

# State of Consumer Behavior

[2021]



Managing in-location experiences has never been more stressful. Those who must attract and retain customers to sustain their business have never faced such a complex array of challenges as they do today.

Yet, we know that the public still craves in-location experiences. COVID-19 or no COVID-19, lockdowns or no lockdowns—there will always be a large segment of the money-spending public that wants to experience life outside of their computer screens.

The goal for big box stores, retailers, entertainment venues, hoteliers, restaurants, and others who depend on in-person experiences remains the same: Create an experience so memorable that a customer will put aside their concerns and return to your location.

We aim to help you achieve this goal with our State of Consumer Behavior 2021 report. With actionable insights directly from the consumer, you may be better positioned to drive revenue and build lifetime customer loyalty in a time when doing so is vital.



With customers coming at a premium and many businesses feeling the pain of uncertainty and consumer fear of COVID-19, we know 2020 has been nothing short of a battle for business operators pushed to the brink. It's not been business as usual, but you still have to put your business in the best position for survival, and hopefully success, in 2021.

This report explains what customers value most from in-location experiences in 2021, why they choose to visit locations in person, and other valuable insights. It takes into account how COVID-19 has altered the mindframe of the typical consumer, and may help you craft your in-location experience around the COVID-conscious consumer—as well as those who do business as usual.

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**What could be more important to in-location experience management than the honest customer perspective?**



## Methodology:

On December 8, 2020, we surveyed 1,000 American consumers. We asked them 24 questions about their habits, opinions, and actions relating to in-location experiences and online alternatives.

Respondents provided their age, gender, income, and other types of information that could prove important to in-location experience managers who want the greatest possible insight into specific consumer segments.





## Questions asked of respondents included:

Has the in-location experience changed for better or worse over the past year?

How has COVID-19 affected your habits related to in-location experiences?

What makes in-location experiences more attractive than online alternatives?

What makes in-location experiences less attractive than online alternatives?



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Through this methodology, we aim to help improve in-location experiences by defining what consumers care about most and learning from the experiences they've encountered over the past 12 months.

# Key Findings



## Many consumers still prefer shopping in person

46% of respondents said that given the choice, they prefer to shop in person rather than online. This represents a 9% decline from our previous State of Consumer Behavior 2020 report.



## COVID-19 has had a major impact on consumer habits

40% of respondents have visited physical locations less frequently since COVID-19 hit.



## Brands are doubling down on improving the offline customer experience.

29.8% of respondents said in-location customer service has gotten better in the past year.



## Customers still prefer the experience of interacting directly with products

33% of respondents prefer shopping at physical stores because they like to see and feel products, while 26% enjoy the overall experience of shopping in person.



## Brand loyalty is low

48% of respondents said they have replaced products they typically purchase at physical stores with competitors' online alternatives. 25% said that they switch brands more often today than ever before.



## Positive offline experiences can make a big impact.

90% of consumers say they are more likely to return again, 61% of consumers say they are likely to spend more at a location and 65% of consumers say they are likely to spend more online with a brand — all if they have a positive offline experience.

# PART 1

## The State of Restaurants and Reopening

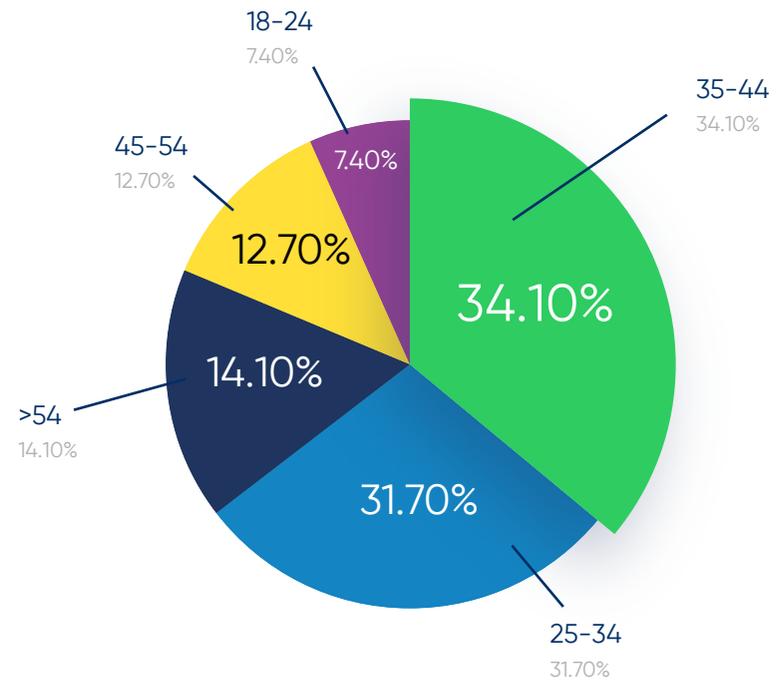
With each State of Consumer Behavior report that we publish, we aim to provide a truly representative cross-section of consumers.

For our 2021 survey, the largest subset of respondents (34.1%) are middle-aged, between 35 and 44 years old. The next most-polluted group (31.7%) was consumers aged between 25 and 34.

Consumers between the ages of 18 and 24 (7.4%), those aged between 45 and 54 (12.7%), and those over the age of 54 (14.1%) featured less prominently in our findings, but are represented nonetheless.

Income and employment status are important to consider as someone who offers any in-location experience. 60% of respondents were employed for wages at the time of the survey, while the remaining respondents were split fairly evenly among those who are unemployed, homemakers, self-employed, retired, or unable to work.

There was a slightly larger contingent of female respondents (58%) than male respondents (42%).



# PART 1

## Inside the Mind of the Consumer

### Why consumers prefer in-person shopping rather than online.

Understanding the motivation for shoppers to seek out in-location experiences means that experience managers can cater to these preferences. According to our State of Consumer Behavior 2021 report, those who prefer in-location experiences over online alternatives most value:

The ability to view, touch, and interact with physical products (33%)

The overall experience that a physical location provides (26%)

