The New Reality: Understanding the Retail Consumer Experience During a Pandemic

Wharton Baker WisePlum Consumer Loyalty Study

July 2020

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Background and Objectives

In March 2020, The Baker Retailing Center at the Wharton School and WisePlum conducted a study to explore the attitudes and experiences of US shoppers with a focus on the impact of loyalty program membership and its effect on authentic customer loyalty.

The study found that more than half of customers experienced at least one problem regardless of the channel they shopped and that not all problems are created equal in their impact on customer loyalty. In fact, the top 10 most frequent problems were different from the topmost damaging problems.

Then, the world experienced a global pandemic, COVID-19. Most stores were closed, some for good. The stores that remained open were required to adhere to safety standards and find new ways to meet the needs of their customers. Similarly, consumers were required to shop differently and comply with health and safety guidelines.

This study addresses the following issues:

- Test the hypothesis that the things that were important before COVID-19 are still important now
- Identify new challenges, if any, facing retailers given the global pandemic and corresponding health and safety concerns
- Identify new/emerging concerns/behaviors by customers based on state of isolation/ lockdown
- Understand if loyalty programs remain relevant and if those programs inoculate retailers from evolving problem experiences given the global pandemic

About this Study

DATA COLLECTION

WisePlum, together with The Baker Retailing Center at Wharton, conducted an online study with a national sample of US consumers.

Two waves of surveys were conducted:
5,000 from February 4-23, 2020 (Q1)
2,535 from May 13-20, 2020 (Q2)

Consumers were asked about their most recent retail purchase experience, regardless of channel.

FIELD NOTES

No quotas were required as the final sample naturally reflected the US population distribution in terms of region, age and gender.

The focus of the study was on specialty retail, mass merchandisers, department stores, and big box retailers.

Respondents were also asked if they were members of the retailer's loyalty program where they last shopped.
Q1: 2,197 indicated membership and 2,751 specified non-membership
Q2: 1,204 members, 1,297 non-members

ANALYSIS

Results are presented on a total sample basis and according to loyalty program membership.

Differences between program members and non-members, as well as any demographic differences, have been tested for statistical significance (95% confidence interval).
Numbers shown in bold are significantly higher throughout the report.

Understanding the Retail Consumer Experience During a Pandemic

Executive Summary

Wharton
University of Pennsylvania
BAKER
Retailing Center

WisePlum

US Consumer Retail Research

Executive Summary

1 FRICTION DURING SHOPPING HAS INCREASED

The level of friction has increased in the retail shopping experience – regardless of how customers shop – and the impact is significantly greater

- 66% percent of customers experienced at least one problem in their last shopping experience, up by 10% from Q1 (March 2020). This increase was also reflected in the number of problems which increased significantly from an average of 6.0 to 7.7 due in part to the addition of problem statements related to returns and store pick-up.
- Not surprising, the pandemic resulted in a significant increase in online shopping, with over 60% of all shopping done online in Q2 versus a natural fall out of 45% in Q1, an increase of 37%. This shift was a key driver in both problem frequency and problems causing the most damage to the retailer’s brand. Moreover, customers who had problems were 35% less loyal than those who were problem-free.

2 TOPMOST DAMAGING PROBLEMS WERE NOT MOST FREQUENT

Problem experience is not a proxy for loyalty damage

- Q2 found an increased presence of online-related problems with four of the top five problems relating to issues with the online shopping experience.
- However, regardless of frequency, certain problems have a disproportionate contribution to loyalty damage. Once again, we found that the top 10 most frequent problems were different from the topmost damaging problems.

Top 3 Most Damaging Problems (MDPs)	**Top 3 Most Frequent Problems**
1. *You purchased an item online and had to pay for shipping to return it*	1. *The item you were looking for was not available in the store, only online*
2. *The website/app was difficult to navigate*	2. *The item was not available online for pick-up from a store close to you*
3. *You could not return the item without an original receipt*	3. *The item you were looking for was not available online for pick-up*

Executive Summary (cont'd)

3

THE INCREASE IN ONLINE SHOPPING HAS ITS PROS AND CONS

Reducing friction during online shopping will be key to sustaining momentum and capitalizing on future online purchase intentions

- Although NPS dropped for both channels in the Q2 study, online faired slightly better with a 10% drop in NPS compared to a 14% drop for in store. Online shoppers plan to spend significantly more than in store shoppers. This finding appeared pre-pandemic (Q1) and during the pandemic (Q2).
- Our Q2 study found a 37% increase in online purchase behavior which is to be expected given the closure of many bricks and mortar retail outlets. eTailers were the clear winners. While there was a significant shift to online as a preferred channel, it did not come without its challenges.
- Q2 found an increased presence of online-related problems with five of the top ten most-frequent problems relating to issues with the online shopping experience (finding #2).
- In Q2, the loyalty damage inflicted to online shoppers by *difficulty making payments via phone* increased by 114% over Q1. *Difficulty navigating the website, lack of guaranteed delivery date* and *inability to track shipping* also caused more loyalty damage in Q2 than in Q1.
- Problems related to returns and exchanges (newly asked in Q2) are among those with the highest damage impact.
    - ➢ *You purchased an item online and had to pay for shipping to return it* is the #1 most damaging problem among shoppers.
- Online shoppers are significantly more aware/influenced by a retailer's return policy than in store shoppers. Retailers can influence a shopper's decision to buy online from them by having an "appealing" return policy, including free returns.

Executive Summary (cont'd)

4 **LOYALTY PROGRAMS PROTECT AGAINST FRICTION**

Loyalty Reward programs continue to offer protection

- Our Q2 study found a 7% increase in loyalty program enrollment over Q1. While willingness to recommend a brand for members remained roughly the same from Q1 to Q2, there was a noticeable decrease in non-member loyalty with their willingness to recommend dropping 15%. This might suggest that enrollment in loyalty programs provides an overall degree of engagement with a brand, even during times of crisis.
- As noted above, customers who belong to a retailer's loyalty program are authentically more loyal (i.e. promote the retailer). Members continue to experience more problems than non-members and this is true throughout the shopping journey. Their higher engagement (e.g. frequent visits to the store or website, increased subscription to emails, social media involvement, etc.) and purchase frequency with the retailer also leads to more friction.

5 **MOST APPEALING LOYALTY PROGRAM BENEFITS HAVE EVOLVED**

The appeal of loyalty program benefits remains similar with two notable differences

- Our Q1 study found that seven loyalty benefits played a material role in driving authentic loyalty to a retail brand. Similarly, our Q2 study again identified seven benefits (see next slide for list) with one benefit changing:

Q1 benefit dropping out:	Benefit entering the mix in Q2:
1. *Experts available 24/7 to answer any of your questions*	1. *Earn points with each purchase to redeem for rewards*

Executive Summary (cont’d)

6 **BOOMERANG EFFECT REMAINS INTACT**

The boomerang effect of Loyalty Reward Programs on authentic loyalty remains intact

- As noted in Q1, some loyalty program benefits create an inoculation effect on potential loyalty damage while others act as accelerants to damage – a **boomerang effect**.
- Q2 found a significant increase in the overall inoculation effect of loyalty benefits with all benefits providing at least some inoculation to the retailer. The top seven benefits are as follows:
  1) *Free shipping and free returns*
  2) *Alerts you when an item you want is on sale*
  3) *Insider access to exclusive content and information*
  4) *Cash back on each purchase*
  5) *Earn points with each purchase to redeem for rewards*
  6) *Alexa/Google Assistant notifications*
  7) *Access to your personal shopping history*
- All benefits, while providing a degree of inoculation, also had a boomerang effect. The two benefits the represented the greatest risk include:
  1) *Alexa/Google Assistant notifications*
  2) *Earn points with each purchase to redeem for rewards*

  This shift should represent an even greater warning sign to loyalty practitioners as they deploy solutions to drive customer engagement and loyalty.

Executive Summary (cont'd)

7 **EFFECTIVE PROBLEM RESOLUTION RECOVERS LOYALTY**

Problem recovery plays a significant role in creating authentic loyalty

- Loyalty members were nearly 2.5x more likely to contact a retailer if they experienced a problem and made an average of 4.0 contacts to get their issue resolved versus an average of 2.8 contacts for non-members (nearly 50% fewer average number of contacts for non-members).
- Ironically, members struggle to get their issues resolved in a timely manner. Only 15% of members had their problem resolved immediately whereas 24% of non-members felt their issue was resolved on their first attempt. This finding is exacerbated as ~60% of members stated it took more than one day to resolve their issue compared to ~40% for non-members.
- eTailers significantly outperform the retail sector overall when it comes to completely resolving a customer's issue. With roughly 3 out of 5 customers having their problem resolved to their complete satisfaction versus 2 out of 5 customers for mass merchandisers, traditional retailers should consider this as a warning sign given the accelerated shift to eCommerce.
  - ➢ Unfortunately, 84% of online shoppers do not contact if they have a problem, significantly lower than in store shoppers.
- When done right, successful problem recovery efforts have a significant impact on loyalty. Loyalty drops by nearly 30% when problems occur but is almost fully recovered when problem resolution efficacy is high. Customers whose problems are resolved to their complete satisfaction are almost as loyal as those that are problem-free. Fortunately, problem resolution is high at over 90%. Unfortunately, efficacy falls short, with only 1 in 2 customers reporting complete satisfaction with the action taken to resolve their problem.

Executive Summary (cont'd)

8

PROBLEMS WITH RETURNS ARE DAMAGING LOYALTY

The return experience also plays a role in long-term loyalty

- Our Q2 study found that those customers who attempted to return an item experienced a problem 69% of the time. **Loyalty program members experienced 30% more problems with a return than non-members** (74% return problem incidence for members compared to 57% for non-members).
- Seven of the fourteen most damaging problems in Q2 are related to new questions on returns:
  1) *You purchased an item online and had to pay for shipping to return it*
  2) *You could not return the item without an original receipt*
  3) *You were not given a refund, only a credit for future merchandise*
  4) *The return policy was unclear or confusing*
  5) *The retailer would not let you exchange an item for something similar*
  6) *You purchased an item online and could not return it to the store*
- Like problem resolution, having a clear and frictionless return policy and process can have an impact on authentic loyalty.
- While problem incidence was higher across the board for loyalty program members, members experienced a significantly higher rate of problems with returns than non-members.
- It should be noted that many retailers were not allowing returns during the COVID-19 pandemic which may have resulted in increased consumer frustration and confusion.

Executive Summary (cont'd)

9

LOYALTY PROGRAM MEMBERS ARE MORE ENGAGED

Participation in a retailer's loyalty program has a material impact on overall brand engagement

- While it is generally agreed-upon that program members are more engaged with a retail brand than non-members, our study found that there is an order of magnitude difference in all aspects of engagement behaviors.
- The benefits of program membership for brands is exhibited by the following data points:
  - 80% more likely to download a retailer's app
  - 2x as likely to subscribe to emails and push notifications
  - 3x more likely to engage with social media with Facebook, Instagram, and YouTube leading the way
- This data suggests that investment in loyalty programs should have a broader impact to the retailer's business given the increased receptivity to the brand's overall message and content strategy.

Executive Summary (cont'd)

10

PROTECTING HEALTH AND SAFETY IS CRITICAL TO CUSTOMER LOYALTY

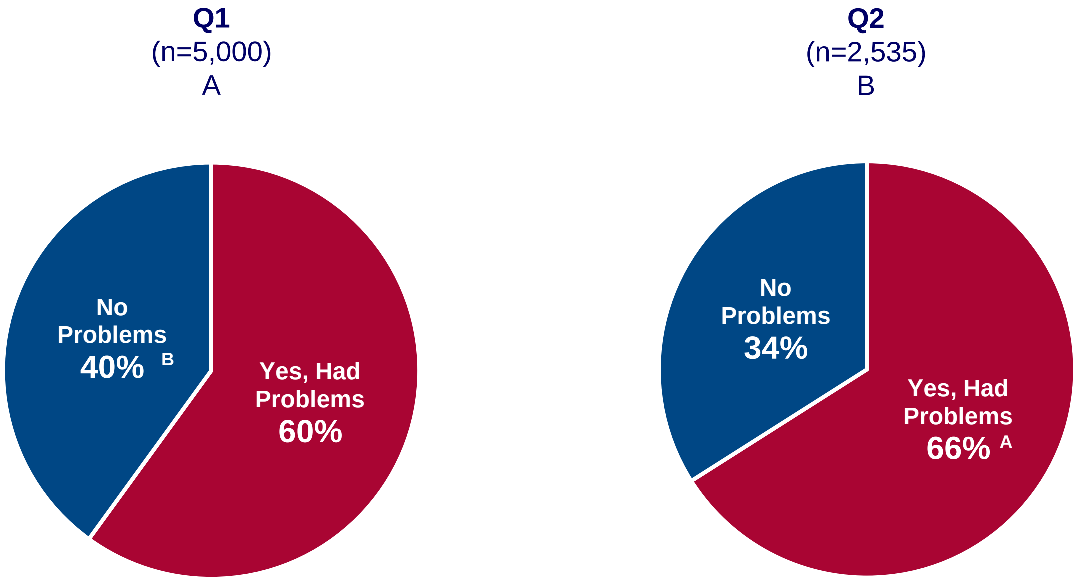
As customers react to restrictions and establish new routines with respect to COVID-19, the perception of the effort made by retailers to protect their health and safety is key to loyalty

- Nearly 80% of customers surveyed indicated that they are reacting day-by-day to new restrictions and are establishing new routines.
- Customers who believe that a retailer has made the maximum effort to protect their health and safety are 2.2x more likely to be Promoters than those who believe the retailer made little to no effort.
  - ➢ Although most customers indicated the retailer took some action, less than a third of customers believe the retailer made the maximum effort.
- The top four actions to protect customer health and safety were:
  1) *The store employees wear protective equipment such as masks and gloves*
  2) *The store manages the layout to help keep physical distancing e.g. with visual markers on the floor, "one way" aisles, controlling the line up at the cashier*
  3) *There are barriers protecting cashiers and other "behind the counter" employees*
  4) *The store employees practice physical distancing from each other and from shoppers*
- Of the actions not taken by retailers, the two most significant problems were:
  1) *Frequently touched areas/items such as carts and keypads are not cleaned between customers*
  2) *There aren't any cleaning and sanitizing products readily available for customers to use while shopping*

Key Findings

More than half of customers experienced problems on their last retail purchase and more experienced problems in Q2 than in Q1

Overall Problem Experience



	Q1	Q2
Average # of Problems Experienced	**6.0**	***7.7^{A}**

Q2 Notable Demographic Differences

More likely to have experienced problems

Gen Z
85%

Specialty
72%

Experienced more problems

Males
8.7

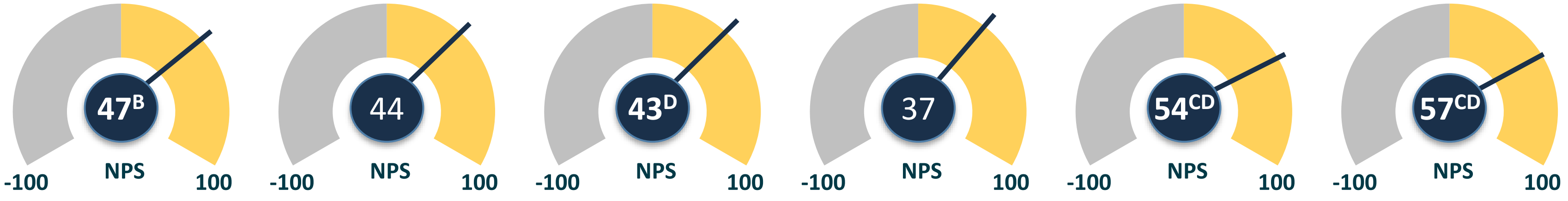
Gen Z
11.5

Gen Y
9.8

P1 – P6B. Thinking of your most recent (in store/online) purchase experience, did you encounter any of the following problems…?
Note: Average # is based on those experiencing any problems
*Increase due in part to the addition of problem statements related to returns and store pick-up

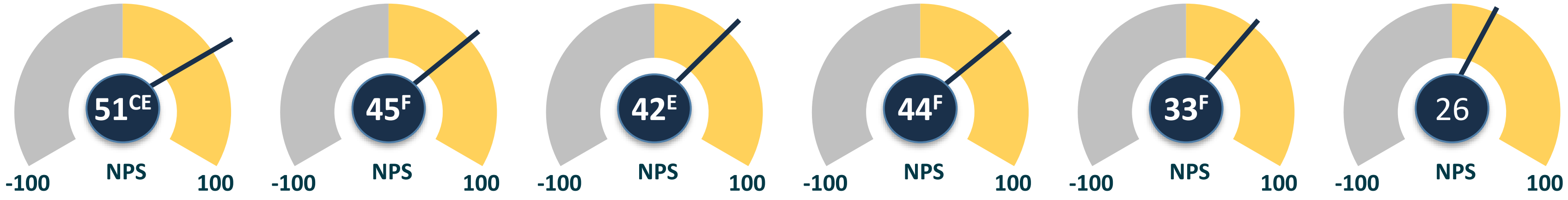
In Q2, customers who have problems are 35% less loyal than those who are problem-free

Likely to Recommend Retailer	**Total** (n=5,000)		**Problems**			
			Yes, Experienced		**No, Did Not Experience**	
	Q1 (n=5,000) A	**Q2** (n=2,535) B	**Q1** (n=3,012) C	**Q2** (n=1,675) D	Q1 (n=1988) E	**Q2** (n=860) F
NPS	47^{B}	44	43^{D}	37	54^{CD}	57^{CD}
Promoters	**$60\%^{B}$**	57%	**$57\%^{D}$**	52%	**$65\%^{C}$**	66%
Passives	28%	30%	**$30\%^{E}$**	**$32\%^{F}$**	24%	25%
Detractors	13%	13%	**$14\%^{E}$**	**$15\%^{F}$**	11%	9%



P1 – P6B. Thinking of your most recent (in store/online) purchase experience, did you encounter any of the following problems…?
C7. Based on all of your experiences with the specific retailer from which you made your most recent (in store/online) purchase, how likely are you to recommend this retailer to a friend or acquaintance?

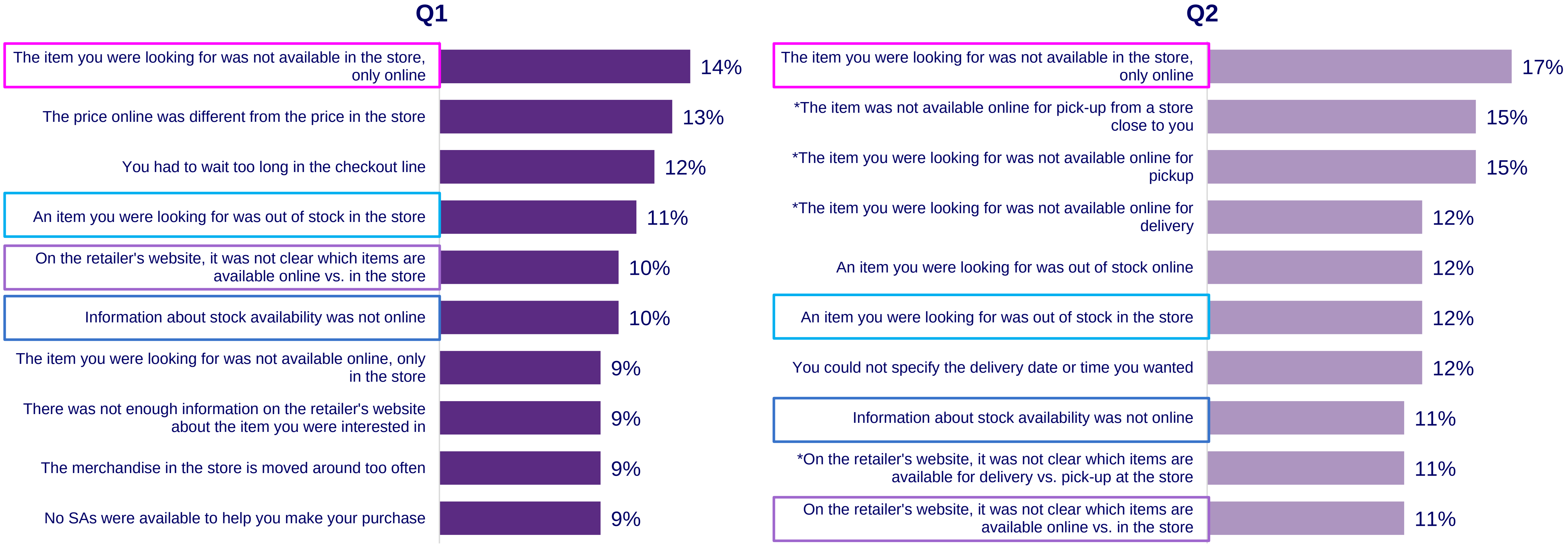
As problems mount, the negative impact on loyalty increases



Likely to Recommend Retailer	**Number of Problems Experienced**					
	1 or 2		**3 to 5**		**6 or More**	
	Q1 (n=1,285) A	**Q2** (n=564) B	**Q1** (n=748) C	**Q2** (n=410) D	**Q1** (n=979) E	**Q2** (n=701) F
NPS	**51**^{CE}	**45**^{F}	**42**^{E}	**44**^{F}	**33**^{F}	26
Promoters	**62%**^{BCEF}	**56%**^{EF}	**55%**^{EF}	**57%**^{F}	50%	46%
Passives	26%	**33%**^{A}	**32%**^{A}	30%	**33%**^{A}	34%
Detractors	11%	11%	13%	13%	**17%**^{ABC}	**20%**^{BD}

P1 – P6B. Thinking of your most recent (in store/online) purchase experience, did you encounter any of the following problems…?
C7. Based on all of your experiences with the specific retailer from which you made your most recent (in store/online) purchase, how likely are you to recommend this retailer to a friend or acquaintance?

