

# Consumer Expectations Soar: What does it mean for retailers?

Findings from the 2016 IBM  
Consumer Expectations Study

In Partnership With



Delivering Intelligent Fulfillment

Prepare yourself for the new retail. In 2016 IBM surveyed 1,500 U.S. consumers aged 13 to 60+ to (1) find out what today's consumers consider most important when choosing where to shop and (2) compare those results to a similar study done in 2011. The results speak volumes.

## The vocal majority

In 2011, the majority of consumers underscored the importance of a variety of retail capabilities. In 2016, even larger numbers of consumers are not only indicating that these capabilities are important but they are now important enough to make the difference between shopping one retailer over another. Recognizing which preferences are most important, and to whom, is now more essential than ever for meeting your customers' expectations and retaining their brand loyalty.

## Just scratching the surface

It should be noted that the breadth and depth of the study can not be adequately represented in a single writing. Differences between ages and genders and answers to a host of additional questions provide enlightening insights into the U.S. consumer in 2016 and how they're changing. Information included at the end of this paper provides details on how to schedule a complimentary Executive Briefing on the study's complete findings.

## Catalysts of change

For this paper, we've chosen three key influencers that we see driving consumer attitudes, behavior, and ultimately, their expectations...

## Highlights



72%

of consumers consider express delivery important when choosing where to shop



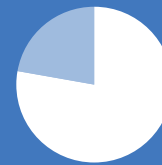
80%

of consumers consider it important to be able to view in-store product availability



78%

of consumers consider it important for retailers to provide details beyond "in stock" or "out of stock"



79%

of consumers will purchase an out-of-stock item if you can find it in stock elsewhere

# 1. Expectations not met = disappointment

Consumers routinely taste the forbidden fruit of the seamless brand experience. Top retailers have been delivering it for years. But, the 2016 study shows that these capabilities have gone from preferences to daily presumptions.

Here are just a few highlights of what the study revealed...

## Inventory visibility is, now, essential

Consumers want to check if an item is in-stock before they visit your store. In fact, 81% consider this so important they'd choose to shop one retailer over another based on this capability alone. But basic item availability is no longer good enough.

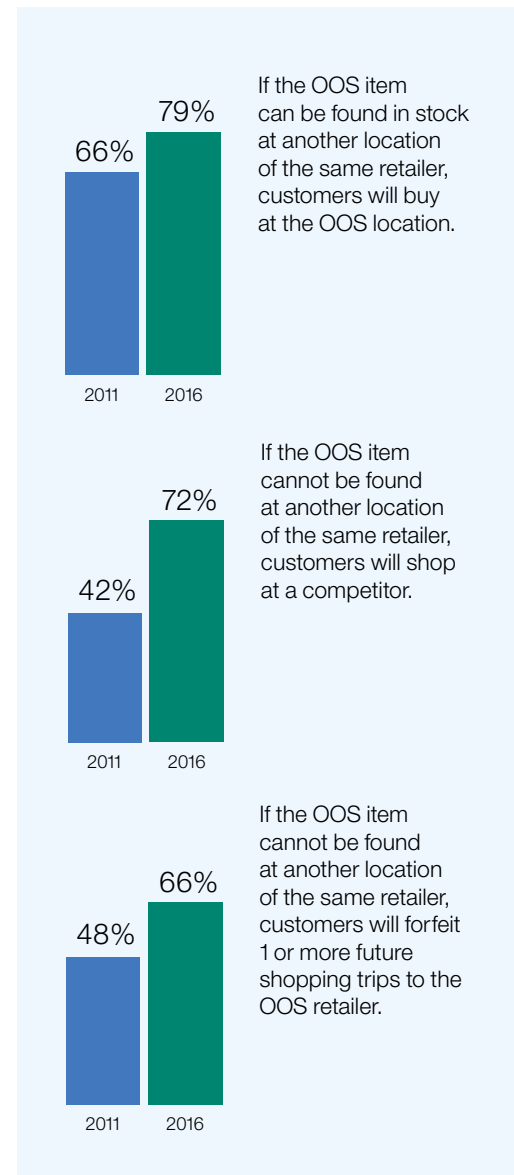
## In-stock? Out-of-Stock? Details please!

