ShoppingTomorrow 2018

The future of retail according to consumers and experts

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:

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Content

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Preface

ShoppingTomorrow

The future of shopping according to consumers and experts

As partner of the ShoppingTomorrow research and action program, GfK conducted both a consumer study and an expert study this year to gain insights that leads to concrete actions on several key topics like mobile commerce, privacy, cross border shopping, Smart Home, sustainability and 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 4 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

GfK interviewed more than 1.000 Dutch consumers and 91 experts with an online questionnaire. Additionally GfK spoke to 10 experts and asked their opinion about the key topics and their expectation about the future. Together the input results in this 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 and/or expert'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.

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The Future of Shopping

shopping tomorrow

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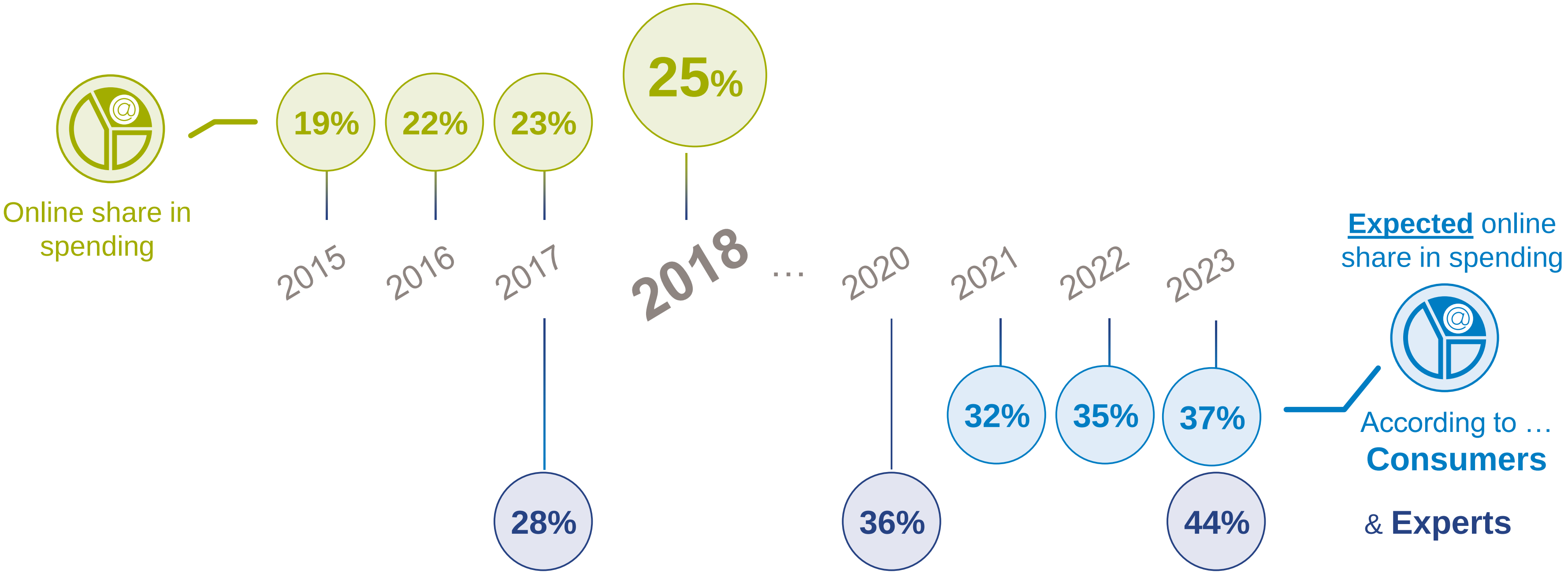
Expected trends in online & offline shopping

Both consumers (+12%) and experts (+19%) expect further growth of the online channel

(Expected) overall B2C online share in value

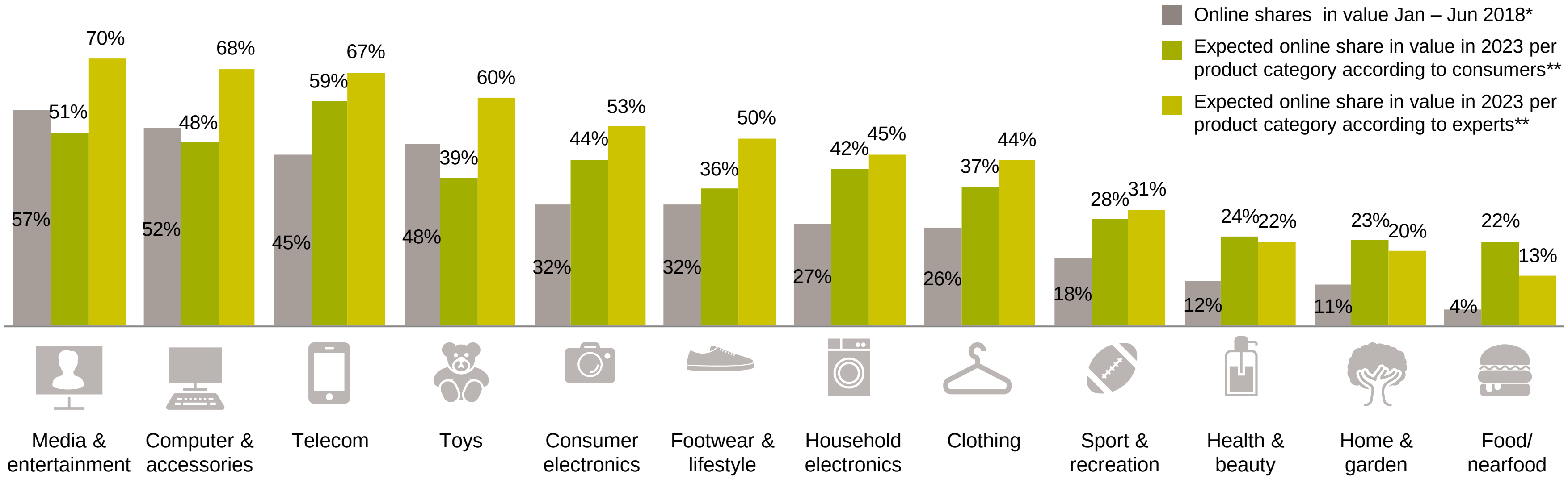


Total B2C online share in value including product and services
Source: Thuiswinkel Markt Monitor, Q2 2015, Q2 2016, Q2 2017, Q2 2018
Source: ShoppingTomorrow (Consumer) Research 2016, 2017, 2018
Source: Shopping 2020

Base: all consumers, n=1.004);
All experts, n=91

Consumers expect the largest relative growth to happen within food/nearfood, telecom and household electronics; Experts expect the largest growth within telecom and consumer electronics

Average expected online share in value in 2023 per product category

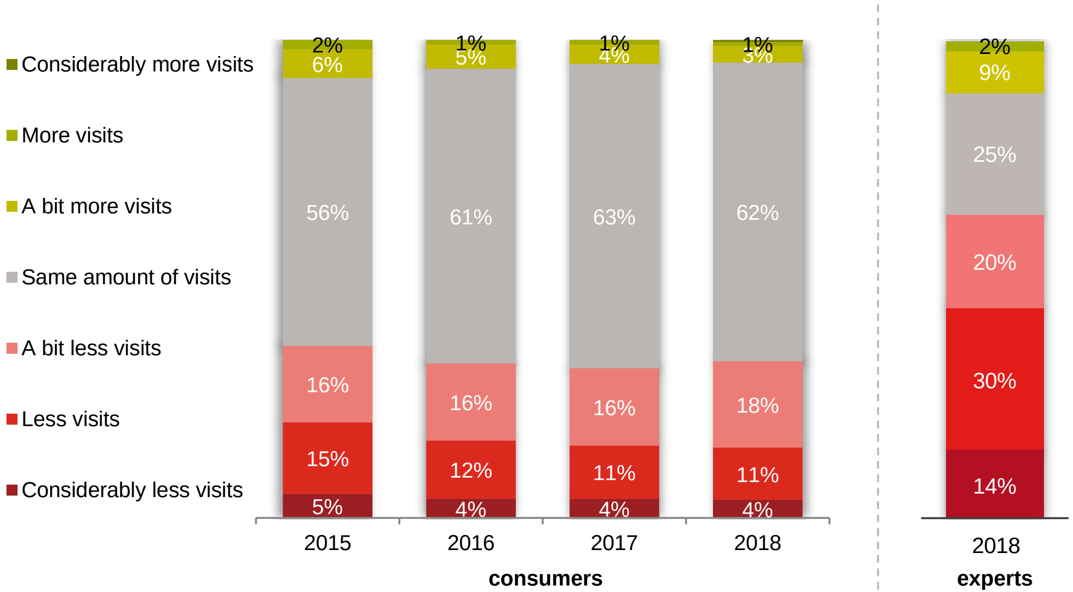


Question: What share of your total spending in product category X do you expect to spend online in 5 years?
* Source: GfK Thuiswinkel Markt Monitor Q2 2018
** Source: GfK ShoppingTomorrow Research 2018

Base: all experts, n=91
Base: all consumers, n=1.004

Most consumers expect their number of visits to a city center to stabilize; Experts are more negative and think 64% of consumers will visit a city center less often in 5 years

Expected number of visits to city centers in 5 years

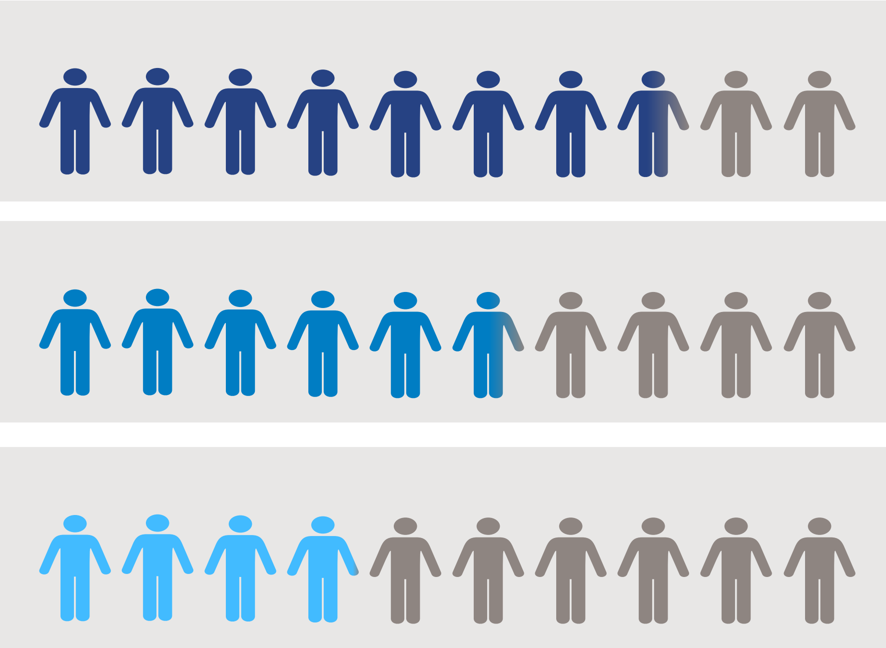


Consumers: Do you expect to pay more or less visits to city centers for shopping in 5 years (on a yearly basis)?
Experts: Do you think that, in five years, the Dutch consumer will visit a city centre to shop less often, as often as or more often than they do now on an annual basis?

