Showrooming

Death or Salvation for Bricks and Mortar Retail

RETAIL VITAL STATISTICS

ResearchBods

Contents

Executive Summary

This white paper identifies key actions that stores might take to build sales from these increasingly important mobile phone users—the showroomers. Smartphone users that take their product search on the web into a store.

It identifies that the number of people equipped to showroom is growing rapidly, and current users forecast serious intention to increase the amount of showrooming activity. It identifies what they search for, and what they report they do after they have finished.

It develops a case from the research that the user of mobile phones in stores is fast becoming a vital asset to be encouraged rather than a curse to be removed.

It suggests simple support activities that could persuade showroomers to choose your store first, since, these same people report, they are most likely to take a decision to buy in the first store they choose to visit.

There are two exclusive views brought together in this white paper, the first, from ResearchBods covers the views of 1,000 owners of smartphones. Here we ask them about their current and future use, as well as about the whole process of showrooming, what additional information they seek, and why they might buy where they are, and not elsewhere.

The second represents the kind of appeal that will cut through to the average shopper. It is by no means always price that makes the difference. Here we are indebted to the British Population Survey who monitor over 1,000 people monthly - and have done for some years - so they can track the way that consumers change on key attitude and action measures. This is part of the RetailVitalStatistic.com (RVS) insight package.

Market Size

By 2017 Statista report that 43.4 million people will have a smartphone in the UK. If the percentages stay the same as today, 13% of these will be heavy users, or use quite often for showrooming. That's nearly 6 million people. In this survey only 17% of people with a smartphone claimed never to use it for showrooming.

Looking to the future, around half of smartphone users plan to increase their range of activity. However, only 10% plan a decrease of any kind. As a result store owners will be seeing many more people face to screen down their aisles.

Price enquiries increase in importance—but then other forms of enquiry are also expected to grow.

Do you feel that you are more or less likely to use your smartphone in the future in store to...	A lot / little more likely
Review prices	50.00%
Review the specification of the product you are interested in	40.00%
See reviews	39.00%
Review the specification of alternative products	36.00%

Showrooming in Context

If you are a retailer, you have invested to attract people to your store. You notice they are leaving the store without buying. What do you do?

Well, in that regard, nothing much has changed over the years. Shoppers have always visited stores, and left without buying. What has changed is that it is now possible to point to a specific mechanism for leaving, based on shoppers extending their range of enquiry outside of simply your offering, triggered either by the mission or by what they find in your stores.

Options obviously exist if you find this to be troubling. One well reported small retailer took the decision to "fine" people if they left without buying. This represents, of course, the single easiest way of guaranteeing no-one will visit in the first place. This will definitely discourage the uncommitted shopper, but at the cost of preventing the browser from ever coming. You can imagine that this might be appropriate if your advice is more valuable than your merchandise. Opticians, wedding planners, designers for example, might all feel that they did not want to offer their expertise free on the off chance of a sale. In which case they do have options such as offsetting a consultancy charge against a future purchase. If you are a bricks and mortar retailer the one thing that matters is footfall, interested people walking through your door. It is for very good reason that the 3 P’s of Position, with the attendant passing traffic are deemed to be so important.

For any retailer, though, it's about engaging this footfall. One thing you can say about people who are actively showrooming in your store is that at least you know they are serious shoppers. An important point of difference from browsers out for a day or even shoplifters waiting for your back to be turned.

Showroomers are exactly the kind of people you want in your store;

- They have committed to spend time on a purchase
- They are committed to a purchase mission (in fact they report only 12% of the time they go home without buying)
- They have not bought YET since if they had, they would not be there
- They are active and knowledgeable.

The core question you have to answer is;

How do you deliver a showstopping experience for these very important people?

