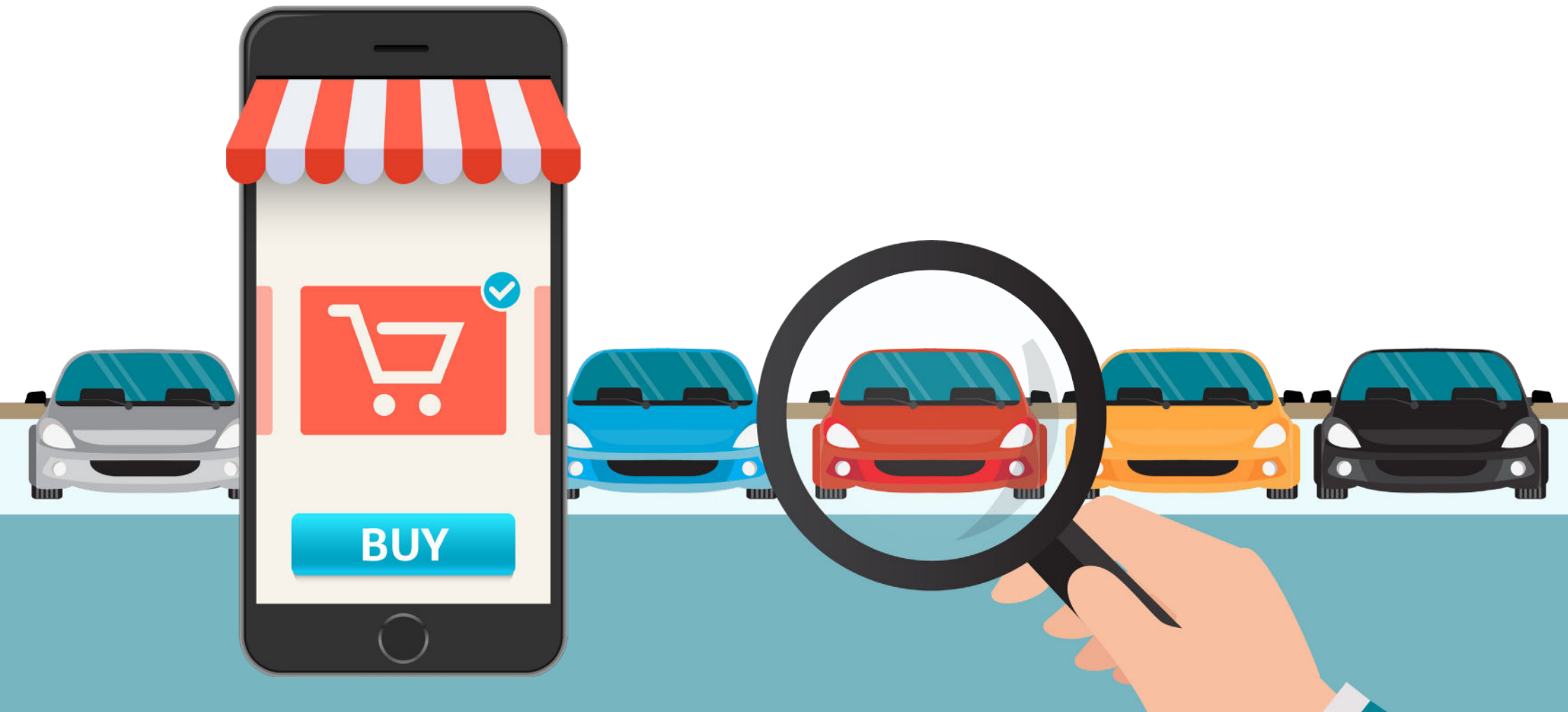


Webrooming vs Showrooming

a report by **PushON**
eCommerce. Delivered.



Introduction

Retail has undergone immense change in recent years, driven largely by online and mobile technology. The growth of online and, more recently, mobile shopping has helped to improve the shopping experience for many consumers, making way for more convenient and easier purchasing.

The internet is quickly becoming the place where the majority of shoppers are now choosing to part with their money. Ecommerce has been steadily increasing its share of all retail trade sales in the UK – in 2014, the share was 13.5%, but this increased to 15.2% in 2015, and 16.8% in 2016. It is expected to rise even further to 17.8% in 2017*.

