CORRA | *A company of* publicis sapient

The Future of Ecommerce Technology

PLAN YOUR 2024 TECHNOLOGY ROADMAP AROUND EFFICIENCY

Optimize the Solution Already In-Place By Following our Report
Findings—Cut CAC, Increase Customer Retention, Utilize
Generative AI, and Learn How to Grow Efficiently This Year

IN PARTNERSHIP WITH

narvar   yotpo.

Table of Contents

The onset of the 2019 COVID-19 pandemic prompted a surge in consumer reliance on digital channels; brands successfully responded to new demand by making substantial investments resulting in record-breaking growth for the sector as improved offerings by retailers and a lack of offline purchase opportunities proved to be a powerful combination.

FIGURE 1: RETAIL ECOMMERCE SALES WORLDWIDE 2021 - 2027 TRILLIONS % CHANGE, AND % OF TOTAL RETAIL SALES
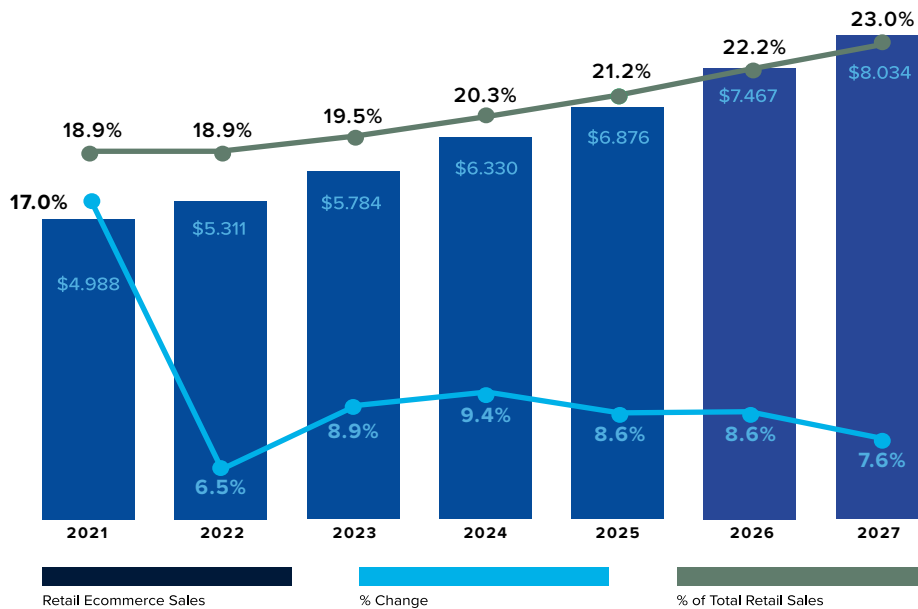
NOTE

Includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales.

SOURCE: INSIDER INTELLIGENCE | EMARKETER, JUNE 2023

+48%

**CAR RENTAL PRICES
JULY 2019 TO JULY 2022**

Bureau of Labor Statistics' Consumer Price Index

As the pandemic subsided towards the end of 2021, consumers redirected spending to in-person activities as they made up for lost time and rebuilt personal connections. Unfortunately, this shift in consumer preferences was compounded by market uncertainty, escalating customer acquisition costs, inflationary pressures, disruptions in the supply chain, increasing costs of maintaining ecommerce infrastructures, and a notable decrease in non-essential spending.

These challenges led to a sudden slowing of global retail sales growth, with many regions seeing year-on-year declines in retail sales volume. Although global ecommerce revenue growth significantly outpaced the broader industry, the aforementioned pressures put downward pressure on margins and greatly reduced plans for investment in 2023.

Fortunately, 2023 has turned out better than predicted, with consumer spending remaining surprisingly strong. Overall, retail growth is predicted to return to pre-pandemic norms, with ecommerce as a primary driver.

Despite ongoing challenges, the market is at a moment of technological optimism with the widespread interest in generative AI, and while budgets are more modest than the pandemic boom, merchants plan to make significant yet strategic investments to drive growth and create robust ROI in the short and long term.

Survey Goals, Methodology & Respondents Data

RESEARCH METHODOLOGY

Corra surveyed 368 professionals across a span of disciplines ranging from ecommerce, IT, marketing, operations, merchandising, design, and digital experience.

We collected over 13,000 data points from a diverse range of 368 B2C and B2B retailers about how they planned to invest in their ecommerce portfolio throughout 2024. The study collected responses through email and direct outreach.

To further expand on computing evolutions transforming customer acquisition and retention strategies, we tapped our technology partners Yotpo and Narvar, who contributed their takes on the most current tools and strategies to attract a nd retain customers efficiently.

Corra's team of ecommerce experts carefully authenticated, analyzed, and compiled the data into this report.

RESEARCH GOALS

True success in ecommerce is more than purchasing the newest platforms and most sophisticated tools. Success requires a comprehensive and holistic strategy that integrates this new technology into a business's broader vision and go-to-market plan.
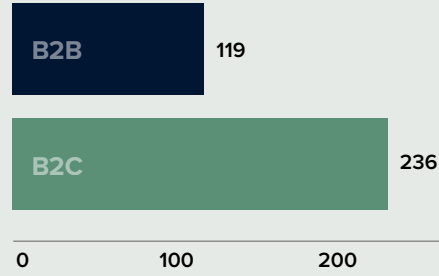
The questions answered:

- ✓ Which technology and tactics are delivering significant ROI?

