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Retail Therapy
Shopping & Content

FINAL REPORT | 2022

Before we begin…

growth intelligence centre
News Corp Australia

Purpose of this work:

- **This project is** intended to help build a common understanding and familiarity with the subject of **Content Shopping** and in particular, how **consumers**, **brands** and **content** interact with one another post COVID in Australia, to help with NCA's growth agenda for now and beyond.
- The work also provides a summary of our in-depth exploration of our primary research into how **content drives and shapes consumers' behaviour**. We have explored 8 key categories, and how **needs, heuristics and 19 common consumer touch points** influence the purchase decision and drive conversions.

Our sources:

- GIC's 2H of 2021 primary research partnership with Kantar, surveying 3k Australians and what drives online shopping behaviour.
- We also partnered with Ergo in 2H 2021 & 1H 2022 to segment the Australian online shopping market, and understand who are the high-value consumers, what do they value, how do they shape their decisions, and what do they value? We surveyed 2k Australian 18+ Online Shoppers.
- Additionally, we conducted an extensive literature review of over 60+ sources related to Commerce, eCommerce and Content Shopping, including (but not limited to); *McKinsey, Australia Post, Nielsen, CMO, Inside Retail, KPMG, Accenture, Harvard Business Review, The Economist, Business of Fashion, Tipser, Kantar, Skimlinks, IBISWorld, WARC, INMA, FIPP, Econsultancy, Indesign Live, Forbes, Vue AI, Ship Early, Google, Amazon and Facebook.*

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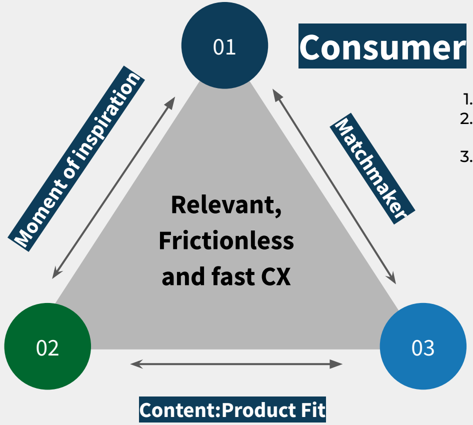
Three interconnected parties, *Customers, Clients and Content Creators* are experiencing accelerated transformational change post COVID-19 across the globe.

Their intersection, commonly referred to as Content Shopping, reveals the significance of their respective changes.
This pack will explore the connective tissue between the three and what it means for Content Creators, particularly NCA.

Content Shopping:

The modern day circuit-breaker for consumers' drowning in an abundance of choice



Consumer

1. Explosion of **choice**
2. Navigating the **messy middle** is the new purchase journey
3. Navigation tools: **Needs, Biases & heuristics**

Brand

1. **Consumers** are the **place of trade**
2. Brands must be present in their **Physical**, **Mental** and **Digital** worlds
3. **Bricks AND Clicks** together
4. **DTC** is **emerging**, but **Brand Building** remains critical

Content

1. Intense fight for **attention**
2. **Personalisation** is paramount
3. **Authenticity** is critical
4. **Individualisation** & **Empowerment** are core needs

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1

The Consumer Lens

How do they want to engage with Content Shopping in a post-COVID world?

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Two ideal states drive why we shop

Fundamental to all consumers and driving the choices we make is the pursuit of pleasure and personal growth.

Underpinning these two drivers are six needs we seek as individuals and from the content we consume.

SEEK PLEASURE

INSPIRATION
To be excited, motivated and happy in our daily lives. Content that encourages exploration.

DISTRACTION
Our reality can sometimes be far from what we desire and we should appreciate what we have. Content that reassures, puts things in perspective, and to help reset.

CONNECTION
The desire to build warm and trusting relationships. Content that expresses and fosters this yearning for connection.

SEEK GROWTH

INDIVIDUALISATION
Acknowledges you can make your own judgments and confidence to be yourself. Content that treats you as an individual, offers alternatives and permits difference.

EMPOWERMENT
A feeling of being in charge of your own destiny and not letting life get you down. Content that energises you and boosts the belief in your own capabilities.

EDUCATION
Self betterment is a continuous journey, and through learning we reframe our thinking and develop new skills. Content that teaches you something.

An extensive literature review from Kantar on the drivers of consumer behaviour and positive psychology identified the need to create a bespoke model that was ***1) Future proof and enduring 2) Applicable across categories and 3) Was well researched and could be easily measured.*** *The model created was built on: the Ryff scale of psychological wellbeing (Professor Carol Ryff), Self Determination Theory (Professor Richard Ryan and Edward Deci). And the Conde Nast framework.*

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Source: Retail Therapy, Kantar 2021

The online shopping journey is messy and post-covid disruption to habits means the exposure backdrop to decision making becomes more important.