But, what about when it comes to making those expensive, considered purchases, such as a new car, kitchen or bathroom? Do consumers prefer to buy these products online nowadays, or are they still inclined to visit high street stores to make an informed decision?

Well, online and physical shopping are becoming less mutually exclusive – savvy consumers are now combining the two to help make the right purchasing choice.

This has given rise to a new shopping phenomenon: Webrooming vs Showrooming.

Currently, the majority of consumers still feel as though physical shops are important - 81% of UK consumers believe brick and mortar shops are vital to the shopping experience and 70% enjoy the full experience of going in-store to browse, especially when making larger, more expensive purchases in-store. When it comes to fashion, 62% of consumers still prefer to try on clothes in-store, rather than buy them online, so they can get a real feel for how they will look and fit.

However, 30% of shoppers are now “showroomers” and use brick and mortar stores to try goods out before they buy online. 55% would browse in store then shop online for entertainment purchases in the hope of finding a better deal, as would 52% when it comes to buying electronics.

* <https://www.statista.com/statistics/281241/online-share-of-retail-trade-in-european-countries/>

showrooming

noun *informal*

noun: showrooming

noun: show-rooming

When customers visit a shop to check out a product, but then actually complete the purchase online, sometimes at a lower price. Essentially, the store acts as a product showroom for online shoppers.

webrooming

noun *informal*

noun: webrooming

noun: web-rooming

When shoppers research items online so they can check out and compare lots of options, but then head to a physical store to complete their purchase. Often, consumers will use this method when they want to see exactly what the product looks like in real life before they make the final purchase.

With shoppers preferring both methods of purchasing, retailers need to be optimising their in-store and online services to offer a truly omnichannel experience. What if high street shops stopped worrying about losing out to web-based competitors and actually started to embrace online shopping?

Recognising the importance of online shopping is going to become even more vital for retailers over the next 12 months when technology, such as augmented reality (AR) which overlays virtual images over what you are seeing in real life, gains more mainstream traction. With the help of Apple's ARKit, a new platform that enables developers to easily create AR apps, furniture retailer IKEA has already been experimenting with AR to help shoppers imagine what items of furniture may look like in their home before they buy them.

The revolution of retail shows no signs of slowing down, again thanks to the emergence of new technology. But should retailers be investing heavily in their online channels, or will brick and mortar stores still play a pivotal role in the final sale?

By Simon Wharton, business strategy director

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About the report

Understanding how customers want to engage with a brand is a constant battle for retailers – do they want quick and convenient shopping? Or do they prefer to take their time and for the experience to be more personal? Do they shop in-store or online?

But, the growth of webrooming and showrooming has only added to the pressure when offering the exact experience each individual consumer is looking for. The main issue is the gap in the customer journey as it's hard for retailers to pinpoint how decisions were made and at which touching points – the journey from research to purchase isn't as seamless as it is once was when just one platform was used (online or in-store).

This is where retailers need to be able to understand their customers' needs and use this to perfect their omnichannel offering.

To show retailers where the most considered sales are made, this report will investigate the trends between webrooming and showrooming. We'll look at consumers' shopping habits when it comes to making expensive purchases like cars and large household appliances – do consumers prefer to buy these items online or in-store?

After analysing the customer journey, the report will then offer advice to retailers on the techniques they need to adopt to provide a better retail experience. We will also explore how new technology, such as AR, is transforming the shopping journey even further, helping to close the 'imagination gap' and enable consumers to visualise how products will look in real life.

By reading the report, we hope retailers will gain a better understanding of the webrooming and showrooming trend and shopper expectations, so they can use the insight to adapt their services to better meet the needs of their consumers.



Key findings...



