

Current Trends in E-Commerce

Web²Market

Is Your E-Commerce Site Competitive?

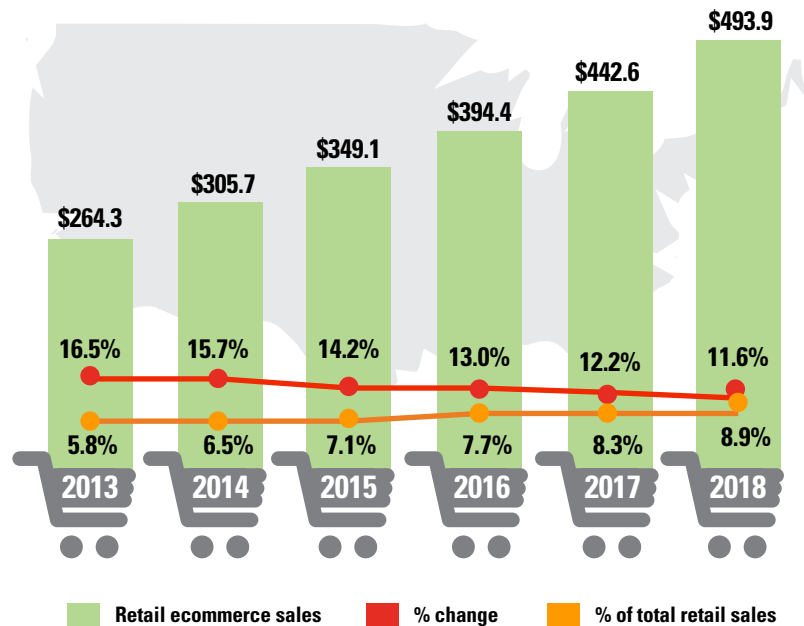


THE NUMBERS 2015 AND BEYOND

Worldwide, e-commerce sales will reach **1.7 trillion dollars** in 2015, with 349.1 billion dollars of e-commerce revenue coming from the U.S. alone.

US Retail E-Commerce Sales, 2013 - 2018

billions, % change and % of total retail sales



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets

Source: eMarketer, Sep 2014



B2B and B2C e-commerce in the U.S.

In the U.S., B2B e-commerce sales doubles B2C and Frost & Sullivan predicts that B2B e-commerce sales will reach \$780 billion in 2015 and will represent 9.3 percent of all B2B sales. The firm also predicts that B2B e-commerce will exceed \$1.1 trillion and comprise 12 percent of all B2B sales in the United States by 2020.

B2B and B2C e-commerce Worldwide

By 2020, the B2B e-commerce market will be twice as large as the B2C e-commerce market, globally. With help from one of the largest e-commerce giants, Alibaba, China will emerge as the largest online B2B market with \$2.1 trillion in sales by 2020.

► *What can we expect from this rapidly growing industry? Here is a list of the Top E-commerce Trends of 2015 and Beyond...*

TOP ECOMMERCE TRENDS FOR 2015 AND BEYOND

Trend: **MOBILE ECOMMERCE**



Mobile devices are now responsible for more than one-third of e-commerce sales globally based on a [Q1 2015 State of Mobile Commerce Report](#) by Criteo. Three months preceding the report, there was a 10 percent increase in mobile transaction in the U.S. alone and the report estimates that by the end of 2015, the mobile share of e-commerce transactions will reach 33 percent in the U.S., and 40 percent globally. This is up from 23 percent in 2013 and 12 percent in 2012.



The Facts

Mobile accounts for **50.3 percent** of all e-commerce traffic – 40.3 percent from mobile phones and 10% from tablets. **This is the first time in history that more people used mobile phones and tablets to visit online stores than using a computer.**



49.7% Computers



The projected 349.1 billion dollars in e-commerce sales will be spent by 166.3 million total U.S. mobile shoppers which includes people that purchase on both smartphones (145.3 million) and tablets (121 million).

