eGuide 2023

Festive & Frictionless:
Build the Best Digital Journey Your Customers Deserve

pivotree™

'Tis the Season...for Shopping!

Another big holiday season is upon us, and this one is expected to be larger than ever before. In the 2022 holiday season, US consumers spent $211.7 billion USD, which was up by 3.5% from the previous year. Globally, this number hit a whopping $1.14 trillion USD. So it's safe to say, 'Tis the season of opportunities!
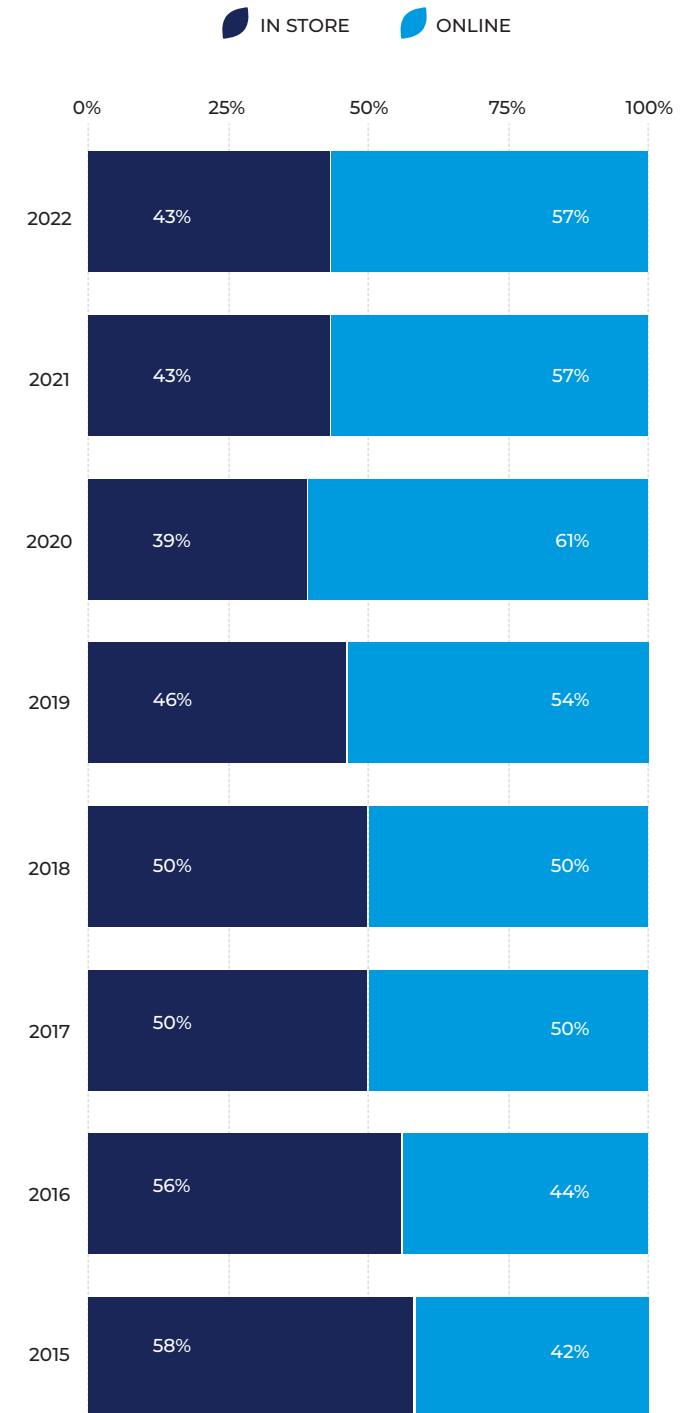
The story is the same for digital commerce. Online buying during the holiday season shot up to 57% in 2022, a 3% uptick from 2019. And in 2020, the year that the pandemic peaked, even more customers shopped online (61%).

The overall projections for eCommerce growth indicate that online shopping is headed only one way – NORTH!

Happy Holidays!

IN-STORE VS. ONLINE, WHAT DID CUSTOMERS CHOOSE?

● IN STORE   ● ONLINE

Year	In Store	Online
2022	43%	57%
2021	43%	57%
2020	39%	61%
2019	46%	54%
2018	50%	50%
2017	50%	50%
2016	56%	44%
2015	58%	42%

statista

What's in Store for the 2023 Holiday Season?

The Gen-Z Effect

This digital-first generation is realizing substantial buying power and is expected to compose 27% of the workforce in the next two years. With $360 billion USD disposable income, Gen-Zs will be calling the shots.