Google's messy middle model and why we believe it:

*"The 'messy middle' of the purchase journey, a **complex space of abundant information and unlimited choice** that shoppers have learned to manage using a range of **cognitive shortcuts**."*

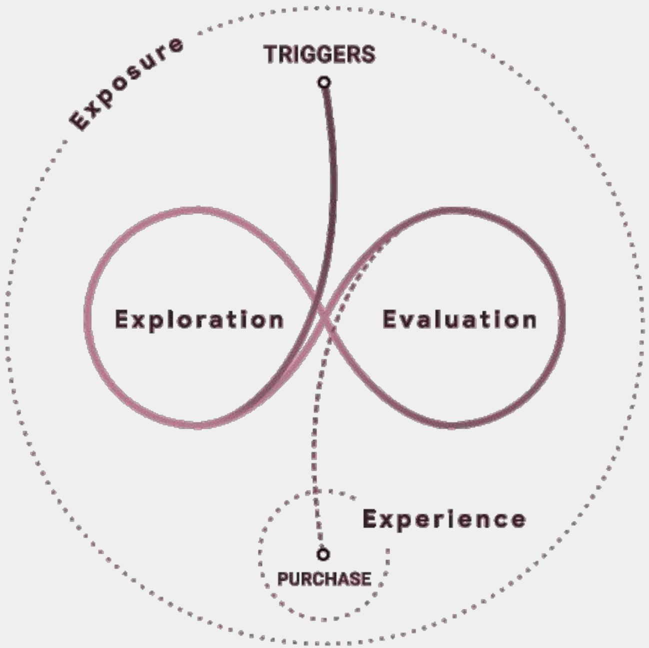
There is a non-linear and constant transition between the complementary state of **'exploration' and 'evaluation'** in the modern purchase journey.

AWARENESS

Priming a shopper to a brand when they start their online shopping journey **improves purchase consideration by up to 14x.**

CONSIDERATION

CONVERSION



Sources: Decoding Decisions - Making sense of the messy middle, Google & The Behavioural Architects; Google, The Behavioural Architects, How consumers make purchasing decisions during COVID-19, Google & The Behavioural Architects, Nov 2020

The antidote to the overwhelming shopping experience is to lean on behavioural heuristics and this reliance is even greater during turbulent times.

There are literally hundreds of heuristics that exist, however with Kantar we distilled that down to the top six that demonstrated: **scientific rigour,** had **proven efficiencies** in the public & commercial worlds, and took into consideration **short and long term impacts.**

Six heuristics used in this project

Authority bias
Our decisions are influenced by what we believe experts (would) choose

Defaults/simplicity
We are inclined to choose the option that seems to be the one we're used to or the one which is simple

Hyperbolic discounting
We appreciate an immediate, smaller reward now than a bigger reward later

Scarcity
We value something more when there is less of it, or it is available for a limited time only.

Social proof
We are influenced by what people similar to us say and choose.

Take the best
The moment you regard one feature to be superior when choosing between 2 or more options.

Source: Retail Therapy, Kantar 2021

Key consumer takeaways…

So What?

The online shopping journey is messy.

It takes more time, effort and touchpoints to make purchase decisions in the online world relative to offline and this is heightened post-pandemic.

There are six core need states that underpin consumers motivation to shop (be it for pleasure or purpose).

The six core needs are: Inspiration, Distraction, Individualisation, Empowerment, Connection, and Education.

Consumers rely on heuristics to aid in decision making.

The reliance on heuristics is even greater when uncertainty and mental loads are high, helping consumers cut through the paralysis of choice.

…and what to do about it.

Do What?

Know which touchpoints matter across the entire journey to create better results.

The need states vary by category and shopping journey, and the role of content needs to be considered in this context.

The opportunity lies in pinpointing the cognitive shortcuts that will be most impactful through test and learn environments.

2

The Brand Lens

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Consumers are now available and ready, anywhere and anytime, both mentally and physically

New Place Of Trade

92% have purchased on their mobile, creating an **anywhere** and **anytime** marketplace[1]

- *Deloitte Digital Consumer Trends 2020*

One of the most significant effects of Covid-19 is the realization that, for many of us, **geographical location has become less relevant — so long as there's an internet connection**.[3]

Commerce Everywhere

"The pace and the degree of digital transformation is accelerating in the wake of COVID-19, with **ever greater pressure to meet customers wherever they are**.[2]

This calls for flexible, **'commerce everywhere'** business models, and a renewed focus on **employee experience** to drive an **enhanced customer experience**."[2]

Miriam Hernandez-Kahol
Global Head of Management Consulting, KPMG

Not Just Digital

To be successful in e-commerce, you need to think bigger than e-commerce.[3]

The core question retailers must ask themselves first is not, "What e-commerce investments do I need to make?" but rather, **"What consumer experience do I need to offer?"**[3]

- Harvard Business Review

While the shift toward online shopping will likely remain, the desire for post-pandemic social interaction will likely drive people back to stores.
38% of consumers intend to do more shopping online and visit stores that provide great experiences. - **Harvard Business Review**

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Sources: 1. Deloitte, Digital Consumer Trends, March 2021, KPMG, Going digital, faster - Impact of COVID-19 on digital transformation, KPMG April 2021 Gramling, Orschell, Chernoff, How E-Commerce Fits into Retail's Post-Pandemic Future, Harvard Business Review May 2021

Extending physical to digital availability

Professor Byron Sharp, from The Ehrenberg-Bass Institute for Marketing Science, has stated that building **mental** and **physical** availability are **key factors in driving brand growth**, as they make it easier for shoppers to notice and buy a brand.

