BEYOND MILLENNIALS:

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TOSHIBA

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Today's shoppers aren't just moving seamlessly between channels, they're also moving seamlessly between retailers. Decision points along the shopping journey are blended, unpredictable and non-linear. Retailers must understand how to connect with consumers, both to attract and retain them. Consumer research from Toshiba Global Commerce Solutions indicates shoppers, of all generations, view the store as an integral part of engagement, transaction and retention. In this report, we reveal critical insights to create meaningful connections with consumers across points of decision, from home to store and in between.

Buying a pair of shoes used to mean hopping in the car, driving to the mall, trying on a few pairs at a store or two and making a purchase then and there. Today, that straightforward errand has become more of a frenetic road trip with impulsive stopovers, frequent backtracking and unpredictable destinations.

Today, shopping for shoes may mean looking at retailer A's website for customer reviews, a visit to retailer B's store to try them on, a scan of retailer C's social media page to check out how they are worn and styled and a purchase from retailer D because that is who offered the most convenient delivery or lowest price.

For any one of these retailers, the challenge is to pull as much of that activity as possible toward their brand. Doing so in today's crowded marketplace means taking stock of all consumer touchpoints — from the brick-and-mortar shop to digital channels and even the back-end operations that influence the path to purchase — and ensuring they work together seamlessly to deliver a rich, personalized and relevant experience that helps move shoppers to make the purchase.

"The best way to still engage the shopper is the store, but the store is now becoming an experience that meshes the digital and physical world," according to Toshiba's research.

Toshiba conducted extensive research to examine the purchasing habits and shopping preferences of today's consumers and found that retailers with a physical presence are at a clear advantage. But those brands also need to update their practices to ensure that their spaces are offering the sorts of interactions that consumers want, as well as the convenience and integration with digital offerings that shoppers have come to expect.

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Shoppers of all generations have a preference for shopping in stores: Online purchases comprised just 13% of the more than $850 billion spent during the 2018 holiday season, according to Mastercard. The rest was made up of purchases in stores, or some combination of physical and digital purchases — such as a purchase made online and picked up in person.

In the shopper's mind, the distinction between the brick-and-mortar store and online channels is breaking down. The "store" is now more about the brand than a specific place. A shopper who makes a purchase from a particular retailer — Nordstrom, for example — may discover a product through the retailer's social media page on a mobile device, visit the brand's website on a desktop computer to learn more about the style and read reviews, then drive to a store to pick up the item. To the shopper, each of those destinations — the mobile social media page, the desktop site and the brick-and-mortar store — are all Nordstrom.

Savvy brands have shifted their thinking in response. Take the example of Nike, which teamed up with Foot Locker to create an augmented reality scavenger hunt in Los Angeles to promote the LeBron 16 King "Court Purple" sneakers. The campaign brought smartphones and in-person experiences together to gamify the shopping experience and build up excitement.

Like Nike and Foot Locker, brands should be shifting their thinking toward the overall consumer experience across channels, rather than thinking of the physical and online retail worlds as distinct. Doing so is imperative to reaching today's shoppers, who are just as willing to move seamlessly among brands and retailers as they are among channels.

This report will outline a path forward for retailers based on what Toshiba's research has revealed about the modern shopper.

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DEEPEN ENGAGEMENT ACROSS PLATFORMS

Before making any sort of strategic shifts, retailers must first embrace a new way of thinking. They should consider their brand as delivering an experience, not a product.

Experience turned up as a common theme in Toshiba's research, illustrating that today's shoppers largely value experiences rather than things, so even product purchases should be treated as experiential.

The store's place in delivering experience

First and foremost, the experience customers have with a brand must be consistent across digital and physical interactions, noted Fredrik Carlegren, executive director of global marketing for Toshiba.

"Everything the consumer experiences in the digital world needs to carry over into the physical shopping experience," he said.

Toshiba's research found that the store is the center of engagement, transaction and retention, and incorporating values — such as quality, product availability and good loyalty programs — as well as experiences into the store environment is essential to fostering connection with all age groups. The research also found that 89% of companies see customer experience as a key factor in driving customer loyalty and retention.

