The future of shopping according to the consumer

ShoppingTomorrow Consumer Research 2017

This GfK report has been created on behalf of ShoppingTomorrow and with the cooperation of the several ShoppingTomorrow expert groups and sector associations.

The report has been assembled by the GfK editorial office, consisting of:

Ine Polak
Giovanni Piana

For more information about the study you can contact Ine Polak (Ine.Polak@gfk.com).

Content

1. Preface

ShoppingTomorrow

The future of shopping according to the consumer

As partner of the ShoppingTomorrow research and action program, GfK conducted a consumer study based on input from several expert teams gaining insights that lead to concrete actions on several key topics like mobile commerce, privacy, cross border shopping, the last mile, sustainability, the future of shopping centers. All these themes are connected by the following central question: **How will the consumer shop in 5 years** and what actions should be taken **on a national, branch and company level** upon that **B2C-operating companies** can successfully respond to this, both nationally and internationally?

This study is a co creation of input, generated by several expert teams, which can be split in 5 key shopper related themes:

- Expected trends in online & offline shopping
- Mobile commerce: it's all about mobile
- Cross border shopping: a whole new world
- Diving into the online purchase journey: about delivery & returns, packaging & sustainability
- Privacy: issue or opportunity?

GfK interviewed more than 5.000 Dutch consumers with an online questionnaire in October 2017, resulting in the extensive report with lots of relevant shopping behavior insights. Sometimes these insights will support your assumptions; sometimes you will notice that your own expectations are way out of line with the consumer's choice and sometimes you will see that consumers do not have any expectations as long as they are not seduced by a disruptive first mover! One way or the other, the outcome is another valuable ShoppingTomorrow contribution that helps you to take the most appropriate actions to anticipate on the rapidly changing shopping behavior, now and in 5 years.

Ine Polak
Industry Consultant
GfK
Ine.Polak@gfk.com

Sophie van Rooij
Program Manager
ShoppingTomorrow
sophievanrooij@thuiswinkel.org

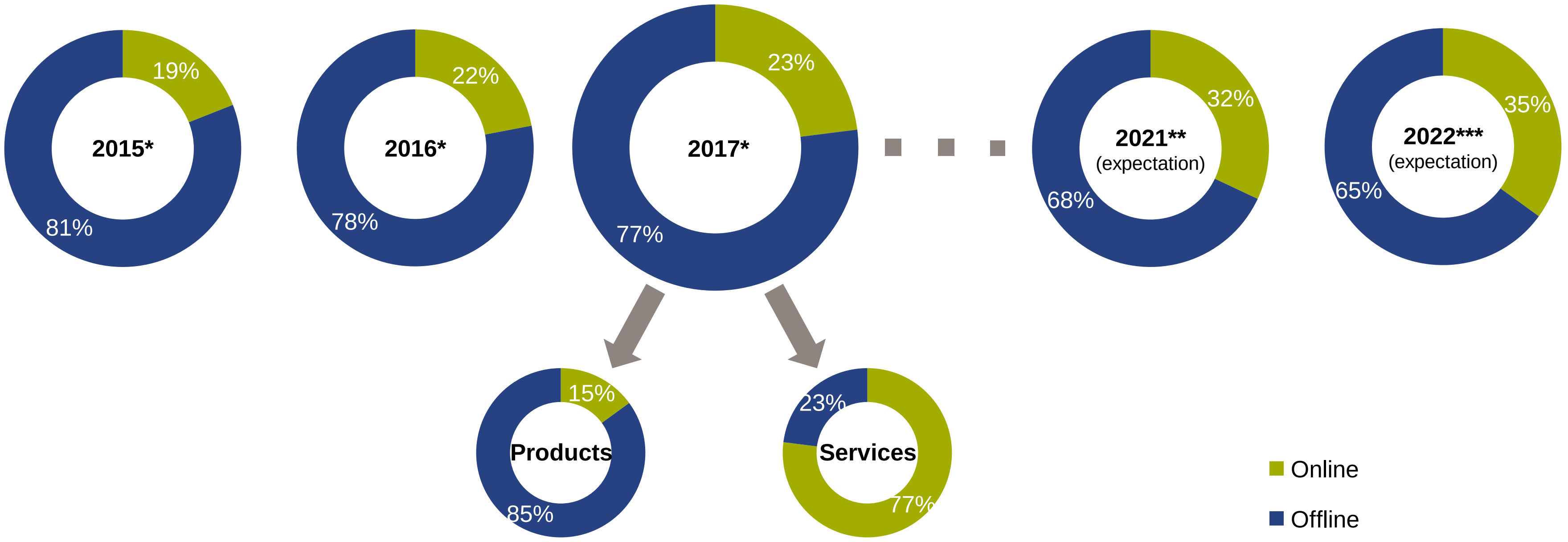
Inge Demoed
Program Manager
ShoppingTomorrow
ingedemoed@thuiswinkel.org

2. The future of shopping according to the consumer in 4 topics

Expected trends in online & offline shopping

Further growth of the online channel expected: consumers believe to spend 35% of their total spending via online channels in 2022

(Expected) overall B2C online share in value

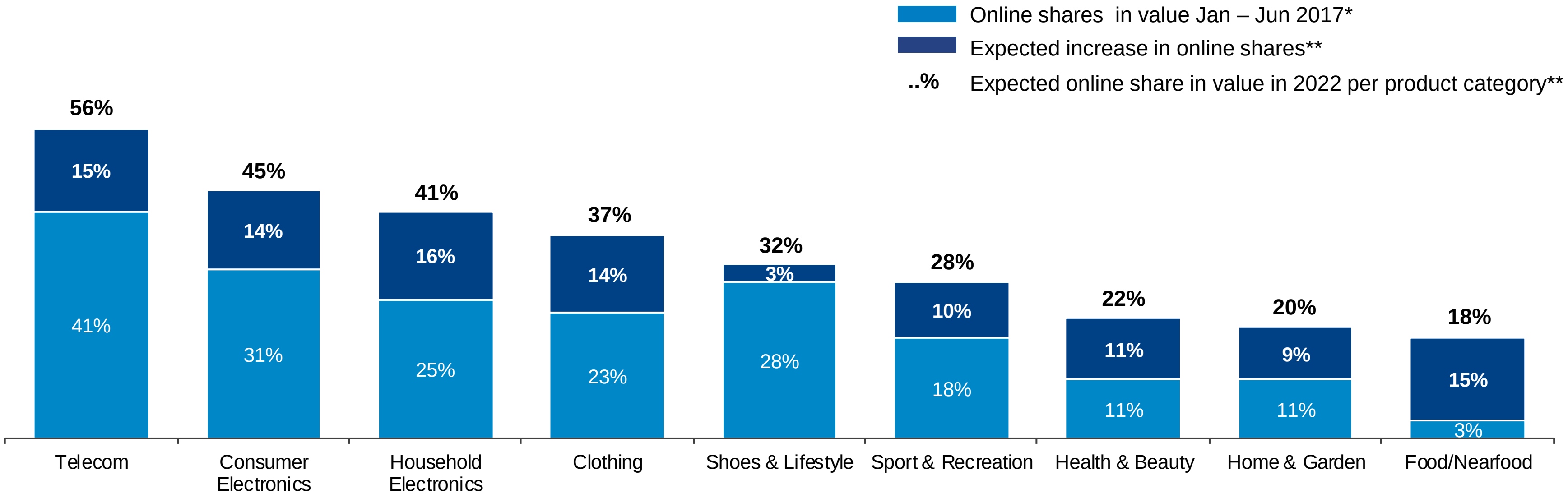


Total B2C online share in value including product and services
*Source: Thuiswinkel Markt Monitor, Q2 2015, Q2 2016, Q2 2017
** Source: ShoppingTomorrow Consumer Research 2016 / *** Source: ShoppingTomorrow Consumer Research 2017 (Base: all respondents, n=5.065)

The consumer expects the largest relative growth to happen within food/nearfood, health & beauty and home & garden

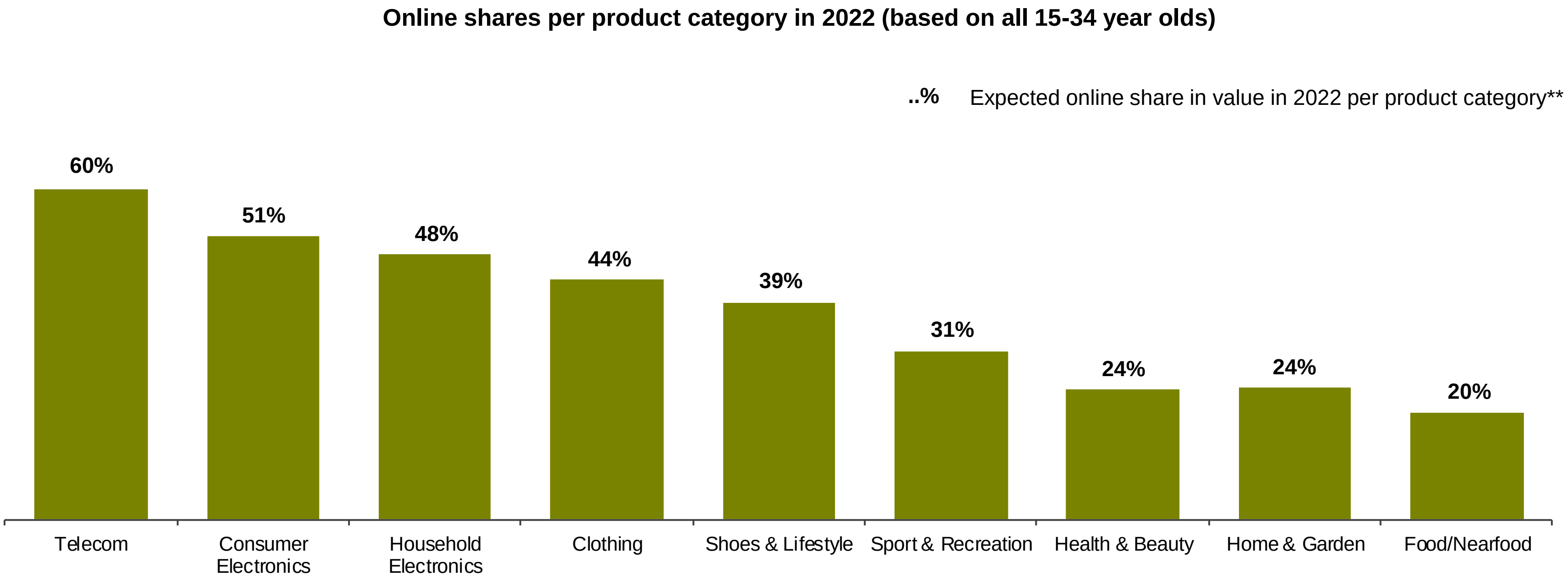
Of all product categories, telecom is expected to have the largest online share in 2022

Online shares per product category: now and in 2022 (based on total Dutch population)



Question: What share of your total spending in product category X do you expect to spend online in 5 years? (Base: all respondents, n=5.065)
* Source: GfK Thuiswinkel Markt Monitor Q2 2017
** Source: GfK ShoppingTomorrow Consumer Research 2017

Compared to the total Dutch population, 15-34 year olds believe to spend a larger part of their total spending via online channels

