From visitors to shoppers:
# How ecommerce leaders inspire purchase

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Making the most of the online shopping momentum

Online shopping is here to stay. Of course, we know this, and have known it for many years (if not decades). But what has become clear in this post-COVID19 world is that there is still tremendous potential for online growth.

Five years' growth in three months

US retail sales* excluding food & drink (quarterly, $bn)

Offline
Online
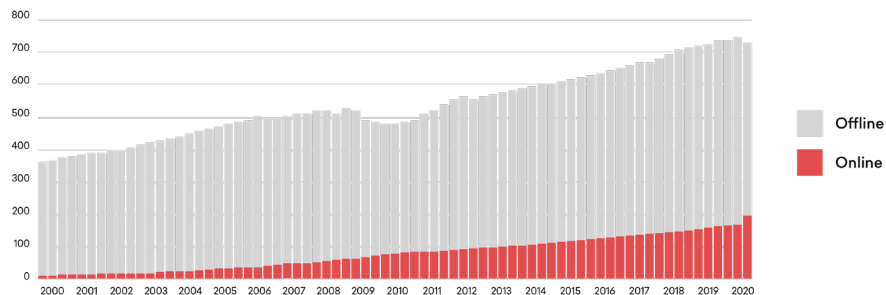
Source: US Census
*Excluding cars, car parts, fuel, bars & restaurants. Seasonally adjusted.

Benedict Evans - August 2020

The chart shows that online sales in the United States had 5 years worth of growth in the 2nd quarter of 2020, and absolute US ecommerce sales rose an astonishing 32%. The question is, how do retailers take advantage of and expand on this online growth? The key for brands is figuring out what customers want and what they are still not getting.

The future of ecommerce - according to shoppers

Brands are bombarded with data on how consumer habits have changed since the pandemic, but much still remains uncertain as to what it really means for the future. How will consumers shop? What are their expectations? Why would a shopper choose to browse on your site but purchase on a different one?

Qubit has conducted a study that aims to cut through the chatter and give straightforward insight and clear answers to these questions.

We surveyed 1500 consumers in the US and UK on what really matters once they have landed on your site. We're here to share our findings on the future of ecommerce - according to shoppers, so that you can make the most of your online shopping momentum, ahead of this year's holiday season and beyond.

We'll go into detail, but - spoiler alert - Product Discovery - is more important than ever.

A new era in online shopping

First, the good news - the surge in online shopping over the last year and a half has been unparalleled, with momentum continuing despite the re-openings of physical stores.

7 in 10 customers are shopping **more online** than they did **before the pandemic.** This number is double from what expectations were from last summer's consumer study (July 2020), in which only 35.1% of shoppers reported that they planned to shop more online than before the pandemic.[1]

Obviously, the pandemic disrupted and altered how many people made purchases, with people turning to ecommerce out of necessity. But was this a temporary trend as physical stores were closed, or the beginnings of a new, turbo-charged era in online shopping? Our data indicates the latter, as over **85% of consumers plan to keep shopping online,** despite store re-openings.

Nearly 30% plan to buy **more** online this holiday season compared to 2020, while 54.5% of shoppers are expecting to shop an **equal** amount.

This means that online shopping during the 2021 holiday season could easily outpace the 2020 holiday season, which was already record-shattering: Holiday shopping produced a 32% year-to-year growth in the United States. Ecommerce sales during November 2020, which includes Cyber Monday, reached $100 billion for the first time.[2]

> *Holiday 2021 may be the biggest ecommerce opportunity yet.*

[1] Christmas in July, Qubit, 2020. https://www.qubit.com/blog/christmas-in-july-consumer-behavior-infographic.
[2] Americans spent a record online over 2020 holidays, CNBC, 2021.

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Ecommerce is more competitive than ever before

Despite growth in ecommerce, brands still face an uphill battle in converting visits into sales. Amidst declines in attention spans, we know that ecommerce teams have only 1-2 pageviews to be relevant and grab a customer's attention before that person looks elsewhere.[3]

Furthermore, another problem is that more online commerce means more competition and diminishing customer loyalty.