Shoe brand Allbirds is an example of a retailer that emphasizes customer experience. The company, whose comfort-focused wool shoes became an online sensation, opened a store in New York City in 2018 to give customers a more interactive way to experience the product. The store has custom furniture designed to streamline and enhance shopping with areas to tuck away shoe boxes and clear more space for trying on shoes. Boxes are also kept on the selling floor so that sales associates don't have to leave the customer for extended periods to browse inventory.

In an interview, Allbirds co-founder Joey Zwillinger explained how the envisioned experience dictated the space.

"[W]e have a bartender analogy [where] there's actually a person serving you the size and the shoe right in front of you," he said. "You get a really great one-on-one dialogue, just as if you were a person who walked into a bar alone and wanted to talk to the bartender. The goal of doing that is really to make sure that with every single interaction with a customer meets and exceeds their expectations."

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Carlegren said the main advantage physical spaces offer over digital ones is human interaction, and retailers should keep that in mind as they design stores. They can also bring brand authenticity into the physical store by making spaces reflective of their brand and ensuring associates understand and represent that brand in their interactions with shoppers.

"Empower your store associates to deliver a high level of service for your customers," he recommended.

Technology that reduces inconvenience

Engagement also means reducing the inconveniences that come with in-person shopping, such as long lines at checkout. The vast majority of purchases still happen in stores — about 90%, Toshiba's research found. Retailers should respond by making the in-store experience more convenient and better integrated with their digital presence.

"Use technology to help enhance the customer shopping experience and find ways to use technology to remove friction when consumers are engaging with your brand," Carlegren said.

For example, younger generations are embracing the latest checkout and payment technology. Retailers should keep up with consumer expectations of such conveniences, including the extent to which customers are comfortable with self-service.

Big retailers are already making movement on this front. Knowing that consumers trust the PayPal-owned mobile payment service Venmo, brands such as Williams-Sonoma, Abercrombie & Fitch and Hollister have begun accepting it as a form of payment to appeal to younger shoppers. Venmo opened its service to retailers in 2017 and processed around $46 billion in payments in its first year, Bloomberg reported.

Mobile payments can also offer other benefits, such as reducing transaction times. For example, Target employees experimented with walking around the store to process payments on handheld devices so that customers wouldn't have to stand in lines during the busy holiday shopping season. Competitors Walmart and Kohl's are also using mobile checkout to make in-store shopping more convenient.

