



In-Store Shopper Segmentation Study



Overview

In the last five years, the retail industry has been primarily focused on driving digital growth. As important as that is, it is also critical not to lose sight of another very important channel—in-store.



The in-store experience is as critical as ever.

With the abundance of information at their fingertips, shoppers search and gather as much knowledge as they can from the web before visiting a retailer in-store. And once they walk through that door, their expectations are high. Although most shoppers expect retailers to be attentive and experts on their product line, not all shoppers are alike. Research and shopping behaviors can vary according to what consumers purchase, past experiences and comfort level.

“Retailers that are prepared with a deeper understanding of how the in-store shopping experience differs for various customer types have a clear competitive advantage.”

Glenn Marino,
EVP and CEO, Payment Solutions
Chief Commercial Officer

Segmentation research has been used to identify shopper archetypes. Understanding these differences can help guide retailers when considering how to tailor their own in-store experience to engage customers in a more meaningful way. By developing strategies to reduce purchase obstacles in-store, retailers can make progress toward more sales and greater customer loyalty.

Study background

The Synchrony Financial In-Store Shopper Segmentation Study—consisting of both qualitative and quantitative research—outlines the overall relative importance of understanding how customers look for and want to receive information during their buying process, specifically when it comes to the in-store shopping experience.

IN-STORE SHOPPER SEGMENTATION STUDY

QUALITATIVE RESEARCH

- October 2013
- Six focus groups in Denver and Charlotte
- Mix of participants who had recently made a purchase of at least \$300 in one of the following categories:
 - Apparel
 - Auto parts
 - Home durables (*housewares, furniture, flooring, appliances*)
 - Electronics
 - Luxury
 - Outdoor

QUANTITATIVE RESEARCH

- January 2014
- Online survey
- Ages 21+
- Primary or shared financial decision maker
- Annual household income of \$50K or more
- Mix of respondents who do and do not own store specific credit cards
- Mix of participants who had recently made a purchase of at least \$300 in one of the following categories:
 - Apparel
 - Auto parts
 - Home durables (*housewares, furniture, flooring, appliances*)
 - Electronics
 - Luxury
 - Outdoor

Study conducted by Chadwick Martin Bailey on behalf of Synchrony Financial.

In-store truths

Even though shoppers are not all created equal and thus should not be treated the same, there are some universal truths with regards to in-store shopping. These commonalities include:

1 Shoppers are looking for a no-hassle experience and great value.

62% of shoppers agree that, "If I have to go to a store, I want to get in and out quickly with no hassle."

50% of shoppers completely agree that, "I will go out of my way to find a great price."

The most important in-store elements are:



Helpful Associates



Easy Store Navigation



Clear Product Details



Clean Store



Easy Return Process

2 Associate interaction is critical to delivering the best in-store experience.

Overall, shoppers expect associates to be knowledgeable about the products and services they sell, as well as friendly and helpful. The associates' ability to distinguish between a shopper who wants/needs help and one that does not is critical. Shoppers say it's important for the associate to:



3 In-store signage plays a key role in educating shoppers about the latest deals and promotions.

46% of in-store shoppers say it is very important for a store to have the "right amount of signage."

6 out of 10 expect in-store signage to clearly communicate the latest promotions and deals.

68% agree that it is important that signage be easy to read and clearly state which products qualify for the promotions being communicated.

4 Shoppers want information on the store credit card benefits but do not want to feel pressured to sign up.

After a shopper has navigated through the store and narrowed their search, they then look for information on payment options.

53%

say it is very important for an associate to be able to confidently speak to the basics of the store credit card program/offers.

56%

say it is important to have at least basic store credit information on signage.

76%

do not want to feel pressured to apply for store credit offers.

5 In the majority of categories, shoppers spent more than they intended.

Another consistent theme in the research was that shoppers ended up spending, on average, more than they expected to spend. This was often due to incorrect price assumptions, finding something they preferred that cost more, or increased buying power from using a financing promotion on a store specific credit card.

Shoppers spent somewhere between 25-35% more than they intended.



Introducing the in-store shopper segments

The study revealed that there are two main attitudinal dimensions where in-store shoppers tend to diverge. Those are attitudes around the **role of the associate** and the **role of in-store signage**; in particular new technology and digital signage.

