

E-COMMERCE TRENDS 2021

The store is in the customer hands

by Making Science



making
science

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E-COMMERCE 3.0

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Introduction

- The world of retail is undergoing an unprecedented wave of innovation. Technology plays a major role, but there are also other forces at work. New business models are being created that have profound influence across the e-commerce and wider retail value chain.

At the same time, consumer behaviours and expectations are evolving. In this paper, we identify and examine those trends that will shape the retail landscape over the next few years.



E-COMMERCE INDUSTRY OVERVIEW



E-COMMERCE, A NEW REALITY

E-commerce, a new reality

- E-commerce is the activity of electronic transactions related to the purchase and delivery of goods and services.

The following are considered an e-commerce practice:

- **Retailers with online presence – “e-tailers”**
- **Companies selling exclusively online**
- **Marketplace sellers like Google Shopping, Facebook, Amazon**

- The most well-known form of e-commerce falls into the business to consumer (B2C) category, which includes online retail or online shopping. Almost half of all adults are Millennials, which also means an increase in Millennial B2B buyers.

This audience wants to be able to easily search for their needs their needs and related products without conversing with salespeople.

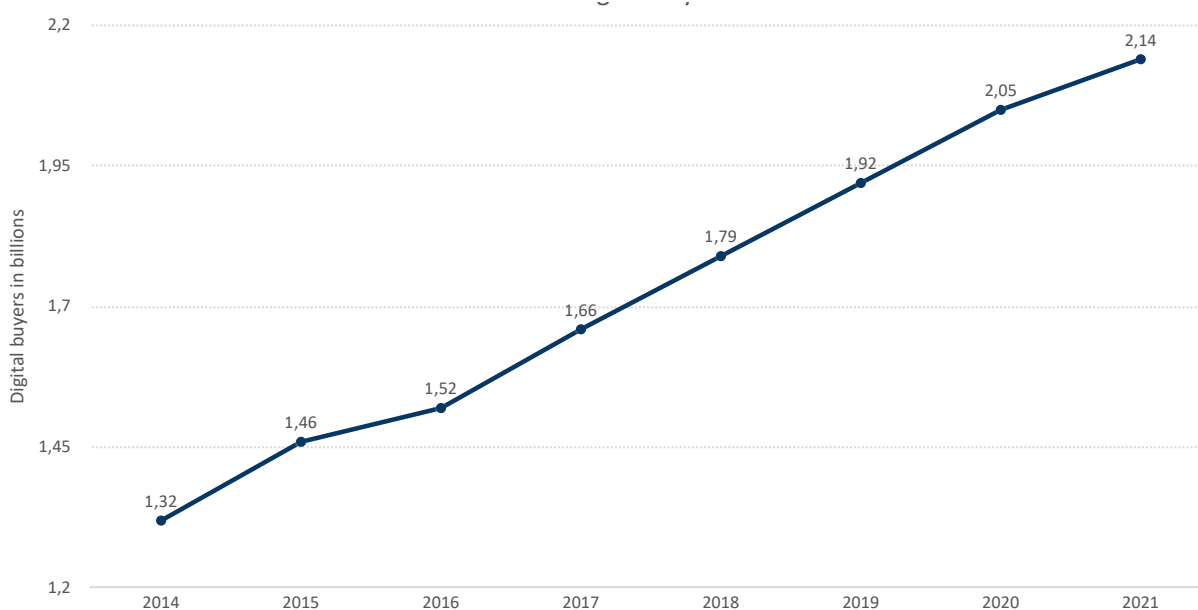


MARKET SIZE

Market size

Purchasing goods and services online has become a common practice among many people around the world. Some choose to make online purchases for convenience, others because of the competitive price offered by some e-commerce platforms. Digital buyers can also be influenced by a range of digital resources when shopping, such as brand emails and product reviews. Reasons to purchase aside, the number of digital buyers is on the rise.

Number of digital buyers worldwide:

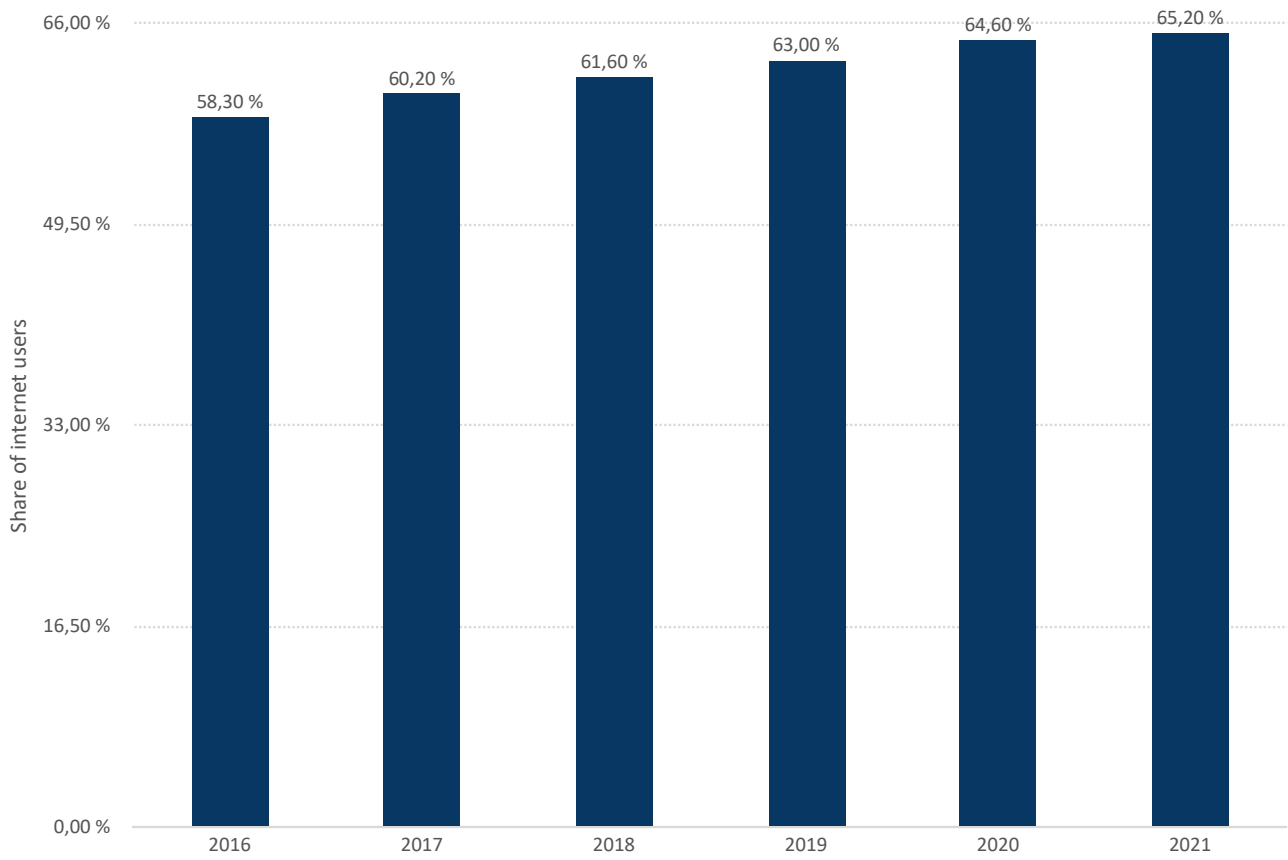


Source: eMarketer

MARKET SIZE

Market size

Digital buyer penetration worldwide 2016-2021.



