

E-commerce, Q-commerce, New Technologies and Omnichannel Consumers' Personalized Experience



Drd. Ioan Matei PURCĂREA

Abstract

Anticipated marked change in e-commerce and the need to reach the best return on experience, building the data organization, are all current preoccupations. Research findings revealed the in full expansion quick-commerce retail space and the increased competition among vertically integrated instant-needs companies and third-party delivery platforms, particular focus being put on the economics of quick commerce and the impact of delivery times within this framework. The future of customer engagement and the focus of retailers' e-commerce strategies on the omnichannel customer journey are also other current preoccupations, consumers' expectations regarding the online shopping experience of the future being also an issue of a real interest, as well as data intelligence, omnichannel consumers, personalized experience, search, voice search, and e-commerce as a whole.

Keywords: E-commerce; Q-commerce; Vertically integrated instant-needs companies; Third-party

delivery platforms; Customer engagement; Mobile apps; Omnichannel consumers;

Personalized experience

JEL Classification: D83; L21; M21; M31; M37; O31; O33

Anticipated marked change in e-commerce and the need to reach the best return on experience, building the data organization

Pacvue (known by the audience as the enterprise platform for eCommerce advertising, sales, and intelligence, helping brands grow on Amazon, Walmart, Instacart, eBay, and other marketplaces), brought to our attention in November 2021 that brands must look carefully at shopping behaviors' evolution of changes in next year, 2022 (seen as another year causing a marked change in eCommerce), within the context of dealing with intensifying situations regarding supply chains and commodity prices giving rise, for instance, to both out-of-stock issues, and decreased profit margins, and not only (Pacvue, 2021). They identified *six key strategic areas* for brands (having granted access by retailers to customer insights so as to make

smarter marketing decisions) to concentrate attention on: growth opportunities to plan for in 2022 (see figure below); adjust the key performance indicators (KPIs) and reporting (report on share of voice, getting granular, finding gaps in strategy); work towards achieving budget fluidity (getting leadership buy-in, avoiding monthly budget lock-in, flexibility being key); learnings from 2021 to take into the New Year (take volume upfront, pivot and learn quickly, adjust your team structure); practical planning tips (don't forget about January, dealing with inventory issues); leverage new features (Amazon attribution,; twitch audiences, bid optimizations and custom creatives; Walmart Search Brand Amplifier; Instacart Daily Budget Feature; Criteo Placement Bid Modifiers; Target "More to Consider" Ad Placement).



Figure no. 1: #1 Growth Opportunities to Plan for in 2022

Source: Pacvue, 2021. 2022 Planning Guide. November 2021, p. 3 (work cited)

Of course, as shown by the Pointillist Customer Journey Analytics and Orchestration platform (which enables CX, analytics and marketing teams not only to manage customer journey data and measure journey performance, but also to orchestrate personalized omnichannel experiences), customers are not concerned with companies' KPIs, they take journeys with companies to satisfy their needs (Pointillist, 2021). Consequently, companies' journey management approach is used to reduce costs and improve CX by both analyzing the journeys involved, and measuring the impact of any changes on their KPIs.

With regard to providing customers with the best possible user experience (UX, that leads to better customer engagement), those companies which prioritize mobile have an advantage, as underlined by AppsFlyer (presented as an enterprise CRM-like SaaS platform allowing app developers to store, own, manage, analyze and control their customers' data), whose deep-linking product OneLink is increasing both mobile app conversions, and revenues from owned media to drive Return On Experience – ROX, as shown in the below figure (AppsFlyer, 2021).



Figure no. 2: OneLink Customers Show Higher ROX

Source: AppsFlyer, 2021. The age of return on experience, p. 4 (work cited)

AppsFlyer is highlighting the role of mobile apps in fueling customer engagement, and made reference to the top priority for brands that is this customer engagement (seen as encompassing the full set of activities through which companies build direct relationships with their customers), as revealed by Braze's 2021 Global Customer Engagement Review (Magnuson, 2021). Braze's Customer Engagement Index is measuring the maturity of brands' engagement efforts (by coordinating messages across channels, devices, and touch points), indicating also where they can improve, the success of the customer engagement relying to a great extent on the creation of improved experiences (which are personalized and studied in context) across the entire user journey.

