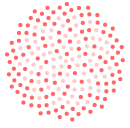


2020 Consumer Buying Behavior Report





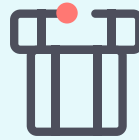
Consumer Sentiment for Online Shopping



SEPT 2019

Business as Usual

56% shoppers discover products on online search while another **38%** discover via online ads and social media.



OCT - NOV 2019

Holiday Season (Recession)

51% shoppers don't plan to cut back on online spends despite increased tariffs and recession fears.



FEB - MAR 2020

Pandemic Start

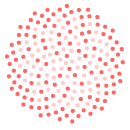
31% of all consumers were shopping online at the start of the pandemic with **46%** millennials shopping online.



JUNE 2020

Current

82% consumers say they will continue to shop online even when stores open.



Consumer Outlook 2020

1



82% shoppers will continue shopping online even when stores reopen

TAKEAWAY

Need to focus on a digital strategy

2



94% shoppers compare prices when shopping online

TAKEAWAY

Use dynamic pricing for offering the most attractive deals

3



Heavy demand for counterfeits, with **70%** shoppers opting for counterfeits due to price considerations

TAKEAWAY

The onus is on brands for detecting counterfeits and organizing supply chains

4



1 out of 2 shoppers choose websites with fast, easy and affordable delivery while 1 out of every 3 shoppers buy from the website with the lowest price

TAKEAWAY

Logistics and competitive pricing will be retailers' road to recovery

5



Splurging on grocery will continue with only **20%** shoppers planning to cut back spending

TAKEAWAY

Opportunity for assortment expansion as consumers continue to splurge

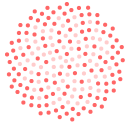
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In the global recession we are witnessing, **1 in every 3** customers are cutting spending on Fashion, Electronics & Home Decor

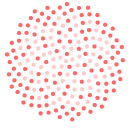
TAKEAWAY

Price and non-price incentives can rescue certain industries

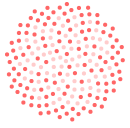


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Summary

The past year has been extremely eventful for the retail industry. In addition to COVID-19 completely uprooting economies and drastically affecting businesses in unprecedented ways, these last few months have been the subject of tit-for-tat tariffs, economic recession, counterfeit thievery, and exponential e-commerce growth. In March alone, Walmart's e-commerce app saw a 416% rise in downloads as compared to the same duration in January. And, **U.S. retailers' online year-over-year (YoY) revenue growth was up 68% as of mid-April, surpassing an earlier peak of 49% in early January.**

With so many factors at play, retailers and brands are desperate to get a grasp of the changing purchase sentiments and rapidly evolving buying behavior of the 2020 consumer. To make matters more complex, the consumer demographic has shifted with Millennials and Gen X now representing 64% of U.S. online shoppers. With customers getting younger, buying priorities and expectations have changed - and retailers need to be able to maneuver quickly.

Intelligence Node's Consumer Buying Behavior Report encapsulates consumer buying behavior across all pivotal events in the past year.

This report is the go-to-guide for retailers and brands to understand consumer sentiments across the buying journey and leverage new insights that can feed top line growth in the coming year. We highlight important factors influencing customer behavior and buying patterns beyond just the pandemic, including the rise in counterfeit goods, the impact of a global recession, and the increase in tariffs over the past year. We explore the various stages in the consumer buying journey and the ever-evolving role of digital and omni-channel in altering the wants and needs of today's consumers.

Surveys Conducted

SEP
2019



The impact of new tariffs

OCT
2019



The impact of a potential global recession

OCT
2019



A potential global recession & the holiday season

MAR
2020



Consumer sentiments on counterfeits

APR
2020

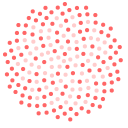


Consumer sentiments as the pandemic spreads

MAY
2020



Consumer sentiments as the pandemic accelerates



PART 1

E-commerce Expansion, Retail's New Buying Frontier

The exponential growth of online buying

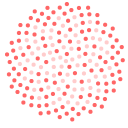
In the last decade, we have seen a significant shift in consumer buying behavior with online shopping taking the front seat. Accelerating technology adoption, better internet search algorithms, intuitive mobile shopping apps, younger buyer demographic, ubiquitous cross-border shopping, and diversified supply chain vendors are just a few of the many factors responsible for this shift in consumer buying preferences.

Then COVID-19 disrupted businesses, economies, and made countries shut their doors. The imposed restrictions on stores created momentum and these accelerating trends grew exponentially. It took 10 years for online shopping to grow from 5.6% to 16% of total retail sales - but in the days following the quarantine, e-commerce buying surpassed all records, growing **more than 10% in just 8 weeks, to 27%, according to the U.S. Department of Commerce, May 2020.**

“The total online spending in May hit \$82.5 billion, up 77% year-over-year.”

- Adobe Digital Economy Index

Even as stores start to reopen their doors, our most recent survey suggests that 82% shoppers plan to continue shopping online. This crisis has pushed unconventional social norms to the forefront and birthed an entire new segment of first-time online shoppers, forcing them to adapt quickly and get comfortable with this mode of shopping.



The demographics of online consumers

The customer demographic has shifted rapidly in the last decade, first with Millennials forming a huge buyer population and then with Generation Z accounting for almost 40% of the total global consumer base. Together, these two groups **represent a whopping \$350 billion in spending power in the U.S. alone**, making them a critical factor in the current retail market.

Apart from being early adopters, tech savvy and well-informed, these generations are known to be comparative shoppers and use multiple platforms before making a buying decision. This demographic holds strong belief systems and is keen to see its preferred brands represent a larger purpose and/or social cause that aligns with its values. Often, this generation's beliefs weigh in on the buying decisions it makes. This dynamic is shaping how brands that target this demographic are embracing socially conscious supply chain practices like sustainability, recycling, environmentally friendly packaging, and ethical work environments. In addition, retailers and brands are looking to align their messaging with their customer's value by endorsing social issues like #MeToo, #BlackLivesMatter, #pride and more. We can see these changes reflected in their advertising and promotional strategies as well.

The need for digital-first to thrive in the growing U.S. online market

In 2019, 224.1 million people had browsed products online, compared prices or made an online purchase at least once, in the U.S. alone, these numbers are projected to reach 230.5 million in 2021, according to a **Statista report**. On the revenue front, U.S. e-commerce revenue is projected to reach **\$740B by 2023**, positioning the United States as one of the leading e-commerce markets based on online shopper penetration. Retailers and brands need to shift their retail strategy to offer a more unified, omni-channel experience and embrace a digital-first approach to cater to the ever increasing online consumer base.

Quick Facts



\$740B

The U.S. e-commerce revenue is projected to reach \$740B by 2023



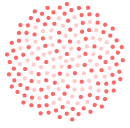
40%

Gen Z accounts for nearly 40% of the total global consumer base



\$350B

Gen Z & Millennials represent a \$350 billion in spending power in the U.S



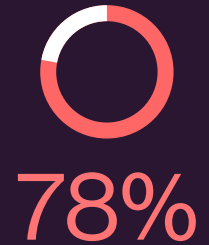
PART 2

Online Shopping and Evolving Consumer Expectations

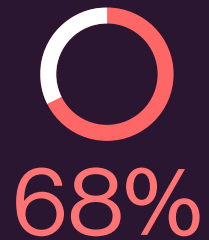
Consumer expectations regarding online shopping have traditionally differed from in-store shopping expectations but this trend is quickly changing. The merging of these two shopping worlds - online and in-store - means that retailers need to provide consumers with a consistent experience regardless of platform. Retailers must understand these worlds have intersected. Now they must cater to the convenience of the online experience while at the same time provide the service of an in-store experience.

