Exploring Impulsivity and Online Shopping

New research taps into the mindsets of online grocery shoppers and uncovers many of the triggers that drive their impulse purchases.

Written by the Institute in collaboration with The Integer Group

EXECUTIVE SUMMARY

- The top three reasons for using an online grocery shopping/delivery service are “products delivered to my doorstep,” “ease of purchase” and “24/7 access.”
- The online space requires a completely different approach to triggering impulse buys because there’s a different kind of “impulse” at work.
- Shoppers typically do not consider their unplanned online purchasing to be “impulsive” to the same degree they do in brick-and-mortar stores.
- While grocery shopping online is largely about efficiency and convenience, objectives change depending on the context.
- While not mutually exclusive, two mindsets – “pragmatist” or “gamer” — often drive impulsive behavior.
- Certain types of triggers and influences (such as peer recommendations and reviews) result in more impulse purchases online.
INDUSTRY REPORT

It has been a difficult year for much of the retail industry. Many of the major chains have struggled to keep pace with an increasingly online-driven business, posting weak sales and losing customers in droves to Amazon.com. If there is a bright side, it is that the disappointing results may have provided the necessary kick in the pants for all marketers to finally embrace the future of e-commerce.

The growth in e-commerce is hardly new. In the U.S., online sales have grown in the (mid-teens) double digits annually since the Great Recession. During the next five years, U.S. online sales are expected to jump 53%, rising from $342 billion in 2015 to $523 billion by 2020, according to Internet Retailer. One of the fastest-growing segments is consumer packaged goods. Online grocery spending, for example, currently accounts for less than 5% of total online spending in the U.S., but that number is expected to increase to 11%-17% by 2023, according to the most recent projections from food retail consultant Brick Meets Click.

Up to this point, many traditional retailers and CPG marketers have lagged behind in e-commerce investment and lack a clear and consistent strategy for capitalizing on the growing shift toward online sales. But that is starting to change. Thanks to unrelenting competition from Amazon, retailers including Walmart and Target are expanding service and delivery options [dubbed “click and collect”], and are working with manufacturers to bolster their e-commerce websites and improve the online shopping experience.

One of the biggest challenges that brands and retailers face is how to create more impulse purchases online. “When you look to the online space, there aren’t the same types of communications or mechanisms like displays that a physical store uses to trigger an impulse buy,” says Craig Elston, executive vice president of insight and strategy at The Integer Group. “We know a lot about how impulsivity affects human behavior in a brick-and-mortar store. But trip volume is down overall in retail stores, and clearly the trend is with online shopping. That is why the question of whether or how impulse behavior translates to an online environment – particularly for less considered purchases like packaged goods – needed to be explored in much greater detail.”

A LAUNCHING POINT IN NEW RESEARCH
The Integer Group’s new study probes the concept of impulsivity through two sets of data: in-depth interviews with participants in a virtual shopalong exercise and a detailed survey of 1,000 online grocery shoppers. (For more on the methodology, see sidebar at right.) The results contain insights into the goals and motivations of online grocery shoppers and highlight the major drivers of impulse purchases online. According to Elston, CPG marketers may use the research as a launching point as they continue to build and grow their e-commerce operations. “By gaining a better understanding of the online shopping experience as it relates to specific categories and need-states, clients will be able to tailor their strategies and tactics to exceed the expectations of shoppers and snap more impulse purchases,” he says.

Marketers in categories that rely heavily on immediate-consumption purchases to drive sales growth need to know how impulsivity can be fostered online.

“It is a topic that we discuss almost every day,” says Esteban Gamboa, national sales director of e-commerce at Jack Link’s. “The clipstrip at a checkout counter is always going to drive the impulse nature of our business. At the same time, crafting a relevant ‘stock up and save’ message for the online shopper is going to drive expanded consumption and unplanned purchase behavior, which will deliver explosive growth in our category.”

Even marketers that thrive on traditional retail and planned purchase behavior see an opportunity to motivate more impulse buying online. MillerCoors, for example, views the e-commerce channel as a way to expand usage occasions in the overall food and beverage category.

“Food is ahead of beverages right now, but we see the shopper evolving to the point where e-commerce becomes a critical part of a convenience solution,” says Daniel Warhaftig, senior marketing manager for conve-

HOW WE GOT THERE
The Integer Group conducted its impulsivity study in two phases over a four-month period in 2015.

- **The first phase** included 15 one-on-one in-depth interviews and a virtual shopalong exercise with shoppers aged 18 to 34.
- **The second phase** employed a 30-question quantitative survey of 1,000 online shoppers. The survey included equal numbers of male and female in the age ranges of 18 to 34 (65%); 35 to 45 (24%); 46 to 55 (11%). Half of the respondents were shoppers of Amazon (Pantry, Fresh and Prime) and 50% shopped a mix of other major retailers.

