

WHITE PAPER

Understanding Consumer Behavior in Retail:

Factors Driving Preference, Social and Political Issues,
and Shopping Channel Expectations



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The strength of every business comes down to the decisions it makes. But sometimes those decisions rely on outdated data or, even worse, no data at all. To avoid this situation, businesses may be eager to implement market research solutions. The problem with these solutions is they're daunting, and usually come with a considerable commitment of time and money.

That's especially difficult when consumer sentiment shifts rapidly, as it has since 2020. Technology and trends are changing how consumers feel about retail brands. The pandemic forced rapid adaptation of contactless buying solutions while stirring up supply chain issues and economic turmoil. The result? Consumers are weighing their decisions at home, becoming more conscious about where and how they spend their money.

If retail companies can find a way to get the data they need to identify what today's consumers are thinking, a potential shift in consumer sentiment can work to their advantage. Welspun is a Fuel Cycle client and conglomerate with diverse businesses in line pipes, textiles, infrastructure, and steel. Their home textile division partnered with Fuel Cycle to gather important information for their clients who are retailers. The study consisted of 1,005 retail consumers between February 22nd and March 15th , 2023. This White Paper will dive in to the key takeaways from the survey data and address consumer shopping trends that might impact your business.



Consumer Trends Re-shaping Your Brand's Positioning

What do consumers want?

Asking what consumers want is the wrong question. The truth is, a concept like what consumers want is ever-changing. Your current data only gives you a snapshot of what consumers want at that moment in time. But if you identify enough trends over time, you can place those snapshots together into a cohesive narrative of your customers' needs.

Today's consumers want a few things simultaneously. As we'll explore in the following data points, consumers love a good, frictionless shopping experience. If they can place an order and the product instantly appears in their hands, all the better. Depending on what consumers are shopping for (groceries and clothes, for example), they're happy to visit the store. But as Gen Z's purchasing power continues to grow, consumers will also be looking for speedy and efficient delivery to their doorstep.

Fuel Cycle and Welspun identified consumer trends—sometimes surprising, sometimes expected—that can hint at where your brand's best opportunities may be. Let's take a closer look.



Consumer Trends in Shopping Channels

01 Shopping In-Store is Still Alive

Consumers are still happy to show up in-store—particularly for groceries and clothing items. 37% of respondents said they shop in-store 2-5 times per week.

Additionally, when talking about individual retailers, customers tended to paint a more positive picture of the in-person shopping experience than their online experience. For example, Target saw a 67% approval for its in-store experience compared to 63% approval for online shopping.

Shopping Channels Used Per Retailer

Retailer	Shop in-store	Shop online and have it shipped to your home	Shop online and pick up in-stores
Target	84%	42%	37%
Walmart	86%	40%	44%
Costco Wholesale	91%	30%	24%
BJ's Wholesale*	75%	20%	51%
Home Depot	84%	34%	36%
Lowe's	86%	21%	31%
TJX	92%	16%	14%
Macy's	69%	52%	31%
Kohl's	79%	41%	31%
Burlington	86%	16%	13%
Kroger	87%	19%	34%
Meijer*	80%	23%	18%
Big Lots	86%	15%	16%

□ Indicates retailer is a top 3 performer in that shopping channel

Base: Target (n=255), Walmart (n=252), Costco (n=249), BJ's (n=79), Home Depot (n=250), Lowe's (n=248), TJX (n=249), Macy's (n=233), Kohl's (n=240), Burlington (n=142), Kroger (n=223), Meijer (n=65), Big Lots (n=183).

Q. In which way(s) have you shopped at [RETAILER] in the past 6 months? Please select all that apply. [EXCLUDES AMAZON AND WAYFAIR]

Asterisk (*) indicates base is under 100n

The data from the survey broke down the shopping channel preferences for specific retail companies to identify whether the preferences were driven by brand preferences. (Note: Since Amazon and Wayfair only offer online shopping, they weren't included in this data). Given the choice, many customers still preferred the in-person experience.

However, this doesn't mean consumer love for online shopping has abated. About 70% of consumers shop in-store anywhere from 1 to 5 times per week. But zoom out from once a week to once every month, and online shopping becomes the most frequently-preferred channel. This speaks to the ubiquity of online shopping. It also hints at the possibility that while shopping in-store is still alive, the online experience is a determining factor for many customers when they make their buying decisions.



