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ISSUE 48 | 2021

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IN-STORE INSIGHTS

RESEARCH REPORTS

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CONTENTS

Welcome to *In-Store Insights*.

As we say goodbye to 2021, and another incredibly strange year, we must look forward. Of course, we don't know what the future holds. But as an industry, whatever happens between now and the next issue, we must continue to be nimble, adapt to the in-store environment and learn valuable lessons from the past two years. By continuing to drive our industry to respond to ever-changing shopper habits and delivering engaging shopper experiences we can prove ourselves responsive even in the face of challenge and adversity.

Similarly, we must look forward to a more sustainable future, both as a responsible retail association and as an industry as a whole. We have seen some fantastic proactive engagement, with 65 active Sustain® licences across 10 countries. The tool has been used to access 6,500 display projects from 300 brands, and 23 companies are accredited or working towards the POPAI Sustainability Standard.

All great work, and we're looking forward to seeing these figures continue to grow. Plus, we're running our biggest-ever sustainability event on 10 Feb 2022, with some major global players already confirmed.

Contributors include:

Wouter Schaekers, Director Product Supply and Sustainability, *Procter & Gamble*

Vera Markl-Moser, Global Head of CD Sustainability, *Unilever*

Andy Bodley, Instore Marketing Operations, *Boots*

Mark Horner, Director and Head of Vertas Environmental, *Vertas*

We hope you can join us.

In this issue, we explore the world of mobile phone retailers, looking at how they promote and display these — let's face it — essential products. Find more in the Shopper Investigation on page 5.

Consumer electronics are also taking on an increasingly important role in our everyday lives, extending into things like smart technology and even drones. In our Storedits report on page 9 we ask: where does the power lie?

Meanwhile, the world of toy retail is an interesting one. Often the end user is not the shopper, so retailers face some extra challenges in terms of enticing P-O-P. They must appeal to parents and children alike, as well as gift shoppers, gamers and so on. In our Shopper Segmentation report on page 13, we outline the ten most common types of toy shopper and explain how retailers can effectively grab their attention.

Finally, in our Global Trends report on page 17, we look at how physical stores can retain a sense of newness and exclusivity by borrowing elements of the pop-up store playbook. An interesting concept...

So, as I sign off for another year, I'd like to wish you all a happy and healthy festive season.

Enjoy the issue.

Phil Day, POPAI

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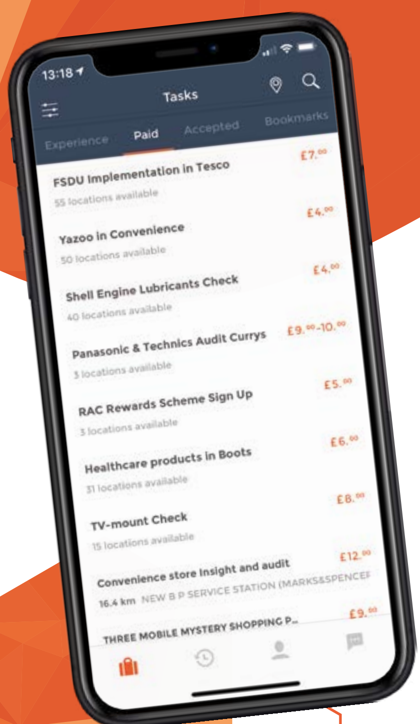

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MOBILE PHONE SHOPS

SHOPPER INVESTIGATION

Mobile phones are now an integral part of our daily lives. In our report, we explore the world of mobile phone stores, looking at everything from brand standout to promotional messaging and display.

The mobile phone industry

It can be hard to remember a world without mobile phones, as they are now so central to our lives. The UK market is valued at £3bn, with the smartphone leading the popularity march.

