



## FEATURED INSIGHTS

DELIVERING CONSUMER CLARITY

# WHAT CLICKS WITH THE ONLINE SHOPPER?

## UNDERSTANDING THE INDIAN E-COMMERCE CONSUMER AND THE TRENDS THAT ARE SHAPING THE FUTURE

- **Consumers in developing markets show willingness to use digital retailing options.**
- **For online shoppers, the mobile phone has become the device of choice for accessing the Internet, with 75% of users indicating that they prefer using them.**
- **Most online shopping decisions are being primarily driven by advertising, peer influence and recommendations.**

The Internet has transformed the way consumers transact for their daily needs - be it ordering food, booking movie tickets or even booking a cab. Online shopping is one category which has witnessed unprecedented growth in the last 2 years. This revolution is largely led by innovations which in many ways are unique to India as compared to rest of the world.

Lack of credit card penetration, poor infrastructure, etc. for many years hindered the growth of this category. Despite all these challenges, online retailers have been proactive enough to come up with solutions to overcome these hurdles.

Cash on delivery as a concept is unheard of in many markets and has been a big driver for trial. Also, instead of investing in building in house delivery team, brands have been working on tie-ups with grocery stores, India post etc. to increase their delivery reach. There are many more such examples of innovation and customer centricity which is driving success for Online shopping sites and Apps in India.

What is interesting to note is the emergence of category specific online shopping sites viz. Grocery, Jewellery, Spectacles and Lens, etc. which is also fuelling the growth.

## THE STEADY GROWTH OF E-COMMERCE

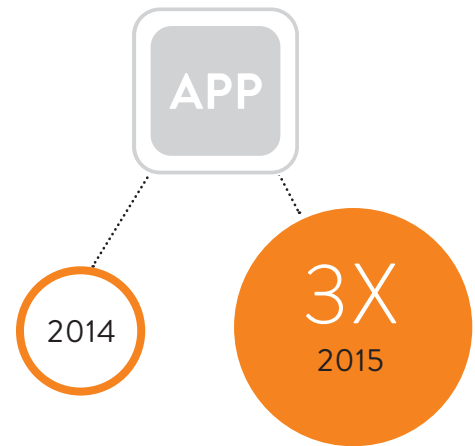
Globally, e-commerce is one of the fastest growing sectors. As consumers warm up to the digital world, the notion of “going shopping” is changing. What is significant for marketers in India is that consumers in developing markets express the most willingness to use digital retailing options in the future. According to Nielsen’s recent Future of Grocery report, the figures in the Asia-Pacific stand at 60% on an average, those in Latin America stand at 60%, and the Africa and Middle-East regions show 59%.

## SOCIAL MEDIA HAS A SAY

The chatter around e-commerce on social media, including positive and negative messages, has increased over the last year. Consequently, brands have become more focused on addressing issues voiced by consumers and proactively engaging with them. The efforts by the brands - Myntra, Amazon, Flipkart, Jabong, Snapdeal etc., on social media have paid off as fan and follower bases have doubled, and unique user interactions have grown a whopping 76 times over a one-year period.

