August 2012

How Digital Influences How We Shop Around the World

Digital's influence on grocery shopping is on the rise

- Online shopping intentions for food and beverage categories increased **44% in two years**
- **6-in-10** global respondents used the Internet for **grocery shopping research**
- **Nearly half** (49%)of respondents **purchased a product online**
- Globally, **46% used social media** to help make purchase decisions
- **37%** purchased from **online-only** stores most frequently

One-third of the world's population is online, an increase of 528 percent over the past 10 years*. While Internet penetration rates vary by geographic region; North America (79%), Pacific (88%), Europe (61%), Latin America (40%), Middle East (36%), Asia (26%) and Africa (14%), they continue to climb steadily—especially in the developing countries of the world.

Connected devices, such as computers, mobile phones and tablets have become a way of life for many, but shoppers are digitally engaged to varying degrees depending on the products they buy. While e-commerce activity for some consumer-packaged goods (CPG) products—especially perishable categories where freshness counts—may not be as transformative as other non-CPG industries such as books, music and travel, online grocery purchasing power is growing. In this report, Nielsen analyzes how shoppers use online connected devices (computers, mobile phones and tablets) to aid or even complete their household grocery shopping.

What types of online activities do consumers engage in most? How much time is spent on these activities? What are future spending intentions, which websites are preferred, and what payment methods are favored? New findings from a Nielsen online survey of respondents from 56 countries around the world provide insight into digital influences on grocery shopping behavior. This report offers considerations for marketers and guiding principles to help build successful online strategies.

About the Survey and Methodology

The findings in this study are based on respondents with online access. While an online survey methodology allows for tremendous scale and global reach, it is limited in that it provides a perspective only on the habits of existing Internet users, not total populations. Results may therefore, among other possibilities, over-report online usage. Additionally, responses are only indicative of respondents' beliefs about their own online usage, rather than actual metered data.

** Internet World Stats – www.internetworld stats.com/stats.htm*

Online grocery purchase power is growing

While non-CPG (consumer-packaged goods) products reported the highest penetration for digital shopping intentions, with apparel, books, travel and consumer electronics rising to the top of the list, the level of influence for CPG-related products is growing. Intentions to buy food and beverages via online sources increased 44 percent in two years.

