ECOMMERCE TRENDS:

The future is customer-driven.
The future is here.
The future is now.

Magento Commerce

Introduction

The beginning of 2020 has brought with it circumstances that no one saw coming. As a result, the pace of change in the eCommerce technology landscape has never been faster.

All this is moving us toward a predominantly digital buying experience quicker than previously forecast. So, what does this mean in the context of our eCommerce technology planning process?

First, merchants must strive to align eCommerce experiences with the expectations of the buyer: highly personalised and contextual.

Second, buyers expect online retailers to be at the forefront of digital innovation. That means blazing fast mobile experiences, highly visual and intuitive buyer journeys, and seamless transitions between shopping channels and touchpoints. This requires merchants to move outside of their comfort zones and start experimenting with emerging technologies such as progressive web apps and headless architecture.

Finally, we're seeing shifts in traditional selling. Brands that traditionally only sold through retail channels are opening up D2C channels to better understand customers. In B2B, buyers are demanding B2C-like buying experiences like eCommerce. And in both B2B and B2C, the rise of marketplaces is offering choice and competitiveness like never before.

The bottom line is that there are no futuristic trends coming down the track in eCommerce. They're already here.

The future is now.

Executive Summary

The eCommerce industry is on the cutting edge of technological innovation. It has to be. It is held accountable to a generation of consumers that demands excellent experiences across every channel.

As we enter a new decade where customer demand for instant shopping experiences is even higher, the pace of change in eCommerce is not slowing down. One thing is clear: **the future is now.**

The industry underwent a digital transformation before most other industries even thought about it. eCommerce growth is still outpacing overall retail growth at 14.1 percent versus 4 percent. These advances in technology are helping savvy merchants stay ahead of the curve and meet ever-growing customer expectations.

In conjunction with 13 Magento ecosystem partners, we bring you the blueprint for eCommerce success in 2020 and beyond.

PETER SHELDON
SENIOR DIRECTOR STRATEGY
DIGITAL EXPERIENCE, ADOBE

Contents

THE FUTURE IS CUSTOMER-DRIVEN

Today, eCommerce is as much about the experience customers have with your brand as it is about the product or price. Creating experiences that prioritise what customers value most—sustainability, convenience, trust, and efficiency—is key.

- The Power of Personalisation

- Ethical eCommerce

- Delivery Transformation

- Enhanced Site Performance and Scalability

The Power of Personalisation

GENE

We already know that personalisation influences conversion rates. In fact, Gartner predicts a 15% profit boost in 2020 for merchants who successfully use personalisation to create more tailored customer experiences online.

Actionable real-time data and artificial Intelligence are advancing personalisation capabilities in eCommerce. Data can help form detailed pictures of customer segments, making it possible for teams to respond to patterns of customer behaviour, deliver more tailored brand messages and product recommendations, and provide a better experience for customers throughout their shopping journey.

"The future of eCommerce personalisation will leverage data and AI to understand where someone is in their journey to deliver truly individualised experiences."

MATT PARKINSON
MANAGING DIRECTOR
GENE COMMERCE

Krispy Kreme Personalised its Product—and the eCommerce Experience

As part of an ambitious digital transformation strategy, Krispy Kreme chose the Magento Commerce platform and GENE Commerce to help deliver a personalised omnichannel vision.

The UK Magento 2 store launched in February 2020 and delivers an online experience that allows customers to not only buy online for delivery or pickup at a store or cabinet, but to customise their own donuts and order speciality items!
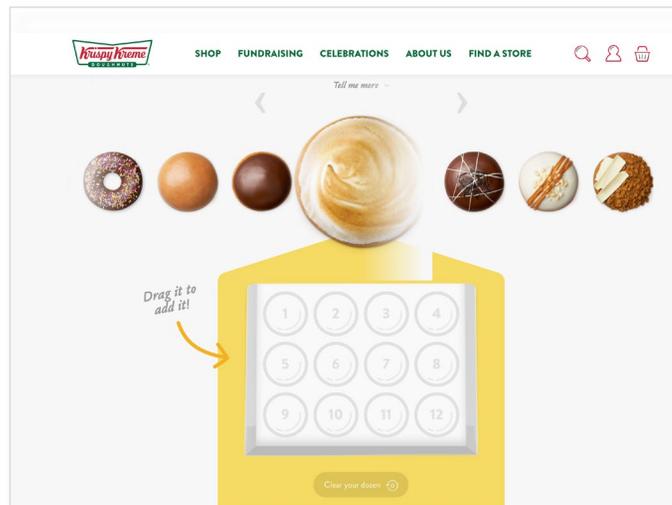
It's an engaging front-end—customers can drag and drop the many delicious donut options into the box to make their own perfect dozen. The experience is powered by a complex order management and fulfilment process behind the scenes that allows customers to order online and pick up from their nearest store. Krispy Kreme needed multiple systems to work together to deliver the customised vision.