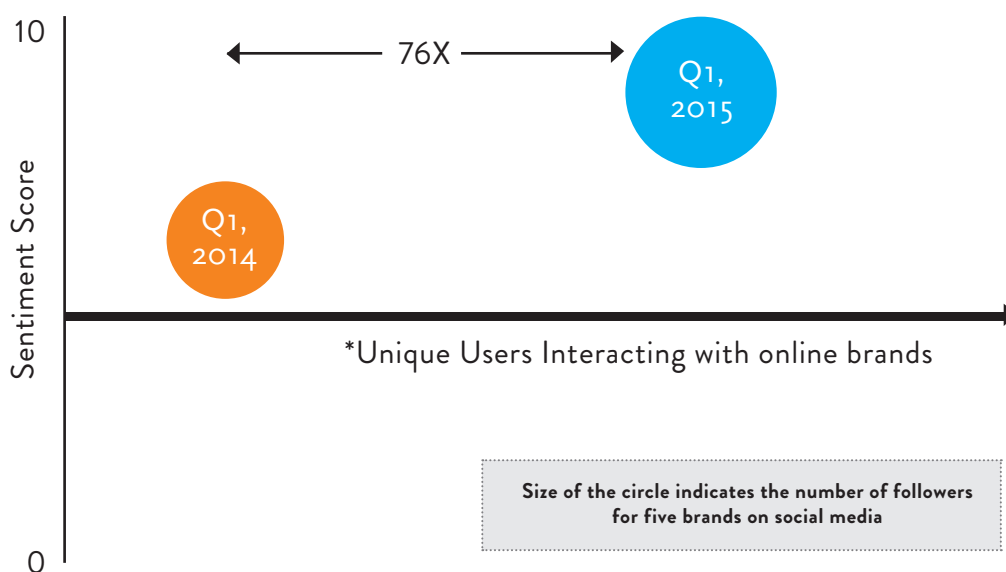
**FOR E-TAILERS, UNIQUE USER INTERACTIONS ON SOCIAL MEDIA HAVE GROWN 76 TIMES OVER A ONE-YEAR PERIOD.**

## REACH OF SHOPPING APPS FOR MAJOR ONLINE BRANDS IS 3X VS. LAST YEAR



Source: Nielsen Informat Mobile Insights

## THE BUZZ ON SOCIAL MEDIA

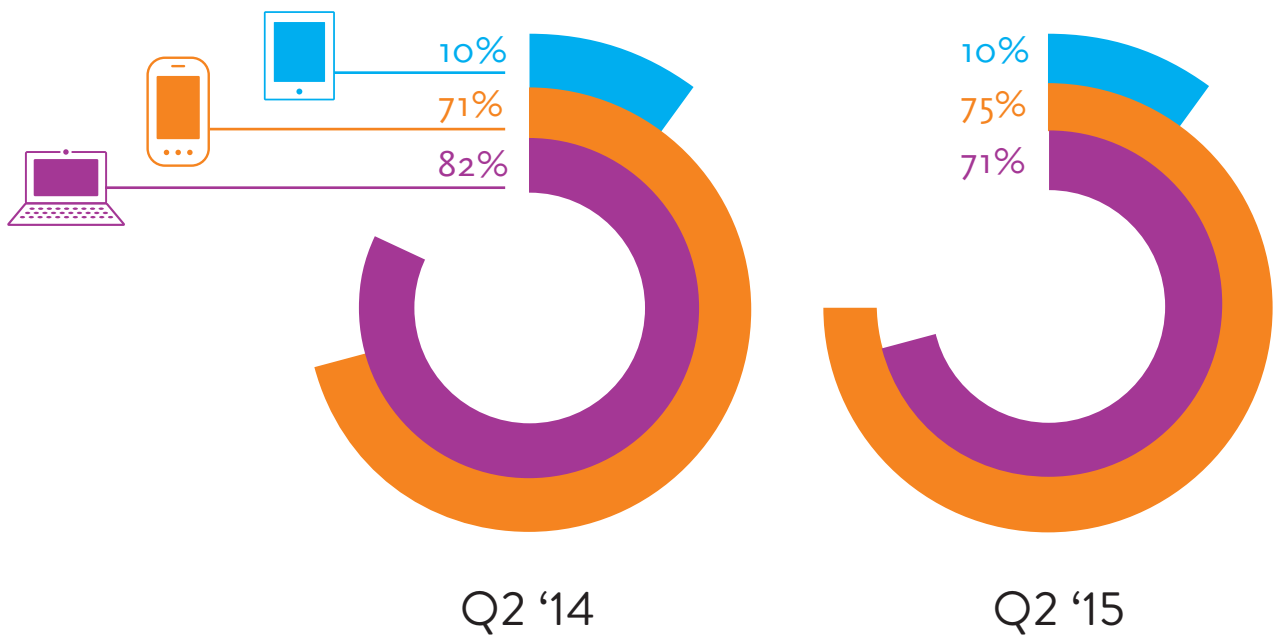


\*Unique Users interacting: Sum of unique users interacting with the brand  
 Sentiment score = Net of positive vs. negative messages on online shopping in social media (Brands on which these figures are based: E-commerce – Myntra, Amazon, Flipkart, Jabong, Snapdeal etc.)  
 Source: Nielsen Social Media Solutions

