

# A SPLIT SCREEN

## ONLINE INFORMATION AND A HUMAN TOUCH

Customers prefer to leverage online technology and in-store visits for major purchases. The largest percentage of retailers surveyed by Forbes Insights say that their customers, when shopping for major purchases, do research online and buy in stores, according to a Forbes Insights and Synchrony Financial survey of 250 retailers representing major sectors of big-purchase retailing (including appliances and electronics, automotive, home furnishings, and outdoor and sports equipment). In other words, they are looking for an omnichannel shopping experience. “Providing customers with technology allowing them to research price, features and specifications online, and combining this with a great in-store experience, is critical to closing sales,” says Toni White, CMO of Synchrony Financial.

This paper analyzes how retailers feel about their customers’ shopping attitudes and preferences, discusses retailers’ readiness for the omnichannel shopping environment and looks at ways to increase their competitive advantage.





## SHOPPING ATTITUDES

Most retailers surveyed (83%) are positive about the economy and customers' spending power for the next two years.

At the same time, they realize that, despite this positive attitude, customers also want to be educated to be sure they are getting the best value and have become more responsible about making major purchases than they were two years ago, according to 28% of retailers. Thirty-six percent of retailers say they think customers are more open this year to making a major purchase.

Home improvement retailers are the most optimistic, with 40% of them saying they expect more major purchases.

Retailers are well aware of what most attracts their customers—overall value is the top reason that customers make purchases from them (47%).



### TOP REASONS RETAILERS SURVEYED STATED CUSTOMERS MAKE PURCHASES FROM MY COMPANY (TOP FIVE)



Respondents could choose multiple answer options.



## SHOPPING PREFERENCES

Customers combine online research with brick and mortar for their shopping.

They like to browse the Internet to research major products, but when it comes to making an actual purchase, they prefer to do it in-person, in the store, says the largest group of retailers (46%).

More than a third say that customers research and buy online. Just 18% say customers do both in the store.



### WHERE CUSTOMERS RESEARCH AND WHERE THEY BUY (% OF RETAILERS WHO AGREE WITH EACH STATEMENT)



The above responses by retailers indicate that the biggest group still buys in stores. But it also shows that by far the largest group—82%—does research online. In fact, a third of

survey respondents believe that their website draws customers to the stores. In Synchrony Financial's Fourth Annual Major Purchase Consumer Study, conducted last year with 3,400

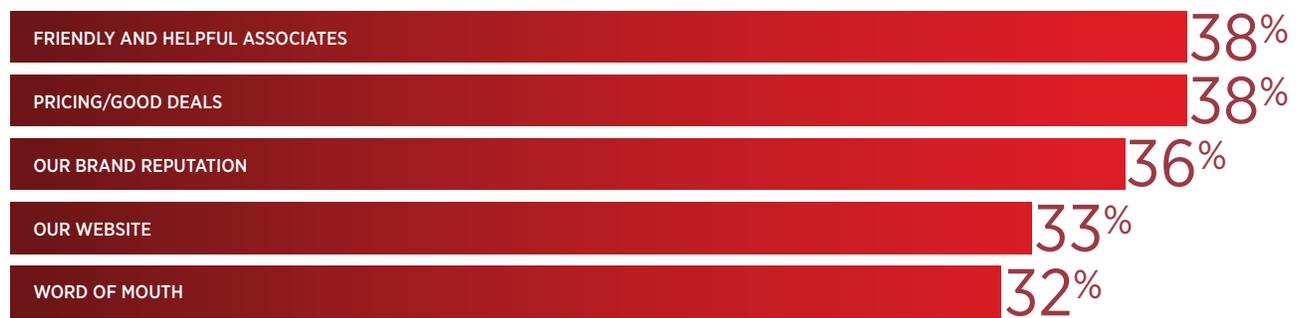
consumers, 64% of shoppers who conducted both online and in-store research said in-store research had a greater influence on their purchase decision. Today, due to mobile technology, it is possible to do research online while in the store. But this does not eliminate the need for sales associates who can act as experts. In fact, retailers say that friendly and helpful associates are the biggest reason for in-store visits. (See Fig. 3.) “The investment in educating store associates is very important. The ability for the associate to engage with customers and answer questions

not found online, to demonstrate product features and help visualize how the product will work for them is part of the in-store experience,” says White.

“Talent is a big challenge for retailers,” she adds. “They need to understand customers’ online behavior, and be able to apply that knowledge to the in-store experience. Providing associates with knowledge can be a differentiator.”



### FACTORS THAT DRIVE CUSTOMERS TO VISIT THE STORES (TOP FIVE)



Respondents could choose multiple answer options.



### RETAILERS’ TOP CHALLENGES THROUGH THE SALES CYCLE

|                                       | IN STORE | ONLINE | OMNICHANNEL |
|---------------------------------------|----------|--------|-------------|
| PRESALE: RESEARCH AND DECISION MAKING | 51%      | 35%    | 32%         |
| CLOSING THE SALE                      | 35%      | 45%    | 36%         |
| POST-SALE: SERVICE, RETURNS           | 14%      | 20%    | 32%         |

As of today, each link of the omnichannel experience has its strengths and weaknesses. Sales associates may not be as equipped with information as online resources when it comes to the presale phase, which entails research and decision making. They often can’t provide information equal to what’s online. Half of the retailers surveyed believe that this phase is a challenge during in-store shopping. (See Fig.4.)

