailers need to move beyond basic demographics to understand how people behave when they shop.

As Nichols says: "We shouldn't assume that all 25-year-olds think and feel in the same way. Nor should we assume all 70-year-olds are the same.

"They need to consider what people buy, what they are interested in and what their attitudes are."

Retailers also need to consider the type of shopper they will likely attract based on product type, store location and time of

THE VALUE OF VALUE

What has always mattered to consumers – and increasingly so in the turbulent economic and political climate – is the perception of value. Price is a key element of this, as demonstrated by the enormous success of retailers such as B&M Bargains, Aldi and Lidl, but consumers feeling they have received value for money overall is crucial to customer experience, according to our survey results, and is also a key driver of loyalty.

WHEN NON-FOOD SHOPPING...

WHAT IS THE MOST IMPORTANT ASPECT OF CUSTOMER EXPERIENCE WHEN...

...SHOPPING ONLINE?

VALUE FOR MONEY

29%

...SHOPPING IN STORE?

29%

DEALS & PROMOTIONS

WHAT WOULD ENCOURAGE YOU TO BE LOYAL TO...

...A STORE-BASED RETAILER?

VALUE FOR MONEY

28%

LOYALTY SCHEME

...AN ONLINE RETAILER?

FREE DELIVERY

31%

WHEN GROCERY SHOPPING IN STORE...

WHAT IS THE MOST IMPORTANT ASPECT OF CUSTOMER EXPERIENCE?

THE BEST PRICES

44%

30%

GOOD VALUE

day, among other factors, and the experience they will be seeking. Their customers may require functional retail and a seamless, speedy service, or an inspirational environment for product discovery.

Advanced segmentation

Behavioural marketing – which categorises consumers based on their attitudes, motivations and interests – is becoming increasingly popular as a more sophisticated means of customer segmentation.

Itch, the recently launched online subscription service for pet treatments, is a classic example of a retailer that has rejected traditional demographic profiling.

"For us, it's all about life stage and behaviour," says chief marketing officer Charlotte Harper, who has identified time-poor families as the core audience for Itch. "Of course, the way you buy media, especially above-the-line, is against demographics, but for me it's absolutely about life stage because you could be a very young parent, or a very old parent.

"It's actually irrelevant to me what the age is. We talk to them knowing what that chaotic stage of life is like."

Nichols adds that the more sophisticated brands can be with their marketing techniques, the better. But keeping communications simple, timely and direct is also crucial. "It's important to be personal with your customers – and we know this is something shoppers want," she says.

"While identifying common behaviours and customer types is critical to give you focus in your creative messaging and the services you offer, the more granularity you can have in who you are targeting and when can make all the difference."

Digital marketing is increasingly moving towards segmenting people, not as representatives of an age or income group, but as individuals with highly specific interests and behaviours.

"We're using our customers' data, not in a Big Brother way, but to improve the user experience," says Harper.

"We can seamlessly move them into other areas by providing reminders such as: 'Did you know you should be worming your pet at this time because we know you have this particular breed, and it's this age?' That's what gives us such an edge."

Customer-centric credentials

If retailers are to remodel their businesses around their customers, then marketing is just the start. They will need to understand their shoppers on a much deeper level, and that will feed into all departments across the business.

To understand consumer behaviour more precisely, many retailers are hiring board-level customer-focused roles to ensure the voice of shoppers is heard, and understood, across the business, and is central to strategic decision-making.

Asos customer operations director Emma Dark – who joined in May 2019 from The White Company, where she was the customer service director – has been tasked with creating the most engaging experience for customers across all channels to make sure they keep returning.

Her recruitment is representative of a growing trend for retailers to hire chief customer officers – or variations of the role – to deliver a vision of the ultimate customer journey.

Two of the UK's largest grocers, Tesco and Asda, have chief customer officers (CCOs) on their boards of directors – Alessandra Bellini and Andy Murray respectively.

The roles reflect the retailers' desires to better understand, and then address, the changing needs of their customers.

In August, fast-growing online fashion platform Farfetch announced it was bringing responsibility for its brand, customers and consumer product under the new role of CCO, filled by its then chief strategy officer Stephanie Phair.

Dixons Carphone is another business putting the customer experience at the heart of its organisational structure.

In May 2018, chief executive Alex Baldock hired Antreas Athanassopoulos as the company's first CCO to give, in the words of Baldock, the customer a "louder voice" in the boardroom and to "truly understand and anticipate" what customers want through "new levels of data, analytics and insight".

Athanassopoulos is now responsible for the design of everything offered to customers, including services, marketing, financial services, digital and IT functions.

