February 28, 2017

Millennials Most Empowered by Retailer Technology

Youngest Adults Embrace Widening Variety of Choices

CONSUMER ENGAGEMENT WITH RETAILER TECHNOLOGY: HIGHLIGHTS FROM ICSC'S LATEST CONSUMER SURVEY

Millennials Lead Age Groups in Smartphone Use

- A higher share of millennials primarily use smartphones to *browse* online compared with Gen Xers and Baby Boomers.
- For the youngest consumers, smartphones are also the primary device used when browsing compared with desktops/laptops and tablets.
- When it comes to making a purchase, more millennials use smartphones, while Gen Xers and Baby Boomers prefer desktops/laptops.

A Majority of Consumers Have Retailer Apps on Their Mobile Devices and They Access Them Frequently

- Nearly three quarters (71%) of adults in the U.S. have a retailer (store-based and online-only retailers) app on a mobile device.
- Almost half (47%) of U.S. adults have between one and five *different* retailer apps on their mobile devices, with 15% having between six and 10 apps and another 10% with 11 or more.
- Roughly three of four (74%) consumers with a retailer app on their mobile device(s) indicate accessing at least one of them *once per week or more frequently*.

Consumers are Most Interested in Interactive Shelves, Automatic Inventory Information and Specialized Guidance

- During the initial *exploratory/discovery phase*, shoppers are most interested in "interactive shelves that give helpful product information and targeted/personalized promotions."
- When in stores, consumers are *most interested* in the "ability to know if products or sizes are in stock without asking a salesperson," and being guided to the exact products they want to purchase.

Click and Collect Also Starts on Mobile Devices

- Nearly three-quarters (73%) of adults in the U.S. have ordered products on their mobile device and then went to pick them up in stores.
- About one-quarter (26%) of the youngest cohort *frequently* order products from a mobile device and pick them up in stores compared with just 9% of Gen X and 2% of Baby Boomers.

Millennials Opt for Alternative Payment and Checkout Methods

- A little more than one-third (35%) of adults in the U.S. have used some form of mobile pay option.
- Among those who have used a mobile pay option in stores, most said the process was seamless. Significantly less said it was not very smooth and even fewer indicated it was hard to find a retailer that accepts this.
- Nine of 10 (90%) adults in the U.S. have used self-service checkouts in stores.

Utilizing Digital Assistants

- A little more than one-third of adults in the U.S. have used or currently use a digital assistant to compile shopping lists or place orders to later pick up in stores.

One-Third of Consumers Have Shopping Center/Mall Apps on Their Mobile Devices

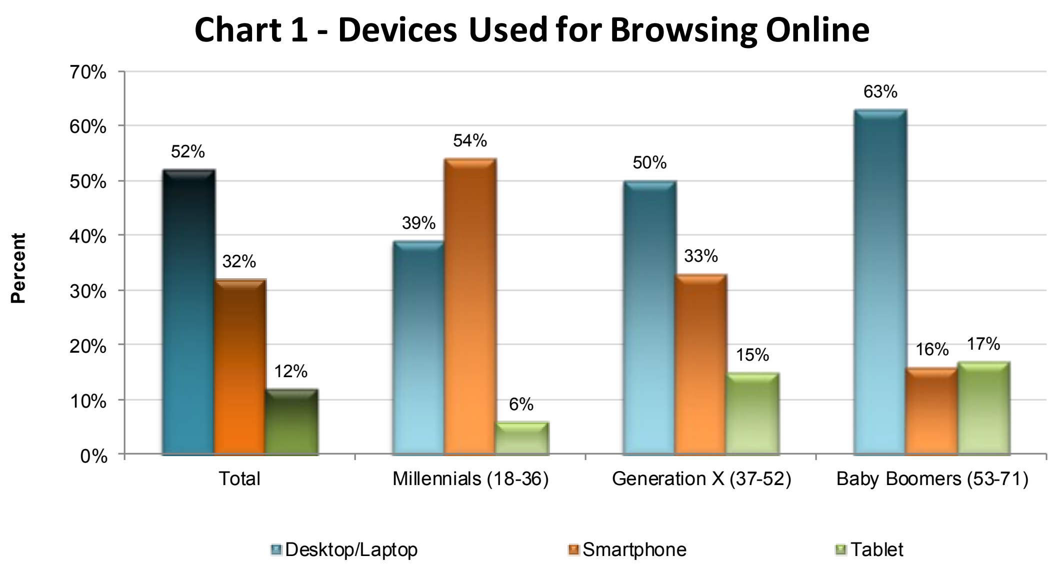
- Slightly more than half (55%) of millennials have an app for a shopping center compared with one-third (33%) of Gen Xers and nearly one of five (18%) Baby Boomers.