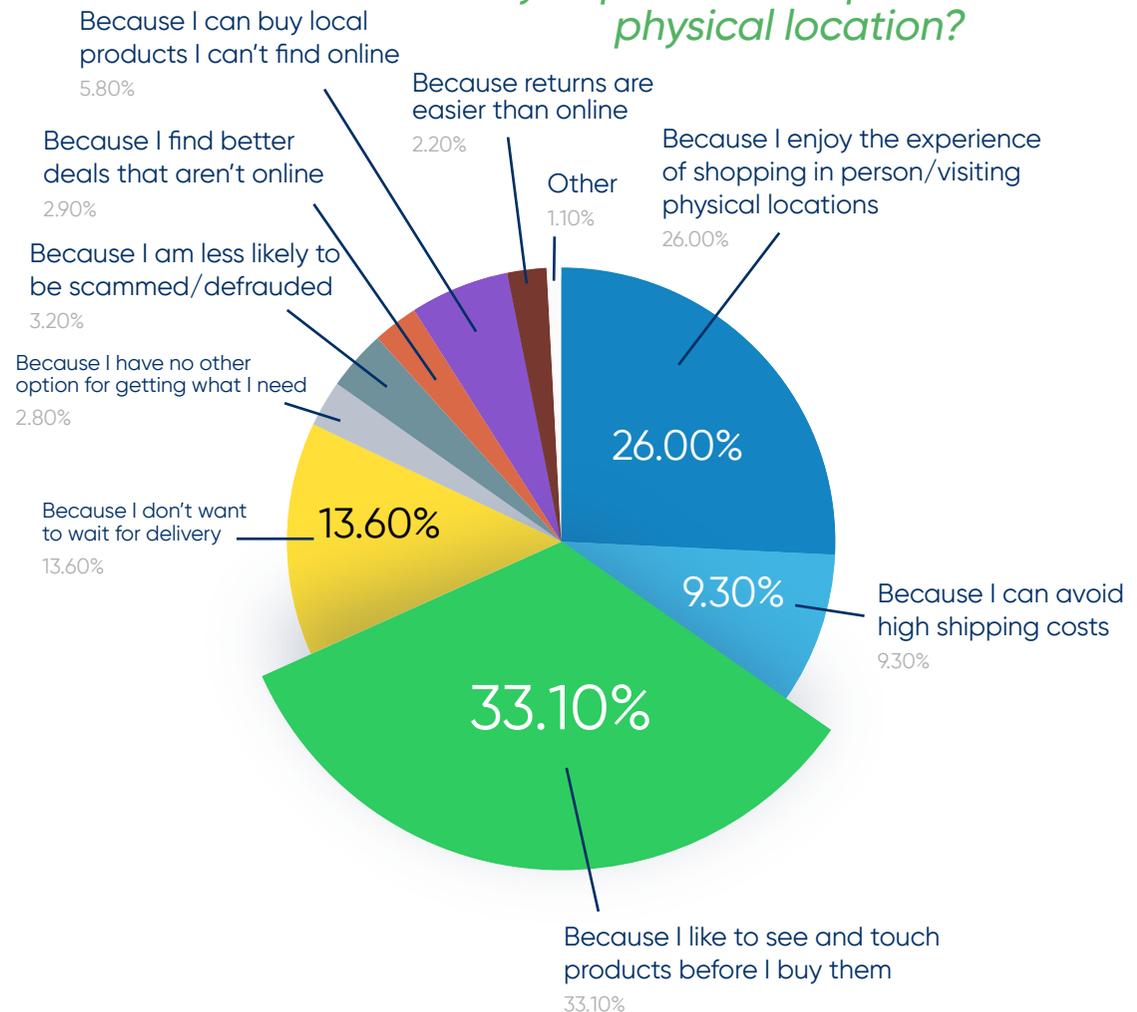
The immediacy that in-location experiences provide, as opposed to waiting for delivery (13%)

In-location experiences offer a form of community and connection that online experiences cannot. With much of the world's consumer population feeling isolated and devoid of their usual communal routines, this may be more true than ever.

Also consider the indisputable benefits of examining a product firsthand and not having to wait for that product to arrive via delivery. These are clear advantages that in-location experience managers can emphasize and enhance through digital signage and similarly effective strategies.



*What's the primary reason you prefer to shop at a physical location?*



# PART 1

## Inside the Mind of the Consumer

### COVID-19 has undoubtedly affected consumer behavior.

It's no revelation that COVID-19 itself, as well as shutdown mandates related to COVID-19, have altered consumer behavior at the group level. What we wanted to answer through our survey, though, was the extent to which consumers have changed their habits due to COVID-19.

The most telling statistic is that 40.3% of respondents have decreased their visits to physical locations because of circumstances related to COVID-19. This is a reality that those responsible for in-store experiences have to work within, and certainly have.

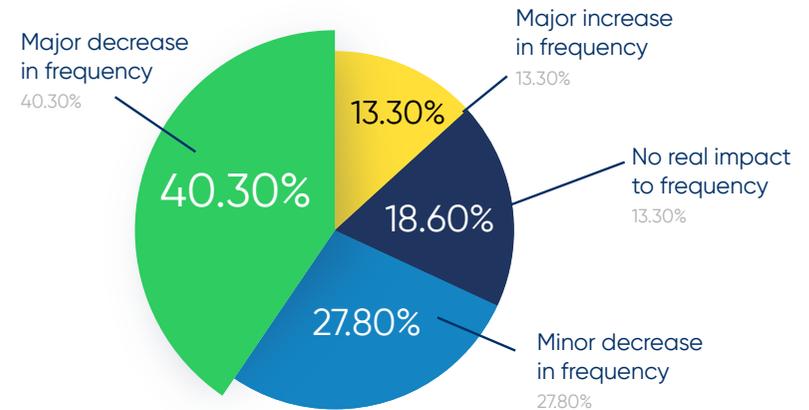
27.8% of respondents have cut back their in-location visits to a minor degree, while 18.6% of respondents have not really changed their habits with respect to in-location visits. In both cases, we can assume that this is due to either health concerns or physical locations being closed by mandate.

Notably, 13.3% of respondents have increased the frequency of their in-location visits to a "major" degree. The latter category may speak to the desire for in-person experiences in a climate where social connection is increasingly stifled.

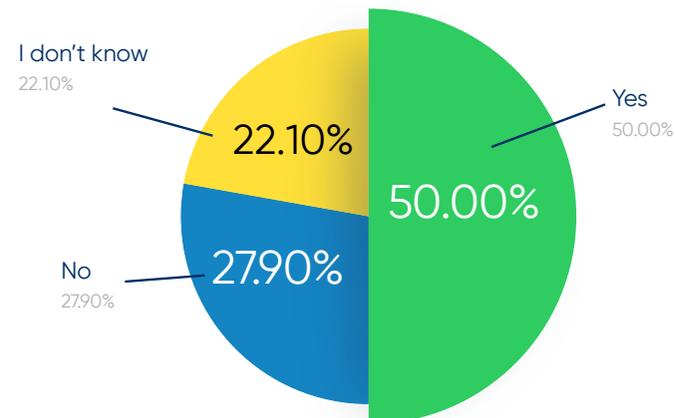
Our findings suggest that those who manage in-location experiences can't bank on a COVID-19 vaccine immediately shifting consumer sentiment. Half of respondents said that they would visit physical locations more often post-vaccine, but 27.9% of respondents would not. 22.1% of respondents are uncertain.

Successful experience management will produce positive results regardless of how consumers respond to a vaccine.

? *How has COVID-19 impacted the frequency of your visits to physical stores?*



? *For you personally, would a successful COVID-19 vaccine make you visit physical stores more often?*



# PART 1

## Inside the Mind of the Consumer

### Perceptions of customer service are generally unchanged.

More than half of respondents (52.8%) have not noticed a change in customer service quality over the past 12 months, while 17.4% said customer service has gotten worse.

