

Solving the Mystery of the Elusive Non-Buyer:

How To Drive Behavior Change,
Loyalty, and Profit

Medallia

Introduction

In recent years, there's been an increasing interest in – and fascination with – true crime mysteries, cold cases, and investigative sleuthing, as evidenced by a number of TV shows, streaming series, and podcasts. If there was one devoted to the retail industry, a definite topic would be solving the mystery of the non-buyer ... that mysterious person who enters your brick-and-mortar store or visits your website and leaves with an incomplete “shopping list” or worse ... empty handed. This can have a number of immediate and far-reaching consequences, none of which are good for business or customer loyalty. It's a blind spot for many, as they struggle to understand **who** is doing this and **why**?

Within this guide, we'll explore the trends and causative factors that contribute to non-buyer behaviors, and how innovative solutions - specifically behavioral and digital analytics - can identify actionable areas of improvement. Together, they can help you demystify the non-purchaser, and ultimately, improve basket size, revenue, and customer loyalty.



The Non-Buyer

Non-buyers are consumers who visit your store or website with the intent to purchase but do one of two things.

- They purchase nothing (i.e. the true non-buyer).
- They purchase some of the items they intended to buy, but not all of the products they set out to purchase (i.e. the partial non-buyer).



Why Non-Buyers are Costly

Non-buyers are not only a financial threat to your business, but that loss may be compounded by additional factors, like negative online reviews or social posts, which many consumers rely upon due to their unbiased authenticity. Their “non-buying” experience with a retail outlet may prompt them to look and shop somewhere else ... most likely at a competitor. If the competitor scores the buy, this creates the added risk that you'll lose this potential consumer's future business and loyalty.

Meet the Non-Buyer

Like any good mystery, clues are there ... but they need to be uncovered and analyzed. In the case of the non-buyer, retailers need to better understand who they are and why they did not make a purchase.

There are obvious macro factors at work that can trigger non-buyer behaviors. This includes:

- Supply chain issues that impact inventory
- Labor shortfalls
- Higher prices due to inflation

While some retailers have fared better than others, none have entirely been spared. However, astute retailers recognize that macro trends aren't the sole drivers of non-buyer behaviors. They are using powerful solutions to better understand their demographics and uncover how to drive down non-purchases.

First, let's dust for non-buyer fingerprints and see the top reasons why they abandon a purchase(s):

- Check-out line too long
- Navigation (couldn't find/locate it)
- Price too high
- Product not sold
- Product out of stock
- Return/exchange policy
- Unhelpful store personnel/poor online assistance
- Wasn't there to shop

While there are nuances between the in-store vs. online non-buyer, there are many commonalities. Much of this is driven by an evolving customer; one who prizes convenience and thrives on near-instant gratification with the mindset: I need/want it now and I should be able to get it immediately. In addition, today's shopper is driven by a mix of factors including:

- Value
- Convenience
- Brand
- Deals and specials
- Hassle-free return policy/process

It comes down to this for the customer: Do you have what I want/need and how easy is it for me to quickly buy/access it (and/or return it)? If not, I won't make a purchase, and will shop for what I need somewhere else (i.e. at your competition).



Here's the (literal) million-dollar question: Why did a consumer come in with an intent to buy and then not purchase anything or only make a partial purchase? Retailers have always had a hard time understanding the root cause of and addressing this conundrum.

Mike Debnar

Principal - Retail and Digital Innovation at Medallia

The Power of Personalization

Personalization is a key factor that drives purchase behavior and customer loyalty. Today's consumer wants to feel seen, heard, and valued. They want you, as a retailer, to proactively help them navigate the shopping experience in a way that best suits them. In addition, customers expect you to know who they are, their preferences, and past experiences.

Medallia uncovered that brands that create personalized experiences can increase customer experience scores by up to 150 percent and increase revenue two to three times faster than brands that do not.

Successful personalization requires three key ingredients:

- 01.** Know who your customers are
- 02.** Have the right data to support your thinking
- 03.** Take action to tailor experiences for your customers based on that data

The more you know about your customers and their preferences, the more you can differentiate your brand, create promoters, and increase spend through personalization.

