GLOBAL CONNECTED COMMERCE

IS E-TAIL THERAPY THE NEW RETAIL THERAPY?

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Shoppers today no longer simply go to the nearest store; they grab the nearest digital device. The online retail ecosystem is fast evolving. Digital analytics firm eMarketer projects that online retail sales will more than double between 2015 and 2019 and account for more than 12% of global sales by 2019. Retail therapy is giving way to e-tail therapy.

And it's not just purchasing habits that are going digital: The whole retail experience is changing. Today's shoppers are incorporating digital touch points along the entire path to purchase, from reviewing products online at home to using smartphones as personal shopping assistants in the store. In fact, in some countries, such as China, consumers are using mobile devices to purchase selected categories at high rates. Omni-channel shoppers seamlessly switch between on and offline channels with ease.
“Consumers interact with brands across both digital and physical channels, and increasingly, they don’t make a distinction between the two,” said Patrick Dodd, president, Nielsen global retailer vertical. “Omni-channel is the new reality, and retailers need to think differently. Traditional notions of ‘trip,’ ‘shopping experience’ and ‘fulfillment and delivery’ have been redefined. Today’s winning brands use a combination of on and offline strategies to not only help consumers make more informed decisions, but to also add value throughout the entire shopping experience—wherever and whenever that happens to be.”

As technology adoption and infrastructure improvements bring more consumers online and familiarity and comfort with digital platforms increase, the continued growth of connected commerce is inevitable. But today there is much uncertainty about the convergence between online and offline shopping behavior and how to drive margin and profitability in both.

The Nielsen Global Connected Commerce Survey polled respondents in 26 countries to determine what motivates and deters consumers to make a purchase online. We look at how consumers are using the Internet to make shopping decisions both in stores and online, and we examine what they’re buying, where they’re purchasing and how they’re paying for goods and services. Finally, we offer insights and recommendations about how to succeed in the connected commerce space.

ABOUT THE SURVEY METHODOLOGY

The findings in this survey are based on an online survey in 24 countries and a face-to-face survey in two countries. While an online survey methodology allows for tremendous scale and global reach, it provides a perspective only on the habits of existing Internet users who have conducted shopping activities online that may or may not result in a purchase, not total populations. In developing markets where online penetration is still growing, audiences may be younger and more affluent than the general population of that country.

Face-to-face interviews were conducted in Saudi Arabia and the United Arab Emirates in order to better reflect the demographics of online shoppers in these countries. Given the differences in methodologies used, results from these two countries are not included in the global average.

Survey responses are based on claimed behavior rather than actual metered data unless where otherwise noted. Cultural differences in reporting sentiment are likely factors in the measurement of outlook across countries. The reported results do not attempt to control or correct for these differences. Therefore, caution should be exercised when comparing across countries and regions, particularly across regional boundaries.
PART I

THE EVOLVING ONLINE ECOSYSTEM
IS DIGITAL A FRIEND OR FOE?

Online sales are on the rise, but fears about the impact on physical store traffic may be somewhat inflated. The truth is, online shopping is a two-way street. Consumers aren’t simply “showrooming”—browsing in store and then going online in search of the lowest-cost option. They’re also “webrooming”—researching online and buying in stores.

This is particularly true for durable and higher-priced categories such as consumer electronics, mobile products and furniture/décor, as the majority of consumers in the survey say they conducted research online prior to buying regardless of whether the purchase was in-store or online. Respondents are also conducting research online for consumable categories before purchase, but the percentages are notably lower than for durable products given the high-awareness nature of these products.

“It’s well known that the impact of online shopping goes well beyond direct sales,” said Dodd. “Digital is viewed less as a threat to brick-and-mortar retailers and more as an opportunity. Instead of thinking in terms of online and off, savvy retailers are taking an integrated approach to drive sales in both and providing an engaging experience for consumers regardless of whether they buy in-store or online.”

Online research is a common practice across the globe, but there are some cultural differences. Respondents in Asian countries such as Thailand, the Philippines, India and China frequently research products online before buying in stores or use online reviews to help make grocery purchasing decisions. Online research and reviews are also used frequently in Spain and Nigeria. The importance of online research in all of these markets is likely driven by wide variation in product quality, the prevalence of social networks and the importance of keeping up with the latest trends.
CONNECTED SHOPPERS = SMART SHOPPERS

Consumers are using digital options more and more to make informed shopping decisions, but not all online research methods are leveraged equally.

While online activity rates vary by category, three activities score consistently high no matter the category. They are what you likely expect: Looking up product information, checking/comparing prices and searching for deals/promotions/coupons. In the travel products or services category, for example, 63% of respondents who shopped or purchased the category in the past six months say they looked up product information, 52% checked or compared prices, and 46% searched for deals or coupons. For consumables, particularly edible products, percentages are notably lower than for durable goods, but the same online activities remain top strategies. For fresh groceries, 38% say they looked up information, 39% checked/compared prices and 30% searched for deals.

Perhaps more telling is what consumers are not doing online. Across all categories reviewed, the online shopping activities with the lowest mentions include those that marketers often rely upon heavily to reach consumers—usage of online ads, store emails and social media. Only about one-tenth of respondents say they’ve clicked an online ad or email ad to find out more in the last six months. Even fewer say they have subscribed to product or store emails or liked/tweeted/commented about a product or store on social media.

“In an increasingly complex retail environment, engagement is the emerging skill to master,” said Dodd. “Retailers must move from a linear marketing approach to a value exchange model in which customers receive a tangible, personally relevant benefit for their time and attention. This becomes even more critical as location-based services become more prevalent. Consumers will be quick to distinguish marketing messages that are simply trying to sell from tools that actually help their shopping efforts, such as advanced order placement or mobile price-matching features. Consequently, having the right assets and insights is necessary to fuel context-aware engagement.”
INFORMATION GATHERING AND DEAL SEEKING ARE PRIMARY ONLINE SHOPPING ACTIVITIES

GLOBAL* TOP AND BOTTOM ONLINE SHOPPING ACTIVITIES FOR SELECTED CATEGORIES SHopped OR PURCHASED IN THE PAST SIX MONTHS

- TRAVEL PRODUCTS OR SERVICES
- CONSUMER ELECTRONICS
- BEAUTY & PERSONAL CARE PRODUCTS
- FRESH GROCERIES

**LOOKED UP PRODUCT INFORMATION**

- Travel: 63%
- Consumer Electronics: 60%
- Beauty & Personal Care: 54%
- Fresh Groceries: 38%

**CHECKED/COMPARED PRICES**

- Travel: 52%
- Consumer Electronics: 52%
- Beauty & Personal Care: 44%
- Fresh Groceries: 39%

