

2017

COMMERCE TRENDS

GLOBAL EDITION

PERSONAL

ABSTRACT GRAPHIC

RELEVANT

VISUAL

GLOBAL

OMNICHANNEL



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A few years ago, we were talking enthusiastically about cart recovery messaging – and for good reason. For commerce marketers who adopted it, the approach was a huge success, delivering solid returns. What’s on the horizon for 2017?

We asked experts both inside Bronto and outside the company to talk about what they’re seeing. In a nutshell: Get ready for global ecommerce, a more visual approach to marketing to customers, the emergence of cost-effective browse recovery technology and virtual dressing rooms, a more thoughtful approach to omnichannel marketing and, as always, a keen focus on personalization.

Let’s raise a glass to 2016 and see what’s up for 2017.

BROWSE RECOVERY: TAKING RELEVANCE TO THE NEXT LEVEL

Greg Zakowicz, senior commerce marketing analyst at Bronto, believes we will see more retailers focusing on what the customer is doing before they pop an item in the cart.

As with cart recovery, this automated messaging strategy reminds customers of the items they were viewing, and when appropriate, offers an incentive to close the sale. But rather than triggering the message when a shopper places an item in a cart, the trigger happens when a customer views a particular product, or category of products, a certain number of times without purchasing. Commerce marketers can choose to trigger one message, or several, and decide when or if to include an offer.

Browse recovery has been on the wish lists of many commerce marketers for a long time, but until recently, the technology was too complex or expensive to adopt. “Thankfully,” he says, “that’s no longer the case. The technological implementation has become much easier, and the marketer now has much more control over the settings of the program. They can choose when and how often to send and create the content of the messages without needing developer resources. That is particularly beneficial in environments where developer resources are often scarce and fought over.”

Early adopters can speak to its success. Brooks Sports introduced browse recovery and quickly saw the following metrics: a 61% open rate, a 24% click rate and 7% conversion rate with revenue of \$1.44 per email.

“Browse recovery messaging naturally works well with product recommendations, another tactic we expect to see more of in 2017,” said Zakowicz. Marketers love to use product recommendations in their messaging and on their websites because it personalizes the user experience. Pairing the two tactics only helps each work even better. Browser-based messages are more relevant when combined with relevant product recommendations, and browsing behavior can begin to inform the recommendations you offer. Both tactics will take us one step closer to reaching our audience with truly relevant marketing.”

“Browse recovery messaging is positioned to really breakthrough in 2017. It’s an ideal tactic for retailers who are focused on providing a relevant user experience.”

Greg Zakowicz, Senior Commerce Marketing Analyst, Bronto Software





WHAT'S IN STORE FOR PERSONALIZATION?

Jay Atkinson spends a lot of time thinking about personalization for his job as Director of Optimization for Blue Acorn, an ecommerce agency specializing in design, development and optimization for mid-size and enterprise brands. He takes a page from our commerce history to explain the level of personalization that commerce marketers need to aim for in 2017 – not too invasive, but genuinely helpful.

“Think back to when we had general stores. I walked in the door, the owner knew me, he knew all my last purchases, he knew the colors I liked, he knew all the things I needed, he knew my family. And it wasn’t creepy. I didn’t mind that, and he gave me things I wanted. That to me is perfect personalization. And if we can get to that state where we are connected to our customers, that’s what I define as personalization. In 2017, I’m looking for companies to own it – and make it happen.”

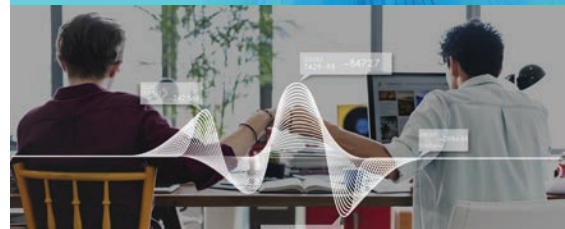
“I think the definition of personalization is going to change over the next year. It will mean a holistic, connected way of reaching consumers across multiple touchpoints. It’s not pummeling me with emails multiple times a day, but using testing to understand what emails will resonate with me.”

Unfortunately, indiscriminate use of personalization tools often delivers a disjointed experience that feels clunky instead of personalized. A classic example is when a customer purchases a personalized gift and is inundated with ads or emails for the same gift for weeks after the purchase.

2017’s New Hot Job

While marketers still wear multiple hats at smaller companies, increasingly, retailers have one (or more) employees focused solely on email. What’s the next position for marketing teams?

According to Atkinson with Blue Acorn, more people will have his title: Director of Optimization. The person will be tasked with helping all the channels obtain a connected view of the customer. “These people may come from an analytics background or a usability background. But it’s a very specific role working with the new tools that are out there.”