Within this framework it is also important to note that top 10 mobile apps worldwide (Lebow, 2021) is dominated by Meta (Facebook), whose top four mobile apps worldwide (WhatsApp, Facebook Messenger, Facebook, Instagram) recorded the most cumulative downloads between Q1 2014 and Q3 2021, being followed by TikTok, Snapchat, Subway Surfers, Youtube, UC Browser, and Shareit, as shown in figure below.

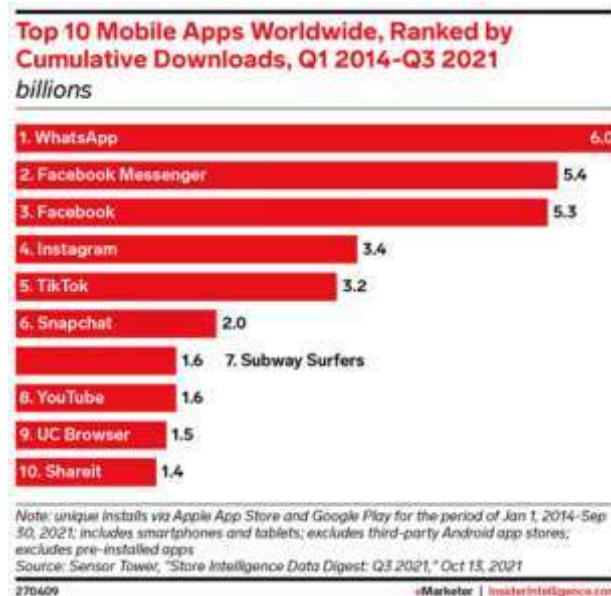


Figure no. 3: Top 10 Mobile Apps Worldwide, Ranked by Cumulative Downloads, Q1 2014-Q3 2021

Source: AppsFlyer, 2021. *The age of return on experience*, p. 4 (work cited)

Known for its high-performance email, website personalization, mobile marketing automation, and unique integrations, Sailthru (2021) presented a very interesting success story with the mobile payments platform Raise (2.5 million members), whose customers using Raise's digital mobile wallet derive significant benefits (they make purchases in-store or online, and earn discounts and cash back, buy or sell gift cards at discounts of up to 30%). Raise's customers download its mobile app (in order to buy discounted gift cards, make payments, and earn Raise Cash), Raise (which is leveraging Sailthru technology) meeting them on their mobile devices, and encouraging their brand-specific behaviors, general gift card replenishment, or a purchase (at least 30% of Raise's successful conversions come from its mobile email and push notifications).

As shown recently by Statt (2021), according to a report from Bloomberg, the CEO of Epic Games (known for its PC game store and other software distribution efforts) advanced the idea of a potential solution toward breaking the tech titans' dominance (such as Apple and Google) over software distribution (fragmented now as ownership), this idea consisting in a single universal app store. This opinion expressed in mid-November by Epic Games CEO became globally known on the occasion of the Global Conference for Mobile Application Ecosystem Fairness in South Korea (country where in August 2021 it was passed a landmark app store bill requiring software marketplaces to allow for alternative in-app payment options).

It is worth mentioning that as argued recently by one of the fastest growing online publishers globally, Visual Capitalist, nobody can ignore the considerable influence of the so-called Big Tech companies, and Domo's annual infographic is reflecting what is going on in an internet minute (taking into account today's around five billion internet users across the globe), and the huge amount of data generated by users (Ali, 2021), as shown in figure below.

