



Changing trends in multichannel shopping and browsing preferences

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Overview

Since June 2010, eDigitalResearch and Portaltech Reply have been tracking the changes in multichannel shopping and browsing preferences since the growing emergence of smartphone devices.

The first study sought to investigate key factors in consumer decision making when shopping and browsing via different channels – in store, catalogue, online, via a call centre or on a smartphone device. The 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 May 2011, and again in May 2012, eDigitalResearch and Portaltech Reply carried out a similar study to determine how the multichannel consumer landscape is changing and the effect these changes will have on retail channels. Results found that, in just a short space of time, we had witnessed a substantial difference in the way that people interact and behave with retail organisations. Fuelled by the growth in popularity of smartphone devices and driven by consumers, shoppers were beginning to increasingly shop when they wanted and how they wanted. The changing trend called into 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’ or periods 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 this substantial rate of change that we’re witnessing and its effects on multichannel browsing and shopping preferences.

We are interested in determining:

- How shopping and browsing behaviour across multiple channels has changed and evolved over the last three years, specifically in the past 12 months.
- How preferences differ across product categories in order to help retailers to better develop their multichannel strategies.
- To understand how likely a user of one channel will shop with other channels .
- Identify key trends to help better understand how future developments may alter shopping and browsing preferences.

Background

The research was conducted via an online survey which was emailed to a nationally representative sample between 16th -17th April 2013. 1,011 responses were collected in total; 684 by smartphone owners and 327 from those consumers with an 'ordinary' phone without smartphone functionality.

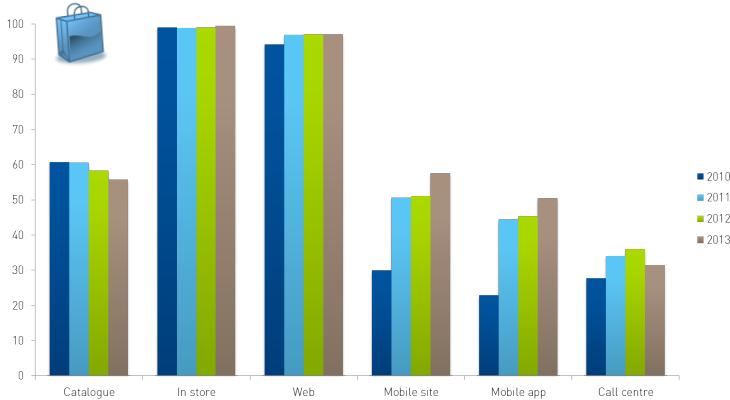
Results in this white paper refer specifically to the multichannel shopping and browsing preferences of smartphone owners unless otherwise stated.

Key Findings

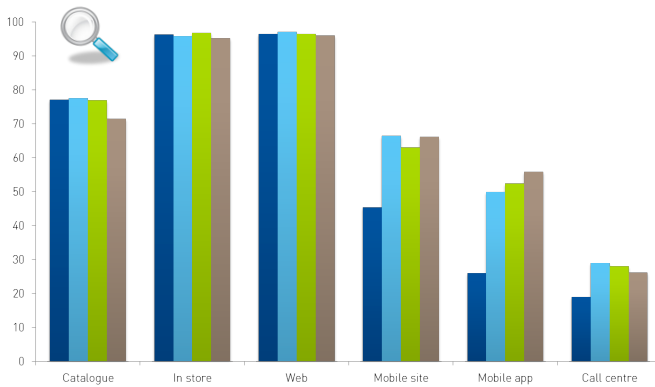
The results show that, perhaps unsurprisingly, mobile channels continue to gain the most traction year on year. More and more of us now own a smartphone and as our familiarity with mobile technology increases and confidence in our mobile devices grow, it would appear that more and more of us are turning to mobile sites and apps to shop and browse.

