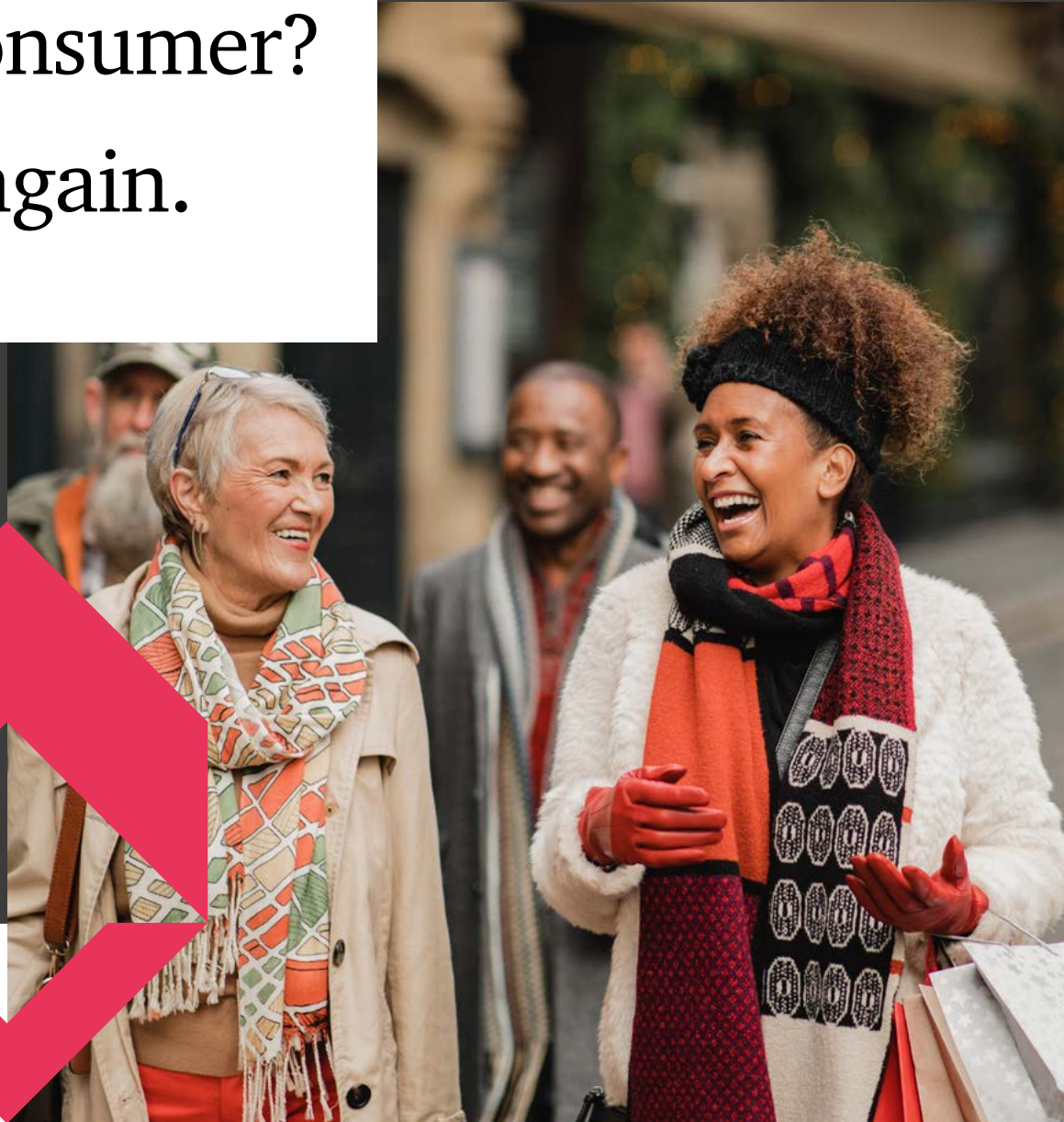


Industry in Focus

The Consumer Reconsidered

Think you know
your consumer?
Think again.





Polarising shopping preferences mean that price, range and convenience are no longer the drivers of a purchase decision they once were.