*In the age of **e-commerce**, however, marketers are also required to manage their "digital availability".*

This notion represents an extension of physical availability and is focused on "driving penetration growth of the availability concept: better thinking and better marketing helps everyone"

James Hankins, WARC, Jan 2021

01

Mental Availability

Top of mind -
The probability of a consumer noticing, recognising and thinking of your brand in a purchase situation

02

Physical Availability

Maximising the breadth and depth of your distribution in time and space **offline**

03

Digital Availability

Maximising the breadth and depth of your distribution in time and space **online**

"If you want to sell online, you have to be found."

"Online ads act as signposts for e-commerce businesses… They're the modern equivalent of the name over the high street front door, or the lights that stay on inside the shelf space or even the entry in the yellow pages"

"Digital ads are the new rent"

Dr Grace Kite, WARC, Sep 20

As such, a brand needs to carefully consider how it "shows up" online.
As well as the basics like visibility in search, online reviews and shopping lists" are also important factors here.

Sources: Why the 'availability duo' needs to become a trio, warc, 6 Nov 2021; Build an effective e-commerce marketing strategy, warc, Aug 2020

Key brand takeaways…

So What?

Retailers need to think like experience designers to differentiate their brand and building customer loyalty.

Everyone is rethinking their retail network to adapt to the changing retail landscape and recover faster from the pandemic.

Ecommerce and offline retail need to be allies as it no longer makes sense to draw a line between online and offline shopping.

Success is more than sales, it's about building a brand and benefiting from the halo effect.

…and what to do about it.

Do What?

Fundamentally seek to understand how our partners' are approaching customer experience, post COVID.

Identify how we can help to tell the story of their rejuvenation, creating new perceived value.

Use our data capabilities to join the dots for our own commerce initiatives and our partners'.

Focusing on the overall brand identity and not just sales, paves the way for better decisions to be made. From the products that are sold, to the employees that are hired, to the "why"that drives it all.

3
Content As The Playmaker

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Personalisation cuts through

Make it matter to me

Relevance is the most powerful driver of conversion identified in
our Retail Therapy study.

39% of consumers' claim relevance of content as a key driver to purchase.

Relevance is a combination of factors

The subject matter, context, format and targeting, combined drive the greatest impact.

85% of consumers rate **shoppable online videos** as most 'relevant' format.

Stand-out & make it easy

Personalisation creates convenience, giving the best chance to capture the moment.

45% of consumers say they are more likely to buy where personalisation is offered.

Source: Retail Therapy, Kantar 2021

Authenticity builds trust

Social proof is valued

Reviews, recommendations and product comparisons all have high influence on conversion…

Reviews & recommendations have the **greatest incremental impact (21%)** on the consumer purchase decision.

Independence is key

However, they must be truly authentic and delivered in an unbiased and objective manner…

Consumers' lean towards formats that are **perceived as organic, including Social and shoppable video.**

Give experts a voice

Leveraging the power of Social Proof, this ensures cut-thru during consumers' evaluation stage.

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Source: Retail Therapy, Kantar 2021

Individualisation & empowerment delivers on unmet needs

Let me be ME

Individualisation, fueled by personalisation is a key theme identified as an opportunity.

Individualisation is the highest ranked consumer 'need'.

EMPOWER me

Empowerment is increasingly important in an uncertain world.

Empowerment was second highest ranked consumer 'need'.

Help ME take control

Focusing our content on these two themes helps give our audience a sense of control.

Can be interpreted as a direct response to uncertainty.

Source: Retail Therapy, Kantar 2021

Key brand takeaways…

So What?

Fight for ME

NCA must be prepared for a sophisticated fight to win the hearts and minds of our audience and their wallets.

Make it MATTER to me

Our ability to create relevant propositions to our high value segments will be crucial to gain traction and attention.

Tell me the TRUTH

Independent and objective coverage and curation of products need to be prioritised.

…and what to do about it.

Do What?

We must prioritise initiatives and partnerships that helps us create targeted, and frictionless shopping experiences.

Our proposition should focus on providing independent and authentic reviews, recommendations and expert opinions.

Through our own selection, and our partners offering, we should endeavour to enable consumers to make their own decisions (empower) and also to tailor, or select products suited to their individual tastes or needs.

