WAVESTONE

NEW CONSUMER TRENDS BAROMETER

Initially seen as an opportunity to delve into an almost limitless pool of customer data, the sudden rise of digital technology in the retail world is now causing increasingly profound changes: tighter competition, the emergence of pure players, alliances between major corporations and specialist start-ups, the breaking down of geographical barriers, widespread access to multi-channel purchasing journeys, etc.

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Confronted with such changes—and in response to the many questions of players in the sector—Wavestone's Consumer Goods & Services teams wished to produce a document to shine a light on these new consumer trends, based on a quantitative survey and the analyses of our experts in retail distribution and the digital sphere.

Against that background, at the end of 2017 the firm undertook a survey of more than 1,000 consumers as a sample of the French population. Those respondents answered more than 40 questions centered on three important points along the purchasing journey:

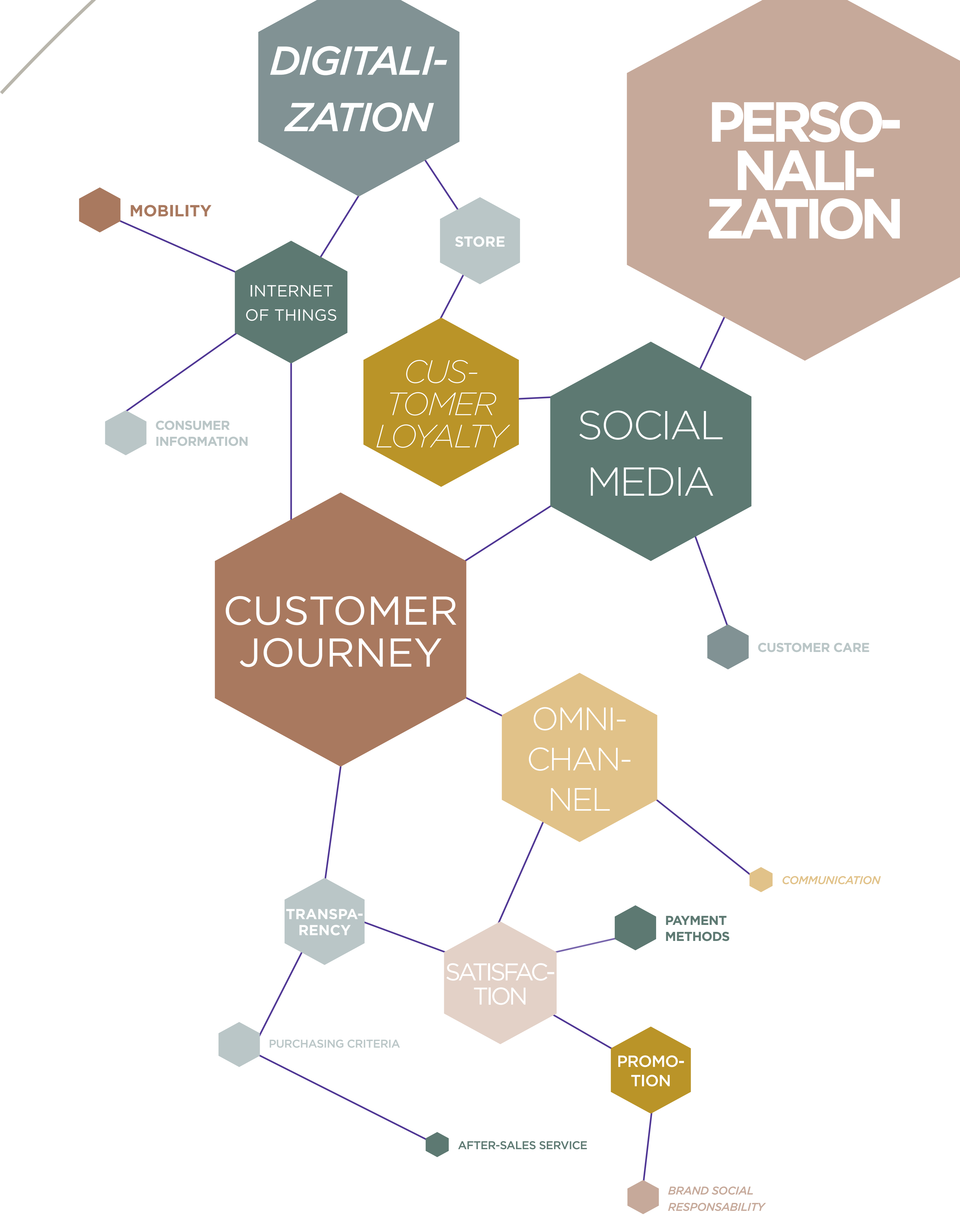
- **purchasing habits in stores vs. online;**
- **the purchasing experience;**
- **post-purchase habits and the customer relationship.**

