

The Annual eCommerce Leaders Priorities Survey Report

NAMOGOO



Introduction

According to the latest research, the shift to online shopping has been accelerated by almost 2 years. With lockdowns and social distancing restrictions taking customers off the streets and many brick-and-mortar stores closing their doors for good, eCommerce sales will make up 14.4% of all US retail spending this year and 19.2% by 2024.¹

This is not a short-term change. Consumer behavior is adapting to ‘the new normal’, and retailers are preparing to take on new digital strategies to leverage the growth in traffic, especially when it comes to first-time shoppers.

Through a survey of 100 senior eCommerce managers conducted during November 2020, commissioned by Namogoo and Astound Commerce, this report looks behind the curtain and provides a unique glimpse into the mindset of today’s online

retailers. We surveyed more than 11 industries, including Electronics, Speciality goods, Home improvement, Health and Beauty, Department stores, Apparel, and Footwear. While 44% of respondents work directly in eCommerce, we also collected insights from marketing, product, sales, and digital teams. We believe that with such a rich dataset as our foundation, we’ve been able to capture a true understanding of the issues facing the entire eCommerce industry today.

The aims of this report are simple: To better understand where eCommerce companies should focus their attentions for 2021, and to shine a spotlight on the impact of the COVID-19 pandemic, ascertaining how organizations are managing their budgets and priorities for the year ahead to see true ROI.

¹ <https://www.emarketer.com/content/us-e-commerce-growth-jumps-more-than-30-accelerating-online-shopping-shift-by-nearly-2-years>

Key Findings



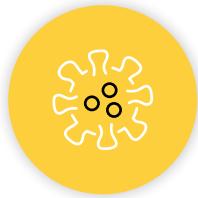
1 | Lifetime value tops acquisition cost as the top priority

With the rise in online footfall in 2020, the new metric on every eCommerce manager's mind is Customer Lifetime Value, coming up as the #1 priority for 58% of respondents. The urgency to improve this KPI has even managed to push the previously untouchable conversion rate, and Customer Acquisition Cost down to the second and third spots, respectively. Today, one thing is clear - a retained customer is more important than a quick conversion.



2 | It's all about the experience of the first-time shopper

Keeping customers happy for the long haul means getting into the mindset of the first-time shopper. The majority of companies believe that first-time shoppers will be more than a quarter of their visitors in 2021, and yet a staggering 97% of companies see these shoppers as a challenge. 45% perceive first-time shoppers to be less loyal, and 51% say they are more easily distracted, and susceptible to being swayed by the competition. It is also harder to personalize for first-time shoppers, an investment priority for more than half of eCommerce companies in 2021.



3 | COVID-19 has changed the way that brands work, for the long term

We can't ignore the importance of COVID-19 to our current eCommerce reality. With so many retailers impacted by losses to their offline stores, the impact of the pandemic has heightened the need to optimize the online customer journey, and why 96% of companies are planning to grow their digital budget in 2021. However, it impacts the way that digital teams work. It's no surprise that 55% of companies are struggling with delivering projects while working from home, and 54% with heavy reliance on data and IT teams.



4 | Removing friction and disruption is more important than ever

As the impact on the economy means that price is a bigger factor than ever for today's customers, companies are ensuring a smooth route to customer loyalty, with a multi-faceted approach. 79% of respondents believe they can use discounts and incentives to get the attention of first-time shoppers, but more than 1 in 3 companies also believe that an emphasis needs to be put the distractions caused by injected competitor advertising, which was also cited one of the top 3 new frictions for 2021. These tactics are designed to hijack customers to other promotions, targeting first-time shoppers before brand loyalty has been established.



5 | Companies will succeed via innovative solutions that can truly demonstrate ROI

Almost half (49%) of companies indicate that COVID-19 will change the way they select technology solutions, and are aligning their plans for growth with new challenges. In response to these challenges, 74% of companies are looking for technology that shows fast ROI, while 71% insist on remote installation. Essentially though, the top priority for new technology is innovation, with 80% of companies indicating that this is their #1 driver.