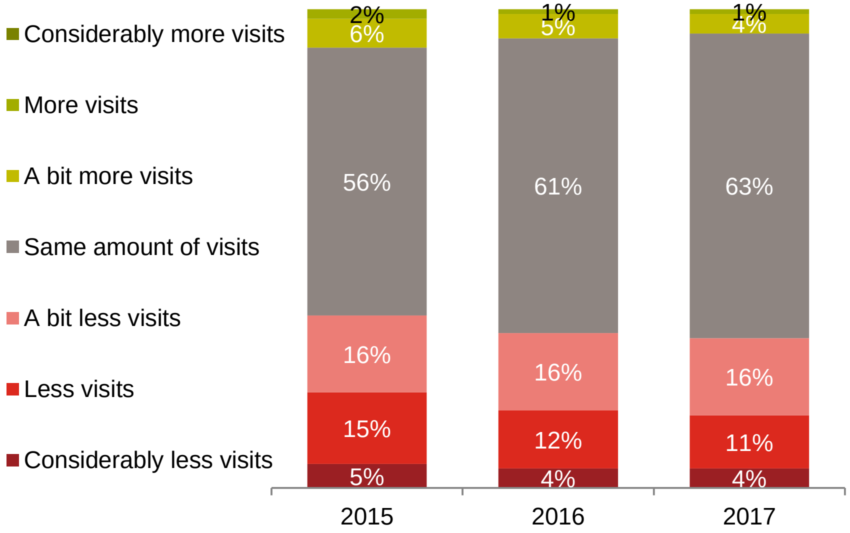


Question: What share of your total spending in product category X do you expect to spend online in 5 years? (Base: all respondents, n=5.065)
** Source: GfK ShoppingTomorrow Consumer Research 2017

In comparison to last year, again more people expect their amount of visits to city centers in the next 5 years to stabilize

31% expects to pay less visits in 5 years, compared to 36% in 2015

Expectation number of visits to city centers in 5 years



- **Young people (15-34)** more often expect that they will **increase their number of visits** to city centers in the future (10%), which is above average. Moreover, 37% of the **elderly (65+)** expects to visit city centers **less often** in the future, probably due to physical limitations
- Families consisting of 5 or more people more often expect to pay **less visits** to city centers (35%)
- However, the **majority of people** believes their shopping frequency at city centers **will stay the same**

Question: Do you expect to pay more or less visits to city centers for shopping in 5 years (on a yearly basis)? (Base: all respondents, n=5.065)

Free WiFi and digital coupons are perceived the most appealing technologies to use when shopping

Younger people are more open for these new technologies to be used in shopping areas

Intention to use innovative technologies in shopping areas*

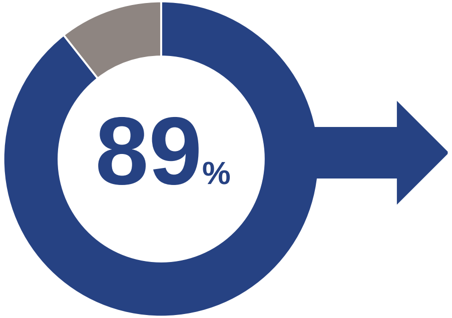
		All	15-34 year olds
1	Free WiFi	51%	56%
2	Digital coupons	51%	63%
3	Real time information on availability of parking	42%	46%
4	Loyalty card from shopping center	39%	46%
5	Pick up point to collect online orders	34%	44%
6	To see which products and brands are sold by retailers	31%	44%
7	The option to make a reservation for parking	29%	34%
8	A smartphone app of the shopping area	24%	32%
9	Receive messages/ offers during shopping	19%	27%

Question: To what extent would you use the following applications in a shopping area? (Base: all respondents, n=5.065) / * Top 2 box on a 5-point scale

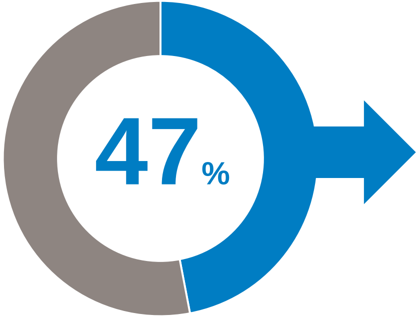
Mobile Commerce: it‘s all about mobile

Almost half of all online buyers uses their mobile phone to shop online

Most people use a combination of mobile websites and apps in mobile shopping



of the **total Dutch population** (15+) **shopped online** past year



of **all online buyers** (15+) **use their mobile phone** to shop online

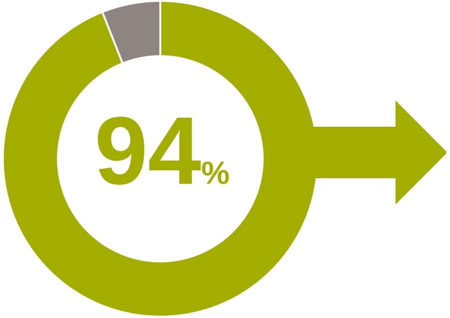
22% of all **mobile shoppers solely use mobile websites** when shopping via their mobile

64% of all **mobile shoppers use both mobile websites as apps** when shopping via their mobile

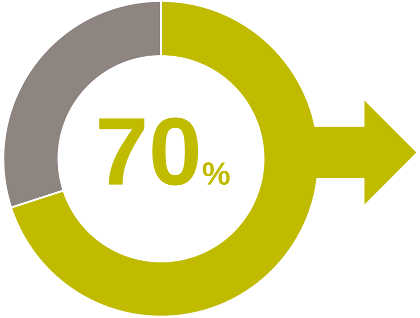
14% of all **mobile shoppers solely use apps** when shopping via their mobile

Question: statements on online and mobile shopping.
(Base: all respondents, n=5.065 / respondents who shop online, n=4.529 / respondents who shop via mobile, n=1.706)

Penetration of mobile shopping behavior is significantly higher among 15-34 year olds



of the **15-34 year olds shopped online** past year



of **all online buying 15-34 year olds use their mobile phone** to shop online

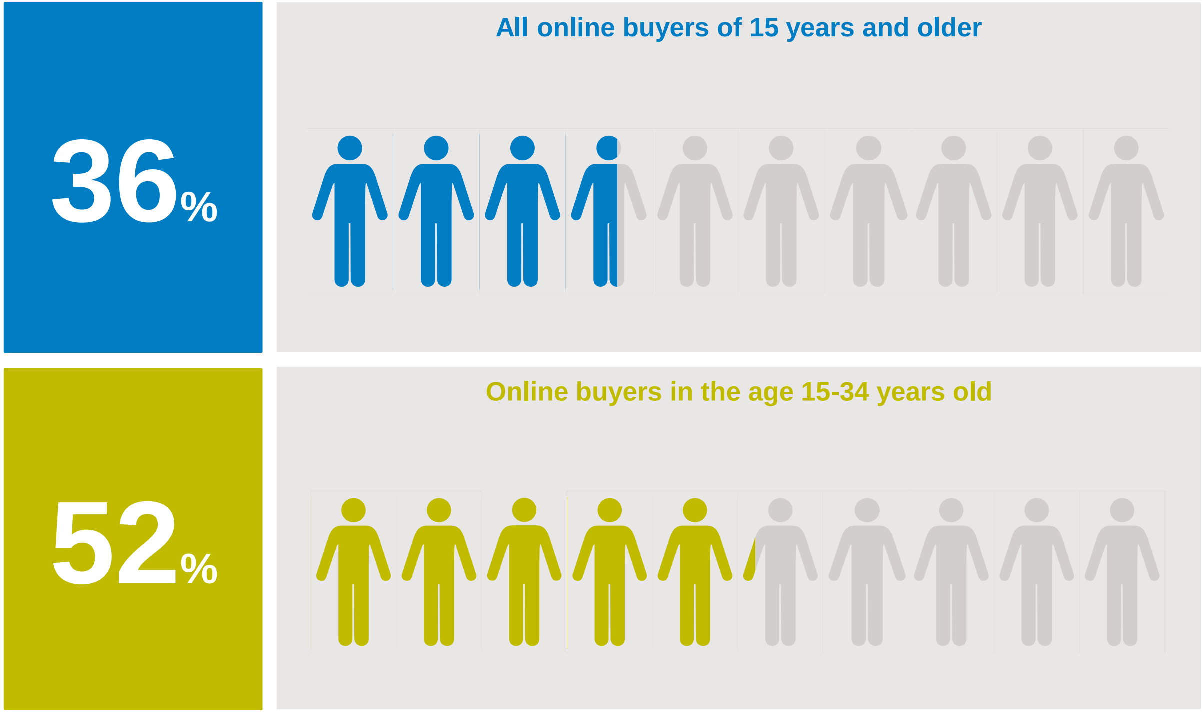
23% of all **mobile shopping 15-34 year olds only use mobile websites** when shopping via their mobile

66% of all **mobile shopping 15-34 year olds use both mobile websites and apps** when shopping via their mobile

12% of all **mobile shopping 15-34 year olds only use apps** when shopping via their mobile

Question: statements on online and mobile shopping.
(Base: all respondents aged 15-34, n=1.234 / respondents aged 15-34 who shop online n=1.176 / respondents aged 15-34 who shop via mobile, n=820)

Also in terms of future perspective, young people are more likely to be using their smartphone as main shopping device



"In 5 years time I expect to do **the largest part** of my **online shopping trips** via my **smartphone**"

Question: statements on online and mobile shopping.
(Base: all respondents, n=5.065 / respondents who shop online, n=4.529 / respondents who shop via mobile, n=1.706)

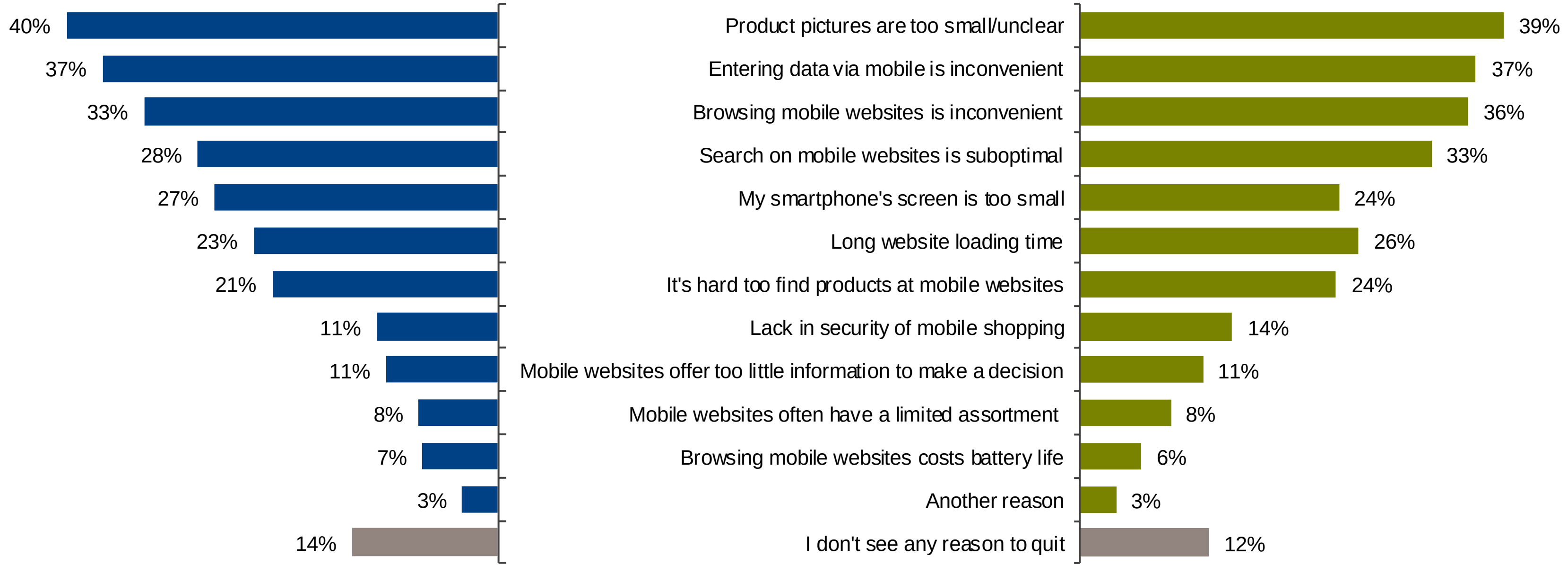
Inconvenience of the browsing and order placing process are the main dissatisfiers for mobile shopping

