

## **New Study of Multi-Channel Shopping Reveals Significant Opportunities for Retailers**

### **In An Age Of Unprecedented Consumer Expectations, Retailers Must Eliminate Remaining Barriers Between Shopping Channels**

**RESTON, Va., Jan. 19, 2005** - Fry, Inc., the e-tailing group, Inc., and comScore Networks today jointly released the results of the first Evolution of the Multi-Channel Consumer (EMC2) study based upon the attitudes, experiences and expectations of U.S. online shoppers. Although multi-channel retailers were leaders in e-commerce growth in the latest holiday season, the EMC2 study reveals that significant opportunity gaps still remain for these merchants.

The EMC2 study provides new details of consumers' migration along a continuum, from pure online shopping to a more complex multi-channel experience that includes in-store pickup, gift registries, store kiosks, online coupons and many other resources. While this is clearly good news for traditional retailers, which are able to offer consumers a wider array of shopping and fulfillment options than online-only merchants, this trend highlights the importance of delivering a consistent experience across channels.

The inaugural EMC2 study confirmed that for a vast amount of consumer spending, online information sources are the starting point for consumer decision-making. Thirty-four percent of respondents reported that they frequently shop at Web sites first, before buying in a store. Not surprisingly, search engines are reported as the typical starting point of the shopping process for 46 percent of consumers, more than any other starting point. However, 39 percent of shoppers typically navigate directly to a retail site in which they are interested.

"The degree to which shoppers now turn immediately to the Web underscores the critical role of retail site design in attracting and engaging the multi-channel consumer," noted David Fry, president and founder of Fry, Inc. "At the same time, retailers will increasingly find it worthwhile to focus offline media investments to generate consumer awareness of and interest in online storefronts."

Once consumers have initiated a shopping trip online, they unanimously expect that retailers will conveniently support the continuation of the purchase process throughout other channels. In fact, 97 percent of consumers expect a seamless shopping experience across online and offline channels.

An increasingly visible example of channel integration, offered by leading retailers including Best Buy, Circuit City, Sears and Lowe's, is the ability to purchase a product through a retailer's online storefront and pick up that product in an offline store location. While relatively few online merchants currently offer this option, 36 percent of online shoppers report they have used in-store pick-up. Fewer consumers report returning in-store an item purchased online, although this option is more commonly available than in-store pickup. Impressively, 81 percent found the in-store pickup experience to be good or excellent. However, nearly one out of every three shoppers reported waiting more than ten minutes to pick up the item once they arrived at the store, although only five percent expected to wait this long. The opportunity clearly exists for more merchants to offer this service and to improve the in-store process.

"Today's time-starved consumer demands a convenient and consistent multi-channel experience. Options such as in-store pickup and return are widely appreciated, but retailers must ensure that store associates deliver consistently great service

where online stores leave off," said Lauren Freedman, president and founder of the e-tailing group, inc. "Those that don't meet this challenge risk squandering the precious time that multi-channel shoppers spend in stores, and likely reduce the chance of a follow-up visit."

When asked about usage of in-store kiosks and shopping computers, 36 percent of EMC2 respondents reported having used such systems. The most popular uses of kiosks included checking product availability/location (74 percent), listening to music (73 percent), getting product/category information (68 percent) and searching for gifts (68 percent), and most users reported a positive experience with these applications. Fewer than 50 percent of shoppers turned to kiosks for assistance with home improvement and other projects, and those that did reported less positive experiences. And of the 46 percent of shoppers that have used kiosks to place an online order, 62 percent gave the experience a positive rating.

The EMC2 study revealed significant differences across product categories in shopping styles, motivations, and experiences. For example, 35 percent of shoppers look to retailers for ideas and suggestions when shopping for Gifts, while only 10 percent want such assistance when buying Computers. Separately, the appeal of buying online and picking up in-store is much greater for some products than others; for example, consumers were three times more likely to report that they prefer to buy Home Electronics online and pick up the product in-store compared to Books, Music & Videos.

"It's no secret that online shopping behavior differs dramatically by product category, and we've now charted a similarly large degree of variation in how consumers shop different products across channels," said Dan Hess, comScore Networks senior vice president of industry analysis. "Retailers have an opportunity to further accelerate the growth rates we've seen in e-commerce through multi-channel strategies tuned to the unique profile of each product category and consumer segment."

A complimentary review of the detailed results of the EMC2 study, including comprehensive results across product categories, is available to qualified retailers. To request an invitation to an upcoming briefing, please visit [www.fry.com/emc2](http://www.fry.com/emc2).

The Evolution of the Multi-Channel Consumer study was based upon a survey of 897 U.S. online consumers within the comScore Networks global panel, conducted on December 22, 2004.

### **About Fry, Inc.**

Fry, Inc. helps organizations conduct business transactions, disseminate information, build customer relationships and synchronize efforts across multiple channels. The firm designs, builds, integrates, hosts and manages eCommerce applications for clients such as The Auto Club Group, Brookstone, Crate and Barrel, Eddie Bauer, Godiva Chocolatier, Kmart, Lillian Vernon, T.J. Maxx and Whirlpool. Online operations created and managed by Fry generated more than \$1 billion in 2004. The company has offices in Ann Arbor, New York and Chicago and specializes in systems engineering, managed services, information architecture, creative design, usability and brand strategy. Fry is a privately held company that has been designing and developing online applications for over ten years. For more information, visit the Fry web site at <http://www.fry.com/>.

### **About the e-tailing group, Inc.**

Founded in 1994, with the belief that new technologies enable promotion of products/services for the ultimate customer reach, the e-tailing group, inc. is a shopper-centric e-commerce consulting firm. The firm's expertise and point of differentiation is their merchant mentality that fosters development of e-commerce as a distribution channel. Their mission is to leverage the art of merchandising to improve customers' multi-channel shopping experiences. Customized merchandising programs, innovative e-commerce solutions and go-to-market strategies for online merchants and related technologies/services, optimize implementation of multi-channel merchandising and customer service tools. In addition to consulting, the e-tailing group's proprietary Mystery Shopping, Merchandising and Marketing Surveys help to set cross-channel standards for industry performance. Company leaders are featured speakers at many industry events. For more information, visit the e-tailing group web site at [www.e-tailing.com](http://www.e-tailing.com).

## About comScore Networks

comScore Networks provides unparalleled insight into consumer behavior and attitudes. This capability is based on a massive, global cross-section of more than 2 million consumers who have given comScore explicit permission to confidentially capture their browsing and transaction behavior, including online and offline purchasing. comScore panelists also participate in survey research that captures and integrates their attitudes and intentions. Through its patent-pending technology, comScore measures what matters across a broad spectrum of behavior and attitudes. comScore consultants apply this deep knowledge of customers and competitors to help clients design powerful marketing strategies and tactics that deliver superior ROI. comScore services are used by global leaders such as Microsoft, Verizon, Best Buy, The Newspaper Association of America, Knight Ridder Digital, Nestlé, Wells Fargo & Company, GlaxoSmithKline, and Orbitz. For more information, please visit [www.comscore.com](http://www.comscore.com).

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