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INVESTING

Consumers Are Spending More Per Visit In-Store than Online. What Does This Mean for Retailers?

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The growth of online shopping casts a long shadow over a surprising trend: consumers spend significantly more per visit in-store than online.

The trend was validated yet again in a recent First Insight [Report](#) which found that 71 percent of all shoppers surveyed spent \$50 or more when shopping in-store. This compares to only 54 percent of respondents spending more than \$50 when shopping online.

Emotion plays a role in shopping behavior. There is a human side of in-store shopping and shoppers crave that visceral experience. According to a survey from [Clicktale](#), 40% of shoppers use 'retail therapy' as a way to calm down, while 74% said they have "stress-shopped" in the past. A study from the [Journal of Consumer Psychology](#) states the benefits of retail therapy. Making purchase decisions reduces residual sadness.

I personally love to shop in-store. Every chance I get I like to walk the floors of retail stores to get inspiration and experience the new trends. Having grown up in retail at the start of my career, I track the evolution of physical retail with great interest. There's nothing quite like the buzz of a compelling store experience fueled by exciting, new, must-have styles or gadgets.

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The report also found that impulse shopping is alive and well in-store, as consumers are still more likely to add to their cart once inside a location. However, online impulse shopping has been much less effective, even as consumers do more shopping online. Specifically, 89 percent of women and 78 percent of men who visit physical stores shared that they add additional items to their cart beyond their identified need. By comparison, a lower 67 percent of men and 77 percent of women reported adding extra items to their carts when shopping online.

Many retailers have likely believed that consumers are shopping similarly on-line as they are in-store and adding to carts as easily with a click as they are with a push of the cart. The data proves that this is far from true, and begs two important questions:

- How can online retailers make better suggestions for additional items that will land in the cart?
- How can retailers with store locations drive more traffic through the door, and further exploit these “impulse” opportunities?

First, let’s look at in-store.

In-Store Promotions and Deals: Seventy-five percent of the time both men and women will purchase more than the catalyst that brought them to the store. But most only go in-store when they have a need for something. This means that retailers must not only look for new ways to create engaging in-store experiences that resonate, but also lean further on in-store-only promotions and sales.

Unique Items: That said, having a product that a consumer needs, and can’t get anywhere else, is critical. If a consumer can quickly find it online and compare prices across a range of online retail locations, the likelihood that they’ll get in their car to go get it is slim. Retailers more and more are utilizing voice-of-consumer analytics to get better insights into consumer preferences, pricing and unique items that will bring consumers through the door. Fifty-nine percent of retail leaders [name](#) voice-of-consumer analytics as the most transformative technology to their business, and this number needs to continue to grow.

In-Store Technology Embraced More by Men: Experiences are also critical, particularly when it comes to men, who are outpacing women not only in usage of in-store technology but are more likely to say it enhances their experiences. This may fly in the face of beliefs of many retailers who assume women will appreciate magic mirrors, smart fitting rooms, interactive windows, beacons and virtual reality the most. However, in every case, men used and enjoyed these technologies more than women.

Men More Likely to Buy Clothes: More men are shopping in-store for clothing than online. While an equal share of women purchases clothing online and in-store (73 percent), 66 percent of men say they make their clothing purchases in-store, versus 59 percent online. While stereotypes have long held that women are primarily in-store shoppers, retailers looking to capture greater sales must ensure they are giving equal footing to men and consider how marketing and merchandising choices are being presented on the floor.

Now let’s look at online retail opportunities.

Consumers are Browsing More Online: Consumers are more inclined to browse online than they are to get in their cars, drive to a store and walk around. But they are not adding items to their carts as readily as they do in-store. This means retailers are likely disconnected on some level with consumer preferences. Online retailers must not only look backward and rely on prior shopping patterns and purchase behavior to present suggested items, but also gather real-time consumer data which can help to ensure these are the right items for each individual, based on trends and overall sentiment. And they must use this information to align their products to make suggestions that align with the personalized preferences of every shopper.

Men and Women Prefer to Buy Tech Online: While popularity of buying different items online, whether it be clothing, groceries, accessories and more vary by gender, both men and women align on their preference for buying technology online. Specifically, 52 percent of men and 43 percent of women purchase technology items online, compared to 36 percent and 34 percent, respectively, who buy these items in-store. Technology retailers should be ready to up their game when it comes to marketing to consumers online, and offer the right suggestions to upsell matched with the price these consumers expect.

These data point to the continued evolution of retail and how changing consumer behavior is disproving many assumptions by retailers. While online retail is growing, there remain significant opportunities for both online and in-store retailers to tailor offerings better and align with consumer expectations. There are significant opportunities to increase sales by bringing more consumers back in-store, particularly men, who prefer the physical store shopping experience, and enjoy technology-driven experiences. To effectively execute on these opportunities, retailers must not only capture data beyond sales but also tap into the voice of their consumers to guide future product and pricing decisions, both in-store and online.

The new reality of retail reminds me of hockey. In-store and online are like the offense and defense of the retail experience. A great hockey team can pass the puck effectively back and forth between offensive and defensive players, each one playing a part to get it across the goal line. Winning retailers help consumers move seamlessly between their online and in-store experiences on the way to the goal line: the purchase. The winners in retail proactively play offense (in-store) and defense (online) to differentiate their offerings and deliver value that builds customer loyalty. Retailers and brands need to optimize their store footprint **and** learn how to utilize online as an extension of the in-store experience (or vice-versa) to create experiences and winning competitive advantages. Striking the right balance between the two channels is the key to growth and longevity in the evolving retail game.



Greg Petro

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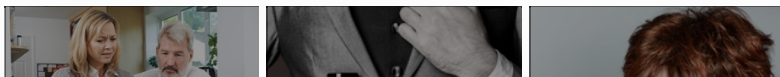
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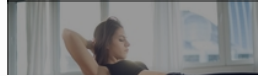
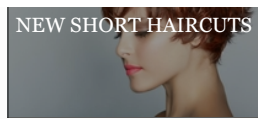
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