Stocking Up and Seeking Out

Online Shopping Dynamics in the Roaring Twenties

A CONSUMER RESEARCH REPORT

RIGHTPOINT
a genpact company

Contents

eCommerce expectations were redefined in 2020.

Beyond how people buy, we wanted to understand why they buy.

The evolution of eCommerce in 2020 forced the global marketplace to pivot, re-evaluate and re-imagine every aspect of the retail experience to meet a new set of consumer needs.

With those needs met – and now informing consumer expectations – our Q2 2021 research study set out to explore shopper dynamics at the intersection of channel preference, category engagement and mindset.

Research Methodology

We surveyed 1,000 US consumers between April 25 – 30, 2021 to explore channel preferences, purchase motivations and category affinities.

All participants were screened to ensure they shop for themselves online regularly, across multiple categories.

Deep dives were conducted within: Beauty/Personal Care, Fashion, Wellness and Home.

1,000 US Consumers 18+

HHI $50k+

Representative Across Generations

Natural Fallout on Race/Ethnicity, Residence, Education and Employment

DATA HAS BEEN SIGNIFICANCE TESTED AT THE 95% CONFIDENCE LEVEL. SAMPLE AND FIELDWORK MANAGED BY DYNATA.

Key Insights

1. **Reliance on eCommerce** is at an all-time high – and rising – empowering consumers like never-before. Maintaining customer satisfaction with online experiences is paramount.

2. **Emergent behaviors of Stocking Up and Seeking Out** (**or Sampling**) products from the comfort of home are here to stay. Offering remote or hybrid experiences is the new expectation of omnichannel.

3. **Consumers** crave variety and novelty despite economic, political and health uncertainties. Opportunities to capture experimental shoppers abound.

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INSIGHT #1

People are shopping online all the time – and they’re overwhelmingly happy with that.

eCommerce trust is high, delivering convenience, variety and consistency that empowers consumers.

Web is preferred over brick and mortar across categories, so it’s more important than ever that brands offer omnichannel experiences with comparable level of consistency across channels to maintain consumer satisfaction.

SURVEY QUESTION

How often do you purchase something online for yourself or a member of your household?

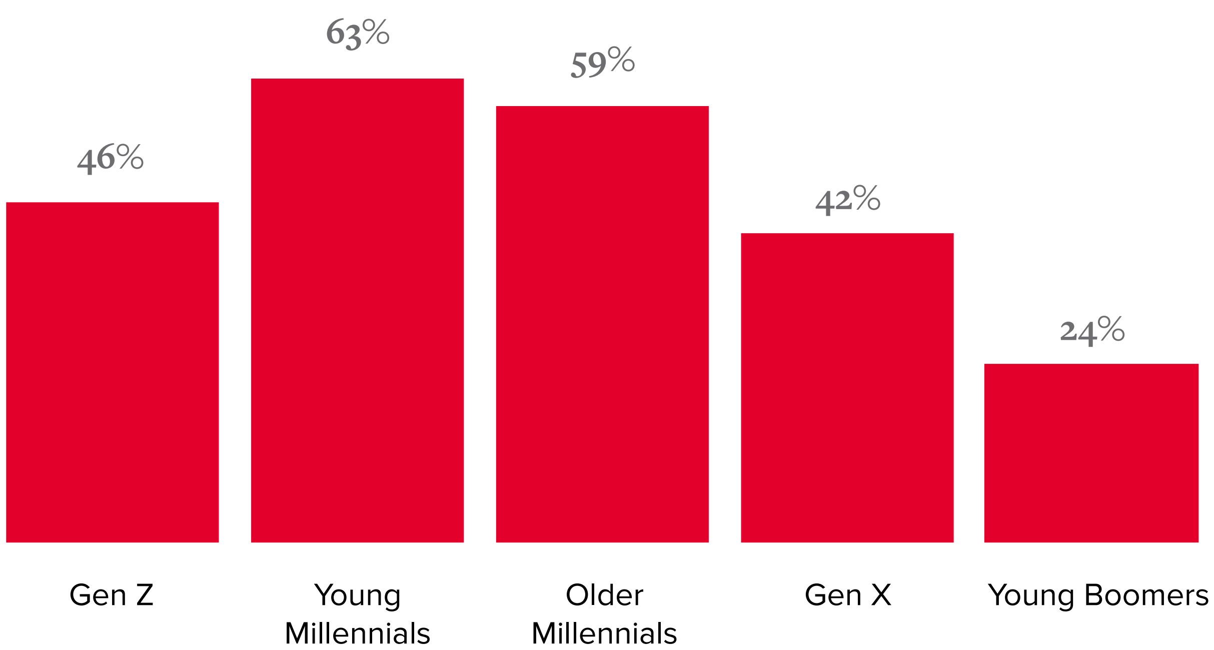
70% purchase items weekly or more frequently

eCom Confidence is High, and Rising

Virtually all online shoppers (94%) are satisfied with recent eCommerce experiences; not only do people feel online shopping has maintained or exceeded expectations over the past 6 months, but they also expect eCommerce to meet their needs moving forward

SURVEY QUESTION

Thinking ahead 6 months from now, do you think you'll be more satisified, less satisified or feel the same about online shopping experiences as you feel today?



Millennials are significantly more likely than Gen Z or older cohorts to feel more satisfied in the future

BASE: TOTAL, N=996.

Online Shopping is About Control

Shopping online is a way for consumers to take ownership of their customer experience, allowing them to manage their time, their choices and the outcome of their transaction

SURVEY QUESTION

You said that you prefer shopping online for this category for yourself, why?
(Average rating across four deep-dive categories)

CONVENIENCE

79%

agree shopping online is the best way to check things off their to-do lists

#1 driver for Beauty, Fashion & Wellness

VARIETY

81%

prefer sites that offer unlimited product options vs. a curated collection of items

more motivating among affluent shoppers (index 109)

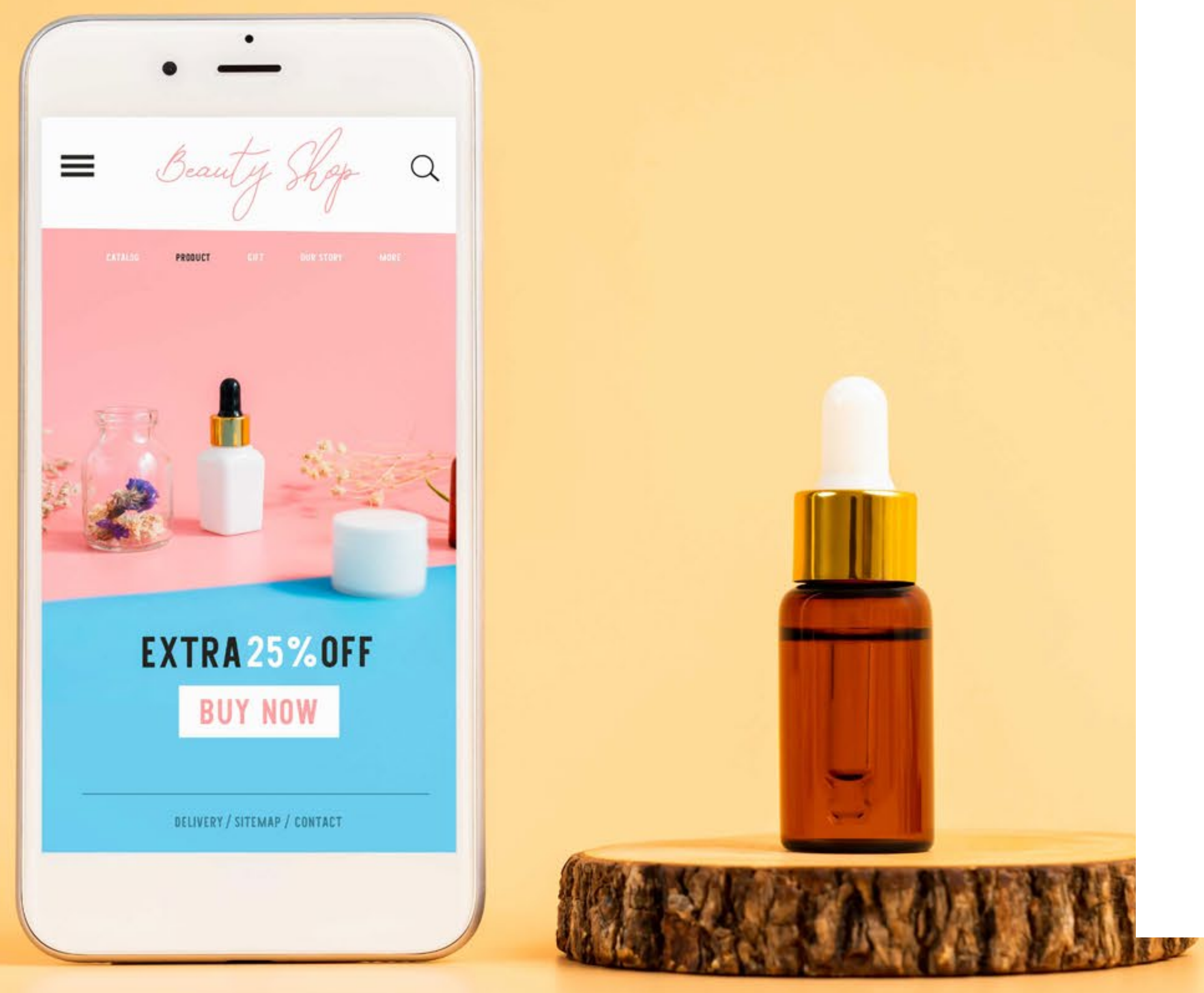
CONSISTENCY

70%

crave consistency and often stock up on multiples of items they love

1 in 4 seek specific, online-only goods

BASE: TOTAL, N=996.



