

A Forrester Consulting
Thought Leadership Paper
Commissioned By Bloomreach

June 2020

The State Of Commerce Experience

Shifting Priorities Reshape Digital Commerce
Investment



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Executive Summary

Digital channels for consumers and businesses have been maturing for more than two decades, but the coronavirus has pushed digital from a supporting function to a primary touchpoint for many. These touchpoints are a lifeline for consumers, businesspeople, and even students as social distancing has forced a dramatic change in behaviors. Never since the dot-com boom has digital commerce been so front and center. Whether your business is in survival, adaptive, or growth mode, now is a critical time to reallocate funding to deliver enhanced digital experiences and set your business up to be more competitive as the world shifts to a new normal post-pandemic.

In March 2020, Bloomreach commissioned Forrester Consulting to evaluate the state of digital commerce and which factors drive great customer experiences. To explore this topic, Forrester conducted two online surveys across the US, the UK, and Germany: one with 640 consumers and B2B customers who make online purchases for their organizations and one with 320 digital experience and eCommerce decision makers at businesses selling online. Forrester collected this data in March 2020.

With the spread of COVID-19 leading to travel restrictions and lockdowns in many countries by mid-March, we also wanted to understand how the pandemic would impact the role of digital commerce. In April 2020, we recontacted 315 consumers and B2B customers, along with 50 business decision makers, who participated in the original survey. This study highlights the rising importance of digital commerce, what drives a great experience, and how adjustments to the early stages of the global pandemic have shifted behaviors and priorities.

KEY FINDINGS

- › **Digital commerce is front and center for both B2B and B2C buyers.** The global coronavirus pandemic has driven half of shoppers to buy products they've never bought online before, and 70% are buying more than usual. Almost half of business decision makers say that digital commerce is driving growth during the pandemic as they see an uptick in online search, traffic, and orders. Companies cannot downplay the importance of digital commerce initiatives during the pandemic; investment now will set companies up to be more competitive and more customer obsessed in the future.
- › **Customers will pay for a better experience, but businesses struggle to provide essential must-haves.** Customers say they prefer online channels for researching, buying, and finding inspiration. Nearly 40% of consumers and 56% of B2B customers say they would pay more for a better experience, and they will not buy from the same business again if they have a bad experience. Yet too many businesses don't provide basic capabilities like easy website navigation, relevant search results, or clear product information. Almost 80% of customers abandon their purchases because of these reasons, jumping to competitors that better meet their needs.
- › **In response, businesses are looking to increase investments in core digital commerce technologies that impact great experiences.** Businesses are shifting spend from offline to online, with most cutting investment to their stores and increasing it in online channels like web, apps, social, and third-party marketplaces. Most also plan to invest in eCommerce customer experience (CX) technology and eCommerce platforms.



Both businesses and customers depend on digital commerce.

COVID-19 Amplifies The Importance Of Digital Commerce

Every time a customer is exposed to an improved digital experience, their expectations for all experiences are reset to a new, higher level.¹ As more relationships shift online in the time of COVID-19 (especially for B2B customers), businesses must be ready to support online interactions across the entire buying journey, being mindful of how their customers research their products and evaluate options and what tailored help and content they will need along the way. Your digital commerce strategy must factor in these shifting priorities and anticipate what is around the corner as all types of purchases — and future relationships with branded sellers — are influenced by the type and quality of online experiences you deliver today.

With brick-and-mortar shops and many businesses closed and supply chains under stress, serving customers through digital channels has transformed from important or nice-to-have to vital to serve customers and for business continuity and even survival. In surveying customers and businesses about the effects of this pandemic, we found that:

- › **Digital commerce is driving growth.** Nearly half of decision makers whose businesses sell online (46%) report growth as a result of COVID-19. This growth is a direct consequence of increased online activity like volume of search, traffic, and orders (see Figure 1).
- › **Consumers and B2B customers have changed how they buy and what they buy online:**
 - Half of customers are shopping on digital channels for products they've never bought online before, with a focus on necessities. Consumers are primarily buying groceries, household products, and kids' toys. B2B customers are purchasing supplies, health and safety equipment, and IT hardware.
 - Seventy percent of customers are purchasing more than usual. Necessities topped the list early in the pandemic (top three for consumers: groceries, household products, and medicine; top three for B2B customers: supplies, emergency supplies, spare parts).² This will be the new normal for at least the next year and possibly longer.³
 - Over 90% of customers say their behaviors are different as they avoid physical stores, put discretionary shopping on hold, and buy exclusively online or as much as possible online.
- › **Businesses are shifting investments from offline to online channels over the next 12 months.** Compared to pre-COVID-19 plans, investment in offline channels (e.g., retail stores, in-person sales) has been cut in half while most businesses plan to increase their investment in online channels like direct web, apps, social, and third-party marketplaces (see Figure 2).

Results from this study indicate that COVID-19 has amplified customer demands for better online experiences. And overall, businesses' priorities have shifted too as they focus more on operational efficiency and cost savings — even as they accelerate investment in their commerce platforms.

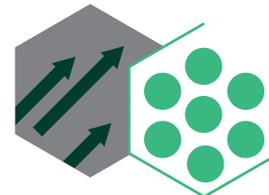


Figure 1

“How has the COVID-19 situation impacted your business?”

6% Our business is seeing unprecedented growth

40% Our business continues to grow due to a spike in online sales

22% Our business has seen relatively no impact

28% Our business will need to downsize significantly and/or lay off employees

2% Our business will likely need to permanently close because we can't produce what we need to

2% Our business will likely need to permanently close due to the cost of having to close our stores

Base: 50 global decision makers of digital campaigns, online experiences, and/or eCommerce programs and technology purchases
Source: A commissioned study conducted by Forrester Consulting on behalf of Bloomreach, April 2020

Figure 2

“Do you plan to increase, decrease, or maintain budget in the following areas in the next 12 months?”



Top three budget increases for B2C businesses pre-COVID:

1. Third-party marketplaces (75%)
2. Direct website (62%)
3. Retail stores (62%)



Top three budget increases for B2B businesses pre-COVID:

1. Wholesale distribution (75%)
2. Third-party marketplaces (65%)
3. Direct website (62%)

Pre-COVID Base: 320 global decision makers of digital campaigns, online experiences, and/or eCommerce programs and technology purchases

*Pre-COVID Base: 169 B2B global decision makers of digital campaigns, online experiences, and/or eCommerce programs and technology purchases

Pre-COVID Source: A commissioned study conducted by Forrester Consulting on behalf of Bloomreach, March 2020

Since-COVID Base: 50 global decision makers of digital campaigns, online experiences, and/or eCommerce programs and technology purchases

*Since-COVID Base: 37 B2B global decision makers of digital campaigns, online experiences, and/or eCommerce programs and technology purchases

Since-COVID Source: A commissioned study conducted by Forrester Consulting on behalf of Bloomreach, April 2020

