

BAROMETER OF THE NEW CONSUMER TRENDS 2019

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The objectives of this barometer are to detect and analyze the emerging trends in the adoption and use of consumer goods, both firm trends—and those that are still to solidify.

Unsurprisingly, this 2019 edition confirms that unified commerce is becoming more established every year—particularly on social media, which has now become a sales channel in its own right. New technologies and innovations, designed to facilitate shopping, are on their way to becoming a real influencer of consumption patterns.



To help guide decision makers, Wavestone publishes summarized insights on market developments every year.

Following the initial publication, released in the spring of 2018, Wavestone is now publishing this second edition of its Barometer of New Consumer Trends. It's based on a quantitative survey, conducted at the end of 2018, with a panel of more than 1,000 consumers representing the French population, as well as the analyses of our retail and digital experts.

The panel answered more than 40 questions covering three major themes:

- / **purchasing behavior and client experience**
- / **client relations and social media**
- / **innovation, technology, and new consumption patterns**

Several categories of products and services were given particular consideration in this study to identify correlations between customer behaviors and the type of purchase being considered:

- / **Apparel:** clothes, shoes, and accessories
- / **Food products:** fresh products, frozen products, groceries, canned foods
- / **Home/Furnishings:** decoration, bedding, etc.
- / **Appliances/Hi-fi:** washing machines, TVs, audio, cameras, etc.
- / **Computing and gaming:** computers, tablets, mobiles, peripherals, consoles and games
- / **Box office:** shows, concerts, museums, cinema, theater, sport
- / **Subscriptions:** telephone, internet, electricity, energy, bank, music, TV, box, gifts, etc.
- / **Transport and tourism/travel:** taxis and private chauffeur services train/plane tickets, hotels, car rentals, etc.

The results of this 2019 edition of the Barometer of New Consumer Trends have generated three infographics that offer a complete overview of consumer behavior. The main learning points are discussed in this Insight.

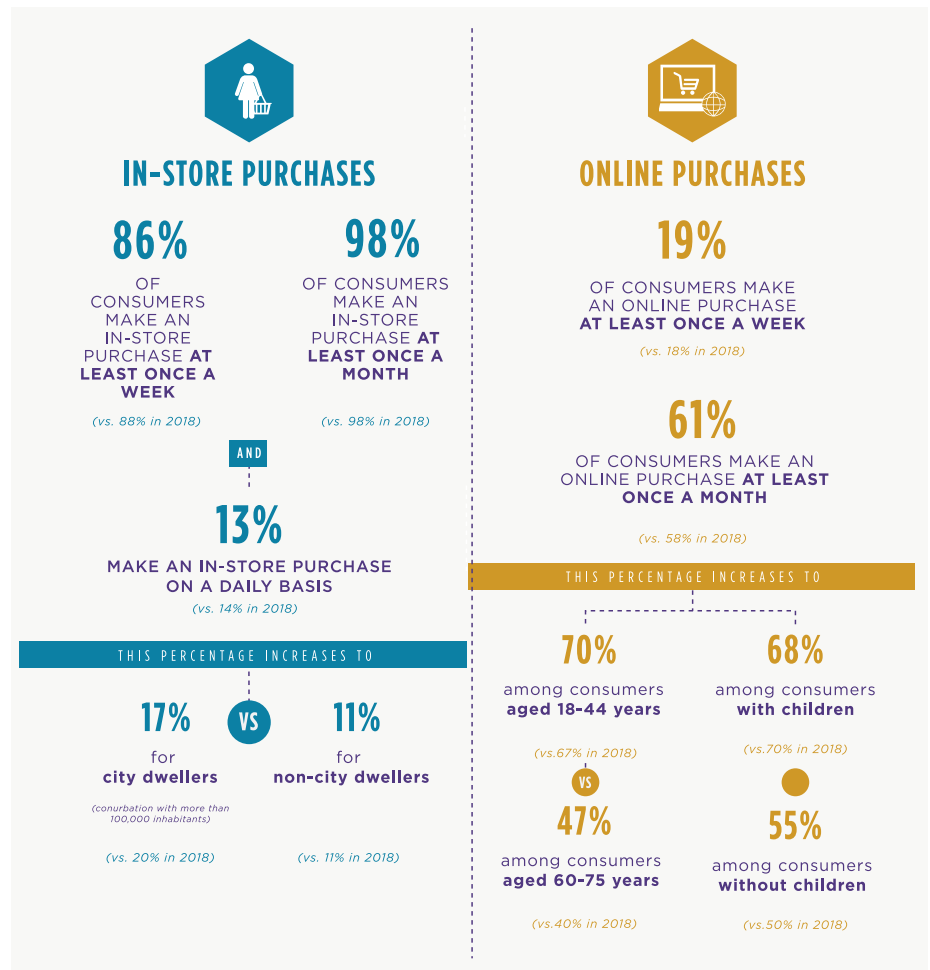
PURCHASING BEHAVIOR AND CLIENT EXPERIENCE

Purchasing channels

To analyze the evolution of consumer purchasing behavior, we follow two key criteria: frequency and purchasing channel. In 2019, 86% of consumers made purchases at least once a week in stores (compared with 88% in 2018); and 13% of consumers shopped in stores every day (compared with 14% in 2018). Living in a city¹ influences the frequency of purchasing: the rate rises to 17% for consumers living in an agglomeration, compared with 11% for consumers living outside such urban areas.

