



Changing trends in multichannel shopping and browsing preferences September 2012



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Overview

In June 2010, eDigitalResearch, in partnership with Portaltech Reply, conducted research into how consumer interaction with retailers and brands whilst browsing and shopping across channels, is changing. It reviewed the key factors in consumer decision making when shopping and browsing via different channels - in store, catalogue, call centre, via the web or on a smartphone device.

The original research established beyond all doubt that the way in which we shop and browse was fundamentally changing thanks to the introduction of mCommerce, a trend that we concluded could only develop given the incredible uptake of smartphone devices by consumers.

Nine months later, in March 2011, we conducted a similar study to compare results and determine how the landscape of multichannel shopping is changing from a consumer perspective and the effect of these changes on retail channels. This study found that, in just a short space of time, we have witnessed a substantial increase in the rate of change in consumer behaviour and interaction with retail organisations. It called to mind the paradigm shift that occurred during the early days of the Internet and online shopping - the only difference this time around was the added ability by consumers to shop and browse in traditional 'down time' periods and whilst on the move thanks to the flexibility and portability that smartphones offer.

Now, another twelve months on, we are once again undertaking new research to understand further the rate of change that we're witnessing and its effects on multi-channel browsing and shopping preferences. We were interested in investigating how shopping and browsing behaviour across multiple channels has changed and evolved over the last year. This would allow us to understand better the rate of change in multichannel browsing and shopping preferences and to begin to plot how new future developments may effect this, as well as investigate the increasing use of eCommerce via computers and smartphone devices.

Background

The research data used in the report was collected between 29th March and 5th April 2012. The online survey was emailed to a nationally representative sample through an external panel provider. A total of 1,103 responses were collected overall; 509 from smartphone owners and an additional 504 from non-smartphone owners.

Aims of the research

The purpose of the research was to look at the growing role of mobile and online channels and how this is effecting overall consumer trends in multichannel browsing.

The key objectives were:

- To gain an in-depth understanding of consumer behaviours when browsing and shopping across multiple channels
- The look at what products and services are effected most by these changing trends and determine key areas for growth
- To determine of rate of change for key shopping and browsing trends

Key Findings

This latest research makes it clear that in the last twelve months we've yet again seen a substantial change in the way that consumers are shopping and browsing across a range of different channels that they now have at their disposal.

- Smartphone owners are continuing to shop and browse across various channels, including new and

established touch points, proving that channel integration will need to be a key area of focus for multichannel retailers.

- Online and mobile channels are continuing to gain substantial traction, whilst the number of consumers using more 'traditional' channels to shop (catalogues, call centres) is dropping significantly year on year.
- However, 77% of smartphone owners still use catalogues to browse, suggesting that more established channels still have a role to play in the multichannel customer journey.
- When asked about their shopping habits over the past six months, just 3% of smartphone owners claimed not to have made a purchase in-store.
- Online and in-store touch points remain the most popular channels to research and browse
- 84% of smartphone owners are now shopping online and on their mobile on a regular basis (either weekly or monthly). In comparison, only 54% of the same group of consumers are shopping regularly in store, dropping from 73% just two years ago.
- Shopping via a call centre has seen a big decrease overall, especially with smartphone owners. 83% of smartphone owners claim to never use this channel, compared to 66% this time last year, and is now the least popular customer touch point to shop with. Less than two years ago in June 2010, consumers were using mobile apps the least to shop, with 77% of the smartphone owners surveyed having never used the channel before.
- The number of consumers shopping via catalogue has once again dropped year on year; just 3% of consumers shop through catalogues on a weekly basis, a number which has halved since the results twelve months ago.
- Online is the most popular channel to make monthly purchases for smartphone owners. Almost half (43%) said that they shop online on a monthly basis, compared to just 29% who shop in store during the same time period.
- However, in-store remains the most popular channel to make purchases on a more regular basis, with over half (52%) buying products in-store on a weekly basis.
- Online web channels have gained significant traction in most product areas, except household supplies and food and drink, where it appears consumer still prefer to shop in-store. The most popular categories to shop online remain Books, CDs & DVDs as well as travel purchases and tickets.

