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# 5 Insights to the Future of Online Shopping

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# A message from EKM CEO, Antony Chesworth

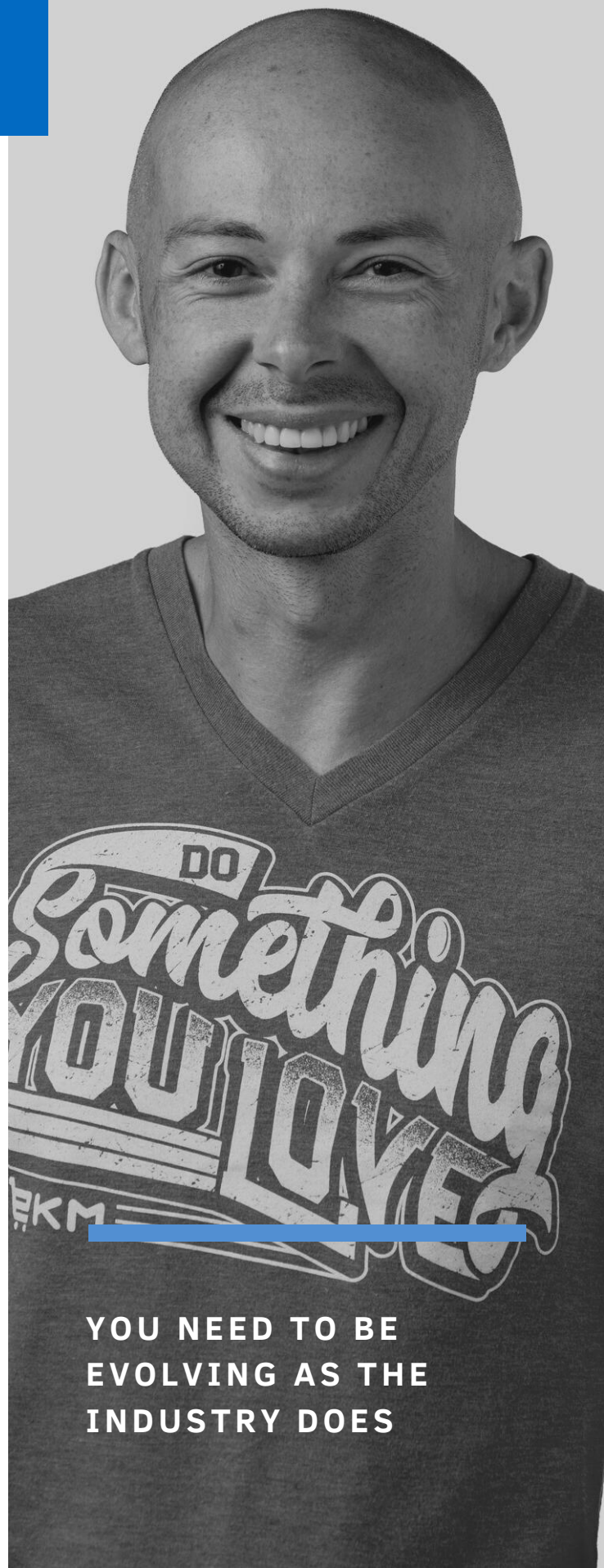
The future of online shopping is something that we constantly think about at EKM. The technology of today drives forward the ecommerce world and we understand that as a business owner you need to be evolving as the industry does.

Even just 10 years ago, most items bought online were bought using a desktop device and since then, mobile technology has become the main way for purchasing items online today. This was propelled forward by the evolution of technology, from the type of device to its software's usability. Not only this but cultural shifts have happened over the last few decades.

The launch of the iPhone began a mobile-first revolution and companies like Google quickly evolved to develop their mobile-first strategy for search rankings. Improved processors in computers and mobile phones have meant faster access to the internet from mobile devices.

Technological evolution coupled with the supply and demand of online shopping and convenience will propel the generational shift in ecommerce within the next 10 years. We're already seeing the very first stages with the development of AR (Augmented Reality) and VR (Virtual Reality) technology and how they can be implemented into the shopping experience, as well as advanced technology such as facial recognition for mobile payments.

