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Strategy & Marketing Consultants

Omnichannel market study

Clothing & groceries insights in The Netherlands

Amsterdam, February 2018

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Agenda

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Omnichannel introduction

Clothing industry insights

Grocery industry insights

This research was conducted for different categories with a deep dive into groceries and clothing & footwear

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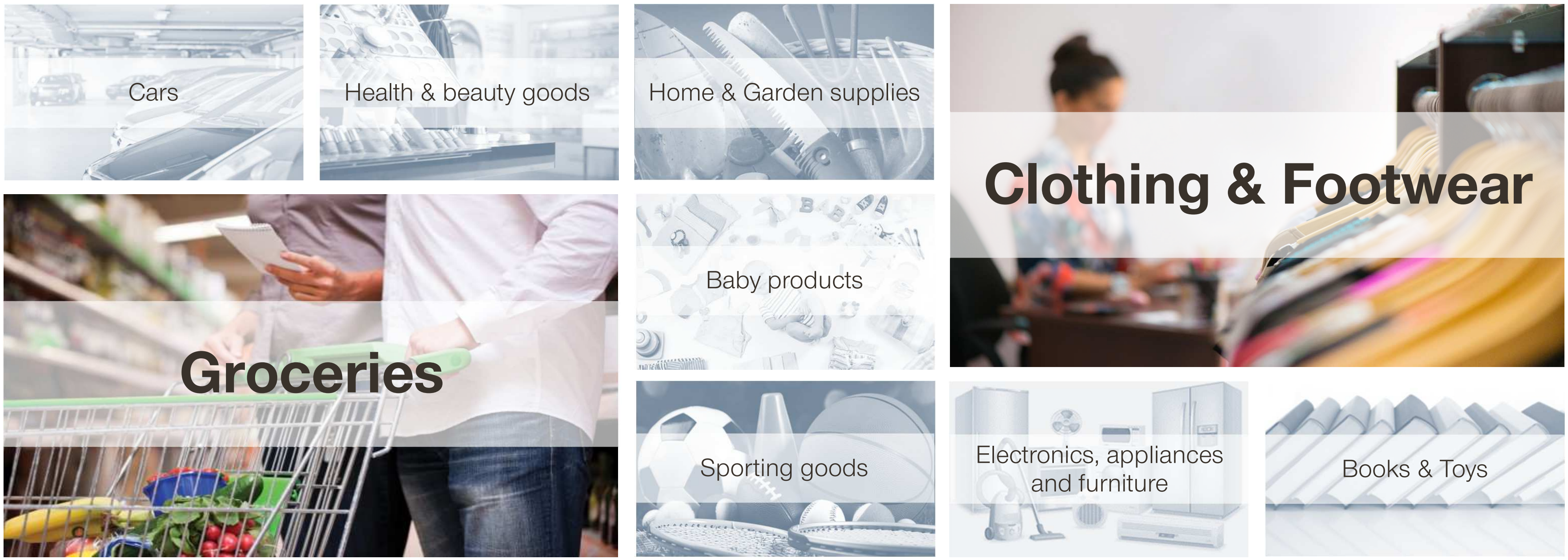

Methodology:
- Online survey
- 20 questions on which products are being bought online or in-store and why

Sample size:
- 344 total valid responses of the survey
- Sample based on the Netherlands 'Golden Standard' for population sampling[1]

Results:
- Insights into online shopping behavior and preferences of consumers, focussed on groceries and clothing & footwear

[1] Distribution of respondents according to *de Gouden Standaard* – MOA & Centraal Bureau voor de Statistiek (CBS)

Purchasing channels in retail differ highly per category, while in general in-store purchases are still dominant

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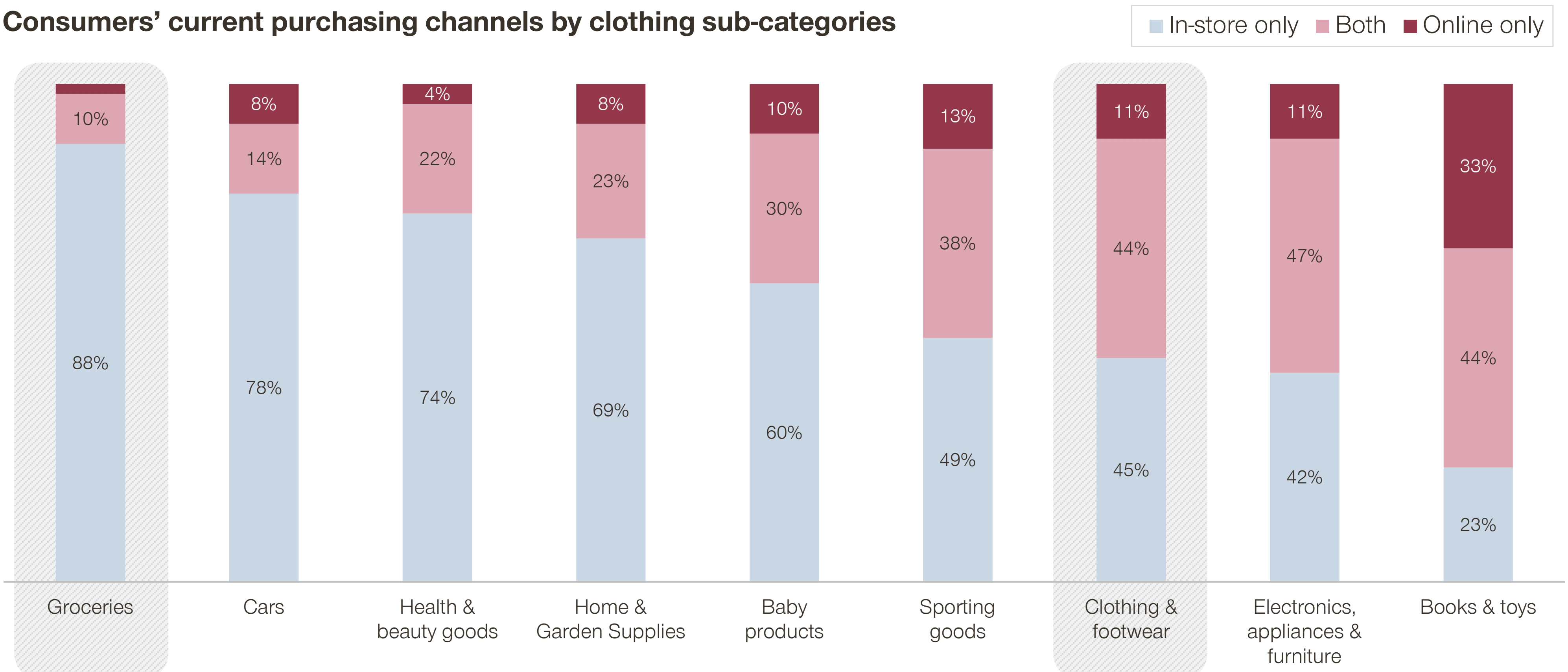
Groceries are mainly still bought in-store, while books & toys are often purchased online