Source: *Shopify*



80.9% of those who shop on tablets actually make a purchase



52.4% of those who shop on smartphones make a purchase



\$ The average revenue per smartphone is roughly a third of that of a tablet

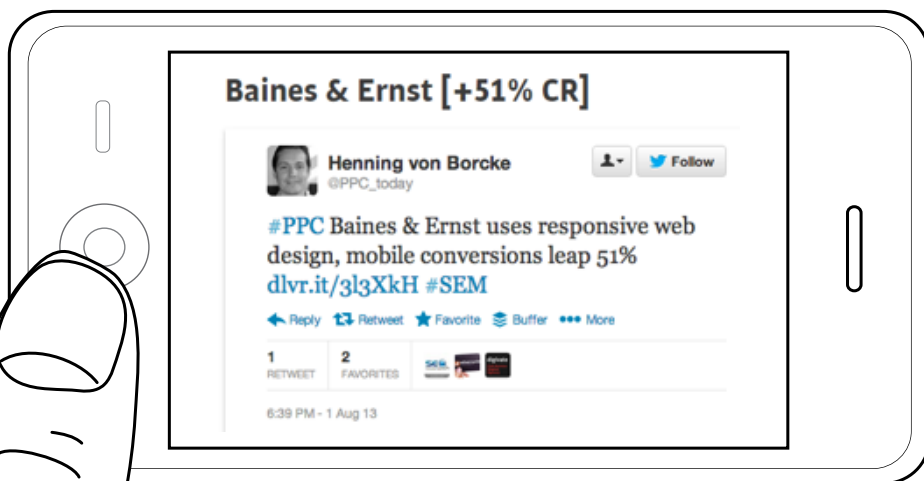


42% of those surveyed cited mobile as the most important form of media for finding info while shopping, a number equal to the laptop/desktop experience

Prediction:

The continued evolution of responsive design

- When they visited a mobile-friendly site, 74% of people say they're more likely to return to that site in the future



Increase in mobile purchases

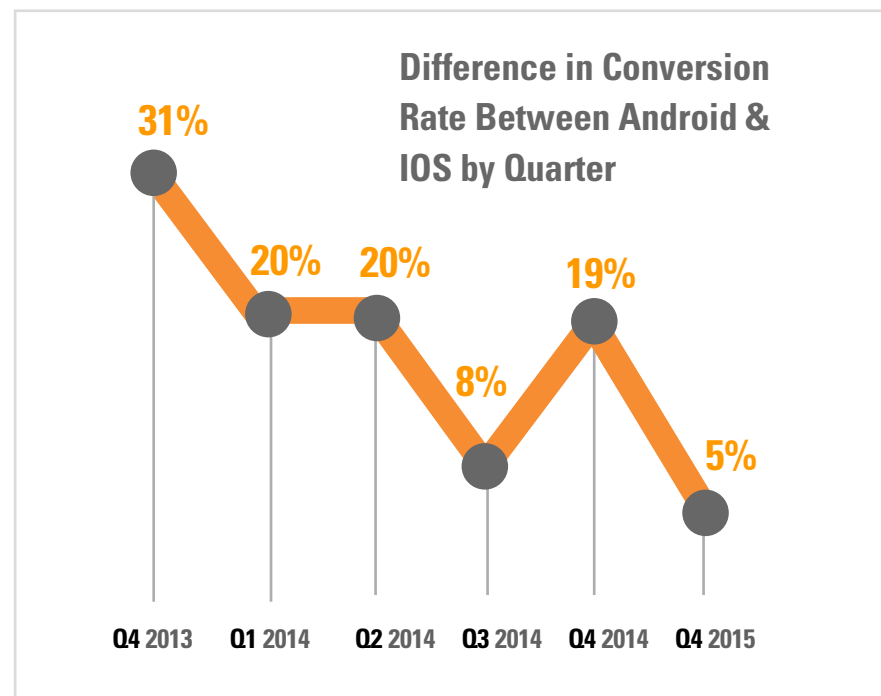
- 67% of mobile users say that when they visit a mobile-friendly site, they're more likely to buy a site's product or service

67% Mobile Users **BUY**



A shift in conversion domination from Apple to Android

where we'll see more conversions from Android devices vs. Apple devices. As you can see from the following graph, the gap is already decreasing between the two operating systems where Apple was once the clear frontrunner.