28% of consumers spend up to a month researching products before they make an expensive, considered investment, such as a car, or a new kitchen or bathroom



Of those who prefer to shop in store, a massive

82%

think it gives more security than online as they can see exactly what a product looks like before committing to the purchase



Almost two thirds would prefer to make considered purchases in store, rather than online

67% of those who like to shop online do so as they think it's much quicker and easier than buying in store



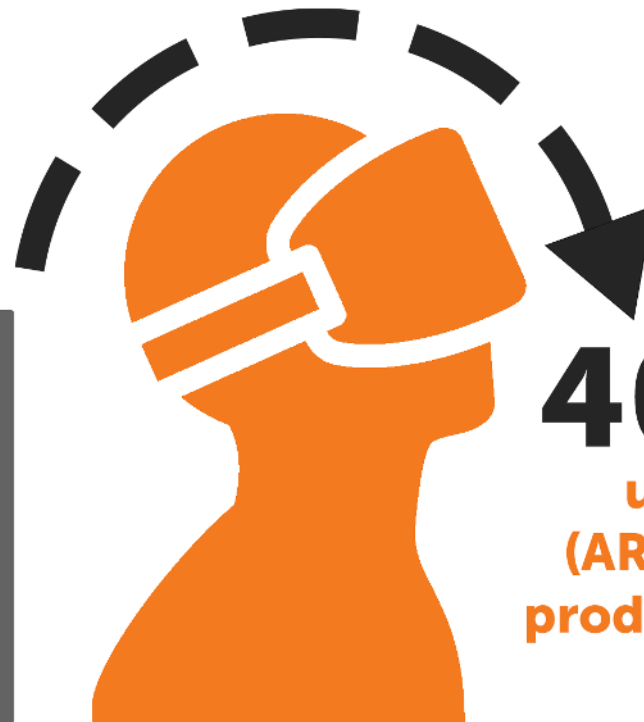
Key findings continued...



Key findings continued...



Almost half (45%) would be more persuaded to buy online if they could use technology to see the product and how it works realistically without having to go in store



40% of consumers would like to use augmented reality (AR) technology to test a product before they buy it

In-store vs online

Parting with large amounts of cash is a huge decision – are you going to be satisfied with the product once you've handed over the money? Do you know enough about the product to make an informed purchase decision?

To ensure they're making the right choice, 28% of consumers typically spend up to a month to properly research expensive products, such as a car, a new kitchen or bathroom. Almost a quarter (24%) spend a couple of months on research to make sure they're making the right decision.

But when the final purchase decision is made, where do consumers go to part with their cash?

Almost two thirds (62%) of consumers surveyed would prefer to make considered purchases in-store, rather than online.

The story is similar for those across all wage brackets – interestingly, those in the highest wage bracket would be more likely to complete expensive purchases in-store, rather than online:

- 59% of those who earn less than £10,000 would prefer to make considered purchases in-store.
- 58% of shoppers who earn between £10,000 and £19,999 make these purchases in-store.
- 64% of those who earn between £20,000 and £39,999 do the same.
- A huge 70% of those in the £40,000 and over bracket prefer to shop in-store.

Regardless of wealth, people seem to feel more confident buying expensive items in a physical shop, rather than online, highlighting that webrooming is the preferred method of purchasing at the moment. In fact, 79% of consumers have actually seen an expensive product online that they've wanted, but they've then gone in-store to make the final purchase to ensure they're making the right decision. Often, this is because they can see the item in real life.

But, shopping in-store isn't always without its issues, as some consumers have discovered. Of those who have webroomed, a third (33%) have actually arrived in store to find out the product they wanted was out of stock. And 13% found it difficult to compare different products and prices, as there were lots of options in-store.



What's putting people off spending large amounts online?

Shopping for expensive items in-store appears to sit better with a large majority of consumers – so, why are so many reluctant to make these purchases online, especially given that online sales on the whole are constantly increasing year-on-year?

Well, for a massive 82% of the public, they prefer to shop in-store, rather than online, as it gives them more security due to the fact they can see exactly what a product looks like before committing to the purchase.

45% feel more reassured that they're making the right decision when shopping in-store than if they were to buy online, particularly as they're able to make more of an informed decision.

And although 47% would prefer to research products online to help make a decision, they would then opt to go in-store to buy because they have the option of asking for help from human customer service assistants (rather than perhaps digital chat bots).

Despite online sales increasing, there is a limit on how much money consumers would feel comfortable spending online – 39% say the maximum they will spend online is £1,000. For purchases over £1,000, they would feel more secure going in-store and handing the money over to a real person, meaning retailers could be missing out on thousands of pounds in online sales.



