ONLINE RETAIL PUSHED FORWARD BY A BUG

retail arena

ALINA STEPAN, COUNTRY MANAGER IPSOS

OCTOBER 27, 2020

Ipsos

AGENDA

E-commerce *During* C19. The Overall Context

Contextual *vs* Profound Changes. Drivers and Barriers

What Does Behavioral Economics Teach Us?

Take-Aways. What's Next? (+ some examples)

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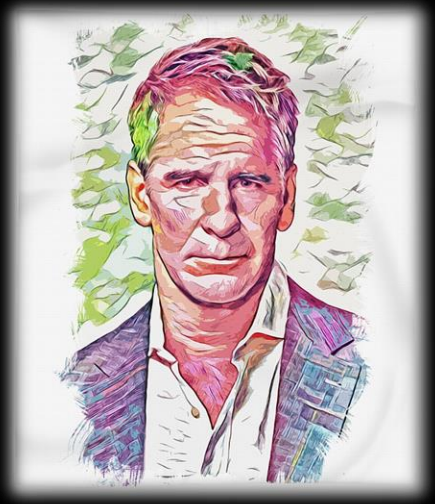
E-commerce *During* C19. The Overall Context



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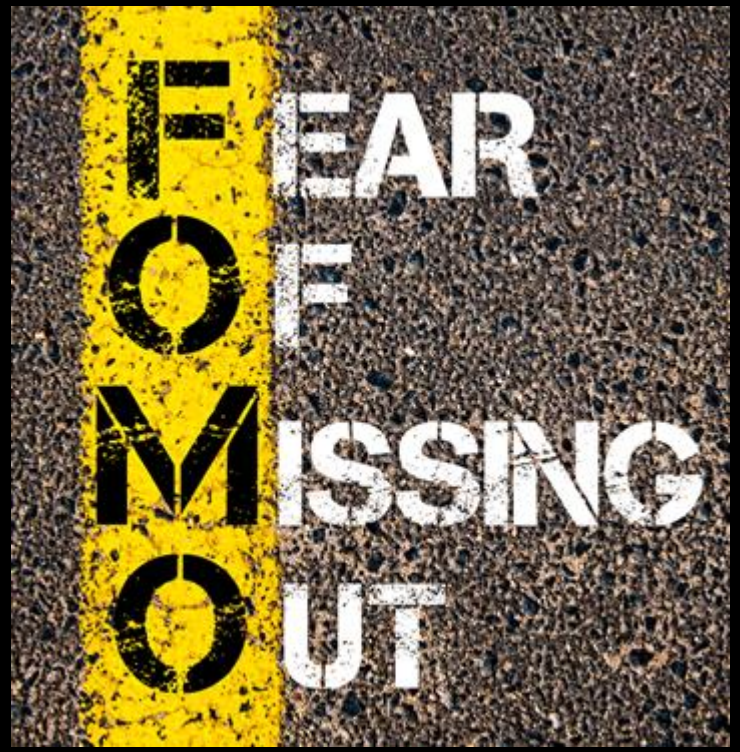
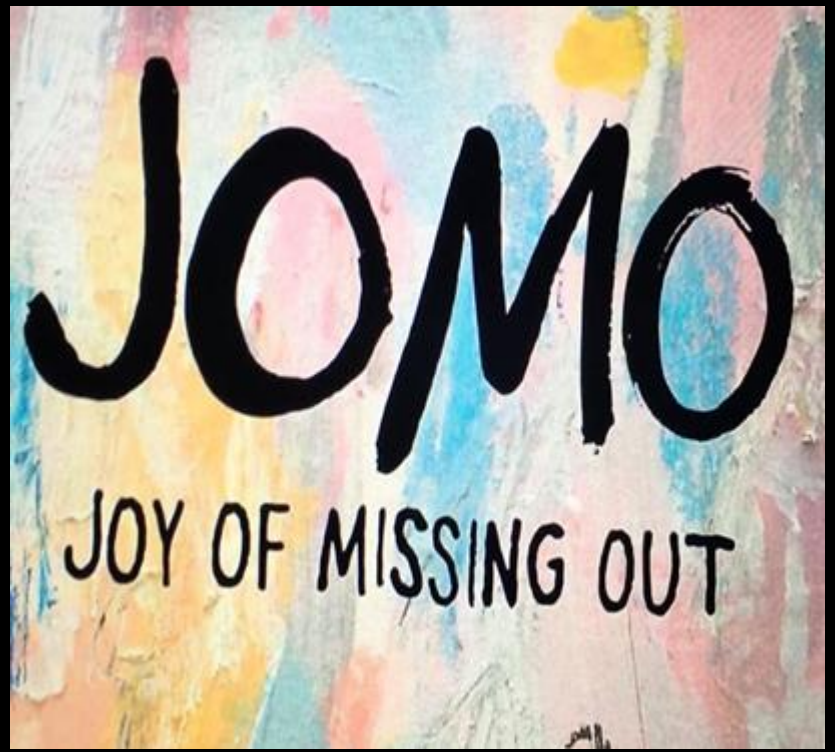
MINDSET STAGES





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CURRENT DIGITAL CONTEXT IN ROMANIA

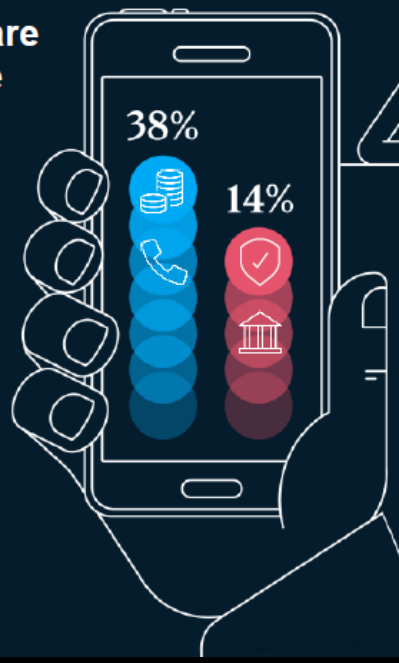
McKinsey & Company

Digital is here

Today **2 out of** 3 Romanians **are using at least one digital service**, while the **average number** of services used has **doubled** during COVID-19 lockdown

Not all industries are equal in the digital race

Banking and **Telecom** are on **top**, while **Insurance** and **Public sector** are least used digitally



Digital is everywhere for everyone

Digital services are used intensively **by all Romanians**, regardless **where they live** or **how old they are**, including 64% of 55-64 y.o. population and 65% from rural & small cities

There is more potential

Looking at other Central and Eastern European countries, **4 out of 5 Romanians could use digital services**

What could companies do?

To increase customers' digital engagement, companies should **make their digital services simpler and more accessible** to a broader public by having a **customer-centric digitization** approach, even if that means reinventing their old products – give customers what they need, if not someone else will

Source: McKinsey Romania - May 2020

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ROMANIANS AND DIGITALIZATION

11% Increase of online payments in Q2 2020 vs Q2 2019.

145% Increase of mobile wallet payments in Sept 2020 vs Sept 2019.

71% Declare owning a bank card.

16% Use the card for daily payments.

20% Romanians owning a banking card use it online monthly.

33% Do not use the card online because they do not trust online payments.

46% Romanians who never buy online.

Source: CURS national survey - September 2020

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E-COMMERCE STILL...

Loading

FINTECH PLĂȚI E-SECTION MEDIA CERCETARE TERMINALE LEGISLAȚIE

nocash

Secretar general Ecommerce Europe: Romania va ramane tara cu cea mai mare crestere a comertului electronic si in 2020, la nivelul UE.

NoCash \ e-commerce \ Secretar general Ecommerce Europe: Romania va ramane tara cu cea mai mare crestere a comertului electronic si in 2020, la nivelul UE.