WE ASKED SHOPPERS TO TELL US ABOUT THEIR FAVOURITE RETAILERS. HERE ARE SOME OF THE RESPONSES:

JOHN LEWIS **AND** *RICHER SOUNDS* **FOR THEIR EXPERT KNOWLEDGE AND PRICE MATCHING**

ARGOS **BECAUSE YOU CAN EASILY RESERVE AND PAY ONLINE AND GO AND PICK IT UP STRAIGHT AWAY**

THE BODY SHOP **HAS A LOYALTY SCHEME, KNOWLEDGEABLE STAFF AND EXCELLENT QUALITY PRODUCTS**

MORRISONS **HAS FRIENDLY, HELPFUL STAFF, AND ITS PRODUCTS ARE EXCELLENT QUALITY**

I LOVE PRIMARK **AS IT HAS A WIDE RANGE OF CLOTHING ITEMS AT A GOOD PRICE**

> The race right now is how to leapfrog the competition by getting your data – online and offline data, marketing insight, CRM data, onsite analytics – into one place

Martijn Bertisen, Google

Data intelligence

A key function of the CCO is to generate shopper insight that can inform business decisions.

Our research shows that 47% of consumers are happy to give their data to retailers in exchange for a more personalised service. This figure increases for younger consumers (aged 18 to 24 and 25 to 34), with just over half happy to do so. Though the figure does drop for higher age brackets, it still remains above 37%.

Earlier this year, Google UK director of retail and technology Martijn Bertisen told Retail Week Indicator that data is at the core of marketing success. "The race right now is how to leapfrog the competition by getting your data – online and offline data, marketing insight, CRM data, onsite analytics – into one place, where you can get insights that will enable retailers to make real-time decisions and undertake real-time storytelling to consumers based on information they've shared," he says.

Retailers can transform their customer experience based on decisions underpinned by data. Brands know they can't compete with the likes of Primark on price, Asos on range or Amazon on fulfilment, and nor do they have to. What they do have to do is differentiate themselves in their category by creating relevant experiences that resonate the brand value and proposition, and ensure that those experiences align with their consumers' desires.

To understand shoppers' motivations and' desires, and market to them with sincerity, collating and analysing data is the first step.

Setting the standard

Ahead-of-the-game retailers have built businesses structured around distinct shopper missions.

Trouva's Alex Loizou says the point of the website he co-founded (which sells curated products from the best independent boutiques) is that it is a "destination for discovery and inspiration" rather than a commoditised shopping environment.

Trouva's ethos is shared by cycling clothing and accessories retailer Rapha, which is focused on building an active community of people with a shared interest around its stores and its brand by, for example, hosting rides and events that extend beyond opening times. "We don't call it a store, we call it a clubhouse," chief commercial officer Sarah Clark recently told Retail Week. “Product interaction is quite low down the list of why people come in.”

A laser-like focus on what customers want is not the sole preserve of niche brands, however. Amazon has grown into a retail juggernaut, as well as providing core lifestyle features in the streaming services and hardware peripherals, by meeting the needs of pragmatic shoppers with a huge product range at market-leading prices and with constantly improving fulfilment options.

This now includes one-hour delivery for Prime customers in some major UK cities, as well as more sustainable and practical initiatives such as Amazon Day, which delivers all of a customer’s parcels on the same nominated day every week.

Asos is another billion-pound business that is obsessed with servicing the customer and their love of fashion. The retailer is renowned for the velocity and quality of its social media content, which is increasingly in video format to help drive customer acquisition and retention.

The desire for discovery is further met through a rapid turnaround of new products, with fresh lines introduced at a rate of more than 5,000 a week, including from up-and-coming or little-known brands.

Making up for lost loyalty

However, highlighting the scale of the task for any retailer to win over an apathetic consumer, many respondents to our survey say there is no one particular retailer they favour and assert that shopping is purely transactional. While this highlights the lack of shopper loyalty retailers are faced with, there are steps businesses can take to get customers on side.

According to our survey, 58% of consumers don’t think – or don’t know whether – retailers care about retaining them as customers post-purchase.

This suggests retailers have work to do to improve post-sale communications, something data can help to inform. Post-sale communications that are popular with respondents include e-receipts and order confirmation (45%), delivery updates (44%), and offering a discount on a next purchase (38%) – all opportunities for retailers to foster a closer relationship.

VALITOR'S ACTION POINTS

- Focus on value, not just price.
- Identify customers’ life stage, interests and behaviours, not just their demographic as a siloed insight. Age should not be the only defining element when considering messaging and marketing.
- Put customer experience at the heart of your organisation.
- Centralise your data from online and offline, marketing insights, CRM and onsite analytics in one place so you can make pertinent decisions swiftly.
- Optimise post-sale communications to build trusting relationships with your customers and drive retention and loyalty.

