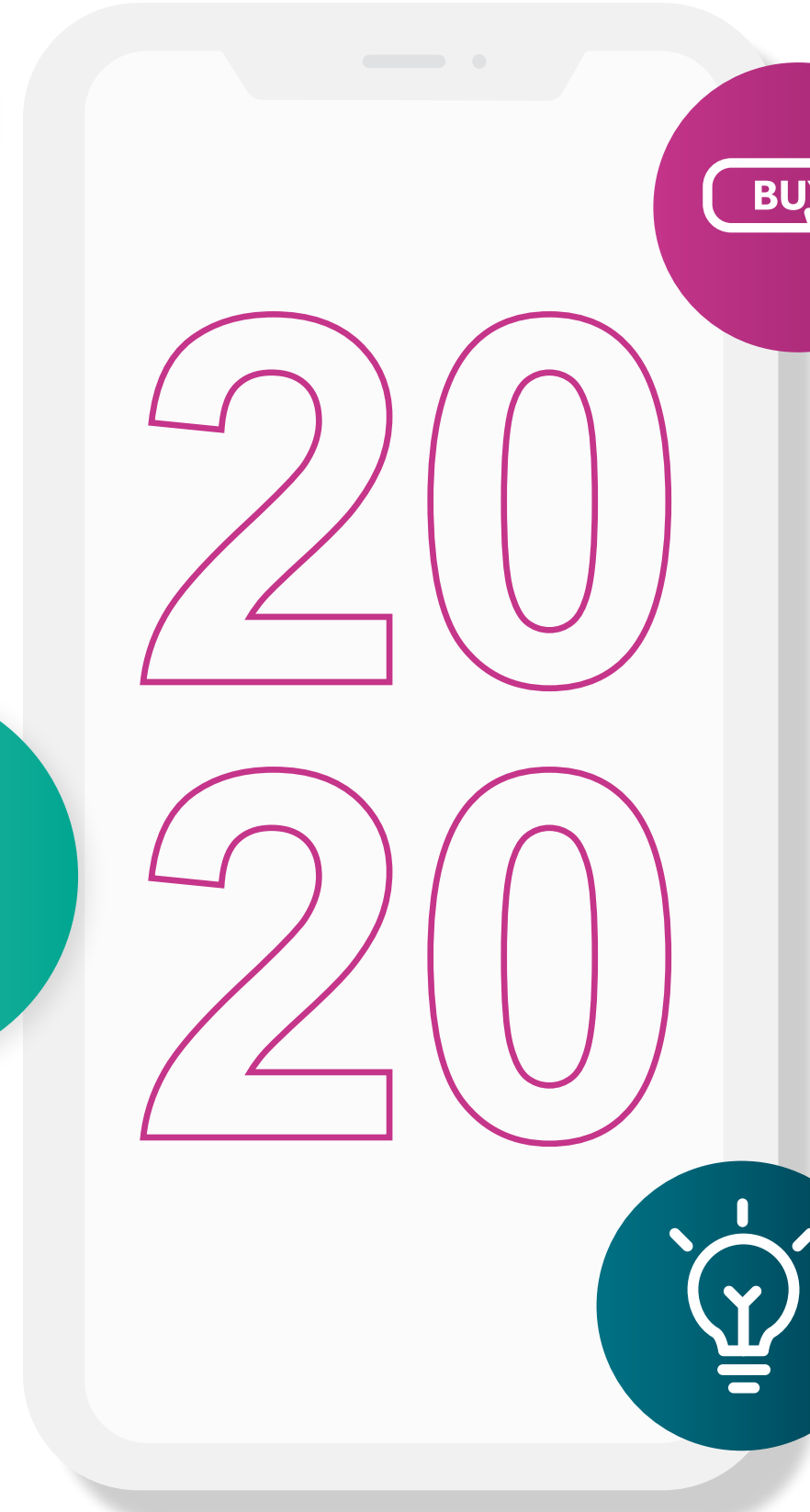




# 2020 e-commerce trends

Get ahead of these trends to set your business up for a successful year



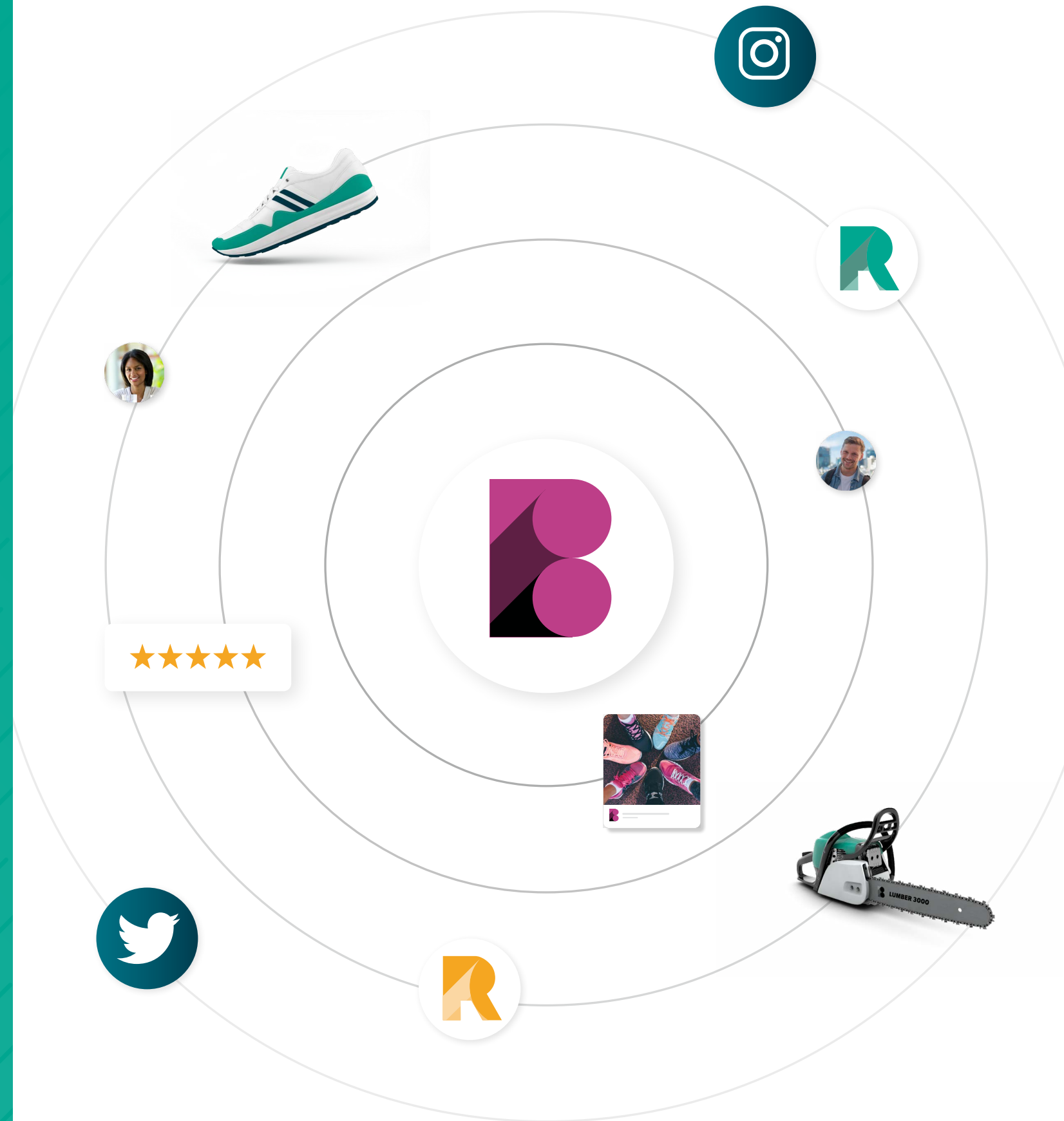
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# Introduction

With consumers having more options than ever for what to buy, where to buy, and who to buy from, brands have a pressing need to stay ahead of the curve to gain and hold onto their shoppers' attention – and spend.

