MOOD:MEDIA™

CHARTING IN-STORE TRENDS

Analysing Evolving Customer Expectations of Physical Sales Spaces October 2022

Understanding Why We Shop in Stores

As the world's leading experiential media company, Mood Media has been conducting studies for many years, surveying consumers around the world to understand and predict the ever-changing role of physical retail and quick-service restaurant spaces.

In September 2020 and June 2021, as the world slowly started to come out of lockdowns and settle into a "new-normal" shopping mentality, more than half of consumers (54%) told us that it felt good to return to physical stores; but in **2021, 65% of shoppers still said they were yet not visiting stores as frequently as they did before Covid-19.**

Today, consumers tell us they are enjoying physical shopping experiences again, with **71% of consumers throughout the world declaring they now shop in physical stores as often or even more often than before the pandemic.**

However, as consumers return to brick-and-mortar stores in full force, what we see is that they're coming back with evolved shopping habits and expectations. They now increasingly see both online and offline as part of the same purchase journey (not one versus the other), and due to their growing comfort levels in the online space they now expect similar levels of digital technology solutions as an integral part of the physical sales space.

With engaging digital content and personalised experiences having the highest impact on consumers' purchasing decisions, as well as an increased craving for pleasant atmospheres, sustainable practices, the desire for instant gratification and the support of welcoming and knowledgeable staff, brands will have to learn how to marry the best of both the physical and digital worlds when building their in-store experience.

This year we commissioned a major global survey to ask consumers what matters most about shopping in physical sales spaces, both today and tomorrow. We asked Miya Knights, renowned retail expert, consultant, author and publisher, to help us specify and interpret the study, to offer retailers what we believe is an insightful look into what consumers expect from their in-store experience and what can make the difference now and in the future for retailers all over the world. We hope you'll enjoy reading and learning as much as we did!

Foreword

It is crucial to understand why we shop in stores to win with customers. The reasons are all the more critical considering global events that forced many stores to close and then adapt.

Stores have adopted new health and safety measures, online collection, and mobile payments and app usage. Now macroeconomic impacts, such as the negative influence of inflation on the bottom line, add to retail and hospitality space pressures. Consumer sentiment around climate change and related regulations are also affecting their store expectations.

Mood Media's Charting In-Store Trends report seeks to discover how shoppers' attitudes towards physical sales environments are evolving. By doing so, it also highlights what store owners need to do going forward in response.

The results indicate that consumers expect the retail and hospitality venues they frequent to create emotional connections and elevated experiences. But they are also looking for human interaction and sensory stimulation, where stores offer indisputable advantages.

But the influence of digital in-store is evident in the growing numbers who are also looking for ways to take charge of their physical experience. Shoppers want stores to empower them through digital self-guided shopping journeys that can also surprise and delight them.

Undoubtedly, stores still have a fundamental role in consumers' shopping journeys. But striking the right balance between interaction, experience and self-service, as well as instant gratification and sustainability, will ensure that stores remain indispensable in the future.

– Miya Knights, Retail Author, Consultant and Publisher

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Setting
The Scene

Digital self-service and sustainability are climbing shopper agendas, ranking highly in their list of store expectations. So, it is critical to judge how customer expectations are shifting accordingly.

Repair services or recycling points emerged as having positive influences on a shopper's decision to visit a store. Spaces that adopt sustainable practices or sell more sustainable products will have the most significant net positive effect on sales.

Beyond broad shifts, it is crucial to consider that more 35-44-year-olds say they are visiting stores more often than two years ago compared to any other age group. Those over 55 were the least likely to say they were visiting stores more often.

Friendly, knowledgeable staff are more valued in smaller stores than in larger ones. Plus, branded music playlists and scents, for example, encourage shoppers to dwell longer in-store.

These 2022 findings provide crucial insight into how stores can win with consumers and play an important part in the overall shopping journey. They also serve as a timely reminder that what matters in-person - experience and interaction - doesn't change, just our means of accessing it.

45%

45% cite **"the convenience of getting purchases instantly" as the number one reason they choose to shop in a physical store** rather than online

51%

The availability of friendly and knowledgeable store staff is the most important factor when creating a pleasant experience in health and beauty stores, cited by 51%

63%

Repair services are the top service related to sustainability that would positively influence any decision to visit a physical store, cited by 63%