CHAPTER 2

THE NEW BREED OF SHOPPERS

Acknowledging that demographics don't delve deep enough into understanding consumers, how should retailers target new and existing shoppers if not by age?

The answer, as Itch's Charlotte Harper identified in chapter 1, is behaviour. Retailers need to understand the core behaviours of shoppers and then craft their customer experience accordingly.

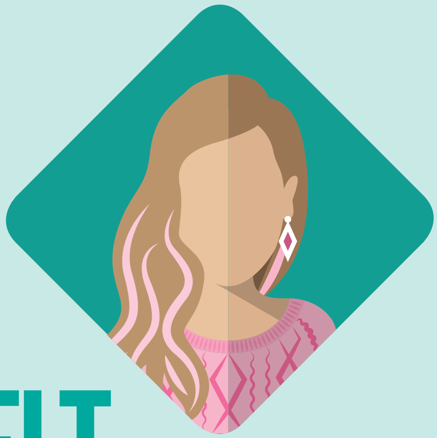
To create this meaningful experience for shoppers, though, retailers must also be clear on their own core values and identity. A retailer's brand proposition and story can be a key differentiator in a crowded market and help to attract new shopper personas.

For this report, Retail Week and Valitor surveyed 2,000 consumers across age groups, regions and income brackets to understand every step of their shopping journey – from product inspiration to post-purchase.

With the help of William Trump, behavioural scientist at bespoke insurance solution provider iptiQ, part of the Swiss Re group, Retail Week and Valitor have identified four key shopper personas based on behavioural profiling that point to the future of the customer experience: Heartfelts, Forgottens, Magpies and Utilitarians.

VALITOR'S ACTION POINTS

- Review and refine the reason your business exists.
- Build customer experiences that reinforce your brand existence across all channels.
- Identify your perfect customers and ensure your brand, products and pricing strategy reflect their needs.
- Leverage brand values and customer experience to attract new customers and retain existing ones.



1. THE HEARTFELT SHOPPER

Heartfelt shoppers are heavily influenced by their ethical values. They take sustainability very seriously and don't want to shop in a wasteful way, or buy products that cause harm, preferring to spend money on experiences rather than unnecessary 'stuff'.

They are likely to feel confident in buying from brands that demonstrate clear ethical and environmental credentials, but are also more sceptical than the average shopper of companies making such claims.

Heartfelts care about where products are sourced and the quality of those products. They tend not to shop on impulse, preferring instead to plan and research purchases.

When grocery shopping, Heartfelts incline towards making a list, suggesting that the time to engage these shoppers is at the planning stage – for example, through recipe blogs or food magazines – rather than at the shelf-edge.

In the 55-plus age group, they are likely to do their grocery shopping in store. Those aged 35 to 54 are more likely to make a list for online shopping, while those aged 18 to 34 favour reordering baskets and building a basket throughout the week, including on voice-enabled devices.

When shopping for non-food, Heartfelts are more inclined towards buying in stores than other personas. To appeal to Heartfelts, retailers need to ensure their shops, and their staff, embody the brand mission.

While younger shoppers spend more on fashion and footwear and are motivated by environmental initiatives such as 'green' delivery options and eco-friendly commitments, older shoppers are more motivated by the origin of the product, particularly if local or British, and getting value for money. They also tend to spend more on pets, health and garden products.

The Heartfelt shopper is more likely to be female than male. Unique products hold particular appeal for women; however, green delivery options resonate more strongly with men.

"When people are in Heartfelt mode, the ethical features of the purchase decision are front of mind," explains iptiQ's behavioural scientist William Trump. "But while being ethical or sustainable should be enough of a reward in itself, psychology teaches us that people like to show others – or 'show off' – their ethical behaviour.

"This partly explains the popularity of reusable cups or sustainable carrier bags. So, when designing ethical products, it's worth thinking of a way for the customer to be able to 'make it social' by displaying the retail decision they have made."

CATERING TO THE NEEDS OF THE HEARTFELT

- Build a brand with a sustainable ethos, and keep that core value central to products, services, branding and pricing
- Ensure clear messaging and great storytelling in store and online about ethical policies and practices to engage with Heartfelts
- Heartfelts will spread the word, so publish relevant and interesting content for them to share within their social spheres, and stock reusable and sustainable products or accessories

THE 2. FORGOTTEN SHOPPER

The name Forgotten may sound extreme, but in all the hype around different generations and how they can be targeted, these shoppers truly are the forgotten ones.

