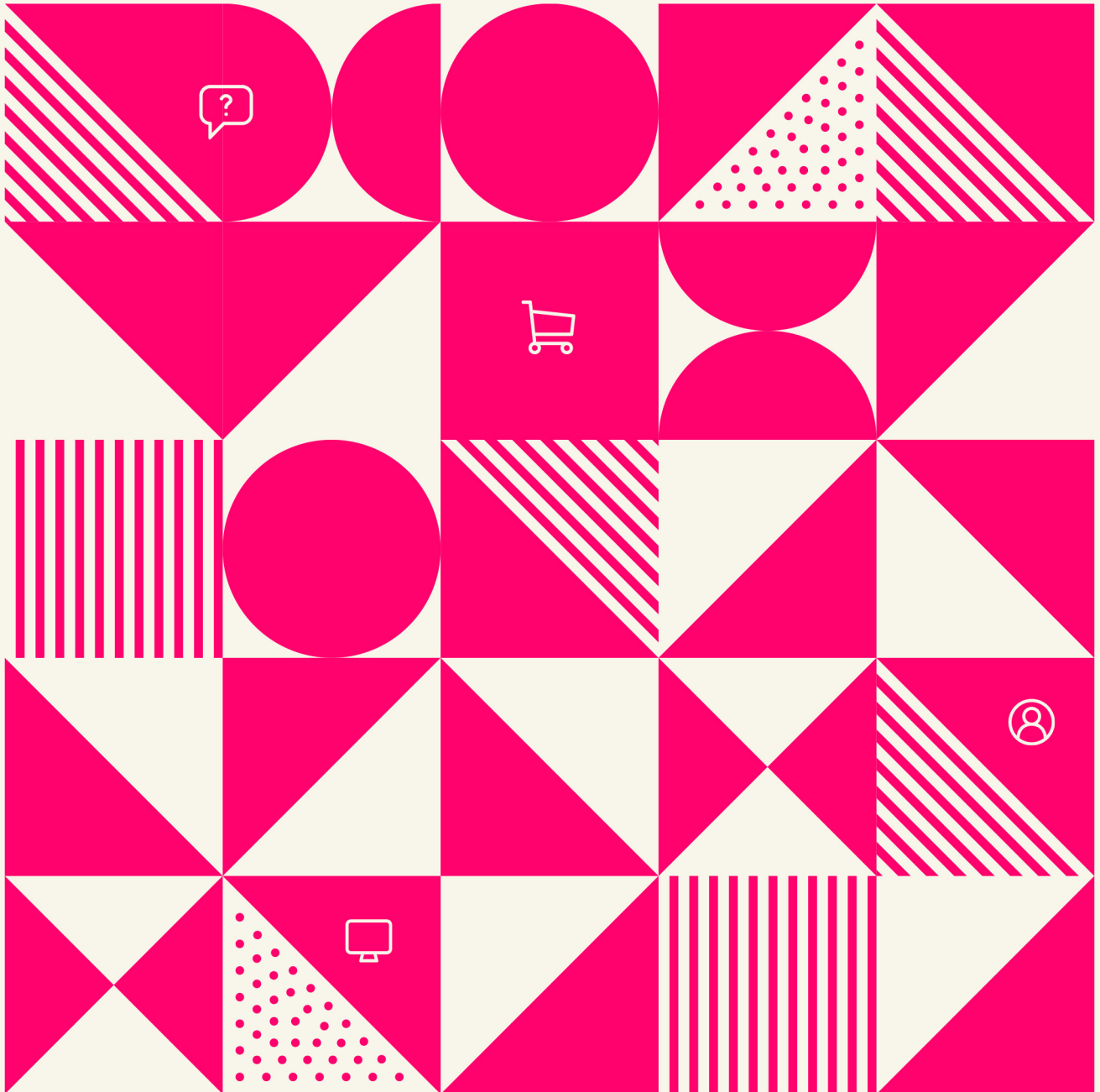# Ecommerce
Trends Report 2023

VAIMO

Vaimo - 2023 Trends Report

The Ecommerce Trends Report is Vaimo's annual report from leading digital commerce agencies. Each thought leader has insight from their field, providing a forecast for the coming year. Here are the industry leaders who brought their knowledge to build the report:

Vaimo – Expert in digital commerce and experience
Vaimo is one of the world's most respected experts in digital commerce and experience. As a full-service omnichannel partner, we deliver strategy, design, development and managed services to brands, retailers and manufacturers all over the world.