SURVEY QUESTION

Please finish this statement "I want an online shopping experience that makes me feel..." (Selection of "other, specify" open responses)

“

I just want to make a purchase quickly, without any frustrations.

I want to feel like i got a good deal on a quality product.

Efficiency - it's about saving time and money.

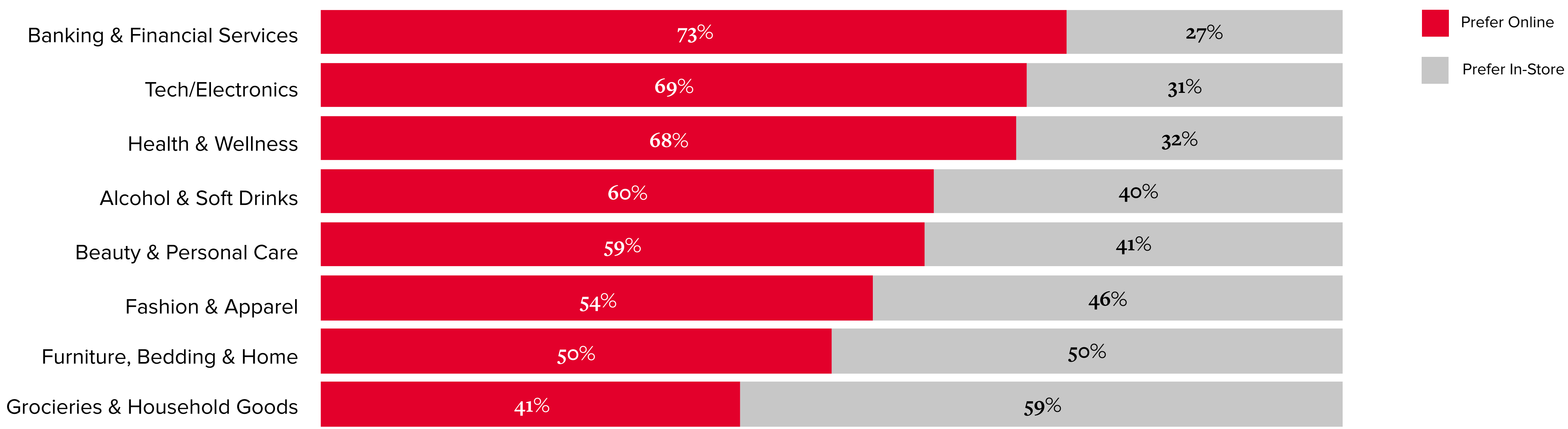
Among Category Purchasers, Majority Prefer Online Over In-Store

Grocery and Household Items is the only category where in-store is favored

SURVEY QUESTION

In the past 6 months, which of the following have you shopped for and purchased online for yourself?

CHANNEL PREFERENCE BY CATEGORY



BASE: CATEGORY PURCHASERS, VARIES: CONSUMER BANKING/FINANCIAL SERVICES (404), TECH/ELECTRONICS (424), HEALTH AND WELLNESS (506), ALCOHOL AND SOFT DRINKS (384), BEAUTY/PERSONAL CARE (572), FASHION /APPAREL (632), FURNITURE, BEDDING AND HOME (420), GROCERY AND HOUSEHOLD (574)

INSIGHT #2

Two behavioral modes– Seeking and Stocking –emerged in 2021, impacting consumption patterns

Interest in these behaviors highlights consumer willingness to replicate elements of in-store experience beyond store walls.

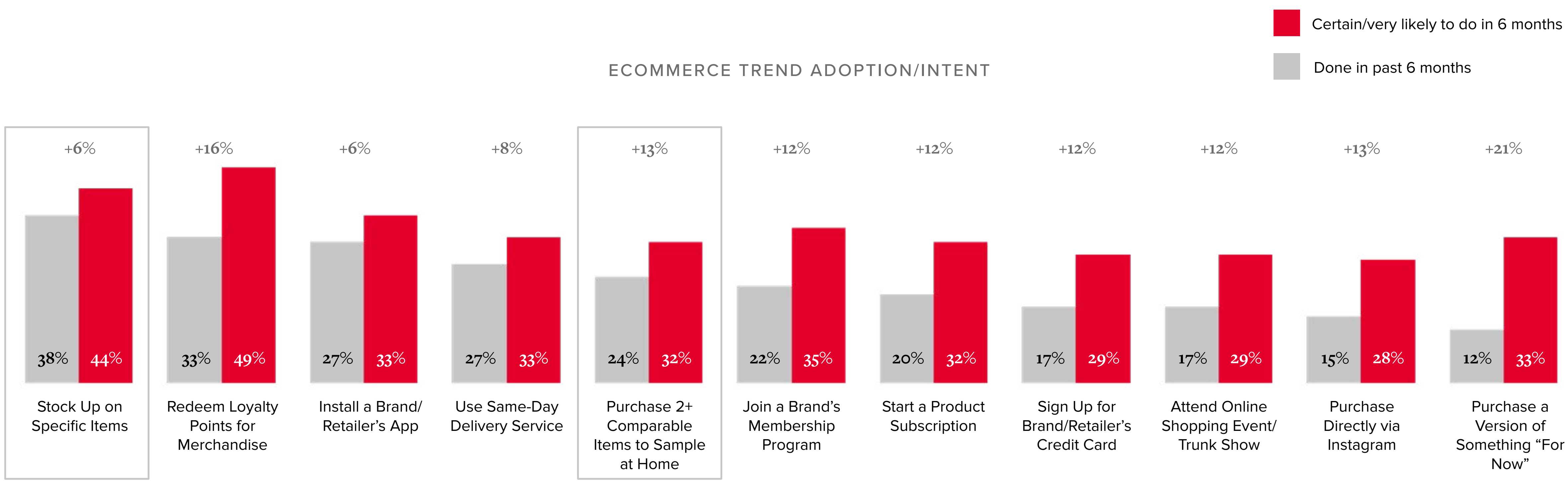
While the pandemic may have been the initial trigger, there’s a longer-term shift towards keeping things on-hand and comparison shopping from the comfort of home.

Emergent Consumption Trends Inch Towards Ubiquity in 2021

From stocking up and doubling down (on brands they love), to comparison shopping from the comfort of home consumers are replicating in-store activities in online spaces

SURVEY QUESTIONS

Which of the following have you done in the past 6 months? In the next 6 months, how likely are you to participate in any of the following?



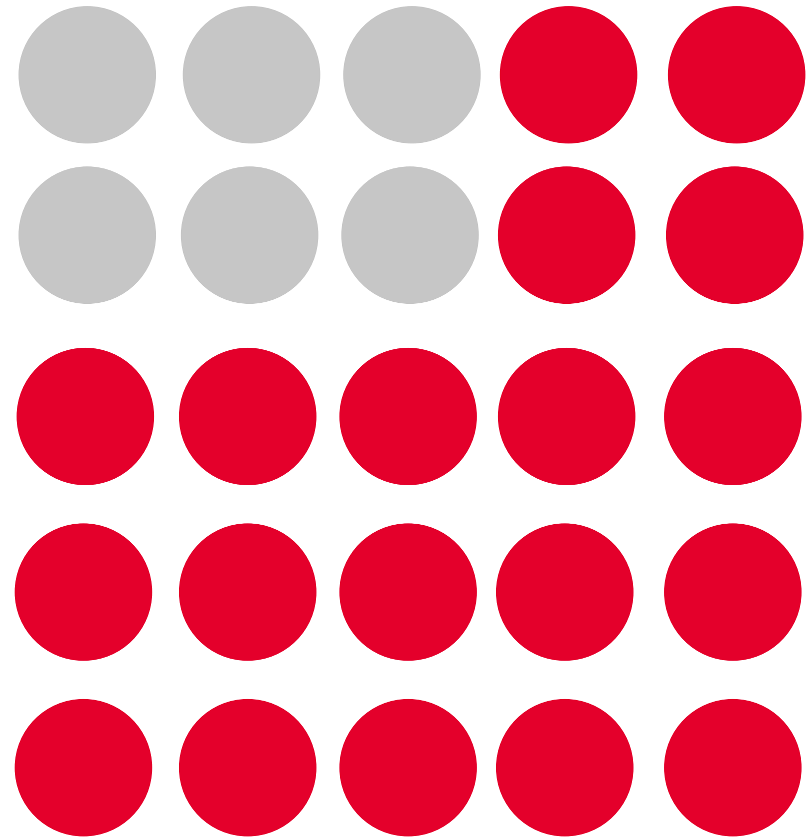
BASE: TOTAL, N=981.