Through our Consumer Buying Behavior Report, we have tried to demystify online shopping behavior in the constantly evolving retail landscape.

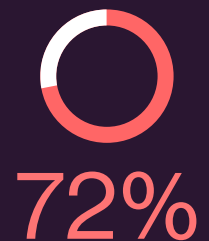
Quick Facts



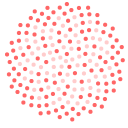
78% of the respondents said they have shopped on Amazon at least once in the past 6 months



68% respondents said that comparing prices has helped them save the most on their purchases



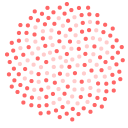
72% of the shoppers are likely to stray from their favorite brand to get a better price



The buying journey of today's online shopper

The online consumer today references multiple digital touch points before making a purchase decision. Retailers need to create strategies that engage their potential customers at every stage of their buying journey - from discovery to decision making. The below infographic gives a closer look at the buyer journey of an online shopper. With the right set of retail processes, retailers can get a competitive advantage by engaging with online shoppers across their buying journeys.





Customers are shopping online more frequently than ever before

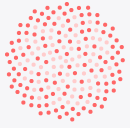
According to a recent study, **42% of the U.S. population** purchased their groceries online at least once a week in March 2020. This marks a stark increase from 22% just two years ago.

78% of the respondents said they have shopped on Amazon in the past 6 months, while 45% of the respondents said they had shopped on Walmart online in the past 6 months. The next e-commerce marketplace popular with the respondents was eBay with 31% having bought from eBay in the past 6 months.

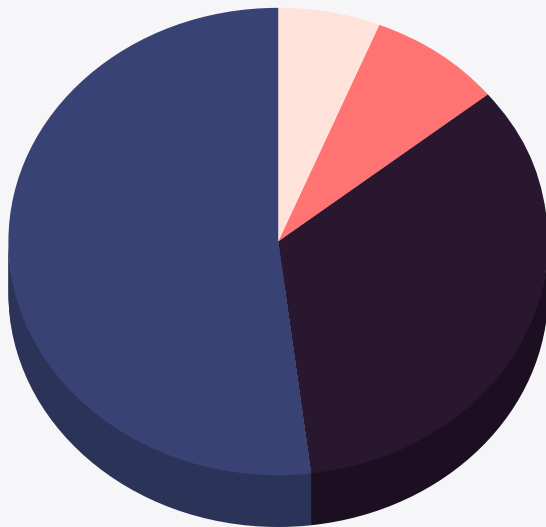


Online promotions ensure unified customer engagement and conversion

55% of the respondents felt that product ads targeting them offered realistic price points. Online promotions are a great way to increase your brand awareness through targeted advertising. On an average, in 2019, people spent nearly 6 hours and 42 minutes online everyday, and the numbers are only growing. These numbers are huge and make an excellent case for engaging shoppers through online promotions. With data analytics and tagging, it is also easier to measure the engagement and conversions and alter promotions strategy according to what works better. Moreover, integrating online advertisements with in-store promotions is a great way to ensure a unified shopping experience and better engagement for shoppers.



The online shopper is constantly comparing prices



● Often **(52%)** ● Sometimes **(34%)**
● Rarely **(08%)** ● Never **(06%)**

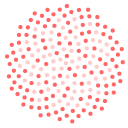


Do you compare prices while shopping online?

86% of customers regularly compare prices while shopping online

Through our survey responses, we saw that only 6% of the shoppers never compare prices while shopping online while 94% of the others compare prices at least some time or the other, to get the best deals. This shows that price is a critical factor while making buying decisions online and shoppers should take steps in monitoring competitor prices and adjusting their prices accordingly.

We also saw that 75% of shoppers use Amazon for comparing prices while 50% use Walmart for price comparisons.



Online loyalty programs strengthen customer retention, help grow revenue

Loyalty programs are the perfect tools for retaining customers. It is a well known fact that acquiring a new customer costs way more than retaining one, making customer retention extremely valuable. Research shows that customers who are members of loyalty programs generate 11% and 16% more revenue than non-members. Loyalty programs can make shopping more fun by gamifying it through levels, rewards, and points attached at every spending point.

Rewarding consumers for their loyalty doesn't just entice them to keep shopping with you but is a great way to re-market to them in ways that strengthen their attachment to the brand. Considering how very digitally engaged today's younger consumers are and their craving for quality and engaging content, well designed online loyalty programs can be a key to winning the loyalty of the younger demographic.

Fast, free shipping more important than the lowest price

Fast, easy and affordable
(or free) delivery

53%



An easy return /
refund policy

8%



Being given lots of options
to choose from

9%



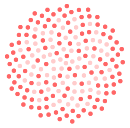
Low prices

31%



Which of the following factors is most likely to make you go back to an online site you've shopped at in the past?

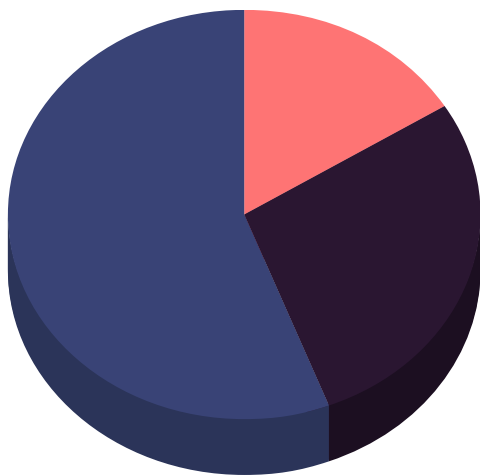
Our Consumer Buying Behavior Report revealed that customers chose better delivery options as the most common reason to return to an online store, with 53% stating delivery was more important over price and only 31% stating that the lowest price was most important. While it is surprising to learn that lowest pricing was not the most common reason for repeat customers, knowing that fast, affordable delivery is important to shoppers gives retailers another buying parameter they can leverage to effectively compete online - elevating the delivery and logistics experience to retain customers.



Shipping costs are a huge deterrent for shoppers while purchasing online



How often do you abandon an online purchase because of shipping costs?



● Sometimes **(56%)** ● Often **(28%)** ● Rarely **(16%)**

28% of respondents said they often abandon a purchase due to high shipping costs while 56% others said they sometimes abandon purchase due to the shipping costs. These numbers show that shipping costs are a key deciding factor for many online consumers.

Retailers must take into account these consumer sentiments and upgrade their logistics and supply chain to offer fast and affordable delivery options and not lose interested customers on account of delivery charges.





