

Future of Shopping

KEY RETAIL TRENDS BY ECOMMERCE EXPERTS



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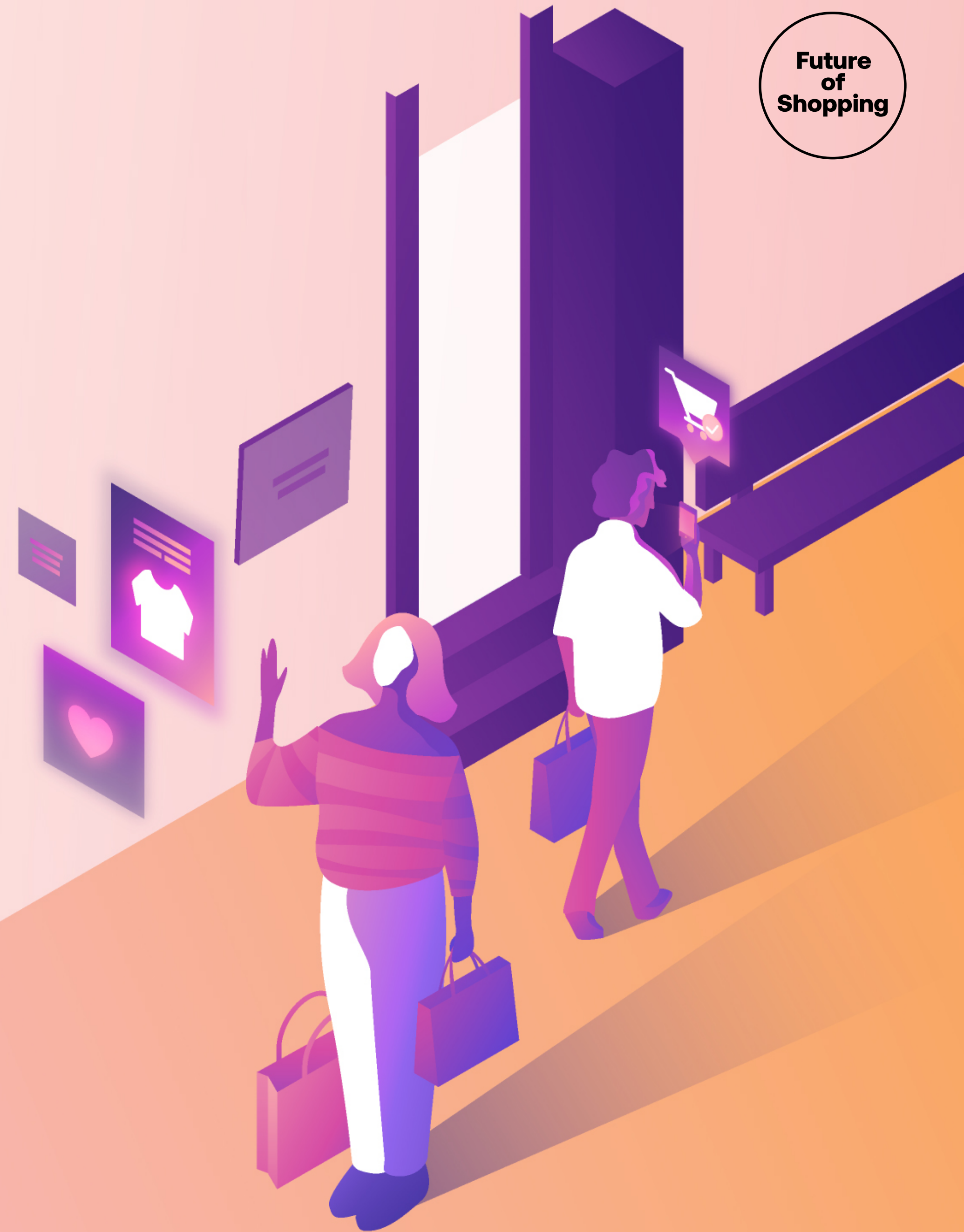
Introduction

Despite current global events, the ***Future of Shopping*** is brimming with hope and opportunity - even as monumental change awaits the commerce landscape and shift between online and offline retail.

Retailers must adapt to the transformative developments in customer expectations and advances in technology if they hope to continue to thrive in this fast-moving environment.

This trend book and the accompanying webinar series will delve into **six trends driving the future of retail**, specifically in the ecommerce industry, and how retailers can leverage these to steer their businesses and remain competitive.

Future
of
Shopping



2.

Intersection where Human Meets Technology



Leveraging Data for Unique Customer Experiences

The past years have shown a growing reliance on technology that will expand into the future. The intersection points at which human needs and wants meet with technology shape a few of the key trends we will continue to witness in ecommerce.

For a full picture of the customer, retailers need to look beyond transactional data.

