Optimizely

REPORT: ONLINE SHOPPING TRENDS

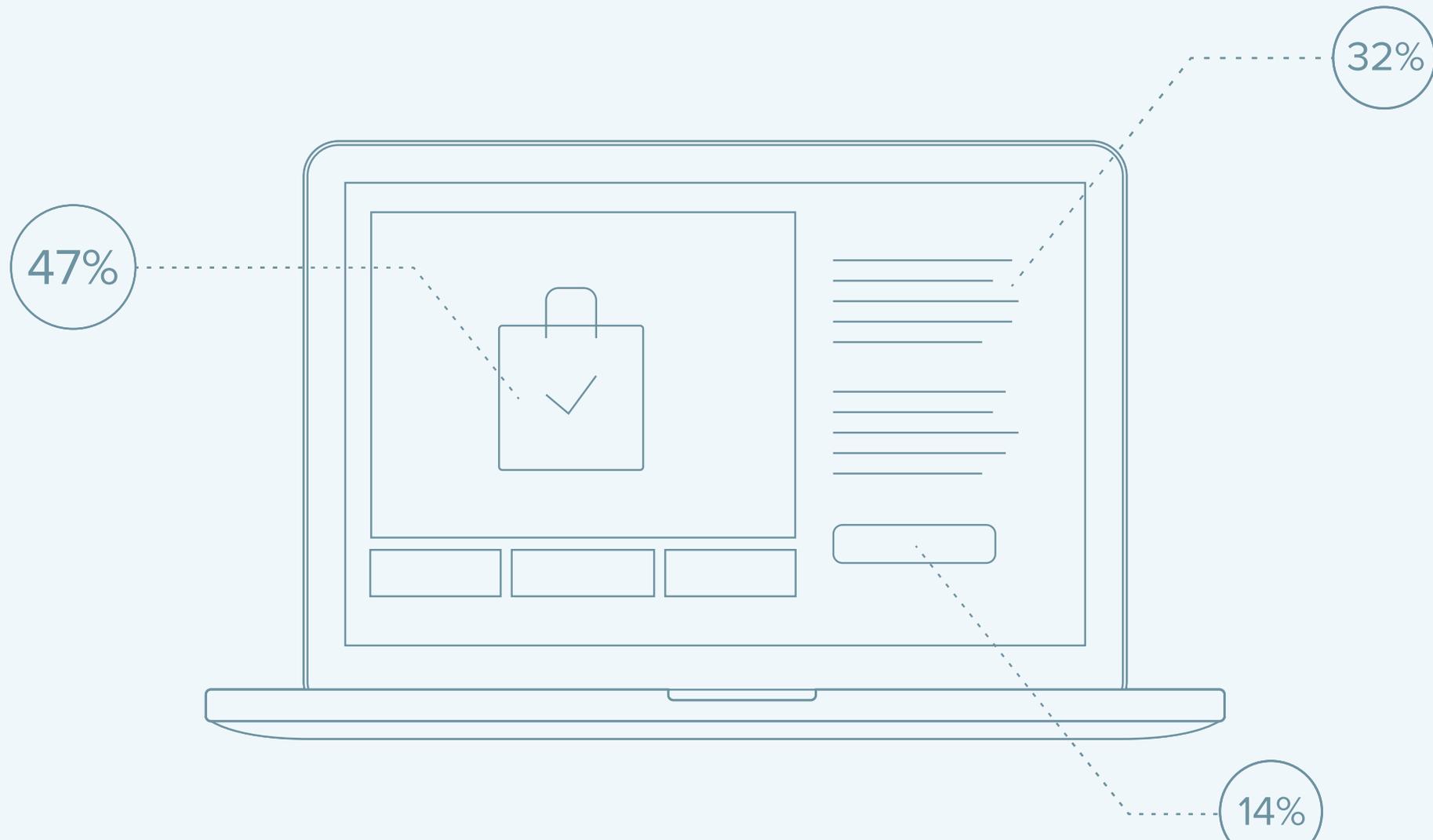Europe, June 2016

32%

47%

14%

Table of Contents

Introduction

E-commerce is the fastest growing retail market segment in Europe, with growth expected to reach £215.38 bn [€250.28 bn] in 2017 (Centre for Retail Research). Shoppers and their habits are ever-evolving and it can be a daunting task for retailers to stay in front of expectations.

In Optimizely's independent survey of shopper habits with Opinionography, we investigate general online shopping habits, challenges of online shopping and personalization. The results unveil trends in shopper preferences and provide a starting point for online brands to assess processes and experience delivery relative to shoppers expectations.

These results will be helpful for brands looking to build better experiences and drive business results.

Report Summary

General Online Shopping Habits

- Shoppers continue to research online, but buy in store. In addition to the convenience of anytime, anywhere shopping offered on retail websites, consumers also appreciate the time savings and ability to compare and research prices online.

- Although online shopping is common many shoppers will research online and then purchase in store, mostly because they feel websites lack the ability to assess and ensure quality.

- Shoppers use all devices to research, browse, compare and purchase online.

Online Shopping Challenges

- Over 80 percent of respondents have put something in their shopping basket online and then not completed the purchase. For over half, the cart was abandoned due to unexpected shipping costs.

- Shoppers are most frustrated by not being able to find their size or determine quality, not having the ability to use their favourite payment option, and a poor payment process.

- Assessing quality is a key challenge when shopping online, as this was a primary reason for researching online then buying in store. A range of payment options also need to be available to make a good experience.

- A poor online experience can result in brand disloyalty and isn't confined to the web. Shoppers are likely to discontinue buying from a brand in store after a poor online experience.
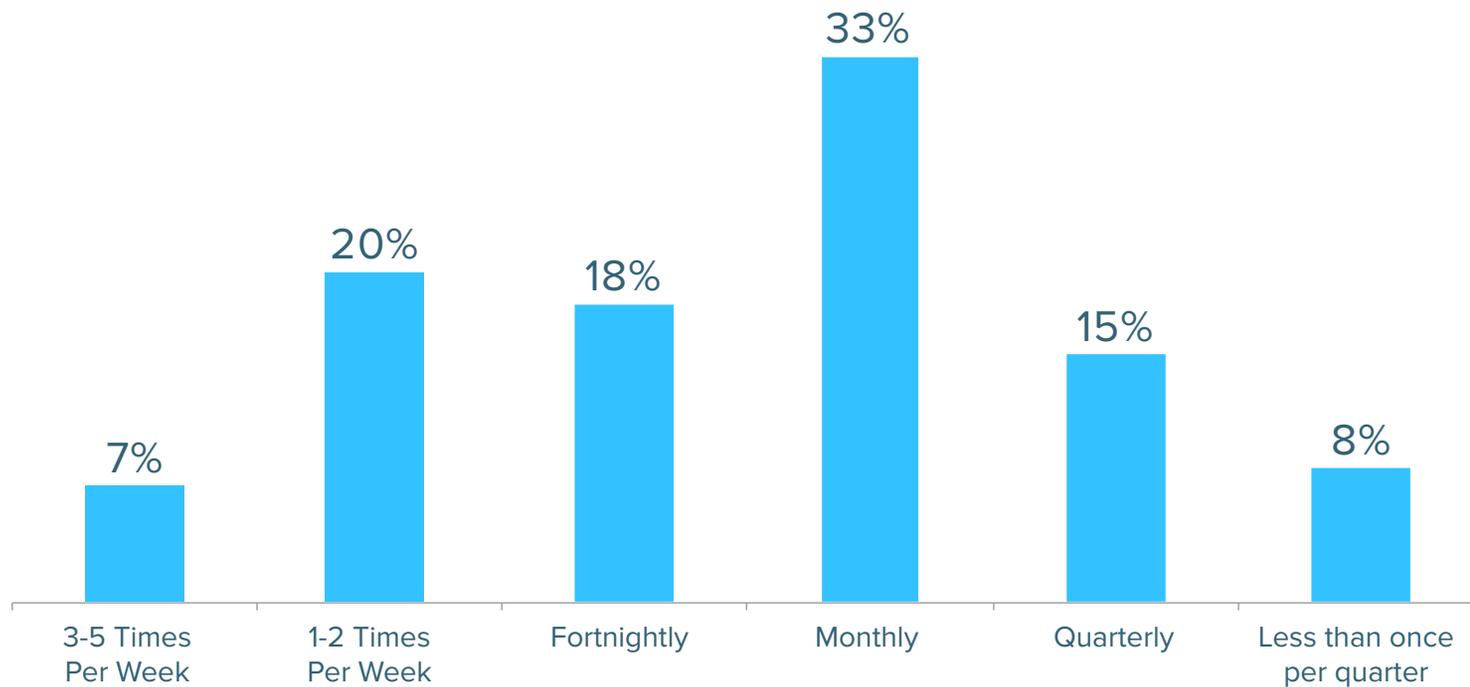
Personalization

- Most shoppers would like a more personalized online retail experience and are more apt to shop with a brand that provided a personalized experience.

- Personalization helps shoppers find new and otherwise unseen products and can result in increased purchases.

Frequency of Online Shopping

Over a quarter of respondents (27%) purchase something online at least once a week, while an additional 18% purchase something every 2 weeks and an additional 33% purchase monthly. This means that only 23% of the respondents purchase every 3 months or less.

