Based on a survey of more than 2,000 U.S. consumers, the 2015 Next Generation of Commerce Study from Accenture Interactive, examines expectations for brand engagement in a changing commerce landscape, including preferences for branded content, the purchasing process and delivery.

Table of Contents

Executive Summary......................................................................................................................3
How Do Consumers Want To Connect With Brands Across Platforms?.................................4
Mobile, Geolocation & Socially-Enabled Brand Engagement....................................................12
The Rise Of Instantaneous, Transparent Delivery........................................................................16
Conclusions And Recommendations ......................................................................................19
Methodology................................................................................................................................20
Executive Summary

Innovations across the media, social and fulfillment landscapes have allowed consumers of all ages to step into a new generation of commerce – one that prioritizes convenience, where time and quality of experience are highly valued and the shopping experience extends far beyond the traditional path to purchase.

Consumers have higher expectations than ever before. Retailers must make research intuitive and delivery instantaneous. Brands must craft a consistent and creative digital narrative. Startups and established businesses alike must improve and innovate upon services from driving to home improvement.

A large part of this shift has to do with the rise of the Millennial and Generation Z consumer—many of the platforms these 18-30 year-olds grew up on are spearheading trends in social commerce, mobile payments and the sharing economy. Already, companies have adapted and found ways to fluidly weave their content and offerings into these spaces to appeal to these younger generations.

• What are the implications of crowdsourcing platforms, such as Postmates and Taskrabbit, for creating a society that enables instant wish-fulfillment, and what can brands learn from this trend?

• To what extent are consumers looking to gain visibility into the supply/demand formula? How important is “real-time” interaction with brands for delivery?

• What are the most impactful channels and moments for editorial brand content?

• How can brands accurately tell their story in a way that is engaging to consumers, and what factors come into consideration for emotional influence in a purchase decision?

• Which physical spaces and commodities are still left to be mined digitally, and how can brands build on existing technology and goods to produce better experiences?

This report addresses these questions head on by unpacking how consumers prefer to interact with brands. It also identifies what’s missing from the customer experience and what consumers expect from the future. The next generation of commerce will be more than the sum of its parts, and marketers need to keep a holistic strategy in mind that takes into account the full consumer experience and how consumers want to see branded content, engage with and even purchase and receive products from brands.

Accenture Interactive surveyed more than 2,000 U.S. consumers on their habits and preferences surrounding digital engagement, shopping, and services in order to break down consumer expectations for brands in 2015 and beyond. Based on the data, this white paper provides an in-depth look into consumer behavior across several categories in the path to purchase and delivery.

*Note: numbers may not add up to exactly 100% due to rounding.
How Do Consumers Want to Connect with Brands across Platforms?

More branding, fewer commercials

The content distribution landscape is evolving so rapidly that what is cutting-edge today could be defined as “traditional” by next year. Since the early days of television, people have expected their programming to be delivered in segments that were periodically interrupted by chunks of corporate messaging. However, the prevailing video content model is currently undergoing a striking transformation.

As the Internet has paved the way for new low-friction publishing strategies, media consumers have adjusted their expectations for how corporate messaging can be delivered—less invasively, even working it to their advantage. The truth is that (as our DVR usage patterns show) the average consumer tends to skip commercials when they can. However, that doesn’t mean consumers are opposed entirely—59 percent of consumers surveyed said they would be more likely to watch an online streaming TV series produced by a brand such as Red Bull, rather than the same content made by a traditional media company, if it meant they didn’t have to watch commercials.

Opportunities for brands lie in new avenues of media to connect, but brands need to be careful about hitting consumers too hard with messaging. Sixty percent of respondents say they see too much sponsored content and other forms of advertisements from brands, so it’s crucial that brands focus on quality when delivering sponsored content to avoid contributing to that perception. Native advertising, which is branded content that blends into the platform in which it runs, plays a significant role in this shift.
Facebook Rivals the Authority of Print for the Next Generation of Consumers

While the use of newspapers and magazines as a primary physical medium of current events has been steadily declining, the respect that the public has for the traditional format remains high. Average rankings place Facebook the highest on the trust scale, followed by print newspapers, email and TV.

