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Magento 2
The Buyer's Journey

Magento Presents:
Community Insights

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LAB

Magento is proud to present 'Community Insights' to help merchants develop strategies and tactics to better serve their customers.

The Magento Partner Community is a trusted network of consulting and technology companies that help merchants grow their business, and create engaging customer experiences with the Magento Platform. These organizations provide valuable insights and practical takeaways from their real world experiences with merchants like you.

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THE BUYER'S
JOURNEY
IN 2017

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Contents

Whitepaper Insights

This paper was put together to equip merchants with the tools they need to succeed in today's competitive ecommerce landscape.

We've highlighted the key areas that need to be understood when moving from Magento 1 to Magento 2, there's a top 10 technical guide for setting up Magento to ensure it runs smoothly, we've listed behavioural tips and tricks for creating experiences that result in high engagement and examined future trends to keep you up to date on what's going to be happening within ecommerce.

We hope you're able to use the information here to create a better experience for your customers.

Introduction

Magento has become extremely popular with an estimated $101 billion in merchandise sold by merchants to around 51 million shoppers in 2016. Magento 2.0 was designed for the next era in ecommerce — to make it faster, easier and more cost effective than ever before to create shopping experiences that are tailored precisely to your business needs.

Over the next couple of years, brands across industries will significantly increase investment into their digital strategies to stay ahead of customer demand. This can be seen by looking at the results of the Magento Commerce Forecast, a recent survey of 2,200 branded manufacturers, multichannel and web merchants from over 15 vertical segments on planned investments and key initiatives for the year ahead.

Additional findings from the Magento Commerce Forecast include:

- **Digital - from current position to digital maturity:** By the end of 2017, 60% of omnichannel retailers expect to make all their products visible online, 57% will have a cross-channel return program and 46% will enable ship-to-store.

- **Heavy investment in mobile:** Three-quarters of Magento merchants expect mobile transactions to total more than 20% of their total online revenues, while two-thirds expect mobile revenues to exceed 40% this year.

- **Focus on differentiated experiences:** Only 25% of merchants cited competition from Amazon as a primary obstacle, compared to 40% who indicated differentiation from other independent brands as the largest challenge they anticipate for 2017.

Introduction

"Digital commerce strategy has evolved from a competitive advantage to a strategic business imperative across all industries, geographies and company sizes. In 2017 and beyond, expect the big winners to be fully integrated merchants who own their brands from beginning to end in order to deliver world-class experiences to customers."

- Peter Sheldon, VP Strategy at Magento.

"The brands who'll succeed will be the ones that truly align their digital objectives to business objectives and continue to put customer experience at the heart of what they do - even when that means making decisions that don't immediately show a positive impact to the bottom line. At the core of this is really understanding your customers and having leading technology to enable fast delivery - which is what Magento 2 provides."

- Tom Head, Sales & Marketing Director at Lab.

The Game
For Merchants
Today

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The Game for Merchants Today

There's never been a more exciting time to be in business and yet at the same time it's never been more competitive. The ability to reach new markets is incredible, access to more people is instantaneous and instead of shouting to the masses we can narrow down our focus to only speak to those that fit the best criteria for our brand, product or service.

At the same time, due to the competition, if we don't keep our eye on the ball we can go from market leader to nobody in a very short space of time. Here at Lab we believe if you do things better than your competition you will succeed in any era, and the foundations of this are:

1 **Digital leadership and culture** - leaders need to leverage technology, fail fast, innovate and drive organisational change in an ambiguous context, and encourage their teams to truly adopt a test and learn mindset.

2 **Brand** - understanding who you are, what your purpose is and what you can offer that makes you unique is critical today. if you're competing on price alone you will eventually lose. Consumers want to buy into something that's greater than just a product or service.

3 **Aligning digital objectives to business objectives** - in a complex world with lots of options, picking the right ones is key. It's all about getting to the next level of the game.

4 **Value driven decisions and customer experience** - ensuring that decisions are made around what will drive value to your target market is essential. This sometimes means investing in initiatives that don't result in an immediate return. Raising the bar of customer experience in pursuit of perfection is a never-ending journey in which another step is taken every single day.

5 **Understanding people and technology** - along with creativity, these are the two things that will determine success in tomorrow's world more than anything else. This is about understanding your consumers' motives, emotional drivers and WHY they do what they do alongside technology.

6 **Seeing the future** - being able to understand new trends and how they will affect your market is one thing, knowing when to use them is another. In amongst all the hype, picking the right technology to drive a better experience for your consumers will result in you staying ahead of the competition.

Moving from

Magento 1 to

Magento 2

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Moving from Magento 1 to Magento 2

Having launched well over a year ago, Magento 2 is now well and truly established as Magento's core offering. While many retailers do still remain on Magento 1, now is without doubt the time to start the transition process if you have not already done so.

Over the last year there has been some hesitation from existing Magento 1 clients to make the move to Magento 2, as there always is with a brand new platform release. However, there are many features that have come about alongside the release of Magento 2 that make it a stronger offering.

The Magento marketplace is growing and the number of modules available provides a strong selection of ways to efficiently enhance your site. Also, crucially, Magento now test plugins before they're allowed on to the new Marketplace. Magento call this EQP (Extension Quality Program). Thanks to this, retailers can now expect a much higher quality of plugins, where before they could be hit and miss.

On top of the plugins you will also get the benefit of some of the new functionality brand new to Magento 2. Probably the most noticeable of these features is the beautifully streamlined checkout.

And, the even better news is, Magento 2 isn't really that new any more.

There have been a number of releases of the platform, along with some larger Enterprise functionality like the scheduler. These releases have resolved the issues that you would expect from the first major release of any major upgrade to a platform. Amongst other things these updated versions have included improvements to the speed and performance of Magento 2.