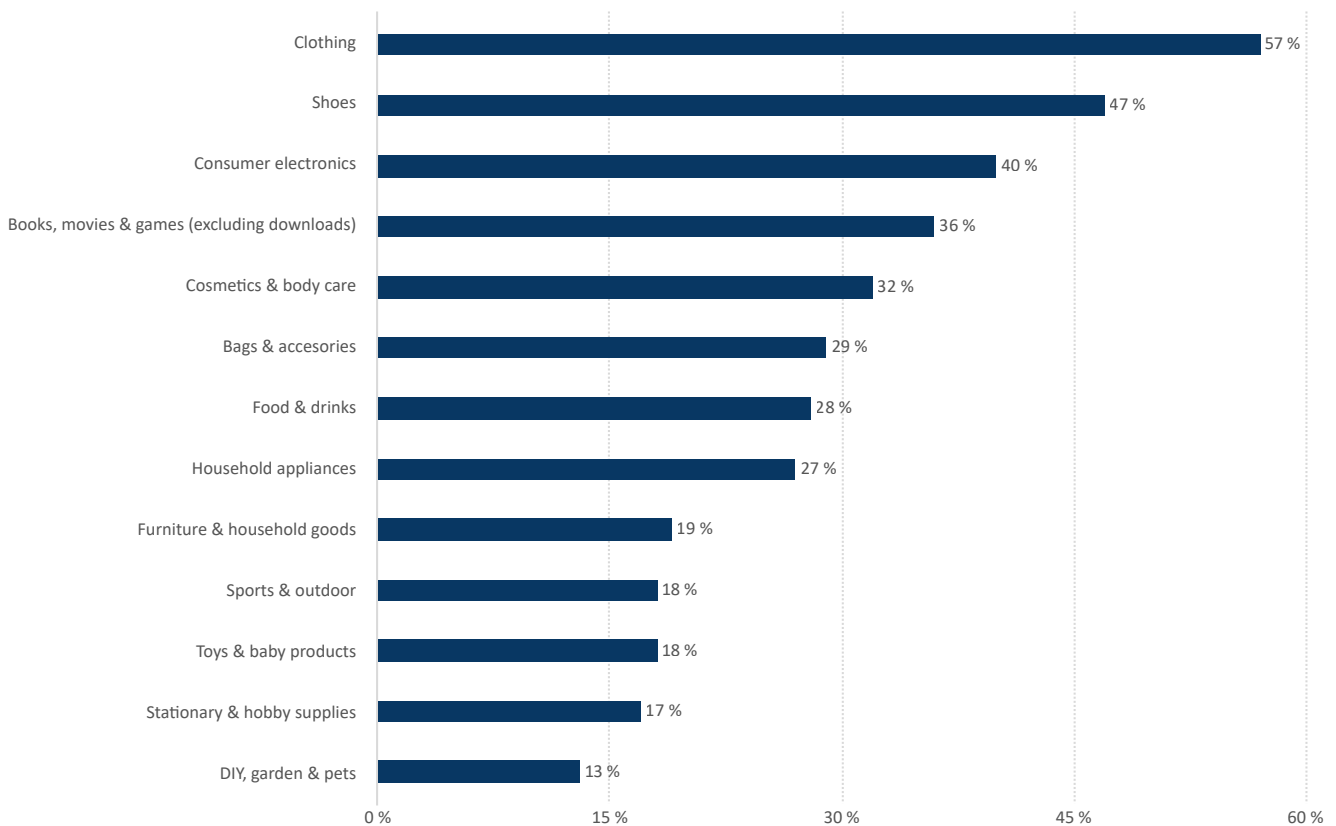
Source: eMarketer

TOP SELLING INDUSTRIES

Top selling industries

Fashion is the top-selling industry in almost all countries with clothing being the highest contributing product category. The increasing demand for the fashion industry in the online world is mainly due to the improvement in returns policies. Following clothing, shoes and consumer electronics are the 2nd and 3rd most popular categories, respectively.

Share of internet users who have purchased selected products online.



Source: eMarketer

TOP SELLING INDUSTRIES

An on-growing industry

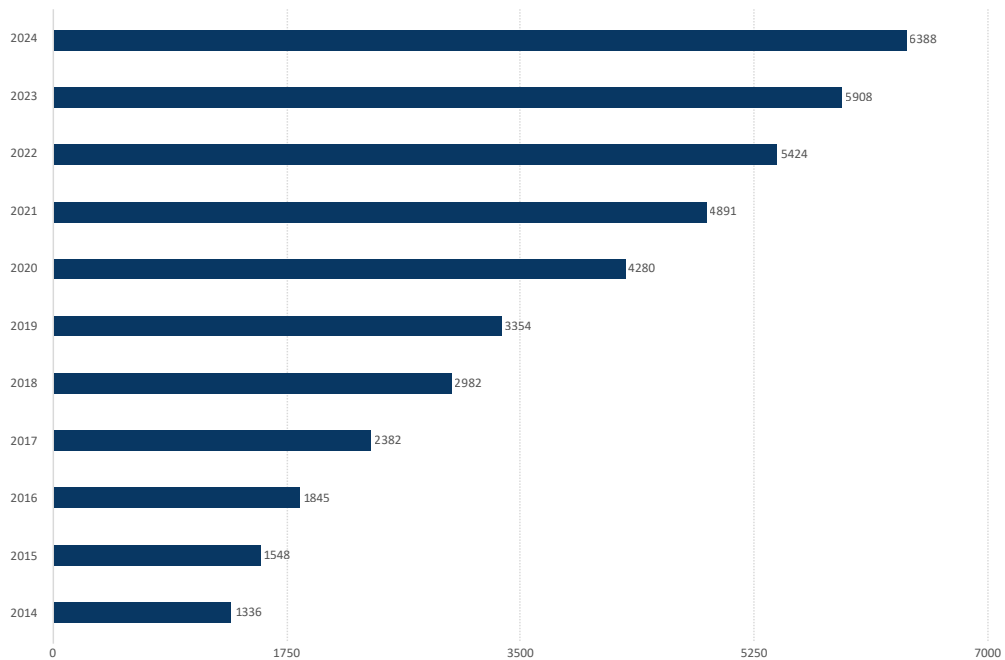
- Global e-retail sales amounted to \$4,28 trillion in 2020 accounting for 18% of total sales around the world and are projected to grow to 5.4 trillion US dollars in 2022.

With digital development exploding in the Asia Pacific region, it is no surprise that the fastest growing **online retail market** is India, followed by Spain and China.



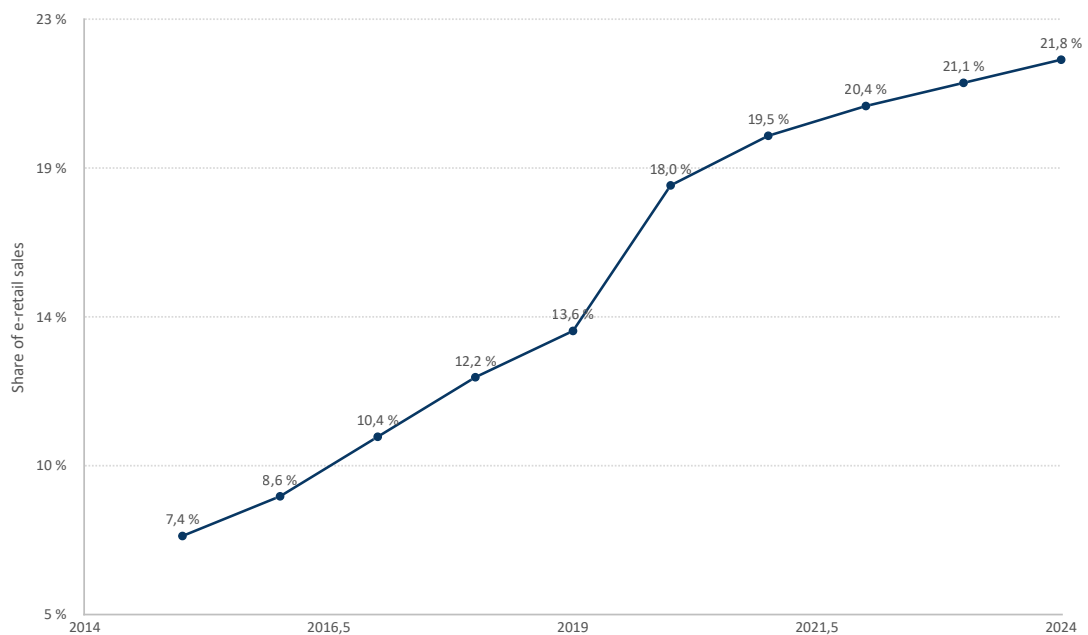
TOP SELLING INDUSTRIES

Global retail e-commerce sales:



Source: eMarketer

Worldwide e-commerce share of retail sales:



Source: eMarketer

TOP TRENDS AND CHALLENGES



Consumer e-commerce today is mainly driven by price, convenience and how quickly products are delivered. However, a growing number of consumers are starting to want more from e-commerce. The desire for instant access and a 24/7 seamless shopping experience will be the norm, driven by millennials and digital natives. These generations are constantly connected to an online environment where events happen in real-time without waiting and where social media enables them to take control.

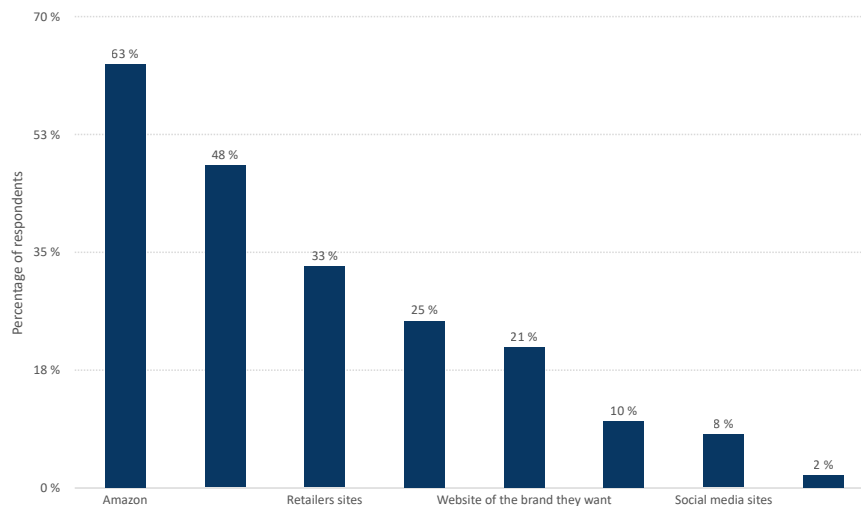
José Antonio Martínez Aguilar
CEO



Omnichannel

Omnichannel retailing has become the standard for success in the retail environment. It provides a seamless, continuous customer experience across any device or location a customer wishes to shop, with a personalized brand experience.

Online sources for product searches worldwide 2020



Source: Censuwide

In a survey by HBR (Harvard Business Review), 73% of respondents said they use multiple channels during their shopping journey. Furthermore, the more channels customers used, the more money they typically spent, and the more repeat purchases they made. Perhaps most importantly, multiple interactions tend to result in more recommendations made to friends and family.

OMNICHANNEL

The first phase of the omnichannel evolution we see today is marketing messages, pricing and product availability consistently across all channels; these consumer touchpoints work together to support an integrated, consistent omnibrand experience.

One of **the key conditions for success for retailers** will be their ability not only to keep track of users across a growing number of devices and touchpoints, but also to figure out how to effectively measure which of those **are most effective at driving sales**. This will imply a growing level of sophistication in how sales are attributed to the **different marketing touchpoints**.

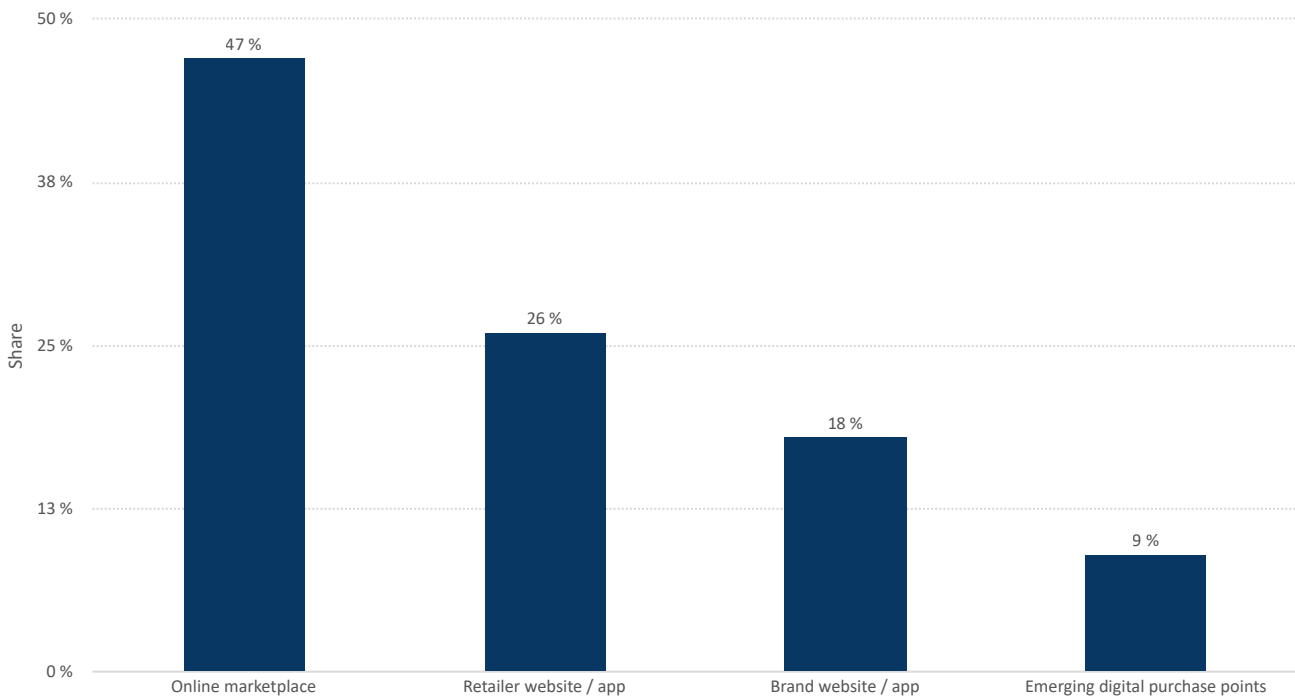
A black and white portrait of Paula Gómez, a woman with long dark hair, smiling. She is wearing a dark, textured sweater with puffed sleeves and a necklace with a small pendant.

