FROM DATA TO PERSONALIZATION:

Mapping the Empowered Consumer Experience

A WHITE PAPER FOR BRANDS AND RETAILERS



Overview

Data, data everywhere. And not a byte to use. Today's sellers are surrounded by e-commerce data. But most of it sits locked away, waiting for the day brands and retailers will unleash its true purpose.

The world is capturing 2.5 quintillion bytes of data every single day, with 1.7 megabytes created for each person on the planet every second. And yet...

Only 0.5% of that data is being analyzed in raw form. Although the other 99.5% is frequently discussed, the terms are so vague — optimizing product data, making the most of customer data — it's virtually impossible to derive any real meaning from it. And so sellers keep falling deeper into the abyss of bits and bytes with few, if any, substantive insights to hold on to:

- Just 23% of marketers have a comprehensive view of the customer based on data available within their companies
- Only 5% of senior marketers are delivering data-driven experiences, in real time, across channels
- 48% of marketing and selling decisions are made based on intuition or personal experience rather than quantitative analysis

This problem can no longer be ignored. As the e-commerce landscape changes at a rapid pace, data is emerging as the differentiator. Whether a company sells first-party or third-party, deals with wholesale or resale, is described as a manufacturing brand or a retailer, the call to action is the same:

The time has come to find concrete, tangible ways to capture the right data and transform it into extraordinary experiences — for all the right consumers, at just the right times. Sellers that want to survive and thrive in the era of the empowered consumer will need to find new ways to harness their data and put it to work.

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Data in the Era of the Empowered Consumer

With online retail in the midst of a radical transformation, the very nature of a seller's customer and product data changes daily. Rapidly shifting customer habits, competitive product and pricing dynamics, fast-changing algorithms… these shifts and thousands of others like them are continually forcing brands and retailers to rethink the processes they use for marketing, selling and fulfilling.

At the heart of it all is the empowered consumer. As market research firm eMarketer describes it: "Consumers today are rejecting the legacy model of inventory-led retail in favor of experience-led retail that manages to **delight, entertain and inspire rather than simply to meet a functional need with available product**." The long-term implications for e-commerce are profound.

Emboldened by a handful of leading-edge, data-driven shopping experiences provided to them by industry disruptors, today's consumers want to see these personalizations manifested everywhere they go. They expect sellers to anticipate their personal preferences and individual needs everywhere they go — from social media and search engines to websites and marketplaces right down to shipment tracking and returns processes.

These expectations are changing the game for every seller, in every vertical, across categories and countries. Simply uploading product content and managing inventory is no longer a determinant of success. It's far more important for brands and retailers to remain nimble and responsive to the fast-changing preferences of modern shoppers.

To achieve this state, e-commerce companies must excel at applying customer and product data across the entire buyer's journey. Transforming data daily is the surest path to reducing costs, maximizing margins and securing long-term, lasting loyalty. The first step in this new seller's journey? Embracing the inevitable: massives waves of change.

Moving Targets and Massive Waves of Change

If there's one constant in e-commerce, it's change. Marketplaces change. Algorithms change. Trends change. Sometimes sellers are aware of these changes as they occur. Many times they're not. Shifts in the landscape occur so swiftly and subtly that sellers will often find themselves operating in the midst of a massive transition without really knowing where or when it began.

Unless, of course, the company is harnessing the full power of its customer and product data. The more insights a company has, the better able it is to ride each wave of change — and the fewer the number of surprises there will be to endure.

CONSUMERS ARE CHANGING

The days when a consumer could be guided through a pre-scripted journey are long gone. Today's empowered consumers buy for their reasons, not yours, and will resist attempts to be forced through funnels.

Twenty years ago, consumers typically used two touchpoints when buying an item. That number has steadily climbed along with the rise of e-commerce, mobile commerce, social commerce and voice commerce:



Consumers now have easy access to 100+ marketplaces.



76% use 3+ channels during the busiest holiday shopping.



82% consult their smartphones before making a purchase, and 55 million use mobile payments.



38% trust social media influencers over what a brand says about itself, and one in three make purchases based on these posts.



