

WHAT THE FUTURE: BUYING

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GAME CHANGERS





Will we buy better in the future?

There has never been a period of disruption to the ways in which we buy and pay like 2020.

Trends toward online and omnichannel didn't just accelerate, they jumped years. Shoppers were forced to adapt to an ever-shifting set of rules and change how they acquire everything from food and groceries to entertainment. They ramped up and doubled down on their online shopping skills. And most miraculous of all, my mom, who is not exactly what you'd call a digital native, can now Venmo. What does this new shopping world look like in the future?

Just ask Kettlestrings Tavern in Oak Park, Ill. The corner tap and restaurant expected to open in mid-March 2020 on a one-two punch of St. Patrick's Day and March Madness driving traffic. Instead, on opening night, the only sporting content the TV networks could muster with all the leagues paused were reruns of used car auctions. Opening night looked more like closing night.

“Although people miss much about in-person shopping, they don't expect to go all the way back.”

But Kettlestrings pivoted: It launched online and phone ordering; takeout and delivery; to-go cocktails and beer; third-party delivery apps; tents constructed for outdoor seating in converted parking spots; and TVs moved outside. Instead of shuttering, it survived. Many businesses didn't adapt fast enough and didn't make it.

Others, like Target, Best Buy, Walmart and Amazon thrived, posting strong and even record earnings, as they'd been investing in online and were positioned to scale quickly.

Ipsos data shows that although people miss much about in-person shopping, they don't expect to go all the way back. They have built new habits and skills. They also want to keep them going and take advantage of the newfound convenience of ordering staples online, having them deposited in the back of their pickups and SUVs. Or just having it all show up at their doorstep.

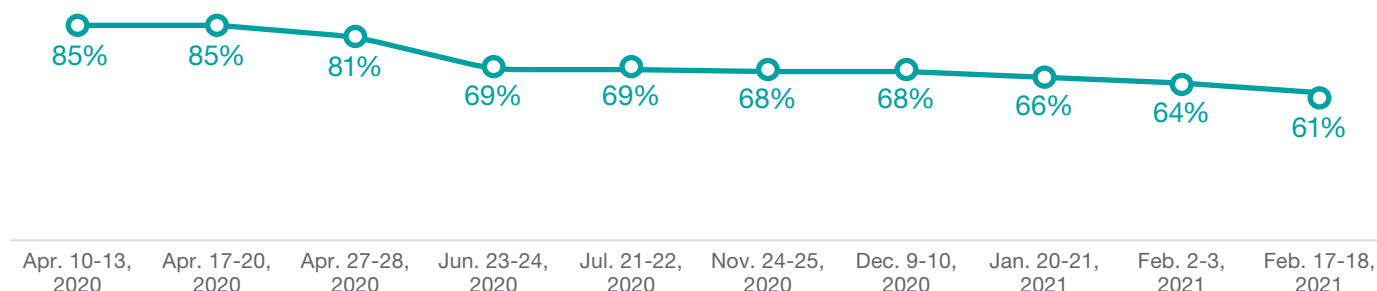
2020 changed everything. And if you think that year was bonkers for buying, just wait until you read about what's coming next, in the move from online to virtual. My mom's digital avatar will see you there. Just kidding. That's probably pushing it.

Matt Carmichael is editor of *What the Future* and vice president of editorial strategy at Ipsos in North America.

Unprecedented disruption has changed how and where we shop

People still feel it's risky to go out

Q. For each of the statements below, indicate your level of agreement. – I am staying home except for necessities (e.g., food) or work. (Total agree)



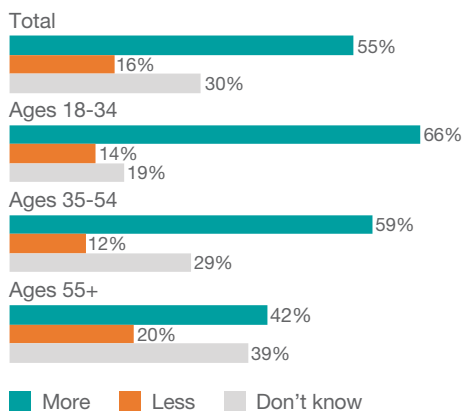
They're not all that eager to go back to stores yet

Q. Thinking about the services and activities that are more restricted in the current environment, which of the following do you miss most right now? Think about your day-to-day activities and not if you may have lost a job in these areas. You may select up to three.



People are adapting to shopping online

Q. How much online shopping do you anticipate doing this year, compared to last year?



But they want to shop in all retail channels

Q. Given the choice between online and in-store shopping, if both presented zero risk for COVID-19, which would you prefer?



(Sources: Ipsos Coronavirus Consumer Trackers conducted Jan. 20-21, 2021 and Feb. 17-18, 2021, among 1,115 U.S. adults, respectively.)

The Big Question:

How do you meet your shoppers seamlessly everywhere they shop?



Question:

Will a seamless shopping experience everywhere help people buy more?



Steve Miller

Senior vice president of strategy and analytics, DICK'S Sporting Goods

As senior vice president of strategy and analytics at DICK'S Sporting Goods, Steve Miller oversees the retailer's test-and-learn approach to understanding customers and strategizing improvements for how they shop.

When he thinks **What the Future**, he believes amazing personalized and seamless experiences across channels will drive where people shop.

96%

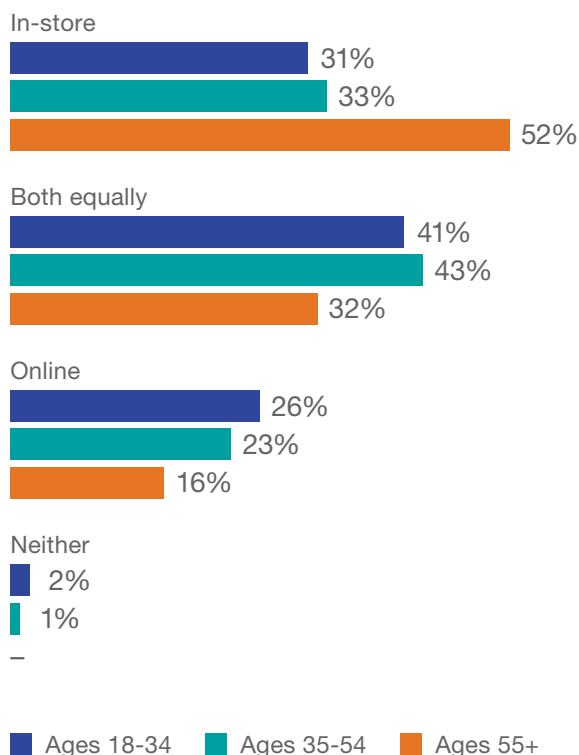
of shoppers say the ease of the website shopping experience is a factor in where they choose to shop.

(Source: Ipsos survey conducted Feb. 5-8, 2021, among 1,115 U.S. adults.)



