E-COMMERCE MUST EVOLVE FROM ISOLATED TRANSACTIONS TO DELIVERING ENDURING CUSTOMER RELATIONSHIPS

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E-commerce must evolve from isolated transactions to delivering enduring customer relationships

The role of commerce is critical in delivering a total customer experience, says Benjamin Adler, senior principal consultant and lead experience designer at Merkle.

It's easy to jump to the conclusion that each customer's commerce experience ends with a conversion in the online shop. In fact, this is just the beginning and that first conversion is in many ways just the beginning of a long-lasting relationship with customers.

Delivering a total customer experience to consumers at every point they come into contact with a brand is shaped by a number of things. It includes the factual and emotional presentation of the products, the consistent digital representation of the brand and its values, the entire buying experience and last but not least, the after-sales customer service experience. The commerce experience may start with the first conversion, but it certainly doesn't end there.

So, how can brands evolve towards creating an e-commerce experience that doesn't just deliver a multitude of one-off sales, but instead becomes the cornerstone of each individual customer relationship, driving loyalty and advocacy?
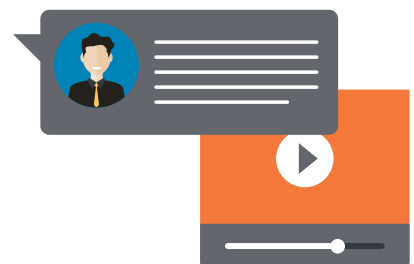
People want to shop online

2020 has proven to be a pivotal year for e-commerce in many industries. The trend towards online shopping has rapidly accelerated, and although it has always existed, the Covid-19 lockdown has brought an increased sense of urgency to organisations. While it's still true that in many product categories we are a long way from digital channels becoming the number one point of purchase, the growth rate of e-commerce is clearly outperforming the growth rate of physical commerce.

This shift creates a huge opportunity for businesses to profit from the acceleration in changing customer expectations, but only if they provide a consistent and total customer experience. This needs to integrate an outstanding product experience with a trustworthy brand experience, an easy buying experience and a relationship-building service experience. The role of digital commerce in all of this is not to be underestimated. It could even be regarded as the hub that helps to bring the digital and physical world together.

It is becoming increasingly difficult for businesses to stand out from the crowd in the e-commerce arena. Customers have increased expectations around always-on shopping, and what may have been a point of differentiation in the past is often a mere hygiene factor today. The need for businesses to adapt is becoming more prevalent and brands must look anew at the direction of travel within commerce.

Be where your customers are, offer the shopping experience they demand

Clearly there is no shortage of sources of supply for most products and product categories online, but consumers don't want to go to multiple online stores to get what they want; in an ideal world their trusted and chosen marketplace has everything they need.

This, however, should not deter companies from pursuing their own online store. Direct-to-consumer – unsurprisingly – is on the rise, giving brands access to crucial first-party data, which ultimately drives a more personal relationship with each individual.

Building meaningful and long-lasting relationships

In order to get value from this data, a customer data platform (CDP) can serve as the technological platform through which to stitch together all the different interactions via different touchpoints between a business and a customer. A CDP offers a privacy-safe data and analytics environment, so that as many interactions as possible can be attributed to real individuals, instead of to anonymous proxies.

CDPs provide the data-driven insights on which meaningful and long-lasting relationships are built, such as by offering innovative digital services, customised products, personalised messaging, or incentivising loyalty programme benefits. Businesses that have a clear view on where they can meet potential customers' needs lay the foundation for future e-commerce success.

Too many brands, though, are still myopically focused on just one data point in each customer journey – the instant the 'buy now' button is pressed. All the connected data in the world will make insufficient difference if a more holistic view of the customer lifecycle is not considered.

Today's omnichannel reality goes far beyond a simple instance of an online transaction. Webrooming (research online, purchase offline) is a very widespread shopping behaviour, as is showrooming (research offline, purchase online). Businesses that succeed in combining high quality content with commerce functionalities, such as click-and-collect functionalities, are those that will most successfully capture these customer segments and retain their loyalty long-term.

