US retail ecommerce sales are expected to grow 15.8% in 2017 to reach $452.76 billion, making up 9.0% of total retail outlays, according to eMarketer estimates. eMarketer has curated this Roundup of articles, insights and interviews to help you understand key trends and the challenges in ecommerce today.
Overview

eMarketer has released its ecommerce forecast and ranking of ecommerce retailers in the US. Together, eMarketer estimates, the top 10 retailers will make up nearly two-thirds of all US retail ecommerce sales in 2017.

eMarketer estimates that US retail ecommerce sales will increase 15.8% to reach $452.76 billion in 2017, making up 9.0% of total retail sales. By comparison, the ecommerce growth rate of the top 10 companies combined will total 27.3%.

Not surprisingly, Amazon sits at the top spot, with more than six times the projected sales of No. 2 eBay. Amazon’s ecommerce growth rate is estimated to be 32.0% this year, roughly double the pace of overall ecommerce growth.

While consumers seek information across a variety of digital channels when considering a purchase, two entities in particular play an outsized role: Google and Amazon. And according to a survey, more than half of Amazon users say it’s the first place they look.

In August 2017, digital marketing platform Kenshoo asked internet users in the US, France, Germany and the UK which online sites they are likely to use to help them find and research products before making a purchase. Some 84% of respondents in the US cited Google, and 71% identified Amazon. Those levels were roughly twice that of the next most commonly cited option, retailer sites.

The survey also asked respondents what kinds of products they looked for on Amazon. More than three-quarters of US internet users said they searched for electronics and computers on the platform, while more than half said the same of media, health and beauty products, as well as clothing.

Roughly one-quarter said they looked for food and grocery items on Amazon, and less than 10% said they searched for beer, wine and spirits—a dynamic that may change in the wake of Amazon’s purchase of Whole Foods.

### Sites Used by Internet Users in Select Countries to Find and Research Products Before Making a Purchase, Aug 2017

<table>
<thead>
<tr>
<th>Sites Used</th>
<th>France</th>
<th>Germany</th>
<th>UK</th>
<th>US</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Google</td>
<td>88%</td>
<td>88%</td>
<td>80%</td>
<td>84%</td>
<td>85%</td>
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<tr>
<td>Amazon</td>
<td>62%</td>
<td>84%</td>
<td>73%</td>
<td>71%</td>
<td>72%</td>
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<tr>
<td>eBay</td>
<td>23%</td>
<td>50%</td>
<td>50%</td>
<td>31%</td>
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<tr>
<td>Retailer sites</td>
<td>28%</td>
<td>41%</td>
<td>39%</td>
<td>37%</td>
<td>36%</td>
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<tr>
<td>Facebook</td>
<td>31%</td>
<td>14%</td>
<td>21%</td>
<td>36%</td>
<td>27%</td>
</tr>
<tr>
<td>Pinterest</td>
<td>13%</td>
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<td>16%</td>
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<tr>
<td>Bing</td>
<td>9%</td>
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<td>9%</td>
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<td>18%</td>
<td>13%</td>
<td>7%</td>
<td>10%</td>
<td>12%</td>
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<td>Instagram</td>
<td>9%</td>
<td>5%</td>
<td>9%</td>
<td>18%</td>
<td>11%</td>
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<tr>
<td>Independent blogs</td>
<td>10%</td>
<td>9%</td>
<td>6%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>Twitter</td>
<td>7%</td>
<td>3%</td>
<td>7%</td>
<td>14%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Note: ages 18+


230706 www.eMarketer.com
Across all markets in the survey, of those consumers who visit Amazon, more than half (56%) said they look to Amazon first.

That’s in line with research from BloomReach, which found that 55% of US internet users polled last September said Amazon was the first channel they used to research products digitally.

Similarly, a PwC study of US digital buyers found that 44.7% of respondents polled that same month said they start their product search at Amazon.
The promise of online sales and traffic has retailers across the board focusing on investing more money online, but many are still falling short in some of the basics of digital.