In short,

today's eCommerce companies are looking to improve Customer Lifetime Value, by solving the 'first-time shopper challenge.' The companies that meet this goal will come out on top - leveraging the rise in online traffic to create a truly loyal customer base. To make it happen, brands are looking for ways to differentiate themselves from the competition, including onboarding innovative technology that delivers fast ROI, and can meet the needs of today's remote working landscape.

Organizations & Budget



Department Size 2020, and Expected Growth in 2021

Most of the survey respondents (77%) have more than 20 employees in their department, and almost half (45%) work in departments with more than 50 employees.

Looking at the expected department growth for 2021, only 13% of companies do not plan to grow their departments next year and 51% plan to increase by more than 10%.

Figure 1
Size of departments in 2020

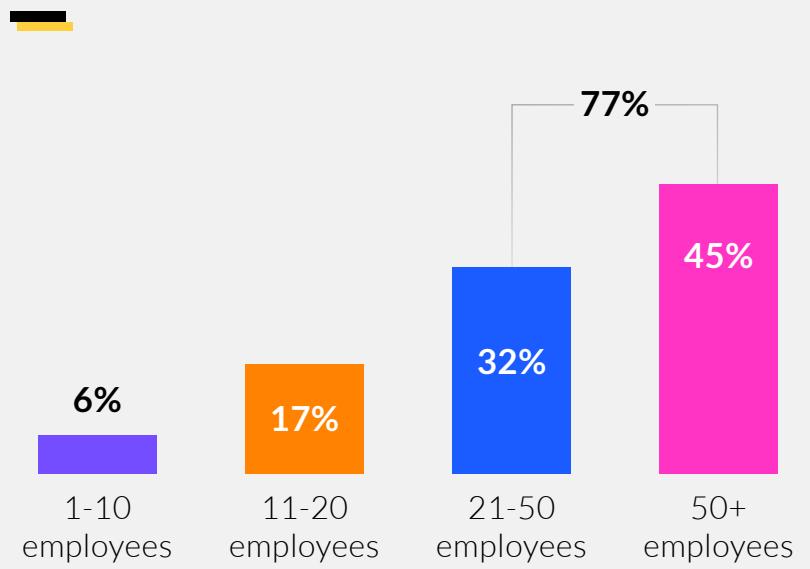
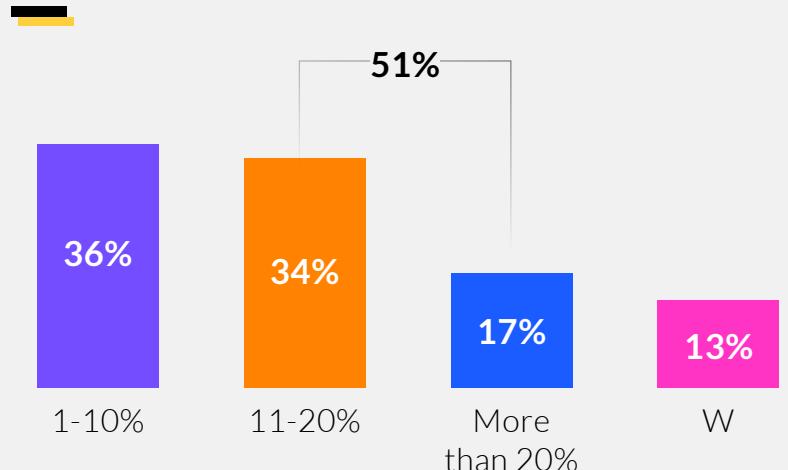