## UNDERSTANDING THE E-COMMERCE CONSUMER

Recent usage patterns clearly indicate that a significant chunk of Indian online shoppers access the Internet primarily on their mobile phones. According to the report Bricks to Clicks: Nielsen's Syndicated Brand Health Track on Ecommerce, Indian consumers now prefer using their smartphone to access the Internet over their laptops and desktops. Moreover, as the market matures, consumers seem to be becoming increasingly comfortable with carrying out even intensive online activities like mobile banking and shopping, directly from their smartphones.

### THE SMARTPHONE GAINS FAVOUR



Source: Nielsen, Base: Online shoppers

### WHAT'S DRIVING ONLINE SHOPPING?

Regardless of which device consumers choose, most online shopping decisions are being primarily driven by advertising, peer influence and recommendations.

## WHAT'S DRIVING ONLINE SHOPPING?

1



## ADVERTISING

ADVERTISING LED ONLINE PURCHASE HAS INCREASED FROM **39% TO 50%** OVER A YEAR

2



## PEER INFLUENCE

**53% SHOPPERS** PURCHASED ONLINE AFTER SEEING OTHERS PURCHASING ONLINE (46% LAST YEAR)

3



## RECOMMENDATIONS

RECOMMENDATION FROM FRIENDS AS TRIGGER FOR FIRST TIME PURCHASE ONLINE HAS **GONE UP (58% TO 69%)**

Source: Nielsen

“

I CONSISTENTLY SAW COLLEAGUES SPORTING TECH ACCESSORIES THAT DIDN'T SEEM TO BE AVAILABLE AT EVEN THE BIG ELECTRONIC STORES IN TOWN. I SOON REALISED A WIDE VARIETY OF THEM WERE EASILY AVAILABLE IN SOME ONLINE STORES. THAT'S WHAT CONVERTED ME TO A HABITUAL ONLINE SHOPPER.

- RAJ, SOFTWARE CONSULTANT IN PUNE

”

Apart from expecting attractive discounts, Indian consumers who are frequent Internet users cite convenience as a reason to shop online. In fact, more than one-third say they find this mode of shopping convenient.

## CONVENIENCE IS A KEY REASON TO SHOP ONLINE



USING INTERNET  
5-7 DAYS A WEEK

38%

USING INTERNET  
1-4 DAYS A WEEK

19%

Source: Nielsen; Base: Consumers who shopped online in the last six months

Another factor luring shoppers online is the unavailability of the desired stock keeping units (SKU) in physical stores. In fact, a third of fashion users buy items online because the exact products they're looking for are not available at brick-and-mortar stores.

“

I HAVE SEVERAL YOUNG NIECES AND WHENEVER I VISITED THEM, I WOULD HAVE TO MAKE A TRIP TO THE LOCAL CLOTH MARKET AND BUY SALWAR-KAMEEZ MATERIAL SETS. THEN MY NEIGHBOUR POINTED OUT THAT I CAN GET A WIDE VARIETY OF THEM ONLINE AT A DISCOUNT, AND HAVE THEM DELIVERED AT HOME. HER ASSURANCE THAT SHE HAS NEVER HAD REASON TO DOUBT THE QUALITY AND AUTHENTICITY EITHER, PROMPTED ME TO GIVE IT A TRY. NOW I SWEAR BY IT TOO.