Consumers' current purchasing channels by clothing sub-categories



This document will give a deep dive on the categories **groceries** and **clothing & footwear**

Source: Omnichannel Consumer Survey NL, Q4 Where do you currently purchase each of the following categories of products? (N = 344); Note: N is the total of respondents who answered the question, the actual N per category can differ while respondents who don't purchase items in a category are not considered in the chart

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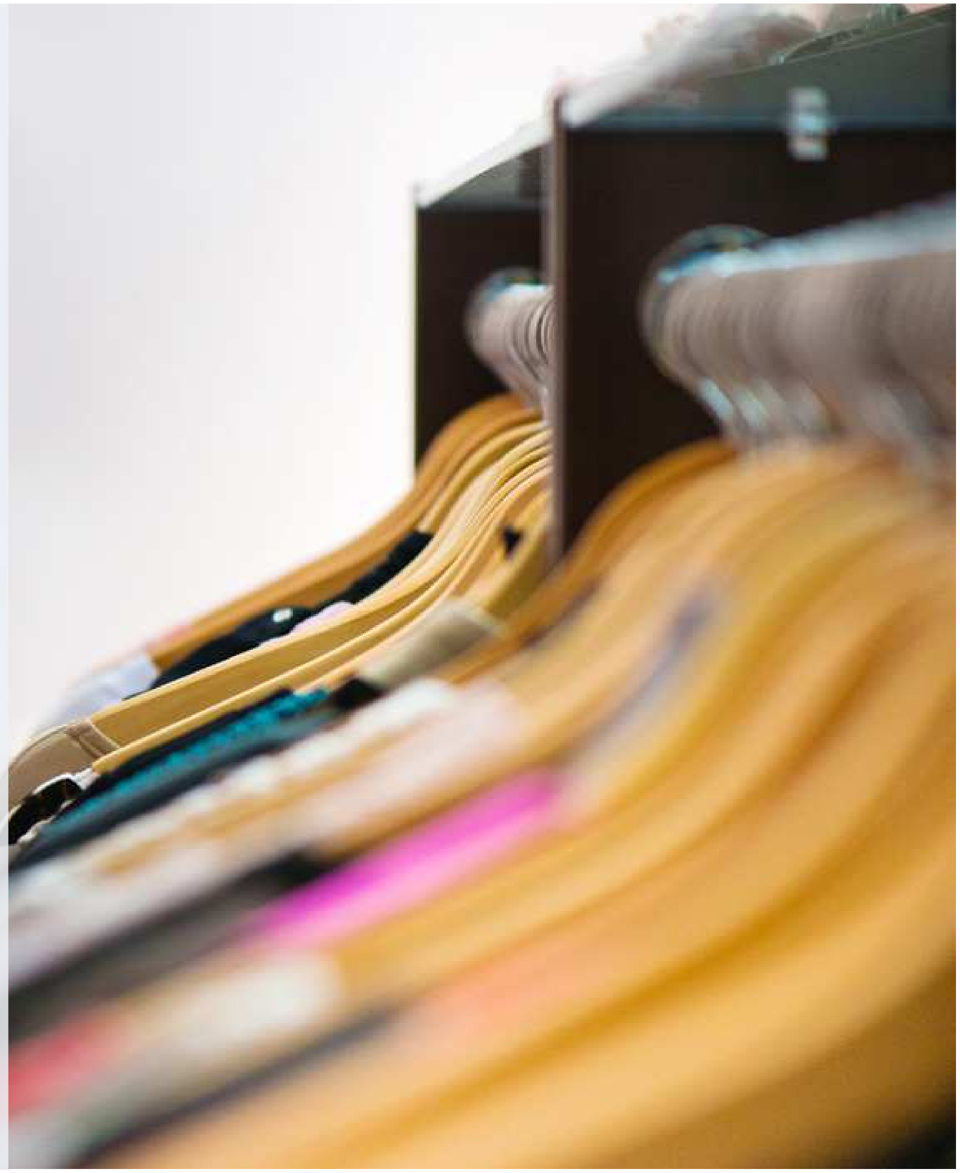
Key takeaways for Clothing

- Where consumers purchase their clothes varies by income level
- Consumers expect to shop more online in the near future in every clothing category
- Convenience in terms of time and a wider assortment are main value drivers for shopping online
- The ability to evaluate product quality/fit is keeping shoppers in-store and should be emphasized by retailers
- Free delivery and returns are clearly the main triggers for customers to consider purchasing online
- Consumers are most comfortable buying online items or brands they are familiar with

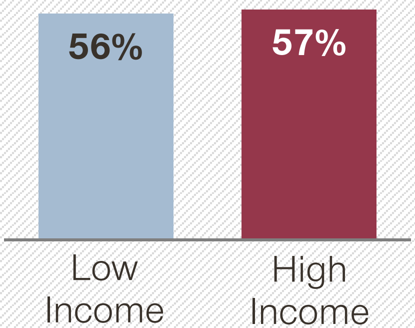


Source: Omnichannel Consumer Survey NL (N = 344)

Where consumers purchase their clothes varies by income level

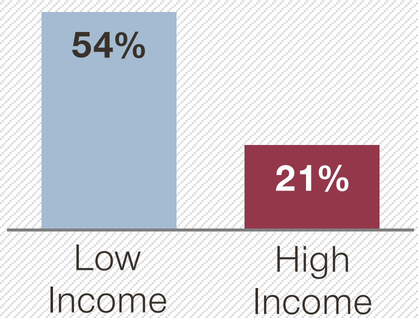
? Where do you currently purchase your clothing items?

