2020 CONSUMER SURVEY

ONLINE, IN-STORE, AND EVERYTHING IN-BETWEEN:

The evolution of where and how we shop

KING RETAIL SOLUTIONS

KRS

CONTENTS

INTRODUCTION

Retail design firm King Retail Solutions ("KRS") has revived its annual study to better understand US consumer behaviors and preferences. This report is now in its 5th year of release and focuses on category blurring across retail channels along with the ways those purchases are being made.

Throughout this report, KRS compares how our shopping habits have changed and evolved over the last 5 years.

From prepared meals to subscription services, online shopping and order pick-up, the 2020 survey analyzes not only the consumer demographics, but also what we are buying, when, how and why.

As part of the survey, KRS also focused on changing shopping habits due to the current COVID-19 pandemic. The supplemental report referenced in this study can be downloaded here: **https://www2.kingrs.com/2020survey-covid19**

Our survey focused on 425 adults across the United States with a 6% margin for error.

HOW WE SHOP ONLINE

Internet usage overall has seen a shift away from desktop computers and laptops to mobile devices, such as our ubiquitous smartphones and tablets. This trend is reflected in consumer online shopping habits as well.

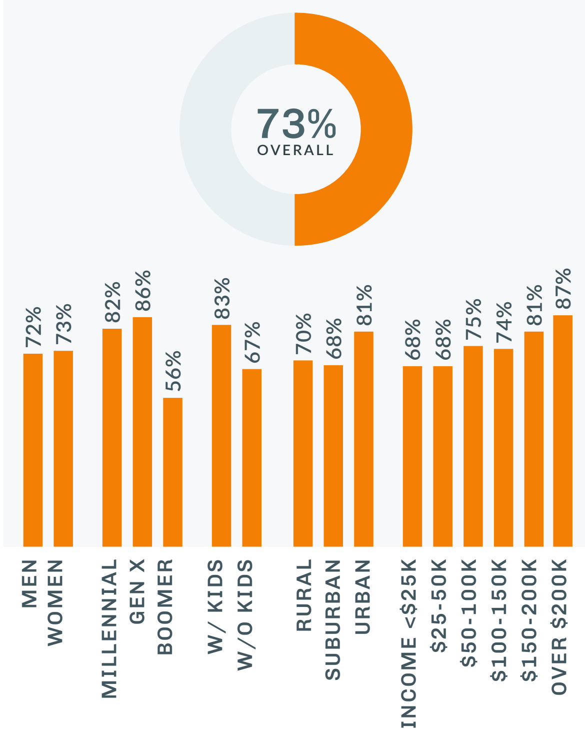
While many people shop across multiple devices, our mobile phones are our primary go-to option for online purchases.

The exceptions to this are Boomers, who still prefer shopping on the computer over other devices, and consumers with annual incomes between $150k and $200k, who use mobile phones and computers equally.

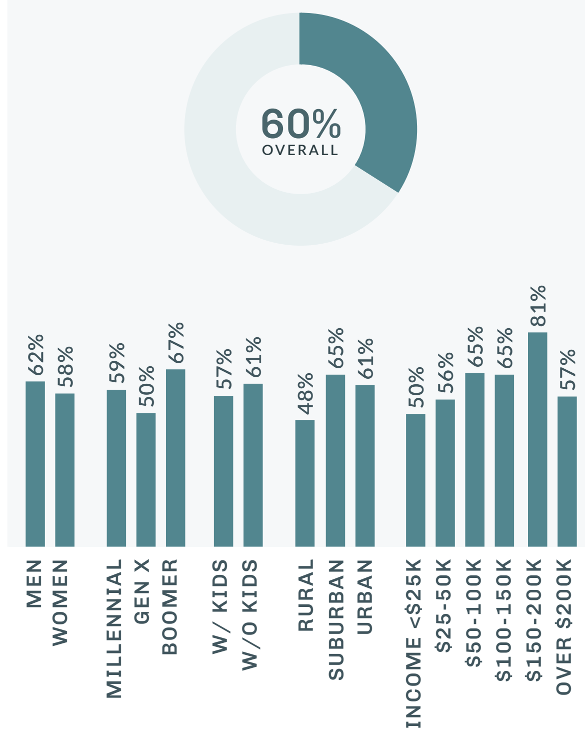
One relatively new trend to keep an eye on is the rise of the smart speaker. While it currently lags far behind the other options as of this survey, it will be interesting to see what the next few years show regarding smart speakers as an industry disruption.

Which of the following devices do you use to make online purchases?

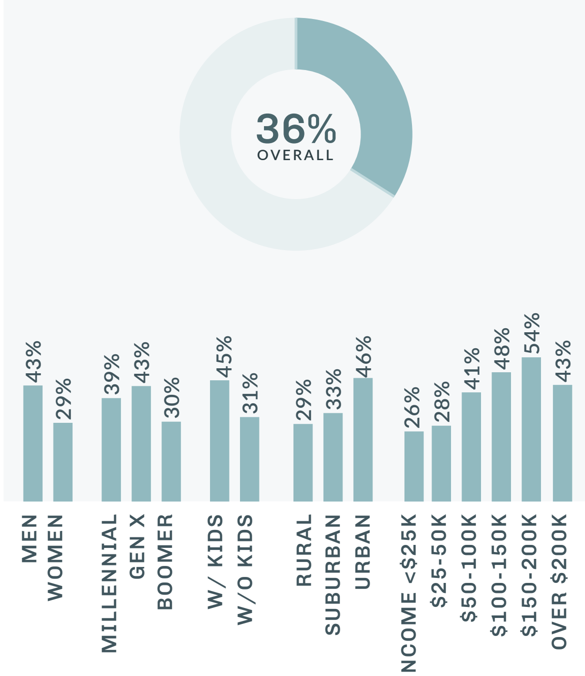
MOBILE PHONE



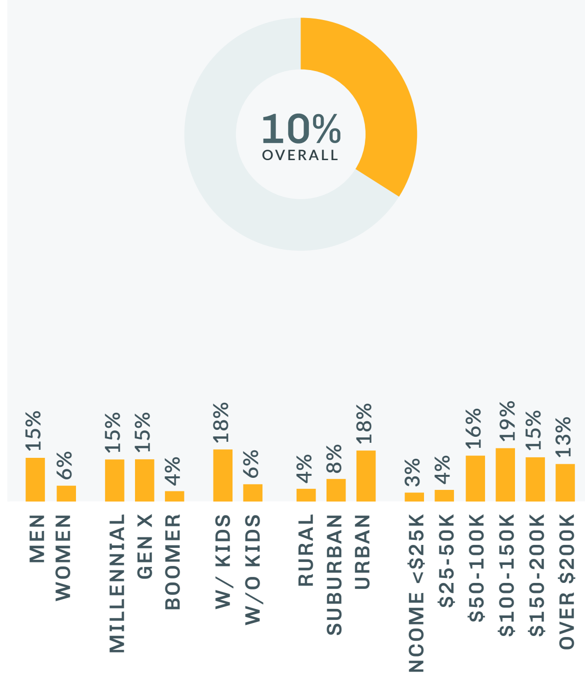
COMPUTER



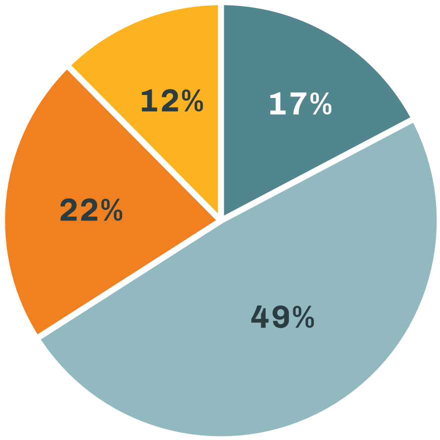
TABLET



SMART SPEAKER



How many shopping-related apps (including food delivery services) do you currently have installed on your smartphone or mobile device?



NO APPS INSTALLED	17%
1-3 APPS	49%
4-6 APPS	22%
7 OR MORE APPS	12%

The greatest difference amongst the various demographics is based on income.

Of consumers making less than $25k a year, 30% have **zero shopping-related apps installed**.

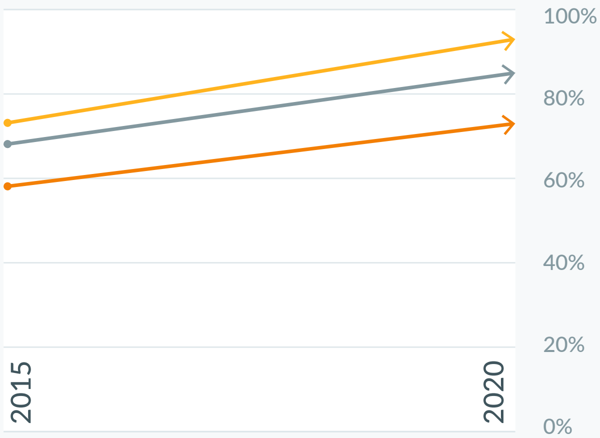
For those making over $200K per year, only 4% have **zero shopping apps.**

RESPONDENTS WITH **AT LEAST ONE** SHOPPING APP, FROM 2015 TO 2020:

In 2015, 67% of the respondents had at least one shopping-related app on their smartphone.

Five years later, 83% of respondents have at least one shopping-related app on their phone.

While growth across genders and generations has seen double-digit increases, Millenials continue to embrace app-centric shopping the most, with 93% having at least one shopping app installed.



MILLENNIAL	73 → 93%
GEN-X	68 → 85%
BOOMER	58 → 73%

Which shopping-related apps do you currently have on your device?

ONLINE RETAILER
(ex. Amazon; Wayfair)

72%

TOP DEMOGRAPHICS WITH THIS TYPE OF APP:

- **Gen-X** (84%)
- **$150K+ income** (84%)
- **Urban** (78%)
- **Households w/ kids** (78%)

BIG BOX/ DEPARTMENT STORE
(ex. Target; Kohl's)

42%

TOP DEMOGRAPHICS WITH THIS TYPE OF APP:

- **$50K+ income** (49%)
- **Households w/kids** (47%)
- **Urban** (45%)
- **Women** (45%)

RESTAURANT
(ex. McDonald's; Chipotle)

38%

TOP DEMOGRAPHICS WITH THIS TYPE OF APP:

- **$150K+ income** (55%)
- **Households w/ kids** (49%)
- **$50-100K income** (48%)
- **Urban** (45%)

GROCERY
(ex. Albertsons; Kroger)

36%

TOP DEMOGRAPHICS WITH THIS TYPE OF APP:

- **$50-100K income** (44%)
- **Urban** (44%)
- **Households w/kids** (44%)
- **$150K+ income** (43%)

DELIVERY
(ex. Instacart; Grubhub)

29%

TOP DEMOGRAPHICS WITH THIS TYPE OF APP:

- **Millennial** (46%)
- **$150K+ income** (45%)
- **Urban** (38%)
- **Households w/ kids** (37%)

CONSIGNMENT
(ex. Poshmark)

13%

TOP DEMOGRAPHICS WITH THIS TYPE OF APP:

- **Millennial** (25%)
- **$50K+ income** (20%)
- **Households w/ kids** (18%)
- **Urban** (18%)

DISCOUNT DESIGNER
(ex. Gilt, HauteLook)

9%

TOP DEMOGRAPHICS WITH THIS TYPE OF APP:

- **$200K+ income** (30%)
- **Urban** (16%)
- **Millennial** (14%)
- **Income under $25K** (13%)

ONLINE & IN-STORE CROSSOVERS

Overwhelmingly, consumers engage in some form of online research (comparing prices, reading consumer reviews, etc.) before making a purchase. Only 10% say they have never researched a purchase online.

