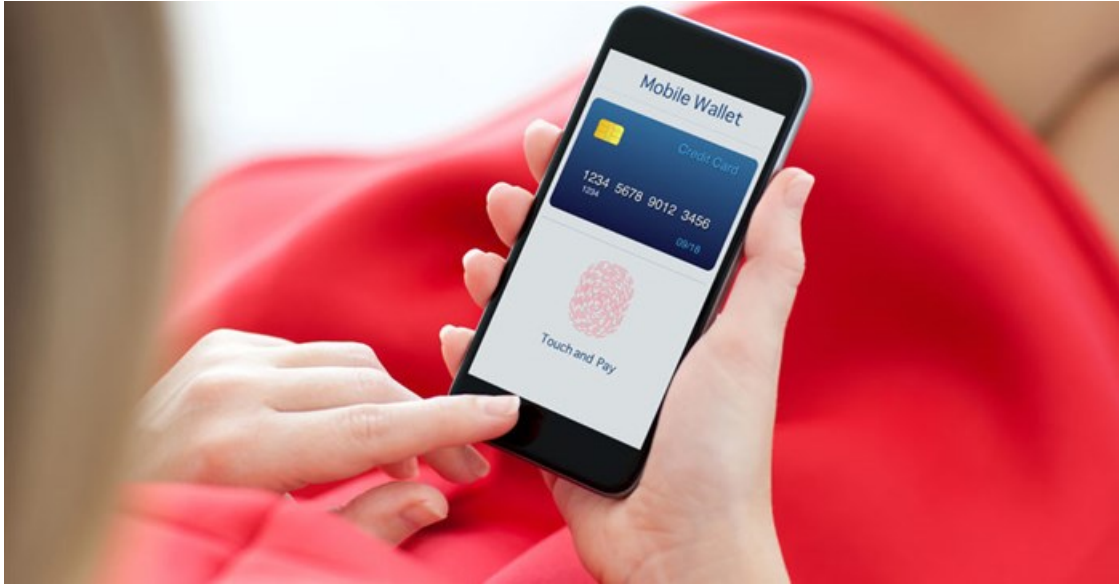


8 key insights that will drive changes in online and in-store retail

PricewaterhouseCoopers's (PwC) Total Retail 2016 report reveals a global consumer digital revolution as consumers push the boundaries of online shopping. For retailers and consumer goods companies the disruption by online business is increasingly gaining momentum.



© prykhodov – 123RF.com

PwC surveyed nearly 23,000 online shoppers in 25 countries of which about 1,000 were from South Africa to identify the changing behaviors that will drive the coming retail revolution. The survey highlights eight key in-depth insights that will drive changes in retail, online and in-store.

1. China predicts the future of shopping behaviour

To understand the future of global shopping behaviour, retailers and consumer goods companies need to look at China. According to the survey, data shows that early trends in China are usually only seen several years later in other markets.

For example, the percentage of our global sample that shops online every day is still far behind China – it has been following apace for several years (2.9% in 2012 to 7.1% in 2015; versus China at 4.3% in 2012 to 19.6% in 2016).

It's clear that mobile devices are firmly on the way to becoming the tool of choice, and Chinese shoppers lead the way here too. Sixty-five percent of Chinese consumers say they shop at least once a month on their mobile, compared to only 28% of our overall global sample of shoppers.

Anton Hugo, Retail and Consumer Industry Leader, PwC Africa, says: "Chinese shopping behaviour is a leading indicator for global shopping behaviours. What Chinese consumers are doing today, shoppers in many parts of the world will be doing in the not-too-distant future.

"China and emerging markets, in particular, will continue to set the pace in terms of mobile and social shopping because of the lack of legacy technology such as PCs, and consumers' enthusiastic embrace of personal technology."

