



Enabling Experience-Driven Commerce Anytime, Anywhere

Consumer Expectations in 2018

Executive summary

The online retail world has innovated far beyond what anyone could have expected a decade ago. And in many ways, evolving consumer expectations have served as the driving force behind this industry-wide transformation.

As a result, brands and retailers can no longer afford to rely on traditional business models based solely on transactions, nor can they keep pace with the bar Amazon has set for seamless, efficient customer experiences.

To stay relevant, brands and retailers must differentiate through experience-driven commerce – a strategy that creates memorable interactions and shoppable moments at any touchpoint. Experience-driven commerce requires marketers and eCommerce leaders to examine their content strategies, personalization rules and marketing campaigns. For some, it also means leveraging emerging trends, such as voice commerce and artificial intelligence where applicable.

To uncover more about consumer shopping expectations today, Avionos surveyed 1,409 consumers about their online shopping habits, preferences and expectations in the year ahead. This report outlines retail trends from a consumer perspective and offers strategic advice for how you, as a marketer or eCommerce decision maker, can use a digital transformation strategy to gain a competitive edge in the shopping cart.



Key Findings

Search is replacing traditional browse and navigation methods

When browsing online, with no specific intent to buy, a third of respondents (33 percent) said they begin their search on Amazon, and 32 percent begin with a Google search.

Consumers will shop in stores for big-ticket items but are open to researching them digitally

Nearly two-thirds of respondents (63 percent) prefer to purchase big-ticket items like electronics or furniture in a store, and 52 percent said they prefer to research these products on desktop or mobile devices.

Social media is becoming an active commerce channel

More than half of respondents (55 percent) have made a purchase through a social media channel, such as Facebook, Instagram or Pinterest.

Contextualized content inspires shoppers and drives their confidence

More than half (54 percent) of respondents said they feel more confident in their online purchases if the retailer offers detailed product specifications, and 49 percent feel more confident if a product listing has extra content available.

Consumers expect AI to aid their shopping experiences

Almost half (42 percent) of consumers feel that AI will lead to faster checkouts.



Creating relevant shoppable moments for consumers

With so many channels to browse, research and convert, most shoppers visit multiple sites before making an online purchase. However, their first stop is often Google or Amazon.

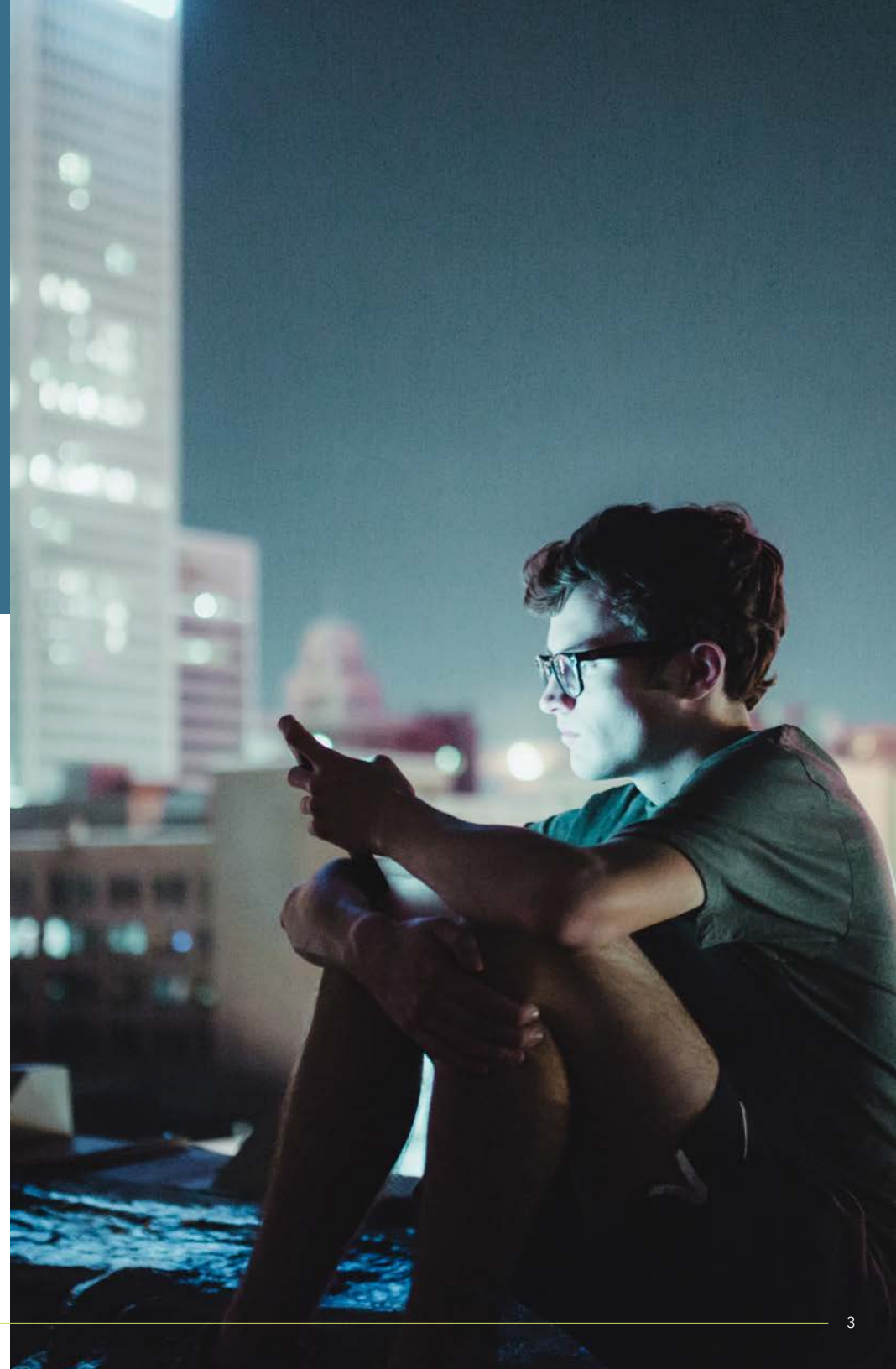
Given these insights, brands and retailers should meet shoppers at every digital touchpoint, with personalized content and unique experiences that will make them more likely to convert.