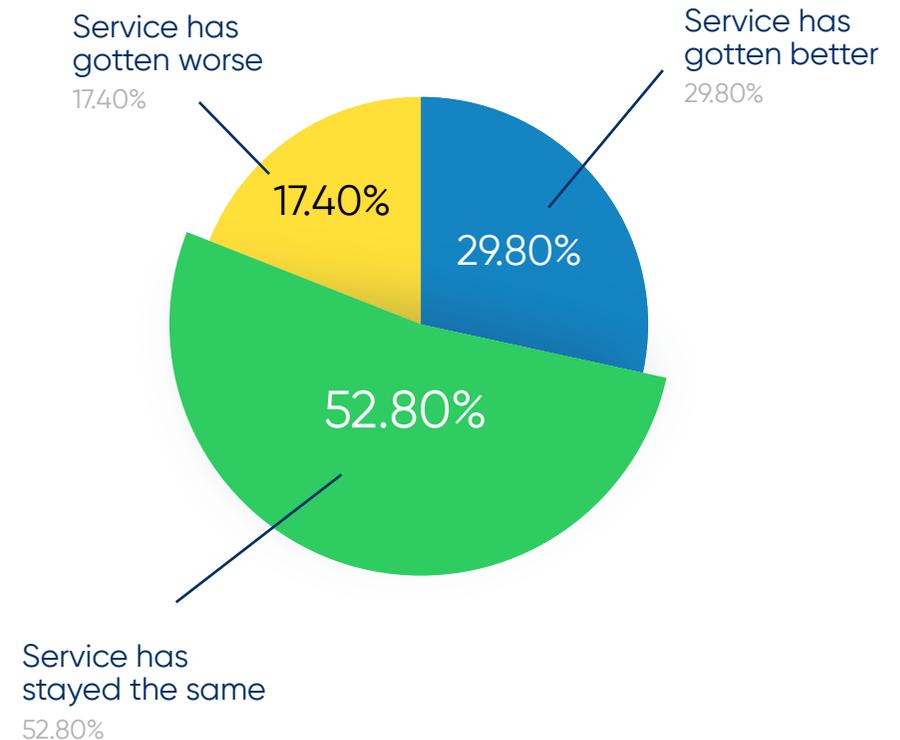
29.8% of respondents said customer service has gotten better in the past year.

It's tough to explain negative perceptions of customer service in the past year. Employees may generally be stressed amidst widespread economic uncertainty, while masks and a general climate of fear towards others may not be helping foster friendly experiences.

Working overtime to improve customer service is a clear path to enhance in-location experiences. A memorable interaction with one or more employees could be enough to coax a customer back, while a poor interaction could drive them into the arms of (possibly digital) competitors.

The level of loyalty that customers feel towards a business can determine that operation's fate. In trying times, loyalty can be the difference between a customer exercising an easier or safer option than visiting your physical location—like seeking out alternative online experiences or visiting more convenient competitors with physical locations.

? *Has the in-store customer service you receive while visiting physical stores changed over the past 12 months?*



## PART 2

# Customer Loyalty Slips

Customer loyalty is waning across the board, per consumer responses to our State of Consumer Behavior 2021 report. With fewer brands making lasting connections with consumers, the opportunity to build such connections through powerful in-location experiences appears great.

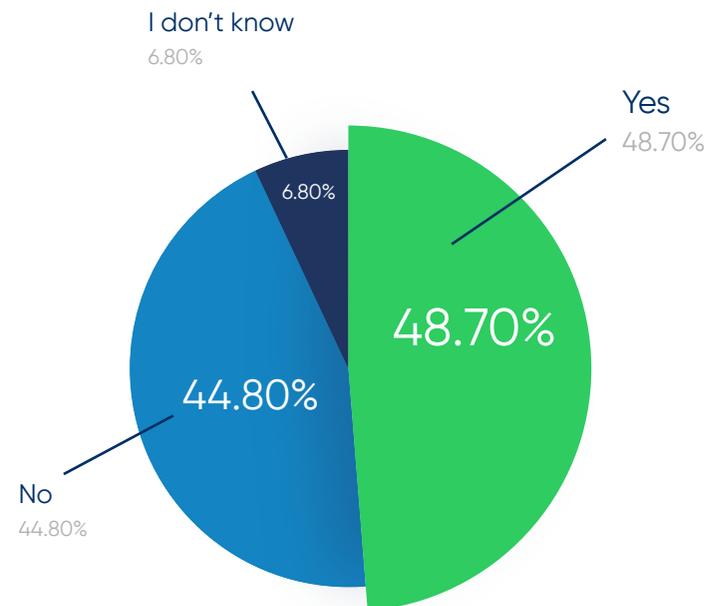
### The pandemic has driven many consumers to switch physically purchased brands with online competitors.

With outright store closures and temporary lockdowns considered, it shouldn't be any surprise that 48.7% of respondents have "replaced products [they] previously purchased regularly at physical stores with online...alternatives".

With that said, 44.8% of respondents said that they haven't replaced regular in-location product purchases with online shopping—which may indicate that, by and large, consumers do have a choice to shop online or in-person, even amidst the pandemic.

Let's first address that, in many cases, consumers have been barred by civic mandates from visiting certain businesses in person. With that said, brand loyalty has always been a fickle thing. Have consumers been quick to abandon their usual in-location experiences for online competitors at the first sign of trouble, COVID-related or otherwise? If so, why the lack of loyalty?

**?** *Over the past 12 months, have you replaced products you previously purchased regularly at physical stores with online competitors/alternatives?*



## PART 2

# Customer Loyalty Slips

### Brand loyalty has always been difficult to establish.

Brand loyalty has always been tough to establish and maintain—COVID-19 has simply made this fact unavoidable. Rather than sticking with the local brand through thick and thin, [consumers have shown a willingness to give more of their business to conglomerates like Amazon](#) in the name of safety and convenience.

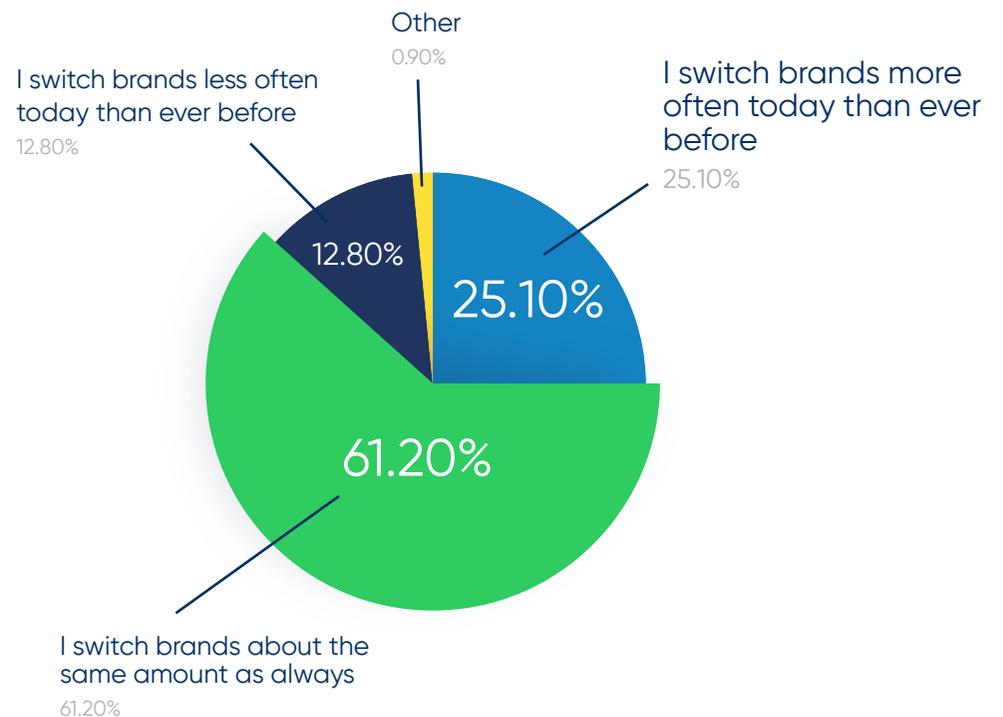
As an in-location experience provider, you simply have to do more than ever to build an emotional connection with the customer, and provide them an experience and value that they cannot find elsewhere.