- The number of smartphone owners making purchases on a mobile site or app has grown 6.5 and 5.1 percentage points respectively in the past 12 months. All other channels have either seen a decline in the number of smartphone owners shopping year on year, or have stayed consistent with 2012 results.
- Mobile channels have also seen the biggest growth in browsing levels in the past 12 months, whilst both catalogues and call centres have seen a significant drop in the number of smartphone owners researching products.
- Websites are increasingly popular for browsing, especially on a frequent basis. Over half (55%) of smartphone owners who use the internet to research for products do so on a weekly basis.
- A similar number of smartphone owners are shopping and browsing for products via the high street, however, results show that more of us are visiting stores less often. Nearly three quarters (73%) of smartphone owners were purchasing items in store on a weekly basis in 2010. That figure has now fallen to under half and stands at 47%.
- Online channels have gained significant traction for shopping and browsing across all product areas and are now the preferred method to purchase goods that have traditionally been bought in store, including home and consumer electronics as well as gifts.
- There has been a momentous decline in the number of smartphone owners purchasing entertainment goods in store. Just 35% of those surveyed that purchased a book, CD, DVD or game in store in the past 12 months, compared to 60% who had done the same in 2010.
- Consumers who use their mobiles to shop are more likely to shop across other channels. Almost 100% (99.1%) of mobile customers also shop online and in store, proving just how vital channel integration really is.
- Mobile shoppers are, in general, more engaged with the retail industry as a whole compared to the rest of the population.

Shopping and browsing by different channels



Graph 1: The number of smartphone owners who have shopped via various channels over the past three years



Graph 2: The number of smartphone owners who have browsed via various channels over the past three years

Multichannel strategies are becoming increasingly important for retailers. Business departments and customer touch points need to come together to improve the customer experience as a whole, as consumers take to whichever channel suits their need.

Year on year comparisons show that perhaps unsurprisingly mobile channels have seen the biggest growth in shopping levels with smartphone owners in the past 12 months. The number of smartphone owners making purchases on a mobile site or app has grown 6.5 and 5.1 percentage points respectively in the last year whilst the number of smartphone owners shopping across other channels has either stayed the same or declined (graph 1).

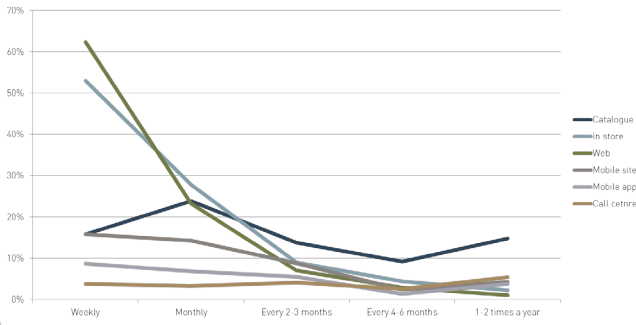
Mobile channels have also seen the biggest growth in browsing levels in the past 12 months, whilst both catalogues and call centres have seen a slight drop in the number of smartphone owners

researching for products via these methods (graph 2).

However, physical stores are still the most popular way to shop on a weekly basis, although this is hardly surprising given the nature and culture of the 'weekly food shop'. Smaller independent and convenience stores are also likely to have had a big impact on this figure.

Nonetheless, when it comes to shopping on a monthly or quarterly basis, online channels lead the way. Over one third (36%) of smartphone owners who shop online, purchase items from the internet at least every month, compared to just over one quarter (27%) of store customers who do the same. Almost 1 in 5 (18%) of smartphone owners shop via a mobile site on a weekly basis (graph 3).

It is unsurprising, therefore, that online channels are most popular for browsing on a regular basis. The internet is becoming increasingly accessible to all, making browsing for products across retailers a quick and simple task compared to browsing through brands in a high street store (graph 5).



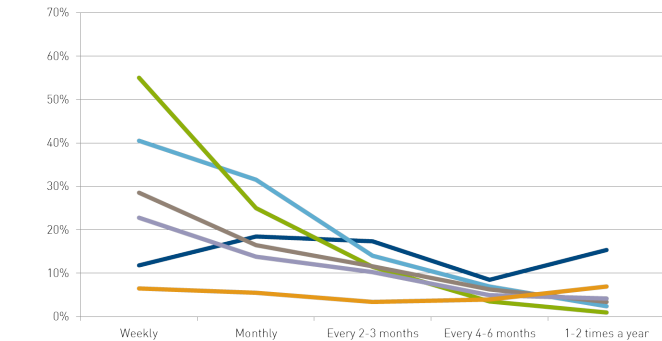
Graph 6: The frequency of smartphone owners browsing via various channels in 2010.

