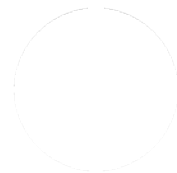




# The Psychology of Shopping



H2 Research



# Introduction



The psychology behind shopping is changing. Key trends are driving people everywhere to start thinking about the activity as more than just a utilitarian necessity or something which represents self-indulgent hedonism.

This shift is giving rise to three major trends set to have a big impact on the retail industry.

Based on research, conducted in partnership with Walnut Unlimited and Academic Anthropologist and Semiotician, Dr. Nick Gadsby, this study explores these behaviours and the motivating factors behind them.

Each trend explores how retailers can capitalise on the different behaviours to build stronger connections with customers.



# Foreword



Shopping has traditionally fallen in to two broad categories: that of “want” and “need” with little room in-between for anything representing higher value, virtue or enjoyment.

All too-often considered a vice, ‘retail therapy’ is regularly seen as a form of escapism that should be immediately followed by pangs of guilt associated with overindulgence.

While the opposite side of shopping, that associated with utility and requirement, is often seen as a mundane chore that’s to be completed efficiently as opposed to enjoyed.

But all of that is changing. A major shift in the consumer mindset is transforming shopping in to something that can be enjoyed and revelled in.

This report highlights some fascinating insights into the reason people shop the way they do today. Some of the changes, like the joy of finding a bargain, have evolved with technology developments, while totally new behaviours, such as the ethics of modern consumerism, are putting a completely new spin on the retail world.

These behaviours will define shopping in the coming years and retailers will need to ensure that they’re catering to shoppers’ every desire. It is only through using data and artificial intelligence that retailers can truly understand and interpret consumer behaviour and ultimately succeed in today’s competitive modern market.



**John Gillan**

MD, UK and Northern Europe, Criteo

# Expert insight



Shopping is a fascinating examination of human behaviour. It is both a necessity and a pleasure which means that the motivations and desires behind it are driven by all kinds of factors.

This study identifies some clear trends that are defining shopping behaviour, driven in most case by younger shoppers, who have increased expectations of what they want to get out of everything they do – shopping included.

The overriding discovery from this study is the identification of a major shift in the moral compass of the modern shopper. Driven amongst, other things, by the availability of bargains and the rise of ethical brands, shopping, especially for self, is shedding its association with guilt and is becoming a more virtuous activity. While the hedonism of shopping remains, the connectivity being powered by connected retail is managing to break down some of these boundaries and provide people with a sense of purpose and passion – whether retailers will be able to move with the times is another question altogether.

One area where the retail industry has always been strong when it comes to capturing the shopping public's mood is around deals and discounts. Today, the mega savings offered around huge sales periods such as Black Friday are more than just a way of enticing new customers or shifting stock – they're about tapping into the shoppers psyche for guilt-free shopping. Experiences that earn merit points for patience, money saved or the rush of a deal are hugely motivating factors for modern shoppers. While the discounts are nothing new, how they impact how we feel about shopping represents hugely valuable insight and will power retail reward strategies for years to come.

This is just one of the fascinating macro behaviours explored in this study, and one of the motivations moving the modern shopper away from guilt and towards genuine enjoyment of the activity.



## Dr. Nick Gadsby

Nick is a commercial semiotician and academic anthropologist who uses social science thinking to deliver leading edge consumer and brand insight.

# Trends



The new retail tribes

# Virtuous circlers



## The feel good factor hits shopping

Ethical shopping is one of the fastest growing sectors in retail today. Spend last year on ethical food and drink grew 9.7% with the ethical market now worth £81.3bn in the UK\*.

The rise of ethical brands is a clear demonstration of how with shopping the compass is moving from guilt to virtue. There is greater expectation for brands to be ethical and transparent at their core, especially among millennials. It's no longer enough to use ethical ingredients, ethical is the first and foremost ingredient.

Despite this, it's also clear that most consumers put faith in brands to be transparent about their ethical credentials with only a small percentage of shoppers actually checking up on a brand's claims (9%). However, it's likely that this behaviour will increase as brands up the ante in terms of transparency and ethical considerations. Faith alone won't sustain this powerful movement.

**Virtuous Circler:** a conscious consumer who invests emotionally as well as monetarily in their spending and who reaps the moral rewards.

**Spend last year on ethical food and drink grew 9.7%**

**The ethical market is now worth £81.3bn in the UK**

# Virtuous circlers



## The only way is ethics

Ethical shopping is increasing and trends like Fairtrade and organic are continuing to grow as people want to know more about the provenance of their food, fashion and jewellery and the people who produce it.

But the motivation behind this trend is more than just a heightened state of awareness of the world around us. In fact, it is turning shopping into the sort of activity that leaves a 'warm fuzzy' feeling in the stomach.

Almost half of UK shoppers today (40%) feel more positive about brands that publish their ethical standards. The internet is helping people discover more ethical choices, and rather than making shopping a guilty pleasure, it helps reinforce our identity.

**40% of shoppers feel more positive about brands that publish their ethical standards**

“The things we buy are part of our identity, they are a public expression of our values and what we deem important. Increasingly ethical choices offer consumers an opportunity to shop with good conscience, to feel that buying things is a way to make the world a better, safer, healthier place to live. Brands have a huge opportunity to showcase their ethical and sustainable credentials to help shoppers make choices that suit this shift in attitudes amongst consumers.”

Dr. Nick Gadsby, Semiotician

# Virtuous circlers



## A virtuous shopping cycle

Technology is also helping consumers make ethical choices about previous purchases. The option to re-sell and recycle purchases makes a third (33%) of UK shoppers feel better about spending money.

Driven largely by apps, the re-sale economy is helping transform the shopping process into a virtuous cycle of buy and re-buy reducing the feeling of guilt associated with any 'non-essential' purchase and tapping into people's entrepreneurial spirit.