- MRS. MENON, HOMEMAKER

”

## NEED FOR SPECIFIC SKUs DRIVE SHOPPERS ONLINE

## ONLINE APPAREL SHOPPERS



Q2 '14

Q2 '15



Source: Consumers who shopped online in the last six months;  
Source: Nielsen

## HOW DO ONLINE SHOPPERS CHOOSE E-TAILERS?

The crucial question for marketers of e-tailing companies is how to ensure consumers will remain loyal to their marketplace or online store. According to our study, online shoppers are loyal to e-commerce brands, but are willing to experiment.

## THE FICKLE ONLINE SHOPPER

1



## 1. LOYALTY

OVERALL, 1 OUT OF EVERY 2 ONLINE SHOPPERS SHOP FROM THE SAME WEBSITE EVERY TIME

2



## 2. EXPERIMENTATION

WHEN IT COMES TO FASHION & LIFESTYLE, 30% PURCHASED A PRODUCT FROM A WEBSITE THEY FOUND NEW AND INTERESTING, AND THIS IS GROWING!

3



## 3. PROMOTION

SPECIAL PROMOTIONS/ DISCOUNTS CONTINUE TO ATTRACT THE ONLINE SHOPPER  
1 OUT OF EVERY 3 ONLINE SHOPPERS BUYS BECAUSE OF THIS REASON

Source: Nielsen

When asked for specific reasons behind choosing a particular e-tailer, more than half of the consumers we spoke to said they bought from the same website they frequent, displaying an increase in the number of loyal customers.

### MAINTAINING LOYALTY IN A FICKLE WORLD

REASON FOR CHOOSING A WEBSITE - % OF ONLINE SHOPPERS - USERS*	Q2 '14	Q2 '15
		2108
I just bought from the same website as I always do	46	51
I bought on a special promotion/discount	31	39
I saw a new website that looked interesting, so I decided to try it	19	27

Source: Nielsen

### A SHIFT FROM 'ROPO'

In a clear indication of abating apprehensions surrounding online shopping, the frequency of consumers researching offline before purchasing online (ROPO), has reduced significantly. . Concerns like authenticity of products purchased online and the need to try certain categories for size, are dwindling as time goes by.

**THE RATE AT WHICH ONLINE BUYERS REGULARLY TRY A PRODUCT IN-STORE BEFORE BUYING ONLINE HAS DROPPED FROM 18% IN 2014 TO 13%.**