Base: all experts, n=91
Base: all consumers n=1.004

Almost three quarter of consumers will visit a store more often if it's inexpensive and easily accessible

I visit a store or shopping area more often if …



74% … it's inexpensive and easily accessible

… it's located near other interesting destinations such as shops, restaurants, cultural attractions **55%**

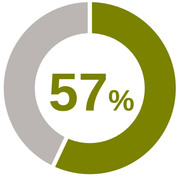
39% … I had more time

Consumers: I visit a store or shopping area more often if … (% (totally) agree)

Base: all consumers (n=1.004)

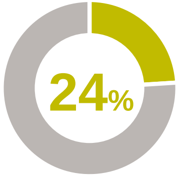
More than half of consumers shop around online and then buy the desired product in a physical store; Electronics are looked up online most before visiting a store

When buying products, I think it's generally important…



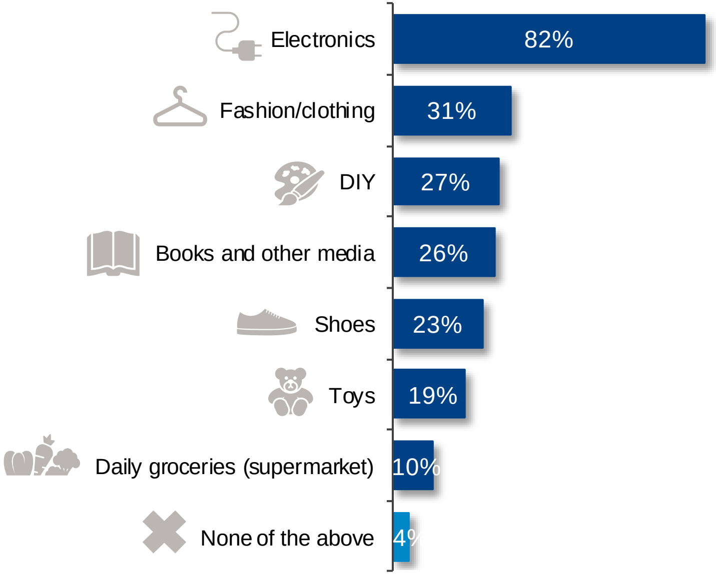
… to shop around online and then buy the desired product in a physical store

… to order from a website which has a store located nearby



… to be able to place an online order. If I can order everything online I won't go to the store anymore

Online orientation before visiting a store

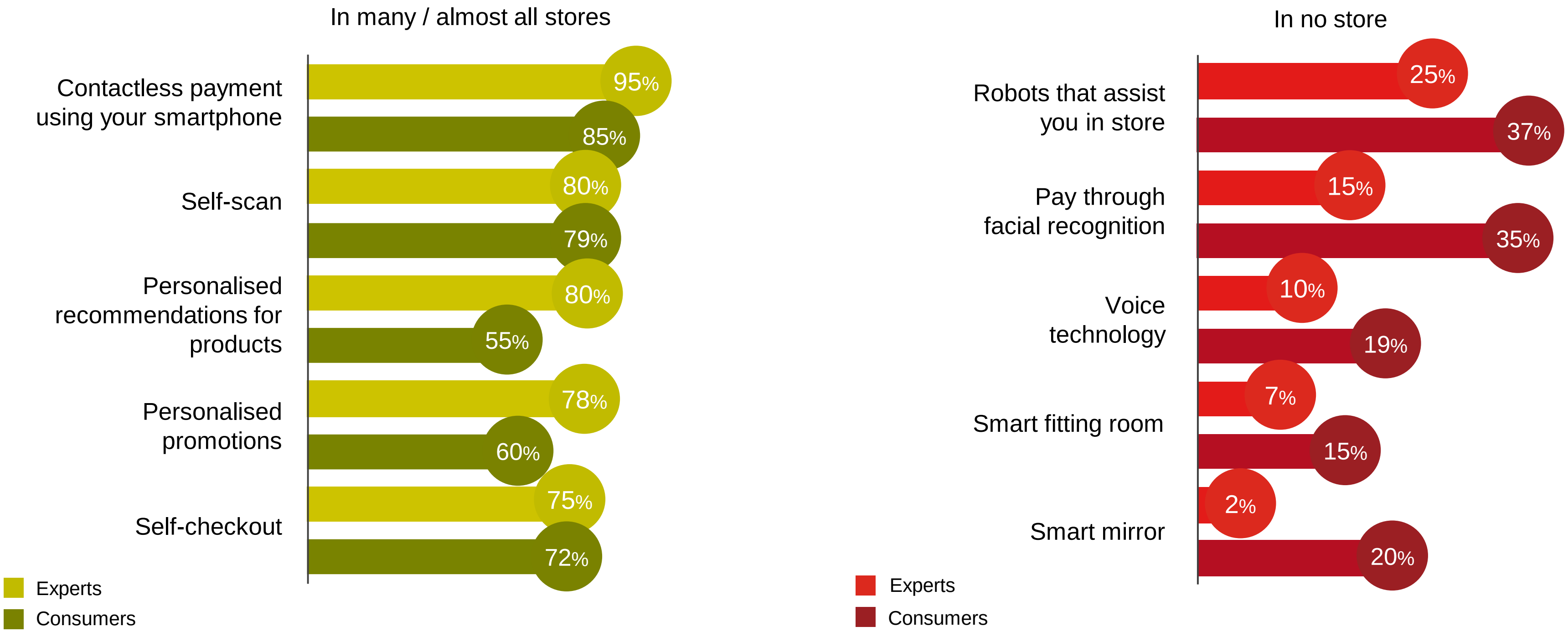


Consumers: When buying products, I think it's generally important… (% (totally) agree)
Consumers: Which product groups do you look up online before visiting a store?

Base: all consumers (n=503)
consumers who look up information before shopping (n=475)

Both consumers and experts expect contactless payment and self-scan to be in most stores in five years; Robots and payment by facial recognition are least promising

Technologies available in the Dutch retail landscape in 2023



Consumers / experts: To what extent do you think that we will see each of the following technologies in the Dutch retail landscape in 2023

Base: all experts, n=91
Base: all consumers n=1.004

More than half of both consumers and experts expect a large part of purchases will take place through new sales channels (such as voice assistants) in 2023

Not likely		Likeliness of the following scenarios	Likely	
12%	1%	Buying and selling in online shops outside of the Netherlands. Cross border e-commerce will happen more frequently	88%	99%
23%	9%	In 2023, consumers will always see a personalised range of products and services while shopping	77%	91%
27%	21%	In 2023, there will only be a few major players/ (online) stores per sector (market concentratin)	73%	79%
29%	29%	In 2023, there will no longer be any difference between stores and online shops, instead the two channels will collaborate fully as one single sales channel	71%	71%
25%	31%	In 2023, sustainability and corporate social responsibility will be a standard that every online store takes into consideration	75%	69%
22%	40%	In 2023, stores and online shops will mainly respond to the wishes of the new generation of shoppers (Generation Z, born after 1995)	78%	60%
45%	44%	In 2023, a large part of all purchases will take place through new sales channels (such as through voice assistants)	55%	56%

🟥 Consumers 🟥 Experts

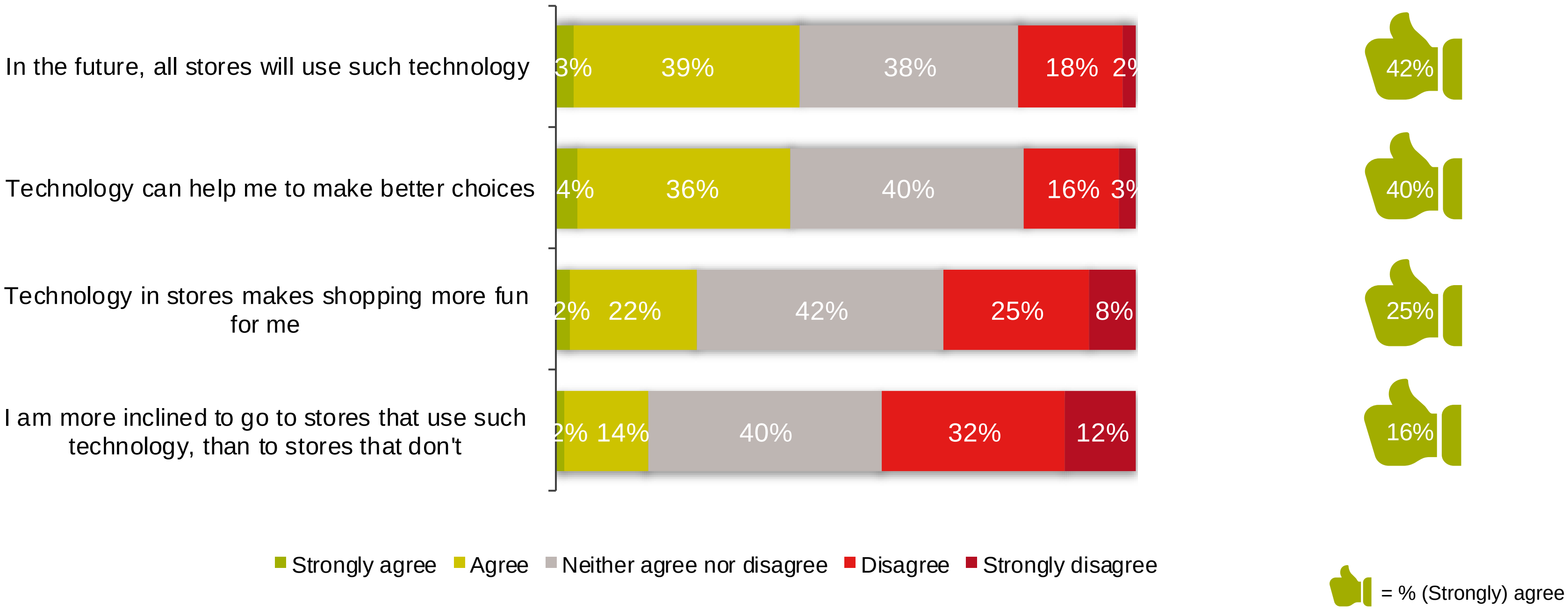
🟩 Consumers 🟩 Experts

Consumers / experts: To what extent do you consider each of the following scenarios (un)likely in 2023?
* Bottom 2 on a 4-point scale / ** Top 2 on a 4-point scale

Base: all experts, n=91
Base: all consumers n=1.004

4 out of 10 consumers think technology can help them to make better choices

New technologies in stores



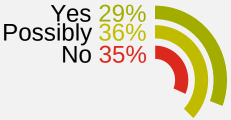
Consumers: The following statements are about new technology in stores. To what extent do you agree with the following statements?