"With customers only likely to spend smaller amounts online, compared to in-store, this does limit the types of sales that retailers can make on their websites. Of course how a retailer will be affected does depend on their products – those who sell lower value products online, such as beauty products, may find their online sales are quite high, but those that sell furniture or kitchens, for instance, may find that their online sales for these items are lower than in-store sales."

"Consumers seem to feel very comfortable researching expensive products online – this probably allows them more time to properly explore the various products available to them, and we know from our research that customers generally like to take their time. But, the issue lies with when they come to make the final purchase – many don't currently feel confident doing this over the internet."

"With consumers often starting their searches online, but then moving in-store to buy, it's clear that online and in-store both play a pivotal role in the whole customer journey – this makes it extremely important for retailers to create a truly omnichannel experience. The process from researching online to then making the final purchase in-store or via another channel needs to be seamless to build trust between retailers and consumers – they should receive the same level of service at every stage in their journey. Therefore, retailers should re-evaluate their stock and the information they provide about items to ensure everything is consistent across all purchasing platforms."

Sam Rutley, managing director of PushON

Trust and reliability will encourage more expensive online purchases

While the majority of customers do prefer to shop in-store, that doesn't mean people don't shop online altogether. 70% admit they have bought expensive purchases online, but this is only after they have seen the product in-store first.

Often, shoppers that choose to showroom may have first seen a product in real life but didn't feel the need to buy it immediately. Later, they've opted to complete the purchase online when they felt confident enough to buy it, as by that point, they knew exactly what they were paying for.

For those shoppers who prefer to shop online, few have come across any problems – two thirds (67%) have never experienced any issues when buying on the internet, proving that online shopping is actually more reliable than people seem to think.

In fact, online shoppers claim there are lots of advantages to making purchases over the web:

- 67% of those who prefer to buy online believe it is much quicker and easier than buying in-store.
- 57% think buying online is a great way to properly research a range of options, without having to take the time to travel to lots of different stores.
- 45% like that they can select a delivery time that fits in with their busy life when buying online, which also removes the hassle of transporting goods home from the store.
- A quarter (24%) believe viewing products online is great as you can see what's in stock and what's not at a certain time.



It's clear that there are a wealth of advantages when shopping on-line, compared to in-store – but the challenge for retailers is making these clear to shoppers to break the barriers that are stopping people from making higher-value purchases on the internet.

The key to encouraging more shoppers to part with large sums of cash over the web lies in trust – consumers need to know that they're making the right choice and they're getting a better deal.



"Encouraging more shoppers to part with larger amounts of money online requires a huge focus on building trust and a strong brand reputation. Consumers will feel more reassured if they know exactly what they're getting from the retailer and that they're reliable. It's about creating the same experience, regardless of if the purchase is made online or in-store – customers should always receive the same great level and quality of service.


"Retailers also need to be highlighting the benefits of shopping via their online sites – they need to raise awareness about their fast delivery times, the ability to skip the queues, and the time it can save consumers, along with any other added benefits the retailer provides. Customers could also be persuaded to buy online if retailers add to the advantages, perhaps by offering rewards or incentives like interest-free credit or online-only offers. This is also another effective way to build trust and encourage repeat custom."

Simon Wharton, business strategy director of PushON

If customers could 'visualise' purchases, they would spend more online

We've explored the possibility that shoppers would convert from webrooming to showrooming if they were made more aware of the benefits of shopping online for larger, expensive purchases. The main issue that retailers have to overcome is that customers struggle to 'visualise' products online before they purchase them, and worry that they will make the wrong decision if they can't actually see the item before they buy it.

To help with the decision-making process, 49% of consumers would be more persuaded to make expensive purchases online if websites contained more in-depth product information so they could make an informed choice.



In fact, the majority of consumers agree that visual tools and features online are extremely important to help make informed decisions about considered purchases:

- 26% of consumers think that the quality of product photography is extremely important, giving this feature an importance rating of 10 out of 10.
- 22% gave 'images of the product in-situ' a score of 8 out of 10 for importance.
- 17% gave '3D product representation' a score of 8 out of 10 for importance.

