Experience Matters Most

Ways manufacturers can help their brand stand out during the consumer buying journey.

synchrony
+
INNERVIEW

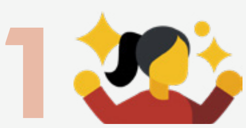
Executive Summary

Synchrony's Major Purchase Journey Study* for 2021 helps shed light on how consumer decision making is evolving. InnerView partnered with Synchrony on aspects of the study to better understand consumer habits and expectations of the buying experience. Our analysis focused on seven categories of products and services related to home purchase categories.

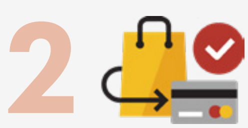
HOME PURCHASE CATEGORIES

Furniture	Lawn & Garden	Electronics	Bedding/ Mattresses	Appliances	Home Improvement	Flooring

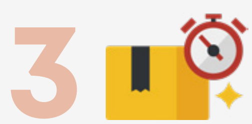
We found that four main themes emerged around consumer expectations:



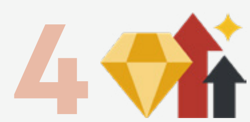
They want to have confidence in their purchase



They want the purchase process to be easy



They want their purchases now



They expect value

Based on these themes, our conclusion is simple: experience matters most. Consumers are prioritizing elements of service, simplicity, and ease over criteria such as product variety or personal referrals. While these themes are based on the factors consumers consider when selecting a retailer, there are valuable insights for manufacturing brands as well. We will offer ideas for how brands in home-related categories can be seen as an experience leader, even if consumers aren't buying directly from them.

*See study notes on p. 13 for study details and methodology

Understanding Consumer Decisions

TOP 10 MOST IMPORTANT DECISION FACTORS

WHEN SELECTING A RETAILER FOR THE MAJOR PURCHASE

1	Stands behind products they sell	63%
2	Offers value for the money	60%
3	Sales associates are knowledgeable	58%
4	Provides a positive shopping experience	57%
4	Overall ease of purchase	57%
6	Offered free home delivery / installation	55%
7	Had the product available	54%
7	Offered financing options	54%
9	Speed of delivery or installation	52%
10	Availability of product insurance	51%

Our conclusion is simple:
Experience matters most.

Consumers were asked to evaluate 24 different factors (on a scale of 0-10) that might shape the decision of where to make their major purchase. The following chart represents the top 10 most important decision factors according to the respondents *(ranked by percentage of respondents who rated the item as a "9" or a "10" in importance).*

What does this say about how consumers are making their purchase decisions? We identified the following themes we believe are important for retailers and brands to know about their consumers.

1 THEY WANT TO HAVE CONFIDENCE IN THEIR PURCHASE

The average ticket size across the home-centric categories was $2,584. That is a sizable investment, and consumers want to feel like they made the right purchase for their home. It makes sense that the top factor on the list is finding a retailer who “stands behind the products they sell.” Once consumers spend that kind of money, they expect their purchase to last. Combine this with item #10 on the list, “availability of product insurance/warranties/repair services,” and consumers are looking for peace of mind.

Part of the confidence equation is getting good advice. Consumers rated “sales associates are knowledgeable” as the third-most important factor. These purchases are not made frequently, thus the consumer may be less accustomed to researching and evaluating their options. They typically rely on the sales associate for advice and expertise. In fact, 86% of buyers across these categories said the sales associate they encountered was a factor in what product they ultimately purchased (44% said the sales associate was a major or deciding factor). While online information is readily available, consumers are still looking to retailers for their specialized expertise and ability to understand their needs.

Financial confidence is also critical. “They offered financing options” was tied for seventh on the list. While not all consumers will take advantage of the financing offered through the retailer, they want the ability to consider various payment options to make the best decision for them. For some, financing options will increase their buying power and allow them to buy what they really want.