The highest amount of online shopping done weekly is in the UK, with 35% shopping weekly. The lowest weekly amount is in Nordics with just 15%.

How frequently do you buy something online?

| 3-5 Times Per Week	1-2 Times Per Week	Fortnightly	Monthly	Quarterly	Less than once per quarter
7%	20%	18%	33%	15%	8%

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Frequency of Online Shopping

In terms of age, people aged 54 and under make online purchases once a week or more. The peak is age 25-34 at 39%, followed by 35-44 at 31%, 18-24 at 28% and 45-54 at 26%.

People making online purchases once a week or more.

18-24
years old

25-34
years old

35-44
years old

45-54
years old
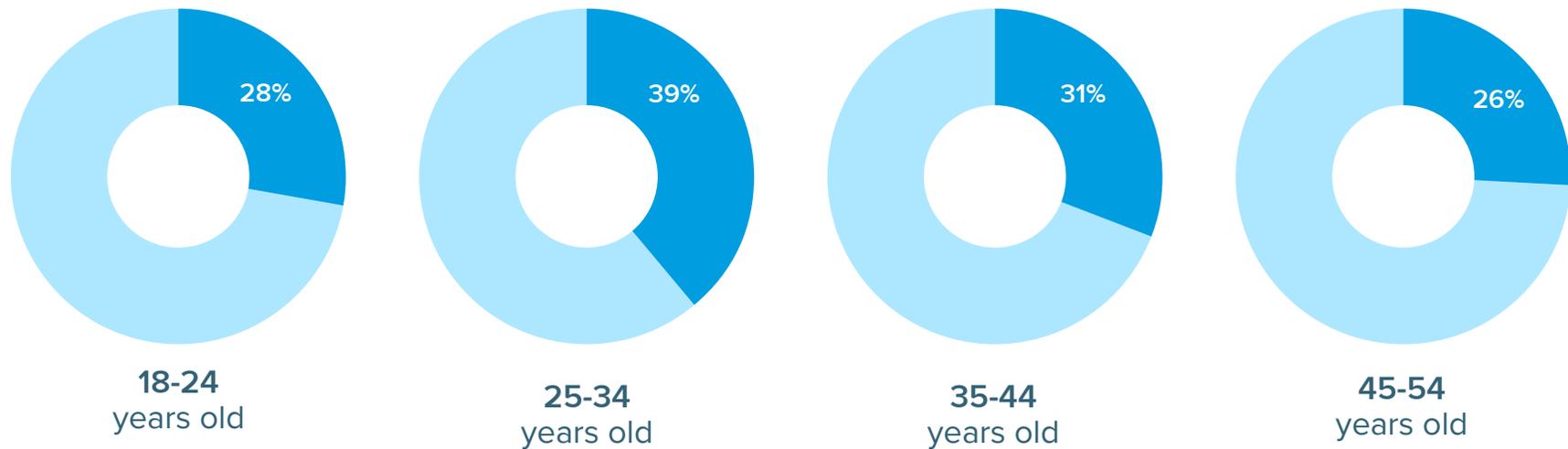
Amount Spent Online Per Month

The survey collected data on the amount of money people spend online per month. Germany spends the most at €97,67 per month with Benelux the lowest at €73,39 per month.
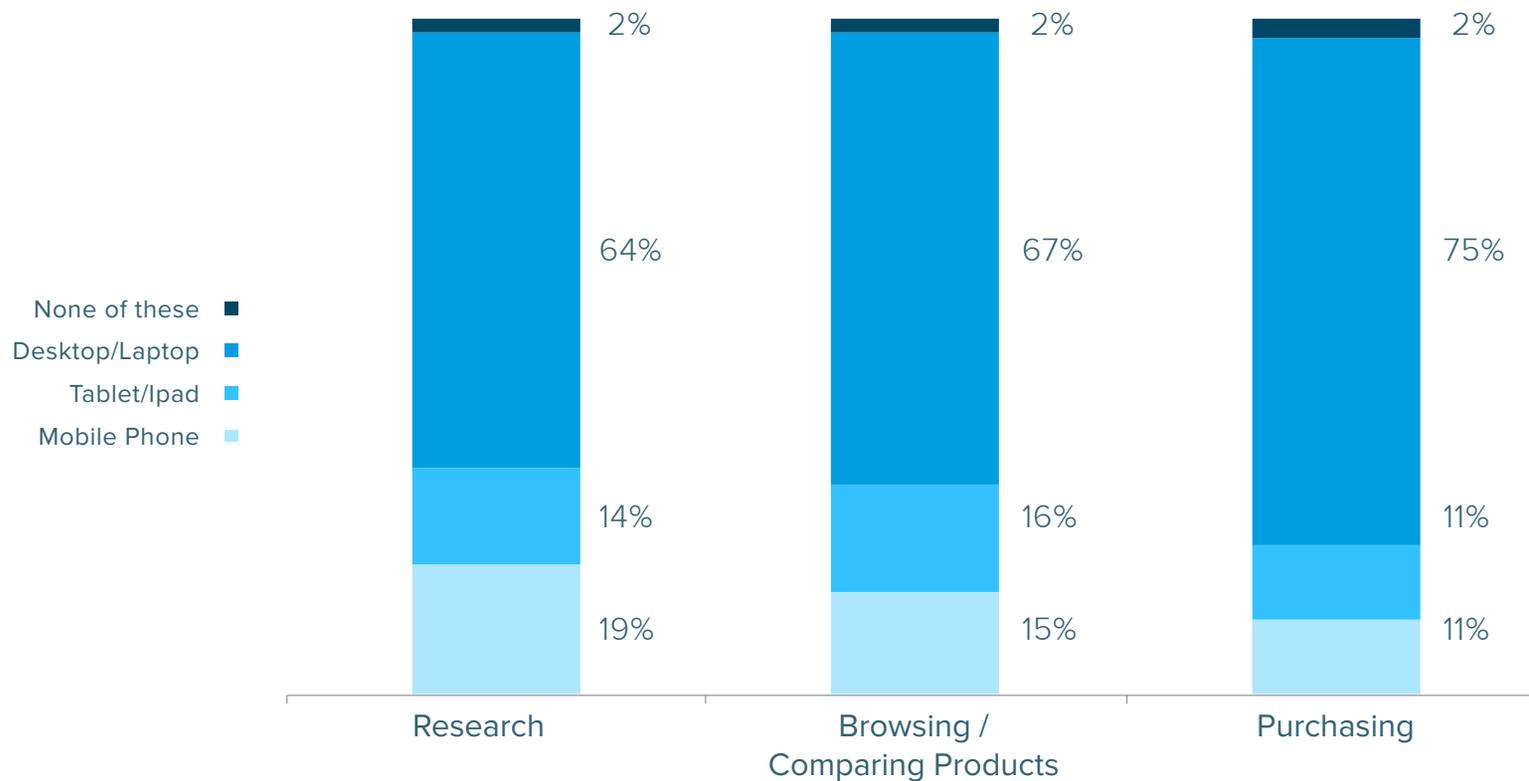
Germany	UK	Nordics	Benelux
€97	£70.78 equivalent to approx. €89.39	743.43kr equivalent to approx. €79.47	€73.39

Note: Pound Sterling and Swedish Krona converted into Euros June, 2016.

Preferred Devices

This slide shows that the majority of research, browsing and purchasing is done on laptop/desktop. Research and browsing is also done on tablet/mobile phone more than 30% of the time, but purchases are only made 22% of the time on these devices.

When shopping online, which device do you prefer to use for the following activities?