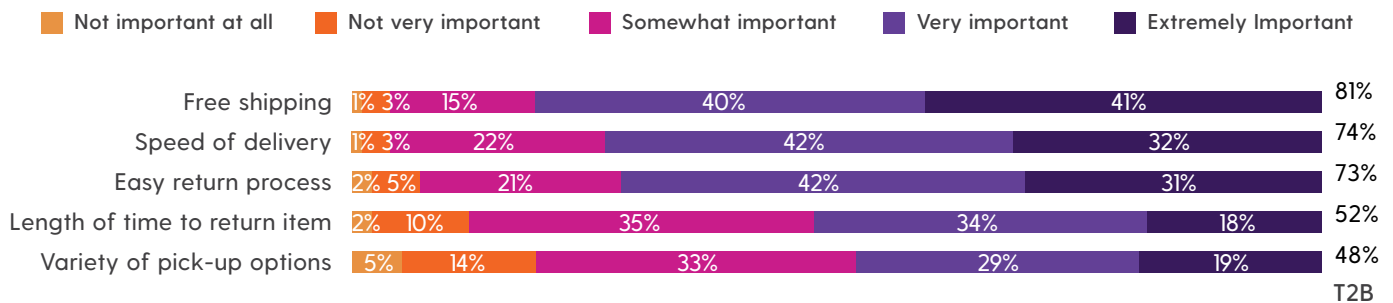
Consumer Preferences in Online Shopping

None of the above is meant to suggest consumers always prefer in-person shopping. The data suggests that consumers have strong opinions about the online shopping experience. Online shopping preferences are unique, suggesting that your investments in speed and convenience will pay dividends with retail customers.

One of the most relevant findings is that 8 out of 10 shoppers find free shipping to be the most important feature of online shopping, followed by speed of delivery and an easy return process. In short, online shoppers go online when they want convenience—and they're most pleased when that's exactly what the experience brings.

Of those who ranked these important, they also stressed just how important it was: “very important” was a common answer, at about 40% for free shipping and speed of delivery. At home, customers can sit back, do the research, and run the numbers—oftentimes across multiple brands and retail outlets. A simple change like free shipping can be the make-or-break difference in their buying decision.

Importance of Online Shopping Aspects



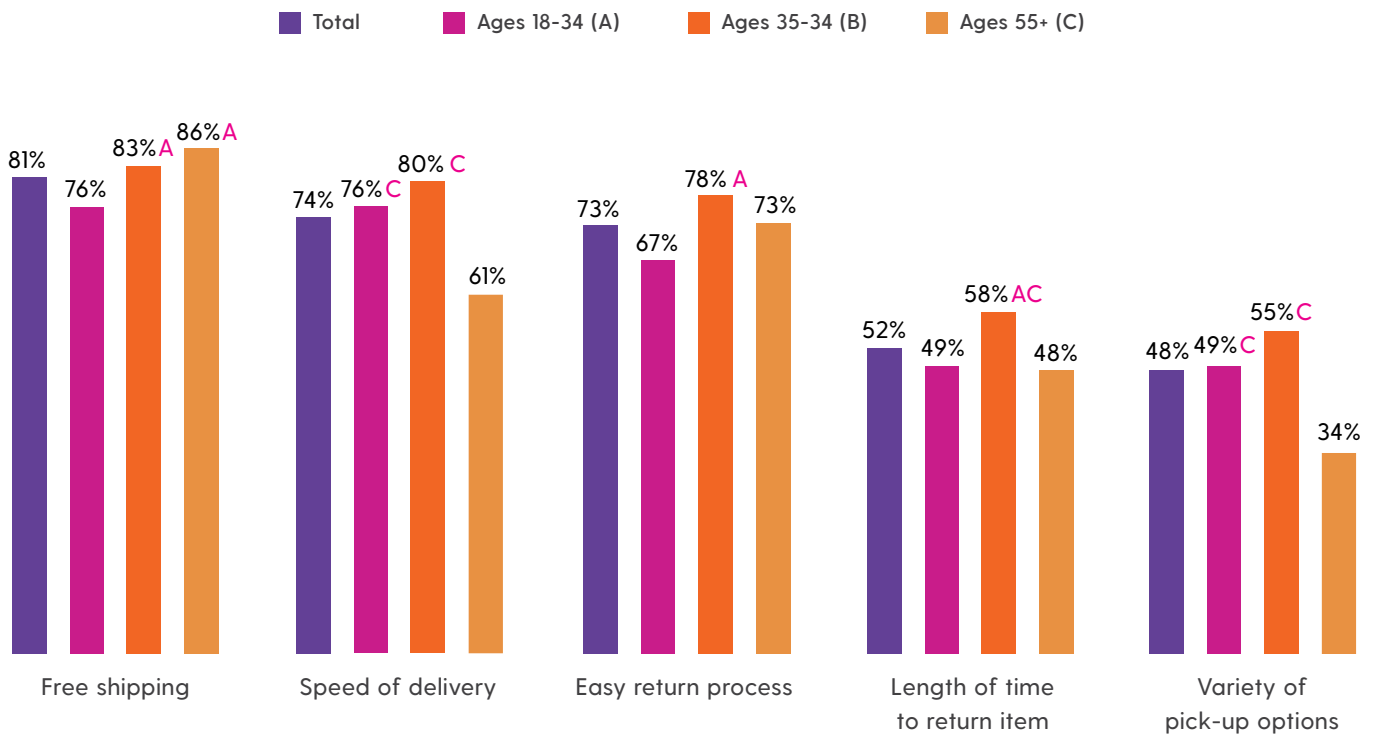
Base: Total N = 981
Q. Please rate the importance of these aspects of online shopping

