Beyond Mobile:
State of digital commerce 2017

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Since 2012, we at Episerver have been monitoring the state of mobile commerce in an annual report, creating an industry benchmark of how mobile devices are impacting the retail shopping experience for both consumers and high street brands.

Over the last four years, we've been tracking these developments closely as the adoption of smartphones and tablets has exploded, with 90% of consumers now owning a smartphone and 70% owning a tablet.

As these devices have become ubiquitous, the vast majority of retailers are now successfully incorporating them into their commercial efforts, taking either a mobile first or truly omnichannel approach to both marketing and retail.

Given the success of retailers' mobile commerce strategies, this year we've extended our annual State of Mobile Commerce report, taking stock of current approaches but also looking ahead to the technologies and processes that are set to disrupt retail Beyond Mobile.

This year, we've included all aspects of the retail and commerce environment, encompassing original research from 1,200 UK consumers, 100 professional marketers and 100 brands across five key sectors.

By combining these perspectives, Episerver has developed a full 360-degree view of the retail landscape, one that considers the existing state of digital commerce and makes informed predictions for the future.

Where are we now?
The state of mobile adoption

Intents and preferences

As 2016 comes to a close, it's clear that the age of mobile commerce is well and truly in swing. As it stands, over 90% of adults have a smartphone, while 70% now own a tablet.

From a retail perspective, shopping continues to feature in the top five uses for a smartphone, with 65% of consumers using their phone to order food or purchase non-essential items. More than one in five do this on a weekly basis.

This adoption has been recognised throughout the marketing community, with 96% of marketers now incorporating mobile into their approach and 77% agreeing that mobile has become an "important touchpoint" for their brands.

Having conquered the mobile market, retailers are now looking forward to the new trends and technologies that are set to define shopping in 2017...

96% of marketers incorporating mobile into their approach:

Most popular activities carried out on smartphones and tablets are:

1. Social networking

2. Looking up directions

3. Communicating with friends/family

4. Online banking

5. Shopping

Seven digital commerce trends for 2017

01. Is the app boom over?

Back in 2015, every retail-focused business was expected to have a mobile app, regardless of whether it fitted with the organisation's commercial strategy. As we move into 2017, this approach is changing, with more retailers now opting for optimised mobile sites instead of individual applications.

A third (33%) of the marketers surveyed confirm they incorporate mobile apps into their campaigns, while 56% rely instead on responsive mobile sites; this makes mobile sites the third most popular marketing channel, behind desktop websites and email.

A review of the top 100 UK commerce sites reinforces this trend, revealing that while 98% provide mobile-friendly commerce online, only 64% have an iPhone app.

This switch to in-browser experiences is being driven by the surge of mobile search (now eclipsed desktop) and Google AMP, helping site owners create 'light weight' webpages and providing users with a much faster mobile browsing experience. As such, the idea of manually installing an app, which takes up room on a device, seems like an unnecessary hassle.

Percentage of the top UK retailers don't have a smartphone app for either iPhone or Android

32%

Percentage of marketers do not include mobile apps within their campaigns

66%

Recommendation for retailers

☑ Mobile web audiences are 2x larger than those accessing apps (Comscore). Hence the mobile web has a larger addressable audiences in terms of reach

☑ AMP-powered sites boost mobile site speed, which is a key factor in mobile SEO ranking. eBay deployed AMP to over 8 million pages in 2016

☑ Consumer are highly selective about apps. Consider how to get enough downloads and keep engagements up when you incorporate a mobile application
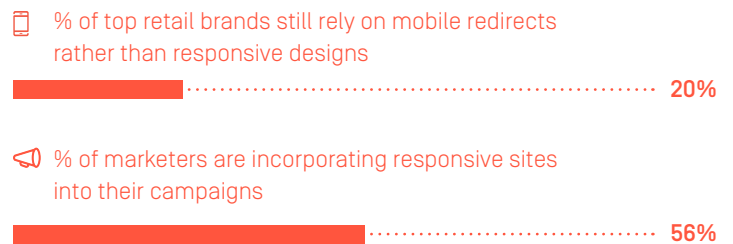
02. The death of mobile redirects

As retailers move from apps to mobile sites, the demand for seamless user experiences will help to shift businesses away from traditional mobile redirects towards genuinely fluid, cross-platform experiences.

While Google has long championed the SEO benefits of responsive design over specialist mobile sites, it's surprising just how many retailers still opt for a mobile redirect.

Despite 98 of the 100 commerce sites in our benchmark being mobile friendly, one in five still relies on mobile redirects rather than truly responsive designs. As we move into 2017, the sheer variety of products, devices and screen sizes in

use makes it ever-more difficult to build an effective mobile re-direct that does not limit usability, or disrupt the customer experience on certain platforms. It is for this reason that we expect to see near-complete adoption of responsive design within the next 12 months.

% of top retail brands still rely on mobile redirects rather than responsive designs

20%

% of marketers are incorporating responsive sites into their campaigns

56%

Recommendations

☑ Avoid mobile re-directs in favour of genuinely responsive design for better search ranking and save money from maintaining multiple sites

☑ Responsive design necessitates one solution to manage and personalise user experiences across multiple channels, and by opting for a single platform will help to ensure seamless branding and a consistent user experience.

