Adobe

The future is here.
The future is customer-driven.
The future is now.

Magento Commerce

Introduction

The pace of change across the eCommerce landscape is unrelenting.

Your customers are shifting their preferences to a predominantly digital buying experience quicker than previously forecast.

What does this mean in the context of our 2020 planning process?

First, align yourself to the expectations of the buyer – highly personalized and relevant.

Seamless as they transition between channels and touchpoints, for the delivery experience to be quick, reliable, transparent and economical and ethical with an emphasis on environmental, social and corporate responsibilities from manufacturing through packaging.

Second, buyers also expect online retailers to be at the forefront of digital innovation.

That means blazing fast mobile experiences, the ability to purchase via voice, visual search and discovery tools and highly visualized and initiative journey orchestration end to end through the buying journey. This requires merchants to get outside of their comfort zone and experiment with emerging technologies such as PWA's and voice.

Finally, we anticipate an acceleration of B2B firms moving to a digital first selling motion.

Today a growing number of B2B corporate buyers are millennials and they don't want to buy from a sales rep, paper catalog or clunky procurement tool, they want a B2C like buying experience that equals or exceeds Amazon and they expect the firms they buy from to embrace a B2C mindset such as expanding access to products and assortments from partners through online marketplaces.

The future is now.

Executive Summary

The eCommerce industry is on the cutting edge of technological innovation. It has to be. It is held accountable to a generation of consumers that demands excellent experiences across every channel.

As we enter a new decade where customer demand for instant shopping experiences is even higher, the pace of change in eCommerce is not slowing down. One thing is clear: **the future is now.**

The industry underwent a digital transformation before most other industries even thought about it. eCommerce growth is still outpacing overall retail growth at 14.1 percent versus 4 percent. These advances in technology are helping savvy merchants stay ahead of the curve and meet ever-growing customer expectations.

In conjunction with 13 Magento ecosystem partners, we bring you the blueprint for eCommerce success in 2020 and beyond.

PETER SHELDON
SENIOR DIRECTOR STRATEGY
DIGITAL EXPERIENCE, ADOBE

Contents

THE FUTURE IS CUSTOMER-DRIVEN

Today, eCommerce is as much about the experience customers have with your brand as it is about the product or price. Creating experiences that prioritize what customers value most—sustainability, convenience, trust, and efficiency—is key.

No Personalization, No Conversion

Seamless Omnichannel Experiences

Delivery Tranformation

Ethical Consumerism and Values-Driven Brands

Ethical Consumerism and Values-Driven Brands

Absolunet.

Brands are increasingly being asked to take a stance. 87%* of consumers have a more positive view of companies that support social and/or environmental issues.

With "Activist consumers & the rise of ethical eCommerce", brands are adapting their products, supply chains and practices to improve corporate social responsibility (CSR).

Values-driven brands therefore need to design their content-model to make sure that the values that resonate with their customers are present and communicated across all channels throughout the discovery, purchase and ownership experiences - a scope that involves UX, CX, product content, design and more.

Merchants can look to digitally-savvy brands like Kanuk and Prana that are leveraging eCommerce to communicate their environmental accountability to customers.

Kanuk

No fast fashion here: Kanuk, an outerwear company, makes stunning winter coats that are guaranteed for life - all entirely hand-made in Canada.

Designing their down jackets for changing climate conditions, Kanuk sources its down from small, free-range Canadian communities where the ducks are carefully monitored to ensure their health and well-being - all of which is clearly communicated throughout Kanuk's site and product labeling.

Prana

Prana, a "snacktivist" company, creates 100% organic and GMO-free snacks and ingredients for a healthy lifestyle.

The company has achieved the #1 B Corp certification in the food category in Canada, meaning they meet the certification's highest social and environmental standards.

Present throughout the path-to-purchase, Prana's values resonate with their fiercely loyal customers and advocates.