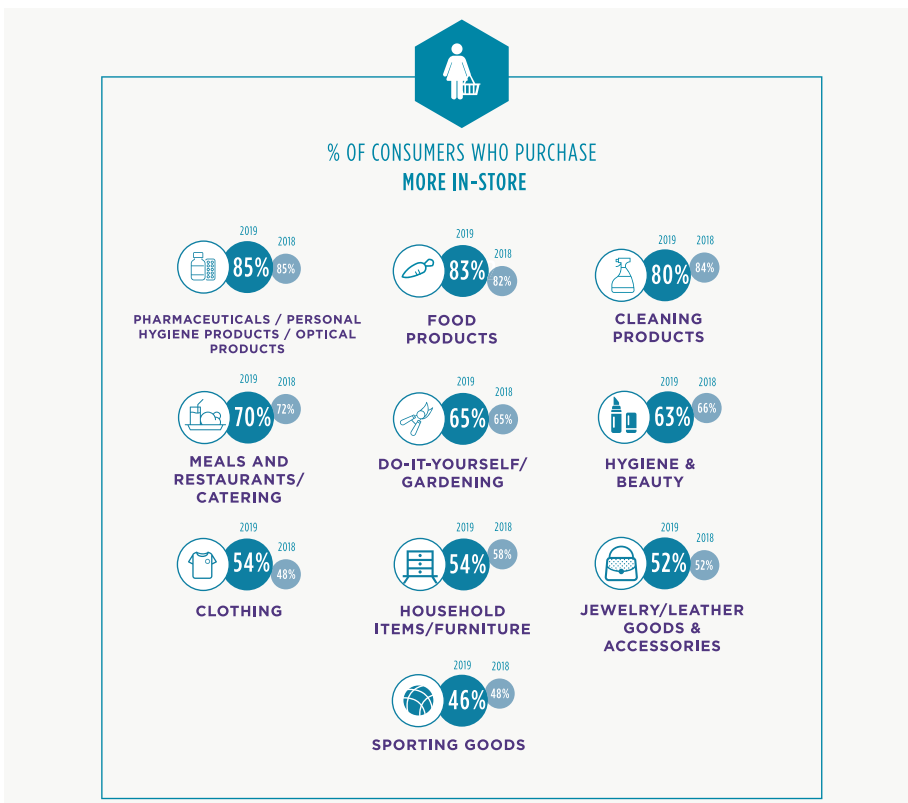
Buying habits are changing; this can be seen in the increase in the share of consumers who buy on the internet, 61% of consumers are now making an online purchase at least once a month, 3 percentage points more than in 2018. Purchasing behavior varies according to where people live, age, socio-economic group, and family situation. This increase is particularly noticeable in the 18-44 age group (70% compared with 67% in 2018) and among people aged 60-75 (47% compared with 40% in 2018). In this second age group, seniors indicate that they're spending more time today on the internet than five years ago—and almost half anticipate their use will intensify further by 2022².

The frequency of in-store purchasing, compared with online, also varies by product, category, and service.



1. Agglomerations of more than 100,000 inhabitants

2. Use of the internet is rising fast among seniors (2018), *Bulletin des Communes* [a news service for local authorities]



When it comes to transport, tourism, and travel (46% of consumers), ticketing (44%), and subscriptions (48%), consumers prefer to shop online. While in the categories of pharmacy (85%), food products (83%), and maintenance (80%), as well as meals/restoration (70%), the habitual pattern of buying is “in store”. Note that the 2019 survey shows an increase in the share of consumers making in-store apparel purchases. This year, 54% preferred physical channels to e-commerce platforms, compared with 48% in 2018—an increase of six percentage points. This increase is seen in the habits of both men and women: 58% of men, compared with 53% in 2018; and 51% of women, compared with 44% in 2018, prefer to buy clothes, shoes and accessories in-store. Artefact related to our 2019 panel? Disappointment with the online offering and experience? We will be monitoring these trends in our future surveys.

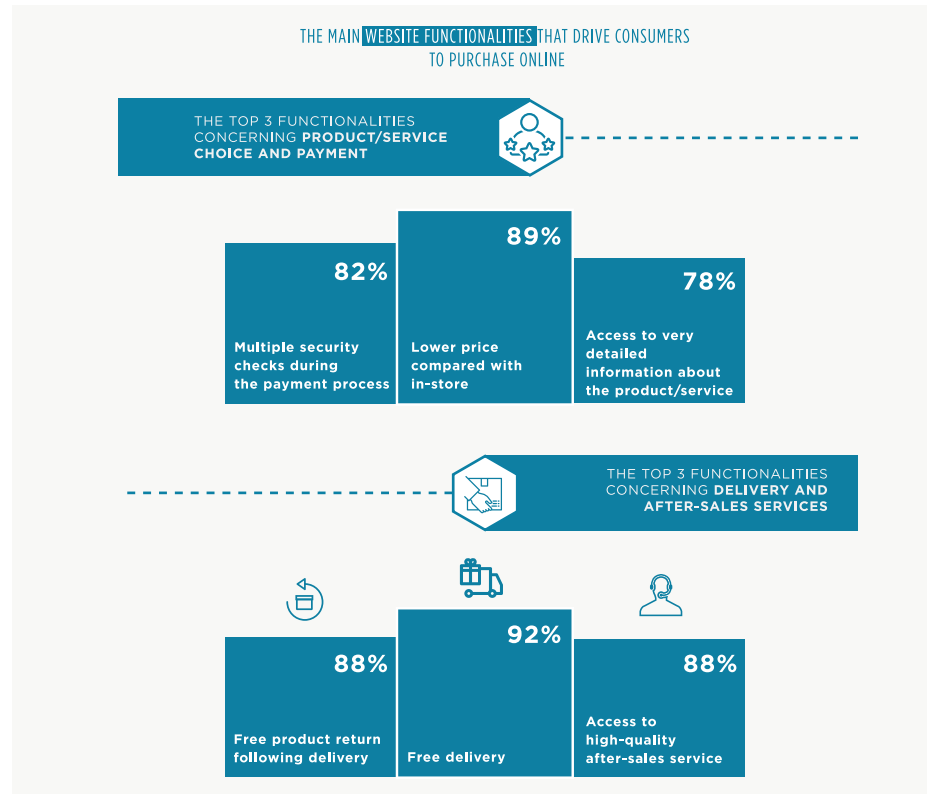
The pre-purchasing experience

As internet purchasing continues to grow in popularity, brands and retailers have a number of levers they can use to further accelerate the trend.