What do our shopping preferences say about the need for omnichannel?

Q. Given the choice between online and in-store shopping, if both presented zero risk for COVID-19, which would you prefer?



(Source: Ipsos Coronavirus Consumer Tracker conducted Jan. 20-21, 2021, among 1,115 U.S. adults.)

Kate MacArthur: The pandemic has accelerated the move to digital shopping and “buy online, pick up in-store” (BOPIS). How might that change in the next three to five years?

Steve Miller: The future of omnichannel retail is certainly going to be about the customer experience — where having BOPIS and curbside pickup are now table stakes for every retailer. The way that we and others are going to differentiate is through bringing to bear tremendous expertise in-store, online, wherever the shopper wants to shop, then also providing amazing experiences across all of those channels.

MacArthur: What kinds of experiences?

Miller: One of the projects that we’re really excited about is our new DICK’S Sporting Goods stores in Victor, N.Y., and Knoxville,

Tenn. These are going to be immersive stores that we’re opening up later this year. Each will be 100,000-square-foot stores with almost 20,000 square feet of playing field with a track right next to the store. It’s making it possible for you to come to a store and participate in a four-on-four soccer tournament or get fitted for a shoe using technology that allows you to run around a track. Or you can try out a new golf club in one of our several golf simulators or experience new fitness apparel or climb one of our climbing walls. We hope to be able to use these stores as test labs and apply learnings to the entire chain.

MacArthur: What differences from today can shoppers expect to see in the next few years?

Miller: Let’s take footwear. We envision showing that we understand our shoppers

as soon as they walk into the store. What that might mean is if we know that you’re a size 7, when you come over to that footwear area, perhaps that size 7 is already selected on one of several tablets you can use. Then if there is a particular shoe you’re interested in that doesn’t have a size 7, we’re immediately going to offer you different ways to either request similar shoes, so you can try them on for fit, or place an order for the exact shoe. If we’ve got your stored payment information, we’re going to address that in a seamless way. It extends to our app as well.

MacArthur: Could we see this everywhere or only from certain retailers?

Miller: What we’ll end up seeing is a bifurcation between the retailers that are truly becoming consumer-centric and that

“BOPIS and curbside pickup are now table stakes for every retailer.”

can afford and are willing to invest in technology and in-store experience and those that simply won't or can't keep up. Some of this is structural based on the category of retail. But a lot of this is cultural as well. The pandemic has shown us that when retailers invest — not just in technology, but also in understanding their customers in a really deep way — they've tended to succeed.

MacArthur: What most shapes how a retailer or brand plans for these changes and how they're going to invest?

Miller: Some segments of shoppers are true omnichannel shoppers, whereas others tend to do everything online and others tend to do everything in-store. We've seen a huge increase in the percent of our omnichannel shoppers as opposed to single-channel shoppers through the pandemic.

MacArthur: Our survey showed that if the coronavirus weren't an issue, 39% of Americans prefer shopping in-store, 22% prefer online and 38% prefer both equally. What does that tell you?

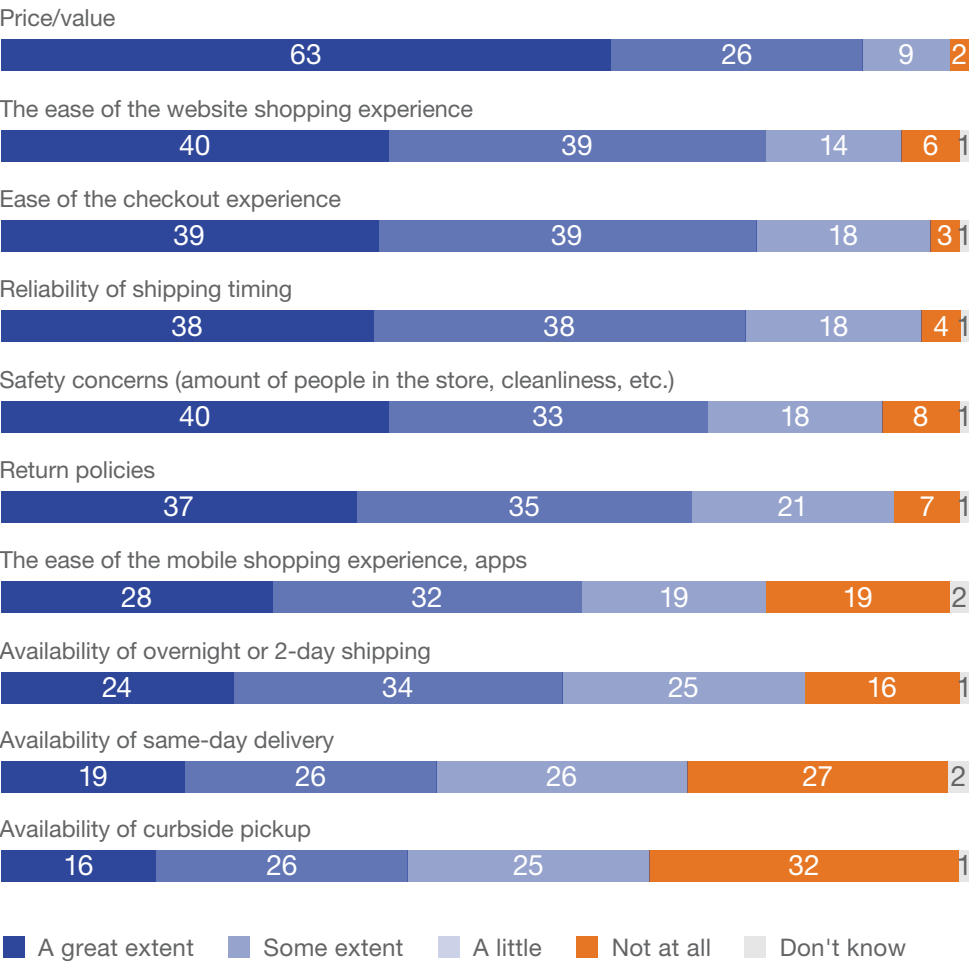
Miller: The survey results make a lot of sense to us. We think that shopping should be fun. We think it should be experiential. And we also think it should be useful. But it begins truly with a great experience and with interacting with one of our teammates.

MacArthur: Our survey also showed that price and value still rule.

Miller: We totally agree that you have to have a good price/value relationship. But we also feel like more than just price-matching or making sure that you've

What matters most in where we choose to shop?

Q. To what extent, if at all, do the following factor into where you choose to shop?



(Source: Ipsos survey conducted Feb. 5-8, 2021, among 1,115 U.S. adults.)

got the same sale price as another retailer or a brand, there's also value, right? So for us, that involved a little over a year ago launching our DSG brand, which offers great staples for everyday athletes, and investing in our other private brands for golf, women and outdoor. Looking ahead, we will make these brands even stronger by providing improved space in-store, increased marketing and expanding into additional product categories while still investing with key national brands.