*https://www.forbes.com/sites/forbesnycouncil/2018/11/21/do-customers-really-care-about-your-environmental-impact/#631871e240d0

Winning Customer Experience with Sustainability

Adding the option for slower or consolidated shipping to merchants' checkouts is an easy way to appeal to sustainability-conscious shoppers. Retailers can appeal to consumer's desire to reduce their overall carbon footprint by minimizing paper and package waste on both delivery and returns. By allowing customers to opt-in to sustainability initiatives, it reduces the risk of alienating those who may not fully align, while creating a loyal customer base for those who do. Retailers should also tailor their customer notifications to recognize the consumer's environmentally-conscious choice when they communicate their order and shipping status.

"Helping consumers proactively reduce packaging waste and delivery pollution will help retailers stand out and retain loyal customers who are passionate about the cause, and make a difference in the world by reducing environmental impact."

DAVID MORIN,
DIRECTOR OF RETAIL STRATEGY
NARVAR

The Rise of Recommerce

Recommerce, or reverse commerce, refers to the process of selling previously owned, new or used products. It is popular among sustainability-minded consumers or those looking to snag a luxury item at a lower cost.

To capture some of this share-of-wallet, luxury brands are entering a fast-growing rental market. In a move to appeal to younger shoppers, luxury retailers will allow shoppers the ability to rent and return products, similar to current subscription service models.

"Luxury has long been slow to adapt to market trends but this endeavor makes sense if these high-retailers want to remain competitive in today's retail landscape."

KYLEE MAGNO
PRINCIPAL ANALYST
ASTOUND COMMERCE


What You Can Do

Five Current Sustainability Strategies for Retailers and Manufacturers

1 Reduce and/or reformulate packaging and ingredients

2 Revamp the supply chain and/ or suppliers

3 Diversify the product and/ or vendor portfolio

4 Update and/or change existing business models

5 Integrate sustainability into consumer touchpoints and marketing

Source: Nielson

Seamless Omnichannel Experiences

akeneo
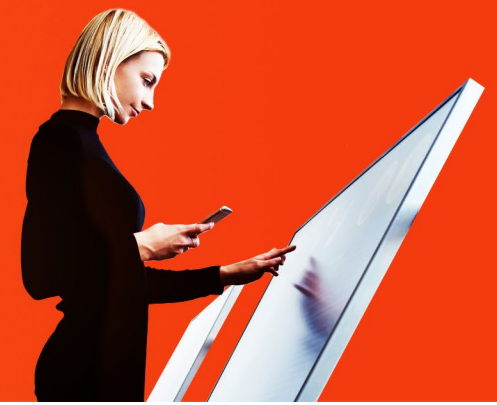
If you look at omnichannel strategy from only a sales standpoint, you're missing out. As the number of touchpoints required to make a decision grows, sales and marketing channels are increasingly complementary, triggering the need for consistent product experiences across the board.

According to PWC, 86% of buyers are willing to pay more for a great customer experience. Therefore, today's merchants should:

| Compete on customer experience ahead of price |

| Pay attention to omnichannel experiences and the buyer journey |

| Gain a handle on social shopping and influencer marketing |

"Merchants with a good understanding of the impact of the various channels in their customer journey and build their product experience accordingly will thrive in the new experience economy."

FRED DE GOMBERT
CO-FOUNDER AND CEO
AKENEO

No Personalization, No Conversion
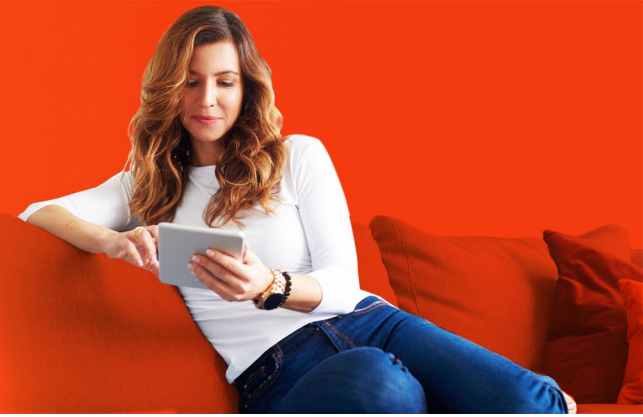
The future of eCommerce personalization will rely on cognitive solutions that can understand where customers are within their journey.