"[R]etailers are pivoting away from an old industry mindset: Get customers into stores so they'll spend more dwell time, and as a result, more money. The focus is now on making the in-store experience as efficient as possible," Suman Bhattacharyya wrote in Digiday. "The idea now is to build loyalty to a brand that encourages ease of transaction and repeat visits."
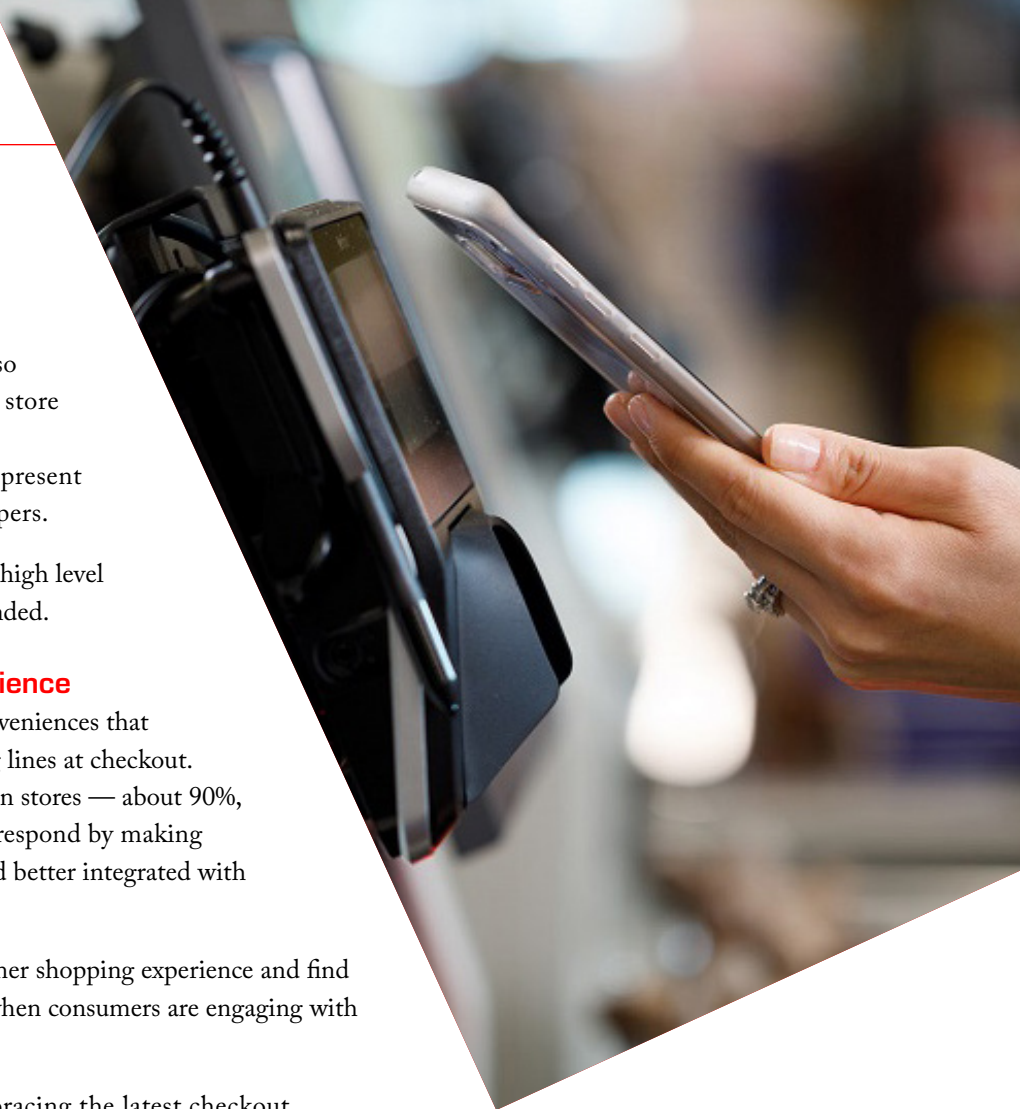
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Integration with social, digital strategies

Toshiba's data revealed that social media is playing a larger role for millennials, who say it is their second most preferred channel to engage retailers after physical stores.

Kohl's took advantage of this preference by partnering with the social media platform PopSugar to develop a clothing line that would resonate with millennial women. More than one-third of the sales for that line occur online, far higher than the retailer's average.

Kohl's CEO Michelle Gass encourages her team to experiment and said Kohl's — which also works with Amazon to accept returns for the e-commerce giant and leases space to supermarket chain Aldi — does not limit itself to being a department store.

"You aren't always going to get it right, but you've got to be out there trying things and really have a mindset of experimentation," she told The Wall Street Journal.

FOCUS ON BUILDING TRUST

Establishing meaningful connections with consumers requires establishing trust with them. That includes consistently delivering on priorities such as quality products, but also building a more emotional connection with them.

"Find a way, both online and in store, for customers to emotionally connect with your brand," Toshiba's Carlegren said.

Toshiba's research found that honesty and trustworthiness were top drivers of loyalty among younger generations. Transparency is becoming so imperative that in a recent study by the Food Marketing Institute and Label Insight, 75% of grocery shoppers said they would switch to a brand that provides more in-depth product information.

As voice-assisted devices and other technology make it possible for retailers to reach consumers in new ways, trust is increasingly important. Retailers must establish trust to get into consumers' homes.

Amazon has been rated as "the most-trusted company in the world" for three consecutive years in a Harris Poll. The brand's single-minded focus on customers, even as it experiments with new technology such as artificial intelligence, is the driving factor, Natalie Monbiot wrote in MediaPost.

Data as the backbone of personalization

Establishing trust online is particularly important as consumers become more wary of how their data is being used by brands.

"Retailers must use consumer data very carefully and securely," Carlegren said. "There is a delicate balance between understanding your customer and bombarding them with promotions. Today, promotions aren't about getting your messages out to the market, they're about having your messages heard in a way that resonates with customers and improves their authentic connection to that retailer."

