WEBLOYALTY & CONLUMINO

THE CONNECTED CONSUMER

MARCH 2015

This research has been commissioned by Webloyalty to provide retailers with insight into the how connected consumers are shopping and reshaping the world of retail.

About Webloyalty

Webloyalty is a leading reward programme provider working with major online retailers to help them build stronger, more profitable relationships with their customers. Through our membership programmes we help our online retail partners' customers save hundreds of pounds a year while providing the partner with an additional revenue stream. As well as incentivising customers to make repeat purchases at the partner's site, members can also earn cashback and get great deals on everything from fashion to electronics to travel at hundreds of top online stores.

Webloyalty was established in the UK in 2007 and has since expanded into France, Spain, Ireland, Brazil, the Netherlands and Turkey.

About Conlumino

Conlumino is a retail research agency and consulting firm. Our work focuses on all aspects of retailing and consumer behaviour, which we deliver through bespoke reports, projects and presentations. We work with many of the world's leading retailers, property firms and those in the financial sector to help them maximize success through developing a thorough understanding of the sector and its likely future performance.

Webloyalty

2 Harewood Place, London W1S 1BX
+44 (0)20 7290 1650
enquiries@webloyalty.co.uk
www.webloyalty.co.uk

Conlumino

7 Carmelite Street, London EC4Y 0BS
+44 (0)20 7936 6654
hello@conlumino.com
www.conlumino.com

Summary

- Over the past fifteen years the retail world has changed beyond all recognition. New technologies have enabled consumers to shop in different ways and have changed the way retailers interact with their customers.

- This change has created many new opportunities and has brought significant benefits. However, it has also made retail a much more complicated and, sometimes confusing, business.

- In this report we explore the new world of connected retail, touching upon a number of key themes and topics.

- Firstly, we take a look at the devices or technologies that have created the change, exploring the ownership levels of things like tablets and how consumers are using these for shopping.

- Secondly, we examine the shopping process and look at how consumers shop across multiple channels.

- Thirdly, we look at how the changed shopping process has altered consumer habits in terms of how and when they buy.

- Fourthly, we examine how communication between retailers and consumers has changed in the connected world, with a particular focus on reviews and recommendations and personalisation.

- Finally, we conclude by looking at some of the implications a connected sector brings for retailers; the purchase pathway and how retailers need to understand it is considered, and we also take a look at how the traditional medium of selling – the store – may be affected.

The connected consumer

The devices we own and how we use them

Summary

- With the vast majority of people owning at least one device that can access the internet, today's consumer is truly connected. Although, in the scheme of things smartphones, tablets and e-readers are all relatively new inventions, they are things that consumers have rapidly adopted and integrated into their lives.

- This integration is evidenced by the fact that we collectively spend a huge proportion of our time using our devices to access the internet – some 60 days a year on average.

- It is interesting, however, that while gadgets do absorb a lot of our time they have also allowed us to be more effective at undertaking tasks like shopping. The portability of devices like tablets allows us to do tasks, like grocery shopping, while travelling or waiting around – time that may otherwise be underutilised.

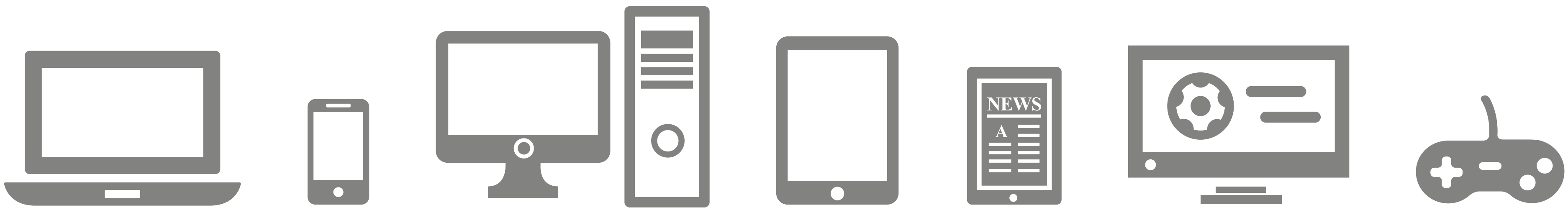
- The rise of tablets as a shopping device is evidenced by the fact that 74% of tablet owners use the devices regularly to browse or buy products. Moreover, in terms of the time spent shopping – tablets are the most heavily used device, with those shopping via them spending an average of 72 minutes per day on the devices.

The devices people own

98.8% of people own at least one connected device

What devices people own

Percentage owning each device



Laptop 68.5%

Smartphone 61.6%

Desktop 55.6%

Tablet 45.2%

E-reader 26.9%

Smart TV 19.8%

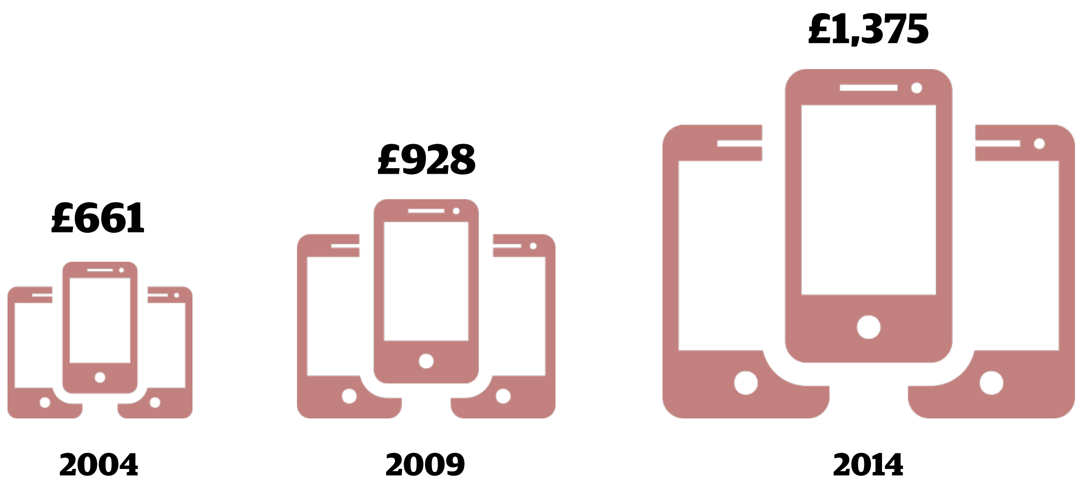
Games console 18.6%

- The vast majority of people now own at least one connected device. While laptops are the most popular device, well over half has a smartphone and almost half has a tablet.
- E-readers are relatively less popular but ownership has grown strongly over the past five years to just shy of 27% (up from 12.6% five years ago).

enquiries@webloyalty.co.uk | 020 7290 1650

The value of connected devices owned by an average UK household has grown by 108% in 10 years

Value of all connected devices owned by an average UK household

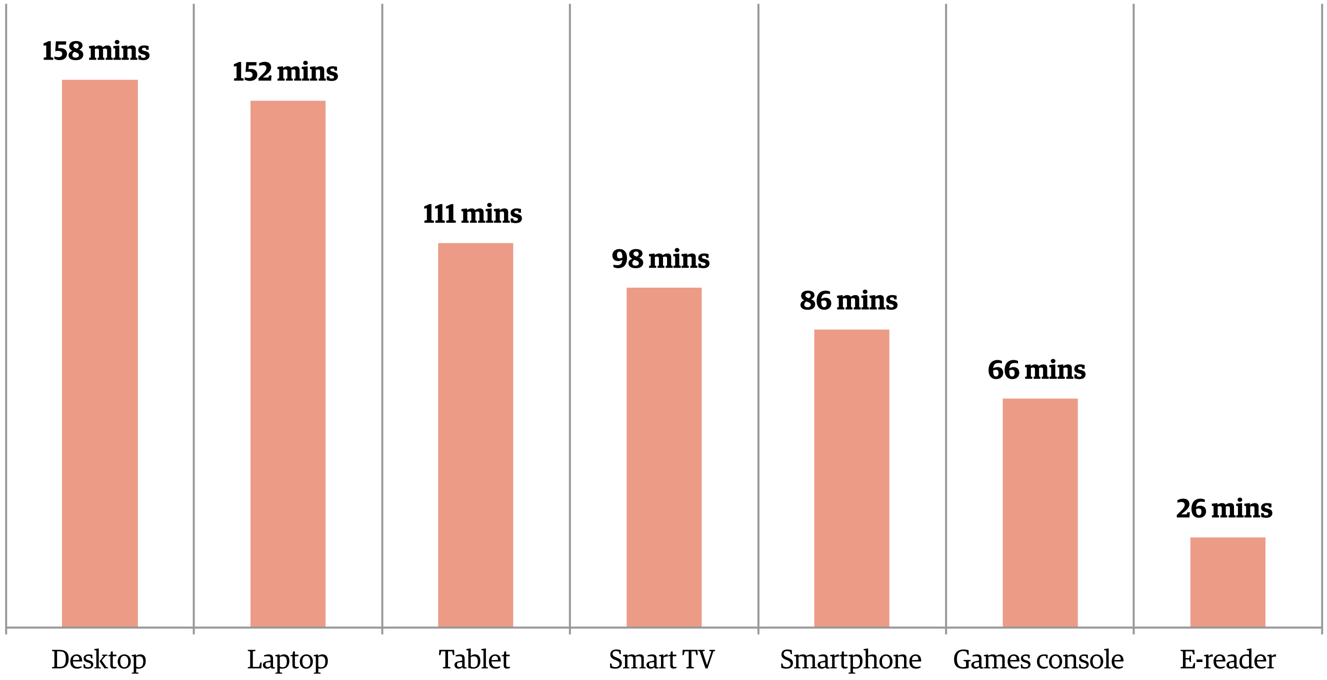


- The average UK household owns £1,375 worth of connected devices such as smartphones, tablets, laptops, desktops, etc. This figure excludes devices which belong to businesses.
- This figure has risen by 108% over the past ten years. Not only does this show the extent of our spending on connected devices, it also underlines the fact that they are now an important household asset.
- The total value of connected devices owned by all UK households is £33.4bn.

enquiries@webloyalty.co.uk | 020 7290 1650

The average person spends just over 4 hours a day online

Amount of time people spend online via each of the devices



- This chart shows the average amount of time, per day, people spend online via each connected device.
- While desktops and laptops are still used extensively to connect to the internet, tablets are now being used more than they were five years ago (48 minutes per day).
- The totals in the chart show the average amount of time the owners of each device spend using them. When the figures are consolidated, taking into account those who do not own various devices, the average person spends just over 4 hours a day connected to the internet.