While the Magento Commerce platform sits at the core of this seamless order process, GENE and Krispy Kreme integrated the in-store system (Flooid), loyalty (HTK), and 'single customer view' solutions. All in all, Krispy Kreme is reimagining how instore, online, and loyalty systems work together in real-time.

"Our consistent strategy has been to drive a digital transformation from extending and simplifying our digital offerings to customers; enabling omnichannel operations; and empowering our own people who are the heart and soul of our brand."

EMMA COLQUHOUN
CHIEF MARKETING OFFICE
KRISPY KREME UK AND IRELAND

Ethical eCommerce

Sustainability is a dominant theme due to the increased media coverage of the Extinction Rebellion, activist Greta Thunberg, and a more environmentally informed Generation Y. Today, over 80 percent of people feel that companies should help improve the environment, 68 percent of online shoppers deem product sustainability an important factor in making a purchase, and 77 percent of millennials prefer to buy from environmentally-conscious brands.

The bottom line: sustainability makes good business sense for eCommerce merchants.

"Customers will always be king for retailers. But soon, the environment may become a more vocal stakeholder. This year has seen retail go through such extremes that it may never operate as it did previously but this provides the chance to start changing operations and integrating core sustainability initiatives where possible."

MARK THORNTON
SALES DIRECTOR
MAGINUS

eCommerce Sustainability Best Practices

1. **Slower or Consolidated Shipping**
   Adding the option for slower or consolidated shipping to merchants' checkouts is an easy way to appeal to sustainability-conscious shoppers. Amazon Prime customers, for example, are rewarded each time they choose slower delivery options.

   Making consumers aware of the consequences of their shopping via a carbon calculator can encourage them to pick the "greener" option.

2. **Share Environmental Details**
   Retailers can help make the environmental impact of their products clearly visible to the consumer as they shop.

   For example, retailers can highlight the source of a product, whether it's manufactured from sustainable materials, and if the packaging is recycled or organic.

3. **Educate About Reverse Logistics**
   Customers returning goods to retailers contribute to carbon footprint and waste. A recent survey found that 27 percent of fashion returns are because the fit isn't right; 19 percent are because the product looks different than the online image.

   Size guides and accurate product information used by ASOS, M&S, and Zalando can combat this issue.

4. **Click & Collect Options**
   By offering Click & Collect, consumers can pick up packages at a convenient time, whether that's in-store or from a kiosk. The knock-on effect is a reduced carbon footprint, high parcel density for carriers, and no missed deliveries.

5. **Decentralised Micro-Fulfilment**
   H&M is taking the pressure off the environment by turning more than 5,000 stores into logistics hubs from which online orders can be picked, packed, and dispatched.

   For retailers without a store network, the new concept of mobile warehousing could be the answer.

6. **Connect Web and Back-Office Data**
   The ability to offer real-time data on your website is vital to improving customer service and meeting sustainability targets. Tight integration between web and back-office systems enables merchants to only offer products that are in stock and give customers the opportunity to take one delivery when all stock is available.

Delivery Transformation

Customers expect faster deliveries. From small eCommerce companies to global logistics giants, companies need to adapt to meet these expectations.

There are several innovations shaking up the eCommerce delivery business from logistics management and flexible delivery options to AI and autonomous delivery methods:

"Shipping companies like DHL are constantly looking at more ways to use data to drive innovation and AI's potential is endless: data-driven supply chains could bring previously unimaginable levels of optimization. AI is the future of shipping."

LEENDERT VAN DELFT
GLOBAL VICE-PRESIDENT SALES PROGRAMS AND DIGITAL MARKETING
DHL EXPRESS

1. Mobile Warehouses

As data analytics get more advanced, customers can expect a range of additional purchase options when a package arrives. For example, by basing "mobile warehouses" in high-density areas, consumers will have an opportunity to purchase more products on delivery of their original order. These mobile warehouses will be combined with new delivery methods using autonomous vehicles and robots.