In addition, we've recently opened a new store format that we call our Warehouse Sale stores where you get closeout pricing on athletic apparel and footwear. Our shoppers have responded incredibly well, and we're attracting a new group of shoppers to those stores.

MacArthur: How can brands and retailers stay on top of rising consumer expectations?

Miller: The single largest expectation shift of the past several years has been in speed to home or speed to customer. And clearly that's a place where several online-only retailers have set the bar. The next step is using the data that our shoppers have shared with us to personalize their experience. But also what kind of content they would like, whether it's digital fitness classes to tips for maximizing their camping experience for the upcoming weekend.

Kate MacArthur is deputy editor of What the Future and a senior writer at Ipsos in North America.

How do you mystery shop an omnichannel world?



The past year has changed the way we shop and raised our expectations for the omnichannel experience.

Since the coronavirus outbreak began, the Ipsos E-commerce Experience Report found a 78% spike in shopper usage of “buy online, pick up in-store” (BOPIS) and curbside pick up. As many as 69% of these consumers plan to maintain or increase their use of picking up orders after the pandemic.

Today, shoppers expect stores to have a dedicated area for contactless pickup, easy account creation online or in-app, accurate and on-time delivery, and easy instructions for all of the above. In the future, retailers will also be expected to optimize operations for in-store browsing while allowing seamless and contactless pickup experiences, and integrating the online, in-app and in-store experience with modern payment methods.

By following these steps, brands can further refine the shopping experience and retain and grow their customers through what comes next:

Know where you stand: Review customer behaviors. How are they shopping? How have their shopping behaviors changed due to the pandemic? How do they intend to shop post-pandemic? How has your brand succeeded in pivoting to new shopping methods? How does your performance benchmark against key competitors and category leaders from across industries?

Define your game plan: Focusing solely on in-store shopping is no longer an option unless you are catering to a niche audience. Develop your e-tail strategy: Re-evaluate your store format, invest in web and app channels and integrate the online experience with the in-store, making it easy for customers to hop in and out seamlessly.

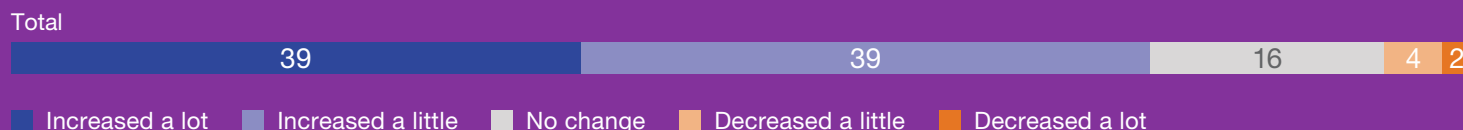
Innovate and pilot: Focus on executing on your e-tail vision iteratively — innovate, pilot, evaluate and scale. Don’t be afraid to pilot bold ideas — this is your chance to define a whole new experience and be known for it. Evaluate how technology can help, from sensors to determine optimal in-store traffic flow to in-app checkout. The sky is the limit!

Measure your performance: It is critical to evaluate your brand’s performance as you roll out initiatives. Various tools can help, including gathering customer feedback in real time as customers exit your stores, or deploying mystery shoppers to objectively evaluate and report back on each step of the process.

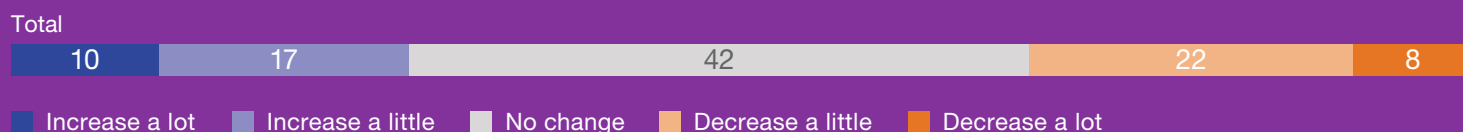
***Shohini Banerjee** is a senior vice president in Ipsos’ U.S. Channel Performance service line.*

Shoppers are likely to stick with BOPIS and curbside pickup

Q. Since the start of COVID-19, how has your use of in-store/curbside pickup changed? Please select one.



Q. Once a COVID-19 vaccine has been created, cases begin to decline, and restrictions are lifted, do you expect your use of in-store/curbside pickup to... ? Please select one.



(Source: Ipsos E-Commerce Experience Report survey conducted Aug. 19-21, 2020, among 2,000 U.S. adults, including 697 who used either BOPIS or curbside pickup services.)

Question:

How will new ways to pay change how we shop?



Lisa Ellis


Partner and senior equity analyst, MoffettNathanson

Lisa Ellis is one of the top-ranked and most-respected Wall Street analysts covering payments, processors and IT services.

When she thinks **What the Future**, she's bullish about the convergence of in-store and online shopping and the payment systems that will enable them.

Kate MacArthur: How you would describe the state of shopper payments since the pandemic began?

Lisa Ellis: I would highlight the acceleration of the shift to online shopping. We finally saw broad-based adoption of the order-ahead concept, which for the consumer is often a far better experience than going and having to pick out all their items, wait in line, load them in the car, et cetera. Consumers have already been using cards or other forms of digital payment more and cash less. But the pandemic dramatically accelerated that, particularly the use of contactless payments.



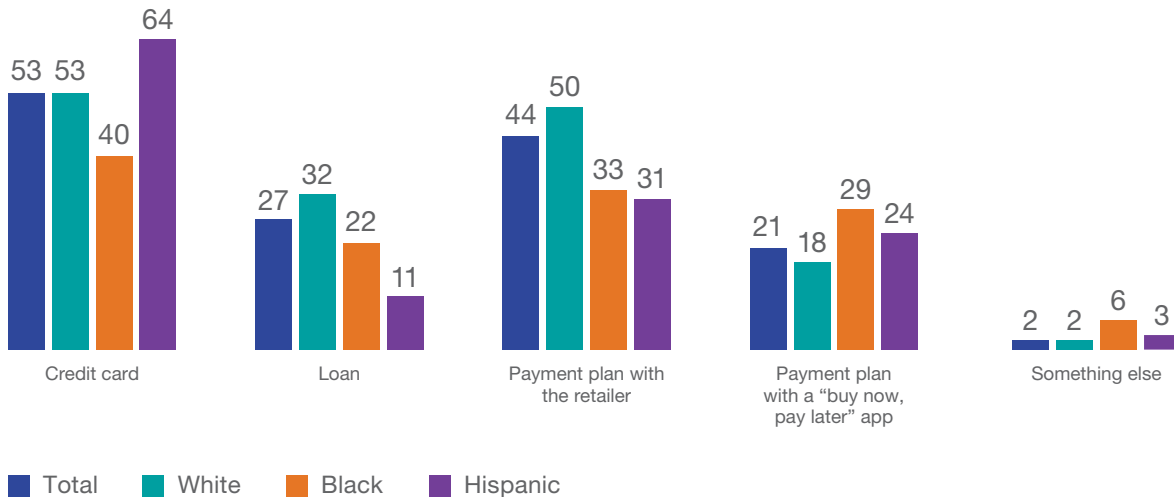
54%

of Americans say they would be likely to use “buy now, pay later” financing if they had access to it.