Figure 2
Expected department size increase in 2021

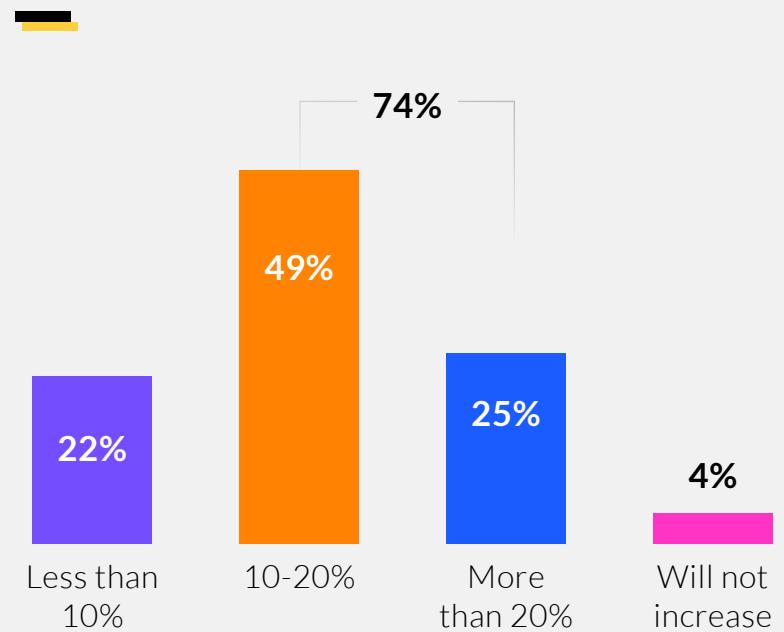


Digital Budget Growth in 2021

Company budget is growing. In fact, only 4% of companies do not plan to grow their digital budgets in 2021. Of the 87% of companies planning to grow their eCommerce departments (page 8), it should come as no surprise that 96% of companies are planning to grow their digital budget, with 74% planning to increase it by more than 10%.

The realities of COVID-19 have reiterated the importance of a strong digital strategy that can forge customer loyalty.

Figure 3
Digital budget growth in 2021



2021 Challenges, Priorities & Investments



Top Expected Challenges in 2021



We asked eCommerce leaders what challenges they expect to face in 2021 – there were six that stood out. The top four, all indicated by **over 50%** of respondents, were difficulty delivering projects due to working-from-home (55%), dependence on IT, and Data teams (54%), hiring the right talent (51%), and the ability to demonstrate ROI (50%). 41% also say that they expect to have a reduced budget next year.

Today's eCommerce managers are grappling with a new work-from-home reality, but have the same pressure to show ROI, often with less budget to play with. New technology needs to be smarter than ever, offering remote installation, quick ROI, and lessening the dependence on in-house IT.

Figure 4
Top 2021 expect challenges in eCommerce



Difficulty delivering complex projects due to WFH

55%

Dependence on IT / Data

54%

Hiring the right talent / employees

51%

Proving impact / ROI

50%

Reduced budgets

41%

Stakeholder buy-in

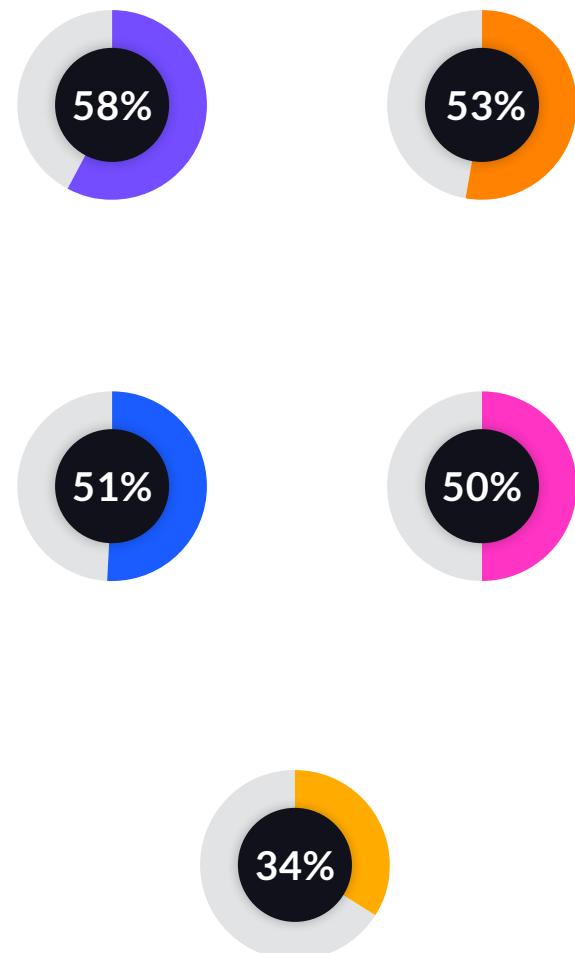
29%

KPI Priorities in eCommerce, 2021

To gauge how companies are prioritizing over expected challenges (page 11), we asked surveyed companies what their most important KPIs will be in 2021. While new traffic acquisition has traditionally been a top priority, these responses see it dropping to #4 on the eCommerce agenda, with half (50%) of companies making it a priority. It's no surprise that conversion rate optimization is on 53% of company's minds, but a new KPI priority has taken the top spot – the need to show customer lifetime value.