Base: all consumers n=1.004

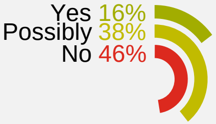
Almost two third of consumers want to be recognized when they make a return visit relating to warranty and/or after services

Personal recognition as a consumer

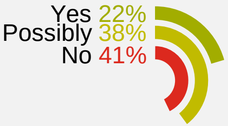
65% I want to be recognized if I make a return visit relating to warranty and/or after services for example



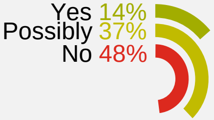
54% I want to be recognized when I receive relevant personal offers



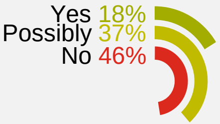
59% I want to be recognized when I come to collect a purchase (click & collect)



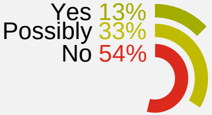
52% I want to be recognized if I need advice on a product and/or service



54% I want to be recognized if that makes the checkout process and the purchase payment process easier and quicker



46% I want to be recognized when I come to make a specific purchase

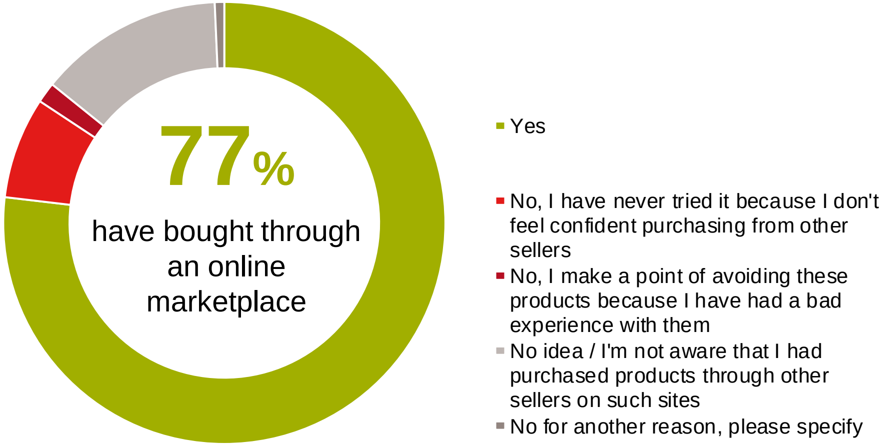


C05: To what extent do you feel this is useful/valuable when shopping?

Base: all consumers n=1.004

More than three quarter of consumers have ever bought through an online marketplace; main reason is a lower price

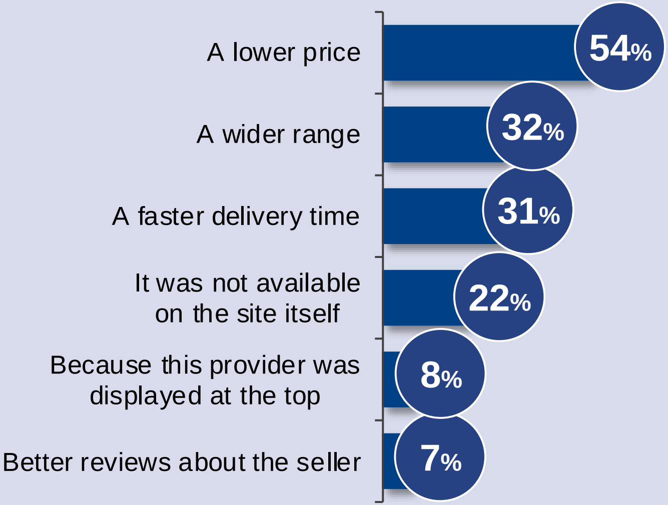
Have you ever bought products through an online marketplace from another company than the marketplace itself?



10% haven't bought through online marketplace

14% has no idea or isn't aware of this

Main reason for purchasing from another seller on an online marketplace



Consumers: Do you ever buy products through an online marketplace (e.g. bol.com, Amazon) from a seller other than the site itself?
Consumers: What is your main reason for purchasing from another seller on an online marketplace?

Base: sometimes makes online purchases n=458
Base: buys through online marketplace n=349

In most cases, sale by a third party is noted because of differences in suppliers, prices, delivery times or quality

Point of discovering a product is being sold through a third party

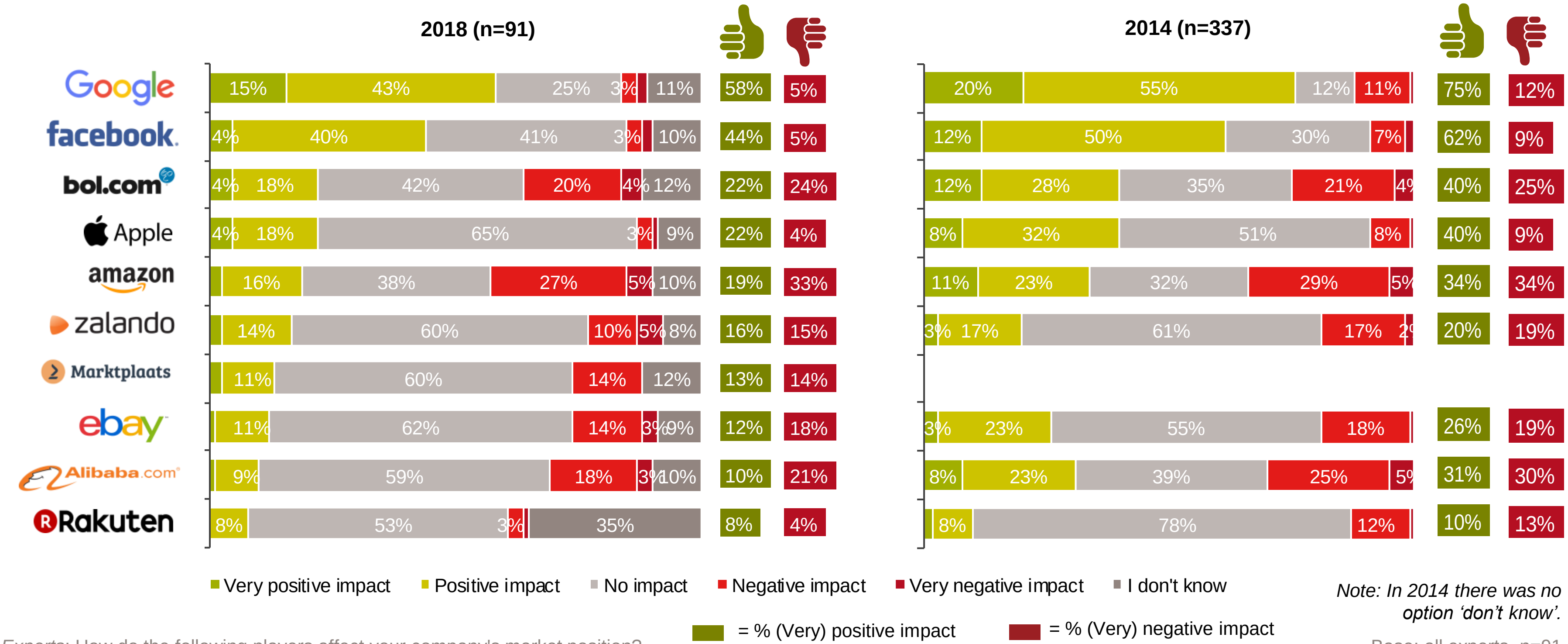
1.	When I search for products that I want to buy, I notice a difference in suppliers, prices, delivery times or quality of the products compared to the products that the marketplace itself offers	57%
2.	I deliberately go to the site to buy such products	16%
3.	Once I have placed the item in my shopping basket and want to pay	11%
4.	When I receive the order confirmation	4%
5.	When the order is delivered	2%
6.	If I want to return the product	2%
7.	If I want to use the warranty	1%
	I have never noticed	8%

Consumers: At what point do you realize that products are being sold through a third party on such an online marketplace?

Base: buys through online marketplace n=349

Experts expect Google and Facebook to have (very) positive impact on their market position, while Amazon, Bol.com and Alibaba will have (very) negative impact

Effect on market position

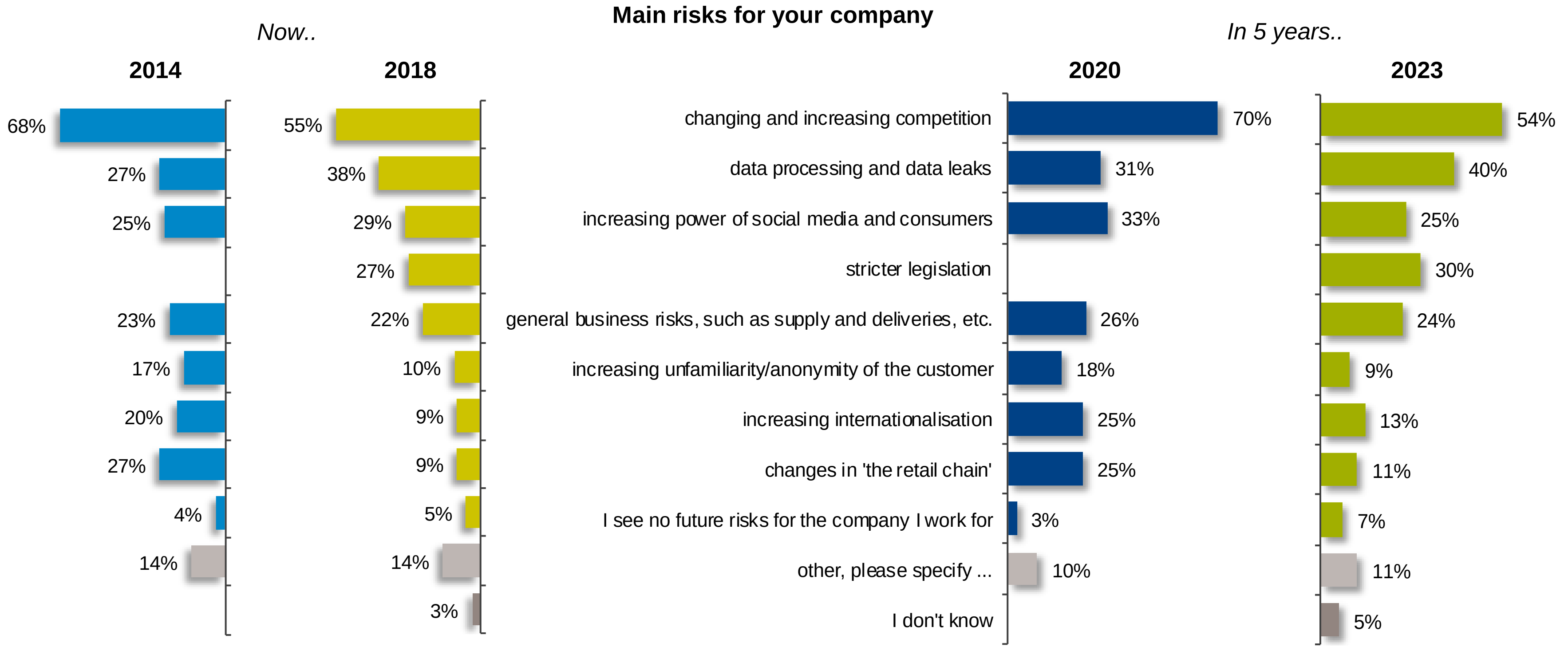


Note: In 2014 there was no option 'don't know'.

Experts: How do the following players affect your company's market position?

Base: all experts, n=91

Data processing and data leaks are seen as a main risk more often, while increasing internationalisation and changes in ‘the retail chain’ are mentioned less often.



Experts: Which of the following statements do you currently see as the main risks for the company you work at? Select the three answers that are the greatest risk in your opinion. Risks relating to...