The data was split between Heavy/Light users:

- **Heavy User:** At least 41%+ of groceries purchased online; spends on average more than $51 per trip; shops for groceries online at least once a month.
- **Light User:** At least 11-40% of groceries are purchased online; spends on average $50 or less per trip; shops for groceries online roughly once every two months.
nience channel solutions at MillerCoors. “The key for us is to tap into the shoppers needs for a specific occasion, whether it’s by offering a specific product or package size, or through a targeted message for that occasion. If we’re not already on their shopping list, then how do we increase basket size and get on the list?”

In the following sections, we examine five major conclusions of the study:

1. Shoppers do not recognize their unplanned purchases as impulsive when shopping online to the degree that they do in brick-and-mortar stores. There’s a different kind of “impulse” at work.
2. In general, the reasons for conducting grocery shopping online are consistent with what we know about overall online shopping behavior – i.e., they are largely about efficiency and convenience.
3. The needs and objectives of online grocery shoppers do change, however, depending on the shopping context. What may be considered a benefit to some (e.g. saving time) is perceived as a hindrance to others (a sea of endless options).
4. Certain types of triggers and influences are likely to result in more impulse purchases online. The effects of social proof, for example, can be seen in a widely positive response to peer recommendations and reviews.
5. Brands and retailers have yet to fully understand or embrace many of these triggers. There is an opportunity for marketers to create a better shopping experience that delivers the kind of serendipitous moments that customers expect.

A DIFFERENT KIND OF IMPULSE

One of the study’s most striking findings was an apparent disconnect among shoppers when it came to acknowledging their impulse purchases online. In the survey, respondents were far more likely to report making unplanned purchases in stores than while shopping online. (See chart below). During the virtual shopalong phase, however, the following sentiment was often repeated in one form or another: “I never impulsively buy things [online]. I always have a mental list, but sometimes I’ll get something that wasn’t planned because it was on special.”

On the surface, those comments contained an inherent contradiction – one that was clarified by comparing the two sets of data. “After repeatedly witnessing this disconnect in the video logs, it became clear that the statistical results were likely more reflective of a differing definition of ‘impulsive,’ or simply that having an impulse online doesn’t feel as impulsive to shoppers,”

Q: “On average, how often would you say you make an unexpected purchase in-store vs. online when shopping?”

Source: Integer’s Unplanned Purchases in Online Grocery Shopping Study
explains Ethan Decker, vice president of insight and strategy at The Integer Group. “For a variety of reasons, shoppers perceive unplanned purchases to be less impulsive and more thoughtful online.”

Part of the explanation has to do with the nature of the internet medium. The study participants often described having an emotional detachment from the product when shopping online, as well as associating the practice with a relaxed shopping environment. “To be able to sit on my couch in my pajamas and drink tea and get the items the next day is a luxury,” said one shopper. This mindset facilitates more thoughtful and intentional shopping, which can minimize the feeling of impulsivity. “The online environment is ripe for impulsivity. We can go through all kinds of interim steps that allow us to rationalize our purchase behavior,” observes Elston.

For example, 56% of online shoppers do an inventory check before completing their purchases and 31% add items to their cart with the intent of purchasing them at a later time. Furthermore, shoppers often expect to encounter serendipitous moments online. One-third of respondents said they wanted curated content and nearly as many (31%) sought inspiration when shopping online.

All of which leads online shoppers to experience less of the guilt or buyer’s remorse that often accompanies an impulse purchase in a retail store. This conclusion was supported by data that revealed online shopping to be an overwhelmingly positive experience. When participants were asked to describe how they typically feel when shopping online, the top five responses were “happy” (45%), “excited” (22%), “focused” (22%), “smart” (18%), and “competent” (17%).

THE IMPORTANCE OF CONTEXT
Context is a critical driver of online shopping behavior, including the decision to make impulse purchases. In general, online grocery shoppers are motivated by many of the same factors that attract all shoppers to

Q: “The last few times I purchased something online that I hadn’t planned to, it was because…”

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<th>Reason</th>
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<td>... an item was recommended based on previous purchases.</td>
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<td>... I realized I am running out of something.</td>
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<td>... I just liked it and had to have it.</td>
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<td>... I noticed something on sale.</td>
<td>29%</td>
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<tr>
<td>... I needed additional things for free shipping.</td>
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Source: Integer’s Unplanned Purchases in Online Grocery Shopping Study
ONLINE GROCERY GOES MAINSTREAM

For years, marketers held onto the belief that online grocery was primarily a niche business. But that case is becoming increasingly difficult to make.