Lower prices compared with in-store (for 89% of consumers), enhanced security checks at the time of payment (for 82%), and access to highly detailed information on the characteristics of the product/service (dimensions, size, weight, features, ways of using it, etc., for 78%) are factors that would drive consumers toward making more online purchases.

Delivery and after-sales service offerings can also boost online purchasing. At the head of the list are: permanently free delivery (for 92% of consumers), and, although these are increasingly widespread, the possibility of returning products free of charge after delivery (for 88%); and access to a high-quality after-sales service (easy to contact, responsive, free, etc.; for 88% too).

Consumers are also becoming increasingly aware of how they consume, and certain criteria seem to weigh more and more in decisions when consumers choose products. These should be capturing the attention of brands and retailers. In particular, the choice of healthy/health-food products (for 89% of consumers), natural products (unprocessed, without pesticides, etc., for 85%), and seasonal products (82%). This trend can be seen in the sales figures for factory-produced foods which are falling in supermarkets (-0.8% in volume); and it seems that this is caused by a deliberate choice not to consume. In contrast to the



decline experienced in 2008 (-2.0%), price inflation (which stood at almost zero in 2018³), doesn't seem to be the cause of this reduced consumption. In other words, consumers are buying less but better quality. Following the recommendations of various health organizations, they prefer higher-quality foods; for example, organic produce—which has seen double-digit growth.

However, when it comes to acting, things are more nuanced: only 20% of consumers say they consume responsibly in reality, and 30% of consumers do so still only very

occasionally or never⁴. Another significant proof of detailed research consumers do when making purchasing decisions is the fact that they are always looking for more information on services and brands before they shop. The main channels they use for this are, in descending order, word of mouth and recommendations from those around them (29%), advice from store staff (27%), and the brand or chain's website (21%).

3. Deconsumption fans the flames of competition (2019), *Les Echos*

4. Responsible consumption: the difficult transition to action (2018), *E-rse, CSR engagement and sustainability platform*

The purchasing experience

When they make purchases, consumers continue to have strong expectations regarding customer experience—especially in-store.

For example, waiting times at checkout remain one of the major irritants: as in 2018, half of consumers indicate that they have already abandoned an in-store purchase due to too long a waiting time at the checkout. This trend is even more marked for women (52%) and for those in higher socio-economic groups (56%).

To alleviate this problem, chains have put in place a number of different checkout (or payment) devices. Those perceived by consumers as being the most effective are, in descending order: contactless payment with a bank card (74%), self-checkout (73%), and the direct scanning of products in aisles whilst shopping/as the basket is filled (also 73%).

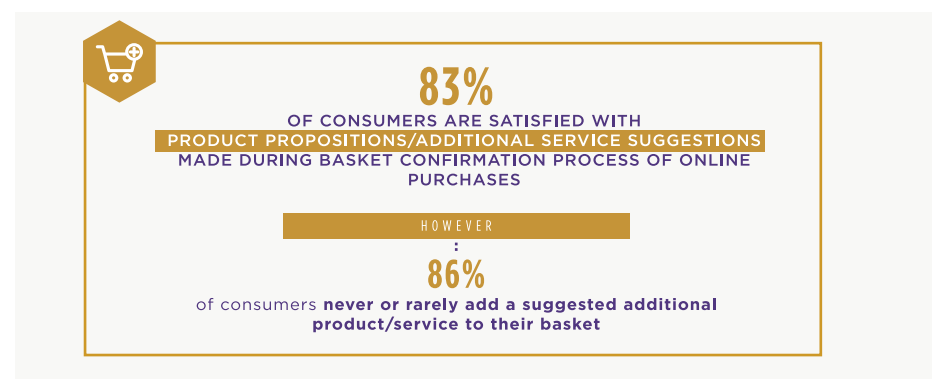
Only half of the consumers think that standing in line for a single checkout is more effective, even though it has been demonstrated that this arrangement can process three times more baskets in the same amount of time⁵. La Poste (the French postal service) and La Fnac (a French retail chain selling cultural and electronic products) have used this system for a long time.

Numerous other devices are being tested by retailers too. Among these are the cashless store (for example, Amazon Go in the US, Taocafe, Alibaba in China, Monoprix and its Monop'Easy app in France, etc.) and the RFID box (for example, Nespresso, Eram, Decathlon, etc.).

With the rise of omnichannel shopping, purchasing behavior has seen significant changes over the last few years: consumers no longer hesitate to combine online and offline: 51% have used France's Drive model

to do their shopping—and 25% have used it regularly. More recent, but just as well integrated into the customer journey, is click & collect, which has already enticed 52% of consumers. This proportion rises to 60% in agglomerations and cities with more than 20,000 inhabitants. Lastly, the youngest in the family: Pedestrian Drive (click and collect lockers) —where you shop on a major supermarket chain's website, then pick up your order from

lockers at a dedicated collection area (adjacent, or not, to a point of sale); 25% of major chains' customers have tried this model out. Another interesting trend is recommendations about complementary products or services made at the point of cart validation during the online purchasing journey. 83% of consumers are satisfied with these propositions, demonstrating that the targeting algorithms work well.