Branded retail stores



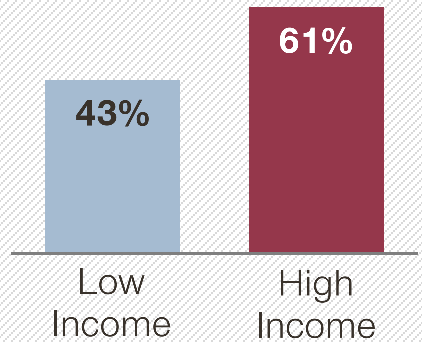
ZARA
H&M
SCOTCH & SODA®

Discount department stores



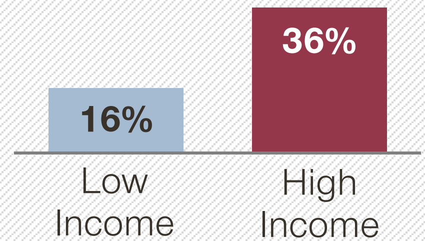
HEMA
C&A
PRIMARK®

Online-only stores



zalando
wehkamp
shoeby

High-end department stores



de Bijenkorf
HUDSON'S BAY
HAUSSMANN AMSTERDAM

Consumers with a high income are more likely to purchase at an online-only store

Source: Omnichannel Consumer Survey NL; Q13 Which types of stores do you primarily purchase clothing from? (N = 344)

Consumers expect to shop more online in the near future for every clothing category

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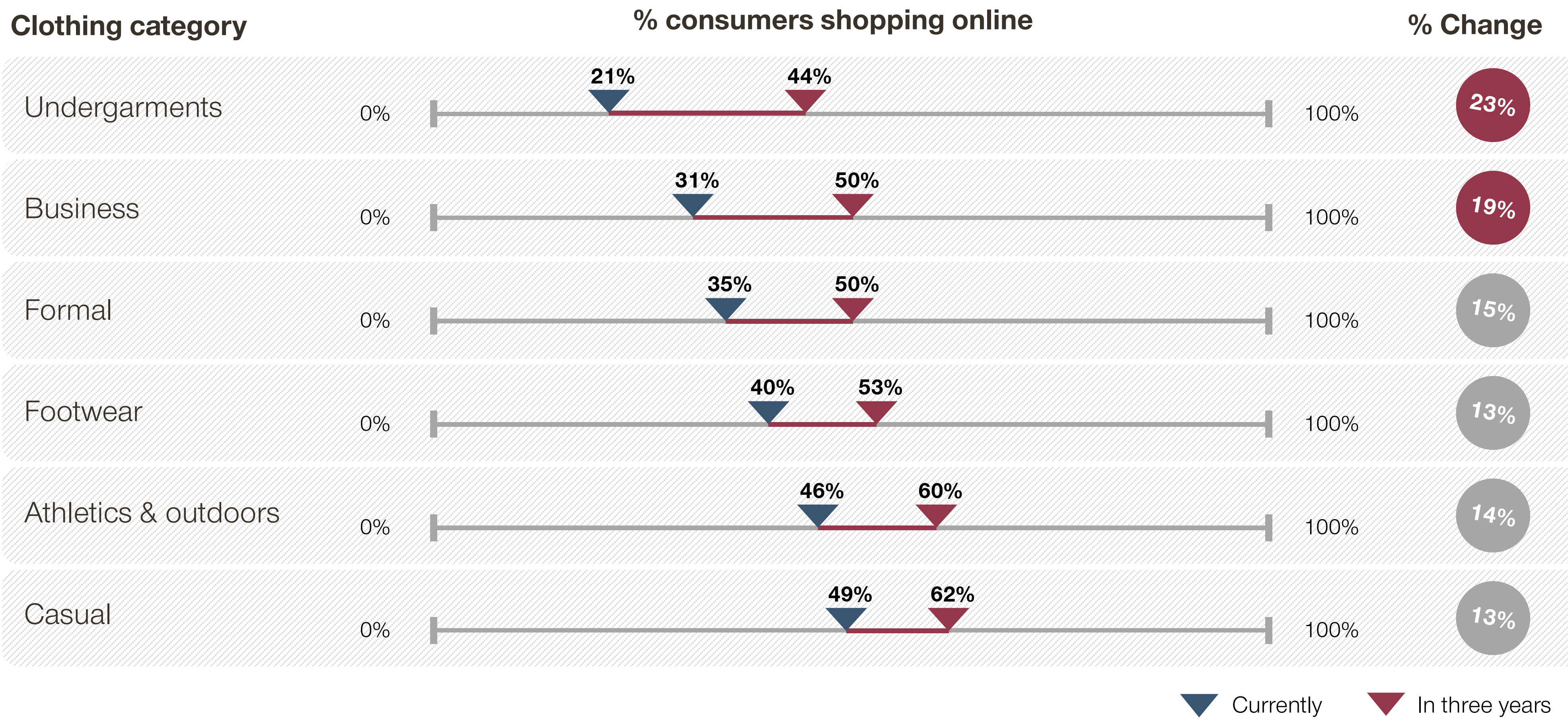

Highest shift in channel purchases is expected in undergarments and business clothing

Source: Omnichannel Consumer Survey NL; Q14 Where do you currently purchase the following items? Athletic, Outdoors, Casual, Business, Formal clothing and Undergarments, (N = 344); Note: N is the total of respondents who answered the question, the actual N per category can differ while respondents who don't purchase items in a category are not considered in the chart Q15 Which of the following items would you consider purchasing online in the next 3 years? (N = 300)

Convenience aspects, such as time and a wider assortment, are main value drivers for shopping online

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The importance of individual value drivers for shopping online are influenced by income level

Not being dependent on time- and location constraints are more important for higher incomes than lower incomes

Source: Omnichannel Consumer Survey NL; Q16 What is the reason for buying these clothing items online? (n = 216); Q17 Why would you consider purchasing these clothing items online? (n = 170)
Low incomes: <50k gross annual household income; High incomes: >100k gross annual household income