Our research

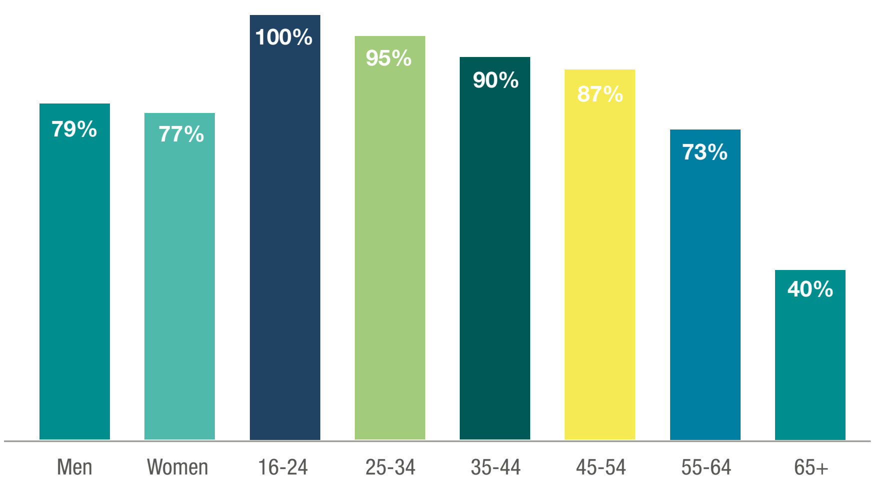
We asked 100 shoppers to visit a selection of the following mobile phone retail stores: EE, O2, Three, Vodafone, Currys (Carphone Warehouse and Currys PC World at the time of this research), Apple, and Tesco Mobile.

Shopper habits

Most of our shoppers preferred to keep their monthly mobile phone and data bill below £45. In fact, the most popular price bracket was £11 to £25, chosen by 34% of our shoppers. Only 19% of our shoppers spent above £46 a month, with just three of these in the £86+ category.

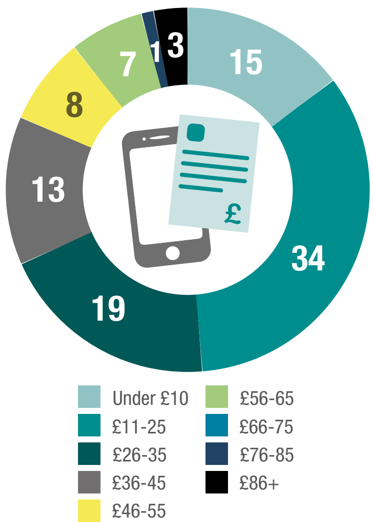
In terms of the brands our shoppers used, the clear front-runner was Apple, used by 60% of our shoppers. The second favourite was Samsung at 16%, followed by Huawei at 9%.

Percentage of people in the UK that use a smartphone



Source: POPAI/Roamler

How much do you spend on your mobile phone and data every month?



Source: POPAI/Roamler

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MOBILE PHONE SHOPS
SHOPPER INVESTIGATION

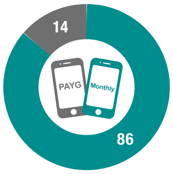
AT THE STORE

Our shoppers told us that 62% of stores had brands in their retail window displays, with Apple/iPhone and Samsung the most commonly seen. Meanwhile, posters and digital screens had the best standout, being seen in 35% of stores.

Moving in store, however, our shoppers found a variety of display types. Digital screens were the most prevalent, and in-store posters were the second most frequent display type, followed by free-standing displays.

On call

Overall, our retailers were very helpful, ready and willing to offer prospective purchasers help and guidance in store. In fact, the majority of our shoppers were approached in under one minute.



What is your current mobile phone contract?

Source: POPAI/Roamler

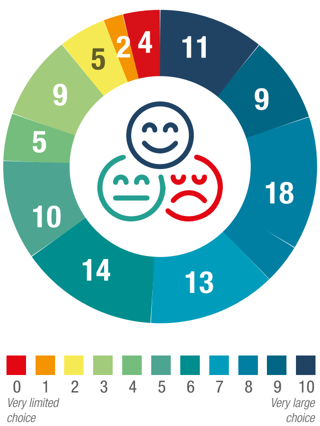
Compare and contract

We asked our shoppers to rate the ranges of handsets from 0 (very limited choice) to 10 (very large choice). The majority of shoppers rated the in-store range at 7-10, while just 13 shoppers rated the range 0-4.