In an interview with [Glossy](#), L'Oreal USA Vice President of Marketing Sivonne Davis said that data has become integral to how the beauty brand gets to know customers and their preferences. But customers can also hold back information if they do not feel that a brand is using it judiciously, she noted.

"There is a huge opportunity to have a customized, personalized, data-driven conversation that has to start with trust," Davis said.

It's not just online that data matters, however. Understanding how a consumer shops allows retailers to build personalized relationships that foster a meaningful connection based on trust. Data is the underlying tool to accomplish that.

Integrated customer relationship management systems that offer a single view of customers — regardless of which platforms or channels they use to engage with the brand — are important to fully understand the purchasing journey.

Realizing the value of a good data strategy, Walmart [launched](#) a multi-year effort in 2017 to improve its use of data to personalize shopping.

"From 1 to 10 in our use of data, I would say we're probably about a 2," CEO and President Doug McMillon admitted to investors at the time. "We use data to improve in-stock and replenish. We don't use data to personalize."

The company is partnering with Nielsen to improve how data is used by manufacturers, vendors and business partners to give supply-chain partners a more consistent view of the market and position themselves to reduce costs and boost the shopper experience.

Expected innovations include changes in what is stocked at Walmart stores, in-store touch screens to place orders and hyper-personalized promotions that are tailored to shoppers' preferences.

"You can imagine use cases that will save customers time and have them actually understand that we do understand them to an extent," McMillon said, calling trust "our ultimate asset."

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of consumers age 16-20 and

59%

of consumers age 21-28 prefer to learn about new products in stores.

49%

of those age 16-20 and

45%

of those age 21-28 rely on social media.

51%

of those age 16-20 and

44%

of those age 21-28 look to family and friends.

Social media's role in loyalty

Shoppers have always valued recommendations from friends and family, and today's social media platforms offer a ripe opportunity for brands to establish trust with consumers through their existing networks.

Toshiba's research found that younger generations in particular value social media and family and friends as a way to discover products. In fact, consumers are beginning to trust those influencers nearly as much as the brands themselves. While 57% of consumers age 16-20 and 59% of consumers age 21-28 prefer to learn about new products in stores, 49% of those 16-20 and 45% of those 21-28 rely on social media and 51% of the younger set and 44% of the older set look to family and friends, according to the research.

Today, retailers can't assume that shoppers will be loyal. Rather, they must demonstrate their loyalty to their customers.

By being present on social media sites and engaging customers through them, brands can become a part of their community and build positive associations. Encouraging satisfied customers to share their experience with friends and family can also create overall brand positivity.

There are many tactics for boosting social media engagement, but brands can start with some basics: Include social share buttons at the end of a purchase, use giveaways to encourage social tagging of purchases and offer discounts when customers bring in others to try out products and services.

For retailers with a brick-and-mortar presence, tying that in to reward loyalty can be a valuable way to retain customers. The Wall Street Journal highlighted several examples of how retailers are innovating on this front: Nordstrom is giving icon-status members perks such as access to events with designers. J.Crew offers special shopping hours to big spenders, and Macy's rewarded some customers with special access to its Thanksgiving Day parade.

These examples go back to the heart of how brands should be engaging shoppers today — by integrating channels and focusing on experiences.

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CONCLUSION

Experiences, trust and loyalty are the name of the game when it comes
to attracting customers in today's shopping environment, where physical
and digital distinctions no longer make sense. It's not online shopping
or in-store shopping: it's all just shopping. Brands and retailers can only stay
relevant if they shift away from thinking about stores, channels and platforms
as distinct arenas and toward focusing on a holistic customer experience.

"Always remain curious and dedicated to the pursuit of better understanding
your customer," Toshiba's Carlegren said. "When the experiences you deliver
are customer-centric and holistic, retailers have tremendous opportunities for
attracting and retaining those customers for years to come."

Toshiba Global Commerce Solutions is a global market share leader in retail store technology and retail's first choice for integrated in-store solutions. Together with a global team of dedicated business partners, we achieve brilliant commerce by advancing the future of retail with innovative commerce solutions that enhance customer engagement, transform the in-store experience and accelerate digital transformation. To learn more, visit toshibacommerce.com and engage with us on Twitter, LinkedIn, Facebook and YouTube.

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