Making Sense of it All

The Power of Behavioral Analytics

Currently, many retail brands collect customer feedback within their own brand channels, such as emails, receipt surveys, etc. Typically, however, the customer must be a purchaser in order to prompt this dialogue. Medallia, however, enables organizations to overcome these limitations. How? By utilizing next-gen datasets like smartphone movement tracking, credit/debit transactions panels, and behavioral-based survey targeting. Its consumer behavioral intelligence and benchmarking capabilities can empower you to understand where, how, and why your customers spend their time and money.

Medallia uniquely tracks independent panels of shoppers, uncovering powerful data and experience signals that provide a comprehensive view of what they are doing across their entire buyer journey. This consumer behavioral data can reveal industry trends, as well as identify which brands are doing well vs. those who are struggling.

Medallia employs advanced data science to integrate three always-on datasets:

- **Transactions**
- **Foot Traffic**
- **Visit-based Attitudinal Surveys**

which reveals robust insights based on a more complete view of customer behavior.



Medallia has the ability to track consumers and develop insights based on their behavior at scale. These insights extend far beyond a brand's own four walls and channels.

Andrew Custage

Head of Insights for Medallia Market Research

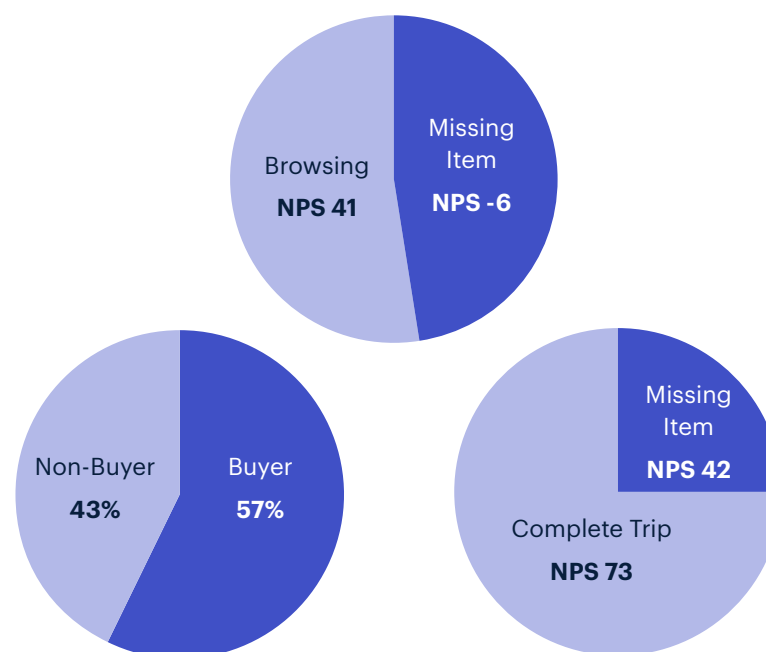
Using its panel of smartphone devices, Medallia can track and see where consumers go in their shopping journey, including how long they were in a particular retail outlet. For example, a consumer may visit a Target, Walmart or McDonald's and a short time later, a survey can be sent to them inquiring: Why did you choose to shop here versus somewhere else? Did you buy anything? If not, why? Did you get everything you wanted/needed? This data identifies the root cause of the non-purchase behavior. In addition to capturing real-time customer data, there is also the capability to benchmark against your competition. What is the difference between my customers and their customers? How is my brand trending performance wise vs. my competitors? This strategic visibility beyond your own brand affords a better understanding of customers in the entire sector.

All of the data that Medallia collects is at the credit/debit card or individual device level and is anonymized. Nothing is collected - or shared - that could personally identify any individual (i.e. name, date of birth, address, etc.).

A national department store chain worked with Medallia to better understand why certain customers were non-buyers. While receipt surveys gave them a good handle on customer experience, they lacked a firm understanding of non-buyer behaviors.

This client set out to uncover why they lost the sale/purchase and how to capture it in the future. Through a foot traffic panel, shoppers were surveyed and asked about their trip mission, their desired item(s), and whether they made a purchase. It was uncovered that:

- More than 1/3 of shoppers cited a missing item, which negatively impacted NPS, and
- Nearly a quarter (21%) visited a competitor within 48 hours.



