MEGATREND: The Path to Purchase

Do You Know the Consumer's New Path to Purchase?

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NEW YORK—What's the modern consumer's purchasing path today? It has become, much more often than not, 'click,' 'click,' 'brick,' then 'click' perhaps back to 'brick' and...'click' one more time. This is not a straight line. This is what's sometimes called "omni-channel." And, in fact, it is a more circular path that goes forward, backward and sometimes, a little sideways, too—all reflecting the new paths to purchase among most groups of consumers today.

Experts told *VM* that consumer priorities toward convenience plus "experience," their familiarity with the internet as a powerful source of information and referral, the rapid adoption of digital tools like mobile and the rise of e-commerce and new forms of (cashless) payment—all have created a new way for consumers to navigate purchases— for retail and, increasingly, health care, too.

Whether "shopping" or "researching" or "exploring," or "purchasing," these new paths have created challenges in the optical and vision care business, too, just as they have in other sectors. Today, ECPs and optical retailers need to understand this larger shift, especially as they cultivate relationships with their own customers and patients, and ascertain how to be a part of it.

These new pathways are being tracked, analyzed and explored by major internet companies, social media platforms, really large retail players, investors and payment companies/banks, consumer agencies and brands.

In this overview, *VM* is bringing a top-line look to what ECPs and optical retailers (large and small, by the way) need to consider, compared to their own customers and opportunities. ■

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Today's 'Shopper First' Mandates:

Make it New, Be Where the Customer Is, Give it Meaning

One of the largest research projects ever undertaken to understand the modern consumer is a report issued just last fall from Salesforce/Publicis, a U.S. and global initiative, combining surveys, research and mystery shopping. Their findings apply as much to optical as they do to fashion and home and convenience shopping. Consider the scale of the project: Their "Shopper-First" report examines today's retail landscape through the actions, voices, and eyes of today's shoppers, combining behavioral insights from half a billion shoppers worldwide, survey data from 6,000 people across six countries, and mystery shopping visits to more than 70 stores.

The Shopper-First report points to what it calls three shopper-first "mandates" that focus on lasting business strategies retailers can tailor to their audience—to provide a fresh, relevant and meaningful experience for today's customers. These are:

- **Make it FRESH:** create unique, non-commoditized products and compete at the speed of today's shopper. Sixty-nine percent of shoppers expect to see new merchandise when visiting a website or a store.
- **Be Where I AM:** make sure that you reduce "friction" to create an experience that's accessible to customers wherever they need you to be. Eighty-seven percent of shoppers begin their hunt in digital channels, up from 71 percent last year.
- **Give it MEANING:** Strengthen the relationship with your customers through stronger values-driven connections, and recognize shoppers with personalization and loyalty initiatives. Sixty-four percent of shoppers agree or strongly agree that retailers don't truly know them.

The Shopper-First report makes the following point, "Shoppers today are more connected than ever, seamlessly switching between channels and devices, all while expecting retailers to know them and make purchasing easy. Yet in our study, too many retailers didn't meet shoppers' expectations. For example, across the 70 physical store locations studied, the average mobile score was 1.74 out of 5, grading areas like in-store app experiences and tailored push notifications. Rather than leave omni-channel customers wondering where to go next, retailers must engage customers in context and on their terms."

In addition, consumers connect to service providers and brands in new ways, they value "meaning" and "purpose."

Continued on page 26

EXECUTIVE SUMMARY

SHOPPER-FIRST **MANDATES**

From our three data sources — shopping activity, consumer survey, and mystery shopping — three shopper-first mandates emerged that apply to virtually all retailers.

MAKE IT FRESH
Create unique, non-commoditized products and compete at the speed of today's shopper.
69% of shoppers expect to see new merchandise when visiting a site or store.

BE WHERE I AM
Develop a frictionless experience that's accessible to shoppers, wherever they need you to be.
87% of shoppers begin their hunt in digital channels – up from 71% last year.

GIVE IT MEANING
Strengthen the relationship with your customers through stronger values-driven connections, and recognize shoppers with personalization and loyalty initiatives.
64% of shoppers agree or strongly agree that retailers don't truly know them.

FOUNDATIONAL **RETAIL TRUTHS**

These three mandates can't come to life without a strong foundation. As retail has evolved, four modern retail truths make each of these mandates a reality, building on the legacy retailing model of years past and surfacing throughout the customer journey:

LEAD WITH MOBILE
*Mobile accounts for **92%** of ecommerce order growth.*

EMPOWER THE STORE
71% of shoppers prefer to leave a store with a product in-hand.