One of the main trends that remains sustainable is: **Data is King.**

Most retailers are aware of the power of data, but especially in ecommerce, **the current problem with data is that often only transactional data is used, which makes up less than 2% of the signals buyers send.** Merchants with a customer-centric strategy leverage the additional behavioral data **(98.4%)** to offer truly unique shopping experiences.

This is why artificial intelligence engines and machine learning are becoming an even more powerful force in ecommerce. With these tools, successful merchants use data in real time to personalize their customer experiences, create segments and analyze life cycles. It's simple, fast, and gives retailers the power to speak to their customers in ways that increase conversion, average order values, and create customer loyalty.

Long live the King!

Data's reign as king has been long and prosperous, but data without validation is not enough to settle for.

Every decision about customer experiences matters, which is also why Amazon has been so successful in the last few years. Avant-garde retailers use Artificial Intelligence platforms to test everything from homepage visuals and messaging, to product recommendations and merchandising rules, to message delivery timing and style.

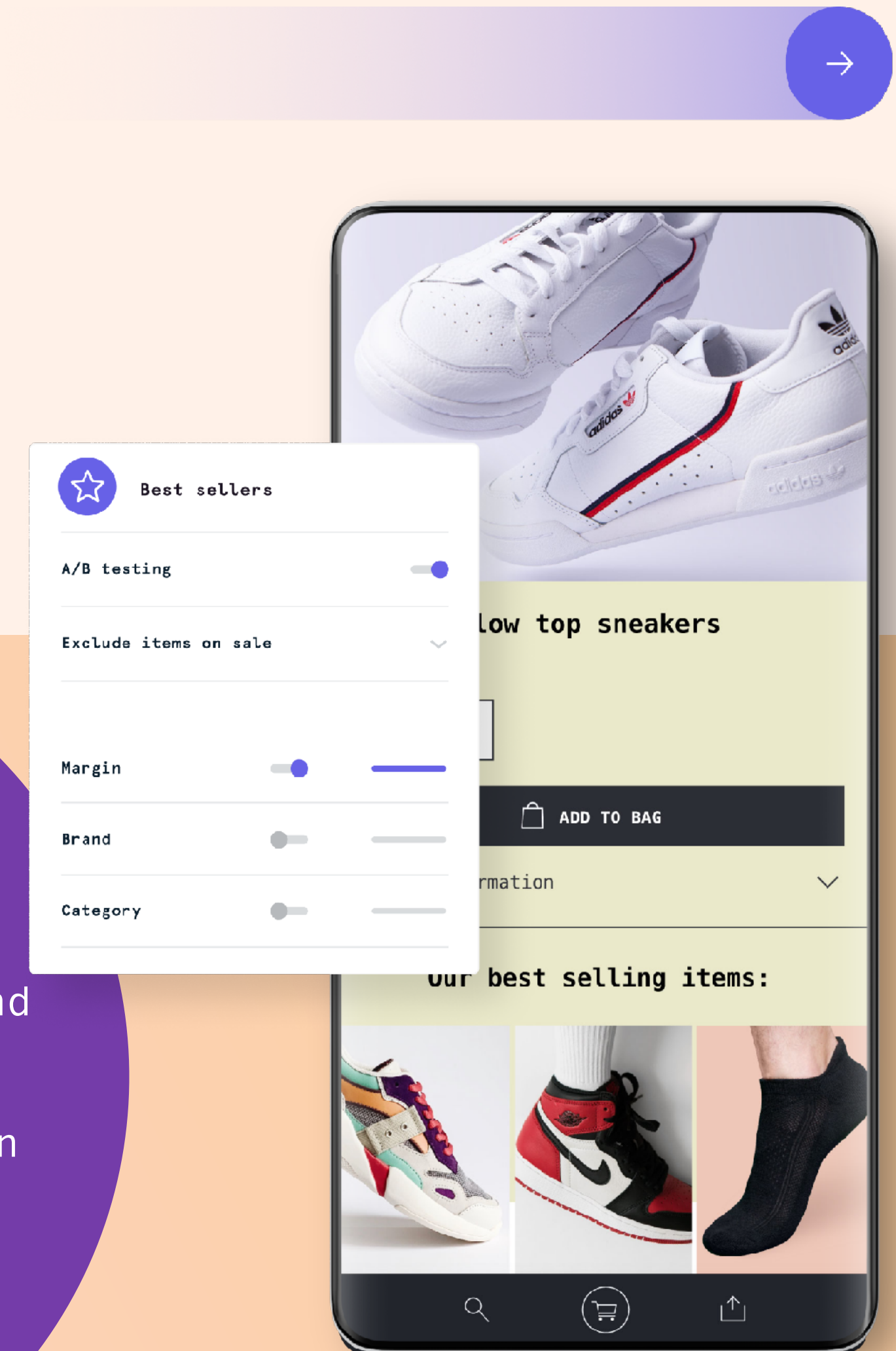
Through A/B/n testing, modern merchants receive meaningful insights not just into what the overall winning and losing variants of the test were, but also into specific segments and how they respond to changes.

