



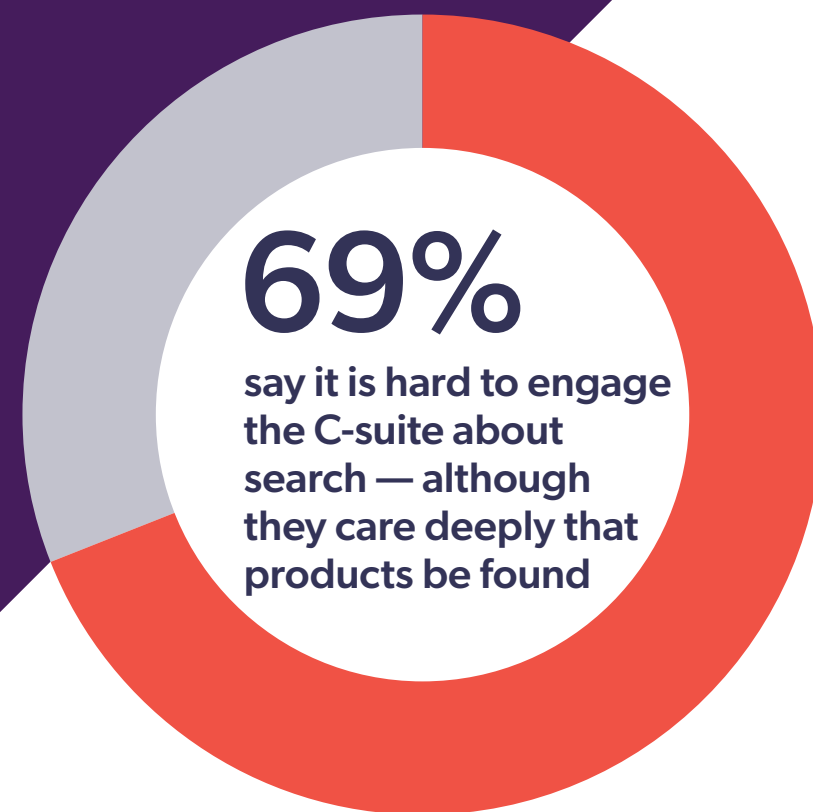
2023 Enterprise Tech Report on Search & AI

The Unsung Hero of Retail Digital Transformation



We surveyed enterprise tech professionals in retail to find how they really feel about their enterprise search initiatives. The results call for a centralized approach.

Ecommerce Execs Want to Transform to Provide Great Shopper Experiences — So Why Aren't They Engaged When It Comes to Enterprise Search?



In our [July 2022 Holiday Research Report](#), we asked 4,000 shoppers what aggravation(s) would make them leave a brand's website without making a purchase.

Not being able to find what they were looking for and not being able to navigate the site easily sent 82% running for the hills.

In fact, more than 78% of consumers typically use the search function on retail websites, making it the most common way to find products. And in 2021, U.S. retailers lost an estimated \$333 billion to bad search.

This is apparent in our annual survey of more than 600 enterprise technical professionals on search and AI. For this report, we focused on the 76 associated with large retail firms.

Our respondents, a mix of technical executives and business stakeholders say that leadership values the ability to deliver relevant information to shoppers. Unfortunately, this does not always translate into prioritizing strong enterprise search capabilities.

This report reveals the challenges tech professionals are facing — and how they want to tackle the problems.

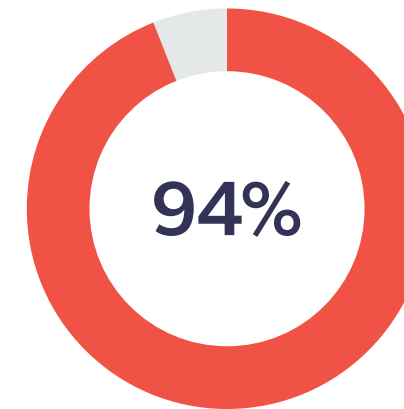
Replicating In-store Experiences Through Great Search

Ecommerce strives to re-create the personalized experiences of brick-and-mortar shopping. Search and recommendations must be as accurate as the most gifted sales associate — regardless of whether the customer is a long-time shopper or brand new.

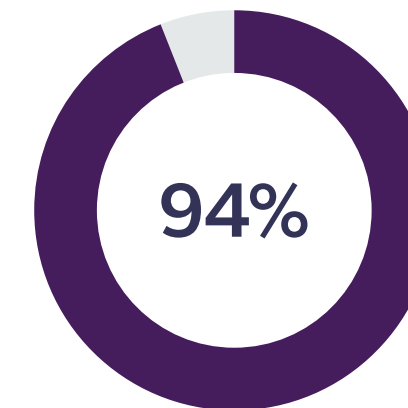
Talented sales associates have the ability to suss out shoppers' intentions via observation. They can offer assistance when shoppers struggle to articulate their sought item, and recommend complementary products. And if a size isn't available — they can call another store to see if it is in stock.

