IpsosStrategy3 synchrony

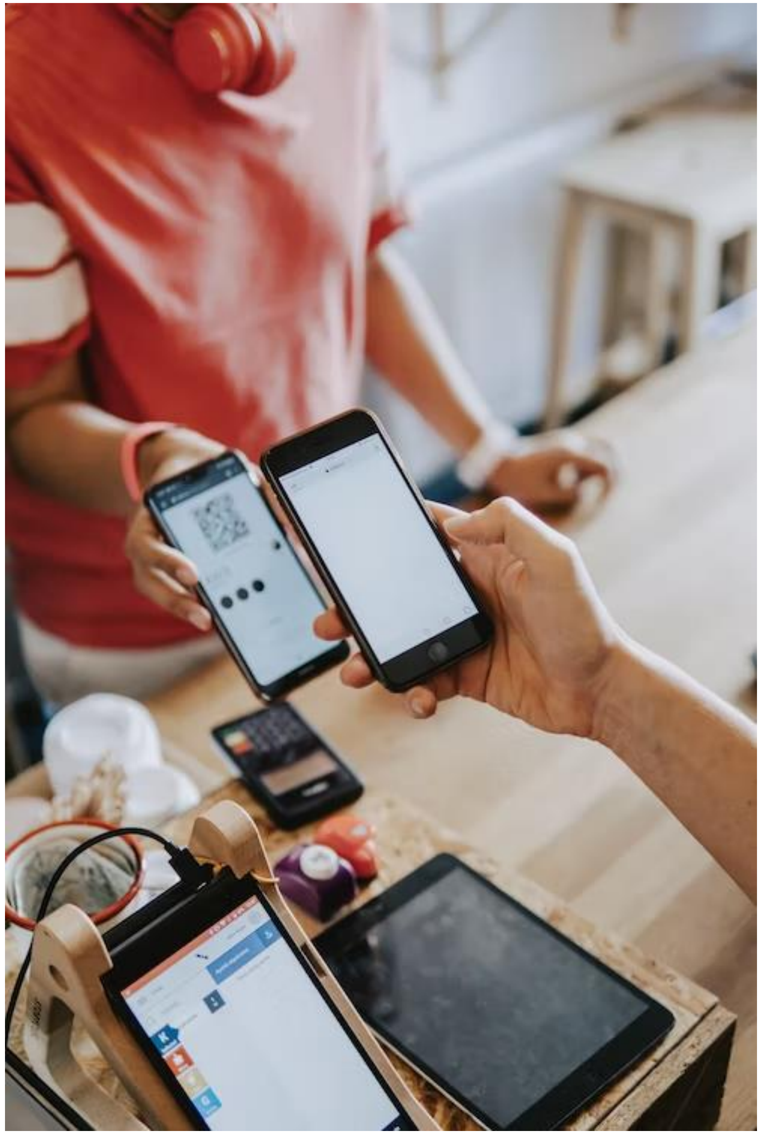
THE FUTURE OF SHOPPING

Why Future of Shopping and why now?

A slow but perpetual shift in shopping and retail has been taking place since the emergence of eCommerce in the late 1990's, challenging the role that physical retail plays and the blend of shopping experiences offered to customers. Fast forward to the 2020's and several trends and forces were accelerated, fragmentating the retail landscape, which created both complexity and opportunity.

With the continued **digitization of retail**, the **changing attitudes, values, and expectations of shoppers**, and **more brands, channels, and platforms than ever before** vying for shopper attention; **it's critically important to understand what matters to shoppers** to enable a strategic and selective approach to creating next-gen retail experiences.

Our POV on the Future of Shopping



When it comes to the future of shopping, we believe it is not solely about retail technology. While technology will play a significant role, it is not singlehandedly driving the future.

Instead, this future may be shaped by key drivers that stem from the **different contexts and environments that shoppers experience** in their daily lives.

