RIS NEWS RESEARCH REPORT

RETAIL 2025 SHOPPER STUDY

THE FUTURE OF RETAIL IS ALREADY HERE

Examining trends identified by 5,000 shoppers that provide guideposts for setting a strategic course for growth

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Where's My Flying Car?

Technology predictions can be silly, such as the one made by *Popular Mechanics*, my old magazine, which said in 1949 that computers one day may weigh less than 1.5 tons. The prediction was accurate and still missed the mark by a mile.

Despite the inherent risk in making predictions, it is a requirement for every successful business. Virtually every day retailers place big financial bets on forecasts and predictions in such areas as purchasing, real estate, labor, borrowing and information technology (IT).

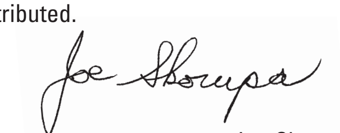
Most of these forecasts peer ahead 12 or 18 months. In the IT department, the forecast often looks ahead 24 or 36 months although some leading organizations create five-year plans to predict long-term technology needs and investments.

But few retailers look ahead to 2025. Is it even possible? The method we came up with was to tap into the collective wisdom of 5,000 shoppers and leverage a principle in statistical analysis that says large groups of people are collectively smarter than individuals – even experts – at problem solving, decision making, innovating and predicting.

Based on this principle, we have identified key trends that will increase in importance starting right now and becoming mainstream in 2025. Just as importantly, we have identified what they mean to retailers today.

For this year's report, our ninth annual shopper study, we worked closely with Mitch Uyeda and the EnsembleIQ Research Solutions team to design a survey and poll 5,000 consumers. Our aim was to tap into the same shopper profile as last year (see charts below for who responded to the survey), but convert the perspective from being a backward glance into a forward view.

We don't have personal jet packs yet or flying cars, but retail isn't waiting for the next big thing. The future, according to writer William Gibson, is already here, it's just not evenly distributed.



Joe Skorupa,
Editorial Director, RIS News

Age

15-17	5%
18-24	12%
25-34	28%
35-44	19%
45-54	16%
55-64	14%
65-74	6%

Gender

44% Male

56% Female

Household Income

Under $25,000	16%
$25,000 - $49,999	28%
$50,000 - $74,999	23%
$75,000 - $99,999	16%
$100,000 - $124,999	8%
$125,000 - $149,999	4%
$150,000 - $174,999	2%
$175,000 - $199,999	1%
$200,000+	2%

U.S. Region

Northeast	19%
Midwest	24%
South	36%
West	21%

Top 6 Shopper Mega-Trends

BY MITCH UYEDA

Emerging shopper trends today provide guideposts for setting a strategic course for growth in 2019, 2020 and even 2025

Shopper preferences are always the focus on the *RIS*' annual survey of consumer trends, but this year we also include a look at pre-shopping behavior, an omnichannel equivalent of window shopping. When consumers pre-shop they have not yet made a hard purchase decision. Instead, they are assessing products, prices and value through online research, social media and even visiting stores.

The importance of understanding this behavior is that pre-shopping is the first opportunity retailers have to influence a sale, the first stop on the shopper's path to purchase.

What we found was that a big majority of American consumers engage in pre-shopping at least once a week (65%). Many, in fact, do some pre-shopping every day (21%).

Interestingly, pre-shopping frequency changes with age. Beginning at age 15, shoppers increase pre-shopping frequency until the age of 34 and then it gradually diminishes. The peak years for pre-shopping behavior are 18 to 44.

Top 6 Shopper Mega-Trends

Every year we pore over study data to discover mega-trends that represent big shifts in the retail landscape that retailers must pay attention to as they create strategic plans for business development, technology deployment and overall growth. Here are the top mega-trends that retailers should pay attention to for 2019, 2020 and all the way ahead to 2025:

