THE SCI-FI SHOPPER

HOW TO

FUTURE-PROOF YOUR BRAND FOR THE NEW CONSUMER

elasticpath

INTRODUCTION

THE FUTURE OF DIGITAL COMMERCE IS HERE.

Just a decade ago, technologies and capabilities like voice assistants, facial and image recognition technologies and even same-day shipping seemed straight out of an episode of "The Jetsons." But those futuristic experiences are here today. And so is the Sci-Fi Shopper.

The Sci-Fi Shopper represents an evolved consumer brands need to prepare for. The Sci-Fi Shopper has no patience for inconvenience or clunky interactions. Conditioned by Amazon and digitally-driven commerce capabilities, the Sci-Fi Shopper expects streamlined, easy and frictionless experiences. It's up to brands to master whatever technology — whether it's voice commerce, virtual reality, chatbots or other innovations — makes it happen. The Sci-Fi Shopper isn't easily impressed, especially by technology that doesn't add value to his or her shopping experiences.

Brands have some catching up to do.

Elastic Path surveyed 1,015 consumers, as well as 300 B2C marketing professionals, to understand what today's customer (the Sci-Fi Shopper) expects from brands, and how brands perform against those expectations. The report reveals that brands misunderstand customer desires and may be poised to disappoint — especially when it comes to leveraging technology through the customer journey.

Read more to learn how to delight today's Sci-Fi Shopper.

MEET THE
SCI–FI SHOPPER

DESPITE WHAT THE NAME MIGHT SUGGEST, THE SCI-FI SHOPPER ISN'T FLASHY.

Today's consumers are pragmatic and they know how to harness new capabilities and technologies to make their lives easier. They prioritize simplicity in their shopping experiences, and they demand technology that makes the entire process effortless. After all, at the end of the day, the fantastic technology in "The Jetsons" (like Rosie the Robot Maid) was ultimately about meeting basic needs.

Customers are open to new experiences and they're excited to try new ways of interacting with brands, but they aren't interested in technology just for the novelty of it. Instead, the Sci-Fi Shopper craves new features that eliminate old pain points.

Shoppers are excited for more futuristic options only if it means better experiences. In fact, 67% of customers said they'd switch to a new brand if they offered a more futuristic experience.

However, they're less interested in experiences like virtual reality (VR) and augmented reality (AR) that can be futuristic just for the sake of it. To Sci-Fi Shoppers, futuristic means easy, fast and convenient. It's up to brands to show them how tools like AR and VR can make their lives easier and become a real brand differentiator, rather than a cool trick to show off in your flagship brick-and-mortar store.

When asked what would prevent them from using new technology, 53% of consumers said that privacy concerns are the number one deterrent. When refining new experiences for customers (like facial recognition or fingerprint scanning), it's imperative to effectively safeguard information and reassure customers their data is adequately protected.

Transparency is also key – customers should be able to see what data you have on them, modify that data, and ask it to be forgotten. On the backend, you can find creative ways to meet needs like hyper-personalized product recommendations without storing so much data. For example, you can use real-time signal data from in-memory storage that can be tossed after a specific task is done.

When asked which channels they used most recently to make a purchase, three responses stood out:

62% DESKTOP/LAPTOP

50% MOBILE PHONE VIA APP

47% MOBILE PHONE VIA WEBSITE

GET THIS!

53% of shoppers say privacy concerns deter them from trying new tech

CONVENIENCE IS A KEY DIFFERENTIATOR.

For the Sci-Fi Shopper, better often means faster, easier and more convenient. Convenience has to be king — and brands don't have a lot of time to deliver it.

When asked what they expect brands and retailers to offer within the next year, consumers overwhelmingly chose options related to more convenient experiences.
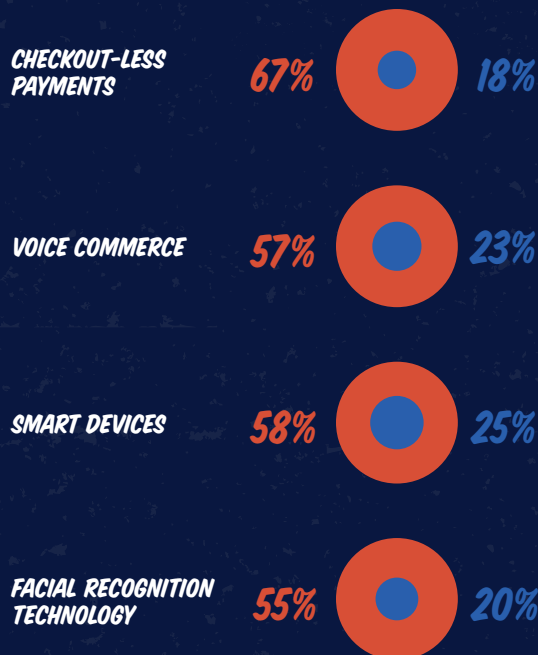
Unfortunately, brands are lagging behind customer expectations, especially when it comes to their most likely investments.