To reproduce this online, businesses have to commit to "digital transformation." And while there is no consensus on what that includes there is an understanding that it has something to do with aggregating structured and unstructured data sources, including product catalogs, shopper history, loyalty information, and product collateral — delivered via an easy-to-use interface for shoppers.

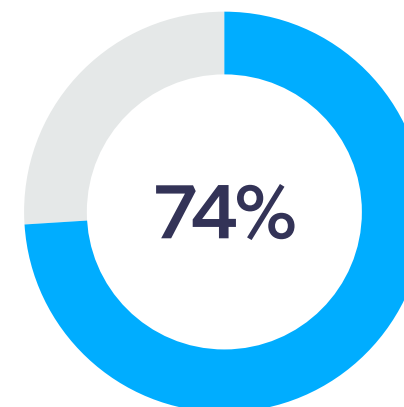
In our survey, rather than ask about digital transformation, we focused on the desired results that transformation should bring.



say that delivering relevant information (products) to web visitors is very important to their business



say search analytics is a great source of business intelligence



see search as critical to driving digital transformation

Search Analytics Reveal Digital Gaps

So why is search so important?

People don't lie to the search box. If you look closely at search log files you can determine intent, what is missing, and what is broken. This is why 92% of organizations surveyed use search analytics to better understand behaviors and improve their experience.

The biggest initiative with search analytics is profile user preferences and audience attributes (69%), to improve the digital journey (67%), and to inform additional content needs (63%). All of which reinforces the value that search brings to businesses in understanding and personalizing digital experiences for their key stakeholders.

How is your organization leveraging search analytics to inform business decisions? Choose all that apply.



Chart your course!

Leaders must prioritize search as a key digital service capability. Analysis shows that search analytics, when optimized and prioritized, can have an outsized impact on retailers' abilities to understand user/shopper preferences and attributes, improve the shopper experience, and determine product or content gaps.

Disconnected Search Investments Continue

Despite the economy, search expenditures are certainly not slowing down, with 94% of respondents saying that their organizations continue to invest in improving search capabilities. However, you can see from the various search initiatives going on — there is not a lot of focus. In fact there appears to be a lot of catch-up.

As part of the digital transformation initiatives, focus seemed to shift to better enable employees (19% increase), more than 60% increase related to mobile, a 72% increase around partner or distributor portals, and a whopping 657% increase around self-service support and (product) training.

As they address singular search issues, executives may feel that holes have been plugged - and that no more attention is needed. Unfortunately, that is not the case.

