2021
RETAIL INDUSTRY ASSESSMENT

NBCUniversal

WELCOME!

Introduction

Explore NBCUniversal's latest perspectives and insights into the Retail industry. This report provides an overview of recent marketplace dynamics, our prediction of key future trends impacting the industry, and strategic recommendations for Retail brands and marketers as they navigate what's next.

Our Approach

At NBCUniversal, we have a legacy of working with a diverse range of Retail partners to build their brands. This report has been created based on NBCU's:

- Ongoing Industry Evaluation
- Conversations with Retail Advertisers and Agencies
- Continual Marketplace Analysis
- Examination of Consumer Attitudes towards the Retail Industry

CONTENTS

WE HAVE A UNIQUE PERSPECTIVE

NBCU has a **history of working with a range of partners:**

big and small,

legacy and up-and-coming,

general and specialized…

all with **different perspectives** of the world and resulting **marketing needs.**

Michaels

ULTA BEAUTY

BEST BUY

NORDSTROM

Guitar Center

Walgreens

Target

ebay

WARBY PARKER

chewy

DICK'S SPORTING GOODS

Etsy

wayfair

WILLIAMS SONOMA

Kroger

macy's

BED BATH & BEYOND

THE HOME DEPOT

SIGNET JEWELERS

TJX

Walmart

Abercrombie & Fitch

2021 YEAR IN REVIEW

A Look Back at 2021

FOR RETAILERS, 2021 WAS

A FIGHT TO WIN CONSUMERS

A FIGHT **TO WIN** CONSUMERS

Technology Facilitates the Present, Not Just the Future

2020 and 2021 conditions forced retailers to accelerate their "future of shopping" plans to the present.

Are consumers brand loyal or brand discoverers?

After a year of tested relationships, consumers are deciding if they want to reconnect or continue shopping around.

Physical Stores & Non-Essential Retail Make a Comeback

As the economy re-opens, retailers that struggled most in 2020 are beginning to rebound.

Retailers Take Stances on Sociopolitical Conversations

With consumers demanding response and action, retailers begin to review and publicize their positions.

LOOKING FORWARD

A Look Ahead at Key Trends

SHOPPING EXPERIENCES WILL CONTINUE TO COLLAPSE THE PURCHASE FUNNEL

Technology providers and content platforms will respond to both B2B and B2C demand as both consumers and retailers lean into new shopping technology.

We can expect the rise of…

- **Content Commerce**
  (social commerce, shoppable content, influencer marketing)

- **Financial Technology**
  (contactless cards, mobile payments)

… to facilitate frictionless experiences and shorter consumer journeys both online and in-stores.

The evolution of online and offline shopping technology is resulting in **more transactions** and **more spending**

Contactless credit card adopters undertake
5 more transactions
on average for retail goods within a month than non-adopters

On average, **mobile shopping sessions** are
32% shorter
than desktop

Social Commerce is expected to
grow 31.7% CAGR
between 2020 and 2027, from $89.4 billion to $604.5 billion.

23% of multi-cultural consumers engaged in social commerce in the last year and will do so again

SUSTAINABILITY GOES HEAD-TO-HEAD AGAINST CONVENIENCE

Consumers are demanding both convenience and sustainable practice from retailers.

As consumers realize that their demands for convenience are at odds with their desires for sustainability, consumers will find themselves split between choosing retailers for the convenient and rapid services provide or choosing retailers for their more sustainable practices.

A new conflict of interest….

Enthusiasm for Sustainability & Conservation Efforts

52%
of consumers believe **sustainability is important** and they consciously make choices to be more sustainable, but they **give into what's more convenient**

Desire and Expectation for Services that Offer Convenience

THE (RE)RISE OF BRICK & MORTAR

Brick-and-mortars are coming back!

Consumers are looking for high-touch experiences while retailers are realizing that that digital and physical experiences can be complementary and additive to each other.

As traditional retailers re-assess their physical store experiences, DTC brands are opening new stores to attract shoppers and legitimize their brands.

Benefits of physical stores

Responds to Consumers

81% of Gen Z prefers to purchase in-stores

73% of Gen Z say they like to discover new products in stores

Over 50% of multicultural consumers made an in-store purchase in the last year

Supports Brand & Acquisition Efforts

Customer acquisition costs have been rising (over 60%) over the last 5 years as the marketing landscape gets more saturated

Facilitates Omni-Channel

The average omni-channel customer purchases 70% more often and spends 34% in a year than an offline-only shopper

FOSTERING A SENSE OF COMMUNITY

As retail clutter becomes overwhelming, consumers are seeking out the recommendations of others to help them differentiate and choose brands. These individuals often have something in common, whether it's a location, interest, or background.

To break through, retailers will need to tap into this "community-first" mindset by speaking to and supporting these groups.