Most of our respondents (61.2%) don't feel that they have changed their brand selection habits at all during the past year. This might suggest that customers have always been cautious about giving their loyalty to brands, and that those who have changed their habits did not have any great loyalty to brands that they have abandoned.

Alternatively, this figure could indicate that brands who previously gained their customers' loyalty were able to retain those customers, perhaps by offering curbside pickup, online services, or other COVID-fashioned services.

25.1% of respondents switch brands more frequently than ever, while 12.8% of respondents said they switch brands less often today than ever before

? Which of the following statements is the most accurate?



## PART 2

# Customer Loyalty Slips

### One bad experience can drive a customer away.

A customer can frequent the same physical location time and again, making them a seemingly loyal customer. With one bad experience, their loyalty may be lost.

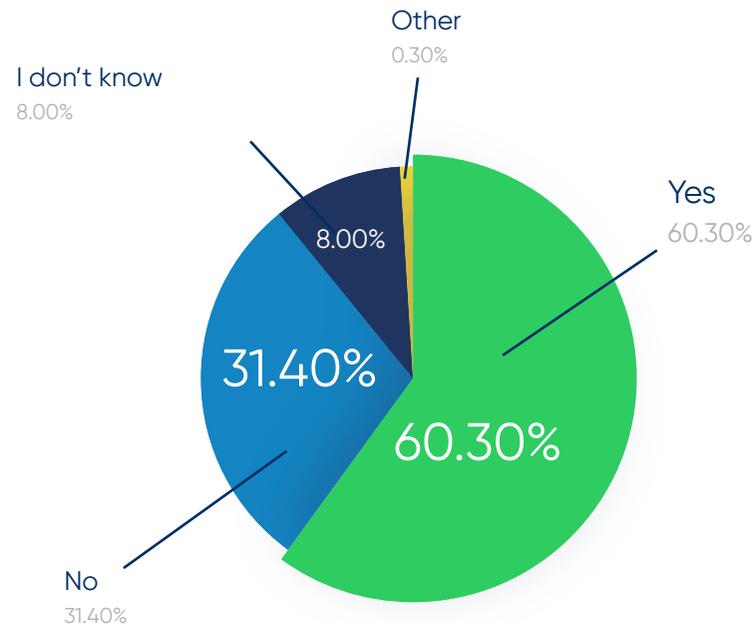
60.3% of respondents have abandoned a brand for good because of a poor in-location experience. They didn't say that they would abandon a brand—no, they've actually abandoned brands in the past based on one poor experience.

The takeaway: In-location experience management requires uncompromising consistency.

The common thread: Every respondent acknowledged that they are willing to switch brands. It is up to in-location experience providers to make customers so loyal that they don't consider abandoning their brand.

As a whole, customers aren't hard to figure out. They'll go where they feel welcomed, valued, and where they have the most positive possible experience.

? *Have you ever stopped buying from a company for good because of a bad in-store customer experience?*



## PART 3

# The Impact of Positive In-Location Experiences

Knowing that customers want a positive in-location experience and actually providing that experience require vastly different levels of commitment. Knowing requires little, while providing the experience requires:

Time	Consistency
Financial investment	Foresight
Hard work	Ever-evolving strategy

In-location experiences are an investment, and the potential payoff is lasting customer loyalty. What constitutes a positive experience may be different for every brand, but the data is clear: Delivering your version of a positive customer experience has tangible benefits.

### A positive experience increases the likelihood of customers returning.

Few questions posed in our State of Consumer Behavior 2021 report garnered such resounding consensus as this: When you have a positive in-location experience, are you more likely to return to that location?

90% of respondents said that they would be more likely to return. Returning is not the only behavior customers are more likely to engage in if they have a positive in-location experience with a brand.

? *When you have a positive in-store customer experience, are you more likely to return again?*



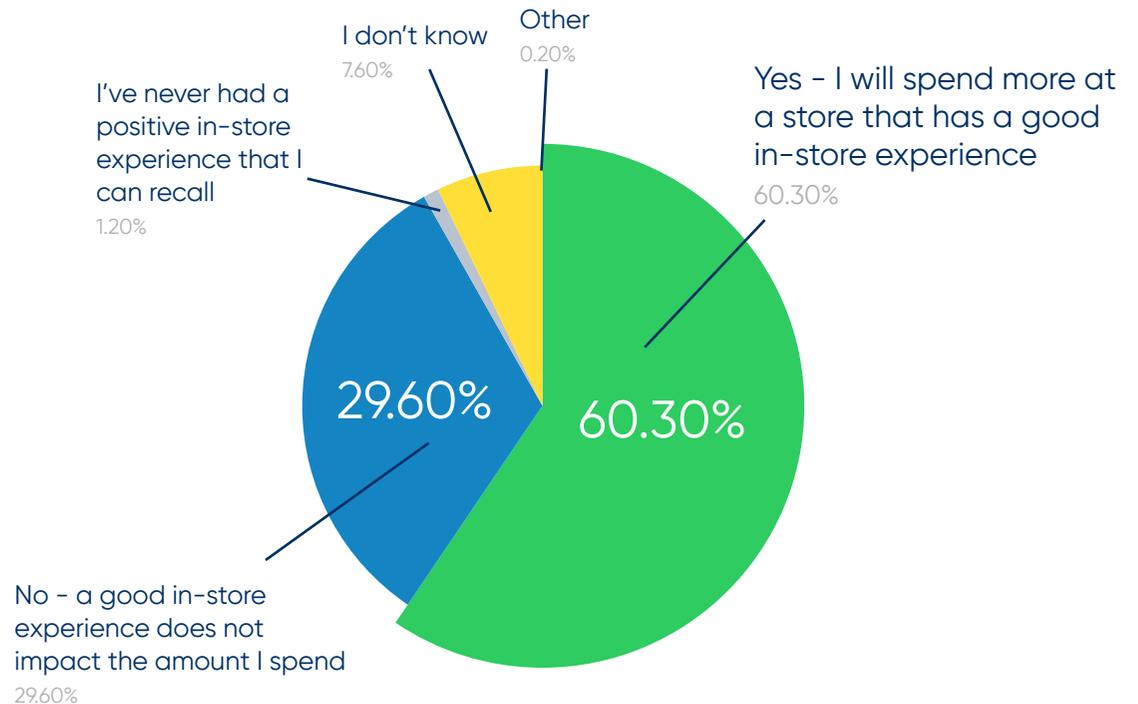
## PART 3

# The Impact of Positive In-Location Experiences

### Customers will spend more when their in-location experience is positive.

Not only will customers return more frequently when they have a positive in-location experience, they'll spend more per visit. 61.4% of respondents said that they'd shell out more at a store that provides a positive experience than one that does not. The amount of respondents who said in-store experience does not affect the amount they spend was less than half (29.6%) than those who equate a positive experience with higher spending.