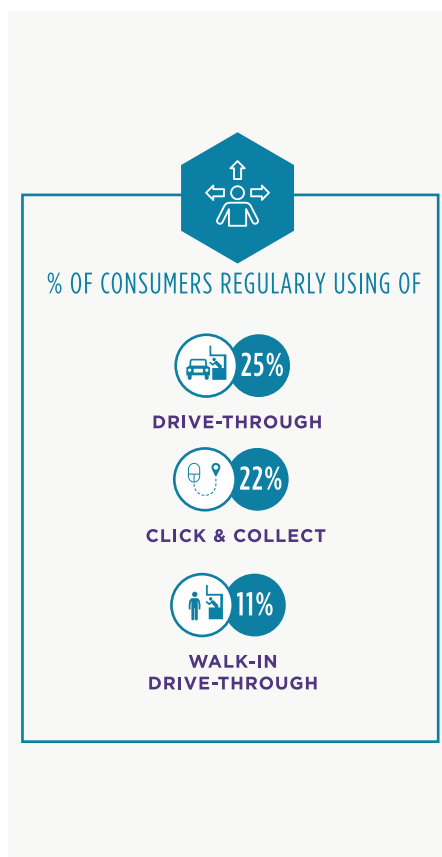


However, of these consumers, 86% rarely or never add an additionally proposed product or service to their cart, something that highlights a need for more work on funnel conversion among e-retailers. Showing comparisons of more expensive products than those recommended, or offering free shipping in return for an additional purchase, may be fruitful avenues to explore in this area⁶.

Post-purchase experience

The customer experience doesn't stop once the consumer has purchased the product or service. It's important for brands and retailers to grasp the opportunity to understand how satisfied their customers are; and, given that they are usually ready to offer an opinion, there should be ideas for improvement.

In fact, 57% of consumers always, or often, respond to satisfaction surveys following a purchase—provided the survey is conducted at the right time: 69% of consumers prefer



5. Six ideas to reduce checkout (2016), Critirz. for Business
6. Ten techniques to increase e-commerce revenue through upsells (2018), Jilt

to respond to a satisfaction survey a few days after receiving/collecting the product, compared with 20% when they receive their order, and 12% just after making the purchase/placing the order.

This trend is even more pronounced among seniors: the older people are, the more they prefer to answer a satisfaction survey a few days after receiving/collecting the product (80% for 60-75-year-olds compared with 52% for 18-29-year-olds). Moreover, the opportunity presented by such satisfaction surveys should not be overlooked; the preferred formats being email questionnaires (for 91% of people), a questionnaire on the website following an order being placed (for 79%), and an SMS questionnaire sent after the purchase (for 54%). Conversely, surveys using an in-store terminal immediately after checkout, and those done via telephone or paper questionnaires in the store, or at the time of delivery, are generally less popular.

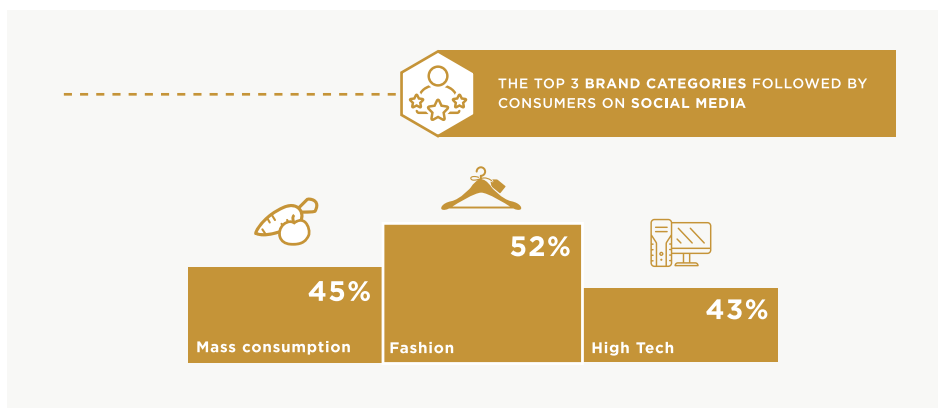
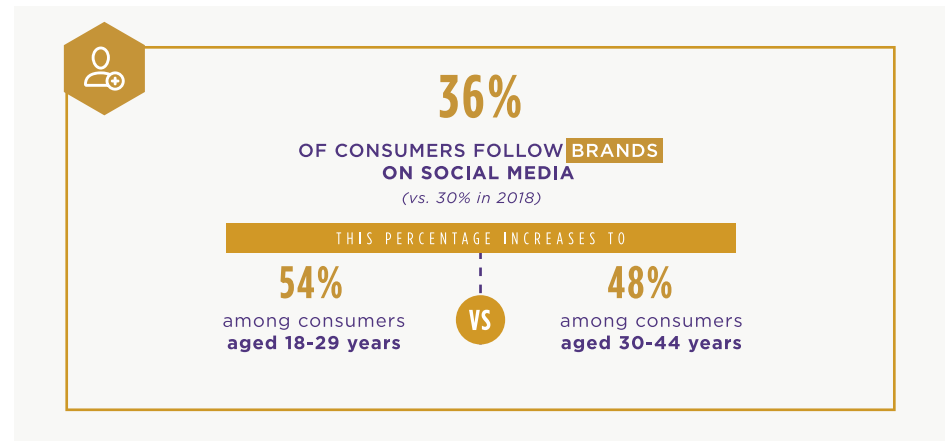
CLIENT RELATIONS AND SOCIAL MEDIA

Social networks are now buying channels in their own right: consumers use them at every stage of the shopping journey, and mastering their use is becoming a major challenge for brands.

First, consumers are increasingly expressing their opinions about brands and purchases: 29% of them have already created content (videos, posts, or comments)—about a brand, product, or service—on a social network. When they're delighted by the quality of the products, rewards, and discounts, as well as gifts on offer, or, quite simply, just «love the brand», they are more than happy to promote it. This trend is particularly noticeable among those aged 30-44 (41% compared with 36% in 2018), an age group eager to give its opinion and one investing more and more effort on social media. On the other hand, 18-29-year-olds seem to be less likely to do so based on comparing our 2019 and 2018 results (34% compared with 44% in 2018).

This is a trend that we will be monitoring closely. Content posted on social media is also of interest to consumers: 36% of them are following brands (compared with 30% in 2018). This phenomenon is even more marked among female consumers (40% of women follow brands on social media compared with 31% of men).

phenomenon, retail players are increasingly using partnerships with influencers; for example, Leclerc, which has approached influential moms to promote its Nat & Vie brand.



