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7 eCommerce Trends That Will Shape Your 2020 Strategy

By Niall O'Gorman

Head of Strategic Alliances, Partnerships and Co-Founder at ChannelSight.

21st January 2020

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Today's Agenda

- **Key Trends, Insights, Takeaways**

- **Case Study**

- **Recap**

If anyone would like an impromptu 15-minute demo today, please reach out to Marketing@ChannelSight.Com and our team will facilitate this immediately after the webinar.

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7 Key Trends

1. Direct-To-Consumer Brands are feeling the Shift

2. Personalization drives sales

3. Omnichannel is the way to go

4. Subscription-based eCommerce Model is the Future of Business

5. Online helping vs cannibalising the high-street

6. Automate, Automate, Automate!

7. Pre-loved commerce

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Trend #1
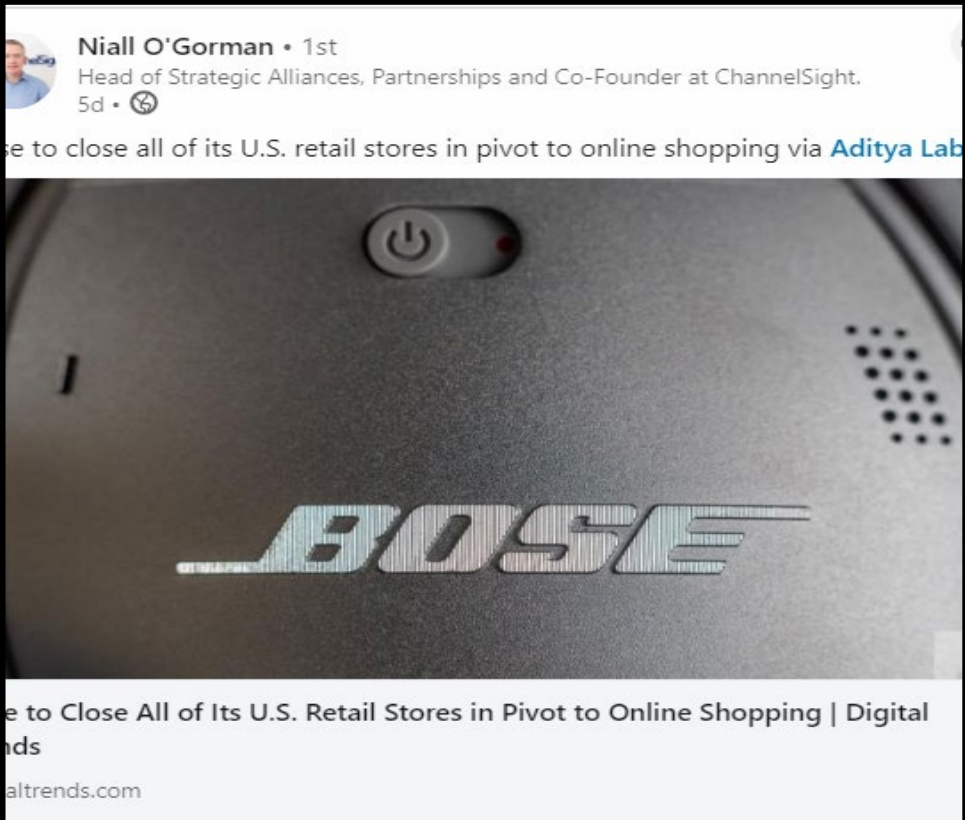# Direct-To-Consumer Brands are feeling the Shift

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Direct-To-Consumer Brands are feeling the Shift

- Barriers to entry into ecommerce world has changed.

- People can access any information online and have the easy access to look at any product information they want.

- They advertise direct to consumers and are changing the way ecommerce world works.

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Direct-To-Consumer Brands are feeling the Shift

Niall O'Gorman • 1st
Head of Strategic Alliances, Partnerships and Co-Founder at ChannelSight.
5d • 🌐

se to close all of its U.S. retail stores in pivot to online shopping via **Aditya Lab**

e to Close All of Its U.S. Retail Stores in Pivot to Online Shopping | Digital
nds

altrends.com

John Bruno   4d ⋯
VP of Product Management, Elastic Path

Bose is not a retailer. It never has been even with its retail presence.
Bose a brand manufacturer that prides itself on R&D. In an increasingly
competitive world, they're pouring more into the evolution of existing
and creation of new products (including software products). As they
have also become a software company their digital presence has
improved quite a bit; it's gone from run of the mill commerce storefront
to compelling content that is transactable. This is 100% the right move
for Bose. Bose does not need retail.

👍 • 16 Likes   💬 • 2 Replies

Josh P. • 2nd   4d ⋯
B2B eCommerce | Entrepreneur | Speaker | Investor

Many brands have to become retailers as they compete for
margin and customers. There is not much left to cost out so they
shrink their channel.