Legend:
- None of these
- Desktop/Laptop
- Tablet/Ipad
- Mobile Phone

Research:
- 2%
- 64%
- 14%
- 19%

Browsing / Comparing Products:
- 2%
- 67%
- 16%
- 15%
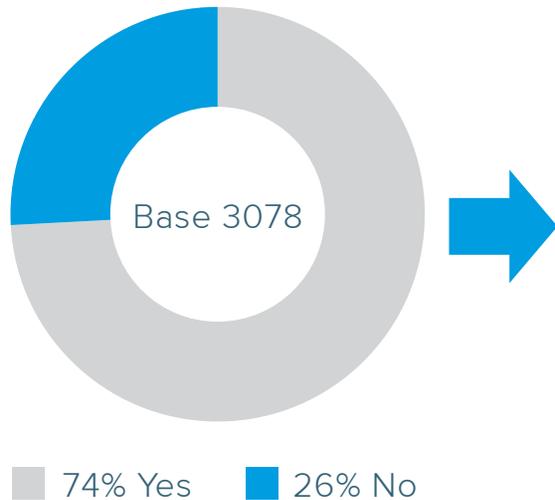
Purchasing:
- 2%
- 75%
- 11%
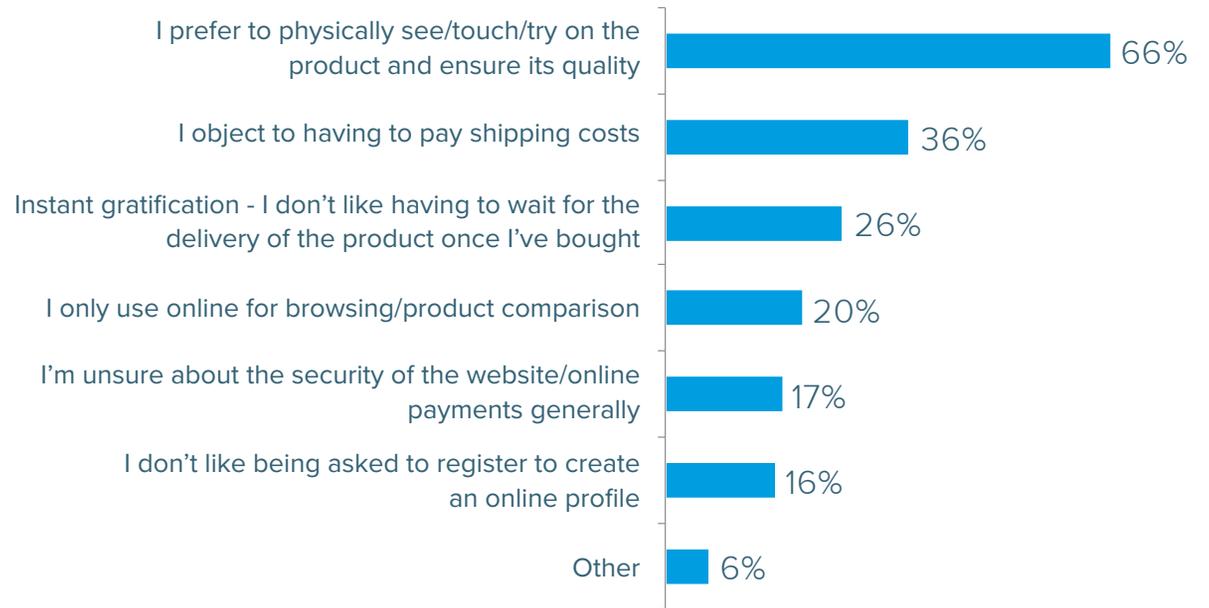- 11%

Research Online, But Purchase In Store

Nearly 75% of the respondents research online and then buy in store. 66% of people prefer to see/touch and/or try on the product to ensure its quality. In addition, 36% say they object to having to pay shipping costs. The key to online sellers is the ability to improve the 'physical' experience online.

At 21%, Germany and Benelux are most concerned with security, whereas Sweden and UK are at 13% and 12%, respectively. More than any region surveyed, Germany doesn't like to be asked to register or create an account (24%) with Benelux being the lowest at (10%).

Do you ever research or browse products online but then buy in store?

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- 74% Yes
- 26% No

Why do you research or browse online and then buy in store?

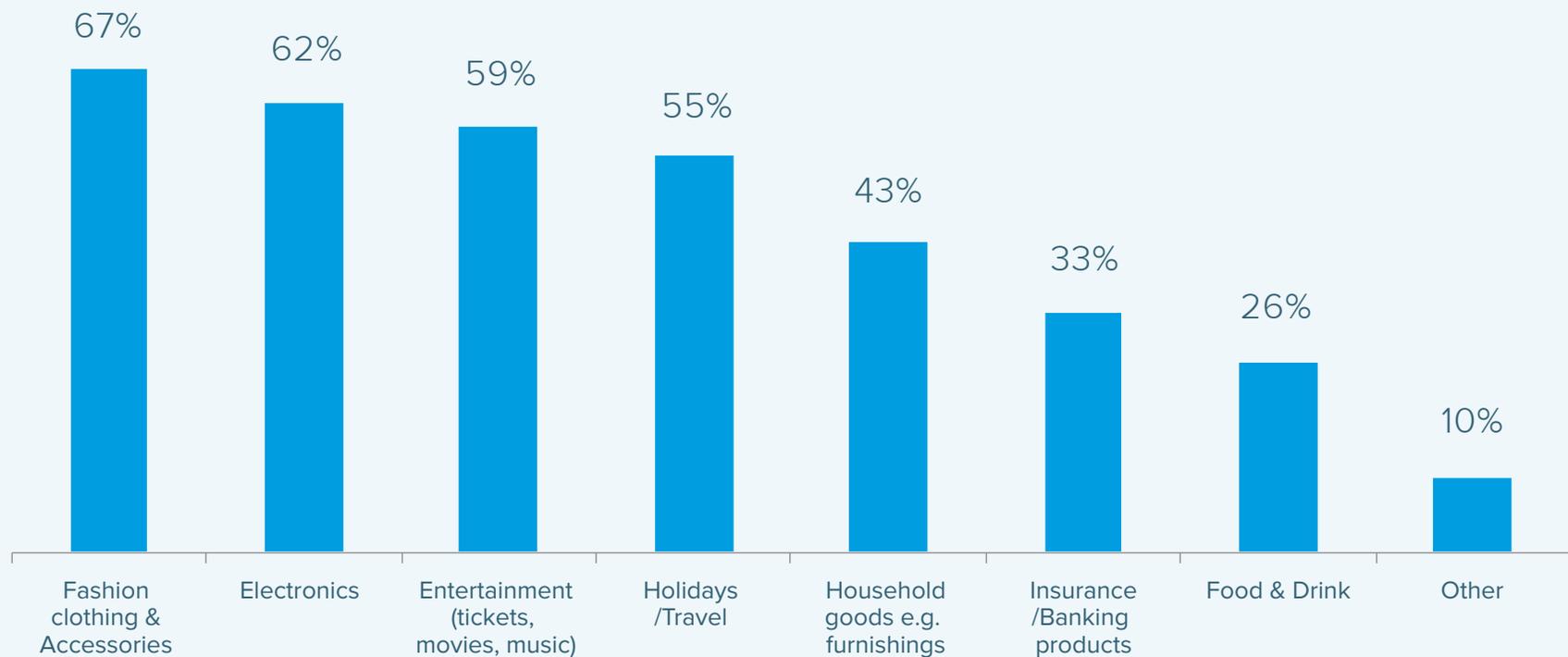|	
I prefer to physically see/touch/try on the product and ensure its quality	66%
I object to having to pay shipping costs	36%
Instant gratification - I don't like having to wait for the delivery of the product once I've bought	26%
I only use online for browsing/product comparison	20%
I'm unsure about the security of the website/online payments generally	17%
I don't like being asked to register to create an online profile	16%
Other	6%

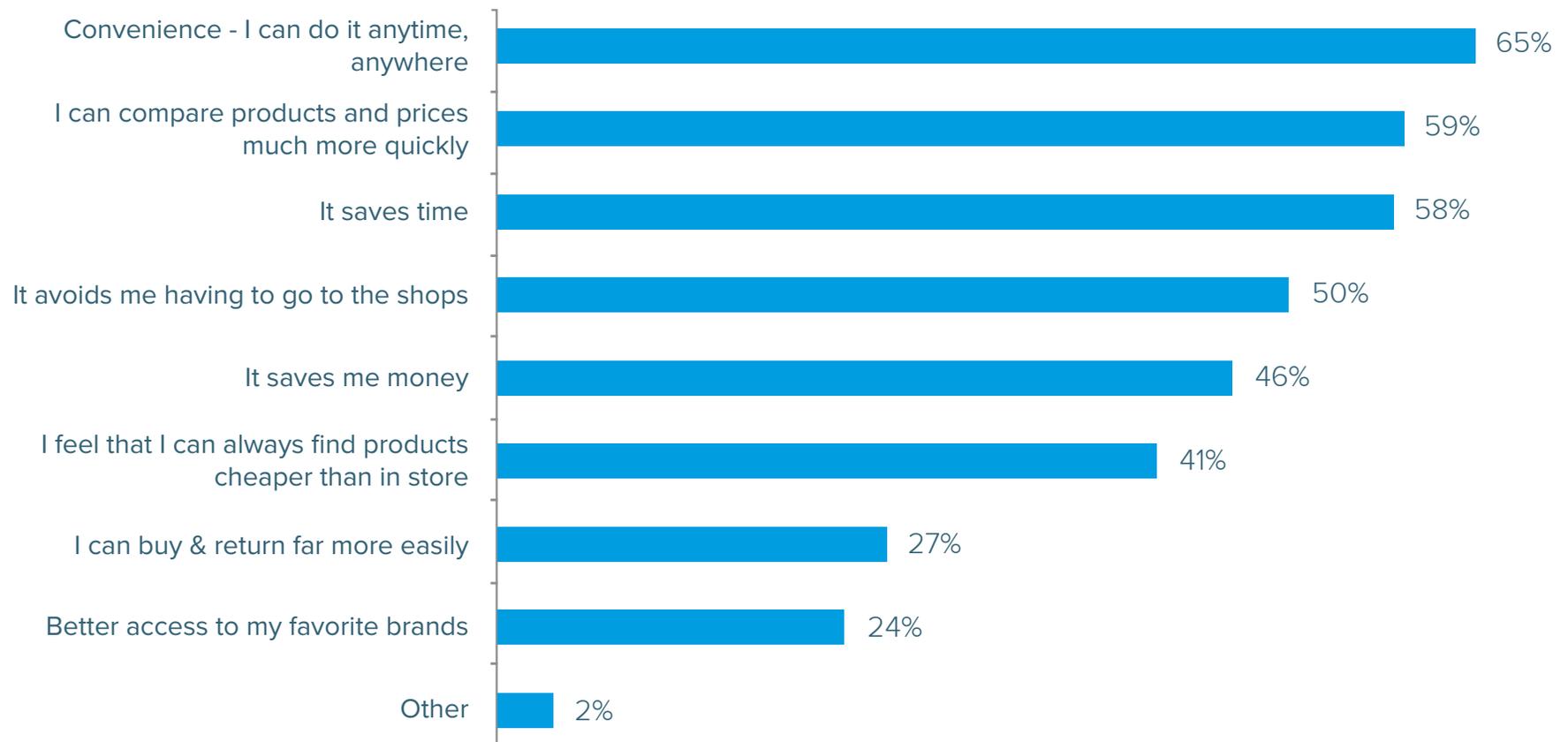Base 2264

Items Bought Online

The survey collected data on which items are most frequently bought online. The most popular categories included fashion clothing & accessories (67%) followed by electronics (62%), entertainment (59%) and holidays/travel (55%). Germany is most likely to purchase electronics online (71%) and the UK is most likely to purchase food and drink (41%).