We included eight categories of products and services in the study to identify correlations between customer habits and purchase type:

- **Apparel:** clothes, shoes, and accessories
- **Food products:** fresh produce, frozen foods, groceries, canned goods
- **Home/furnishings:** decoration, bedding, etc.
- **Household electrical appliances/hi-fi:** washing machines, audio equipment, cameras, etc.
- **Computers and gaming:** computers, tablet devices, smartphones, accessories, consoles & games
- **Tickets:** shows, concerts, museums, movies, plays, sporting events
- **Subscriptions:** telephone, Internet, electricity, energy, banks, music, TV, cable, gifts, etc.
- **Transport & tourism/travel:** taxis and ride-hailing services, train/plane tickets, hotels, rental cars, etc.

Previously, we published barometers addressing the theme of the user experience (UX) from the supply point of view. In particular, we assessed the maturity of CAC 40 companies and market players in e-commerce, luxury goods, sports, or the tourism industry. This time, we conducted the analysis from the demand perspective. The results of this first edition of the New Consumer Trends Barometer have been summed up in three infographics to help readers fully decode this consumer purchasing behavior. The main points to take away are detailed below.

1- *Questionnaire conducted online between November 29 and the 1st of December 2017. Analysis carried out on the basis of a panel of 1,015 respondents (aged 18 to 75), representative of the French population.*


DIGITALI-
ZATION
PERSO-
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ZATION
MOBILITY
STORE
INTERNET
OF THINGS
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TOMER
LOYALTY
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MEDIA
CONSUMER
INFORMATION
CUSTOMER
JOURNEY
CUSTOMER CARE
OMNI-
CHAN-
NEL
COMMUNICATION
TRANSPA-
RENCY
PAYMENT
METHODS
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PURCHASING CRITERIA
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AFTER-SALES SERVICE
BRAND SOCIAL
RESPONSABILITY

PURCHASING HABITS IN STORES VERSUS ONLINE

It is now clear that the Internet and the democratization of digital tools (smartphones, tablet devices, Internet of things, artificial intelligence, etc.) have transformed the purchasing process and spurred the evolution of consumer habits.

The first figures show that 58% of consumers make an online purchase at least once a month. That purchasing behavior varies based on the consumer's place of residence, age, socio-professional category, or family situation. To illustrate, that same trend increases to 70% among consumers with one or more children.

PURCHASING IN STORES

88% OF CONSUMERS MAKE A PURCHASE **AT LEAST ONCE A WEEK** IN A STORE

98% OF CONSUMERS MAKE A PURCHASE **AT LEAST ONCE A MONTH** IN A STORE

AND

14% PURCHASE IN A STORE EVERY DAY

THAT PERCENTAGE RISES TO

20% For consumers **living in an urban environment** VS **11%** For consumers **living outside an urban environment**

(Cities with a population of more than 100,000)

ONLINE PURCHASES

18% OF CONSUMERS MAKE AN ONLINE PURCHASE **AT LEAST ONCE A WEEK**

58% OF CONSUMERS MAKE AN ONLINE PURCHASE **AT LEAST ONCE A MONTH**

THAT PERCENTAGE RISES TO

67% Among consumers **aged 18-44 years** VS **40%** Among consumers **aged 60-75 years**

70% Among consumers **with children** VS **50%** Among consumers **without children**

74% AMONG HIGHER SOCIO-PROFESSIONAL CATEGORIES

Purchasing frequency in stores compared with online also varies according to the product or service category. For example, travel-related purchases (48% of consumers), ticket sales (46%), and subscriptions (46%) are now made more online than in stores. Conversely, the vast majority of pharmaceutical and optical products (85%), cleaning products (84%), and food items (82%) are still bought in stores.

