KANTAR

eCommerce ON

Accelerate your ecommerce strategy

Introduction

The pandemic has changed the way people shop around the world. It has motivated more shoppers to go online and challenged online retailers. Inflation and economic uncertainty have reinforced the importance of price and promotions for shoppers, but to maintain a competitive advantage, brands and retailers need to be aware of other values shoppers seek.

While we live in a world with an enormous amount of data about ecommerce and online shoppers, important questions remain unanswered. Fundamental insights are often missing about what the data means. And there is little comparable data on online shopping across categories or countries.

eCommerce ON 2022 is a global ecommerce study covering 19 countries, 15 consumer goods and electronics categories for over 69,000 shopping trips. It provides foundational ecommerce insights on category shopping behaviour by market, demographics and device usage, online retailer choice drivers and category priorities. The study will help you identify shopper triggers and barriers and fill in the gaps in online shopper behaviour. And it explores recent trends, so you can accelerate your ecommerce strategy.

With consistent insights across sectors and countries, eCommerce ON gives you the context you need to navigate complex ecommerce decisions and activation.

There are lots more detailed category and country insights available from the study, but this booklet offers an update on the ecommerce landscape and some key trends post-pandemic. It explains how the competitive ecommerce world has developed in different countries, what online shoppers expect from ecommerce and shows where the growth opportunities for your brand are.

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Highlights of post-pandemic ecommerce

1. Accelerated trends

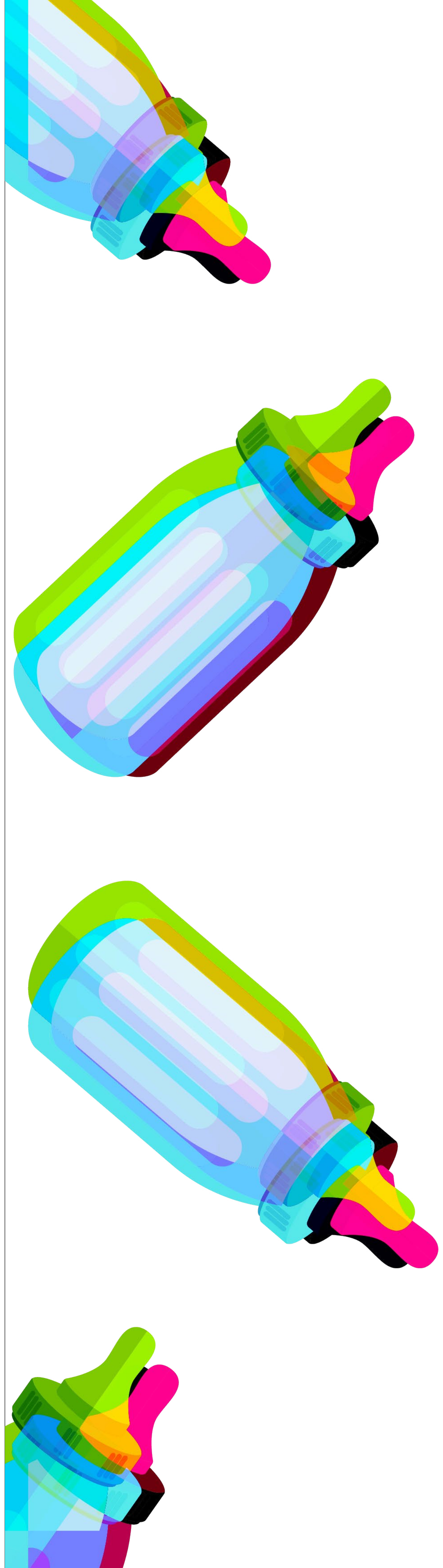
There's an app for that

One of the most talked about phenomena from the pandemic is the rise of Rapid Grocery Delivery (RGD) apps. Globally, 60% of ecommerce shoppers now use RGD services - ranging from 91% in Vietnam to just 15% in Germany.

Top providers vary by country, so localisation is key. Even neighbouring countries have different dominant players. In the UK, Deliveroo tops the charts, while in Germany local start-ups Gorillas and Delivery Hero are nipping at Deliveroo's heels. Food Panda is number one in Malaysia and the Philippines, but India, Korea and Japan favour their local delivery apps. The higher the costs of labour, the lower the incidence rates for RGD and inversely, the younger the shopper the higher the use of RGD.

Top Rapid Grocery Delivery app (RGD) by country

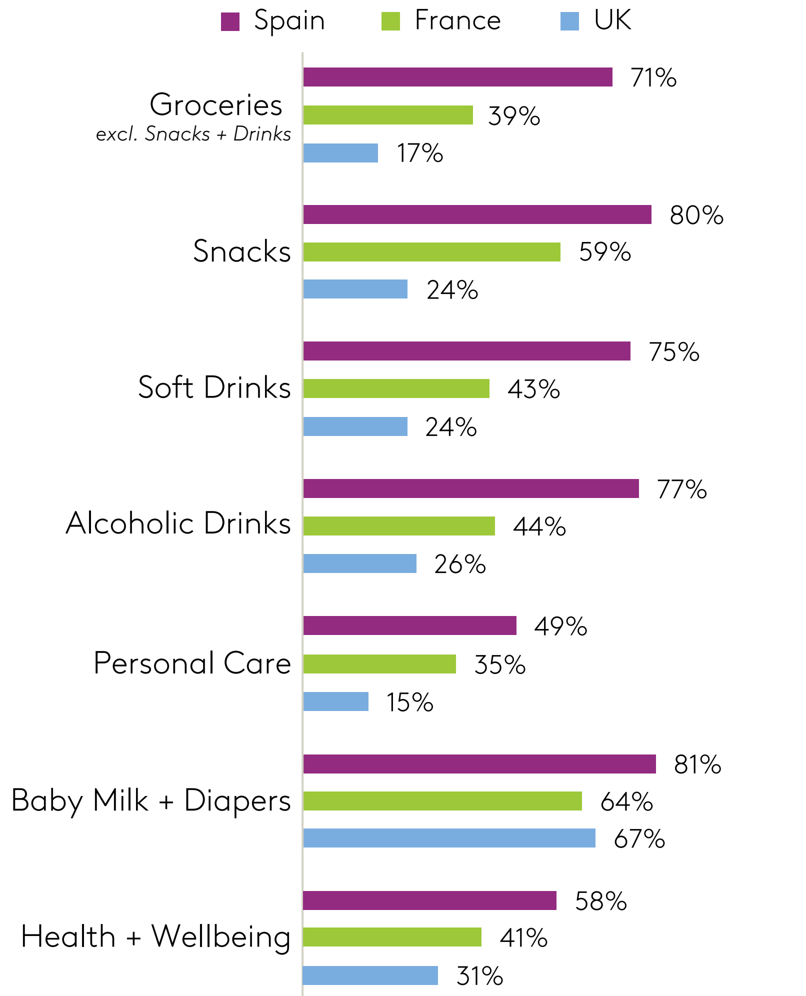
Argentina	Pedidos Ya
Brazil	Ifood
Canada	Uber Eats
France	Uber Eats
Germany	Deliveroo
India	Swiggy
Indonesia	Grab Mart
Italy	Just Eat
Japan	Demae-Can
Korea	Baemin, Yogiyo
KSA	Hunger Station
Malaysia	Food Panda
Philippines	Food Panda
Spain	Glovo, Just Eat
Thailand	7-11 Delivery
UAE	Carrefour Now
UK	Deliveroo
USA	Instacart and Walmart Grocery
Vietnam	Shopee Mart



It's not just the retailers that vary. What people buy is also different by country. Looking at three major European countries, baby milk and diapers are frequent purchases via RGD (relatable!) but there are still differences between those markets in other FMCG categories.