2. Autonomous Vehicles

McKinsey predicts a world where autonomous vehicles deliver 80 percent of parcels. Self-driving robots, which operate like small lockers, are already being tested.

In just a few years' time, there is a good chance that your online purchase will arrive at your door with no delivery person. For example, in the Bavarian community of Reit im Winkl, DHL ran a successful three-month test of Parcelcopter — a drone, or "flying postman," that delivers parcels by air to remote or hard-to-reach areas.

3. Robots

In some urban areas, last-mile, door-to-door deliveries often require the delivery person to navigate crowded sidewalks and multi-story buildings.

In the future, small, autonomous vehicles will complete this last mile of the delivery. They will follow a set route to the recipient's door where the recipient will receive a text or email notifying them of the arrival.

4. Artificial Intelligence

Shipping companies are constantly looking at more ways to use data to drive innovation. AI offers enormous potential to bring more optimisation to data-driven supply chains.

Consumers are willing to pay significant premiums for fast delivery (younger, more impatient consumers will pay up to 30 percent more). Faster delivery will remain a key differentiator for generations to come.

Enhanced Site Performance and Scalability

thepixel.

Giving customers what they want, when they want it, has never been more important in the world of eCommerce. In an age of on-demand and fast delivery services, ensuring customer orders are processed quickly, easily, and securely is paramount. A website's ability to adapt to peaks and accommodate customers with the same level of user experience can be the difference between conversion and abandonment.

Fast growth means some websites need to scale quickly to cater for the increasing demand and pressures on the website. Regardless of growth, take time to carefully simulate the live environment, and then test, test, test and optimise as you go.

"We believe in simulating the high levels of traffic and transactions expected during our clients' peak sales periods. By carrying out stringent load & performance tests before, we can eradicate downtime, retain a high level of UX and achieve record sales year-on-year."

STEPHEN LEYTON
MANAGING DIRECTOR
THE PIXEL

BULK POWDERS Bets on the Cloud

BULK POWDERS is one of the largest sports supplements retailers in the UK and is expanding to over 13 different territories. To deal with their growth, they decided to migrate from Magento 1 to Magento 2 where they could achieve more customisable, secure, and scalable storefronts for highly differentiated customer experiences, simplified integration with existing systems, and the ability to respond rapidly to changing technology.

With eCommerce infrastructure hosted in the cloud, BULK POWDERS has the agility to cater for significant peaks in traffic at any point and in any location. A cloud network can scale up or down, as required, to handle spikes from big events such as Black Friday or new product launches. Cloud hosting for eCommerce websites offers almost unlimited growth capabilities, keeping performance constant and providing a fast experience, regardless of visitor volume.

Following the migration to cloud, BULK POWDERS achieved:

32% increase in site speed during peak traffic periods

17.4% increase in conversion rate

30% increase in monthly unique visitors

"Magento Commerce Cloud, implemented expertly by The Pixel, gave us the agility and the tools to meet unexpected demand and cater for peak trading periods, providing a fast experience regardless of visitor volume. To put this into context, the combination of Magento Cloud and The Pixel allowed us to have our best Black Friday ever recorded in terms of sales, reliability and speed!"

BEN BENICHOU
ECOMMERCE PROJECT MANAGER
BULK POWDERS

THE FUTURE IS HERE

What is the next new wave of innovation in the eCommerce space? Many of the innovations we talk about in this section are in the nascent stages but many are already being tried-and-tested by savvy merchants. Let's dive into some of the latest innovations.

Product Experience Management

Progressive Web Apps
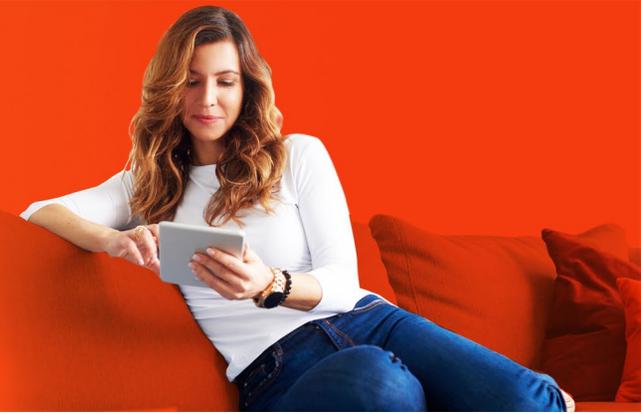
Headless eCommerce

Visual Search in eCommerce

Voice as an eCommerce Channel

Product Experience Management

akeneo

Merchants that look at omnichannel strategy from only a sales standpoint are missing out. As the number of touchpoints required to make a decision continues to grow, sales and marketing channels are increasingly complementary, creating the need for consistent experiences.