For the email marketer, Atkinson sees deep segmentation as one way to build a more personalized experience. “If you wanted to do that three years ago, two years, maybe even a year ago, the computing power – the connected services and the ability – was not there. Now, using deeper segmentation has become the norm.”

What does deeper segmentation mean? Atkinson says many marketers focus on simple segments, such as gender. An example of deeper segmentation would be gender plus geography and weather forecasts (think winter boot offers to guys living in states that are expected to get a lot of snow next week). Or geo-segmentation that uses location information to trigger a message. That encourages a shopper to visit the nearby brick-and-mortar location. “The computing power is there,” he says.

But segmenting customers for email sends is meaningless if you can't get the customer to the right part of your website. “For example, I get an email about the arrival of new shoes. It shows me some different products. I'm compelled. I click through and get sent to the home page – not the new arrival page. I don't see any of the things that compelled me to click through.”

“The email needs to be thoughtful. And when they respond, we should have a plan for how we are going to talk to them.”

And when it comes to measuring success? Atkinson says to take the holistic approach. “Instead of measuring just the click-through on this campaign, or the conversion when you used that subject line, look at the overall revenue for the site and overall revenue driven by email.”



Pragmatic Personalization

“Tools exist to personalize emails in multiple ways, but the personalization must be meaningful,” says **Russell Schulman**, Head of Digital and Ecommerce for Krispy Kreme Australia.

“The ultimate goal is a fully customized experience for every customer,” says Schulman, who uses email as one part of a broad digital campaign to efficiently raise awareness for a brand that is somewhat new to Australia. “But there is a diminishing return on the level of customization as the content and planning required to achieve it at 100% would not be a viable undertaking.”

The key message: Personalization must add value to the customer experience. “At Krispy Kreme, we don't believe that just because someone is a regular coffee customer, we can't send them information about new doughnuts. But those who live in an area outside of our online delivery service will not receive online delivery messages.” These decisions show customers a level of respect “and ensure that when we do communicate with them, it is for a good reason and with a message they can act on.”


OMNICHANNEL: STOP MAKING DIGITAL AN AFTERTHOUGHT

FC Tech Group Founder **Elizabeth Canon** works with omnichannel brands that sometimes suffer from brand disconnect. What they do with their stores and what is happening online are so siloed that it hurts the customer experience.

“Whether you’re Dressbarn or Louis Vuitton, you need to be thinking about how to deliver a better customer experience across all channels,” Canon says. And since so many digital departments were built “as a kind of add-on and they sit separately from merchandising, product or in-store teams, that hasn’t happened.”

If they aren’t already, brands need to be cognizant of how digital has permeated everything. “We are on our mobile devices when we shop in the store, on our iPads when we’re at home,” Canon says. “Keeping digital as a separate department is a problem because our customers are shopping on all of these channels in ways that aren’t necessarily linear or predictable anymore.”

One misperception that Canon believes needs to be laid to rest forever in 2017 is the idea that online cannibalizes store traffic. “New research from companies like Bain & Co., McKinsey and Deloitte shows that there is a really strong business case to align across every channel because customers who are using more than one touchpoint have a much higher lifetime value and a much higher average order value – 30% to 40% higher.” That’s why she believes there is a critical financial incentive for companies to “ensure that the customer experience across all of these channels measures up to expectations.”



“Customers who are using more than one touchpoint have a much higher lifetime value and a much higher average order value – 30% to 40% higher.”

Elizabeth Canon, FC Tech Group Founder

If you pride yourself on a great checkout experience in the store, but your online checkout process is glitchy, it's a problem. If you've built an online experience that offers great help through chat or virtual dressing room features, but the associates in your stores are clueless about merchandise, that's another big disconnect. If you offer in-store returns of merchandise (and you should), the customer shouldn't be met by an exasperated sales clerk.

And speaking of in-store associates, it's important that they understand your omnichannel goals. Frustrated digital marketers have complained that front-line associates believe programs like text-to-join sign-ups in the store send a mixed message.

Still not convinced?

"For every 10% increase in customer satisfaction, you can increase revenue 2% to 3% annually," Canon explains.

For Canon, this is just one part of an emphasis on customer experience that should be driving decisions in 2017. Here are a few others:

- Email benchwarmers need to get in the game. "Email is a critical data source," says Canon, and one that is underutilized. She recently audited a luxury brand that gathers email addresses but can't even get it together to send a thank you email for a purchase. "There's still such an underutilization of email as a driver; it's really astounding."
- Savvy retailers understand the path to purchase isn't linear. "It takes the average American customer a week to finalize a transaction. Over that week, they visit six different touchpoints along the way. So it's really important that all the touchpoints are aligned and helping the customer get to the point of purchase."