When it comes to clothes, the most differentiating factor appears to be gender: 53% of men prefer to purchase clothes in stores, versus 44% of women.

Those proportions climb even higher when we look at hygiene and beauty products, where 70% of men express a preference for in-store purchases, versus 62% of women.

% OF CONSUMERS WHO PURCHASE MORE IN STORES

- 85% PHARMACEUTICALS/ PERSONAL HYGIENE PRODUCTS/ OPTICAL PRODUCTS
- 84% CLEANING PRODUCTS
- 82% FOOD PRODUCTS

% OF CONSUMERS WHO PURCHASE AS MUCH IN STORES AS ONLINE

- 38% APPAREL
- 31% HOUSEHOLD APPLIANCES/ HI-FI
- 29% COMPUTERS & GAMING

% OF CONSUMERS WHO PURCHASE MORE ONLINE THAN IN STORES

- 48% TRANSPORT & TOURISM/ TRAVEL
- 46% TICKETS
- 46% SUBSCRIPTIONS

In terms of the triggers for in-store versus online purchases, the need to be able to try the products/services (79%) is the primary factor for in-stores purchases, while price (78%) is the main driver for online.

Crowded stores, on the other hand, seem to be a particularly undesirable factor (50%) for customers. Online, however, the inability to try the products/services (72%) is a major irritant.

THE MAIN REASONS THAT DRIVE CONSUMERS TO PURCHASE IN STORES

- 60% Immediate availability
- 79% Need to try the product/service
- 49% Proximity

THE MAIN REASONS THAT CONSUMERS DO NOT PURCHASE IN STORES

- 46% Waiting time (cash registers, fitting rooms)
- 50% Crowded stores
- 36% Limited choice of product/service

THE MAIN REASONS THAT DRIVE CONSUMERS TO PURCHASE ONLINE

- 59% Breadth of choice
- 78% Price
- 51% Possibility of delivery

THE MAIN REASONS THAT CONSUMERS DO NOT PURCHASE ONLINE

- 43% Concerns about the security of payments and the protection of bank details
- 72% The impossibility of trying the products/services
- 40% Concerns about the protection of personal data

- 72% MEALS AND RESTAURANTS/ CATERING
- 66% HYGIENE AND BEAUTY
- 65% HOME IMPROVEMENT /GARDENING / JARDINAGE
- 58% HOME/ FURNITURE
- 52% JEWELRY
- 52% LEATHER GOODS
- 48% SPORTING GOODS

IN TERMS OF APPAREL

53% of men prefer purchasing in store (vs. 44% of women)

63% among seniors (60-75 years-old)

IN TERMS OF MEALS AND RESTAURANTS

18% of consumers living in an urban environment[1] make their purchases as much online as in stores

1. Cities with a population of more than 100,000

IN TERMS OF HYGIENE & BEAUTY

70% of men purchase more in stores (vs. 62% of women)

29% of women purchase as much online as in stores (vs. 19% of men)

THE PURCHASING EXPERIENCE

After deciphering the purchasing method chosen by the consumer, we analyzed their habits at the time of making a purchase. In the age of digitalization, the value criteria linked to the purchasing experience vary according to the channels chosen. The challenge for brands is to meet consumers' needs at the time of purchase by providing a customer journey that covers every channel, is interactive, and flows as smoothly as possible. .

First, we sought to identify the main factor driving consumers to go online to make their purchase. Off the top of their head, the respondents said the ability to quickly compare prices comes first (93%), tied with the ability to search for information about the product, service, or brand. It is notable that 38% of consumers use social media in the course of their purchasing journey.

In terms of devices, 83% of consumers prefer to make their online purchases on a computer, compared with just 17% on a smartphone or tablet. But the use of mobile devices is ever-expanding in this omni-channel age, especially among younger generations; over 20% of 30-44 year-olds prefer them, and more than a quarter of those aged 18-29.