Half of Millennials Sign Into a Mall's Wi-Fi All the Time or Often

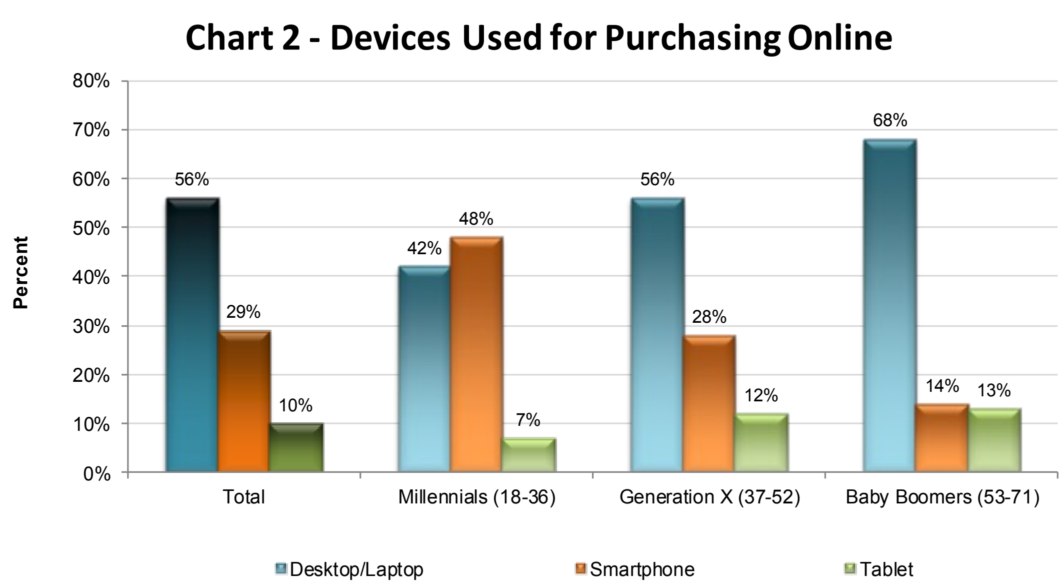
- Generally, nearly 60% of adults in the U.S. have signed into a mall's Wi-Fi, a behavior more common among younger patrons. Of them, 31% of consumers indicate logging in *all the time or often*.
- A higher share of millennials (53%) log in *all the time/often* compared with Generation X and Baby Boomers.

The following highlights about the use of technology by consumers are based on a poll of 1,022 adults in the U.S., which was conducted between February 16 and 19, 2017 by ORC International on behalf of ICSC.

Millennials Lead Age Groups in Smartphone Use

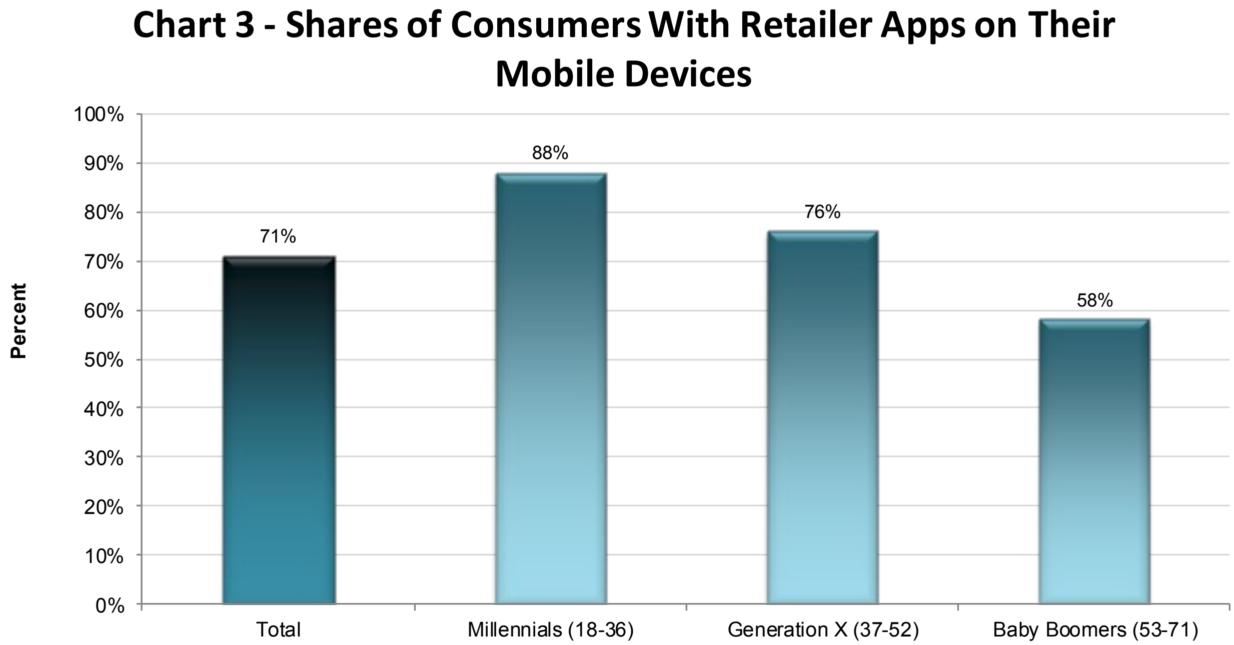


- A higher share of millennials (54%) primarily use smartphones to *browse* online compared with Gen Xers (33%) and Baby Boomers (16%). Additionally, for the youngest group, the mobile phone is the preferred device for browsing online instead of desktops/laptops or tablets. Most Generation Xers and Baby Boomers prefer desktops/laptops as their online browsing option.

