B2C E-Commerce Trends for 2013
April, 2013
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Introduction

The reality is that customers often take a hard-to-predict, circuitous route to purchasing from you. Today’s empowered customer can choose their own shopping terms, times, and locations when they want to engage with you, and by what means.

What was once a simple buying process has evolved to include the Web, store, mobile, social, kiosk, and contact center. E-commerce continues to grow, and is now a $300M business in the US with 1 in every 10 discretionary dollars spent online.* Yet throughout that buying journey, retailers need to deliver “Commerce Anywhere” through more personalized experiences, more connected interactions, that drive results.

Oracle surveyed nearly 200 senior executives worldwide to assess:

- How they market to their customers and prospects
- The challenges businesses face delivering great customer experiences across touchpoints
- Where businesses are investing to grow their business
- The state of social, mobile, and customer experience
- Key metrics to measure success

* Source: comScore State of the Online Retail Economy Q4 2012
Methodology

- Oracle conducted online interviews with over 180 global commerce executives from December 2012 to February 2013.

<table>
<thead>
<tr>
<th>Respondent Role:</th>
<th>Industry:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology Team: 12%</td>
<td>Home Furnishing/Home Improvement: 15%</td>
</tr>
<tr>
<td>Business Team: 68%</td>
<td>Apparel: 11%</td>
</tr>
<tr>
<td>Other: 20%</td>
<td>General Merchandise/Department Store: 10%</td>
</tr>
<tr>
<td></td>
<td>Consumer Electronics: 7%</td>
</tr>
<tr>
<td></td>
<td>Specialty Brands: 5%</td>
</tr>
<tr>
<td></td>
<td>Food And Drug: 5%</td>
</tr>
<tr>
<td></td>
<td>Hospitality / Leisure And Travel: 3%</td>
</tr>
<tr>
<td></td>
<td>Sporting Goods: 2%</td>
</tr>
<tr>
<td></td>
<td>Media: 2%</td>
</tr>
<tr>
<td></td>
<td>Other: 2%</td>
</tr>
</tbody>
</table>

Sample Demographics
Methodology

- The survey sample includes organizations from a wide variety of industries in North America, Latin America, Europe, and Asia Pacific

Sample Demographics

<table>
<thead>
<tr>
<th>Geography</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>77%</td>
</tr>
<tr>
<td>Latin America</td>
<td>4%</td>
</tr>
<tr>
<td>EMEA</td>
<td>8%</td>
</tr>
<tr>
<td>APAC</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>9%</td>
</tr>
</tbody>
</table>
Executive Overview: Key Trends Driving B2C Commerce Success

- **Web site and how you get your customers there drive people to your business**
  - 85% of respondents said that their Web site drove customers to their business
  - SEO (68%) and SEM (50%) also drive prospects to Web sites
  - 68% of respondents said email brings people to them
  - 63% of respondents cited social sites as a way of reaching customers

- **In 2012, retailers focused on new technologies and customer experience investments to increase market share**
  - 24% of respondents said that growing market share was a top focus in 2012
  - 15% said they plan to focus on new technologies
  - 13% of respondents cited investments in customer experience
Executive Overview Continued: Key Trends Driving B2C Commerce Success

- In 2013, user experience is seen as investment area to drive future revenue
  - 41% of respondents said they plan to invest in a Commerce platform when asked for their top 3 investment areas
  - 38% of respondents cited digital customer experience as a planned investment
  - Social (37%) and mobile (37%) ranked third and fourth, respectively, as investment areas in 2013

- Reducing shopping cart abandonment and increasing conversion rates high on companies’ minds
  - 29% of respondents cited shopping cart abandonment, conversion rate, and determining return-on-investment (ROI) as top “pain points” prevalent in their organization
  - 28% of respondents stated that both technology integration and understanding what’s working and not working for the customer as additional pain points
Online Drives Customers To Your Business

- Web sites (89%) drives most interest but Search Engine Optimization (SEO) (68%), Email (68%), Social (63%), and Search Engine Marketing (SEM) (50%) and gets them there.
Performance Metrics Held Steady

- Performance metrics stayed consistent with past results, highlighting certain key metrics that continue to be important barometers

**Web Site Traffic**
- 65%

**Overall Revenue**
- 64%

**Mobile Traffic**
- 51%

**Social Traffic**
- 46%

**Shopping Cart Abandonment**
- 46%

**TAKE AWAY**

Executives are focused on the key metrics that matter.
## Most Important Metrics To Measure Success

- B2C commerce driven primarily by revenue metrics

### Top 3 focused on revenue

<table>
<thead>
<tr>
<th>Metric</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conversion Rate</td>
<td>75%</td>
</tr>
<tr>
<td>Average Order / Basket Size</td>
<td>57%</td>
</tr>
<tr>
<td>New Customer Acquisition</td>
<td>46%</td>
</tr>
</tbody>
</table>

While... 4th focused on visitors

- Total Visitors: 43%

### TAKE AWAY

Revenue Growth Is A Key Metric For Success
Growing Market Share Was Key Focus In 2012

- Online retailers focused in 2012 on new technologies and customer experience investments to increase market share

If you had to pick one area, where did you most focus your efforts in 2012?