> **Consumer behavior has changed in the past few years, and Gen-Z, with its influence on media, culture, and the economy, forms the vortex of this change.**

In fact, 37% of this group shop online for entertainment, more than video games, television, or any other form of entertainment.

Make it Personal

Consumer expectations for personalization are on the rise: 73% of shoppers expect brands to understand their unique needs and expectations, making personalization a dealbreaker.

Once a nice-to-have in online shopping, personalization is now the norm in the digital landscape. Subject to individual differences, personalization could include anything from product recommendations and personalized rewards to facial recognition, subscriptions, and everything in between. The key to effective personalization is to hit the mark with timing, privacy, and insights.

The Inflation Situation

Analysts and experts paint a moderately grim picture, but not without hope. On the one hand, inflation has dropped from its peak but still remains high. Interest rates continue to rise, as do prices for non-discretionary expenses, so it's no surprise that consumers are looking to be even more cautious about discretionary spending. But there's a ray of hope. According to Mastercard SpendingPulse, omnichannel shopping will continue to grow, and eCommerce shopping will increase by 6.7% year-on-year. While the inflation effect continues to plague spending overall, the holiday season promises a merrier time for digital brands.

Experience is the X-Factor

Customer experience is very different from what it was just a few years ago. Merely having your products online won't cut it anymore. Customers now expect seamless omnichannel experiences. As they shimmy back and 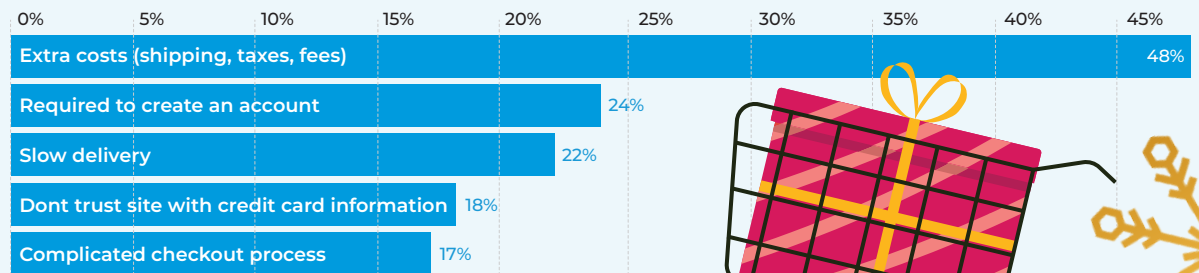forth between social media, online shopping, and in-store experiences, they expect these experiences to be frictionless. And it is up to brands to leverage data, commerce platforms, and supply chain expertise to tie these experiences together.

Sustainability Matters

Sustainability is and has been a talking point for a while now and for a good reason. Customers expect their favorite brands to care. As of 2021, around 70% of Gen-Z, 80% of millennials, and 75% of Gen-X individuals in the US felt that sustainability is either "important" or "very important" when shopping online.

> **It is critical for online brands not just to drive sustainable practices but also to have the required data readiness to let customers know that they, too, have skin in the sustainability challenge.**

WHY CONSUMERS ABANDON THEIR ONLINE CART

Reason	Percentage
Extra costs (shipping, taxes, fees)	48%
Required to create an account	24%
Slow delivery	22%
Dont trust site with credit card information	18%
Complicated checkout process	17%

Forbes ADVISOR

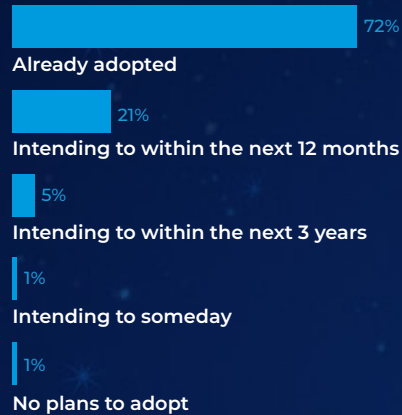# Make the 2023 Holiday Season One to Remember

Stay Calm and Composable

Expectations in the digital customer journey change at the speed of thought. It doesn't make sense for online brands to panic and swap out large, monolithic systems for other cost-intensive solutions that will soon be rendered obsolete.

Thankfully, we live in the MACH (Microservices-based, API-first, Cloud-native, and Headless) generation, where features and functions can be swapped in and out as needed.

