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Digital in-store shopping

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Abstract

In a world where online shopping and digital interactions are growing constantly, one must be aware of their consequences for retail and how it can benefit from this. Big retail chains are keeping up with the phenomena by reinventing its way to attract more shoppers, either by creating very complete online portals or by bringing technology to its physical spaces.

This paper brings some data on how consumers are using digital platforms for buying goods while inside a physical store. It concludes that a growing number of consumers are using mobile as an in-store support device as well as retailers are using it to attract consumers to stores.

The paper also shares some data from a small inquiry made to Portuguese users about their use of mobile for in-store shopping purposes.

Subject Headings. Digital Technologies, Impact of Information Technology, Retail Selling

Author Keywords. Digital in Retail, Mobile Retail, Digital In-Store

1. Introduction

The decline in shop's foot traffic only means one thing - consumers are now changing the way they purchase. Nowadays, going shopping is a "need to be done" task, since most consumers have busy lives and going to a physical shop takes time and effort. This makes buying online very convenient and, in many ways, offers a better overall experience (Jeremy 2014).

The experience is even better when customers can have more information online than when talking with a sales associate. Peer reviews, price comparisons and product details are just some of the fixtures of the online marketplace that are very difficult for a sales associate to keep up with (Jeremy 2014).

The point here is not that online sales are better, but that information available online is more detailed and filled with relevant details.

Brick and Mortar or physical retailers are experiencing a change in consumer behaviour, which is, that consumers are turning to the internet to make their purchases. Data from the United States Department of Commerce says that e-commerce grew by 14% in second quarter 2015, compared to a mere 1% from total retail (Halpin 2015).

This paper intends to summarize some data from important institutions, like Google, to give a glance on the current situation on the use of digital in-store. Apart from data gathered from articles, it will also use a private inquiry data, retrieved from Portuguese shoppers as a mean to support the available literature. It does not intend to be an exhaustive document about the use of mobile or digital.

2. Digital in-store

The way of shopping is affecting every store, both physical and digital, by the way people are always contextualized, connected and with constant access to different platforms. This is just an opportunity to grow for retailers with a strong business sense. The combination of classic, in-store retail, with digital technologies and platforms, will simply do what is more important in a business – to serve clients as good as possible (Ramaswamy 2013).

One curious fact that retailers must be aware of, dates from information back from 2013. Some stores reported a dramatic decrease in foot traffic and yet a huge increase in sales. This means that consumers go to a store much better informed and knowing what they want. They don't go there to browse, they go there to buy (Samat 2014).

Digital Media doesn´t just drive online shopping, it actually gets consumers into local stores. These stores are becoming more of a pick-up point for something that was researched before rather than a place where consumers go to browse for products (Samat 2014).

Even information that is required while in-store, is most of the times accessed via smartphones rather then asked to a shop assistant. Consumers find that the information available in-store is just not enough, so they use the online information on product they are looking at in the physical world to decide a purchase (Samat 2014).

Therefore, retailers should no longer see sales as divided between online and offline, but as a combined result of a combined effort (Samat 2014).

This information is backed up by statistical information, from a relevant study (Ipsos MediaCT 2014) ordered by Google Think Insights to Ipsos MediaCT and Purchased®. This study was made from the 10^{th} to the 22^{th} January 2014 where 4,500 respondents completed one of nine vertical specific online surveys[1]. Some of the key findings are listed below:

1. 4 in 5 consumers use search engines to **find local information**.
2. 50% of consumers who conducted a local search on their smartphone **visited a store within a day**, and 34% who searched on computer/tablet did the same.
3. 4 in 5 consumers want ads customized to **their city**, zip code or immediate surroundings.
4. More than 60% of consumers have used location information in ads.
5. Local searches lead to more purchases than non-local searches.
6. 88% of local searches are done on smartphones.
7. 53% of consumers search locally at home, 51% on the go and a staggering 41% search for information when they are **already inside the store**.

This data clearly shows a strong connection between the use of digital technologies and foot traffic as well as the will to use them locally. Local searches and customized local ads lead to sales, making it clear that multi-channel really works locally.

Google worked with Ipsos and Sterling brands on a great study (Google 2014) that manage to incorporate Qualitative and Quantitative insights on the in-store use of digital technologies. This study explored US consumers' in-store shopping behaviour and expectations in three verticals - Retail (apparel/accessories, appliances, home furnishings, sporting goods, home improvement), Tech (mobile phone handsets, computers, consumer electronics) and CPG (food, home care, personal care, beauty care).