OPTION 1

ONLINE SHOPPER STAT

74%

have engaged in some Seeking or Stocking within the past 6 months



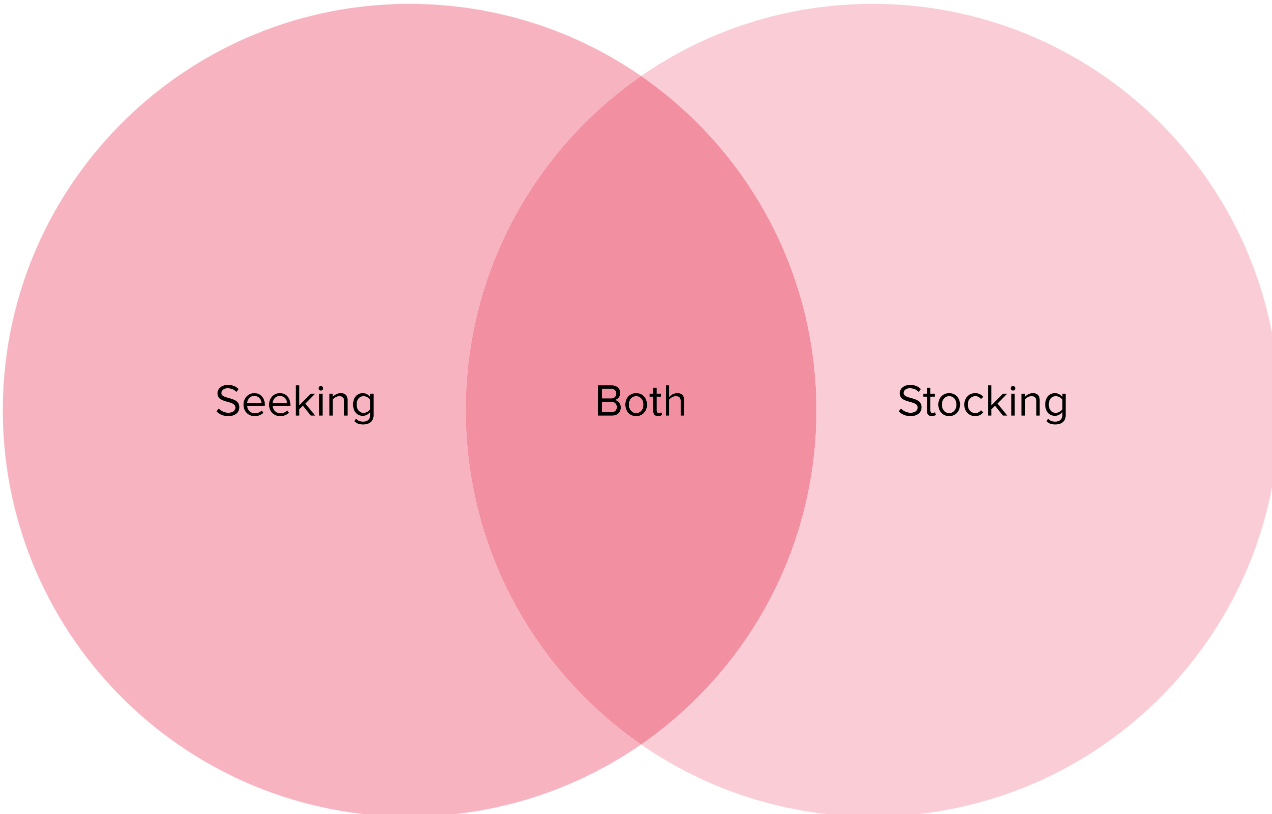
BASE: TOTAL N=996.

OPTION 2

ONLINE SHOPPER STAT

9%

engage in both Seeking and Stocking behaviors



BASE: TOTAL N=996.

“Seeking” Consumers Actively Engage in Brand Experimentation and Trial

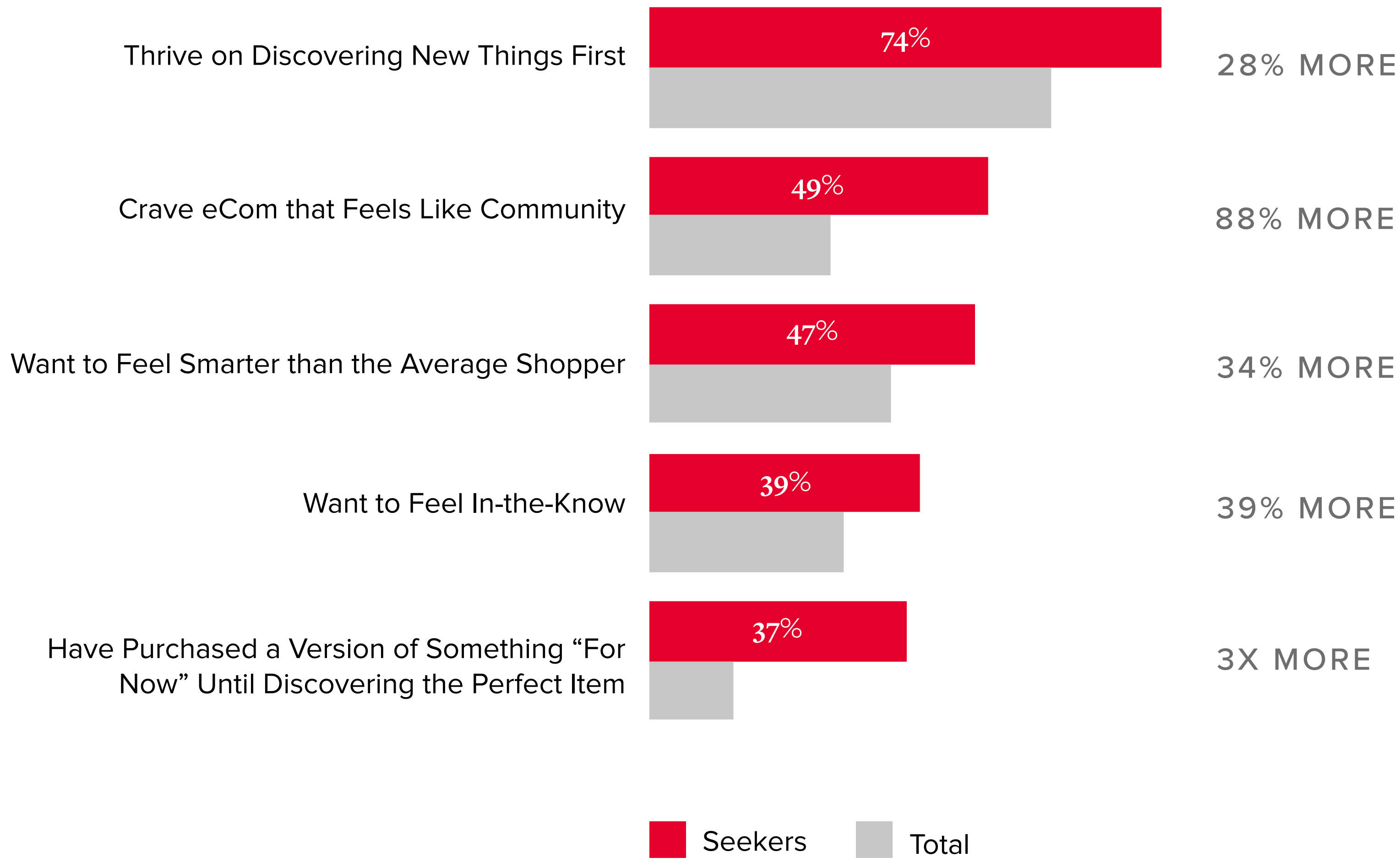
Upwardly mobile and urban, these shoppers consume for belonging; they aspire to a particular aesthetic, see being on-trend as part of their identity and crave brand community

Seeker Profile

Nearly half are Millennials
3 of 4 are Parents

2 of 3 are City Dwellers

29% have HHI $150k+



BASE: RESPONDENTS WHO PURCHASED 2+ COMPARABLE ITEMS IN THE PAST 6 MONTHS IN Q10, N=233,

“Stocking” Consumers Find Comfort in the Status Quo

Shoppers who “stock” tend to be older, suburban and uninterested in rocking the boat; they consider themselves to be loyal, favor brands with established reputations and prefer sticking with what they know

Stocker Profile

58% Gen X or Boomers

2 out of 3 are Suburban/Rural

43% have HHI < $100k

BASE: RESPONDENTS WHO PURCHASED STOCKED UP ON A SPECIFIC ITEM IN THE PAST 6 MONTHS IN Q10, N=368,

INSIGHT #3

Consumer appetite for brand experimentation differs by category and generation.