Your Customers Will Pay For Better Digital Commerce Experiences

In the best of times, customers of all types value business relationships that anticipate their needs and deliver easy, memorable experiences on their devices of choice. In many cases (but not always), customers are also looking for lower prices and better choice when they shop online. Yet digital commerce is more than a channel. It's become the center of how business relationships are made — or lost. Even prior to widespread travel restrictions and lockdowns in the first quarter of 2020, both consumers and B2B customers preferred online channels for much of their shopping journeys. We found that they:

- › **Prefer to research online.** Their top three channels to research a product/service are online marketplaces, a reseller's direct website, and a brand's direct website. Additionally, 65% research a product online before they go to the physical store.
- › **Prefer to buy online.** When it comes to purchasing, customers most frequently use a retailer/manufacturer's direct site, online marketplaces, or a reseller's direct site. Some differences exist between consumers and B2B customers. Consumers rank online marketplaces as their preferred channel (54% rank it as No. 1). B2B buyers rank a manufacturer's direct site as their preferred channel (22% rank it as No. 1).
- › **Find online more inspiring.** Online browsing also inspires customers to make purchases more than any other method. B2B customers are primarily driven to purchase by search engine results or content on the store website, while consumers are inspired by browsing a store, search results, and items they saw in an online marketplace.

In our COVID-19 impact recontact study, customers told us that accuracy of information and clear communication are the most important things for businesses to provide right now. In fact, when deciding to shop on a site during the pandemic, the importance of information on product availability increased by 11% as a critical requirement for both consumers and B2B customers.

More directed buying patterns mean businesses must provide customers with tools that help them get what they need when they need it. This means businesses must optimize and orchestrate experiences to guide customers on their paths to purchase. Outcomes matter: Nearly half of customers say they would *pay more for a better experience*, and they will not buy from the same business again if they have a bad experience.

Consumers primarily prefer to shop on online marketplaces, an online reseller's direct website, or a brand's direct website.

B2B customers primarily prefer to shop on a manufacturer's direct website, an online reseller's direct website, or online marketplaces.



Nearly half of customers would pay more for a better experience.

IGNORE GREAT SEARCH AND END-TO-END EXPERIENCE AT YOUR PERIL

How companies deliver and connect experiences — and ensure their back-end operational systems are up to the task — is critical to driving sales and profit growth across the business. However, many brands and manufacturers discount (or forget) the importance of getting the basics right: intelligent/intuitive search, contextual merchandising, rich product content, and support for the delivery/pick up option that customers say make things convenient for them and define today's commerce experience.

Yet our findings show that businesses fall short on these basics:

- › **Customers report challenging experiences.** Whether researching or purchasing, 72% of customers report challenges — from out of stocks to difficulty finding answers to questions. They also complain of inaccurate search results, poor or missing imagery, lack of reviews or ratings, and inflexible delivery options. To add insult to injury, our findings show that most customers are not completely satisfied with their research or purchase experiences on their most frequently used channels, including online marketplaces, an online reseller's direct website, and a manufacturer's or brand's direct website. And just 14% of consumers say their most recent online experience was completely personalized to them.
- › **Businesses acknowledge their lack of basic capabilities.** While a whopping 98% of business decision makers believe that not providing a seamless customer experience has business implications, including decreased Net Promoter Score (49%), reduced customer visits (48%), and lost revenues/share to direct competitors (44%), this hasn't (yet) translated to upgrading core commerce experience drivers.⁴ Only around half of decision makers say providing easy website navigation or the ability to refine search results is part of their eCommerce strategy. Less than half offer product availability information or in-store or next-day delivery (see Figure 3).

Of course, poor experiences are costly. Almost 80% of customers report having abandoned a purchase or switched merchants due to poor experiences like difficult navigation and inaccurate search, poor imagery and confusing product information, lack of reviews, and inflexible delivery and payment options. And they're likely to tell others about the bad experience primarily through word of mouth or online reviews.

Almost 80% of customers abandon their purchases due to difficult online experiences.

65% of consumers and 79% of B2B customers face challenges when researching or purchasing online.

And only 14% of consumers and 22% of B2B customers say their most recent online experience was completely personalized to them.

Figure 3

“Which of the following capabilities are part of your eCommerce strategy?”

Search and navigation



57%

Offer autofill search box that anticipates customer's query



52%

Offer the ability to refine search results by price, brand, style, or other product attribute



49%

Provide easy website navigation

Product information and features



54%

Provide product images



48%

Provide product availability information



32%

Provide rich, detailed product information

Purchase and support



41%

Offer in-store or branch pickup



27%

Offer next-day delivery

Base: 320 global decision makers of digital campaigns, online experiences and/or eCommerce programs and technology purchases
Source: A commissioned study conducted by Forrester Consulting on behalf of Bloomreach, March 2020

Digital Commerce Experience Investments Ensure Business Continuity Now, Competitive Differentiation In The Future

The COVID-19 global pandemic affects businesses differently based on their digital commerce maturity. For some, it's about staying in business; for many others, it's about adapting to become a digital-first business; and for more still, it may actually present new growth opportunities.⁵ The new normal has created purchasing behaviors that will persist well beyond the worst of the pandemic: from shopping online for products/services customers never purchased online before to setting new expectations for the way they expect to interact with businesses online.

Prior to lockdowns and widespread disruptions, 90% of business decision makers believed that digital commerce is or will become their company's most important sales channel within one to three years. And 87% agreed that digital is the future of their company; if they don't succeed in digital, they will not have a business at some point in the future. The pandemic will accelerate these plans for many.

For many businesses, digital commerce is core to business continuity. For others, it's a foundation to build more engaging, more profitable digital experiences that open new markets and take friction out of consumer and business relationships.

Our study found that businesses are prioritizing and investing in digital commerce in a significant way across:

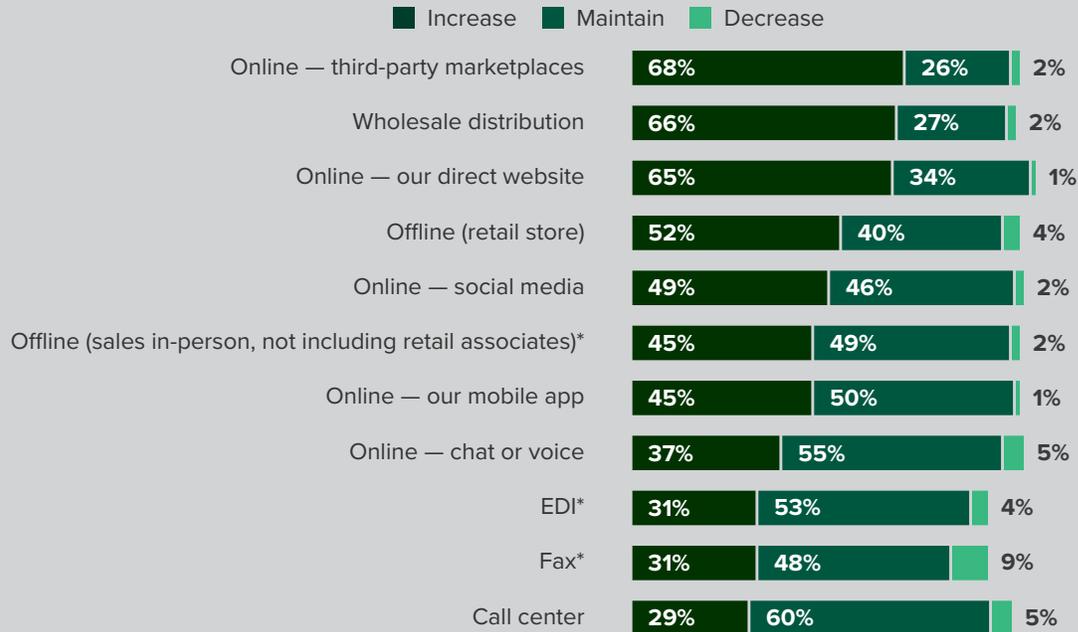
- > **Channels.** Pre-COVID, almost half of decision makers planned to increase budget for their offline stores (see Figure 4a). The pandemic has caused businesses to quickly shift spend from offline to online. Investment in offline has been cut in half. Instead, most plan to increase their investment in online channels like web, apps, social, and third-party marketplaces. On top of that, 60% plan to increase investment in new-to-them digital channels, and 62% will invest in mobile channels, i.e., web or app (see Figure 4b).