1	Stands behind products they sell	63%
3	Sales associates are knowledgeable	58%
7	Offered financing options	54%
10	Availability of product insurance	51%

86%

of consumers say the retail salesperson had an impact on their buying decision

> *Part of the confidence equation is getting good advice. Consumers are still looking to retailers for their specialized expertise and ability to understand their needs.*

2 THEY WANT THE ENTIRE PURCHASE PROCESS TO BE EASY

"Overall ease of purchase/amount of effort needed to purchase" (T#4) was tied for the fourth highest-rated factor for consumers. Consumers are making a difficult purchase decision and they don't want to jump through extra hoops. Retailers who can remove friction in the buying process are going to win favor with consumers. The challenge is there are so many factors that go into the perception of the buying process being "easy" or "hard". The key takeaway is that all stakeholders involved need to look at all aspects of the consumer's journey and ask themselves how they can proactively make things smoother for customers (we will cover this in the recommendations section).

Part of making the process easy is ensuring the product can be fulfilled. For major home-category purchases, delivery and/or installation are major considerations. It makes sense that a factor like "offered free home delivery/installation" would be a top-10 expectation.

4	Overall ease of purchase	57%
6	Free home delivery/ installation	55%

3 THEY WANT TO ENJOY THEIR PURCHASES NOW

"Had the product available" was tied for the seventh highest-rated factor. This demonstrates that consumer awareness of supply chain challenges is high, and inventory will be top of mind when making their decision.

The second part of this equation is "speed of delivery or installation," which comes in at ninth on the list of factors. Just as supply chain challenges have left goods in short supply, labor shortages have also been a significant challenge. This has impacted categories throughout the home goods and home improvement sector. Delivery teams and installation crews are overwhelmed with demand and struggling to find staff to keep pace.

It remains to be seen if consumers will continue to be as sensitive to these items if inventory and supply-chain challenges improve.

7	Had the product available	54%
9	Speed of delivery or installation	52%

4 THEY EXPECT VALUE

Price will always factor into a consumer's buying decision. "Offers good value for the money" came in as the second highest-rated factor consumers would consider in choosing a retailer. The word "value" needs to be looked at the same way as the word "easy." There are so many considerations that go into an individual buyer's perception of value. It is not something that can be delivered on its own; there are dependencies. When you consider the other nine items that make up the top 10 factors, you can see how each of these can play into a consumer's calculation of value. Will they pay more if they can get it faster? Will they expect a lower price if a retailer isn't offering special financing terms? All factors on the list present an opportunity to meet customer needs and to build the perceived value of their purchase.

2	Offers value for the money	60%
6	Free home delivery/ installation	55%

Another factor that speaks to value consciousness is "they offered free home delivery/installation." This factor is making its second appearance, mostly because it includes the word "free." This is an indicator that consumers perceive delivery and installation as basic expectations of the purchase. If retailers do not offer free delivery or installation, they need to carefully position the extra fees.

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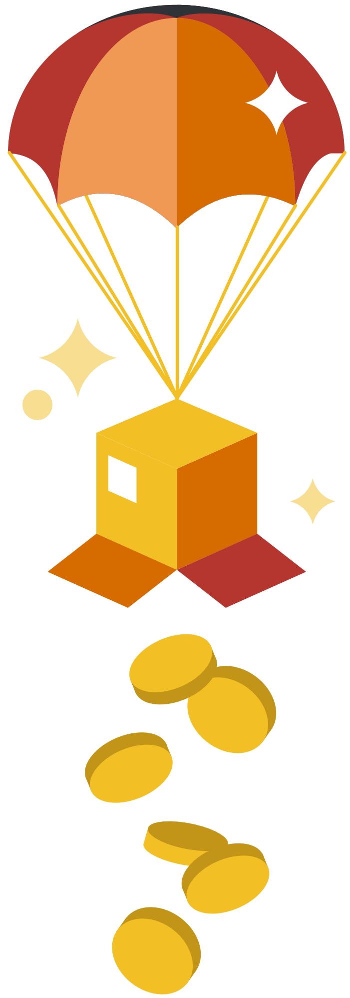

Recommendations for Manufacturers

Identify ways to impact the experience

Consumers are now placing more emphasis on the buying process than they are on the products themselves. “Carries a variety of brands to choose from” did not make the top 10 of most important selection factors, coming in at #13 (out of 24) with fewer than 50% of consumers rating this as a high priority. That does not mean that consumers don’t care about the product. However, it does signal that consumers expect to find a wide variety of options and selection is no longer a point of differentiation.