Moving from Magento 1 to Magento 2

Test results show that Magento Enterprise Edition 2.0 delivers strong performance for large, high volume sites, and once again outperforms Magento Enterprise Edition 1.14.2 across all use cases, and under increasing load.
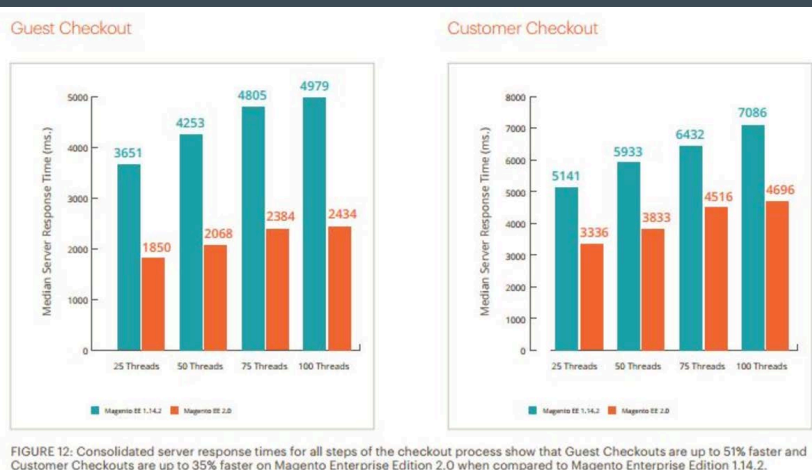
Specifically, the platform:

Processes **39%** more orders per hour, reaching up to 2,558 orders per hour

Throughput Results

Orders Per Hour

Orders Per Hour - Load Profile

FIGURE 8: Throughput results for 100 JMeter threads show that Magento Enterprise Edition 2.0 can process 2,558 orders per hour, or 39% more orders per hour than Magento Enterprise Edition 1.14.2.

FIGURE 9: Throughput data for a range of JMeter thread counts show Magento Enterprise Edition 2.0 consistently processes more orders per hour than Magento Enterprise Edition 1.14.2 across different load profiles, and is particularly strong at the highest load level.

Enables up to **66%** faster add-to-cart server response times (under 500 ms)

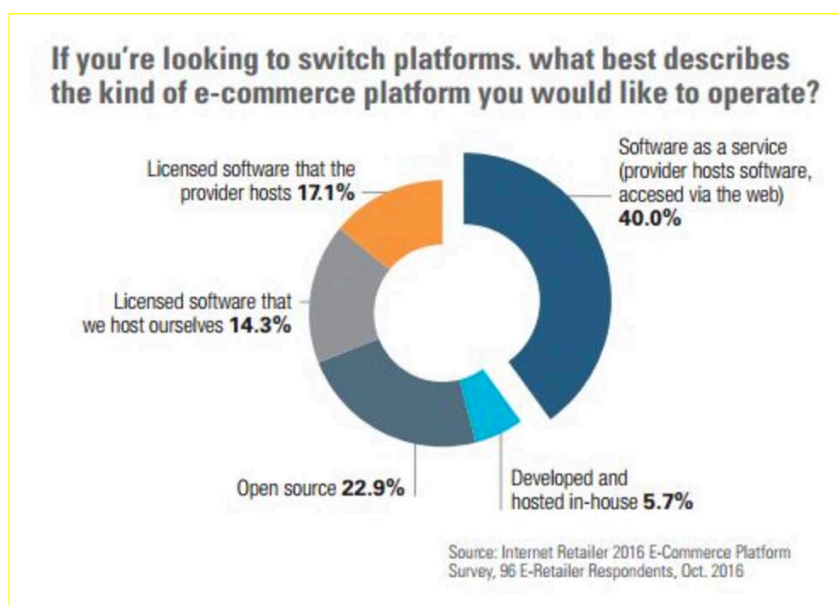Delivers **practically instant response times** for catalog pages

Guest Checkout

Customer Checkout

FIGURE 12: Consolidated server response times for all steps of the checkout process show that Guest Checkouts are up to 51% faster and Customer Checkouts are up to 35% faster on Magento Enterprise Edition 2.0 when compared to Magento Enterprise Edition 1.14.2.

Speeds up guest checkouts by **51%** and customer checkouts by **35%** on Magento EE 2.0 when compared to EE 1.14.2

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Moving from Magento 1 to Magento 2

If you're thinking about migrating now then you're in the majority, according to a recent Internet Retailer survey. Over 70% of respondents indicated a platform change within the next 24 months.

When Will the Platform Switch Occur?

More than two years from now **5.7%**

No plans to replace current platform **5.7%**

In the midst of re-platforming now **17.1%**

Within two years **37.1%**

Within the next year **34.3%**

Source: Internet Retailer 2016 E-Commerce Platform Survey, 96 E-Retailer Respondents, Oct. 2016
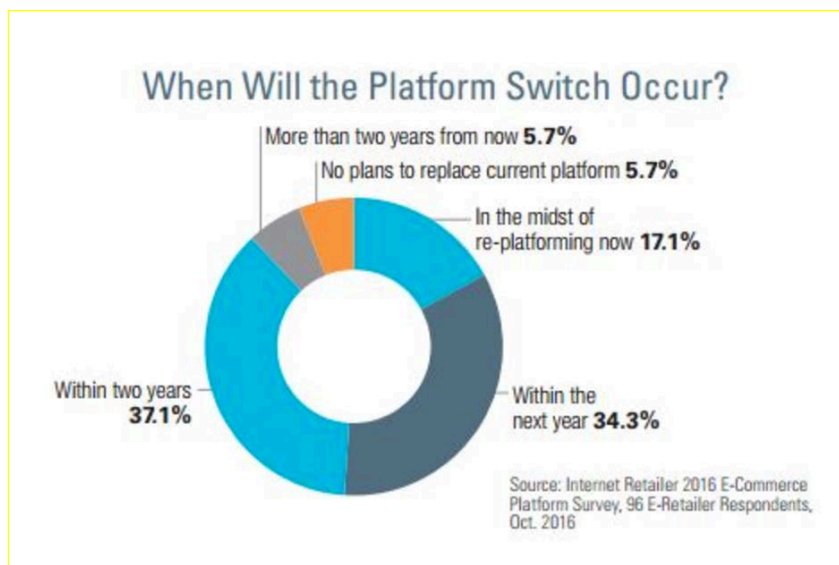
And of those looking to switch, the majority will be opting for software as a service followed by open source technology - both of which fit into the Magento category. The big drop has been in offerings that have been developed and hosted in-house.

If you're looking to switch platforms. what best describes the kind of e-commerce platform you would like to operate?

Licensed software that the provider hosts **17.1%**

Licensed software that we host ourselves **14.3%**

Software as a service (provider hosts software, accesed via the web) **40.0%**

Open source **22.9%**

Developed and hosted in-house **5.7%**

Source: Internet Retailer 2016 E-Commerce Platform Survey, 96 E-Retailer Respondents, Oct. 2016

Now is a good time to ensure your site keeps pace with the latest development trends and remains secure when support for Magento 1 ends in November 2018.