Especially product display and ease of use could be improved

Reasons to abort shopping via mobile browsers

People who buy via mobile websites

People in the age 15-34 years old who buy via mobile websites

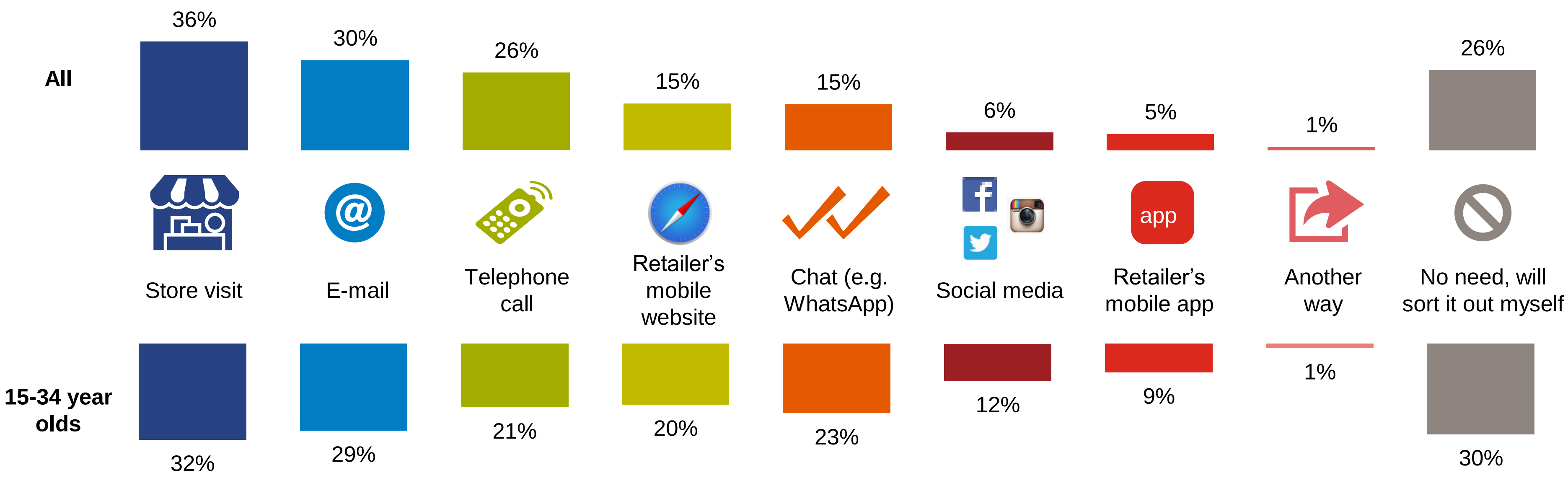


Question: What would be a reason for you to abort your buying process via mobile websites on your smartphone? (Base: respondents that buy via a mobile website, n=1.706)

When in need of advice, a visit to a store is the most preferred mode of contact, followed by e-mail and phone calls

15-34 year olds are more open to contact suppliers via chat or social media

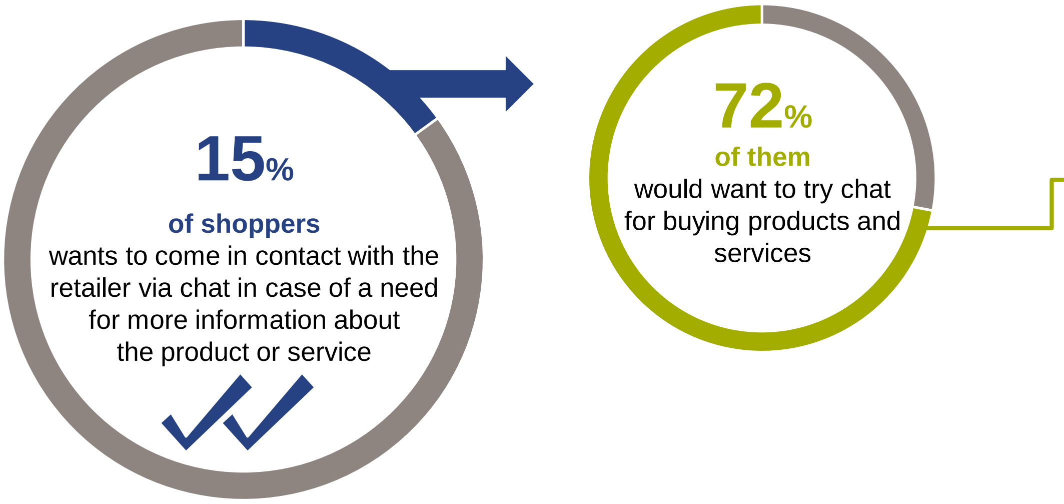
Preferred mode of contact with retailers in case of need for information or advice



Question: Let's say you need advice about a product or service. In that case, would you like to directly contact the supplier, and if so, via what way? (Base: all respondents, n=5.065)

15% of Dutch consumers would like to chat with retailers in case they need advice or more information about products or services

Majority of these consumers is also open to placing orders via chat



Most favored products to buy via chat applications

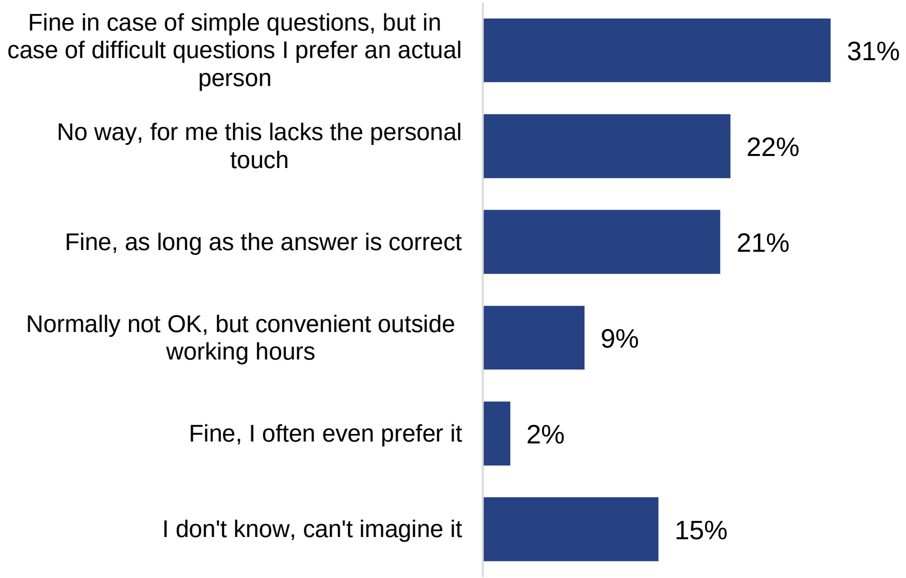
35%	Clothing
34%	Household electronics
34%	Consumer electronics
32%	Event tickets
31%	Computers & accessoires
28%	Media & Entertainment
26%	Telecom
26%	Shoes & lifestyle
23%	Flight tickets and accomodation
19%	Toys
18%	Health & beauty
18%	Package trip
18%	Sports & recreation
17%	Insurance
15%	Home & Garden
15%	Food/nearfood

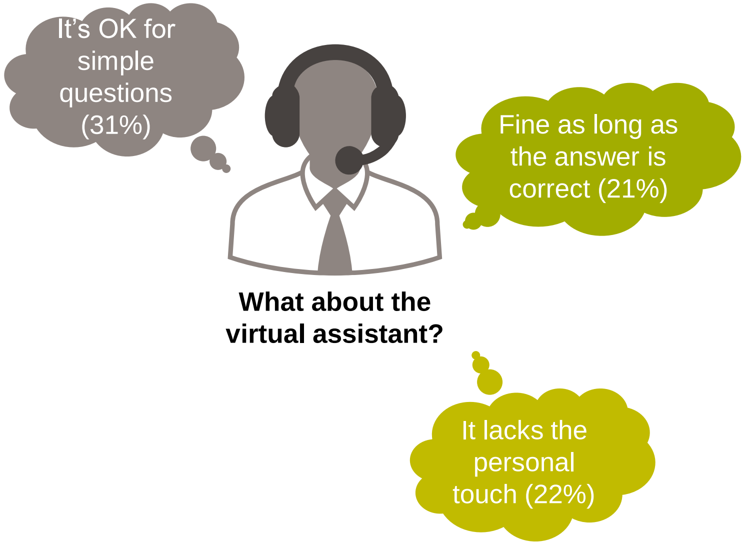
Question: Let's say you need advice about a product or service. In that case, would you like to directly contact the supplier, and if so, via what way? (Base: all respondents, n=5.065) / Question: Which products and/or services would you like to purchase via chat? (Base: all respondents who want to chat with suppliers, n=741)

Opinions about chat bots vary across consumers, but are perceived a good solution for simple/basic questions

22% is not in favor of chat bots because the lack of personal touch, this especially accounts for elderly people (33%)