94%

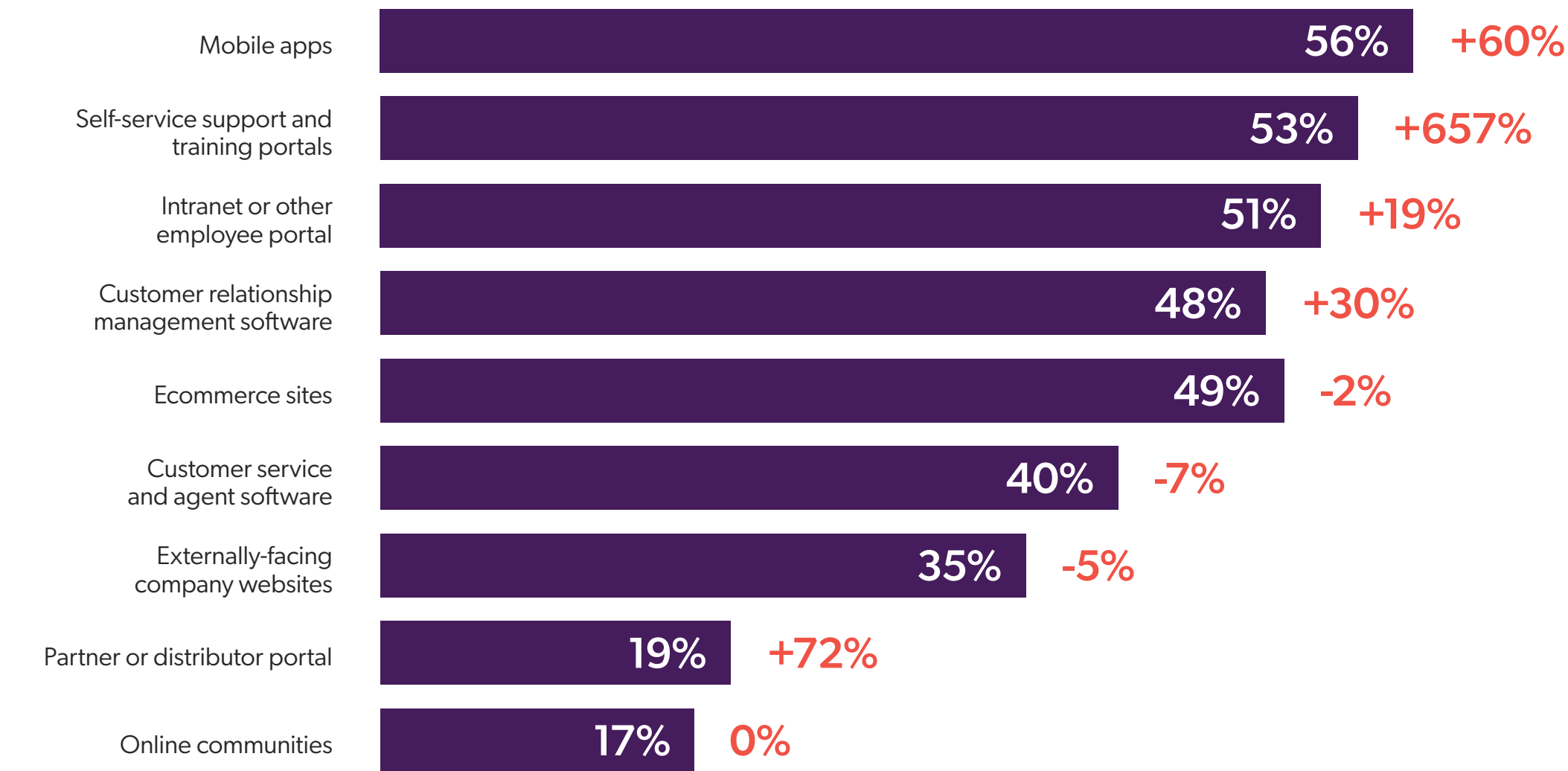
Say Organizations Invested in Improving Search Capabilities



Chart your course!

Consider taking a holistic approach to your organization's content and product needs. Search is an agnostic technology that can help you drive a total experience strategy that crosses employee, customer, prospect, and partner stakeholders.

Retail sector search application investments in the last 12 months compared to last year's survey



Search Intent Is Still Out of Reach

While enterprise leaders are investing in search, that might not translate to desired gains. For example, the survey found that enterprises customize search results for given users using role-based controls (57%), relevance based on historical aggregate data (47%), relevance based on real-time data (81%), and location (57%).

Those are all valid search tools, but they still don't let users find results like natural language queries or ones that match true intent. The outcomes are poor as illustrated on the following page.