With the rapid acceleration of eCommerce in 2020, companies are shifting their 2021 priorities to focus on optimizing the experience for existing shoppers, to build long-term loyalty and brand relationships.

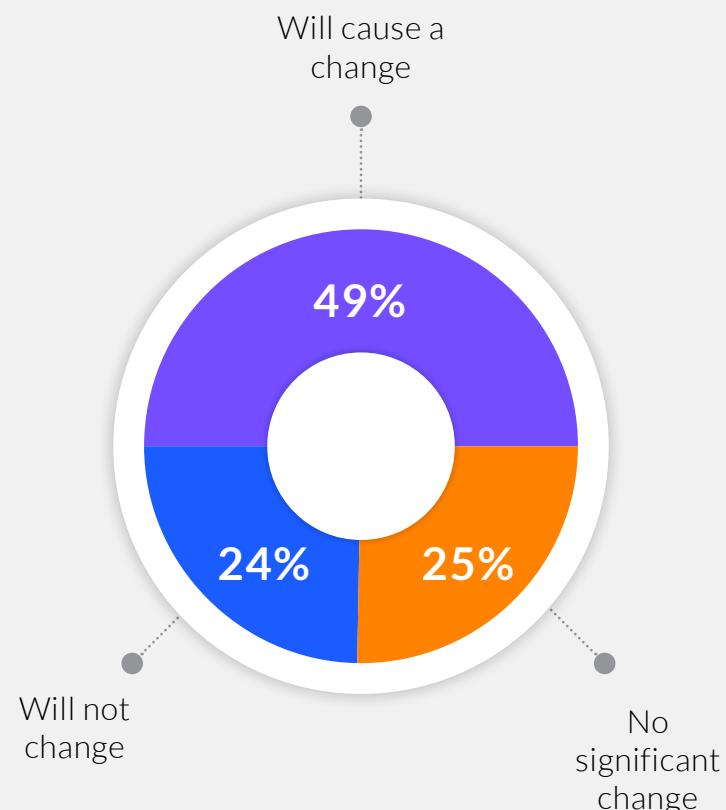
Figure 5
Top eCommerce KPI Priorities in 2021



Impact of COVID-19 on the Selection of Technology in 2021

COVID-19 affects how digital teams work and makes it increasingly difficult for organizations to commit to lengthy or complex projects. Close to half of surveyed companies (49%) indicated the pandemic will cause a change in the way they will select technology solutions in 2021 (Figure 6). When diving deeper to identify these changing priorities, a leading 80% of companies will focus on the most innovative technology providers, 74% will focus on vendors that can demonstrate fast ROI, and 71% will require remote installation.

Figure 6
Will COVID-19 impact technology selection?



Ecommerce companies recognize how important innovative technology is in meeting their challenges, but need to be able to align this need with their bottom-line KPIs. Solutions that can prove value, be implemented quickly, and can be managed without over-reliance on IT resources will be prioritized.

"Getting a meaningful return from some of our other solutions requires plenty of human capital to run effectively. Looking at effort versus reward, we're gaining a very high ROI by eliminating injected competitor ads, with relatively low efforts on our end."²

Anna Cole
Director of Global
D2C Digital Platforms



²Namogoo Case Study: Carhartt Lifts eCommerce
Conversion by Eliminating Customer Journey Hijacking

Figure 7
COVID-19 impact on choosing 3rd party technology vendors in 2021



Will look for the most innovative technology providers

80%

Focus on vendors that can demonstrate fast ROI

74%

Enables remote implementation

71%

Choose only market leaders

58%

Select only SaaS-based solutions

53%

2021 Top 5 Investment Priorities

When asking companies for their top investment priorities for 2021, we have seen a broad range of responses. The top 5 are improving site performance (70%), personalization (52%), re-platforming and / or headless eCommerce (51%), omnichannel optimization (51%), and product discovery and search (47%).