Contentful – Leading composable content platform
The Contentful® Composable Content Platform brings the building blocks of content together to create once and reuse for any digital experience. The API-first platform integrates easily with data sources and new functionality as digital experiences and technology evolve.

commercetools – Leading commerce solution built on MACH
commercetools is the world's leading commerce solution built on modern MACH principles, allowing you to work with, not around, your commerce solution to tailor experiences to the exact needs of your business and its customers.

Akeneo – Product information management
Akeneo is a global leader in Product Experience Management (PXM) and Product Information Management (PIM) solutions that help merchants and brands deliver a compelling customer experience across all sales channels.

Inriver – Product information management
Inriver helps power revenue-driving experiences in digital commerce. Inriver's solutions make their customers the best in the world at marketing and selling their products.

Algolia – The best search and discovery platform
Algolia is a hosted search engine capable of delivering real-time results from the first keystroke. Algolia's powerful API lets you seamlessly implement search within your websites, mobile, and voice applications.

VueStorefront – Frontend as a service for headless commerce
Vue Storefront is not only the biggest and the fastest growing frontend for ecommerce, it's a whole ecosystem of frontend services that can work together or independently.

Klevu – AI-powered discovery suite
Founded in 2013, Klevu's proprietary search & product discovery technology drives traffic, conversion, and loyalty for ecommerce websites, while reducing bounce rates.

DotDigital – Cross-channel marketing automation platform
Dotdigital's platform has continued to innovate to meet the demands of the data-driven world whose brands and consumers expect seamless, relevant, instantaneous connections wherever they are, whenever.

Yotpo – Ecommerce marketing platform
With the most advanced solutions for SMS marketing, loyalty and referrals, subscriptions, reviews, and visual UGC, Yotpo helps brands accelerate their growth by enabling advocacy and maximizing customer lifetime value.

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Henrik Feld-Jakobsen
Chief Strategy Officer

*"*Let consumers know they're getting a good deal. We will continue to see a rise in tactics around price optimization.*"*

Considering the macro context

Current global events sent macroeconomic shockwaves around the world, and the effects are still unfolding. Rampant price increases in transportation, housing, and energy costs affect every vertical market.

In parallel, stock markets are losing value, and global inflation decreases capital value while driving up capital costs in the financial market. Meanwhile, the global supply shortage has taken a back seat to other disruptive global economic challenges.

At the same time, the macro trends driving digital-first interactions are not showing any sign of slowing down. The digitally native Gen Z is steadily taking over the mainstream, and customer expectation is constantly moving closer to instant gratification.

Where does this dystopian scenario leave us when projecting the top ecommerce trends for 2023? We believe it will be all about driving digital transformation to de-risk business models. Instead of using aggressive growth programs, businesses will focus on cost optimization to deliver direct ROI (return on investment) with short investment horizons.

Three trends driving de-risking digital transformation programs

01 Merchandising for a slowing economy

Merchandising strategies matter. All transactions begin with a human being with needs and emotions, and how we react to macroeconomic conditions is largely influenced by psychology. Consumers want to optimize every dollar spent in the context of increasing prices and shrinking wallets. This creates a need for a frugality-first merchandising strategy based on the following two pillars:

Let consumers know they're getting a good deal. We will continue to see a rise in outlets, deals, campaigns, and other tactics around price optimization. When every purchase counts, attractive discounts will mean the difference between waiting until the time is right and checking out immediately. Smart merchandising, personalization and loyalty-enabling technology will be instrumental in cross-selling low-margin, red-sticker sales products with high-margin accessories and building sustainable customer lifetime value.

Expect lower average order values (AOVs). Consumers are infamously irrational. Even though bulk-buying and economy packaging intuitively make sense in a slower economy, we tend to buy smaller sizes and single-serve packaging instead. Psychologically paying more per item seems cheaper if the total bottom line is lower. Savvy marketers will use this to their advantage, turning lower AOVs into higher-margin transactions.

02 Sustainability as a business driver

Sustainability has come a long way from the cover-all buzzword frequently dropped in Corporate Social Responsibility write-ups to calm stakeholder consciences. The pandemic, coupled with rising production and transportation costs, propelled one of the most critical trends within global commerce: sustainability.

On the one hand, sustainability is demand-driven by customer expectations. As our awareness of how our actions as consumers affect the environment around us, customer-led demand for sustainable products is becoming more critical. However, two sustainable strategies that will be on the rise in 2023 (and beyond) are less about pandering to consumers and more about adopting sustainable business practices to de-risk your business:

In-sourcing: For decades, globalization has de-coupled the production of goods from customer markets. You will be hard-pressed to find suppliers who don't rely on global supply chains moving raw materials across the globe to optimize production costs on a global scale. However, as transportation costs increase, more and more companies rely on local production. Moving production

further from home had several implications, but the overall price efficiency made the compromise worth it. When the formula changes and outsourcing gets more expensive, this turns the current supply chain model on its head. Moving production closer to home comes with advantages such as faster time-to-market, lower production thresholds, and a higher degree of control, as well as having the net positive effects of lowering waste and reducing transport emissions.

