



worldpay

# 2019 US Consumer Behavior Report

What motivates US consumers?  
Implications for retailer strategies

# Table of contents

Introduction .....pp 3



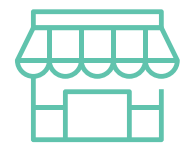
The smartphone experience .....pp 4

- Are smartphones the payment method of the future?
- The new personal shopping concierge
- Smartphone DIY: consumer engagement in motion



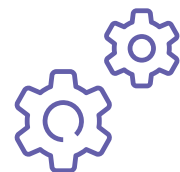
The online experience ..... pp 10

- What's behind shopping cart abandonment?
- Deliver on delivery: the new expectations
- Sign me up: The growth of subscriptions



The in-store experience .....pp 18

- Consumer channel preferences, by industry
- Bringing foot traffic back to the store
- Great employees: the cornerstone of physical retail



New tech & data privacy .....pp 24

- The Internet of Things: Drones
- IoT: Chat bots
- IoT: Voice-activated interfaces
- Getting Personal: The increasing importance of data & privacy

Key takeaways .....pp 31

Methodology .....pp 32

About Worldpay .....pp 32

# Introduction

2019 US consumer behavior report

## Tapping into the mindset of the US consumer

The consumer sits at the center of the retail universe, their every whim catered to by eager retailers ready to please. Vying for consumer attention—and their dollars—starts with understanding the rapid changes in consumer behavior happening today.

Retail channels continuously evolve to keep pace with technology and consumer behavior. Today that means creating seamless experiences between the online world, smartphone touchpoints and the in-store experience. We wanted to explore more deeply how consumer behavior is driving change in traditional retail channels.

We've gone straight to the source to find out what's on the minds of US consumers as they experience retail today. Our findings help to understand the current mindset of the US consumer, and suggest how to serve them better tomorrow. What do they expect from their customer experience? How that might impact your retail strategies, including payment strategies? We'll explore these questions and much more.





# The smartphone experience

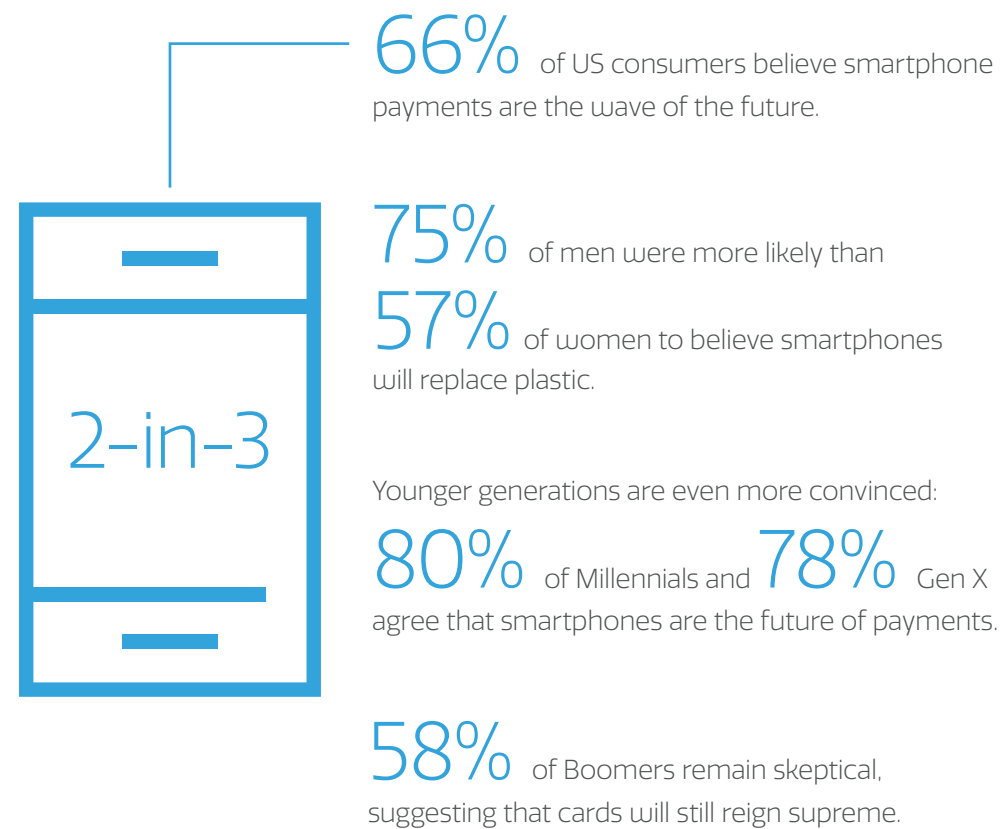
## WE ASKED

Are smartphones the payment method of the future?

**Yes.** That's the view expressed by **66%** of US consumers who believe the mobile wallet features of smartphones will replace plastic credit and debit cards as their main payment method in the next five years.

## WE ASKED

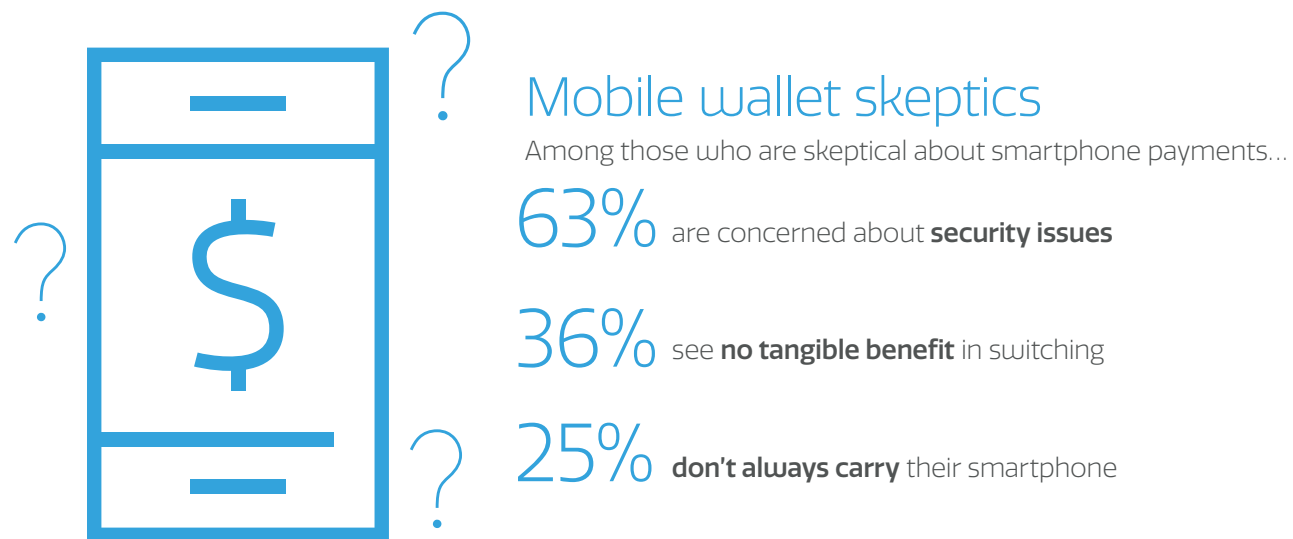
Do you think smartphones will replace credit and debit cards as the main method of payment within the next five years?