For these “consumer-followers”, it’s important that a number of key functionalities are available when they follow a brand on a social network; in particular: information on current offers and promotions (for 96% of respondents); information on new products/services (for 95%); and access to special discounts and exclusive sales (for 93%). The possibility of buying directly on the social network is also favored by 63% of consumers. The most popular brand categories on social media are: fashion, followed by 52% of consumer-followers, mass-market consumer goods (45%, up 9 percentage points from 2018), and the high-tech sector (43%). To take advantage of this

The fact that brands and chains are producing more content and interacting more with their consumer-followers is most likely related to the growing consumer engagement seen in general on social media.

Influencers then are increasingly present in the various modes of consumption: 19% of consumers follow influencers on social media (bloggers, celebrities, etc.) and this rate rises to 35% among 18-29-year-olds. This last age group seems to trust these opinion leaders more than the brands themselves: they follow more and more influencers but, at the same time, are less and less inclined to express their own opinions on brands and the purchases they make.

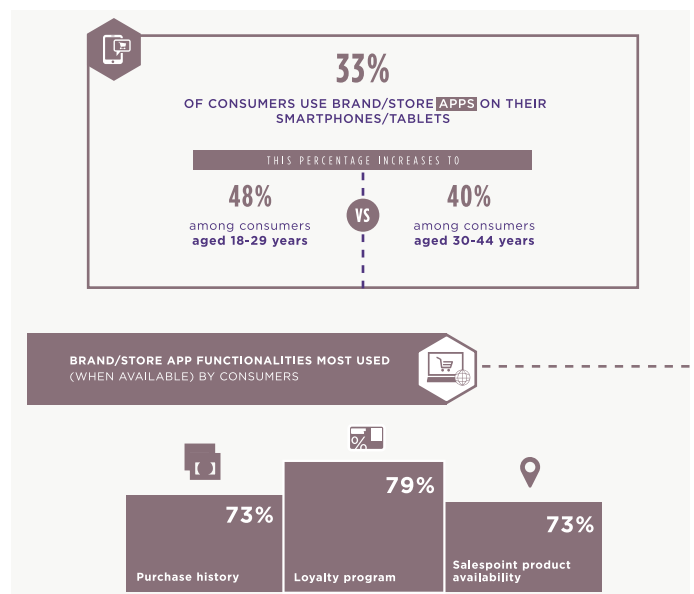
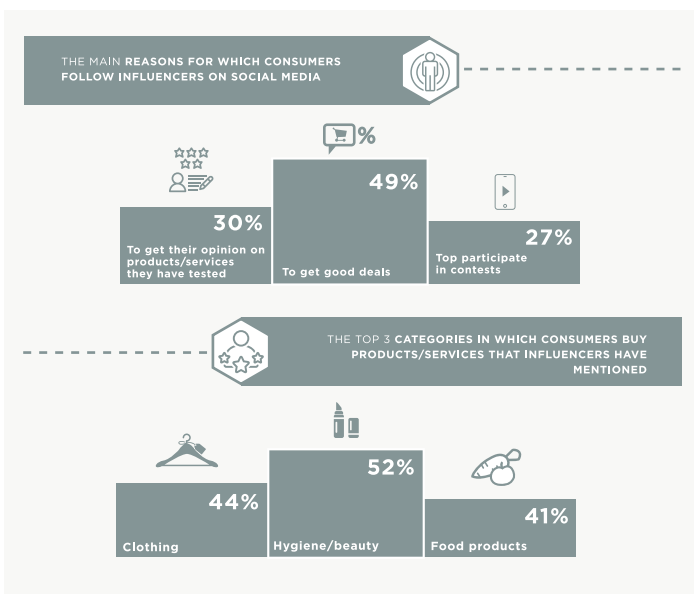
People particularly follow fashion-sector influencers, with 75% of women and 51% of men doing so. Home, and leisure and travel, are the second and third most followed sectors for women, while for men, sport comes in first, with the high-tech sector in third place after fashion. This desire to follow influencers is fueled, in particular, by the prospect of finding the best deals (for 49% of followers—down 4 percentage points compared with 2018); getting influencers' opinions on products/services (30%); and being able to take part in competitions (27%; down 8 percentage points compared with 2018). The impact of influencers on their followers' purchases is far from neutral: in fact, 52% of consumers often—or always—buy the products/services mentioned by influencers when it comes to hygiene/beauty, compared with 44% for apparel, and 41% for food.

Online advertising remains a channel of influence on behavior for brands: with 14% of consumers saying they often click on online advertisements or those on social media; and 30% of them have already made a purchase having clicked on an online advertisement. Of these, only 2% did so immediately while 28% did so in the following days or weeks; and 41% bought a product/service from the company other than the one they saw advertised on its website.

The use of brands' and chains' apps on smartphones/tablets is also a marker of digital's importance in the customer journey: more than 1/3 of consumers are users, and this proportion rises to 48% among 18-29-year-olds, and 40% among 30-44-year-olds.

The features (when available) of brand/chain apps most used by consumers are, in descending order: loyalty programs (for 79%), access to their purchase history (for 73%), and verification of the availability of products/services at points of sale (also 73%). Contact with customer services via integrated messaging or chat is a feature that's poised to take its place in this list, already persuading almost half of consumers

of its usefulness (48%). Conversely, some features haven't yet found an audience, such as testing things using augmented or virtual reality and sharing opinions within a community of users or customers (only 36% and 39% of consumers, respectively, say they are interested in these).