#1 Growing market share (24%)  
#2 Investing in technology (15%)  
#3 Investing in customer experience (13%)

TAKE AWAY

CX Continues To Rank 3rd But Is Key To Success And Competitive Edge
### Email Marketing: Largest Technology Investment

- Investment in email marketing technology moved to #1 in 2013 from #3 in 2012. Web site analytics stayed #2, however, mobile Web site dropped dramatically from #1 in 2012 to #6 in 2012/2013.

<table>
<thead>
<tr>
<th>Technology</th>
<th>2013 Response</th>
<th>2012 Response</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email Marketing</td>
<td>60%</td>
<td>53%</td>
<td>↑</td>
</tr>
<tr>
<td>Web site analytics</td>
<td>52%</td>
<td>68%</td>
<td>↓</td>
</tr>
<tr>
<td>Social programs</td>
<td>50%</td>
<td>47%</td>
<td>-</td>
</tr>
<tr>
<td>Commerce Platform</td>
<td>43%</td>
<td>36%</td>
<td>↑</td>
</tr>
<tr>
<td>Search technology</td>
<td>37%</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Mobile web site</td>
<td>26%</td>
<td>68%</td>
<td>↓</td>
</tr>
<tr>
<td>Content mgmt.</td>
<td>19%</td>
<td>41%</td>
<td>↓</td>
</tr>
</tbody>
</table>
Investment in Customer Experience Remains Top Priority

- Customer experience continued to be seen as investment area to drive future revenue.

**Top Priorities:**
- Customer Experience
- Social And Mobile
- Multi-Channel & Personalization

**Planned Investments:**
- Commerce platform (42%)
- Digital customer experience (38%)
- Social programs (37%)
- Mobile programs (35%)
- Multi-channel integration (30%)
- Personalization (29%)

**TAKE AWAY**
Customer Experience Is Key To Driving Future Investments
Future Emerging Initiatives Focus On Social And Mobile

- Social and mobile dominate emerging business investment in 2013. Social initiatives include Facebook (45%), mobile Web (39%), Pinterest/Instagram (30%), YouTube (29%), and tablets (24%).

- Multi-channel integration (32%) is also important to bring all of this together.

**TAKE AWAY**

Evaluate Social Channels But Define Metrics Before Starting
Shopping Cart Abandonment And Conversion Rates High On Companies’ Minds

- Shopping cart abandonment (29%), conversion rate (29%), and determining return-on-investment (ROI) (29%) are high on the list of pain points companies are trying to solve.
- Technology integration (28%) and “understanding what’s working and not working” for the customer (28%) are also important.

TAKE AWAY

Measureable Metrics Key To Tracking Success
Many B2C Companies Have Social Commerce In Place But Mobile Commerce Lags

- Many (53%) of B2C companies already have social commerce in place, however, 20% of companies consider it a low priority.

- Mobile commerce is a mixed bag
  - 37% indicating they already have it in place
  - 31% plan to implement in the next 12 months
  - The remainder (32%) stating it’s a low priority or no plans to implement

Social Commerce Further Ahead In Implementation
While Many B2C Companies Claim To Have Addressed CX, A Quarter Still Plan To Launch

<table>
<thead>
<tr>
<th>Already In Place</th>
<th>Planning To Implement</th>
<th>Nice To Have/ Low Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>62%</td>
<td>26%</td>
<td>9%</td>
</tr>
</tbody>
</table>

TAKE AWAY

CX Initiatives Still Evolving Within Enterprise
Most Companies Have Not Adequately Addressed Consistency Across Touchpoints

59% of companies cited customers’ ability to transition between touchpoints as “fair” to “poor”

Only 8% cited transition between touchpoints as “excellent”

TAKE AWAY

Much Work Still Necessary To Connect Touchpoints
Our Take…

- **Customer Experience (CX) is Key to Driving Future Investments**: Customer-facing solutions, including commerce platform and digital customer experience, are expected investments in 2013.

- **Connecting the Dots isn’t Complete**: There is still much to be done by retailers to connect touchpoints to ensure customers have a consistent buying experience.

- **Know your Metrics**: Executives are focused on key metrics that matter, and measureable metrics is key to tracking success, primarily focused on measuring revenue growth.

- **Social is Evolving**: Social commerce is further ahead in implementation and companies should define their metrics to gauge success before starting on social channels.