US OMNICHANNEL RETAIL STATPACK 2018

Marketer and Consumer Trends

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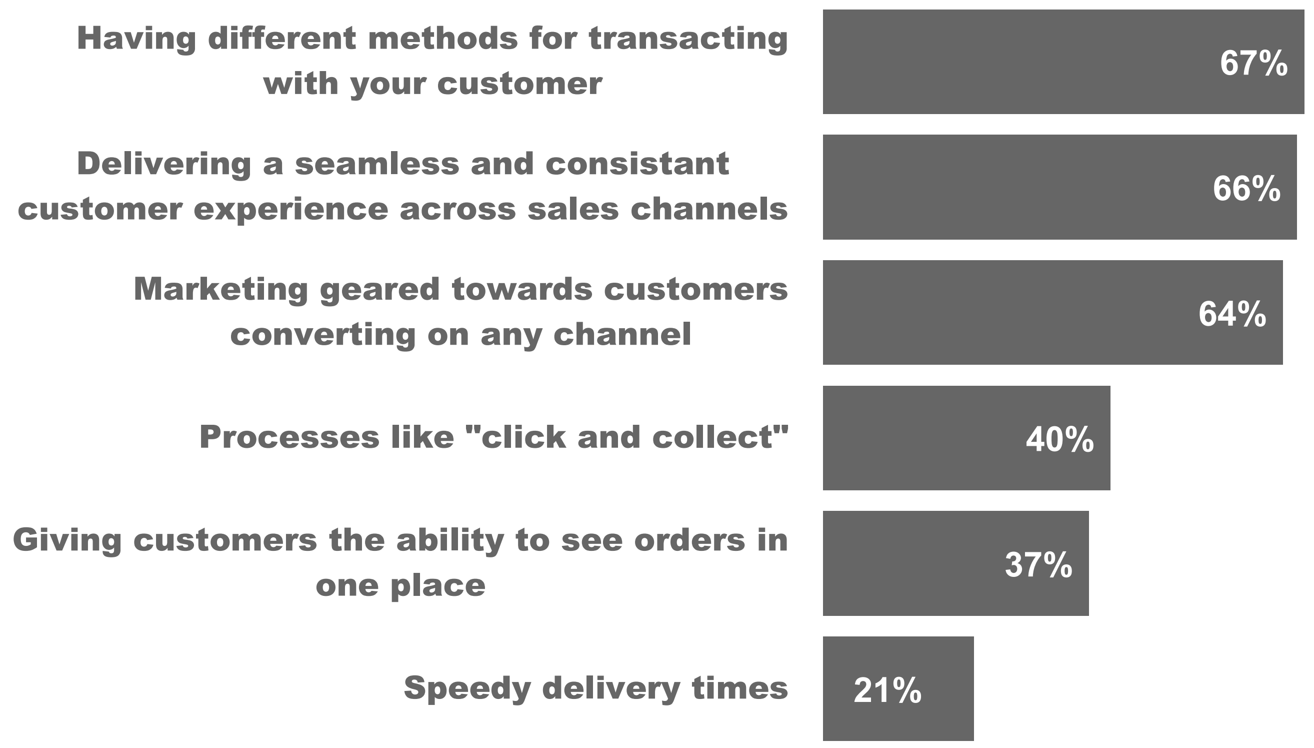
This StatPack provides an overview of omnichannel retailing trends

Two definitions to know:

Omnichannel retailing: The evolution from multichannel retailing, omnichannel is the practice of using all available shopping channels to buy or sell goods or services. This includes in-store, internet, mobile and catalog sales.

Shipping and delivery: Activities involved in moving a product or service from the supplier/retailer to the customer. Includes shipping, delivery, supply chain, fulfillment, as well as buy online, pick up in-store (BOPUS) and click and collect.

How retailers define omnichannel retailing can be open to interpretation



How Retailers Define Omnichannel Retailing (% of respondents); worldwide*

Brand marketers' top characteristics of a data-driven omnichannel experience*

46% Fully integrated channels of engagement (social, mobile, web, contact center, in-store)

43% Continuous learning and leveraging of customer behavior and preference

43% Higher levels of conversion, customer profitability and retention

43% Individualized interactions and richer, deeper knowledge of customer journey

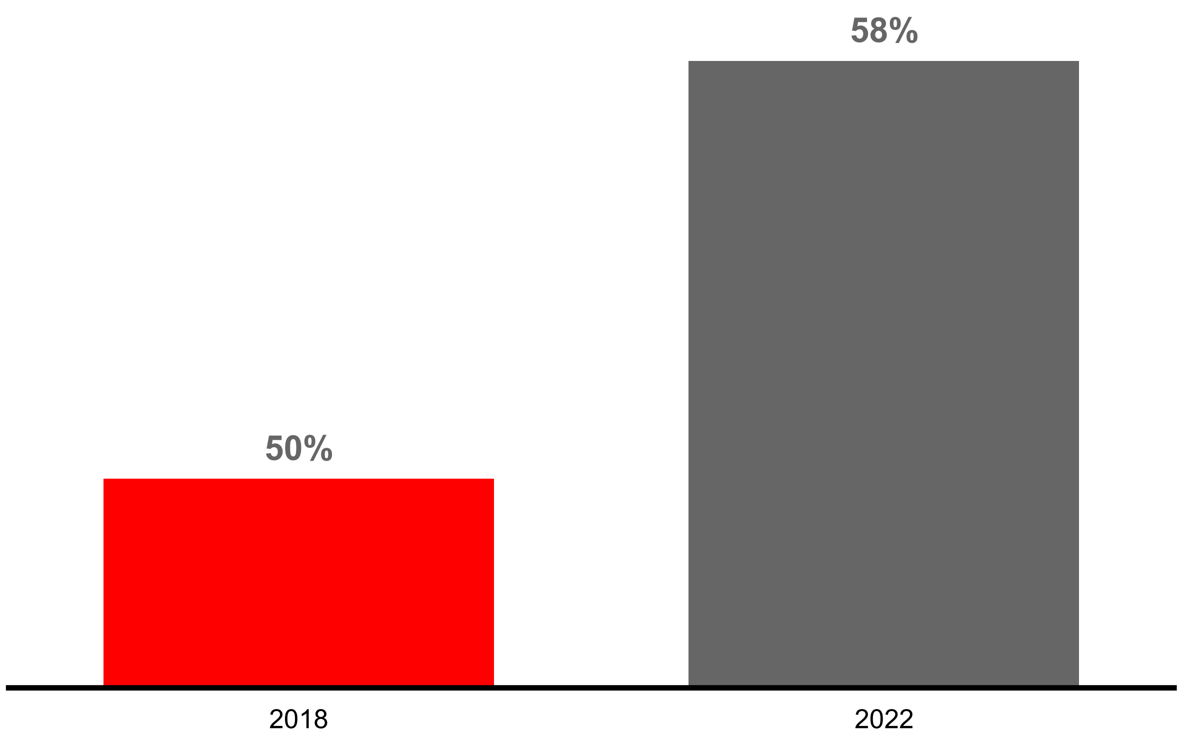
42% Unified and consistent experience across both physical and digital touchpoints

41% Improved loyalty, referral and positive word-of-mouth

Source: CMO Council and Open Roads Community, "Getting Serious About Omni-Channel Experience," Aug. 2017;
**brand marketers worldwide*

Retailers: Adoption, Drivers and Challenges

Digital influences a majority of in-store sales, reaching 58% of total sales by 2022

