HIGHLIGHTS FROM ICSC’S PRODUCT-BRAND PREFERENCE AND RETAILER LOYALTY CONSUMER SURVEY

1. Most Consumers Consider Themselves Product-Brand and Retailer Loyal (p. 2)
   - More than four-fifths (82%) of U.S. adults say they are product-brand loyal, meaning they tend to continue buying the same brand of goods rather than competing brands.
   - A slightly larger share of millennials (84%) are loyal to certain brands of products compared with Gen X (83%) and Baby Boomers (81%).
   - A marginally higher share of adults in the U.S. (84%) say they are loyal to certain retail companies. They continue visiting the stores or websites of, and buying from, the same retailers repeatedly, instead of shopping at others.
   - A greater share of Baby Boomers (87%) are loyal to certain retailers compared with millennials (84%) and Gen X (82%).

2. Top Reasons Cited for Loyalty to Specific Retailers: Price, Quality and Selection (p. 3)
   - Overall, regardless of retailer type, the top reasons cited by shoppers for loyalty to specific retail companies are price/value (92%), product quality (79%), variety/selection (71%) and store location (70%).
   - The largest shares of shoppers cited price/value as a reason for loyalty to discount stores (70%), followed by building material/hardware stores (63%) and grocery stores/supermarkets (62%).

3. Consumers are Loyal To Specific Brands For Many Types of Goods (p. 4)
   - Consumers are most loyal to specific product brands when buying food and beverage (F&B) groceries (92%). Significant shares are also brand-loyal to household goods (e.g., paper towels, cleaning supplies) (86%), electronics (85%), health and beauty products (84%) and apparel/footwear (81%).

4. For Most Types of Goods, Consumers Prefer National Brand Names (p. 5)
   - For nearly all categories of goods specified, respondents indicated that they preferred purchasing national brand names over store brand names and local/unique brands.
   - Nearly two-thirds (65%) of U.S. adults said they prefer national brand names when purchasing apparel compared with one-quarter (26%) for store brand names. Significantly higher shares of respondents also prefer national over store brand names when buying electronics and health/beauty products.

5. Brand Variety Drives Consumers To Stores (p. 5)
   - More than three-fourths (77%) of U.S. adults say that the variety of brands offered at a retailer’s store influences their decision to visit the establishment.
   - For more millennials (80%), brand variety affects whether they make a trip to the store compared with Generation X (77%) and Baby Boomers (74%).

6. Additional Insights About Product-Brand and Retailer Loyalty (p. 6)
   - More than four-fifths of U.S. adults agree that the ability to see, touch, try on and interact with products in person increases their loyalty to a product brand. Roughly the same share (84%) believes the same about increasing their loyalty to a retailer.
   - About eight of 10 (82%) respondents agree that they would buy elsewhere if they experience poor service no matter how loyal they had become.
The following highlights about product-brand preference and loyalty to retailers are based on a poll of 1,015 adults in the U.S., which was conducted between June 22 and 25, 2017 by ORC International on behalf of ICSC.

1. Most Consumers Consider Themselves Product-Brand and Retailer Loyal

- More than four-fifths (82%) of U.S. adults say they are product-brand loyal, meaning they tend to continue buying the same brand of goods rather than competing brands. A slightly larger share of millennials (84%) are loyal to certain brands of products compared with Gen X (83%) and Baby Boomers (81%).
- A marginally higher share of adults in the U.S. (84%) say they are loyal to certain retail companies. They continue visiting the stores or websites of, and buying from, the same retailers repeatedly, instead of shopping at others. A greater share of Baby Boomers (87%) are loyal to certain retailers compared with millennials (84%) and Gen X (82%).
- More females than males say they are loyal to product brands and retailers.
- Though the income groups exhibit similar levels of loyalty to retailers, they differ more on product brands. Nearly 9 of 10 (86%) of consumers in the most affluent households say they are loyal to particular product brands, compared with 79% in the least affluent households.
2. Top Reasons Cited for Loyalty to Specific Retailers: Price, Quality and Selection

- Overall, regardless of retailer type, the top three reasons cited by shoppers for loyalty to specific retail companies are price/value (92%), product quality (79%) and variety/selection (71%).
- Underscoring the importance of having a physical presence for retaining shopper loyalty, 70% of consumers referred to “location of stores.”