Over half (55%) of smartphone owners who use the internet to research for products do so on a weekly basis. Mobile channels are also popular with smartphone owners for browsing on a regular basis. 28% of smartphone owners who use their devices to research for products do so weekly, whilst another 23% use mobile apps to do the same. A smartphone device affords consumers the ability to access the entire internet at just a touch of a button. Researching for an item via a mobile device is therefore increasingly happening during historical 'downtime' as well as becoming an additional tool to enhance the browsing in store experience, factors which are likely to have had an influence on these results.

Comparisons from the original research in June 2010 show the clear growth in the popularity of online channels for shopping and browsing preferences. The boom in popularity of shopping and browsing via websites, mobile sites and apps appears to have had a clear and fundamental effect on the high street.

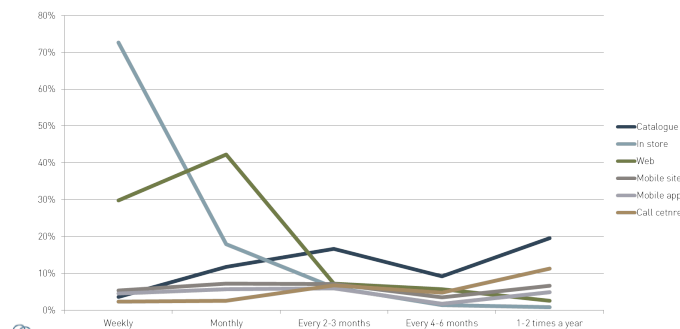
In June 2010, nearly three quarters (73%) of smartphone owners who purchased items in store were shopping on a weekly basis. Now, three years on that figure has fallen to under half and currently stands at 47%.

Whilst a similar number of us are shopping in store, it would appear that we are visiting the high street less and less often. It represents a fundamental shift in consumer behaviour and highlights just how reliant on online channels we are for our shopping and browsing needs.



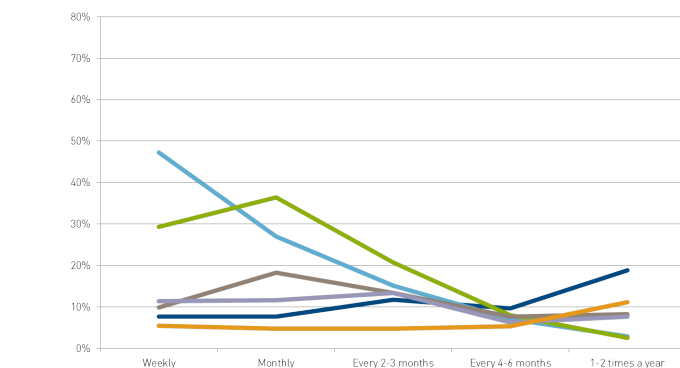
Graph 5: The frequency of smartphone owners browsing via various channels in 2013.

In June 2010, nearly three quarters (73%) of smartphone owners who purchased items in store were shopping on a weekly basis. Now, three years on that figure has fallen to under half and currently stands at 47%.



Graph 4: The frequency of smartphone owners shopping via various channels in 2010.

Interestingly, however, when it comes to shopping and browsing on a less frequent basis, more traditional channels are most popular with smartphone owners, especially catalogues. Of the 56% of smartphone owners who said that they use a catalogue to shop, 19% said that they use them 1-2 times a year compared to just 8% who use them weekly to place an order. This is likely due to the frequency in which new and updated catalogues are published by brands, issuing them either by season, once a quarter or every month.



Graph 3: The frequency of smartphone owners shopping via various channels in 2013.

Products and Services

As the results have already demonstrated, the number of smartphone owners shopping and browsing via more traditional channels is in decline, whilst online channels are continuing to see a surge in mobile customers.

Perhaps unsurprisingly then, in store shopping levels have seen a drop across various product categories, especially for books, CDs, music, games, DVDs and software. Just 35% of smartphone owners surveyed said that they had purchased entertainment items from a store in the past 12 months, compared to 60% in 2010. In comparison, almost two thirds (62%) have shopped online for books, CDs, DVDs and games in the past 12 months, whilst 10% have used a mobile site and another 9% a mobile app.

The past three years have been a difficult time for entertainment retailers with some facing the threat of administration and store closures, with many blaming a change in consumer behaviour thanks to the rise of digital downloads, pure play retailers dominating the market and more and more supermarkets selling large ranges of popular entertainment products. These results highlight just how dramatic this shift has been and clearly indicates that, retailers need to start innovating and supporting their in store experience with a strong digital strategy in order to stop the in store decline from gaining momentum.

