



# 2022

## The Best in Class E-Commerce Report

 **shopifyplus**

 **blueprint.**

 **Pinterest**

 **REVIEWS.io**

**Re:signal**

 **LOYALTYLION**

**EASTSIDE CO**

**BLEND**

 **KLEUVU**

 **FULL FAT  
COMMERCE**

**ShipStation®**

 **gorgias**

**Klarna.**

**Quickfire**

Welcome to the very first Best in Class E-Commerce Report.

All you need to grow your e-commerce business in one place. Many of the biggest names in the D2C space have joined forces to provide the ultimate Best in Class report - get expert help to attract more traffic, increased conversions, higher average order value, improved logistics...and much, much more.

Fourteen leading names in the world of online retail have come together to provide best in class advice and recommendations across a full range of critical business areas.

From how to inspire customers and be visible when they're searching for new products, to exciting them and easing their path to purchase, to ensuring smooth delivery and turning them into loyal, repeat buyers.

We've all seen the stats about the growth of e-commerce in the last two years: Ten years of growth in six months, now worth nearly \$5 trillion.

But while the opportunities are bigger than they've ever been, so too are the challenges. Success brings competition, and that means merchants need more than a little extra to rise to the top.

Ambitious brands seek improvements in everything they do - and that's why this report is so valuable.

Learn how to take your brand to the next level across the entire e-commerce environment.

Digest and master. **Implement and elevate. Be the Best in Class.**

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OMNICHANNEL



Anna Bray  
Marketing Lead, Shopify



Shopify Plus is the commerce platform powering Fortune 500s and some of the world’s fastest-growing brands, including Heinz, Gymshark, Allbirds and Lounge Underwear. It’s the only cost-effective enterprise platform that’s built for change, because you don’t need a thousand days to install software, an army of developers to support it, or millions of dollars to run it.

The Past

There’s no denying that the pandemic pulled 2030 to the present, accelerating nearly a decade of e-commerce evolution in just a few months. While the world is once again open for business, it’s anything but business as usual. In a matter of days during the height of the pandemic, legacy consumer packaged goods companies opened online D2C stores for the first time, and traditional retailers scrambled to spin up quick e-commerce offerings to counteract lockdowns. Social media became a community gathering space in a way not seen previously, with Instagram serving as your local centre for art workshops and wellness classes with your favourite brands.

An omnichannel approach became a necessity, not a nice-to-have. The game changed overnight, and it was those who were able to adapt quickly that came out on top.

The omnichannel experience is not new, nor is the importance of giving your customers more places to interact with and buy from you – whether that’s online, through brick and mortar stores, Instagram, TikTok, SMS or any other channel. But the true power of omnichannel is realised when channels work together in harmony to immerse consumers in a highly personalised experience that also respects the stage of the buying cycle they’re at. It needs to feel so seamless that the consumer can skip from one channel to another without realising their movement down your sales funnel.

The incentives are plentiful:

- Brands that sell online through marketplaces, mobile, social media, and in physical locations generate 190% more revenue than merchants who only sell through a single channel
- Historically, the lifetime value of customers who purchase from brands across channels is 30% higher than those who don’t
- Research reveals omnichannel shoppers spend 15% more per purchase than those who shop on one channel.
- In an omnichannel environment, the world is truly your storefront – a world of screens, devices, touchpoints and channels – where you can serve up highly personalised, consistent, and regularly updated marketing based on your shoppers’ needs.

The Present

Consumer expectations have shifted and the preference for omnichannel shopping is magnified, with consumers using dozens of channels (online and offline) before making a decision. Consumers are increasingly in a constant state of discovery, with 85% taking a product-related action within 24 hours of discovering a product that meets their needs.

This is reflected in Google data that showed searches for “live chat service”, “virtual try on”, “next day delivery” and “apps” are all at sustained higher levels as people look to enhance their online shopping experiences. Iconic UK brand, Mamas and Papas, are capitalising on this trend with free personal shop appointments at home and instant video chats with customer support in store so they can show you the products.

The role of augmented reality (AR) is also on the rise, adding another layer to the digital experience to break down the barrier between online and offline. After incorporating 3D and AR technology into their e-commerce site, Rebecca Minkoff found shoppers were 44% more likely to add an item to their cart after interacting with it in 3D, and 65% more likely to place an order after interacting with a product in AR.

While online expectations have increased, the role of the store has also changed. Shopify research conducted in 2021 looking at retail trends in the UK found consumers are doing their research before visiting a physical store - with 47% planning to check inventory availability in advance. Shoppers are also less likely to engage in typical behaviours such as browsing in-store and product touching, and the proportion of shoppers ordering a product for delivery is likely to increase by more than half (from 25% to 40%).

This is where the importance of fulfilment options comes in. The Shopify POS Pro system enables sales assistants to add items to a customer’s online cart as they browse in store, and email it to them afterwards to complete the purchase. With a fully integrated and unified online/offline offering you can begin to truly merge your customer experience with things like:

- Automatic in-store availability displayed on your product pages for click-and-collect
- Buy online, pick up in store
- Buy online, return/exchange in store
- Buy in store, ship to customer

It’s with this last point that Allbirds’ omnichannel conversions soared, with up to 18 Shopify PoS devices circulating each retail location for on-the-move selling. It also means simplified inventory management where you don’t need to keep as much stock and can focus more on your store as a showroom. Win win.

“shoppers were 44% more likely to add an item to their cart after interacting with it in 3D”





# The Future

### Personalisation and synced customer data

Personalisation sounds simple, but it's easier said than done, especially when you're trying to sync customer data across multiple touchpoints. But we know it's important with [80% of shoppers](#) more likely to do business with a company if it offers personalised experiences. We expect more AI-driven personalisation. [Pura Vida Bracelets](#) are a great example, who saw a 60% lift in online revenue by combining Shopify product catalogue data with shopper data.

### The changing role of the stores

The future store will be deeply personalised, where it feels like sales associates know you as well as a personal stylist (if that level of service is welcome from the customer) including your past purchases and preferences. Really integrating that in-store experience (with a customer's social and online behaviour) will be crucial to maximising the impact of each store visit.

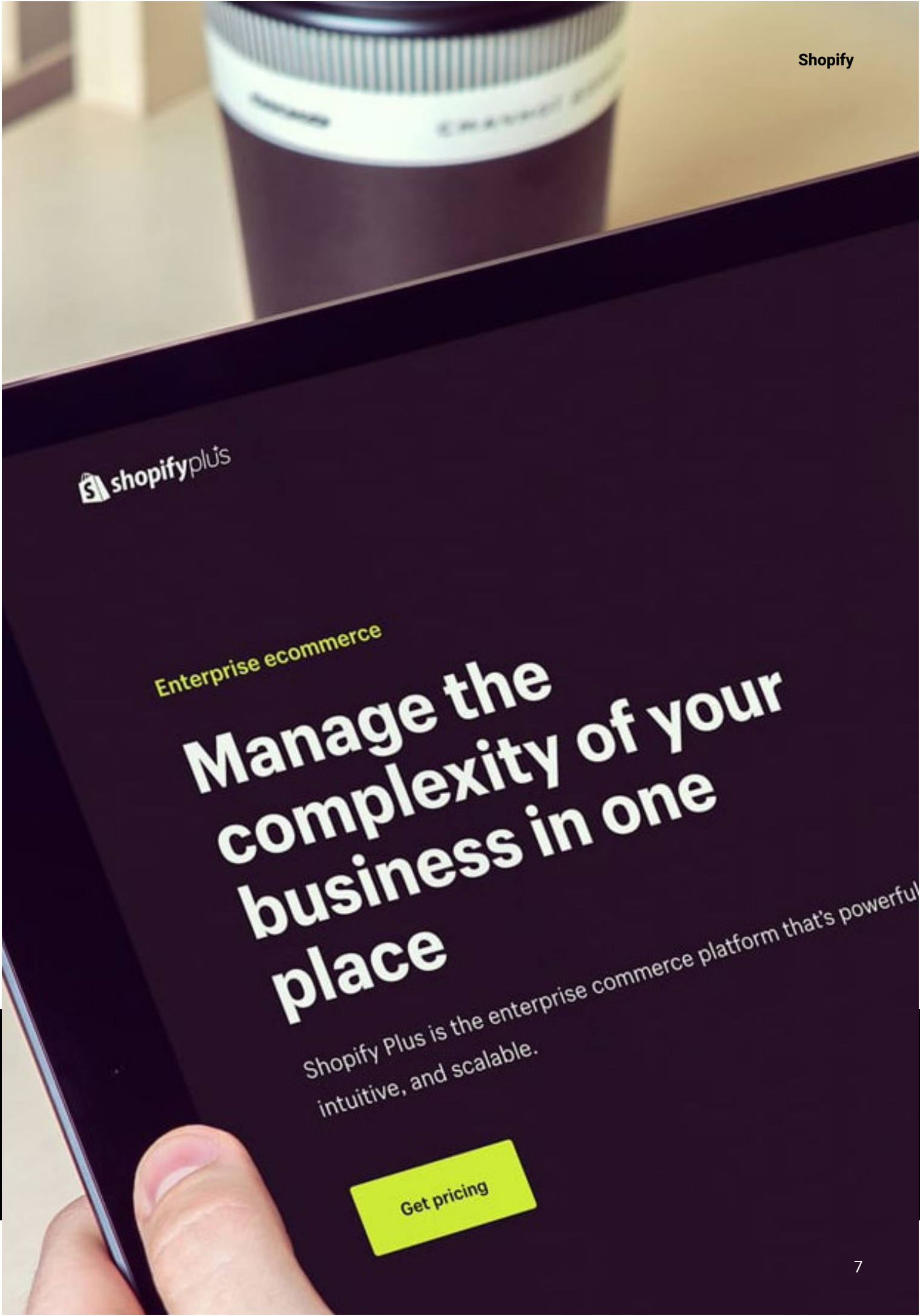
### The increasing role of video

Selling direct-to-camera via livestream will continue to grow across Instagram, [TikTok](#) and other platforms. Amazing brands like Warpaint for Men and Omolola Jewellery have been leveraging the TikTok X Shopify integration to be at the forefront of this new trend, and it's only just the beginning.

Video shopping is not new: consumers spend about one-third of their time online watching videos and are up to [85% more likely](#) to buy a product when they've watched a video about it. The twist will come from the omnichannel approach: selling via video content has been around for years, but technology lets sellers monitor video-sales success across multiple channels.



“consumers are 85% more likely to buy a product when they’ve watched a video about it.”



PRODUCT DISCOVERY



**Milka Kramer,**  
Country Manager, UK and Ireland,  
Pinterest.



**Pinterest is a visual discovery engine, where people go to plan their future and make decisions about what to do next. People use Pinterest to find ideas across life's moments big and small, from what to cook for dinner, how to decorate their home, and what to wear and how to style their look. Pinterest's mission is to bring everyone the inspiration to create a life they love.**

At Pinterest, we believe there's a difference between shopping and buying inspiration. A more inspired online shopping experience takes the best of shopping everywhere and makes it possible anywhere. Over the past year, global consumers increasingly turned to Pinterest as a key shopping destination and the number of Pinterest users engaging with shopping surfaces on Pinterest grew over 200% (source: Pinterest internal data, period ending 3/31/2021).

The Past

Consumer behaviour has changed beyond recognition in recent years. Well in advance of any national efforts to practice social distancing, retailers were facing massive challenges. 'Brick and mortar' retailers were seeing falling shop floor traffic as customers gravitated towards the convenience and practicality of online shopping. The proportion of users shopping digitally in 2019 was 82% (up from 53% in 2008) according to research by the Office of National Statistics.

2021 has accelerated this shift beyond imagination, along with further long-term changes to consumer habits and behaviour. Out of necessity, 2020 marked an incredible surge in online shopping, bringing millions of customers into a trend towards e-commerce that has been growing for years.

While e-commerce has incredible benefits in terms of personalisation and convenience, it has work to do in order to match the real world experience of inspiration and discovery. An in-store experience offers a huge range of variables which can be tailored to the customers' experience, from product placement, customer pathing and checkout. Being discoverable early in the consumer's journey helps people become inspired by new ideas that include your brand and products, and often results in a more committed and less price sensitive buyer. Mobile shopping can be as inspiring as walking through a personally merchandised store. The key is to seed the right ideas at the perfect time in someone's life.

On Pinterest, brands can reach their audience early, before customers have made up their mind. In fact, 97% of the top searches on Pinterest are unbranded, meaning people come to Pinterest to shop for general ideas and not specific brands, giving businesses of all sizes the opportunity to be discovered.

Giving consumers an inspiring shopping experience while subsequently providing retailers with ways to reach their target audience with high impact is a priority at Pinterest. The platform enables discoverability by showcasing personally relevant brands and products that the consumer may not have previously considered.

The increased focus on the digital shopping experience means brands have fewer opportunities to meet their customers face-to-face and should seek out new ways of reaching them. Whilst a complicated picture, it's important to think of retail as an amalgamation of online shopping and physical stores, where customers can easily move between the two, as it suits them. Personalised interaction with customers such as intuitive apps, immersive experiences and recommendations based on previous searches are ultimately the key ingredients for success.

The Present

Once upon a time, the industry talked about keeping pace with the changing technology landscape. Right now, the thing we need to keep up with is our audiences; how they think and behave, and what they want from brands. People actually need and want brands to show up when they're looking for information, or looking to buy something. And when brands show up in places like Pinterest, it's a perfect match.

Pinterest is the home of inspiration. It's a place where people come to focus on themselves, to find new ideas and to be inspired to build a life they love. Being inspired has many unique benefits to brands when it's associated with the urge to act. It's 'inspired effectiveness'. And effective it truly is because people on Pinterest don't just gather ideas. They actually do stuff, try stuff or buy stuff.