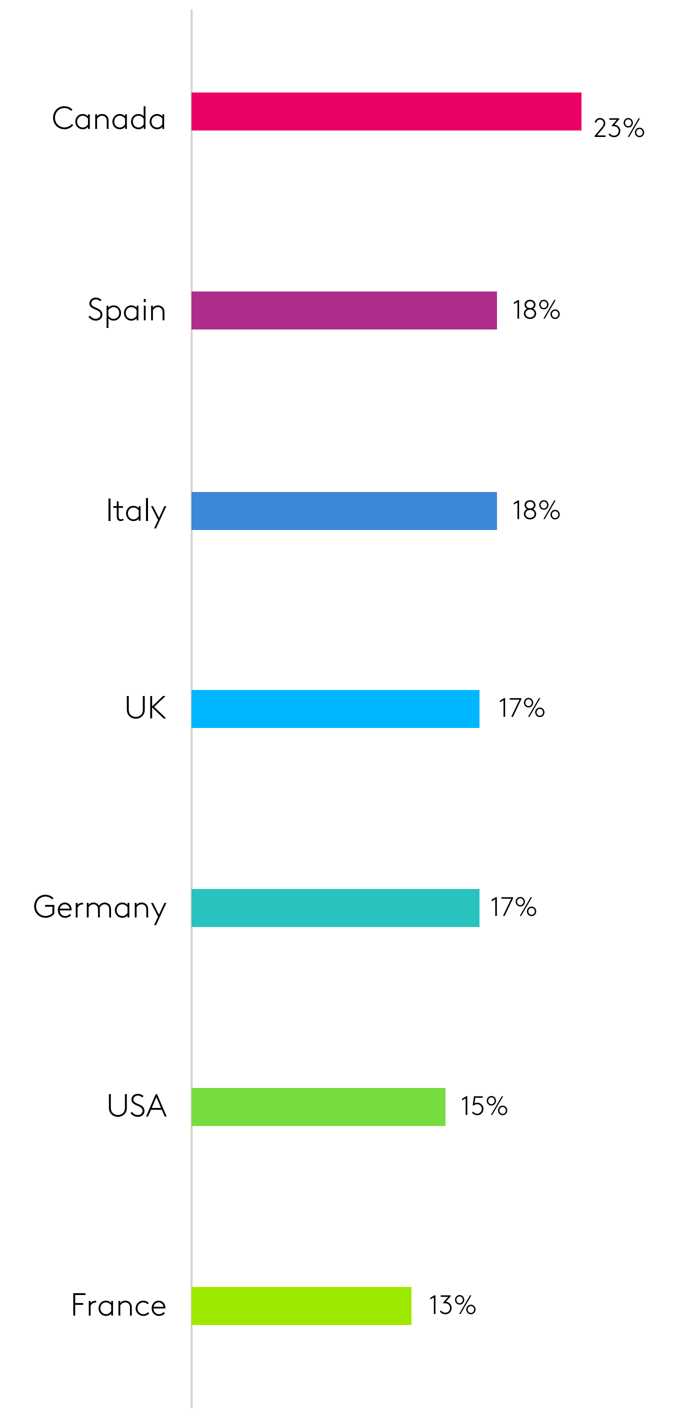
Shoppers start RGD with one or two categories, and once the 'barriers' are down other categories are quick to follow.

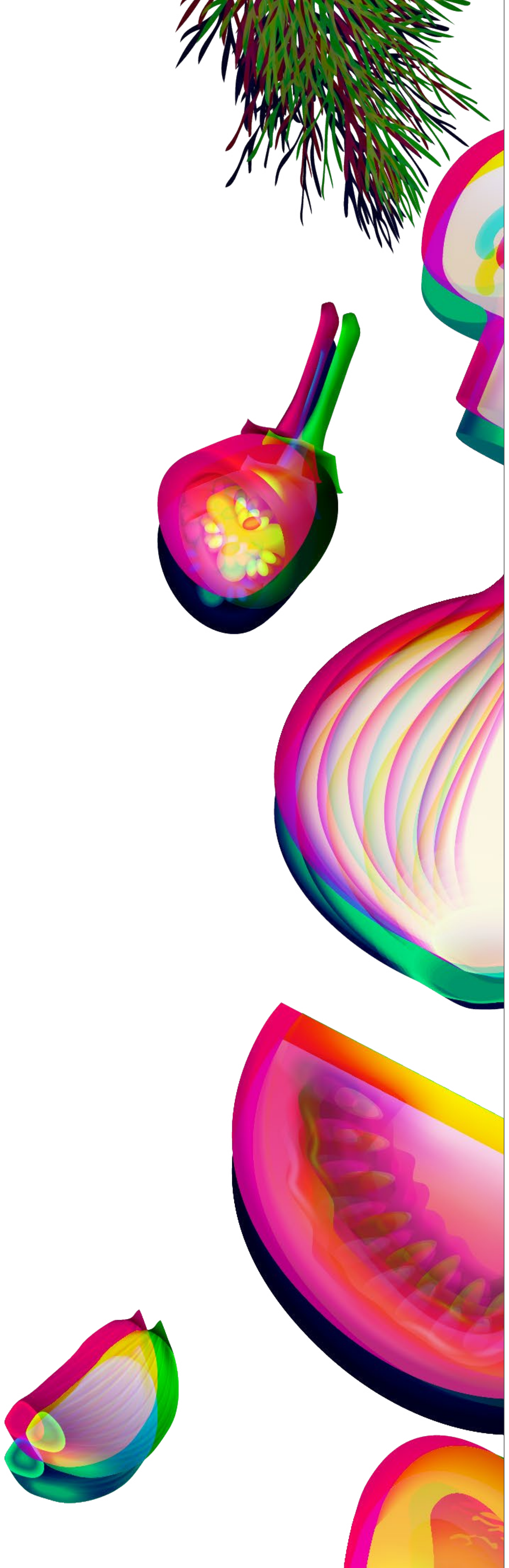
Categories bought in rapid grocery delivery



Meal kit apps offer another way to get the right groceries into the home. They have seen growth in Europe and North America, where 17% of online shoppers have adopted them. Hello Fresh dominates in five out of seven markets surveyed, with only Italy and Spain preferring local meal kit providers (Rana and Food in the Box, respectively).