Moving from Magento 1 to Magento 2

How?

When it comes to making the move from Magento 1 to Magento 2, you don't need to be a developer to follow a lot of these steps. Magento puts you, as the admin user, in control. Based on our experience of migrating platforms, these are the steps that we would recommend you take when you approach this project, with breakdowns for each stage.

Step 1: Preparation

Step 2: Content Migration

Step 3: Data Cleanse

Step 4: Site Structure

Step 5: Settings

Step 6: Theme

Step 7: CMS Content

Step 8: SEO

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Moving from Magento 1 to Magento 2

Step 1 : Preparation
Plugins, Custom Functionality and Integrations

- **Make a list of all the plugins that you have installed and also any custom integrations or functionality you have built.** You can find a list of the plugins installed under System > Configuration > Advanced > Disable Modules Output. Don't worry about the ones with "mage" in front of them, these come with Magento out of the box.

- **Then make sure you understand what each of your plugins does and the value it provides.** It may be you've installed ones to test which are no longer applicable. It may be you have ones you definitely can't lose. We'd recommend creating a plugin management sheet. You can add an explanation of what each plugin does and identifier to indicate whether it's a must have, should have, would be nice to have or no longer needed for your new site.

- **Our recommendation here would be to now consider your business objective.** Keep this in mind when you review and prioritise the list of functionality. If you have a long list of plugins, consider where you can cut back. Look at what you can already achieve out of the box with Magento 2. Can you meet your needs without a plugin? Less plugins will generally give a better performing site and can make future upgrades simpler.

- **With your feature list to hand head over to https://marketplace.magento. com/** - there's lots to choose from and as mentioned earlier each plugin undergoes testing before being listed. If you can't find a plugin that delivers the required functionality then you may need to consider custom development. Update your plugin management sheet to list which plugins are available and which may need development.

- **Integrations and custom development are normally the greatest level of risk to your project as they come with the greatest level of complexity.** To reduce this risk it's wise to tackle these early in the project, so that issues are uncovered early and can be resolved.

Step 2: Content Migration

Getting content from one site to another can be more challenging than initially expected if you don't have a plan. Luckily, Magento provide a migration tool to copy data from Magento 1 to Magento 2, and they also publish handy information about how to transition from Magento in their knowledge base: **http://devdocs.magento.com/guides/v2.1/migration/bk-migration-guide.html**

The migration tool will copy your data (products, customers etc.) from Magento 1 into Magento 2. This is without doubt a quick way to do the migration. You can see the migration workflow below:
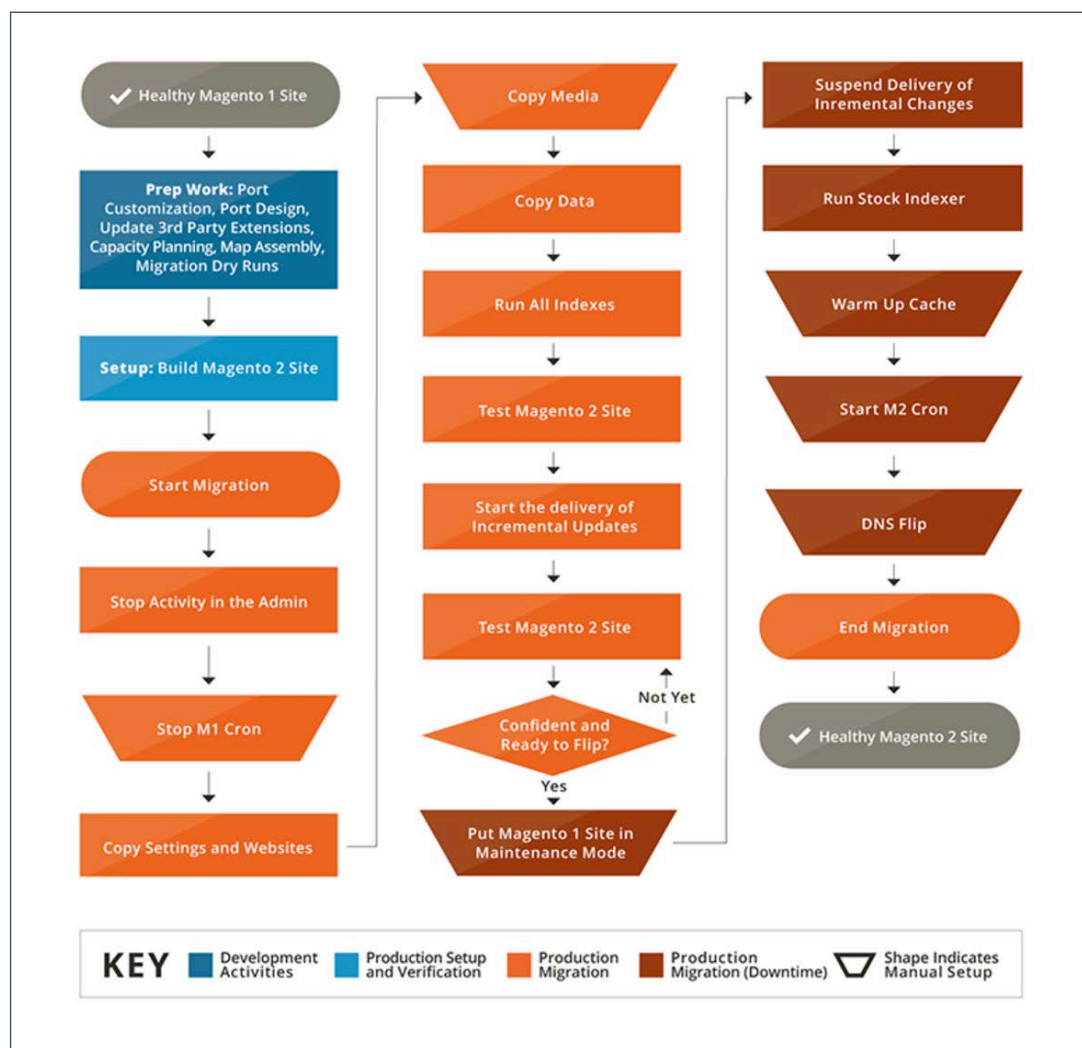
Step 3: Data Cleanse

You're going to be starting with a lovely fresh installation of Magento 2. This is an ideal opportunity to have a spring clean all of your data.

