

VoCoVo

What's next for the physical shopping experience?

# Retail Reunited



VoCoVo.com

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## Introduction

Covid-19 exacerbated the decline of in-store retail sales. Even consumers who preferred to shop in-person were forced online. While consumers are more empowered, more informed and more demanding than ever, the pandemic has added a sizeable hurdle for brick-and-mortar retailers playing catch up and trying to remain relevant.

However, findings by KPMG and Ipsos' retail think tank show otherwise. They predict that pent-up savings and increased demand will support UK retail recovery in 2021. This is supported by a successful vaccine rollout and ensuing customer confidence. However, The Centre for Retail Research estimates that by the end of 2021, retail sales will still be lower than in 2019, but by 2022 retail sales should have recovered. Meanwhile, The Institute of Grocery Distribution (IGD) predicts that grocers will see a stabilisation in sales in 2021, as supermarkets evolve to reflect the changing needs of shoppers.

It's a similar situation in the US, as the Avison Young's 2021 Retail Forecast states: "...a reset of consumer behaviour to some degree is likely in 2021. With considerable pent-up consumer demand, finding a new normal and getting back to dining, shopping and socialising is being expressed from coast to coast."

With both the UK and US rolling out vaccinations, many industry watchers are hopeful that a rebound is on the horizon for the retail sector. Then it will be a case that;

*“The retailers that perform the strongest will be those that take action to future-proof themselves. That means retailers that make good use of technology, give their guests memorable in-store experiences and maintain relevance,”*

according to London Designer Outlet (LDO) general manager Sue Shepherd.

As retailers begin on their journey to recovery, they will be faced with a changed landscape. Shoppers have been spending long periods of time online during the pandemic. Retailers will need to understand and counter the pull of convenience associated with eCommerce. Has our appetite for online shopping changed our expectations for customer service and experience in-store and, if so, how?

To find out, we commissioned independent research company, Censuswide, to survey 2,000 UK and 2,000 US shoppers aged 18 and above in December 2020. This report examines what consumers in both countries want from in-store shopping, what would encourage them back into the store and what retailers need to know to be able to recapture their loyalty and get consumers shopping in-store again.

### Snapshot of key findings

More than two in five (43%) have lost confidence in physical retail since the pandemic began, yet despite this, over half of shoppers (52%) say their appreciation of those retail staff has increased.






While confidence in brick-and-mortar stores has dropped, the majority of consumers in both countries have faith in the health and safety initiatives implemented by retailers with almost two-thirds (60%) of shoppers confident that retail staff are adhering to social distancing in stores, of which almost a quarter (24%) are very confident. Confidence levels are similar across the two countries: 63% of UK respondents are confident social distancing was being adhered to compared to 57% of US respondents.

### The pandemic will have an impact on long-term shopping habits



- Most shoppers (82%) will change the way they shop as a result of the crisis
- Over a third (34%) will do more online shopping and nearly a quarter (23%) will shop less frequently
- A third of shoppers (36%) anticipate their changed shopping habits will continue for the long-term
- 20% will shop more using touch-free payment methods and 17% will shop with more local retailers
- Almost half (49%) of shoppers say their loyalty has changed in some form or another during the crisis
- The impacts are the same across the US and UK

### However, shopping will continue to involve in-store as well as online

Consumers plan to use a mixture of online and in-store shopping to purchase the majority of items including;

-  Fashion (52%)
-  Electronics and home appliances (49%)
-  Health and beauty (46%)
-  Garden, home and DIY (41%)
-  Sports and lifestyle (37%)

Half of shoppers (50%) will continue to do their grocery shop in-store after Covid-19

-  UK shoppers more likely to shop online for groceries (14%)
-  Than US shoppers (9%)