Almost three quarters use tablets for shopping

Percentage of people using each device for shopping and how much they use it

Top figures are percentages using; bottom figures are number of minutes per day spent shopping

Laptop	Tablet	Desktop	Smartphone	Smart TV	Games console	E-reader
82.3%	74.1%	71.6%	42.0%	26.0%	25.1%	23.4%
61 mins	72 mins	56 mins	55 mins	66 mins	65 mins	43 mins

- The rise of tablets as a shopping device is evidenced by the fact that 74% of tablet owners use the devices regularly to browse or buy products. Moreover, in terms of the time spent shopping – tablets are the most heavily used device with those shopping via them spending an average of 72 minutes per day on the devices.
- When the results are consolidated the average person regularly uses just over 3 devices to shop.

The connected shopping process

How the connected consumer shops

Summary

- At every stage of the shopping process (browsing, gathering ideas, checking product details and prices, and buying products), visiting online shops via a PC or laptop is the most popular approach among consumers with online access. When it comes to actually buying products, visiting online shops via a desktop PC or laptop is used by some 87% of consumers surveyed, compared to 78% visiting physical shops.

- This reflects how retailers have improved their online offers, both in terms of website capability, range depth, product presentation, and fulfilment capability, leading to increased consumer confidence for purchasing online, even for items that may need to be returned or exchanged, such as items of clothing or footwear, and for categories that have typically had lower online penetration, such as health and beauty.

- When *browsing just for fun*, consumers still spend the longest amount of time visiting physical shops (42.6 minutes). This indicates the importance for retailers to still have a physical presence, with elements of in-store theatre, technology, and good service likely to drive footfall and increase dwell time once in-store.

- When it come to actually *buying products*, consumers also still spend most time visiting physical shops (42.4 minutes), compared to some 26.2 minutes visiting online shops via a desktop PC or laptop, and 23.5 minutes visiting online shops via a mobile or smartphone. This can be interpreted in two ways; on one hand, despite improved online offers and more seamless multichannel propositions, consumers do still make a majority of purchases in-store. However, it also indicates that *buying products* via physical shops is time consuming and inefficient, hence average time taken is significantly higher. Consumers spend less time purchasing online as the entire process is more efficient, with no time wasted queuing or browsing large stores.

- 64.1% of mobile shoppers disagree with the statement 'I like to shop via my mobile'. Despite retailers working hard to offer user-friendly, mobile-optimised websites, consumers prefer to shop via other devices or channels and the majority of online spend is still made via either desktop PCs or laptops. 27% of consumers surveyed stated they almost always used a desktop PC for internet shopping purposes, rising to some 32% for laptop users. This is in stark contrast to purchase via a smartphone or tablet – 53% of consumers stated they never use their smartphones for internet shopping purposes, rising to 64% for tablets.

- Spend via mobiles is also still relatively low. Even among those using a tablet to shop, it makes up just 28.8% of their online spending. Among those using a mobile to shop it on average accounts for only 21% of their online spending. In both cases the majority of spend still goes through more traditional online channels such as PCs and laptops.

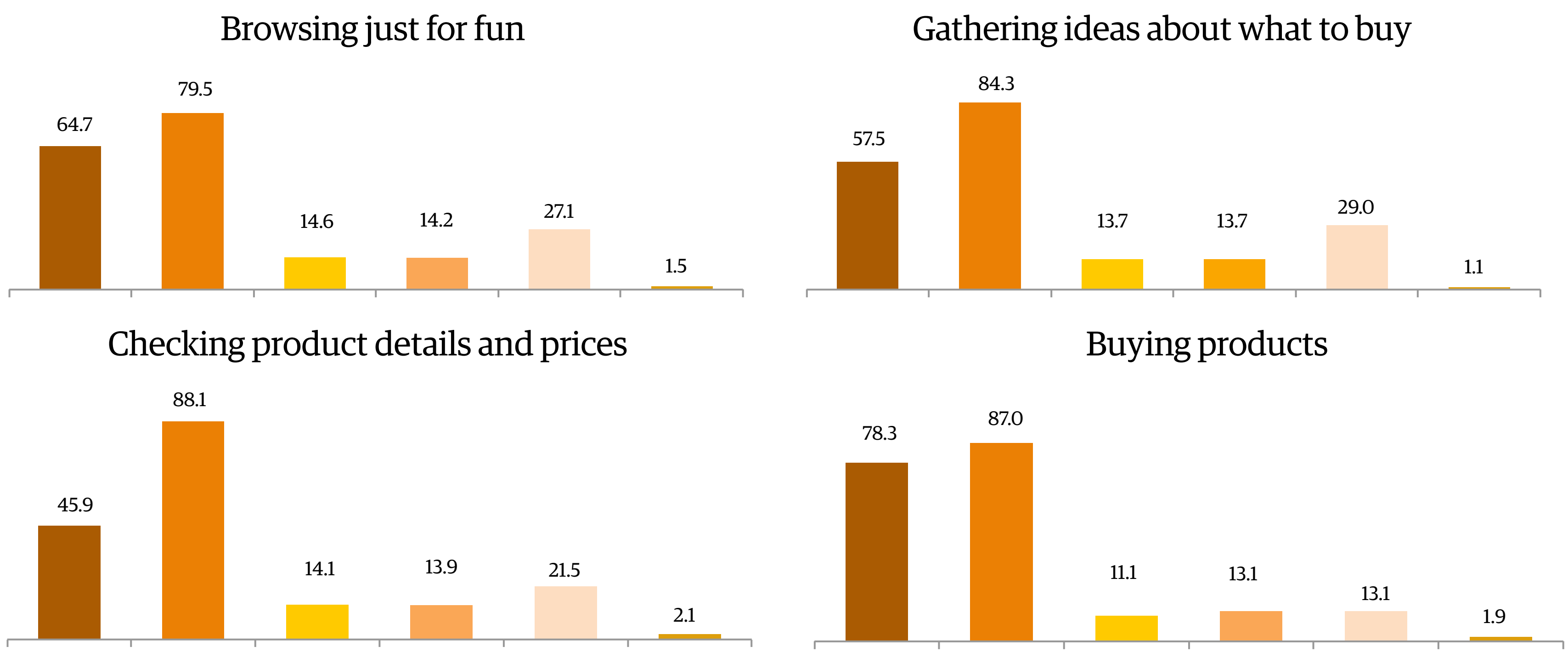
- However, mobile shoppers are more favourable about using mobiles as a part of the shopping journey rather than for purchase alone. For example, 35% of mobile shoppers agreed that mobiles are great for checking prices while in a store. Consumers are also more favourable about tablets, with 37% of tablet shoppers agreeing that they are great for browsing and shopping. These devices are often more conducive to shopping online, with larger screens aiding web browsing.

- The most successful retailers will be those which embrace this trend, offering mobile services, but empowering the final step of the journey (purchasing) to take place elsewhere. Argos, for example, offers free Wi-Fi in-store, recognising that consumers are increasingly going online whilst in-store to compare prices and look at product reviews before buying at the counter.

Shops and traditional online dominate purchasing

Methods used whilst shopping

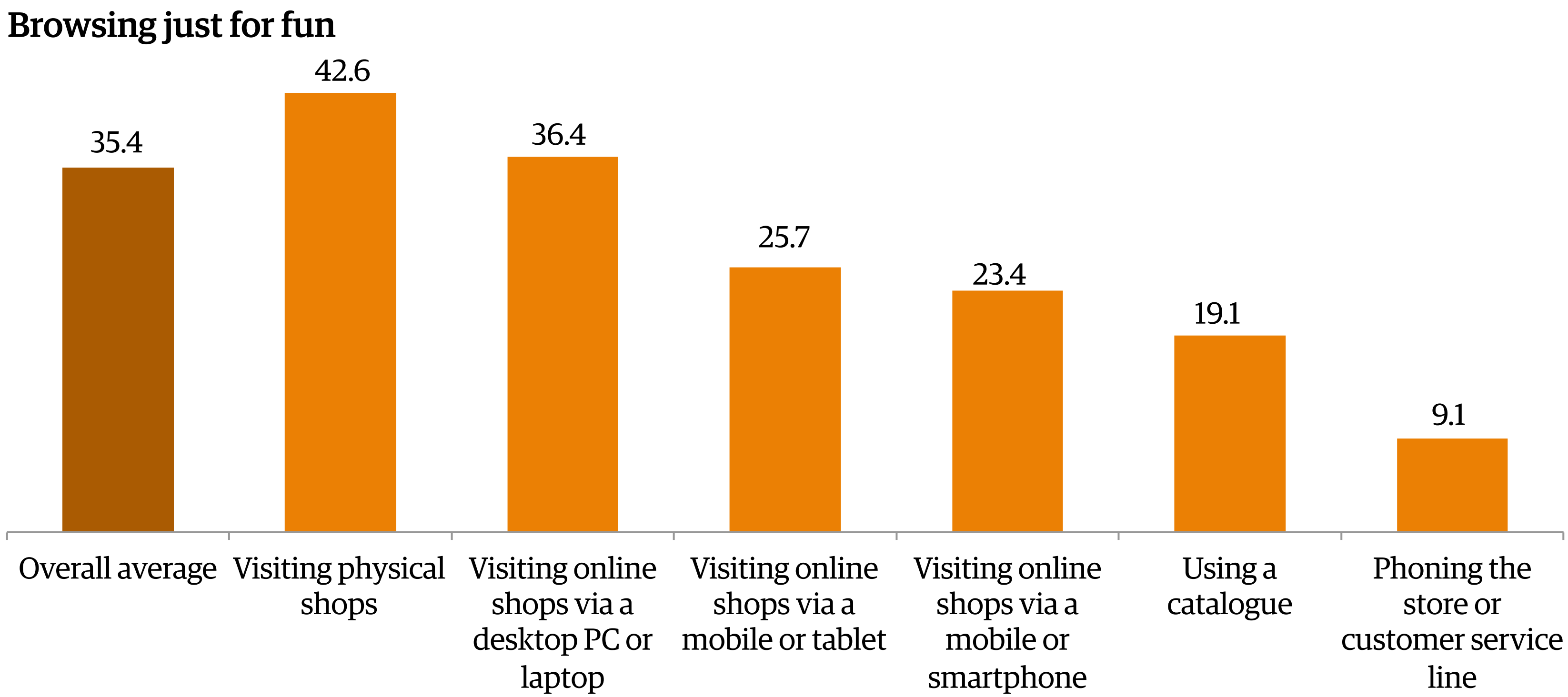
All figures in charts are percentages



- Visiting physical shops
- Visiting online shops via a desktop PC or laptop
- Visiting online shops via a mobile or smartphone
- Visiting online shops via a mobile or tablet
- Using a catalogue
- Phoning the store or customer service line