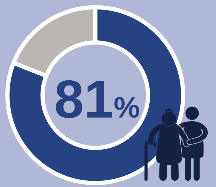
Experts: Which of the following statements do you think will pose the greatest risks for the company you work for in the next five years? Select the three answers that in your opinion will pose the greatest risk. Risks relating to..

Base: all experts, n=91

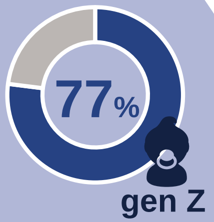
Experts think ageing will have most impact on the Dutch retail sector in 5 years' time, followed by a new generation of shoppers (gen Z)

Top 3

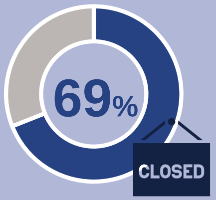
1. Ageing



2. Emergence of a new generation shoppers



3. Shortages on the labour market



Impact of developments in Dutch society in five years
(% significant/ reasonable impact)

4.	Urbanisation	65%
5.	Smaller households	55%
6.	Increase in population	48%
7.	Increased divsersity in cultures	46%
8.	Climate change	45%

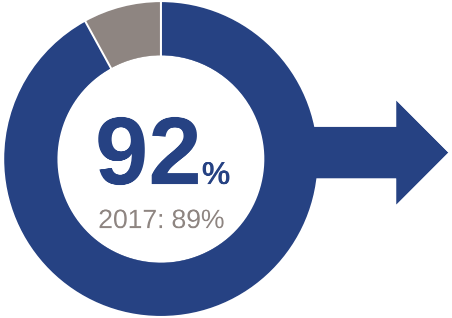
Experts: We are seeing various developments in Dutch society. To what extent do you think these developments will affect the Dutch retail sector in 5 years' time (in 2023)?

Base: all experts, n=91

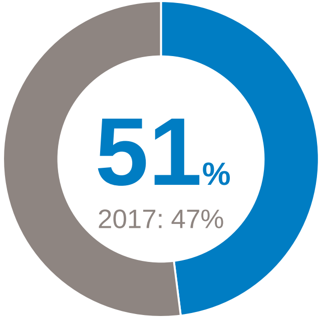
Mobile Commerce: it's all about mobile

Half of all online buyers uses their mobile phone to shop online

Mobile shopping

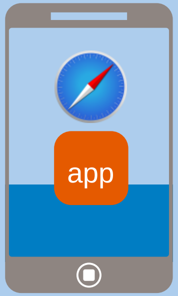


of the **total Dutch population** (15+) **shopped online** past year



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

In five years, **40%** of all **mobile shoppers** expect to make the majority of their online purchases using a smartphone



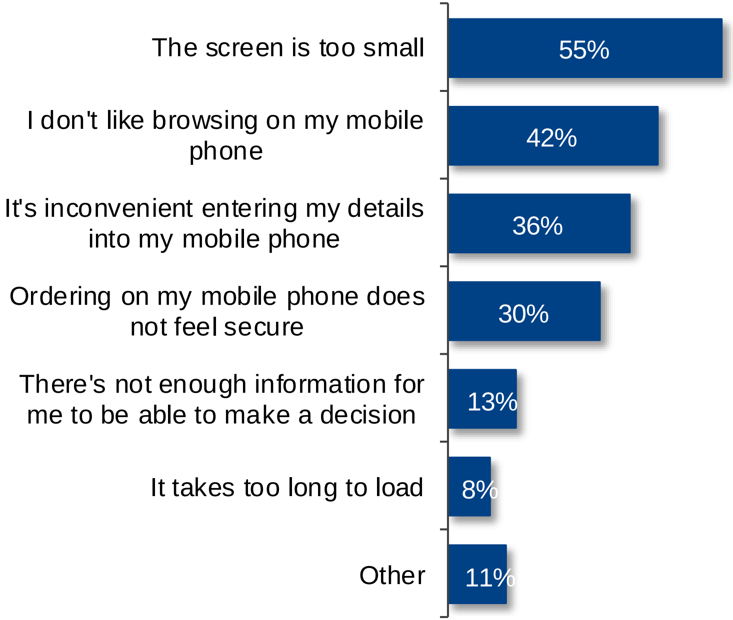
84% of all **experts** think the majority of online purchases will be placed through a smart phone in 2023

Consumers: In five years' time, I expect to make the majority of my online purchases using a smartphone (through an app or mobile website)
Experts: In 5 years the majority of online purchases will take place through a smartphone (through an app or mobile website).

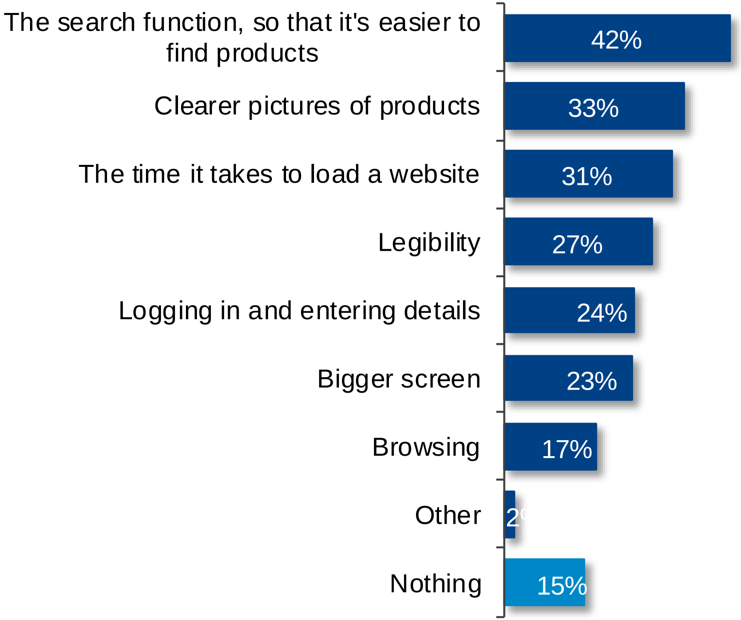
Base: all experts, n=91
Base:Sometimes makes online purchases, n=913

Main reason for not shopping via a mobile website is the screen size, but this is not the most mentioned improvement; Most consumers want a better search function to find products

Reasons for not making online purchases through a mobile website



Improvements in terms of online shopping when using a smartphone

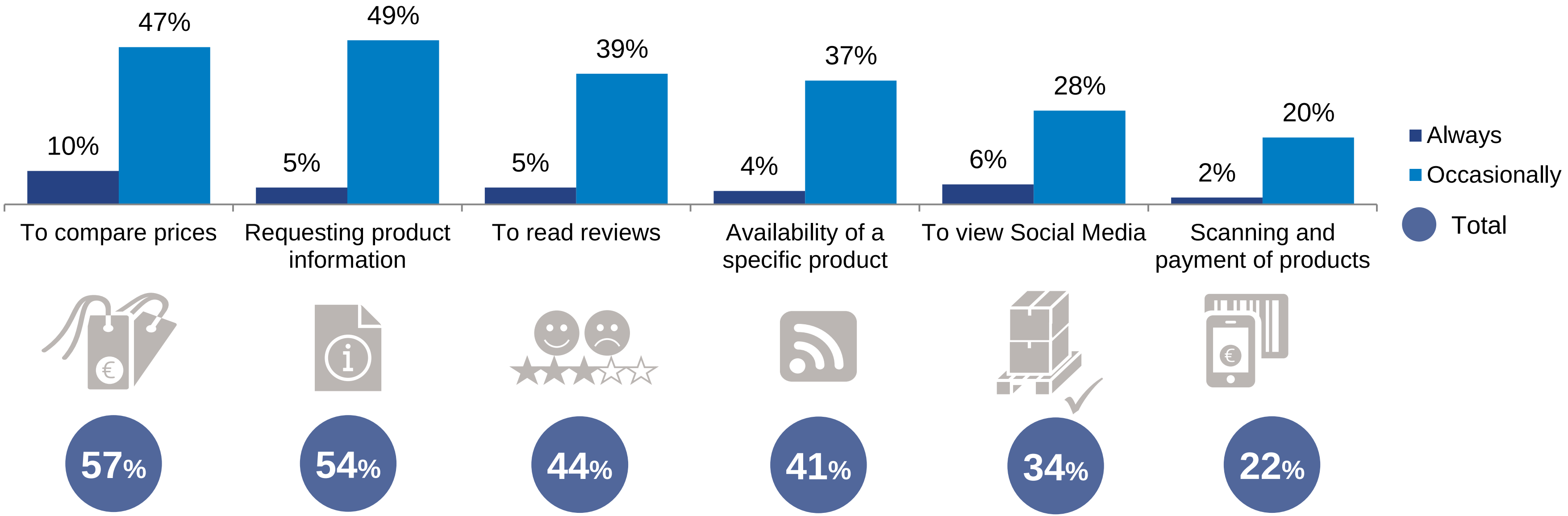


Consumers: What are your reasons for not making online purchases through a mobile website (not a app) on your smartphone?
Consumers: What could be improved in terms of online shopping when using your smartphone?

Base: Sometimes makes online purchase, n=913

Smartphone is most used in-store to compare prices or request product information

Use of smartphone in a (physical) store



Consumers: Do you use your smartphone in a (physical) store for the following purposes?

Base: all consumers n=1.004

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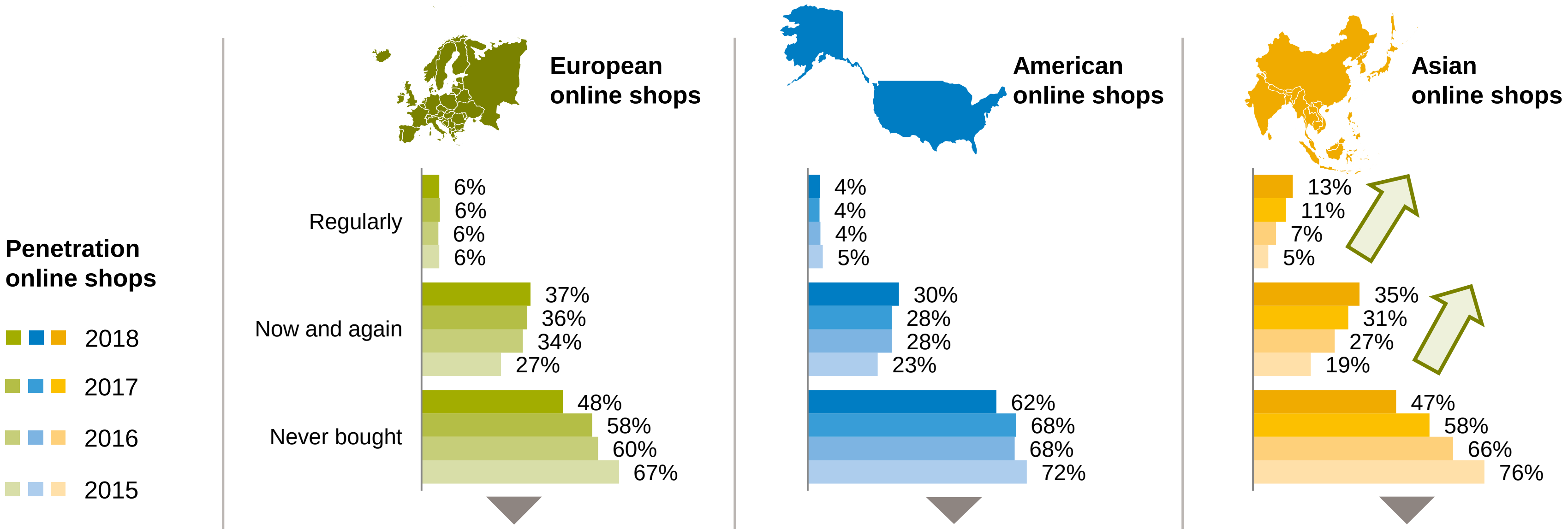
Cross border shopping: A whole new world?