When it came to comparing the products in store, the majority also said this was very easy.

However, the choice of contracts seemed less impressive, with a quarter of shoppers rating this 0-4. To compare contracts, 12% of shoppers said they would find it difficult and 4% very difficult to compare contracts.

How would you rate the choice of contracts?



Source: POPAI/Roamler

Browsing brands

Samsung was cited as most prominent brand by 46 of our shoppers, closely followed by 44 shoppers who voted Apple as having the most standout.

Try before you buy?

Of the stores visited, 19% were found to have live demo phones on display that the shopper could turn on and interact with. Disappointingly, however, only 17% of these live demo phones were switched on and in working order.

In summary, our mobile phone retailers were pretty impressive, offering a good, well-displayed product range that was easy to shop and easy to compare.

Sources

[1] *CyberCrew.uk*
[2] *Statista*
[3] *Deloitte*
[4] *eMarketer*

Access our complete report to discover our full findings.

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Sometimes, less is more.

horizon

CONSUMER ELECTRONICS

STOREDITS

In this new era of everyday electronics, we are increasingly reliant on the consumer electronics category in both our personal and professional lives. In this report, we explore how retailers are merchandising and promoting their products and asking: where does the power lie?

Storedits *[stor-ditz]* is an analytical qualitative survey (or store audit) of a retail space carried out by POPAI.

The consumer electronics landscape

As our lives become ever more dominated by gadgets and gizmos, the consumer electronics market is thriving. The global market was valued at over £750bn in 2020, with the UK market projected to account for £11.5bn in 2021.

According to a study by Google and Kantar, online purchases of consumer electronics increased from 55% in 2019 to 73% in 2020. Now shoppers once again have the choice of shopping in store or online, retailers need to be shopper savvy, making the in-store experience smooth and seamless.

Our research

We visited 19 stores across 10 retail chains: Apple, Currys, Euronics, GAME, hmv, Jessops, John Lewis & Partners, Robert Dyas, Samsung and Tesco Extra, in November 2021.

Electric stocks

Currys was the only retailer to feature all of the products we were looking for. Along with Jessops, they were also the only retailers we found selling drones. Headphones were the product we found most widely stocked, at 15 out of our 19 stores, with telecoms products next most prevalent, found in 12 of the stores visited.

No navigational signage was apparent for any category at all in three of our retailers. For those that were offering navigation, telecoms was the most widely signposted, found in six of our stores.

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CONSUMER ELECTRONICS

STOREDITS

On reflection

Window promotions were in fairly short supply, with five of our stores having no promotions at all across this range of categories. We found four stores promoting small kitchen appliances. Meanwhile, telecoms, small domestic appliances and gaming were seen in three stores each.