On which of the following channels would you most trust content created by a brand or a company? Please rank with 1 being most trusted.

Younger generations are more likely to trust social channels than their older counterparts. Twenty-nine percent of college-aged consumers (ages 18-22) and 32 percent of Millennials (ages 23-30) rank Facebook No. 1, while only 16 percent of Baby Boomers (ages 52-68) do the same. Older consumers are more likely to trust traditional media, such as print (27 percent) or online news (20 percent).
Overall, 23 percent of consumers say they are influenced by content in news outlets, such as print and online media, when it is written by a brand. Brands looking to target audiences across platforms will need to pay attention to where content is most trusted in order to reach their audience most effectively.

While social media is gaining ground, TV and print media advertising still own the market as key influencers that drive new customers.

"I have tried a new product or service as a result of a campaign or advertisement on the following channels."
Overall, older audiences are more likely to have tried a new product as a result of a brand’s sponsored ads or native advertising via traditional forms of media (like TV or newspapers), while younger generations are much more likely to have tried a product after seeing brand content on social or new media.
Brands Have New Opportunities to “Go Viral” with Younger Consumers

Brands should also consider where content is most likely to be shared. While younger generations are likely to view more social content across the board, they are not always more likely to share it (despite all generations saying they share approximately the same amount per week on social media). Reasons for this might include heightened sensitivities to their personal online identities and a greater exposure to social content.

Brands will always find it difficult to compete with young peoples’ friends and family members as they attempt to engage them with content. Sixty-three percent of college-aged consumers (ages 18-22) and 67 percent of Millennials (ages 23-30) would view a video shared on a family member’s or friend’s wall, whereas only 23 percent and 21 percent of those respective age groups would view a post by a favorite brand.
But one effective way to stack the deck in brands’ favor is to appeal to young consumers’ pocketbooks. When companies include a discount code in their social media posts, 57 percent of college-aged consumers say they would engage with the post and nearly half (49 percent) of Millennials would do so. Discount codes more than double a company’s chance to engage with its customers.

Younger consumers continue to express a hesitance to share content from brands on their networks. Only 12-13 percent of college-aged consumers and Millennials (ages 18–30) would share a post by a favorite brand, as opposed to 18 percent of Generation X (ages 31–50). The number of consumers ages 18–30 who would share a post by a favorite brand only ticks up to 19 percent when a discount code is included.
While consumers differ on what they'd share with their network, brands may have better opportunities with specific types of content. Nearly half of consumers are most likely to share a funny video with their networks (48 percent). Comparatively, consumers are least likely to share a link to a product they just purchased and are excited about, at only 3 percent.

**How likely are you to share the following types of content with your network? Please rank in order from most likely to share with 1 being most likely.**

<table>
<thead>
<tr>
<th>Type of Content</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>A FUNNY VIDEO</td>
<td>2.3</td>
</tr>
<tr>
<td>A VIDEO THAT SPREADS AWARENESS FOR A CAUSE</td>
<td>2.5</td>
</tr>
<tr>
<td>AN ARTICLE REVEALING NEW FINDINGS IN AN INDUSTRY YOU'RE INTERESTED IN</td>
<td>3.3</td>
</tr>
<tr>
<td>A VIDEO THAT EVOKES POSITIVE EMOTIONS</td>
<td>3.5</td>
</tr>
<tr>
<td>A COUPON CODE FOR A PRODUCT OR SERVICE FROM A FAVORITE BRAND</td>
<td>5.1</td>
</tr>
<tr>
<td>A VIDEO THAT EVOKES NEGATIVE EMOTIONS</td>
<td>5.6</td>
</tr>
<tr>
<td>A LINK TO A PRODUCT YOU ARE EXCITED TO HAVE JUST PURCHASED</td>
<td>5.7</td>
</tr>
</tbody>
</table>
Social Amplification Depends on Loyalty