Traditionally, brands have segmented audiences to five or six groups, and then applied rules to create different experiences. This "basic" personalization won't stand the test of time. If merchants want to deliver relevant, personalized experiences to everyone, the only way to do that is with artificial intelligence.

Netflix Leading the Way in AI-Driven Personalization

It's common knowledge that Netflix uses algorithms to recommend similar content based on movies or shows a user has watched. However, Netflix takes personalization a step further by presenting different thumbnail images of a specific scenes from an episode or movie to different users.

The image displayed is based on your preferences for certain types of movies or shows.

For example, someone who enjoys romantic movies will see a more romantic screenshot from Groundhog Day, while someone who watches comedies may see a screenshot featuring Bill Murray and a groundhog driving a car.

"These new experiences will extend across channels, providing the most relevant experience based on the context of a customer's interaction. This means merchants need to consider not only who, but where, when, and how a customer is engaging with them."

BRIAN FLANAGAN
DIGITAL EXPERIENCE STRATEGIST
PERFICIENT DIGITAL

Delivery Transformation

There are several innovations shaking up the eCommerce delivery business from logistics management and flexible delivery options to AI and autonomous delivery methods.
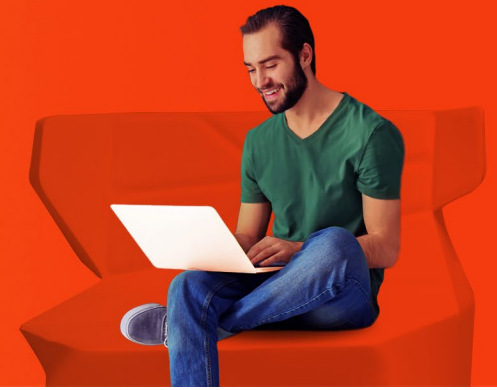
Mobile Warehouses

Taking city logistics one step further, mobile warehouses offer consumers an opportunity to purchase more products on delivery of their original order. As data analytics get more advanced, customers can expect a range of additional purchase options when a package arrives.

Autonomous Vehicles

McKinsey predicts a world where autonomous vehicles deliver 80 percent of parcels. Self-driving robots, which operate like small lockers, are already being tested. In just a few years' time, there is a good chance that your online purchase will arrive at your door with no delivery person.

"Shipping companies like DHL are constantly looking at more ways to use data to drive innovation and AI's potential is endless: data-driven supply chains could bring previously unimaginable levels of optimization. AI is the future of shipping."

LEENDERT VAN DELFT
GLOBAL VICE-PRESIDENT SALES PROGRAMS
AND DIGITAL MARKETING
DHL EXPRESS

THE FUTURE IS HERE

What is the next new wave of innovation in the eCommerce space? Many of the innovations we talk about in this section are in the nascent stages but many are already being tried-and-tested by savvy merchants. Let's dive into some of the latest innovations.

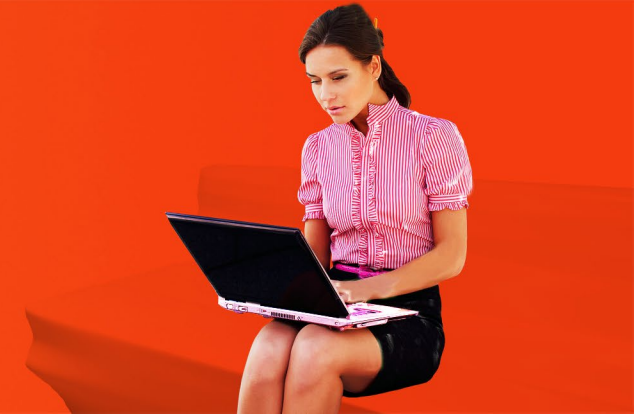Voice as an eCommerce Channel

Mobile PWA

Visual Search in eCommerce

Micro Animations to Boost Conversions

Headless eCommerce

CORRA

Monolithic systems have long been criticized for their inflexibility and lack of reliability. However, many merchants are still dealing with tightly coupled architectures that prevent them from scaling individual components and quickly react to new trends.