- ✓ Which technology and tactics are underperforming?

- ✓ Where is investment going to increase in 2024?

WHO TOOK PART

RESPONDENTS BY TITLE

	25.7%	Manager
	25.7%	C-Suite Executive
	19.24%	Director
	10.03%	Associate
	8.94%	VP
	7.86%	Developer
	2.98%	Consultant

B2B/B2C BREAKDOWN

B2B 119

B2C 236

0   100   200
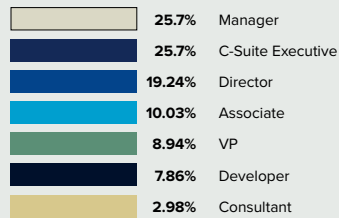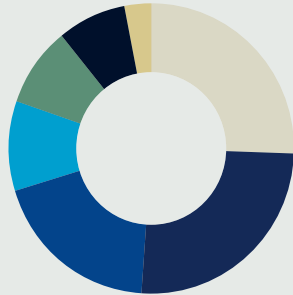
RESPONDENTS BY FUNCTION

	32.07%	Ecommerce
	29.29%	Marketing
	14.95%	Operations
	12.5%	Other
	7.07%	IT & Engineering
	5.98%	Design & Branding
	4.35%	Merchandising
	3.8%	Digital Experience
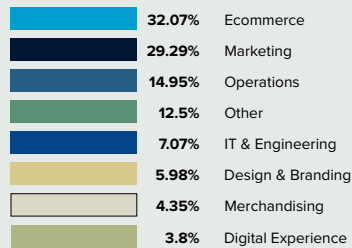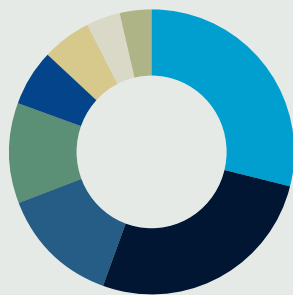
RESPONDENTS BY VERTICAL

	38.79%	Apparel & Accessories
	11.64%	Vitamins & Supplements
	8.62%	Flowers, Gifts & Specialty Stores
	6.47%	Department Stores, Shopping Centers & Superstores
	5.6%	Home Improvement & Hardware Retail
	5.17%	Jewelry & Watch
	23.71%	Other
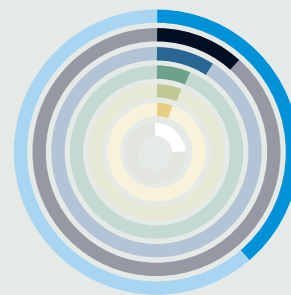
Identifying Priorities & Core Fundamentals

FIGURE 2: KEY AREAS WHERE MERCHANTS FEEL THEIR TECH STACK IS UNDERPERFORMING

❝ Where do you think your current solution is underperforming?

Select up to three options from the following list.