THE MAIN REASONS CONSUMERS GO ONLINE WHEN PREPARING TO MAKE A PURCHASE:

93% To get informed about the product/ the service/ the brand

93% To compare prices/ features

91% To search for The best deal

THE MOST COMMONLY USED WAYS OF FINDING INFORMATION WHEN MAKING A PURCHASE

54% The brand's website

56% Customer feedback on the website selling the product

47% Online comparison tools

38%

OF CONSUMERS HAVE USED A SOCIAL NETWORK IN THE PROCESS OF PURCHASING A PRODUCT/SERVICE

THE MAIN REASONS STATED FOR THAT USE

22% To express an opinion

To ask a question 18%

83%

OF CONSUMERS PREFER TO USE A COMPUTER TO MAKE THEIR ONLINE PURCHASES

VS

17%

PREFER TO MAKE ONLINE PURCHASES ON A SMARTPHONE OR A TABLET DEVICE

27% of 18-29 years-old

22% of 30-44 years-old

24% of women

11% of men

We also found that the practice of using a mobile device while making an in-store purchase varies depending on the product category. More than 40% of consumers do so when purchasing household electrical appliances/ hi-fi equipment or computer/gaming products. Whereas more than 60% do not turn to their mobile devices when buying cleaning products, jewelry, or health-related products (pharmaceutical, personal hygiene, or optical).

One clear trend in today's consumer habits is that the customer journey is increasingly formed by a combination of online and offline behavior. 58% of the respondents said they have purchased products online and then had them delivered to the store, using either a "Click and Collect" or "Drive-Through" facility.

The online customer journey is also particularly conducive to additional sales. When confirming their order, 41% of consumers have added an additional product or service offered by the website. That rate reaches 48% among 18-24-year-olds and parents.

THE PRACTICE OF USING A SMARTPHONE/ TABLET WHILE MAKING AN IN-STORE PURCHASE VARIES DEPENDING ON THE PRODUCT CATEGORY

% OF CONSUMERS WHO OFTEN OR ALWAYS USE THEIR SMARTPHONE/TABLET DEVICE TO FIND ADDITIONAL INFORMATION FOR THEIR PURCHASES IN STORES

- 43% HOUSEHOLD APPLIANCES / HI-FI
- 40% COMPUTERS & GAMING
- 35% SUBSCRIPTIONS
- 35% TRANSPORTS & TOURISM / TRAVEL
- 31% TICKETS
- 31% APPAREL
- 28% HOME / FURNITURE
- 26% MEALS AND CATERING
- 22% HYGIENE AND BEAUTY

% OF CONSUMERS WHO RARELY OR NEVER USE THEIR SMARTPHONE/TABLET DEVICE TO FIND ADDITIONAL INFORMATION FOR THEIR PURCHASES IN STORES

- 69% CLEANING PRODUCTS
- 64% JEWELRY
- 63% PHARMACEUTICALS/ PERSONAL HYGIENE PRODUCTS/ OPTICAL PRODUCTS
- 62% LEATHER GOODS
- 53% FOOD PRODUCTS
- 49% SPORTING GOODS
- 49% HOME IMPROVEMENT/ GARDENING

58%

OF CONSUMERS HAVE BOUGHT PRODUCTS AND THEN HAD THEM DELIVERED TO THE STORE (CLICK & COLLECT, DRIVE-THROUGH)

THAT PERCENTAGE RISES TO

64% among 18-24 years-old VS 70% among 30-44 years-old

THAT PERCENTAGE RISES TO

69% among consumers with children VS 51% among consumers without children

71% among higher socio-professional categories

41%

OF CONSUMERS HAVE ADDED A PRODUCT/SERVICE PROPOSED BY THE WEBSITE TO THEIR SHOPPING CART WHEN CONFIRMING THEIR ORDER

THAT PERCENTAGE RISES TO

48% among 18-24 years-old AND 48% among 30-44 years-old

THAT PERCENTAGE RISES TO

48% among consumers with children VS 38% among consumers without children

When it comes to the in-store purchasing experience, consumers attach a great deal of importance to spaces where they can try or test a product (94%), the quality of the customer reception (93%), and the waiting time in the store (93%). Note that this last factor is one of the main irritants for consumers; 50% have abandoned a purchase in a store because the wait at the cash register was too long. To overcome this problem, retailers are scrambling to roll out phygital solutions in their sales outlets (queue boosting, scan & go, cashier-less store, etc.).

