



‘ROBO’ - the rise of webrooming and the decline of showrooming

Filipe Bakaj Pennacchio from GfK discusses the latest FutureBuy data demonstrating the rise of webrooming and the decline of showrooming.

In today's environment where shoppers have enhanced access to information, are highly connected, and can have delivered to their front door within a day or so an enormous array of items, why do they still choose to shop in physical stores?

What are the main drives for choosing one channel over the other?

According to the Australian data from GfK's 2016 FutureBuy study, the top 5 reasons for buying in a physical store are:

1. See/touch products before buy, 48%
2. Get products sooner, 33%
3. Routinely shopping there anyway, 31%
4. Hassle free returns, 27%
5. Save money, 26%.

Where the top 5 reasons for buying online are:

1. Save money, 56%.
2. Shopping is easier, 30%
3. Better selection, 27%
4. Shopping is faster, 23%
5. Better information, 22%.

So physical stores are about tangibility, immediacy and experience, and online stores are about convenience, range and price.

Whilst being a major influential factor in both channel purchase types, 'saving money' is more common when shopping online. This is one of the reasons why in 2016, 82% of Australians used their computer at home to assist them with shopping activities; and 41% used their mobile phone ... searching for deals and product information. It is common for shoppers to use devices in the early stages of the buying process: information research and evaluation of alternatives (price, promotion, and place).

This is 'webrooming', and it is the dominant type of 'omnichannel' shopping journey behaviour. Webrooming is when a shopper researches a product online and then purchases it in a physical store. Otherwise known as 'ROBO' (research online, buy offline).

Where 'Showrooming' is when a shopper researches a product in a physical store and then purchases it online. Showrooming can be friendly (e.g. research in Dan Murphy's instore, buy in Dan's online) or hostile (e.g. research in Dan Murphy's instore, buy from Cracka online).

But there are barriers to buying online. 51% of shoppers agreed that cost of delivery is a barrier to purchasing online, and 43% prefer seeing the product in person (and in the case of liquor, particularly wine, likely tasting samples also). In addition, 55% of respondents stated that previous experience with retailer/brand is an important factor in their shopping decision. We know from previous studies that on average a shopper is twice as likely to buy from a category where they physically interact with one or more products – the tangibility factor. Shoppers are looking for better deals, larger range of products and services, ease of access to information, but hesitating to finalize the purchase online.

The chart below illustrates the growth of webrooming in Australia for the past few years, being now the dominant behaviour and growing, while showrooming declined by 7 percentage points within 2 years.

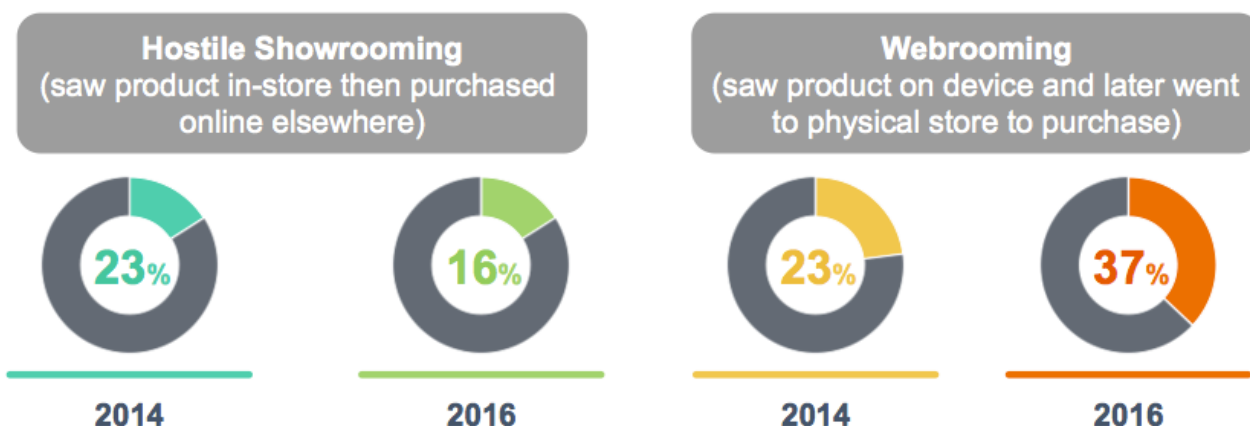


Figure 1: webrooming versus showrooming trend over time

What does this mean for retailers?

The Australian shopping landscape indicates we are ready to embrace diversified paths to purchase, given that even FMCG has a 1 in 5 incidence of omnichannel shopping journeys; 39% of consumers already shop through both online and physical stores for packaged food and beverage; where 88% completed the purchase physically – indicating webrooming.

From a global perspective, packaged food and beverages, a traditionally physical shopping process, is now done using both online and offline channels by 22% of buyers.

And Millennials (those currently aged 18- to 35 years old) are 1.5 times more likely to use their mobile phone for shopping than other generations, and time spent shopping on smartphones versus other devices is also 1.5 times higher than that of other generations.

Retailers need to provide shoppers with both online and physical shopping process options that talk to not just the purchase transaction, but also the need for product information and reviews via online search. In other words, to make room for the webroomers.

ABOUT FILIPE BAKAJ PENNACCHIO

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