Opinions about chatting with virtual assistants/chat bots



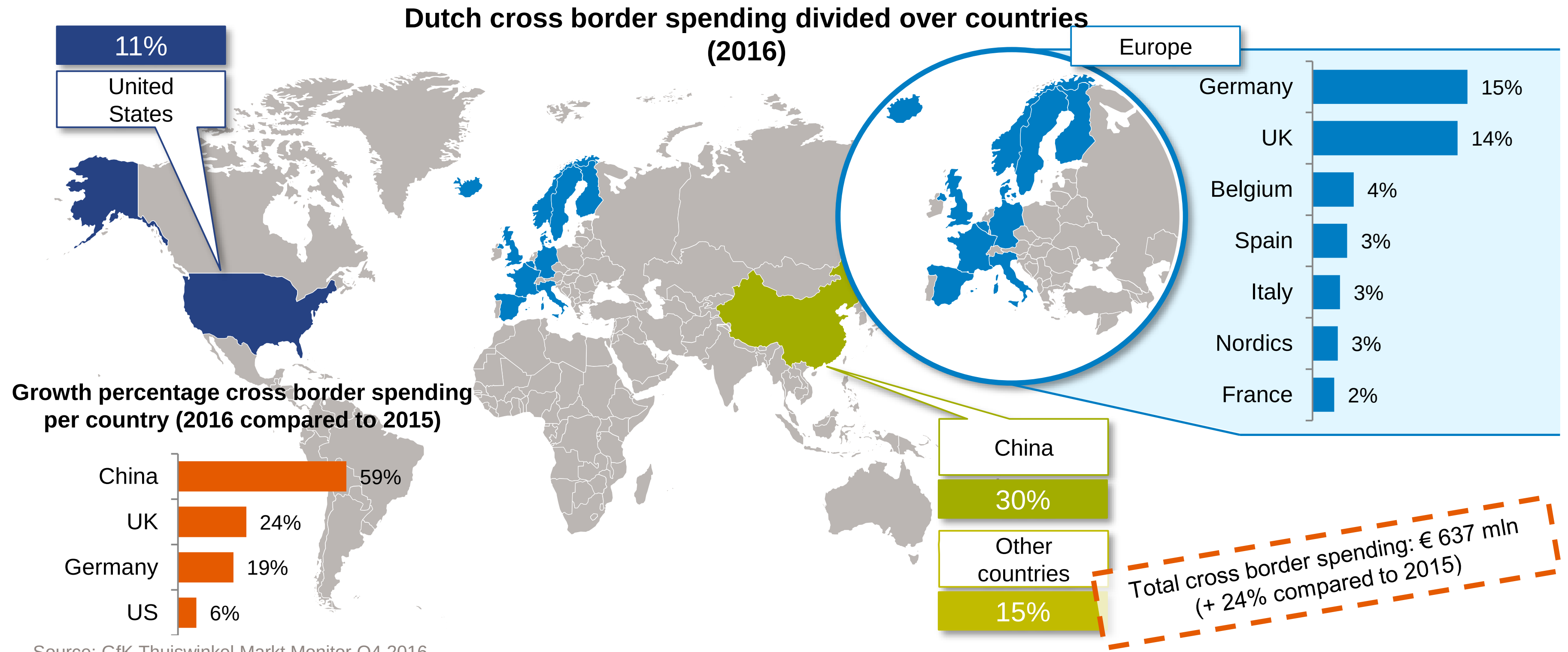


Question: What is your opinion about chatting with a virtual assistant? (Base: all respondents, n=5.065)

Cross border shopping: a whole new world

26% of the Dutch population (15+) bought via foreign webshops in 2016, accounting for € 637 mln

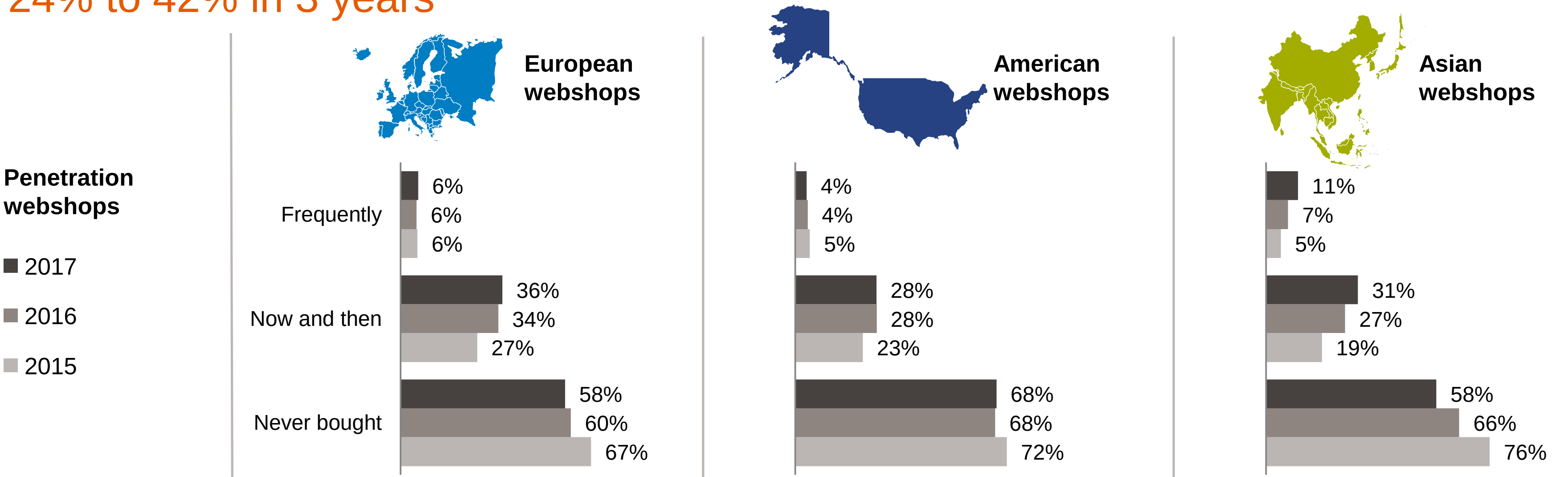
Almost one third of these spendings go to Chinese webshops



Source: GfK Thuiswinkel Markt Monitor Q4 2016

People are becoming more familiar with cross border shopping, and with shopping at Asian webshops in particular

The percentage of Dutch people having ever bought in Asia increased from 24% to 42% in 3 years



30% of those that haven't bought at **European crossborder webshops** yet, expect to have done so in 2022

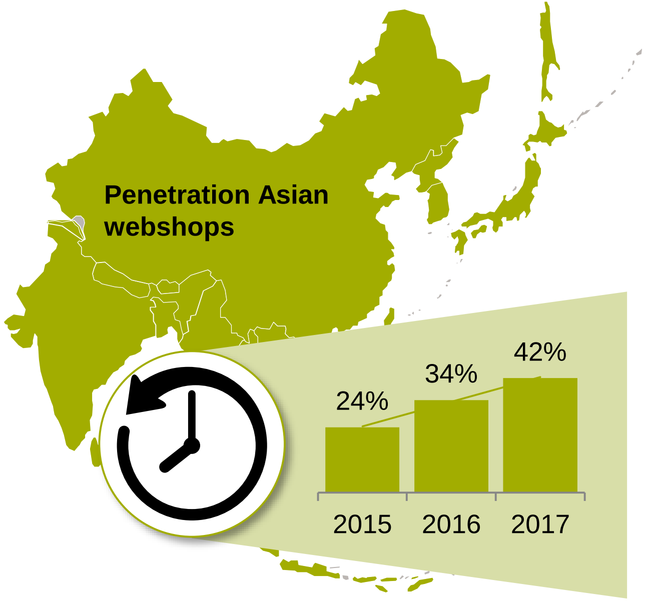
28% of those that haven't bought at **US crossborder webshops** yet, expect to have done so in 2022

25% of those that haven't bought at **Asian crossborder webshops** yet, expect to have done so in 2022

Question: Have you ever bought something via web shops in each of the following continents? (Base: all respondents, n=5.065, "Don't know" excluded)
Question: Do you expect to have bought something via webshops in the following continents by 2022? (Base: all respondents who currently haven't bought at <European/US/Asian> webshops)

Consideration to shop at Asian webshops has increased among Dutch consumers

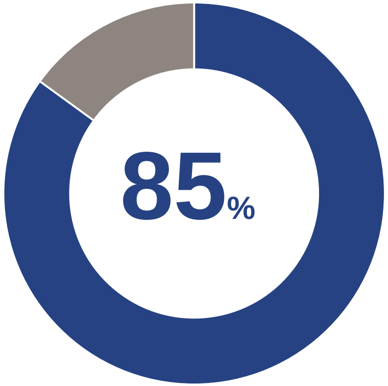
Lack of trust in product quality that Asian webshops is now the nr. 1 reason not to buy at Asian webshops



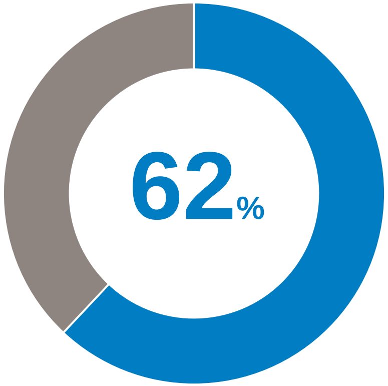
Question: What are the reasons that you never ordered products at Asian webshops? (Base: all respondents who never bought at an Asian webshop, n=2.836)

Awareness of regulations with regard to import duties when shopping cross border is high

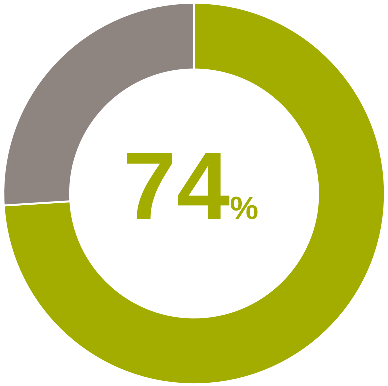
Because of this, consumers are likely to carefully consider their order values



of consumers that shop online at webshops outside the EU
is aware of the risk of having to pay import duties for their online orders they place outside the EU



of consumers that shop online at webshops outside the EU
take into account their shopping cart's value when shopping cross border so they don't have to pay import duties



of consumers that shop online at European webshops (not NL)
is aware that in other European countries, they will possibly pay a different percentage VAT

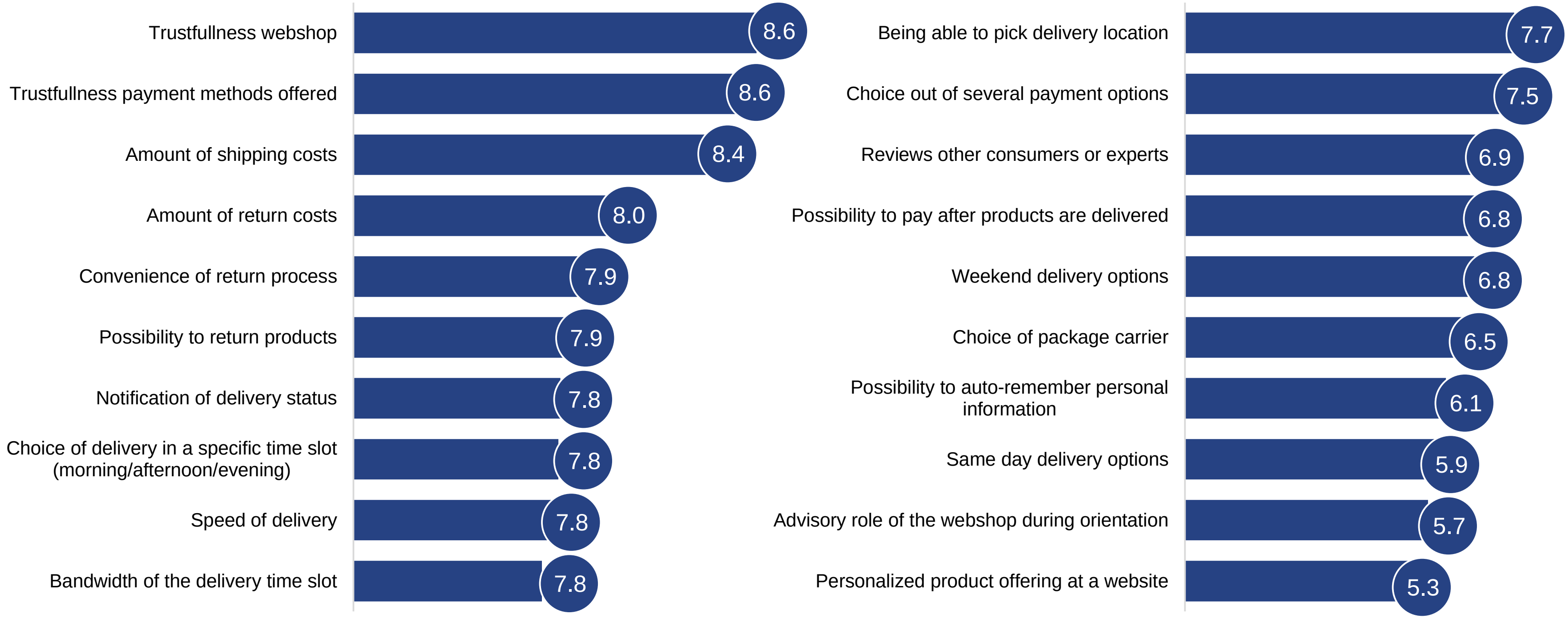
Question: Statements on cross border shopping.
(Base: respondents that have order at webshops outside Europe, n=2.411 / respondents that have order via European webshops, n=1.876)