Once it's time to buy, 18% will make the transition to purchasing in a brick-and-mortar shop while the majority will finish the transaction online at least half of the time.

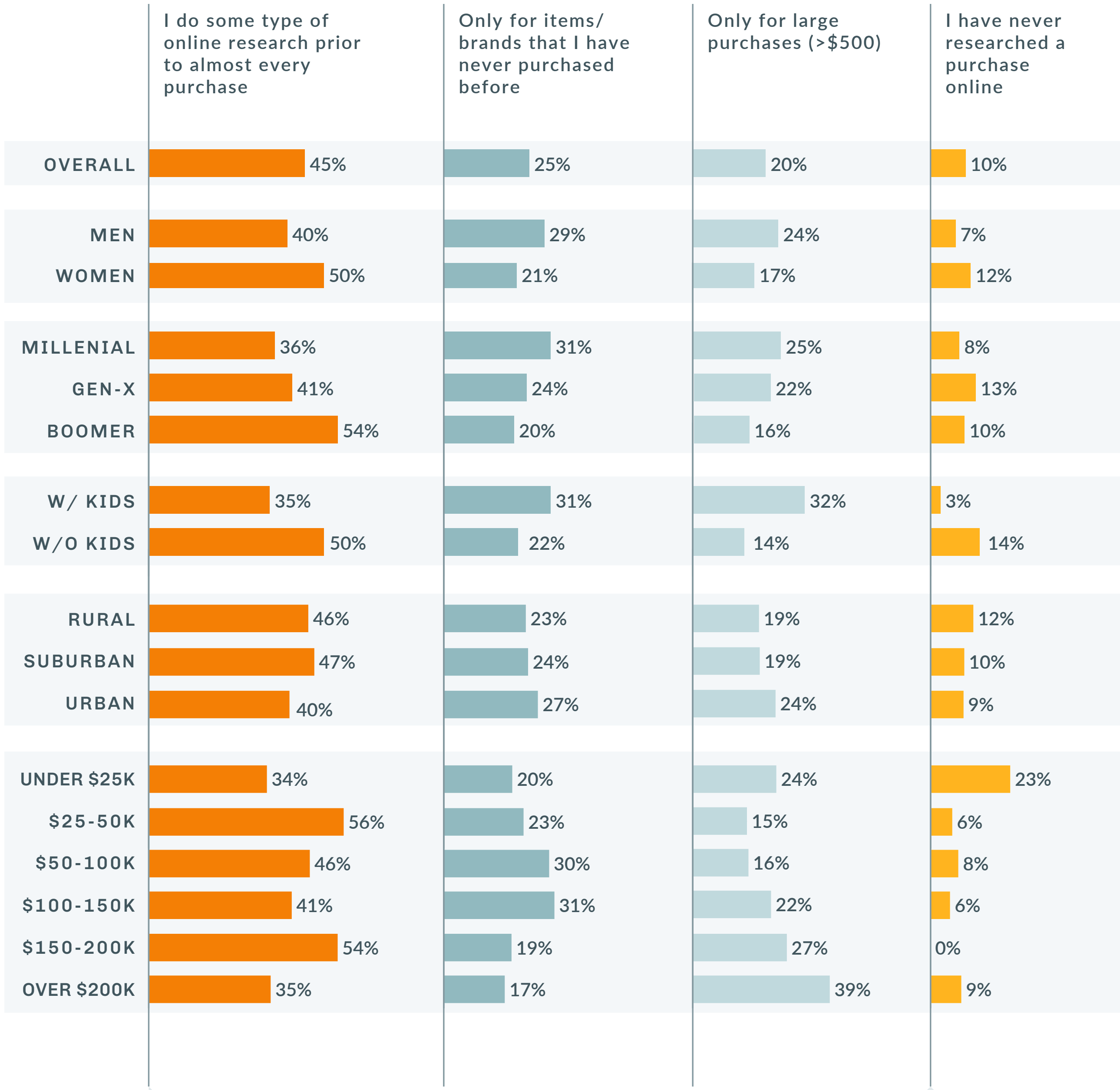
The percentage of shoppers who switch to an in-person experience matches those who prefer to physically engage with a product prior to making most purchases (17%).

The distinction between online and in-store shopping blurs when a retailer offers both options, with 77% of shoppers at least sometimes using both methods to buy from the same retailer.

The risk of offering an online shopping experience, however, is that it may result in consumers losing confidence in the retailer overall. Negative online experiences, such as a non-mobile-friendly website, are either somewhat likely or extremely likely to make 68% of consumers doubt the relevancy of the retailer.

Boomers are the most forgiving, with 45% stating that "the positive in-store experience would outweigh the negative online experience." Consumers with incomes over $200k are the most likely to have a carryover from a negative experience, with only 13% weighing a positive in-store experience over a negative one online.

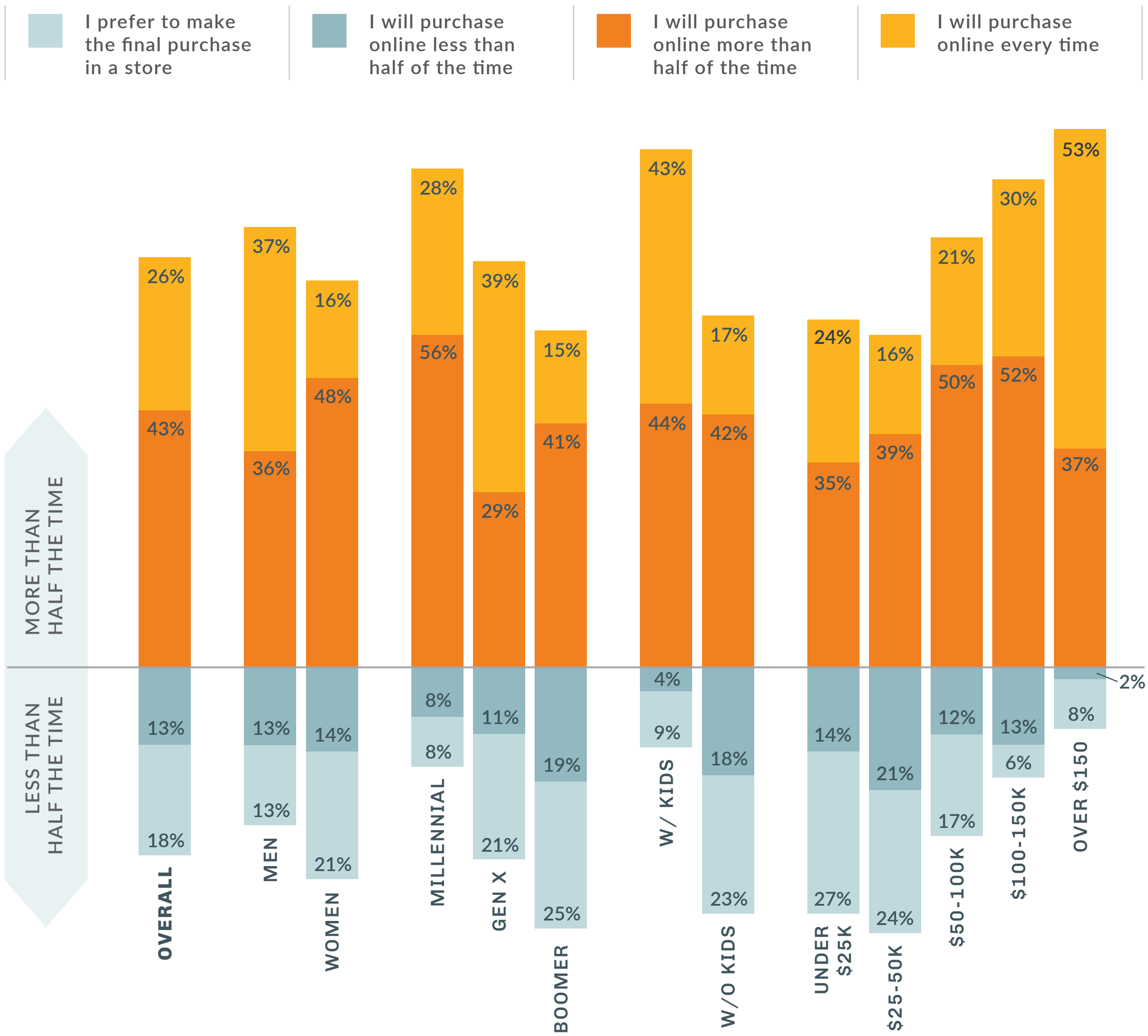
How often do you research an intended purchase online (compared price, read consumer reviews, etc.) prior to making a final purchase?



The top answer by far:
"I do some type of online research prior to almost every purchase."

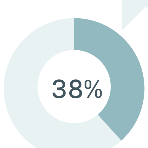
Only 10% of consumers have **never researched a purchase online.**

After researching a purchase online, how likely are you to make the purchase online rather than in a store?



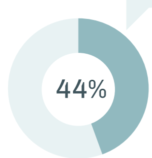
Do you feel that online resources (ex. 360 views, interactive video, virtual try-on) provide adequate information to make a purchase?