Shopping at Asian webshops has increased again; More than half of consumers have ever bought at an Asian webshop (53%)

Purchases from cross border webshops



36% of those that haven't bought at **European crossborder webshops** yet, expect to have done so in 2023

32% of those that haven't bought at **US crossborder webshops** yet, expect to have done so in 2023

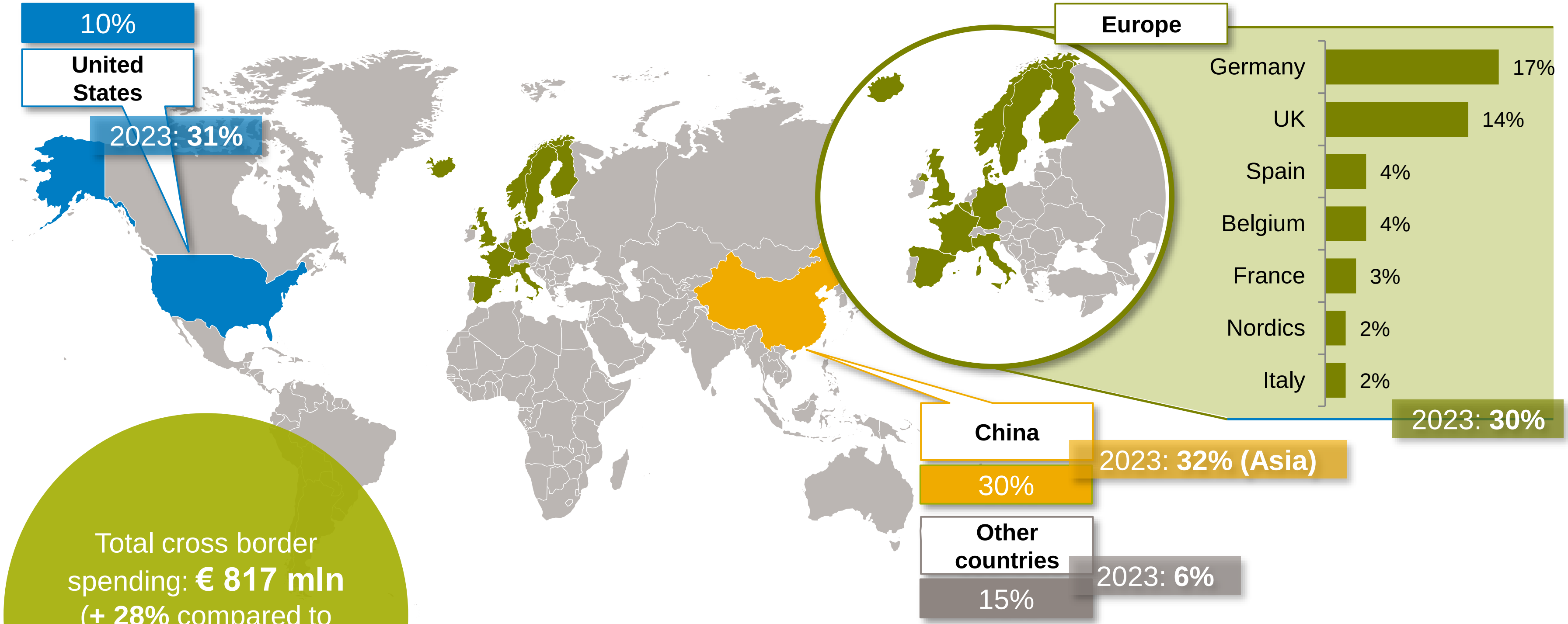
30% of those that haven't bought at **Asian crossborder webshops** yet, expect to have done so in 2023

Base: all consumers n=1.004
Base: all respondents who currently haven't bought cross-border

Consumers: Have you ever made one or more purchases at an online shop(s) in the following continents?
Consumers: In five years' time, do you expect to have made one or more purchases from an online shop(s) in the following continents?

29% of the Dutch population (15+) bought via foreign webshops in 2017, accounting for € 817 mln; experts expect online spending in both United States, Asia and Europe to be about 30% in 2023

Distribution of online spending cross-border (2017 vs. 2023)



10%
United States
2023: **31%**

Europe
2023: **30%**

China
30%
2023: **32% (Asia)**

Other countries
15%
2023: **6%**

Total cross border spending: **€ 817 mln** (**+ 28%** compared to 2016)

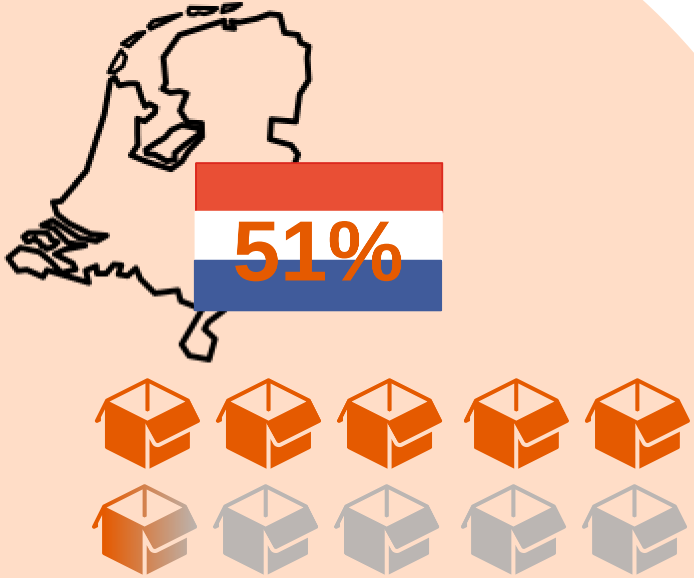
Source: GfK Thuiswinkel Markt Monitor Q4 2017

Base: all experts, n=91

Experts: What percentage of all online purchases by Dutch consumers do you think will come from foreign online shops in five years?

Although cross border e-commerce is growing, more than half of total online spending in 2023 will be in Dutch webshops according to experts

% of total online spending in Dutch online shops in 2023



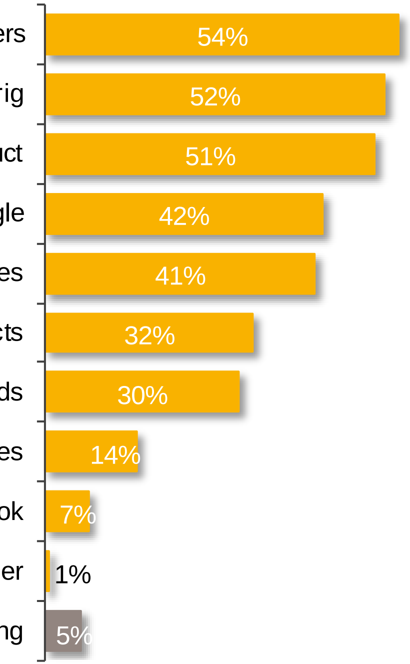
% of online sales to foreign customers in 2023

Experts: What percentage of all online purchases by Dutch consumers do you think will come from foreign online shops in five years?
Experts: What percentage of all online sales do you expect your company to send abroad in 5 years?

Base: all experts, n=91

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

Reviews, information from comparison websites and product information are most looked up information before shopping



Reviews from other buyers and online shop users	54%
Information from comparison website such as Kieskeurig	52%
Product information at the online shops where you order the product	51%
Information from Google	42%
Product information found on manufacturers' websites	41%
Personal experiences with (similar) products	32%
Information from friends	30%
YouTube videos with user experiences	14%
Social Media such as Instagram and Facebook	7%
Other	1%
I never look up information online before shopping	5%

Consumers: If you go online to look up information before shopping, which of the following information sources do you use?

Base: all consumers n=503

Most consumers never have problems with ordering products or services online or with the legibility of information on a website

Problems with ordering products or services online

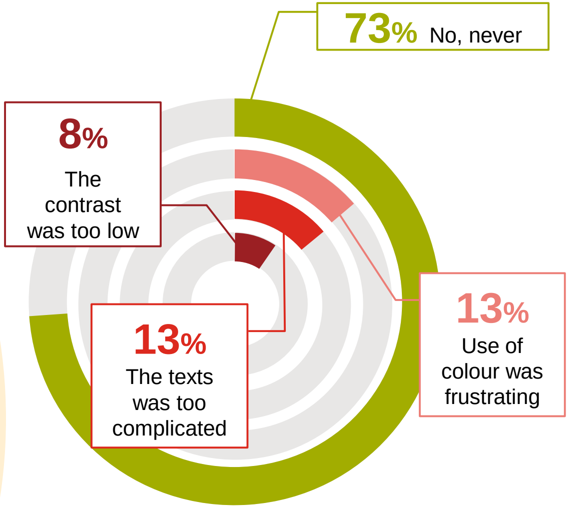
65%
has never experienced problems

6%
tried a different website and it eventually worked

25%
ultimately succeeded on the same website

4%
tried but ultimately it was not successful

Problems with the legibility of information on a website



73% No, never

8% The contrast was too low

13% The texts was too complicated

13% Use of colour was frustrating

Importance of Dutch subtitles in an online video

11% Important to be able to watch/ under-stand the video

48% Often useful, when I can't use sound for example

41% Usually unnecessary

Consumers: Have you experienced any problems in the past year when online ordering products or services through a website?
Consumers: Have you, in the past year, ever had problems with the legibility of information on a website?
Consumers: I think subtitles in an online video in Dutch are:

Base: sometimes makes online purchases n=455

Two third of consumers prefer the use of one account to shop at multiple online shops

Statements about accounts and passwords

11%	I hate having to create a new account when shopping online or (re-)enter a lot of information	69%
15%	I think it would be easier to be able to shop at multiple online shops using one account	66%
29%	I would entrust my personal information to Thuiswinkel.org to be able to shop at multiple online shops with one account	31%
51%	I regularly leave a filled shopping basket because I have forgotten a password or I have to fill in a lot of details	27%
55%	I have forgotten a login name or password at least once a month and need to request it again	26%

***

🟩 = % (Strongly) agree

🟥 = % (Strongly) disagree

Consumers: To what extent do you agree with the following statements?