This resulted in a clear strategy driven by the retailer's newfound ability to identify the size of the lost opportunity and root cause. They forged ahead and identified popular out-of-stock items and empowered their sales associates with on-the-floor coaching, which led to a decrease in out-of-stock items and ultimately greater conversion.

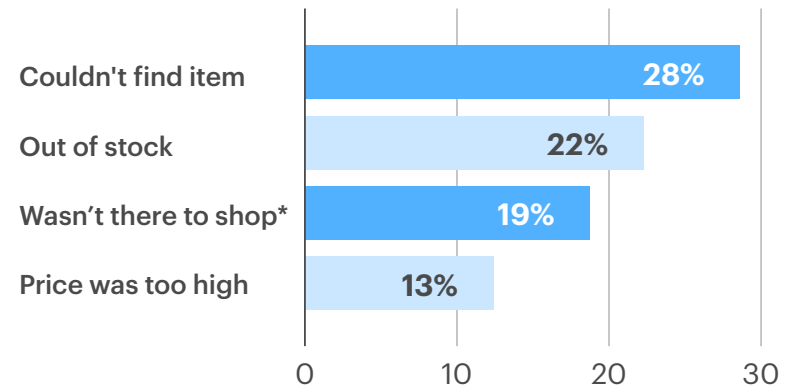
Getting at the Root Cause with Behavioral Analytics

On an ongoing basis, Medallia collects syndicated consumer behavior data for 25 retailers. Based upon this data, the findings for the first two quarters of 2022 reveal a non-buyer rate averaging nearly a third (31%) of visits. However, among individual retailers, the non-buyer rate can vary from 14% to 52%. This is especially profound in terms of business impact, as more than 75% of the non-buyer group did intend to make a purchase.

This analysis also revealed that:

- The digital non-buyer percentage is higher than the in-store non-buyer rate.
- Non-buyer rates vary by retailer: supermarket, club, and mass retailers have an average 27% non-buyer rate, while sporting goods, furniture, and apparels brands average higher at 39%.

Additionally, the top non-buyer reasons for in-store visitors were:



* most likely there for customer service/returns or another reason

Out-of-stock mentions ranged from as low as 12% to as high as 26%, depending on the retailer. This indicates that some are better at inventory management than others. Interestingly, "out of stock" was also cited among online non-buyers (14%), but not as commonly for in store.

While these behavior trends are broad, they do identify an immediate takeaway for all retailers, in terms of product assortment and in-store navigation. When it comes to product assortment, do you have the specific items your customers want? If not, they will go elsewhere to find – and buy – it. Secondly, how easy is your store to navigate? Can your customers easily locate/find what they are looking for?

And if they aren't sure where to look, how helpful – and knowledgeable – are your associates? This is another driver of non-buyer behavior – the confused, frustrated, and ignored shopper; the one who leaves empty handed and goes elsewhere for a better customer experience.

Medallia can help retailers get at the root cause and key drivers of non-purchase (and purchase) behaviors and identify invaluable intelligence that yields actionable insights:

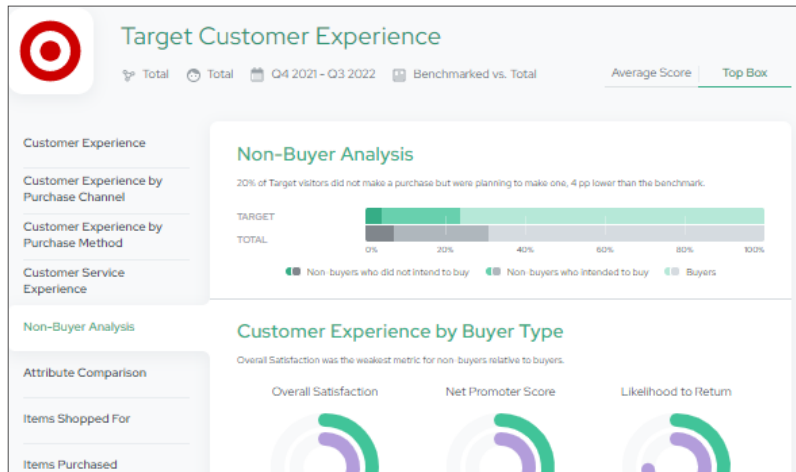
- Who is my core customer?
- What do they care about?
- What is driving traffic to my stores?
- Where else are my customers visiting, and why?
- Which competitors are gaining share, and why?
- Why is my performance declining in a specific market?
- Do my competitors outperform me in certain regions/day parts?