Most Popular Reasons Cited for Loyalty to Retail Companies (by Type)
(Share of Retailer-Loyal Consumers)

<table>
<thead>
<tr>
<th>Retailer Category</th>
<th>Price/value</th>
<th>Product quality</th>
<th>Variety/selection</th>
<th>Location of stores</th>
<th>Promotions/sales/coupons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional department stores</td>
<td>56%</td>
<td>34%</td>
<td>24%</td>
<td>24%</td>
<td>25%</td>
</tr>
<tr>
<td>Discount stores</td>
<td>70%</td>
<td>26%</td>
<td>31%</td>
<td>36%</td>
<td>24%</td>
</tr>
<tr>
<td>Apparel stores</td>
<td>56%</td>
<td>32%</td>
<td>23%</td>
<td>23%</td>
<td>21%</td>
</tr>
<tr>
<td>Grocery stores/supermarkets</td>
<td>62%</td>
<td>41%</td>
<td>28%</td>
<td>34%</td>
<td>26%</td>
</tr>
<tr>
<td>Electronics stores</td>
<td>57%</td>
<td>37%</td>
<td>27%</td>
<td>25%</td>
<td>21%*</td>
</tr>
<tr>
<td>Building material/hardware stores</td>
<td>63%</td>
<td>38%</td>
<td>28%</td>
<td>34%</td>
<td>16%*</td>
</tr>
<tr>
<td>Furniture/home furnishings stores</td>
<td>52%</td>
<td>41%</td>
<td>24%</td>
<td>23%</td>
<td>19%*</td>
</tr>
<tr>
<td>Sporting goods/hobby/book/toy stores</td>
<td>58%</td>
<td>30%</td>
<td>31%</td>
<td>31%</td>
<td>23%</td>
</tr>
</tbody>
</table>

* For these store categories only, a slightly higher share of respondents indicated “customer service” as a reason for being loyal to the retail company than “promotions/sales/coupons”

- For each of the major types of retailers, price/value motivated most respondents to stay loyal to the company. The largest shares of shoppers cited this reason for loyalty to discount stores (70%), followed by building material/hardware stores (63%) and grocery stores/supermarkets (62%).
- Product quality was the second most-noted factor affecting customer loyalty toward department, apparel, grocery, electronics, building material and home furnishings stores.
- For discount stores, after price/value, store location was indicated by 36% of retailer-loyal shoppers; for sporting goods/hobby/book/toy stores, variety/selection and store location were each mentioned by 31% of loyal consumers.
• All generations noted price/value and product quality as the top two reasons for being loyal to a retail company. For millennials and Baby Boomers, variety/selection was the next most popular response; however, it was store location for Gen Xers.

3. Consumers are Loyal To Specific Brands For Many Types of Goods

Consumers are most loyal to specific product-brands when buying food and beverage (F&B) groceries (92%). Significant shares are also brand-loyal to household goods (e.g., paper towels, cleaning supplies) (86%), electronics (85%), health and beauty products (84%) and apparel/footwear (81%).

Generally, product-brand loyalty for specific types of goods varies little by age. The highest shares of all cohorts are loyal to specific brands when buying F&B groceries. Following that, millennials are loyal to specific brands of electronics (88%) and household goods (84%); Gen Xers, to household goods (88%), electronics (88%) and health/beauty products (86%); and Baby Boomers, to household goods (87%) and health/beauty products (86%).

More males than females indicated loyalty to specific product brands when purchasing electronics, building materials/hardware and sporting goods, hobby/craft supplies and toys. Larger shares of females are loyal to specific brands of household goods, health and beauty products and apparel.
4. For Most Types of Goods, Consumers Prefer National Brand Names

- For nearly all categories of goods specified, respondents indicated that they preferred purchasing national brand names over store brand names and local/unique brands.
- Nearly two-thirds (65%) of U.S. adults said they prefer national brand names when purchasing apparel compared with one-quarter (26%) for store brand names. Significantly higher shares of respondents also prefer national over store brand names when buying electronics and health/beauty products.
- Building materials and hardware was the only product category in which the share of adults who claimed they prefer store brand names exceeded national brand names.
- For all product categories, national and store brand names far surpassed local/unique brands, which were cited the most for the furniture/home furnishings category (19%).