Surprisingly, a lack of pickup options didn't matter quite as much to customers in these ratings. Customers rated “variety of pickup options” as “not very important” at a rate of 14%, far more than the 5% for rating the “early return process” answer. Additionally, customers weren't quite as concerned about how long it took to return items.

Of course, not all consumer trends are uniform across all age groups. For example, the data showed that free shipping is more likely a priority for middle-aged and older consumers. 86% of people aged 55 and above ranked free shipping as important, while only 76% of those aged 18-34 ranked the same. Meanwhile, younger consumers were more likely to prefer conveniences like the speed of delivery.

Interestingly, the oldest group (55+) had the largest extremes: they placed free shipping at the highest overall importance, but only 34% of people aged 55+ ranked “variety of pick-up options” as important, by far the lowest of the entire list. This suggests if you have an older market segment to target for your online retail sales, your primary focus should be creating free shipping options, but not expanding pickup options with online orders.

Importance of Online Shopping Aspects (Top 2 Box) by Age Group



Base: Total N = 981, Ages 18-34 N=350, Ages 35-54 N= 398, Ages 55+ N=233
 Q. Please rate the importance of these aspects of online shopping.
 Letter represents statistical significance with the group at 95% confidence

03

Why Some Retailers are Preferred

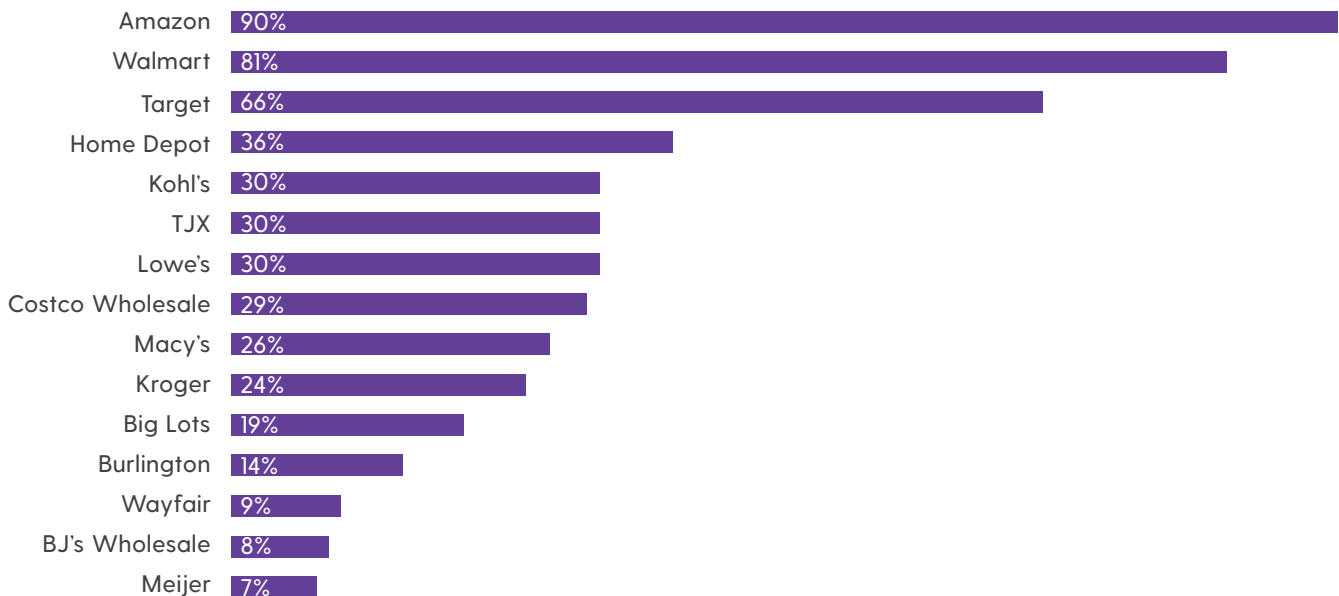
When looking at favorite retailers, the data identifies a clear winner: Amazon won, at a rate of 9/10. Walmart and Target weren't far behind. Considering these are some of the favorites among retail consumers, these findings weren't a big surprise.

