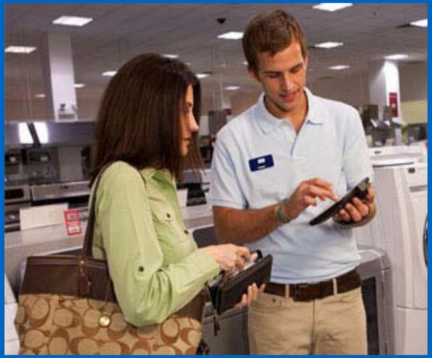
2011 HOLIDAY SHOPPING SURVEY

KEY FINDINGS REPORT – NORTH AMERICA



GLOBAL BUSINESS AND MARKET INTELLIGENCE, MOTOROLA SOLUTIONS

DECEMBER 2011

MOTOROLA SOLUTIONS

2011 HOLIDAY SHOPPING SURVEY

METHODOLOGY AND OVERVIEW

Two complimentary surveys

- 1,231 North American shoppers were surveyed.
- 393 North American in-store associates and managers were surveyed.
- November 26th through December 13th
- Fielded by on-line research partner, *Research Now* for Motorola Solutions.
- Each survey was designed to reveal experiences and attitudes towards the use of in-store technologies to enhance customer satisfaction.

Key metrics

- Impact on Retailers of shoppers who are not satisfied by in-store experience.
- Shoppers' satisfaction and preference for technology used by in-store associates.
- Shoppers' use of smartphone while shopping.
- Associate pain points.
- Associate views of technology.

METHODOLOGY AND OVERVIEW

RETAIL ASSOCIATES N = 393	SHOPPERS n = 1,231
	
Retail associates and their managers working in a wide range of store types.	**Shoppers represent typical shopping patterns with most respondents visiting grocery, clothing and department stores**

2011 HOLIDAY SHOPPING SURVEY

KEY FINDINGS AND FAST FACTS

Heighten Experience – Retail associates and availability of desired products drive choice of retailers.

- Three in four (75 percent) retail associates and managers report providing a better in-store shopper experience when equipped with the latest mobile technologies.
- 67 percent of shoppers cited a better experience in-store with associates and managers using the latest mobile technologies.
- 61 percent of shoppers believe that they were better connected to consumer information, including coupons, competitive pricing and product availability than store associates.

Orchestrate Behavior – Consumer usage and interest in self-service and mobile technologies are rising in-store and via offline channels.

- The vast majority of shoppers reported that self-help technologies improved their shopping experience: 83 percent cited using a price checker while self-checkout payment lanes (65 percent) and information kiosks (59 percent) were also frequently mentioned.
- Almost four in ten (38 percent) shoppers would be likely to use a retailer's wireless internet access to search for product information and post to the web while shopping.
- Over four in ten (43 percent) of shoppers would likely use an in-store application on their smart phone that creates a map from a shopping list to guide them with the most efficient route to complete their shopping.

Closing Sales – Retailers are still losing significant revenue due to inefficient payment approaches, out-of-stock occurrences and lack of selection.

- One-third of store visits ended with an average of $125 unspent due to missed opportunities to purchase driven by inefficient payment approaches, deal-habituated behavior, OOS and limited store associate assistance.
- Approximately 41 percent of shoppers were not satisfied with the ability to receive in-stock status in-store compared to almost 20 percent of online shoppers.
- 68 percent lost sales may have been recaptured if a retail associate was able to order the item and have it delivered to the shopper's home. Approximately 55 percent of shoppers would have made their purchase if an associate could find another location that had the item in stock and navigating the shopper to that location.

2011 HOLIDAY SHOPPING SURVEY

RETAIL ASSOCIATE, PROFILE

Function	%
Supervisor	7.6 %
Department Manager	7.6 %
Store Manager	5.9 %
Assistant Manager	11.2 %
Sales Associate	34.4 %
Customer Service/Support	20.4 %
Cashier	13.0 %
Total	100%

North America
Retail Associates
N=393

Place of Employment	%
Books and/or Music store	3.6 %
Clothing or Accessories store	19.1 %
Consumer electronics or Computer store	3.3 %
Crafts, Hobby or Fabrics store	3.6 %
Department store	17.3 %
Grocery store/Supermarket	21.1 %
Home improvement/ Hardware store	4.8 %
Pet Shop/Pet Supplies	2.0 %
Sporting goods store	1.8 %
Shopping club/Warehouse store	2.0 %
Mass merchandiser/Mega-store	10.2 %
Other specialty store. Please specify:	11.5 %
Total	100.0%

Responses from a wide range of store types and levels of responsibility. 94% spent more than four hours with customers during their shift.

RETAIL ASSOCIATE, VIEWPOINTS

Q: “What do you think of the statement….?”

“Associates can provide a better experience when equipped with the latest mobile technologies.”	“Shoppers can easily find a better deal so customer service is more important than ever.”	“Improving in-store communication between staff and managers would have a significant effect on customer satisfaction.”

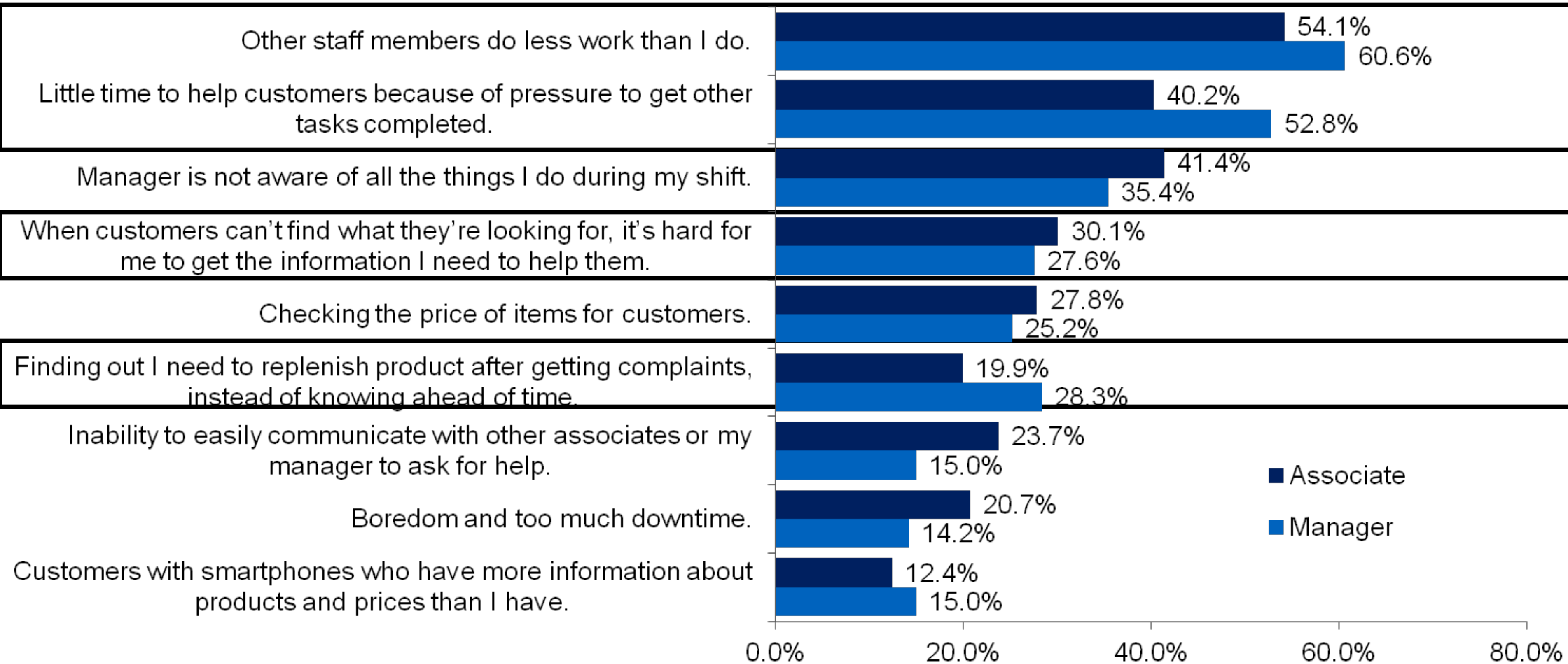
75% agree

83% agree

82% agree

RETAIL ASSOCIATE, PAIN POINTS

Q: "During a typical shift on the retail floor, what are the biggest frustrations you experience in doing your job?"



Top frustrations center on accountability and time management. In addition, about 30% of employees feel they lack information to serve customers; managers in particular feel the pressure of OOS complaints.

RETAIL ASSOCIATE, PREFERRED DEVICE CAPABILITIES

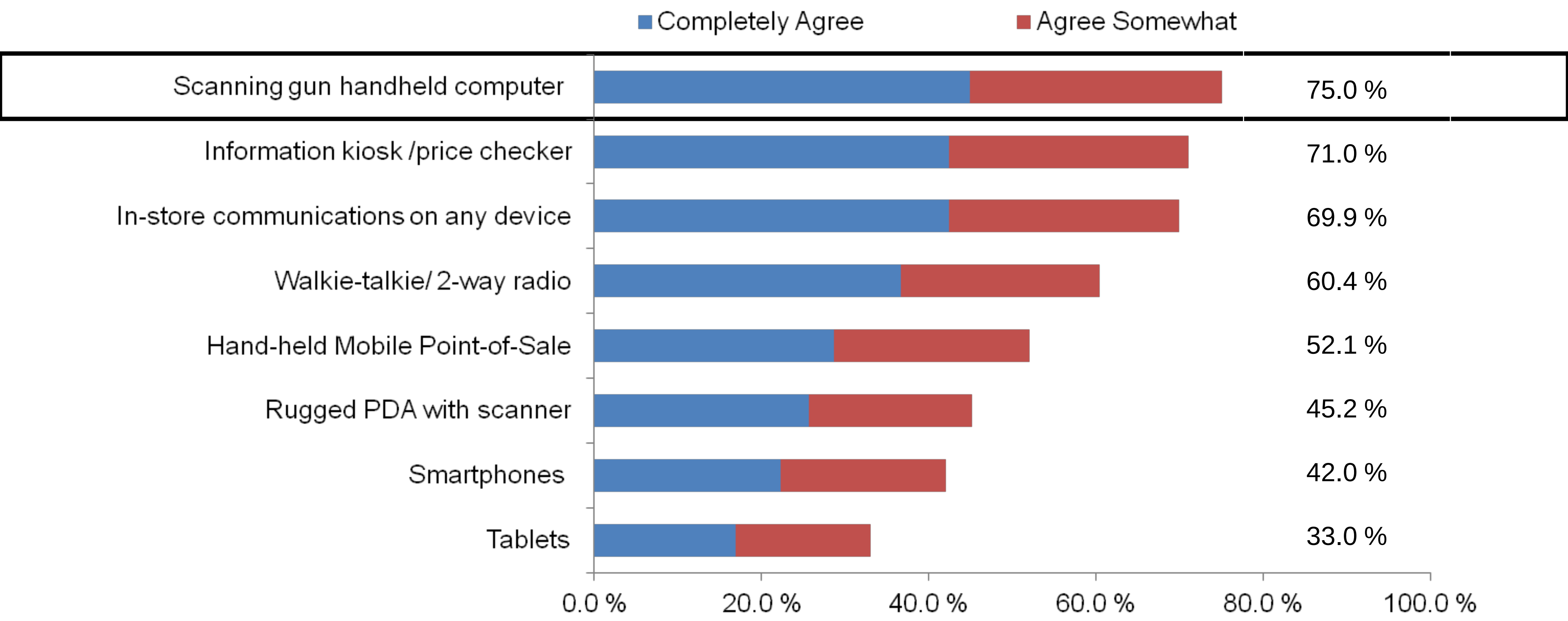
Q: "If the store gave you and all your associates a small mobile device to use during your shift, what capabilities would be most helpful to you?"