**SEARCHED FOR DEALS/PROMOTIONS/CouPONs**

- Travel: 46%
- Consumer Electronics: 34%
- Beauty & Personal Care: 35%
- Fresh Groceries: 30%

**CLICKED AN EMAIL ADVERTISEMENT TO FIND OUT MORE**

- Travel: 10%
- Consumer Electronics: 7%
- Beauty & Personal Care: 9%
- Fresh Groceries: 10%

**SUbSCRIBED TO PRODUCT/STORE EMAILS**

- Travel: 8%
- Consumer Electronics: 5%
- Beauty & Personal Care: 7%
- Fresh Groceries: 7%

**LIKED/TWEETED/COMMENTED ON A PRODUCT OR STORE ON SOCIAL MEDIA**

- Travel: 4%
- Consumer Electronics: 4%
- Beauty & Personal Care: 7%
- Fresh Groceries: 8%

*See page 36 for countries included in global average
Source: Nielsen Global Connected Commerce Survey, Q4 2015
PART II

ONLINE SHOPPING BEHAVIOR
DURABLES VS. CONSUMABLES: ONLINE SHOPPING BASKETS ARE CHANGING

Online sales are growing, but when it comes to buying online, not all categories are created equal.

More respondents say they have purchased durable goods than consumables online. Clothing is the top category purchased online in every region except North America (the U.S. and Canada). More than half of all respondents in the online study (55%) say they’ve ever purchased fashion products online. Slightly fewer have purchased books/music/stationery (50%) or travel products/services (49%) online. Travel products are among the top five categories purchased online in every region and books are among the top five everywhere except the countries in the Middle East. In fact, books/music/stationery tops the list of categories purchased in the U.S., Australia, Japan and South Africa.

CATEGORIES INCLUDED IN THE STUDY

**DURABLE CATEGORIES**
- BOOKS/MUSIC/STATIONERY
- CONSUMER ELECTRONICS
- EVENT TICKETS
- FASHION-RELATED PRODUCTS
- FURNITURE, DÉCOR, TOOLS
- INFORMATION TECHNOLOGY & MOBILE
- TRAVEL PRODUCTS OR SERVICES
- VIDEO GAME-RELATED PRODUCTS

**CONSUMABLE CATEGORIES**
- BEAUTY & PERSONAL CARE PRODUCTS
- FLOWERS/GIFT SETS
- FRESH GROCERIES
- MEDICINE OR HEALTH CARE PRODUCTS
- NON-FOOD HOUSEHOLD GROCERIES
- PACKAGED GROCERY FOOD
- PET FOOD AND SUPPLIES
- PRODUCTS FOR BABY & YOUNG CHILDREN
- RESTAURANT DELIVERIES OR MEAL DELIVERY
- WINE AND ALCOHOLIC BEVERAGES
Many consumable products, on the other hand, are much lower on the list of items respondents have ever purchased online. Only about one-in-ten online respondents say they’ve bought fresh groceries (11%) or wine and alcoholic beverages (11%) online. Of course, there are exceptions to this general trend. Beauty and personal care is one such consumable category. More than one-third of online respondents in the survey (35%) say they’ve purchased beauty or personal care products online, putting it ahead of video game-related products (30%) or furniture/décor/tools (23%). Beauty and personal care may be particularly well-suited to online purchasing as many cosmetic companies have been operating beyond physical store boundaries for decades. Additionally, these are very personal categories with higher consideration levels, and online channels offer a high degree of personalization.

Today, online purchase rates for consumables are low, but these categories have the potential to grow very rapidly once initial adoption rates increase,” said Dodd. “Given their perishable nature, purchase frequency for these categories is higher than for durable goods. Once consumers get over the trial barrier, retailers who get the assortment, convenience and online experience factors right will benefit from frequent purchasing patterns.

Regardless of whether the product is durable or consumable, there is significant variation in self-reported online purchasing levels around the world. Purchasing incidences are highest in the Asian and European countries in the study. South Korean respondents report the highest incidence of buying clothes online (77%) and Japan had the highest levels of purchasing of books/music/stationery (79%). Germany follows closely behind in both categories (76% and 75%, respectively). South Korea also leads the way in self-reported purchasing for several consumable categories. More than half of South Korean respondents say they’ve purchased non-food household groceries (52%) or packaged foods (51%) online. China is a close second, with more than four-in-ten respondents reporting they’ve bought household groceries (45%) or packaged foods (47%) online. In addition, more than one-third of respondents in South Korea and the U.K. (37% each) say they’ve purchased fresh groceries online.

“In mature markets such as the U.K. and South Korea, retailers offer extensive online services,” said Dodd. “In China and other high-growth e-commerce markets, access, price and trust in imported products are fueling growth.”
More consumers say they’ve purchased durable goods online than consumable products online.

Global average*: Percentage who have ever purchased the category online.

### DURABLES
- Fashion-related products: 55%
- Books/music/stationery: 50%
- Travel products or services: 49%
- Event tickets: 43%
- IT & mobile: 40%
- Consumer electronics: 37%
- Beauty & personal care: 35%
- Video game-related products: 30%
- Furniture, decor, tools: 23%
- Restaurant deliveries or meal delivery services: 21%
- Medicine or health care products: 19%
- Non-food household groceries: 18%
- Packaged grocery food: 17%
- Flowers, gift sets: 15%
- Products for baby & young children: 14%
- Pet food and supplies: 13%
- Wine and alcoholic beverages: 11%
- Fresh groceries: 11%

### CONSUMABLES
- Fashion-related products: 45%
- Books/music/stationery: 35%
- Travel: 30%
- Consumer electronics: 30%
- Beauty & personal care: 23%
- Video game-related products: 22%
- Furniture, decor, tools: 17%
- Restaurant deliveries or meal delivery services: 16%
- Medicine or health care products: 15%
- Non-food household groceries: 14%
- Packaged grocery food: 13%
- Flowers, gift sets: 12%
- Products for baby & young children: 11%
- Pet food and supplies: 11%
- Wine and alcoholic beverages: 11%
- Fresh groceries: 11%

### TOP COUNTRIES FOR SELECTED DURABLE CATEGORIES

- **Fashion-related products**
  - **South Korea**: 77%
  - **Germany**: 76%
  - **China**: 68%
  - **India**: 68%
  - **United Kingdom**: 67%

- **Books/music/stationery**
  - **Japan**: 79%
  - **Germany**: 75%
  - **South Korea**: 72%
  - **United Kingdom**: 66%
  - **France**: 64%
  - **United States**: 64%

- **Travel**
  - **Spain**: 67%
  - **United Kingdom**: 62%
  - **Turkey**: 60%
  - **Australia**: 58%
  - **India**: 57%
  - **Germany**: 57%