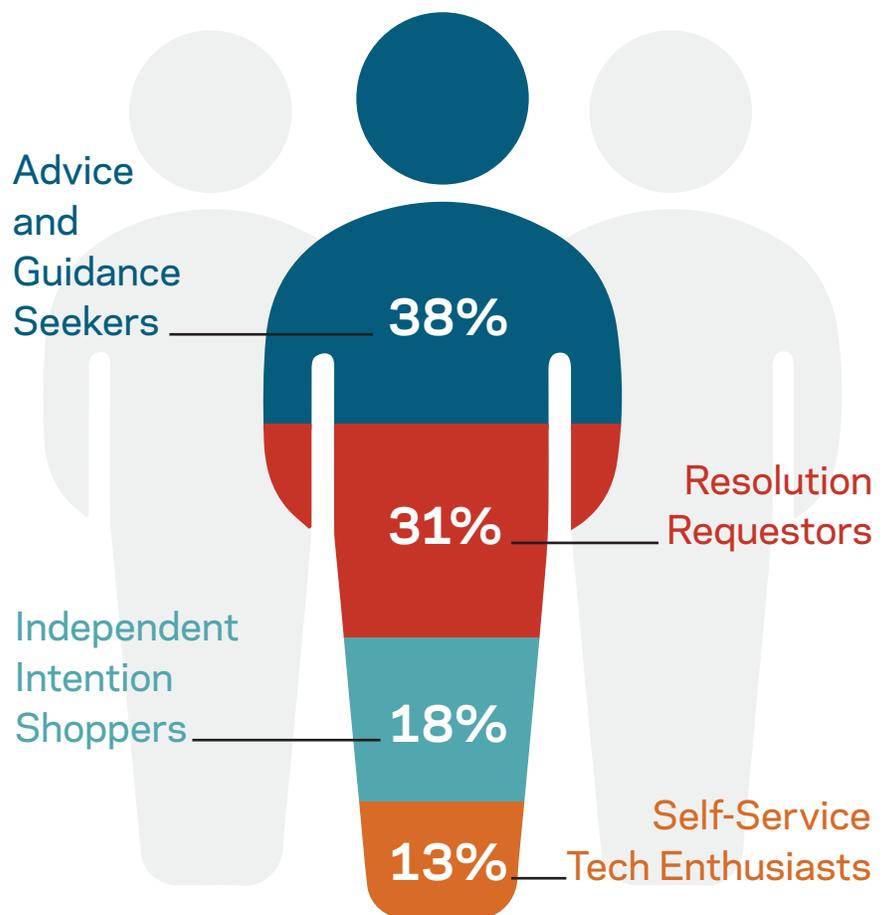
Role of the associate

The role of the associate is one dynamic where shopper attitudes start to diverge. Some shoppers expect the associate to be more of a consultant where others want very little interaction. This white paper will outline how expectations around associate interaction differ by shopper segment.

Role of in-store signage

In-store signage plays a critical role in the major purchase process; however, expectations around the use of technology, amount of signage, and information being conveyed varies by shopper segment.

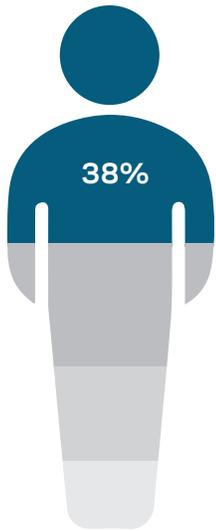
ATTITUDINAL VARIANCE AND PREFERENCES LED TO THE CREATION OF FOUR DISTINCT SHOPPER SEGMENTS.



Segment size varies by product category and will be outlined on the following pages.



Detailed overview of each shopper segment



SEGMENT 1 - ADVICE AND GUIDANCE SEEKERS

Who they are and what to expect

The largest of the four in-store shopper segments defines itself by:

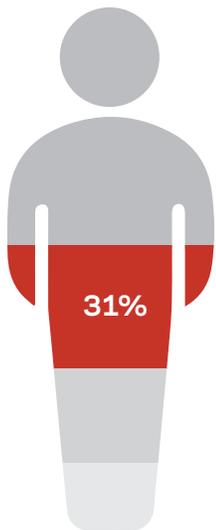
- Being appreciative and relying heavily on associate help and recommendations.
- Preferring to shop in-store (vs. online) for the associate interaction.
- Expecting the associate to clearly communicate the latest sales/promotions.
- Are open to using store credit cards (the most open of all the segments).
- Expecting the associate to remind them to use their store loyalty card at checkout.

Recommendations

- Provide this shopper all the attention they need.
- Review and know details of latest product innovation.
- Be genuine, listen, and provide unique recommendations.
- Promote the benefits of the store credit card and loyalty cards early and often throughout their shopping trip.
- Convey the monetary savings of using their store card or loyalty card at checkout.