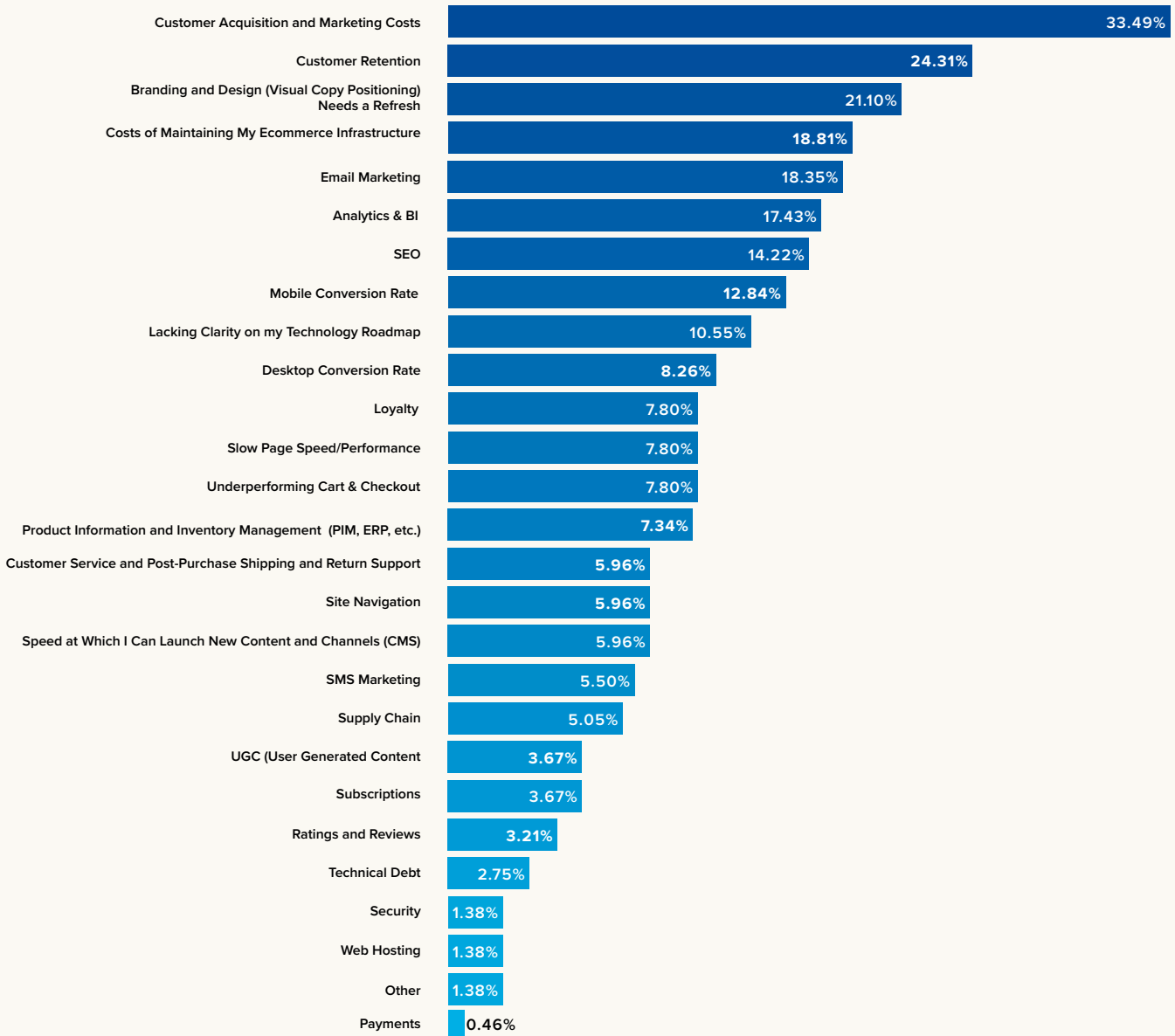| Category	Percentage
Customer Acquisition and Marketing Costs	33.49%
Customer Retention	24.31%
Branding and Design (Visual Copy Positioning) Needs a Refresh	21.10%
Costs of Maintaining My Ecommerce Infrastructure	18.81%
Email Marketing	18.35%
Analytics & BI	17.43%
SEO	14.22%
Mobile Conversion Rate	12.84%
Lacking Clarity on my Technology Roadmap	10.55%
Desktop Conversion Rate	8.26%
Loyalty	7.80%
Slow Page Speed/Performance	7.80%
Underperforming Cart & Checkout	7.80%
Product Information and Inventory Management (PIM, ERP, etc.)	7.34%
Customer Service and Post-Purchase Shipping and Return Support	5.96%
Site Navigation	5.96%
Speed at Which I Can Launch New Content and Channels (CMS)	5.96%
SMS Marketing	5.50%
Supply Chain	5.05%
UGC (User Generated Content	3.67%
Subscriptions	3.67%
Ratings and Reviews	3.21%
Technical Debt	2.75%
Security	1.38%
Web Hosting	1.38%
Other	1.38%
Payments	0.46%

SOURCE: CORRA'S 2024 PLANNING SURVEY

Despite a flurry of exciting and emerging technology, respondents overwhelmingly focused on doubling down on core fundamentals.

This is correlated to the macroeconomic overview mentioned previously—uncertain geopolitical and economic conditions mean going forward, risk-sensitive merchants are investing in the bread and butter of commerce: cost-effectively acquiring customers and retaining those customers with high-quality products and services.

How Merchants Plan to:

REDUCE CUSTOMER ACQUISITION AND COSTS

1. Email Marketing
2. Branding & Design
3. Simplifying Cart & Checkout
4. Conversion Rate Optimization (CRO)
5. Analytics, Data & BI

INCREASE CUSTOMER RETENTION AND LOYALTY

1. Email marketing
2. Ratings & Reviews
3. Shipping & Return Experience
4. 1st-party Data & Analytics
5. SMS

REDUCE PLATFORM MAINTENANCE COSTS IN THE LONG-TERM

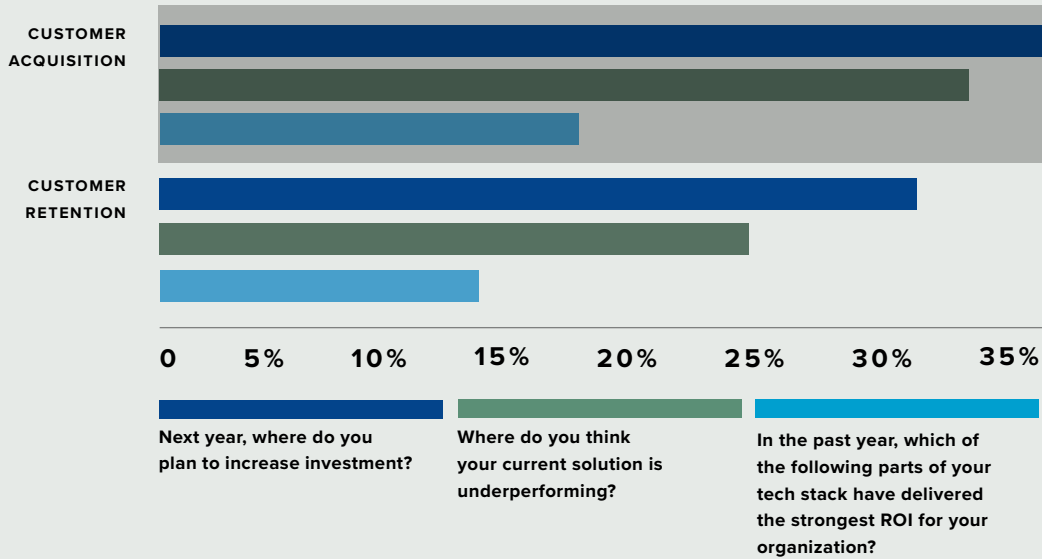1. Adopt Next-Gen Architectures
2. Harness the AI Revolution