Being the first store that shoppers come to on a shopping expedition has a very definite benefit, even if they choose to buy elsewhere. Most showroomers, whatever the outcome of their online search, will walk away from your store with a product. A significant number who fail to find a product in your store will not buy at all. Overall, being in a store to showroom a sale was expected to lead to a purchase in that store 56% of the time, while the "buy elsewhere" option was only recorded 22% of the time. Being a second choice store definitely has its drawbacks.

Most usual option	Average ranking	Average % agree-ing
Buy from the store you are in to take home	3.1	34%
Buy an alternative product from another store	2.9	22%
Not buy at all	2.6	12%
Buy an alternative product from the store you are in	2.6	13%
Buy from the store you are in - but get it delivered to your home	2.2	10%

As a result we would encourage retailers to be as welcoming as possible to the increasing showroom-ing public, but work on establishing a real commitment to get them to buy in your outlet rather than move on. Actively encouraging conducting the product search while staying in your store seems to offer real benefits. So making your store a haven for the showroomer that you can turn into a pur-chaser would seem to be a strategy for success. This might extend to advertised WiFi, more seating, and, as we will see, potentially a staff member on hand to help them to place orders in your store for products that might be currently unavailable, or options you might not have space to display.

By 2017 you can count on at least 6 million smartphone owners in the UK to be heavy users, or use quite often for showrooming. This sector represents people willing to travel to your store to try and, potentially, buy. As such they are people you would want to encourage to offset those people quite happy to sit at home and order from cloud destinations. You would want to encourage them back again, to the extent of offering these people direct incentives not available to your normal on-line shoppers. The kind of incentive they look for will vary - but you would want to give some considera-tion to non-price alternatives such as coffee, or a free magazine of their choice to bring them back on a monthly basis. RVS publish a list of the importance of incentives in general, although this does vary dramatically for different socio-economic types (see tables).

Age has a role to play, although all generations take part more or less equally. For the young, it's fashion and cosmetics. For the older it's DIY and Food. This resonates with what they are looking for. The leading search driver is for price. This is followed by alternative products, reviews and specifications. Of course the alternative searches are all to do with product information that, in days of yore would have been expected to be supplied by staff. PulsePromotion research with the British Population Survey shows that growing in importance in consumer decision making are review sites (see tables at end). These obviously will include eBay and Amazon, and indeed most of the major cloud retailers. Store staff for many people fall well behind in being trusted for their opinion.

These showroomers - people who require experience before they buy - may walk out of your store if they find the same offering elsewhere cheaper, it is true. However, the second reason they give for leaving without purchasing, (and it is not that far behind), is that they can't buy the product they wanted as it was not in stock. An obvious solution here would be to ensure that you have central distribution available for product, and indeed a significant number of people (although last on the list of options given) was to order the product in the store from your store depot, to be delivered to home. Moreover, make that delivery free to showroomers. An AIMIA report in 2012 identified the importance of delivery costs included as a part of price. This may not be your online policy, but if people have taken the trouble to visit you they deserve to be given a repeat incentive.

Have any of these factors in the past been a driver to you deciding to buy elsewhere?	% Reporfting
Price	88%
Lack of availability in store	61%
Lack of choice in store	54%
Prefer alternative	28%
Design/Colour	24%
Specification/Construction	19%
Other (please specify)	2%

Range availability is very likely to become more important in the future, as city centre space becomes more expensive, and the challenge of offering a range in depth becomes more difficult to manage. Ceding the variety ground to the cloud supplier. So ensuring that these showroomers are really well aware of their direct delivery options, and, indeed, offering them a really fast version from your own central depots, perhaps with a dedicated help desk to upsize their order, would seem to meet the needs of the shopper, and the limitations of the current offering as they see it.

However, even getting alternative pricing that counts against you does not necessarily mean that they will leave. Bricks and Mortar shoppers value the experience of being in your store - or at least they ought to. The key reasons they give for buying in a particular store is headed by the store environment, and the quality of your staff in delivering re-assurance on the day - and in the event of a post-purchase issue. Interestingly, the drivers for showrooming are exactly those for loyalty in our first white paper - staff attitude and store trust. Product availability, the second most important loyalty measure crops up as a key reason for leaving, as opposed to one for staying.