According to a survey conducted by PWC, 43 percent of buyers would pay more for greater convenience and 65 percent find a positive experience with a brand to be more influential than great advertising.

A compelling product experience is the foundation for any great customer experience. By adopting a Product Experience Management (PXM) approach, brands can deliver product information in context, adapted and tailored by channel and geography for every touchpoint in the buying journey.

"Merchants with a good understanding of the impact of the various channels in their customer journey who build their product experience accordingly will thrive in the new experience economy."

FRED DE GOMBERT
CO-FOUNDER AND CEO
AKENEO

KURT GEIGER

Kurt Geiger takes control of a large volume of product data

Kurt Geiger is Europe's largest luxury shoe retailer, designing shoes in London and manufacturing them all over the globe. Today, the company has over 60 stores and over 200 concessions within the world's most prestigious department stores, including Harrods and Selfridges.

Kurt Geiger phad reviously built a custom Product Information Management solution but this tool was no longer able to handle the growth of the business, nor the increasing amount of bespoke catalog information. Eventually, the company decided they needed to find a way to save time and resources by better managing their growing collection of product information without wasting time making improvements to an outdated system.

So, Kurt Geiger implemented a Product Information Management solution which has allowed them to more efficiently product data and share it easily and quickly across multiple channels and with many partners.

"We share our product data with about 20 partners on a daily basis, and we needed something efficient and easy to use".

STEVEN KING
HEAD OF IT
KURT GEIGER

Progressive Web Apps

By 2021, 50 percent of online shopping will come from mobile; in some markets that number is already over 80 percent. This growth is driving merchants to create better experiences for customers on mobile.

Despite the fact that apps offer a better mobile experience than traditional websites, they are a costly investment for a merchant and, more importantly, customers rarely download them. Progressive web apps (PWAs) are the solution. They provide the speed and convenience that modern consumers expect, combining the features of native apps with the reach of websites.

PWAs perform three times faster than standard sites. As such, they provide customers with the convenience of a website that looks and feels like an app, including offline functionality and push notifications. In effect, they act as a hybrid between a website and an app.

PWA is the future of eCommerce—for all merchants, not just B2C.

"As an agency that has deployed a multitude of successful PWA projects for our clients—including the first-ever PWA on Magento—we wanted to highlight the fact that PWAs are not just for the consideration of B2C merchants."

JAMIE HUSKISSON
CEO
JH

Selco's Proves PWA is Not Just for B2C

Selco is a leading building materials supplier with 68 branches nationwide. To transform the customer experience, Selco stepped into the eCommerce space several years ago and experienced exponential online growth with busy tradespeople shopping on-the-go from Selco's selection of thousands of products.

Selco's site now offers the following functionality to customers:
- Click and collect
- Building materials calculator
- Real-time stock checking
- Project list functionality

Selco's PWA experience is delivering impressive results so far:

300% faster site speed than the previous platform

82% increase in revenue

94% increase in transactions

23% increase in conversions

Headless eCommerce

redbox

Headless commerce is growing in popularity with digital retailers. In an age where customer experience is key and an omnichannel strategy increasingly essential, it's easy to see why.

Headless commerce sees the decoupling of the back-end functionality from the existing presentation layer of the eCommerce platform. This means product information, fulfilment capabilities, and content management can be built, managed, and maintained separately, without disrupting the user experience.

Headless capability also gives retailers more choice in where and what formats they publish their content, allowing for quick and easy customisation to their front-end displays. Brands can quickly scale-up or try new approaches to content, selling and marketing, without the fuss of a major overhaul.

Experimentations with customer personalisation can be a fluid process with faster integrations with third-party applications so retailers react to customers' ever-changing needs and expectations. Furthermore, as more devices and items become connected (IoT), brands no longer have to wait for their content management system (CMS) to support publishing content to them. It means they can quickly adapt to meet the growing demands of consumers and technology in general.