Shopping and browsing via different channels

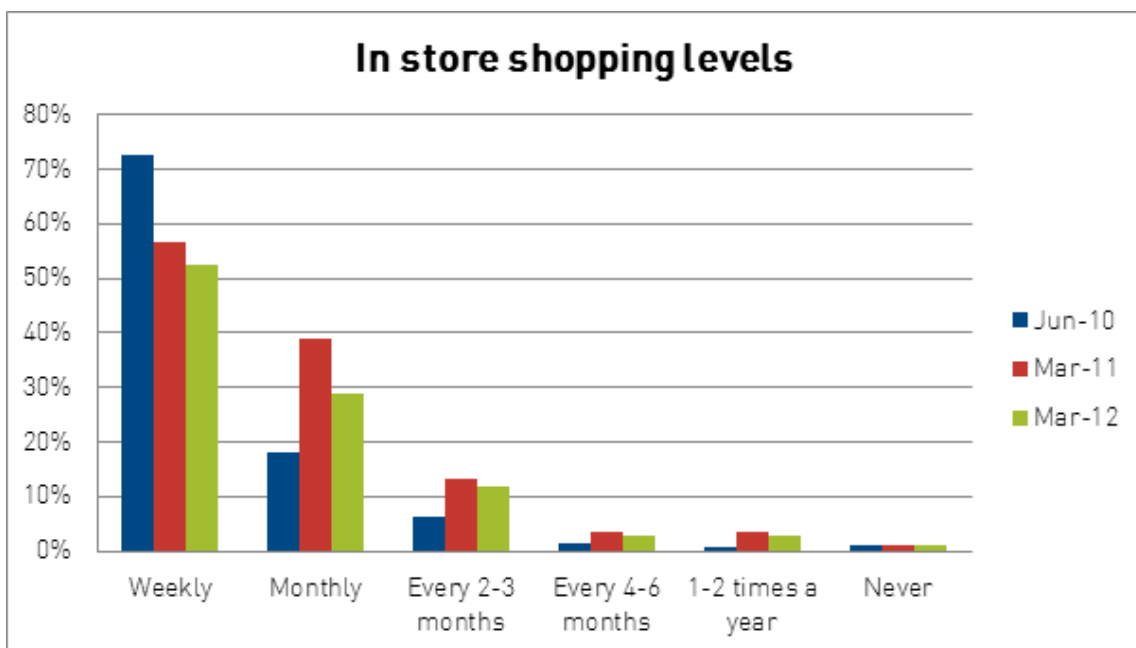
When asking consumers what channels they had used to shop and browse in the past six months alone, the results show a considerable drop in the number of consumers using 'traditional' channels to shop, whilst online channels, including mobile, are continuing to gain a significant amount of popularity year on year. Online, mobile site and mobile app use has all increased, whilst we've witnessed a drop in catalogue and call centre shopping, whilst in-store levels have stayed at similar levels to what they were twelve months ago.

However, catalogue browsing levels have still remained fairly high, with just 1 in 4 (23%) saying that they never use the channel to research or browse products. This suggests that, whilst emerging channels are gaining in popularity, established retail channels still have an important role to play in the overall multichannel customer journey. For retailers, it is essential to ensure that all channels are integrated and provide customers with a seamless shopping journey, no matter what touch points they use.

In store

The number of smartphone owners that shop in store on a weekly basis has reduced significantly over the years and now stands at just over half (52%) of those surveyed. In 2010 this number stood at 69%, and just twelve months ago, 57% of smart phone owners claimed to shop in store on a regular basis. This latest set of results also shows a 10% drop in the number of consumers hopping in store on a monthly basis, whilst