YES



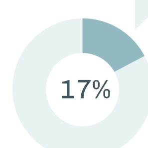
I can gather all the information I need using online resources

SOMETIMES



I will use online resources, but I will also visit a store to physically engage with a product

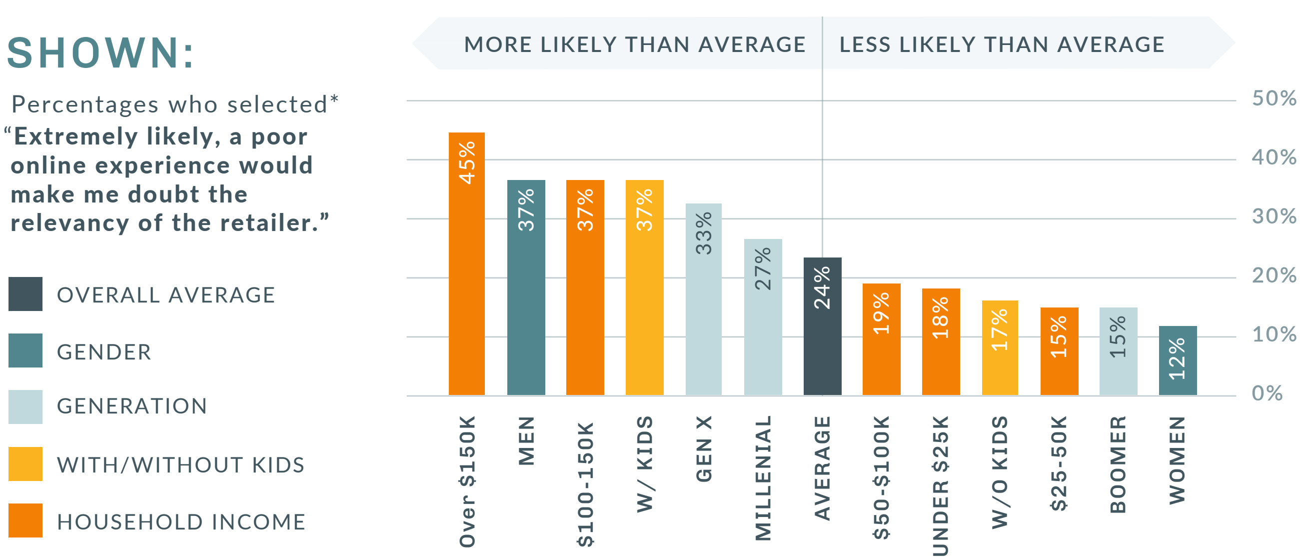
NO



I prefer to physically engage with a product prior to making most purchases

How often do you make purchases both online and in-store at the same retailer? For example, if you regularly visit a Target store, do you also make purchases at Target.com?

If you have a positive in-store experience but a negative online experience (ex. difficult to navigate website, lack of options, etc.), will it negatively affect your perception of that retailer?



* There were two other options for this question:
- "Somewhat likely, I would continue to shop in store, but would still question the relevancy of the retailer" (44%)
- "Not likely, the positive in store experience would outweigh the negative online experience" (32%)

BUY ONLINE, PICK UP IN-STORE

In the past five years, shopping online for in-store pickup has seen a significant uptick, with a leap from 40% in 2015 up to 76% in 2020.

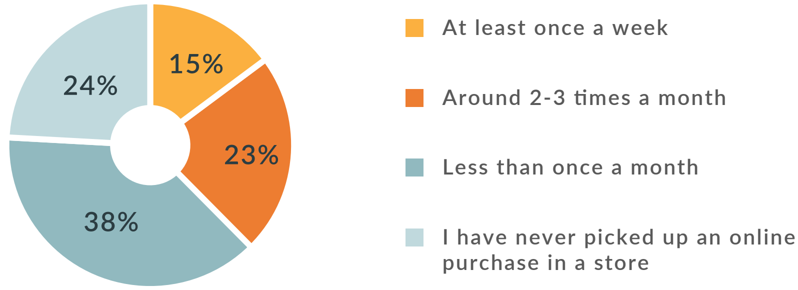
Millennials alone more than doubled their use of this option, going from 34% to 85%.

At 94%, consumers with incomes over $200k constitute the largest demographic shopping online for in-store pickup. And while Boomers and Rural consumers use this shopping method the least out of all consumers, over half of them (62% each) have picked up an online purchase in a store.

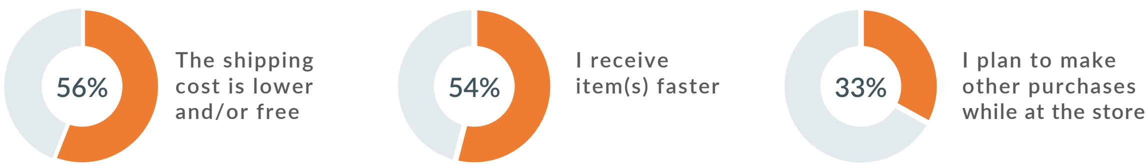
While shopping online for in-store pickup has seen substantial growth overall in the last five years, willingness to purchase electronics this way has plummeted from 80% down to 45%. That trend has reversed in the purchasing of food, going from 28% to 51%.

This year, we asked consumers what factors influence their decision to choose in-store pickup. The top two answers–faster and less expensive than shipping–varied depending on demographic and were within a couple of percentage points from each other overall. Planning to make other purchases while at the store came in at a distant third. The responses of those who selected “Other” fell into two main buckets: delivery being unavailable and the ability to physically inspect the merchandise.

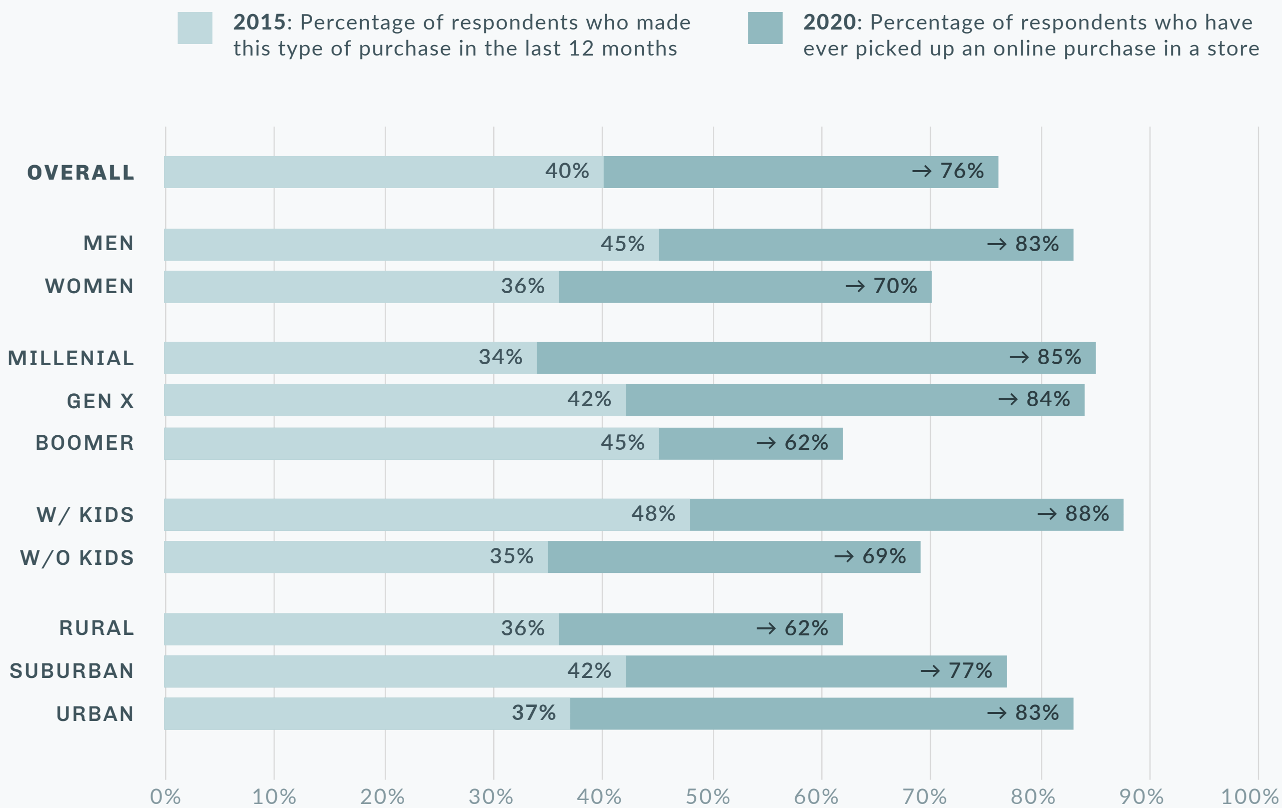
How often do you shop online and pick up your purchase in a store (rather than having it delivered)?



Factors that influenced shoppers to choose in-store pick up:



In-store pick up from 2015 to 2020:

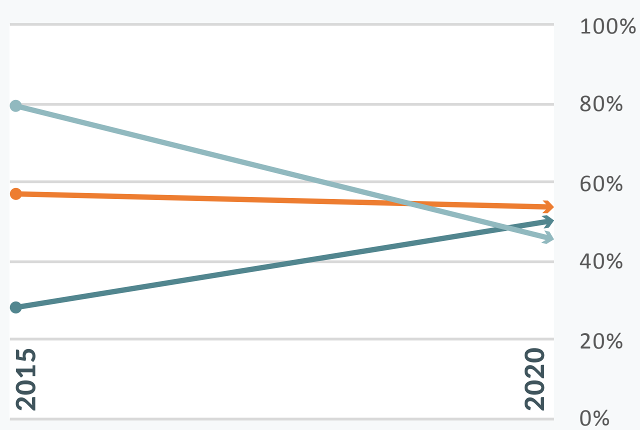


What types of items would you purchase online and pickup in-store?

	SHOES & CLOTHING	FOOD	ELECTRONICS	SPORTING GOODS	JEWELRY/ ACCESSORIES
OVERALL	54%	51%	45%	28%	23%
MEN	54%	50%	55%	44%	23%
WOMEN	54%	51%	38%	14%	22%
MILLENNIAL	55%	52%	43%	26%	23%
GEN X	59%	58%	47%	36%	32%
BOOMER	49%	44%	46%	23%	16%
W/ KIDS	62%	57%	50%	39%	26%
W/O KIDS	49%	47%	43%	21%	21%
RURAL	56%	44%	44%	17%	16%
SUBURBAN	51%	50%	42%	28%	20%
URBAN	57%	56%	52%	34%	31%
UNDER $25K	42%	57%	38%	14%	20%
$25-50K	56%	36%	41%	29%	21%
$50-100K	49%	51%	50%	19%	20%
$100-150K	66%	56%	48%	50%	28%
$150-200K	70%	57%	48%	52%	26%
OVER $200K	72%	61%	61%	39%	33%

Change in responses in the last five years:

- ELECTRONICS . . . . 80 → 45%
- CLOTHING/SHOES. . . . . 57 → 54%
- FOOD . . . . 28 → 51%



SUBSCRIPTION SERVICES

In 2015, we reported that 1 out of 5 consumers was signed up for an ongoing “subscription” retail purchasing agreement. This year that ratio has shifted significantly:

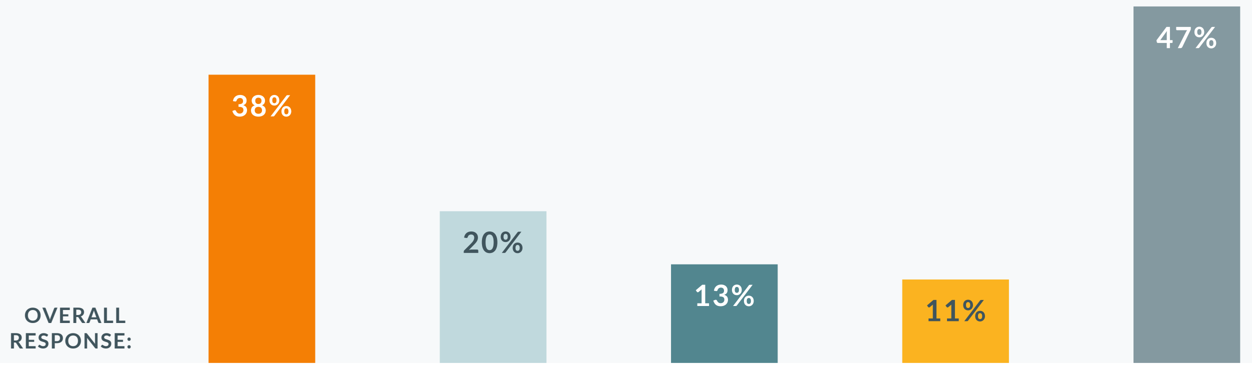
1 out of every 2 consumers is now signed up.