There's a common thread here: the desire for faster and easier delivery, browsing and checkout experiences. Customers want to quickly order products via voice devices, access accounts without typing in passwords, reorder products through smart devices and more.
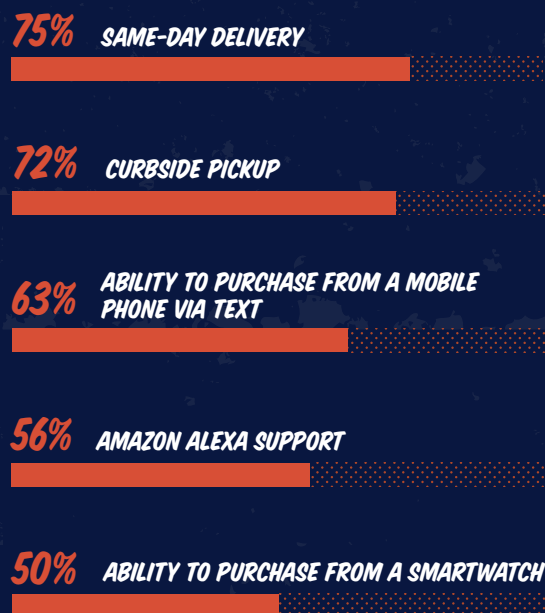
But there's a critical disconnect between what customers want and what brands think they want, especially as it relates to convenience. Brands aren't as prepared as they should be to offer these features, showing they may be undervaluing the role that convenience plays in a great customer experience.

Here's what customers are either ALREADY using or are likely to use, compared to what brands offer or are very likely to offer:

● Customers ● Brands

	Customers	Brands
CHECKOUT-LESS PAYMENTS	67%	18%
VOICE COMMERCE	57%	23%
SMART DEVICES	58%	25%
FACIAL RECOGNITION TECHNOLOGY	55%	20%

Here's what consumers expect from all brands within 12 months:

- 75% SAME-DAY DELIVERY
- 72% CURBSIDE PICKUP
- 63% ABILITY TO PURCHASE FROM A MOBILE PHONE VIA TEXT
- 56% AMAZON ALEXA SUPPORT
- 50% ABILITY TO PURCHASE FROM A SMARTWATCH

SCI-FI SHOPPERS WILL EMBRACE NEW TECH IF THEY'RE CONFIDENT IT WILL MAKE THEIR LIVES EASIER.

Customers haven't fully embraced technology like VR/AR, voice commerce and artificial intelligence (AI) yet. That doesn't mean they're not valuable investments for brands. It means that brands haven't convinced customers these technologies provide the convenience and simplicity the Sci-Fi Shopper craves.

Our report reveals that voice commerce has a lot of potential for customers and brands alike.

While the majority of customers (81%) haven't even tried using voice technology to make purchases, the early adopters are hooked. Of the Sci-Fi Shoppers who have used voice technology to make purchases, 22% use it multiple times a week and 21% use it at least weekly.

Once customers grow confident and comfortable using voice technology to purchase, voice commerce becomes habitual.

Gaining the required level of comfortability for adoption of voice commerce remains a challenge for brands. When asked why they wouldn't use a device like an Amazon Alexa or Google Home to make a purchase, 37% of respondents say there are too many errors or miscommunications when purchasing. Another 11% say they wouldn't use these kinds of devices because they don't trust the device to make the correct purchase. This emphasizes the need for refined experiences customers can trust to get the job done.