You can approach a clean up of data in a few ways - your approach should reflect what's right for you. Taking the time to **clear out test customers, orders, products and related information** is worthwhile. You can either do this on your existing site or after you've copied data across. Doing it on your existing site means that it can run alongside the development of your new site which can work best, however **remember to always backup your installation** before you start clearing down content.

Step 4: Site Structure

Next it's vital to consider your website structure. Our recommended structure for Internalisation in Magento is to place **currency at a website level and language on a store view**.

As seen below, this structure allows you share products across all sites globally, while still providing the flexibility to manage regional differences.
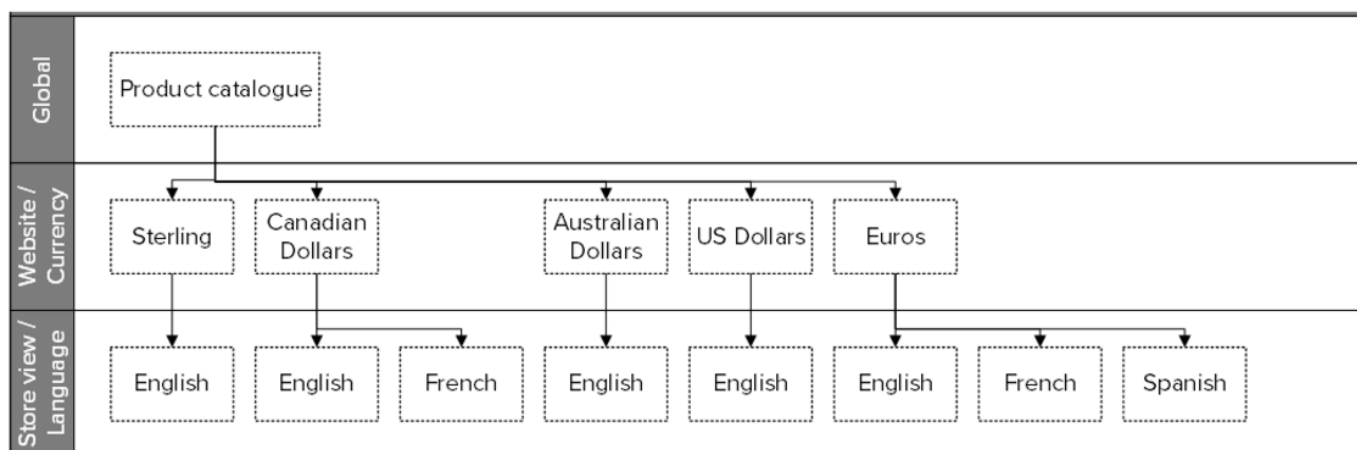
This structure generally works well as you can setup the currency and customer database at a Website level, then use the Store level to apply regional variations.

You may need to rethink this if you're also throwing more than one brand into the mix. If you are, then keep in mind that the customer database can only be managed on a Global or Website level.

With your website structure in place the **product categories** are a good place to focus on next. Think about how your customers will want to browse the categories on your site. For example if you know they're looking for a gift for someone, give them a structure that allows them to browse by recipient - for example, "For her". Don't be constrained to simply listing the categories you use in the warehouse.

When it comes to the product database you can certainly reuse content from your existing instance of Magento. Simply follow these steps.

- • Start by **exporting the product database from the old site to a CSV** (System > Import/Export > Export) and then opening up in Excel

- • Now **download the same file from Magento 2**, (System > Export).

- • Cleaning the data as you go **copy what you'd like to keep** from the Magento 1 file into the Magento 2 file. You'll notice that the formats of the files are similar, but not the same. The Magento 2 importer is more user friendly in the way that the data is laid out.

- • As you're working through this process, you will likely notice that there are more attributes (fields) that you would like to add to your data. Magento gives you the ability to add these yourself using (Stores > Product & Stores > Attribute set). Where possible **only add attributes that are used to enhance the customer journey** or reporting. Having a high number of attributes on the site can slow performance and mean it's harder to manage in future.

Step 5: Settings

There's a number of features in Magento that require configuration. These settings cover a lot of areas including **tax, shipping methods, payment methods and stock control**. This can be copied over using the Migration tool. However if you're looking to review these, with a basic knowledge of Magento, you can normally set most of these up in a few hours. Most settings can be configured within the **Stores > Configuration menu**.

Step 6: Theme

Themes on Magento 2 are one of the biggest changes to the platform. It's not possible to copy and paste your old Magento 1 theme into your Magento 2 instance.

This leaves you with three different routes that you can take:

- **Use a new pre-built Magento 2 theme.** Simply install and customise.

- **Use the out of the box Magento luma theme**. If you take this approach you should still set this up as a custom theme and make your amends to this. You should not modify the out of the box theme directly as this will cause you issues in the future when you want to update to the newest version of Magento.

- **Build a theme from scratch.** This is the most labor intensive approach, but if you have the technical expertise it may offer the best solution for your brand.

The route you take should be based on what's right for your brand, budget and technical expertise.

Step 7: CMS content

The CMS editor in Magento 2 is the same as the Magento 1 editor. This however will soon be enhanced for Magento Enterprise customers with the addition of Bluefoot CMS.

If you're going to copy and paste any content from Magento 1 to Magento 2 using the CMS editor, make sure that you **switch both to HTML before copying.** Also remember when you're producing content, particularly images and tables, that your site is mobile responsive.

Step 8: SEO

With the launch of any new site it's common to see a slight drop in search rankings. To minimise the impact of this you need to ensure that you take steps to make a smooth transition.

There's a lot more to it than this, but at a bare minimum you need to action the following:

- ✓ **Metadata written for the pages**

- ✓ **Page titles**

- ✓ **Descriptions - with unique descriptions not duplications**

- ✓ **Index and Follow rules configured**

- ✓ **Robots.txt updated**

- ✓ **Google sitemap scheduled to update itself**

- ✓ **Sitemap URL updated in Google Webmaster tools**

- ✓ **301 Redirects set up for all the old site's URLs**

Getting close to go live

When you're getting close to go live you'll want to make sure you have everything needed from your previous site. You need to ensure that all customer, product and CMS data is up to date when you launch. We would advise keeping access the your previous site for a few weeks after go live in case you require any content or information.