AN INTERACTIVE AND VISUAL 2017

As Editor-in-Chief at Retail TouchPoints, **Debbie Hauss** travels the country speaking with executives and participating in conversations about the future of retail. “I think the visual and interactive aspects of both online and mobile are probably the most important strategies that retailers need to be planning to make sure they’re ready to compete in 2017 and beyond,” Hauss says.

More Uses for Mobile Devices – Online and store marketers will have a competitive advantage if they can convert a shopper’s product photo into an in-store sale.

Video and Visual Commerce – “If you aren’t thinking about video, imagery and graphics, it will damage your brand. And the same visual experience must be available on the mobile device,” Hauss says.

The Role of Virtual Reality for Online and In-Store Shopping – It’s already happening in the dressing rooms of retailers like Rebecca Minkoff. Technologies that help customers virtually view and try on items they find online will be important in creating unique in-store and online experiences.

The Next Iteration of the Mall – Virtual reality at home will have its limits. So what if the concept of the mall transforms into more of a virtual reality showroom for multiple retailers and brand manufacturers? Smart mall owners have already begun to focus on tenants that offer services or experiences that can’t be found online.

Embrace User-Generated Content

It isn’t a new idea, but deploying user-generated content is moving from clever concept to measurable revenue driver.

In a survey of retail and ecommerce leaders conducted by Olapic with Worldwide Business Research in 2016, 90% of those using consumers’ content in advertising efforts realized “measurably positive results. We anticipate this trend will continue as brands find the right balance of user-generated, or ‘earned,’ content and brand-owned content you produce,” says **Rachel Meranus**, Chief Marketing Officer at Olapic.

And that content is ripe for creating engaging emails. Meranus adds, “Given the sheer volume of email being sent to all inboxes, brands need to have a clear outreach strategy that cuts through the noise. Today’s customers expect to receive email content that either provides them entertainment value or utility for their daily lives. While entertainment may be the way to engagement, utility is the way to conversion. Smart brands are using customers’ content to create more personalized email messages, which allows consumers to immediately see how a product or service is relevant to them and can benefit their lives, leading to an increased chance for immediate conversion.”





BUYING WITHOUT BORDERS

Bronto’s recent research on cross-border purchasing establishes one major theme: To varying degrees, consumers are willing to buy from outside their country. But this willingness offers commerce marketers both opportunities and challenges. One major hurdle – the costs and hassles associated with shipping – is being actively mitigated by shipping firms eager to facilitate cross-border commerce.

How do you make this happen for your company in 2017? We asked two Bronto customers (one in the US, one in Canada) for their thoughts:

Work a Niche. **Fred Pritchard**, Vice President of Golda’s Kitchen outside Toronto, is always on the lookout for unique products that bigger US commerce marketers don’t want to bother with. He says he’ll take a chance on something new that might only sell a few dozen units a year. Pritchard also looks for products that aren’t being stocked by US distributors. He once scored big online sales with a cooking accessory popularized by chef Jamie Oliver that was unavailable from its sole US distributor.

Understand the Overseas Market. The strength of the US dollar has dampened some of Ecommerce Outdoors’ offshore sales, but CEO **Patrick Gill** says the lessons learned from when the dollar was weaker are still relevant: Know the market.

Don’t blast your global list with an Independence Day special, as the Fourth of July is obviously only celebrated in the US. Understanding the fishing seasons as they happen around the world is important as well. Gill’s No. 1 non-US market is Australia. “That’s Southern Hemisphere. Our summer is their winter and vice versa. So we need to be smart about the promotions that we’re putting in front of them and segment that country.”

Key takeaways from the *Beyond Borders: Identifying Global Sales in a Shrinking Ecommerce World* report:

- 71% of Aussies embrace cross-border commerce, more than the 44% in the UK and 42% in the US.
- One in five consumers in the US and UK are loyalists. Only 7% of Aussies share that sentiment.
- The age group that most prefers to buy from their home country is over 55.



Download the complete report at bronto.com/resources.



TIME TO GO VIRTUAL

How do retailers bridge the gap between the growing trend toward online shopping and the desire to “experience” an item before buying it? According to Bronto Marketing Strategist **Melanie Alfano**, retailers will be introducing a variety of options via virtual reality to give customers a unique and personalized shopping experience. “The question is whether there’s a return on an investment like this. I think so.”

A 2015 report by Walker Sands found that 35% of customers would shop more online if they were able to try on items virtually.