New tools and channels have transformed needs, journeys and interactions, with people no longer acting in the way many behaviour models predict.

Our latest study on attitudes towards big-ticket purchases reveals unique insights into the reality of most shopping behaviours: while experience and trust remain critical factors in research and decision-making, consumers journeys are increasingly chaotic and complex, and people are becoming split on where and how they shop. Understanding those behaviours – and how they might evolve – is key to attracting and retaining consumers for nearly every shopping journey, regardless of the business or industry you might be in.

With shopping boundaries continuing to blur, and technology's influence only set to grow, businesses need to challenge their assumptions of consumers.

We look at why shopping preferences are diverging, what that means for individual buying journeys, and how creating enjoyment through an exceptional experience will build trust and help you better connect with consumers.

“

Too often, businesses make assumptions about their consumers – what they want and how they shop. These can be dangerous. It's time to revisit what you know about your consumers and refocus on what they value, to remain relevant as information and channels multiply.”

Lisa Hooker,

Leader of Industry for Consumer Markets, PwC UK

Polarising shopping preferences challenge assumptions

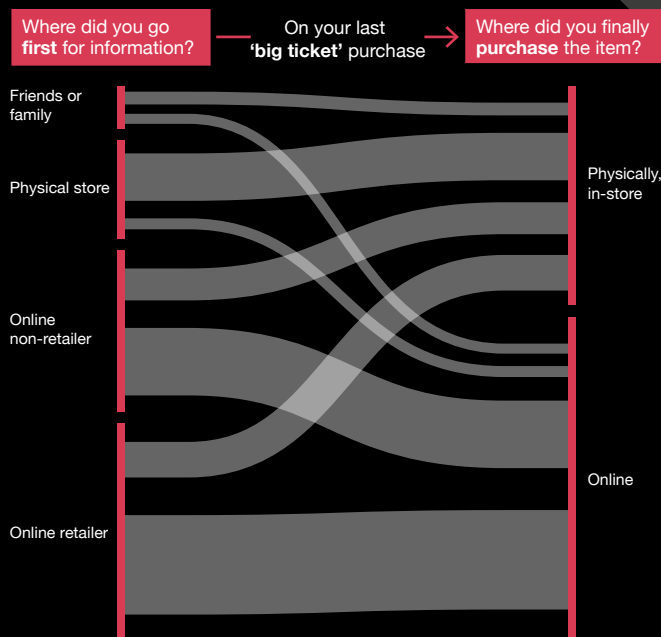
Online isn't the irresistible force many commentators claim. Our research has revealed that while it's an important part of the buying journey – and can be an influencing factor in some decisions – stores and other outside influences will remain significant in consumers' lives.

Allowing respondents to define a 'big-ticket purchase' themselves has revealed some fascinating insights into how consumers behave when it comes to higher value transactions.

Although the majority of big-ticket purchases start or end online, that doesn't tell the whole story. While nearly three-quarters of consumers choose a digital channel to begin their journey, only 59% ultimately buy the product online. This suggests that consumers not only understand and appreciate the value of physical stores – and the high-street experience – but that buying behaviours are as unique as the individuals themselves.

It also highlights that there may well be a ceiling to the pull of online and a finite market for businesses to grow into, which will arrive sooner than many think.

Consumer buying journeys for a big-ticket item*



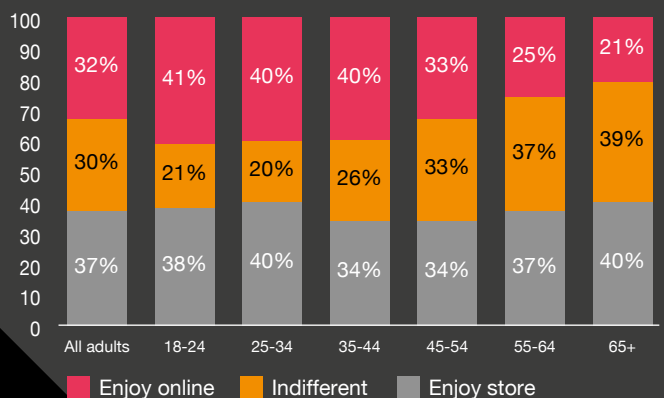
*'Big-ticket item' self-defined by consumers

Buying behaviours are polarising: 37% prefer in-store, 32% online and 30% are indifferent, with younger groups even more so – 38% in-store, 21% indifferent, 41% online. Even among firmly entrenched online shoppers, almost a third would still prefer to go to stores if they had the time.