Consumers also see product quality as a given. Consumers were asked a separate question about their satisfaction with the purchase process, and 66% of respondents were highly satisfied with the “quality of the item purchased.” That was the highest satisfaction level out of the 15 criteria they were asked to rate. Much further down the list in terms of buyer satisfaction were items like “finding a salesperson you could trust” (49.7%) and “the in-store sales process” (49.5%).

Manufacturers have traditionally built their value proposition around product “selection” and “quality”. The data from the study indicates that this story doesn’t align with buyers’ expectations. The following are examples and suggestions of ways brands can help build value around the experience, both directly with the consumer and through their partnerships with retailers/dealers.

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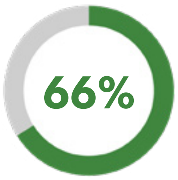
CONSUMER SATISFACTION WITH...



HIGH
Product quality

COULD IMPROVE

- In-store sales process
- Finding a salesperson they can trust

Play a More Active Role in the Consumer Journey

Brands and product manufacturers can't afford to leave the customer experience to their partners to figure out. There are opportunities for brands to have more direct contact with consumers during the buying journey and innovative ways to work with their partners to make the experience better. It is a chance to build greater brand awareness and trust with both your partners and consumers.

1 SIMPLIFY THE SELECTION PROCESS

The average purchase journey for the home-related categories was 62 days. That is not hard to believe, given how many options consumers have and how many factors they have to consider when making a decision.

Brands have an opportunity to simplify the process and shorten the path to purchase. They can start by looking at their web presence. As mentioned above, nearly half of consumers visit a brand's website before making a purchase, but that number is decreasing over time. By comparison, visits to third-party retailer sites like Amazon are increasing (even with customers who don't purchase online). There is clearly something lacking in the web experience brands deliver.

One potential solution is to expand websites from product galleries into advice hubs. We shared a stat previously about the importance of the salesperson providing advice in the selection process. Why should consumers have to wait until they are in the store to get advice and narrow their list of choices?

62 days

length of an average purchase journey

Brands could consider offering live human interactions wherever possible, through channels such as live chat, live video consultations or phone. All the product filtering tools and digital room visualizers can't take the place of a live human listening to your needs and offering their expertise on the right option for you. The goal is not to sell them a product, but to help them rule out options so they are a few steps closer to finding the right product. If the consumer has more questions, the representative can guide them to additional resources or direct them to a retailer to continue the process.

Brand Example: Cadillac

An example of a brand embracing this approach is Cadillac. The brand's "Cadillac Live" portal is featured prominently on their website, and allows consumers to initiate a live video interaction with a Cadillac brand ambassador. During the session, the host can walk to vehicle models the customer wants to discuss and provide them a thorough consultation. Consumers can't purchase the vehicle directly from Cadillac, so the process is low pressure. The consumer can ask to be referred to a dealer who can help them complete their purchase.

Live interactions might not be simple or cheap to provide, but they are a way for brands to help accelerate the selection process while building a direct relationship with the consumer. If designed properly, they can also strengthen relationships with your best distribution partners.

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2 REACH THE SALES ASSOCIATE, WIN THE CONSUMER

Despite growth in online shopping, approximately two-thirds (65%) of major purchases in the home category were made in a retail store (take out electronics, and the number jumps to 73%). The in-store experience, including interactions with retail sales associates (RSAs), is still a major part of the buying journey. Unless brands are ready to start selling directly to the consumer, they need to recognize that retail sales associates are the most immediate path to impacting the the customer experience (and purchase decision). They might not be direct employees, but they are the face of the manufacturing brand to the consumer.