Diving into the online purchase journey: about delivery & returns, packaging & sustainability

Elements of the online customer journey

Importance of each of these elements in the minds of the consumer

Importance of factors within the online customer journey (average based on 10-point scale)

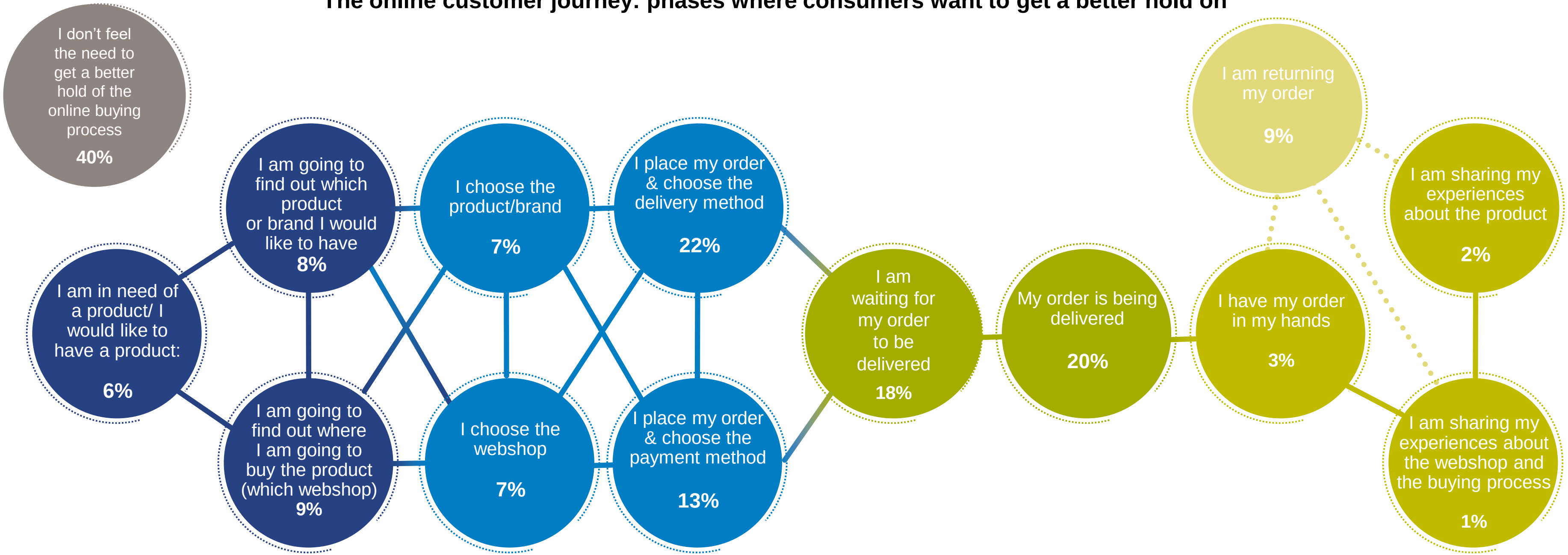


Source: Thuiswinkel Markt Monitor Q3 2017 / Question: How (un)important are each of the following factor in the online buying process for you? (Base: all online buyers, n=6.987)

Most uncertainty in the online customer journey concerns issues related to the last mile

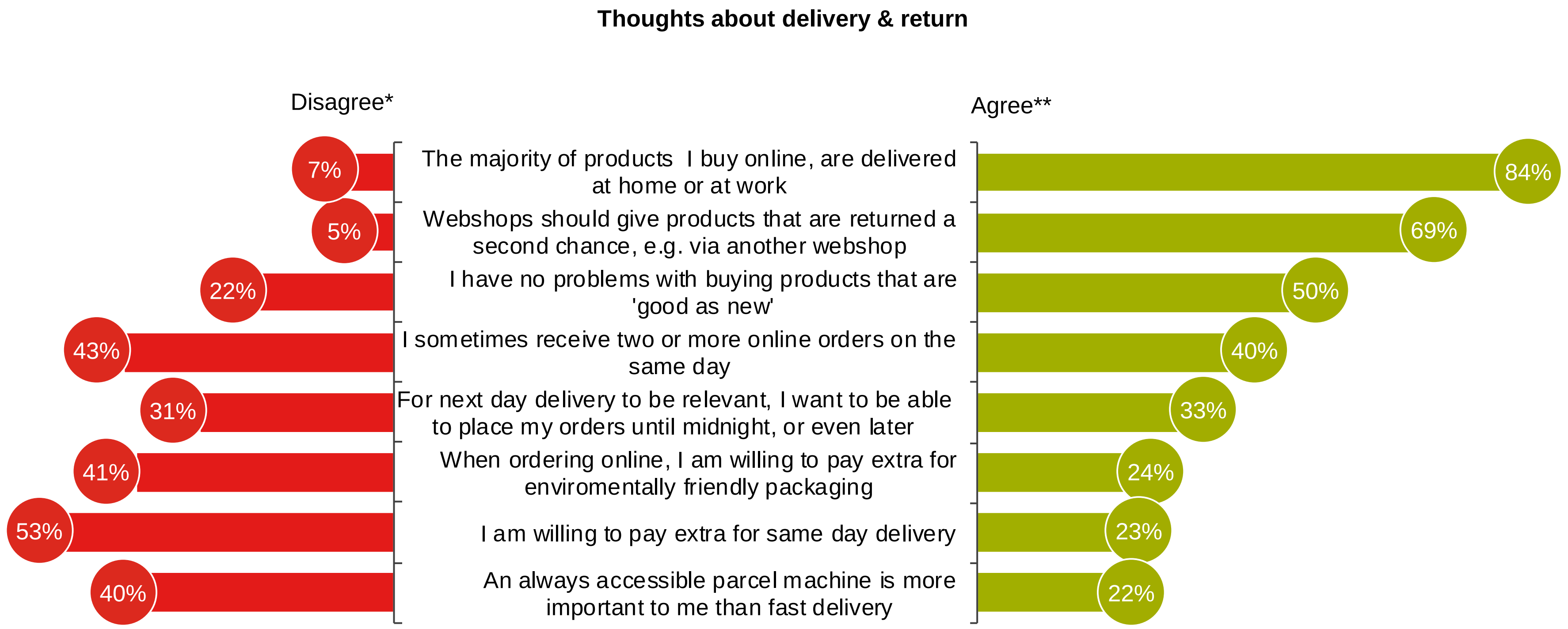
40% doesn't feel the need to get a better hold of the online buying process

The online customer journey: phases where consumers want to get a better hold on



Source: Thuiswinkel Markt Monitor Q3 2017 / Question: Are there any phases in the online buying process where you would like to get a better hold on? Base: all online buyers (n=6.987)

Statements on delivery & return issues in the online customer journey



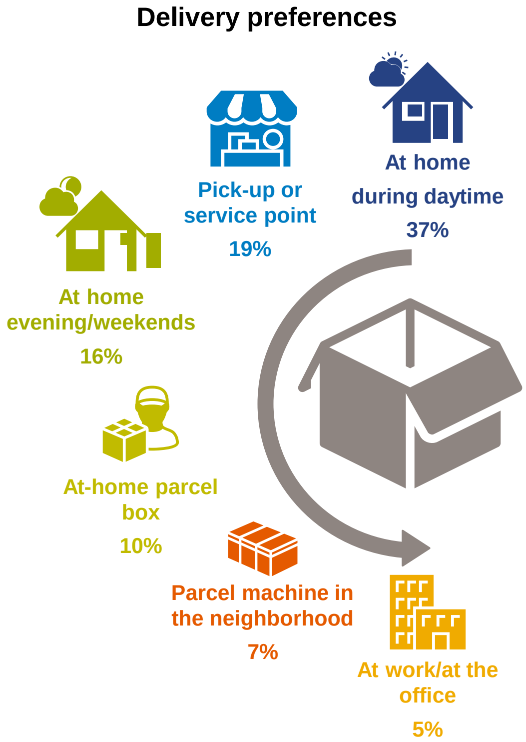
Question: To what extent do you agree or disagree with the statements about ordering online and delivery? (Base: respondents that buy online, n=4.529)
* Bottom 2 on a 5-point scale / ** Top 2 on a 5-point scale

Statements on packaging & sustainability in the online customer journey

Question: To what extent do you agree or disagree with the statements about packaging? (Base: respondents that buy online, n=4.529)
* Bottom 2 on a 5-point scale / ** Top 2 on a 5-point scale

Daytime delivery at home is the most preferred delivery type, followed by delivery at a pick-up or service point

Delivery preferences are highly depending on age and to a lesser extent education



- Not surprisingly, **elderly people** more often have a preference to receive their online order **at home during daytime** (63%). In case of **young people (15-34 years old), at home delivery during daytime** is also the most preferred delivery method (26%), but closely followed by **at-home delivery in the evening** (21%)
- **Young people (15-34 y.o.)** are also more open to receiving their online order **via a parcel box which is installed at their own home** (15%) or in **a parcel machine in the neighborhood** (11%)
- People in the age of **35-49** are more open for **delivery at the office**. 7% of this group prefers this option
- **Delivery via parcel machines** in the neighborhood (10%) and **evening-delivery** (20%) is more often preferred by **people living in the big cities**. Evening delivery is also preferred by high educated people (20%) more than average

Question: If you could choose the delivery location of your order, what would be your preference? (Base: respondents that buy online, n=4.529)

The majority of online buyers (unintendedly) take into account the environment when picking up/dropping off packages

Regional differences exist: in urban areas people are more likely to go by foot/bike

Pick up/drop off modes at service points

- People living in the **large cities** (63%) and the **western region** (59%) are above average **picking up and returning their packages by bike or go by foot**