Online shoppers buying meal kits





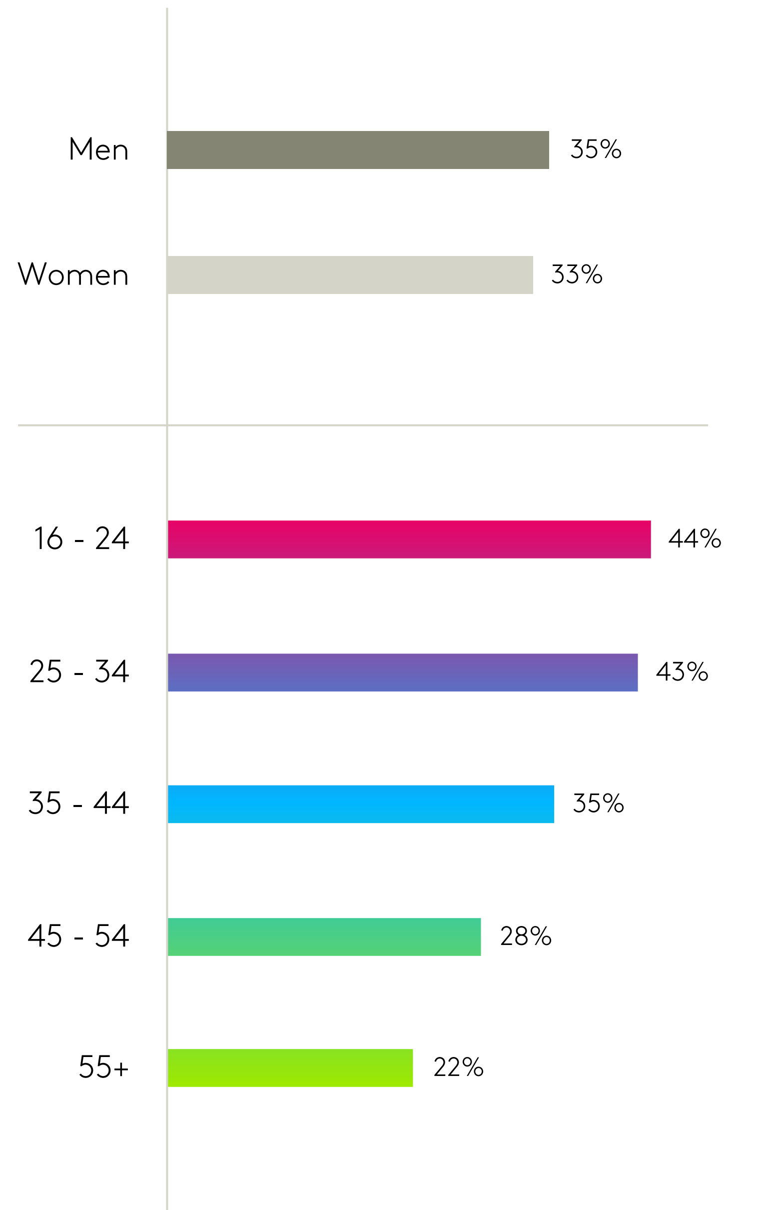
The circular economy

Ecommerce is not just about retailers. There are many platforms facilitating second-hand transactions with 34% of online shoppers participating. The top categories for this part of the 'circular economy' are digital devices, women's fashion and home appliances. Asia leads in online second-hand purchasing, with Vietnam leading at 62% incidence rate. France is the only European country in the top five. Korea, Canada and the USA lag behind other countries, but still, one in five ecommerce shoppers is actively buying second-hand goods online.

While men and women are equally likely to shop second-hand, younger ecommerce shoppers are more active in this space.

With these incidence rates going up, electronics and digital device brands need to understand who is buying (and selling!) second-hand. If younger generations in mature markets are turning to the circular economy for children's toys and clothing, as well as men's and women's fashion, it's likely not just for economic reasons, but also because they believe in 'reduce, reuse, recycle'.

Second-hand purchases via online platforms



2. Winning shoppers under the shadow of inflation

The pandemic changed the way people shop, but its lasting impact might be on global and local economies. Since the end of 2021, inflation has become a keyword describing the future. During eCommerce ON fieldwork (23 February -18 March 2022), major central banks indicated interest rate increases, fuelling cost-of-living crises around the world, and putting more financial pressure on shoppers.

Before the pandemic, shoppers chose ecommerce because its prices were competitive compared to physical stores. During the pandemic, ecommerce grew further thanks to expanded fulfilment capabilities, including rapid grocery delivery services.

Now, what makes shoppers click 'buy' in their online shopping baskets?

How to win shoppers

Price and promotion are still the top reasons for shoppers choosing online retailers on average globally. But brand and product assortment and product quality closely follow price-related motives.

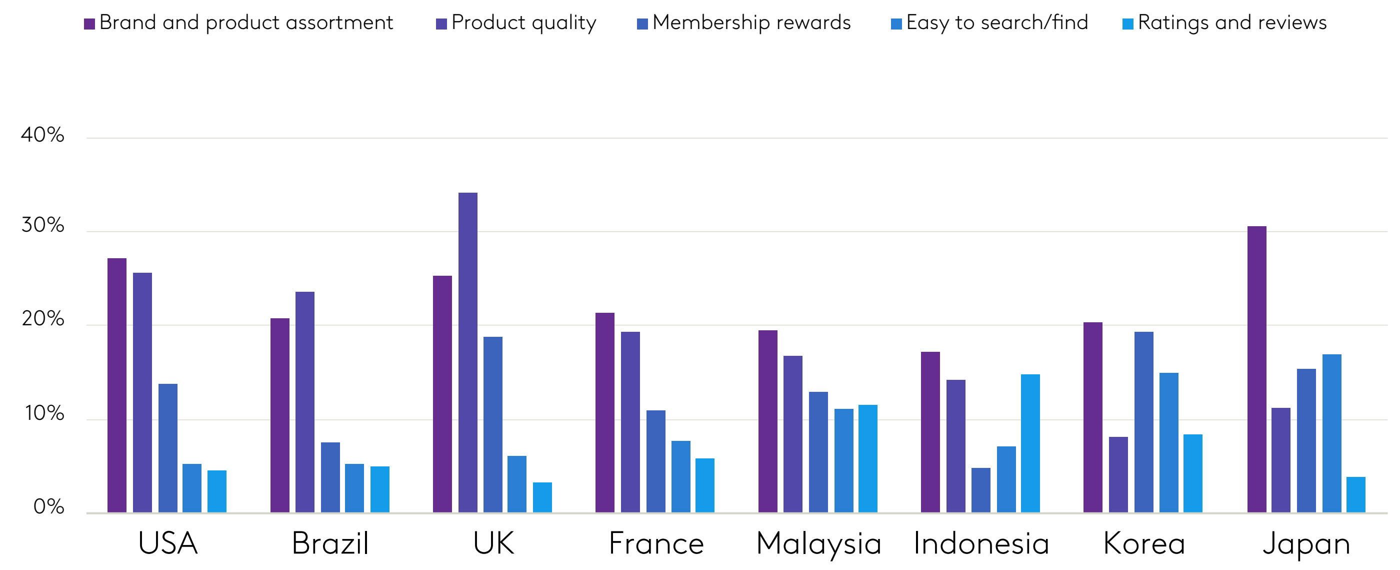
Reasons for choosing online FMCG retailers

Inflation and economic uncertainty have reinforced the importance of price and promotions, and they may well be the most important reasons for years to come. However, to be more competitive and successful in ecommerce - and to avoid price wars - brands and retailers should pay attention to the values shoppers seek on top of competitive prices.

Beyond price, reasons for choice vary by country. In the USA and Japan, online shoppers prioritise brand and product assortment, whereas their counterparts in the UK and Brazil consider product quality more important. Compared to other countries, membership rewards are important for online shoppers in Korea and the UK, where top retailers have successfully established points programmes. In Indonesia and Malaysia, ratings and reviews play an important role in e-retailer choice.