THE WORLD OF SHOPPING IN 2023

LOOKING AROUND

Setting the stage – our 2023 world context

In order to explore the Future of Shopping, we need to understand our current moment: a "Phygital" reality that blends aspects of in-person, digital, and immersive experiences

38% of shoppers are shopping more online than 2-3 years ago, however, 31% still shop more in-store than online

Suzy, Shopper Survey, 2023

Despite doomsday predictions about the end of physical retail, **we still find that people enjoy shopping in-store** and many D2C brands have opened physical retail locations to expand their presence and connect with customers in more meaningful ways.

28% of shoppers can imagine a world where they would **share data with brands in exchange for benefits**

Ipsos, Quantitative Survey, 2023

The influence that brick-and-mortar and eCommerce has had on one another has been clear. **In-store shopping experiences are becoming more personalized and tech-enabled**, with retailers leaning into data and analytics to **better understand shopper behavior and preference.**

Exploring key tensions to solve today

Although innovations in strategy and technology have helped create a variety of in-store and online shopping experiences, not every advancement is perceived positively by all shoppers.

TENSION #1

Push-back on technology integration in brick-and-mortar experiences

In-store shopping experiences are becoming more personalized and tech-enabled, but some shoppers are uncomfortable and feel these experiences are too intrusive (e.g., data collection)

"I think that in general, I don't love the idea of giving a retailer access to my personal data because it's being used to get me to spend more money."

TENSION #2

Awareness & understanding of technologies used by retailers is lacking because of use case disparities

The general population largely has a hard time understanding the differences between AR and VR (for example), despite retailers' efforts to increasingly integrate AR and VR across shopping experience

When asked to imagine a world where AR/VR is used in everyday shopping trips, 62% of shoppers claimed they would seek more information on use cases/capabilities

Ipsos, Quantitative Survey, 2023

THE WORLD OF SHOPPING IN 2028

LOOKING AHEAD

Anticipating continuity and change within the Future of Shopping

WHAT WILL LIKELY REMAIN CONSTANT

- Shoppers will continue to value physical (in-person) experiences so long as brands continue to innovate and differentiate themselves in this space
- Technology for the sake of technology is not necessarily needed, but can give brands certain “superpowers” in meeting shopper needs

EXPECTED SHIFTS IN BEHAVIOR

- Shoppers expect their retail experiences will match their daily (social media, personal technology) experiences in simplicity and seamlessness
- Shopping will not happen in isolation, but within connected ecosystems that fit within daily life

Forces of Change

Change can be difficult to navigate, but it also provides an opportunity for retailers to form deeper connections with their customers as attention spans wane and influences abound. In scanning the landscape of change, we identified three forces that will shape the Future of Shopping, and what retailers can do to harness them.

THE THREE FORCES DRIVING THE FUTURE OF SHOPPING:

CONNECTION

CURATION

CONVENIENCE

FUTURE FORCE #1

CONNECTION

How will the future of shopping be shaped by connecting with brands and peers?

Connection - Overview

N O W

Over the past few years, the **proliferation of retail channels, formats, platforms, and intermediaries has fragmented the shopping landscape**, creating confusion for both shoppers and retail strategists.

N E X T

Moving forward, **the focus will be on building connections across channels, brands, and the online/in-store gap** to develop **more connected experiences** that benefit both shoppers and retailers.

THEMES UNDERPINNING CONNECTION

Connection – 3 Themes to explore

CONNECTED COMMERCE

The shopper journey is no longer a linear one. With multiple devices, channels, and influences along the way, **retailers work will be best served by being omnipresent and integrated across touchpoints**.

31% of shoppers still find mismatches between what is sold online vs. in-store

Suzy, Shopper Survey, 2023

LONG-TERM RELATIONSHIPS & COOPETITION*

A shopper's experience with a brand does not end at purchase or delivery. Customers expect to engage with brands long-term through **content and messaging that extends the value of the purchase**.

*Coopetition describes cooperation and/or collaboration amongst competitors in an effort to provide the best experience to shared customers

67% of shoppers believed a world where brands create joint offers would enhance their experience

Ipsos, Quantitative Survey, 2023

HUMAN TOUCH

While seamless digital experiences can help brands get in front of the right people, they sometimes lack the humanity that makes good brands and retailers more than just a logo. In many cases, shoppers prefer simple human connection to "bells and whistles" introduced by brands to integrate technology into their in-store experience.