Because of this forward-thinking audience, it allows us to have predictive data that can offer a look into the future, which was particularly evident over the past year as we witnessed the changing behaviours and attitudes of consumers as we entered in and out of lockdown. This emphasises the need to keep up with our audiences; how they think and behave, and what they want from brands.

How brands and marketers use these insights to inspire their customers is critical to success. For instance, last year, searches and interest in 'positivity' was up 65% since the same time the year prior -- at their highest levels in Pinterest's history. People actually need and want brands to show up when they're looking for information, or looking to buy something - in a way that meets them where they are. It's one of the reasons why we see from our research that people trust ads that appear on Pinterest 35% more versus social media platforms.

"people trust ads that appear on Pinterest **35% more** versus social media platforms.





The value of these insights showing real-time information on how people are planning their future cannot be underestimated. Over the past year, global consumers increasingly turned to Pinterest as a key shopping destination and the number of Pinterest users engaging with shopping surfaces on Pinterest grew over 200% (source: Pinterest internal data, period ending 3/31/2021). What's more, Pinners are 7x more likely to purchase products they've saved (Pinterest Internal Data, May 2021), with consumers who visit Pinterest monthly outspending non-Pinners by +40% every month and typically having a 30% larger basket size.

7x

Pinners are 7x more likely to purchase products they've saved

200%

Pinterest users engaging with shopping surfaces on Pinterest grew over 200%

40%

Consumers who visit Pinterest monthly outspending non-Pinners by +40% every month

Many industries are already seeing permanent changes in consumer behaviour after this period so the critical nature of insights will remain long after this is behind us.

# The Future

## A Cohesive Shopping Experience, Online and Off

We know shopping - and the future of e-commerce - is more than searching for a singular product and not as simple as just blending bricks and mortar and online. At Pinterest, we're focused on making that experience as inspirational as possible just like flipping through the pages of a favourite catalogue or walking through the aisles of a store that feels handpicked.

We're not just a place to buy - we're building a place to shop online, while creating escapism in inspiration, which is needed now more than ever.

## The Future is Mobile-Based AR

Mobile-based AR is one of the elements driving the coming revolution in remote retail and allows retailers to leverage the best of both online and brick and mortar, while making it easier to go from inspiration to purchase. Smartphones will continue to transform shopping and will remain a crucial point of engagement.

For instance, Pinterest Lens allows users to capture inspiration from anywhere and through Lens can visualise and discover similar products, making a more curated personalised shopping experience. Mobile-based AR will be the driving force behind inspiring customers over the next year in a way that leverages the best of both online and brick and mortar.

## It Pays to be Positive

According to research, 6 in 10 adults agree that they're more likely to remember brands they encounter online when they feel positive and when they encounter brands in positive environments, trust brands that they see in a positive space and purchase a brand when they see it in a positive space. (Source: usertesting.com, July 2020).

It's fair to say it's no longer just a consumer-centred argument; when ads show up in a more positive environment online, they can drive impact at every stage of the purchase funnel. So whether you're building brand awareness, consumer trust, or driving conversions, it quite literally pays to be positive.

ing Room

On Sofa

Boho

Farmhouse

Teen



...



low

...



➤ Ashley HomeStore

...

Your bedroom is a place to unwind. Create a relaxing retreat...



Promoted by  
Ashley HomeStore



Urban Outfitters

...

Marisa Tipped Faux Fur Pillow



Antibes bedding & décor



JCPenney

➤ JCPenney

Come home to a classic  
sual bedroom with the  
french...



Promoted by  
JCPenney



SITE SEARCH



**Klevu helps connect shoppers to products they want to buy. Klevu's AI and NLP-powered discovery suite includes on-site Smart Search, Smart Category Merchandising, Smart Recommendations and a Personalisation Engine, enabling e-commerce websites to deliver customer-led digital experiences.**



**Rachel Tonner,**  
Senior Global Marketing Manager,  
Klevu

The Past

In the beginning all e-commerce search engines were the same, relying on keywords and manual inputs. Merchandisers were left to scour analytics, find the search terms resulting in zero results, and update their catalogue. But as that kept happening, they would find that the catalogues were unable to accommodate the number of keywords necessary in product titles and descriptions. Then, merchandising systems opened the back end and enabled users to add synonyms there, so they didn't need to keep adding keywords to the front end. Sounds good, right? But, the problem with that is that a customer had to be shown a 'no results' page in order to alert the retailer about missing synonyms, causing a real customer to get a bad experience, and to likely not return. Missed sales opportunity.

Enter Klevu and AI, helping retailers automatically add relevant synonyms to a product catalogue to help shoppers find relevant products and eliminate dead ends. Puma was losing sales over 'no results' and needed to improve product discovery by installing Klevu. The result? More revenue and a 52% better search-led purchase conversion.

Brands like Puma are recognising the increased need to improve this often overlooked and untapped area of customer experience. Excellent search and product discovery should go beyond simply ensuring that shoppers find the product they were looking for – it should enable them to discover relevant, appealing items beyond their initial points of interest.

**Typically, retailers know when they are in need of an AI e-commerce search and product discovery solution when:**

- Customers are struggling to find products, resulting in high bounce rates and lower conversion
- Return on ad spend (ROAS) from paid acquisition keeps declining and customer acquisition costs climbing
- Merchandising teams are struggling to keep up with merchandising demands
- Fast growth is required, for example there has been an increased investment in paid acquisition, and retailers need a quick way to maximise traffic already coming to their websites.

Seasalt needed a scalable way to maximise conversions during peak trading. Switching to AI Merchandising worked wonders and the business saw an uplift in just two weeks: a 22% increase in average order value.

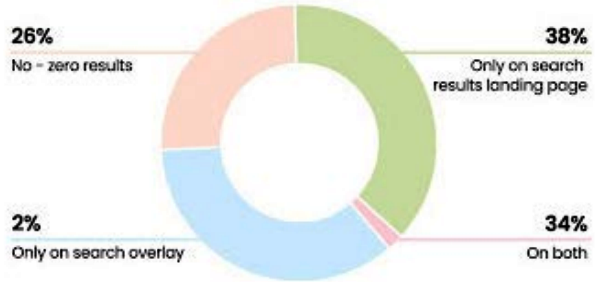
**"We need to use AI technologies such as Klevu because we want to uphold a personal touch in the digital experience, but also make it scale. We've found that using AI increases AOV, on-site customer experience, CLV, and even helps us with driving more efficient advertising due to increased relevance."** - Tim Ryan, Director of Digital at Seasalt

One of the most critical factors that businesses consider when choosing a digital commerce search software is improved conversion, which is a key revenue driver for retailers.

Avon needed a better-than-native search solution to grow the DTC business. The team installed Klevu after extensive research and got a quick uplift, with 16% more value from each web session.

The Present

Klevu research reveals that there are significant search and product discoverability issues on 54% of UK e-commerce websites, such as the ability to process complex or natural language phrases such as those involving price range or product attributes, or handle misspellings. In the most critical cases, 26% of e-commerce websites couldn't process simple misspellings and were unable to return relevant results and 30% showed zero results when faced with a query such as 'mens jacket under £100'.



Data from Baymard shows that shoppers will abandon a website immediately after a 'zero results'. That is a huge potential revenue loss for retailers - and such a quick fix too. Curvy, a plus-size lingerie retailer, noticed people used the search bar much like a replacement for an in-store assistant during Covid and quickly saw a dramatic 41% increase in revenue from search after implementing a smarter solution.

**"65% of global consumers are making belief-driven purchases."**



Whilst many of the main players in the e-commerce search market have many of the basics of search covered, Klevu is able to deliver more relevant results because of its unique use of Catalogue Enrichment, and ability to process semantic queries.

Catalogue Enrichment

Unlike most other e-commerce site search solutions, which are information retrieval platforms indexing data that is already available in a product catalogue, Klevu's Product Discovery Suite is also an information enhancement platform, utilising catalogue enrichment. Klevu helps retailers automatically add relevant synonyms to their product catalogue without any manual work. It takes a product feed, considers the context of a store, and injects synonyms so that whatever way a shopper is searching, they will find relevant products. For example, if they type jeans, denim will appear. If they search for beige, neutral items will also appear.

When the e-commerce search engine utilises these things, revenue soars. Investing in e-commerce search is a key revenue driver for retailers and should be prioritised.

- First, optimise your on-site search experience to get as many shoppers using it as possible. This will not only increase your ecommerce conversion rate by 4-6x, it will also give you access to the most valuable and sustainable data - shopper intent
- Next, ensure that your on-site search engine is capable of showing relevant results whatever the shopper is searching for and whatever method they are using to search
- Then, use the data from search, browsing behaviour and purchases to influence product ordering and dynamic filters on product listing pages and optimise all of your product recommendations blocks.

It sounds complicated, and it is. But it's easy with the right tools.

# The Future

Changes to first-party data collection

A recent study from Salesforce found that 72% of consumers would stop buying from a company because of privacy concerns. The problem is, the concerns keep mounting. From news of hacks and data breaches, to Google or Apple allowing users to blanket opt out, to the flipside, TikTok forcing users outside of the EU to opt-in to personalised ads. And the fact is, companies whose revenue relies heavily on user data don't want to make it easy for those users to refuse to provide it. Users are having to weigh up experience with privacy, and only [one third of consumers](#) believe that companies are using their data responsibly. Klevu believes that personalisation doesn't require personal data; that privacy is too high a price to pay for a good experience, and that behaviour and action on a website speaks louder (and is more sustainable) than profiling and segmentation.

Semantic Query Processing - NLP

Klevu employs semantic query processing where the AI infers meaning from each searched term, applies logic and learns within the context of that store. Many other e-commerce site search providers don't offer this level of NLP, and therefore, relevancy suffers, or shoppers may face 'no results' pages more often than necessary.

Purpose-Built E-commerce AI

Unlike many other on-site ecommerce search providers, Klevu has been built from the ground up as one platform with a specialism in e-commerce. As a specialist e-commerce AI, the Klevu algorithm has been trained on shopping behaviour from different e-commerce verticals, in different languages, for many years, making it the most advanced e-commerce search AI

sneakers under \$50



\$ 35.50



\$ 45.15



REVIEWS



**REVIEWS.io is a feature-rich solution that gives e-commerce brands greater control of their online reputation. As a Google-licensed review partner, users benefit from Stars and Seller Ratings, as well as a comprehensive suite of innovative tools and integrations - all of which contribute to increased visibility, trust, traffic and sales.**

# The Past

When they first started popping up, online reviews were essentially a way for consumers to pass judgement on companies they'd had dealings with. But they quickly became a marketing tool, allowing brands to leverage the customer voice to build trust - nowhere more so than in e-commerce.

Now they're everywhere, with customers able to review your business and its products on multiple platforms. And if you're not encouraging them to do so, it's likely you'll only hear from the ones with a bee in their bonnet.

On the other hand, if you implement a review strategy, and implement it well, you'll see an impressive return. You'll generate trustworthy content that acts as a form of social proof. Potential customers have first hand evidence of your standards of service, and that your products are as good as they claim to be. And because of this, they're more likely to convert.

In fact, in a survey we conducted back in 2020, 94% of respondents said online reviews were in some way influential to their purchase decisions (with 62% saying they had a huge impact). But we're probably not telling you anything new here. So if you're still on the fence about review collection, here's a deeper insight into how it's helped some of the brands we support.

Education has been a key factor. More than a badge of approval, reviews have helped brands communicate the benefits of their products. Take Vaay for example. These guys are in the wellbeing space, but are restricted by rules around the promotion of the CBD products they sell. As a workaround, they've used customer reviews to get those messages across and increased their conversion 27% and lowered their abandoned cart rate by more than a third.

This same approach can be used by any brand. Consumer opinion is far more persuasive than any marketing spiel, particularly when products are new to market, or competing with established names. It'll also give you insight into how you can improve those products to better meet customer demand.

Then there's brand communities. We've seen some great examples of lifestyle brands that have used reviews to connect like minded people. Fat Lad At The Back used this approach to make cycling more accessible. Review content showed their primary audience that there were others out there enjoying the sport, regardless of their body type.

There's now 60 cycling groups across the UK made up of brand advocates known as 'flampions' - all taking Fat Lad At The Back products out on the road.

So yes, customer reviews bring credibility. And when collected through a Google-licensed partner, significantly boost click through rates with product stars and Seller Ratings next to Google ads. But what we've seen over the past few years is brands using review content with a greater purpose. Whether that be to educate and inform, improve products and service, or connect with brand advocates to build communities.

# The Present

As it stands, the review space is evolving at pace. It's all led by changes in consumer behaviour, and it's all pretty exciting stuff. The shift towards e-commerce which we've all witnessed (and which we'll spare you a recap of here) has resulted in some interesting challenges; most notably, how to bridge the gap between digital and physical retail.

Consumers are now far more comfortable shopping online - even those new to the idea - so it's now more about product insight. They can't pick up an item, test it out or try it on, so they're relying on the experience of others to make sure it meets their needs.

There's a couple of innovations in reviews that are helping here. First, video. We're not talking unboxing or recorded descriptions, but short snippets that capture a product experience. We've seen steaks on the barbecue, champagne

in hot tubs, grandparents on scooters - all truly authentic user-generated content (UGC). They come with auditory and visual stimuli that bring reviews, and the products in them, to life in a tangible way.

Not only that, this type of review is helping brands generate video content for use in marketing campaigns, which we know to drive engagement more than any other medium. So it's a win-win. For you as a business, it's a cost effective way to sell aspiration, and for the consumer, they get a real glimpse at how a product can fit into their life.

The next innovation is review attributes - both customer and product. This is helping brands like MAAP gather valuable data to improve the consumer experience. As a cycling apparel brand, quality, performance and suitability are key for MAAP's customers. So this information is included in review requests.

"users can't pick up an item, test it out or try it on, so they're relying on the experience of others to make sure it meets their needs."



