

How inclusion and diversity drive shoppers' behavior

ALL IN



It is an iconic movie moment. Julia Roberts as Vivian Ward walks into a posh Beverly Hills boutique, and a rude sales associate turns her away based on how she looks, saying, “I don’t think we have anything for you. You’re obviously in the wrong place.”¹ This moment from *Pretty Woman* is 30 years old. Imagine if it had occurred today. Vivian would have fired up social media on her phone before she even left the store.

Good for people Good for business

Experiences like this do not just happen in the movies. In the real world, shoppers do not always feel valued for who they are. The good news is that the retail industry is making strides in inclusion and diversity (I&D). But retail brands are being evaluated based on a network of stores and employees that they cannot always fully control. Typically the issue is not if an incident will happen, but when.

INCLUSION. An environment where differences are welcomed, valued and embraced, and all people—including customers—have a positive experience.

DIVERSITY. The visible and non-visible ways in which people may differ, and a wide array of other characteristics and backgrounds that make a person unique.

Even so, championing I&D is a tremendous opportunity for retailers. Embedding it across every function of the business while cultivating an inclusive culture is good for business—and it matters to customers. Our recent survey of shoppers² reveals that not only do they expect retailers to engage in conversations around social issues, but also, I&D influences their purchasing and switching behaviors. While it depends on the category and segment, 42 percent of shoppers would pay a premium of five percent or more to shop with a retailer committed to I&D. In other words, retailers can expect better performance when they offer products, services and experiences that reflect what shoppers want and value.

By orienting around a strong, authentic purpose—who they are and why they are here—linked to I&D values, retailers can develop more meaningful relationships with customers. As shopper demographics continue to shift from static segmentation profiles, embracing people's differences and creating positive experiences for everyone is more than brand building or risk management. It is essential for growing wallet share and winning over customers.



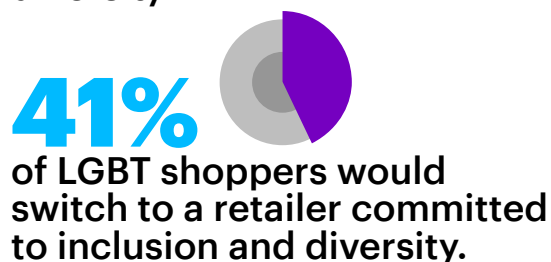
People are already shopping their values

Retailers' I&D practices are making an impact on shoppers' behaviors right now. People are already shopping based on their values. Forty-one percent of shoppers tell us that in the last year, they have shifted at least 10 percent of their business away from a retailer that does not reflect how important I&D is to them. Ethnic minorities and younger shoppers report a higher incidence of I&D-driven switching in the last 12 months.

There is a long list of retailers that have experienced this kind of customer backlash. No organization is immune to mistakes. Even companies that have gotten positive press for embracing I&D have made missteps that got just as much—if not more—attention.

Shoppers are not just turning away from retailers that do not share their values, they are turning toward those that do. Twenty-nine percent of all shoppers, and still more diverse ones, are likely to switch to a retailer that reflects the importance they place on I&D.

Such purpose-driven switching can improve retailers' top line. Take Nike, for example. The company launched a "Just Do It" ad campaign with football player Colin Kaepernick. The quarterback was rejected by the National Football League for kneeling during the national anthem to protest police brutality against African Americans. Some consumers boycotted the brand. But many embraced it. In the days after the ad was released, Nike's online sales nearly doubled compared to the same period the previous year, and its stock price reached an all-time high.³

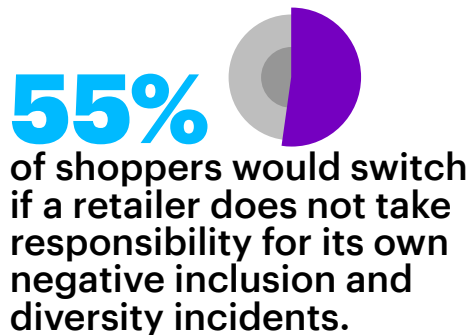


Silence is not a strategy

This performance boost is not so surprising. Beyond price and quality, half of consumers globally are attracted to buy from brands that stand up for societal and cultural issues they believe in.⁴ And 60 percent of the shoppers we surveyed want retailers to be part of the dialogue around social issues.

But what if instead of intentionally initiating the dialogue, a negative I&D incident happens to a retailer? An employee engages in discriminatory behavior. A product is offensive to shoppers. Or a public statement is out of touch. The million-dollar question for retail CEOs is whether speaking out will help or hurt the company. The shoppers we surveyed affirm that silence is not a strategy. Three-fourths of them believe it is important for retailers to take responsibility for their own negative I&D incidents.