Base: sometimes makes online purchases n=455

2 out of 10 consumers do not buy products online when they have to prove their identity

Worries about privacy when proving your identity

36% would like to be able to prove their identity without providing unnecessary data

28% Not worried about the privacy of their data when they have to prove their identity

20% Do not buy products online when they have to prove their identity

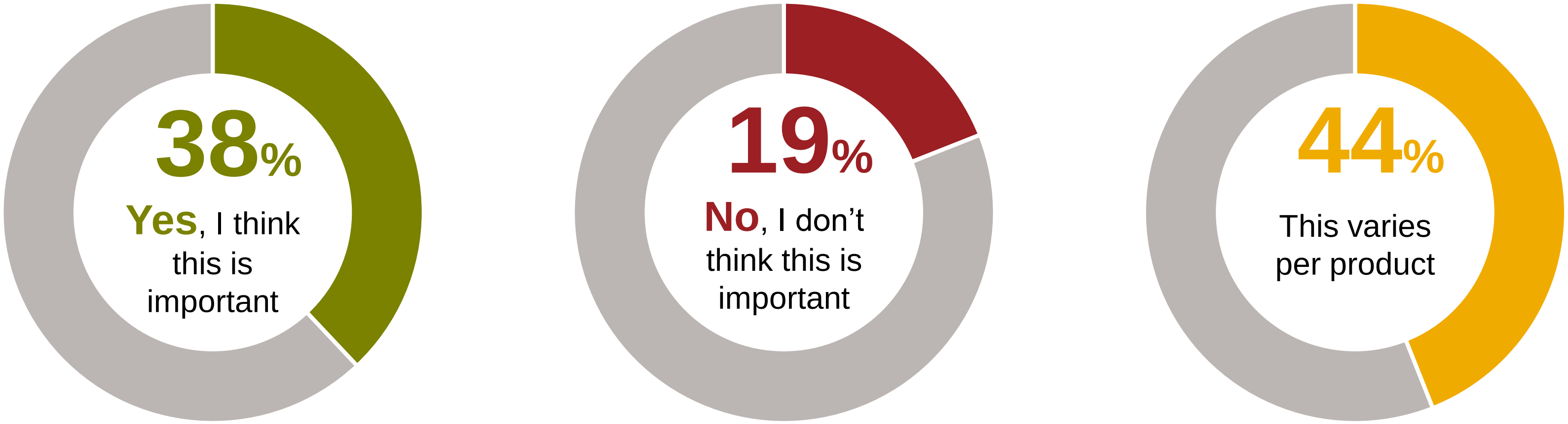
16% Don’t know

Consumers: For some purchases it is necessary (also online) to prove your identity, such as when purchasing alcohol (18+). Do you regard this as an obstacle to buying such products?

Base: sometimes makes online purchases n=455

The importance of product tracing varies per product

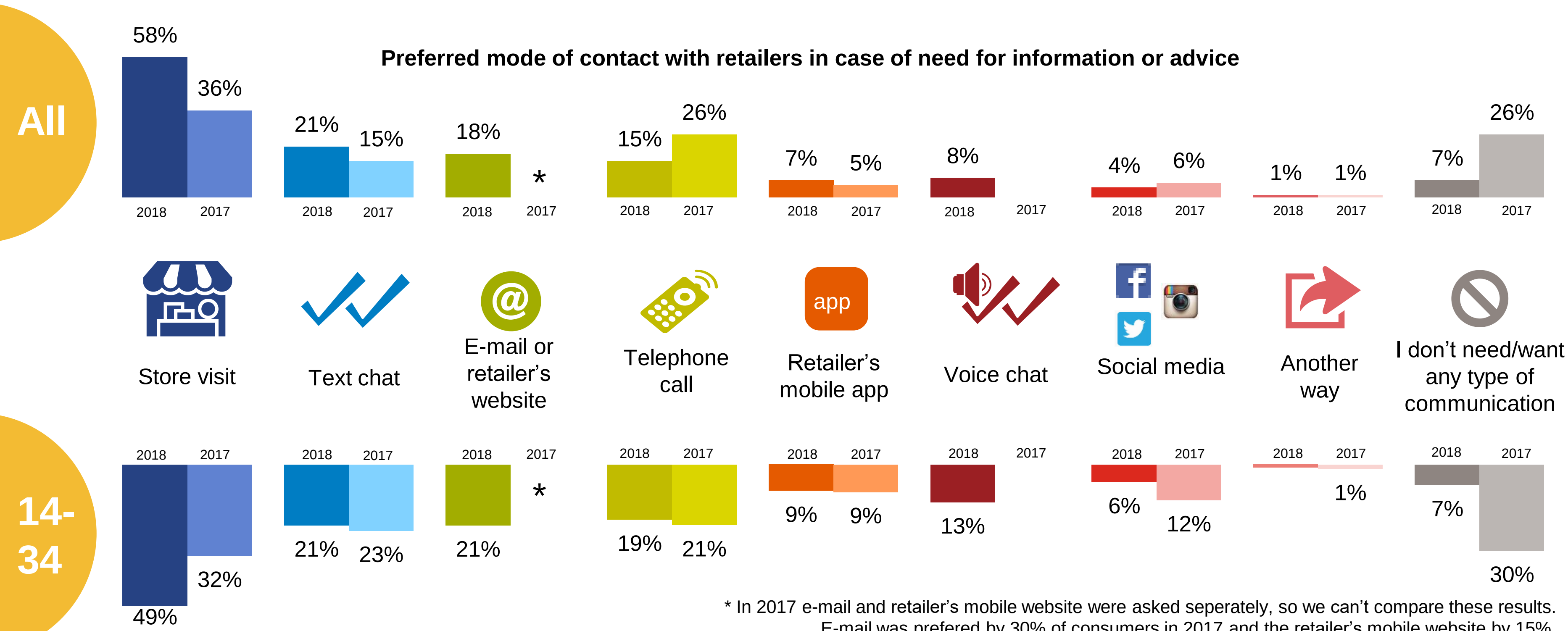
Product tracing



Consumers: Is it an important consideration when purchasing a product to be able to trace where the product came from and exactly what's in it?

Base: sometimes makes online purchases n=453

When in need of advice, a visit to a store is the most preferred mode of contact; even more than last year



* In 2017 e-mail and retailer's mobile website were asked seperately, so we can't compare these results. E-mail was prefered by 30% of consumers in 2017 and the retailer's mobile website by 15%.

Consumers: Imagine you want to buy a product or service and you need advice. Think of clothing, a desk lamp, a sleeping bag or a camera. What type of communication would you prefer to have with the provider?

Base: all consumers n=503

71% of customers think it’s acceptable to be addressed by a chatbot when contacting customer services at an online shop

Customer contact by a chatbot is …

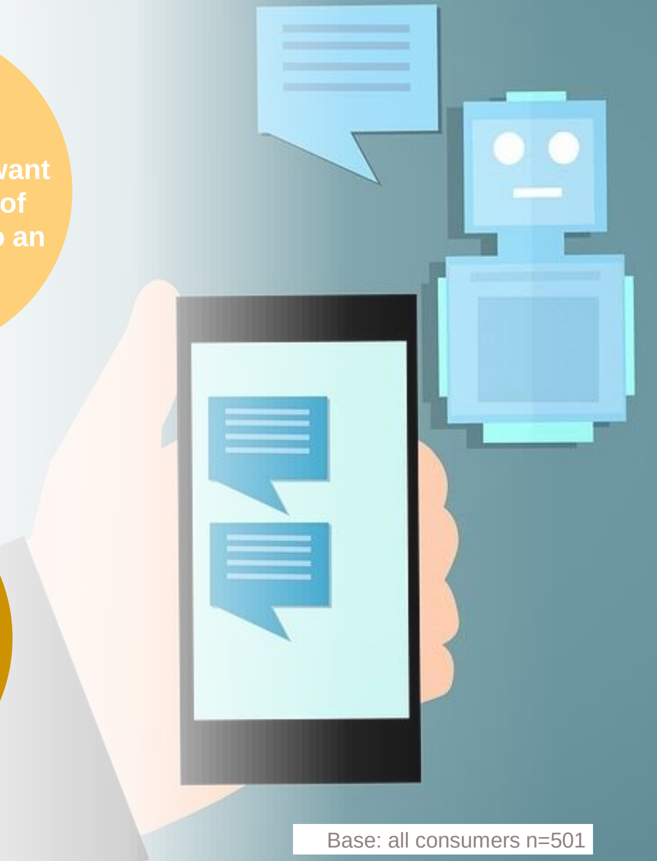
32% Fine to answer a few questions first but after that I would speak to an employee

29% Unacceptable, I would stop this form of communication immediately

17% Fine but I would want to be in control of when to switch to an employee

10% Fine but I would want to be made aware

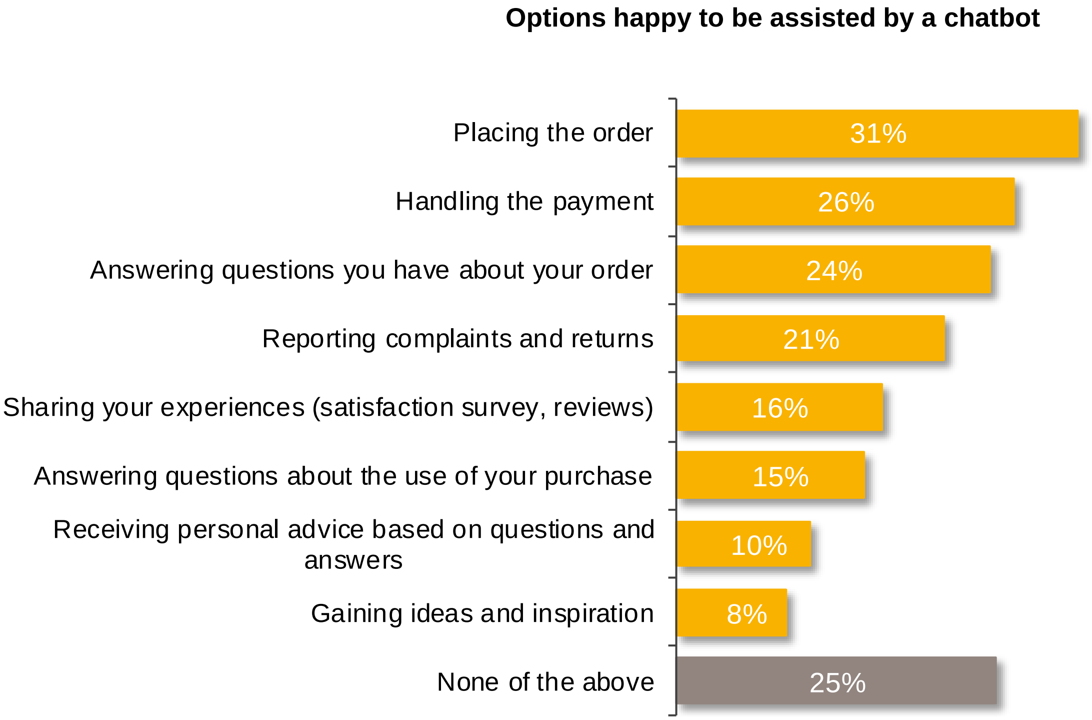
6% Fine and I don’t need to know



Consumers: If I were to contact customer services at an online shop and was addressed by a chatbot, I think that's ..

Base: all consumers n=501

Most prefered options to be helped by a chatbot are placing an order and handling the payment



Consumers: When making a purchase, would you be happy to be helped by a chatbot for the following options?

Base: accepts the use of chatbot; n=315

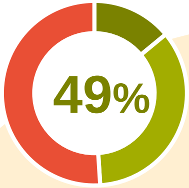
Consumers prefer to choose a specific delivery time themselves; only 42% think a quick delivery is important

Delivery preferences

80% Choose a specific delivery time yourself

44% To be able to choose a CO2 emission friendly delivery service

42% Quick delivery



of consumers is willing to pay extra for return to offset CO_2 emission

🟫 Max. 2 euros 🟩 Max. 1 euro 🟥 No

Consumers: We would like to hear your opinion about the delivery of products ordered online. How important are the following options to you:
Consumers: Are you willing to pay a little extra for a return to offset the CO2 emissions?

