'Catch and Keep' Digital Shoppers
How To Deliver Retail Their Way (China Survey Findings)

Summary

- Digital influence is at its peak in China and has largely become the norm for the mass shopper market, with 93 percent of all consumers using digital sources to help them decide what to buy. This "Digital Mass Market" employs a variety of touchpoints to shop: 98 percent are either using or are interested in using a home PC for this purpose, while more than 70 percent are either using or are interested in using in-store touchscreens, mobile phones, and tablets.
- While friends and family continue to exert the largest influence on buying decisions, online reviews from actual customers on retailers' websites have emerged as the second-most-important influencer of buying decisions. Contrary to some of the other geographies researched, "in-store product packaging and displays" are considered a preferred source of information in China. Online reviews from experts rank third in purchase influence. Store employees are declining as direct-purchase influencers.
- Among all consumers, cross-channel shopping continues to increase, with the online-to-store journey being used by over 50 percent of shoppers, and the store-to-online journey by 40 percent. Cross-channel shopping journeys involving mobile are used by more than 50 percent of Chinese consumers.
- Shoppers are more demanding than ever, with close to 70 percent now expecting more value and visibility into pricing and product comparisons. Consumers expect a retailer to demonstrate that it is authentic and can be trusted to deliver good value consistently. These expectations are driven by use of the Internet both to search and shop, as well as by changes in consumers' financial situations.
- Different types of digital content drive different shopper behaviors in different segments. Across grocery and general merchandising, price comparisons, information on deals and promotions, availability, and ratings and reviews have greatest influence. For general merchandise, videos and images, trends and fashion quotient, expert reviews, and recommendations can help inspire new purchases and expand basket size.
- Ninety-five percent of shoppers want to access digital content in-store, and retailer touchscreens and shoppers' mobile devices are equally preferred.
- In-store self-service is now the expected norm for consumers. Ninety-seven percent want in-store self-service access to digital content, and only 2 percent desire help from store employees all the time. China has one of the highest proportions of consumers that state they do not want any help from store employees.

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- Ninety-four percent of shoppers are interested in personalized shopping experiences. They expect opt-in / opt-out control, and they assume retailers will use only transactional types of data.
- As identified in Cisco IBSG's previous research, "mashing-up" physical retailing with the best of rich online content revitalizes stores by creating compelling experiences not possible via either channel (online, store) alone. Once again, we found that "Mashop" experiences are in high demand by today's digital shoppers.

Introducing Today's Digital Shopper Segments

- The Digital Mass Market now encompasses 9 out of every 10 shoppers. On average, more than 80 percent of them either use or are interested in using a mobile phone, tablet, or touchscreen to shop. China has the highest majority of consumers (92 percent) who stated that they currently use a PC for this purpose. They cross-channel shop mainly via online-to-store and store-to-online. This segment comprises Gen Y and Gen X, with an almost equal mix of males and females.
- About 1 in 10 shoppers qualifies as Über Digital. These shoppers are connected 24/7, and more than 90 percent use a smartphone or tablet to shop. They're the "show-rooming," deal-seeking addicts. Über Digital shoppers are predominantly Generation Y, with an equal mix of males and females. This subsegment is very interested in personalized digital experiences, and is willing to share more personal data. This is the core segment to watch for future mass-market shopping behaviors. We estimate that the Über Digital subsegment currently leads the mainstream by 18 to 24 months.
- Interestingly, in China, none of the consumers matched our definition of the traditional "Living in Analog Times" segment. The majority of consumers are using some form of technology to meet their shopping needs.

Digital Content Has Significant Influence

- Although friends and family were cited as the most influential source of information to help shoppers make buying decisions, online sources are quickly catching up. Store employees ranked consistently low as purchase influencers across geographies, as shown in the following rankings based on the survey:
  - Friends and family: 56 percent
  - Online reviews from retailer websites: 52 percent
  - Online expert reviews: 44 percent
  - In-store product packaging and displays: 37 percent
  - Advice through social networks: 31 percent
  - Store employees: 10 percent
- It appears that social networks have a slightly more direct buying influence on consumers in China as compared with the United States and United Kingdom. In general, shoppers like to use this medium to access advice, service, and support. Social media's ability to influence a direct "sell," however, is difficult to establish at this point in time. Further research and tracking of this trend is required.

Cross-Channel Behavior

- Since China has the world's largest mobile population (roughly 80 percent of all phone users have a mobile phone), it is no surprise that mobile seems to play a big role in the lives of Chinese consumers. Using mobile for shopping-related activities is on a rapid rise overall.
- Key shifts in cross-channel shopping within the Digital Mass Market include:
  – Mobile-to-online-PC: 68 percent doing this now, and 25 percent interested in doing in the future
  – PC-to-store: 62 percent doing now, and 32 percent interested in doing in the future
  – Mobile-to-store: 55 percent doing now, and 34 percent interested in doing in the future
  – Store-to-online (mobile or PC): 44 percent doing now, and 40 percent interested in doing in the future
  – Kiosk-to-store (click and collect): 30 percent doing now, and 52 percent interested in doing in the future

Shoppers Really Do Expect More from Their In-Store Shopping Experience

- Survey respondents were asked how much more demanding they were of their in-store shopping experience compared with two years ago. In the Digital Mass Market for China, it appears that respondents are demanding a much greater level of visibility and engagement:
  – Value: 69 percent
  – Price visibility: 69 percent
  – Ease of shopping: 64 percent
  – Access to promotions: 61 percent
  – Information access: 60 percent
  – Faster shopping: 59 percent
  – Wider range / assortment: 54 percent

Different Types of Digital Content Inspire Purchases in Grocery, Nonfood

Grocery purchases are influenced by value positioning, deals, availability, and bundles. General merchandising requires richer, more contextual content, including ratings, reviews, videos, and images.