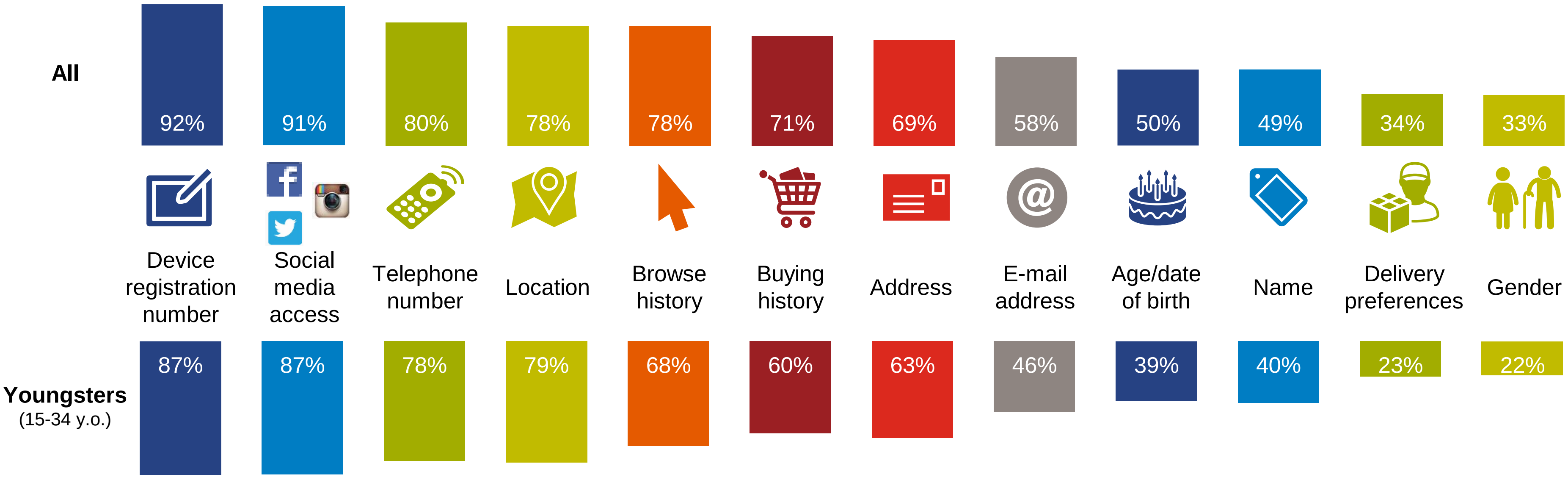
- The same accounts for **young people** (15-34) and 1-person households: 63% of them picks up/returns their packages **by foot or by bike**

Question: How do you pick up and drop off your packages to the pick-up point or service point? (Base: respondents that buy online, n=4.529)

Privacy: issue or opportunity?

The Dutch are reluctant to share personal information online or offline, particularly device registration number and social media access

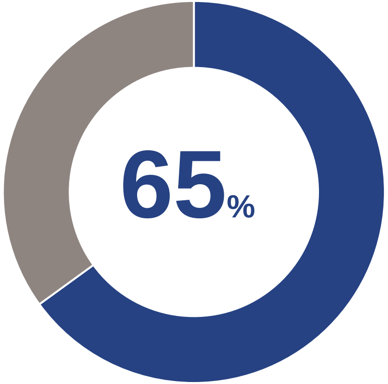
Reluctance to share personal information*



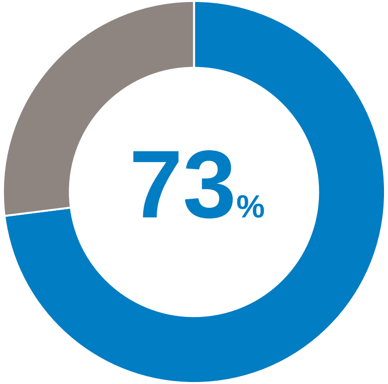
Question: What is your opinion about sharing this personal information with a webshop/in a physical store?
(Base: all respondents, n=5.065) / *Is a bit or very reluctant to share this information

The majority of Dutch consumers give more value to privacy than optimal service

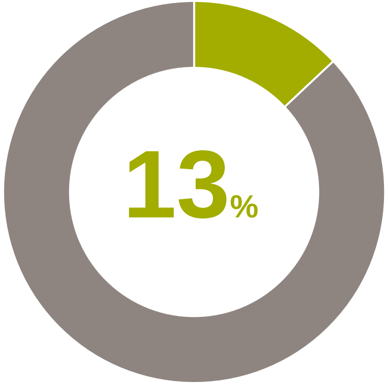
1 in 10 even sometimes pretends to be someone else because of privacy concerns



of all Dutch consumers
think privacy is more important than optimal service
Particularly elderly people highly value their privacy (71%)



of all Dutch consumers
state their privacy concerns are highly depending on the product or service they would like to buy



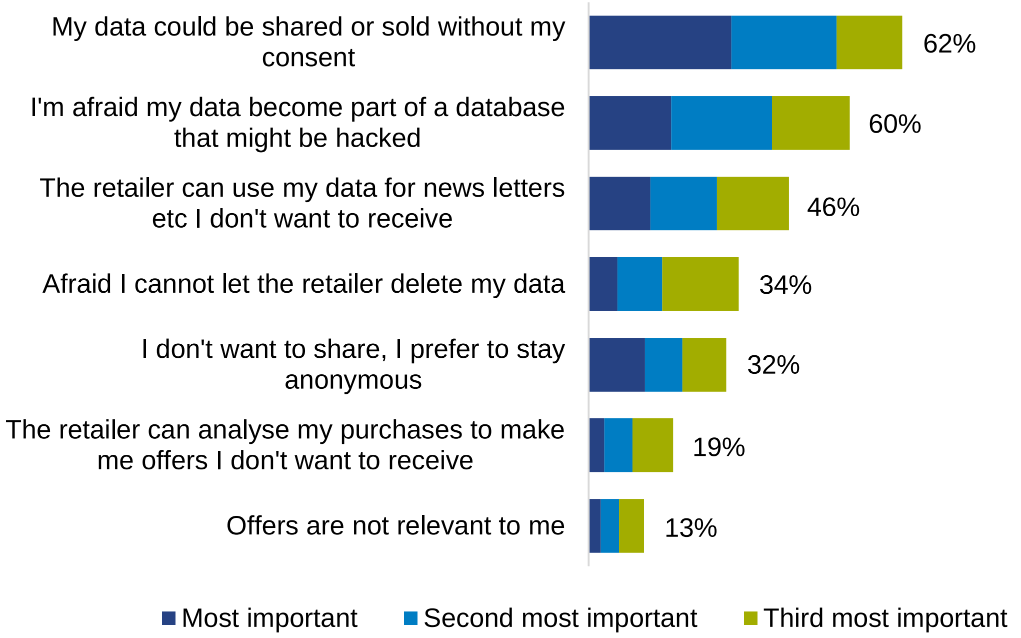
of all Dutch consumers
sometimes pretends to be someone else online to make sure their privacy remains guaranteed

Question: Statements on privacy. (Base: all respondents, n=5.065)

Reluctance to share personal information mainly has to do with the fear of their information not being handled confidentially

Fear for database hacking is also quite apparent

Reasons why people are reluctant to share their personal information with stores (% that mentioned aspect in top 3)

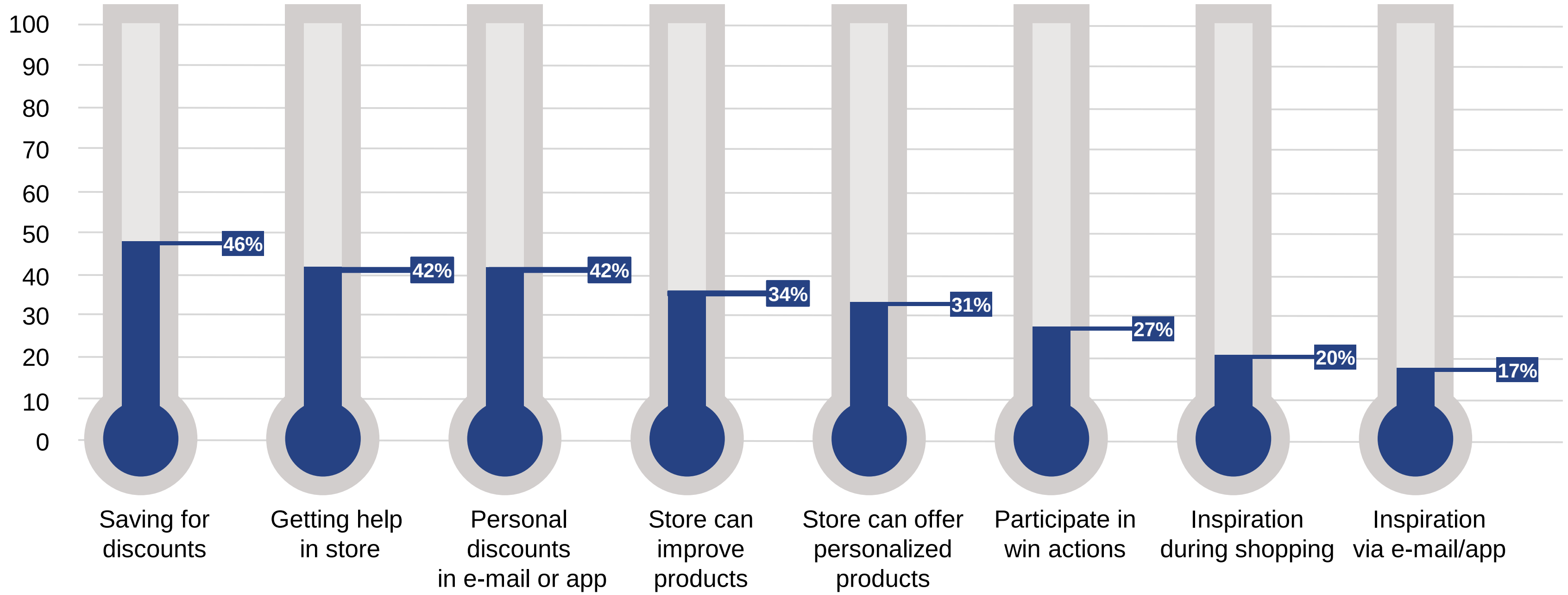


Question: What are the three most important reasons for you to not willing to share personal information with stores? (Base: all respondents, n=5.065)

47% of Dutch consumers is however willing to share their purchase information in return for discounts

Especially younger people are willing to share information for discounts (55%)

Willingness to share purchase information in return for…*



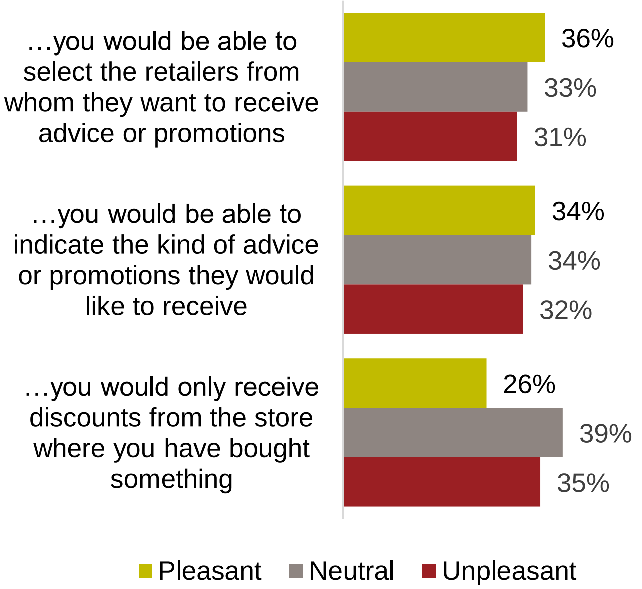
Question: To what extent do you think it is acceptable to share your purchase data in exchange for…
(Base: all respondents, n=5.065) / * Top 2 box on a 5-point scale (acceptable to very acceptable)