No in store availability was the most frequent issue in Q1 and Q2. Other top problems also relate to stock availability



Top 10 Most Frequently Experienced Problems

P1 – P6B. Thinking of your most recent (in store/online) purchase experience, did you encounter any of the following problems…?
Note: Colored boxes are used to show the relative positions of identical problems; * indicates new questions in Q2; SA = Sales Associate(s)

However, not all problems are created equal – frequency is not the sole determinate of customer loyalty damage

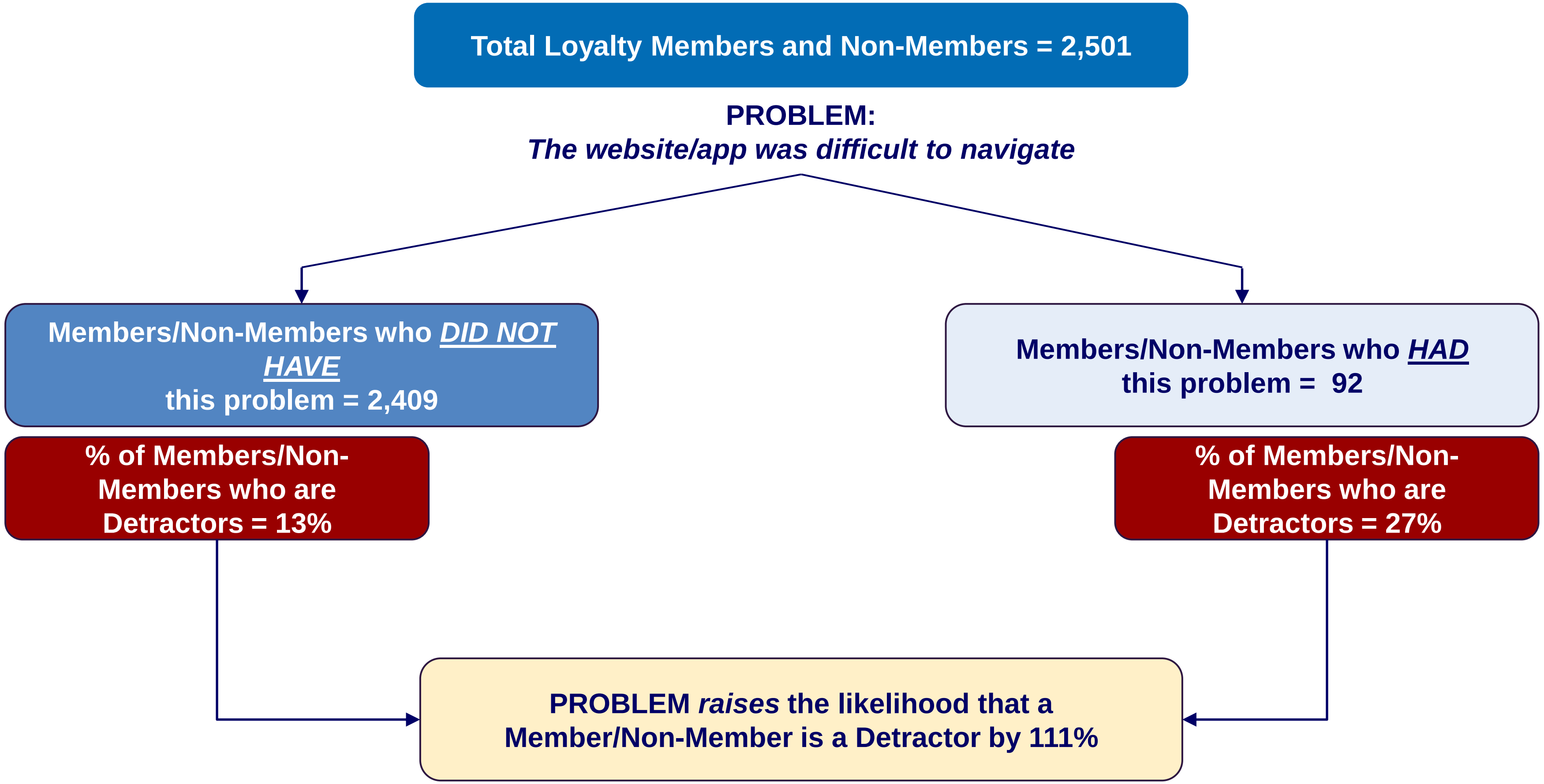
- **A frequently-experienced problem may have little influence on customer loyalty while; conversely, a low-frequency problem can create tremendous loyalty damage**

- **To assess the impact of problems, we looked at the extent to which each problem impacts customer loyalty as measured by NPS**

- **We performed a CART* analysis to isolate the unique damage associated by problem. The output of this analysis yielded a Loyalty Damage Impact score**

* Classification And Regression Tree

How Loyalty Damage Impact (LDI) is Calculated



Total Loyalty Members and Non-Members = 2,501

PROBLEM:
The website/app was difficult to navigate

Members/Non-Members who *DID NOT HAVE* this problem = 2,409

% of Members/Non-Members who are Detractors = 13%

Members/Non-Members who *HAD* this problem = 92

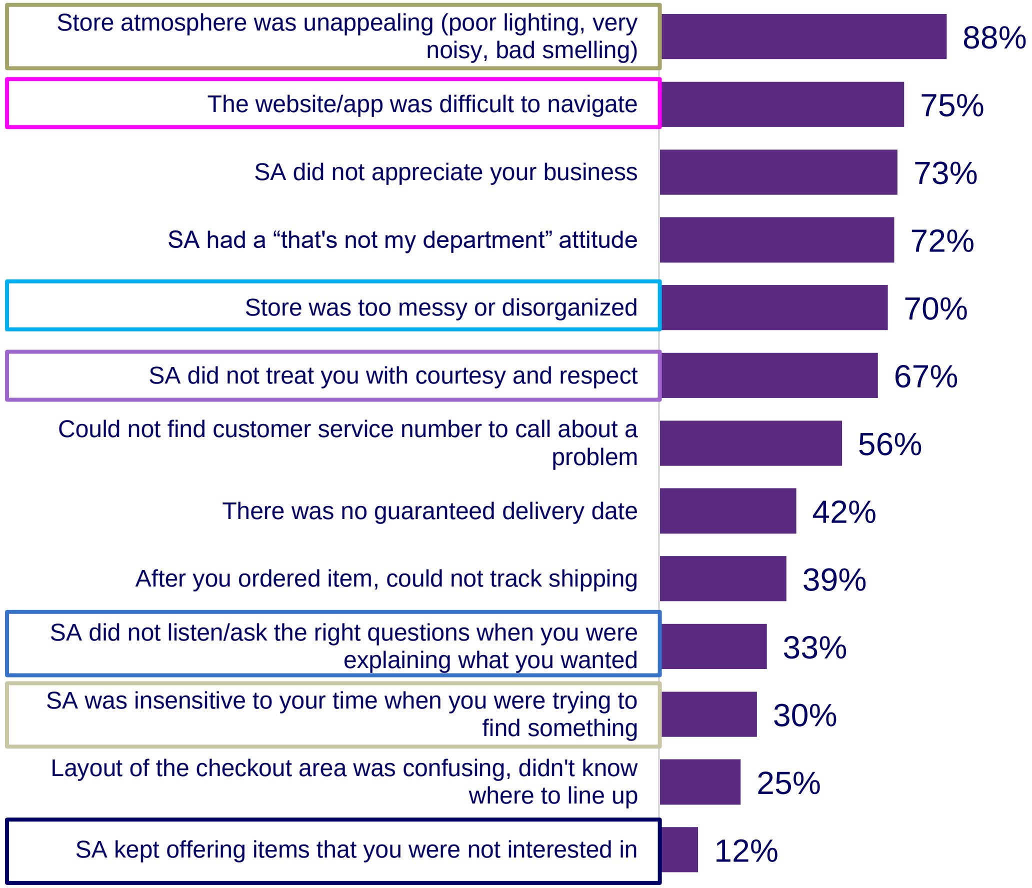
% of Members/Non-Members who are Detractors = 27%

PROBLEM *raises* the likelihood that a Member/Non-Member is a Detractor by 111%

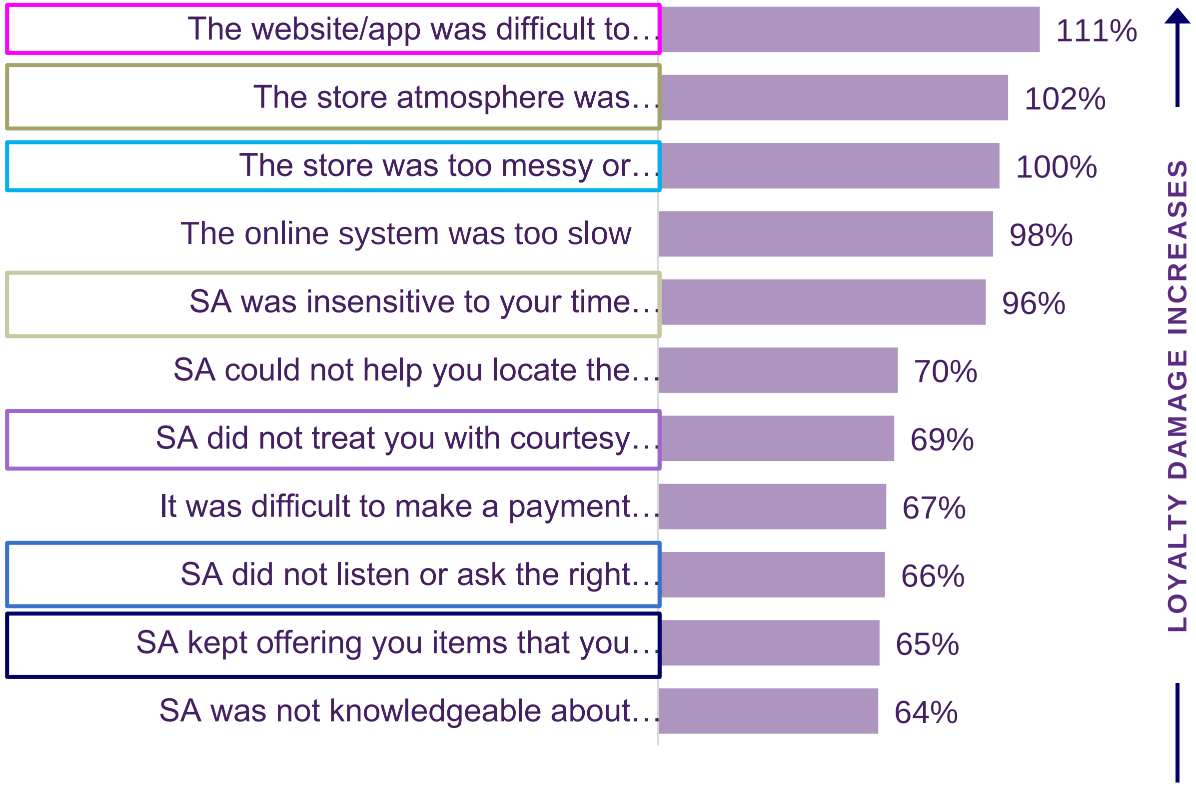
When we <u>exclude</u> new Q2 statements, the ability to find/purchase items quickly and efficiently rise to the top as most damaging

Problems with the Highest Loyalty Damage Impact (LDI) Scores Among Total Sample

Q1



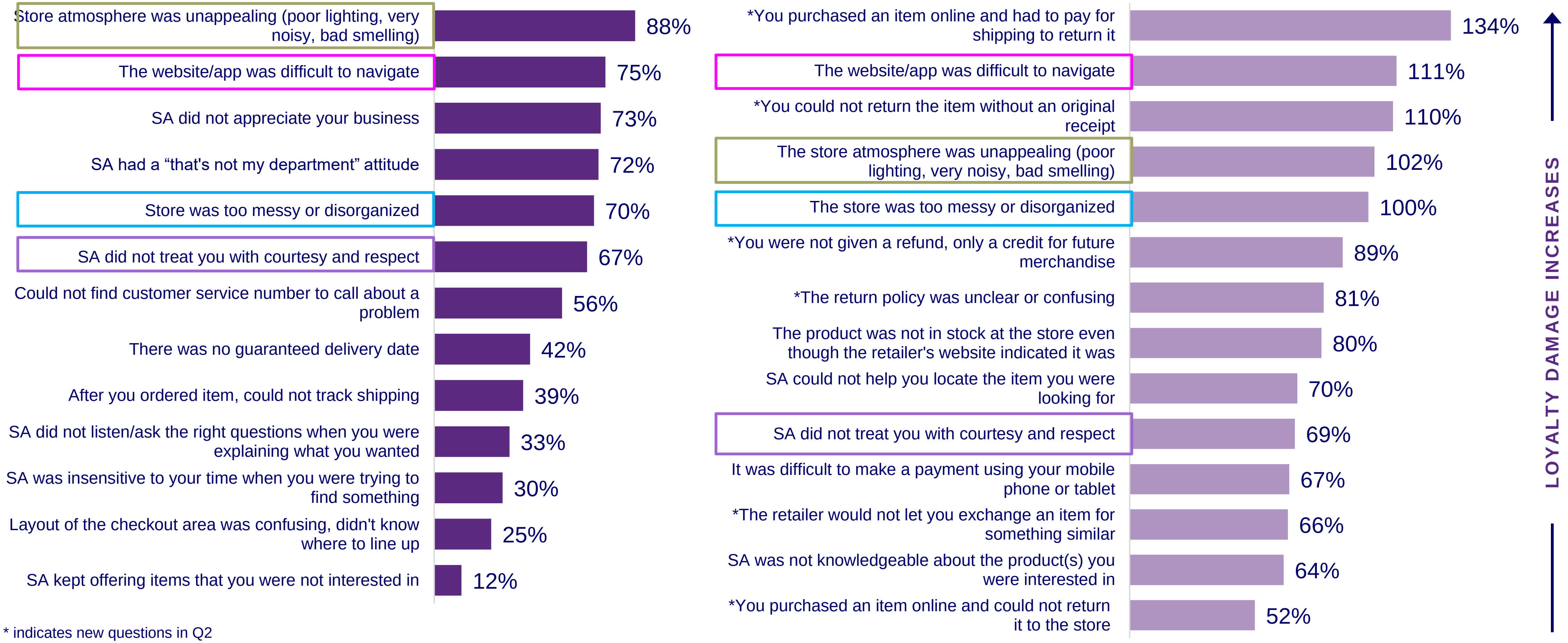
Q2 Excluding New Statements



SA = Sales Associate(s); Colored boxes are used to show the relative positions of identical problems
P1 – P6B. Thinking of your most recent (in store/online) purchase experience, did you encounter any of the following problems…?
C7. Based on all of your experiences with the specific retailer from which you made your most recent (in store/online) purchase, how likely are you to recommend this retailer to a friend or acquaintance?

When we include new Q2 statements, problems related to returns and exchanges are among those with the highest damage impact

Problems with the Highest Loyalty Damage Impact (LDI) Scores Among Total Sample

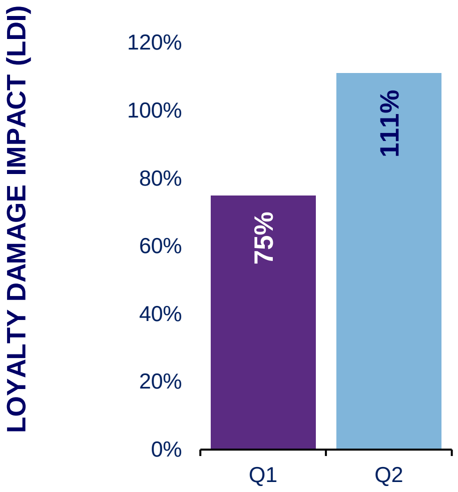


* indicates new questions in Q2

Of the four problems from Q1 that are also Q2 highest loyalty damage, two had substantial increases in loyalty damage

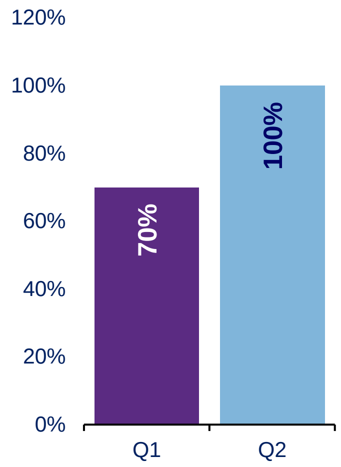
Website/app was difficult to navigate

✗ **LDI increased by 48%**



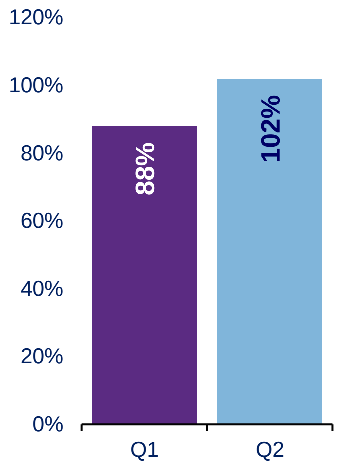
Store was too messy or disorganized

✗ **LDI increased by 43%**



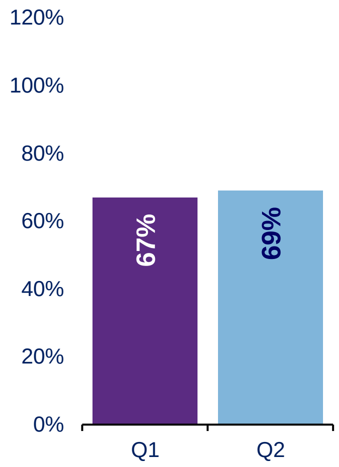
Store atmosphere was unappealing

✗ **LDI increased by 16%**



SA did not treat you with courtesy and respect

✗ **LDI increased by 3%**



SA = Sales Associate(s)
P1 – P6B. Thinking of your most recent (in store/online) purchase experience, did you encounter any of the following problems…?
C7. Based on all of your experiences with the specific retailer from which you made your most recent (in store/online) purchase, how likely are you to recommend this retailer to a friend or acquaintance?

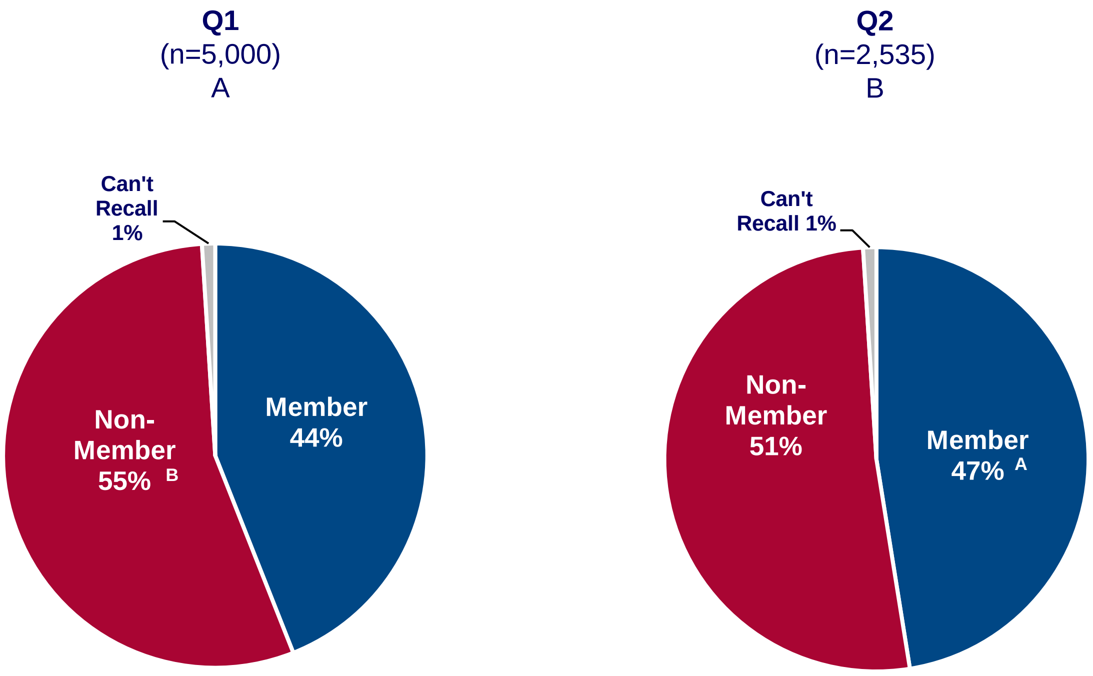
There is no overlap between the top 10 most frequent and top 10 most damaging (to loyalty) problems

Problem	Q2 Damage Ranking	Q2 Frequency Ranking
*You purchased an item online and had to pay for shipping to return it	1	
The website/ app was difficult to navigate	2	
*You could not return the item without an original receipt	3	
The store atmosphere was unappealing (poor lighting, very noisy, bad smelling)	4	
The store was too messy or disorganized	5	
*You were not given a refund, only a credit for future merchandise	6	
*The return policy was unclear or confusing	7	
The product was not in stock at the store even though the retailer's website indicated it was	8	
SA could not help you locate the item you were looking for	9	
SA did not treat you with courtesy and respect	10	
The item you were looking for was not available in the store, only online		1
*The item was not available online for pick-up from a store close to you		2
*The item you were looking for was not available online for pick-up		3
*The item you were looking for was not available online for delivery		4
An item you were looking for was out of stock online		5
An item you were looking for was out of stock in the store		6
You could not specify the delivery date or time you wanted		7
Information about stock availability was not online		8
*On the retailer's website, it was not clear which items are available for delivery vs. pick-up at the store		9
On the retailer's website, it was not clear which items are available online vs. in the store		10

* indicates new questions in Q2; SA = Sales Associate(s)

There were significantly more loyalty program members in Q2 than Q1, allowing retailers to grow/protect more customers' loyalty

Loyalty Program Membership



C5. Are you a member of a reward or loyalty program with this retailer?

Q2 Notable Demographic Differences

MOST likely to be a loyalty program member

Gen Z 56%	Gen Y 54%	Department 78%

LEAST likely to be a loyalty program member

Big Box 35%	Mass Merch 41%

Loyalty program features fall into three primary categories

EXPERIENTIAL

- Exclusive access to personal life coaches, fashion experts, or nutritional gurus
- Personal shopping assistant (virtual or in store)
- Invitation to participate in a customer advisory panel
- Skip the line during check out
- Free product samples or gifts with purchase
- Access to sales one week before everyone else
- Alexa and Google Assistant notifications for shipping and purchase status
- Percentage of your purchase donated to a local charitable organization of your choice
- Experts available 24/7 to answer any of your questions
- Members-only VIP events
- Pre-order and pick-up at store
- Insider access to exclusive content and information

EXPERIENTIAL + MONETARY

- Free shipping and free returns
- Access to your personal shopping history
- Reduced member pricing
- Guaranteed best price
- Alerts you when an item you want is on sale
- Personalized offers based on your preferences or past purchases

MONETARY

- Earn points with each purchase to redeem for rewards
- Cash back on each purchase

L1. Please think again of the reward or loyalty program offered by the retailer from which you made your most recent purchase. Indicate if each of the features or benefits outlined below are offered by this retailer’s program and if you took advantage of each one.

C7. Based on all of your experiences with the specific retailer from which you made your most recent (in store/online) purchase, how likely are you to recommend this retailer to a friend or acquaintance?

Just like problems, loyalty program features impact loyalty differently. Some make customers stronger advocates – we call this “authentic” loyalty

NOT RELATED TO AUTHENTIC LOYALTY

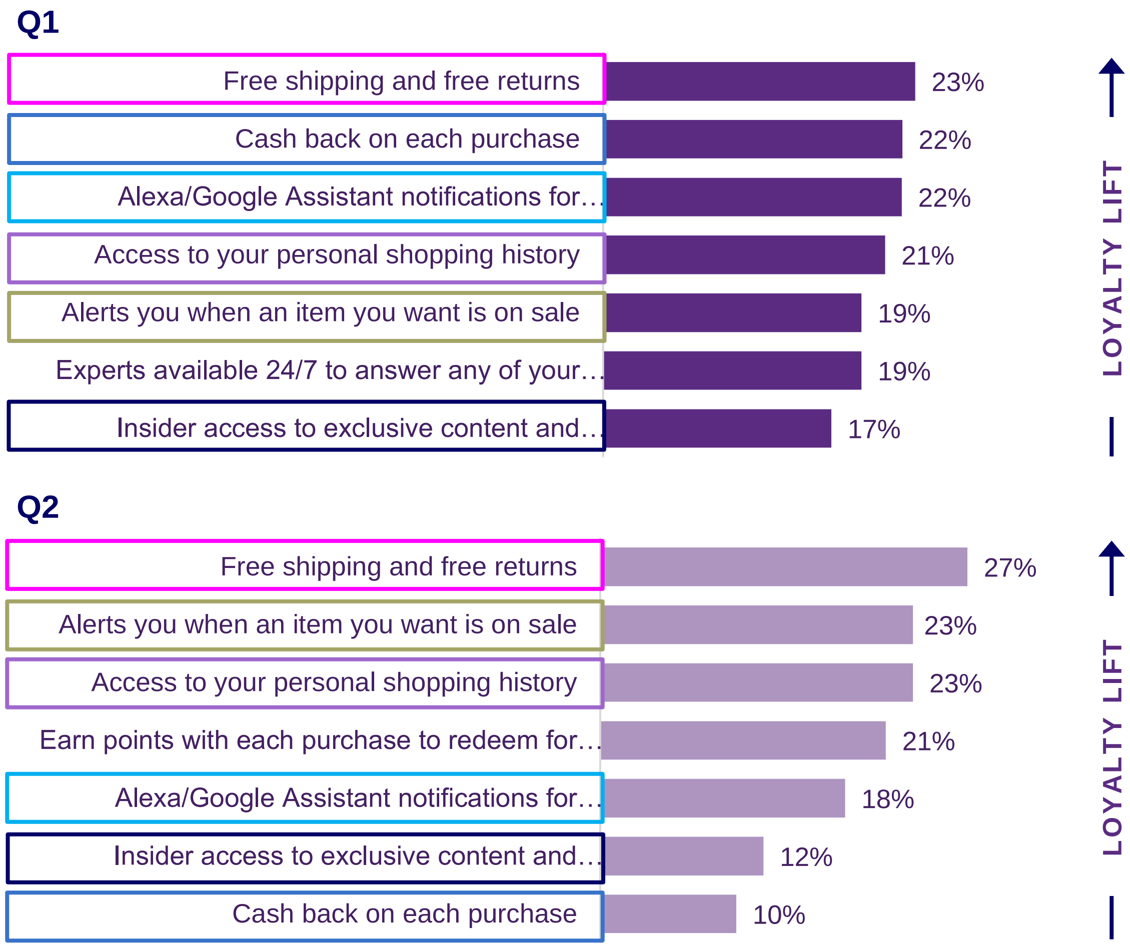
- Reduced member pricing
- Free product samples or gifts with purchase
- Guaranteed best price
- Personal shopping assistant (virtual or in store)
- Skip the line during check out
- Pre-order and pick-up at store
- Access to sales one week before everyone else
- Members-only VIP events
- Invitation to participate in a customer advisory panel
- Percentage of your purchase donated to a local charitable organization of your choice
- Exclusive access to personal life coaches, fashion experts, or nutritional gurus

Colored boxes are used to show the relative positions of identical problems

L1. Indicate if each of the features or benefits outlined below are offered by this retailer’s program and if you took advantage of each one.

C7. Based on all of your experiences with the specific retailer from which you made your most recent (in store/online) purchase, how likely are you to recommend this retailer to a friend or acquaintance?

