

**BRANDSHOP**

# 2015 Digital Consumer Preferences Survey

## Table of Contents

- I. **Introduction**
  - A. Goals
  - B. Methodology
  - C. Research Focus
  - D. Key Takeaways
  
- II. **The Digital Retail Industry**
  - A. The State of E-Commerce
  - B. Industry Trends
  
- III. **Consumer Behavior: An Affirmation**
  - A. Frequency
  - B. Research
  - C. Search and Discovery
  - D. Transaction
  
- IV. **Consumer Preferences**
  - A. Expectations
  - B. Choice
  - C. Satisfaction
  - D. Perception
  - E. Accountability
  
- V. **Correlation**
  
- VI. **Conclusion**

## I. INTRODUCTION

In an increasingly connected world, e-commerce as a segment of the retail industry is thriving and brands must offer near-perfect shopping experiences to meet the needs of their customers. The modern consumer desires authentic experiences and the ability to make purchases directly on a brand's digital marketplace, through various channels and from desktop to mobile. For brands and retailers, that means content, design, transaction and fulfillment capabilities must all come together to provide a genuine and engaging shopping experience.

### A. Goals

BrandShop's study explores the current online shopping experience and delves into the expectations of the digital consumer. By better understanding consumer behavior and preference, the study aims to uncover insights on how brands can better engage with shoppers in this evolving digital landscape.

### B. Methodology

A comprehensive survey designed by BrandShop was conducted between March 18 and April 3, 2015. Considering over [78% of the U.S. population over the age of 15 make online purchases](#), the survey targeted a general audience with a wide range of participants. Consumers between the ages of 18 and 65 were surveyed throughout the U.S., across all income levels, with a total of 1,055 respondents completing the survey. Statistically, the results yield a 95% confidence level with a +/- 3% margin of error.

### C. Research Focus

- What are the current habits of online shoppers?
- Where and how do transactions take place?
- Are consumers satisfied with their online shopping experience?
- What are consumer preferences as they relate to online shopping?
- What do consumers expect from brands and online retailers?
- How important is it for brands to transact directly with a consumer?
- How can brands better engage with their customers through digital channels?

## D. Key Takeaways

Following are key findings from the study, highlighting some of the critical aspects of an ideal consumer-brand digital shopping experience.

### 1. **Consumers are looking to transact, not only engage with a brand**

Engaging with a consumer online is simply not enough in this ultra-competitive market. With the rise of third party e-tailers, transactions occur anywhere, anytime. Brands must empower their customers with the ability to transact directly on its digital channels. Giving consumers what they desire will allow brands to expand their market share while providing consumers with an authentic, branded experience.

### 2. **Consumers prefer to buy directly from a brand's digital channel**

While most purchases take place over third party channels, it is now understood that consumers prefer to buy directly from a brand if given the option. The confidence and authenticity a consumer experiences from transacting directly with a brand is not something easily replicated by third parties.

### 3. **The amount and quality of information available to consumers is essential**

During the consumer shopping cycle, the most essential step is research. Brand content and relevant information give consumers the confidence to purchase right then and there, without having to leave the site to complete the transaction elsewhere.

### 4. **There is a huge gap between consumer expectations and the current reality**

Consumer expectations are not being met by brands. There is only a short list of brands that enable direct transaction through owned digital channels. Huge opportunity awaits the brands that are willing to unlock their digital potential through active engagement, content, information, transaction and fulfillment.

## II. THE DIGITAL RETAIL INDUSTRY

### A. The State of E-Commerce

Fueled by the growth of the Internet and the modern digital consumer, e-commerce has become a global market with retailers ranging from multinational corporations to small, individually operated businesses. According to estimates released by the [U.S. Commerce Department](#), 2014 U.S. web sales were up 15.4% from 2013, marking the fifth consecutive year of growth close to or above 15%. It is currently a 300 billion dollar industry in the U.S. alone and shows no signs of slowing down over the next few years.

### B. Industry Trends

**Brands are going full-force into omnichannel retail.** The transition into omnichannel retailing is becoming a key focus for many brands and retailers. The reason is simple: consumers don't exist on one channel alone and a majority of them are discovering products in many different places, on and offline. To add to the fragmented nature of commerce, it is now a common occurrence for shoppers to start their journey in one place and end in another. In an effort to boost customer loyalty, engagement and bottom line results, an increasing number of brands are moving toward building experiences that meet the consumer every step of the way, across digital and physical worlds.

**Mobile is transitioning from being "nice to have" to a necessity.** We live in the mobile-age and accordingly, there has been a shift toward mobile optimized shopping experiences as consumers continue to take to their smart phones and tablets. Influenced by convenience and accessibility, the modern on-the-go consumer demands a seamless brand experience across all channels. According to a recent study by [Criteo](#), mobile shopping now accounts for over 30% of all global e-commerce sales. In the top quartile of retailers, this figure is at a staggering 47%. Having a mobile-friendly website no longer gives a company the competitive advantage that it once did; it is now a necessity for doing business online.