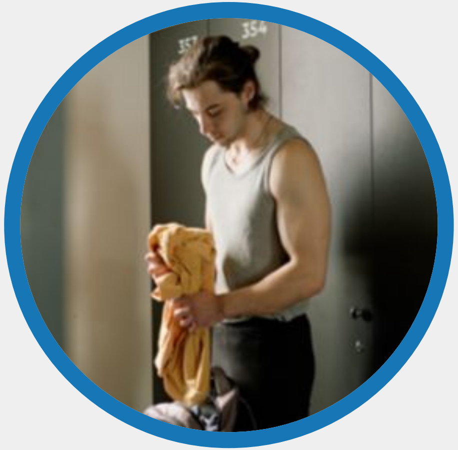
4

The Segments That Matter

The top 2 most valuable segments are ‘Online Sophisticates’ & ‘Male Millennials’

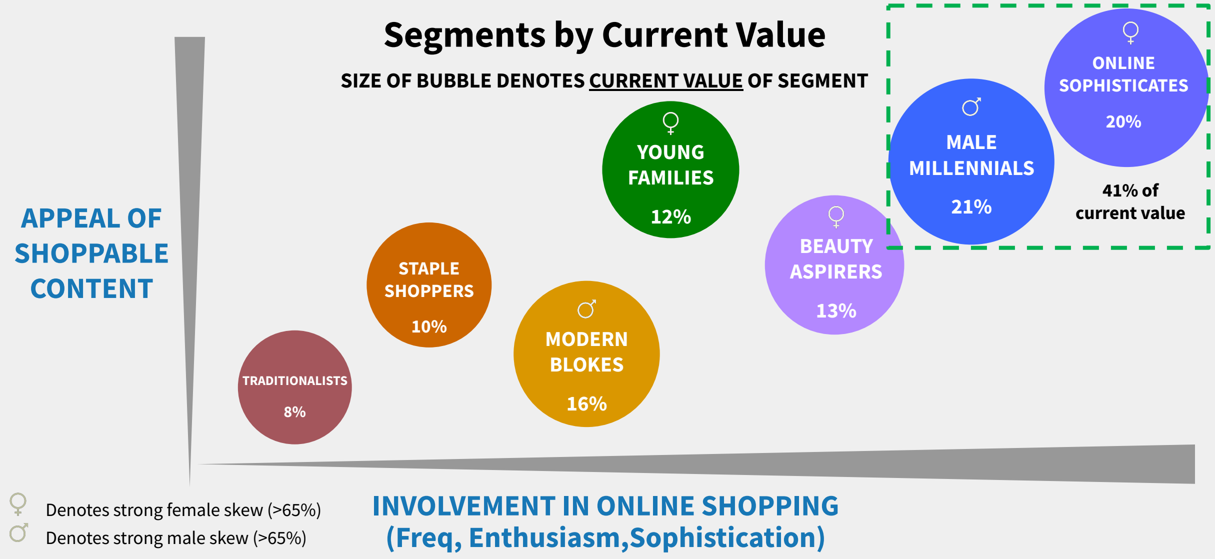
These two segments alone account for **48% of the projected future ecommerce market**.
These two primary audiences are heavy online shoppers, and find shoppable content highly appealing.

Online Sophisticates represent 5% of online shoppers, 20% of market value and 23% of future value.



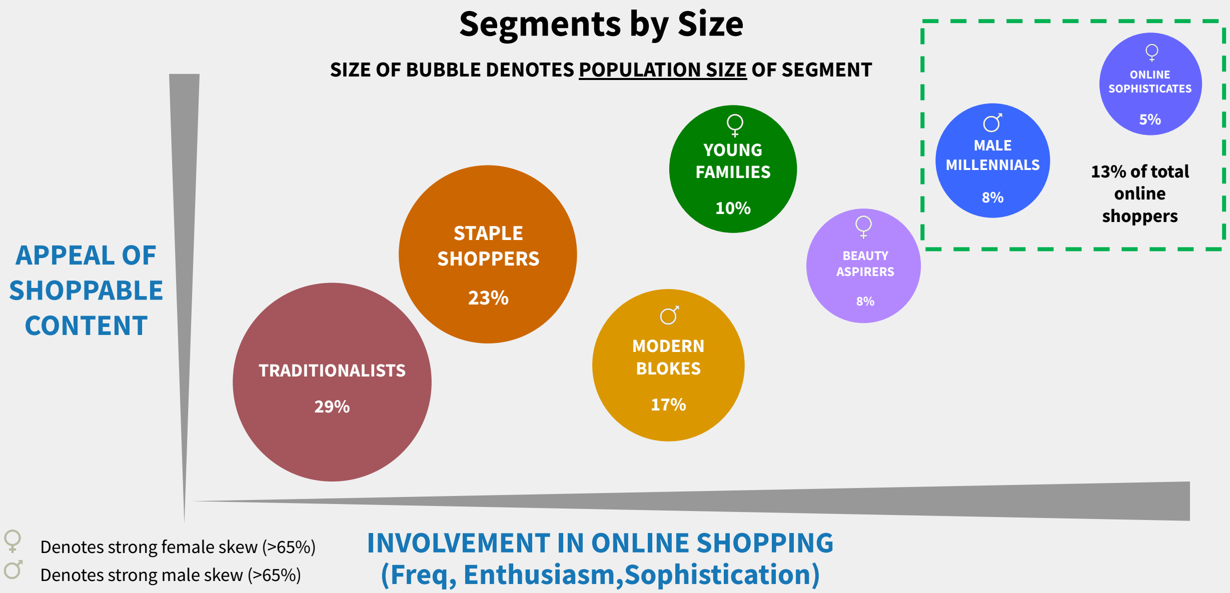
Male Millennials represent 8% of online shoppers, 21% of market value and 25% of future value.