36% of smart speaker owners regularly use voice assistants to make purchases.



65% either do product research online to buy in a store, or vice-versa.

ROLES ARE CHANGING

As consumer expectations fuel major changes not seen in decades, the line separating retailers and manufacturers is fading fast. Traditional manufacturers continue to displace retailers with their own brick-and-mortar stores. And retailers are forcing out long-entrenched brands with their own private-label products:



Nearly a third of sales at 64-year-old Nike now go through Nike Direct, which includes close to 1,200 retail locations worldwide and is projected to grow from $6.6 billion in 2015 to $16 billion in 2020.



After years of record-high retail store closings, another 75,000 retailer locations could cease to exist by 2026.



Amazon now sells more than 450 of its own exclusive brands; 84% of Walmart customers purchase private-label products.

THE LANDSCAPE IS CHANGING

Walls are crumbling across the entire digital landscape, causing sellers to rethink where, when and how they market, sell and fulfill. Marketplaces are now major advertising platforms, longstanding advertising channels are known for their growing marketplaces and everyone is scrambling to establish themselves in logistics:

Amazon has risen to become the third largest digital ad platform in the US, and continues to challenge the Google-Facebook duopoly.

DHL has opened an innovation center as it vies for the title of fastest deliveries and most advanced technologies.

Just months after Google Shopping Actions launched, Google Express became a top five most successful marketplace for ChannelAdvisor sellers.

Amazon is staking its claim as a logistics provider to compete head-on with the likes of FedEx and UPS.

JOURNEYS ARE CHANGING

Despite all of these changes, consumers do want sameness in experience. Whether shopping with a luxury retailer for extravagant touches or a CPG brand known for great promotions and fast deliveries, people want to know that their needs will be met with every interaction. Wherever a logo appears — be it on Instagram or in a store, on a website or in a package — consumers want to see sellers using their data to create the same frictionless experiences across channels:

80% think sellers should provide personal service, both in store and online.

More than half expect consistent service and a frictionless flow of information across channels

90% find personalization appealing.

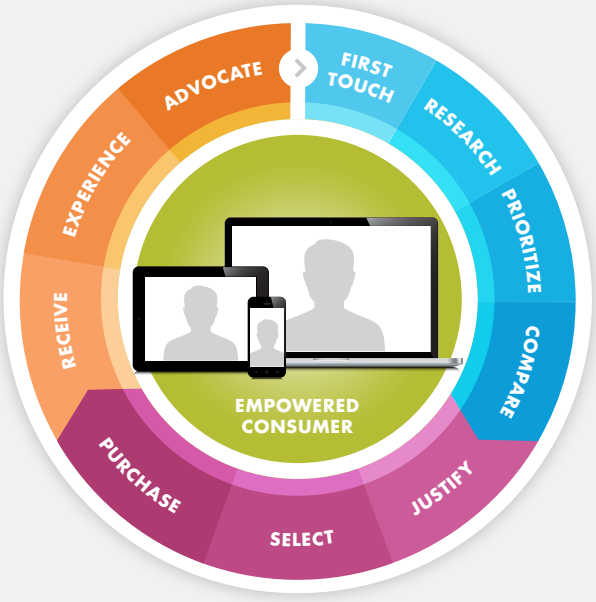
In the midst of these changes, brands and retailers are left to figure out:

What's happening to the buyer's journey?

The predictable paths to purchase that were once so familiar to sellers are long gone. In their place is a constant, continuous cycle — one that's frequently fine-tuned as consumers draw upon the latest advancements in marketing, selling and fulfilling.

A buyer might complete this entire journey in only a few hours — considering same-day shipping times — or it might take them several months to travel through first touch to final product experience. Regardless, sellers must find new ways to insert themselves into these journeys.

And it all starts with data.



Data as the Great Differentiator

YES, DATA CAN FUEL THE CONSUMER EXPERIENCE.

Consumer experience is THE competitive differentiator today, and there's only one way to excel in this area. Success now hinges on a company's ability to collect, analyze and optimize the full range of its product and consumer data.