Technical

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Top 10 technical tips for every Magento 2 project

Magento 2 brands itself as the world's most flexible eCommerce platform. While there will always be debates about the greatest in any industry it's safe to say it's one of the leading ecommerce platforms out there today. The abundance of out of the box features make it an easy choice for small, medium and large merchants. With original Magento 2.0 releases having some teething problems, Magento really took off with the release of PHP 7 and upgrades that significantly improved performance in the subsequent releases. These brought forth the massive speed improvements, making Magento 2 ever so appealing for merchants wanting to take their eCommerce to the next level. Implementing a Magento site however, can be a challenging and slightly daunting task and one that requires a varied skill set. The Magento technology stack involves not just a LAMP (Linux, Apache, MySQL, and PHP), but various other areas such as memcached, Redis, Elasticsearch, SOLR, Varnish and a split database solution to name a few.

We wanted to take a high level approach and list some of the most fundamental technical items everyone implementing Magento should have covered:

1
Understanding Composer – Though we can install Magento simply by downloading an archive file, Composer serves as another option of getting to Magento source files. We can even install Magento just by using the "composer create-project ..." command. While we don't need to be experts at Composer itself, a basic understanding is required to get a better grasp of how Magento works alongside it.

> **Key reading: https://getcomposer.org/doc/00-intro.md and https://getcomposer.org/doc/**

2
Using Git – Nowadays Git is #1 VCS - version control system. Without any doubt, every Magento project should be using Git (or some other VCS) for tracking source file changes.

> **Key reading: https://git-scm.com/book/en/v2**

3
Master the Magento console tool – the Magento console tool brings an abundance of options allowing us to manage Magento installations from the command line. Here we can manage cache, indexers, deployment mode, modules, backups, and more.

> **Key reading: http://devdocs.magento.com/guides/v2.0/config-guide/cli/config-cli-subcommands.html**

4
Understand the application cache – Out-of-the-box, Magento provides several cache types (config, layout, block_html, collections, reflection, db_ddl, eav, customer_notification, target_rule, full_page, config_integration, config_integration_api, translate, config_webservice). Understanding the role of each and every one is crucial to development and later production debugging.

> **Key reading: http://devdocs.magento.com/guides/v2.0/config-guide/cli/config-cli-subcommands-cache.html**

5
Understanding the indexers - Out of the box Magento provides several cache types (design_config_grid, customer_grid, catalog_category_product, catalog_product_category, catalog_product_price, catalog_product_attribute, cataloginventory_stock, catalogsearch_fulltext, catalogrule_rule, catalogrule_product, targetrule_product_rule, targetrule_rule_product, salesrule_rule). Understanding the role of each and every one is crucial for production store operations

> **Key reading: http://devdocs.magento.com/guides/v2.0/config-guide/cli/config-cli-subcommands-index.html**

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Top 10 technical tips for every Magento 2 project

6

Cron jobs – Magento heavily relies on cron functionality. Features like emails, catalog price rules, reindexing, and others won't work without cron jobs being set. There are three types of cron jobs we need to address: php bin/magento cron:run, php update/cron.php, php bin/magento setup:cron:run.

Key reading: http://devdocs.magento.com/guides/v2.0/config-guide/cli/config-cli-subcommands-cron.html

7

Utilizing the Varnish / HTTP cache – Whereas PHP 7 alone and built-in full-page caching bring major performance improvements, using Varnish adds an extra caching layer in front of our web server. Because Varnish sits in front of the web server and proxies these requests to the web server, it can reduce the response time and network bandwidth. Understanding how to configure Magento with Varnish is key to boosting performance even more.

Key reading: http://devdocs.magento.com/guides/v2.0/config-guide/varnish/config-varnish.html

8

Utilizing the Redis – Redis is a fast in-memory key-value data store, ideal for application caching and session storage needs. Out-of-the-box Magento supports Redis for its page and default cache, as well as for session storage. Understanding how to configure Magento with Redis is another key method of enhancing performance.

Key reading: http://devdocs.magento.com/guides/v2.0/config-guide/redis/config-redis.

9

Utilizing the Elasticsearch / Solr – Having a super-fast store means little if your customers are struggling to find a product. Magento EE supports both Elasticsearch and Solr. Understanding how to configure and use one of these options can make a difference between a conversion or a lost customer.

Key reading: http://devdocs.magento.com/guides/v2.1/config-guide/elasticsearch/es-overview.html and http://devdocs.magento.com/guides/v2.1/config-guide/solr/solr-overview.html

10

Magento itself – successfully developing for Magento requires a high level of knowledge in PHP, JavaScript, XML, MySQL and HTTP in general. Whether you are a developer or more of a system operations role, having a firm knowledge about the modular Magento architecture and its overall technology stack makes all the difference for production running stores. It essential that within the team you have enough experience leading a project to cover these bases resulting in a successful project.

The list above gives an outline of essentials needed for mastering some of the key technical requirements of a Magento 2 project. We understand every project is slightly different and you may have other technical areas that require attention which need adding to this.

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Magento for

Marketers

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Top 10 Tips for Marketers using Magento

1 **Make the most of the features that you have available to you -** Magento offers a huge number of features out of the box, try to make the most of these before installing plugins or developing your own features.

2 **Use the pareto principle -** Keep in mind the 20% that will deliver 80% of the results throughout planning, development and ongoing optimisation.

20/80

3 **Take a test and learn approach to your ecommerce strategy -** There's always room for improvement and digital isn't finite. Be curious and constantly be looking at new ways to improve the experience.

4 **Set business objectives -** This isn't specific to Magento. All too regularly features are built based on a feeling or a whim. Make sure that you're prioritising your development and can measure the results.

5 **Test your site on mobile devices, not just a desktop -** This should go without saying.

6 **Personalise your site -** Magento Enterprise in particular gives you customer segmentation and the ability to offer promotions and change the related products based on the segments that a customer falls into.

7 **Reassure your customers -** Do you have a no quibble returns policy? Make sure that you tell your customers about it at the point they're trying to decide whether or not to purchase. The shipping cost and delivery date is also paramount.

8 **Keep the site speedy -** There are plenty of free tools that you can use to test the speed of your Magento site. Load testing should also be performed to understand how much traffic the site can take.

9 **Think outside of just the website -** What would deliver value to your customers over and above your product? Is it content, partnerships, guarantees, experiences or something else?

10 **Send transactional emails via an email provider** - Don't rely on Magento to send these emails, they'll quickly end up going to the junk mail folder. Instead, integrate with a 3rd party provider who will ensure they're delivered.

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Neurocharge your

Campaigns

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This section of the whitepaper delves deeper into the buyer's journey, looking at how to specifically encourage a higher conversion rate by employing simple neuromarketing techniques to boost your marketing.

