The Shopper Story 2017
A global study of the changing nature of retail from the viewpoint of nearly 10,000 shoppers
What is The Shopper Story?

Criteo surveyed nearly 10,000 omnichannel shoppers across the globe to find out not what they shop for, but what do they think about shopping?
Key Insights

- Omnishopping is ubiquitous – and multi-directional
- Retail and brand websites drive awareness as well as consideration
- Search engines are not the shopping starting point for the majority
- Shopping between sites is the norm
- Impulse purchases are almost as prevalent online as in-store
- The empowered shopper demands relevance and respect
What is an Omnishopper?

Shoppers who use a variety of devices, channels, and platforms to browse and buy products.
Omnishopping is ubiquitous
The US & the UK are the most omnichannel, Germany has less online/offline connection

More than 3/4 of shoppers globally engage in online to offline and offline to online shopping

Source: Criteo Shopper Story, US, UK, FR, DE, JP, BR 2017 | n = 9033
Omnishoppers are more valuable to marketers

(increase in spend)

- USA: +23% online, +36% offline
- UK: +13% online, +31% offline
- France: +27% online, +28% offline
- Germany: +14% online, +47% offline
- Brazil: +7% online, +44% offline
- Japan: +4% online, +6% offline

Source: Criteo Shopper Story, US, UK, FR, DE, JP, BR 2017
Omnishopping takes many forms
It’s all about enabling the shoppers to buy and get the product whenever, wherever they want.

Showrooming
See in a store, buy from that retailer’s site

Webrooming
Research online, buy in store

Click & Collect
Buy online, pick up at a store or kiosk

Scan & Scram
See in store buy it from another retailer online

Click & Ship
See in a store but buy on your phone for convenience

Source: Criteo Shopper Story, US, 2017 | n= 2435
Webrooming and Showrooming are the most common

Click & Collect and Click & Ship are also on the rise.

Frequency of Cross Channel Purchasing
(percent of total)

- Browse products online and then purchase them in a retail store
  - Regularly: 24%
  - On occasion: 66%

- Order goods online and pick them up in a retail store
  - Regularly: 17%
  - On occasion: 61%

- Make purchases on my phone from within a retail store on another retailer’s site (Amazon, etc.)
  - Regularly: 16%
  - On occasion: 38%

- Make purchases online after seeing the product at a retail store
  - Regularly: 15%
  - On occasion: 74%

- Make purchases on my phone from within a retail store from that retailer’s website
  - Regularly: 10%
  - On occasion: 39%

Source: Criteo Shopper Story, US 2017 | n = 2435
What is the Role of Real World Retail?
Both retail and digital shopping valued across markets

Digital and real-world retail both have their place globally. In today’s busy world, omnishoppers may prefer all shopping online, but they like shopping in stores when they have time.

Source: Criteo Shopper Story, US, UK, FR, DE, JP, BR 2017 | n= 9033
Real-world retail is about the experience and discovery

74% I look forward to shopping in stores when I have the time.

69% I prefer to do as much online shopping as possible.

62% I use my phone while in-store to research products online.

72% I like to try new retail stores.

63% I enjoy shopping in stores to understand what is in style.

63% I like to shop online at new websites.

Source: Criteo Shopper Story, US 2017 | n=2435
What Influences the Shopper Journey?
Contrary to the old model, digital channels drive awareness across categories

Digital has more impact than word of mouth and retail stores, but TV still scoops up ad spend.

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**First Learn About New Products**
(weighted average by country)

- **People in Real Life**: US: 52%, UK: 30%, FR: 31%, DE: 36%, JP: 41%, BR: 32%
- **Retail stores**: US: 56%, UK: 53%, FR: 47%, DE: 52%, JP: 51%
- **Social Media**: US: 51%, UK: 40%, FR: 28%, DE: 30%, JP: 23%, BR: 30%

Source: Criteo Shopper Story, US, UK, FR, DE, JP, BR 2017 | n=9033

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*I typically find out about something new when I see it online.*
Digital drives product consideration

Omnishoppers are eager for information about products. They use websites to get the information to make product decisions.

Learn More About New Product
(weighted average by country)

When I’m deciding between coffee makers, I go online to compare.
Digital is also a point of purchase driver, regardless of where the purchase is made.