(Source: Ipsos survey conducted Feb. 5-8, 2021, among 1,115 U.S. adults.)

What method do shoppers use to pay in installments?

Q. When you purchased that item and paid over time, which of the following did you use?



(Source: Ipsos survey conducted Feb. 5-8, 2021, among 664 who paid for something in installments rather than the full payment at purchase.)

MacArthur: Are there any indications of what may stick and what may not?

Ellis: My view is that most of it will stick. If anything, we believe that the acceleration that we've seen in adoption in many of these areas is only going to continue at an elevated pace, not slow down and not go back the other direction.

MacArthur: What is telling you that?

Ellis: There's a certain amount of investment required for merchants to enable a lot of these capabilities, and that couldn't be done overnight. On the consumer side, behavior change takes time. We typically see that it can easily take half a dozen or a dozen times of trying something before a consumer really fully adopts it. So, our outlook for things like e-commerce and cash displacement are actually still elevated in 2021, 2022, even though they obviously saw a huge boost in 2020.

MacArthur: Take me to 2025 or 2030. How might things work in how we pay for shopping?

Ellis: I don't think we will have this distinction anymore between going to a

store and buying things online. It'll all be one thing called commerce. It will be very fluid, where you start or initiate looking for something on your phone or at home and you go to the store. Or vice versa: You are in a store, and you start to look at something there and then finish it later. Payments-wise, we'll use very little cash. We'll use digital forms of payment for almost everything. Credit-wise, I am a believer that revolving credit lines will maintain their appeal. And that installment lending—the "buy now, pay later" concept—will be a niche product that is used by certain consumers for certain types of purchases.

MacArthur: In our research, 21% of Americans said they're financing through a "buy now, pay later" app. What do you make of that?

Ellis: The "buy now, pay later" phenomenon is a really interesting perspective on consumer behavior and consumer preferences. Perhaps it got visibility and traction in the pandemic because of people being under financial duress. Or, "I know I'm getting a stimulus check, so the installments work very well." But then once people try it, these services have a remarkable amount of appeal.

MacArthur: What does that tell us about the future relationship that people may have with credit?

Ellis: It certainly revalidates that people like credit. Sometimes people look at that data and suggest that the adoption of "buy now, pay later" means people don't like credit. But it is credit. What I find interesting is that for many consumers, they compartmentalize different types of spending into different models very naturally in their head. One of the other things that has enabled this trend is this explosion of various forms of digital banking apps or fintech apps. Whether that is PayPal or Venmo, but also SoFi or Chime, these are apps that provide you with really easy-to-use tools for compartmentalizing your spending.

MacArthur: Will making it easier for people to spend end up creating a risk for a financial bubble?

Ellis: As much as consumers (and retailers, for that matter) want spending to be frictionless, it always increases the concern of the buyer's-remorse issue. In parallel to that, the entrance of very consumer-friendly mobile apps associated with managing your finances has also provided consumers with a far better set of tools for managing their finances.

“You’ll have the combination of the best aspects of in-store combined with the best aspects of online.”

MacArthur: Another buying experience is in apps like Instagram and Houzz. What’s your outlook for transactions to happen like that in the future?

Ellis: Interestingly, what has happened so far—and this is a raging debate—is that remarkably, many consumers don’t actually want to buy through the social media site. They’re perfectly happy to essentially click on the placement, the jeans or whatever, and be redirected over to the retailer’s website.

MacArthur: Our data show that people miss going into stores. How might these payment options change the in-store shopping experience in the next three to five years?

Ellis: This is one of the things I’m so excited about. This is empowered by the underlying payment system that connects the dots. In the store environment, you’ll have the combination of the best aspects of in-store combined with the best aspects of online. Both had good parts, both had bad parts and they were completely siloed from each other. And one of the big things post-pandemic is that as retailers rethink their whole experience, we’re going to see a lot of convergence happening. It’s pretty cool. I can’t wait.

Kate MacArthur is deputy editor of What the Future and a senior writer at Ipsos in North America.

Do shoppers think much about how they pay?

Q. When making a purchase online or in-store, how much thought do you give in choosing one payment form or another?

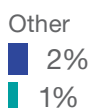
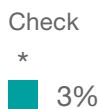
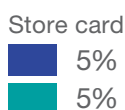
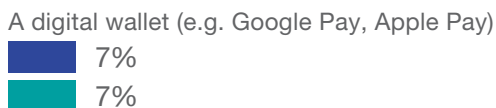


■ A lot ■ A little ■ Hardly any ■ None at all

(Source: Ipsos survey conducted Feb. 5-8, 2021, among 1,115 U.S. adults.)

Does where people shop change how they pay?

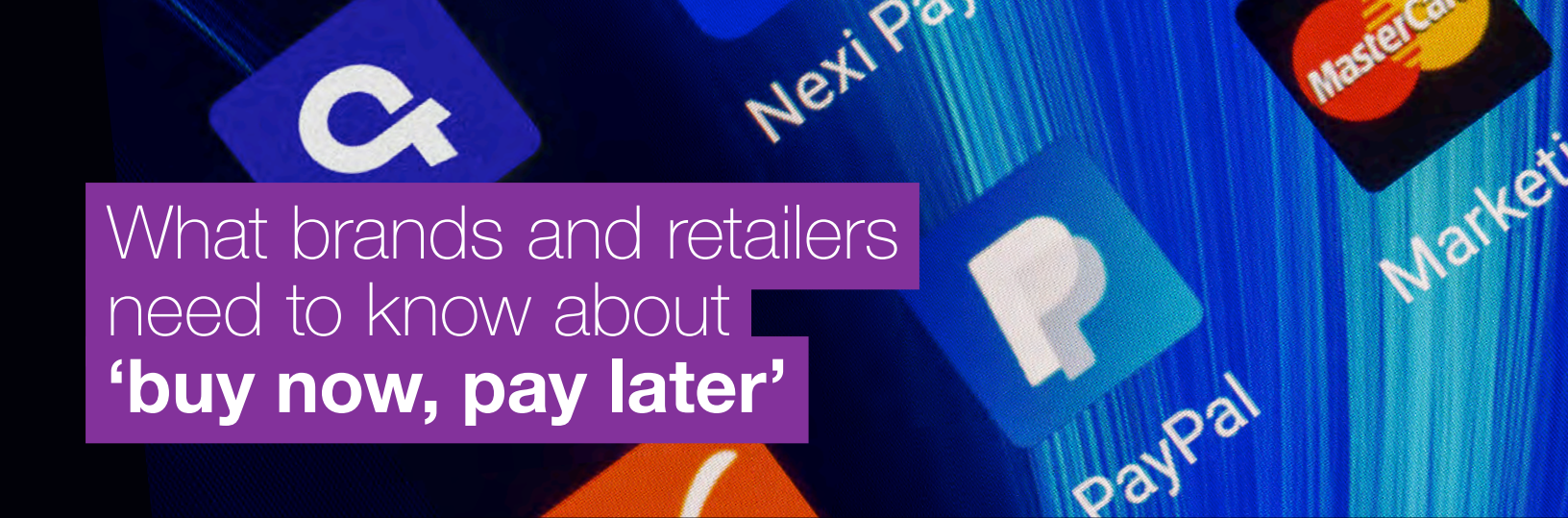
Q. When purchasing items ["online" or "in a physical store"], what forms of payment do you prefer? [Select two]



