

Introducing a new kind of shopper that's using eCommerce to connect; **Seizes Opportunity, Buys Often (SOBO)** – A new driving force in retail decisions

Americans' lives look vastly different than decades past. The country is in a new reality where there are multiple definitions of family, be it an unmarried couple whose dog is the only "child" they need; a same-sex married couple raising a child; or a divorcee who is living in a house with friends, readjusting to managing his or her finances and life solo. Plus, millennials are taking over as the dominant spenders – a generation of digital natives that shop online, spend on wants vs. needs, posts on social media about their decisions, but also keeps an eye toward practicality having lived through the Great Recession. Fundamental changes that cross cultural, sociological and economic lines have created a new kind of consumer that exhibits a particular behavior: "Seizes Opportunity, Buys Often" (SOBO).

WHAT IS SOBO?

Seizes Opportunity, Buys Often, noun: A behavior displayed by an increasing number of American consumers that use eCommerce to connect with his or her modern "chosen" family: a group of people that a person loves and defines as 'family' that includes both relatives and friends that may live in another geographic part of the country. The SOBOs are motivated by emotion and urgency to connect, using "just because" gift giving as a conduit for relationships in light of fundamental changes that now cross cultural, sociological, technological and economic lines. SOBOs buy gifts months ahead of an occasion, such as a holiday or birthday, despite the proliferation of convenience ecommerce services (next-day shipping, for example) and find entertainment in finding gifts that are "perfect" – meaningful, unique and/or practical, but these shoppers also have an eye on value as they lived through a recession. SOBOs shop year-round and on their own time, on platforms that are increasingly mobile. Consumers that exhibit SOBO behavior have immense buying power.

INTRODUCING THE SOBO: AN OPPORTUNISTIC SHOPPER THAT'S CHANGING RETAIL

While most Americans now buy things each month that they don't need immediately, SOBOs take opportunistic buying to a new level. In a typical month, SOBOs purchase 4 times as many items for themselves or someone else that they don't immediately need, compared to a non-SOBO shopper – averaging 17 items a month compared to just 4 items a month for non-SOBOs. Most SOBOs (78%) accumulate 10 or more buys each month, compared to just 8% of non-SOBOs who rack up items at the same rate. SOBOs most often buy gifts for themselves (66%), followed by significant others (62%), friends (52%) and children in their families such as nieces or nephews (42%).



As a group, SOBOs' driving emotional force, increasing purchases and thus purchasing power, is not only the personal and relevant purchasing opportunity as well as the desire for emotive connectedness, but also the shift in considerations from want vs. need, and the paramount factor – value – as a driving force. This trifecta is driving SOBO behavior that transcends demographics and are widely diverse, shaping a composition of Americans from a variety of backgrounds, generations, gender and geography.

On a societal level, SOBOs are using technology and eCommerce to connect with the people they care about across the country and are ultimately redefining the meaning of “value” in the purchase cycle. Commercially, the SOBO has the potential to drive trillions of dollars in spending power, greatly impacting retail, which currently contributes 2.6 trillion to the nation’s GDP each year. SOBOs are poised to become a powerful influence in purchasing power – and were created by shifting American perceptions about:

- Who we call family: more unique and diverse than the “mom, dad and two children” model
- Where we live: homebuying becomes less of a priority
- How work fits into our lives and occupies our time
- How we connect with one another through emerging technology and social media
- Who we are, as a population, as the majority group changes
- ...and, ultimately, how we spend, and on whom



A SHIFT IN SPENDING POWER: MORE BUDGET FOR FREQUENT EMOTIVE CONNECTION DRIVEN BUYING

What are Americans spending their trillions of dollars on? For the majority of Americans, spending isn't on essentials like groceries. During the 2000s, the three largest categories for spending i.e. life necessities including food, clothing, shelter, for the first time fell below half of a typical family's budget. The amount of money needed to spend on food and clothing went from half of the family budget in 1900 to less than a fifth in 2000 because those everyday goods became less expensive and American budgets became 68 times bigger due to increased productivity, business technology and the addition of women in the workplace.

One hypothesis is that while the amount of money allocated for necessities has decreased as compared to the overall household income, there's been an increase in spending on non-necessary items, or gifts, as a way to connect. Consumers are buying gifts for people important to them who may live far away, for example there has been evidence of gift-buying behavior among known consumer segments such as PANKS (professional aunts, no kids), who spend \$9 billion on toys and gifts for children annually. In addition, every consumer already buys 20 gifts a year, on average, and the gifting market now represents \$1 out of every \$10 spent in stores, both online and brick and mortar. And increasingly, access and ease to shop with the growth of eCommerce and mobile domination means that Americans are using technology to shop – 40% of consumers have noted they buy items online more than once a month driving 24/7 connectivity. Add in the fact that the U.S. continues to be the one of the most geographically mobile countries in the world, with one fourth of American adults moving in the past five years, there has been a rise in emotion driven buying behavior as an emerging purchasing power factor.

