

Executive Summary: First Data 2013 Global Universal Commerce Consumer Tracker Study

In early 2013, First Data conducted global research to collect market intelligence on our customers' customers: the consumer. This research sought to identify insights into evolving consumer awareness, usage, and behaviors in the areas of shopping, payments, banking and financial management. The latest study expands on two waves of Consumer Universal Commerce Tracker research that First Data conducted across the United States in 2012, and includes:

- Quantitative data collected through online surveys of nearly 4,000 respondents in ten markets around the world: United Kingdom, Germany, Poland, the Middle East (the UAE, Saudi Arabia and Egypt), India, China, Singapore, Mexico, Brazil, and the United States. Participants consisted of consumers 18 years old and over, with a bank account and a credit/debit card—or what can be thought of as the “global consumer class.”
- Qualitative in-depth in-home interviews, followed by two weeks of online discussion and activities.

The resulting First Data Global Universal Commerce Consumer Tracker provides a snapshot of consumers' attitudes toward payments technology and shopping. Collecting and analyzing this information over time is crucial to gaining a better understanding of the ongoing behavioral shifts that are transforming commerce by upending relationships and ways of doing business. This upheaval comprises “The Great Global Transition,” whereby consumers' expectations of commerce rapidly evolve from fragmented processes to more seamless ones, and from anonymous transactions to personalized experiences.

It is this transition that is disrupting traditional patterns of interaction in the marketplace: the consumer is in greater control than ever before. Profound technological shifts are driving this evolution of consumer expectations that is forming the new commercial landscape in which businesses must now operate. From banks, to restaurants, to stores—large and small—in Poland, Brazil, China, or the U.S., customers' expectations continue to increase across industries. They expect a mobile banking app to be as easy to use as shopping online, for example. And they want to be able to pay for purchases with whatever method is most convenient for them.

As revealed by the study, evolving consumer expectations are essentially a demand for higher levels of service combined with an increased desire for simplicity. Much of this change in expectations has been set in motion by the proliferation of smartphones, which have fundamentally altered how consumers around the world go about their daily lives.



Smartphone Adoption Drives Behavior

Analysis of the research data shows that the single most important predictor of behavior and attitudes—globally—is whether or not the consumer uses a smartphone. While the study confirmed nearly 100 percent mobile phone penetration (i.e., feature phones plus smartphones) among survey respondents around the world, smartphone penetration was revealed to vary by geography:

- China (92 percent), Singapore (89 percent) and the Middle East (80 percent) show the highest smartphone penetration
- Even in countries lagging in the adoption of smartphones—Poland (41 percent), Brazil (50 percent) and Germany (55 percent)—approximately half use a smart phone
- Globally, an average of 80 percent of Millennials—respondents 18-34 years old—use a smartphone.
- In the U.S., smartphone penetration is up to 68 percent in the latest Wave of research. The fastest growth in adoption is now coming from consumers aged 55 and over, with smartphone ownership in this group increasing from 34 percent to 51 percent during the last 12 months.

As more and more consumers become empowered with mobile online capabilities and supporting technologies, the Great Global Transition accelerates.

Three Themes Emerged from the Research

The Global Universal Commerce Consumer Tracker revealed three key themes that underlie the shift in consumer behavior and associated changes in the commercial landscape:

- 1. Consumers demand seamlessness.** The boundaries between online and offline shopping experiences are increasingly blurred, and consumers expect to move effortlessly between phones, tablets, computers and brick-and-mortar without disruptions or inconsistencies in user experience.
- 2. Consumers want more than a transaction—they expect an experience.** They want personalized services, to be recognized for their loyalty, to have offers and communications tailored to their needs, to spend their time efficiently, and to get a favorable deal.
- 3. Consumers drive today's conversation.** Empowered by anytime/anywhere mobile Internet access, they use social media throughout the purchasing process to both seek and share information.



Theme #1: Seamlessness

Technology is allowing consumers to do things they would previously never have thought possible—letting them unite online and offline experiences in devices they can hold in the palms of their hands. With this technology, a series of related actions and transactions have the potential to merge into a seamless whole. Today, however, most of these activities are fragmented, forcing consumers to piece together processes to get what they want. First Data's research revealed that consumers are looking for banks and merchants that can reduce complexity by eliminating the need to cobble together different individual actions. They want to start shopping on their computer in the morning and finish it up on their phone later on—without repeating steps or re-entering information. They also expect to collect, manage and redeem loyalty points and discount offers without fumbling around for punch cards and paper coupons. Because they can now do things like use their smartphone to scan a barcode on a medication bottle and automatically receive a text message when the prescription refill is ready, they expect the same enhanced level of convenience and integration to pervade all of their retail activities.