31.4% of consumers are shopping with more brands than ever before

In order to rise above the fray, you must address the ecommerce problem at its core:

The number one reason for shoppers leaving an ecommerce site is not being able to find the right products

Product discovery is the challenge you didn't know you had

Digital merchandisers and ecommerce teams are under constant pressure to optimize product performance—constantly updating product catalogs and pricing, adjusting page layouts, and sifting through spreadsheet after spreadsheet of product performance data.

However, what your product performance data may not tell you, is that fixing **product discovery**, (ie. how easily shoppers can find products that are relevant to them once they've landed on your site) is the key to get a visitor to make a purchase.

You have a very limited time to show the customer the products they are searching for. We have all been to physical stores that are poorly stocked and randomly organized. It's frustrating in the 'real world' and it's unacceptable in the virtual one.

Indeed, a visitor who leaves without purchase may never be seen again. **This hurts brands more than ever since acquisition costs have risen by 50% since 2018.[4]**

[3] Vuja de, Qubit, 2020. https://www.qubit.com/research/the-personalized-merchandising-shake-up.

[4] Customer Acquisition Cost Study, Patrick Campbell, Profitwell, 2018.
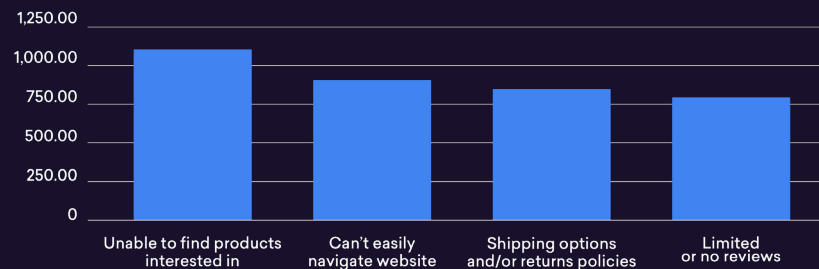
Rediscovering product discovery.

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The real reason your visitors bounce

According to Qubit research, the average product catalog contains 13,000 products. Unsuprisingly then, customers feel overwhelmed with products.

87.6% of shoppers say they are faced with an overwhelming amount of product choices some, always or most of the time

Product discovery is about better enabling individual visitors to find a few select products, among your thousands of products, that are most relevant to them.

Top reasons for leaving an ecommerce site without purchase

1,250.00			
1,000.00			
750.00			
500.00			
250.00			
0			
Unable to find products interested in	Can't easily navigate website	Shipping options and/or returns policies	Limited or no reviews

How is your business doing when it comes to product discovery?

Take a look at your own website.

- Open your browser
- Then open an incognito window or another browser
- Browse your website in both windows, clicking on different products and categories in each one
- Click through to the same product in each window and look at the product recommendation page

What do you notice?

Are the recommendations virtually identical, if not exactly the same?

Shouldn't they be unique to each customer and therefore different in each instance?

STABLE
SCALABLE
SMART
STABLE
SCALABLE
SMART
STABLE
SCALABLE
SMART

How should ecommerce teams respond for better product discovery?

Despite a changing online landscape, it is more important than ever to get well-known conversion and revenue-driving tactics right. When deciding on which strategies to implement, it's important to consider the three S's:

Is it scalable?
Can the strategy and technology scale to all relevant aspects of your business, and can it be easily updated as needed?

Is it smart?
Can the strategy and technology dynamically deliver the promised results?

Is it stable?
Will the strategy and technology seamlessly integrate on the back and front-end of your business's stack?

If you can answer yes to all three of these then you're onto a winner, that's how you truly automate product discovery. We have a few strategies to think about when improving your product discovery.

Reviving product discovery:

3 ways to turn more visitors into customers.

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1. Personalized Recommendations: the product-to-customer logic

42% of US consumers expect products recommended to them to be tailored to their individual tastes and preferences, yet over one out of every three shoppers think that recommendations are not actually tailored to them.

There's a disparity between what consumers expect and what they actually experience. Great reccommendations respond to the customer in real-time, taking the context of their journey into account.

But how do you discover a customer's purchasing context?