Headless architecture and lean microservice stacks deliver improved agility, flexibility, and performance almost immediately. They provide merchants with the ability to develop features and apps (including progressive web applications, or PWAs) that drive new front-end experiences independently from other development initiatives, thus minimizing the risk of system and resource dependencies.

For example, if a CX team validates that a visual enhancement may boost sales considerably, they don't have to sit on that change until a developer can get to it. The net effect is that merchants are able to grow faster. When marketing and creatives have the freedom and mobility to implement change, they can conduct tests and experiments more frequently, garner richer insights, and implement new features that ultimately lead to higher conversions.

"Historically, if a user experience team validated a change in design that may boost sales considerably, they'd have to sit on that change until a developer could get to it. The net effect is that merchants are slower to grow. IT and marketing leaders are partnering more than ever before, using headless architectures and lean microservices so they can focus less on technology and more on team structure and organization."

ERICA MAZZUCATO
SR PRODUCT MARKETING MANAGER
**CORRA**

Mobile PWA

CREATUITY

Progressive web applications (PWAs) will proliferate in 2020 and become the standard for mobile commerce. As a result of their popularity, the cost of PWAs will decrease making them more accessible for more merchants.

PWAs solve a massive mobile customer experience challenge as they blur the lines between store, web, and mobile experiences better than any existing technology.

PWA in Action: Charming Chick

Charming Chick is a Magento PWA Studio-powered site that migrated from Magento 1 to Magento 2 in November 2019. The new PWA has shown performance enhancements leading to increased sales and a 5X tablet conversion rate compared to their original responsive design.
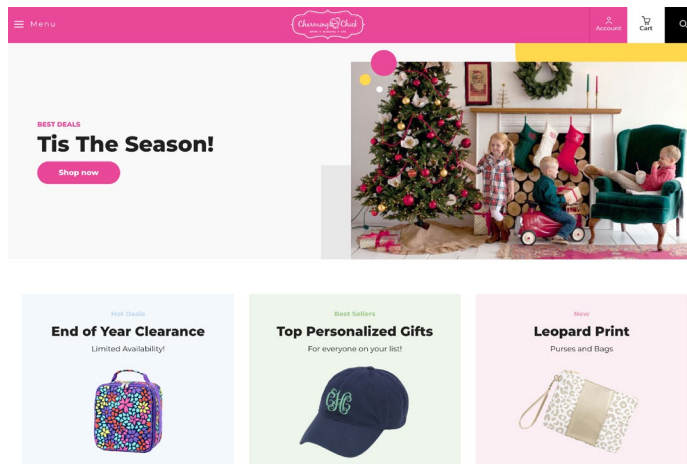
"Through PWAs, customers can interact with brands how they want and where they want in a completely seamless manner. For instance, a customer visiting a furniture gallery will have their in-store experience, mobile experience, and online experience all provided by the same PWA for a seamless experience that guides and nurtures the consumer from their first visit to the store all the way through the delivery of their new furniture."

JOSHUA WARREN
CEO, CREATUITY
CHAIRMAN OF THE BOARD, MAGENTO ASSOCIATION
MAGENTO MASTER

Micro Animations to Boost Conversions

KENSIUM

Animations like gifs have been around since the early days of the internet but today their use is expanding from entertainment to eCommerce.