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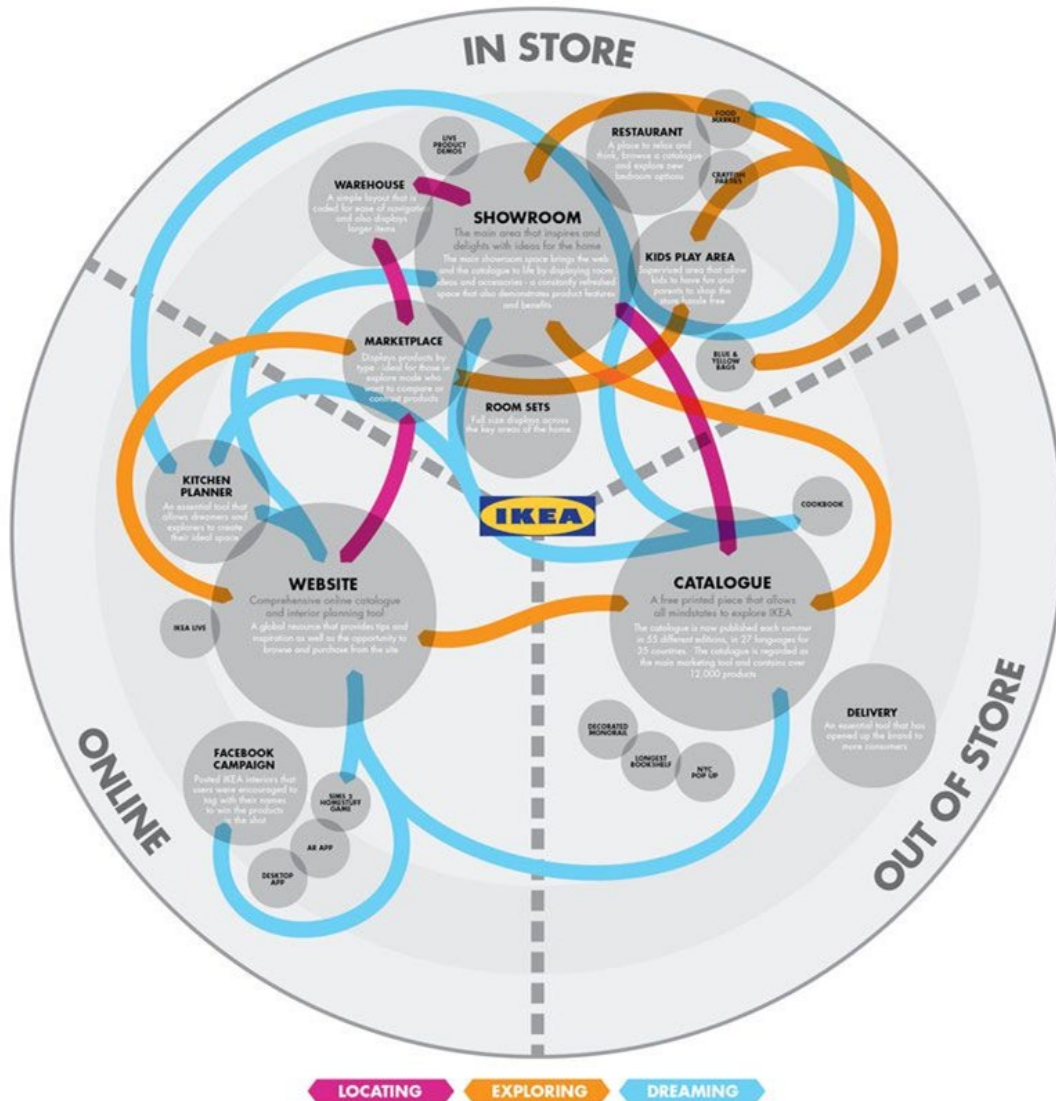
Trend #2 Personalization drives sales

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Personalization drives sales

- Tech advance in customer journey has helped shape the eCommerce world like augmented realty for virtually expecting the products your customers may buy like IKEA.

- Investing in improving your consumers experience online will be one of the key factors.

- Mobile eCommerce rises and will keep rising

IN STORE

RESTAURANT
A place to relax and think, browse a catalogue and explore new bedroom options

WAREHOUSE
A simple layout that is coded for ease of navigation and also displays larger items

SHOWROOM
The main area that inspires and delights with ideas for the home
The main showroom space brings the web and the catalogue to life by displaying room ideas and accessories - a constantly refreshed space that also demonstrates product features and benefits

KIDS PLAY AREA
supervised area that allow kids to have fun and parents to shop the store hassle free

MARKETPLACE
Displays products by type - ideal for those who explore as well as who want to compare or control products

ROOM SETS
Full size displays across the key areas of the home

KITCHEN PLANNER
An essential tool that allows dreamers and explorers to create their ideas space

WEBSITE
Comprehensive online catalogue and interior planning tool
A global resource that provides tips and inspiration as well as the opportunity to browse and purchase from the site

CATALOGUE
A free printed piece that allows all mindstates to explore IKEA
The catalogue is now published each summer in 55 different editions, in 27 languages for 35 countries. The catalogue is regarded as the main marketing tool and contains over 12,000 products

COOKBOOK

DELIVERY
An essential tool that has opened up the brand to more consumers

FACEBOOK CAMPAIGN
Posted IKEA interiors that users were encouraged to tag with their names to win the products in the shot

ONLINE

OUT OF STORE

LOCATING   EXPLORING   DREAMING

How can you leverage in-store customer information to personalize across channel

I PURCHASE MORE FROM RETAILERS WHO...
Top-2: Strongly/Somewhat Agree

53% Suggest products based on browsing or buying behavior

52% I am likely to engage with a new brand and purchase when I see online ads for products I'm interested in based on my current and past

49% Personalize online ads that promote offers and products from websites I've visited

