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ShoppingTomorrow 2020

The future of shopping according to consumers

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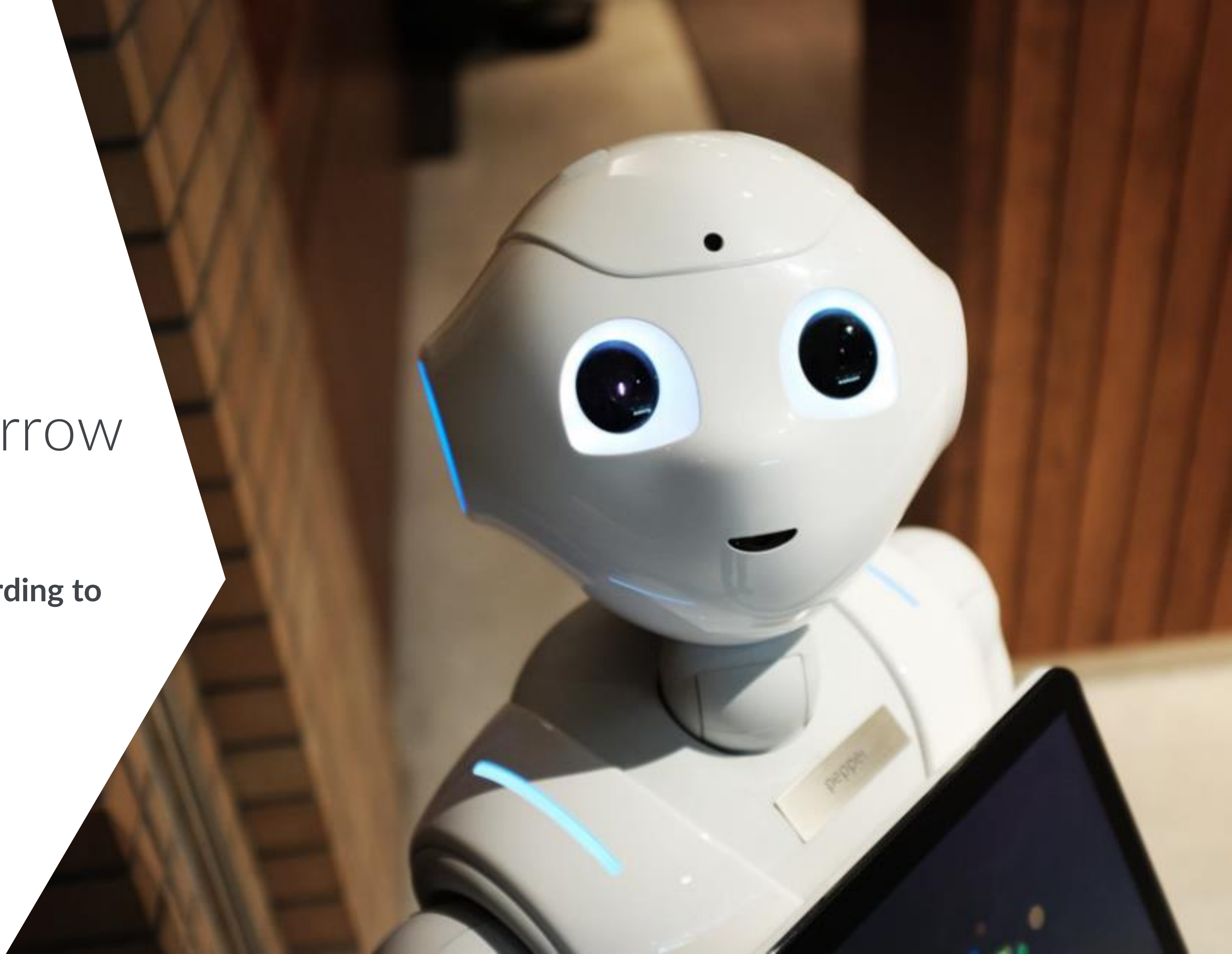
14 September 2020



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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Preface

Preface

ShoppingTomorrow: The future of shopping according to consumers

As partner of the ShoppingTomorrow research and action program, GfK conducted a consumer study to gain insights that lead to concrete actions on several key topics, like robotics, visual commerce, marketplaces, cross-border shopping and delivery & returns. 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, industry 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 developments online, mobile & cross-border shopping; Foreseeing the future of shopping; Diving into the purchase journey; Robots in retail.*

COVID-19 outbreak

2020 has been a very complex and difficult year due to the COVID-19 outbreak and one of the things this has shown is that it is extremely difficult to predict the future. In last year's GfK consumer research, for example, no respondent took corona into account and now it is still very difficult to predict where COVID-19 will take us in a few months or next year, let alone in five years. Still, it is very interesting to see the consumers' opinions on their current and future shopping behavior. Whereas in recent years, for instance, they expected online shopping to grow increasingly rapidly, they now believe it will stabilize in five years' time. All in all, we are very curious to see whether this expected change is a lasting one or only temporarily and induced by COVID-19.

Consumer research

GfK interviewed more than 1.000 Dutch consumers with an online questionnaire, resulting in this extensive report with lots of relevant shopping behavior insights. Sometimes these insights will support your assumptions and sometimes you will notice that your own expectations are way out of line with the consumer's choice. 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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Expected developments in online, mobile and cross-border shopping

Consumers expect that 37% of their spendings will be done online in 2025

(Expected) overall B2C online share in value

Actual online share in spending*

2020 (Q1)

26%

2016	2017	2018	2019
23%	24%	26%	27%

Expected online share in spending**

2025

37%

According to … Consumers

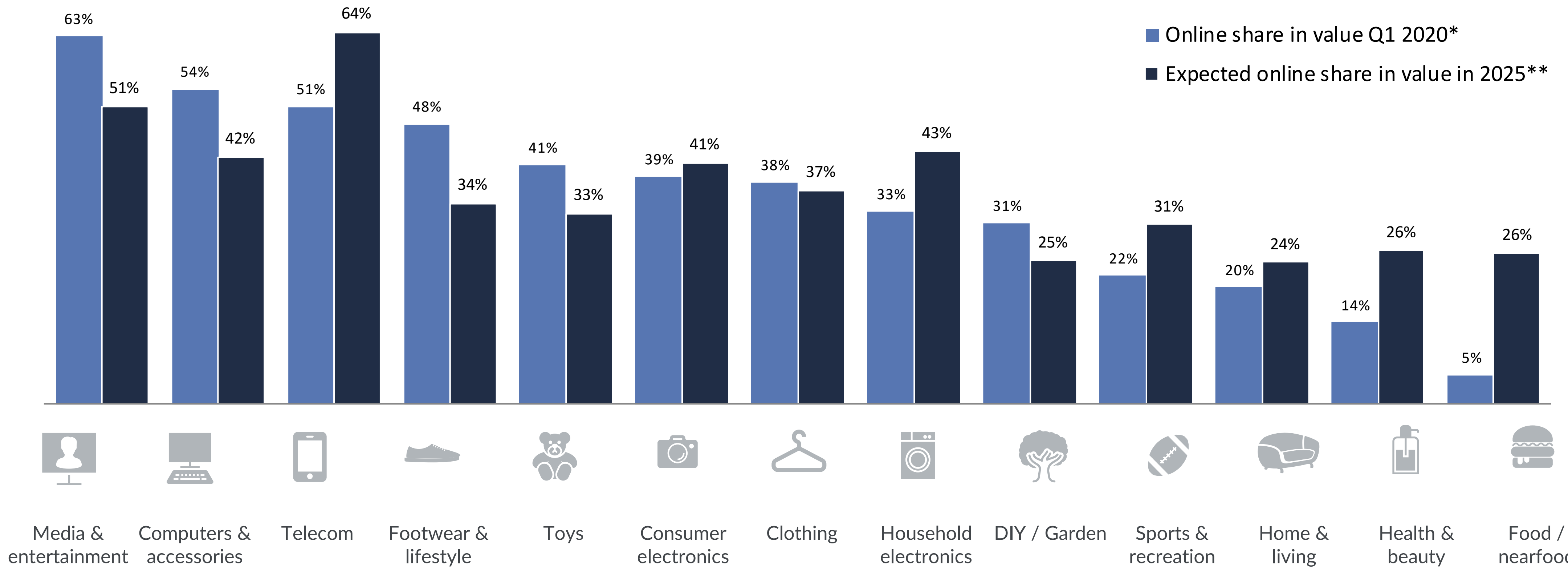
2021	2022	2023	2024
32%	35%	37%	38%

Total B2C online share in value including product and services
* Source: Thuiswinkel Markt Monitor, Q1 2016, Q1 2017, Q1 2018, Q1 2019, Q1 2020
** Source: ShoppingTomorrow Research 2016, 2017, 2018, 2019, 2020

Base: all respondents
2020: n=1.026

Consumers expect to spend significantly more online in 2025 than they do now especially within Food/ Nearfood

Actual and expected online share in value in 2025 per product category
(% of total spendings)

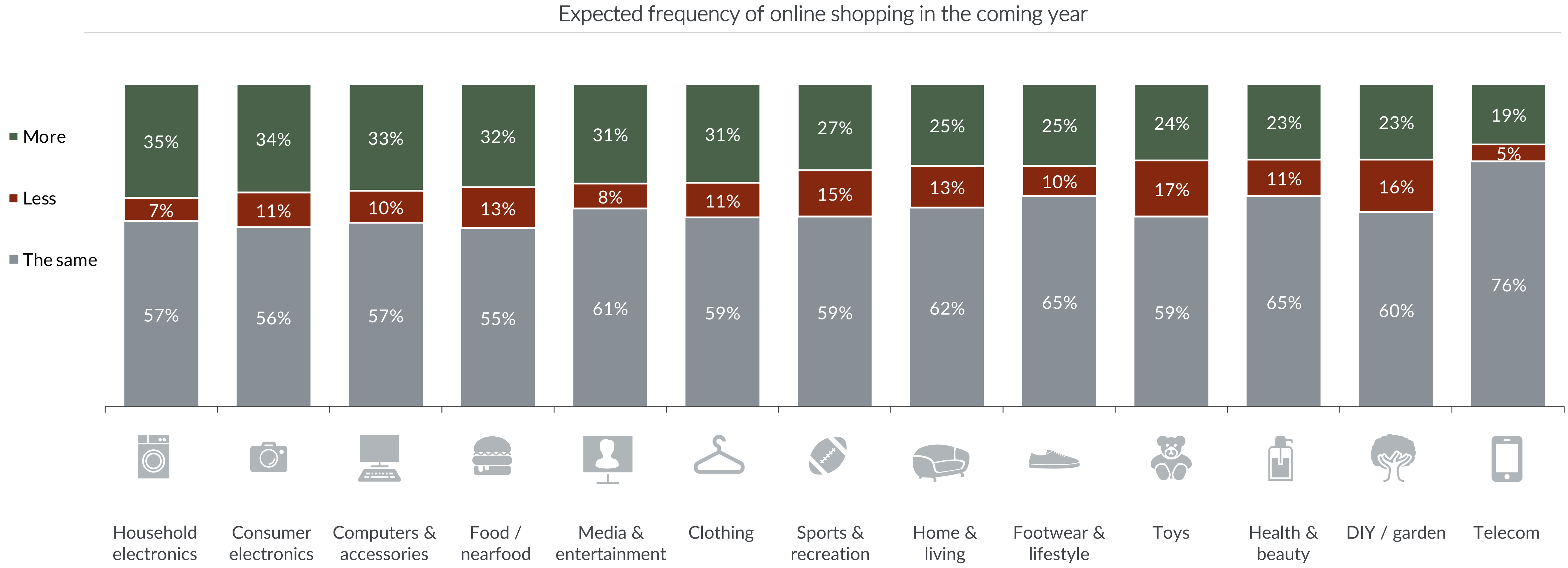


A03: What share of your total spending in product category X do you expect to spend online in 5 years?
* Source: Thuiswinkel Markt Monitor Q1 2020
** Source: GfK ShoppingTomorrow Research 2020

In Media & Entertainment and Computer & Accessories the gap between expected online share and actual online share is high. We expect that the current high actual online sales share of these categories have a certain influence on consumers' lower future expectation.

