

Ecommerce 2020

Imagine yourself in 1999 just before the millennium. What would you have said about ecommerce then? So now let's look forward about the same period. What will it look like in 2020?

Let's look at what actually happened in the USA (for which good statistics exist and which is just ahead of the UK curve).

Since 2000, US ecommerce has had a compound annual growth rate of 19%. Over the next ten years, Goldman Sachs projects that the ecommerce compound annual growth rate will be five times the rate of traditional retailing with 15% for ecommerce vs. 3% for traditional retail. On that basis sales will reach \$624.17 billion in 2020, as offline sales reach \$3.64 trillion making ecommerce equal to 17% of total U.S. retail sales in 2020, compared with 5-6 % now.

The situation is likely to be similar in the UK where despite the economic slowdown 2008 ecommerce sales were recorded to be over £50 billion, which was an increase of over 25% from 2007.

But it's not just the amounts that are striking it's how it may happen. Things like:

Changing tools and technologies

Research into consumer behaviour patterns has shown the positive impact of peer reviews on purchase decision of customers. Peer reviews, ratings and other forms of user generated content will continue to influence online sales.



Many people know about peer reviews and ratings, but what about things like augmented reality? [Have a look at this ebay video on YouTube.](#)

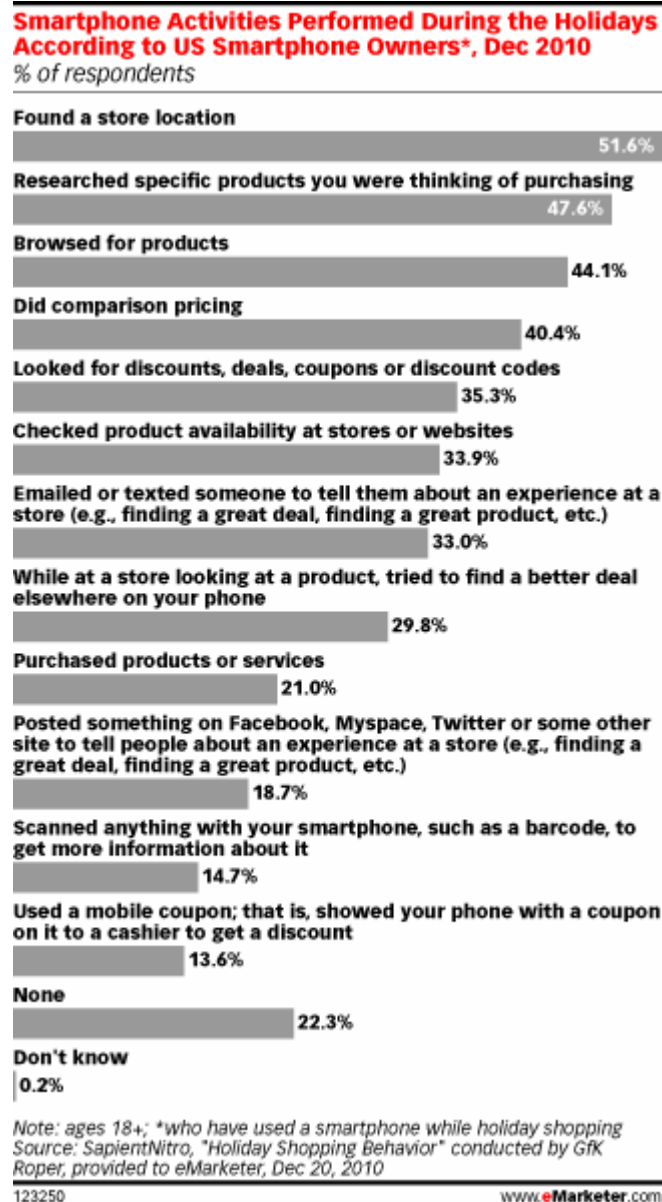
Forget the host and think about the app. I remember Peter Zak at BHS showing me something broadly similar for stores in about 1986, but it required a whole room in a store!

Mobile smart phones are also something that will substantially change the game. They are already in the US a recent survey showed that smart phone owners integrated their devices into their shopping routine by using them to find deals as the graph shows. At present consumers are primarily using their smart phones as information tools, but as familiarity and security increase.....

Additionally:

- eBay reported its US mobile sales grew 134% over Nov 25 to Dec. 25 compared with the 2009, generating nearly \$100 million.
- CoreMetrics said that 5.6% of consumers logged onto a retailer's site using a mobile device, a jump of 16.7% compared to 2009.

- Shopping-related Google searches from mobile devices were up 230% by mid December, according to Internet Retailer.



As technologists, retailers and consumers experiment more relevant, more satisfying online shopping will occur as more people get smart phones, and they get better, and more retailers realize the opportunities it may significantly reduce customers' wanting to actually go to a 'real' store. Why fight the traffic if I can do it anywhere?

Social shopping

Small players will be able to compete even more aggressively as local and niche search strategies and social media help them develop remote customers and they can often offer better or more personal service.

Have a look at [Foursquare](#) and [Groupon](#).



Foursquare is a [location based application](#) and Groupon (who turned down an offer from Google to buy them for \$6 billion just a short while ago) offers daily deals to customers and delivers customers to local merchants who sign up. It seems to have turnover already of \$500 million and has deployed an army of sales people to sign up local merchants. Google was looking to combine Groupon's expertise and relationships with merchants and consumers with its ad platform and its location-based assets like Maps and Places. Groupon's growth is spectacular: ComScore say 6.4 million people visited Groupon.com in the U.S. in October 2010, up 657% from 849,000 people a year earlier.

Notice I haven't even mentioned Facebook (and things like [Facebook Credits](#) which initially allow users to pay for virtual goods such as games, but will eventually let them buy anything) or Twitter above, but they have major opportunities too.

Such significant shifts in how things may be requires foresight and looking at how to support future customer needs. It requires budget changes - cutting technology spend in slower channels and ramping up funding in fast-growth areas.

Retailers need to ask themselves:

- What experiences will customers be looking for in 2015/2020?
- What are the most effective ways access customers? Sure we need a site and ecommerce platform but what 'external tools' do we integrate with that?
- How are we going to ensure people convert as well as look? At present large hotel chains look at competitors rates regularly during the day to see how the rate changes with occupancy. Supermarkets check their competitors' prices. New business intelligence tools provided by companies such [Peer39](#) will make sure that customer profile and pricing data can be changed rapidly.

Of course it's really quite impossible to predict the future - especially in today's economy.

But all retailers getting into or already using ecommerce need to have a well thought out strategy and well defined goals and objectives to ensure long term growth and success.



A sophisticated ecommerce platform will be essential to meet the growing needs and expectations of customers. However an effective marketing strategy is equally important.

Too many retailers concentrate on just the technology when they venture in to ecommerce. But ecommerce is marketing. How many retailers would ever decide on and specify the camera to be used for the TV commercial or the printing machine for the brochure before the style of photography and tone of voice for their copy? But when it comes to the internet and websites that's what too many people concentrate on – the technology.

They should concentrate on what they need to achieve and how to get to that. The technology may be part of it, but the marketing elements are just as important.