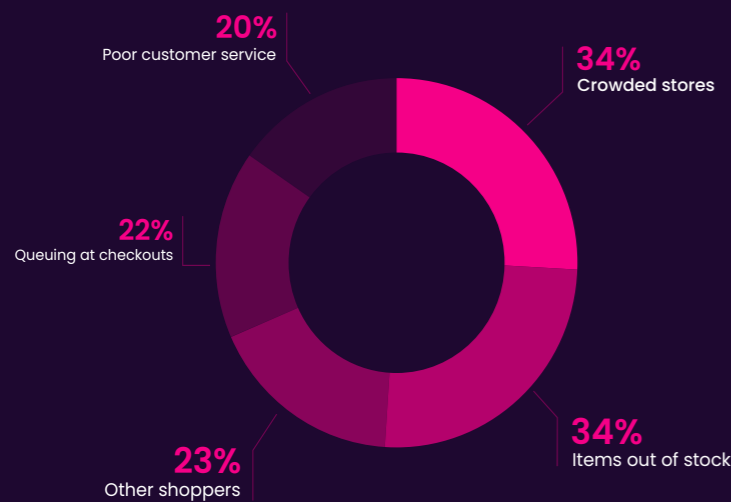




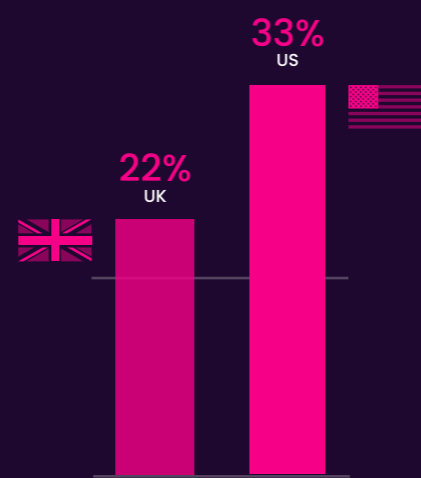
### Customer service and experience is valued

Shoppers still value in-store staff and are confident in their ability, with over half (56%) believing retail staff improve their in-store shopping experience with very few (6%) thinking retail staff do not improve their in-store shopping experience. More than half of consumers (55%) prefer a mixture of interaction with retail staff and a fully automated experience. UK shoppers tend to favour staff-only experiences more than those in the US, as this is preferred by 20% of shoppers in comparison to 15% of US shoppers.

However, consumers are often frustrated by the in-store experience and fellow shoppers



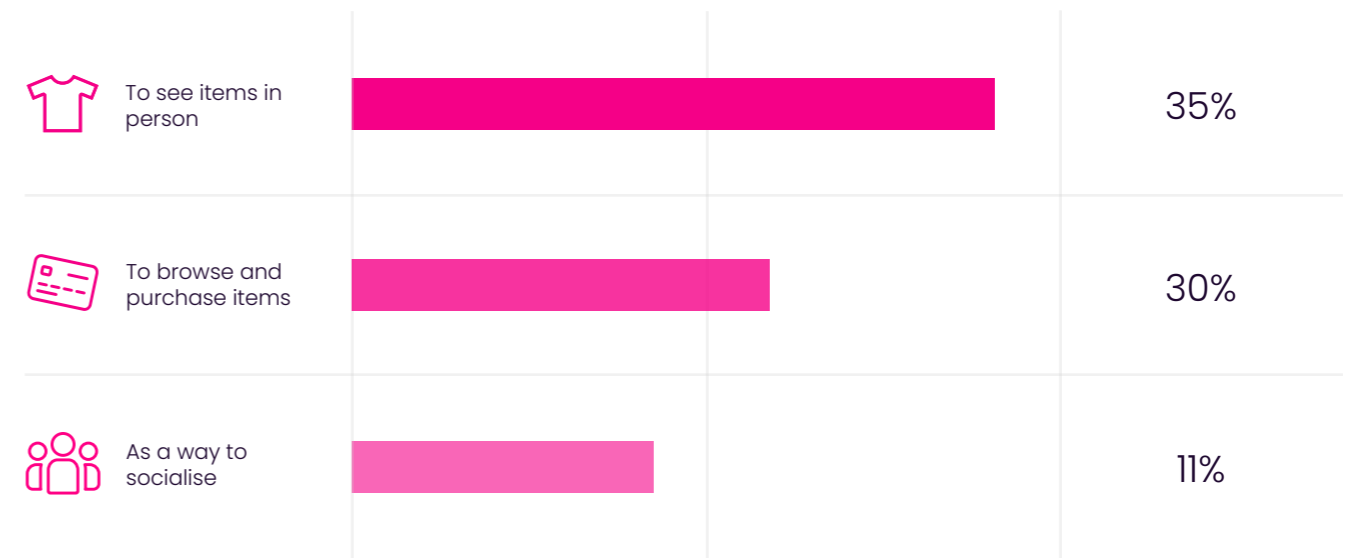
Top frustrations with shopping in-store



How likely US & UK shoppers are to shout at staff due to poor customer service

### The top reasons for visiting a physical store

It is revealing that shoppers still want to browse and see items first-hand. When asked why they would visit physical stores in future they replied:



### Physical retail still has its place, but shoppers are divided on its future

Over half of shoppers (56%) have no plans to stop shopping in-store. Almost a third (29%) of shoppers do not think the high street will disappear by 2030, however 26% think it will. On this, UK shoppers are less optimistic: over a third of UK shoppers (35%) think the high street will disappear after 2030 in comparison to 18% of US shoppers.

