

Successful E-Commerce Interaction, and the Multidirectional Impact of E-Commerce



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Abstract

We are witnessing a true battle for earning consumers' attention with content resonating with them, considering e-commerce emerging trends. It is important for e-commerce business to focus on building lasting customer loyalty from the very beginning of the new year, context in which it is useful to also pay attention to data maturity, customer engagement maturity, actionable segments and behavior segmentation. Without forgetting to consider successful e-commerce interaction, e-commerce businesses' biggest competitive advantage, and omnichannel success key. What also presupposes to take into account the multidirectional impact of e-commerce, and getting perspective on mobile commerce, e-grocery, and BNPL.

Keywords: E-Commerce Interaction; Consumers' attention and loyalty; Customer Engagement Maturity; Behavior Segmentation; M-Commerce; E-Grocery

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

Earning consumers' attention with content resonating with them, considering e-commerce emerging trends

According to Forrester analysts (Collins et al., 2023), marketing budgets are allocated by US B2C marketing executives to: paid media channels with proven performance (social media, search engine marketing, online video/OTT, influencers); marketing technology (like Marketing Resource Management) reducing identified operational burdens so as to obtain live customer

engagement by translating marketing strategy into it, consolidating agency services in executing their marketing programs; their existing talent (based on employees' upskilling); relationship/loyalty marketing (based on CX improvement and increasing customer engagement). And as media spend is an essential part of marketing planning, MarketingSherpa collaborated with Hawke AI in order to see if media spend correlates with website sessions (considered the next step in the funnel from media spend), their research findings revealing significant aspects, such as: not only “a decrease in media spend throughout most of 2023 for ecommerce brands”, but also how “that decrease has been matched by an even bigger decline in website sessions”, as shown in figure below (Burstein, 2023).

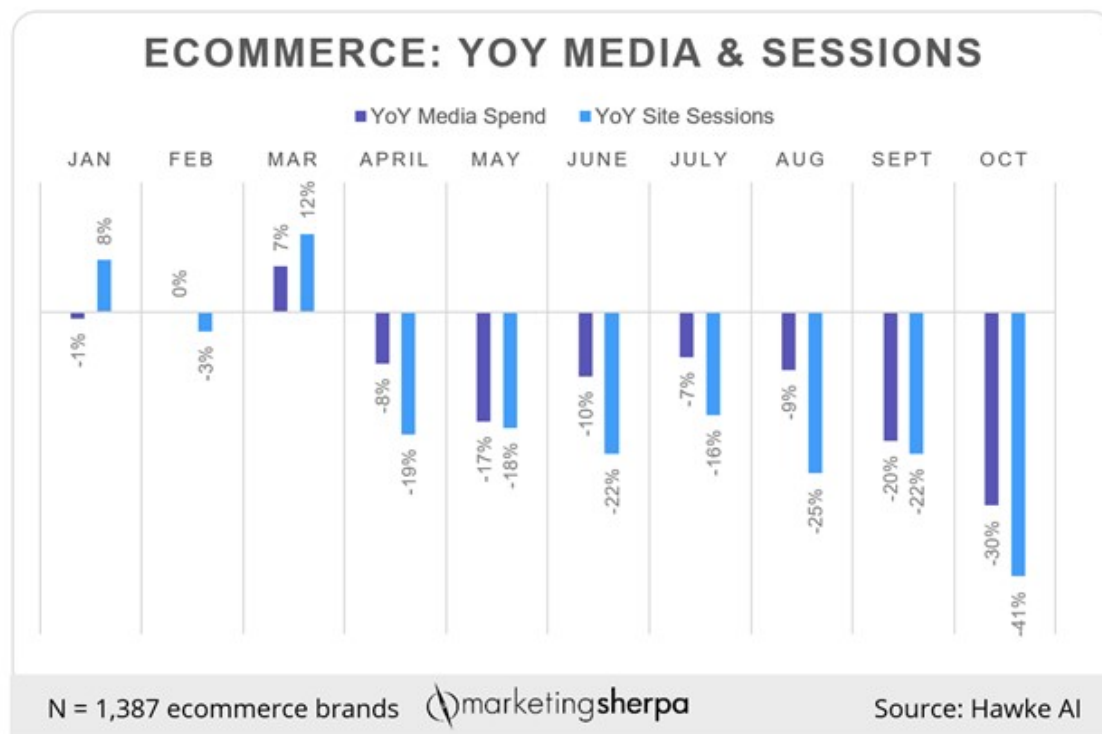


Figure no. 1: E-commerce: Year over Year Media & Sessions

Source: Burstein, D., 2023. Ecommerce and Lead Gen Charts: Does media spend correlate with website sessions? MarketingSherpa, December 12, 2023 (work cited)

As the relationship between brand and consumer is redefined by Generation Z, in the opinion of the Founder and CEO of JUV Consulting, commerce is pushed by a built community making content with each other (creating relationships between customers themselves), social media authenticity being essential to earn attention (Feger a, 2023). While according to the CEO and Founder of Ave Advisory, it is important to understand trends and culture, knowing how to speak to such an audience.