? *When you have a positive in-store customer experience, are you more likely to spend more at that visit?*



## PART 3

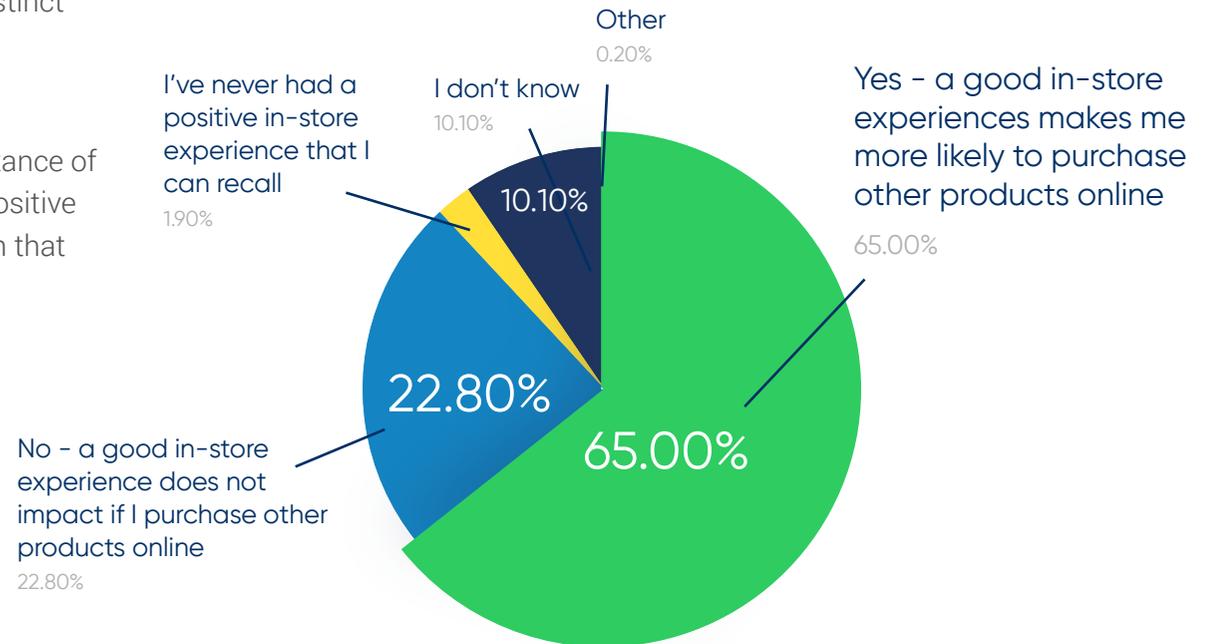
# The Impact of Positive In-Location Experiences

A positive customer experience makes consumers more likely to purchase from you online.

COVID-19 has emphasized to experienced providers the importance of dynamism. If you can offer the customer distinct benefits through online and in-location experiences, do so.

Offering an online experience does not diminish the importance of the in-location experience. Most customers (65%) said a positive in-store experience makes them more likely to interact with that brand online.

? *When you have a positive in-store customer experience, are you more likely to purchase from that brand online?*



## PART 3

# The Impact of Positive In-Location Experiences

### Consumers are more likely to tell others about a negative experience than a positive one.

Rumors (true or not) that spread the fastest are usually not the flattering ones, and consumers seem to embody this truism.

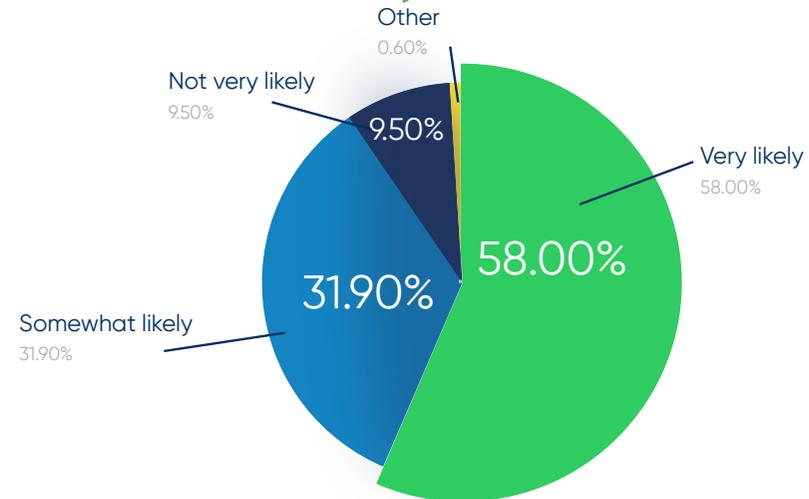
We found that 58% of respondents are very likely to tell their friends, family, and other potential customers about a negative in-location experience. Nearly 32% were somewhat likely to spread the word of a negative experience.

Meanwhile, only 53.6% of respondents were very likely to tell others of a positive in-location experience. 39% were somewhat likely to spread the word about a positive in-location experience.

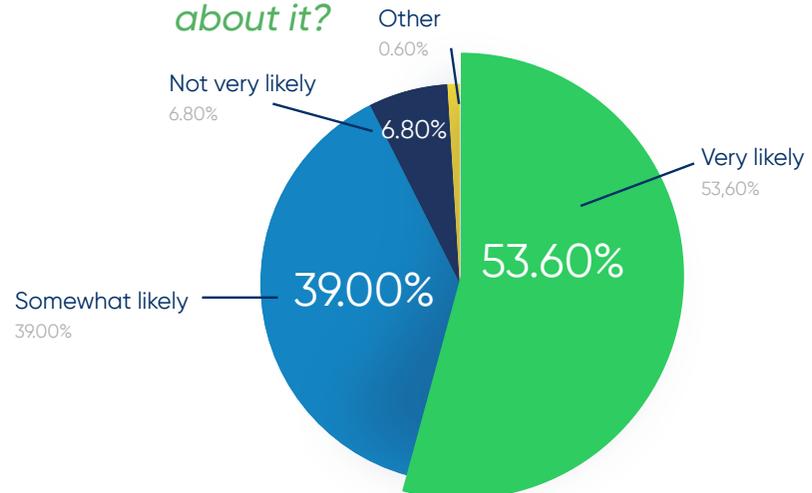
While consumers appear slightly more motivated to tell others about a negative experience, they are generally likely to speak about their positive experiences.

In-location experience management has the power to exponentially impact a brand through word-of-mouth, either for better or worse.

? *If you have a negative in-store customer experience, how likely are you to tell others about it?*



? *If you have a positive in-store customer experience, how likely are you to tell others about it?*



## PART 4

# What Consumers Care About

Nobody who oversees a physical location can position their business for success without knowing what their customers (and potential customers) want. We asked respondents what matters most to them, and their answers may help you tailor your in-location experiences.