1 Voice-Commerce Becomes a Force

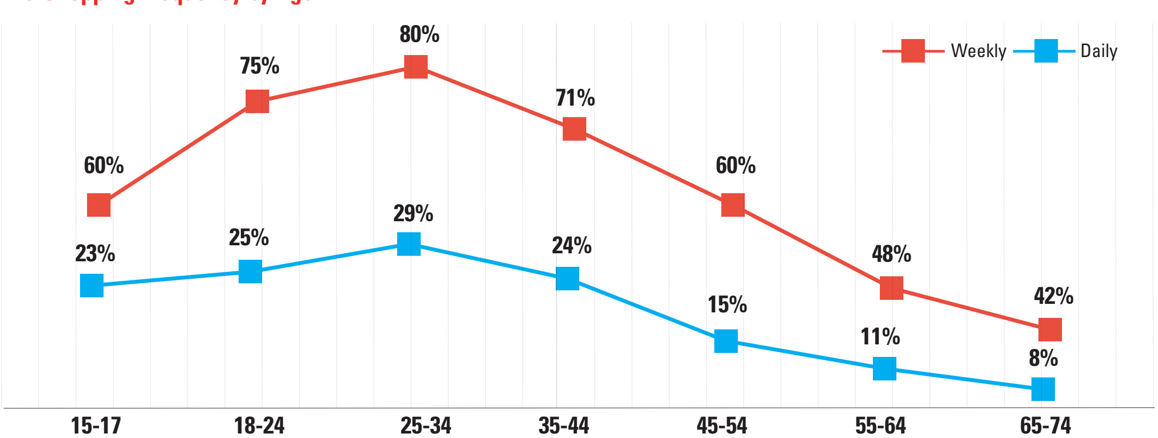
Shoppers are 20% more likely to have purchased products using a voice-activated assistant today than they were just 12 months ago. Amazon's Alexa is a big reason. Its popularity nearly doubled to 11% in 2018 compared to 6% last year. Not only has the usage of v-commerce (voice commerce) increased from 2017, but those who have used it are four times more likely to use it in the future, which bodes well for future growth.

A big majority of those who say they have used voice-activated technology to make a purchase would do it again. 66%

2 Mobile Apps Are Failing

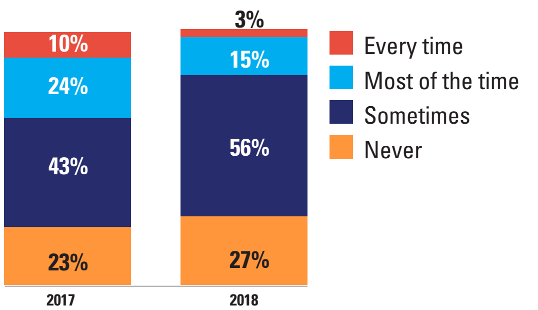
While most shoppers use a store's mobile app while in the store at least sometimes (73%), usage is declining from 77% in 2017. Heavy retailer mobile app usage (those who use them most or all of the time) declined by nearly half – 34% in 2017 versus 18% in 2018. Shoppers typically use mobile apps

Pre-Shopping Frequency by Age



in stores as a way to ensure they are receiving the best price: checking promotions/discounts just for me (66%), checking general sales and promotions (61%), and checking prices (57%).

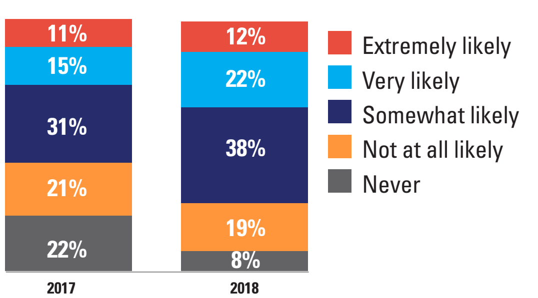
Frequency of Using a Retailer's Mobile App in the Store



3 Digital Identification Permission Grows

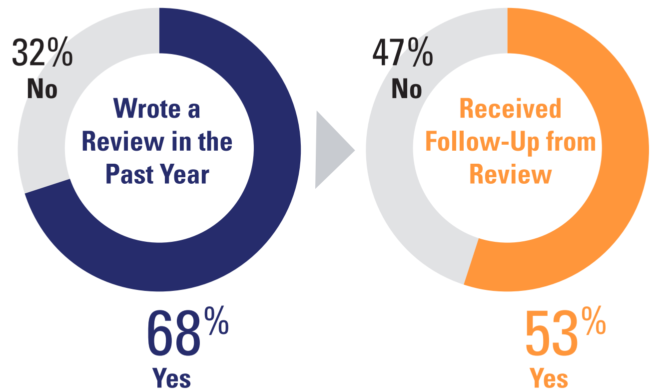
Shoppers are becoming more comfortable with digital identification. The likelihood of allowing retailers to digitally identify shoppers is up to 73% in 2018 versus 57% in 2017. However, they are primarily looking for a benefit, such as reminding them of a reward to redeem (65%) or receiving offers within the store (59%). Retailers are unlikely to receive permission if it solely benefits the retailer, such as tracking shopper location while not using the app (4%).