Online Sophisticates and Male Millennials are the two biggest segments based on current value, with Beauty Aspirers and Young families secondary.

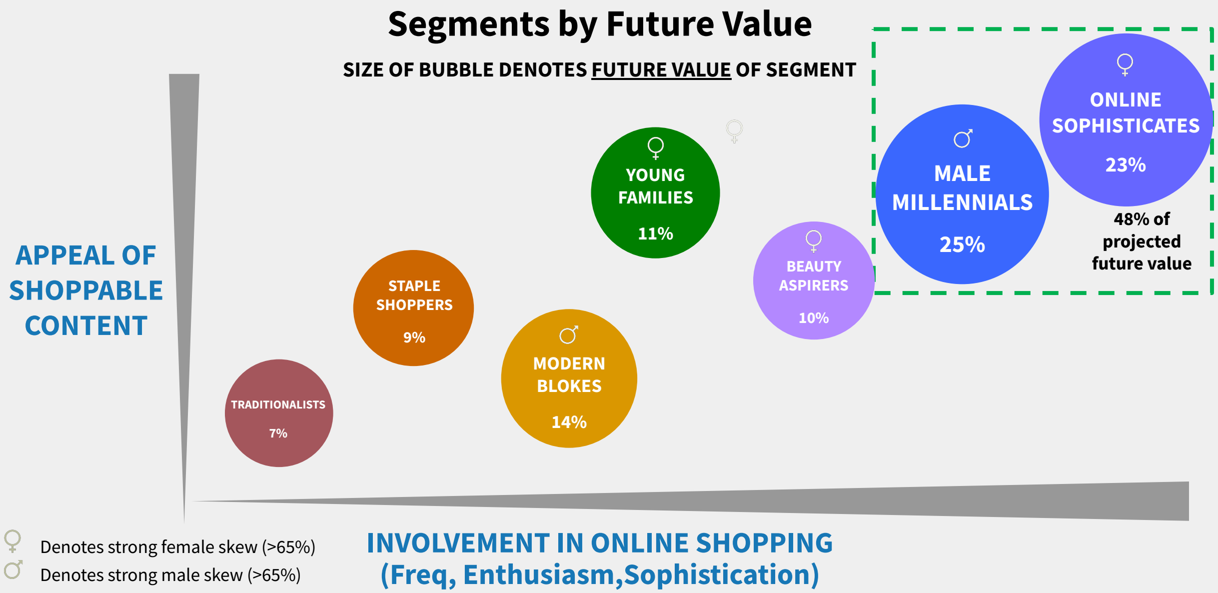


Value calculated based on each segment's total last 6 month online spend (excl. spend on groceries & ready meals).

Traditionalists and Staple Shoppers are the two biggest segments based on scale but they score lowest on appeal of shoppable content and involvement in online shopping.



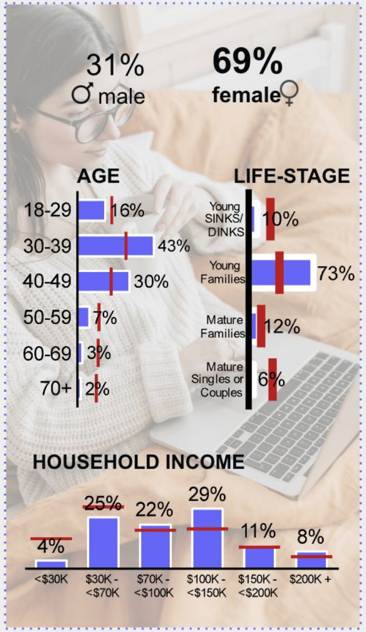
The value for the top two segments (Online Sophisticates and Male Millennials) is projected to increase in the future (to 48% share).



*Based on L6M spend and N6M momentum)

Online Sophisticates

Heavy online shoppers and content consumers; skew female Millennials.
<u>72% say online articles are important in their purchase decisions.</u>



5% OF MARKET = **0.5 million** AUSTRALIANS // **20%** OF MARKET VALUE = **$6.3 billion** ANNUAL ONLINE SPEND* // **$1,100** MEDIAN MONTHLY ONLINE SPEND*

* excludes spend on groceries & ready meals

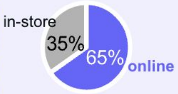
CATEGORIES SHOPPED

Top categories & avg. L6M online spend (most frequent)

Groceries	$1,757	Footwear	$349
Whitegoods	$804	Ready meals	$335
Electronics	$802	Alcohol	$331
Furniture	$595	Men's fashion	$324
Women's fashion	$520	Other appliances	$319
Kitchen appliances	$477	Kitchenware	$309
Homeware	$437	Women's skincare	$307
Kids' fashion	$390		

ONLINE BEHAVIOUR & ATTITUDES

L6M shopping



20.7 avg. number categories shopped online

Preference for online marketplaces: **HIGH**

79% prefer to shop online wherever possible (avg. 58%)

80% say shopping is a hobby not a chore (avg. 63%)

Online shopping sophistication: HIGH

Future online shopping momentum: +35%

NEEDS & BARRIERS

Top needs	**Top barriers**
Special offers	Delivery too expensive
Easy website	Products too expensive
Brand I trust	Can't find exact products

+ over-index on barriers incl. lack of customer service, out of stock, preferred payment not avail.