The majority of retail associates feel they would benefit from a widely deployed mobile device with inventory and price-checking applications as well as push-to-talk.

RETAIL ASSOCIATE, TECHNOLOGY-ASSISTED EXPERIENCE

Q: "To what extent do you agree with the following statement for each type of technology?"

I can provide a better customer experience by using this technology...



Three in four retail associates surveyed agree that they are able to provide an enhanced customer experience with a scanning handheld mobile computer.

2011 HOLIDAY SHOPPING SURVEY

SHOPPER, RESPONDENT PROFILE

Age	%	
18 – 24	9.0%	Gen Y
25 – 29	11.0%	
30 – 34	10.2%	
35 – 39	10.3%	Gen X
40 – 44	8.9%	
45 – 49	10.4%	
50 – 54	10.2%	Boomers
55 – 59	10.2%	
60 – 64	9.3%	
65+	10.6%	Pre-Boomer
Total	100%	

Household Income	%
< $25,000	7.5%
$25,000 - $34,999	13.3%
$35,000 - $49,999	23.0%
$50,000 - $69,999	22.2%
$70,000 - $99,999	18.7%
$100,000 - 149,999	10.9%
$150,000 - $199,999	3.5%
$200,000 or more	0.8%
Total	100%

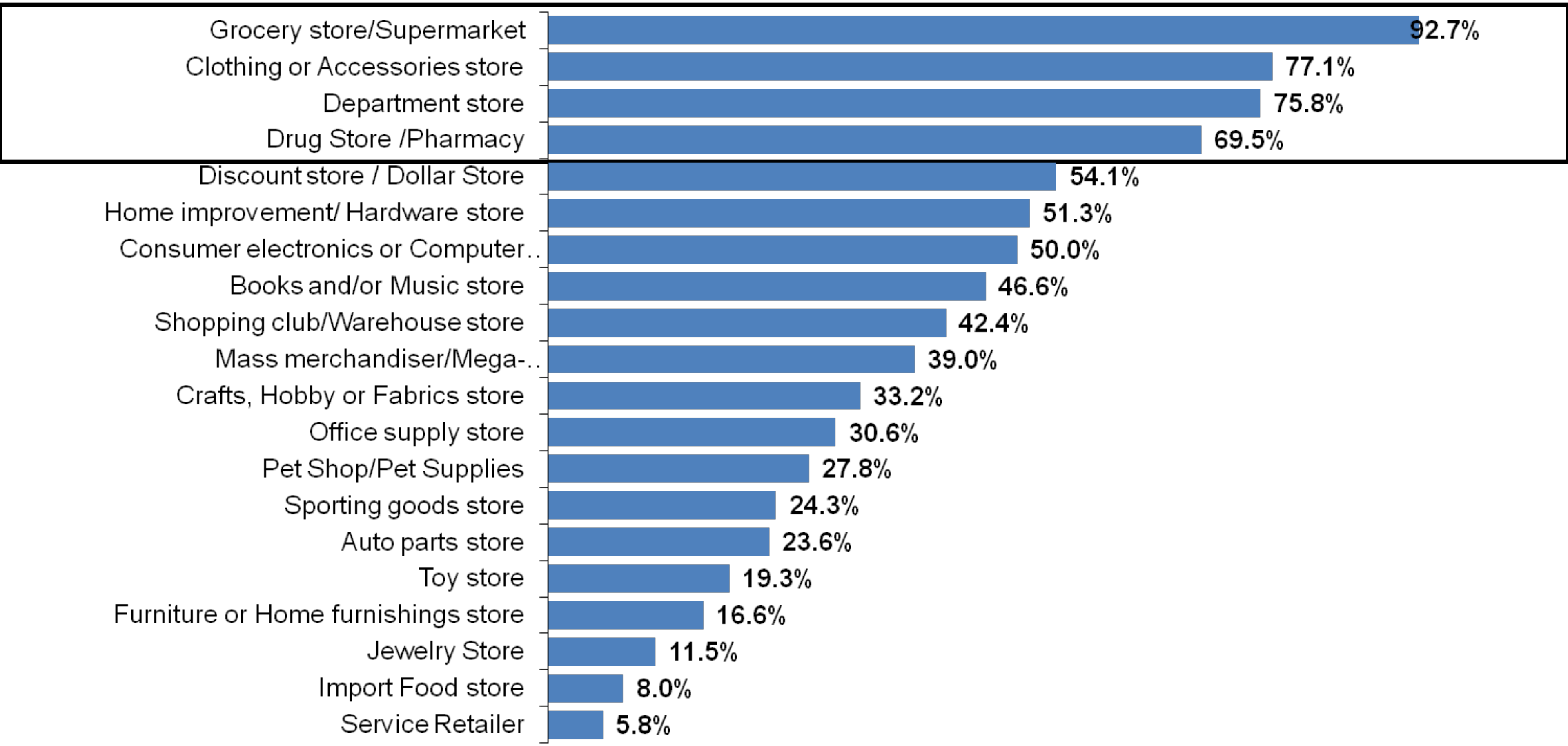
North America Shoppers N=1,231

Gender	%
Female	54.5
Male	45.5
Total	100%

Respondents represent key shopper demographics, including age, household income and gender.

SHOPPER, STORE TYPES VISITED

Q: "Have you spent any time shopping in any of the following stores/locations in the past two weeks?"

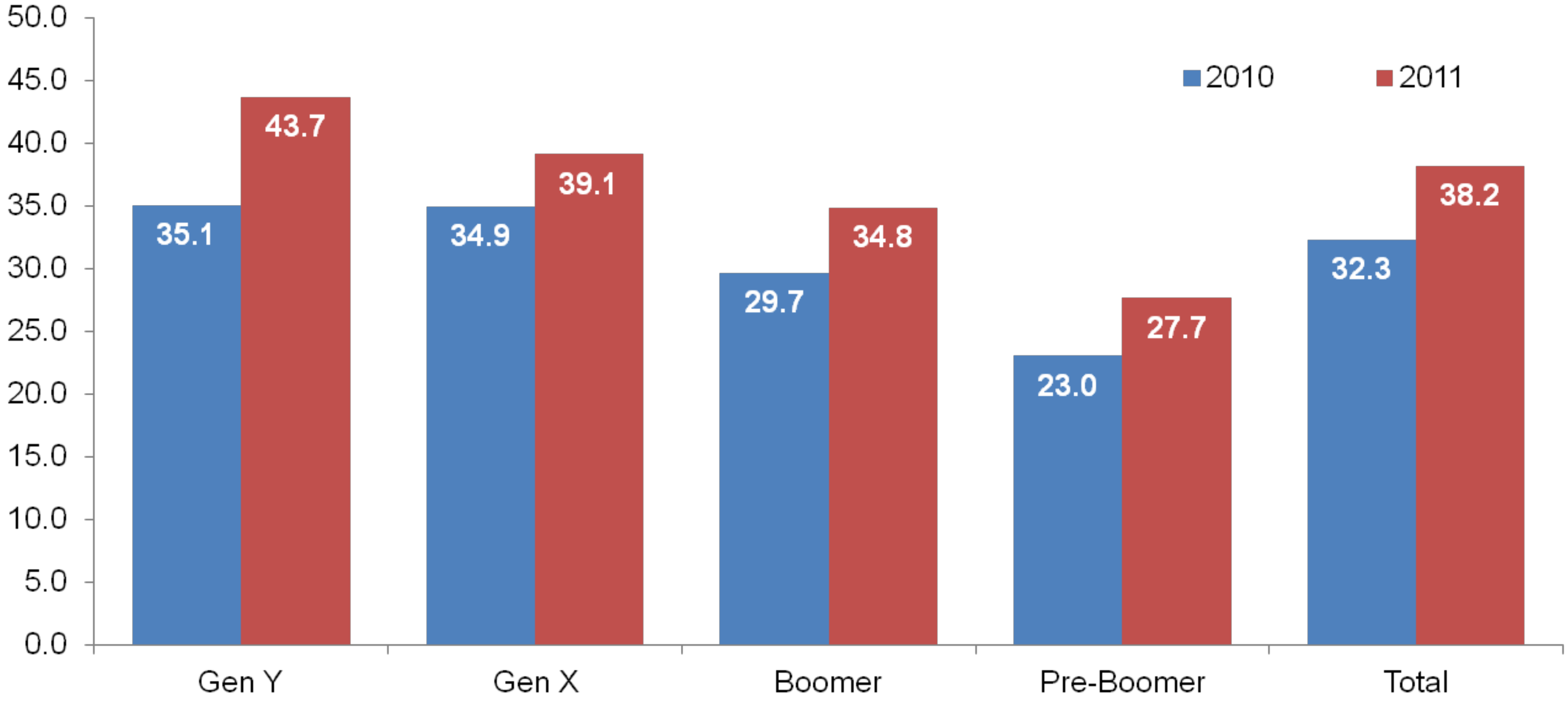


Stores visited represent typical shopping patterns with most respondents visiting grocery, clothing, department and drug stores.

ONLINE VS. IN-STORE SPEND

Q: "Approximately, what percentage of your holiday buying did you do online (place orders on the internet) not within a physical retail store location?"

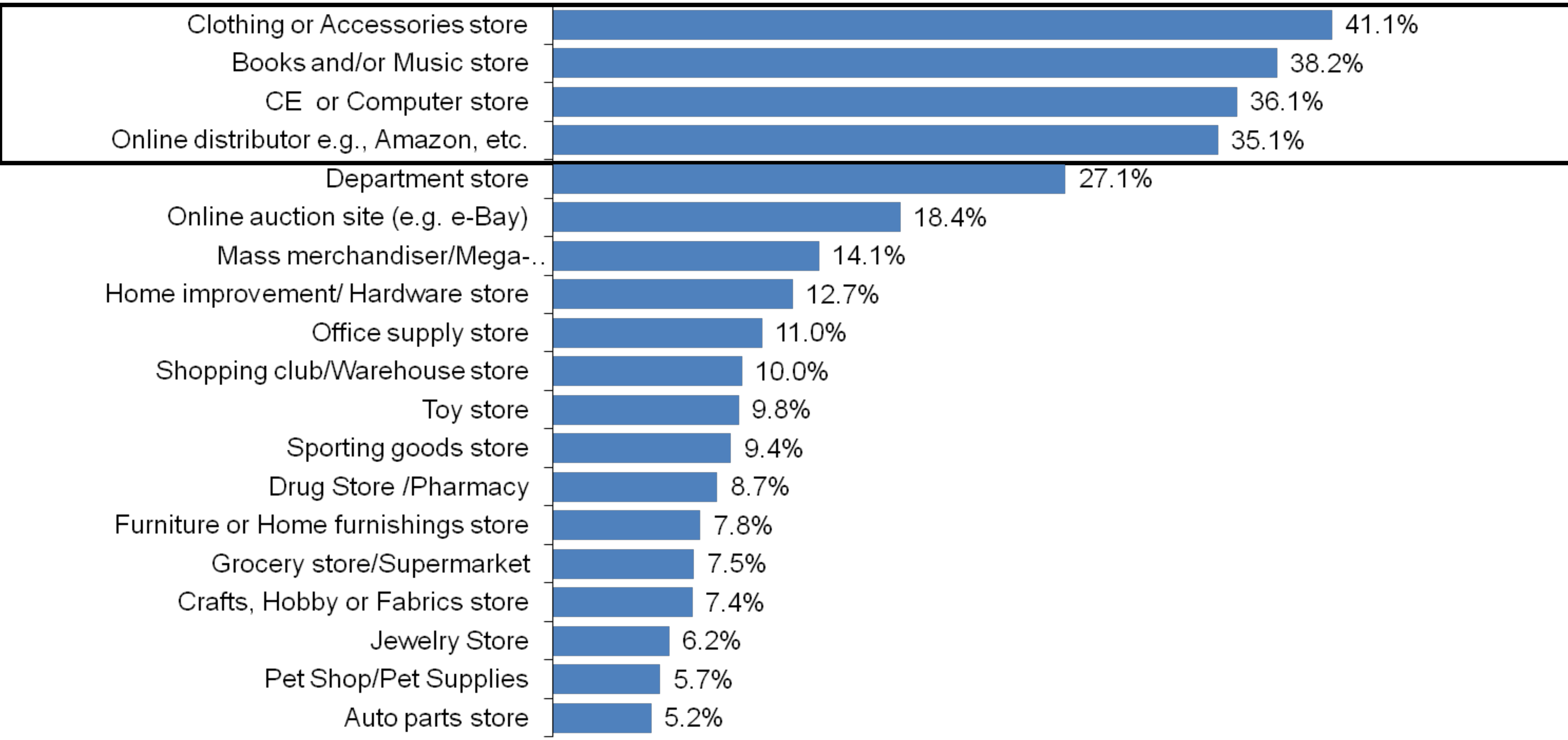
% of Holiday Budget that is spent Online – Average within segments