After roundtable discussions with our sales and client success teams and reviewing research from industry leaders, we identified these six trends that brands and retailers are paying attention to in 2020. From deciding where to sell and how to market, to what to acquire and where to innovate, staying ahead of these trends for 2020 will position your brand among the best-in-class.



# 1 Amazon isn't the cornerstone of most brands' strategies

While Amazon's position on the Internet Retailer 500 is solidified after years of growth, partnerships, and Prime subscriptions, the grip it has on the e-commerce market is loosening. Notably, in November 2019, Nike announced their departure from selling directly on Amazon<sup>1</sup>. This isn't the first, nor last, brand to decide to pull their products from Amazon. Other notable sellers (or technically, not sellers) include Birkenstock and Popsocket<sup>2</sup>, who both pulled their products from Amazon previously, and Glossier and Bonobos<sup>3</sup>, who both avoided selling on Amazon completely.

Reasons range from manufacturer concerns over counterfeiting to the desire to have a more direct, personalised relationship with the consumer. And it's not just the big brands who are opting out. Fulfillment and exposure can be tricky as a newer or smaller brand, which makes Amazon desirable.

But, as Amazon increases price tags for advertising, releases more private label products, and doesn't safeguard against counterfeits, brands are exploring other options to sell with more confidence.

"Smaller brands have to sell on Amazon, but bigger brands don't have to. Amazon is great for awareness but not long-term strategy," says Hailey Shuster, Bazaarvoice Inside Sales Representative.

Additionally, Amazon has come under fire for their treatment of employees, eavesdropping on conversations recorded via Alexa, and other issues that the public has determined to be ethically undesirable. With the Edelman Report on Brand Trust finding that 69% of shoppers care about a brand's impact on society, Amazon may soon find their shelves staying fuller as shoppers opt to buy elsewhere<sup>4</sup>.

If Amazon doesn't get a grip on its shortcomings in 2020, they may find brands are preferring to add a different retailer to their cart to sell more strategically and to align themselves with their buyers ethically.



# 2 Customers expect your business to listen and respond

With more options for what to buy and who to buy it from, consumers are able to be more selective and particular when making purchases. With a higher bar for customer satisfaction, that means consumers expect you to interact with them when they reach out and, when applicable, act on their feedback to keep your business relevant.

According to Salesforce's 2019 State of the Connected Customer Report, 62% of customers expect companies to adapt based on consumer behaviour, and even more pressing, 73% of shoppers expect a brand to understand their needs and expectations<sup>5</sup>.

A clear window into the mind of one's customer can be seen through reviews, product performance, social media, and more. The evolution of omni-channel shopping means that there are many different touch points for consumers to contact and engage with brands, and whether they are on social media or in a store, they expect a direct line of communication.



**Q:** Are these shoes good for arch support?



Poor quality. I bought these shoes for my son and the sole has already worn out.



Hi James! We are very sorry to hear the shoes you received are not holding up. Please contact us at 0800-1111-111. We'd like to replace them.

By Frances, Brand Customer Care



**A:** Hi Drew! We've molded the arch on these shoes specifically to help support those with low arches. Hope that helps!

By Alex, Brand Customer Care



Several global brands – like Spotify and Nike – have even set up dedicated channels on social media to hear from and interact with customers (@SpotifyCares and @NikeSupport, respectively on Twitter). Our clients often rely on user-generated content (UGC) to better understand their customers' needs and preferences. Whichever outlet a company uses to collect feedback and open up lines of communication is up to them. The only non-negotiable? That they're responding to their shoppers and making changes when needed.

Whether a brand chooses to manually analyse feedback within customer reviews or track social media sentiment and activity, it is critical to keep a finger on the pulse of what consumers like and dislike. Today's shoppers' expectations and preferences can change quickly, and brands that can't keep up or fail to respond will be left behind.



