

Shoppers At Risk:
An Annual Study of Retail Dissatisfaction
Executive Summary



Introduction

1,000 telephone interviews were conducted nationally with American consumers between March 9 and 19, 2007.

All respondents were randomly selected and qualified if they had purchased products at a retail store in the past month. Respondents were asked to exclude liquor, beer, grocery, and prescription drug purchases, or items valued at more than \$2,500

The results were weighted to reflect the current US population distribution (based on census data).

Fieldwork was conducted by Elemental Data Collection, a field and tab company located in Ottawa, Ontario, Canada.

Sales Associate Problems: shopper problems that occur as a direct result from interaction – or absence of interaction – with store sales staff, either on the shop floor or at check-out.

Store Problems: shopper problems that occur due to the physical layout of the store/shopping environment or the merchandising/availability of goods.

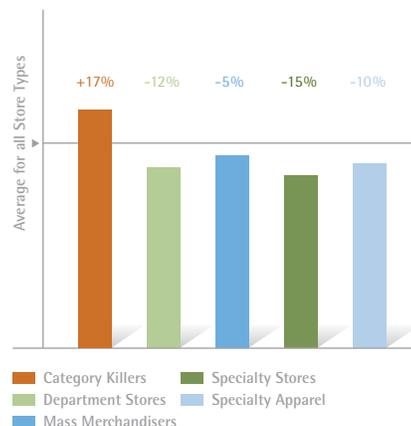
In the spring of 2007 The Verde Group, together with the Baker Retailing Initiative at Wharton, conducted a study across the United States to better understand the effect of problems on the retail shopping experience.

This study, which follows Verde/Wharton's inaugural *Shoppers at Risk* study of 2006, surveyed 1000 American shoppers to understand:

- What problems are shoppers encountering at brick-and-mortar retailers?
- Which problems are most likely to generate negative word-of-mouth?
- Which problems are most likely to place shopper loyalty at risk?

The 2007 study focused in particular on the impact of Sales Associates on shopper satisfaction and loyalty. A summary of findings follows.

Sales Associate Problems By Store Type



The Most Damaging Problems Are Sales Associate Problems

Sales Associate issues are most detrimental to retailers. They annoy the most shoppers, lose the most business for retailers, and drive the most negative word-of-mouth.

THE TOP THREE SALES ASSOCIATE ISSUES

The study found that Sales Associate issues have a far greater impact on shopper loyalty than Store issues. The most important Sales Associate issues are:

- Not being able to find a Sales Associate when needed
- Being ignored: no smile, no 'hello', no eye contact
- Insensitivity to long check-out lines

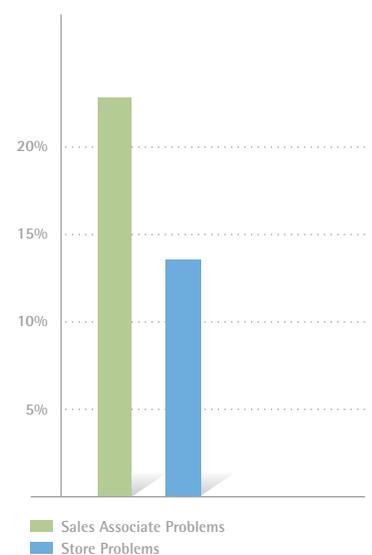
CAN'T FIND A SALES ASSOCIATE? LOYALTY WILL SUFFER

Loyalty risk is greatest when shoppers need but cannot find a Sales Associate. This was the most frequent complaint of shoppers – 33% who experienced a problem could not find sales help when they required assistance. At the end of the day, 6% of all shoppers are lost due to lack of Sales Associate availability.

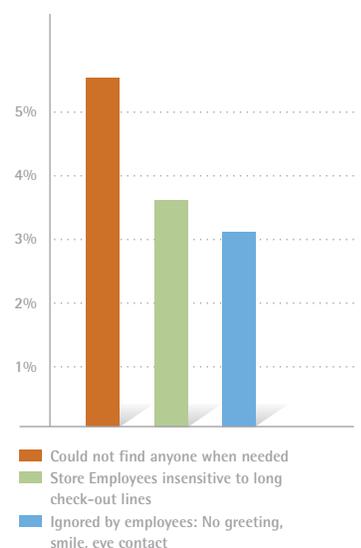
CATEGORY KILLERS HAVE THE MOST SALES ASSOCIATE ISSUES

Overall, those shopping at 'Category Killer' stores encounter more problems with Sales Associates. These shoppers are more likely to have issues with long check-out lines and with finding a Sales Associate than shoppers at other store types.

% Customers Lost by Problem Type

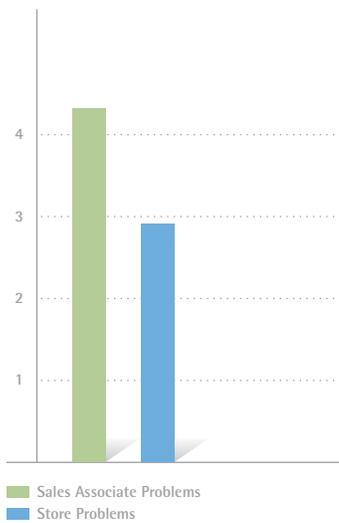


% Customers Lost by Specific Problem



Disgruntled Shoppers Talk. And Talk, and Talk...

Average number of people told about problem



One in three shoppers spread negative word of mouth about their problems. Each of those shoppers will tell an average of four other people.

PROBLEM NEWS TRAVELS FAR

When a shopper feels a retail experience is bad enough to warrant telling other others, the impact of the problem is magnified. 33% of shoppers will tell four other individuals about the shopping problems they encounter.