**Content can make or break a brand.** With the rise of omnichannel retailing, digital content has also started to play a much larger role in the online shopping experience. Keeping in mind that today's consumer can tap into a wealth of content before making a purchase, brands have the opportunity to create better digital experiences that are laced with informative, quality content to build deeper relationships with shoppers.

**Meeting the "always on" consumer wherever they are.** Finally, there is a realization that the customer journey does not start and end with the transaction. Instead, it is a much more fluid journey that encompasses social media, blogs, offline media, search engines, and third party retailers. Catering to the demanding, always-on consumer is the new norm, and whether a brand embraces it or not will make all the difference in market share.

### III. CONSUMER BEHAVIOR: AN AFFIRMATION

There are many assumptions made by the retail industry about its digital consumers and the shopping experiences that they've come to expect. Understanding the behavioral aspects of consumers will allow the industry to fine tune digital strategies to respond to the evolving consumer demand.

#### A. Frequency

**Over 71% of respondents shop online at least several times a month.**

Online shopping has become a new norm for the majority of consumers. Increased internet access, speed and reliability will only further the online shopping experience, leading to higher levels of transaction frequency. The growth and optimization of mobile will also undoubtedly play a significant role in the continued evolution of e-commerce for both brands and retailers.

#### B. Research

**Researching a product prior to purchase is important for consumers.**

96% of all respondents feel research is a crucial step in the shopping experience. It is absolutely imperative for brands and retailers to provide accurate and relevant information about their full line of product offerings. After all, customer confidence is synonymous with conversion and brand loyalty.

#### C. Search and Discovery

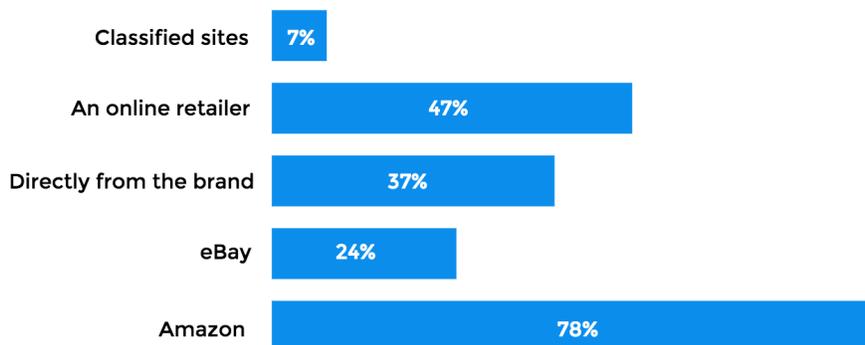
**More than half of all product searches start with Google.**

58% of respondents start their product search on Google, and 22% of respondents go directly to a brand's website. Surprisingly, third party retailers such as Amazon trailed behind with just 14% of respondents starting their product searches there, which makes brand websites the second most utilized channel for product discovery and research. For brands, it's just as important to be on the top of Google's search results page as it is to deliver the full experience for shoppers to convert initial site traffic into satisfied, loyal customers.

#### D. Transaction

**Amazon and third party retailers continue to dominate online sales.**

A significant portion of online sales are occurring through third party retailers, with 78% of respondents making frequent purchases on Amazon. However, this finding simply states the current reality of e-commerce and does not necessarily represent a consumer's preference, nor does it address their needs.



## IV. CONSUMER PREFERENCES

Understanding general consumer behavior may have laid the groundwork for building the best digital shopping experience, but the core of the survey focuses on the unique relationship between consumer and brand. Addressing consumer expectations and preferences will ultimately help businesses reclaim ownership of their brands, allowing them to control and deliver their core message and values through a brand-owned channel.

### A. Expectations

#### Consumers expect to be able to transact directly with a brand

An overwhelming 82% of respondents expect to be able to complete a purchase directly from a brand's digital marketplace. This proves that engagement alone is not enough. Brands must enable transaction and transform their sites into brand marketplaces to seamlessly and directly connect with consumers.

**If you are shopping or researching on a brand's site, do you expect to be able to complete the purchase right then and there?**

**YES  
82%**

**NO  
18%**

### B. Choice

#### If given the choice, consumers would prefer to buy directly from a brand

88% of those surveyed prefer to purchase directly from a brand if given the choice. Considering only 37% of respondents make purchases directly from the brand's website, there is a huge disparity between the current reality and the consumer's preference. There is a tremendous opportunity to increase and improve a brand's digital commerce efforts to capture these consumers.