Base: all respondents, n=1.026

One third of consumers expect to spend more online for household and consumer electronics in the coming year

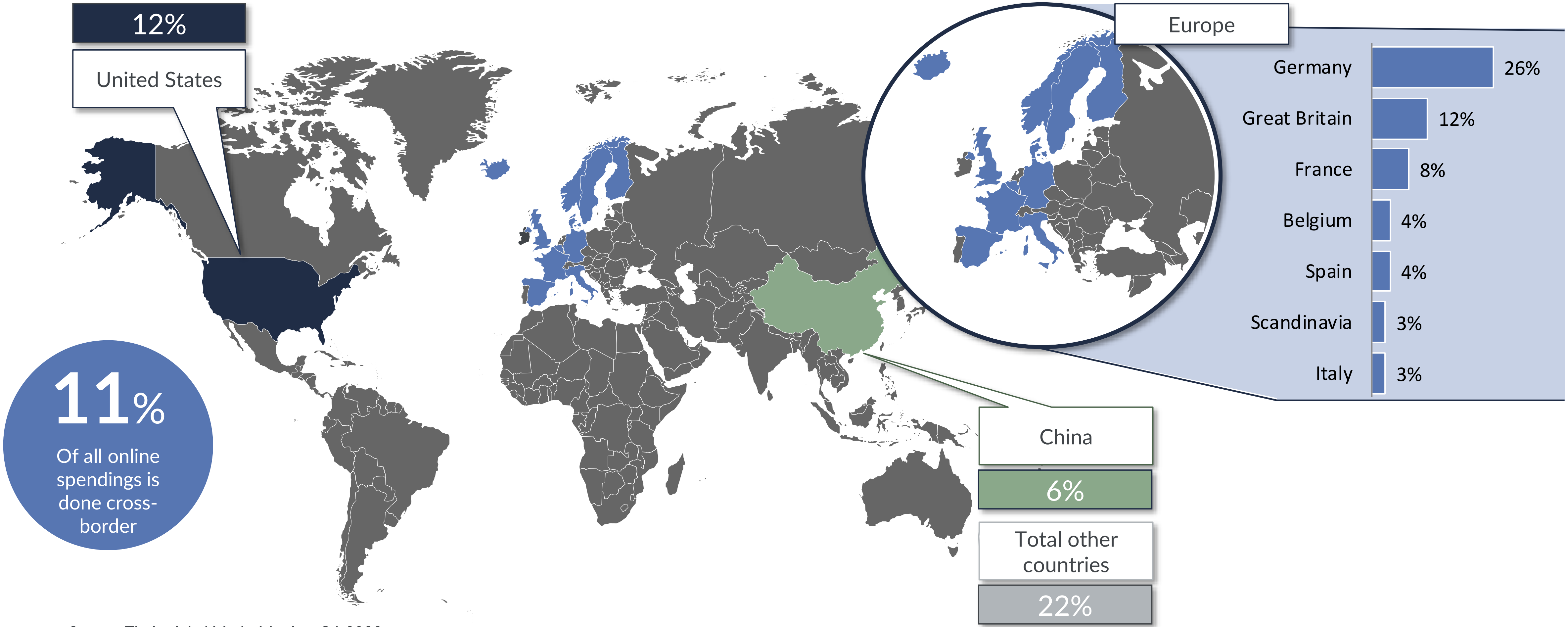


A04: The Corona Crisis has meant that more Dutch people have started to shop online. One of the questions is to what extent the Dutch will continue to shop online or eventually choose to go back to shopping in a physical store. In which categories do you plan to continue shopping online more, less or the same amount in the coming year than you do now?

Base: all respondents, n=1.026

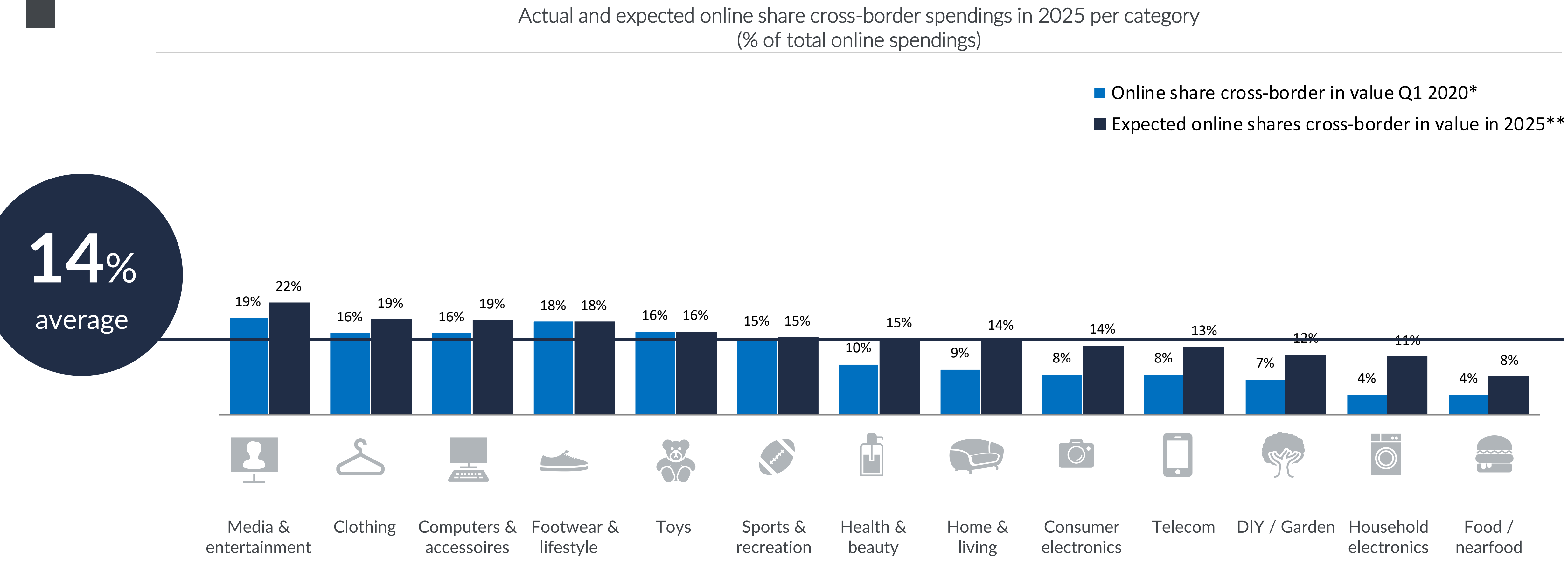
Half of all cross-border spendings in Q1 2020 comes from websites in Germany, US and Great Britain

Actual distribution of online cross-border spendings (NL 15+)



Source: Thuiswinkel Markt Monitor Q1 2020

In 2025, consumers expect that 14% of their online spending will be done cross-border



D01: What percentage of your total online spending do you think you will spend over a period of 5 years in foreign online shops?
D02: What percentage of your total online spending on <*category*> do you think that you will spend in foreign online shops in five years' time?
* Source: Thuiswinkel Markt Monitor Q1 2020
** Source: GfK ShoppingTomorrow Research 2020

Base: all respondents, n=1.026

Penetration of cross-border online shopping not much impacted by COVID-19, however majority prefers shopping at Dutch webshops

Cross-border shopping before and since COVID-19

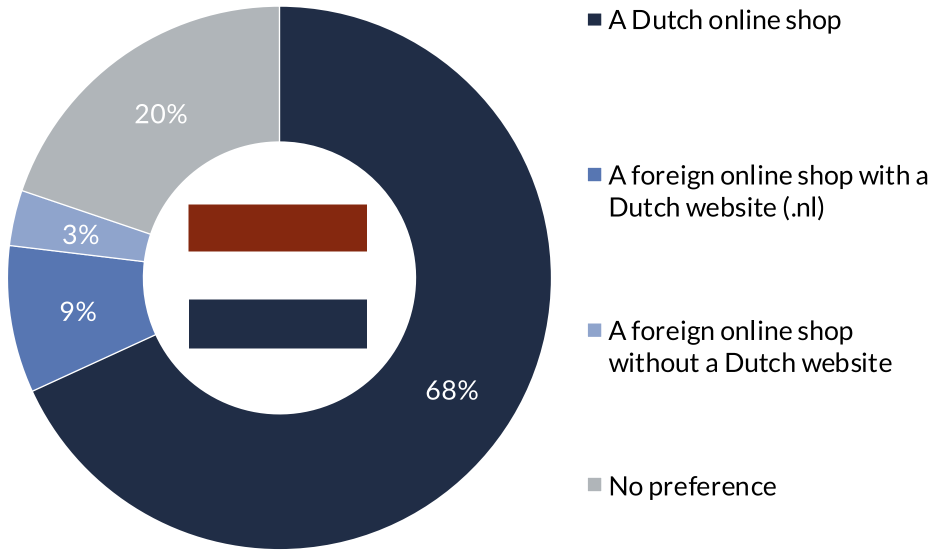
20% **ordered more than once a month at foreign online shops before the Corona Crisis**

2020

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC

21% **ordered more than once a month at foreign online shops since the Corona Crisis**

Preference online orders

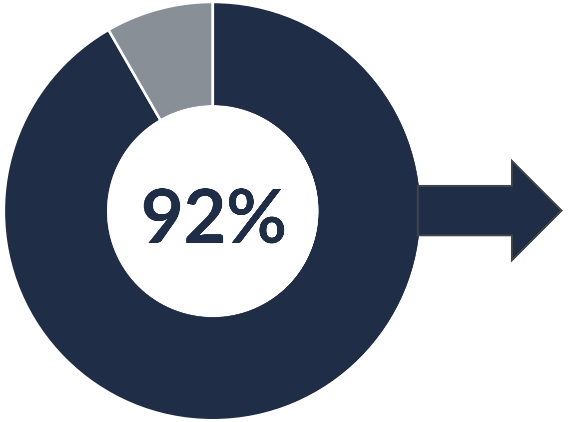


R01: Did you order products from foreign online shops more than once a month before the Corona Crisis?
R02: Do you order products from foreign online shops more than once a month since the start of the Corona Crisis?
R03: When I place an online order, I prefer to do so at

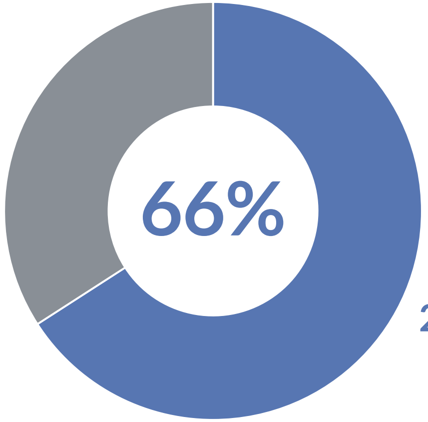
Base: splitrun 2, n=513

Almost half of all online buyers expect to make the majority of their online purchases by their smartphone in 2025

Online buyers smartphone in five years



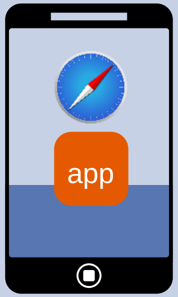
of the **total Dutch population** (15+) **shopped online** past year



2019: 65%

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

In five years, **46%** of all **online buyers** (15+) expect to make the majority of their online purchases using a smartphone (2019: 47%)

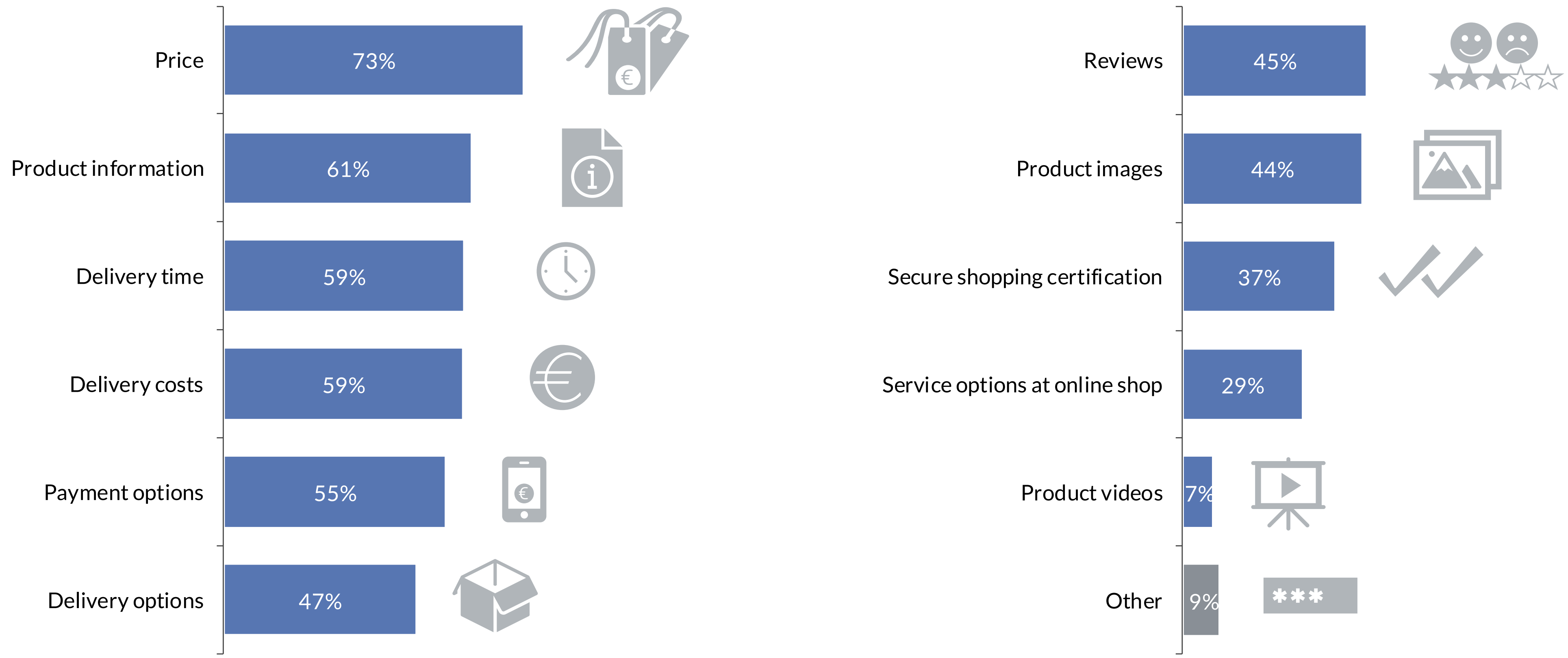


C01: In five years' time, I expect to make the majority of my online purchases using a smartphone (through an app or mobile website)

Base: all respondents purchasing online, n=922

When making an online purchase via the smartphone a stated price and product information is key for consumers to know

Minimum information needed to make an online purchase via smartphone



G01: What is the minimum information you need to make an online purchase via your smartphone?