IN STORES, CUSTOMERS FIND THE FOLLOWING CRITERIA IMPORTANT FOR THEIR PURCHASES:

1/ **94%** The possibility of trying/testing the product

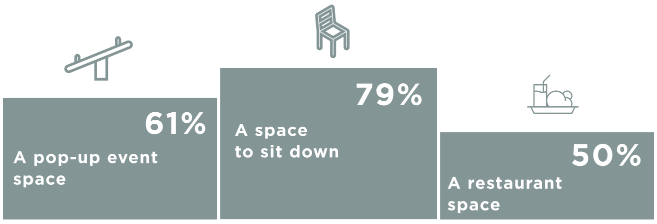
2/ **93%** The quality of customer reception

3/ **93%** A reasonable waiting time (cash registers/fitting rooms)

4/ **88%** The quality of advice offered by the salespeople

5/ **86%** Discovering new things

IN STORES, CUSTOMERS FIND THE FOLLOWING FACILITIES NECESSARY/PLEASANT:



50%

OF CUSTOMERS HAVE GIVEN UP ON MAKING A PURCHASE IN A STORE BECAUSE THE WAIT AT THE CASH REGISTER WAS TOO LONG

THAT PERCENTAGE RISES TO

55% of **women** VS **44%** of **men**

61% among consumers **with children** VS **41%** among consumers **without children**

59% **AMONG HIGHER SOCIO-PROFESSIONAL CATEGORIES**

Finally, we note that consumers are increasingly using new digital payment systems: 66% have already used contactless payment, and 13% a smartphone payment system (Apple Pay, etc.). More generally, customers seem to welcome the introduction of digital tools in the purchasing journey. For example, 10% have used an augmented- or virtual-reality system as part of an online or in-store purchase.

66%

OF CONSUMERS HAVE **ALREADY RESORTED TO CONTACTLESS PAYMENT** IN STORE

46%

FOR THE CONSUMERS WHO HAVE **NEVER OR RARELY USED CONTACTLESS PAYMENT**

THE MAIN REASON IS PROBLEMS OF SECURITY/FRAUD

13%

OF CONSUMERS HAVE USED A SMARTPHONE-BASED PAYMENT SYSTEM IN A STORE

THAT PERCENTAGE RISES TO

20% among **30-44 years-old and 18-29 years-old**

10%

OF CONSUMERS HAVE USED AN **AUGMENTED/VIRTUAL REALITY SYSTEM** TO MAKE A PURCHASE ONLINE OR IN A STORE

POST-PURCHASE HABITS

Now that we have analyzed the purchasing experience and the various issues associated with it, in this third section we will focus on post-purchase habits. The growing diversity of contact points and digital devices is upending the customer relationship. In this third and last section of the barometer, we focus on the myriad of new interactions between brands, retailers, and their customers, as well as the emergence of new communication and loyalty models.

The rate of sign-up to loyalty programs is high among consumers (74%), and 20% of them have gone a step further and adopted virtual loyalty cards.

We can also see that social media is playing an increasingly significant role in consumers' lives, whether to share and view content or to facilitate their purchasing journey. To illustrate, 21% of today's consumers have used one of their personal social media accounts (especially Facebook) to create a customer account on a brand's website, and that rate climbs to 37% among 18-29 year-olds.

This trend is particularly conducive to personalized communication campaigns: 56% of consumers have received notifications on their smartphone alerting them about promotions or information related to a store's products or services, and more than half have taken that information into account to make a purchase.

Consumers are also becoming more proactive with regard to brands and their purchasing experience. For example, 63% of consumers have gone online after making purchases and posted comments to express their level of satisfaction. Of those, 85% have done so on the vendor website and 32% on social media.