Circular Economy: The same principles driving in-sourcing coupled with the rising production costs in energy prices and the raw-material shortage have led to an explosion of the circular economy. Second-hand marketplaces are booming, driven into the mainstream by audiences like young urban families. From re-using to re-cycling to re-selling to donating, savvy retailers find ways to create and capitalize on their products' second and third lifetimes. We will continue to see roll-outs of programs that minimize return rates and find ways to turn return sunk costs into revenue streams. And the big winner when we reduce waste is our planet.

03 Agile-first mindsets

So how does this rapidly changing, continuously challenging, and ever faster-moving environment impact the digital transformation of the ecommerce sector? If anything, this increases the need to transform digitally. We see time and time again how businesses that have invested in agile technology stacks are the ones who can regroup and capitalize when the market changes. More than ever, the nature of a sustainable business is adaptability in the face of the unknown. So what does applying agile principles mean in a business development context?

Small things get done. Big things get pushed. One of the main principles of agile development is scoping. What is the least amount of investment needed to realize value? Successful business leaders need to master the art of balancing small smart, and iterative investments to rapidly experiment to find a winning formula and then be able to scale up only after the business model has been proven. The ability to quickly set up proof-of-concept solutions and evaluate outcomes will increase exponentially when access to investment capital decreases.

Optimizing for agility. A major hurdle for businesses is a rigid legacy system where even small changes require re-engineering core features. The crux is that re-engineering a system into an agile and flexible modular stack is more conducive to fast iterations, and small-scale experiments go hand-in-hand with large up-front investments. However, moving into a more flexible system stack may mean staying afloat in an environment where change is the only constant.

Akeneo

akeneo

01 Channel explosion will not implode anytime soon

As reaching new customers gets harder — and more costly — due to intensified competition. And traditional pay-to-play ad and search platforms phase out cookies, experimenting with new channels, both owned and third-party, will become a more effective way to acquire new shoppers. We predict brands will continue to explore a proliferation of new channels. Those businesses will need to drive increased channel integration to unify the single customer view alongside product information and product experiences.

Take, for instance, marketplace strategies. Retailers must ensure that product experiences delivered on third-party resale channels are as accurate, consistent, and brand-rich as they are on their owned channels. That means product data needs to be centralized to be accurate, comprehensive, and presented in context for each channel and ready to be syndicated. With a powerful syndication solution, businesses can efficiently streamline the distribution of their product content to the thousands of unowned sites where buyer purchasing results in an increase in brand awareness and additional revenue.

Angus Hayman
Senior Strategist

" Businesses must pivot quickly to onboard new suppliers, transform the customer experience and expand into new sales channels. "

02 Business agility to navigate recession retailing

Change is a constant. Market volatility and economic uncertainty will loom more prominently in 2023, prompting an even greater need for agility and flexibility in response to changing trading conditions.

With the well-documented squeeze on consumer spending and the rising cost of living, businesses will need to find new ways to win incremental sales, mix to higher margins, and cost efficiencies. Therefore, businesses must pivot quickly — whether this is onboarding new suppliers, transforming their customer experience, expanding into new sales channels, or gaining process efficiencies.

It's vital that businesses provide a harmonious flow of product information between teams, suppliers, and distributors, which will translate into other benefits, including higher conversions, justification for price premiums, traffic in new channels, reduced returns, faster processes, and increased customer loyalty.

By using a composable solution, businesses can deliver a seamless, consistent product experience across every owned and unowned sales channel, showing customers the information they need in the place they want, when they need it, and in internal portals for lower cost processes and faster decision-making.

03 The cost-of-living consumer doesn't necessarily mean a race to the bottom

While pricing and price sensitivity will remain a major watchword for brands and retailers as we head into 2023, this doesn't mean that consumers are validating everything on price alone. Yes, it will be a significant factor in buying decisions as household budgets become squeezed and each purchase becomes more considered.

However, consumers want to be sold on 'value,' and their consideration sets still span a wider set of triggers — from product information to brand ethos and sustainability. This means retailers need to consider how they speak to those conversion-prompting elements, both within product discovery and at the point of purchase, to drive sales.

