



Retail Experience **INDEX**



TD R.E.I.

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Source: Maru/Matchbox.
TD Customer Experience.
October 2019 Survey.

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It’s important that retailers work with partners who will help them analyze data and behaviors to create new programs that cater to their customer bases across generations, preferences and levels of incomes.”

—Mike Rittler



The retail landscape is continually changing. Purchasing demographics are shifting. Technology is increasing the demand for convenience. Consumer expectations are high, shoppers are researching more than ever before, and the customer experience has become integral to creating loyalty. Change in retail has become a constant, which can feel like a challenge for retailers to keep up.

With so many factors to consider, it’s essential for retailers to gain a better understanding of the changing buying behaviors and preferences of today’s consumer. To find out what’s driving consumers, TD Bank conducted our second Retail Experience Index, surveying 1,000 consumers regarding their purchases. Because we recognize that consumers likely have a different process for purchasing big-ticket items, our research focused specifically on purchases of \$500 or more.

As a leader in the retail card and financing world, TD understands the importance of identifying consumer trends and recognizing the ever-changing preferences of their customers. Our hope is that the results of our Retail Experience Index can help retailers gain valuable insight into their customers’ purchasing habits and position them for success.

In the end, the goal of retailers should no longer be to just make a sale, but rather to leverage data and research to make lifelong, loyal customers.



MR Rittler

Mike Rittler, General Manager of Retail Card Services, Personal Lending and Business Development, TD Bank, N.A.

Spending Is Trending

The preference
for brick-and-
mortar shopping
increases with age

18-22 yrs

45%

55-72 yrs

87%

Growth is happening across the board since the 2017 REI survey.

Let’s face it, we live in a digital era. An era when online and in-app shopping is happening more than ever. But that doesn’t mean that brick-and-mortar retail can’t thrive as well. And thrive it has. In fact, since the initial TD Bank Retail Experience Index survey in 2017, retail spending on major purchases has increased—not the other way around. People are spending money online, in store...everywhere. For retailers, it’s just a matter of capturing attention and differentiating themselves from all the other options out there. If that happens, browsers will become buyers and shoppers will return again and again.

ANNUAL AVERAGE SPEND ON MAJOR PURCHASES*

2017

\$1,639

2019

\$1,884

That’s an
increase
of over
\$200

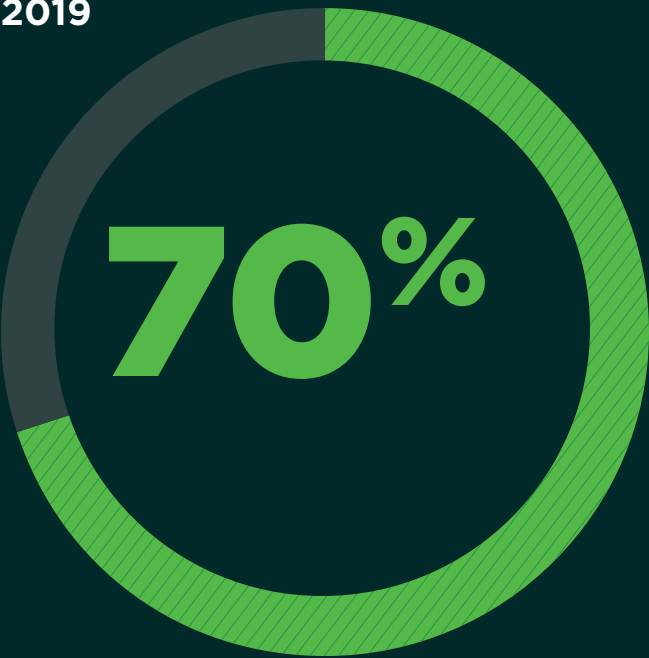
**Categorized as a single purchase of \$500 or more*

LIKELIHOOD OF CONSUMERS MAKING A MAJOR PURCHASE IN THE NEXT SIX MONTHS

2017



2019



You read that right. That’s 70% of retail shoppers planning to make a \$500+ purchase in the next half year. Seventy percent! So, how can sellers attract these potential buyers?

For starters, they should seek to build a loyal customer base by offering compelling savings and rewards that make spending money feel beneficial to shoppers. We’ll get into all that. But first, who are the shoppers making all these major purchases anyway? The answer might surprise you.

Millennial Momentum

MILLENNIAL SPENDING

Average yearly expenditures

\$47,112

Total annual spend in U.S.