NEGATIVE WORD-OF-MOUTH MAKES A DIFFERENCE

Reaffirming the findings of the 2006 *Shoppers at Risk* study, the 2007 study indicates how damaging negative word-of-mouth can be to a retailer. One in two shoppers has chosen not to visit a particular store because they heard about someone else's bad experience.

SALES ASSOCIATE PROBLEMS DRIVE MORE NEGATIVE WORD-OF-MOUTH

When it comes to negative word-of-mouth, not all problems are created equal. Friends and/or colleagues are nearly 50% more likely to hear about a shopping problem when it is a Sales Associate issue as opposed to a Store issue.

The Younger the Shopper, The Harder to Please

The younger a shopper, the more likely they are to encounter a problem, and the more problems they are likely to have.

AGE MATTERS

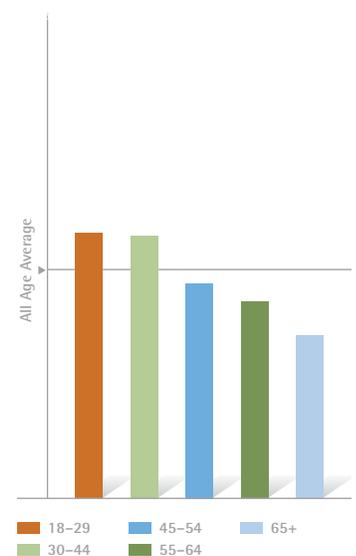
The study shows a clear relationship between age and problems with the shopping experience. For example, 18 to 29 year olds are 66% more likely to have a problem when shopping than shoppers older than 65. And 18 to 29 year olds have over 2.5 times the number of problems 65+ year olds. This tendency holds across all age groups.

YOUNGER SHOPPERS WANT ATTENTION AND AUTHENTICITY

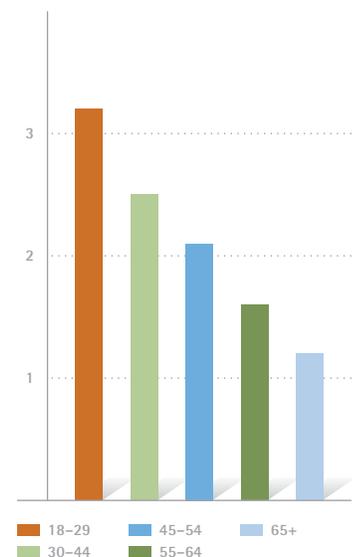
Among 18 to 29 year olds – the group most likely to encounter a problem – the most prominent issues are:

- Being ignored by store staff
- Finding staff "phony", e.g. More interested in making sales than actually helping
- Encountering employees who lack product knowledge
- Not finding items due to disorganized stores

Problem Incidence By Age

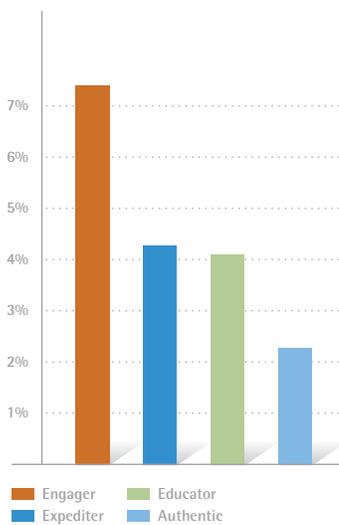


Average Number of Problems By Age



A Capable Sales Associate is Four Associates in One

% Customers Lost Because Sales Associate Was An Ineffective...



The study clearly shows how critical it is for retailers to have capable Sales Associates. But what exactly does "capable" mean?

THE FOUR SALES ASSOCIATE ARCHETYPES

The study found that there are four distinct sales associate "archetypes" required to mitigate shopper problems, drive repeat visits and grow shopper loyalty.

- The Educator knows the store's products and will help shoppers find them
- The Engager is available, friendly, and willing to help
- The Expediter ensures a customer wastes little time when shopping or paying
- The Authentic shows a genuine interest in shoppers' needs and preferences, even at the expense of making a sale

ENGAGERS MATTER THE MOST

For a sales associate to be successful, they must have a blend of all archetype competencies. But some archetypes are more important to retailers than others. Across all store types, shoppers are most likely lost due to "Engager Failure".

About

ABOUT THE VERDE GROUP

The Verde Group specializes in helping North American organizations measure the cost of customer dissatisfaction, prioritize the issues based on ROI, and quickly fix them for improved retention, spend and profitability. With offices in Canada and the United States, The Verde Group has consulted internationally to clients including Wal-Mart, Toyota, Levi Strauss, Allstate Insurance, HSBC and Eli Lilly. Visit www.verdegroupp.ca for more information.



ABOUT THE JAY H. BAKER RETAILING INITIATIVE

The Jay H. Baker Retailing Initiative at the Wharton School of the University of Pennsylvania is an education "industry center" created with a \$10 million gift from Patty and Jay H. Baker, Wharton Undergraduate 1956, and former president of Kohl's, with the sole focus of exposing students to the dynamic opportunities of a retail career. Visit bakerretail.wharton.upenn.edu for more information.



ABOUT THE SHOPPERS AT RISK: RETAIL DISSATISFACTION STUDY

The Verde/Wharton 2007 Shoppers at Risk: Retail Dissatisfaction Study is the second installment in an annual study of the state of shopper satisfaction in American retail. For full study findings, or to view the findings of the "*Shoppers at Risk: Retail Dissatisfaction Study and Retail Dissatisfaction Study*" please visit the Verde Group's website at www.verdegroupp.ca.