5. Brand Variety Drives Consumers To Stores

- The chart shows the percent of U.S. adults who are greatly/somewhat influenced to visit a retailer’s store by the variety of brands offered, segmented by age group:
  - All Respondents: 77%
  - Millennials (18-36 years old): 80%
  - Generation X (37-52 years old): 77%
  - Baby Boomers (53-71 years old): 74%
More than three-fourths (77%) of U.S. adults say that the variety of brands offered at a retailer’s store influences their decision to visit the establishment.

For more millennials (80%), brand variety affects whether they make a trip to the store compared with Generation X (77%) and Baby Boomers (74%).

Women (79%) are more enticed by brand variety than men (74%) to visit a retailer’s store.

6. Additional Insights About Product-Brand and Retailer Loyalty

<table>
<thead>
<tr>
<th>Percent of Respondents Who Agree With Statement</th>
<th>All Respondents</th>
<th>Millennials (18-36 years old)</th>
<th>Generation X (37-52 years old)</th>
<th>Baby Boomers (53-71 years old)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Being able to physically see, touch, try on and interact with products in person increases my loyalty to a product brand</td>
<td>85%</td>
<td>83%</td>
<td>88%</td>
<td>82%</td>
</tr>
<tr>
<td>Being able to physically see, touch, try on and interact with products in person increases my loyalty to a retailer</td>
<td>84%</td>
<td>82%</td>
<td>84%</td>
<td>84%</td>
</tr>
<tr>
<td>No matter how loyal I am to a particular brand or retailer, if I experience poor customer service or rude employees, I will switch to buying elsewhere</td>
<td>82%</td>
<td>74%</td>
<td>86%</td>
<td>85%</td>
</tr>
<tr>
<td>I shop at big name retailers because they typically provide a predictable shopping experience</td>
<td>75%</td>
<td>78%</td>
<td>77%</td>
<td>69%</td>
</tr>
<tr>
<td>I like to buy exclusive store-branded products because I get good value for my money</td>
<td>73%</td>
<td>80%</td>
<td>76%</td>
<td>66%</td>
</tr>
<tr>
<td>I would be willing to spend more at a retailer if it offered a shopping experience that was more customized to my personal interests</td>
<td>62%</td>
<td>68%</td>
<td>67%</td>
<td>52%</td>
</tr>
<tr>
<td>I shop from smaller companies because they offer a more personalized shopping experience with exclusive items that are unique and more customized</td>
<td>58%</td>
<td>67%</td>
<td>62%</td>
<td>47%</td>
</tr>
<tr>
<td>I like to buy exclusive store branded products because they are more unique compared with items that can be purchased in most places</td>
<td>55%</td>
<td>66%</td>
<td>59%</td>
<td>42%</td>
</tr>
<tr>
<td>I buy the same brand of products no matter what</td>
<td>50%</td>
<td>58%</td>
<td>53%</td>
<td>43%</td>
</tr>
<tr>
<td>I buy from the same retailer no matter what</td>
<td>46%</td>
<td>50%</td>
<td>50%</td>
<td>39%</td>
</tr>
<tr>
<td>Seeing a particular brand or retailer on social media increases the likelihood I will purchase products from the brand or visit the retailer’s store</td>
<td>43%</td>
<td>63%</td>
<td>48%</td>
<td>23%</td>
</tr>
</tbody>
</table>

More than four-fifths of U.S. adults agree that the ability to see, touch, try on and interact with products in person increases their loyalty to a product brand. Roughly the same share (84%) believes the same about increasing their loyalty to a retailer. These points again confirm the importance of physical stores because those establishments allow consumers to interact and engage, which they admit increases loyalty in products and company.

Customer service is crucial to building loyalty among consumers. About eight of 10 (82%) respondents agree that they would buy elsewhere if they experience poor service no matter how loyal they had become. Higher shares of Gen X and Baby Boomer shoppers compared with millennials, agree that bad customer service will drive them to another brand or retailer.

Three quarters (75%) of adults shop at big name retailers because they know the type of shopping experience they will have.

A significantly higher share of millennials (63%), compared with Generation X (48%) and Baby Boomers (23%), agree that seeing brands or retailers on social media increases the likelihood of buying from a brand or visiting a retailer’s stores.

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