Reasons to choose an online FMCG retailer

(excl. price, promotion, and delivery cost)



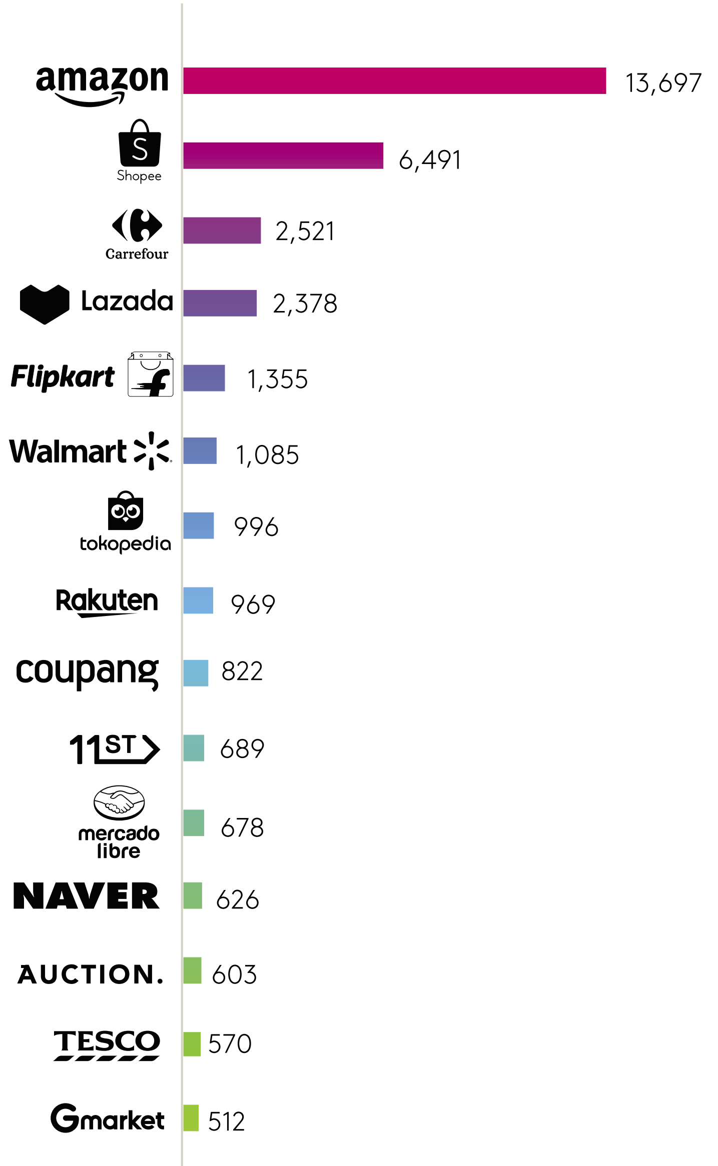
Brands and retailers need to continue delivering non-price value to shoppers. To improve competitiveness, they need to understand shopper priorities by category and country.

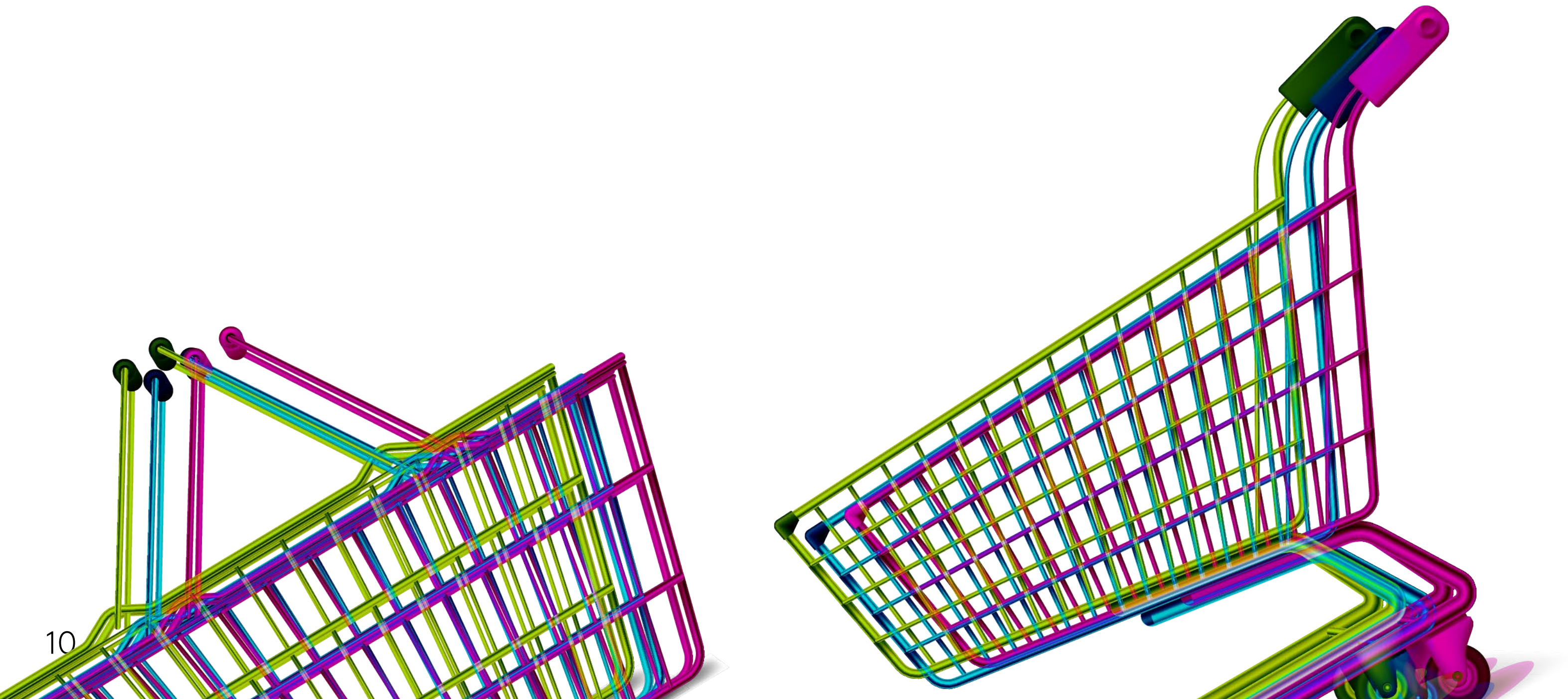
Who wins online shoppers?

The pandemic motivated more shoppers to go online, challenging online retailers worldwide. Post-pandemic, the dominance of regional online retail giants has grown and is expected to continue.

eCommerce ON covered 69,000 online shopping occasions across 19 countries. Of these, Amazon was the most used retailer by far, serving over 13,000 online purchase occasions. It is followed by Shopee, a regional Southeast Asian giant, which garnered more than 6,400 trips. Amazon is clearly dominant, serving more online shopping occasions than the next four retailers combined: 13,697 vs. 12,745 for Shopee, Carrefour, Lazada and Flipkart.