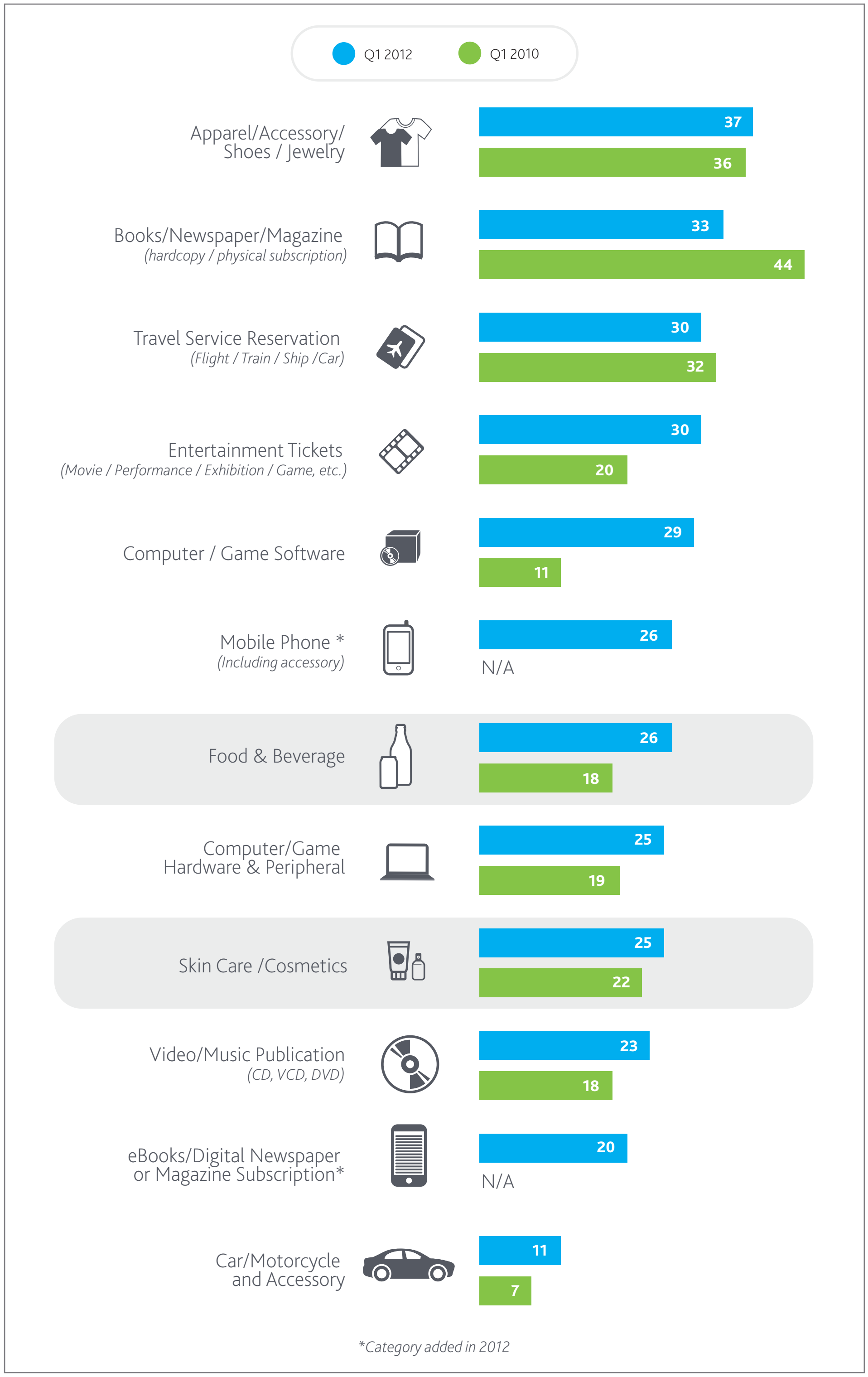
More than one-quarter (26%) of global respondents said they planned to purchase food and beverage products via an online connected device in the next three to six months—a jump from 18 percent reported in 2010. Skin care and cosmetics also increased from 22 percent to 25 percent in the latest survey.

One-in-five global respondents said they planned to purchase electronic books and digital newspaper and magazine subscriptions, a new category added to the Nielsen Global Survey in 2012. The online purchase intent of hard copy books and physical subscriptions declined from 44 percent in 2010 to 33 percent this year. Categories with growing global purchase intent include computer/game software (+18 percentage points), entertainment tickets (+10), computer/game hardware (+6), video/music production (+5), cars/motorcycle and accessories (+4), and apparel/accessories/shoes/jewelry (+1).

While online shopping delivers key attributes shoppers demand, such as convenience, value and choice, the Internet, and more specifically e-commerce, will be successful to varying degrees of impact on CPG depending on the category. For CPG categories, shoppers are more likely to adopt an omni-channel approach, where online shopping becomes a supplement to traditional brick-and-mortar retailing.

What categories of products do you plan to purchase on any connected device in the next 3 to 6 months?

Global Average



Source: Nielsen Global Survey of Digital's Influence on Grocery Shopping, Q1 2012

Online usage for grocery shopping activities varies

Whether checking a price or reading a consumer review, when it comes to grocery shopping, more than six-in-10 global respondents (61%) said the Internet was their go-to-source for conducting research and just under half (49%) said they purchased a product online.