Like voice, customers aren't entirely sure of the value of experiences like AR, VR and AI. But that doesn't mean they aren't valuable — it means in general, brands haven't used them to their full potential.
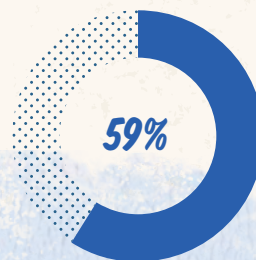
Where is voice commerce most promising? When asked what products they'd like to be able to purchase via voice, the most popular categories include:
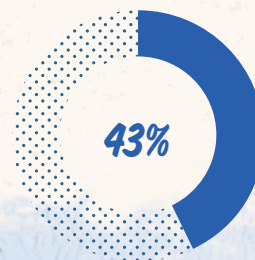
69%
GROCERIES
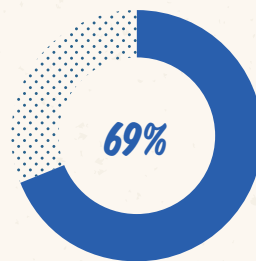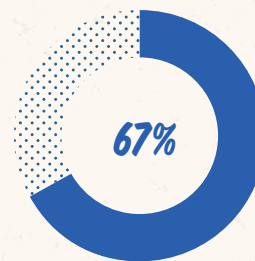
67%
HEALTH AND BEAUTY PRODUCTS

59%
BOOKS, MOVIES AND MUSIC

43%
CLOTHING AND ACCESSORIES

GET THIS!
Of shoppers who have used Amazon Alexa to make purchases, 22% do so multiple times a week.

That's why customers think AR/VR and AI are overhyped. Fifty-six percent of customers feel VR has received too much hype, while 38% said the same about AR. However, 45% of brands felt that AR and VR had the most potential for their customer experience. Brands aren't necessarily wrong — but they have to prove to customers that AR and VR can really deliver the best experiences possible.

There's good news. One-third of consumers (33%) say they already use or would be likely to use VR to interact with brands. Another 42% say the same about AR and 41% agree with regard to AI technology that drives personalization. Brands leveraging these technologies strategically will win over the Sci-Fi Shopper.
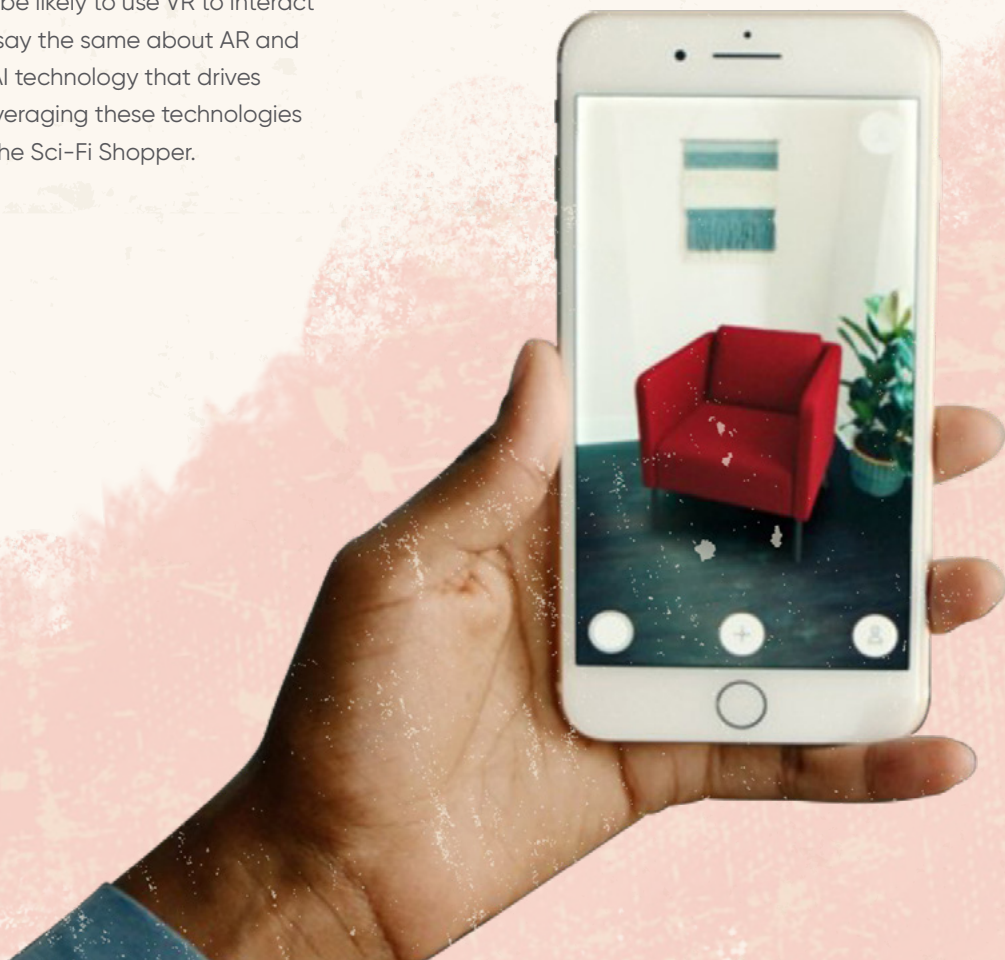
ELASTIC PATH INSIGHT