Key Takeaways



Digital touchpoints influence the buying decisions of a majority of customers in some way or the other



Fast and easy delivery is the number one determining factor while returning to an online site, followed by low prices



Majority of the consumers (94%) compare prices on multiple websites at least some time or the other before making a buying decision

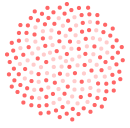


Shipping costs are a huge deterrent while shopping online and often lead to customers abandoning their carts



As the consumer demographic is getting younger with Gen Z and Millennials ruling the e-commerce demographic, retailers need to engage in omni-channel, unified marketing, selling, and promotions strategies





PART 3

The Impact of Potential Recession on Consumer Spending Patterns

In the last year, economies across the world have seen sluggish growth, weak expansion, political and economic instability and slowing down of businesses, leading to a potential global recession. To make matters worse, COVID-19 hit the world in unprecedented ways, bringing economies to a halt, shutting down businesses, increasing unemployment and further pushing us into the recession whirlwind. This survey analyzes consumer sentiments before COVID-19 hit us, when a global recession was still a near possibility. With the current crisis pushing us into the recession blackhole, there is a high possibility that consumers are likely to mimic these sentiments or display even stronger emotions concerning the economic turbulence at hand.



More than half of the respondents said they are **cutting back** on spending to prepare for a potential recession

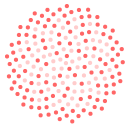
Quick Facts



Consumers are **most likely** to spend on General Grocery during recession



40% said they are most likely to cut back on footwear, clothing, and accessories



Shoppers spend cautiously when threatened by recession

Yes, I am cutting back on spending

51%



No, I don't believe we are entering a recession

25%



No, I am not concerned about my spending habits

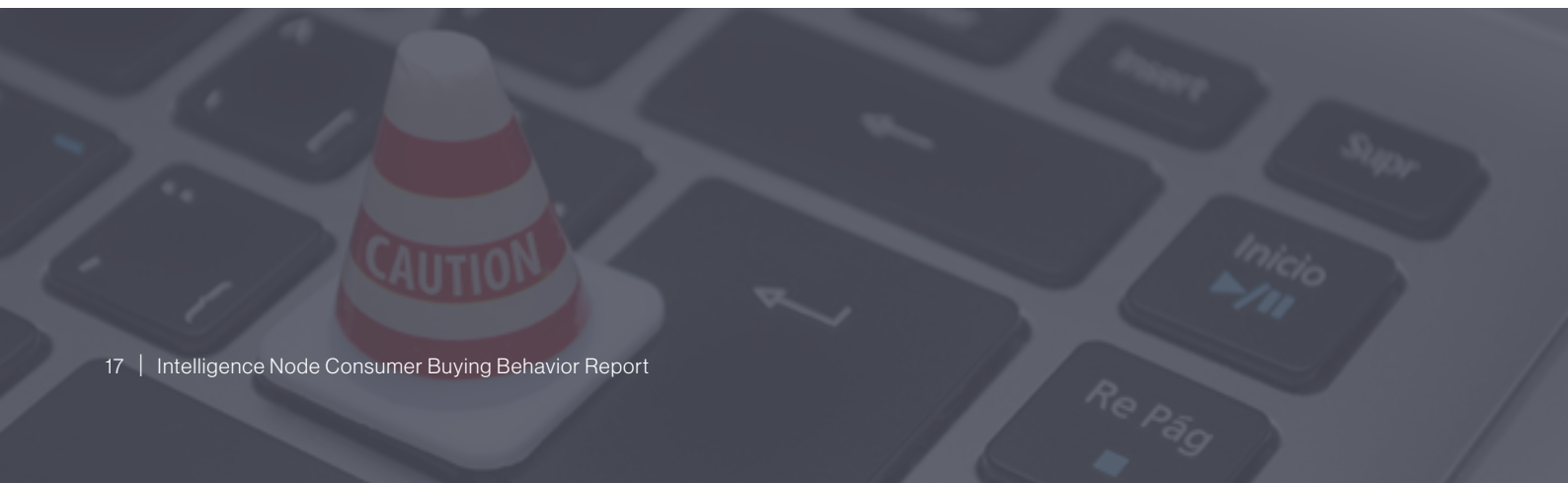
24%

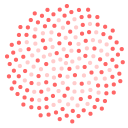


Are you changing your spending habits in any way to prepare for a potential recession?

More than half of the respondents had already started cutting back on their spending in preparation for a global recession. Over a quarter of respondents felt that recession was not really underway and another 24% were not concerned about their spending habits even in the wake of a potential recession.

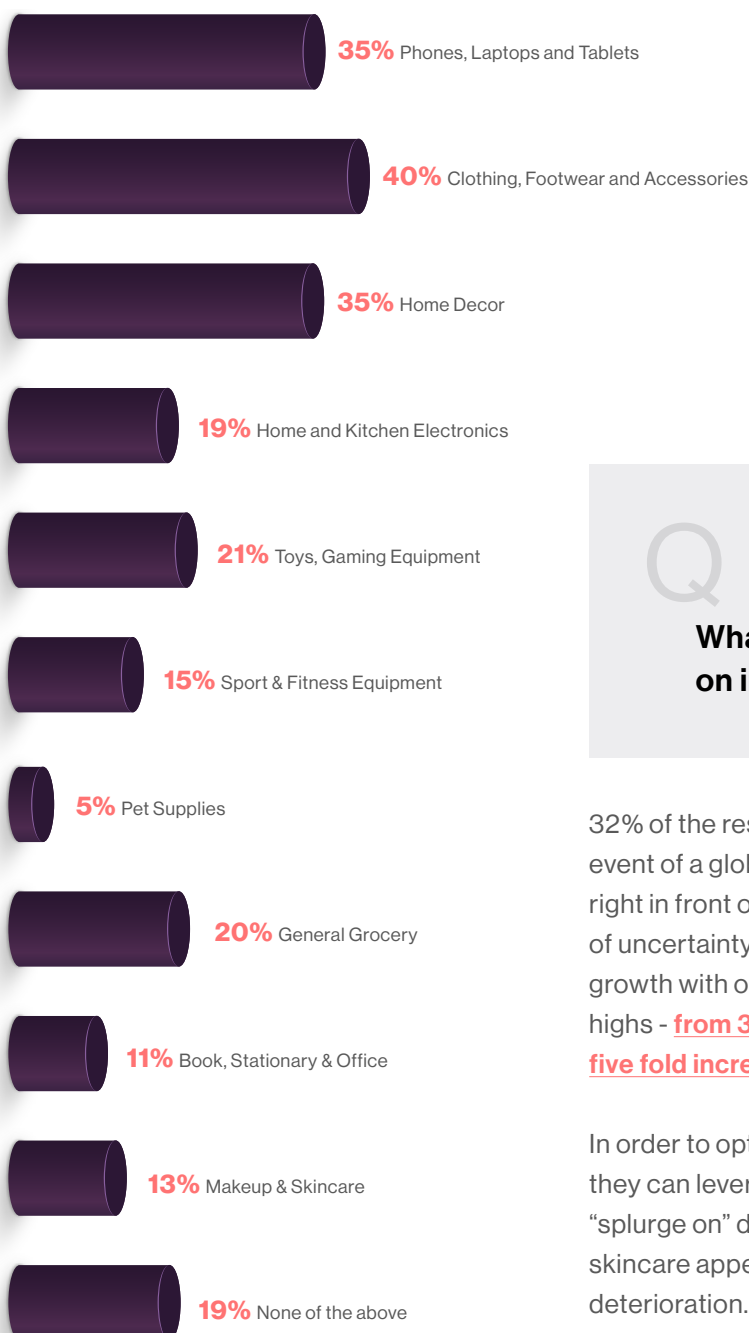
We further saw that Millennials were among the majority of respondents changing their spending habits (58%) compared to the older generation (65+ years) accounting for only 36%.