The ability to evaluate product quality/fit is keeping shoppers in-store and should be emphasized by retailers

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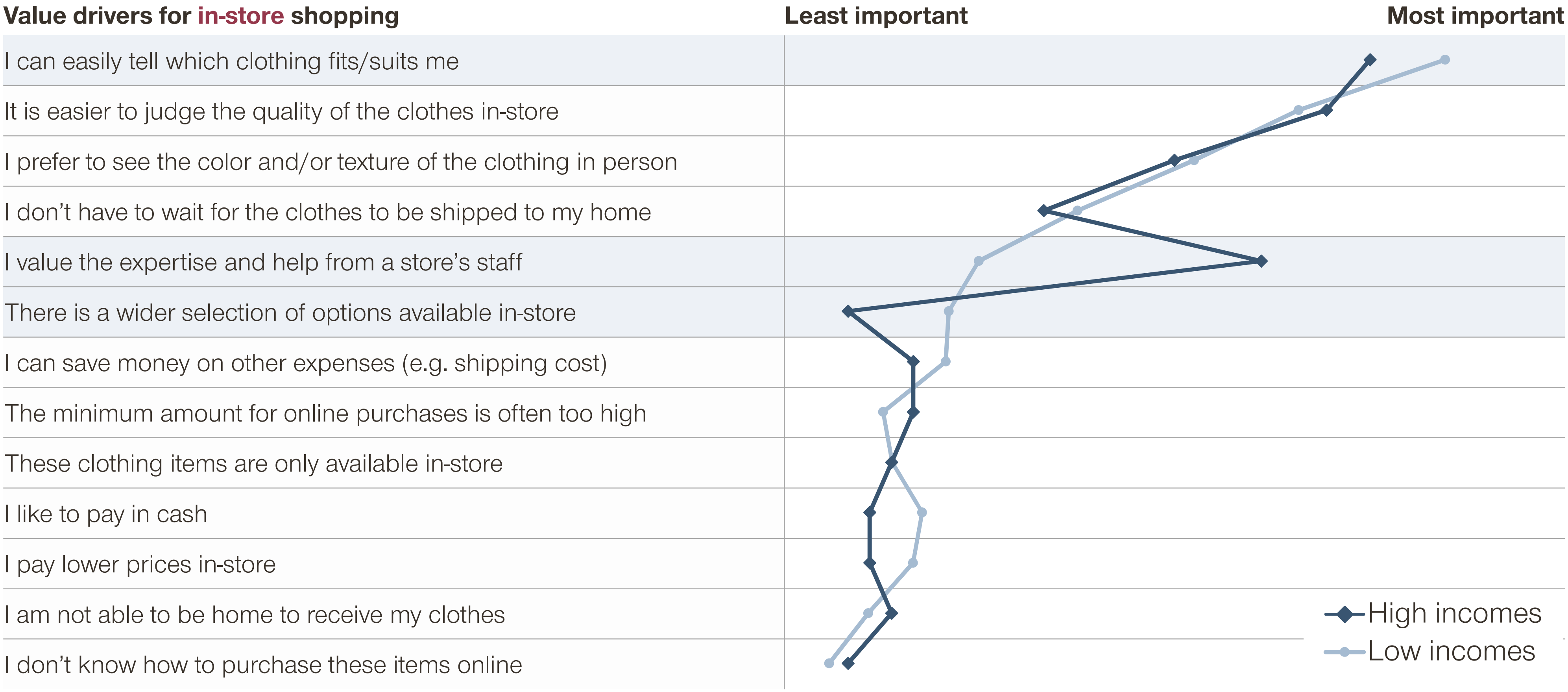
On the other hand, online sellers should speed up shipping and find ways to ensure quality to customers



High-end retailers should invest in skilled staff to attract in-store customers

Source: Omnichannel Consumer Survey NL; Q18 Why do you sometimes choose to purchase these clothing items in-store? (N = 179); Q19 Why do you only purchase these clothing items in-store and not online? (n = 300)
Low incomes: <50k gross annual household income; High incomes: >100k gross annual household income

Free delivery and returns are clearly the main triggers for customers to consider purchasing online

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? What would trigger you to shop clothing items online?

Almost half of customers who do not shop online yet would never purchase online in the future. Good news for brick & mortar stores!

Source: Omnichannel Consumer Survey NL; Q20 You stated that you only purchase [clothing items] in-store. Which of the following benefits would trigger you to switch to buying these clothing items online, instead of in-store? (N = 300)

Consumers are most comfortable buying online items or brands they are familiar with

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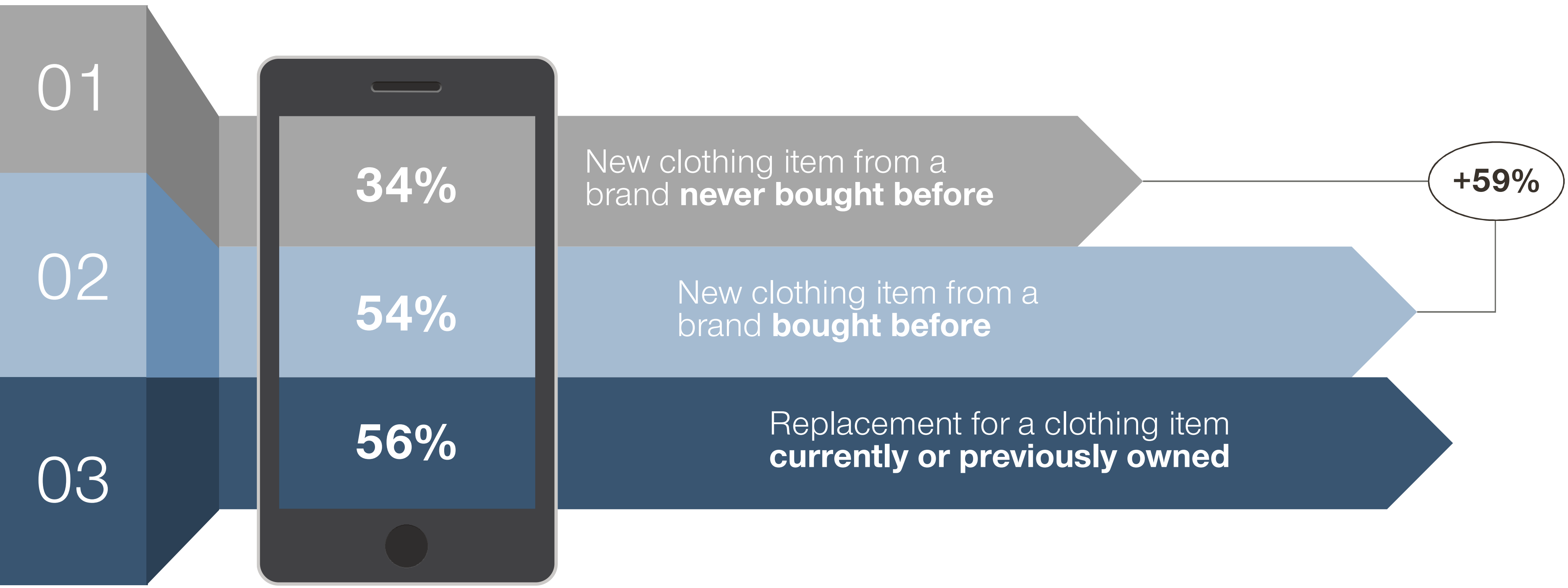
? How comfortable would you be purchasing the following items online?



