globalwebindex

Commerce

GlobalWebIndex's biannual report
on the latest trends in online commerce

Contents

Introduction

Commerce presents GlobalWebIndex's very latest figures for online commerce, consumer behaviors and engagement levels. Among other topics, this report covers:

- The markets driving online commerce trends

- The roles that different devices play in online purchasing

- The changing dynamics of how people are paying for products

- The potential and current impact of social commerce, voice commerce, and New Retail

- Purchasing behaviors in specific categories

- The important touchpoints along the path to purchase

Key Insights

The shift to mobile affects all areas of the purchase journey

Researching products, buying products, and banking online are all mobile-first activities. The PC is still popular and relevant, especially in the West, but with the rise of mobile payments, the commerce landscape is being shaped by the smaller screen.

Social is a go-to in the purchase journey

Younger consumers look to social before search engines for information on products. Brand-consumer interaction is becoming more social and video minded.

Subscription models are coming to the fore

Within entertainment, subscriptions are catching up with or surpassing downloads. Following in the footsteps of film and TV, music subscriptions are now almost as popular as downloads.

Advertising can be an experience, not the barrier to experience

Against a background of ad-resistance, the lines between marketing and entertainment are blurring, especially for brands looking to reach out to younger consumers.

Voice tech has the potential to reshape the competitive commerce landscape

Uptake for New Retail tech is in its infancy, but foundations are being laid for it by sellers and manufacturers. Voice commerce, driven the by ability to tap into consumer convenience, is now an important tool for online retailers in routing consumers to their products.

Commerce

The State of Ecommerce

The State of Ecommerce

PCs have traditionally been the default device for digital financial transactions, as they're seen to offer more protection for sensitive transactions. But this is changing. At a global level, for all stages of the purchase journey - from researching, to buying, through to reviewing, the mobile is now the device of choice. With online banking a mobile-first activity as well, the commerce landscape is being shaped by the smaller screen. This is a trend which holds true by age until the 45-64s who are still wedded to desktops, which in turn means that Europe and North America see PCs and laptops still ahead of mobile for commerce actions.

So the PC is not going away any time soon. And internet users don't buy on their devices in isolation; if they buy on mobile, it's likely they buy on PC as well, and vice versa. The extent to which these two devices overlap when buying demonstrates how a multi-device approach is crucial during the purchase journey as a whole, as consumers can check out with either device. **Browsing for products and visiting retail stores are still firmly multi-device activities too.** Internet users dedicate on average 1.8 devices to visiting retail stores, and 1.6 to researching products.

Figures for conducting some form of online commerce activity (i.e. product research, advocacy, purchasing, etc.) are above 90% across all demographic breaks. Even among 55-64s, it's still 93% engaging with online shopping in some form. The Middle East and Africa is something of an exception. As markets there are typically cash-driven, most transactions are completed offline. 56% of users are buying there, making it the lowest scoring region by some distance. But there is appetite to shop digitally, as 45% of internet users in MEA say that a cash on delivery option would motivate them to make a purchase online, showing how ingrained that buying behavior is to the region.

Three-quarters of internet users buy products online

Looking market-by-market, the countries buying online most often are split between Asian markets like China and Indonesia, and Western markets like Germany and the U.S.A. In the West, the fact that Germany and the U.S.A. are two of the countries which visit Amazon the most suggests that the website's popularity is largely responsible.

THE STATE OF ECOMMERCE
% of internet users aged 16-64 who have purchased a product online in the past month

75% Any device

54% Mobile
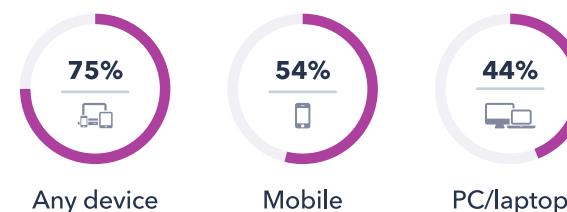
44% PC/laptop

CROSS-DEVICE BUYING

47% of buyers on mobile also purchase on PC

57% of buyers on PC also purchase on mobile

The Growth of Mobile Payments
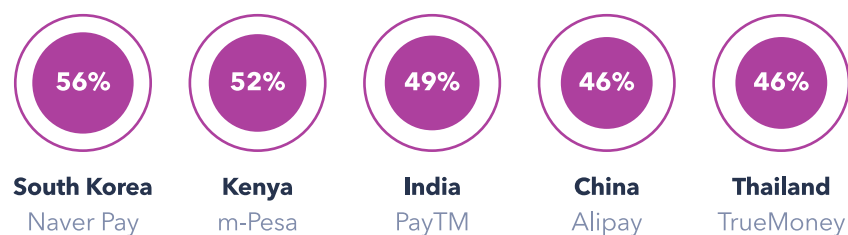
Mobiles aren't just the most popular device for buying online globally, they're also a distinct payment method in their own right, and one which has helped grow ecommerce across the world. **Use of mobile payments has grown rapidly**, from 22% of the online population in 2015 to 37% in our latest wave of research.