Base: splitrun 1, n=513

The most experienced barriers for mobile shopping are bad product pictures and the lack of personal communication / ambiguity of service level

Reasons not ordering online using smartphone

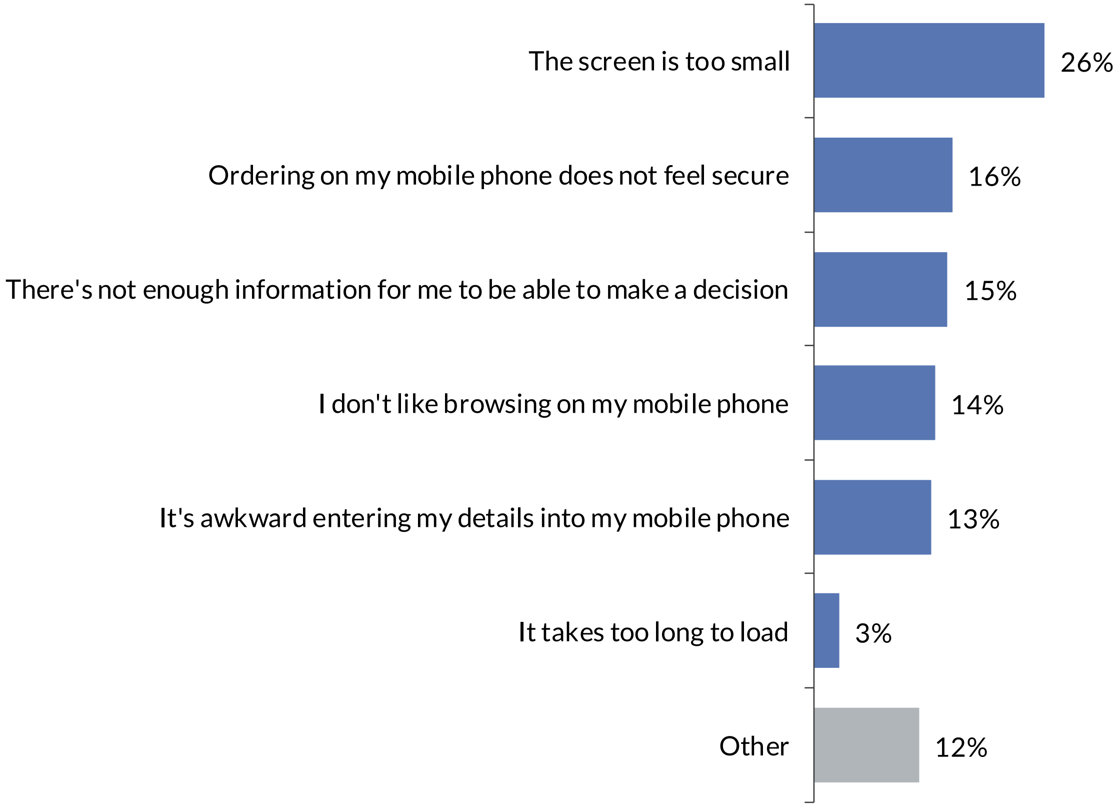
45%	Product doesn't have a good picture
30%	No personal communication
30%	Ambiguity in terms of service level at online shop
29%	Incomplete information
26%	Obligatory upfront payment
25%	Order process on smartphone is not seamless
21%	Payment options
13%	Other

G02: What are your reasons at present for not ordering online using your smartphone?

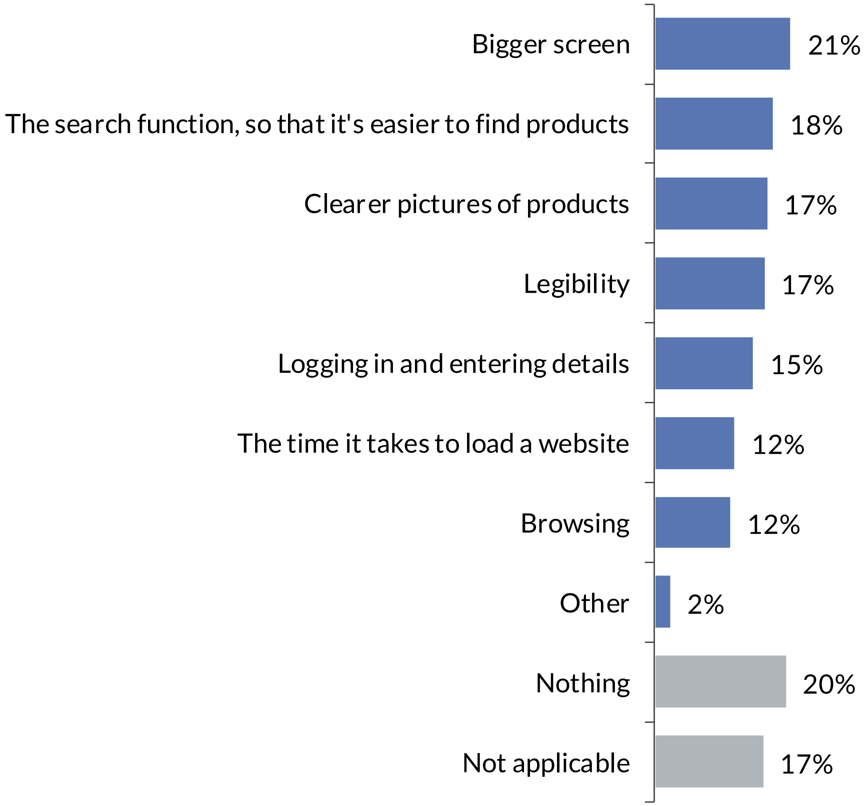
Base: splitrun 1, n=513

Small screen size is most mentioned reason why consumers do not make a purchase on a mobile website

Reason not make purchase on website at smartphone



Improvements for using website at smartphone



N01: What is the most important reason for you not to make an online purchase on a mobile website (no app) with your smartphone?
N02: What could be improved in terms of online shopping when using your smartphone?

Base: splitrun 2, n=513

Foreseeing the future of shopping

Different ways of offline visits and online ordering are becoming less appealing than in 2019

Store opportunities

Agree to the following statements	2020 (very) appealing	2019 (very) appealing
Trying/experiencing a product in a physical store, then ordering the product online in the store and receiving it at home the next day	41%	47%
Viewing and choosing a product online, ordering it and then collecting it from a physical store the next day	36%	42%
Ordering a product online, getting it delivered at home and then going to a physical store for explanation/advice and, if needed, repairs	30%	29%
Receiving advice about a product in a physical store, then trying / trying on / selecting a product online, then having it delivered at home	23%	25%
Getting advice on a product in a physical store, agreeing to a lease agreement in store and taking the product with you or having it delivered to your home	21%	*
Trying/experiencing a product in a physical store, then taking out a subscription to have the product delivered at home regularly	19%	24%
	n=1.026	n=1.003

* new in 2020

Base: all respondents

B04: To what extent do you think the following store opportunities are appealing?

GfK vision on future development: benefits (attitudes + needs) drive the motivations of consumers

We have a proven framework to structure these needs and to predict where future needs are heading. The framework is based on identifying and understanding the emotions that drive the market.

Anticipated emotional experience drives consumer choice market decisions trace back to four over-arching cornerstone motivators:

Freedom
"Frees me"

Gratification
"I'm worth it"

Wellbeing
"I feel good"

Security
"Peace of mind"

The Predictive Benefit Framework links evolving consumer needs to new market activity and experiences to predict where your industry is heading and what new benefits will resonate with customers. We will use this framework to give context to the outcomes of this years consumer research

When translating this model to retail we see four groups of benefits consumers are looking for in (new) retail solutions

Freedom/ Convenience

- Fast
- Easy
- Efficient
- Price
- Value for money

Gratification/ Experience

- Innovative
- Surprising
- Personalised
- Expertise
- Authentic

Wellbeing/ Sustainability

- Healthy planet
- Conscious consumption
- Healthy people

Security

- Data security
- Certified
- Peace of mind
- Risk avoidance

74% of consumers think that a personalized shopping experience online will be established in 2025. 39% expect that the majority of the purchases will be done through local businesses

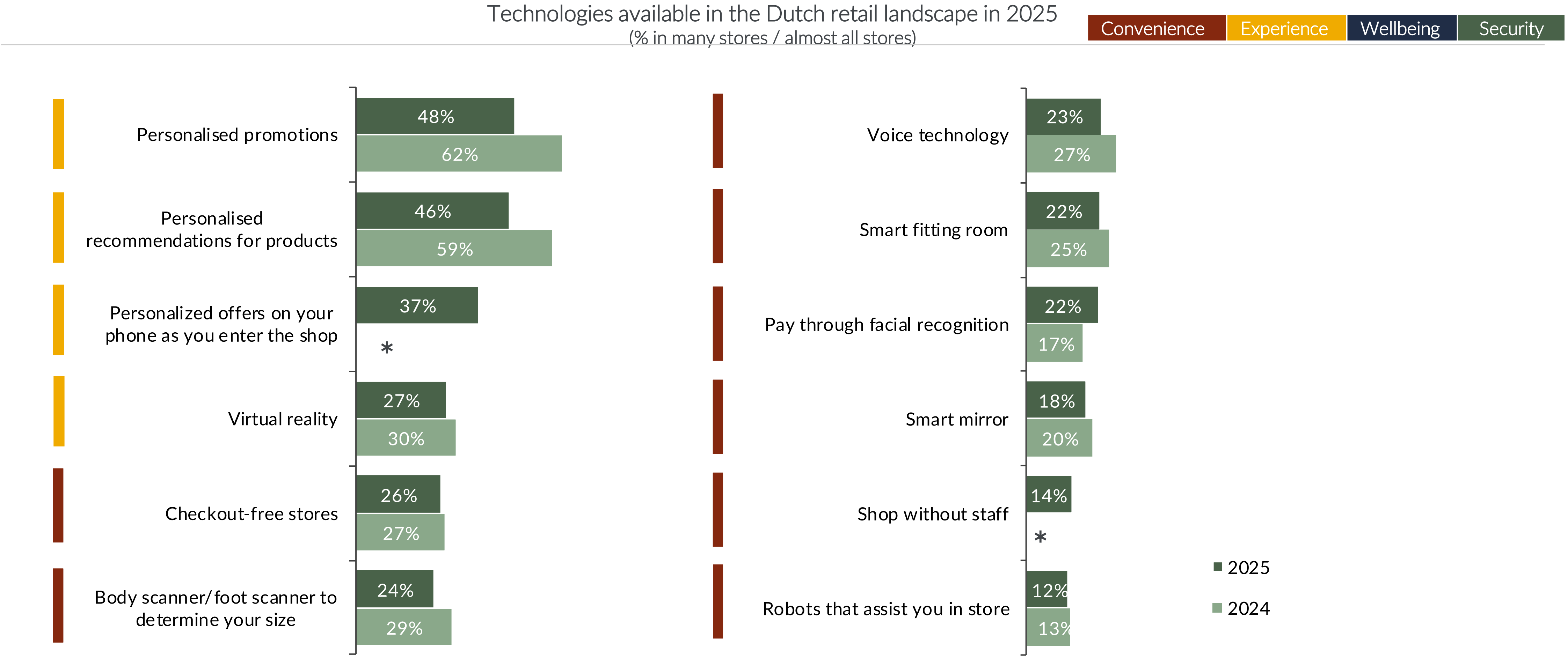
Convenience | Experience | Wellbeing | Security

Likeliness of the following scenarios	2025	2024
The frequency of buying and selling in online stores outside of the Netherlands, that is cross-border e-commerce, will increase	80%	82%
In 2025, consumers will always see a personalised range of products and services while shopping online	74%	77%
In 2025, there will only be a few major players/(online) stores left in each sector (market concentration)	71%	72%
In 2025, sustainability and corporate social responsibility will be a standard that every store takes into consideration	71%	73%
In 2025, there will no longer be any difference between stores and online stores, instead the two channels will collaborate fully as one single sales channel	68%	68%
In 2025, a large share of all purchases will take place through new sales channels (for instance through voice assistants)	55%	53%
In 2025, the majority of purchases will be made through local businesses rather than large chains	39%	*
	n=1.026	n=1.003

B01: To what extent do you consider each of the following scenarios (un)likely in 2025?
* Top 2 on a 4-point scale

* new in 2020
Base: all respondents

But only half of all consumers think that personalized promotions and recommendations are available in stores in 2025