Likelihood to Allow Digital Identification



4 Lost Opportunity for Online Interaction

More shoppers are writing online reviews (68% in 2018 versus 63% in 2017). Despite this high level of activity only 53% receive a response and a mere 9% indicate they receive a response most of the time or all of the time. Since interacting with online comments is a valuable way to create shopper engagement, this mostly untapped interaction is a lost opportunity to drive loyalty.



5 Cutting-Edge Tech Opportunities

Today's shoppers don't show much interest in seeing retailers put smart glasses on sales associates or using holographic customer service/greeters or enabling ordering in smart cars. However, some cutting-edge advances show strong signs of future acceptance. The most popular are grab-and-go stores (like Amazon Go), order-only stores, and interactive/shoppable screens.

Digital Versus Physical Shopping Over Last 5 Years

	MORE	LESS
Online	83%	4%
Smartphones	66%	6%
Social media sites	26%	14%
Stores	24%	31%
Voice command	15%	16%
Shopping malls	13%	55%

6 Digital Shopping Grows While Malls and Stores Decline

Not surprisingly, shoppers are spending more time shopping online and using their smartphones, and less time shopping in stores or malls. However, the youngest shoppers (ages 15-17) are more likely to shop in stores or malls compared to older shoppers (ages 18+). This is an interesting finding because this generation may be the ones who will bring back the popularity of in-store and mall shopping in the years to come. RIS

About EnsembleIQ Research Solutions

Mitch Uyeda is director Research & Strategy for EnsembleIQ Research Solutions, which is a division of EnsembleIQ that has the resources and expertise to provide insight into understanding what is coming and defining what's next.

7 Retail Trends to Watch for 2025

BY JOE SKORUPA

Shoppers identify disruptive trends in voice shopping, the death of the traditional store, Amazon dethroning Walmart as the king of retail, and more

The future of retail is not about technology and never has been. It is about rapid evolution, focusing on the shopper experience, and advancing the art and science of retailing.

Technology plays a big role in retail's future, but it is a supporting role. It is used to strengthen the execution of larger goals and is not the goal itself.

Even in support, however, the role of technology will be essential to success. Expect to see amazing robots in warehouses, autonomous-vehicles delivering web orders to homes, clothes that make replacement orders when they sense they are wearing out, and routine biometric identification in stores.

But this report is not about flying cars and personal jet packs. It is grounded in what shoppers tell us they want the future of retailing to be and, just as importantly, what retailers can do with this insight.

2025 TREND #1

***Today's brick-and-mortar experience is dead** and will be replaced by smart stores that convert the shopping journey into a frictionless, tech-driven and immersive experience.*

What It Means

Not only are all shoppers more tech savvy than ever before but a retailer's best shoppers – their most frequent and biggest spenders – are also the most tech savvy because they are the most enthralled by the next big thing and most attracted to new experiences.

Not all retail stores are dying, but store closings are so high it is clear we are witnessing the death of the traditional brick-and-mortar store as we know it. Nearly a quarter (24%) of shoppers say they go to stores less today than they did five years ago.

A huge 55% say they go to shopping malls less today than five years ago and that's not the only bad news for malls. Another datapoint in the study finds just 7% saying they go to shopping malls as a primary location to search for the products they want or need to purchase. This compares to 66% who say they go to Amazon, 41% who go to Walmart, and 23% who primarily go to stores.

Also contributing to the brick-and-mortar decline is the shift to local stores. Today, 31% of shoppers say they go to local stores more today than five years ago compared to stores operated by large regional and national chains.

The question retailers must ask and the challenge they must solve is: Can the trend be reversed?

The answer is not to rely on traditional retail methods. Shoppers will expect stores to be reinvented in 2025.

A majority of shoppers want grab-and-go stores with self-checkout on their own smartphones (59%) and interactive shoppable screens (56%), which are gamified, service oriented, and connected to the retailer's entire inventory for quick and easy ordering.

In what ways have your shopping behaviors changed compared to five years ago?

	MORE	LESS
Online	83%	4%
Smartphones	66%	6%
Landline telephone	49%	13%
Local stores versus big chain brands	**31%**	**14%**
Small craft makers versus big company brands	27%	14%
Social media sites	26%	14%
Stores	**24%**	**31%**
Entrepreneurs or startups versus big companies	23%	12%
Shopping malls	**13%**	**55%**

Where do you primarily go to search for most products you need or want to buy?