Case in Point

In a Q2 2022 analysis, Medallia found that 12% of non-buyer cases at Target were due to the store being “too busy.” This marked a six percentage points increase from Q1, double from the prior quarter, and one that was 3% higher than their Q2 peer benchmark of 9%. In terms of product category, apparel was most commonly shopped for among non-buyers, but only the third most commonly shopped by buyers (who were more likely to shop for groceries and personal care items). And in-store buyers were 50% more likely to have higher incomes (defined as \$80K+ household income) compared to non-buyers. In terms of customer loyalty, the NPS for customers who made a purchase on their most recent visit was 68; compared with a non-buyer NPS of 32.



Benchmarking and Dashboards



All of this data is available from Medallia via a packaged, actionable dashboard, in which you can see analytics and benchmarks for your own brand, as well as other competing brands. For instance, it may help you, as a retailer, identify an inventory management issue, in that you have a higher prevalence of out-of-stock problems than your nearest competitors. In addition, you have the ability to identify trends over time to measure continuous improvement when it comes to NPS, non-buyer rates, and more.

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The ability to benchmark is powerful. It helps retailers identify if there's a problem unique to them or something that's plaguing the entire industry.

Andrew Custage

Head of Insights for Medallia Market Research



Analytics In Action: What They Can Reveal

One club store was able to uncover powerful intelligence related to their customer base, including:

- For In-store purchases, the #1 reason why a customer was a non-buyer was the intended item was “Out of Stock.”
- Compared to the industry benchmark, they had the weakest performance in “Couldn’t Get Assistance.”
- The top category non-buyers shopped for - but didn’t purchase - was groceries, snacks, and beverages. They were also more likely to shop for sporting or fitness equipment than buyers.
- Regarding digital purchases, they had the weakest performance on “Too Confusing,” compared to the industry benchmark.
- In terms of non-buyers (specific to their brand), they tend to be: age 55 to 64; live in households with no children; have pursued post-graduate studies; employed by the military; and more likely to be female, Asian or non-Hispanic, and married.

Digital Non-Buyers

Deploying Digital Experience Analytics

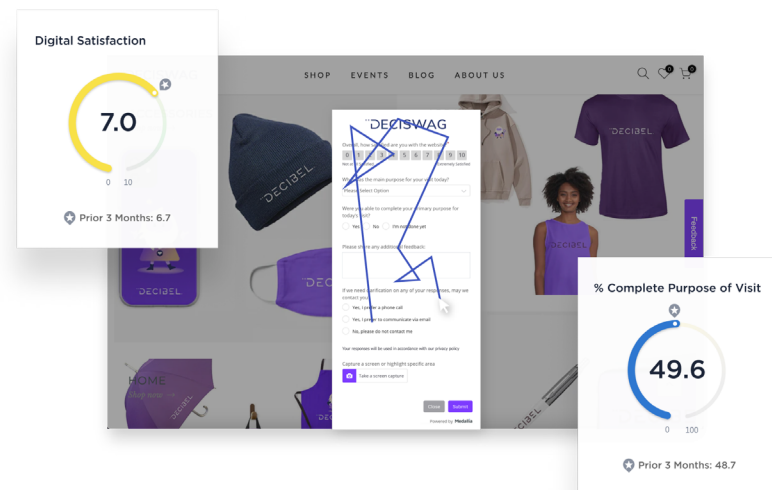
Customers can be agnostic when it comes to their purchase environment. While many have preferences (digital vs. in-store), they are open to the venue that gets the product(s) they want in their hands, as quickly, conveniently, and as hassle free as possible. Thus, it's not surprising that shopping via digital channels continues to gain momentum with consumers.