* new in 2020

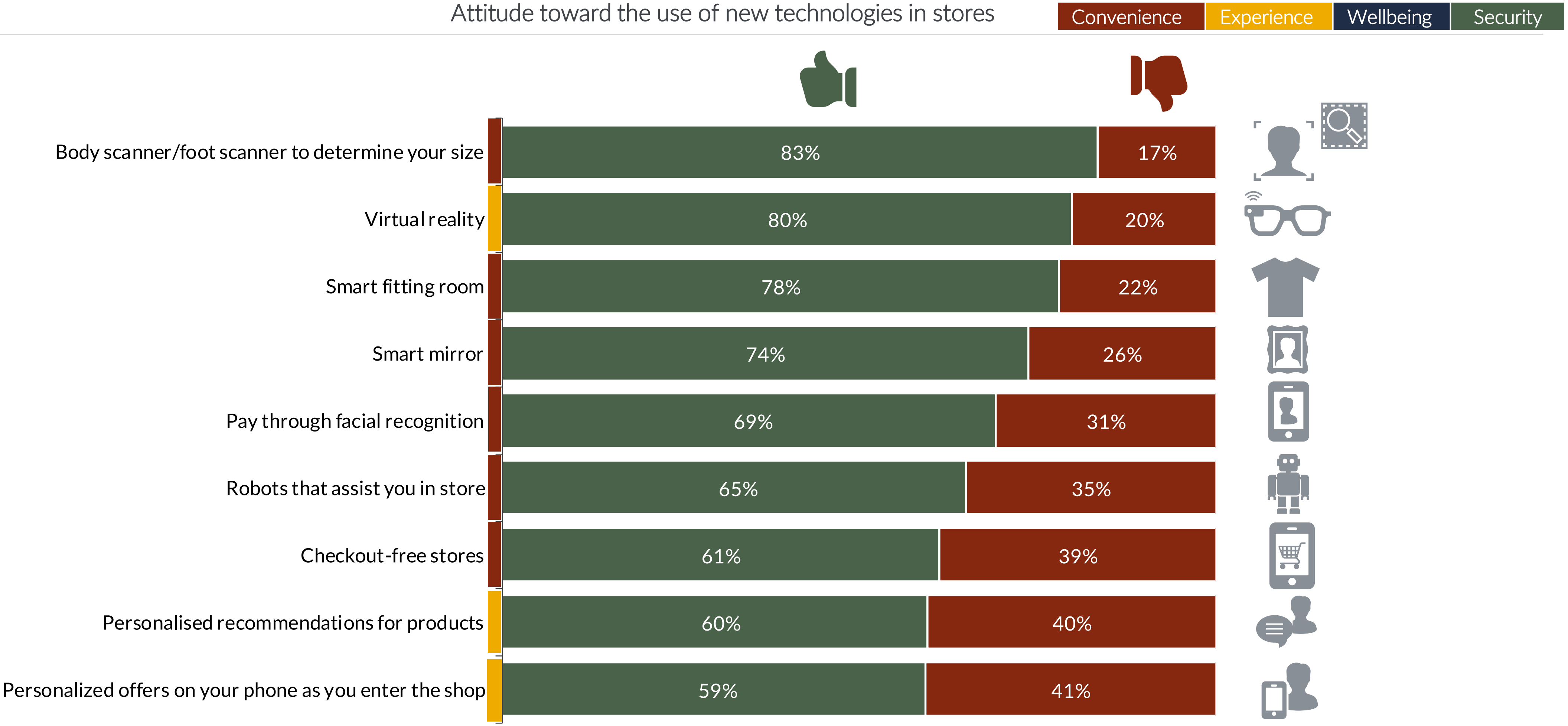
Base: all respondents

2025: n=1.026, 2024: n=1.003

B02: To what extent do you think that we will see each of the following technologies in the Dutch retail landscape in 2025?

Although consumers think that the adoption of these technologies will take a while, they have a positive view of these new technologies

Attitude toward the use of new technologies in stores



B03: To what extent would you have a positive or negative attitude toward the use of the following technologies in a physical store?

Base: all respondents, n=1.026

Half of all consumers is not comfortable in sharing personal information with shops or product providers

Sharing personal information and data

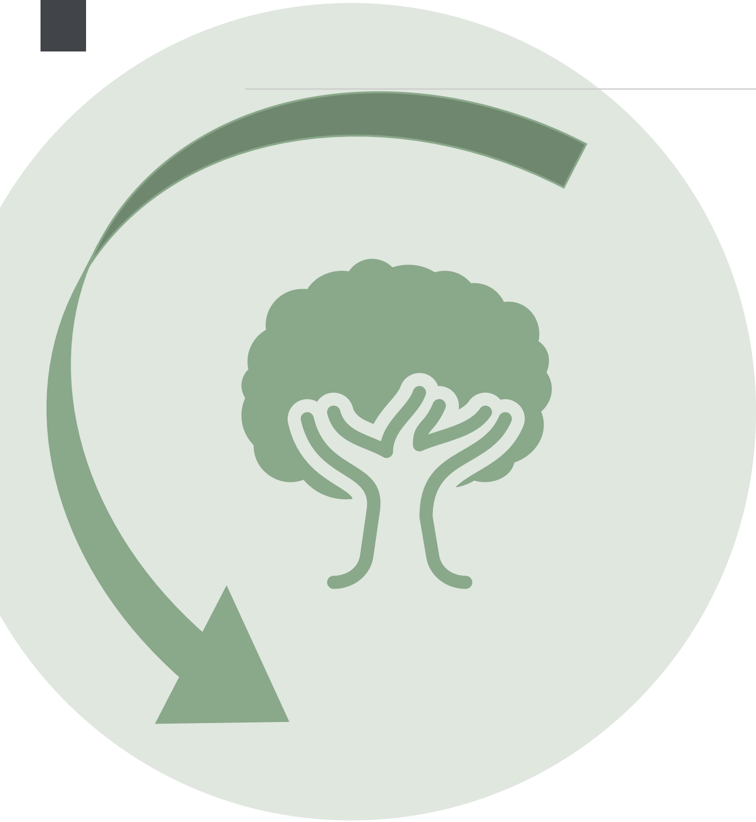
	Top Box (Strongly) Agree
I am not comfortable sharing personal information with shops or product providers	49%
I don't mind sharing personal data if it provides me with certain benefits, such as a discount or credit	29%
I don't mind sharing personal data if that means that the offer is better tailored to my personal preferences	21%
Special events or member days encourage me to buy something from this brand/ store more often	18%

S02: To what extent do you agree or disagree with the following statements?

Base: splitrun 2, n=513

2 out of 5 consumers is prepared to wait for an online order if the delivery is done in a more environmental friendly way

Ordering environmental friendly

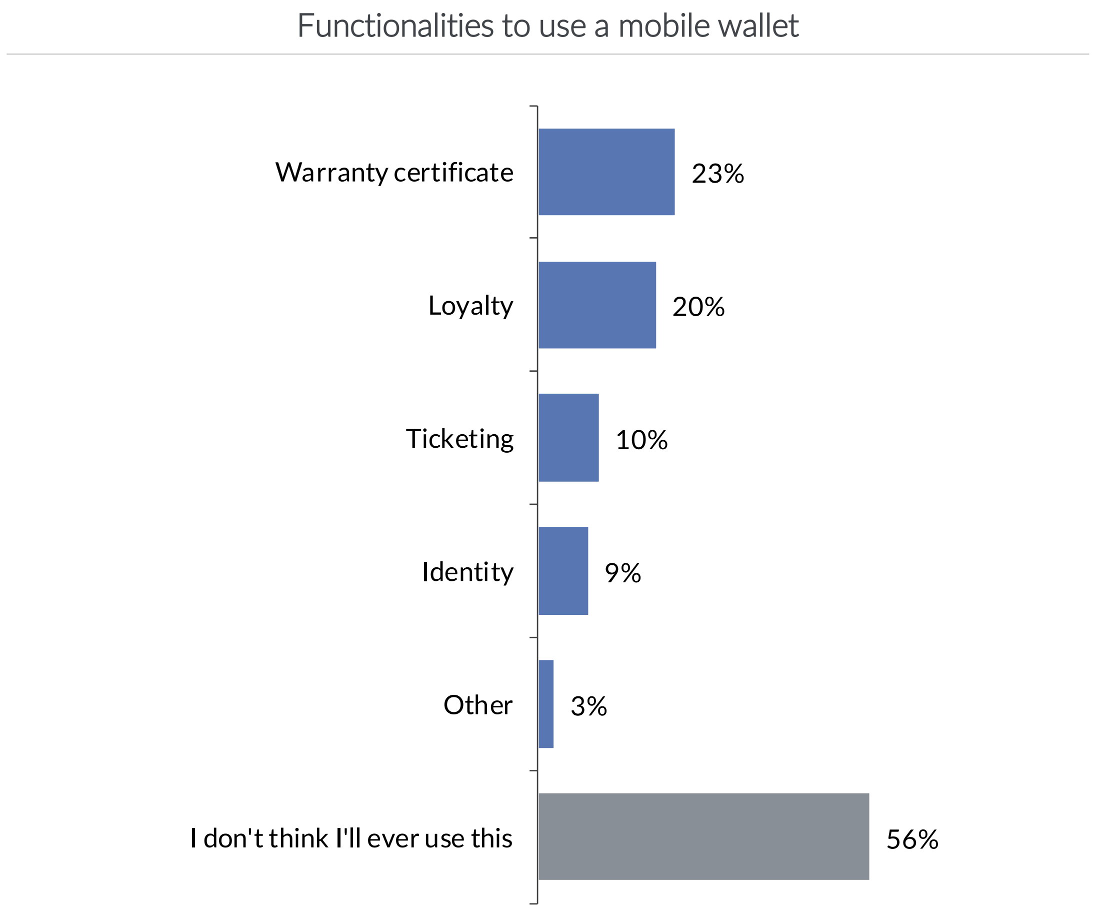


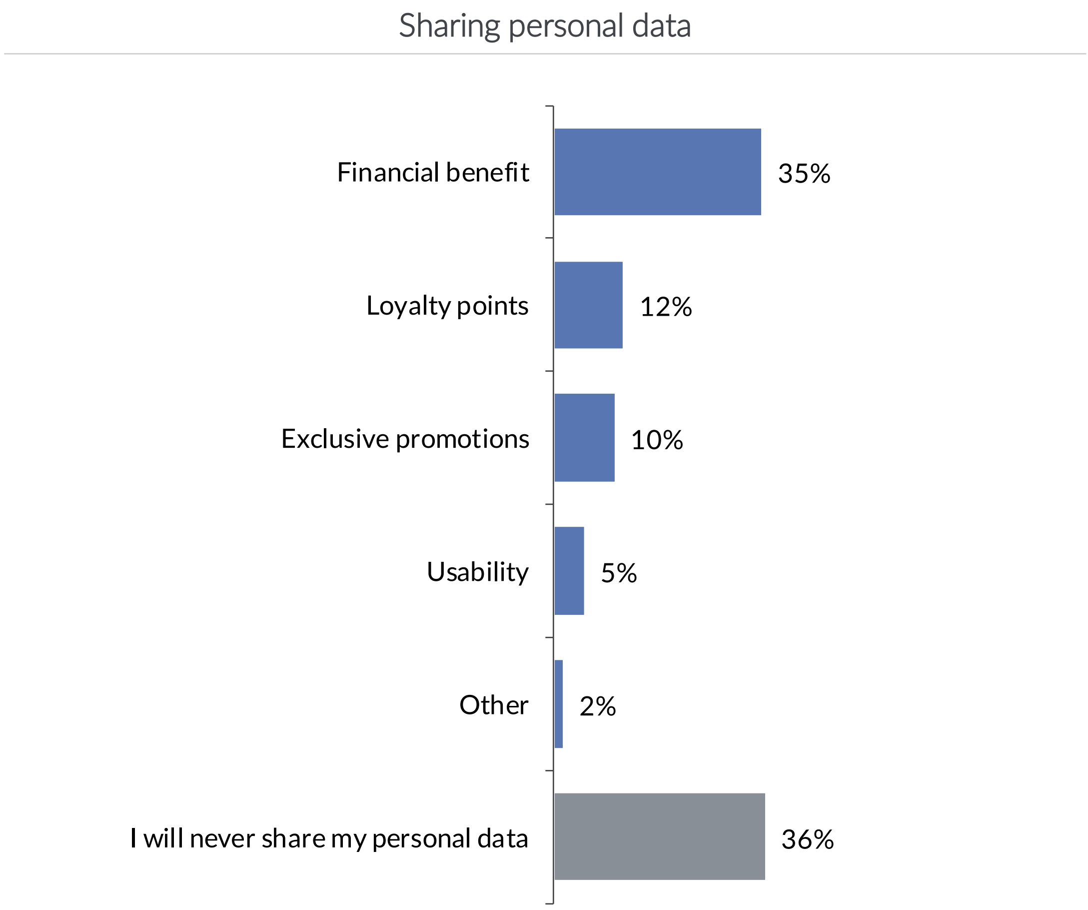
	Agree to the following statements	(Strongly) Agree
1	I'd rather buy from a company that operates sustainably, by using electric vehicles for example, than from a company where this is not the case	31%
2	I am prepared to wait for an order from an online shop/store, if the delivery is done in a more environmentally friendly way	41%
3	I am prepared to pay more for shipping costs when ordering from an online shop/store, if the delivery is done in a more environmentally friendly way	21%
4	As a result of the Corona Crisis, I have begun to place more value on an environmentally friendly delivery of goods	18%

J01: To what extent do you agree or disagree with the following statements?

Base: splitrun 1, n=513

35% of consumers would like to have a financial benefit when sharing their personal data





T01: What functionalities must be available to ensure that you will make (more) use of a mobile wallet, such as Apple Pay or Payconiq?
T02: What would you like in return for sharing your personal data?

