Quantum Metric

PREDICTING THE UNPREDICTABLE:

The new shape of eCommerce.

Consumers are less predictable than they've been in the past and their patterns of behaviour are constantly changing. How can retailers prepare?

The shift to digital-first is here to stay, changing not only how people shop, but when. Our survey of 2,000 UK consumers aged 18+, found 70% of Brits prefer to buy online. Additional analysis from Quantum Metric discovered 64% started shopping for the festive season long before Black Friday. Habits are exaggerated when it comes to Christmas, but they represent patterns of behaviour that will be echoed throughout the year.

70% of Brits prefer to buy online.

Covid, Brexit and inflation have shifted the way people shop for non-essentials. They're prioritising what really matters to them rather than buying on a whim. To combat that, retailers must focus on providing high-quality goods at the best price, alongside a year-round knockout customer experience – not just during the Golden Quarter.

In a nutshell, sales cycles are getting longer and increasingly unpredictable. Because of that, companies need to make sure they're agile enough to tackle anything that comes their way. That requires an iterative approach, whereby small changes and updates are made regularly, with less reliance on a two- or three-month code freeze when no new functionality is introduced.

Elissa Quinby, Quantum Metric's Director of Retail Insights supports the sentiment: "There's a perception in retail that everything has to be lined up for Christmas by October – allowing for the winter code freeze. But the reality is that consumers are thinking about and acting upon their Christmas shopping well before this cut off date, and their behaviour is changing after that date as well. Retailers need to examine how consumers are interacting with their digital products – websites and apps – to ensure they're not missing opportunities and being too late to the game."

Achieving agility and a first-rate customer experience in an unpredictable market requires visibility, understanding and tools, including:

• **Behavioural metrics**

• **Session replay**

• **Anomaly detection**

• **Opportunity analysis**

By using these, retailers listen to customer signals, prepare for the unexpected, and adapt with speed and confidence.

Beyond Christmas.

We witnessed the erratic nature of the sales cycle during the 2021 festive season. Truly like no other, in a reflection of what's to come, mobile shopping reigned king, customer frustration was low, and browse-first, buy later shone as a new trend.

How will these define the future of the e-commerce experience and the way consumers behave in 2022? Given every quarter seems to show different and original patterns, it's hard to say.

To help build a picture, Quantum Metric's 2021 Christmas retail benchmarking examined anonymised data from our retail customers, taking a broad look at consumer behaviour over the period. The data revealed consumers started buying and researching gifts earlier in the year. December was about making purchasing decisions, with daily traffic declining by 20% on average, compared to 2020.

But post-Christmas, traffic didn't continue falling. Instead, levels were equivalent to the second week of November. What does that indicate? eCommerce has exploded in the last 12 months, with more consumers preferring to connect with retailers online than ever, regardless of the time of year.

Our November 2021 consumer survey data supports that notion, with nearly half of UK shoppers (46.3%) starting their Christmas shopping before November. Of that group, a meaningful 73% stated it was about the same time or later than normal, with only 27.4% saying it was earlier. This data cements the importance of relying less on code freezes.

To prepare, retailers should build experiences outside the traditional holiday calendar events, focusing instead on when and how their consumers shop, and responding meaningfully in as close to real-time as possible.

Nearly half of UK shoppers started their Christmas shopping before November.

Mobile: the preferred channel for shopping.

The way people use e-commerce continues to evolve, often in unexpected ways. With more brands embracing native apps, mobile shopping is becoming a dominant channel.

TIMING OF PURCHASES

Quantum Metric's benchmark data found that as Christmas drew closer, mobile remained the preferred channel for shopping. In the days leading up to December 25th, mobile drove more than 63% of retail traffic and retained those levels even after the holiday. Moreover, even though desktop traffic started to decline after Cyber Monday, mobile maintained volumes seen earlier in the year. What does that tell us?

As Christmas approached, desktop conversion rates began to wane but mobile conversion rates exploded. On Christmas Eve for example, the conversion rate for mobile was 125% higher than desktop. Clearly, last-minute shoppers prefer to buy on the go.

DESKTOP　　　**MOBILE**
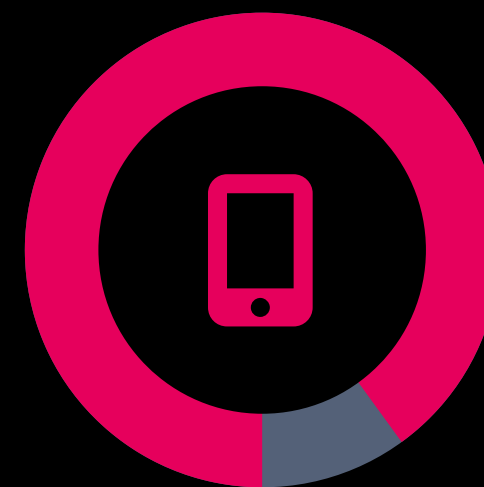
MOBILE CONVERSION RATES WERE 125% HIGHER THAN DESKTOP

PURCHASE SIZE

Moving on to how much people spent, the average order value for mobile remained consistent throughout the Christmas holidays, at an average of £88 GBP. That's 57% less than desktop, and most likely a reflection of the purposeful versus impulse nature of shopping, where consumers are using desktop to research and buy larger, more considered purchases and mobile for smaller items.

