

## Consumers Confirm Loyalty to Retailers, Product-Brands

*Shopper Interaction and Company Ties Boosted at Physical Locations*

### 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%).

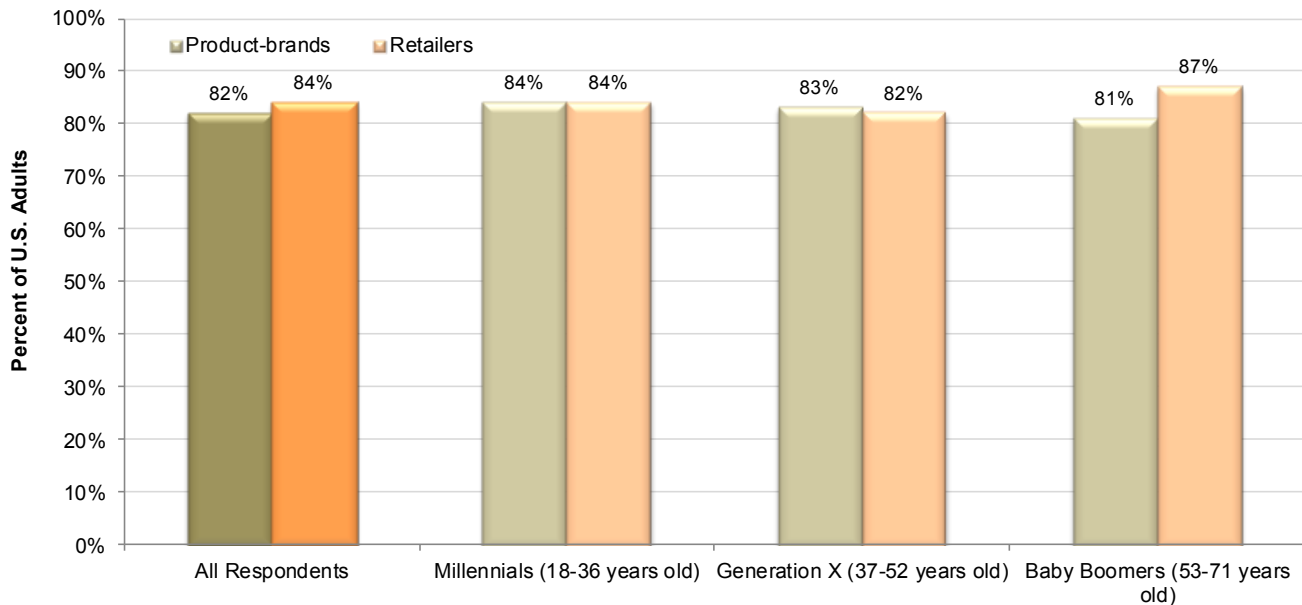
#### 6. Additional Insights About Product-Brand and Retailer Loyalty (p. 6)

- 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**

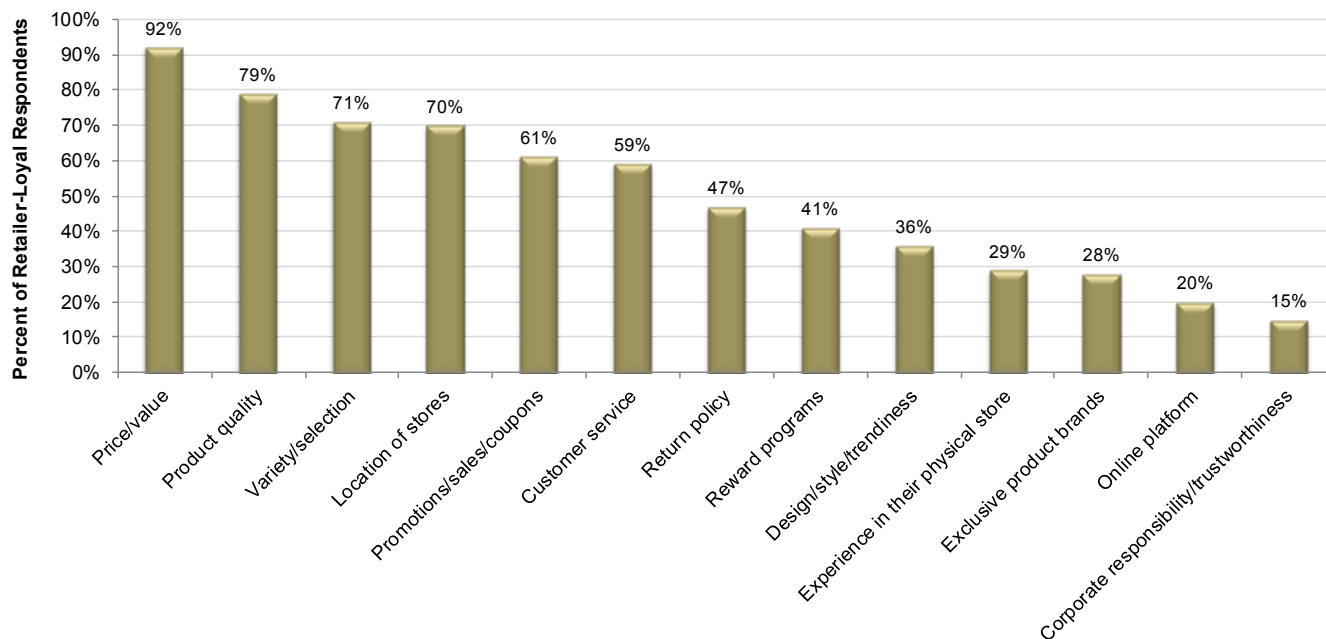
**Adults in the U.S. Who Are Very/Somewhat Loyal to Product-Brands and/or Retailers**