The application of animated icons or micro-animations, to the Customer Experience (CX) can emphasize the brand, improve user experience, and boost conversions. Kensium Solutions recommends some best practices for merchants using animation in their buyer journey.

"Strategically placed micro-animations can create a reward-loop that engages, informs and strengthens the brand."

RICHARD PARR
VP CREATIVE SERVICES
KENSIUM

Tips for Using Animation in the eCommerce Buyer Journey

- Make the icon design consistent with the brand.

- Add the icons to your corporate style guide so you can leverage them wherever appropriate.

- Make sure the icon code base is fast-loading and compatible with your page code.

- When animating your purchase path, make sure that each step is displayed consistently and visually rewards users for completing the process.

- Don't use animations for the sake of using animations. Strategically plan out the customer paths and identify the best positions to insert icons to accomplish business goals.

- Use A/B testing to ensure you're maximizing conversions.

HOME SHOP PRODUCT CART PAYMENT

Opportunities for animated icons across the buyer journey.

Visual Search in eCommerce

nosto

Today's consumers — especially those between the ages of 18-34 — have shown a growing interest in using visual search and image recognition technology, in order to discover new brands and products.

By 2021, early adopter brands will have restructured their apps and websites to support visual search and image recognition, resulting in up to a 30% increase in digital commerce revenue.

Large fashion retailers such as Target and ASOS have already implemented visual search and image recognition into their shopping experiences, allowing their shoppers to snap a photo of products they discover in a physical store and find the items through the app or website.
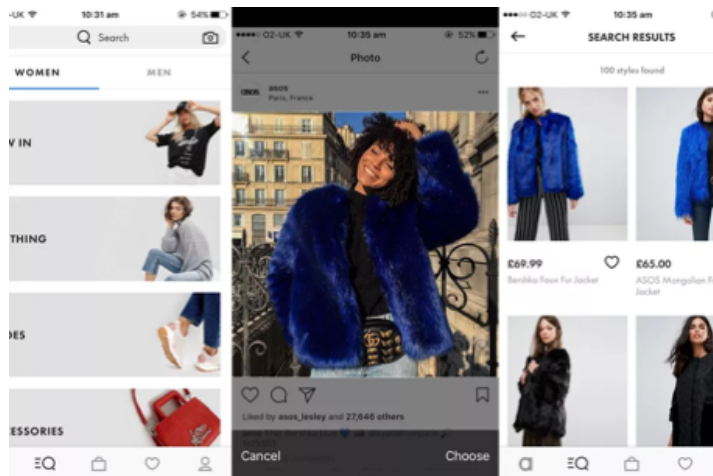
Technologies like image recognition and visual search will help retailers continue to build out seamless omnichannel experiences that consumers demand.

"Voice takes the friction out of the customer experience.

Are they thinking about the product on the bus? Or while walking home from work? Or in the kitchen while cooking? Voice is a way to be where customers are when they are thinking of you."

MATT LEVIN
GLOBAL HEAD OF MARKETING
NOSTO

Voice as an eCommerce Channel

algolia

While many people say we're still in the early days of voice, almost three-quarters of people would rather use their voice as an input to search and 76 percent of companies have already realized quantifiable benefits from voice and chat. In fact, recent research found that roughly 20 percent of consumers with intelligent speakers use them to shop and that's expected to rise to 50 percent in the next 12 months.

Merchants should keep in mind that:

Consumers want to search with their own words, not the keywords a merchant has specified

Customers expect to see voice input as an option for searching on mobile

With that in mind, it's wise to add your brand to Alexa, Google Assistant, and add a voice input to your mobile apps.

"Voice takes the friction out of the customer experience.

Are they thinking about the product on the bus? Or while walking home from work? Or in the kitchen while cooking? Voice is a way to be where customers are when they are thinking of you."