"Sounding like something out of a sci-fi movie, Headless commerce certainly has one eye on the future. In fact, when it comes to finding a flexible approach to future-proofing your online business it's a solution that must surely be considered."

JONTY SUTTON
CEO
REDBOX DIGITAL

RADLEY
LONDON

Radley Adopts a Headless Approach for Next-Generation eCommerce

Radley, a renowned British handbag and accessories designer and retailer, opted for a headless approach (with Magento Commerce and Adobe Experience Manager) as part of its next-generation eCommerce strategy. Rachel Glynn, Radley's head of eCommerce said, "For many brands, going headless is making a big difference in how they are engaging with their customers and allows them to experiment in ways they haven't done before. Adobe Experience Manager will allow us to create a richer, more engaging and immersive brand experience online, without the restrictions of a traditional platform. Now, we can use powerful imagery, personalised recommendations and more detailed and engaging product descriptions, but customise this when we need to."

Visual Search in eCommerce

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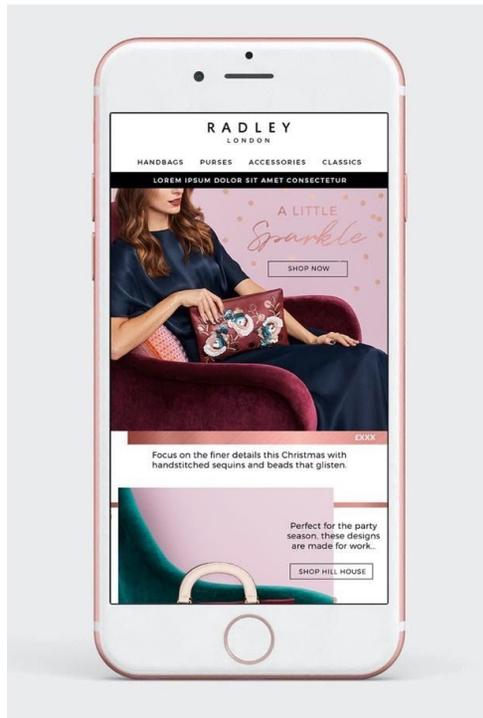
Today's consumers — especially those between the ages of 18-34 — have shown a growing interest in using visual search and image recognition technology, in order to discover new brands and products.

By 2021, early adopter brands will have restructured their apps and websites to support visual search and image recognition, resulting in up to a 30% increase in digital commerce revenue.

Large fashion retailers such as Target and ASOS have already implemented visual search and image recognition into their shopping experiences, allowing their shoppers to snap a photo of products they discover in a physical store and find the items through the app or website.

Enhancing the Shopping Experience with Visual Search

Large fashion retailers such as ASOS have already implemented visual search and image recognition into their shopping experiences, allowing their shoppers to snap a photo of products they discover in a physical store and find similar items through the website.

Visual platforms like Pinterest also use it to streamline search capabilities and empower users to find exactly what they need. In 2018, the platform reported that their users generated more than 600 million combined monthly searches using their visual search tool, Lens, generating more image results than ever returned by Google

"In the context of eCommerce personalisation, this presents a massive opportunity for brands to foster deeper connections with their shoppers by making it easier for them to find the products they're looking for."

MATT LEVIN
GLOBAL HEAD OF MARKETING
NOSTO

Voice as an eCommerce Channel

algolia
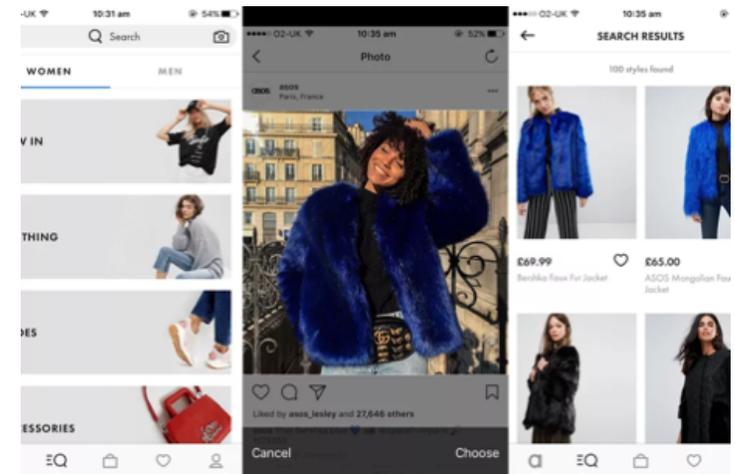
While many people say we're still in the early days of voice, almost three-quarters of people would rather use their voice as an input to search and 76 percent of companies have already realized quantifiable benefits from voice and chat.