More than half of consumers
consistently engage with their communities to seek recommendations, share opinions, or purchase products and services.

Multi-cultural consumers who are more loyal to companies who prioritize the community's wellbeing over business — **81%**

Consumers who visit online community sites to discover new things — **77%**

Consumers who adjusted their behaviors to support local businesses — **65%**

Consumers who visit online community sites to get a recommendation for a product/service to buy — **54%**

UTILIZATION OF CONSUMER DATA

For the last several years, retailers have been amassing data but have been unable to unlock the potential of it.

2020 and the pandemic has put increased pressure on retailers to find ways to create stronger connections and customer experiences with their own customers – whether that's through better shopping experiences, more direct relationships, or personalized marketing – as well as help other brands do the same.

Dollar Tree sets up retail media network amid boom for discount category

Kohl's Boosts Customers' Experience With New Loyalty Program

Walmart boosts new advertisers on media network by 40%

LOWE'S INTRODUCES ENHANCED SHOPPING EXPERIENCE FOR PRO CUSTOMERS WITH PRODUCTS AND SERVICES

KEY FORWARD-LOOKING TRENDS SUMMARY

Shopping Experiences Will Continue to Collapse the Purchase Funnel
Consumers and businesses are driving demand for frictionless experiences

Sustainability Goes Head-to-head Against Convenience
Consumers face a new conflict of interest that impacts how and where they shop

The (Re)Rise of Brick & Mortar
Reliance on virtual experiences over the past year has brought to light the benefits of physical experiences

Fostering a Sense of Community
Retailers will create or tap into communities to better connect

Utilization of Consumer Data
Retailers will unlock the potential of their 1P data

KEY STRATEGIC RECOMMENDATIONS

1.
Move Consumers through the Funnel

Leveraging shopping technology across all platforms – whether that is linear, digital, or social – to move your consumers straight from awareness to conversion.

2.
Share Your Story

Boost brand choice and affinity by telling stories that resonate with consumers at scale.

3.
Strengthen Relationships with Key Audiences

Beyond creative content, boost personalization by leveraging first and third-party data for distribution.

4.
Drive Community Engagement

Create new and/or tap into existing communities to break through the clutter and speak to important consumer groups.

1.
MOVE CONSUMERS THROUGH THE FUNNEL

Why

Frictionless experiences facilitate more shopping.

What

Utilize NBCU's shoppable content and click-through capabilities to move audiences from awareness and discovery to conversion.

Content Commerce

Innovative/ Actionable Content

Social

Goals

Driving Traffic | Customer Acquisition | Increase Sales | Conversion | Click-through

1.
MOVE CONSUMERS THROUGH THE FUNNEL

Collapse the consumer journey

Shoppable TV

Go straight from awareness to conversion using shoppable technology across mass reach linear content

2.6% avg conversion rate compared to the avg industry benchmark of 1-1.5%

NBCU Checkout

Facilitate frictionless shopping experiences that keep consumers within the content while they shop your products

Shoppable articles see up to +24% CTR rates

Social & Mobile Commerce

Increase click-through and downloads on mobile (Apple News, Instagram)

Ads with product tags have 1.75x as much user interaction

Traditional

Awareness

Consideration

Conversion

→

Awareness

Conversion

Using Content Commerce Technology

2.
SHARE YOUR STORY

Why

Consumers are looking to understand what brands stand for.

Brands that act on social issues are more likely to keep consumers, as well as attract & retain top talent as an employer.

What

Leverage the storytelling capabilities of NBCU to amplify and externalize the work that brands are doing internally.

Cultural Moments   In-Show Integrations   Custom Content   Mass Reach Media
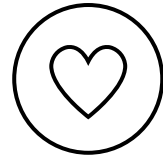
Goals

Brand Love | Brand Affinity | Consideration | Awareness | Purpose | Loyalty & Retention
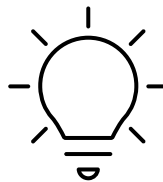
2.
SHARE YOUR STORY

85% of consumers do not have a proper emotional connection with brands

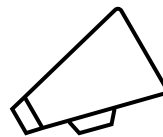Ads with emotional content perform 2x as well as rational ones

Look Inwards & Outwards

Find the intersect between what your business stands for, what consumers care about, and what resonates with audiences

Tap into Expert Storytelling

Tap into NBCU's insight-driven storytelling expertise and production capabilities

Distribute

Amplify your message across relevant premium content on the platforms that your key audiences consume

3. STRENGTHEN RELATIONSHIPS WITH KEY AUDIENCES

Why

As retailers build their CRM data, they unlock the potential of deepening relationships with their customers.

As brands continue to improve their customer experience through the use of data, retailers are able to boost customer lifetime value, advocacy, and basket size.

What

Activate 1P or 3P data across NBCU's assets to extend the power of your CX across media to retain loyal customers, acquire new shoppers, and more.