Customers are ~60% more likely to buy again when they have purchased a brand before; Online retailers should invest in first purchase sales

Source: Omnichannel Consumer Survey NL; Q21 How comfortable would you be purchasing the following items online? ? (N = 344)

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Key takeaways for Groceries

- Overall, only 10% of consumers purchase groceries online
- For many common grocery products, most consumers would never consider purchasing online
- Relative to other types of grocery stores, traditional grocery stores are the least threatened by online shopping trends
- Consumers continue to shop in-store because they can evaluate their food's quality and receive it immediately
- Free delivery is the most important reason for consumers to switch to online purchasing
- Overall, price-related incentives such as free delivery, no minimum purchase amount and discounted first purchase are key in triggering consumers to switch to online purchasing

Source: Omnichannel Consumer Survey NL (N = 344)

Overall only 10% of respondents ever purchase groceries online; most categories are largely bought in-store only

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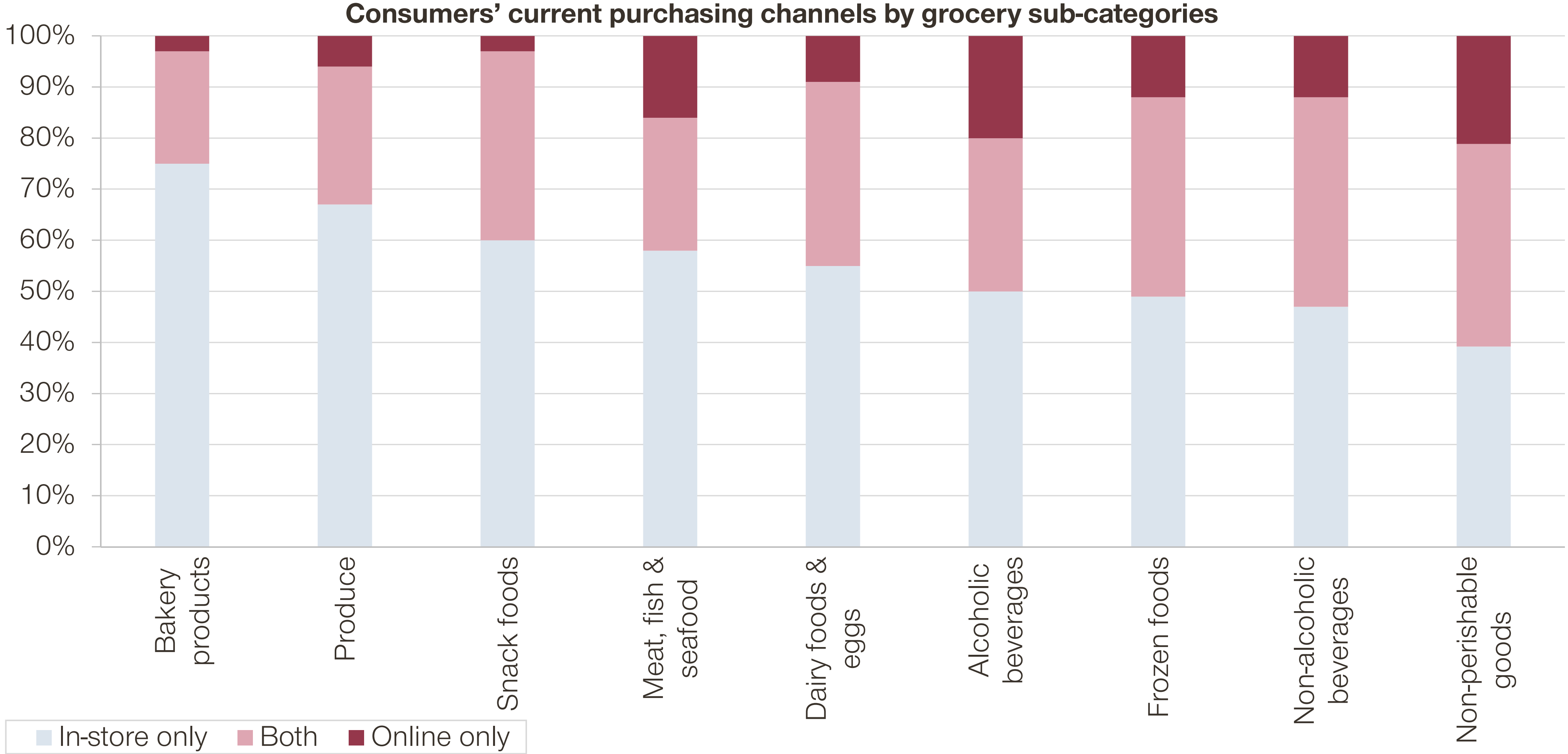

On average non-perishable foods are bought more often online, with exceptions for snack foods and meat, fish & seafood

Source: Omnichannel Consumer Survey NL, Q14 Where do you currently purchase the following items? Meat, Fish & Seafood; Produce; Frozen Foods; Snack Foods; Non-Alcoholic Beverages; Non-Perishable Goods; Dairy Foods & Eggs ; Bakery products; Alcoholic Beverages . (N = 34)