The need for a strong SEO strategy

Google and Amazon are primary channels for the start of product searches, presenting retailers with an opportunity to gain a leg up with strong SEO strategy. When browsing online with no specific intent to buy, 33 percent of consumers begin their search with Amazon, while 32 percent begin with Google.

Comparatively, when consumers intend to purchase a product, 38 percent begin their search with Amazon, while 22 percent begin with Google. While the stats are comparable to some degree, generally consumers look to Amazon for specific purchases, whereas Google is their source for ideas.

Consumers are less likely to visit a brand or retailer's site as their first destination for a product search. Still, search within a brand or retailer's site is important. Fifteen percent of consumers with purchase intent and 17 percent of consumers without purchase intent start their search on a brand's site.



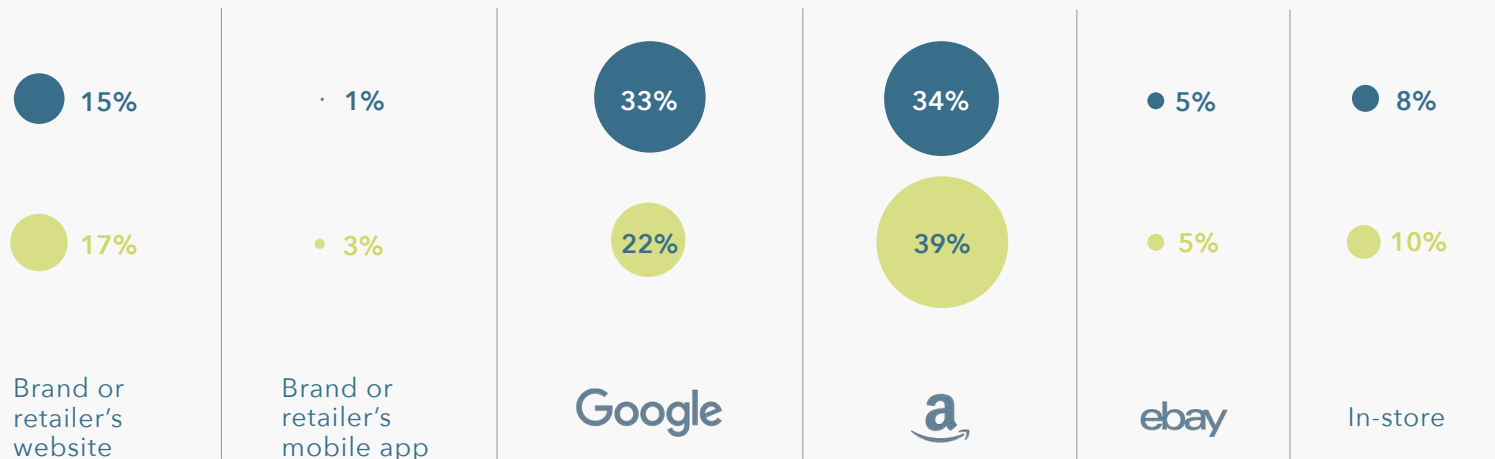
Overall, Google and Amazon have sparked a shift in consumer behavior. Rather than simply navigating and browsing for purchases online, consumers can now search for their specific needs. By prioritizing both paid and organic search, brand and retailers will gain real estate in these crucial search results and ultimately drive traffic to their site.

For brands specifically, it's also important to embrace innovative partnerships with third-party sites like Amazon. Such partnerships enable you to get in front of nearly one-third of consumers who start their product searches on Amazon. And by offering a product or customization tool on Amazon that you can't offer in stores, you'll create a new channel for driving even more sales.



Where do you usually begin your search to make a purchase whether browsing or for intent to purchase?

● Browsing ● Intent to Purchase



Less than 1% of respondents say they begin their search (with or without intent) on Jet.com, Etsy, Pinterest, Instagram, Facebook, Person-to-person, selling app or price comparison sites.