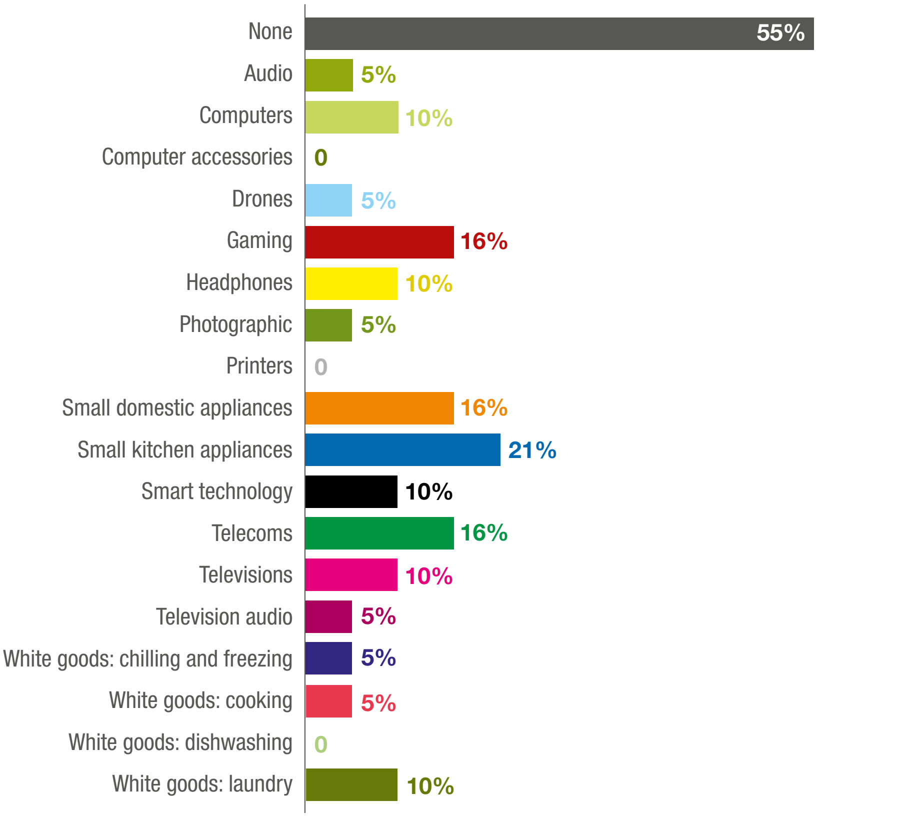
Inner workings

Consumer electronics seemed to be a very low priority for our retailers at the store entrance. Samsung was merchandising headphones and telecoms here, Jessops featured photographic equipment and drones, and Euronics chose small domestic appliances, white goods for cooking and audio. Promotions in this area were virtually non-existent.

Moving further into the centre of the store, consumer electronics were much more apparent.

Here, we found smart technology merchandised in 47% of the stores visited, with audio and small kitchen appliances in 37%.

Which categories are promoted in the window or externally (percentage of stores)?



Source: POPAI Storedits

Display mechanisms

We also explored what type of displays our retailers were using for our selected range of consumer electronics. We found permanent and temporary FSDUs, countertop displays, play tables and digital display.

Information and demonstration

Product information signage was only present in seven of the stores we visited, and used mainly for audio, computers, small domestic appliances, smart technology, telecoms and white goods for cooking.

No categories were being demonstrated in store, which we found surprising given the demonstrable nature of most of these products.

All in all, we were rather surprised by the lack of emphasis shown to the consumer electronics category by our selected retailers for our chosen ranges. This is an essential category all year round, whether shoppers are buying gifts or purchasing for themselves, and it seems there is more retailers could be doing to power purchases.

Sources

[1] *Statista*

[2] *Global Market Insights*

[3] *Google & Kantar*

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TOYS

SHOPPER SEGMENTATION

The toys and games category presents its own challenges for retailers and brands, as the shopper is often not the end user. In our report, we explore the ten most common types of shopper for the category.

Toy story

With total sales of toys and games standing at £3.3bn in 2020, the UK has maintained its position as the largest toy market in Europe and the fourth largest global market, after the USA, China and Japan. The market is set to enlarge even further, with strong growth in electrical toys and arts and crafts likely to drive a 16.2% increase.

The initial lockdown in 2020 saw families turning to a wide range of toys and games to relieve boredom, add stimulus and promote fun family times. Indeed, the UK toy market increased by 5% in 2020.

Games and puzzles prompted the highest category growth. Building sets and outdoor toys also experienced significant rises.

Educational toys such as learning and exploration toys, scientific sets and musical instruments also increased in sales by 9%, as discerning parents and carers sought ways to boost their children's cognitive development through play.

Online sales of toys are increasing year on year and accounted for 37% of total toy sales in 2020. This is expected to rise to almost half of total sales in 2022. The pandemic has created some 'COVID keepers', with 60% of shoppers intending to continue buying toys online.

The Impulse Buyer

Shopping and children can make for an 'interesting' mix, and these shoppers are driven to an impulse buy to distract their child so they can continue with their main shopping mission in peace. They are not looking for any toy in particular, but their purchases are price driven and usually fall below the £10 price tag.

Display has an important role in appealing to this shopper in the first instance. But it must also be fun and engaging for the child, so the toy serves its diversionary purpose. Bright colours, bold messages and clear pricing are key. Shoppers want to grab their impulse purchase and move away from the 'I want this' section as quickly as possible.