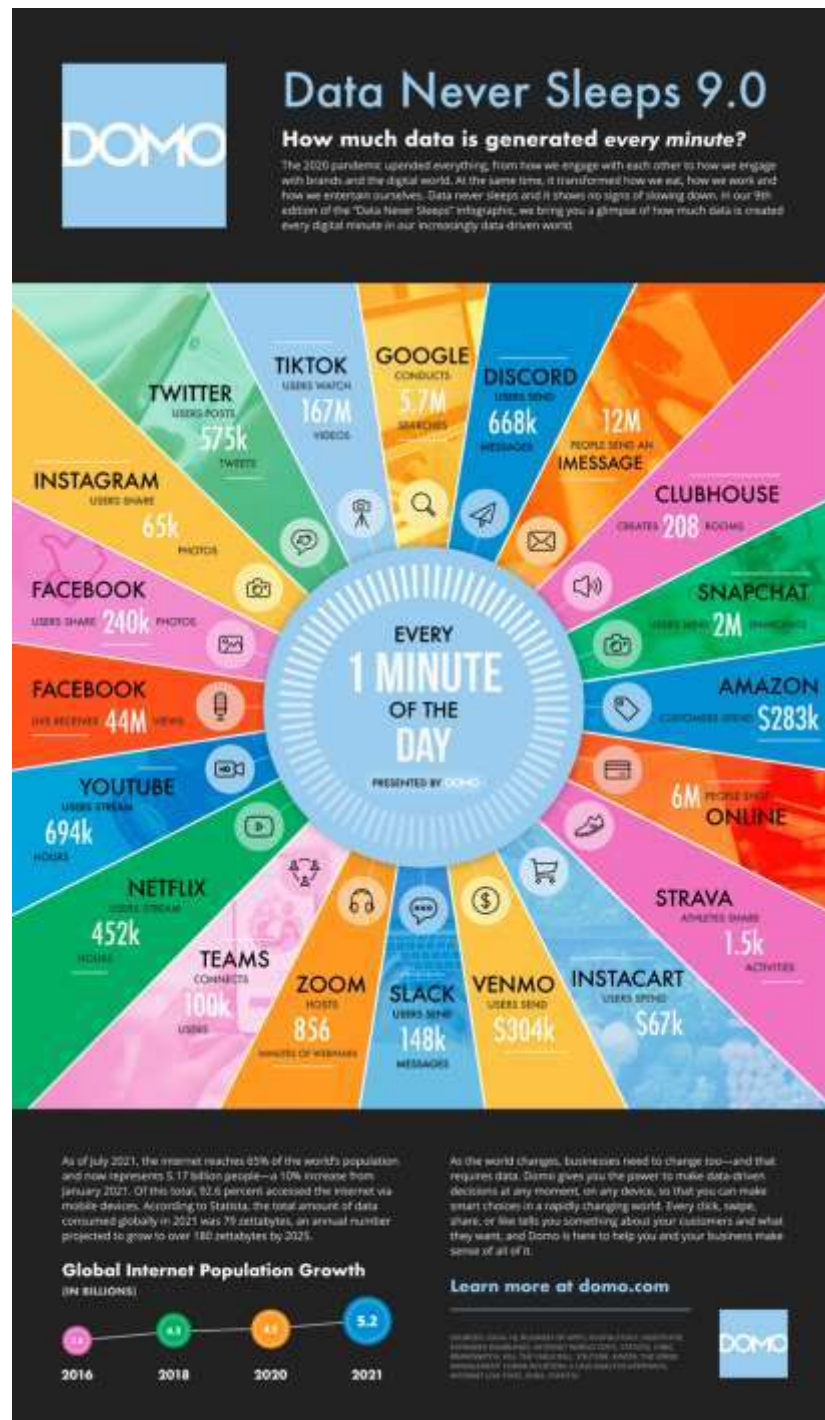


Figure no. 4: DOMO, Data Never Sleeps 9.0 How much data is generated every minute?

Source: Ali, A., 2021. From Amazon to Zoom: What Happens in an Internet Minute In 2021? Visual Capitalist, November 10 (work cited)

And as in the digital universe it was an impressive increase of the amount of data and information, Visual Capitalist invited us to look also at services' evolution over the years (2012-2021), as shown in the below figure. Here we can see a link between these data generated every

minute and what we showed in August issue of RDC Magazine (Purcarea, 2021) with regard to the imperative efforts to build the organization of the future as a data organization, considering the impact of the implicit capabilities behind e-commerce on change.