ECOMMERCE EUROPE

BIZIDAY

Marea Britanie. Comercianții acuză Mastercard și Visa că au dublat comisioanele percepute pentru procesarea plăților, de la începutul pandemiei. Cer intervenția guvernului, pentru „stoparea abuzului de poziție dominantă”.

acum o zi

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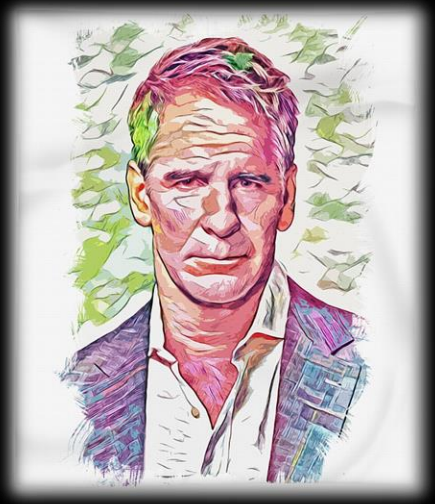
Contextual *vs* Profound Changes. Drivers and Barriers



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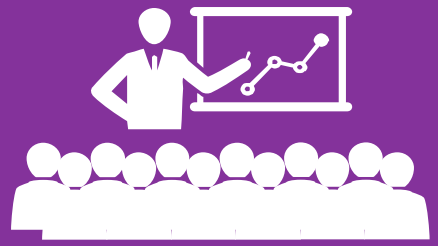
METHODOLOGY/ APPROACH

800
Respondents

CAWI
Computer Assisted Web Interviews (online)

September 2020
Data Collection

Target
Men & Women aged 18-64 years



Online buyers
Have shopped online at least once in the past 6 months

Urban coverage
Quotas on region & urbanization level

18 minutes
average interview length

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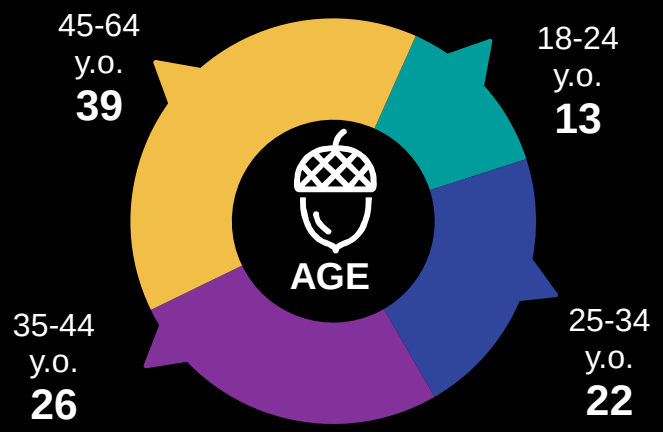
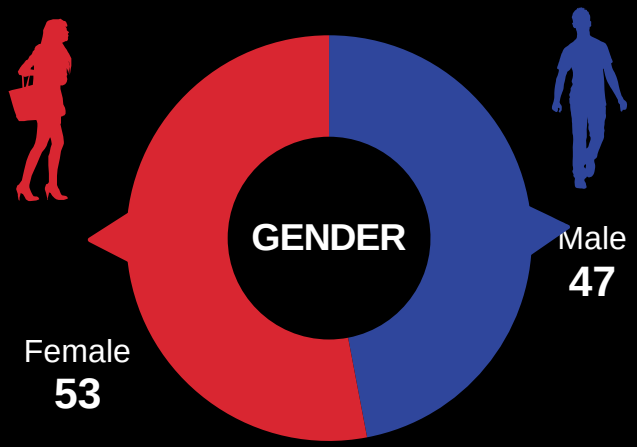
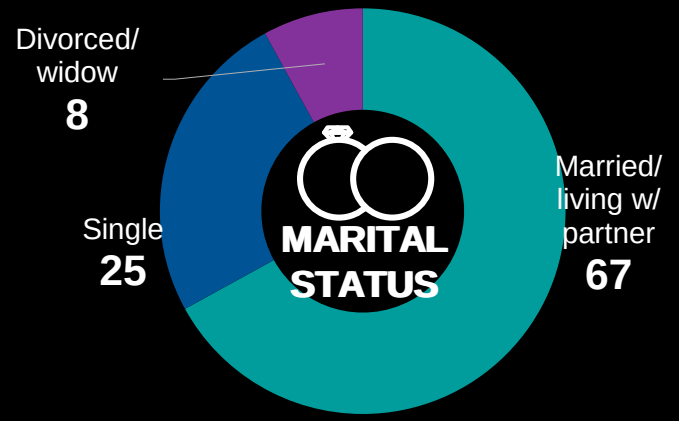
RESPONDENTS' PROFILE

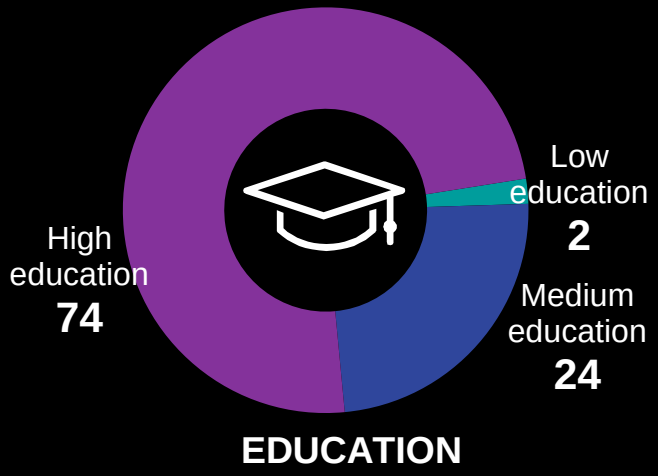
SOCIO-DEMOGRAPHIC OVERVIEW

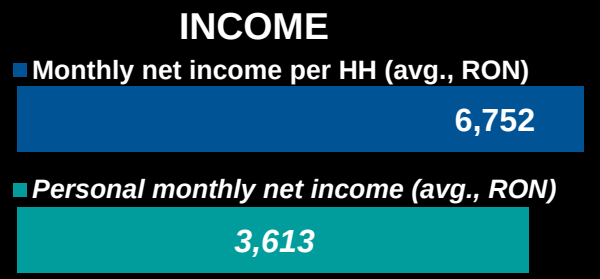






Average age: 41 y.o.





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LIMITATIONS AND BIASES

The interviews were conducted online, therefore some positive bias should be taken into account;

The responses related to general shopping habits before the pandemic are collected during the pandemic.

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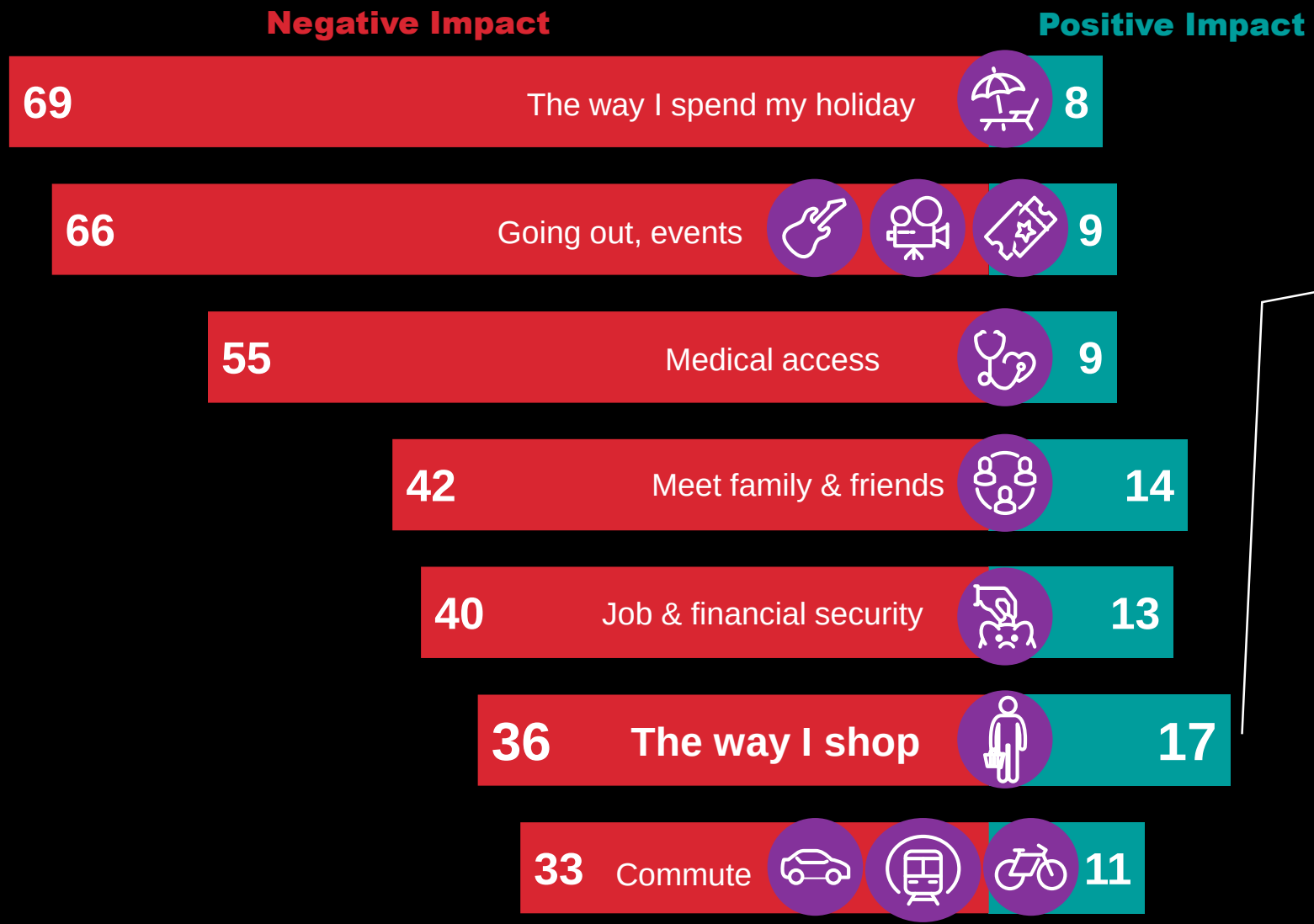
C19 IMPACT ON DAILY ACTIVITIES