\$600B

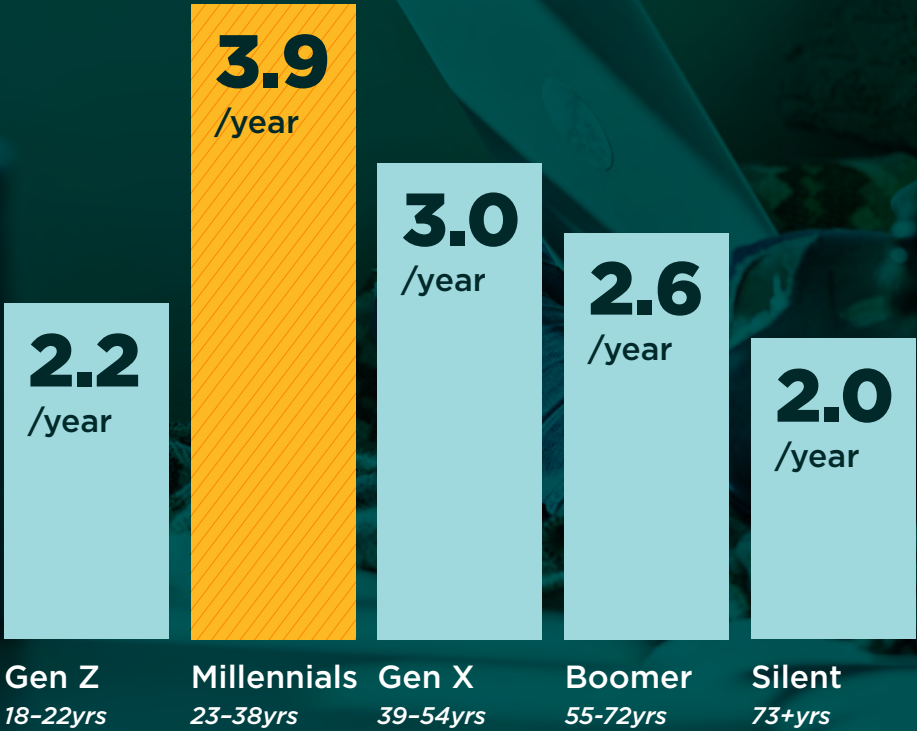
The generational spending gap is wider than you may think.

We've heard it all about millennials: They prefer spending their money on experiences. They don't buy homes or cars. They're overcome by student loans. But what we haven't heard is that, lately, they're spending more than any other generation, particularly on major purchases.

As millennials, born between 1982 and 1996, continue to enter their prime earning years, expect to see a continued uptick in generational spending. The retailers that will rise to the top are those willing to reprioritize and reinvent themselves around millennials, because their purchasing habits are driving the retail world.

Millennials average 1.5 more major purchases than other generations.

Number of major purchases made per year



“

The myth that millennials aren't out there putting money into the economy is just that: a myth.”