## Setting the scene

### The future implications of Covid-19

There's no denying the significant long-term impact the pandemic will have on the retail industry. How can retailers maintain trust in their brand and services and recover the customer experience in a post-Covid-19 world?

Amid society's increasing reliance on online services and shopping, does this mark a permanent change in consumer behaviour? And if so, to what extent? Will consumers ever return to store and, if they do, what will they want from their shopping experience?



### Over half of consumers have confidence in brick-and-mortar

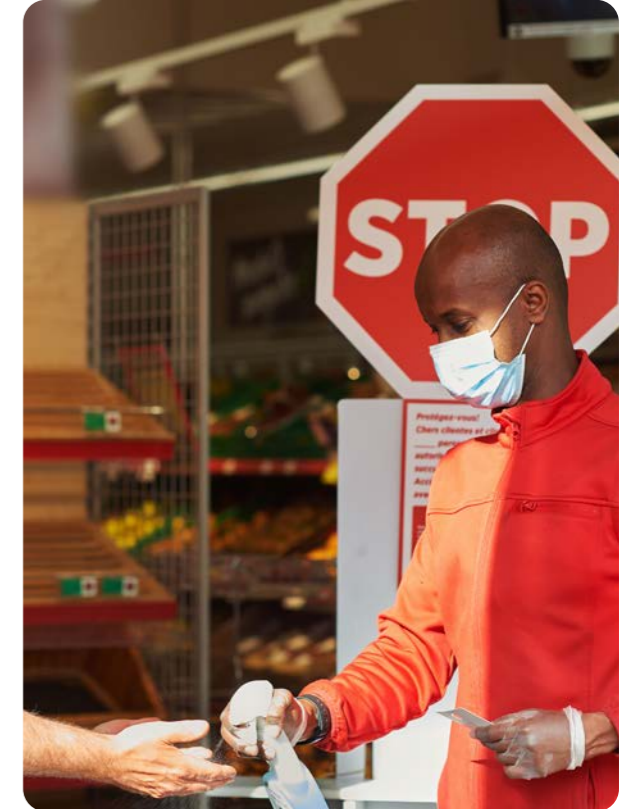
While retailers have experienced a number of challenges over the course of 2020, ranging from stock shortages to adapting their stores to changing government guidelines, over half of shoppers (57%) retain confidence in physical retail. Many consumers also have a new-found respect for retail workers, with 52% saying their appreciation for retail staff has increased in that time.

It's also encouraging to see that most (60%) of shoppers are confident that retail staff are adhering to social distancing in stores.

This level of trust is similar across the two countries: 63% of UK respondents are confident social distancing was being adhered to compared to 57% of US respondents. It's worth noting that despite this high confidence, almost one in five shoppers (18%) say a lack of social distancing by staff is one of their top frustrations with in-store shopping during Covid-19.

### But they have real concerns over other shoppers' behaviour

Although staff are doing a good job in social distancing, retailers will need to take seriously consumers' frustrations with the poor social distancing habits of fellow shoppers.



39% of shoppers would leave the store if they saw other customers not social distancing



More than one in eight (13%) would leave and never return to the store in question



43% of shoppers said that a lack of social distancing by other shoppers is a top frustration

Retailers may not get to hear about these worries as less than a fifth (19%) would flag the problem to store management. Many shoppers are scared to address the situation head on with 16% saying they would be too scared to do anything about it and only 15% would actually approach staff to complain. US shoppers are slightly more confident with only 14% admitting to being too scared to do anything, in comparison to 19% of UK shoppers. Women are also more likely to do nothing out of fear, only 13% of men wouldn't do anything if they saw rules being broken, compared to 18% of women.