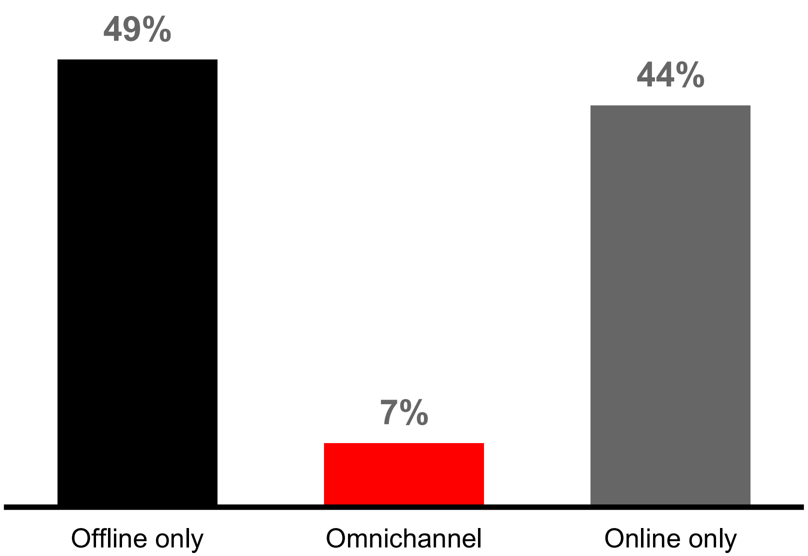


Digitally Influenced US Retail Sales (% of total retail sales)

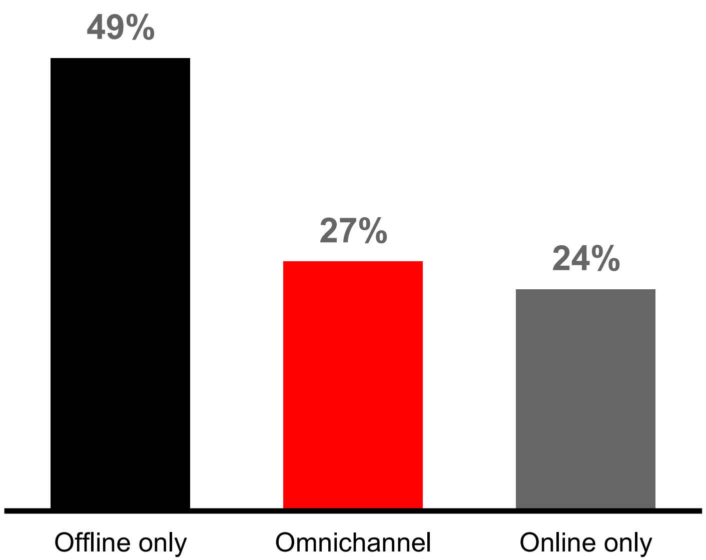
Source: Forrester Research, "Digital-Influenced Retail Sales Forecast, 2017 To 2022 (US)," March 2018; sales are those influenced by a customer's use of any digital device before/during a shopping trip

Omnichannel shoppers generate higher lifetime value in terms of sales

Though these shoppers make up less than one-tenth of customers, they account for **27% of all sales**



Share of US Customers, by Channel, Q1 2018



Share of US Sales, by Channel, Q1 2018

Source: Criteo, "Global Commerce Review: United States, Q1 2018"

The majority of retailers now say their omnichannel business is profitable

45%

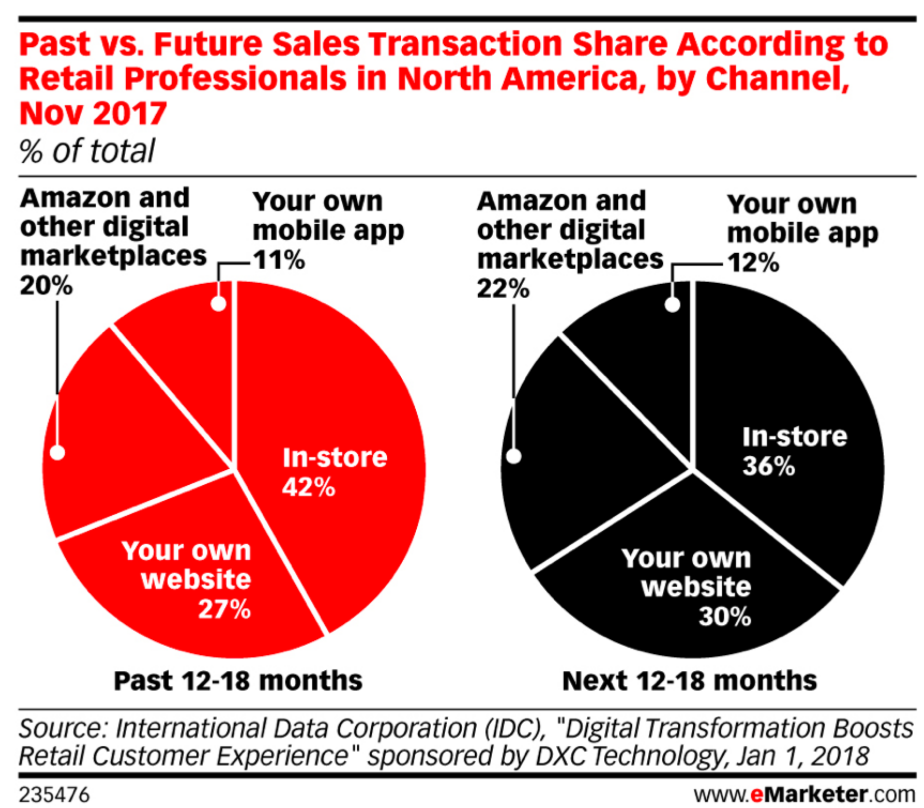
in 2016

58%

in 2017

Source: Multichannel Merchant, "MCM Outlook Survey 2018," Jan. 2018

Sales are shifting from in-store to digital channels



Retailers foresee in-store sales shrinking about 14% in the near future

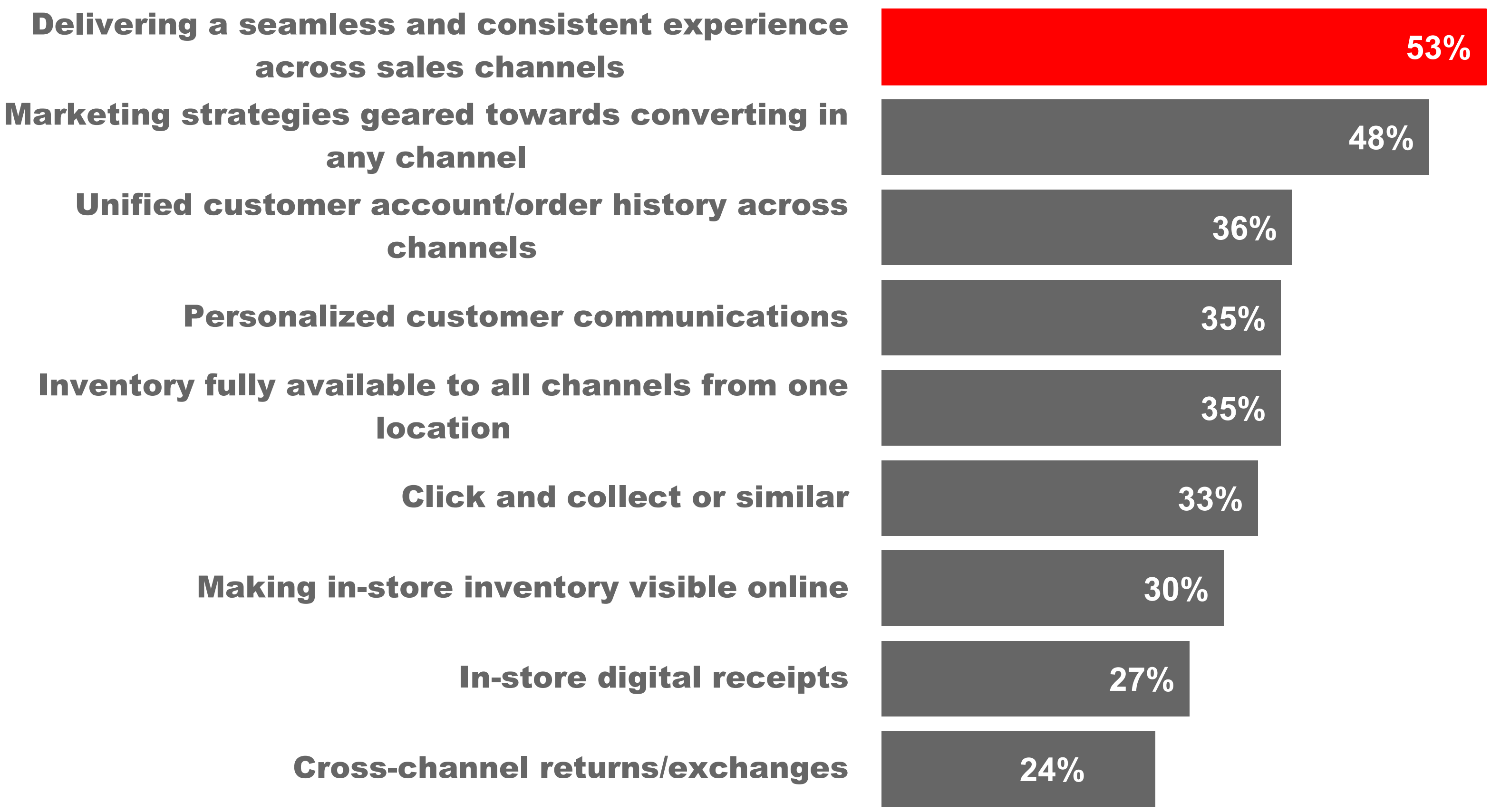
Retail sites, digital marketplaces and mobile apps are taking share