For example, small changes in language, imagery and content can make a big difference. Improving your conversion rate effectively isn't about luck or magic, it's a science - and you can do this by using unique behavioural testing alongside the right combination of emotional language, psychology, cognitive nudges and creativity. Here are some of the key areas that make all the difference when it comes to your website or digital campaigns, along with an infographic explaining Lab's neuromodel, that we use to better understand customers and boost website and campaign performance.

Language

Adjectives

Adjectives are the words that describe or modify a person or thing within a sentence. The wrong use can clutter a sentence, the right use can exponentially increase engagement. Traditional adjectives at this time of year centre around descriptions like happy, jolly, joyful, merry, tender, thankful, charitable, friendly, generous, giving - but how about trying something a little more unusual like decorous, efficacious, ethereal, exultant, heady, incandescent, placid or vivacious to stand out? Words are experience and like most things in life it's more about quality than quantity so be precise, be picky and make sure you select the right ones.

Align Emotion

This is where you can try using language that understands and empathises with your target market. An example of this was a razor company selling blades to men, the research informed them their customers didn't know how much 8 Mach 3 razors cost (but thought they were expensive) and they didn't particularly like purchasing them. The original campaign messaging was "£9.45 for 8 Mach 3 Blades. Fast and Free delivery". But by aligning the emotive response these were updated to "REFUSE to Pay £15 for 8 Mach 3 blades. £9.45 for 8 blades" - where the REFUSE statement mirrored the general emotion of the target market. By using this alongside anchoring (another principle detailed within the cognitive nudge section) the performance based on conversions was doubled. Think about what underlying emotion your target market is being driven by and start tailoring your language accordingly.

Word Juxtaposition

By using combinations of words that do not normally go together you create an element of surprise that results in higher memorability. For example, beautifully ugly, or idiotically genius. They also don't have to be paradoxically opposed, for example, describing a chair as 'delicious' makes no sense but conveys a powerful image for the reader. Some other examples are listed below:

- Impossibly easy ways to 2x your campaigns
- Don't have a jolly miserable Christmas
- Many marketers are left ecstatically underwhelmed by Christmas campaign performance
- Run delicious festive campaigns using idiotically genius language in your ads
- Using cognitive strain in your campaign messaging leaves your customers provocatively delighted
- To really stand out this Christmas season, consider giving your campaigns a confusingly straightforward approach to language

Imagery

Having run studies looking at how imagery drives engagement and emotional response we have seen consistency across industry. While there isn't one absolute set of principles that can be applied, as a starting point there are a couple of areas you can think about to drive a big jump in engagement. These are:

- **Colour** - The general rule is more colour is better and produces a higher response. Draining the colour reduces emotional response and distances the items.

- **Proximity** - The closer we are the more we experience the image. If you can show detailed close up shots, these will create a more tactile interaction.

- **Angle** - Rather than show a product head on and slightly flat try changing the angle, it will result in it feeling more 3D and this helps us imagine actually using or wearing the item in question.
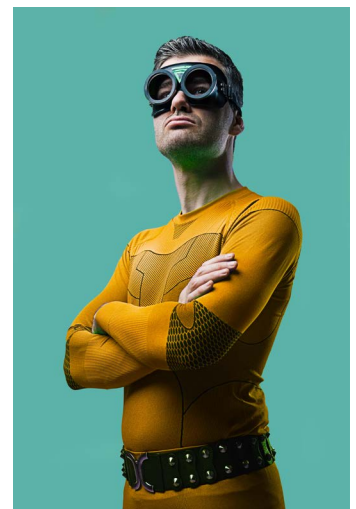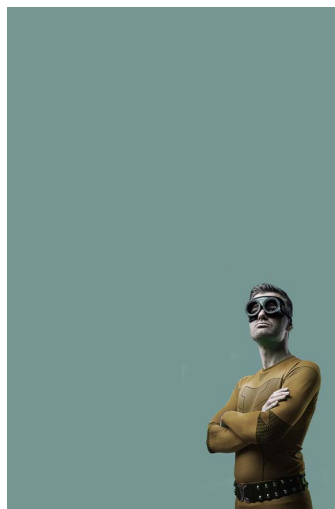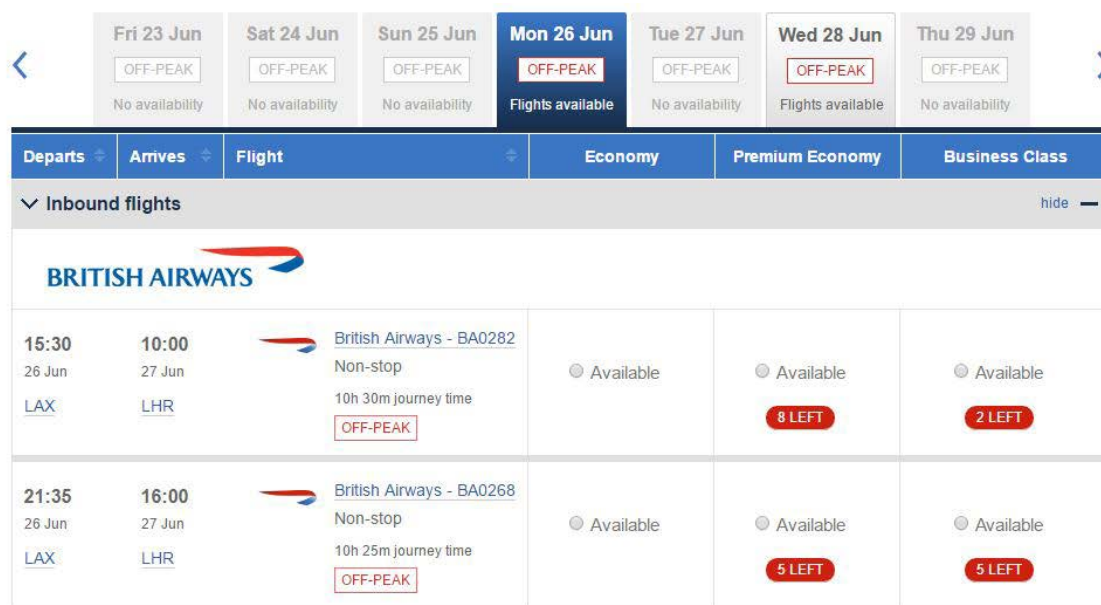
Cognitive Nudges

Scarcity & Loss Aversion

We value items and opportunities more as they become less available. Harness this principle by using one off, one time and limited value offers. A good example of this is booking flights. British Airways and other airlines show the number of tickets left, creating scarcity to drive action.

