

The TRUTH about E-COMMERCE 2017-2020

What Consumers Are Telling

Pew Research Center surveyed 4,787 U.S. adults who were asked the following questions :

Have you shopped online?
79% yes

Do you buy online on a weekly basis?
15% yes

Do you use mobile to shop online?
57% yes

Are you willing to pay more for express delivery?
61% yes

E-commerce and its Future



Online spending in the U.S. will generate \$400 Billion by 2018 & \$523 Billions in 2020 from \$355 Billion in 2016



The m-commerce share in total e-commerce transaction will be 70% by 2017, up from 40% in 2015



In 2017, the m-commerce revenue will be 50% of US digital commerce revenue



Roughly 8-in-10 Americans are now online shoppers and expects a lot from the brands they trust



Around 1-in-10 Americans always post their own reviews of products, services and restaurants online



Roughly 4-in-10 U.S. adults have expressed their feelings about companies or products on social media

Are Retailers Really Meeting the Growing Consumer Demand ?

CONSUMER DEMAND

47% expect real-time promotions from Retailers

42% of shoppers found it easy to complete a purchase using a mobile device

37% of the customers desire to use shopping list or the in-store navigator

42% of the customers expects an automatic coupon or a discount credit

More than **60%** of consumers want 1-3-hour shipping options

77% of the consumers want guaranteed weekend or after-hours shipping

37% of the consumers want to order out of stock goods

RETAILER SUPPLY

Only **28%** retailers are able to provide this

Only **53%** of retailers had optimized their websites for tablets

Only **31%** retailers' offer mobile shopping list, while a mere 4% provides virtual smartphone apps to help in maneuvering around the store

16% can automatically credit coupons and discounts

Only **20%** of retailers are offering the option

less than **35%** of retailers have the option

43% provide the ability to order out of stock items via mobile

E-commerce Trends 2017-What's Hot & What's Not

Magento's survey of 2,200 branded manufacturers, multi-channel, and web-only merchants from over 15 vertical segments to find their key e-commerce initiatives for 2017 :

HOT TRENDS

1. MAKING MOBILE EXPERIENCE STILL GREATER



Of the Merchants Surveyed,

50% expect their online revenues to grow by **20%** & 1/5th expect it to cross **50%**. 3/4th expect mobile transactions to sum above **20%** of their total online revenues, while 2/3rd expect it to exceed **40%**

45% are planning to increase their investment in mobile experience

12% are already using or planning a trial of Progress Web Apps (PWA'S)

60% of Omni channel retailers will make their store inventory visible online, **57%** will have a cross-channel return program & 46% will enable ship-to-store

"Mobile" payments will be possible using connected wearables, like watches, rings, & other devices

45% of 18-49 year-olds are less reliant on cash & prefer online payment options

Key Takeaways :

- The scenario is changing from website-centric traffic to app-centric traffic
- Smartphone presence is made more user-friendly
- Progress Web Apps (PWA'S) are emerging mobile technology that promises to bring the speed & slick experience of the native app to the mobile browser
- Integrating Loyalty & Rewards with mobile payments will work like magic

2. SAME-DAY DELIVERY WILL BE THE NEW NORM



80 million members worldwide forecasted for Amazon Prime subscription service offering faster delivery

30% of customers are ready to pay more for same-day/scheduled delivery-Business Insider

3. A DYNAMIC SHOPPING EXPERIENCE ADAPTING TO SHOPPERS IN REAL TIME



Unique online shopping experience to each consumer like: Ecommerce Personalization, Big Data, fully automated chat agent (Chatbots) & AI

Major brands no longer sell only products & services, they are providing experiences & interactions, in innovative ways

Over **50%** of merchants surveyed cited that in 2017 they are either watching or plan to invest in trials for virtual assistance tools, predictive pricing & mobile payments

No more irrelevant recommendations, customers will get offers & search results based on their recent online activity & brand interactions

4. DATA-AS-A-SERVICE AND ECOMMERCE



Say goodbye to uncertainty and to poor product descriptions ! Uncertainty is a huge obstacle to online purchasing. The more information there is available about a product, the less reluctant people will be to buy it online.



Constantly refreshing the information about each product on a website is an impossible task for merchants due to limited resources



In 2017, many retailers will start working with data aggregators that compile data on millions of products: pictures, descriptions, price comparisons, specifications, UPC codes, reviews, and comments



A merchant will be able to link its site to these databases to automatically update product information

5. ACCURATELY PREDICTING THE CUSTOMER'S NEXT PURCHASE



Predictive analysis is quickly gaining popularity with merchants

Big Data will enable merchants to use predictive analysis on customer profiles or personas to better understand their purchasing habits, preferences, & next purchases

WHAT'S NOT SO HOT ?

1. HYPED TECHNOLOGIES



Three quarters of merchants surveyed are taking a very conservative approach to investments in the potentially disruptive technologies like VR, AR, Drones, 3D Printing, IoT, 2-hour-shipping

2. IN-STORE DIGITIZATION



In 2017 Omni channel retailers are less fascinated about the ROI on vendor solutions for digitizing the store experience

Only **12%** of the Omni channel retailer surveys have active mobile point of sale (mPOS) or clienteling tools deployed

Only a further of merchants are planning a trial of mPOS or clienteling in 2017, mostly "staying away" from these

3. BIG PLAYERS ARE NOT THE ONLY HOPE



Merchants aren't quite as beholden to e-commerce giants as popular opinions would make us believe

Out of a survey of 300 store owners in the U.S., 70% of respondents listed their storefront as their biggest sales channel

More than two-thirds of store owners are generating only 6.2% of their sales from big players

Worldwide Popular Online Purchased Categories 2016



Fashion-related products - **58%**



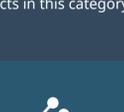
Books / Stationery / Music - **50%**



Travel Products or Services - **55%**



IT & Mobile - **43%**



Consumer Electronics - **40%**

Categories that will fuel e-commerce growth in 2017



Grocery and fresh foods

15% of the millennial consumers said they would buy fresh food online in the next six months, **17%** of Hispanics said they would buy fresh food online



Health and Wellness

Over one-third of the best-selling groceries on Amazon are wellness related products - up from **25%** in 2015, with 'organic' and 'gluten free' as the top two products in this category



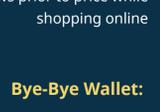
Pet Products

People will spend an estimated **\$ 62.75 billion** in 2016 in the United States alone



Artisanal / handcrafted goods

Ecommerce watchers say that the more unique the story and product, the more successful the sales



Sporting Goods

There was \$10 billion in spend online for sporting goods in 2015 and **40%** growth over the past several years, 2017 looks to be even stronger



Virtual Reality

Sites selling VR headsets and applications will be a hot ecommerce spot in 2017

In Nutshell

Price is just a number:

Consumers will find on-time delivery, better customer experience and positive user reviews prior to price while shopping online

Bye-Bye Wallet:

Payment methods continue to Mushroom. While cash is king, people are increasingly preferring cashless or digital payments to solid cash

Online Shopping is the Way Forward:

People are happy shopping online and would prefer it over brick-and-mortar stores

Unified Commerce:

Consumers love interacting with brands wherever and whenever they want and not just its parts. Unified commerce is a mix of commerce and e-commerce and is the next logical step in omni-channel strategy

Express delivery will be the norm:

More than 60% will pay extra for faster delivery options

Smartphones lead as the device of choice:

Smartphones are great drivers of increasing affinity to online shopping