Indeed, many consumers flip between the two options. Research is done and lists made on desktop, to be considered over time. Once a decision is made, that purchase can easily switch to mobile.

CUSTOMER FRUSTRATION DROPPING OFF

Levels of customer frustration remained low across the festive season. Our benchmark data reflects customer activity from brands that have been investing in improving their customer experience over the past year. Less, or more consistent, frustration compared to 2020 indicates their efforts are having a positive impact.

Even the smallest investment helps reduce customer angst. That's especially important on stressful days like Christmas Eve, when customer frustration was 53% lower than in 2020.

And how about mobile versus desktop dissatisfaction? Mobile frustration rates dropped as Christmas rolled around, but desktop grew. For example, between November 1st and December 24th, mobile saw a 13% fall while desktop increased by 33%.

Elissa Quinby shared her thoughts: " There are two likely reasons for this reduction ins customer frustration. Firstly, widespread reports of expected supply chain problems and tight labour markets means that consumers were already likely expecting some issues with purchasing, a predisposition that raises patience levels. Secondly, we also have to accept that this data comes from Quantum Metric clients, who have been using it to make experience improvements already."
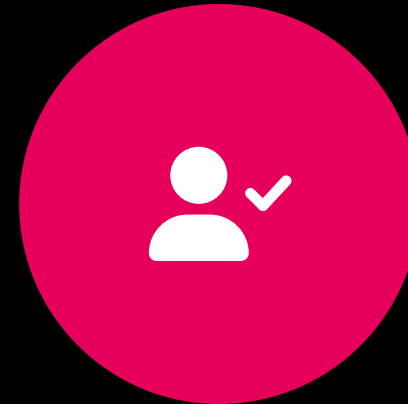
HOW CAN RETAILERS PREPARE?

Optimising for mobile and native apps requires:

CAPTURING MORE CUSTOMER BEHAVIOUR VIA SESSION REPLAY

UNDERSTANDING MOBILE VERSUS DESKTOP BEHAVIOUR

REMOVING AS MUCH FRICTION AS POSSIBLE

**ENSURE THE MOBILE EXPERIENCE IS AT LEAST AS GOOD AS THE DESKTOP ONE**

Shopping habits.

Our benchmark findings reflect people's emotional behaviour, proving that understanding the 'why' is clearly more important than the data itself.

BROWSE FIRST, BUY LATER.

Consumers spent October and November visiting e-commerce sites multiple times to browse for Christmas gifts. However, they waited until December to make the majority of their purchases, with average order values spiking a number of times in December, exceeding 2020 figures.

Indeed, on December 22nd 2021, average order values were 70% higher than the same date in 2020. That supports consumer research we undertook in July 2021, highlighting shoppers for 2021 were more emotionally invested than ever.

Despite falling traffic in December, conversions continued to climb, spiking on Christmas Eve. Rates were two times higher in December 2021 than the previous year, upholding the emerging browse first buy later trend. To ensure consumers actually hit the 'add to basket' and 'buy now' buttons, retailers must give people a compelling reason to move from looking to purchasing, or at the very least make sure nothing stands in the way of that final click.