According to a study by Retail Systems Research (RSR), retail websites take an average of 9.5 seconds to load on mobile devices, and 16.6 seconds for desktop. The study of 80 major retail sites, conducted in April and May, was commissioned by Yottaa, which helps retailers speed up loading of their pages.

Among the reasons for slow page loads were digital bells and whistles: live chat, product recommendation and personalized offers, just to name a few. Retailers in the study said they use an average of 70 third-party ecommerce applications, and waiting on such applications takes up as much as three-quarters of the time required to load a page.

Another speed block is images. RSR reported that 55% of site content was made up of images, many of which simply wouldn’t load.

“Retailers don’t understand they are actually sacrificing shopper experience due to the impact that slow-loading images have on performance,” the study noted. “Feature-rich sites make the shopping process so much more engaging—but only if they work properly.”

RSR also made the point that Amazon’s success is not necessarily based on beautiful design: “Amazon continues to win customers by making the shopper flow convenient, easy, and relevant, all in a way that is not particularly visually stunning. What’s most important to the brand? Glitz? Efficiency?”

In terms of popups, the study found that many sites not only hurt site performance, but also annoy shoppers. A prime example is a site that features a popup window that appears immediately upon arrival.

Even though mobile is increasingly where shoppers begin their product search and site visits, retailers are making a mistake if they fail to focus on desktop experience, according to RSR. “Desktop still outperforms relative to mobile when it comes to conversion rate, so it is imperative that retailers keep the desktop experience up-to-date.”

eMarketer estimates that mobile commerce, while growing rapidly, still only makes up 34% of total retail ecommerce sales in the US this year.

When it comes to mobile websites, RSR was “genuinely impressed” by what retailers have done to beef up consumers’ mobile experience, which not long ago “was slow-loading and difficult to navigate,” and didn’t offer shoppers much beyond the ability to find a nearby store.
Most Retailers Have Made a Start, at Least, with Mobile

Mobile site or app? Check

According to a study from BRP (Boston Retail Partners), large share of retail executives in North America have implemented a mobile site or mobile app. Some 60% of respondents polled in July said they had implemented a mobile site, and of the remainder, more than half expected to build one. Similarly, 53% of retail execs said they created a mobile app, and, over half of the rest foresee building one.

(Nearly two-thirds of the retailers in the study had revenues topping $1 billion.)

Beyond mobile sites and apps, there seems to be less activity, with a number of technologies bypassed or overlooked.

For example, just 23% of respondents said they had implemented in-store mobile offers. More than four in 10 said it’s something they planned to work on within two years.

While retail execs have employed a variety of mobile technologies, across the board they tend to say their efforts need improvement, the survey found.

And the stakes are high. In 2017, retail mcommerce sales will make up roughly one-third of total ecommerce expenditure in the US this year, eMarketer estimates. That share is expected to grow rapidly, surpassing 50% by 2021.
For Some Cutting-Edge Ecommerce Options, Building Consumer Awareness Is the Challenge

**Voice-enabled commerce still little unknown**

The largest retailer in the US and the world’s largest search engine are teaming up, hoping to put a dent in ecommerce leader Amazon.

In August, Walmart and Google forged a partnership that put Walmart’s goods on Google Express, the search giant’s online marketplace. The agreement also allows shoppers to order Walmart products through Google Home, the voice-activated home assistant that competes directly with Amazon’s Echo device.

The next step will be developing consumer awareness. According to an August 2017 survey conducted by research firm Morning Consult, more than two-thirds of US internet users said they had little to no awareness of the new initiatives.

Consumers can certainly be forgiven for not keeping up with every one of Walmart’s recent digital initiatives, which have included purchasing a raft of ecommerce pure plays such as ModCloth, ShoeBuy, Moosejaw and Bonobos. Meanwhile, the retailer has come up with a string of delivery upgrades and innovations that match or undercut Amazon’s offerings, while also toying with offbeat options like Uber-enabled grocery deliveries and employee drop-offs of packages at customers’ homes.