The answer is data. The more you know about your customers the better recommendations you can provide. Deep learning product recommendations adapt to the individual with a product-to-customer understanding, not product-to-product.

For example, if a customer buys sneakers, product-to-product recommendations might suggest socks—which seems logical.

But product-to-customer recommendations can go so much further. What if we knew that the customer was a sneakerhead, and we recommend limited-edition, brand exclusive sneakers? Or, what if we knew they love a specific apparel brand and recommend a shirt in the cut they like that just went on sale?

Relevance pays off

The results for product-to-customer recommendations speak for themselves:

- **300x more products shown***
- **Shoppers find products 3x faster**
- **+100% CTR,**
- **Up to 5% more revenue over standard recommendations**

When taking a closer look at a global luxury retailer using deep learning product recommendations, we found that not only do more people click on recommended products (the CTR uplift) but once they've clicked through, they're more likely to add the product to their basket and then more likely to buy it.

This means that the transaction funnel becomes "wider"- more people go in - as well as "stickier"- a smaller percentage fall out once they're in. The result is that the conversions that can be attributed to recommendations goes up by even more than just the CTR increase would indicate. In the case of this particular retailer, we saw a whopping **300% uplift** in converions.

This goes to show that rewarding customers with a genuinely relevant experience really pays dividends.

*More of your catalogue is shown because customers receive highly tailored and relevant recommendations, as opposed to viewing the same generic, hero products.

Here's a peek into **MandM Direct's** results using deep learning product recommendations across three on-site placements:
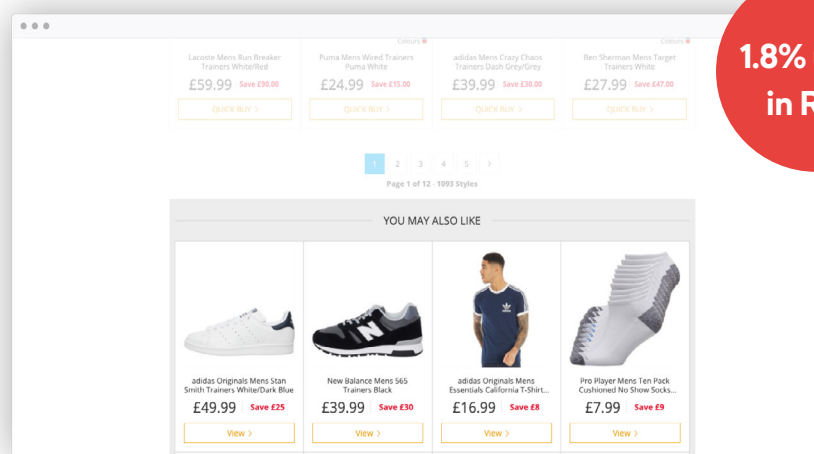
Overall.

- 114% increase in product recommendation CTRs
- 2.4% increase in revenue amounting to millions in incremental sales annually

Product Listing Page (PLP) placement

- 1.8% uplift in revenue per visitor (RPV)

Product Detail Page (PDP) placement

- 0.72% uplift in RPV
- 5.28% uplift in CTR

1.8% uplift in RPV

2. Mobile search: Meet your customers where they are at

When a customer is actively engaged and they're on the hunt for products, make it simple for them and consider that mobile shopping is being utilized more than ever before.

- More than 1 in 3 consumers say they most commonly shop on mobile
- **41%** of customers most commonly **discover products** using **on-site search**
- Shoppers who use search are 2.4x more likely to buy & spend 2.6x more than non searchers[5]
- **Search abandonment** costs retailers **$300 billion** in the US alone[6]