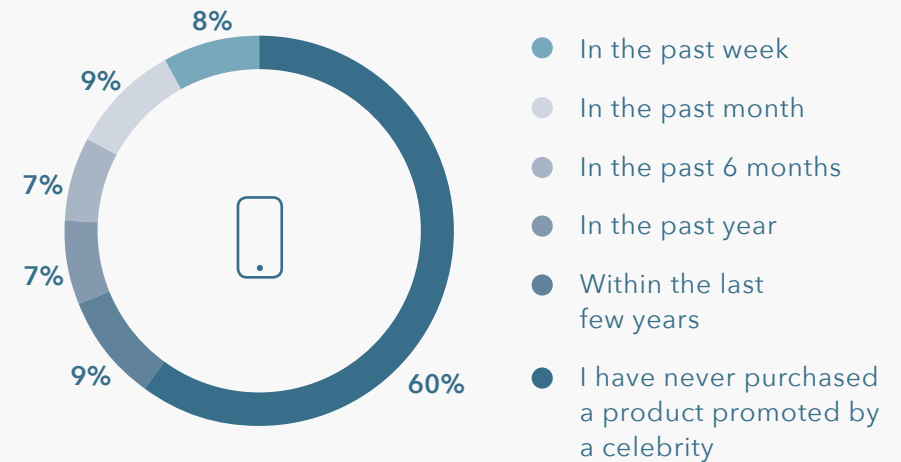
For example, Kellogg's Bear Naked used Amazon Custom to create a new revenue channel that leverages Amazon's reach and services, but doesn't cannibalize business from the brand's grocery partners. The Amazon storefront gives consumers the power to customize granola mixes and even choose their own picture in the packaging. What's more, the partnership provides delivery services to Amazon Prime members.

Understanding the Customer

Social media provides retailers and brands with an unbeatable opportunity to meet their customers where they are. Five years ago, the social media world primarily consisted of Facebook and Twitter. Now with the growth of sites like Instagram and Pinterest, social media has cemented its seat at the table as a viable eCommerce channel. By ensuring a relevant and strong presence on social channels, brands and retailers have an opportunity to better understand their customers and drive more sales.

More than half of consumers (55 percent) have made a purchase from a social media channel. More specifically, 40 percent of consumers have purchased via Facebook, 13 percent have made a purchase through Instagram and 12 percent have made Pinterest purchases.

When was the last time you purchased a product promoted by a celebrity or social media influencer (i.e. a well-known user on social media who has established credibility in a specific industry)?



While common, celebrity endorsements on social media do not necessarily impact the end customer's decision to buy. Sixty percent of consumers have never purchased a product promoted by a celebrity or social influencer, and only 9 percent have done so in the past few years.

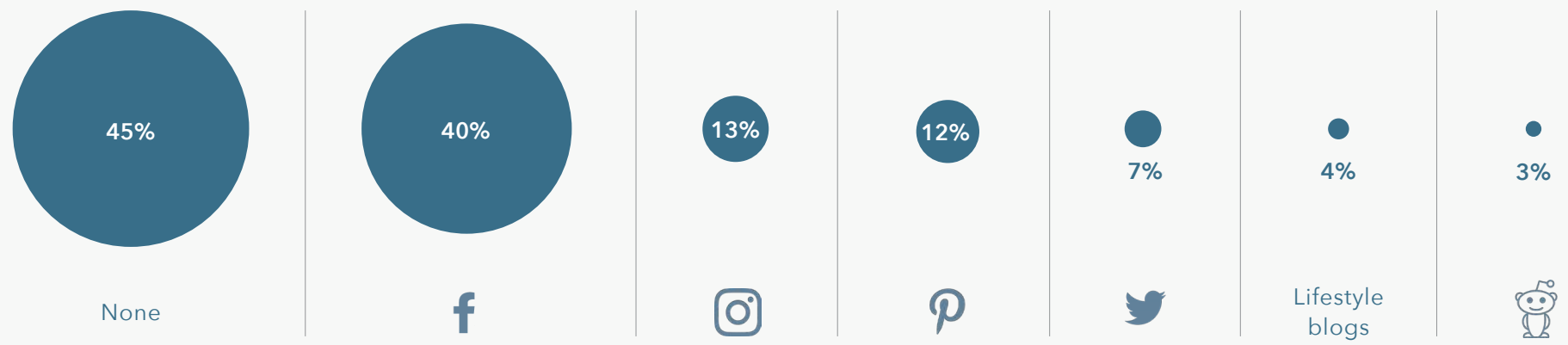
But when asked what brand recommendations they are most likely to act on, more consumers chose user-generated recommendations than any other option (27 percent). This is followed by products people typically purchase together (23 percent) as well as trending products (19 percent).

Investing in the capabilities to create shoppable moments on social sites should take priority over investing in influencers.



Which of the following social media channels have you made a purchase from in the past year?

Select all that apply.



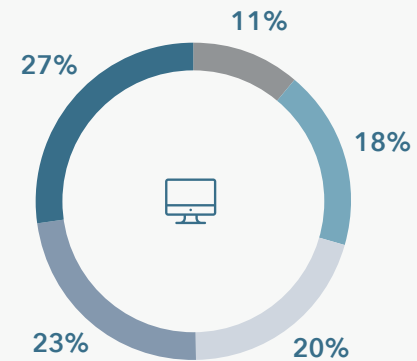
Investing in the capabilities to create shoppable moments on social sites should take priority over investing in influencers. The data shows that influencers do not provide the level of traffic that brands expect. Many influencers have fake followers and mislead brands to think they have a bigger reach than they do.

However, while celebrity endorsements might not drive sales, they still can impact awareness and brand perception. Use celebrity endorsements strategically to develop your brand reputation and increase product awareness rather than as an avenue for generating sales.

Given the proliferation of social commerce, Google, Amazon and user-generated content, it's important to consider these channels as revenue generators and work to enable transactions anywhere, at any time. As a leader within your organization, integrate social commerce into your channel strategy, and enable customers with the ability to make purchases on whichever channel they feel most comfortable.

At the same time, it's important to take an agile approach to expanding customer touchpoints. Embrace flexible tools that allow you to test various options for leveraging the social channels you already use to drive sales. With this approach, you can avoid committing to large-scale platforms or purchasing extra features you have no need for, and instead, pivot your offerings based on customer feedback and performance.