For example, an onsite test may be inconclusive or may negate your hypothesis; but it's possible that on a more granular level, a specific segment responded strongly one way or another or perhaps a certain product sold much better with the change.

If only they had looked at the data...

Blockbuster ignored the market's digitalization trend and was eradicated.

Snapchat's radical change in user interface did not resonate with its users, driving them toward the brand's competitors.



Merchandising: More than just Mannequins

Another intersection point between human and technology relates to the concepts of personalization and merchandising and how they relate to one another.

Let's start with a definition of each:

- Personalization has entirely to do with tailoring the experience to the interests, affinities, and needs of the customer. It is not directly about the business's desires.
- Merchandising, on the other hand, is the practice of aligning product promotion, product placement, etc. to business goals and KPIs.

One of the main trends that merchants can harness is the ability to optimize both merchandising and personalization in such a way that customers receive personalized experiences that also help the business to meet its goals.

Every supermarket and store does merchandising because its effectiveness is so widely understood (e. g. placing products with the highest margin at eye level). This same concept that is applied in physical stores of highlighting the most profitable products is equally effective online, but unfortunately many e-retailers neglect the important concept of merchandising or attempt to do it with only a gut feeling, rather than relying on data-driven results.

When done properly, with data at the foundation of merchandising decisions, it results in a 28% increase in average order value, 35% increase in revenue through sales of high margin products, and an 8x increase in inventory order efficiency.

Did you know?

Merchandising got its start in the 19th century with the first brick and mortar stores, when stores began strategizing about window placements, displaying newest fashions on mannequins, etc. In the 20th century, merchandising continued to progress.



3.

Guiding Customers with Content Experiences



Incontrovertible Trend: Digitalization

One trend is without doubt: the future is digital.

Over the last decade, both shoppers and retailers have migrated online. Even before current events, such as COVID-19, pushed millions of reluctant internet shoppers online, experts expected for e-shopping to take an ever more prevalent role in the consumer economy as generations who grew up online reach the age where they begin making a greater proportion of purchases.

How do online
retailers win
customer loyalty
for their brand?
Through
experience-driven
commerce.

But this migration into the vast ecommerce landscape also poses a challenge for online retailers; namely, how do they differentiate themselves from their competitors and win customer loyalty for their brand?

In brick-and-mortar stores, it was already difficult enough to gain loyal customers; however, physical stores have a distinct advantage when it comes to winning over customers. From being able to directly offer first-class customer service to decorating the store interior to match their values and image they wish to project, local stores have a multitude of ways to more easily build personal connections with shoppers than online shops.

Online retailers, however, can overcome the anonymity that comes with competing in an online environment against a seemingly endless number of web stores fighting for the same customers: the solution lies in **experience-driven commerce**. Using content that reflects both the brand's values and the customer's interests, retailers can engage customers in a personal way that builds brand awareness and loyalty.