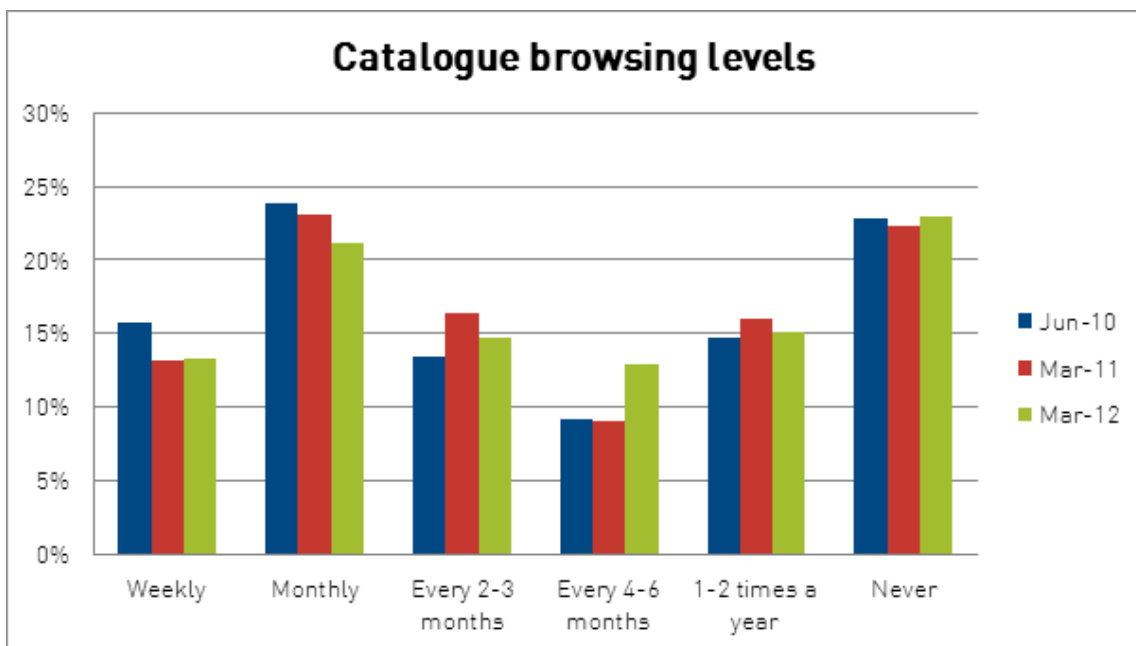
less frequent visits (every 2-3 months, every 4-6 months and 1-2 times a year) remain at similar levels. However, just 3% of smartphone owners claim to never shop in store, indicating the importance that the high street still has to play.



Catalogue

Less than half (41%) of smartphone owners claim to use catalogues to shop, a number which has dropped by 37% since the first study in June 2010.

However, only 1 in 4 (23%) of smartphone owners admitted to never using catalogues to research and browse. In fact, we've seen a slight year-on-year increase in the number of smartphone owners researching through catalogues every 4-6 months.



Whilst the consumer demand to shop using the channel is wavering, there is still a role for catalogues to play during the researching and browsing part of the consumer journey. For retailers, the challenge now is to integrate their catalogue touch points with the rest of their channels. Brands need to be taking advantage of the latest technology and developments, such as QR codes and NFC technology, to allow customers to buy direct from catalogue pages using their mobile devices, which are playing an increasingly bigger role in customer shopping journey's.

Call Centre

Call centre touch points have seen the biggest drop of any channel in consumer shopping levels. Just 17% of smartphone owners claim to use a call centre to shop, with the majority of these doing so just 1-2 times a year. Since the first study in June 2010, there has been a 10% rise in the number of people never using the channel to shop and now stands at 82% of all smartphone owners.