We're now looking forward to what these emerging technologies could mean for shoppers and retailers both online and offline within the next decade and what the landscape of retail will look like.



**YOU NEED TO BE  
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# The Rise of Ecommerce



THE NAME OF THE GAME WILL BE TO MAKE THE CUSTOMER JOURNEY AS EASY AS POSSIBLE WITH LITTLE TO NO BARRIERS.

The ecommerce industry has been supported and has grown with the help of technology since the dotcom era in the '90s, which transformed and disrupted how people shopped. With the introduction of being able to buy items via the internet, people became more open to alternative ways of purchasing items. Convenience was one of the biggest contributors to the success of early online shopping, with shoppers enjoying being able to have items delivered directly to their doorstep.

This disruption introduced what we now know as online shopping and has been adopted by almost every ecommerce business in the world. Technology has also grown and evolved over time with faster internet speeds, various devices, and new forms of technology that improve the overall customer experience.

We're going to be discussing what emerging technology may be changing the

face of ecommerce yet again and what online shopping could look like in the near future. The technology for most of these insights is already being tested by various companies such as Google and Samsung to name a few and we could expect to see these new technologies being implemented in the next year or two if they haven't been already.

As the ecommerce industry continues to move towards a more autonomous way of working, this technology will provide those with means a new edge on their competitors but at the same time, could also make it more difficult for new and smaller companies to break into the market. The name of the game will be to make the customer journey as easy as possible with little to no barriers, and that's across all channels and mediums of shopping, both online and offline. Online retailers will be looking to create a completely seamless experience.

# AR (Augmented Reality)

Technology has already started to disrupt the online shopping experience and change the way people shop online. AR or Augmented Reality is something that has been worked on over the last few years and has become a new feature for online selling.

A good example of this is Ikea Place which launched back in 2017 that allows customers to view and place furniture in their own homes through their app using Apple's ARkit technology. This was a great step in the digital direction for Ikea and this technology has helped their customers to shop their products easily and from the comfort of their own home, with the ease of mind that what they've ordered will fit and suit their needs.

Other brands such as ASOS, Gucci, and Dulux have taken advantage of this technology as well, to further build upon their customers' shopping experience. Giving the customer the power to try something out without stepping foot into a physical store or visiting your website improves upon their experience by reducing barriers and therefore improves their perception of the brand. The first commercial application of AR was back in 2008 for a model BMW Mini advert, printed in a magazine. The user was able to control the car on a device screen and move it around to view different angles and was one of the first marketing campaigns to include real-time interaction.

From then, other companies began to adopt the technology but it wasn't until circa 2010 when jewellery companies started to use AR to let people virtually 'try on' their products. Ultimately, AR has evolved over the last decade and now has a broad range of applications that

transform the user experience to complement products and their surroundings.

AR will continue to develop and improve as people expect more from it. Ana Jarvornik, a Ph.D. lecturer at Newcastle University Business School, conducted some research in 2016 exploring the new generation of digital technologies.

*"Wearables and the Internet of Things have made consumers expect highly customised solutions and instant access to detailed personal data. And AR is reinforcing consumers' appetite for compelling and creative visualisations of content".*

*"...consumers are not yearning for the robotic digitisation of their everyday lives. Rather, they want technologies that weave themselves seamlessly into their activities".*

Jarvornik's research showed that consumers still want a human experience with emotional content alongside interactivity. A report by Gartner stated that consumers expect to be shopping in AR both online and in-store.

*"Retailers are under increasing pressure to explain the purpose of physical stores... at the same time consumers are progressively defining the value provided by the experiences they receive from retailers. As a result of those pressures, retailers are turning to AR and VR to offer customers a unified retail experience inside and outside retail stores".*

However, only 15% of retailers currently use AR and 32% plan to launch AR applications over the next few years according to a BRP Report.



Still, some companies are ahead of the demand and already have AR embedded into their businesses. They've deployed fitting rooms with a 'try before you buy' option within an AR space. However, AR could help to adapt the customer journey more so in the future alongside other technologies to achieve this seamless buying experience.