Consumers spend most time at shops when browsing

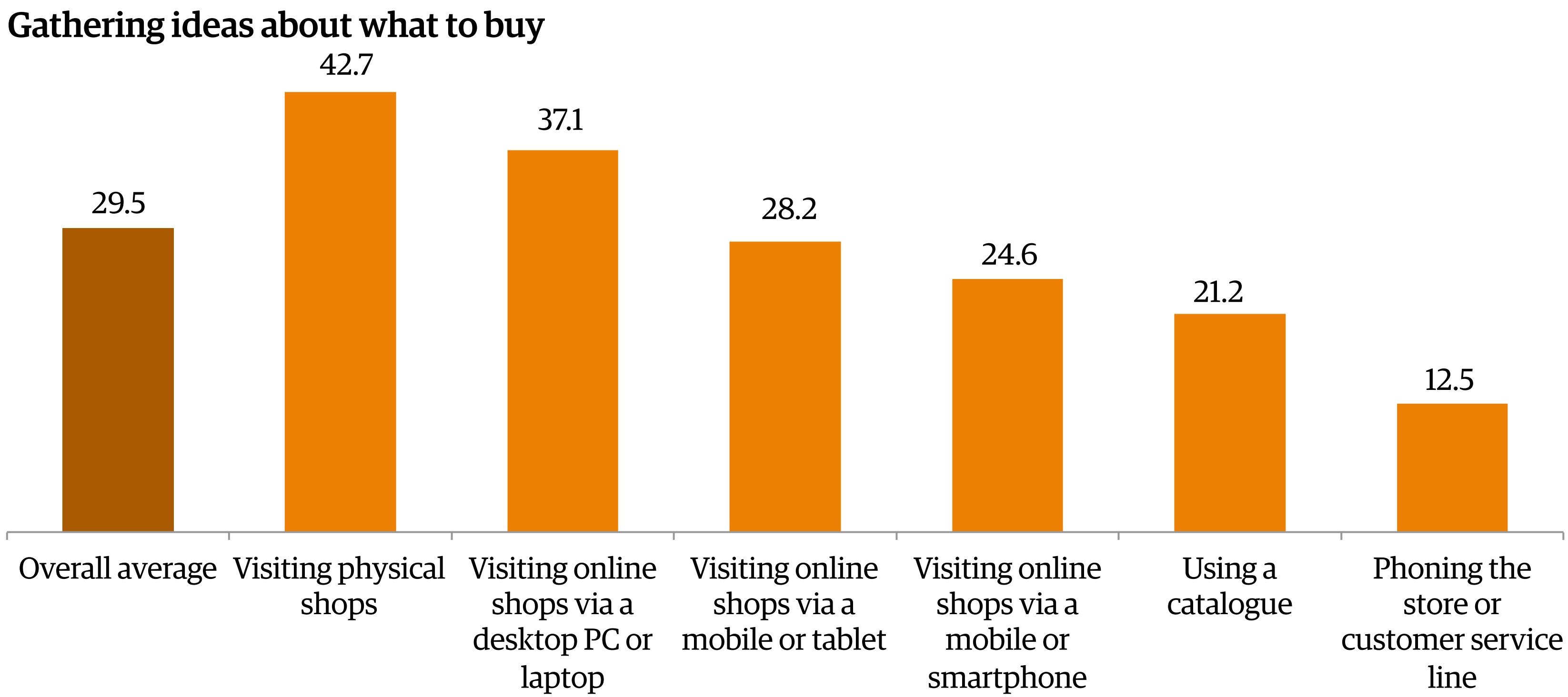
Average amount of time spent on each activity
All figures in charts are minutes