84%

84% said they would return to stores **with a pleasant atmosphere**

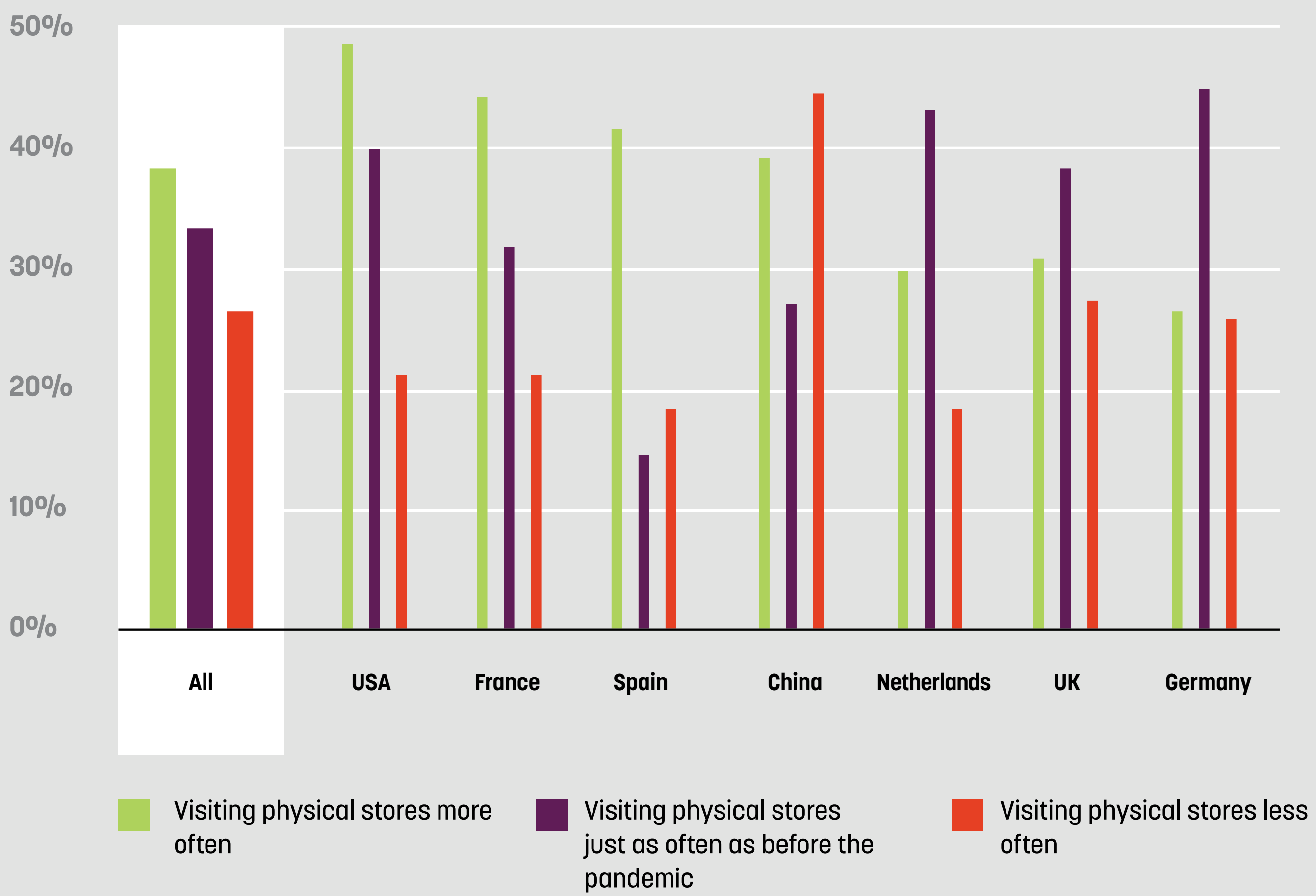
85%

85% of Chinese consumers lead in saying **digital self-service technology, such as mobile checkout, Augmented Reality and Virtual Reality** are important when choosing to visit a store (compared to a global average of 57%)