## Yet many US consumers express concerns about new payment methods.

A third (34%) of US consumers surveyed believe that traditional credit and debit cards will remain the primary payment method in five years.

Security concerns were cited most often (63%) by those expressing skepticism. 36% of naysayers didn't see any added benefit to smartphone payments versus plastic cards. Other concerns expressed by consumers were that merchants won't accept mobile payments, the fact that they didn't always carry their smartphone, or that they didn't have a smartphone at all.



## The new personal shopping concierge

Once distinct sales channels are converging into a single unified river of commerce. Nowhere is this more evident than in consumers' use of smartphones in-store.

Mobile devices are handy shopping assistants for consumers. Shoppers have more visibility than ever into the details and context of every product they encounter, when and where that information matters most.

Our survey shows that a majority of US consumers are using their smartphones in-store to help them shop. From comparing prices to researching products to finding and redeeming coupons, the smartphone is changing the in-store experience for the better.

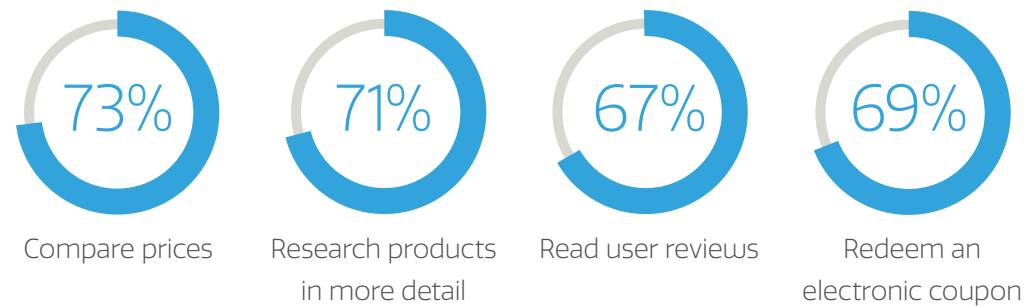
This new transparency creates a win-win for consumers and retailers. Consumers benefit by making more informed decisions about their purchases. Retailers gain valuable opportunities to influence consumer decision-making and provide more personalized customer service that can boost in-store conversions.





WE ASKED

When you're shopping in-store, have you used your smartphone to?



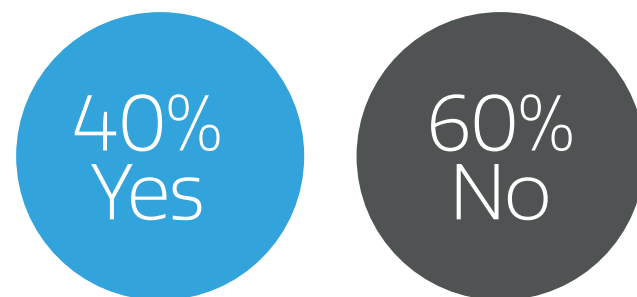
### Consumer engagement, in motion

One of the most visible ways we see channels blending is through the services that allow consumers to take charge, like order-ahead services and self-checkout apps. Ordering online isn't new, but the move from desktop to smartphone apps is nothing less than transformative. Consumers are using retailer apps and websites to browse, shop, and pay ahead for in-store pickup more than ever before.

The value of order-ahead and self-checkout is clear to consumers: seamless convenience that saves valuable time. For retailers, order-ahead apps offer vastly more efficient order acceptance and checkout. The benefits don't end there: when a customer downloads your app you can deepen engagement in many ways, like offering rewards programs and discounts.

WE ASKED

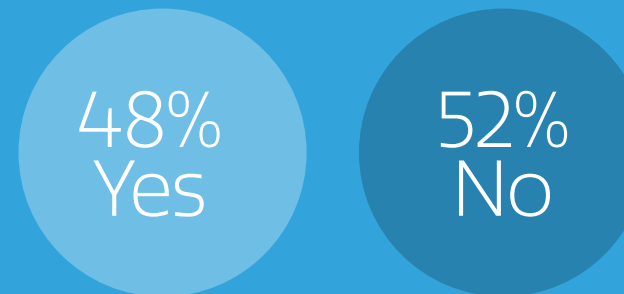
Have you ever used a retailer's app for self-checkout?



\* Only 16% of Boomers had used an app for self-checkout

WE ASKED

Have you ever used a "click and collect" service from a retailer?



\* 65% of Millennials used a "click and collect" service

WE ASKED

Have you ever used an app to order ahead from a quick service restaurant?





# The Online Experience

## What's behind shopping cart abandonment?

It's fairly routine for consumers to add items to their online shopping cart but not complete the purchase. Every customer journey is different. Paths to purchase are often interrupted, change, or are abandoned entirely.

What's routine for consumers sets off alarm bells for retailers. Retailers see shopping cart abandonment as a high-priority concern. In the eyes of the seller, everything in the sales process went right except for one critical piece: the conversion. Understanding the causes (and cures) of shopping cart abandonment can help boost conversions and increase sales.