POPAI Sustainability Services

Recognising the global focus on sustainability

As an industry body, POPAI is committed to raising standards and has developed **four key products**, available to all sectors to establish a single, recognised standard to support, operate by and measure sustainability achievements.

POPAI's Sustainability Vision

POPAI UK & Ireland is committed to reducing the display industry's impact on the environment. We recognise that the most effective approach to improving the sustainable performance of retail marketing is to work collaboratively throughout the supply chain.

We are committed to achieving this, working with all parties in the value chain to achieve real and measurable reductions in our environmental impact.

POPAI Sustainability Standard – Supplier

Developed in direct response to calls from the industry for a standardised approach, the **POPAI Sustainability Standard** (PSS) embeds sustainability principles within organisations and challenges traditional practices by helping industry professionals better understand how, where and when sustainability issues translate to their business.

POPAI Sustainability Partnership – Brands & Retailers

This is specifically created to help brands and retailers reduce the environmental impact of all materials in store and to reinforce their sustainable credentials. It will include making commitments to the sustainability of your in-store activities and aligning your supply chain to fully reflect your values.

Sustain® the eco-design tool

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Sustain® measures the environmental impact from the production of display and sales promotion items of all types. It includes supply chain, transport, componentry, processes, energy use and end of life.

Recommended by major brands and retailers.

POPAI Sustainability Consultancy

Recognising the need for support across the industry, POPAI now provides a range of consultancy services in sustainability, including sustainability audits in store, sustainable design criteria, metrics and analysis of environmental performance, plus advice on procedures and practices, for both clients and suppliers.

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For more information please contact **Martin Kingdon**

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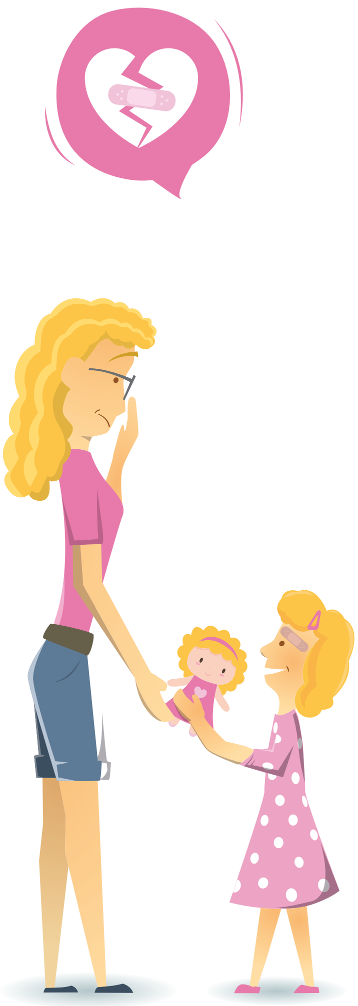
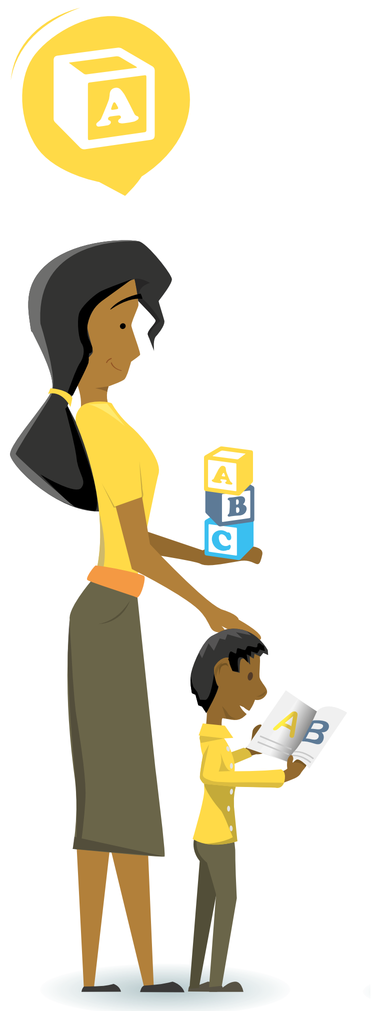
TOYS
SHOPPER SEGMENTATION



The Guilt-Driven Shopper
Fuelled by guilt, this shopper is often looking for a toy to use as a reward, to cajole, or to apologise. They are generally time-poor parents, with their shopping mission driven by the child's toy preferences and not usually dictated by price.