Samsung has made strides with AR and coupled it with AI or Artificial Intelligence to create one of their latest products, Smart Fridge Freezers. Not only does their new product allow you to view the contents of your fridge and add items to a shopping list, but you can also buy your items from your fridge. Providing you as a consumer the ultimate shopping experience by letting you shop for groceries without having to leave your house or make a list of the contents of your fridge and then go to order online, or shop in-store.

Smart appliances are one way AR has helped shape technology but there are more applications for it in the works. AR is just one piece of the puzzle when it comes to shaping the ecommerce world.

# Voice Search and Shopping

Comscore stated that by 2020 around 50% of searches would be done via voice, either through smart assistants or through smart speakers, and voice search spending is expected to jump to \$40 billion in 2022.

Voice search was actually introduced by Google in 2011 as more of a gimmick however, with new emerging technologies we are relying on it more and more in our everyday lives. With the introduction of Siri on Apple iPhones around the same time, using voice search as a marketing tool for the promotion of their new iPhone helped increase the use of voice search and introduced the idea of personal assistants on your phone.

The idea of having a personal assistant at your fingertips excited the world, having your emails read to you, text replied for you and so much more, people began adopting voice as another way to manage their daily life.

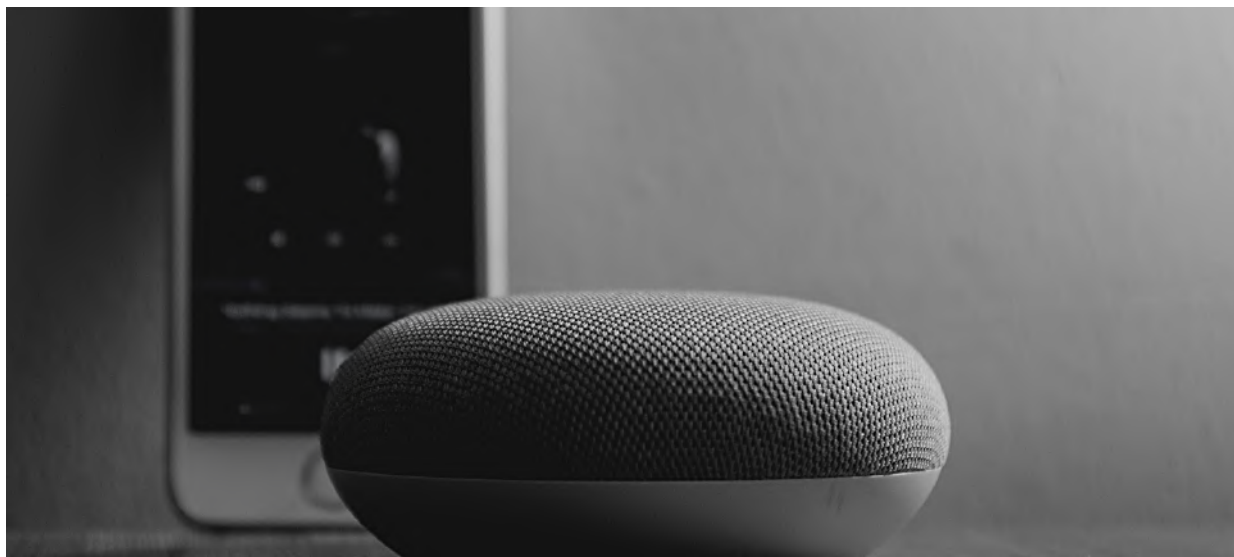
It was in November of 2014 when Amazon launched their first generation for what we now know as Amazon's Alexa – a smart

speaker that supported your daily life at home and could be used in every room of your house. Two years later, Google announced its Google Home Hub as a direct competitor as they saw the potential for voice search and also decided they wanted a slice of the pie.

With each new update and iteration of these devices, the technology became smarter and with machine learning applied to products like this, the results became more accurate and helpful to the user than ever before. From what began as a gimmick, voice search is now becoming more of how we will interact in the future, especially when it comes to online research and thus online shopping.

Voice search is now being considered as part of SEO strategies and businesses who aren't preparing themselves and their content for voice search need to be before their competitors get the best rankings first. Some of the top keywords used in voice search phrases are 'how', 'what' and 'best'.