■ Online ■ In-store

(Source: Ipsos survey conducted Feb. 5-8, 2021, among 1,115 U.S. adults. Asked as two separate questions.)

* Cash and check were not payment options for online shopping.)



What brands and retailers need to know about ‘buy now, pay later’

Payments analyst Lisa Ellis (page 8) sees “buy now, pay later” (BNPL) financing as a niche, but it’s a big enough niche that it’s likely to become table stakes in the coming years. The idea of paying in installments is hardly new (witness QVC and HSN and just about anything peddled by Ron Popeil), but recent advances have transformed BNPL into a Silicon Valley fintech disruptor.

Yet many mass retailers and brands have balked at offering it because of financial and systemic hurdles. It’s true that BNPL is relatively expensive to operationalize. Brands must pay a fee for the BNPL payment option — many retailers have yet to offer it as a method of payment. Also, with so many checkout options, retailers may struggle to see the value of yet another payment option.

However, many benefits could outweigh these costs. Brands and retailers alike should consider the bigger picture for:

New customers: Especially for larger or splurge purchases that shoppers need or want now, offering BNPL creates a competitive advantage, especially with the youngest shoppers. In a recent Ipsos survey, more than half of U.S. consumers, 54%, say they would be “likely to use an installment loan or BNPL.” Nearly two-thirds of 18- to 34-year-olds say that they would use a BNPL option at checkout.

Convert shoppers to buyers: Having the option of smaller payments over time is a strong incentive for shoppers who would otherwise wait until they have the full amount and don’t want to use traditional credit. With no interest, the ability to break up the cost over a few months makes it easier for shoppers to check out.

More shopper loyalty: By helping shoppers get their products without saddling their credit score, brands and retailers can help shoppers feel in control of their budgets. This can help drive customer loyalty.

As shoppers grow accustomed to BNPL as a payment option, brands and retailers that adopt it will have another powerful tool to boost sales, customer engagement and loyalty.

Tim Spenny is a senior vice president and senior client officer at Ipsos.

Younger shoppers prefer buy now, pay later

Q. Several companies have established a financial practice known as “buy now, pay later” financing where people are given an opportunity to pay for something over several installments at a fixed interest rate rather than all at once. If you had access to such a service, how likely would you be to use it? (Net likely)

62%
Ages 18-34

58%
Ages 35-54

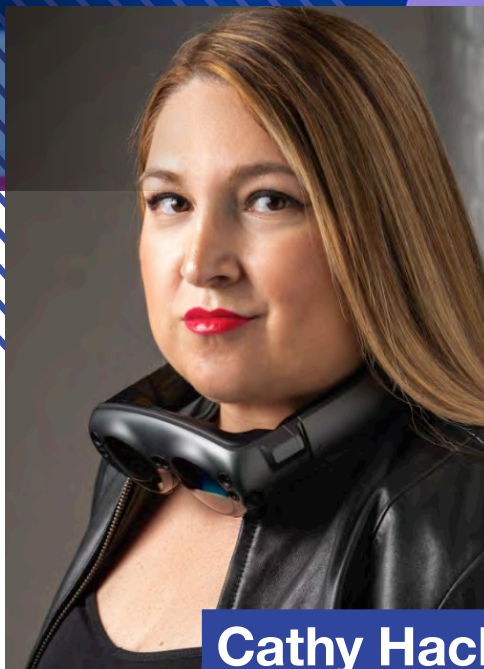
42%
Ages 55-64

46%
Ages 65+

(Source: Ipsos survey conducted Feb. 5-8, 2021, among 1,115 U.S. adults.)

Question:

Will the metaverse make shopping better?



Cathy Hackl

Tech futurist and founder and CEO of the Futures Intelligence Group

If people ever needed virtual ways to shop, it's now. That's kept tech futurist Cathy Hackl busy helping clients ranging from fashion brands to the military build new experiences and worlds using augmented reality (AR), virtual reality (VR), spatial computing and the metaverse.

When the founder and CEO of the Futures Intelligence Group thinks **What the Future**, she sees the lines blurring between the virtual and physical shopping worlds.

60%

of Americans would use an app to test furniture, household goods or home improvement items.

(Source: Ipsos survey conducted Feb. 5-8, 2021, among 1,115 U.S. adults.)



“It gets interesting when you can actually see a digital twin or representation of yourself.”

Kate MacArthur: Digital shopping, including AR, VR and the larger universe of technologies you call XR have accelerated in the pandemic. Do you think this trend will stick?

Cathy Hackl: The use of AR apps is going to stick post-pandemic in the sense that it's convenient for the consumer. As a consumer, how much does this facilitate something for me? How does it reduce the friction? So I think it depends on how useful the technology is. It'll be interesting with Gen Z and the younger generations who were born digital with mobile phones and in this virtual space. Just like they're going to keep playing games like Roblox, Minecraft and Fortnite, they're going to keep using XR for shopping.

MacArthur: Are there clues for what technology has the most promise to go mass in the next three to five years?

Hackl: When I was growing up, my brother's friends would save all their allowance to buy Air Jordans. My kids, on the other hand, spend most of their money on digital goods. My kids' social networks are the games they're playing right now. That's their social network. So they're going to want to shop there as well, because that's where they spend time with their friends socializing.

MacArthur: How might that change expectations for the overall shopping experience?

Hackl: When we go back to retail stores it'll be because it's experiential, a world of wonder and a different experience. The main shift that we have to change is that with younger generations. Their physical and their virtual personas are equally important. You look at everything around you. Stuff has volume, everything's 3D, it's volumetric. When we move to AR and VR glasses, am I really going to want to see flat screens in front of me? Probably not. That's why I think it gets interesting when you can actually see a digital twin or representation of yourself, modeling clothes and trying to see how they would fit on you. Then you choose what you want and it arrives to you in a digital way and then a physical way as well.

MacArthur: Many brands have dabbled with AR and VR already. How do you see it evolving?