In a recent report on Amazon.com, Morgan Stanley pointed out that while just 12% of U.S. consumers today purchase fresh groceries and 18% buy packaged grocery products online, penetration rates in those same categories were quadrupling and doubling, respectively. The percentage of U.S. households who reported buying groceries online in the past 30 days nearly doubled from 11% in 2013 to 21% at the end of 2015, according to a March 2016 report from Brick Meets Click.

So why haven’t more marketers jumped on board? “For a long time, those dark early days and the spectacular crash and burn of Webvan tainted online grocery as a low-margin, high-risk business,” says Brick Meets Click’s chief architect Bill Bishop. “The world really changed in 2015. People saw Amazon aggressively expanding its [grocery-related] programs; plus you had Instacart, supermarket chains like Harris Teeter and ShopRite, and regional service providers like Peapod and FreshDirect all having some success. Now, it seems everyone is looking at online grocery as a growth vehicle.

Still, that growth is accelerating much quicker than most CPG marketers had anticipated, says retail food industry consultant Michael Sansolo. “There’s a lot of catching up to do,” he says. “Online grocery isn’t just an evolution. It’s a revolutionary leap in the way people shop, and the good companies are going to figure out ways to adapt to the behavior and succeed.”

Shoppers are not only using online grocery services more often but are spending more during each trip. According to the March Brick Meets Click study of 12,000 U.S. consumers, one in five shoppers has used online grocery/delivery service in the past 90 days; those “active” shoppers spend 64% of their overall grocery bill online during weeks that include a major online grocery trip. Per the Morgan Stanley report, 17% of online grocery customers intend to raise their spending levels over the next 12 months, compared to 13% in the fourth quarter of fiscal year 2015.

These trends align with observations from experts in the field. “Within the universe of retailers we work with, we’re seeing shoppers doing more big stock-up trips of $150 total and 50 or more items in the cart,” says Michelle Cote, vice president of data & insights at MyWebGrocer. “This is different [from behavior on] the pure plays like Amazon, where you might buy a couple products and a movie. Our clients’ customers conduct fairly planned trips and build baskets over multiple sessions. The basket is heavy on replenishment items but it’s also fairly comprehensive in terms of product categories across the board.”

the internet – namely convenience. When the survey participants were asked to cite their main reason for using an online grocery shopping/delivery service, the top three responses were “products delivered to my doorstep” (41%), “ease of purchase” (39%) and “24/7 access” (34%). Not far behind were “receiving free delivery” (29%), “finding a better value/bargain” (22%) and “don’t like waiting in lines” (21%).

Depending on the individual circumstances, however, these benefits may be seen in a different light. For example, some participants found online shopping to be a time-saver because they could quickly find the things they want; for others, the experience was the exact opposite. “For those shoppers, one click turns into five, and [soon] they’re buying a pet house for a dog they don’t own,” notes Elston.

The attitudes of online shoppers also vary with product category. Based on the survey data, some categories were viewed practically (“I get the things I need as quickly as possible”), while others were more exploratory (“I treat shopping like a game and see how much I can save”). The exploratory categories included many stock-up and pricer items in household (86%), beauty (63%), breakfast (56%) and baby (29%). In the speed-matters camp were largely perishables – dairy (46%), deli (43%) and produce (37%) – along with personal care (58%).

These two mindsets – “pragmatist” or “gamer” – are not mutually exclusive. For example, an online shopper...
may have a pragmatic approach when it comes to buying household staples due to the sheer size of the items and her capacity to carry those products, but that same person could also constantly seek out the best deals when it comes to certain weekly stock-up items such as pasta and sauce. “We see a similar behavior unfold in traditional retail: The way someone shops for milk is not the same way they’ll shop for pantry items or personal hygiene,” notes Elston. “The context surrounding the trip type drives the mindset.”

Marketers may provide stimuli that will drive impulsive behavior across both of these need-states, says Armand Parra, group director of insight and strategy at The Integer Group. “Based on what we heard in interviews, impulsive behavior was driven mostly by a communication or offer being contextually relevant on the site,” he says.

**ISOLATING THE TRIGGERS**

So how can marketers trigger an impulse purchase? To help isolate the tactics that work best, the survey participants were asked to shop a mock retailer website. Rather than shop in a predetermined way, such as by occasion or pack size, site users were instinctively drawn to items that were highlighted in stars, circles or banners. One popular banner advertised free delivery with the purchase of two select items. Other notable hot spots included callouts for “top seller” (59%) and “special value” (44%).