### THE REVERSAL OF THE ROPO TREND

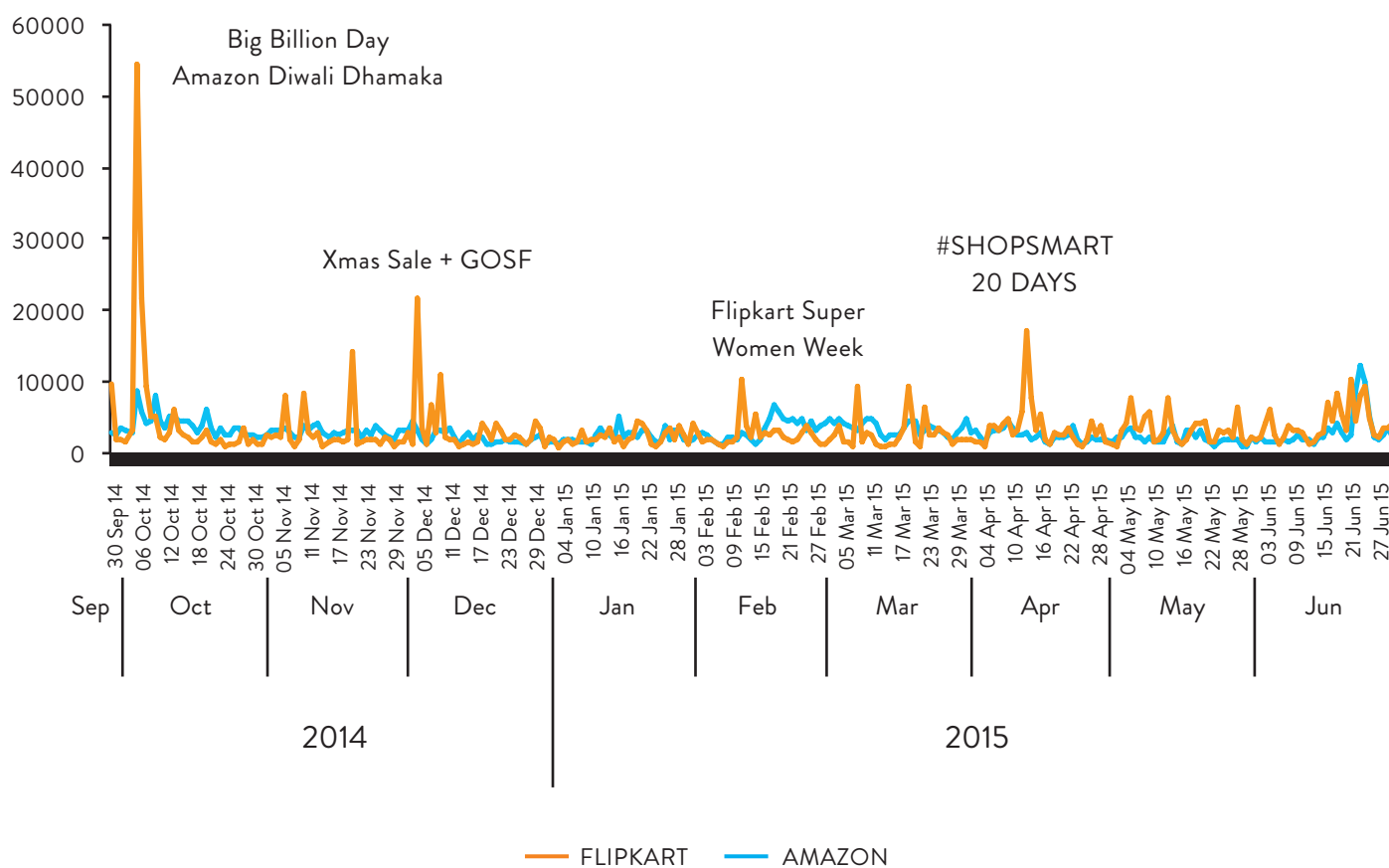


Source: Nielsen

## FESTIVALS AND THE ONLINE SHOPPER

Social media is a popular forum that brands can use to drive sales and festive-season promotions with consumers. For example, conversations on social media soared during Diwali and Christmas sales, as well as during promotion events like the recent Google Online Shopping Festival and the Flipkart Super Women Week.