The way people do shopping had the highest positive score for the perceived impact of the pandemic.

Young people, aged 18 to 24 years old, perceived to a higher extent a positive impact in the way they shop.

For some people, the current context generated by COVID impacted their day to day life. How did the pandemic influence the following aspects of your life?
Base: Urban population, 18-64 years old, online buyers at least once in the past 6 months N=800

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CHANNEL OF ACQUISITION BY CATEGORY

Appliances
Touristic services
Books, movies, music, games
Laptops, phones & tablets
Audio-video streaming
Movies, theater & events tickets
Food delivery and take-away

MAINLY ONLINE

Apparel, footwear & accessories
Sporting goods
Personal care products
Insurance and banking services

MULTICHANNEL

Fruits & vegetables
Basic food products
Homecare products
Pet food and accessories
Alcoholic drinks
Construction & home deco
Non-alcoholic drinks
OTC medicine

MAINLY OFFLINE

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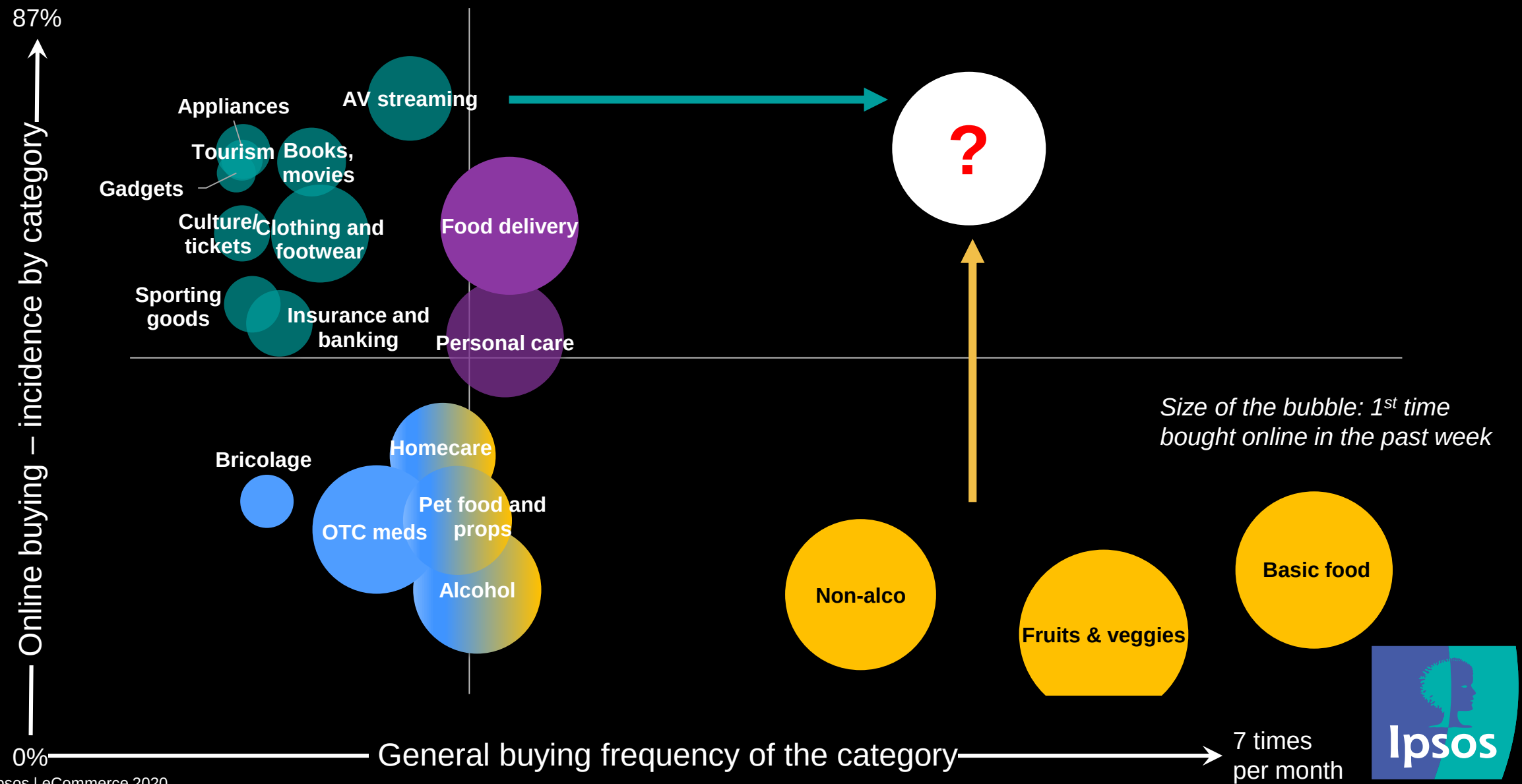
ONLINE SHOPPING ADOPTION BY CATEGORY

Data in %



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ONLINE OFFERS CONVENIENCE, SAFETY AND GOOD DEALS

Drivers of shopping online

	USA	Mexico	Spain	Indonesia	Romania
Easier than going to the store	21%	22%	21%	30%	-
Didn't have to deal with people	19%	34%	14%	19%	**38%**
Shipping free / low cost	21%	22%	22%	30%	**32%**
Price promotion	23%	20%	15%	29%	**68%**

Sources: Ipsos eCommerce Unleashed – May 2020; Romanians and e-Commerce – October 2020.

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CUSTOMER PROFILING – TWO SEGMENTS

Lapsed online buyers in the new normal

Men: 42%

Women: **58%**

Age:
18-24 y.o. 21%
45-54 y.o. 28%

Mainly from Bucharest and large urban

Medium education

Personal income: 3,407 Lei

C19 impact on daily activities perceived in a rather positive manner.
Visit online stores websites less and are less interested in reading product reviews.
Active, on the move, in fashion.

Online buyers in the new normal

Men: 48%

Women: 52%

Age:
30-39 y.o. 28%

High education

Personal income: 3,683 Lei

Preoccupied by environmental safety, believe that it is important to finish what you start, appreciate stable relationship with the others and believe in authenticity.