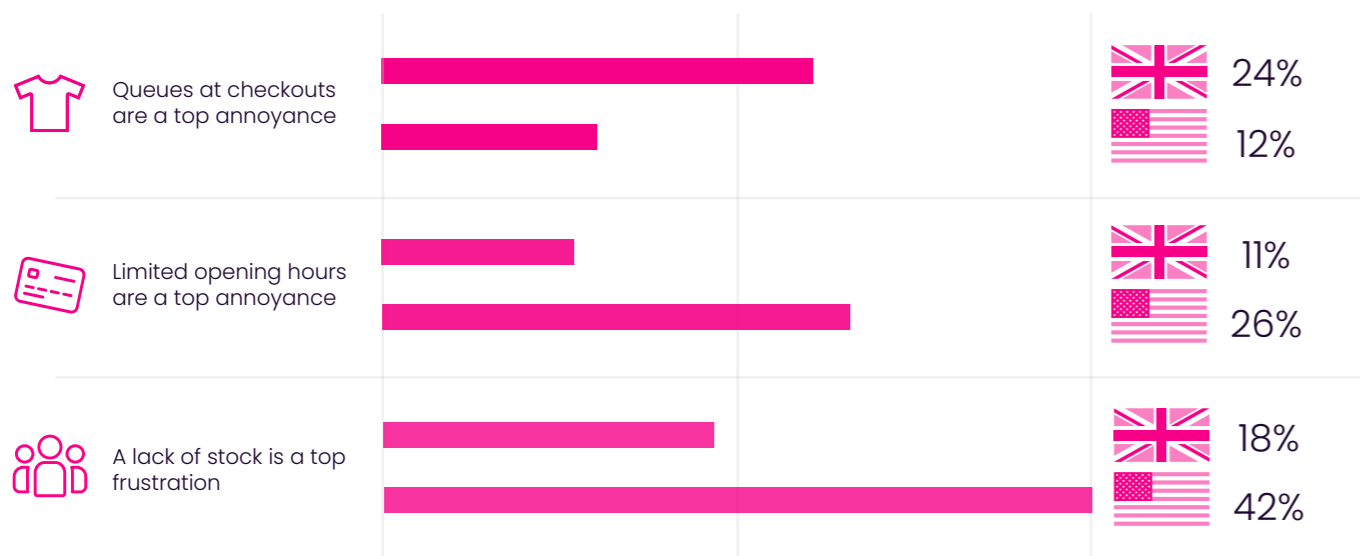


### Many other frustrations with shopping in-store since Covid-19

There is no doubt that the in-store shopping experience has changed significantly since the beginning of the pandemic. Not only have consumers had to contend with stock shortages and product quantity limits, for example, but they have also had to adapt to the introduction of one-way systems and changing room closures.

It is perhaps unsurprising then that a huge majority of shoppers (93%) report grievances with in-store shopping since the Covid-19, including a lack of stock (30%), having to wear a mask (28%) and being unable to try items (23%). Other top annoyances include capacity restrictions/queues to get into store (20%), limited opening hours (19%) and queues at checkouts (18%).

### Here there are some notable differences between UK and US:



### It's clear the pandemic will have an impact on long-term shopping habits

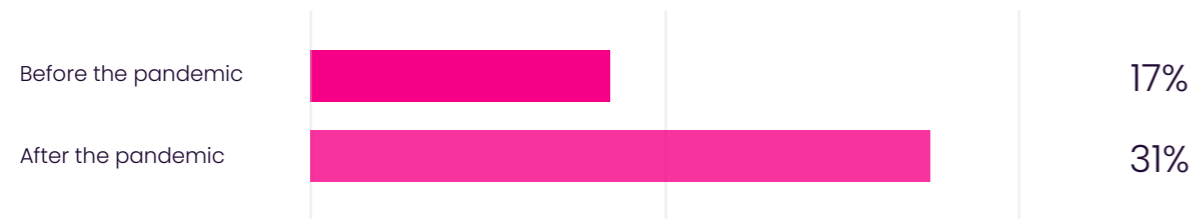
The world of retail has undergone nothing less than a complete transformation in the last year. The health crisis has brought about major changes to how consumers shop online, how they view cash, what they expect from retailers and which aspects they value as part of a positive buying experience – with some of these developments expected to be permanent.

Most shoppers (82%) will change the way they shop as a result of the crisis with more than one in three (36%) anticipating their shopping habits will change in the long-term. Asked what these changes will involve, over a third (34%) say they will do more online shopping and nearly a quarter (23%) will shop less frequently.