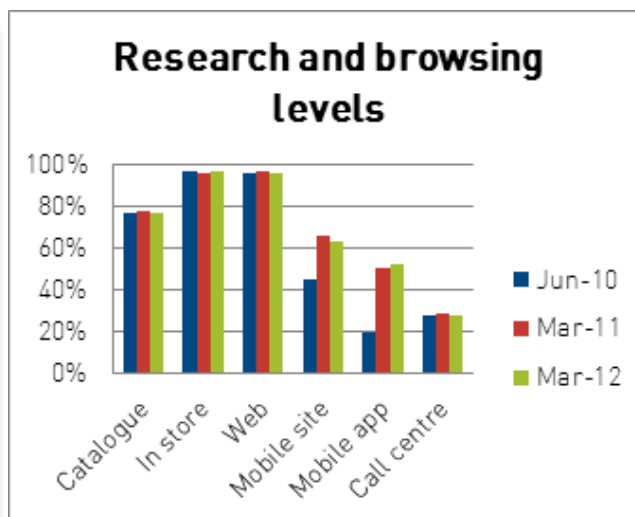
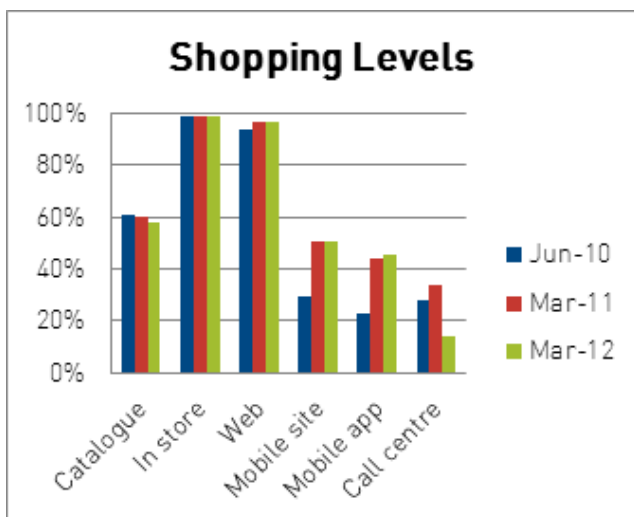
Online

84% of the smartphone owners surveyed are shopping online or via their mobile on a regular basis (either weekly or monthly) demonstrating the importance that online channels are now playing on the multichannel mix. Just 3% of consumers didn't shop online in the past six months, a number which has halved since the first set of results in June 2010.

Mobile

Consumers are increasingly using their smartphone devices to research, shop and browse. 84% of smartphone owners have used their devices to browse websites in general, a number which has almost tripled since the first set of results in June 2010, with one third (33%) of those smartphone owners surveyed, doing so on a daily basis. 77% of smartphone owners use their mobile for research, whilst 64% have used their device to complete a purchase, with 1 in 5 (20%) smartphone shoppers doing so on a weekly basis.

Back in June 2010, just 13% of smartphone owners were using their mobiles to shop on a daily basis, signalling the incredibly impact that newly launched mobile optimised sites and transactional mobile apps have had on mCommerce.



Products and services purchased

We've seen significant growth in the number of people purchasing products online and via their smartphone. Like the early days of the Internet, our research over the past two years has shown that smartphone owners began by purchasing smaller items from the mobile devices, before moving towards bigger and more expensive items as their confidence in the channel continues to grow.

Online web channels have gained significant traction in most product areas, except household supplies and food & drink, where it appears that consumers still prefer to shop in-store for these items. The most popular categories to shop online and via a smartphone device remain travel bookings and books, CD's, & DVD's. Year-on-year, there has been a significant growth in the number of smartphone owners purchasing clothing and fashion items online. Over two thirds (62%) of those surveyed purchased clothes over the Internet in the last six months, a 6% increase on the results from last year. There was also a 2% rise in the number of people using mobile optimised sites to buy their clothes, a number which now stands at 8%, whilst 14% of smartphone owners are using a mobile site to research and browse clothing products and another 9% are using mobile apps.

More and more smartphone owners are purchasing footwear products through their mobile compared to last year's results. Mobile app use has more than doubled from 2% to 5%, with mobile site use doubling from 3% to 6%. In general, the results demonstrate a big growth in the number of people purchasing footwear items in the past six months.

Consumers are also purchasing more jewellery from their mobile phones. Mobile site purchases have more than doubled over the past 12 months from 4% to 9%, whilst mobile app purchases have increased from 3% to 4%. There is also similar growth in the number of people browsing jewellery products from their smartphone with 14% of the smartphone owners surveyed claiming to browse goods from a mobile optimised site and mirroring similar levels to clothing counterparts.

Furniture and homeware retailers have seen an increase in the number of orders through a mobile site with over 6% of smartphone owners having purchased items from their mobile device in the past six months alone, compared to just 4% one year ago. Currently, just under half (47%) are purchasing online, a rise of 15% over the past twelve months.