Impact on Authentic Loyalty - Promotership



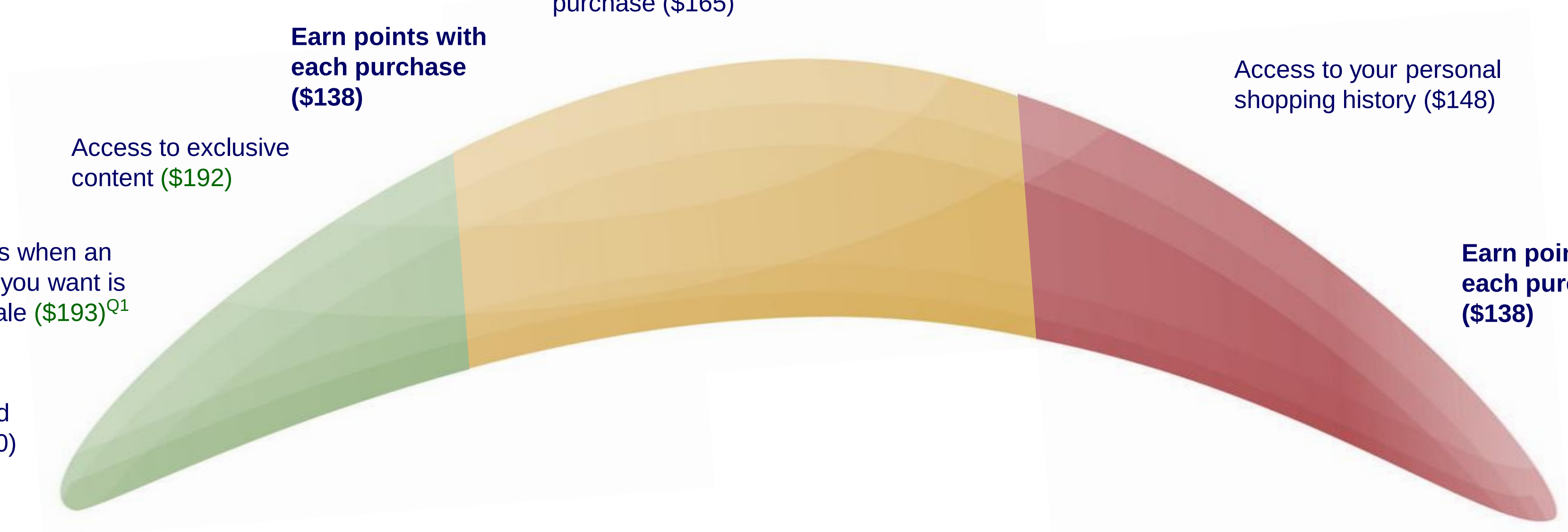
Some loyalty features can either inoculate against loyalty damage or accelerate it, depending on the problem experienced

Because there is greater authentic loyalty associated with some of these program features, they can have an **inoculating** effect on friction – customers may tolerate certain problems depending on the loyalty feature they take advantage of/use.

But there is also a boomerang effect. Rather than inoculating the retailer from damage created by friction, some loyalty program features can act as **accelerants** to loyalty damage.

Loyalty benefits can have a boomerang effect on customer loyalty with some providing inoculation and others, damage acceleration

Q2 Inoculation and Acceleration



Free shipping and free returns ($140)

Alerts when an item you want is on sale ($193)[Q1]

Access to exclusive content ($192)

Earn points with each purchase ($138)

Cash back on each purchase ($165)

Alexa & Google Assistant notifications for shipping and purchase status ($182)

Access to your personal shopping history ($148)

Earn points with each purchase ($138)

Alexa & Google Assistant notifications for shipping and purchase status ($182)

INOCULATION

DAMAGE ACCELERATION

Highest spend on last transaction

Insider access to exclusive content is the most inoculating. *Access to personal shopping history* is the least inoculating

MOST DAMAGING PROBLEMS	***Difference between Members Who Used Feature and Non-Members Loyalty Damage Scores***						
	Earn points with each purchase to redeem for rewards	*Cash back on each purchase*	*Alerts you when an item you want is on sale*	*Access to your personal shopping history*	*Alexa and Google Assistant notifications for shipping and purchase status*	*Insider access to exclusive content and information*	*Free shipping and free returns*
The store was too messy or disorganized	-158%	-149%	**-224%**	-27%	-186%	**-225%**	**-212%**
The store atmosphere was unappealing (poor lighting, very noisy, bad smelling)	-183%	**-200%**	**-237%**	-139%	**-194%**	**-235%**	**-254%**
The product was not in stock at the store even though the retailer's website indicated it was	**-223%**	**-223%**	-185%	-121%	-77%	-188%	-177%
SA could not help you locate the item you were looking for	-37%	-11%	-86%	108%	-81%	-71%	-8%
SA did not treat you with courtesy and respect	-79%	-118%	-102%	-68%	-119%	-190%	-135%
SA was not knowledgeable about the product(s) you were interested in	-142%	-116%	-149%	-23%	-12%	-140%	-168%
The website/ app was difficult to navigate	142%	312%	81%	18%	173%	199%	199%
It was difficult to make a payment using your mobile phone or tablet	139%	311%	96%	22%	342%	228%	69%
The retailer would not let you exchange an item for something similar	-108%	-54%	-97%	36%	147%	-126%	-155%
The return policy was unclear or confusing	-63%	-64%	-54%	13%	209%	-65%	-23%
You were not given a refund, only a credit for future merchandise	-99%	-127%	-150%	40%	89%	**-206%**	-91%
You could not return the item without an original receipt	197%	325%	123%	162%	**773%**	71%	154%
You purchased an item online and had to pay for shipping to return it	**389%**	233%	288%	329%	**581%**	254%	295%
You purchased an item online and could not return it to the store	135%	202%	-41%	-13%	121%	-35%	143%
# of Problems Inoculated by Feature	**4**	**4**	**5**	**1**	**2**	**7**	**6**

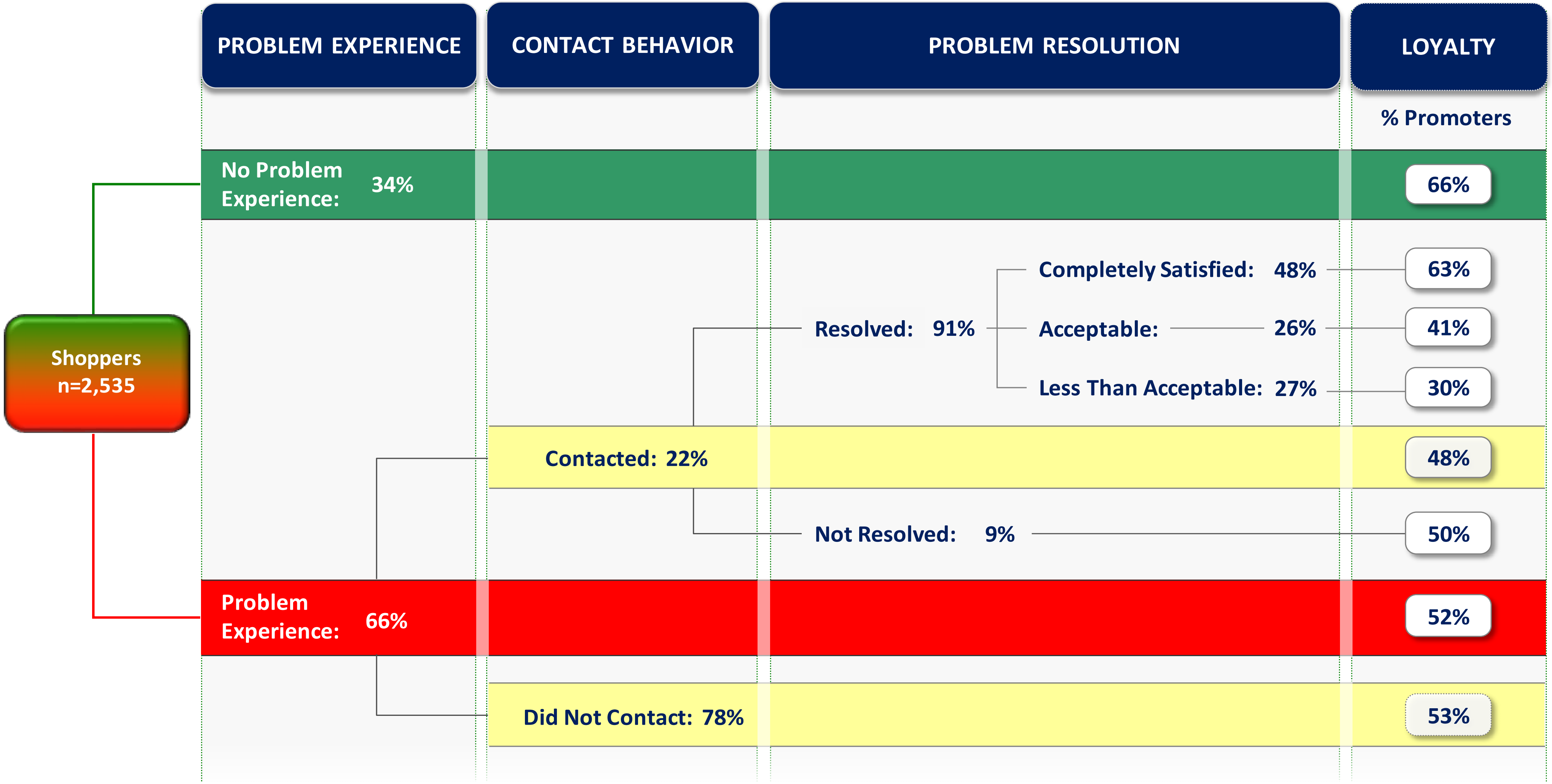
High Inoculator Mid Inoculator Neutral Mid Accelerator High Accelerator

Inoculators - The average value of the 59 Inoculators is -123%. Values above the average are shaded yellow. Values from the average to one standard deviation below the average are shaded light green. Values below one standard deviation below the average are shaded green.

Accelerators - The average value of the 39 Accelerators is 199%. Values below the average are shaded yellow. Values from the average to one standard deviation above the average are shaded light red. Values above one standard deviation above the average are shaded red.

Problem Contact and Resolution

Problems clearly degrade loyalty. When problems are resolved to the complete satisfaction of the shopper, loyalty is mostly restored



PROBLEM EXPERIENCE | **CONTACT BEHAVIOR** | **PROBLEM RESOLUTION** | **LOYALTY**

% Promoters

Shoppers
n=2,535

No Problem Experience: 34% — 66%

Problem Experience: 66% — 52%

Contacted: 22% — 48%

Resolved: 91%

- **Completely Satisfied: 48%** — 63%
- **Acceptable: 26%** — 41%
- **Less Than Acceptable: 27%** — 30%

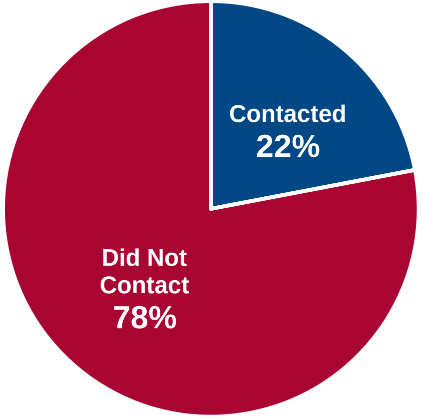
Not Resolved: 9% — 50%

Did Not Contact: 78% — 53%

Most shoppers did not contact anyone about their MSP. Loyalty program members and in store shoppers are more likely to contact than respective counterparts

Contact About Most Serious Problem (MSP)

Total Q2
(n=1,675)



Average # of Contacts **3.6**

	Loyalty Program		Shopping Channel	
	Member Q2 (n=806) A	**Non-Member** Q2 (n=850) B	**In Store** Q2 (n=631) C	**Online** Q2 (n=1,044) D
Contacted	**31%**^{B}	13%	**32%**^{D}	16%
Did Not Contact	69%	**87%**^{A}	68%	**84%**^{C}
*Average # of Contacts	**4.0**^{B}	2.8	3.6	3.6

Q2 Notable Demographic Differences

More likely to contact retailer

Males	Gen Z	Gen Y
26%	39%	31%

Retailers least likely to be contacted

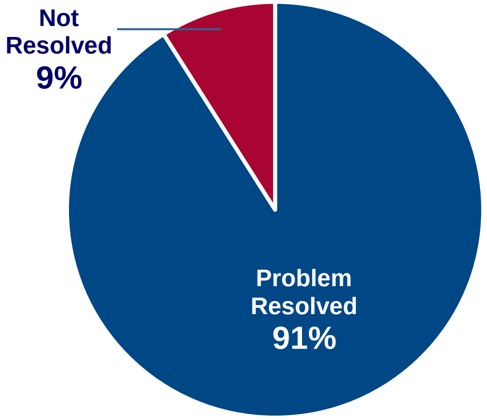
Department	eTailer	Big Box
13%	14%	15%

PR1. Did you talk to or contact anyone at the retailer about your most serious problem…?
PR3. In total, on how many separate occasions did you contact the retailer in an attempt to have your most serious problem resolved?
*Note: Average # is based on those who contacted

Problem resolution rates were significantly higher for loyalty program members. There were no differences between in store and online shopper problem resolution rates

Problem Resolution

Total Q2
(n=361)



	Loyalty Program		Shopping Channel	
	Member **Q2** (n=251) A	**Non-Member** **Q2** (n=109) B	**In Store** **Q2** (n=199) C	**Online** **Q2** (n=162) D
Problem Resolved	**93%^{B}**	86%	90%	93%
Not Resolved	7%	**14%^{A}**	10%	7%

Q2 Notable Demographic Differences

MORE likely to have problem resolved

Gen Z
98%
Resolved

Gen Y
95%
Resolved

Gen X
90%
Resolved

LESS likely to have problem resolved

Boomer
33%
Not Resolved

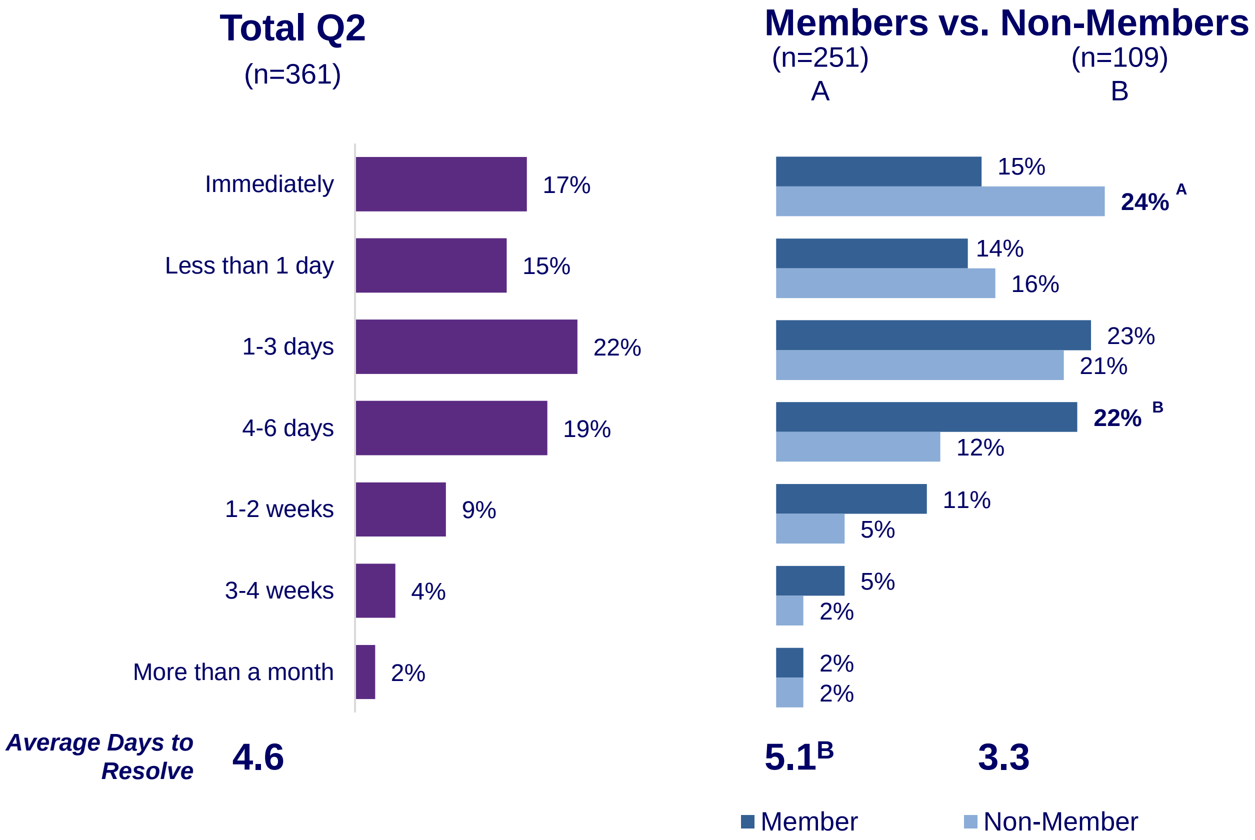
New Routines for COVID-19 11%
Not Resolved

Rural
24%
Not Resolved

PR2. How long did it take from the first time you contacted retailer until final action was taken to resolve your most serious problem…?

More than half of problems were resolved in 3 days or less. Non-members' problems were resolved much faster than members'

Time to Resolve Problem



PR2. How long did it take from the first time you contacted retailer until final action was taken to resolve your most serious problem…?
Note: Average # is based on those who contacted

Q2 Notable Demographic Differences

MORE likely to resolve problem quickly

Specialty
29%
Immediately

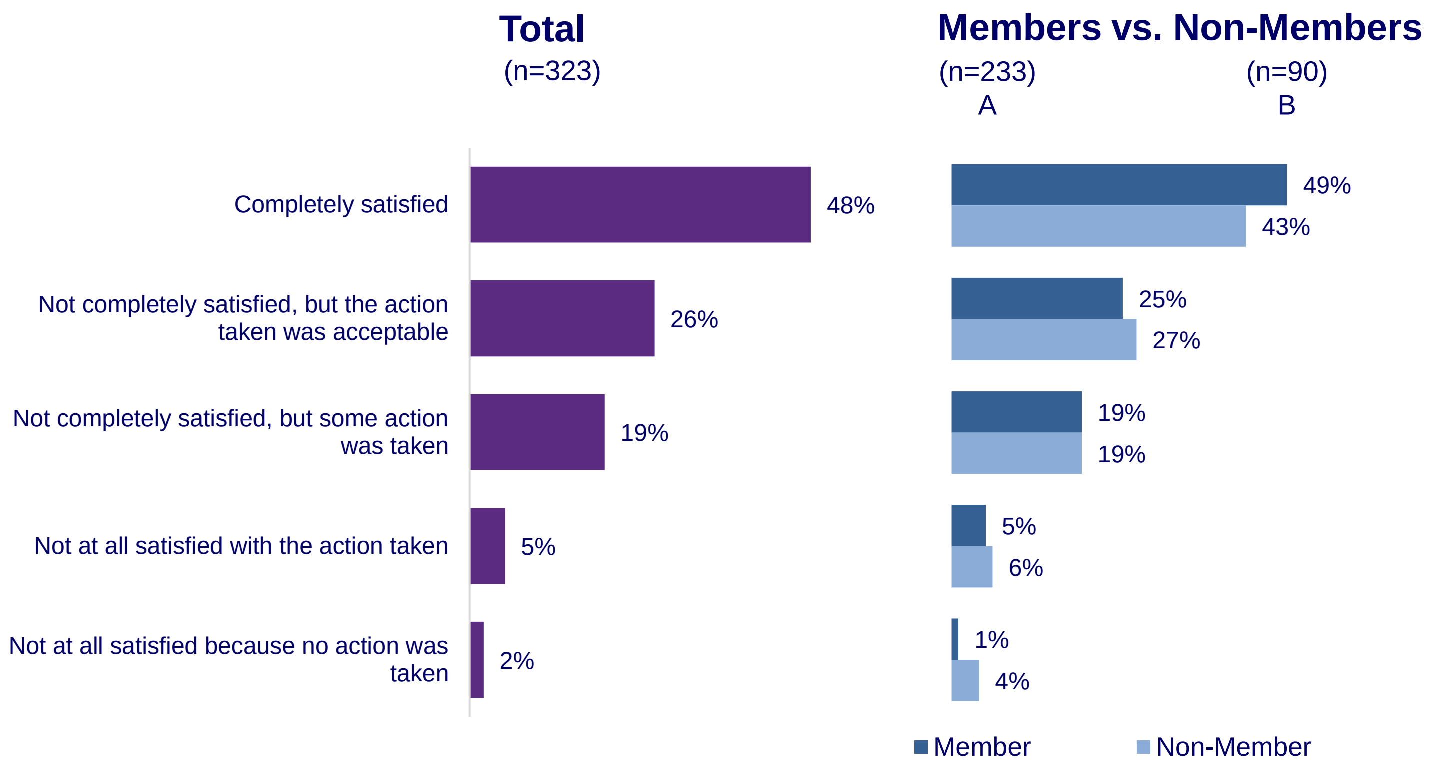
LESS likely to have problem resolved quickly

Males
40%
4+ days

Mass Merch
39%
4+ days

There were no significant differences in satisfaction between loyalty program members and non-members

Satisfaction with Problem Resolution



PR4. Overall, which of the following statements best describes your feelings about the action taken by someone at retailer to resolve your most serious problem?

Q2 Notable Demographic Differences

More likely to be completely satisfied with resolution

Gen X
59%
Completely Satisfied

eTailer
59%
Completely Satisfied

Less likely to be completely satisfied with resolution

Gen Z
63%
Not Satisfied

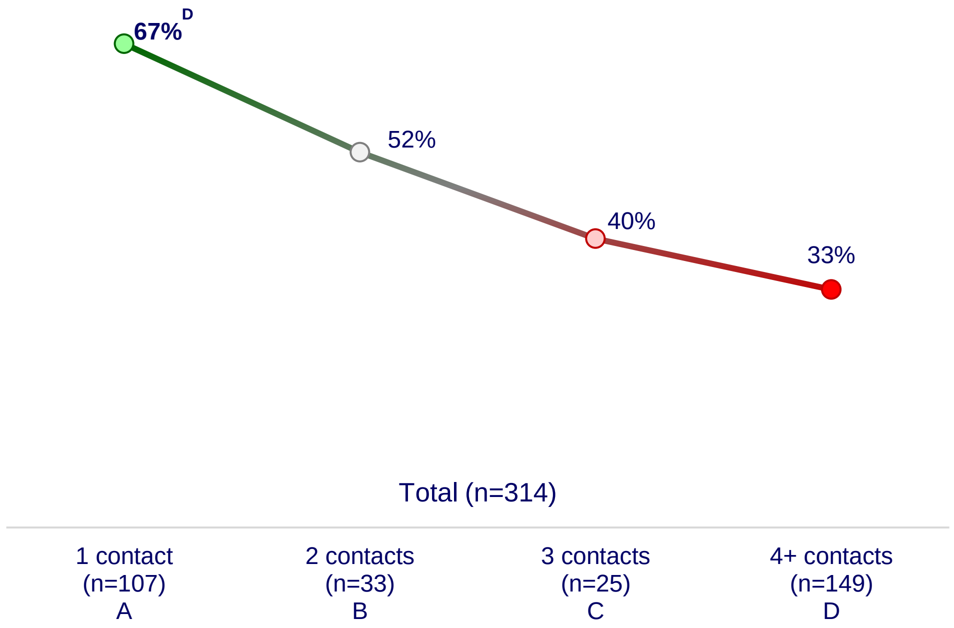
Mass Merch
58%
Not Satisfied

Big Box
41%
Not Satisfied

As the number of contacts or time to resolve problems increases, the level of satisfaction with problem resolution drops dramatically

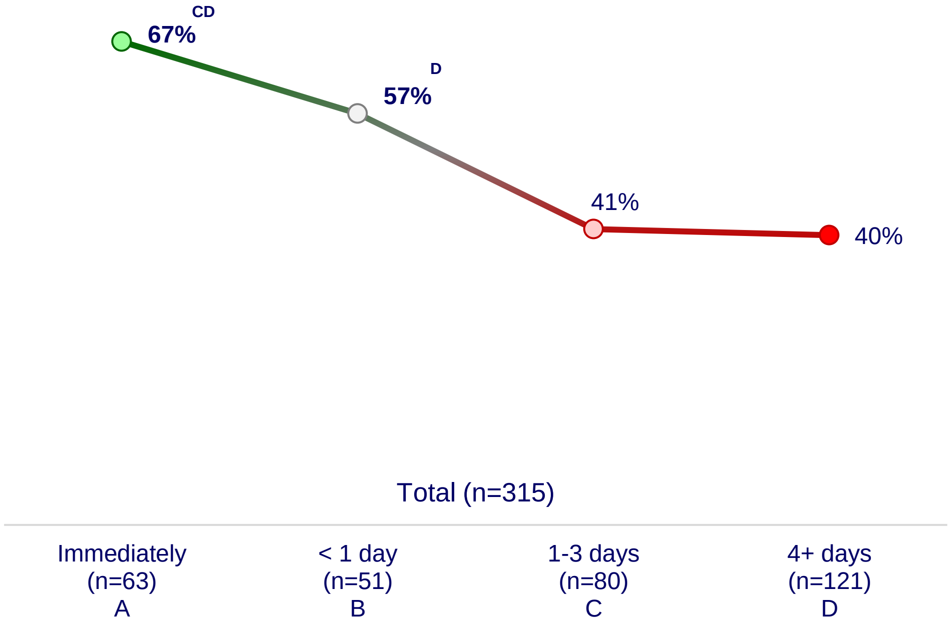
Impact of Number of Contacts on Satisfaction with Resolution

(% completely satisfied)



Impact of Time to Resolution on Satisfaction with Resolution

(% completely satisfied)



PR2. How long did it take from the first time you contacted retailer until final action was taken to resolve your most serious problem…?
PR3. In total, on how many separate occasions did you contact the retailer in an attempt to have your most serious problem resolved?
PR4. Overall, which of the following statements best describes your feelings about the action taken by someone at retailer to resolve your most serious problem?