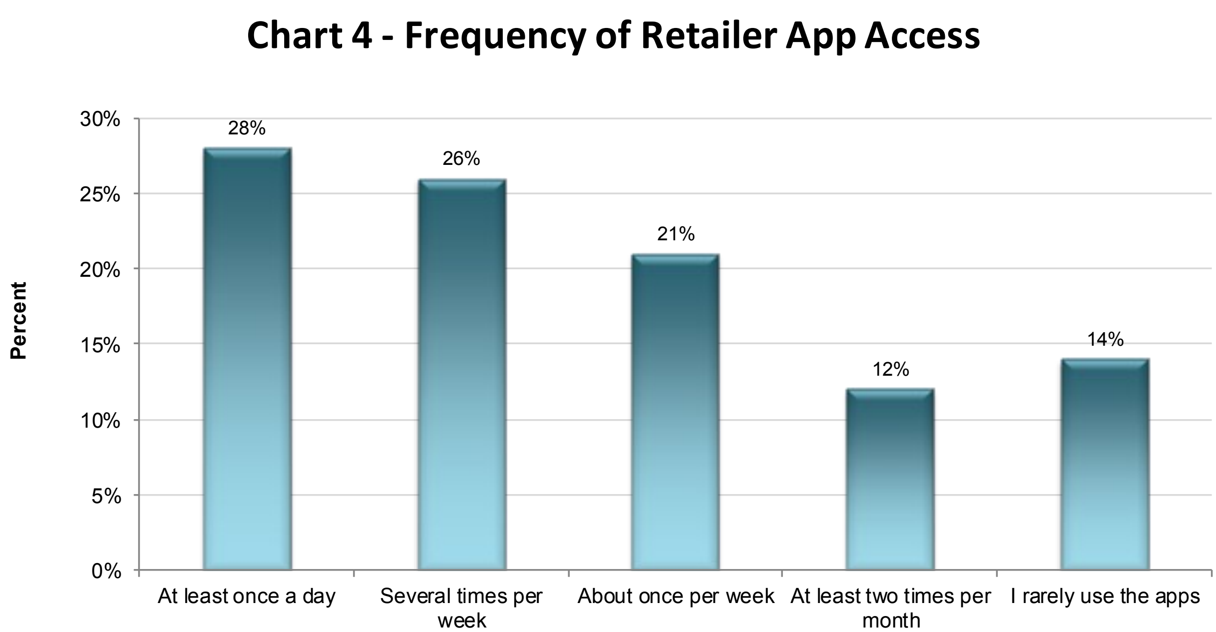


- A similar pattern exists when making online purchases. More millennials (48%) primarily use mobile phones when *buying* online than Generation X (28%) and Baby Boomers (14%). That device is also used by a higher share of the youngest consumers to make purchases compared with desktops/laptops or tablets. The two older cohorts primarily purchase on desktops/laptops.
- Comparing Charts 1 and 2, a higher share of each cohort indicated that they used a desktop/laptop for purchases compared with when they browse.

A Majority of Consumers Have Retailer Apps on Their Mobile Devices and They Access Them Frequently

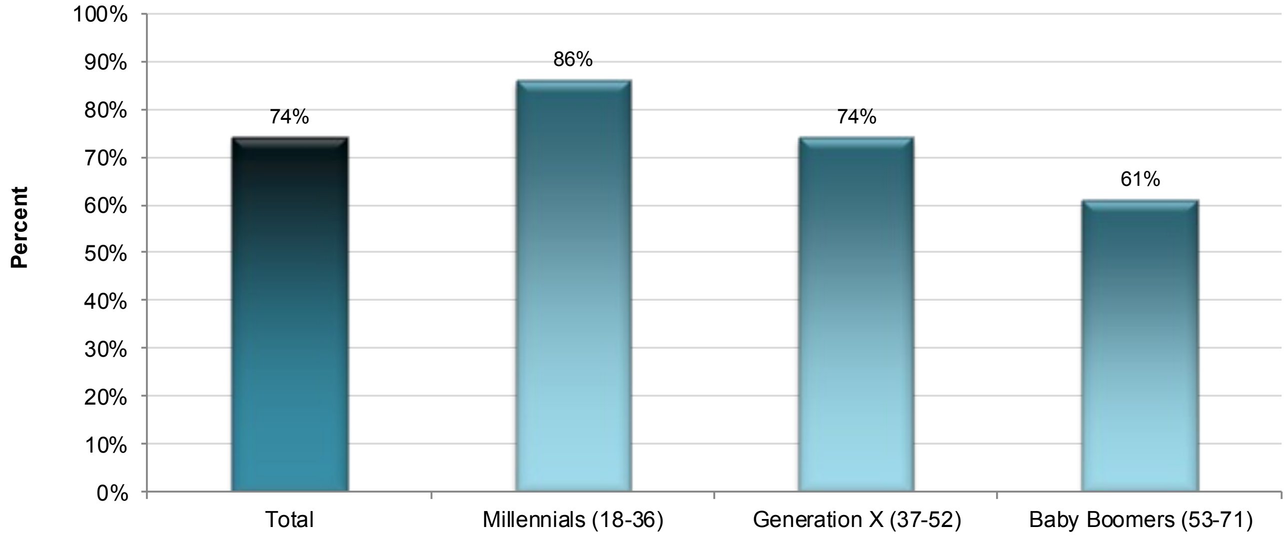


- Overall, nearly three quarters (71%) of adults in the U.S. have a retailer (store-based and online-only retailers) app on a mobile device. The share of millennials (88%) with one of these apps is highest, followed by Generation X (76%) and Baby Boomers (58%).
- Almost half (47%) of U.S. adults have between one and five *different* retailer apps on their mobile devices, with 15% having between six and 10 apps and another 10% with 11 or more. (Not shown on chart.)