Introducing the Experimentation Index.

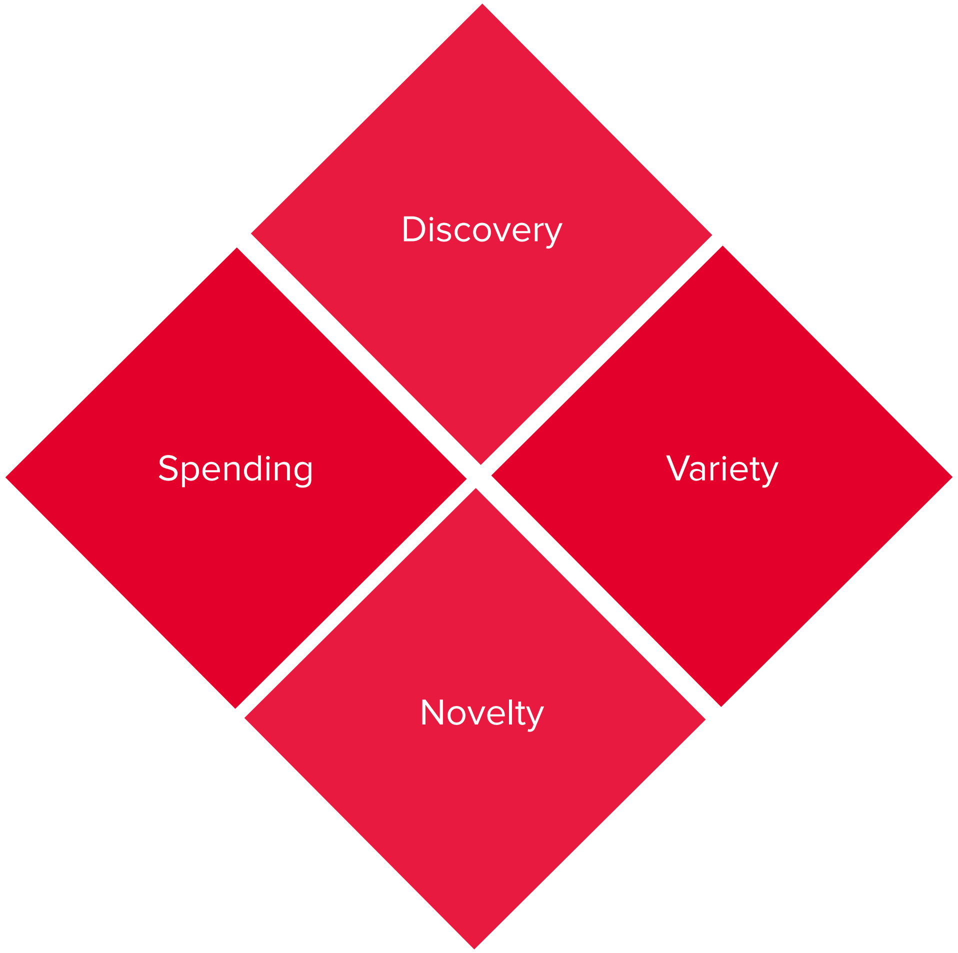
A specific combination of measures illustrating Discovery Mindset and Category Engagement sheds new light on consumer openness to product/brand trial.

The Experimentation Index

To understand how “promiscuous” people are when it comes to shopping online, we created a relative score, normalizing response data across four dimensions:

- Discovery: % Agree Completely/Somewhat with “I thrive on discovering new products and brands before anyone else”
- Spending: Average in Past 6 Months (by category)
- Variety: % Purchasing 6+ Brands in Past 6 Months (by category)
- Novelty: % Motivated to Try Completely New Items (by category)

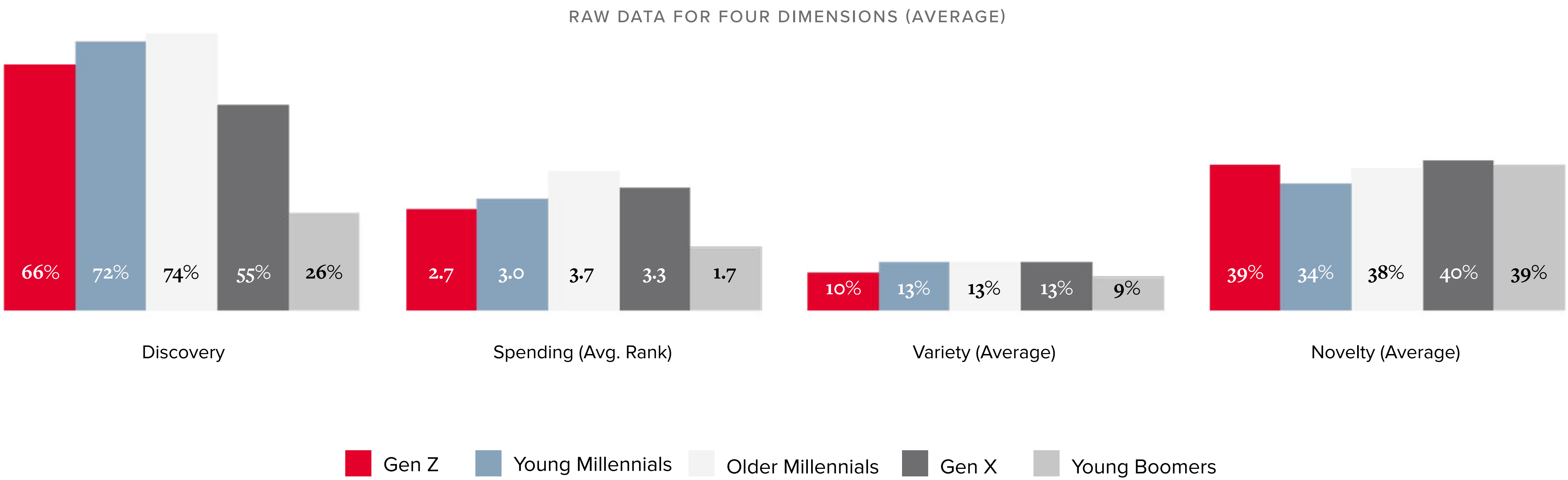
This framework was applied across the Generational Cohorts in our study, to identify differences across targetable groups of shoppers.



*DATA WAS NORMALIZED BASED ON RANK OF RESPONSE ACROSS GENERATIONAL COHORT, (1-5) WITH 5 BEING THE BEST/HIGHEST SCORE AND 1 BEING THE LEAST/LOWEST SCORE. 5 GENERATIONAL COHORTS X 4 DIMENSIONS = MAX SCORE OF 20 POINTS.

The Experimentation Index

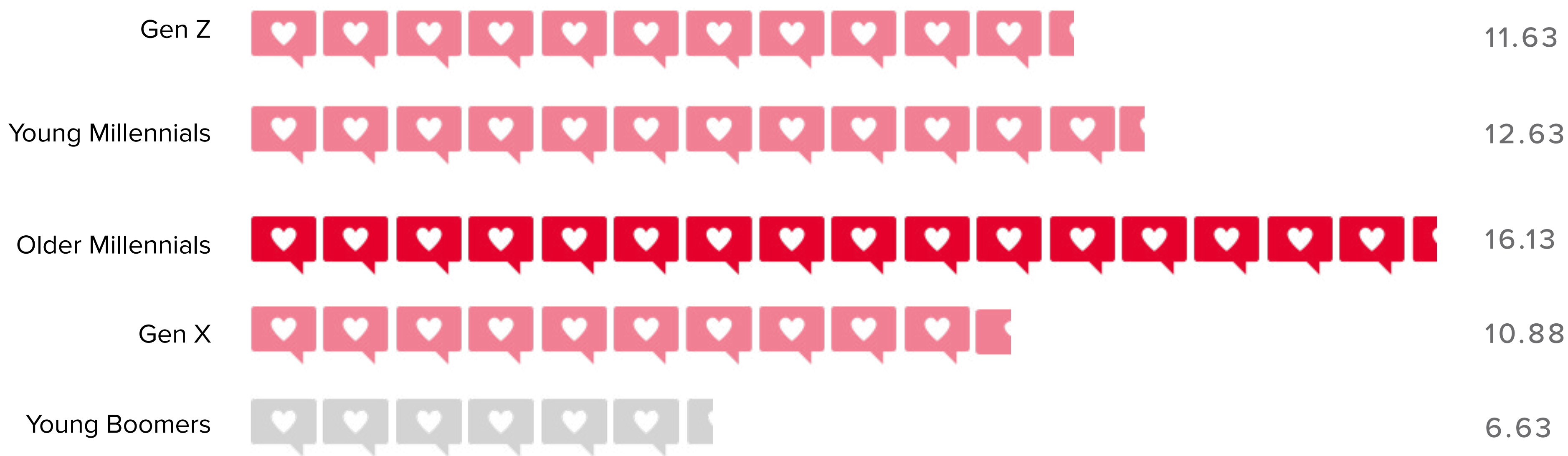
When looking at response data across dimensions, Discovery, Spending and Novelty show greatest variability by age, while Variety is relatively flat.