Loyalty Program Problems and Features

Wharton
University *of* Pennsylvania
BAKER
Retailing Center

WisePlum

Loyalty program problems fell significantly in Q2 with Gen Z and Y shoppers having the highest problem incidence

Summary of Problem Experience with Loyalty Program

	Loyalty Program Member	
	Q1 (n=2,197) A	**Q2** (n=1,204) B
Total experienced a loyalty program problem	**41%**^{B}	37%
Average # of problems experienced*	2.9	2.9
Experienced problem…		
It took too long to earn rewards	19%	16%
Some offers you received had expired before or too soon after you received them	18%	16%
You did not receive any special treatment for being a member of the program	18%	18%
You were worried about what the retailer would do with your data and information	16%	15%
You felt that the reward program simply wasn't worth your time to participate in	16%	16%
You received too many notifications from the rewards program	14%	13%
The rewards system used for your reward or loyalty program was too difficult to understand	**14%**^{B}	12%

Q2 Notable Demographic Differences

Loyalty program members most likely to have experienced problems with loyalty program

Gen Z

62% experienced problem
3.0 avg # problems

Gen Y

45% experienced problem
3.1 avg # problems

Mass Merch

47% experienced problem
3.1 avg # problems

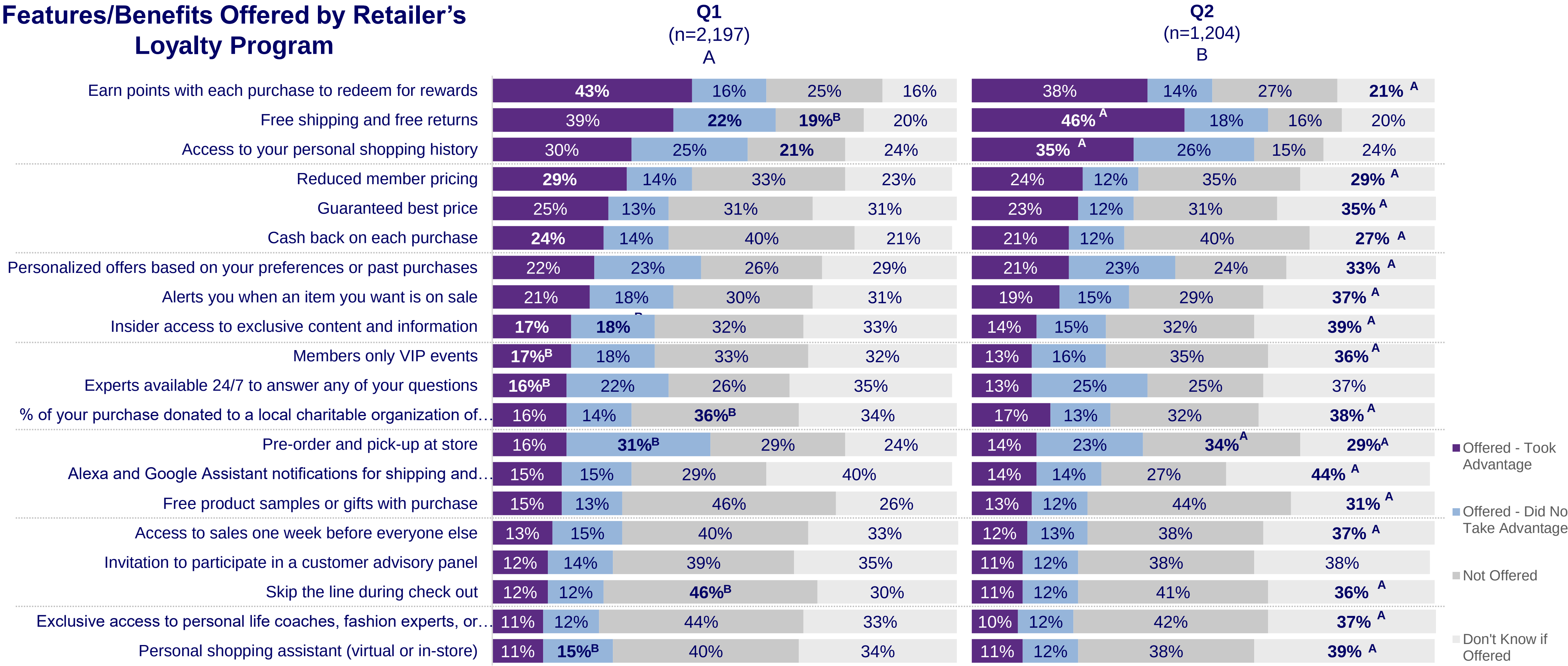
Males

39% experienced problem
3.2 avg # problems

L2. Did you encounter any of the following problems with this retailer's reward or loyalty program over the past six months?
* Average # is based on those experiencing any problems

Earning points and free shipping continue to be features most offered/used. Use of free shipping increased significantly in Q2

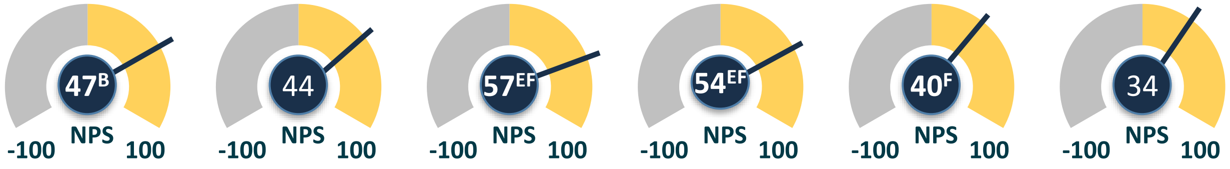
Features/Benefits Offered by Retailer's Loyalty Program



L1. Indicate if each of the features or benefits are offered by this retailer's program and if you took advantage of each one.

Evaluations by Loyalty Program Membership

In Q2, loyalty program members were nearly 30% more likely to be Promoters than non-members, versus 20% in Q1



Likely to Recommend Retailer	**Total** (n=5,000)		**Loyalty Program**			
			Member		**Non-Member**	
	Q1 (n=5,000) A	**Q2** (n=2,535) B	**Q1** (n=2,197) C	**Q2** (n=1,204) D	**Q1** (n=2,751) E	**Q2** (n=1,297) F
NPS	**47**^{B}	44	**57**^{EF}	**54**^{EF}	**40**^{F}	34
Promoters	**60%**^{B}	57%	**65%**^{EF}	**64%**^{EF}	**55%**^{F}	50%
Passives	28%	30%	26%	26%	**29%**^{C}	**33%**^{CDE}
Detractors	13%	13%	9%	10%	**16%**^{CD}	**16%**^{CD}

Q2 Notable Demographic Differences

Member		**Non-Member**
NPS **51**		NPS 29
60% Promoters		48% Promoters
	Males	

Member		**Non-Member**
NPS **59**		NPS 36
68% Promoters		50% Promoters
	Gen X	

Member		**Non-Member**
NPS **64**		NPS 35
70% Promoters		51% Promoters
	Boomer	

C7. Based on all of your experiences with the specific retailer from which you made your most recent (in store/online) purchase, how likely are you to recommend this retailer to a friend or acquaintance?

The delta between member and non-member plans to spend more increased from a difference of 1.5x in Q1 to nearly 2x in Q2

Future Spending at Retailer	**Total** (n=5,000)		**Loyalty Program**			
			Member		**Non-Member**	
	Q1 (n=5,000) A	**Q2** (n=2,535) B	**Q1** (n=2,197) C	**Q2** (n=1,204) D	**Q1** (n=2,751) E	**Q2** (n=1,297) F
Will spend more	22%	24%	**28%**^{EF}	**31%**^{EF}	17%	18%
Will spend about the same	70%	69%	65%	63%	**75%**^{CD}	**75%**^{CD}
Will spend less	5%	4%	5%	5%	4%	4%
Will not buy from retailer again	1%	1%	1%	1%	1%	1%
Not sure	**2%**^{B}	1%	1%	1%	**2%**^{CD}	2%

D2. Based on your overall experiences, would you say that you will spend more, less, or about the same amount with this retailer in the future?

Q2 Notable Demographic Differences

Likely to spend more at retailer

Member		Non-Member
33%	**Males**	18%
41%	**Gen Z**	22%
31%	**Mass Merch**	16%
42%	**eTailer**	24%

Loyalty program members are more likely to purchase products they need from the same retailer than non-members

Likelihood to purchase from Retailer again if need for products carried

	Q2 Total	Loyalty Program	
		Member	Non-Member
	(n=2,535)	**Q1** (1,204) A	**Q2** (n=1,297) B
Definitely will	60%	**64%**^{B}	57%
Probably will	28%	27%	30%
Might or might not	10%	8%	**11%**^{A}
Probably will not	1%	1%	1%
Definitely will not	0%	0%	1%

Q2 Notable Demographic Differences

Definitely will purchase again from Retailer

Member
63%

Non-Member
55%

Males

Member
60%

Non-Member
51%

Gen Y

Member
71%

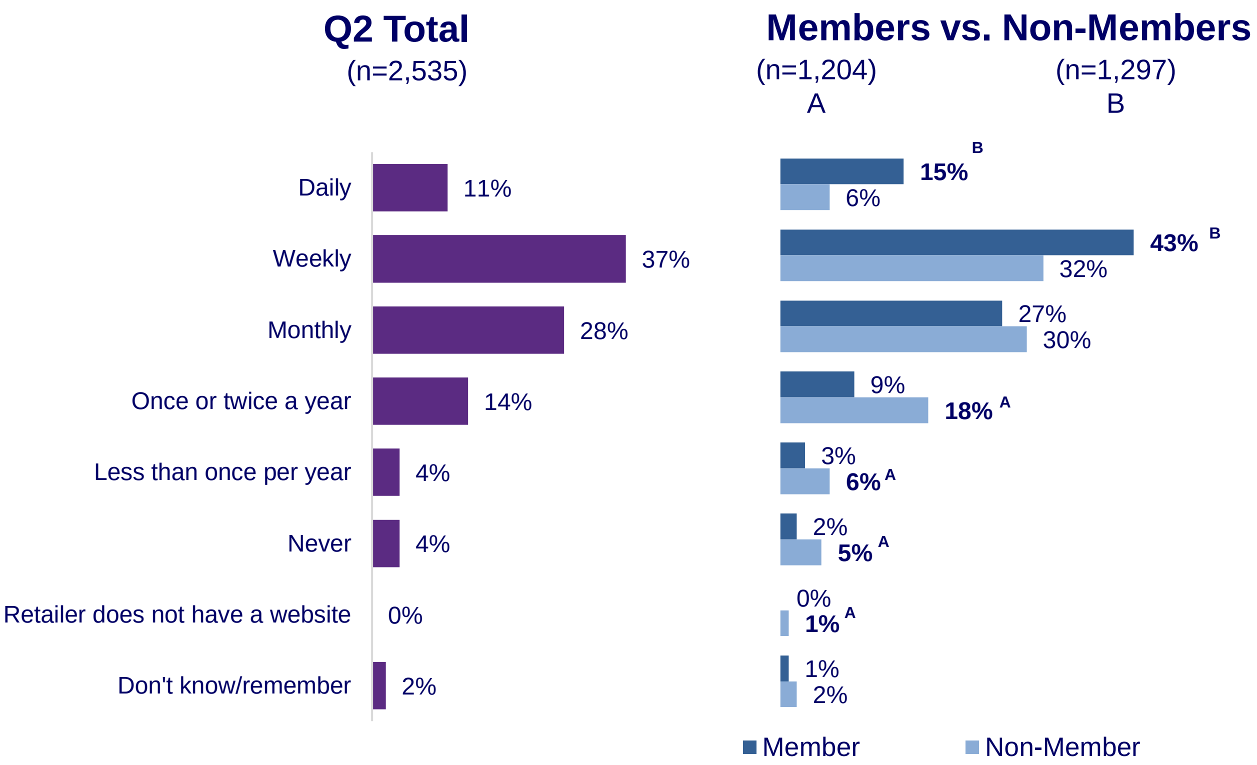
Non-Member
62%

Boomer

D3. How likely are you to purchase from this retailer again if you have a need for products they carry?

Members visit a retailer's website significantly more frequently than non-members. Over 40% of members visit weekly

Visit Retailer's Website



D5. How often do you visit the retailer's website, either to browse or to purchase something?

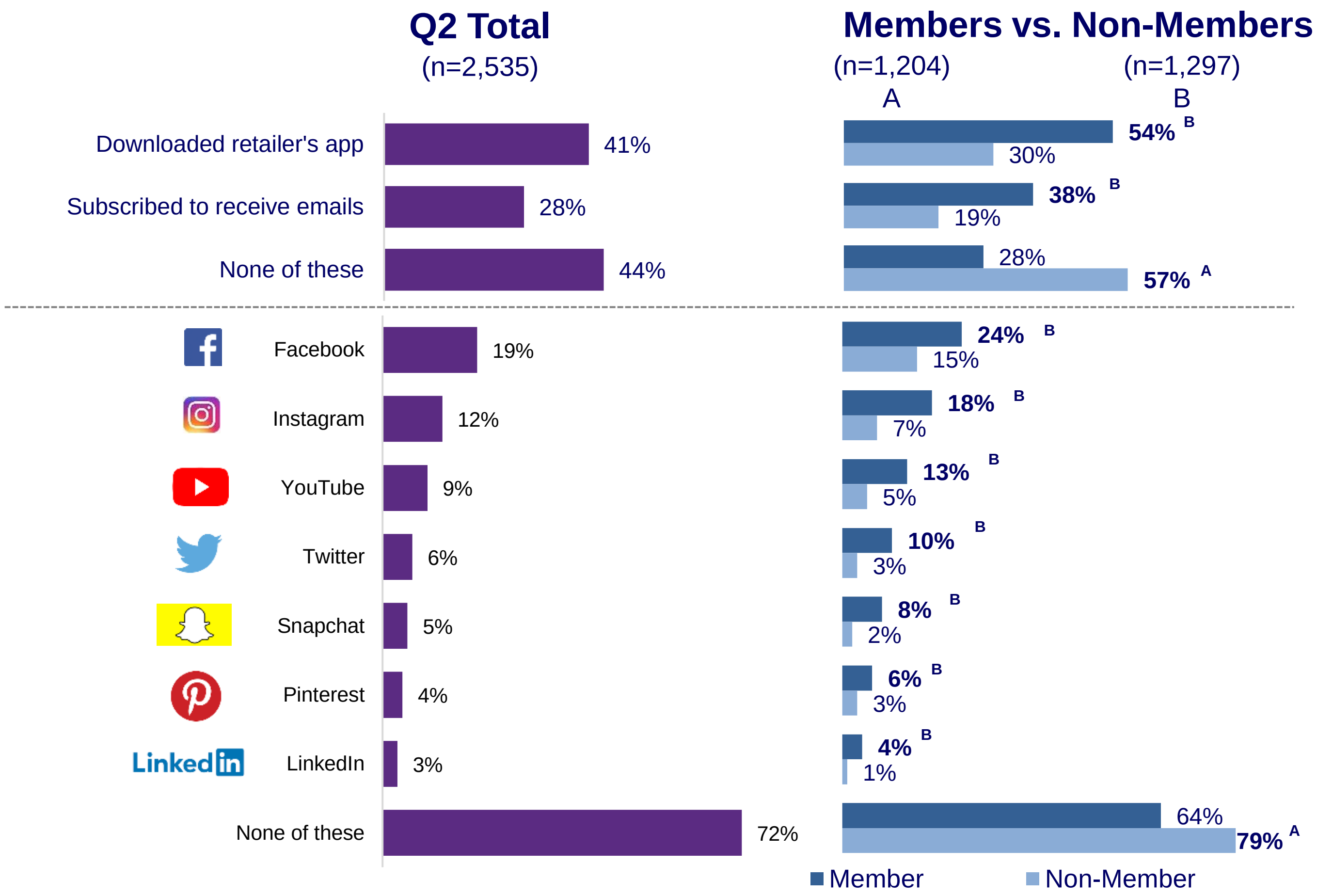
Q2 Notable Demographic Differences

Visit Retailer's Website Daily

Member **18%**	**Gen Z**	Non-Member 9%
Member **20%**	**Gen Y**	Non-Member 6%
Member **11%**	**Mass Merch**	Non-Member 4%
Member **27%**	**eTailer**	Non-Member 15%

Members are more likely to be "digitally engaged" with a retailer. Facebook is the most common platform for "following" a retailer

Digital engagement with the retailer

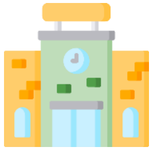


D6. Which of the following have you done?
D7. Which of the following social media sites do you "follow" the retailer on?

Q2 Notable Demographic Differences

Downloaded Retailer's App

Member **64%**



Non-Member 35%

Mass Merch

Member **41%**

Non-Member 10%

Department

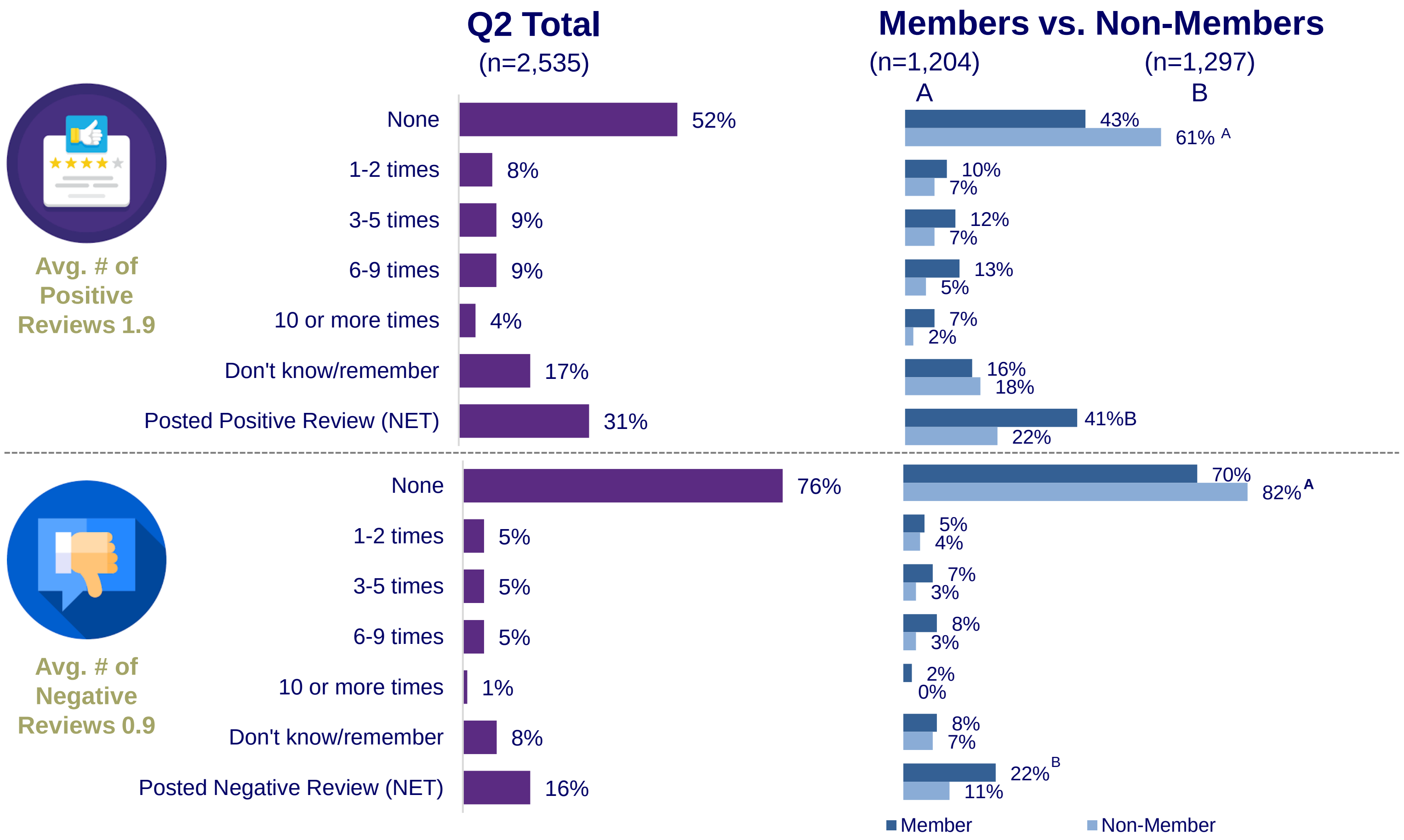
Member **36%**

Non-Member 13%

Specialty

Members are more likely than non-members to post both positive and negative reviews. The majority have never posted a review

Posted review(s) about retailer



Avg. # of Positive Reviews 1.9

Avg. # of Negative Reviews 0.9

Q2 Notable Demographic Differences

Posted Positive Reviews

Member
3.2
Average

Mass Merch

Non-Member
1.4
Average

Member
3.0
Average

eTailer

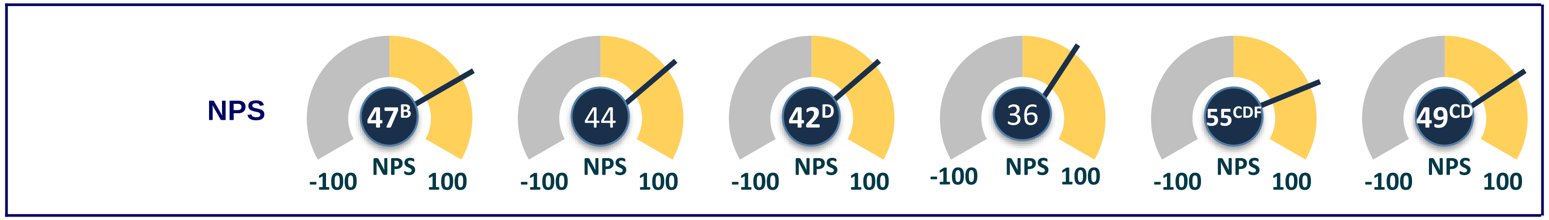
Non-Member
1.7
Average

D8. In the past 12 months, how many times have you posted a **positive** review or comment about your experience with the retailer on any website or social media site?
D9. In the past 12 months, how many times have you posted a **negative** review or comment about your experience with the retailer on any website or social media site?

Understanding the Retail Consumer Experience During a Pandemic

Evaluations by Shopping Channel

In Q2, online shoppers were the most loyal



Likely to Recommend Retailer	**Total** (n=5,000)		**Shopping Channel**			
			In Store		Online	
	Q1 (n=5,000) A	**Q2** (n=2,535) B	**Q1** (n=3,000) C	**Q2** (n=963) D	Q1 (n=2,000) E	Q2 (n=1,572) F
NPS	**47^{B}**	44	**42^{D}**	36	**55^{CDF}**	**49^{CD}**
Promoters	**60%^{B}**	57%	**56%^{D}**	51%	**65%^{CDF}**	**60%^{CD}**
Passives	28%	30%	**35%^{E}**	**33%^{EF}**	24%	**28%^{E}**
Detractors	13%	13%	**14%^{E}**	**16%^{EF}**	11%	12%

C7. Based on all of your experiences with the specific retailer from which you made your most recent (in store/online) purchase, how likely are you to recommend this retailer to a friend or acquaintance?