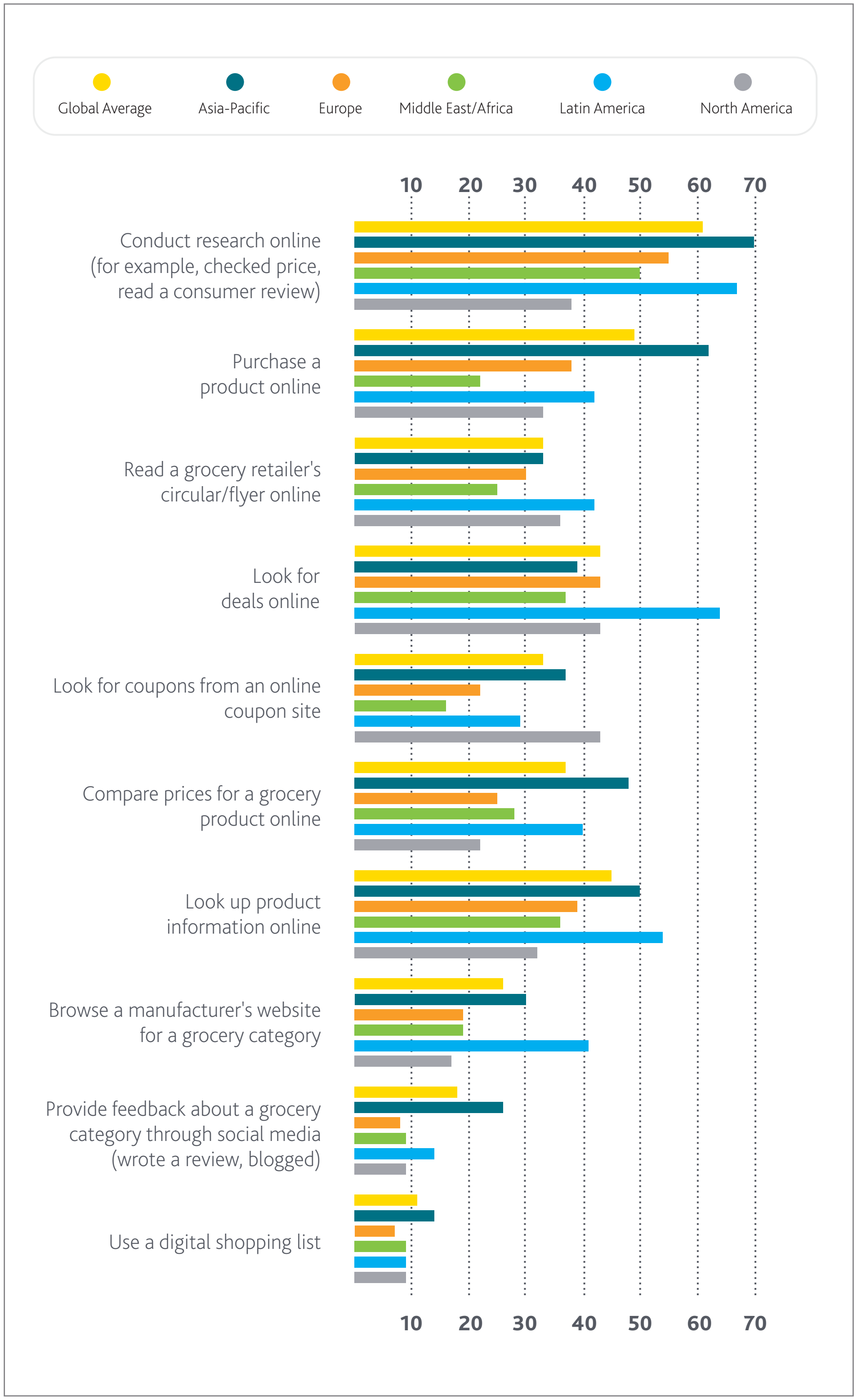
But research is just one of the many online activities respondents around the world said they engaged in when thinking about grocery shopping. Forty-five percent used the Internet to get information about a product, 43 percent searched for deals, 33 percent read a grocery retailer's promotional circular/flyer, 33 percent looked for coupons, 26 percent browsed a manufacturer website,18 percent provided feedback through social media, and 11 percent used a digital shopping list.

A comparison of how shoppers across the world used the Internet as a grocery shopping resource revealed that while the rank-order list of favored activities was relatively consistent from region to region, rates of usage varied considerably. While Internet penetration rates are highest in North America, usage levels across many activities in that region were among the lowest reported. Conversely, online usage rates for many activities in Asia-Pacific were among the highest.

