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2019 SPECIAL REPORT: The E-commerce Effect

THE E-COMMERCE EFFECT KEY FINDINGS

CUSTOMER
EXPECTATIONSRETAILER
OPPORTUNITIES

89%

browse merchandise online and
81% purchase merchandise
online at least once per month

expect an increase in revenue
from online sales over the next
year

74%

82%

shopped and reviewed products
online and then purchased the
item in the store

are focused on creating a
consistent brand experience
across channels

59%

62%

compare prices online before
ever visiting a store

offer suggested selling/product
recommendations to customers
on their website

66%

The Growth of E-commerce

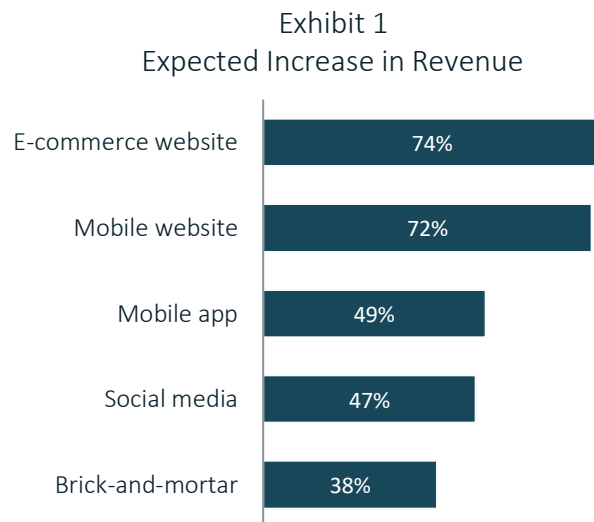


Customer expectation

89% browse merchandise online and 81% purchase merchandise online at least once per month

Today's consumer is always connected and always on. The advent of e-commerce has elevated consumers' expectations of the shopping experience and retailers must now provide service anytime, anywhere and any way the customer wants it or the customer will move on to the competition.

As e-commerce continues to grow at an incredible rate, with U.S. retail e-commerce sales¹ for 2018 at \$504.6 billion US dollars and



¹ Retail e-commerce sales in the United States from 2017 to 2023 (in million U.S. dollars), Statista. <https://www.statista.com/statistics/272391/us-retail-e-commerce-sales-forecast/>

forecasted to surpass \$700 billion in 2022, retailers are continuing to focus on areas to increase e-commerce revenue. In BRP's Unified Commerce Survey, 74% of retailers plan the greatest increase across customer touchpoints to come from e-commerce sales (Exhibit 1).

The traditional retail model has experienced significant disruption over the last decade. This disruption is driven by new technologies putting additional information and enhanced functionality into the hands of both customers and associates. This, in turn, has increased customer expectations as she now has more shopping options than ever before with more competitive pricing, greater merchandise assortments and faster delivery to get her desired product where and when she needs it. This makes the customer journey more complicated than ever before.

Consumers now start and stop their shopping journey in different channels and frequently shop for the same product across different retailers, via mobile, online or in-store. The path to purchase also varies by consumer and type of product being purchased. The customer expects a frictionless shopping experience across an entire brand and she doesn't want disruptions as she crosses individual channels or locations. She expects her experience to be seamless as her "shopping cart" and browsing history follow her throughout her journey.

The growth of digital – both online and mobile – drives demand for increased digital capabilities bundled with personalization in the store. Retailers must undergo a transformation to succeed in today's



Retailer opportunity

74% expect an increase in revenue from online sales over the next year



Customer expectation
82% shopped and reviewed products online and then purchased the item in the store

demanding environment. This transformation requires a true unified commerce approach, delivering the convergence of the digital and physical shopping experiences to create a holistic customer shopping experience.

Retailers' top unified commerce priorities are to create a consistent brand experience across channels (59%) by improving the online experience (52%), improving personalization (45%), and improving the mobile shopping experience (41%) (Exhibit 2). Retailers realize

Exhibit 2

Top Unified Commerce Priorities



Retailer opportunity
59% are focused on creating a consistent brand experience across channels

that the online experience is a big part of their customers' shopping experience. Delivering on customer expectations means not only improving what customers see, but also everything behind the scenes that is required to provide a seamless customer experience across all channels.