Paula Gómez
Head of Data & AdTech

MULTIPLATFORM

Multiplatform

- Getting potential customers to your site is one task but getting them to convert is another. Businesses are looking to improve their conversion rates by optimizing their product pages. Multiplatform selling is another way to get conversions, whether through Facebook advertising or shopping ads on Google.
- Share of global digital purchases by channel:



Source: Salesforce

MULTIPLATFORM

When it comes to ecommerce multichannel strategies, the product feed **is the foundation of campaigns and the quality of the data feed will determine its success.**

- The quality of the feed makes or breaks the product listing ads. When it comes to optimizing your product advertising campaigns, the feed is the first place to start looking for revisions.

A black and white portrait of Antonio Negro, a man with short hair and a slight smile, wearing a dark button-down shirt and light-colored pants. He is standing with his arms crossed.

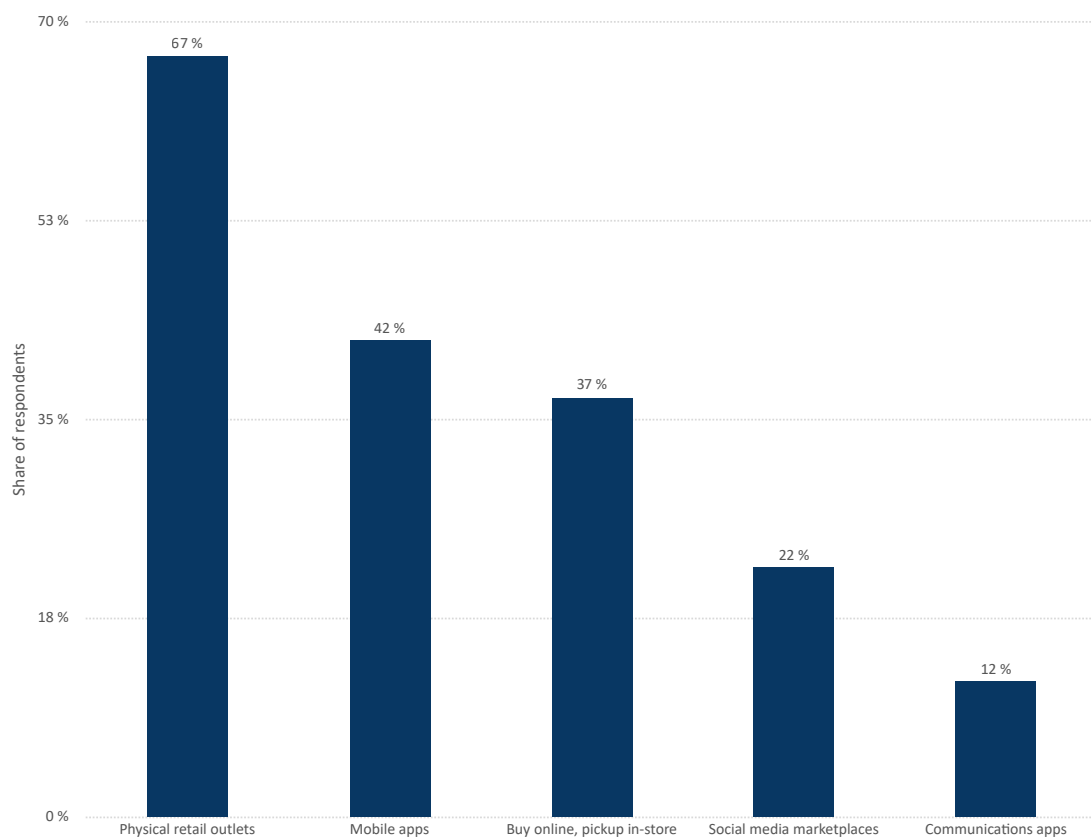
Antonio Negro
Head of E-commerce

Mobile Commerce

As consumers' trust in online shopping increases, they feel more comfortable making purchases using their mobile devices.