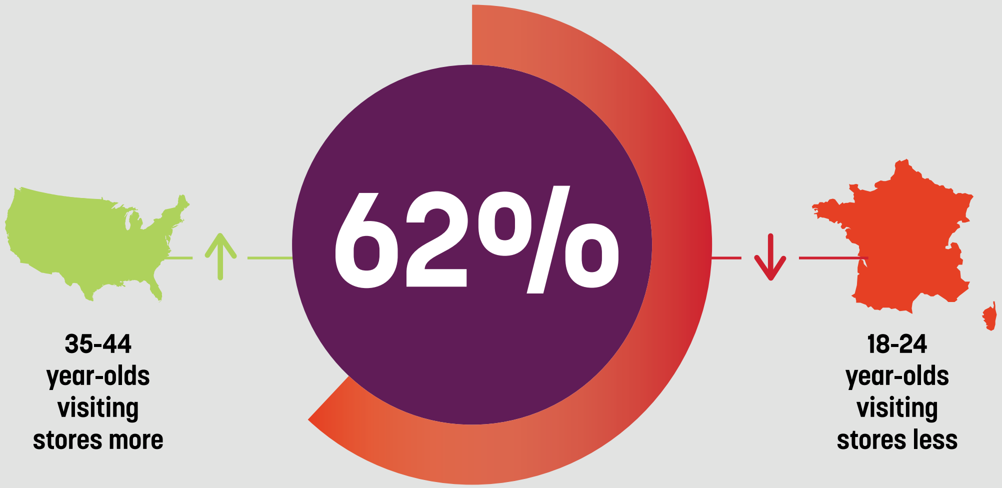
Understanding Shoppers' Expectations

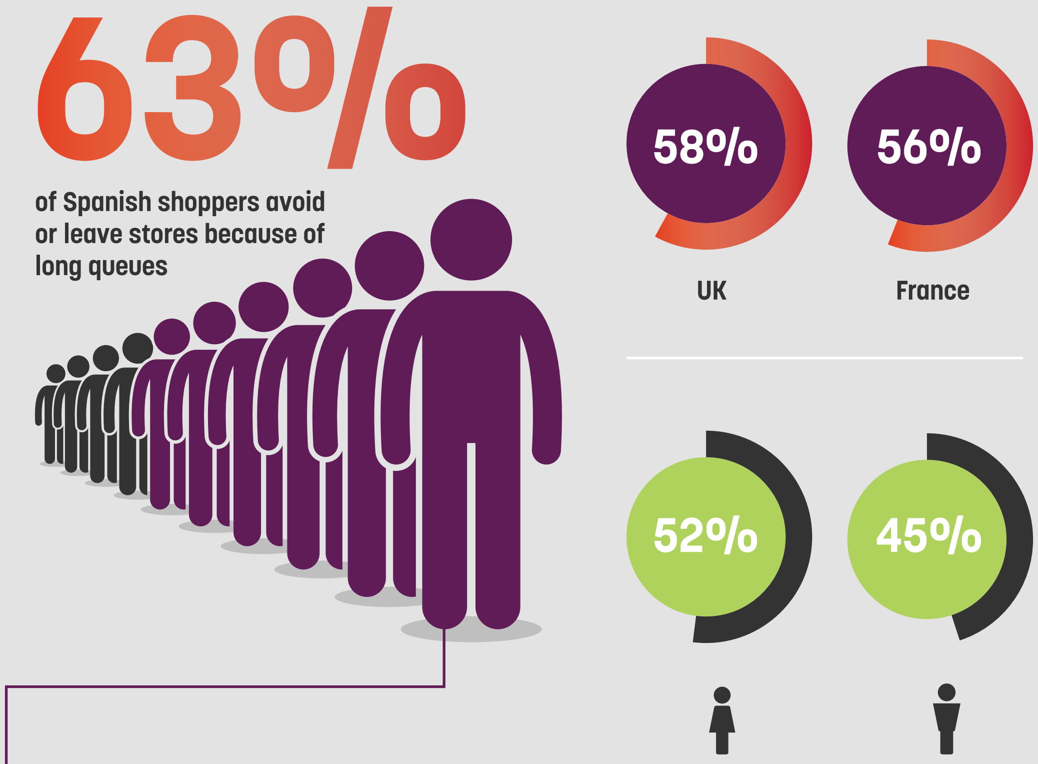
Over one-third (38%) of consumers expect to shop in physical stores more often than two years ago. Globally, one-third (33%) said their visit frequency is the same as before, led by Germany (45%). The effects of ongoing lockdowns are still being felt in China, while higher levels of ecommerce penetration track in line with countries polling either below average or less often.

Respondents were asked how more or less often they shopped in-store compared to before the COVID-19 pandemic.



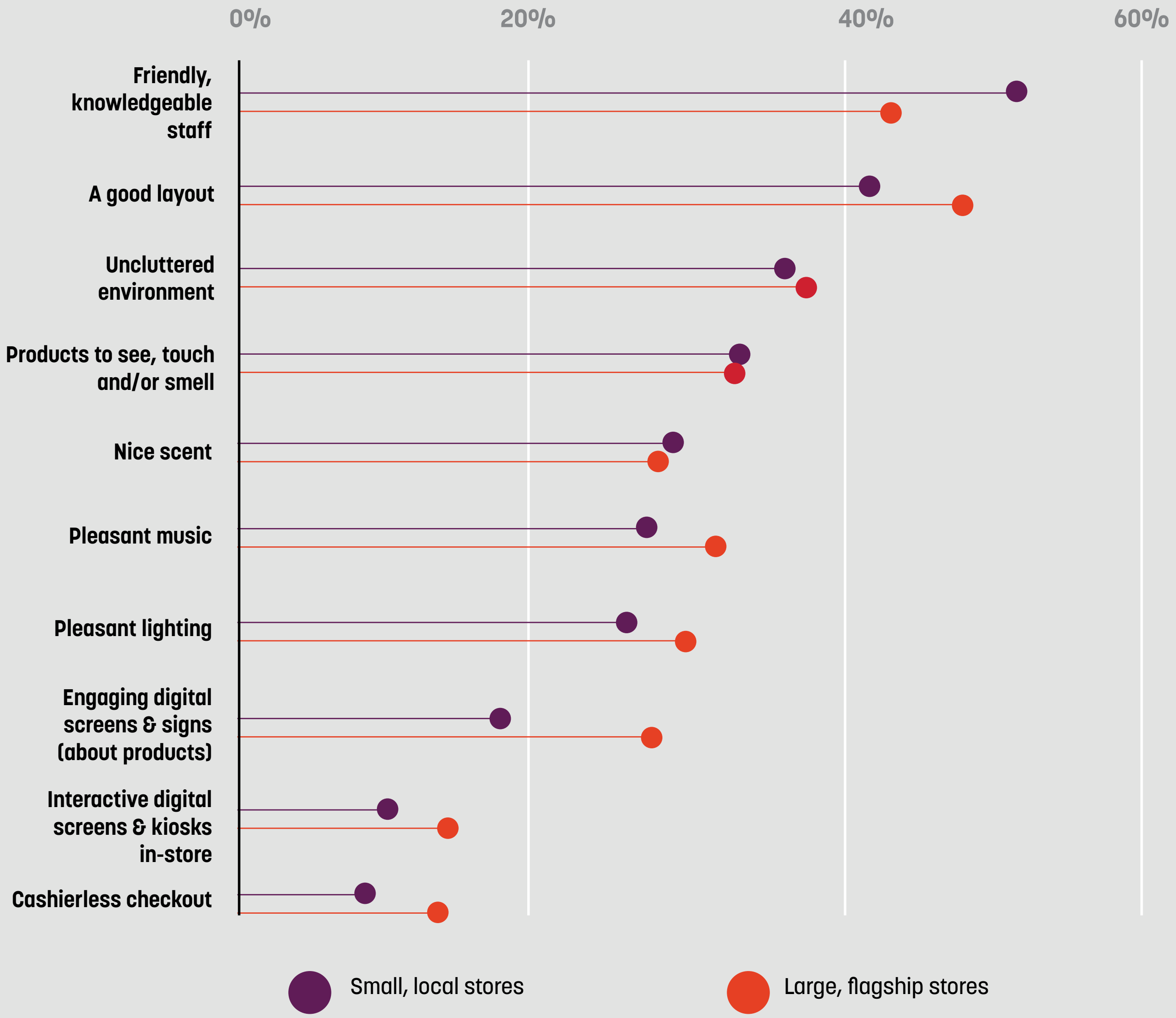
Understanding Shoppers’ Expectations



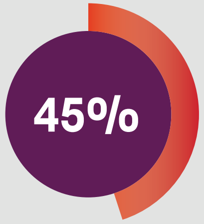


While younger age groups tended to say they are visiting stores more often, the highest proportion was **62% of 35-44 year-olds in the US.** However, the same proportion **(62%) of Chinese 18-24 year-olds** say they visit physical stores less often compared to two years ago, which tracks in line with the prolonged lockdowns across this country.