Amazon	**66%**
Walmart	41%
Store	23%
Google	22%
Target	22%
eBay	11%
Costco	8%
Shopping mall	**7%**
Kroger	7%

Which new shopping options would you like to use?

	WOULD LIKE TO USE	USING NOW OR HAVE USED	NO INTEREST IN USING
Grab-and-go stores with self-checkout from your own smartphone	**59%**	9%	32%
Interactive, shoppable screens	**56%**	6%	38%
Home delivery	45%	8%	47%
Order-only stores where products are only shipped to your home	44%	23%	33%
Virtual (computer generated) try-on for glasses, clothing, beauty, etc.	43%	4%	53%
Augmented reality in a store (i.e. overlay furniture on floor plan)	40%	3%	58%
Remote services (i.e. using interactive screens/ displays)	38%	9%	53%
In-home product order buttons so you never run out	38%	5%	57%
Drone delivery	38%	2%	60%
Subscription orders of shopper-selected products regularly delivered	36%	15%	49%
Subscription products selected for me regularly delivered	31%	12%	57%
Ordering while riding in a smart car connected to the Internet	29%	3%	68%
Robot services in stores	28%	2%	70%
Virtual reality in a store (i.e. using VR to see different environments)	26%	2%	72%

Shopping will not be confined to stores, computers and mobile devices in 2025. It will be everywhere using augmented reality capabilities (40%), in-home order buttons (38%), smart cars connected to the internet (29%), and virtual reality visors (26%).

While shopping will decline in traditional stores operated by large regional and national chains retailers should aggressively pursue new opportunities that offer seamless engagement with customers in new, technologically enabled ways.

2025 TREND #2

***Voice shopping will revolutionize search** and take Amazon's domination of retail to new heights, but only if concerns about recording private conversations are overcome.*

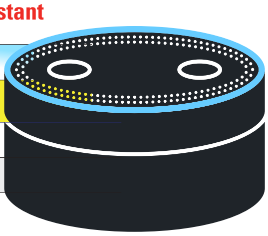
What It Means

Although voice shopping is already occurring, it is in its infancy and no retailer has perfected it except for one – Amazon, which happens to own the most successful voice-shopping technology that makes it work.

Currently, only 23% of shoppers have made a purchase through a voice-shopping platform, which is slightly up from 20% last year. So, there is still some runway open for retailers to develop their own voice-shopping strategies.

Made a purchase using a voice-activated assistant

	2017	2018
Amazon Alexa	**6%**	**11%**
Google Home	6%	5%
Apple Siri	8%	7%



The big year-over-year news is the jump made by Amazon Alexa over its rivals Google Home and Apple Siri. Shoppers using Amazon Alexa nearly doubled from 6% to 11%, while Google Home and Apple Siri each lost a little ground.

Amazon's competitors, i.e. the entire remainder of the retail industry, will have to race from zero to 100 mph in developing their own voice shopping strategy and do it as quickly as they can to avoid getting locked out of a major new sales channel.

As they move forward in the next few years they will have to overcome a series of obstacles such as deciding which platform to use and learning to master voice-search optimization (an entirely new field of expertise).

Also, they will have to learn how to overcome the biggest obstacle of all – overcoming the fear by shoppers

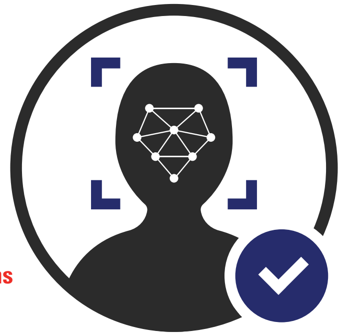
How concerned are you that voice-activated assistants can listen to and record your conversations?

So concerned I will not use them	**23%**
Very concerned, but I will use them anyway	**14%**
Somewhat concerned, but it is no worse than using a smartphone	**45%**
Somewhat trusting they will protect my privacy	14%
Very trusting (convenience outweighs concerns)	4%

Top factors beyond price, quality and convenience that are strong influences on purchases

Honesty and integrity in messages and actions	**67%**
Care about the environment	**50%**
Care about responsible sourcing of products	**44%**
Care about improving local communities	**43%**
Care about helping families	**42%**
Care about promoting health	**41%**
Care about the poor and disadvantaged	**37%**
Care about promoting education	**32%**

Would you allow a retailer to digitally identify you inside a retail store so you can receive instant promotions and tailor-made offers?