Consumers continue to shop in-store because they can evaluate their food’s quality and receive it immediately

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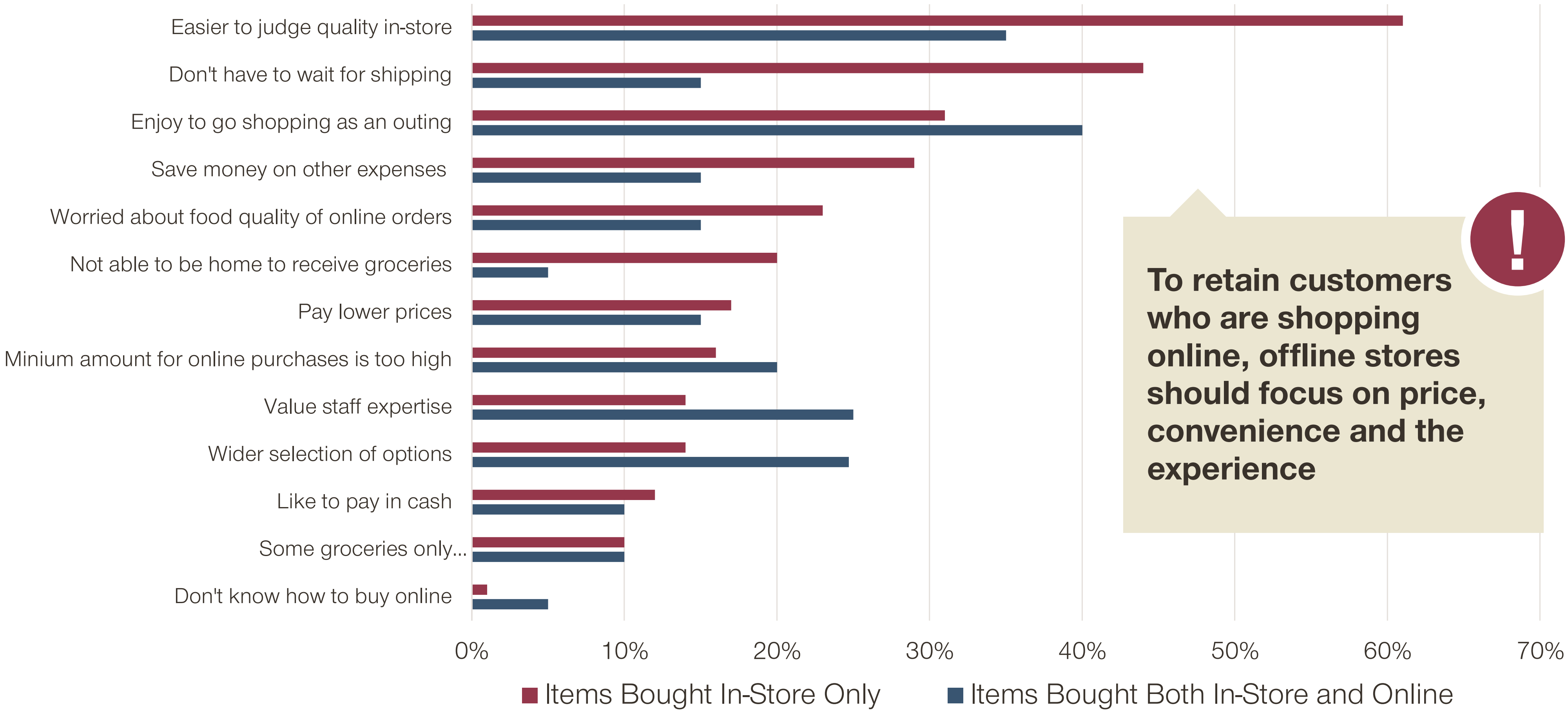
Reasons for purchasing grocery items in-store



To retain customers who are shopping online, offline stores should focus on price, convenience and the experience

Source: Omnichannel Consumer Survey NL; Q10 You stated that you purchase [grocery items] both in-store and online. Why do you sometimes choose to purchase these grocery items in-store? Select up to 5. (N=20); Q11 You stated that you only purchase [grocery items] in-store. Why do you only purchase these grocery items in-store and not online? Select up to 5. (N = 333)

Traditional and discount grocery stores are by far the most used stores by consumers for buying groceries

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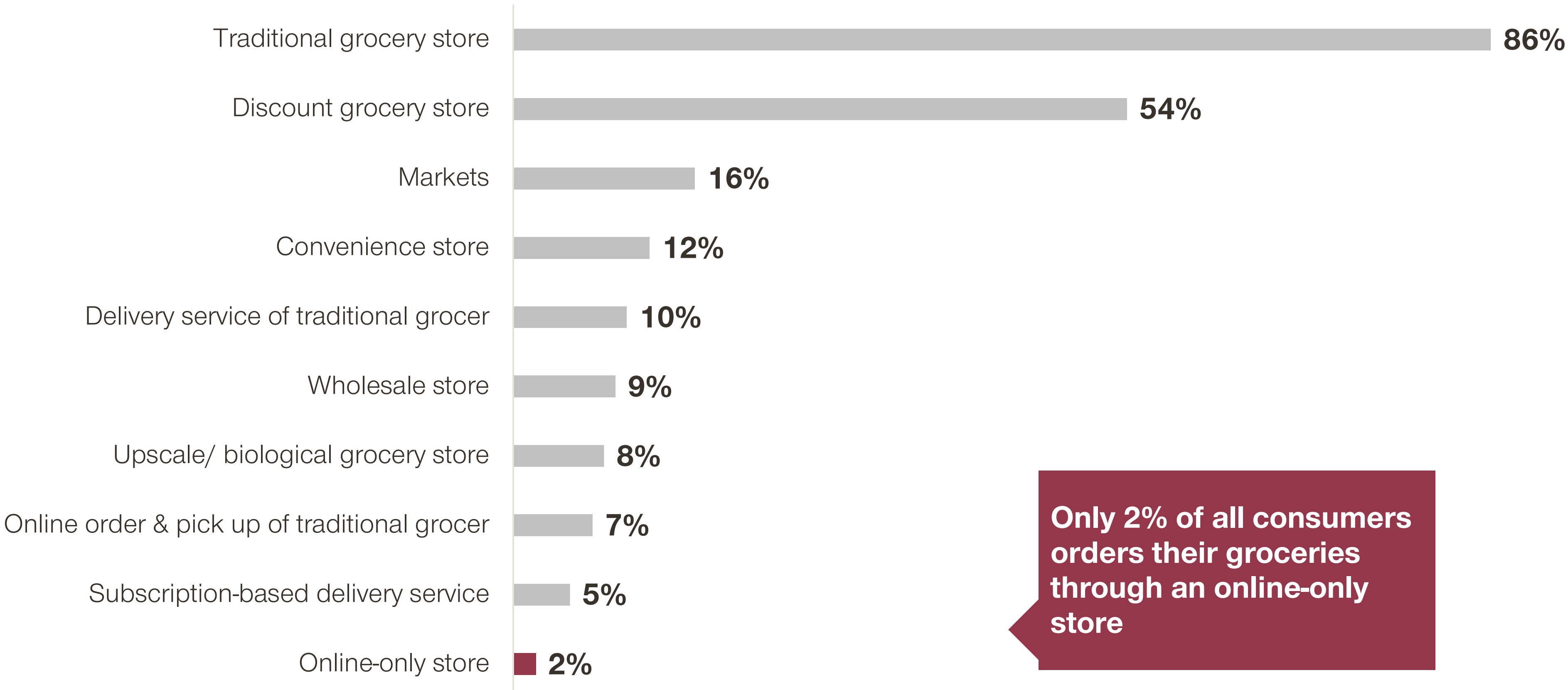
Stores where consumers buy their groceries