Decision makers agree that their direct website has the highest contribution to their annual revenue, the biggest percentage of sales volume. It's the fastest growing channel and the most important channel to drive customer engagement.

Figure 4a

Do you plan to increase, decrease, or maintain budget in the following areas in the next 12 months? (Pre-COVID)



Base: 320 global decision makers of digital campaigns, online experiences, and/or eCommerce programs and technology purchases

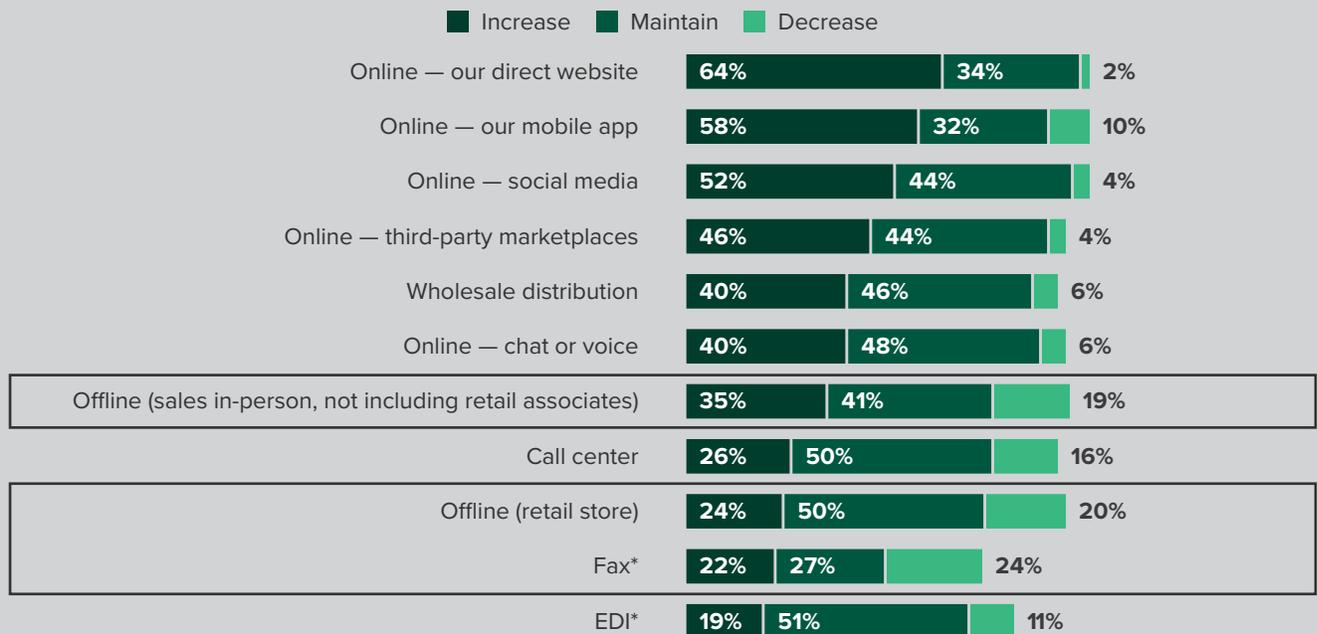
*Base: 169 B2B global decision makers of digital campaigns, online experiences, and/or eCommerce programs and technology purchases

Note: Not all responses shown.

Source: A commissioned study conducted by Forrester Consulting on behalf of Bloomreach, March 2020

Figure 4b

“Do you plan to increase, decrease, or maintain budget in the following areas in the next 12 months?” (Since-COVID)



Base: 50 global decision makers of digital campaigns, online experiences, and/or eCommerce programs and technology purchases

*Base: 37 B2B global decision makers of digital campaigns, online experiences, and/or eCommerce programs and technology purchases

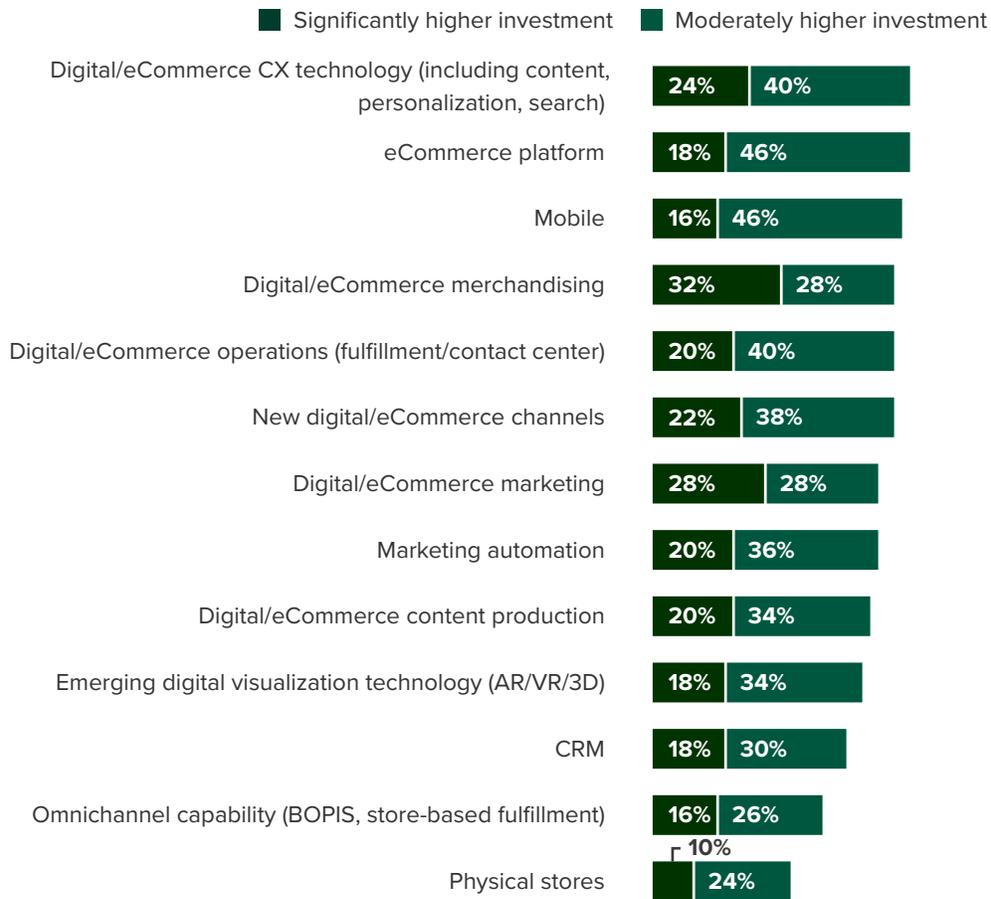
Note: Not all responses shown.