Base: splitrun 2, n=513

3 out of 5 consumers distinguish between passwords for offical accounts and accounts for webshops or subscription services

Security accounts

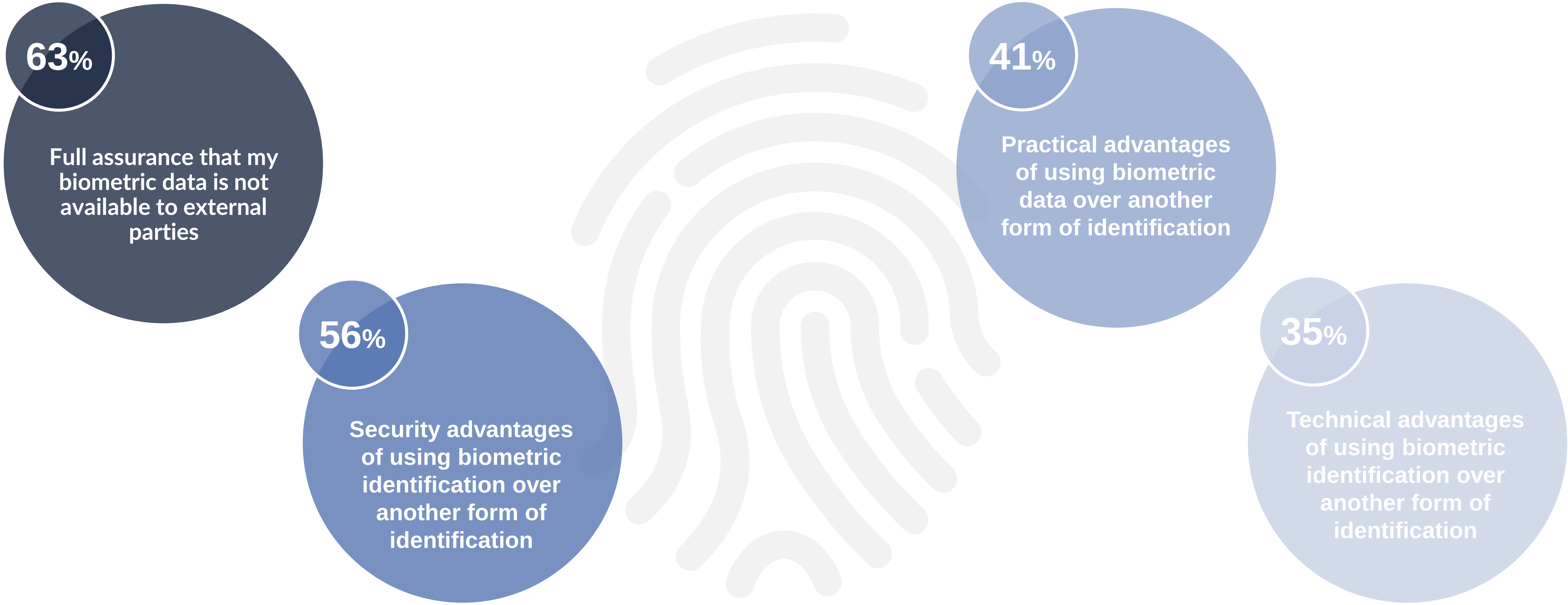
59%	For my personal accounts I distinguish between security measures for accounts for official purposes (such as Tax Office or DigID) and my accounts for (online) shops and subscription services
31%	There is a big difference between the security measures I take for the accounts I use for my work and those for my personal accounts
30%	I use the same password for two or more of my accounts (e.g. for email, account for an (online) shop, subscription services)
7%	I use the same password for both my work accounts and my accounts for (online) shops and subscription services

L01: To what extent do you agree or disagree with the following statements about online security?

Base: splitrun 1, n=513

Full assurance that biometric data is not available to external parties is most important issue when considering the use of biometric identification for an account in the future

Importance biometric identification



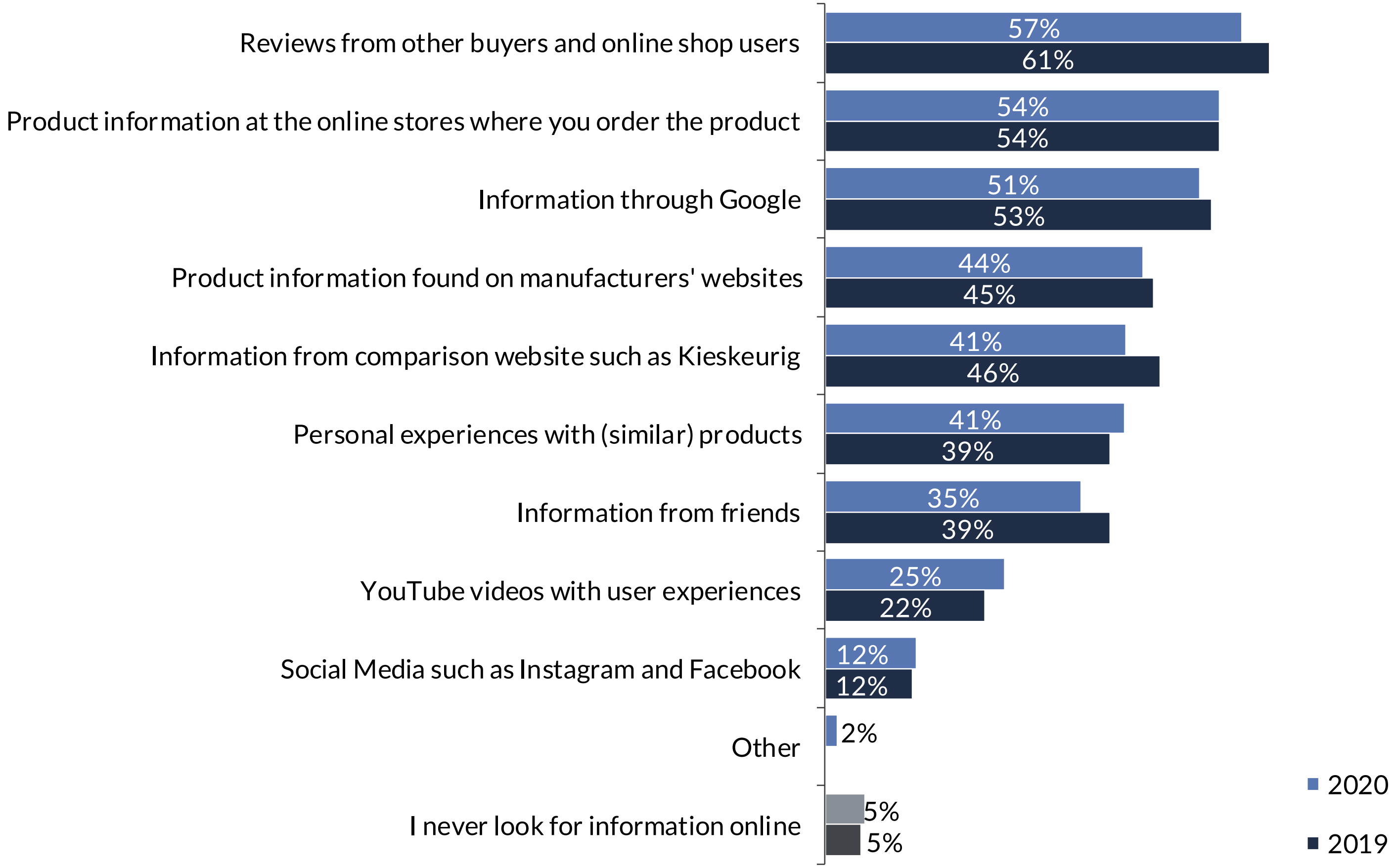
L02: How important would each of the following issues be when considering the use of biometric identification (FaceID, TouchID) for an account in the future?

Base: splitrun 1, n=513

Diving into the purchase journey

Reviews from other websites are less frequently used than in 2019, however the use of Youtube videos is increasing

Information sources used to shop online

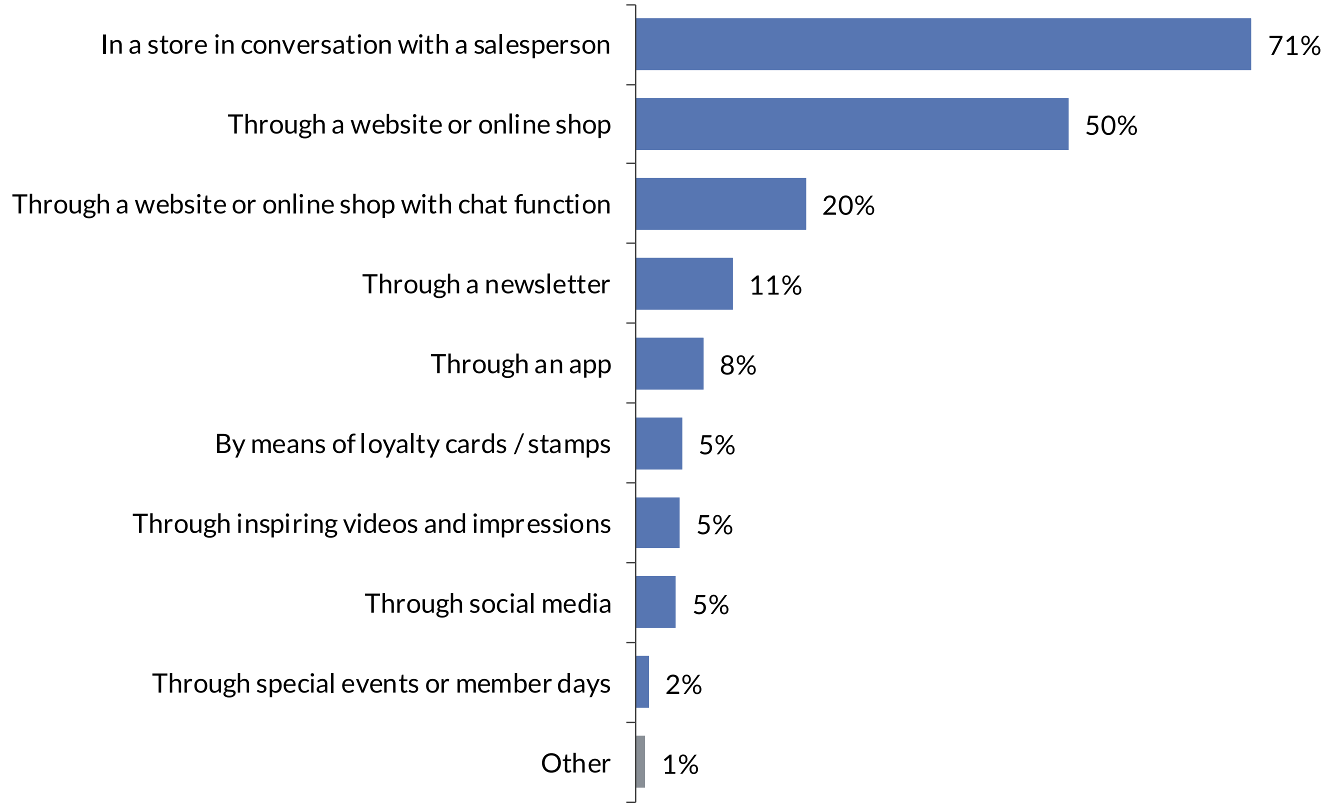


E01: Which of the following information sources do you use when looking for information to shop online?

Base: all respondents
2020: n=1.026, 2019: n=1.003

A great majority prefers to connect with stores by means of conversations with sales persons or via a website or online shop

Preference connection with store or product provider

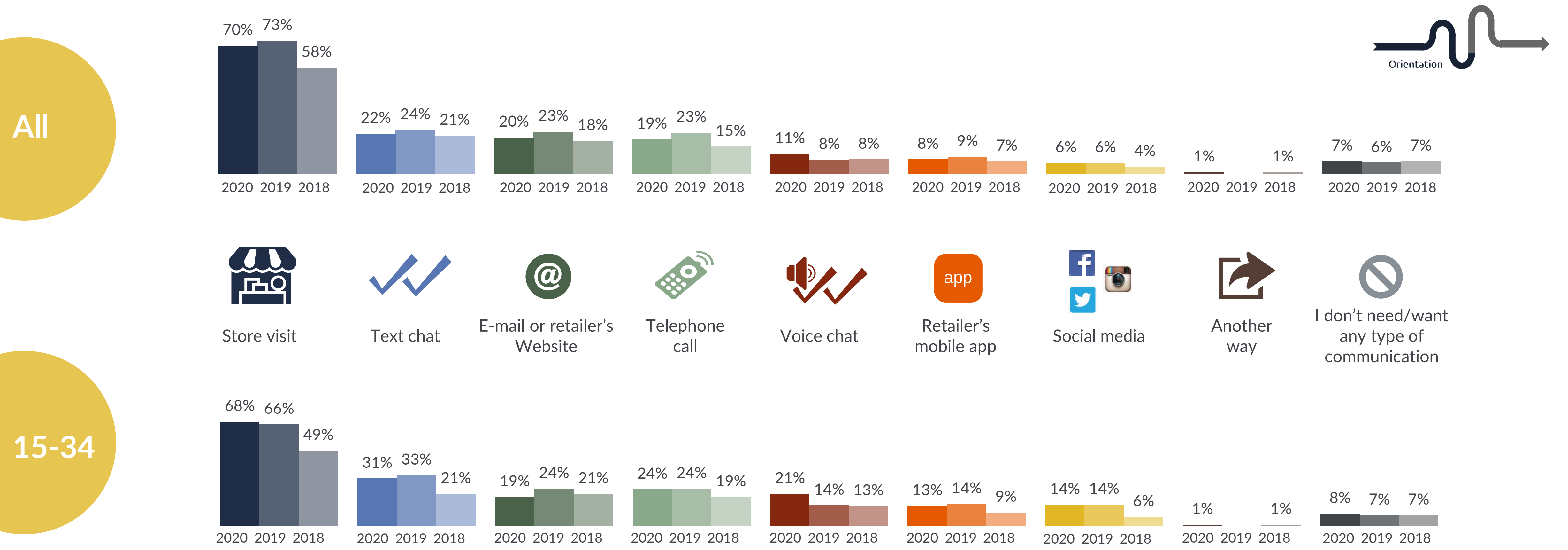


S01: In which way(s) do you prefer to connect with a store or product provider?