A majority of retailers haven't implemented most omnichannel capabilities

Current Omnichannel Capabilities of Retailers Worldwide, Sept. 2017 (% of respondents)

Source: Brightpearl and Multichannel Merchant, "The State of Omnichannel Retail: Survey of Leading Retailers," Dec. 2017

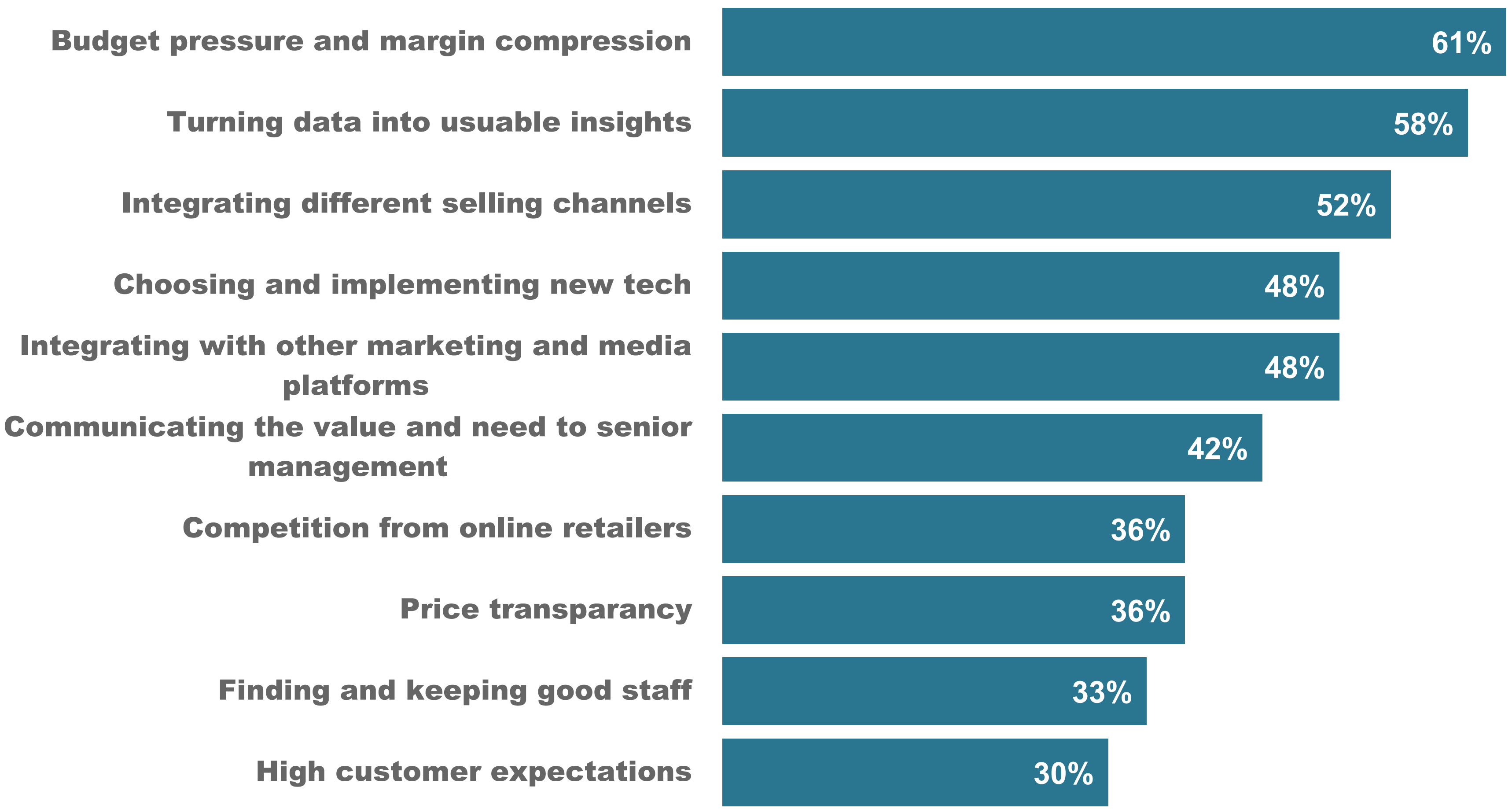
However, more said they have plans to implement throughout 2018



Omnichannel Capabilities that Retailers Worldwide Plan to Implement in the Next Year, Sept. 2017 (% of respondents)

Source: Brightpearl and Multichannel Merchant, "The State of Omnichannel Retail: Survey of Leading Retailers," Dec. 2017

Budgets and analytics are prominent omnichannel challenges



Challenges of Enhancing an Omnichannel Strategy According to Retail Executives Worldwide (% of respondents)

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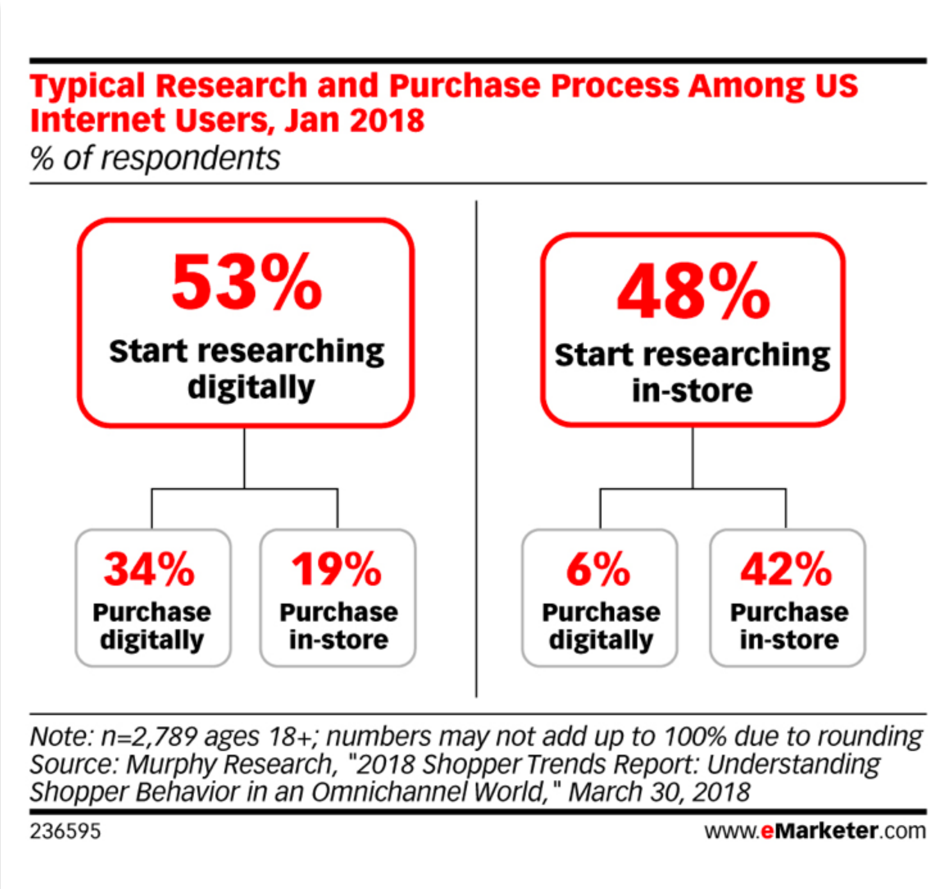
Source: Brightpearl and Multichannel Merchant, "The State of Omnichannel Retail: Survey of Leading Retailers," Dec. 2017