Online has long attracted those indifferent to specific channels by focusing on price, range and convenience, but it is running out of people to convert, especially in younger age groups where opinion is more polarised. We're starting to see an end to indifference, as under 35s grow older and take their views with them.

Retailers must forego assumptions and play in the areas that work for them, and their consumers.

Channel preference by age**



**May not sum due to rounding

“Deeper insight into consumer behaviours is increasingly critical. Once you find those behaviours, there is a new opportunity to create relevant experiences that matter to consumers.”

Jac Windsor, UK Retail Leader, PwC UK

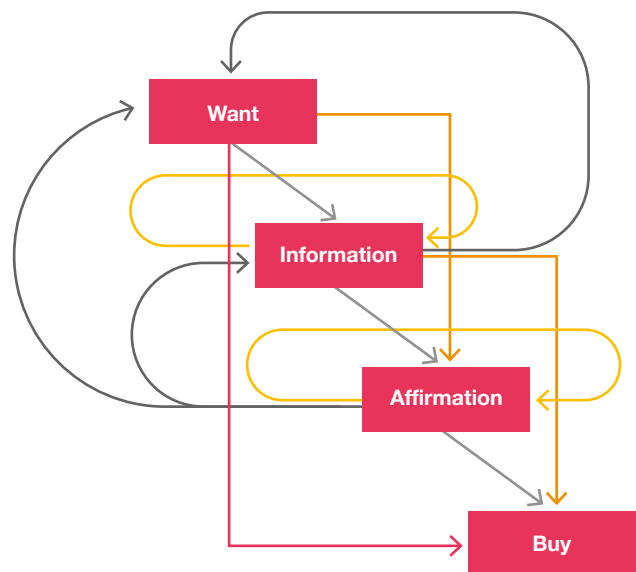
Buying journeys: unique as individual consumers

As online channels have grown more sophisticated, they have transformed traditional buying behaviours, adding new tools and layers of complexity. Access to (and by) consumers is important for the future success of any consumer-facing business. But the paths individuals now take to find information, compare products and transact are almost infinite, varying by product category, shopping mission and occasion, and even user mood.

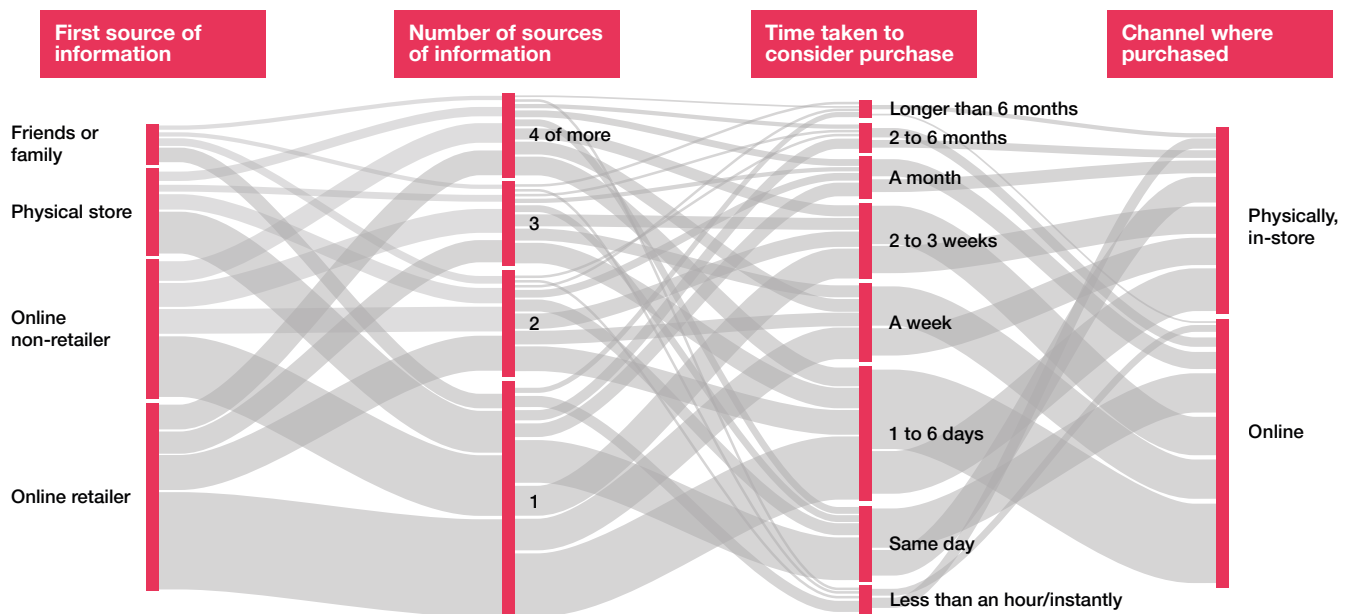
These pathways are increasingly challenging to predict: they don't necessarily follow traditional demographic lines, can include multiple sources of information, and vary significantly in the time taken to purchase.