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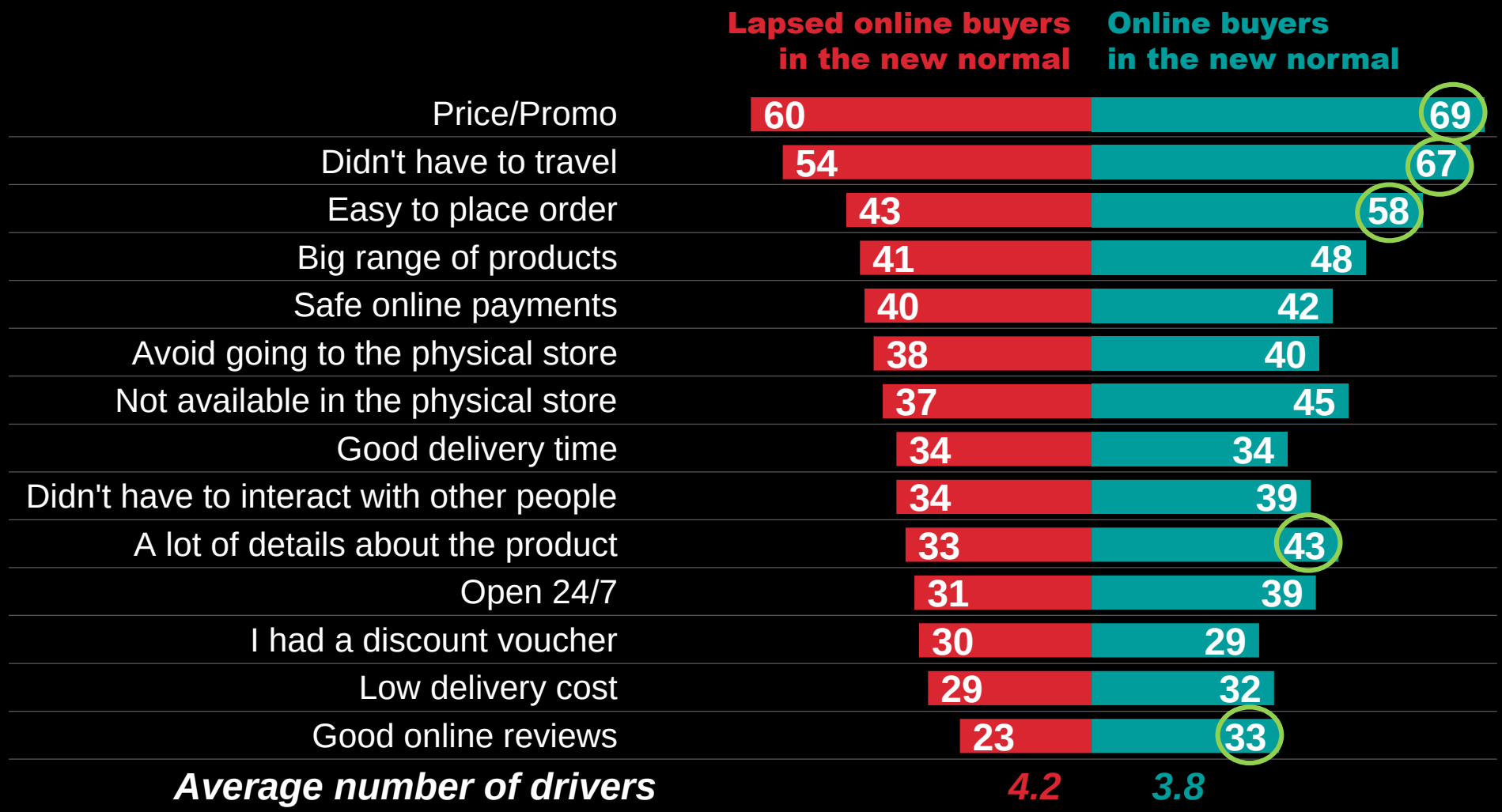
MAIN REASONS FOR BUYING ONLINE

Data in %



Which are the reasons you chose to buy online each of the following categories?
Base: Urban population, 18-64 years old, online buyers at least once in the past 6 months

Statistically significant for lower/ higher at 95% confidence level

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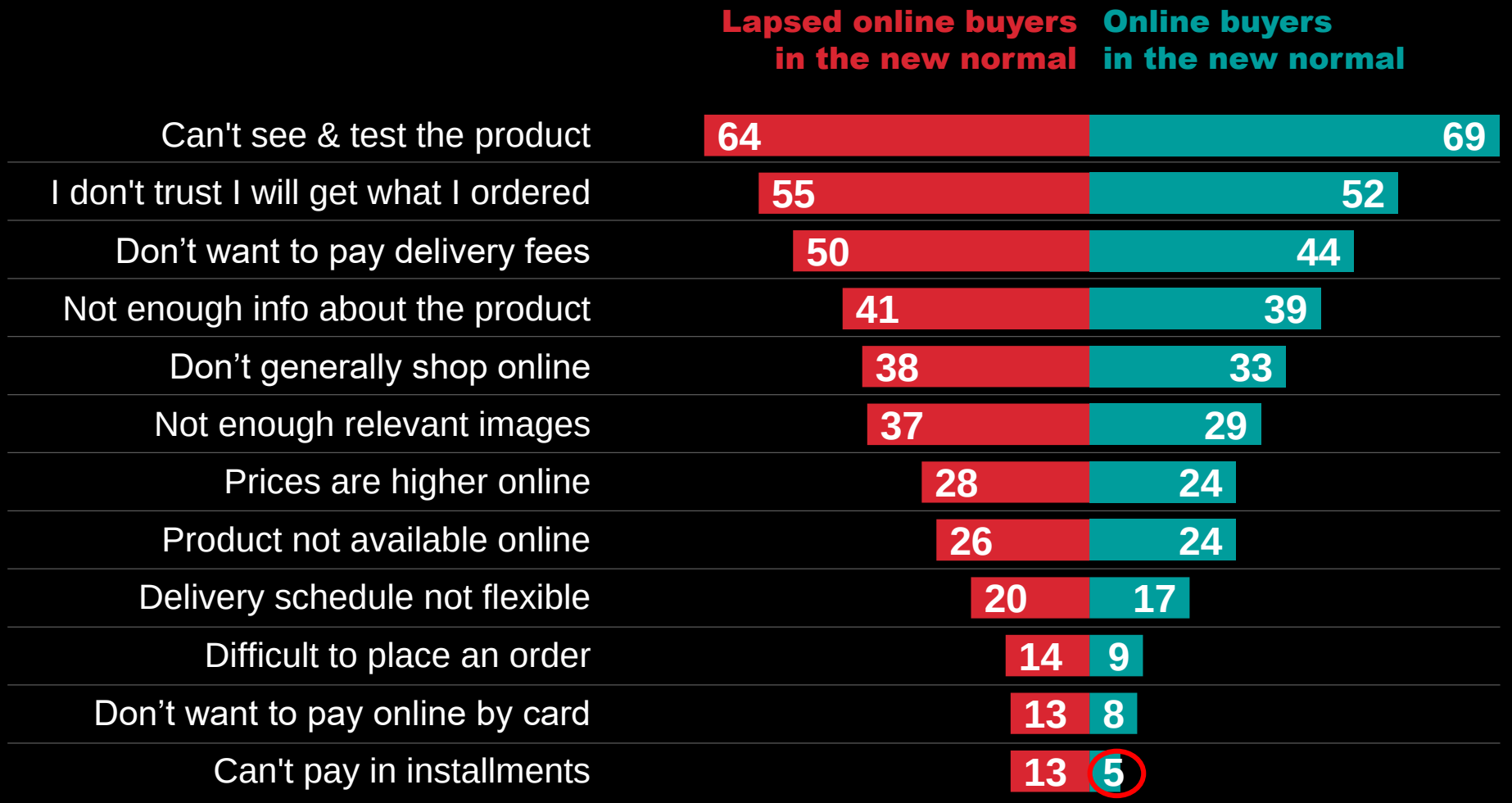
MAIN REASONS FOR NOT BUYING ONLINE

Data in %



What are the reasons for not buying online these categories?
Base: Urban population, 18-64 years old,
online buyers at least once in the past 6 months, did not buy online all categories