Over a quarter of online shoppers’ plan to spend more, significantly more compared to in store shoppers in this category

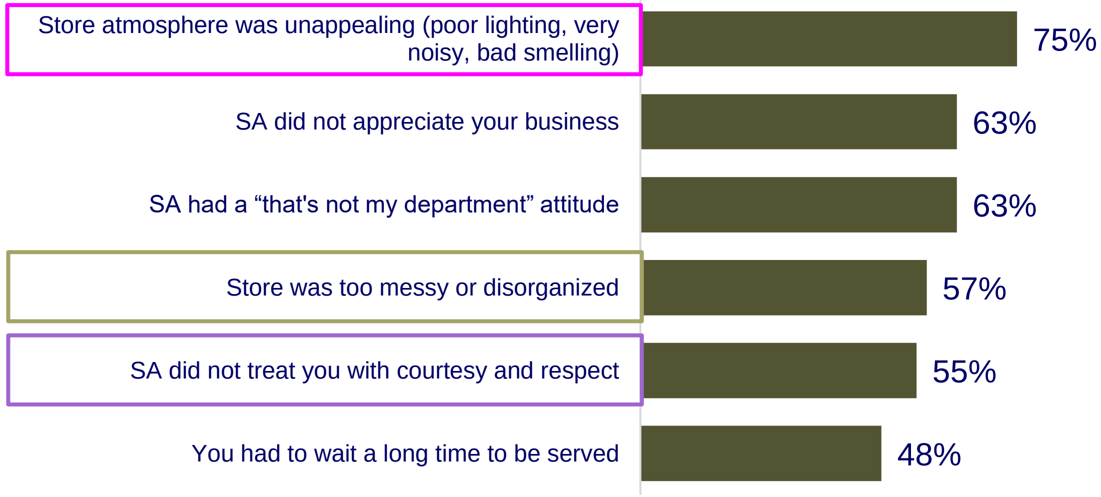
Future Spending at Retailer	**Total** (n=5,000)		**Shopping Channel**			
			In Store		**Online**	
	Q1 (n=5,000) A	**Q2** (n=2,535) B	**Q1** (n=3,000) C	**Q2** (n=963) D	**Q1** (n=2,000) E	**Q2** (n=1,572) F
Will spend more	22%	24%	19%	21%	**27%**^{CD}	**26%**^{CD}
Will spend about the same	70%	69%	**73%**^{EF}	**72%**^{E}	66%	68%
Will spend less	5%	4%	**5%**^{F}	**6%**^{F}	4%	4%
Will not buy from retailer again	1%	1%	1%	1%	1%	1%
Not sure	**2%**^{B}	1%	**2%**^{D}	1%	**2%**^{D}	1%

D2. Based on your overall experiences, would you say that you will spend more, less, or about the same amount with this retailer in the future?

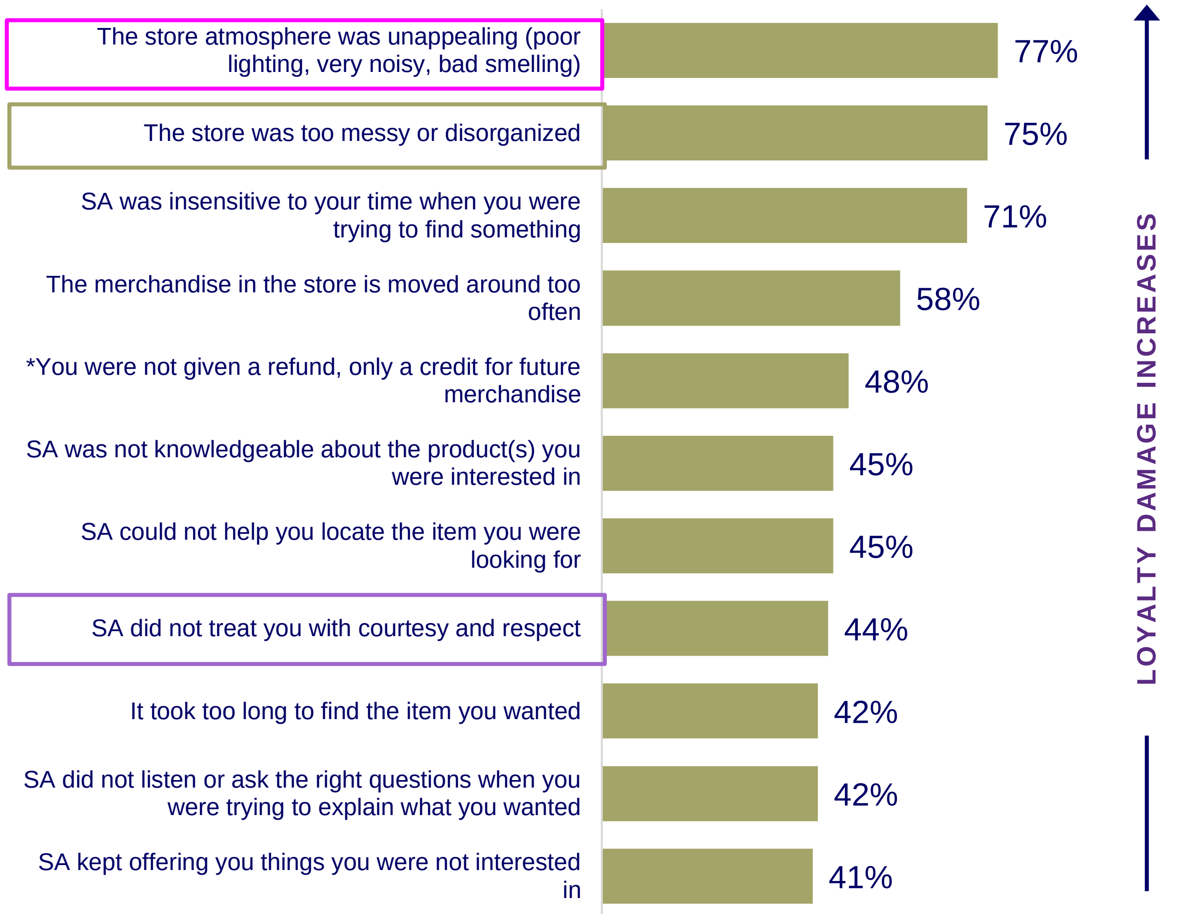
In Q2, unappealing store atmosphere continues to damage in store shopper loyalty. Messy stores were more aggrieving in Q2

Problems with the Highest Loyalty Damage Impact (LDI) Scores Among In Store Shoppers

Q1



Q2 Including New Statements



SA = Sales Associate(s); * indicates new questions in Q2

Colored boxes are used to show the relative positions of identical problems

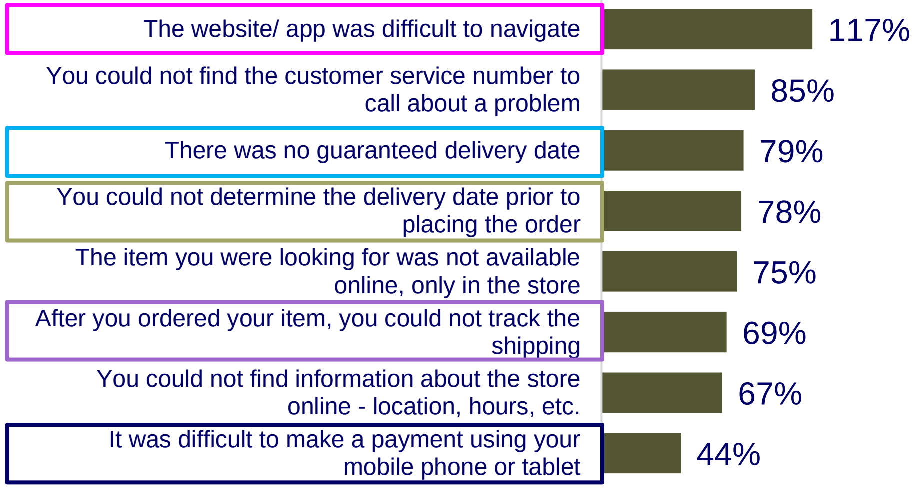
P1 – P6B. Thinking of your most recent (in store/online) purchase experience, did you encounter any of the following problems…?

C7. Based on all of your experiences with the specific retailer from which you made your most recent (in store/online) purchase, how likely are you to recommend this retailer to a friend or acquaintance?

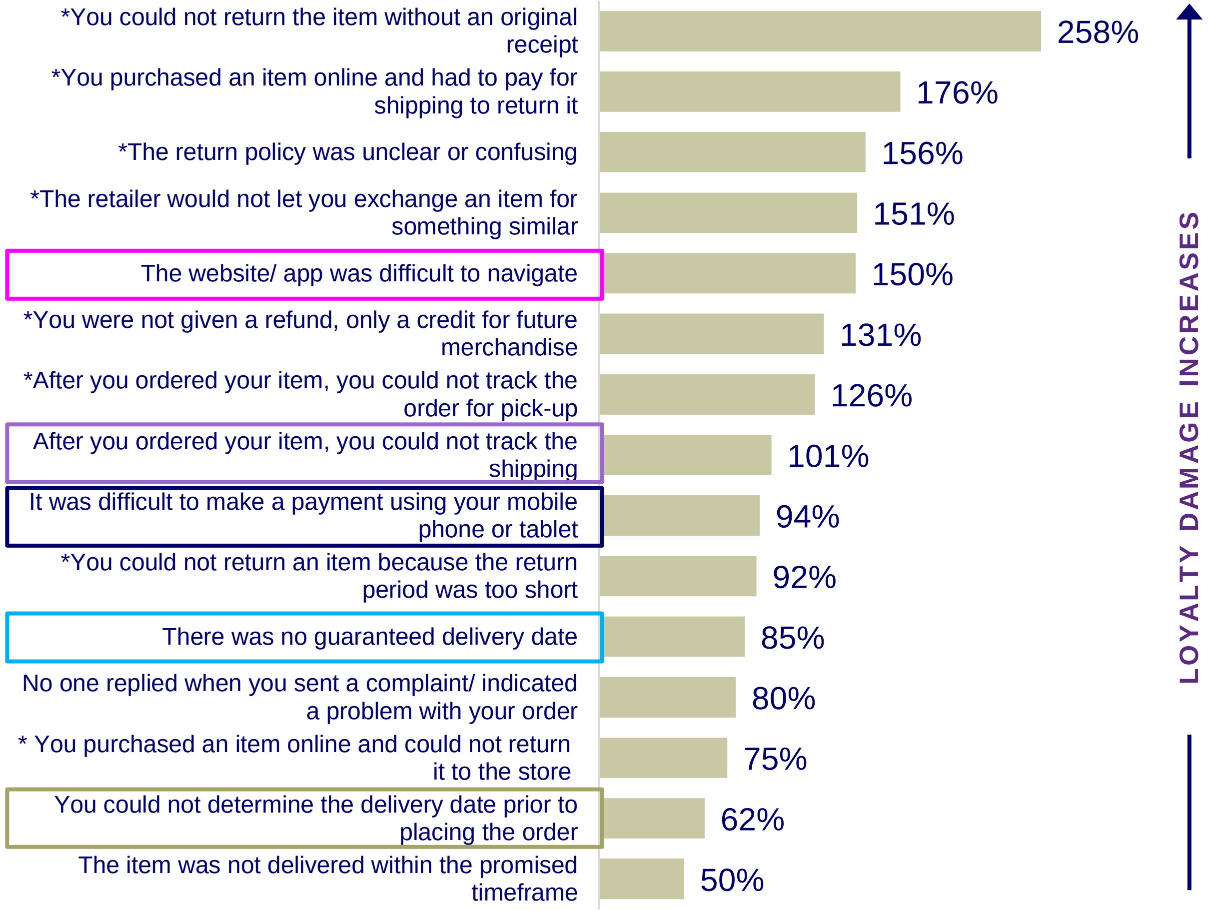
Among online shoppers, the four most damaging problems in Q2 are related to returns, newly asked this quarter

Problems with the Highest Loyalty Damage Impact (LDI) Scores Among Online Shoppers

Q1



Q2 Including New Statements



* indicates new questions in Q2

Colored boxes are used to show the relative positions of identical problems

P1 – P6B. Thinking of your most recent (in store/online) purchase experience, did you encounter any of the following problems…?

C7. Based on all of your experiences with the specific retailer from which you made your most recent (in store/online) purchase, how likely are you to recommend this retailer to a friend or acquaintance?

COVID-19

Wharton
University of Pennsylvania
BAKER
Retailing Center

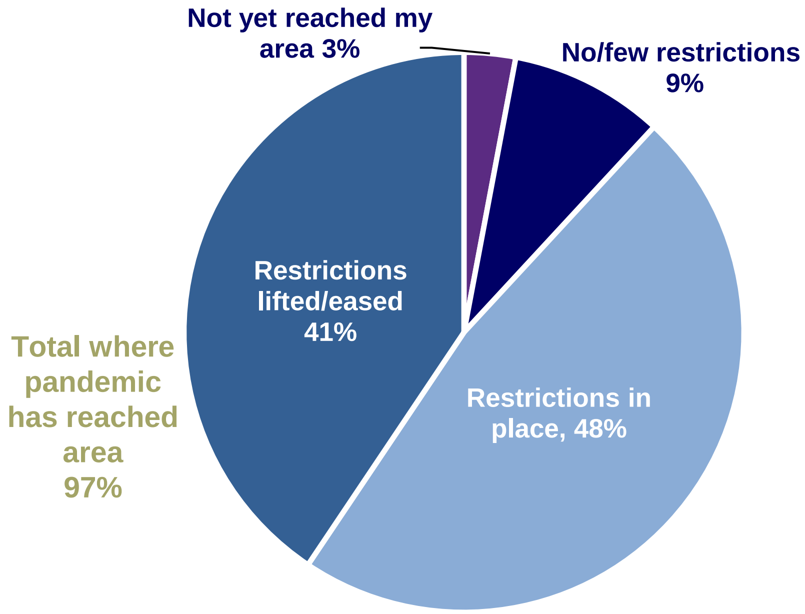
WisePlum

Nearly 80% of shoppers are reacting to COVID-19 restrictions by establishing new routines

COVID-19

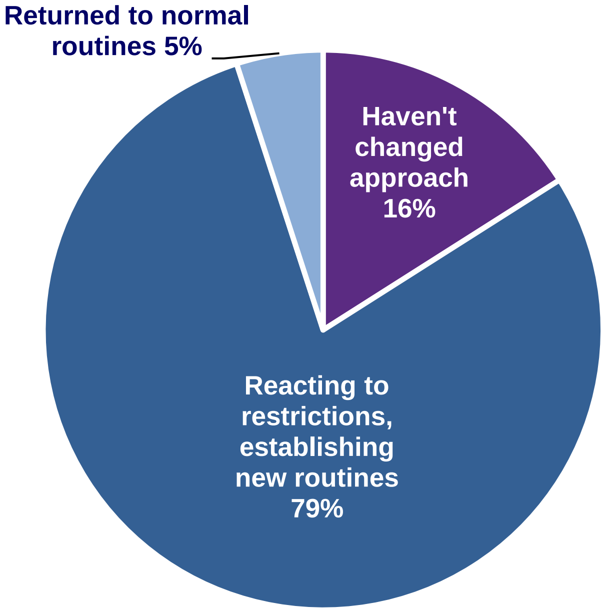
Current Situation

Q2 Total
(n=2,535)



Current Approach

Q2 Total
(n=2,535)



E1. Which best describes your current situation with respect to the COVID-19 pandemic?
E2. Which of the following best describes your current actions with respect to the COVID-19 pandemic?

Q2 Notable Demographic Differences

Pandemic reached, restrictions imposed

Gen X 51%	Boomer 50%	Silent 56%

Pandemic reached, restrictions easing

Females 43%	Non Members 44%	Boomer 46%

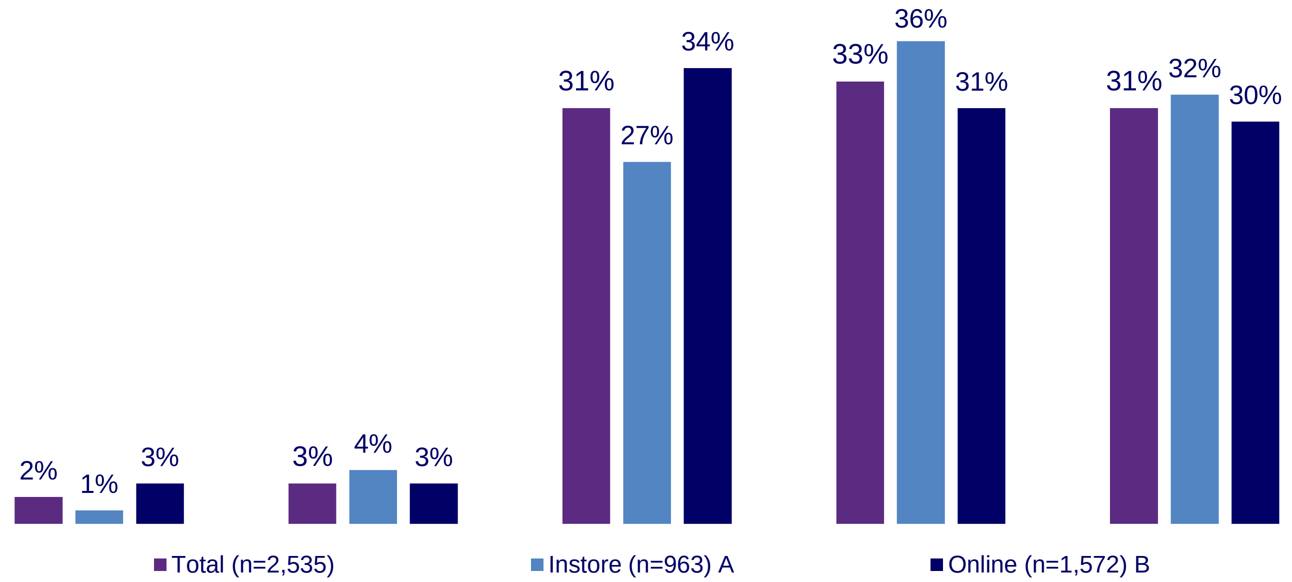
More likely returned to normal routines

Gen Z
10%

About one third of shoppers indicate that retailers made the maximum effort to protect their health and safety

Effort made by retailer to protect your health and safety

1	2	3	4	5
Retailer made no effort to protect my health and safety				Retailer made maximum effort to protect my health and safety



E6. Considering your experiences with the retailer, how much effort did the retailer make to protect your health and safety?

Q2 Notable Demographic Differences

Retailer made more effort (4 & 5)

Members	Big Box	Mass Merch
67%	68%	67%

Retailer made less effort (1, 2 & 3)

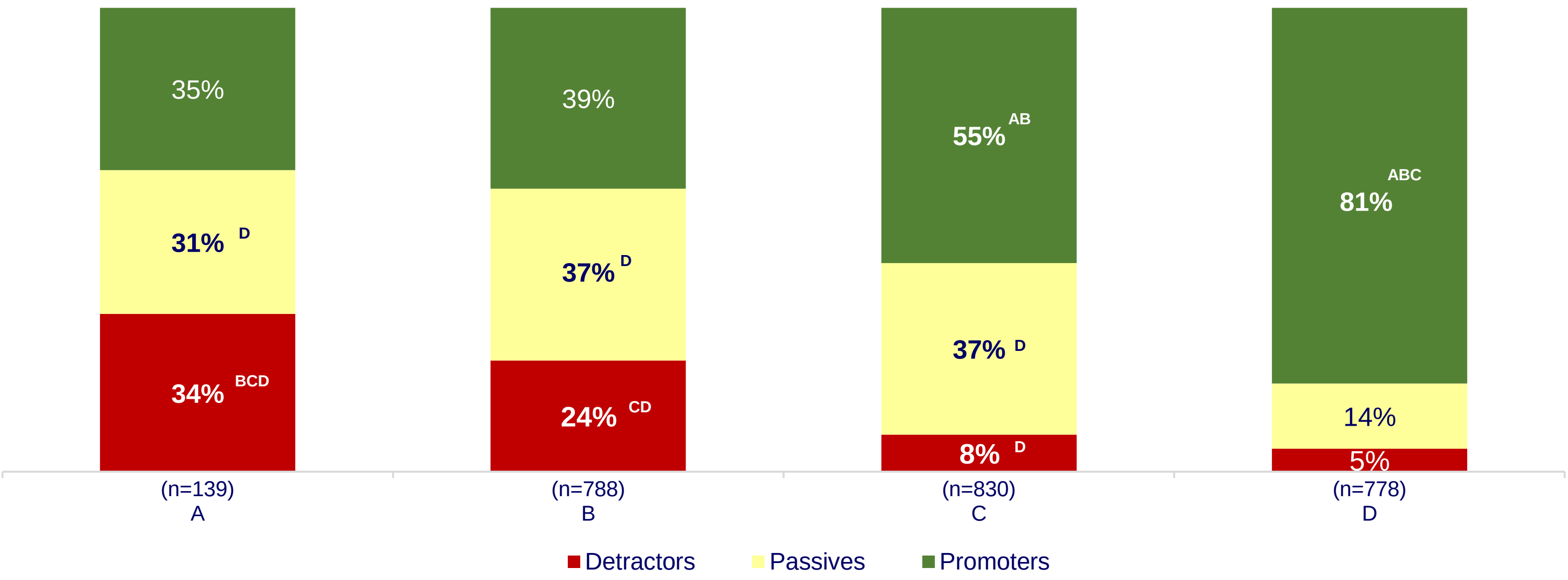
Gen Z	eTailer	Specialty
45%	39%	42%

Shoppers are over twice as loyal when retailers make the maximum effort to protect their health and safety

Retailer made no effort to protect my health and safety

Retailer made maximum effort to protect my health and safety

Effort made by retailer to protect your health and safety



E6. Considering your experiences with the retailer, how much effort did the retailer make to protect your health and safety?
C7. Based on all of your experiences with the specific retailer from which you made your most recent (in store/online) purchase, how likely are you to recommend this retailer to a friend or acquaintance?

Employees at most retailers wear protective equipment but less than half of retailers require shoppers to wear masks

In store actions to protect health and safety	**Q2 Total** (n=963)
Percentage who indicate that the retailer took an action in store	**94%**
Action taken …	
The store employees wear protective equipment such as masks and gloves	80%
The store manages the layout to help keep physical distancing e.g. with visual markers on the floor, “one way” aisles, controlling the line up at the cashier	72%
There are barriers protecting cashiers and other “behind the counter” employees	72%
The store employees practice physical distancing from each other and from shoppers	71%
Employees clean frequently touched areas/items such as carts and keypads between customers	64%
The retailer limits the number of essential/frequently purchased items that each customer can buy to ensure there is adequate supply	64%
The retailer regulates the number of shoppers allowed inside the store to ensure physical distancing	63%
There are cleaning and sanitizing products readily available for customers to use while shopping	60%
The retailer offers special hours for “at risk” shoppers such as senior citizens	55%
The retailer requires shoppers to wear masks	49%

E4. Please indicate which specific actions the retailer took to protect your health and safely during the COVID-19 pandemic.