Challenges & Opportunities

FIGURE 3: CUSTOMER ACQUISITION AND CUSTOMER RETENTION STRATEGIES FREQUENTLY UNDERPERFORM DESPITE SIGNIFICANT INVESTMENT

" Next year, where do you plan to increase investment?

CUSTOMER
ACQUISITION

CUSTOMER
RETENTION

0   5%   10%   15%   20%   25%   30%   35%

Next year, where do you plan to increase investment?

Where do you think your current solution is underperforming?

In the past year, which of the following parts of your tech stack have delivered the strongest ROI for your organization?

The reasons for this underperformance and upcoming investment are twofold. As mentioned previously, macroeconomic trends are pointing towards a period of economic downturn, meaning customers and merchants alike have less money to spend, which in turn creates fewer customers available for acquisition.

The other reason is that the cost of acquiring customers, that is the marketing and outreach processes that brands use to gain new clients and users, has starkly risen.
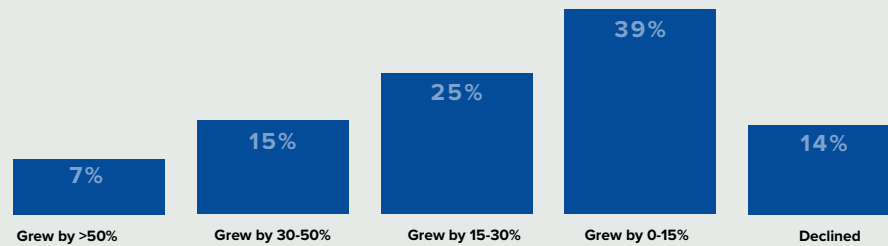
Some of the reasons for these rising costs are as follows:

Top Reasons for Increasing Marketing Costs

1. **iOS 14.5 introduced**

FIGURE 4: RETAILERS' CUSTOMER ACQUISITION COSTS POST-IOS 14.5

Grew by >50%: 7%
Grew by 30-50%: 15%
Grew by 15-30%: 25%
Grew by 0-15%: 39%
Declined: 14%

NOTE

Based on a survey of 100 digital marketing and e-commerce executives spanning retail models (e.g. DTC, wholesale, multibrand retail) and annual sales volume.

PUBLISHED ON MARKETINGCHARTS.COM IN MAY 2023 | DATA SOURCE: COMMERCENEXT

2. **Third-party cookies** have lost relevance

3. **Increased consumer privacy legislation** such as CCPA and GDPR.

4. **Google has monopolized search engine use** with a 93% market share. Search is now a pay-to-play channel overrun with paid ads; the first three to five results on any Google search are sponsored, paid ads.

5. **Organic search and social are more competitive** due to complex algorithms and less available free space which breeds stiffer competition.

6. **Paid rates are increasing,** especially on leading search and social platforms: according to a 2022 study released by SimplicityDX, customer acquisition costs have increased by 222% in the last eight years.

While retailers will continue to encounter escalating marketing expenses, they have the opportunity to mitigate the cost of customer acquisition by prioritizing improvement of conversion rates.

FIGURE 5: OPPORTUNITIES TO MAXIMIZE ROI BY REALLOCATING PLANNED SPEND

❝❝ In the past year, which of the following parts of your tech stack have delivered the strongest ROI for your organization?