"The data shows that customers aren't impressed just because something is futuristic. They don't care if something is trendy – they care that their needs are met in the way they expect them to be. Technology like voice commerce, which will only become increasingly integrated into customers' lives, presents brands with the opportunity to bring the purchase experience to shoppers in more seamless ways. You just have to prove that these technologies improve the day-to-day experience rather than becoming just another marketing ploy."

– Harry Chemko, CEO of Elastic Path

LETTING GO OF THE
AMAZON FEAR FACTOR

IT'S A DIFFICULT TO TALK ABOUT THE FUTURE OF RETAIL WITHOUT TALKING ABOUT AMAZON.

While many brands are cowering in fear of the retail giant, smarter ones are learning from it. Shoppers aren't abandoning their favorite brands en masse for Amazon. But from Amazon Go locations to the Dash button to Amazon Alexa, the company is rapidly shaping consumer expectations for what qualifies as a strong customer experience.

As brands move forward and work to better serve their customers, it's critical to learn from what Amazon is doing right and adapt accordingly, especially since the brand is delivering on many of the factors most important to the Sci-Fi Shopper.

Most consumers who have purchased products online purchased from Amazon, with 85% reporting they shopped with the brand in the last six months.

Many of Amazon's strengths resonate with consumers' desire for practicality and convenience: Nearly 80% of those who have shopped on Amazon rate the experience at an 8 or above on a scale of 1 to 10. This speaks to Amazon's ability to simplify and personalize the customer experience.

Again, practical offerings win shoppers over. Most shoppers report they shop on Amazon because of its product selection (35%), price (23%) and delivery speed (18%). Additionally, 43% would choose another retailer that offered wider product selections.

Further, the data shows that brick and mortar isn't dead for the Sci-Fi Shopper. Seventy-seven percent of Amazon fans say they'd like to see more Amazon Go locations, while 23% would choose another retailer over Amazon if the retailer offered more physical store options. And they'd likely choose your business if you emulate the same principles of ease and convenience in your brick-and-mortar strategy.

ELASTIC PATH INSIGHT

"Bringing Amazon-style convenience into stores is huge. The reason digitally native brands do well in brick and mortar is the customer centricity and convenience that is built into their foundation.

2019 is the last year for retailers to get to know their customer. In 2020, if they don't have that relationship nailed, they'll be dead. If I'm a customer with your brand, here's what I'd expect:

01 Simple sign-in and customer profile management

02 Know my addresses and have my payment details

03 Connect the dots on my purchase history across channels

You need a 360-degree view of each customer and their entire history with your brand before you can even begin to nail personalization. It's time to move on from affinity group assumptions and get to know every individual."

- Darin Archer, CMO of Elastic Path

RETAILERS,

HERE'S WHERE TO IMPROVE

IN THE AGE OF THE SCI-FI SHOPPER, BRANDS AND RETAILERS CAN'T AFFORD TO GO BACKWARD.

But many still have a long way to go when it comes to using the technology customers demand for better experiences. Shoppers continue to experience familiar pain points that retailers should be eliminating. In other words, retailers have plenty of room to grow. If they don't, they'll be considered too retro for the Sci-Fi Shopper.

The bad news? Retailers have inflated egos. When asked how futuristic retail experiences are on a scale of 1 to 10, customers give brands a 4. Marketers? They think they're at a solid 7. Clearly, there's a disconnect.