Associates would benefit from technology in order to match what customers can get online, and more. When a customer is shopping for a TV set in the store, for example, associates could use tablets to compare product features, or take the square footage of the customer’s room and map whether the TV set would fit. Having access to technology used by shoppers can be an advantage for store associates.

But for online channels, data and information do not necessarily lead to transactions. Thirty-five percent of survey respondents consider closing the sale for a major purchase in store as a challenge, and almost half (45%) do so for online. There are several reasons for this, some connected to the availability of financing online. Retail store websites typically say that they offer financing on the main page, but they do not repeat this information next to each product. Therefore, consumers may not be aware of financing for the product they are interested in. For omnichannel shopping, on the other hand, the post-sale phase of service and returns presents a bigger challenge than for separate channels. (See Fig.4.)

Regardless of the digital age, in-store shopping is not about to disappear. Currently, 36% of retailers say that half or more of their sales happen in the stores, compared with 19% who say that half or more of their sales are online. Retailers do not

expect in-store sales to be petering out anytime soon. In fact, slightly more of them (38%) believe that more than half of their sales will be happening in stores over the next two years.

 **RETAILERS' READINESS**

But, as customer preferences reveal, it is the combined omnichannel experience that matters.

Retailers understand that, with 73% saying that omnichannel is important to them. But they still have a long way to go to create a seamless and satisfying omnichannel experience. When asked where they are on their omnichannel journey, only 38% of them say they are past the beginning stages. (See Fig. 5.) Automotive parts retailers are the least advanced, with 17% past the beginning stages; outdoor and sports equipment retailers are the

most advanced, with 66% either midway or fully omnichannel.

Retailers believe they are doing a better job with providing a positive customer experience in the stores than online: 86% are satisfied with the in-store experience they offer customers, and 76% are satisfied with the online experience they offer.

FIGURE  
**5**

**OMNICHANNEL JOURNEY**

- We have not started yet, and are not planning to
- We have not started yet, but plan to
- Early on
- Other
- Fully omnichannel

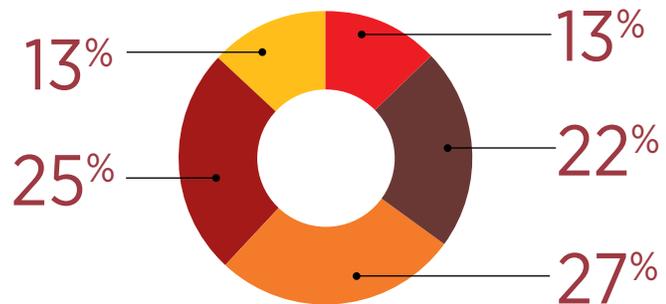


FIGURE  
**6**

**WHAT ARE THE MAIN CHALLENGES WITH CREATING A POSITIVE ONLINE EXPERIENCE? (TOP FIVE)**



Respondents could choose multiple answer options.

We would expect to see a change over time in these challenges expressed in Figure 7. The top two initiatives that retailers are planning to take up over the next two years are expanding online shopping (46%) and upgrading online shopping (44%).

Marketing budgets will also be directed to boost omnichannel shopping. Over the next three years, 64% of companies will increase their online advertising and social media engagement spend. “Investing in their online shopping experience and continuing to work on creating a frictionless shopping experience with expanded online information and integration of financing options will help close the sale,” says White. Synchrony’s data and analytics center also offers an analysis with insights about

which marketing campaigns led to transactions. In the 2015 Major Purchase Consumer Study conducted by Synchrony Financial, 50% of consumers used a mobile device at some point during the purchase process. So creating the online experience in a responsive design is important for mobile.

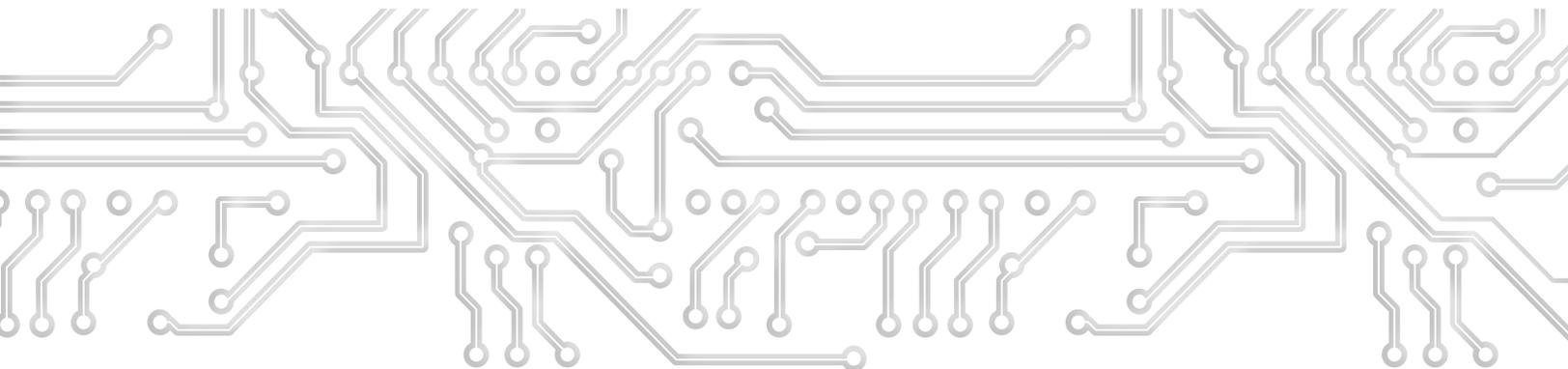
Underscoring the duality of today’s shopping environment, marketing budgets for in-store advertisements and promotion won’t be far behind, with 57% of companies planning increases over the next three years. In the omnichannel environment, it also makes sense to mesh online with brick and mortar. For example, retailers can display online ratings next to the products in the stores.