Only 2% of all consumers orders their groceries through an online-only store

When ordering online, most consumers still use the online services of traditional grocers, instead of an online-only store

Source: Omnichannel Consumer Survey NL; Q5 Which types of store do you primarily purchase groceries from? Select all that apply (N = 338)

Consumers see price-related triggers to be the most important when switching from buying in-store to online

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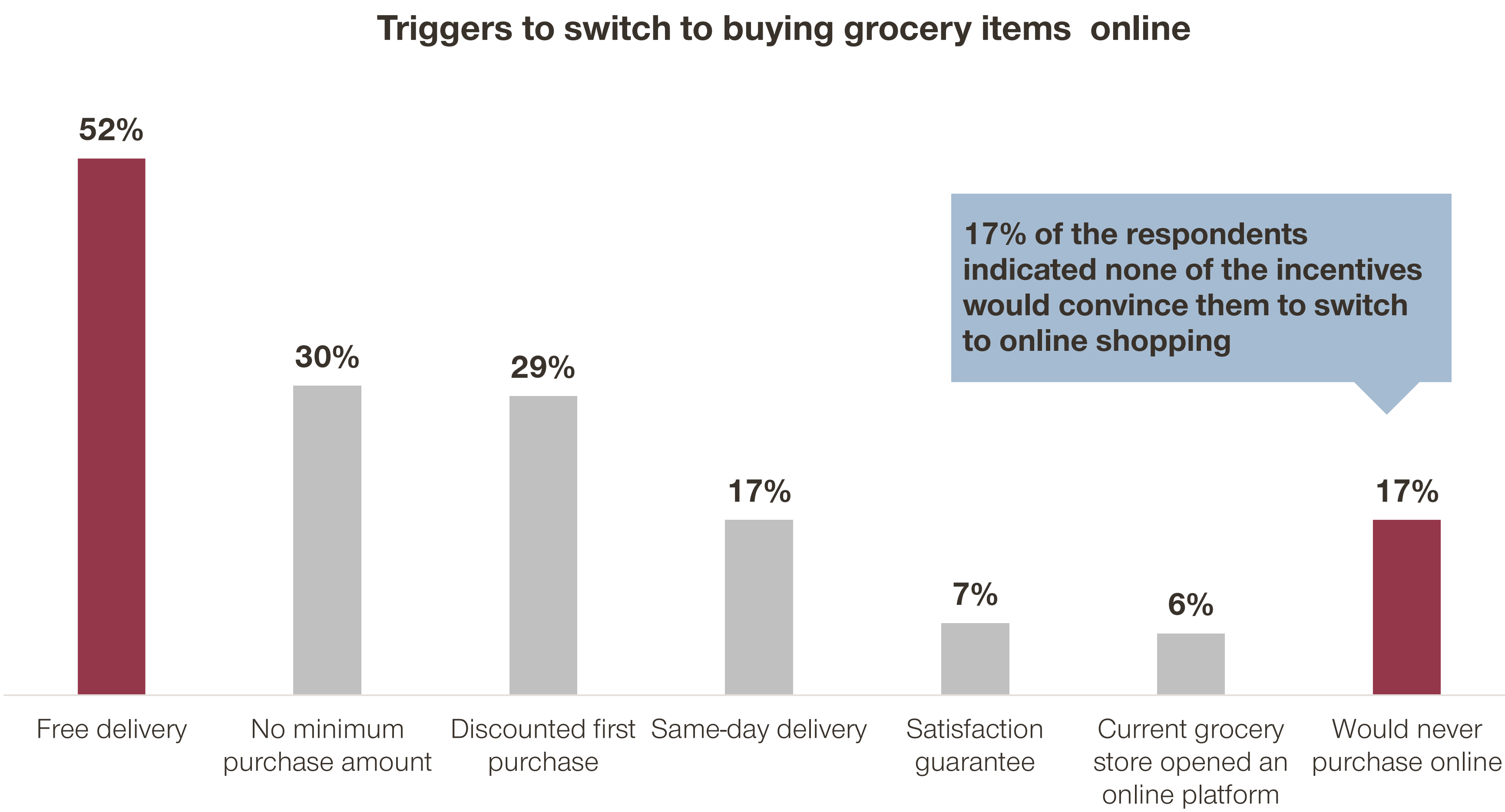
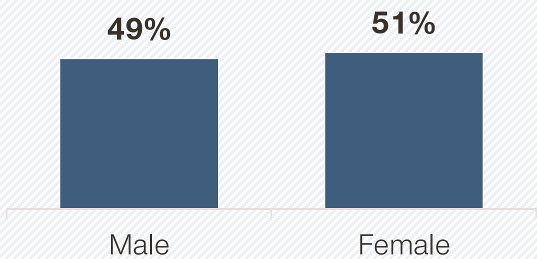