DATA SHOWN BASED ON AVERAGE RESPONSE ACROSS FOUR DEEP DIVE CATEGORIES.

The Experimentation Index

When data is normalized into an expression of relative score, Older Millennials are shown to be the most experimental group – the least attached to specific brands across key categories



DATA NORMALIZED USING RESOPNSE RANK 1-5 , MAX SCORE OF 20 POINTS.

Across Categories, Older Millennials Claim the Experimentation Throne

Seeking behavior is most common in Fashion, while Stocking Up is significantly more prevalent for Beauty and Wellness

	BEAUTY	FASHION	WELLNESS	HOME
Most Experimental Generation	Young & Older Millennials at Parity	Gen Z & Older Millennials at Parity	Older Millennials	Older Millennials
Seeking Behavior % Purchase for Novelty	33%	44%	38%	38%
Stocking Behavior % Purchase for Replenish	67%	42%	62%	34%

*DATA NORMALIZED USING RESOPNSE RANK 1-5 , MAX SCORE OF 20 POINTS.

IMPLICATIONS

Support customers in their quest for consumption.

Surface opportunities and features that appeal to consumers' willingness to take on historically "in-store" activities from home – stocking up, comparison shopping, product discovery and special events.

Because many consumers are happy with existing experiences, to stand out a brand must engage consumers by delivering convenience, relevant product breadth and transparent information around inventory/availability. Innovation in these areas will be the differentiator of the Roaring Twenties.

Consider how your target customers embody the Experimentation Index: consider their true spending power and category affinity to drive recommendations. Customer congruence in pricing, merchandising, and brand storytelling will be the differentiators.

About Rightpoint

Rightpoint, a Genpact company, is a global experience leader. We work with clients end-to-end, from defining and enabling vision, to ensuring ongoing market relevance. In our relentless pursuit of a world that works better for people, we start by asking a simple question, “why doesn’t everything just work better?” It’s our core mission to help every company we engage with to become an experience company.

Our diverse teams lead with empathy, data and creativity—always in service of the experience. From whiteboard to roll-out, we help our clients embed experience across their operations from front to back office to accelerate digital transformation through a human-centric lens. Core offerings include customer and employee experience, digital product and commerce. Rightpoint was recently recognized among the top customer experience consultancies in The Forrester Wave™: Customer Experience Strategy Consulting Practices, Q4 2020.

LEARN MORE

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Beauty and Personal Care

At-A-Glance: Beauty and Personal Care

SURVEY QUESTIONS

Overall, how satisfied have you been with your experiences purchasing this category? What was your motivation in purchasing this category for yourself in the past 6 months? Were the category items you've purchased in the past 6 months from established brands or New/New to You Brands?

Monthly Spending

$75

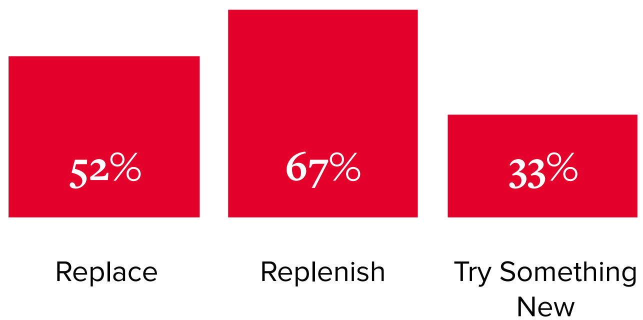
#1 Driver to eCommerce

Convenience

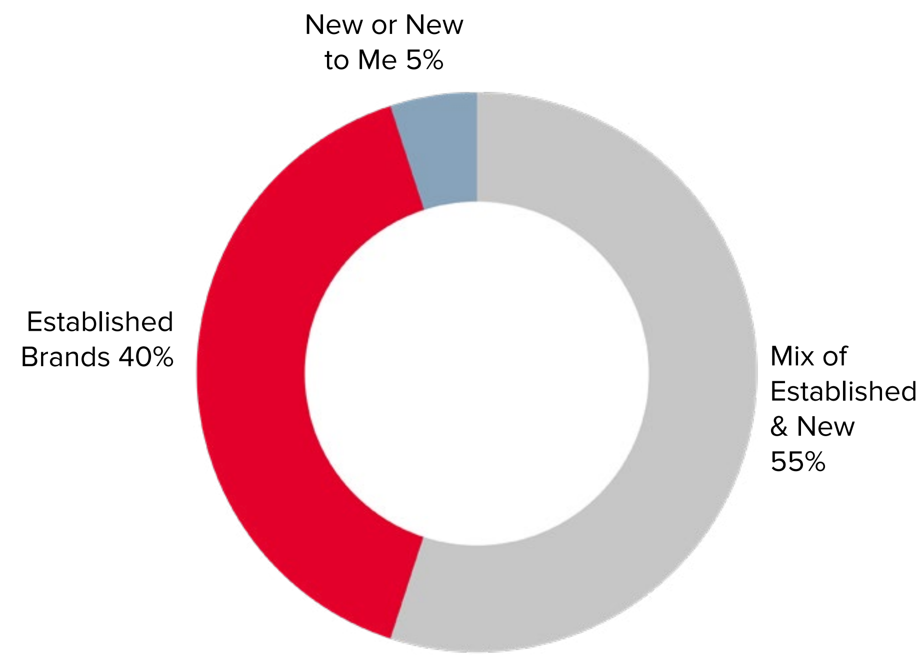
CX Satisfaction

96%

PURCHASE MOTIVATIONS



BRAND MIX



eCom Drivers: Beauty and Personal Care

Convenience, selection and prices are the most motivating for Beauty consumers, who have a big appetite for product sampling and trial; affinity factors – like earning points and membership rewards – drive 1 of 4 consumers online

SURVEY QUESTION

You said that you prefer shopping online for this category for yourself. Why?

High >35% Responding	More convenient	47%
	Vast selection of products	42%
	Better prices	41%
	Easier to comparison shop	39%
	Speed – faster to shop for this online	38%
Moderate	Discoverability of new brands/products	34%
	Earning points for online purchases	27%
	Reliance on customer reviews	23%
	Items I am interested in are only available online	22%
	Membership benefits/perks for online purchases	22%
Low	Online support is more helpful than in-store salespeople	20%
	Reliable product inventory	11%

BASE: ONLINE BEAUTY SHOPPERS N=335.

Category Experimentation Index: Beauty and Personal Care

Millennials are most experimental in the category; high score is driven by greater spending and orientation towards discovery.

DATA WAS NORMALIZED USING RESOPNSE RANK 1-5 , MAX SCORE OF 20 POINTS.

Fashion

At-A-Glance: Fashion

SURVEY QUESTIONS

Overall, how satisfied have you been with your experiences purchasing this category? What was your motivation in purchasing this category for yourself in the past 6 months? Were the category items you've purchased in the past 6 months from established brands or New/New to You Brands?