Select up to three options from the following list.
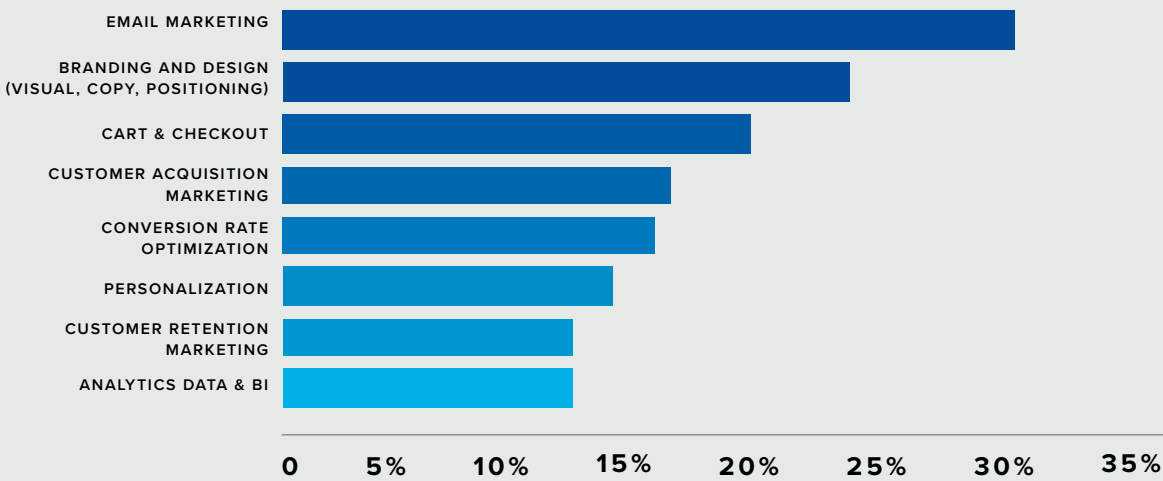
DATA SOURCE: CORRA'S 2024 PLANNING SURVEY

How to Create ROI in Customer Acquisition?

While there is much about rising customer acquisition costs that retailers can't control, there are aspects in their control that can dramatically increase conversion rates and decrease customer acquisition costs.

A comprehensive strategy designed to cut Customer Acquisition Costs (CAC) should focus on the following areas that are proven to increase ROI.

EMAIL MARKETING

Email Marketing is one of the foundational outreach strategies because it offers high ROI through targeted and specific outreach. With a highly filtered recipient list, businesses and brands can send personalized data and specific information to select users.

BRANDING & DESIGN

It's shocking how many websites look and feel the same. Designing a website that has a POV that matches a brand's goals, mission, and products, can turn a digital storefront from ho-hum monotony into a one-of-a-kind experience that entices users to spend more time on the site and purchase more products. Spending time and money on a brand POV through copy, design, and UX is a strategy that yields high ROI in the short and long term.

SIMPLIFYING CART & CHECKOUT

It is a story played out in legions of data—the bounce rate for when users hit the cart and checkout is much higher than it should be, and is an area of huge revenue loss. It follows then that investing in cart and checkout is a high ROI way to build conversion rate and lower CAC.

Some options to overhaul an overly complex or bogged-down cart functionality include building out a single-page checkout where a majority of a user's data is saved, lowering time spent on the checkout screen, and increasing conversion. Another option is to use the strangler method to isolate the pain point of an underperforming checkout and start building the solution towards a more modern standard in piecemeal. A composable checkout is a great starting point to modernize a solution and yield high ROI on a single component.

CONVERSION RATE OPTIMIZATION (CRO)

The more efficiently a storefront converts traffic into transactions, the lower the cost of each acquired customer is; because of that, improving conversion rate is the number one initiative in having high ROI in customer acquisition.

Some proven techniques to increase conversion rate are implementing a PWA (progressive web app), improving mobile performance which leads to higher conversion, single sign-on checkout, adding flyover notifications that streamline the customer journey towards checkout, and A/B testing pages to optimize performance.

1ST PARTY DATA & ANALYTICS

Websites compile data from users and the most effective digital retailers use this data to create targeted marketing campaigns. Brands and businesses should be integrating their data into a CDP, which will collect and unify all the data a site collects, and then assist in building out targeted, high ROI marketing campaigns for users based on the data collected.

An Opportunity to Drive Incremental Revenue

FIGURE 6: CUSTOMER ACQUISITION AND CUSTOMER RETENTION STRATEGIES FREQUENTLY UNDERPERFORM DESPITE SIGNIFICANT INVESTMENT
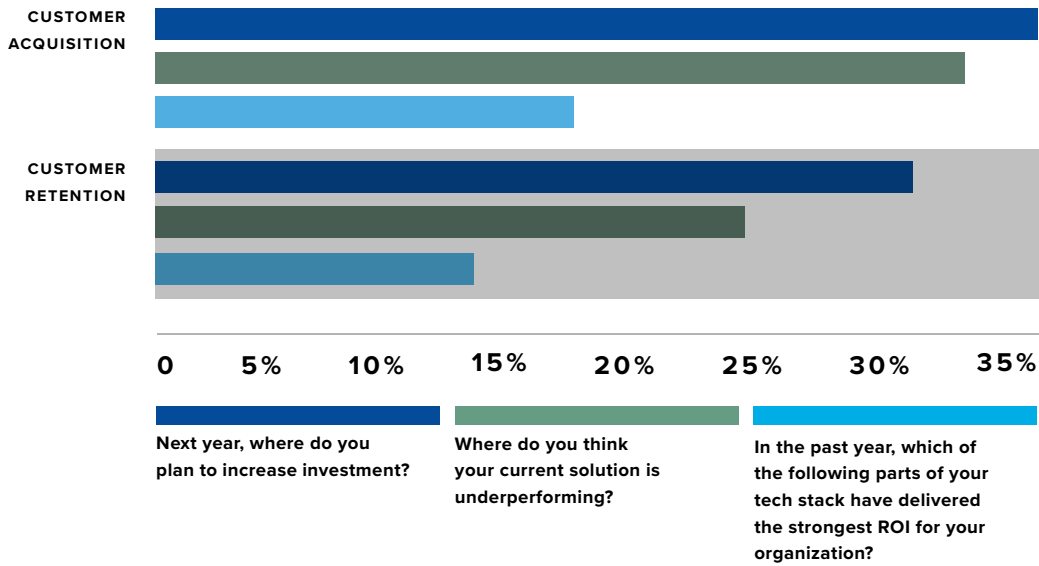