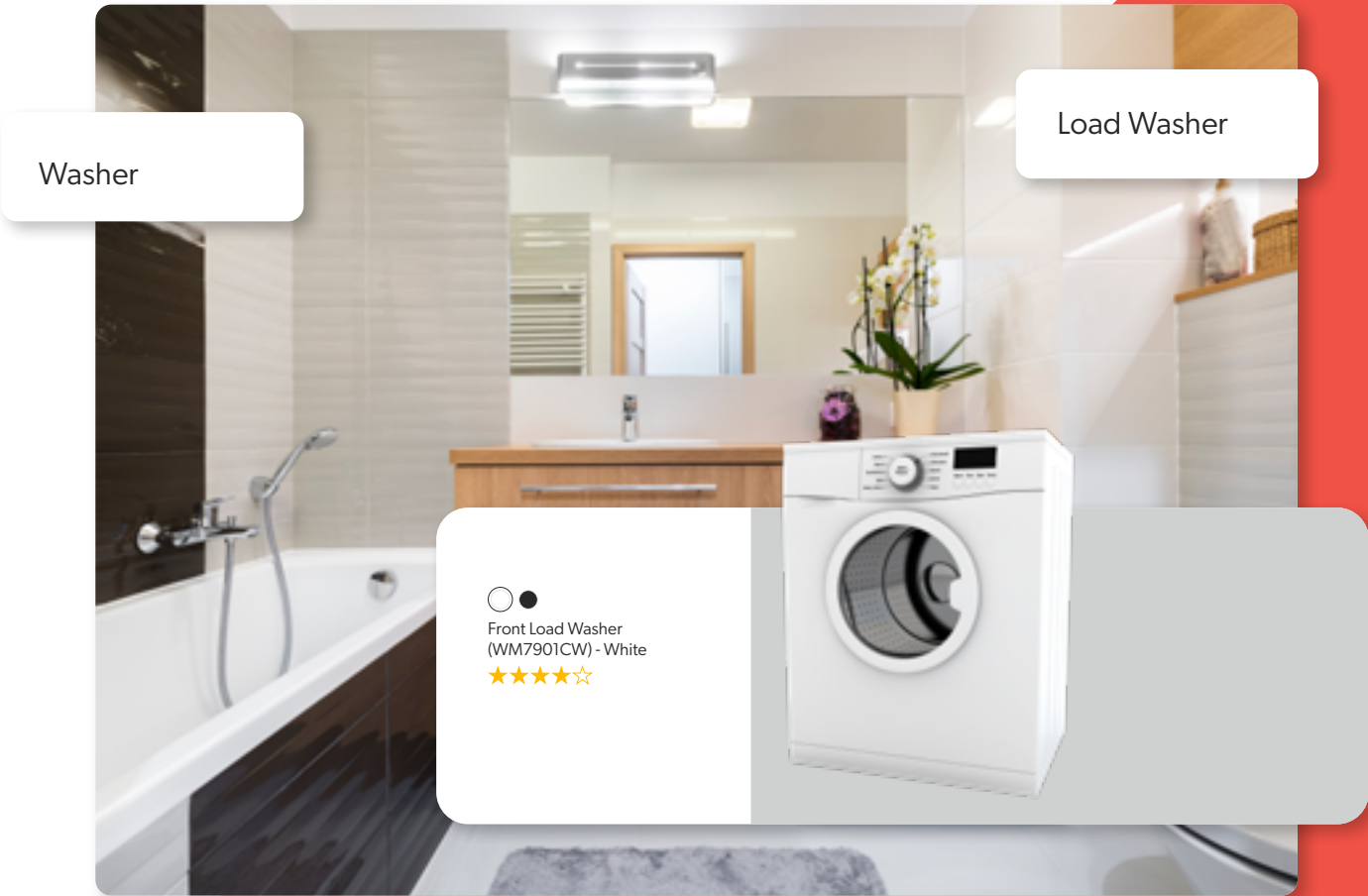
Only 20% say they can disambiguate whether a washer is an appliance or a bolt, and only 31% can handle compound nouns like printer cables.

That level of understanding requires machine learning and deep learning models.