Recession is likely to make customers cut costs on the fashion category

With COVID-19 driving us right into the center of economic recession, we are already witnessing the dent it has made in the fashion industry within the last couple of months. It has even forced some of the biggest names in retail like JCPenny and Aldo to file for bankruptcy and has drastically affected many others like Macy's and Nordstorm, driving them to shut substantial number of stores.



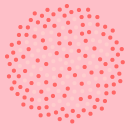
In the event of a global recession, **40%** of the respondents said they would cut costs on buying clothing, footwear and accessories, followed by electronics and home decor at 35% each.



What items are you most likely to cut costs on in the event of a global recession?

32% of the respondents voted to splurge on general groceries in the event of a global recession. We are witnessing a similar trend unfurl right in front of our eyes, where, during the last couple of months of uncertainty, grocery has been one sector that has seen massive growth with online grocery orders reaching record highs - **from 3-5% online grocery sales before the pandemic to a five fold increase of 10-15% increase at the peak of the pandemic.**

In order to optimize growth, retailers may want to consider how they can leverage the categories that shoppers are more likely to “splurge on” during a recession. General grocery, pet supplies, and skincare appear to be in the safe zone in case of further economic deterioration.



Key Takeaways



In the event of a global recession, respondents are most likely to splurge on essentials like food & grocery over other categories - a similar trend seen at the peak of COVID-19 crisis as well

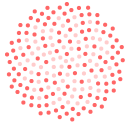


Shoppers have been exercising caution while making purchase decisions



Shoppers are concentrating on increasing savings and are cutting down on spending on non-essentials like apparel, footwear, home furnishings, electronics, etc.





PART 4

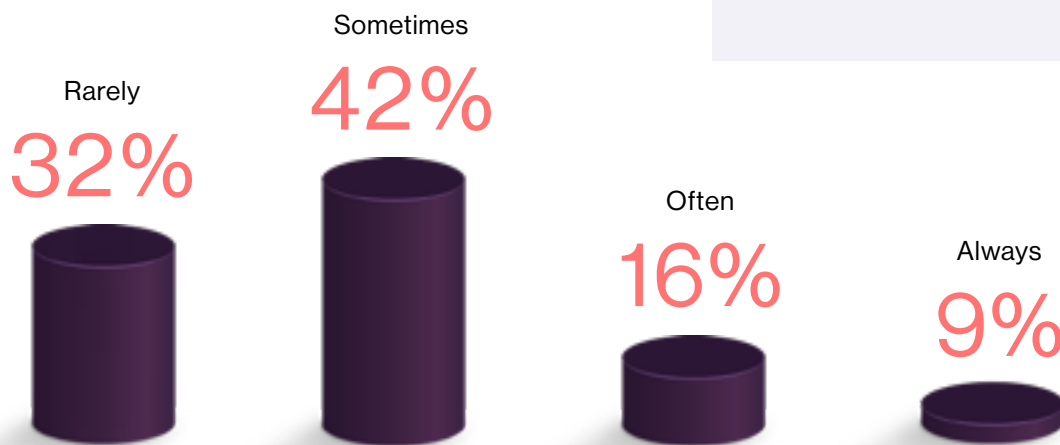
Mindful Spending During the Retail Holiday Season

A potential global recession was looming during the 2019 holiday season, affecting consumer confidence, which reflected in their responses. Customers were prudent with their spending with 49% saying they were cutting back on their holiday purchases. Looking at these numbers, we can infer a similar spending pattern unfolding amongst consumers in the upcoming holiday season, if the current economic instability and the state of recession do not improve.

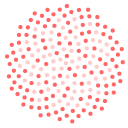
Many customers wait for big retail ‘holiday’ discounts to make big purchases



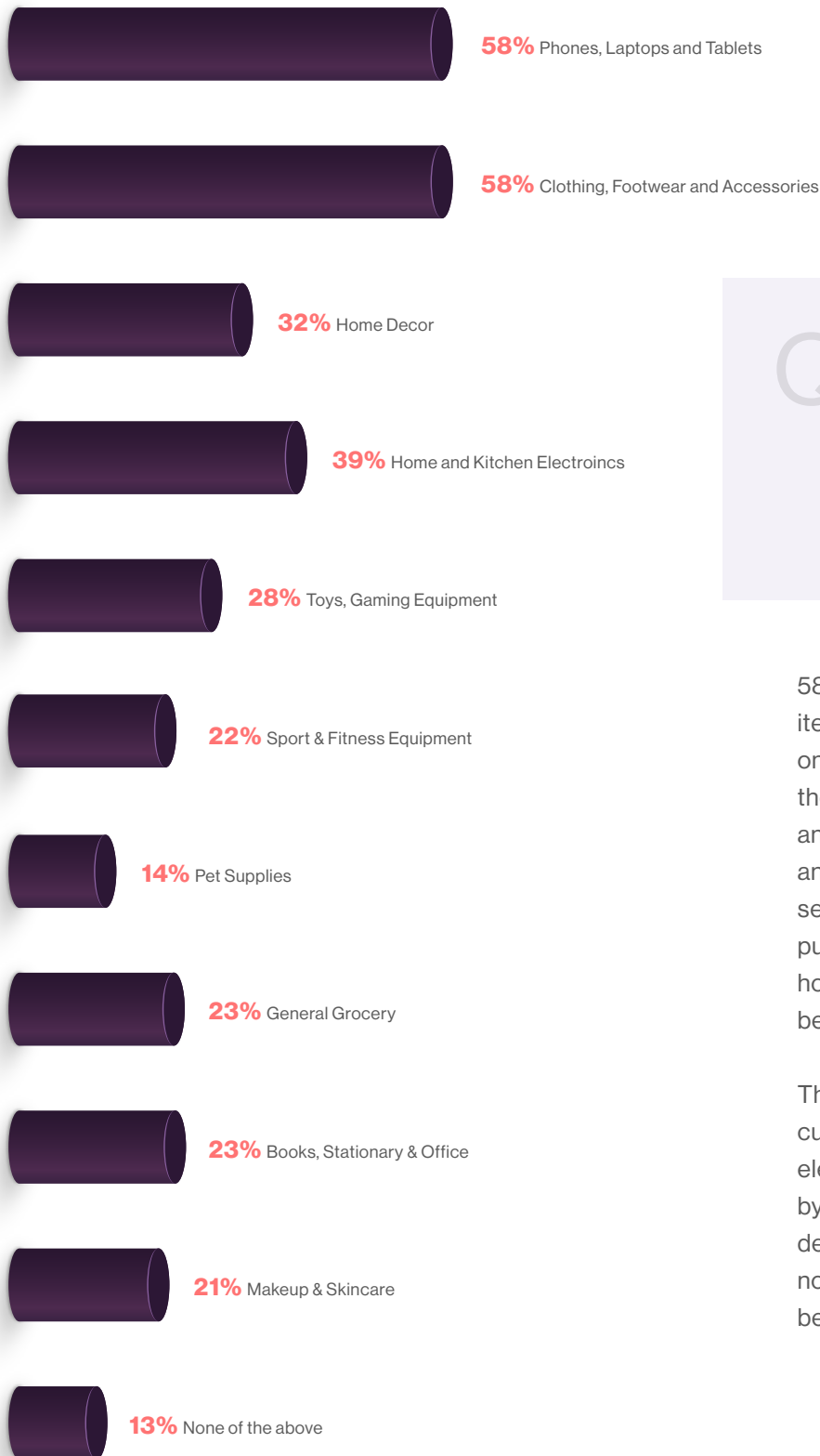
Do you typically wait for a retail “holiday” like Prime Day or Black Friday to make big purchases?