48% Send me personalized emails based on my past browsing and buying behavior

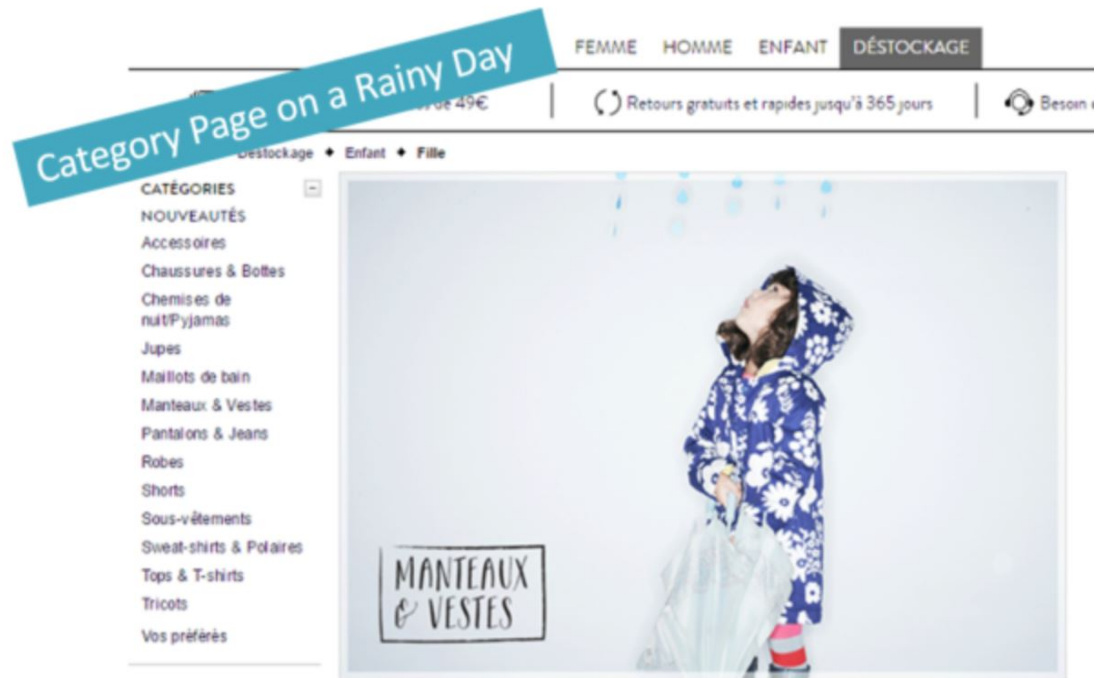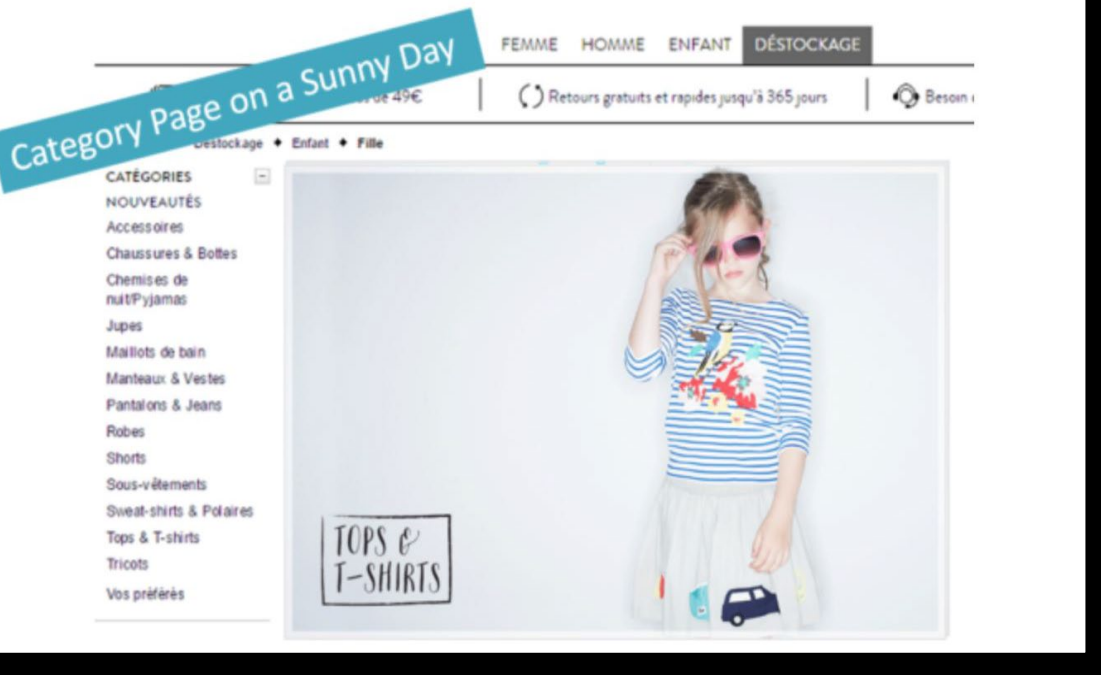**48%** Personalize the shopping experience across all of their channels

33% Show personalized ads in my social media feeds

The bottom line is that consumers are purchasing and engaging more when they receive a truly personalized shopping experience in a consistent and coordinated fashion.

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Trend #3 Omnichannel is the way to go

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# Omnichannel is about creating positive and seamless experiences

A lot like dating!

- According to statistics by Absolunet, *82% of users are looking for directions of retail stores using mobile devices, and 18% of them make a purchase within 24 hours after the search.*

- Which means users prefer the brands that help them at every touch point of their journey from online to stores or vice-a-versa.
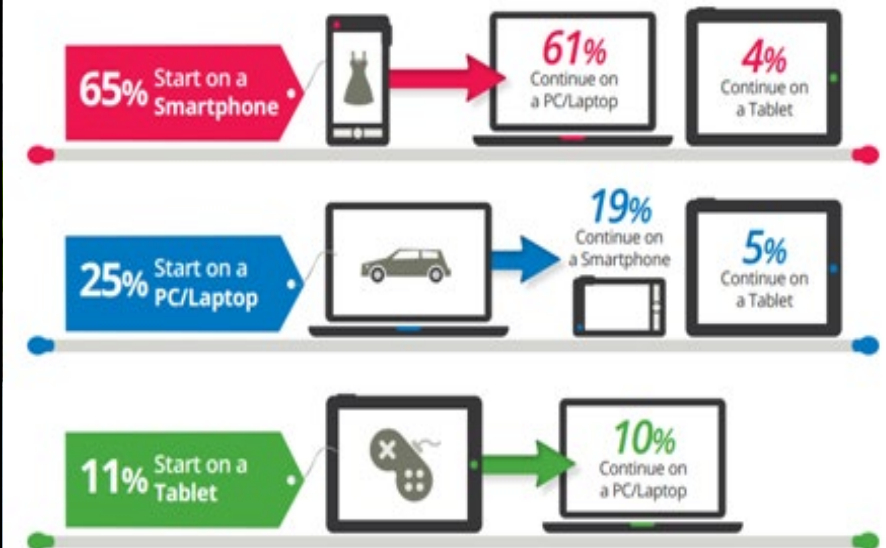
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Brands need to be where it matters, when it matters
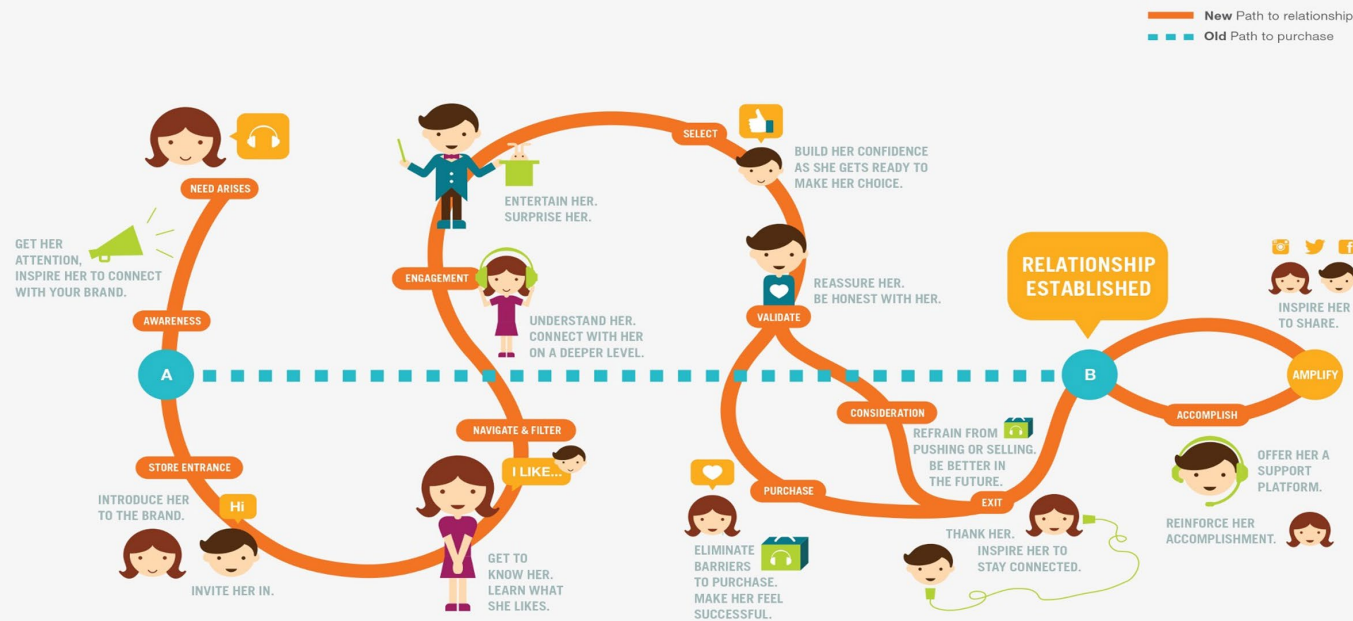
Cultivating those relationships over time will lead to higher conversion, bigger baskets & lifetime value