Retailers will also have to prepare themselves to adapt to long-term behavioural changes within their stores as a-fifth of consumers (20%) say they will shop more using touch-free payment methods as they continue to minimise contact with others. Meanwhile, 17% will shop with more local retailers following initiatives to shop small and locally being given a boost during the pandemic.

## Shift to online shopping likely to become permanent for many consumers

With non-essential stores closed for long periods, one of the biggest impacts of the pandemic on retail has been a shift to online shopping. The number of shoppers who do more than half their shopping online has almost doubled:



### The top reasons for shopping online are:



## But brick-and-mortar stores still have their place

In some areas of retail, online is moving further ahead but at the moment store purchasing remains the preference for most items.

Over half of shoppers (56%) prefer to shop for grocery items physically and of these, 38% will do research inside the store and purchase there, while 18% will research online before purchasing in-store.

For fashion items in-store is the most popular method (43%) and of these, 24% will do research and purchase in-store, while 19% will research online before purchasing in-store. Just over two fifths of shoppers (41%) prefer to shop for electronics and home appliance items in-store and of these, 14% will do research in-store and purchase in-store, while 26% will research online before purchasing in-store.

When it comes to garden, home and DIY items the most popular method (44%) is shopping for these in-store and of these consumers, 20% will do research in-store and purchase in-store and 23% will research online before purchasing in-store.

## One of the biggest effects is a hit on brand loyalty

As well as changing how they shop, consumers have also made significant changes to where they shop. Directives to stay local and limit shopping trips impacting on which stores consumers frequent. Almost half (49%) of shoppers say their loyalty has changed in some form or another during the pandemic, with 14% suggesting they no longer have a loyalty to any particular store. Over a third (35%) have changed the stores they shop in, of which 18% expect to continue doing so after the pandemic, demonstrating that brick-and-mortar retailers are not only losing customers to their online counterparts but also to high street competition.

These changes to brand loyalty have been driven by financial, safety and altruistic reasons with nearly a third (29%) altering where they shop to save money, while a similar number (28%) did so because they didn't feel safe. A quarter (25%) switched stores to support local retailers and 23% did so to support retailers that are giving back to society. In the UK, queuing inside and outside of stores was a top reason for changing, stated by 24% of shoppers, compared to just 18% in the US. Worryingly, a fifth (20%) of shoppers switched stores because of a poor customer experience.



## However, there are still reasons shoppers would choose to shop in-store

-  Over four in 10 (41%) like to see products in person or try them on
-  More than a third (36%) like to be able to purchase and take-home products instantly and nearly one fifth (19%) believe it is easier to return items
-  Notably, 17% said it is quicker and easier to purchase products in-store
-  In-store shopping is also seen as a social experience with 16% saying one of their top reasons for choosing in-store is because they like to do it with friends and family

### Requirement to wear a mask puts shoppers off visiting stores

If face masks remained mandatory in retail stores, the majority of shoppers would change their in-store shopping habits. More than a third (37%) say they would only shop in-store if it was really necessary and one in 20 (5%) would never shop in-store again. However, some shoppers actually prefer to wear masks with 12% suggesting they would shop more frequently and 9% saying they would shop in-store all the time.



### Improving customer service and the in-store experience

Apart from looking at the influence of the internet we wanted to find out if the age-old stereotype of 'Brits love to queue' still rings true or if our appetite for online shopping has changed our expectations for customer service and experience in-store.

Happily, shoppers still value in-store staff and are confident in their ability. Over half of shoppers (56%) think retail staff improve their in-store shopping experience, with one in five (20%) strongly agreeing it is improved by retail staff. Only 6% think retail staff do not improve their in-store shopping experience and more than two thirds (67%) are confident staff could answer their questions in-store and only 6% are not confident.

### Empower staff to fill a knowledge gap



Although consumers recognise the ability of staff, they also think their knowledge could be improved with most (82%) having experienced a situation where they felt they had more knowledge than staff about products. By providing the right technology, retailers can set up remote expert groups in-store, so customers can be directed immediately to those with more knowledge in the area they need help on. Empowering staff in this way and giving them options when faced with questions they're unsure on is just one step to improving the customer experience.

Knowledge gaps are an ongoing problem for retailers. Nearly two thirds of consumers (62%) believe they sometimes have more knowledge than staff while over a fifth (21%) say it happens all the time and a lack of knowledge from staff is listed as a top frustration by 12% of shoppers. Notably, US shoppers feel more knowledgeable with nearly a quarter (23%) saying they always feel more knowledgeable than staff, compared to under a fifth (18%) of UK shoppers.