On the other hand, the fact that—barely a week after the deal’s announcement—even one-third of survey respondents considered themselves at least fairly knowledgeable about the option points up growing interest in new ecommerce options.

Awareness of the alliance parallels other research focusing on consumer interest in voice-enabled shopping. For example, a March 2017 survey by Walker Sands Communications found that roughly a third of shoppers said they considered themselves at least somewhat likely to make a purchase via voice-enabled speakers this year.
Many Retailers Lag in Technology Adoption, Whether In-Store or Online

But big personalization push is coming

Most retailers have not implemented a host of key ecommerce and in-store technologies that support a seamless, convenient and omnichannel customer experience.

In the latest edition of the “Customer Engagement Tech Trends” study from RIS News and International Data Corporation (IDC), which surveyed 65 retail executives in North America, found that even for relatively common technologies such as “email, mobile, text marketing/messaging,” less than half of the respondents said their companies currently have up-to-date tech in place.

Additionally, the study found similar levels of savvy with in-store technologies. Barely half of the retailers said they are up-to-date with customer Wi-Fi, and less than a quarter felt the same of in-store pickup and returns for digital orders.

Not surprisingly, the retailers in the survey were less likely to have implemented cutting-edge and emerging technologies—in-store or out—such as location-based sensing, chatbots and personalization.

Interestingly, though, almost four in 10 respondents said they were currently working on personalization—a reflection of the growing imperative to recognize customers and respond to their demands on their terms, in real time.

Brands that use technology and data to offer customers personalized experiences are seeing revenues increase by 6% to 10%, two to three times faster than those that don’t, according to a Boston Consulting Group survey published earlier this year.

<table>
<thead>
<tr>
<th>Retail Executives in North America Who Currently Use vs. Plan to Implement Select Ecommerce Technologies, June 2017</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>[1] Up-to-date tech in place</td>
<td>46%  26%  11%  11%  6%</td>
</tr>
<tr>
<td>[2] Started but not finished upgrading</td>
<td>41%  20%  16%  5%  19%</td>
</tr>
<tr>
<td>[5] No plans</td>
<td></td>
</tr>
<tr>
<td>[3] Will start in 12 months</td>
<td></td>
</tr>
<tr>
<td>Email, mobile, text marketing/messaging</td>
<td></td>
</tr>
<tr>
<td>Customer reviews/ratings</td>
<td></td>
</tr>
<tr>
<td>Loyalty program</td>
<td></td>
</tr>
<tr>
<td>Ecommerce platform</td>
<td></td>
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<tr>
<td>Product/catalog management</td>
<td></td>
</tr>
<tr>
<td>Product recommendations</td>
<td></td>
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<tr>
<td>Community</td>
<td></td>
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<tr>
<td>Automated price changes (dynamic pricing)</td>
<td></td>
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<tr>
<td>Distributed order management</td>
<td></td>
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<tr>
<td>Remarking</td>
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<tr>
<td>Distributed content management</td>
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<td>Content management</td>
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<tr>
<td>Personalization</td>
<td></td>
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<tr>
<td>Chatbots</td>
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</table>