Shoppers report increased on-line spending across all age categories. The overall average percentage of budgets spent online increased from 32% in 2010 to 38% during this holiday season.

SHOPPER, ONLINE STORE ACTIVITY

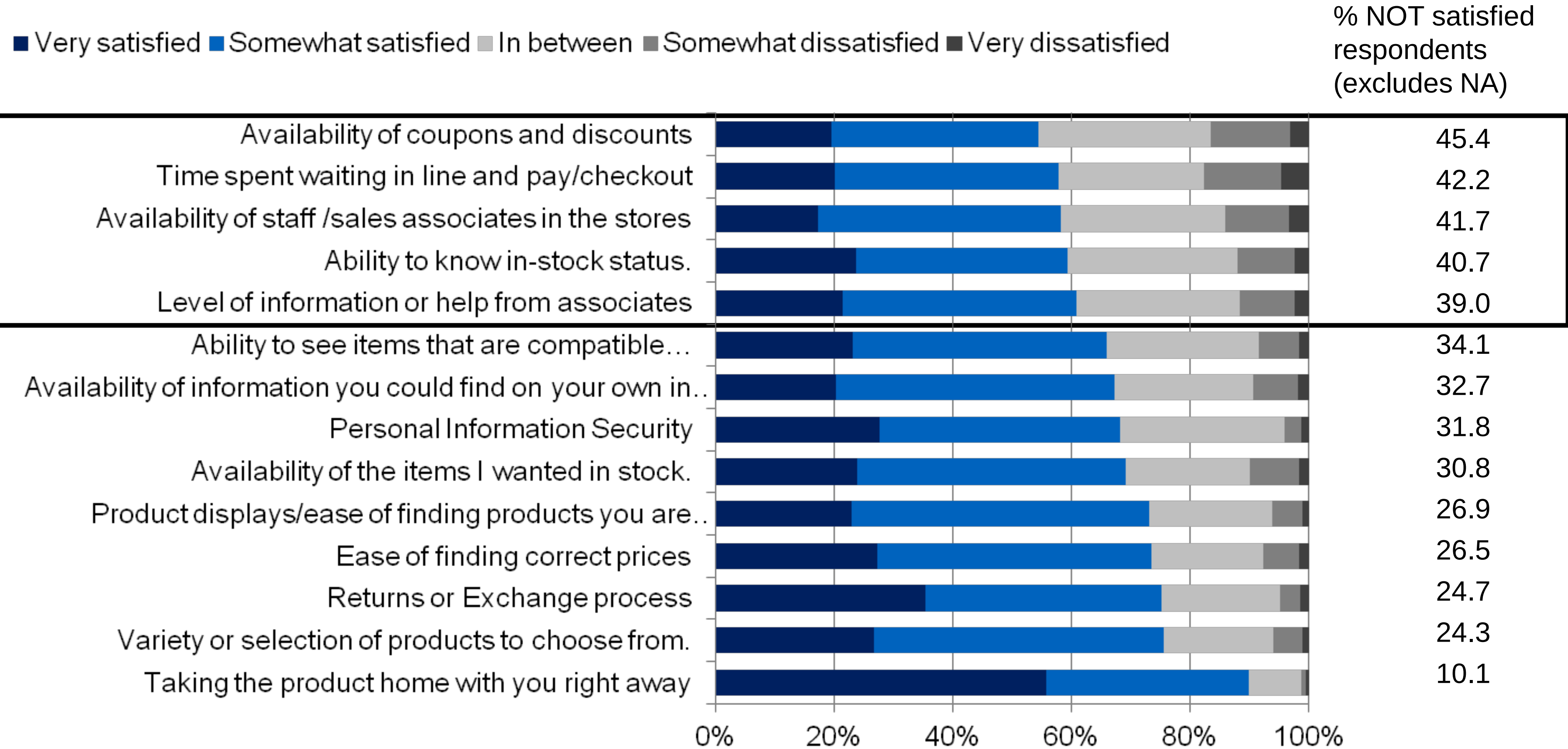
Q: "Which of the following types of online stores have you visited/used in the past four weeks for any shopping activity?"



Online activity was strongest for clothing or accessories retailers (41%), books and/or music retailers (38%) and consumer electronics or computer retailers (36%).

SHOPPER, IN-STORE SATISFACTION

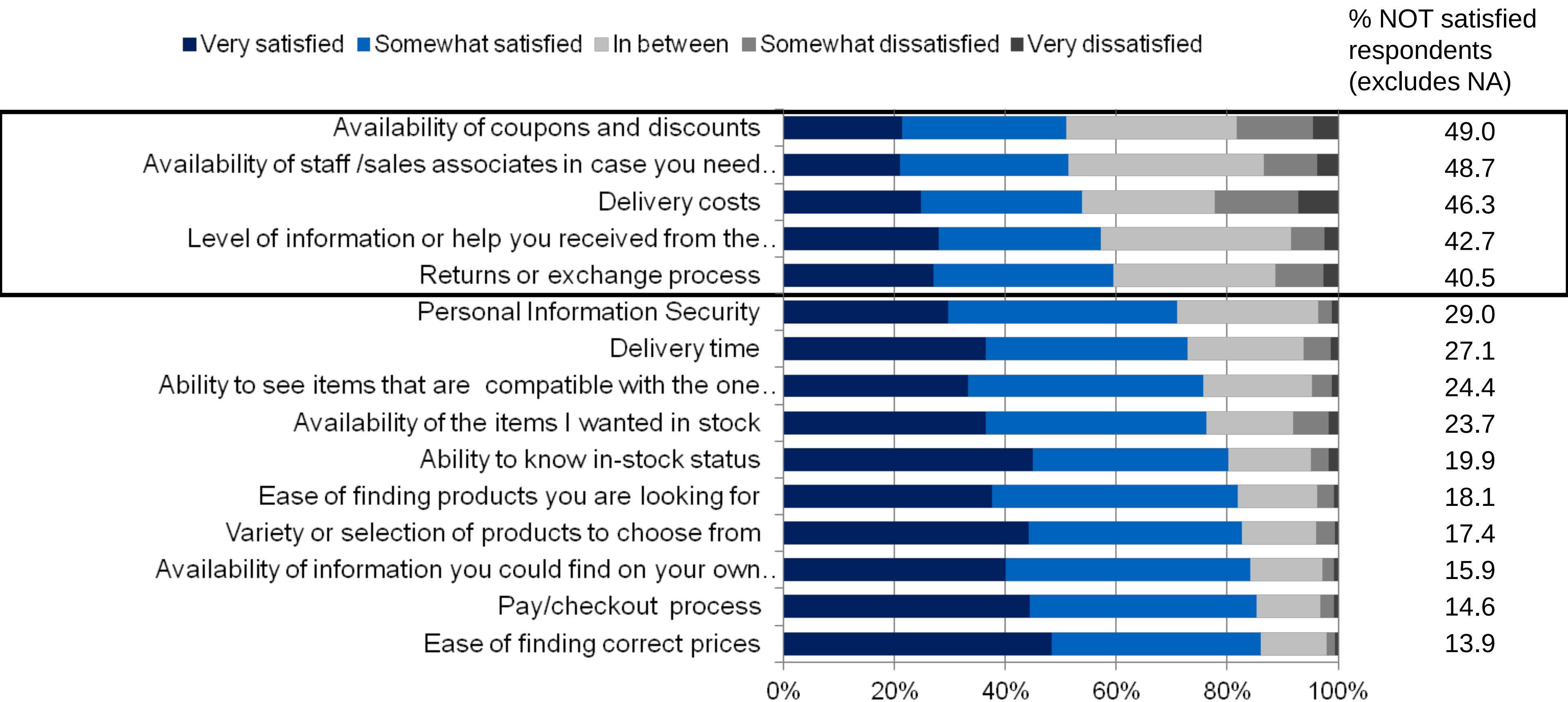
Q: "How satisfied are you with each of the following aspects of your in-store shopping experience(s) overall?"



Shoppers are least satisfied with time waiting to pay, availability and knowledge of store associates, in-stock status. Price consciousness is reflected in the desire for more coupons and discounts.