Essentially, e-commerce is about ensuring relevant visibility for products when it matters. The brands that succeed in moving from one-off transations to generating customer loyalty are those that:

- create visibility on paid advertising channels
- create visibility through relevant content on social media
- achieve organic reach through search engine optimised product-related content, or the right email or in-app notification at the right point in time

Limiting our understanding of e-commerce only to transactions happening in a brand's traditional online store is a thing of the past. E-commerce today is decentralising, and the digital shelf extends to more channels than ever – with checkouts available on social media, via voice interfaces, or subscription-style purchases that de-link digital interfaces from transactions altogether.

Best-in-class businesses have a razor-sharp focus on how they sell their products in their own online store and differentiate this digital experience from the competition. They also actively experiment with the full spectrum of the digital shelf, by employing solutions such as centralised product information management systems or headless e-commerce systems that can serve various touchpoints with the same high-quality product data.
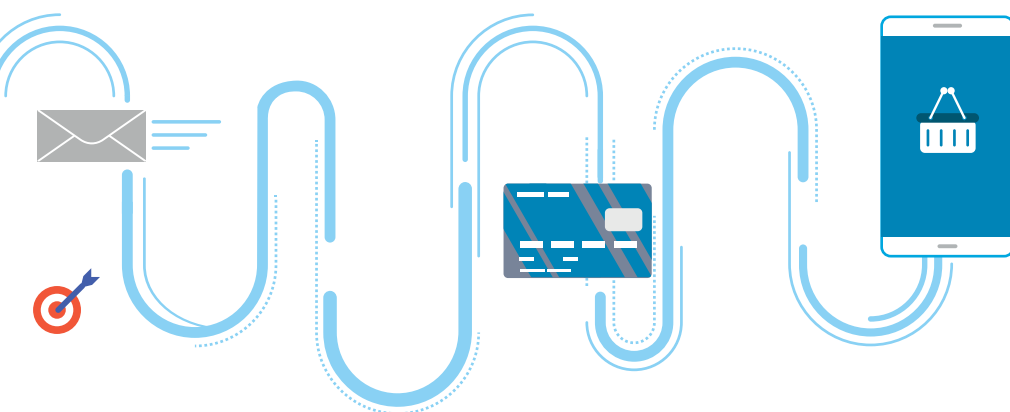
The importance of parity between physical and digital experiences

Outstanding digital experiences are not an end in themselves. They are effective only if physical experiences also live up to high expectations.

E-commerce from a user perspective is more than what happens in a browser window between a digital ad, a product detail page and a completed checkout process. Digitally-mature businesses set themselves apart by:

- Identifying the right levers to exceed customer expectations with innovative digital experience design
- Leveraging best-practice design patterns or out-of-the-box functionalities of e-commerce platforms whenever possible

Short time-to-market durations and cost-efficient implementation phases for online stores are the incentives for the latter, while loyal and happy customers are the motive for the former. This means that successful businesses usually live and breathe user-centered design methodologies (such as customer research, customer journey maps, or persona descriptions). They also deploy customer-centric ways of working (e.g. design sprints) and keep up a culture of experimentation and testing. This enables them to continually optimise conversion rates and customer satisfaction metrics.

E-commerce transactions should only be considered successfully executed when customers hold the ordered products in their hands – and those products live up to expectations. This puts a brand's fulfillment processes into the spotlight.

Leading commerce strategies don't just provide customers with speedy delivery. They offer innovative and flexible options such as same-day, robot or drone deliveries, click-and-collect pick-up options, or straight-to-your-car-trunk deliveries. All of this shifts the focus away from traditional e-commerce systems and onto the integration of third-party fulfillment solutions.

While in the past it was acceptable to maintain a logistics portal as a siloed external solution, the functionality now needs to be closely integrated into the entire shopping experience. For customers, process transparency is becoming more and more important and a source of trust (that will lead to long and happy customer relationships). Customers increasingly expect to get all their delivery-related information in a timely and transparent fashion from their trusted online store.

In addition, a brand being aware of the completed delivery process provides another opportunity for a well-timed (email) interaction with the customers. By following the delivery up with, for example, more information about how to get the most out of the ordered products, more trust can be built up between the business and the customers.

Subscription-based business models

Products alone often don't cut it anymore - and are a missed business opportunity at the same time.

E-commerce in 2020 is about more than isolated, one-off transactions; subscription-based transactions are also gaining ground. A mix of product-based and subscription-based business models creates a promising approach to e-commerce, such as a monthly coffee capsule subscription following the purchase of a coffee capsule machine.