More than doubling since 2015, the percentage of shoppers who subscribe to at least one ongoing retail service jumped from 22% to 53%.

Shoppers with at least one kid living at home had the highest increase with a jump from 23% up to 78%.

Millennials who subscribe to a service increased by 50 percentage points (from 23% up to 73%), compared to Boomers, who had the least amount of growth of any demographic, with a scant seven percentage point increase (from 20% to 27%). That also makes Boomers the least likely to subscribe to a service overall. Consumers with an income of over $200k annually are the most likely to have a subscription, with a whopping 89%.

Which ongoing "subscription" services are you signed up for?



	PRODUCT-BASED SUBSCRIPTION DISCOUNT	CURATED ASSORTMENT PACKAGES	MEAL KITS OR SNACKS	DEDICATED PRODUCT OFFERINGS	I DON'T SUBSCRIBE TO ANY OF THESE
	(ex. Amazon "Subscribe and Save")	*(ex. Birchbox, StichFix)*	*(ex. Blue Apron, Hello Fresh)*	*(ex. Dollar Shave Club, Quip)*	
MEN	51%	26%	22%	15%	34%
WOMEN	28%	15%	6%	8%	57%
MILLENNIAL	47%	32%	19%	13%	27%
GEN X	55%	25%	20%	17%	34%
BOOMER	19%	6%	2%	6%	73%
W/ KIDS	59%	33%	26%	17%	22%
W/O KIDS	27%	13%	6%	8%	60%
RURAL	24%	20%	5%	12%	57%
SUBURBAN	37%	12%	10%	9%	52%
URBAN	50%	32%	22%	14%	32%
UNDER $25K	25%	11%	7%	5%	61%
$25-50K	34%	20%	4%	6%	50%
$50-100K	36%	17%	13%	10%	53%
$100-150K	54%	28%	20%	20%	28%
$150-200K	57%	35%	26%	26%	22%
OVER $200K	67%	39%	44%	28%	11%

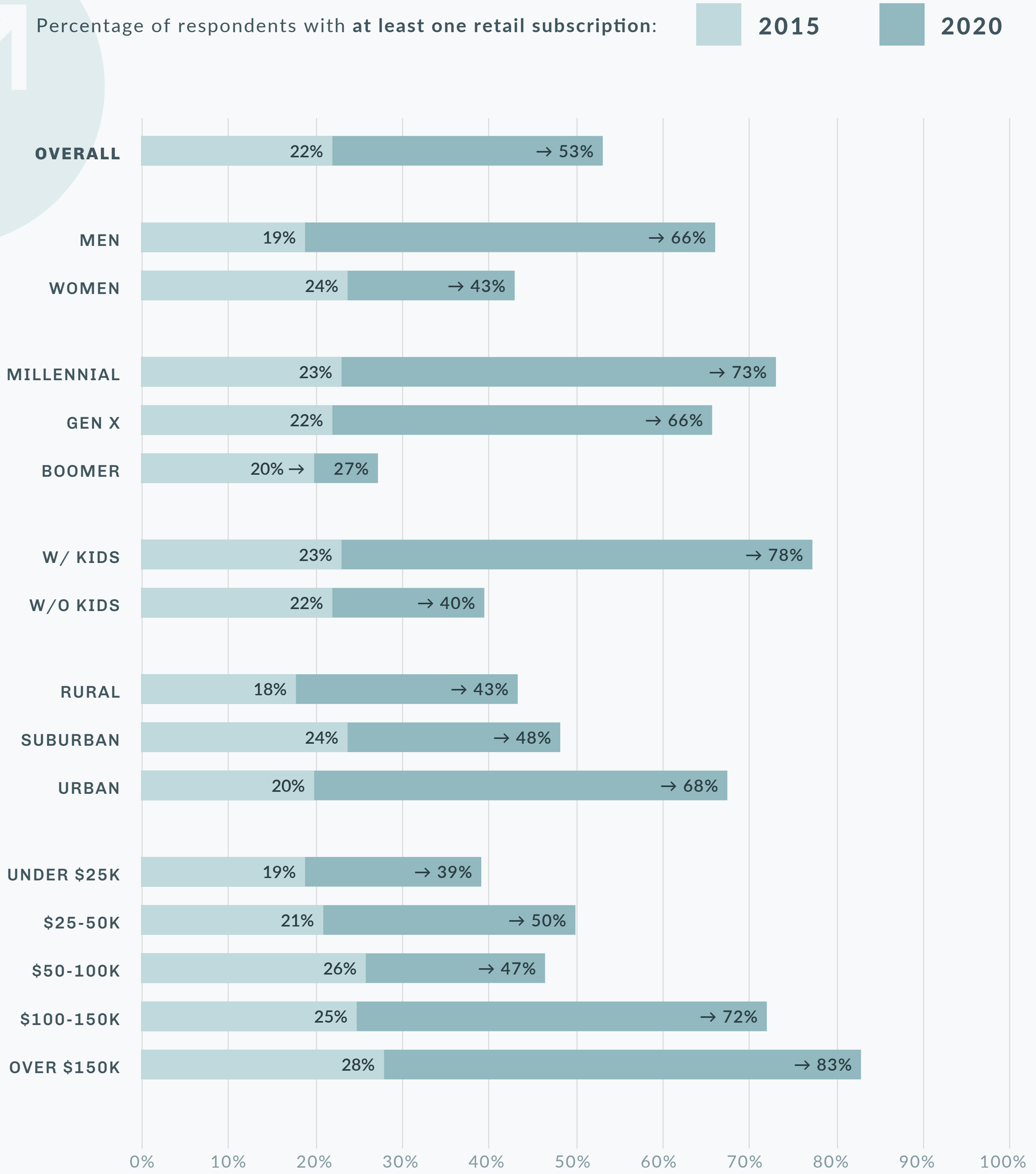
Product-based subscription discounts (such as Amazon "Subscribe and Save," Target subscriptions) hold the number 1 spot across all demographics.

The least-subscribed services are **dedicated product offerings,** except for the in the following demographics, whose least-subscribed option is **meal kits or snacks**:

- Women
- Boomers
- Consumers without kids at home
- Rural consumers
- Consumers with incomes between $25-50k

Consumers making between $100-200K put both of those services in a tie for last place.

Subscription services from 2015 to 2020



Shoppers were asked to rank what they like most about participating in retail subscription services:

All demographics rank "**I get a cost discount/savings with my subscription**" as what they like most about participating in retail subscription services.

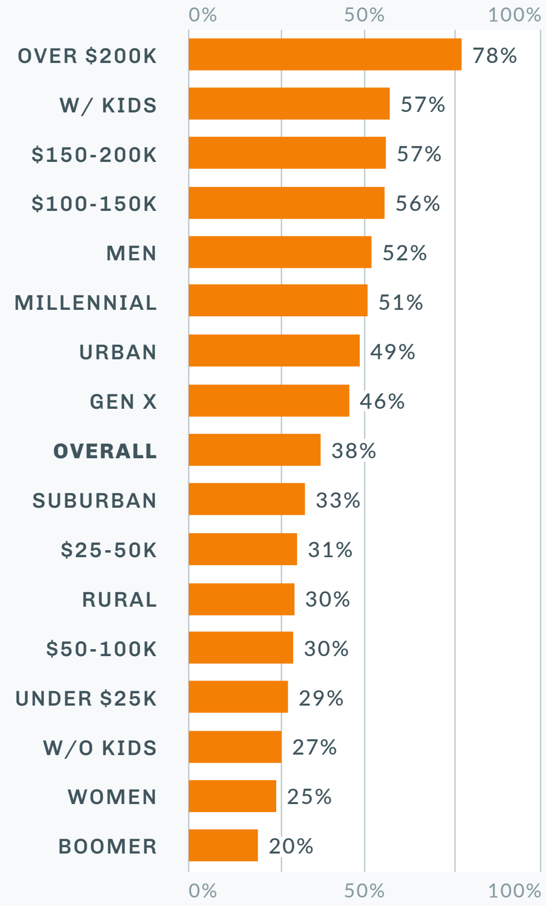
The full rankings:

1. **I GET A COST DISCOUNT/SAVINGS WITH MY SUBSCRIPTION**
2. **THE CONVENIENCE OF HOME DELIVERY**
3. **I AM INTRODUCED TO NEW PRODUCTS/RECIPES**
4. **I NEVER RUN OUT**
5. **I SAVE TIME**
6. **IT'S A DELIGHTFUL SURPRISE**

Exceptions: Boomers swap numbers 3 & 4, and consumers making between $150k-$200k swap numbers 4 & 5.

Does a subscription service replace a previously required in-store shopping trip?

For example, do you no longer purchase cosmetics in-store based on a monthly cosmetics subscription service?

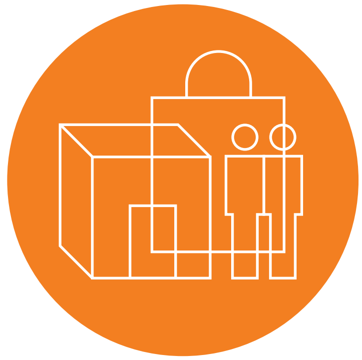


For most consumers (62%), a subscription does not replace a previously required in-store shopping trip.