- **Consumer electronics**
  - **Brazil**: 57%
  - **Germany**: 52%
  - **Russia**: 50%
  - **United Kingdom**: 48%
  - **Poland**: 48%

### TOP COUNTRIES FOR SELECTED CONSUMABLE CATEGORIES

- **Beauty & personal care**
  - **South Korea**: 65%
  - **China**: 52%
  - **India**: 48%
  - **Germany**: 47%
  - **Poland**: 47%

- **Non-food household groceries**
  - **South Korea**: 52%
  - **China**: 45%
  - **India**: 37%
  - **United Kingdom**: 33%
  - **Indonesia**: 25%

- **Packaged grocery food**
  - **South Korea**: 51%
  - **China**: 47%
  - **United Kingdom**: 37%
  - **Japan**: 33%
  - **India**: 21%
  - **Germany**: 21%
  - **Turkey**: 21%

- **Fresh groceries**
  - **South Korea**: 37%
  - **United Kingdom**: 37%
  - **Japan**: 23%
  - **China**: 22%
  - **Australia**: 18%

*See page 36 for countries included in global average.
Source: Nielsen Global Connected Commerce Survey, Q4 2015.
SPOTLIGHT ON CHINA AND FRANCE

Across a growing set of markets, Nielsen Retail Measurement Services provide continuous online measurement of category, brand and item sales for the e-commerce channel to understand market share, sales volume and growth. These services are based on a combination of retail sales shared by Nielsen cooperating retailers, Nielsen data collection and proprietary methods to calibrate and project online shopping behavior. China and France are among the countries measured where e-commerce is performing particularly well.

CHINA

In China, e-commerce is a ‘must-do’ for consumer package goods (CPG) manufacturers and retailers. E-commerce’s share of sales varies by category—from 33% for baby care products to 2% for beverages—but consumables are witnessing strong double-digit year-over-year sales growth. In the 52 weeks ending June 2015, online sales of household products grew 86%, beverage sales increased 72% and food sales grew 52%.

E-COMMERCE IS A “MUST-DO” FOR CPG IN CHINA

<table>
<thead>
<tr>
<th>Category</th>
<th>Online Share of Total Category Sales</th>
<th>Year-Over-Year Sales Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baby-related</td>
<td>33%</td>
<td>↑40%</td>
</tr>
<tr>
<td>Personal care</td>
<td>25%</td>
<td>↑35%</td>
</tr>
<tr>
<td>Beverage</td>
<td>2%</td>
<td>↑72%</td>
</tr>
<tr>
<td>Household</td>
<td>9%</td>
<td>↑86%</td>
</tr>
<tr>
<td>Food</td>
<td>7%</td>
<td>↑52%</td>
</tr>
</tbody>
</table>

Source: Nielsen Retail Measurement Services, latest 52 weeks ending June 2015
FRANCE

In France, Nielsen Retail Measurement e-commerce data is based upon a defined universe of click-and-drive (order online for pickup at the store) format retailers, which account for the majority of the total estimated sales for the channel. Click-and-drive is the dominant e-commerce purchase method for FMCG in France.

The top e-commerce categories in France are shopping staples such as refrigerated dairy, confection and refrigerated non-dairy. While the total share for each category is still relatively small compared to brick-and-mortar, nearly all of the marketplace growth is driven by the e-commerce click-and-drive channel. For example, e-commerce accounts for 4% of frozen food, paper good, non-alcoholic beverage and refrigerated dairy sales. Online sales for the frozen food category, however, grew 16.8% over the 52 weeks ending April 2015, compared with a 1.3% decline for brick-and-mortar stores. For alcoholic beverages, online sales grew 25.1%, while offline grew 1.2% over the same period.

Source: Nielsen Retail Measurement Services, latest 52 weeks ending April 2015
A GLOBAL STORE AT YOUR DOOR

With the world at your fingertips, why only shop domestically?

While connected commerce is still largely a domestic affair, with consumers primarily ordering from retailers in their own country, this is changing. Shoppers are increasingly looking outside their country’s borders, as more than half of online respondents in the study who made an online purchase in the past six months say they bought from an overseas retailer (57%).

Nearly three-quarters of Indian respondents who purchased online in the past six months say they bought items from an overseas retailer (74%)*. But this isn’t just a developing-market trend. Roughly two-thirds of respondents in Western European countries say they purchased from an overseas retailer, including 79% in Italy—the highest percentage in the online study—and 73% in Germany.

“Retail has been one of the last holdouts of globalization, but technology is giving consumers access to a world of products previously unavailable,” said Dodd. “Choice is greatly enhanced by cross-border e-commerce. In many developing markets, the growing middle class is trading up and demanding greater assortment than found at their domestic retailer. For example, some of these consumers are looking overseas to purchase authentic foreign brands, often at lower prices than they can find in their home country. Meanwhile, developed-market consumers gain access to a range of goods directly from foreign companies at often significant discounts to what they would pay domestically.”

But with huge opportunity comes great challenge. With more choices available to consumers than ever before, the shopping experience becomes a key differentiator between banners. Optimizing the experience starts with a deep understanding of the local market, including local perceptions, delivery infrastructure, technology adoption and use, financial and currency systems and regulatory and customs requirements. In addition, retailers must ensure that products meet quality standards, prices are set reasonably, logistics systems are safe and efficient and after-sales service is optimized for fair refunding/exchanging processes.

*Note: Internet penetration in India is 30%
OVERSEAS ONLINE PURCHASING RATES VARY GREATLY AROUND THE WORLD

PERCENTAGE OF ONLINE SHOPPERS WHO SAID THEY HAVE PURCHASED FROM OVERSEAS RETAILER IN THE PAST SIX MONTHS

LATIN AMERICA

CHILE 69%
MEXICO 64%
COLOMBIA 54%
BRAZIL 44%
ARGENTINA 42%

ASIA-PACIFIC

INDIA 74%
AUSTRALIA 66%
THAILAND 64%
PHILIPPINES 61%

CHINA 58%
SOUTH KOREA 50%
JAPAN 32%

EUROPE

ITALY 79%
GERMANY 73%
RUSSIA 64%
SPAIN 63%

FRANCE 59%
TURKEY 54%
UNITED KINGDOM 52%
POLAND 34%

NORTH AMERICA

CANADA 62%
UNITED STATES 29%

AFRICA

NIGERIA 61%
SOUTH AFRICA 50%

Source: Nielsen Global Connected Commerce Survey, Q4 2015
CREDIT, DIGITAL OR CASH ON DELIVERY? PAYMENT PRACTICES VARY WIDELY

In order to sell, retailers must make it easy for consumers to buy. So which payment methods are the most preferred? It depends on where you ask.