What key factors make it less likely you would buy elsewhere even if you had viewed attractive alternatives?	Importance - above 3 are drivers
Like the store environment	3.5
Trust the staff to handle my queries on the day	3.4
Trust store to handle queries	3.2
Like the product selection	2.6
I like shopping in the store	2.4

Perhaps you should be asking yourself, "Am I the retailer they would choose to visit even if they might not buy here?". This may give a new view on whether you should offer WiFi, and perhaps more chairs. This approach might then perhaps be supplemented by more staff at busy times, where they might be able to be very pro-active.

Could you make their decision easier?

QR codes provide an easy way to deliver answers to a mobile users questions. Unfortunately the vast majority of smart phone owners reported that they had never used these in the past.

Do you use QR codes at the moment?	% Replying
1 - Never	60%
2 - Infrequently	18%
3 - Sometimes	16%
4 - Quite often	3%
5 - Very often	2%

Only 21% reported that they used them sometimes or more often. This could, however, also be viewed as at least 40% having an understanding of what they are. The users were heavily skewed to ABC1 - representing a core market for many stores and products.

We wanted to know if greater use of QR codes might provide a resource making it easier for shoppers to access the information they were clearly seeking. It is the case that QR codes are not ubiquitous, however, only 35% of people reported that QR codes would ***not*** be helpful for access to specifications and independent review sites.

This has to be compared with the 17% of people who were not using a phone to showroom at the moment. It is true that the average rating for both was 2.4 out of 5, leaving the overall rating as just between a little, and somewhat. However, given the low current usage - the replies do indicate a clear opportunity to build a mobile friendly store environment.

% saying QR codes would not be helpful	Value
QR codes next to products on the shelf that allowed you to access to specifications	35%
QR code giving access to an independent review site for products from the shelf	35%

In situations where shoppers will seek information anyway, linking with a review/information site you both trust could help the store to make an offer directly, as well as the shopper to get direct access to any offers you might want to make.

What influences the buyer?

The British Population Survey has been working for some years with a monthly 1,000 (or more) strong rolling, nationally representative, sample of the population. This adds up to over 12,000 people reporting back over the course of a year and represents a larger sample than the Government use in their reporting.

As a result, the survey is used by Government and industry to track key issues like consumer confidence, and, working with RVS, the importance of key influencers to purchase decisions. In a measure called PULSE PROMOTION. This has been ranking key influencers since 2012, and even in this short time there have been significant shifts.

Influence	2012 Ranking	2014 Ranking	Rank Change
Past Experience	**2**	**1**	**+1**
Advice—Friends and Family	**1**	**2**	**-1**
Offer Vouchers through door	**3**	**3**	
Price Comparison Websites	**5**	**5**	
On Line Customer Reviews	**8**	**6**	**+2**
Email Offers/Vouchers	**7**	**7**	
Seen on TV	**6**	**8**	**-2**
Magazine Newspaper Reviews	**9**	**9**	
Internet Offers—Groupon	**11**	**10**	**+1**
Sales Person Advice	**10**	**11**	**-1**
On Pack Promotions	**12**	**12**	
Newspaper Offers/Vouchers	**13**	**13**	
Professional Advisors	**14**	**14**	
Offers by Post	**15**	**15**	
Leaflets/Samples while Shopping	**16**	**16**	
Social Network Recommends	**18**	**17**	**+1**
Brands on Facebook/Twitter	**19**	**18**	**+1**
Competitions	**17**	**19**	**-2**
Prize Draws	**22**	**20**	**+2**
Mobile Phone Offers	**21**	**21**	
Celebrity Endorsement	**20**	**22**	**-2**

In general people are trusting their own experience more, and rely on the fact they can tap into experienced consumers on the web who have tried the same product or experience that they are contemplating buying.