Despite its critical importance, data-led consumer experiences remain over-promised and under-delivered.

Research shows that sellers are currently using an average of 39 disparate front-end systems to manage consumer engagement. For each interaction, there could be as many as three dozen different dashboards to check, systems to sync and data feeds to manage. This level of disorganization alone makes for a very disconnected consumer experience.

There are bright spots, however. Many brands and retailers are thriving in this environment, increasing revenues by more than 10% year over year. Deloitte refers to these sellers as "elite performers" who focus on data at nearly twice the rate of their "average" and "underperforming" counterparts. They've discovered new ways to reorganize their business models around the consumer and align strategies across channels.

BUT FIRST, SELLERS MUST UNLOCK THEIR SILOED, DISPARATE SYSTEMS.

Why are so many brands and retailers drowning in data? Before a seller can begin to derive real value from its product and customer data, there are several common roadblocks to address:

	MANUFACTURERS	RETAILERS
	The traditional branded manufacturer currently has data as far as the distribution center but no further. Nearly two-thirds of branded manufacturers can access only a moderate amount of consumer data via indirect channels such as marketplaces or wholesale — if any at all. This causes problems on several fronts:	The vast majority of retailers still lack the data feed connections necessary for receiving and maintaining a steady flow of consumer and product information. An over-reliance on spreadsheets and manual processes creates several issues that need to be addressed:
MARKETING	The majority of digital ads are yet to be aligned with actual consumer preferences. Even in the midst of artificial intelligence and similar technologies, more than a third of marketers are being held back by data silos and poor data-sharing protocols. As a result, consumers are finding digital ads to be increasingly invasive: 71% say online advertising has gotten more intrusive, and 1 in 4 block ads altogether.	More than half of marketers say better targeting and data segmentation are top priorities that occupy much of their time. Yet it's not uncommon for only 20% to 30% of a company's digital impressions to be shown to the intended target audience — a clear indication there's still a long way to go in optimizing data.
SELLING	Without the right datasets and analysis, it's difficult to identify the most profitable mix of sales channels. For example: Just 25% of brands have a defined strategy beyond Amazon — even though reports have shown the majority of brand browsing and buying activity occurs with non-Amazon retailers.	Despite an endless sea of data, retailers are struggling to meet even the most basic of consumer expectations. According to recent studies, merchandising and pricing complications still plague online retailers. Underperforming inventory, understanding customer preferences and price sensitivities top the list of challenges to overcome.
FULFILLING	Warehouses designed to ship pallets to retailers lack the data needed to fulfill thousands of individual online orders in a pick-and-pack format. It's little wonder, then, that as much as 59% of consumers are switching brands because their preferred choices can't deliver when expected.	Data interaction between warehouses, inventory systems, marketplaces and stores is frequently fractured and overly reliant on error-prone manual processes. The result is inventory that's not updated and fulfillment expectations that aren't met. For example: While 81% of top-tier retailers either provide or plan to offer BOPIS (buy online, pick up in-store), only half have the right metrics to measure its effectiveness. One study found BOPIS to be inconsistent for 66% of retailers due to inaccurate inventory; another discovered that out-of-stocks are costing companies $22 billion in the online consumer goods category alone.

Retailers have access to vast stores of customer data, but struggle to optimize the product data they receive from manufacturers.

Manufacturers excel at optimizing product data, but have very little insight and analytics when it comes to customer data

Divided, brands and retailers will continue to struggle. But unite these two forces of e-commerce, and new outcomes can be achieved. In other words…

The time has come to work together in the name of data. To reap the full range of revenue rewards that e-commerce has to offer, brands and retailers will need to overcome challenges together by:

- Modernizing backend systems
- to improve the flow of customer and product information
- and optimize data as it's received
- for empowered consumers everywhere



$5.8

Trillion in e-commerce sales by 2022



25%

of US sales will be e-commerce sales by 2026.

Studies show that online sales will grow at more than six times the rate of offline transactions to reach $5.8 trillion by 2022. If the current pace of growth continues, e-commerce will be 25% of US retail sales by 2026.

