Profitero

The Digitally Influenced Shopper

Defining the true cost of underinvesting in the digital shelf

US version

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Executive summary

Consumers are more empowered than ever before. And when it comes to their purchasing decisions, they want the **power of choice.**

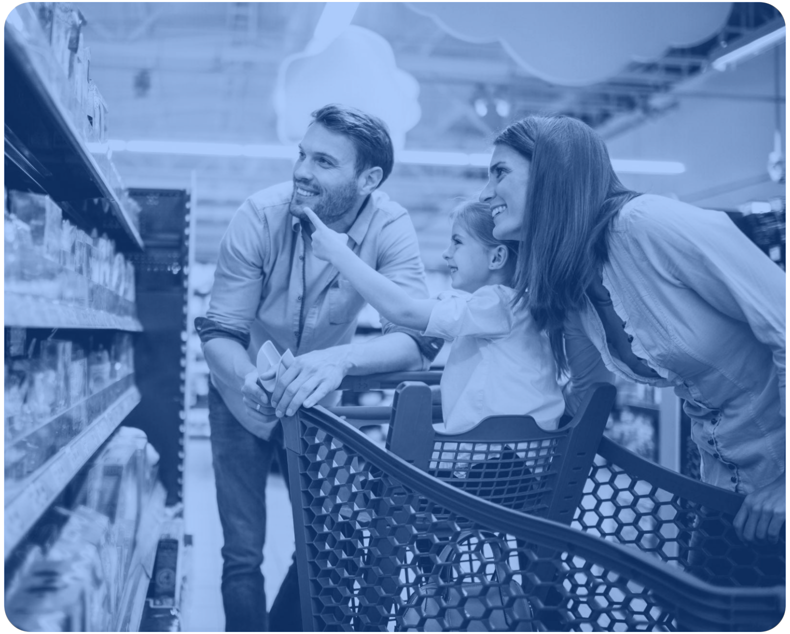
However, brands have traditionally placed shoppers in a box — in-store or online. It's simpler for budgeting and staffing to keep the consumer in a linear path.

But tension exists because the **DNA of the shopper has changed.** Years of uncertainty — covid, inflation, supply issues — have born a consumer who relies heavily on digital validation before making a purchase decision (whether in-store or online) and even when standing in the store.

Profitero surveyed U.S. consumers on their online and in-store shopping habits in an effort to better understand how digital touchpoints **influence the path to purchase** and to uncover the true cost of underinvesting in the digital shelf.

What we assume:

The consumer purchased in-store and made the decision in-store



What's really happening:

→ Consulted the retailer's website before shopping in-store to check in-stock status;

→ then changed their product choice based on ratings & reviews;

→ while in-store, checked a different retailer's website to confirm competitive pricing;

→ finally, purchased the product in-store.

1 There are more digitally influenced shoppers than you think

8 in 10

shoppers say retail purchases are influenced by digital touchpoints

So what?

Typical brand investment models underestimate the full impact of digital across the online & offline shopping experience, holding back growth. Redress this balance by setting digital shelf & retail budgets based on the lens of shopper influence vs. channel penetration.

2 Failing to show up online = failing to acquire new buyers

6 in 10

shoppers are more likely to discover new products when browsing online than shopping in-store

So what?

Pre-purchase online research is all about **discovery**, whether shoppers end up buying in-store or online. Failing to invest enough in digital shelf content & retail media will hinder product discovery, resulting in a failure to attract new buyers and grow.

3

If you over-invest in in-store marketing, you will lose sales to competitors

7 in 10

shoppers are more likely to buy a product because of its online content or reviews than in-store signage & displays

So what?

Digital assets tend to be an afterthought, particularly for product launches. Think digitally first — ensure your creative teams have digital shelf assets baked into their new product release checklists. Find ways to work online reviews into physical marketing assets to bridge the omnichannel gap.

4 Your Amazon budget must increase to grow your omnichannel sales

Up to

4 in 10

shoppers research on Amazon before visiting a physical store

So what?

Amazon is both a conversion destination and a top of funnel research tool for other retailers, much like Google. Factor this into your Amazon media, content and review syndication budget considerations. Invest in attribution modeling to help quantify Amazon's larger halo effect on your brick & mortar sales.

5 Expect to lose buyers if you don't nail the basics of digital shelf execution

6 in 10

consumers will switch brands if a product is OOS

4 in 10

consumers will switch if there are bad ratings & reviews

4 in 10

consumers will switch if it's not findable in search

So what?

Use the digital shelf to play great offense and defense. You can seize the opportunity by using retail media budgets to conquest competitors when they fail across these areas. Implement digital shelf monitoring and issue alerts to avoid your own brands being conquested.

Now that we know the digital shelf's true influence on shopper decisions, it's time to act

Brand executives

Ensure your organization mirrors the needs of the digitally-influenced shopper. Incentivize all business teams to prioritize the digital shelf, not just eComm. Evolve org structures, roles & responsibilities and joint business planning to focus on the entire digital and physical shopper journey. Democratize digital shelf insights to everyone.

Brand eComm leaders

To prevent short-sighted thinking, help leaders appreciate the full "Cost of Missing Out." Quantify the impact of digital shelf spend on market share, which affects company valuation and bonuses. Use competitive benchmarks to show where your brands are falling behind in areas like search and the financial gains to be won by closing gaps.

Retail executives

Fully monetise your digital shelf's massive influence on both the digital AND physical shopper journey. Take stock of your current digital merchandising, retail media and shopper targeting capabilities for brand suppliers. If they lag behind competitors, you won't realise the big investments you expect from brands.

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Who is the digitally influenced shopper?

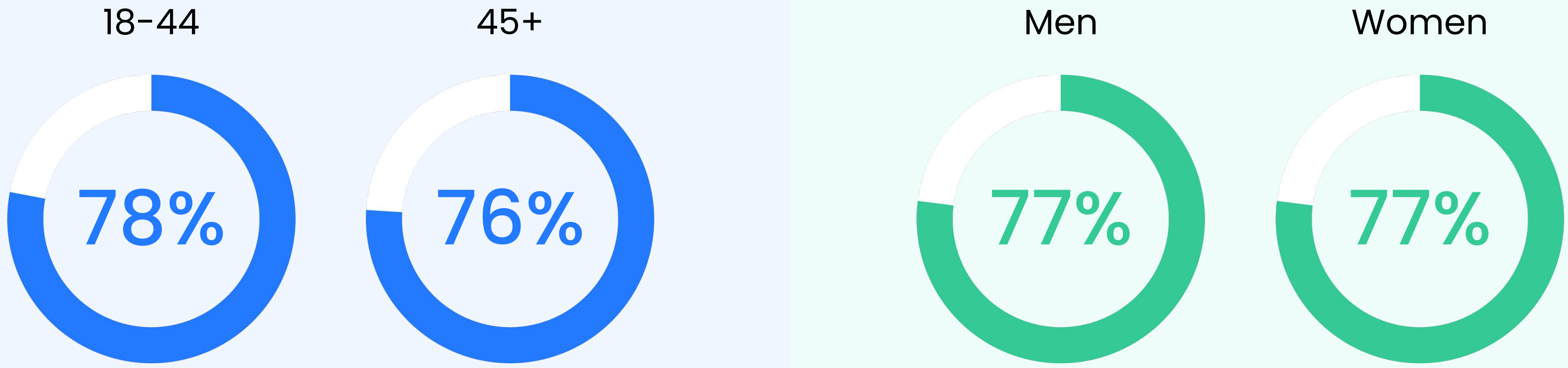
A WORD FROM THE EXPERTS

"Digitally-influenced sales are crucial. Consumers have the freedom to **start & finish their buying journey anywhere** — regardless of whether it begins with inspiration, product research or advertising. Brands should not be confined to a single channel, format or journey. We must **embrace the flexibility of the digital landscape**."

Todd Hassenfelt
eCommerce Director, Growth Strategy & Planning,
Colgate-Palmolive

Digitally influenced shoppers can’t be defined by **age or gender**

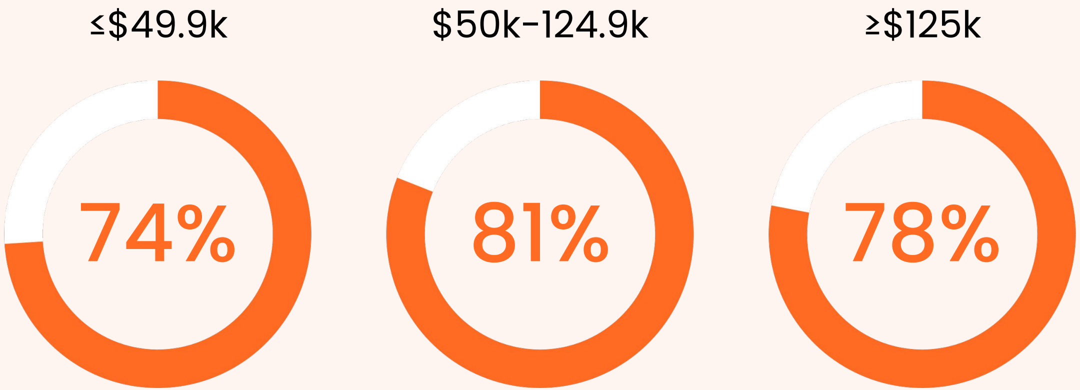
% of shoppers who say retail purchases begin with research online



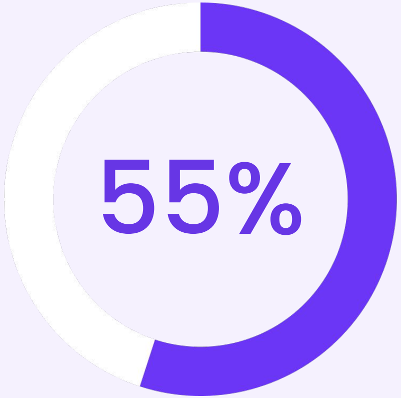
Digitally influenced shoppers tend to have **higher incomes**, but not dramatically

% of shoppers who say retail purchases begin with research online

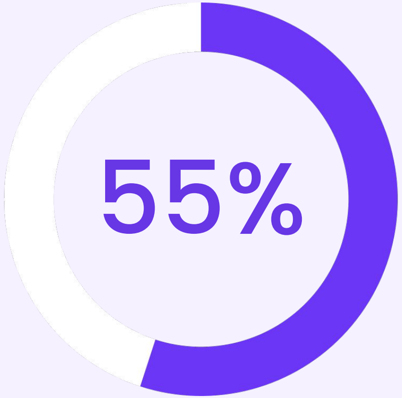
Household income



Digitally influenced shoppers have and will continue to **increase shopping online**



reported an increase in the amount of online shopping they do now compared to last year



expect their online shopping to increase over the next 5 years

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How digital touchpoints influence shoppers

Consumers have become reliant on retailer websites for **confidence, social validation** and **certainty**

Nearly 50% of consumers regularly consult a retailer's website or app **before shopping in-store.** Checking price & reviews are the leading reasons why they are consulting online first.

Top 3 reasons shoppers consult a retailer's website **before shopping in-store**:

- **58%** Research deals and prices
- **51%** Check product reviews
- **42%** Check in-stock status

The same behaviors continue **in-store**

1 in 4 consumers regularly consult a retailer's website or app **while shopping in-store.** Price is still top of mind with consumers checking in-store to make sure they are getting the best deal.

Top 3 reasons shoppers consult a retailer's website **while shopping in-store**:

50%	Research deals and prices
42%	Check product reviews
34%	Manage loyalty account / coupons

A WORD FROM THE EXPERTS

Information is power, and there's no shopping tool more handy and comprehensive than the phone. Many of the micro-decisions a shopper makes when walking the aisles of the store can now be made before setting foot in the store. **Shoppers have choices**, and key considerations like price & availability are influential.

Katie Malinick
VP, Strategy Consulting,
Profitero

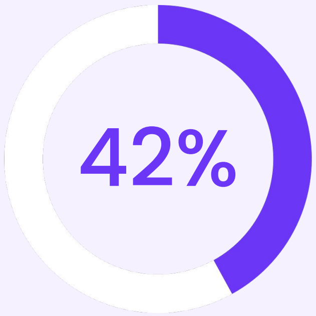
The digital shelf is supplementing **in-store marketing**

68% of consumers report content & reviews on a retailer's website as **more influential** than in-store signage and displays.

% of consumers using retailer website / apps more than a year ago

(average across all categories)

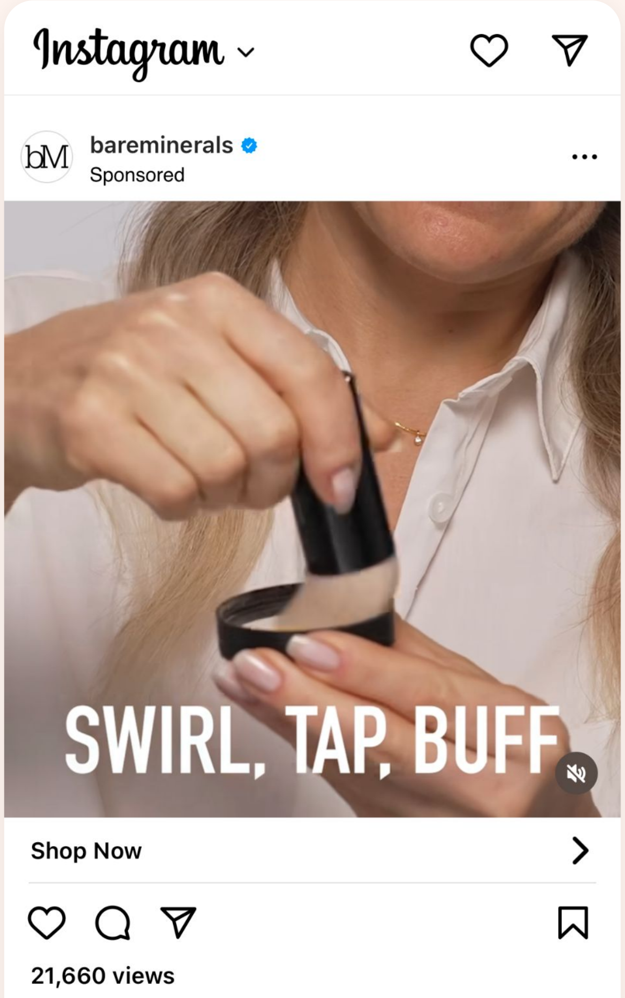
Before shopping in-store



While shopping in-store

There’s no denying the **power** of social media

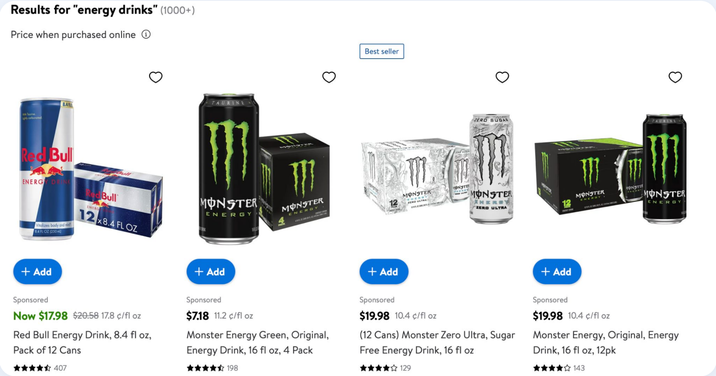
1 in 3 consumers report they would try a new product they saw advertised on social media



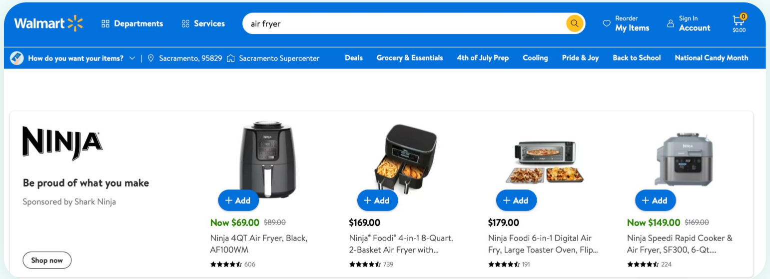
However, it's more than Tiktok and Instagram — **retail media influences purchases** in the planning moment

Consumers reported that their purchases online are influenced by the retailer website

46% Suggested / sponsored posts appearing in search results



30% Advertising banners

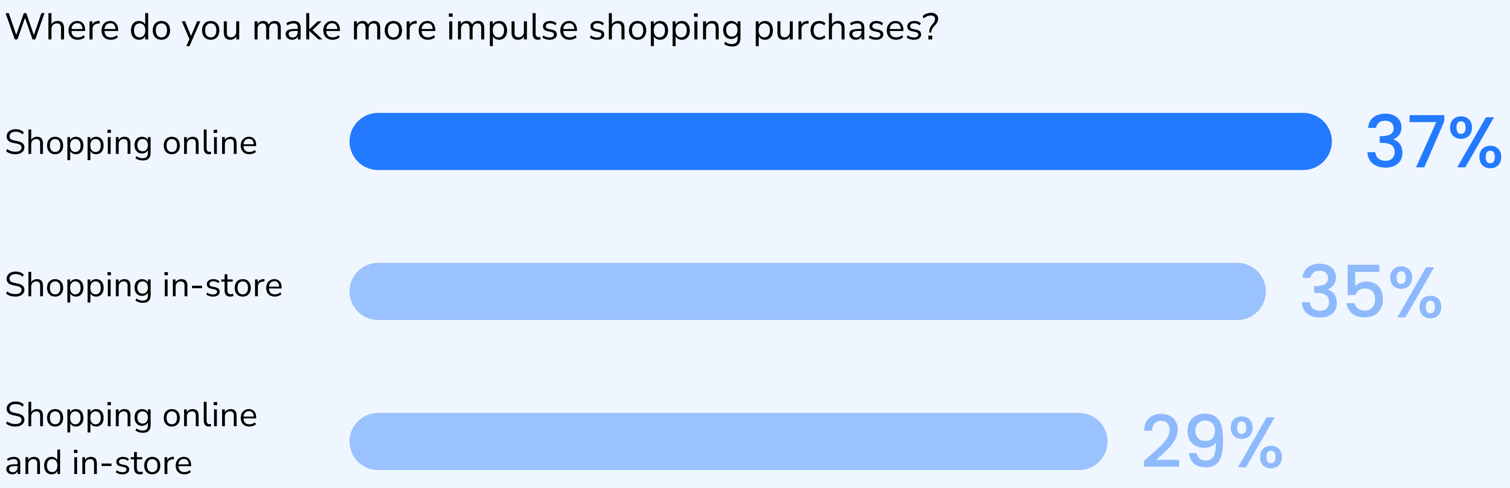


A WORD FROM THE EXPERTS

"Consumers interact with **multiple touchpoints** on their shopping journey, and we must be present in each one to maximize sales. A strong brand considers its appearance on social media, the digital shelf and all digital marketing channels to **ensure consistency and brand standards** across the entire journey."