Seen on TV and Celebrity endorsement are on their way down, while the fast movers upwards are the sites that showroomers want to get to—online comparisons. It is interesting that sales persons advice is going down in the rankings as fast as online advice is rising.

However, this overall position comes with a warning. Individual groups behave very differently underlying the overall trend.

Across the UK there are two major factors, price, and promotion, where promotions do include the more creative offerings such as competitions, cash backs, prize draws etc. As a general rule, the greater the disposable income, the more willing people are to look outside of price, towards other kinds of brand engagement. By the same token, these people are also much more likely to become long term loyalists—price being lower down their priorities.

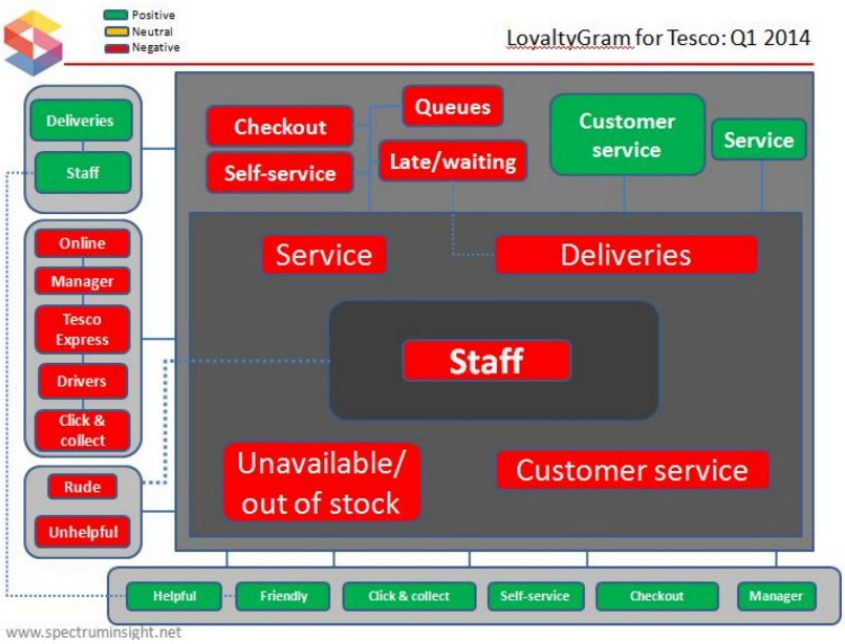
If you want to talk the language of your customers you need to understand what it is.

The Benefit of Being a Listening Retailer

When people want to complain or praise, as well as learn or get insight, they turn to the internet. In fact research shows that people like to praise or blame in roughly equal measure, so what you get when you track what they say on social networks, is a good reflection of the increasingly network enabled world. It represents the views your showroomers will get when they ask around.

You can get an excellent view of the key issues, that your stores or brands have by building a brand-gram and Balance Sheet. This shows you how you will be seen by your showroomers and allows you to benchmark your progress from showroomer to showstopper.

In the first white paper (copies still available on request), we ran checks against the industry standard Net Promoter Score, and showed that the Internet delivers instant insight with comparable results, with one simple difference. Instead of being based on what people said they would do (recommend to a friend) it is actually based on what they did. Moreover, the format they use is growing faster than any other in the PULSE PROMOTIONS chart—Social Media comments.



This was the chart produced for Tesco before the recent issues raised their heads. The red boxes were those with the balance of comment in context being negative.

The first thing the new Tesco MD did was to put many more people into the store. This will have had the dual impact of increasing the amount of time staff have to relate to customers, and also to put more product on the shelves. Something of a win/win here. We would expect to see a serious improvement in these figures later this year.

To put the figures in proportion, you need to understand that the Net Promoter Score is delivered by subtracting the Net Detractors from the Net Promoters. In the case of these figures this can be very usefully expressed as a Balance Sheet. Certainly something you can take to the bank if you get it right!