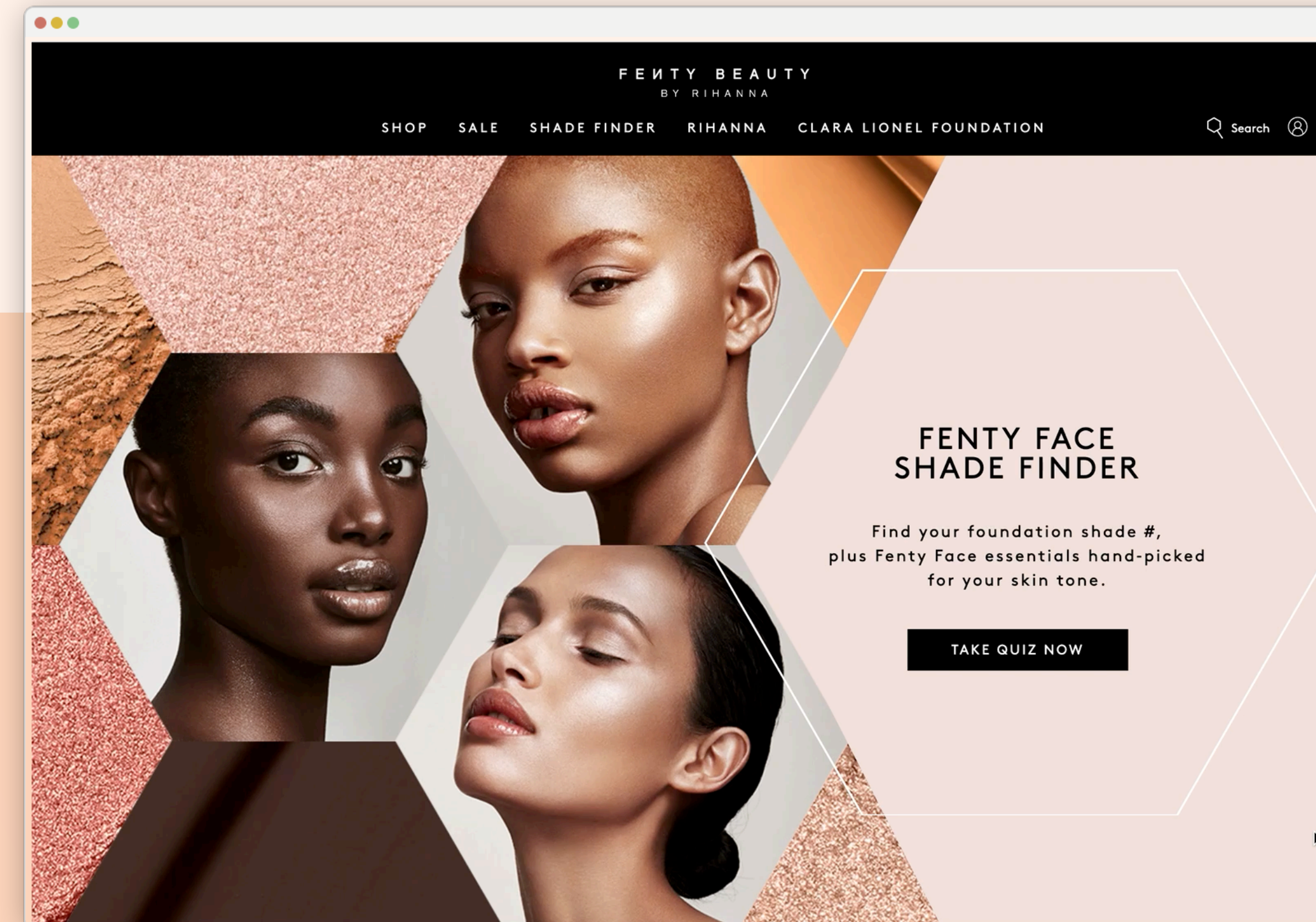
Guiding Customers with Content

It is important to utilize high quality content at **each stage of the content experience funnel**, catering to the shopper's unique needs at this point in their customer journey.

At the first stage of awareness, it is vital that your advertising and social media content be engaging and that they lead to bespoke landing pages full of shoppable content.

The goal at this stage is to first introduce your brand in such a way that shoppers can't resist the urge to find out more about you. A common mistake retailers make is using fantastic online advertising, but having these ads lead to boring category pages, which ruin the customer's shopping experience.

Once shoppers are safely on your website and in the **consideration stage of the funnel**, it is critical to **leverage multimedia content**. Multimedia content can be especially useful in guiding customers through large product categories that are more complex or expensive. It reduces the need to scroll through pages to find what one is looking for and can be used to provide the sort of instructive advice one would receive from a helpful salesperson in a physical store, but in a fun and interactive way.



A Decisive Factor: Content is Key

The next stage in the funnel is the decision stage. At this point, the customer has found an item and is considering purchasing. It is absolutely essential that you give the customer every reason to buy it by providing the sort of content that convinces them of the purchase, using information to educate and UGC to show what makes your brand and products special. With the right tool, you can easily create and integrate new content into each of your product display pages.

The last stage of the customer experience funnel is loyalty. Of course, providing your customers with a first-class experience is a never ending process, but one incredibly effective way to build loyalty with your customers and to re-engage them is with a **proper, shoppable blog.**

A blog that reflects your branding and provides interesting information to customers can be utilized in an even more powerful way by also including shoppable content. Content can be used to present your brand as an expert in your field. Integrated shoppable content also builds personal connections to your brand and gets customers back into your shop, even if they didn't originally enter your blog with a purchase intent.

According to KPMG, 41% of consumers said they trust companies more if they educate them. Unique content not only helps sell your brand to customers, but it helps with search engine rankings.



4 .

Why the Future is Headless

The Future is Headless

The avant-garde of retailers today are already using a technology that in the future will become standard; namely, **a headless commerce and mobile-first approach.**

As flexibility and short time-to-market became top priorities and the focus shifted from a feature-driven to a service-driven digital architecture, “API economy” and the Cloud have gained immensely in importance.

The trend is clearly moving from all-in-one, full-stack platforms to a **modular proposition that brings with it a greater versatility and faster load times.**

The complexity of monolithic platforms and frameworks require far too much effort and expense to maintain, giving rise to the need for a solution.

The solution is a headless API, which gives companies greater scalability without the performance issues inherent to its monolithic counterparts.



Why the Future is Headless

Headless commerce, which is the separation of the UI (frontend) from the application logic (backend), is quickly proliferating due to its wide array of advantages. A headless commerce app is a set of backend services, such as CMS, order management, and stock management, with a single, lean frontend application, which integrates all the features and services into one coherent user interface.

Through a headless approach, retailers are able to reuse content independent of the channel, saving time.

