How Technology Drives eCommerce and Where It Will Be In 5 Years?

With eCommerce retailers capitalizing $2.290 trillion worldwide, over 10.1% of total retail sales in 2017[1]. It is clear that the eCommerce industry plays a large role in the average online user's experience. Not only this, experts predict that the industry is expected to grow up to 16% by 2021, generating over $4.479 trillion in revenue[1].

Due to the large potential in the industry, many companies are engaged in fierce competition to appeal to the growing consumer market. In today's age, this is done through the use of technology. Ranging from the implementation of virtual and augmented reality, mobile apps, social media strategies or blockchain technology. This article will discuss how technology will likely transform the eCommerce industry within the next 5 years.

Augmented and Virtual Reality

Augmented reality is a form of technology which allows for a computer-generated image to be overlaid in the real world. This reality can be accessed through a number of devices such as your mobile phone, your computer or various devices specialized for the augmented reality experience.

The thought of augmented reality, let alone augmented reality shopping, was not too long ago considered to be far-fetched. However, with the rapid advancement of technology, this experience seems to be right at the doorstep of eCommerce consumers. RetailPerceptions predict that augmented reality in the retail industry is expected to generate up to $120 billion by 2020[2]. Because of this, companies are quick to implement these features into their services and why would they not?

With 40% of consumers willing to pay more for a product if it provided an augmented reality experience and 71% of consumers claiming they would make repeated purchases from the retailer more often[2]. The implementation of this technology would provide them with a strategic advantage over competing eCommerce retailers, leading to an increase in its revenue.

Through the use of augmented reality, users are able to test out a product before purchasing it from the store. By utilizing this technology, customers can ensure that what they buy, whether it be makeup, clothing or furniture, will suit their needs. This feature is not only convenient for the user, it also enhances and personalizes the overall shopping experience for the customer.

Mobile Phone Apps

Another strategy that eCommerce retailers are adopting is the use of mobile apps on customers' smartphones. Since the average consumer spends 5 hours per day on their phones[5], more time as opposed to a desktop computer. This approach is highly effective because it provides so much more potential for connection with consumers.

53% of mobile device shoppers are reported to purchase products through company-specific apps[3]. By simply having the mobile app present on a user's mobile device, will act as a constant reminder of the brand to the customer. Many businesses are opting out of email promotions, in favour of mobile push notifications, which guarantees the user's attention.

Furthermore, retailers can further utilize this method to update users on new sales and promotions, increasing the likelihood of a purchase. In fact, reports show that users shopping on mobile devices make twice as many purchases than desktop site users[3]. With convenience being the main driving philosophy for many eCommerce sites, mobile apps bring it to a whole other level.

Social-Selling Strategies

Traditionally, advertisements and promotion campaigns are almost always an effective method of driving an increased number of potential customers. However, it is no secret that the word of mouth speaks larger volumes to most people. 71% more likely to be exact[4]. Because of this, eCommerce retailers will most likely choose to put an increased focus on social media marketing in the coming years.

With the average consumer spending almost 5 hours on mobile devices each day[5], 50% of that time being spent in "social, messaging, media and entertainment applications"[5], social media opens a whole new world to retailers for product marketing.

Companies who have launched social media shopping campaigns experience large increases in monthly revenue. According to a Statista survey, 18.2% of respondents have "purchased products directly via social media as September 2016"[6]. Since then, this number has immensely increased to 72% of consumers making purchases after seeing something on Instagram in 2017[7].

Personalized Consumer Engagement

If that was not enough, social media also opens up an opportunity for the use of user-generated content and personalized engagement. Using this approach, retailers will be able to build a sense of brand identity, increasing consumer participation and forging a healthy consumer-business relationship.

With 84% of Millennials saying that user-generated content influences their purchasing[8], user-generated creates a sense of community. By doing so, consumers will be more likely to return to the brand and promote it amongst their social circles.

Furthermore, according to 62% of Millennials, genuine engagement with consumers is the "make or break" of their loyalty to a brand[9]. If done right, retailers will be able to establish trust with the customer. This increased trust in a brand and fostering of a sense of belonging will quickly convert consumers to advocates.

Blockchain Technology

In the recent years, blockchain technology has taken every major industry by storm and the eCommerce industry is no different. With online users becoming more and more suspicious of how their personal information is being used, this technology is likely to be on the path of revolutionizing the eCommerce experience.

Due to the decentralized nature of blockchain technology's peer to peer transactions, its implementation would provide increased security for customers. When asked regarding the use of users' personal information, 77% of customers say that they would be inclined to trust a brand more if they explained how their data will be used and stored[10]. With blockchain technology, user data is decentralized, making it impossible to be compromised by online criminals.

In addition to this, the use of blockchain based eCommerce retailers would also mean that users will experience increased transparency. 94% of consumers believed that they will be more likely to be loyal to a brand if it offered "complete transparency"[11]. This means that blockchain technology possesses the ability to increase a brand's revenue in the long run.

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