Specifically, using the Internet to conduct research (70%), compare prices (48%), and provide feedback through social media (26%) was most prevalent in Asia-Pacific countries. Latin Americans were the most active deal seekers (64%) and manufacturer website browsers (41%). And more North Americans looked for coupons online (43%) than respondents in any other region.

In more Internet-developed regions of the world, the research suggests a flattening of online activity levels as usage becomes more common place. In areas where adoption is in the early phases, there is greater experimentation.

Thinking about household grocery shopping, which of the following activities have you done in the last month on any online connected device?



Source: Nielsen Global Survey of Digital's Influence on Grocery Shopping, Q1 2012

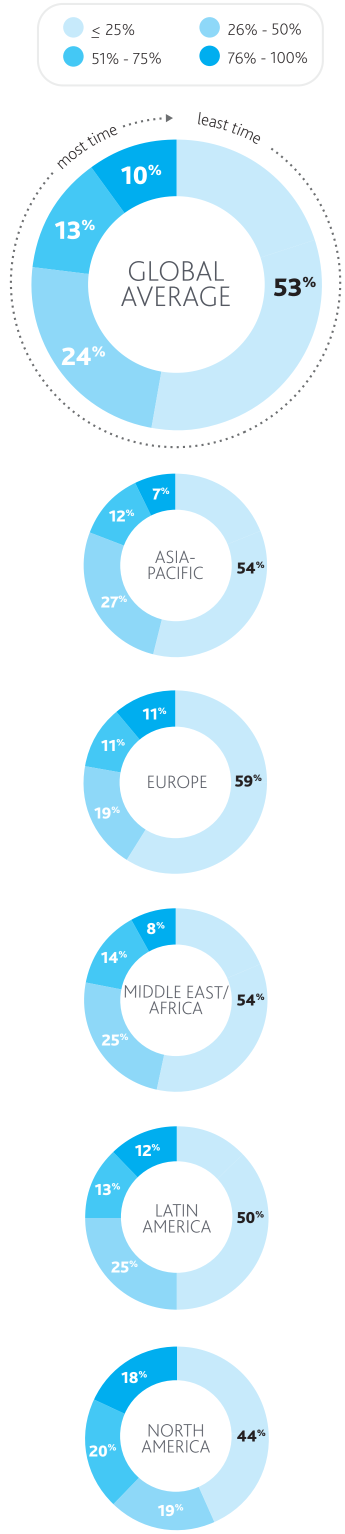
Online is the timely resource for research

When it comes to finding a resource for information about grocery shopping-related activities, nearly half (47%) of global respondents spent more than 25 percent of their total research time on a connected device. And nearly one-in-four (23%) spent more than half their research time on the Internet. More North Americans dedicated the greatest amount of research time online compared to the other regions - 18 percent claimed they conducted more than 75 percent of their research digitally.

For those who said they used the Internet for grocery shopping-related activities, the majority of global respondents connected online either weekly or monthly. About one-third logged on daily to conduct research (37%), provide feedback via social media (33%), look for deals (31%) and search for product information (31%).