But there's also an opportunity for improvement in the world of retail: almost all of the retail brands scored relatively low in customer service. Respondents rated Costco the highest in customer service, as well as one of the favorite overall retailers. A high correlation between customer service and brand perception is key. It means that winning a reputation for great customer service reflects well on your whole company.

The study also looked at retail ratings broken down demographically and found there were some strong preferences. For example, African-Americans preferred Walmart, as did the South as a whole. Meanwhile, northeast and Midwest consumers weren't as high on Walmart. Those regions expressed some fondness for Wayfair and Kohl's over other groups.

What drove customers to rate these retailers as their favorites? Individual reasons were all over the map. "Low everyday prices and convenient location" was one for Walmart, while "Target [has] such a variety of products to choose from and always something new" came in for Target.

Favorite Retailers



Base: Total N = 1005
Q. Please carefully look through this list of retailers. Select your top 5 favorite retailers.

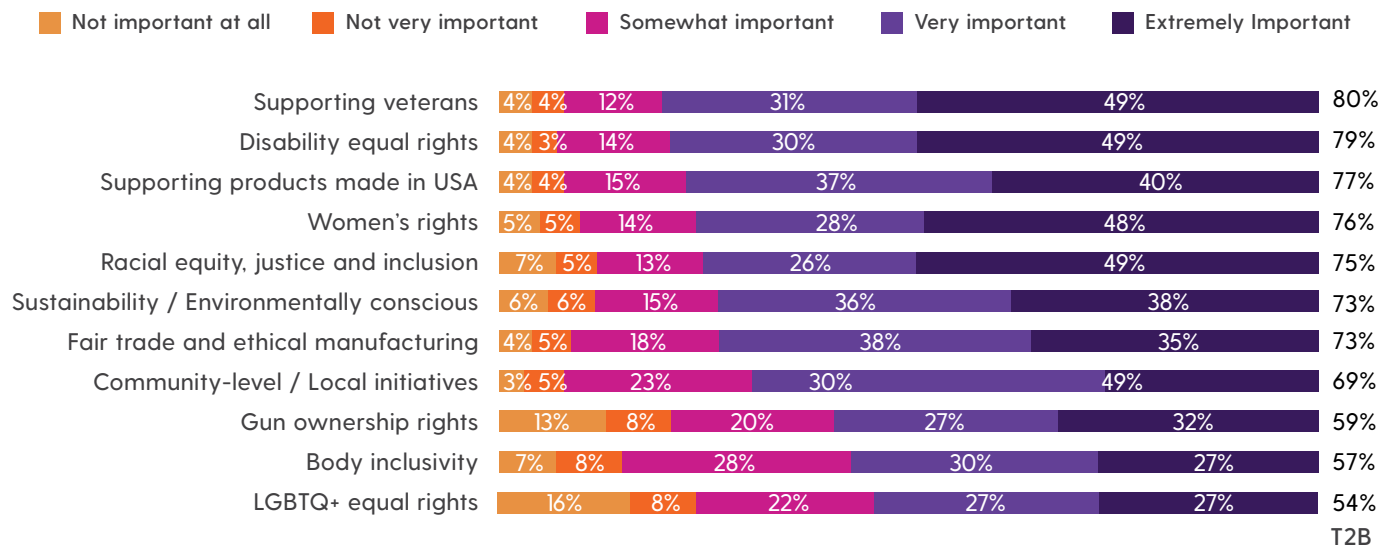
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Retailers Addressing Social and Political Issues

The survey questions didn't only focus on retailers and the shopping experience. They also probed deeper into consumer values to learn what issues were the most important to people. Here were the top five results, along with some of the age groups that stood out:

- Supporting USA products (typically important to older/middle-aged consumers)
- Women's rights (important to younger consumers)
- Disability equal rights
- Racial equality and justice
- Supporting veterans (more important to older customers)