I saw an offer on a retail site for just what I wanted.

Last Influenced About New Product
(weighted average by country)

Source: Criteo Shopper Story, US, UK, FR, DE, JP, BR 2017 | n=9033
Retail sites attract high intent shoppers

Shoppers turn to retail sites when they are in market to buy. They typically know the item or type of product they want.

Users Who Start Product Search at Retail Website
(percent of total)

- Brazil: I know the type of item I want (18%), I know the exact item (24%) - 37%
- Germany: I know the type of item I want (19%), I know the exact item (19%) - 38%
- France: I know the type of item I want (21%), I know the exact item (22%) - 43%
- United Kingdom: I know the type of item I want (21%), I know the exact item (22%) - 43%
- United States: I know the type of item I want (15%), I know the exact item (20%) - 35%

Source: Criteo Shopper Story, US, UK, FR, DE, JP, BR 2017 | n=9033

*Brazil is an outlier as Amazon has a more limited presence in the market.
The omnishopper journey does not usually start at search

80% of shoppers do not start their purchase at a search engine

<table>
<thead>
<tr>
<th></th>
<th>Starting Point When Know Exact Item to Purchase</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>(percent of total)</td>
</tr>
<tr>
<td>Japan</td>
<td>82%</td>
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<tr>
<td>Brazil</td>
<td>82%</td>
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<td>79%</td>
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<td>79%</td>
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<tr>
<td>UK</td>
<td>80%</td>
</tr>
<tr>
<td>Japan</td>
<td>67%</td>
</tr>
</tbody>
</table>

Source: Criteo Shopper Story, US, UK, FR, DE, JP, BR 2017
Retail websites are seen as increasing in influence – even over word of mouth, search and social

Resources More or Less Influential in Purchase Process
(percent of total)

- Retailer websites/apps
- Friends/word of mouth
- Search engines
- Social media
- Brand websites/apps
- Retail stores
- TV advertising
- Online video advertising
- Online ad banners
- Magazine advertising
- Newspaper advertising

Source: Criteo Shopper Story, US 2017 | n=2435
Location and immediate need drives store visits

Omnishoppers seek convenience and immediacy from retail stores.

Retailers also need to:
- Up the “genius” level of their staff
- Optimize product mix
- Enable product experience

Factors Make Users More Likely to Shop in a Retail Store

- Convenient location: 66%
- Immediate need for product: 60%
- Knowledgeable salespeople: 39%
- More unique merchandise: 34%
- Better ways to try the product: 33%
- Store design: 26%
- Displays that show how to use a product: 26%

Source: Criteo Shopper Story, US 2017 | n=2435
How eCommerce sites can improve conversion
Percent of shoppers that say these website factors are very important.

- Free return shipping: 67%
- Discounts available: 64%
- Online chat: 20%
- Appealing photos: 48%
- 360° product images: 34%
- Reviews organized by relevance: 48%
How Do People Shop Online?

The journey is increasingly complex
Cross site shopping is a common activity for apparel shoppers

Results show that omnishoppers in Brazil and Japan are the most discerning shoppers.

“I Often Visit Multiple Websites So I Can Compare Products”
(percent of shoppers who agree)

- USA: 32%
- Germany: 29%
- UK: 28%
- Brazil: 47%
- France: 29%
- Japan: 43%

Source: Criteo Shopper Story, US, UK, FR, DE, JP, BR 2017 | n=9033
Selection and inventory management drive site abandonment

Product information has more significance for CE, reviews are more important for baby.

Why Browse Different Websites
(percent of shoppers who agree)

Source: Criteo Shopper Story, US 2017 | n=2435
Online impulse purchases are a global phenomenon

Brazilians are most likely to make impulse apparel purchases. Japanese shoppers are more likely to make unplanned purchases for CE products.

Shoppers making unplanned online purchases by country
(sometimes/frequently)

Source: Criteo Shopper Story, US, UK, FR, DE, JP, BR 2017 | n=9033
Impulse purchases almost as prevalent online as in-store

CPG, CE and Health & Beauty brands need to adopt ways of incenting impulse purchasing online in ways similar to what they do offline.