The simple truth is that retailers aren't solving real problems for their customers. A majority of customers (57%) report they don't think brands are doing enough to solve their most common pain points.

For some marketers, more money means more problems. For example, larger retailers (earning more than $500 million annually) find maintaining accurate product data across channels is a significant problem. More than 50% of respondents identified inaccurate product data as the largest contributor to customer displeasure. Problems with accurate stock levels are also persistent. Generally, larger organizations with expansive catalogues and theoretically larger technology budgets tend to have more technical

challenges, begging the question: Are these businesses using the right technologies for their customers in the first place?

In any case, marketers need to better understand what their customers want — and that starts with how brands are failing these customers.

Customers want practicality from retail technology, so it's not surprising that long wait times, inventory issues and similar frustrations irk them most. While 39% of brands identify a lack of convenience for their customers as their biggest challenge, they're not necessarily solving the issue yet. When asked which common pain points they experience, here is what stood out (versus what brands guessed):

Long checkout lines: 57% of customers experience this; Only 35% of brands believe it is a pain point.

Out-of-stock inventory: 55% of customers experience this; Only 32% of brands believe it is a pain point. Additionally, 39% of consumers who have bought products on their phones while in-store do so because the product was out-of-stock in-store.

Long wait times for customer service: 42% experience this as a major pain point, while 36% of brands assumed it is.

Unhelpful/uninformed store associates: 38% of consumers experience this as a major pain point, compared to 20% of brands believing this is a pain point.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

WHAT CUSTOMERS THINK OF BRANDS

WHAT MARKETERS THINK OF BRANDS
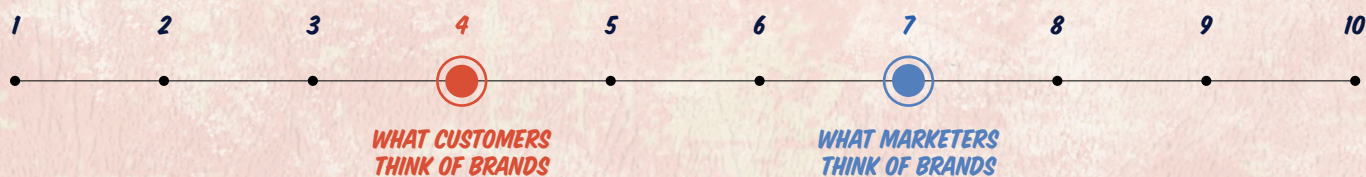
Many of these pain points are no surprise, considering what we know about the Sci-Fi Shopper's demand for ease and convenience. But brands can go beyond those needs. One way to do it is by creating more personalized experiences.

The Sci-Fi Shopper wants personalized, curated experiences. Fortunately, the data shows that brands seem to understand the importance of personalization, and customers are largely happy with their efforts. But brands are mostly limiting personalization tactics to marketing tactics, like retargeting ads based on searches or web visits. For example, 60% of brands personalize

marketing communications using customer data. And more than half (55%) use direct feedback from customers in general to improve the customer experience.

However, only 24% personalize in-store experiences based on customer data, while only 45% personalize their websites for individual customers.

Brands of the future will lean more toward individualized experiences throughout the entire customer journey, not just for easy marketing wins.

ELASTIC PATH INSIGHT

"Brands are fumbling by continuing to have multiple sales platforms instead of using a unified commerce approach. Customers don't think of your brand as multiple "channels," so why should you?

To illustrate my point: Go into a Crate & Barrel store and tell them you bought a product online and have a question about it. Or, start adding to a cart with the in-store sales associate and then check out. You'll see how these experiences quickly become disjointed and frustrating. A sales associate should immediately see every interaction you've had with the brand and seamlessly unify in-store and online experiences. Understanding where customers buy, what they buy and when they buy is critical.

The biggest pain points for customers seem simple — long checkout lines, out-of-stock inventory, long wait times for customer service, unhelpful store associates. This brings us back to the backend issue. If your system can't expose the data needed to meet the customer experience demands, get rid of it. If it can, but needs some TLC, get it done."

– Darin Archer, CMO of Elastic Path

THE FUTURE IS HERE

IT'S TIME FOR BRANDS TO CATCH UP

IT'S CLEAR THAT THE SCI-FI SHOPPER HAS DEMANDS THAT BRANDS ARE NOT PREPARED FOR.