Most time spent at shops when gathering purchase ideas

Average amount of time spent on each activity

All figures in charts are minutes

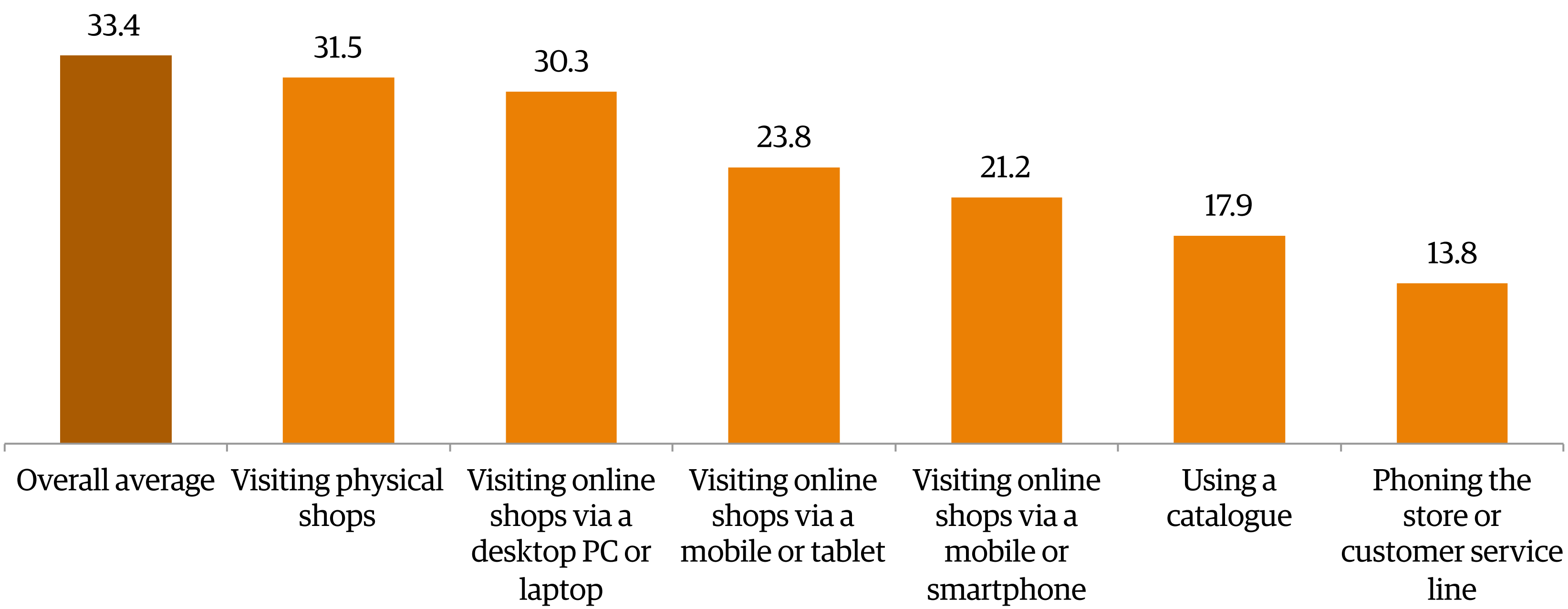


Similar time spent at shops and online checking details

Average amount of time spent on each activity

All figures in charts are minutes

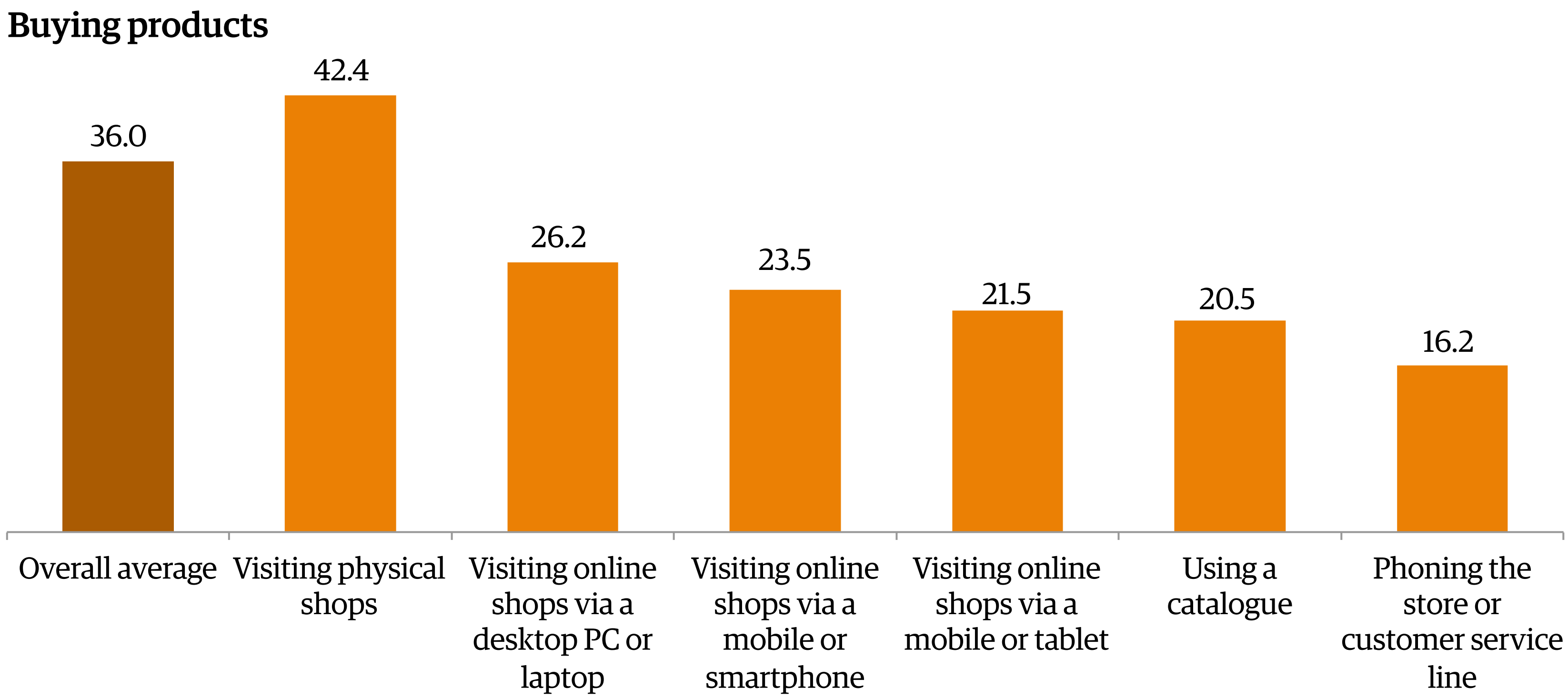
Checking product details and prices



Consumers spend longest at shops when purchasing

Average amount of time spent on each activity

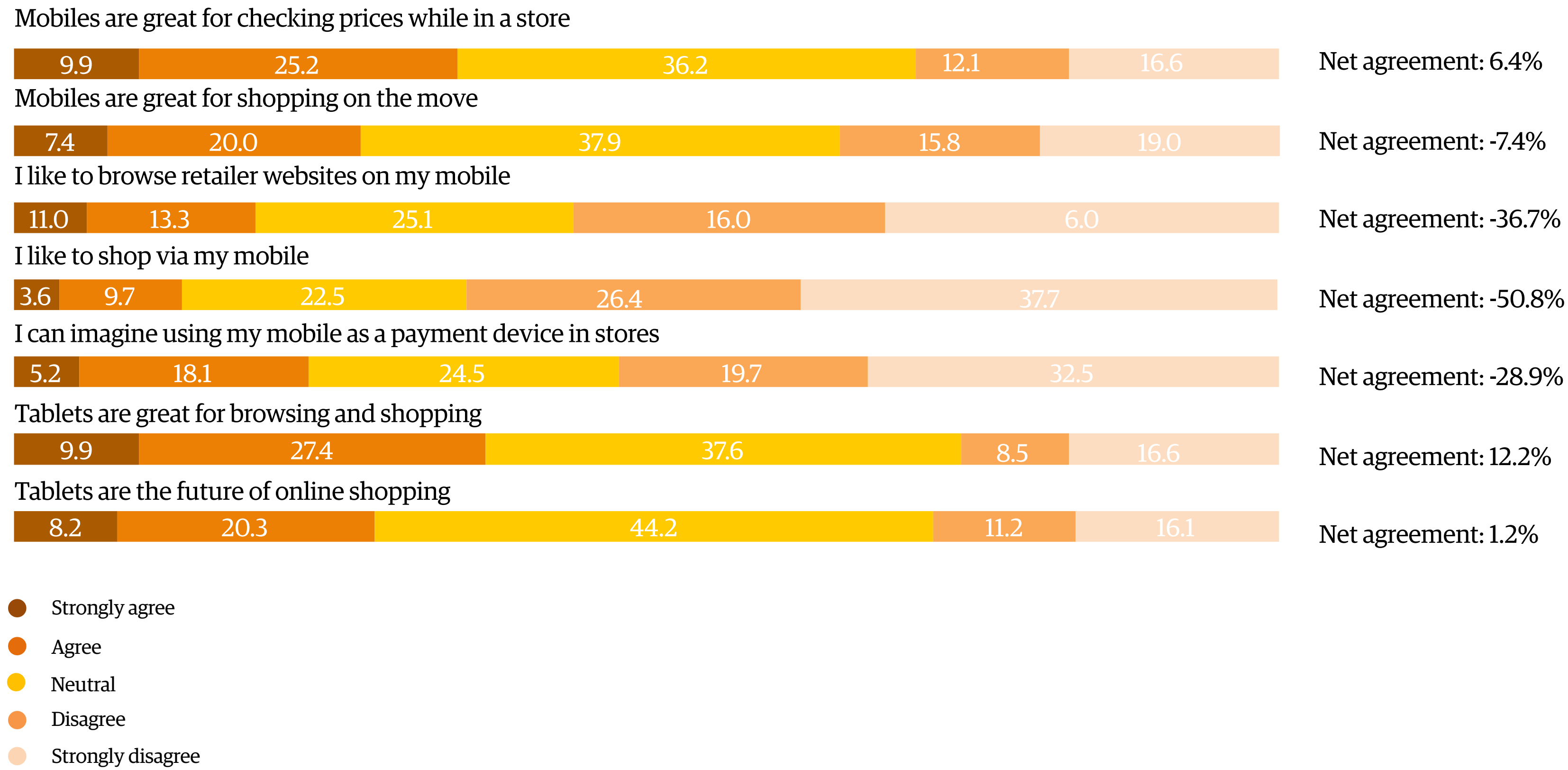
All figures in charts are minutes



Majority of consumers dislike shopping via mobile

Opinions on mobile shopping

All figures in charts are percentages

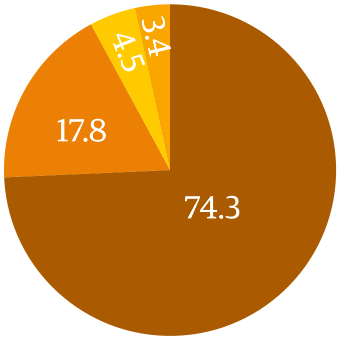


Tablet shoppers spend more through their devices

Proportion of online spend made via a mobile device

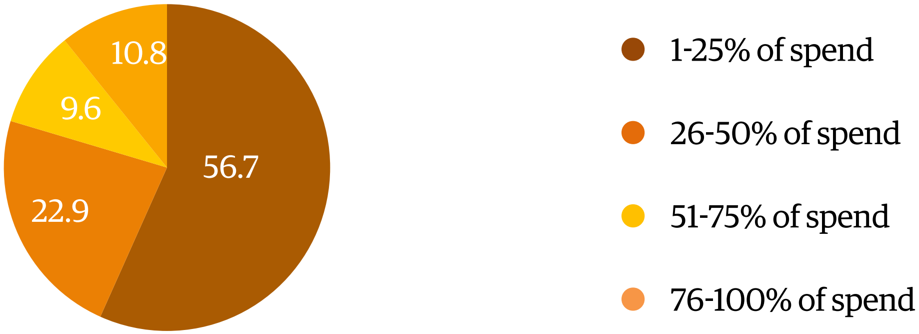
All figures in pie charts are percentages

Smartphone



Average = 21.0% of spend

Tablet



Average = 28.8% of spend

Connected consumer habits

How connected retail has changed habits

Summary

- Online shopping has allowed consumers to shop smart – to browse more than they would in real stores, and to visit more retailers than they would on a physical high street. Indeed, if the amount of browsing done online was translated into a physical shopping trip, we estimate that consumers would work have to walk over 6.8 miles per week to visit the equivalent number of shops. Aggregated up to all shoppers, this comes out at a huge 198 miles per week.

- Mobile has also enabled consumers to break free of location in terms of where they shop; they are no longer confined to stores and desktop computers. Around a third of us now shop in our living room, probably whilst watching television. Some 15% of us shop at home whilst in bed, and a smaller 2.7% shop whilst commuting to and from work.

- Part of shopping smarter means that we are using far more channels and tools across the shopping process as a whole. Indeed, the average consumer now uses just under 5 channels or tools when shopping.

Consumers spend 225 minutes per week shopping online

Key metrics for online shopping

All figures are per week

Amount of time spent browsing per week
225 minutes

Number of retail websites visited per week
16.4 sites

Digital miles - equivalent distance a physical trip would take
6.8 miles

Total digital distance for all online shoppers
198.2m miles

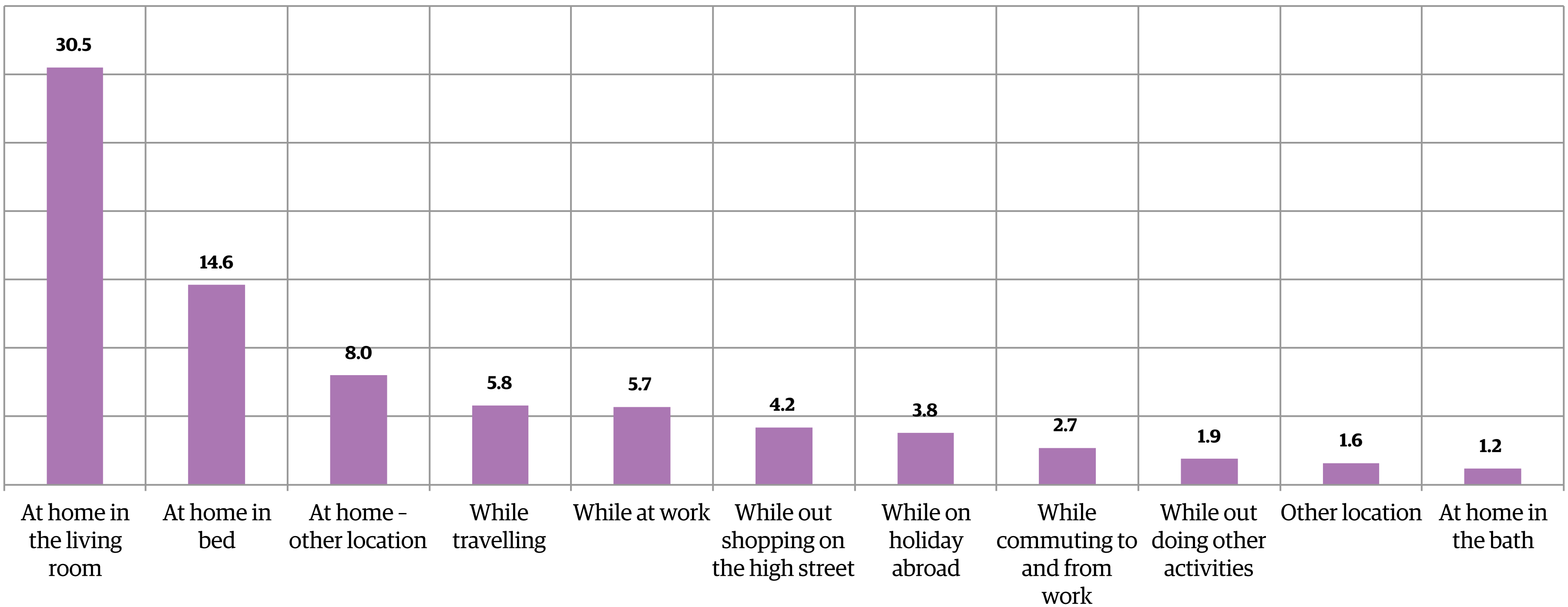
- On average, online consumers spend some 225 minutes per week shopping online. Across the course of a year, this adds to around 8 days spend shopping online. The average consumer visits around 16 retail websites per week, even if just to browse.
- If the shopping habits online are translated into a physical shopping trip, we estimate that consumers would work have to walk over 6.8 miles per week to visit the equivalent number of shops. Aggregated up to all shoppers, this comes out at a huge 198.2 miles per week.