For example, reviewers can rate comfort and performance, as well as fit, whilst stating their height and body type. This gives a potential customer a better idea of how well suited that product is for them. It's about as close to the physical shopping experience as you can get.

Behind the scenes, review data is also helping MAAP tailor the buyer journey. By integrating their review solution with their marketing platform, they're creating personalised invitation flows based on buying behaviour and customer feedback. On average, customers see a 4-10% review invitation success rate; with invitation flows MAAP increased theirs to 21%. What this means is that every communication sent is relevant to the recipient and delivered at the opportune moment, creating stronger relationships and customer loyalty.

There's still a lot to explore as to how reviews can work harder, from both a brand and consumer perspective. They're now a necessity for those that want to succeed in the e-commerce space, and as more brands start pushing the boundaries, the potential for review marketing is huge.

# The Future

## Reviews and Sustainable Commerce

With the climate crisis in everyone's sights, consumers will continue to make more eco-friendly purchase decisions - informed by review content. Increasingly wise to attempts at greenwashing, they'll look to product reviews for proof of quality and efficacy, as well as for assurance on a brand's eco credentials. We predict review content will take a major turn in this direction, helping sustainable brands really come to the fore.

## Authenticity and Personalisation

Both have been important for some time, but will become more so in the future. The review space has evolved and consumers want more than just stars and endorsements - they want an experience. Review content needs to be more tangible, relatable, and relevant to the individual. At the same time, brands need to tailor review requests to each buyer journey to encourage more valuable UGC. A generic approach won't cut it in 2022 - it's all about connecting on a deeper level.

## Social Proof

Again, this isn't a new trend, but it's one we can't state the importance of enough, particularly in the e-commerce space. People follow the actions of others - it's why review content is such a powerful medium. The boom in online retail means more competition, and the brands that stand out will be those that make social proof a primary focus. Landing and product pages, third-party platforms, marketing collateral, social media - review content should be present at every possible touchpoint to ensure a strong and consistent reputation in an increasingly busy space.

The infographic features a central smartphone displaying a testimonial from JulesB. Surrounding the phone are icons for different review types: Company Reviews (store icon), Google Seller Ratings (G icon), Influence (Instagram icon), Merchant Metrics (bar chart icon), Product Reviews (star icon), Local Reviews (location pin icon), In-store Reviews (store icon with star), and SMS Reviews (phone icon with star). The testimonial on the phone reads: "Since we started collecting product reviews using Reviews.io platform, we have seen an 18%+ increase in sales." Below the quote is the JulesB logo and the name Tom Jeffrey, Head of Ecommerce at JulesB. The Reviews.io logo is at the bottom of the phone screen.

**Product Reviews**

**Company Reviews**

**Google Seller Ratings**

**Influence**

**Merchant Metrics**

**Local Reviews**

**In-store Reviews**

**SMS Reviews**

**“ Since we started collecting product reviews using Reviews.io platform, we have seen an 18%+ increase in sales. ”**

**JuLESB**

**Tom Jeffrey**  
Head of Ecommerce at JulesB

**REVIEWS.io**





**Callum Lockwood**  
Senior SEO Strategist, Re:Signal

# Re:signal

**Re:signal is a multi award-winning SEO agency that provides brands with a revenue first approach to SEO and content marketing. Most brands we work with have revenue focused business goals, not traffic - so it's important to both our clients and ourselves as an agency that all of our strategies first focus on what impacts the bottom line.**

## The Past

Back in the days of AltaVista and Yahoo, the tactics used were quite a bit different from now and generally considered archaic by the standards of today's SEOs. Keyword spamming was common and submitting to hundreds of directories was the norm, the first agency I worked at even put a bounty on DMOZ listings.

Once Google established itself as **the** search engine, SEO started to evolve with Google and its algorithm. It's still constantly evolving and will continue to do so, with Google saying that its algorithm is updated 500-600 times per year!

Search Engine Optimisation is now a core part of the digital marketing activity for e-commerce brands, with plenty of brands either using an agency partner or having their own in-house SEO team. A lot of brands use a combination of both, where the agency works as an extension of the inhouse team to provide expert support.

e-commerce brands have found the most success with search engine optimisation when they take a strategic approach with their goals in mind. For example, starting with a goal to increase revenue from organic sources by 30% over a 12 month period, then researching the most efficient way to get there. This usually starts with understanding what customers are searching at all stages of their journey, starting with awareness level intent, passing through consideration then finally ending at conversion.



Take ASICS for example, by creating a strategy that provided relevant and highly researched content for all stages of the user journey - we were able to deliver an increase of 85% in organic revenue, across 8 countries, in the past 12 months over the previous year. The first key step in this strategy was setting a strong technical foundation, with it being an international project it's incredibly important to make sure that the site is capable of ranking in all target countries. As well as creating a strong base to build on with a content strategy.

One step that contributed greatly to achieving this large increase in revenue was prioritising the content research based on the user journeys which had the potential to achieve the most potential to achieve the target. As you could expect, this research provided a pretty good example of the Pareto Principle as we found that a large percentage of the revenue was generated by only a handful of pages. By taking these pages and analysing the journey that users took to get to there - it provided ASICS with data on the best content to write in order to support these conversion paths.

## The Present

During last year, e-commerce saw a huge increase in demand. As a result, brands that had a solid SEO strategy in place have made some great gains in organic traffic and revenue.

As mentioned earlier on (and by lots of other people), SEO is constantly evolving as we are always adapting to Google's ever-changing algorithm. For example, during June and July 2021 there were 4 confirmed core updates which caused multiple fluctuations in the SERPs.

However, on a macro level, SEO for e-commerce brands isn't drastically different from last year and success can be found in exactly the same places. As with a lot of aspects of marketing, not getting bogged down in the details can be the difference between a winning SEO strategy and, well... just passing a Core Web Vitals test and making no change to your overall traffic or revenue.

“not getting bogged down in the details can be the difference between a winning SEO strategy and, well... just passing a Core Web Vitals test and making no change to your overall traffic or revenue.”



If anything, over the past year, with the increased search demand it's reinforced how important it is to provide content that has your potential customers best interests in mind alongside a great user experience for both mobile and desktop. After all, what Google is trying to do is simply satisfy its users with your fantastic website.

To provide an example of a long standing ranking factor that is still relevant in 2021, is on-page elements and titles/ descriptions. In Search Engine Journals [The State of SEO in 2021](#) report they reported that 32% of SEO professionals still consider this to be the most important ranking factor. Backing this belief up with facts, we recently updated basic on-page elements for an informative page on the ASICS website (without changing the core content) which resulted in a 54% increase in traffic month on month.

# The Future

### User experience as a part of SEO

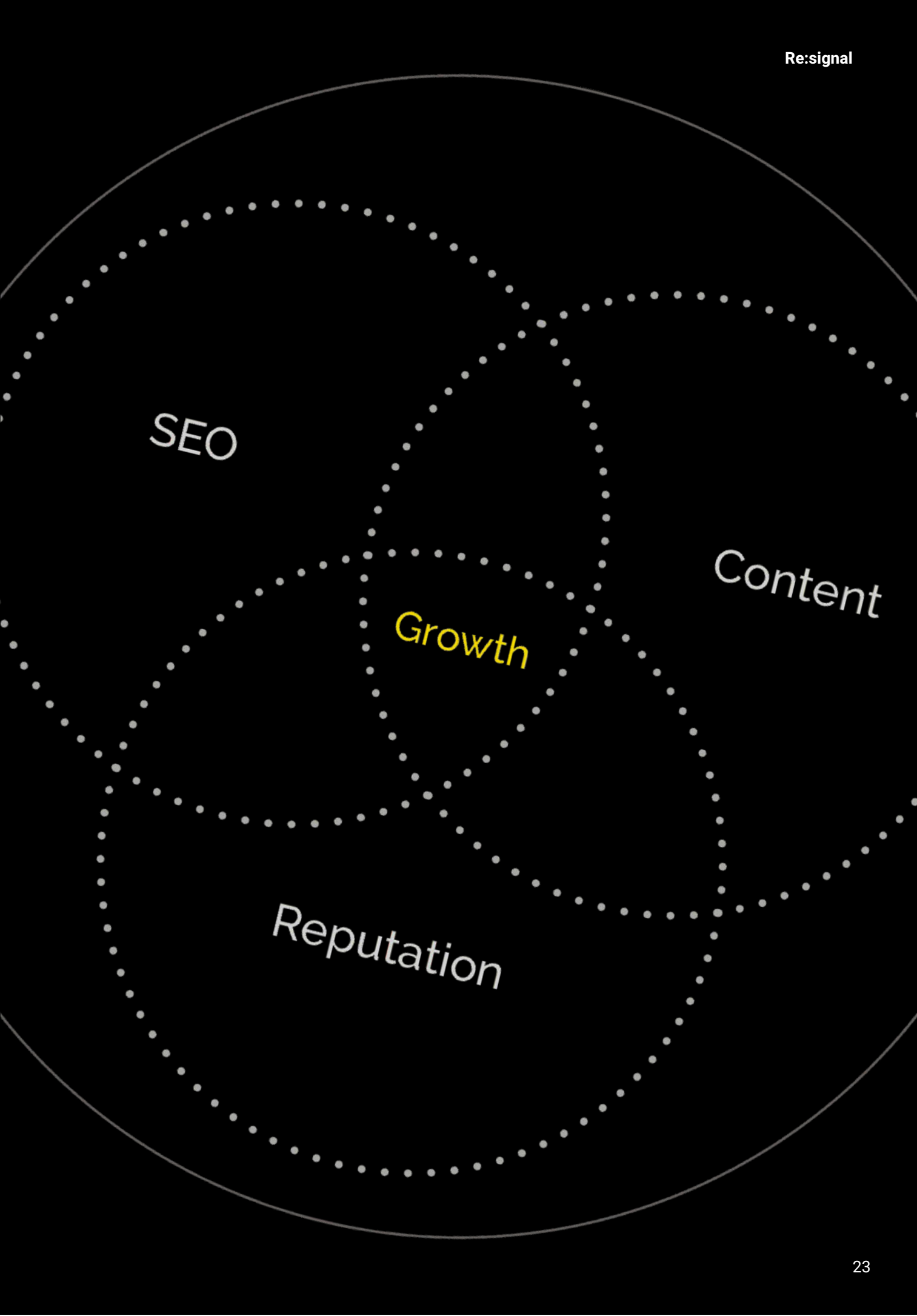
User experience metrics have been known to be a part of the Google algorithm for some time now. With the recent Page Experience update (which included CWV), it's likely that more and more websites will be looking to improve their user experience metrics in 2022. Plus the gains made from improving user experience benefit sites not only in the SERPs but also by increasing the conversion rate.

### Google's Multitask Unified Model (MUM)

Recently launched in June 2021, the MUM update is designed to create a more intuitive search engine using AI that can provide users with comprehensive results that reduce the need for multiple searches. They aim to make the search engine behave like an expert in the subject you are searching about. Naturally the best way to adapt to this update is to still provide high quality content that is well researched but consider how that content can be linked to other relevant topics. It would also be a good idea to start supplementing your content with alternative formats such as an article with images or video content that aligns with the overall topic.

### Structured data

This is definitely not something new, but it's still very relevant for 2022. Getting structured data right allows brands to be eligible for Google's rich results, meaning more physical presence in the search results. For e-commerce, this enables sites to present rich results across a bunch of different search intents. For example reviews, FAQs and How To boxes for awareness and consideration then additional product data in Google images and shopping for conversion. Google has recently released a [best practices guide for e-commerce in search](#) which provides further details on structured data for e-commerce sites, it functions as a great resource for brands.





PAYMENTS



**Anthony Tenniswood**  
Partner Manager UK Retail Sales

# Klarna.

**Klarna is shopping made easy. Our boldly branded, social media-savvy ‘buy now, pay later’ service is available in 20 countries and loved by 90 million shoppers. With Klarna, consumers can spread payments, online and instore, while keeping track of spend and repayments through the Klarna app. Users benefit from a smooth UX and better spend control and retailers benefit from improved acquisition, conversion and AoV.**

## The Past

Buy now, pay later (BNPL) has come a long way since it hit the scene over a decade ago as a way for online shoppers to ‘see and try’ before they buy. At that time, consumers were hesitant to shop online as it was regarded by many as unsafe, complicated, and frustrating. Separating the payment from the purchase, using deferred or invoice-based payments, solved this.

**How?** Klarna is a trust tool for the consumer, as you don’t pay for goods until you know you want to keep them. With more time to pay, from 30 to 60 days, shoppers also benefit from Klarna’s no interest or late fees in the UK. Equally, it’s low risk for retailers too. There’s no credit license involved, and merchants are paid up front by the BNPL partner so there’s no delay to their cash flow. A big bonus is that merchants aren’t liable for the fraud, chargebacks, or repayment defaults on BNPL payments; the risk lies with the BNPL provider.

In the early days a big driver for BNPL was conversion. Checkout friction has long been a major issue for online retailers, especially those with mobile-first customers. Consumers are often frustrated by lengthy checkout processes and forms.

At Klarna, we worked hard to make the online checkout experience as smooth as possible and make it simpler to buy by mobile. For example, offering one-click purchase to repeat customers, even if they haven’t used a particular website or retail brand before. If they pay by Klarna once, they’re remembered at every retail site that offers Klarna as an option.

**The result?** Our own transaction data reveals that offering Klarna’s flexible payment options at the checkout on average increases conversion by 20%, AoV by 40% and purchase frequency by 45% - boosting revenue and customer lifetime value. In addition, users are now actively seeking out retailers that offer Klarna, making it a powerful acquisition tool to drive growth.

Buy now.  
Pay later.  
No fees.