That's 2.5 times what it is today.

Brands and retailers that aren't equipped with the right data processes WILL get left behind.

The Two Critical Components of E-Commerce Data

What can seem like such a simple, straightforward goal on the surface — getting the right product in front of the right consumer at just the right phase of a buying journey — is actually a highly complex web of hundreds, thousands or even millions of different data points. It's only when this customer and product data comes together that the first-touch-to-last-mile consumer experience is radically transformed and personalized.

What are consumers willing to pay for a product right now? How much inventory is needed to meet current demand, without over- or understocking? Which keywords and content are performing well? What's happening within retail stores? Winning in the current e-commerce landscape requires answering hundreds of questions like these for each interaction, across the full spectrum of marketing, selling and fulfilling. Sellers must collect a wide range of customer and product data — and have a process in place for transforming that data into outstanding consumer experiences.

	THE POWER OF PRODUCT DATA:	+ THE CLARITY FROM CONSUMER DATA:	= RADICALLY TRANSFORMED CONSUMER EXPERIENCES:
MARKETING	Keywords Titles Product details Value-based talking points Categories Images and videos	Social media Paid search Influencer marketing Manufacturer websites Amazon activity	**Inspire** with personalized content to help consumers discover ideas and useful approaches to accomplishing their goals with your products Inform with product information **delivered** at the right level based on past learning behaviors **Influence** through dynamic advertising based on real-time activities
SELLING	Pricing Inventory Content Demand forecasts Category mapping Loyalty memberships (Prime) Accessories and adjacent products	Order history and personal shopping preferences from: - Marketplaces - Online stores - Retail stores	**Convince** with compelling product content, competitive pricing, personalized offers and more **Remove friction** for seamless, effortless ordering and reordering — whether that means offering sizes and accessories based on past purchases, or using tactics like "buy again" buttons and "customers have also purchased" displays
FULFILLING	Item cost Weight Dimensions Bulk ordering Shipping fees Inventory location Customer service	Buyer locations Expected delivery preferences Contact information Reviews and ratings Repeat buying propensities	**Deliver on expectations** with timely, accurate shipping notifications — and orders routed to the most efficient carrier based on weight, dimension, customer location and more **Delight and entertain** with branded, personalized packing slips **Build loyalty** with follow-up engagements and nurture campaigns

Best Practices for Data Transformation

Consumer journeys change regularly as a direct result of data — and it's time for the seller's journey to start shifting, too. The vast majority of brands and retailers are overdue for an overhaul when it comes to collecting, analyzing and optimizing data. While this transition won't come to fruition overnight, it can start today.

The process begins with three critical steps:

1

COLLECT

Right now, the data sellers most need is dispersed and scattered across departments, dashboards and untapped technologies. The first step in transforming customer and product data is simple: Collect it. Anywhere and everywhere, using all methods possible.

Harnessing even a small portion of the 2.5 quintillion bytes of data generated daily can lead to significant changes for the typical manufacturer or retailer. Successful sellers start by identifying the exact data they need to fuel better marketing, selling and fulfilling — and then identifying the exact tools needed to bring it together in a holistic strategy.

2

COLLABORATE

Next, it's time to expand the organization's sources for data. Manufacturing brands excel at one type of data; retailers at another. Only by working together will these sellers achieve unfettered access to the full range of customer and product data necessary to inform personalization.

Sellers that choose instead to strengthen silos and keep crucial insights locked away will soon find themselves losing the race. By working together and sharing data, everyone can win.