CONTENT

72% say online articles **are important** for purchase decisions (avg. 52%)

Top content interests

Home & Living	78%
Health & Wellness	71%
Beauty	71%

Top NCA sites (L3M visitation)

news.com.au	68%
taste	57%
THE AUSTRALIAN	40%
kidspot	38%

(over-index)

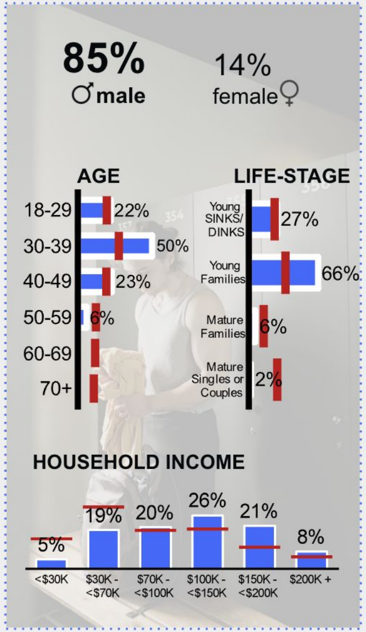
Appeal of shoppable content

84%
avg. 59%

"I wouldn't forget to go and look for the particular product, I'd access it right away"

Male Millennials

Predominantly younger males who buy a wide range of categories, including sports and fashion.
<u>71% say online articles are important in their purchase decisions.</u>



8% = 0.7 million
OF MARKET = AUSTRALIANS

21% = $5.4 billion
OF MARKET VALUE = ANNUAL ONLINE SPEND*

$658
MEDIAN MONTHLY ONLINE SPEND*

* excludes spend on groceries & ready meals

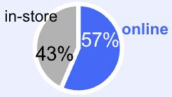
CATEGORIES SHOPPED

Top categories & avg. L6M online spend (most frequent)

Groceries	$985	Entertainment (books, games, etc.)	$201
Electronics	$708	Vitamins / supplements	$196
Whitegoods	$494	Other appliances	$183
Furniture	$358	Hardware	$173
Alcohol	$330	Women's fashion	$170
Kitchen appliances	$325	Ready meals	$163
Sports / fitness	$321	Footwear	$163
Men's fashion	$305		

ONLINE BEHAVIOUR & ATTITUDES

L6M shopping



12.6 avg. number categories shopped online

Preference for online marketplaces: HIGH

74% default to online research (avg. 69%)

73% prefer to shop online wherever possible (avg. 58%)

Online shopping sophistication: HIGH

Future online shopping momentum: +38%

NEEDS & BARRIERS

Top needs	**Top barriers**
Free delivery	Delivery too expensive
Brand I trust	Delivery slow or unreliable
Special offers	Products too expensive

+ over-index on express delivery, payment options, reviews / ratings, customer service

CONTENT

71% say **online articles are important** for purchase decisions (avg. 52%)

Top content interests

Home & Living	56%
Food & Drink	56%
Sports & Outdoors	56%

Top NCA sites (L3M visitation)

news.com.au	66%
taste	32%
THE AUSTRALIAN	27%
VOGUE	19%
GQ	17%

(over-index)

Appeal of shoppable content

77%
avg. 59%

‘You don't have to open another browser just to buy the item’

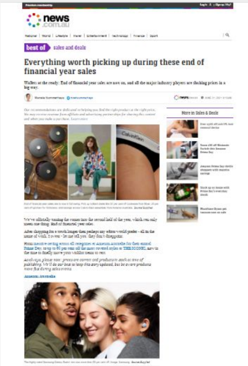
5
The Moments That Matter

19 touch-points were measured to understand their influence on the purchase journey

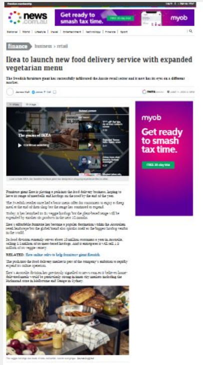
TOUCHPOINTS MEASURED

1. Newsletters and emails
2. Instagram stories and posts dedicated to shopping
3. Tik Tok shopping stories
4. Facebook ads or shopping stories
5. Podcasts
6. Shoppable online videos
7. Online videos featuring reviews
8. Online ads on websites
9. TV ads
10. Radio ads
11. Newspaper or magazine ads
12. Outdoor ads
13. Blog / Vlog posts
14. Content shared on communication/messaging apps
15. (e.g. WhatsApp, WeChat, Facebook Messenger)
16. Retailer and product reviews and recommendations online

16. News on sales and events (e.g. Amazon prime)



17. Articles that talk to news on a retailer, e.g. Kmart launches new kids range



18. Articles that inspire (e.g. 10 things to do in Byron Bay)

19. Articles that help me decide on what to buy and allow me to click to the retailer

Source: Primary research amongst 3000 online shoppers

Mindset matters!