Interestingly, the Medallia Q2 2022 data report revealed that among the 25 retailers tracked, website visitors had a higher (average) non-buyer rate (62%) vs. in-store (average 19%). These demonstrate the need to better understand the online shopper experience your brand offers, and how to convert non-buyers into purchasers.

Medallia has the ability to split purchasers by channel. The browser-based panel generates comparisons of the online buyer, or the online non-buyer versus the in-person non-buyer.

As more businesses are connecting with consumers online than ever before, your digital experience can be make or break for your customers. Many expect seamless, easy-to-navigate, and frustration-free experiences and have little patience when they encounter digital friction points. Poor user experiences, which have severe consequences to a company's bottom line, can result in 70% of customers abandoning purchases, a 67% churn rate, and on average a 12% loss in revenue. Thus, the deployment of analytics can detect these digital minefields and optimize your web and app experiences.

Digital experience analytics can help you measure, quantify, and improve customer experiences on your websites and apps. These can include the ability to uncover online customer experience issues and analytical tools for investigating and resolving friction points and other issues, such as session replay and heatmaps.



Digital experience analytics can also elevate the quality of user experiences. Medallia measures billions of user sessions and trillions of user behaviors to expose exactly what's happening throughout the online customer journey on your website or app. Understanding the digital non-buyer/visitor at scale, can help you:

- Get to the root cause of issues faster by leveraging forensic tools like heat maps, session replay, and customer journeys
- Prioritize urgent issues affecting online shopping with feedback, experience data, text analytics, and advanced reporting capabilities
- Integrate feedback and experience data across channels to identify and eliminate friction points for shoppers
- Take action based upon data specific to your retail brand, as well as benchmarking it against competitors to capture more market share



When it comes to customer experience, data-driven companies are:

| **23** times more likely to acquire customers

| **06** times as likely to retain customers

| **19** times as likely to be profitable

Medallia uses digital experience analytics to measure customer's digital body language. This identifies drivers of frustration and confusion, as well as engagement and interest. By quantifying these experiences, it affords the opportunity to enact change which ultimately improves online conversions, sales, and loyalty.



An actionable non-buyer analysis can help retailers achieve a number of mission-critical objectives that ultimately impact customer experience, reputation, and loyalty, and their bottom line. In addition, behavioral and digital analytics can give retailers an opportunity to proactively identify a new trend or hot product that can drive traffic and purchases.

Mike Debnar

Principal - Retail and Digital Innovation at Medallia

Conclusion

With powerful solutions from Medallia, the non-buyer dilemma no longer has to be so mysterious, baffling ... or costly.

We can help you understand your non-buyer rate, the products shopped for, the reasons why a sale was not made, as well as non-buyer vs. buyer demographics. These analytics can help you:

- Benchmark your brand to your competitors in terms of non-buyer rates
- Identify the size (and impact) of converting non-buyers into buyers
- Target the specific drivers (i.e. culprit) of an abandoned purchase(s) to decrease your non-buyer rates. (This data can be retailer-specific, as well as benchmarked to a group average.)
- Improve your inventory management and product assortment by identifying certain products that were shopped for but not purchased, thus identifying the need for better inventory management, visibility and/or pricing.
- Non-buyer vs. buyer demographics which help you better understand the types of customers to target with specific messaging or service/experience revamps. (For example, a younger non-buyer group may suggest stronger digital engagement is necessary for improvement.)

Uncover [here](#) how to convert non-buyers to buyers through behavioral analytics and digital analytics, and elevate your loyalty and profitability.

Meet with a Medallia Expert →

The data cited in this guide is based on non-buyers, i.e. those who do not purchase anything during a specific in-store or online shopping excursion.

About Medallia

Medallia is the pioneer and market leader in Experience Management. Medallia's award-winning SaaS platform, the Medallia Experience Cloud, leads the market in the understanding and management of experience for customers, employees and citizens. Medallia captures experience signals created on daily journeys in person, digital and IoT interactions and applies proprietary AI technology to reveal personalized and predictive insights that can drive action with tremendous business results. Using Medallia Experience Cloud, customers can reduce churn, turn detractors into promoters and buyers and create in-the-moment cross-sell and up-sell opportunities, providing clear and potent returns on investment. www.medallia.com

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