### WE ASKED

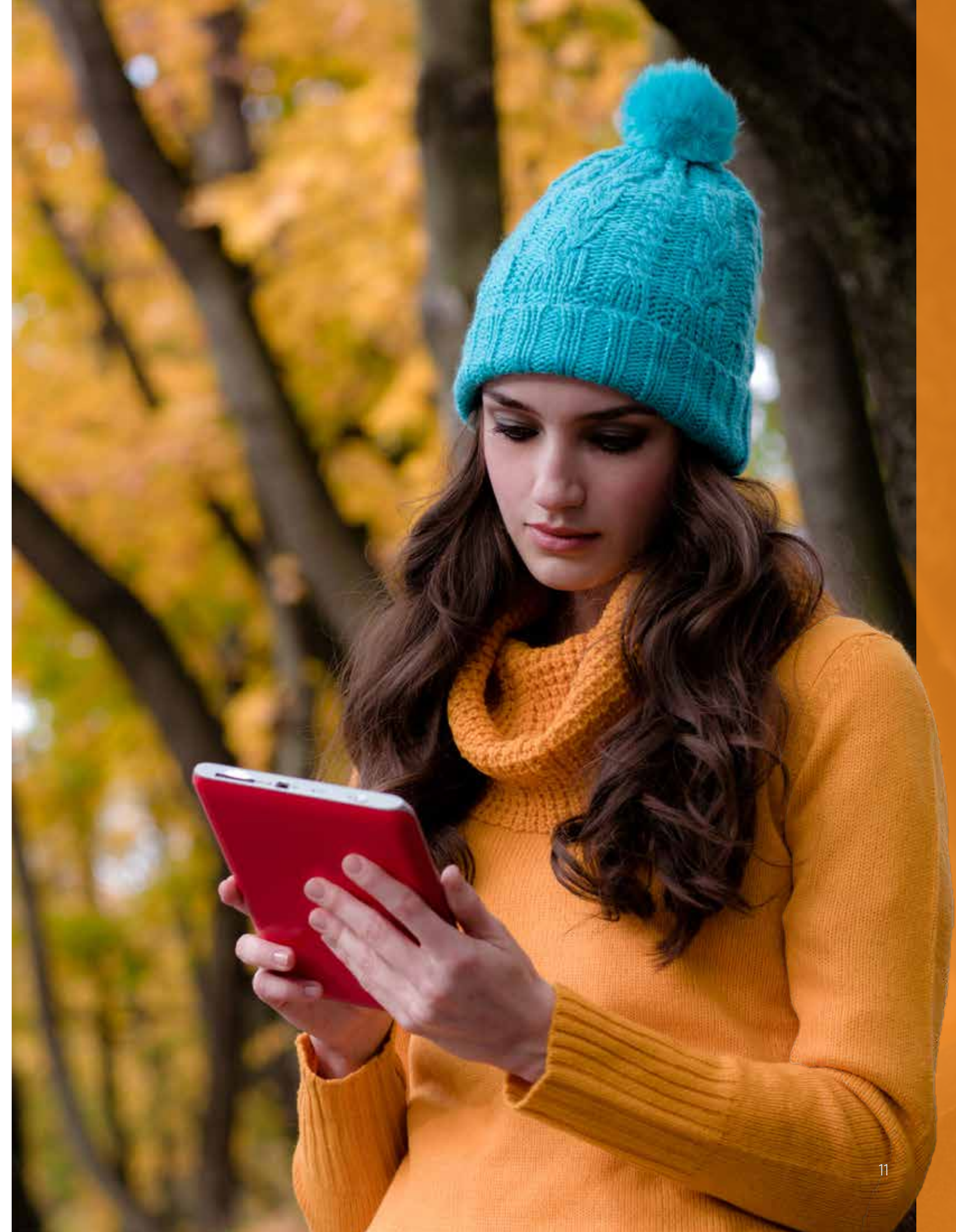
If you've ever abandoned a shopping cart on a retailer's website before completing the purchase, what was the reason for doing so?



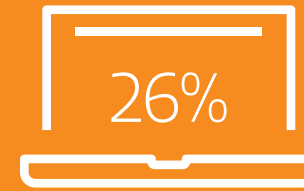
It's completely understandable that retailers want every customer to set up an account. Yet forcing customers to create an account was cited as the leading reason for abandoning a shopping cart. Guest checkout options speed shoppers through the process and can help boost conversions.



The shopping cart is the wrong time to surprise your customer with extra charges, especially for their choice of payment method. There is very likely a competitor who will cheerfully accept their payment at no extra charge. Almost one-in-three consumers abandoned a purchase for this reason.

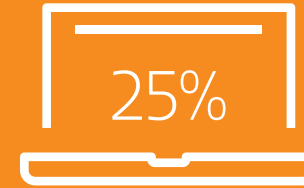






"I didn't trust the payment security on the website"

High-profile data breaches continue to spook consumers. Shoppers must have absolute confidence that your site is secure before they will enter payment details.



"I had to input too many payment details"

Even having to manually enter address and payment information can be enough to end a sale before it's done. Consider accepting eWallets like Apple Pay, Google Pay and PayPal to streamline the checkout process. These services allow your customers to auto-fill their information and securely authenticate their purchase without ever having to grab a card.



"I was unable to pay using my preferred method"

Alternative payment methods like mobile wallets are flourishing. You don't have to accept every possible payment method. Yet learning your customers' payment preferences and allowing them to pay the ways they want is critical. More than one-in-five consumers surveyed abandoned a checkout for this reason.



The payment failed

Payments fail for many reasons. Overly aggressive fraud filters can result in "false positives" that reject legitimate purchases. Advances in machine learning and AI are helping to boost acceptance rates and revenue by modelling "good" behavior to ensure acceptance of all authorized orders. Review risk parameters with your payments partner to make sure you are optimizing the revenue/security balance.



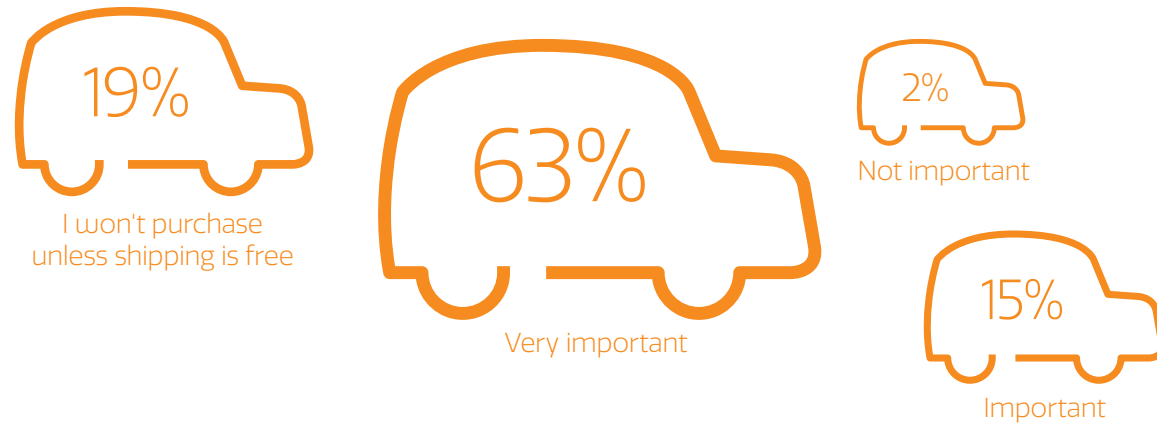
## Make sure to deliver on delivery

A decade ago, free shipping was viewed as a bonus, a one-time enticement or something only available for big spenders. Delivery of an item the same week it was ordered was perfectly acceptable, and being charged for that service was expected. "Rush" shipping was considered 2-3 days. Unlimited shipping was virtually unheard of.