Base: sometimes makes online purchases n=458

Almost half of consumers would be happy with a once-a-week delivery if it's better for the environment

46%

Would be happy with a once-a-week delivery if it's better for the environment

30% **disagreed**

Statements about delivery options

18%	I think there should be a law to regulate the unattended home delivery* of parcels	38%
11%	I would like to have the option of receiving my orders emission-free	33%
26%	The government should more actively regulate the final leg mile of the parcel delivery	29%
41%	I feel that there are too many delivery vans driving down my street	22%

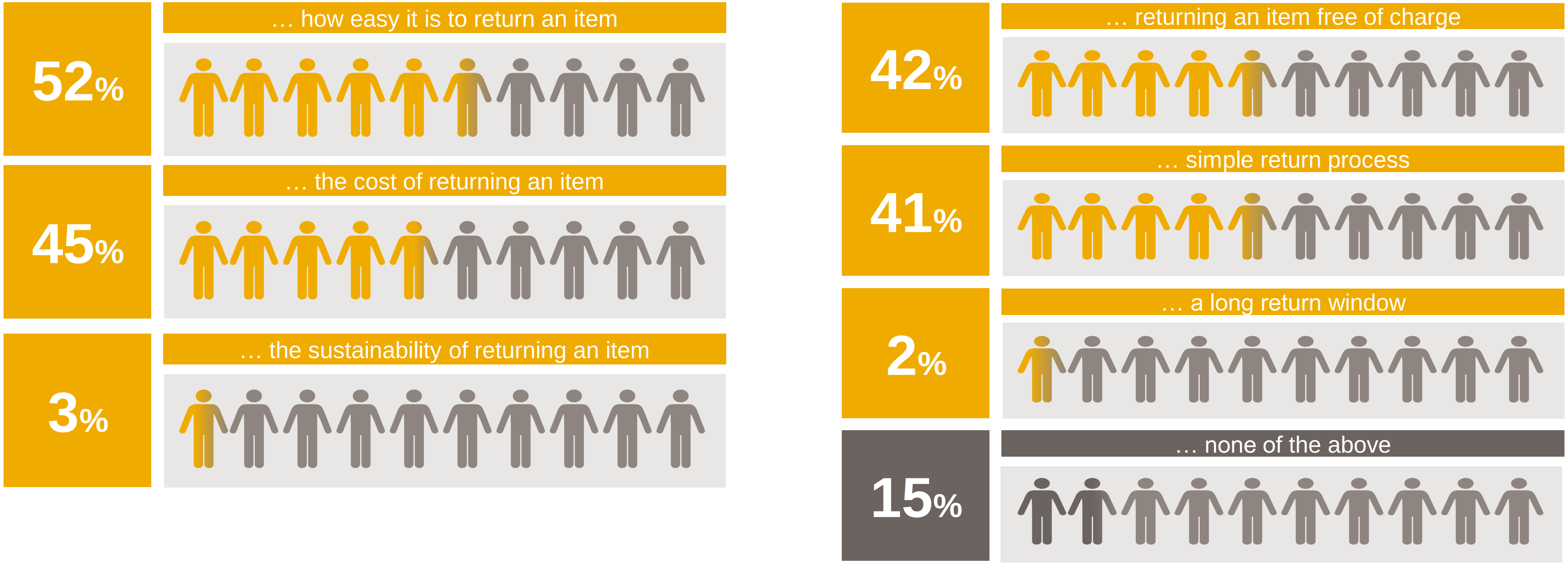
* The package is not accepted in person but for example is delivered through the letterbox

Consumers: To what extent do you agree or disagree with the following statements?

Base: all consumers n=501

Cost and ease of returning an item are most important considerations when returning an order, both in general and from a foreign online shop

Most important consideration when returning an order



In general

52% … how easy it is to return an item

45% … the cost of returning an item

3% … the sustainability of returning an item

From a foreign online shop

42% … returning an item free of charge

41% … simple return process

2% … a long return window

15% … none of the above

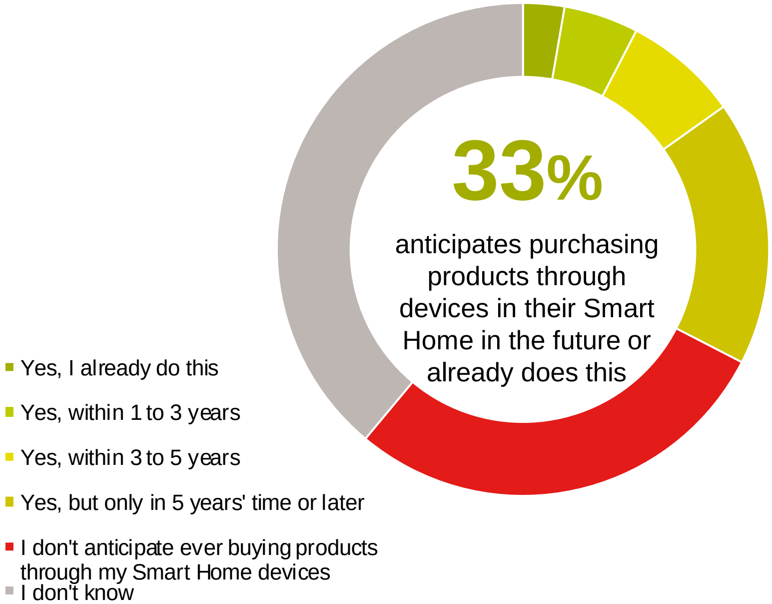
Consumers: What is the most important consideration for you when returning an online order?
Consumers: If you buy something from a foreign online shop, what is most important to you with regard to the return process?

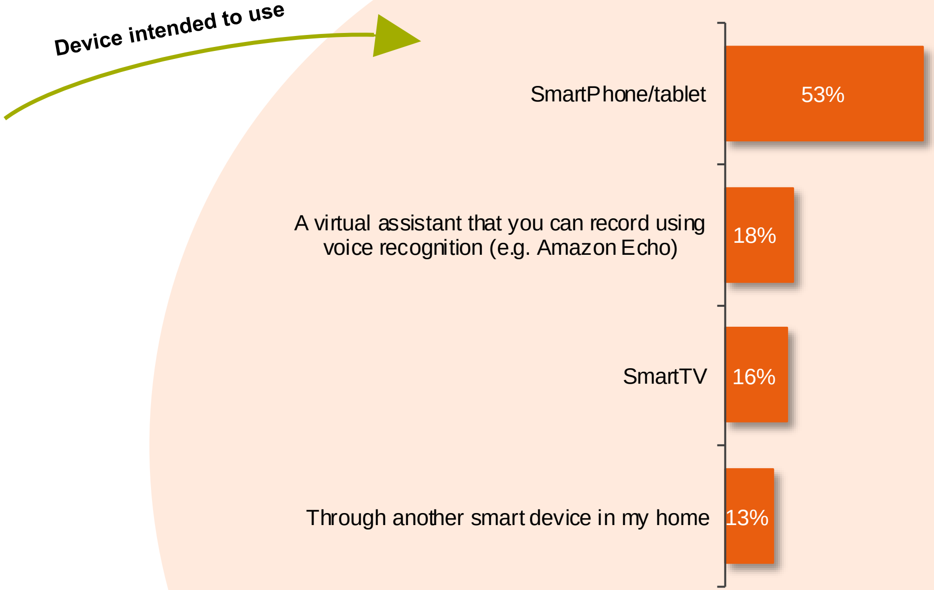
Base: sometimes makes online purchases n=458

Category specific insights

One third of consumers anticipate purchasing products through devices in their Smart Home in the future of already do this, especially through a smartphone or tablet

Use and possession of Smart Home-related devices



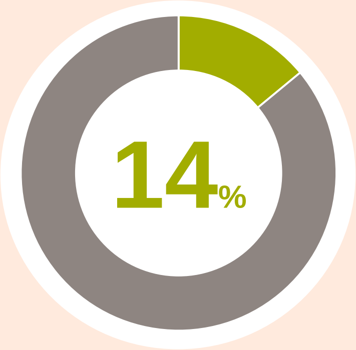


Consumers: Do you anticipate purchasing products through devices in your Smart Home in the future?
Consumers: Through which device do you anticipate making a purchase?

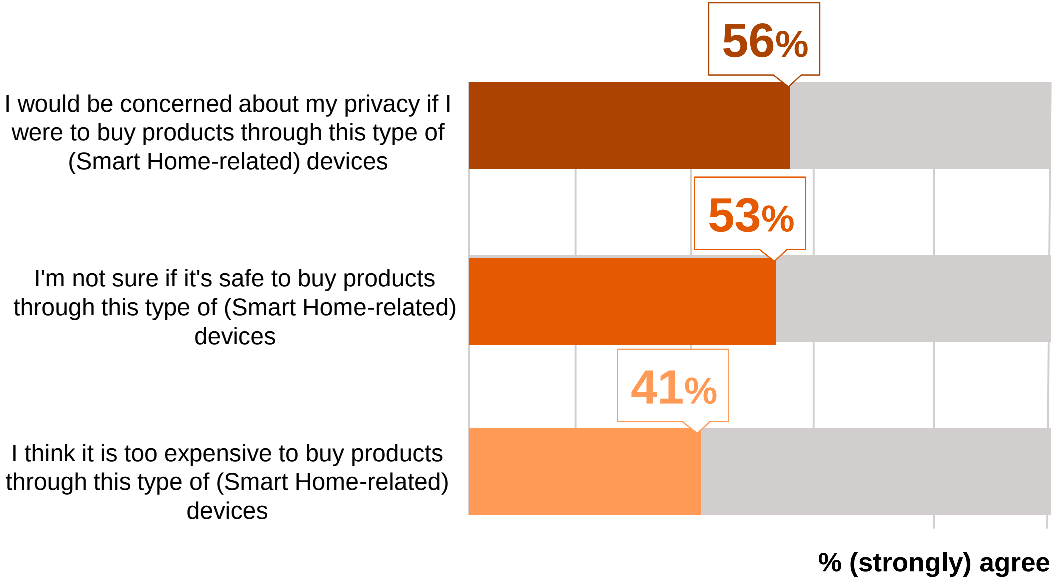
Base: all consumers n=503
Base: intent to use n=149

More than half of consumers is concerned about their privacy if they buy products through Smart Home-related devices

Safety of Smart Home-devices



of the consumers have a Smart Home-related device that can be used to make purchases

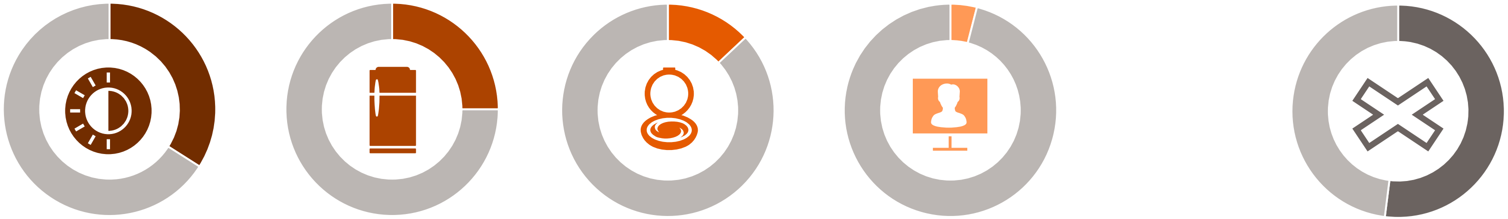


Consumers: Are you in possession of a Smart Home-related device that you can currently use to make purchases
Consumers: To what extent do you agree with the following statements? *% (strongly) agree