Source: A commissioned study conducted by Forrester Consulting on behalf of Bloomreach, April 2020

› **Technology.** More than half of decision makers report their companies plan to significantly or moderately increase investment in digital technology to support the current situation. For 64%, there are notable investment increases in eCommerce CX technology and eCommerce platforms (see Figure 5a). The top three commerce technology “add-on” areas where businesses are expanding or upgrading their investments are AI capabilities (40%), advanced search capabilities (38%), and mobile app (38%) (see Figure 5b).

Figure 5a

“What investment changes do you plan to make to your technology and operations due to the COVID-19 situation?”



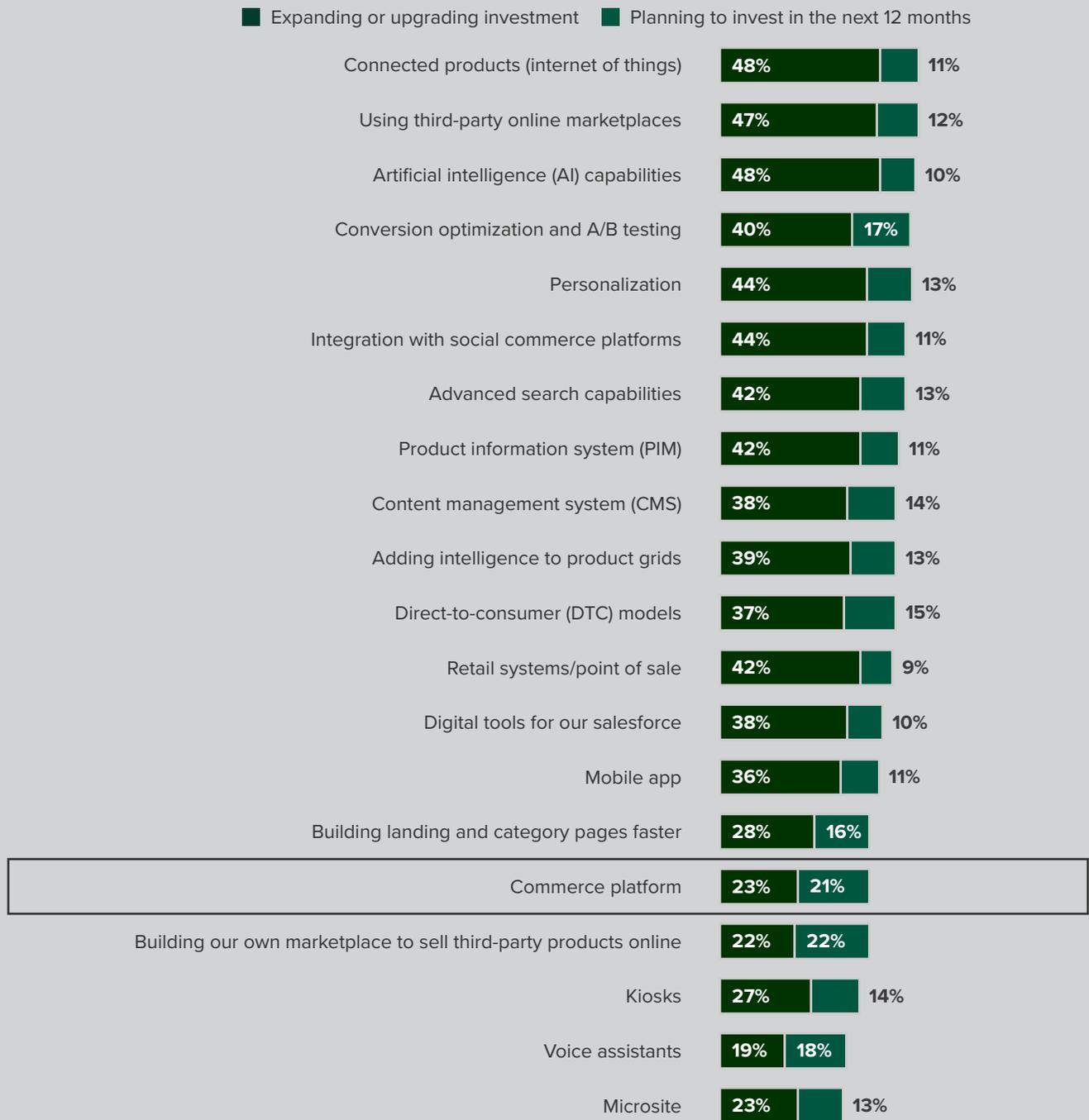
Base: 50 global decision makers of digital campaigns, online experiences, and/or eCommerce programs and technology purchases

Note: Not all responses shown.

Source: A commissioned study conducted by Forrester Consulting on behalf of Bloomreach, April 2020

Figure 5b

“What are your plans to invest in the following digital commerce technologies and channels?”



Base: 320 global decision makers of digital campaigns, online experiences, and/or eCommerce programs and technology purchases