Base: splitrun 2, n=513

Store visit is still the most preferred mode of contact with retailers when needing advice. Voice chat is winning in popularity especially under youngsters

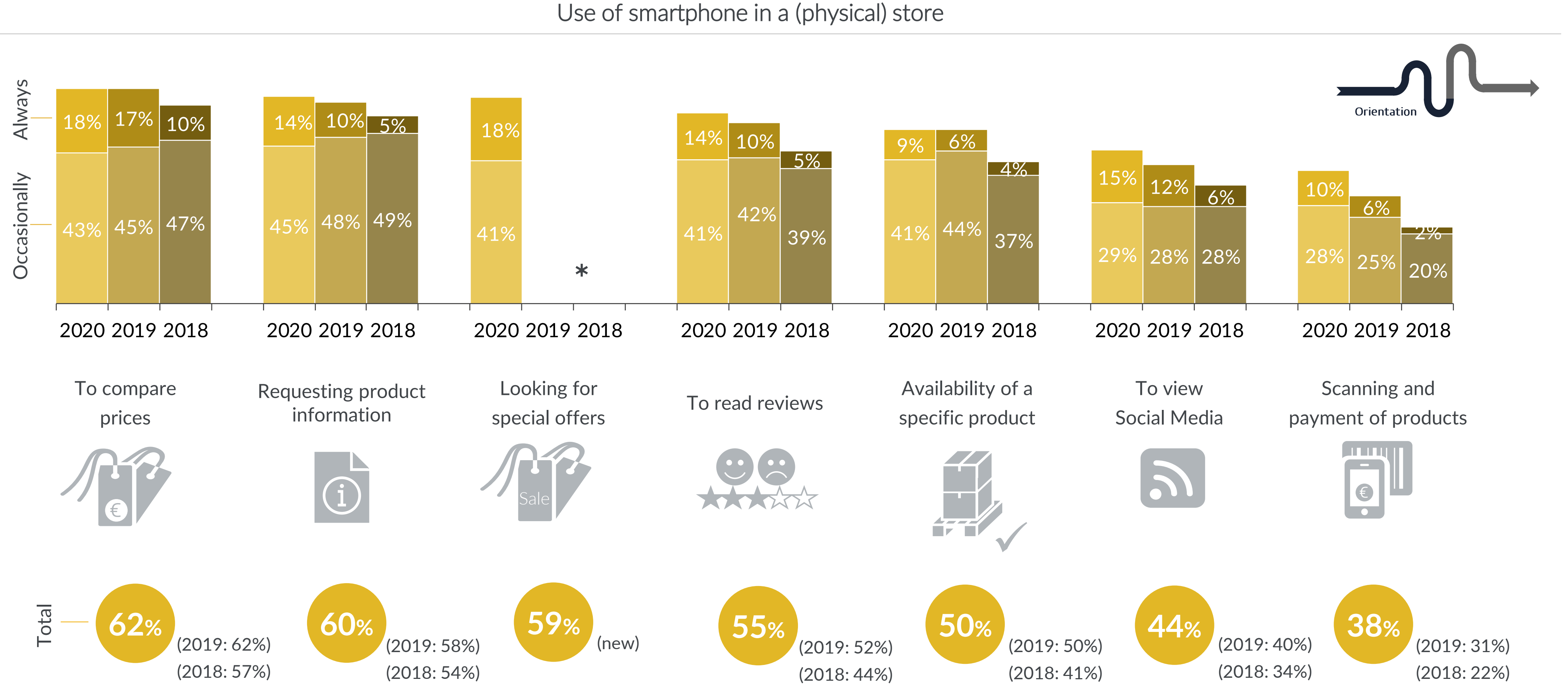
Preferred mode of contact with retailers in case of need for information or advice



F01: 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 respondents
2020: n=1.026, 2019: n=1.003, 2018: n=1.004

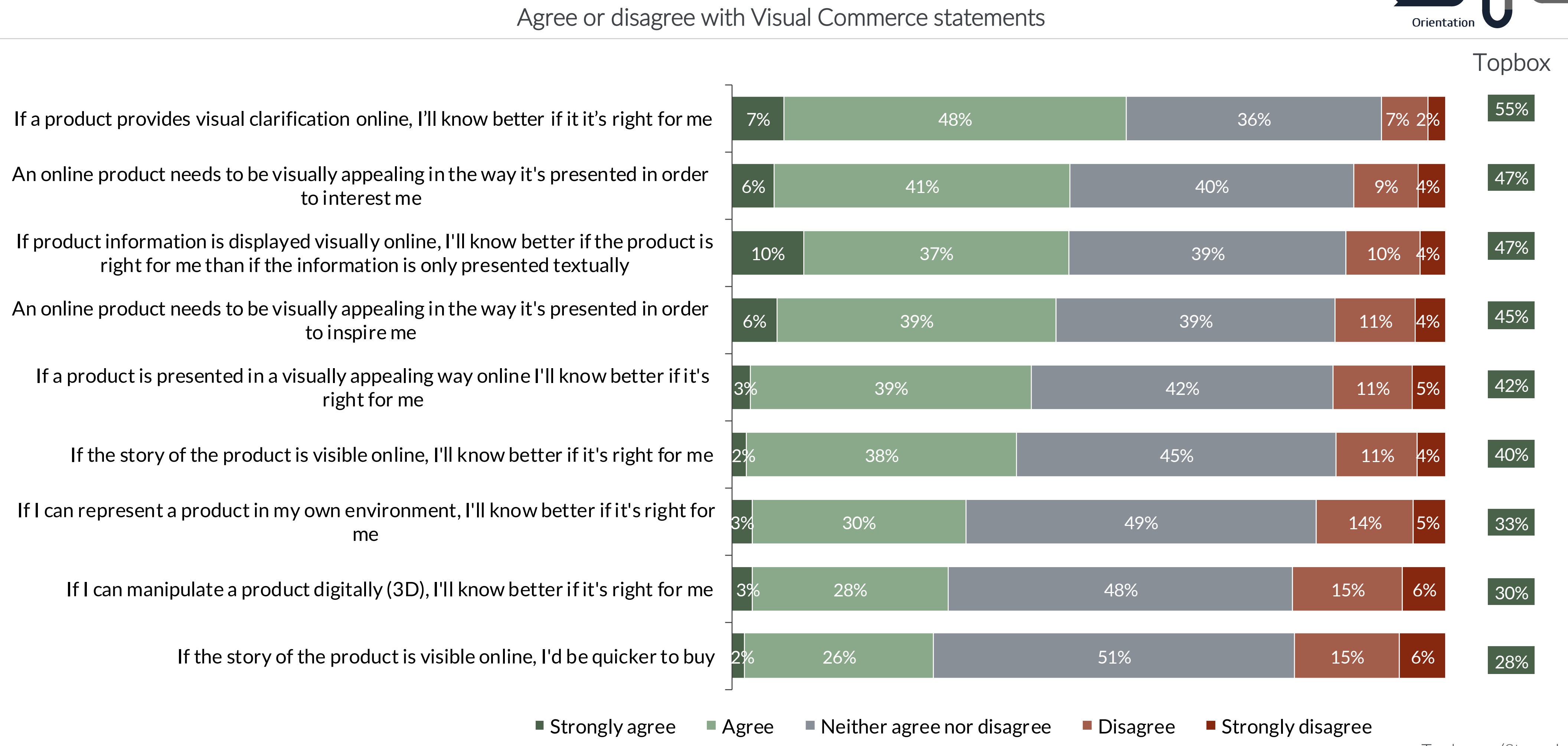
Increasing frequency of the use of smartphones in stores: especially for viewing social media and scanning and payment of products



* new in 2020
Base: all respondents
2020: n=1.026, 2019: n=1.003, 2018: n=1.004

C04: Do you use your smartphone in a (physical) store for the following purposes?

Half of all consumers think that they will be more interested if products are visually appealing presented online

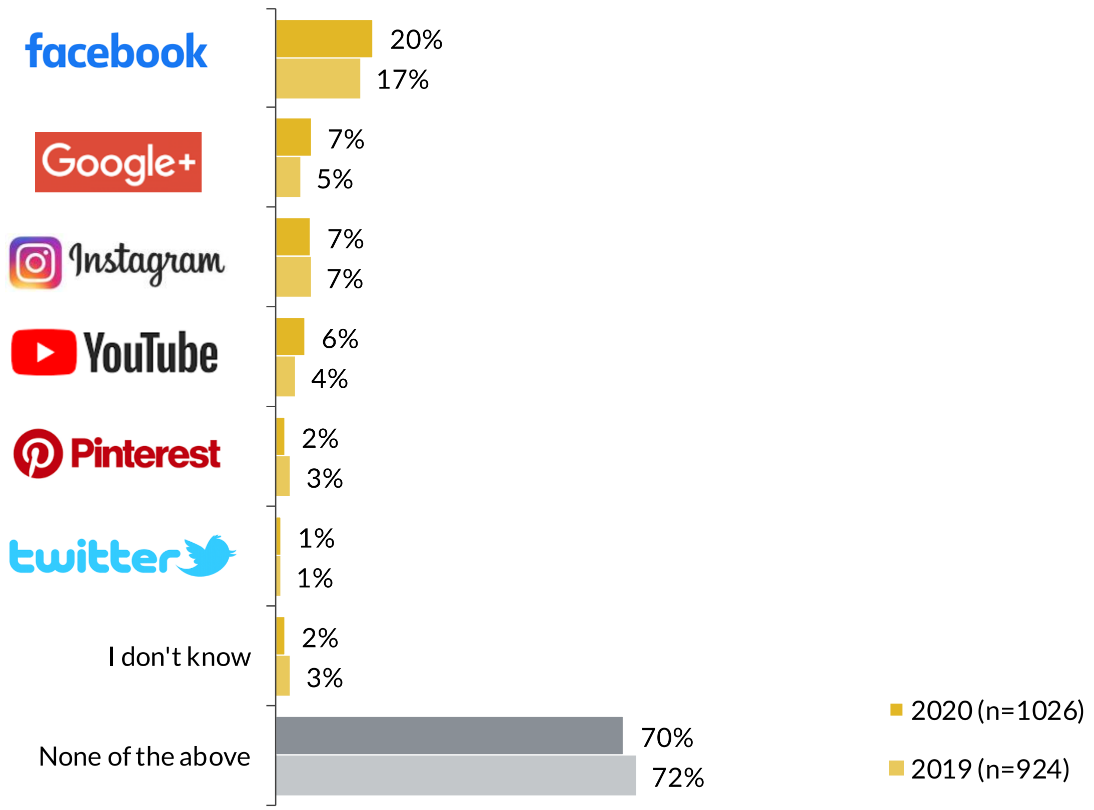


Topbox = (Strongly) Agree
Base: splitrun 1, n=513

H01: To what extent do you agree or disagree with the following statements?

Slight increase in online purchases via Facebook, but most consumers haven't made a purchase via social media yet

Purchases through social media



Purchase

E02: Through which social media have you made purchases in the past?

Base: all respondents that purchased online

More than half of all consumers does not want to remove the additional confirmation step in order to speed up online paying

Way of paying

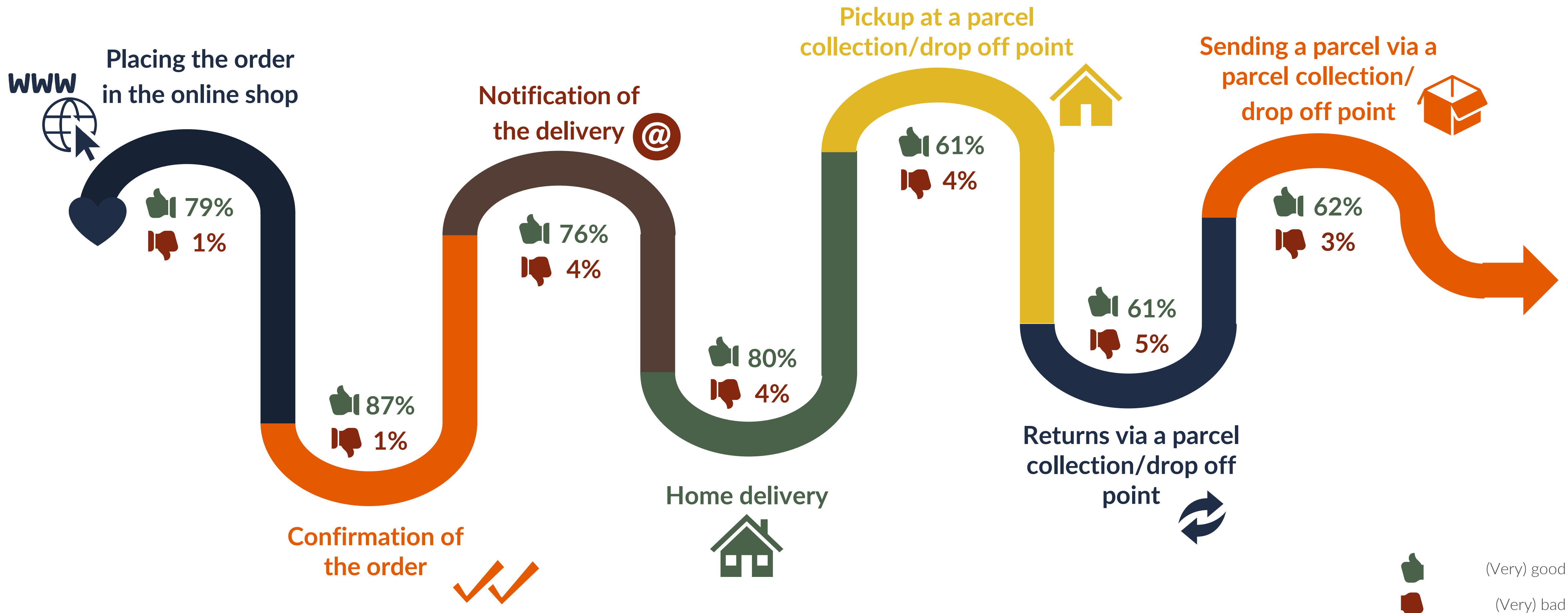
	Top Box (Strongly) Agree	Bottom Box (Strongly) Disagree
It should be easier to pay in a physical store	34%	25%
Paying in an online environment should be faster, without the additional confirmation step for example	18%	54%
I trust a digital wallet more than I do a physical wallet	11%	50%

T03: To what extent do you agree or disagree with the following statements?