Which of the following do you purchase online?

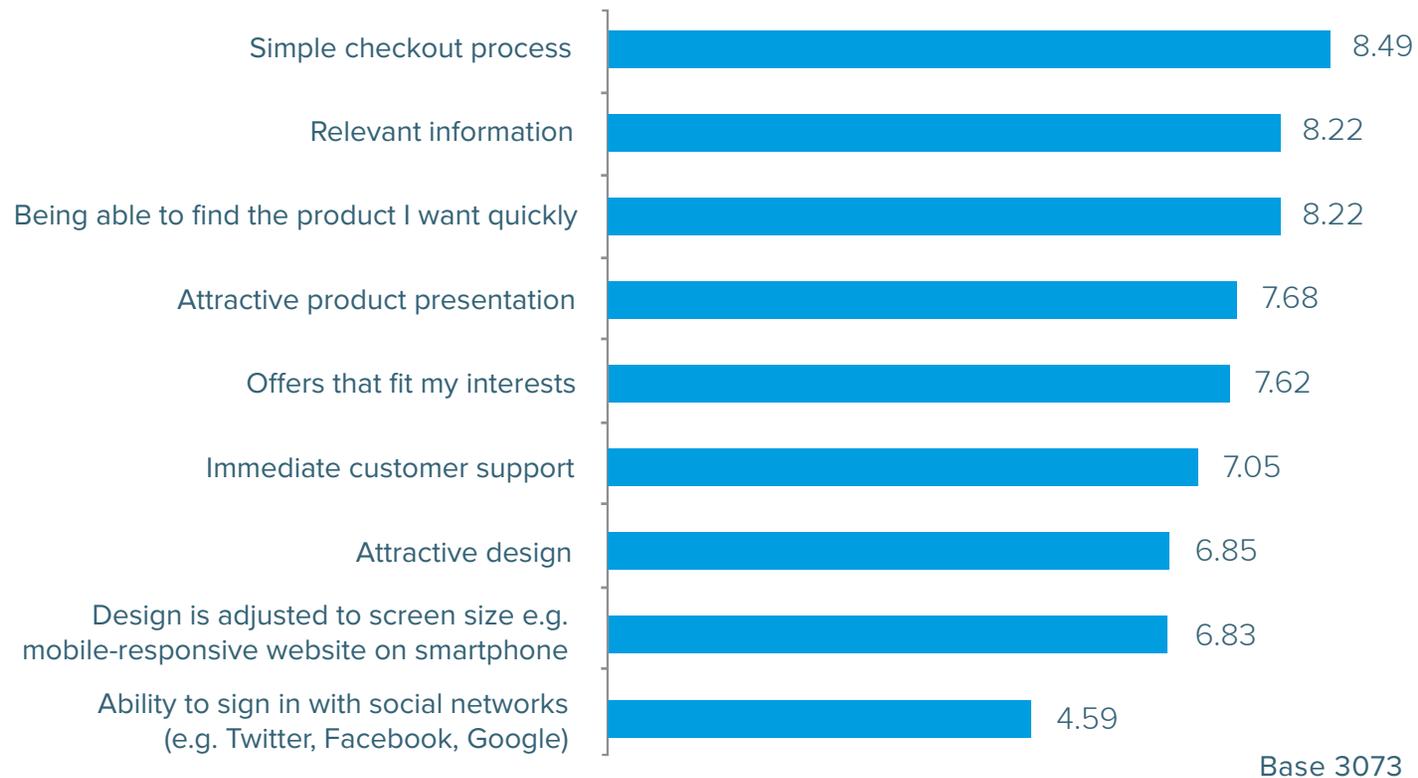| Category	Percentage
Fashion clothing & Accessories	67%
Electronics	62%
Entertainment (tickets, movies, music)	59%
Holidays /Travel	55%
Household goods e.g. furnishings	43%
Insurance /Banking products	33%
Food & Drink	26%
Other	10%

The Appeal of Online Shopping

Respondents shared several reasons why online shopping appeals to them. Convenience is the number one reason (72%) for both Nordics and UK. For Germany (65%) and Benelux (55%) the ability to compare products and prices ranks as the number one reason. Saving time and avoiding going to the shops also both come in at 50% and above. The ability to save money and/or find cheaper products online score less than 50%, illustrating that price is not one of the top 3 drivers for online shopping.

| Reason	Percentage
Convenience - I can do it anytime, anywhere	65%
I can compare products and prices much more quickly	59%
It saves time	58%
It avoids me having to go to the shops	50%
It saves me money	46%
I feel that I can always find products cheaper than in store	41%
I can buy & return far more easily	27%
Better access to my favorite brands	24%
Other	2%

Important Factors on User Experience

Online shoppers are influenced significantly (90% with score above 5) by various user experience factors. These items are 'subjective' meaning that there is likely not one right or wrong way to ensure that the experience being provided is a positive one. These factors may differ by age, gender, geography and/or some other demographics, or may be tied to the product and/or offering of the site (i.e. different for travel vs. fashion, etc).

Factor	Score
Simple checkout process	8.49
Relevant information	8.22
Being able to find the product I want quickly	8.22
Attractive product presentation	7.68
Offers that fit my interests	7.62
Immediate customer support	7.05
Attractive design	6.85
Design is adjusted to screen size e.g. mobile-responsive website on smartphone	6.83
Ability to sign in with social networks (e.g. Twitter, Facebook, Google)	4.59

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Respondents provided feedback (on a scale of 1-10) on the importance of online user experience factors. The scores are mean scores, with 1 being 'not important at all' and 10 being 'critically important'.
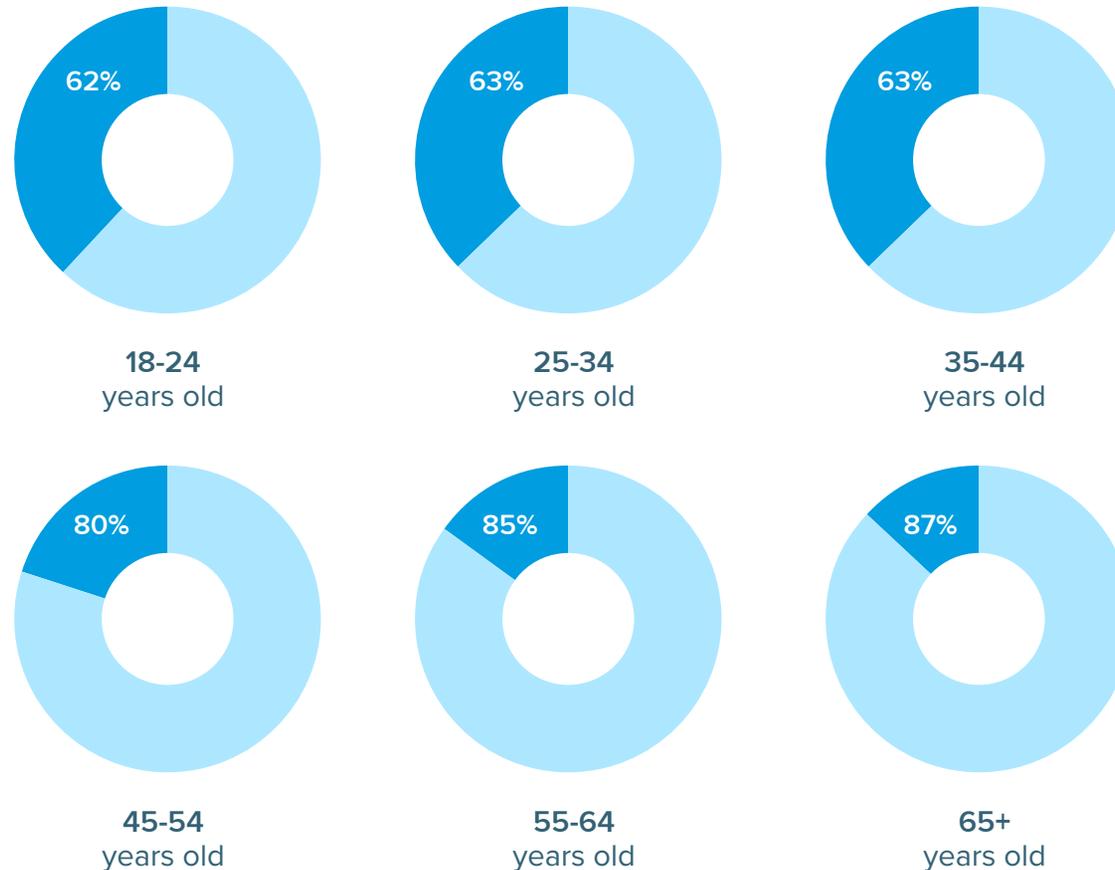
Describing the User Experience of Favourite Websites