Partnering with Klarna also allows retailers to benefit from a smoother sales cycle rather than monthly peaks that coincide with paydays. Shoppers are empowered to pay when and how it suits them best. This spells an end to FOMO as they can buy fast-moving ‘hot’ and limited stock items as soon as they hit the shelves rather than delaying purchases or losing out altogether. At the same time, flexible payment options free retailers from inconsistent sales patterns, helping them to manage their resources and cash flow whilst reducing their reliance on unprofitable discount cycles that are often used to generate revenue mid-month.

The earliest adopters of BNPL were fashion retailers – particularly fast-fashion brands like H&M, ASOS and PrettyLittleThing, whose millennial and Gen Z audiences either didn’t own a credit card or didn’t want to incur credit fees in order to spread a payment. Offering a BNPL option meant that shoppers could buy clothes online and make sure of the quality and fit before the money left their account.

## The Present

BNPL is now the fastest growing e-commerce payment method globally and will account for 9% of e-commerce payments by 2023 in EMEA. Klarna alone now has over 250,000 retail partners. For many retailers, flexible payment options at checkout are no longer an optional extra, it’s a necessity.

2023

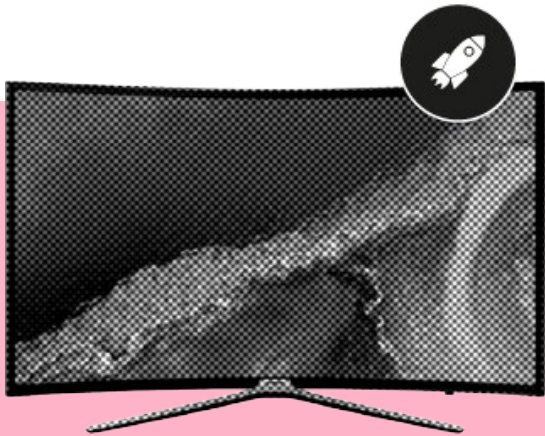
E-Commerce Payment Method

9%

The pandemic has helped to cement BNPL as a prerequisite for sales success – extending its appeal to new audiences. Our UK spend data from June 2020 shows that Gen X (40-54) was the age segment that grew at the fastest rate during the initial lockdown period and is now the second largest segment of Klarna’s UK consumer spend.

In fact, the number of Gen X (40-54) consumers using Klarna increased by twice as much as those of Gen Z (18-23). The next fastest growing segment during June was those aged 54+.

**Retailers with high AoVs or big-ticket prices are also adopting installment-based BNPL payments.** Klarna Pay in 3 Installments splits purchases into three equal interest-free installments over 60 days. With Pay in 3, shoppers have the confidence to shop outside of sales periods, and opt for best in class items.





And it's not just luxe brands, who benefit. After introducing Pay in 3, tech brand Sonos's AoV increased by 61%. Equally, tech sports brand STATsports saw sales of its sports trackers to UK Gen Z and late millennials increase by a whopping 943%.

With flexible payment options, merchants can now enrich the whole shopping experience from inspiration to post-purchase. They can use it dynamically on product pages to boost conversion, in mailers and comms to encourage click-through and as a hook for promotions and incentives to stimulate higher sales and better ROI.

Whilst we are known for making payments smooth, we are now making the end-to-end shopping experience smooth for our users too. For example, inspiration, easier returns, track your parcel and better overview of personal finances and purchases, can all now be managed easily through the Klarna app.

**The Klarna app is growing fast - with 39 million downloads globally and 18 million monthly active users a month**, our app now generates 1 million leads daily to retailers. The Klarna app lets them tap into the fastest growing network of shoppers in the UK, and internationally. These are people who love to shop and engage with the brands that inspire them.

# The Future

## Social selling & embedded finance

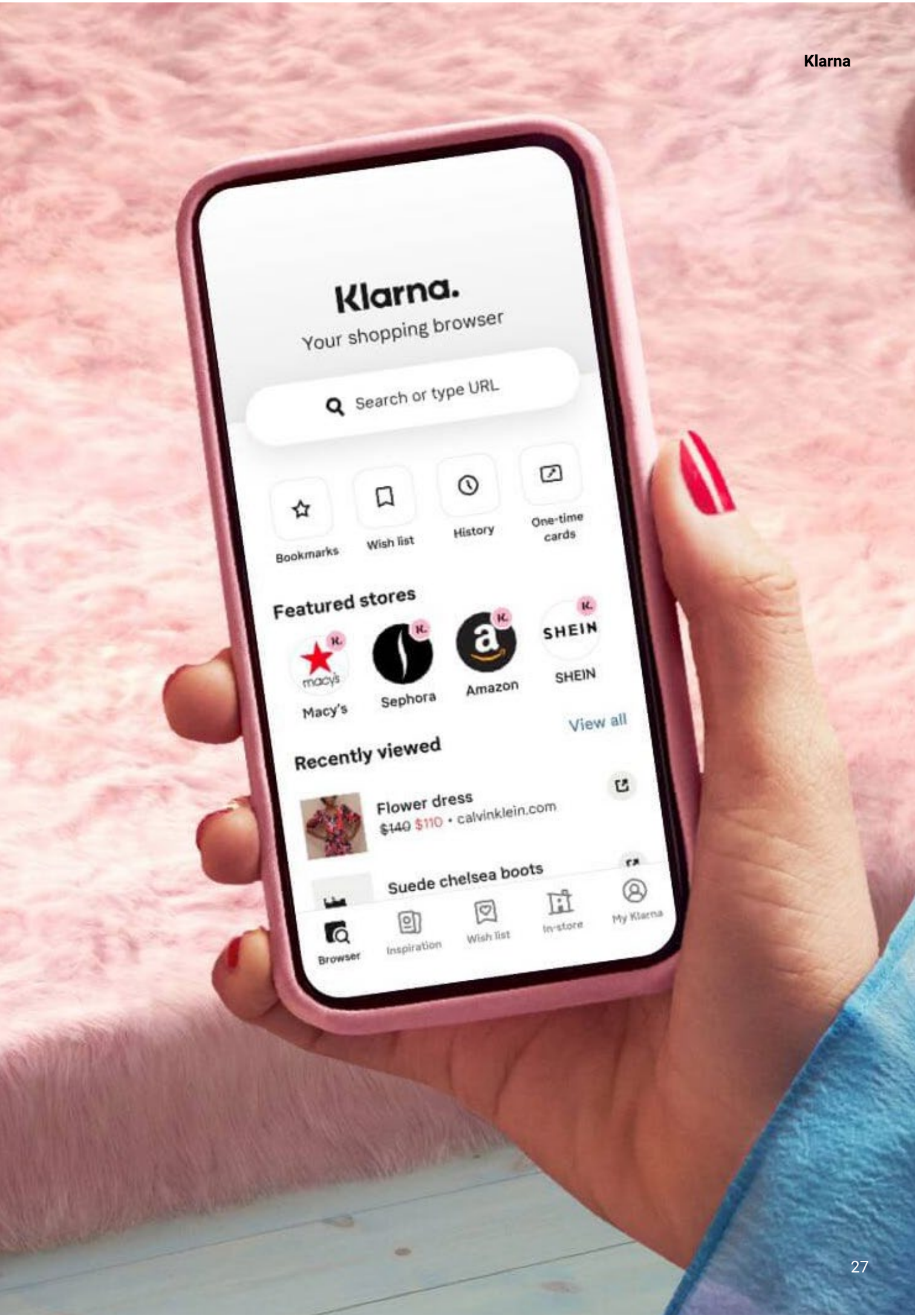
We're spending more time than ever on mobile, especially social platforms. As merchants focus more marketing effort on influencers and building their social engagement, they'll also want to sell from these channels too. There's already a powerful trend for embedded payments, turning emails, TikTok and Pinterest posts into buying platforms. Increasingly, these will feature flexible payment options in line with consumer expectations.

## Ethics & Sustainability

There's a massive shift globally to sustainability and every CEO needs to ask how they can take a stance. Brands are more accountable for their impact on consumers and the environment – and that means finance providers too. We predict more businesses will seek positive partnerships to create 'shopping' ecosystems that 'do things better'. As well as tackling issues like global warming and carbon-footprint, it means focusing on financial health. This is key to helping consumers shop, pay and bank transparently and without worry. Supporting mindful and healthy spending habits that help consumers shop wisely and sustainably will be a key trend for 2021 and beyond.

## Omnichannel experience

Flexible payment options are not just from online, and the migration from the digital to the physical world has already begun as consumers demand the same choice in-store as they do online. Customers are tired of interest and banking tricks and want to be able to shop in any channel and spread payments without having to worry about racking up interest. Equally, there's strong sentiment from retailers that they don't want to push revolving credit forward so are looking at better options for their buyers. Whilst Klarna's flexible payment options in-store are only currently available through participating retailers, Klarna changed the landscape of online retail with the launch of the Klarna shopping app, allowing users to Pay in 3 anywhere without having to leave the app. Payment choice is now, and will be, firmly in the hands of the consumer.





UX OPTIMISATION



**James Lane**  
Founder, Full Fat Commerce

**The power of UX optimisation for e-commerce growth**

Full Fat Commerce is a Shopify specialist agency with a data-led approach to creating and optimising incredible online stores, focusing on sustainable and ethical brands in the worlds of skincare, food, and apparel, and are dedicated to bringing sustainable growth to life for e-commerce merchants.

The Past

Studies have shown a strong UX design can increase conversion rates by up to 400%, and [every \\$1 invested in UX can yield \\$100 over time](#). It's safe to say the ROI of UX optimisation can't be understated - pure numbers say it's got brilliant returns. But the benefits actually extend beyond conversions and into brand building, customer loyalty, and SEO gains as well.

Though UX has become a buzzword in recent years, optimising user experience is a concept that far predates web design. In fact, some ambitious historians credit the first attempts at formal UX optimisation to the 6,000 year old [Chinese philosophy of Feng Shui](#), the practice which arranges spaces in the most harmonious and user-friendly way, for both people and spiritual energy called chi. We may not have esoteric forces to please when designing websites, but we do have search engine algorithms to appease, so maybe the comparison isn't much too of a stretch.

A website that's easy to use - much like a room with well-arranged furniture - creates a smoother journey for every customer. When the journey isn't slowed down by small obstacles or cluttered by unnecessary decisions, customers make faster buying decisions and - most importantly for retention - feel confident that the brand they're dealing with is competent and efficient.

Great UX and great site structure go hand in hand. Having user-friendly navigation, powerful calls to action, and credible reviews are all well and good, but if your site structure is a mess underneath the surface, the cracks will show in your conversions and SEO rankings simultaneously. Site structure is often touted as a must-have for strong SEO positioning, but as search engines become smarter and more aligned to human intuitive decision making, site structure that makes sense for Google is ever-closer aligned to site structure that makes sense for your customers.

A perfect example of the power of UX optimisation in the real world is Sheets & Giggles, a sustainable bedding company whose revenue went up 65% and site speed improved by 80% after their website redesign with Full Fat Commerce.



The revenue increase can be linked to a customer-centric UX approach. Not only did the FFC team build a mobile-first experience, they also focused on aligning the visual experience of using the site with the brand's powerful offering.

"Our team found inspiration by envisioning the way you would pull back the covers on your bed at night. Using transitions, carousels, and hover states with smooth, sweeping movements, we conveyed a supreme level of comfort," said James Lane, FFC.

And much like a healthy nighttime routine helps you get to sleep faster, the customer journey was designed to be as frictionless as possible.

"We created a clear buyer journey on site getting the potential customer to the checkout in as few clicks as possible, utilising every opportunity for upselling/ cross selling whilst communicating the relevant product and brand information effectively," said Leighanne Phillips, FFC Head of Commercial.

The Present

Much like trends in Feng Shui, the fundamentals of excellent UX design tend to stay constant from a functionality point of view: ease of use, clarity, accessibility, intuitive design and speedy response is always going to be in fashion.

But what is definitely shifting in the UX space is the presentation of those fundamental principles. As brands look to offer a more unique experience online, the front-runners are moving towards a more bespoke, uniquely designed aesthetic that shirks the "drag and drop template" look so many e-commerce merchants started their journey with.

This bespoke design trend was accelerated by the 2020 lockdowns, which had brands around the world shift to their online presence being the primary customer touchpoint. Suddenly, strong brick-and-mortar brands lost the ability to connect with customers in person and provide the tangible experience of human conversations with sales reps, testing products, holding and inspecting packaging, and appreciating the brand's values through meticulously crafted in-store ambience choices such as lighting, music, staff demeanour and more.

Meanwhile, e-commerce sales grew at unprecedented rates. Experts say the pandemic accelerated the shift to online shopping [by as much as five years](#) with a massive 25.7% increase in global retail ecommerce sales in 2020. 2021 is expected to see a [further 16.8% growth in sales up to \\$4.921 trillion](#).

The benefit of this shift is the great strides that have been made in marrying UX functionality with bespoke aesthetics, bringing the brand vision to life through visual and functional elements. And with more customers shopping online every day at a wider variety of stores, it only stands to reason that the standard template designs are being perceived as basic and boring.

Tired	Trending
Theme-based design	Bespoke design
Static elements	Animated and dynamic elements
Minimalist aesthetic	Aesthetic tailored to brand vision
Small-scale typography optimised for desktop	Large typography optimised for mobile
Default fonts	Custom fonts
Stock icons	Custom-designed icons
Block-based page layout	Overlapping and dynamically spaced elements
Website as catalogue	Website as brand experience

With customers being more discerning than ever regarding which companies they support, brands are also beginning to prioritise incorporating their values into site designs. Topics like sustainability and ethical practices are making their way from the bottom of the About Us page to becoming an integrated part of the customer journey, such as offering carbon-offset shipping at checkout.

# The Future

The future of UX design for ecommerce merchants is a varied and interesting subject. Here are three key trends that will be making waves in 2022.