"We saw huge volumes of new shoppers shifting – and staying – online in 2020. At the same time, digital-natives have elevated expectations of online shopping experiences. The challenge for retailers in 2021 will be in how they meet these consumers' needs, each with their own unique set of demands. A seamlessly connected customer journey, driven by hyper-personalisation is crucial. Brands and retailers doubling down on investments that unlock these capabilities will thrive in the year ahead."

Terry Hunter
Managing Director



Figure 8
eCommerce investment priorities for 2021

Site performance

70%

Personalization

52%

Replatforming and/or headless eCommerce

51%

Omnichannel optimization

51%

Product discovery and product search

47%

Customer Journey



The Common Traits of First-time Online Shoppers



How can companies leverage the rise in online traffic? It starts by knowing your customer. With the proliferation of mobile devices, it will come as no surprise that today's first-time shoppers are majority mobile (51%). They also tend to be more price sensitive, perhaps due to apprehension concerning the online shopping experience, and in a lower age bracket.

This younger, mobile, and price-conscious shopper is also 37% less likely to be brand loyal, and 31% more likely to get distracted easily.

Figure 9
Traits of first-time online shoppers



They are mobile shoppers

 51%

They are more price sensitive

 50%

They are from a younger age group

 40%

They are less loyal

 37%

They are more easily distracted

 31%

Expected Rate of First-time Shoppers in 2021

52% of companies estimate that first-time shoppers will be more than 25% of their visitors in 2021 (Figure 10) with 74% of surveyed companies expecting first-time shoppers' visits to grow by more than 10% in 2021 (Figure 11).

These findings are both an opportunity and a challenge for today's eCommerce companies. There is huge value in this market for the companies who can leverage the increase in online traffic, but the competition will be fierce. Successful brands need to find ways to create brand loyalty and retention, without allowing first-time shoppers to be distracted, or led astray.

Figure 10
Estimated percent of first-time shoppers amongst 2021 shoppers

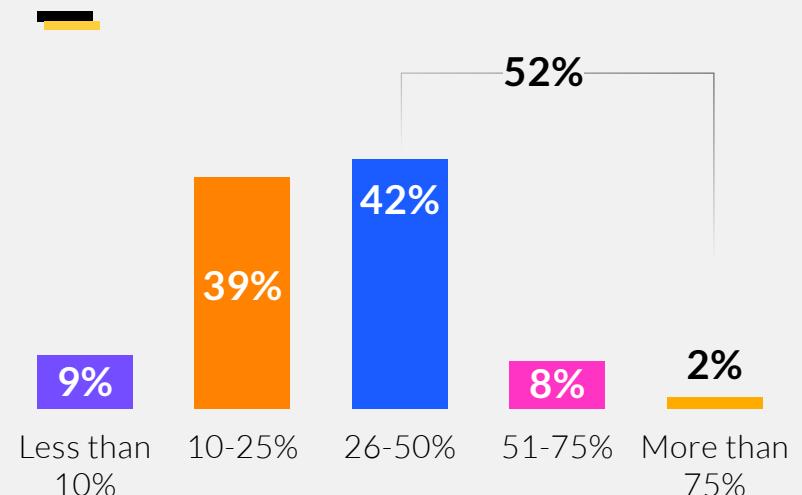
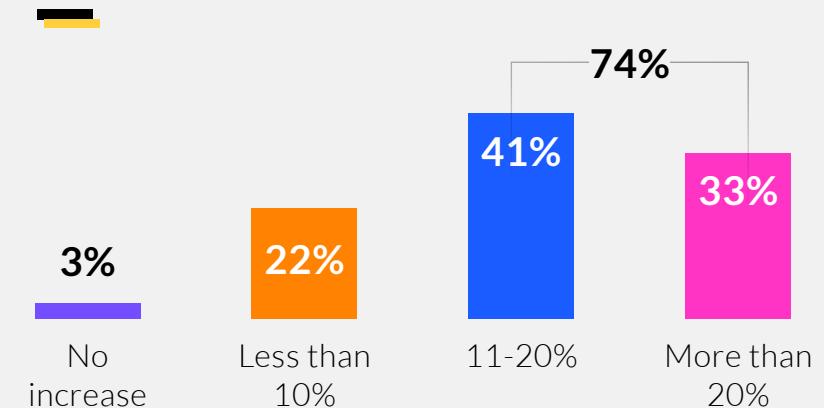