Around the world, credit cards are the most commonly used payment method. More than half of online respondents who say they shopped online during the past six months paid with a credit card (53%). In addition, roughly four-in-ten used a digital payment system such as PayPal or Alipay (43%), debit card (39%) or direct debit from their bank account (38%). While these methods are the most used around the world, there are notable differences across countries.

Respondents in the U.S. and Canada prefer paying with credit cards by a wide margin. During the past six months, 66% of U.S. online shoppers and 81% of Canadian online shoppers say they paid with a credit card, well above the percentage that used the next closest option—debit card in the U.S. (38%) and digital payment systems in Canada (41%). Credit card is also the most used payment option in several of the Latin American countries in the study (52% - 80% across the countries) and Japan and Korea (76% and 79%, respectively).

The use of digital payment systems in China is extremely popular. Eighty-six percent of Chinese respondents say they paid for online purchases during the past six months via digital payment systems. This is also the most widely cited option in several Western European countries, including Germany (68%), Spain (56%) and Italy (55%).
ONLINE PAYMENT PRACTICES VARY AROUND THE WORLD

TOP THREE PAYMENT METHODS USED BY ONLINE SHOPPERS TO MAKE PURCHASES IN THE PAST SIX MONTHS

- CREDIT CARD
- DIGITAL PAYMENT SYSTEMS
- DEBIT CARD
- DIRECT DEBIT
- CASH ON DELIVERY
- STORE-SPECIFIC GIFT CARD

GLOBAL*

- Credit Card: 53%
- Digital Payment Systems: 43%
- Debit Card: 39%

EASTERN EUROPE*

- Credit Card: 57%
- Digital Payment Systems: 55%
- Debit Card: 46%

CHINA

- Credit Card: 86%
- Digital Payment Systems: 53%
- Debit Card: 49%

NORTH AMERICA*

- Credit Card: 74%
- Digital Payment Systems: 38%
- Debit Card: 26%

INDIA

- Credit Card: 83%
- Digital Payment Systems: 71%
- Debit Card: 61%

AFRICA*

- Credit Card: 54%
- Digital Payment Systems: 52%
- Debit Card: 42%

SOUTHEAST ASIA AND THE PACIFIC*

- Credit Card: 57%
- Digital Payment Systems: 37%
- Debit Card: 35%

LATIN AMERICA*

- Credit Card: 65%
- Digital Payment Systems: 41%
- Debit Card: 36%

WESTERN EUROPE*

- Credit Card: 56%
- Digital Payment Systems: 44%
- Debit Card: 42%

MIDDLE EAST**

- Credit Card: 64%
- Digital Payment Systems: 46%
- Debit Card: 11%

*See page 36 for countries included in global and regional averages

**The survey was conducted using a face-to-face methodology and is not included in the global average

Source: Nielsen Global Connected Commerce Survey, Q4 2015
In India, debit cards and direct debit are common payment methods (71% and 61%, respectively) for online shoppers, but cash on delivery is the most widely used option, cited by 83% of online respondents. The popularity of cash on delivery is driven by a few factors. There is a sizeable group of unbanked consumers in India, credit card penetration is relatively low, and many consumers avoid paying with plastic due to security concerns. Moreover, e-commerce is still in its early stages of development in the country, and the ability to touch, feel and try on merchandise prior to purchasing reduces the risk of not getting what they paid for.

“India illustrates that the growth of online shopping isn’t dependent on credit card penetration and development, and we should expect digital payment systems will develop much like they did in China,” said Dodd. “Shoppers prioritize security above all else, and retailers need to collaborate with banks to ensure they’re providing secure and trusted ways to transact online, particularly on mobile devices.”

Cash on delivery is also popular in many other developing markets, including Nigeria (76%), the Philippines (73%), Russia (70%), United Arab Emirates (68%), Saudi Arabia (59%), Colombia (57%), Poland (57%) and Thailand (56%). Similar to India, most of these countries have below-average (self-reported) credit card ownership or below-average trust in providing credit card information online.
CASH ON DELIVERY IS POPULAR IN COUNTRIES WHERE CREDIT CARD PENETRATION AND TRUST ARE LOW

- Used Cash on Delivery Online in Last Six Months
- Do Not Have Credit Card/Debit Card to Buy Online†
- Do Not Trust Giving Credit Card Information Online†

**Global**
- 36% Used Cash on Delivery
- 23% Do Not Have Credit Card/Debit Card
- 54% Do Not Trust Giving Credit Card Information

**United Arab Emirates**
- 68% Used Cash on Delivery
- 38% Do Not Have Credit Card/Debit Card
- 60% Do Not Trust Giving Credit Card Information

**India**
- 83% Used Cash on Delivery
- 28% Do Not Have Credit Card/Debit Card
- 59% Do Not Trust Giving Credit Card Information

**Saudi Arabia**
- 59% Used Cash on Delivery
- 54% Do Not Have Credit Card/Debit Card
- 57% Do Not Trust Giving Credit Card Information

**Nigeria**
- 76% Used Cash on Delivery
- 19% Do Not Have Credit Card/Debit Card
- 63% Do Not Trust Giving Credit Card Information

**Poland**
- 57% Used Cash on Delivery
- 35% Do Not Have Credit Card/Debit Card
- 56% Do Not Trust Giving Credit Card Information

**Philippines**
- 73% Used Cash on Delivery
- 37% Do Not Have Credit Card/Debit Card
- 68% Do Not Trust Giving Credit Card Information

**Colombia**
- 57% Used Cash on Delivery
- 30% Do Not Have Credit Card/Debit Card
- 69% Do Not Trust Giving Credit Card Information

**Russia**
- 70% Used Cash on Delivery
- 16% Do Not Have Credit Card/Debit Card
- 62% Do Not Trust Giving Credit Card Information

**Thailand**
- 56% Used Cash on Delivery
- 30% Do Not Have Credit Card/Debit Card
- 51% Do Not Trust Giving Credit Card Information

**Notes:**
- *See page 36 for countries included in global average
- **The survey was conducted using a face-to-face methodology and is not included in the global average
- † = All respondents who strongly or somewhat agree
- Source: Nielsen Global Connected Commerce Survey, Q4 2015

“An ideal payment gateway has two core characteristics: It is secure, and it allows consumers to pay with whatever method fits their needs (and wallets) best,” said Dodd. “Not every payment method works everywhere. Retailers looking to expand internationally need to understand local market nuances and cater their offerings accordingly. Increasing the number of available payment options can improve the odds of converting browsers to buyers. In the long run, however, for e-commerce to really take off, it has to migrate upwards from cash on delivery. To build trust in online transactions, retailers need to educate consumers about the steps they’re taking to protect their personal information, and they must find ways to deliver a better experience than what consumers get from cash. Potential solutions include providing incentives or discounts for paying online or via mobile payment systems.”
PART III

DRIVERS AND BARRIERS FOR ONLINE SHOPPING SUCCESS
WHEN IT COMES TO CONSUMABLES, CONVENIENCE IS MOST IMPORTANT

What motivates consumers to purchase consumables online? The short answer: It depends.