By the end of 2021, mobile devices are expected to make almost 73% of total ecommerce sales. Regardless, 30% of online shoppers are likely to abandon their carts in the middle of shopping if they find out that your website is not mobile-friendly.

Purchase channel usage of consumers worldwide as of 2019:



Source: Wirecard

There are various reasons that explain why this type of online commerce is growing at such a fast pace:

MOBILE COMMERCE

Mobile devices enhance customer flexibility: e-commerce already enables access to a wider range of products and competitive prices; with mobile commerce, **these features are subject to an increased flexibility of spaces for device usage.**

Online merchants using the mobile channel have registered higher conversion rates and ROI.

- The widespread adoption of increasingly powerful smartphones with larger screens is improving the m-commerce experience. Retailers need to adapt their website to be mobile-friendly and platforms that can support the whole shopping journey, from product search and discovery, to comparisons, recommendations, and payments.

Furthermore, it is recommended to create a progressive web app (PWA) for the online store. PWA's load faster than a website and allow customers to view pages that they have previously browsed without the internet.

- We believe in an advertising approach that uses the most appropriate channels to device forms, target audience and campaign objectives. For example, in the context of smartphones, native applications are most likely to be a more effective advertising channel.



Óscar López
Head of SW Engineering

Direct to customer

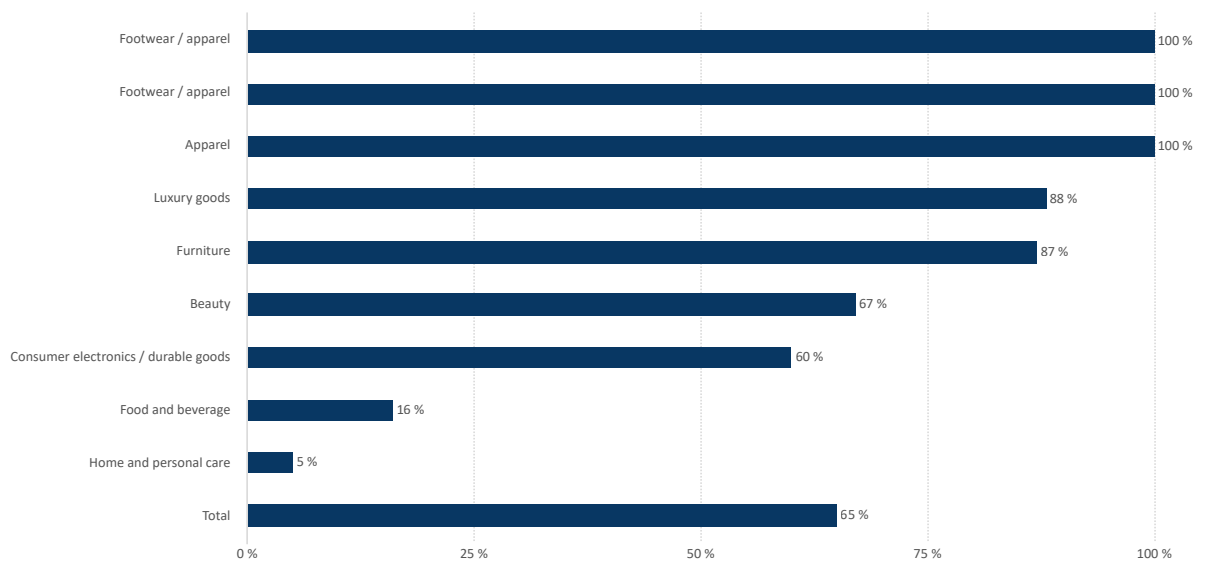
- While millennials and Generation Z are less likely to be loyal than previous generations — *chiefly because there's more transparency and information available to them* — there's a strong argument to be made that brands that get the customer experience right will see greater loyalty.
- A report based on a consumer survey shows that 59% of respondents preferred to do research directly on brand sites and 55% want to buy from brands directly (vs multi-brand retailers) because brands generally focus on providing positive purchase and service experiences.
- The majority of respondents expressed the general notion that brand/manufacturer websites offered better and more complete product information — and better prices.
- Emarketer points out that in the US, 40% of shoppers expect to be making over 40% of their purchases from D2C brands in the next five years. As technology advances to erase the friction from this model, those stats are only likely to increase.

The provision of distinct and tangible shopping experiences, online and real-world, **will become a key to enhance and differentiate a brand's value proposition.**

DIRECT TO CUSTOMER

But retail brands must ensure that the experience in question provides genuine delight and value; otherwise, there is a danger consumers could view it as a stunt.