Dutch consumers are not yet extremely excited about personalization services based on purchase data

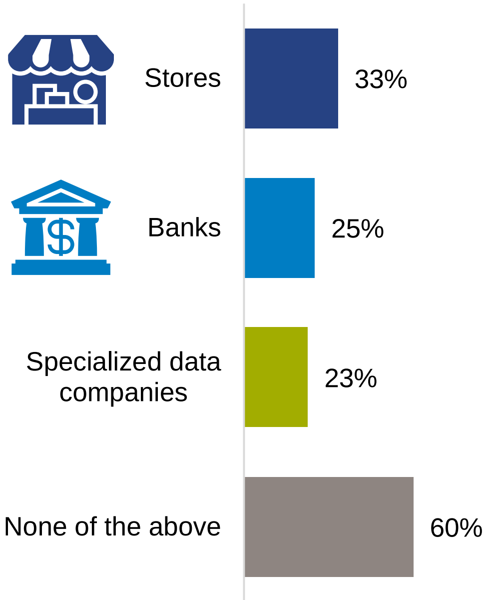
When excited, consumers at least want to indicate preferences in some way

"Let's say a ***service*** *exists that gives you* ***advice on products*** *and provides you with* ***personal discounts and promotions that are relevant for you,*** *all* ***based on your previous purchase behavior*** *(e.g. bank details, details of the receipt)"*

Opinion about such a service under a number of conditions



Most suited party to offer such a service



(Base: all respondents, n=5.065)

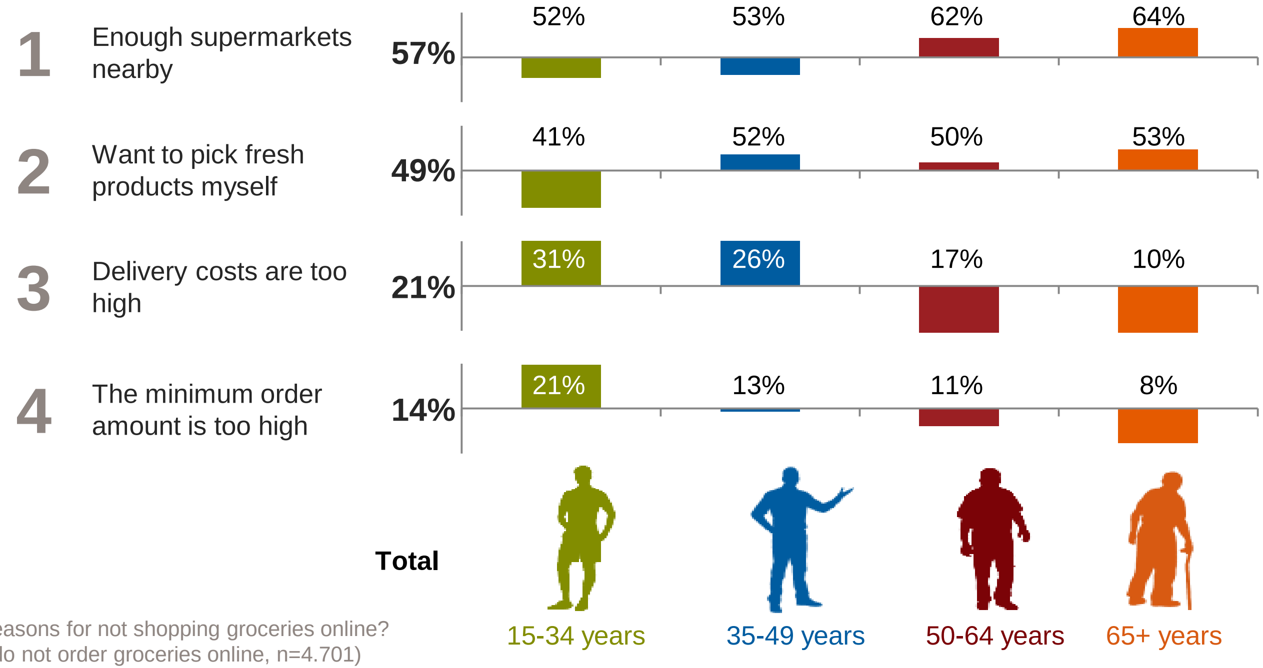
Category specific insights

Grocery shopping

Most common reason for people to not shop their groceries only is related to the large availability of supermarkets in the neighborhood

Reasons to not purchase groceries online differ greatly among age groups

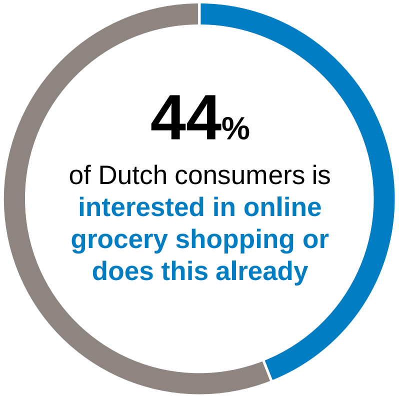
Top reasons not to buy groceries online (among people who do not buy groceries online)



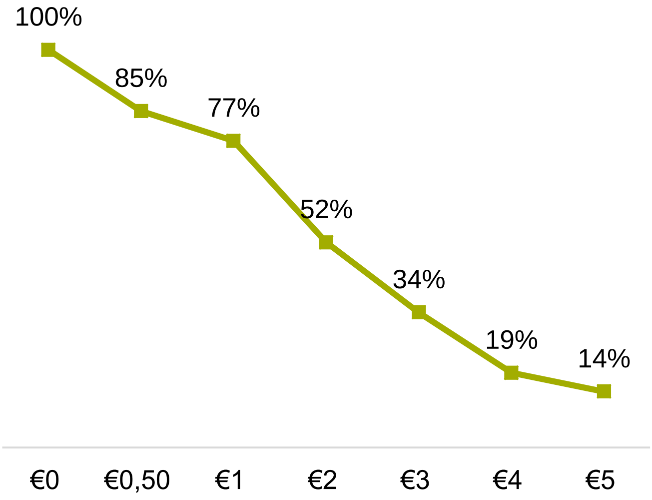
Question: What are the reasons for not shopping groceries online?
(Base: respondents that do not order groceries online, n=4.701)

One hour accurate delivery is appealing for people who are interested in online grocery shopping

However, the majority does not want to pay more than € 2,- extra for this service



Willingness to pay extra for one hour accurate delivery

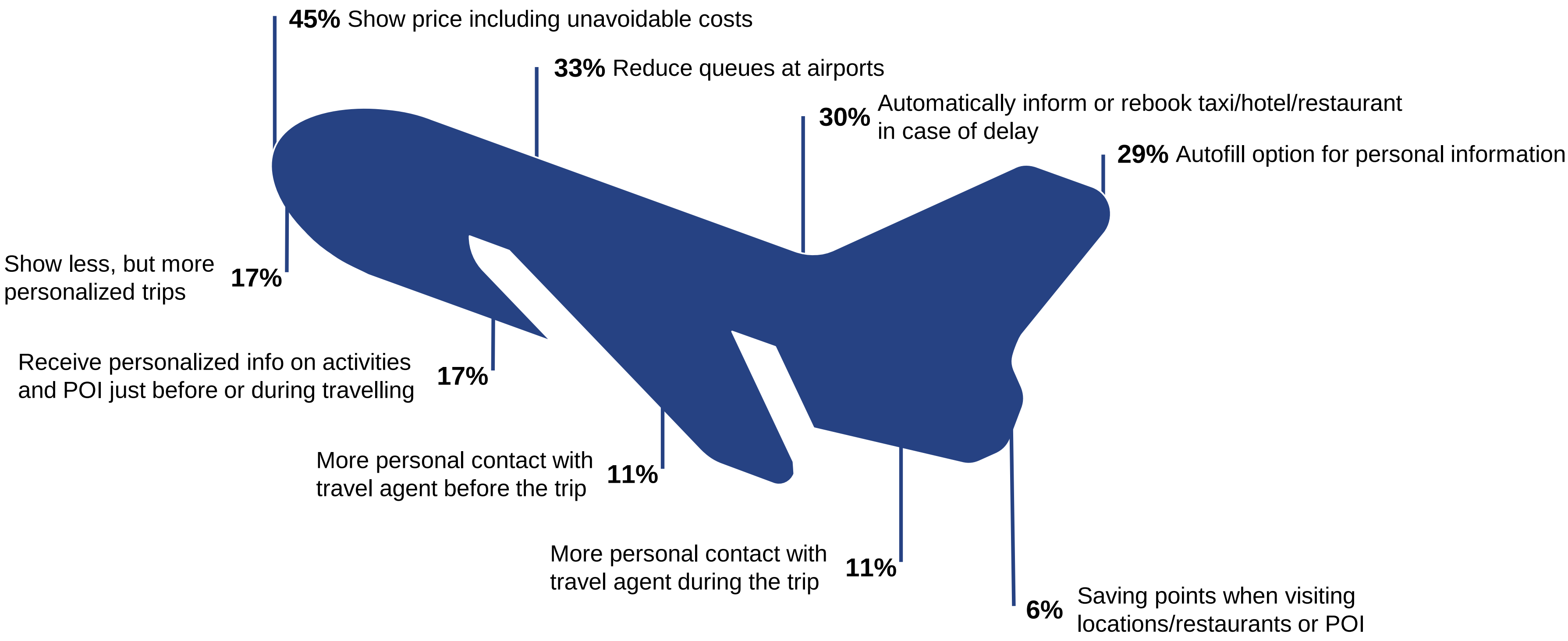


Question: What are the reasons for not shopping groceries online? (Base: all respondents, n=5.065)
Question: Do you think € xx is an reasonable price to pay on top of the regular shipping costs for one hour accurate delivery? (Base: all respondents who are interested in online grocery shopping and are interested in one hour accurate delivery, n=1.020)

Travel

Providing consumers with transparancy about pricing is the most common point of improvement for travel companies