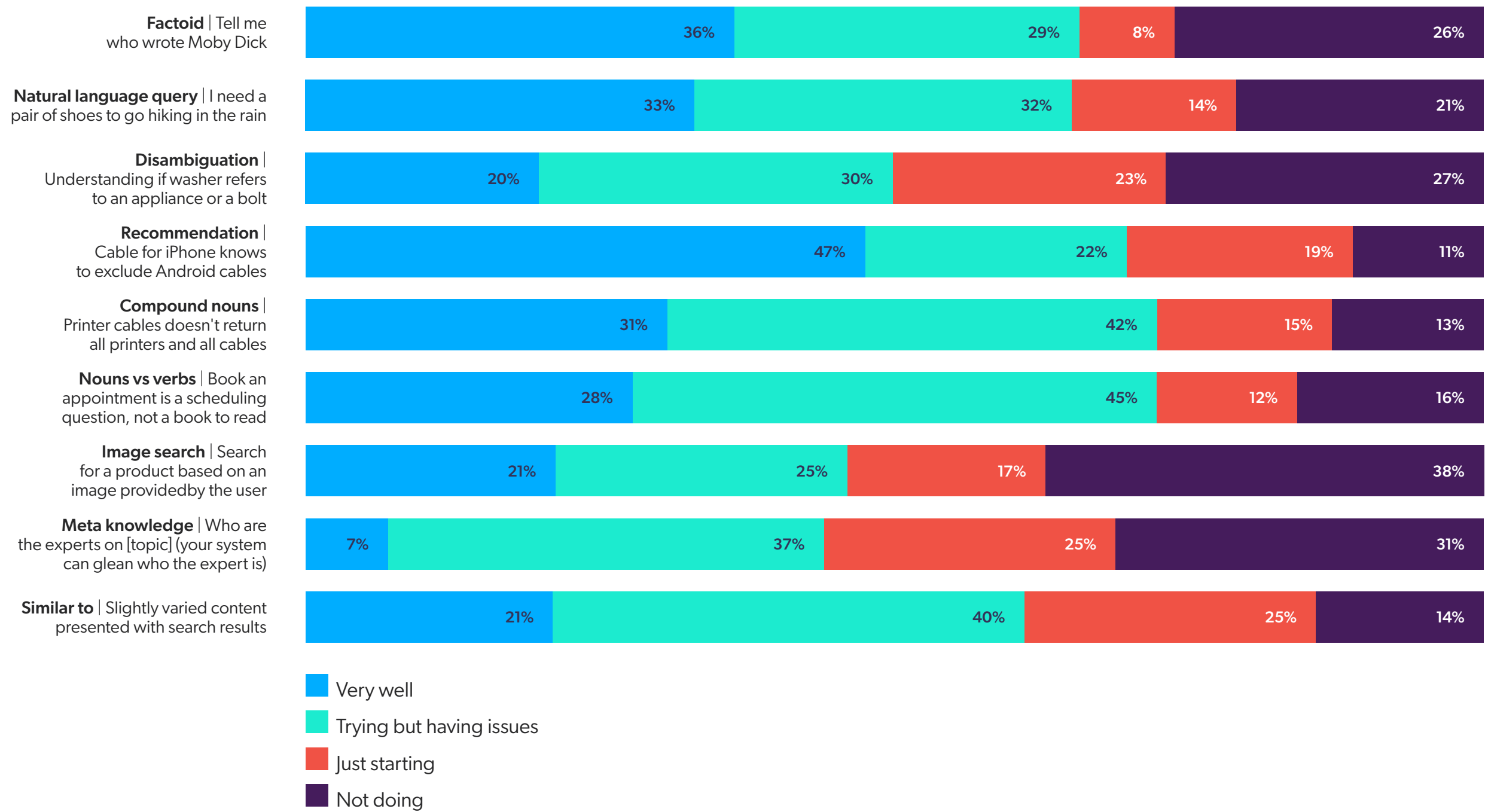


Chart your course!

Leveraging language models with behavioral signals (historical and real-time user history) can help in understanding the intent of your shopper queries.



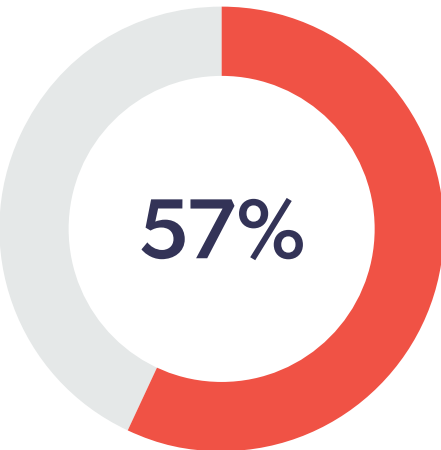
For each of the following types of search queries, please indicate how well your organization implements these across your enterprise search program.



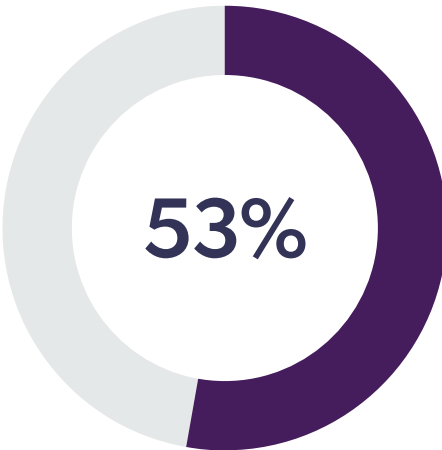
Executive Engagement Is Lacking

Despite its importance — and the value that is demanded of great search — executive engagement is lacking.

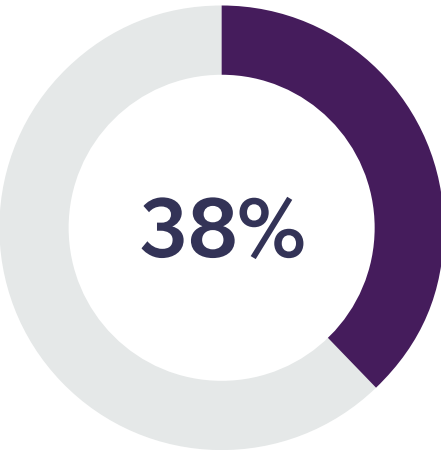
Nearly all of our respondents (96%) indicate that there is a disconnect between the need for search functionality and the business support and prioritization it received. Some of the business challenges include:



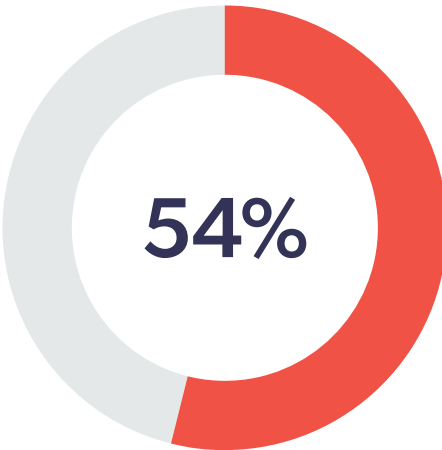
say managing various business stakeholder needs and preferences is challenging



say business priorities are constantly changing



say search efforts not well aligned with business needs



report business stakeholders lack domain expertise and involvement on content



Chart your course!