Where consumers use their mobiles

Almost 15% of consumers use their tablets to shop in bed

Where consumers use their mobiles and tablets to shop

All figures are percentages



enquiries@webloyalty.co.uk | 020 7290 1650

Consumers use mobile devices differently in each location

How consumers use their mobiles

Views by location

62.4%	While at home	Used by a number of consumers who do not have fixed internet connections for all aspects of the purchase process. For those that do have fixed connections, mobile is used to shop from other rooms, especially the bedroom and living room, where shoppers can relax more than they can in front of the computer screen. Browsing and buying are most common here.
6.5%	General travel away from home	Purchasing tends to be needs based among these consumers; they use mobiles to complete things like grocery shopping for delivery when they return home. There is also a smaller degree of leisure based shopping, especially during downtime such as evenings. Research into store locations and opening hours are also used to understand what's available when away from home.
5.7%	While at the workplace	Many use this to get around workplace internet policies and restrictions and the focus is mostly on browsing and buying. A fairly large contingent uses mobiles to check up on existing purchases (i.e. delivery times, etc.) or to review things like product details, prices and store opening hours and locations before going out on a lunchtime or after work shopping spree.
2.7%	While commuting	This involves a combination of browsing for ideas and inspiration and also some purchasing activity. Purchasing tends to be more needs based, perhaps for essential groceries or basic items of clothing. Many commuters use apps for things like grocery shopping and often do partial shops which they later complete and take through to the transaction stage elsewhere.
2.3%	While out and about	Consumers out and about undertaking other activities like visiting friends or eating out tend to be less inclined to make actual purchases; where they do they tend to be social type purchases, such as browsing for fashion or beauty with friends. As such, this group is biased towards female purchasers.
4.2%	On the high street	Mobile use on the high street is growing rapidly. It is used for checking product details, especially prices and price comparisons and for location based services such as finding stores. Purchasing via mobiles on high streets is growing rapidly, especially for products that need to be delivered to home or reserved and collected.

Tools and channels consumers use

On average, consumers use 4.9 channels or tools to shop

The tools and channels consumers use to shop

All figures are percentages

	Looking for inspiration and ideas in choosing products	Generally browsing products	Checking specific details of products	Comparing the prices of products across different retailers	Checking the stock of products and/or reserving items
Retail websites	57.0	60.7	61.4	40.5	62.8
Product review websites	26.1	19.1	16.6	11.3	3.5
Physical retail catalogues	22.6	20.5	12.0	5.9	2.1
Price comparison websites	20.9	18.9	8.6	44.6	4.8
Recommendations from friends and	18.8	8.5	2.8	3.1	1.4
Other websites	13.2	15.7	10.0	10.7	5.8
Physical magazines	11.3	10.3	3.4	2.9	0.7
Digital retail catalogues	11.2	10.0	7.3	3.6	3.8
Advertising in newspapers	8.0	5.7	1.4	1.8	0.6
Online advertising	6.0	4.5	2.1	1.8	1.2
Social media sites	4.0	2.9	1.2	1.2	1.1
Other	2.2	3.2	3.1	2.0	2.3
Digital magazines	2.1	2.3	1.4	1.0	0.6
Average number of channels/tools used	**3.2**	**3.4**	**1.8**	**1.6**	**1.1**

Overall average: **4.9**

Table shows the percentage of consumers using various tools and channels for different stages of the shopping process.

enquiries@webloyalty.co.uk | 020 7290 1650

Interaction and personalisation

How connected consumers engage

Summary

- As well as changing the way in which people shop, a more connected retail world has changed the power balance between retailers and consumers.

- One of the main ways in which it has done this is by empowering consumers who can now actively review products they have bought or the service they have received. As this feedback is usually public, being left on retailers' websites or on social media, it is picked up by other consumers who are researching future purchases.

- Some 31% of consumers regularly leave reviews or give feedback, with an average of 2.3 reviews written each year. Interestingly the majority of these, 56.7%, are positive, with just over a third being negative.

- Although for some sectors, like food, reviews are not that important to consumers when buying, for others, like electricals, reviews play a critical part in the purchase process. The average buyer of electricals reads just over 3 reviews before purchasing a product.

- Reviews are not the only way in which a more connected sector has changed consumer and retailer interaction. Using data gathered from online and mobile has allowed retailers to personalise communications and offers to shoppers. This may take the form of an email that is tailored to take account of what a particular consumer buys or it could be a discount that is focused on a product the retailer knows the shopper will like.

- Personalisation is important to retail as it can improve loyalty and stimulate spending. Some 56% of consumers say that if a retailer gave them a good personalised experience they would make an effort to use their site more. If this number is worked through it could, ultimately, deliver a 7.8% uplift in sales for an average sized retailer with a turnover of £850m (which would be around the scale of Wickes or Mothercare). In monetary terms this translates to a £66m uplift in sales across the course of a year. Obviously for larger retailers the uplift may be significantly more.

- Looking ahead, when it comes to improving the shopping experience, over 50% of consumers agree that connected technology will help to tailor the process still further; just under a third think it will make shopping more personal. Larger numbers still, 70% and 64% respectively, think it will make shopping more convenient and more efficient.

enquiries@webloyalty.co.uk | 020 7290 1650

The impact: store of the future

Greater connectivity has afforded consumers more opportunity to comment on retailers and brands. This is creating a self-reinforcing cycle of recommendations and discovery online. As more people post reviews, more people read them, and in turn they give their own feedback, which is picked up by a new group of customers.

Discover

74% of online shoppers discover new products through reviews and recommendations on websites and social media.

Assess

35% of online shoppers base purchasing decisions on recommendations and customer reviews on websites and social media.

Feedback

31% of online shoppers post their own recommendations and reviews to their friends and social network connections about what they bought.

Reviewers tend to be positive in what they write

The number of reviews people write and the tone of the review

Number of online reviews a connected consumer writes in a year:

2.3

Reviews that are positive

56.7%

Reviews that are neutral

1.9%

Reviews that are negative

34.8%

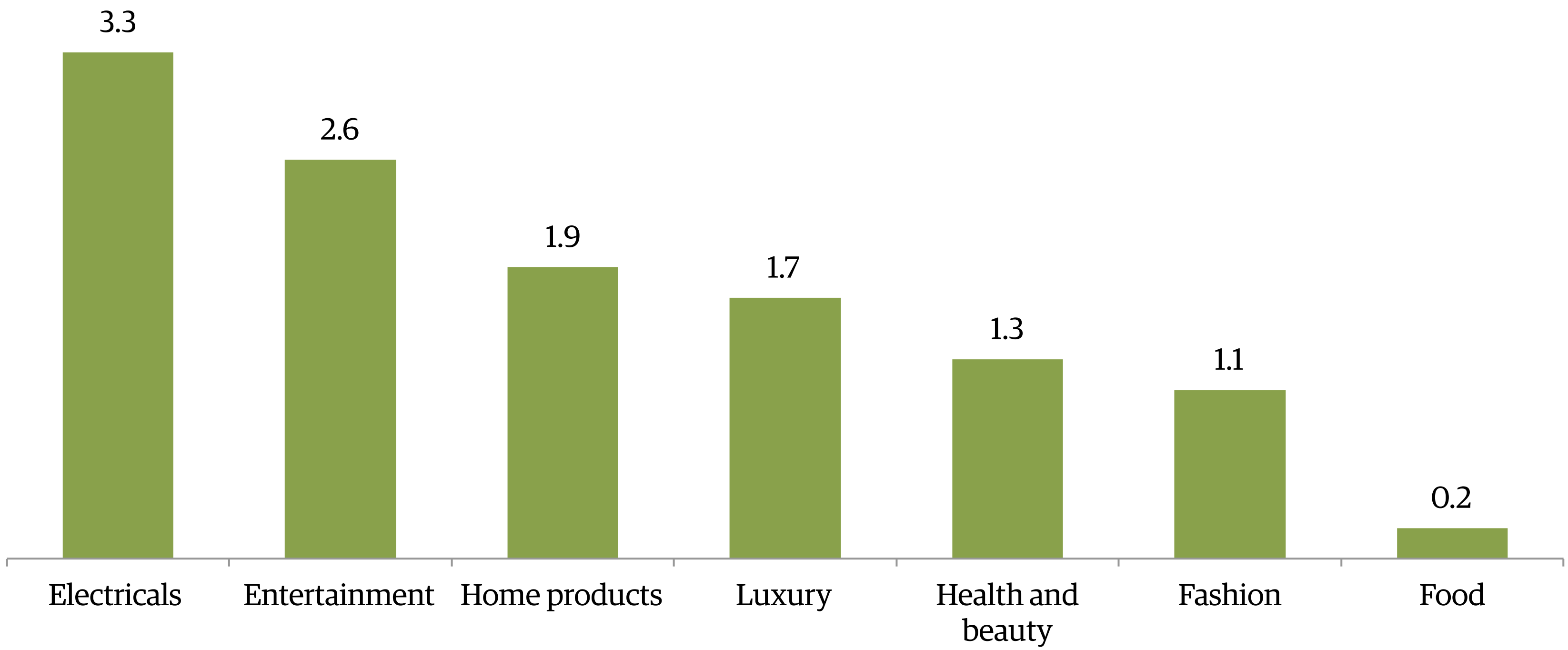
Reviews that are mixed

6.6%

Consumers read most reviews when buying electricals

How many reviews are read before buying a product from each sector

All figures are numbers of reviews read on average



enquiries@webloyalty.co.uk | 020 7290 1650

The importance of reviews

Around two-thirds are influenced by reviews

How much influence do online reviews and starred ratings have?

ONLINE REVIEWS	
Degree of influence	**%**
Major influence – I always take notice of them	6.3
Big influence – I usually take notice of them	21.1
Partial influence – I sometimes take notice of them	39.1
Small influence – I rarely take notice of them	8.5
Minor influence - I hardly ever take notice of them	6.1
No Influence/I don't read them	18.9
Major + big + partial influence	66.5

STARRED RATINGS	
Degree of influence	**%**
Major influence – I always take notice of them	6.3
Big influence – I usually take notice of them	20.5
Partial influence – I sometimes take notice of them	38.2
Small influence – I rarely take notice of them	9.4
Minor influence - I hardly ever take notice of them	7.1
No Influence/I don't read them	18.5
Major + big + partial influence	65.0