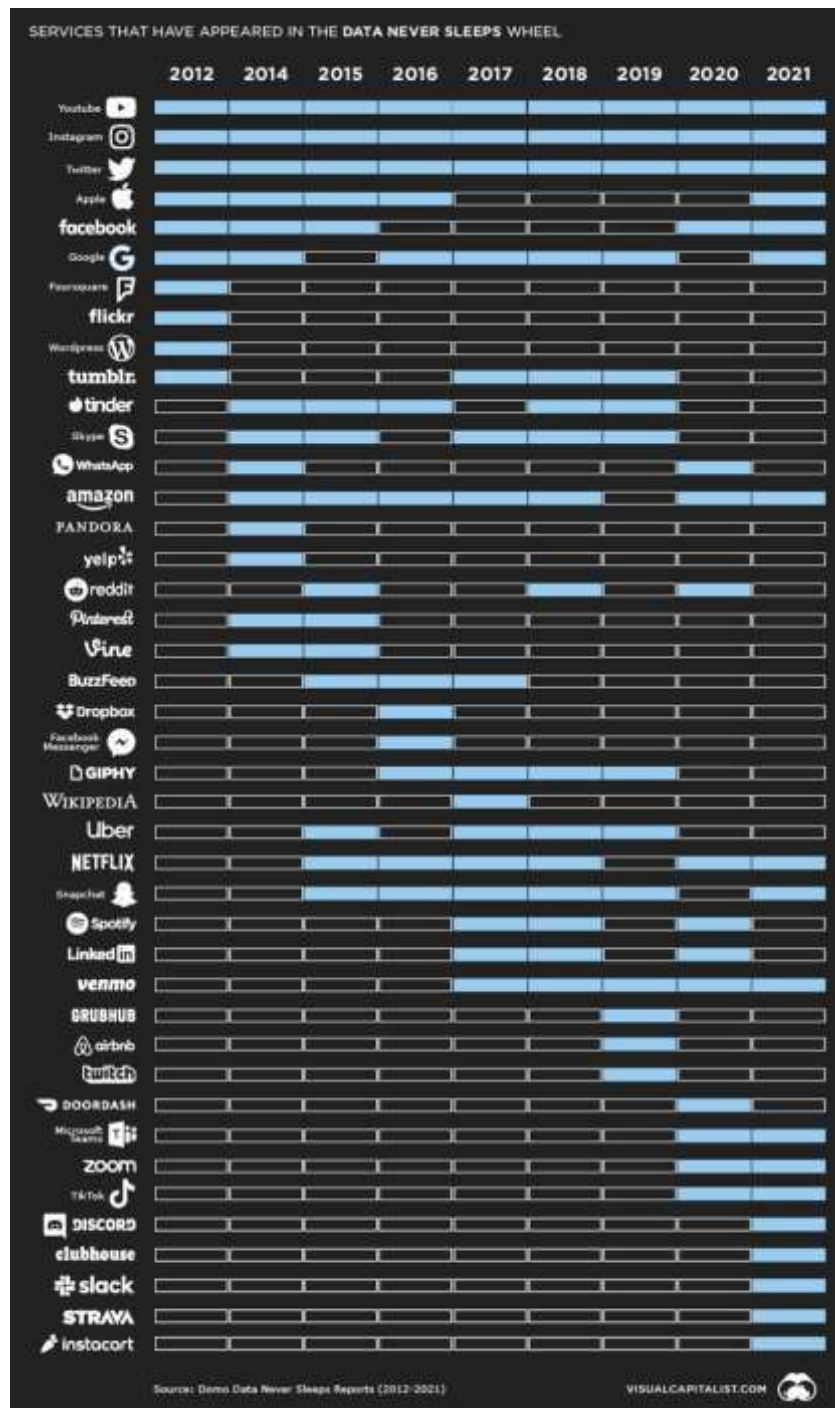


Figure no. 5: Services that have appear in the Data Never Sleeps Wheel

Source: Ali, A., 2021. From Amazon to Zoom: What Happens in an Internet Minute In 2021? Visual Capitalist, November 10 (work cited)

**The in full expansion quick-commerce retail space and the increased competition among vertically integrated instant-needs companies and third-party delivery platforms.
The economics of quick commerce and the impact of delivery times**

The changing consumer behavior since COVID-19 pandemic and consumers' rising expectations have fuelled the rise of companies fast delivering goods (in under an hour or as quickly as in 10 minutes, commonly groceries), in other words of the so-called 'quick commerce' (Q-commerce, on-demand or rapid delivery) facilitated by 'dark stores' (fulfilment centers supporting e-commerce distribution strategy) which have improved fulfilment prior to 2020, like in the case of US Walmart and Whole Foods or online food delivery platform Deliveroo in UK (Gilliland, 2021). Analyzing this ultra-fast business model with big potential (especially in the case of companies managing both picking and delivery themselves), Gilliland made reference also to the opinion expressed by JP Morgan analysts that the online models of major supermarkets could even be disrupted by the rise of the quick-commerce market, as well as competing with supermarkets' convenience formats.