Hackl: We went from little experiments to companies, especially in the beauty side, realizing that it has to be part of their offering. Whether it's hair color, nail polish or makeup. L'Oreal launched the digital-only makeup line that you could only wear on Zoom. If you're buying something in the app and you can kind

of see how cool you look or see yourself wearing certain makeup in a lens, but then you can actually get the makeup at home, I think that's great. You start to see this move toward combining the digital space but actually getting a physical product.

MacArthur: Where does this go next?

Hackl: I see augmented reality as a full customer journey experience. From the pre-purchase and understanding whether it's something I saw on Snapchat or Instagram, to the point of purchase when I'm actually purchasing on my phone because I use the AR. Then post-purchase, you can leverage augmented reality and potentially virtual humans for customer service.

MacArthur: How so?

Hackl: You see the Ikea furniture and you see the AR model in your house, and then you purchase it whether it's in the store or online. And then imagine if afterward, you actually get to see a hologram of someone putting together a piece of furniture in front of you in AR and you can follow the steps. There are lots of opportunities with AR to be part of the full customer experience—kind of a full funnel perception.

MacArthur: The pandemic has raised the bar for seamless omnichannel shopper experiences. How challenging will it be to incorporate virtual into the mix?

Hackl: It will be challenging. There are still limitations. I think the missing piece here is that, right now, we're consuming our content through the computer, the flat screen and the flat phone in my hand. But we're going to glasses. What does the channel look like when it's actually someone's reality? That's going to be interesting. I see more omnichannel being turned on its head once the world becomes machine-readable, likable, searchable and clickable.

MacArthur: When do you see this happening?

It'll happen this decade. There are so many components to it. It's not only the glasses. You're going to need true 5G or 6G. You're going to need edge computing. That's going to take a while, but you can see the glimpses of the metaverse and what's to come right now.

MacArthur: How big of a leap is it for brands to enter the virtual shopping world?

Hackl: That's actually thinking through how do you enter a digital goods space? How are people paying for things in the digital economy, the digital direct-to-avatar economy? Are they paying with fiat cash or are they paying with non-fungible tokens [cryptocurrency tokens that are unique and can't be used elsewhere]? You start by doing activations in-game as a brand. Then the important part, what you're alluding to is combining what I call phygital, combining the physical and the digital.

MacArthur: What do you see as the future of the metaverse for retail?

Hackl: Let me give you an example from a music standpoint. I think the numbers were [rapper and singer] Travis Scott made \$20 million when he did this Fortnite concert. The concert lasted less than 20 minutes. There are little glimpses of the future that are showing where some of these things are going with these new generations.

Kate MacArthur is deputy editor of What the Future and a senior writer at Ipsos in North America.

How open are shoppers to virtual trial?

Q. Would you use an app to do any of the following:

Try on glasses



Test furniture, household goods, home improvement items



Try on clothes



Take a virtual test drive



Try makeup, hair color, nail colors-designs



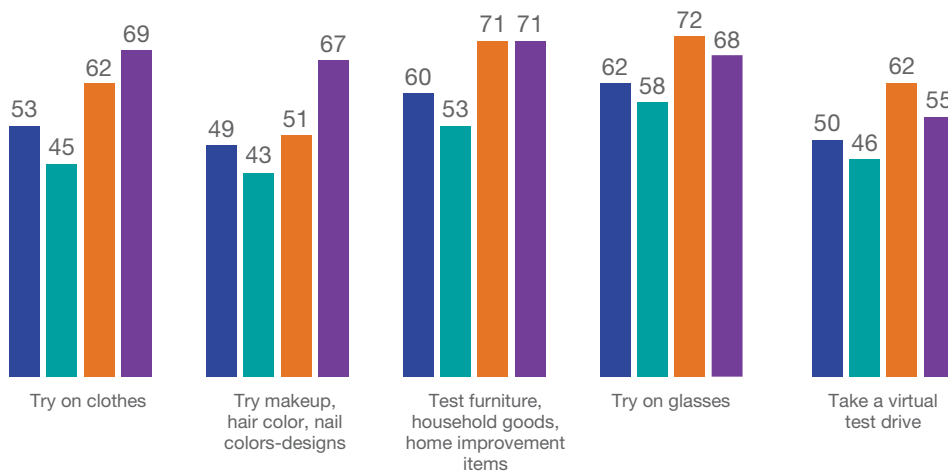
■ Yes, I already have
 ■ Yes, I would try it
 ■ Yes, but only if that was the only option
 ■ No

(Source: Ipsos survey conducted Feb. 5-8, 2021, among 1,115 U.S. adults.)

“My kids... they spend literally most of their money on digital goods.”

Which shoppers are most apt to try products virtually?

Q. Would you use an app to do any of the following: (Total yes)



■ Total
 ■ White
 ■ Black
 ■ Hispanic

(Source: Ipsos survey conducted Feb. 5-8, 2021, among 1,115 U.S. adults.)

Why it's time for brands to go all-in on **augmented and virtual realities**

The promise of augmented and virtual reality as development and marketing tools for brands and manufacturers is becoming clearer.

That's one silver lining of the disruption of the past year. It has dramatically expedited investment and development of these technologies that five years ago seemed limited to design professionals and hard-core gamers.

Just as we can use VR today to stroll on Mars from the comfort of our homes, we can use the same technology for more practical purposes. Ipsos has been working with clients to test virtual showrooms, retail planograms, consumer packaging, airport journeys, media engagement and even VR surgeries. And Ipsos constantly works to test and validate these new approaches.

Throughout its development, one of the biggest barriers using VR has been confidentiality. Now, digital security and encryption help to ensure consumer confidentiality, allowing product designers to test multiple product iterations before having to invest in expensive prototypes. This has allowed some automotive manufacturers, for example, to cut product development time in half.

The applications for how we buy products are clear as well. With the proliferation and accessibility of the augmented reality and VR simulation systems, devices like headsets, goggles, glasses and gloves will become ubiquitous in the near future. Original equipment manufacturers will be able to promote products through VR and even preview models via virtual events, which is especially helpful for engaging shoppers who are less inclined to attend in person.