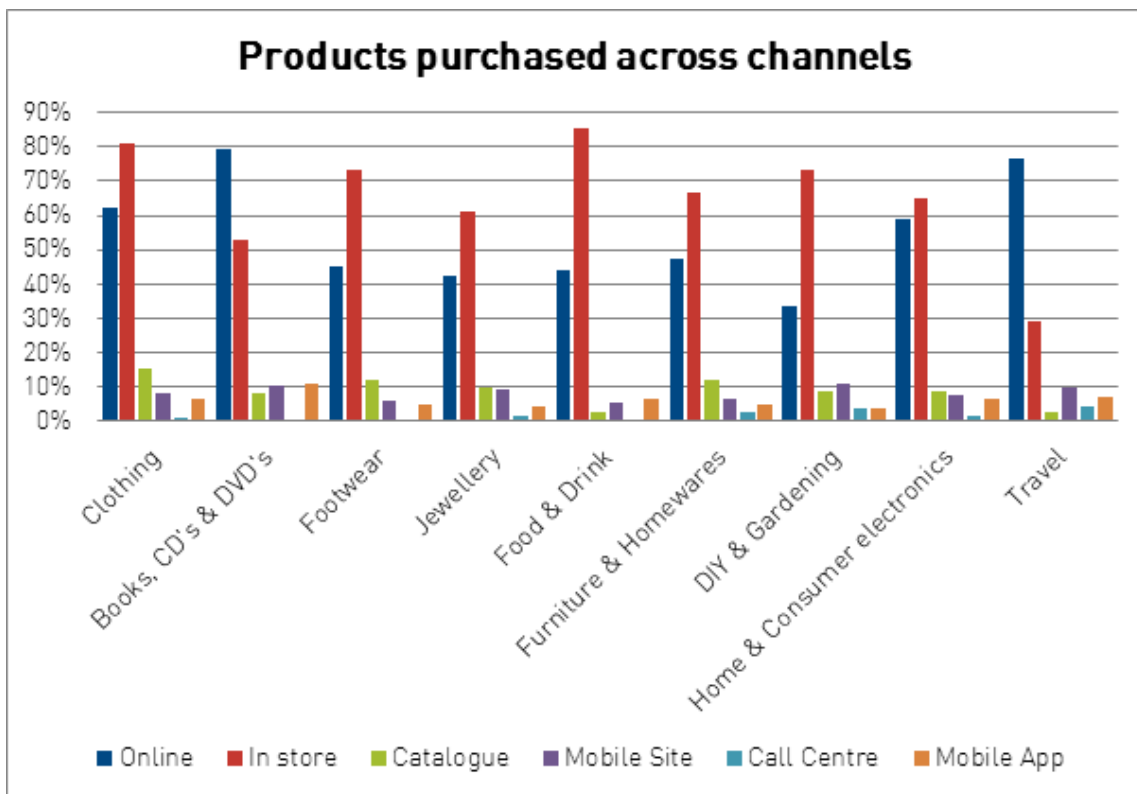
There has been a massive drop in the number of consumers using call centres to place their food and drink orders. In-store overwhelmingly remains the most popular channel to shop for food and drink products. Less than half (44%) are currently completing food shops online. However, this is one product category where using a mobile app is more popular than using a mobile optimised site; 6% of those surveyed said that they had used a mobile app in the past six months to place a food and drink order, whilst just 5% said that they had done the same on a mobile site.

DIY products have the lowest levels of online engagement, however there was still a 13% rise in the number of consumers placing orders over the Internet, bringing the overall result up to 34%. There was also a 7% rise over the past twelve months in the number of people shopping online via a mobile site for DIY and gardening items. However, in-store still remains the most popular channel with 3 out of 4 (73%) of those surveyed heading to stores to buy their DIY goods.

There's been some considerable growth in people purchasing travel items and tickets online and via their smartphone device. Over three quarters (77%) have used the internet to shop online, whilst 10% are completing purchases through mobile sites and an additional 7% through mobile apps, a number which has risen by 4% in the past twelve months. 13% of smartphone owners are also taking to their mobile devices

to research and browse holiday's and other related products. However, we would expect these numbers to grow significantly over the next year as more and more travel brands invest in mobile optimised sites and integrate purchase options into their mobile apps.

Books, CD's, and DVD's remain the most popular category for mobile purchases. Over 10% of smartphone owners are using mobile sites and transactional apps to shop online for products. There also appears to be a slight preference amongst mobile shoppers to use mobile apps, rather than optimised mobile sites to purchase books, CD's and DVD's, with 11.1% purchasing through an app in the past six months, compared to 10.7% buying on a mobile site. However, a staggering 80% of smartphone owners are purchasing buying these goods online.