With a headless approach, one can even scale the frontend and the backend separately, which is especially helpful when one wants to expand one's business quickly. Different teams can work on the front- and backends, allowing different skills and technology stacks to be utilized. An additional reason for why headless is the way of the future is that **you can decide what to update and what new modules to build whenever you want** and with a headless platform, **your webshop is always using the newest version.**

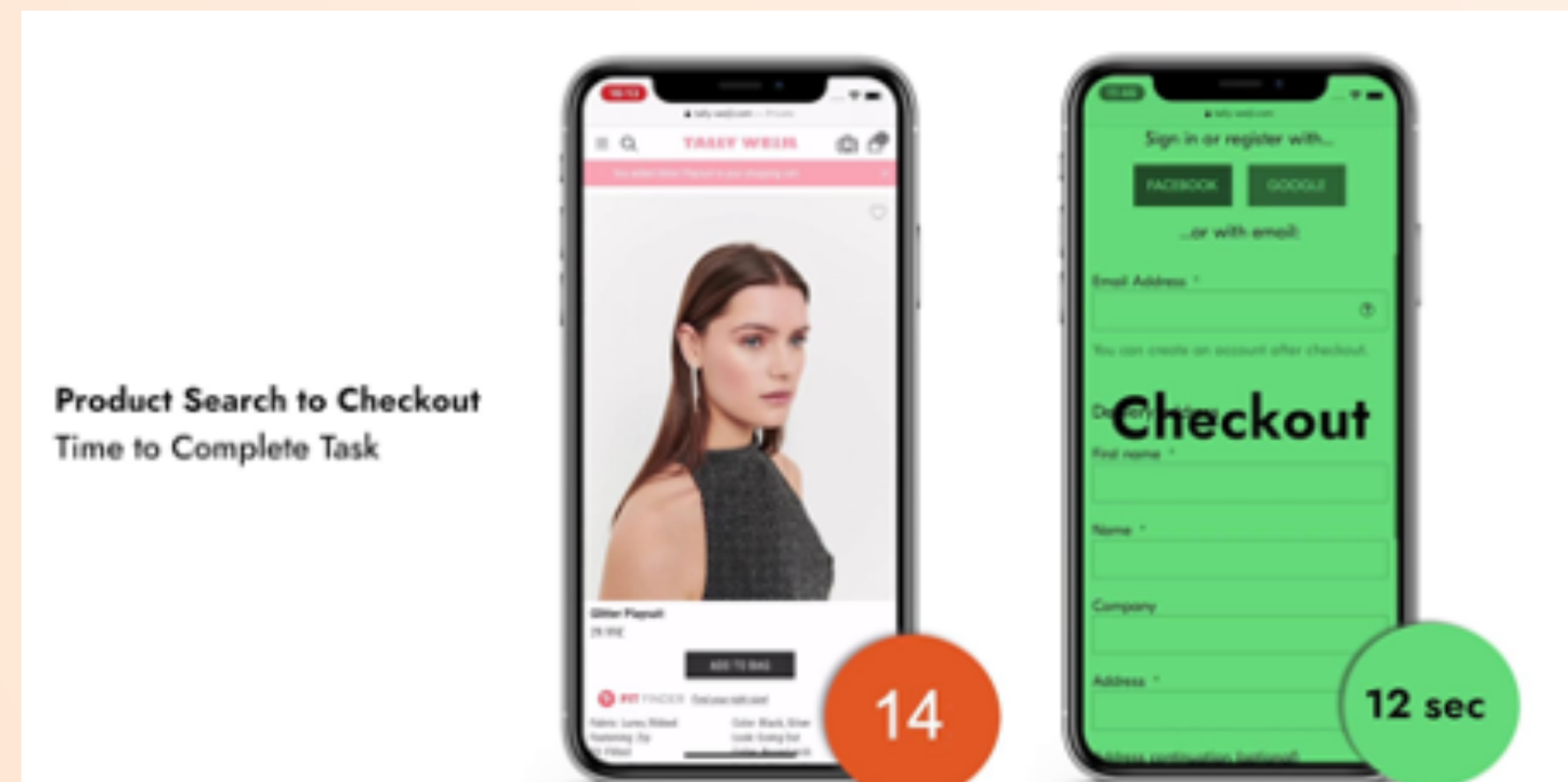
Upgrading for the Future

Of course, as with almost every technological change, with the gained advantages come also challenges.

Retailers who decide to use a headless approach need to have highly skilled UI experts, who will be responsible for building the interface. And because merchants with headless approaches maintain so much more independence and control over their website, they are also responsible for the hardware, meaning they may need to upgrade their hardware and do maintenance of the network.

Yet headless allows for more customization, flexibility and easy integrations with other tools.

The good news:
if you would like
to build a Headless
ecommerce system,
most of the
building blocks are
already out there.



5.

The Future of Secure Checkout

Optimizing the Checkout Experience

You've finally done it: you've gotten a shopper to add an item to his basket. But then, because of your checkout setup, they leave your site without having completed the purchase. The trend here? Adjusting to ever-changing consumer needs - especially regarding payment options.