When participants were asked to describe their favourite website user experience, "Easy to use/navigate" (73%) and "Fast" (65%) were the terms ranked the highest, followed by a large gap to #3 (Visually appealing at 32%). "Easy to use/navigate" was the top reason in all regions, except Germany where "fast" was the top reason.
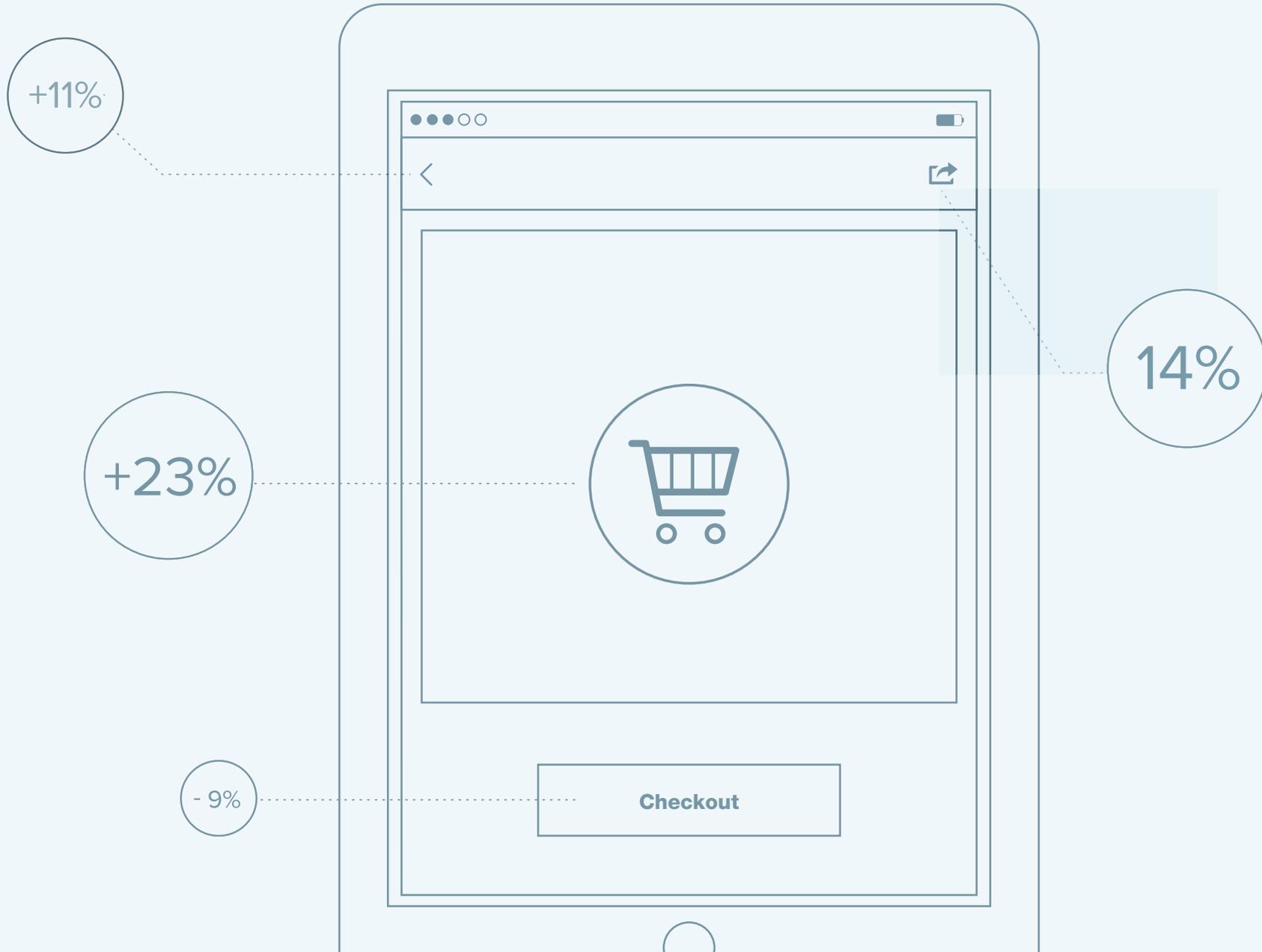

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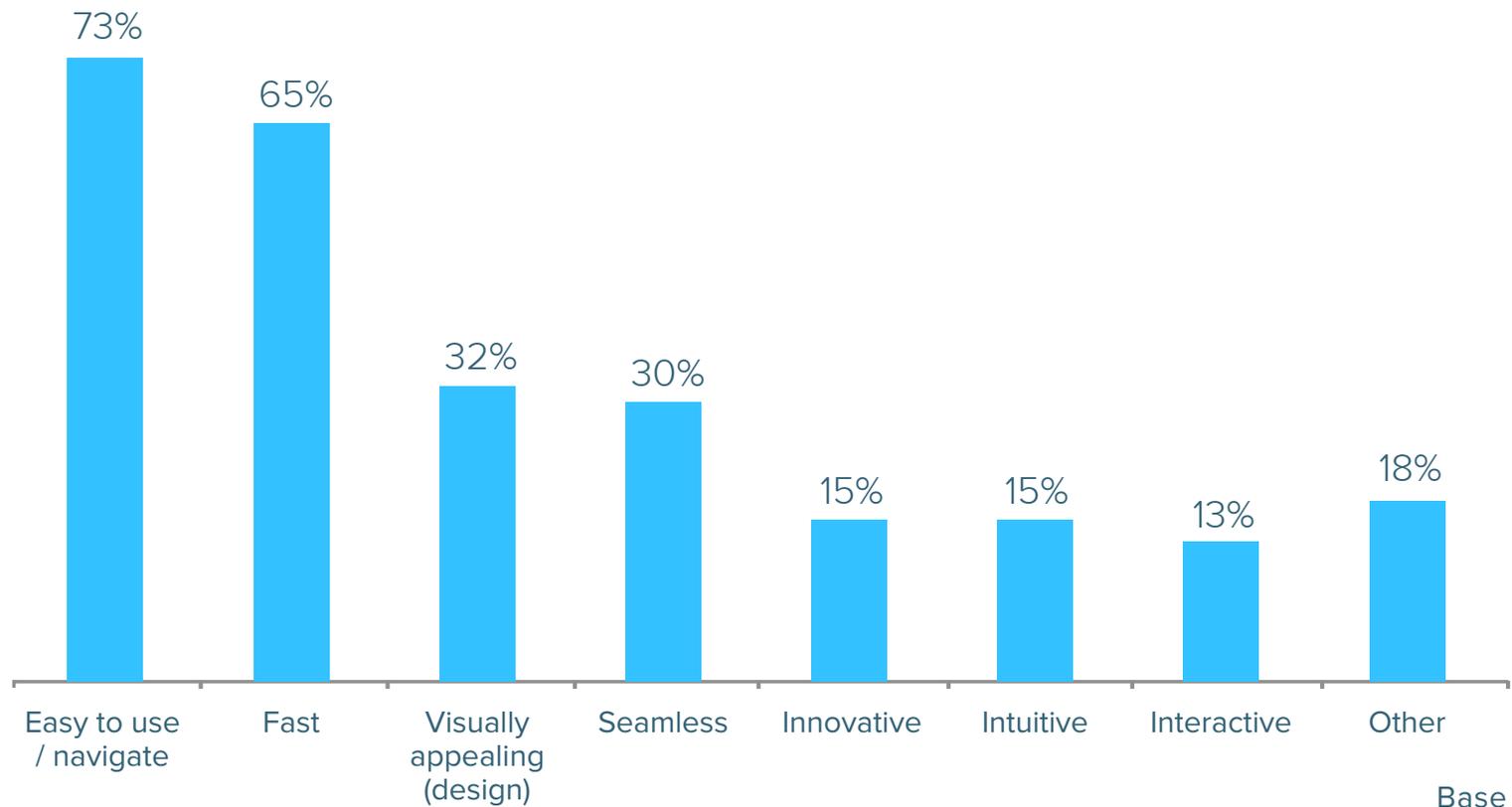
Describing the User Experience of Favourite Websites – Cont

The "Easy to use/navigate" term scored the highest in all age groups, except 18-24, where 'fast' was 67% and easy to use/navigate was 62%. Easy to use/navigate jumped all the way to 80%+ for people age 45+, whereas it was more balanced with speed for those under 45. This is important for brands to realize, based on the demographics of their customers.