Enabled by the internet, smartphones and emerging technologies, these nonlinear 'loopy journeys' reflect the chaotic, conflicting and often unpredictable nature of people's decision-making, even if to consumers they are clear, considered and rational.

A 'simplified' version of a consumer's buying journey



The reality of a consumer's buying journey



You can find an interactive version of our buying journeys model on the [PwC UK website](#).

Blurring boundaries: an opportunity to engage?

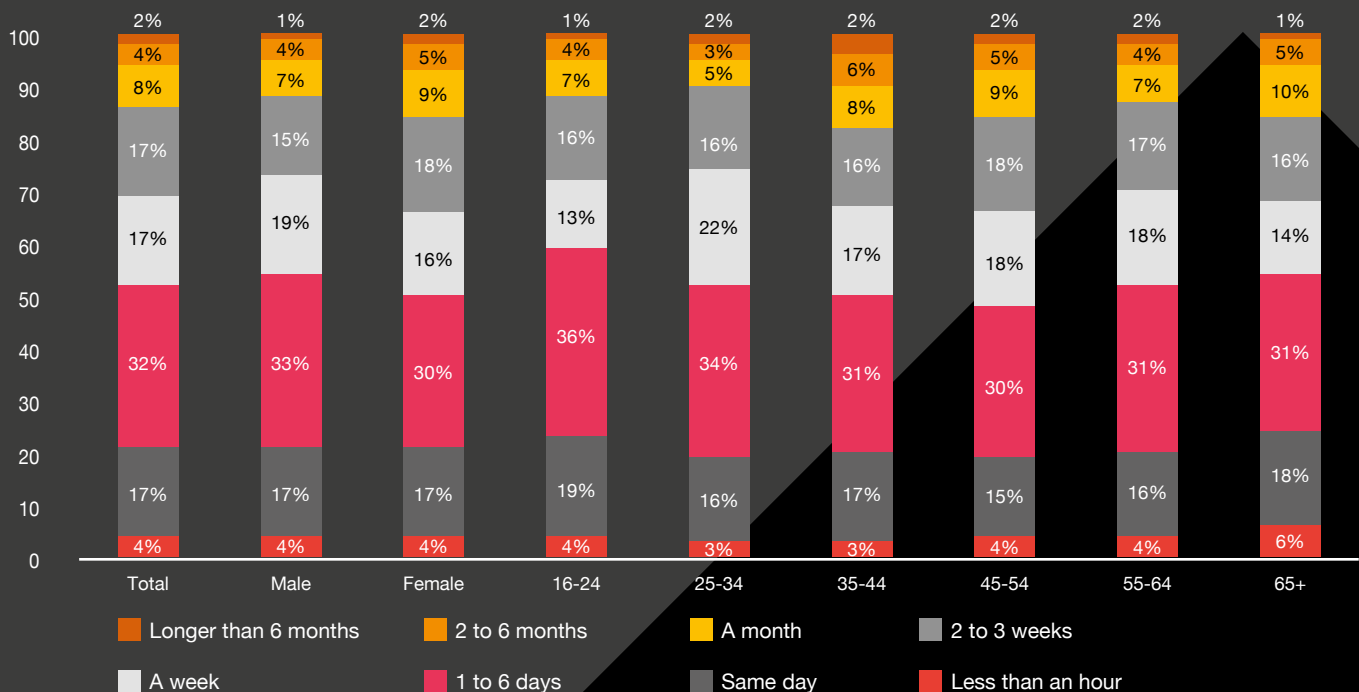
These purchasing journeys blur the boundaries of physical and online stores, and can be long: only 4% of consumers would buy within an hour, 16% the same day. Nearly half (49%) deliberate for any length of time from a day to a week, with a further 17% taking a month or more. And these findings are just as relevant outside big ticket items, though lower-value, lower-risk purchases are likely to have accelerated timelines.