A recent Coresight Research report (2021), which analyzed (both exploring the differences between the vertically integrated instant-needs companies and third-party delivery platforms, and talking also about this market key players) the Q-commerce retail space in full expansion (estimated to generate \$20–25 billion in US retail sales in 2021, which is equating to a 10%–13% share of the estimate for US online CPG sales expected to a total around \$191 billion), revealed significant aspects, such as:

- being now more of a retail concept (than a retail channel) convenience is a true battle field, in addition to longstanding same-day delivery platforms like DoorDash, Instacart and Uber Eats (delivering orders from local third-party retailers, or picking the orders, or only fulfilling delivery;
- current options ranging now from 30 minutes to several hours, shorter than traditional same-day), there is a largest and most established player, Gopuff, in the vertically integrated instant-needs segment (vertical integration being key to rapid delivery), one hand, and new entrants like Fridge No More, Gorillas, JOKR and 1520 (picking essential items in their own dark stores and couriering them to shoppers within 10–30 minutes in general, directing a great deal of their efforts towards these shorter delivery times), other hand;
- the grocery baskets and other shopping trips could be partial disaggregated by the widespread consumer use of Q-commerce;
- an overview of online fulfilment in the US Q-Commerce in Retail can be seen in table below; asked (Coresight Research's US consumer survey on October 18, 2021) about which factors influence them most in choosing a rapid delivery service online grocery shoppers responded as shown in the below figure;

- the different economics of the vertically integrated instant-needs model and delivery model discussed by Coresight Research were summarized in the second table below.

Table no. 1: Overview of Online Fulfillment in the US Quick Commerce in Retail

Key metrics	Vertically integrated instant needs	Delivery platforms-- grocery	Delivery platforms-- meals	Traditional e-commerce
Business model	Vertically integrated	Marketplace for local grocery stores	Marketplace for local restaurants	Vertically integrated and marketplaces
Product focus	Essentials	Groceries, some nonfood retailers	Restaurant meals	Groceries and nonfood
SKUs	1,500–5,000	25,000+	N/A	100,000+
Delivery speed	10–30 minutes	Same day (from ~35 minutes to several hours)	30–60 minutes	One to two days
Curation	High	Low	Low	Low
Localization	Highly localized to individual neighborhoods	Localized to city	Localized to city	Not localized
Warehousing	MFCs	N/A	N/A	Regional or local fulfillment centers
Delivery methods	Individual deliveries, individual and pooled deliveries	Individual and pooled deliveries	Individual and pooled deliveries	Pooled deliveries
Delivery model	Contractors or W2 employees	Contractors	Contractors	Employees/third-party logistics
Technology implementation	Merchandising, warehousing, logistics	Logistics	Logistics	Merchandising, warehousing, logistics
Market Players	Buyk, DoorDash DashMart, Fridge No More, Gopuff, Gorillas, JOKR, 1520	DoorDash, Instacart, Shipt, Uber Eats (incl. Postmates)	DoorDash, Uber Eats	Amazon, many others

Source: Coresight Research, 2021. From Quick Commerce to Instant Needs: Exploring Business Models in Rapid Delivery, Coresight, November 5, 2021 (work cited)

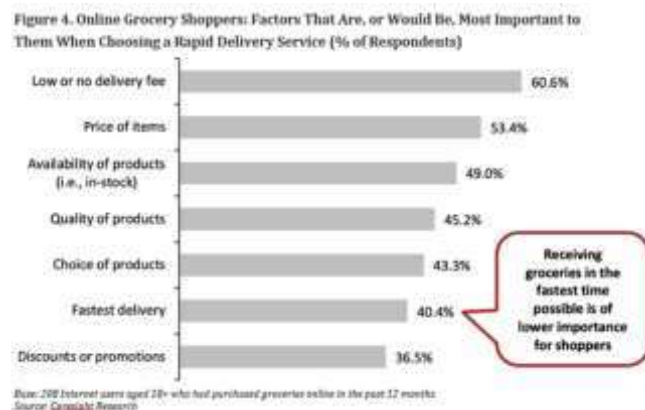


Figure no. 6: Online Grocery Shoppers: Factors That Are, or Would Be, Most Important to Them When Choosing a Rapid Delivery Service (% of Respondents)