enquiries@webloyalty.co.uk | 020 7290 1650

Websites are generally the most popular method of contact

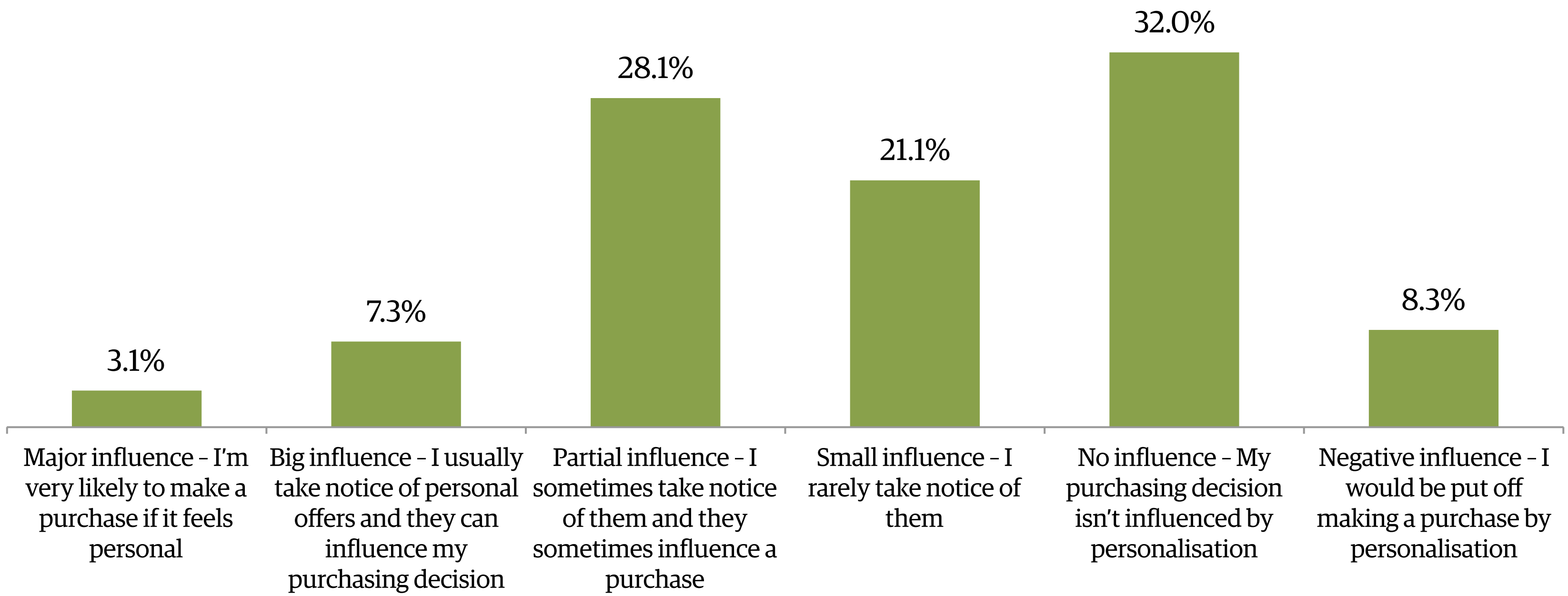
How do you get in touch with a retailer...

All figures are percentages

Method	...to check an item is in stock	...to reserve an item	...to complain to the company	...to endorse an item or service	...to review your experience	...to enter competitions
Via the website	67.2	64.1	31.2	32.9	41.0	54.3
Telephone	11.2	7.7	21.8	1.8	0.7	1.2
Letter	0.3	0.2	11.1	1.2	0.5	1.5
Email	4.6	3.2	34.6	5.8	3.8	10.9
Facebook	0.9	1.0	2.7	3.1	2.9	6.0
Twitter	0.1	0.3	1.3	1.3	0.9	2.6
Instagram	0.2	0.1	0.4	0.4	0.7	0.4
Via an app	1.4	1.5	0.5	0.9	0.9	0.9
Webchat	0.8	0.4	1.8	0.4	0.4	0.2
Filling in a contact form online	1.6	1.8	7.0	2.4	3.3	3.3
Other	0.7	0.5	1.5	0.9	1.3	0.7

Personalisation has at least a partial influence on over a third of people

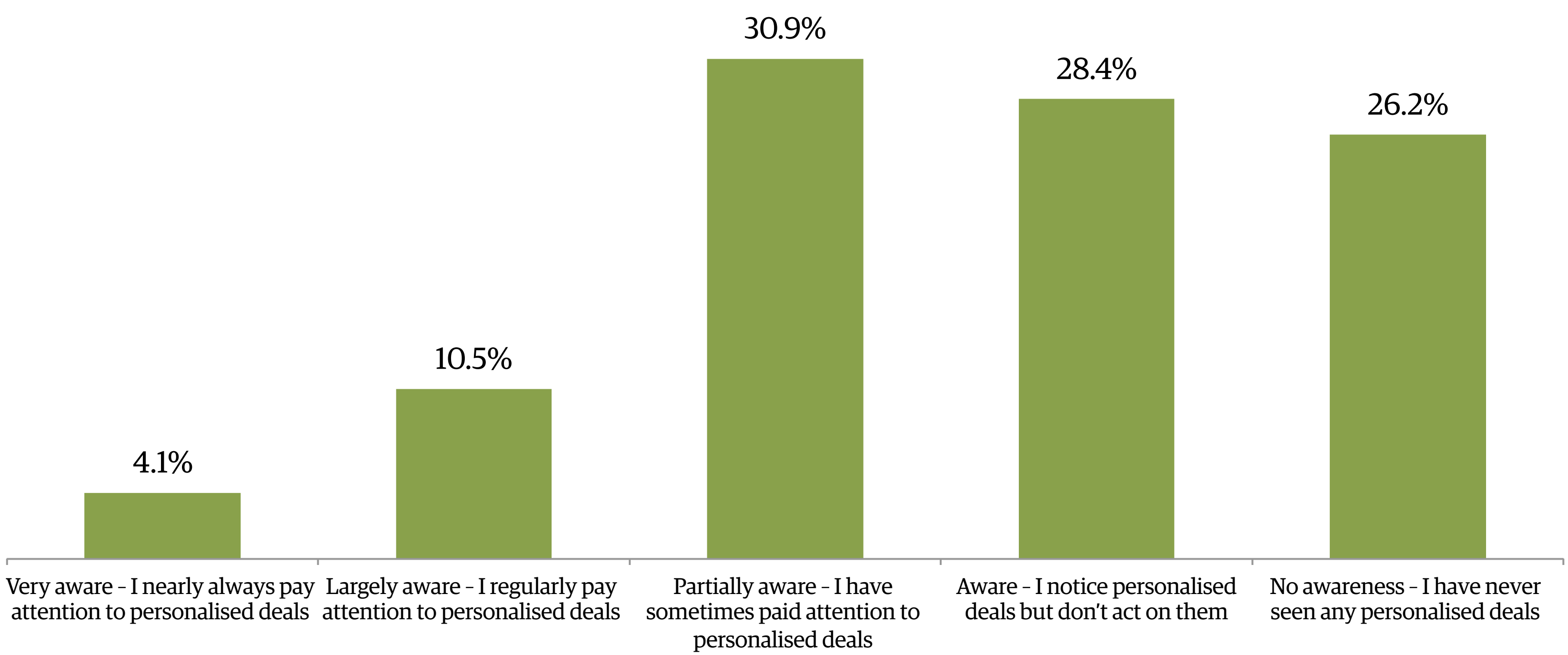
Looking at in store and online personalisation (recommended products, in store technology, tailored deals and adverts according to your individual likes and needs). To what degree does personalisation influence your buying decision?



Awareness of personalisation

Over 45% have been at least partially aware of personalisation

In the past year, how aware have you been of online personalisation?



56% would use a retailer more if they had a good personalised experience

Reactions to receiving a good personalised experience

I would do as much of my shopping there as possible

I would use it much more than I would any other store

I would use it a bit more than I would any other store

- When consumers are asked how they would react to a retailer that gave them a good personalised experience that was tailored to their needs, well over half said they would try to use that retailer more.
- Just under 8% said they would use the retailer as much as possible.

Total using more:

55.8%

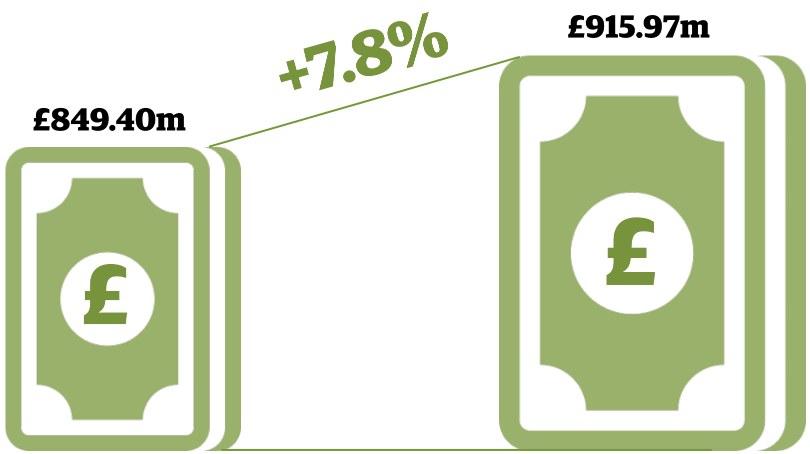
Percentage of consumers who say they would use a retailer more if they received a good personalised experience that was tailored to their needs.