Sharing content on social networks can build customer loyalty for brands, but the loyalty that consumers already feel for those brands also shapes how brand content is shared. When deciding to share content such as a blog post, video or link with their social network, 63 percent of consumers say that it matters to them which brand or organization produced the content. The top reasons the brand or organization producing the content mattered to those consumers included:

- “I would be more likely to share a video for a brand I’m loyal to” (48 percent)
- “I would be less likely to share a video for a brand I’ve had a bad experience with in the past” (45 percent)
- “I would be less likely to share a video for a brand I’m unaware of” (30 percent)

Brands should beware of over-sharing, however. Sixty percent of consumers say they see too many sponsored ads.
Mobile, Geolocation & Socially-Enabled Brand Engagement

The Impact on Loyalty

While the relationship between products and emotional connections form the bedrock of customer loyalty, consumers are also sensitive to security and value. Twenty percent of consumers across generations said they'd choose a new retailer for day-to-day items if the company offered enhanced security measures, such as fingerprint or other biometric sensors for mobile shopping. This desire for secure transactions is even greater for older generations.

If a retailer were to offer discounts for social media engagement ("social currency"), 18 percent of consumers say they would be open to making a switch from their current retailer. Younger consumers are even more likely to change brands for social currency: 28 percent of those 18-22 and 32 percent of those 23-30 would switch for social currency. Nine percent of consumers said they would switch to a retailer that offered in-store mobile payments, compared to 17 percent of college-aged consumers.
Forty percent of consumers were willing to shift their loyalties for at least one reason.

Among these include:

- The retailer offers social engagement as a form of currency redeemable for discounts or coupons – 18 percent
- The retailer accepts Google Wallet or other forms of mobile payment in-store – 9 percent
- The retailer accepts bitcoin or other digital currencies – 3 percent
- The retailer offers enhanced payment security measures such as a finger print or other biometric sensors for mobile shopping – 21 percent
Geolocation Presents Opportunities With the Next Generation of Smartphone Owners

Overall, 58 percent of consumers allow mobile devices to use their location, with 45 percent allowing only some applications to use their location and 13 percent allowing all applications.

Do you currently allow applications on your smartphone or mobile device to access your location?

Of the people who only enable geolocation access for certain apps, they tend to do so for apps that fall into the following categories:

1. Maps (95 percent)
2. Social media (38 percent)
3. Travel & transportation (20 percent)
4. News/editorial applications (16 percent)
5. Food brands (like Coca-Cola) and food retailers (like Starbucks) (15 percent)

On average, younger consumers are more likely to share data with food brands and retailers, and food service third parties like GrubHub. Older consumers are more likely to share data with household goods companies and news and editorial outlets.
Apparel Retailers Still Have Room for Growth

Consumers are more than three times as likely to allow food brands and retailers to use their location (15 percent) as they are to allow clothing and apparel brands to do the same (4 percent). With 12 percent of consumers already open to engagement with brands via wearable devices, such as a smartwatch, retailers could use new devices and technologies to bridge the gap and drive additional engagement, especially when presenting rewards for consumers.

For retailers looking to target shoppers through geolocation, the key to success will be demonstrating to consumers the value of sharing their location.

- 29 percent of consumers say they would be open to sharing data with brands if it’s used to suggest the best stores to shop their products.
- 25 percent of consumers would be open to sharing location information with brands if it’s used in conjunction with third-party applications to deliver goods directly to them.
- Younger consumers age 18-22 are more open to geolocation (36 percent) than consumers over 60 (24 percent).
The Rise of Instantaneous, Transparent Delivery

Filling the Gap in Consumer Demands

Customers like to see what they get—and get it quickly.

As shown by the chart below, consumers are turning more to third-party delivery, rather than going directly through a brand or retailer.