2. We may live in the age of value, but price is still king

The survey findings show that affordability is a major driver for shopping behaviour around the world, across income bands and across borders. The top reason given by consumers for shopping at their favourite retailer is that their prices are good. In some countries convenience was as much a part of value as price. Fifty-seven percent of South African online shoppers said that convenience was their main influencer. Not only are consumers looking for deals, they would even purchase outside their country of residence to get them. Just over half of South African respondents (56%) said they would purchase from an out-of-country online retailer in the next 12 months if better prices were available.

3. Store traffic doesn't matter as much as overall customer conversion

John Wilkinson, Retail and Consumer Specialist for PwC, South Africa, says that "for consumers, the physical store remains an important element of both researching and purchasing. In fact, while shoppers increasingly prefer to research online, many still like to go to a store to make their purchase."

Consumer electronics is one example where 47% of South African consumers carry out research online but 60% then complete their purchase in-store (52% globally).

Consumers suggested a number of ways in which retailers could enhance their physical stores to make the in-store experience better. Among them were sales associates with a deep knowledge of the product range (Global: 40%; SA: 43%); ability to check online stock quickly (Global: 32%; SA: 41%); an inviting ambience (Global: 23%; SA: 16%); and in-store Wi-Fi (Global: 22%; SA: 31%).

4. Retail talent matters

The survey also shows an increasing clarity on the part of consumers that retail employees need to up their game if they hope to successfully serve today's knowledgeable, tech-savvy customers. By far, the factor that would make the in-store experience better for consumers is sales associates with a deep knowledge of the products (Global: 40%; SA: 43%). The next closest choice was the ability to check other store or online stock quickly.

5. Mobile devices have turned the corner as purchasing tools

In emerging markets, consumers have leapfrogged to mobile phones and are settling on them as their shopping channel of choice. As with many shopping habits, there is a marked difference in mobile purchasing when it comes to younger shoppers, including the Millennials. Twenty-seven percent of local Millennials said they paid for purchases on their mobile compared to 21% for everyone else; 23% accessed their loyalty/reward programme compared to 30% of other age groups, and 47% checked their funding available before purchasing, compared to 37% of everyone else.

6. Today's consumers look to the community

A high 88% of South African consumers reported that they are a member of a loyalty/reward programme (91% globally) – the traditional method of cementing customer relationships. While member-only discounts, reward points and free shipping are highly valued by local respondents ((64%, 69% and 49% respectively mentioning these as key benefits) – other responses hint at desire for more personalisation.

Hugo says: “It is encouraging to note that 43% of South African respondents said they would prefer buying from local retailers in order to boost the economy. In addition, 34% of respondents said they would prefer buying from local retailers if an item was produced locally.”

7. Social media is the great influencer

A high 88% of our South African sample of respondents was influenced in some way by social media, compared to 78% of respondents globally. Consumers in emerging markets are also far more influenced by social media (92%) than those in established countries (66%). Of those that had an interaction with a favourite brand on social media, 81% said it led them to respect or value the brand more (64% globally).

8. There is room for retailers to grab the ‘leading innovator’

Consumers are demanding innovation as they insist on a seamless, integrated omni-channel experience that enables them to shop from anywhere via their mobile phone, tablet, PC or wearable device, in addition to traditional brick-and-mortar stores. Only 10% of respondents said that social media and sustainability were categories in which their favourite retailer is a leading retailer. More than 20% of South African respondents said that retailers are leading innovators in availability of products, stocking ‘must have’/new products, delivery options and loyalty programme categories.

Other South African survey highlights include:

- Daily online shopping has increased to 4% in 2015 from 3% in 2014;
- 26% of South African participants say they have made their first online purchase in the past year;
- Books, music, movies and video games are the favourite categories for online shopping;
- 57% of South African online shoppers say that they do not buy groceries online;
- 33% of respondents access loyalty/rewards programmes on their mobile devices.

“Digital technology continues to disrupt the retail industry and global consumers are more empowered than ever. Retailers need to adapt to ensure they remain relevant. The speed of technology adoption has raised the stakes for both retailers and their consumer packaged goods partners,” concludes Hugo.

For more, visit: <https://www.bizcommunity.com>