The above figures show that a majority of the consumers wait for retail holidays like Prime Day or Black Friday, highlighting the significance of these sales. A quarter of the respondents said they often wait for a retail holiday and another 42% said they sometimes wait for a sale to make a big purchase. Only 32% said they rarely wait for a sale to make a big purchase. All this data points to the fact that many U.S. consumers put off their big purchases to derive cost savings during the retail holiday season.



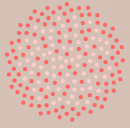
A majority of shoppers prefer buying fashion and electronic items during sale



Which items do you generally wait for to go on sale before making a purchase?

58% of shoppers said they wait for electronic items like phones, laptops, and tablets to go on sale before making a purchase. We saw the same percentage for clothing, footwear, and accessories as well, making electronics and fashion segments top contenders for sectors people wait to go on sale before purchasing. 39% shoppers said they wait for home and kitchen appliances to go on sale before buying these products.

These numbers show that a majority of customers are unwilling to pay full prices for electronics and fashion segments followed by home and kitchen appliances and home decor. Only 13% of respondents said they do not wait for any of the segments to go on sale before making a purchase.



Key Takeaways



Nearly 60% of the respondents wait for sale to shop for electronics, apparel and footwear



In the 2019 retail season, almost half of the respondents said they are cutting back on their spend due to the unstable economic conditions

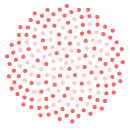


Price often trumps brand loyalty during holiday season with 72% of the audience saying they are likely to stray from their favorite brands for better price options



More female survey respondents (40%) declared that they would only purchase from their favorite brands if there is a sale or a discount coupon





PART 5

The Impact of Tariffs on Consumer Spending Confidence

To add to the economic uncertainty in the past few months, the U.S. government imposed tariffs on all Chinese imports, escalating the trade war between China and the United States. This served as a further blow to the retail industry with prices of imported goods going high and affecting consumer buying behavior. This section of our Consumer Buying Behavior Report analyzes post-tariff consumer sentiments to understand the consumer's level of concern in light of this event.

Post-tariff price hikes on frequently purchased goods is a cause of concern

54% of the respondents said they are concerned about the new tariffs on imported goods and think these might increase costs of products they regularly buy. This concern amongst a large shopper population might result in them holding back on their purchases or exercising caution while purchasing items that have seen price rises due to the tariffs.

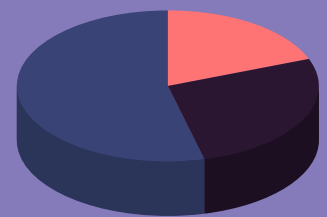
Customers are price sensitive following the 2019 tariffs

35% of the respondents said new tariffs on imports had already impacted their purchasing habits, making them shift to alternatives. Tariffs had not impacted the buying habits of 47% of the others while the remaining 22% were still unaware of the imposition of the new tariffs on international goods.

Given that the tariffs were targeted towards categories most associated with discretionary retail spending like luxury leather goods & electronics, more respondents coming from households with an average annual income exceeding \$100,000 agreed that the tariffs were impacting their purchasing habits than those from lower-income groups.



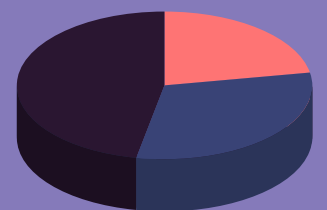
Are you concerned that new tariffs on goods from international markets will impact the cost of items you regularly purchase?



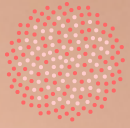
● Yes (54%) ● No (27%)
● Indifferent (19%)



Have new tariffs on goods from the international market impacted your purchasing habits?



● Yes (31%) ● No (47%)
● I'm not familiar with new tariffs (19%)



Key Takeaways

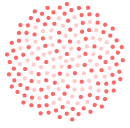


Consumers are noticing increased prices post tariffs imposed on international goods at the end of 2019



Consumers might exercise caution when buying imported goods due to increase in prices, inter-border safety concerns and negative consumer sentiments due to geo-political instability





PART 6

The Pandemic and the Birth of the New Online Shopper

Within a few weeks, the COVID-19 pandemic has had the entire world in its grips. Most countries enforced strict regulations, restricting business for non-essential shops and forcing many retailers to shutter their stores. Social distancing coaxed people into buying online, some for the very first time, creating a new sense of confidence and an increased level of comfort in the e-commerce channel. From our findings we can infer that this switch to online channels is here to stay even after things get back to normal. Retailers need to jump on this opportunity and adapt to convert these shoppers with little or no cost of acquisition.

We saw varied reactions from shoppers to the crisis. Yet, one common thread across the survey was that the younger generation was more opinionated on how brands were promoting themselves, and were keener on choosing local brands to help drive business or brands that were extending help to fight the crisis.

Quick Facts



For **61%** of the respondents, Walmart is the brand that comes to mind that is helping with the crisis



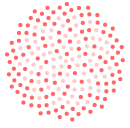
82%

82% said they will continue to shop online even after stores reopen



71%

71% of consumers in the 18-24 age group say they are paying attention to which brands have been proactive



Brands need to be cautious while promoting products during crisis



What is your response to retailers continuing to market their products to you as usual during the COVID-19 outbreak?

It doesn't bother me

55%



I find it insensitive

11%



I do not want to be marketed to at this time

13%



I still want to hear from brands, but only those that I normally shop at

18%



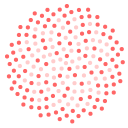
I only want to hear from brands if they are doing something to help in the COVID-19 crisis

11%



55% of respondents are not bothered by retailers continuing to market their products to them as usual during COVID-19. This is good news for retailers as it shows that consumers are looking for normalcy and are prepared to shop as usual. However, younger generations want to see brands step up in this crisis as compared to their older counterparts:

- Respondents aged 18-44 are more likely to find marketing as usual insensitive than those above 45 years of age.
- A larger section of the 18-24 age group (21%) felt they only wanted to hear from brands doing something to help with the pandemic as opposed to only 7% in the 55-64 age group.



The younger demographic wants to see brands extend help during the crisis

52% said they are paying attention to what brands are being proactive about helping and plan to buy from them after the pandemic. 71% of consumers in the 18-24 age group and 70% in the 25-34 age group say they have been paying attention to which brands are pitching in to help. It is interesting to see that the younger demographic is paying overwhelming attention to what brands are being socially responsible and this could in turn reflect in their purchases.