The bar has clearly been raised. Unlimited free delivery (with a membership) offered by major retailers has set new standards in consumer expectations. "Rush" now often means hours, not days. Free shipping is no longer a luxury, and often it's routine. Delivering on delivery is not just important to consumers—it's an essential part of their experience.

### WE ASKED

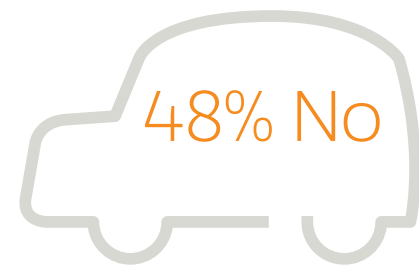
How important is free shipping when choosing an online retailer?



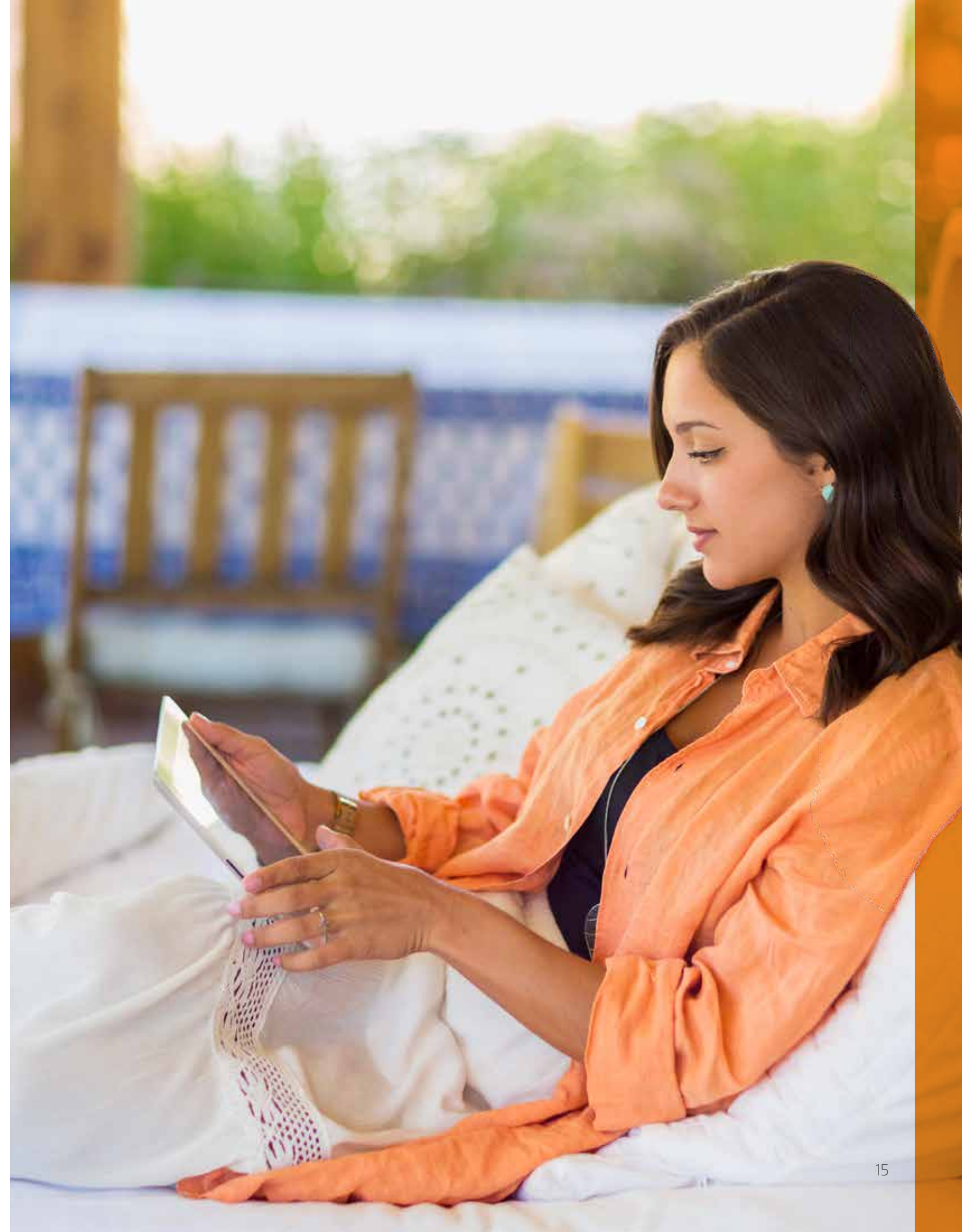
**3-of-4** consumers surveyed report having abandoned an online checkout after seeing high delivery charges added.

### WE ASKED

Would you buy from an online retailer that charges for return shipping?



Almost half (48%) of US consumers refuse to shop at online stores that charge for returns.



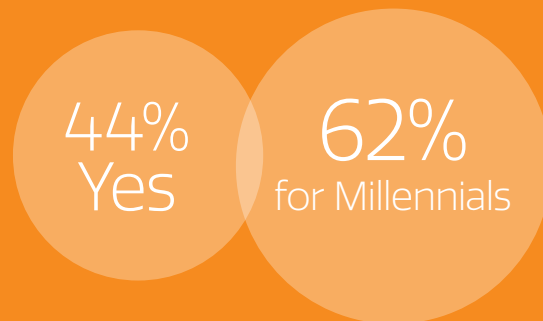


## Sign me up: the growth of subscriptions

Businesses strive to build long-term relationships with their customers. Subscriptions have emerged as an effective tool for developing ongoing customer relationships. Customers get value by receiving regular products and services with minimal friction, often putting payments in "set and forget" mode. Businesses win by booking business in advance, creating predictable revenue streams, and by having an open line of communication with their valued customers. Subscriptions are currently riding a wave of popularity and expanding across more industries seemingly every day.

### WE ASKED

Do you have an 'unlimited delivery' subscription with an online retailer?



### WE ASKED

Which subscription services do you currently use?