The exceptions:

- Consumers making $100k or more annually
- Consumers with kids living at home
- Men
- Millennials

For those making over $200k a year, 78% said a subscription does replace a shopping trip. At the other end of the spectrum, only 20% of Boomers said yes.



SHOPPING EXPERIENCE

We asked consumers to tell us about the last time they felt delighted or otherwise impressed by a shopping experience. They were able to free-form enter the name of the store as well as the reason they were delighted.

> This resulted in over 75 different companies being listed, as well as a few unexpected responses.

For example, Amazon made the list this year, despite the question asking specifically about in-person experiences. This may be due to Amazon's venturing into brick and mortar stores or it may be because Amazon has become synonymous with the very notion of shopping these days. Further exploration of this in future surveys will be needed to gain insight into Amazon's number four spot.

This year also shows a shakeup in the Top 3 spots for the first time. Macy's dropped out of the Top 3, coming in solidly in fifth place. Kohl's joined the top two anchors, Walmart and Target, at the top of the list.

Old Navy dropped out of the top 10 list from 2015 (as did Sam's Club, Kmart, Publix, and TJ Maxx/Home Goods from 2016). Joining Amazon as new entries are Lowe’s, Kroger, Victoria's Secret, and Marshalls. The differences between companies are razor-thin this year, with a two-way tie for both 8th and 9th place and a three-way tie for the final spot, resulting in a top 10 list that has 14 companies listed.

Walmart has a clear majority at 22% while all three of the number 10 spots only have a little over 1% of the tally each.

2020's most delightful retailers

Think of the last time you were shopping IN A STORE and felt delighted or otherwise impressed by the experience.

Which store were you in?

Despite the emphasis on "IN STORE," Amazon still scored a 4th place finish with 5% of respondents typing it in.

Walmart	22%	↑
TARGET	18%	↓
KOHL'S	6%	↑
amazon	5%	NEW
macy's	4%	↓
BEST BUY	3%	NEW
LOWE'S	2.5%	NEW
COSTCO WHOLESALE	2%	NEW
THE HOME DEPOT	2%	↓
NORDSTROM	1.7%	↓
* Kroger	1.7%	NEW
JCPenney	1.3%	↓
VICTORIA'S SECRET	1.3%	NEW
MARSHALLS	1.3%	NEW

* FAMILY OF STORES

What caused the delight?

The reasons given fit into 11 categories, with **customer service/helpful staff** having a dominating influence at 35% of the responses and maintaining the number 1 spot it also had in 2015.

Unlike five years ago, when consumers selected **price** as the second reason for delight, this year sees **selection** go up a spot.

1. CUSTOMER SERVICE/ HELPFUL STAFF 35%
2. SELECTION 14%
3. PRICE 11%
4. AVAILABILITY 10%
5. CLEAN & SAFE 6%
6. SHOPPING ENVIRONMENT 6%
7. DISCOUNT 5%
8. LAYOUT 5%
9. QUALITY 3%
10. CONVENIENCE (DELIVERY/SPEED) 2%
11. INTERACTING WITH PRODUCT 2%

Next, consumers ranked how the following factors influence their in-store shopping:

	OVERALL	MEN	WOMEN	MILLENNIAL	GEN X	BOOMER	W/ KIDS	W/O KIDS	RURAL	SUBURBAN	URBAN
EASE OF FINDING ITEMS	1	1	1	2	2	1	2	1	1	1	1
HELPFUL STORE ASSOCIATES	2	2	2	1	1	3	1	2	2	2	2
VALUE/PRICE	3	5	3	5	5	2	5	3	3	3	5
QUICK CHECKOUT	4	3	4	4	4	4	4	4	4	4	3
SPECIAL EVENTS OR FUN ACTIVITIES IN THE STORE	5	4	6	3	3	6	3	5	5	5	4
DISPLAYS WITH SOLUTIONS (ex. how select a paint color, etc.)	6	6	5	6	6	5	6	6	6	6	6
ADEQUATE LIGHTING	7	7	7	7	7	8	7	7	7	7	7
AESTHETICALLY PLEASING ENVIRONMENT	8	8	8	8	8	7	8	8	8	8	8
LOCAL COMMUNITY REFERENCES (ex. décor, merchandise, etc.)	9	9	9	9	9	9	9	9	9	9	9

When presented with a list of options, the overall rankings vary from the free-form entries, with **ease of finding items** making its way to the top spot.

However, there are some changes in ranking order based on demographics. The most notable shift are the **swap between the first and second place options** for:

> Millennialss
> Gen Xers
> Consumers with kids living at home
> Consumers who make between $50k-$150k

While Boomers (and consumers who make between $150k and $200k) keep **ease of finding items** at number one, they select **value/price** as the second most important item, nudging **helpful store associates** down a notch.

2020's online impressions

Think of the last time you were shopping ONLINE and felt delighted or otherwise impressed by the experience.

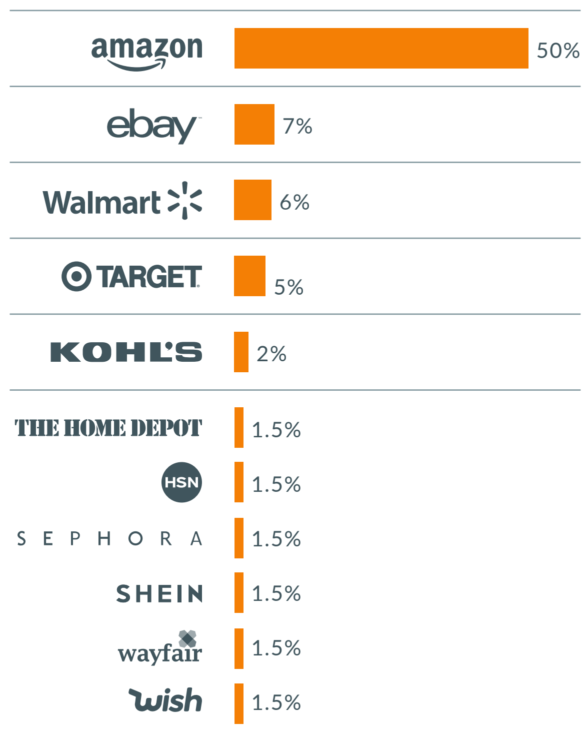
What website were you on?

Given that Amazon holds a commanding share in retail e-commerce (39% compared to the #2 spot of 5% held by Walmart[1]), it's no surprise to see it getting half of the vote for creating an impressive online shopping experience.

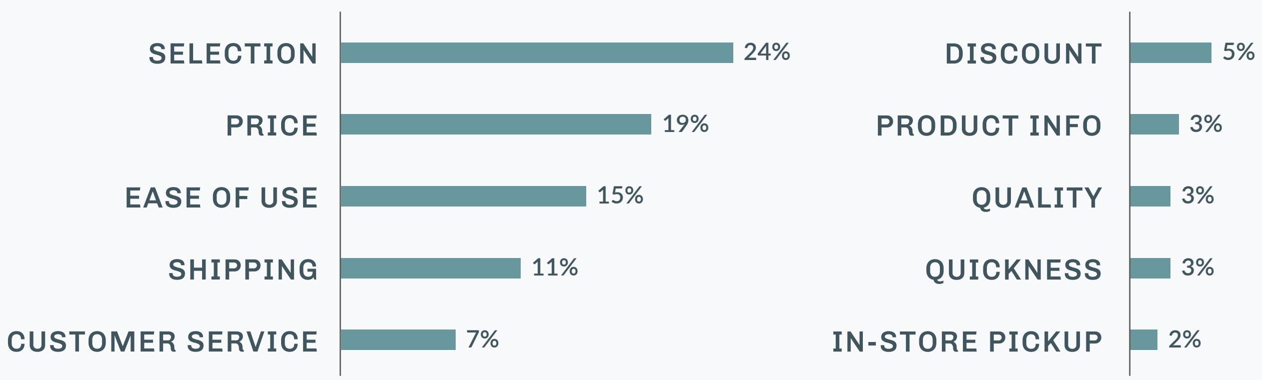
With the depth of its catalog, Amazon has no problem meeting the expectation of **product selection**, the #1 reason given for feeling delight.

By comparing the reasons given between online shopping and in-store shopping, it's clear that **customer service** is the distinguishing factor for in-person experiences while **selection** provides the pull for online shopping.

1) https://techcrunch.com/2020/02/24/target-breaks-into-the-top-10-list-of-u-s-e-commerce-retailers



The top ten reasons given:



Consumers ranked which factors most influenced their online shopping experience:

	OVERALL	MEN	WOMEN	MILLENNIAL	GEN X	BOOMER	W/ KIDS	W/O KIDS	RURAL	SUBURBAN	URBAN
EASY TO NAVIGATE/ SITE SPEED	1	1	1	1	1	1	1	1	1	1	1
VALUE/PRICE	2	3	2	4	3	1	4	2	2	2	3
HELPFUL MENUS/LINKS	3	2	3	2	2	4	2	3	3	3	2
QUICK & SECURE CHECKOUT	4	4	4	3	4	3	3	4	4	4	3
SPECIAL OFFERS (ex. free shipping, BOGO)	5	5	5	5	5	5	5	5	5	5	5
EASY ACCESS TO FAQ & HELP RESOURCES	6	6	6	6	6	6	6	6	6	6	6
SOLUTIONS TO PROBLEMS (ex. how select a paint color, etc.)	7	7	7	7	7	7	7	7	7	7	7
DESIGN & BRANDING	8	8	9	8	8	8	8	8	8	8	8
MOBILE FRIENDLY	9	9	8	9	9	9	9	9	9	9	9
LIVE CHAT WITH ASSOCIATE	10	10	10	10	10	10	10	10	10	10	10

Easy navigation/site speed was the breakaway winner for online shopping.

While there's almost unanimous consensus about the bottom six spots, the top spots after **easy to navigate/site speed** are up for grabs.

For example, the overall second-place ranking of **value/price** varies from tied for 1st place (Boomers) down to 4th place (Millennials and Consumers with kids). It also makes appearances in 3rd place (Men, Gen X, Urban).

CATEGORY BLURRING: WHERE U.S. CONSUMERS BUY THEIR...

GROCERIES

The line between conventional grocery stores and other retailers (such as big box stores, discount stores, and department stores) has shifted over the last five years. In 2015, a slight majority (62%) had purchased a grocery item somewhere other than a standard grocery store within the previous 12 months. This year, that percentage jumps up to 83% of consumers.