**WHICH OF THE FOLLOWING INITIATIVES ARE YOU PLANNING TO UNDERTAKE/FOCUS ON OVER THE NEXT TWO YEARS? (TOP FIVE)**



Respondents could choose multiple answer options.



O M N I C H A N N E L O M N I C H A N N E L O M N I C H A N N E L

**@ STORE FINANCING AS A COMPETITIVE ADVANTAGE**

One way to increase sales is by offering customers financing.

Eighty-four percent of retailers say that customer financing is important to them, citing increased customer spend or loyalty. In fact, 40% say it is “more true this year than last” that their customers will be likely to use financing to make their major purchase. In Synchrony’s Major Purchase Consumer Study

conducted last year, 45% of cardholders who recently used financing to make a major purchase said they would have shopped another retailer or would not have made their purchase if financing were unavailable.



**% OF RETAILERS WHO AGREED WITH EACH STATEMENT**



**METHODOLOGY**

This report is based on a survey of 250 retail executives, with almost half being CEOs or business owners.

They came from companies with sales of at least \$100 million. Sixty-four percent had revenues of more than \$500 million, and 19% had sales of more than \$10 billion. They represented

all major sectors of big-purchase retailing, including appliances and electronics, automotive, home furnishings, and outdoor and sports equipment.

**ACKNOWLEDGMENTS**

Forbes Insights and Synchrony Financial would like to thank the following executives for sharing their time and expertise:

**Ronda Slaven**, Market Research & Competitive Intelligence Leader, Synchrony Financial

**Toni White**, CMO, Synchrony Financial



## CONCLUSION

The omnichannel shopping experience means that the number of available shopping options is growing. Combining all these channels into one seamless experience for the consumer is a critical factor to success. To this end, retailers should consider the following:

While online sales are exploding, the store does not lose any of its significance. If anything, retailers surveyed expect the share of in-store sales to grow over the next two years. To succeed, stores need to be connected with online operations via in-store technologies and talent. Sales associates are the main reason customers are drawn to the store—they want the human interaction. To achieve the personable, knowledgeable, interactive experience with a consumer, associates need to have training and be equipped with technologies to bridge the channels.

In terms of customer experience, retailers indicated they lag online as compared with stores. It is good news that many are planning to enhance their online operations in the near future. Navigation and ease of use is the top issue for the online experience. For example, customers need to learn about the availability of financing when they peruse different pages and products, and not just on the main page.

Understanding what works is key to success. The results of investment in different products, promotions or advertising can be gleaned from masterful analysis of data and analytics. Across the board, decision making is still art as well as science. Retailers not equipped with strong analytics and insights capabilities should consider using a third party to better understand their ROI. Understanding results and how consumers are moving through the purchasing path will help retailers create a frictionless consumer experience.

# Forbes

---

---

## INSIGHTS

### ABOUT FORBES INSIGHTS

Forbes Insights is the strategic research and thought leadership practice of Forbes Media, publisher of *Forbes* magazine and Forbes.com, whose combined media properties reach nearly 75 million business decision makers worldwide on a monthly basis. Taking advantage of a proprietary database of senior-level executives in the Forbes community, Forbes Insights conducts research on a host of topics of interest to C-level executives, senior marketing professionals, small business owners and those who aspire to positions of leadership, as well as providing deep insights into issues and trends surrounding wealth creation and wealth management.

---

#### FORBES INSIGHTS

**Bruce Rogers**  
Chief Insights Officer

**Erika Maguire**  
Director of Programs

#### EDITORIAL

**Kasia Wandycz Moreno**, Director  
& Executive Briefing Author

**Hugo S. Moreno**, Director  
**Dianne Athey**, Designer

#### RESEARCH

**Ross Gagnon**, Director  
**Kimberly Kurata**, Research Analyst

#### SALES

**North America**  
**Brian McLeod**, Commercial Director  
*bmcLeod@forbes.com*  
**Matthew Muszala**, Manager  
**William Thompson**, Manager

**EMEA**  
**Tibor Fuchsel**, Manager

**APAC**  
**Serene Lee**, Executive Director