Traditional subscription services

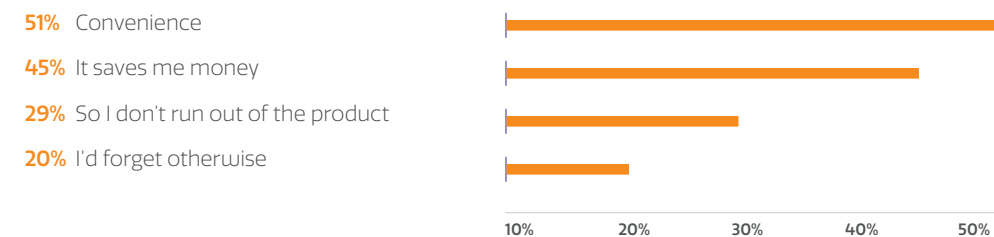


## Up and coming subscription verticals...



### WE ASKED

What is your main reason for purchasing an online subscription?



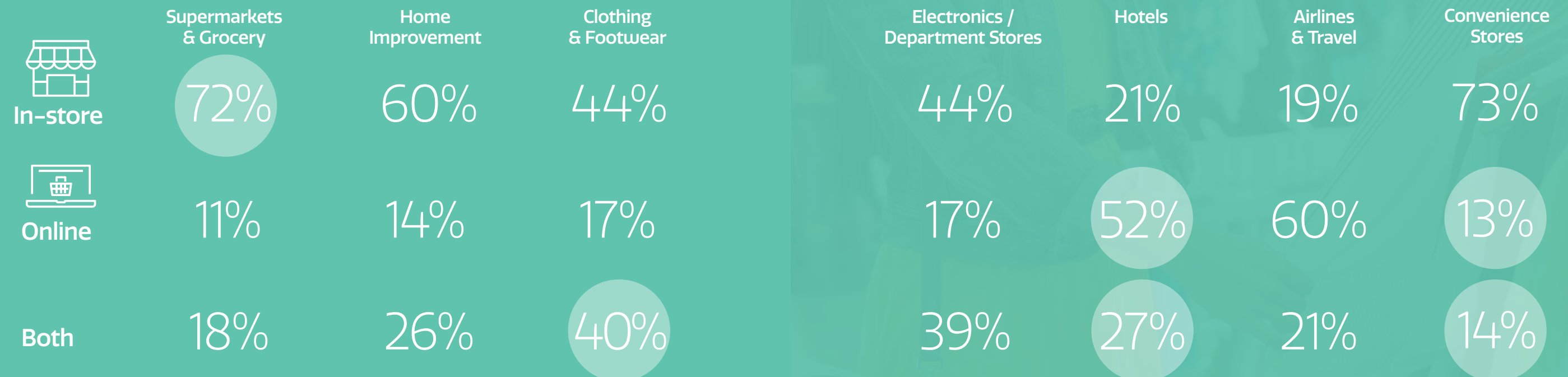
# The In-Store Experience

## Consumer channel preferences, by industry

We're moving toward a world where consumers are truly channel agnostic. But we're not there yet. Channels still matter and consumer channel preferences still vary by industry sector—sometimes considerably and in surprising ways.

### WE ASKED

Where do you prefer to shop?  
In-store, online, or both?



US consumers prefer the in-store experience for supermarkets and grocery stores. 72% of consumers prefer to shop for food themselves. Yet for many the future of grocery shopping is already here: 11% of US consumers said they preferred to shop for groceries online, while 18% enjoy the convenience of both online and in-store.

US consumer preferences for shopping clothing and footwear sectors are especially balanced. 44% of consumers prefer in-store, while 17% prefer online only and 40% are equally comfortable shopping online and in-store. The popularity of free shipping and returns are among the factors that have allowed this sector to flourish in an omnicommerce world.

Hotel and travel sectors have passed the digital tipping point, with the majority of US consumers preferring to book and pay for hotel and travel online. The days of visits to the travel agent seem to be dwindling: Almost four-in-five consumers surveyed (79%) now prefer to make their travel plans either exclusively or partially online.

Today, retailers of every type are recalibrating to consumer demands for convenience. Convenience stores understand this and are evolving with the times by offering both delivery and order-ahead services online. Consumers are responding—27% prefer to shop convenience stores online at least some of the time.

US consumers suggest that retailers could attract more visitors to their stores by offering unique or exclusive products, providing personalized products in-store, improving in-store technology and offering social activities.





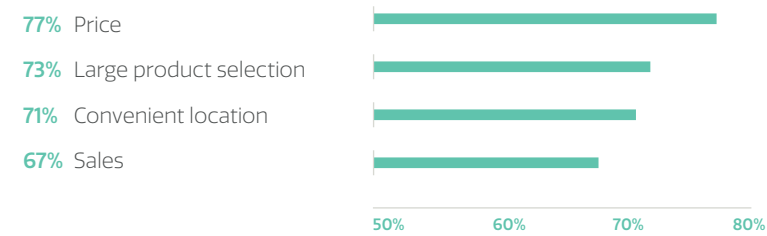
## Maintaining foot traffic

When we asked why they visit a particular retail store, US consumers made it clear that they want it all. Overwhelming majorities of consumers surveyed reported that price, location, and product selection were all very important or extremely important factors in whether they visited a retail store.

### WE ASKED

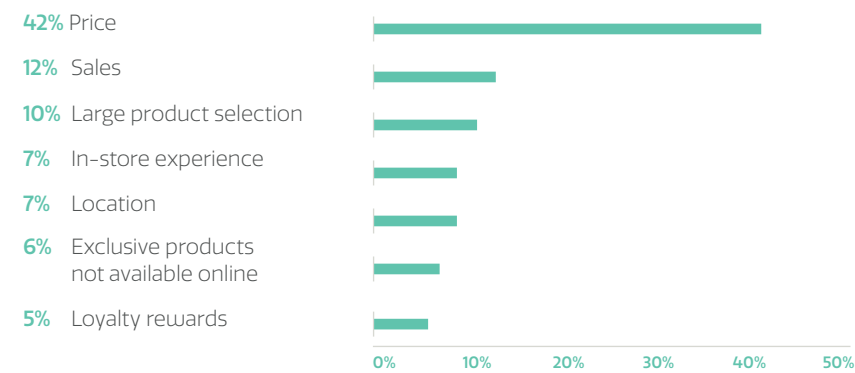
## How important are the following factors when deciding to visit a retailer?