This group exists across all age brackets and insists on being well-informed before making a purchase, which means doing as much research as they can in advance. Much of this research will be online, but purchases will often be completed in store, meaning retailers catering to the Forgottens must focus on delivering a great in-store experience worthy of the trip.

They are open to in-store technology, including endless-aisle and in-store stock-checkers, furthering their research efforts.

Interestingly, this openness to technology holds true for older shoppers, and in particular high earners, who are the largest group in the category. Younger Forgottens show less interest in the latest in-store technologies, particularly the more 'faddish', such as augmented reality – a significant finding for retailers that are investing heavily in tech to appeal to millennials.

Mobile commerce patterns are high among younger Forgottens, particularly when shopping for fashion, footwear, electricals and sporting goods. They are also the most willing to give their data to retailers in return for a more personalised offering. This demand for a more tailored experience is also key to Forgottens when shopping in store – of particular importance to this group is knowledgeable and friendly staff on hand to help them.

Forgottens like to write reviews following their purchases, so they can be influential in swaying other Forgottens researching purchases. However, when it comes to reading reviews to give them confidence in a product, it is younger Forgottens who use reviews the most.

Forgottens are most likely to want to pay by debit or credit card, though younger Forgottens use a broader mix of payments and are most open to using one-click checkout and buy-now, pay-later. They like to be kept informed about their purchases via delivery updates, receipts and order confirmations. They also like to be rewarded for their loyalty with discounts.

"When in Forgotten mode, customers are particularly keen on making sure they have made a good decision, hence doing all the research up front," says Trump. "Psychology would tell us that a good strategy is to reaffirm the way they view themselves at the point of purchase; for example, by saying: 'This is a really smart or savvy choice.'"

CATERING TO THE NEEDS OF THE FORGOTTEN

- Help Forgottens filter reviews and find the most relevant by including age bracket, location and date of purchase. Verifying the purchase will give them confidence
- Ensure store staff have had up-to-date training on product inventory to provide expert knowledge and advice, and that they embody the brand values and promise
- Provide detailed updates on orders and deliveries, and offer an e-receipt option. Post-purchase, invite the Forgottens to leave their own review
- Forgottens are likely to be highly engaged with brands – encourage this with a strong and personalised communications strategy

3. THE MAGPIE SHOPPER

Magpies thrive on the thrill of discovery. They are more likely to shop on impulse than Forgotten or Heartfelt shoppers, and are heavily influenced by friends, family and celebrities.

Rather than comb through a retailer's website, Magpies seek inspiration from blogs, magazines and social media channels. For this reason, they can be a tricky group for retailers to pin down.

Magpies are not overly trusting of retailers' claims and gain confidence from recommendations from their peers and people they trust.

When they do make a purchase, they want payment to be quick and easy to complete, making seamless, one-step checkout a must for Magpies.

To engage Magpies and keep them on the path to purchase, retailers need to combine inspiration and discovery with a seamless checkout process, such as shoppable videos and social posts.

Magpies vary hugely in age, but there are some patterns around where certain members of this group are seeking their inspiration.

Older Magpies tend to be inspired by magazines, in-store demonstrations and review sites. Younger Magpies favour social channels, finding ideas from posts and influencers as they swipe through their feeds (often this happens when they are not even looking to be inspired).

However, contrary to popular perception, these younger Magpies also use books and magazines as a source of discovery, particularly for grocery ideas.

More affluent AB Magpies, meanwhile, are heavily influenced by cooking shows and food magazines.

The bad news for retailers is that one in five younger Magpies doesn't want to engage with brands directly, highlighting the importance of retailers partnering with influencers in order to effectively reach a younger audience just waiting to be inspired.

"It's likely that we all display Magpie behaviour in one area or another of our lives," says Trump.

"For one person, it's how they like to behave when on holiday. For someone else, maybe they're a Forgotten shopper when thinking about technology, but love the thrill of discovering new things when it comes to eating out.

"Therefore, a good strategy for retailers would be to work out which part of their customer's life is open to new experiences, be it food, travel, technology, entertainment or beauty."

CATERING TO THE NEEDS OF THE MAGPIE

- Research your customers' interests and hobbies to understand which areas of their spending are the most Magpie
- Quick payments matter to this eclectic group; offer one-click checkout online and a seamless in-store experience
- Personalise the experience for Magpies to help them find products they love. If Magpies want quick payment, they are likely to use retail apps and store their details – rich sources of data for retailers

4. THE UTILITARIAN SHOPPER

Utilitarians lead hectic lives, often working full-time or running a busy household. Shopping is less about pleasure and more about necessity, so the process needs to be as short and frictionless as possible.