Extremely likely	**12%**
Very likely	**22%**
Somewhat likely	**38%**
Unlikely	**19%**
Never	**8%**

that voice assistants will listen to and record unintended personal conversations. A huge majority of shoppers (82%) say this is a big concern. Nearly a quarter (23%) say the concern will prevent them from using voice assistants.

2025 TREND #3

Corporate honesty, integrity and responsibility *by retail brands are decisive influences on purchases made by shoppers.*

What It Means

No one seemed to care about the mega-growth, intrusive power, and dominant influence Facebook achieved over entire populations until its honesty and integrity were called into question. Now investors wonder if Facebook can ever recover its high regard in the public's mind.

Retailers now know it is no longer acceptable to take a blasé approach toward diversity, racist and sexist overtones, honesty, integrity, responsibility, and inaction toward sexual abuse. Consumers care about these issues and therefore so must retailers who want to serve them.

Honesty and integrity are the top factors that influence purchases beyond price, quality and convenience for a big majority of shoppers (67%). Clearly, the loss of honesty and integrity were big factors in the blowback aimed at Facebook after it was revealed it turned over personal customer data to political operatives.

Other factors retailers will need to align with are care about the environment (50%), responsible sourcing of products (44%), improving local communities (44%), helping families (42%), and promoting good health (41%).

2025 TREND #4

Real-time identification and personalization in stores *will reach shoppers on their own smartphones with messages, alerts, promotions and content relevant to their shopping mission.*

What It Means

Many retailers talk about personalized marketing, but few can walk the talk. The problem is twofold: first, retailers are bad at in-store personalization and only marginally better at doing it online, and second, many consumers used to believe that when retailers get too personal (i.e. on mobile phones, which shoppers consider to be within their personal space) marketing messages become "creepy."

However, both of these factors are about to change. Soon retailers will be able to track and send messages to individual shoppers at scale based on identifying them in

Which location-based services that rely on your permission would you allow?

Receive alerts reminding you to redeem an offer or loyalty reward	**65%**
Receive alerts/offers while in a specific store	**59%**
Show 'welcome' messages on digital signs as you enter a store	**16%**
Receive alert that you are near (but not in) a specific store	**14%**
Enable store staff to know who you are for special treatment	**12%**
Change messaging on digital signs as you pass them by	**8%**
Check-in via social network site to let friends know you are at a specific location	**7%**
Allow retailer to track your location when not using an app	**4%**

Top 10 types of personal information shoppers would reveal to help retailers deliver personalized promotions

Food favorites	**68%**
Drink favorites	**59%**
Hobbies	**55%**
Past purchases	**54%**
Music favorites	**52%**
Movie favorites	**52%**
TV favorites	**49%**
Book favorites	**48%**
Allergies	**41%**
Diet restrictions	**39%**

a specific location. This will be done through geofencing technologies that link to WiFi, near-field-communication, Bluetooth, mobile apps and websites, mobile loyalty programs, and media access control (MAC) addresses.

Importantly, most shoppers have recently gotten over their initial fear of the "creepy factor." A major finding in the study shows that 73% say they are likely to allow retailers to digitally identify them inside a store so they can receive offers and promotions tailored just for them in the moment.

The top two real-time messages shoppers want to receive are alerts reminding them to redeem an offer or loyalty award (65%) and alerts about the specific store they are in (59%).

Worth noting is that some other personalized messages are not welcome by shoppers, such as personalized identification on digital signs as the shopper passes by and allowing retailers to track a shopper's location when not using the retailer's app.

2025 TREND #5

***Shopper profiles populated by consumers** will include preferences for food, drinks, hobbies, music, movies, TV and books to enable true one-to-one marketing at scale.*

$83

Amount Amazon Prime members spend per month.

Amazon has publicly noted Prime membership is now more than 100 million.

This means Amazon's estimated monthly revenue from Prime members is $8.3 billion or $99.6 billion per year.

What It Means

One of the reasons retailers are so bad at personalization (both online and offline) is they know so little about shoppers beyond recent purchases and clicks on websites.

This is about to change as retailers gradually upgrade their CRM platforms and, more importantly, shoppers willingly reveal more about their personal lives. This robust personal data will enable retailers to do something they have dreamed about for years – make truly personalized offers tailored to what each individual customer likes, wants and needs.

More than half of shoppers say they will help retailers send them smart, personalized promotions by revealing preferences about food (68%), drinks (59%), hobbies (55%), past purchases (54%), music (52%) and movies (52%). Nearly half say they will also reveal preferences about TV favorites (49%) and books (48%). Information about allergies (41%) and diet restrictions (39%) also receive strong support by shoppers.