### Sustainability woven through UX design

The latest data shows sustainability is fast becoming a [make-or-break factor for customer purchase decisions](#). To keep on top of this rising priority, brands will be integrating sustainability into more than just their press releases and charitable donations budget. Every element of the customer journey can be infused with sustainable practices, from featuring recyclable packaging and offering carbon-offset shipping to after-sales advice for the most environmentally friendly way to maintain their products. The website itself can even incorporate sustainable web practices, such as offering dark mode for lower energy use when browsing, and choosing site hosting powered by renewable energy.

### Hyper-personalised and customised UX design

With online stores becoming the primary source of customer interaction with brands, we can expect more investment into personalisation. New AI-driven hyper-personalisation technologies such as [Nosto](#) will rise in popularity to create super unique shopping experiences for customers, rivalling and often exceeding the journey they might take in a brick-and-mortar store. Giving customers the choice to take control of their experience by customising sites to meet their needs and avoid irrelevant content will also be seen as a differentiator in an increasingly personalised internet.

### Using UX to bring brand vision to life

As e-commerce customers are more comfortable with online shopping, the need for bare minimalism in design is transforming into a demand for fresh and interactive brand experiences that surprise and delight users. Dynamic elements such as animation, video, 3D product renderings, and VR/AR interactions will become powerful tools to offer users an immersive brand experience. And with the 5G revolution in full swing, more rich media can be relied upon to tell brand stories without sacrificing site speed and usability.





CUSTOMER SERVICE



Louis Lavedan  
Strategic Partner Manager, Gorgias



**Gorgias is the machine-learning e-commerce helpdesk that transforms customer service into a profit centre. Our multichannel platform integrates with an e-commerce merchant’s back office, allowing them to manage all their support from one place. By connecting all business apps and communication channels, merchants get a holistic view of their customers which, when combined with powerful automation features, can both elevate the level of assistance they provide as well as turn customer service into a revenue-generating machine.**

The Past

Fledgling e-commerce companies have historically handled customer support in similar ways. An energetic founder and, maybe, one or two partners are thrilled to have customers and they personally address whatever issues arise - there's nobody else around to do it.

Clients love the responsive service, word-of-mouth spreads, and business picks up. Then a customer service representative is hired. Then, analytics can reveal sky-high bounce rates and an ever-increasing number of abandoned shopping carts.

**What problems are the customers having? And, how do we help them?**

**Live chat** has become a critical first tool for e-commerce brands to help answer these questions and a myriad of others. As soon as a shopper arrives at your site, having the capacity to assist them is vital. Live chat allows your helpdesk to monitor activity, anticipate problems or questions, respond to them in real time and increase conversions. In addition, insights provided through these interactions have helped countless merchants determine both what’s working and what needs fixing across a wide range of processes.

Commensurate with the explosion in e-commerce over the past three decades has been an exponential increase in communication channels, and businesses have been forced to adapt to a new reality - customers want to engage via them all. Even after hiring more people to focus on this stuff, the sheer volume becomes overwhelming, like an endless game of whack-a-mole.

**There’s got to be a better way to manage it...**

**This is where the multichannel helpdesk has become essential.**

The dexterity of your team to centralise customer information and seamlessly communicate across a broad array of channels is now mission critical to providing excellent, cohesive customer support.

**Here’s a good example.**

SuperATV is the leading omnichannel aftermarket manufacturer, selling across 3,000 dealers nationwide as well as D2C. As SuperATV scaled, their customers were communicating with them through Facebook, live chat, email, SMS, and phone - and each channel was creating its own silo of information. Their team was growing quickly, and they were training their customer support staff for each distinct channel, which caused further silos.

With the complexity of their product, they needed one centralised place where they could see a customer’s previous interaction and purchase history, which would save them time and help ensure the customer didn’t have to repeat their experience over and over again.

SuperATV now uses Gorgias for Facebook messaging and comments, live chat, SMS, phone, and email (for five different shared inboxes).

In addition to increasing team efficiency and scalability, SuperATV’s first response time has decreased 84%, from 2 hours to 19 minutes and their resolution time for customer tickets has reduced by 82%, from 14 hours down to 2.5 hours.

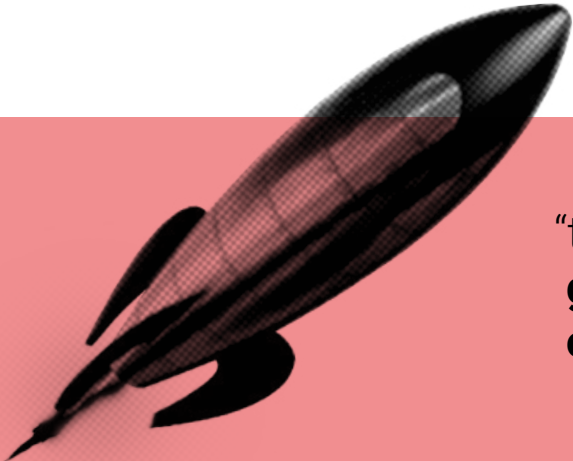
E-commerce customer support has evolved exponentially over the past 30 years and will continue to do so, but the fundamentals remain - businesses want to provide the finest possible service with maximum efficiency, their clients demand it, and a helpdesk armed with organised data and multichannel communication ability provides the foundation to do just that.

The Present

To say that the global pandemic has been a boon to e-commerce would be just slightly more than an understatement. The sector saw more growth during the first three months of 2020 than in the ten years prior.

**Jaw-dropping. Mind-blowing. Awe-inspiring.**

Growth of that sort presents all manner of challenges, and figuring out ways to increase efficiency while maintaining qualitative standards has been no small task. Customers are frustrated by a lack of response from brands and they all-too-often feel ignored. Merchants are paying the price with high service costs and lost sales.



**“the e-commerce sector saw more growth during the first three months of 2020 than in the ten years prior.”**

In the realm of customer support, this has meant a dramatic rise in the need for automation without sacrificing personalisation or diminishment in a brand's customer experience. The aim has become to create **conversational commerce** by maintaining a consistent support experience for the customer, driving loyalty with them and ensuring that they remain sticky to your brand.

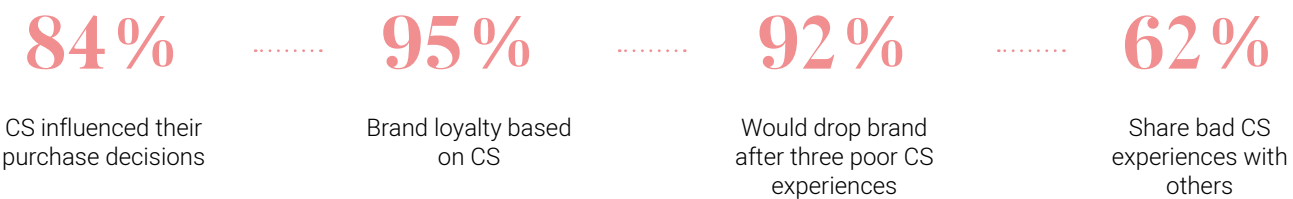
**Macros** (aka canned responses) are an extremely useful means of managing repetitive questions, but they may also be configured to allow a support team to maintain their brand's style of language even while giving people complex answers to complex questions. Going further, expanded **templates** may be constructed for use based on different topics and scenarios. Written correctly, they can fit the need so well that they sound as if customer service agents wrote them right then and there.

Similar to self checkout at a grocery store, **self-service options** are now being employed to resolve a live chat ASAP.

Customers can track an order, return an order, or cancel an order without ever having to interact with a rep.

The **integrations** of order and shipping data into helpdesk responses now makes for both faster resolution times and increased personalisation. **Smart autoresponders** can automatically pull variables from other apps. Your support agent can then add personalisation and reply to the customer in a matter of seconds. The result? Accurate information is delivered extremely quickly and valuable time is saved for both your team and your client.

All of these developments provide customer support teams more time and, thus, the opportunity to fill another role - that of salespeople. This is perhaps the most significant transformation of the CS agent in e-commerce going forward. Being armed with extensive and extremely organised knowledge about your customers gives CS agents the ability to engage, foster goodwill, enhance the experience and keep them coming back to your store.



# The Future

## Personalisation Becomes Hyper-Personalisation

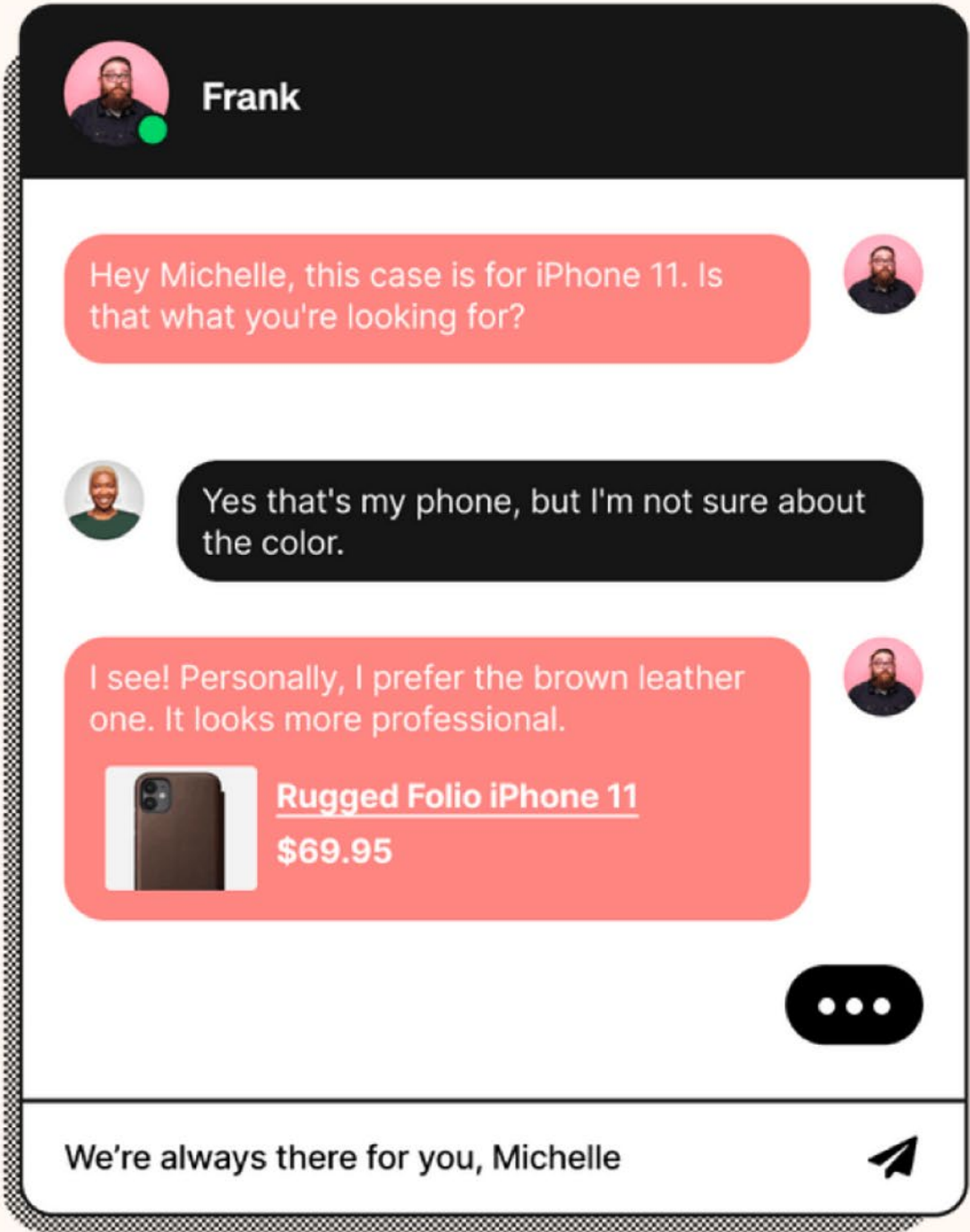
The customer support advances laid out above will only continue to improve, and in concert with this, customers will demand an even more personalised experience from brands. With the right data and creativity, those that are able to provide it will gain market share and their competitors that don't will lose it. It is a zero sum game.

## Machine Learning Gets Smarter

Machine learning functionality can create incredible opportunities for customer support. Whether it's detecting the intent and sentiment in a written message and responding with the appropriate offer or predicting future purchases based on recent browsing history, this technology will only improve both itself and the quality of delivered customer service in 2022 and beyond.

## E-commerce Growth Fuels More CS Automation

With the e-commerce revolution showing no signs of slowing down, increased custom support automation will continue to be vital to merchants looking to reduce costs, maximise efficiency and grow at scale. As CS platforms improve, more functions will be automated to allow agents to devote precious time to those customers who do require a human touch. Achieving the correct balance between the two will be crucial to retaining customers in 2022 and beyond.





APPS



Adam Pearce  
CEO, Blend Commerce

# BLEND

**Blend Commerce helps ‘pre-plus’ Shopify brands grow. Having worked with a range of high growth Shopify stores, we combine our experience of UI/UX, CRO and retention marketing to provide an easy way to work with an agency to lift key metrics. One way we’ve done this is through our ‘Klaviyo Nucleus’ approach to growth. This approach allows Shopify brands to use Klaviyo as the ‘brain’ of their onsite marketing, by integrating a suite of Shopify apps that perform better as one, rather than as individual apps.**

## The Past

When Shopify launched, merchants had a very small choice of apps to connect to their store. Many stores started using a wide variety of apps, but soon, it became apparent that too many apps not only had a negative impact on site speed, but also created a poorer user experience for site visitors.

Fast forward to now, the Shopify app store features over 2,500 apps and this continues to grow daily. With a wider choice comes harder decisions on which apps to use, and importantly, how to use them. While there is always the option to build some functionality natively, the costs involved can be prohibitive and make little business sense.