ECOMMERCE CONVERSION RATE: 2020 V. 2021   2020 —— 2021 ——

Source: Quantum Metric
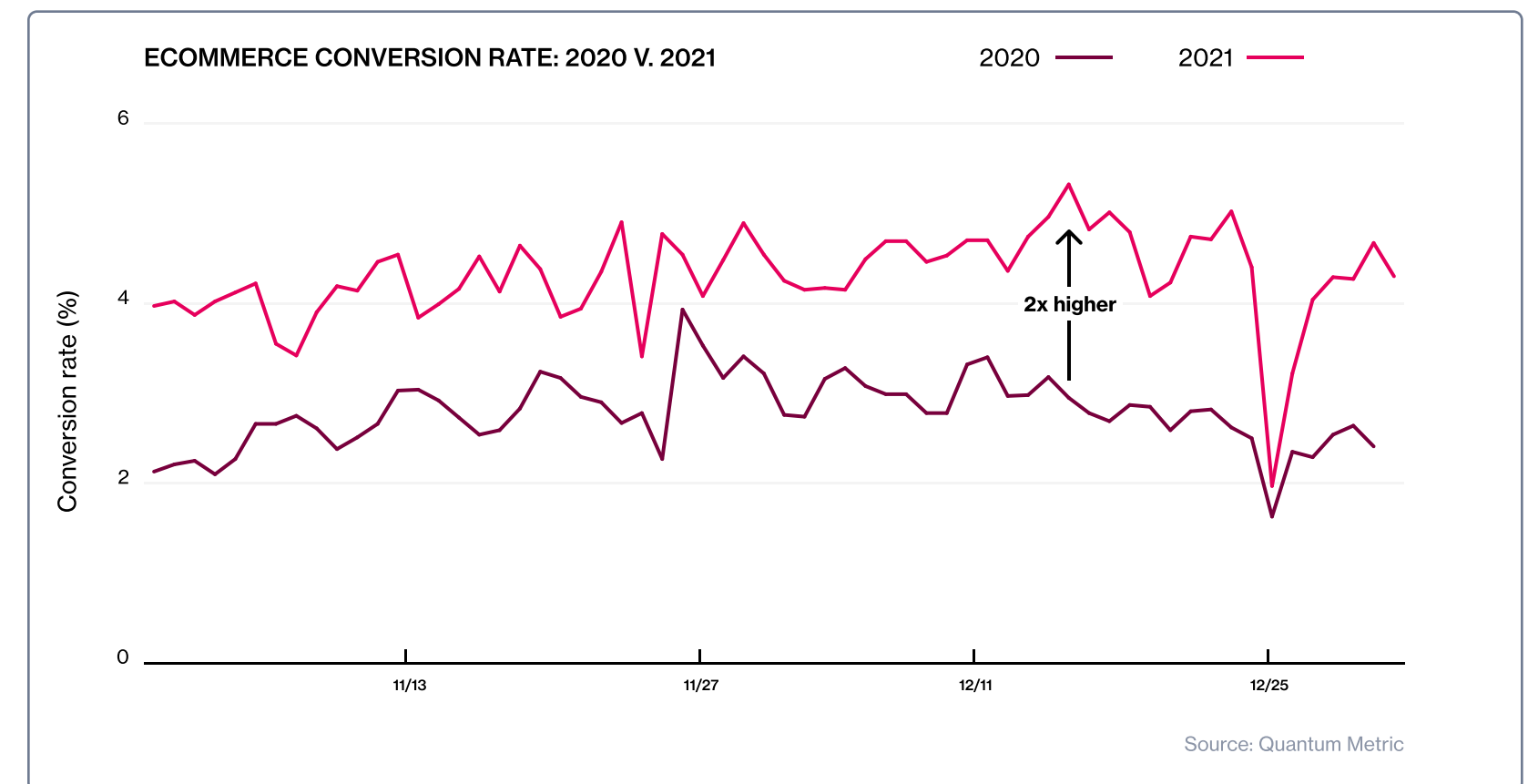
CART ABANDONMENT

Whereas cart abandonment dropped in 2020 as December 25th inched closer, 2021 saw an increase, creating a 77% year-on-year difference for December. Furthermore, rates were as high post-Christmas as they were during Black Friday and Cyber Monday.

Cart abandonment up 77% year-on-year for December.

Mobile abandonment rates also remained high throughout the festive season, Why? People are more likely to browse on their phones and add items to a cart or wishlist. If they aren't immediately convinced of their choice, they walk away. Post-Christmas, mobile showed a more pronounced pattern than desktop.
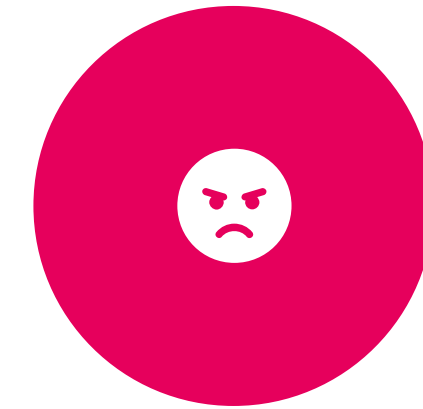
These patterns indicate two things: the sheer panic that comes with searching for last-minute gifts, and consumers' wish-list creating habits continuing right up to and beyond Christmas.
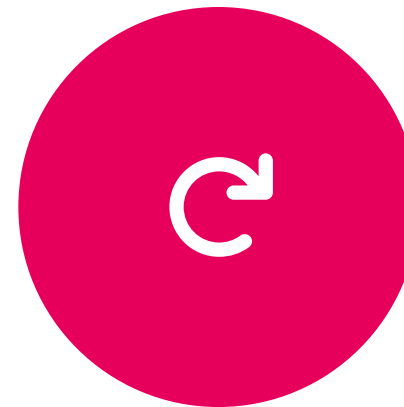
HOW CAN RETAILERS PREPARE?

Optimising for customer behavior requires:

LINKING BEHAVIOURAL ANOMALIES TO A QUANTIFIED VIEW OF THE CUSTOMER EXPERIENCE

REAL-TIME MONITORING OF UX FRICTION

A/B TESTING ENABLING ADJUSTMENTS ON THE FLY

AUTOMATIC QUANTIFICATION OF:

- User numbers impacted
- Conversion rate drop
- Total lost conversion opportunity as a monetary amount

Looking back to look forward.

Online shopping is firmly on the customers' terms. With more options available than ever, people can easily jump to another site if they're not satisfied with an experience. As a result, in 2022 retailers are likely to receive more customer complaints and see greater cart abandonment, unless they take action.

Because the digital experience is now a months-long journey, retailers should aim for consistency and personalisation at every possible touchpoint. Achieving that requires data insights to help understand their customers and empathise with them.

Only by being customer-obsessed, truly connecting with consumers and winning their hearts can retailers deliver the best experiences.

That is the power of being customer-centric.

To learn more, visit: www.QuantumMetric.com