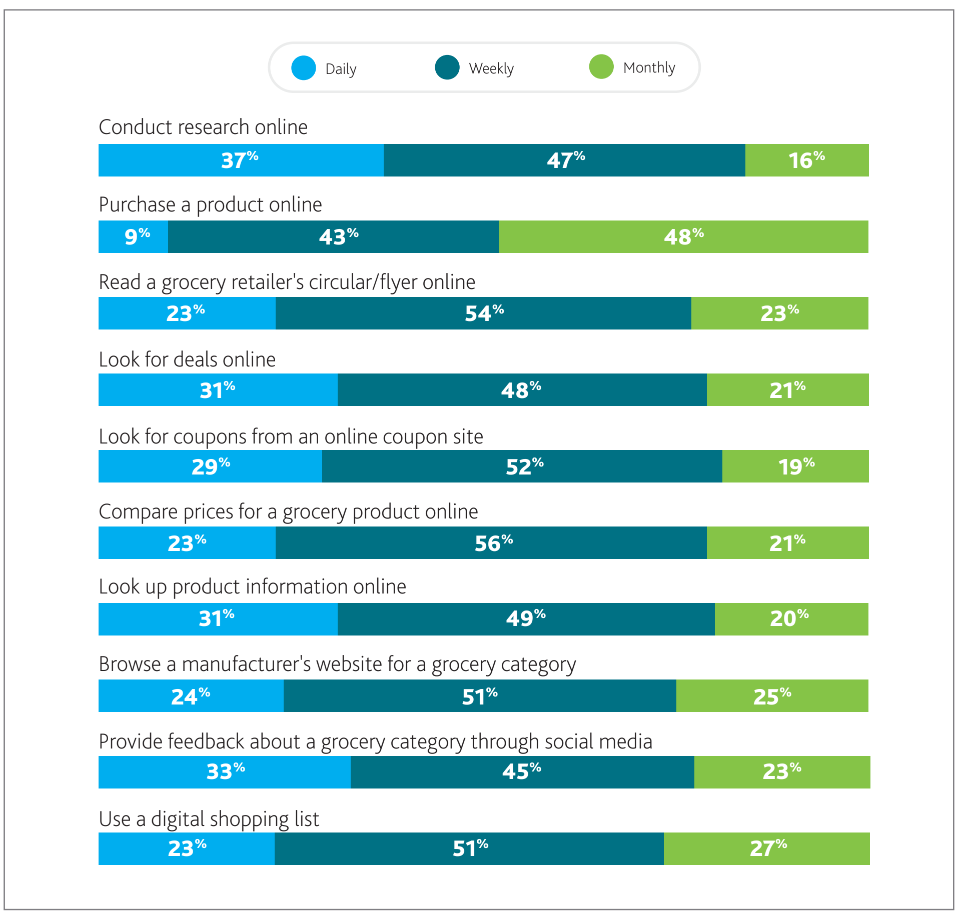
While the prevalence of using social media to provide feedback on grocery products is still relatively low (global average is 18%), for those who are active participants, many connect regularly—33 percent on a daily basis and 45 percent weekly. In a world where consumers have increasing influence on brand perception through social media and ratings and reviews, authentic responses and generating advocacy is critical. Marketers need to encourage feedback and provide specialized experiences that increase engagement and build a two-way relationship with the brand.

Percent of total research time conducted on an online connected device for grocery shopping activities



How often have you used a connected device (PC, mobile phone, tablet, etc.) for each of the following