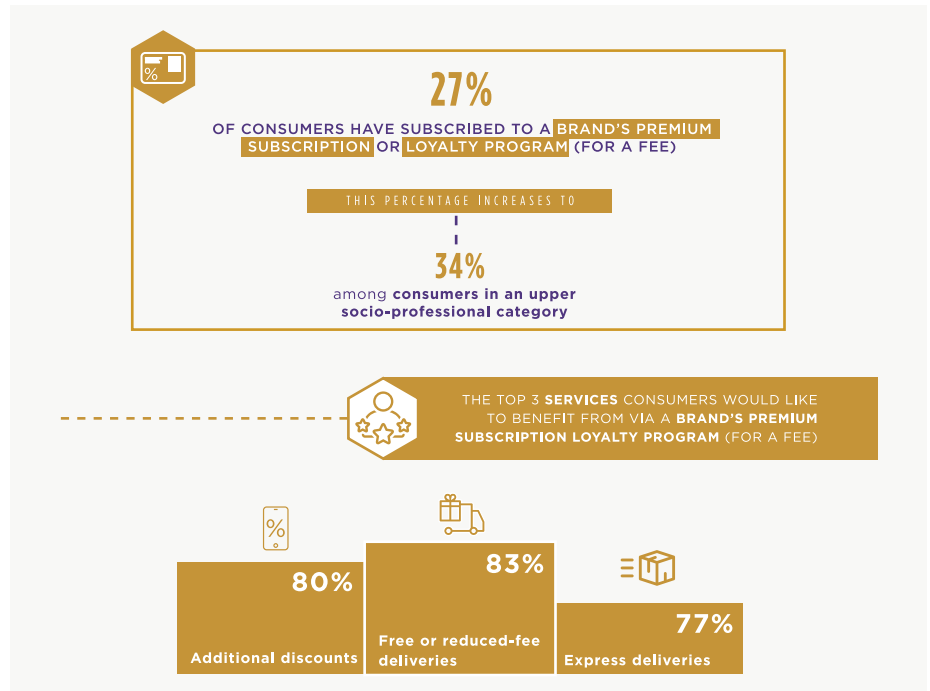
INNOVATION, TECHNOLOGY, AND NEW CONSUMPTION PATTERNS

After analyzing consumer behavior on social media, this last part of the barometer examines **the impact of innovations and new technologies on consumption patterns.**

Among the commercial innovations of recent years, recurring subscriptions to boxes of products (in areas like beauty, wine, food, and gardening) have seen some success: 11% of consumers have already taken out a subscription of this type—with the box delivered to their home weekly, or monthly; and there's an order of preference when it comes to the particular product categories: 65% have already taken out a subscription related to beauty, compared with 30% for food, and 20% for wines/beers/spirits. There are several levers companies can employ to get consumers to subscribe: a no-commitment subscription (liked by 62% of respondents); offering a preferential price on other products/services sold on the website (61%); as well as the option to suspend the subscription for a given period (61%).

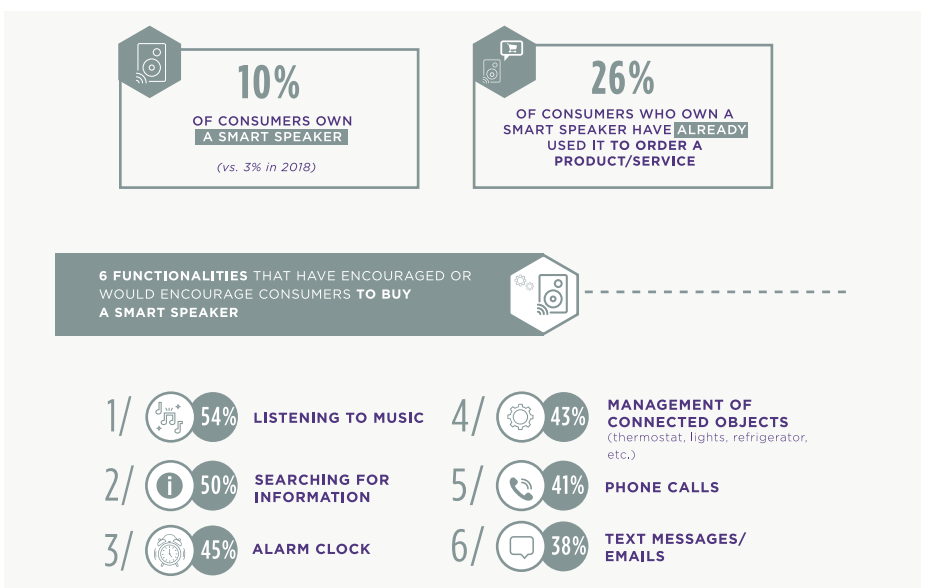
Moreover, alternative modes of consumption are becoming increasingly popular with consumers, who want to have choice over not only what they buy but also the way they do it. For example, sales, purchases, or rentals between individuals are all on the increase at present. 39% of consumers have already used an application that facilitates these different types of transaction.

Lastly, subscription services and paid-for loyalty programs have also met with some success. 27% of consumers have already taken out a subscription of this type (Amazon Prime, Fnac+ , La Redoute & Moi [La Redoute is a major French clothing and home decor retailer] , etc.). The services that consumers are seeking most when they join these premium programs are free/discounted delivery (83%), additional product discounts (80%), and express delivery (77%).



At the same time, new technologies are disrupting consumption patterns. Smart speakers are a good example. The number of consumers surveyed who own one has jumped from 3% last year to 10% in 2019; and sales forecasts are very strong for the coming years, given that the global market is expected to grow by more than 20% by 2025⁷. This strong increase can be explained, in particular, by the benefits that users perceive: such devices simplify their lives and help them carry out everyday tasks more efficiently⁸. Among the most used

features: listening to music (54%), searching for information (50%), acting as a morning alarm (45%), the control of connected objects (43%), and the option to make a call (41%). To date, these devices have had no transactional use. Voice, which has been heralded as the fourth sales channel (after bricks and mortar stores, e-commerce sites, and mobiles), has yet to find its way into real uses.