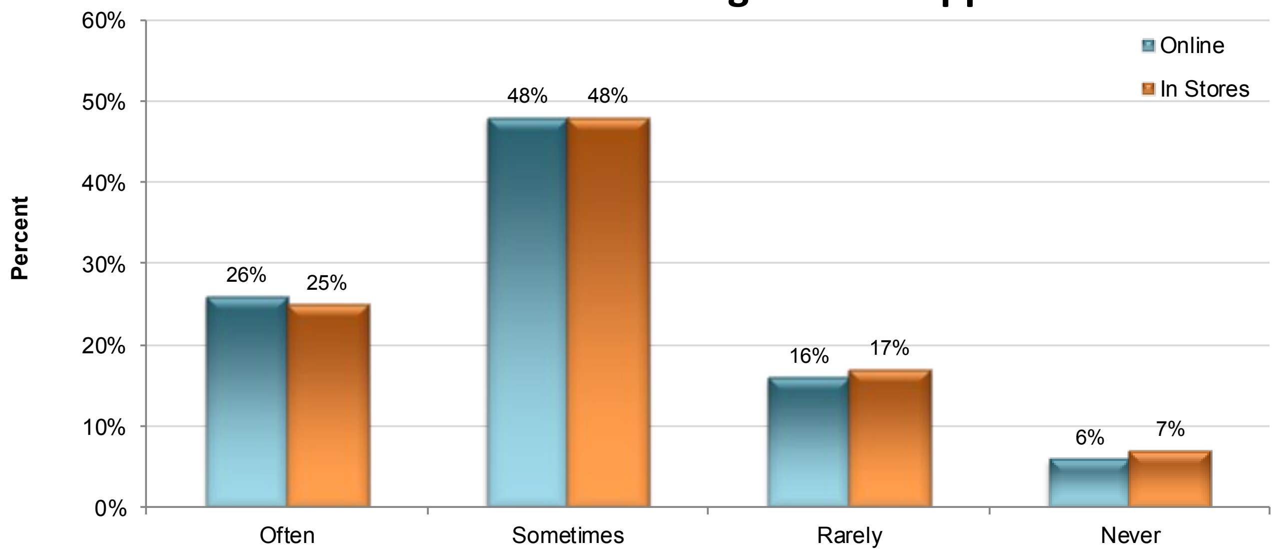
- Roughly three of four (74%) consumers with a retailer app on their mobile device(s) indicate accessing at least one of them *once per week or more frequently*. More specifically, 28% said they access an app *at least once a day*; 26%, *several times per week;* and 21%, *about once a week*.

Chart 5 - Consumers Who Access Retailer Apps Once Per Week or More Often



- Unsurprisingly, millennials with retailer apps access them *more frequently than older groups*. Almost nine of 10 (86%) consumers in the youngest cohort use a retailer app at least once a week (40% of them access retailer apps at least once per day) compared with 74% of Generation X and 61% of Baby Boomers.

Chart 6 - Frequency of Making a Purchase Online and In Stores After Browsing Retailer Apps



- After browsing a retailer's app on a mobile device, 26% of adults in the U.S. *often* proceed to purchase *online*. Nearly the same share (25%) said that they *often* buy products *in stores* after browsing retailer apps.

Consumers are Most Interested in Interactive Shelves, Automatic Inventory Information and Specialized Guidance

Table 1 - Consumer Interest in Various Retailer Offerings to Help During the Exploratory/Discovery Phase of Shopping

Rank	Retailer Offering	Mean (1=Lowest Interest: 5=Highest Interest)	Percent of Interested/Very Interested Respondents
1	Interactive shelves that give helpful product information	3.2	41%
2	Targeted/personalized promotions	3.1	40%
3	In-store iPads/tablets showing a much larger offering of products to purchase	2.9	36%
4	The ability to walk by a store and scroll through a catalogue of products right at the window – even when the store is closed	2.9	35%
5	Seeing products projected on a store's glass or windows	2.8	30%

- Amidst a variety of offerings by retailers to enhance the consumer shopping experience during the initial *exploratory/discovery phase*, shoppers are most interested in "interactive shelves that give helpful product information and targeted/personalized promotions." Roughly four of 10 consumers were either interested or very interested in each of these.

Table 2 - Consumer Perception of the Likelihood of Various Retailer Offerings Being Available by 2020

Rank	Retailer Offering	Mean (1=Lowest Likelihood: 5=Highest Likelihood)	Percent of Respondents Who Perceive Offering as Likely/Very Likely to Happen
1	Ability to know if products or sizes are in stock without asking a salesperson	3.8	62%
2	Ability to input a shopping list on a store app and within seconds of walking into the store, receive a floor plan/map to easily locate products	3.5	54%
3	Ability to virtually see how home furnishings and accessories fit into your home before you buy them	3.5	55%
4	Access to apps or screens that make it easy to identify ingredients in products for allergies, social concerns, etc.	3.5	52%
5	Ability to have your refrigerator send a shopping list to your phone and then you walk into a store and pick up the products	3.2	47%
6	Ability to control/change the lighting (e.g., night, bright lights) to see how the clothing looks on you in various settings	3.2	45%
7	Ability to walk into a store and select products with a mobile device without ever touching a product physically	3.2	45%
8	Ability to have a smart tablet in a dressing room to help you find sizes, colors, etc. when trying on clothes	3.2	43%
9	A hologram that enables you to try on clothes without having to undress	2.9	35%
10	A system that compliments you on your appearance and provides recommendations on shoes and accessories	2.9	35%

- When asked about the *likely wide availability* of new in-store experiences by 2020, the highest share of consumers believe the "ability to know if products or sizes are in stock without asking a salesperson" will be most quickly offered. Other offerings consumers believe they will soon see include "a guide to direct you to the exact products you need", the "ability to virtually see how home furnishings fit into your home" and "screens displaying specific information about products."