62%	**63%**	**63%**
18-24 years old	**25-34** years old	**35-44** years old
80%	**85%**	**87%**
45-54 years old	**55-64** years old	**65+** years old

Importance of easy to use/navigate by age

Challenges of Online Shopping

+11%

14%

+23%

- 9%

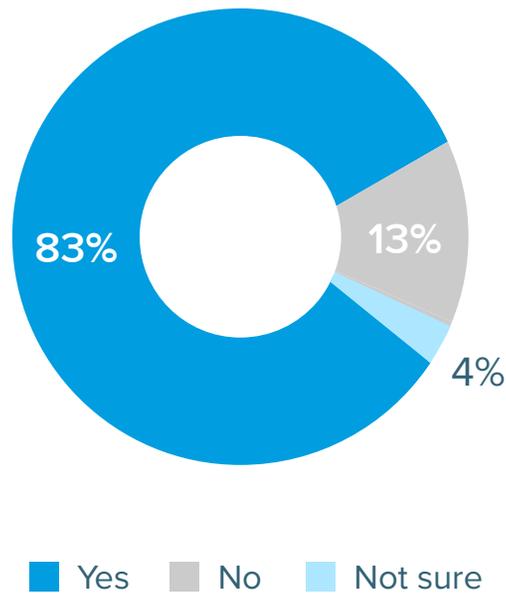Checkout

Cart Abandonment

The survey provides some interesting insight on the reasons that people abandon their shopping cart. Of all surveyed, 83% have abandoned their carts. Of the 83%, only 20% say that they 'hardly ever' abandon their cart.

Ever added a product into your basket and then decided not to complete the purchase?
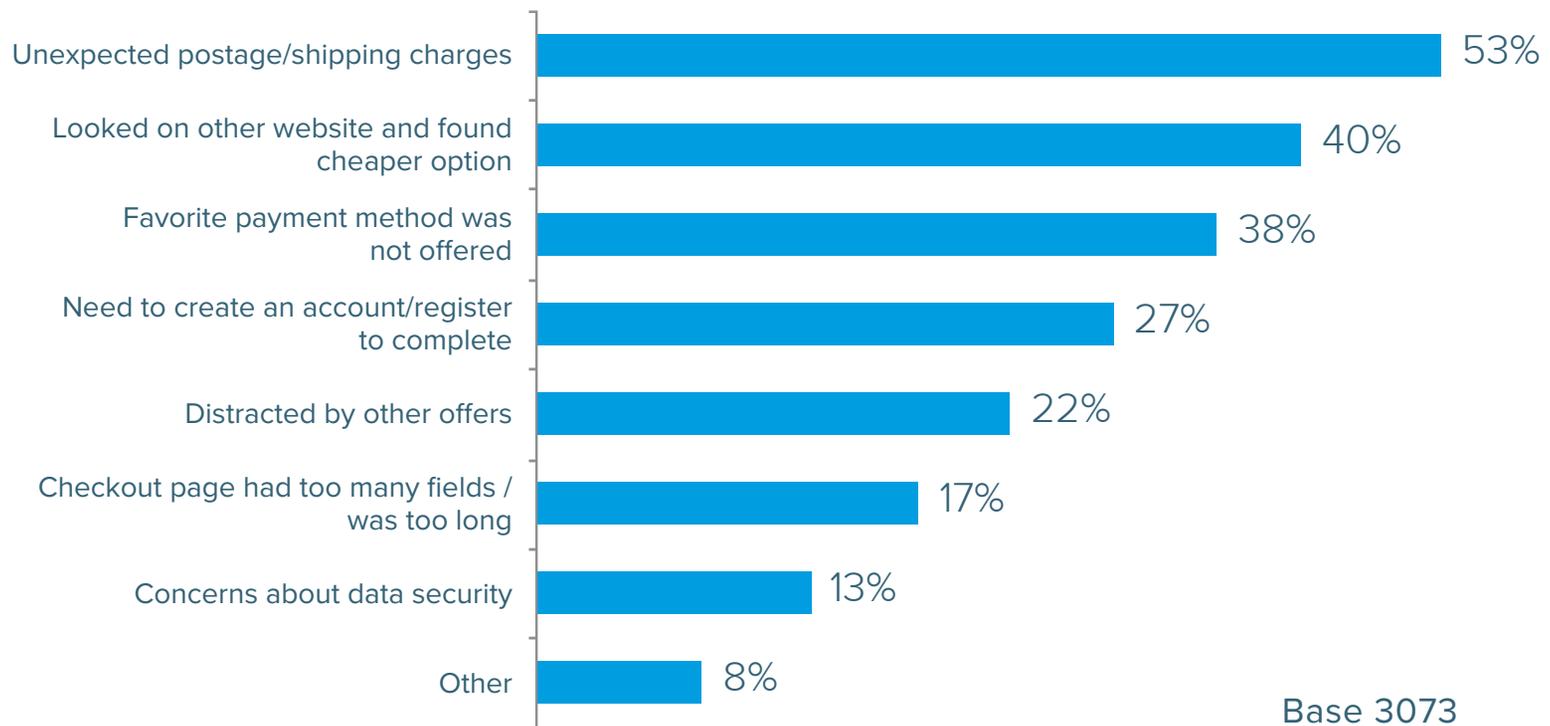
On a scale of 1-5, where 1 is hardly ever and 5 is nearly always, how often?

83%

13%

4%

Yes No Not sure

1 - hardly ever	20%
2	34%
3	31%
4	11%
5 - nearly always	4%

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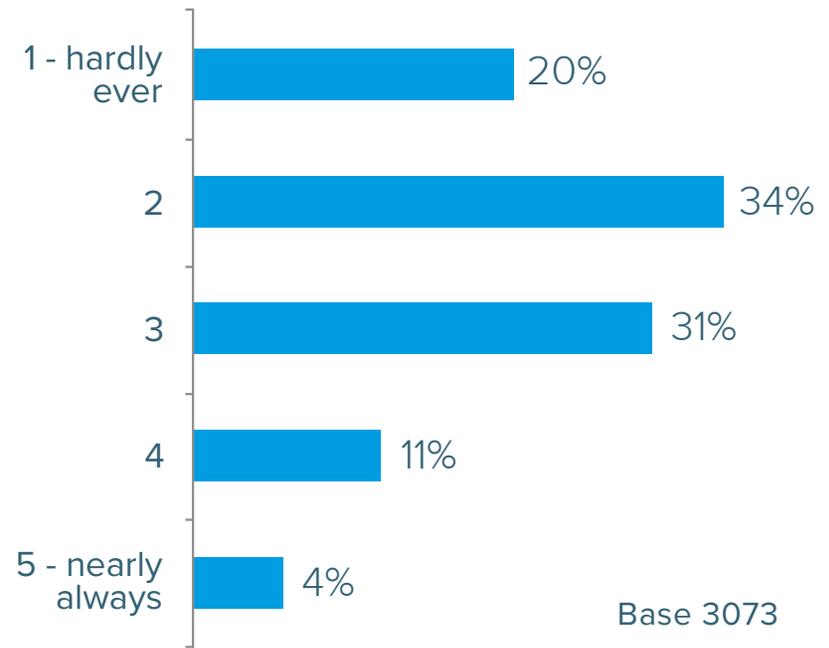
Cart Abandonment – Cont

In Germany, the top reason for shopping cart abandonment was because favorite payment method was not offered (52%). For other regions, unexpected shipping charges was the top reason. Unexpected shipping charges was also the top reason for all age groups.

Main reasons for not completing the purchase?

Reason	Percentage
Unexpected postage/shipping charges	53%
Looked on other website and found cheaper option	40%
Favorite payment method was not offered	38%
Need to create an account/register to complete	27%
Distracted by other offers	22%
Checkout page had too many fields / was too long	17%
Concerns about data security	13%
Other	8%

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Frustrations of Online Shopping

Several factors contribute to a poor online shopping experience. The top 3 reasons are hard to identify the quality/size, favorite payment option is not available and poor payment processes.
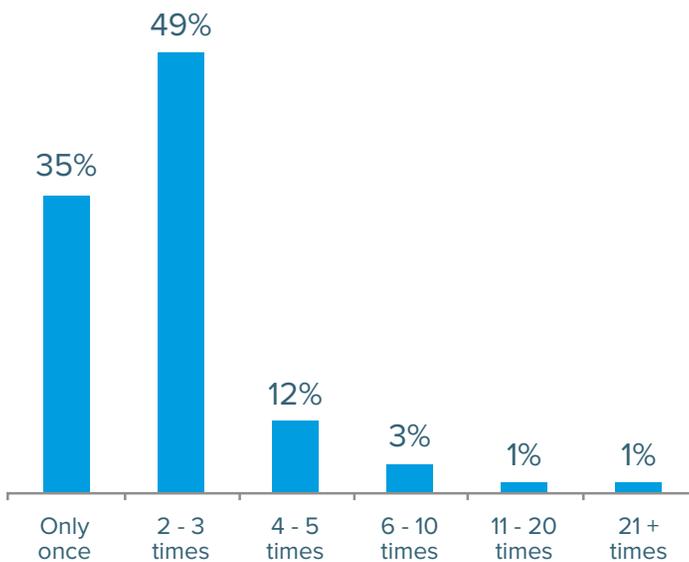
In which of the following areas do you get most frustrated by a poor experience?

| Area	Percentage
Hard to identify the quality / size	43%
Payment options (Favorite option is not available)	39%
Poor payment processes	33%
Return process	27%
Bad website design	26%
Navigation process	24%
Have to fill in data again when switching devices	18%
Finding multiple items	9%
No trial period for product	9%
Too generic - products / content is not personalized	7%

Effects of Poor Online Shopping Experience

The survey results clearly indicate that a poor online experience will not only lead to becoming disloyal with a brand online, but will also translate to becoming disloyal with the brand in-store/in-branch. 84% of respondents said they would only accept a 'poor experience' a maximum of 3 times before losing loyalty, with 35% saying one bad experience would cause them to be disloyal. In the Benelux, one bad experience jumps to 45%.