This turbulence of journey – bouncing between cycles of want, information and affirmation – combined with the length of time to purchase offers significant opportunities to engage with consumers.

This can be a challenge when there's no common starting point for buying journeys.

Most begin online, but other than Google, there are few clear patterns. Amazon is more popular for 35-44 year-old men, social media has little draw for anyone, and stores are more valuable to older people (29% of 65+ start in store vs 12% of under 35s), as much a place to interact with products as to seek independent advice from an individual.

Big ticket: length of time between first seeking information and buying*

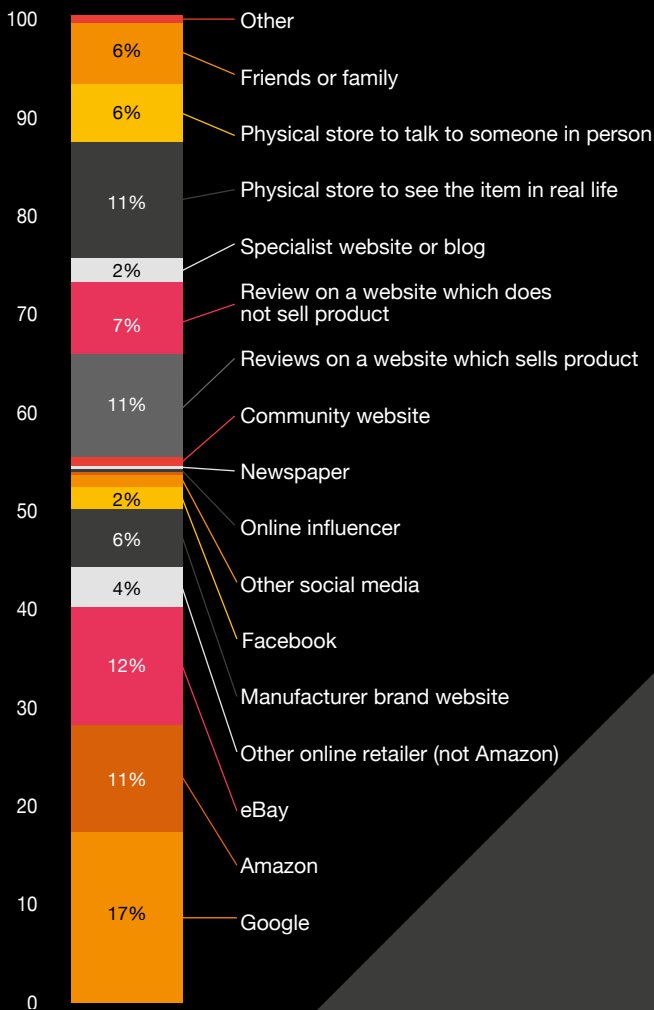


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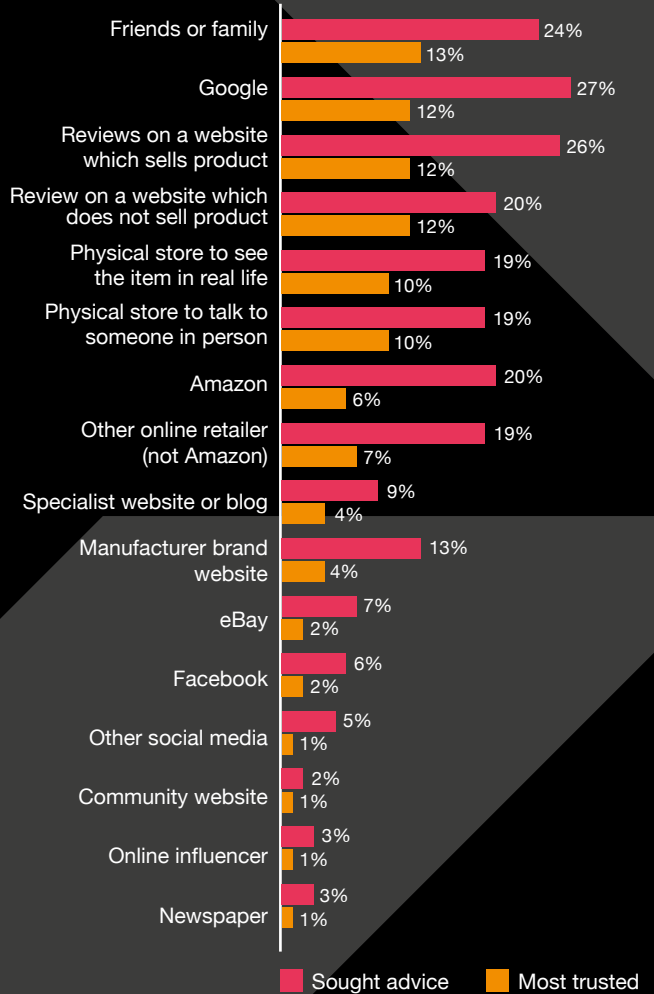
“A consumer’s state of mind will determine a great deal about how they make a decision and it varies across these long, complex journeys. Understanding what they are thinking, feeling and doing in context will increasingly inform how to build the right experience.”

Tom Adams, Experience Consulting Leader UK, PwC UK

Where consumers go first for information



Sources of advice for big-ticket purchases



Similarly, consumers look in many places for advice, with reviews, physical stores and family and friends the most popular sources, and trust in most tech companies now approaching that of legacy retailers. Amazon, for instance, has the same levels among all adults as John Lewis (70%), with the highest-ranked M&S barely eight percentage points higher. Trust in the online giant further increases in younger groups, with 79% of 18-24s seeing them as a company they trust.

As technology continues to influence consumers’ researching and buying behaviours, brands must engage online, even where the journey starts or ends in store. A simple way to support, guide or provide relevant information throughout those journeys to better connect with consumers is through targeted advertising.

Online advertising: 'creepy but effective'