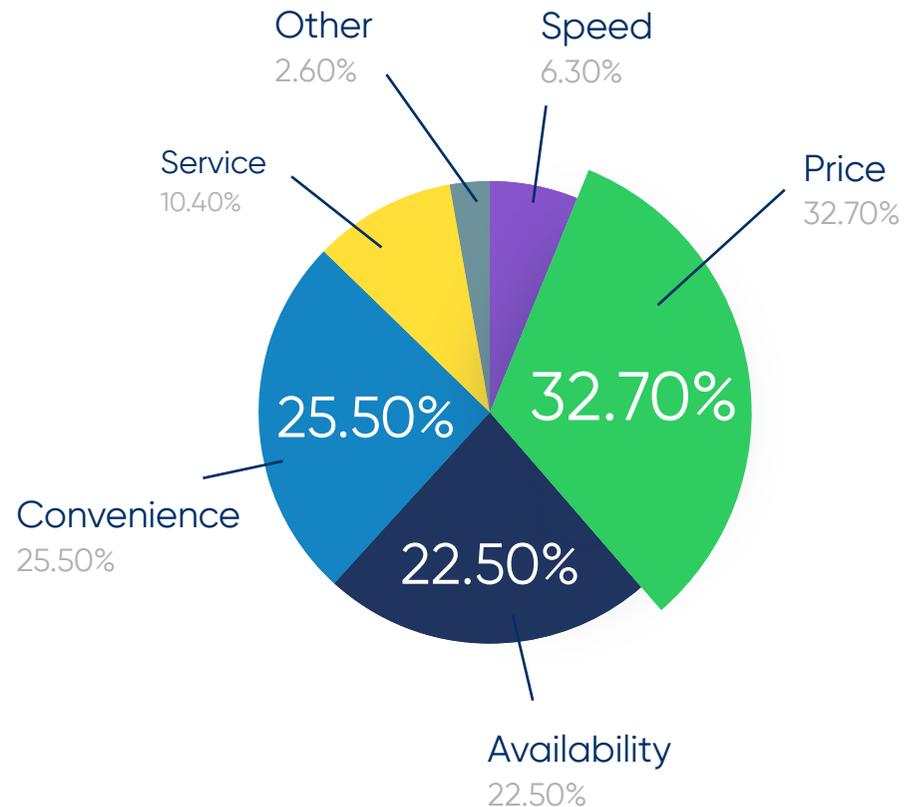
### Price is still what matters most for consumers when deciding who to purchase from.

32.7% of consumers said price is the greatest consideration when determining which location to frequent. Knowing this could motivate you as a location manager to feature value, or conversely high-price items, as a central feature of your strategy.

Convenience was the second most important consideration (25.5%) for consumers. Catering to this desire may mean installing self-checkout kiosks, accommodating online orders, and providing curbside pickup as an option.

Availability ranked third (22.5%) among customer criteria for choosing a physical location to visit. Having whatever it is your business sells available to the customer is just as important today as it's always been—if a customer can't get it at your store, they may just find it online and never return.

? *When are you deciding where to shop at a physical location, what's the most important factor?*



## PART 4

# What Consumers Care About

### What customers say makes a positive in-store experience.

Customers said that the top-five hallmarks of a positive in-location experience are:

Availability and variety of product (33.1%)

Quality of service from in-location staff (30.9%)

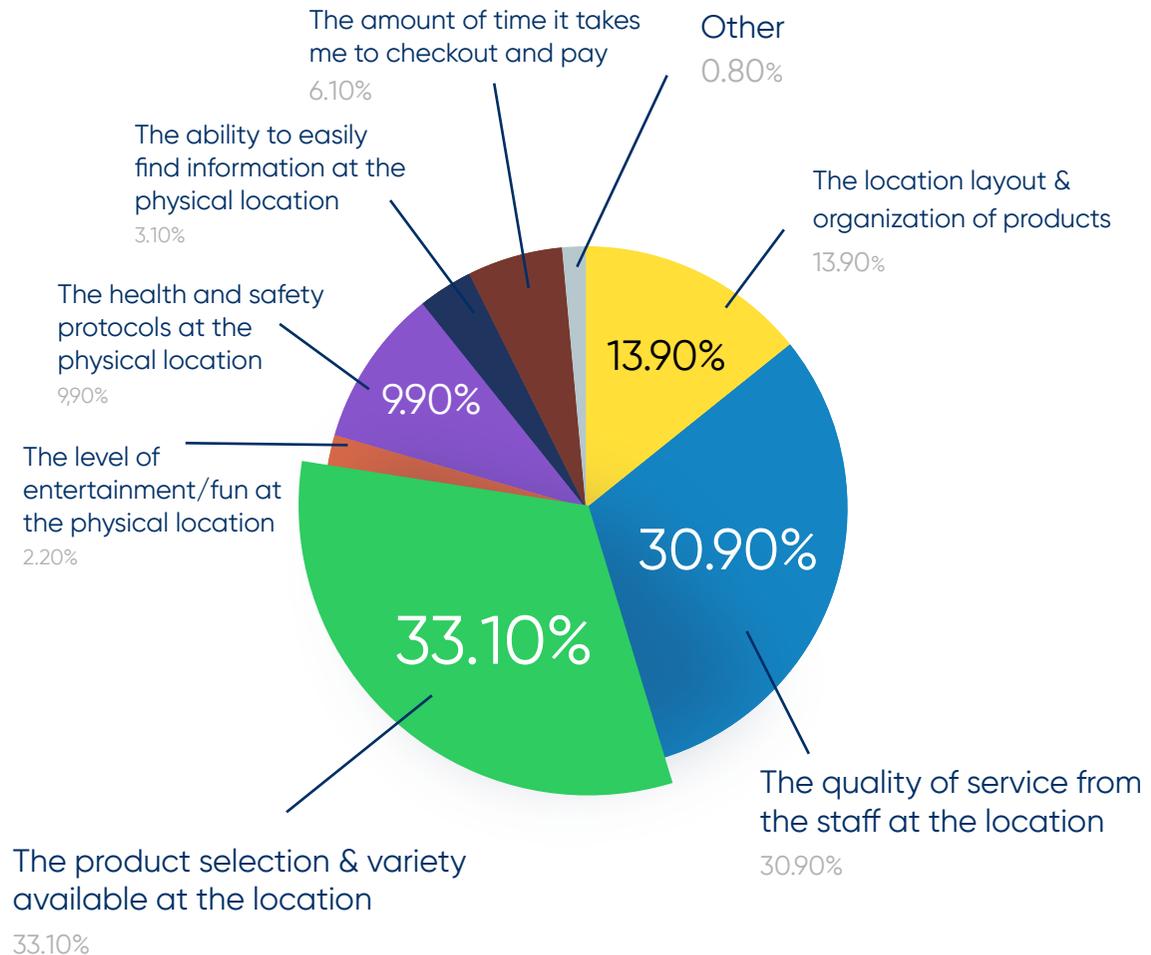
The layout of a location and organization of products (13.9%)

Health and safety protocols (9.9%)

Efficiency of the checkout process (6.1%)

Keep these customer concerns in mind when you're designing your in-location experience. You can combine employees with tools like digital signage to direct customers to products and communicate safety protocols, and use kiosks for self-checkout to improve the point-of-sale experience.