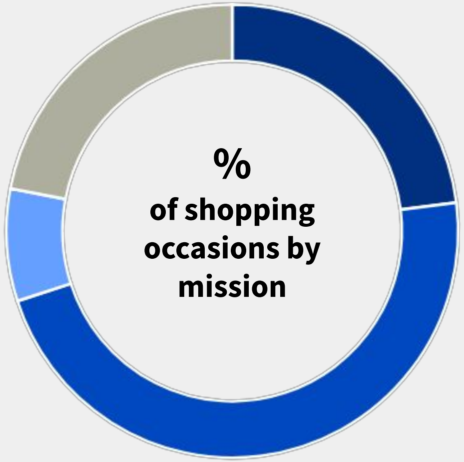
We need to be aware of, and cater to, not just the category shoppers are purchasing, but the mindset they are in as it impacts how they experience content and how they are influenced by content.

Browsing & Exploring: 22%

May be shopping to either pass the time or get a sense for what's out there. Least likely to actually purchase.

Spontaneous purchasing: 8%

Driven by impulse, had no clear motivation to shop. Often younger shoppers.



Event based shopping: 23%

Motivated by a particular event whether it be sales & discounts (i.e. Black Friday) or for celebratory reasons. Tend to be younger and female skew.

Mission oriented shopping: 47%

Have a clear intention of what they want to buy, whether it be a specific item or looking to replace something. Skews towards older consumers and males. Most likely to complete the purchase.

CDD3. Thinking back to the last time you shopped for INSERT CATEGORY. Why were you shopping?

Everyone's searching for info online

But the mindset or occasion dictates the consumer journey - Mission oriented shoppers seek reviews and comparison prior to purchase; there is an opportunity for content to drive impulse shopping.

	PURCHASE JOURNEY	Mission Oriented Shopping	Event Based Shopping	Browsing & Exploring	Spontaneous Purchasing
Actively sought out to educate	Searched online	50	49	48	46
	Read a review	29	31	31	30
	Compared products/ services online by visiting different brands websites	27	31 ▲	29	24 ▼
	Compared products/ services in-store	25	26	25	23
	Compared products/ services online by visiting comparison websites	19 ▼	23	23	21
Triggers for exploration	Read posts on social media	13 ▼	18	20	23 ▲
	Direct email (i.e. emails from brands you have signed up to)	12 ▼	18 ▲	16	17
	Read a news website	9 ▼	12	16 ▲	16 ▲
	Read lifestyle websites	8 ▼	10	12	14 ▲
	Read blogs/ forums	8 ▼	12	14 ▲	15 ▲

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CDD7. Before you made your purchase in INSERT CATEGORY, did you do any of the following beforehand?

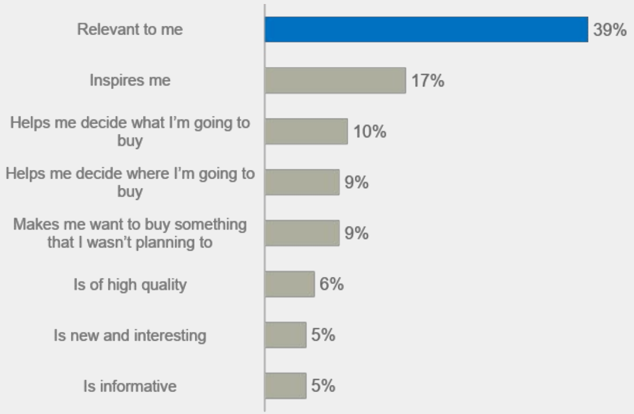
▲ Index of 110 or more to category average

▼ Index of 90 or less to category average

It’s not newsworthy, but content must be relevant

The most important focus for our content is to ensure relevance to the reader / viewer encouraging the focus on personalisation across NCA.

DRIVERS OF CONVERSION



There are four areas we can focus on to ensure relevance of content:

1. Provide information that makes shopping more convenient for them
2. Deliver a balanced and authentic viewpoint
3. Make it an interactive, seamless customer experience where possible
4. Highlight and signpost deals for them

The delivery promise must be addressed (and met)

As a major frustration for online shoppers the promise from content shopping should address concerns with expense, speed and the desire for Australia product, but you must deliver on the promise.

54%

of shoppers were frustrated to some extent when purchasing online.