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Trend #4
Subscription-based eCommerce Model is the Future of Business

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Subscription-based eCommerce Model is the Future of Business

- As evidenced, many of the subscription-based businesses thriving in today's market, like the very popular and very well known – Netflix, Amazon Subscribe and Shave, Dollar Shave Club, and many more.

- In the eCommerce world as well, the subscription model has also proven to be a winner. Learning from the best themselves, Amazon have a "Subscribe and save" pricing model where people get their regular daily household items.

- Depending on the kind of items being sold, brands can have a unique pricing strategy for their business model.

Subscription-based eCommerce Model is the Future of Business

Top 10 sites with highest number of current subscribers by gender

Women		Overall	Men
Amazon Subscribe & Save	1	Amazon Subscribe & Save	Dollar Shave Club
Dollar Shave Club	2	Dollar Shave Club	Amazon Subscribe & Save
Ipsy	3	Ipsy	Harry's
Birchbox	4	Blue Apron	Blue Apron
Sephora Play!	5	Birchbox	BarkBox
JustFab	6	Sephora Play!	Loot Crate
Blue Apron	7	Harry's	Birchbox
BarkBox	8	BarkBox	HelloFresh
StitchFix	9	JustFab	Home Chef
AdoreMe/ShoeDazzle	10	HelloFresh	Instacart

McKinsey&Company | **Source:** McKinsey analysis

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Subscription-based eCommerce Model is the Future of Business

Acquiring and converting customers for subscription services is a challenge—but there's room to grow.

Performance across purchase funnel[1] by type of subscription e-commerce service,[2]
% of subscriber responses

	Replenishment subscription	Curation subscription	Access subscription	Overall subscription
Heard about subscription	53	54	49	53
	−40%	−52%	−51%	−49%
Familiar with subscription	32	26	24	27
	−10%	−14%	−14%	−13%
Considered subscription	29	22	21	23
	−35%	−48%	−49%	−45%
Subscribed at one time	19	12	10	13
	−30%	−42%	−46%	−39%
Currently subscribing	13	7	6	8

100%

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Trend #5
Online is helping to cannibalise the high-street

# Online is helping to cannibalise the high-street

- These days, the eCommerce giants are changing the way people are shopping.

- High streets are getting less and less crowded as the convenience of online shopping increases.

- Brands need to keep consumer behavior in account to supplement the footfall in physical stores and that customers do visit stores and buy there.

- One way is to keep the engagement and entertainment ongoing to attract customers to stores.

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Online is helping to cannibalise the high-street

Retail Store Closures Spiked in 2019

Number of major retail store openings and closures in the U.S. announced in 2018 and 2019

- 2018
- 2019*

4,311   4,454
Openings

6,897   9,275
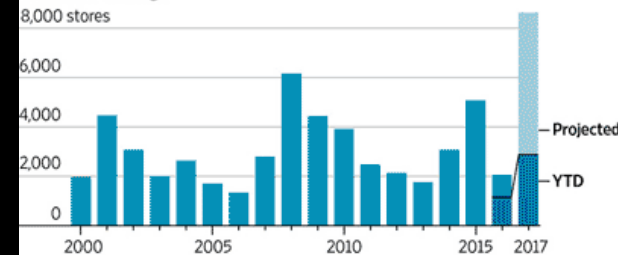Closures
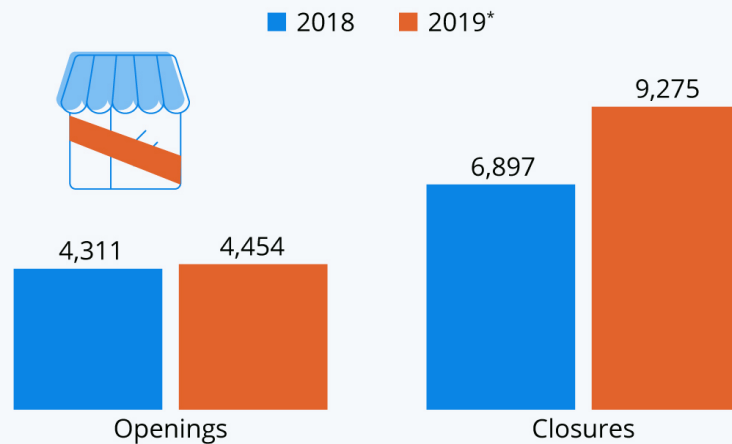
* 2019 figures as of Dec. 27, 2019
Source: Coresight Research

statista

Retail Reeling

U.S. retailers are on pace to close the most stores in more than a decade...
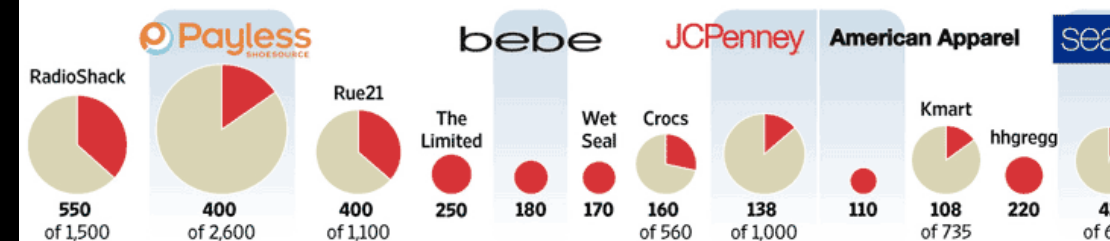
U.S. store closings
8,000 stores
6,000
4,000
2,000
0