74%

OF CONSUMERS HAVE SIGNED UP TO A LOYALTY PROGRAM

THAT PERCENTAGE RISES TO

79% of **women** VS **69%** of **men**

OF THEM

20%

Prefer a virtual loyalty card with an app

(25% among 18-44 years-old)

21%

OF CONSUMERS HAVE USED ONE OF THEIR PERSONAL SOCIAL-NETWORK ACCOUNTS (E.G. FACEBOOK) TO CREATE A CUSTOMER ACCOUNT ON A BRAND'S WEBSITE

THAT PERCENTAGE RISES TO

37%

among **18-29 years-old**

OF THEM

86%

have done so on Facebook

56%

OF CONSUMERS HAVE RECEIVED NOTIFICATIONS FROM THE STORE ON THEIR SMARTPHONE PRESENTING PROMOTIONS OR INFORMATION ABOUT PRODUCTS/SERVICES

OF THEM

54%

Have taken that information into consideration

THAT PERCENTAGE RISES TO

58% of **women** VS **49%** of **men**

63% OF CONSUMERS HAVE POSTED COMMENTS ONLINE AFTER MAKING PURCHASES TO EXPRESS THEIR LEVEL OF SATISFACTION

OF THEM **85%** **Have done so on the vendor website and** **32% have done so on social networks**

Furthermore, our study showed that 30% of consumers follow brands on social media (56% among 18-29-year-olds!), particularly in the spheres of fashion (58%), high-tech gadgets (40%), and consumer goods (36%).

This appetite for brand content is a powerful digital marketing driver for retail brands: 30% of customers have passed on content (video, posts, comments) relating to a brand, product, or service on social media, and that figure reaches 44% among 18-29 year-olds.

30%

OF CONSUMERS HAVE RELAYED CONTENT (VIDEOS, POSTS, COMMENTS) ON SOCIAL NETWORKS ABOUT A BRAND, A PRODUCT OR A SERVICE

THAT PERCENTAGE RISES TO

44%

among **18-29 years-old**

30%

OF CONSUMERS FOLLOW BRANDS ON SOCIAL NETWORKS

THAT PERCENTAGE RISES TO

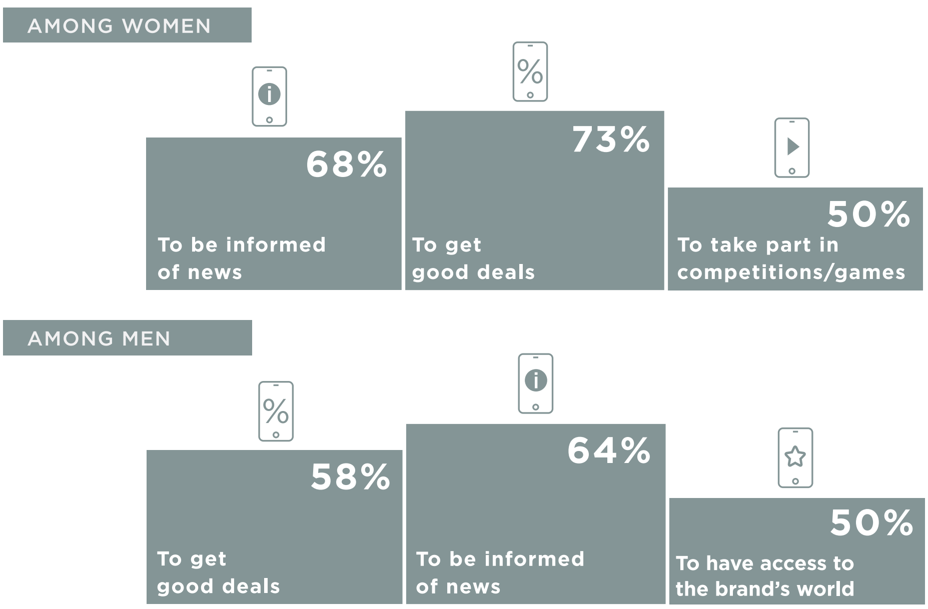
34% of **women** VS **26%** of **men**

56% among **18-29 years-old** VS **37%** among **30-44 years-old**

THE TOP 3 MOST-FOLLOWED BRAND CATEGORIES ON SOCIAL NETWORKS:

THE MAIN REASONS WHY CONSUMERS FOLLOW BRANDS ON SOCIAL NETWORKS:

The reasons that drive consumers to follow these brands vary according to gender: women use them to get good deals (73%), to follow the latest news (68%), or to take part in games (50%). For men, the desire to stay abreast of news is the main factor (64%), followed by getting good deals (58%), and being in contact with the world of the brand (50%).