Table 3 - Consumer Interest in Various Retailer Offerings to Help During the In-Store Selection Phase of Shopping

Rank	Retailer Offering	Mean (1=Lowest Interest: 5=Highest Interest)	Percent of Interested/Very Interested Respondents
1	Ability to know if products or sizes are in stock without asking a salesperson	3.6	59%
2	Ability to virtually see how home furnishings and accessories fit into your home before you buy them	3.4	53%
3	Ability to input a shopping list on a store app and within seconds of walking into the store, receive a floor plan/map to easily locate products	3.3	49%
4	Access to apps or screens that make it easy to identify ingredients in products for allergies, social concerns, etc.	3.2	44%
5	Ability to have a smart tablet in a dressing room to help you find sizes, colors, etc. when trying on clothes	3.1	40%
6	Ability to have your refrigerator send a shopping list to your phone and then you walk into a store and pick up the products	3.0	40%
7	Ability to walk into a store and select products with a mobile device without ever touching a product physically	3.0	38%
8	A hologram that enables you to try on clothes without having to undress	2.9	38%
9	Ability to control/change the lighting (e.g., night, bright lights) to see how the clothing looks on you in various settings	2.9	35%
10	A system that compliments you on your appearance and provides recommendations on shoes and accessories	2.7	31%

- In terms of these same options, consumers are *most interested* in the "ability to know if products or sizes are in stock without asking a salesperson." This option would also make them likely to visit stores more often during the selection phase. The second and third most popular options in the prior table—the abilities "to easily locate products" and "to virtually see how home furnishings fit into the home"—switched positions when it comes to consumer interest in each.

Table 4 - Consumer Interest in Various Retailer Offerings to Help During the In-Store Purchasing Phase of Shopping

Rank	Retailer Offering	Mean (1=Lowest Interest: 5=Highest Interest)	Percent of Interested/Very Interested Respondents
1	The ability to personalize prices based on your shopping patterns and demographics	3.1	43%
2	The ability to leave a store and have the merchandise in your cart electronically tallied and automatically charged to your account	3.0	39%

- During the *purchasing phase*, consumers are only slightly more interested in the ability to "personalize prices based on their behaviors and demographics", than in "being able to simply walk out of a store without waiting on a checkout line and having all merchandise electronically tallied and automatically charged to their account."

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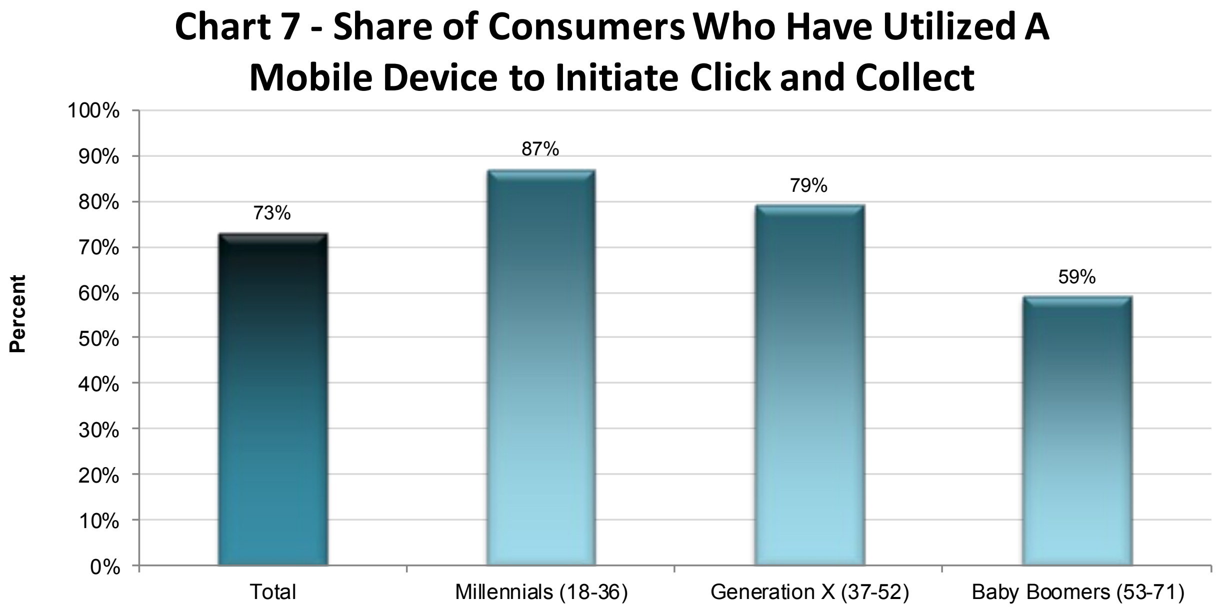
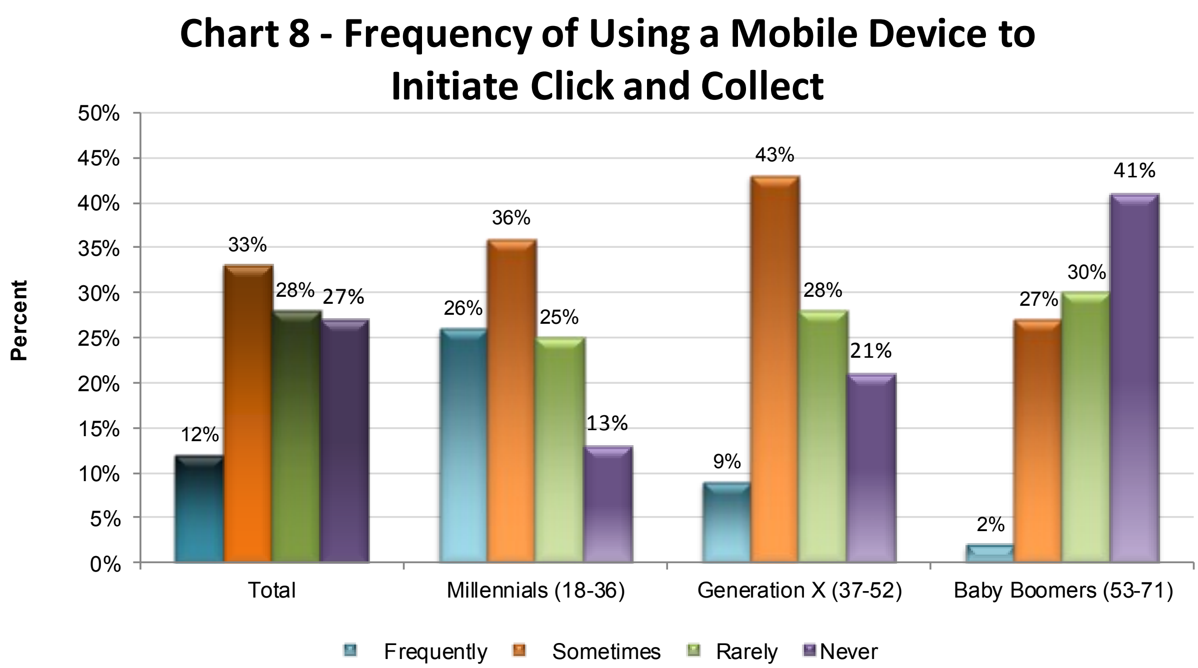
Click and Collect Also Starts on Mobile Devices