Q2 Notable Demographic Differences

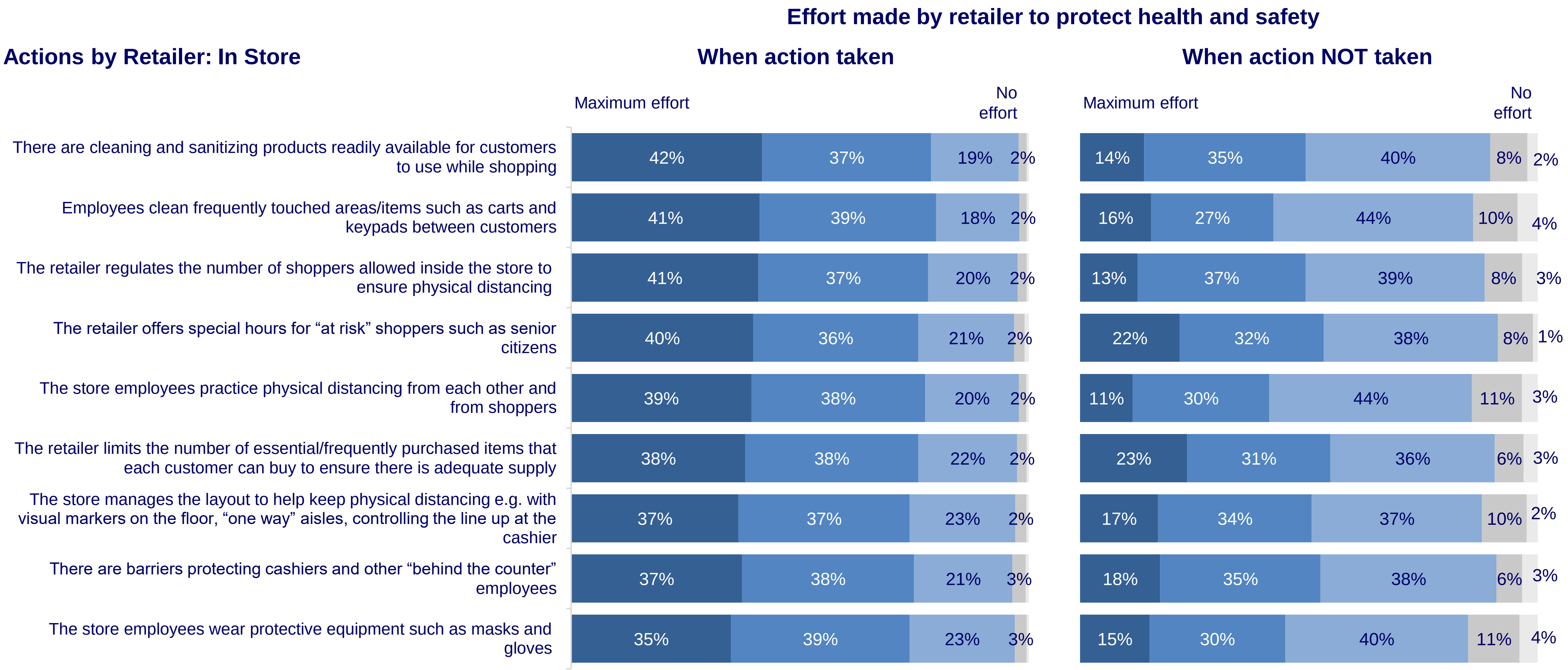
More likely to say Retailer took action

Member
97%

Retailers most likely to take action

Mass Merch
96%

Retailers that did NOT take actions to protect shopper health & safety were still viewed by shoppers as making some level of effort

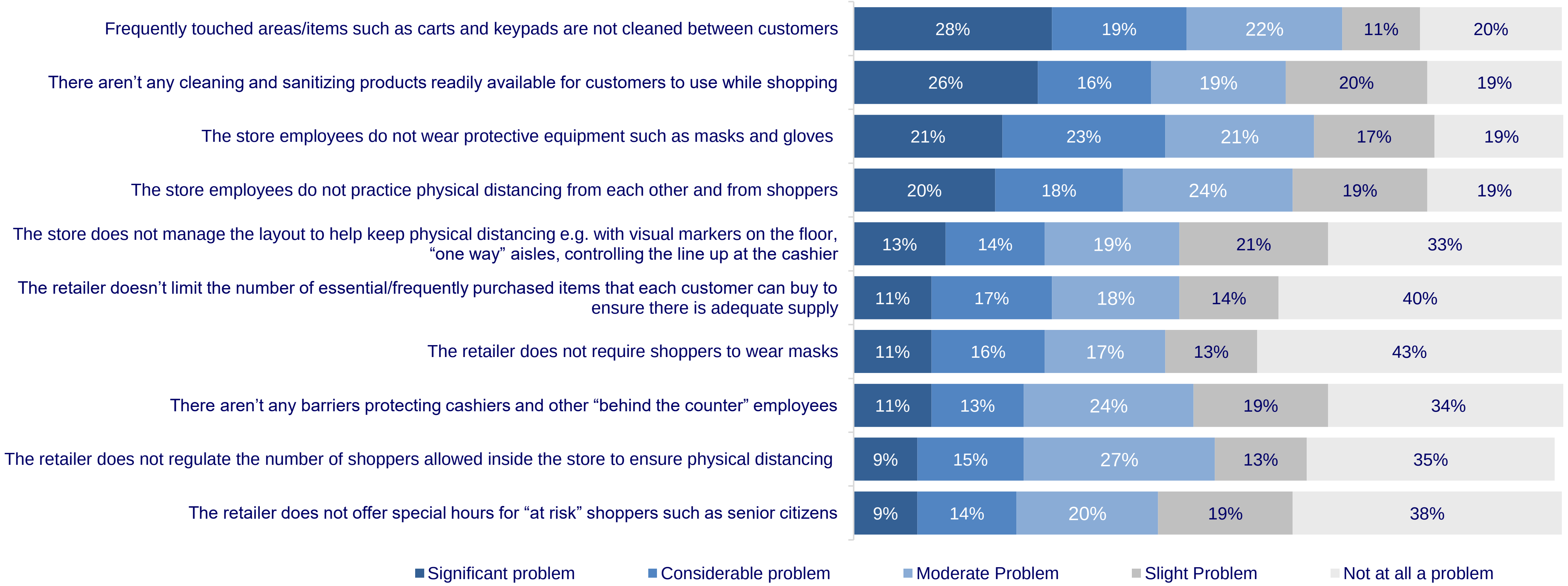


E4. Please indicate which specific actions the retailer took to protect your health and safely during the COVID-19 pandemic.
E6. Considering your experiences with the retailer, how much effort did the retailer make to protect your health and safety?
Note that base sizes vary by statement for respondents where retailer took action and did not take action

The most-cited action not taken by retailers considered to be a significant problem was *frequently touched areas not cleaned between customers*

Actions NOT taken by retailer in store

Extent to which this was a problem



E4. Please indicate which specific actions the retailer took to protect your health and safely during the COVID-19 pandemic.
E5. Of the actions not taken, please rate the extent to which this was a problem for you at the retailer.
Note that base sizes vary by problem statement – asked only of respondents where retailer did NOT take action, excludes don't know

Free delivery and curbside pick-up are the most frequent actions taken by retailers to protect health and safety of online shoppers

Online delivery actions to protect health and safety	Q2 Total (n=1,420)
Percentage who indicate that the retailer took an action	**79%**
Action taken …	
The retailer offers free delivery	64%
The retailer offers “touchless” delivery or “no contact” drop-off e.g. items left outside door	51%
The retailer limits the number of essential/frequently purchased items that each customer can buy to ensure there is adequate supply	32%

Online pick-up actions to protect health and safety	Q2 Total (n=152)
Percentage who indicate that the retailer took an action	**91%**
Action taken …	
The retailer offers curbside pick-up	78%
The employees at the pick-up location wear protective equipment such as masks and gloves	74%
The retailer limits the number of essential/frequently purchased items that each customer can buy to ensure there is adequate supply	46%

E4. Please indicate which specific actions the retailer took to protect your health and safely during the COVID-19 pandemic.

Q2 Notable Demographic Differences

More likely to say Retailer took action

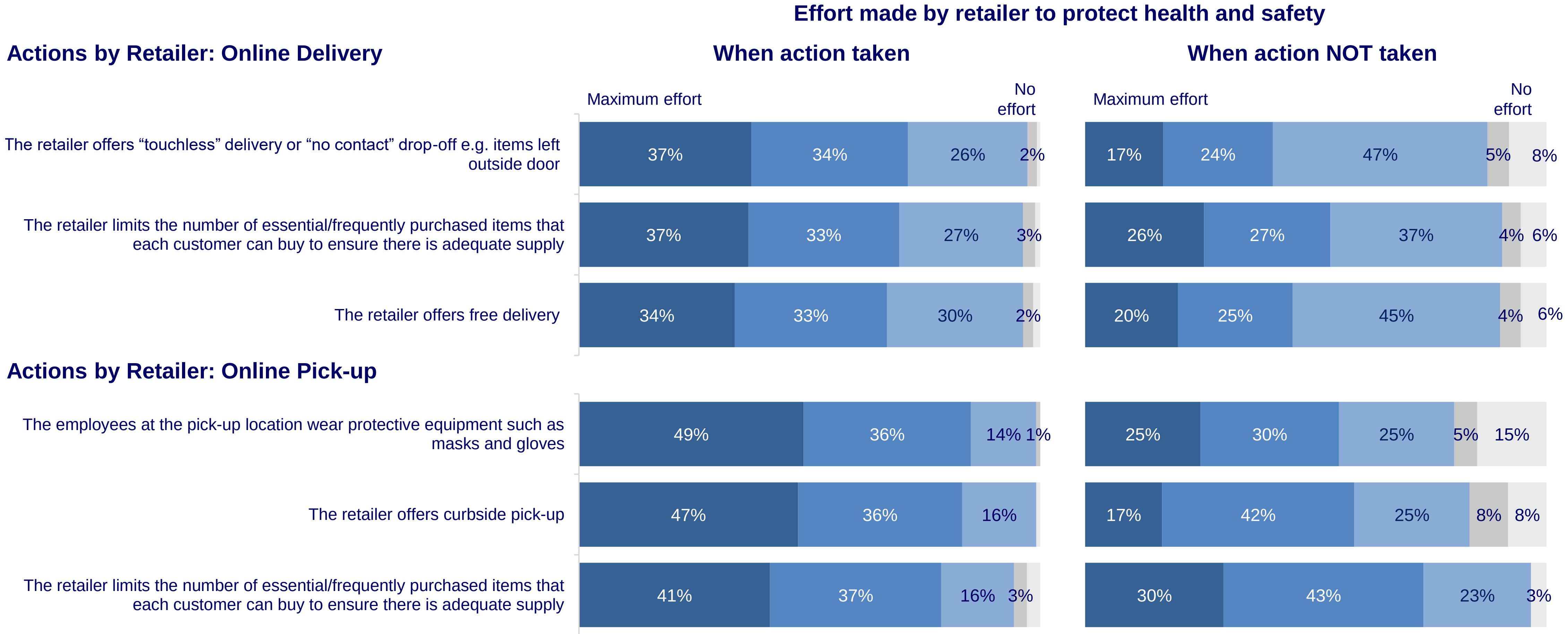
Member
83%

Retailers most likely to take action

Mass Merch
89%

eTailer
82%

Not offering touchless/contactless delivery or curbside pick-up are the top actions causing customers to feel retailer is not maximizing healthy & safety efforts

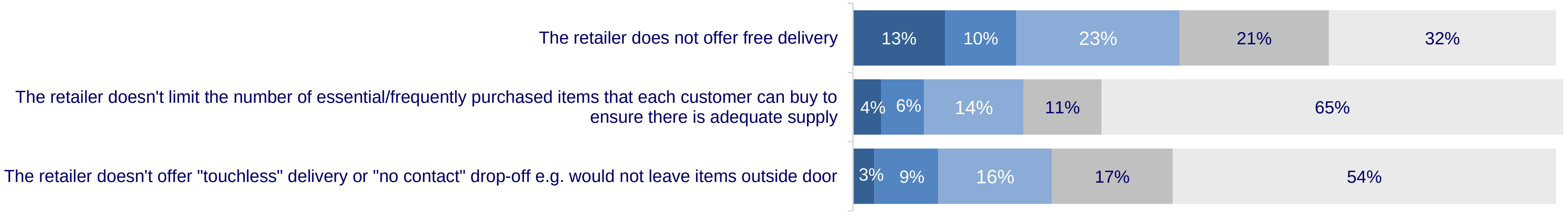


E4. Please indicate which specific actions the retailer took to protect your health and safely during the COVID-19 pandemic.
E6. Considering your experiences with the retailer, how much effort did the retailer make to protect your health and safety?
Note that base sizes vary by statement for respondents where retailer took action and did not take action

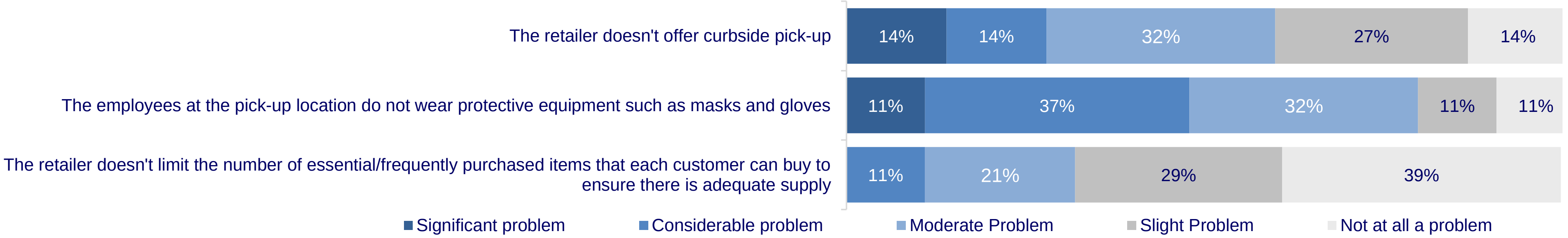
Nearly 50% of online shoppers indicated that retailer employees not wearing protective equipment was a significant/considerable problem

Actions NOT taken by retailer online delivery

Extent to which this was a problem



Actions NOT taken by retailer online pick-up



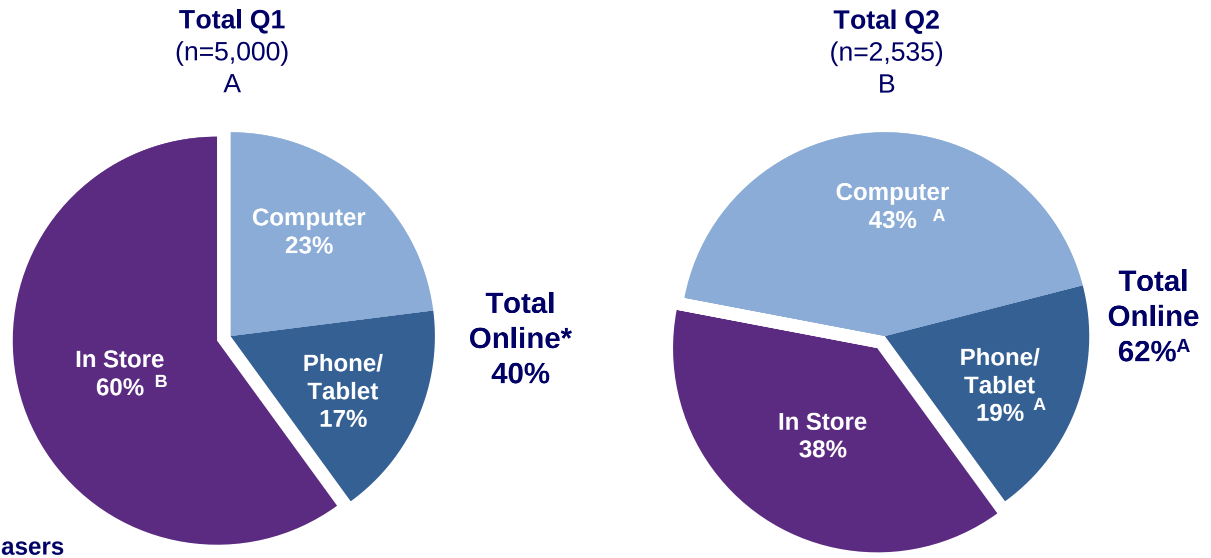
E4. Please indicate which specific actions the retailer took to protect your health and safely during the COVID-19 pandemic.
E5. Of the actions not taken, please rate the extent to which this was a problem for you at the retailer.
Note that base sizes vary by problem statement – asked only of respondents where retailer did NOT take action, excludes don't know

Understanding the Retail Consumer Experience During a Pandemic

Key Purchase Demographics

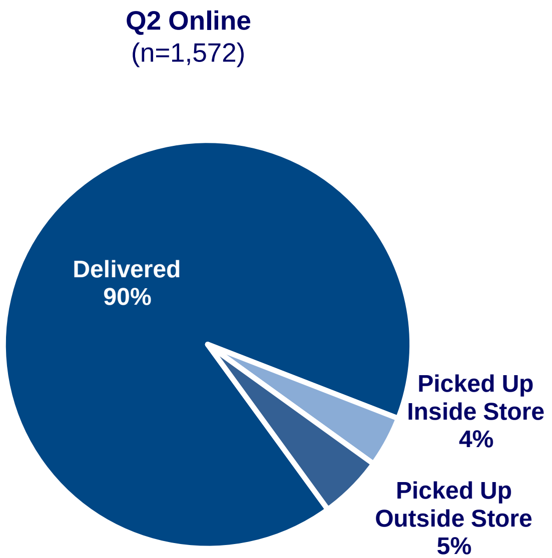
Fewer program members recently purchased in store but among those that did, more browsed the retailer’s website first

Channel Used for Most Recent Purchase



In Store Purchasers who Browsed Retailer’s Website Beforehand	**33%**	**37%A**

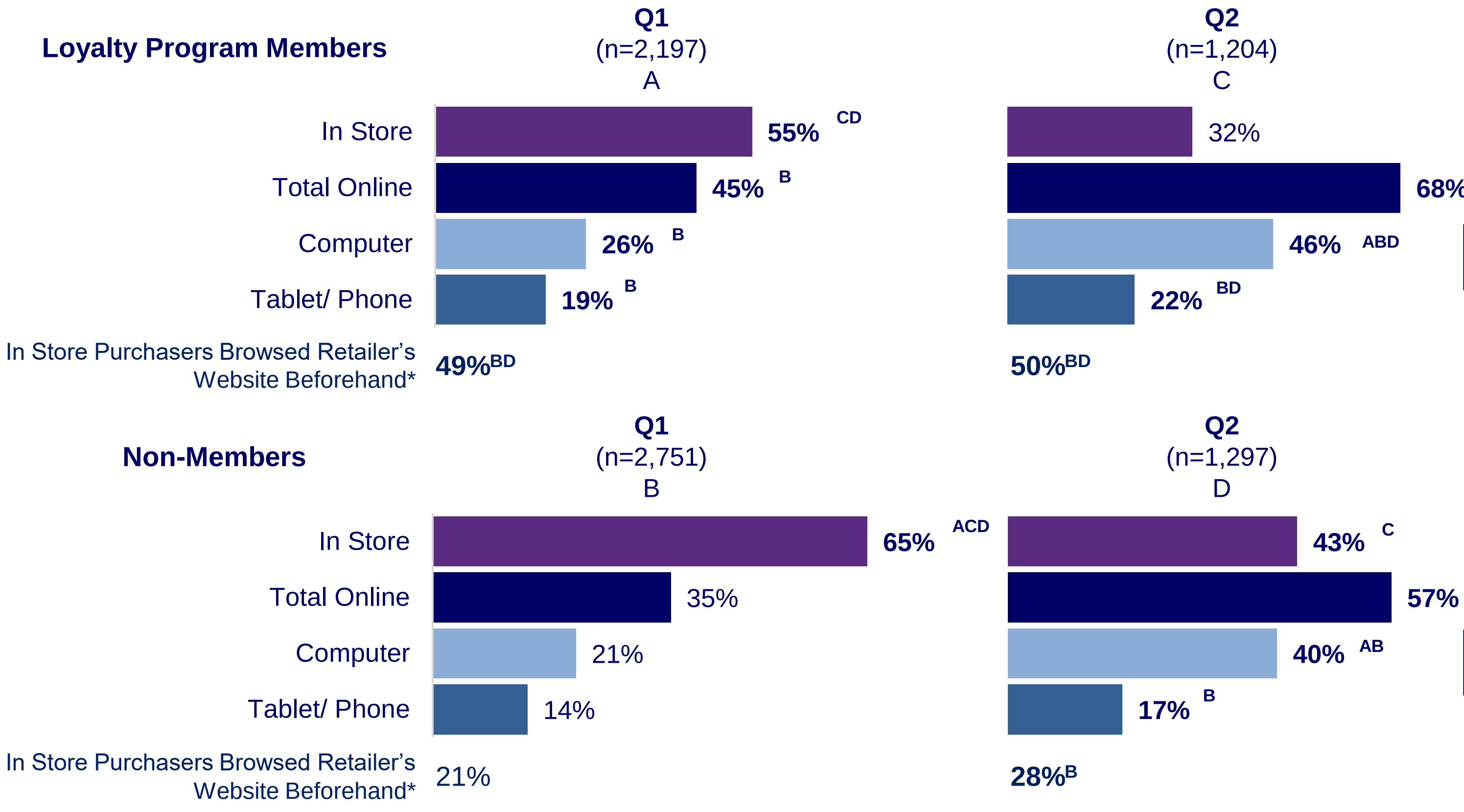
Method of Online Receipt



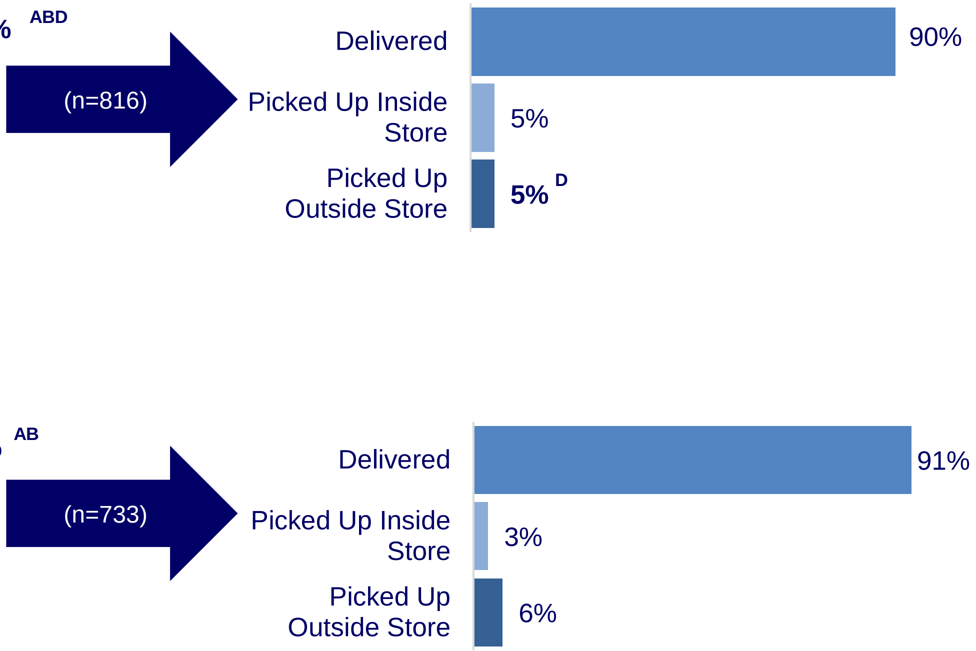
C3. How was your most recent purchase made?
C6. Before you made your most recent in store purchase, did you browse the retailer’s website (the one you purchased from) for the item(s) you planned on buying?
C3A. How did you receive the products from your most recent online purchase?
* Natural fall out in Q1 for total online was 45%. The sample was targeted to reach 60% in store.

More shoppers – especially members – purchased online in Q2 than in Q1. Of these, over 90% had their order delivered

Channel Used for Most Recent Purchase



Method of Online Receipt



C3. How was your most recent purchase made?
*in store purchasers only C6. Before you made your most recent in store purchase, did you browse the retailer's website (the one you purchased from) for the item(s) you planned on buying?
C3A. How did you receive the products from your most recent online purchase?

In Q2, eTailers and Big Box retailers have benefited from more shoppers. Fewer shoppers are purchasing from Department stores

Type of Retailer Where Most Recent Purchase Made	**Total** (n=5,000)		**Loyalty Program**				**Shopping Channel**			
			Member		**Non-Member**		**In Store**		**Online**	
	Q1 (n=5,000) A	**Q2** (n=2,535) B	**Q1** (n=2,197) C	**Q2** (n=1,204) D	**Q1** (n=2,751) E	**Q2** (n=1,297) F	**Q1** (n=3,000) G	**Q2** (n=963) H	**Q1** (n=2,000) I	**Q2** (n=1,572) J
Mass Merchandiser	**39%^{B}**	34%	31%	29%	**46%^{CDF}**	**38%^{CD}**	**59%^{IJ}**	**63%^{GIJ}**	9%	**16%^{I}**
eTailer	26%	**32%^{A}**	**30%^{E}**	**36%^{CEF}**	22%	**28%^{E}**	1%	**2%^{G}**	**63%^{GHJ}**	**50%^{GH}**
Specialty	15%	13%	**15%^{F}**	**15%^{F}**	**14%^{F}**	11%	**15%^{H}**	7%	**15%^{H}**	**17%^{H}**
Department	**9%^{B}**	6%	**14%^{DEF}**	**9%^{EF}**	**6%^{F}**	2%	**11%^{HIJ}**	3%	**7%^{H}**	**7%^{H}**
Big Box	9%	**11%^{A}**	7%	8%	**10%^{CD}**	**14%^{CDE}**	**11%^{IJ}**	**19%^{GIJ}**	5%	6%
Other	3%	**5%^{A}**	3%	3%	2%	**6%^{CDE}**	**4%^{I}**	**6%^{GIJ}**	2%	**4%^{I}**

C4. Where did you make your most recent (in store/online) purchase?

In Q2, more shoppers purchased home improvement/garden products. Fewer purchased clothing, footwear, books, electronics

Item(s) Purchased During Most Recent Shopping Experience	**Total**		**Loyalty Program**			
			Member		**Non-Member**	
	Q1 (n=5,000) A	**Q2** (n=2,535) B	**Q1** (n=2,197) C	**Q2** (n=1,204) D	**Q1** (n=2,751) E	**Q2** (n=1,297) F
Average # of Different Items Purchased	2.7	**2.8^{A}**	**2.9^{EF}**	**3.0^{EF}**	2.5	**2.7^{E}**
Clothing (for self or family)	**53%^{B}**	46%	**58%^{DEF}**	**50%^{F}**	**50%^{F}**	42%
Personal care (beauty products, toiletries, cosmetics)	50%	49%	50%	51%	50%	48%
Cleaning supplies and paper products	38%	40%	36%	**40%^{C}**	**39%^{C}**	**40%^{C}**
Footwear (for self or family)	**27%^{B}**	24%	**32%^{DEF}**	**26%^{EF}**	24%	21%
Books and stationery	**21%^{B}**	18%	**22%^{DF}**	17%	**20%^{D}**	19%
Electrical goods (computers, TVs, appliances, phones, accessories)	**17%^{B}**	15%	**19%^{EF}**	**16%^{F}**	15%	13%
Household and textiles (china, linens, pictures, lighting, bedding)	14%	12%	**15%^{EF}**	**15%^{EF}**	12%	10%
Home improvement (paint, wallpaper, hardware, appliances)	13%	**18%^{A}**	**15%^{E}**	**18%^{CE}**	12%	**19%^{CE}**
Music and film (DVDs, CDs, musical instruments)	10%	9%	**13%^{EF}**	**11%^{EF}**	8%	8%
Garden products (plants, non-motorized equipment)	9%	**22%^{A}**	**10%^{E}**	**21%^{CE}**	8%	**24%^{CE}**
Furniture and carpets (sofas, soft furnishings, curtains)	8%	7%	**10%^{EF}**	**9%^{EF}**	6%	6%
Sports equipment	7%	7%	**9%^{EF}**	**9%^{EF}**	5%	5%
Toys, games, puzzles, arts, and crafts	N/A	17%	N/A	17%	N/A	16%

C1. Please review the list below and select the items that you bought during your last purchase.