Subscriptions are win-win for both sellers and buyers. While the buyers outsource a recurring housekeeping task, the sellers manage to maintain a relationship with (and steady cash flows from) their customers. Plus, they can continually discover new insights about their customers, which can then be turned into a more personal shopping experience – creating a virtuous circle. This leads to more sales and a higher customer lifetime value – just one example of how the leading e-commerce brands are shifting to a longer-term relationship focus, instead of constantly chasing single sales.

Key takeaways for ensuring your commerce strategy delivers against the Total customer experience

- Have a clear view on where to meet potential customers online and how to do business with them by conducting continuous customer research. Consider subscription-based business models, too.

- Ensure paid and organic visibility for your products when it really matters. Experiment with the full spectrum of the digital shelf and ensure consistent product data for every touchpoint by using product information management (PIM) solutions.

- For success in today's omnichannel reality, combine high quality content with commerce functionalities, but think beyond online transactions and support online-offline channel switches, too.

- Understand customers' behaviour by collecting and refining first-party data in a golden record of customer data. Use this data to personalise the customers' digital experience at key moments of the customer journey.

- Live and breathe user-centered design methodologies with customer-centric ways of working. Establish a culture of experimentation and testing with a razor-sharp focus on conversions.

- Balance best practice experience design solutions with innovative all-new design solutions for selected key moments in the customer journey.

- Digital "wow" needs physical "wow": Think beyond the digital conversion and focus on well-integrated fulfilment processes that meet customers' rising expectations and build trust.
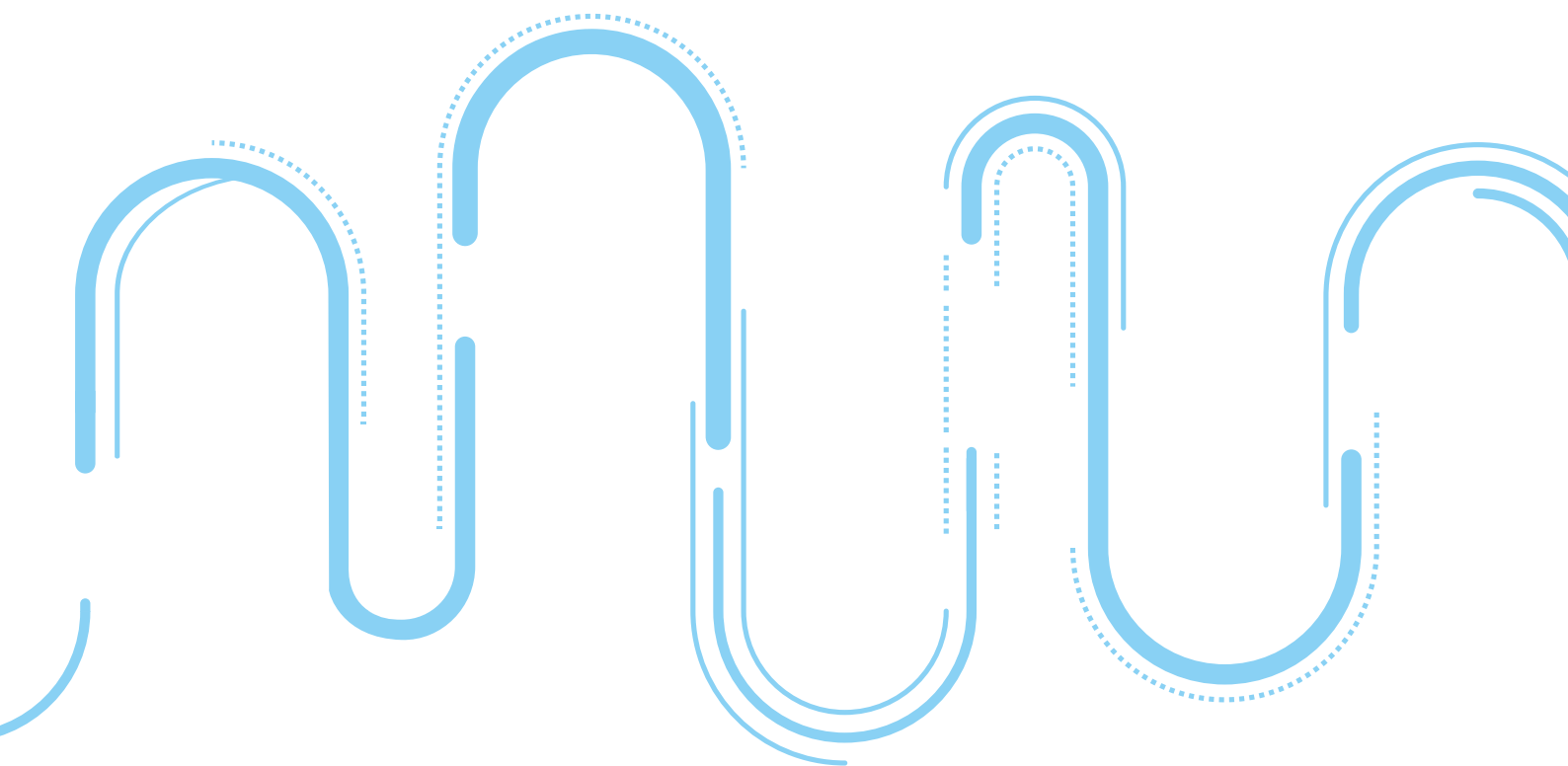
Your brand's image is influenced by the commerce experiences you provide