# 3 Choose authenticity over advertising

The modern day shopper has seen enough over-the-top advertising, product scams, influencer scandals, and fake reviews that their overall trust in brands has declined. Currently, only 33% of shoppers trust advertising and information that directly comes from a brand<sup>6</sup>, and only 29% of shoppers would let an influencer... well, influence their purchase<sup>7</sup>.

Consumers trust each other a lot more than they trust brands, and showcasing UGC, like customer reviews, photos, and Q&A, is one way to facilitate conversation amongst your shoppers. 86% of shoppers trust consumer reviews<sup>9</sup>, often turning to them as the source of truth, and over a third of shoppers prefer to see amateur shots from real customers instead of professional ones<sup>10</sup>. Consumers rely on UGC to learn more about your products and make confident purchase decisions.

If your brand doesn't already have a UGC programme in place, now's the time. According to our 2019 Shopper Experience Index, the presence of just one review on a product page can cause a 354% increase in conversion rate, and there's a 137% conversion lift from consumers who interact with UGC on best-in-class sites<sup>11</sup>.

Whether you request reviews through a post-interaction email or encourage your shoppers to submit photos in a social media campaign via a hashtag, collect UGC and make the most of it. Display reviews prominently on your site, share consumer photos on social media, and create in-store installations highlighting customer testimonials.

Letting your consumers hear from each other instead of your brand will not only instill greater trust amongst your shoppers but boost your sales too.



# 4 Advertising spend is shifting

With consumers skeptical of brand advertising and many shoppers spending the bulk of their time on their phones, brands have to get creative on how they spend their advertising dollars. Advertising on massive billboards and in cable television commercial spots isn't the most strategic move for brands and retailers heading into 2020.

According to Marin Software's 2019 State of Digital Report, the majority of brand advertising budgets are dedicated to paid search (Google, Bing, Yahoo), a.k.a. pay-per-click (PPC). Roughly 40% is used for paid search, while less than 20% is dedicated each to paid social, display, and YouTube, and under 10% is dedicated each to in-app, Amazon, and general e-commerce<sup>12</sup>. Data shows that when product searches originate on Google, shoppers are quicker to buy than when the search begins on any other site.