Google states that 52% of smart speaker owners keep them in common areas of the house such as a living room or kitchen. Among smart speaker owners who regularly use them, 62% will make a purchase using voice search in 2020 and voice-based shopping is expected to jump to \$40 billion by 2022.

One of the biggest reasons that voice is being adopted at such a rate is the fact that as humans, we can usually speak faster than we can type. We now live in a world of convenience and the fact is that voice is the most convenient way of searching for pretty much anything.

With the amount of technology and machine learning being put into voice search devices, they will provide a pretty much frictionless experience for customers as it involves a lot fewer steps than searching for something on your laptop or phone.

But it doesn't stop there. Voice search isn't just for finding things for you and delivering a notification to your phone to complete the purchase. Voice search technology is now getting to the point where it can recognise your voice and use it almost like your thumbprint on your contactless payment option on your phone.

Business Insider states that the adoption of voice payments is set to grow to 31% by 2022 due to an explosion of voice-enabled devices. As people become more and more familiar using voice search and payments and become reliant on using virtual assistants, ultimately they will become comfortable with using this technology with their banking.

Consumers are already using voice payments to send money to friends via platforms such as Venmo, Square Cash, or PayPal via Alexa. Once the technology is adopted en masse, the impact this will have on ecommerce alone will be significant as voice payments will become the new norm as a frictionless payment option, easier than the 'one-tap purchase'.

Soon the process of shopping for everyday items will become dominated by voice search. If you have a voice-activated device in your home, you're more likely to adopt using it to help you shop for everyday items.

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# Freedom to Shop

As we develop technology to help us make everyday tasks easier from ordering grocery shopping online to tracking our health habits via smartwatches – this will continue to develop into how we shop both online and offline.

There have been many articles written about omnichannel retailing, which is a

cross-content strategy used by businesses to improve the customer journey and relationships across various channels. Specifically, this Harvard Business Review article written in 2011 that clearly demonstrates an almost perfect customer experience for shopping in both online and offline settings – a completely frictionless experience.

“It’s a snowy Saturday in Chicago, but Amy, age 28, needs resort wear for a Caribbean vacation. Five years ago, in 2011, she would have headed straight for the mall. Today she starts shopping from her couch by launching a videoconference with her personal concierge at Danella, the retailer where she bought two outfits the previous month. The concierge recommends several items, superimposing photos of them onto Amy’s avatar. Amy rejects a couple of items immediately, toggles to another browser tab to research customer reviews and prices, finds better deals on several items at another retailer, and orders them. She buys one item from Danella online and then drives to the Danella store near her for the in-stock items she wants to try on.

“As Amy enters Danella, a sales associate greets her by name and walks her to a dressing room stocked with her online selections—plus some matching shoes and a cocktail dress. She likes the shoes, so she scans the barcode into her smartphone and finds the same pair for \$30 less at another store. The sales associate quickly offers to match the price, and encourages Amy to try on the dress. It is daring and expensive, so Amy sends a video to three stylish friends, asking for their opinion. The responses come quickly: three thumbs down. She collects the items she wants, scans an internet site for coupons (saving an additional \$73), and checks out with her smartphone.

“As she heads for the door, a life-size screen recognizes her and shows a special offer on an irresistible summer-weight top. Amy checks her budget online, smiles, and uses her phone to scan the customized Quick Response code on the screen. The item will be shipped to her home overnight.”

“What we are seeing today is only the beginning. Soon it will be hard even to define e-commerce, let alone measure it. Is it an e-commerce sale if the customer goes to a store, finds that the product is out of stock, and uses an in-store terminal to have another location ship it to her home? What if the customer is shopping in one store, uses his smartphone to find a lower price at another, and then orders it electronically for in-store pickup? How about gifts that are ordered from a website but exchanged at a local store? Experts estimate that digital information already influences about 50% of store sales, and that number is growing rapidly.”



Whilst this scenario is fantastic for the customer, it may pose challenges for businesses wanting to track the customer journey seamlessly. Technology for improving customer experience isn't the only part of the future of shopping that will need to adapt. Tracking technology will also need to adapt to be able to track a customer journey either online or offline and go between the two including all the various ways a customer can interact with your business.