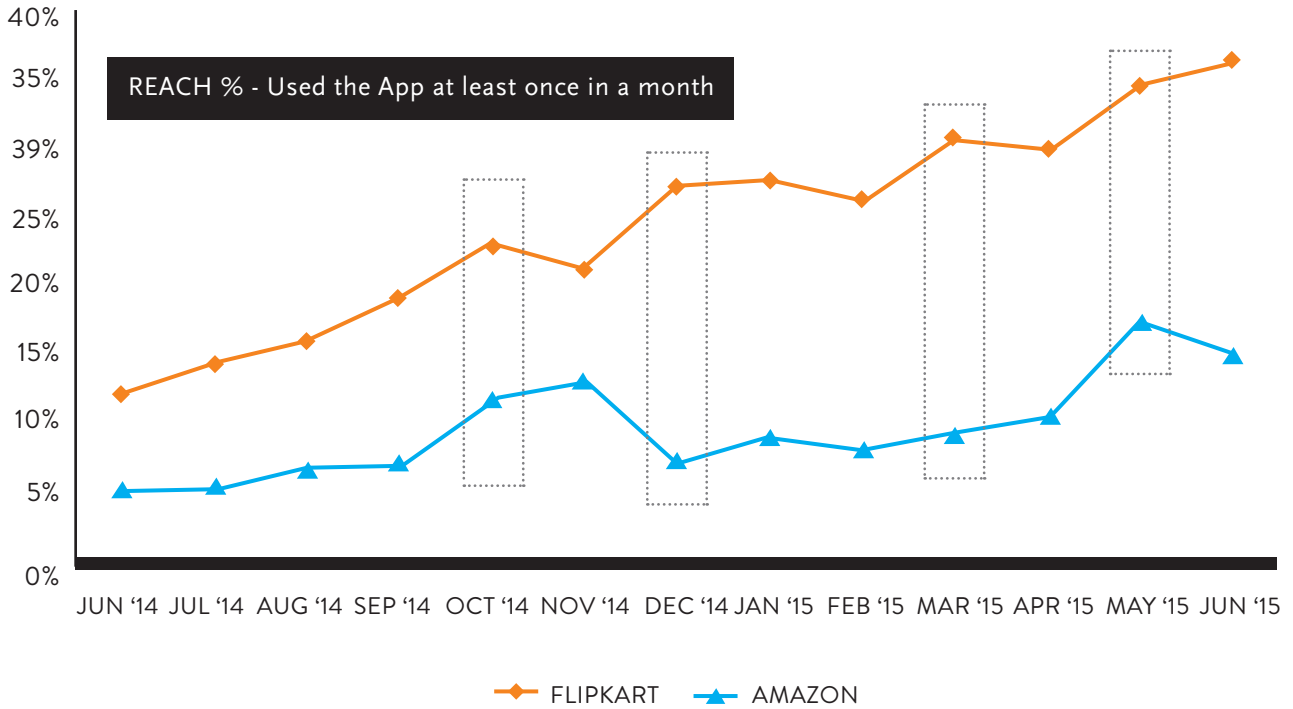
### BUZZ ON SOCIAL MEDIA – FESTIVAL TIME



In 2014, brands and marketers increased their sales and marketing efforts around the festival periods and national holidays. Now, as digital continues to permeate the retail realm, e-commerce players are pushing the usage of mobile apps through added discounts, which has boosted app installations around days on which sales were held. In certain instances, app downloads as much as tripled during sale periods.



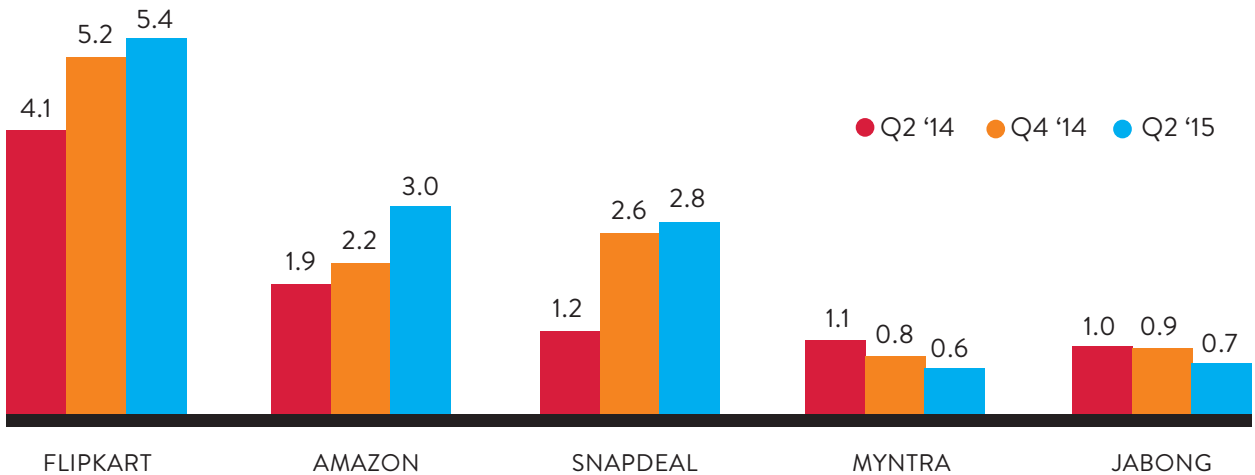
## INCREASE IN REACH DURING THE FESTIVE PERIOD



Source: Nielsen Informat Mobile Insights

Thanks to all the action around sales and promotion periods, the resultant spike in brand metrics like awareness, consideration and improved imagery has fuelled an increase in equity for e-tailers. As a result, festivals and brand-created “created events” have proven to be win-win arrangements for e-tailers and consumers.