Elsewhere, online channels have gained significant traction in all areas and are now the preferred method for some product categories that were traditionally bought in store.

More smartphone owners are now shopping online (50%) compared to in store (43%) for home and consumer electronics, and this has most probably been helped in part by the wealth of customer product reviews now available online. Smartphone owners are now also purchasing more gifts online (61%) than they are in store (57%).

There is still a big preference however to in store shopping for health and beauty products (almost two thirds still shop in store), DIY and home improvement goods, furniture items and household supplies. However, all these product categories have still witnessed a decline in the number of shoppers purchasing goods through a store environment, especially from the levels recorded in 2010. Almost half the number of consumers are now purchasing DIY products in store compared to three years ago. In 2010 70% of smartphone owners said that they had made a DIY purchase in store in the past 12 months, compared to 45% nowadays. Similarly, just one third (33%) of smartphone owners said

that they had used a high street store to purchase furniture items, compared to 64% who had done the same three years ago.

Clothing and footwear retailers have also seen a drop in the number of consumers coming through their doors. Just 67% of smartphone owners said that they made a fashion purchase in store in the last 12 months, compared to 83% in 2010. Similarly, 59% have purchased shoes in store over the past year, compared to 76% who had done the same when asked in 2010.

Elsewhere, there still appears to be a preference by smartphone owners to shop via a mobile site rather than a mobile app. Across all product categories, mobile users have purchased more goods through a mobile site than they have on an app in the past 12 months.

This clear preference has been developing over the past several years and is something that brands must take into consideration when creating their mobile and multichannel strategy. Original eDigitalResearch benchmark research has often found that a brand's mobile site will outperform their mobile app when it comes to all areas of the online customer journey. Supporting eDigitalResearch insight also found that mobile apps are often used more for shopping and browsing purposes by customers who are very engaged with a certain brand, whereas mobile sites are preferred by customers who might be less familiar with that retailer. A smartphone user will visit and use a retailers mobile site first before venturing on and making a purchase through an app.

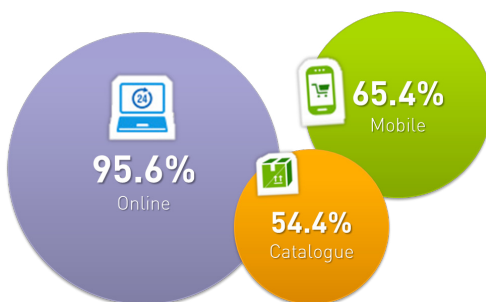
Multichannel customers



For the first time in the study's history, we also examined how multichannel users of various touch points really are.

The results showed that consumers who shop on their mobile, are most likely to shop across other channels. Almost 100% (99.1%) of mobile customers also shop online and in store and proves how vital channel integration really is. Perhaps more surprising, the analysis also found that around two thirds (62%) of mobile customers also shop via catalogues, cementing the notion that more traditional shopping channels still have a role to play in the today's multichannel mix.

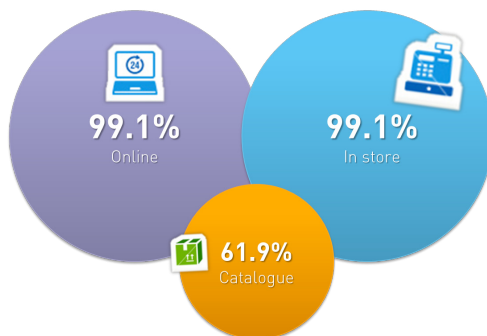
Online customers



On average, smartphone owners are more engaged with the retail industry as a whole compared to the rest of the population. Even when examining more established shopping channels, smartphone owners are using them more compared to everyone else.