Algolia

 algolia

David Pilgrim
Vice President
Head of Global
Partnerships & Alliances

" Many companies
plan to invest more
in personalization for
customer loyalty. "

With an incredible Black Friday and Cyber Monday 2022 now behind us, we turn our attention to next year's ecommerce opportunities. We recently worked with Coleman Parkes Research on a survey to 800 retailers — half in IT and half business executives — to ask them about their priorities for 2023. While our report will be released next year, here's a preview of three takeaways.

01 More companies are investing in inventory-aware search

Buy online, pick up in-store (BOPIS) got a big lift during the pandemic and continues to drive results for retailers who have adopted omnichannel delivery capabilities. Shoppers have started to get used to these new delivery capabilities, which is already showing in Cyber Week consumer behavior this year. Salesforce published their insights for Cyber Week 2022 and noted, "Cyber Week BOPIS usage grew 9% globally Thursday through Sunday (Cyber Week) compared to the first three weeks of November. Retailers in the US that had BOPIS grew their online revenue by 38% more than those without this creative fulfillment option throughout Cyber Week.

02 AI is here

Artificial Intelligence (AI) has been hyped up for about a decade, but its implementation and widespread use has been underwhelming. That's changing. In the last few months alone, we've seen dozens of incredible new solutions, such as DALL-E, an image generator, and Jasper, an AI writing solution. Ecommerce companies will see similar solutions, like impressive new machine learning algorithms for online search, discovery, and recommendations that can drive conversions and improve the buying experience. AI search opens entirely new avenues for buyers to search your website like they can do with Google today. They can ask questions, type in symptoms, or write descriptions for what they want and still get great results. Sounds complicated, right? In fact, it reduces your workload because you won't need to create tons of relevance rules, as AI understands what your customers are typing.

03 Get personalized

Personalization has been on everyone's lists for years, but technology has lagged and has been very difficult to implement. Like with AI, new predictive algorithms have come a long way, and vendors are catching up. So, 2023 may be the year that personalization comes into its own. According to our survey, many companies plan to invest more in personalization for customer loyalty via text and email, social commerce, and shopping cart recommendation programs. Done well, personalization can drive massive customer loyalty and revenue.

commercetools

commercetools
Next generation commerce

01 Composable commerce

As the pandemic highlighted the importance of seamless digital experiences across all sectors and industries, the shortcomings of older digital experience suites and commerce platforms have proved to be limiting. Commerce platforms were traditionally built for desktop-only shopping and did not take into account the abundance of channels and touchpoints that would emerge in the future. Brands also see that, with the unprecedented rate of market changes, the fast movers are the ones best primed to win.

In this fast-paced, unpredictable landscape, a more flexible and agile approach has emerged to help brands stay on top of new market conditions and customer expectations: composable commerce.

A composable commerce architecture allows you to choose best-of-breed components for specific tasks and 'compose' them into an overall solution. With this flexible approach, brands can choose the ideal solutions to craft unique customer experiences, instead of relying on the standard features an all-in-one suite provides. This strategy enables brands to tackle changes as they come with faster iterations, which translates into higher top-line revenue and operational efficiency gains.

Over the past few years, there has been a movement towards headless commerce, a term first coined by commercetools, to describe the separation between the frontend from the backend. Composable commerce is a further evolution of the headless movement, applying this "decoupling" principle to the entire architecture and business operation. Delivering a composable stack is possible with MACH ™ architecture, a technical model founded on microservices-based, API-first, cloud-native and headless principles. It supports a composable enterprise in which every component is pluggable, scalable and replaceable, plus continuously improved through agile development to meet evolving business needs. This drives digital transformation, increases speed to market, and improves your overall brand experience.

02 Total cost of ownership (TCO)

Commerce technology always requires some form of investment, often referred to as the Total Cost of Ownership (TCO).

A common misconception about composable commerce is that it has a higher TCO. Between the upfront implementation costs, the ongoing subscription fees, infrastructure and hosting, as well as the costs to maintain compliance and security, the impression is that composable commerce comes with a hefty price tag. For businesses with limited time, IT resources, and budgets, investing in composable commerce can seem prohibitive, but this is a myopic view.

Instead of looking at the costs incurred at Year 0 or Year 1, composable commerce is built on the premise that the future is unpredictable; consequently, many non-composable

Dan Gershfield
Senior Partner Manager

Julia Rabkin
Senior Product Marketing Manager

" With composable commerce architecture, brands can choose the ideal solutions to craft unique customer experiences. "

solutions become outdated and irrelevant in a very short amount of time. TCO can spiral out of control, while ROI is increasingly difficult to achieve. In other words, as your business is always evolving and non-composable platforms cannot keep up with changing market conditions cost-effectively, **the gap between what you need to deliver and what you can deliver** becomes wider over time.