Regrettably, more than a quarter of shoppers (29%) have made a purchase based on inaccurate information provided by in-store staff. This is a greater issue in the US with over a third of shoppers (34%) admit to doing so in comparison to under a quarter of UK shoppers (24%).



### Shoppers prefer consulting their mobiles for more product information

The use of mobile devices for shopping stretches much further than simply making purchases or research at home. Remarkably more shoppers (54%) would search on their mobile phone if they needed to know more about a product in-store than ask a staff member (50%). US shoppers are significantly more likely to use their mobile device to search in-store (65%) than UK shoppers (42%) and worryingly just over a fifth (21%) would leave the store to do research at home. Half of shoppers (50%) admit to purchasing a product online while in-store, with nearly a fifth (19%) doing so at least once a week and 40% doing so at least once a month.



### Consumers prefer a mix of human interaction and automated experience

Retailers are looking to provide great customer service to attract shoppers back in-store. But they may have to offer both the latest automation along with the human touch to win customers over.

More than half of consumers (55%) prefer a mixture of interaction with retail staff and a fully automated experience. UK shoppers tend to favour staff-only experiences, with 20% expressing a preference in comparison to 15% of US shoppers. Similarly, 20% of US shoppers prefer a fully automated experience, in comparison to 17% of UK shoppers and those that prefer an automated experience do so because it is quicker (50%) and more convenient (40%).

There is a significant group of shoppers who shun human interaction with almost a quarter (23%) of shoppers preferring not to speak to people at all. In fact, 12% say interacting with people is one of their top frustrations with in-store shopping while 22% get frustrated with staff inefficiency. A smaller group is unsatisfied by the available alternatives with 12% saying self-checkouts are a top frustration.

### Retailers must prioritise speedy service or risk losing customers

While shoppers are currently generally satisfied with query response times, only 8% say that time taken to resolve queries is a top frustration with in-store shopping, more than a quarter of shoppers (26%) say they typically have to wait more than three minutes to have a query answered in-store and over half (54%) have to wait more than a minute. Consequently, it is clear that retailers can't afford to become complacent and must increase the speed of service or risk losing out on valuable customers.



## Listening to shoppers' frustrations

Looking ahead to the reopening of the high street it will be key for retailers to listen and act upon consumers' complaints about the experience of shopping in physical stores. The vast majority of shoppers (93%) have frustrations with shopping in-store unrelated to the pandemic. In fact, crowded stores were a bugbear for shoppers long before Covid-19.

This issue is one of the top annoyances, along with;



Regrettably, shoppers are often leaving retail stores feeling frustrated. Over three quarters (76%) admit to leaving retail stores feeling frustrated about their experience. One fifth (20%) feel frustration at least once a week and half (50%) experience it at least once a month. What should be concerning to retail bosses is that shoppers are taking frustrations out on staff who need support to safeguard their personal safety.

Over one fifth (21%) admit to shouting at staff sometimes and troublingly, 7% say they shout at staff all the time. The likeliness to shout at staff decreases with age. Older people are less likely to shout at staff: 94% of those above 55 say they never shout at staff, compared to just 67% of those aged 18-24.



## The top reasons for shouting at staff are:

- Took too long to serve me (30%)
- Rudeness (29%)
- Poor customer service (28%)
- Unable to answer my questions (23%)
- Made an error when serving me (23%)
- Provided inaccurate information (22%)