INFUSE INTELLIGENCE
*Personalization influences **38%** of all digital revenue.*

CONNECT EXPERIENCES
*Average in-store mobile score: **1.74/5** in our mystery shopping of 70 global stores.*

6 Things ECPs Should Consider About the Consumer's Path to Purchase*

- **Mobile wallets now account for 30 percent of mobile orders globally**, and sites with mobile wallets see two times mobile conversion rate growth. Mobile usage in-store is also sizeable. **71 percent of shoppers now use a mobile device in-store, up from 62 percent in 2017**. Their activities while using a device in-store are diverse, from purchasing to reading reviews.

- Shoppers are looking for "meaning." Shopper-First's extensive study showed that **45 percent of customers indicated that they are more likely to buy from a brand or retailer that donates a portion of purchase proceeds to charity**.

- Today a range of factors combine to influence the eyewear consumer's decisions: **friends/family recommendations play the largest role in the purchasing decision process (62.8 percent) followed by independent consumer reviews (50.3 percent)**, loyalty rewards programs (49.7 percent), TV commercials (45.4 percent). In addition, **friends' social media posts or mentions (42.9 percent) are the 5th most important factor**.

- The majority of **consumers (56 percent) see optometry/optical purchases as necessary**, rather than discretionary ("needs" not "wants").

- On average, **optometry/optical purchase decisions take 56 days** and involve **5 or 6 distinct stages**.

- **62 percent of optometry/optical consumers research purchases and 69 percent of them research payment.**

Sources include: Salesforce/Publicis Shopper-First Report 2018, Luxottica Consumer Research, CareCredit's The Healthcare Path to Purchase – Optometry/Optical 2019

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Continued from page 24

Shoppers reward brands that go beyond transactions and orders to be relevant and resonate. Today's shoppers are relationship-driven, favoring brands that bring value and meaning to their lives.

The Shopper-First research found that shoppers reward brands that create lasting relationships over time—specifically through loyalty programs and 1-to-1 personalization efforts that extend across both digital and physical channels. Personalization, customization or suggestions made "based on your purchase history, you might like..." appeal to today's consumers.

Knowing Customer Selection Patterns

Help ECPs/Retailers Improve the Experience

A far-ranging study about the Customer Journey was undertaken by Luxottica to better recognize the factors in the modern customer's purchasing decision process and how the "mix" of social media, digital tools to explain product stories and brands and enhance selection are all factors in building better connections to today's eyewear and sunwear consumers.

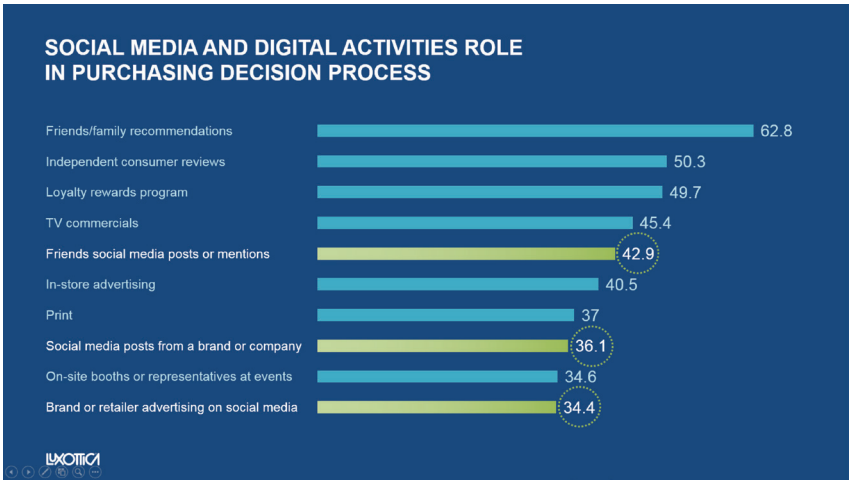
As Luxottica's Chiara Bernardi, vice president, marketing, Wholesale N.A. shared at last month's Vision Monday Global Leadership Summit, friends/family recommendations play the largest role in the purchasing decision process (62.8 percent) followed by independent consumer reviews (50.3 percent), loyalty rewards programs (49.7 percent) and TV commercials (45.4 percent).