Source: MoovWeb

Wearables – Trend or Fad? The jury is still out on this one and what kind of impact it will have on the online buying journey. If Google Glass and Apple iWatch take off, there may be another channel for online merchants to focus on, but we aren't sure if this will stick. Right now we are far away from market domination.



- In a [Nielsen study](#), 70% of consumers are aware of wearable technology while 15% of them currently use wearables. We believe this to be a trend merchants will be addressing in late 2016 and beyond.



How can a company embrace the mobile ecommerce trend?

- Have a responsive design and ensure that images are optimized
- Avoid flash as 30% of mobile phones (Apple) can't use flash
- Reduce text entry on forms
- Product pages with more icons and less text
- Place redirects that detect site visitors using mobile and load mobile site



Trend: **OMNICHANNEL**

► *What is it?*



As defined by Wikipedia:

Omnichannel is the use of a variety of channels in a customer's shopping experience including research before a purchase. Such channels include: retail stores, online stores, mobile stores, mobile app stores, telephone sales and any other method of transacting with a customer. Transacting includes browsing, buying, returning as well as pre-sale and after-sale service.

Essentially it is a consistent and seamless journey through the brand, for your customer, regardless of channel or device.



The Facts



71% of the consumers expect to be able to view in-store availability online



50% expect to buy online and pick up in-store



39% of consumers are (very) unlikely to visit your physical store if they aren't able to check the available inventory online

Prediction:

More companies will embrace omnichannel platforms for their customers...



How can a company move towards omnichannel marketing?

- **Shift how you sell** – Sell how your customer would like to buy from you rather than how you prefer to sell your products and services. If your customer wants to purchase via mobile phone and pick the product up from the store – make it possible!
- **Use real-time analytics** – Use real-time analytics to tap into user preferences while they are on your site. Use the analytics to determine what your customers want and show content that is relevant to them. Real-time data also makes it possible for you to measure more than just your campaigns, you can effectively measure the people, providing greater insight into their buying behaviours.
- **Use targeting messaging based on channel** – Use real-time data to develop content based on audience segmentation and use cases, specific to each channel



Trend: **FREE, SAME DAY DELIVERY AND OTHER SHIPPING TRENDS**



As the e-commerce space gets increasingly competitive, e-commerce sites have to get more creative in ways to compete for your dollar. The new trend, especially with the big-box stores, is to offer a variety of discounted and fast shipping options, including:



FREE same day shipping



FREE ship to store



FREE overnight delivery



FREE return shipping



FREE shipping for members

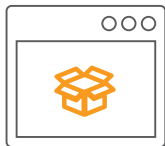
The Facts



59% of consumers say they consider shipping costs when making online purchasing decisions



53% say that low-cost shipping is a reason to switch online retailers



44% abandon their cart due to high shipping costs



24% say that same-day delivery is important

76% say it is not important

Make it a point to always **highlight** your free shipping offer.



▶ Case Study - Amazon Prime



Amazon Prime provides members with FREE two-day shipping, including unlimited deliveries with no minimum order size, on over 20 million eligible items. The membership also includes free streaming and downloads. At launch, the membership fee was \$79 a year (In 2015, the price is now \$99 a year). What were the results?

Subscribers started deferring to Amazon first because they know the shipping is free and stopped shopping with the competition

Positive results for Amazon:

- Amazon Prime broke even within three months of launching, not the two years predicted by its creators.
- Amazon Prime customers spent as much as 150% more at Amazon after they became Prime members.
- Subscribers not only ordered more often, but after paying the \$79 fee, they started buying things at Amazon that they probably wouldn't have in the past.

Prediction:

More of the same reward-style programs that offer free shipping and same day shipping will follow suit.

- More big-box companies will follow Google and Amazon with same-day delivery and we will see this service expand to more areas (outside of larger metropolitan areas)
- Same-day grocery delivery will expand
- Will we see 30-minute deliveries via Amazon drone?



How can a company compete with the likes of Amazon and Google's free, same-day shipping?