Search is complex. Consider exposing the important impact search has on important KPIs such as conversions, revenue per visitor (RPV), profitability, customer and employee satisfaction scores.

96% Struggle To Find Expertise

When it comes to AI, more than half say that investment in recruiting, training, and retaining enterprise search talent has increased — with another 40% saying they are staying even. But that investment in search expertise is met with the challenge of being able to find the right people for the job. This may also be impacting the availability of AI-powered search capabilities, as we observed no year-over-year change in our research.

As advanced search becomes a medium for transformation, the types of skills required continue to grow. The need for search

administrators is surpassed by the need for data scientists, data administrators, and even front-end designers.

The implications for this in ecommerce are significant — **providing merchandizing that drives higher conversions** is almost impossible to maintain with manual labor. The **right AI makes quick work** of highlighting trending, best-selling, and seasonal products; creates hyper-personalized experiences for each shopper that goes far beyond serving up pages based on location alone; and makes your site experience independent from IT sprints.

Struggle to Find Expertise by Role

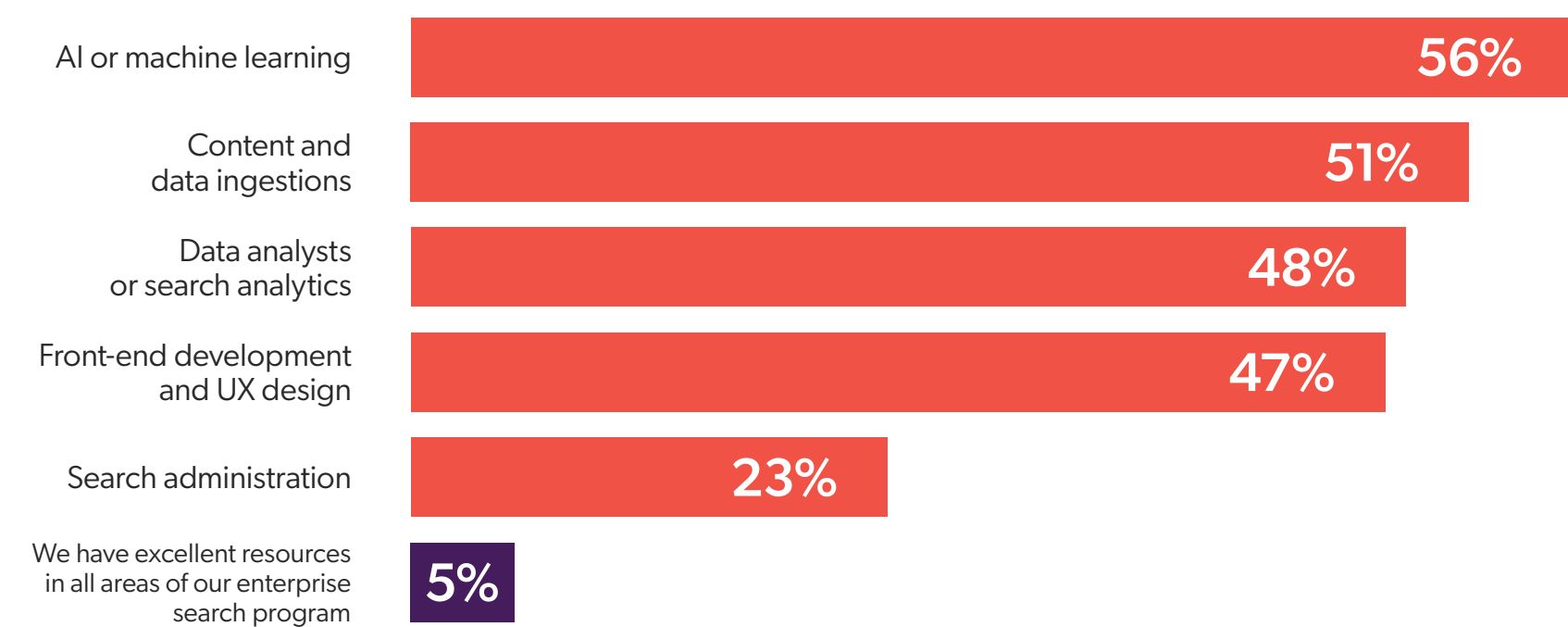


Chart your course!

A “search as a service” vendor solution with out-of-the-box AI capabilities can help shore up gaps in internal headcount particularly with large volumes of content and multiple data sources that require AI for scalability.