Online shopping occasions served by retailers





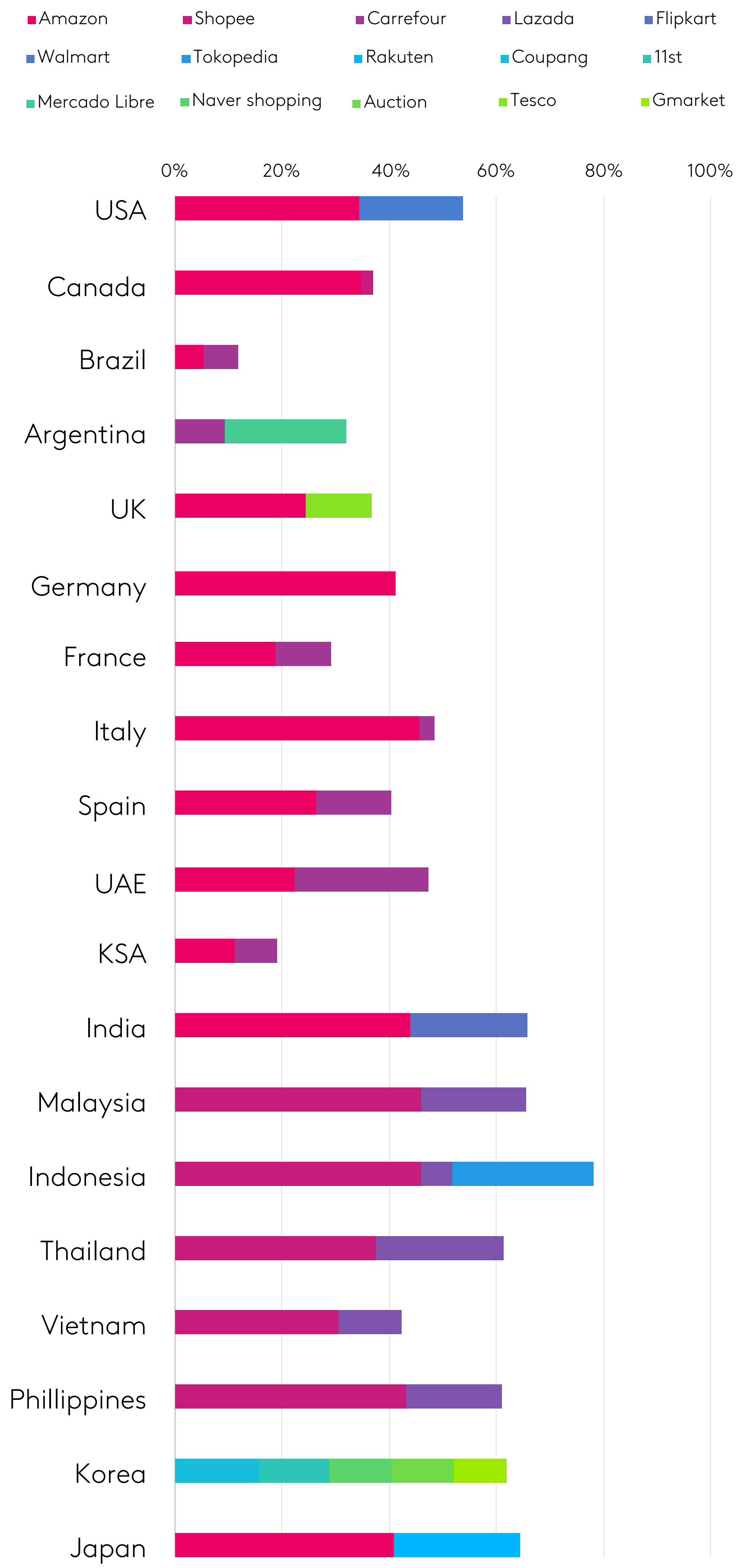
The top online retailers in the USA, Canada and countries studied in Europe cover roughly 50% of online shopping occasions. Amazon clearly dominates - accounting for over 40% of online shopping occasions. Amazon's dominance is, however, limited to North America, Europe, and India. In India, Amazon accounts for more than 40% of online shopping occasions, followed by Flipkart; their combined share is over 65%. However, in other parts of Asia, the competitive landscape is very different where the share of the major local players increases.

Shopee leads in **Southeast Asia**, almost the Amazon of the East, serving over 40% of online shopping occasions (except for Vietnam at 30%).

Unlike other countries, **Korea, an early ecommerce adopter**, has a complicated, competitive landscape. Five local giants - Coupang, Naver Shopping, Auction, 11st, and Gmarket - almost equally share online shopping occasions.

Ecommerce in the post-pandemic era is a competition for heavyweights. The major local retailers are leading ecommerce trends as well as the direction for ecommerce to grow.

Share of online shopping occasions by country



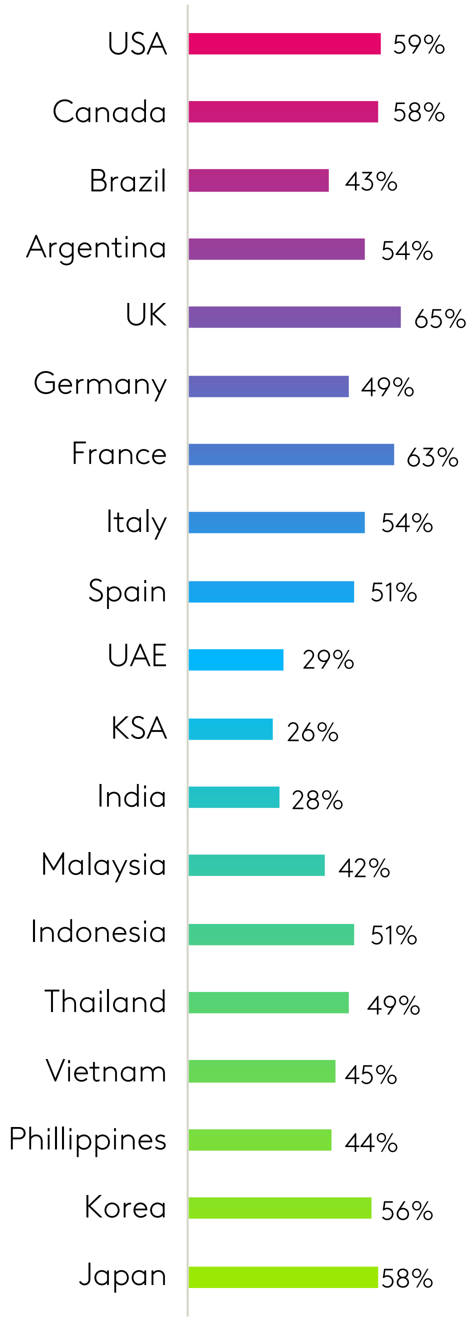
3. Finding growth opportunities

Online shopping missions are a good way to understand how shoppers shop different categories and products online. In 2022, we found that almost half of all shopping trips for consumer electronics were for a replacement or an upgrade, rather than a first-time purchase. Meanwhile, 60% of online FMCG shopping trips involved buying multiple categories (with Germany and Japan being exceptions).

Consumer electronics

Globally, 48% of shoppers go online to buy consumer electronics products for a replacement or upgrade, including home appliances, digital devices (incl. Smart TV), and smartphones. However, this varies by country. It is lower than the global average in UAE, Saudi Arabia (KSA), and India, and almost 60% or more in the USA, Canada, UK, France, Korea, and Japan.