When it comes to TCO, we recommend taking a longer-term view to capture the "Total" in Total Cost of Ownership. You need to include everything — not only what it costs now, but also what it will cost in the future. Some key cost drivers of commerce systems to consider include: the cost of inflexibility, the cost of employee attrition, and the cost of legacy maintenance.

Agility & flexibility as key levers in times of crisis

Inflation remains stubbornly high and the suspected recession is getting closer to reality, foreboding a decline in demand and triggering a change in consumer behavior. If you could predict the market conditions, commerce would be easy to plan and execute. But we all know this is not feasible, **because the only constant in commerce is change.**

With the world's economic sentiment trending downward, it is important to stress that the agility and flexibility that comes with a modern commerce tech stack is not only valuable during boom times, but also when consumer demand begins to stagnate, purchasing decisions take longer, and sales growth slows down.

The commercetools portfolio is valuable for manufacturers, resellers, retailers, and brands in this challenging environment because it is built on the principles of maximum flexibility, scalability, and agility, to help brands grow in prosperous times and adapt when the future is uncertain.

With commercetools, businesses can evolve their business model, adapt to shifts in consumer behavior, and drive meaningful change to ensure that their business can stay relevant to thrive and sustain growth in an increasingly competitive environment.

Contentful

Nicole France
Director of Content

Nick Switzer
Senior Solution Engineer

" In the current environment, not making major changes may prove the riskiest approach. "

01 Throw out rules of thumb and experiment instead

The world has changed so much that old rules of thumb no longer apply. Standard pricing on new stock before it goes on sale? Supply chain disruptions have thrown that out the window. Social media advertising and purchases? New ownership at Twitter is just one wrinkle in that plan. Carefully managed promotions for the holidays? Between inflation, attempts to curb inflation, the war in Ukraine, a strict Covid policy in China, and yup, you still have those supply chain disruptions. The right balance is more a question of chance than planning.

Getting and staying ahead (or even afloat) requires trial and error — so focus on maximizing the ability to experiment, learn, and iterate rapidly.

Whether it's finding and engaging customers where they are, identifying the right price points to balance margin with sales volume, or determining whether physical stores are showcases or distribution centers — or both, there are no obvious answers. Discovering the new rules of this current environment is happening in real-time. Finding those answers quickly requires both the mindset and the capabilities for experimentation. Rigid, brittle, and fixed just won't cut it.

02 Focus on time to value in weeks, not months

Businesses don't have time for uncertainty and gambling on big, novel approaches. Small wins will be valued much more than large efforts that require major resources and take a long time to show results. An 18-month transformation plan will only fly if it's based on short iterations that deliver tangible results. Teams need to show value quickly to confirm the validity of strategies and purchases alike.

Creativity is the name of the game — and that means freeing teams across the business to build their best ideas and try them out. If they're bogged down by protracted internal processes and distracted by the mundane tasks of getting things done, they can't. Create a work environment with systems and expectations that enable teams to do their best thinking and put it into practice quickly. When ideas work, the results speak for themselves. When they don't, they're easy to change.

03 Think differently about risk

Making major changes is typically viewed as high risk — but in the current environment, not making major changes may prove the riskiest approach of all. We're not just dealing with incremental risk, but existential risk. Incremental risk means potentially impacting results during peak sales season. An existential risk is surviving beyond peak sales season. Between the challenges of technical debt and the gridlock of processes that can't be accelerated, businesses face a quandary. Everyone sees the need to change. The major question is when to jump in. We're past the point where uncertainty justifies inaction. As a consolation, there's ample evidence that major change need not bring major risks. Adopting the tooling and mindset for successful adaptation is a journey that bears fruit all along the way. For all of our present challenges, there's no limit to the opportunity. Let's capture it!

Dotdigital

dotdigital

After two years of unprecedented growth, what does the future have in store for ecommerce marketers in 2023? In 2022, we saw shoppers return to brick-and-mortar stores, but their ecommerce habits are set. Shoppers like the speed and convenience associated with online shopping. As we begin planning marketing activities for 2023, ecommerce merchants need to continue to tap into this positivity while navigating a period of economic uncertainty.

To help, we've pulled together our top three tips to achieve ecommerce success in 2023.