Optimizing the checkout is crucial, especially given the difficulty and expense involved in attaining visitors to web shops. So let's discuss the four steps needed to optimize the payment process.

Seven out of ten consumers will even abandon their cart if they perceive the checkout experience as bad.

The first step in optimizing the checkout process is to ensure that the offered payment methods are localized and relevant to the customers, while also accounting for risk. **For example, when selling to customers in Brazil, many consumers do not even own a bank account.** Rather than missing out on this potential customer base, merchants can localize payment methods to what is often typical there—using a voucher system, in which they take the voucher to the bank and pay in cash.

In other countries, one might need to offer the ability to sell in more than one currency, in order to capture as many customers as possible. Because the globalized world is increasingly complex, it's also important to have a unified platform so that customer data can be compiled, risks mitigated, and so that payment opportunities are localized, minimizing the likelihood of a customer canceling his purchase.



Making it Fast and Safe

The next aspect the e-retailers of the future will implement is the optimization of the payment process to increase customer loyalty as well as the ease of purchasing. One simple way of accomplishing this is to tokenize customer data upon the first purchase, meaning that you save the payment information in a secure token, so that upon further visits, the customer is able to checkout without having to once again type in the cumbersome credit card information, but rather only the CVV number, password, or fingerprint.

On mobile devices, this can even mean the payment process takes just a face recognition scan or just one click, which increases conversion by making payment so fast and painless. You can also work with partners to gather data on customers' payment behavior, which can help you recognize high risk transactions and mitigate that risk.

This brings us to the another aspect of mastering the payment experience, which is namely risk management. Optimizing risk management can be a tricky task, because by ramping up risk-avoiding restrictions to avoid fraud, you also may inadvertently block legitimate purchases.

One solution to this is to implement **Strong Customer Authentication (SCA)**, of which there are a few different effective methods. Native authentication (3D Secure 2) occurs when the shopper stays in your webpage and authenticates himself there. Another option is to use Apple Pay as a SCA, because the payer has to provide either his face ID or his fingerprint.

Why is risk
management so
important?

A Juniper Research
study predicts that
in the next three
years retailers will
lose \$130 billion USD
through fraudulent
CNP transactions.