? *What factor has the biggest influence on your in-store customer experience?*



## PART 4

# What Consumers Care About

### Saving money trumps it all.

When asked what businesses can do to win their loyalty, customers listed the following criteria:

Offer discounts exclusive to the physical location (30.7%)

Have clear health and safety protocols (15.2%)

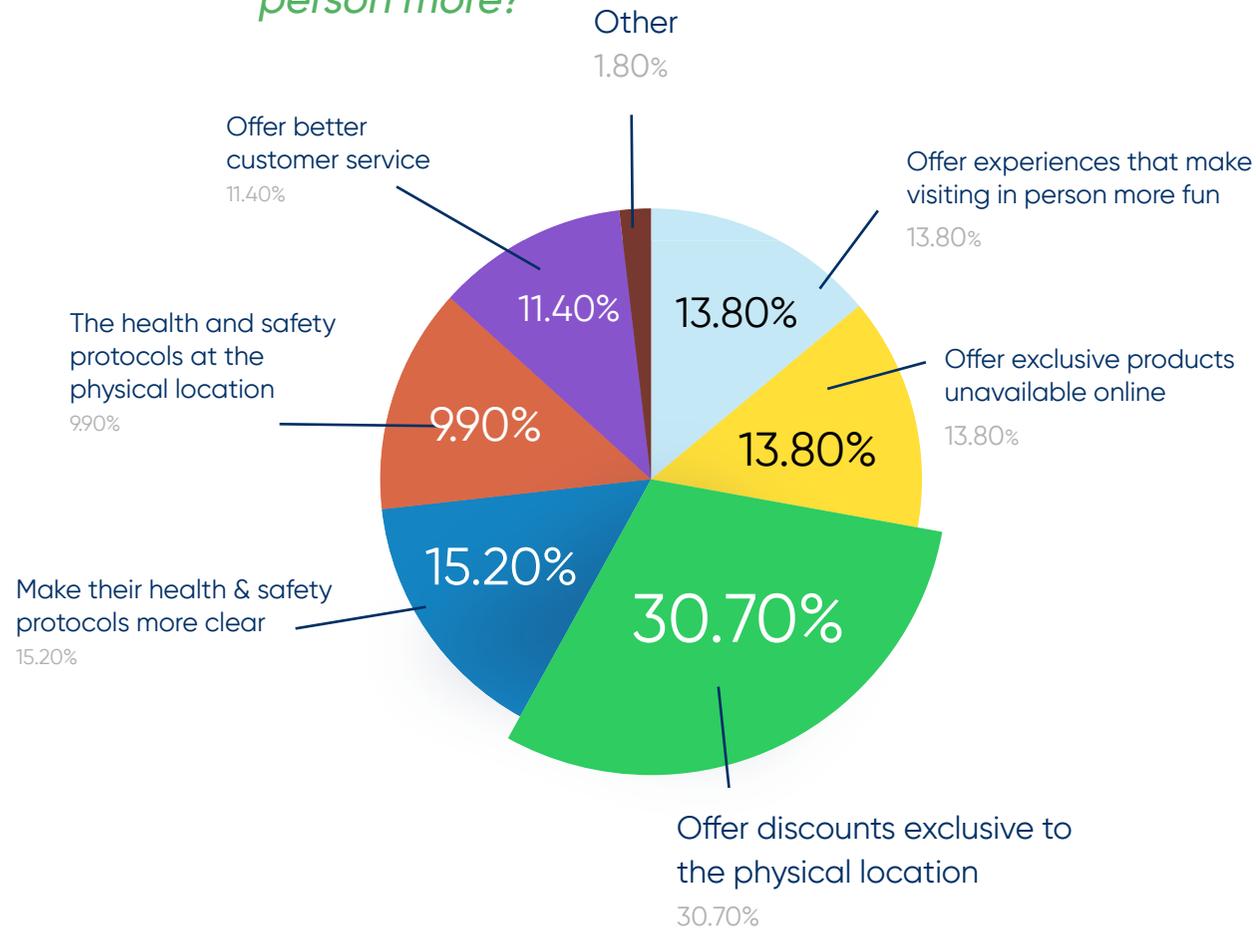
Offer exclusive products not available online (13.8%)

Offer a worthwhile experience unique to the physical location (13.8%)

Offer better customer service (13.8%)

Each of these customer demands are within your control as a business operator.

? *What can businesses do to encourage you to come visit in person more?*



# PART 5

## Consumer Outlook For the Future

In addition to explaining their attitudes in the past year, we asked respondents to explain how their attitudes could shift with respect to the future. These responses are arguably the most important for business owners looking to shape their in-location experiences in a sustainable, revenue-driving way.

### Customers explain the goods they are most likely to buy in person.

Asked to assess their opinions today, customers are most likely to purchase the following types of items in person:

Groceries (70.1%)

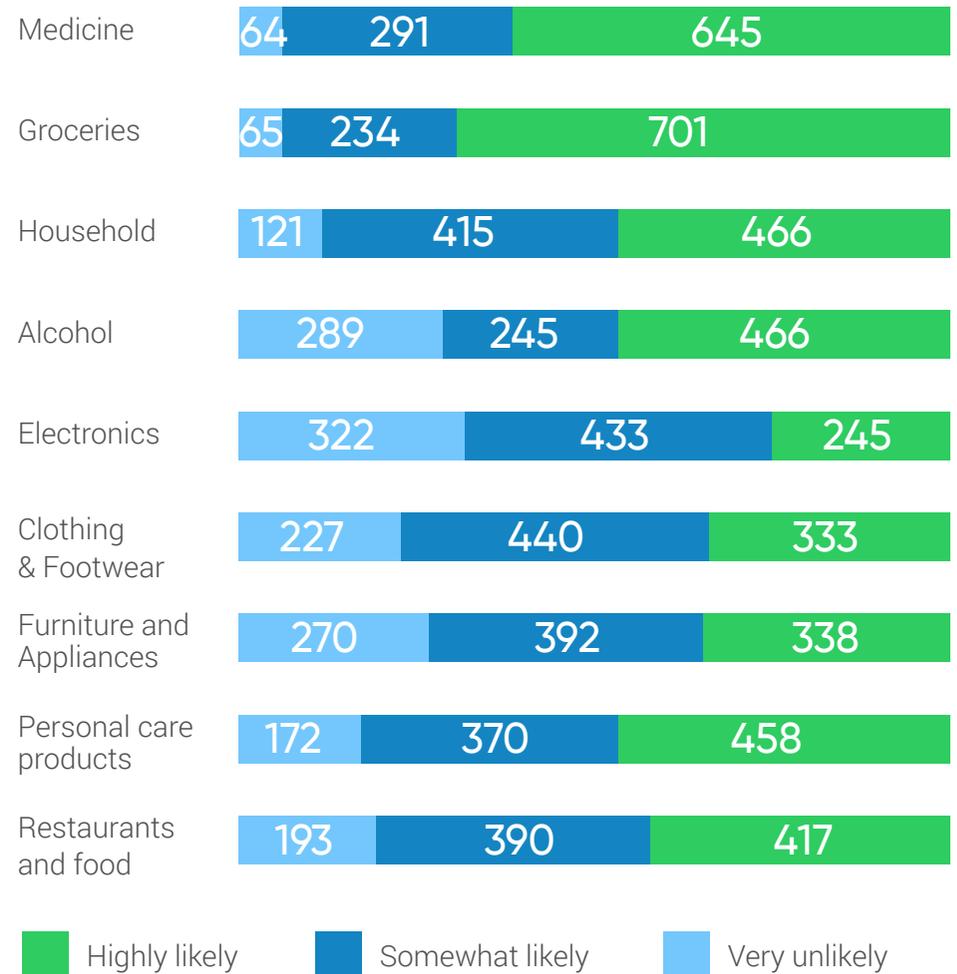
Medicine (64.5%)

Household supplies (46.6%)

Alcohol (46.6%)

Your business is what it is, and you may not be likely to sell groceries or medicine if you're not already. However, these categories emphasize that, if your product or in-location experience is important enough, customers will visit a physical location to access it.