We further noticed that people making \$150k+ are least likely to agree that they will shop with a retailer who pitched in to help during the crisis, while people earning between \$50-75K are most likely to agree with this.



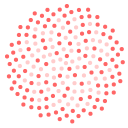
Quick Facts



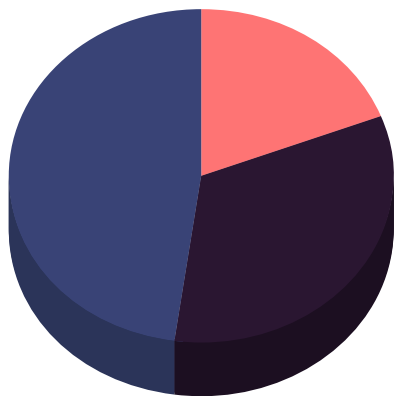
72% consumers cited offering hand sanitizer in-store as the most important step retailers can take to make them feel comfortable shopping in-person, followed by making wearing masks mandatory (67%)



While **56%** of consumers said that they will purchase more grocery items in -person once stores re-open only 5% voted for purchasing electronics in-store



Consumers plan on shifting spends towards small and local businesses



- Yes, I have or plan to shift my spending towards small or local businesses **(48%)**
- No, I will not change where I shop **(33%)**
- Undecided **(19%)**



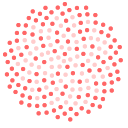
During the COVID-19 crisis, are you more likely to shop at small business retailers to help these businesses stay afloat?

48% of the respondents say they are most likely to shift spending to help keep small businesses afloat. People aged 18-24 (66%) are most likely to shift to local shops to help them stay afloat, compared to older consumers. This trend shows that despite larger brands coming to the forefront for their role in helping fight COVID-19, customers, especially the younger generation wants to ensure they can help keep smaller, local businesses stay afloat in times of the crisis by buying from these businesses.

Consumers are resuming their online spends on clothing and shoes

In May, 59% of the respondents said they are still shopping online. 65% of consumers between the ages 18-24 and 73% between ages 25-34 said they are still shopping online vs. 52% between ages 55-64 and 42% over 65.

A comparison of the April and May survey results show a substantial increase (from 31% to 59%) in consumers who are shopping online for non-essentials like clothing and accessories during the pandemic. This data reveals an increase in buyer confidence and is a positive sign indicating the start of a recovery for the fashion segment in particular and retail in general.



Key Takeaways



Omni-channel adoption has become crucial to be able to thrive in the post-COVID market reality



Competitive intelligence will be a must to thrive in the ever-expanding e-commerce arena



Brands need to be sensitive and cautious while promoting their products during the crisis



Gen Z and millennials have higher expectations from brands to help out during the crisis and are inclined to buy from brands that have pitched in to help



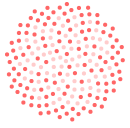
For 61% of respondents, Walmart has stood out for helping out during the crisis followed by Target at 44%



Online shopping has soared due to social distancing and the trend is likely to continue even post COVID-19



A comparison between the April and May survey results show an upward trend in consumer spending and a positive sign towards retail recovery

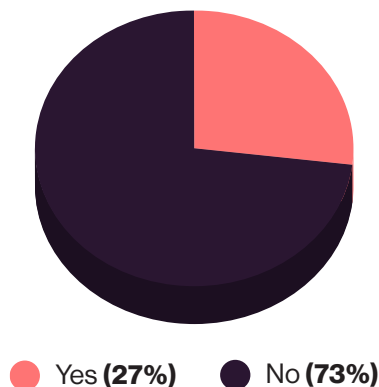


PART 7

Effects of the Rising Counterfeit Industry on Consumer Sentiments

Counterfeit products have been flooding the market and have exacerbated since the growth in e-commerce. The counterfeit market now forms nearly 5-7% of the global trade and is a menace that many brands and retailers are struggling to keep at bay. Despite efforts from retailers, brands, and marketplaces, the presence of fakes and counterfeits is going strong in the online market, harming brands and duping customers in the process. Let us look at how customers perceive this issue and react to the same.

The majority of the consumers do not know they are purchasing counterfeits



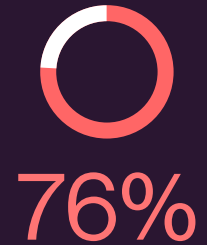
As many as 27% or a little over a quarter of the respondents have confirmed they were aware they were purchasing a counterfeit product while 73% of the respondents either didn't buy counterfeits or did so unknowingly.

A surprising finding was that the majority of the respondents (64%) who knowingly purchased counterfeits are from higher income groups with annual household income above \$150,000.

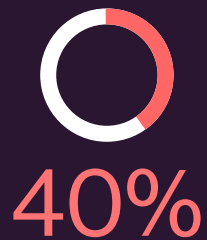


Have you ever knowingly purchased a counterfeit product?

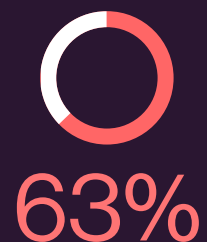
Quick Facts



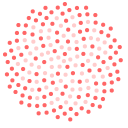
A whopping 76% of respondents voted for eBay as an online retailer selling the most counterfeit products



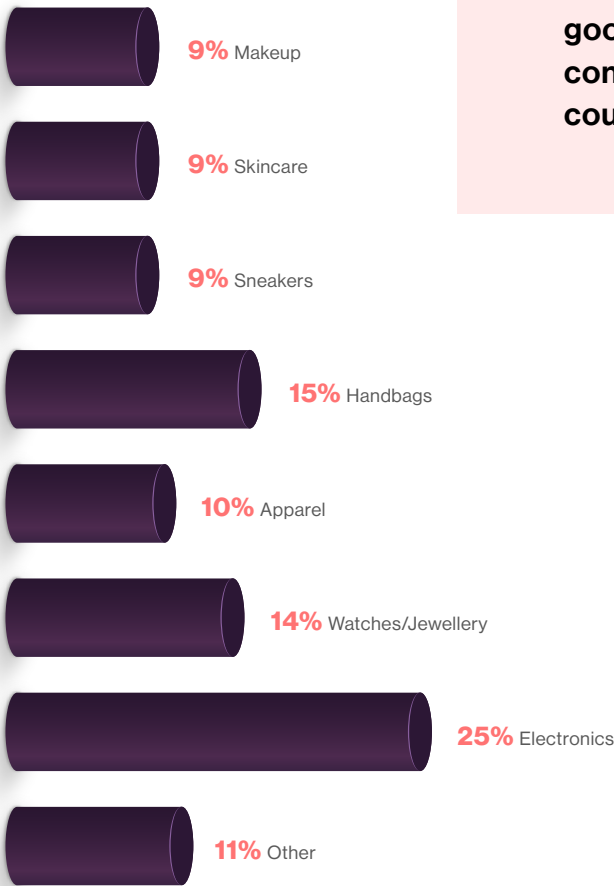
On the contrary, eBay was voted one of the most trusted brands with 40% votes, when it came to reselling authentic, second-hand branded products



63% of the respondents had never bought a counterfeit beauty product



Consumers are most concerned about counterfeits in the electronics segment



In which category of goods are you most concerned about counterfeit products?