For consumable goods, the most important takeaway is that there is no single driver of success. Consumers shop online for a variety of reasons including:

- **Convenience**—reducing time and effort spent shopping
- **Product assortment**—gaining access to more choices than available locally
- **Informed decision making**—getting information and reviews to help make better choices
- **Deal seeking**—finding the best price possible
- **Useful online features**—managing shopping lists and building baskets over time

Successful retailers leverage a combination of drivers to keep shoppers satisfied and coming back.

That said, however, convenience tops the list by a small margin. More than half of online respondents in the study agree that shopping online for groceries is a time-saver (53%). Chinese respondents have the highest level of agreement (77%), followed closely by Thailand (76%) and India (71%). China also exceeds the global average for several other convenience-related attributes. In fact, three of the top five online shopping motivators in the country are related to convenience.

“Busy consumers want to minimize time spent on errands, and grocery shopping is no exception,” said Dodd. “Online grocery shopping offers close to the ultimate in convenience. Consumers can shop any time and practically anywhere and have the goods delivered to their preferred location during a predefined timeslot. It’s important to note, however, that how shoppers define convenience varies widely. There is no single solution that meets all consumers’ needs.”
Accordingly, convenience represents one of the most basic and energetic areas of innovation for retailers. Some are offering a drive-through service with spacious collection points, allowing shoppers to collect pre-ordered baskets without leaving their cars. Others are testing click-and-collect services that deliver groceries to temperature-controlled lockers available for pick-up at designated locations such as train stations and airports. But convenience isn’t just about delivery. It’s about the complete order process. How much time do shoppers need to find items, to build a basket, to sign in/check out? How long do consumers have to wait for the items to be ready? Retailers need to look for ways to optimize the entire purchase process, which could include subscription-based models where products are delivered to consumers’ doors on a regular schedule. Of course, the success of any convenience-driven innovation is dependent on getting the price-value equation right. That is, offerings must be priced in a way that covers the costs of providing them, but is low enough to persuade consumers they’re worth paying for.
CONVENIENCE TOPS THE LIST OF ONLINE PURCHASING DRIVERS FOR GROCERIES

GLOBAL® PERCENTAGE WHO STRONGLY OR SOMEWHAT AGREE WITH STATEMENTS ABOUT PURCHASING GROCERY PRODUCTS ONLINE

SAVE TIME & EFFORT
- Shopping for groceries online is a time-saver: 53%
- Shopping for groceries online fits my schedule better than shopping in physical stores: 44%
- I prefer to shop for groceries online as it saves me carrying heavy items: 38%
- I like to order grocery products online, rather than picking them up in-store: 32%

PRODUCT AVAILABILITY
- I shop for online to get grocery products that I cannot find in physical stores: 49%
- I shop for groceries online to access stores not available in my area/local shops: 47%
- I shop for groceries online because there are many more product choices than in-store: 41%
- I shop for groceries online to buy products not available in my country: 40%

DEAL SEEKING
- To ensure I get the best deals I check the grocery retailer’s flyer online: 49%
- I surf around many websites until I find the lowest price when I purchase groceries online: 47%
- I always check price saving apps or deal websites when planning a grocery shopping trip: 44%
- Deals at online grocery retailers are better than those in stores: 40%

USEFUL ONLINE FEATURES
- When buying groceries online, I usually add items to my online ‘shopping cart’ over several days before making a combined purchase: 34%
- I manage my grocery list digitally (using a mobile app or online tool): 32%

*See page 36 for countries included in global average
Source: Nielsen Global Connected Commerce Survey, Q4 2015
PRODUCT ASSORTMENT AND DEALS PROVIDE AN ONLINE ADVANTAGE

Convenience is clearly important, but it’s not the only factor driving online shopping for consumables.

Product availability and relevant selections is another key motivator for online shopping. Nearly half of online respondents in the study (49%) say they shop online to get grocery products they can’t find in physical stores, and 47% shop for groceries online to access stores not available in their area.

“Product assortment is one area where online retailing has a unique advantage over the physical store because assortment is not limited by square-footage space,” said Dodd. “This is particularly true in places like India and Nigeria where traditional retail formats (smaller mom and pop stores) remain strong. To help drive both traffic and conversion across regions, retailers should consider offering exclusive products online at attractive price points.”

PRODUCT AVAILABILITY IS A STRONG MOTIVATOR FOR ONLINE GROCERY SHOPPING IN MANY DEVELOPING COUNTRIES

PERCENTAGE WHO STRONGLY OR SOMewhat AGREE WITH STATEMENTS ABOUT PURCHASING GROCERY PRODUCTS ONLINE

<table>
<thead>
<tr>
<th></th>
<th>GLOBAL*</th>
<th>THAILAND</th>
<th>CHINA</th>
<th>INDIA</th>
<th>TURKEY</th>
<th>PHILIPPINES</th>
<th>NIGERIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>49% 47%</td>
<td>74% 75%</td>
<td>69% 65%</td>
<td>69% 66%</td>
<td>64% 57%</td>
<td>63% 63%</td>
<td>59% 63%</td>
<td></td>
</tr>
</tbody>
</table>

*See page 36 for countries included in global average
Source: Nielsen Global Connected Commerce Survey, Q4 2015
Deal seeking is also a key driver. Despite improving economic conditions, shoppers remain cautious spenders. Nearly half of respondents in the study (49%) check store flyers online to make sure they get the best deal, and this activity tops the list of online shopping motivators in Argentina (55%), Mexico (52%), South Africa (51%), Canada (47%), Italy (42%), the U.S. (40%), Germany (34%) and Australia (33%), and ranks second in Saudi Arabia (44%) and United Arab Emirates (34%). In fact, four of the top five motivators in Saudi Arabia and three of the top five in the U.S. are focused on finding the best possible price.

Successful retailers are helping shoppers save with simple and innovative online promotion strategies. For example, take the weekly flyer one step further by sending loyalty program members personalized promotional offers based on past purchasing behavior. Or look for equally innovative ways to appeal to customers’ deal-seeking mentality.