Statistically significant for lower/ higher at 95% confidence level

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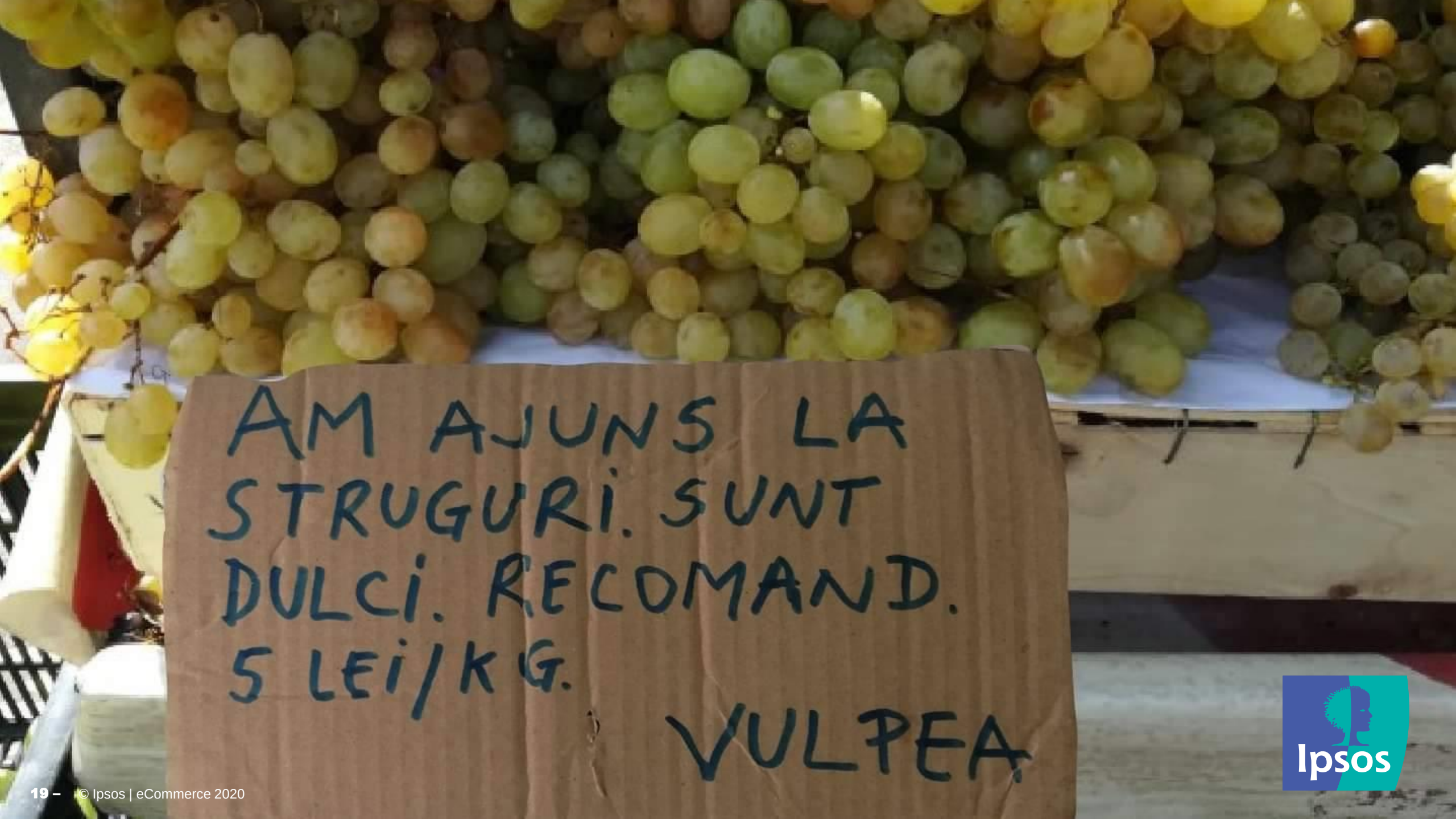

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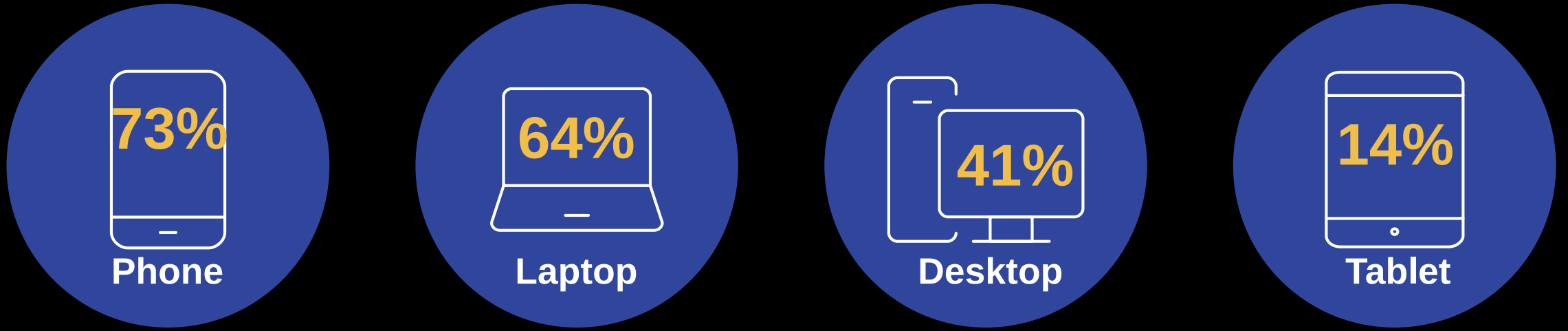
DEVICE USED FOR ONLINE SHOPPING

Data in %



When you shop online, what device do you use for buying each of the following categories?
Base: Urban population, 18-64 years old, online buyers at least once in the past 6 months

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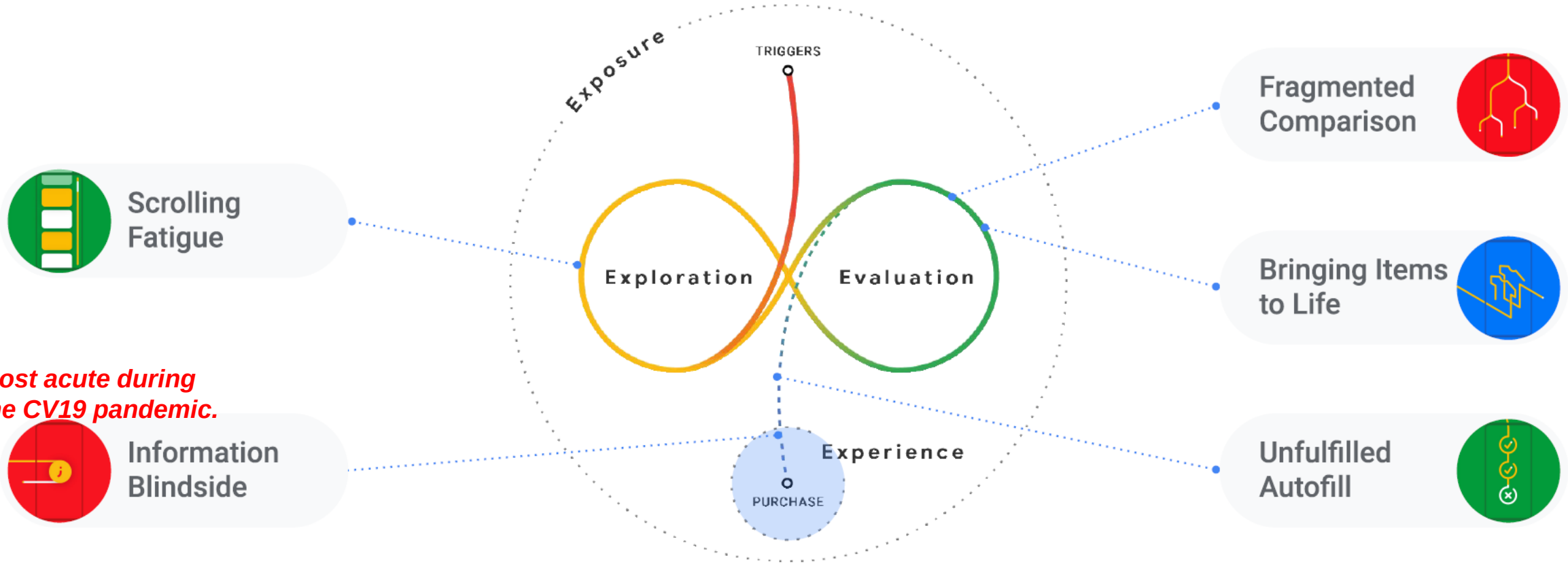
TOP 5 BARRIERS TO MOBILE SHOPPING

Together these pains keep build up a negative experience but, when addressed, help them navigate the messy middle