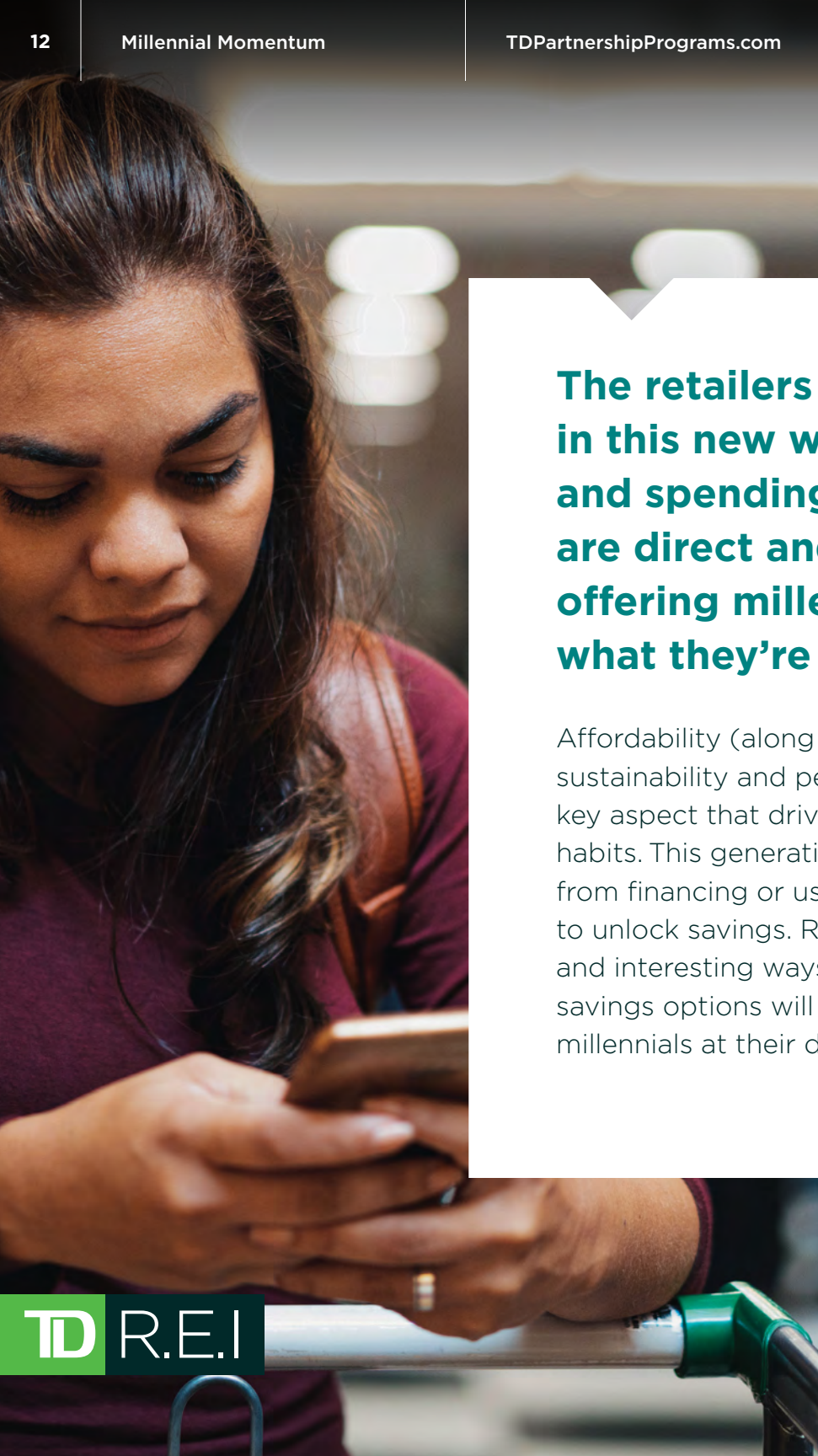
Millennials spend
~\$4,000/year
on major purchases



AVERAGE NUMBER OF
RETAIL CARDS HELD:

Millennials: 3 cards

ALL OTHER
GENERATIONS:
2.5 cards



The retailers who will thrive in this new world of shopping and spending are those who are direct and upfront about offering millennials exactly what they're looking for.

Affordability (along with things like sustainability and personalization) is a key aspect that drives millennial spending habits. This generation doesn't shy away from financing or using retailer credit cards to unlock savings. Retailers who find new and interesting ways to communicate these savings options will find a loyal base of millennials at their doors.

LIKELIHOOD OF RESEARCHING FINANCING

LIKELIHOOD OF RESEARCHING FINANCING *IN STORE*

MILLENNIALS

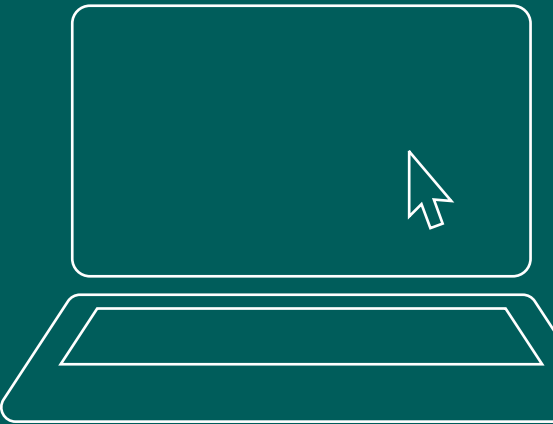
39%

64%

ALL OTHER GENERATIONS

22%

45%



The Loyal Treatment



75%

of millennials
are members of a
loyalty program.

In the world of buying and selling, loyalty can mean everything to retailers.

It's human nature to seek out the comfort that comes from familiarity, and, for consumers, this behavior extends to the products they buy and the stores they trust. There are many ways to grow loyalty: service, shopping experience and selection to name a few. However, one loyalty-driving benefit consistently rises to the top: price. If you can offer competitive deals, the best financing options or the most attractive money-saving opportunities, you'll earn the loyalty you're searching for.



**57% of Americans
always or often
pick the same
brand when
making major
purchases.**

Savings Are the Key to Loyalty

61%

61% of shoppers said they would pursue financing options, such as opening a store credit card, if they received a major discount.

70% of shoppers say cash back and discounts are the most appealing rewards of a loyalty program.