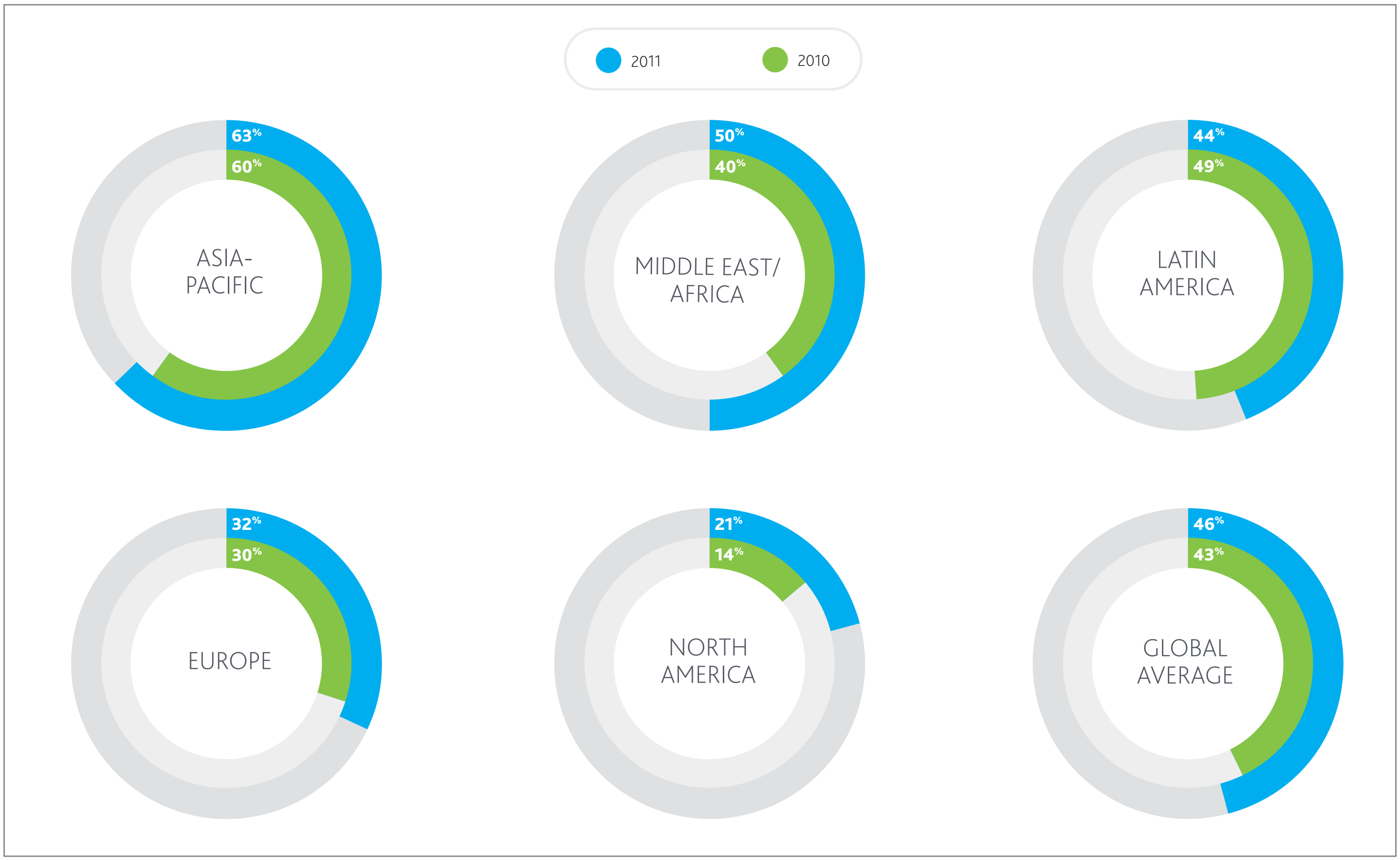
Global Average



Source: Nielsen Global Survey of Digital's Influence on Grocery Shopping, Q1 2012

Social media's influence is rising

I use social media sites to help me make purchase decisions



Source: Nielsen Global Survey of Online Shopping, Q3 2011 and Q1 2010

The influence of social media on purchase decisions is growing across all regions, albeit at varying levels. Globally, 46 percent of respondents said they used social media outlets to help make purchase decisions, a rise of three percentage points from 2010. North Americans were the least reliant on social media at 21 percent, but have increased their dependency by seven points. Asia-Pacific respondents were the most active social media users to aid purchase decisions at 63 percent, an increase from 60 percent two years ago.

Middle Eastern/African respondents increased their dependency on social media the most, rising 10 percentage points to 50 percent in 2011. Forty-four percent of Latin American respondents and 32 percent of European online users relied on social media to help make purchase decisions, an increase of five and two points, respectively.

Social media can play an important role in leveling the playing field among the competition, allowing smaller brands to compete. Encourage satisfied customers to use online ratings and reviews to share positive experiences, but it is a two-way communication medium and marketers must engage in the dialogue in order to stay in control.