DEFINING SOBO BEHAVIOR: CONSUMERS THAT DEFY SEASONALITY IN FAVOR OF CONNECTIVITY, VALUE & PERSONAL INSPIRATION

Changes at a macro level in family, home, technology and the population are important because these changes are leading to fundamental shifts in our economy because our populations' buying habits have created an influential behavior that transcends labels and models created by traditional retail: emotion-driven, opportunistic buying behavior.

SOBOs use ecommerce as a way to create connections with the people most important to them. 86 percent of shoppers said they've purchased something they didn't immediately need for themselves or others. Additionally, half of Americans regularly purchase gifts for a significant other, while 1 in 3 regularly purchase for adult family members other than parents, friends, children in their family who are not their own, such as nieces or nephews and/or a pet. In the U.S., over half (53%) of Americans regularly purchased for children – no matter if the shopper has children of their own. There's also a small contention (16%) who regularly buy gifts for children outside the traditional family who are not their own – such as friends' children.

SOBO shoppers are driven by new factors in the “value equation” – it isn’t just about the cheapest gift or product, but the gift that’s perfect (unique and/or thoughtful). 98 percent of SOBOs think there’s nothing more thrilling than discovering the perfect gift for someone, a gift that they didn’t know existed but is ‘perfect’ for him or her. SOBOs like the thrill of shopping: 84 percent think shopping without a special occasion in mind can be more thrilling than shopping with a special occasion approaching, with 91 percent of millennial SOBOs finding excitement in getting a gift without an occasion (like Christmas, a birthday) in mind.

SOBOs buy year-round. 93 percent of SOBOs shop throughout the year, not just for certain seasons or holidays, for both the family they’re related to and the loved ones they’ve chosen. But it isn’t just SOBOs that don’t have a shopping season – 91 percent of all shoppers say that they don’t have a shopping season either.

“At zulily, we’ve seen the rise of customers who seize opportunity and buy often in our own base of active customers. We’ve continued to build and grow our business by providing an entertaining discovery-based shopping experience that provides newness and freshness of great product at great prices that drives repeat purchases – especially for that perfect gift for our customers’ loved ones.” – Lori Twomey, Interim President and Chief Merchant at zulily

The quintessential SOBO represents the new “typical” American: they are a millennial (40%) in a committed relationship or married (78%), but don’t have their own kids (52%). There isn’t a significant split between male (47%) v. female (53%), and the SOBO frequently picks up gifts for other little ones in their family such as nieces and nephews. Most SOBOs (78%) also have a pet – predominantly dogs (80%) (followed by cats at 63%). The typical SOBO lives in the suburbs (45%), and mostly lives in the South or the West (61%). Most (67%) SOBOs are in the workforce and regularly use a mobile phone (88%) to access the internet.



Shoppers also spending major money on gift giving. When asked what's the "most [they've] spent on a gift for someone else," almost 30% of Americans (29.4%) responded with \$100 or more, and a whopping 20 percent have spent over \$1,000 and even 12 percent have spent \$5,000 or more. Women are more likely to spend more while gifting; in fact, almost 40% have spent over \$100 or more on a gift for someone else (37.4%).

DIVING DEEPER: UNPACKING WHAT SOBOS WANT

SOBOs are forging their own path to purchase that run counter to commonly made assumptions about why, when, how often and for whom people buy.

- SOBOs are buying "just because", and ahead of when they need it. SOBOs buy more than four times as many items before they need them, as compared to non-SOBOs. Most SOBOs (56%) describe their shopping style as FOMO ("fear of missing out") – they don't want to miss out on a good deal even if they don't need it right away. Most non-SOBOs (56%) are more likely to describe their style as JOMO ("joy of missing out") – meaning they don't mind missing a good deal if they don't need it right away. And SOBOs buy with urgency: all (100%) SOBOs will scoop up an item as soon as they see it v. as soon as they need it.
- SOBOs buy often. Most SOBOs (78%) accumulate 10 or more buys each month – compared to just 8 percent of non-SOBOs. SOBOs are 10 times as likely as non-SOBOs to buy more than five non-urgent items a month.
- SOBOs use gift giving to connect – but don't forget to treat themselves too. SOBOs are more likely than non-SOBOs to regularly buy gifts for their families, both chosen and inherited, such as their significant other (SOBOs: 62%, non-SOBOs 47%) and their friends (SOBOs: 52%, non-SOBOs: 28%). However, they extend the generosity to themselves, too: they're even more keen on buying a gift for themselves – 54 percent of SOBOs vs. just 36 percent of non-SOBOs.