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Delivery from a retailer or grocery store</td>
<td>63%</td>
</tr>
<tr>
<td>Standard Delivery from a third party service</td>
<td>73%</td>
</tr>
<tr>
<td>Expedited Delivery from a third party service</td>
<td>46%</td>
</tr>
<tr>
<td>Order Online, In-store Pick up from a brick-and-mortar</td>
<td>51%</td>
</tr>
</tbody>
</table>

This is due to two key features: speed and transparency. Sixty-six percent of consumers say they’re more likely to order from a company offering faster delivery, while 87 percent of consumers prefer ordering from a company offering delivery transparency.

Increased delivery transparency and faster shipping speeds could help retailers and brands gain new customers and boost loyalty: 64 percent of consumers said they would pay a premium for faster delivery, with 39 percent saying they’d pay more for same-day delivery (the most popular option). Findings indicate that tapping into third-party partnerships to facilitate both of these elements may be a winning strategy.

Seventy-five percent of consumers are open to receiving deliveries from third parties, rather than ordering their products directly from a retailer. However, adoption is just beginning, with 12 percent using services such as Postmates to receive an item from a company that doesn’t ordinarily offer delivery, leaving room for brands to capture a large chunk of the market if they can achieve an effective partnership strategy.

When it comes to faster delivery, retailers can also take a stab at using auto-refill services to get goods to consumers on time. Consumers are open to auto refill services – 20 percent are already using them, with the most common products including food and groceries, pet supplies and books.
Who Gets the Blame For a Late Package?

However, retailers need to tread carefully when emphasizing their delivery strategies, as a delivery faux pas can impact the bottom line. Sixty-nine percent of consumers say they have ordered a product online that did not arrive on time, and of those 63 percent said it influenced their future shopping with that company in some way.

This risk is compounded by how little agreement there is among consumers regarding whose fault it is when a product fails to arrive on schedule: 52 percent blame the brand or retailer the product is ordered from, while 48 percent blame the shipping company.
Opportunities to Win by Ensuring Follow-Through

In an increasingly on-demand commerce space, where online retailers and subscription services have established a new normal in which packages arrive exactly when customers look for them to, the onus is now on brick-and-mortar retailers to not only maintain but also exceed these expectations.

Advertising expedited delivery times or free shipping is a great way to entice new customers, but without a clear-cut plan to grow from there, retailers risk a competitor out-delivering on transparency, convenience or immediacy. As the sharing economy and crowdsourced businesses take off, businesses that recognize where a partnership fits into their overall brand strategy can benefit by expanding their offerings and helping consumers get the products they want, exactly when they need them.
Conclusions and Recommendations

As the next generation of consumers become this generation’s primary purchasing audience, brands will need to demonstrate engagement strategies that align with expectations in a fast-paced, online world that still has a personal touch. Partnerships with third parties and new technologies will help allow brands a renewed focus on consumer engagement strategies that encompass both native advertising and social strategies and tie together expectations for fast and consistent delivery.

Untapped opportunities remain for retailers in emerging technologies and partnerships to enhance today’s strategy. Companies able to tie the two together for consumers in a lifestyle experience will find longer-term gains in loyalty and trust. At the core of these challenges are online experiences consumers can count on to be convenient, consistent and easy-to-use.
The 2015 Next Generation Study Methodology

Accenture Interactive surveyed more than 2,000 U.S. consumers on their habits and preferences surrounding digital engagement, shopping and services in order to break down consumer expectations for brands in 2015 and beyond. Based on the data, this white paper provides an in-depth look into consumer behavior across several categories in the path to purchase and delivery.

The study surveyed 2,035 consumers across the United States. The survey analyzed buyer preferences and perceptions of branded content and the purchase process across channels. Respondents were further broken down based on demographic qualifiers, including age and gender.

About Accenture Interactive

Accenture Interactive helps the world’s leading brands delight their customers and drive superior marketing performance across the full multichannel customer experience. As part of Accenture Digital, Accenture Interactive works with over 23,000 Accenture professionals dedicated to serving marketing and digital clients to offer integrated, industrialized and industry-driven digital transformation and marketing services. Follow @AccentureSocial or visit accenture.com/interactive.

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