But common complaints persist. For example, long queues emerged as one of the main reasons shoppers avoid or leave stores. Spanish shoppers are most put off, cited by 63%, followed by those in the UK (58%) and France (56%). Women (52%) were more sensitive than men (45%) to long queues.



The Advantages Of Instant Gratification



Nearly half (45%) of consumers cite the convenience of getting their purchases instantly as the most important reason they choose to shop in a physical store rather than online. New product inspiration and shopping with friends and family ranked second and third.

But collecting, exchanging and returning unsuitable or unwanted products bought in-store or online was fourth. This ranking highlights how the role of the store is evolving and how vital it is in facilitating one-stop convenience and digital convergence.

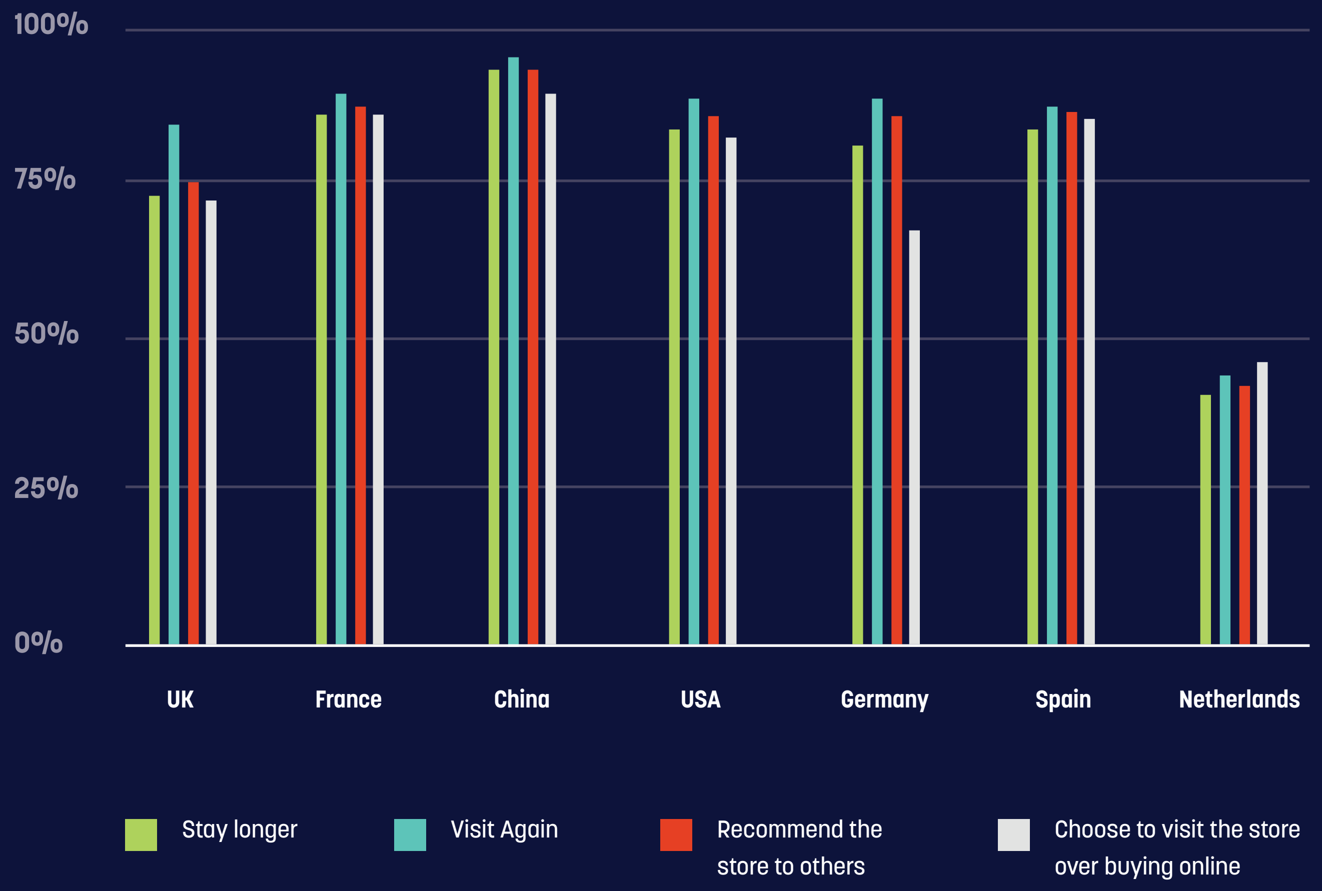
Respondents indicated that they are looking for a good layout and engaging digital screens in large flagship stores. But friendly, knowledgeable staff are the only factor more important in smaller, local stores, reinforcing the role of expertise in conversion for smaller operators.

The Human Touch

Beyond store size and format, the survey underlines how central a role friendly, knowledgeable staff play in creating an enjoyable physical store atmosphere. A good layout was next, closely followed by an uncluttered environment and fast checkout.