For this reason, they are more likely to buy online than visit a store. When shopping online, they demand a speedy service with easy payment and same- or next-day delivery options within specific timeslots.

When they do visit a store, Utilitarians favour those located nearby. Anything that saves time spent in a retail environment is welcome, so retailers that can continue customer journeys seamlessly across multiple touchpoints have an advantage.

Purchases are skewed towards items such as home, garden and DIY products. Because these shoppers are less interested in discovery and inspiration, categories such as beauty hold relatively less appeal.

Utilitarians don't fall neatly into one age bracket, but are spread across age groups where there are children still living at home. The profile is much more determined by their life stage than income or social class.

There are some important distinctions in how Utilitarians like to purchase.

They are likely to own both a smartphone and a tablet, and use a range of apps to assist with their busy lifestyle. Younger Utilitarians are more likely to own just a smartphone.

Unsurprisingly, with more tech at their fingertips, Utilitarians are heavy app users, and 30% use retail apps. Grocery apps are particularly valued by those aged 55 to 64.

Broadly speaking, both sexes in this group want similar things, but women in particular like the returns process to be quick and efficient, as well as having the ability to log in to their accounts via social media. Men are more concerned about parking charges and items being in stock when venturing to stores.

"We all, at some point or another, display Utilitarian behaviour, most likely when we are in a rush," says Trump. "Research shows us that when we are under time pressure, we are even more prone to using mental shortcuts (behavioural scientists call these heuristics) to help make decisions. Therefore, in those settings, suggestions or nudges such as 'most popular option' or 'this accessory goes well with that product' are likely to be even more effective.

"Also, it pays to make life as easy as possible for the convenience shopper, so consider how you can do this; for example, they could save time by loading up a past grocery order as a starting point."

CATERING TO THE NEEDS OF THE UTILITARIAN

- Utilitarians lack time and headspace. Take the thinking out of shopping by personalising the experience; for example, with prompts for when products need reordering or subscription services for repeat purchases
- Utilitarians require speedy help should anything go wrong post-purchase, so shout about after-sales services and utilise help tools across platforms
- Keep the journey joined-up – don't make Utilitarians start all over again as they move from one channel to another. The journey should be seamless to stop them from falling away

CHAPTER 3

RETAILERS GETTING IT RIGHT

Once retailers have identified the types of customers coming through their doors, and the type of shopping trips they are likely to be on, crafting a complementary and compelling experience around their needs and wants comes next. A clear brand proposition is key: what does the business stand for? What are its core values, and how do its products, channels and staff reflect that?

In this chapter, Retail Week and Valitor have identified four retailers with strong brand propositions and matched them to the shopper profiles in chapter 2 to showcase successful customer experiences that meet shopper needs.

VALITOR'S ACTION POINTS

- Question your brand and whether it resonates with the expectations of your ideal shopper.
- Question your products, services and aftercare to understand how you can optimise the customer experience before, during and after a sale.
- Build strong data education programmes around your customers to bridge the gap between impersonal, uncaring relationships and personalised, long-lasting loyalty.
- Engage relevantly with your customers across all channels to build trust and improve the brand and business value proposition.

LUSH

THE HEARTFELT SHOPPER

Perhaps more than any other mainstream ethical retailer, Lush embodies the values of its customers in the way it does business.

The retailer takes a strong stance on a wide range of ethical and environmental issues. It refuses to test any of its products on animals, or deal with suppliers that do so, and pursues a strong, often contentious, conservationist agenda through its editorially led website in order to reinforce the authenticity of its message.

Customer discovery through interaction is an essential part of the Lush experience, both in store and online.

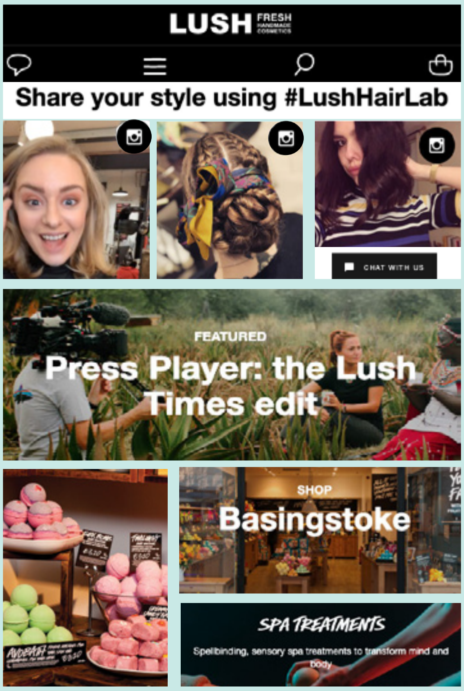
Employees go through extensive training to ensure they have the tools and knowledge to deliver the in-store demonstrations and product advice that Lush customers have come to expect.