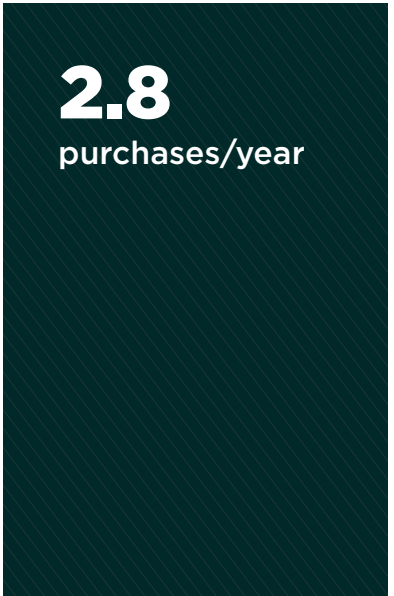
70%

The Retail Experience Index survey has taught us that offering discounts through a store credit card is the most effective way to build loyalty.

Some may think that this would encourage shoppers to register for a card for a one-and-done purchase, and while that's bound to happen, shoppers actually spend more and make more major purchases once they hold a retailer-branded credit card. In fact, they spend \$700 more a year than those without retail credit cards. Now that's loyalty.

Retail Cardholders Simply Spend More

NUMBER OF MAJOR PURCHASES MADE



without a retailer credit card

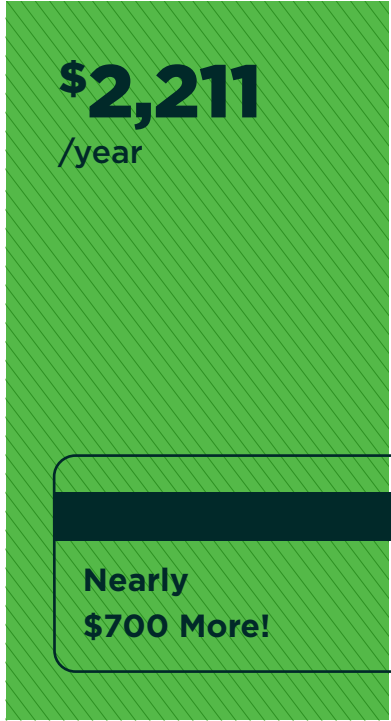


with a retailer credit card

ANNUAL SPENDING



without a retailer credit card



with a retailer credit card

Nearly
\$700 More!



60%
of shoppers
compare
prices online.

Research. Research. Research.

Thoughtful shopping is in style.

We have constant access to information. Usually, right in the palm of our hands. And more and more, the generations who grew up using these devices and this steady stream of information are utilizing them to impact their decision making when it comes to shopping. Ratings, reviews, savings options and more are right at consumers' fingertips, both at home and in stores. That is where we need to speak to them, to showcase ourselves, our prices and our products. If we can meet them in a place they already live and speak in a language that they are fluent in, we can win consumer consideration and earn their loyalty.



+33%

**Consumers
are doing 33%
more research
on mobile
devices before
making a major
purchase than
in 2017.**

“

Successful retailers will conform to how millennials shop, and improve their customer experience by focusing on digital sales options, and incorporate strategies and programs geared towards engaging with this generation.”

—Mike Rittler

When it comes to shopper thoughtfulness before purchase, one thing really stands out: consumers are half as likely to make a purchase during their first visit to a retail store.

They'll walk in, browse, compare prices on their phones and see what else is out there. Unless they find exactly what they're looking for. By activating the right pricing and financing strategies and digital engagements, retailers can not only stop shoppers from walking out the doors on their first visit, but draw them back in for future visits.

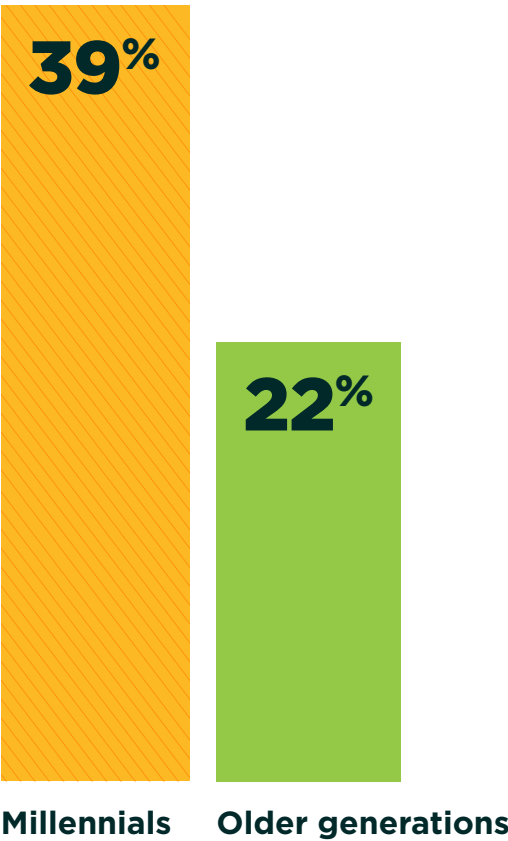
Millennials Are Looking.
Help Them Find You.



