

Behavioural researchers have found that habits are essential to human happiness and accomplishment. Without steady habits, we're easily overwhelmed in many walks of life by the sheer array of options.

That's been good for business for manufacturers and retailers, which have long benefitted from stable consumer habits. People reliably shopped at the nearby grocer, grabbed last-minute items at the convenience store, and enjoyed the ease of drive-in restaurants. They stayed loyal to favourite brands for decades, encouraged by regular advertising and occasional discounting. That predictability reduced risks and lowered costs for everyone.

Fast forward to today. Digital disruption has spurred a creative reinvention of consumer habits over the past few years, collapsing some routines and creating entire new consumer behaviours. This is especially true for emerging markets, where many of the newly-minted middle class grew up without significant disposable income, and now find themselves with both the requisite purchasing power and the access to advanced technologies to participate in the global economy. This article explores where habits are developing and changing the most—channels used to shop, delivery speed of online orders, and inspiration of purchases—and how companies can benefit by adjusting their businesses accordingly.



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How channel habits are shifting

E-commerce has grown steadily, to the point where it accounts for an estimated one-tenth of worldwide retail sales. Emerging markets are especially keen on more

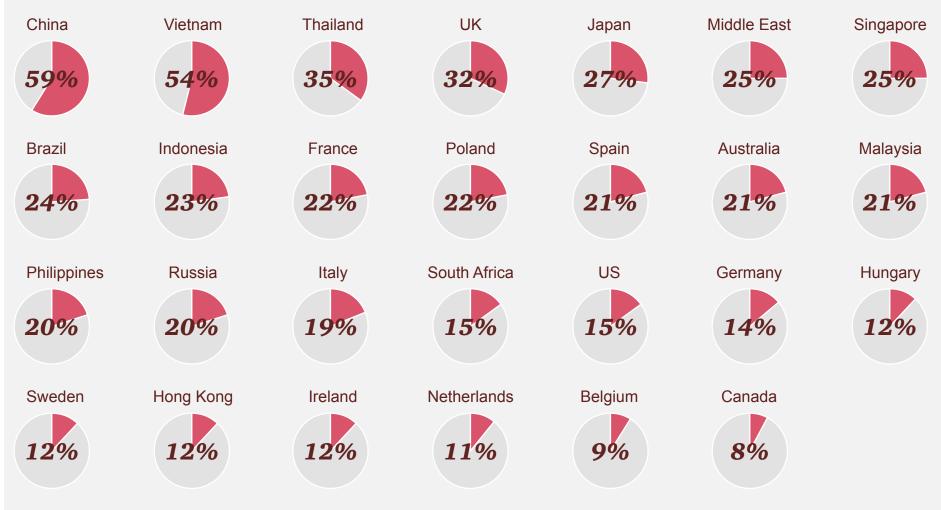


online buying, as seen in those consumers' greater likelihood to buy groceries online in 2018 (see Figure 1, on the next page). But the more interesting statistic lies in how brick-and-mortar stores have remained a key channel. PwC has been surveying consumers worldwide annually since 2010. Initially, it seemed people were buying from physical stores less often. By 2015, only 36% of respondents said they shopped at bricks-and-mortar at least weekly. But the past three versions of PwC's Global Consumer Insights Survey (GCIS) have seen increases in weekly bricks-and-mortar shoppers, from 40% in 2016 (33% for Belgium) up to 44% (40% for Belgium) in this year's survey. Physical shopping is, in fact, not falling out of favour as an activity. 'Order online, pick up in store' options may also contribute to physical stores' continued popularity.

26%

of all Belgian respondents
use smartphones to
complete payment at a
bricks-and-mortar store,
either through customised
orders in advance, in-store
apps, or a mobile payment
platform at checkout.

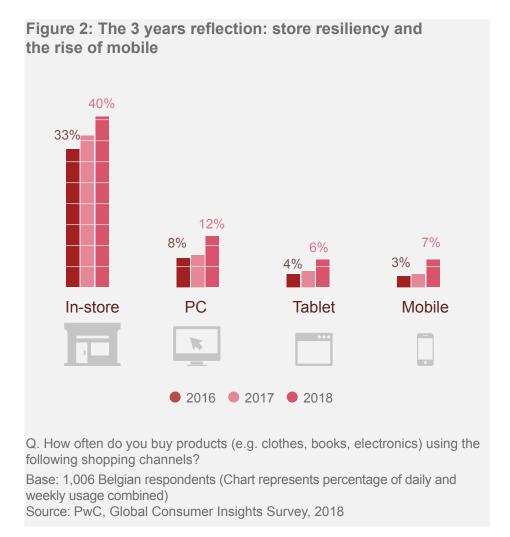
Figure 1: The likelihood of purchasing groceries online: it's still niche with room to expand



Q: Are you extremely likely to purchase groceries online over the next 12 months? Source: PwC, Global Consumer Insights Survey, 2018

The chart shows that consumers buy more on a daily and weekly basis. While the frequent shopping through mobile commerce has more than doubled (3%-7%), the in-store shopping is remaining important in Belgium (40%). In the digital advanced countries the mobile commerce already represents 22% of purchases.