% of US consumers who felt the factor was "very or extremely important"



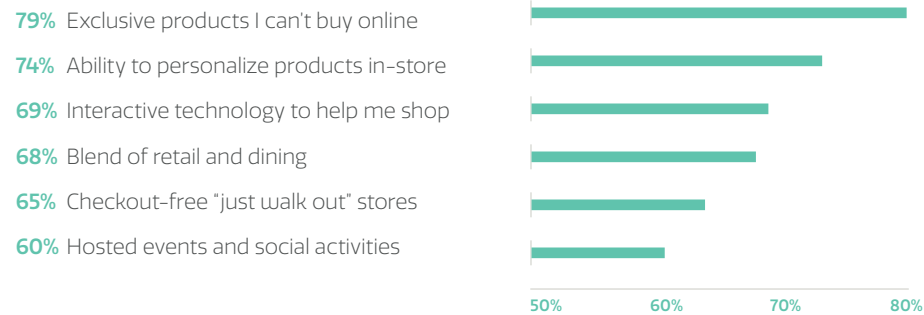
### WE ASKED

## What factor is MOST important when deciding to visit a retail store?



WE ASKED

## What would make a store visit more engaging or desirable?



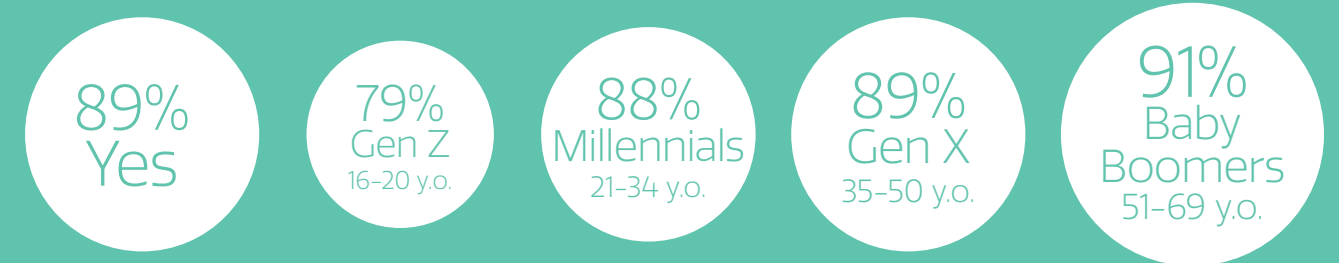
## Great employees: the cornerstone of physical retail

The in-store experience still matters to consumers. Having helpful, knowledgeable, friendly store employees can still be a big differentiator, offering a critical edge in a competitive marketplace.

It's consistent across all age groups, and although highest amongst our Boomers (51-69), the youngest Gen Z (16-20) audience also values good old fashioned in-store customer service.

WE ASKED

## Do helpful and knowledgeable store employees make a trip to the store more desirable?



Consumers are more knowledgeable and have more access to information than ever, but everyone could use a helping hand once in a while. 45% of US consumers said that it's important to be able to speak to a human being if they need something.

Another interesting data point is the number of consumers who are so well-equipped with information that the best in-store engagement strategy is to leave them alone. 11% of respondents said they don't usually interact with store employees, while 4% indicated they'd prefer technology-enabled self-service over employee interaction.





# Technology & Personal Data

## The Internet of Things: Drones, voice, and chat

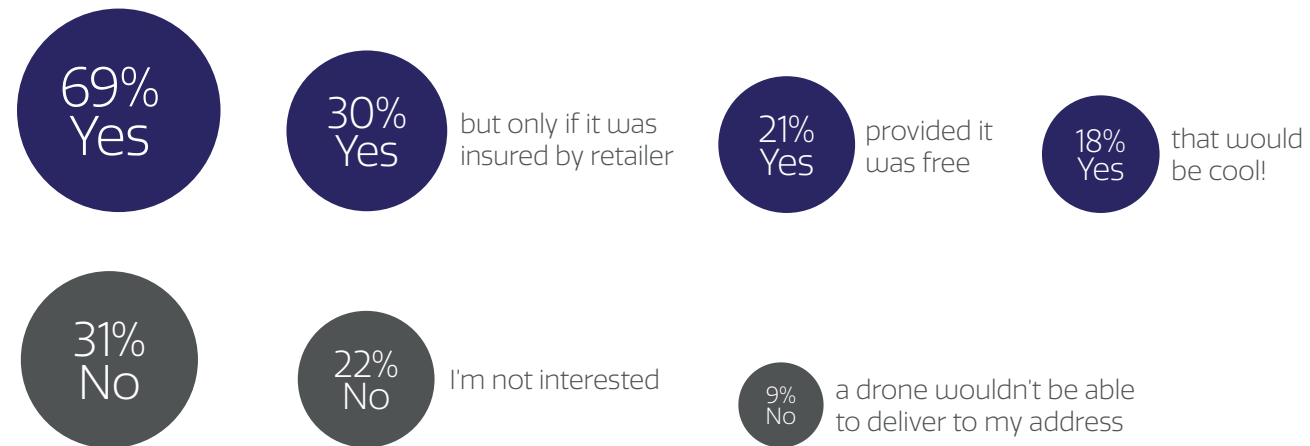
### IoT: Consumers give thumbs-up to drone delivery

Most consumers were happy to receive delivery via drone, though for some, that was dependent on the retailer providing insurance, or if the service was free. 69% of consumers surveyed are at least open to the idea.

Boomers (51–69 year olds) were least impressed by the idea, with 31% stating they wouldn't be happy with drone delivery. Younger generations had the least resistance: only 11% of Gen Z respondents and 13% of Millennials rejected the idea.

#### WE ASKED

If you bought an item online and were offered delivery by drone, would you agree to it?



### IoT: Customer service via direct chat

It's always been important to connect with customers in the way they feel most comfortable communicating. Along with in-store help desk, call centers and email support, retailers are finding that they can best connect with customers via online chat functionality. Whether powered by a human or automated via artificial intelligence (AI), chat tools are helping retailers speak to customers in the format they've come to favor.

59% of US consumers surveyed have used a direct chat function to get more information on a product or service when shopping on a retailer's website. Men (67%) are more likely than women (51%) to have "chatted" with a retailer, while Millennials (76%) were twice as likely as Boomers (38%) to have used a retailer's chat service.

Millennials (76%) were twice as likely as Boomers (38%) to have used a retailer's chat service.

Of those who had used a retailer's chat service, just under half (46%) found the experience to be quick and easy, with 26% indicating chat support saved them a trip into the store.