Creating stores with a pleasant atmosphere is most likely to drive repeat visits among 84% of those surveyed. This is much more likely to be the case in China, cited by 96%. The top age group that would visit again were 25-34 year-olds (87%).

Respondents were asked how likely they are to do any of the following in a physical store with a pleasant atmosphere.



Staff availability and layout contribute most to a pleasant in-store experience. But a **'nice scent' has the next most** significant impact in health and beauty stores. Consumers believe automotive stores and car dealerships **should have digital screens**, while quick-service restaurant (QSR) patrons most want **free Wi-Fi.**

The factors that shoppers consider create a pleasant store atmosphere haven't changed much over the years. They are:

1. Availability of friendly & knowledgeable staff in the store
2. A good layout/uncluttered
3. Things to see, touch & smell

But, the next highly ranked factors vary by sector:

AUTOMOTIVE STORES & CAR DEALERSHIPS
INTERACTIVE DIGITAL SCREENS

DEPARTMENT STORES
PLEASANT MUSIC

FASHION/CLOTHING STORES
THE ABILITY TO TRY PRODUCTS OR SERVICES BEFORE BUYING

GROCERY STORES/SUPERMARKETS
PLEASANT LIGHTING

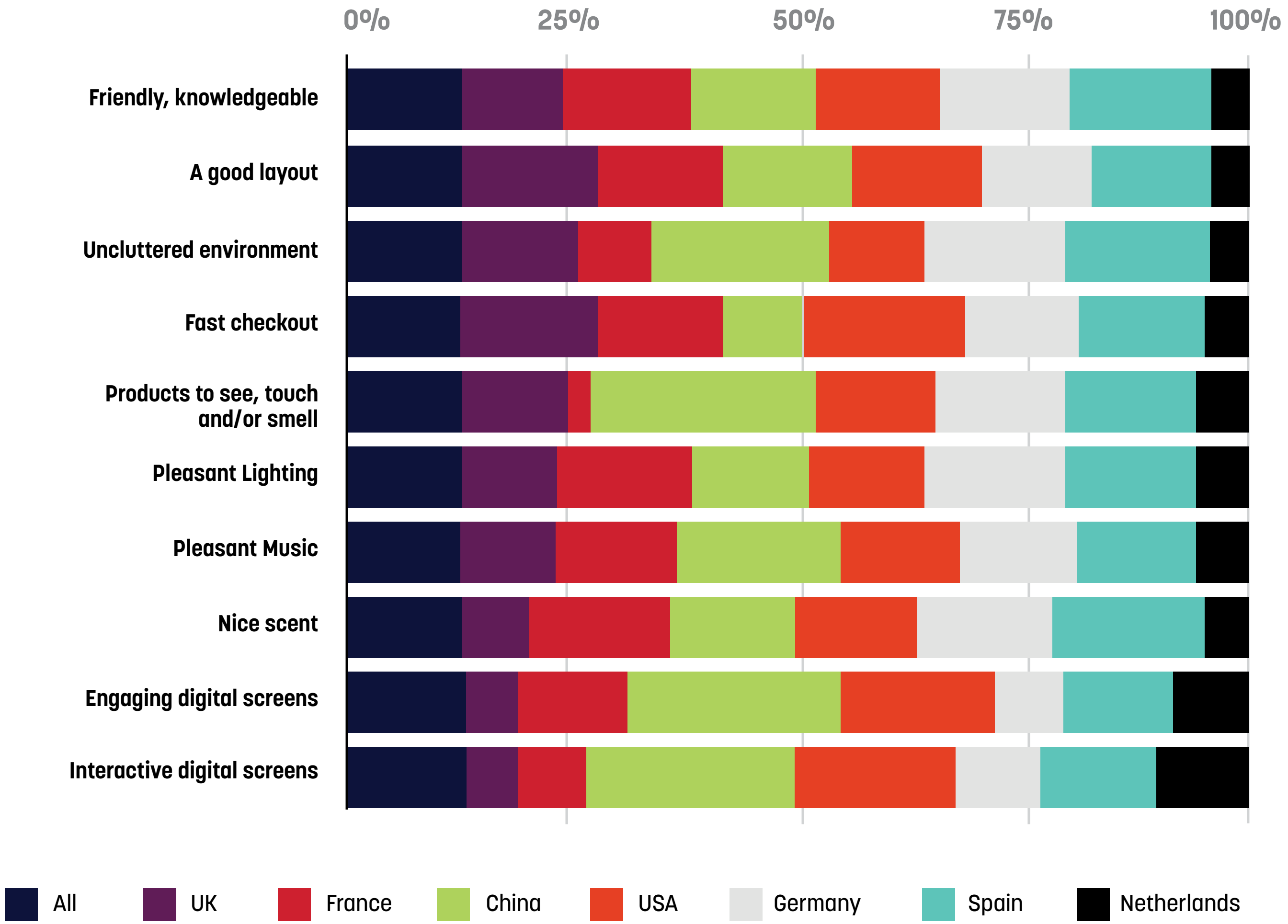
HEALTH & BEAUTY STORES
A NICE SCENT IN THE STORE

LUXURY STORES
A NICE SCENT IN THE STORE

QUICK SERVICE/FAST FOOD RESTAURANTS & COFFEE SHOPS
FREE WI-FI AVAILABLE

SPECIALIST STORES
PLEASANT LIGHTING

Respondents were asked to identify the most important features that create an enjoyable physical store experience.