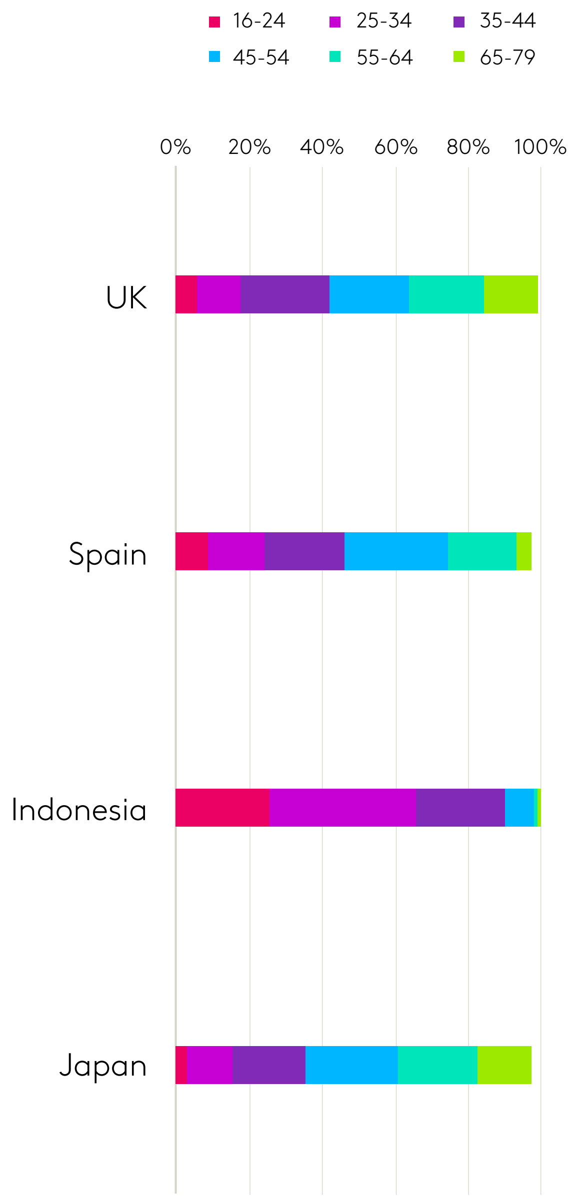
Shoppers using online to replace or upgrade consumer electronics products



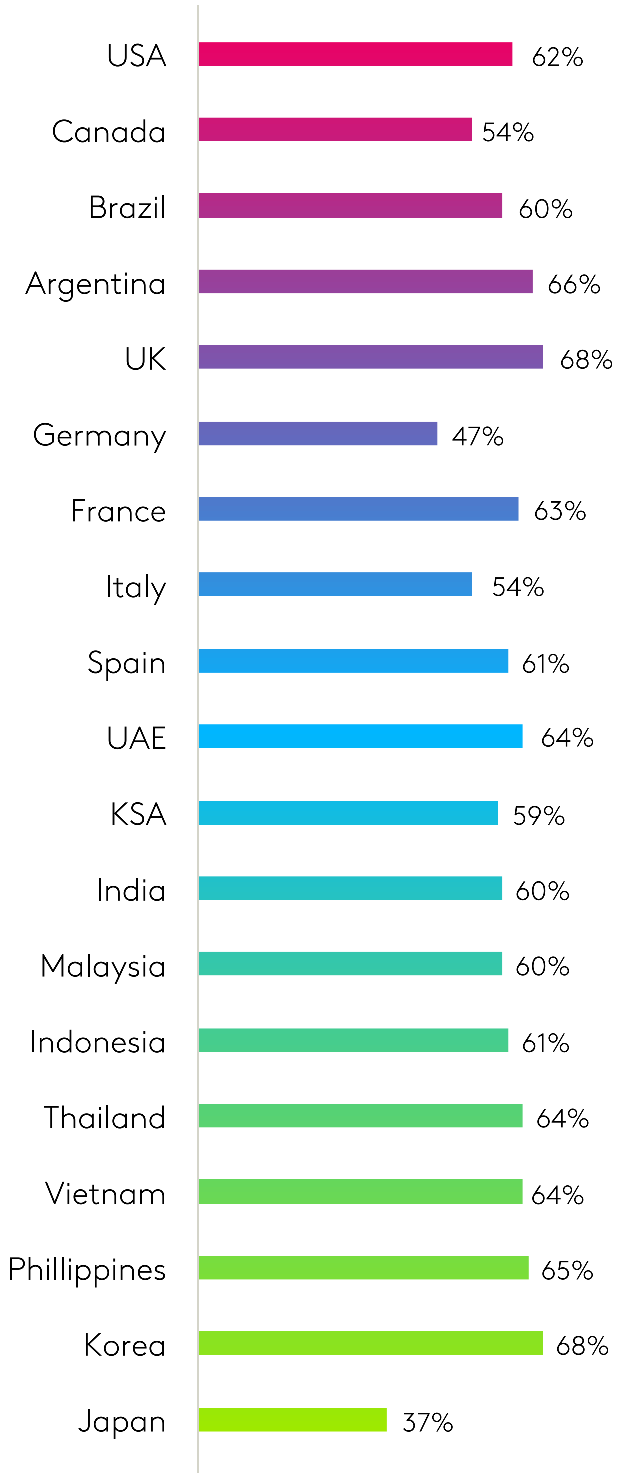
The profile of people who shop consumer electronics online also varies by country. Online shopping to replace or upgrade a smartphone is distributed across age groups in Spain, while in the UK and Japan more than a half of online shoppers are over 45. In Indonesia, two-thirds of online smartphone shopping is done by people under 35.

For consumer electronics products, many shoppers return to the brand or retail website of the product they previously bought, meaning maintaining brand loyalty is vital. It is not just about brand image and product features, but also the experience of shopping a brand online. And mobile must be at the centre of ecommerce activation strategy.

Age of online shoppers who bought a smartphone replacement or upgrade



Online shopping with multiple FMCG categories



FMCG

Most online FMCG missions involve multiple categories, although the extent varies by country. In countries with high ecommerce penetration, such as the UK and Korea, 68% of online FMCG shopping trips covered multiple categories. Brands should be cautious about assuming shoppers will make an extra visit to their brand site. The ease of buying multiple categories at once is very seductive, so extra trips must be worth the effort.