Brands need to play a more active role in equipping RSAs to represent them effectively. This starts by building a feedback loop.

Brands should seek to understand two main things from the RSAs who sell their products:

What consumer habits and expectations are they observing? No one is closer to the customer or has a better read on trends.

How effectively is their brand equipping the RSA to meet those consumer expectations?

Seeking feedback helps to change the dialogue. Instead of pushing out more product information, brands can demonstrate a genuine interest in partnering with retailers to serve the end consumer. Feedback might not be easy to get at first because RSAs often represent many brands. However, perhaps brands could shift money away from sales incentives and use them to incentivize RSAs to provide their feedback through surveys or other tactics.

The data brands get in return may help highlight areas for focus and investment. This could include feedback on merchandising and displays, product quality, training, and incentives. The key will be responding to their feedback in ways that demonstrates a commitment to meeting their needs, rather than pushing a product agenda. This is another opportunity for brands to invest in their retail partnerships and add value that could lead to increased loyalty and market share.

65%

of major purchases are still made in a retail store vs online

3 WRAP THE PRODUCT IN EXPERIENCE

Brands are used to offering incentives for retailers and sales associates to sell more of their products. Smart brands are finding creative ways to build a more direct relationship with consumers while supporting their retail partners.

Experience Snapshot

One example we have come across is a major appliance brand who partnered with independent retailers to encourage a "product onboarding" conversation with the customer after the product was delivered. The appliance brand funded a gift that the retailer would provide at delivery – a short subscription to a major fresh meal-prep service. To activate the gift subscription, the consumer needed to register their product with the manufacturer.

You can see how this concept could deliver value to everyone involved. The consumer got a great gift that complemented their purchase. The retailer was able to offer a "surprise and delight" touch after the sale that made them look good. The brand made a great impression on the buyer and was able to establish a direct relationship through the warranty registration.

Focus solely on the consumers' needs at each step of the journey.

Discounts and promotions are great, but focusing on the experience is more aligned with the buyers' preferences.

This example shows what is possible when brands think beyond the product. The key to developing creative solutions is to focus solely on the consumers' needs at each step of the journey. Discounts and promotions are great, but focusing on the experience is more aligned with the buyers' preferences.

Conclusion

The buying journey for large home-related products and services is unique. They are bigger-ticket investments. They are infrequent purchases. The purchase is rarely made directly from the manufacturer. There are often delivery and/or installation details to work out. It is a complex process.

It is no surprise that consumers are looking to buy from places and brands that make their purchase easier and give them peace of mind in their investment. Product-focused factors like "quality" and "selection" are not driving the consumers' decisions like they might have in the past.

There are opportunities throughout the buying journey to tell a story about your brand that goes beyond product.

These new expectations open the door for manufacturing brands to find innovative ways to engage consumers. There are opportunities throughout the buying journey to tell a story about your brand that goes beyond product. Tesla and Carvana don't sell cars. They are experience brands. While you might not start selling direct to consumers, those examples demonstrate that big-ticket buyers will respond to innovation and reward brands with loyalty.

Study Notes and Methodology

MAJOR PURCHASE JOURNEY STUDY

Synchrony Major Purchase Journey Study surveyed 3,819 consumers who made purchases of $500 or more during a 6-month period (late 2020-mid 2021). There were 12 product categories examined through the study. For purposes of this analysis, we focused on seven categories that were concentrated around home décor, entertainment and improvement. Collectively, those categories represented 2,586 respondents, or 68% of survey respondents. Contact Synchrony for more information on the Major Purchase Journey Study.

12 product categories, decreased to...

7 for the purposes of this analysis

2,586 consumers who made purchases of $500 or more

6 mos period, of purchases made late 2020-mid 2021

TOTAL RESPONDENTS IN EACH PURCHASE CATEGORY

Appliances
299

Bedding/Mattresses
484

Electronics
426

Flooring
108

Furniture
879

Home Improvement
324

Lawn & Garden
66

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