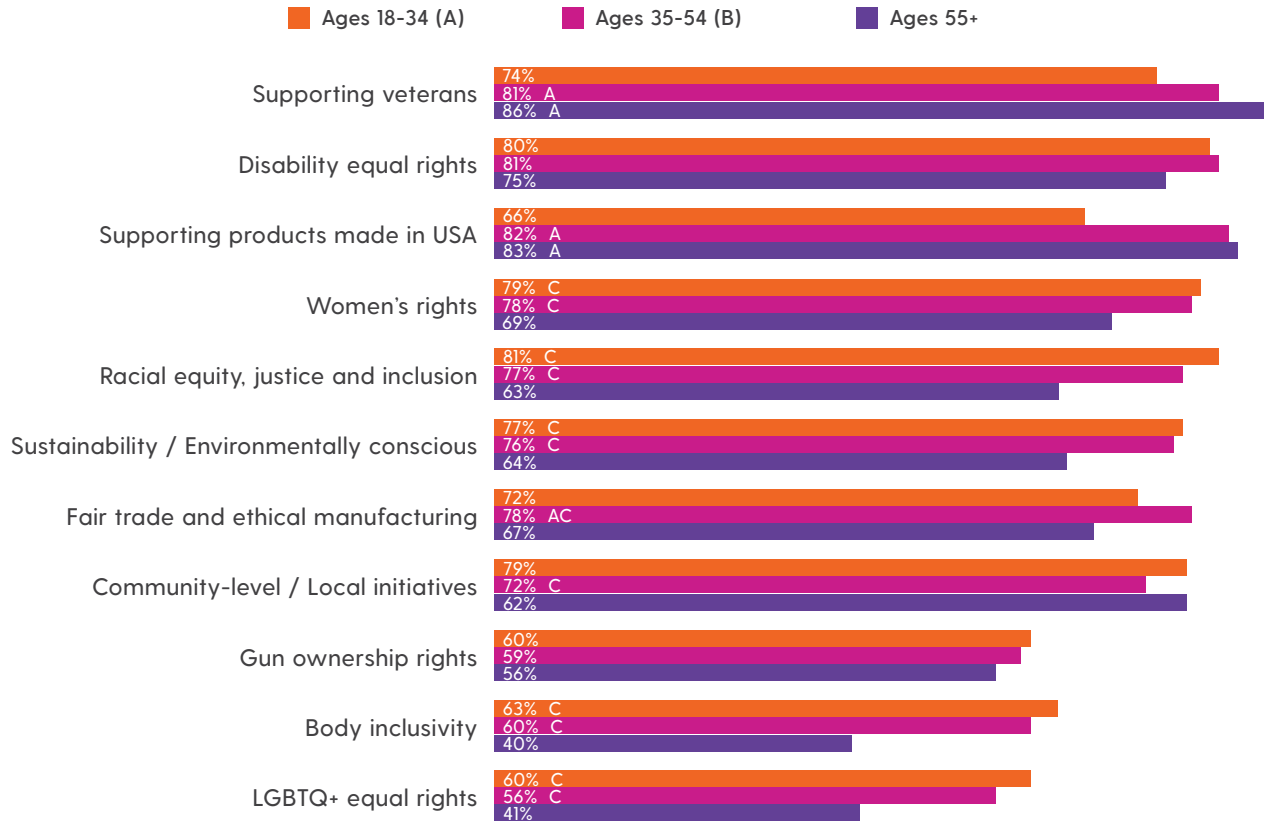
Importance of Political and Social Initiatives



Base: Total N = 1005
Q. How important are each of these initiatives to you?

Surprisingly, hot-button issues like gun ownership and LGBTQ+ equal rights received lower ratings than the ones listed above. That isn't to say customers ignored them—gun ownership rights, for example, had a 32% “very important” rating. But on the scale, it was dwarfed by issues like disability equal rights (49% “very important”) and supporting veterans (49% “very important”).

Importance of Political and Social Initiatives (Top 2 Box) By Age Groups



Age played a role here, too, but it wasn't the single driving factor behind which issues mattered the most to customers. For example, supporting veterans scored the highest with ages 55+, but was still rated important by at least 76% of people ages 18-34. The more polarizing issues scored the lowest, such as body inclusivity (40% for ages 55+ vs. 63% for 18-34) and LGBTQ+ rights (41% vs. 60%).

Most consumers did not have very strong or polarized views about what a retailer's social initiatives should be. For example, "community initiatives" scored relatively low thanks to 23% "neither unimportant nor important" responses and 43% "somewhat important" responses.