The key here is about balancing the needs of customers and users with the goals of the business. By selecting a smaller group of Shopify apps that work more closely together, you’ll have a much better chance of getting the mix right. Customers and site users are able to more easily shop and communicate with you, and because of this, are more likely to convert.

Looking at our clients, those that used Klaviyo as the brain of their onsite marketing increased revenue by over 70% after one year of implementation. From a qualitative perspective, our clients also tell us that using Klaviyo as one of their core data sources makes it easier to increase the performance of the other apps they use. But the question is, what specifically did they do?

**One of the core ways that our clients have used the Klaviyo Nucleus Approach has been to integrate the following tech stack:**

- Klaviyo
- Reviews.io
- Gorgias
- Recharge Payments
- LoyaltyLion
- Octane AI Shop Quiz

While each app has its own clear function, integrating these with Klaviyo increases the potential to convert. For example, a pet brand we work with integrated Klaviyo and Reviews.io. This means that:

- Review requests are sent from Klaviyo using the same branding as other emails.
- Klaviyo flows are set up to automate responses to high and low reviews.
- Review requests are sent based on email activity.

While this just scratches the surface with the Klaviyo Nucleus approach, the work of app developers over the past few years to better integrate apps (without a third party) has enabled Shopify merchants to do a lot more with apps to give a better user experience.

As another example, let’s take one of our clients who have integrated Klaviyo and LoyaltyLion. By doing so:

- Each email sent to the customer shows their current points balance in the email header
- Customers who have certain point balances are sent specific campaigns that encourage them to spend points
- With a further integration with ReCharge, it’s also possible to inform a customer of a free product when they hit a certain number of points and spend via subscriptions.

## The Present

2021 is seeing some big shifts in zero party data, meaning that the ability to collect and use data directly from customers is critical. Owing to changes in the legality of cookies and specifically changes around iOS, customers are becoming more savvy with access to data. The latest update to Facebook saw over 96% of Facebook users deny access to their data, meaning that brands need better ways to collect data first hand via their site (zero party data).

One of the ways that the Klaviyo Nucleus approach helps here is by using Octane AI Shop Quiz as part of the tech stack. This app allows brands to create an onsite ‘quiz’ that asks site visitors a number of questions to help recommend a specific, personalised product or collection of products, or even provide a value add, such as downloadable guide. For example, a food brand we work with uses an onsite quiz to provide personalised recommendations based on users’ lifestyles, taste preferences and diets.

While SMS won’t be the ‘silver bullet’ it’s important to remember that it’s **another channel for sales, which will help Shopify brands spread their marketing risk over the course of the year.**



By integrating Klaviyo and Octane AI Shop Quiz, all data collected from the onsite quiz syncs with Klaviyo and creates custom profile properties against the record of the user. This can then be used to hyper personalise email flows and campaigns, As a result of doing this for three months, the client saw:

21%

Conversion rate of 21% on the onsite quiz

53%

An uplift in revenue from email of 53%

By also combining the data from other apps within Klaviyo, it's then possible to build an even stronger data set in Klaviyo, alongside the powerful data that Klaviyo already collects. So for example, by integrating Gorgias, interactions with customers can be stored against the profile of the user in Klaviyo. This too can then be used to segment and personalise messaging to customers.

As we progress through 2021, we're going to be seeing even more stringent changes to third-party data collection, so now really is the time to start using this approach to future proof against the more challenging paid ads landscape.

# The Future

## Rising importance of SMS

With the use of SMS now possible in the UK for Klaviyo, even more merchants will be able to switch to using SMS. As paid advertising gets more tricky to navigate, collecting telephone numbers will be crucial for driving more revenue to stores. While SMS won't be the 'silver bullet' it's important to remember that it's another channel for sales, which will help Shopify brands spread their marketing risk over the course of the year.

## Personalised recommendations

With the boom in D2C brands in 2020 and 2021, shoppers have even bigger expectations from brands to recommend products that fit their needs. By making sure that data collection is a high priority, the stronger brands will be able to compete by using this to make highly personalised recommendations to drive sales.

## Customer Lifetime Value

2021 has driven a high sense of brand loyalty amongst shoppers, but there is still a way to go. The main switch needs to be a mindset towards Customer Lifetime Value (CLV). Rather than measuring the position of a store by monthly revenue, it's time to start evaluating the total expected lifetime spend of each customer. Using the Klaviyo Nucleus approach, you'll have access to a wide set of data points to be able to evaluate this more effectively.





FULFILMENT



**Anthony Tenniswood**  
Partner Manager UK Retail Sales



**ShipStation helps online sellers scale their businesses and deliver exceptional customer experiences, with an intuitive online solution that allows them to efficiently fulfil orders - wherever they sell and however they deliver.**

# The Past

**People hate being in the dark. Nowhere is this more obvious than with online shopping.** Customers want to know where their item is at all times; when their package leaves a business, when their order will arrive, and what to do if they're not around to receive their item. As well as peace of mind, people still expect speedy delivery and an excellent customer experience.

Squeaky smooth deliveries are, therefore, undeniably important for delivering business growth. After all, when your order management is working well and deliveries are being fulfilled, customers are happier, dispatch teams are more productive and there's less stress all round when orders start piling in during busier periods.

ShipStation customer It's a Baking Thing shows what's possible when a brand does double down on great delivery.

Originally, It's a Baking Thing started life as BAKO Limited's approach to selling products through Amazon and eBay's marketplaces. Before the company knew it, orders were snowballing and the brand needed a fulfilment solution that could handle manifest creation, track orders and get products out the door.

empowered by ShipStation, the brand improved its delivery efficiency, reduced the time needed to fulfil orders and grew its market position.

Another interesting example can be seen with Me and My Car. In this case, the brand required a multi-channel software solution that allowed order import and management from Not On The High Street and Etsy, while also processing postage for Royal Mail and other carriers.

Minutes quickly add up, and when you have tens, hundreds or thousands of orders leaving your business each and every day, manual processes can start to creak and errors creep in. Investing in delivery automation and order management improvements solves these challenges, as Me and My Car demonstrates.

**Since using ShipStation, the brand has:**

- Saved 2 minutes per manual order, by uniting all its selling channels under one roof
- Saved 15-60 minutes per day thanks to automated updates
- Saved 15-60 minutes per day on customer queries per day (season dependent)

This is why delivery and order management technologies were created. To alleviate the burden on busy people who have too many things to do already.

# The Present

So much is happening in the world of delivery at the moment. In some cases, the pandemic has reset customer expectations, while in others, it has reinforced behaviours and made them even more pronounced.

To shed some light on the state of delivery, we recently surveyed 500 online shoppers across the UK (and over 2,000 around the world). This deep dive study helps brands to better understand how the pandemic has affected how people buy online.

For starters, there are more deliveries than ever before and online spending looks likely to continue its growth throughout 2021 and into 2022. At the time of the survey, 42% of consumers said they expected to spend more in 2021 than they did in 2020.

The high street has picked up recently, but home comfort and convenience are still influencing how people shop.

Click and collect delivery has also become a mainstay rather than a nice to have service. 72% of consumers say they expect retail stores to offer click and collect delivery options indefinitely. That's a huge proportion - nearly three quarters of all people.

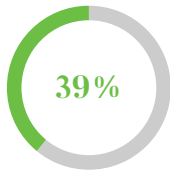
“The high street has picked up recently, but home comfort and convenience are still influencing how people shop.”



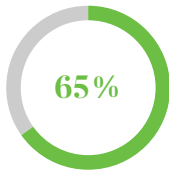
This mirrors the general trend of customers demanding greater flexibility and choice when deciding how to receive their items. Shoppers want multiple options during checkout, different delivery urgencies, the option to change delivery dates mid-shipment and total visibility into where packages are at any given time.

Let's not forget the growing expectation that delivery timelines matter greatly at the point of sale too. Without them, brands risk losing out on sales. Nearly everyone interviewed in The Global Pulse: Ecommerce After COVID-19 study said they expected brands to provide full visibility into expected delivery timelines before making any online purchase.

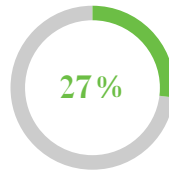
Other interesting findings include:



39% of people expect retailers to offer free delivery indefinitely once COVID-19 has passed



65% of people prefer to shop online vs in-store, even after the pandemic



27% of people are less likely to shop with retailers if they don't offer curbside or pickup options

Ultimately, the name of the game at the moment is customer satisfaction. Loyalty is in short demand due to intense competition, shaky service during the pandemic and the reopening of brick-and-mortar retailers.

**Keep customers happy with excellent delivery and order fulfilment and you're onto a winning formula.**

# The Future

## Stores Become More Than Just Stores

Physical retail sites are getting in on the ecommerce game. Just look at what Matalan has achieved. Through the power of technology, expensive store estates are being converted into omni-channel distribution hubs that enable retailers to deliver locally, improve customer service and manage stock better. Expect to see more and more retailers evaluate their current retail footprints before taking steps to bring them online.

## Supply Chain Pressures Like None Before

It's going to be a bumpy ride. Maritime shipping shortages, unprecedented demand, backlogs - all of these issues are going to collide with Peak 2021 and then put exceptional pressure on retailers, carriers and customers during 2022. Many of these concerns are outside of your control so instead focus on ensuring your processes, customer communication and delivery visibility are better than ever before.

## Technology Cements its Place

Ecommerce ecosystems are becoming more and more complex to manage, and for every timesaving tool or slick piece of software that emerges to make lives easier, that's another piece of the puzzle that needs integration. Managing all these moving parts has always been challenging and 2022 should see many ecommerce retailers take stock of their technology and reassess what they need, delivery technologies included.





CONVERSION

# EASTSIDE CO



Jason Stokes  
CEO & Founder, Eastside Co

Eastside Co is a Shopify Plus Partner agency, specialising in e-commerce website design and development, branding, marketing, and apps. The 80-strong agency partners with ambitious brands, helping them to scale more quickly thanks to best-in-class e-commerce solutions, strategy and support.

## The Past

Conversion is one of the most important metrics in e-commerce - while it's possible to have impressive volumes of traffic to your site, converting those visits into sales is the only thing that will generate revenue.

Ensuring conversion is optimised is a critical part of the entire user journey from the first website interaction, and is essential in delivering growth for brands.

Getting your customers from A to B, whilst giving them a positive experience, is the key to securing more conversions, and backing that with great content and a good product is just good practice.

Eastside Co was working with a client who had an underperforming conversion rate on their ecommerce store. After implementing a checkout funnel in Google Analytics, we identified that visitors were adding items to their cart, but many of them weren't subsequently proceeding to the checkout.

In the coming weeks, we analysed each section of the checkout funnel and amended each page in the journey between adding to cart and making the purchase, to tweak each step and improve the conversion rate.

As an example, we made the following changes:

- reduced the number of fields to be populated by 20%
- amended the field styling so they were cleaner and more obvious they needed to be populated
- added GPay, PayPal and Apple Pay buttons to make it easier to pay, with fewer interactions
- changed the CTA button to a solid colour so it was more clearly signposted
- changed 'taxes' to 'VAT' for their UK customers
- made the form fit onto one screen so there was no need to scroll

The end result was a cleaner, more streamlined checkout funnel that made it easier for the customers to move from adding their product to the cart, to finalising the purchase.

All of the changes were straightforward, and on their own, seemingly minor, but cumulatively they added up: after the changes, more customers added to cart, went through the checkout process and made a purchase. The conversion rate increased from 0.74% to 1.62% within a month of the amends being made, and continued to rise.

This is just one example of how tweaks to an ecom website can impact conversion for the better. There are many pieces that make up the conversion jigsaw puzzle - and getting all of them in place can make a huge difference when it comes to turning your visitors into customers.

From onsite content, to audience engagement, improving the customer experience, making it easier for people to buy, and working on your site's technical performance, conversion is connected with almost every element of your online store.

## The Present

### What's Happening Within Conversion Right Now?

The e-commerce space has become increasingly crowded, particularly since the start of 2020, and people's expectations of having great online buying experiences are higher than ever.

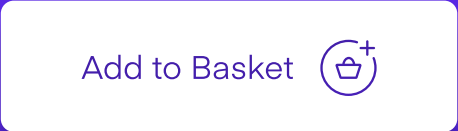
Conversion has always been a blend of the psychological and the technical: the psychological elements refer to your relationship with your customers and how you persuade them to buy from you. This incorporates brand values and trust factors like reviews or UGC (user generated content).

The technical side of conversion relates more to how your website actually works. Making it easy for visitors to find your site, ensuring it loads quickly and then behaves as they expect it to, with clear paths to follow...all the way to a purchase. All of this is key if you want to increase your sales and keep customers coming back.

### Here are some quick tips for improving conversion using tried and tested methods:

- Make it easy for your customers. Don't give too many options, or buttons to choose from
- Make use of and showcase trust factors such as reviews, testimonials, awards and accreditations
- Offer ways for the customer to contact you to reassure them that someone is there: email, livechat, social media messaging, FAQs on your site, bricks and mortar addresses and phone numbers all help

“make it easy for your customers. Don't give too many options, or buttons to choose from.”





There are certain tenets within e-commerce conversion that remain true: for example, site speed is still key in 2021. Until we reach the point where all websites load instantly, the quickest sites will always have the advantage over those that take even a second or two to load. [A study commissioned by Google](#) gave the following insights:

- Reducing load time by one-tenth of a second on mobile resulted in an 8.4% increase in conversion rates for retail sites
- Retail customers were most sensitive to speed in the pre-checkout stages of their conversion journey
- Beyond 1 second of load (yes, 1 second!) users lose focus on the task
- As page load speed approaches 5 seconds, the probability of a customer clicking away increases by 90%

# The Future

## New Media

Product photography has been a mainstay of online shopping and optimising sites for conversion for years now, but tech is now at a point where there are more interactive and fun ways to engage with audiences.