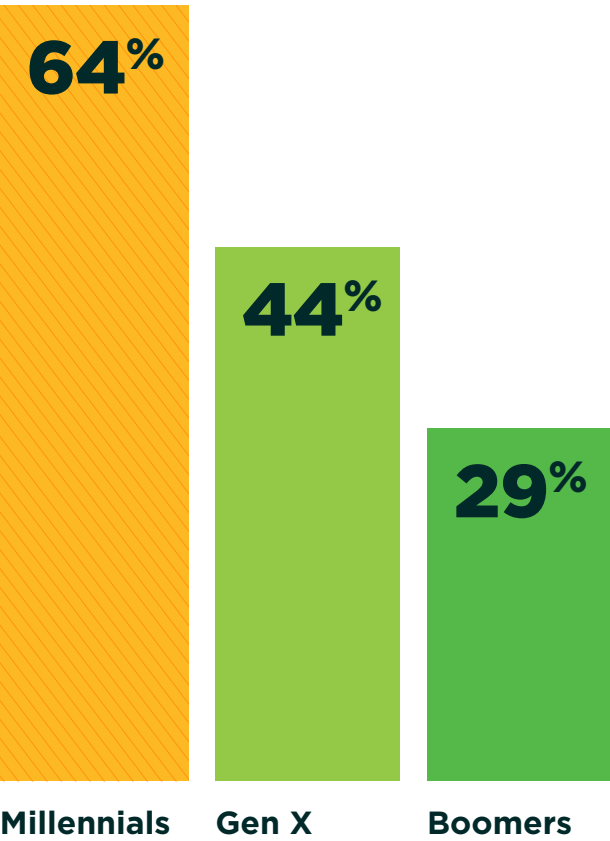
4.4 hrs

Amount of time millennials
research major purchases.

MILLENNIALS ARE MORE
LIKELY TO RESEARCH
FINANCING THAN OLDER
GENERATIONS



WHO'S RESEARCHING
FINANCING IN STORE?



State of the Industry: Furniture

56%

of furniture retailers note **a growing demand for financing.**

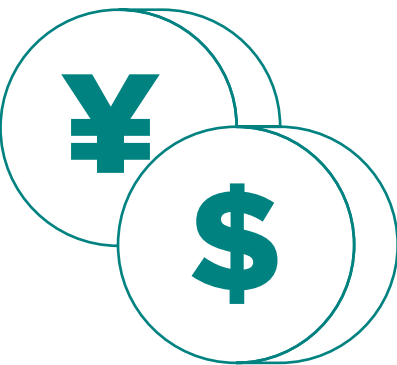
Sales remain steady while challenges loom.

With anxiety over a trade war between the United States and China and competition as strong as it's ever been, furniture retailers will be in a constant search for relevance. When it comes to consumers, their main concern is cost. Financing and savings options, as well as new technologies, will help organizations rise to the top and aid in keeping consumers engaged and happy.



Tariffs and Trade

While sales have been steady, many furniture retailers are concerned about the trade war between the U.S. and China. In the fall of 2019, quite a few furniture executives told TD Bank that the conflict could lead to higher prices, partly due to the recent 10% tariff increase. In fact, nine out of 10 executives predicted that the duties levied on China will lead to higher prices. As a result, many furniture consumers may begin a deeper exploration of financing options. It's time to be prepared.



54% of retailers say the Chinese tariff dispute is their biggest business worry over the next 12 months.



The Financing Solution

77%
of furniture retailers
don't offer financing.

*The ones that do
separate themselves
from the competition!*

One way, and perhaps the best, for furniture retailers to remain relevant in the face of rising costs and online competition is offering financing solutions to consumers. However, of the furniture executives we surveyed, 25% didn't even know offering financing was an option, while 22% couldn't find the right partner. Well, it is indeed an option, and a very beneficial one for both furniture retailers and shoppers alike. Financing not only allows retailers to close a sale, but enables the shoppers themselves to overcome any barriers to purchase.



**52% of furniture retailers
agree that financing programs
help encourage customer
loyalty and grow sales.**

**We're redefining
retailer credit.**

Learn more about how
consumer financing
and multi-lender
applications can
help your business at
TDComplete.com



Let's talk
about how
TD Bank can
improve the
way you do
business.



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