The Loyalty Balance Sheet

The first is for Tesco. ALL of their measures are negative, although they do have some that are of fairly negligible levels.

Issue	Negative	Positive	Balance
STAFF	16.3%	2.3%	-14.0%
DELIVERIES	12.3%	2.9%	-9.4%
CUSTOMER SERVICE	12.0%	4.4%	-7.7%
SERVICE	10.8%	4.0%	-6.8%
OUT OF STOCK CATEGORY	9.3%	0.0%	-9.3%
LATE/WAITING	6.2%	0.3%	-5.9%
QUEUE	4.4%	0.2%	-4.2%
SELF-SERVICE	3.0%	0.2%	-2.7%
TILLS	3.0%	0.2%	-2.8%
CHECKOUT	2.8%	0.2%	-2.6%
ONLINE	1.3%	0.5%	-0.9%
MANAGER	1.0%	0.2%	-0.9%
DRIVER	0.9%	0.4%	-0.5%
EXPRESS	0.5%	0.0%	-0.5%
CLICK AND COLLECT	0.4%	0.3%	-0.1%

By comparison, see Waitrose (below). Here staff represent a real positive. However, their availability balance is worse that that for Tesco. For those retailers reading the Grocer, Waitrose has been yet again apologising for their availability issues in January 2015. They claim that this is a one-off blip. Their customers would beg to differ.

Issue	Positive	Negative	Balance
STAFF	11.16%	8.43%	2.73%
SERVICE	9.38%	8.08%	1.30%
DRIVER	0.95%	0.71%	0.24%
CLICK AND COLLECT	0.48%	0.71%	-0.23%
MANAGER	0.48%	0.71%	-0.23%
CUSTOMER SERVICE	1.07%	1.43%	-0.36%
ONLINE	1.07%	2.02%	-0.95%
CHECKOUT	0.36%	2.61%	-2.25%
SELF-SERVICE	0.00%	2.38%	-2.38%
TILLS	0.00%	3.80%	-3.80%
QUEUE	0.24%	4.75%	-4.51%
DELIVERIES	5.46%	10.93%	-5.47%
OUT OF STOCK	0.00%	13.42%	-13.42%

The showrooming world leaves no place to hide. It is always better to know first rather than to wait as customers desert you.

About the Author

Colin Harper was educated at Bishop Veseys Grammar School in Sutton Coldfield, and gained a B.Sc in Psychology from Manchester University, followed by an M.A. in Marketing from Lancaster University.

Having spent 10 years with brand marketing - the BAT subsidiary, British American Cosmetics and Guinness Group, he then changed from the brand side to work with a variety of Sales Promotion Agencies rising to MD.

In 1995 he set up Storecheck Marketing Ltd. Having noticed the huge gap between retailer promises of action and delivered results, this company was launched alongside a major piece of research showing that actual compliance to POP and agreed store placement of added off shelf space was as low as 50%. These figures are now widely accepted as a regrettable fact. Storecheck - set up with the objective of "giving companies everything they need to get growth in store", has continued to be at the leading edge of point of purchase and shopper research. Storecheck research has been used widely by industry bodies such as The Grocer and the IGD.

Colin served on the POPAI (Point of Purchase Advertising International) research committee, working with major brands to deliver cutting edge insight into best practise at the point of purchase. For three years from 2009 he was also Head of Insight for the Institute of Promotional Marketing.

He is author of “Beyond Shopper Marketing” and “Shoppernomics” with Roddy Mullin (Gower Publications 2014).

Storecheck have recently launched the leading web based resource for brands and retailers – RetailVitalStatistics.com. This has a simple philosophy explained in both books. Shoppers, Brands and Stores all have an interest in being able to deliver shelves full of the right kind of produce.

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The Retail Bulletin Loyalty report is still available on application from the Retail Bulletin