These shoppers are attracted by clear branding which makes products easy to find in store. Happy, smiley faces of children playing with the toy can be beneficial, too. This is the end result the shopper wants to achieve, and it could persuade them to make further purchases while in store.



The Educational Explorer
Educational toys were big business during lockdown. Some of the best learning toys named by madeformums.com included letters and counting blocks, maths puzzles, science kits, sound match cards and globes.

Educational Explorers are likely to have children of primary school age or are preparing their children for school. They are likely to have been influenced by friends, teachers or online reviews with recommendations for these types of products.

Brands and retailers can reach out to this shopper by clearly communicating the product's educational benefits, such as help with times tables, sounds or sensory functions.

As we can see from our Shopper Segmentation, brands and retailers must work hard to capture the attention of everyone from a serious gamer to a small, bored child seeking entertainment on a shopping trip. While the products may be frivolous, getting the P-O-P right is anything but child's play.

Sources
Toyworldmag.co.uk
Statista
British Toy & Hobby Association (BTHA)
Globaldata
NPD
National Geographic Kids
OnAverage.co.uk
Ofcom
Cybercrew
Madeformums.com

Access our full report to see our complete findings on the ten most common shopper types.

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PERMANENT POP-UP MENTALITY

GLOBAL TRENDS

In our world of omnichannel retail and fast-changing trends, it is important to offer shoppers fresh reasons to visit physical stores. Retaining a sense of newness and exclusivity is key, and using elements of the pop-up store playbook will entice shoppers to revisit for renewed experiences.

During the last decade, short-term pop-ups have become an important part of many brands' physical retail and marketing strategies. They are a valuable way to engage with fans of the brand in non-flagship locations, and to make a splash about a new product or seasonal campaign.

In stark contrast to legacy retail, pop-ups are focused, fresh, relevant, new and exciting – all of the things that many traditional retail experiences are not. It is our belief that the time has come for retailers to build this pop-up mentality into their permanent stores to convert them into vibrant locations that will keep customers coming back for more.

Ralph Lauren Ginza

Ralph Lauren has opened a heavily-curated concept store in Tokyo's Ginza neighbourhood which it will reboot every month to give it a fresh look.