We also feel loss more than we feel gain (by roughly twice the amount). So framing a potential offer with what the customer could be losing rather than what they could be gaining can have a powerful effect. In studies asking people if they wanted to insulate their home half were told after insulation they would save a certain amount of money each day and the other half were told if they didn't insulate they would lose a certain amount each day. A significantly larger proportion in the loss aversion group insulated their homes. Other examples:

Sign up here to stop losing hundreds of pounds per year on your insurance.
Are you losing £2 per day on your energy bills?

Anchoring

This is where we anchor ourselves to the first piece of information and then find it hard to adjust when others are presented. One strong example of this is when you are shopping. If you walk into a clothing store and the first item you see is a £2,500 suit, then when you find a £100 jumper it seems like good value. However, if the first item you see is a £9.99 t-shirt then the £100 jumper seems very expensive.

Anchoring also relates to emotion as we anchor feelings to particular people, places, sights and smells. This is why someone that comes away from a brand interaction with a positive emotional response starts to anchor that to the brand resulting in higher memorability and engagement.

Extra Over Discount

Extra is typically valued more highly than discount.
Which of the options on the right do you think is better value?

Did you go with option 2? Once you stop to think about it you realise they are of course the same thing, however the extra for free tends to be the choice we perceive as greater value.

> 33% discount
> or
> 50% extra free

Sensory Stimulus

The more senses you can stimulate the better. We use visual, auditory and kinesthetic senses in language and imagery to get results. Take the opportunity where you can to ignite the visual, auditory and kinesthetic senses in language and imagery.

Choice Architecture

How products or offers are positioned also has a dramatic effect on which ones are selected. Default selections, easy ways to group particular items for comparison, priming honesty and position of product all contribute to selection. This area is one the government has been doing extensive work in with the most cited example the UK workplace pensions scheme, or Nest, which automatically enrols employees in a workplace pension yet gives them the opportunity to opt out. This results in a greater take-up than if employees were required to opt in, which takes more time and effort.

At Lab, we use all of these neurotechniques and more to identify the underlying factors that influence customer decisions, and then go on to supercharge websites, campaigns or messaging. The following infographic outlines our unique neuro model.

Nudges

Nudges are the small changes that you can make to the positioning or description of a product or service that provoke an immediate measurable change in performance.

Anchoring

Scarcity & Loss aversion

Social proof

Extra vs discount

Confirmation bias

Psychology > Personas

To better predict and understand consumer behaviour and to create relevant, compelling, empathetic messages we develop personas into rational and emotional motives using our unique model which is a synthesis of:

Triune Brain Theory
Paul MacLean PhD

FIRO Theory
Will Schutz

Self-Relations Theory
Stephen Gilligan PhD

3 Needs Theory
David McCelland PhD

We call our model... **Monkey Lion Dog**

LAB®
Neuro Model

Neuromarketing Research

We use a range of Bio-Metric tools to accurately measure non-conscious emotional reactions to media. These Bio-Metric tools can be used to:

- Audit and benchmark existing media
- A/B test and de-risk creative decisions
- Measure increases in emotional effectiveness

Eye Tracking
tells us what the consumer is fixating their attention on

Galvanic Skin Response
tells us how intense the emotion is

Face Coding
tells us what emotion the consumer is feeling

Neuro Principles

Based on consistent findings from neuromarketing studies we have created a set of 'neuro-principles'.

These are 'best practice' rules for design and UX from image treatment and placement through to the use of different types of language

Saliency

Friction (Cognitive strain)

Sensory language

Image treatment

Emotive language

Choice architecture

LAB®

2017 Ecommerce Trends

Magento™

lab.co.uk

LAB

2017 Ecommerce Trends

We are in a world where it's never been easier to reach consumers. Gone are the days of one message for everyone. We now have technology and channels at our disposal that give us the ability to personalise, and target groups of consumers with messaging that's more likely to work for them.

Which all sounds great, but, like most things, there's the flip side - the fact there's never been more competition and consumers' attention spans are shorter than they've ever been. **Which means it's never been more important to stand out.**

Another important point is today's **pace of change.** Since the year 2000, Facebook has grown from zero to 1.8 billion users. Amazon's revenue has risen from $2.8b to $136b. Kmart's revenue has gone down by two thirds. And the percentage of the global population who owned a mobile phone went from 12% to 62%.

McKinsey have produced a long-form content piece on the consumer sector in 2030: Trends and questions to consider. They look at what will happen over the next 15 years and the trends that will shape the consumer landscape.

See: http://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/the-consumer-sector-in-2030-trends-and-questions-to-consider

We wanted to focus more on what's happening now - highlighting a few trends that we believe, if used in the right way, will deliver value. These are:

1 Voice search

2 3D modelling

3 Chatbots

Magento™

LAB

Voice Search

Voice searching has taken a huge step forward with the launch of the Amazon Echo and Google Home. More and more people are using voice search on a regular basis and for some it's actually becoming part of the family.

- By 2020 Comscore says that **50%** of all searches will be voice searches.
- Global Web Index estimate that **325.8 million people** used voice control in the past month (almost **10% of the online population**, according to Internet Stats)

Voice searches are driving more questions to be asked of search engines and virtual assistants. Therefore, context is becoming ever more important - not just keywords.

Google have categorised different situations in which people use voice search, calling these **micro-moments.** A good guiding principle is this: be there throughout all micro-moments of the consumer journey, not just when someone is ready to buy. To accomplish this, here are their four key moment types, representing the full range of user needs.

I-Want-to-Know Moments

Someone is exploring or researching, but not yet in purchase mode. They want useful information and maybe even inspiration, not the hard sell.

Curiosity can be triggered by anything and satisfied at any time.

66% of smartphone users turn to their smartphones to learn more about something they saw in a TV commercial.[16]

I-Want-to-Go Moments

People are looking for a local business or are considering buying a product at a local store. Being there means getting your physical business in their consideration set in that moment.

Our digital lives connect us to our physical world.

2X "Near me" searches have grown 2X in the past year.[17]

I-Want-to-Do Moments

These may come before or after the purchase. Either way, these are "how to" moments when people want help with getting things done or trying something new. Being there with the right content is key.

We seek instruction for just about everything.