01 Understand customer intent

Understanding customer intent is essential for marketing success. Today's customers demand fast, friction-free experiences that are unique to their journey. That means paying attention to more than just the moment when the intent to buy is clear. While abandoned cart and abandoned browse automation are guaranteed revenue generators, many more revenue opportunities are going untapped. Customer insights will be your best tool in 2023. Data should inform your audience segmentation. Customer behavior informs tools such as eRFM (engagement, recency, frequency, monetary), which layers engagement levels to traditional RFM customer modeling and will help you turn data into action.

Why is this important? Because it will help you identify key moments in the customer journey. For example:

- Recent shoppers who are not engaging with your marketing.
- Brand champions who are frequently interacting with your emails.
- Inactive customers who are re-engaging with your brand.

You can target these segments accordingly, delivering conversion-driving campaigns, enrolling in nurture programs, and more.

The result — perfectly timed marketing messages that generate sales. Customer intent will help you maximize previously untapped opportunities to engage and convert shoppers.

Lauren Clements
Partner Marketing Manager

" Acquiring new customers can cost anything from 5x to 25x more. Focus your attention on retaining existing customers. "

02 Focus on customer retention

Customer retention has a huge impact on your ROI. A 5% increase in customer retention can result in a 29% increase in revenue. What's more, acquiring new customers can cost anywhere from 5x to 25x more. At a time of economic uncertainty, it simply makes sense to focus your attention on retaining existing customers.

Dotdigital's 2022 Customer Loyalty Report discovered that loyalty programs are now the third biggest motivator for new email marketing subscriptions. Customers are willing to be loyal to brands who value them.

Customer loyalty programs are vital, especially for ecommerce brands. There are a wide variety of loyalty programs brands can implement today, and they're not all focused on simply giving away discounts. Be sure to pick a program that works for you.

03 Be empathetic

Economic uncertainty will hit every individual differently. Your job as an ecommerce marketer is to understand how it affects your customers and reflect that in your marketing. Be empathetic. Be conscientious in your marketing. Lead with empathetic messages demonstrating your understanding that 2023 will be a time of financial difficulty for many.

Customers will switch off and delete emails when they feel brands are being inauthentic. Also, at a time when corporate social responsibility (CSR) is in the public consciousness, ensure that you're working with charities and not-for-profit groups that resonate with your community.

Klevu

⌃ KLEVU

Catherine Sachdev
Partner Marketing Manager
EMEA

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By using the ecommerce tech stack smartly, retailers can connect online data to offline channels.

"

01 Strong resurgence of omnichannel in a post-pandemic world

The pandemic has changed the way we shop forever. Despite the uptick in foot traffic, digital channels still play a big role in the shopping journey. Though retailers may see lower conversions, shoppers are still using digital to browse. In fact, shoppers now use an average of 4.7 channels during their journey, up from 3.8 pre-pandemic. By using the ecommerce tech stack smartly, retailers can connect data from the online experience to channels that extend offline, such as email and SMS. Retailers that create personalized experiences that meet shoppers' needs will be the ones that get the sale.

02 Composable commerce is becoming accessible

The current recession has led many brands to look for ways to consolidate their tech stack to cut costs. However, this does not necessarily mean that composable solutions are off the table. In fact, choosing best-of-breed software solutions that can be easily integrated into existing systems can actually help brands save money while still maintaining revenue. This approach — MACH (Microservices, API-First, Cloud-Native) — is the future of ecommerce. The best way to start is by integrating on-site search and merchandising. This will allow brands to offer their customers a more personalized search experience, which can lead to increased sales and brand loyalty.

03 User experience is becoming a key differentiator for ecommerce technologies

In today's competitive ecommerce landscape, user experience is becoming a key differentiator. Not only is it important for ecommerce retailers to provide exceptional customer experience on digital channels such as websites, apps, and marketing, but the recession has caused many ecommerce teams to grow smaller, leaving more responsibilities to fewer people. This makes it extremely important that backend user interfaces for merchandising, analysis and campaigns are easy to use. Fortunately, several technology providers specialize in delivering intuitive backend interfaces. By investing in these technologies, ecommerce retailers can improve their efficiency and make their users' lives easier. In turn, this can lead to improved customer satisfaction and loyalty.

Vue Storefront

Vue Storefront

01 Increase digital capabilities that drive revenue

Today, more than two-thirds of businesses compete based on customer experience (CX). It contributes to overall customer loyalty, higher average order value, increased conversion rates, and revenue. With 73% of customers confirming that their overall customer experience determines whether they check out or abandon their sales, CX has already climbed to the top for marketing budgets.

Adopting evolving customer behavior, business models, touchpoints, and experiences in the ever-changing online commerce environment is key to long-term success. Unfortunately, creating a high level of performance and personalization can be almost entirely blocked by sluggish monolithic software.