This scenario is what we're calling 'freedom to shop', and is essentially the highest form of shopping experience for the customer and completely frictionless. We are much closer to experiencing this in reality than just simply fantasising about it.

Frictionless technology such as completely contactless shopping is likely to be implemented in convenience shops all around the world and will eventually move over to the retail space. Great if you operate a brick and mortar business and further improve your in-store experience but not so much if you're purely online.

But, this may not be the case. Think of a scenario where you find something in store as mentioned earlier but either the price point isn't great for you or they don't stock your size – your next logical place to look is online.

This is where online retailers could use paid advertising to specifically target high street stores' items. If your online shop can match what that customer is looking for and you can offer to have it delivered straight to their home, perhaps enticed with a free returns policy, you will be able to satisfy that customer's needs better than the brick and mortar store and possibly have it delivered by the time they arrive home.

No matter what developments there are in technology that may make it look like your competition is getting ahead of you, there

is an opportunity at every turning point. Freedom to shop doesn't need to be reserved for just online or just offline.

Businesses are thinking smarter about the customer shopping experience than ever before. Take Klarna for example, their pay later offer makes ordering items online and trying them out far easier than simply purchasing an item to have to return it and wait on your refund or contact customer services if something goes wrong. There are so many ways you can make freedom to shop easier for your customers no matter the size of your business.

Technology is ultimately going to make the shopping experience, either online or offline, better for customers and we believe this will encourage a move from price-driven purchasing to experience-based purchasing, which is already beginning to happen today. People who have a positive shopping experience are more likely to remember and return to buy again. Technology will only further improve the shopping experience for people and ultimately be a large influencing factor on whether a person purchases or not.

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# Anticipation of Customer Needs

It may seem impossible to anticipate your customer's needs and we can't all predict the future but with technology, anticipating customer needs is becoming more attainable. The technology advancements we mentioned in the previous section are part of the solution but not the whole solution.

Anticipating needs is a mixture of technology, trends, expertise, and predictions. We think that the next evolution of online shopping will heavily focus on anticipating customer needs more so than ever before.

The technology side can vary wildly depending on your business and what you sell. Let's take Apple for example. Their latest Apple Watch has technology in it that identifies when you may be working out i.e. running etc and automatically starts tracking when it identifies that behavior. Here it is anticipating the needs of the user – if you're someone who uses wearable technology then you'll most likely want your workouts tracked and by anticipating this need the watch automatically does it for you.

This can have a few effects on the customer relationship, from improved customer experience even after purchase, delight which is a strong and impactful emotion that can help encourage customer

loyalty as well as repeat purchases. If technology isn't the main part of your products like Apple and you sell clothing, for example, anticipating your customers' needs may be a little different. This is where trends and expertise come in, mixed with a little technology.

As a clothing business owner, your knowledge of fashion and the latest trends should be up to date and you should use this wherever possible when stocking items. However, you'll need to go a step further to truly anticipate your customer's needs.

Use a mix of technology to track their activity on your website such as the items they were looking at as well as up and coming trends in the industry and market these items to previous customers. This may be something they were already anticipating to buy but putting them in front of them via an email or ad, helps to ensure they buy from you and not a competitor.

Ultimately, your goal with anticipating their needs is to do something for them that they would want to do anyway, much like the Apple Watch tracking we mentioned earlier and do it so well they are delighted, resulting in a greater appreciation for your business.



# Ending Guilty Shopping



Guilty shopping is something we've all experienced at one time or another and there is a lot of psychology behind why we feel that way. According to a Forbes article "A big reason why people feel guilty about spending money is the fear that it could be going towards something better or more important.

"This feeling is usually the result of a lack of planning. When you're not sure if the \$100 you just spent on shoes was part of your grocery budget or dream-home down payment, no wonder you feel guilty".

We feel that businesses and brands are trying to move away from this to a more 'self-care' type approach when it comes to purchasing items, both online and offline. Removing themselves from the guilty feeling of shopping and toward more positive associations.