JULIEN LEMOINE
CTO & CO-FOUNDER
ALGOLIA

THE FUTURE IS NOW

According to Accenture, the post-digital era is coming. In an environment where everything is digital and the only speed fast enough to meet customer expectations is instant, we need a new set of rules to be successful. Digital is still important, but now it is simply the price of admission for doing business—it is no longer a differentiation advantage. This section examines some ways to create competitive advantage in a post-digital world.

NextGen B2B eCommerce

Marketplaces

NextGen B2B eCommerce

blue acorn iCi

B2B digital transformation will shift from a product-centric to a customer-centric focus. We'll see B2B organizations explore new opportunities and channels to enhance the customer experience and expand their target audience.

Currently, many B2B brands rely on retailers and dealers to reach new clients and build brand awareness. However, according to Forrester, 43% of buyers prefer to buy a product directly from the brand rather than the retailer. By building a direct to consumer channel, B2B organizations can gain ownership over customer data to optimize the customer experience across all channels and steps of the journey.

As B2B brands prepare for digital transformation in 2020, they should ask themselves:

- What do we want to accomplish?
- What are our top challenges?
- What are the technology requirements for our digital transformation?
- How do we collect the right data?

"One of our Magento customers, a hardware distributor, recognized the evolving needs of their end customers. They partnered with us to build a direct to consumer channel leveraging Magento's native functionality to capture insights, drive revenue, and personalize the customer experience."

CHRIS GUERRA
CO-CEO
BLUE ACORN ICI

Marketplaces

The platform revolution will reach a tipping point in 2020, driven by buyers seeking the ease and convenience that online platforms offer to users. McKinsey predicts that in the next 5 years digital ecosystems, driven by the platform business model, will account for more than 30% of global corporate revenues.

MIRAKL

The explosion of online marketplaces is a clear sign that the platform revolution is already underway:

> The top 100 online marketplaces already sell $1.8 trillion each year

> In China, Alibaba accounts for 80% of eCommerce

> In the U.S., Amazon's third-party marketplace accounts for 58% of its sales

The businesses that take the lead in the new, digital ecosystem-driven economy see nearly double the revenue growth of the companies that play it safe. And while the opportunity is ripe, there isn't much time left to become a first mover.

Incumbents like Astore, an Accor Brand, part of the largest hospitality company in Europe, and Albertsons Companies, one of the largest grocery brands in the U.S., are already at the leading edge of the platform revolution. They've launched online marketplaces that transform their digital commerce offerings by creating an ecosystem of buyers, sellers, and service providers.

"The businesses that are taking the lead in this new, digital ecosystem-driven economy are seeing nearly double the revenue growth of the companies that play it safe. And while the opportunity is ripe, there isn't much time left to become a first mover."

ADRIEN NUSSENBAUM
CO-FOUNDER AND CEO
MIRAKL

2020 and Beyond

The future is already here. The areas we've discussed in this eBook are in various stages of maturity, with some being tested by early adopters and others well on their way to becoming mainstream.

