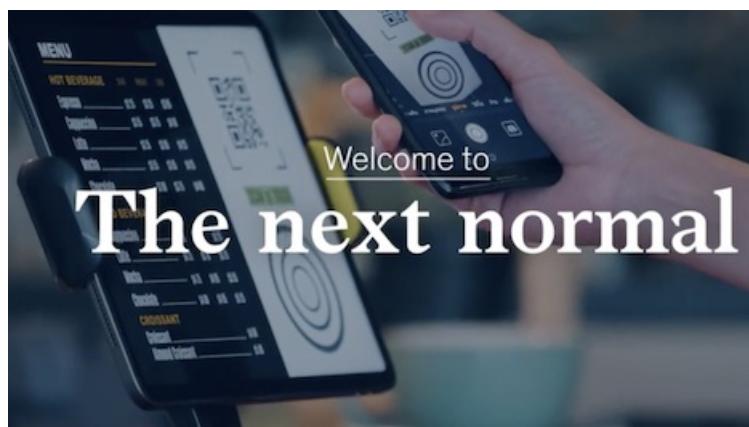


RETAIL

Consumers increasingly value customer experiences that cut down on contact

August 10, 2020



McKinsey's new "Retail reimagined: The new era for customer experience" report imagines the new normal for retail. Image credit: McKinsey

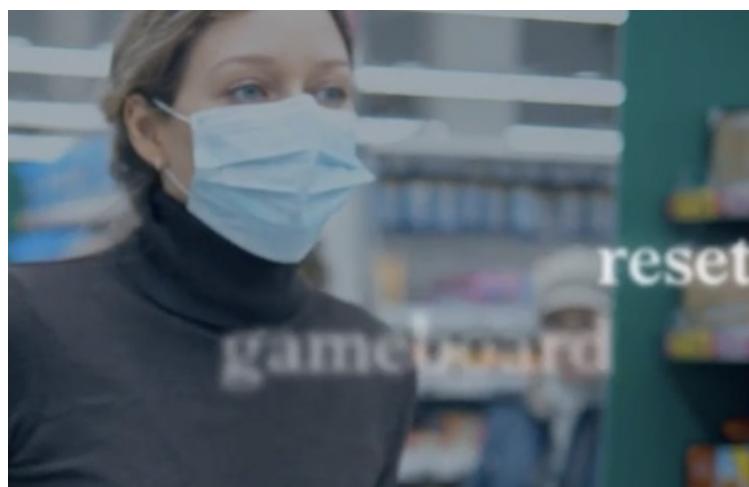
By DIANNA DILWORTH

Consumers are looking for technology experiences that will help them cut down on the risk of exposure to COVID-19 while shopping, yet many brands and retailers are failing to deliver.

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Indeed, consumers are looking for easy-to-use mobile payments and online ordering with seamless curbside or in-store pickup, and yet 35 percent of shoppers said they had no exposure to even the most basic in-store technologies such as digital screen browsing and mobile or contactless payments, according to a new report from Periscope by McKinsey.

"While disruption and fierce competition are certainly nothing new for retailers, the pace and intensity of COVID-19-related change and their effect on consumers is unprecedented," said Brian Ruwadi, senior partner and global leader of Periscope by McKinsey, Cleveland, OH.



Brand loyalty is wavering in the pandemic era. Image credit: McKinsey

Retail reimagined

McKinsey's latest report identified three big trends: consumer appetite for digital is increasing with no signs slowing down, brand loyalty is vulnerable, and safety and convenience are now considered premium experiences.

The "Retail reimagined: The new era for customer experience" report found a disconnect between what consumers want and what they are experiencing in stores. It includes input from 2,500 consumers in France, Germany, United Kingdom and the United States.

Thirty percent of U.S. consumers use mobile payments and place orders on mobile apps and 25 percent scan barcodes with their phones.

In the U.K., 34 percent of consumers place orders via mobile apps, 28 percent use mobile payments and 24 percent self-identify at a terminal.

In Germany 29 percent use mobile payments, 21 percent use self-identification at the terminal and 20 percent of consumers use apps to scan barcodes.

And in France, 22 percent of consumers use mobile payments, 21 percent place mobile app orders and 21 percent use digital shelf labels for information.

Brand loyalty has become unstable this year, with 40 percent of consumers saying they are willing to try new brands.

Consumers were willing to change loyalties for competitive pricing or to support empathetic retailers that have supported their employees during the pandemic.

"This is a pivotal time where we're seeing not only changing loyalties and a shifting leaderboard, but an opportunity to really connect with consumers in new ways as they reformulate their habits and decision journeys," Mr. Ruwadi said.



Retailers must reimagine the customer experience with better hygiene and smooth hybrid digital/physical experiences. Image credit: McKinsey

Hygiene and safety

Safety and hygiene have become more important than ever, with more than 50 percent of consumers saying they want stores to follow guidelines to help keep shoppers and employees safe. These best practices include plexiglass at the checkout, requiring people to wear masks and having hand sanitizer on hand.

Another 59 percent of consumers said it is important for stores not to be too crowded.

Consumers are also looking for frictionless shopping experiences that make it easier to quickly find what they want and be able to get out of the store. This ability was especially valued by 65 percent of U.S. consumers, 59 percent of U.K. consumers, 52 percent of German consumers and 47 percent of French consumers.

Some 52 percent of consumers said fast checkout was a key factor in the purchase experience.

For those that do not want to go into stores at all, ecommerce has become the main channel for shopping.

Ecommerce shopping is up, with new consumers shopping online for the first time and online shoppers shopping new categories.

Free delivery, easy returns and fast delivery are the important features that people look for when shopping online.

Additionally, the pandemic created the importance of informative product descriptions and strong imagery at a time when consumers cannot go into stores to touch or test the merchandise.

This was especially true in the U.K. consumers, with 70 percent of consumers ranking this as a key consideration (up 23 percent from pre-shutdown), followed by 57 percent in Germany (up 12 percent), 56 percent in the U.S. (up 13 percent) and 51 percent of French shoppers (up 13 percent).

Retailers and brands should consider these factors when planning for the future.

"As retail leaders plot how they will bounce back, they also need to look beyond the immediate challenges and issues," Mr. Ruwadi said.

"In parallel to quickly recovering revenue," he said, "it is critical to engage in long-term planning and accelerate future growth."

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