Share of brands with DTC transactional websites worldwide



Source: Source: L.E.K. Consulting



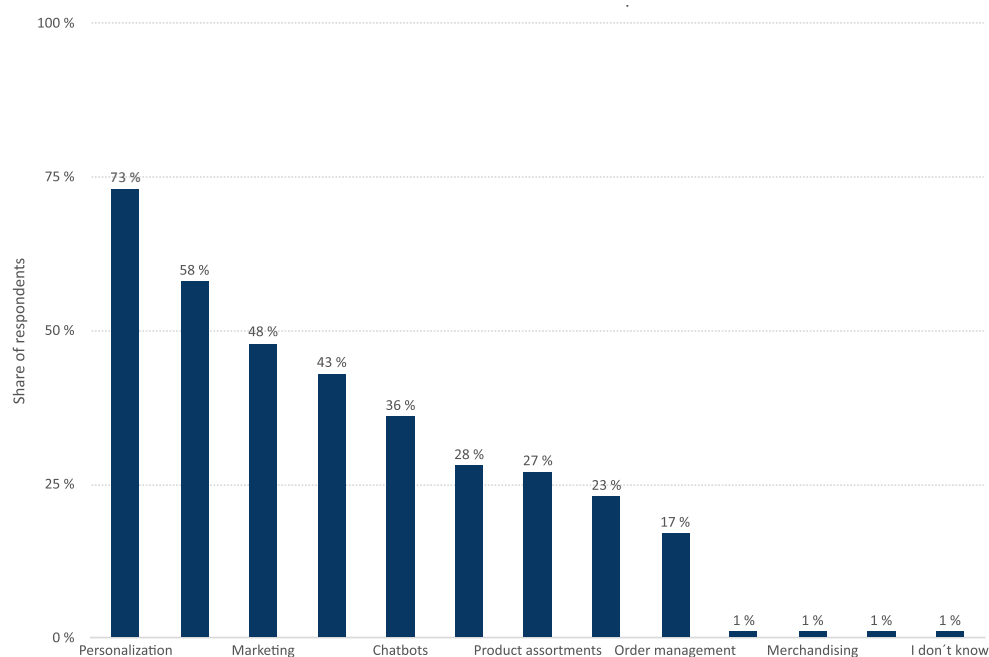
Patricia Yuste
Digital Marketing Services
Director

AI to enrich customer experience

A. I act as an eCommerce guide by offering personalised guidance and recommendations to customers. A. I use shoppers' past purchase history and browsing behaviour to show them products they are more likely to purchase.

When we talk about E-commerce trends, we must discuss artificial intelligence and how it impacts online shopping behaviour. Depending on the nature of a businesses audience and the pace of development, AI implementation highlights consumer patterns which will benefit the performance of e-commerce like a product recommendation, personalization, dynamic pricing, image search and customer segmentation. AI cannot guarantee a company sudden success, but it gives much insight and aids the decision making processes.

Future areas in which AI will help ecommerce.



Source: SearchNode

ARTIFICIAL INTELLIGENCE

By implementing AI in an ecommerce store, **it will likely see an increase in conversions and a decrease in the return rate**, due to its extraordinary capabilities.

- The GDPR has introduced a regulation that has minimised personal data use by marketers. This results in processing aggregate data, which means personal data can not support measures or decisions regarding any particular natural person.
- Artificial intelligence plays a major role in this privacy scenario since it compensates for the minimization of data by making predictions that allow ecommerces to continuously improve their best in class customer experience strategy.

Álvaro Verdeja
COO



Voice Search

- People are increasingly relying on voice assistant devices like Amazon Echo with Alexa and Google Home with Google Assistant to do everything from waking up to buying products online. These features are gaining popularity as users are making their way of life based on technology. According to Think with Google, 72% of people who own voice-activated speakers say that these devices are used as part of their daily routine.
- Additionally, voice search is quicker and more efficient than you are when it comes to typing. The average person types at a speed of about 30 to 35 words per minute, but a voice search feature may enable you to process an average of about 100 words per minute.

More than the usage of words (SEO, keywords, meta-tags), ecommerce existing relationship with a product will decide their prominence among customers. **Optimizing content for voice search will be a critical step for brands to list higher than all other products in the same category.**

MARKETPLACES FOR YOUR E-COMMERCE BUSINESS

Marketplaces

- An e-commerce site may appear to be a prerequisite for an online store. However, existing e-commerce businesses have risen above simple sites.
- Currently, there is a very important percentage of consumers who prefer to buy in a marketplace for convenience, price or to benefit from a fast logistics service.
- On the other hand, very few brands have enough digital and logistical capacity to face the demand of these customers, so the option of associating with a marketplace appears as the best solution.