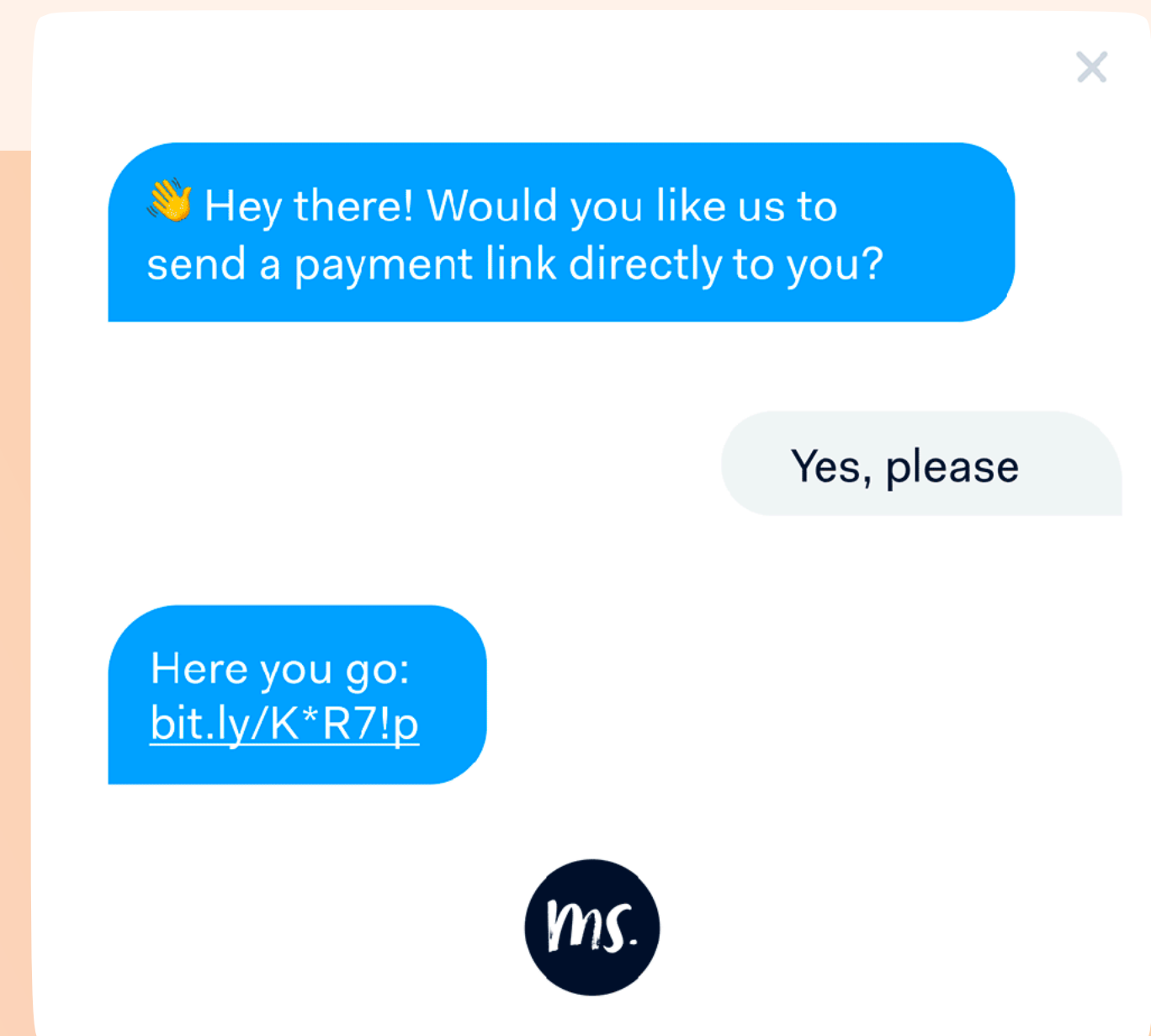


Risky Business

The next step in risk management is to utilize data in protecting your business.

Because fraudsters have limited resources (addresses, hardware, credit cards, etc.), linking data points in real time is an effective measure in reducing fraud. You can create shopper profiles using device tracking and data attribution. Using these shopper profiles, algorithms can flag risky transactions, shut down the fraudulent ones, and then provide a list of possibly fraudulent transactions for a set of human eyes to manually look over and either approve or deny.

One of the newest advancements in the payment process experience is the **invention of the secure payment link system**. The pay by link solution allows for great versatility in individualizing the payment process. With it, retailers can use links in emails to avoid abandoned baskets, use a single link to request charitable donations for a cause, or add payment links directly into invoices. Retailers can also use a QR code that guides real life customers directly to checkout. By simplifying the checkout process, you increase conversion.



6.

How Voice Search is Transforming Ecommerce

Finding the Future

To look at the trends in search, it's helpful to look back at the changes of the last decade.

In 2010, Eric Schmidt, the CEO of Google at the time, predicted correctly that search would move from being a primarily desktop activity to a mobile function. **By 2017, over half of search queries at Google were done on a mobile device.** This trend reflects the massive proliferation of smartphones as well as a great improvement in the mobile data service and phones' functionality.

In that same year, 2017, Google also announced a change in focus from mobile first to AI first. The CEO of Google stated that they intended to move from just organizing the world's information to machine learning. **This represented a more human-centric, rather than device-centric approach.**

Artificial intelligence is indeed necessary for voice search capabilities. Machine learning is behind the ability to comprehend natural language as well as produce it.

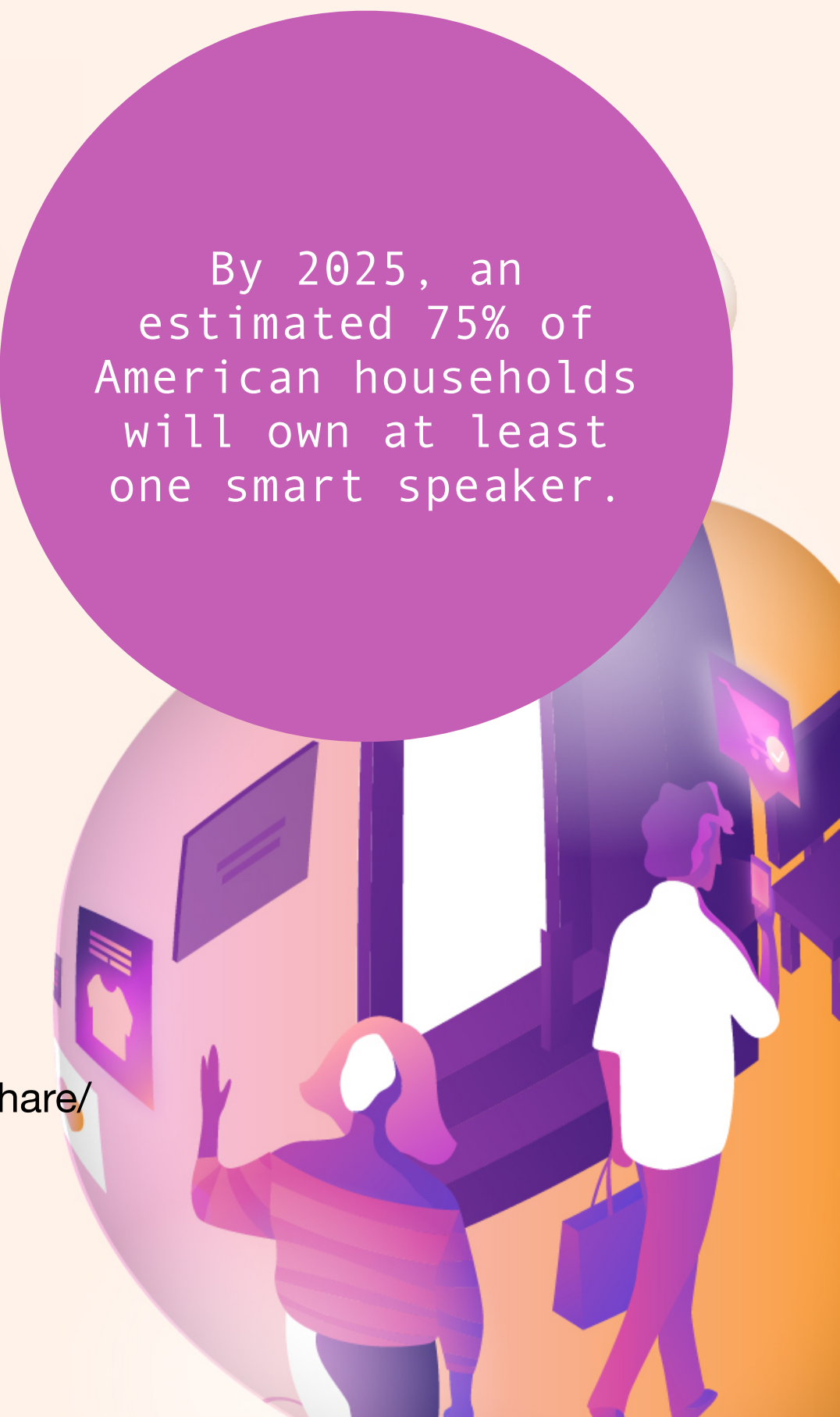
As artificial intelligence capabilities have enabled the development of more powerful language abilities, **smart** speakers have become increasingly popular. This will result in a direct increase in voice ecommerce, in a similar way that the proliferation of mobile devices led to a mobile ecommerce and mobile search.