When it comes to purchasing durable products online, motivations are very similar to those for consumable products: convenience, product availability, deal seeking and information gathering. For durable goods, product availability is slightly more important than convenience—especially for clothing and books/music/stationery. Roughly seven-in-10 respondents say they shop online for apparel or books/music/stationery to get products they cannot find in physical stores (71% and 70%, respectively), to access stores that aren’t available in their area (69% and 67%), and because there are more product choices than in stores (68% each).

Product availability is also a key driver for consumer electronics and mobile products, but information gathering and deal seeking are stronger motivators for online shopping. Roughly three-quarters of online respondents agree they often research products before buying them in-store (75% for consumer electronics, 74% for mobile products) or use online reviews to make purchase decisions (73% each). In addition, seven-in-10 respondents surf the web to find the lowest price when they purchase electronics and mobile products online (72% and 69%, respectively).
While online shopping offers significant advantages to consumers wanting to purchase consumables, it also faces its fair share of challenges.

The inability to inspect goods poses one of the biggest barriers for consumable categories. Nearly seven-in-ten online respondents in the survey (69%) agree or strongly agree that they prefer to examine products personally. Agreement is strongest in North America, led by the U.S., which has the highest response rate of 80%. Canada follows closely behind at 75% agreement. This is also a key concern in Nigeria (78%), the Philippines (78%), Mexico (77%), South Africa (75%) and India (74%).

The desire to inspect goods is undoubtedly tied to uncertainty about product quality and freshness. More than six-in-ten online respondents in the survey say concerns about product freshness (64%) and overall quality (62%) are barriers to online shopping. These sentiments are particularly strong in Nigeria, the Philippines, China, Russia, India, Thailand, and the Latin American countries in the study.
“The five senses are hard to replicate in a virtual environment. This is especially important when it comes to fruits and vegetables, as consumers like to see, feel and smell the produce, or for meat, fish and poultry, where shoppers want to investigate the best cut in person,” said Dodd. “As such, transparency and shopper education is necessary to show the origins of and transportation methods for seasonal produce and locally-grown/raised products. And perhaps nothing is more important than word-of-mouth testimonials from satisfied customers, whether in person or online via reviews and social media.”

Other ways to address freshness concerns include providing minimum expiration-date guarantees and special offers or promotions on products with shorter expiration or sell-by dates. Looking beyond fresh categories, retailers could address doubts about product quality by encouraging product trials. Savvy retailers are including free shipping for first-time users, double points for loyalty program members or online/mobile-exclusive offers. The latter two options may be particularly useful for physical retailers trying to grow their online business. Regardless of the incentive used, keep in mind that unsatisfied customers are not likely to return. Matching or exceeding shopper expectations is a sure way to win repeat business.

A fair, satisfaction-guaranteed returns policy is another important way retailers can address quality concerns. More than half of online respondents in the survey (57%) say they’re concerned the groceries they receive will not accurately match what they ordered, with the highest levels of agreement in the Philippines (74%), China, Thailand and Colombia (71% each).

Goods that don’t meet expectations can be game-changing for customers, reducing the likelihood of a repeat purchase from the retailer,” said Dodd. “Retailers can turn a potentially negative experience into a positive one by inspiring trust with a flexible, hassle-free return policy, fast product replacement service and well-trained staff to help with substitution selection.

Delivery is also an important sticking point for consumers. Fifty-five percent of online respondents in the study are concerned about deliveries arriving when they’re not at home. This barrier is particularly strong in Mexico (68%), South Africa (68%) and India (67%). Reengineering fulfillment processes to better meet the needs of online shoppers who find it inconvenient to wait at home during broad delivery windows can address this issue.
THE INABILITY TO EXAMINE AND INSPECT GOODS IS THE BIGGEST BARRIER TO ONLINE SHOPPING FOR GROCERIES

GLOBAL* PERCENTAGE WHO STRONGLY OR SOMEWHAT AGREE WITH STATEMENTS ABOUT PURCHASING GROCERY PRODUCTS ONLINE

QUALITY AND ACCURACY
- I am concerned about the freshness of produce/expiration dates of products: 64%
- I am concerned about the quality of products: 62%
- Groceries I get will not accurately match what I ordered online: 57%

IN-PERSON EXPERIENCE
- For groceries, I prefer to be able to examine the products myself: 69%
- Shopping for groceries in a physical store is a way to engage socially: 51%
- Shopping for groceries in a physical store is more fun than online shopping: 50%

FULFILLMENT & RETURNS
- I am concerned about grocery deliveries happening when I am not home: 55%
- I won’t buy groceries online unless I know how to easily return products: 50%
- I shop in grocery stores because it takes too long to have the products delivered: 44%

LACKS PRICE INCENTIVES
- I won’t buy groceries online if I have to pay for delivery: 52%
- I shop for groceries online only if it really saves me money: 50%

EASE OF SITE USAGE
- Browsing through online sites to find grocery products is time consuming: 43%
- Grocery shopping sites are confusing and products aren’t easy to find: 33%

*See page 36 for countries included in global average
Source: Nielsen Global Connected Commerce Survey, Q4 2015
DEFEATING DURABLE DIFFICULTIES

When it comes to the online shopping barriers for durable goods, some factors overlap with consumable products, but there are also some unique differences to note.

For fashion-related products, concern about product quality is the top barrier, cited by 59% of online respondents. The inability to inspect products online also rises close to the top. In fact, it’s second on the list of barriers for all four durable categories examined. Fifty-eight percent of online respondents in the study prefer to examine fashion products themselves, and nearly as many (57%) are concerned about the accuracy of their order.

“There’s no substitute for touching and trying on clothing in person, but retailers can incorporate elements to their websites and apps that help replicate this experience,” said Dodd. “A number of advanced digital tools are available to help solve the fit problem, which is a major pain point for retailers. These range from using algorithms to analyze fit data and make sizing recommendations to virtual fitting rooms that allow shoppers to enter their dimensions and see what the garment might look like when it’s on. These tools can be tremendously helpful, but they’re costly and labor-intensive for retailers. Simpler solutions, however, such as customer ratings and reviews and high-quality, multi-angle photos, can go a long way in helping to ease fit and quality concerns.”

For consumer electronics and mobile products, many consumers believe that a price incentive is the only reason to shop online. Six-in-10 online respondents say they’ll only shop online for electronics (62%) and mobile products (61%) if it saves them money. The desire to examine products is the second biggest barrier, cited by 60% of online respondents for consumer electronics and 58% for mobile products. Other barriers include concerns about product quality (57% for consumer electronics and 56% for mobile products) and delivery when not at home (56% and 55%, respectively).