Starbucks has been widely praised for how it handled the fall-out from an incident in one of its Philadelphia locations last year. A manager called the police on two African American customers who were waiting for a friend, but had not made a purchase. The following month, Starbucks made the unprecedented move to close 8,000 stores across the United States for an afternoon so that 180,000 employees could attend racial-bias training. This was an important step toward repairing the damage to its brand.⁵



Actions speak louder than words

It is never one element that shapes how people perceive a retail brand. Many points of interaction including marketing and advertising, store environment, front line employees, products and services, and public statements contribute to brand reputation.

While shoppers think retailers fail to recognize diversity across all of these interactions, poor performance in store environments and products and services are the top drivers of switching. Sixty-two percent of shoppers would switch from a retailer where they feel unwelcome or unfairly treated. Most (56 percent) would switch if products do not meet their needs. People also care about others—about half would switch if retailers do not offer products for diverse needs. These are things like extended clothing sizes, gender neutral fashions, or greeting cards for non-traditional families.

The critical takeaway is that actions, not words, have the greatest influence on shopper behaviors. Customers are savvy. They know that hiring an ad agency to create a feel-good campaign is one thing. Benetton did it masterfully in the 1980s, and there is more diversity in retail advertising than ever before. However, it is quite another for retailers to truly align their purpose with I&D values where it matters most—in one-to-one experiences.

STORE ENVIRONMENT

#1

driver of shopper switching

PRODUCTS AND SERVICES

#2

driver of shopper switching

Ethnic minority, millennial and LGBT shoppers are more likely to switch.



Breaking new ground

There are things that retailers can do to provide a more inclusive shopping journey for all people. Some are already making inspiring progress across the business.

01 PRODUCTS What you sell

By offering products that address shoppers' diverse needs, retailers are becoming more inclusive and attracting new customers at the same time. Nike released a performance hijab, which was designed for Muslim female athletes with input from athletes and advocates to ensure it performed well and met cultural requirements.⁶ The barrier-breaking gear could change the lives of women who face resistance to their participation in sports. Marks & Spencer launched a clothing line for kids with physical and sensory disabilities. The easy dressing collection includes discreet pockets for feeding tubes and care labels that do not irritate sensitive skin. Finally, differently abled kids can wear the same styles as their friends and siblings.⁷

02 ADVERTISING How you sell it

By developing ads that reflect the everyday experiences of people from all walks of life, retailers are establishing an authentic connection with shoppers. Some in the beauty industry have been inching away from highly-photoshopped advertising and have used ads that feature real women. UK health and beauty retailer Boots launched a "faceless" ad campaign that shows how people feel after using their products instead of how they look. The people's diverse faces are not revealed until the end of the commercial.⁸ In the apparel sector, David's Bridal launched an inclusive advertising campaign across television, radio and digital channels called "Rewrite the Rules." It features non-traditional brides, including an interracial couple, a lesbian couple and a couple with their baby.⁹

03 TOUCHPOINTS

Where you sell it

By creating shopping environments that accommodate and celebrate different shopping experiences, retailers are creating safe spaces for shoppers. Aeon Co., one of Japan's largest retailers, redesigned some of its stores to attract senior citizens—a critical demographic as the country's population ages. Not only do the stores open earlier in the day and offer early-bird specials, they also host events curated especially for seniors such as group exercise classes.¹⁰ UK discount retailer Home Bargains offers a “quiet hour” in select stores to create peaceful shopping experiences for people with autism and their families. For an hour every Saturday morning, the in-store music is turned off and the public address system is not used unless there is an emergency.¹¹

04 WORKFORCE

Who sells it

By embracing inclusive hiring practices, retailers are naturally becoming more diverse and benefiting from workers' insights and experiences. Starbucks opened its first “signing store” in the United States that is designed to be accessible for deaf and hard-of-hearing customers. The Washington, D.C. store is located not far from Gallaudet University, which serves the deaf community. Store employees are required to know American Sign Language.¹² To reflect diverse communities on the west coast of the United States, consumer electronics retailer Best Buy had Hispanic/Latino employees from non-sales departments take on customer-facing roles. More than 70 percent of the sales team is now bilingual, and forging these connections has driven revenue and sales.¹³



Lead with purpose

There is not a quick fix to becoming a retail leader in I&D. The approach must be holistic, not half-hearted. It must be sustained, not short-lived. To move the needle, lead with inclusion first—inclusive behaviors seed a more diverse culture. Because the reality is that hiring for diversity alone does not drive meaningful change if all employees do not exhibit inclusive behavior.

Excelling in I&D means threading it through the business starting with the retailer's purpose. Everything else flows from there. While every organization will take a different journey depending on where it is today, there are several fundamentals that apply to all of them.