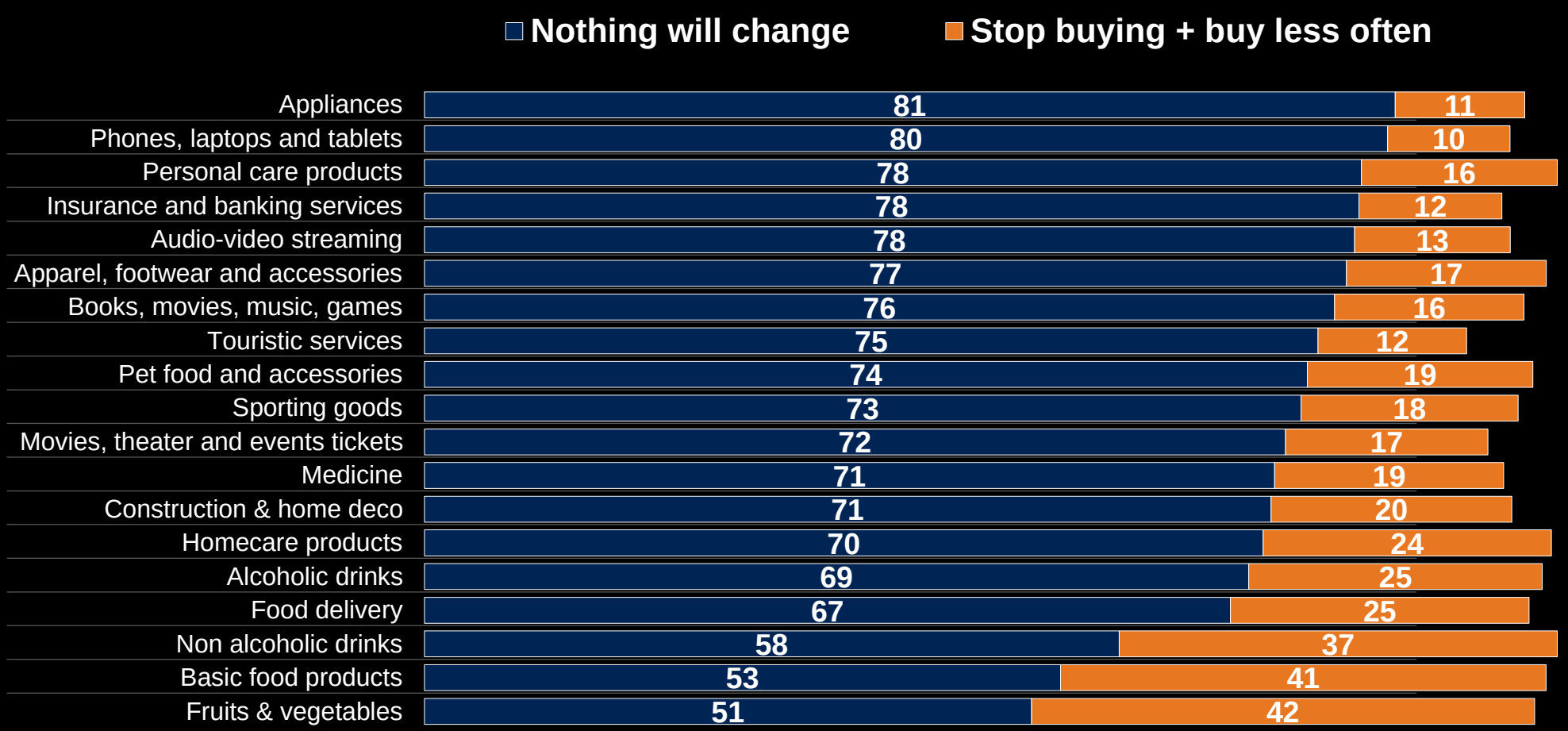


Source: Google mobile shopping study, 2019-2020, 15 European markets, 18,560 respondents.

Google

‘NEXT NORMAL’ ONLINE BUYING INTENTION

Data in %



If a year from now things will get back to normal, just like begore COVID-19 crisis, to what extent would you continue to buy online each of the following categories?
Base: Urban population, 18-64 years old, online buyers at least once in the past 6 months, have bought each of the following categories online.

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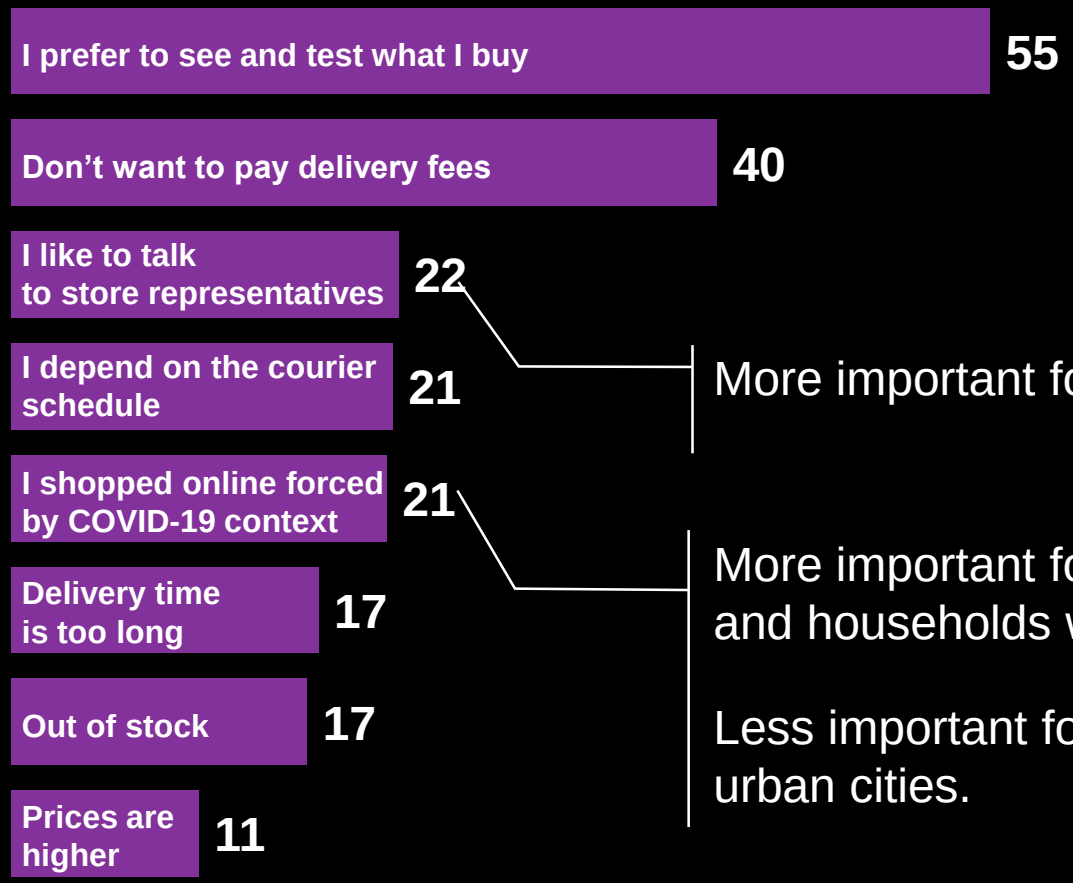
‘NEXT NORMAL’ ONLINE BUYING BARRIERS

Data in %



More important for: those living alone and aged 55 to 64 years old.

More important for: young people aged 18-24 years old, from Bucharest and households with 4 or more people living together.

Less important for: over 55 years old people and for those from medium urban cities.

When things will get back to normal you said you wont buy or you will buy less frequently some categories of products. What are the 3 main reasons for doing so?
Base: Urban population, 18-64 years old, online buyers at least once in the past 6 months.

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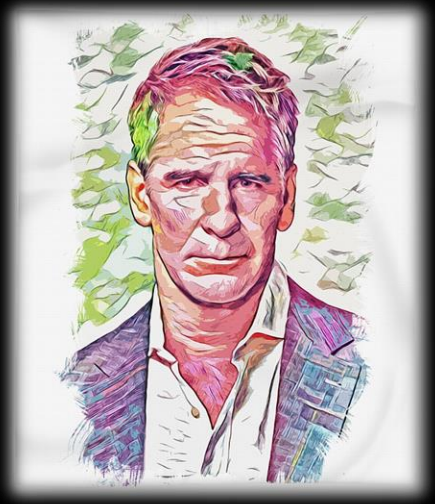
What Does Behavioral Economics Teach Us?