70% Searches related to "how to" on YouTube are growing 70% year-over-year.[18]

I-Want-to-Buy Moments

These are huge, of course. Someone is ready to make a purchase and may need help deciding what or how to buy. You can't assume they'll seek you out; you have to be there with the right information to seal the deal.

Mobile assists in purchases across channels.

82% of smartphone users consult their phone while in a store.[19]

## 3D Modelling

With browser capability and client-side processing power continuing to grow we're now able to create far more immersive experiences for customers. The ability to **stand out in today's template driven design world** is crucial, and one of those ways is using the newer 3D models to show products or provide a more in-depth perspective. Done correctly, this results in higher engagement and memorability.
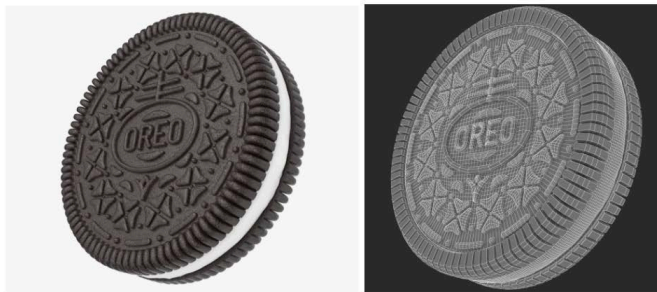
As shown here in these examples, you can see an image on the left showing the fully-rendered 3D model which also gives you the ability to rotate it and view all angles. The image on the right shows the level 0 subdivision.
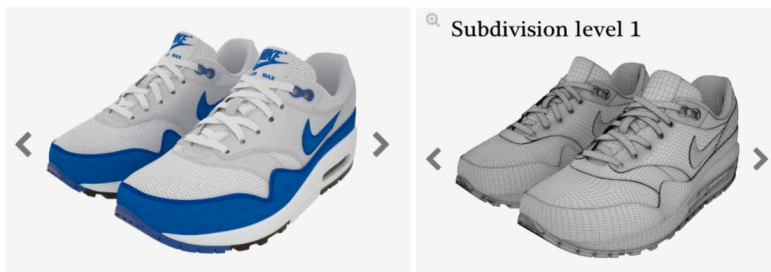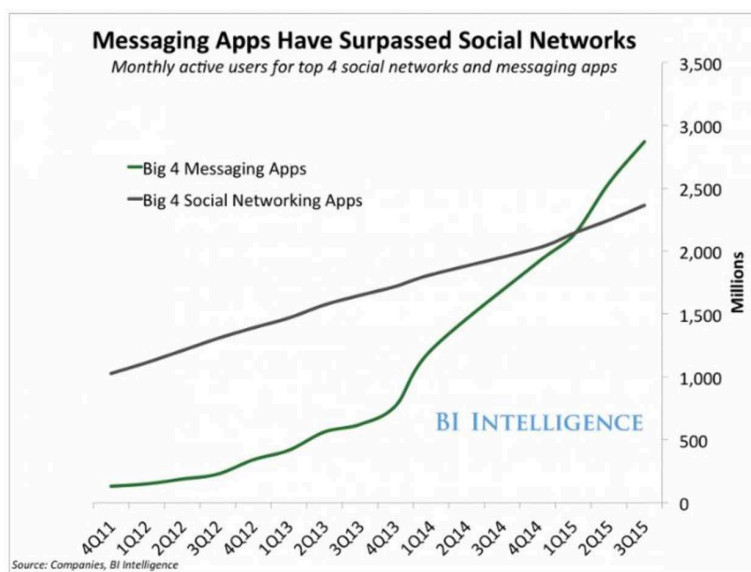
These examples give an indication of some of the models already out there for businesses to take advantage of, however, custom ones can also be created to fit a particular purpose. Online communities are helping to define these web technologies, like HTML5, CSS3 and WebGL, with ongoing collaborative efforts to ensure that they're supported in all web browsers. As this happens, alongside the growth in augmented and virtual reality, we'll start to see more examples of these engaging models, along with **new front-end interactive experiences** being used to differentiate from the competition and connect with consumers.

Chatbots

With everyone talking about AI as the next big thing, it's easy to get carried away with the hype. However, there are some areas that warrant a second look and chatbots are one of those. A chatbot is a service built using algorithmic rules, powered by AI, that allows consumer to converse with a chat interface.

Messaging Apps Have Surpassed Social Networks
Monthly active users for top 4 social networks and messaging apps

— Big 4 Messaging Apps
— Big 4 Social Networking Apps

BI INTELLIGENCE

Source: Companies, BI Intelligence

For the first time in recent years **messaging apps have surpassed social networks in terms of active users.** This drive in adoption means that there are plenty of opportunities to get in front of users - capitalising on where their attention is currently.

So should you build a chatbot? Good question. The first step is to identify your goal, reviewing your customer journeys to see where you could get significant gain by automating sections of this experience. 'Narrow' AI, which is specialised artificial intelligence designed to do one thing very well, is where the most effective work in chatbots is currently being carried out. This includes examples such as facial recognition, answering a particular question in the customer journey, providing advice, or finding and ordering a product.

There are plenty of opportunities along the customer journey to implement AI, but one thing that is crucial to getting this right is remembering the importance of **blending technology with human behaviour.**

It's not about having to convince someone the bot is human, however it does need to convey some personality and tone of voice to be engaging. And most importantly, it needs to have empathy if someone hits a dead end.

So once you've figured out the problem you're wanting to solve, how do you build artificial intelligence into your bot? The answer is to choose a platform that your bot will be built within. Some of the options out there today are listed below, but there are constantly new players coming into the market, too. Most of the platforms allow you to build conversations through a web interface, and use natural language processing to gather understanding.

motion.ai	**wit.ai (bought by Facebook)**	**IBM's Watson**
Chatfuel	**api.ai (raised $8.6m recently)**	**converse.ai**

Be prepared to take a little time getting your head around how this works. It's not a straightforward process, mainly due to the fact that conversations can start anywhere - there is not a logical step by step flow - in exactly the same way a normal conversation works.

If you're looking for inspiration Venturebeat produced a list of the top chatbots across sector in 2016 and put them to a popular vote. Who knows, your own chatbot might be in the list to win an award next year!

See: https://venturebeat.com/2017/01/25/ the-7-best-chatbots-of-2016-by-popular-vote/

1st ChatBottle Awards
Interesting facts

2,590 people
from 65 countries
voted 5,646 VOTES

4,9k people chatted with nominated chatbots during the awards

1,8k the number of engagements on social networks

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