Customers want technology they can trust and innovative solutions that flawlessly integrate into their lives — just like Rosie the Robot Maid. To provide the seamless and easy experiences of the future, brands need to rethink the way they use technology to enhance the customer experience. And that starts at the backend.

Fortunately, some brands are already working to enable this. Bigger companies have an advantage here — companies with more than $1 billion in annual revenue lead in every technology category for planned investment. Others must play catch-up.

Before you start pouring money into AR or voice commerce, you need to start with your foundational backend technology. The Sci-Fi Shopper doesn't view the ways they interact with your brand — be it in store, on an Amazon Alexa, in a smart dressing room mirror — as separate channels. You can't treat them that way, either. If, for example, a customer has to enter her payment information or billing address each time she orders via a voice device, the point (more seamless, convenient experiences) becomes moot. You have to unify customer data across every touchpoint and prepare for a point of sale experience that exists beyond an online checkout function. With unified data, you set yourself up to adapt quickly to futuristic touchpoints that don't even exist yet.

It all starts with a headless approach to your commerce strategy.

Headless (or API-first) commerce is the only way to create the seamless, convenient and unified experience today's Sci-Fi Shoppers crave. The old way of siloing channels and separating the marketing arm from your commerce systems may have worked well enough for the web store alone, but it won't cut it in the age of the Sci-Fi Shopper. Now you have to quickly integrate capabilities and data points across new environments, and headless commerce can do just that.

Fortunately, brands are starting to catch on. Sixty-four percent of marketers say they plan on using a headless (API-first) commerce strategy, with only 17% saying they won't (and 8% who still aren't entirely sure what headless commerce even is). But the message is clear: With the majority of marketers planning to adopt a headless approach, you're falling behind if you don't make real changes.

GET THIS!

64% of marketers are planning to use a headless commerce strategy.

ELASTIC PATH INSIGHT

Our data shows that marketers are pretty open to transitioning to a headless commerce model. For those companies, here's some advice:

Inventory your sales touchpoints. Where are you facilitating a commerce transaction? Do you have pop-up stores in a van traveling the country? Do you sell on Instagram? Are your store associates using the website and POS at the same time?

From here, you can step back and determine the focus of each channel. Will you offer the full product catalog or an abbreviated version? For example, REI Co-op's voice assistant only allows Alexa to provide REI's Deal of the Day, REI store locations, equipment rental information, and up-to-date information on REI classes, events and garage sales.

Rationalize the customer experience requirements. Can one CMS cover all channels? Do you want to keep it simple and just use a PWA? Do you have unique needs that warrant native mobile apps? What equipment is everyone using (think about employees, call center, field technicians or home delivery in addition to the direct shopper touchpoints)?

It's a pretty annoying customer experience when you're talking to someone that is an employee of the company you're trying to do business with and they say, "Oh, I can't do that. You'll have to go online (or go into the store)."

That said, make sure your commerce platform can expose all transactions to any touchpoint you want to create. Many can share product information via an API, but then can't have a cart initiated or purchase history looked up without it going through their web pages. That won't work well with a device like Google Home, for example.

When it comes to leveraging new technologies in commerce, retailers are missing the mark in key areas. A tip: Reduce friction during checkout. According to my wife, "If they don't have Apple Pay and know my address, I don't want to bother." She's not alone. Get really good at capturing required customer information so that every experience after becomes more like ordering an Uber.

– Darin Archer, CMO of Elastic Path

METHODOLOGY

Elastic Path surveyed 1,015 consumers who have shopped online in the past six months and 300 professionals who work in a marketing role for a B2C company that sells products online.

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ABOUT ELASTIC PATH

As the pioneer of headless commerce, Elastic Path created the world's leading API-first commerce solution for enterprises. The perfect partner for future-facing organizations that want an open, flexible platform, Elastic Path creates extraordinary purchase experiences within any digital environment. Its products including Elastic Path Commerce Cloud, Commerce for B2B, Commerce for B2C, and Reference Experiences offer commerce freedom, making any device, touchpoint and experience shoppable. Through collaborative innovation between Elastic Path's team, customers and partners, Elastic Path leads the way in revolutionizing commerce.

Elastic Path is based in Vancouver, Canada, with offices in the U.K. and U.S. Learn more at **www.elasticpath.com**.