50% of shoppers claimed they prefer to interact with a real person when shopping in-store or online

Suzy, Shopper Survey, 2023

Imagine a high-tech world with the right Human Touch along the shopping journey…

While seamless digital experiences can help brands get in front of the right people, they sometimes lack the humanity that makes good brands and retailers more than just a logo.

In many cases, **shoppers prefer simple human connection** to “bells and whistles” introduced by brands to integrate technology into their in-store experience.

“Imagine a world where after you answer a few short questions about the product you're looking for, a Dick’s Sporting Goods associate can provide you with customized recommendations that people like you have rated highly, sent right to your phone.

- 56% of shoppers believed such an offering would enhance their shopping[1]
- 55% believe it would make them feel taken care of and requires minimal work for a great solution[1]
- 61% claim that gaining real-world benefits from online purchases relates to their daily life[1]

52% of shoppers claimed they would participate in conversations with associates to gain insightful recommendations[1]

[1] Ipsos, Quantitative Survey, 2023

In the next FIVE years, look forward to…

Store associates may become real-life superheroes by harnessing digital tools and data to provide a consultative experience.

Associates with face-recognition augmented reality glasses, may be able to identify the shopper with an overlay of images of their past purchased products and customer experience information such as lifetime value and brand sentiment. The associates could also be fed smart prompts designed by marketing teams based on what leads to conversion, or view and share real-time product review ratings as if they themselves have the knowledge of the internet within their mind.

FUTURE FORCE #2

CURATION

What role will curated products and experiences play in the future of shopping?

Curation - Overview

NOW

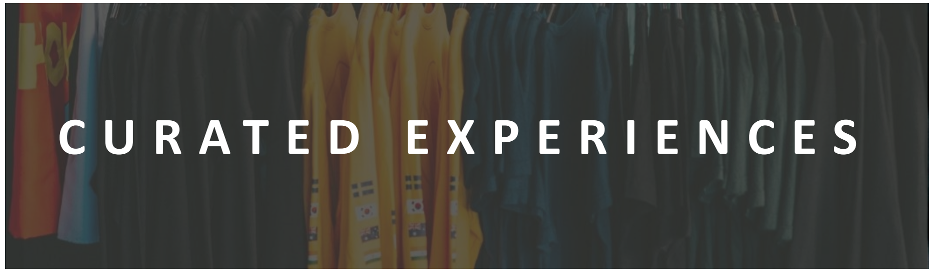
An **explosion of choice**, and **increased opportunity for analysis paralysis**, has led to a heightened **need for more curation and customization**.

Shoppers are more **frequently turning to others to help guide their purchase decisions** and narrow down choice, which can have a major impact to retailers when brands don’t make it through these filters.

NEXT

Looking forward, **brands will need to understand how shoppers navigate decisions** in order to help them meet their main goal: Help me find products and services that best fit what I need.

THEMES UNDERPINNING CURATION



Curation – 3 Themes to explore

AI AND HUMAN ASSISTANCE

Whether it comes in the form of a **passionate retail associate with insightful suggestions** or a **generative AI** that can scan the product landscape and choose a few perfect matches, **shoppers want their choices streamlined at the shelf.**

62% of shoppers trust recommendations if they're from a well-known site or app

2023 Ipsos Global Trends

PERSONALIZATION

Personalization and the **desire for unique products** has been around for years; however, with advances in technology and **growing demand for products made "just for me"**, brands that emphatically understand their customers and can meet personalization needs may be better positioned.