Which personalized recommendation from a brand are you most likely to act on when shopping online?



- User-generated recommendations
- Products people typically purchase together
- Currently trending products
- Products shoppers have considered
- Products that are gift ideas



Driving conversion: Great content instills customer confidence

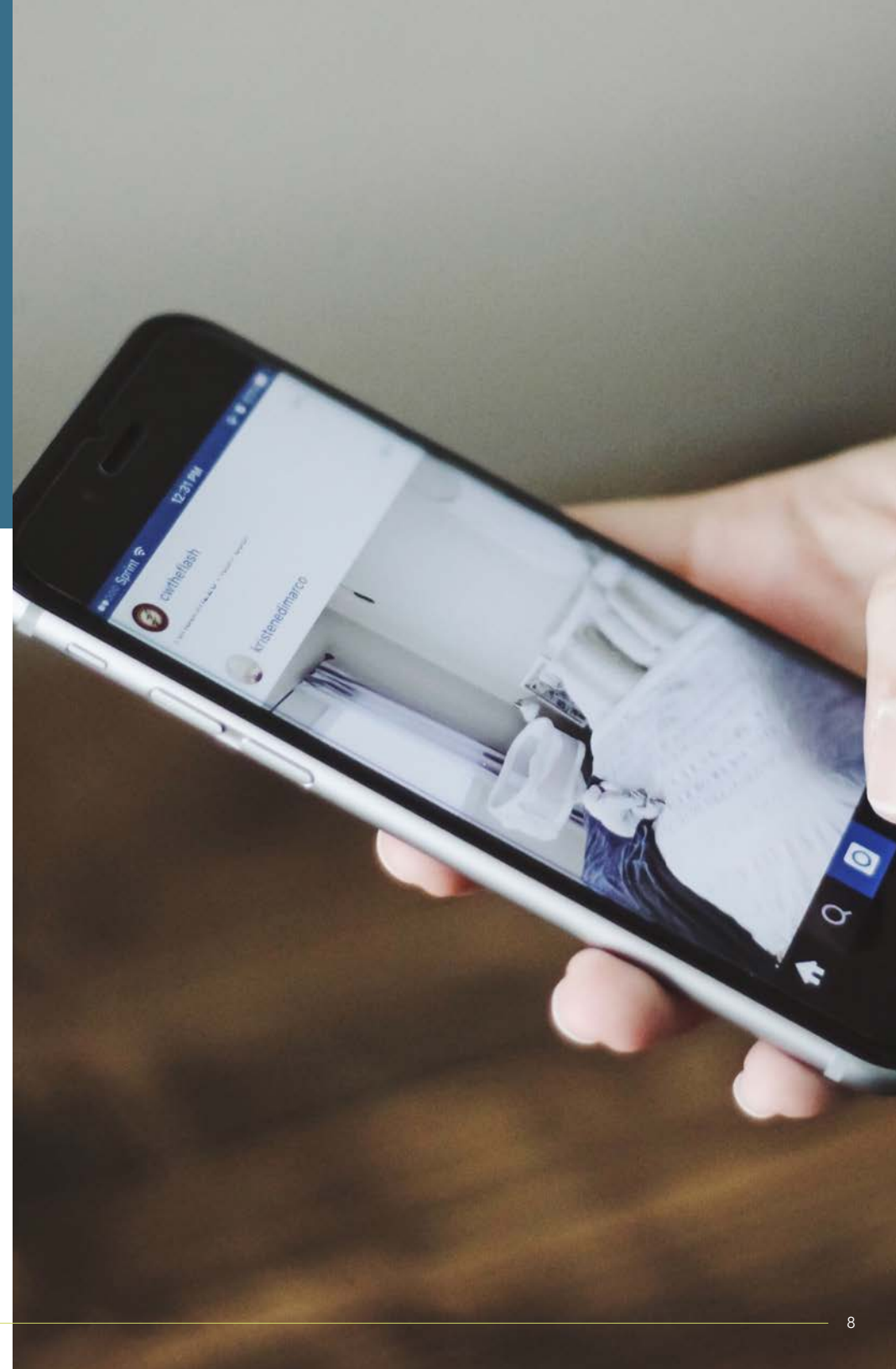
In an age where competition is high and loyalty fleeting, quality content can go a long way. To drive confidence, and ultimately conversions, brands and retailers need to create engaging, personalized experiences for customers.

Retailers rewarded for investing in product content

High expectations for the quality and detail of the content on a brand or retailer's site weigh heavily in the consumer decision-making process. In the eyes of consumers, a product for sale online is only as good as the accompanying contextual information, product details and images. The better the content, the more confidence consumers have in a brand.