SHOPPER, ONLINE SATISFACTION

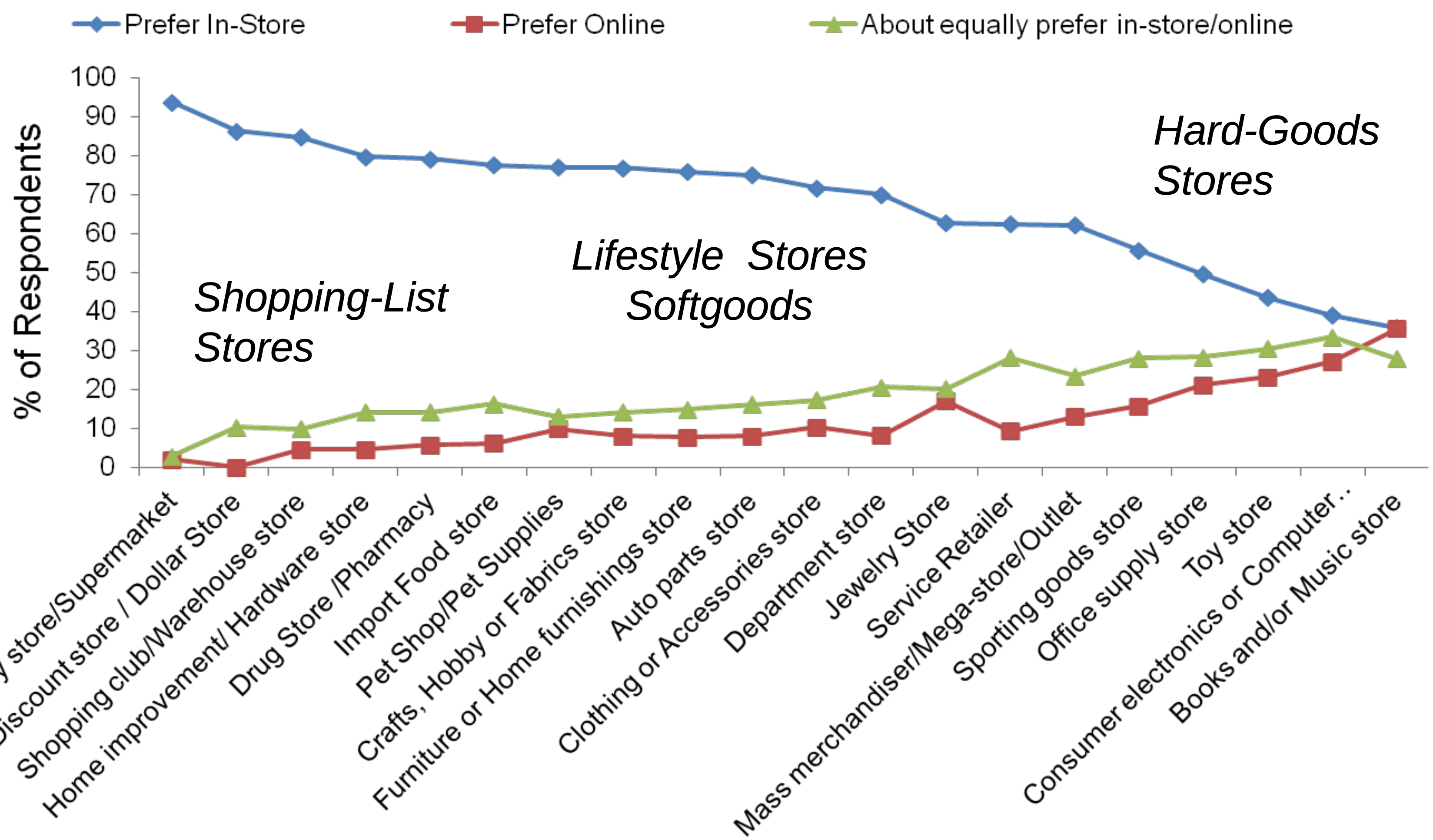
Q: "How satisfied are you with each of the following aspects of your online shopping experience(s) overall?"



The desire for more coupons and discounts cuts across shopping channels. Dissatisfaction is also expressed in the availability and quality of live help, delivery costs, and the return/exchange process.

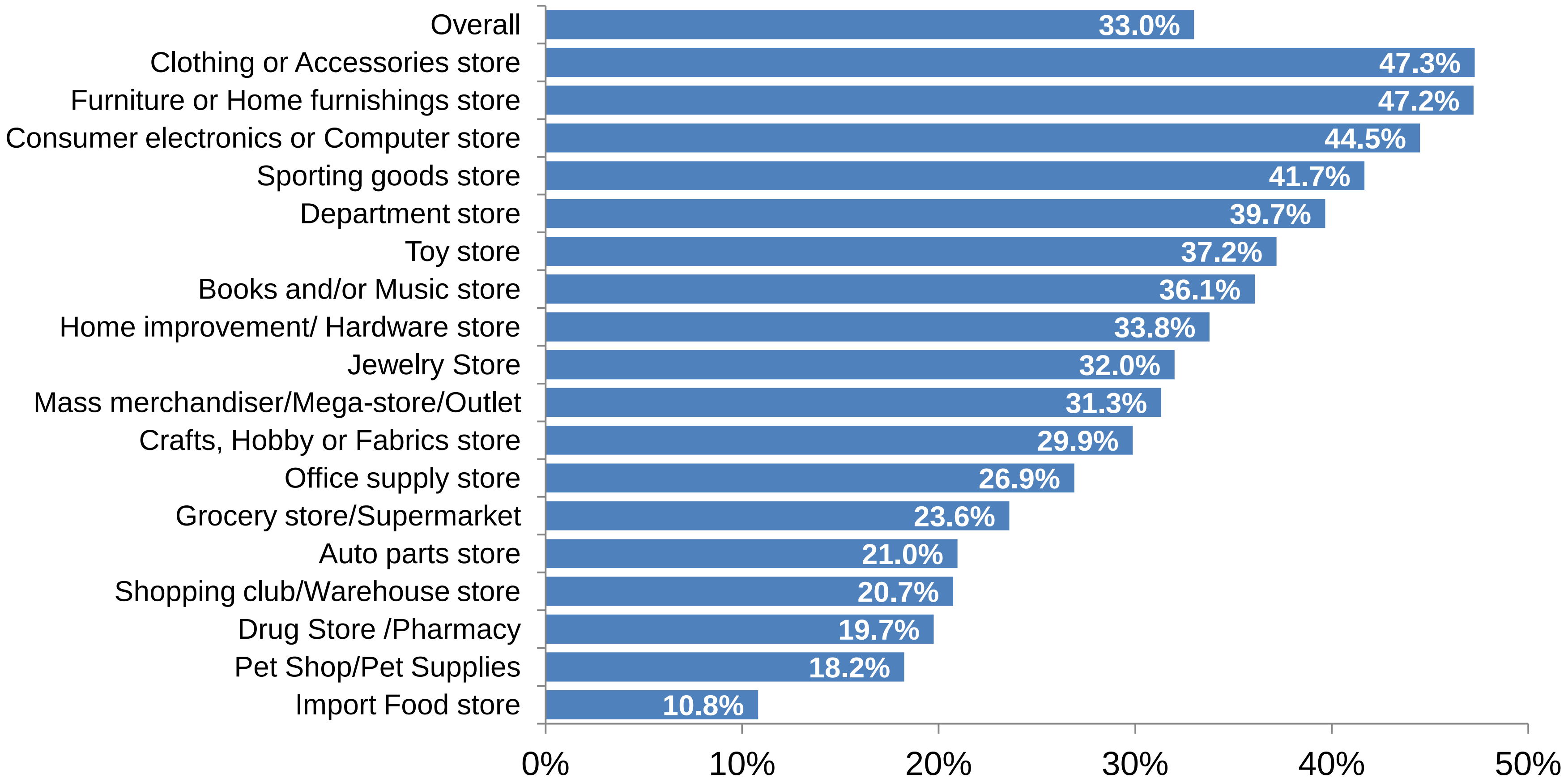
ONLINE VS. IN-STORE PREFERENCE

Q: “For each of the retail store categories where you shop, indicate whether you prefer the online shopping experience or the in-store shopping experience.”



LOST SALES, % OF SHOPPERS

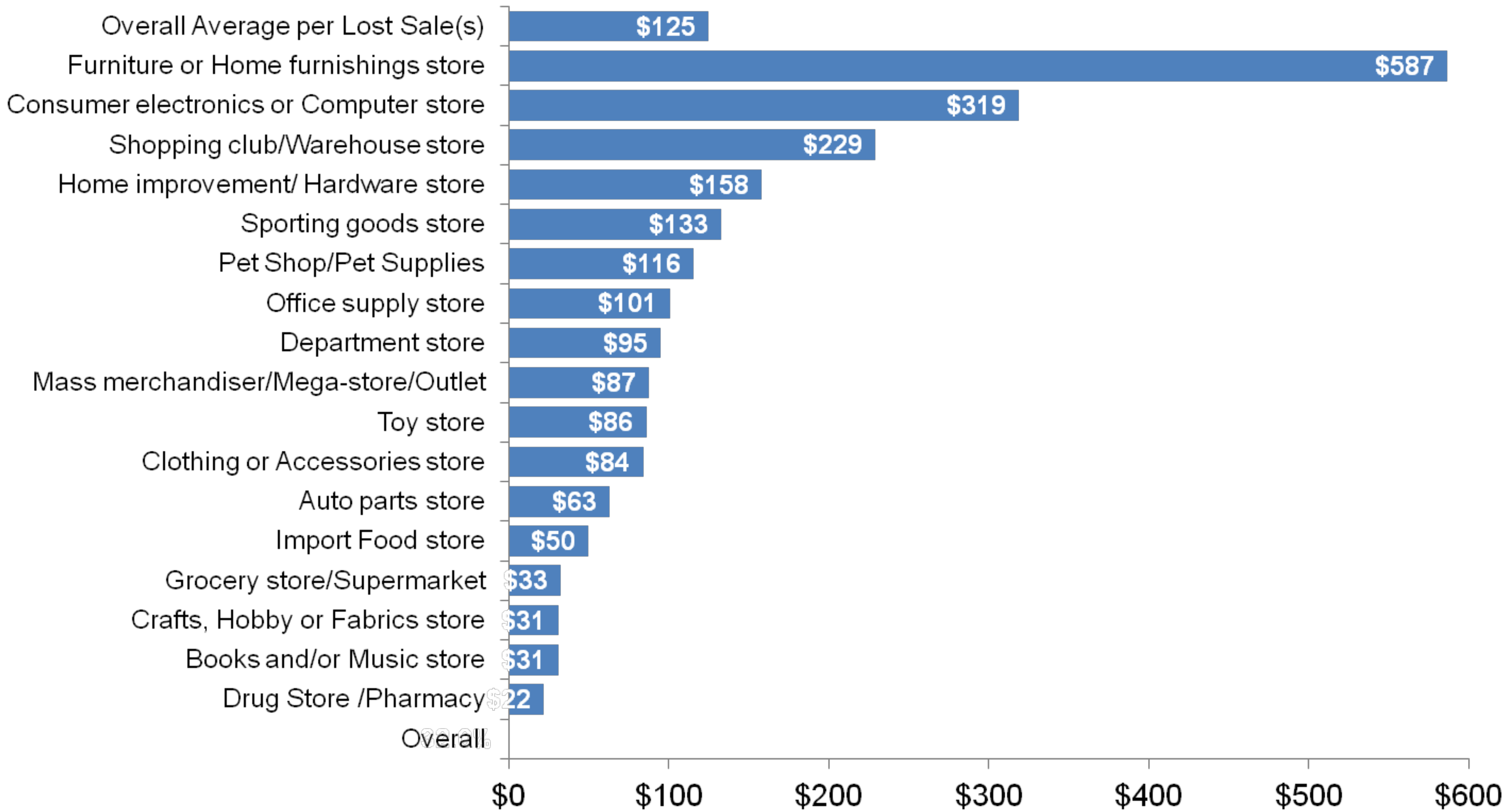
Q: "Thinking about the stores where you went to shop in the past four weeks, did you leave without buying everything that you were looking for or wanted from any of these stores?"



33% of store visits were lost sales – visits ended when shoppers did not satisfy their purchase intent.

LOST SALES ($), RETAIL SEGMENT

Q: "Approximately what was the total value of the item(s) that you abandoned at each of the stores where this happened?"