In the U.S., major brick-and-mortar electronics and mobile retailers are already matching online prices, and many stores offer in-person consultation and the ability to watch, listen and use goods. Consequently, the incentive to take a risk and buy online is low.
The barriers to online shopping for books/music/stationery are lower than for the other durable categories. Similar to electronics and mobile products, a price-value concern tops the list, cited by 49% of online respondents, while the desire to examine products is second (47%). A unique barrier that emerges for books/music/stationery is the pleasure respondents derive from interacting with people in the store. Forty-five percent of online respondents say shopping for books/music/stationery in physical stores is a way to engage socially.

**THE BIGGEST BARRIERS TO ONLINE SHOPPING FOR DURABLE GOODS VARY SLIGHTLY BY CATEGORY**

**GLOBAL* PERCENTAGE WHO STRONGLY OR SOMEWHAT AGREE WITH STATEMENTS ABOUT PURCHASING DURABLE CATEGORIES ONLINE**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Fashion</th>
<th>Books/Music/Stationery</th>
<th>Consumer Electronics</th>
<th>IT/Mobile</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am concerned about the quality of products when shopping this category online</td>
<td>59%</td>
<td>42%</td>
<td>57%</td>
<td>56%</td>
</tr>
<tr>
<td>I shop this category online only if it really saves me money</td>
<td>57%</td>
<td>49%</td>
<td>62%</td>
<td>61%</td>
</tr>
<tr>
<td>For this category, I prefer to be able to examine the products myself</td>
<td>58%</td>
<td>47%</td>
<td>60%</td>
<td>58%</td>
</tr>
<tr>
<td>I won’t buy this category online unless I know how to easily return products</td>
<td>54%</td>
<td>43%</td>
<td>57%</td>
<td>56%</td>
</tr>
<tr>
<td>I am concerned about delivery of this category happening when I am not home</td>
<td>49%</td>
<td>45%</td>
<td>56%</td>
<td>55%</td>
</tr>
</tbody>
</table>

*See page 36 for countries included in global average
Source: Nielsen Global Connected Commerce Survey, Q4 2015
TRUST AND INFRASTRUCTURE CHALLENGES

There are a few barriers related to trust and infrastructure issues that affect all categories, particularly in emerging markets.

First and foremost, trust remains an issue. More than half of all online respondents in the study (57%) have doubts that e-commerce sites will keep their personal information secure and confidential. Concerns are highest in Mexico and Thailand (67%), followed closely by China (66%), the Philippines (66%), Turkey (66%) and South Africa (65%).

Another issue is telecommunications infrastructure and technology adoption, which varies greatly around the world. Many developing regions still face significant infrastructure challenges, including low Internet penetration, high access costs and unreliable connections. Nearly one-third of online respondents in the study (32%) say their connection is not stable enough to make them comfortable buying online. In some developing markets, this figure approaches or exceeds 50%, including in Saudi Arabia (55%), India (52%), Nigeria (49%), South Africa (48%), Mexico and the Philippines (47% each). In these markets, mobile devices have been critical to e-commerce growth, bringing many new and underserved customers online—and their importance will continue to grow.

Indeed, while most people use a computer to make purchases, the use of mobile devices to make purchases is significantly higher than average in some countries. For example, in China, over half of the respondents who ordered restaurant/meal deliveries or purchased events tickets online say they bought it using their smartphone (71% and 51%, respectively). In addition, more than four-in-10 Chinese respondents who bought online say they purchased beauty products (46%) or packaged groceries (45%) via smartphone. India, Thailand, Turkey and Nigeria also have higher than average smartphone/mobile phone purchasing rates in several categories. In fact, India is one country on the leading edge of the mobile trend. Snapdeal, the country’s second-largest e-commerce company, has made large investments in building lighter apps and mobile sites that load in less than three seconds—even on the relatively slow networks endemic to the country. And some online retailers in India are moving from mobile-first to mobile-only. In 2015, Flipkart, the largest e-tailer in India, shuttered its desktop website for its fashion store, Myntra, which is now available only through mobile app and website.
But the shift toward mobile shopping is of course not just happening in emerging markets. In the U.S., IBM reported that mobile devices accounted for about 57% of all online shopping traffic this past Black Friday, the busiest shopping day of the year in the country, up 15% over the same period in 2014.

“The shift toward mobile purchasing reflects a larger shift that is occurring in retail: proximity shopping,” said Dodd. “Across all regions, smaller format stores that are close to work or home are growing fastest, and nothing offers greater convenience or proximity than the mobile device in consumers’ pockets. As more consumers turn to mobile devices to shop, a coherent mobile strategy should be a key innovation pillar for retailers. The most successful retailers will be those that optimize and differentiate their mobile experience and improve the integration of their in-store and mobile services specific to the realities in each market.”
SMARTPHONE USE FOR ONLINE SHOPPING IS ABOVE AVERAGE IN SOME ASIAN AND AFRICAN COUNTRIES

PERCENTAGE WHO USED A SMARTPHONE OR PC/LAPTOP TO PURCHASE SELECTED CATEGORIES ONLINE IN THE PAST SIX MONTHS

RESTAURANT DELIVERIES OR MEAL DELIVERY SERVICES

<table>
<thead>
<tr>
<th></th>
<th>PC/LAPTOP</th>
<th>SMARTPHONE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global*</td>
<td>68%</td>
<td>42%</td>
</tr>
<tr>
<td>China</td>
<td>48%</td>
<td>71%</td>
</tr>
<tr>
<td>India</td>
<td>58%</td>
<td>66%</td>
</tr>
<tr>
<td>Thailand</td>
<td>56%</td>
<td>48%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>52%</td>
<td>46%</td>
</tr>
</tbody>
</table>

BEAUTY & PERSONAL CARE PRODUCTS

<table>
<thead>
<tr>
<th></th>
<th>PC/LAPTOP</th>
<th>SMARTPHONE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global*</td>
<td>80%</td>
<td>26%</td>
</tr>
<tr>
<td>China</td>
<td>71%</td>
<td>46%</td>
</tr>
<tr>
<td>India</td>
<td>70%</td>
<td>48%</td>
</tr>
<tr>
<td>Thailand</td>
<td>63%</td>
<td>41%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>69%</td>
<td>48%</td>
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</tbody>
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PACKAGED GROCERY FOOD

<table>
<thead>
<tr>
<th></th>
<th>PC/LAPTOP</th>
<th>SMARTPHONE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global*</td>
<td>80%</td>
<td>25%</td>
</tr>
<tr>
<td>China</td>
<td>81%</td>
<td>45%</td>
</tr>
<tr>
<td>India</td>
<td>68%</td>
<td>31%</td>
</tr>
<tr>
<td>Thailand</td>
<td>43%</td>
<td>48%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>77%</td>
<td>46%</td>
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</tbody>
</table>

FASHION-RELATED PRODUCTS

<table>
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<tr>
<th></th>
<th>PC/LAPTOP</th>
<th>SMARTPHONE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global*</td>
<td>82%</td>
<td>24%</td>
</tr>
<tr>
<td>China</td>
<td>72%</td>
<td>39%</td>
</tr>
<tr>
<td>India</td>
<td>73%</td>
<td>40%</td>
</tr>
<tr>
<td>Thailand</td>
<td>66%</td>
<td>41%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>67%</td>
<td>42%</td>
</tr>
</tbody>
</table>

*See page 36 for countries included in global average
Source: Nielsen Global Connected Commerce Survey, Q4 2015
STRATEGIES FOR OMNI-CHANNEL SUCCESS

Retailers can no longer think of their online and offline channels separately. To master a truly seamless omni-channel experience, keep the following considerations in mind.