Targeted ads are powerful. Even though 57% of all consumers find online targeted ads 'creepy', in this research, 24% of those said they occasionally click on them.

Superficial hostility towards online advertising doesn't hurt its effectiveness. In fact, the relevance and timeliness of these communications (which also makes them creepy) are what makes them worth engaging with. And younger audiences are particularly receptive: 57% of under 25s and 41% of 25-34s find targeted ads helpful, with over 40% of those groups likely to click on them.

However, the continued deprecation of third-party cookies may disrupt some conventional methods used to target, re-target and personalise adverts. But for forward-thinking businesses, there's an opportunity to make better use of the data they already own to understand, attract and retain customers, and create more relevant and differentiated products, services, experiences and communications.

Digital channels, omni-channel journeys, marketing technologies powered by data, and increasingly rich and compelling consumer insight all offer opportunities to connect. The ease with which businesses can reach new individuals and personalise experiences allows them to better serve consumers and respond to changing behaviours. Orchestrating the right journey at the right time, with the right technology, will create strong and lasting relationships with consumers.

What next?

- Look at how your targeting and communications can be tailored to the nature of and location in buying journeys. Work out your touchpoints with consumers and where to engage with their journeys at the right time to create awareness.
- Understand where to focus your efforts to best capture consumer attention. Where might you need an online presence? How do you connect offline?
- Are there segments of consumers which tend to follow particular paths? How can you use this information to get in front of them?
- Begin to build a strong first party data strategy and customer data platform to capture and segment customer insight (from multiple structured and unstructured sources) for more effective execution and engagement across channels on the journey.