**Top ways shoppers find products on ecommerce sites**
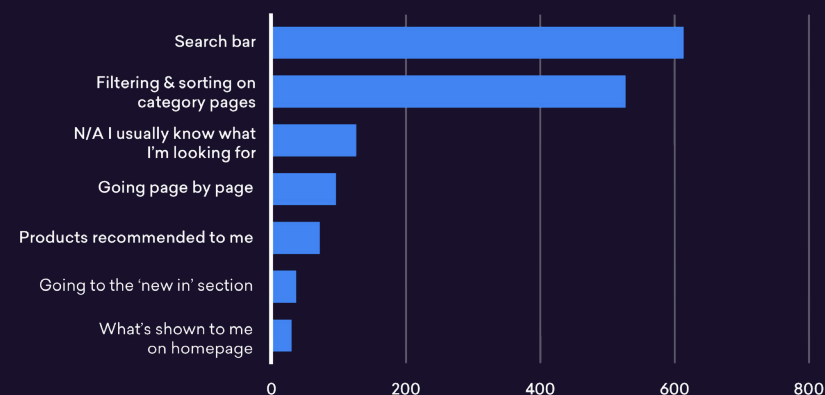
[5] The 360 Blog, Salesforce, 2019.
[6] Harris Poll & Google Cloud, E-commerce Times, 2021.

Simple, personalized mobile search

As part of the Coveo family, we provide best-of-breed search so that you can opitimize the customer experience on mobile, where most of your customers go to find products.

Personalize the experience with 1:1 recommendations in the search preview to make it as easy as possible to find products they're already looking for while reducing browsing friction.
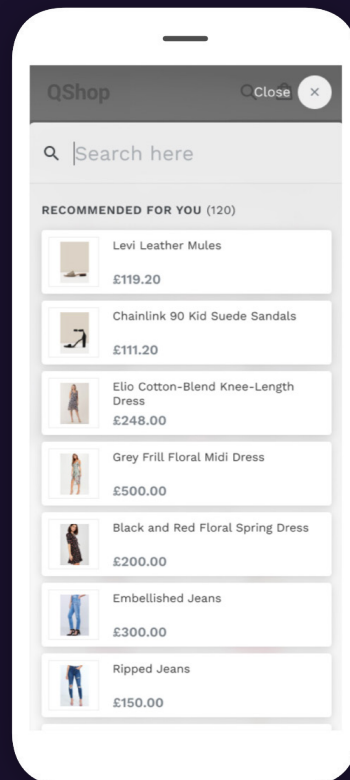
3. Product badging: Draw attention to the right products

Over half of consumers say they need more convincing to buy online compared to in-store shopping. Product badging and social proof are effective, elegant ways to provide your visitors with the confidence to buy once they've shown interest in a product.
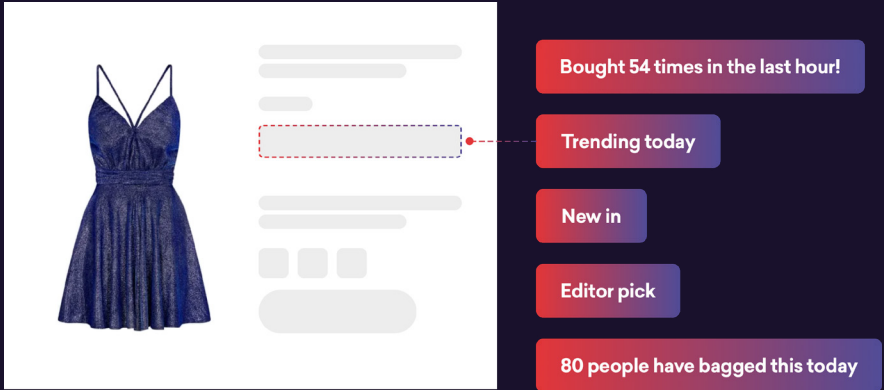

54.9%

need more convincing to make a purchase online compared to in-store

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Social proof to increase customer confidence

Use proven strategies, such as social proof, scarcity or 1:1* customer badges to catch visitors' attention and help them on their purchasing journey. Apply these techniques on the PLPs (product listing pages) and PDPs (product description pages) that often see the highest traffic, and bounce rates.

Furthermore, including badging on the cart page can provide the final push needed to get your visitors to make the purchase.

Bought 54 times in the last hour!

Trending today

New in

Editor pick

80 people have bagged this today

For you

*1:1 customer badges use the latest in deep learning technology to uniquely badge products on the PLP for every customer.

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Effective badging strategies are proven to boost engagement, drive up conversion rates and increase in-session revenue. Consistently, our customers see industry leading product badging strategies drive an **RPV uplift between 2-5%**, demonstrating its effectiveness in enabling visitors on their journey to purchase.