Video is a relatively easy way to showcase products in 2021 without bringing your online store to a standstill, giving customers a better idea of how a product works in context than a still photograph. Augmented reality takes this one step further by allowing users to, for example, see how a chair would physically look in their living room, or how a particular shade of lipstick or eyeshadow might suit them.

## UGC (User Generated Content) And Social Proof

Again, while UGC is not a new concept, it really is coming to the fore now, with review platforms integrating into online stores more than ever before, which allows customers to do marketing on behalf of the brands they buy from. Having happy customers shout about your brand is priceless, and does wonders for conversion. Whether it's reviews, testimonials, or people tagging your brand on Insta and shouting about your product, the best marketing is when you have a tribe of brand advocates who are happy to talk about you to their friends and family.

## Social commerce

Social commerce has been on the rise for a couple of years now, but increasingly the major social media platforms are becoming more aligned with commerce, to the point where users can make a seamless journey from platforms like Instagram and TikTok to buying their product of choice. Instagram allows users to top product tags and save items on wishlists, or even to buy directly from a checkout using Facebook Pay.

TikTok's recent alignment with Shopify signalled a move into e-commerce: Shopify merchants with a TikTok For Business account will be able to add a 'Shopping' tab to their TikTok profiles and sync their product catalogues in order to create mini-storefronts on their profile.

This trend will only continue in the years to come as e-commerce blends more and more with social media platforms and mobile apps.





LOYALTY PROGRAMS



**Mollie Woolnough-Rai**  
Senior Content Marketing Executive,  
LoyaltyLion



**LoyaltyLion is a data-driven loyalty and engagement platform. Their unique combination of best-in-class technology and dedicated loyalty expertise helps thousands of merchants use loyalty programs to drive more revenue from highly-engaged, highly-valuable customers.**

## The Past

Loyalty programs aren't a new invention. In some form or other they've been around for centuries. "The first modern loyalty program... commenced in 1793, when a Sudbury, New Hampshire merchant began rewarding customers with 'copper tokens'"(reward.co). Since then companies have been using loyalty programs to grow their customer base, inform their product offerings and establish themselves within the market.

Today, repeat customers, properly retained through a loyalty program, can be very valuable for your brand. It pays to invest in a loyalty program and to reward your most loyal customers. Research shows that a customer who signs up to a loyalty program is 47% more likely to buy from you again.

Furthermore, you save money with loyalty programs. It costs five times less to retain an existing customer than acquire a new one. This is because existing customers already trust your brand and want to return to buy with you. A loyalty program also gives you the opportunity to display your brand identity and cultivate a community of avid buyers and supporters who share your brand's values.

The journey of beauty brand [Neom Organics](#) is a great example of how LoyaltyLion can deliver growth.

### The challenge for Neom Organics

As a fast-growing brand, the team at Neom Organics were looking to develop a marketing approach that would strengthen their relationships with their existing customers, and all the new customers they were rapidly acquiring.

Following a period of exponential growth, the Neom Organics team knew that their main challenge was not to get customers through the doors initially, but to keep them coming back over time.

### LoyaltyLion's solution for Neom Organics:

To answer this challenge, the Neom Organics e-commerce team created Neom Points – a program which awards consumers with five Neom Points for every £1 they spend. Those points can be redeemed at any time for a preferred amount. In order to strengthen their customer relationships further, Neom Organics wanted to deliver the most personalised experiences, interacting with customers throughout their journey.

Using LoyaltyLion's integration with Ometria, Neom Organics was able to enhance their email strategy, applying real-time loyalty data, and unlocking insights that allowed them to deliver personalised loyalty experiences at exactly the right moments.

### The Results:

Neom Organics increased the average order value of loyalty program members by 65%. Furthermore, by adding more loyalty insights to the emails they were sending via Ometria, Neom Organics increased customer spend by 45% and purchase frequency by 36%.

## The Present

Today LoyaltyLion is helping e-commerce businesses retain customers by building stronger and more emotional connections; by providing more personalised experiences and considering the habits and passions of the new conscious consumer.

Conscious consumerism is a growing behaviour amongst shoppers. Research shows that [65% of global consumers](#) are making belief-driven purchases. And, almost [70% of US millennials](#) consider company values when shopping.

Not only do customers spend more with brands that have similar beliefs, but they'll remain loyal. Our report, [Loyalty: Up close and personal](#), shows 68% of consumers are motivated to be loyal to a brand by knowing that they share the same values. LoyaltyLion is helping brands use their loyalty program to show their communities that they are genuine about the causes they believe in.

The pet food brand [Edgard & Cooper](#) were able to increase their [repeat purchase rates by 53%](#) by aligning their loyalty program within the ethical causes their customers care about. For instance, they encourage their customers to exchange "Belly Rubs" – loyalty points – for donating meals to dog shelters or planting trees. With their loyalty program by their side, Edgard & Cooper have achieved a 22% AOV uplift.

LoyaltyLion is helping brands like [Edgard & Cooper](#) develop authentic connections with their customer base by ensuring they understand how to utilise this recent boom in [conscious consumerism](#).

65% of global consumers are making **belief-driven purchases.**



Today shoppers are no longer happy with a “one-size fits all” approach. Customers want, and expect, their marketing communications to be personalised. [78% of shoppers](#) say they want to be individually recognised and rewarded for their loyalty, while [61% of customers](#) say they will return to a brand if they are shown personalised product recommendations.

A loyalty program gives you access to a suite of unique loyalty data. LoyaltyLion has found that e-commerce businesses can dramatically improve the buying experience for their customers if they utilise this meaningful data to tailor their communications to their customers.

Personalised emails are a great place for many e-commerce businesses to start. You can integrate a loyalty program with an email service provider (ESP) to improve your personalisation. Some of the most effective types of

LoyaltyLion emails to send include the ‘Reward Available’ and the ‘Monthly Reward Reminder’ emails.

The ‘Reward Available’ email is simple but could also be key to the success of your loyalty program. Redeeming members of a loyalty program have on average 164% higher annual spend than non-members. The email will be triggered as soon as your customer has enough points to claim a reward, encouraging them to return to spend with you sooner.

The ‘Monthly Reward Reminder’ emails are a great way to regularly check in with your customers. This email will let them know how many points they have, how many points they have earned in the last 30 days and will list the rewards which are available to them. This email can help re-engage customers in your loyalty program and encourage repeat purchases

.....

# The Future

## Changes to first-party data collection

Recent changes in first-party data collection have had a significant impact on customer acquisition for marketers. The privacy requirements brought in at the beginning of 2021 by Apple in their [iOS 14](#) update, and the looming iOS 15 update, have forced marketers to reconsider the way they collect data.

[Only 18% of consumers](#) share personal information with their favourite brands. We predict loyalty programs will be vital in helping brands build trust with customers so that they continue to hand over their personal data. For example, e-commerce brands who use loyalty points to incentivise account creation will suffer less from shoppers opting out of their communications. Brands who ensure they reward customers generously for creating an account will also see shoppers return sooner to redeem those points within their next purchase.

## Alternatives to discounting

Our recent research tells us that shoppers have begun to feel distrustful and dissatisfied towards brands who rely heavily on BFCM discounts. [60% of consumers feel](#) that BFCM discounts are never as good as they expect them to be. And 61% report that the products they want aren't usually discounted.

We've also learned that shoppers feel just as positively about some experiential alternatives, like free delivery, early access to sales and loyalty points, as they do about discounts and money off. For example, [70% said early access to sales](#) was likely to get them to make a purchase over BFCM. And [62% said the opportunity to contribute to a charity](#) or initiative aligned with their values was likely to get them to make a purchase over BFCM.

We predict in 2022 there will be a shift toward deploying alternative incentives alongside discounts. This will help stores to maximise their customer CLTV and build stronger relationships without narrowing their profit margins (all of which can be executed through a loyalty program). It will also help stores to offer more experiential rewards that make customers feel like VIPs.

## Omnichannel experiences

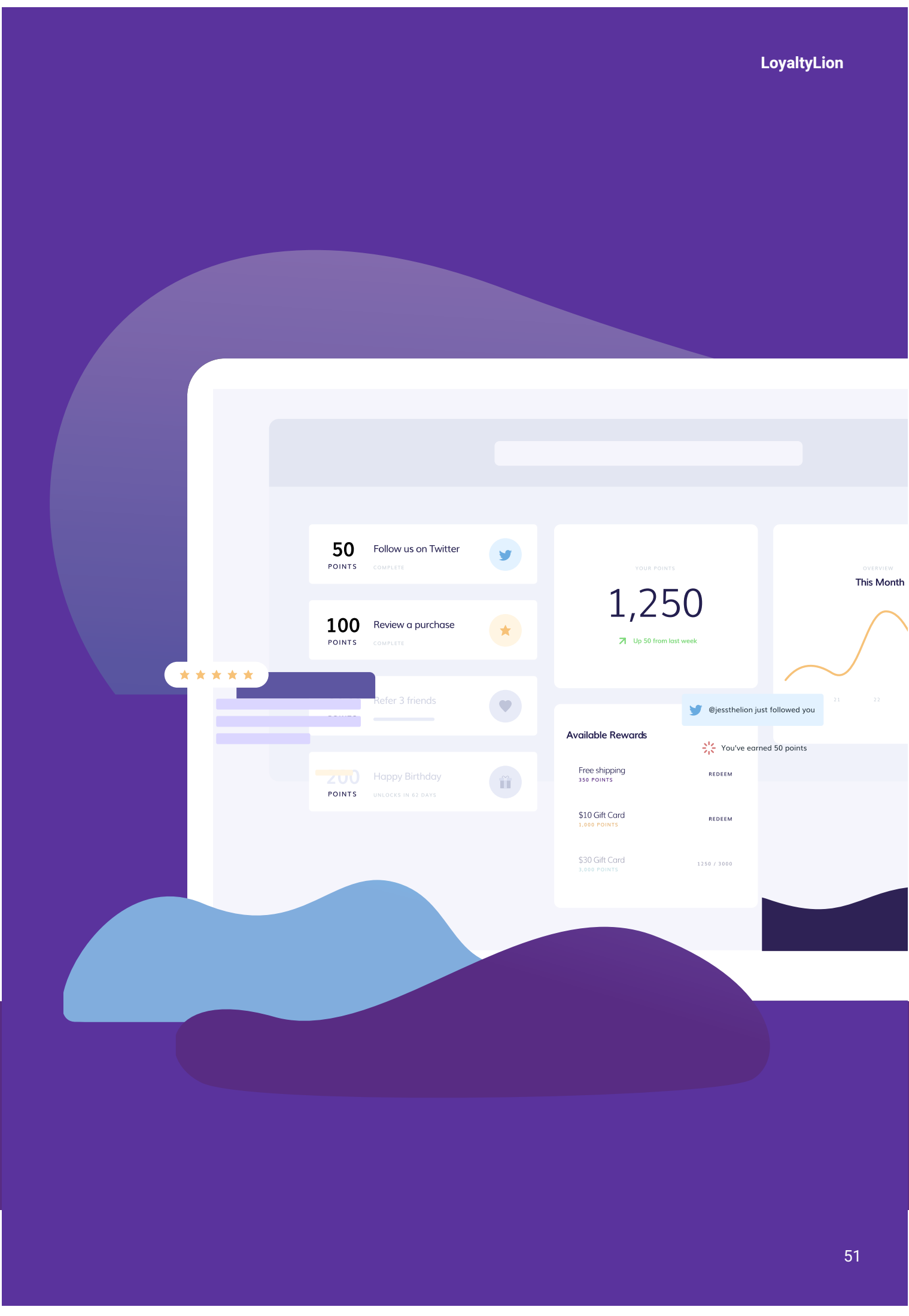
With brick and mortar stores opening back up, and customers slowly returning to shop in-person, we predict there will be a rise in experiential rewards offered to loyalty program members. For example inviting your customers to a VIP invite and early access to sales.

This change in the way we shop will also mean that loyalty programs will need to work seamlessly online and in-store for members. For example, you should be able to collect points online and redeem them in-store.

Natural beauty brand, [100% Pure](#) wanted a truly omnichannel loyalty program that would recognise their customers as the same individual on their website and across their 12 brick-and-mortar locations. They wanted their customers to be able to earn and redeem loyalty points wherever they were shopping.

With the help of Shopify Plus’ “multi-link”, 100% Pure could connect their multiple Shopify POS accounts to make their loyalty program work on their Shopify Plus store and across their physical locations, enabling customers to earn points and use them on purchases both in-person and online.

In the near future, we expect that this functionality will be used more commonly by businesses with both online and brick and mortar stores because it is an effective way of maintaining and rewarding customer loyalty.





RETENTION



Harry Willis  
Partnerships Lead, Blueprint



**Blueprint is the world's first SMS & WhatsApp platform powering retention for Direct-to-Consumer (DTC) eCommerce stores in the UK and US. Brands use Blueprint to build lifetime value (LTV) with flexible subscriber management that reduces subscription churn, intelligent replenishment and cross-sells to drive multiple repeat purchases, and audience feedback loops to build sticky customers**

The Past

Generally speaking, e-commerce brands are not good at retention. Their marketing teams spend insane money acquiring new customers, who typically then leave after just one purchase. And when it's [6x cheaper](#) to keep an old customer buying than it is to win a new one, it begs the question - why?

Specifically, stores find it tough to turn single orders into multiple purchases, suffer high levels of subscriber churn, and don't know enough about their customers to keep them coming back for more.

How do we know this? Well, when we operated a beverage brand called Matcha Works, these pain points kept us up at night! We struggled to build real relationships with customers at scale, hear what they thought about our product, or ultimately, help us increase retained revenue.

And that's not surprising, because moving the needle on retention is really hard. It's a super nebulous issue impacted by a huge range of factors that's difficult to measure qualitatively over time.