## INCREASED EQUITY PROVIDES REASON TO CELEBRATE



Source: Nielsen

## WHERE IS THE NEXT ONLINE SHOPPER GOING TO COME FROM?

Traditional barriers to shopping online are fading, implying that brands can explore areas beyond the metro areas for growth opportunities. Moreover, consumers are no longer as concerned about product authenticity, cost and online payment, as they were a year ago.

When we look at growth areas, consumers from Tier 2 cities are leading the charge. In fact, over the past year, shoppers in these cities have dramatically shed many of the concerns they previously had about shopping online. The e-tailing industry is going as far as to say that Tier 2 may soon become the Tier 1 of online shopping with factors like advertising, affordability and trust – driving adoption.

### THE EVOLUTION OF THE TIER 2 ONLINE SHOPPER

EXPRESSED AS A SERIOUS CONCERN - % OF ONLINE SHOPPERS		
Possible Concerns with the Online Shopping	Q2'14	Q2'15
Buying online is expensive as compared to buying from other medium	19%	6%
Products that I wish to purchase are mostly out of stock on websites	23%	18%
Websites have poor customer care service	21%	17%

Trying a product before purchasing continues to be a concern in Tier 2 when it comes to fashion – 22% shoppers continue to try a product most of the times as compared to an 8% in Tier 1

Source: Bricks to Clicks – Nielsen's Syndicated Brand Health Track – E-tailing & Fashion

**59% OF TIER 2 ONLINE SHOPPERS, AS OPPOSED TO 47% IN TIER 1, INDICATED THAT ONLINE ADVERTISEMENTS WERE A KEY REASON TO PURCHASE ONLINE. ONLY LAST YEAR, THE TWO REFLECTED SIMILAR LEVELS OF 38%, INDICATING THAT TIER 2 IS OUTPACING TIER 1.**

## IMPLICATIONS FOR MARKETERS



- Brands need an active presence on the smartphone app platform to widen their reach and introduce new users to brands.



- Advertisements, peer influence and recommendations emerge as the most effective drivers of e-commerce in India.



- Brands that continue to focus on driving customer loyalty by offering rewards and incentives to consumers will reap benefits.



- Festive sales and brand-created events can help businesses acquire new consumers, expand top-line sales, drive greater consumer engagement and obtain stronger brand equity. While continuing with these initiatives, brands must ensure the logistics aspect too is addressed efficiently and effectively.



- Brands should consider turning to Tier 2 consumers, who now have greater access to digital technology and are becoming comfortable with online shopping.

Factors like the speedy adoption of the Internet and declining concerns around shopping online, promise to bring good tidings for e-tailers. The task now is to perfect the go-to-market strategy in light of the fact that brands are rushing to make the most of this trend.

### ABOUT THIS STUDY

The following issue of Featured Insights has excerpts from Bricks to Clicks: Nielsen's Syndicated Brand Health Track – Etailing and Fashion, a quarterly report aimed at understanding the e-tailing category and the changing consumer behaviour in the e-commerce space. The data and insights have been derived from a survey with a base of 4500 online shoppers conducted across 12 markets - Mumbai, Delhi, Bangalore, Chennai, Jaipur, Kolkata, Pune, Ahmedabad, Ludhiana, Bhubaneswar, Vishakhapatnam and Patna.

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## ABOUT NIELSEN

Nielsen N.V. (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers Watch and Buy. Nielsen's Watch segment provides media and advertising clients with Total Audience measurement services across all devices where content — video, audio and text — is consumed. The Buy segment offers consumer packaged goods manufacturers and retailers the industry's only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen provides its clients with both world-class measurement as well as analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries that cover more than 90 percent of the world's population.

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