Source: Coresight Research, 2021. From Quick Commerce to Instant Needs: Exploring Business Models in Rapid Delivery, Coresight, November 5, 2021 (work cited)

Table no. 2: Overview of Online Fulfillment in the US Quick Commerce in Retail

-	Vertically Integrated Instant-Needs Model	Notes
Principal Revenue Source:	Product sales	
Plus:	Delivery fees	Where applicable
Plus:	Courier tips	
Minus:	Product costs	Scale yields improved buying power, boosting margins
Equals:	Gross margin	The difference between product costs and product sales is the principal driver of contribution margins
Minus:	Courier costs and tips	Consolidation of multiple orders yields improved economics
Minus:	Operating associate costs	
Equals:	Contribution margin	
	Delivery Platform Model	Notes
Principal Revenue Source:	Consumer fees	Variable, based on orders; the principal driver of contribution margin
Plus:	Merchant fees	Charged to retailers for marketing, courier costs, customer service, technology and payment processing
Plus:	Courier tips	
Minus:	Courier costs and tips	Consolidation of multiple orders yields improved economics
Equals:	Contribution Margin	

Source: Coresight Research, 2021. From *Quick Commerce to Instant Needs: Exploring Business Models in Rapid Delivery*, Coresight, November 5, 2021 (work cited)

Expanded details provided in this Coresight Research report gave also an overview of the operations and offerings of significant players in US Q-commerce retail, reflecting the battle between the new entrants and the longer-standing players expanding aggressively. Coresight survey data suggest the willingness of US consumers “to trade off some delivery speed for low or no fees and competitive product prices”. On the other hand, this valuable Coresight Research

report concluded as follows: *“Given their different business models, delivery platforms and instant-needs players will have different impacts—the former relies on partnering with legacy retailers while the latter competes with those retailers for share. The competitive pressures are already prompting major chains to embark on ventures into immediate fulfillment”*.

The future of customer engagement and the focus of retailers’ e-commerce strategies on the omnichannel customer journey. Consumers’ expectations regarding the online shopping experience of the future

Twilio’s annual customer and developer conference, SIGNAL, October 20-21, 2021 focused on the future of customer engagement, and revealed from the very beginning important aspects, such as: a vision for all businesses concerning how to deliver on the promise of digital-first customer engagement was presented by Twilio CEO; the right data foundation necessary to build deeper customer relationships, a Data Scientist at e-commerce fashion retailer Stylepit, Denmark, revealing how in order to more effectively manage customer relationships it was evaluated the decision of buying a CRM or CDP, personalizing (with Segment CDP, respecting privacy) customer interactions at scale; an Outschool Engineering Manager revealed how in order to move faster and increase customer engagement during Outschool’s high-growth period it was used Twilio Segment CDP (Young, 2021). What consumers in today’s digital era want is authentic connection, companies being challenged to respect customers’ time, attention, and interest, building trust with their customers (Leight, 2021). This year’s SIGNAL conference also revealed, for instance, how DoorDash both handled during COVID-19 pandemic a tripling of SMS volume for multiple use cases (being included marketing, alerts, verifications, and conversations), and used data to improve experiences (each day, DoorDash has scaled to handle millions of mission-critical delivery notices).

As shown by a leader in the market research industry, Luth Research (2021), as we move forward in the new normal enhanced interactions with customers are key, and retailers should focus their e-commerce strategies on the omnichannel customer journey, tracking customers’ behaviors across all touchpoints, including micro-moments, the more so because before making their purchasing decisions most shoppers interact with an e-commerce website multiple times over an extremely long period of time, one hand, and it is expected an increasing use of retailers’ websites and mobile apps to augment consumers’ in-store shopping experience, on other hand. According to Luth Research it is essential to develop better growth and sales strategies by better understanding e-commerce data and trends, taking into account that online purchasing (which showed both consistent conversion rates, and reduced cart abandonment rates, confirming the adoption of e-commerce as a way of life, see the figure below) has remained sure in movement and uniform this year marked by the evolution of the COVID-19 pandemic.