#### WE ASKED

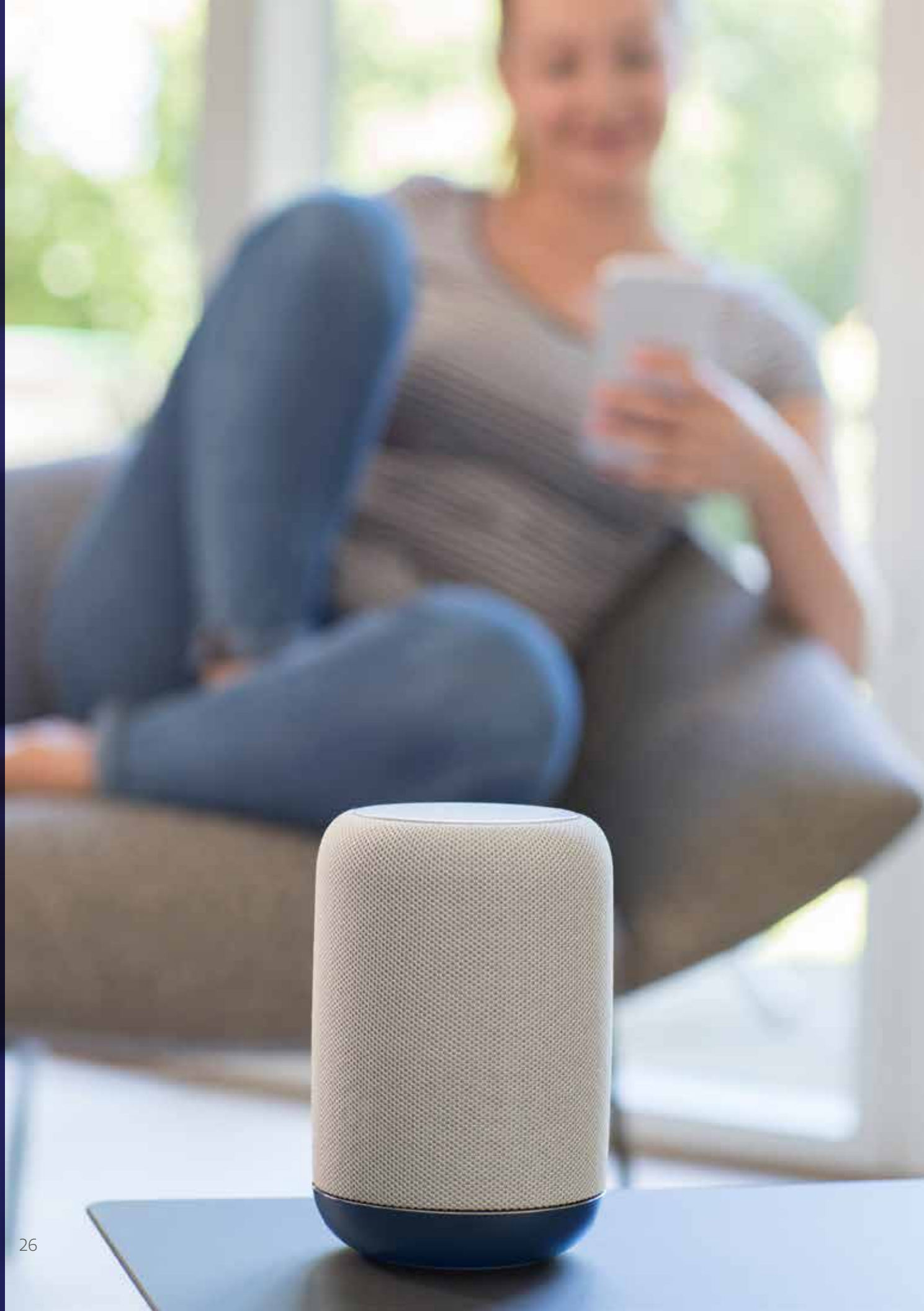
How was your online chat experience?



### IoT: Voice-activated devices go mainstream

In what may potentially become the most intuitive consumer interface of them all, voice-activated devices have emerged to capture US consumer engagement. From smart homes to smart cars, from smart speakers to smart appliances, voice-activated interfaces are seemingly everywhere. Voice interfaces are succeeding due to rapid advances in voice recognition technology and artificial intelligence (AI).

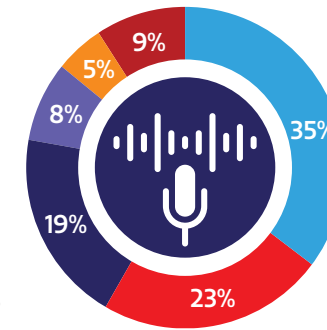
Though there are still detractors—and legitimate privacy concerns—voice interfaces are here to stay, with profound implications for retailers. **Fully half of US consumers said they currently have a voice-activated digital assistant.** Of those who don't currently own one, 16% "likely" or "definitely" plan to purchase one within the next year.



**WE ASKED**

What's your overall opinion of voice-activated digital assistants?

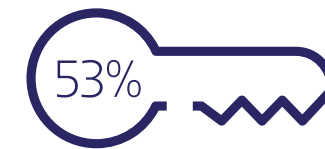
- 35% Love them
- 23% Like somewhat
- 19% Undecided
- 8% Dislike somewhat
- 5% Hate them
- 9% Unfamiliar with voice interfaces



Given the ease at which a payment could be made using such a device—perhaps by mistake—53% of our consumers have set purchase restrictions on their devices.

**WE ASKED**

Do you have any purchase restrictions or parental controls on your personal voice-activated digital assistant?



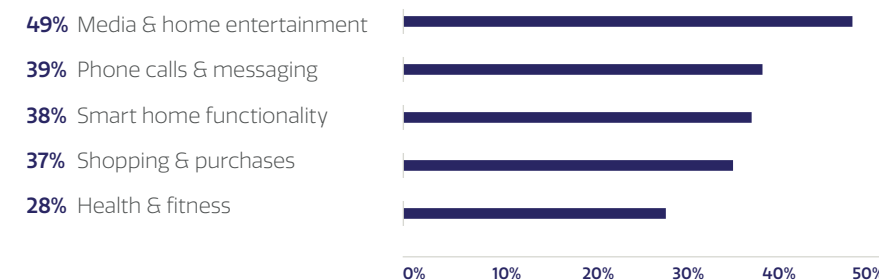
Set purchasing restrictions



Set parental controls

**WE ASKED**

What do you use your voice-activated digital assistant for?

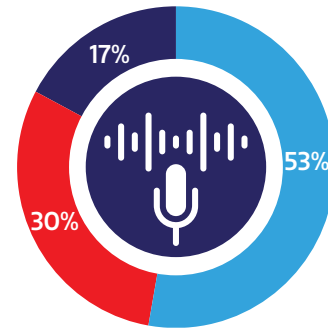




**WE ASKED**

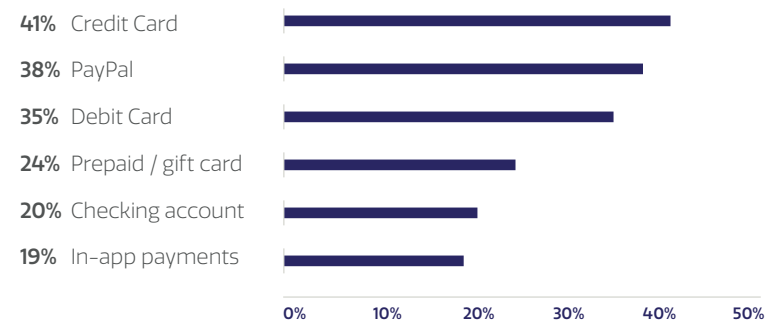
What do you think of the fact that voice-activated digital assistants are always listening for requests?