## How many times will you accept a poor online experience?

- Only once — 35%
- 2 - 3 times — 49%
- 4 - 5 times — 12%
- 6 - 10 times — 3%
- 11 - 20 times — 1%
- 21 + times — 1%

Will poor online performance affect the likelihood of buying from them in store?

- 5 - Definitely — 15%
- 4 — 24%
- 3 — 41%
- 2 — 11%
- 1 - Not at all — 8%

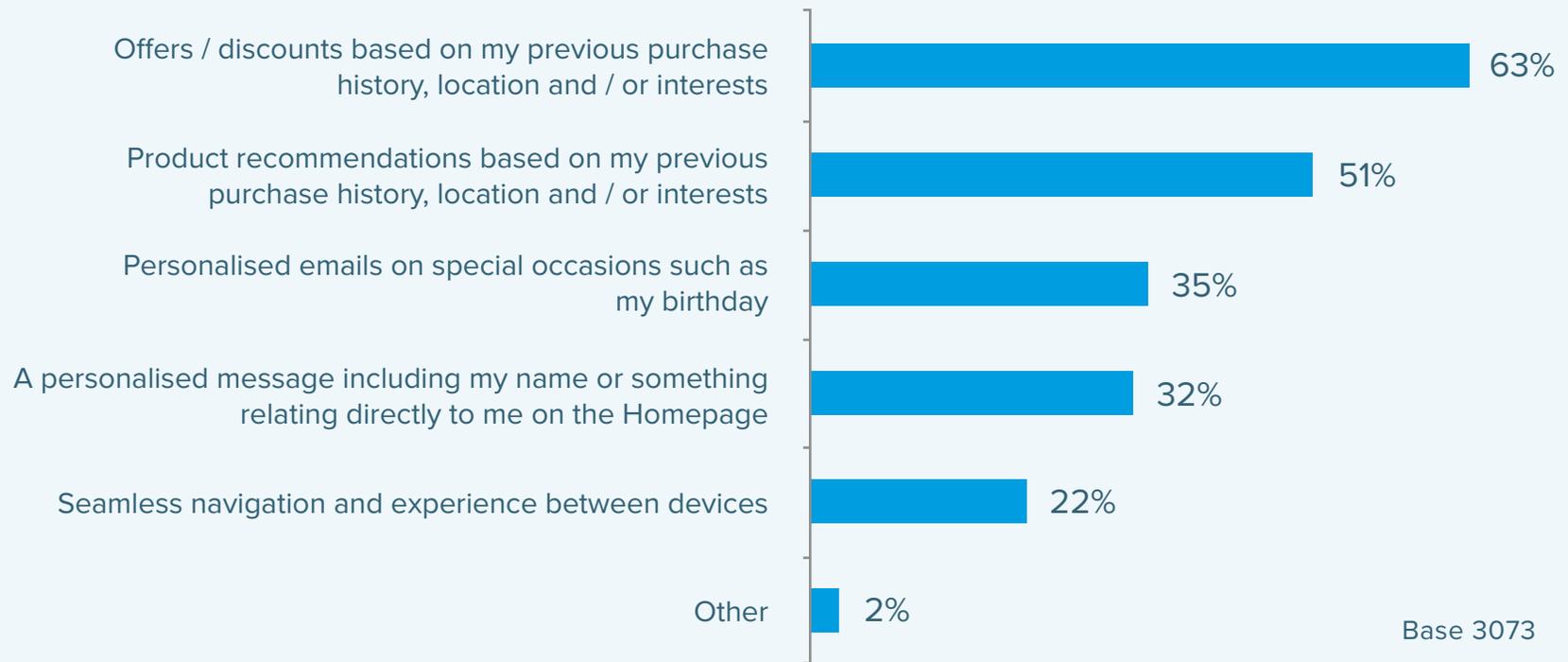39% (bracket over 5 - Definitely and 4)
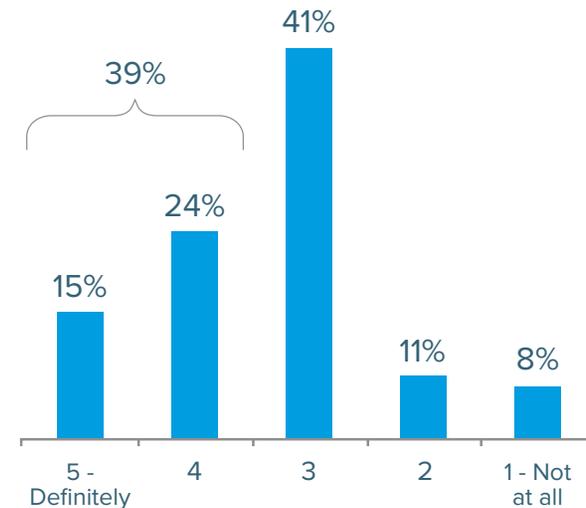
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In addition 39% said it was also possible to impact their perception of the brand in-store.