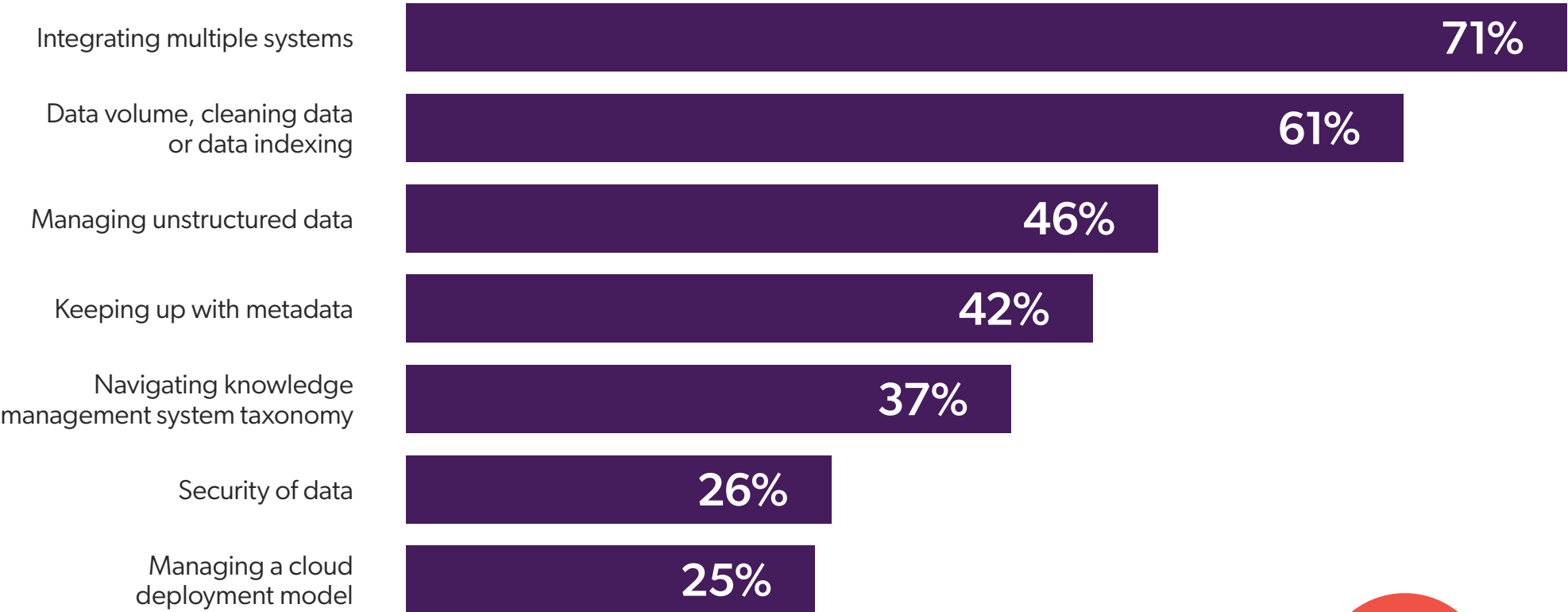
99% Report Technical Challenges

Besides a lack in ability to source top talent, or because of it, a slew of technical challenges continue to plague respondents — with data integration topping the list.

More than 70% of ecommerce search teams say that integrating systems is a big challenge, one that continues to grow with the continual explosion in data and content.

It’s not surprising that this is an issue as ecommerce enterprises face challenges around data volume and quality. This would impact initiatives such as adding new products to sites, linking related products, and showing similar products to replace those no longer available because of supply chain interruptions.

What technical challenges does your organization face with enterprise search?



Only 20% of search deployments are streamlined and on time

Struggling to the Finish Line

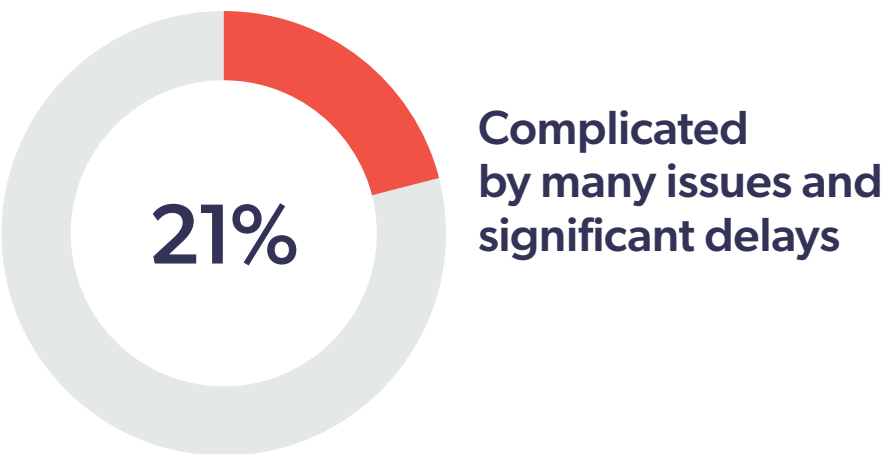


Chart your course!