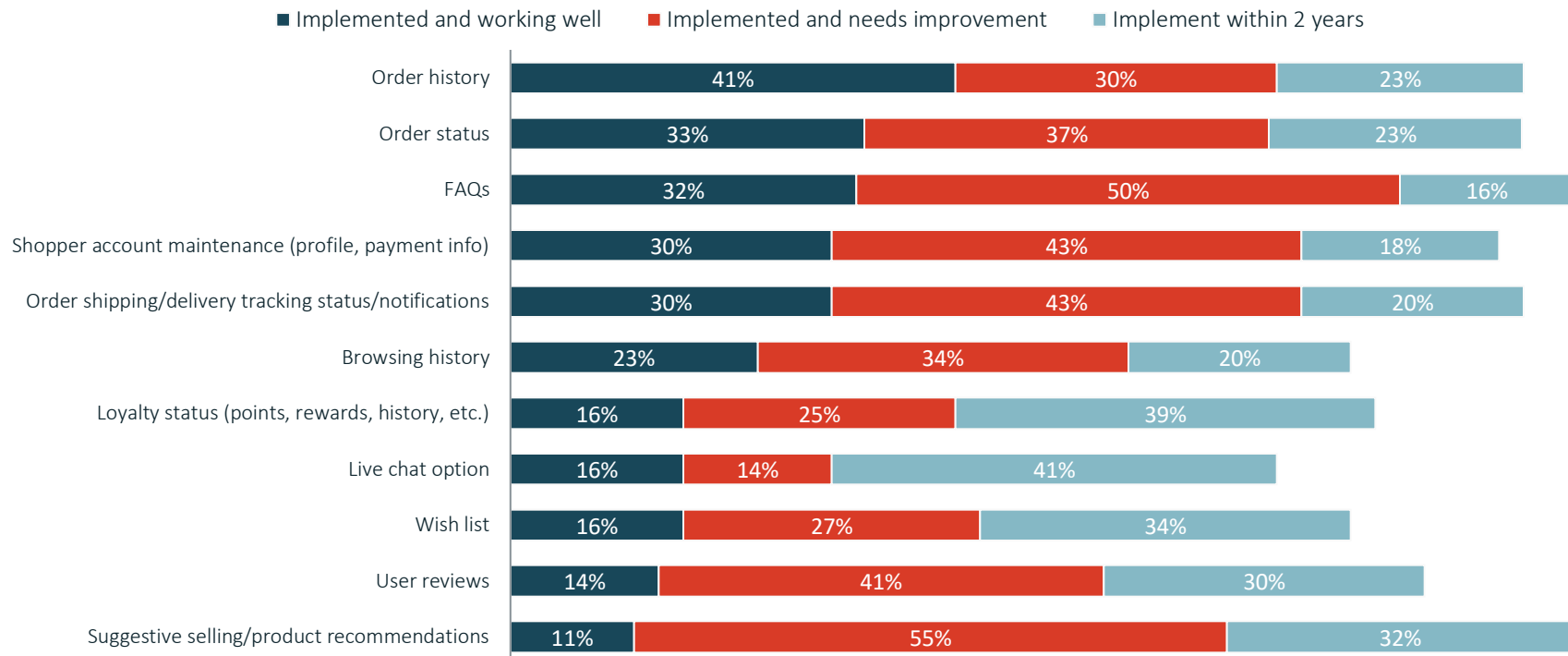
A Comprehensive E-commerce Site

The invention of e-commerce has elevated consumers' expectations of the purchasing experience as consumers can now shop anytime from anywhere in the world. There is no denying the power of digital technology as a disruptor in the retail industry. Online shopping is a big part of today's customer journey with 81% of consumers in BRP's Consumer Study² purchasing online frequently/occasionally and 39%

of consumers anticipate their online shopping will increase over the next two years.

In addition to purchases, online tools are often used in the shopping journey as a means for researching products and brands. 62% of consumers compare prices online before ever visiting a store and 53% build an online shopping list.

Exhibit 3
E-commerce Capabilities



² 2019 Consumer Shopping Habits – The Generation Gap, April 16, 2019, <https://brpconsulting.com/download/2019-consumer-shopping-survey/>



Customer expectation
62% compare prices online before
ever visiting a store

While mobile devices are changing the way that retailers and customers interact in the store and on the go, e-commerce capabilities are also a key piece of the digital commerce experience.

We asked retailers what offerings and capabilities they have on their e-commerce site to help customers research, review and purchase products (Exhibit 3). FAQs were the most popular offering with 82% of retailers offering it, although more than half indicate this area needs improvement. Shopper account info and order tracking were the next most popular offerings with 73% of respondents featuring this on their e-commerce site, although in both cases, 59% of retailers indicate these areas need improvement on their website. Shoppers also tend to find product reviews and consumer photos of products to be influential content when making online purchase decisions.

Live chat is a feature that is on the radar of many retailers. Only 30% of retailers currently offer live chat, however, another 41% plan to offer it within two years. Guided or suggestive selling/product recommendations represent another great opportunity and a key component of many retailers' customer engagement strategy. Two-thirds of the survey respondents currently offer suggestive selling/product recommendations, however, 83% of these retailers

indicate the features need improvement. Suggestive selling is a great tool to drive incremental sales and is fundamental in supporting further mobilization of retail and the convergence of online and in-store experiences. Wish lists, suggestive selling, browsing history, etc. need to be available and consistent from one device to the next, across channels and in the hands of in-store associates so customers have a seamless shopping experience.

Since consumers use digital devices throughout the shopping journey to research product information, compare prices and read consumer reviews, providing as much relevant information via the retailer's website helps keep customers loyal to the brand. Retailers can further enhance personalization through the use of user reviews, suggestive selling and product comparisons on their branded sites.

As e-commerce continues to represent a greater share of retailers' revenue mix, it is imperative that retailers continue to enhance their online capabilities to keep up with their competitors that are just a click away.



Retailer opportunity
66% offer suggested selling/product
recommendations to customers on
their website



About BRP

BRP is an innovative retail management consulting firm dedicated to providing superior service and enduring value to our clients. BRP combines its consultants' deep retail business knowledge and cross-functional capabilities to deliver superior design and implementation of strategy, technology, and process solutions. The firm's unique combination of industry focus, knowledge-based approach, and rapid, end-to-end solution deployment helps clients to achieve their business potential.

BRP's consulting services include:

Strategy
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CRM
Order Management
Supply Chain

Business Intelligence
Mobile POS
Unified Commerce
E-Commerce
Networks

Business Process Optimization
Payment Security
Customer Experience & Engagement
Merchandise Management
Private Equity

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