Consumers want more. 78% consider it important for the retailer to provide additional details like "quantities limited", "call store to confirm availability", or "will be available on \_\_\_\_". Even more of those aged 13-39 consider this important.

But what happens when a consumer experiences an out-of-stock in your store?

## Save the sale and the relationship

81% of consumers expect your store associates to be able to "quickly and efficiently" locate an out-of-stock item at an in-stock location and find a way to get it to them (up from 72% in 2011). Not surprisingly, there are financial rewards for those able to save the sale and competitive consequences for those who can not...even more so in 2016 than in 2011.



## 2. The Netflix effect



You begin watching a movie on your TV, but you get interrupted. Later you open the Netflix app on your tablet. You resume watching from the exact point you left off. It's seamless. And it's affecting consumer expectations. How?

Consumers now want to start an order in one channel and change it or complete it in another. In fact, 59% consider this important enough it's affecting where they choose to shop – up from just 34% in 2011. But there's more...

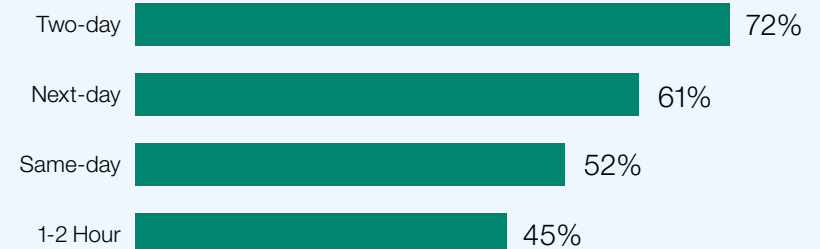
64% also consider it important for a store associate to be able to access an online cart and modify or complete an order for them in the store. This preference is strongest in the younger age brackets and will increase over time.

## 3. The Amazon effect

72% of consumers now consider the availability of two-day delivery important when choosing whether or not to make an online or mobile purchase.

What's more, the number of consumers who indicated that the availability of next-day, same-day, or 1-2 hour delivery impacts their decision to buy was also significant. Clearly, the impact of Amazon Prime on consumer expectations is undeniable. But, the survey also revealed some related positive findings.

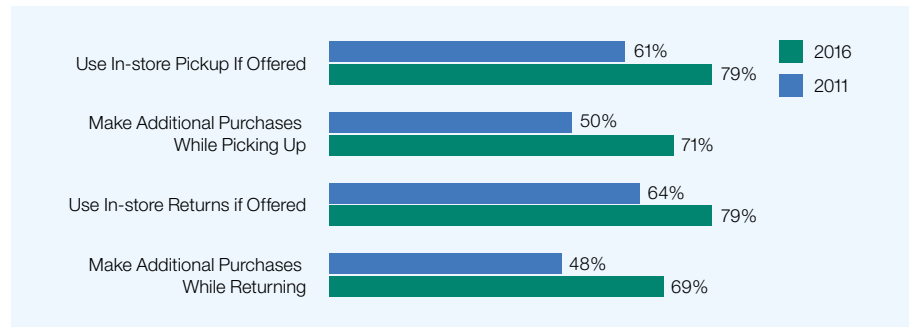
Importance of Delivery Time Availability for Making the Purchase



## The good news

While changes in delivery expectations can strain fulfillment operations, there is a silver lining.

More consumers than ever like to pick up or return their online purchases in the store. 74% consider it important to offer in-store pickup, and nearly that percentage will choose that option even if offered free shipping. We saw a significant increase in those who will take advantage of in-store pickup or return and those who would buy additional products while in the store.



For those who prefer express shipping, many are willing to pay extra for it. But, the question arises, “Who? And, how much extra?” To find out the answers to these and a host of other questions posed in the study, schedule a complimentary briefing for your team, today.

## Schedule your complementary briefing and learn:

- Which omni-channel capabilities are most important for shopping one retailer over another
- How consumer preferences have shifted in the last 5 years for which age brackets
- Which expedited shipping options are important to each age bracket
- How much extra consumers are willing to spend on expedited shipping and which age groups are more willing to pay
- Which channels are most/least acceptable for advertising and promotions
- How consumers want to interact with retailers via mobile and social channels

To schedule a briefing, contact  
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