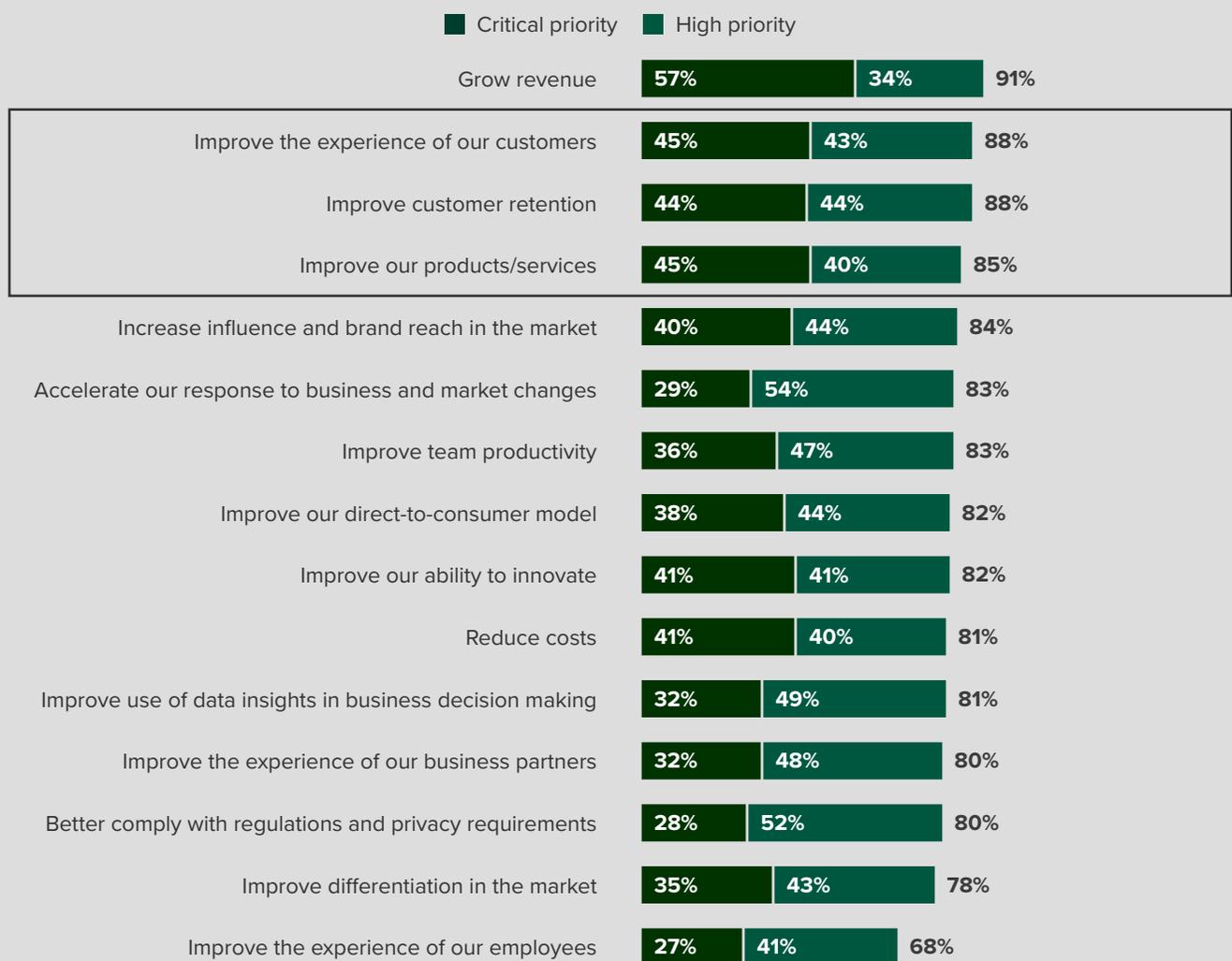
Note: Not all responses shown.

Source: A commissioned study conducted by Forrester Consulting on behalf of Bloomreach, March 2020

› **Digital operations.** Pre-COVID, businesses' top priorities revolved around the customer, improving CX, retention, and products/services available to them (see Figure 6a). As the pandemic has impacted priorities, many businesses are in reactive mode, switching focus to improving productivity for their teams, responding faster to changes, and improving data usage in decision making (see Figure 6b). Commerce technology plays a role in all “modes” businesses may be in, but champions will need to position investments to fit the most pressing needs (e.g., cost savings via lower cost channel vs. improved loyalty from key accounts via improved online experience).

Figure 6a

“How much of a priority are the following for your organization for the next 12 months?”



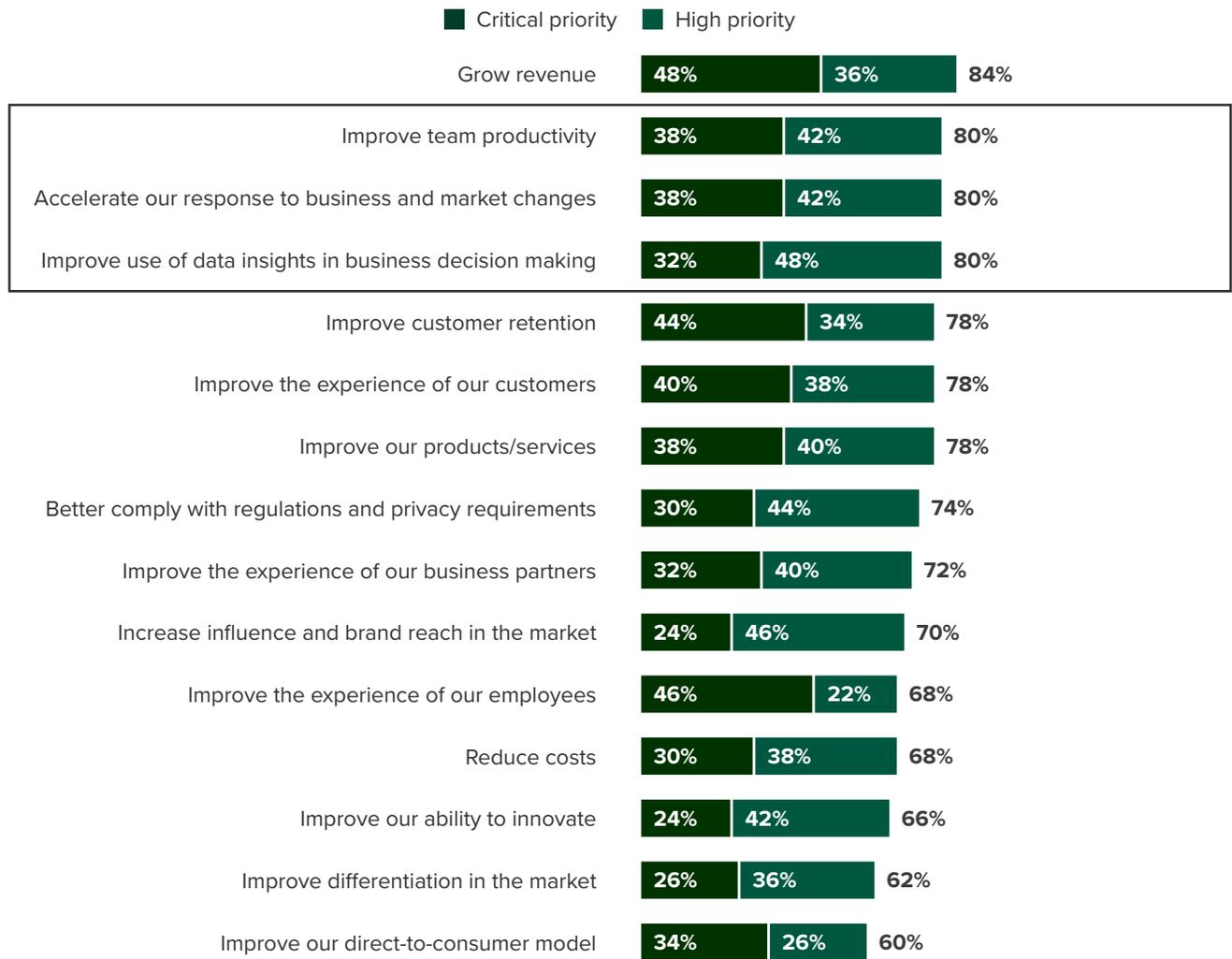
Base: 320 global decision makers of digital campaigns, online experiences, and/or eCommerce programs and technology purchases

Note: Not all responses shown.