By the close of 2019, paid search spend was expected

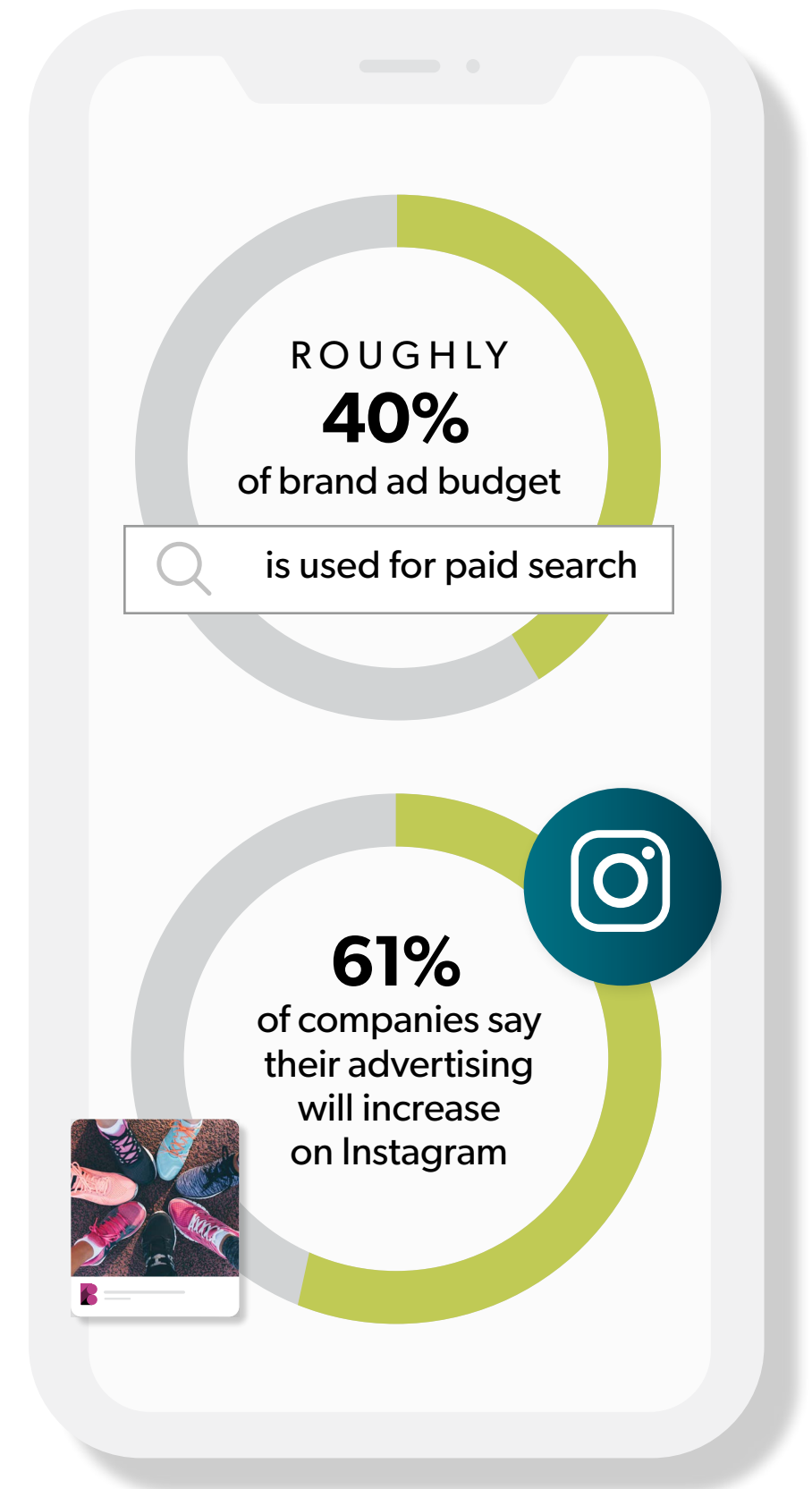
to increase 18% from 2018 – a trend that will continue into 2020.

“There is a shift in how ad money is being spent, but companies are not spending less – just spending smarter. There's more being spent on search and social. And when it's social, it's not on Facebook — less Facebook and more Instagram ads,” says Leo Vilenskiy, Bazaarvoice Account Director.

For the budget that does exist for social, some brands are looking to redistribute where it goes. 61% of companies say their advertising will increase on Instagram, and over a third of those advertisers say they'll make up the difference by slashing their Facebook budget<sup>12</sup>.

Whether a company is advertising on Google or Instagram, one thing is for sure – smart businesses are ensuring the ad is optimised for mobile. Mobile ad spend is up 22% from last year and is slated to increase another 21% in 2020<sup>13</sup>.

Focusing on PPC and optimising all ad spend for mobile is strategic for your business and will enable you to find your customers where they actually are.



# 5 Big names are buying smaller names to diversify their portfolios

Bigger isn't always better, which is why many large, established brands and retailers are purchasing smaller ones for their portfolios. 2018 saw the rise of small brands and retailers growing their audience reach, solidifying their products, and building customer loyalty. And in 2019, it became clear why<sup>14</sup>.

Smaller names have the ability to be more agile and innovative compared to more established ones who may be relying on old business models. Instead of focusing on being first to market, smaller businesses iterate on products to get them right and use new channels to get themselves into the right corner of the market. Those targeted ads on Instagram for that very specific product you've been wishing would exist in your price range? All planned out and executed like clockwork.

Big brands and retailers have seen how emerging brands innovate to claim market share and how quickly their sales are growing as result. In light of this, the bigger companies figured out how to pick up a piece of the pie: Buy the whole pie.