Note: numbers may not add up to 100% due to rounding

<table>
<thead>
<tr>
<th>Retail Executives in North America Who Currently Use vs. Plan to Implement Select In-Store Technologies, June 2017</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>[1] Up-to-date tech in place</td>
<td>51%  11%  12%  8%  18%</td>
</tr>
<tr>
<td>[2] Started but not finished upgrading</td>
<td>43%  28%  11%  6%  12%</td>
</tr>
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<td>[5] No plans</td>
<td></td>
</tr>
<tr>
<td>[3] Will start in 12 months</td>
<td></td>
</tr>
<tr>
<td>WI-Fi for customers</td>
<td></td>
</tr>
<tr>
<td>Customer service</td>
<td></td>
</tr>
<tr>
<td>In-store pickup/return of digital orders</td>
<td></td>
</tr>
<tr>
<td>Mobile devices for associates/manager</td>
<td></td>
</tr>
<tr>
<td>Digital devices (signage, magic mirrors, etc.)</td>
<td></td>
</tr>
<tr>
<td>Mobile point-of-sale (POS)</td>
<td></td>
</tr>
<tr>
<td>Clienteling/guided selling</td>
<td></td>
</tr>
<tr>
<td>Location-based sensing for marketing/communication</td>
<td></td>
</tr>
</tbody>
</table>

Note: numbers may not add up to 100% due to rounding

231830 www.emarketer.com
Some marketers lack time, people and money, while others don’t have the right tech

Marketers are constantly looking to deliver a personalized customer experience. But that’s not always easy.

Sailthru, a personalization technology company, surveyed 146 UK and US marketers in the commerce, publishing and retail industries about their views on customer personalization and asked them what impedes their goals in this area.

Out of the many challenges mentioned, a plurality of respondents—roughly four in 10—said one of the leading barriers was a lack of resources such as time, people and money.

Nearly a quarter (23%) of and marketers reported challenges around data, while another 14% mentioned technology challenges—either not having the right tech in place or the actual difficulty of using it.

And the hurdles don’t stop there. Some survey respondents felt they didn’t have the internal knowledge needed to execute their personalization goals, while others cited a lack of buy-in from their company.

But despite these many challenges, more marketers are tapping into personalized marketing to better reach consumers.

In fact, a study by Forbes Insights in association with Gap International found that nearly two-thirds of executives polled worldwide were implementing personalized marketing as part of their strategies to meet customer needs.
Forget the ‘Retail Apocalypse’ and Seize the Opportunity

This post was contributed and sponsored by Sitecore

Take a deep breath. Relax. No matter what you may have read in the media, reports of a “retail apocalypse” are grossly exaggerated.

Yes, there’s a major digital transformation under way, spurred on by innovation that’s happening in online marketplaces. As many savvy retailers realize, there’s a tremendous growth opportunity ahead for brands who want to build deeper, lasting ties with customers.

While latest figures show Amazon cornering 43% of the online retail market, it’s important to remember that online sales still only account for about 8.9 percent of all U.S. retail sales, according to the Department of Commerce. That means over 90 percent of retail sales still happen in the offline world.

The greatest myth is that the battle for online retail is already over. It’s only just begun.

This helps to explain why the biggest online marketplace players like Amazon and Alibaba.com are extending to the offline world. Alibaba founder Jack Ma is currently building a five-story mall in his home town. Why? Because while he has achieved great heights through his online empire, he realizes that 80% of the $4.9 trillion Chinese retail market still happens offline.

Amazon has also made recent moves via acquisition or partnership to extend its footprint in the brick-and-mortar space. Amazon’s recent acquisition of Whole Foods has enabled it to have physical presence in high-density cities throughout the United States. Its partnership with Kohl’s allows Amazon purchases to be returned to one of Kohl’s stores in L.A. or Chicago free of charge.

What do Jack Ma and Jeff Bezos realize? Having some form of physical presence is necessary to start chipping away at that significant portion of retail pie that is still spent offline.

Brands have a tremendous opportunity to leverage their strengths to compete. Look at the customer holistically. While they may want to purchase online, they also want an easy return experience. Or perhaps they want to drop into a brick-and-mortar store to touch and feel the merchandise before they purchase.

Traditional retailers already have some form of physical presence. Leverage it. Use all the tools at your disposal—from your online assets to your offline assets—in service of the total customer experience. With a technology like Sitecore Experience Commerce™ you can get a 360-degree view of customers from first contact through checkout and beyond.