A quarter of the respondents are of the opinion that electronics is the category where most counterfeits exist. This is followed by beauty products where 18% believe that skincare and makeup products are most likely to be counterfeits. Fake beauty products are a concern because they can directly impact the health and safety of people.

Quick Facts

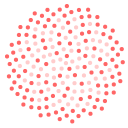


Louis Vuitton (62%), followed by Gucci (56%) received the highest votes for brands with the most counterfeit products



85%

85% of respondents showed a varying degree of concern about counterfeit products while shopping online



Price is the #1 reason why majority of the consumers buy counterfeit products



If you have knowingly purchased a counterfeit product, what was your primary reason?

28% of the respondents said they were unable to afford the genuine product which made them opt for counterfeits instead, while 18% others bought counterfeits despite being able to afford the genuine products, only because they were cheaper. 23% others bought counterfeits considering they were luxury items and hence the authentic products were a lot more expensive.



Only 27% of respondents said they chose fakes over authentic products because, although they wanted the genuines, they were sold out due to demand. These stats indicate that price is the biggest factor why consumers might opt for a fake product over genuine. Brands need to have stringent MAP guidelines and **monitoring** in place to ensure counterfeits are not being sold in the market at lower prices.

Most customers research and review products before buying online

There are 31% of people who go to great lengths to ensure they are buying a genuine product. 33% of people check prices to see whether they are purchasing a counterfeit item while 31% check for customer reviews. 20% of respondents said they check seller location or shipping location while 22% check the retailer website to confirm they are getting a genuine product. Only 14% of the respondents don't really look for any markers for ensuring they are buying genuines.

This shows that there is an increased awareness of counterfeit products, prompting shoppers to research and review products and prices online before making an informed buying decision.



Key Takeaways



Consumers are always going to be drawn to counterfeit products offering lower price points



The task ahead lies with brands and retailers to equip themselves with technologies to identify violators and closely monitor Minimum Advertised Prices (MAP)



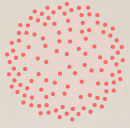
Customers are losing faith in certain luxury brands like Louis Vuitton and certain online marketplaces like eBay due to multiple instances of counterfeit selling



Online marketplaces like Amazon and eBay need to be vigilant and have automated processes in place to identify and crackdown on counterfeiters



Brands need to educate consumers about the counterfeit industry and the ills of purchasing such products



PART 8

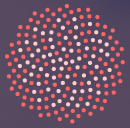
Retail Industry and the Socially Conscious Consumer in 2020

For the longest time, corporates have tried to steer clear of taking a political or a social stand considering it might not always work in their favor. But, today, more than ever, customers and especially Gen Z and Millennials expect brands to endorse social causes and voice their support against injustices or for social and environmental causes. Many brands have taken a note of this and have started practicing it through many campaigns such as #metoo, #LikeAGirl or the most recent #BlackLivesMatter - where we saw many retail leaders like Nike, Adidas, LuluLemon, Apple, Nordstrom, etc. stand in solidarity against racism.

By endorsing social movements, brands and retailers give these movements a much needed momentum while staying morally aligned to social good. This also helps them build a deeper connection with their consumers and build a sense of loyalty amongst their consumer base. Studies show that 9 out of 10 gen Z customers believe companies have a responsibility to address social and environmental issues. In fact, 30% of U.S. adult shoppers are willing to pay more for a product of a brand whose corporate values align in some way to their own. Considering the evolving consumer ethos, brands can no longer stay neutral to these social and environmental issues but need to embrace them and weave them into their narrative and corporate values.

Apart from taking a social or political stand, today's customer also expects brands to be environmentally friendly and sustainable. Consumers want to adopt brands that are doing minimum harm to the environment and have sustainability incorporated across their production, packaging and supply chain. We see multiple brands move to a sustainable approach, right in front of our eyes and communicate it to its buyers through compelling content and messaging.





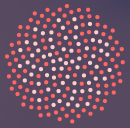
Looking ahead

The aim of this document is to provide a window into the changing consumer buying behavior, consumer needs, wants, and expectations in the rapidly evolving retail landscape. We have built this comprehensive report to help brands and retailers gain a holistic understanding of how the consumer reacts and adapts to different economic conditions and find opportunities to tap into the consumer psyche.

The COVID-19 survey findings shed light on how consumers are more cautious about their buying decisions in these difficult times, often taking into account how brands and retailers are helping with the fight against COVID-19. The findings reveal that consumers expect retailers to exercise caution while promoting their brands and expect them to contribute in combating the crisis. The findings also iterate how the current e-commerce boom is here to stay, with 82% saying they will continue shopping online even as stores open up. Additionally, with many first time online shoppers having crossed the barrier of the unknown during the pandemic, retailers have a unique opportunity to onboard these with little to no cost of acquisition.

With respect to the economic downturn, our findings suggest that consumers are more likely to spend on essentials like groceries and electronics and refrain from purchases of non-essentials like clothing and accessories, with 51% saying they are cutting down on their spending - a phenomenon we are already experiencing in the current scenario.