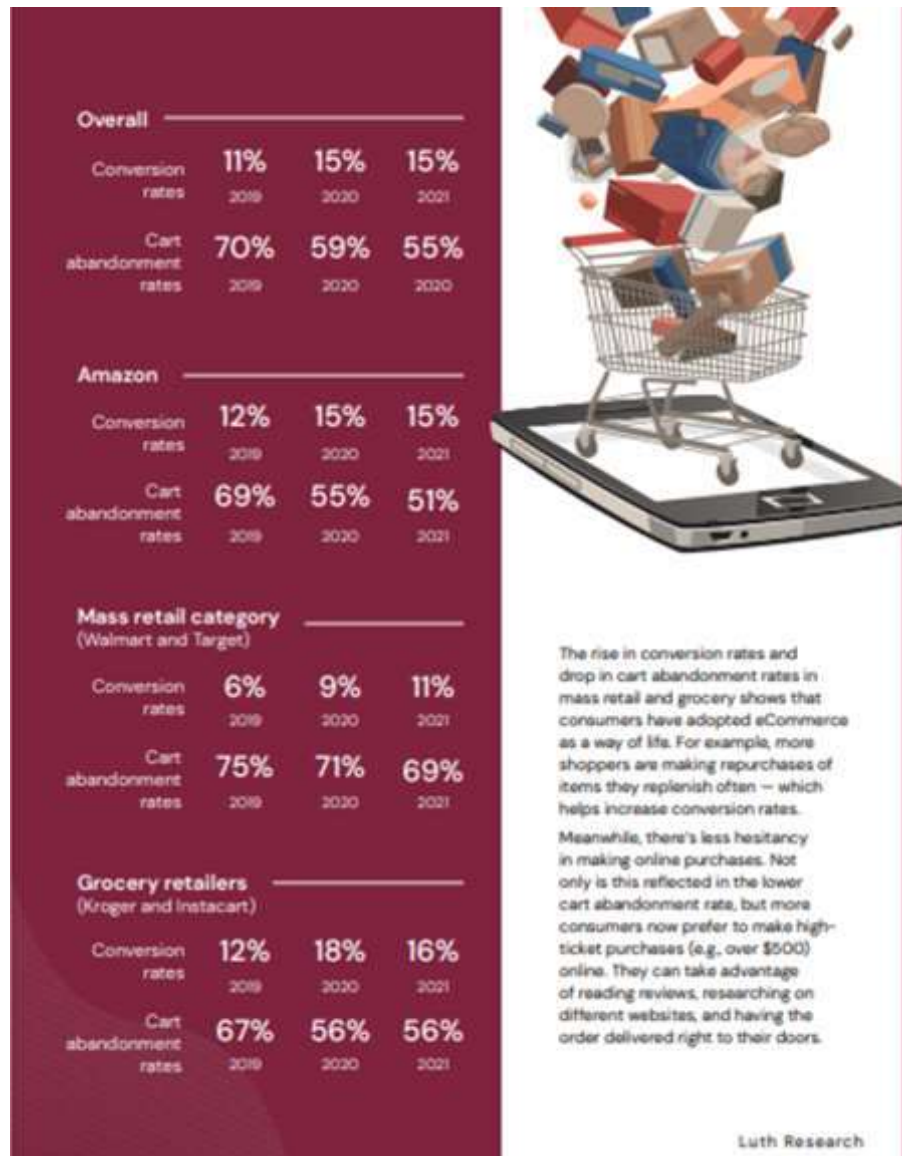


Figure no. 7: The rise in conversion rates and drop in cart abandonment rates in mass retail and grocery shows that consumers have adopted eCommerce as a way of life

Source: Luth Research, 2021. How COVID is shifting ecommerce landscape. [pdf] LUTH research, A focus on Amazon, Walmart, Target, Kroger and Instacart, November 2021, p. 6 (work cited)

Asked about what they want to see in their online shopping experience of the future, respondents of a study commissioned by Loqate (and conducted in May/June 2021 by Perspectus Global from over 4,500 global consumers and 150 eCommerce decision makers), and focused on the checkout, revealed an interesting situation, as shown in figure below (Loqate, 2021). Loqate report underlined that as consumers demand and expect an improved CX one of the ultimate challenges to e-commerce retailers will continue to be to optimize the checkout process, shopping cart abandonment remaining a worrying problem (because of a poor checkout a