Whatever the next decade has in store for the eCommerce industry, you can be certain that the Magento ecosystem has you covered. Talk to us today about your innovation plans.
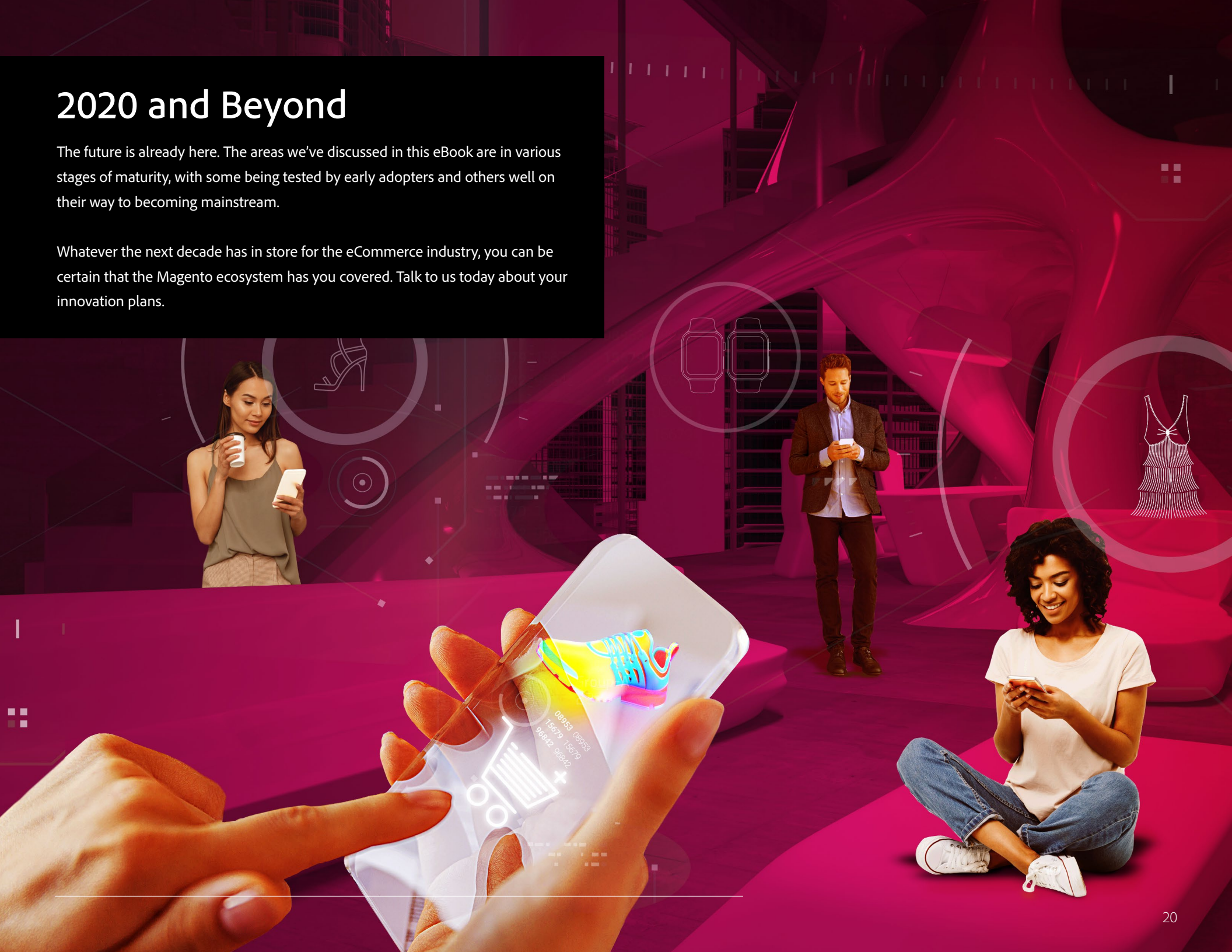
About Magento Commerce

ADOBE EXPERIENCE CLOUD

Leveraging deep customer intelligence, Adobe Experience Cloud gives you everything you need to deliver a welldesigned, personal, and consistent experience that delights your customers every time you interact with them. Built on the Adobe Experience Platform, leveraging Adobe Sensei machine learning and artificial intelligence, Adobe Experience Cloud gives you access to the world's most comprehensive suite of solutions across three clouds—Adobe Analytics Cloud, Adobe Marketing Cloud, and Adobe Advertising Cloud. And because it's from Adobe, it's integrated with Adobe Creative Cloud and Document Cloud so that the design of a great experience is inextricably linked to its delivery.

ADOBE COMMERCE CLOUD

Adobe Commerce Cloud combines Magento Commerce with Adobe Experience Cloud, providing an end-to-end platform to manage, personalize, and optimize the commerce experience across every touch point.

MAGENTO COMMERCE

Magento Commerce is a flexible, scalable commerce solution with integrated tools for managing, measuring, and optimizing every aspect of the commerce experience.
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