Monthly Spending

$490

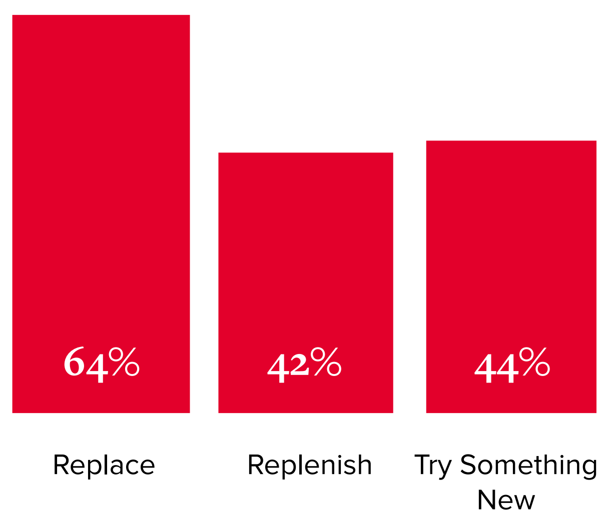
#1 Driver to eCommerce

Convenience

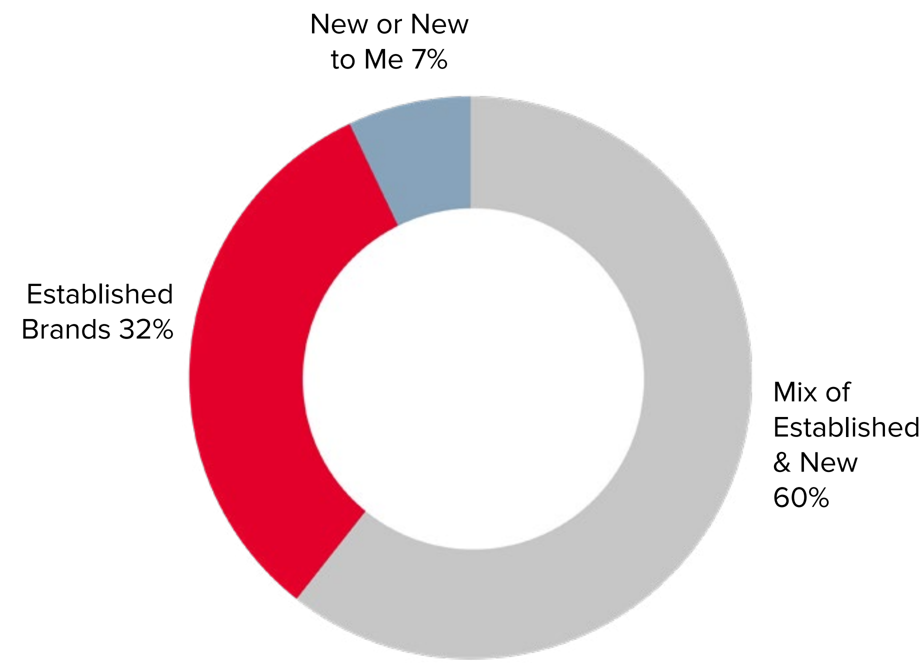
CX Satisfaction

94%

PURCHASE MOTIVATIONS



BRAND MIX



BASE: ONLINE FASHION SHOPPERS N=340.

eCommerce Drivers: Fashion

Convenience, speed of fulfillment, selection and ease of comparison shopping are most motivating for online Fashion consumers, while affinity factors – like earning points and membership rewards – are least motivating

SURVEY QUESTION

You said that you prefer shopping online for this category for yourself. Why?

High >35% Responding	More convenient	47%
	Speed – faster to shop for this online	43%
	Vast selection of products	43%
	Easier to comparison shop online than in-store	41%
	Discoverability of new brands/products	34%
Moderate	Better prices	33%
	Reliance on customer reviews	23%
	Items I am interested in are only available online	23%
Low	Earning points for online purchases	21%
	Membership benefits/perks for online purchases	19%
	Online support is more helpful than in-store salespeople	17%
	Reliable product inventory	9%

BASE: ONLINE FASHION SHOPPERS N=340.

Category Experimentation Index: Fashion

Older Millennials and Gen Z are most experimental in the category; high score is driven orientation towards discovery and quest for novelty in the category.

DATA WAS NORMALIZED USING RESOPNSE RANK 1-5 , MAX SCORE OF 20 POINTS.

Wellness

At-A-Glance: Wellness

SURVEY QUESTIONS

Overall, how satisfied have you been with your experiences purchasing this category? What was your motivation in purchasing this category for yourself in the past 6 months? Were the category items you've purchased in the past 6 months from established brands or New/New to You Brands?

Past 6 Months Spending

$690

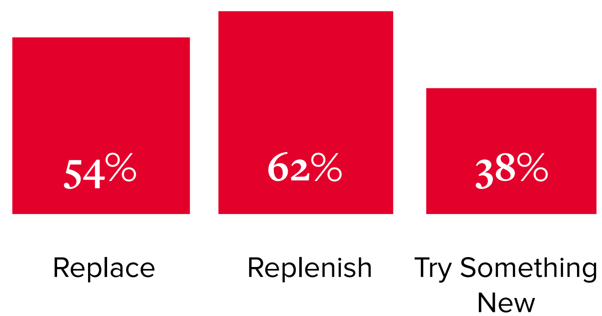
#1 Driver to eCommerce

Convenience

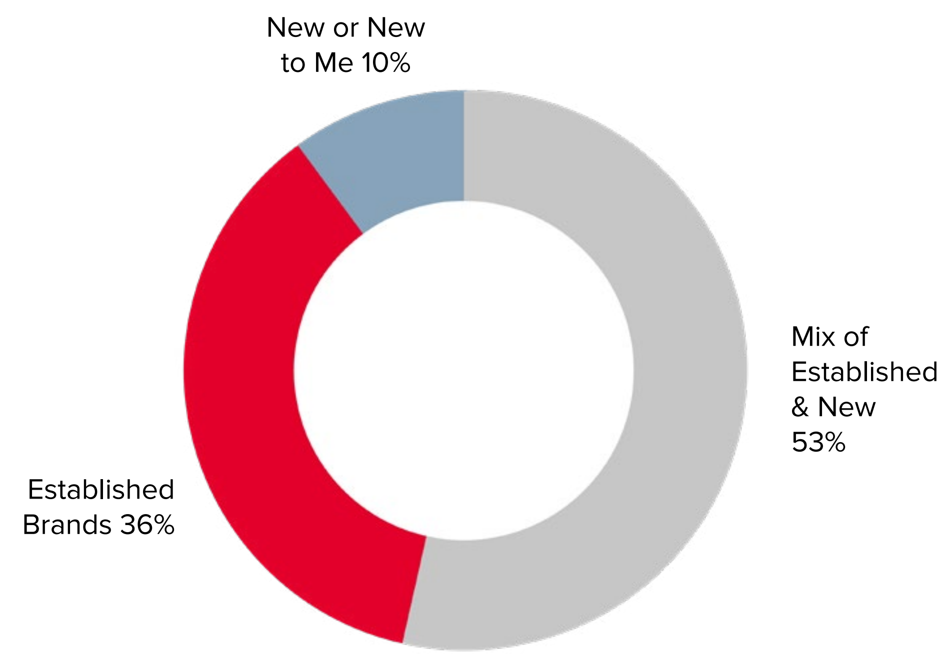
CX Satisfaction

93%

PURCHASE MOTIVATIONS



BRAND MIX



BASE: ONLINE WELLNESS SHOPPERS N=344.

eCommerce Drivers: Wellness

Convenience, speed of fulfillment and prices are the most motivating for Wellness consumers, with product discoverability also contributing to preference for eCommerce

SURVEY QUESTION

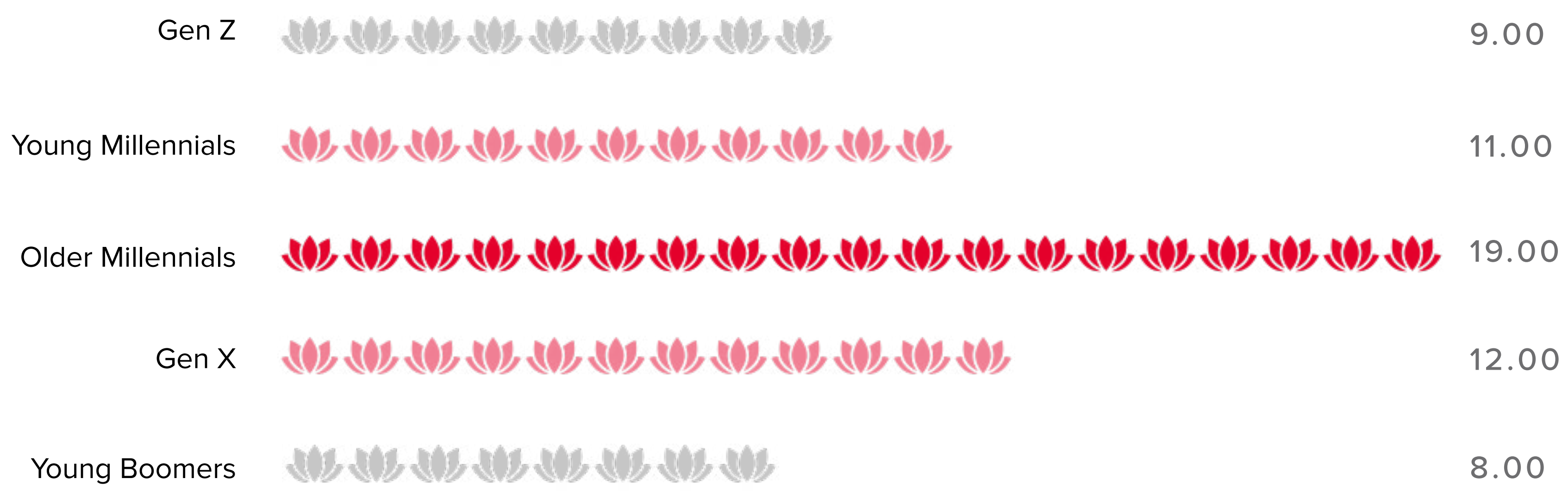
You said that you prefer shopping online for this category for yourself. Why?