- 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

Factors Having the Greatest Impact on Keeping Adults in the U.S. Loyal to Retailers



- 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)

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

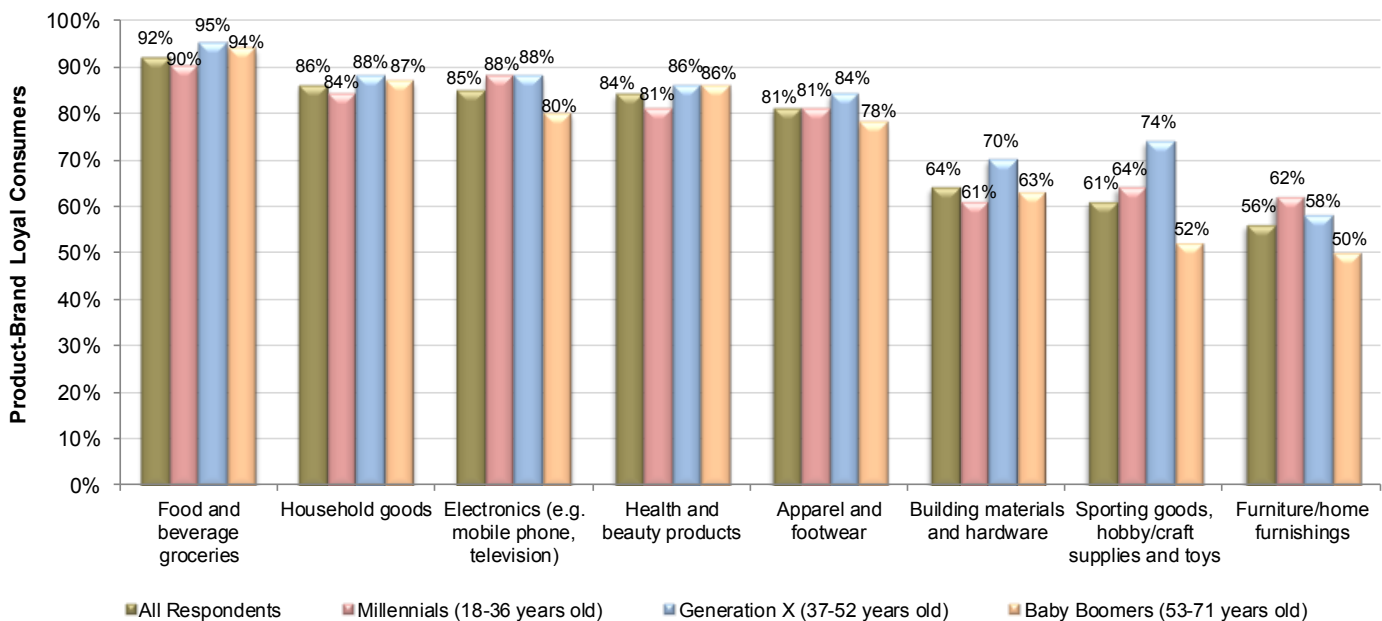
\* For these store categories only, a slightly higher share of respondents indicated "customer service" as a reason for being loyal to the retail company than "promotions/sales/coupons"

- 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.