2000   2005   2010   2015   2017

—Projected
—YTD

...and they are adding fewer jobs.

U.S. retail employment, change from previous year
2.5%
2.0
1.5
1.0
0.5
0

2014   2015   2016

Seasonally adjusted   †Preliminary

March 20
15.9 millio
▲0.37
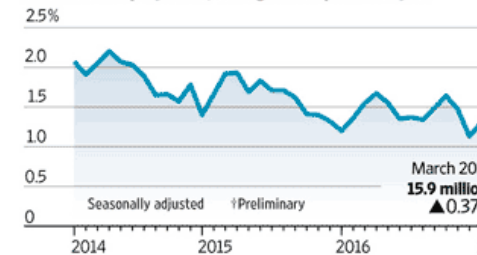
Smaller specialty chains such as **Bebe** and **American Apparel** are closing all their stores, while larger chains such as **J.C. Penney** and **Sears** are scaling back their footprint.
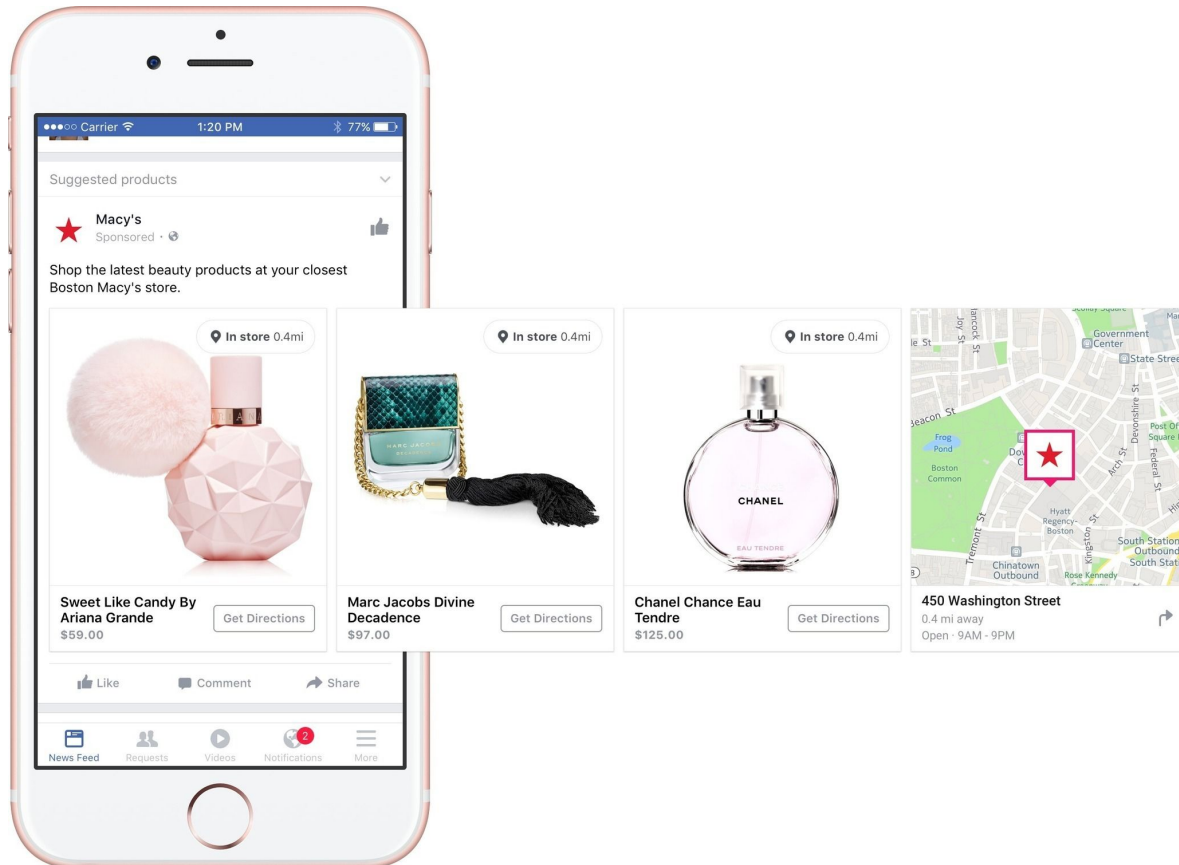
Total stores / Stores closed