The already established full-funnel channel that is creator content is seen by the majority of advertisers as a high-quality ad channel, for 2024 being projected that influencer marketing overlapping with creator marketing will be used by 82.7% of US marketers (Lebow, 2023).

According to CEO of the Interactive Advertising Bureau's (IAB's), creator content (whose impact is measurable, and more and more consumers are watching it on YouTube and TikTok) is now a vital part of the mix, consequently reaching customers with content resonating with them being already known by savvy marketers better understanding the increasing creator economy, adapting accordingly to particular audiences.

As shown by the Director of Content Marketing at Yotpo (Sakraida, 2023), it was interesting to note the opinion of the CEO of Gatsby that one more Sales Channel that e-commerce business should be considering for 2024 is TikTok Shops, channels like TikTok, Instagram, and the Shop App making it easier for those using Shopify to discover and convert new customers by linking in more Sales Channels. After discussing with various experts in the eCommerce industry on the topic of 2024 biggest trends, Yotpo Director revealed (beyond the above-mentioned recommended experimentation of TikTok Shop which is ready for use) other trends, such as: considering one of the top content marketing trends that is short form video educating shoppers; combating social-scam concerns through authenticity, including real customer reviews; considering shoppers' preference to reach out directly to customer service, adopting technologies and new processes accordingly; considering personalization predictability based on technology stack speaking to each other without difficulties; considering growing consumer demand for sustainability including reusable packaging, motivating customers and creating positive sentiment; considering more price-conscious shoppers' expectation regarding value to combat inflation; considering letting customers manage their subscriptions and enjoy perks and convenience; enhancing customer retention by inspiring their exploration and purchases in new product categories based on personalized recommendations, post-purchase upsells, enticing incentives, and precisely targeted campaigns; creating more tailored marketing strategies with the help of AI, gaining the right insights to inform human-made decisions based on customer data analysis and behaviors' prediction.

Building lasting customer loyalty from the very beginning of the new year. Data maturity, customer engagement maturity, actionable segments and behavior segmentation

As shown recently by Braze (2023), in order to better begin the new business year, it is essential to take appropriate measures (both optimizing marketing campaigns in real time, and using predictive insights to discover the right mix of creative, channels, and send times) to stabilize holiday performance gains by executing on a careful post-holiday strategy, and extending marketing campaigns' success beyond the holiday period (both driving additional sales, and building lasting customer loyalty). Going on this path means agilely acting, by improving first-time buyer personalization with survey data, keeping for a longer time users who are losing touch, bringing back customers who become gradually fewer (re-engaging customers with the help of messages based on their past actions), stimulating users about new offerings (using a cross-channel approach to highlight them, considering triggering messages and so on), gamifying CX for increased customer lifetime value (by adding interactive elements to the customer engagement mix, and motivating users to take specific and repeated actions), and

keeping active users coming back consistently to company's app or website (using messages sent on an ongoing basis within a solid content strategy).

Recognized as the leading Customer Data Platform (CDP), Twilio Segment (2023) underlined that a company needing actionable insights can extract them only after having a solid data infrastructure, and stepping on the way towards reaching data maturity as a continuous process, it is important to understand each level (having three steps) of the journey to customer engagement maturity, as shown in figure below. On the basis of critical behavioral shopping traits, customers can be identified and organized into different categories by using the so-called RFM model (Recency, Frequency, Monetary), which evaluates previous customer behavior. To predict the likelihood of repeat customers (their readiness to buy again), a company can use an AI-driven capability like Segment's Predictive Traits. Then, based on the predictive analysis, customers can be convinced with the help of AI to benefit of special offers generated for them at just the right time (dynamic coupons for users; recommendations based on real-time customer activity).