Base: splitrun 2, n=513

Experience of consumers at the parcel collection / drop off point is relatively less positive than the experience pre-purchase

Experience different parts of the online ordering process



Base: splitrun 1, n=513

I01: In general, what are your experiences with the different parts of the online ordering process, from the time you place an online order to its delivery (and possible return)?

3 out of 5 consumers would use a parcel collection / drop off point (more often) if all parcels can be picked up from one address

Delivery & returns

Improvements for using an parcel collection/drop off point

One address for all parcels (regardless of DHL, UPS, PostNL or other carrier)	59%
Extended opening times	35%
Closer to home	34%
Not having to wait for other customers	24%
Faster handling	15%
Buy (or have delivered) gifts such as flowers, cakes, or local specialties	11%
Additional services (e.g. fitting rooms, direct return option)	10%
Engage local expert to troubleshoot problems with computer, TV or WiFi	9%
Other	8%

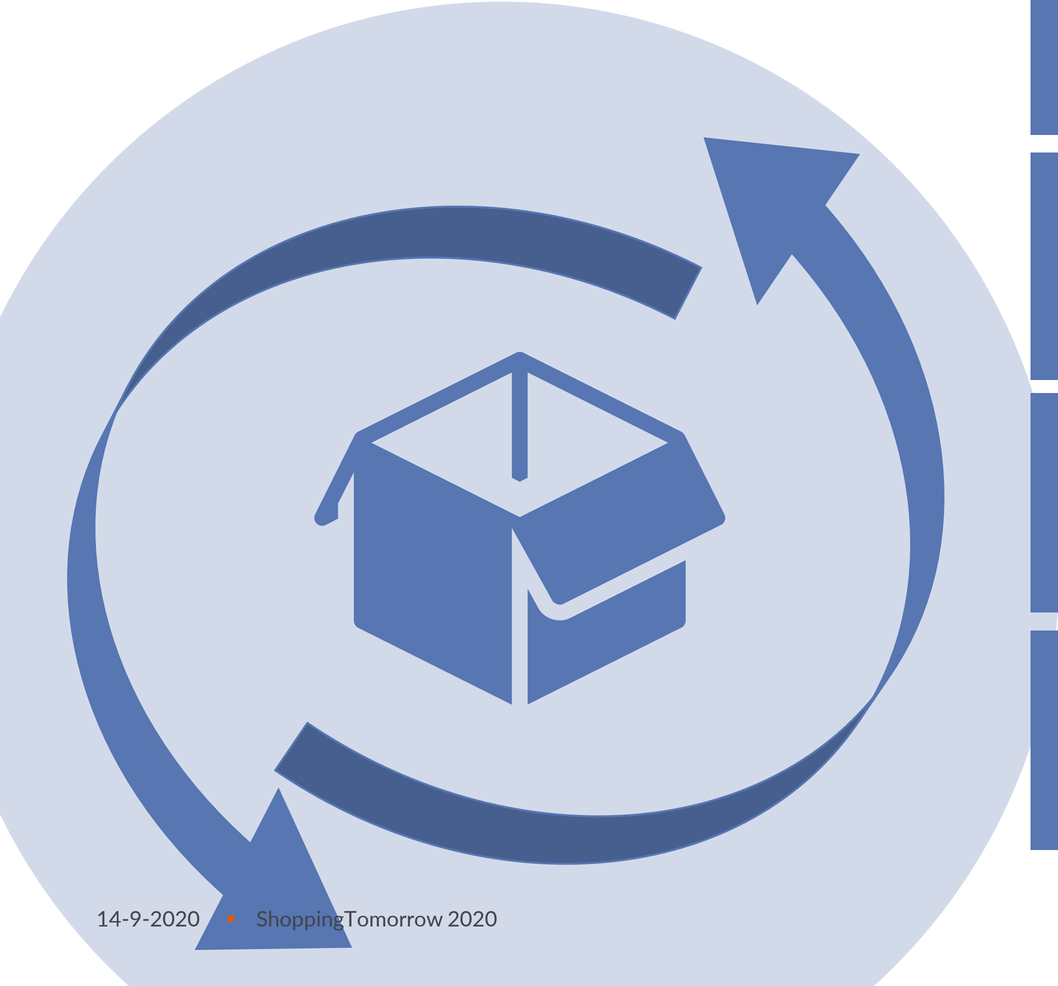
I02: Which barriers should be removed for you (or which improvements should be made) so that you would (more often) opt for a parcel collection/drop off point delivery in the local vicinity?

Base: splitrun 1, n=513

4 out of 5 consumers would be less likely to purchase something from a shop if they had to pay for returns

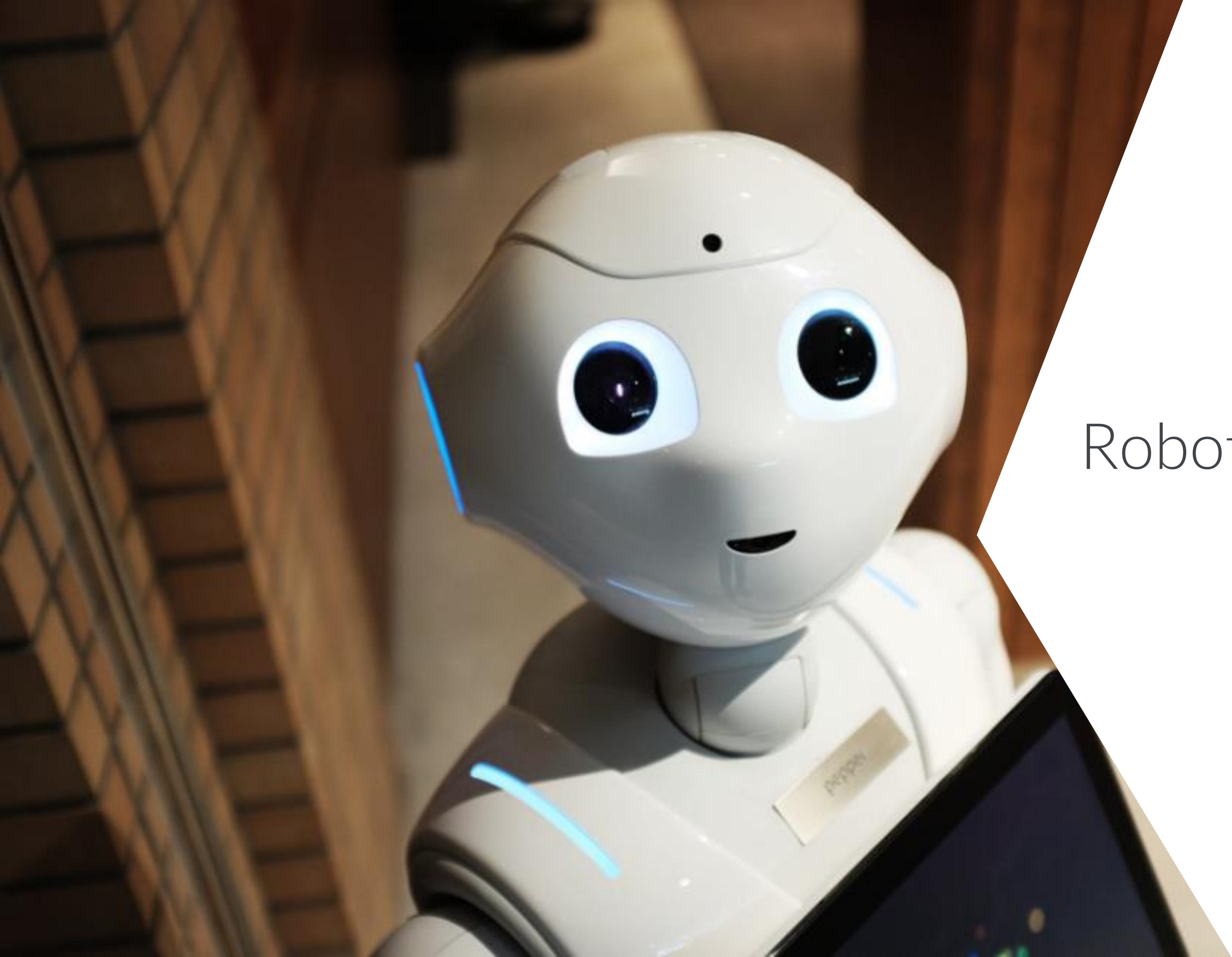
Delivery & returns

Return online orders



81%	If you had to pay for returns, would this make you less inclined to purchase something from the online shop in question?
33%	If you order online, try a number of the products at home and subsequently send some back, are you willing to pay associated service costs?
51%	Do you consider returns in e-commerce to be a social problem?
30%	Do you ever have problems packaging your returns in the right way?

Base: splitrun 1, n=513
% Yes



Robots in retail

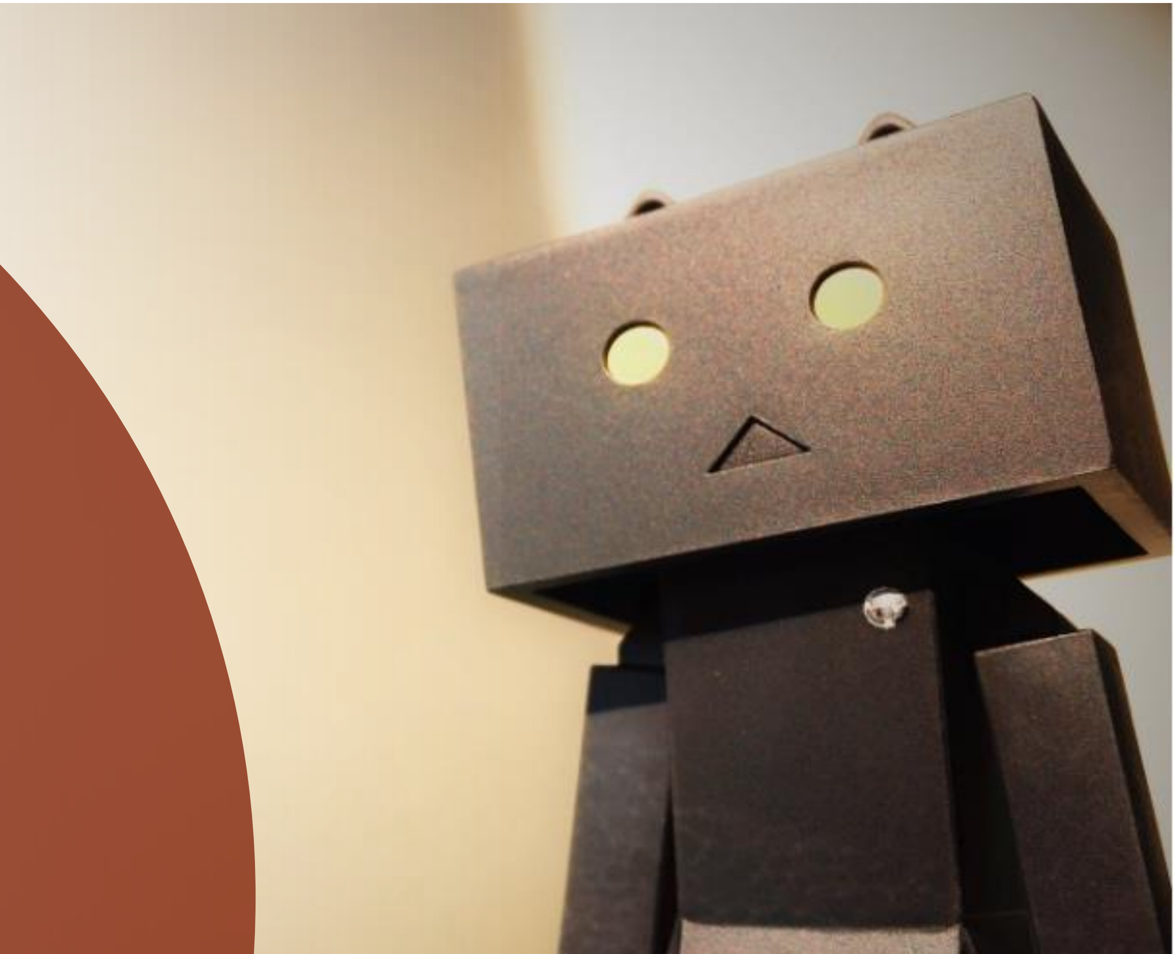
Only 2 out of 5 consumers are open to being served by robots in physical stores

Experiences usage of robots in physical stores

38% **I'm open to being served by robots in physical stores**

10% **I've seen a robot in a physical store before**

8% **I've used a robot in a physical store before**



Q02: A number of questions will now follow about your experiences using robots in physical stores

Base: splitrun 2, n=513

2 out of 5 consumers do not have a positive attitude toward the use of robots in store

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Perception usage of robots in physical stores

	Top Box (Strongly) Agree	Bottom Box (Strongly) Disagree
I have a positive attitude towards the use of robots in stores	21%	40%
If a store uses robots, I'm more inclined to visit this store	8%	57%
The use of robots in stores ensures that I am better served	6%	49%

Q03: The following statements are about your perception of the use of robots in physical stores.