The main trigger to get consumers to do their groceries online is to offer free delivery

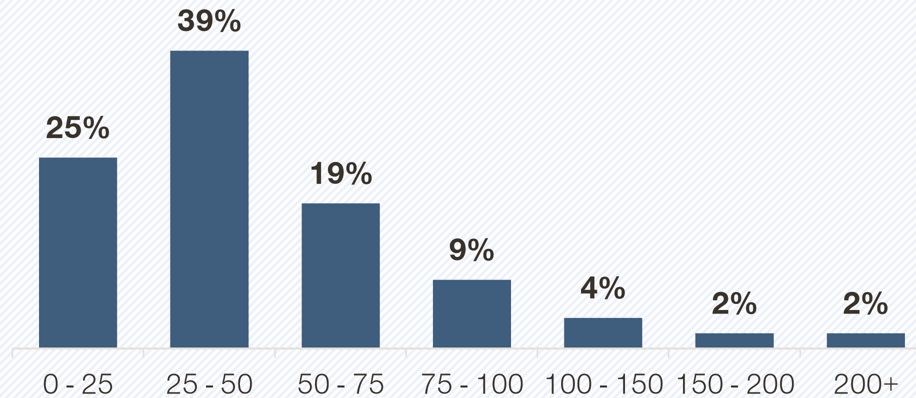
Source: Omnichannel Consumer Survey NL; Q12 You stated that you only purchase [grocery items] in-store. Which of the following benefits would trigger you to switch to buying these items online, instead of in-store? (N = 304)

Demographics of 344 respondents

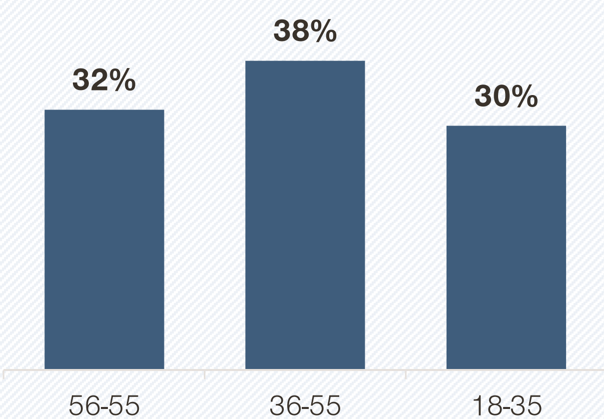
% of respondents by gender



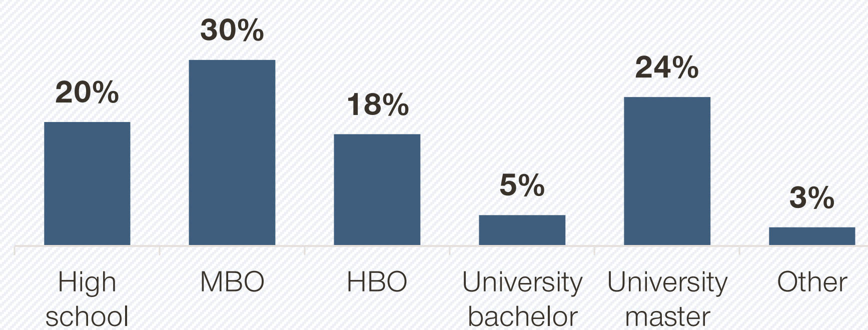
% of respondents by income (x1.000)



% of respondents by age



% of respondents by level of education



Source: Omnichannel Consumer Survey NL (N = 344)

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Simon-Kucher & Partners at a glance

Best consultancy in marketing and sales

brand eins Thema	*Capital*	*Forbes*
Marketing, sales, pricing	**Marketing, sales, pricing**	**Marketing, brand, pricing**
1 Simon-Kucher & Partners	**1 Simon-Kucher & Partners**	⋮ **Simon-Kucher & Partners**
2 Boston Consulting Group	**on a par with** Boston Consulting Group	**on a par with** Boston Consulting Group
3 McKinsey & Company	McKinsey & Company	McKinsey & Company
Source: *brand eins Thema* special edition: Consulting – industry report from *brand eins Wissen* and Statista, online survey, May 2014, 2015, 2016, 2017	Source: *Capital,* survey of the best consultancies in France, October 2016	Source: *Forbes,* Survey of best management consulting firms in the US, October 2016

World leader in pricing

World leader in giving advice to companies on how to price their products
BusinessWeek

The world's leading pricing consultancy
The Economist

Pricing strategy specialists
The Wall Street Journal

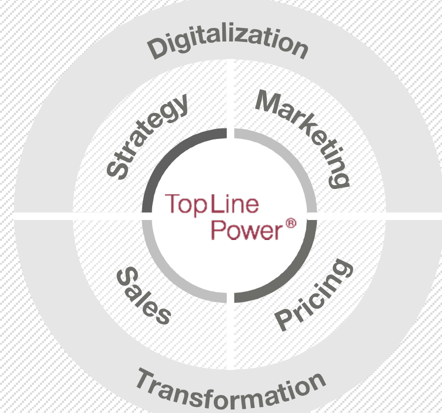
In pricing you offer something nobody else does
Professor Peter Drucker

Global presence

34 offices worldwide, > 1,000 employees, €240m revenue in 2016

Amsterdam, Atlanta, Barcelona, Beijing, Bonn, Boston, Brussels, Cologne, Copenhagen, Dubai, Frankfurt, Geneva, Hamburg, Hong Kong, Istanbul, London, Luxembourg, Madrid, Milan, Mountain View, Munich, New York, Paris, San Francisco, Santiago de Chile, São Paulo, Singapore, Stockholm, Sydney, Tokyo, Toronto, Vienna, Warsaw, Zurich

> 3,000 projects in the last 3 years



- Growth and competitive strategies
- Product portfolio (re-)design
- Pricing excellence
- Sales strategies and sales channel optimization
- Customer-centric digital approaches
- End-to-end transformation towards customer excellence
- …

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