Influencers, too, emerge as increasingly potent communication drivers on social media: 18% of consumers follow them on social media, and that figure rises to 40% among 18-29-year-olds.

Once again, the criteria for following influencers on social media vary according to gender. Among women, the world of fashion predominates (71%) and, to a lesser extent, products for the home (38%). Meanwhile, men tend to follow influencers from the worlds of sports or high tech (48%), followed by fashion (43%).

18%

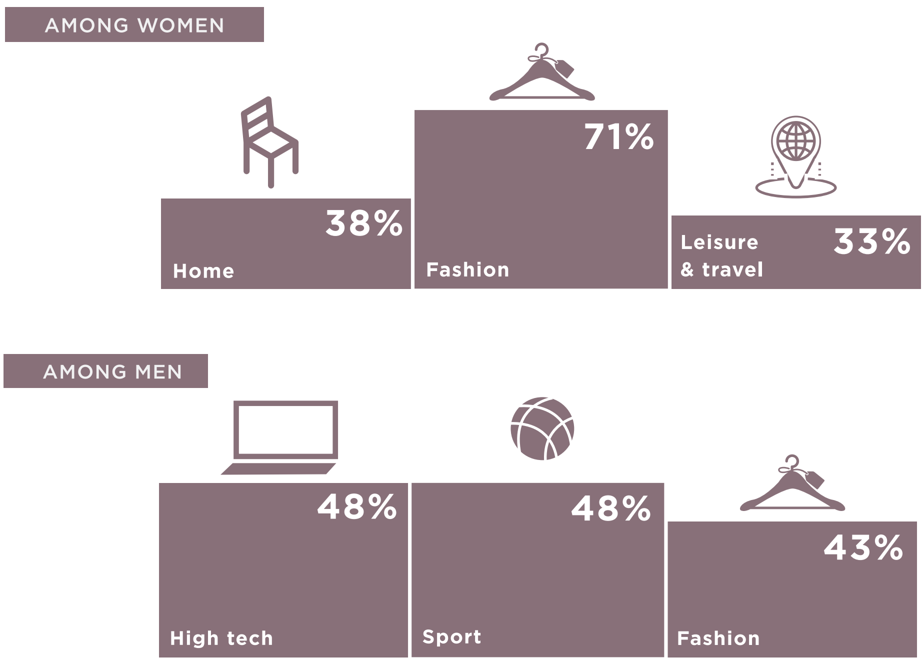
OF CONSUMERS FOLLOW INFLUENCERS ON SOCIAL NETWORKS

THAT PERCENTAGE RISES TO

40%

among **18-29 years-old**

THE CATEGORIES OF PRODUCTS/ SERVICES FOR WHICH INFLUENCERS ARE MOST FOLLOWED ON SOCIAL NETWORKS



44%

OF CONSUMERS HAVE PROPOSED PEOPLE IN THEIR CIRCLE OF FAMILY & FRIENDS FOR MEMBERSHIP

OF THEM

71%

have done so to share **good deals**

53%

have done so for a **reward**

Lastly, we can see that recommending a friend seems to be an effective marketing and loyalty driver: 44% of consumers have recommended someone from their circle of friends or family. The primary motivation being the desire to share good deals (71%), followed by rewards (53%).

CONCLUSION

The adoption of hybrid offline and online purchasing journeys, proactive interaction with retailers, and an appetite for digital tools and brand content; these are just some of the many insights to take away from this first edition of Wavestone's New Consumer Trends Barometer. Despite the rise of e-commerce, consumers remain attached to shopping in stores. They are, however, more and more demanding when it comes to the purchasing experience.

The next edition of the barometer will let us analyze how these trends are evolving and give you a new perspective on the transformations happening in the retail sector.

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