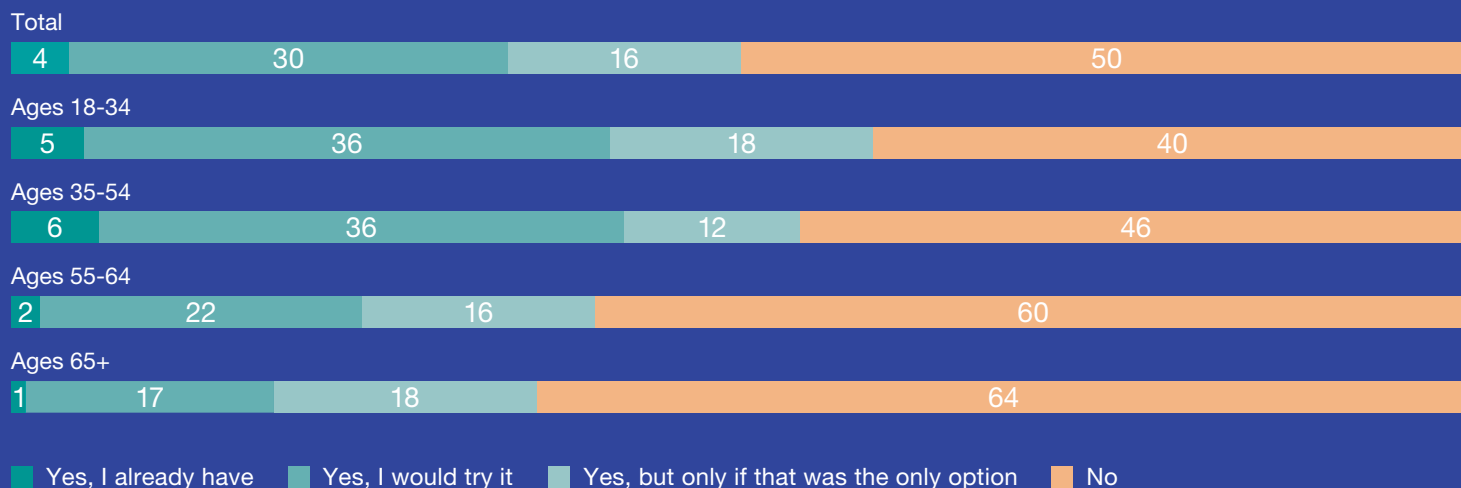
Product owners will be able to view manuals and step-by-step guides on anything from how to personalize infotainment systems or change a tire. Vehicle shoppers will be able to test drive models in any environment, be it snow for SUVs or city streets for a roadster. Shoppers are willing and ready for this, as the chart below shows.

Brands that want to attract and retain these shoppers will need the full range of VR, AR and other tools of the metaverse to engage, inform and delight them. As importantly, brands that want to make leaps in their development prowess will need these skills as well. Otherwise, they could be left in the dust.

Kenneth Chen is a vice president in Ipsos' U.S. Automotive & Mobility service line.

Which shoppers would take a virtual test drive?

Q. Would you use an app to do any of the following: Take a virtual test drive



(Source: Ipsos survey conducted Feb. 5-8, 2021, among 1,115 U.S. adults.)

Question: What purpose do brands serve?



Afdhel Aziz

Author and consultant

62%

of Americans support brands that they feel do more good than harm to society.

(Source: Ipsos Global Advisor survey conducted between Mar. 20-Apr. 3, 2020 among 1,000 U.S. adults.)

2020 put the topic of brand purpose front and center.

Afdhel Aziz is co-author of “Good Is the New Cool” (and its sequel, due out in spring) and founder of brand consultancy Conspiracy of Love. When he thinks **What the Future**, he has one hope for how this conversation will look in five years.

Matt Carmichael: The CEO organization Business Roundtable recently said it is OK for companies to broaden their focus from shareholder value exclusively to a broader sense of purpose. Did that actually change anything?

Afdhel Aziz: It was a pretty significant departure from the orthodoxy of the primacy of shareholder value. That signal was quite a shockwave. I would call that an opening salvo, because when it comes to seeing how far these companies have to go to truly be purpose-driven and be stakeholder-driven, there’s still a lot more work to be done.





How much does purpose factor in the brands we choose?

Q. Think about your favorite brand: How much of an impact do the following make on your purchase?

Quality of the product



Price of the product



Convenience of purchasing the product



Their stance and policies related to race, gender, politics, the environment, etc.



■ A great extent ■ Some extent ■ A little ■ Not at all ■ Don't know

(Source: Ipsos survey conducted Feb. 5-8, 2021, among 1,115 U.S. adults.)

Carmichael: How does a brand find a purpose?

Aziz: We start by looking at the origins of the company—what were the founders thinking? What was the initial reason to create this brand or product or company in the first place? Usually, it was to solve a problem in the world.

Carmichael: What if the reason you started your company was not particularly profound or pure?

Aziz: We think that all companies can reverse-engineer purpose into them. When people look at corporate philanthropy or corporate social responsibility or whatever you want to call it, they are focused on not only doing no harm, but they're also focused on making money from doing good. And this is the crucial distinction to make. Purpose must be profitable to be scalable.

Carmichael: Is that harder with the polarized world that we live in?

Aziz: You've seen things that you think are quite settled, like climate change, for example. You think that this is not

a debate, but it can become a subject of polarization. There's a great quote from Nike's Phil Knight: "It doesn't matter how many people hate your brand, as long as enough people love it." Activist brands are able to engender a tremendous amount of loyalty and advocacy from their fans, which more than make up for anybody who stops buying them.

"Purpose must be profitable to be scalable."

Carmichael: Are there enough broad purposes to go around?

Aziz: Mental health and support for veterans have support across the spectrum. Our advice is to save the activism for activist brands. Most brands don't have the time and energy to become that activist.

Carmichael: Does every brand need a purpose?

Aziz: To stand out in this day and age, you need to be differentiated. When I look at the history of brands, wave one was about getting share of mind, which was really centered around product and functionality and very utilitarian kinds of factors. As everybody started saying the same kinds of claims, you had wave two, which was going from share of mind to share of heart, which is advertising and storytelling. That's become commoditized. In our book, we talk about great brands not only having share of mind and share of heart as an integrated story, but also share of spirit in that people value them for the social impact that they create in the world. That feels like the next evolution.

Carmichael: What kind of distinction do you draw between brand purpose and corporate purpose?

Aziz: A brand is a story a company tells about itself from a product to service perspective. So, for a brand, it's really about engagement with consumers. A corporate purpose—now we're getting into all the different stakeholders.

“2020 was the year this went from abstract theory to, ‘Holy shit, this is happening right now!’”

How do you recruit talent? How do you keep your current talent? How does this company deal with its vendors? A corporate brand purpose has to be much more all-encompassing.

Carmichael: What, if anything, did 2020 change about all of this discussion?

Aziz: 2020 was the year this went from abstract theory to, “Holy shit, this is happening right now!” You had the kind of twin engines of COVID-19 and then Black Lives Matter happening in very quick succession and happening at a moment when the world had paused. Instead of thinking about a thousand things, suddenly we were all locked at home and the barriers between our work selves and family selves dissolved. It came at a moment when you suddenly saw how interconnected we are as a species. I think that’s what led to so many people inside companies saying, “OK, I have to do something about this. Whether I control the brand or the company, I have to step up.”