Online tools enable higher volumes of buying and selling of second hand and vintage clothes which reverses the moral compass of shopping from guilt to virtue. Transforming spending money into making money and in turn, having a huge impact on the happiness associated with the activity itself.

**59%** of 18-24 year olds (and of particular note, **56%** of 18-34 females) feel markedly better about spending money if they know they'll have the option to re-sell it at a later date



# Social capitalists



## Pack mentality

Twenty years after the idea was first coined, the experience economy is taking on new, mainstream meaning. It is defining an entire category.

Online retail has made many purchases easy but functional. Physical retail and the ability to share experiences on and offline is now fulfilling a social need for consumers – enhancing the enjoyment of shopping as it goes. For these Social Capitalists, the shared experience of shopping (both at the time and later via social networks) adds pleasure to the process, cutting out both the utility and hedonism traditionally associated with spending money.

Led by millennials (46% compared to an average of 24%), but popular across all age groups, spending as part of an experience that can be shared in real life and online is overtaking more traditional, discretionary spend.

**Social capitalists:** the socialite of the shopping world, the social capitalist derives pleasure from the pack, enjoying an experience shared over solo spending splurges.

**A quarter of people (24%) prefer to shop with friends. Nearly half of 18-24 year olds (46%) and a third of 25-44 years old (28%) enjoy shopping this way.**

“Customers have a greater expectation around receiving style advice from staff in-store, or may come in with friends to sit on the sofas and give each other opinions on outfits, all the while tweeting or taking selfies.

Louise Moghaddam,  
Senior Group Customer Service Manager

# Social capitalists



## The re-birth of the high street

While the 'death of the high street', and the department store in particular, has been a popular tabloid headline in recent years, the enjoyment Social Capitalists get from the physical shopping experience suggests a brighter future. Department stores for example, with their wide product ranges, and distinct locations that offer sandbox-like experiences complete with 'stop spots' where discoveries can be made, are the most popular destination for these retail revellers.

“ This research shows that as the value of experiences goes up, the value of the goods by themselves goes down. Increasingly, the value of purchases is strongly influenced by the environment in which they are made. The value of an experience is enhanced when it can be shared both in the moment but also on social, generating positive social responses by peers, so, brands need to make shopping experiences more like what people experience online, in terms of shareability and also look and feel terms of aesthetics and photography.

Dr. Nick Gadsby, Semiotician

## Retail stores ranked by social capital:

- 1) M&S
- 2) Debenhams
- 3) IKEA
- 4) John Lewis
- 5) New Look

## Stores most likely to be visited by 18-24 year olds as a social destination:

- 1) New Look
- 2) H&M
- 3) IKEA
- 4) Apple Store
- 5) M&S

# Self-care shoppers



## A personal touch

In direct contrast to the Social Capitalists, there is an equal volume of people turning their back on the physical shopping experience almost altogether, rejecting the retail stores as the best place to make purchase decisions. One third of people don't like using fitting rooms for example, opting instead to buy multiple items to try on at home.

Self-care shoppers don't experience the same pleasures from using shopping as a social exploit, getting their enjoyment instead from a feeling of having earned something personal and convenient to them. This is perhaps the subtlest of behavioural changes set to impact mainstream retail.

Coupons, bargain hunting and price comparison has long been a part and parcel of the shopping experience, but only now are we starting to see its impact on the psyche of the shopper.

**Self-care shoppers:** fuelled by the thrill of the chase and the hunt for totally a bespoke shopping experience, self-care shoppers get their enjoyment from the careful consideration of a purchase earned. The guilt of senseless splurging simply doesn't come in to the equation for these savvy shoppers.

**Almost half (47%) of UK shoppers have self-gifted in the last 12 months, claiming the thrill of securing a bargain is the number one reason.**

**A third (34%) of under 25s in the UK have felt remorse or regret because they bought something online without thinking about it.**

**Over two in five (44%) will search or wait for discount codes or vouchers before buying something.**

# Self-care shoppers



## Personalised pleasures

Online and new retail sales rituals (like Black Friday) have transformed shopper expectations and behaviours. Consumers now expect to find just the right deal or shopping experience for them, at any time. The ubiquity of bargains online has created an emerging ethos of “self-care”. Finding bargains is also labour that transforms shopping into a productive activity and make us feel better about ourselves and our purchases. Two in five (44%) will search or wait for a discount code or voucher before buying something, higher social grades (ABC1) are more likely to do so than the rest.

**One in four (26%) haven't bought something in the last 12 months due to a long queue.**

**One in five (19%) have not returned something they bought online because it was too much hassle.**



Online shopping is increasingly supporting ‘self-care’ behaviour, where purchasing behaviour is made through the lens of our well-being. Expectations are that shopping should fit around personal needs, not what brands have to offer. In addition to traditional deals to attract shoppers, offering solutions in store that make trying items out in your own time could help.

Dr. Nick Gadsby, Semiotician

# About this study



The research contained within this report was conducted in partnership with Walnut Unlimited and Academic Anthropologist and Semiotician, Dr. Nick Gadsby, explored a number of retail behaviours and the psychology behind them.

It surveyed 2,000 UK consumers between 31 August and 3 September 2018.

## About Criteo

Criteo is the advertising platform for the open Internet, an ecosystem that favours neutrality, transparency and inclusiveness. 2,700 Criteo team members partner with close to 19,000 customers and thousands of publishers around the globe to deliver effective advertising across all channels, by applying advanced machine learning to unparalleled data sets. Criteo empowers companies of all sizes with the technology they need to better know and serve their customers. For more information, please visit [www.criteo.com](http://www.criteo.com).



# Thank You