## US shoppers are much less tolerant of bad customer service than their UK counterparts

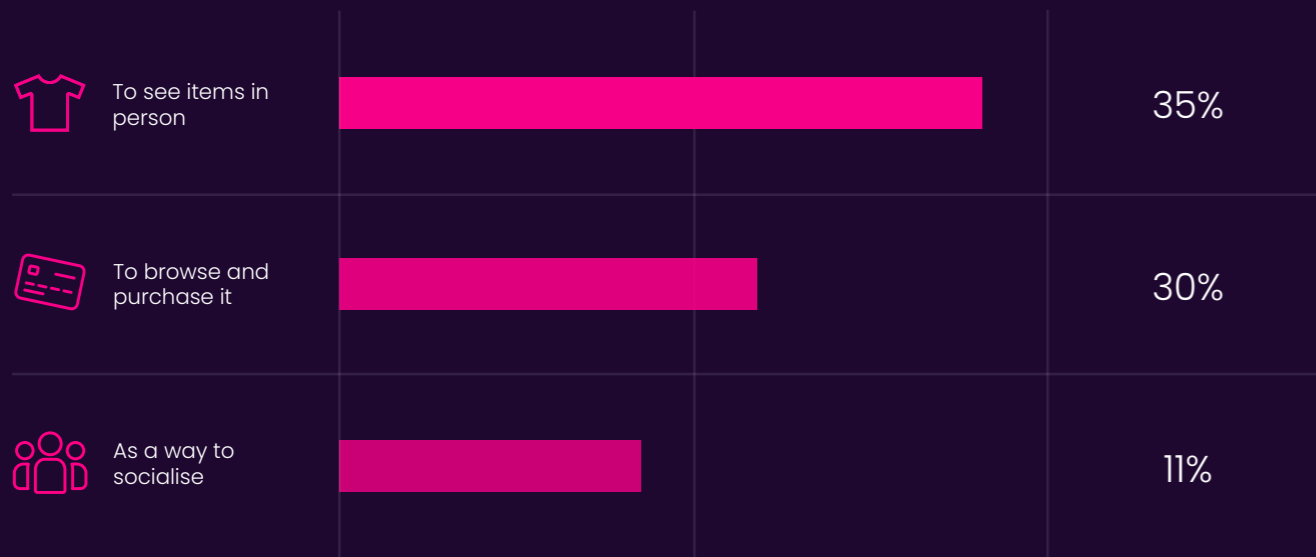
US shoppers are more likely to become angered due to bad service with a third (33%) admitting to shouting at staff because of this compared to just 22% of UK shoppers. US shoppers are also less patient with over a third (34%) admitting to shouting at staff because they took too long to serve them, compared to 25% of UK shoppers.

## Future shopping trends

Numerous retailers are seeking to transform and reinvent themselves to adapt to the changing retail climate, with technology playing a key role. But should they be focusing only on technology and what do consumers make of these changes? How comfortable are shoppers with the way retail is evolving?

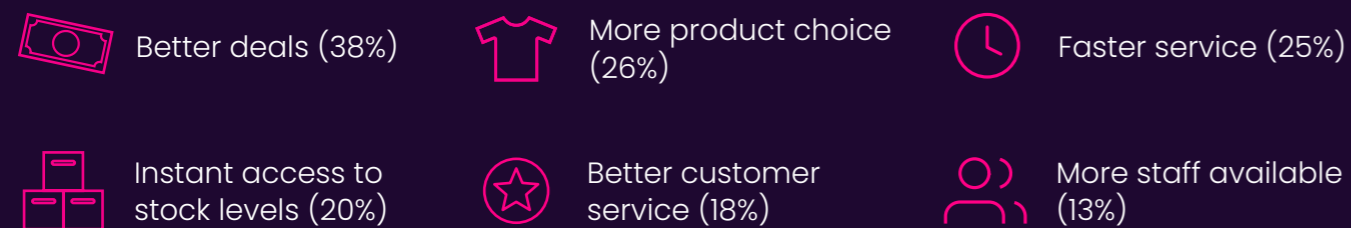
The good news for retailers is that consumers clearly believe there is still a role for the traditional brick-and-mortar store. This is because they still want to browse and see items in person.

When asked what is the main reason that they will visit physical stores moving forwards, shoppers stated:



## Retailers have an opportunity to encourage shoppers back into their stores

One of the key takeaways from our report is how retailers can go about tempting consumers back into their premises. Shoppers would be encouraged in-store more if there was:

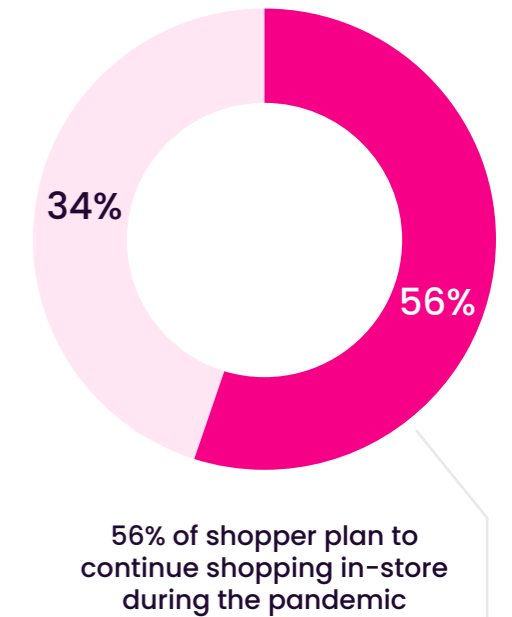


## Opinions vary on the future of brick-and-mortar stores

Clearly physical retail is not dead, with over half of consumers (56%) having no plans to stop shopping in-store. However, they are divided on the future of the high street—29% of shoppers do not think the high street will disappear by 2030 but 26% think it will. On this UK consumers are less optimistic. Over a third of UK shoppers (35%) think the high street will disappear after 2030 compared to 18% in the US.