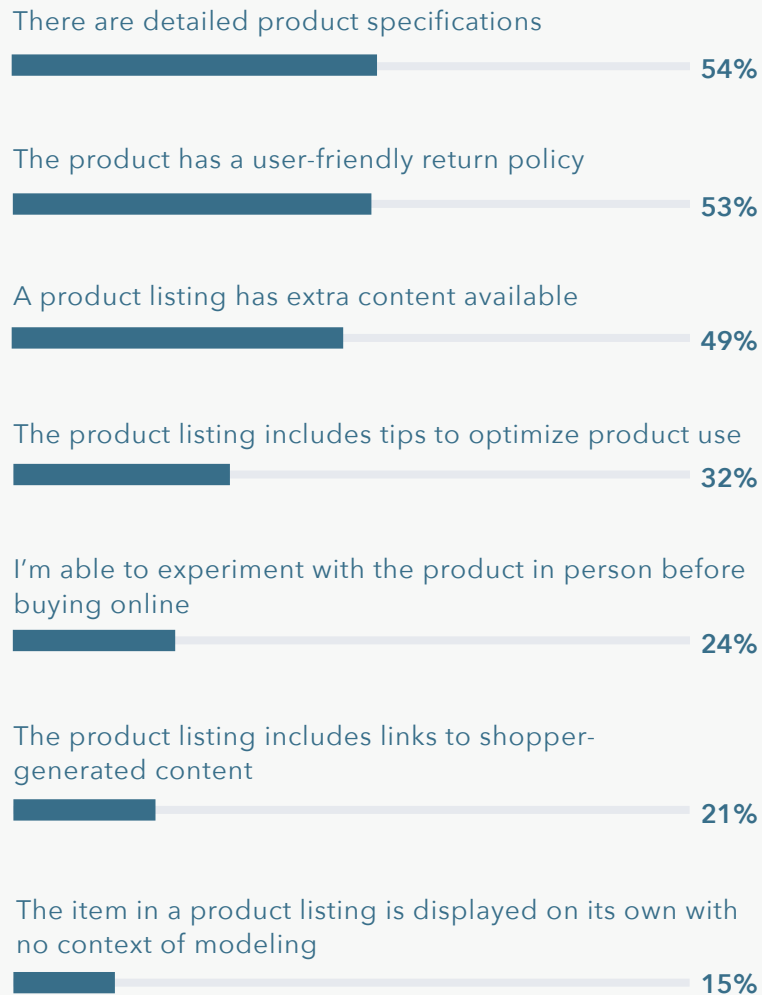
The better the content, the more confidence consumers have in a brand.

When asked what makes them feel most confident in an online purchase decision, consumers ranked content-related factors highly. More than half (54 percent) feel more confident if the retailer offers detailed product specifications, 53 percent said a user-friendly return policy, and 49 percent feel more confident if a product listing has extra content available.



My confidence in making an online purchase increases when:

Select all that apply.



The combination of these top three factors – detailed product specifications, user-friendly return policy and extra content – would result in almost 100 percent confidence (94 percent of respondents chose one or more of those three).

Younger consumers are even more interested in quality content. Nearly two-thirds of survey respondents under the age of 36 (64 percent) are more confident in their purchase if the product listing has additional relevant content available.

Appropriate additional content begins to create a relationship with the consumer. For example, additional product images and a video that shows how a garment moves garners interest. Some brands have started using stylist recommendations on the product detail page as inspirational material, or maybe there are recipes or DIY projects depending on the product.

Equipped with relevant content, customers feel more informed and committed to purchasing.

To inspire more customers through content, consider cloud-based tools that give you the power to push relevant, contextual content to the right customer at the right time. Also, the right tools will allow you to innovate, pivot and analyze customer feedback quickly and effectively to keep you ahead of the curve.

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A more relevant conversation: personalizing every step of the shopper journey

Consumers will share their personal information with brands and retailers in exchange for a more personalized shopping experience. But their willingness comes down to how brands collect and use the information.

Attitude toward sharing personal information

Consumers are more open to sharing personal information if it means that brands and retailers could better anticipate their needs (32 percent) and would be more open to receiving ads if they were tailored based on their previous purchases (19 percent).

These numbers change significantly when broken down by age. Nearly half (44 percent) of consumers under 36 are more open to sharing personal information if it means brands and retailers could better anticipate their needs, compared to 23 percent of consumers over 45.

When asked about the specific information they'd most likely share with a brand or retailer, consumers of all ages are most likely to indicate information with the clearest connection to marketing, such as email and first name. Most (72 percent) of consumers are willing to share their email addresses, followed by the 69 percent willing to share their first name, and 67 percent willing to share their age.

Which of the following best describe your feelings toward sharing your personal information (i.w., home address, job title, social media habits) during the buying experience?

Select all that apply.



More personal information with a less clear connection to marketing, such as family makeup and professional information, landed further down the list. The hesitancy to share more personal information probably stems from recent data hacks to brands like Equifax.

Simply put, consumers – especially younger shoppers – want personalized, relevant experiences and will share basic information to get it. But it's important to be upfront with how you'll use customer information and how it might benefit them. Email addresses tend to be fair game, as the tie to marketing is clear; the need for information like a customer's career or family makeup is a bit blurrier.

To ease these concerns, be as genuine and authentic as possible. Make the exchange of information a natural, embedded part of the path to purchase. For example, you can ask shoppers to create an account after they check out, and you explain how it will help them provide more personalized recommendations for future interactions. Or you can ask customers to provide a bit more about themselves in exchange for more relevant offers via subscription centers.



Which of the following pieces of personal information would you be willing to share with a brand for a shopping experience that's more tailored to your personal preferences?

Select all that apply.



The convergence of physical and digital experiences

While online shopping is now the norm for most consumers today, the in-store experience still plays a role in enhancing the overall shopping experience.

Brands and retailers can bring the online and offline worlds together by embracing tactics like using physical locations as showrooms, leveraging digital to offer more information about a brand's story or products, or enabling services to buy online and pick up in stores.



Importance of a quality omni-channel experience

When asked about channels for various purchase scenarios, consumers have no preference. Instead, they see retail as an omni-channel industry.

For instance, 70 percent are most likely to make an impulse purchase (i.e., an unplanned buying decision) in a store. This is likely due to the ease at which it's possible for consumers to add last-minute items to their physical carts.