Reduction of airport queues is also desirable for consumers

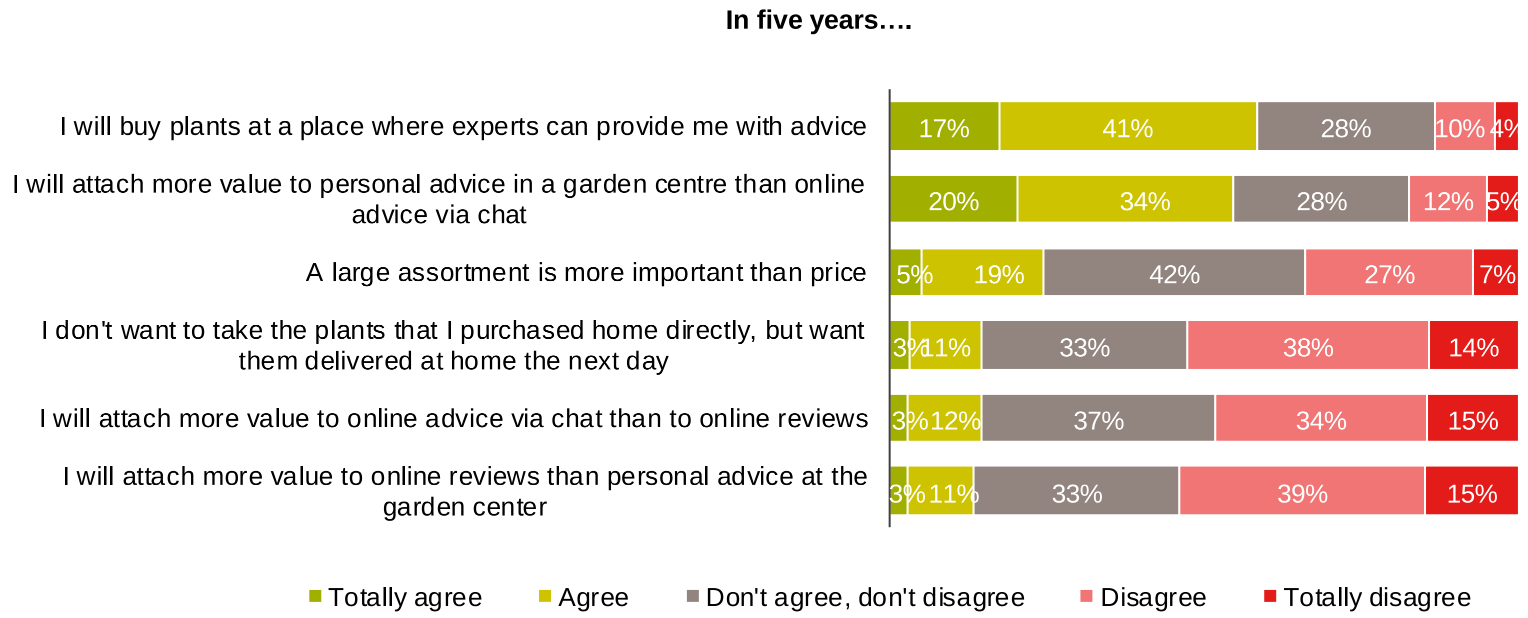


Question: Which of the following aspects can be improved when it comes to booking a trip or during a trip? (Base: all respondents, n = 5,065)

Plants & barbecues

When buying plants, personal advice plays an important role

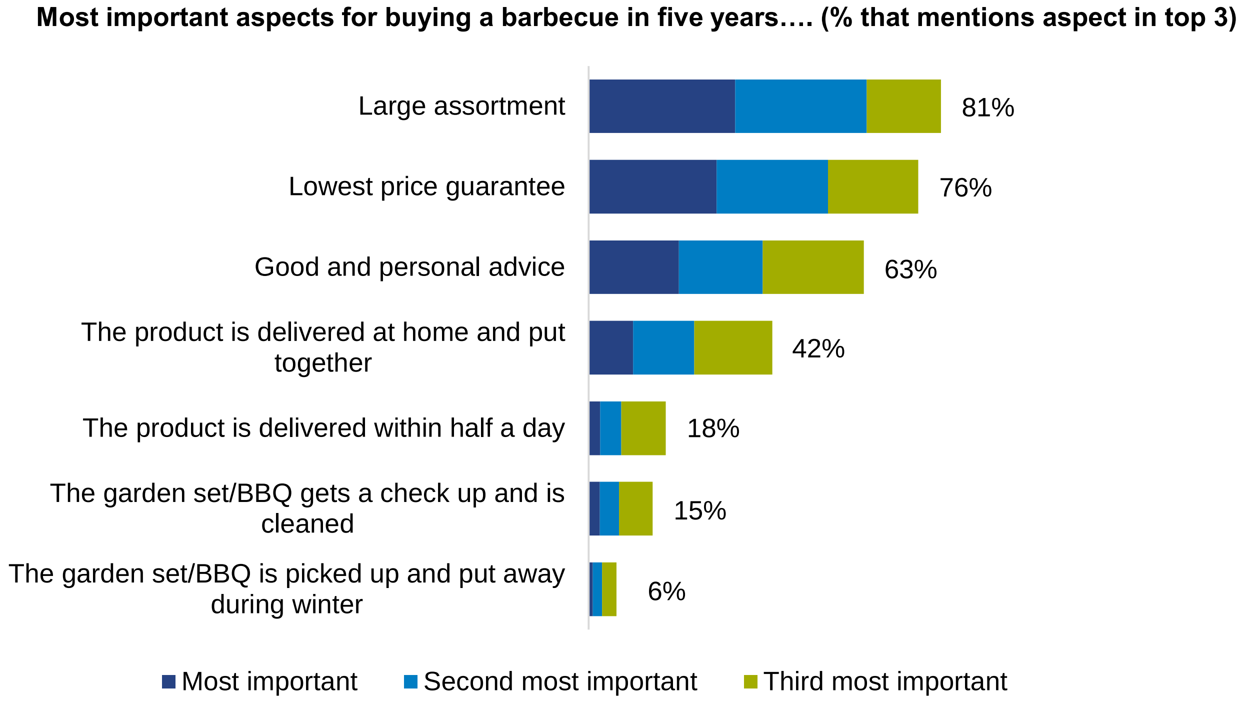
However, millenials are slightly less attached to personal advice



Question: To what extent do you agree or disagree with the following statements about plants and garden centers? (Base: all respondents, n=5.065, “Not applicable” excluded)

When buying **barbecues**, a large assortment is more important than the lowest price guarantee. Advice is subordinate to price

Personal advice is perceived more important by people of 50 years and older



Question: What are the three most important aspects when buying a barbecue in five years? (Base: all respondents, n=5.065)

3. Appendix

Memorandum

Memorandum

Research method

Quantitative online research (CAWI)

Survey consisted of 29 questions (subquestions possible)

Lenght of the questionnaire was 10 minutes

Topics covered in the survey: future buying behavior, crossborder shopping, delivery and return, privacy

Fieldwork

October 6th – October 16th 2017

Net sample: n = 5.065 respondents

Sample

GfK Online Panel

Dutch persons of 15 years and older

The net sample is representative for the total Dutch population of 15 years and older, on the profile characteristics gender, age group, education and district.

Contact

Contact

GfK ShoppingTomorrow Project Team

Ine Polak

Industry Consultant
Fashion & Lifestyle

+31 6 81 88 24 32

Ine.Polak@gfk.com

Gino Thuij

Industry Lead
Fashion & Lifestyle

+ 31 6 22 20 04 11

Gino.Thuij@gfk.com

Giovanni Piana

Research Executive
Market Opportunities and Innovation

Giovanni.Piana@gfk.com

Mirlijn Sabel

Research Executive

Mirlijn.Sabel@gfk.com

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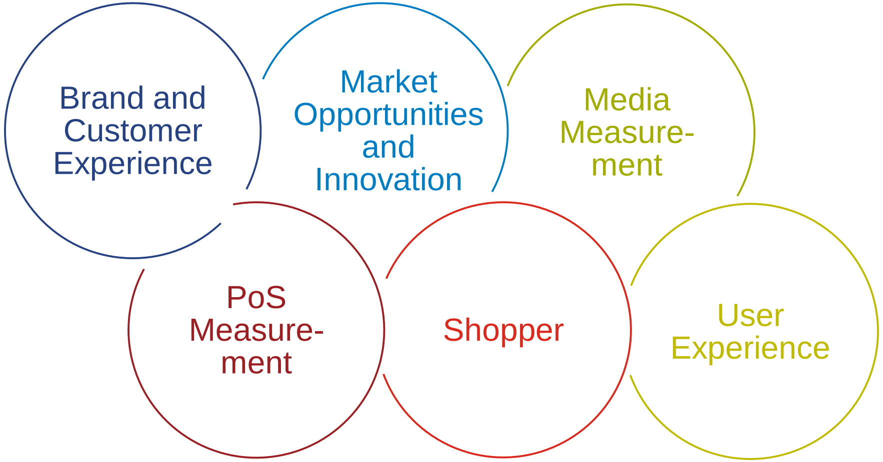

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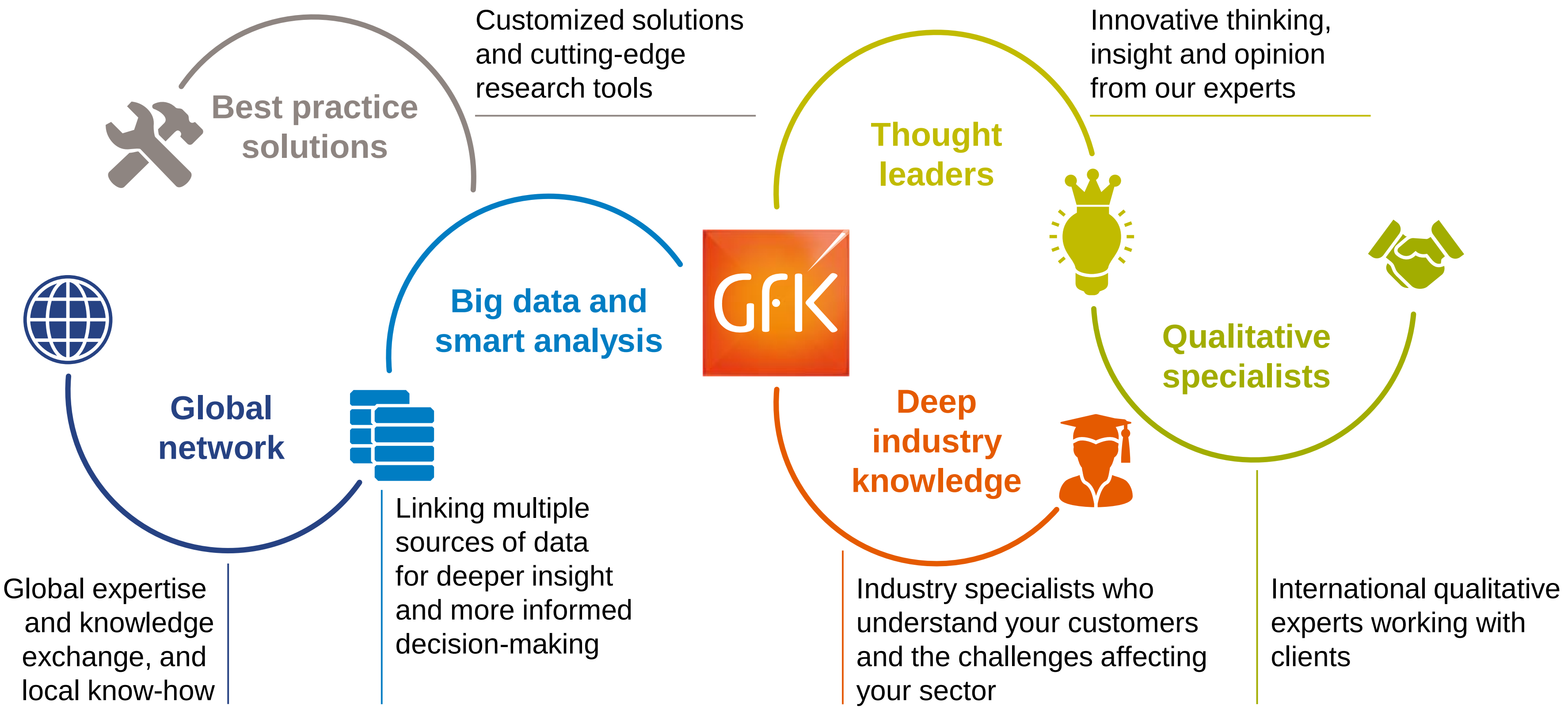

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