Visitors to its packaging-free Manchester store, meanwhile, can scan products using the Lush Lens feature on its app to discover key information.

Lush chief executive and founder Mark Constantine told Retail Week: "The unusual thing about our business, particularly for a cosmetics business, is that it is still effectively run by our [product] formulators, so it gives us real autonomy to create in-store experiences based on the products that they develop and that our customers respond to."

Lush also reinforces its outsider status through its attitude to digital communications. In April, it announced it would shut down its UK-wide social media accounts on Facebook, Twitter and Instagram, explaining that it was "tired of fighting with algorithms" and no longer wanted to "pay to appear in your newsfeed".

It has instead created a monitored #LushCommunity hashtag that will be driven by its customers and influencers, and which complements the brand's quarterly magazine and catalogue, *Lush Times*.



THE LUSH APPEAL

- Ethical credentials
- In-store theatre
- Community-based

Storytelling is equally important online as Lush wants to replicate the in-store experience for the ecommerce shopper.

To emphasise the core brand ethos, content is integrated into product pages – blog articles, product stories, beauty tips, user-generated social media posts, as well as video. Product and content are grouped together thematically in a grid-like pattern, helping to create context around products and communicate the story of origin, ingredients and use, giving a more complex picture of what's on offer in the absence of being able to actually try out products.

Lush Kitchen – which makes small batches of exclusive products to send out on the same day – is also a means of communicating the brand culture. Products are shared on social media, the website and the app, and Lush says they have proven popular with loyal shoppers.

NESPRESSO

THE FORGOTTEN SHOPPER

Nespresso is at the leading edge of the growing direct-to-consumer model, which allows consumer goods brands to capture the entire shopper lifecycle.

The company, which is involved in every aspect of the coffee value chain, sells its own line of coffee machines and capsules through a number of different channels, including direct via its website, via a network of branded Nespresso 'boutiques' and through third-party retailers.

"Our unique route to market – direct distribution with exclusive channels allowing direct consumer relationships – and our omnichannel approach offering consumers greater flexibility in how they want to connect with us, distinguishes Nespresso in the marketplace," says Julie Gallacher, head of sustainability at Nespresso.

She adds that, through its direct relationships with customers, Nespresso can understand their preferences, listen and engage them in dialogue, enabling it to anticipate and cater to specific needs and expectations. Its single view of the shopper allows Nespresso to interact with customers on a personal level across a variety of contact points – desktop and mobile platforms, apps and customer relationship centres, where a coffee specialist is available on the telephone 24/7 to advise on coffees, machines and services such as pod recycling.

The company conducts regular research with customers to get feedback on launches and understand how satisfied they are with Nespresso services, which allows the brand to develop new services, coffees and machines, adapted to these lifestyles and preferences.

The opening of a network of boutiques – 55 in the UK – was designed to offer an "immersive coffee experience, helping consumers discover and explore our range of tastes and flavours", according to Gallacher.

THE NESPRESSO APPEAL

- Digital-first experience
- Loyalty programme
- Owns entire customer relationship

And the personalised nature of the service has been sharpened with the launch last year of the Nespresso & You loyalty programme, which grants tiered benefits.

The app is an important tool for the retailer in terms of customer retention. It offers a number of key convenience benefits, such as complete order management and wallet integration, but it's also about co-ordinating the customer journey by providing the benefits of the membership club from a mobile – from experiential offers, such as booking masterclasses and coffee-tasting events, and news about the latest products to the more practical aspects of registering a machine and tracking purchases.

Gallacher explains that existing customers are the brand's best advocates, with more than half of new members experiencing Nespresso for the first time through friends and family.

STITCH FIX

THE MAGPIE SHOPPER

Stitch Fix was born out of the consumer insight that shopping for clothes on the high street can be time-consuming, while shopping online can feel overwhelming because of the sheer amount of choice.

The service, first established in the US in 2011 and launched in the UK in May this year, combines people's love of discovering new clothes with the convenience of having those clothes selected by a personal stylist and sent to their front door.

Customers share their fit, budget and style preferences, and then, using a combination of human judgement (the business employs a team of 60 professional stylists in the UK) and algorithms, Stitch Fix curates a selection of items from a range of high street and lesser-known brands. Customers can either keep them or send them back.