Consumer Path to Purchase

The channel used for research is most likely the same channel used for purchase



Consumers' top two shopping influences:

- **52% used recommendations from family and friends**
- **47% read online consumer reviews**

Many buyers begin and end their path to purchase on Amazon

Amazon is now more popular for searching products than Google

Preferred Shopping Method Among US Digital Shoppers, Feb. 2018 (% of respondents)

eMarketer *Source: Salsify, "2018 Consumer Research: Why Product Experiences Are What Win Consumer Trust in the Digital Age," March 2018*

Webrooming is more common than showrooming

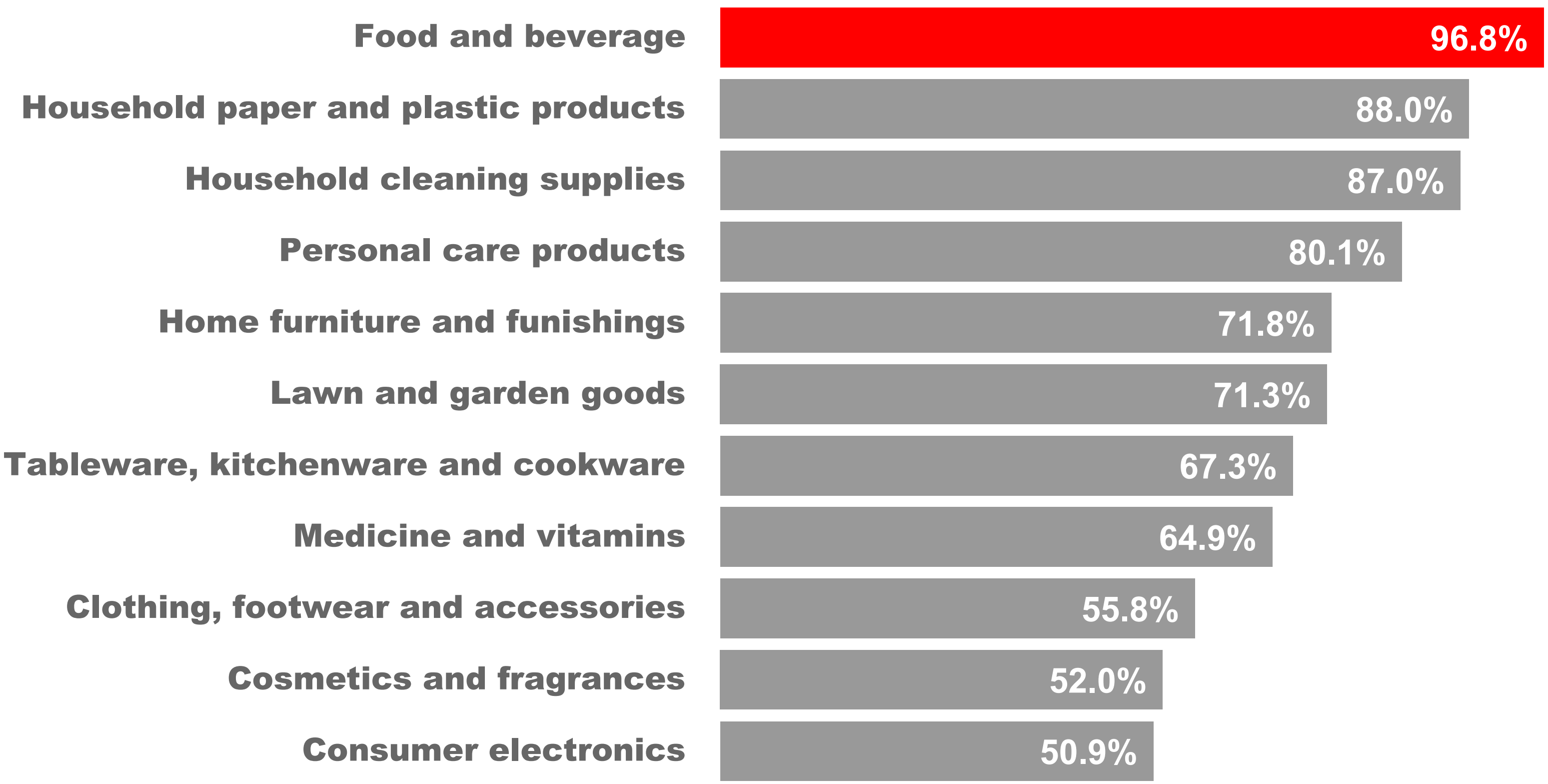
38%

of US internet users research via mobile then buy in-store

22%

of US internet users see a product in-store then buy from another online retailer via mobile

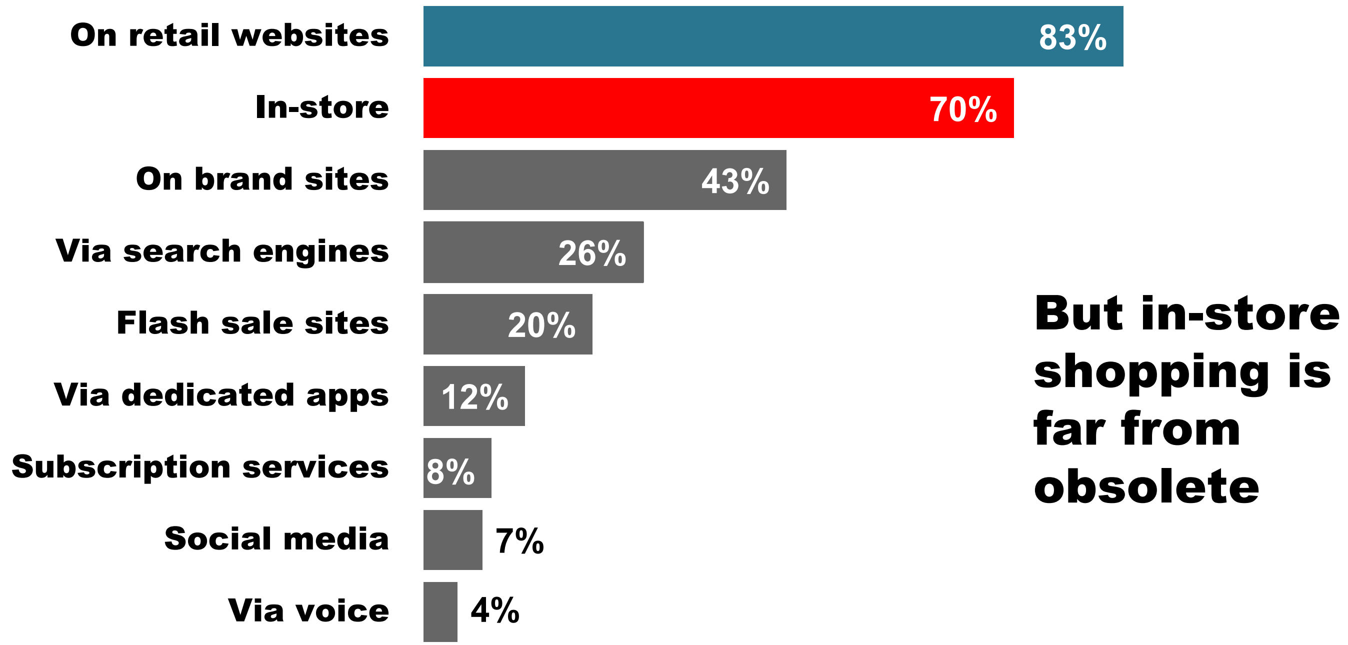
Consumers are more likely to buy groceries in-store than any other product category



US Internet Users Who Primarily Buy Select Product Categories In-Store vs. Digitally, May 2018 (% of respondents)

Source: Bizrate Insights, "The eMarketer Ecommerce Insights Report," May 2018

A majority of digital buyers plan to shop more on retail sites and in-store in 2018