This year's survey asks new questions about mobile payment, and the results were striking. More than a quarter of all Belgian respondents use smartphones to complete payment at a bricks-and-mortar store, either through customised orders in advance, in-store apps, or a mobile payment platform at checkout. A quarter of those respondents say they now prefer mobile payment.



Shopping as experience, with delivery speed playing a key role

Consumers are shifting their shopping to instant gratification: as soon as they want something, they can order it, rather than think about it until their next shopping excursion. They don't even need to open their device; they can simply tell their digital assistant, such as Amazon Echo or Google Home, to make the purchase. That's happening even for groceries, the last bastion of physical retail. More than a quarter of all respondents surveyed in Belgium expected to buy groceries online in 2018 (likely: 16,6%; extremely likely 8,5%). In comparison, in the UK it is more than half of the respondents.

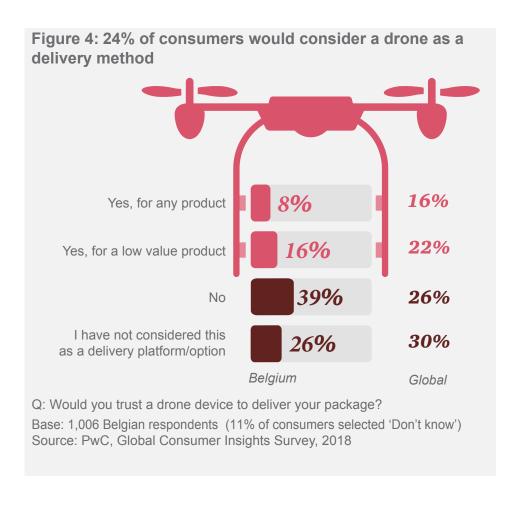
Indeed, with deliveries becoming ever quicker—especially in densely populated cities—the dream of instant gratification could eventually become reality. Almost 40% of our Belgian respondents say they would pay an extra charge for same-day delivery (see Figures 3).

In term of delivery method, almost half of the respondents have no preference by which courier the package should be delivered. There is however still quite some reluctance to accept drones as a delivery method (see figure 4).

If physical shopping is no longer so necessary from a utilitarian perspective, why have weekly store visits been on the rise, as shown above (Figure 2)? It's likely that shoppers are seeking something else. Instead of a practical errand, they're seeing shopping increasingly as a sensory and social experience. Just think of the immersive experience of an IKEA store visit.

Figure 3: Consumers expect their purchases to arrive promptly and are willing to pay extra for same day delivery 30% 29% 29% 26% 26% 14% 7% Specific Same 3-5 Less Next More 1-2 than dav dav days business week than hour 1 week days time hours of mv choosing Willing to pay Expect goods to arrive a charge for Q: For the majority of your online purchases how soon do you expect your goods to arrive? Which of the following delivery lead time frames are you willing to pay a charge for? Base: 1,006 Belgian respondents Source: PwC, Global Consumer Insights Survey, 2018

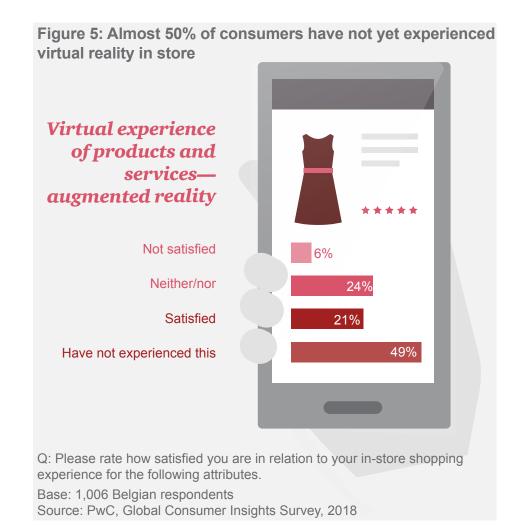
Together these new habits—smartphone-based shopping and the in-store experience—offer an opportunity for savvy retailers and manufacturers. They can reduce their on-site inventory and free up space for a more engaging showcase of their products, offering brand-complementary activities. And thanks to the ubiquitous smartphones, these investments may not be so capital-intensive. Instead of making room for large in-store video screens, for example, stores can simply invite shoppers to access videos on their smartphones from the cloud.



Ambitious retailers can go further and offer virtual reality, but this trend is still moving slowly. Almost a half of respondents still had not experienced this technology in stores, and of those who did, only 21% were satisfied (see Figure 5).