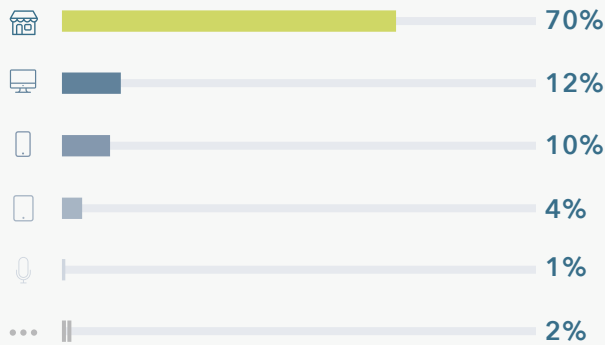
Consumers' likelihood to shop in stores drops significantly when they set out to make an intentional purchase. Just 37 percent of consumers are most likely to make an intentional purchase of a specific product in a store, while 51 percent are most likely to do so on a mobile device or desktop. eCommerce gains a leg up here due to the ease at which consumers can make planned purchases digitally without leaving their homes.

When it comes to big-ticket items, such as furniture or electronics, consumers prefer to purchase these items in stores, but they would rather browse and research them on desktop and mobile devices. The most common path to purchase for large items is truly omni-channel.

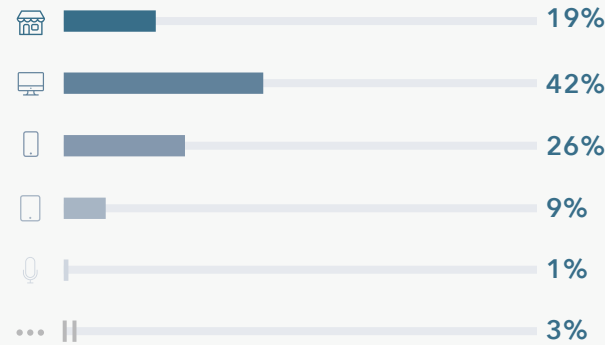
For each of the following scenarios, please select the channel on which you are most likely to do the following:

 In store
 Desktop
 Mobile
 Tablet
 Voice-controlled device
 Other

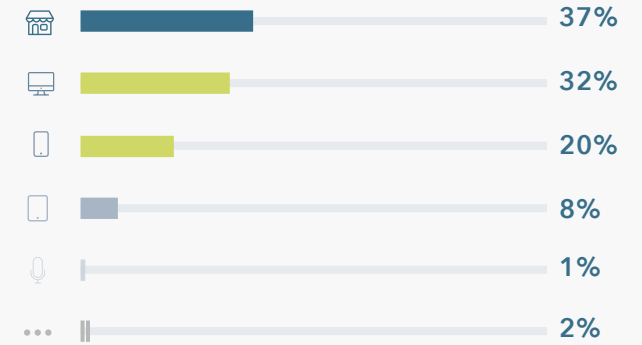
Make an impulse, or unplanned purchase



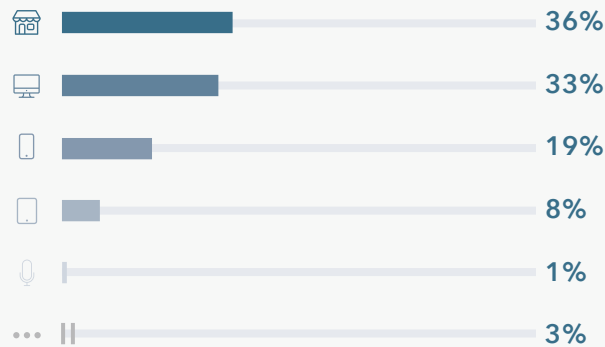
Make an intentional search for a specific product



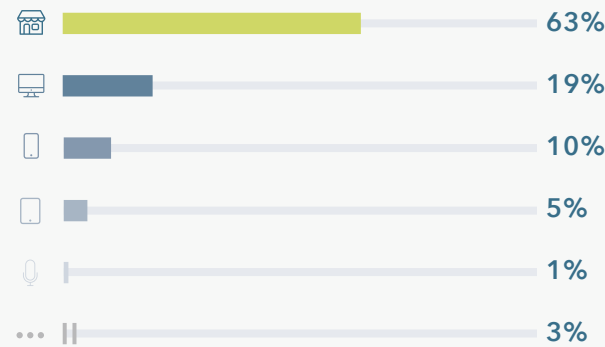
Make an intentional purchase of a specific product



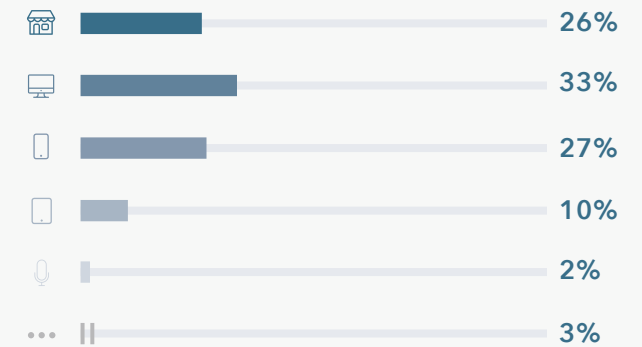
Browse for a big ticket item (i.e. furniture or electronics)



Purchase a big ticket item (i.e. furniture or electronics)



Casually browse for products with no clear purchase intent



Engage customers on all channels

Retail industry leaders have created a digital Utopia – one in which consumers can get almost anything they need online within just a few days. But while brands and retailers try to catch up, these same leaders are innovating ways to co-locate the digital and physical experiences. Just within the last year, Amazon partnered with Kohl's to enable in-store returns, purchased Whole Foods to gain a leg up in the physical grocery industry and opened several brick-and-mortar pop-up stores.