Although the role of physical shops remains, more consumers plan to move online in the next five years. Nearly a third (31%) of shoppers already do electronics shopping online and over a quarter (26%) expect to stop shopping for electronics and home appliances in-store within the next five years. However, over a quarter (26%) of shoppers say they will always shop in-store for electronics and home appliance items.

It is groceries, garden, home and DIY, health and beauty and fashion that are the items shoppers are most likely to continue to purchase in-store, with almost half (44%) of shoppers saying they will always shop in-store for groceries. However, a fifth (20%) of shoppers already do grocery shopping online and nearly a quarter (24%) expect to stop shopping for groceries in-store within the next five years.



**When it comes to bringing back shoppers, experience is everything**

Another clear message for retailers is that even though consumers want to shop in-store, they are only prepared to do so if the experience is an efficient one. Two-thirds of shoppers prefer their in-store shopping experience to be between 11–20 minutes long and nearly one third (30%) want the shopping experience to last under 10 minutes. are taking frustrations out on staff who need support to safeguard their personal safety.



**Conclusion**

Reinvigorating physical retail once the pandemic has passed must be the central mission of businesses across both the UK and US. The global health crisis has changed how we interact with stores and the message from consumers is loud and clear - a physical-digital hybrid model will be the preference once the world is back to normal.

It is evident that confidence in physical retail has taken a hit, however, over half of shoppers still have faith in brick-and-mortar stores. This provides hope that there is still going to be life in the high street when it is able to safely reopen. Further good news is that shoppers still value in-store staff and are confident in their ability and it's a positive sign that there is a strong belief that retail staff improve the in-store experience.

**Women value longer in-store experiences than men;**



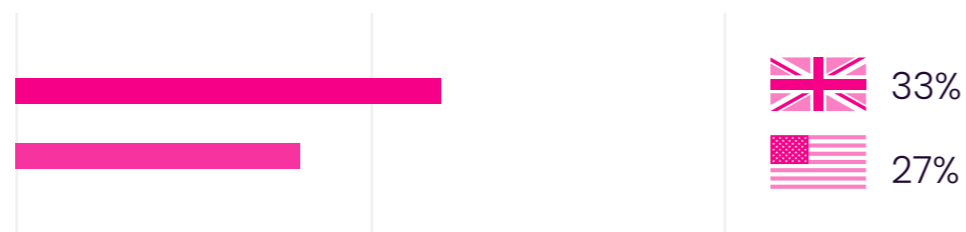
Nearly three quarters (72%) of men want the experience to be under 20 minutes



57% of women and US shoppers prefer slightly longer in-store shopping experiences



Shoppers want their in-store experience to be under 10 minutes



However, it is likely things will never be quite the same again, with shoppers saying their retail habits have been changed by the pandemic and not just for the short-term. We can see brand loyalty has been hit, which retailers will have to work hard to win back in 2021 - along with those shoppers who have been forced by the crisis to make their purchases online.

Listening to consumers, it is evident that the future of retail is in blending the digital and physical in a shopping experience that meets their changing needs. In 2021, more than ever before the experience is going to be everything. That means reconnecting with impatient shoppers to give them what they want, how and when they want it in order to revitalise the high street again in a post-pandemic world.

# VoCoVo

## About VoCoVo

Established in 2016, VoCoVo enables businesses to release the power of voice. Currently used by 30 tier 1 global retailers and active in 6,000 stores with 83,000 users, VoCoVo's solutions drive actionable insights that empower retailers to improve employee communication and make better decisions that enhance customer experience and drive profitability.

Based in the Cotswolds, VoCoVo is growing fast with customers across the UK, Europe, Australia, Canada and America. In 2019 the company became a winner of the Deloitte Technology Fast 50 Award and a finalist in the Santander Growing Business of the Year Award.



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