Locations/Channels Where US Digital Shoppers Plan to Do More Shopping in 2018 (% of respondents)

Source: Salsify, "2018 Consumer Research: Why Product Experiences Are What Win Consumer Trust in the Digital Age," March 2018

In-store shopping is also likely to spur impulse purchases

Channel that US Internet Users Are Most Likely to Use in Select Shopping Scenarios, Dec 2017

% of respondents

	In-store	Desktop	Mobile	Tablet	Voice-controlled device	Other
Make an impulse or unplanned purchase	70%	12%	10%	4%	1%	2%
Purchase a big-ticket item (e.g., furniture or electronics)	63%	19%	10%	5%	1%	3%
Make an intentional purchase of a specific product	37%	32%	20%	8%	1%	2%
Browse for a big-ticket item (e.g., furniture or electronics)	36%	33%	19%	8%	1%	3%
Casually browse for products with no clear purchase intent	26%	33%	27%	10%	2%	3%
Make an intentional search for a specific product	19%	42%	26%	9%	1%	3%

Note: ages 18+; numbers may not add up to 100% due to rounding
Source: Avionos, "The 2018 Consumer Expectations Report," April 23, 2018

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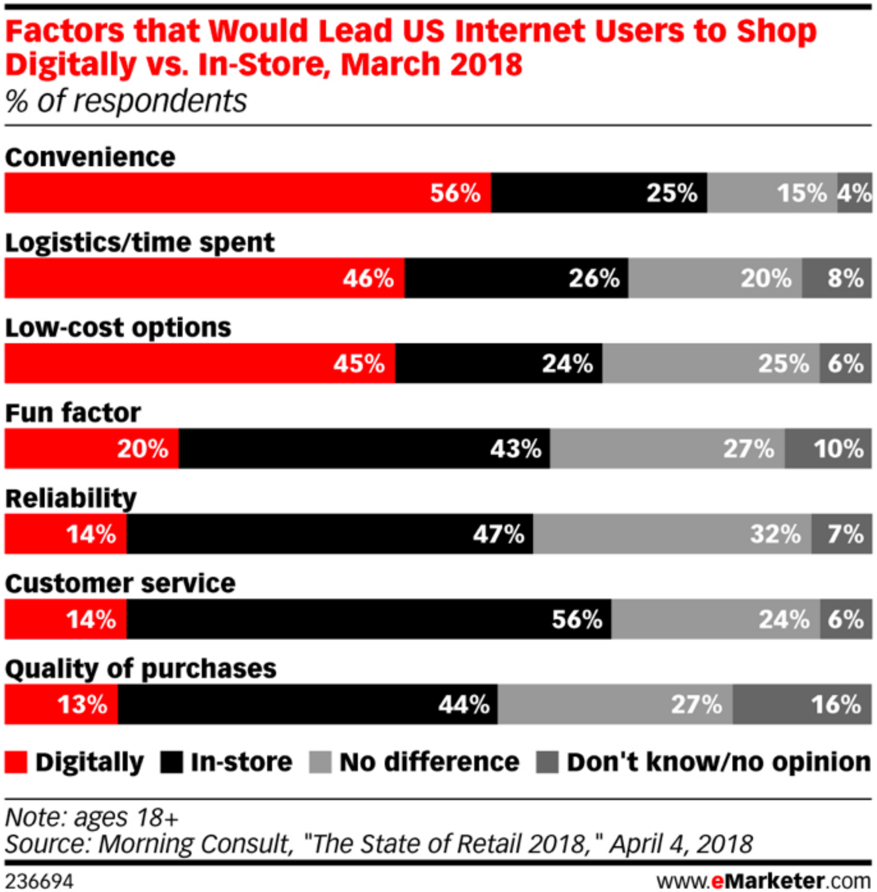
Desktop searches are for specific products, whereas mobile lends itself to browsing

Digital channels win on convenience, time-saving and price



In-store is perceived to have better customer service, reliability, quality and have the "fun factor"

The In-Store Experience

In-store omnichannel experiences ranked No. 1 among retailers in North America

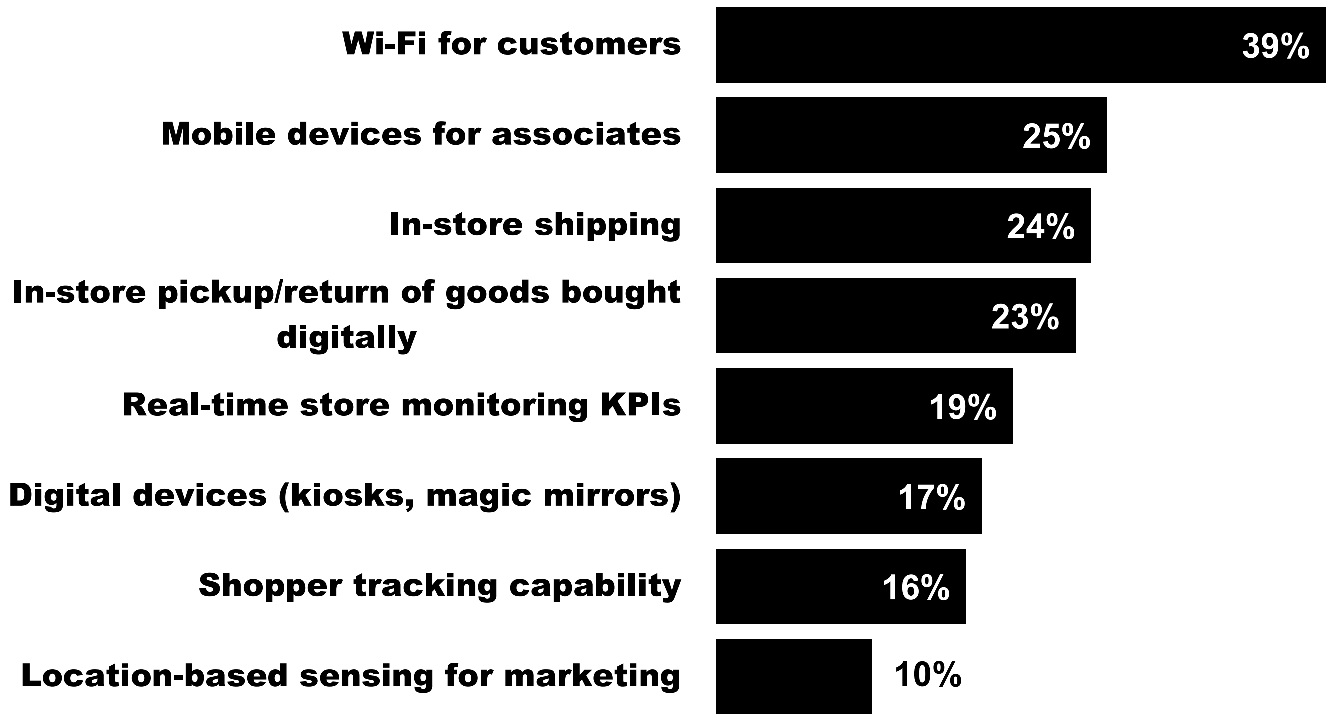
21%

of respondents cited **omnichannel** features like buy online, pick up in-store and endless aisle as the primary consumer-facing, **in-store** initiative for their 2018 digital business.

eMarketer

Source: Forrester Research and National Retail Federation (NRF), "The State of Retailing Online 2018: Store Investments, Business Objectives, and Mobile," March 2018