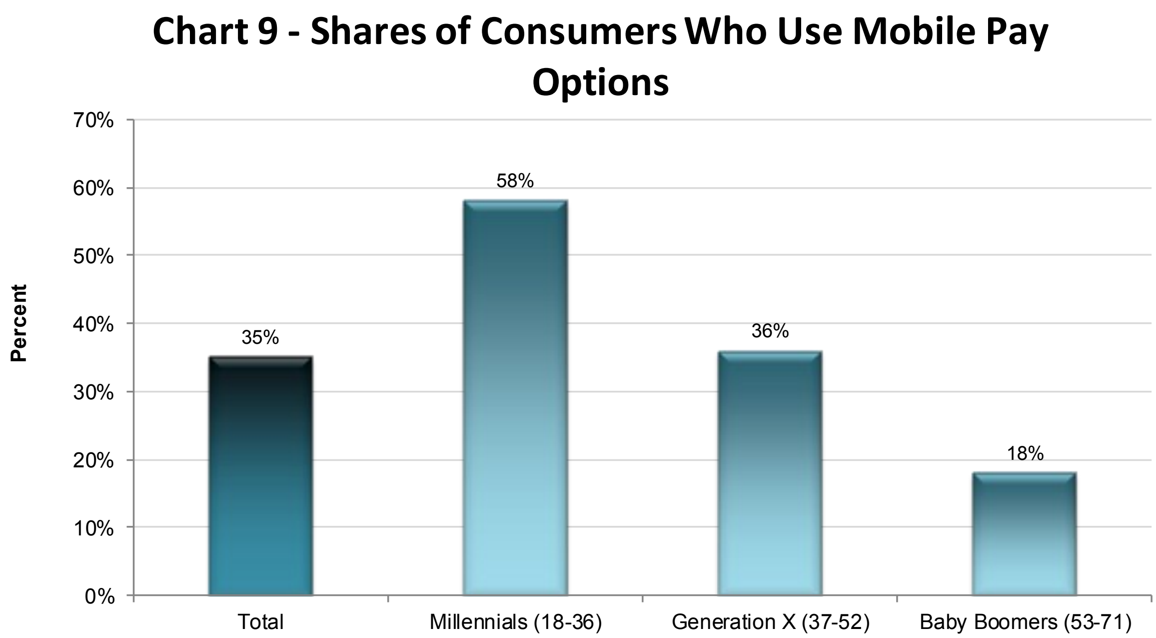


- Nearly three-quarters (73%) of adults in the U.S. have ordered products on their mobile device and then went to pick them up in stores. This behavior was cited by 87% of millennials, 79% of Generation X and 59% of Baby Boomers.