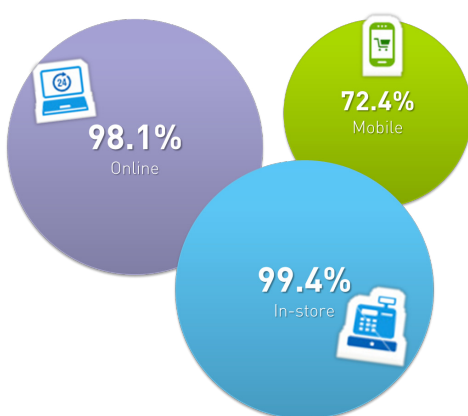
Results also found that catalogue shoppers were also surprisingly multichannel. 98% of catalogue users said that they also shop online whilst 99% also shop in-store. Almost three quarters (72%) also shop on a mobile. However, results show that, like with other channels, smartphone owners are more engaged with catalogues and shop more regularly when compared to non-smartphone owners. 8% of smartphone owners shop via catalogues on a monthly basis compared to 1% of non-smartphone owners who do the same.

In store customers



Perhaps unsurprisingly, in store customers are least likely to shop by other channels. 96% of store customers have also shopped online in the last 12 months, compared to 99% of online customers who have also shopped in store.

Mobile customers



These results highlight that online and mobile customers are a lot more multichannel than most. It also highlights the need to properly ensure that channels are well integrated. Customers now more than ever are likely to be touching numerous touch points on their route to purchase and therefore ensuring that experiences, products, information and prices are the same across channels is key to encourage more purchases and repeat visits.

Catalogue customers

Conclusion

These results clearly demonstrate that more and more of us are turning to online and mobile channels to shop and browse and increasingly turning away from the more traditional shopping routes of in store, catalogues and call centres.

Year on year tracking shows that mobile channels continue to gain the biggest amount of new shoppers, although this is hardly surprising given the rise in popularity of smartphone devices. In 2010 just 38% of consumers owned a smartphone device. Now that figure stands at 62%. However, the results surprisingly found that whilst the growth of online channels is effecting the number of consumers shopping via certain channels, it is having the biggest effect on the high street. Whilst the majority of consumers still continue to shop in store (just 3% said that they don't use the high street to shop) fewer of us are visiting a store to shop on a regular basis. In June 2010, nearly three quarters (73%) of smartphone owners who purchased items in store were shopping on a weekly basis. Now, three years on that figure has fallen to under half and currently stands at 47%. Whilst shops are still the most popular means of buying our most frequent purchases, results suggest that this trend is only likely going to continue and therefore brands need to be innovating, bringing their sometimes more popular online channels onto the high street and creating a more exciting, dynamic and vibrant in store experience that will encourage customers to keep returning through their doors.

As a result, retailers across the industry selling and specialising in almost all products have seen a decline in the number of products purchased in their shops. Internet sales, on the other hand, are booming with more of us buying more products online more often.

The results also found that online customers are likely to be more multichannel than those that shop in-store. Mobile customers are most likely to shop across other channels, with almost 100% (99.1%) of those smartphone owners surveyed declaring that they also shop online and in-store. Mobile customers are therefore more likely to shop across and between channels, often using various customer touch points to browse, research and complete a purchase. Brands therefore must adapt their more traditional channels and embrace digital technology to help to enhance their overall experience. Initiatives such as free wi-fi in store and click and collect services are essential if businesses want to maintain or grow their market positions.

About eDigitalResearch

eDigitalResearch are insight specialists with an expertise in multichannel touch points. We help businesses to grow by providing bespoke insight programmes designed with passionate researchers, technical specialists and graphic designers all under one roof. We work closely with clients to deliver a range of insight solutions including Customer Experience Management, Voice of the Customer feedback and Multichannel consumer insight.

eDigitalResearch not only offer digital research expertise and insight support, but innovative technology that works seamlessly with your data and systems, allowing us to offer flexible partnership options and creating an insight solution that fits your business needs.

About Portaltech Reply

Portaltech Reply is the leading hybrid Partner with offices in London, Seattle, Milan and Dusseldorf. The company holds Platinum Elite Status and is Global Partner of the Year 2013, 2012 and 2010 with over 30 major hybrid projects to its name. Portaltech Reply offers an end to end set of products and services for multi-channel commerce including consulting, commerce platform implementation and integration, mobile and digital design, SaaS and on-premise warehouse management, proximity marketing, mobile payments and Cloud based hosting on the Amazon platform wrapped in a full managed service from one single supplier. Portaltech Reply clients include British American Tobacco, Bunzl Group, Costco Wholesale, Delhaize Group, Iceland Foods, Monsoon & Accessorize, Office Shoes, O2, Phones 4u and TUI Travel. www.portaltechreply.com



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