Continuing a trend we observed in early 2012, shoppers are online with their smartphones, even when in they are in a store. Consumers bring online capabilities to the offline store and vice versa—reading reviews, comparing prices, and querying social networks for ideas and information. They're also searching for discounts, perusing online gift registries, and saving items to wish lists for purchasing later.

- On average, over one-half of global respondents expressed a desire for a seamless experience. Consumers in Brazil, China, the Middle East and India are most interested in seamlessness.
- On average, 45 percent of respondents use their phone to compare prices while shopping in a store, with the greatest use in India and China.
- On average, 40 percent of U.S. consumers surveyed use their phone to price-compare while shopping in a store—an increase of 30 percent from Wave 1 of the Consumer Tracker research conducted in early 2012.
- The lowest percentage of in-store price comparison occurs in Poland and Germany.
- Over 60 percent of global respondents check product availability online before going to a store, led by consumers in China and India. Only one-third of respondents in Germany do this.

The expectation of seamlessness also extends to real-time access to banking data that can be used to make decisions wherever a consumer happens to be.

- Globally, 71 percent of consumers expect real-time access to their financial accounts—they want to know balances and activity anytime anywhere.
- Over one-half of respondents bank online using their laptop and over one-quarter bank online using their smart phone.

Theme #2: From Transaction to Experience

The second important aspect of The Great Global Transition is that it allows consumers to make a leap from conducting impersonal transactions to having satisfying, tailored experiences—sometimes in small ways, and sometimes in much more significant ways. From personalized book recommendations to comprehensive vacation planning wizards, consumers want businesses to meet their needs efficiently and effectively. They expect experiences and communications to be customized for them based on their purchase histories: they demand for stores and banks to “know them” and provide better service based on this knowledge.

- Nearly half want businesses to get better at tailoring ads and offers: they know businesses already possess the data to do this. Consumers in China (76 percent) and Mexico (64 percent) expressed the greatest desire for more personalized ads and offers. Respondents in Germany are least interested (22 percent).
- 58 percent expect their bank to do a better job of considering their individual circumstances.

Consumers also seek convenience, ease, and speed in their shopping experiences.

- Over half appreciate anything that will speed up shopping or the checkout process.
- China is most interested in speed (73 percent), as is Mexico (68 percent). As a contrast, approximately a third of Germans desire speed at checkout.
- Nearly half will stop using technology right away if it is not intuitive, easy, and straightforward.
- Consumers in the U.S., China and Mexico have the least tolerance for technology not being intuitive and easy to use.
- Globally, 65 percent of consumers have retailer apps installed on their phone.

Theme #3: Social and Sharing

As revealed by the research, the third important part of The Great Global Transition is the change in how communication between businesses and consumers functions: a shift from top-down to peer-to-peer, and even bottom up. Social media and user-generated online content have substantially increased consumers’ span of influence over recent years. If a consumer has a good experience—or especially, a bad experience—he or she tells people. Increasingly, they are telling not just their families, close friends or work colleagues, but spreading their influence across their entire range of acquaintances and beyond through Facebook, Twitter, Pinterest, Instagram, review websites, retailer websites, forums, blogs and more.

- On average, one-half of global respondents post reviews online.
- 83 percent of Chinese respondents post reviews, followed by 74 percent in India and 60 percent in Germany.
- More than 50 percent of global respondents, including an astonishing 80 percent of Chinese and Indian respondents, refer to social media prior to making a purchase.
- Nearly half of the respondents indicated they prefer companies that are smart about using social media and technology, led by China (72 percent) and Mexico (66 percent).
- European and U.S. respondents are less likely to be frequent users of social media than those in Asia, Latin America and the Middle East.



Conclusion

With the proliferation of smartphones and other devices allowing fast and easy access to the online world, digital technology is changing how consumers communicate, shop, gather information on products and services, engage with brands, and make purchase decisions. This digital evolution has profoundly altered the way that consumers behave, and consequently how organizations conduct their business. Consumers' expectations continue to increase as innovations are introduced, adopted and imitated across industries.

The pace of change is unprecedented, and banks and merchants must constantly adapt in order to remain competitive. Organizations without a clearly defined mobile strategy must begin to develop one immediately in order to avoid being left behind. Businesses must also strive to find ways to use data to improve the customer experience, personalizing communications, tailoring offers based on past behaviors, and rewarding loyalty. Finally, instead of simply responding to customer needs, they must listen to their customers and anticipate evolving consumer expectations to craft seamlessly integrated online and offline experiences that are simple, efficient and enjoyable.



The Global Leader in Electronic Commerce

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