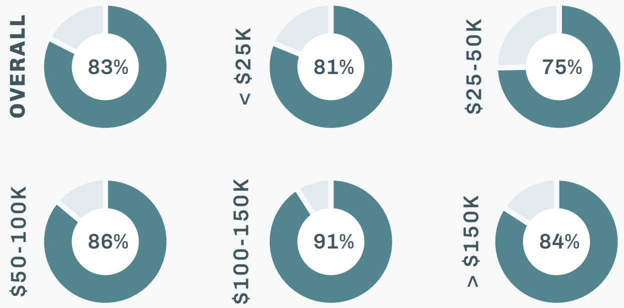
At the same time, more buyers (42% compared to 28%) have planned to purchase their entire grocery list at a non-grocery retailer, showing a strong upward trend of intentionally shopping elsewhere rather than simply grabbing an item or two as an afterthought.

Something worth noting: In 2015 the percentage of consumers making these types of purchases declined from the previous year, from 77% down to 62%. In 2016, there was a slight rebound, up to 65%. This year's increase to 83% is taking place in the larger context of the COVID-19 pandemic, which has disrupted shopping habits across the board. Even restaurants, such as Denny's and Panera, have offered grocery services. This is definitely an area to keep an eye on over the next several years to see how the trend continues.

Shoppers ranked **convenience** and **cost** as their two main reasons for buying groceries at a non-grocery store.

IN THE PAST 12 MONTHS:

Have you made a grocery purchase from a store **other than a standard grocery store**?

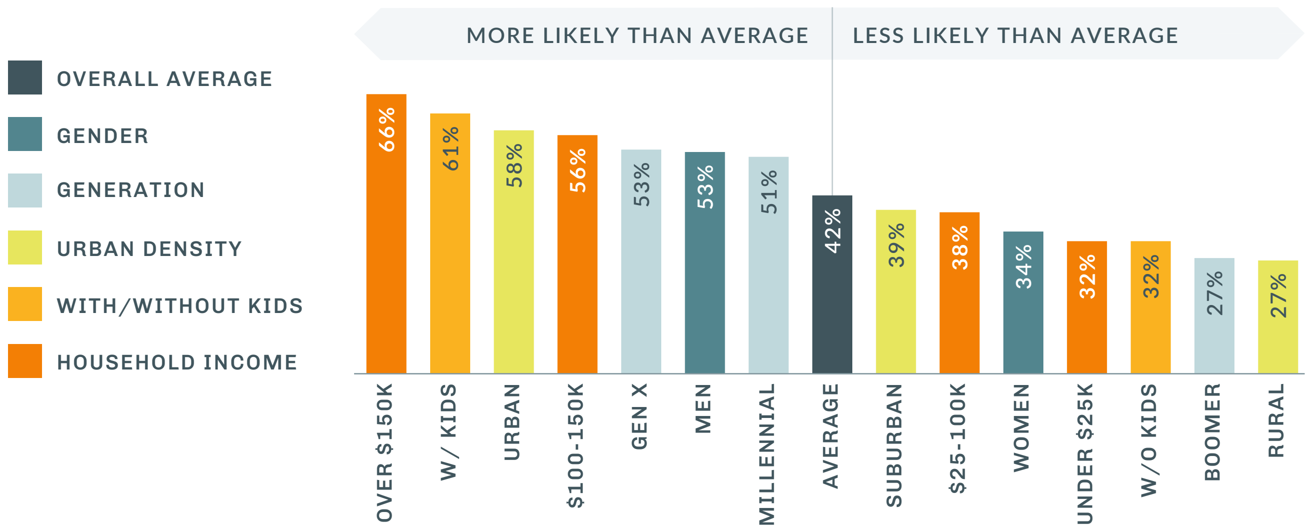


The top demographic to shop for groceries across different types of retailers are **consumers making between $100 and $150k**, with 91% of them grabbing a grocery item somewhere other than a grocery store.

The shoppers least likely to do so are **those making between $25 and $50k**. However, at 75%, that's still a solid majority of shoppers willing to forgo the grocery store to purchase food.

IN THE PAST 12 MONTHS:

How many shoppers have made a grocery list intending to fulfill **ALL purchases at a non-grocery retailer**?



While the majority of consumers (58%) **have not** made a grocery list intending to fulfill all purchases at a non-grocery retailer, the number of shoppers who **have done so** increased significantly, up to 42% from 2015's 28%.

At the high end, 78% of **those making over $200k** have intentionally bypassed a grocery store for their shopping excursion. The largest demographics not completing all their shopping at a non-grocery retailer are **Boomers** and **rural shoppers** (only 27% each).

Which groceries have we bought from non-grocery stores?

The **bread/bakery** item category is the most popular, especially with consumers in the $50 to $100k salary range (66%).

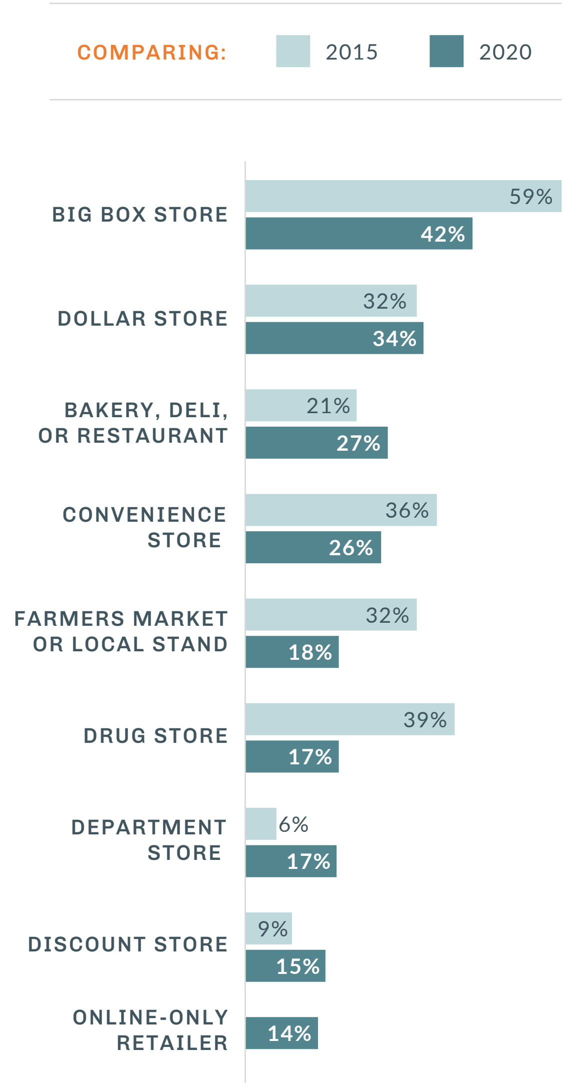
At the bottom of the list, **frozen foods** find the lowest appeal, particularly among consumers making between $150k to $200k (only 17% willing to buy those items outside of a grocery store).

Men are far more likely than women (40% to 28%) to buy **meat/seafood** from a non-grocery store retailer, as well as to buy **dairy** (52% to 38%). The **meat/seafood** category draws wide responses generationally as well, with only 25% of Boomers making that purchase compared to 41% of Millennials (and Gen Xers in the middle at 36%).

1. BREAD/BAKERY ITEM 52%
2. DAIRY 44%
3. CANNED/BOXED GOODS 41%
3. FRESH PRODUCE 41%
4. MEAT/SEAFOOD 34%
5. FROZEN FOODS 31%

TIED!

...and which stores are we buying them from?

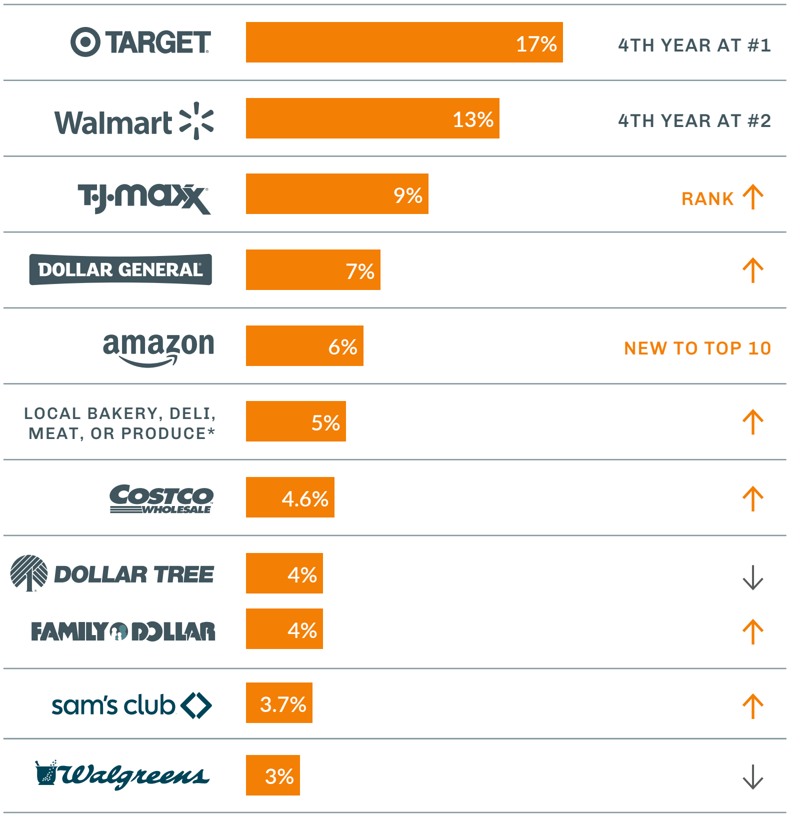


New to 2020, we added **online-only retailers** (such as Amazon) as one of the non-grocery store options. It debuts in last place (14%) but only slightly behind **discount stores** (15%).

For Gen Xers, however, the new category comes in at the sixth spot with 23% shopping online for groceries (compared to only 11% each for Millennials and Boomers).

The top three categories stay relatively consistent regardless of demographics. The main exceptions are urban consumers and people making under $25k a year both slightly preferring **dollar stores** over **big box stores.**

Next, we invited shoppers to type in their favorite places (that aren't grocery stores) to buy groceries:



While **Target** and **Walmart** hold on to the #1 and #2 spots (and command 30% of the total responses between the two of them), the rest of the list has all shifted.

New to the top 10 are **TJMaxx & Home Goods** (up to #3 from #12), **Family Dollar** (up from #16 to a three-way tie for #8), and **Sam's Club** (up to #9 from #18).

Dropping off of the top 10 are **Farmers Markets** (down to #11 from #4), **CVS** (down to #12 from #5), and **Rite Aid** (down to #15 from #10).

Shoppers were asked to rank their decision-making factors for choosing where to buy groceries (**including grocery stores**):

1. COST
2. CONVENIENCE
3. OTHER GOODS/SERVICES AT STORE
4. QUALITY
5. SELECTION
5. LOCATION
6. ENVIRONMENT/EXPERIENCE

For comparison, here are the five choices from 2015 and how they ranked:

1 - **Cost**
2 - **Convenience**
3 - **Quality**
4 - **Selection**
5 - **Other goods/services at store**

Viewing the 2020 results by demographic, several groups still rank **quality** over **access to a store's other goods/services**: women, households without kids, suburban dwellers, and Boomers.