On the lookout to increase digital capabilities that drive revenue, you need to break free from legacy all-in-one software. Composable commerce, microservices architecture, and out-of-the-box APIs provide the ability to quickly adapt to changing markets and stay on top of the competition with an excellent customer experience.

Dan Spencer
Head of EMEA
Partnerships

02 Focus on the frontend for immediate payback

Because the entire digital customer journey takes place on the presentation layer of your ecommerce website, you need to prioritize your frontend optimization. Only a fast, mobile-first storefront can drive conversion and revenue.

However, to deliver an excellent customer experience, you need more than just an array of costly point solutions which attempt to improve conversion at specific customer touchpoints. Crippled site speed, slow

indexing, and unsatisfactory customer experience result from a poor underlying architecture. Therefore, instead of putting your fingers in a dam with third-party tools, you need an entirely new frontend foundation optimized for speed and mobile.

Focusing on the frontend performance makes a perfect investment, especially during an economic downturn, as it brings a fast return on investment combined with a low total cost of ownership.

> " 73% of customers confirm that their overall customer experience determines whether they check out or abandon their sales. "

03 Decouple without re-platforming to accelerate time-to-market

Businesses usually opt for full re-platforming to embrace composable commerce. Meanwhile, this relatively costly and time-consuming approach might turn out to be inefficient during a recession, as the first business results will appear only after several months.

Starting your composable commerce transformation with a performant, mobile-friendly frontend built on top of your current ecommerce system provides a fast-track and cost-efficient alternative to this approach. Regained control over customer experience, increased web performance, improved SEO metrics, and conversion bring profits from day one.

Accelerated time-to-market and significantly reduced total cost of ownership are other vital points appealing to every CFO and every company. Pre-built frontend solutions provide ready UI components optimized for performance and mobile experiences, speed up the delivery, reduce operational costs and increase efficiency.

Once the performant frontend is in place, the composable, agnostic, and API-first architecture will allow you to extend your ecommerce stack with out-of-the-box integrations further. This provides unprecedented flexibility to build a perfect technology ecosystem composed of best-of-breed solutions aligned to specific business needs. Moreover, with a "composable" frontend, the option to fully re-platform remains open for the future.

Yotpo

Lawrence McNeill
Senior Partner Manager

" Brands can't afford to invest in one-time purchases and hope customers come back. "

01 Solving the customer retention gap

In 2022, Yotpo surveyed ecommerce brands about their retention strategies. While 52% said they were more focused on retention, 40% hadn't made any meaningful changes to improve their retention rates. And that discrepancy comes with a cost, as 70% said their retention rates had either stayed the same or worsened over the past year.

In 2023, brands will double down on customer retention because it's no longer a choice. With skyrocketing acquisition costs, brands can't afford to invest in one-time purchases and hope customers come back.

Here are some ways you can improve customer retention in 2023:

- **Get to know your customers on a deeper level.** Customers expect personalized experiences, and if you want to deliver them, you need to collect more zero and first-party data through quizzes, loyalty program engagement, and 1:1 SMS conversations.
- **Deliver better customer experiences with integrated solutions.** Disconnected tools mean data silos, which makes it difficult to create journeys that keep customers coming back. Instead, invest in solutions that work together to help you boost retention at every touchpoint.
- **Think beyond repeat purchase rate when measuring retention.** If you want a holistic view of how your retention strategies are performing, RPR is important, but so is AOV, CLV, time to next purchase, and engagement data.

02 Creating unique omnichannel experiences

As getting in front of customers online continues to get harder, D2C brands are starting to turn toward real-life experiences, whether opening physical stores, selling via pop-up stores, or hosting in-person events. We expect to see even more brands explore offline retail in 2023.

By giving customers a chance to experience your brand in real life, you can boost brand awareness, approach marketing in new and creative ways, and overcome one of the major obstacles that ecommerce brands face — the fact that shoppers can't physically engage with your product.

Here are some ways to build omnichannel experiences that surprise and delight shoppers in 2023:

- Offer free consultations where shoppers can receive expert advice.
- Create fun, Instagram-worthy photo booths or walls to post on social with branded hashtags.
- Incentivize loyalty program members to show up in person with points or create exclusive VIP experiences for those on a higher tier.

03 Expanding subscriptions beyond a simple replenishment model

It is predicted that 75% of ecommerce brands will offer some type of subscription model this year. To cut through the noise, we expect to see brands thinking of subscriptions as more than just a simple way to repurchase replenishable goods, but as a membership experience.