Base: splitrun 2, n=513

Consumers find cleaning the store, restocking the shelves and providing product information the three best used applications for robots in physical stores

Applications for the use of robots in physical stores

Q01: In the coming years, more physical stores will use robots. For which three applications do you think robots can best be used by physical stores?

Base: splitrun 2, n=513

Appendix

Track & Trace function is the best valued innovation in e-commerce in recent years by consumers

Rating innovations recent years

Innovation	%
The ability to track packages via "track & trace" functions on a website or in an app	65%
The option to pay contactless in stores	48%
The ability to check out in the shop yourself (using a scanner)	39%
The ability to arrange payments between consumers via apps such as Tikkie	32%
The ability to buy virtually all types of products on the same online marketplace (such as Bol.com or Amazon)	28%
The ability to have meals from all kinds of different restaurants delivered to your home (such as via Thuisbezorgd.nl)	24%
The ability to contact a company's customer service via chat (WhatsApp, chat features on websites and in apps)	24%
The option of having groceries delivered to your home	22%
The option of receiving personal offers based on your customer profile/loyalty card details	12%
The ability to visualize a piece of furniture online in your own home using "augmented reality"	7%

P01: How do you rate the following innovations from recent years?

Base: splitrun 2, n=513

Half of consumers will make use of a joint online shop for local businesses because of the support they can give to the entrepreneurs

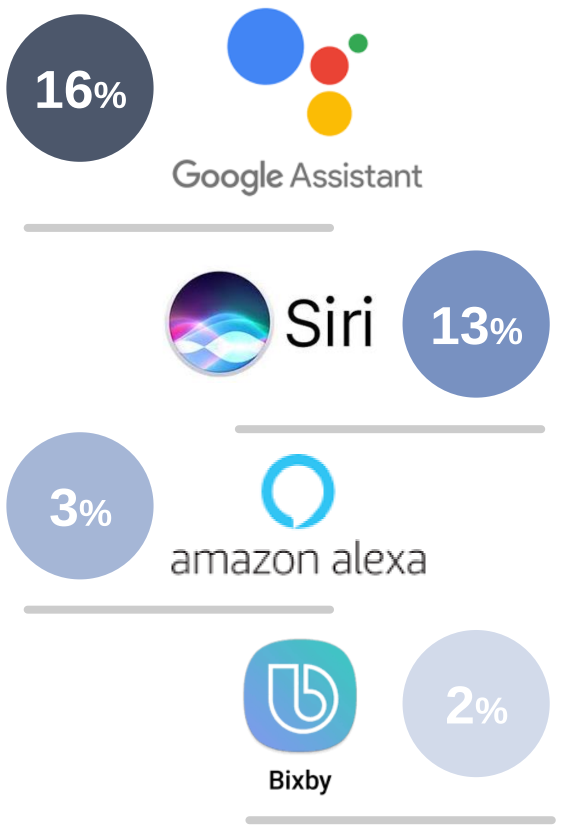
Reasons for using an online webshop of local businesses

I03: We can buy a lot online. Mostly from large online companies such as Bol.com, Amazon, Wehkamp or Zalando. Local businesses could also unite in a joint online shop and offer local products this way. In what situations or for what reasons would you use this facility?

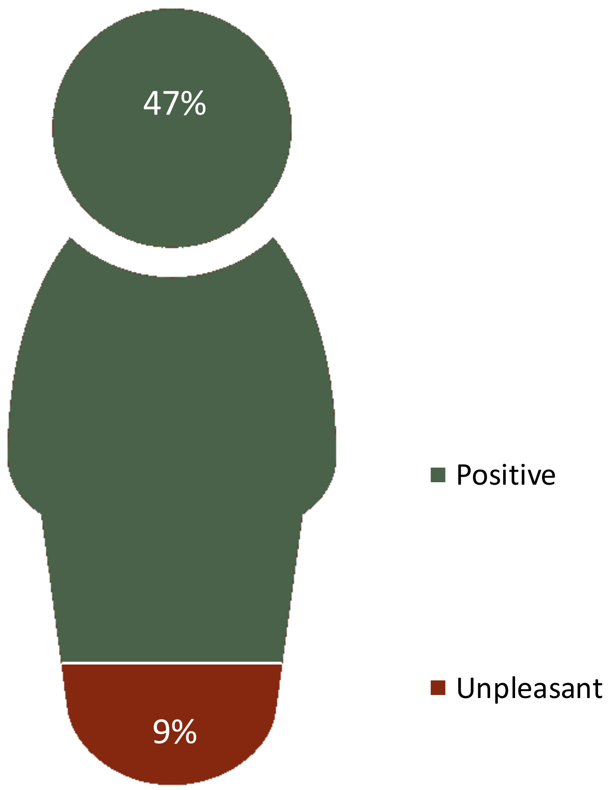
Base: splitrun 1, n=513

Voice assistants are used by a small part of consumers. 25% of consumers expect to use voice assistants in the future

Voice assistants used past 6 months



Experience voice assistants



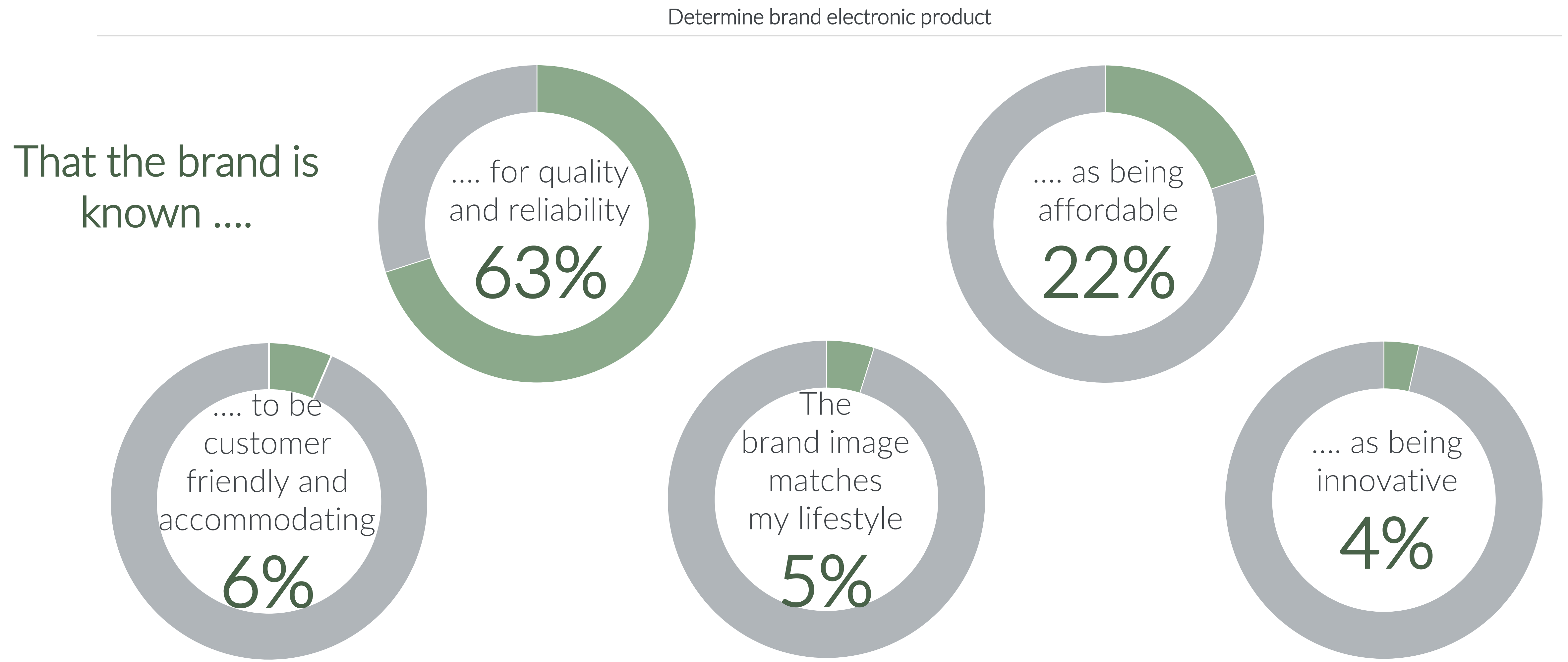
Usage voice assistants

Top Box (Strongly) Agree	
28%	If the technology improves, I will use voice (more often)
25%	I expect to use voice (more often) in the future
20%	I expect to use voice as easily as I'm using websites right now

O01: Which voice assistant(s) have you used in the past 6 months?
O02: How would you rate the experience with the voice assistant(s)?
O03: How do you expect the use of voice assistants will develop?

Base: splitrun 2
Base O01 and O03: all respondents, n=513
Base O02: didn't use voice assistants past 6 months n=131

When buying an electronic product, quality and reliability are the most important determinants of brand choice

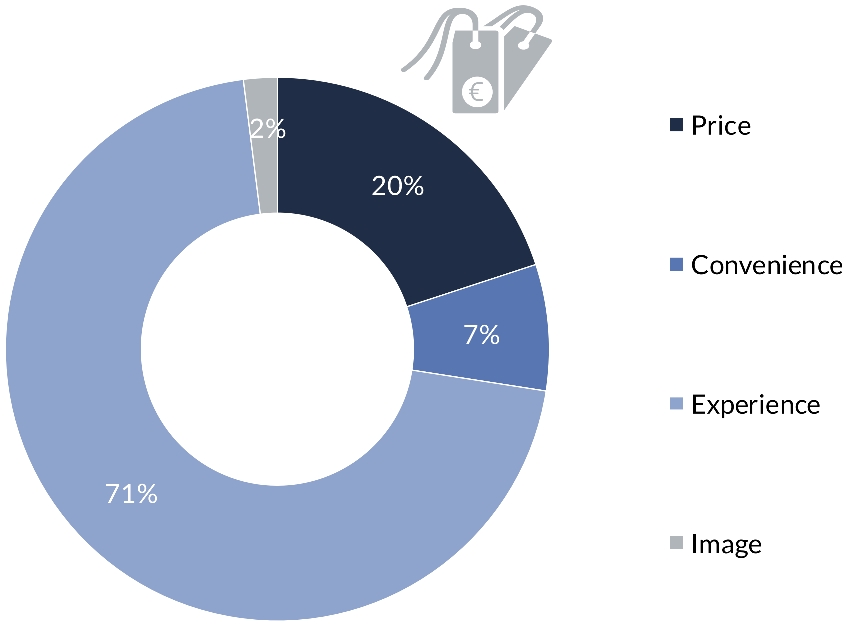


P02: What determines your choice for a certain brand when purchasing an electronic product (such as a TV, telephone, camera) the most?

Base: splitrun 2, n=513

Experience is the most important reason to stay loyal to a brand

Reasons brand loyalty



S03: What, in general, is the most important reason for you to stay loyal to a brand?

Base: splitrun 2, n=513

Research design

Method

Quantitative online questionnaire (CAWI)

Survey consisted of 44 questions (questionnaire was split into two parts –> split-runs, respondents answered only half of the questionnaire)

Topics covered in the survey: economic and online development, trends in shopping behavior, shopping with smartphone, cross-border shopping, online purchase journey, returns, personalized offers

Fieldwork

21 July 2020 – 27 July 2020

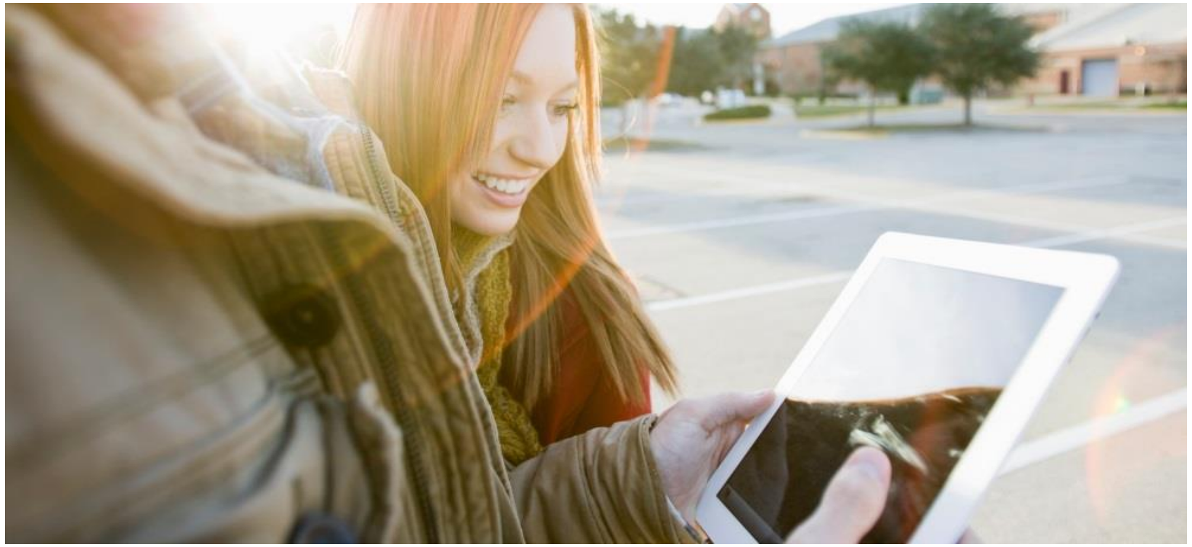
Net sample: n = 1.026 respondents

Sample

GfK online panel

Dutch persons in the age of 15 years or 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



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).

Do you have any questions?

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