Figure 11
Estimated growth of first-time shopper visitors in 2021



The Main Challenges with First-time Shoppers

Organizations are well aware of the challenges of first-time shoppers. In fact, only 3% of surveyed companies indicated they have no challenges with this audience. For the rest of the 97%, the top challenges were higher price sensitivity (58%), tendency to be more easily distracted by competing promotions (51%), and lower brand loyalty compared to existing customers (45%).

Especially in today's economic climate, building brand loyalty is harder than ever. Price is a huge factor for shoppers, so competing promotions will easily sway a first-time shopper's attention. Keeping your visitors on-site and engaged needs to be a top priority.

Figure 12
Top eCommerce challenges with first-time shoppers

More sensitive to price

58%

More easily distracted by competing promotions

51%

Less brand loyal than existing customers

45%

Not enough data to personalize for new online shoppers

43%

Higher cart abandonment

36%

We don't have challenges with first-time shoppers

3%

Top Causes of Friction in the Customer Journey

We asked companies to identify the top frictions they experience with their own customers. Excluding the usual suspects, such as slow website performance, shipping costs and delivery times, we found new focus areas that eCommerce companies should focus on for 2021. Making account creation easier came at #1 (28%), followed by the ability to adequately search (27%), leveraging more product reviews (26%), preventing third-party ad injections (21%), and offering more flexible payment options (20%).

This follows the same pattern as we've seen with companies' investment priorities (Page 14), where eCommerce brands are looking for ways to improve CX, and make distractions less likely. Interestingly, the addition of third-party ad injections, a worry for more than a fifth of respondents, shows that companies must be aware about elements outside of their own control when considering the customer experience on their site.

Figure 13
Top causes of friction for first-time shoppers



Account Creation



Product search issues



Lack of product reviews



Third-party ad injections



Limited payment options



Strategies and Tactics to Earn First-time Shoppers' Loyalty

According to The Common Traits of First-time Online Shoppers (page 16), we saw that 37% of companies view first-time shoppers as less loyal. We've asked survey respondents what strategies they believe will be most effective to gain those shoppers' loyalty. The number one tactic selected by 70% of companies is to offer more discounts and incentives. Using behavior analytics to improve personalization (58%) came in second, followed by offering more flexible payments options (52%), and preventing distractions or injected competitor ads (35%).

With smarter technology, companies will be able to closely monitor the reasons for customer churn. They can then maximize incentives, and target specific issues with the right personalized, customized solutions, improving ROI.

Figure 14: Strategies and Tactics to Earn First-time Shoppers' Loyalty

Offer more discounts and incentives

70%

Use behaviour analytics to improve personalization

58%

Offer more flexible payment options

52%

Prevent distractions or injected competitor ads

35%

"Consumers' patience with poor online experiences has worn thin, and to the point that they will jump to another brand. We keep our ownership of that journey by stopping ad injections from taking that experience somewhere else. Not only does it lift revenue, it also preserves faith and confidence for our customers about our brand."³

Gareth Rees-John
Digital Director

KURT GEIGER



³Namogoo Case Study: Kurt Geiger Steps Up Conversion Rate & RPV with Customer Hijacking Prevention