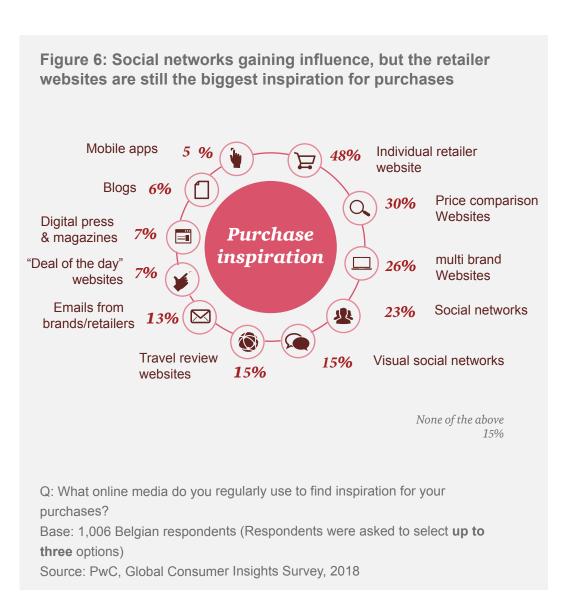
Sources of inspiration: the new influencers

Another new habit that is becoming more popular for how companies communicate sales messages: consumers want to know what their peers think. When asked where they went online to get inspiration for purchases, 23% chose social media and 15% other visual social networks (e.g. Instagram, Pinterest). Belgian respondents are in this respect still lagging on the global population, where 37% uses social media and 20% visual social networks. Interesting was that emails from brands or retailers were named by just 13% of global respondents, meaning that that mode of outreach doesn't resonate with consumers rejecting intrusive sales pitches and searching for authenticity. Many companies are, in fact, reallocating a sizeable portion of their advertising budget from print and television to digital advertising targeting social media users, but the trick is to present their brands and products naturally in the social media discourse. Fenty Beauty, for example, founded by the Barbadian singer and songwriter Rihanna, gained credibility with its target consumers through a



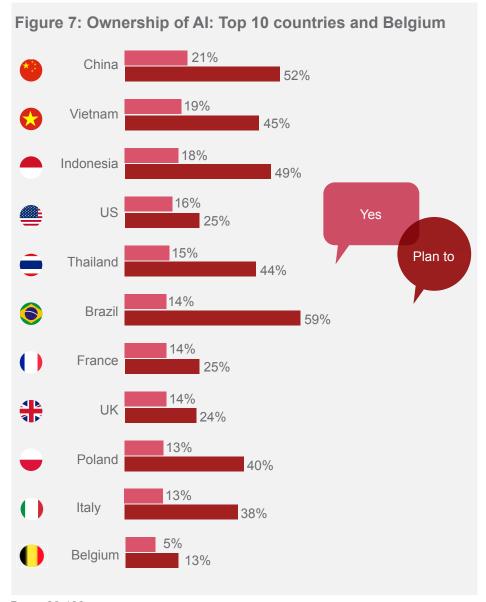
network of beauty bloggers who tested and reviewed its products. Another example is the casual restaurant chain Sweetgreen which posts photos on Snapchat with a customer commenting on a favourite salad combination, together with the chef commenting on making it.

Companies can make their job easier by targeting their messages using the enormous amount of consumer behaviour data now available. But they must tread carefully. While 29% of our survey respondents are comfortable with retailers monitoring their shopping patterns to tailor special offers for them, just 16% want retailers sending special offers when they are in the vicinity of the store. Opposed outright to location-based offers are 54% of our global respondents.



When it comes to so-called artificial intelligence (AI) shopping assistants, it's unclear how habit-forming these devices are. Almost 20% of our Belgian respondents had either already purchased or plan to purchase an Amazon Echo, Google Home, or other consumer AI device. For those who already owned one, 48% said it had led them to spend less, only 4% were spending more. Figure 7 breaks down the country-by-country respondents most likely to own or planning to own an AI device.

Companies should respond to these new consumer habits by shifting their focus and investments accordingly. That means more attention to smartphone dynamics, as well as investments in AI and store experiences—especially in emerging markets. New business practices to support these investments can help companies go with the flow of new consumer behaviours, rather than fight the current.



Base: 22,480

Source: PwC, Global Consumer Insights Survey, 2018

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About PwC's Global Consumer Insights Survey

Since 2010, PwC has annually surveyed thousands of consumers around the globe to track shopping behaviour, and then chronicled these findings in various global reports on the future of retail under the "Total Retail" banner.

This year we decided that a new umbrella term for our findings was warranted: PwC's Global Consumer Insights Survey. We want to acknowledge that the once bright lines demarking retailers, manufacturers, technology companies, logistics service providers, and healthcare organisations are becoming more and more obscured as consumers are more open than ever to non-traditional solutions.

www.pwc.com/consumerinsights

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