enquiries@webloyalty.co.uk | 020 7290 1650

Personalisation could lift sales by 7.8% for a retailer

Potential uplift in sales as a result of personalisation

All figures based on an 'average' retailer's annual sales



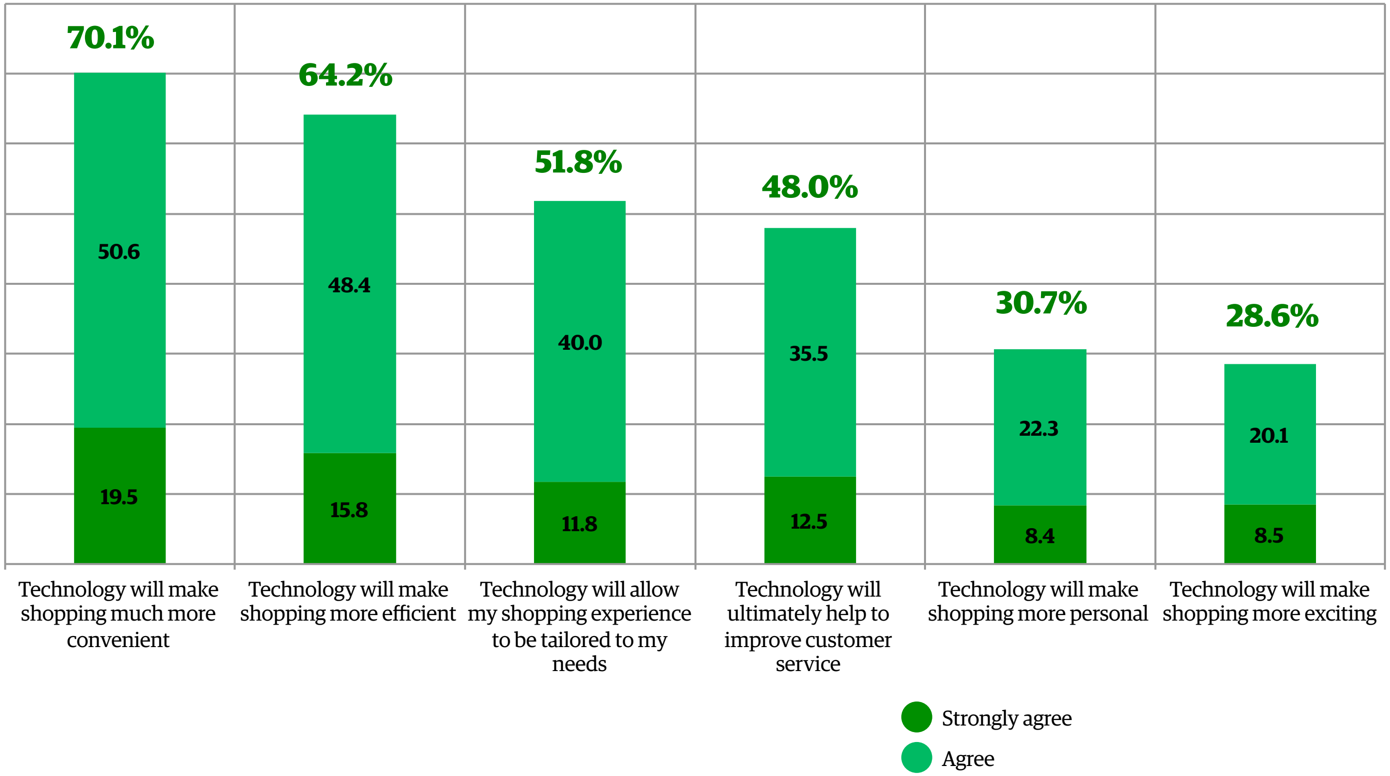
Sales before personalising shopping

Sales after personalising shopping

- The financial impact of personalising the shopping experience can be assessed by looking at the effect on an 'average' retailer; a company the size of Wickes or Mothercare.
- The example opposite shows how the sales of a £849m turnover business might grow if the shopping experience was made more personal.
- This has been calculated by examining the proportion of customers who would respond positively to personalisation and then assessing the relative increase in their spend that this may generate. This uplift number is then added to the existing sales of the retailer.

Over half agree technology will allow shopping to be more tailored

Agreement with various statements



- When it comes to improving the shopping experience, over 50% of consumers agree that technology will help to tailor the process; just under a third think it will make shopping more personal.
- Larger numbers still, 70% and 64% respectively, think it will make shopping more convenient and more efficient.

enquiries@webloyalty.co.uk | 020 7290 1650

Westfield

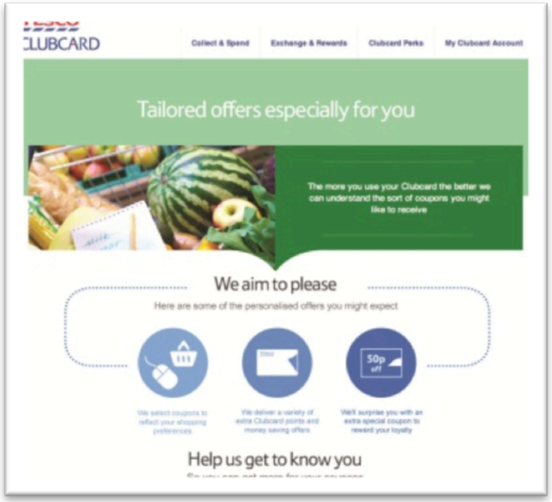
Personalised shopping application

The My Westfield app ensures that shoppers in the centre are given offers which are relevant and meaningful. Consumers downloading the app are required to answer a number of questions which are designed to profile them as shoppers so that their tastes and needs can be assessed. Retailers within the centres can then use these profiles to tailor campaigns to individual groups of consumers. As the system is location based, offers are only made when someone is in the centre and is receptive to marketing.

Tesco

Personalised offers and marketing

Tesco has traditionally used data from its Clubcard to deliver offers which are tailored to the needs of individual consumers. These take the form of simple money off vouchers designed to drive purchasing. However, Tesco has recently announced that digital messaging in stores will be personalised, based on facial recognition software used to determine demographic details. It is likely that, eventually, this information will be merged with Clubcard data to create a truly personalised marketing experience.



Implications

How connected retail is affecting the sector

The impact: purchase pathway

In order to understand the impact of the new connected environment and its technologies we have explored how they fit into the purchasing pathway. This is the basic process through which most consumers travel when buying goods: it involves 5 distinct phases, as shown below.

Ten or so years ago, the purchasing pathway was relatively continuous with the various stages occurring in quick succession and often using just a couple of touch-points or channels (perhaps a store and online, or a store and a catalogue). However, in recent years and thanks to new connected technologies, the pathway has become elongated in terms of timescale and involves far more touch-points and channels.

Thinking

For the most part, thinking is about getting inspiration and gathering ideas. It is normally a fun process that is about seeing what's out there and looking at trends. Within some sectors, like fashion, thinking is a particularly important part of the process. It may, or may not, lead onto later stages and purchasing.

Researching

Research is a more technical process than thinking. Generally it involves looking at details such as size, specification or availability. It also includes researching or comparing prices or things like delivery charges.

Buying

Buying is the actual transaction itself – it involves buying the product through whatever channel.

Receiving

Receiving is how the product gets to the consumer. For many this step may well be combined with purchasing, especially when an item has been bought in a store. However, with remote purchasing becoming more common this step is increasingly divorced from purchasing.

Returning

Returning involves giving back the item to the retailer because it us unsuitable or just not wanted.

The impact: purchase pathway considerations

Over recent years new technologies like mobile and social media have changed the purchasing pathway. We believe that the next couple of years will see further changes as the influence of these technologies continues to grow. Some of the key lessons are…

1	Retailers will need to think more about touch-points than channels. Channels represent where something is purchased whereas touch-points are a much wider consideration encompassing all of the various technologies, places and devices that are used on the purchasing journey. Touch-points will be more influential than channels in shaping perceptions of brands and driving purchase conversion.
2	The number of touch-points used on the purchase pathway will explode over the next few years. This will make creating a coherent and consistent brand image and customer experience more of a challenge for retailers. Understanding the role the various touch-points play in the purchase pathway will be important so they can be appropriately optimised and focused.
3	More touch-points generally means that the duration of purchases, at least on average, will be elongated. This has two implications. First, there is potentially more time for consumers to change their mind about a purchase should something not be to their satisfaction. Second, consumers are likely to be exposed to far more competitors. Both things necessitate higher standards from retailers.
4	Managing a multitude of touch-points has the potential to be expensive, especially if they merely redistribute existing sales rather than generate incremental revenue. Retailers therefore need to ensure that some of the new touch-points help to create savings and also to streamline back-end operations and cut out duplication or processes across the various touch-points.
5	Not all touch-points will be appropriate for all retailers, especially so as some will be more relevant to some retail sectors than others. This essentially means that retailers should be selective about which technologies, channels and new innovations they trial. A selective approach will work better than jumping on the bandwagon and adopting each and every new idea that comes along.

enquiries@webloyalty.co.uk | 020 7290 1650

Touch-points used

The impact: number of touch-points used

Fifteen years ago, the average consumer typically used around 2 touch-points during the purchase process and only 7% of consumers regularly used over 4. Today, an average of just under 5 touch-points are used, with almost half of consumers regularly using more than 3.

	one	two	three	four	five	six	seven+
2000	16.4%	66.2%	10.1%	7.3%	0.0%	0.0%	0.0%
2010	8.9%	37.8%	39.4%	8.2%	5.2%	0.4%	0.1%
2014	4.2%	31.3%	37.6%	11.7%	7.4%	3.9%	3.9%
2015	2.1%	23.6%	32.7%	14.9%	14.6%	5.4%	6.7%

The diagram shows the number of touch-points consumers regularly use when shopping. A touch point is a channel or tool, including things like stores, websites, dedicated apps, telephone order lines, catalogues, social media and so forth. The purchase process includes all aspects of shopping from browsing to buying to returns.

enquiries@webloyalty.co.uk | 020 7290 1650

Time taken to shop

The impact: time spent on purchasing

Back in 2000 an average shopper would spend around an hour making a higher order purchase (i.e. not everyday products like food and basic clothing). In 2010, that figure was nearer to an hour and a half. And an explosion in the number of touch-points used helped to extend this time still further – today the average purchase time is almost two and quarter hours.

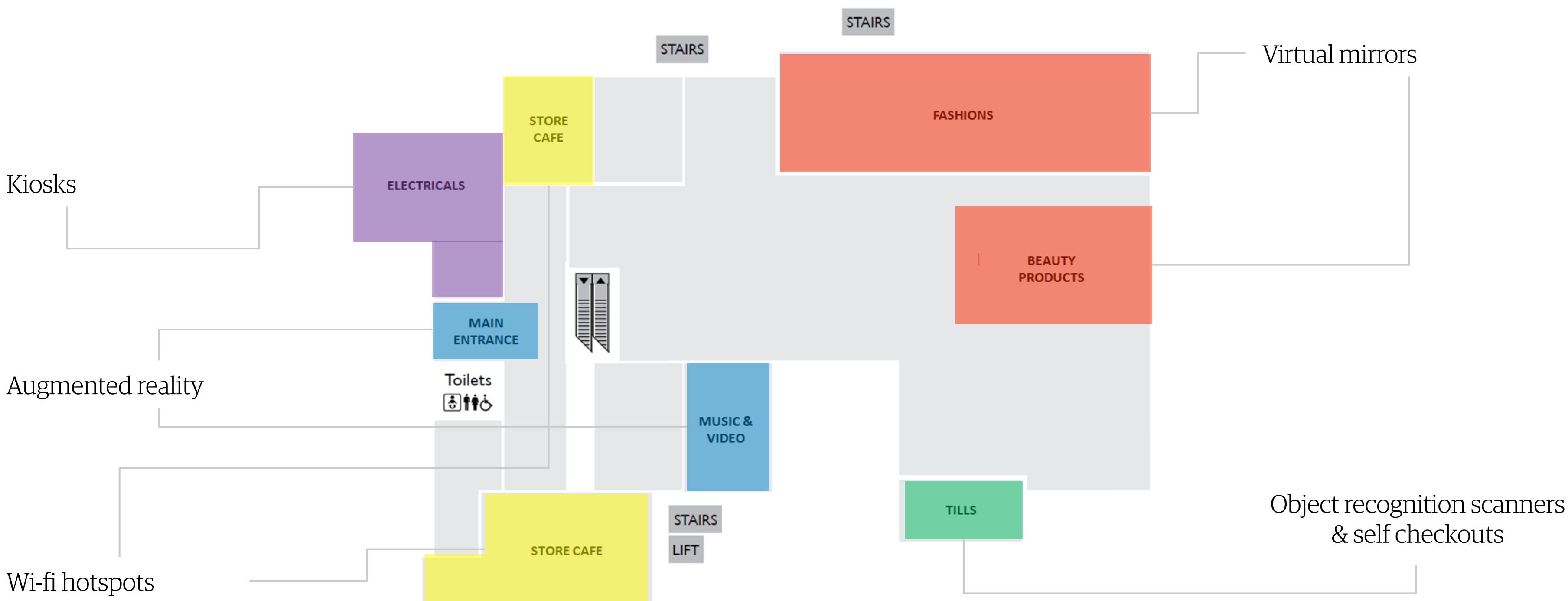
	Thinking	Researching	Buying	Receiving	Total minutes
2000	38 mins	18 mins	3 mins	2 mins	61
2010	62 mins	19 mins	5 mins	3 mins	89
2014	85 mins	36 mins	9 mins	3 mins	133
2015	97 mins	44 mins	14 mins	6 mins	161