Rate of change

Between the studies carried out in June 2010 and March 2011, we saw a substantial increase in the number of people shopping and browsing online and on their mobile, whilst a decline in the number of catalogues, call centres and stores being used to shop and browse.

This time around, we are yet again seeing this continuing trend develop. In-store, catalogues and call centre shopping and browsing levels are progressively declining, whilst new and emerging are still gaining in popularity, a much steadier pace. However, this merely represents the impact that newly released mobile optimised sites and transactional mobile apps from some of Britain's best loved brands had on the channel between 2010 and 2011.

Over the coming months, the introduction of contactless mobile payments is likely to, once again, fundamentally change the way in which consumers see and use their phones. The development of mobile payments cements the importance that mCommerce has to play in multichannel shopping and

browsing customer journey's and is likely to lead to bigger growth of the channel, something that we will track over the next twelve months. The continued development of tablet devices is also likely to affect the rate of change, a level that has been unprecedented to date.

Conclusion

Our latest set of consumer results show that 64% of smartphone owners have used their smartphones to make a purchase as people adopt the easiest and most convenient method for them to complete their shopping orders.

It is clear that mCommerce is now making an impact across various product categories as consumer confidence in the channel continues to grow. It is therefore essential that all retailers and brands ensure that they offer a seamless mobile optimised site or an integrated transactional mobile app to allow mobile customers to make a purchase on the move.

The results also highlight the need to provide an integrated multichannel experience. Whilst online and mobile channels are growing in consumer popularity, this study has shown that more traditional channels, such as catalogues and stores, still have a role to play. For retailers operating these more established channels they need to create a dynamic and engaging strategy to involve both their traditional and new and emerging channels in the shopping journey.

However, the number of people using call centres as a part of their shopping and browsing journey has now drastically decreased since the first set of results, and is now a practically obsolete channel for those purchasing smaller items, such as clothes, books, CD's and DVD's and food & drink.

Derek Eccleston, Head of Research at eDigitalResearch, comments, "We've been able to track over time the impact that smartphones and the introduction of new technology has had on consumer behaviour and buying patterns. This latest set of results makes it clear that mCommerce is now an irreversible trend across all sectors and industries, not just for brands selling the smaller, less expensive items that we saw two years ago. Our studies suggest that mCommerce will follow similar behavioural patterns of the early days of the internet, just at a much faster rate of change. Retailers who don't have a mobile strategy in place are losing out and it is essential that all brands, no matter what products and services they offer, provide consumers with a quick, simple and seamless mobile shopping solution".

Mark Adams, Partner at Portaltech Reply, "Our research highlights that the super shopper demands great experience wherever and whenever they engage with their chosen retailer. They want that experience to be consistent across touch points, to feel valued and to be spoken to as an individual whether in-store, via catalogues or the call centre, online or through mobile and tablet devices. This revolution in consumer behaviour and consumer expectations will require retailers to effectively align business strategy, process and systems to keep pace and ensure they survive and prosper in the digital retail age".

About eDigitalResearch

eDigitalResearch are insight specialists with an expertise in online and multichannel business. We bring passionate researchers, technical experts and art designers together all under one roof to work with clients and create bespoke insight programmes. eDigitalResearch not only offer unrivalled digital research expertise and insight support, but state-of-the-art technology and innovation that works seamlessly with your systems and data across customer touch points.

Our products and services help you to reach your customers no matter how they interact with businesses. Surveys, panels and communities combine to provide holistic insight to give clients the confidence to make

critical business decisions.

About Portaltech Reply

Portaltech Reply is the Reply company specialising in the provision of e-commerce implementation and Multichannel consulting services. The company has gained substantial experience in e-commerce since inception in 2000 by working on some of Europe's largest e-commerce and MultiChannel retailing projects. Portaltech Reply is 100% dedicated to hybris technology and is one of the world's most experienced and respected implementation partners with **Platinum Elite status**. Portaltech Reply customers include TUI, Long Tall Sally, Office Shoes, O2, Bunzl Group, Thompson & Morgan and the Daily Mail group.