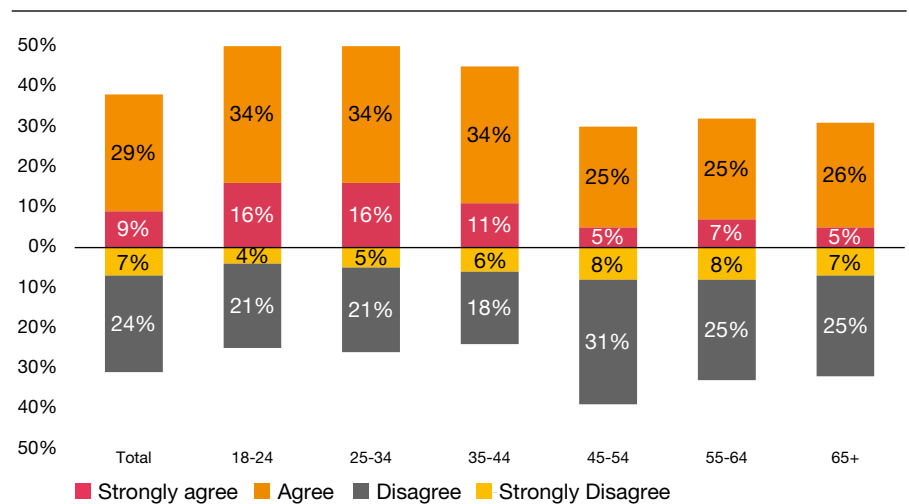
Enjoyment and experience can be the difference

Enjoyment and experience are increasingly becoming the key to attracting and retaining consumers. Though 37% of consumers currently prefer physical stores for enjoyment or pleasure over online (32%), there remains a significant share yet to be swayed either way.

Exceptional experience creates tangible, responsible growth: more than a third of all consumers would happily pay more for an enjoyable shopping experience, with that figure even higher among younger consumers. What that looks like depends entirely on the consumer. For some, that might be a multisensory buying journey across a number of touchpoints. For others, the enjoyment might be something everyday: a human connection made in-store, or an enjoyable experience based on good service and intuition.

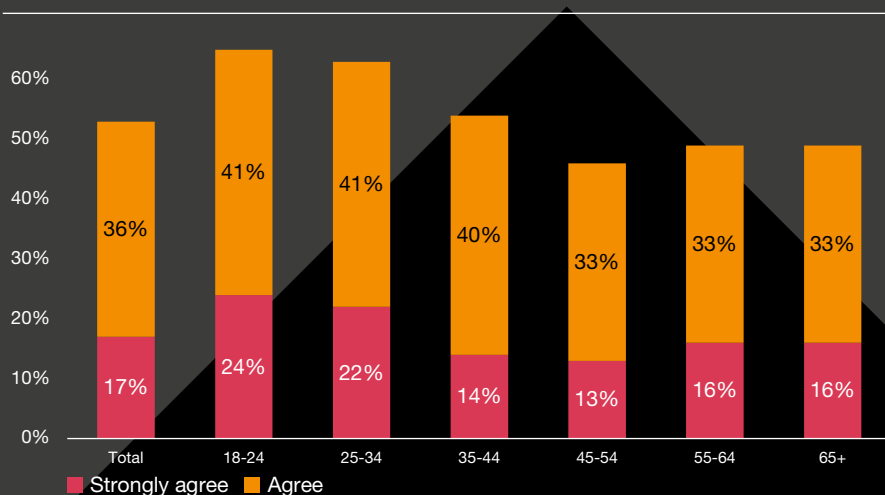
For businesses with a physical presence that is likely to be welcome news. Consumers believe stores are better than online for customer service (56% vs 19%) and after-sales service (40% vs 23%). The ability of online algorithms to offer up relevance is yet to win over consumers, with UX and search filters failing to compete with the service and intuition offered in a physical store.