While our macroeconomic environment has changed, impacting customers' sensitivity to price and value, some strategies motivate shoppers to stay loyal to brands. Customer loyalty isn't set for life. Every time the economy shifts, on a micro or a macro level, customers' loyalty to your brand is being questioned and challenged. It needs to be earned over and over again.

Customer retention is much more multidimensional than acquisition; retention demands you treat first-time, two-time, repeat, and loyal shoppers with nuance. And, the margin of error is that much smaller. Brands must craft exceptional post-purchase experiences, communicate effectively, and know their customers to their core to turn one-time shoppers into customers for life.

FIGURE 7: MOST PRIORITIZED RETENTION MARKETING STRATEGIES

❝❞ From the list below, select any **retention marketing strategies** you
or your organization plan to prioritize in 2024.

Select any that apply to you.

% Plans to Prioiritize in 2024
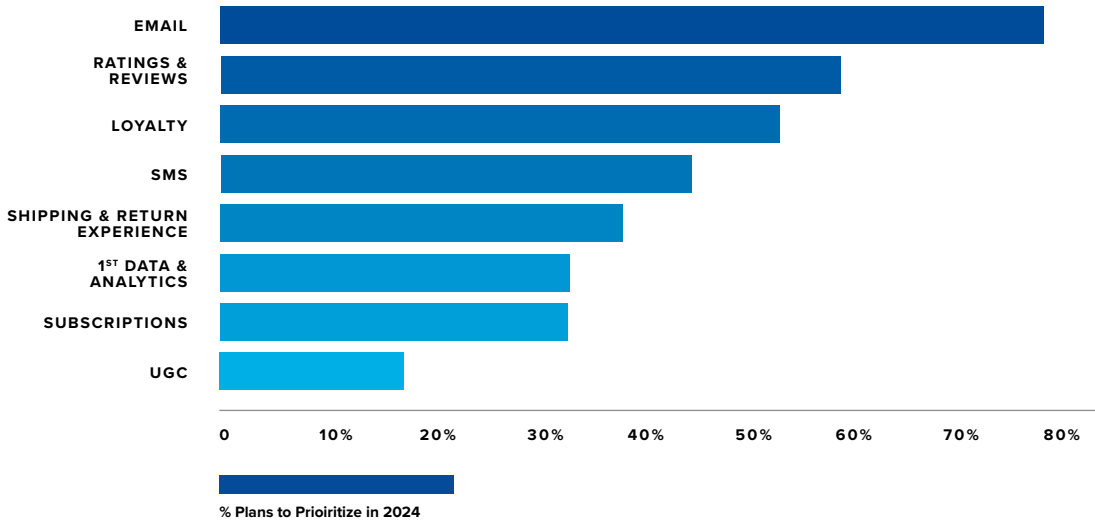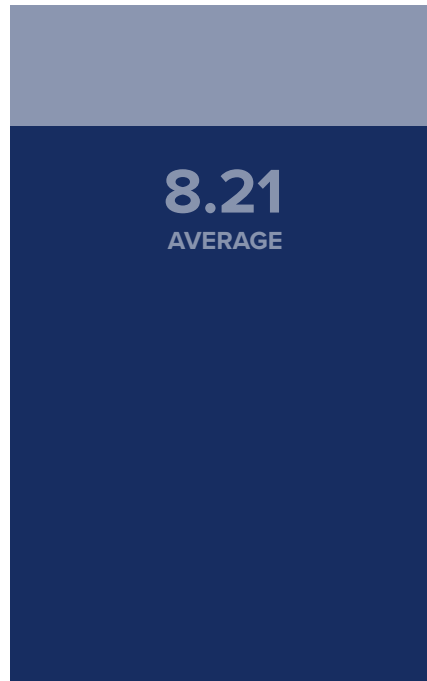
DATA SOURCE: CORRA'S 2024 PLANNING SURVEY

❝❞ On a **scale of 1 to 10**,
10 being extremely
important and 1 not at
all, **how important is
retention marketing** in
your digital strategy?

DATA SOURCE: CORRA'S 2024
PLANNING SURVEY

8.21
AVERAGE

yotpo.

HOW AI AND AUTOMATION UNLOCKS CUSTOMER RETENTION

According to a recent Salesforce report, 88% of customers say the experience a brand provides is just as important as its products and services. And, nearly 75% of customers expect brands to understand their unique needs and expectations.

AI-powered tools and automations can help brands deliver the personalized, frictionless experiences that keep customers coming back. Here are three ways to leverage these powerful tools to drive better retention:

RATINGS & REVIEWS WITH AI SMART FILTERS

Let shoppers filter customer reviews by topics that interest them the most. Using artificial intelligence, these topics are automatically selected according to their prominence in reviews and showcased on-site in a dynamic display.