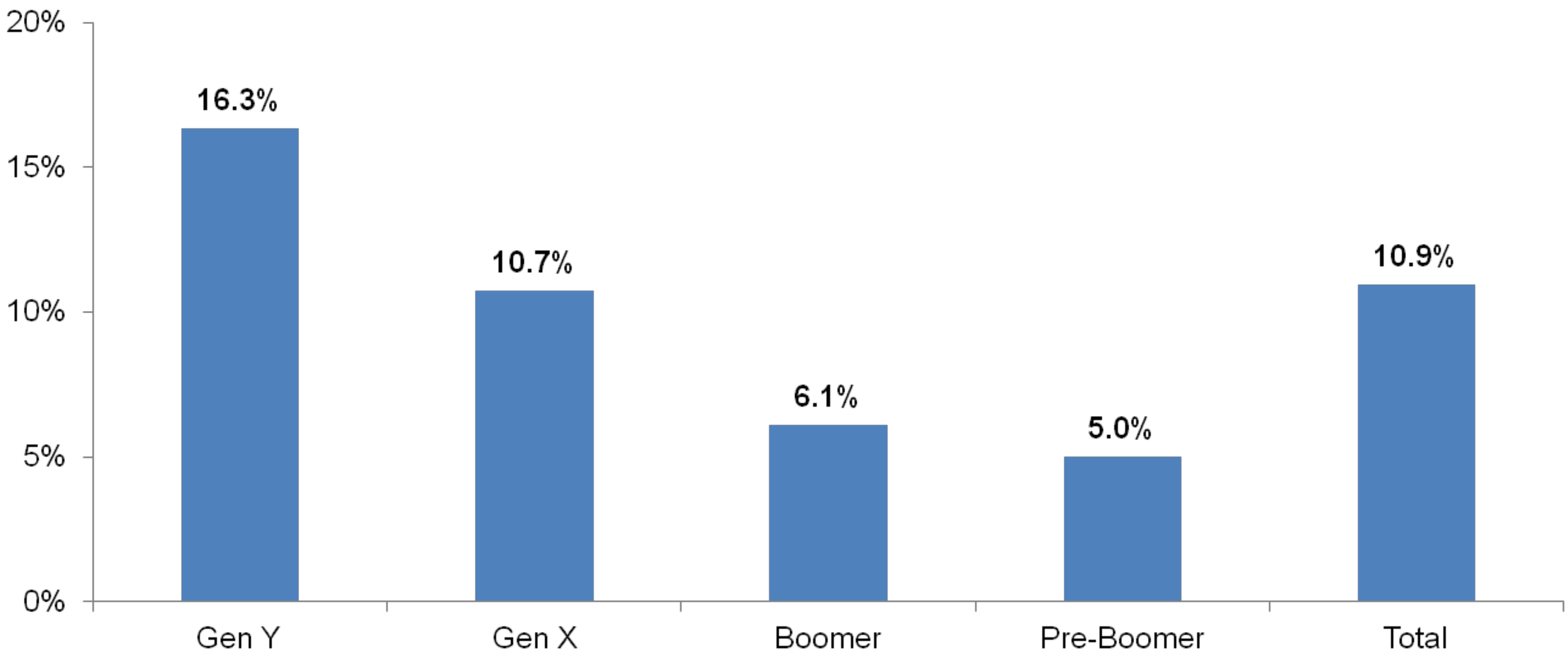
LOST SALES, KEY DRIVERS

Q: "For each type of store where you decided to abandon any purchases, what were the primary reason(s) for leaving the store without the item(s) that you wanted?"

Out-of-stock and lack of selection were the key drivers for lost sales, followed by dissatisfaction with price in the form of lack of coupons or discounts.

LOST SALES, SMARTPHONE INFLUENCE

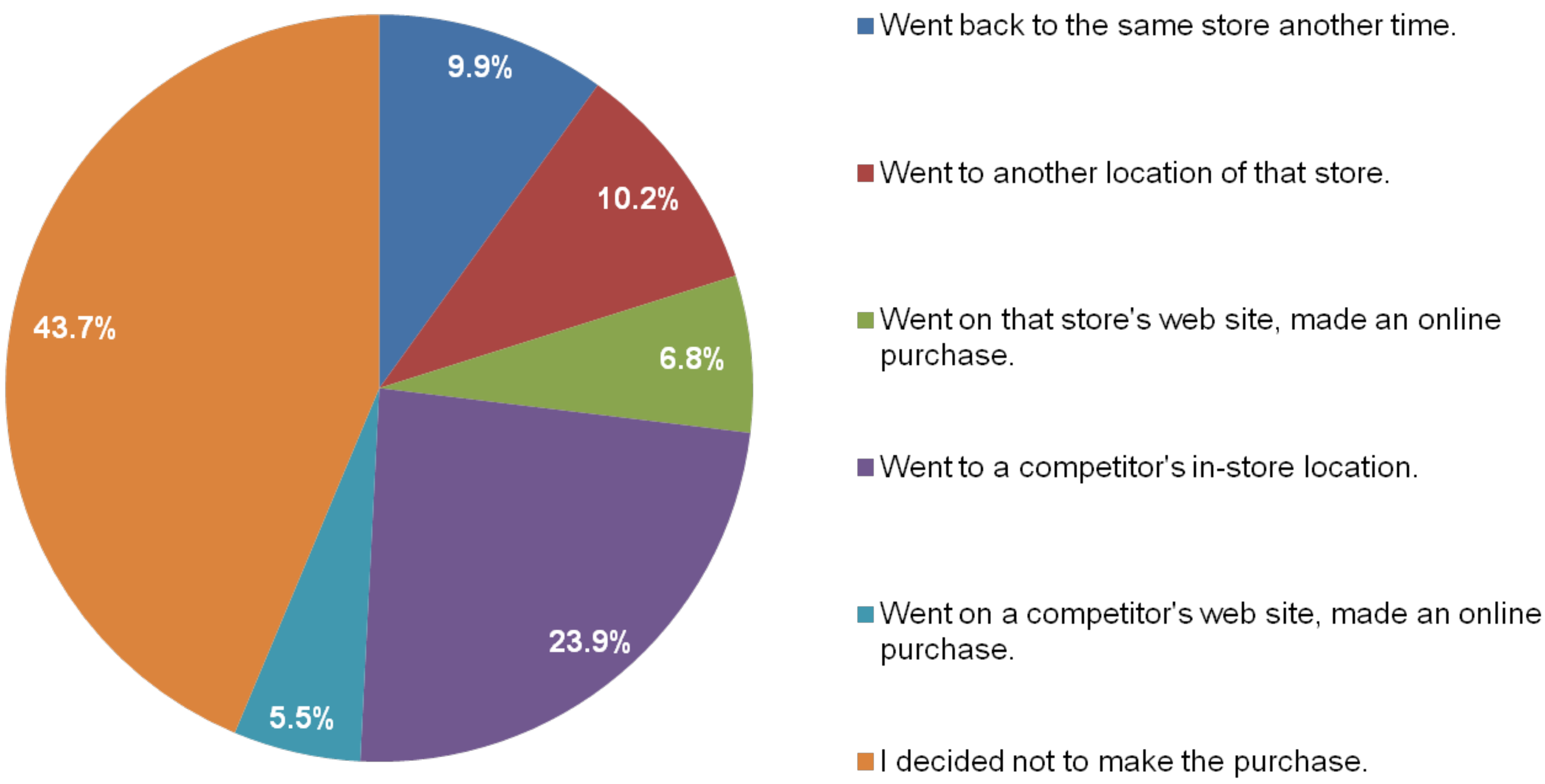
Q: "Did you use your smartphone or tablet to help you decide not to buy some items at these stores?



Shoppers with smart phones use them to find prices, availability, product reviews that influence their purchasing decisions. One-in ten used them to decide not to make a purchase.

LOST SALES, MARKET IMPACT

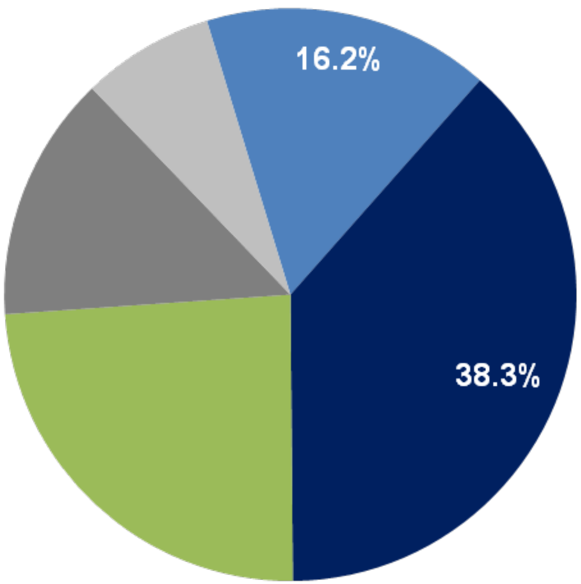
Q: “What did you do to find and finish purchasing these items?



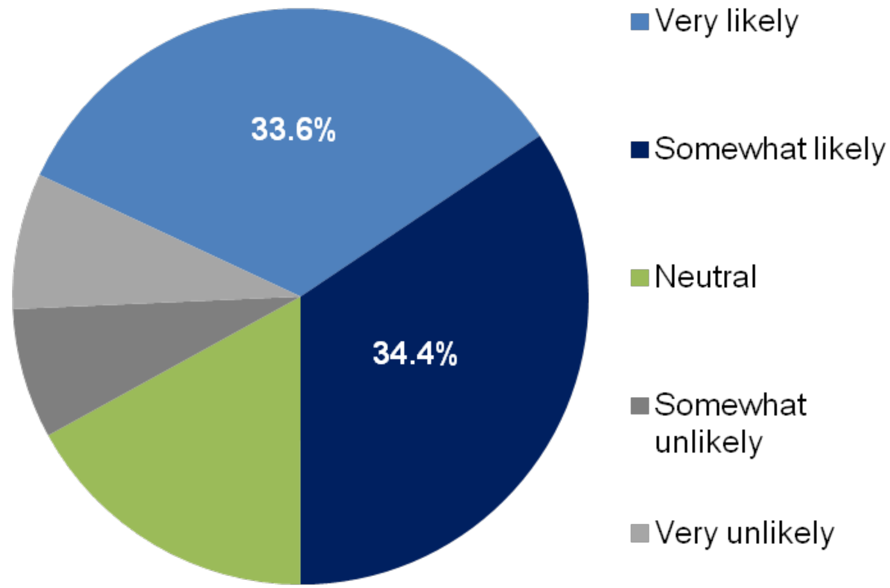
Retailers lose 73% of abandoned sales; only 27% of walkouts make the purchase with the original retailer. 29% goes to a competitor store or website.

LOST SALES, RECAPTURED VIEWS

Q: "Please indicate how likely you would be to make a purchase before you leave that store if the retail associate (salesperson or salesclerk) offered you each of these solutions while you were there?"



Find another location that has the item in stock and tell you how to get there.