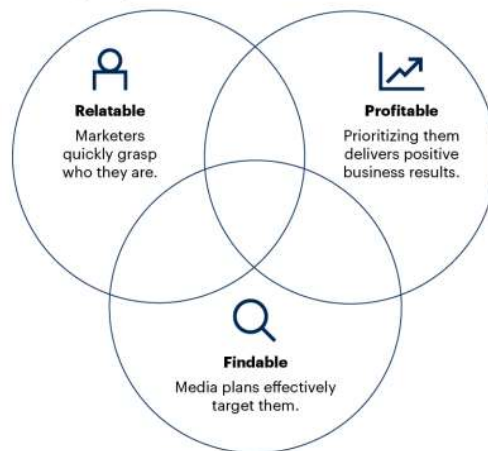


Figure no. 2: The Journey to Customer Engagement Maturity

Source: Twilio Segment, 2023. From *Big Data to Big Profits: 5 fresh AI strategies to drive growth*. [pdf] eBook, p. 8 (work cited)

In the continuous process to offer relevant and resonant digital experiences marketers use segmentation as a key tool, and actionable marketing segments balancing three goals, as shown in figure below (Wakeman and McNellis, 2022). According to Gartner's analysts these segments "recognize that most audiences use more than one channel, differ based on motivations, lifestyle and other factors, and have differing levels of value for the business."

Actionable Marketing Segments Balance Three Goals



Source: Gartner
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Gartner

Figure no. 3: The Journey to Customer Engagement Maturity

Source: Twilio Segment, 2023. From *Big Data to Big Profits: 5 fresh AI strategies to drive growth*. [pdf] eBook, p. 8 (work cited)

It is worth remembering that companies can obtain deeper customer insights (as well as realize more impactful marketing personalization, reduce over-targeting or over-messaging users, reinforce their relationship-building, and deliver gains in their marketing campaign performance) by tailoring marketing campaigns (Team Braze, 2023) on the basis of behavioral segmentation (which is created and used by marketers “to target groups of customers based on the actions they take, the behaviors they exhibit, and the interactions they have with their brand”) and other types of customer segmentation (demographic, psychographic, and geographic). Within this framework some examples of behavior segmentation were given (such as: interacting with a brand’s app or website, referring a friend, completing a registration, answering a survey, searching for an item, completing a new level, favoriting an item, adding an item to their cart, submitting a rating or review, purchasing a product or service, interacting with, and so on).

Successful e-commerce interaction, e-commerce businesses’ biggest competitive advantage, and omnichannel success key

Within the context of the phygital fluctuating journey of shopping retailers are under real pressure to better understand where products are discovered by the more and more savvy shoppers, where their audience is learning more about these products, and where shoppers are buying the chosen products, feeling consistent and flowing from one interaction (in e-commerce this being one of the most important factors) into the other. And these feelings and way of flowing are considered omnichannel success key (Feger b, 2023).

According to Li, Yuan and Tian (2023), who focused on deepening the analyze of online e-commerce interaction impact on consumer satisfaction (as mediating variable) based on big

data (like consumer shopping behavior, interaction data, and feedback information) algorithm, there is a strong connection during shopping between communication and (human-computer, social, and information) interaction, one hand and consumers' satisfaction in online shopping, the other hand. There are important aspects to consider within this framework (allowing also a better understanding of consumers' needs and psychology, preferences and trends), such as: personalized recommendations (to improve both consumer satisfaction, and loyalty), data privacy and security issues, algorithm fairness and bias issues (all the previously mentioned being essential on the way to gain trust and achieve sustainable development), and data analysis and decision-making transparency issues. The authors highlighted e-commerce enterprises' biggest competitive advantage which is how to analyze customers' needs reflecting their opinions through information playing an increasingly prominent role. And among other underlined aspects they stated: "To achieve accurate marketing, the key is to establish the user model, that is, the user image. The analysis of big data can also improve the user experience, and it can also realize the unified management of express delivery through big data"; "In marketing, scholars pay more attention to the individual's consumer satisfaction with products and lack attention to objects such as product brands, crisis events or corporate behaviors. In addition, existing research on consumer satisfaction focuses on the simultaneous or short-term positive and negative attitudes. In fact, consumer satisfaction may change dynamically."

Instead of conclusions: *The multidirectional impact of e-commerce, and getting perspective on mobile commerce, e-grocery, and BNPL*

In August 2023 we highlighted marketing focus on the paradigm shift in e-commerce, while keeping in mind humans (Purcarea a, 2023). Very recently (Purcarea b, 2023), we underlined marketing focus on the quality of being practical and a holistic approach of the buying experience, making reference, among other aspects, to the clear need of incorporating the digital experience platform into the e-commerce strategy, considering market opportunity of investing in computer-generated imagery as an important tool for e-commerce product imagery.