Reach consumer segments with increasing spending power
(ie. Multi-cultural, Gen Z, Luxury)

Audience Targeting

Contextual Alignment

Goals

Driving Traffic | Conversion | Consideration | Efficiency | Target Demos | Loyalty | Suppression | Customer Lifetime Value | Sales | App Downloads | Competitive Conquesting

3.
STRENGTHEN RELATIONSHIPS WITH KEY AUDIENCES

NBCU Retail campaigns with consumer targets see +27% purchase intent & +19% brand recommendation

Using 1P data, one retailer saw +59% lift in transaction frequency & +48% lift in average sales per HH

Identify Audiences that Matter to You

Contextual Alignment
Connect with audiences by standing out in content that aligns with consumer passion points and/or your messaging

Focused Audience Targeting
Engage women, multi-culturals, and/or other strategic targets across screens throughout their decision journeys

Local Spot On
Heavy up in **priority markets** based on store footprint, competition, product/service availability, or customer needs

Addressable
Dynamic delivery to target HHs (ie. families, multi-cultural) through highly engaging STB VOD, OTT, & CTV content

Targeted OLV
Dynamic delivery to target users (ie. fashion lovers, DIYers) through premium video on desktop & mobile

Data-driven linear
Enhanced delivery to target audiences at scale (ie. W18-49) through the broad reach of national TV

4.
DRIVE COMMUNITY ENGAGEMENT

Why

Communities foster brand love and advocacy where individuals can consult other members of their community for advice and recommendations

What

Engage or build multiple types of communities:
- Personalize messaging to your community of brand loyalists
- Relevantly speak to communities with specific interests, common backgrounds, and/or live near each other
- Create and build a community

Contextual Alignment

Audience Targeting

Local to Global

Talent

Goals

Brand Love | Advocacy & Recommendation | Consideration | Social Mentions

4.
DRIVE COMMUNITY ENGAGEMENT

Fandom that results from authentically aligning with a community's unique culture results in:

61% of consumers discussing online or in person

44% purchasing merchandise

33% attending a fandom event

Start from Scratch
Leverage your 1P data to personalize your messaging and bring your customers closer together

Reach a (New) Key Group
Use consumer insights to reach out to important groups that your brand can foster a new relationship with, whether that's a multi-cultural group, a new generation, or other common interests

Your Brand
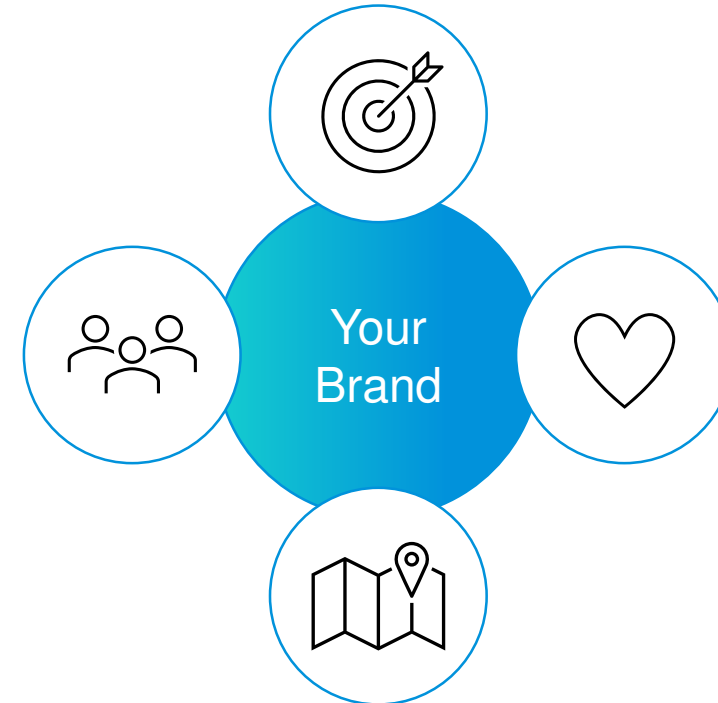
Tap into a Fandom
Tap into one of NBCU's communities: whether it's the Church of Bravo, Comicon attendees, or fans of The Voice

Localize the Love
Drill down to a region to create experiences for a specific group of your customers

NBCU RELEVANT MATERIAL

NBCU Retail Industry Content

KEY PARTNERSHIPS FOR THE CATEGORY @ NBCU

NBCU RETAIL INDUSTRY CONTENT
TOGETHER SITE

Retail Category Content

Back to School

Building Brand Loyalty

How DTC Brands are Reshaping the Media Landscape

Case Studies

AdSmart Contextual + DTC Luggage

Shoppable TV Commercial Innovation

NBCU Portfolio + Target

AdSmart Data-Driven Linear + Retailer

2021
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