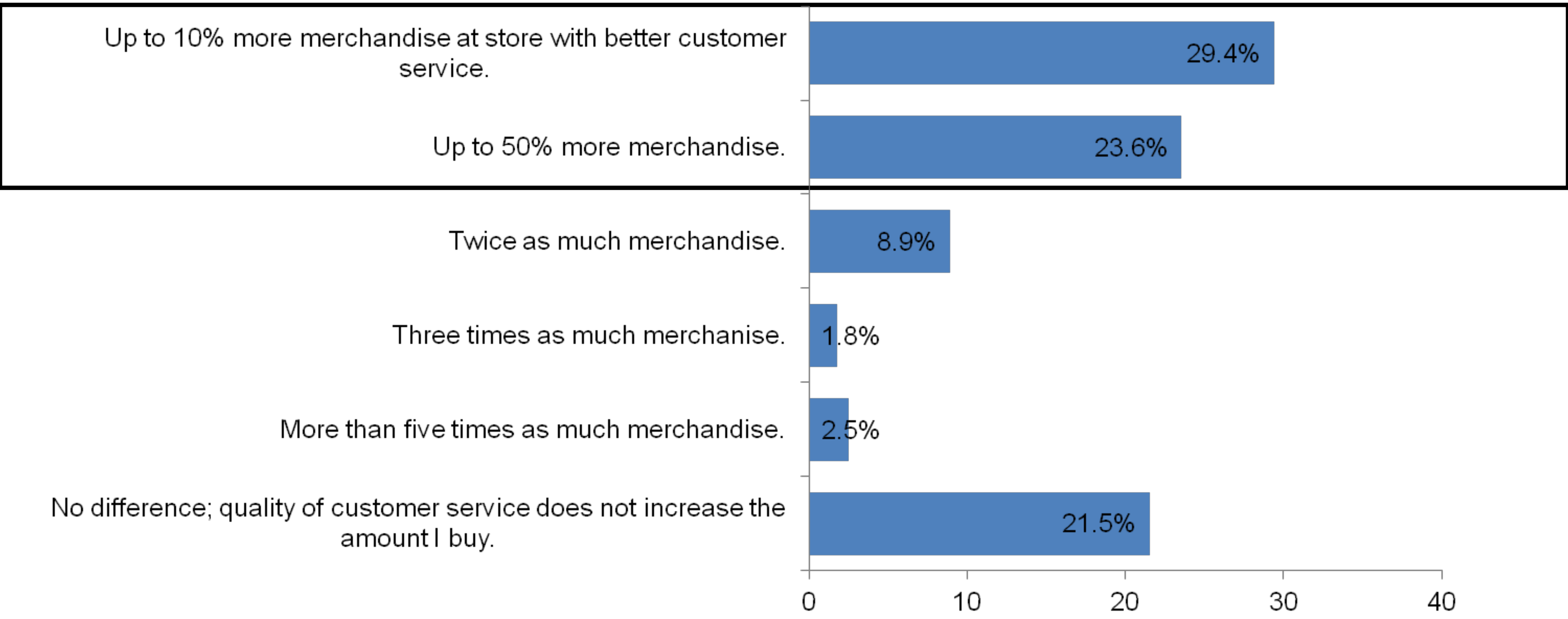


Order the out-of-stock item and have it delivered to your home.

Seven in ten lost-sale incidents (68%) could be prevented if associates ordered the item and sent it to the shoppers' home. Look-up and directions to another store could recapture half of sales (54.5%).

UPSELL OPPORTUNITY VIEWPOINTS

Q: "How much more merchandise are you willing to buy with a retailer that you believe provides better customer service?"



Almost one quarter (24%) of shoppers indicated they would spend as much as 50% more with a retailer who provides better customer service. 29% of respondents would spend at least 10% more.

2011 HOLIDAY SHOPPING SURVEY

Overview and Methodology

Key Findings and Fast Facts

Retail Store Associates Views

Shopper Views and Satisfaction

Emerging Retail Technologies Assessment

Conclusions and Takeaways

SHOPPER VIEWS, TECH PERCEPTIONS

Q: “To what extent do you agree with each of the following statements about how technology influences your shopping experience?”

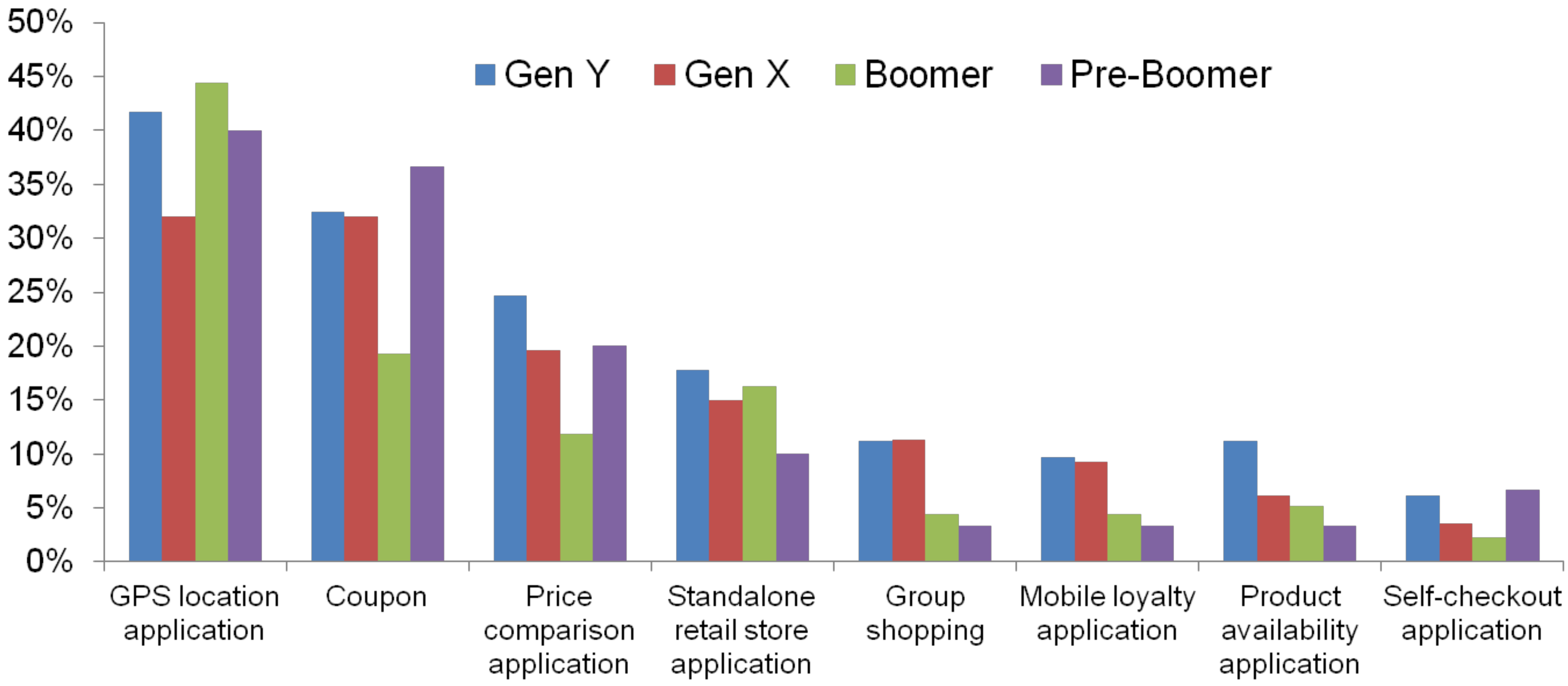
% who completely agree or agree somewhat	Gen Y	Gen X	Boomer	Pre-Boomer	Total
"I have a better experience in stores where the sales associates use the latest technology to assist customers."	66.9%	67.9%	64.7%	66.9%	66.5%
"I am better connected to consumer information than store associates."	64.5%	64.0%	55.9%	52.3%	60.5%
"The self-help kiosks in the store are more helpful than store associates."	56.5%	58.2%	52.6%	51.5%	55.3%
"The self-help kiosks in the store are more helpful than using my smartphone."	53.0%	51.6%	50.7%	47.7%	51.3%
"I can find information myself faster on my smartphone than asking a store associate for help."	49.2%	44.2%	35.3%	36.2%	42.2%

Strongest agreement was cited for better experience with store associates using latest technology, across all age groups. Comfort with smart phones drops off for Boomer segment.

DOWNLOADED SHOPPING APPS – SMARTPHONE USER RATES

Q: "Have you downloaded any of the following types of shopping-related apps?"

% of respondents in each demographic

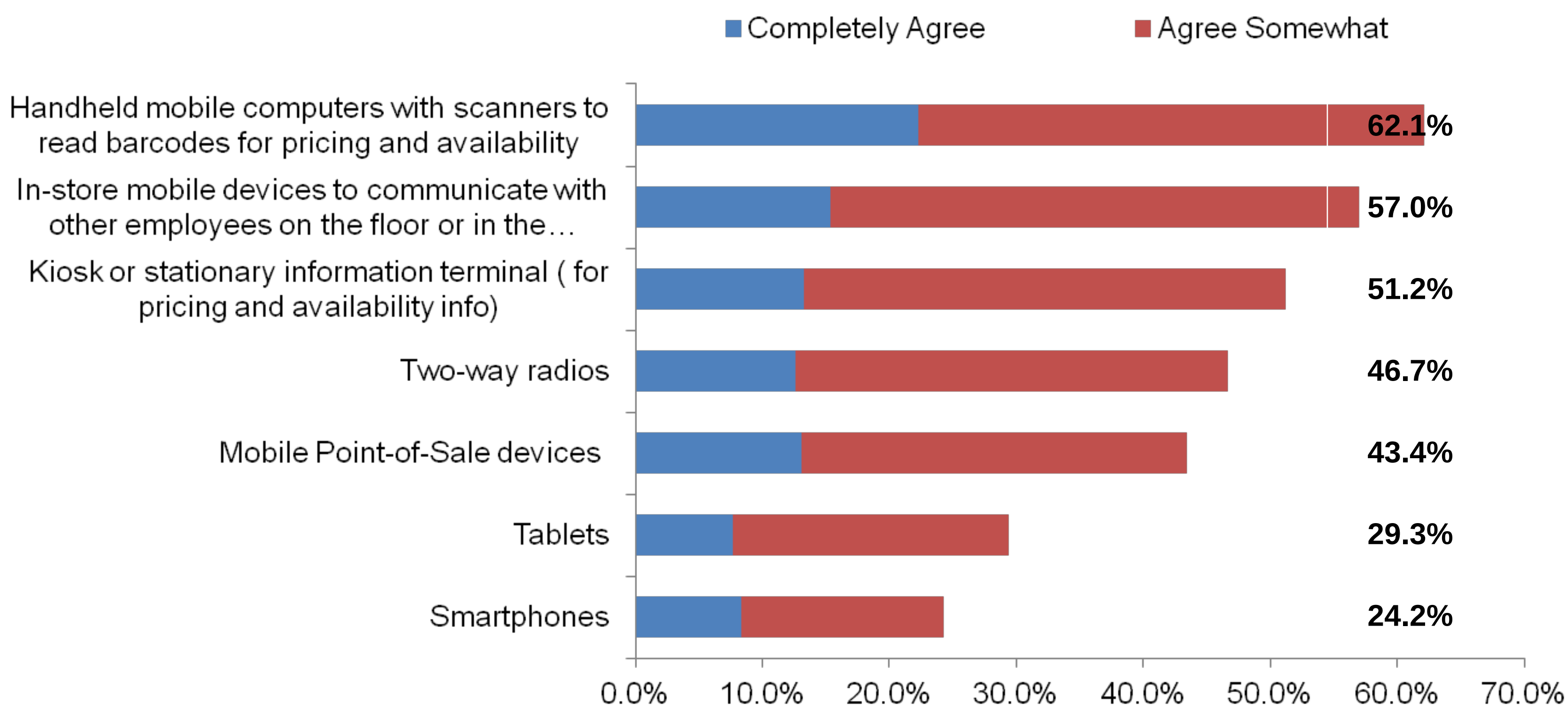


Overall, 63% of shoppers with smart phones downloaded some type of shopping applications. GPS location applications were most popular followed by coupon apps.

SHOPPER VIEWS, INFLUENCE OF ASSOCIATE TECHNOLOGIES

Q: "To what extent do you agree with the following statement for each type of technology?"

Store associates who use this device or technology improve my shopping experience...