? *Today, how likely are you to visit a physical location to purchase the following items?*

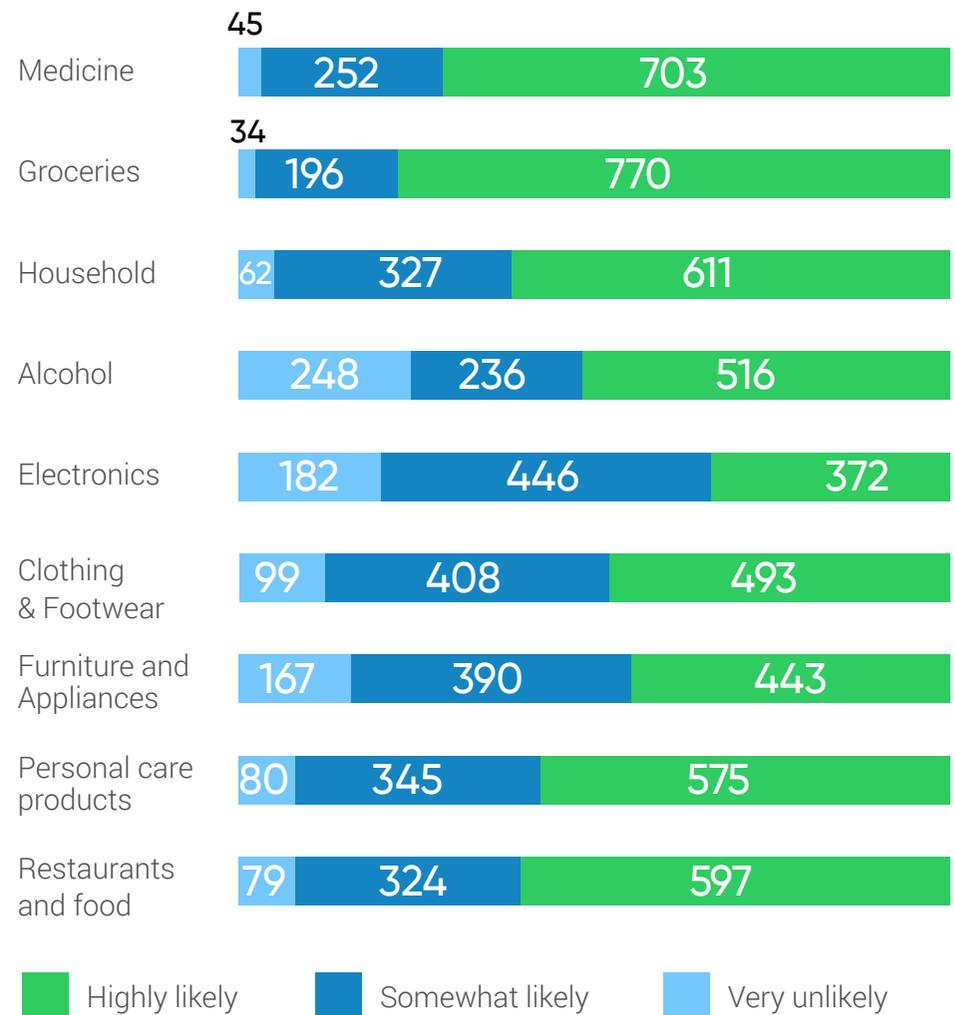


## PART 5

# Consumer Outlook For the Future

Customer attitudes towards in-location experiences are similar when projected a year into the future. A notable difference is that customers seem more open to visiting restaurants, clothing stores, and all other categories of business in a year than they are today. This is reason for hope, but ultimately does not change the importance of providing memorable in-location experiences.

**?** *12 months from today, how likely do you think it is that you will visit a physical location to purchase the following items?*



## PART 5

# Consumer Outlook For the Future

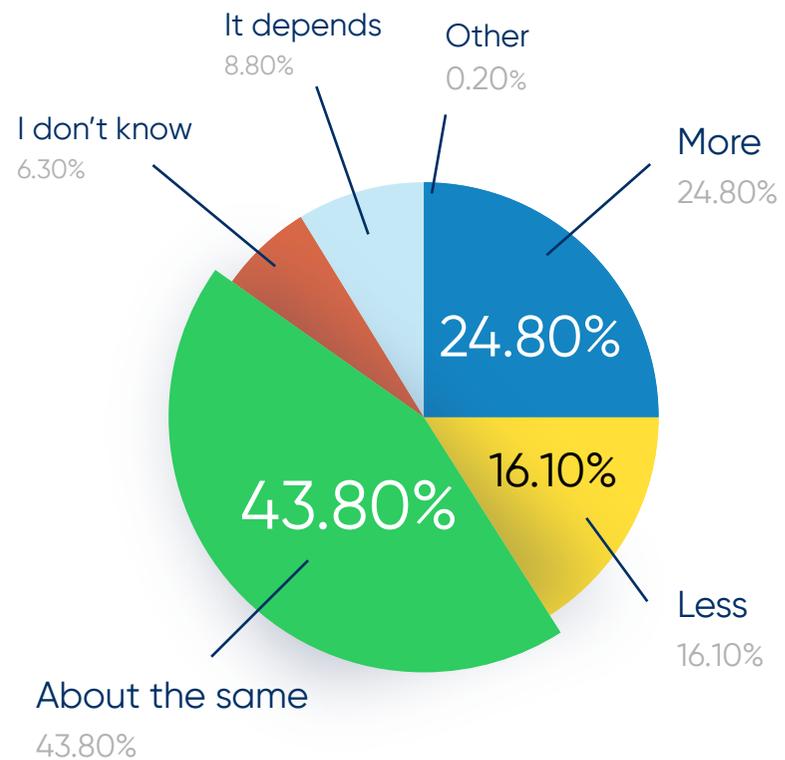
### Most respondents expect to shop in physical locations about the same amount as in 2020.

The largest share of respondents (43.8%) anticipate frequenting physical locations about the same amount in 2021 as they did in 2020. Such feelings could be due to anticipation of further lockdowns or health concerns. It may also indicate that some respondents did not materially alter their interactions with physical locations in 2020, as big box stores have largely remained open to those who have wanted to visit them.

24.8% expect to have more in-location experiences, while 16.1% anticipate having fewer in-location experiences.

This supports other findings that retailers cannot expect a drastic change in customer attitudes. What they can do, however, is continue to try new, proven methods for building customer loyalty through stellar in-location experiences.

? *Do you believe you will shop in physical locations more, less, or the same compared to 2020?*



# Conclusion



Those whose professional lifeblood comes from in-location experiences have no choice but to play the hand they are dealt.

The combination of mass shutdowns without warning, perplexing half-measures for re-opening businesses, customer wariness of being exposed to COVID-19, and widespread job loss has undoubtedly had a chilling effect on in-location experiences. 2020 has put those who own and operate physical locations under unimaginable stress, and this needs to be acknowledged.

We want to help make 2021 a better year for you and your business. With so much of the regulatory climate today being out of your control, we encourage you to utilize the tools that you can control—tools that define the experience of customers who are still visiting your business in person.

Times are tight for many business owners. As you fight to keep your business alive, and hopefully see your business thrive in 2021, investing in cost-effective experience solutions like digital signage can help you avoid stagnation without bearing unsustainable financial costs.

Through our State of Consumer Behavior 2021 report, we confirmed that customers covet in-location experiences, but that their loyalty is hard-earned and easily lost. Invest in in-location experiences to deliver customers what they cannot get elsewhere.

# Raydiant