To achieve this we are seeing brands giving their customers a sense of achievement and reward rather than guilt for spending money. Fiscal responsibility is becoming more popular among consumers as well as a mindset when it comes to spending money. Having budgets and money set aside for certain things like bills and savings means that when people want to splash out they can and do so without the guilt.

And companies are seeing this trend gain more and more traction and are therefore pivoting their marketing strategy and message towards a more self-care angle. This isn't exactly the same for every person and will differ from generation to

generation. The reward element we mentioned earlier is manifested in some of the marketing you see today.

For example, offer a discount off your next order within your parcel or bag. We're seeing these rewards everywhere we shop but it extends beyond discounts and rewards. Some businesses have taken it to the next level with rewards in the form of a community. Aerie has entire marketing campaigns based around this concept of community with their #aeriereal social media campaign which supports body positivity and normalising different body types.

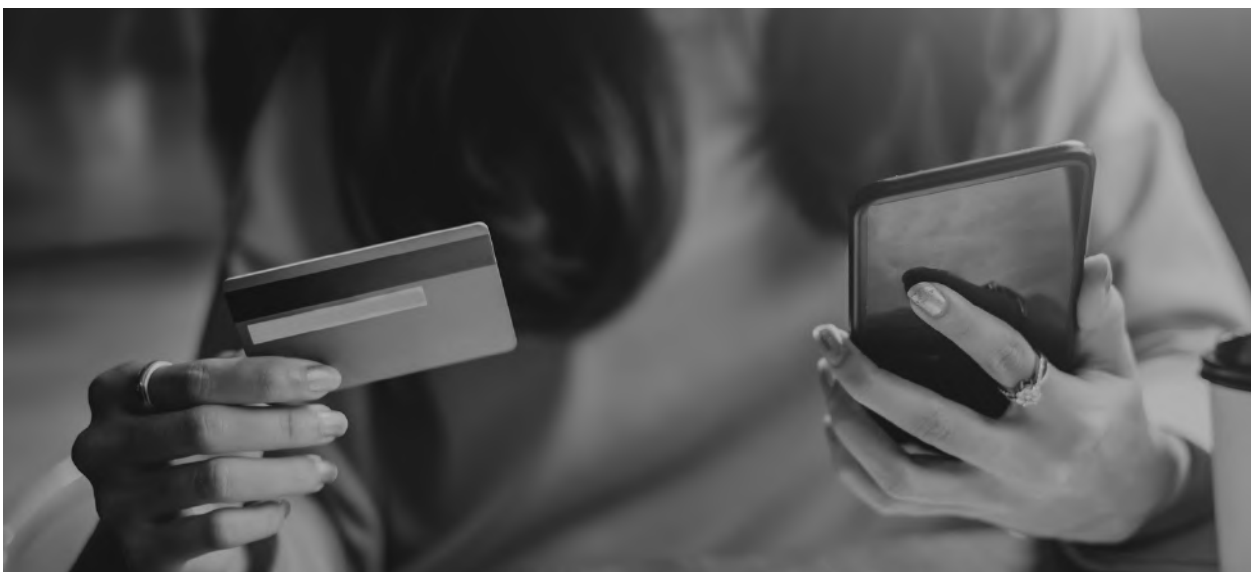
They have used this to get their customers involved with a hashtag online and not only support the reward element in the form of communal appreciation but also raise their own brand awareness among their customers and potential customers.

The reward business can provide their customers with is based on basic psychology. Rewards simply put, reinforce a certain behavior by connecting the action (for example, purchasing a product that's good for the environment) with the good hormones in our brain that make us feel good.