MOBILE PAYMENTS
% of internet users who have paid for an item/service with their mobile in the last month

26%	**32%**	**37%**
2016	2017	2018
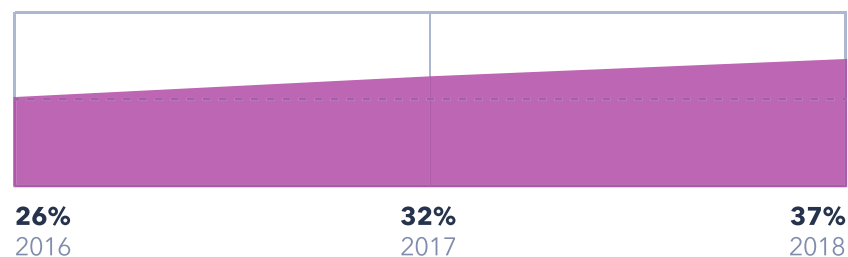
TOP 5 COUNTRIES FOR MOBILE PAYMENTS AND THEIR MOST USED SERVICES

56%	52%	49%	46%	46%
South Korea	**Kenya**	**India**	**China**	**Thailand**
Naver Pay	m-Pesa	PayTM	Alipay	TrueMoney

Much of this growth has happened in countries where a lack of credit card infrastructure has allowed challengers to leapfrog payment providers and claim a competitive position in that space. For this reason the top 5 markets for mobile payments include fast-growth markets like Kenya, India and Thailand. Barriers to the growth of mobile payments may lie in consumer concerns about fraud and data security, though this is a two-way street, as mobile payments can allow for more personal security than carrying cash.

Mobile payments aren't limited to mobile-first markets

Although fast-growth markets currently take the lead for mobile payments, there is still opportunity in the West. Our data shows that mobile payments have penetrated into mature markets like Sweden, where 33% have used a mobile payments service in the last month, and the UK (26%). With market leaders like Apple, Alibaba-owned Ant Financial and Samsung looking to gain a foothold during the critical development periods where consumer habits become entrenched, the investment resulting from this expansion will drive uptake in the coming years.

But by looking at the market leaders in countries where mobile payments are used most often, we can see that these are often domestic competitors, not global ones. **Local providers can be shielded from competition by regulation and unique market conditions.** This has driven Ant Financial's strategy of investing and leveraging in local partners, including India's top service PayTM, which they have a 40% stake in.
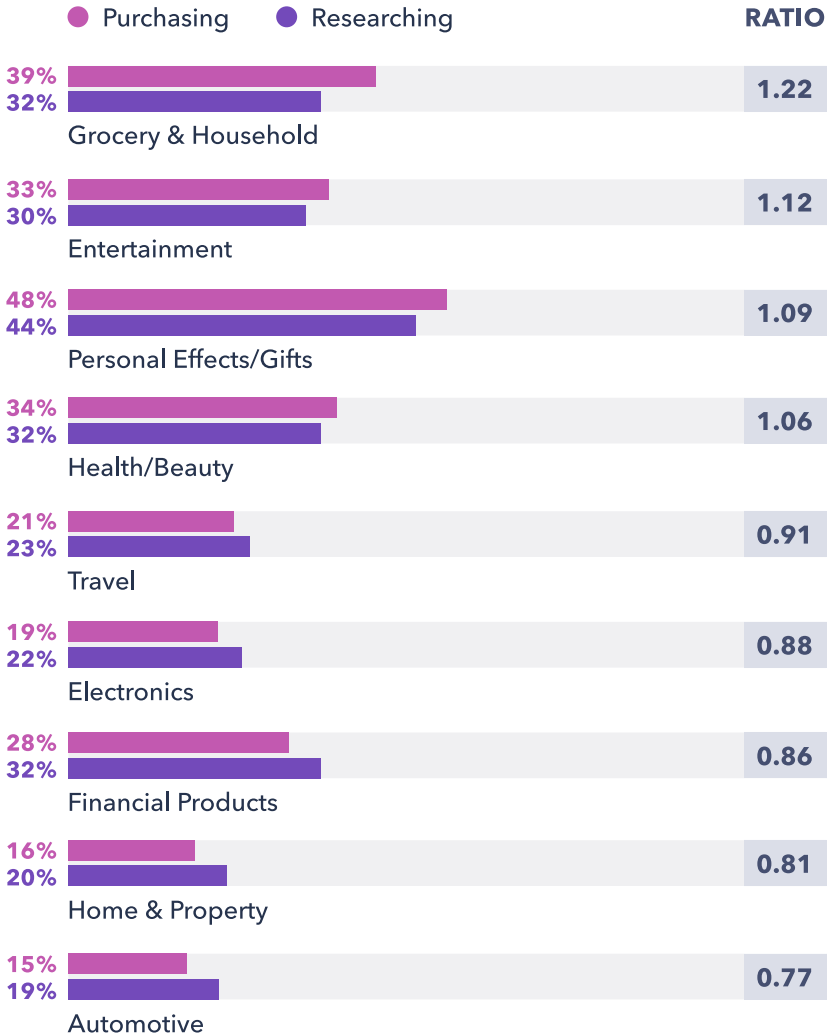
Commerce

Category Trends

Purchasing Habits by Category

ONLINE BUYING VS. RESEARCHING
% of internet users who do the following
in each product category online

● Purchasing   ● Researching   **RATIO**

39%
32%
Grocery & Household   **1.22**

33%
30%
Entertainment   **1.12**

48%
44%
Personal Effects/Gifts   **1.09**

34%
32%
Health/Beauty   **1.06**

21%
23%
Travel   **0.91**

19%
22%
Electronics   **0.88**

28%
32%
Financial Products   **0.86**

16%
20%
Home & Property   **0.81**

15%
19%
Automotive   **0.77**

When it comes to buying online, not all product categories are made equal. If we combine our 82 tracked product types into segments, we can identify which product categories are bought online more than they are researched, and vice versa.