Frequency of Making Unplanned Purchases – By Product Category
(sometimes/frequently)

Source: Criteo Shopper Story, US 2017 | n=2435
What Do Shoppers Think About Advertising Relevance and Data Usage?

Awareness is high: Omnishoppers demand respect and relevance
Shoppers recognize retargeting and understand the value

Japanese Omnishoppers are most enthusiastic about retargeting, Brazilians are most likely to notice.

I like it when I see ads for things I was shopping for yesterday. A deal can make me buy now.

Awareness and Attitudes to Ad Retargeting

(percent of total)

<table>
<thead>
<tr>
<th>Country</th>
<th>I notice ad retargeting</th>
<th>I like receiving them if I can get better discounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>70%</td>
<td>43%</td>
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<tr>
<td>UK</td>
<td>60%</td>
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<td>FR</td>
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<td>DE</td>
<td>62%</td>
<td>29%</td>
</tr>
<tr>
<td>BR</td>
<td>80%</td>
<td>56%</td>
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<tr>
<td>JP</td>
<td>65%</td>
<td>67%</td>
</tr>
</tbody>
</table>

Source: Criteo Shopper Story, US, UK, FR, DE, JP, BR 2017 | n=9033

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Omnishoppers want control, consent and transparency

Data may be the way to drive ultimate relevance for omnishoppers, but publishers and retailers need to tread with caution – and full disclosure.

Attitudes Toward Retailers Using Browsing Data
(percent of total)

- I am concerned about these retailers using my personal data for ad targeting without my consent: 42%
- I feel that using my personal data invades my privacy: 39%
- I am interested in learning more about how they are using my data: 22%
- I don't believe that retailers are using my internet activity data: 3%

Source: Criteo Shopper Story, US 2017 | n=2435
Use data well — but don’t abuse the privilege

Brands and retailers need to gain the broadest possible view of the shopper so that they receive the most timely, relevant offers — and think about long term loyalty versus short term gains.

Attitudes Towards Online and Offline Advertising (sometimes/frequently)

- I am annoyed by offers for products I have already purchased: 34%
- I feel advertisers care more about my money than my long-term loyalty: 34%
- Ads typically don’t generate negative feelings for me: 26%
- I am sometimes embarrassed by inappropriate ads: 18%
- I feel I am disrespected by the advertisers: 18%
- I feel advertisers ignore my personal preferences: 17%

Source: Criteo Shopper Story, US 2017 | n=2435

1/3 are annoyed by improper data use
Amazon does not dominate the omni-shopper journey. Retail sites, building on long-time offline relationships, are a way to reach highest intent omnishoppers.

**Takeaways for reaching the empowered omnishopper**

1. **The omnishopping mandate eliminates silos**
   
   With the prevalence of omnishopping, marketers need to market to the shopper – not the device or channel.

2. **Retail sites drive awareness and point of sale purchase**
   
   Brands need to consider digital across the full funnel to ensure that they are capturing shoppers where decisions are increasingly made.

3. **Retail sites reach shoppers in buying mode**
   
   Amazon does not dominate the omnishopper journey. Retail sites, building on long-time offline relationships, are a way to reach highest intent omnishoppers.
Takeaways for reaching the empowered omnishopper

4. It’s an ecosystem
Omnishopper journeys include multiple sites and sessions. A networked approach to commerce marketing enables brands to reach valuable consumers across every channel and device.

5. Relevance drives impulse
With impulse purchasing almost as prevalent online as in-store, brands and retailers need to use data to present the most relevant and complementary products to encourage “click to cart”.

6. Respect the shopper
Omnishopper data usage is a privilege – advertising timeliness and relevance is the demand. Marketers who respect the shopper earn long time loyalty.
Criteo (NASDAQ: CRTO), the leader in commerce marketing, is building the highest performing and open Commerce Marketing Ecosystem to drive profits and sales for retailers and brands. 2,700 Criteo team members partner with 16,000 customers and thousands of publishers across the globe to deliver performance at scale by connecting shoppers to the things they need and love. Designed for commerce, Criteo Commerce Marketing Ecosystem sees over $550 billion in annual commerce sales data.

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