Lean on external vendors and partners that have experience in these areas. Look for vendors that can scale for large product catalogs and have indexing capabilities to handle different data sources including managing unstructured data.

99%
**Say They Are Manually
Tuning Search**

A Better Way of Delivering on Digital Transformation Promises

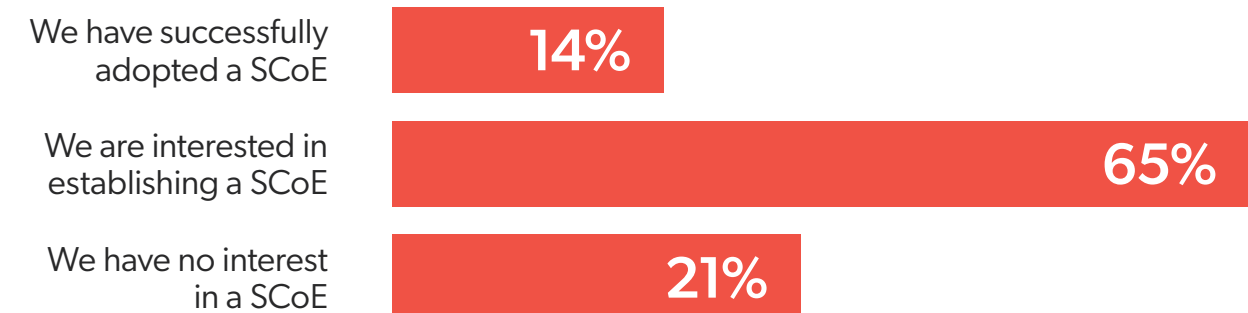
It's clear that there are ambitious initiatives in all of these organizations.

Given the barriers to implementing great search and reaping the benefits of increased conversions, the solution might be a [Search Center of Excellence \(SCoE\)](#). A SCoE is a cross-functional team of experts who advise department and business unit teams on an organization's search capabilities and how they are evolving so that those teams can improve customer and employee web experiences.

The SCoE leads the organization as a whole in search technology adoption, migration, operations, security, and enabling business outcomes.

Our research reveals that this isn't a new idea to the retail industry, but only 14% of ecommerce organizations have successfully adopted it. Still, interest in establishing one (65%) is strong, with only 21% saying they have no interest. Similar to other observations in our research, the executive level had a different perspective on their SCoE maturity (72%) than managers (67%) and practitioners (64%).

SCoE adoption in the retail industry



SCoE maturity perspective in retail



Can a SCoE Satisfy AI Skepticism?



Optimism about AI use cases for the enterprise saw a nearly 26% decrease year over year.

The challenges to adopting AI remained the same as in 2021: other IT priorities (47%), lack of resources to deploy and manage (47%), AI needing more training/create work (47%), retaining control over search ranking and results (37%), and an alarming rise in not perceiving the value of AI for search (15%), almost double that of 2021.

While some AI offerings may produce such skepticism, establishing a SCoE can better evaluate options and decide how to best approach using machine learning within your organization.



Chart your course!

Consider including external perspectives in your SCOE to get a well-rounded view of AI and its potential.

Accelerate Transformation by Revisiting Fundamental Capabilities

The paradox of search continues. Why is investing in search so important when ecommerce passed \$5 trillion in 2022 and is expected to be \$6.5 trillion in 2023? Because those sales will not be distributed evenly. [According to Shopify](#), China leads the global ecommerce field with 46.3% of global sales, with the United States coming in a distant second at about a third of that amount. Amazon accounted for [\\$127.1 billion of those sales in 2022](#) alone.

A SCoE will help you stand out and get the most revenue by giving shoppers what they want without them having to work for it.

Search is both fundamental and essential to ecommerce success, yet very few prioritize or get right. The benefits are clear, and the indicators of success (or failure) are even more evident.

As you think through your enterprise tech stack and consider key capabilities that can accelerate your ecommerce efforts, realize that AI-powered search is a critical need that must be prioritized and centralized. Considered a force multiplying technology, it can transform both customer and employee digital experiences while reducing the technical debt and deployment load on your development teams.

Research Methodology

Dimensional Research surveyed 610 independent IT or technology stakeholders with responsibility for business applications that included search capabilities. Seventy six participants identified as Retail and generating at least 25% of total revenue online. All had direct responsibility for their organization's enterprise search capabilities. "Enterprise search" was defined to refer to software that ingests, understands, organizes, and queries digital content from multiple data sources, including those used for web and ecommerce, customer service and knowledge access. Responses were captured between November 1-14, 2022.

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