Here is one example:

Kurt Geiger has achieved 11x ROI from merely social proof experiences alone

Social Proof on PLP

- 5.05% uplift in add to bag
- 3% uplift in RPV
- 2.85% uplift in CR

3% uplift in RPV
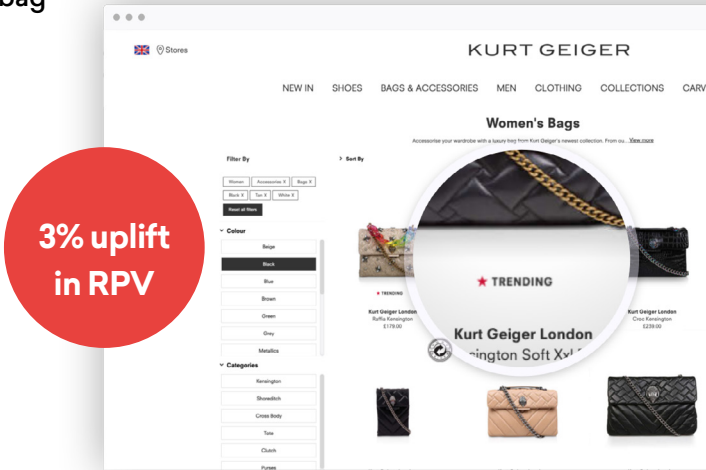
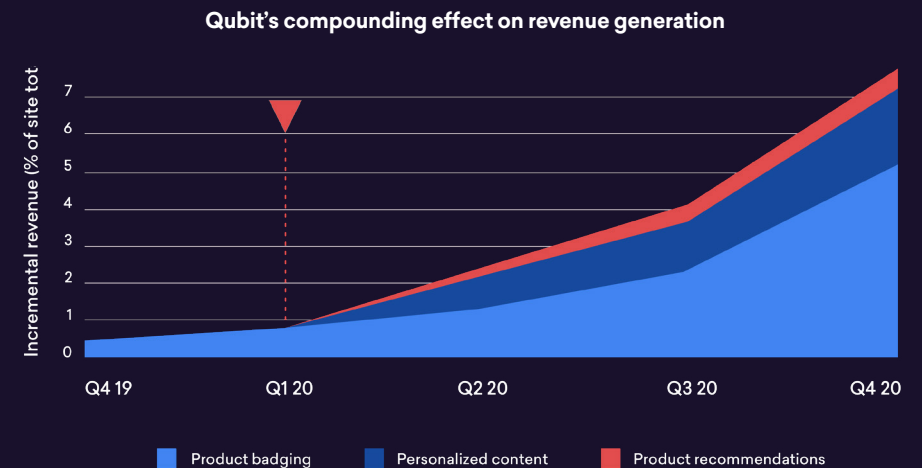## Putting your product discovery plan into action

It's imperative for ecommerce teams and brands to understand how consumers are shopping and what are the key steps to turn increased site traffic into increased revenue.

Optimizing product discovery is the key to providing the online shopping experience your customers want and expect, and keep them from leaving without making a purchase. **Product recommendations, search and badging are some of the key ways to better enable product discovery with impact on engagement and revenue.**

Compound your revenues by scaling the right combination of experiences

Need more bang for the buck? Qubit CommerceAI is built to combine and deploy the most relevant techniques to inspire purchase.

Talk to one of our ecommerce specialists today and find out how to optimize your site, stand out from the crowd and turn your visitors into loyal advocates.

Qubit's compounding effect on revenue generation

Incremental revenue (% of site tot

7
6
5
4
3
2
1
0

Q4 19   Q1 20   Q2 20   Q3 20   Q4 20

■ Product badging   ■ Personalized content   ■ Product recommendations

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If you would like to learn more about how your business could implement a product discovery solution strategy, we invite you to contact one of our experts.

Hundreds of successful brands rely on Qubit CommerceAI to power personalized product recommendations, badging and data-driven insights to build exceptional customer buying experiences.

Speak to one of our experts today!

Get in touch:
info@qubit.com

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