Certain categories lend themselves more to buying online, whereas for others, using online media as an information resource is paramount. More expensive products are researched more online than they are bought, with cars and home products at the top.

At the other end, cheaper items like groceries and entertainment media are bought online more than they are researched. **With less online research for these products, these categories may be best placed for voice commerce**, as they best fit as-and-when buying, responding promptly to consumer needs. With 22% of internet users who buy grocery products using smart assistants, there's already a device base for these consumers.

Grocery products look like the gateway to drive voice commerce

What's more, the big players in grocery retail are competing to take advantage of this new retail channel. By extending Amazon Prime to Whole Foods, and selling Echo devices in their stores, Amazon have shown their ambition to integrate online and offline platforms, while Walmart have followed up by **launching** personalized shopping on Google Home devices.

Commerce

Digital Content

Paid-For Digital Content

Since 2015, more and more internet users are buying some form of digital media each month, with rates having risen from 53% to its current standing of 60%. There is strong regional variation in buying digital content, however - while 2 in 3 internet users in APAC are buying some form of it, only 4 in 10 in Europe are.
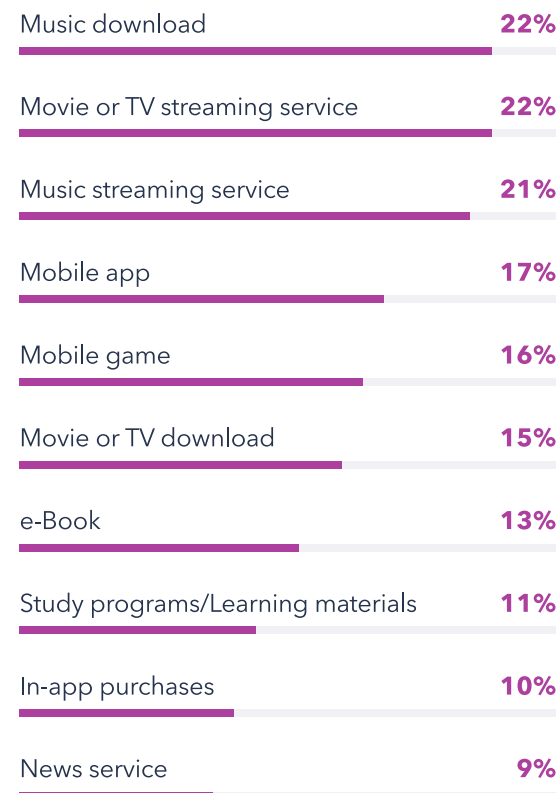
Looking at the global picture, **we can see an ongoing trend in streaming services surpassing downloads**, with internet users paying more for access to content than an instant download. This transition has already happened for films and TV, and while music downloads are still ahead of paying for music streaming, they are closer than ever and will likely be overtaken soon. Here is a practical demonstration of what is reported elsewhere in our survey, as 46% of internet users say that they prefer to access music through streaming, compared to 24% who prefer to download and own it outright.

But even as streaming services catch up or overtake downloads, there's still a considerable gap between internet users who use those services and those who pay for them. While music and TV are seeing growth, there are some exceptions worth highlighting. Paying for news services remains low, and ebooks, which were the most popular form of bought digital media in 2014, have dwindled in popularity.

Entertainment has been at the forefront of a move from buying a single product to paying to accessing many more via a subscription. Netflix and Spotify have been at the vanguard of this, commanding 32% and 18% of internet users for their services respectively. Their example could herald disruption on sectors like the ride-hailing industry to the software or even the travel/hotel industry. In digital commerce, higher margins due to minimized shelf space, manufacturing, and transportation costs have led the entertainment industry to quickly expand. But **from a consumer perspective, there's still disparity in consumer rights between physical and digital content**. In some cases, consumers pay more for digital content which entitles them to fewer consumer rights on the product. As such, more needs to be done to reassure consumers that it is worthwhile purchasing digital content rather than physical.

SUBSCRIPTION MODELS EMERGE IN ENTERTAINMENT

Music download	**22%**
Movie or TV streaming service	**22%**
Music streaming service	**21%**
Mobile app	**17%**
Mobile game	**16%**
Movie or TV download	**15%**
e-Book	**13%**
Study programs/Learning materials	**11%**
In-app purchases	**10%**
News service	**9%**

43% of internet users would rather sign up for membership of a product/service than pay extra to own it
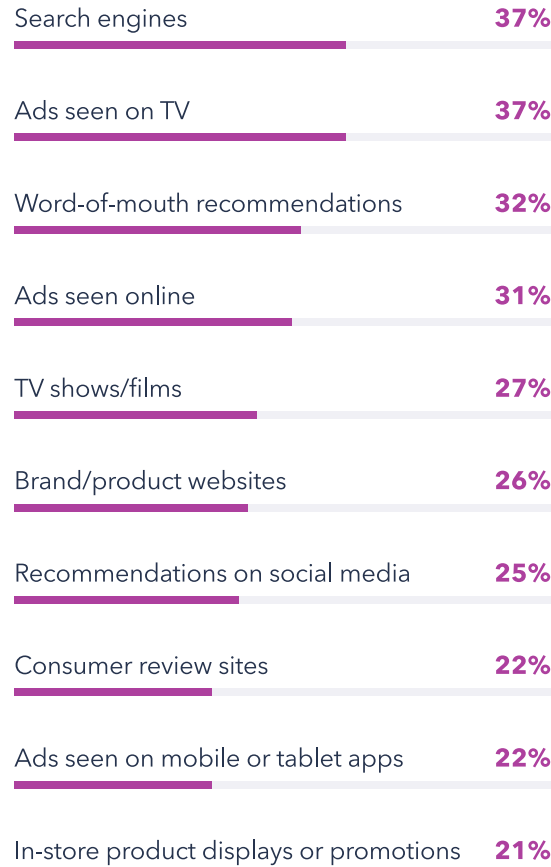
Commerce

The Purchase Journey

The Purchase Journey

TV remains the most influential medium for discovering brands, though it's neck-and-neck with search engines. There are key differences between the genders for brand discovery, as **women are more ad-influenced and more likely to hear about brands through personal recommendations**, whether in person or via social media. Online ads are the fourth most popular form of brand discovery although, as we cover in more detail in our **Insight Report** on the subject, ad-blocking is something brands need to be wary of. Among younger digital consumers, it's more digitally forward options which resonate strongest. Key examples include video sites, mobile apps and vlogs.
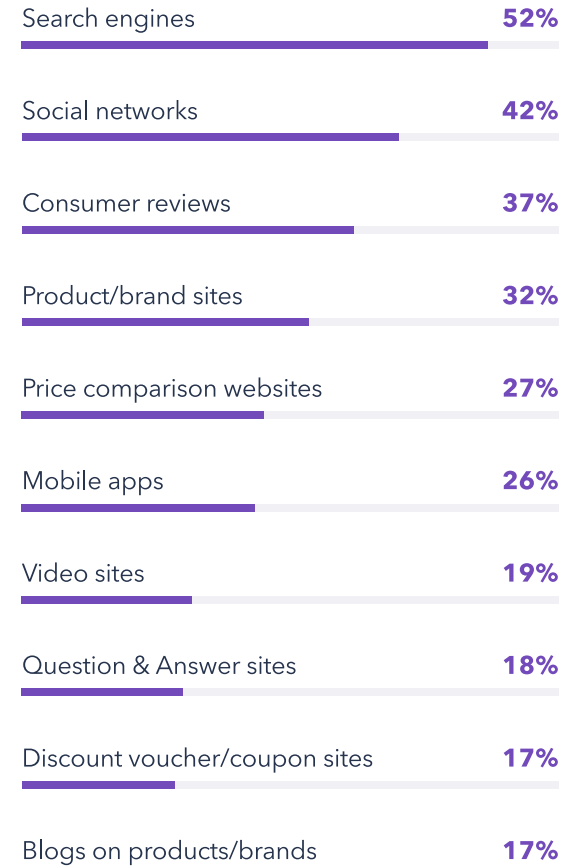
As we describe in our **Social** flagship report, the way people use social media is changing. **Social behaviors are now less focused on sharing personal information and are more purpose-driven**, which has allowed social to come to the fore in the purchase journey. The headline story for product research is the rise of social. Gen Z are more likely to turn to social instead of search engines in their product research, which suggests it's a behavior which could change as the demographic of the online population does.

BRAND DISCOVERY

Search engines	**37%**
Ads seen on TV	**37%**
Word-of-mouth recommendations	**32%**
Ads seen online	**31%**
TV shows/films	**27%**
Brand/product websites	**26%**
Recommendations on social media	**25%**
Consumer review sites	**22%**
Ads seen on mobile or tablet apps	**22%**
In-store product displays or promotions	**21%**

Women are more likely to discover brands through ads and recommendations

PRODUCT RESEARCH

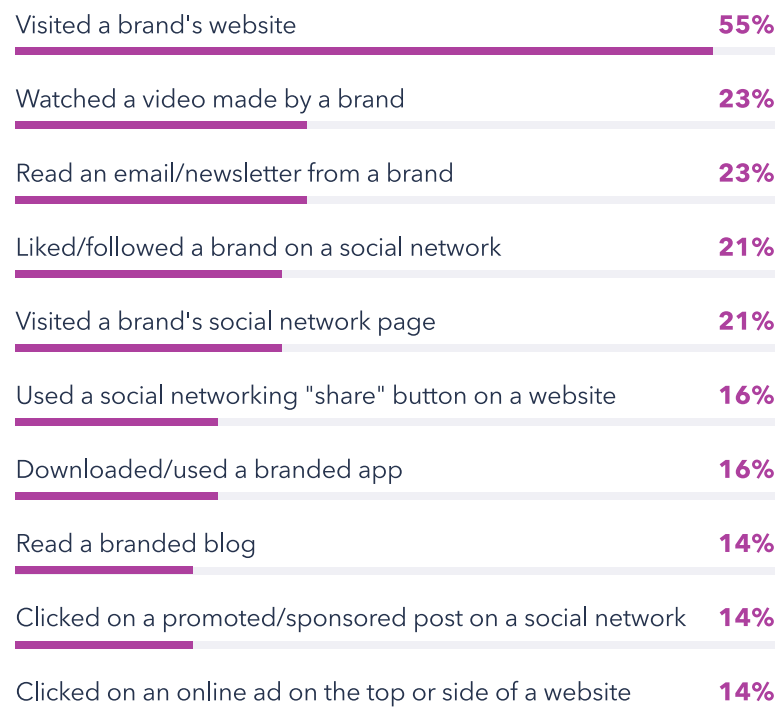|	
Search engines	**52%**
Social networks	**42%**
Consumer reviews	**37%**
Product/brand sites	**32%**
Price comparison websites	**27%**
Mobile apps	**26%**
Video sites	**19%**
Question & Answer sites	**18%**
Discount voucher/coupon sites	**17%**
Blogs on products/brands	**17%**

Where Brands Meet Consumers

These social platforms also provide important brand-consumer touchpoints. 37% of internet users follow their favorite brands on social media, with 25% following brands they are thinking of buying something from. As engagement patterns veer towards more purposeful activities, **consumers are comfortable sharing their social spaces with brands**. 15% of internet users say they want their favorite brands to make them feel cool or trendy, which helps explain why similar numbers are sharing branded content with their friends on social media or uploading their own content to a brand's page. 1 in 10 internet users interact with brands on messaging apps, showing the importance of convenience in social brand-consumer relationships, and indicating the growth potential for chatbots.