- Waive shipping versus offering a discount
 - 59% of consumers say they consider shipping costs when making online purchasing decisions
- Offer free return shipping
- Start offering same-day shipping to a limited geographical area and for select inventory and expand from there



Trend: **THE GROWTH OF SOCIAL COMMERCE**



The major social media platforms have been testing out the social commerce waters, and we can only expect this to continue to evolve in concurrence with our dependence on mobile.

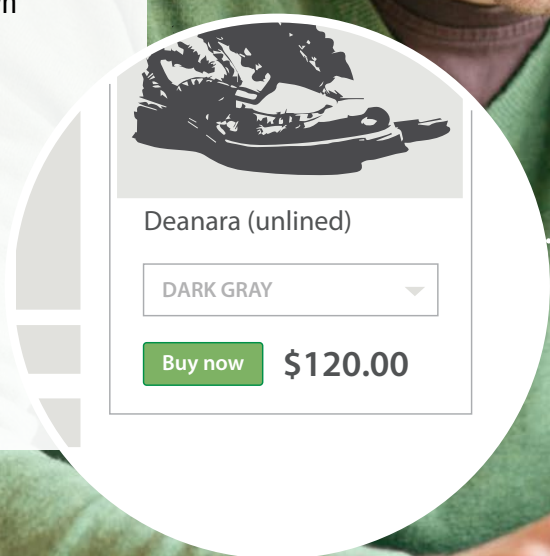

Testing the waters

Facebook and Twitter have both tested out the “buy button” on their platforms, and Facebook even launched its own [Shopify app](#).

In the Internet Retailer’s [2015 Social Media 500](#), the data revealed that social-derived web sales increased 26% last year, with \$3.3 billion in sales.

26% WEB SALES INCREASED

\$3.3 BILLION SALES

Deanara (unlined)

DARK GRAY

Buy now \$120.00

The Facts

A study done by **Shopify**, analyzed how social media is impacting its e-commerce sites. Based on 37 million social media visits which led to 529,000 orders, the following was discovered:



Facebook dominates as a source of social traffic and sales. Nearly two thirds of all social media visits to Shopify stores come from Facebook

85% ORDERS FROM FACEBOOK

An average of 85% of all orders from social media come from Facebook

95% PHOTOGRAPHY SPORTS AND RECREATION PET SUPPLIES

Facebook dominates 95% of the social media sales of photography, sports and recreation and pet supplies.

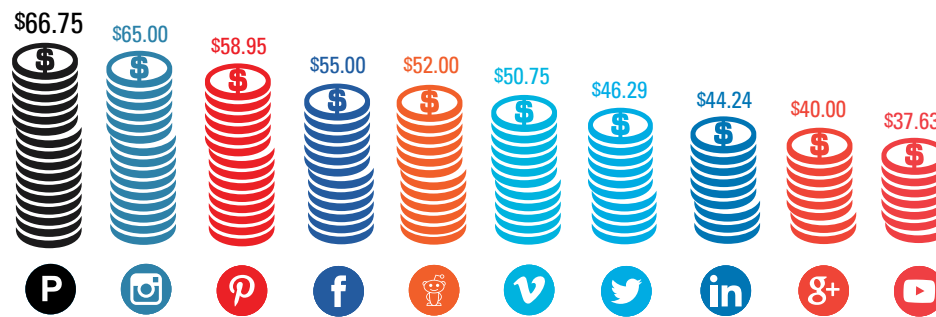
1.85% CONVERSION RATE SOCIAL MEDIA ECOMMERCE

Facebook has the highest conversion rate for all social media ecommerce traffic at 1.85%

Average Order Value per Social Media Platform (2013)

Average Order Value

Polyvore surprised us by sitting in the top spot with an impressive \$66.75 average over 436 orders (Q3 2013)



Prediction:

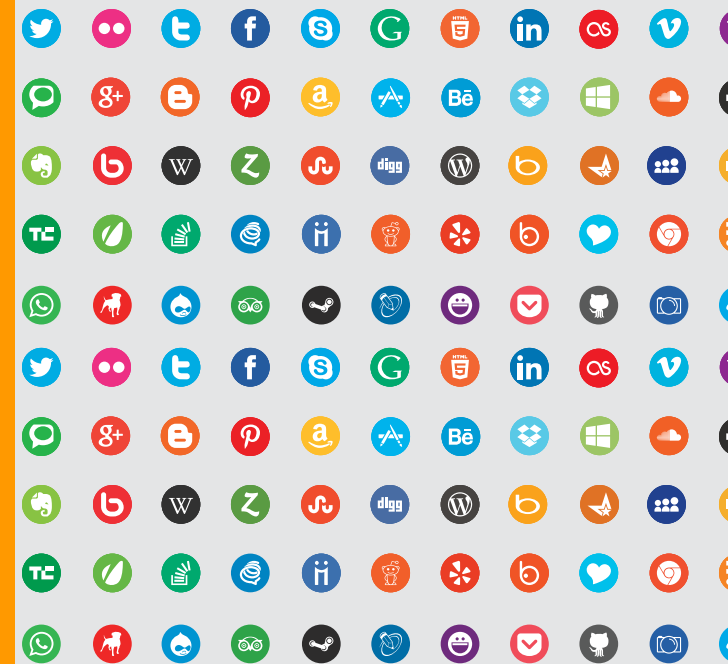
Online businesses will invest more money in social media advertising and invest more in engaging the customer.

- **Social media spend** – Given the direct correlation with lead generation, companies social media advertising spend will increase
- **Social media strategy** - We will see a shift from using social media as a branding platform, to one that generates actual sales, allowing the customer to make direct purchases on the site
- **Content shift** – We will see a shift to educating the customer on the product through engagement on social media



How can a company embrace the social media trend?

- Focus more on engaging the customer and less on selling to them
 - Respond to all posts – negative or positive
- Build relationships by providing the customer with information that they will find useful, for example, information they would use prior to purchasing from you
- Leverage testimonials – customers are more willing to hear about how great you are from someone other than you
- Ensure that your content /offer is specific to the channel
- Share quality content that the audience actively seeks



Trend: **ORGANIZATIONS WILL ACKNOWLEDGE THAT QUALITY CONTENT IS KEY!**



A common theme among all trends is that each and every one of them wouldn't be possible without content. Especially with the emergence of omnichannel marketing and social commerce, the demand for content managers and quality content will increase exponentially. Unfortunately, only **10% of companies** have a dedicated marketer for content creation, but as the trend for quality content increases, this number will increase.

Smart Insights, a consulting and publishing firm, **surveyed about 600 marketers**, asking what sort of digital marketing they believed would be the most important in 2015. Some 29.6 percent, or more than a quarter, said content marketing. By comparison, **Big Data** was in second place with 14.6 percent of respondents, and search engine optimization was important to just 4.3 percent of those surveyed.



Most commercially important Digital Marketing Trend for 2015?



Source: Smart Insights

The Facts



Website conversion rate is nearly 6x higher for content marketing adopters than non-adopters (2.9% vs 0.5%).



86% of B2C marketers use content marketing



95% of B2B enterprise marketers use content marketing



Inbound marketing delivers **54% more leads** into the marketing funnel than traditional outbound marketing.



91% of B2B marketers use content marketing

▶ As CEO's come to understand the importance of content and the impact it has on sales, we will see a merge of product and content, and essentially more content in e-commerce. The evolution of content marketing will force larger enterprises to become more personalized with their content and their marketing strategies, increasing the need for big data to evaluate buying behaviours of customers.

Prediction:

We will see an increase in quality content by more organizations, and new innovative ways to connect with the customer, including:

- The use of product videos to sell product
- Longer, rich, quality content for SEO purposes - Google prefers long form meaty content, 1000+ words
- Content specifically for mobile and easily consumed via mobile
- More customer case studies and testimonials
- The use of visual content to attract inbound links, social media shares and engagement
 - **40%** of people will respond better to visual information than to plain text
- Money previously set-aside for SEO and social media will be allocated to content marketing
- The emergence of big data for analytical purposes