Also very recently, we seen how Gupta et al. (2023) made a comprehensive review of e-commerce benefits, challenges and pathways in e-commerce industry, trying to identify the key factors contributing to the success or hindering the growth of this competitive industry which (as a result of its both convenience, and accessibility) not only revolutionized the way of shopping, trading, and doing business (becoming an essential part of people's lives), but also experienced globally significant growth. They rigorously analyzed e-commerce industry's benefits (showing, for instance, the importance of cost-effective advertising and marketing strategies), challenges (underlining the crucial role of adoption of the technological advancements), and pathways (showing, for instance, the e-commerce enterprises' constant vigilance regarding the dynamic nature of government regulations and compliance prerequisites), as shown in figure below.

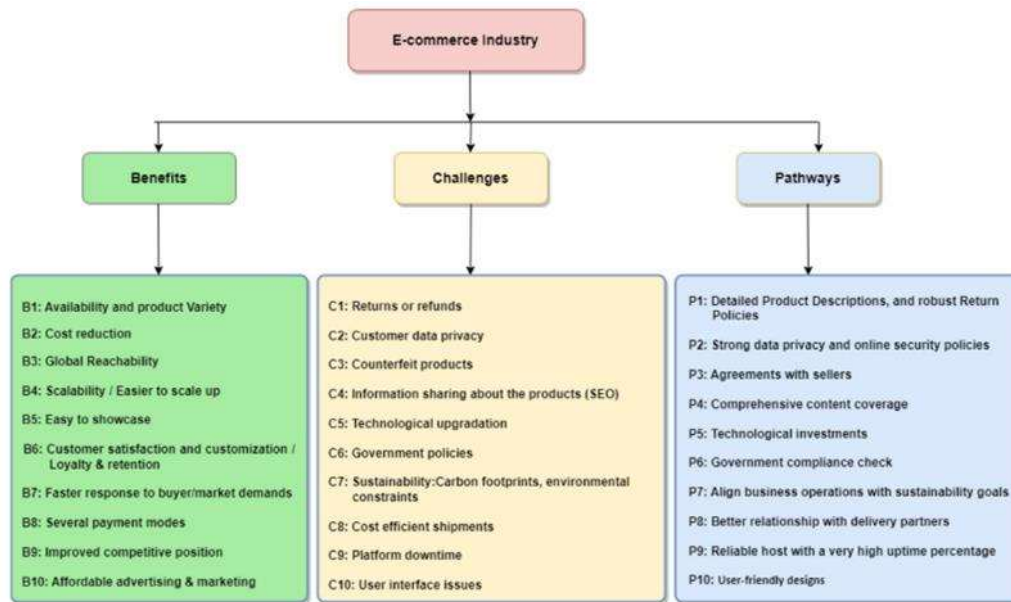


Figure no. 3: Identified benefits, challenges, and pathways of e-commerce industry

Source: Gupta, S., Kushwaha, P.S., Badherac, U., Chatterjee, P., Santibanez Gonzalez, E.D.R., 2023. Identification of benefits, challenges, and pathways in E-commerce industries: An integrated two-phase decision-making model, *Sustainable Operations and Computers*, Volume 4, 2023, p. 206 (work cited)

With regard to companies' benefits, we also remarked the focus of Kilay, Simamora and Putra (2022) on the impact of e-payment and e-commerce services on supply chain performance, while considering the many associated benefits with the digitalization of micro, small, and medium enterprises (MSMEs). More recently, European Business Review (2023) highlighted the move toward mobile payments driven by the thriving e-commerce industry, being projected also a significant contribution to this increasing move coming from the upcoming technologies (like the sound wave-based mobile payments). Within this framework it was made reference to e-wallets, Near Field Communication (NFC), and card terminals as an alternative to standard technology, also being underlined the rapidly increase in emerging markets and developing countries (due to transaction convenience, smartphone penetration rates, and remarkable contribution to financial inclusion) of the mobile payment adoption.

Allow us to end by making reference to the fact that mobile commerce (e-commerce becoming more mobile-first) in US will reach this year 43.2% of US ecommerce sales, while in 2027 it is projected to account for 49.8% (Insider Intelligence, 2023). It is also predicted that in e-commerce growth will play major roles, together with mobile commerce, digital grocery, and buy now, pay later (BNPL). For a successful holiday it was recommended to think mobile-first, and taking into account that consumers' looking for the best deals across the web, to place QR codes in ads or offering mobile app users exclusive benefits. On the other hand, with regard to European grocery it is worth remembering that in order to get ready for future e-grocery growth a report by McKinsey & Company and EuroCommerce (Delberghe et al., 2023) stated:

“Investing in e-grocery now, and possibly also in meal delivery, might enable grocery retailers to overtake organizations that are currently reducing their investments.”

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