Big names like Unilever<sup>15</sup>, Coty<sup>16</sup>, and Macy's<sup>17</sup> capitalised on small brand success through their acquisitions of Dollar Shave Club, Kylie Beauty, and Story, respectively. This is a trend that will continue to pick up in 2020.



Similarly, established brands and retailers are getting more comfortable with showcasing up-and-coming brands through experimental, in-store pop ups — retailers like Bloomingdale's and Nordstrom often experimented with this tactic in 2019<sup>18</sup>.

Whether through a formal acquisition or a temporary partnership, household names and rising brands are forming mutually beneficial relationships. Smaller names get the recognition and resources of a bigger brand, and the more established companies gain more leverage and agility in their markets. The flexibility and diversity in holdings offers brands the opportunities to connect with new audiences and to get creative with new product launches and marketing tactics.



# 6 Mobile is about more than just website usability

With almost 75% of the population owning a mobile phone<sup>19</sup> and about half of the global population owning a smartphone specifically<sup>20</sup>, it shouldn't come as a surprise to anyone that mobile is the present and the future.

Mobile phones play a big part in e-commerce in three ways: making purchases, researching products, and communicating with brands. While mobile purchasing is increasing in popularity, the latter two are poised to grow exponentially in 2020.

In the previous calendar year, roughly 63% of e-commerce purchases were made on mobile – this number is projected to tick upwards into the 70th percentile in 2020<sup>21</sup>. With most phones permanently attached to their owners' hands, this is to be expected.

What's not as expected by brands is how frequently their customers are conducting product research while in-store<sup>22</sup>. Per Google, consumers are 4x more likely to look up the brand of the store they're shopping in than its nearest competitor

Yesterday 3:56PM



Our current sale is almost too good to be true. 50% off the entire store with code TOOGOOD. Shop now: [www.brandsite.com/sale](http://www.brandsite.com/sale)

Today 10:15AM



**TODAY ONLY!** Free item of choice when you spend €100 or more in-store with code TREATYOURSELF. See you soon!

## 9 OUT OF 10 SHOPPERS SAY THEY'D LIKE TO HEAR FROM BRANDS VIA TEXT

and 6x more likely to search for that brand than Amazon<sup>23</sup>. Having a site optimised for mobile with robust information can help you not only improve your e-commerce sales but increase in-store conversion too.

While customers do their fair share of seeking out information on mobile, it's also a prime opportunity for your brand to communicate with them. Although about half of email users open their emails on mobile<sup>24</sup>, there's a more efficient way to communicate with your consumers: SMS. With 9 out of 10 shoppers saying they'd like to hear from brands via text, it's frankly a missed opportunity for a brand not to<sup>25</sup>. Texts from brands having a whopping 98% open rate (compared to email's 22%)<sup>26</sup>, with most messages being opened and read within three minutes of receiving it<sup>27</sup>.