[1]4,500 respondents completed one of nine vertical specific online surveys from Jan 10-22, 2014 (n=500 per vertical). Additional Ipsos criteria: bought in at least one of the nine verticals in the last 6 months, used search engines as a source of information for at least one of the nine verticals.

In May 2014, Sterling did the quantitative approach, where 6000 respondents (N=2,000 per vertical) completed an online survey. The audience was smartphone users aged 18-53 that had at least two purchases in the previous six months. Sterling invited 16 persons from a previous poule of 69 journal participants, to do shopping tasks between the 18th and 20th March 2014. These were between 18 and 32 years old who used the internet for research, shop online and offline as well as had two purchases in the past two months.

The results say that 87% of consumers look for information before visiting a store, 79% look for information while in-store and 35% keep in getting more information even after visiting a store (Google 2014).

Today's consumers are very informed and want to access information throughout the shopping process, which drives their use of mobile platforms as well as the consumption of online information (Google 2014).

Figure 1: Percentages of how consumers look for information

Common sense says that, if someone is looking for something, what can be better to provide him with the information on the product, a picture, a price tag and how far they have to go to immediately have that product (Krueger 2015).

3. The case in Portugal

Recently, a questionnaire has been set up, in order to understand the differences from this previous study to the Portuguese reality. This questionnaire was sent between the 16th and the 18th March 2016 and got 273 responses. There were no biographic questions, since the intention was just to have a first impression on the use of digital for shopping for Portuguese users in general, independently of their age or where they come from.

What one was able to find with this research, is that the vast majority of the respondents actually does use digital platforms to search for new articles (93,7%) but much less really goes ahead and buys online (64,6%).

When asked if they were searching for products with the clear intent of going to a physical store afterwards, 15,8% said No, while the rest said YES. From the ones that answered positively, 45,1% said it does search with the intent of going to a physical store, but only from home or from work, while 46,2% said it searched on the go.

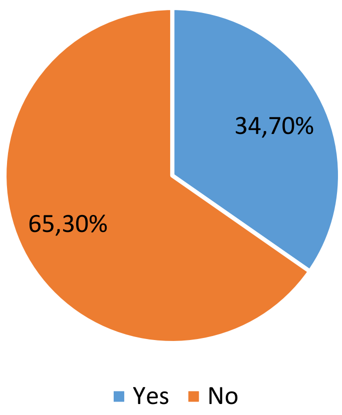

Figure 2: Percentage of Portuguese consumers who use internet to search for new products

A curious number, that completely contrasts with the US users aimed by the Google study, is that only 34,6% of respondents said they use smartphones inside a store. However, a lot of people saw advantages on being able to use them while in-store. 170 responses were assigned to the advantage of being able to know more about the products that are in-store, 111 responses pointed out that it was an advantage if they were able to know inventory and available numbers and 110 responses said it would be good to know the product's locations.

Yet, when people where given the possibility to say in what way it would be useful to use digital technologies while in-store, in an open answer, they got creative. Answers like Promotions, Price Comparison, Easy to make payments and to avoid lines came to life.

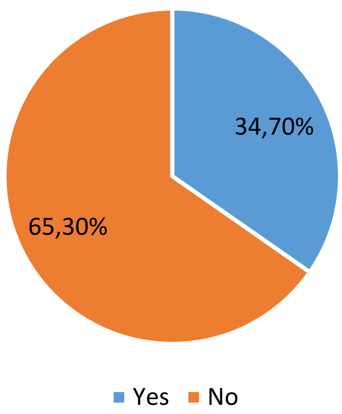

Figure 3: Percentage of Portuguese consumers that use mobile technologies while inside a store

4. Conclusion and future work

Physical stores can provide helpful information online to drive consumers to stores and to keep consumers interested while inside the store. Small things like showing product availability, store location, office hours and contacts can make the difference in bridging the online with the offline world (Google 2014).

To add on this, local retailers can use Local Inventory Ads to inform consumers of product availability and indicate in what store that product is as well as the distance to its current location (Google 2014).

To be successful in this new retail reality, the local retailer must measure behaviour, provide relevant and local retail information, and create an organizational structure that supports omni-channel marketing (Krueger 2015).

For future research, it would be interesting to compare Portuguese results relating to the use of mobile technologies while in-store, with internet usage, both mobile and local network.

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