There's a reason why even the e-commerce software big boys - your Klaviyos and your ReCharges - aren't specifically solving for the problem: it's a huge task that sits outside their remit and requires specialist focus and know-how to fix.

But we think we have the answer. At Blueprint, we're using the power of two-way conversations, sent via SMS and Whatsapp, to enable brands to build sticky customers, better retention and long-term revenue.

Want to increase your reorder rate? Unsegmented, arbitrarily-timed emails that customers largely ignore ain't going to cut it. Ask Daring Foods.

They struggled to reconnect with customers after their first orders. So we deep-linked to their Shopify store, number crunched their historical data, and recommended which repurchase reminders featuring popular SKUs to send to the most receptive customers at the right time via SMS.

The result? An LTV increase of 71% amongst cohorts they'd engaged in conversations with.

And that brings us to subscriptions. When a customer has reordered multiple times, they might sign up to a subscription plan. Great news from the brand's perspective - guaranteed revenue! Except it's only guaranteed if they don't cancel, and subscription churn rates are sky high.

Why? Because consumers hate being locked into long-term financial commitments they can't control. That's why our brands manage their subscription models flexibly - enabling customers to easily skip or edit their orders at any time via SMS.

On average, 22% of subscription orders are temporarily skipped on our platform, avoiding product overload, cancellations and permanent revenue loss. For pet food brand Buddy Bites - it's been a 'game changer'.

It's pretty difficult to tailor your reorders or subscription offerings to customers' needs, however, if you don't understand what they want. Yes, review platforms and NPS surveys have their place, but with SMS stores can go a level deeper.

Holding an actual conversation with buyers gives brands a really granular understanding of product usage, CX experience and marketing message resonance. Based on this, you can make informed product and marketing decisions and iterate effectively. Consumers are keen to chat too - reply rates to our brand's feedback request messages are at 29%.

The Present

Rewind to the mid-2010s and ad-fuelled acquisition was king of the DTC jungle. Brands scaled by throwing up smartly designed Shopify stores around niche product sets, and dumped marketing budget into slick ad creative for social media platforms.

Profitability was often an afterthought, with brand founders aiming to go public or exit before retention issues caught up with them. For a while the playbook worked well, but when digital ad costs increased, this 'grow at all costs' mentality hit a roadblock.

"want to increase your reorder rate? Unsegmented, arbitrarily-timed emails that customers largely ignore **ain't going to cut it.**"



Since 2015, online CAC costs have jumped 60% - Facebook's ad pricing has [never been higher](#) than it is now. As a result, many brands are now winning new buyers at low margins, or even at a loss. Which makes retention - generating revenue from existing customers - business critical for today's e-commerce stores.

It's not as if brands don't realise this - the upside to a retention-focused growth strategy is clear. **It's 6x cheaper to keep an old customer than it is to win a new one.** Small improvements can also have a big impact - a [5% increase](#) in retention can boost revenue 75% long term.

The problem is that many are unable to effectively move the needle on retention, and thus lose the potential benefits. And that's because retention is a tough nut to crack. It's a complex issue that requires a long-term vision and a company wide focus to solve. As Eli Weiss, Director of CX & Retention at Olipop points out: "Retention isn't one person's job, it's a mindset for the entire company, and there's no quick fix."

Whilst a brand's marketing function typically owns its retention 'budget', in reality, a consumer's decision to churn or not is influenced by multiple internal teams. The ad that brings them in, their website experience, shipping and delivery handling, product usage and customer service all impact heavily upon whether a customer is retained. And very few brands are able to get this right across their whole funnel.

Whilst the acquisition focus most brands have is completely understandable (no retention strategy can be effective if no one buys in the first place) bringing in high volumes of one-and-done sales is unsustainable in today's high-CAC environment.

At present, the average DTC brand devotes 80% of their marketing spend to winning new customers. As market pressures make this more and more infeasible, merchants will inevitably change their approach to survive, with retention taking centre stage.

# The Future

## CAC spend will be cut in favour of retention initiatives

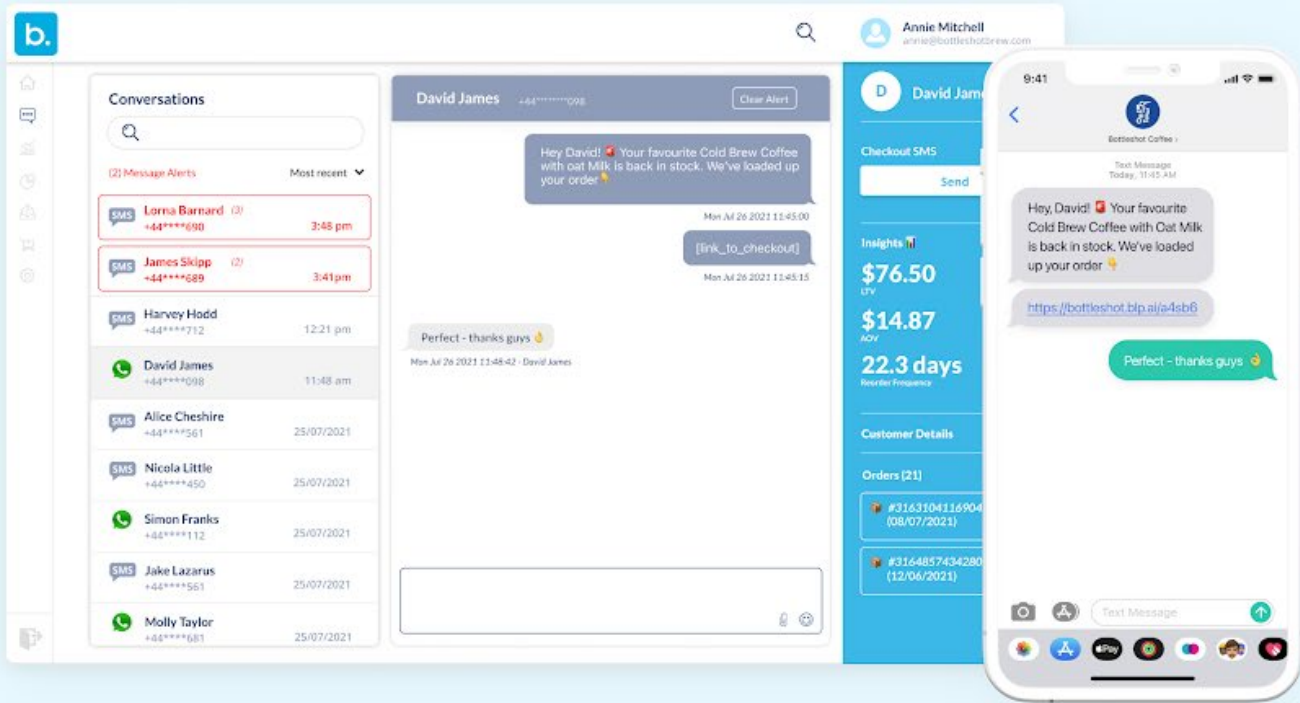
Spiraling acquisition means stores now get less bang for their buck through Facebook and other ad platforms. We'll start to see brands realising this, and look to their existing customers to plug the revenue gap. Marketing spend will switch from top of funnel conversion pushes to LTV-nurturing activities like subscription, loyalty programs, content and CX. As a result, KPl'd 'Heads of Retention' roles will become a common sight within internal DTC teams.

## CX will be taken way more seriously

It goes without saying that customers who are treated well are more likely to buy from a store again. Yet despite this, e-commerce has a terrible reputation for CX. Having ploughed resources into new customer acquisition, post-purchase support is often an afterthought for brands. Sometimes it's even outsourced to a third party. This creates a poor experience, customers churn, before marketing try to buy them back with re-engagement emails and discount offers. This makes no sense, and brands will increasingly invest in CX in a bid to keep hold of their customer bases as retention becomes more of a priority.

## Subscription set to play a starring role

By 2023, 75% of e-commerce brands will sell products on a subscription basis, and the model is likely to have a big say in who wins and loses next year. The benefits are obvious - guaranteed revenue, improved CAC:LTV ratio and increased operational predictability. Only problem is, consumers are reluctant to commit to long-term payments, and churn remains high. Subscribe and save offerings are now largely table stakes, so brands must differentiate on experience, offering membership and community incentives alongside financial transactions. Giving buyers flexibility to skip and edit their subscription at any time is also key to overcoming consumer skepticism.





PLATFORM DEVELOPMENT



Nathan Lomax  
Founder of Quickfire Digital

# Quickfire

**Quickfire Digital is a Shopify Plus and bespoke software development agency, helping ambitious e-commerce brands reach their potential.**

We design and build Shopify stores, optimise their performance, integrate them with other digital systems, build custom solutions when required and provide ongoing support to sustain growth.

E-commerce is a fast-paced, ever-expanding environment. We create the foundations for success with a Shopify store, and then build incremental growth through continuous improvements.

## The Past

We take for granted, now, the ease at which we can buy pretty much anything online and get it delivered to our front door within a day or two.

But, in relative terms, e-commerce is still in its infancy. Amazon was launched less than 30 years ago, PayPal in 1998 and Shopify in 2006.

As the industry has grown - and rapidly accelerated, as we all know, through the pandemic - new variations of e-commerce have been born, and new platforms are entering the market.

Marketplaces are developing across locations and niches, social commerce is predicted to be one of the rising stars of 2022 and while Shopify continues on its upward curve, other platforms such as Wix, Squarespace, WooCommerce, Magento and BigCommerce are all trying to take a bigger slice of the pie.

Businesses starting out will arguably look for something simple; those familiar and comfortable with WordPress might see WooCommerce as a sensible add-on, while businesses with significant developer support could opt for Magento.

But the power and beauty of Shopify is such that it can cater for pretty much any type and size of e-commerce brand. The ease at which it scales with you is one of the platform's big selling points - an area it knows, having achieved significant growth itself.

To begin with, Shopify's progress was fairly slow with a few merchants on board, but this changed dramatically in 2009 following the creation of the Shopify API and app store. Allowing merchants to easily add pre-written applications of their choice was a masterstroke.

By 2011, more than 10,000 stores sat on the platform, generating more than \$125million. Within a year, those figures rose to more than 18,000 and \$275million.

The growth has continued year-on-year and, as Shopify became global, it hit \$1billion revenue in 2019. Its thriving app store and multi-layered offering to merchants is

obviously appealing, but retaining a focus on helping its merchants grow their businesses is at the heart of its continued success.

Removing technical headaches and building solid foundations for all have allowed sellers to focus on their business and not get bogged down in IT issues.

The core foundations, such as optimum checkout journeys, mobile compatibility, high security features and high-converting themes, have undoubtedly been central to the expansion of the platform, and to the wider e-commerce industry.

## The Present

**One of the most compelling reasons for merchants to choose Shopify - and for agencies to develop for the platform - is its continual, incremental improvements.**

Shopify doesn't stand still, and it doesn't rely solely on third parties to improve its offering to store owners. Every year, improvements are made and there were significant announcements at this year's Commerce+ plus event.

The launch of Shopify's Online Store 2.0 was arguably the show-stopper, and the platform itself has described it as "one of the biggest updates we've made". A new editor comes with enhanced customisation and the option to use unique templates across different pages of your site.

A new way to integrate apps and the ability to show specialised product information, such as size dimensions or sustainable ingredients, adds to the customisation possibilities. And then there's headless.

The word has been generating a significant amount of buzz for a few months and the announcement of Shopify Custom Storefronts has got development agencies excited about the future of headless.

"In Q1 2021, Shopify's Gross Merchandise Volume (sales across all Shopify stores) was \$37.30 billion, up by 114% year-over-year from \$17.40 billion."



In its simplest terms, headless is the decoupling of the front-end content delivery and back-end technology of your website. There are some concerns around it currently, especially with areas such as app integrations and website crawling, but it's very early days and advocates are declaring that headless is the future of the web.

E-commerce has been largely transactional to this point - search for a product or click on an ad which catches your eye, perhaps do some comparisons across a few sites and, hopefully, convert.

But with customer acquisition costs continually rising as more people buy online and competition increases, brands need to make the most of people they can attract to their site. And while cross-selling and upselling techniques are commonplace across e-commerce, delivering enjoyable experiences to entice back customers is a smart way of increasing customer lifetime value.

Amazon has previously reported that cross-selling and upselling has contributed to more than a third of its revenue. If that customer who searched for a £35 product spends £50 with you and then returns every three months, happy days.

Headless technology is very much in its infancy but the potential is vast, and the signs are all there for it to become the next evolution in e-commerce development.

Some are already testing out what's possible - check out yolele.com for a unique website experience, and a particularly innovative way to deliver a site with a small number of products, and eatofflimits.com on how to gamify buying and make a product super fun.

Shopify Custom Storefronts are built using the new Hydrogen framework and are now available for developers to use.

The Commerce+ event also announced Dawn, the first free Online Store 2.0 theme, which is available to all of Shopify's 1.7million merchants.

# The Future

## Headless is super exciting

The surface is being prepared for a good scratching. No-one really knows what's possible with headless but it has the potential to create dynamic, exciting online experiences that we've not seen before. We've seen a few examples and they present something which is very, very cool.

## Live shopping's going to be fun

Speaking of dynamic online experiences, live shopping should be a blast. It's going to be great for fashion brands but it's not going to be for everyone - at least not straight away. You can see how this could turn, quite quickly, into a load of super niche channels. TV was shaken up dramatically when it went from four channels to multiple hundreds - but just imagine that multiplied by thousands...that's what we could get from the creator/social commerce model.

## B2B e-commerce to boom

The world, his wife, her dog and its fleas are regular D2C players, and 2022 is going to be the year when B2B buying really takes off. Shopify is going big on B2B and expect an announcement from them in the first half of next year.



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