55% of shoppers agree a world with in-store personalization would fulfill needs they currently have

Ipsos, Quantitative Survey, 2023

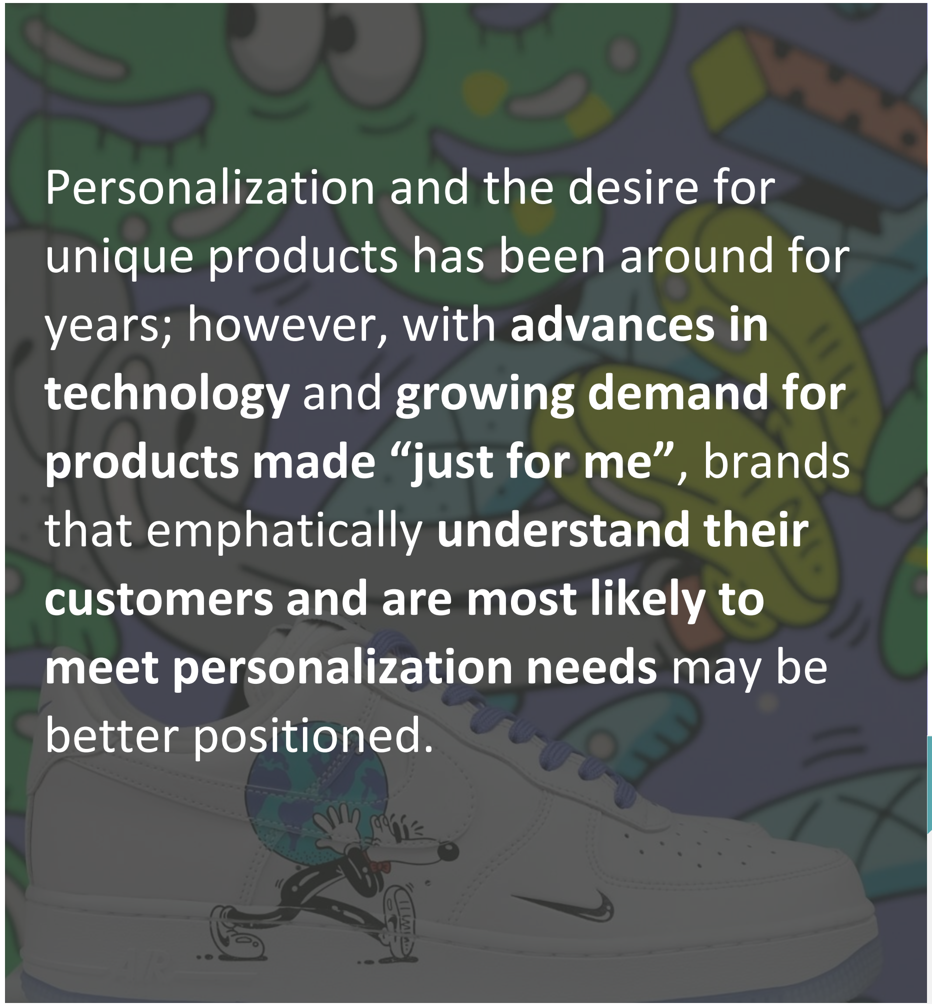
CURATED EXPERIENCES

Retailers are designing entire stores or stores-within-stores to curate shopping experiences broadly. Focusing in on **specific categories, needs, or trends** helps create **engaging experiences**, while positioning the brand as a helping hand, **driving loyalty and repeat purchases.**

45% of shoppers today feel that having to visit multiple stores to find what they need is a challenge of shopping in-store

Suzy, Shopper Survey, 2023

Imagine a world where Personalization tech creates the ultimate “for me” experience…



Personalization and the desire for unique products has been around for years; however, with **advances in technology** and **growing demand for products made “just for me”**, brands that emphatically **understand their customers and are most likely to meet personalization needs** may be better positioned.

“Imagine a world where select Target stores allow you to customize products in-store (e.g., selecting the fabric on a chair). These stores would have creator content studios to showcase products and stream to social platforms.”

- 71% of shoppers believe this would grant them greater control over their shopping experience[1]
- 55% believe they would either “definitely” or “probably” engage in in-store personalization in a world where it is offered[1]
- 78% of shoppers classified as Early Adopters believe in-store personalization would fulfill a need in their life, compared to 55% of the general population[2]

Horizon Scan insight: 92% of consumers interested in product personalization are willing to share personal information to let fashion brands tailor or personalize a product[3]

1: Ipsos, Quantitative Survey, 2023
2: Suzy, Shopper Survey, 2023
3: Accenture, Sizing Up Personalized Fashion, 2021

In the next FIVE years, look forward to…

Sophisticated personalization options in-store.