High >35% Responding	More convenient	43%
	Speed – faster to shop for this online	43%
	Better prices	41%
	Easier to comparison shop	39%
	Vast selection of products	38%
	Discoverability of new brands/products	36%
Moderate	Earning points for online purchases	27%
	Items I am interested in are only available online	25%
	Reliance on customer reviews	24%
	Membership benefits/perks for online purchases	21%
	Online support is more helpful than in-store salespeople	21%
Low	Reliable product inventory	14%

BASE: ONLINE WELLNESS SHOPPERS N=344.

Category Experimentation Index: Wellness

Older Millennials over-index on all four dimensions in Wellness; older consumers crave variety and novelty but spend less, younger consumers are less motivated by the category



DATA WAS NORMALIZED USING RESOPNSE RANK 1-5 , MAX SCORE OF 20 POINTS.

Home

At-A-Glance: Home

SURVEY QUESTIONS

Overall, how satisfied have you been with your experiences purchasing this category? What was your motivation in purchasing this category for yourself in the past 6 months? Were the category items you've purchased in the past 6 months from established brands or New/New to You Brands?

Past 6 Months Spending

$1434

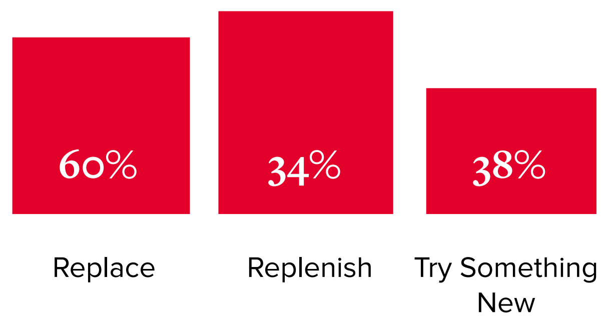
#1 Driver to eCommerce

Comparison Shopping

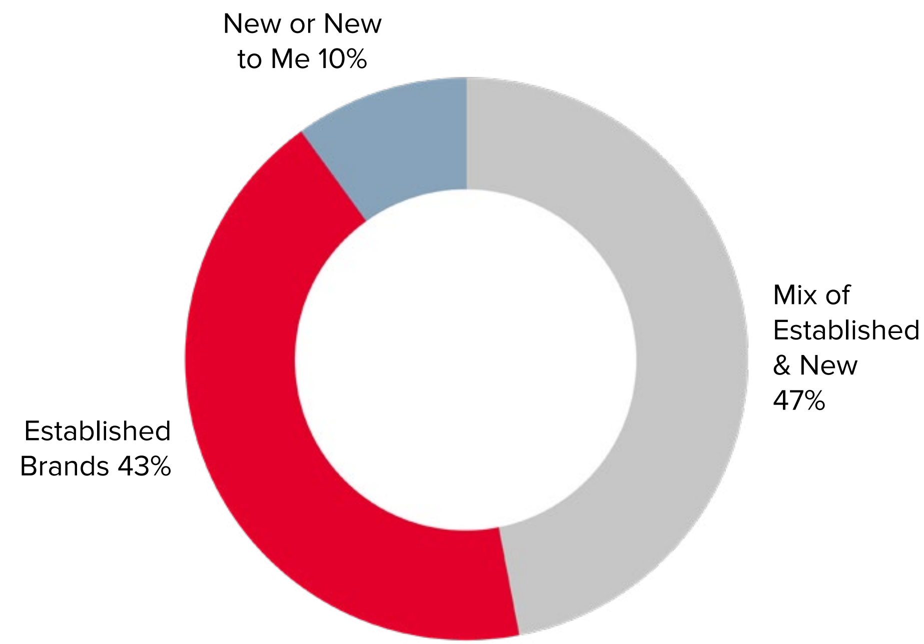
CX Satisfaction

96%

PURCHASE MOTIVATIONS



BRAND MIX



eCommerce Drivers: Home

Ease of comparison shopping is #1 when it comes to shopping for furniture, bedding and home décor; category expectations for long lead times renders product inventory irrelevant

SURVEY QUESTION

You said that you prefer shopping online for this category for yourself. Why?

High >35% Responding	Easier to comparison shop	45%
	More convenient than in-store	40%
	Vast selection of products	39%
	Speed – faster to shop for this online than in-store	38%
	Discoverability of new brands/products	38%
	Better prices	37%
Moderate	Reliance on customer reviews	27%
	Earning points for online purchases	24%
	Items I am interested in are only available online	24%
Low	Online support is more helpful than in-store salespeople	20%
	Membership benefits/perks for online purchases	19%
	Reliable product inventory	7%

BASE: ONLINE HOME SHOPPERS N=208.

Category Experimentation Index: Home

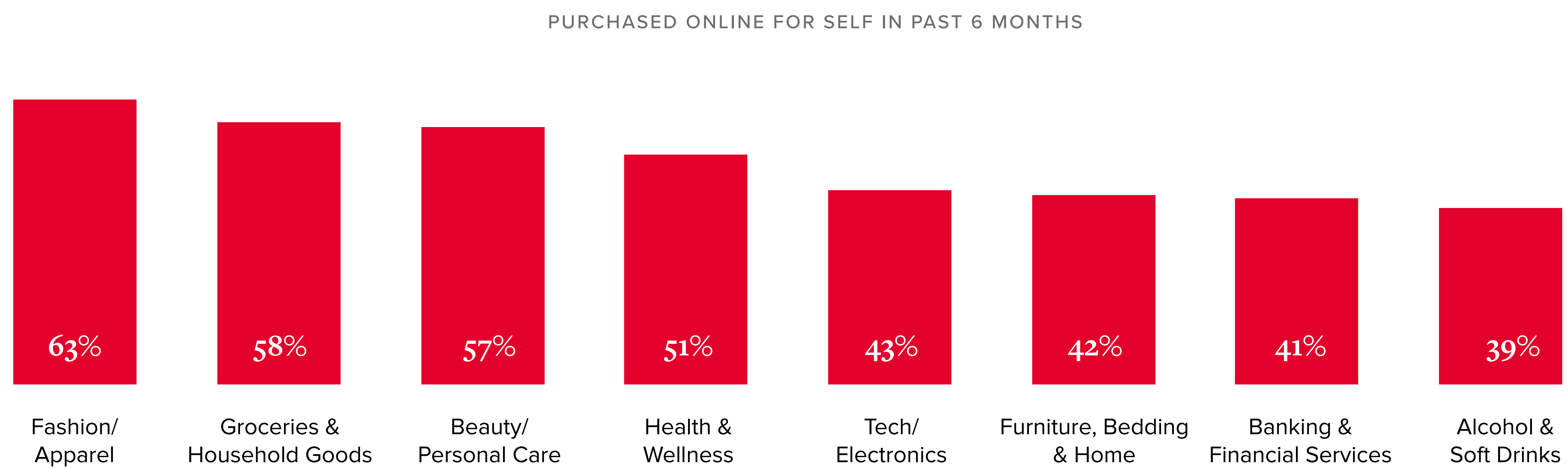
Older Millennials are most experimental in the category; high score is driven orientation towards discovery, spending and quest for variety.

DATA WAS NORMALIZED USING RESOPNSE RANK 1-5 , MAX SCORE OF 20 POINTS.

Appendix

Category Purchasing (Q1)

Older Millennials are most experimental in the category; high score is driven orientation towards discovery, spending and quest for variety.



DATA WAS NORMALIZED USING RESOPNSE RANK 1-5 , MAX SCORE OF 20 POINTS.