As eCommerce continues to mature, consumers will not completely give up their in-store shopping habits altogether. Rather, they want brands and retailers to provide them with seamless, consistent experience across all channels - including stores – and enable purchases wherever they're most comfortable.

In fact, the survey found that more than half (57 percent) of consumers indicated that the closing of many department stores has negatively impacted their perception of eCommerce, proving that the physical experience is still important to today's consumers.

Tactics like in-store pick up, showrooming or unique digital experiences can help you converge your online and offline offerings. For example, a furniture company could enhance the process for purchases mostly made in a store by giving customers the ability to upload images of their homes online and test what a new couch might look like in their space. Alternatively, a retailer could use its brick-and-mortar locations as showrooms only, saving money in inventory and real estate while directing all purchases to an eCommerce site.



Looking ahead: how trends impact consumer perception

The retail industry constantly embraces change – and usually for the better. Just a decade ago, online shopping was less common as delivery speeds were slow and cost was high. Similarly, the proliferation of the smartphone has vastly altered the way consumers shop.

The industry is facing new changes that will revolutionize retail yet again, with the introduction of AI and voice-controlled devices like Amazon's Alexa.

Leveraging voice commerce devices

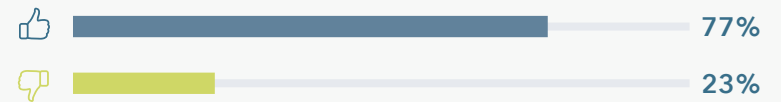
Amazon's Alexa and other voice assistant devices have grown in popularity exponentially in 2017. And consumers are starting to use these devices for their personal shopping needs. In fact, 77 percent of respondents said the increase in voice assistants being used for ordering has positively impacted their perception of eCommerce.

As these devices become a part of the everyday home, retailers and brands should explore if it makes sense to integrate technology like AI into their channel strategies.

In the past year, how have the following events impacted your perception of eCommerce?

👍 Positively 👎 Negatively

Increase in smart assistants like Alexa and Cortana being used for voice ordering



Integrating AI into marketing strategy

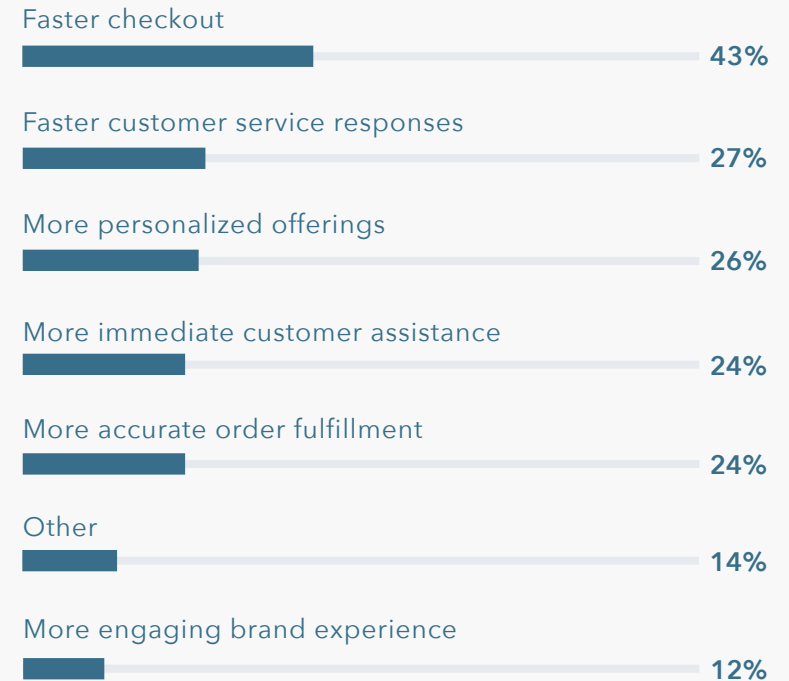
AI is raising customer expectations for the quality of the shopping experience. In the next six months, consumers expect AI to lead to faster checkouts (42 percent), faster customer service responses (26 percent) and more personalized offerings (25 percent).

Still, it's important to remember that AI doesn't necessarily mean robots. In a more practical sense, AI can involve the use of machine learning to automate processes that traditionally required human interaction. That could include personalized subscription services, guided selling or even something as simple as product recommendations based on "frequently bought together" data.

If you think AI technologies are right for your company, you may want to take an iterative approach to integration. Release small updates gradually over time, track whether the technology is playing a role in driving more sales, and proceed accordingly. AI is not right for all businesses, so it's important to use data to determine whether it's a fit before setting aside a significant portion of your budget and resources.

In the next six months, how do you expect artificial intelligence to impact your shopping experience?

Select all that apply.