The Opportunity for Personalization
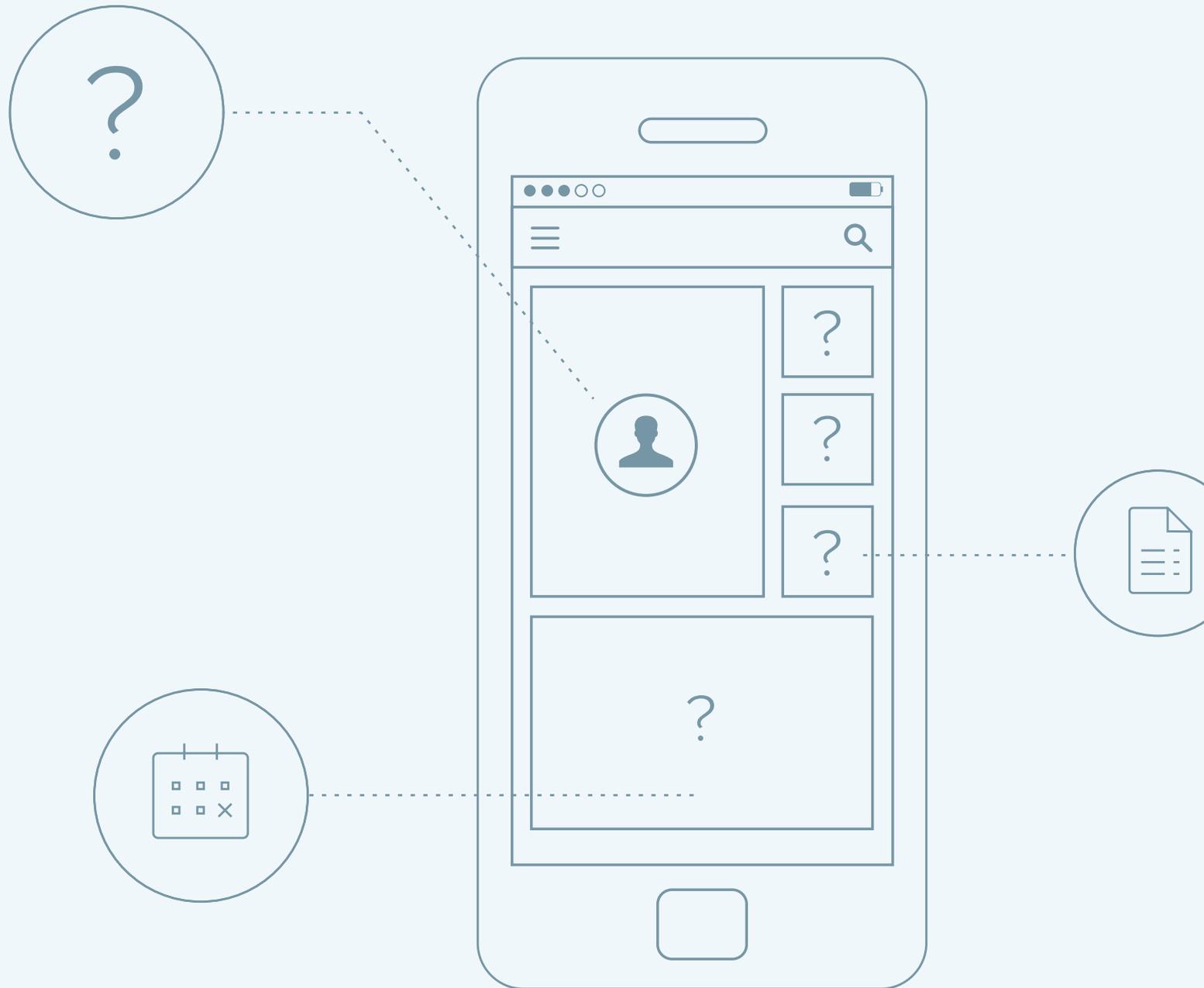
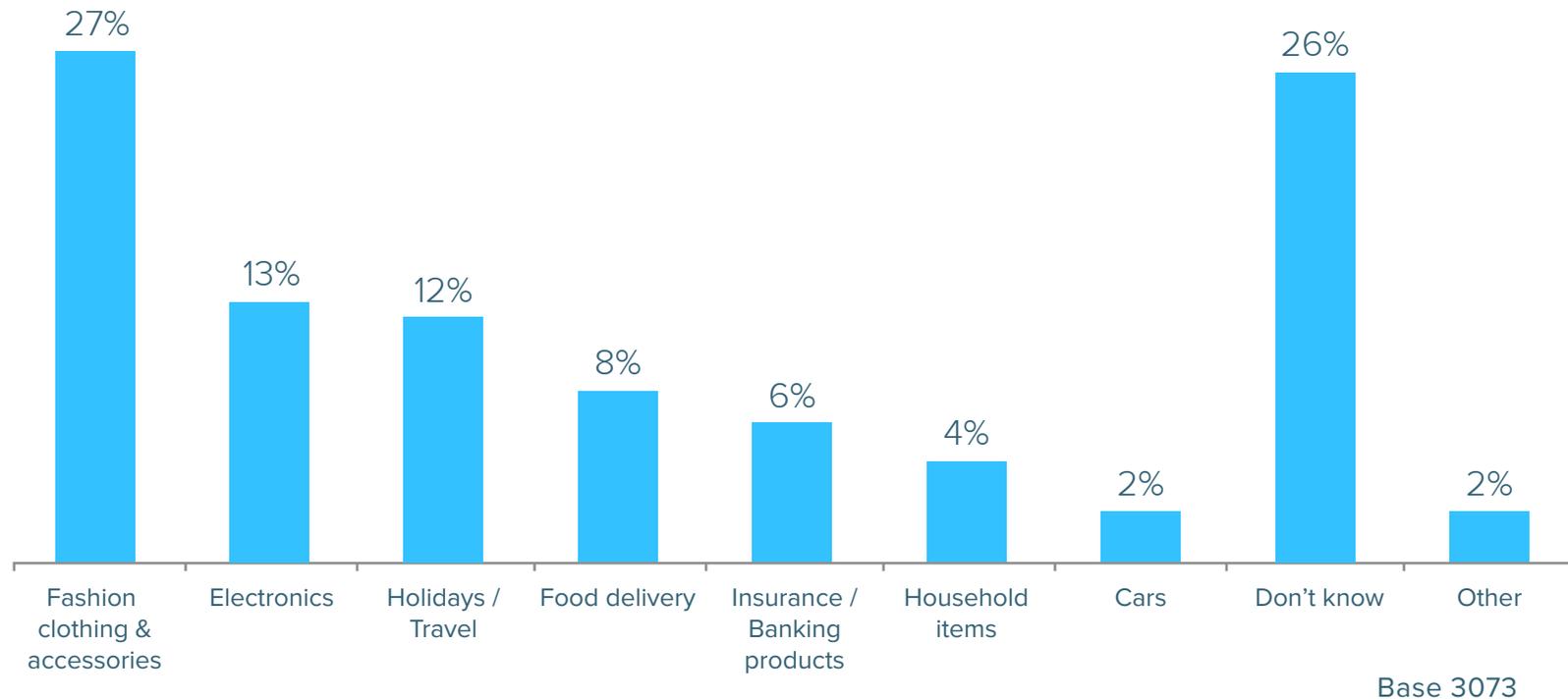# How to Make the Shopping Experience More Personal

Respondents define personalization in terms of product recommendations and personalized offers and discounts. In fact, for the majority of respondents, personalization means offers/discounts based on previous purchase history, location or interests. This is followed by product recommendations based on previous purchase history, location and/or interests.

Offers / discounts based on my previous purchase history, location and / or interests **63%**

Product recommendations based on my previous purchase history, location and / or interests **51%**

Personalised emails on special occasions such as my birthday **35%**

A personalised message including my name or something relating directly to me on the Homepage **32%**

Seamless navigation and experience between devices **22%**

Other **2%**

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What does online personalization mean to you?

Industries Providing the Most Personalized Online Experience

According to the survey, fashion clothing & accessories provide the most personalized experience, at 27%. Germany responded with electronics as the second industry (20%). Respondents from the Benelux and Nordics both placed holiday/travel second with 17% and 15%, respectively. In the UK, food delivery was second with 14%. All other industries had less than 15% of respondents feeling that they delivered a personalized experience.
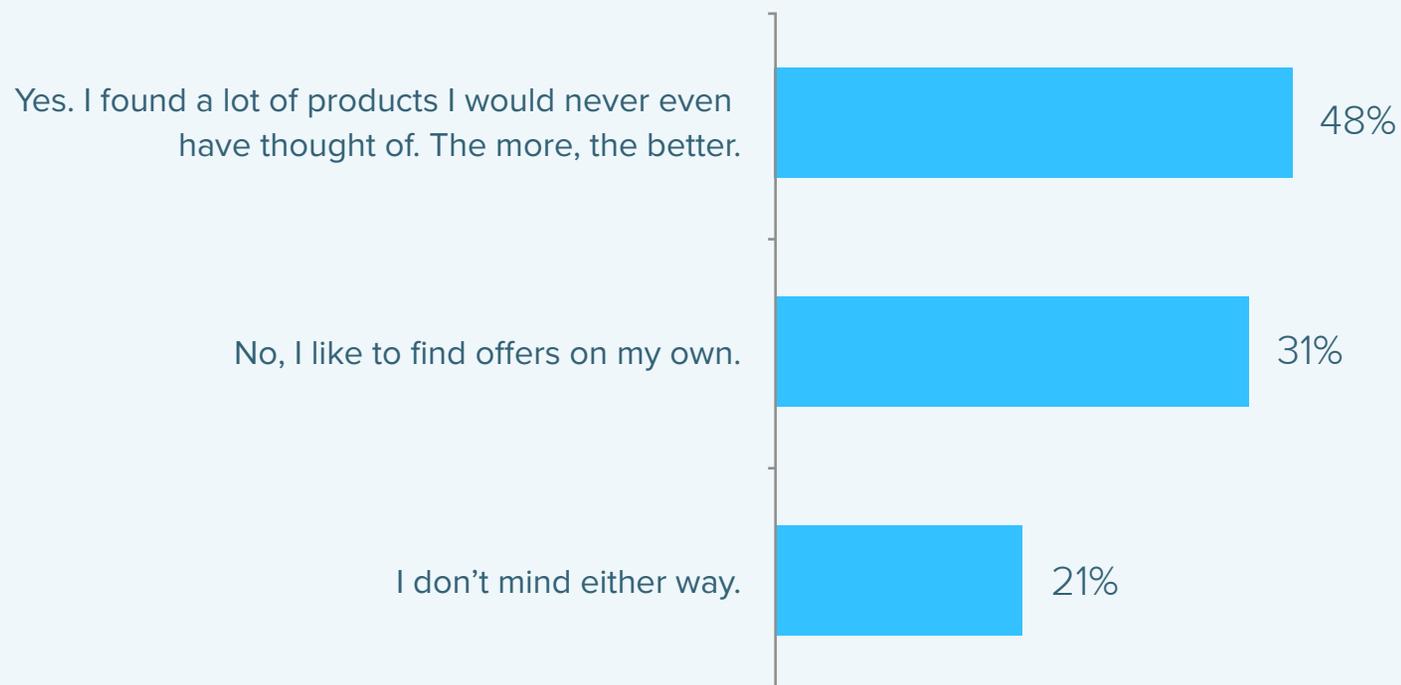

27%	13%	12%	8%	6%	4%	2%	26%	2%
Fashion clothing & accessories	Electronics	Holidays / Travel	Food delivery	Insurance / Banking products	Household items	Cars	Don't know	Other

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Which industry do you feel offers the most personalized shopping experiences?

Offers that Match Interests

Survey respondents indicate that they appreciate receiving offers that match their interests. Almost 50% of respondents said that they found a lot of products that they would not have bought without the offers. 31% said they don't like it and 21% were indifferent.

Do you like receiving offers online that match your interests?

Yes. I found a lot of products I would never even have thought of. The more, the better. — **48%**

No, I like to find offers on my own. — **31%**

I don't mind either way. — **21%**

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Conclusion

Online shopping is a convenience that suits the busy lifestyle of today's consumers. Online brands that provide a positive and personalized online experience will win the loyalty of online shoppers.

Methodology & Audience Composition

Optimizely hired Opinionography, an independent research firm, to conduct a study on consumer online shopping habits. The research was conducted in June 2016.

The target audience includes people who shop online in Northern Europe - UK, Germany, Nordics and Benelux. In total, 3073 responses were collected. Gender was 50% male and 505 female. Age range is 18-65+ with 60% of responses from people between 25-54. The survey was broken down into three key areas: general online shopping habits, challenges of shopping online and personalization.

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