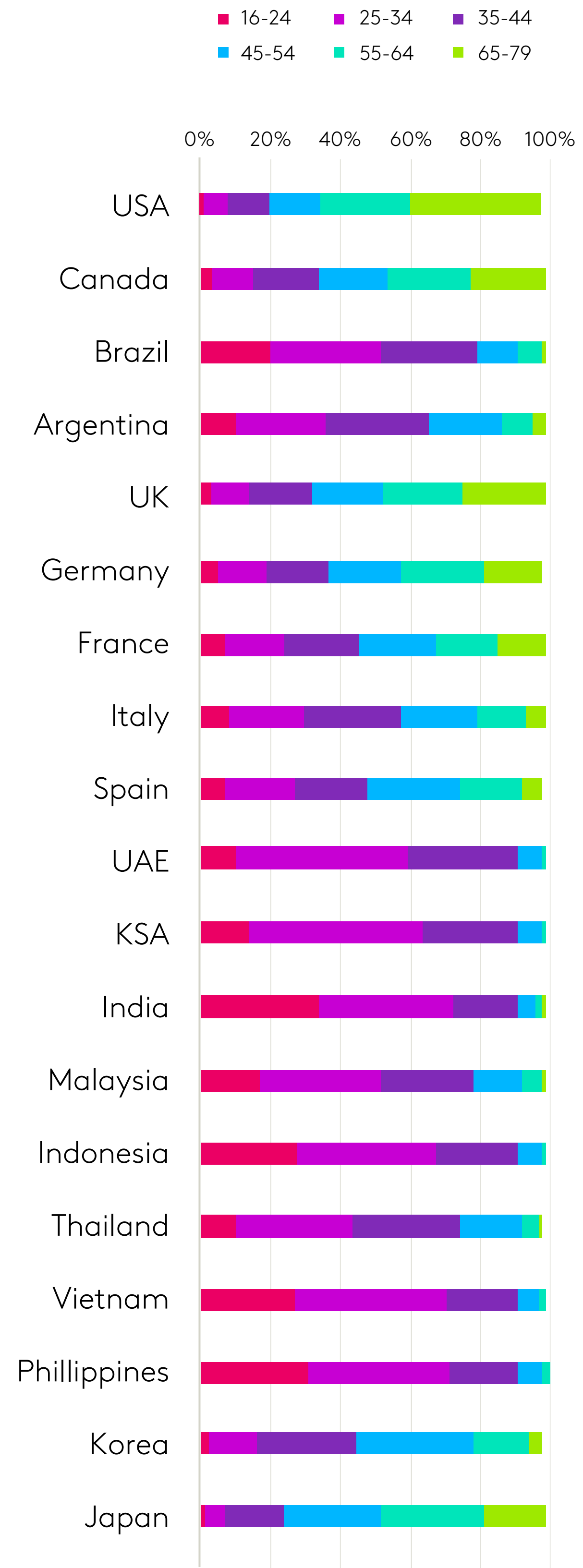
To win in ecommerce, it is vital to understand relationships between different categories and promote brands and products based on category adjacencies. Like in physical stores, there are most-visited sections on online retail platforms. Maximising visibility of a category and brand, especially in a mobile setting, is difficult but will provide opportunities to grow in ecommerce.

4. Understand your online shoppers

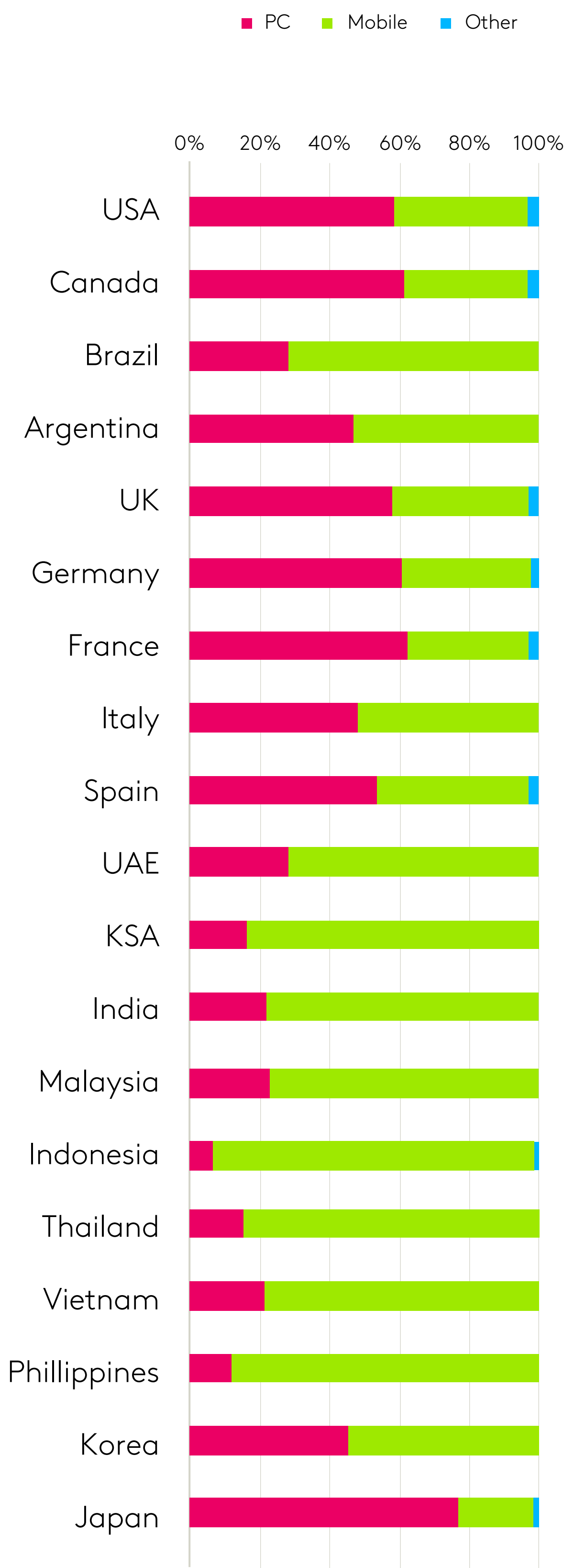
Among the many disruptions caused by COVID-19, online shopping is one of the most noticeable. As more shoppers went online, their need for online shopping became more accentuated, accelerating the development of ecommerce. Looking at the context, global ecommerce trends are eclipsed by local developments.

To understand the localisation of ecommerce, it is important to understand who online shoppers are. There is a generational split. In countries with highly developed ecommerce like Korea and Japan, online shoppers are older than in other Asian countries, including Saudi Arabia (KSA), United Arab Emirates, Indonesia, Vietnam, and the Philippines. In Asia, almost 90% of online shoppers are in their 20s and 30s.

Online shoppers by age group



Device used to shop online



Globally, 58% of online shopping ‘trips’ are made from a mobile device vs 40% from a PC. However, these ratios vary widely across countries, from 77% of Japanese online trips being PC-based to only 7% in Indonesia. While we see mobile dominance across Southeast Asia, India and the Middle East, Europe is dominated by PC, with only Italy dropping below the 50% mark. Generally speaking, the younger the shoppers, the more mobile is used for shopping.

It is interesting to note that even in the USA and Canada, smart speakers are only used for 3% of online shopping incidences - just a slight increase from 2% pre-pandemic.

The difference in device usage underlines the importance of localised ecommerce activation strategies: it influences when people shop online, how they interact with brands and which online retailers they visit. Not surprisingly, in Asia, mobile must be at the centre of any ecommerce activation strategy. Eventually, the same will be true in North America and Europe. In the short term, brands’ ecommerce strategies should take both PC and mobile into account, but with different product assortment and targeting. Different devices appeal to different shopper targets.

Key takeaways

Over the past two years, online shopping has grown in multiple dimensions. More people are buying more goods on more platforms. Online shoppers cannot be described by stereotypes anymore. ‘Old’ ecommerce shoppers have matured, and ‘new’ ecommerce joiners hail from older and younger demographics. With widely varying lifestyles and habits, shoppers’ expectations of ecommerce and the online shopping experience are understandably different. Delivering optimal brand experiences for the different targets on different devices is only one of many challenges facing brands. In countries with mature ecommerce and mixed online shopper profiles, brands and online retailers must deliver their messages to different audiences via different devices.

Price and promotion still top shoppers’ list of reasons to select an online retailer, and global inflation will increase shopper price sensitivity. Promotions and efficient (perceived) low-cost delivery are table stakes, but when have they not been? eCommerce ON shows us there are other levers, including goods assortment, delivery mechanisms, quality and value that matter to consumers, and can help differentiate in a price-competitive world.