The retailer dream of personalized marketing will truly begin when two trends converge that are covered in this report. The first is arming retailers with shopper-supplied personal information housed in robust, consolidated databases and the second is real-time identification of shoppers as they enter stores, which will enable retailers to send relevant messages based on rich profiles to individual shoppers at scale.

2025 TREND #6

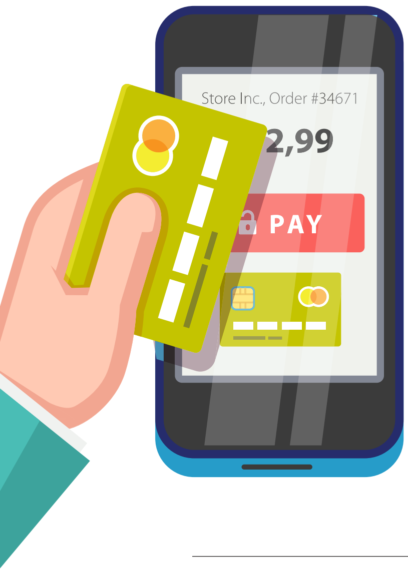
***Amazon becomes the number one retailer** by revenue and overall influence dethroning Walmart for the first time since 1990.*

What It Means

Although Walmart massively out sells Amazon today, the Prime-fueled retailer's high growth rate (approximately 30% year-over-year) far surpasses its more mature rival. The crossing point for when Amazon will overtake Walmart in total revenue appears to be in the mid-2020s, if current growth trends play out.

The factors behind the coronation of Amazon as the undisputed king of retail are powerful and begin with Amazon Prime, which has 100 million loyalty program members. This high number is confirmed by the 67% of shoppers (older than 15 years of age) in the study who say they are Amazon Prime members.

Importantly, these shoppers spend an



How often do you use a retailer's mobile app on your smartphone when you are in its store?

When using a retailer's mobile app while in its store, what do you most frequently do?

average of $83 per month. Doing quick math, this figure indicates Amazon's current revenue stream from the Prime program is $99.6 billion per year.

Another major reason why Amazon has a lock on today's shopper is that two thirds (66%) say their primary destination to search for products they need or want to purchase is Amazon. This far surpasses the number two option on the list – Walmart at 41%.

Going to a store (any store) is third on the list with 23% of shoppers choosing this option as a primary way to search for the products they want or need. Going to a shopping mall to search for products is a lowly 7%.

Even as new channels emerge in retail (voice shopping, in-home buttons, subscriptions, meal kits, etc.), Amazon shows every indication that it plans to be first to market or a strong fast follower. This bodes well for Amazon to be able to maintain its phenomenal growth rate and also serves as a reminder to other retailers that innovation and experimentation are essential to future success.

2025 TREND #7

***Retailer mobile apps are dead,** long live retailer mobile apps in 2025.*

Why It Matters

Retailer mobile apps are gateways to engaging the omnichannel shopper and a perfect method to blend the brick-and-mortar and online shopping experience. Unfortunately for most retailers, it just doesn't work that way.

Instead, mobile apps and stores are designed and operated as separate channels and rarely the twain shall meet. Just 3% of shoppers say they use a retailer's mobile app every time they are in the retailer's store and those who say they do it most of the time is only 15%.

Why the low open and usage rates for retailer mobile apps? The reason is that retailers currently design mobile apps as online sales channels and don't optimize in-store functions.

Retailers fail to recognize that the number one reason shoppers open a mobile app in a store is to view offers and discounts personalized just for them (66%). As previously noted, retailers are not good at executing personalized marketing techniques because they don't possess the detailed personal information necessary to operate on an individual level and don't have the ability to easily identify shoppers in real-time to send them relevant messages.

Adding this capability will help drive in-store shoppers to the mobile app. Just as importantly, mobile apps will have to be redesigned to include more features and functions that shoppers want. These include accurate in-store navigation, which is cited as important by 15%, and ordering/paying for products in the store right from the shopper's smartphone (14%).

These latter functions have low support numbers now because few retailers offer them. However, as retailers add these features and other functions beyond sales support to their mobile apps, open rates and usage of mobile apps in stores will grow.

Despite the mega-size of Walmart and mega-growth rate of Amazon, the doors of opportunity for retailers remain open for those who keep up with major consumer trends and take bold steps to continually reinvigorate the shopping experience. RIS

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