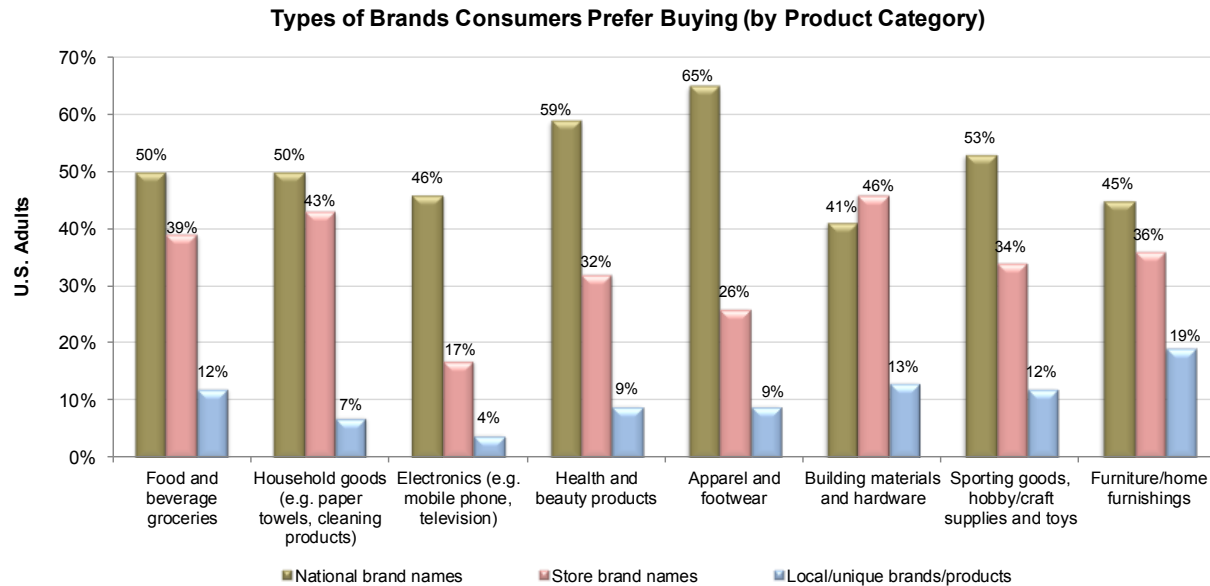
### 3. Consumers are Loyal To Specific Brands For Many Types of Goods

**Types of Goods Consumers are Very/Somewhat Loyal to Specific Brands**



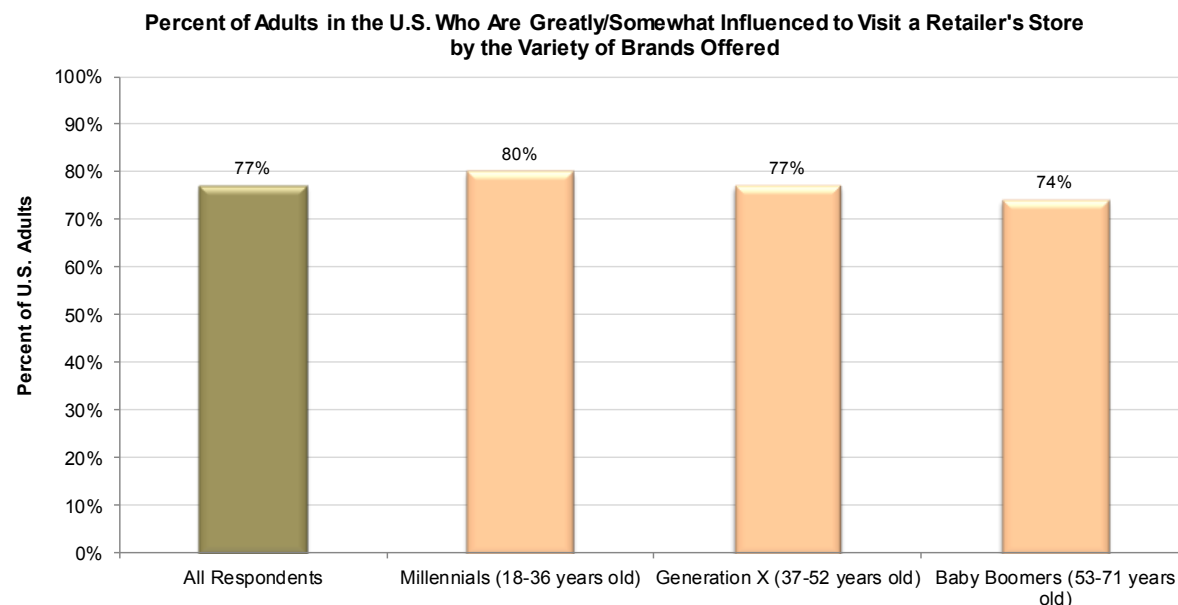
- Consumers are *most loyal to specific product-brands when buying food and beverage (F&B) groceries (92%)*. Significant shares are also brand-loyal to household goods (e.g., paper towels, cleaning supplies) (86%), electronics (85%), health and beauty products (84%) and apparel/footwear (81%).
- Generally,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



- 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

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

- 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.