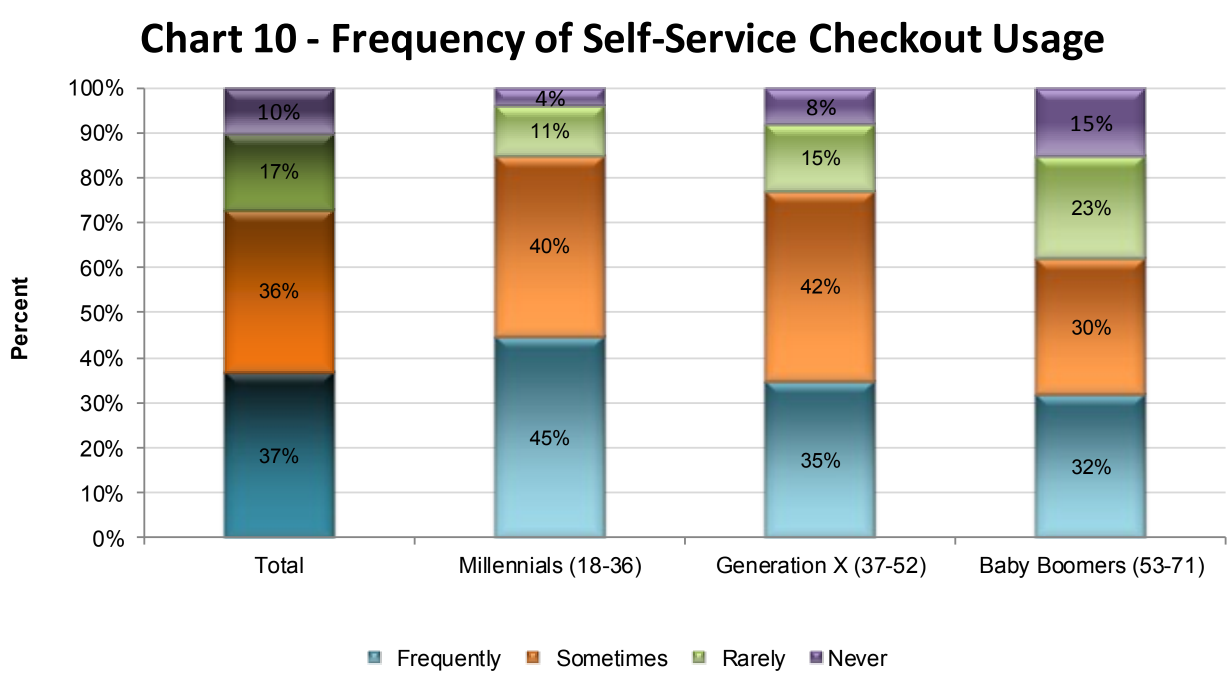


- About one-quarter (26%) of the youngest cohort *frequently* order products from a mobile device and pick them up in stores compared with just 9% of Gen X and 2% of Baby Boomers.

Millennials Opt for Alternative Payment and Checkout Methods

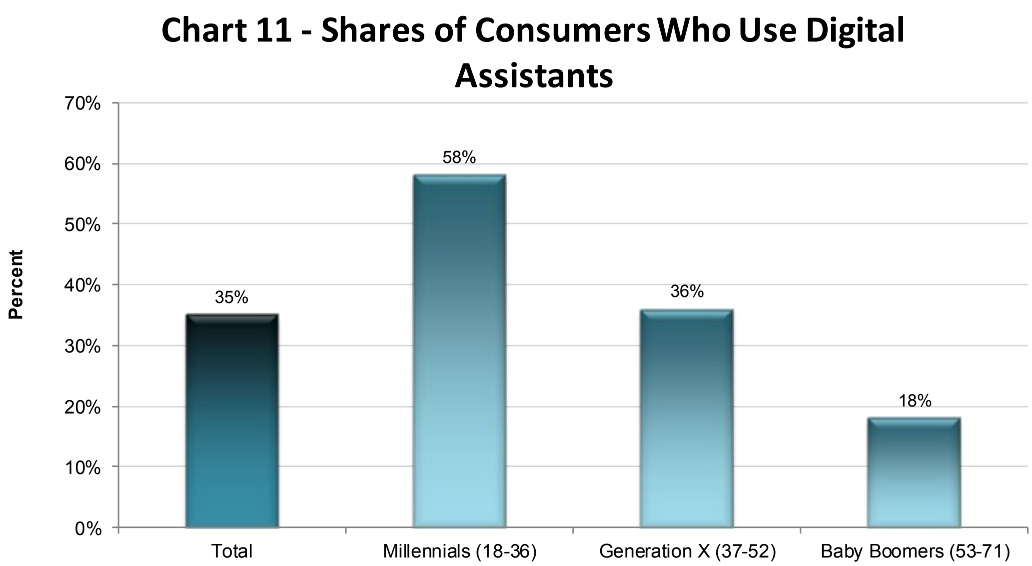


- Overall, a little more than one-third (35%) of adults in the U.S. have used some form of mobile pay option (including Apple Pay, Android Pay or PayPal). A higher share of millennials (58%) have used this method to purchase products in stores than Gen Xers (36%) and Baby Boomers (18%).
- Among those who have used a mobile pay option in stores, 70% said the process was seamless; 13%, that it was not very smooth; and 7%, that it was hard to find retailers that accept the payment method.
- Interestingly, a higher share of Baby Boomers (13%) said it was hard to find retailers that accept mobile pay compared with 2% of millennials. This is likely a result of the types of stores/retailers older consumers shop at compared with those who are younger.