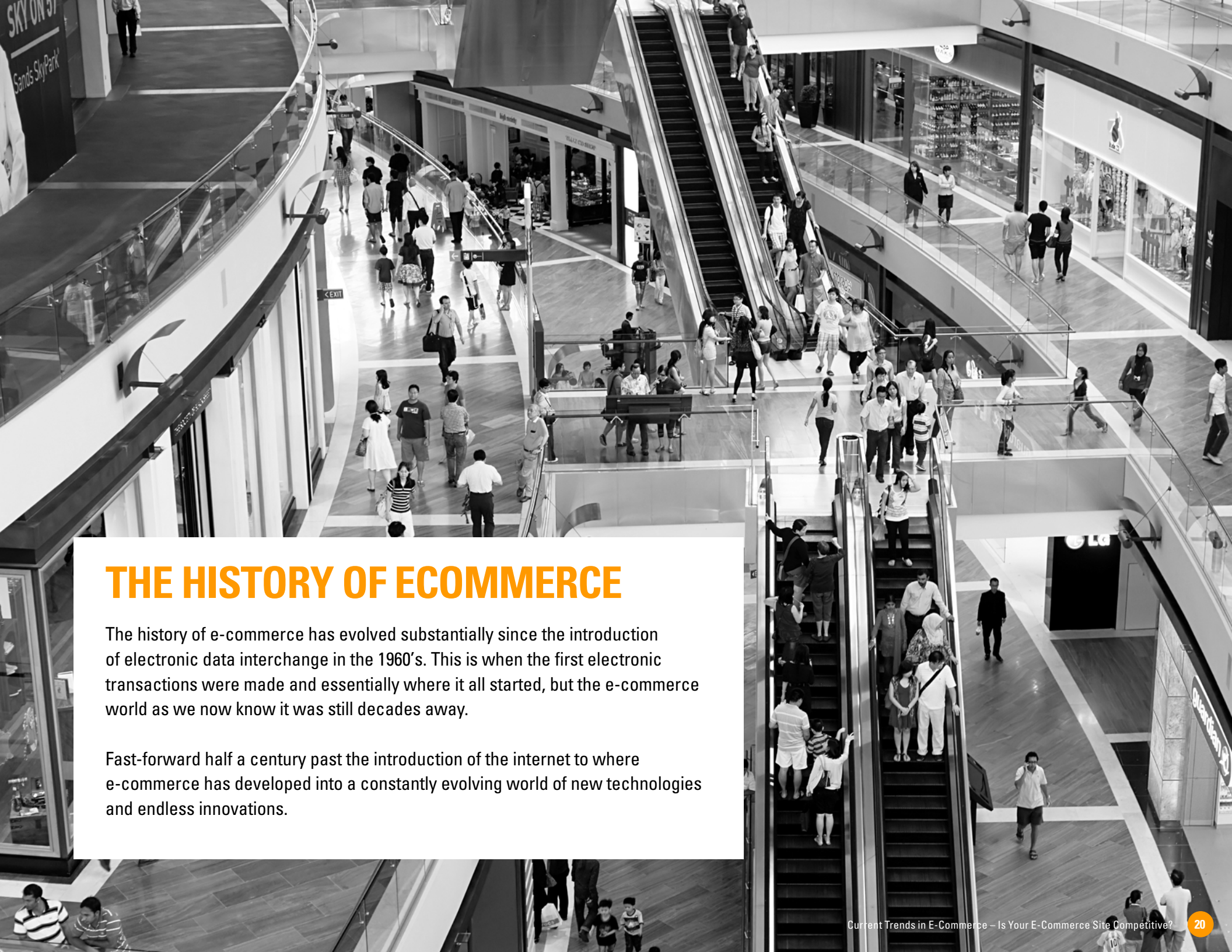


How can a company embrace the content phenomenon?

Write for the customer, rather than to the customer, but asking the following questions:

- Does this content solve a problem?
- Does it make people laugh?
- Does it answer a question?
- Does it provide entertainment?
- Does it provide unique, expert insight?