In Q2, online purchases of cleaning supplies and personal care items increased significantly. These items were the top 2 items purchased in store in Q2

Item(s) Purchased During Most Recent Shopping Experience	**Total**		**Shopping Channel**			
			In Store		**Online**	
	Q1 (n=5,000) A	**Q2** (n=2,535) B	**Q1** (n=3,000) G	**Q2** (n=963) H	**Q1** (n=2,000) I	**Q2** (n=1,572) J
Average # of Different Items Purchased	2.7	**2.8**^{A}	**2.8**^{I}	**3.1**^{GIJ}	2.5	**2.7**^{I}
Clothing (for self or family)	**53%**^{B}	46%	**53%**^{H}	37%	**54%**^{HJ}	**51%**^{H}
Personal care (beauty products, toiletries, cosmetics)	50%	49%	**57%**^{IJ}	**57%**^{IJ}	39%	**44%**^{I}
Cleaning supplies and paper products	38%	40%	**48%**^{IJ}	**55%**^{GIJ}	23%	**31%**^{I}
Footwear (for self or family)	**27%**^{B}	24%	**26%**^{H}	22%	**28%**^{HJ}	25%
Books and stationery	**21%**^{B}	18%	**21%**^{H}	17%	**22%**^{HJ}	19%
Electrical goods (computers, TVs, appliances, phones, accessories)	**17%**^{B}	15%	13%	11%	**22%**^{GHJ}	**17%**^{GH}
Household and textiles (china, linens, pictures, lighting, bedding)	14%	12%	**14%**^{H}	11%	13%	13%
Home improvement (paint, wallpaper, hardware, appliances)	13%	**18%**^{A}	**15%**^{I}	**24%**^{GIJ}	11%	**15%**^{I}
Music and film (DVDs, CDs, musical instruments)	10%	9%	10%	8%	**12%**^{GH}	10%
Garden products (plants, non-motorized equipment)	9%	**22%**^{A}	**10%**^{I}	**34%**^{GIJ}	7%	**16%**^{GI}
Furniture and carpets (sofas, soft furnishings, curtains)	8%	7%	8%	8%	8%	7%
Sports equipment	7%	7%	7%	7%	8%	7%
Toys, games, puzzles, arts, and crafts	N/A	17%	N/A	15%	N/A	17%

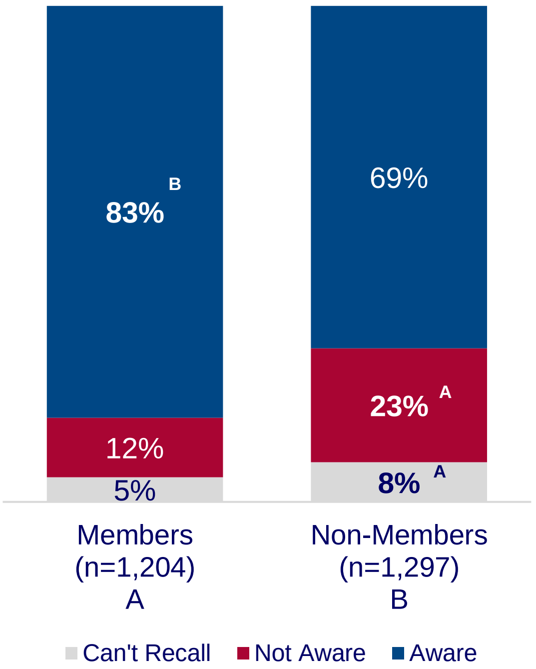
C1. Please review the list below and select the items that you bought during your last purchase.

Returns

More members are aware of the return policy than non-members. Of those who are aware, the return policy is more likely to influence retailer choice among members

Awareness of Return Policy

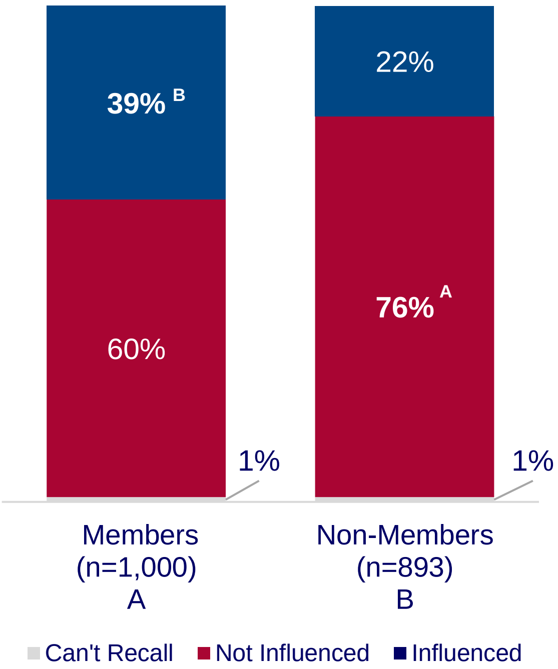
Q2 Total
(n=2,535)



Total Aware of Return Policy 75%

Influence of Return Policy on Choice of Retailer

Q2 Total
(n=1,911)



Q2 Notable Demographic Differences

Most aware of return policy

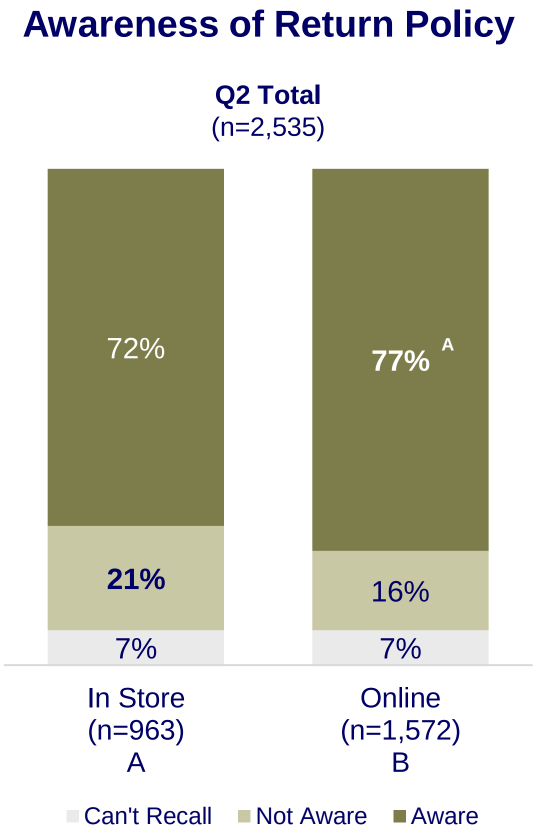
Gen Z **80%**	**Gen Y** **79%**	**Silent** **78%**

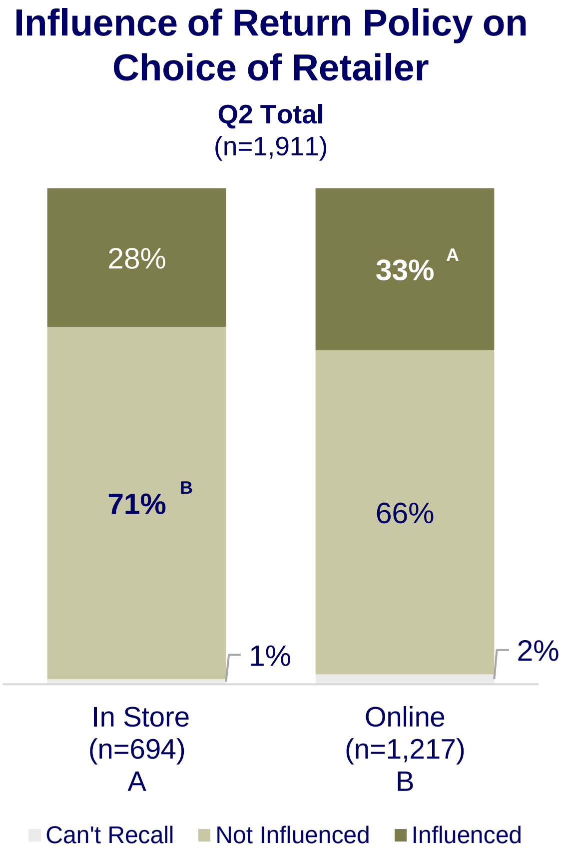
More likely to be influenced by return policy

Gen Z **45%**	**Gen Y** **38%**	**Member** **39%**

C4A. Were you aware of retailer's return policy before you made this purchase?
C4B. Did the retailer's return policy influence your decision to make this purchase at the retailer?

More online shoppers are aware of the return policy than in store. Of those who are aware, the return policy is more likely to influence retailer choice among online shoppers

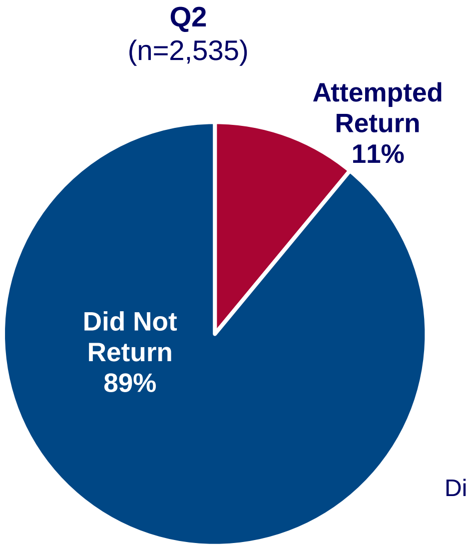




C4A. Were you aware of retailer’s return policy before you made this purchase?
C4B. Did the retailer’s return policy influence your decision to make this purchase at the retailer?

In Q2, relatively few shoppers attempted to return an item. Members and in store shoppers were more likely to attempt a return

Attempted a Return



	Loyalty Program		Shopping Channel	
	Member **Q2** (n=1,204) A	**Non-Member** **Q2** (n=1,297) B	**In Store** **Q2** (n=963) C	**Online** **Q2** (n=1,572) D
Attempted Return	**16%**^{B}	6%	**15%**^{D}	9%
Did Not Return	83%	**94%**^{A}	86%	**90%**^{C}

Q2 Notable Demographic Differences

MOST likely to attempt return

Gen Z	Gen Y	Mass Merch
22%	17%	14%

LEAST likely to attempt return

Boomer	Silent	Big Box
4%	4%	5%

P6A. Of the items purchased at this retailer, did you try to return any of the items?

More loyalty program members experienced problems than non-members. *Requiring the original receipt* and *having to pay for shipping for online purchases* were the most frequent return issues

With Returning Item(s) You Purchased	**Total**	**Loyalty Program**		**Shopping Channel**	
	Q2 (n=275)	**Member Q2** (n=196) A	**Non-Member Q2** (n=79) B	**In Store Q2** (n=129) C	**Online Q2** (n=146) D
Experienced a problem	69%	**74%**^{B}	57%	77%	66%
You could not return the item without an original receipt	38%	**42%**^{B}	28%	**48%**^{D}	29%
*You purchased an item online and had to pay for shipping to return it	38%	39%	36%	N/A	38%
The retailer would not let you exchange an item for something similar	37%	**43%**^{B}	23%	**43%**^{D}	32%
The return policy was unclear or confusing	36%	**41%**^{B}	24%	42%	31%
You were not given a refund, only a credit for future merchandise	36%	**41%**^{B}	22%	40%	32%
*You purchased an item online and could not return it to the store	34%	38%	22%	N/A	34%
You could not return an item because the return period was too short	29%	**36%**^{B}	11%	34%	25%

P6B. Thinking of your most recent purchase experience, did you encounter any of the following problems *with returns*?
Base: Those who tried to return their most recent purchase
* Reduced base size, asked for online purchases only

Q2 Notable Demographic Differences

Experienced a problem with returning item(s) you purchased

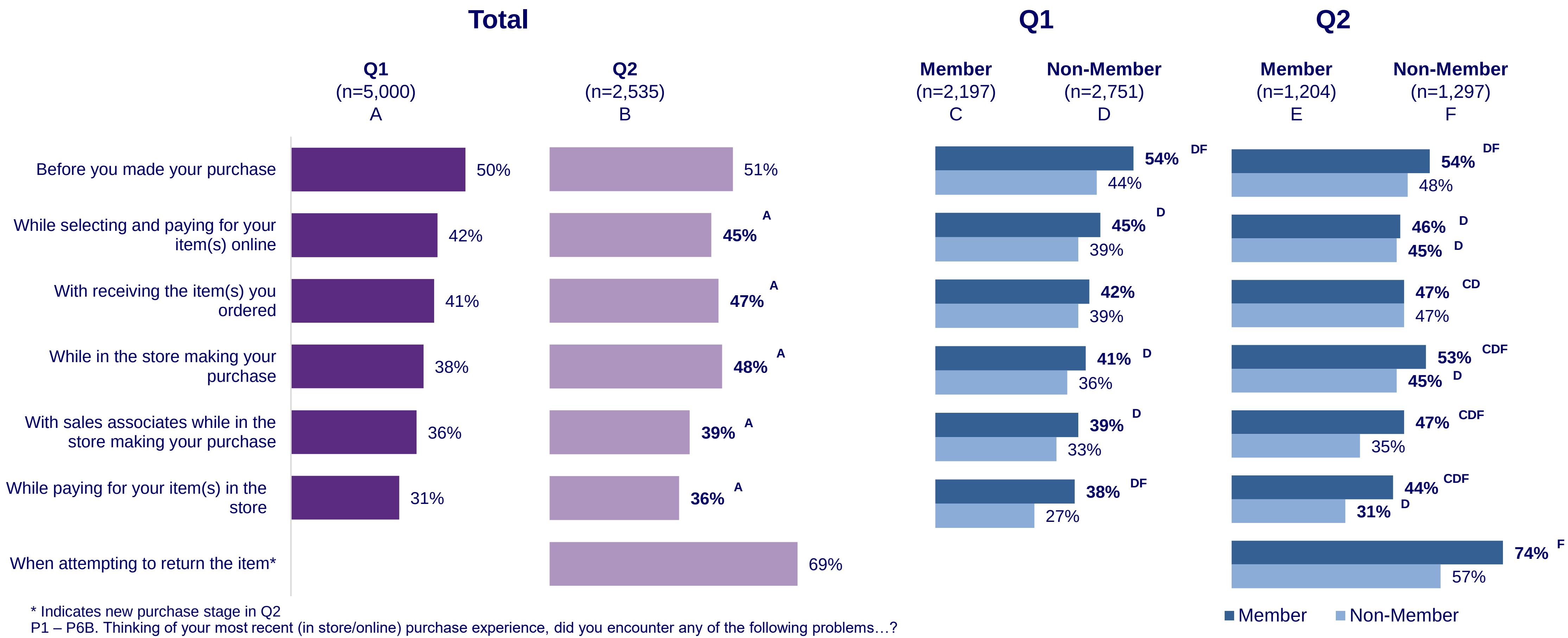
Male

	Member	Non-Member
Male	**84%**	42%
Mass Merch	**83%**	66%

Detailed Findings on Problems

Problem experience continues to be highest pre-purchase. Loyalty program members encounter more issues regardless of stage

Summary of Problems Experienced by Purchase Stage (Nets)



* Indicates new purchase stage in Q2

P1 – P6B. Thinking of your most recent (in store/online) purchase experience, did you encounter any of the following problems…?

Note: Base sizes vary according to each problem category as respondents were not all asked to assess each set of problems

No in store availability was still the most frequent problem among loyalty program members in Q2

Top 10 Most Frequent Problems Among Loyalty Program Members

	Q1 (n=2,197) A		Q2 (n=1,204) B	
	Rank	Frequency	Rank	Frequency
The item you were looking for was not available in the store, only online	1	20%	1	21%
The price online was different from the price in the store	2	**18%^{B}**	13	13%
On the retailer's website, it was not clear which items are available online vs. in store	3	16%	9	15%
There was not enough information available on the retailer's website about the item	4	15%	11	13%
The item you were looking for was not available online, only in the store	5	15%	7	15%
Information about stock availability was not online	6	14%	5	16%
The store website/app was slow	7	12%	12	13%
You could not find information about the store online	8	12%	18	11%
An item you were looking for was out of stock in the store	9	12%	15	11%
You had to wait too long in the checkout line	10	**12%^{B}**	25	8%
The item you were looking for was not available online for pick-up	New in Q2		2	20%
The item you were looking for was not available online for pick-up from a store close to you	New in Q2		3	19%
The item you were looking for was not available online for delivery	New in Q2		4	17%
An item you were looking for was out of stock online	34	7%	6	**15%^{A}**
On the retailer's website, it was not clear which items are available for delivery vs. pick-up	New in Q2		8	15%
You could not specify the delivery date or time you wanted	32	7%	10	**13%^{A}**

P1 – P6B. Thinking of your most recent (in store/online) purchase experience, did you encounter any of the following problems…?

Issues related to in store stock availability continue to be two of the top 3 problems among non-members in Q2

Top 10 Most Frequent Problems Among Non-Members

	Q1 (n=2,751) C		Q2 (n=1,297) D	
	Rank	**Frequency**	**Rank**	**Frequency**
You had to wait too long in the checkout line	1	**12%^{D}**	12	8%
The item you were looking for was not available in the store, only online	2	10%	1	**14%^{C}**
An item you were looking for was out of stock in the store	3	9%	2	**13%^{C}**
No Sales Associates were available to help you make your purchase	4	**9%^{D}**	29	5%
The merchandise in the store is moved around too often	5	**9%^{D}**	24	6%
The price online was different from the price in the store	6	8%	15	8%
The Sales Associates told you where to find the item but did not show you	7	7%	27	6%
You had to wait a long time to be served	8	7%	28	6%
The store was too messy or disorganized	9	**7%^{D}**	38	4%
The SA did not give you any advice, offer you any choices, or make recommendations	10	**6%^{D}**	37	4%
The item you were looking for was not available online for pick-up from a store close to you	New in Q2		3	12%
You could not specify the delivery date or time you wanted	19	5%	4	**10%^{C}**
The item you were looking for was not available online for pick-up	New in Q2		5	10%
An item you were looking for was out of stock online	29	4%	6	**10%^{C}**
There was no guaranteed delivery date	31	4%	7	**10%^{C}**
You could not determine the delivery date prior to placing the order	32	4%	8	**8%^{C}**
Your credit card was charged before the item was shipped	13	6%	9	**8%^{C}**
You had to create an account before you could place an order	18	5%	10	**8%^{C}**

P1 – P6B. Thinking of your most recent (in store/online) purchase experience, did you encounter any of the following problems…?

Item not available in store, only online was the most frequent problem in Q2. It occurred more frequently among loyalty program members

Top 10 Most Frequent Problems in Q2

	Loyalty Program Members (n=1,204) B		Non-Members (n=1,297) D	
	Rank	**Frequency**	**Rank**	**Frequency**
The item you were looking for was not available in the store, only online	1	**21%^{D}**	1	14%
The item you were looking for was not available online for pick-up	2	**20%^{D}**	5	10%
The item you were looking for was not available online for pick-up from a store close to you	3	**19%^{D}**	3	12%
The item you were looking for was not available online for delivery	4	**17%^{D}**	11	8%
Information about stock availability was not online	5	**16%^{D}**	14	8%
An item you were looking for was out of stock online	6	**15%^{D}**	6	10%
The item you were looking for was not available online, only in the store	7	**15%^{D}**	20	7%
On the retailer's website, it was not clear which items are available for delivery vs. pick-up	8	**15%^{D}**	13	8%
On the retailer's website, it was not clear which items are available online vs. in store	9	**15%^{D}**	17	8%
You could not specify the delivery date or time you wanted	10	**13%^{D}**	4	10%
An item you were looking for was out of stock in the store	15	11%	2	13%
There was no guaranteed delivery date	17	11%	7	10%
You could not determine the delivery date prior to placing the order	21	10%	8	8%
Your credit card was charged before the item was shipped	14	**12%^{D}**	9	8%
You had to create an account before you could place an order	19	10%	10	8%

P1 – P6B. Thinking of your most recent (in store/online) purchase experience, did you encounter any of the following problems…?

No in store availability is a more frequent problem among in store shoppers in Q2

Top 10 Most Frequent Problems Among In Store Shoppers

	Q1 (n=3,000) A		**Q2** (n=963) B	
	Rank	**Frequency**	**Rank**	**Frequency**
You had to wait too long in the checkout line	1	20%	2	22%
An item you were looking for was out of stock in the store	2	18%	1	**32%^{A}**
The merchandise in the store is moved around too often	3	16%	5	16%
No Sales Associates were available to help you make your purchase	4	15%	9	15%
The Sales Associates told you where to find the item but did not show you	5	14%	3	**17%^{A}**
You had to wait a long time to be served	6	13%	8	**16%^{A}**
It took too long to find the item you wanted	7	12%	11	14%
There was not enough information available near where the item was displayed	8	12%	10	15%
The store was too messy or disorganized	9	12%	16	13%
At the checkout, you were not asked if you wanted to redeem points for your purchase	10	12%	6	**16%^{A}**
The Sales Associate did not ask for your rewards card	12	12%	4	**16%^{A}**
The product was not in stock at the store even though the retailer's website indicated it was	14	10%	7	**16%^{A}**

P1 – P6B. Thinking of your most recent (in store/online) purchase experience, did you encounter any of the following problems…?

No in store availability continues to be the most frequent problem for online shoppers in Q2

Top 10 Most Frequent Problems Among Online Shoppers

	Q1 (n=2,000) C		Q2 (n=1,572) D	
	Rank	Frequency	Rank	Frequency
The item you were looking for was not available in the store, only online	1	22%	1	21%
Your credit card was charged before the item was shipped	2	17%	7	16%
The price online was different from the price in the store	3	**16%**^{D}	18	10%
You had to create an account before you could place an order	4	16%	8	15%
You could not specify the delivery date or time you wanted	5	15%	3	**19%**^{C}
There was no free shipping option available	6	**14%**^{D}	14	12%
An item you were looking for was out of stock online	7	13%	2	**20%**^{C}
You could not determine the delivery date prior to placing the order	8	12%	9	**15%**^{C}
There was no guaranteed delivery date	9	12%	6	**16%**^{C}
You could not order an item online and have it delivered to a local store	10	12%	12	13%
The item you were looking for was not available online for pick-up	New in Q2		4	17%
The item you were looking for was not available online for pick-up from a store close to you	New in Q2		5	17%
The item was not delivered within the promised timeframe	17	9%	10	**14%**^{C}

P1 – P6B. Thinking of your most recent (in store/online) purchase experience, did you encounter any of the following problems…?