In fact, recent research found that roughly 20 percent of consumers with intelligent speakers use them to shop and that's expected to rise to 50 percent in the next 12 months.

But voice is more than just smart speakers, too. Customers increasingly expect to see voice input as an option for searching on mobile. This new interaction model provides a stronger way of building a relationship between retailer and customer.

Add your brand to Alexa, Google Assistant, and add a voice input to your mobile apps. In the future, voice will be your main engagement channel with your customers.

Merchants should keep in mind that:

Consumers want to search with their own words, not the keywords a merchant has specified

Customers expect to see voice input as an option for searching on mobile

"Voice takes the friction out of the customer experience. Are they thinking about the product on the bus? Or while walking home from work? Or in the kitchen while cooking? Voice is a way to be where customers are when they are thinking of you."

JULIEN LEMOINE
CTO & CO-FOUNDER
ALGOLIA

THE FUTURE IS NOW

According to Accenture, the post-digital era is coming. In an environment where everything is digital and the only speed fast enough to meet customer expectations is instant, we need a new set of rules to be successful. Digital is still important, but now it is simply the price of admission for doing business—it is no longer a differentiation advantage. This section examines some ways to create competitive advantage in a post-digital world.

Industry 4.0: Digitizing Traditional Business Sectors

Marketplaces

Industry 4.0: Digitizing Traditional Business Sectors

SOLTEQ

Traditional industries like manufacturing, farming, and pharmaceutical are shifting their motivations for digital transformation from efficiency to growth. They've tackled many of the challenges posed by offline processes and systems and now have the foundations to evolve to meet today's digital-first consumers. Today, they're seeking to derive 'digital value' from the entire business model, becoming platform-centred, data-driven, and even cloud-centric.

"For industries born long before the digital age, the focus has moved from digital for efficiency to digital for growth. As opposed to being hindered by offline processes and systems, they can adapt and grow to meet today's digital-first customer expectations."

MINNA RUUSUVUORI
MARKETING & SALES DIRECTOR
SOLTEQ DIGITAL

The Association of Finnish Pharmacies Helps Members Be "Small Locally, Big Online"

While larger pharmacy chains are building successful digital pharmacy businesses, small, local players have remained offline. To change this, the Association of Finnish Pharmacies launched an initiative to offer all members an affordable, easy-to-use online pharmacy platform. With Solteq, they built a multi-pharmacy environment —a centralised online pharmacy platform for 200 small pharmacies throughout Finland.

The platform is integrated with a 24,000-product database maintained by the Finnish Association of Pharmacists. Individual pharmacies can get up-and-running quickly as the base, integrations, and security are already in place. All they have to do is customise the look-and-feel to suit their own brand.

Just like the local pharmacies, the new ePharmacies are safe and secure—confidential customer information remains with the individual pharmacy in all situations. Online services have been made easy for the customer. The ePharmacy platform and secure identification make it easier to reserve expensive individual medicines without visiting a pharmacy. Customers can receive a message when their medicine is running low. Once the medicine has been paid for, the pharmacy has the ability to send the medicine to the customer via post or the customer can pick it up in the store.

The entire pharmacy experience has been revolutionised to enhance the customer experience.

Marketplaces

Merchants who build a Marketplace are actually building a platform approach to their business—transforming the business model to capitalize on connecting systems, and building networks of partners and people, to offer more value to end customers.

McKinsey predicts that, in the next 5 years, platforms could account for more than 30 percent of global corporate revenues. By 2024, B2C marketplaces are set to reach $3.5 trillion and B2B marketplaces are expected to reach $12 trillion.

The platform revolution will reach a tipping point in 2020, driven by buyers seeking easy, familiar, and competitively-priced marketplace experiences. The explosion of online marketplaces is a clear sign that the marketplace revolution is already underway:

"The businesses that are taking the lead in this new, digital ecosystem-driven economy are seeing nearly double the revenue growth of the companies that play it safe. And while the opportunity is ripe, there isn't much time left to become a first mover."