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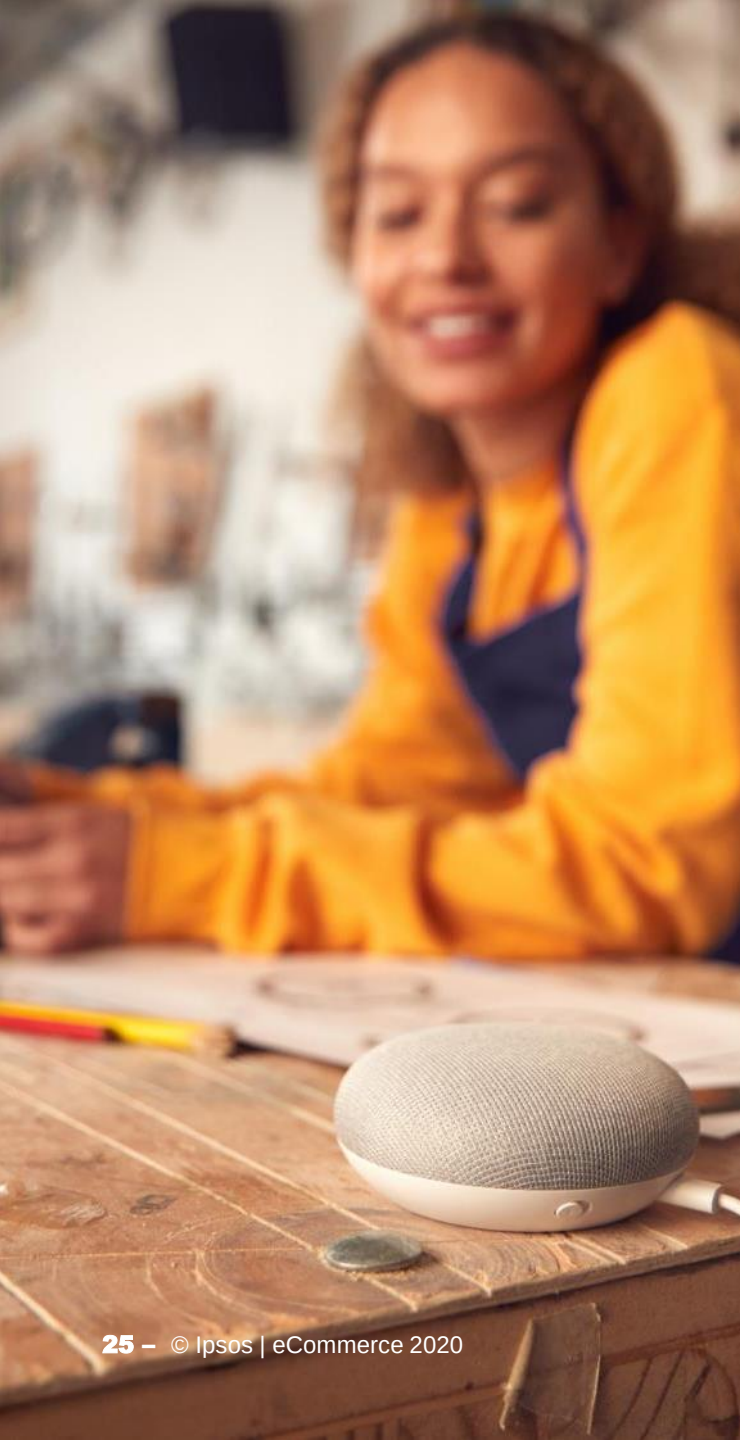

3 Key Principles for Behavior Change

ENHANCE
MY LIFE

Simplify a process that is loaded with friction to make it easy and seamless, so I can focus on my priorities – usually family, health and well-being.

DO IT
FOR ME

Solve a problem or meet a need all the way i.e. provide solutions, not just products.

MAKE ME
CONFIDENT

Allow me to see every step of the process from the point I place an order until it arrives on my doorstep, inspiring confidence.

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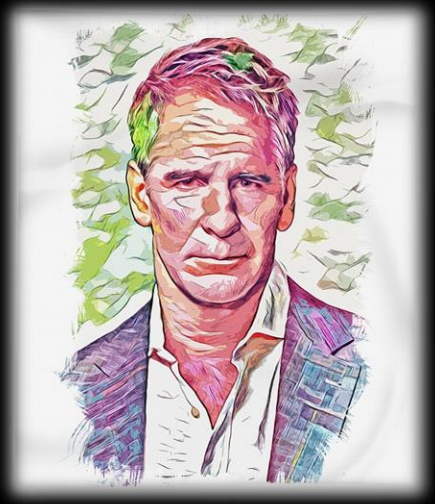
What's Next? (+ some examples)



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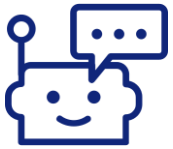
KEY FACTORS TO DRIVE E-COMMERCE SUCCESS

Value for money
(Price is always important, even more so)

Improved Logistics
(speed & reliability are key)

Direct to Consumer
(simplify my life, make it better)

Social as a channel
(for engagement and conversion)



Moving Beyond 2D
(3D, VR, AR…)

Personalisation
(make it mine, speak to me, reward me)

Voice
(via phone, voice assistant, TV, robot…)

Great Customer Experience

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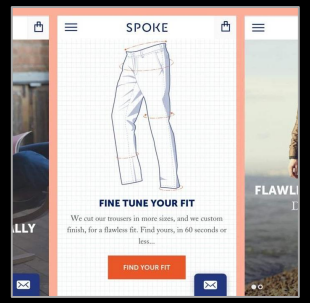
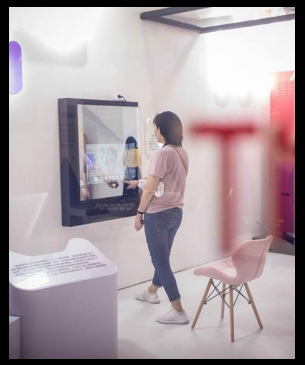
A FEW EXAMPLES





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PEPSICO'S PANTRYSHOP.COM

CARREFOUR AND V-COMMERCE

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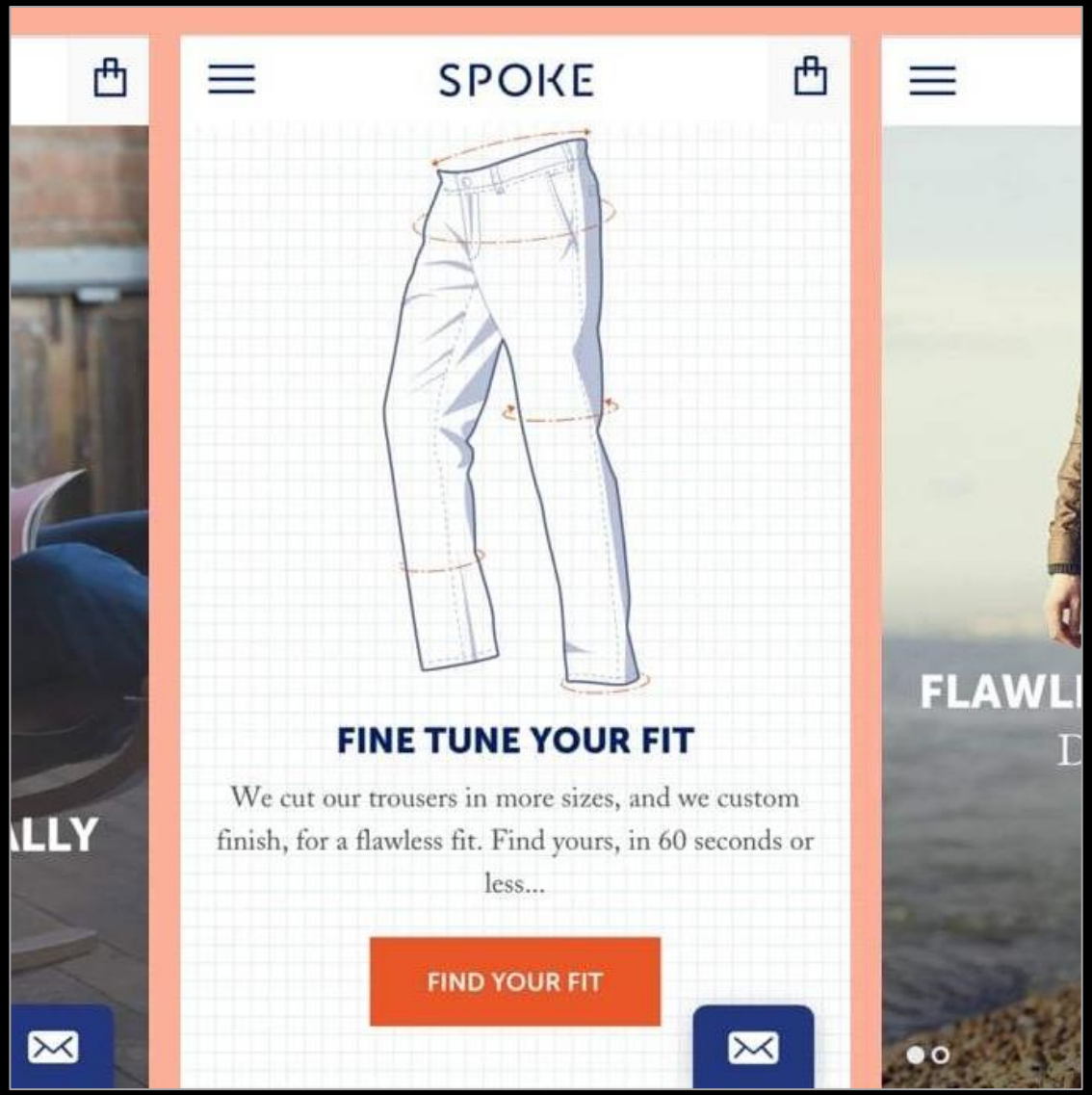