3

OPTIMIZE

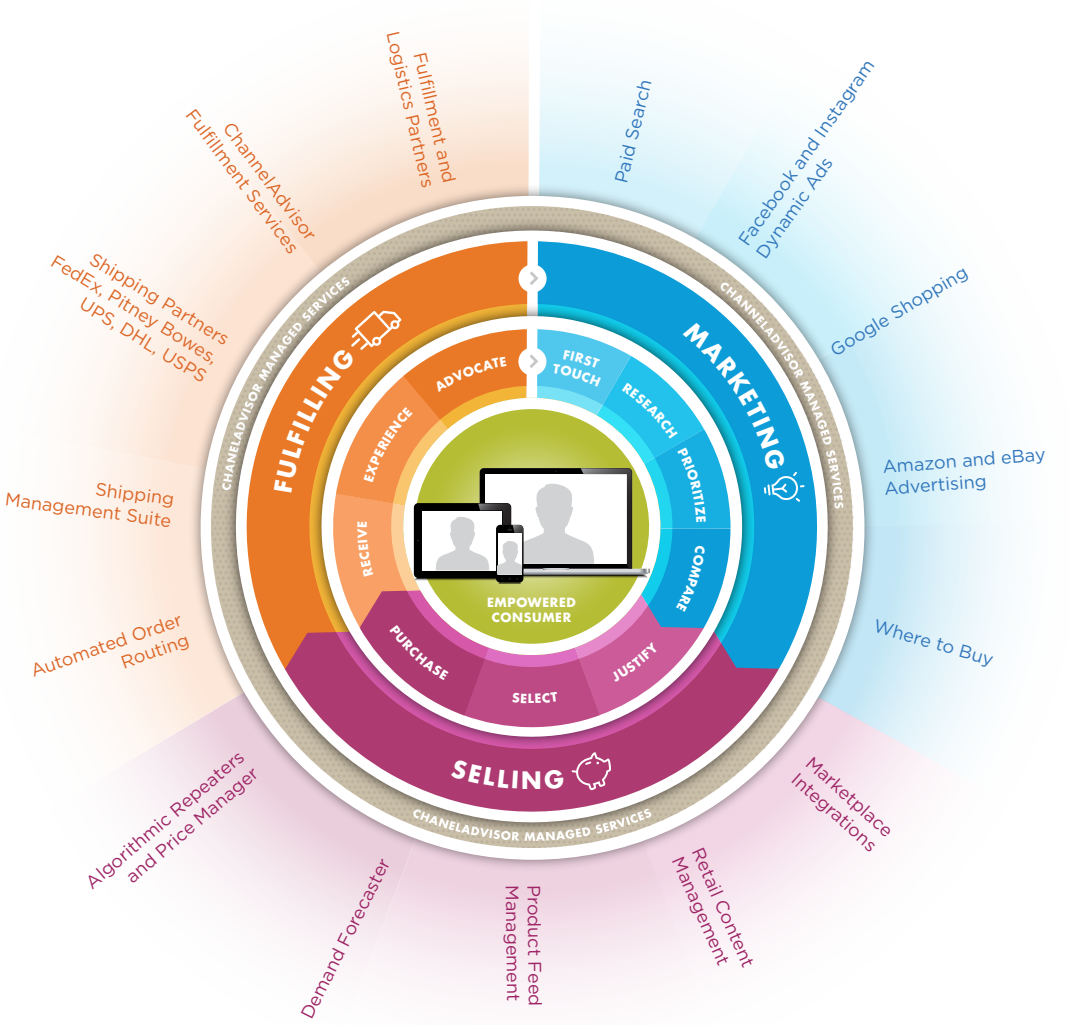
A seller can collect and collaborate on all the data it will ever need, but only when the information is truly optimized will it be transformed into outstanding experiences. This is how data flows from one channel to inform strategies on another, and how critical feedback loops are continually created.

The key is to identify the right mix of tools, and then use them to create a process that not only harnesses all-important data but puts it to work as well.

Looking Ahead

Today's online sellers have more opportunities than ever before to personalize the consumer experience, and the options to compete and win online will continue to grow. However, the only surefire way to capitalize on these trends is through data transformation — an endeavor that's just beginning for many brands and retailers. Sellers that want to remain relevant in the era of the empowered consumer will need to find new ways to harness their data and put it to work.

With nearly two decades of experience handling $8.9 billion in GMV, ChannelAdvisor helps over 2,900 brands and retailers optimize the flow of data across hundreds of e-commerce channels worldwide. Our powerful transformation engine collects your product data once, and then harmonizes it across the full range of marketing, selling and fulfilling activities.



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