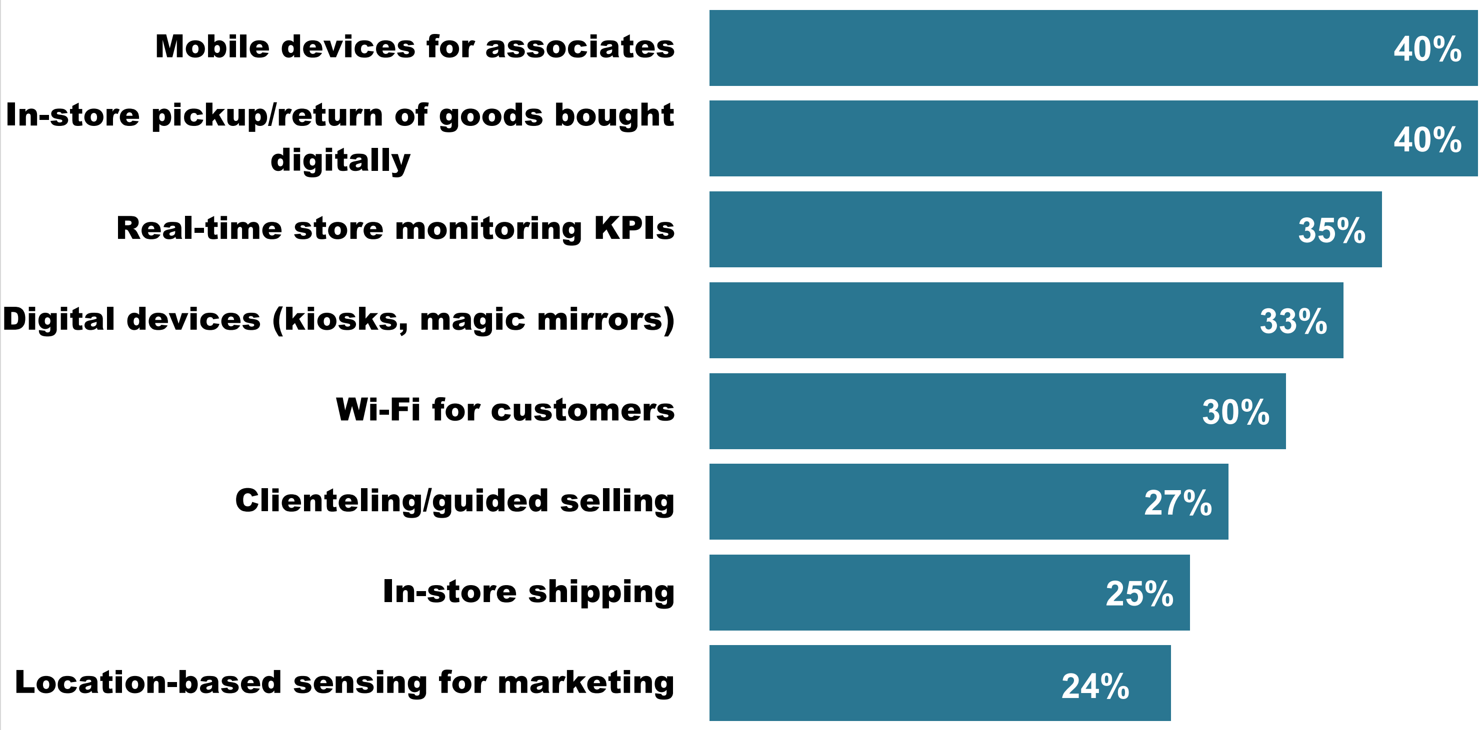
Some US retailers have in-store tech already in place



Implementation of Select In-Store Technology Plans, According to US Retailers, Feb 2018 (% of respondents)

Source: RIS News and Gartner "2018 RIS/Gartner Retail Technology Study," March 2018

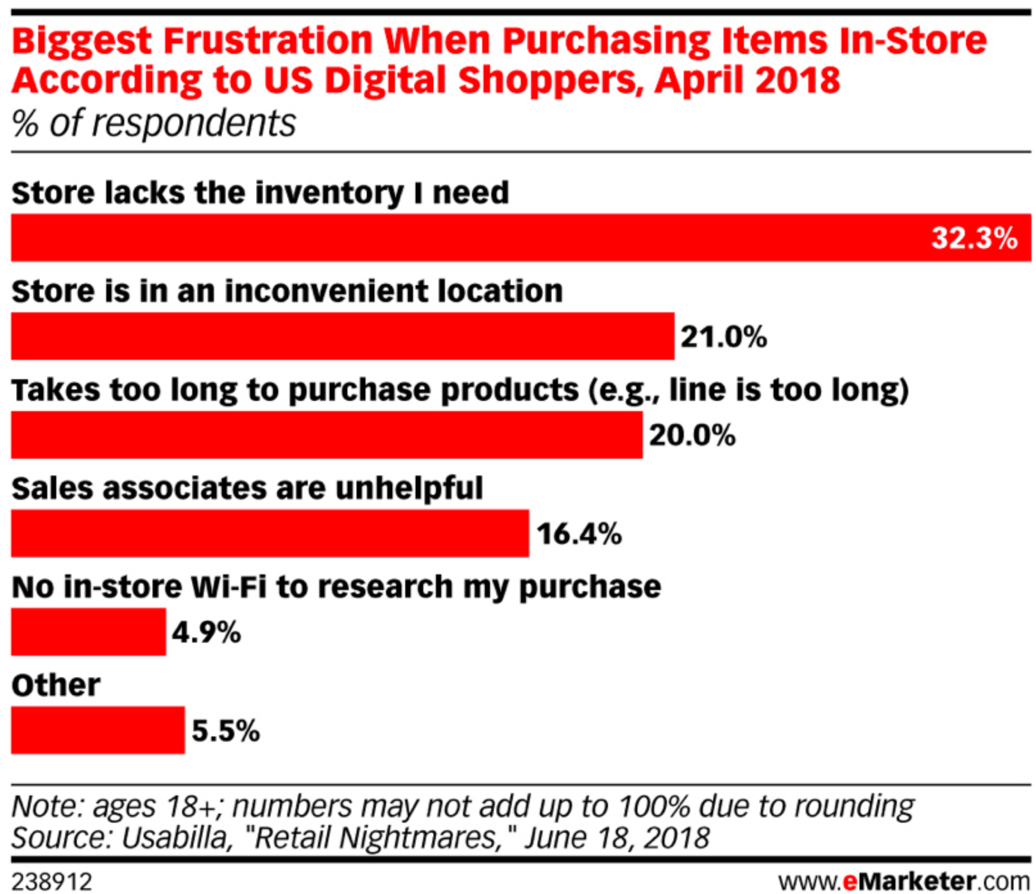
Other retailers have started or plan to upgrade in-store tech within 12 months



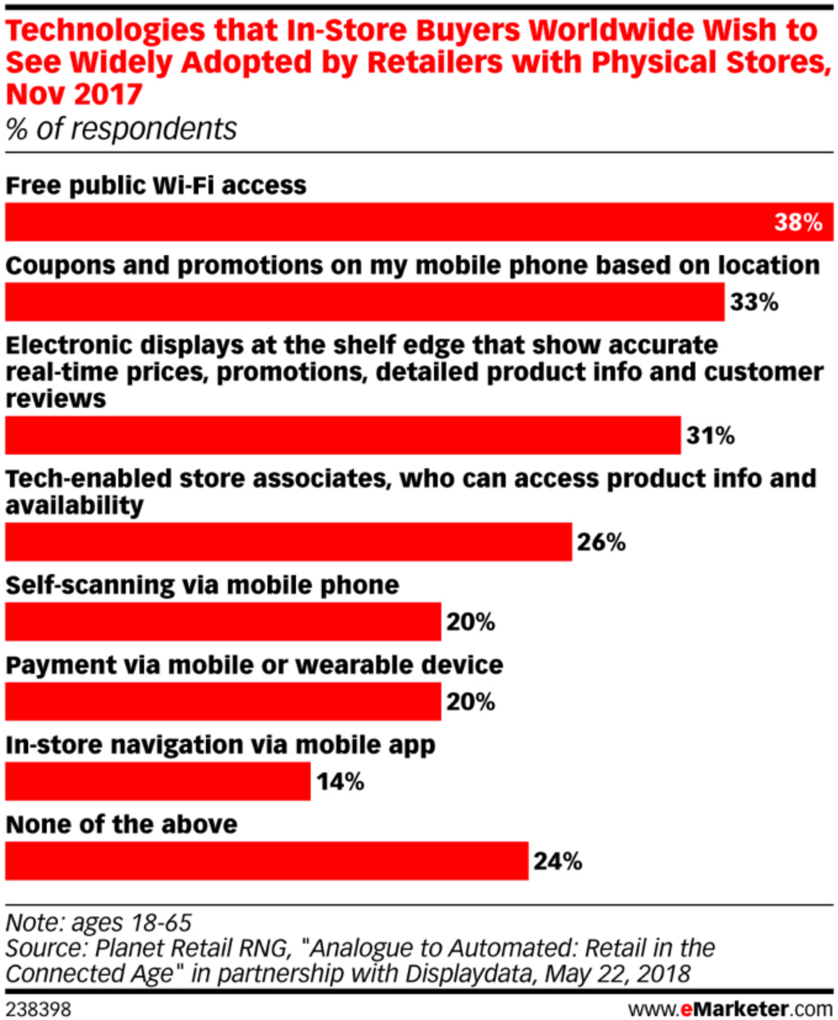
Implementation of Select In-Store Technology Plans, According to US Retailers, Feb 2018 (% of respondents)