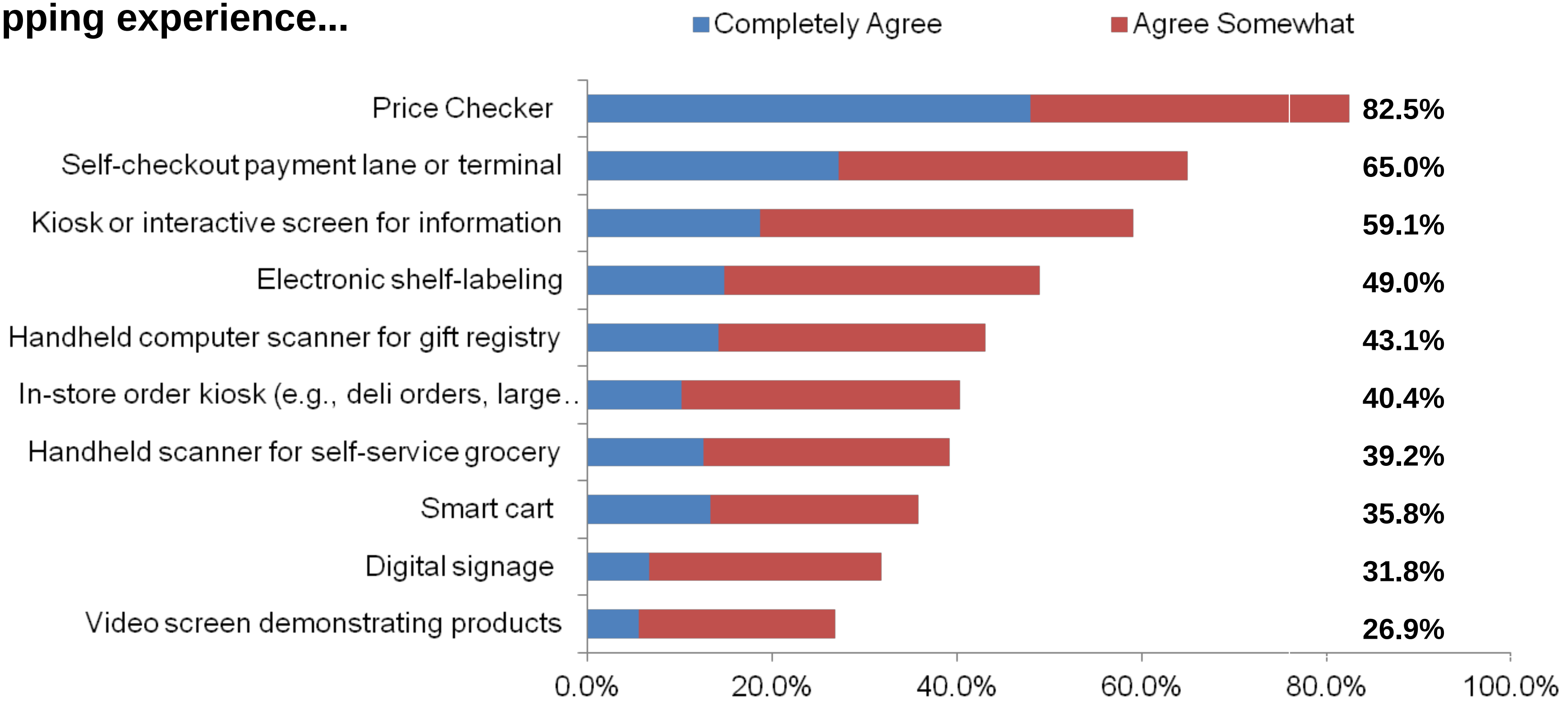


Overall, 62% of shoppers agree that store associates equipped with handheld mobile computers improve the overall customer experience.

SHOPPER VIEWS, INFLUENCE OF SELF-HELP TECHNOLOGIES

Q: "To what extent do you agree with the following statement for each type of technology?"

Having this device or technology available for me to use in the store improves my shopping experience...

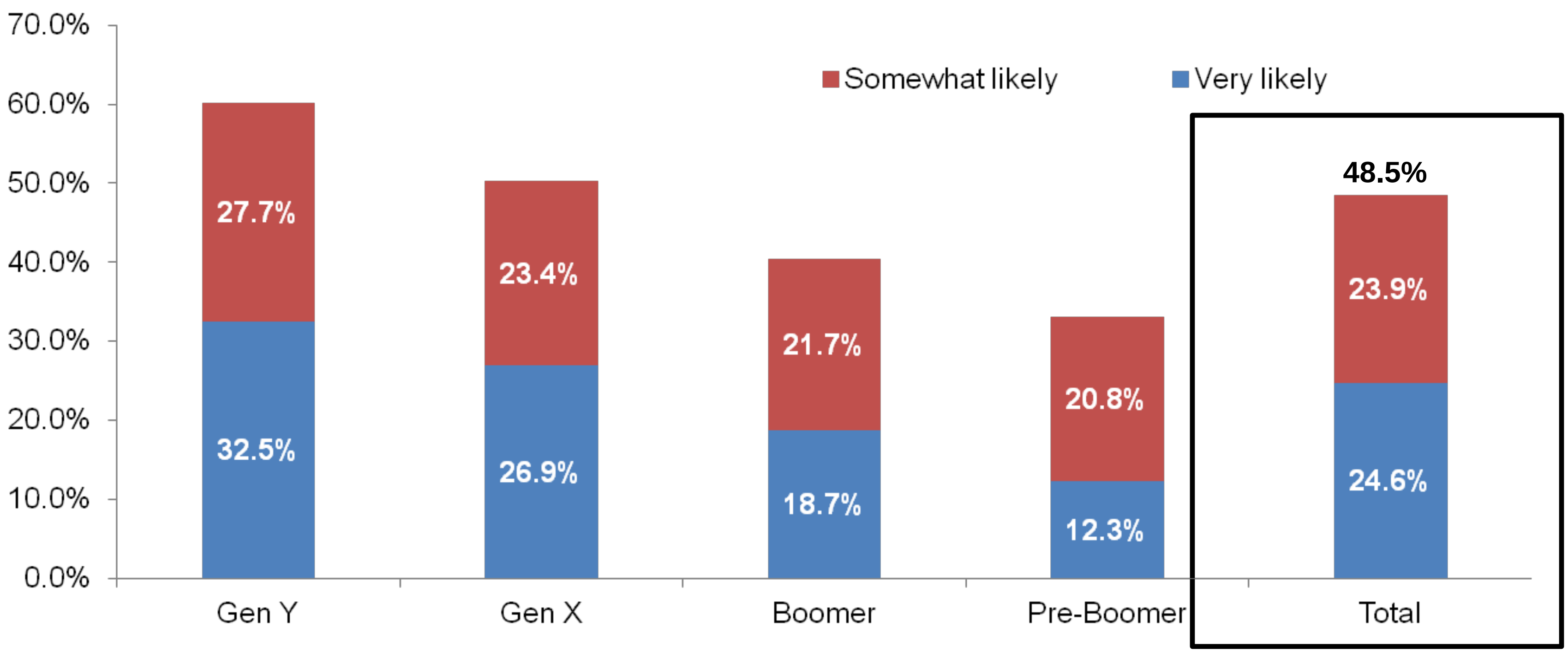


The majority of respondents report that self-help technologies improves their in-store experience; 83% appreciate a price checker, 65% self-checkout and 59% an information kiosk.

SHOPPER VIEWS, INTEREST IN DIGITAL RECEIPTS

Q: "How likely would you be to use the following in-store services if retailers offered them for shoppers to use on their own smartphones while shopping in the store?

Email receipt: The store offers to send an email receipt of your purchase; the receipt is also in the store electronic records so you never need to have one to make an exchange or return.

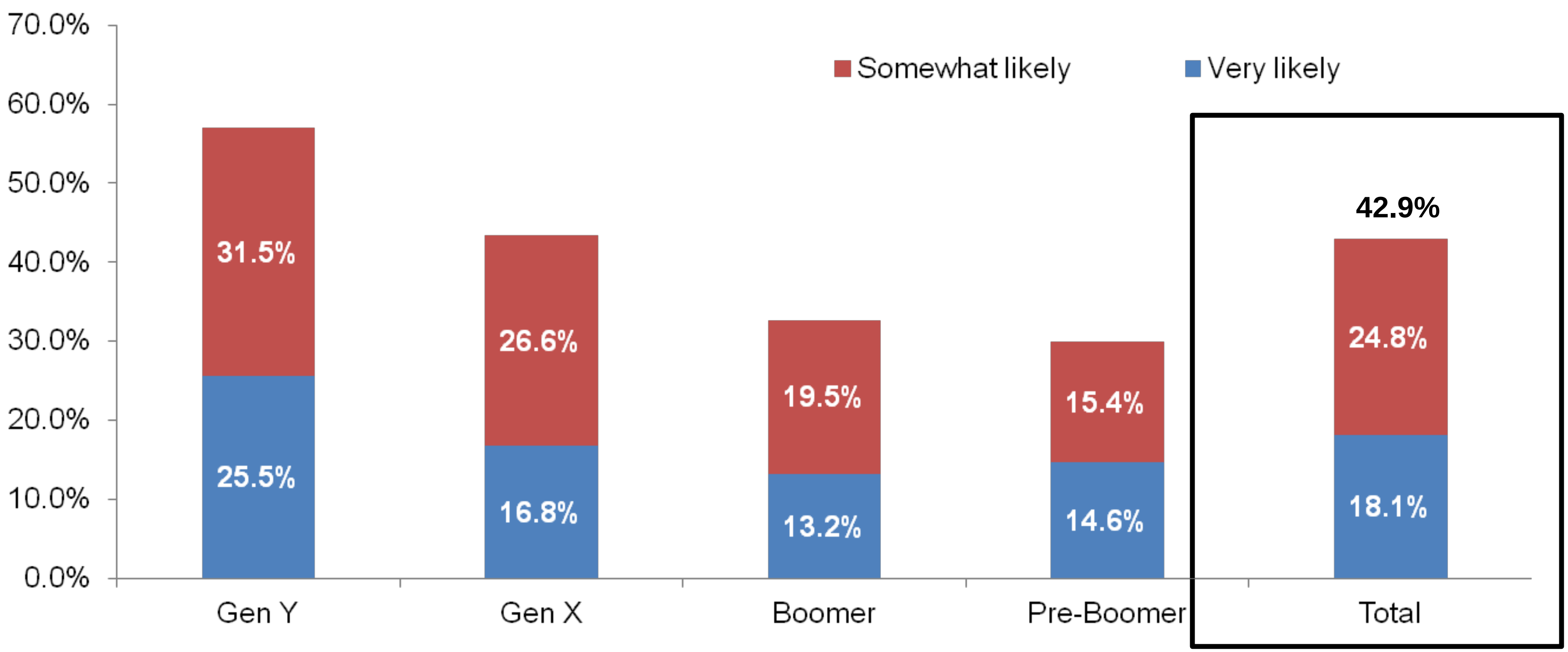


Almost half of shoppers (48.5%) are interested in receiving receipts by email and being able to make returns without having the original paper receipt – interest declines with age.

SHOPPER VIEWS, INTEREST IN SHOPPING MAP APPLICATION

Q: "How likely would you be to use the following in-store services if retailers offered them for shoppers to use on their own smartphones while shopping in the store?

Shopping map: You use a store app that creates a map from your shopping list to guide you through the store on the most efficient route to complete your shopping.