CATEGORY BLURRING: WHERE U.S. CONSUMERS BUY THEIR...

PREPARED MEALS

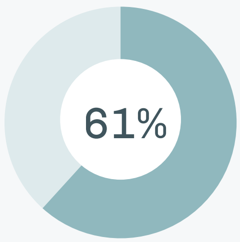
While the selection of retailers offering ready-to-eat meals has expanded, the percentage of consumers who have purchased a prepared meal from a non-restaurant option has held steady, coming in at 61% again this year.

It's difficult to know if consumer demand for prepared meals at non-restaurant locations simply hasn't increased overall or if the shift of restaurants to focus on takeout and delivery due to COVID-19 is meeting the need for grab and go and other ready-to-eat meals.

What the survey does show is that the top decision-making factor has shifted away from the quality of the prepared meal, and more towards cost and convenience.

IN THE PAST 12 MONTHS:

How many shoppers have purchased prepared meals from a store **other than a restaurant?**

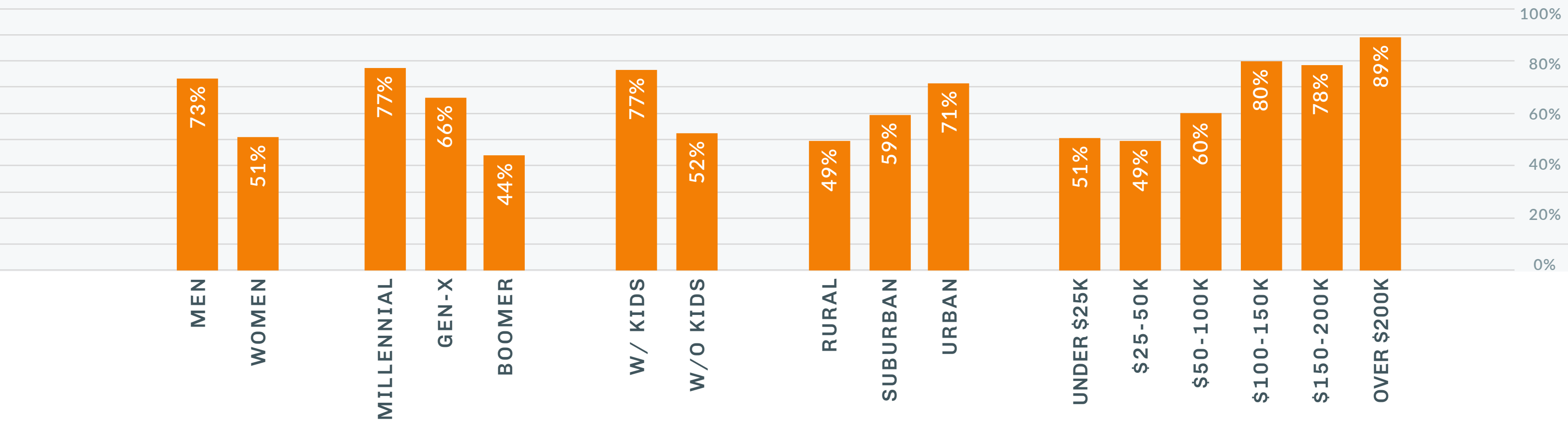


OVERALL

Men purchase prepared meals from non-restaurants at a higher rate than **women**, with 73% doing so compared to 51% of women.

Generationally, a familiar pattern emerges as **Millennials** blur shopping behaviors at a higher rate (77%) than **Boomers** (44%), while **Gen Xers** are sandwiched in between (66%).

The largest percentage of consumers making this type of purchase, however, are those with an **annual income greater than $200k**, with a whopping 89% having done so within the past year.

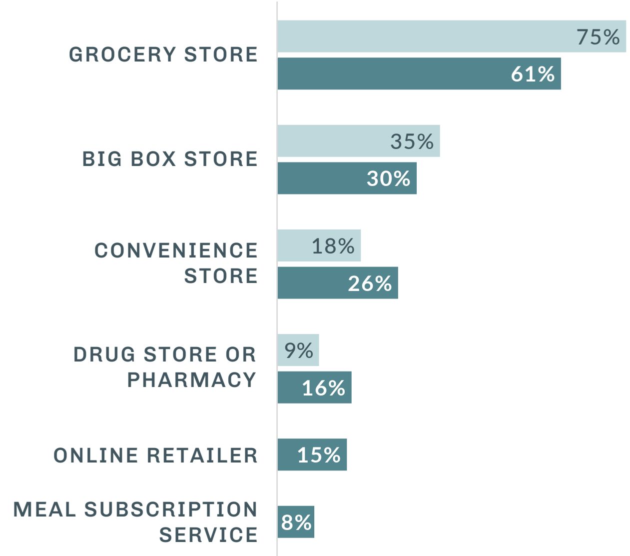


...and from which non-restaurant stores?

COMPARING: 2015 2020

This year, we added **online retailer** (such as Amazon) and **meal subscription service** (such as Blue Apron) to the list of options. While they bring up the last two spots based on percentages, **online retailers** (15%) is nipping at the heels of **drug store/pharmacy** (16%).

The order of options has not changed this year, despite a shift in percentage distribution. While **grocery** saw the largest loss (down to 61% from 75%), it still holds the number one spot.



Shoppers nominated their favorite places to buy fresh-prepared meals (that aren't restaurants):

Walmart	18%	SAME RANK AS 2015
Target	11%	SAME RANK AS 2015
* Kroger	5%	SAME RANK AS 2015
7-Eleven	3.6%	RANK ↑
amazon	3.6%	NEW TO TOP 10
GIANT EAGLE	3%	↑
* Albertsons SAFEWAY	2.7%	↓
sam's club	2.7%	↑
Blue Apron	2%	NEW TO TOP 10
FOOD LION	2%	↑
WHOLE FOODS	2%	↓

* FAMILY OF STORES

A representative from both of our new categories debuted in the top 10 this year: **Amazon** (tied for #4) and **Blue Apron** (tied for the final spot).

Falling off the top 10 list: **Costco**, **Trader Joe's**, & **Publix**.

Shoppers ranked their decision-making factors in choosing where to buy prepared meals (**including restaurants**):

1. CONVENIENCE
2. COST
3. OTHER GOODS/SERVICES AT STORE
4. MENU SELECTION
5. QUALITY OF MEAL
6. LOCATION
7. ENVIRONMENT/EXPERIENCE

2015 shoppers were given four options, and ranked them:

1 - **Quality**
2 - **Cost**
3 - **Convenience**
4 - **Selection**

This year, **quality** sees a noticeable drop in importance.

2020 shoppers are most inspired to buy prepared meals when they're **convenient** & **not too expensive**.

CATEGORY BLURRING: WHERE U.S. CONSUMERS BUY THEIR...

APPAREL

We first added questions about apparel in our 2016 survey, so 2020's comparisons go back four years instead of five. In 2016, slightly under half of consumers (49%) had made an apparel purchase from a store other than an apparel-specific retailer.

This year, 62% of consumers have made such a purchase at least once over the past 12 months. In fact, at least 50% from each demographic reported doing so, with the lowest being Boomers at 51%. The largest majority was consumers with incomes over $200k, at 83%.

What influenced shoppers' choice of clothing store? Convenience leapt up from the #4 spot to share the limelight with cost at the top of the list.

Zooming out, 2020 shoppers ranked influence factors similarly across all three category-blurring topics: Grocery, Prepared Meals, and Apparel. Notably, cost & convenience sat at the top of all three lists.

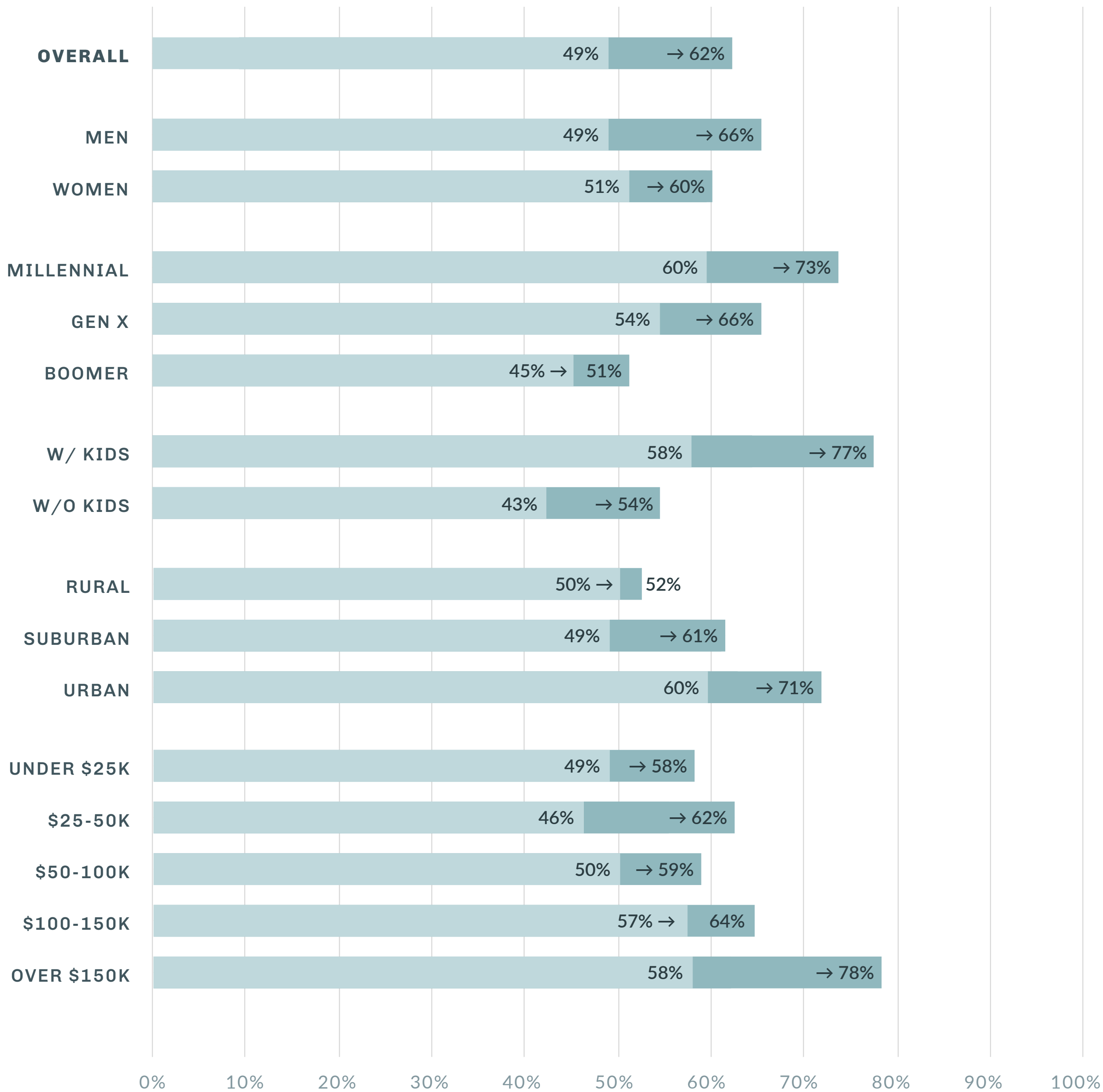
This year we added location as an influence factor for all three topics. Shoppers ranked it at the bottom of their list across the board, along with environment/ experience.