Selected 2017 store closings, estimated

Payless   bebe   JCPenney   American Apparel   sea

RadioShack   Rue21   The Limited   Wet Seal   Crocs   Kmart   hhgregg

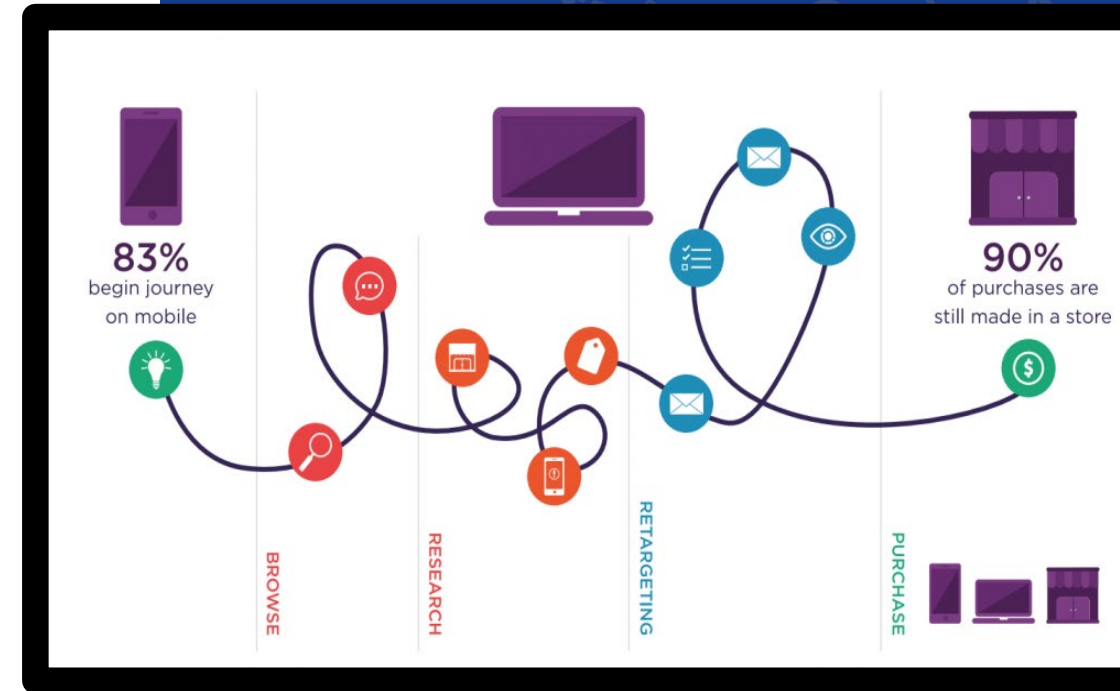550 of 1,500   400 of 2,600   400 of 1,100   250   180   170   160 of 560   138 of 1,000   110   108 of 735   220   4 of 6

Sources: Credit Suisse (U.S. store closings); Labor Department (employment); staff reports (2017 store closings)   THE WALL STREET JOUR

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Online is helping to ~~cannibalise~~ grow the high-street

83% begin journey on mobile

90% of purchases are still made in a store

BROWSE RESEARCH RETARGETING PURCHASE

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Trend #6 Automate, Automate, Automate!

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Automate, Automate, Automate!

- Looking at Amazon, for example, the product real estate is crucial to understand and knowing what to advertise and when becomes very important to drive sales.

- For a consumer product brand, it hard enough to compete with other brands but also Amazon itself, where amazon pushes the sale of its own brand – Amazon Basics.

- So to venture into different market with different retailers becomes a crucial part of your ecommerce brand strategy.

- Get your automation game on!

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Trend #7
Pre-Loved Commerce

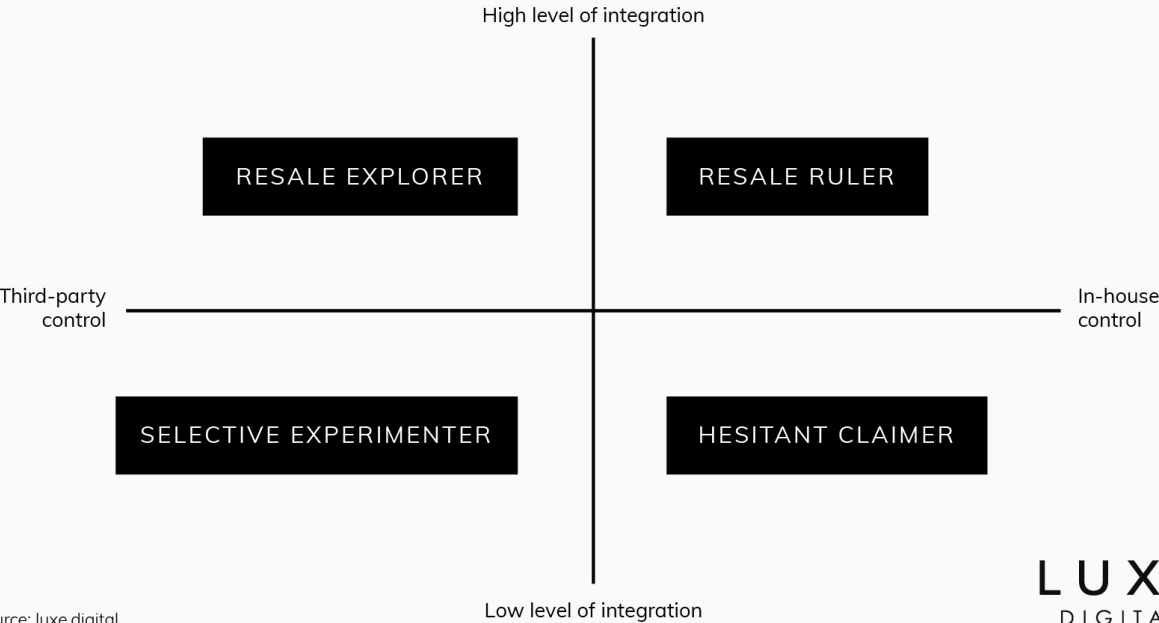ChannelSight™

Pre-loved commerce

- We have seen a huge increase in reselling of luxury clothes and accessories, furniture and other interiors and other resalable items.

- We can see a shift in the pre-loved products being sold on eBay now to emerging brands who are doing everything right in their eCommerce game.

- With luxury resale and customer-to-customer brands entering the eCommerce market, shopping experiences are a huge differentiator for the success of an eCommerce brands.

The RealReal   THRED**UP**

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Pre-loved commerce

THE LUXURY RESALE BRAND FRAMEWORK

4 strategies to approach the secondhand market

High level of integration

RESALE EXPLORER

RESALE RULER

Third-party control — In-house control

SELECTIVE EXPERIMENTER

HESITANT CLAIMER

Low level of integration

LUXE DIGITAL

source: luxe.digital

Total Secondhand Apparel Market to Double in 5 Years With Resale Sector Driving the Growth[1]