- For grocery, respondents were influenced by:
  – Product availability in nearby stores (55 percent)
  – Information on deals and promotions (53 percent)
  – Information on specially priced bundles (51 percent)
  – Price comparisons (49 percent)
- For general merchandising, respondents look for more value for money options such as price comparisons, deals, and specially priced bundles.
  – Price comparisons: 64 percent

- Information on deals and promotions: 63 percent
- Information about specially priced bundles: 57 percent
- Product ratings and reviews: 55 percent
- Product availability in nearby stores: 55 percent
- Best-seller status: 51 percent
- Videos of product usage: 49 percent
- Pictures of product usage: 49 percent

Shoppers Expect Self-Service

Because 95 percent of consumers want in-store access to the types of digital content described above, retailers serving the mass market need to offer a range of mobile and touchscreen experiences and touchpoints.

- When it comes to devices, 34 percent want to use their own device, 22 percent want to use a retailer's device, and a majority (39 percent) is happy to use either one.
- When using their own mobile devices, respondents expressed a preference for mobile web (34 percent) over mobile apps (22 percent). Thirty-four percent are happy to use either one.
- When it comes to retailers' devices, consumers prefer smaller, more manageable screens such as a 26-inch slanted touchscreen (38 percent). However, consumers in China show a higher acceptance of large-sized screens (33 percent).
- Fifty-nine percent of all shoppers expect greater access to in-store information today than they did two years ago.
- Ninety-seven percent of shoppers want to access this content on their own, but they do expect immediate help from staff if needed. Eleven percent want help from store staff all the time.

Personalization Is the Next Big Thing

- In the Digital Mass Market for Brazil, as much as 98 percent believe that personalized shopping experiences—service, advice, and offers—would encourage them to make more purchases. This figure becomes 100 percent among the Über Digital subsegment (i.e., all of the Über Digitals believe that personalized shopping experiences will influence their purchase).
- The most favored personalized services include:
  - Being able to access personalized promotions and offers using a touchscreen or mobile application in the store
  - Getting personally invited into a store when a retailer has something new to offer that matches a consumer's preferences and interests
  - Enabling store associates to access a customer's preferences, dislikes, and past purchases with that retailer
- A whopping ninety-nine percent of shoppers in Mexico are happy for retailers to use transactional / self-provided data such as past purchases, likes and dislikes, interests, items they own, future purchase needs, coupons, loyalty points, and warranties. They do expect opt-in / opt-out control for any personalized services.

- Shoppers are less comfortable with retailers using personal information—for example, financial data, social media and web browsing information, car license plates, and facial recognition—to create custom services.

Mashop Concept Tests: Winning Hearts and Minds

Cisco IBSG tested several Mashop concepts to determine shoppers' overall interest in each solution. The research also explored how the concepts encouraged shoppers to make purchases, as well as which elements of the experience (for example, content, endpoints, devices) shoppers found most useful. Survey results show broad interest in the Mashop concepts among men and women, and across all age groups and industry categories, with six key solutions standing apart and generating significant interest levels. Gen Y and Gen X appear to be most interested. Consumers in China showed higher acceptance of such concepts than their counterparts from the United States and United Kingdom.

- **Product Selector:** Use interactive screens to view entire product ranges and detailed information about specific products to help you decide what to buy:
  - 75 percent interested; top pick for the Digital Mass Market and second most important for Über Digitals
  - Most interest in using for consumer electronics and fashion/apparel shopping
  - Majority of consumers expressed a preference for using a medium-sized (26-inch) touchscreen
- **Personal Mobile Shopping:** Use mobile device in-store to get offers and coupons; scan product code for online product information, ratings, reviews, and so forth:
  - 74 percent interested; most consistent appeal across all ages; second most important to the Digital Mass Market
  - Most interest in using for home improvement/furniture segment and health and beauty segment by the Digital Mass Market; this is different from trends in the United States and United Kingdom
- **Design Center:** Select, configure, and arrange products to meet needs and create design/solution:
  - 73 percent interested; quite high compared with United States and United Kingdom
  - Popular among the Digital Mass Market
  - Interestingly, large screen (46-inch) is most preferred for this kind of concept by the majority of consumers (36 percent) in the Digital Mass Market segment
  - Biggest hit in the consumer electronics space
- **Product Recommender:** Guided selling advice to help shoppers find the right products and services. Get ideas about how products work together and how they can do more for shoppers:
  - Preferred by almost 72 percent of all consumers; significantly high interest compared with United States and United Kingdom
  - Highly popular for consumer electronics and fashion/apparel subsegments

- **Automated Pickup:** An automated locker mechanism that allows shoppers to pick up purchases from a store using a unique code sent to their smartphone or Internet-enabled device:
  - 66 percent interested
  - High interest in using to shop for groceries, which is different from other countries
- **Shopping Helper:** Get help from store staff, who use an online tablet like an iPad to show shoppers online information and comparisons:
  - 61 percent of overall consumers interested; significant interest in consumer electronics

Survey Demographics

- 1,062 Chinese consumers
- Ages:
  - 18 to 29: 42 percent
  - 30 to 39: 33 percent
  - 40 to 49: 18 percent
  - 50 to 59: 6 percent
  - 60+: 2 percent
- Ages by generation:
  - Gen Y: 18-29
  - Gen X: 30-49
  - Baby boomers: 50-64
  - Silvers: 65 and older
- Gender
  - Male: 51 percent
  - Female: 49 percent

For More Information

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More Information

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