03. Evolution of experience-driven ecommerce

Now that mobile devices have reached near saturation within the consumer space, brands are looking for new ways to engage mobile users, both in store and online.
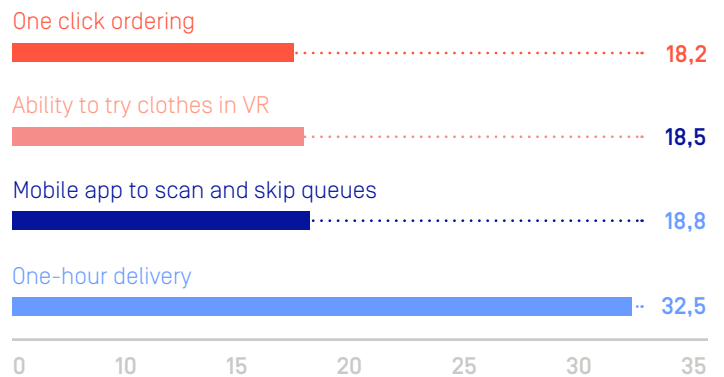
One in five consumers say they would like to see Augment Reality (AR) or Virtual Reality (VR) built into their shopping experiences, with the ability to try on clothes without the hassle of shopping in-store appealing to the majority. Unfortunately, as it stands only 9% of marketers have incorporated VR into their campaigns, while even fewer are using AR.

In their current state, both AR and VR remain gimmicks for retail. But is there really anything wrong with that? The tipping point for adoption of these tools is not only in making them genuinely useful contextually, but also in making them a fun and immersive experience for customers. This is where QR codes and NFC fell down – they were too functional.

High street shopping is all about immersing the customer in a brand experience that excites and engages. If this doesn't happen, they'll simply shop next door – or move their purchasing online.

In the last 12 months, less than 5% of consumers scanned a QR Code or engaged with an NFC display

What shopping technology would you like to see introduced?

One click ordering
18,2

Ability to try clothes in VR
18,5

Mobile app to scan and skip queues
18,8

One-hour delivery
32,5

0   10   15   20   25   30   35

Recommendations

☑ Bring fun to the mobile experience, but incorporate in-store technologies sparingly as part of a broader marketing strategy or vision

☑ Use VR and AR to build immersive experiences that drives contextual product engagement.

04. In-store comes in-house

During the early years of ecommerce, consumers shopped online for novelty and convenience. As mobile technology evolved, aspects of the online shopping experience moved in-store (loyalty cards, price matches, click and collect). Today we're witnessing yet another shift, with new technology taking us back in the direction of purely shopping online.

Despite all the talk of the "mobile consumer", in reality 66% of UK adults do most of their mobile browsing at home – a figure that jumps to 75% for tablet users. Last year, only 20% of consumers used their mobiles while out shopping, while less than one in 10 used a tablet on the high street.

More and more consumers are looking for retail experiences that allow them to shop exclusively from home. When asked which technologies they were most looking forward to in 2017, a third of consumers said one-hour home delivery services.

Furthermore, one in five wanted the ability to try on clothes from home using virtual reality, while 18% said they wanted one-click ordering from home. As many as 15% were also keen to download and 3D print their own products.

16% of consumers would like to receive home delivery by drone

Recommendations

- ☑ Use engaging content like editorial and videos to drive product engagement, and incorporate in-store crossover technologies and click-and-collect options to drive online customers in-store

- ☑ Intuitive search and one-click purchasing can provide great opportunities to streamline your web experience. Drive customer purchases through the ease of shopping online.

Where people browse a mobile device

In the office
20,9%

On the high street
21,6%

In public transport
29,3%

At home
66,2%
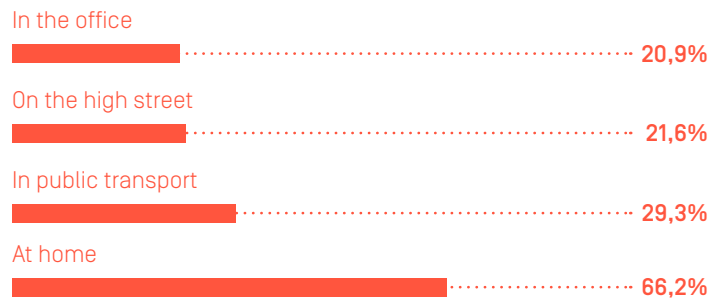
05. Data will drive decisions for retailers and customers

From audience profiling and personalisation to customer journey optimisation, most brands are already using data to drive a significant proportion of their sales, marketing and retail approaches.

But as it stands, 62% of marketers are not incorporating personalisation into their ecommerce sales cycle, and despite 70% of companies use email marketing, only 28% are using triggered emails to re-engage back non-converting customers. Nearly one in five marketers have even incorporated virtual assistants like live chat into their retail sites, relying almost entirely on data-driven algorithms to communicate with customers.

