E-COMMERCE - OPENING PANDORA'S BOX

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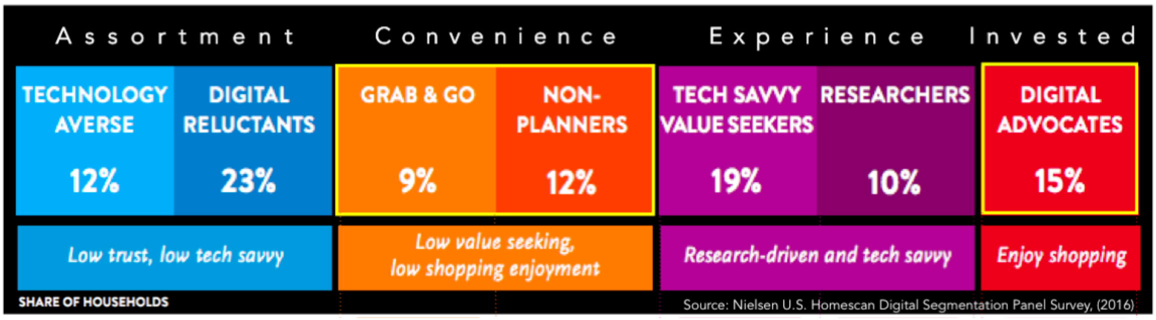
E-commerce is on everyone's lips these days. Everybody wants to be part of it. But let's be honest, most of us are scared of it. Many companies struggle to keep up with today's fast-changing environment and even more fail. To many, E-commerce is like Pandora's box – they are so scared of it, they would rather keep it closed. For that reason, many organisations only 'sort-of' open the box, just a little bit, but – hell no – not too much! As a result, companies limit their attention to the *commerce* in E-commerce, simply adding digital sales channels to their portfolio. They celebrate, believing they have achieved the ultimate goal: an Omni-channel approach. But who can blame them? Google, the tech giant personally, defines E-commerce as "commercial transactions conducted electronically on the Internet" (2017). Here comes the ugly truth: it is not that easy! The key to success lies in understanding how to engage with shoppers throughout their path to purchase and beyond. And this path is neither purely online or offline. Consumers encounter various physical as well as digital touchpoints throughout their journey. Those, who understand shoppers and how to engage with them at these various touchpoints, will win.

WHO GOES ONLINE?

Comparing online spend across age groups globally, two generations - Gen Z and Gen Y (Millennials) - stand out with the highest percentage using E-commerce options (Nielsen 2015). These generations account for the majority of online spend, and exhibit a faster growth rate compared to older demographics. Comprehending Millennials has been on the agenda for years now, which is why we have come to know a great deal about this generation. A generation that is highly tech-savvy, loves social media, and likes to give feedback, expecting to be listened to by brands. With Gen Z ageing and its purchasing power growing, the focus should shift to learning more about these digital natives. But stopping here would be too simple. People, even those of the same generation, exhibit very different behavioural patterns online. The Nielsen Company (2017), for example, grouped online shoppers into 7 digital segments (Figure 1). Each

Figure 1

The yellow boxes indicate highest online spend.



segment represents a different level of digital savviness and distinct online shopping characteristics. The most profitable segments are the 'Grab & Go' (9% of households), 'Non Planners' (12%), and 'Digital Advocates' (15%), the first two being all about convenience and the latter embracing the digital shopping enjoyment. For those who are jumping to conclusions now – let me put you right. Targeting only the most profitable segments can be a disastrous mistake. Segments with lower online spend, such as 'Researchers' cannot be ignored. Even though the final purchase often takes place in a physical store, they tend to pre-plan their trip online. This means, they choose a product upfront using digital devices. Brands that manage to influence this decision-making process may be able to secure a sale that takes place later in a non-digital channel.

WHY ONLINE & WHAT MATTERS?

Grasping why consumers interact with digital touchpoints at various stages and, in doing so, what matters to them, is fundamental to optimizing a brand's online presence and activities.

Awareness

A survey published by IBM (2016) revealed that 63% of respondents were highly annoyed by generic ad messages. Compared to traditional marketing techniques, its digital counterparts offer immense opportunities for tailored marketing. And in fact, consumers think more positively of brands that give them content that is more valuable, interesting or relevant (IBM 2016). So it is really the non-selling content that attracts shoppers online. 'How-to videos' for instance are a great example of educational content that is highly popular amongst Millennials.

Consideration

In the consideration stage, it is all about research. And it is mainly for the vast amount of information that consumers like to go online in that stage. A wider selection and the availability of product / brand videos are repeatedly quoted as the upsides of digital research (UPS 2016). Consumers find it easier to compare products and prices online due to more detailed product information and reviews. Consequently, providing extensive and clearly marked product content is a non-negotiable requirement for brands to convert consideration into purchase.

Purchase

Unless a DTC model is applied, brands have to rely on online retailers to perform in this stage. However, for many companies, particularly in FMCG, a DTC model is simply not feasible. In that case, it comes down to choosing the right partners. Online shopping is perceived as very convenient – it is easy, quick, and offers delivery-to-door (Nielsen 2017). And indeed, global giants such as Amazon have sophisticated their digital purchasing and payment processes. But even in Bricks & Mortar stores, digital is a constant companion. For instance, consumers use their mobile devices to access coupons while buying a product in a physical store.

Service

Similarly to the Purchasing stage, Service is beyond a supplier's control and fully handled by its sales channels. Nevertheless, understanding what matters to shoppers in this stage is crucial to selecting what online retailers to partner up with. Three service features predominantly attract online shoppers: (1) (Free) delivery, (2) Order tracking, and (3) Self-service options (e.g. FAQ & help centres). The latter is especially appreciated by Millennials, who prefer to take matters into their own hands when it comes to customer service (UPS 2016).

Loyalty Expansion

Loyalty has become a real challenge with E-commerce, where switching behaviour is more common. The highly transparent online environment demands an accelerated attention to (pro-) active CRM. Consumers like to share their experiences online, particularly when highly satisfied or extremely dissatisfied. For example, 28% of online shoppers are likely to comment on social media when dissatisfied, and an even higher percentage (42%) are likely to promote a brand when satisfied (UPS 2016). Online feedback systems are therefore a must-have. And yet, many brands still do not have them.

Although some E-commerce insights are applicable for many brands, one size certainly does not fit all. Developing an E-commerce strategy is hence a complex endeavour for every company. In that process, organisations should therefore not hesitate to ask for help. Because those companies, who are courageous enough to open Pandora's box full-on, whether alone or with help, will be rewarded with, at least, a chance to succeed.

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