Creating **Sensory Experiences**

The main grounds for avoiding or leaving a physical sales space are overbearing or unhelpful staff (followed by long queues). So, it follows that **friendly, knowledgeable staff ranked first as the most critical contributor to a pleasant atmosphere among most respondents (54%).** The top three countries where staff were key are Spain (65%), Germany (63%) and France (62%).

Getting the basics right, such as a nice scent and pleasant music, are just as important as offering omnichannel services. The ability to collect online orders and interactive kiosks are central to some journeys, depending on sector and shopper mission.

Sales spaces that incorporate branded music playlists and scents were also most likely to increase dwell time, as respondents said these features would make them stay longer. The top three countries where they most resonate are Germany (61%), Spain (59%) and the US (57%).

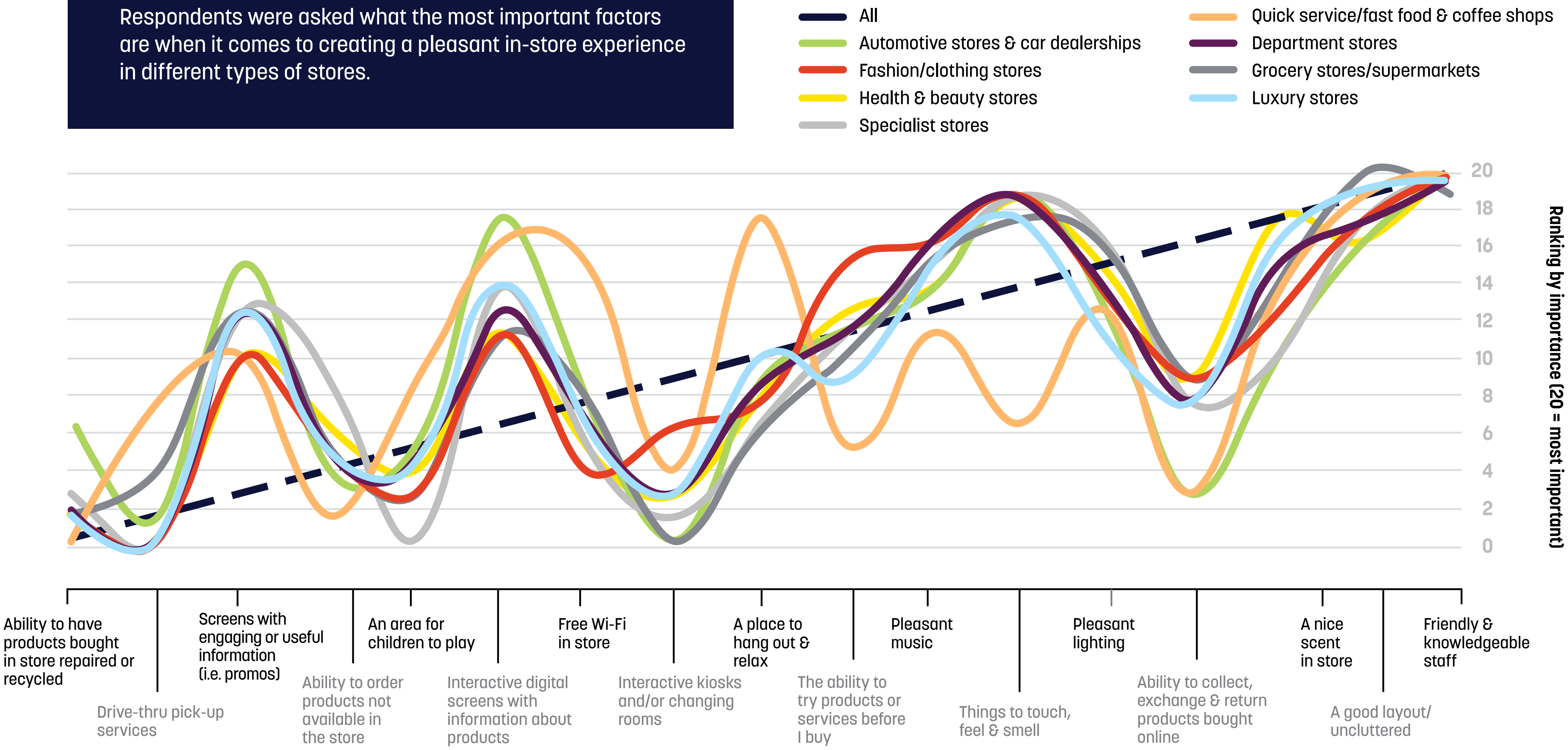
But the **ability to try different products or services and more personalised experiences** would make more than a third (39%) of shoppers more likely to want to buy something. Engaging video content was more likely to engage men than women.

Engaging digital content and personalised experiences have the highest impact on consumers' purchasing decisions, where 26% and 35% respectively say these factors would make them want to buy something. A further 23% and 31%, respectively, would return to the store, and 22% and 30% say they would stay longer.

Considering sector-specific variances, **the availability of friendly and knowledgeable staff in-store is most important for health and beauty customers,** cited by 51% compared to an average of 46% across all store types. **A good, uncluttered layout was the dominant factor in grocery stores and supermarkets** for 47%.

Here, balancing digitisation and automation with the need for human interaction depends on the type of shopper journey the store owner is looking to create. **For example, interactive digital information screens and free Wi-Fi are in higher demand in QSR venues, cited by 26% for each.**

Respondents were asked what the most important factors are when it comes to creating a pleasant in-store experience in different types of stores.