I don't mind paying a bit more if the shopping experience is enjoyable

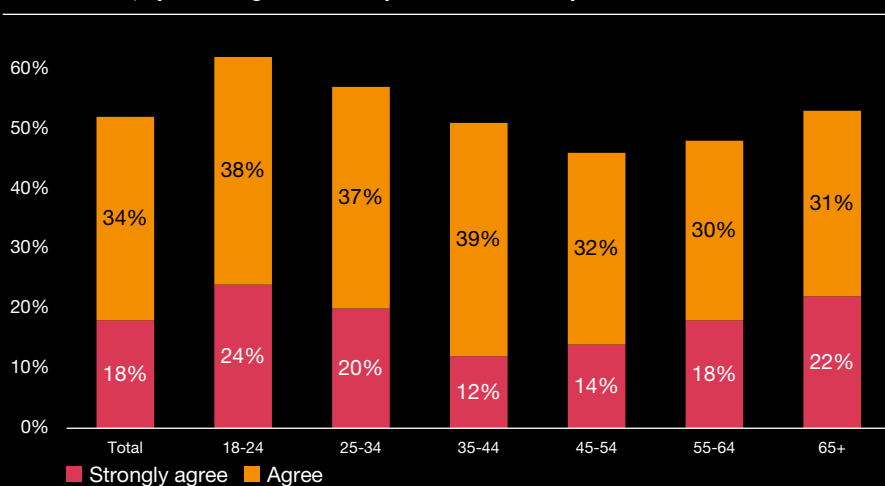


In response, online businesses are diverting investment away from price and range into differentiation through experience. The metaverse is one solution. While it may only serve a certain segment of consumers for now, as it develops and expands it will offer a wider range of products and experiences for consumer-facing businesses. It also creates another touchpoint for businesses to connect with certain segments and offers an opportunity to increase the enjoyment of online shopping channels.

I love going to physical shops



If I have time, I prefer to go to the shops rather than shop online





For many consumers, enjoyment will increasingly influence how they shop, where they spend, and even where they go. Those businesses that can best serve their needs and deliver enjoyment and differentiated experiences will not only retain current consumers but may even convert those with no current channel preference.

What next?

- Invest in experience to improve enjoyment in store and in digital to address gaps in each. In store, this might be making sure that customers get a genuinely personalised experience rather than an anonymous visit. Online, this means improving the emotional experience with richer content, more social interaction and reward, better design and more immersiveness.
- Think about how to deliver emotionally driven and multisensory experiences that not only delight but respect consumers' needs and circumstances.
- Use data-driven insights to better serve consumers and improve the overall experience, rather than trying to sell something they don't want, or creating irrelevant requests and interruptions.

Delivering the right experience as needs evolve

As new tools, trends and competitors emerge, how and where consumers shop will continue to evolve, as will what they value. Businesses will need to have a presence in both online and offline channels and make sure that the connection across them is seamless.

Enjoyment and experience are likely to remain key to moving consumer behaviour and overcoming other consideration factors, but understanding buying journeys will also be important.

Identifying patterns and commonalities in shopping journeys and segments will help businesses create viable strategies to engage with consumers when, where and how they desire. Loopy purchase journeys are ubiquitous and complex but provide opportunities to engage, and even convert. Physical stores have a place in many people's purchase journeys, even those who prefer online. Similarly, there is often some online element even to those purchase journeys that end in a physical store.

We've already seen where consumers start their purchase journey is no longer a guarantee of where the final transaction will take place. And a significant minority of each segment doesn't behave as you might expect: 20% of those who enjoy stores would still buy everything online if they could, and 32% of those who choose online would prefer to go to a store if they had time.

So how do you prepare for the future?

Avoid assumptions and find out what truly matters to your consumers. Understand how they navigate buying journeys, how they want to be communicated with, and the experiences they value. By combining this knowledge with the right strategy, insight and technology, you can predict, prepare for and adapt to change, build trust and deliver sustained success.

“As behaviours evolve, understanding buying journeys, channel preferences and experiences is critical. Will shoppers become more polarised? What happens as digital-natives age? And how might the next generation behave? Predicting and responding to these questions will be increasingly important for future success.”

Tamar Kasriel, Futurist and Managing Director of Futureal

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