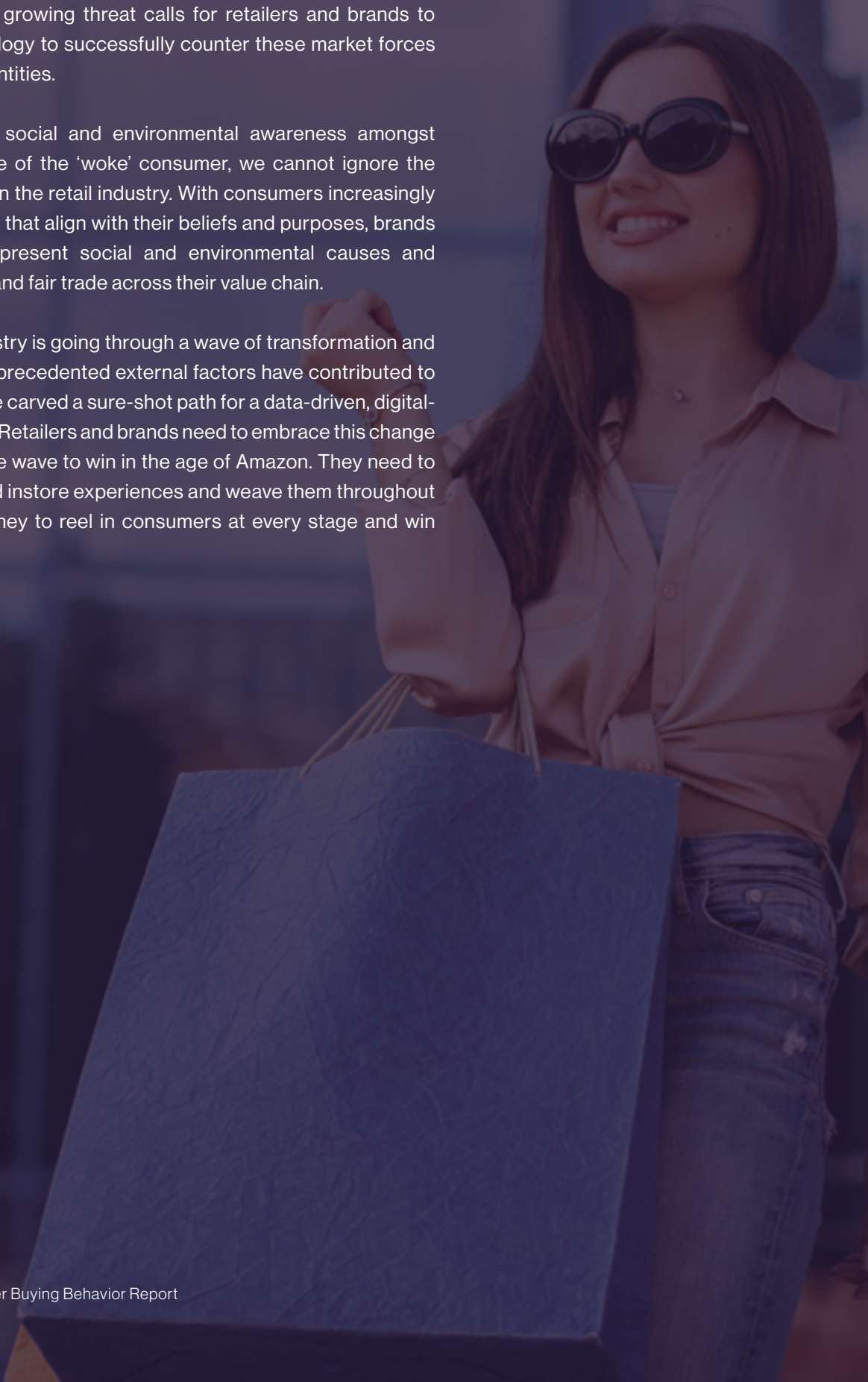
Exploring consumer attitudes concerning the tariffs imposed on international goods in the recent past shows us that consumers have started to feel the pinch of increasing prices and that coupled with the tanking economy and geo-political unrest is resulting in consumers lowering their spends and holding back on certain expenses.



The rise of e-commerce has led to an exponential growth of the counterfeit market, posing a big threat to brands and retailers. It is also evident from the survey findings that this is making shoppers lose faith in certain brands and online marketplaces. This growing threat calls for retailers and brands to invest in advanced technology to successfully counter these market forces and protect their brand identities.

Considering the growing social and environmental awareness amongst U.S. shoppers and the rise of the 'woke' consumer, we cannot ignore the implications of this trend on the retail industry. With consumers increasingly looking to buy from brands that align with their beliefs and purposes, brands are making strides to represent social and environmental causes and incorporate sustainability and fair trade across their value chain.

In summary, the retail industry is going through a wave of transformation and will never be the same. Unprecedented external factors have contributed to this turn of events and have carved a sure-shot path for a data-driven, digital-first, unified future of retail. Retailers and brands need to embrace this change and ride this transformative wave to win in the age of Amazon. They need to unify compelling online and instore experiences and weave them throughout the consumer buying journey to reel in consumers at every stage and win market share.





PREDICTIONS 2020



Predictions, 2020



With social distancing changing the entire e-commerce ballgame, retail will never be the same again.



E-commerce has experienced unprecedented growth in recent months and the trend will likely continue:

- a. The pandemic has given birth to a new generation of e-commerce shoppers
- b. First-time e-commerce shoppers have overcome their biggest hurdle, finding the perfect product online and hitting the buy button. They will continue to buy online because they find it easy, convenient and safe
- c. With the increase in e-commerce demand, retailers are investing in technologies to offer faster deliveries, better prices, and elevated customer experience - which in turn will contribute to the continued growth of e-commerce demand
- d. With the younger, tech-savvy demographic dominating the retail space, their preferences will stay aligned with e-commerce
- e. Today's consumers expect unified experiences, which will coax retailers into embracing omni-channel approaches to combine their online and instore experiences
- f. Buy Online Pickup In Store (BOPIS) and curbside pick up will continue to gain momentum



In-store shopping will evolve to customer experience and education

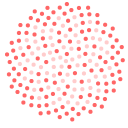


Shopping by appointment, online consulting & the use of tech will become the new norm



Predictions, 2020

- ★ Comfort over beauty will prevail across fashion and wellness sectors
- ★ Socially and environmentally responsible brands will thrive
- ★ Data-driven technology will play a key role in getting a competitive advantage
- ★ Countering fakes and counterfeits will become a priority for retailers
- ★ Private labels will come to the forefront for their perceived economic value



Research Methodology

Over the last one year, Intelligence Node conducted six consumer surveys, in partnership with Dynata, to study and analyze the U.S. consumer buying behavior across all major retail sectors. With an extensive library of detailed business and consumer profile attributes collected directly from individuals through survey data, Dynata's survey methodology is designed and actively managed to deliver a variety of advantages, including precise audience selection, reliability, and superior feasibility.

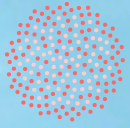
Intelligence Node weighted the data by age, gender, income, education, ethnicity, employment, and region to demographically represent the U.S. online adult population. The survey sample size for each of the 6 surveys constituted of over one thousand U.S.-based shoppers. The survey demographic represents an equal male to female ratio lying between the age group of 18 to 65+, and an annual household income ranging from below \$25,000 to \$200,000+. The surveys were conducted at important intervals, capturing consumer retail buying perceptions during major economic events.

1. The potential impact of new tariffs on consumer buying behavior - **September 2019**
2. The potential impact of global recession on consumer spending - **October 2019**
3. The potential impact of global recession on the holiday season - **October 2019**
4. Consumer sentiments on counterfeit products - **March 2020**
5. Consumer sentiments as the pandemic spreads - **April 2020**
6. Consumer sentiments as the pandemic accelerates - **May 2020**

By understanding these shifts in buying behavior, retailers and brands are better equipped to identify avenues for growth and profit despite the general economic ambiguity.

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About Intelligence Node

Intelligence Node is a real-time retail intelligence platform that empowers businesses to drive product level profitability and grow margins using data-driven competitive insights.

Unlike niche applications or software corporations that have acquired and merged products, Intelligence Node is an independent data powerhouse that has created the world's largest pricing dataset with unmatched accuracy, powered by proprietary AI-driven algorithms packaged in an intuitive and beautiful user interface. It is competitive intelligence and price optimization simplified.

Intelligence Node maps more than 1 billion unique products across 190,000 brands for more than 1,400 categories across 29 languages every minute - the dataset feeding the growth of more than \$600 billion in retail revenue globally. It is the platform of choice for hundreds of retailers and brands worldwide, serving a majority of the Fortune 500 companies.

Led by a revolutionary team of experienced executives and leaders from fashion, retail, big data and e-commerce sectors, Intelligence Node is backed by top investors including MegaDelta Capital and Orios Venture Partners.

Intelligence Node continues to keep a pulse on e-commerce growth and consumer sentiment through its own proprietary retail analytics, customer voice initiatives, surveys, and market intelligence.





Retail Profitability Redefined

Schedule a Demo and experience first hand the insights that all our leading clients are leveraging, with Intelligence Node.

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