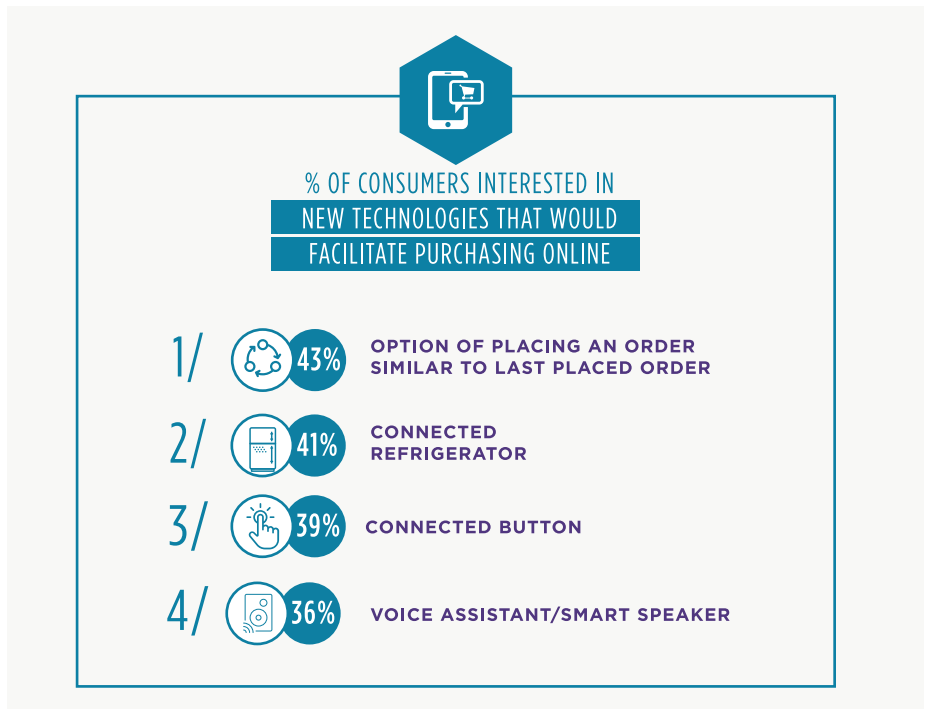
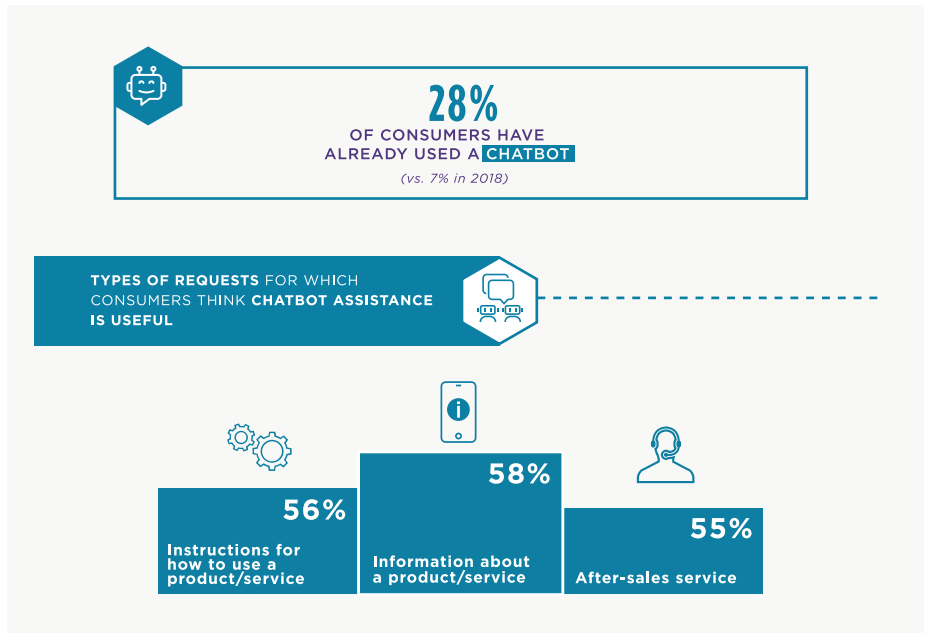


7. Smart Speaker Market Overview (2018), Allied market research

8. Le vocal, un marché prometteur [Voice: a promising market] (2018), Hub Institute

The more widespread use of chatbot⁹ also illustrates the importance of digital in the purchasing process. 28% of consumers used a chatbot in 2019 compared with 7% in 2018—an increase of 21 percentage points. Consumers find these conversation-capable bots particularly useful when they're able to respond to requests for information on a product/service (58%), its use, how it works (56%), or after-sales services (for 55%). It's an area that merits serious consideration. Companies that have combined AI (Artificial Intelligence) with human agents are finding that their customer service activities become more efficient, and that both customer satisfaction (for 61% of customers) and agent satisfaction improve (for 69% of agents)¹⁰.

Other technologies are likely to emerge too in the years to come, to the extent that they can make it possible to simplify the ordering process. Among these: an option that would allow the re-ordering of the previous order on an e-commerce platform (43% of consumers would be interested), connected refrigerators¹¹ (41%), and connected buttons¹² (39%).



9. A chatbot is a computer program capable of having a conversation with an individual through a voice or text exchange. It usually appears in an online chat window.