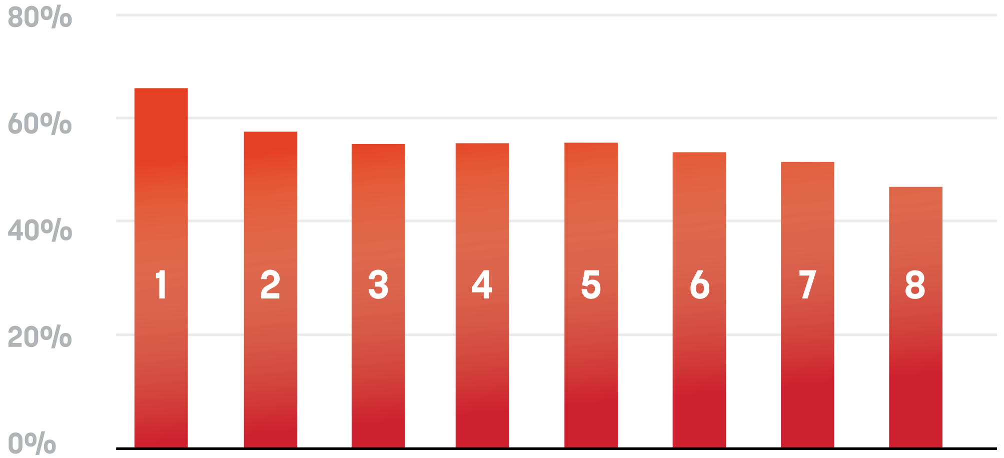
Expectations Moving Forward

Sustainability and digital self-service are climbing shopper agendas when they choose to visit a physical store. Evolving consumer attitudes to and understanding of shopping impacts was most evident among women and Millenials.

China and Spain lead on sustainability awareness, and Chinese consumers have the highest digital expectations, with 85% **saying self-service technology, such as mobile checkout, Augmented Reality and Virtual Reality, are essential when choosing to visit a store.**

Overall, **incorporating branded music playlists and scents ranked third in terms of what shoppers want when they choose to visit a store** (56%), followed by other **digital technology use cases including interactive digital screens** (55%), **information on how to visit a store's presence in the metaverse** (49%) and **video walls** (48%).

Respondents were asked how important the following factors and/or characteristics would be to them if choosing to visit a physical store.



1. Being a sustainable practice and/or selling sustainable products
2. Digital self-service technology, such as mobile payments and checkout, Augmented Reality and/or Virtual Reality
3. Incorporates branded music playlists and/or scents
4. Interactive digital screens or tablets to provide in-store access to all the same search and discovery tools that are available online
5. Digital screens which provide inspirational content, information about products and/or atmospheric, relaxing or motivating images
6. Interactive digital screens or tablets to customise, personalise and/or configure products or services
7. Hosts brand-relevant and/or community events
8. Information on how to visit the retailer's store or other virtual space in the metaverse

The Impact of Sustainability

The fact that two-thirds (66%) of shoppers rank sustainable practices and selling sustainable products as the highest of all factors when choosing which stores to visit is significant.

66%

The survey also discovered which sustainable factors have the most significant impact. Where applicable, providing repair services or recycling points for used packaging or clothing are the top two sustainability initiatives that positively influence a shopper's decision to visit a physical store.

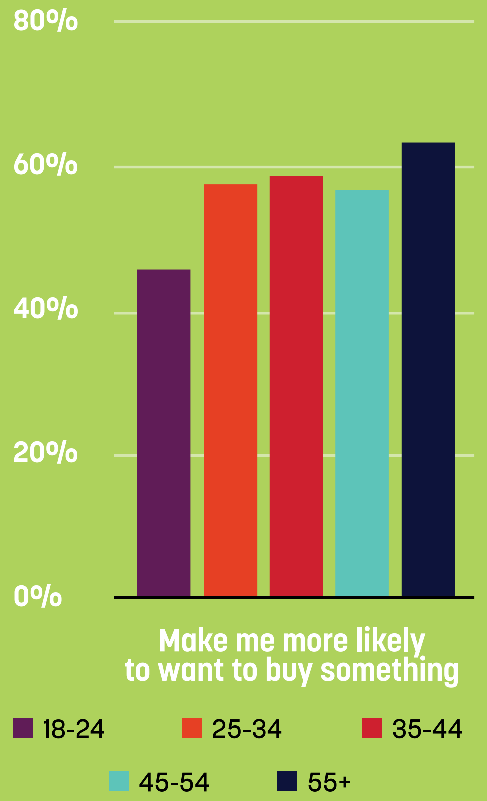
Nearly two-thirds (63%) **put repair services on top.** But, considering some countries now enforce measures requiring store owners to **switch off illuminated window displays at night,** consumers in China (68%), France (65%) and the US (59%) rank this highest.