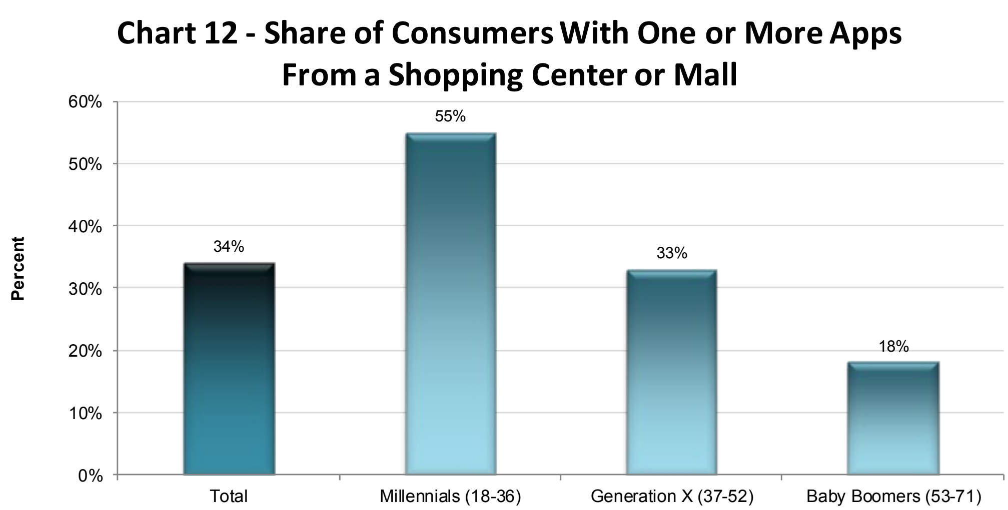
- Nine of 10 (90%) adults in the U.S. have used self-service checkouts in stores. Approximately the same share of consumers said they use them frequently (37%) as use them sometimes (36%).
- More millennials (45%) use self-service checkouts *frequently*, while 35% of Generation X and 32% of Baby Boomers do the same. Over one-third (38%) of Baby Boomers, 23% of Gen Xers and 15% of millennials *rarely/ never* use those machines when checking out of a store.
- For the youngest shoppers, the primary reason for not using self-service checkouts was simply that the machines were not available in the stores they shop at. Among the two older groups, the number-one reason for not using them was that they prefer to engage with a cashier.

Utilizing Digital Assistants



- A little more than one-third of adults in the U.S. have used or currently use a digital assistant to compile shopping lists or place orders to later pick up in stores. Interaction with these devices skews towards younger consumers; 60% of millennials, 39% of Generation X and 16% of Baby Boomers.
- The most popular digital assistants are, in descending order, Apple's Siri, Google Assistant and Amazon Alexa.

One-Third of Consumers Have Shopping Center/Mall Apps on Their Mobile Devices



- Roughly 34% of adults have at least one app from a mall or other shopping center on their mobile device. Slightly more than half (55%) of millennials have an app for a shopping center compared with one-third (33%) of Gen Xers and nearly one of five (18%) Baby Boomers.
- Among those who have a shopping center app, 80% of them receive notifications about sales/promotions and/or other special events while they are shopping at the location.

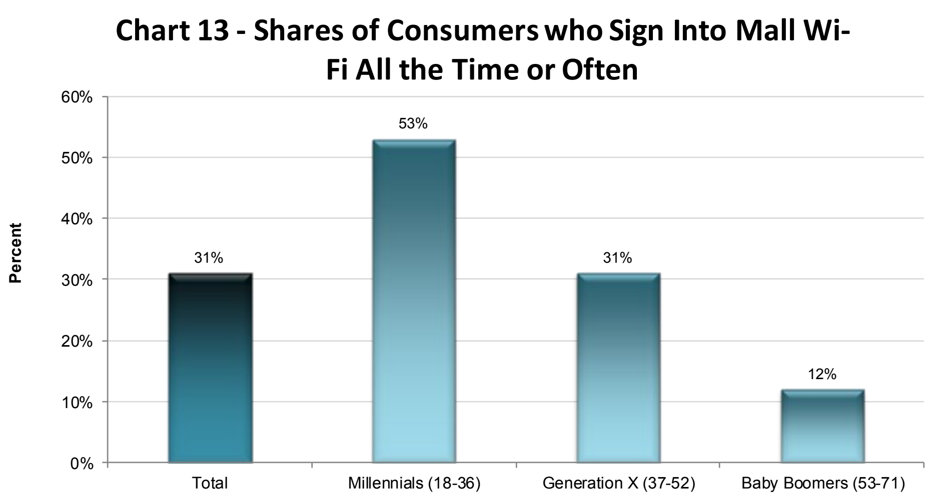
Consumers Interested in Parking Guidance at Shopping Centers

Table 5 - Consumer Interest in Various Shopping Center Offerings to Help the Overall Experience During Visits

Rank	Retailer Offering	Mean (1=Lowest Interest: 5=Highest Interest)	Percent of Interested/Very Interested Respondents
1	Smart parking garages/lots that provide information about available spaces	3.3	49%
2	Ability to access an entire shopping center's map through your phone	3.2	45%
3	Location-based notification that alerts you when you are near a store that sells products you are interested in purchasing	3.0	39%

- At the shopping center level, more consumers are interested in "smart parking garages/parking lots that provide information about available spaces." The "ability to access shopping center maps through mobile devices" and "location-based notifications that alert you when you approach a store selling the items you want" are also attractive to shoppers.

Half of Millennials Sign Into a Mall's Wi-Fi All the Time or Often



- Generally, nearly six of 10 (59%) adults in the U.S. have signed into a mall's Wi-Fi, a behavior more common among younger patrons. Overall, 31% of consumers indicate logging in *all the time or often*. A higher share of millennials (53%) log in *all the time/often* compared with Generation X (31%) and Baby Boomers (12%).
- Slightly less than one-third (32%) of adults indicated that the ability to access free Wi-Fi influences their decision to visit a specific mall which offers that versus one nearby that does not.
- Millennials were equally divided on the issue of choosing a mall with free Wi-Fi versus one without. However, much larger shares of Gen Xers and Baby Boomers said the ability to access free Wi-Fi does not influence the mall they choose to shop.