Shoppers looking to buy a new shampoo may be able to interact with a miniaturized production machine within the haircare aisle. Once they select a brand and price point, they'll answer a series of questions based on haircare needs, goals and personal preferences, to create a custom product formulation that matches their hair and is scented just how they like it.

Ipsos Strategy3 synchrony

FUTURE FORCE #3

CONVENIENCE

How will shopper demand for convenient solutions impact the shopping and retail landscape moving forward?

Convenience - Overview

N O W

Shoppers have always cared about convenience, however the context has changed, as have shoppers' reference points and expectations. **Convenience is no longer just about access and speed – it is about flexibility**, and often not what the solution gives to you, but instead gives back to you, namely time, effort, and headspace.

N E X T

When designing for next-gen convenience, brands will have to ask themselves a question: **what's the right solution, at the right time, for the right customer?**

THEMES UNDERPINNING CONVENIENCE

Convenience – 3 Themes to explore

OMNI-EXPERIENCE

Omni-experiences carry the same values and promises of the brand and are designed to deliver **touchpoints focused on the customer experience**. Layered on top of this are the benefits each potential shopping channel provides, creating **a way for brands to connect with shoppers even outside of shopping occasions.**

64% of shoppers believe in a future where brands have varied strategies across channels[1]

Ipsos, Quantitative Survey, 2023

SEAMLESS SHOPPING

Between innovations like "just walk out" stores such as Amazon Go that do not require associates, seamless checkout options that free up associates to focus on customer-facing tasks, and new technology like smart carts, **shopping is positioned for a widespread reduction of friction at every stage of the buying journey**