Source: RIS News and Gartner "2018 RIS/Gartner Retail Technology Study," March 2018

Most in-store shopping frustrations can be solved by tech solutions



Free Wi-Fi is the leading in-store want among in-store shoppers



Mobile coupons, mobile self-checkout, mobile payment and mobile app maps are also high on the list

Fulfillment and Delivery Trends

For **fulfillment,** retailers are focusing on shipping from stores

Retailers foresee near ubiquity of all these capabilities over the next 10 years

Digital shoppers like options and speed

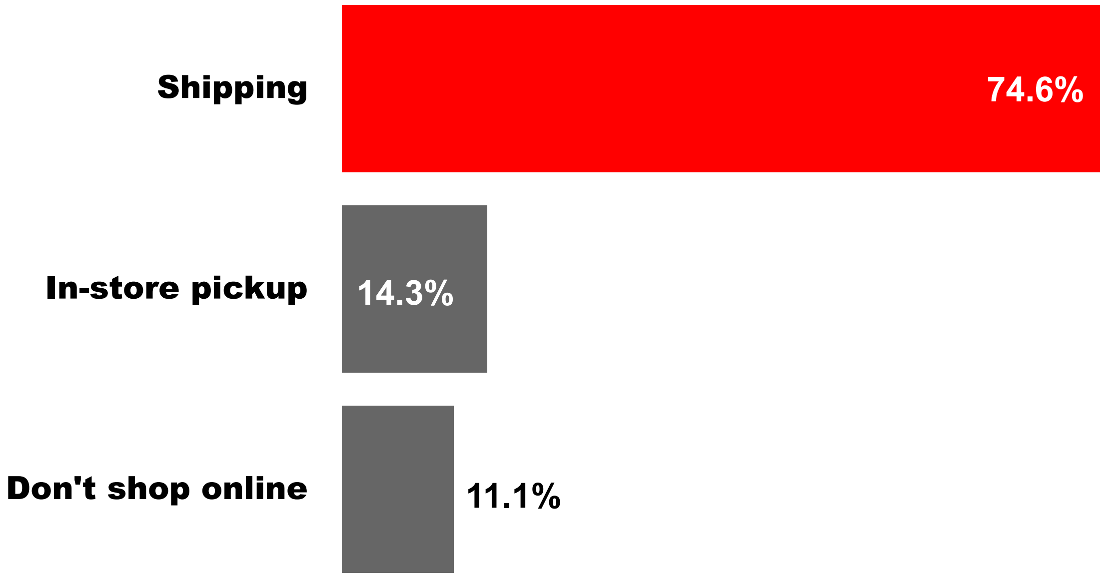
76% Are influenced to complete a purchase by multiple fulfillment options

40% Say delivery that takes more than two days would prevent them from making a purchase

63% Expect delivery within three days as standard

Source: Kibo Commerce, "2018 Consumer Trends Report: Engaging the Informed Consumer," March 2018

Most US internet users prefer **shipping** to in-store pickup



US Internet Users Who Prefer Shipping vs. In-Store Pickup for Items Ordered Digitally, Jan. 2018 (% of respondents)

Source: CGS "BlueCherry Retail Consumer Survey 2018," March 2018

Around one in five digital buyers bought online, picked up in-store in the past month

Delivery Methods Used by US Internet Users for Digital Purchases, by Age, May 2018

% of respondents in each group

	18-29	30-39	40-49	50-59	60+	Total
Deliver to home	83.1%	80.5%	80.6%	69.4%	74.2%	75.4%
Buy online, pick up in-store	24.6%	18.8%	23.5%	20.7%	13.7%	18.0%
Ship-to-store	12.3%	11.3%	14.7%	9.5%	6.8%	9.5%
Deliver to work	6.2%	11.3%	10.6%	5.0%	3.4%	6.0%
Curbside pickup	3.1%	4.5%	5.9%	1.2%	0.8%	2.3%
Deliver to locker	3.1%	0.8%	0.0%	0.4%	1.0%	0.8%
Other	0.0%	0.8%	2.4%	1.2%	0.8%	1.1%

Note: in the past month/30 days
Source: "The eMarketer Ecommerce Insights Report" conducted in May 2018 by Bizrate Insights, May 9, 2018

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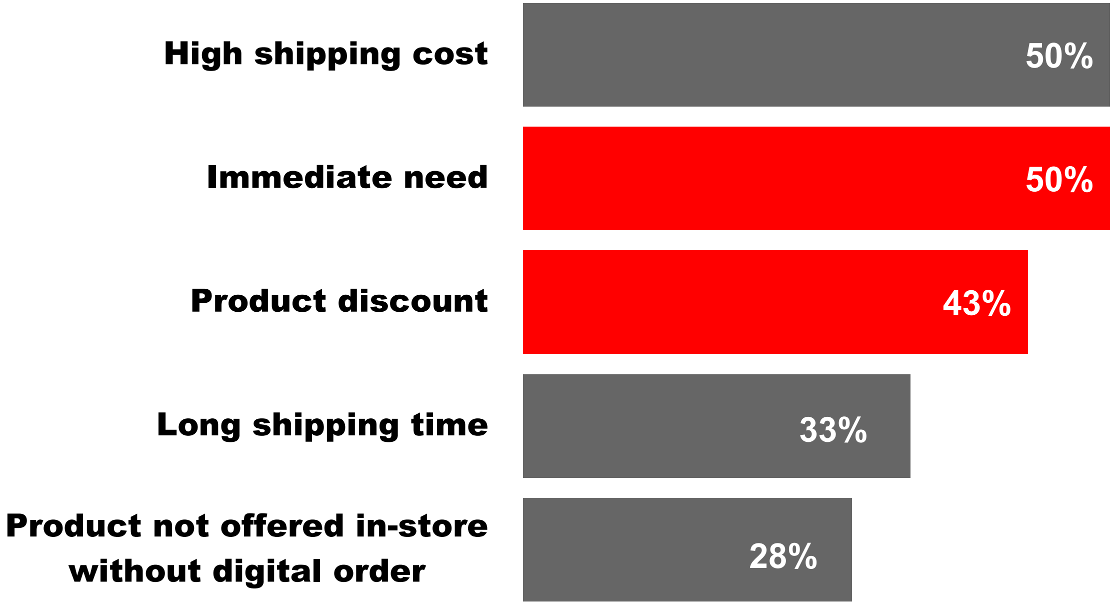
Nearly one-quarter of respondents younger than 30 use BOPUS

Saving money and immediacy were motivations to use BOPUS



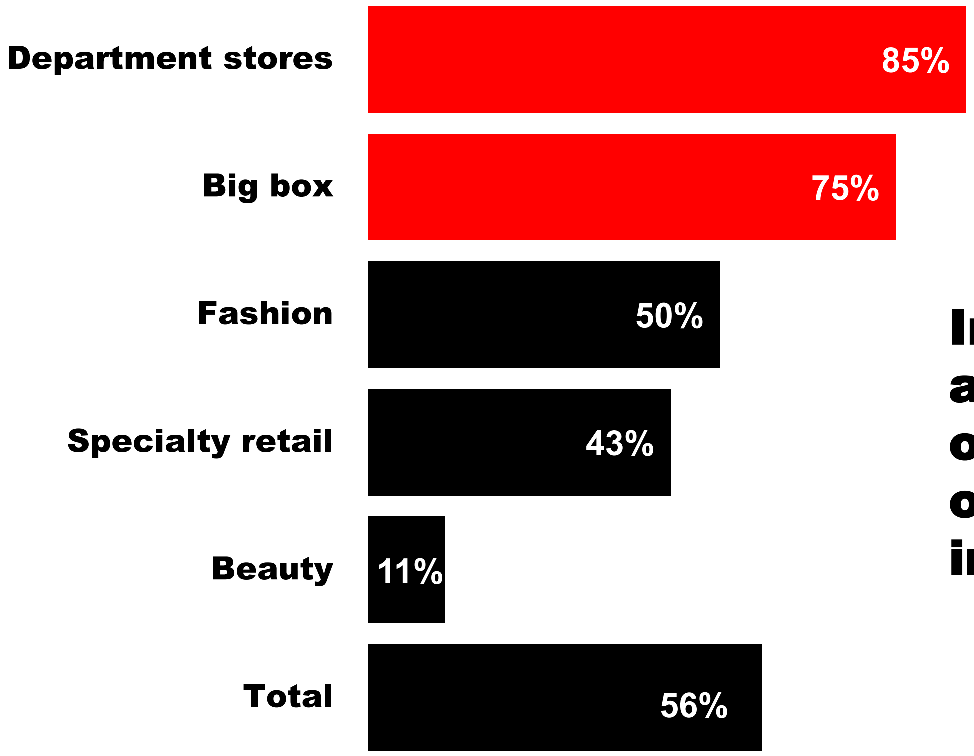
Reasons that US Internet Users Buy Online and Pickup In-Store, 2018 (% of respondents)

In 2016:

37% of consumers chose in-store pickup because retailers offered a discount

19% chose BOPUS because an item was available only online

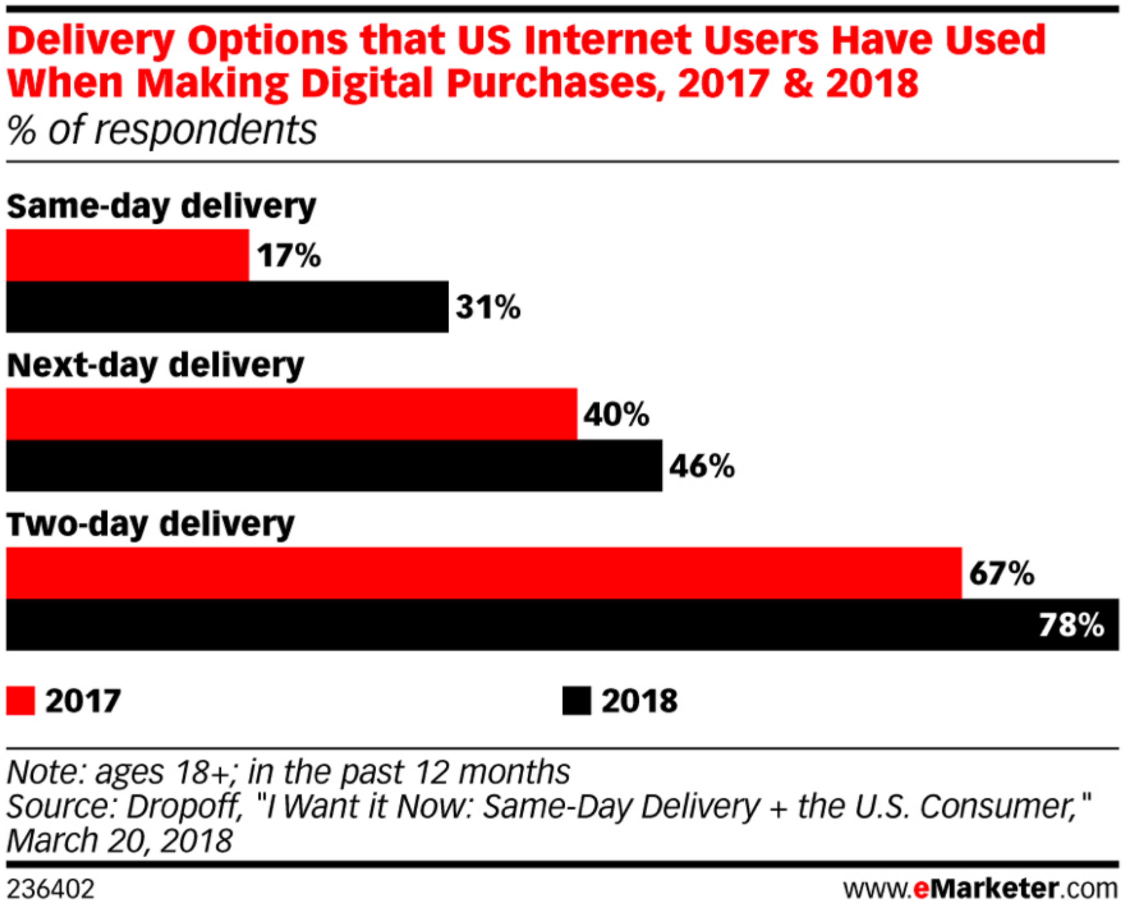
BOPUS is offered by most big-box retailers and department stores



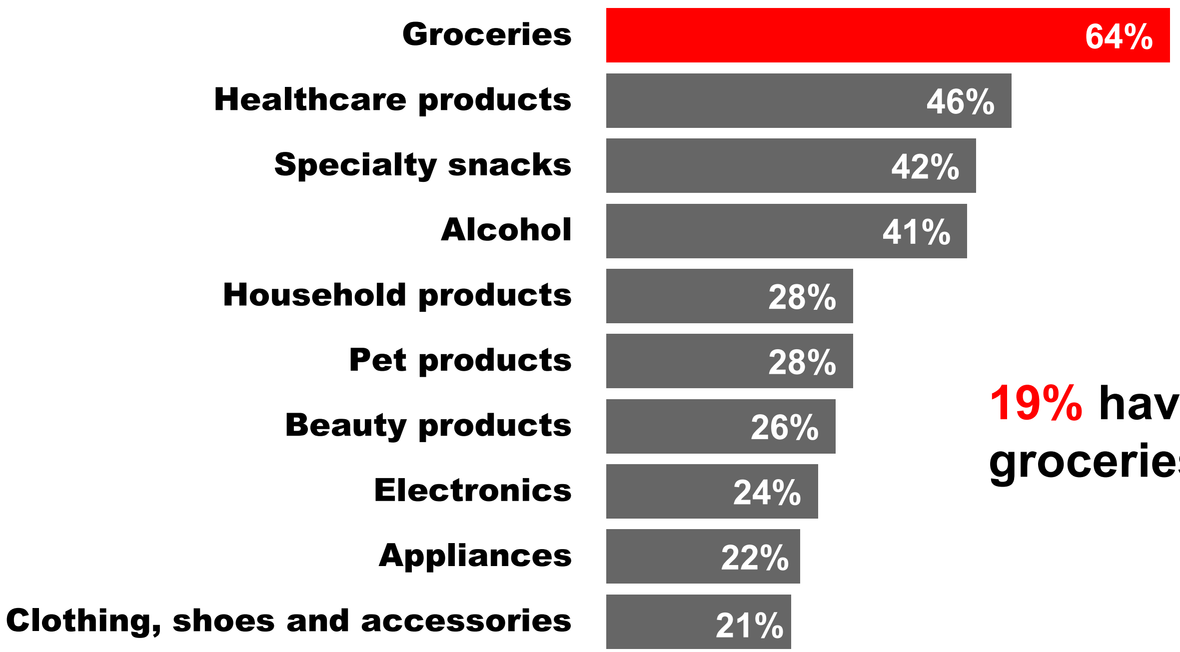
In 2016, 44% of all retailers offered buy online, pick up in-store services

Share of US Retailers that Offer Buy Online, Pickup In-Store, by Retailer Type, 2017 (% of total brands tracked by L2)

The number of US digital buyers using same-day delivery nearly doubled YoY in 2018



Groceries are the leading product category wanted the same day



19% have received groceries same-day

Items that US Internet Users Want to Received via Same-Day Delivery, by Category, Feb 2018 (% of respondents)