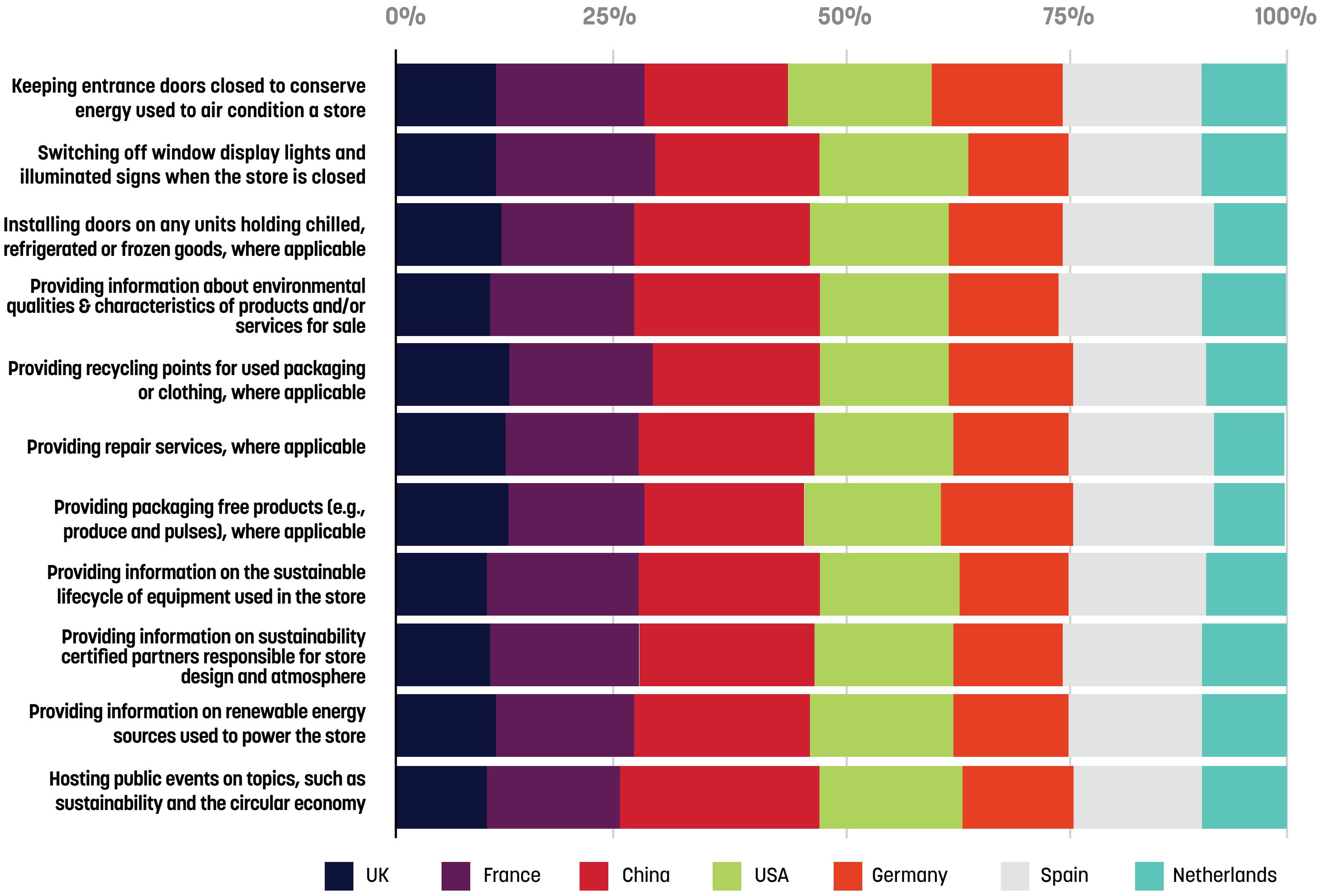
Four in five (80%) Chinese consumers are seeking **information about the environmental qualities and characteristics of products or services for sale.** In the Netherlands, over one-third (38%) **favour keeping entrance doors closed to conserve energy** used in a store.

The most significant impact of sustainability measures is that **consumers feel more positive about their impact as a shopper on climate change** (42%). But perhaps more importantly, as far as the bottom line is concerned, such **sustainability initiatives would also incentivise customers to buy something**, cited by 37% globally.

Over half (59%) say **sustainable practices or selling more sustainable products would make them more likely to buy**, rising to two-thirds of those over 55. The top measures **influencing them to purchase are packaging-free products**, cited by two-thirds (35%) in the UK and over half (56%) in Germany.

Respondents were asked to think about the factors or characteristics they said would have the most positive impact on their store environment and indicate what kind of impact they would have if shopping.





Conclusion

The consumers surveyed want to see more sustainable products and practices reflected in their shopping journeys, along with more digital tools to guide them. At the same time, they indicate how retailers must balance the enduring importance of and desire for human connection in future stores.

These shifts require that stores continue to adapt, as they have done so much already in recent times. Many retail and restaurant operators can achieve much of this change as part of their digital transformation journeys. But it will be important not to forget the essentials, too.

Branded music playlists and scents have a central role to play in creating a pleasant store atmosphere, as does lighting and layout, alongside the likes of free Wi-Fi in QSR venues. But shoppers also like the ability to see, touch and feel goods they can buy instantly, which can't be replicated online.

By understanding how shopping expectations have shifted to accommodate the role of digital in-store for delivering convenience, alongside the ability to surprise and delight, it can be easy to overlook the importance of nurturing sensory experiences to extend the human touch.

These elements build the emotional connections consumers seek while elevating experiences through the use of digital technology in the sales spaces they frequent. Moreover, the survey confirms that doing so will not only win with customers but also drive sales and foster frequency.

Our Methodology

Mood Media recently carried out a study among 12,261 consumers aged 18 or over across seven countries about their attitudes towards shopping in stores.

Respondents lived in China, France, Germany, the Netherlands, Spain, the UK, and the US. They had visited at least one physical retail store or hospitality space within the last 12 months.

To understand why shoppers visit stores and what they expect from their experience, the survey polled attitudes towards frequency, atmosphere and sustainability, among others.

Respondents indicated how digital technology informed their store journeys and the different expectations they have, depending on the type of physical sales space they visit.

Censuswide conducted the survey over a two-week period, ending early September 2022.[1]

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[1] *Due to rounding, some totals may not correspond with the sum of the separate figures.*