For many FMCG categories, shoppers prefer a one-stop shop, but it’s also evident they are willing to go to another site if there’s a good reason to do so: for exclusive products, bulk prices, subscription, etc. And for long-cycle products and retailers, ecommerce presents a brand loyalty test.

What makes shoppers click ‘buy’ in their online shopping baskets? Triggers and barriers are often surprisingly different by category and country. Understanding connections, priorities and relevance across different categories will reveal your opportunities to grow in ecommerce.

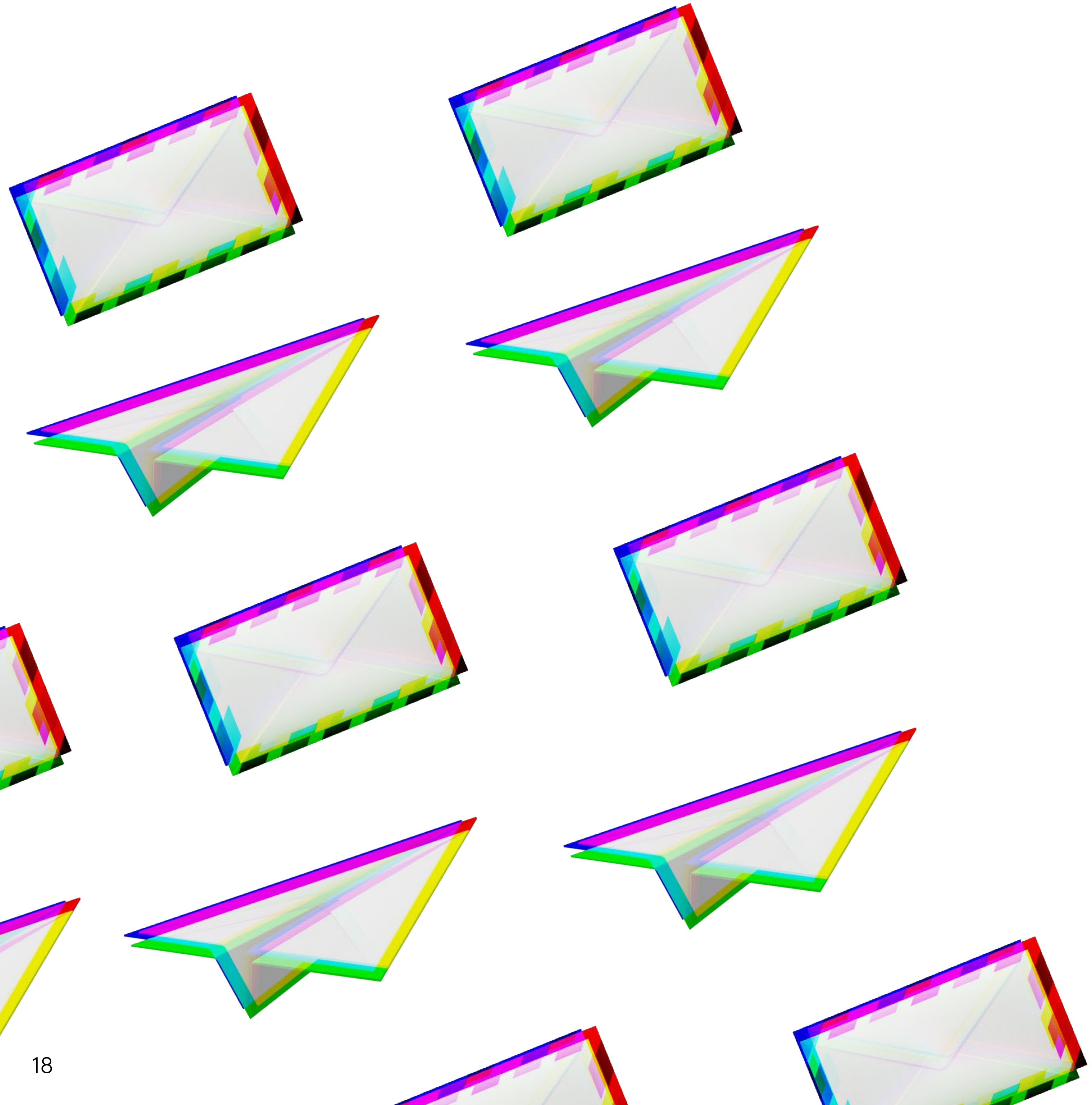
eCommerce ON 2022 offers a foundation to help build your brand’s ecommerce strategy. Understanding who your online shoppers are, how they shop, what they buy where and their priorities, gives you the confidence and direction for your ecommerce growth strategy.

Get in touch

Get in touch to find out more about the ecommerce landscape and the needs of online shoppers in your category and markets, and about the in-depth reports available for sale.

Email: eCommerce@kantar.com

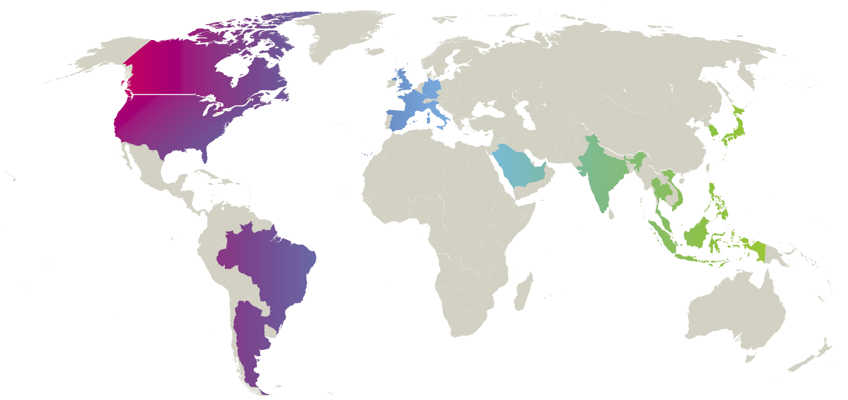
Visit: www.kantar.com/campaigns/fast-ecommerce-insights



About eCommerce ON 2022

eCommerce ON gives you contextual insights on ecommerce shopping in 19 countries across 15 consumer goods and electronics categories. Identify shopper priorities and understand triggers and barriers to help activation by comparing your category across markets or vs other categories.

Markets covered in 2022:



Argentina	Malaysia
Brazil	Philippines
Canada	Korea
France	Spain
Germany	Thailand
India	UAE
Indonesia	United Kingdom
Italy	USA
Japan	Vietnam
KSA	

Categories covered in 2022:

— **Consumer goods:** Groceries (excl. snacks and drinks), Snacks, Soft drinks, Alcoholic drinks, Personal care, Baby milk and diapers, Health and wellbeing, Toys and games

— **Consumer electronics:** Home appliances, Small home appliances, Digital devices, and Smartphone

— **Tobacco and vaping:** Vaping, THP and MO

Fieldwork for the 2022 study took place between 23 February and 18 March 2022. The global study was first conducted pre-pandemic in 2019 providing a wealth of insight about how the pandemic has changed the ecommerce landscape.

About Kantar

Kantar is the world's leading evidence based insights and consulting company. We have a complete, unique and rounded understanding of how people think, feel and act; globally and locally in over 90 markets. By combining the deep expertise of our people, our data resources and benchmarks, our innovative analytics and technology, we help our clients understand people and inspire growth.