Carrie Omansky
VP, e-Commerce North America,
Beam Suntory

Shoppers are now **more likely** to make an impulse purchase online



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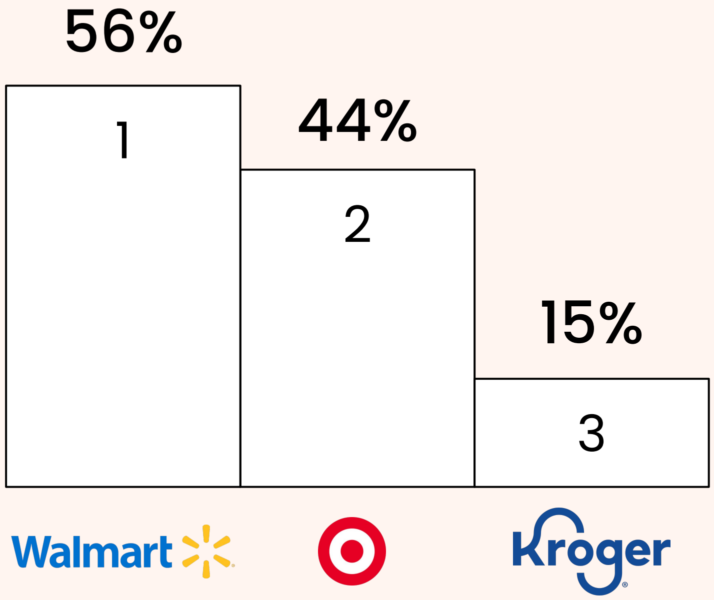
How top U.S. retailers stack up when it comes to the digitally-influenced shopper

Walmart is the most trusted retailer for **pre-trip planning**, across all categories

Food & Beverage buyers value Target and Walmart websites over Kroger & Albertsons for pre-shopping research.

Which retailer websites or apps do you find most useful to consult **before** visiting a physical store?

(average across all categories)

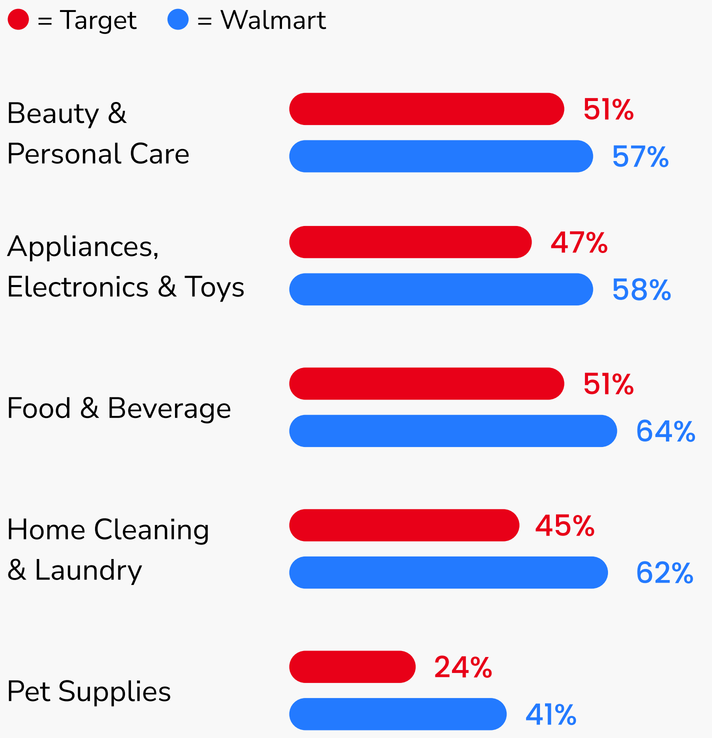


Beauty & Personal Care research is where **Target is the closest** to matching Walmart's popularity

Walmart's dominates Target for most categories when it comes to where shoppers like to start their research — most noticeably for Pet Supplies where it's almost twice as popular.

Beauty & Personal Care is the only category where Walmart has less than a 10ppt lead.

Which retailer websites or apps do you find most useful to consult **before** visiting a physical store?



Beauty & Personal Care shoppers are also checking across stores while shopping in-person

1 in 3 Beauty & Personal Care shoppers check a different retailer’s website or app than the store they’re physically in — breaking out from other CPG categories.

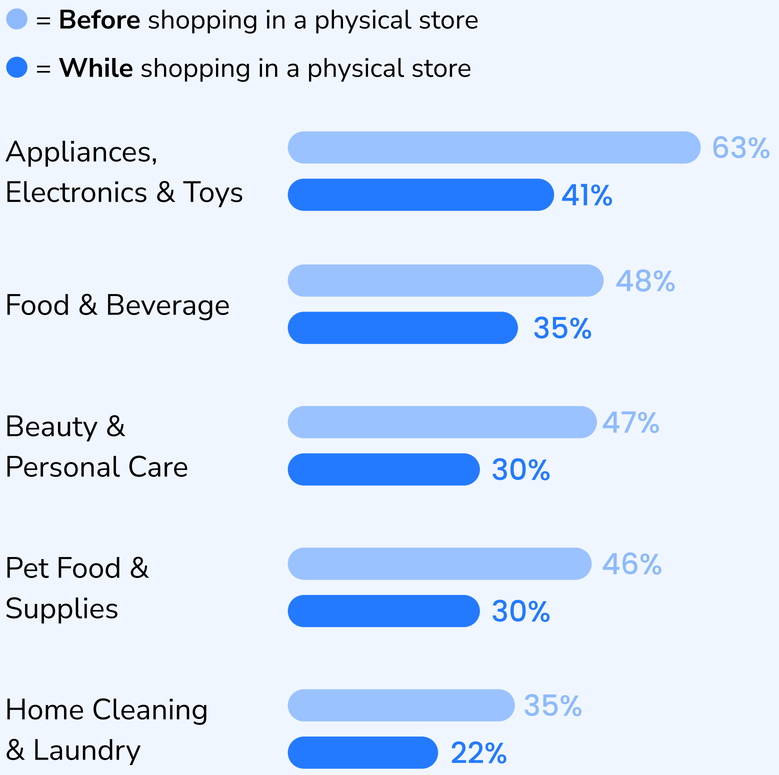
Consumers cross-check **other retailer websites** to validate their choices

On average, 37% of shoppers consult a different retailer website / app than the store where they're physically shopping.

These behaviors are present **across every category**, not just high ticket purchases

These behaviors — pre-trip research and store price comparison — happen in every category. And pre-trip research is more common than price comparison across all categories.

How often do you consult a retailer's website or app before / while shopping in a physical store?



A WORD FROM THE EXPERTS

"Because the digitally-influenced shopper is hard to measure, most CPGs are reluctant to change their traditional ways. **Shoppers are in control of their experience**, not brands. We need to drive internal education on the role of all touchpoints. Whether you're creating a TV ad, retail media or product development, every team needs to consider the impact of the digital shelf. It's uncomfortable for many CPGs but it finally **puts the shopper at the heart of your business**."

Charlotte Bailey-Sane
Digital & eCommerce Director,
ADM Protexin

ABOUT US

Profitero is the **leading commerce acceleration company** offering a flexible suite of intelligence-driven solutions so that brands can grow profitably. Our integrated digital shelf analytics, shelf-intelligent activation and advisory services empower brands to optimize product availability, discoverability and conversion across 1,000+ retailers in 50 countries.

For more information, email sales@profitero.com or visit profitero.com.

Explore our research across other regions

View the
U.K. report

View the
Canada report

View the
Germany report

Research methodology

Respondents for these surveys included ~500 U.S consumers aged 18+ with a margin of error of +/-4%. Survey responses were balanced by age and gender according to Census information. Respondents were selected if they were the "Primary Decision Maker in Household" according to Survey Monkey Audience definitions.

The data for this survey was collected using SurveyMonkey Audience between May 17 - May 24, 2023. Information on how respondents are recruited to SurveyMonkey is available here: surveymonkey.com/mp/audience.

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