$51B

$24B

- Resale
- Thrift & Donations
- Total Secondhand Apparel Market

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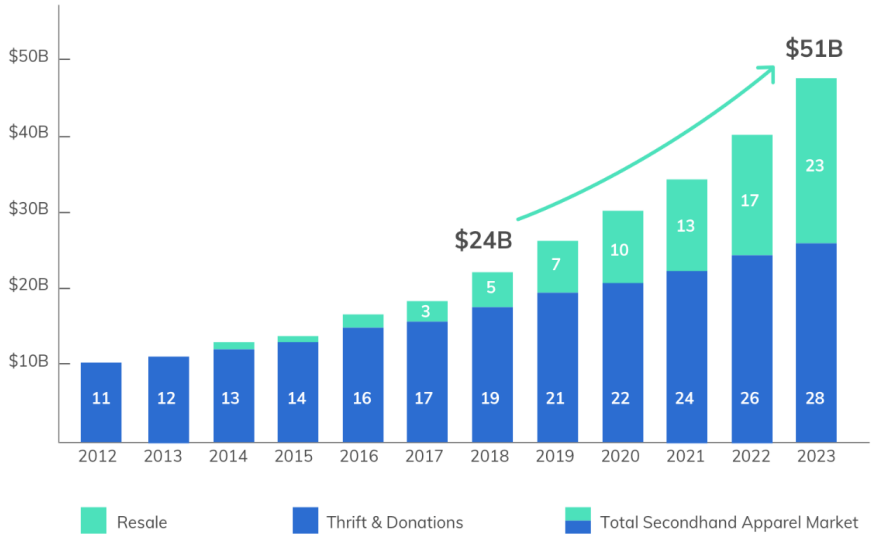
Pre-loved commerce

THE NEW NORMAL
Resale Market Will Reach $41B by 2022

Apparel Takes Biggest
Slice of Resale Pie

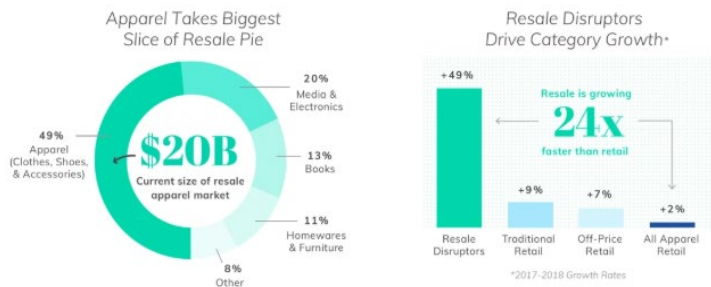Resale Disruptors
Drive Category Growth*

20% Media & Electronics

49% Apparel (Clothes, Shoes, & Accessories)

$20B
Current size of resale apparel market

13% Books

11% Homewares & Furniture

8% Other

Resale is growing
24x faster than retail

+49% Resale Disruptors
+9% Traditional Retail
+7% Off-Price Retail
+2% All Apparel Retail

*2017-2018 Growth Rates

Leading Resale Disruptors

THRED UP
- All brand tiers
- Managed marketplace
- $130M in funding

The RealReal
- Luxury brands only
- Managed marketplace
- $173M in funding

POSHMARK
- All brand tiers
- Peer-to-peer marketplace
- $153M in funding

Additional Players: REBAGG depop TRADESY GRAILED

THRED UP
2018 Resale Report

Photo: Courtesy Thredup

LUXURY RESALE ADVANTAGES
4 key opportunities for luxury brands to embrace secondary sales

SALES SUSTAINABILITY INSIGHTS ANTI-COUNTERFEITING

LUXE DIGITAL

source: luxe.digital

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About ChannelSight

ChannelSight™

ChannelSight®
Know more. Sell more.

✓ Global **Buy Now** operations, fully localised in 62 markets
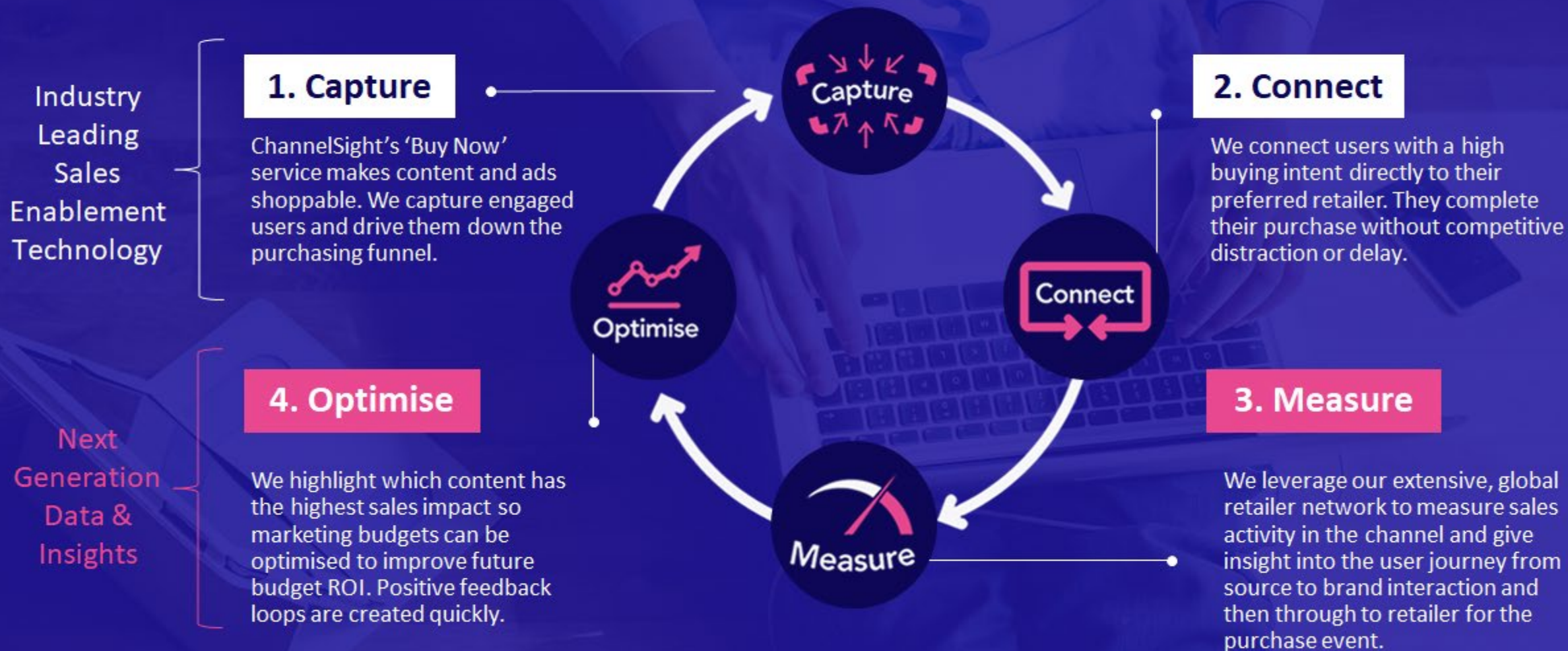✓ Online & offline product solutions
✓ Access to unique channel sales data

BOSCH

PERFETTI van Melle

PHILIPS

PEPSICO

HOOVER

Candy

glanbia

LAVAZZA

SIEMENS

Our **Solution** // Creates Sustainable Value

ChannelSight®
Know more. Sell more.