TOP 3 FRUSTRATIONS

26% of shoppers were frustrated by **delivery**, due to expense, time and shipping from overseas

17% found **price** to be an issue, with lack of discount/ promotions a key driver

15% were frustrated by the **website** experience, whether it be functionality or poor navigation

Homewares & Domestic Appliances

58%

are **mission oriented**

Most powerful Bias & Heuristics: Power of now, Simplicity, Social proof

Recommendation: Sales events, round ups and evergreen reviews.
Also consider: Shoppable videos, ratings & reviews, rankings.

Top 3 Content Influences:
88% news on sales events,
87% shoppable videos,
86% product reviews & recomm.

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Fashion

24%

are **events based** shoppers

10%

spontaneous shoppers

Most powerful Bias & Heuristics: Simplicity bias

Top 3 Content Influences:
81% content shared over messaging apps, **80%** articles about a retailer, **79%** Insta stories & posts.

Recommendation: Sales Events & onsale round up, editor picks.
Also consider: Content shareability over messaging apps & social.

Travel

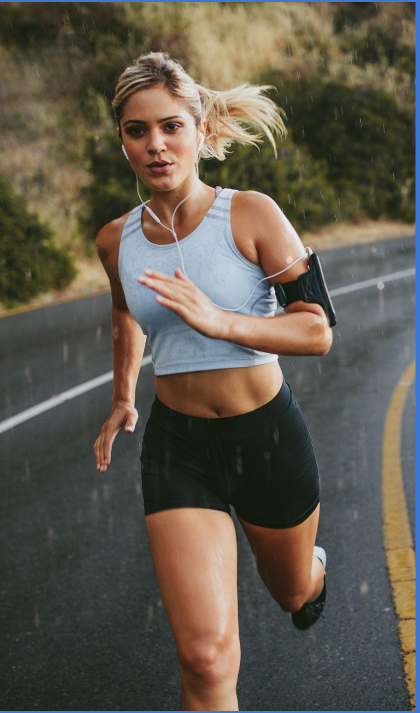
28%

are **browsing & exploring**

Most powerful Bias & Heuristics: Power of now, Take the best, Simplicity bias

Recommendation: Onsale round up, best of lists, evergreen.
Also consider: Galleries, flexibility and reassurance cues.

Top 3 Content Influences:
86% edms,
84% Inspirational articles,
83% Facebook posts/ads



Sport

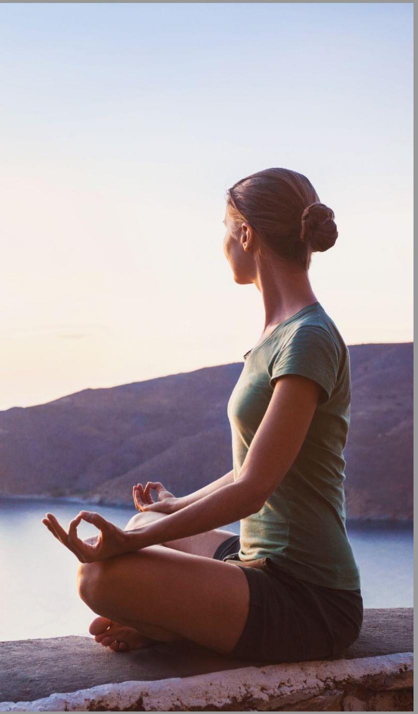
53%

are **mission oriented**

Most powerful Bias & Heuristics: Authority bias, Social proof, Simplicity bias

Recommendation: Expert selects, on sale roundup, evergreen.
Also consider: Online video reviews, rankings/lists.

Top 3 Content Influences:
88% video reviews,
85% Insta stories & posts,
80% edms



Wellness

53%

are **mission oriented**

Most powerful Bias & Heuristics: Power of now, Social proof

Recommendation: Sales events, round ups and evergreen reviews.
Also consider: Shoppable videos, ratings & reviews, rankings.

Top 3 Content Influences:
91% video reviews,
83% articles to help decide what to buy & clicks through to retailer,
81% news on sales & events

Beauty

50%

are **mission oriented**

Most powerful Bias & Heuristics: Power of now, Social proof, Authority bias

Recommendation: On sale round up, single product reviews, editor selection.
Also consider: Video reviews, shoppable video.

Top 3 Content Influences:
89% video reviews,
83% product reviews/recomm,
81% shoppable videos

Parenting

30%

are **event based** shoppers

Most powerful Bias & Heuristics: Authority bias, Power of now

Recommendation: Editor selection, evergreen, sales events.
Also consider: Video reviews from influencers and experts.

Top 3 Content Influences:
90% Insta stories/posts,
88% video reviews,
87% shoppable videos

Meal Plans / Delivery

28%

are **browsing & exploring**

12%

spontaneous shoppers

Most powerful Bias & Heuristics: Social proof, Power of now, Simplicity bias

Top 3 Content Influences:
92% content shared on messaging apps, **89%** insta stories/posts, **83%** edms

Recommendation: On sale round up, evergreen, product reviews.
Also consider: Use of messaging apps, content via edm's.

the growth d_stillery

To learn more, contact a News Corp Representative Today

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