Source: A commissioned study conducted by Forrester Consulting on behalf of Bloomreach, March 2020

Figure 6b

“How much of a priority are the following for your organization for the next 12 months?”



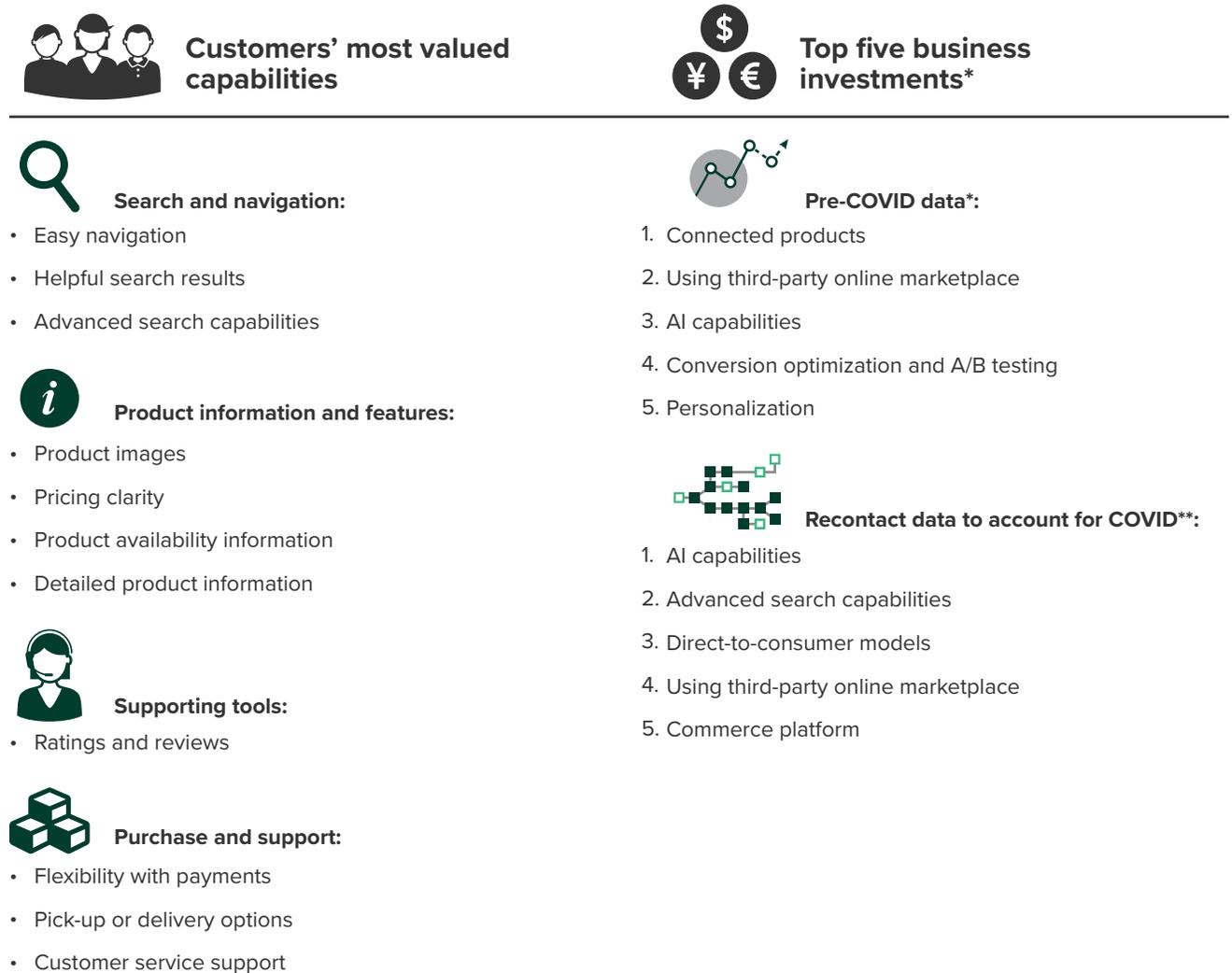
Base: 50 global decision makers of digital campaigns, online experiences, and/or eCommerce programs and technology purchases

Note: Not all responses shown.

Source: A commissioned study conducted by Forrester Consulting on behalf of Bloomreach, April 2020

As commerce leaders strive to build a foundation for future differentiation, they must still ensure plans match (shifting) buying priorities. While our data shows that investments here are increasing, they are not necessarily aligned with the areas that matter most to customers (see Figure 7).

Figure 7



Base: 640 customers who have bought products or services that were either researched and/or purchased online

*Base: 320 global decision makers of digital campaigns, online experiences, and/or eCommerce programs and technology purchases

**Base: 50 global decision makers of digital campaigns, online experiences, and/or eCommerce programs and technology purchases

Source: A commissioned study conducted by Forrester Consulting on behalf of Bloomreach, March 2020* and April 2020**

Key Recommendations

Digital commerce is critical to nearly every modern business. And as we have seen, organizations that have invested ahead of the curve in advanced digital capabilities are growing faster than their peers.⁶ While digital leaders ponder their next move, the choices they make today will impact their business' performance for years to come.

While consumers and business customers are more focused in their purchasing, they still expect and need accurate information, inspiring experiences and trusted interactions with their digital commerce providers. While COVID-19 may have sparked this behavior, these new habits and expectations will live on long after the crisis ends.

Forrester's in-depth survey of customers and business decision makers about the state of commerce experience yielded several important recommendations for improving the commerce experience you provide your customers and partners:



Rethink how you deliver digital commerce experiences that go beyond transactions. Today's customers need support along the entire digital journey — from inspiration to selection to support post-purchase. Rethink how you deliver value and connect with customers through inspired online experiences and value-added services. Make sure your experiences turn inspiration into action through great search, helpful and inspiring content, and flexible payment and delivery options that address the needs your customers have today and tomorrow.



Nail the commerce must-haves to drive new sales and loyalty. Customers want search that delivers relevance to them; they want to know if the item they want is in stock; and they want to see relevant suggestions, accurate up-to-date information, and detailed product information. It's a digital commerce imperative for companies to deliver these must-haves. And when companies don't take these seriously, their customers now have choice and ease in finding another provider that will.



Look for your partners to tailor and optimize experiences. Ask your search or content provider to do the heavy lifting by embedding AI capabilities into its offering that drive relevant and valuable experiences for your customers and support the business outcomes you are looking for. Ensure these digital experience building blocks can easily interface with your other core eCommerce functions and back-end customer and inventory data sources, serving experiences via AI that enable more effective shoppable “moments” on any channel where your customers are gathering.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 640 consumers and B2B customers who make online purchases for their organizations and 320 digital experience and eCommerce decision makers at B2C and B2B businesses selling through their own online channels in the US, the UK, and Germany to evaluate the state of commerce experience. Forrester collected this data in March 2020. As COVID-19 became a concern in April 2020, we recontacted 315 consumers and B2B customers and 50 businesses selling online who participated in the original survey to ask about changes in their behaviors and priorities.