"It's a completely new customer-centric model that enables us to both listen to and understand our customers and their needs, allowing us to improve our offering based on their feedback," says Simon Leesley, managing director of Stitch Fix in the UK.

He says Stitch Fix has not segmented its UK customers, but because the service enables one-to-one personalisation between its customers and stylists, "we have a very clear view on who each customer is at the individual level".

Ahead of the service going live, Leesley's team conducted extensive market research, in addition to a private beta test with friends and family.

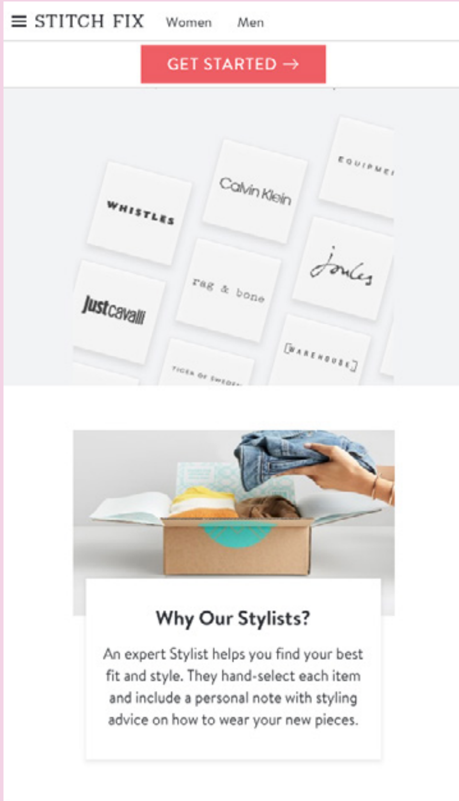
"From that research, we know that the UK consumer is tech- and fashion-savvy," he says. "When entering the UK market, we saw a much higher ecommerce penetration than that of the US, so we know consumers in the UK are already spending a lot online and that they're open to trying new, innovative ways of shopping."

By combining data with the knowledge of its stylists, Leesley says Stitch Fix can understand what its customers are looking for and continuously improve their experience. "The more data we have about your styling preferences, the better experience we can create for all our customers."

Product discovery is a key part of the Stitch Fix proposition. Leesley says many customers report back that they love products they would never have picked for themselves. The convenience box is also ticked by "having a stylist who can do the heavy lifting for you", which Leesley says "is a truly added benefit for busy people".

Speaking in June as Stitch Fix posted its third-quarter results, founder and chief executive Katrina Lake said: "We grew our active clients to 3.1 million [in the US], an increase of 17% year on year. At the same time, we continue to drive engagement with our existing client base, growing revenue per active client 8% year on year.

"These results demonstrate our ability to attract new clients and to serve our existing clients well."

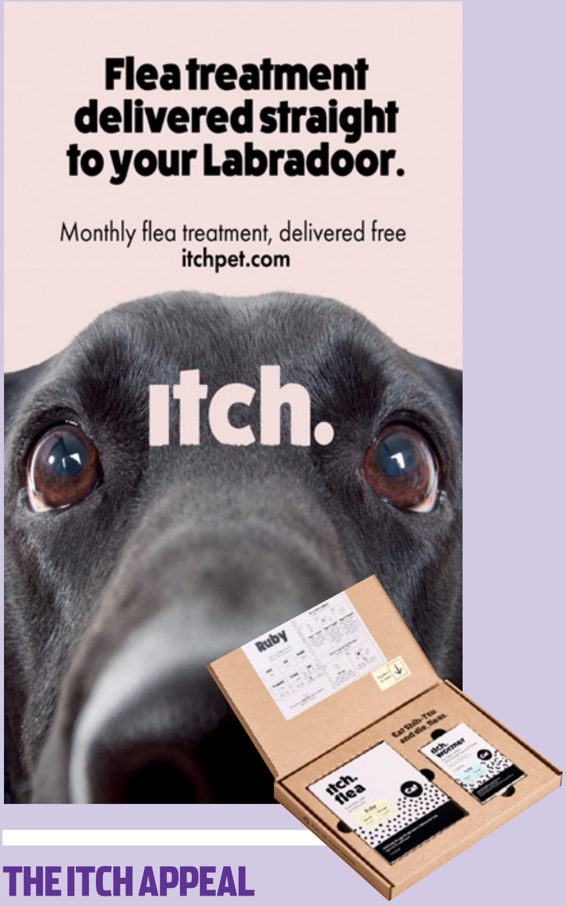


THE STITCH FIX APPEAL

- Product discovery
- Tailored service
- One-stop shop

ITCH

THE UTILITARIAN SHOPPER



Like many entrepreneurs, Jonny Gould came up with the idea for Itch to solve a problem he faced in his own life.