Social proof is highly influential in an online environment. Consider, for example, that 38% of survey respondents said they made online purchases based on like-minded recommendations. “Shoppers trust the collective wisdom of other people. It helps to instill confidence and reduce the buyer’s remorse associated with the purchase,” says Parra. “Brands and retailers need to leverage social proof as much as possible through reviews, ratings and staff picks because they’ve become a sacred confidence booster in the mind of the shopper.”

Marketers could do so by borrowing common merchandising tactics from the physical store, he notes. “It would be relatively easy for the online marketer to replicate the idea of featured items or ‘daily picks’ at a deli or cheese counter. That would have a very powerful communal effect.”

Setting the stage for impulse buying goes beyond any single message or offer, adds Elston. “This is not a static endeavor; marketers have to keep the conversation going,” he says. “You want to give customers a reason to follow up or write a review. The way to do that is to surprise and delight the shopper.”

When asked to rank the most appealing offers from an online retailer or delivery service, survey respondents overwhelmingly selected free samples (47%) as their No. 1 choice. As one shopper put it: “Thrive does this really cool thing where they’ll actually send you a sample in your box of new interesting items to try – it’s such a nice treat!” Other popular incentives included providing a recommended list of items that would help reach the free shipping minimum (16%) and offering personalized deals and recommendations through e-mail (14%).

**Q: “Thinking about the last several times you purchased groceries online, what tools did you use to prepare for the shopping trip?”**

![Chart showing the percentage of survey respondents using various tools to prepare for grocery shopping trips.](chart)

*Source: Integer’s Unplanned Purchases in Online Grocery Shopping Study*

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Armand Parra, group director of insight and strategy, The Integer Group
PUTTING IT ALL TOGETHER

In terms of satisfying basic needs and objectives, shopping online is not much different than shopping at a store: There is a constant push/pull of needs versus wants. This is particularly evident from the multitude of reasons that respondents cited for making an impulse purchase online, such as “realized I am about to run out of something” and “just liked it and had to have it” (both 29%). (For the full list, see chart on page 4.)

However, the online environment does create a unique set of shopping challenges. Obviously, shoppers can’t touch the products or immediately consume them. But while some aspects of impulse buying online don’t fully translate from a brick-and-mortar experience, “some elements do cross over and are universal, such as the need to surprise and delight customers,” says Elston.

For marketers, the study’s conclusions contain implications for both short-term and long-term activation. In the short term, brands and retailers should seek to leverage proven tactics such as personalized offers and...
product recommendations. In the long term, they should create an ongoing digital conversation that builds loyalty by tapping into the internet user’s natural sense of community.

“I see a new wave of impulse buying coming as brands and retailers have more frequent conversations with customers,” says Brad Robertson, senior vice president of marketing services at MyWebGrocer. “For CPG companies, online shopping is the perfect place for occasion-based marketing. It could be a Thursday night football game where you stoke the desire to bundle chips and salsa with beverages. Add into that a pickup/delivery offer and you create a suggested moment that’s not a planned event.”

The more time and thought that consumers put into shopping online, the more opportunities marketers have to generate an impulse buy, adds Michelle Cote, vice president of data & insights at MyWebGrocer. “Ultimately, multichannel shopping is about ease and convenience,” she says. “But with the right inspiration, there are many opportunities to motivate shoppers to try something new or to add a complementary product into their basket.”

If there is one overarching takeaway from the study, it’s that the online environment is an ideal breeding ground for impulsivity. “Online shoppers have an inherent desire to act impulsively. They are telling us: Give me a reason to buy things I hadn’t thought of before,” says Elston. “We’ve seen this before in other e-commerce channels as consumers became more accustomed to shopping online. If people can get excited and make impulse purchases when shopping for cosmetics at Sephora, why can’t they have the same feeling or experience in shopping for groceries at Safeway.com?”

by Michael Applebaum

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**About The Integer Group**
The Integer Group is one of the world’s largest promotional, retail, and shopper marketing agencies, and a key member of Omnicom Group Inc. Integer lives at the Intersection of Branding and Selling®, driving transaction and creating seamless brand experiences for shoppers. Integer works with a broad set of clients across several categories including retail, beverage, consumer packaged goods, telecommunications, home and shelter, automotive aftermarket, and power sports. Integer has approximately 1,200 employees across the globe, including locations in Africa, Asia, Australia, Europe, the Middle East, North and South America. Join the conversation on shopping culture and brand strategy at www.shopperculture.com.

**The Path to Purchase Institute** is a global association serving the needs of brands, retailers, agencies and the entire ecosystem of solution providers along the path to purchase. The Institute focuses on the forward-looking challenges and issues confronting our members and the shopper marketing industry at large. We facilitate industry interaction and foster best practices and a deeper understanding of all marketing efforts and touchpoints that influence and culminate in purchase decisions in-store, online or anywhere along the path to purchase.