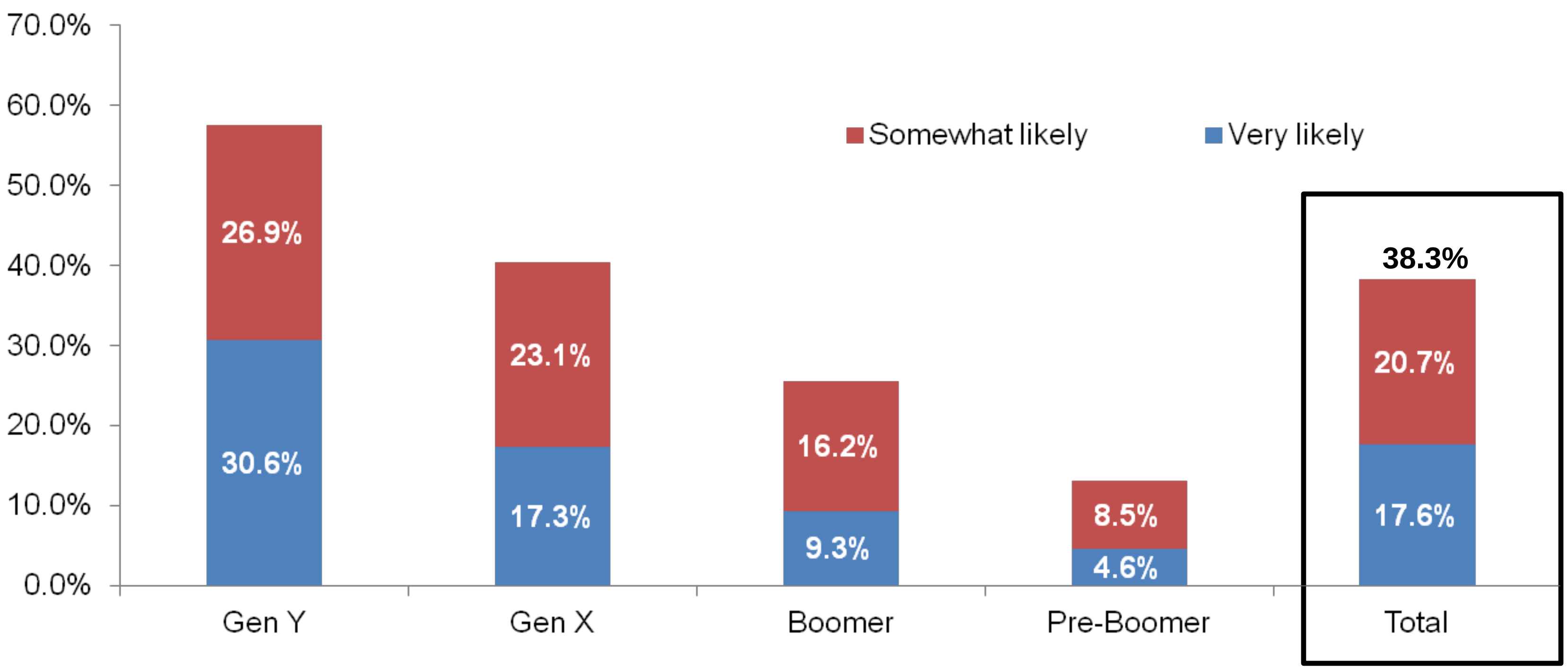


43% of shoppers are interested in a shopping map app to help them navigate in-store.

SHOPPER VIEWS, INTEREST IN IN-STORE PROVIDED WI-FI HOTSPOTS

Q: "How likely would you be to use the following in-store services if retailers offered them for shoppers to use on their own smartphones while shopping in the store?

Wi-Fi hotspot: wireless internet access in the store so that you can search and post on the web while shopping.



Wi-Fi connectivity while shopping is most popular with GenY. While 58% of the youngest shoppers like retailers who offer hot-spots, only 13% of seniors would use them.

SHOPPER VIEWS, EMERGING AND FUTURE RETAIL TECHNOLOGIES

Q: "In your opinion which of the new technologies listed below do you think improve your shopping experience the most?"

% of respondents in each demographic

	All Respondents	Gen Y	Gen X	Boomer	Pre-Boomer
Smart Carts	41.8	43.0	40.7	41.1	43.8
Electronic Shelf Labels	37.2	31.5	40.4	38.6	40.8
Store Associate Tablets	22.3	19.1	21.7	23.3	30.8
Intelligent Dressing Room	22.0	27.7	19.2	20.0	19.2
Loyalty Account Access via Mobile Phone	20.1	29.8	21.7	13.2	6.9
Comparison Shopping via Mobile Phone	19.2	24.5	20.6	14.8	12.3
Guest Hot Spots	14.6	22.8	13.5	10.7	5.4
In-Store Locationing Services	14.4	11.0	18.1	12.6	18.5
Interactive Digital Signage	8.2	9.7	8.8	7.4	4.6
Self-activated Shopping Agents	7.1	9.9	7.1	5.2	3.8
Interactive mirror	7.0	10.5	6.3	4.7	5.4

Tablets used by store associates is of greatest interest among senior shoppers. Guest hot spots and use of their own mobile devices is most popular among younger shoppers.

2011 HOLIDAY SHOPPING SURVEY

SHOPPERS IN THEIR OWN WORDS

"I don't want more technology to interact with or see. I want the companies to use technology better on the back-end. Know what product is at every store; be able to get me stuff faster; manage inventory so you don't run out of things; if you offer me rewards, make them ones I'm likely to care about … Don't give me technology and call it a better experience. Use technology to give me an actually better experience." ***(Male, 25-29 y.o.)***

"Technology can improve in-store and online shopping experiences by allowing me to receive all sorts of information about a product before I purchase it. It is nice to be able to compare prices, read consumer reviews, and read official product reviews before I decide to make a purchase." ***(Female, 25-29 y.o.)***

"I think the things that have most improved my shopping experience are text or online coupon codes that can be used in-store and e-coupons that can be added to a shopper loyalty card. I would love to see more shopper loyalty programs go mobile." ***(Female, 50-54 y.o.)***

"I really love technology and new advances in shopping will increase my interest and make shopping easier & more fun." ***(Female, 18-24 y.o.)***

"Better info on a timely basis makes for better buying decisions with fewer regrets after the purchase." ***(Male, 18-24 y.o.)***

ASSOCIATES IN THEIR OWN WORDS

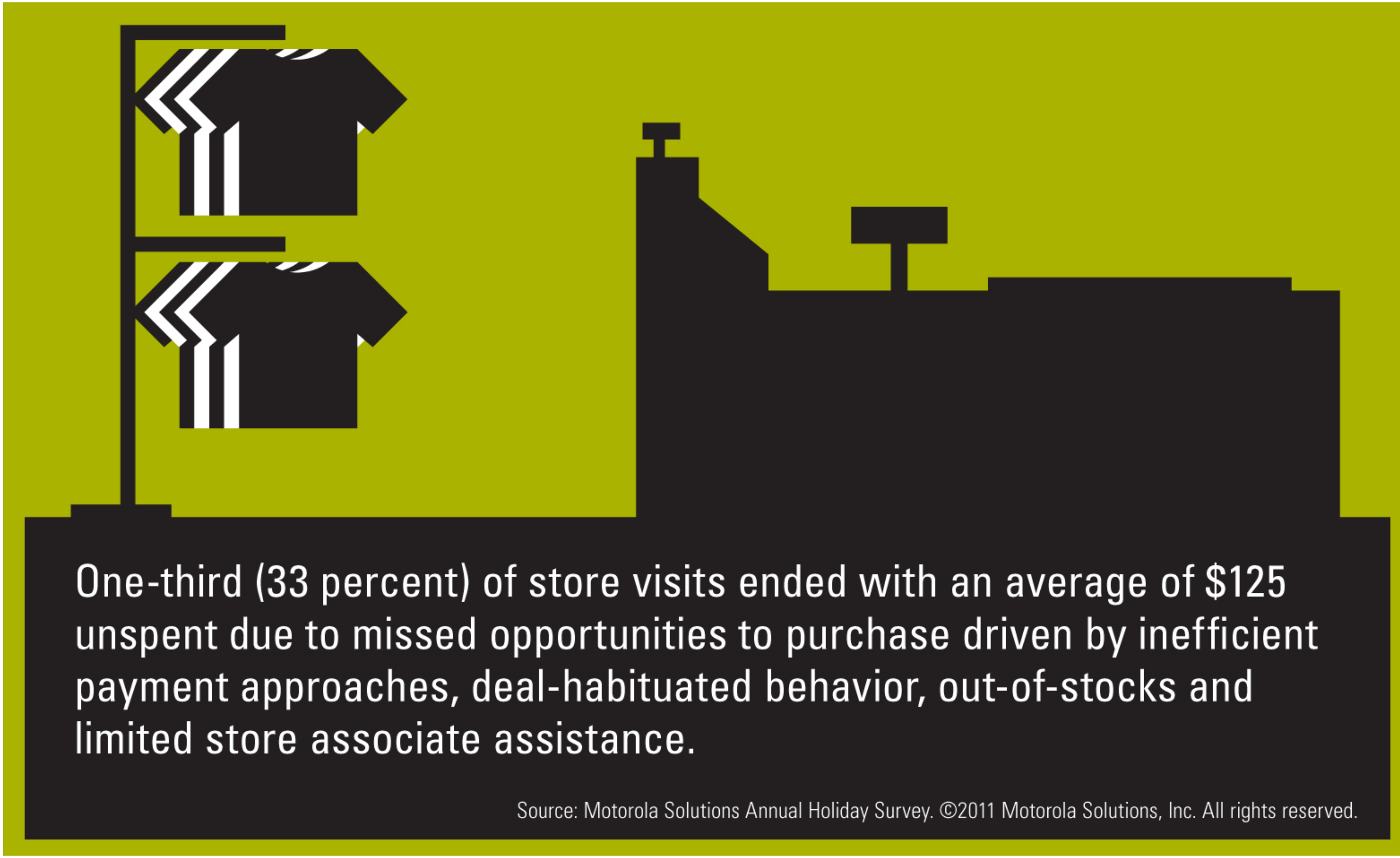
“The biggest concern for customers browsing is price...it's hard and labour intensive to maintain current systems....an electronic price system on the counter that changes as HO directs it, would be the biggest win for both customers and staff. Staff would have more uninterrupted time to serve customers and no frustrations from wrong prices, no overrides and lost margin for the store.” ***(Full-time Store Manager, Multinational Consumer Electronics Store)***

“Better intra-store communication would greatly improve morale, communication and customer service.” ***(Part-time Customer Service Associate, Regional Grocery Chain)***

“To be able to articulate information and stay with the sale, instead of having to leave the sale to do research at a terminal.” ***(Full-time Assistant Manager, International Clothing & Accessories Store)***

“I wish we could access the company network on our smart phones to access product information and availability.” ***(Part-time Sales Associate, National Grocery Chain)***

CONCLUSIONS AND TAKEAWAYS



CONCLUSIONS AND TAKEAWAYS

THREE IN FOUR (75 PERCENT) SURVEYED RETAIL ASSOCIATES AND MANAGERS FEEL THEY PROVIDE A BETTER IN-STORE CUSTOMER EXPERIENCE WHEN EQUIPPED WITH THE LATEST MOBILE TECHNOLOGIES.

RIGHT NOW 

WE ARE  HELPING

 PEOPLE BE 

THEIR  BEST IN 

THE  MOMENTS

 THAT MATTER

MOTOROLA SOLUTIONS