ADRIEN NUSSENBAUM
CO-FOUNDER AND CEO
MIRAKL

The top 100 online marketplaces already sell **$1.8 trillion each year**

In China, **Alibaba accounts for 80%** of eCommerce

In the U.S., Amazon's third-party marketplace accounts for **58% of its sales**

In 2020, we will see a critical mass of enterprises acting on the simple fact that business-as-usual is no longer enough to maintain their leadership positions. Instead, they must launch online marketplaces to ensure long-term survival in this new digital economy.

Incumbent businesses like AccorHotels, the largest hospitality company in Europe, and Albertsons Companies, one of the largest grocery brands in the U.S., are already at the leading edge of the platform revolution. They've launched online marketplaces that transform their digital commerce offerings by creating an ecosystem of buyers, sellers, and service providers.

The power of the platform revolution comes from one simple truth: only platforms can offer the scale and agility that businesses need—and customers expect—in a digital age.
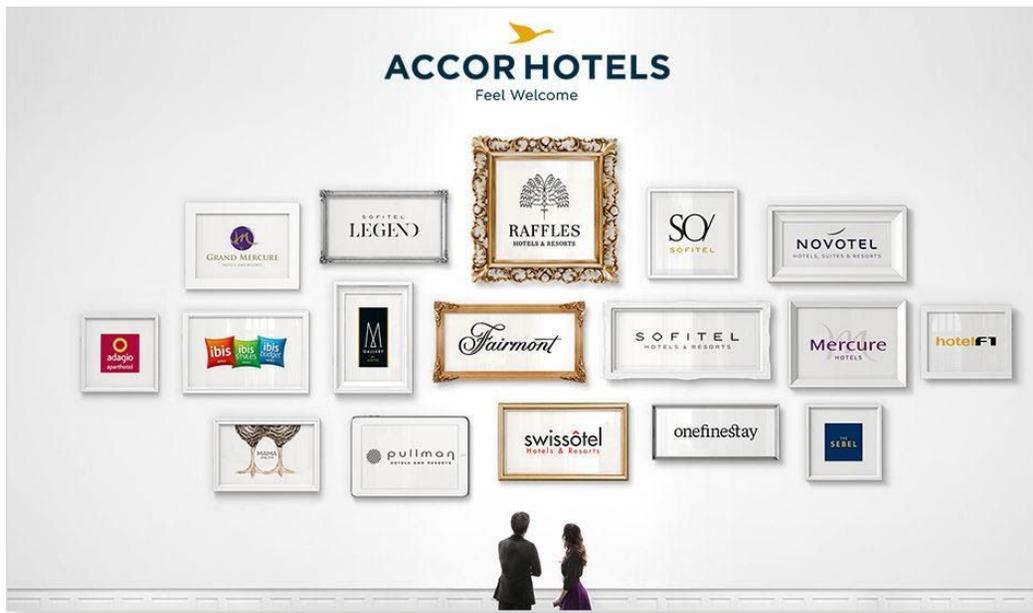
2020 and Beyond

The future is already here. The areas we've discussed in this eBook are in various stages of maturity, with some being tested by early adopters and others well on their way to becoming mainstream.

Whatever the next decade has in store for the eCommerce industry, you can be certain that the Magento ecosystem has you covered. Talk to us today about your innovation plans.

About Magento Commerce

ADOBE EXPERIENCE CLOUD

Leveraging deep customer intelligence, Adobe Experience Cloud gives you everything you need to deliver a welldesigned, personal, and consistent experience that delights your customers every time you interact with them. Built on the Adobe Experience Platform, leveraging Adobe Sensei machine learning and artificial intelligence, Adobe Experience Cloud gives you access to the world's most comprehensive suite of solutions across three clouds—Adobe Analytics Cloud, Adobe Marketing Cloud, and Adobe Advertising Cloud. And because it's from Adobe, it's integrated with Adobe Creative Cloud and Document Cloud so that the design of a great experience is inextricably linked to its delivery.

ADOBE COMMERCE CLOUD

Adobe Commerce Cloud combines Magento Commerce with Adobe Experience Cloud, providing an end-to-end platform to manage, personalize, and optimize the commerce experience across every touch point.

MAGENTO COMMERCE

Magento Commerce is a flexible, scalable commerce solution with integrated tools for managing, measuring, and optimizing every aspect of the commerce experience.
magento.com