Industry Leading Sales Enablement Technology

1. Capture
ChannelSight's 'Buy Now' service makes content and ads shoppable. We capture engaged users and drive them down the purchasing funnel.

2. Connect
We connect users with a high buying intent directly to their preferred retailer. They complete their purchase without competitive distraction or delay.

Next Generation Data & Insights

4. Optimise
We highlight which content has the highest sales impact so marketing budgets can be optimised to improve future budget ROI. Positive feedback loops are created quickly.

3. Measure
We leverage our extensive, global retailer network to measure sales activity in the channel and give insight into the user journey from source to brand interaction and then through to retailer for the purchase event.

Capture

Connect

Measure

Optimise

// 'Capture' & 'Connect' // Frictionless Product Purchasing

ChannelSight makes digital content instantly shoppable across all digital channels, **lowering friction and competitive distraction in the buying process** and delivering significant, measurable increases in conversion rates.
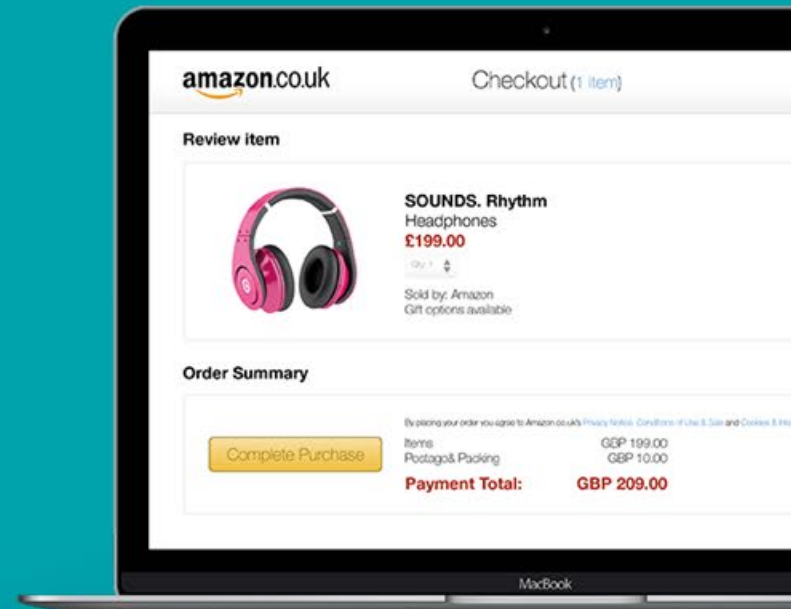
User clicks Buy Now on product of interest.

Retailer options and product info displayed.

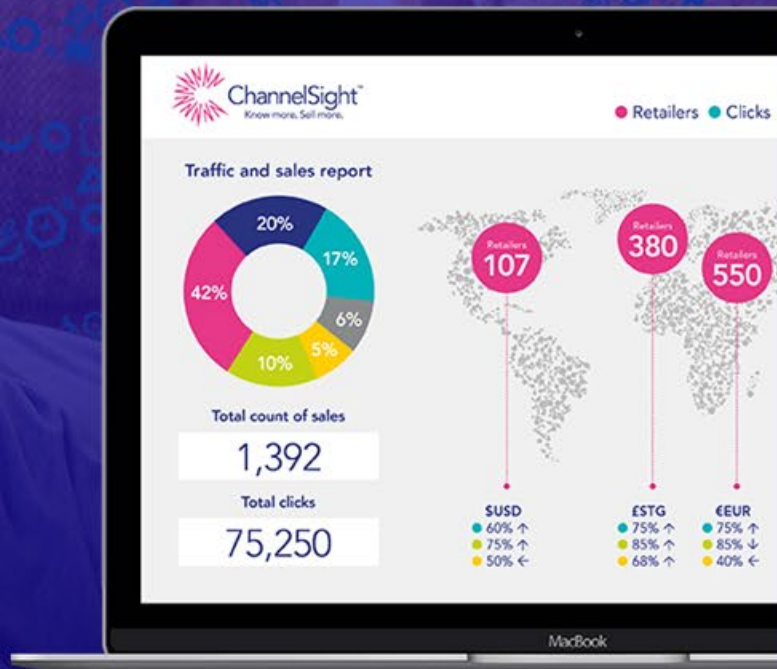User completes purchase instantly.

The **ChannelSight dashboard** simplifies complex market data into **actionable business intelligence**

- Real-time reports for each brand, campaign, market & channel – see what is actually driving sales in the channel.

- Automated reporting shows all user engagement – clicks, leads, sales, highest performing content, ROI, etc. across all digital channels

- Optimise future budget allocation based on actual performance data

- Information/data is portable and can be imported into existing brand dashboards e.g. adobe

- Visibility on the complete user journey in the channel

Dashboards provide instant access to in-depth activity reports showing actual user engagement in the channel

ChannelSight
Know more. Sell more.   ● Retailers ● Clicks

Traffic and sales report

20%
17%
42%
6%
10% 5%

Retailers 107   Retailers 380   Retailers 550

Total count of sales
1,392

Total clicks
75,250

$USD   £STG   €EUR
● 60% ↑   ● 75% ↑   ● 75% ↑
● 75% ↑   ● 85% ↑   ● 85% ↓
● 50% ←   ● 68% ↑   ● 40% ↑

MacBook

" The technology is super easy to use and we can easily access retailer data. The level of conversion and comparison insights available to us now is vast compared to what we had before. "

Sabine Bonisch,
Solution Design Manager

B/S/H/

ChannelSight Deep Dive

IN SUMMARY >>>

- **CHALLENGE:** The company had been increasing online traffic but not sales conversions

- **SOLUTION:** ChannelSight Where To Buy integrates with multiple online stores across Europe

- **BENEFITS:** Much higher than average conversion rates (12% vs. 5.2%); better customer profiling via online marketplaces

Thank You

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