It’s Already Starting in Stores

The early attempts at virtual fitting have already been implemented in some stores. “A great example,” says Alfano, “is Rebecca Minkoff’s flagship New York City store in SoHo. They offer shoppers a complimentary glass of champagne as they try Rebecca’s favorite designs in smart fitting rooms. These rooms are equipped with an interactive mirrored video wall that allows customers to control mood lighting and notify an associate via touchscreen when they need a new size or different color.”

Shoppers also see personalized recommendations and can save their fitting room session if they’re feeling indecisive. CEO and Founder Uri Minkoff noted that stores with this technology sell three times more apparel. “All of a sudden, 35 to 40% of the people in the fitting room are asking for additional items,” said Minkoff during the 2016 Shoptalk event.

Using augmented reality, virtual clothing can even be superimposed onto a shopper’s mirror image. Forbes.com noted that in select locations, Macy’s Inc. offers options to “try on” an outfit in every available color, find an exact size, and receive suggestions for items to pair with it by superimposing the clothing onto the shopper.

Nordstrom also rolled out a full-length mirror with an interactive screen in two of its stores. According to Fortune magazine, the technology, designed by eBay, allows the customer to browse items and read product reviews, much like they would online. It also features a barcode scanner to check in-store availability and lets shoppers request items to be brought to the fitting room.

But Will It Work Online?

While these innovative technologies are beginning to satisfy the craving for personalized shopping experiences in-store, can this type of service translate to the online marketplace? A few companies are certainly trying to make that happen.

Acustom Apparel, a New York City-based startup that offers “digital bespoke menswear,” uses an in-store scanner to create a digital profile of someone’s entire body shape from 200,000 data points. While customers can take advantage of this convenience in the store, the benefits continue online as there’s no need to be concerned with sizing issues anymore.

Virtual dressing room technology company Zugara offers a variety of options, including Webcam Social Shopper software that allows consumers to use their webcam as “a magic mirror” to try on items virtually. A woman can hold a likeness of a dress in front of her, just as she would in a store, and immediately know if the item’s style and color is right for her. She can “try on” everything from clothing to jewelry, glasses, watches, purses and more within a video feed and use gestures, motion and voice control to interact with and buy items directly within the interface. She can even take pictures to share with her friends. The product can also be used with a variety of video feeds, so eventually, friends in different locations could “shop” together, giving feedback and recommending items, making Internet-connected shopping a truly social experience from any device.



“This personalized experience breeds confidence in shopping with the brand, which will likely lead to a deeper sense of customer loyalty as well.”

Melanie Alfano,
Bronto Marketing Strategist

GET SERIOUS ABOUT CONVENIENCE

Convenience is absolutely critical to succeeding in ecommerce. Any glitches along the path to purchase potentially result in a lost sale. That’s one reason we think Apple Pay’s new mobile payment feature that uses a fingerprint is going to be a game changer. It’s another step in reducing hurdles to online buying. You see it, you select it, you pay with your finger. What could be more convenient?

“It’s really, really powerful and will completely change the way we shop,” says Bronto marketing strategist **René James-Barriteau**. “It alleviates all that pain and hassle of having to type in your details because the information is already stored. All you’re required to do is click, click, thumbprint, paid.”

Not interested in Apple Pay? Or unable to use it? At the very least, make sure customers that shop on multiple devices are recognized, no matter which device they log into. Giving them access to their stored information will make for a much smoother checkout.



IS SUCCESS IN YOUR FUTURE?

As there are so many paths to success, it's critical for commerce marketers to understand what they're doing well and what could provide a breakout in the next year.

Do you offer unique products that might be appreciated by overseas customers? Look into ways to streamline the costs and hassles of mailing overseas.

Want to erase the sizing doubt that dogs online clothing shoppers? Consider investing in online virtual dressing rooms.

Want to reach the customer when they're just thinking about making a purchase? Look into readily available browse abandonment solutions.

But don't forget about the basics: Always make it easy for the shopper to complete their purchase.



About Bronto

Bronto Software, a NetSuite company, provides a cloud-based commerce marketing automation platform to mid-market and enterprise organizations worldwide. Bronto is the number one ranked email marketing provider to the Internet Retailer Top 1000, with a client roster of leading brands, including Vince Camuto, Lucky Brand, Theory, Björn Borg, Ashley Homestore and Christopher & Banks. The Bronto Marketing Platform is deeply integrated with commerce platforms, such as NetSuite, Magento, Demandware and Kibo. The company is headquartered in Durham, NC, with additional offices in London, Sydney, Toronto, New York and Los Angeles. For more information, visit bronto.com.

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