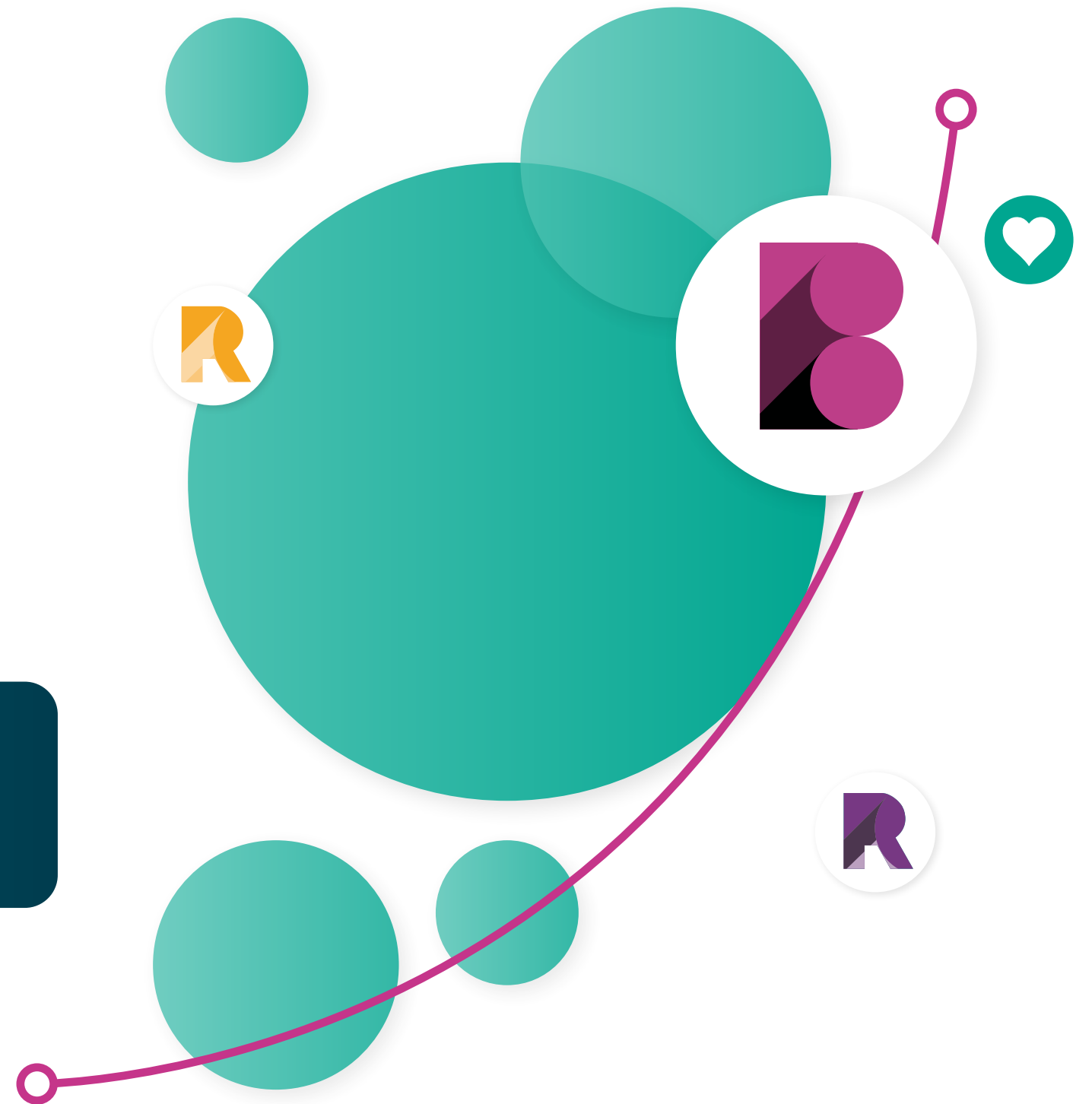
This is just the tip of the iceberg – mobile-optimised sites, branded apps, social media shopping, and more continue to make mobile an important channel for consumers in 2020 and beyond.

# The bottom line

Getting ahead of this year's trends will help your business stand out amongst other brands and retailers in your industry. Staying ahead of the curve on strategy, innovation, and customer sentiment are what will enable your business to not only have a successful 2020, but to start setting the trends for 2021.



Bazaarvoice can help your business thrive in 2020.  
[Connect with us here.](#)



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# About Bazaarvoice

Each month in the Bazaarvoice Network, more than a billion consumers create, view, and share authentic user-generated content including reviews, questions and answers, and social photos across more than 6,200 global brand and retailer websites. From search and discovery to purchase and advocacy, Bazaarvoice's solutions help brands and retailers reach in-market shoppers, personalise their experiences, and give them the confidence to buy.

Founded in 2005, Bazaarvoice is headquartered in Austin, Texas, with offices in North America, Europe, Asia, and Australia. For more information, visit [www.bazaarvoice.com/de](http://www.bazaarvoice.com/de).