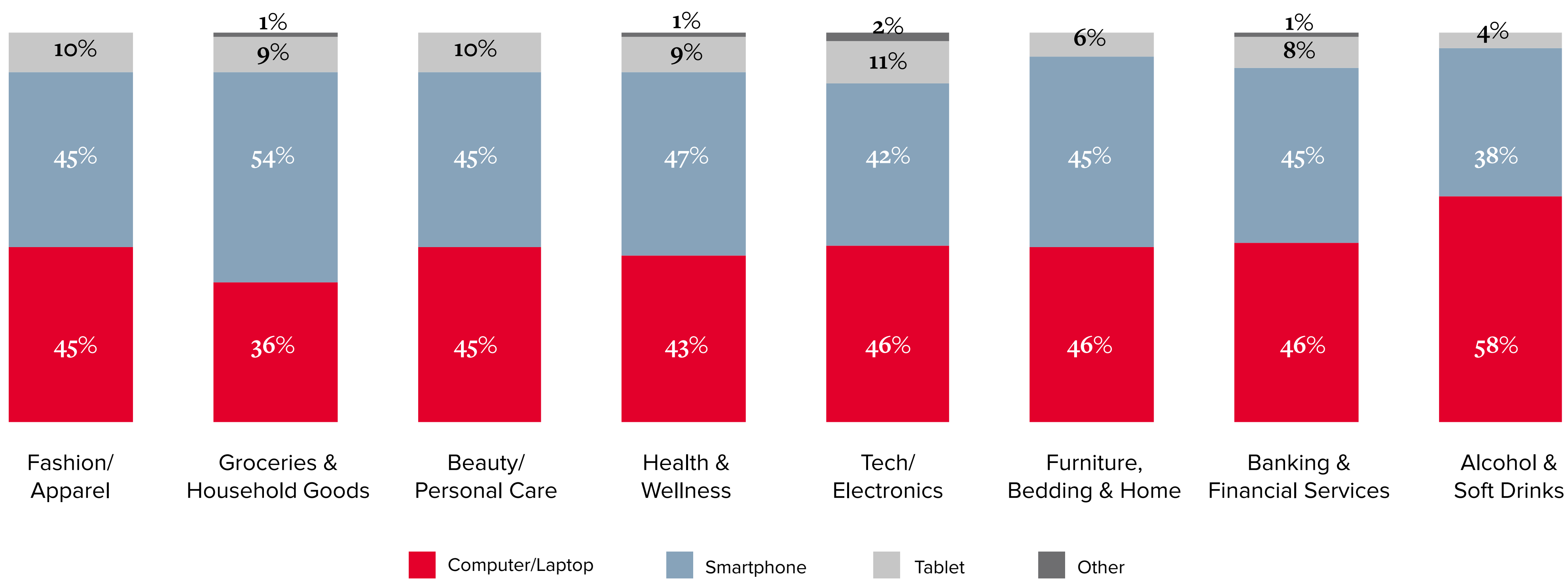
Device Used for Online Purchases (Q3)

Overall, consumers are virtually split on whether they prefer a computer vs. a smartphone when purchasing goods.

SURVEY QUESTION

When shopping for products and services within these categories, are you typically using a computer/laptop , a tablet, or your smartphone?

DEVICES USED FOR ONLINE PURCHASES



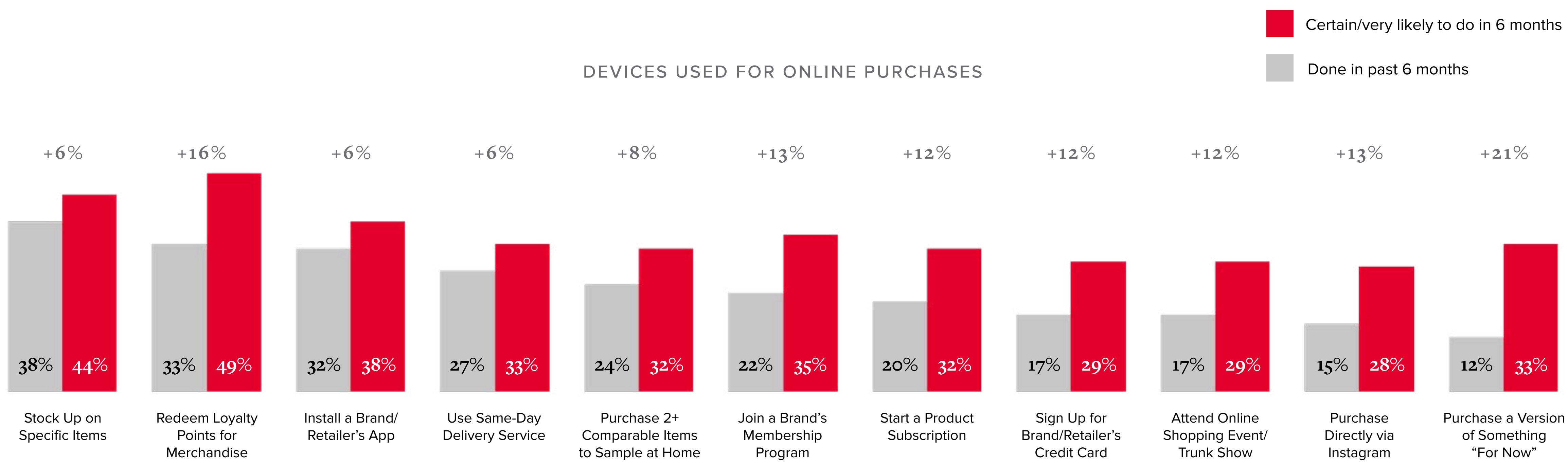
BASE: CATEGORY PURCHASERS, VARIES. CONSUMER BANKING/FINANCIAL SERVICES (404), TECH/ELECTRONICS (424), HEALTH AND WELLNESS (506), ALCOHOL AND SOFT DRINKS (384), BEAUTY/PERSONAL CARE (572), FASHION /APPAREL (632), FURNITURE, BEDDING AND HOME (420), GROCERY AND HOUSEHOLD (574)

eCommerce Trend Adoption and Intent (Q10/11)

Moving forward, consumers indicate most significant interest in short-term purchasing (Seeking Behavior) and points redemption (Brand Believing)

SURVEY QUESTION

Which of the following have you done in the past 6 Months? In the next 6 months, how likely are you to participate in any of the following?



BASE: TOTAL, N=981.

Emotional Experience of eCommerce (Q8)

eCommerce experiences that appeal to consumers' sense of self are most desirable

SURVEY QUESTION

Please finish this statement: "I want an online shopping experience that makes me feel..."

BASE: TOTAL, N=981.

Brand Relationships (Q9)

The majority of online shoppers are more comfortable with ”the known” – consistent brand relationships – as opposed to chasing the new.

SURVEY QUESTION

Think about the relationships you have with brands and retailers...for each of the following pairings, please choose the description that fits you best.

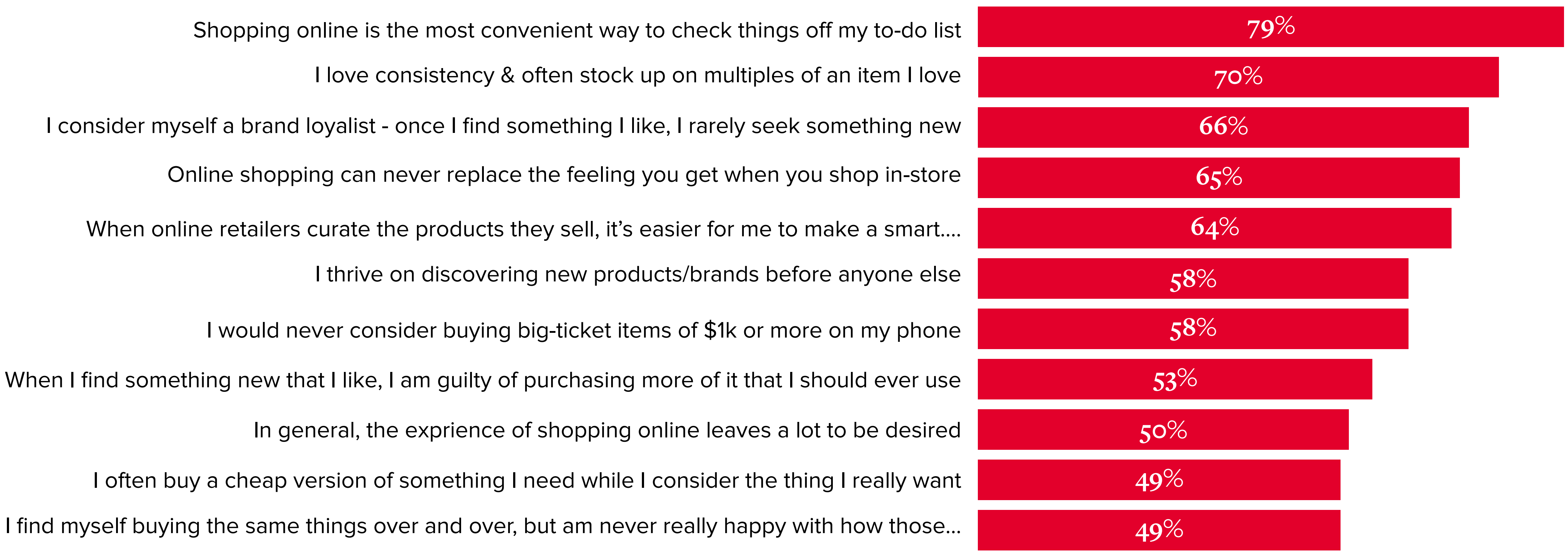
BASE: TOTAL, N=996.

eCommerce Attitudes (Q12)

SURVEY QUESTION

Tell us how much you agree or disagree with each of the following statements.

TOP 2 BOX AGREE COMPLETELY/SOMEWHAT



BASE: TOTAL, N=996.