Penetration by Category

Apparel	23%
Auto parts	39%
Home durables	41%
Electronics	42%
Luxury	42%
Outdoor	42%



SEGMENT 2 - RESOLUTION REQUESTORS

Who they are and what to expect

The second largest segment defines itself by:

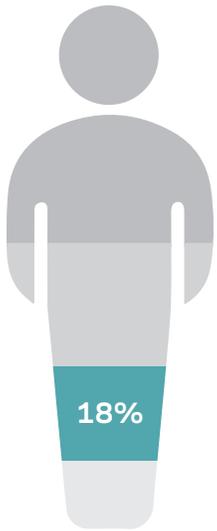
- Being focused on a no hassle experience with the majority agreeing, "I want to get in and out quickly."
- Expecting associates to be knowledgeable about the product/category they are selling.
- Expecting the associates to have the "power to help me if I have a problem" (e.g., returns, warranty, delivery issue).
- Assuming the associates will be "available when I need help" and "help me find what I need."
- A little over half are open to store credit but don't want to feel pressured. They will seek information on their own.

Recommendations

- Apply a "no pressure" sales approach. Be there when they request your help; otherwise, give this shopper space.
- Be prepared to answer technical questions.
- Provide easily accessible information on the return policy, product warranty, and delivery.
- Communicate basic store credit and loyalty card benefits once at checkout.

Penetration by Category

Apparel	30%
Auto parts	36%
Home durables	31%
Electronics	29%
Luxury	30%
Outdoor	29%



SEGMENT 3 - INDEPENDENT INTENTION SHOPPERS

Who they are and what to expect

This segment defines itself by:

- Being focused on a no hassle experience with the majority agreeing, "I want to get in and out quickly."
- Wanting the store to have self-service price scanners so, "I know how much something costs without having to speak to someone."
- Never wanting to feel pressured to buy something.
- Wanting to be left alone if they indicate they don't need help.

Recommendations

- Apply a "no pressure" sales approach - be there when they need you, otherwise give this shopper space.
- In-store signage will be important to this shopper as they will rely more heavily on written materials than associate communication.
- Provide an in-store experience that allows this shopper to get in and out quickly.
- Provide self-service price scanners and potentially self-service checkout for this shopper.

Penetration by Category

Apparel	32%
Auto parts	12%
Home durables	17%
Electronics	14%
Luxury	12%
Outdoor	16%



SEGMENT 4 - SELF-SERVICE TECH ENTHUSIASTS

Who they are and what to expect

This segment defines itself by preferring stores that offer:

- Checkout anywhere in the store using associates' mobile devices.
- Easy access to 3rd party product reviews within the store.
- A kiosk for self-checkout.
- Digital or interactive signage for gathering information.
- Augmented reality via in-store signage.
- QR codes on signs to access additional product information.

Recommendations

- Integrate technology into the store experience via self-checkout and consider using a mobile device for quick associate checkout or as a sales tool.
- Take your in-store signage to the next level by integrating video or augmented reality.
- Consider including a call-to-action on your credit signage—like "Text to Apply"—and other mobile options for customers to apply on their smartphone in-store.

Penetration by Category

Apparel	15%
Auto parts	13%
Home durables	10%
Electronics	15%
Luxury	16%
Outdoor	12%

Summary and Recommendations

By understanding that specific shopper segments have unique attitudes, behaviors, and expectations, retailers can build stronger customer relationships and attract valuable new business. To be successful, retailers must realize they can't "be everything to everybody." They need to determine which shopper segments are most valuable and how to best attract and retain them.

To enhance the value of segmentation, it is important to consider an integrated approach that uses both analytics and research to help uncover the needs and attitudes of your customers. By acquiring deeper insights around customers, tailored strategies can be developed to align customer behaviors and preferences with marketing actions.

When creating a marketing or operational plan to address any shopper segmentation, use the customer segment data to inform and address the following:

- Marketing spend and engagement in the right channels
- In-store experiential requirements
- Creative/messaging
- Value proposition enhancements
- Competitive strategies
- Proactive retention
- Customer service
- Technology investment and integration

"When implemented strategically, shopper segmentation can be a powerful tool that can lead to incremental sales, grow profitability, and reduce customer attrition."

Glenn Marino,
EVP and CEO, Payment Solutions
Chief Commercial Officer



Focus on what really matters.

Synchrony Financial is one of the premier consumer financial services companies in the United States. Our roots in consumer finance trace back to 1932, and today we are the largest provider of private label credit cards in the United States, based on purchase volume and receivables.

About Synchrony Connect

Synchrony Connect is a value-added program that lets Synchrony Financial partners tap into our expertise in noncredit areas. It offers knowledge and tools that can help you grow, lead and operate your business.

Grow

Marketing, analytics and research expertise to help you drive business growth

Lead

Tools for leading your organization and developing yourself as a leader

Operate

Best practices around business strategy and optimizing cost

Synchrony Connect services include one-on-one best practice sharing engagements, consulting projects, multi-client webinars and events, and access to our online portal in early 2015.

Contact your Synchrony Financial representative or visit us at SynchronyFinancial.com or SynchronyBusiness.com to discover how we can help you grow your business.

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