shopping cart being abandoned by average consumer at least six times a week), and the top reasons for cart abandonment being as follows: Extra costs from shipping (59%), Required to open an account (37%), Being asked to save my card (31%), Takes too long to input all my details (29%), Problems with global shipping (19%), Couldn't work out how to fill in the form properly (18%), Website gets my location wrong (11%). Research findings also revealed the biggest e-commerce barriers to success: Delivery errors (28%), Not generating initial visitors (28%), Poor data quality (26%), Slow checkout procedures (25%), Not driving enough return visitors to your website (23%), Cart abandonment (23%), Address input issues (22%), Retaining customers on the website (21%), Trust issues with the website (21%). One of the foremost checkout experiences (according to 45% of all respondents) was confirmed in the case of supermarkets, followed by clothing stores (42%), and utilities (24%). Another interesting aspect is that in contrast to the US respondents who prefer a fast purchase journey (54%), UK and EU respondents like the idea of the so-called appropriate friction (rather than skipping to the purchase, 56% of all UK and EU respondents prefer a slower online purchasing time) on the whole. With regard to the top five features of future checkouts, situation looks like this: Smart home ordering, On demand delivery, One button ordering, Virtual reality, and Drone deliveries.



Figure no. 8: What do you want to see in the online shopping experience of the future?

Source: Loqate, 2021. *Future of the digital checkout: Today's trends shaping tomorrow's Tech.* [pdf] Loqate GBG, November 2021, p. 13 (work cited)

Conclusions: Data intelligence, omnichannel consumers, personalized experience, search, voice search, and e-commerce

As technology and data are converging, there are new opportunities today for market engagement by identifying and targeting more-personalized segments thanks to data intelligence about consumers and their behavior, a consumer identifier being established, for instance, by identity graphing of online digital activity with offline locations, transactions, and consumer and customer demographics (Ventana Research, 2021). Today we are witnessing the expansion of the so-called frictionless commerce (contextual commerce, considering consumers' willingness to make a purchase while using an e-commerce website, mobile apps, Amazon's Alexa, Pinterest and Instagram click-to-buy buttons etc.) made possible by both various technological advances (in location-based, social and smartphone technologies, mobile payment systems), and a decrease in additional technology costs (TechTarget, 2021). As underlined by TechTarget, developers are trying to improve CX (making it more frictionless) with the help of new technologies (voice-recognition technologies, immersive technologies etc.). Forrester Research brought earlier to our attention that the frictionless commerce is eager to be experience it only a well-oiled frictionless commerce machine (based including on internal data management processes) being able to give birth to an exceptional CX, and in companies' data maturity journey the role of Machine Learning in jumpstarting being essential, not only by eliminating friction points and adding capabilities, but also by gaining insights at any point in companies' data journey (Corrick, 2020), as highlighted by the General Manager of Master Data Management (MDM), Pivotree (which is a leader in frictionless commerce, with expertise in eCommerce, MDM, Cloud, Cybersecurity, and Supply Chain solutions).

On the other hand, as McKinsey's representatives demonstrated (Barbee et al., 2021), removing friction from the parts of the fulfillment process mattering most to customers (who are expecting faster delivery, and feel a powerful desire for assortment, availability, and convenience) represents the so-called North Star of a great omnichannel strategy. And that within the context in which the speed and quality of final-mile delivery is impacting the fastest fulfillment operation, while research findings revealed that nearly half of omnichannel consumers will shop elsewhere when facing too long delivery times (being also limited willingness to pay for faster delivery), and there is a considerable influence of the race to shorten click-to-customer cycle time on the shape of future omnichannel supply chains.

And coming back to:

- Personalized experience wanted by modern consumers and shoppers, let us made reference to the CEO of Searchspring (presented as the #1 Ecommerce Search and Merchandising Platform Built Exclusively for Retailers) who introduced recently four pillars of modern consumption: *easy to find* (easy-to-use search), *organized better* (what is displayed throughout customer's journey during online shopping must be under full control), *personalized experiences* (ensuring customers to see featuring sale items, best sellers, trending items, and something new), and

fueled by insights (by considering search, product and Google Analytics). He insisted on seeing the importance of putting the shoppers' experience first (the explanation for the most successful e-commerce brands), avoiding their frustration (Messana, 2021).

- Voice search and... e-commerce, allow us to end by remembering the beginning of an article written recently by Nick Shaw (2021): *"Voice search is the phrase on everyone's lips. More searches are conducted by spoken word than ever before, and a successful ecommerce trader will need to take this on board. The really successful ecommerce trader probably already has"*.

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