Demographics



Regions of residence and main markets

Figure 15
Region of Residence

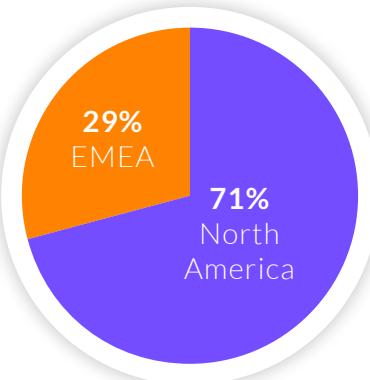
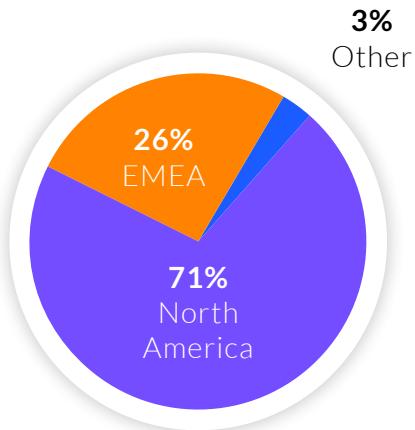


Figure 16
Main markets



Annual online revenue and retail verticals

Figure 17
Annual online revenue

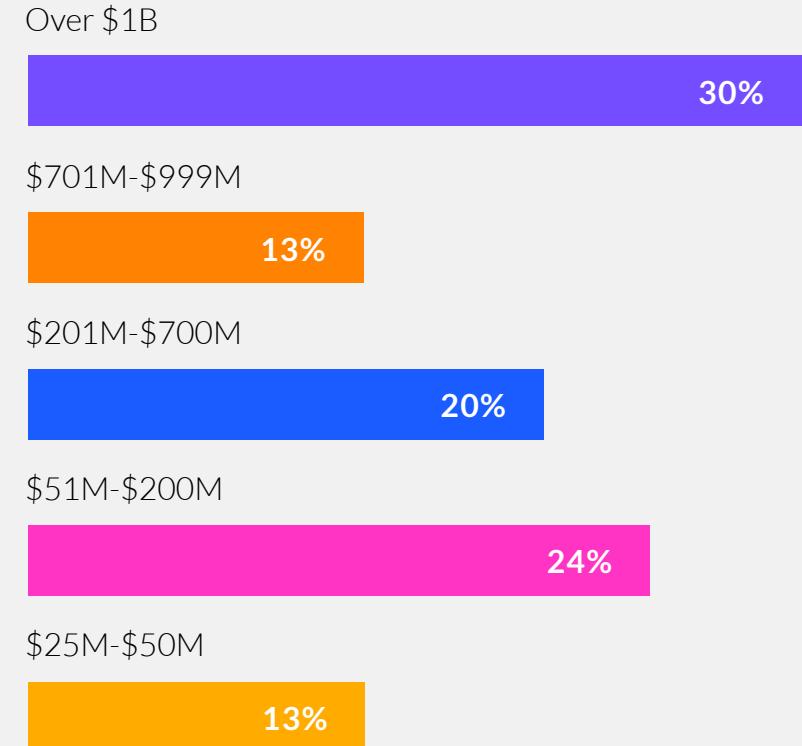
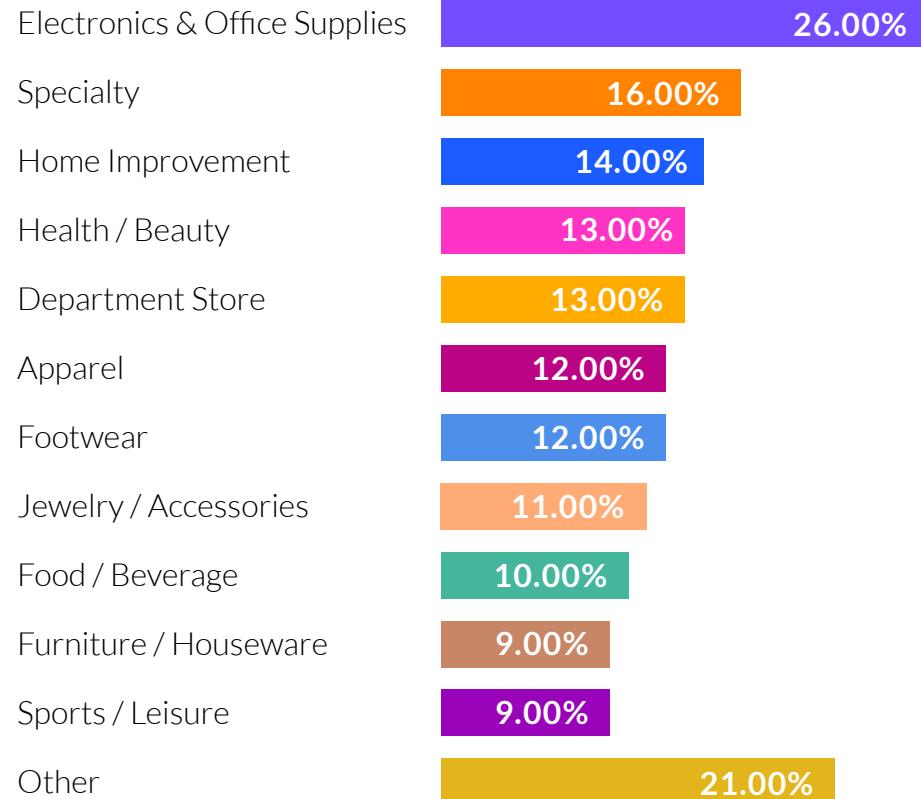
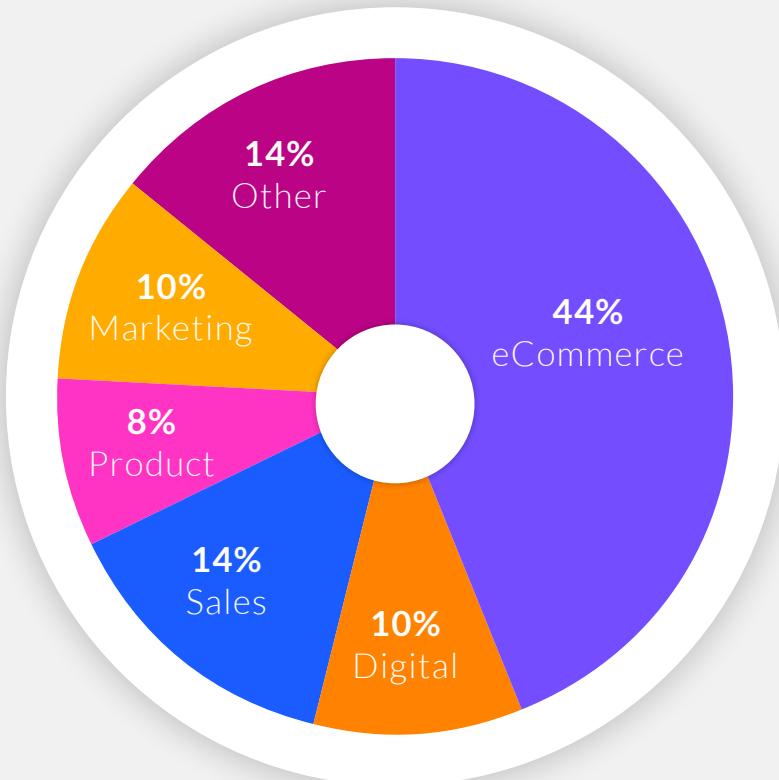


Figure 18
Retail verticals



Job Role

Figure 19
Job role



About Namogoo & Astound Commerce

Namogoo has pioneered the market of Customer Hijacking Prevention to power superior digital experiences and business results for online enterprises. Our disruptive consumer-side technology identifies and blocks unauthorized ads injected into consumer web sessions that divert them to competitors, drive conversion downward, and damage brand equity.

The world's largest retailers including JCPenney, ASICS, Marks & Spencer, Samsonite, Argos, Dollar Shave Club, and Deckers Brands rely on Namogoo's machine learning solutions to deliver distraction-free customer journeys and consistently enhance eCommerce KPIs.

Astound Commerce, the world's most trusted independent digital commerce specialist, empowers success through expertly created experience-driven ecosystems that fuse ever-evolving technology, data, design, and storytelling to build meaningful and lasting customer-brand relationships.

With a strong global presence, 3,000 projects completed, and a team of more than 1,200 deeply passionate experts in the areas of digital strategy, commerce technology, experience design, and digital marketing, we've had the opportunity to partner with iconic brands such as L'Oréal, Under Armour, El Palacio, Boohoo Group, Halfords, Lacoste, and Versace.



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