Customers want to be viewed as more than a transaction. They want and expect brands to get to know them, to present relevant content and offers to them in context. Brands that leverage both their own and third-party data can deliver more value over time—resulting in not just transactions but lifetime customers.

—Wanda Cadigan, Vice President of Commerce, Sitecore.
Consumers Want Choice, Control and Convenience When Shopping During the Holidays

Sean Flaherty
Senior Director, Global Retail Strategy
UPS

Consumers are more empowered than ever, and their increased expectations mean that retailers will have to work hard for their business this holiday season. If one retailer can’t give them what they want, they’ll simply find it elsewhere. eMarketer’s Tricia Carr spoke with Sean Flaherty, senior director for global retail strategy at UPS, about how retailers can perfect their fulfillment strategy so they’re never at risk of losing a sale during the holidays.

**eMarketer:** What’s your outlook for the 2017 holiday shopping season as of the end of the second quarter?

**Sean Flaherty:** It’s too soon to call it, but I expect the trends we saw in previous years to continue. Retailers will continue to make strong use of ecommerce, but they’ll need to balance their online presence and their mobile presence with their store presence for a true omnichannel experience if they want to be successful.

Our latest “Pulse of the Online Shopper” study [based on a comScore Inc. survey of more than 5,000 US online shoppers] showed that 71% of transactions are influenced by the online experience in some way. That means only 29% of transactions happen by walking into a store, looking for what you want and buying it. The majority of the time consumers are researching online or purchasing online—or both.

**“There has to be … a shipping solution that allows customers to control how inventory gets to them.”**

**eMarketer:** How can retailers ensure their fulfillment strategy aligns with the omnichannel experience they’re trying to achieve?

**Flaherty:** Retailers have to make the experience easy and have a consumer-experience mentality. There has to be a seamless transaction across platforms, visibility of their inventory and a shipping solution that allows customers to control how inventory gets to them.

Retailers also need the ability to pull inventory out of physical retail locations to fulfill orders when necessary. If it’s more efficient to do that than pull inventory out of a warehouse, or if there’s inventory sitting on shelves in one part of the country where it’s not popular and it can be shipped to another part of the country where demand is high, retailers can turn inventory instead of it being remaindered after the holiday.

Eventually all retailers will adopt an omnichannel model that embraces the empowered consumer in accordance with their specific strategy, whether they choose a differentiated, high-end experience or they want to compete on shipping cost.

**eMarketer:** What are the pain points in retailers’ distribution network?

**Flaherty:** One big challenge is demand visibility and spikes in demand. There are some built-in spikes in demand in the holiday season that retailers have to plan for and be ready for. These include natural moments like Black Friday, Cyber Monday and the days before the Christmas shipping deadline, but they can also be driven by sales the retailer puts in place.

Retailers also have to do their best to anticipate how much demand those natural spikes will produce and make sure they have the right inventory. If people go to the store and they can’t buy an item off the shelf, or they go online and they don’t see an item on your website, your competitor is seconds away on the internet. Retailers have to sell customers that item when they want it or they’ll lose that sale.
“Retailers need to think through how their marketing strategy connects to their logistics and supply chain strategy.”

**eMarketer:** How can retailers keep these challenges from derailing their fourth quarter?

**Flaherty:** Retailers need to think through how their marketing strategy connects to their logistics and supply chain strategy. Last year, retailers did a particularly good job of communicating with consumers about purchase deadlines to receive gifts in time for Christmas. There was a lot more communication from retailers to consumers and from logistics companies.

Retailers also have to make sure they have clean inventory visibility and can meet the demand of customers who come to them. That’s one of the biggest challenges, but as consumers become more empowered, if you don’t have what they want, they won’t wait around for you to get it back in stock—especially if they’re trying to finish their holiday shopping.