73% of shoppers believe technology makes shopping more convenient

Suzy, Shopper Survey, 2023

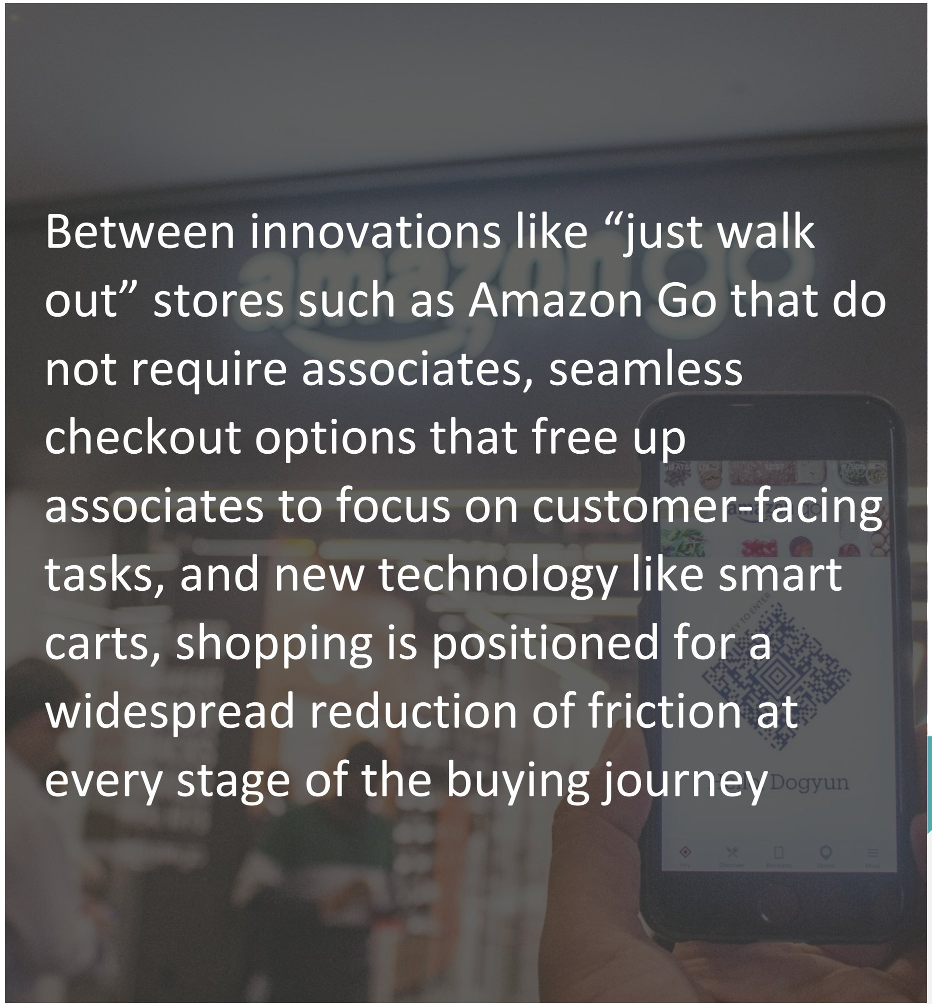
CHOICE AT CHECKOUT

With checkout abandonment rates over 70% on both desktop and mobile platforms, retailers are expanding their fulfillment and payment options to introduce checkout flexibility. Options like buy now pay later (BNPL) and buy online, pick up in store (BOPIS) have empowered shoppers; however, **retailers that introduce more payment flexibility will be well-positioned to win.**

68% of shoppers believe flexible repayment programs for any purchase would give them control[2]

Ipsos, Quantitative Survey, 2023

Imagine a Seamless Shopping world with minimal to no friction in the shopper journey…



Between innovations like "just walk out" stores such as Amazon Go that do not require associates, seamless checkout options that free up associates to focus on customer-facing tasks, and new technology like smart carts, shopping is positioned for a widespread reduction of friction at every stage of the buying journey

"Venmo, known for convenience and simplicity, opens physical retail locations called "Via Venmo" within existing retailers, transit hubs, airports, and shopping malls. You scan your Venmo QR code to enter, pick up items, and just walk out!"

- 57% of shoppers believe this would grant them greater control over their shopping experience[1]
- 38% believe they automated stores without a human associate where you can walk in/walk out would fulfill a need they currently have[1]
- 82% of shoppers expect to see associateless/seamless stores rolled out broadly within 7 years[1]

38% of shoppers nationally showed broad intent to shop at automated stores while this dropped to only 27% of shoppers who live in the Midwest, highlighting regional differences in availability and attitudes toward emerging retail technologies[1]

1 Ipsos, Quantitative Survey, 2023

In the next FIVE years, look forward to…

Shopping malls being retrofitted to become entire retail zones enabled with seamless checkout technologies.

Shoppers would enter and exit through designated gates similar to a theme park, and instead of moving into and out of discrete shops, they could browse products in immersive and engaging environments – maybe a kitchen complete with furniture, pots and pans, and appliances. Shoppers could also engage with experiences like a movie theater or sushi bar, all the while never once having to reach for their wallets. Whatever items they consume or walk out with are simply billed to them upon exiting.

BECOMING FUTURE READY

Implications for Synchrony and their partners

The future of retail is already here – but it is unevenly distributed

Retailers should still experiment with the best ways to deploy technology to apply best practices for meaningful technology integration, rather than overwhelming the shopping journey.

Blending the best of digital and physical channel experiences is key

Retailers should still experiment with the best ways to deploy technology to apply best practices for meaningful technology integration, rather than overwhelming the shopping journey.

One size does not fit all

Retailers should consider the moments of shopping that people enjoy and get stuck on to amplify the fun and remove friction. Retailers must also understand that contexts are not static – they are constantly changing and therefore shoppers’ needs and preferences will vary accordingly.

Tailor technologies appropriately

Rather than chasing every novel technology, retailers should explore and understand whether the technology is appropriate and applicable to their category and products or services.

Shopping will continue to be part of connected ecosystems

Retailers can find opportunity in forming deeper connections with their customers across these new ecosystems as attention spans wane, influences abound, and context-switching continues.

JONATHAN PRECIADO
VP, Strategic Research & Insight Communication

Trevor Sudano
Principal, Trends & Foresight Lead

synchrony

CHANGING WHAT'S POSSIBLE

Ipsos Strategy3

BUILD • GROW • COMPETE

To read the full report, scan the QR code here: