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Capgemini global report reveals the growing importance of digital consumer engagement but casts doubt over role of social media in shopper journeys

Research examining the all-channel experience also shows mature markets demand more control over personal data, while high-growth markets want personalized offers and technology-enabled dialogue

Paris, 25 September 2014 – A global report by [Capgemini](#), one of the world's foremost providers of consulting, technology and outsourcing services, reveals that consumers consider social media a less important part of their customer journey – from awareness, through to post-sale activity – compared to two years ago, suggesting that the social media hype in the consumer goods and retail sector has not materialized.¹ The second edition of the global “[Digital Shopper Relevancy Report](#)”², which surveyed over 18,000 digital shoppers from 18 countries to provide insight into the changing nature of shoppers’ online retail habits, shows that conversely, smartphone shopping has grown in importance over the same period³. The report also highlights that the Internet is now globally the preferred channel to inform retail decisions (over all other channels, including stores), with 75 per cent of consumers saying it was important or very important to shopping research.

Social media: overhyped?

According to the report, compared to 2012, less importance is being placed on following retailers on social media (such as Twitter and Facebook), finding out about new products through blogs, and participating in online retail customer communities. The responses of global shoppers indicate not only a decline compared with the study two years ago, but also demonstrate that social media is less important to the shopper journey compared with conventional retail store experiences, web, smartphone, email or the use of technologies in-store.

Kees Jacobs, Global Digital Proposition Lead, Capgemini Digital Customer Experience comments: “*Despite the surge in Facebook’s ad revenues and marketing innovations like Twitter’s new ‘Buy’ button, there is definitely a question mark over where and how ‘social’ fits into the shopper journey. Social media is most relevant in the ‘awareness’ and ‘choice’ phases of shopping journeys (which is especially the case in fashion) but much less in ‘transaction, delivery and post-sales’. Our report suggests that retailers still have work to do at every stage of the purchasing journey in order to make social media play a useful, valuable role in buying a product or service.*”

¹ Scores were based on a 1-5 rating with 1 = not at all important and 5 = extremely important. Compared to 2012, the importance of social media in retail awareness fell from 3.09 to 3.02, choice fell from 2.99 to 2.93 and post-sales fell from 2.99 to 2.87.

² The fourth study in the series from Capgemini, tracking the evolution of shopping from predominantly traditional stores starting in 2002 to the multi-channel experience in 2014

³ Compared to 2012, smart phones showed a rise in importance for awareness increasing from 2.88 to 3.07, for choice from 2.82 to 3.01, for transactions from 2.81 to 2.94, for delivery from 2.93 to 3.09 and for post-sales from 2.91 to 3.00.

The physical store still reigns for point of sale – particularly in mature markets – for now

Capgemini's survey shows that for point-of-sale the physical store is still the favored destination for global shoppers, but only just, with the Internet trailing slightly. When carrying out retail transactions, 72 per cent of shoppers see the store as important or very important compared to 67 per cent for the Internet. Only 14 per cent of shoppers strongly indicate that physical stores have become less important for them. However, in the future, the majority of shoppers (51 percent) say they will spend more money online than in-store. In addition to the smartphone's ubiquitous growth, in-store digital interactions (eg via kiosks) are popular amongst shoppers, suggesting that the introduction of more technology into retail stores would be a welcome shift for the consumer.

Digitally-savvy, high-growth markets

The research reveals that high growth markets all show a significantly stronger preference for digital technologies than mature markets. For example, when it comes to searching for product information, doing price-comparisons and purchasing products, Brazil, Mexico, India and China all place a much greater importance on the smartphone, social media and in-store technology than all of the mature markets polled. This represents a huge opportunity for brands present in, or expanding into, these regions. High-growth markets are also significantly more interested in receiving personalized offers and recommendations, with India (46 per cent), Mexico (40 per cent) and Brazil (38 per cent) rating them as 'extremely important'. This is in stark contrast to the equivalent statistics for the UK (13 per cent), France (15 per cent) and Germany (24 per cent).

Distrust over use of personal data particularly in mature markets

Globally, over a third of consumers feel they currently are not being provided with clear information from retailers on how their personal data is going to be used. Personal expectations regarding retailers are low: one in four consumers do not expect their favorite retailers to know their history to provide better service, particularly in Canada, Finland, Netherlands and Sweden. While half do trust their favorite retailers to use their personal data responsibly, a third does not agree to their social media data being used by retailers, particularly in the Nordic countries.

Brian Girouard, Vice President, Capgemini Consumer Products, Retail and Distribution Sector, comments: *"It is clear that a combination of data privacy concerns, and apathy towards poorly targeted advertisements in the early days of online marketing, has turned consumers in mature markets off personalized offers. Companies need to be more transparent and intelligent than ever about how they engage with customers in order to retain the trust of mature markets and ensure that they don't squander the exciting momentum in high-growth markets."*

Other key findings from the report include:

- Sector-wise, the fashion industry has registered a **9 per cent growth in online purchasing preference**, suggesting that apparel companies have made significant strides when it comes to engaging consumers across digital channels

- There is an **expectation that the online price will be lower** than in-store or even in catalogues: 72 per cent agree or strongly agree. This is consistent across all markets
- **65 per cent expect the option of ordering direct from brand manufacturers** to increase in the coming years. 53 per cent also expect an increase in ordering direct from the manufacturer via an app
- The **traditional contact center continues its slow decline** in importance across all parts of the buying journey, perhaps most surprisingly post-purchase. A third (30 per cent) rates it 'not at all important' in tracking an order, and a quarter see it adding little value when seeking help with a new product.
- In terms of **future innovation**, shoppers agree that **QR codes⁴ (45 percent)**, **Internet of Things** e.g intelligently connecting devices such as 'smart' fridges (**44 percent**) and **Wearable Devices** such as Google Glass or Apple Watch (**42 percent**) **will grow in importance** in the shopping journey

Capgemini's research highlighted seven categories of shoppers across the mature and high-growth markets, who use digital channels in different ways during their shopping journey:

Mature Markets (Australia, Canada, Finland, France, Germany, Italy, Japan, Netherlands, Portugal, Spain, Sweden, the United Kingdom and the United States)

- **Reluctant Digital Shoppers** – 11 per cent of the sample – This group is not comfortable using technology and typically shies away from it. They prefer purchasing from physical stores versus online and shun social media and smartphone as shopping channels.
- **Value-Conscious Digital Shoppers** – 29 per cent of the sample – This group prefer in-store shopping, but are comfortable using the Internet and email as part of the purchasing journey. They are less comfortable using smartphones, tablets and social media.
- **Socially-Engaged Digital Shoppers** – 41 per cent of the sample – Heavy users of digital technologies and comfortable using social media. The group is comfortable entrusting its data to retailers and using all channels to research products.
- **True Digital Shoppers** – 19 per cent of the total sample – This group purchases online the most frequently of any other in the mature market segment. True Digital Shoppers use apps to compare products, track delivery and are happy sacrificing personal data for customized deals.

High-growth Markets (Brazil, China, India, Mexico and Russia)

- **Digitally-Indifferent Shoppers** – 23 per cent of the sample – This group is apathetic towards digital technologies like smartphone and mobile apps and prefer stores. They are comfortable sharing personal information with retailers, but not through social media channels.
- **Interactive Digital Shoppers** – 50 per cent of the sample – Interactive Shoppers are comfortable shopping across all digital technologies, are regular online shoppers and love retailers that embrace technology like QR codes and mobile apps.

⁴ A QR Code is a machine-readable code consisting of an array of black and white squares, typically used for storing URLs or other information for reading by a camera on a smartphone

- **Technophile Digital Shoppers** – 27 per cent of the sample – This group has willingly adopted digital technology and makes online purchases regularly. Although they trust retailers with their personal information, they like the opportunity to opt in and out of notifications

Girouard concludes: *“As customer profiling has become more complex, it’s very challenging for retailers and consumer companies to agree the right strategy to engage their customers online. Most companies are already on their ‘digital journey’ in some shape or form. However, many are uncertain whether they are truly addressing the changing needs of their consumers, the right priorities or the right initiatives. Capgemini’s Digital Shopper Relevancy insights can help retailers and consumer goods companies better understand shopper behavior and deliver a more tailored all-channel experience.”*

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About Capgemini

With almost 140,000 people in over 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2013 global revenues of EUR 10.1 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, [the Collaborative Business Experience™](#), and draws on [Rightshore®](#), its worldwide delivery model. Learn more about us at www.capgemini.com.

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About the Digital Shopper Relevancy Report

This study was conducted for Capgemini, by ORC International, a leading global research firm with offices across the US, Europe and Asia Pacifica. ORC International surveyed more than 18,000 consumers in 18 countries between May and June 2014: Australia, Brazil, Canada, China, Finland, France, Germany, India, Italy, Japan, Mexico, Netherlands, Portugal, Russia, Spain, Sweden, the United Kingdom and the United States. All research was carried out in accordance with the UK’s Market Research Society (MRS) Code of Conduct.