The new age of eCommerce is here

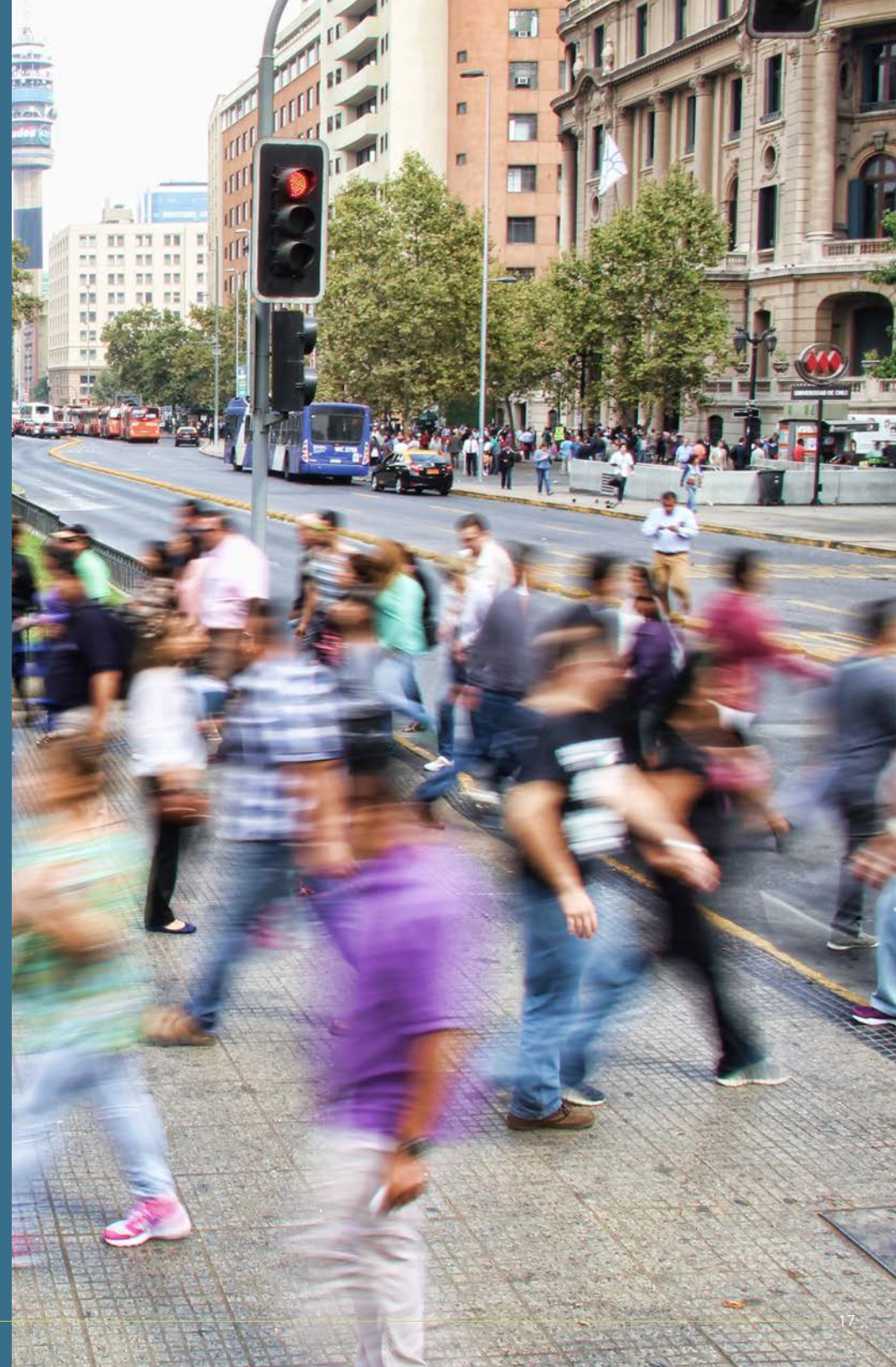
Today's consumers are in complete control over their shopping experiences. Given the sheer number of brands and retailers at their fingertips, and the ease at which they can jump from one to the other online, shoppers have very little incentive to remain loyal.

Throw in Amazon's impact on customer expectations for fast shipping, product selection and low prices, and it becomes difficult for brands and retailers to differentiate based on their products and prices alone.

But there are ways to stand out and maximize market share: by enabling transactions through innovative experiences. That means offering engaging content, personalized experiences and shoppable moments on any channel.

Experience-driven commerce doesn't happen by accident, however. It requires the use of modern, cloud-based platforms that support quick and agile innovation. With these systems, you can release new features easily, track user behavior with real-world analytics and iterate accordingly. This approach helps you evolve your system over time without significant financial or time investments and ultimately help you achieve the point of maximum customer engagement.

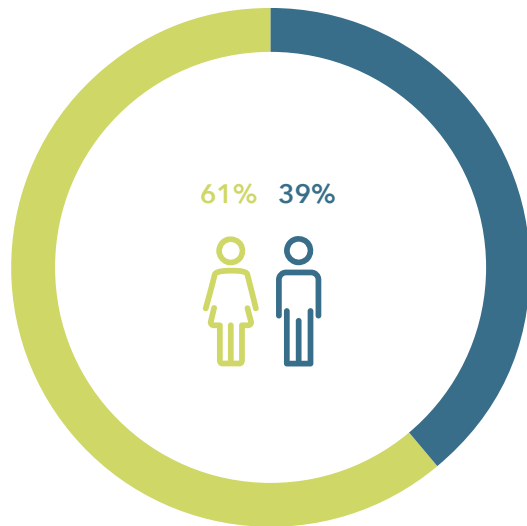
The retail world has evolved significantly from the days of basic eCommerce sites that did nothing more than enable transactions. Today, brands and retailers need to offer a new commerce experience – one that empowers a truly connected customer.



Methodology

In December of 2017, Avionos surveyed 1,409 consumers. The breakdown of age and gender of the respondents is as follows:

What is your gender?



How old are you?