Types of Problems Experienced: Before You Made Your Purchase

Before You Made Your Purchase	**Total**		**Loyalty Program**			
			Member		**Non-Member**	
	Q1 (n=2,975) A	**Q2** (n=1,929) B	**Q1** (n=1,581) C	**Q2** (n=1,010) D	**Q1** (n=1,354) E	**Q2** (n=891) F
Experienced a problem	50%	51%	**54%^{EF}**	**54%^{EF}**	44%	48%
The item you were looking for was not available in the store, only online	24%	22%	**28%^{EF}**	**25%^{EF}**	20%	20%
The price online was different from the price in the store	**21%^{B}**	14%	**25%^{DEF}**	**16%^{F}**	**16%^{F}**	11%
On the retailer's website, it was not clear which items are available online and which are available in the store	**17%^{B}**	14%	**22%^{DEF}**	**17%^{EF}**	12%	11%
The item you were looking for was not available online, only in the store	16%	14%	**20%^{EF}**	**18%^{EF}**	11%	10%
There was not enough information available on the retailer's website about the item you were interested in	**16%^{B}**	13%	**21%^{DEF}**	**16%^{EF}**	10%	10%
Information about stock availability was not online	16%	15%	**20%^{EF}**	**19%^{EF}**	11%	11%
The store website/app was slow	13%	12%	**17%^{EF}**	**16%^{EF}**	8%	8%
You could not find information about the store online - location, hours, etc.	**11%^{B}**	9%	**17%^{DEF}**	**13%^{EF}**	5%	5%
You had difficulty finding the item you were looking for because there isn't a search feature on the retailer's website	11%	9%	**16%^{EF}**	**13%^{EF}**	5%	5%
*The item you were looking for was not available online for pick-up from a store close to you	N/A	20%	N/A	**22%^{F}**	N/A	18%
*The item you were looking for was not available online for pick-up	N/A	19%	N/A	**23%^{F}**	N/A	15%
*The item you were looking for was not available online for delivery	N/A	16%	N/A	**20%^{F}**	N/A	12%
*On the retailer's website, it was not stated clearly which items are available online for delivery and which were available for pick-up at the store	N/A	15%	N/A	**18%^{F}**	N/A	12%

P1. Thinking of your most recent (in store/online) purchase experience, did you encounter any of the following problems _before you made your purchase_?
Base: Those whose most recent purchase experience was online or in store but preceded by browsing retailer's website * indicates new statements in Q2

Q2 Notable Demographic Differences

Experienced a problem before you made your purchase

	Member	Non-Member
Gen Y	**62%**	47%
eTailer	**47%**	37%

Types of Problems Experienced: While In the Store Making Your Purchase

While In the Store Making Your Purchase	**Total**		**Loyalty Program**			
			Member		**Non-Member**	
	Q1 (n=3,000) A	**Q2** (n=963) B	**Q1** (n=1,205) C	**Q2** (n=388) D	**Q1** (n=1,777) E	**Q2** (n=564) F
Experienced a problem	38%	**48%^{A}**	**41%^{E}**	**53%^{CEF}**	36%	**45%^{E}**
An item you were looking for was out of stock in the store	18%	**32%^{A}**	**22%^{E}**	**34%^{CE}**	15%	**30%^{CE}**
The merchandise in the store is moved around too often	16%	16%	**19%^{EF}**	**19%^{E}**	13%	15%
It took too long to find the item you wanted	12%	14%	**18%^{EF}**	**20%^{EF}**	9%	11%
The store was too messy or disorganized	12%	13%	**14%^{EF}**	**17%^{EF}**	10%	10%
There was not enough information available near where the item was displayed	12%	15%	**18%^{EF}**	**20%^{EF}**	8%	11%
The store atmosphere was unappealing (poor lighting, very noisy, bad smelling)	10%	11%	**15%^{EF}**	**18%^{EF}**	7%	7%
The product was not in stock at the store even though the retailer's website indicated it was	10%	**16%^{A}**	**15%^{E}**	**19%^{EF}**	7%	**14%^{E}**

Q2 Notable Demographic Differences

Experienced a problem while in the store making your purchase

Member
53%

Males

Non-Member
39%

Member
86%

Gen Z

Non-Member
68%

Member
12%

Silent

Non-Member
43%

P2. Thinking of your most recent purchase experience, did you encounter any of the following problems <u>*while you were in the store making your purchase*</u>?
Base: Those whose most recent purchase experience was in store

Types of Problems Experienced: With Sales Associates While in the Store Making Your Purchase

With Sales Associates (SA) while You Were in the Store Making Your Purchase*	Total		Loyalty Program			
			Member		Non-Member	
	Q1 (n=3,000) A	Q2 (n=963) B	Q1 (n=1,205) C	Q2 (n=388) D	Q1 (n=1,777) E	Q2 (n=564) F
Experienced a problem	**36%^{A}**	39%	**39%^{E}**	**47%^{CEF}**	33%	35%
No SA were available to help you make your purchase	15%	15%	**17%^{EF}**	**20%^{EF}**	14%	13%
The SA told you where to find the item but did not show you	14%	**17%^{A}**	**17%^{EF}**	**22%^{CEF}**	11%	13%
You had to wait a long time to be served	13%	**16%^{A}**	**16%^{E}**	**21%^{CEF}**	11%	13%
The SA did not give you any advice, offer you any choices, or make recommendations	12%	13%	**15%^{EF}**	**18%^{EF}**	9%	10%
The SA were not knowledgeable about the product(s) you were interested in	11%	13%	**14%^{EF}**	**19%^{CEF}**	9%	9%
The SA could not help you locate the item you were looking for	10%	**12%^{A}**	**15%^{EF}**	**17%^{EF}**	7%	**9%^{E}**
The SA were insensitive to your time when you were trying to find something	9%	11%	**14%^{EF}**	**17%^{EF}**	5%	6%
The SA did not appreciate your business	9%	**12%^{A}**	**13%^{EF}**	**18%^{CEF}**	6%	7%
The SA had a “that's not my department” attitude	9%	**12%^{A}**	**13%^{EF}**	**17%^{CEF}**	7%	9%

Q2 Notable Demographic Differences

Experienced a problem with Sales Associates while in store making purchase

Member **44%**

Non-Member 34%

Females

Member **51%**

Non-Member 36%

Males

Member **57%**

Non-Member 36%

Gen Y

Member **49%**

Non-Member 36%

Mass Merch

P3. Thinking of your most recent purchase experience, did you encounter any of the following problems *with sales associates while you were in the store making your purchase*?
Base: Those whose most recent purchase experience was in store * Top 9 of 14 problem statements shown // SA = Sales Associate(s)

Types of Problems Experienced: While Paying for Your Item(s) in the Store

While you Were Paying for Your Item(s) in the Store	**Total**		**Loyalty Program**			
			Member		**Non-Member**	
	Q1 (n=3,000) A	**Q2** (n=963) B	**Q1** (n=1,205) C	**Q2** (n=388) D	**Q1** (n=1,777) E	**Q2** (n=564) F
Experienced a problem	31%	**36%**^{A}	**38%**^{EF}	**44%**^{CEF}	27%	**31%**^{E}
You had to wait too long in the checkout line	20%	22%	21%	**26%**^{CEF}	19%	19%
At the checkout, you were not asked if you wanted to redeem points for your purchase	12%	**16%**^{A}	**20%**^{EF}	**23%**^{EF}	6%	**12%**^{E}
The Sales Associate did not ask for your rewards card	12%	**16%**^{A}	**19%**^{EF}	**23%**^{EF}	7%	**12%**^{E}
The layout of the checkout area was confusing, so you didn't know where to line up	9%	**12%**^{A}	**15%**^{EF}	**20%**^{CEF}	5%	**7%**^{E}

Q2 Notable Demographic Differences

Experienced a problem while you were paying for your item(s) in the store

Females

Member	Non-Member
41%	33%

Males

Member	Non-Member
48%	29%

Gen Y

Member	Non-Member
58%	34%

Mass Merch

Member	Non-Member
46%	35%

P4. Thinking of your most recent purchase experience, did you encounter any of the following problems _while you were paying for your item(s) in the store_?
Base: Those whose most recent purchase experience was in store

Types of Problems Experienced: While Selecting and Paying for Your Item(s) Online

While You Were Selecting and Paying for Your Item(s) Online*	**Total**		**Loyalty Program**			
			Member		**Non-Member**	
	Q1 (n=2,000) A	**Q2** (n=1,572) B	**Q1** (n=992) C	**Q2** (n=816) D	**Q1** (n=974) E	**Q2** (n=733) F
Experienced a problem	42%	45%	**45%^{E}**	**46%^{E}**	39%	**45%^{E}**
You had to create an account before you could place an order	16%	15%	17%	15%	14%	15%
An item you were looking for was out of stock online	13%	**20%^{A}**	**16%^{E}**	**22%^{CEF}**	11%	**17%^{E}**
You found it annoying that the website showed you too many other items you might be interested in	11%	12%	**14%^{E}**	**12%^{E}**	8%	**11%^{E}**
The offer code was not automatically applied to your order	10%	10%	**13%^{EF}**	**12%^{EF}**	6%	7%
When purchasing items online, you are not offered the option to redeem points for your purchase	10%	9%	**11%^{EF}**	**11%^{EF}**	8%	7%
in store sales or special offers are not available online	9%	10%	**11%^{EF}**	**13%^{EF}**	6%	7%
A coupon or gift certificate could not be used online	9%	8%	**12%^{EF}**	**11%^{EF}**	6%	5%
The website did not have a one-click check out process even though you logged in	9%	10%	**11%^{EF}**	**11%^{EF}**	6%	8%
You received too many notifications from the retailer after you purchased from them	9%	8%	**11%^{EF}**	**10%^{EF}**	6%	6%
You could not see your history of orders or purchases	8%	8%	**11%^{EF}**	**9%^{E}**	6%	8%
You were not ready to purchase, but could not save the order for later	8%	9%	**11%^{EF}**	**10%^{EF}**	5%	7%

P5. Thinking of your most recent purchase experience, did you encounter any of the following problems _while you were selecting and paying for your item(s) online_?
Base: Those whose most recent purchase experience was online * Top 11 of 17 problem statements shown

Types of Problems Experienced: With Receiving Item(s) Ordered

With Receiving the Item(s) You Ordered	Total		Loyalty Program			
			Member		Non-Member	
	Q1 (n=2,000) A	Q2 (n=1,572) B	Q1 (n=992) C	Q2 (n=816) D	Q1 (n=974) E	Q2 (n=733) F
Experienced a problem	41%	**47%^{A}**	42%	**47%^{CE}**	39%	**47%^{CE}**
Your credit card was charged before the item was shipped	17%	16%	18%	17%	16%	15%
You could not specify the delivery date or time you wanted	15%	**19%^{A}**	16%	**20%^{E}**	14%	**18%^{E}**
There was no free shipping option available	**14%^{B}**	12%	**17%^{DEF}**	12%	11%	12%
There was no guaranteed delivery date	12%	**16%^{A}**	**14%^{E}**	**16%^{E}**	10%	**17%^{E}**
You could not determine the delivery date prior to placing the order	12%	**15%^{A}**	**15%^{E}**	**14%^{E}**	10%	**15%^{E}**
You could not order an item online and have it delivered to a local store	12%	13%	**13%^{E}**	**14%^{E}**	10%	12%
You could not determine the shipping cost prior to placing your order	9%	9%	**11%^{E}**	9%	7%	8%
The item was not delivered within the promised timeframe	9%	**14%^{A}**	**12%^{E}**	**14%^{E}**	7%	**14%^{E}**
After you ordered your item, you could not track the shipping	8%	10%	**10%^{E}**	**12%^{EF}**	6%	7%
No one replied when you sent a complaint/ indicated a problem with your order	5%	6%	**8%^{EF}**	**8%^{EF}**	3%	5%

P6. Thinking of your most recent purchase experience, did you encounter any of the following problems *with receiving the item(s) you ordered*?
Base: Those whose most recent purchase experience was online

Q2 Notable Demographic Differences

Experienced a problem with receiving the item(s) you ordered

Gen Y

Member	Non-Member
51%	41%

Big Box

Member	Non-Member
26%	53%

Types of Problems Experienced: With Receiving Item(s) Ordered

With Receiving the Item(s) You Ordered (new statements in Q2)	**Total**	**Loyalty Program**	
		Member	**Non-Member**
	Q2 (n=1,572)	**Q2** (n=816) A	**Q2** (n=733) B
Experienced a problem	47%	**47%**	47%
You could not order an item online and pick it up at the store	14%	14%	13%
After you ordered your item, you could not track the order for pick-up	7%	**9%**^{F}	5%
There were no available time slots for pick-up within your desired timeframe	7%	8%	6%
The items were not available to pick-up within the promised timeframe	7%	**9%**^{F}	5%
The retailer made a substitution to your order without getting your approval	6%	**8%**^{F}	4%

Q2 Notable Demographic Differences

Experienced a problem with receiving the item(s) you ordered

Member **51%**

Non-Member 41%

Gen Y

Member **26%**

Non-Member 53%

Big Box

P6. Thinking of your most recent purchase experience, did you encounter any of the following problems _with receiving the item(s) you ordered_?
Base: Those whose most recent purchase experience was online

Appendix

Detailed Methodology

- Two waves of online studies were conducted with a national sample of US consumers
  - February 4 to 23, 2020 (Q1): 5,000 surveys
  - May 13-20, 2020 (Q2): 2,535 surveys

- In order to qualify for inclusion, potential respondents had to meet the following criteria:
  - 18 years of age or over
  - Purchased items in stores or online in the past month, excluding groceries, alcohol, prescription drugs, or discount store items
  - Spent $500 or less during their most recent purchase experience and purchased one of:
    - Clothing, footwear
    - Personal care items
    - Home improvement, furniture, carpets
    - Household products, textiles
    - Cleaning supplies, paper products
    - Garden products
    - Electrical goods, music, film
    - Sports equipment
    - Books, stationery, games, toys

- The study focused on mass merchandisers, eTailers, specialty stores, department stores, and big box retailers

- Respondents were asked if they were members of the retailer's loyalty program where they last shopped
  - Q1: 2,197 indicated membership and 2,751 specified non-membership
  - Q2: 1,204 indicated membership and 1,297 specified non-membership

- No quotas were required as the final sample reflected the US population distribution in terms of region and age. In addition, the sample naturally yielded a good distribution by shopping mode (in store vs. online) and loyalty program membership

- Results are primarily presented on a total sample basis and according to loyalty program membership. Differences between program members and non-members, as well as any demographic differences, have been tested for statistical significance (95% confidence interval)

- Throughout the report, numbers shown in **bold** mean significantly higher

Total Sample Distribution vs. US Population

Demographic Comparison		**Total Sample**		**US Population Distribution**
		Q1 (n=5,000) A	**Q2** (n=2,535) B	
Gender	Female	65%	65%	51%
	Male	35%	35%	49%
Age Group/Generation	18 to 25 [Gen Z, iGen, or Centennials]	9%	**12%**^{A}	12%
	26 to 30 [Millennials or Gen Y]	9%	9%	9%
	31 to 40 [Millennials or Gen Y]	19%	18%	17%
	41 to 55 [Generation X]	**27%**^{B}	24%	24%
	56 to 74 [Baby Boomers]	**33%**^{B}	30%	29%
	75 and over [Traditionalists or Silent Generation]	4%	**7%**^{A}	9%
Major Region	Northeast	19%	19%	18%
	Midwest	22%	22%	22%
	South	36%	37%	37%
	West	23%	22%	23%
Sub-Regions	Pacific	15%	15%	16%
	Mountain	8%	7%	7%
	West North Central	7%	7%	7%
	West South Central	10%	9%	11%
	East North Central	15%	15%	15%
	East South Central	6%	5%	6%
	South Atlantic	21%	**23%**^{A}	20%
	Middle Atlantic	14%	15%	14%
	New England	4%	4%	5%

Most Recent Purchase – Total & Loyalty Program Membership

Most Recent Purchase Comparison		**Total**		**Loyalty Program**			
				Member		**Non-Member**	
		Q1 (n=5,000) A	**Q2** (n=2,535) B	**Q1** (n=2,197) C	**Q2** (n=1,204) D	Q1 (n=2,751) E	**Q2** (n=1,297) F
Amount Spent	Less than $50	**37%^{B}**	32%	**33%^{D}**	28%	**40%^{CDF}**	**36%^{D}**
	$50 to $100	31%	30%	28%	27%	**33%^{CD}**	**32%^{CD}**
	$101 to $200	17%	**22%^{A}**	18%	**23%^{CEF}**	17%	20%
	$201 to $300	8%	9%	**10%^{EF}**	**11%^{EF}**	6%	7%
	$301 to $400	4%	4%	**5%^{EF}**	**6%^{EF}**	3%	3%
	$401 to $500	3%	3%	**5%^{EF}**	**4%^{EF}**	1%	2%
	Average $	$109	$118	**$126^{EF}**	**$133^{EF}**	$96	**$104^{E}**

Demographics – Total & Loyalty Program Membership

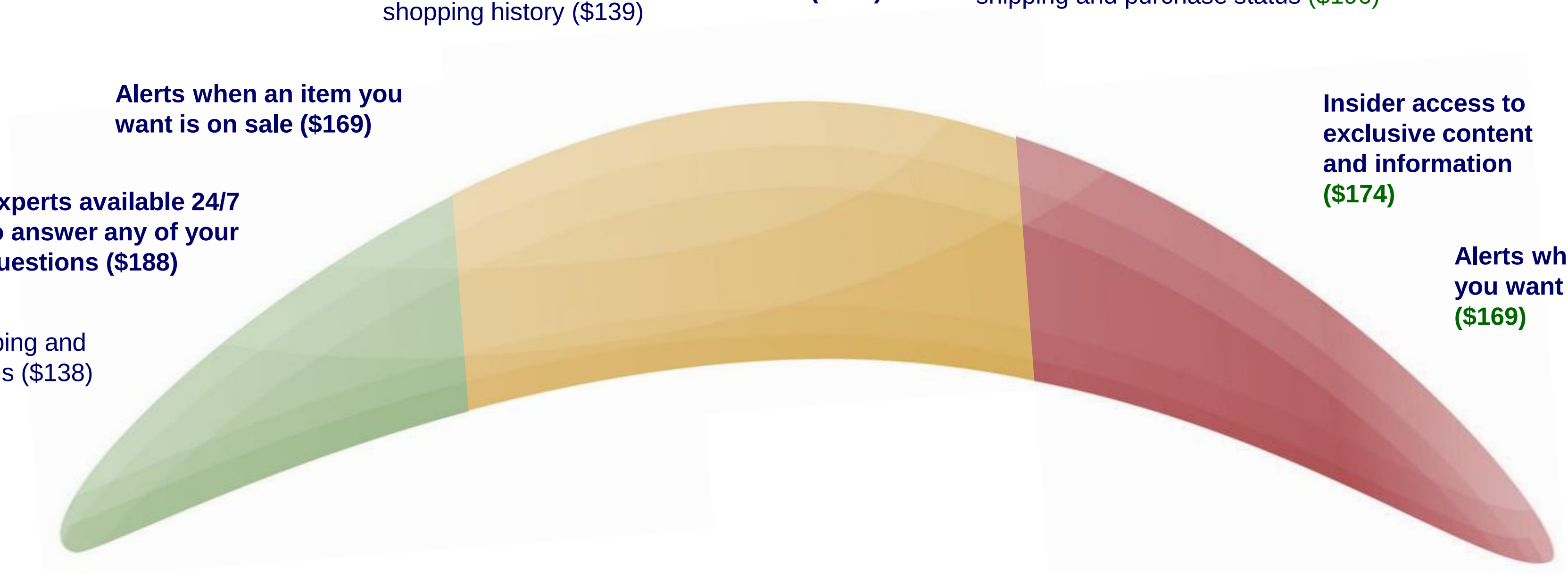
Demographic Comparison		Total		Loyalty Program			
				Member		Non-Member	
		Q1 (n=5,000) A	Q2 (n=2,535) B	Q1 (n=2,197) C	Q2 (n=1,204) D	Q1 (n=2,751) E	Q2 (n=1,297) F
Gender	Female	65%	65%	64%	66%	66%	64%
	Male	35%	35%	36%	34%	34%	36%
Age Group/ Generation	18 to 25 [Gen Z, iGen, or Centennials]	9%	**12%**^{A}	**11%**^{E}	**14%**^{CEF}	8%	10%
	26 to 30 [Millennials or Gen Y]	9%	9%	**10%**^{EF}	**10%**^{EF}	8%	8%
	31 to 40 [Millennials or Gen Y]	19%	18%	**20%**^{F}	**21%**^{EF}	18%	16%
	41 to 55 [Generation X]	**27%**^{B}	24%	**26%**^{D}	22%	**27%**^{D}	**26%**^{D}
	56 to 74 [Baby Boomers]	**33%**^{B}	30%	30%	27%	**35%**^{CD}	**33%**^{D}
	75 and over [Traditionalists or Silent Generation]	4%	**7%**^{A}	4%	**6%**^{CE}	4%	**8%**^{CE}
Household Size	One or Two	59%	61%	57%	58%	**62%**^{CD}	**63%**^{CD}
	Three or more	40%	39%	**43%**^{EF}	**42%**^{EF}	38%	36%
	Average #	2.6	2.5	**2.6**^{EF}	**2.6**^{F}	**2.5**^{F}	2.4
Employment Status	Working	**54%**^{B}	51%	**60%**^{EF}	**57%**^{EF}	**50%**^{F}	45%
	Not Working (Q2 includes laid off/furloughed)	45%	**48%**^{A}	40%	42%	**49%**^{CD}	54%^{CDE}
Education	High school or Less	**22%**^{B}	17%	**19%**^{D}	15%	**25%**^{CDF}	**19%**^{D}
	College or University	78%	**83%**^{A}	**81%**^{E}	**85%**^{CEF}	75%	**81%**^{E}
Household Income	Average $	$78,712	**$85,676**^{A}	**$85,839**^{EF}	**$91,460**^{CEF}	$73,036	**$80,387**^{E}

Regions – Total & Loyalty Program Membership

Regional Comparison		**Total**		**Loyalty Program**			
				Member		**Non-Member**	
		Q1 (n=5,000) A	**Q2** (n=2,535) B	**Q1** (n=2,197) C	**Q2** (n=1,204) D	Q1 (n=2,751) E	**Q2** (n=1,297) F
Major Region	Northeast	19%	19%	**21%**^{E}	19%	17%	19%
	Midwest	22%	22%	21%	21%	23%	23%
	South	36%	37%	33%	34%	**39%**^{CD}	**40%**^{CD}
	West	23%	22%	**25%**^{EF}	**26%**^{EF}	**22%**^{F}	19%
Sub-Regions	Pacific	15%	15%	**17%**^{EF}	**18%**^{EF}	13%	12%
	Mountain	8%	7%	8%	9%	8%	7%
	West North Central	7%	7%	6%	6%	**7%**^{D}	**8%**^{D}
	West South Central	10%	9%	8%	8%	**11%**^{CD}	**10%**^{C}
	East North Central	15%	15%	15%	15%	15%	15%
	East South Central	6%	5%	5%	5%	6%	5%
	South Atlantic	21%	**23%**^{A}	20%	21%	21%	**25%**^{CDE}
	Middle Atlantic	14%	15%	**16%**^{E}	15%	13%	15%
	New England	4%	4%	5%	4%	4%	4%
Area Type	Urban	**28%**^{B}	25%	**30%**^{EF}	**29%**^{F}	**26%**^{F}	22%
	Suburban	51%	**57%**^{A}	**54%**^{E}	**56%**^{E}	49%	**57%**^{E}
	Rural	**21%**^{B}	18%	16%	15%	**24%**^{CDF}	**21%**^{CD}

Loyalty benefits can have a boomerang effect on customer loyalty with some providing inoculation and others, damage acceleration

Q1 Inoculation and Acceleration



Insider access to exclusive content and information ($174)

Access to your personal shopping history ($139)

Alexa & Google Assistant notifications for shipping and purchase status ($196)

Alerts when an item you want is on sale ($169)

Experts available 24/7 to answer any of your questions ($188)

Free shipping and free returns ($138)

Cash back on each purchase ($157)

Insider access to exclusive content and information ($174)

Alerts when an item you want is on sale ($169)

Experts available 24/7 to answer any of your questions ($188)

INOCULATION

DAMAGE ACCELERATION

Highest spend on last transaction

In Q1, cash back on each purchase inoculated against the most problems; free shipping/returns & access to shopping history also impact positively

MOST DAMAGING PROBLEMS	*Difference between Members Who Used Feature and Non-Members Loyalty Damage Scores*						
	Cash back on each purchase	*Alerts you when an item you want is on sale*	*Access to your personal shopping history*	*Alexa & Google Assistant notifications for shipping and purchase status*	*Insider access to exclusive content and information*	*Free shipping and free returns*	*Experts available 24/7 to answer any of your questions*
The store was too messy or disorganized	-59%	39%	-18%	55%	53%	39%	169%
The store atmosphere was unappealing (poor lighting, noisy, bad smelling)	-38%	126%	-48%	-51%	113%	19%	**197%**
The SA did not appreciate your business	-59%	**237%**	24%	113%	65%	57%	71%
The SA had a "that's not my department" attitude	-43%	168%	-55%	**350%**	**191%**	77%	-43%
The SA did not treat you with courtesy and respect	-74%	**218%**	16%	18%	8%	-59%	**242%**
The SA were insensitive to your time when you were trying to find something	-68%	118%	8%	88%	45%	-4%	**233%**
The SA did not listen or ask the right questions when you were trying to explain what you wanted	**-102%**	76%	-11%	14%	-48%	5%	-31%
The SA kept offering you items that you were not interested in	-63%	65%	-25%	-17%	83%	-76%	36%
The layout of the checkout area was confusing, so you didn't know where to line up	-90%	65%	-11%	-49%	75%	-13%	-31%
You could not find the customer service number to call about a problem	-40%	-33%	79%	61%	**-109%**	-11%	27%
The website/app was difficult to navigate	**-154%**	-80%	86%	-45%	-2%	**-161%**	**-154%**
After you ordered your item, you could not track the shipping	-56%	**-123%**	-66%	37%	**-104%**	-34%	-118%
There was no guaranteed delivery date	-26%	-33%	-9%	-70%	-76%	7%	-10%
# of Problems Inoculated by Feature	***9***	***2***	***2***	***1***	***3***	***3***	***2***

🟩 High Inoculator 🟩 Mid Inoculator 🟨 Neutral 🟥 Mid Accelerator 🟥 High Accelerator

Inoculators - The average value of the 48 Inoculators is -56%. Values above the average are shaded yellow. Values from the average to one standard deviation below the average are shaded light green. Values below one standard deviation below the average are shaded green.

Accelerators - The average value of the 43 Accelerators is 90%. Values below the average are shaded yellow. Values from the average to one standard deviation above the average are shaded light red. Values above one standard deviation above the average are shaded red.