**eMarketer:** Have there been any changes at UPS to cater to this increasingly empowered consumer?

**Flaherty:** One significant change in our model this year is our move to Saturday delivery—it’ll be available in 4,700 cities in the US by the holiday season. We’re also pairing Saturday delivery with Saturday pickup to [get consumers their orders faster]. This introduces the possibility of someone placing an order online on Saturday and receiving it on Monday if they choose an express shipping option.
Albertsons has access to a cornucopia of customer data through savings programs like just for U at its eponymous stores and Safeway as well as Acme’s MyMixx, which are integrated in each retailer’s mobile app. Behind the scenes, digital promotions technology provider Quotient Technology helps the grocery store conglomerate use this data to engage with customers one-on-one through digital. eMarketer’s Tricia Carr spoke with Narayan Iyengar, senior vice president of digital marketing and ecommerce at Albertsons, and Mir Aamir, president and COO of Quotient Technology, about the level of personalization that grocery shoppers expect in exchange for their loyalty.

**Albertsons**

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**eMarketer:** What trends are driving an increased desire for personalization among your customers?

**Mir Aamir:** The No. 1 trend is changes in customer expectations. There is a strong desire from consumers everywhere for relevance and personalization. Their patience for messages or offers coming from any business that are not personalized is running very thin. Historically, grocery retailers and CPG [consumer packaged goods] brands have done mass marketing, like weekly flyers. The desire for personalization is not only a challenge, but a huge opportunity for them to capitalize on.

**eMarketer:** The right technology can help retailers personalize across multiple consumer touchpoints.

**Narayan Iyengar:** The technology infrastructure for marketers continues to evolve and transform dramatically. There’s data, big data, machine learning, all of that. But it’s also happening at the customer level in that everybody is looking at small screens, and that changes how they view the retail store and influences preshopping [before they get to store].

The North Star toward which all major grocers want to move is to have an integrated, end-to-end, seamless experience that addresses a majority of the customer journey—be it in-store or online, stock-up trips or quick trips, and no matter what type of customer you are. We want to be able to help everybody because we are a mass market company. Picking any one challenge and solving it is somewhat easier, but for a company with our scale, we have to solve all of them.

“The North Star toward which all major grocers want to move is to have an integrated, end-to-end, seamless experience that addresses a majority of the customer journey.”

**Aamir:** To reinforce that point, about 97% of groceries are still purchased in-store. Even though the online piece is growing rapidly, it’s growing from a small base. Using digital to influence in the preshopping and planning stages to get a growing share of wallet and market of that 97% is very important.

**eMarketer:** How have Albertsons’ customers changed since you started offering a heightened level of personalization through mobile apps and other digital channels? What behaviors are you noticing now?

**Aamir:** As we started on this journey of personalization, and as digital coupons became more personalized for the customer, we naturally saw higher engagement. Then habit-forming happened, and it’s happening fast for an
industry that’s used to 40 years of clipping coupons out of the Sunday newspaper.

As we introduce more features during this digital preshopping—for example, when you create a shopping list in the just for U app, it’s sorted by aisle—we start seeing shoppers engage with that. We’re also seeing engagement outside of the app environment—for example, on Facebook where users see advertising or content that is personalized and relevant to them. We’ve seen this engagement build over time in these kinds of preshopping experiences.

“Go back 15 years, your store manager knew you as a person—all we’re doing now is digitizing that relationship.”

eMarketer: Are there any other key factors outside of changing customer expectations that make personalization so important right now for grocery retailers?

Iyengar: It becomes more important as stores hold a larger number of SKUs. Ten years ago, stores carried 10,000 SKUs at best. Now we are at 50,000 SKUs, and there are entirely new product categories: natural foods, organic, gluten-free and so on. This makes finding what you want very hard. At the same time, screen size is getting smaller, and we can’t fit that entire product assortment on a small screen. You have to have the software pick out the items that customers care about, otherwise they get overwhelmed.

Personalization is not a new concept in the sense of the term. Go back 15 years, your store manager knew you as a person—all we’re doing now is digitizing that relationship. All of those aspects of the store that made it successful over the last several decades are what you want to replicate on digital.
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