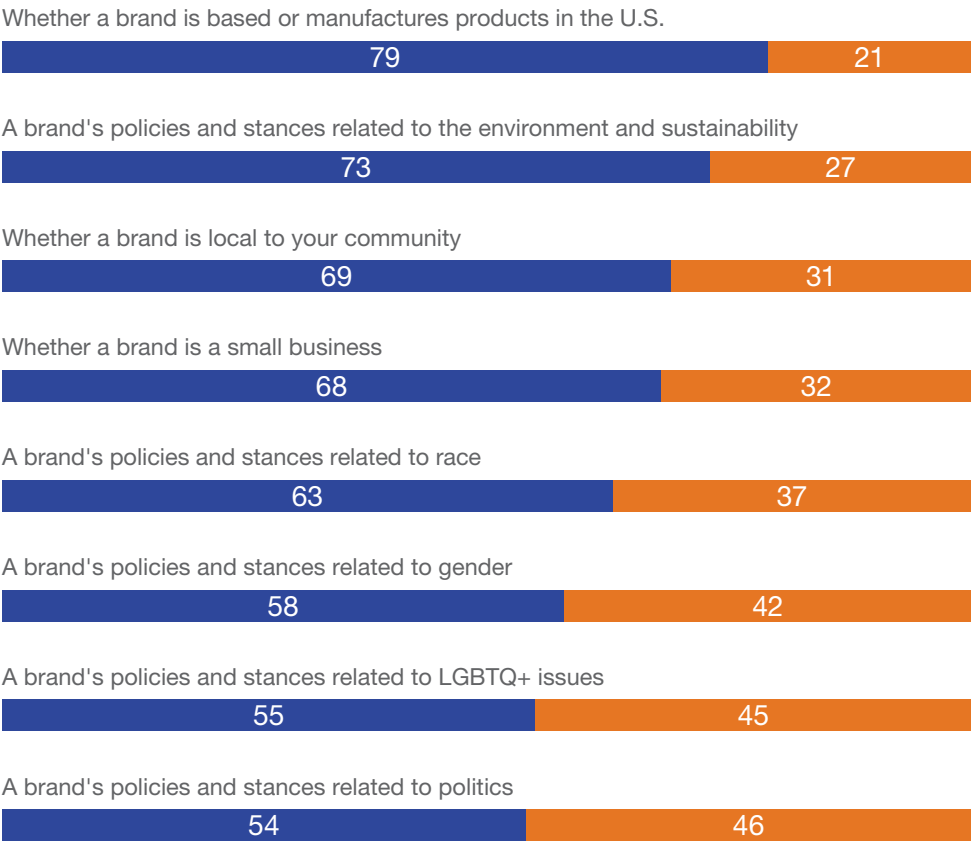
This may be just me being optimistic, but I believe we’re going to have a global awakening of purpose, the likes of which the world has never seen, because we’ve never had a global moment of trauma like this.

Carmichael: So, what does that look like in five years?

Aziz: The thing I want it to look like most of all is in how we tackle climate change. This is the uber problem. If we don’t fix this, it doesn’t matter what else we fix.

What brand purposes matter most to shoppers?

Q. How important are the following issues on your brand choices when shopping?



■ Extremely/Very/Somewhat Important (Net)
 ■ Not Very/Not At All Important (Net)

(Source: Ipsos survey conducted Feb. 5-8, 2021, among 1,115 U.S. adults.)

Carmichael: What role do younger consumers play in driving all of this?

Aziz: A huge amount. This is a generation which has realized their power as consumers to get brands to pay attention. Social media has leveled the playing field. Brands don’t control their narrative, their consumers do. Brands, whether they like it or not, are living in an era of radical transparency. Cancel culture when it regards brands is very real, and trust can be destroyed in seconds. I think the smart brands realize this.

Carmichael: Brands will have their stated purpose, but consumers might want to support them for a different purpose. Like you’re a minority- or woman-owned business.

You’re a local business. You’re made in America. Can brands foster that without being distracted from their own stated purpose?

Aziz: I prefer to think about purpose almost as like a bank account. All those things you just mentioned are parts of the purpose equity that get put into a brand. The more you have that, the more likely you are to get loyal consumers who then advocate on your behalf. So even if somebody’s social purposes don’t align with mine, I might look at everything else that they do and go, “Yeah, I’m still going to buy this brand because it reflects my values as well.”

Matt Carmichael is editor of What the Future and vice president of editorial strategy at Ipsos in North America.

Do people really care about **purpose at the point of purchase?**



If 2020 has taught brands anything, it's that they must play an active role in helping society and creating sustainable solutions for a better future. But how does that influence the decisions people make when it comes to taking out their wallets?

We know from our Ipsos Syndicated Community research that people fundamentally care about social causes. Among our youngest adult generation, 66% of 18- to 24-year-olds prioritize social outcomes over economic growth as key to our future. Regardless of age, people increasingly prioritize social issues, with the impacts of a pandemic, racial inequity and climate change impossible to ignore.

Our Ipsos Better Innovation Model provides a closer look at how people consider social issues in their decision-making processes. It provides a lens to think about what people care about on three levels, from the perspective of Me, My World and The World. Most people, inherently, are focused on building a better future as it relates to Me and My World, with a more peripheral focus on The World. In the moment, when we need something, we're making decisions closer to Me and My World. But with more thought and consideration, The World becomes a more dominant factor.

When we delved in deeper to what really impacts purchase, people in our syndicated online communities shared that they feel most connected to a brand when they see that brand take action. When a brand takes actions positively impacting their cause people are much more open to praise and support the brand with their wallet.

Above all, people expect brands to take good care of their customers and employees — and that has implications at all levels of Me, My World and The World. Every layer matters in the quest to work toward a better future together. While many people might not have “The World” top of mind in their decision-making process, in their more reflective moments, it can create a tinge of guilt, consideration or wonder — about the landfill their packaging goes into, the warehouse worker packing their order or the ingredients in their dinner.

Brands have an amazing role to play in this better innovation journey. Their path to profitability will depend on how well they bridge personal values impacting Me and My World with the broader needs of The World.

Menaka Gopinath is president of Ipsos' Communities and Social Intelligence Analytics service lines.

Shoppers support brands that do “good”

Q. Before answering the next question, please consider that, when it comes to what they stand for and how they act, many brands have both positives and negatives. As an example, a brand may create jobs and support local charities but produce a product that harms the environment. Or a brand might make an inexpensive clothing item which allows people to afford it, but it is manufactured using poor labor practices. How much do you agree or disagree that:

I support brands that I feel do more good than harm to society



I tend to buy brands that are committed to having a positive impact on society



I feel informed enough to assess the positive and negative impacts of most brands I buy



As long as a brand is committed to an issue of importance to me, that is usually enough to make me feel good about buying



If a brand supports a cause I believe in, I can overlook some of the things I like less about that brand



■ Strongly agree ■ Somewhat agree ■ Neither agree nor disagree
■ Somewhat disagree ■ Strongly disagree

(Source: Ipsos Global Advisor survey conducted between Mar. 20-Apr. 3, 2020 among 1,000 U.S. adults.)

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GAME CHANGERS