Visiting branded websites is still much more popular than visiting a brand's social media page though. And once we move into the research stage of the purchase funnel, a third of internet users say that product/brand sites are one of the ways they tend to find out more about products. **Here is an indication of the potential of content marketing, by making the most of consumers choosing to consume branded content.**

6 in 10 internet users say they would rather spend money on a unique experience than a status brand

Beyond passive encounters with branded content, **experiential marketing can unlock interactions from potential consumers with engaging experiences**. In our tracked brand-consumer touchpoints, immersive brand interactions are in the minority individually, but taken together, a third of internet users have either downloaded a branded app, played a branded game or scanned a brand's QR code in the past month. APAC leads the way in this but it applies to a quarter of those in North America too, as well as 35% of 16-24 year olds globally. We discuss later how developments in augmented reality (AR) and location-based apps can facilitate New Retail, but those technologies can play a role in engaging consumers earlier in the path to purchase as well.

BRAND INTERACTIONS

Visited a brand's website	**55%**
Watched a video made by a brand	**23%**
Read an email/newsletter from a brand	**23%**
Liked/followed a brand on a social network	**21%**
Visited a brand's social network page	**21%**
Used a social networking "share" button on a website	**16%**
Downloaded/used a branded app	**16%**
Read a branded blog	**14%**
Clicked on a promoted/sponsored post on a social network	**14%**
Clicked on an online ad on the top or side of a website	**14%**

Throughout all of this, we can see that **social commerce should be thought of in a nuanced way**, in a strategy that goes beyond "buy" buttons, and considering its role earlier in the purchase journey. Instagram in particular have been closely **looking** at how to close the purchase journey within its platform, but **there are still established consumer habits which need changing to complete the bridge between research and purchase on social**. At present, only 11% of internet users say that a social "buy" button would drive them to buy something online.
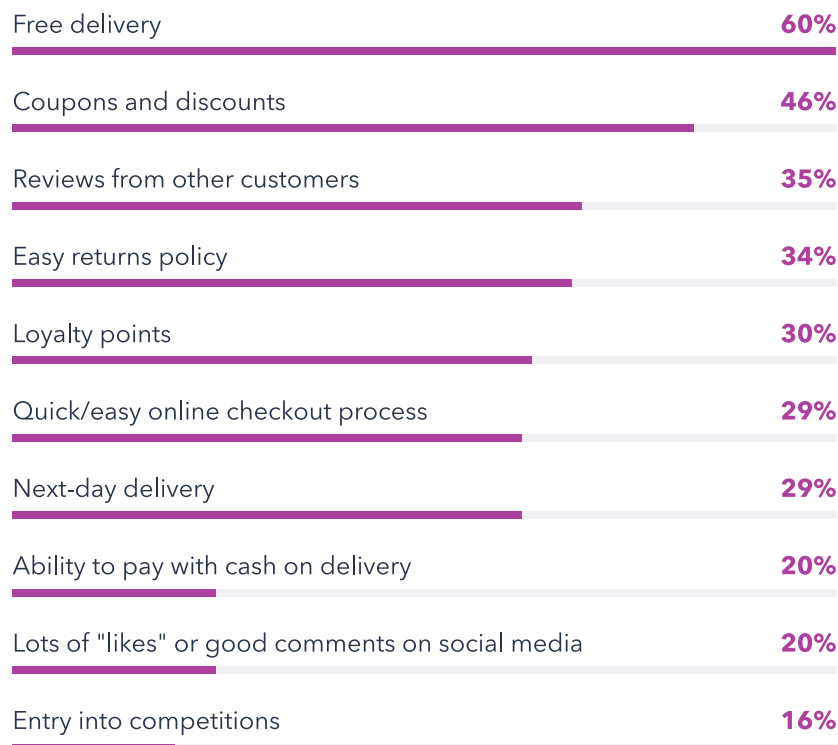
Purchase Drivers and Reviews

So when consumers are on the path to purchase, what's needed to convert them into sales? Above all, **free delivery is the primary purchase driver**. Across all age breaks, and in every single country we track, internet users say that having free delivery would motivate them the most to buy a product online. **Internet users would much rather have a product delivered for free than on the next day.** In general, most markets share the same priorities for online buying, where free delivery is followed by financial incentives like coupons, and then peer endorsements. The exception here is MEA, where the lack of credit card infrastructure means that providing a cash on delivery option here is much more important than elsewhere.

Internet users would rather have something delivered for free than on the next day

Globally, more than 4 in 10 internet users are posting a review of a product or brand each month. The number of people leaving reviews outweighs those who use review sites in their product research (37%), though if you account for those who discover brands through review sites, **45% of the online population interact with reviews in some way during the purchase journey.** With that in mind, figuring out what will encourage consumers to endorse brands is worth considering.

PURCHASE DRIVERS

Driver	%
Free delivery	**60%**
Coupons and discounts	**46%**
Reviews from other customers	**35%**
Easy returns policy	**34%**
Loyalty points	**30%**
Quick/easy online checkout process	**29%**
Next-day delivery	**29%**
Ability to pay with cash on delivery	**20%**
Lots of "likes" or good comments on social media	**20%**
Entry into competitions	**16%**

BRAND ADVOCACY

High-quality products	**49%**
Rewards	**43%**
Love for the brand	**33%**
When something is relevant to my own interests	**33%**
When I've received great customer service	**33%**
The feeling of taking part/being involved	**21%**
When something is relevant to my friends' interests	**20%**
Having insider knowledge about the brand or its products	**18%**
When I have a personal/one-on-one relationship with a brand	**17%**
Access to exclusive content or services	**16%**
When something enhances my online reputation/status	**13%**

To encourage these reviews, offering rewards (43%) and quality products (49%) are paramount. They carry significant weight across all of the major demographic and regional breaks. But brands should appeal to other desires alongside these core endorsement motivations to target specific groups. Age is one of the most obvious examples here, with life stage being a key indicator of what these "wants" may be.

1 in 5 16-24 year olds want brands to make them feel cool/trendy

Entertainment and social status are influential in the brand advocacy motivations of younger users. These consumers want their favorite brands to make them feel cool, connect them with other fans of the brand, and provide entertaining content like videos. Older users, on the other hand, tend to value the more traditional factors of quality and customer service. These consumers also place a price on convenience when engaging with their favorite brands, and display a conscientious mindset, wanting brands to use locally-sourced and eco-friendly materials in their products.
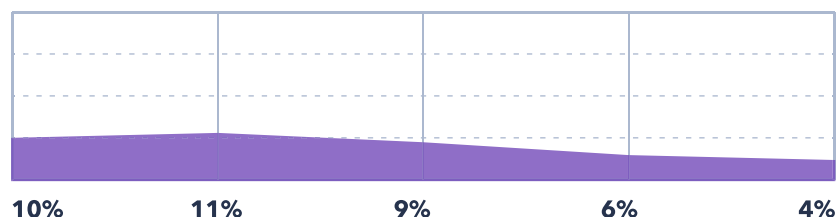
Commerce

Developments in Ecommerce

Future Trends in Ecommerce

DEVELOPMENTS IN ECOMMERCE: NEW RETAIL

% who use location services apps

10%	11%	9%	6%	4%

% who use AR apps

4%	5%	5%	3%	1%

% who use QR codes

35%	35%	34%	28%	23%
16-24	25-34	35-44	45-54	55-64
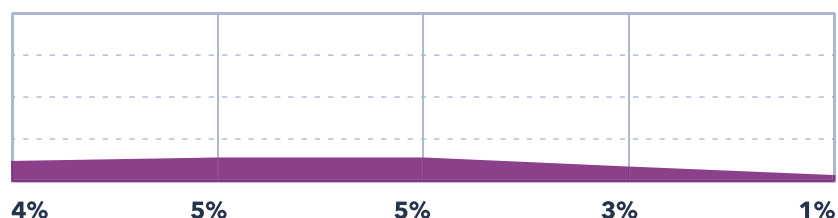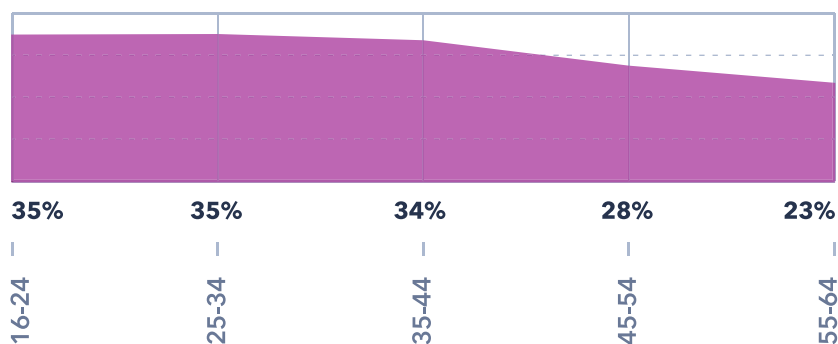
Jack Ma, CEO of Alibaba, coined the term "New Retail" to describe a commerce future where online, offline, data and logistics were integrated together, with the help of pioneering tech like location data and augmented reality (AR). **These technologies have the potential to not only revolutionize the buying experience, but also offer retailers valuable consumer insight to help them tailor their services to individual needs.**

Some of these technologies have more traction than others. **Location-based services (such as Foursquare or Yelp) and AR are currently a minority activity.** This is partly because developer kits for AR are still emerging, with **Apple** and **Google** releasing updates this year to encourage adoption of their hardware. **There may also be a lack of consumer awareness that the handsets and apps they have allow them to use AR.**

23% of internet users in the UK and the U.S. scanned a QR code on their phone in the last month

The QR code is part of the online fabric in South East Asia (the majority of internet users in Hong Kong and Taiwan use them), though it has had a surprising comeback worldwide, with more internet users scanning them now than did when they were at their seeming peak in 2014. This is true in the West as well. Part of the reason for this is that while the technology has stayed the same, the identities are different, with QR codes forming a part of interactions on Snapchat, Messenger and Spotify, but under different names and with a view to driving experiential marketing.

Disruption via Voice Tech

New Retail may be in its infancy around the world, but **one technology well-placed to develop is voice**. 17% of internet users currently use a smart assistant, and a further 34% are planning to buy one, so the coming years should see the voice user base grow. Voice technology doesn't end at the smart home device either. There is a considerable user base for the technology on mobiles too, offering another path to unlock voice commerce.

What's more, smart assistant users go beyond the profile of early adopters, and fit a demographic of consumers who can bring it into their family shopping behavior. Their average user is aged between 25 and 34, has children, and 64% of them have the main responsibility for food shopping. And as we saw earlier, grocery products are the product category where the internet is most important for buying rather than as a source of information, which suggests consumer desire for quick, frictionless buying that voice

commerce can excel at. With the driving force of deep-pocketed companies like Amazon and Alibaba looking to penetrate the grocery market, and having their Echo and Genie hardware to draw upon, **it may be the household shop which sees the biggest disruption in the near future**.

The household shop could be in line for the biggest disruption

Privacy concerns could stand in the way of some of these developments, however. **Consumers are becoming increasingly aware of their digital footprints, and many may find issue with companies gaining access to sensitive information** such as a user's location in real-time, not to mention the fact that many smart assistants have "active listening" as a default feature. With at least 4 in 10 deleting cookies, using private browsing windows and using ad-blockers, companies have to deal sensitively with privacy-conscious users.
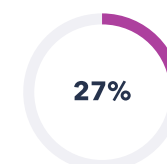
DEVELOPMENTS IN ECOMMERCE: VOICE
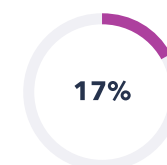
17% — % who currently use a smart assistant
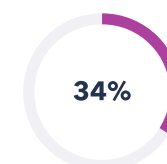
34% — % who are planning to purchase a smart assistant

27% — % who use a voice search tool on their mobile each month

Notes on Methodology

All figures in this report are drawn from **GlobalWebIndex's online research among internet users aged 16-64.** Please note that we only interview respondents aged 16-64 and our figures are representative of the **online** populations of each market, not its total population.

OUR RESEARCH

Each year, GlobalWebIndex interviews over 400,000 internet users aged 16-64. Respondents complete an **online questionnaire** that asks them a wide range of questions about their lives, lifestyles and digital behaviors. **We source these respondents in partnership with a number of industry-leading panel providers.** Each respondent who takes a GlobalWebIndex survey is assigned a unique and persistent identifier regardless of the site/panel to which they belong and **no respondent can participate in our survey more than once a year** (with the exception of internet users in Egypt, Saudi Arabia and the UAE, where respondents are allowed to complete the survey at 6-month intervals).

OUR QUOTAS

To ensure that **our research is reflective of the online population in each market, we set appropriate quotas on age, gender and education** – meaning that we interview representative numbers of men vs women, of 16-24s, 25-34s, 35-44s, 45-54s and 55-64s, and of people with secondary vs tertiary education. To do this, we conduct research across a range of international and national sources, including the World Bank, the ITU, the International Labour Organization, the CIA Factbook, Eurostat, the US Bureau of Labor Statistics as well as a range of national statistics sources, government departments and other credible and robust third-party sources.

This research is also used to calculate the "weight" of each respondent; that is, approximately how many people (of the same gender, age and educational attainment) are represented by their responses.

MOBILE SURVEY RESPONDENTS

From Q1 2017 on, GlobalWebIndex has offered our Core survey on mobile. This allows us to survey internet users who prefer using a mobile or are mobile-only (who use a mobile to get online but do not use or own any other device). Mobile respondents complete a shorter version of our Core survey, answering 50 questions, all carefully adapted to be compatible with mobile screens.

Please note that the sample sizes presented in the charts throughout this report may differ as some will include both mobile and PC/laptop/tablet respondents and others will include only respondents who completed GlobalWebIndex's Core survey via PC/laptop/tablet. For more details on our methodology for mobile surveys and the questions asked to mobile respondents, please download **this document.**

GLOBALWEBINDEX SAMPLE SIZE BY MARKET

This report draws insights from GlobalWebIndex's Q1 2018 wave of research across 42 countries, which had a global sample size of 109,780 (with 90,021 surveys completed on PC/laptop/tablet and 19,759 surveys completed on mobile).

Argentina	1,581	Ireland	1,250	Saudi Arabia	1,256
Australia	2,291	Italy	2,836	Singapore	2,517
Austria	1,326	Japan	1,791	South Africa	1,527
Belgium	1,301	Kenya	1,000	South Korea	1,251
Brazil	2,330	Malaysia	1,556	Spain	2,849
Canada	2,288	Mexico	2,602	Sweden	1,292
China	15,142	Morocco	1,000	Switzerland	1,265
Egypt	1,759	Netherlands	1,312	Taiwan	1,819
France	3,329	New Zealand	1,288	Thailand	1,533
Germany	2,906	Nigeria	1,000	Turkey	1,576
Ghana	1,000	Philippines	1,561	UAE	1,781
Hong Kong	1,787	Poland	1,833	UK	7,810
India	4,063	Portugal	1,310	United States	16,179
Indonesia	1,785	Russia	2,296	Vietnam	1,573

Notes on Methodology: Internet Penetration Rates

INTERNET PENETRATION RATES ACROSS GLOBALWEBINDEX'S MARKETS

GlobalWebIndex's research focuses exclusively on the internet population and because internet penetration rates can vary significantly between countries (from a high of 90%+ in parts of Europe to lows of c.20% in parts of APAC), the nature of our samples is impacted accordingly.

Where a market has a high internet penetration rate, its online population will be relatively similar to its total population and hence we will see good representation across all age, gender and education breaks. This is typically the case across North America, Western Europe and parts of Asia Pacific such as Japan, Australia and New Zealand. Where a market has a medium to low internet penetration, its online population can be very different to its total population; broadly speaking, the lower the country's overall internet penetration rate, the more likely it is that its internet users will be young, urban, affluent and educated. This is the case throughout much of LatAm, MEA and Asia Pacific.

This table provides GlobalWebIndex forecasts on internet penetration (defined as the number of internet users per 100 people) in 2018. This forecasted data is based upon the latest internet penetration estimates from the International Telecommunication Union (ITU) for each market that GlobalWebIndex conducts online research in.

GLOBALWEBINDEX VERSUS ITU FIGURES

As GlobalWebIndex's Core Research is conducted among 16-64 year-olds, we supplement the internet penetration forecasts for a country's total population (reproduced above) with internet penetration forecasts for 16-64s specifically.

Forecasts for 16-64s will be higher than our forecasts for total population, since 16-64s are the most likely age groups to be using the internet.

INTERNET PENETRATION RATES (GLOBALWEBINDEX'S FORECASTS FOR 2018 BASED ON 2016 ITU DATA)

Table below refers to the total population in each market

Argentina	77.1%	Ireland	84.0%	Saudi Arabia	81.3%
Australia	90.4%	Italy	62.1%	Singapore	84.3%
Austria	86.3%	Japan	95.8%	South Africa	60.9%
Belgium	89.0%	Kenya	37.9%	South Korea	94.5%
Brazil	65.9%	Malaysia	81.2%	Spain	85.2%
Canada	92.3%	Mexico	69.5%	Sweden	89.0%
China	58.4%	Morocco	59.4%	Switzerland	90.6%
Egypt	45.2%	Netherlands	90.4%	Taiwan	81.1%
France	87.5%	New Zealand	91.6%	Thailand	57.8%
Germany	91.9%	Nigeria	32.5%	Turkey	64.2%
Ghana	45.6%	Philippines	60.8%	UAE	93.4%
Hong Kong	91.8%	Poland	76.6%	UK	96.1%
India	40.1%	Portugal	75.1%	USA	79.0%
Indonesia	32.7%	Russia	81.3%	Vietnam	51.2%

Like what you've read?

There's plenty more where that came from.
Browse our latest reports and infographics
examining key consumer trends across markets.

Access More Reports
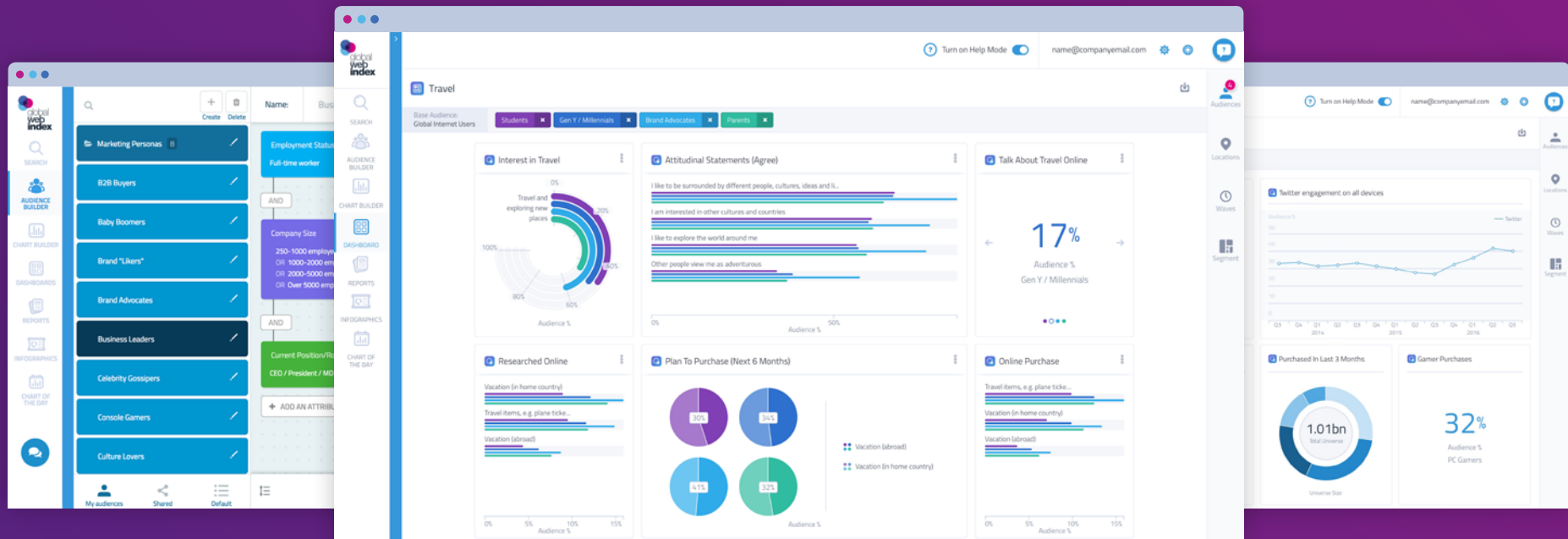
Get more from your data.

Run your own custom studies using our panel
of 22 million consumers, and get instant access
to insight tailored to your business needs.

Request Custom Research

Jason Mander

Chief Research Officer

jason@globalwebindex.com

@thejasonmander

Chris Beer

Trends Analyst

chris@globalwebindex.com

@ChrisBeerGWI