The diagram shows the average amount of time consumers take to make a high order purchase, such as an electrcial product or an item of furniture. Various stages are shown, such as thinking, which involves browsing and getting ideas; researching, which involves comparing product details and prices; buying, which is the transaction; and, receiving which is picking up the product or having it delivered if ordered online.

enquiries@webloyalty.co.uk | 020 7290 1650

The impact: store of the future

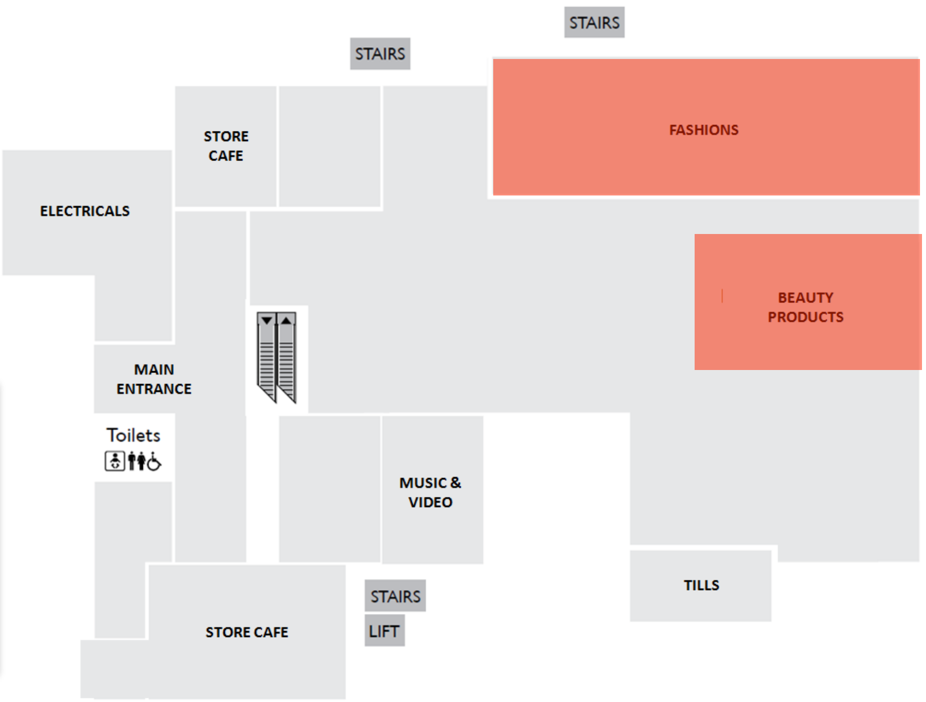
As well as changing the way in which we shop, new connected technologies are likely to exert an influence in physical shops themselves. Ultimately they will be integrated throughout the entire store environment to make the shopping experience more interactive and engaging. Over the next few pages we have explored some of the innovations we are likely to see emerge over the next couple of years.



The impact: store of the future

Virtual mirrors will become a common feature in clothing and health & beauty stores.

Beauty departments will feature iPads on display stands that can also be used as virtual mirrors, with the front facing camera showing the customer on the top of the screen and a video displayed on the lower half of the screen showing an expert demonstrating how to apply makeup.



Fashion departments and clothing stores will be equipped with virtual mirrors that have built-in cameras that capture the customer's body dimensions and position, so that clothing can be superimposed over their on-screen image.

Customers have access to an extensive range of clothing to try on virtually. They can send the image to their email or share on social networking sites, adding a new way to get feedback from friends and family, whilst they are out and about shopping.

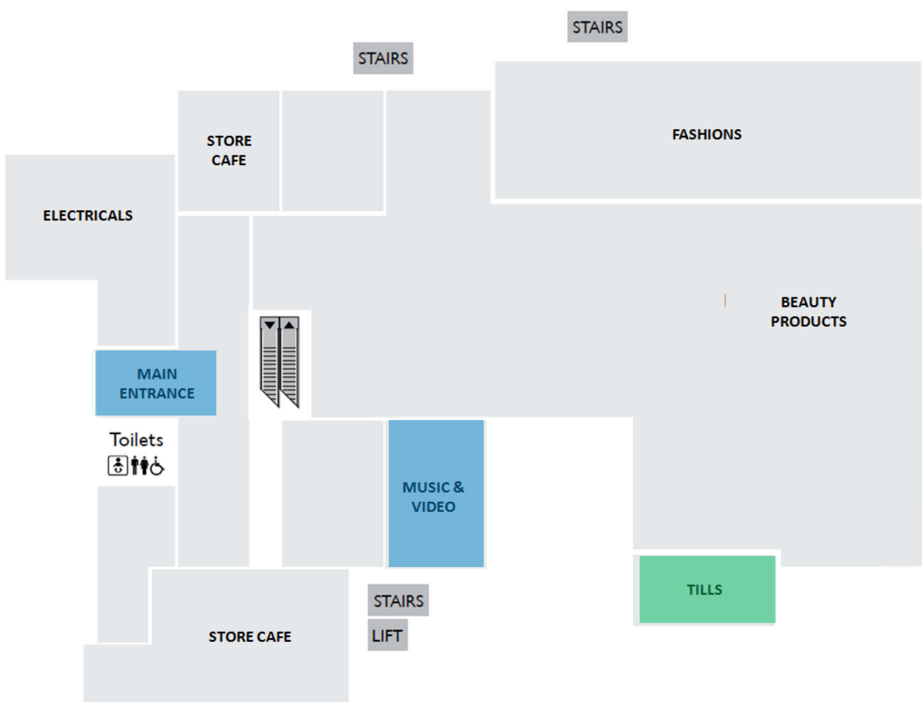
enquiries@webloyalty.co.uk | 020 7290 1650

The impact: store of the future

Augmented reality will add a new layer to retail theatre, while new payment technologies will speed up the transaction process.

Augmented reality will be used throughout the store but will particularly be used around the store entrance creating a type of retail theatre that can drive people inside. Augmented reality will drive the convergence of mobile and store based retailing encouraging customers to interact and engage with products in store.

Till points will feature Object Recognition and self check-out technology to speed up the check out process. Staff will also be equipped with mobile devices that enable them to carry out customers transactions on the shop floor.



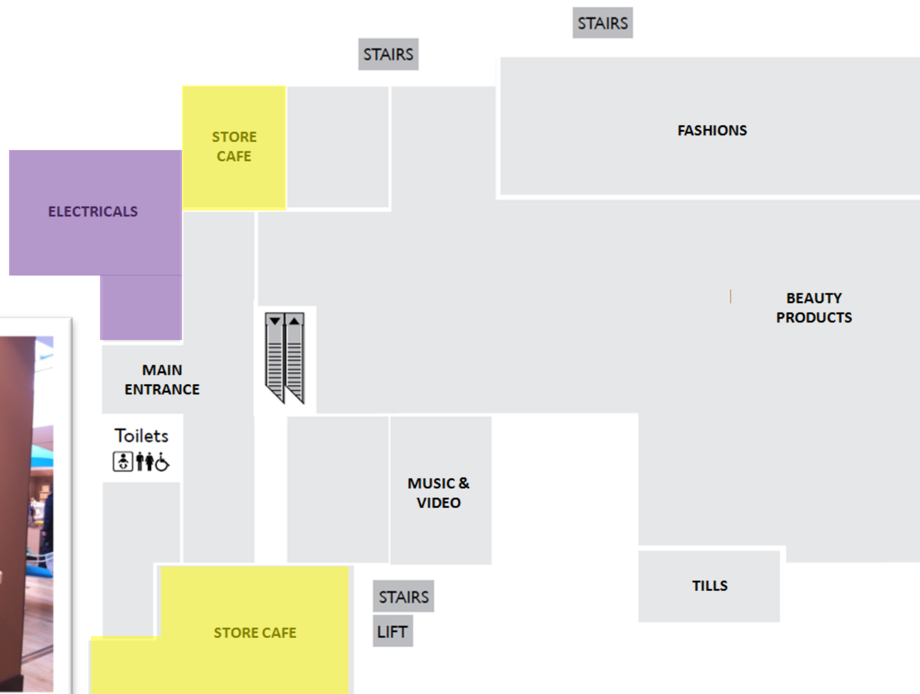
Augmented reality can be used across different departments of a store but one area where it will perhaps play a particular role is in music, video and entertainment products, with the augmented reality platform being used to show media related content when scanned with a smartphone or tablet device.

enquiries@webloyalty.co.uk | 020 7290 1650

The impact: store of the future

Computer kiosk terminals will allow retailers to integrate their wider web offer within the store, creating the 'endless' aisle concept. Wi-fi hotspots will drive further convergence of the online and physical aspect of retailing.

Departments that feature a large proposition such as electricals will include computer kiosks, enabling customers to browse the wider offer and order in store.



Wi-fi will be available throughout the store, but the café will be a key area for customers to relax and mull over potential purchases. Over a coffee customers can do further research online, read reviews and correspond with friends via social networks.

enquiries@webloyalty.co.uk | 020 7290 1650

Methodology

How connected retail is affecting the sector

Our work

- A combination of consumer research, secondary research and market forecasting were used to compile this report.

- Consumer research in this report is based on a survey conducted with a UK nationally representative poll of consumers. 2,068 consumers were interviewed during January 2015 and questioned about their use of connected technologies and various aspects of shopping.

- All numbers relating to expenditure and forecast expenditure of retail are taken from Conlumino's own retail model. This is updated on an ongoing basis with inputs from official sources (such as the BRC and ONS), retailers' results and trading updates, other secondary sources and industry surveys, Conlumino's ongoing programme of research into consumer spending and habits, and underlying economic drivers and trends. Conlumino analysts both model and interpret this information to provide guidance on the likely future direction of retail expenditure at an overall, sector and category level.

- Unless otherwise stated, all sources of information are derived from Conlumino's own research and should be referenced to Conlumino/Webloyalty.

webloyalty

Conlumino

Webloyalty

+44 (0)20 7290 1650
enquiries@webloyalty.co.uk
2 Harewood Place, London W1S 1BX

Conlumino

+44 (0)20 7936 6654
hello@conlumino.com
7 Carmelite Street, London EC4Y 0BS