MOST RETAILERS ARE ALREADY TAKING A COMPOSABLE APPROACH TO ECOMMERCE

72%
Already adopted

21%
Intending to within the next 12 months

5%
Intending to within the next 3 years

1%
Intending to someday

1%
No plans to adopt

In fact, <u>72% of retailers</u> surveyed in March 2023 had already adopted a *composable commerce* approach.

Whether it's adding a more favorable payment gateway or streamlining your supply chain with a "plug-and-play" warehouse management system (WMS), composable commerce helps eliminate friction in the digital customer journey. Why go composable?

- Easy integration with existing systems
- Low cost
- Accelerated time-to-value
- Improved personalization and customer experience
- Greater ROI

Bring AI to the Party

Many enterprises limited the application of artificial intelligence (AI) in digital commerce to marketing, sales, customer service, etc. However, AI is playing a major role in more foundational aspects of the digital commerce landscape. Everything from SKU onboarding to data process automation in areas such as classification, normalization, and searchability can now be automated with AI and LLM (Learned Language Models.). The market for AI-enabled eCommerce is projected to reach <u>$16.8 billion USD by 2030</u>, and this will be driven by innovations such as AI-generated content (AIGC), AI-driven data processing, and more. Whether it's user-friendly content or a better representation of sustainability data, AI can be a useful tool in driving frictionless holiday shopping experiences at speed and scale. What AI brings to the table:

- Accelerated time-to-value
- Improved personalization and customer experience
- Better management of sustainability data
- Greater ROI

2023

Deck the Halls with Data

Whether it's Black Friday, New Year's or any other high-demand, high-pressure period in digital commerce, data is the key to frictionless commerce experiences. Personalization, sustainability, and mobile readiness depend on data as the foundation for these experiences. You need your data to be:

Modeled: So your product information is in line with customer expectations.

Governed: So your data is consistent, compliant, and reliable.

Automated: So you can cut down on manual intervention and accelerate time-to-market.

Connected: So optimizing omnichannel experiences doesn't lead you to deal with scattered, inconsistent, siloed data.

Streamline your data for:

- Accelerated time-to-value
- Improved personalization and customer experience
- Better management of sustainability data
- Reduced onboarding cost
- Greater ROI

Turn Holidays into Holi-YAYS with Pivotree

With data readiness, adaptable commerce platforms, and streamlined supply chains playing such a vital role in bringing holiday cheer to your business, you need a partner like Pivotree to make end-to-end customer experience excellence a part of your digital DNA.

Pivotree brings a host of data management and automation solutions to help you make data a true asset to your organization.

Pivotree™ SKU Build, one of our newest solutions, is true data as a service. Leveraging AI and large language models, we speed up and automate the process of SKU acquisition and enrichment, so that you don't have to. Giving you clean, complete, channel-ready data that flows directly to your PIM and any other system is a game changer. Pivotree™ SKU Build is a faster, better, and less-expensive solution than doing it in-house.

Add to this the power of Pivotree™ Connect, and you have a well-oiled machine where data can flow seamlessly to all your business systems and functions. The platform ensures that data integration is controlled and governed with accuracy, consistency, and security.

Pivotree partnerships with some of the leaders in commerce technology combined with integration expertise will help you unleash the right mix of features and capabilities that are tailor-made for your customers. We also bring the best integrated supply chain solutions driven by MACH (Microservices-based, API-first, Cloud-native, and Headless) to bolster your ability to fulfill the customer promise. And with Pivotree™ Control Tower, you get a bird's-eye view of these systems with strategic analytics and insights.

Whether you're looking for new technology solutions or build on existing ones to solve problems, Pivotree's strategy, design, technology, and managed services expertise will ensure you have the right mix of superpowers to make this holiday season a reason to celebrate.

member of the MACH ALLIANCE

About Pivotree

Pivotree, a leader in frictionless commerce, strategizes, designs, builds, and manages digital Commerce, Data Management, and Supply Chain solutions for over 200 major retailers and branded manufacturers globally. With a portfolio of digital products as well as managed and professional services, Pivotree provides businesses of all sizes with true end-to-end solutions. Headquartered in Toronto, Canada, with offices and customers in the Americas, EMEA, and APAC, Pivotree is widely recognized as a high-growth company and industry leader. For more information, visit www.pivotree.com or follow us on LinkedIn.

Let's discuss how we can help you succeed during the most digital holiday ever.

Get in touch with us today at:
sales@pivotree.com
1-877-767-5577 | pivotree.com

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