Online shopping preferences and payments

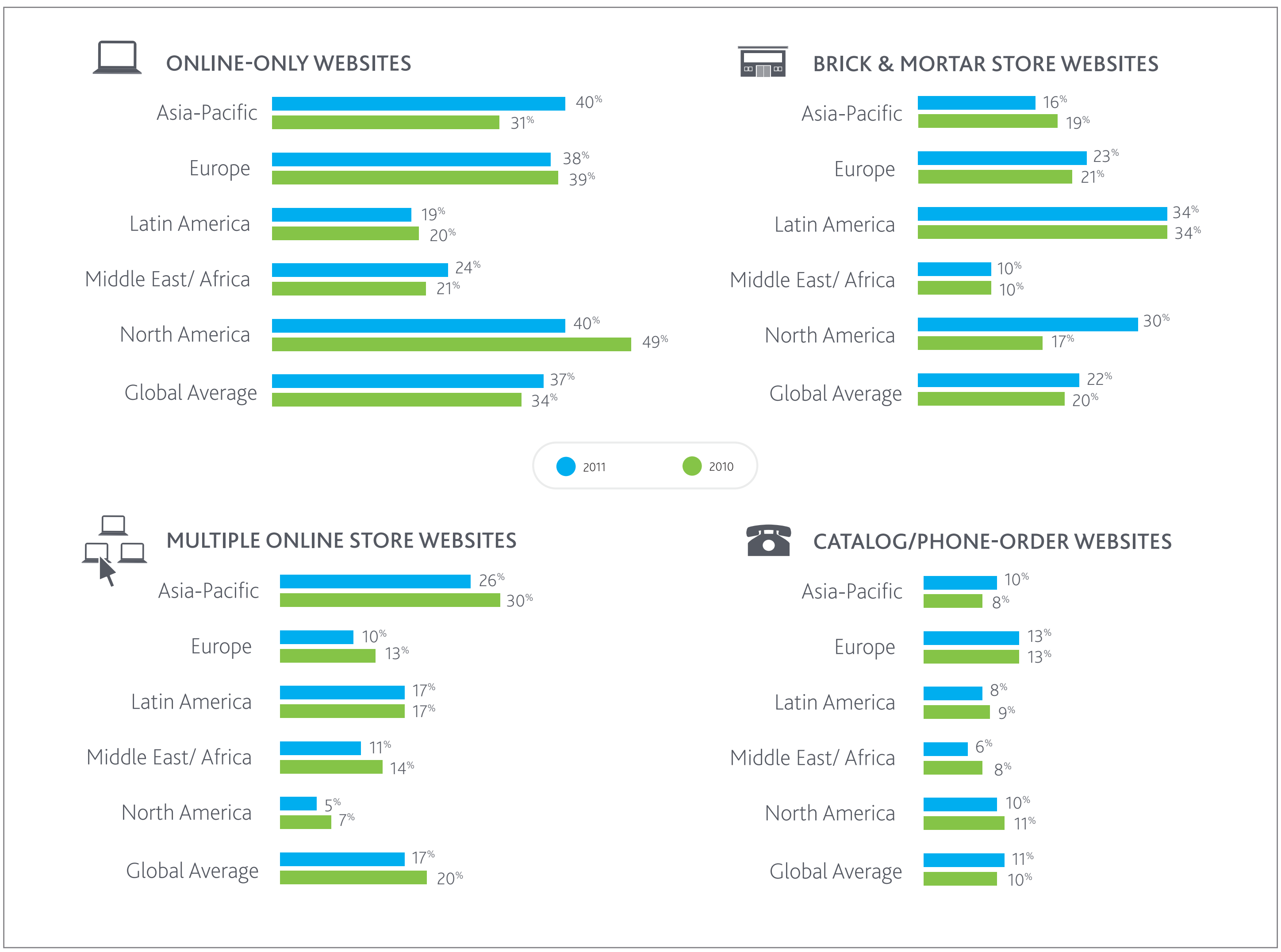
Thirty-seven percent of global respondents said they most frequently purchase from online-only stores—an increase from 34 percent in 2010. Twenty-two percent preferred sites that also have traditional brick and mortar stores, 17 percent favored sites that allow you to select products from many different online stores and 11 percent chose sites that also sell products through catalogs or over the phone.

For sites that are connected with physical store locations, Latin Americans and North Americans reported the greatest preference at 34 percent and 30 percent, respectively. And while North Americans reported a nine-point drop since 2010 in their preference for shops that are exclusively online, Asia-Pacific respondents reported the opposite trend, with a nine point increase for shopping these online-only websites. Both regions reported usage of online-only websites at 40 percent.

When it comes to paying for online purchases, one-third (32%) of respondents around the world said they most often paid for purchases using a credit card. One-fourth (24%) preferred the ease of using PayPal, 14 percent used cash on delivery, 12 percent chose direct debit from a checking or bank account and 10 percent utilized a debit card.