This highlights that customers really value having all the information they need to make an informed decision and being able to see exactly what a product looks like before they buy it – something which can be more difficult to achieve online compared to in-store.

This is where technology can play a huge part in providing as much information as possible online. Almost half of shoppers (45%) would be more persuaded to buy online if they could use technology to see the product and how it works realistically without having to go in-store.

This is backed up by the fact that two fifths (40%) of consumers would like to use AR technology to test a product before they buy it. There are a number of apps being created at the moment that allow consumers to place virtual images of products over a real-world view – this way, they can get a real feel for how it will look in real life. We mentioned earlier how IKEA has teamed up with Apple to develop its own AR app – but this is just the start. Thanks to the launch of Apple's ARKit, the world of AR has been opened up to a wider audience, and developers can now create apps much more easily. It's likely we'll see many more companies joining the AR hysteria in the near future.

Technology seems to hold many of the answers when it comes to encouraging more people to shop online for considered purchases:

- 52% think retailers should invest in technology that enables a better omnichannel experience – so the shopping journey is seamless in-store and online.
- 41% would like to see improved online security so they know their money is safe when making expensive purchases – this would make people feel more reassured when spending larger sums online.
- 32% would like to use online services so they can get instant answers to their questions.
- 17% are calling for retailers to use AI and digital chatbots that bring up purchase recommendations based on their buying habits, and can answer questions about products.
- 17% want to see one-click online shopping to make checking-out easier.
- 16% would like to use mobile payments more to make buying online quicker.



"Technology has been one of the main driving forces behind the various changes that have happened in retail over the past few years – it's the reason we no longer have to go in-store to buy products and can now go online. And from these statistics, we can see that technology's influence over how we like to shop is going to continue to grow and evolve.

"To enhance the online shopping experience further, the majority of consumers are now looking for retailers to increase their use of technology, and some are even calling for greater investment in innovative tech, such as AI and AR, to guide them through the buying process.

"By utilising technology, such as digital chatbots that can act as online customer service assistants or AR apps to help visualise products, retailers will be able to create a more seamless omnichannel experience where customers can access the same level of service and information as they would if they were shopping in-store. This will go a long way towards increasing consumer buying confidence through the higher levels of security and assurance this technology can offer, meaning they'll feel comfortable spending more online.

"Technology is the future and retailers can't afford to bury their heads in the sand and ignore the changes that are happening within the sector – particularly when consumers themselves have clocked on to the benefits of investing in such technology."

Sam Rutley, managing director of PushON

Conclusion

Currently, levels of confidence seem to be a lot higher when making considered purchases in-store, and at the moment, people are less inclined to buy expensive products online. They like the security and reliability that shopping in a brick and mortar shop provides, especially if they're paying out large amounts of cash.

The main issue holding consumers back from purchasing online is the visualisation aspect – if they can't imagine what a product will look like, they won't feel confident enough to splash out the money and buy it. That's quite understandable, but it does limit retailers' ecommerce success and means they could be missing out on thousands if people are choosing not to shop online.



That's not to say that consumers can't be persuaded and that retailers can't maximise their online sales for considered purchases. To encourage more shoppers to make higher value purchases online, retailers need to enhance the entire shopping experience and offer a seamless connection between physical stores and ecommerce sites. They need to display that the reliability and trust that shoppers value so much in-store can be achieved online too. For instance, buying online allows them to properly research a range of options, without having to take the time to travel to lots of different stores. They'll be able to speak with an experienced customer service advisor online too if they have any questions, they'll be able to choose a delivery time that suits them and they'll get a fantastic deal on quality products.

Along with generating a stronger relationship with customers online, retailers need to overcome the struggles with imagining what products look like. Investing in new technology, such as AR, can really help consumers to test out products and visualise and inspect them before they buy them – just like they would be able to do in-store. This will make them feel assured they're making the right decision and will allow them to collect as much information as possible to be confident in their choice.

The way we shop is changing and online stores are playing a huge part in this transformation. But, high-street stores still hold a considerable amount of value, particularly with regard to high-value purchases. Developing a truly omnichannel experience between online and in-store has never been more important for retailers – after all, today's savvy shopper wants the option to use both.

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