• **Be shopper-centric.** With innumerable channels and tools available to retailers, developing an omni-channel strategy can be a daunting task, but setting priorities is easier when brands have a deep understanding of their consumers and shoppers. Take the time to understand not only their demographics and shopping habits, but what happens along the path to purchase. Prioritize initiatives around the tools and features consumers use and desire most.

• **Prioritize personalization.** Ultimately, the greatest value in knowing your shoppers is that it allows you to provide them with relevant, personalized information and offers. Personalization can have big benefits for the bottom line, including increased visitor engagement and improved customer experience, as well as increased conversion rates, lead generation and e-commerce revenues.

• **Recognize and respect differences between countries.** Connected commerce is at drastically different stages of development around the world. Regulatory requirements and financial and technology infrastructure and adoption rates can vary widely. In short, no two markets are alike, and retailers must keep in mind each country’s unique operating environment when developing a strategy.

• **Invest in infrastructure.** Siloed organizations and ineffective customer relationship management (CRM), processing, payment and fulfillment systems can be major barriers to success. To overcome these obstacles and provide a cohesive customer experience, retailers need to commit serious resources. This means deploying integrated back-end systems and structuring the organization around the holistic shopping experience rather than around separate channels. It also means evangelizing an omni-channel strategy at all levels of the organization and equipping employees with the tools and training to deliver an exceptional customer experience.

• **Think digital, but don’t neglect in-store.** Physical stores maintain many key advantages over online-only channels, and retailers should look for ways to optimize the in-store experience by leveraging digital tools. Delivering the basic elements of a great shopping experience, such as executional excellence and exceptional service, however, must remain core to any strategy. In fact, customer service is a differentiator in every channel and should be a priority focus for retailers, regardless of whether they’re online or off.
COUNTRIES IN THE STUDY

<table>
<thead>
<tr>
<th>MARKET</th>
<th>INTERNET PENETRATION</th>
</tr>
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<tbody>
<tr>
<td>China</td>
<td>50%</td>
</tr>
<tr>
<td>India</td>
<td>30%</td>
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SOUTHEAST ASIA AND THE PACIFIC

<table>
<thead>
<tr>
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<th>INTERNET PENETRATION</th>
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<tbody>
<tr>
<td>Australia</td>
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</tr>
<tr>
<td>Japan</td>
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</tr>
<tr>
<td>Philippines</td>
<td>43%</td>
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<tr>
<td>South Korea</td>
<td>92%</td>
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<tr>
<td>Thailand</td>
<td>56%</td>
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ASIA-PACIFIC

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<td>China</td>
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<td>India</td>
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LATIN AMERICA

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<tbody>
<tr>
<td>Argentina</td>
<td>80%</td>
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<tr>
<td>Brazil</td>
<td>58%</td>
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<tr>
<td>Chile</td>
<td>72%</td>
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<tr>
<td>Colombia</td>
<td>59%</td>
</tr>
<tr>
<td>Mexico</td>
<td>49%</td>
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AFRICA

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<thead>
<tr>
<th>MARKET</th>
<th>INTERNET PENETRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>51%</td>
</tr>
<tr>
<td>South Africa</td>
<td>49%</td>
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</table>

EUROPE

<table>
<thead>
<tr>
<th>MARKET</th>
<th>INTERNET PENETRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>84%</td>
</tr>
<tr>
<td>Germany</td>
<td>88%</td>
</tr>
<tr>
<td>Italy</td>
<td>62%</td>
</tr>
<tr>
<td>Spain</td>
<td>77%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>92%</td>
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WESTERN EUROPE

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<tr>
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<td>France</td>
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<tr>
<td>Germany</td>
<td>88%</td>
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<tr>
<td>Italy</td>
<td>62%</td>
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<tr>
<td>Spain</td>
<td>77%</td>
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<tr>
<td>United Kingdom</td>
<td>92%</td>
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EASTERN EUROPE

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<tr>
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<tr>
<td>Poland</td>
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<tr>
<td>Russia</td>
<td>71%</td>
</tr>
<tr>
<td>Turkey</td>
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NORTH AMERICA

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<tr>
<th>MARKET</th>
<th>INTERNET PENETRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>93%</td>
</tr>
<tr>
<td>United States</td>
<td>87%</td>
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</tbody>
</table>

MIDDLE EAST (NOT INCLUDED IN GLOBAL AVERAGE)

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<thead>
<tr>
<th>MARKET</th>
<th>INTERNET PENETRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Arabia</td>
<td>67%</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>96%</td>
</tr>
</tbody>
</table>

Note: All countries in the survey used an online methodology except the Middle Eastern countries, which used a face-to-face methodology.

Source: Internet World Stats, November 30, 2015
ABOUT THE NIELSEN CONNECTED COMMERCE SURVEY

The Nielsen Global Connected Commerce Survey was conducted between August and October 2015 and polled more than 13,000 consumers in 26 countries throughout Asia-Pacific, Europe, Latin America, the Middle East, Africa and North America. The sample for all countries except Saudi Arabia and United Arab Emirates includes Internet users who agreed to participate in this survey and has quotas based on age and sex for each country. It is weighted to be representative of Internet consumers by country. Because the sample is based on those who agreed to participate, no estimates of theoretical sampling error can be calculated. However, a probability sample of equivalent size would have a margin of error of ±0.9% at the global level. This Nielsen survey is based only on the behavior of respondents with online access. Global and regional averages used in this report are based on weighted country data. Internet penetration rates vary by country. Nielsen uses a minimum reporting standard of 60% Internet penetration or an online population of 10 million for survey inclusion.

In Saudi Arabia and United Arab Emirates, a face-to-face methodology was used for nearly 1,000 respondents. Given the differences in methodologies used, results from the Middle East are not included in the global average.

ABOUT NIELSEN

Nielsen Holdings plc (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 for all devices on which 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 also provides its clients with analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries, covering more than 90% of the world’s population.

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