Demanding Digital:
Online Retail in focus

How the trail blazers of digital services stay ahead

According to UK consumers, online retail is setting the bar when it comes to digital services. Over a quarter (27%) ranked it first out of ten, above financial services and even technology companies. So how are they leading the way, and how do they ensure they remain trail blazers?

Their success is partly down to consumers' appetite to spend, but also the way online retail has met their needs. Long gone are the days of actually having to visit a store – or even fire up the laptop. It has never been easier for consumers to purchase, and this is evident when we look at the market figures. One in four pounds was spent online during the November 2016 Black Friday sales, according to the British Retail Consortium. Meanwhile, figures from Springboard showed a downturn in high street footfall by 7%. Perhaps even more interesting is that, driven mainly by an increase in shopping on mobile devices, this represented the third consecutive month of double-digit online sales growth.

Collectively online retailers are leading the way, but this of course means that there is a lot of competition within the sector so, amongst other things, it is critical to get customer interactions right. Failure to do so will result in market share being snapped up by one of many competitors. In addition to ranking their digital experiences, we asked UK consumers what they expect from digital services in the future, how open they are to new digital services, and crucially, what makes them disengage from the digital experience provided to them. This direct feedback gives us insight into how online retailers are viewed by consumers, why they're outperforming other sectors and what still needs to improve.

69%
say their digital experience with online retail has been 'good' or 'outstanding'

57%
think white goods and appliances will automatically create shopping lists for food and other items when they run out within five years

65%
would be willing to try a new digital service from online retailers

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37%
Over a third want the option to earn loyalty points

21%
More than one in five would like a personalised service that remembers who they are

Despite over a quarter of consumers ranking online retail as digital leaders, what is surprising is just how positive they said their digital experiences have been, with 69% saying it was 'good' or 'outstanding'. This positive experience has meant consumers now demand more than just the basics from online retailers. Most other verticals saw speed, simplicity and stability as top priorities when it came to upgrading digital services. But consumers have become used to this, and want even more. Over a third (37%) want the option to earn loyalty points and more than one in five (21%) would like a personalised service that remembers who they are. This forward thinking is reflected when it comes to what consumers think will be available within five years. For example, 57% think white goods and appliances will automatically create shopping lists for food and other items when they run out.

Consumers' openness to more advanced digital services also comes through in the results. They have experienced successful innovations and want more of the same. In fact, 65% would be willing to try a new digital service from online retailers, which is higher than any other sector where the average is around half (52%). Successfully dealing with the "last mile" challenge through digitally integrated services such as one hour fulfillment and click & collect, has whetted consumers' appetites for more of the same from online retailers, who can now build on the trust and expectation of consumers to experiment and innovate to deliver even more.

It would be impossible to talk about online retailers without broaching the subject of bricks and mortar. The recent launch of **Sephora Flash,** a connected store concept in Paris, could herald the start of an increasing crossover between the online and physical retail worlds. The merging of the two should have a positive impact on customers as retailers can take the best from both worlds to create a better overall experience with the brand which must be consistent. Customer service is one area that's likely to benefit.

Despite getting so many elements of service right, online still lacks the personal face to face interactions you would receive in store from a sales assistant. This is particularly important when consumers are purchasing big ticket items. Consumers might showroom elsewhere before purchasing online, but it is undoubtedly a challenge. Artificial Intelligence, in the form of chat bots, is going some way towards providing the sort of personalised expert advice consumers seek, but it is questionable as to whether it will ever fully meet consumers' needs to the same degree as a face-to-face interaction can. What's for sure is that bridging the gap between the two will undoubtedly strengthen the overall brand experience where customers seek such a service across all channels.

Retailers cannot rest on their laurels as consumers have come to expect a certain standard and now want more. Remaining in poll position as digital trailblazers will mean keeping the customer at the heart of any changes made to digital services whilst staying abreast of new technologies that promise to improve the digital experience further. The test will be successfully evolving in line with customer expectations as they shift in the future.

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