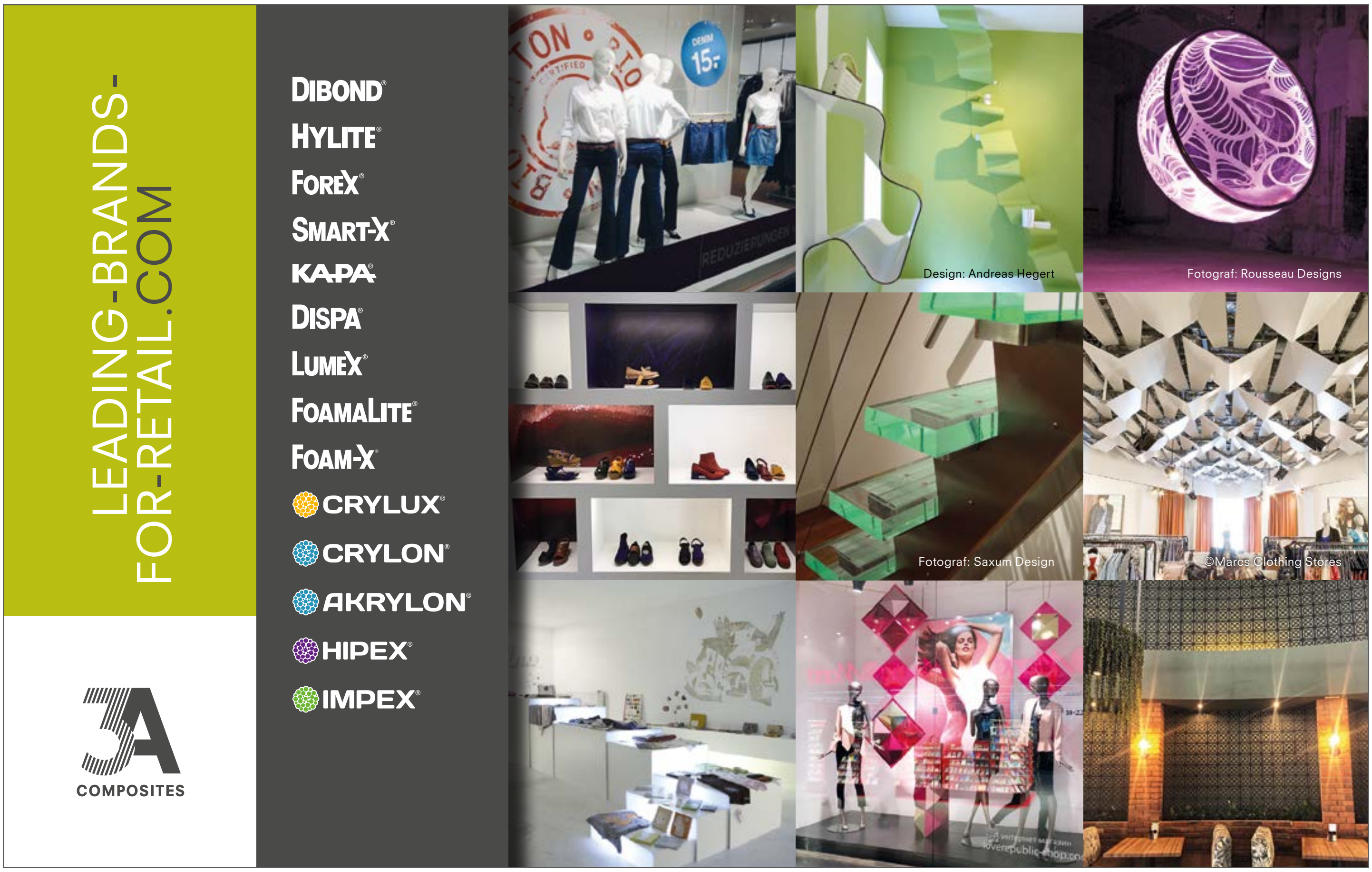
The small-format store has two double-height levels with white walls, while the front fascia is made entirely of glass. This creates what the brand is referring to as a 'fresh, light-filled canvas' that it can easily redecorate once every month around a new theme, range or hero product.

OceanSpot

OceanSpot is a dynamic and flexible retail space in Shanghai that offers up-and-coming local brands a route into physical retail.

Referred to as a co-retail space, inspired by the ideals of co-working and co-living, small brands are able to enter into short term leases in the five different spaces within the location, which range from the largest exhibition space, to the smallest 'retail nook', which is effectively a single end cap.

This co-retail approach creates a vibrant store that is constantly being renewed, and this flexibility and dynamism is replicated in the design of the space. A custom-made grid system lines the walls of the store giving incoming brands huge flexibility to personalise their space with different formations of shelves, hooks, signage and branding materials.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PERMANENT POP-UP MENTALITY

GLOBAL TRENDS

TX Huaihai Youth Energy Center

TX Huaihai Youth Energy Center is a concept mall in Shanghai designed to keep young, affluent, urban shoppers returning to its physical location again and again.

Unlike most traditional malls that are anchored by big brands signing long-term leases, TX is built around a pop-up style concept. TX Huaihai recruits the best selling up-and-coming brands on Alibaba's e-commerce site Taobao, and offers them rent-free three month stints in the mall. TX Huaihai takes a cut of all of their sales and only invites them to extend their stay if they hit their sales targets.

Each of these retail spaces is backed by a commitment to constant renewal, which we think gives them solid foundations for the future. We expect this permanent pop-up mentality to become more prevalent in physical retail in the coming years.

Access our complete report to find out more.

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