Another reason polarizing social issues didn't seem to move the needle: not everybody changed their shopping behaviors based on their political preferences. Both middle and high-income earners were likely to change their buying preferences based on these issues. But lower-income respondents had other priorities in mind, like product value.

Overall, younger consumers wanted retailers to support initiatives they care about. In fact, they may also be willing to boycott retailers who don't support the issues they care about. This led to a trend of younger and middle-aged consumers being more likely to boycott specific brands based on their social beliefs.

Watching the Consumer Trends

If you have strong data, you can identify consumer trends and opportunities for smaller brands to break in and compete with the larger brands.

Fuel Cycle and Welspun's survey of over 1,000 retail shoppers found that consumers shop retailers most frequently in-store, even though they have all sorts of channels like buy-online, pickup-in-store or online shopping outright. Consumers love the in-store experience, especially in the years after COVID, and typically prefer it when retailers offer both online and in-store shopping. However, the online experience pleases customers most when free shipping and fast, prompt delivery are available.

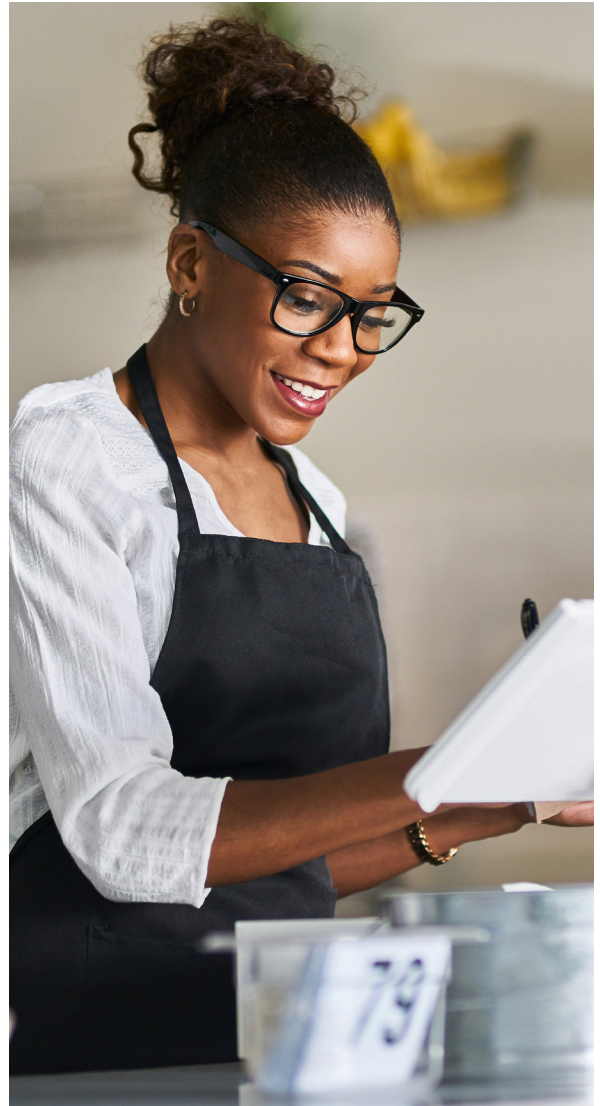
Consumers also prefer retailers with value—especially if you have a large selection to choose from. Amazon's options and conveniences make it the most favored retailer in the country, as well as a preferred retailer across multiple demographics. It often ranks highest in the online experience, product selection, convenience, consistency, and value. However, there is one place today's brands can always compete: customer service. Top retailers' customer service options weren't favored nearly across the board.

Social and political initiatives most important to consumers include supporting veterans, disability equal rights, shopping USA-based manufacturing, women's rights, and racial equality. But consumers don't always dictate their shopping habits based on these initiatives.



How Fuel Cycle Can Help

If you feel like you're just catching up to the data, or that you need to identify trends like buying USA-made products, still enjoying the in-person shopping experience, and placing their online shopping priorities in shipping and convenience, Fuel Cycle can help. [Fuel Cycle Solutions](#) will give you the actionable business intelligence to cut through the noise and dial deep into what customers are really thinking. It eliminates guesswork and gives you simple data to work from—data that can help you position your brand to align with the values of today's consumers.



Contact Our Experts

You can enable your teams to do more by continuously engaging with customers and delivering actionable intelligence. Contact us to learn more about Fuel Cycle's suite of solutions that will take your brand to the next level.