Bedding brand **SLUMBER CLOUD** used Yotpo's Smart Filters to empower shoppers to make more informed purchase decisions — resulting in a 228% lift in time spent on-site. Read the full story **here**.

EMAIL & SMS

With AI-powered product recommendations, predictive segmentation, and smart scheduling features, brands can seamlessly provide meaningful email and SMS marketing experiences, save precious time, and drive higher retention.

PSD UNDERWEAR uses predictive segmentation to engage customers that are likely to purchase with SMS campaigns around sales and key marketing dates. One campaign sent to this segment to promote National Underwear Day saw 26x ROI. Read the full story **here**.

LOYALTY & REFERRAL

Automations can help brands optimize their loyalty and referral programs by sending customers hyper-personalized SMS messages and emails at the right moments for maximum engagement.

DIME BEAUTY sees +300x ROI on abandoned cart flows tailored to loyalty members eligible for redemption, and since implementing Yotpo's Platform, has seen a 15% increase in their overall retention rate. Read the full story **here**.

THE ROI OF ORDER TRACKING AND RETURNS

Post-purchase isn't top-of-mind for most retailers when it comes to <u>revenue retention</u> (or growth) but it should be.

Whether tracking a yet-to-be-delivered order or a yet-to-be-accepted return, your customer's attention is never more focused on your brand than during the post-purchase experience.

Why? **Because their money is on the line**.

For example, post-purchase emails carry an open rate of **+70%**, making them the perfect medium to introduce new products, announce upcoming sales, and offer personalized discounts. (All of which fuel future transactions and forge stronger bonds with the customer.)

From boosting sales by **$2MM** in just a few months to increasing revenue retention by **43%**, there are countless examples of how online merchants deploy post-purchase technology to strengthen their business even in the midst of a challenging macroeconomic climate.

FIGURE 8: A COMPREHENSIVE SHIPPING & RETURN EXPERIENCE

1. **Promise**
Increase conversion by giving customers convenient and clear delivery options.

2. **Preferences**
Reach your customers on their terms — anywhere, anytime.

3. **Notify**
Keep customers in the know with accurate delivery dates and shipment details.

4. **Track**
Show customers where their package is with a personalized and brand-immersive experience.

5. **Monitor**
Identify delivery exceptions and focus on providing good customer experiences.

6. **Delivery Management**
Avoid missed deliveries by giving customers the ability to customize their delivery.

7. **Exceptions**
Build trust through relevant and thoughtful communication - even when things go wrong.

8. **Customer Sentiment**
Gather critical feedback and continually improve the customer experience.

9. **Return & Exchange**
Do away with wasteful in-the-box labels by offering customers smart and easy returns & exchanges.

Headless and Composable Architectures and the AI Revolution

Related to key concern: Reducing platform maintenance costs in the long-term

FIGURE 9: MERCHANTS WITH OVER $100 MILLION IN REVENUE

❝ Are you familiar with the terms headless and composable as they apply to ecommerce architectures?

30%	70%
YES	NO

❝ Is your organization considering migrating to a headless or composable architecture in the next 24 months?

52%	48%
YES	NO

CLEANING UP CONFUSION ABOUT NEXT-GEN TECHNOLOGY: HEADLESS AND COMPOSABLE

Headless and composable commerce are the vanguard of modern commerce solutions. Both architectures require financial and institutional investment, as well as a substantial amount of digital maturity; composable demands these requirements to a much greater extent than headless.

Of the 60 merchants who responded and have over $100 million in revenue, 30% claim to understand both technologies.

Fourteen of these merchants say they have no intent to go headless or composable in the next 24 months (we would categorize this as a mistake and will detail why later on).

Fifteen of these merchants say they plan to go headless or composable in the next 24 months.

Headless and composable are not the technological boogeyman many make them out to be, but instead are useful tools in providing customers effective and exciting commerce experiences.

WHO IS COMPOSABLE AND HEADLESS FOR?

While it is true that brands that don't migrate to a modern commerce solution within the next three to five years will be technologically behind rendering them unable to offer customers the digital experience they expect, there are also ROI and customer retention reasons to migrate towards a headless or composable solution.

Both architectures allow for easier frontend development and modifications so that brands can nimbly run flash promotions, change out headlining content, update product inventory and description, offer state-of-the-art mobile experiences, and create user-generated content opportunities; making these options more accessible to brands allows forward-thinking merchants an opportunity to create specialized experiences that will set them apart.

Contemporary customers want their digital experiences to be unique and to feel special. By investing in a modern digital solution architectured by a headless or composable methodology, brands set themselves up for long term ROI through personalized and unique experiences while being able to upgrade individual components as needed. The initial investment is the first step towards a brand setting themselves apart by giving themselves the tools to build a one-of-a-kind solution through best-in-breed components.

Contemporary customers want their digital experiences to be unique and to feel special. By investing in a modern digital solution architectured by a headless or composable methodology, brands set themselves up for long term ROI through personalized and unique experiences while being able to upgrade individual components as needed. The initial investment is the first step towards a brand setting themselves apart by giving themselves the tools to build a one-of-a-kind solution through best-in-breed components.