Latin Americans were the most prolific credit card users for online purchases, as more than half (51%) used this method. Middle Eastern/African respondents were most reliant on direct debit from checking/bank accounts, as one-in-four utilized this payment system. North Americans primarily use one of three primary methods; credit cards (34%), debit cards (25%) and PayPal (24%).

What kind of websites do you purchase from most frequently when shopping online?



Source: Nielsen Global Survey of Online Shopping, Q3 2011 and Q1 2010

Strategies for how to win with digital

Shopper marketing tactics are changing and there are several ways to grow positive engagement levels. Whether customizing the message for the shopper, more narrowly segmenting shoppers, or delivering more 'authentic' messages in brand communications, savvy digital strategies must help personalize and integrate value-added content to improve the user experience.

First, focus on the right shopper. Not everyone is going to use digital. Nielsen research finds that one-of-four CPG shoppers are considered 'Trendsetters'. These are generally shoppers that love to keep ahead, try new things and tell others about them. They are typically younger compared to other segments, have children in the household and are a bit more affluent compared to the general population.

Second, engage shoppers with the right message. 'Trendsetters' tend to be more digitally engaged, but that is still dependent on what they are buying. Determine what activities are important to core shoppers and customize the offering. If shoppers are more deal-centric, provide coupon promotions.

Third, connect with shoppers via the right medium. An increasingly complex landscape provides consumers with a wide array of choices. Marketers need to focus on the medium that provides the best return on investment. Think about product usage and devise strategies that speak to the needs of consumers. Pair mobility with need and create apps that, for example, make it easier to create a shopping list, refill prescriptions or navigate a store.

Whether the platform is online, mobile, social or in-store, prioritize the medium based on the impact it drives and the feasibility of deploying it. Digital can be complex, but rewarding if done right.

An increasing complex landscape provides consumers with a wide array of choices

Weigh impact vs. feasibility of tactics to optimize digital platform

Sample Strategy		Searching for coupons	Reading a Flyer/ Circular	Looking for Deals
ONLINE	Website		●	●
	E-Circular	●	●	●
	Emails	●		●
	Printable Coupons	●		●
	Digital Magazines			
	Search/Display Ads	●		●
MOBILE	Mobile Coupon	●		●
	Text Message	●		●
	Mobile Apps	●		●
SOCIAL	Reviews			
	Social Media	●	●	
IN-STORE	Kiosks	●	●	●
	QR / Bar Codes			●

Countries in this study

Argentina
Australia
Austria
Belgium
Brazil
Canada
China
Chile
Colombia
Croatia
Czech Republic
Denmark
Egypt
Estonia
Finland
France
Germany
Greece
Hong Kong
Hungary
India
Indonesia
Ireland
Israel
Italy
Japan
Latvia
Lithuania
Malaysia
Mexico
Netherlands
New Zealand
Norway
Pakistan
Peru
Philippines
Poland
Portugal
Romania
Russia
Saudi Arabia
Singapore
South Africa
South Korea
Spain
Sweden
Switzerland
Taiwan
Thailand
Turkey
United Arab Emirates
United Kingdom
Ukraine
United States
Venezuela
Vietnam

About the Nielsen Global Survey

The Nielsen Global Survey of Digital's Influence on Grocery Shopping was conducted February 10–27, 2012 and polled more than 28,000 consumers in 56 countries throughout Asia-Pacific, Europe, Latin America, the Middle East, Africa and North America. The social media, online payment and website insights are based on the Q3 2011 Global Survey. The sample has quotas based on age and sex for each country based on their Internet users, and is weighted to be representative of Internet consumers and has a maximum margin of error of ±0.6%. This Nielsen survey is based on the behavior of respondents with online access only. Internet penetration rates vary by country. Nielsen uses a minimum reporting standard of 60 percent Internet penetration or 10M online population for survey inclusion. The Nielsen Global Survey, which includes the Global Consumer Confidence Survey, was established in 2005.

About Nielsen

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands

For more information, visit www.nielsen.com