



Why buy online versus instore?

Sarah Laird from GfK discusses the advantages and disadvantages of online and instore shopping using the latest shopper behaviour data.

When it comes to shopping, I have tried and tested most methods. I have shopped instore, online, and clicked and collected. I am a reformed shopaholic, now bargain-savvy working mum. And like most mums, my time to shop is limited. My need to shop varies a great deal, from the daily (yes, daily) grocery shop, baby gear, to bigger household items like appliances for my new home. Yet, with the need to become more time-efficient, and cost friendly, I still haven't settled into one preferred method of shopping.

According to GfK's FutureBuy study[^], in Australia 24% of shoppers claimed to have purchased Small Home Appliances and Major Home Appliances online in the last 6 months, while 44% purchased clothing/fashion online, and 25% purchased beauty and personal care items online. Only 15% of shoppers claimed to have purchased packaged food and beverages online in the past 6 months. So it appears that a growing number of shoppers are turning to online for larger ticketed items, while grocery shopping largely remains loyal to bricks and mortar.

So why is it, in our increasingly connected lifestyles, with our phones or our tablets never far out of reach, that we still make a large proportion of our purchases in physical stores?

The top reasons for shopping in a physical store versus online differ, as the below demonstrates:

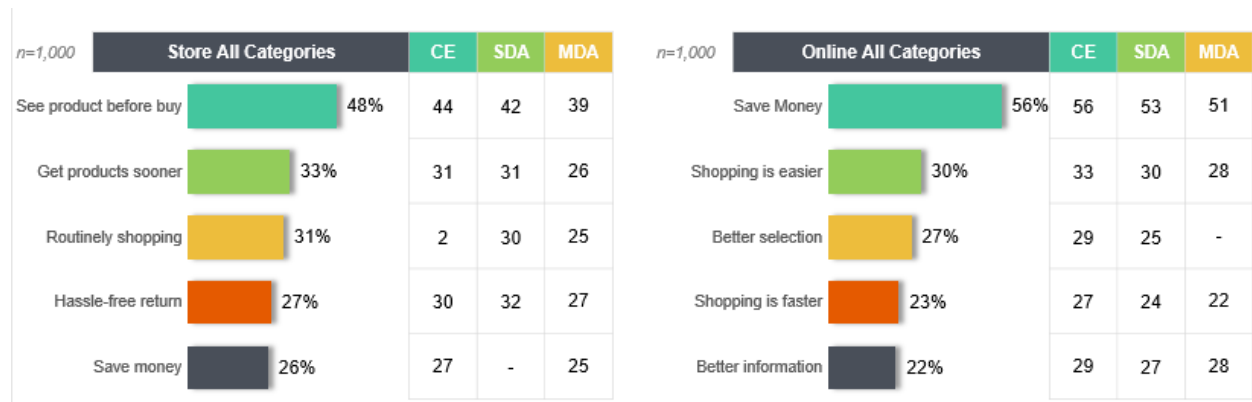


Fig 1: Top 5 reasons for buying in physical stores versus online for Consumer Electronics (CE), Small Domestic Appliances (SDA), and Major Domestic Appliances (MDA).

Shoppers still rely on the physical store as a means for seeing and feeling the product before they buy. In the case of appliances shopping, it's partly to visualise the appearance of the product in-situ and try out all the buttons.

Sometimes shoppers need to see things in the flesh to get a real idea of how a product feels and how it will fit in their home environment. For example, the other day I literally opened and closed every microwave in a store to feel which door fastening felt better – these are the types of things matter to consumers when buying higher-ticket items.

33% of shoppers considered getting the products sooner as a key reason for shopping in-store, and 31% thought that routinely shopping in physical stores was the reason they chose to purchase here. 42% of shoppers considered in-store displays to be an extremely/very important factor in their shopping decisions. I can relate to this – being drawn into attractive visual merchandising – and walking out with more items than you intended to purchase.

When looking at reasons why people chose to shop online, the most important factor was saving money, at 56%. Consumers also considered shopping to be easier (30%), and a better selection offered online at 27%. Online is an



easily accessible platform to most – with some people browsing on the train on the way to work, and some shopping on the work laptop on their lunch break.

31% of shoppers like when a website keeps track of their visits and then recommends things to them, suggesting that more purchases could potentially be made off the back of the original trip. When considering what would get them to make more online purchases in the next year, 33% thought that personalised offers based on shopper behaviour would appeal to them – after all, those constant emails with offer after offer are quite hard to ignore (if occasionally irritating).

When asked to think about reasons why they would not buy online, 35% of shoppers agreed that it was difficult to return items, and 43% said they would prefer to see the product in-person. But out in front, more than half (51%) said that cost of delivery was a hindrance, as the below graph demonstrates.



Fig 2: Barriers to buying online more often.

It follows then that when asked what would encourage them to purchase more online in the next year, a whopping 71% agreed that free delivery would entice them, and 43% agreed same-day delivery would encourage them to purchase more online. An increasing number of online stores are now offering free – or free over a certain spend – delivery, and some are now offering same-day delivery (albeit for a premium price). From personal experience, delivery speed can also be a hindrance. I once ordered a steam mop online from the UK, which arrived on my doorstep quicker than ordering a blender (on the same day) from a retailer just down the road.

Consumers considered click & collect as a possible future delivery option, with 43% saying they expect to use it more often for future online purchases. In my personal experience, click and collect still has a way to go – with a number of stores still not offering enough options for pick up in store locations.

All in all, for me personally, I can't see one method of shopping that fits all of my needs. There are still going to be instances where I visit a physical store, and others where I don't. So for now, physical stores don't look like they are going anywhere – one size doesn't fit all.

^ Source: GfK Futurebuy 2016 Australian data, sample n = 1,000.

About Sarah Laird

Sarah Laird is an Account Executive in the major appliances team at retail research and datahouse GfK Australia. A self-confessed 'reformed shopaholic', she focuses on point of sale tracking data.

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