10. Artificial Intelligence with the Human Touch (2017), *Forrester Consulting*

11. Connected refrigerators assess food stocks, produce notifications about needs, and generate a tailored shopping list

12. A connected button is a small, connected box that can be used to order directly from an e-commerce site or add products to a shopping list

CONCLUSION

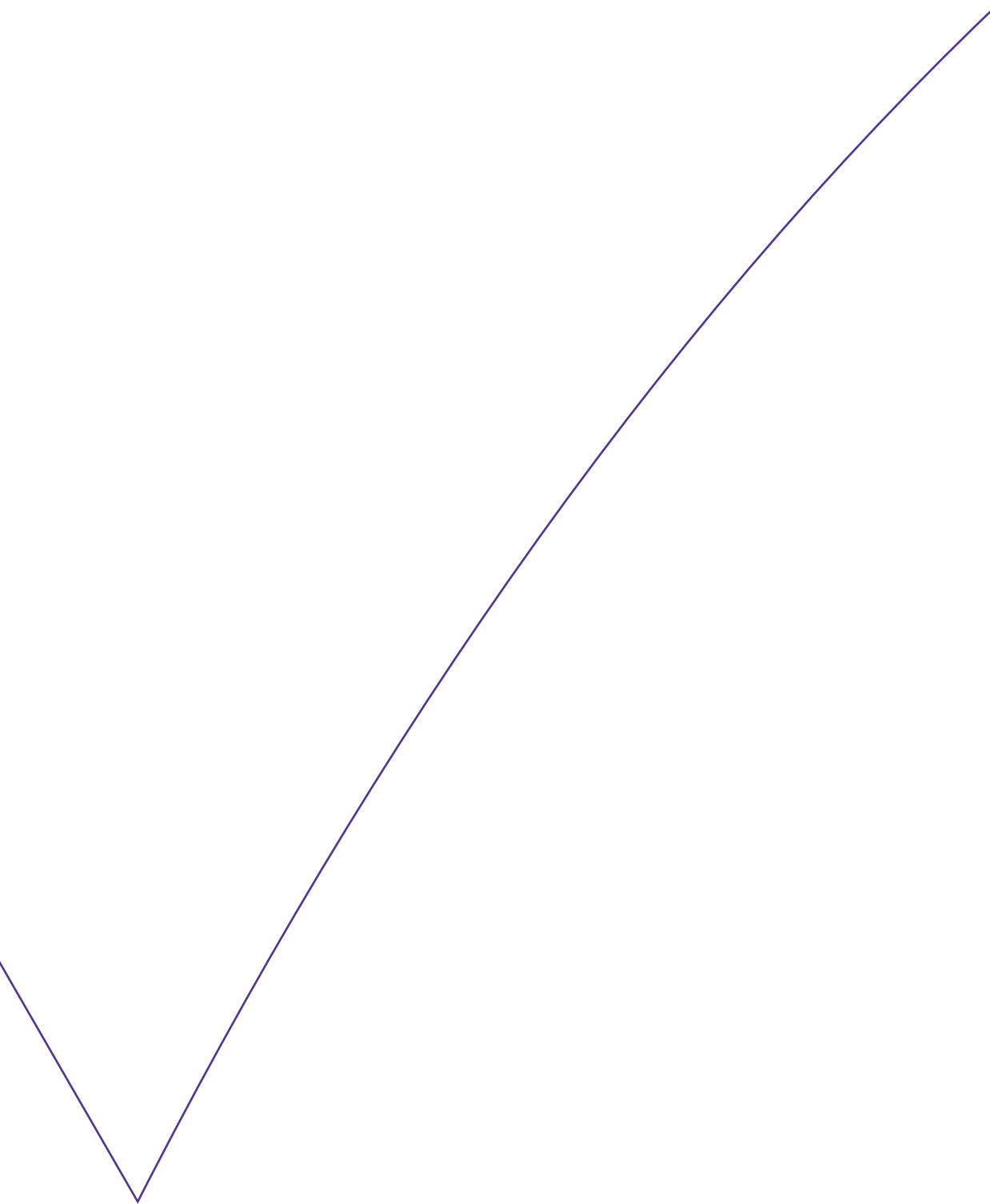
The omnichannel nature of customer journeys, growing interactions between brands/chains and consumers, new technologies... this new edition of the barometer again confirms the phenomenon of the transformation of consumption patterns. We see online channels continuing to grow, and more and more consumers are choosing to use them. But bricks and mortar stores are far from finished: some consumers are choosing them over online channels, especially for items like food and apparel. However, consumers are more demanding when it comes to choosing a physical channel, especially in terms of the in-store experience - if retailers are going to satisfy them, they will have to combine both efficiency and entertainment. The 2019 customer journey will blend all the channels: Drive, Click & Collect, and Drive Pedestrian are today becoming an integral part of consumers' purchasing habits, and they adapt these to their needs at any given moment. The study also highlights the emergence of paid loyalty programs, with almost a third of consumers having taken

the plunge by subscribing to this type of premium service. On the other hand, this year's barometer confirmed the arrival of social networks as a purchasing channel in their own right; a space where consumers are active, interact, and research the items they consume. The drive to be better informed goes hand in hand, for some, with increasing ethical awareness and a desire to consume in a more responsible way. As a result, they appear to be paying more and more attention to their modes of consumption (healthy, natural products, etc.), even though this still only partially carries over into the act of purchasing itself. Against this backdrop, there's a need to harness innovations and new technologies that will meet consumers' expectations and improve the customer experience—to make a noticeable difference. Chatbots are the perfect illustration and are establishing themselves in the online customer journey.

This year, there's also an emerging interest among consumers on connected homes and technologies that make ordering easier (options that make it possible to re-order a previously purchased item, connected

refrigerators, etc.). The adoption of smart speakers is now a firm trend. However, the uses observed, so far, center around digital services (music, information retrieval, etc.); they haven't yet become transactional in nature. Voice assistants are on track to becoming fully fledged communication channels, offering new opportunities for promotion and data capture. The first initiatives to enrich the customer experience are emerging, such as the beauty treatment booking service launched by Sephora (a Paris-based, multinational chain of personal care and beauty stores) or the Monoprix (a major French retail chain) smart shopping list which uses the Google Assistant. FnacDarty, Oui.sncf (the French national rail company) and Sephora have partnered with Google to test a new feature, called «Transactions,» which will ultimately allow payments to be made using voice. We'll be watching closely, for future editions of the barometer, to see if these first innovative initiatives make their way into widespread use—and at what rate.





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