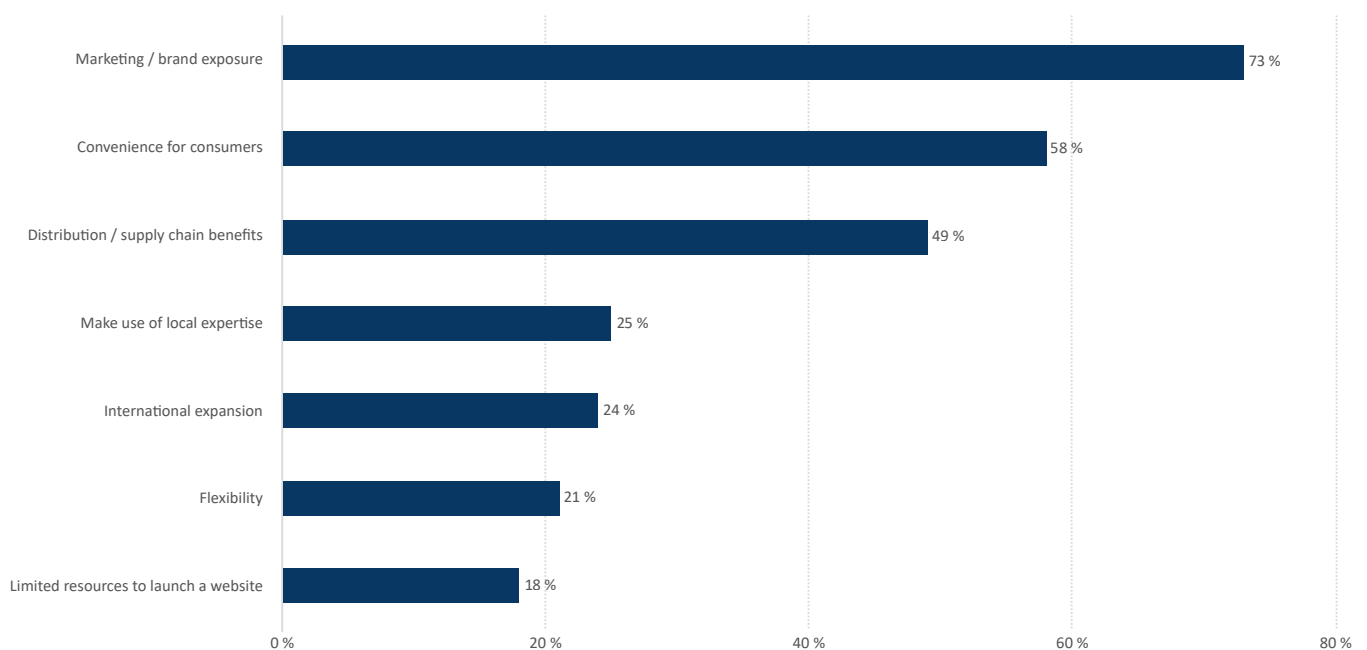
Gialuca Papa
Amazon Team Lead

MARKETPLACES FOR YOUR E-COMMERCE BUSINESS

Marketplaces

The biggest advantage of a marketplace is the exposure of the brand, which becomes a sales showcase for a multitude of consumers. In addition, the initial investment is less than preparing a website and hiring all the services, tools and maintenance of an ecommerce platform.

Reasons for trading in marketplaces:



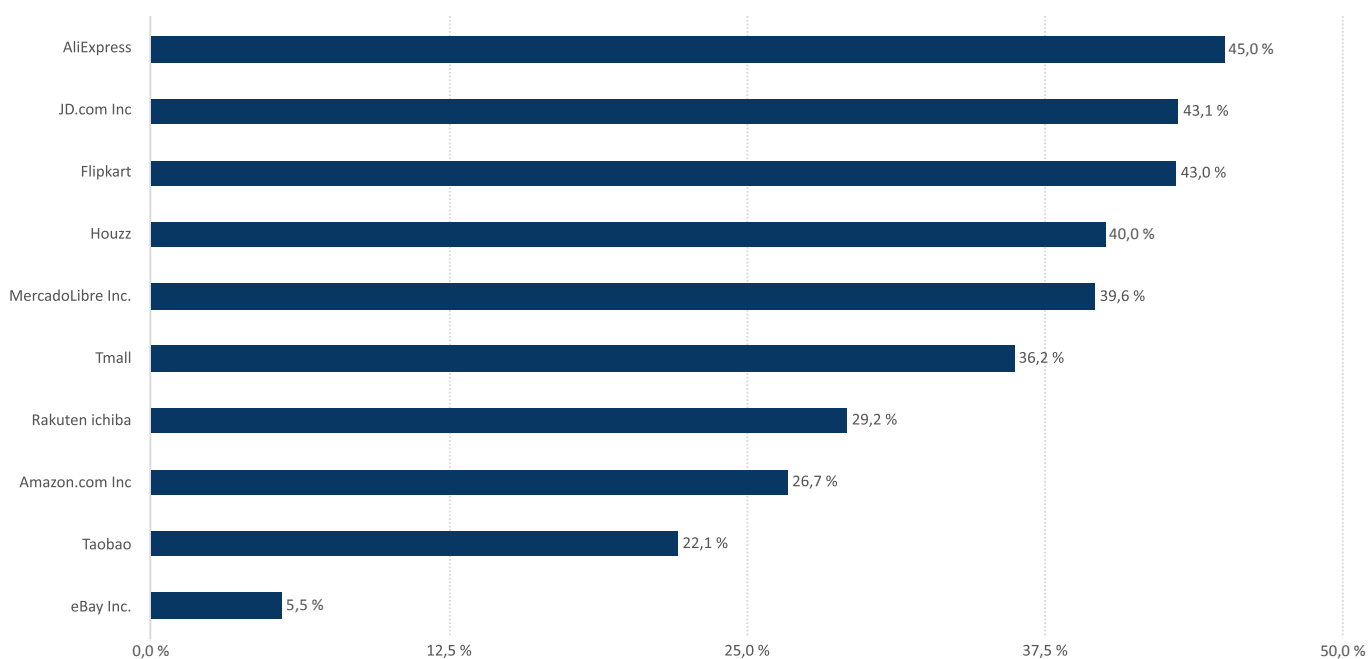
Source: Jumpshot

MARKETPLACES FOR YOUR E-COMMERCE BUSINESS

In case the volume is sufficiently high, **marketplaces can be substantially more productive** than putting the time and capital into setting up your ecommerce site.

Additionally, a marketplace is an interesting option if your business is small, has just started, and you want to test and study your desired audience.

Gathering information while preparing for a larger and more personal web launch.



Source: Digital Commerce 360



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