As a busy man with a young family and multiple pets, he would often forget to treat his pets for fleas, despite having ready access to the necessary treatment through his work for a private-label pet care supplier.

Itch was established to help time-poor people such as Gould keep their pets healthy without the burden of having to remember to go out and buy products, with a direct-to-customer preventative care plan.

Customers subscribing to the service via the website are sent the right dose at the right time, personalised for their pet and delivered free. As well as flea treatments, the start-up service also offers a range of add-ons, such as worming and joint tablets and dental products.

On the content side, there are videos to show correct treatment application and articles about all manner of pet care situations. To make the service as easy as possible, customer service can be conducted through WhatsApp chat.

The brand has added 12,000 pets to the platform since its launch on July 1, 2019, and expects to have 100,000 pets registered by January 2020.

Before launching, chief marketing officer and co-founder Charlotte Harper oversaw a comprehensive market research programme in order to segment Itch's potential customer base. "We found out that this idea has the highest appeal by a long shot among young families that have younger children and more than one pet, and are already subscribing to services as a way of life, be it Netflix, contact lenses or magazines," she says.

It is this audience – which accounts for around 48% of UK pet owners – that Itch is "totally focusing on", according to Harper.

"We had examples from the focus group of people having notes with 'Flea pet' stuck to their fridges, but still not remembering to do it. We built everything around them: our media plan, PR, social strategy, all designed for talking to people like that."

Harper says she had no preconceived idea about which demographic group Itch should be targeting before carrying out the research.

"I have always been very open to who we are talking to, but it just became very clear that it's not an age thing for us – it's about life stage completely. It's about matching the need with our product."

Looking ahead, Harper says the brand intends to serve the long-term needs of its customers by leveraging the data they share on their pets. "[Our customers] haven't got time to mess around, they want us to know everything about them, and there is an expectation that we then seamlessly deliver what they need."

THE ITCH APPEAL

- Personalised product
- Subscription service
- No repeat ordering

CONCLUSION
KEY FINDINGS

Digital transformation has overhauled retailers' businesses because it has fundamentally changed the way consumers shop.

Age is just a number

This has broken down traditional demographics: older customers order their groceries through an app, browse their tablets for their non-food needs and make use of in-store tech to help them on their shopping journey.

Younger consumers, however, are not drawn to all types of tech innovation, eschewing what they see as a gimmick, such as augmented reality, but embracing that which is considered more functional. And they can also be motivated by printed media as well as social.

While there are differences in how certain demographics shop, our research shows across channels and payments that there is not a huge contrast.

A shopper's priorities are a key indicator of how they browse and buy. These priorities translate into a shopper mission, and it is this mission that retailers need to identify and execute in a cross-channel, seamless proposition.

Set out your brand stand

This proposition needs purpose; consumers need to know what a brand stands for, its values and promises, and this must be reflected across all touchpoints.

Retailers know they need to get closer to their customers to offer this, which is why so many are giving their shoppers a seat on the board in the form of a CCO. This role is crucial to the development of customer-facing services and guiding future strategy.

And customers are willing to inform this strategy in the form of data; 47% of our respondents were happy to hand over their data to improve and personalise the service they receive. Younger consumers are even more willing, with more than half happy to provide data, but these shoppers are also the most sceptical of retailers and the least likely to want to interact with them – meaning the benefits will need to be made crystal-clear for these shoppers to exchange information.

Armed with such data, retailers can build a clearer picture of who their customer is, the mission they are on and what they need to complete it successfully – whatever their age.

1 KNOW THE AIM OF THEIR GAME

Identify your shopper mission – are your customers seeking fun or functional retail? Determine their behaviours and then build the customer experience around a distinct customer mission.

2 BE A LISTENING RETAILER

Do your customers have a 'voice' within the business – is someone responsible for researching your shoppers, generating insight and delivering a vision of the ultimate customer journey?

3 GET TO KNOW CUSTOMERS WELL

Keep communications simple, timely and direct, and add personal touches. Our research shows nearly half of consumers are willing to part with their data to receive an improved and personalised service, allowing retailers more granular insights.

4 BE LOUD AND PROUD OF YOUR OFFER

Value is key for many, but so is quality. Competing on price is a race to the bottom, so shout about what makes your products distinct to differentiate your brand and purpose in the minds of consumers.

5 CASH IN ON PAYMENT OPTIONS

When asked to select all factors that contribute to overall experience, easy checkout got the most votes for online, and quick payment got the most votes for in store.