71% of respondents are interested in integrating AI into their solution. What does this mean exactly though?

Respondents indicated that they are interested in integrating AI in piecemeal, and low-risk ways such as personalized recommendations and chat bots.

As mentioned, because of uncertain macroeconomic conditions, brands and businesses are interested in taking proven steps towards increasing ROI. While AI is new and exciting, its newness also means its ROI is less stable and understood.

# +71%

ANSWERED "YES" TO THIS QUESTION:

Is your organization interested in integrating artificial intelligence (AI) into your digital storefront?

Chatbots and personalized recommendations are low-risk ways to modernize certain functionality without large investment. At this beginning stage of AI technology, it has high interest among merchants but low investment. The coming years will show which AI strategies are effective in driving ROI and which are less effective. While 2024 shows limited investment in new AI capabilities, upcoming years such as 2026 promise to be hotbeds of AI investment.

FIGURE 10

❝❝ Which AI capabilities are you most interested in?

Select one choice from the following options.

38.9%	Personalized Recommendations
22.1%	Chatbots
16.5%	Virtual Assistants
16.5%	Predictive Analytics
5.9%	Other
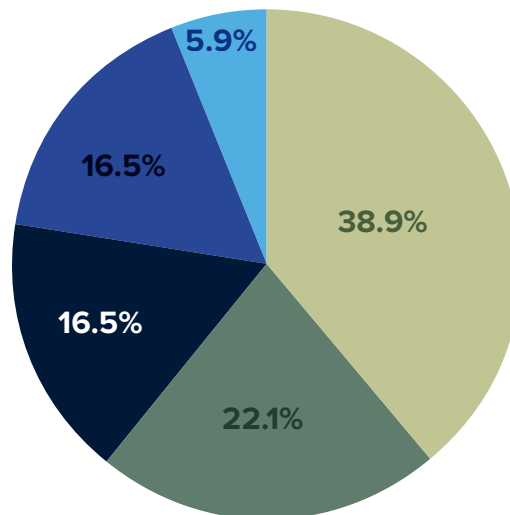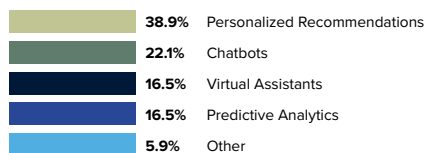
INTEGRATING NEXT GEN TECH AND HARNESSING THE AI REVOLUTION

These new technological developments are exciting, but significant investment and the requisite digital maturity are at least a few years away for all but the most sophisticated players.

That doesn't mean forward-thinking brands can't start now. To get ahead of the curve, focus on prebuilt solutions that are simple to integrate, like personalized recommendations, chatbots, AI-powered search functionality, flash promotions, and streamlined cart and checkout functionality.

These piecemeal investments allow for next-gen tech to be slowly integrated into a brand's commerce solution offering short-term ROI and an on-ramp to future technologically sophisticated investments.

C O R R A

A company of **publicis
sapient**

Corra, a Publicis Sapient company, is the global commerce leader and SI helping brands and organizations grow by evaluating, building, and optimizing their digital commerce ecosystems.

Our vast experience with composable and headless implementations speeds time-to-value and provides technical freedom to our clients. Our TotalCare managed services program provides gold-standard support, enhancements and ongoing commerce strategy.

We are strategic thinkers, accomplished engineers, and award-winning experience designers. We believe outstanding customer experiences can't exist without flawless technology, and that flawless technology is pointless without beautiful, human-centered design.

Our clients are an integral part of our team. Together, we remove the obstacles that are limiting growth and discover new opportunities.

We have 20 years of experience in commerce technology, but we also know that customer expectations are constantly evolving. For this reason, we've built future-proof solutions and refined an agile execution process that helps our clients achieve more with less.

As a Publicis Sapient company, Corra joins a global network spanning 20,000 people with 53 offices around the world enabling us to accelerate our clients' businesses through designing and building the experiences and services their customers demand.

STRATEGIC SERVICES AND GROWTH INITIATIVE RESOURCES

To learn more about how you can establish a strategic partnership with Corra, contact us here. Make sure you follow our resources hub so that you can stay up to date with the latest trends and thought leadership in the ecommerce industry.

THOUGHT LEADERSHIP
Evolution of Ecommerce

GROWTH OPPORTUNITIES
Total Care

GROWTH OPPORTUNITIES
Pylot

CASE STUDY
All-Clad

CASE STUDY
Salt Life

OUR SERVICES
View Our Services

ABOUT CORRA

Corra is the global commerce consultancy leading brands and B2B organizations trust to deliver comprehensive digital solutions that create value for our client's customers at speed and at scale.

Combining technical expertise with strategic and creative vision, we help clients digitally transform to meet the evolving needs of their customers, adding value from day one.

As a Publicis Sapient company, Corra joins a global network spanning 20,000 people with 53 offices around the world enabling us to accelerate our clients' businesses through designing and building the experiences their customers demand.