E-commerce businesses will continuously evolve away from a focus on singular transactions – shifting instead towards a focus on long-lasting relationships with their customers that in turn will lead to repeated purchases. This, however, will only be possible if businesses bring together their advertising, e-commerce, and CRM capabilities, and begin to optimise entire customer journeys instead of focusing on siloed channels. This is no overnight task to accomplish – encompassing a huge array of areas of transformation, from technology to ways of working to upskilling internal teams or outsourcing to consultancies.

At Merkle, we place data at the heart of customers' commerce experiences, leveraging our heritage in data technology platforms and combining this with our deep expertise in data and analytics. This provides businesses with the foundation to deliver more rounded commerce experiences that enable the total customer experience. Combining our data capabilities with our customer experience transformation consulting, CRM, media and technology delivery capabilities empowers businesses to deliver more personal experiences, better targeted media and more relevant service messaging to wrap what can sometimes be an isolated e-commerce capability.

We see best-in-class businesses pivoting from traditional processes to engaging in design-driven and customer-centric ways of working. In doing so and leveraging the right mix of capabilities, they gather and refine quantitative and qualitative data on their customers, making it actionable for the automated personalisation of commerce experiences.

Ultimately, the digital and physical commerce experience that a business provides to its customers will add substantially to its brand equity. Outstanding experience design is truly big business. Only by foregrounding consumer needs and priorities for e-commerce can brands make certain that a transaction is not the end of a customer experience, but merely the beginning.

ABOUT THE AUTHOR

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Benjamin is a digital strategy consultant at Namics, a Merkle company. He is responsible for Namics' experience design offering and also leads our commerce community practice. He has more than ten years of experience as a consultant in the agency and consulting industry.

Benjamin is passionate about putting clients' customers' needs at the core of our designs and project deliverables – marrying this objective with a clear strategic business value proposition. He strongly believes in crafting and optimising entire customer journeys instead of optimising isolated touchpoints only.

Based in our Zurich office, Benjamin enjoys e-commerce not only from a professional perspective, but also as a consumer, as the Swiss postal service will be able to confirm.

ABOUT MERKLE

Merkle is a leading data-driven, technology-enabled, global performance marketing agency that specialises in the delivery of unique, personalised customer experiences across platforms and devices. For more than 30 years, Fortune 1,000 companies and leading non-profit organisations have partnered with Merkle to maximise the value of their customer portfolios. The agency's heritage in data, technology, and analytics forms the foundation for its unmatched skills in understanding consumer insights that drive people-based marketing strategies.

Its combined strengths in performance media, customer experience, customer relationship management, loyalty, and enterprise marketing technology drive improved marketing results and competitive advantage. With over 9,000 employees, Merkle is headquartered in Columbia, Maryland, with 19 additional offices in the US, 21 in EMEA and 12 in APAC. In 2016, the agency joined Dentsu Aegis Network.

For more information, contact Merkle at 02 8094 7684
or visit www.merkleinc.com/au

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