Base: all consumers n=503

Energy (through a smart meter) and groceries (through a smart refrigerator) are most likely to be purchased through Smart Home devices

Products liked to be purchased through Smart Home-devices

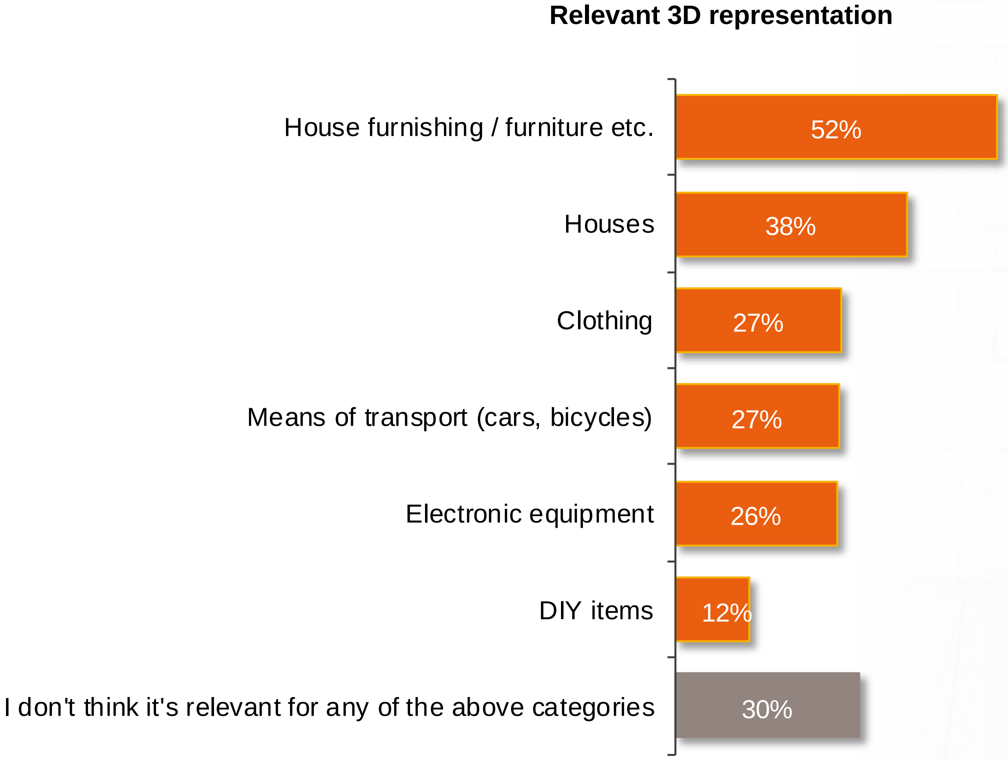


34%	25%	13%	4%	52%
Energy through a smart meter	Shopping through a smart refrigerator	Clothing through a smart mirror	Travel insurance through a voice-operated virtual assistant	None of these

Consumers: What kind of products would you like to purchase through the devices in your Smart Home?

Base: all consumers n=503

A 3D representation is most relevant in the purchase process of house furnishing and furniture



Consumers: For which product categories do you think a 3D representation of the product would be relevant in the purchase process?

Base: all consumers n=503

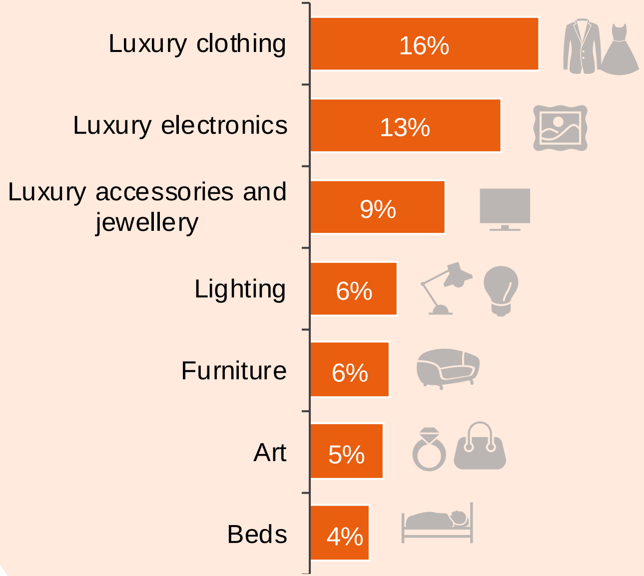
Consumers are most interested in leasing luxury products (clothing, electronics and accessories & jewellery)

Considering sustainability

41% of consumers considers the sustainability of a store somewhat or to a (very) large extent

8% of consumers Is interested in borrowing lighting to see if it works in their house

Interest in leasing rather than purchasing



Consumers: When purchasing a product, to what extent do you consider the sustainability of the store you bought it from?
Consumers: To what extent are you interested in leasing the following products rather than purchasing them yourself?
Consumers: To what extent would you be interested in using lighting for your home in this way?

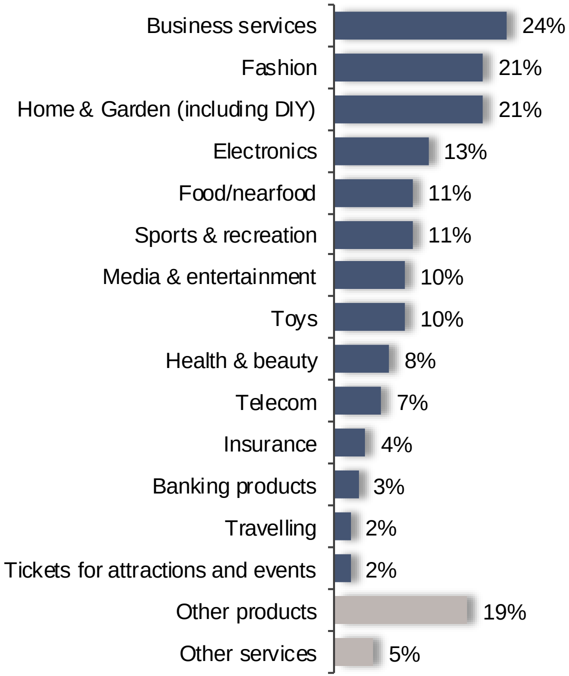
Base: all consumers n=503

3

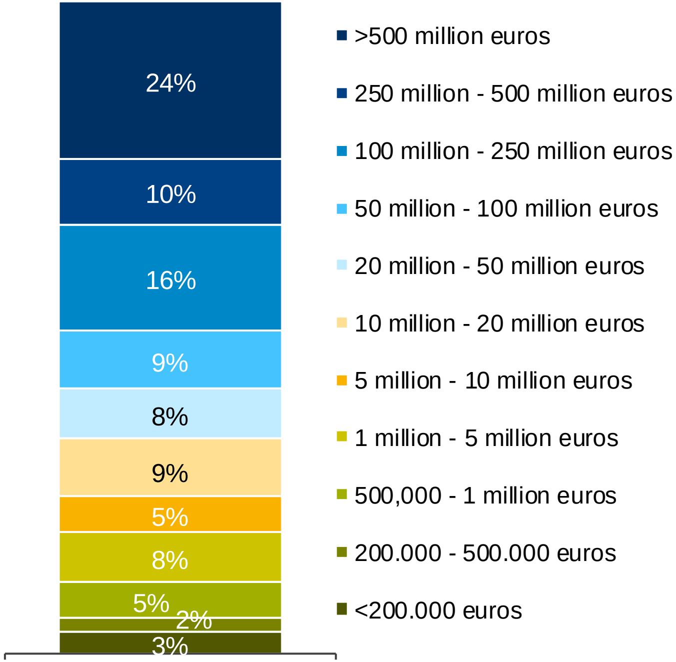
Appendix

Characteristics of the experts 1/2

Product area / services of the company



Turnover of the company (2017)

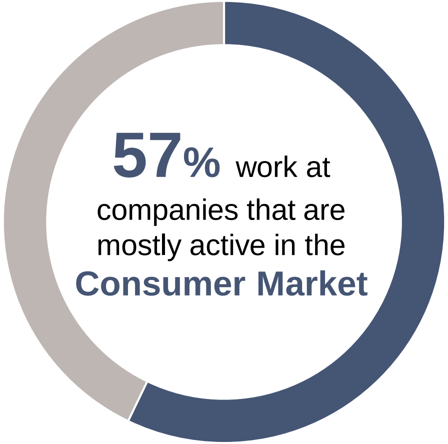


Experts: In which product areas/services is the company you work for involved?
Experts : What was the turnover of the company or organisation you work for in 2017? This is the total turnover, excluding VAT and rounded to whole euros.

Base: all experts n=91

Characteristics of the experts 2/2

Market in which company is active



57% work at companies that are mostly active in the **Consumer Market**

43% work at companies that are mostly **Business to Business**

Online or physical stores

42% has both a physical and an online store

49% has no stores

1% only physical **8%** only online

Selling physical products

98% of expers that work at a company with an online and/or physical store, sell physical products

S3: In which market is the company that you work for primarily active?
S4: Does the company you work for have stores?
S5: Does the company you work for sell physical products?

Base: all experts n=91
Base: all experts n=91
Base: has online and/or physical store n=46

Research design – Consumers

Research method

Quantitative online research (CAWI)

Survey consisted of 45 questions (questionnaire was split into two parts, respondents answered only half of the questionnaire)

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

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.

Fieldwork

October, 11 – October, 22, 2018

Net sample: n = 1.004 respondents

Research design – Experts

Research method

Quantitative online research (CAWI)

Survey consisted of 17 questions

Topics covered in the survey: expected future shopping behavior, crossborder shopping, market places

Fieldwork

September 26, - October, 22, 2018

Net sample: n = 91 experts

Sample

Experts at the Expert groups 2018-2019 of ShoppingTomorrow

GfK Quality assurance

GfK offers high-quality products and services in the field of market research, based on techniques from the social sciences, both in qualitative and quantitative nature.

The quality is also guaranteed by external regulators.

- The study was conducted in accordance with GfK's quality system that is certified according to the standard of
  - ISO 9001:2015 (Standard for requirement for a quality management system)
  - ISO 20252:2012 (Standard for requirements for conducting market research) and
  - ISO 23632:2009 (Standard for access panels)
- On international level GfK is member of ICC/ESOMAR and endorses by the code of conduct of ESOMAR (European Society for Opinion and Market Research), see revised ICC/ESOMAR Code http://www.esomar.org/index.php/codes-guidelines.html.
- On local level GfK is member of MOA (Center for Information Based Decision Making & Marketing Research) and thus abides by the delivery and payment conditions of this professional organization. An outline of these MOA conditions is available on http://www.moaweb.nl.
- GfK follows the Code of conduct for market research and statistics, strictly acts in accordance with the law for the protection of personal information and is registered at the Autoriteit Persoonsgegevens (AP).

Questions?

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