Where this will change in 2017, is in the way data will be used to automate customer interaction with predicative analytics.

Marketers and merchandisers have for too long been failed by rules-based personalisation which is ultimately unmanageable and not scalable. With new technologies in machine learning, it is possible to combine assisted segmentation and contextual data collected from customer interactions to autonomously deliver true 1-to-1 individualisation online and in-store.

Despite the abundance of data now available, 46% of marketers think that they can't create an omnichannel approach because of a lack of insights into customer journeys.

Only 38% of marketers incorporate personalisation currently into their marketing approach

Recommendation

- ☑ Think beyond customer segments. Leverage machine learning algorithms to combine data and context to serve up content and product recommendations automatically base on omnichannel customer intent to increase conversion

- ☑ Leverage triggered emails to recover lost sales or identify products viewed but not basketed. Automatically send emails with an additional offer or personalised product alternatives to further encourage a purchase.

06. Loyalty beats choice, but convenience beats loyalty

With the rise of the Internet of Things, along with smart ordering services such as Amazon Dash, 18% of consumers now say that they would like to rely on simple one-click ordering rather than shopping in store. 17% would even go as far as to rely on autonomous products that could restock automatically.

This could drastically reduce the opportunity for businesses to gain customers from their competitors. Instead of making buying decisions based on marketing, promotions or deals, consumers may soon circumvent the online retail process altogether, opting instead for existing brands based on nothing more than the click of a button. But there is one thing that will overcome such a mentality – customer convenience. When asked what triggers a purchase, 37% of consumers flagged "speed and convenience" as a key factor. Similarly, 43% will leave a site if it's slow to load – even if it's one of their favourite brands. Even more concerning from a brand loyalty perspective is that 27% will abandon their purchase to go and try a competitor.

Rather than trying to take on brands in an increasingly monopolistic space, the best way for competitors to fight back against the repeat-purchase mentality will simply be to offer a greater degree of purchasing convenience with superior experience across the commerce journey from search to checkout.

Given this focus on convenience over brand loyalty, today's retailers get only one chance to impress their customers. Either they maximise this chance through valuable experiences, or customers will go elsewhere.

93% of consumers won't contact customer service if a site is slow to load. While slightly higher for their favourite brands (91%) the truth is that loyalty is dead in the era of customer experience.

Recommendations

- ☑ Use smart tagging tools to create long tail landing pages rather than chasing often expensive, and generic product ranking with low conversion on search engine

- ☑ Optimise your on-site search function to help customer find what they're looking for quicker

- ☑ Remove any barriers to purchase at both the checkout and across the sales cycle, incorporate live chat to solve any immediate customer issue that disrupt the buying journey

- ☑ Enable click and collect services to ensure maximum in-store integration and consider offering automatic re-ordering function to encourage repeated purchase.

07. Marketing will (finally) own the digital experience

For years, retailers have battled the Marketing-IT disconnect, with CMOs and CIOs vying over who is best suited to run and manage a brand's presence online. From the marketer's perspective, the website is a customer point of contact, while for the IT department it represents yet another tool to be managed.

Due to this disconnect, almost half (49%) of marketers have to contact the IT department every week in order to achieve basic marketing tasks such as changing content on their website. One in five marketers also claim that "working with other departments" is holding back their ability to drive change.

As cloud-based content and digital experience management tools become more intuitive, and intelligent automation grows more widespread, there is no reason why marketers cannot take full ownership of these websites themselves. We predict that in 2017 this disconnect will finally be overcome, with marketers and CMOs taking full ownership of their brands' retail sites and lead collaboration with other departments.

% of marketers have to contact the IT department every week

49%

% of marketers believe that working with other departments is holding them back

20%
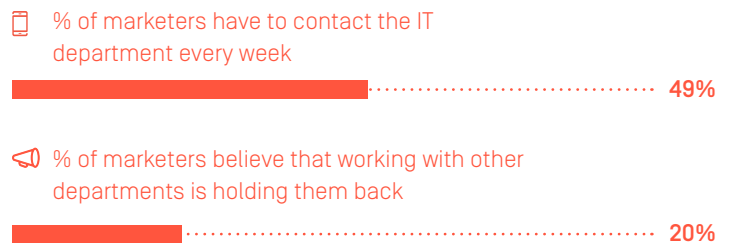
Recommendations

☑ Focus on usability rather than feature in your next platform selection. Marketers and merchandiser need to be able to drive the digital experience such as landing page creation and campaign optimisation without relying on IT

☑ Go cloud for faster time to market. Cloud based infrastructure means automatic updates, so marketers can keep up with new developments in their platforms as and when they are released without long waiting time.

About Episerver

Episerver is a leading provider of digital marketing, content management and digital commerce solutions across the retail sector. Our client examples include Pizza Hut Restaurants, De'longhi Group, Cath Kidston, Intersport and Reebok.

To find out how your organisation fares against 200 leading retailers, download our free missed revenues opportunities report episerver.com/ecommerce-platform/

For more information, visit Episerver.com.