IN THE PAST 12 MONTHS:

Have you made an apparel purchase from a store **other than an apparel-focused retailer?**

Provided with examples such as **clothing**, **shoes**, and **fashion accessories**, 62% of 2020 shoppers reported making this type of purchase in the past 12 months.

The largest demographic jump from 2016* was **shoppers making over $150K**: they increased 20 percentage points (from 58% to 78%).

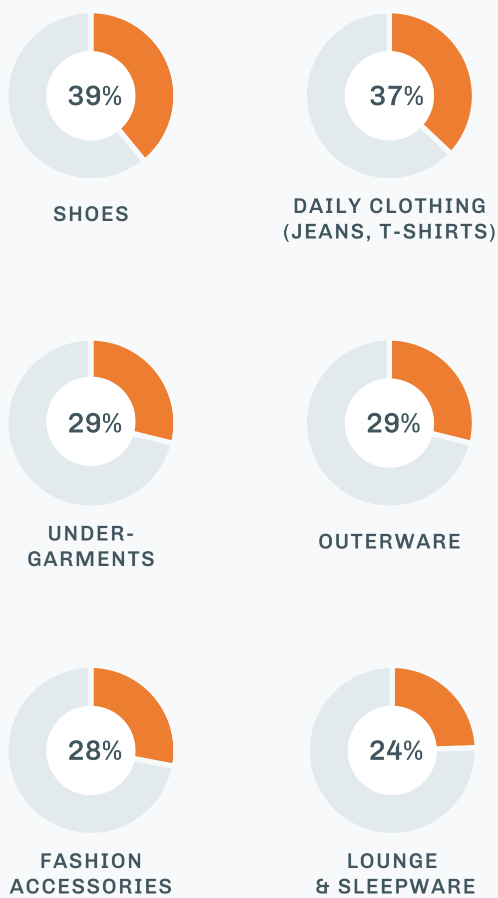


*KRS first collected data on this shopping trend in 2016.

Which apparel have we bought from non-apparel focused stores?

While overall the highest percentage of purchases goes to **shoes** (39%), **undergarments** garner the highest percentage response with 72% of consumers with incomes over $200k buying them from a non-clothier.

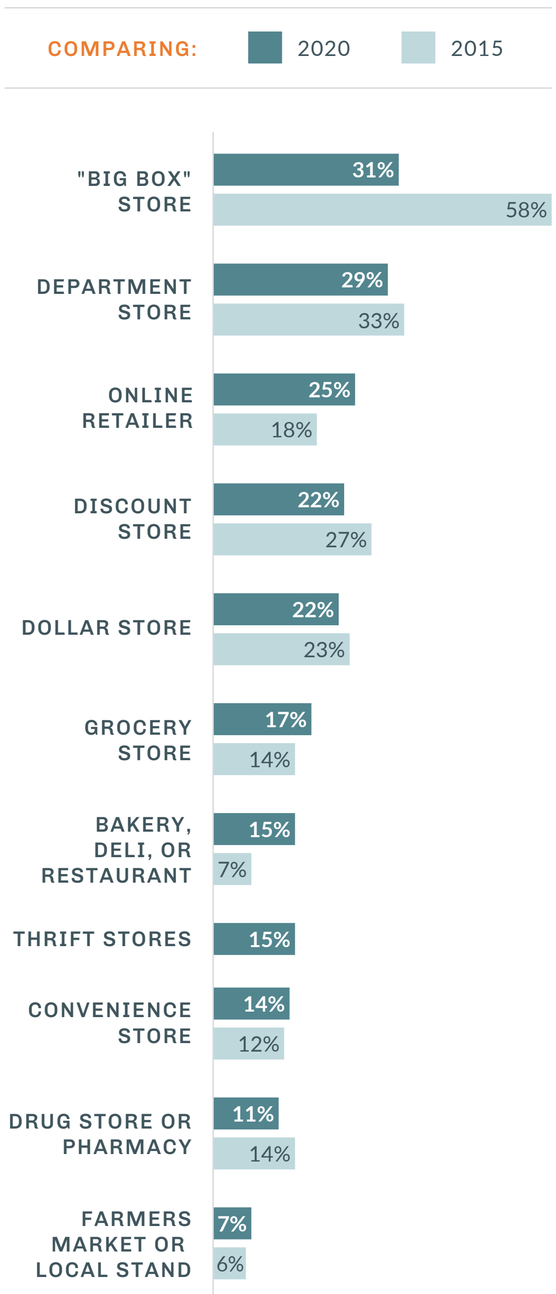
The lowest response came from Boomers, with only 13% of them having bought **lounge and sleepwear**.



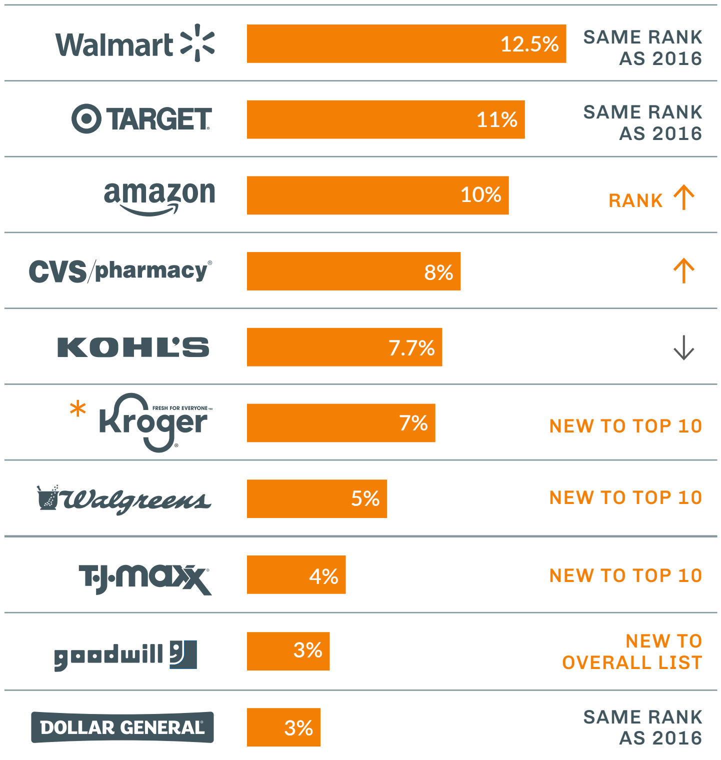
...and which stores are we buying it from?

While **big box stores** saw a huge reduction in the percentage of shoppers (cut almost in half, down to 31% from 58%), they still retain the number one spot.

This year we added **thrift stores** as an option and they enter the survey with 15% of consumers choosing them as a non-clothier option.



Shoppers wrote in their favorite places (that aren't primarily apparel stores) to buy clothes, shoes, & accessories:



* FAMILY OF STORES

The top 10 list sees a major shakeup with four retailers dropping off the list: **Kmart**, **Costco**, **Ross**, and **Sam's Club**.

They are replaced by three making their way up the ranks from 2016 (**Kroger**, **Walgreens**, **TJ Maxx**) and one newcomer, **Goodwill**, entering at the #9 spot.

Shoppers were asked to rank their factors in choosing where to buy apparel (**including apparel stores**):

1. COST
2. CONVENIENCE
3. OTHER GOODS/SERVICES AT STORE
4. SELECTION
5. QUALITY
6. LOCATION
7. ENVIRONMENT/EXPERIENCE

Again comparing to 2016, here are the previous six choices and how they ranked:

1 - Cost
2 - Quality
3 - Selection
4 - Convenience
5 - Environment/experience
6 - Other goods/services at store

Like the previous two topics (Grocery & Prepared Meals), **cost** and **convenience** are the top two driving factors in store choice for 2020.

THE RESULTS ARE IN!

2020

Overarching Retailer Report

- IN-STORE EXPERIENCE
- ONLINE EXPERIENCE
- GROCERY
- PREPARED MEALS
- APPAREL

2020

Overarching retailer report

This at-a-glance overview ranks the top retail brands (as nominated by U.S. shoppers) in five of this year's survey topics, showing some that have presence in several (or all!) categories. Darker colors represent a higher category ranking.

	IN-STORE EXPERIENCE	ONLINE EXPERIENCE	GROCERY*	PREPARED MEALS*	APPAREL*
7-ELEVEN				4 (tie)	
ALBERTSON'S-SAFEWAY (fam. of stores)				7 (tie)	
AMAZON	4	1	5	4 (tie)	3
BEST BUY	6				
BLUE APRON				9 (tie)	
COSTCO	8 (tie)		7		
CVS					4
DOLLAR GENERAL			4		10
DOLLAR TREE			8 (tie)		
EBAY		2			
FAMILY DOLLAR			8 (tie)		
FOOD LION				9 (tie)	
GIANT EAGLE				6	
GOODWILL					9
HSN		6 (tie)			
JC PENNEY	12 (tie)				
KOHL'S	3	5			5
KROGER (fam. of stores)	10 (tie)			3	6
LOCAL BAKERY, DELI, MEAT, OR PRODUCE			6		
LOWE'S	7				
MACY'S	5				
MARSHALLS	12 (tie)				
NORDSTROM	10 (tie)				
SAM'S CLUB			10	7 (tie)	
SEPHORA		6 (tie)			
SHEIN		6 (tie)			
TARGET	2	4	1	2	2
THE HOME DEPOT	8 (tie)	6 (tie)			
TJ MAXX			3		8
VICTORIA'S SECRET	12 (tie)				
WALGREENS			11		7
WALMART	1	3	2	1	1
WAYFAIR		6 (tie)			
WHOLE FOODS				9 (tie)	
WISH		6 (tie)			

* **"Category-blurring" topics:** shoppers were asked which stores they buy these goods from, *other than stores that specialize in those goods.* i.e. In the past 12 months, which non-grocery stores have you bought groceries from?

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