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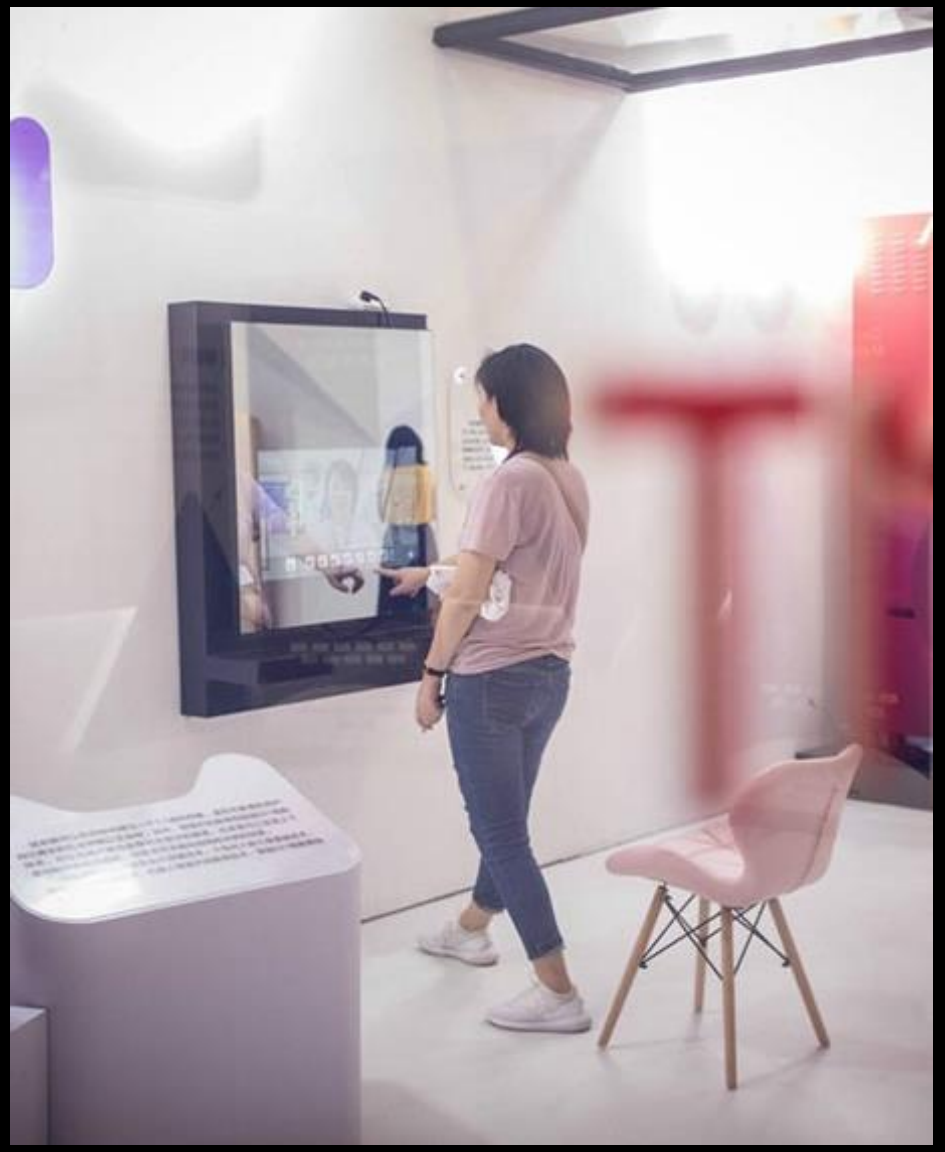

ALI-BABA MAGIC MIRROR

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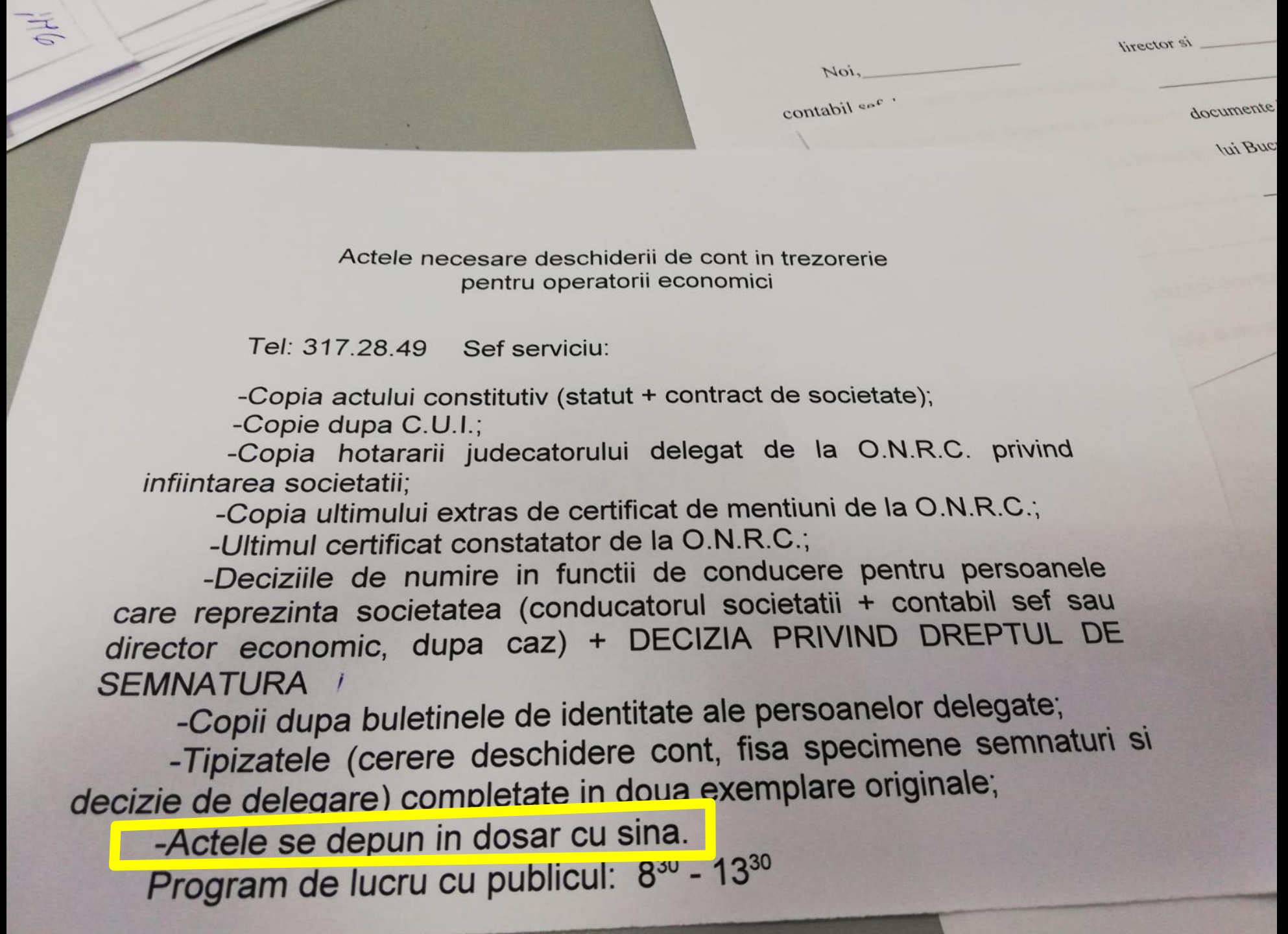

STATE TREASURY, BUCHAREST, OCTOBER 23, 2020

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