SOURCE: <https://voicebot.ai/2019/06/18/loup-ventures-says-75-of-u-s-households-will-have-smart-speakers-by-2025-google-to-surpass-amazon-in-market-share/>

SOURCE: <https://www.telegraph.co.uk/technology/google/7256103/Google-now-a-mobile-first-company.html>

SOURCE: <https://gs.statcounter.com/platform-market-share/desktop-mobile/worldwide/#yearly-2010-2020>

SOURCE: <https://www.androidauthority.com/google-ai-first-812335/>



By 2025, an estimated 75% of American households will own at least one smart speaker.

The Advantages of Voice

Voice search will be a powerful tool in transforming the ecommerce landscape, because it carries with it quite a few advantages.

First of all, it is very convenient. Whether done through a home smart speaker or a mobile device, it is very convenient to the consumer. Generally speaking, convenience translates into higher conversion rates. In that same vein, purchases can be completed much faster. Because people interact so much with their devices, it also gives companies the chance to gather more data, allowing for a deeper and more meaningful personalization of the consumer's shopping experience.

If retailers don't wish to miss out on this emerging opportunity, they have a few options to capitalize on this growing market.

Did you know?
48% of consumers
already use voice
assistants for
general web
search.

The first is to sell via a marketplace, such as Amazon, that already have voice search functionality. While this reduces the cost of having to develop their own voice search, Amazon can take a hefty chunk of the profit margin.

The second option, developing one's own voice search service, is very costly and economically unwise for most retailers.

The third possibility is the integration of a voice search capability within their existing site or app. This last option is considerably less expensive and easier to implement.

Optimizing Voice Search

Of course, with the opportunities also come challenges. With voice search, results can be restricted, because it is limited by your ability to understand the customer. And as with other new technologies, there will initially be an issue of gaining the trust of consumers. Retailers will have to invest to ensure customers can trust in this new type of customer journey.

Furthermore, especially in Europe, where the citizens are much more privacy conscious, there is always the issue of data privacy. Shoppers may be concerned what information the retailers are receiving and what they are doing with that information.

There are also a few steps retailers can undertake to optimize their voice search. One such step is ensuring the usage of structured data, e.g. brand, color, material, dimensions and ratings, so that products can be easily found by consumers. The product descriptions should also be short and to the point.

Another step in optimizing voice search is the continued analysis of voice search data, so that you can be sure that customers are finding what they're searching for. Voice search will continue to develop its natural speech capabilities, so that retailers are better able to truly understand the customers' queries.



Summary

Now that we've looked at what the future holds, we've identified a few trends for the future of retail and how merchants can leverage these for their success. One valuable aspect of the growing digitalization of commerce is the emphasis on valuable data that's reflected in each trend and how retailers can use this and the insights they have to create a data-driven customer-centric experience.

Eager to learn how you can leverage these trends to optimize your ecommerce strategy?

The ecommerce experts behind this trend book look forward to discussing your individual optimization plan.

Contact us!

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Want to find out more about these trends?

Browse through [this video playlist](#) for a deeper dive into the top six trends in ecommerce, explained by leading industry experts.