"Everything we do at zulily begins with customer obsession – we believe that if we truly know our customer, we can better serve them. Our goal is to acquire, retain and engage that customer by sending them the right message, at the right time, in the right channel. The shopper who seizes opportunities and buys often wants an engaging, entertaining experience that's personalized to their needs. We deliver increasingly personalized content to our customers through data analytics and machine learning. We build strong personal connections and long-term relationships with customers, achieving outstanding levels of customer loyalty and retention. Our connection with our customers ensures we evolve with them." - **Kevin Saliba, SVP of Marketing at zulily**

CASE STUDY: ONLINE RETAILER ZULILY SEES SOBOS IN THE DATA

Launched in 2010, online retailer zulily has observed SOBO behavior in its 6.1 million active customers. The company has a unique business model: zulily curates an engaging, personalized shopping experience that brings each customer over 100 new sales and 9,000 styles on a typical day. Because of the dynamic nature of the business, zulily offers fun shopping that's very different from transactional eCommerce and commoditized search. zulily fans seize the opportunity when presented with great deals and buy often. In fact, 91 percent of orders come from repeat customers. In a study identifying what led zulily shoppers to make their most recent purchases on the retailer, the top four reasons include factors familiar to the SOBO: value, product selection & availability, discovery and if the purchase was a gift for someone.

All customers – including those that SOBO – want a mobile experience. zulily has remained focused on mobile web and apps from the beginning, launching its first mobile app in 2011. The percentage of zulily orders coming from mobile devices has increased over time. In Q1 2015, 55% of all orders came from mobile devices. In Q1 2016, this metric grew to 62% of all orders, Q1 2017 was 67% of all orders, and most recently, Q1 2018, 70% of all orders came from mobile devices. The focus is on mobile because the experience is built for snackable, shoppable entertainment – an experience prime for a SOBO who's busy, 24/7 connected, always shopping, but still wants to find the best deal.

zulily sees that shoppers perceive their shopping experience as a way to find...

- A Fun Break: She comes to us in her downtime, time she has to herself, to fill in the “nooks and crannies” of her life. It’s most often at home and lounging around on the sofa or in bed. Shoppers are busy people who are juggling work, family, friendships and self-care. Taking a few minutes in between meetings or during their bus ride home to choose something perfect for themselves or others – or even just window shop from wherever they happen to be – is a fun break.
- Inspiration: She often finds herself online, paging through sites, looking around and hoping to stumble upon her next great find. “Ooh” moments don’t always translate to a purchase, though. With the rise of social networks like Instagram and Pinterest, shoppers remarked that they loved browsing and discovery shopping to get inspiration for their personal style, whether it’s a new way to approach their wardrobe or kitchen.
- Great Finds: She’s a savvy shopper, always shopping for herself and family, and looking for gifts. If she finds something she’s really excited about, and it’s a great value, then she knows she should just pull the trigger. The “perfect thing” was one of the factors that triggered SOBO behavior. Shoppers noted that finding that “just right” item for their sister, nephew, roommate or partner that signaled connection and uniqueness is a draw.
- The Thrill: It’s this feeling and tone we want to communicate every time they encounter our brand. This feeling is the goal of “fun” shopping and it’s the emotional benefit of the zulily brand. Much like the rush of a roller coaster or an extreme sport, SOBOs pointed to the “thrill of the find” as an additive experience to their lives.



The macroeconomic trend of buying via the opportunistically and often has the potential to drive significant impact on businesses for generations to come. The emergence of a new consumer buying block with remarkably different needs and behaviors will decide which retail businesses will thrive or decline in today's business landscape.

Research methodology: In this whitepaper, zulily has referenced a variety of sources: a proprietary survey of 1,500 respondents conducted in partnership with Wakefield Research, a Google Survey surveying 1,044 respondents, data and insights from online retailer zulily and secondary attributed sources such as the U.S. Census. The zulily Survey was conducted by Wakefield Research (www.wakefieldresearch.com) among 1,500 nationally representative U.S. adults 18+, between June 15 and June 22, 2018, using an email invitation and an online survey. Quotas have been set to ensure reliable and accurate representation of the U.S. adult population ages 18 and older. In a Google Survey, zulily surveyed 1,044 respondents, users on websites in the Google Surveys Publisher Network, aged 18 years or older. The survey was conducted online through Google Surveys (complete methodology can be found [here](#)) from June 26-28, 2016.

ⁱ<https://nrf.com/resources/retail-library/the-economic-impact-of-the-us-retail-industry>

ⁱⁱ<https://www.theatlantic.com/business/archive/2012/04/how-america-spends-money-100-years-in-the-life-of-the-family-budget/255475/>

ⁱⁱⁱhttps://www.webershandwick.com/uploads/news/files/2012_PANKs_ExecutiveSummary.pdf

^{iv}<https://www.fungglobalretailtech.com/research/g-commerce-loop-commerce-disrupts-gifting-industry/>

^v<https://unitymarketingonline.com/shop/buy-luxury-research-reports/gifting-report/>

^{vi}<https://www.statista.com/statistics/448659/online-shopping-frequency-usa/>

^{vii}https://news.gallup.com/poll/162488/381-million-adults-worldwide-migrate-within-countries.aspx?utm_source=alert&utm_medium=email&utm_campaign=syndication&utm_content=morelink&utm_term=All%20Gallup%20Headlines

^{viii} Included in earnings report (Q118). An active customer is defined as an individual who has purchased at least once in the last twelve months, measured from the last date of a period.