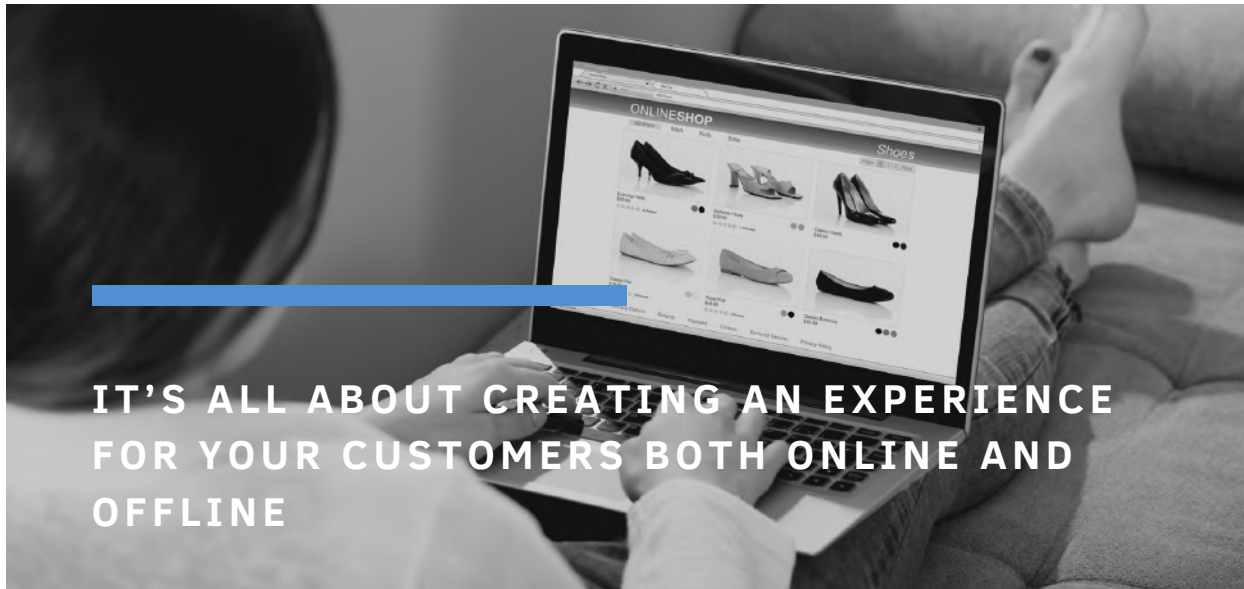
According to Marketing Psychologist Janet McMurtry, "Unconsciously, rewards help us feel like we are getting closer to that place in life where we have what we need to survive the daily battle to fulfill needs and wants that propel us ahead of the pack.

When we get something cheaper than usual, more than what we paid for or something for free, as a rewards program often delivers — in our unconscious minds, we are stronger, better, richer, faster or have more resources than others, and so we are poised to survive. And it's fun!"

This is why and how marketers and businesses alike are able to use this rewards strategy and have such an impact — coupled with moving toward a more positive association with products such as Aerie using everyday women to model their products shows support for accepting who you are. Now, this is just the example in Aerie's case but it can be applied to every business. Transition your reward system to not just reward purchasing but to purchasing without guilt and rewarding repeat purchases with discounts and special offers to not only entice them further but you're rewarding them by being a repeat customer.



# Propelled to the Future?



In recent months as this report was being developed, the Coronavirus outbreak occurred and many businesses were affected worldwide. The outbreak and the worldwide response of putting countries into lockdown has forced people to work from home and run their businesses from home.

With that said, the closure of retail stores forced people to shop online and supply and demand for certain products skyrocketed. Whilst those without online shop's were left behind. The quick transition to working remotely and getting your shopping and other items online has propelled the world of ecommerce forward by quite a few years.

It's now more important than ever before to be selling online and larger companies who have the staffing power and budgets will likely be using an omnichannel strategy in the next year or two. For those businesses that don't have as many resources, they may not be able to set up

the same kind of level of omnichannel retailing but it can still be done for small businesses.

It's all about creating an experience for your customers both online and offline as we've talked about in this report and embracing the future technologies of ecommerce such as voice-activated search and better anticipating your customers' needs – which can be done by any business no matter its size.

While the COVID-19 outbreak has propelled the world forward a few years, this isn't necessarily a bad thing. Businesses will be able to take advantage of technologies to grow their business that they might not have otherwise. Customers are now more used to sourcing and shopping for their items online and throughout lockdown, the high rate of promotion for shopping with smaller businesses helped to raise awareness of businesses in local areas that they may not have shopped at beforehand.

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