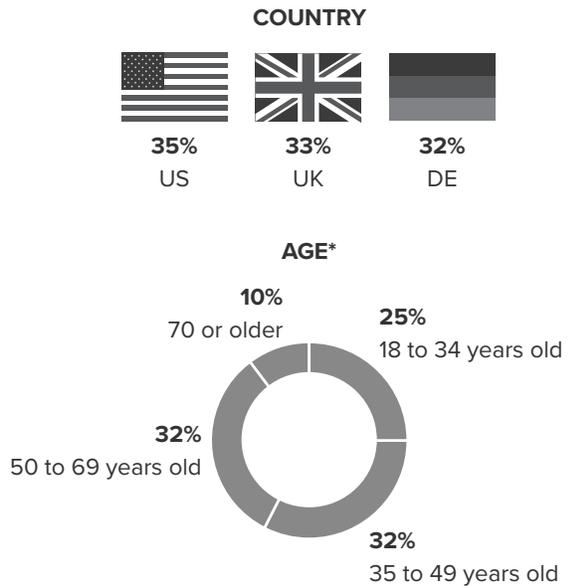
Survey participants from consumers included adults aged 18 or older who have purchased or researched products online in the last three months. Survey participants from B2B customers included decision makers in procurement, operations, IT, HR, finance, sales, and marketing who are involved with purchasing for their organizations and have researched or purchased products/services online in the last three months. Questions provided to the participants asked about satisfaction with their most recent shopping experiences, the capabilities they value most as they research and purchase online, and the challenges they experience when they research or purchase online.

Survey participants from businesses included decision makers in eCommerce, digital marketing, product management, sales, IT, and executive management responsible for eCommerce program, digital campaigns, online experience, or technology purchases. Questions provided to the participants asked about capabilities they offer for online experiences, challenges they experience with providing customers with a good experience, and actions they're taking to improve them.

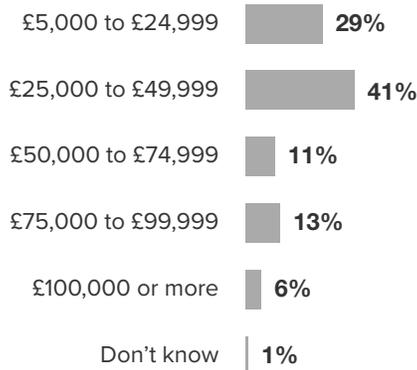
Respondents were offered an incentive as a thank you for time spent on the survey. The study began in March 2020 and was completed in April 2020.

Appendix B: Demographics/Data

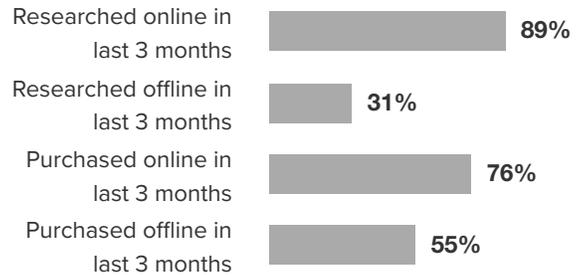
CONSUMER RESPONDENT DEMOGRAPHICS



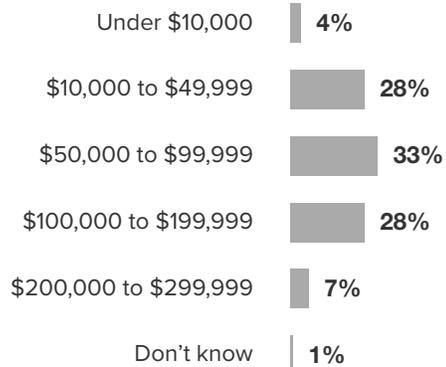
PRE-TAX GROSS HOUSEHOLD ANNUAL INCOME (UK; N = 103)



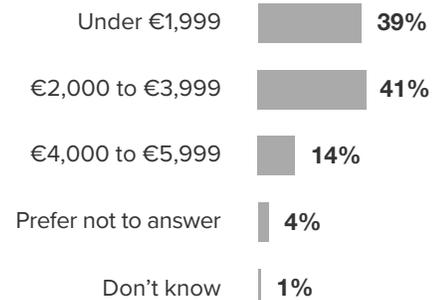
RESEARCHING/PURCHASING ACTIVITY**



HOUSEHOLD ANNUAL INCOME (US; N = 104)