- 53% It's a helpful feature
- 30% It's creepy and bothers me
- 17% I'm not sure



**WE ASKED**

What payment options do you have connected to your voice-activated digital assistant?



## Getting personal with data and privacy

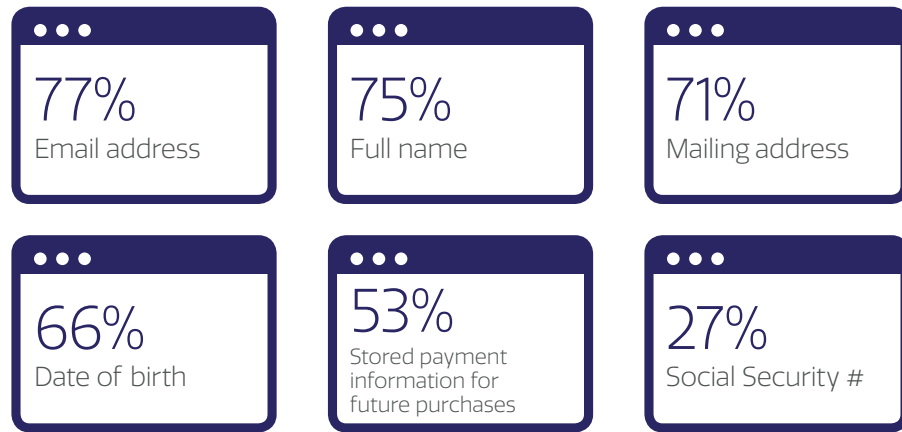
Concerns about data privacy are clearly top of mind among consumers. How businesses collect, store, use and protect consumer data is of increasing importance. When consumers provide retailers with vital private information, they've extended a level of trust. How retailers earn that trust going forward will be a critical element in overall business reputation and customer loyalty.

Our survey shows US consumer willingness to share is highly dependent on the type of data being requested.



WE ASKED

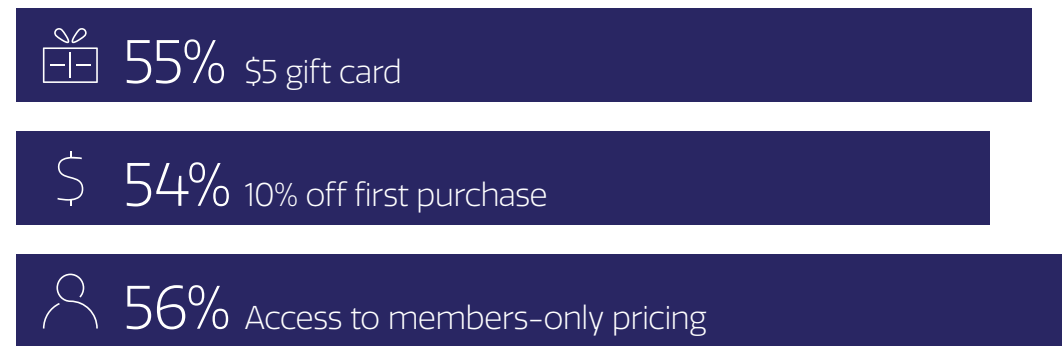
What data are you willing to share with websites or apps that request it?



Consumers said they are much more likely to share data if they get something back, such as a gift card or discount. Consumers value clear communication as much as these incentives. Consumers said they'd be more willing to share data when presented with clear privacy policies on how data is used, and simple explanations on how payment data is stored.

WE ASKED

Would you be willing to part with some personal data in exchange for...



With consumers more and more conscious of data privacy, clear communication is critical. From a payment perspective, making customers aware of how their payment data is protected can provide that all important peace of mind. If you use secure tokenization services for eCommerce, consider communicating with your customers about how this protects card payment data. These and other educational measures can help reassure customers when they are offered the option to store payment details.

# Key takeaways

1

## Convenience comes first

Today's consumers are increasingly intolerant of any obstacles during their shopping experience. The bar of customer experience has been raised and consumers are empowered to expect world-class service. If you don't deliver on convenience, your competitors will. The importance of providing a seamless, pleasant, easy shopping experience can't be overemphasized.

2

## Privacy and safety... also come first

Data privacy is a critical issue for consumers. Retailers need to offer clear benefits and incentives if they want their customers to part with personal data, especially payment credentials. Retailers need to deploy state-of-the-art technology, follow industry best practices and partner with leading payment and security experts. Communicate these efforts to your customers. You want your shopping experiences to be seamless... but they must also be safe.

3

## Mobile is fundamental

Mobile shopping and payment is at the heart of contemporary consumer experiences. Smartphones are becoming present at virtually every consumer touchpoint, even (and especially) in-store. From online shopping to in-store research, smartphones are the connective glue that binds unified commerce. Savvy retailers will optimize for mobile consumer experiences—in-store as well as on-the-go.

4

## The centrality of payments

Central to all of these efforts are payments. Payments form the bonds at the most sensitive intersections between retailers and consumers. Payment experiences should offer equal measure convenience and security while catering to a mobile-first world. This selection of a trusted payment partner is foundational to these efforts.







Advancing the ways  
the world pays

Visit us at [worldpay.com](https://worldpay.com)

## Methodology

2,500 consumers across the US were surveyed to analyze their behavior across buying channels. The research was conducted by Research Now on behalf of Worldpay in June 2018. For single response questions, totals may not add up to 100% due to rounding. For multiple options questions, totals do not add to 100% as respondents could select more than one option.

## About Worldpay

Worldpay, Inc. (NYSE: WP; LSE: WPY) is a leading payments technology company with unique capability to power global integrated omnicommerce. With industry-leading scale and an unmatched integrated technology platform, Worldpay offers clients a comprehensive suite of products and services globally, delivered through a single provider.

Worldpay processes over 40 billion transactions annually through more than 300 payment types across 146 countries and 126 currencies. The company's growth strategy includes expanding into high-growth markets, verticals and customer segments, including global eCommerce, Integrated Payments and B2B.

Worldpay, Inc. was formed in 2018 through the combination of the No. 1 merchant acquirers in the U.S. and the U.K. Worldpay, Inc. trades on the New York Stock Exchange as "WP" and the London Stock Exchange as "WPY."