**Would you buy directly from brands if you could?**

**YES  
88%**

**NO  
12%**

### C. Satisfaction

#### Only 18% of respondents are highly satisfied with their branded shopping experience online

Nearly 10% of all respondents were dissatisfied with the experience and the remaining 72% felt they were somewhat satisfied. While general levels of satisfaction are moderately high, there exists much room for improvement in the branded shopping experience.

### D. Perception

#### Quality, depth and presentation of information equates to authenticity

When it comes to determining a site's legitimacy, the quantity, quality, depth and presentation of information provided were key factors for shoppers. A brand's website should be informative, content rich and transparent to pass the initial "sniff test" before consumers consider making a purchase through the site.

## E. Accountability

### **Brands are held accountable regardless of where the transaction took place**

While most online purchases are made over a third party retail channel such as Amazon, more than half of the respondents hold the brand responsible for any shortcomings. In light of this finding, reclaiming ownership of a brand's end-to-end experience and its identity remain crucial to its success.

## V. CORRELATION

How are these findings correlated and what does it all mean?

- **Just over a third of respondents buy directly from a brand, yet 82% expect to have the option and an astonishing 88% would buy if given that option.**

There is clearly a gap between what consumers want and what is being offered by brands. This holds especially true for clothing & apparel, CPG and electronics brands. More than half of those surveyed would prefer to buy those products directly from the brand. Consumers transact with third parties out of necessity, not preference - they do so because their options are limited. This is perhaps the most critical finding for brands. Sometimes it comes down to something as simple as providing consumers with the option to transact.

Enabling transactions are a great way to start, but consumer engagement doesn't stop there...

- **71% of those surveyed shop online regularly, at least several times a month and much more frequently in some cases, yet only 18% are highly satisfied with their shopping experience.**

Improving the experience requires a clear understanding of consumer expectations and values. Take content and information as an example. Just about all respondents (97%) agree that research is an important part of the online shopping process, with more than half responding that it's absolutely critical. As a result, it is crucial for brands to communicate with consumers through engaging content while providing comprehensive information to assist in their research. It is what ultimately defines an authentic brand experience, and the added confidence can make all the difference to consumer satisfaction.

Now that the importance of research and informative content has been established, we must explore the current channels of information delivery.

- **While it is expected that a majority of consumers start their search on Google, only 22% of respondents start on a brand's website, and even fewer respondents look to a third party e-tailer for critical information about a product.**

Why is this important? The observation drawn here is twofold. First, brands must not view search engines as competition, but as portals that guide consumers to brand-owned channels. Second and more importantly, while consumers are more likely to start their search on a brand's website rather than a third party e-tailer's, the actual transaction overwhelmingly occurs on third party channels. Brands have the opportunity to meet and exceed the expectation of consumers by delivering the experience that they prefer: shopping and buying directly from the brand.

- **Regardless of where a transaction occurs, more than half of respondents hold the brand responsible for the end-product experience.**

The bulk of online transactions take place on third party channels, but these e-tailers are rarely held accountable for the end experience; just over a third of all respondents felt otherwise. The end experience can be negatively affected by misrepresentation, counterfeits and imperfect goods, damages during fulfillment, out of season or expired items, and so forth. While brands may have nothing to do with the issues at hand, there is a fairly high chance that the consumer will hold them accountable for any shortcomings. The only way for brands to deliver the best experience for shoppers is by carefully controlling the brand's experience at every point during the customer's journey, from search and discovery to purchase and fulfillment. Ultimately, brands should aspire to offer consumers a complete, branded shopping and buying experience.

## VI. CONCLUSION

It was previously understood, qualitatively, that brands who only seek to engage with a consumer without providing the opportunity to transact was disappointing to consumers. The 2015 BrandShop Consumer Survey, in fact, proves that consumers are expecting to engage with and transact with a brand within the same experience and in one setting. This means that brands must enable their engagement platforms and supply chains for direct-to-consumer commerce in order to compete in the digital landscape. If a brand plans to sell directly to consumers digitally, it must first focus on driving consumers to its owned and controlled digital channels. Doing so will allow brands to carefully craft the brand experience, provide consumers with authentic information about each product, serve as a trusted source of information, and become price competitive, all to boost value for its customers.

## ABOUT BRANDSHOP

BrandShop is the leading provider of branded digital commerce solutions for Fortune 1000 companies. Powering the growth of brand marketplaces. BrandShop fuses technology, design and fulfillment capabilities to streamline the way products are discovered and purchased. Co-founded by Brian Martin and Reuben Hendell, BrandShop works with more than 70 clients including Casio, Coca-Cola, Cuisinart, Ford, Hershey's, Ping, Samuel Adams and Waterpik.

For more information about this survey or BrandShop's services, please contact:  
Dan Forno, Vice President, Client Success & Consumer Engagement at [dforno@brandshop.com](mailto:dforno@brandshop.com)