MAKE PURPOSE THE COMPASS.

To integrate I&D into the company ethos—to live it across every interaction, every time—it must be tied to the brand purpose and culture, championed and embodied by leadership, and communicated authentically to employees, shareholders and customers. When I&D is aligned with purpose and leaders take on the mantle in an honest way, they create a virtuous circle of earned behavior that naturally inspires inclusive action throughout the workforce.



TAKE YOUR CUES FROM PEOPLE AND PLACES.

Retailers need a clearly articulated I&D strategy that is embedded into the entire organization and agile enough to flex based on the environment being served. The stakeholder group owning the I&D strategy may be small to start and housed in one function such as human resources. Over time, that ownership should expand to include leaders from various parts of the business including marketing, merchandising, store operations, etc. Getting it right will require hiring a diverse workforce at all levels, engaging in dialogues about issues with employees and customers, and becoming immersed in local communities in a genuine way to truly know customers.



TRUST THAT DIVERSITY AND INCLUSIVE CULTURES DRIVE BETTER RESULTS.

Do not let the lack of a formal return on investment or business case limit progress. With consumers shopping their values and voting with their dollars, many retailers already understand that sales and profits will not be sustainable unless their brand is perceived positively in the community and in social media. This force should be enough to justify the investment and dedication to an I&D strategy.

Now back to Vivian Ward. Several days after she was hurried out of that boutique, she marched back in and confronted the sales associate who had refused to wait on her. She simply said,



**“Big mistake.
Big. Huge.”¹⁴**

While retailers cannot prevent every mistake, they can put the foundation in place to ground the business in a strong sense of purpose that reflects I&D values. It's good for people, and good for business.

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¹ Pretty Woman, Director Garry Marshall, Writer JF Lawton, 1990

² See “About the Research” for more information on the survey population. All survey data in this point of view is from this survey unless otherwise noted.

³ Jonathan Berr, “Nike Stock Price Reaches All-Time High After Colin Kaepernick Ad,” September 14, 2018 at <https://www.cbsnews.com/news/nike-stock-price-reaches-all-time-high-despite-colin-kaepernick-ad-boycott/>

⁴ Accenture Strategy Global Consumer Pulse Research, 2018

⁵ Chris Woodyard, “Starbucks Anti-Bias Training: Why the Coffee Chain Closed 8,000 Stores,” May 30, 2018 at <https://www.usatoday.com/story/money/business/2018/05/29/starbucks-closure-racial-bias-training-tuesday/650316002/>

⁶ Doug Stanglin, “Nike Begins Selling Sports Hijab for Muslim Female Athletes,” December 20, 2017 at <https://www.usatoday.com/story/news/world/2017/12/20/nike-begins-selling-sports-hijab-muslim-female-athletes/970226001/>

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⁸ Rebecca Steward, “Ads We Like: Boots Bucks Beauty Trends with ‘Faceless’ Non-Professional Models,” September 2, 2018 at <https://www.thedrum.com/news/2018/09/02/ads-we-boots-bucks-beauty-trends-with-faceless-non-professional-models>

⁹ Blair Donovan, “David’s Bridal Airs Inclusive New TV Advertisement Featuring Lesbian Couple,” January 10, 2019 at <https://www.brides.com/story/davids-bridal-air-tv-ad-featuring-lesbian-couple>

¹⁰ Hidetoshi Takada, “Retail Giant Aeon Evolves to Engage Japan’s Aging Customer Base,” January 3, 2018 at <https://www.japantimes.co.jp/news/2018/01/03/business/retail-giant-aeon-evolves-engage-japans-aging-customer-base/#.XFhOo62ZODV>

¹¹ The Leader, “Home Bargains Introduces Quiet Hour for Shoppers with Autism,” January 3, 2019 at <https://www.leaderlive.co.uk/news/17333026.home-bargains-introduces-quiet-hour-for-shoppers-with-autism/>

¹² Erin Corbett, “Starbucks Opens First U.S. ‘Signing Store’ to Serve Deaf Customers,” October 23, 2018 at <http://fortune.com/2018/10/23/starbucks-sign-language-signing-store/>

¹³ Best Buy

¹⁴ Pretty Woman, Director Garry Marshall, Writer JF Lawton, 1990

ABOUT THE RESEARCH

Accenture Research conducted an online survey of 4,662 shoppers across retail segments in Canada, the United States and the United Kingdom to understand shoppers’ behaviors and attitudes related to inclusion and diversity. The survey population included 19 percent ethnic minority, 22 percent persons with disabilities, 25 percent LGBT, 35 percent urban, 44 percent suburban, 20 percent rural, 60 percent female, 39 percent male, and one percent non-binary. Online surveys were conducted between November and December 2018.

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