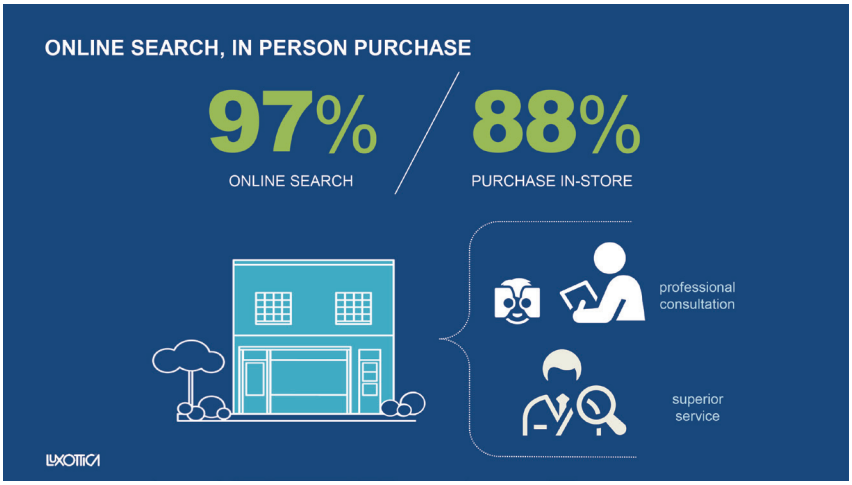
However, friends' social media posts or mentions (42.9 percent) is a growing factor as are social media posts from a brand or company as well as a brand or retailer's advertising on social media (34.4 percent).

Luxottica's work confirmed the important role, almost uniform among consumers—97 percent who search online and then 88 percent who purchase in-store.

Last month, Luxottica launched a new digital initiative, a "virtual optical store, powered by Luxottica" managed through its customer portal, MyLuxottica.com to enable ECPs to begin to leverage digital tools, like tablet and window displays as well as virtual try-on, in the store to maximize the shopper's experience of brands and selection.

Continued on page 28





Source: Luxottica Decoding The Consumer

MEGATREND: The Path to Purchase

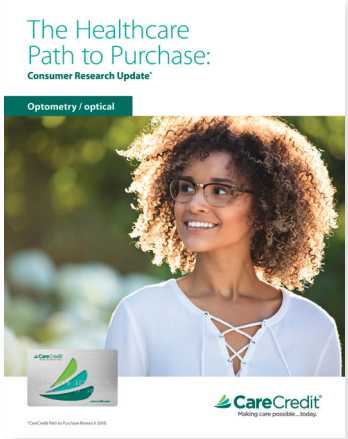
Continued from page 26

Optical's Health Care Path to Purchase Is Changing and Payment Matters

A new optometry/optical update about today's Path to Purchase has just been issued by CareCredit, a division of Synchrony Financial. In addition to Synchrony's own studies which help pave directions for its credit and financing activities in a range of industries, the new optometry/optical study communicates several key findings for ECPs:

- The process to purchase optometry/optical and related products is generally long and complex. Consumers tend to seek ample information, consider many factors, and take weeks or months to make decisions for health care purchase.
- The majority of consumers (56 percent) see optometry/optical purchases as necessary, rather than discretionary ("needs" not "wants").
- On average, optometry/optical purchase decisions take 56 days and involve distinct stages.
- 60 percent of optometry/optical patients surveyed said they always research health care providers online before selecting a provider.
- Half of consumers report use of one or more web resources (e.g, search engines, provider websites, social media) when researching health care purchases. However, consumers who are considering optometry/optical tend to rely more heavily on word of mouth (73 percent), including referrals from health care providers and input from friends and family.
- Affordability remains a key concern for many and is an important factor in choosing a provider. In fact, nearly one-third of respondents (31 percent) reported having declined optometry/optical purchases due to cost.
- Relatively few consumers (29 percent) were aware of options to finance health care-related purchases. However, 58 percent were aware that providers can offer financing options, and 49 percent would consider financing if it meant they could move forward with a purchase right away.
- Compared to 2016, optometry/optical decisions have grown notably longer and more complex. The average timeframe for a purchase decision increased by 17 days (from 39 in 2016 to 56 in 2018).

"There is much to learn about the patient's journey and how they are researching eyecare and health issues as much as they are researching what to purchase," explained Randy Baldwin, CareCredit's VP of specialty and health care retail. He added, "We're also learning that financing is perceived by patients as a service, one in which they have high interest and see great value. If they know it's available, many would spend or buy more. A good 70 percent of all CareCredit's revenue through optical via CareCredit is from people who already have the card." ■



CareCredit's new report is available for download this month.

Among optometry / optical consumers who research purchases online, what sources do they use?

	Optometry / optical
A search engine (e.g., Google, Yahoo)	60%
Provider Website	49%
Medical advice website	21%
Website that compares or provides ratings/reviews of providers	36%
Social media, mobile app, message board, blog, other	≤7%

Where do optometry / optical consumers turn when researching purchases offline?

	Optometry / optical
Key healthcare professionals	Optometrist/Ophthalmologist 13%
Family/friends overall	40%

When optometry / optical consumers don't consult healthcare professionals, where do they turn?

	Optometry / optical
Spouse	35%
Other family members or friends	7%
No one else	51%

Source: CareCredit Path to Purchase Research 2018.