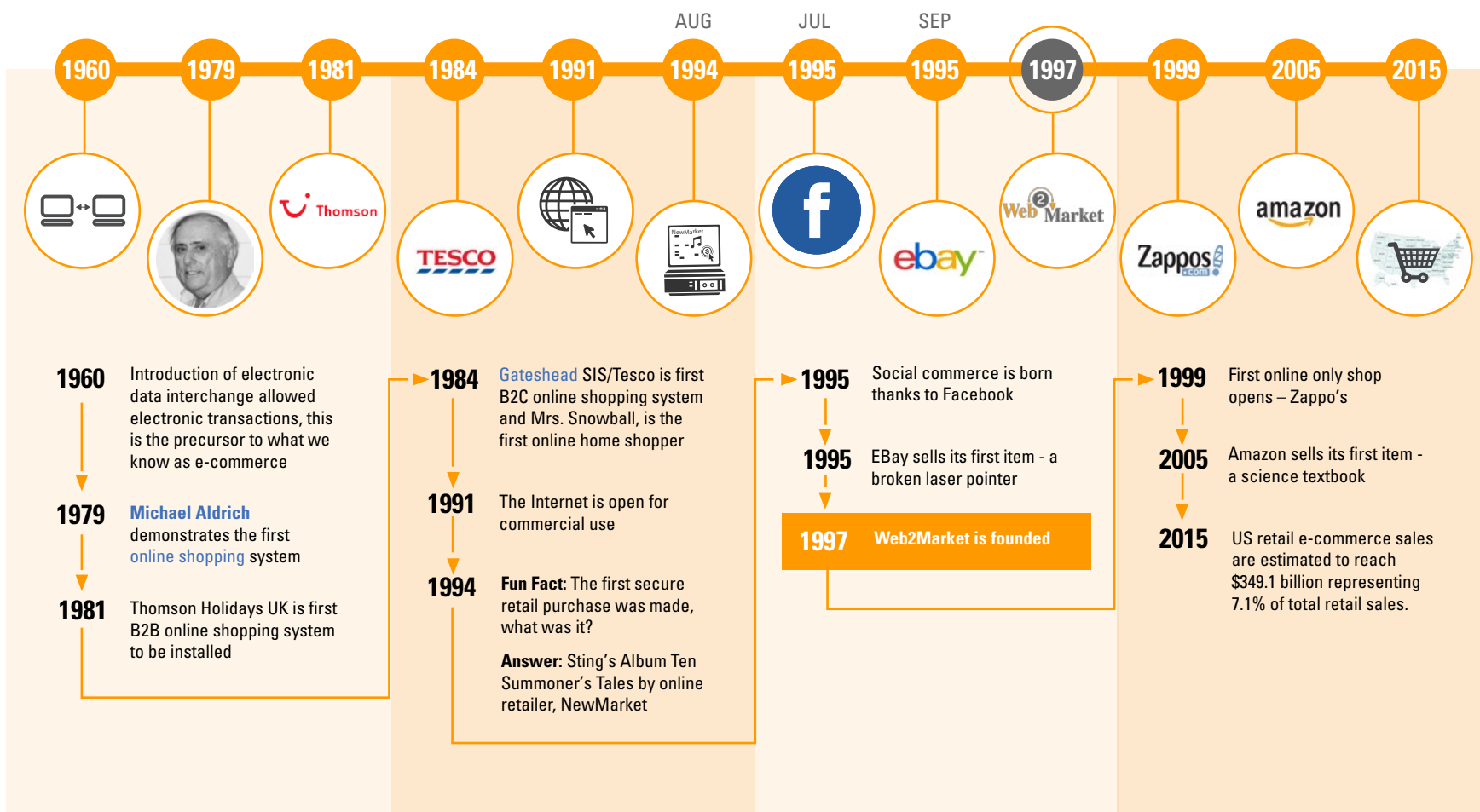


THE HISTORY OF ECOMMERCE

The history of e-commerce has evolved substantially since the introduction of electronic data interchange in the 1960's. This is when the first electronic transactions were made and essentially where it all started, but the e-commerce world as we now know it was still decades away.

Fast-forward half a century past the introduction of the internet to where e-commerce has developed into a constantly evolving world of new technologies and endless innovations.

THE HISTORY OF ECOMMERCE





We're always curious to jump into new projects and solutions.

Contact us today to get started.



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