In a recent Yotpo consumer survey, more than 80% of respondents said that getting perks as a subscriber is either "really important" (46%) or "somewhat important" (35%). In 2023, brands will respond to this demand, and we'll see brands turning subscriptions into a VIP experience that unlocks benefits and exclusives.

Here are some ways to level up your subscriptions in 2023:

· Offer exclusive perks, like free shipping and subscriber-only discounts.
· Integrate subscriptions with loyalty, incentivize customers to subscribe, and offer points for every delivery.
· Include free samples of other products with subscription deliveries so that customers can explore more of your products.

Inriver

inriver

The world of ecommerce is constantly evolving. With every year comes new challenges, new markets, and new opportunities for brands selling online. To stay one step ahead of the competition, here are Inriver's top three ecommerce trends to expect in 2023.

01 Digital shelves will get smarter

As consumers react to rising living costs, so do their buying habits. In a bid to get more for their money, customers are comparison shopping like never before. To stand out from the crowd, brands selling online need to build intelligence into their digital shelf to better understand their customers and what they're looking for. But selling smart goes beyond simply understanding what buyers want. This means responding to this behavior in real-time to ensure all digital touchpoints are optimized for customer, channel, and brand.

The need to sell smarter is only likely to increase through 2023, fueling the rise of digital shelf analytics (DSA) solutions across numerous sectors. Interest in DSA will start to move beyond B2C brands, reflecting the increasing consumerization of B2B buying habits. Manufacturers will start seeing the benefits of building digital shelf intelligence into their value chain, giving them insight into their customers' needs and informing smarter sales strategies embedded in the latest market trends.

02 Selling will go beyond the sale

With current economic uncertainty expected to continue into 2023, consumer spending is likely to remain cautious. For example, instead of splashing out on a new refrigerator or oven, consumers will look to save money by extending the lifetime of their existing appliances through service and maintenance. While this might sound like a challenge for some brands, for others, it

Johan Boström
CPO & Co-founder

" Smart selling will fuel the rise of digital shelf analytics (DSA) solutions across numerous sectors. "

will bring new opportunities as they seek to maximize profitability throughout the entire product journey, not just up to the point of sale.

The role of after-sales services as a focus of profitability is likely to increase into 2023 as brands look for new ways to respond to the current economic climate and drive revenue. According to Deloitte, building out these after-sales processes could generate over 50% of profits for manufacturers. This shows that service and maintenance are no longer a value-add for B2B and B2C manufacturers but a must-have. And it's not only the maintenance itself that generates these profits. A robust after-sales service can also win over new customers and help retain existing ones, further maximizing profitability across the entire value chain.

03 Sustainability will be a passport away

The drive for sustainability across ecommerce is nothing new. Over the last decade or so, many brands have taken initiatives to limit the carbon footprint of their products to boost the slow shift towards a circular economy. These initiatives have varied from improving the visibility of a product's eco-credentials to adopting carbon-neutral packaging and delivery. However, the drive towards a circular economy takes a substantial leap forward in 2023 with the proposed introduction of the EU Digital Product Passport.

The digital product passport will become an essential tool in the tracking of all components and raw materials used in consumer goods, similar in impact to California's Proposition 65. The passport itself is expected to take the form of a machine-readable barcode or QR code that links to a digital record of all product-related attributes to improve the traceability and sustainability of goods across the European Union and beyond. For sellers active in Europe, the introduction marks a watershed moment in product sustainability and highlights the need for brands to get a handle on their sustainability information before it is too late.

Key takeaways

This year it will be important for brands to think outside the box. Investing in long term solutions for improving customer experience, customer retention, and supply chains will pay off more in the future than quick short term strategies. Customers are more informed than ever and want to support brands that speak to their values. Transparency in sustainability and traceability is more important than ever, and will continue to be in the future.

To achieve excellence in digital commerce you will need to surround yourself with the right partners. Learn more about how Vaimo can guide you on your journey.

About Vaimo

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Vaimo is one of the world's most respected experts in digital commerce and experience. We are a full-service omnichannel partner, driving success in digital commerce through digital enablement, customer experience, solution development, and managed services.

We have a 15-year track record of technical excellence, working with select industry partners to provide our clients with the best solutions across the B2B, B2C, and D2C sectors.

We are a global company with a local presence, focused on cultivating close, long-term relationships with our clients. We work with brands, retailers, and manufacturers all over the world and have over 500 employees who are based in offices in 15 markets across EMEA, APAC, and North America.

15+
years

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For more information on how to drive success in digital commerce visit: www.vaimo.com