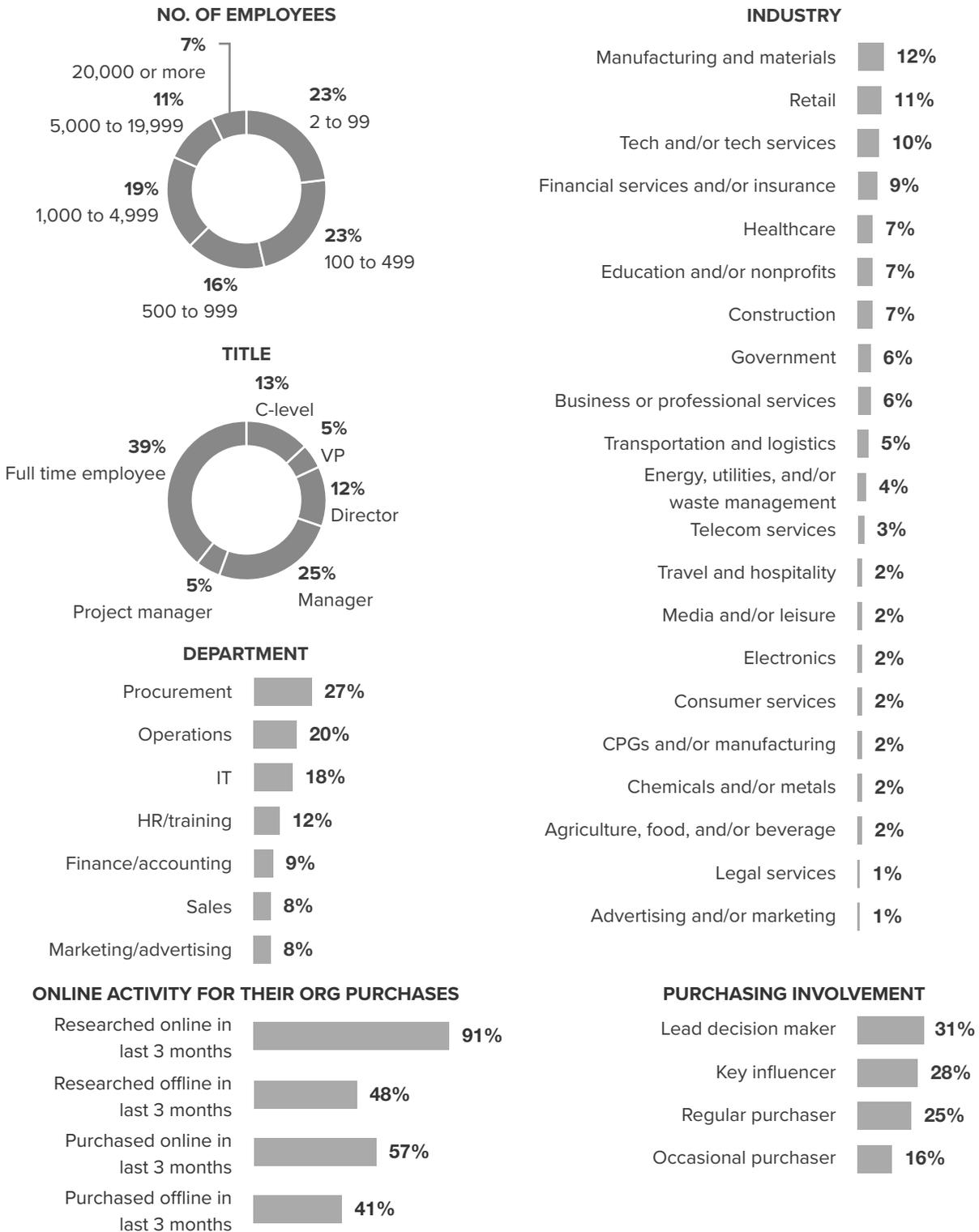


NET MONTHLY INCOME (DE; N = 104)



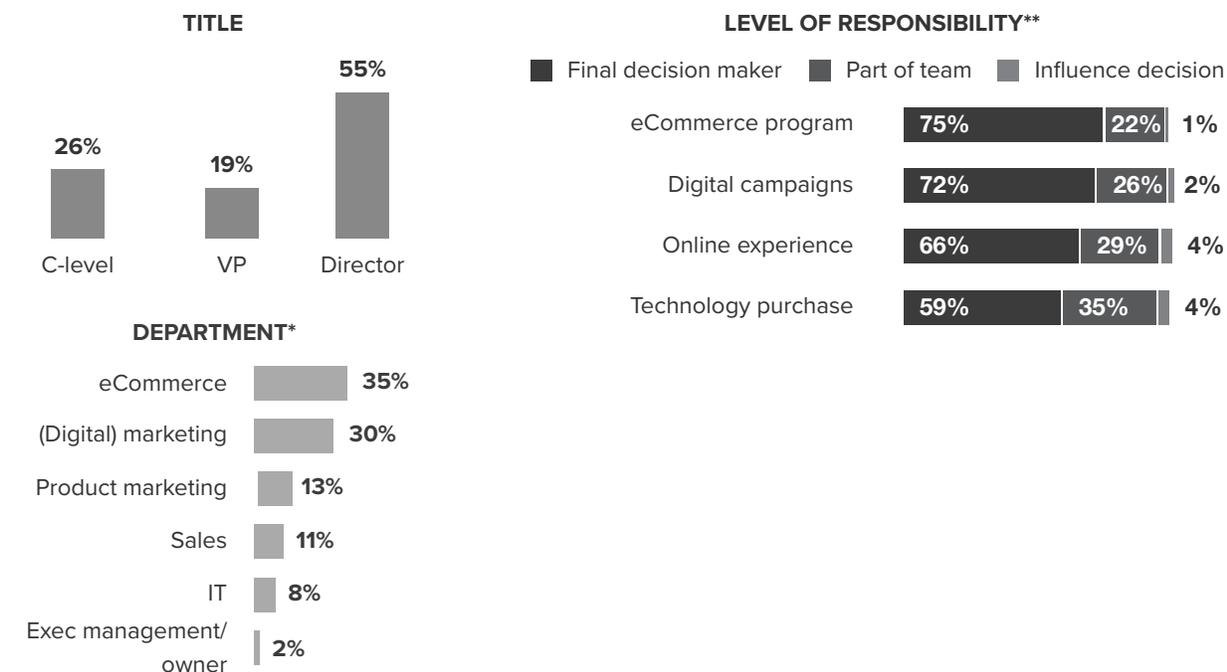
Base: 640 buyers who have bought products or services that were either researched and/or purchased online
 *Base: 536 buyers who have bought products or services that were either researched and/or purchased online
 **Base: 311 buyers who have bought products or services that were either researched and/or purchased online
 Note: Percentages may not total 100 because of rounding.
 Source: A commissioned study conducted by Forrester Consulting on behalf of Bloomreach, March 2020

B2B CUSTOMER RESPONDENT DEMOGRAPHICS



Base: 329 B2B customers who have bought products or services that were either researched and/or purchased online
 Note: Percentages may not total 100 because of rounding.
 Source: A commissioned study conducted by Forrester Consulting on behalf of Bloomreach, March 2020

BUSINESSES RESPONDENT DEMOGRAPHICS



Base: 320 global decision makers of digital campaigns, online experiences, and/or eCommerce programs and technology purchases

*Note: Percentages do not total 100 because of rounding.

**Note: Not all responses shown.

Source: A commissioned study conducted by Forrester Consulting on behalf of Bloomreach, March 2020

Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

“Digital Experience 2020: A Reference Architecture Powered By Data Drives Digital Maturity,” Forrester Research, Inc., November 11, 2019

“Predictions 2020: B2B Commerce And Marketplaces,” Forrester Research, Inc., October 29, 2019

“It Takes A Village To Deliver World-Class B2B Commerce,” Forrester Research, Inc., January 29, 2019

“Create A B2B eCommerce Plan That Wins Over Customers, Partners, And Colleagues,” Forrester Research, Inc., January 23, 2019.

“Think SKUs, Not SOWs: How Marketplaces Will Shake Up Tech Selling,” Forrester Research, Inc., November 12, 2019

“Out Of The Shadows: How Marketplaces Will Disrupt Tech Buying,” Forrester Research, Inc., November 12, 2019

“The New Commerce Revolution: Off With Their Heads (Or Not!),” Forrester Research, August 13, 2019

“The State Of Retailing Online 2020: Marketing, Omnichannel, And Mobile,” Forrester Research, Inc., April 21, 2020

“Forrester Infographic: In Digital Transformation 2020, It’s Time To Catch Up To The First Movers,” Forrester Research, Inc., April 3, 2020

Appendix D: Endnotes

¹ Source: “The Rise Of The Empowered Customer,” Forrester Research, Inc., July 12, 2016.

² To understand how the pandemic would impact the role of digital commerce, in April 2020 we recontacted some of the respondents who participated in the original survey. Given the timing of this recontact, this top three is temporal and will change with time.

³ Source: “Four Phases Of The Coronavirus Pandemic,” Forrester Research, Inc., March 30, 2020.

⁴ Net Promoter and NPS are registered service marks, and Net Promoter Score is a service mark, of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.

⁵ Source: “Align Your Tech Spending With Your Pandemic Priorities,” Forrester, (<https://www.forrester.com/fn/48hL09nWWBNewKMtrkEerS>).

⁶ Source: “Forrester Infographic: In Digital Transformation 2020, It’s Time To Catch Up To The First Movers,” Forrester Research, Inc., April 3, 2020.