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Shopper Experience Index

Top priorities for the world's best brands and retailers

What’s inside

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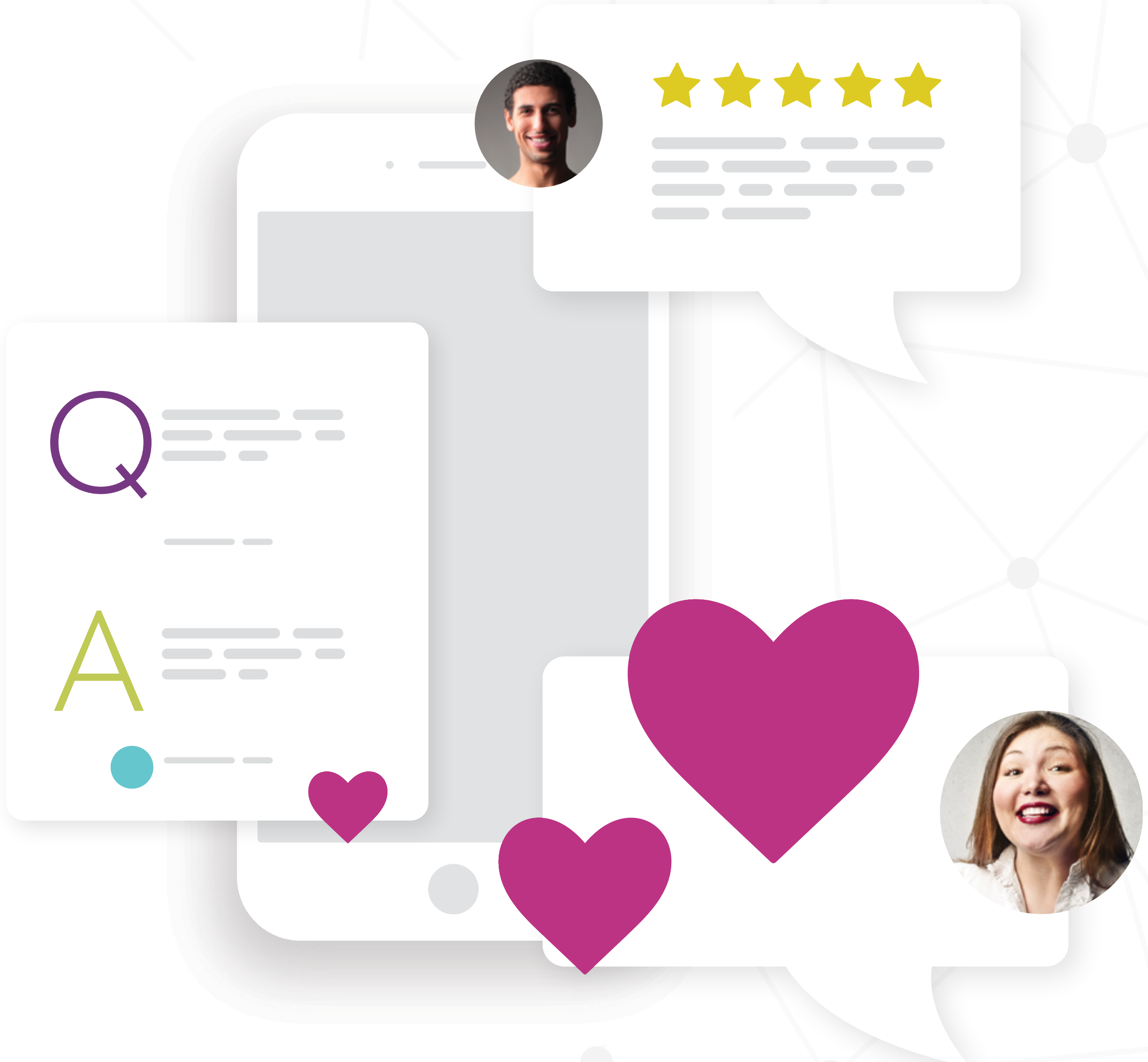
Preface

Today's consumer can find countless products in seconds on a smartphone and page through a sea of product reviews before making the final purchase decision.

The world's best brands and retailers are meeting consumers at this critical juncture, striving to develop experiences that resonate with today's shoppers — and delight tomorrow's consumers as well.

To find out what brands and retailers are focusing on now and in the future, we asked more than 400 Bazaarvoice clients about their priorities in the coming 18 months, where they see future opportunities to enhance the shopping experience, and how they plan to invest over the next year to ensure they connect powerfully to shoppers and meet their increasing expectations.

In the following pages, you'll find a roadmap of what the industry is focusing on and where it's going.



Top priorities for the world's best brands and retailers

Meeting customers where they are: on mobile

In 2017, mobile reached a tipping point. More than 50% of traffic to brand and retail sites occurred on mobile devices. After several years of hearing about the mobile revolution, 2017 is the first year on record that more than half of e-commerce traffic was truly mobile.

But consumers aren't just shopping on mobile — they're also using smartphones while shopping in the aisles to make purchasing decisions in real-time.

In the past year, there has been a 20% increase in mobile page views across more than 5,700 brand and retailer websites in the Bazaarvoice Network, and 45% of shoppers now report reading reviews before purchasing products in brick-and-mortar stores. This marks a 15% year-over-year increase.[1]

As a result, the mobile experience is fast becoming the best in-store sales associate, with consumers turning to product pages online to learn more along every step of the path to purchase.

Even still, the bar is set high for mobile user experiences. Speed and responsiveness are two central issues: In a survey, Google found that 53% of shoppers will abandon a mobile site if it "takes longer than three seconds to load."[2]

Speed and responsiveness won't be the only things brands and retailers focus on. The user experience, in particular, is a critical component. From photos and videos to native apps that support location-based alerts and offers to payment systems, the mobile experience is fast becoming a centerpiece of today's shopping experience — and it's one that brands and retailers will be working hard to perfect in the coming year.

WHAT BRANDS AND RETAILERS ARE SAYING ABOUT MOBILE

65%

improving the mobile shopping experience is a focus in 2018

96%

an optimized mobile experience will be a differentiator throughout 2018

The bottom line:

With more than 50% of all page views to product pages now coming from mobile devices, it is critical for brands and retailers to continue investing in building better — and easier-to-use — mobile shopping experiences.

Authentic visual content is now invaluable

Brands and retailers understand how important it is to show, not tell, the story of their products. And no one is better qualified to tell that story than a satisfied customer.

Today, more than 2.6 billion people use social media[3] — and that's having a big effect on how shoppers approach, engage, and choose what to buy. With more than 250 billion photos on Facebook alone and 95 million new photos and videos posted to Instagram every day[4], consumer-generated visuals are flooding our devices. Importantly, social media is emerging as a significant shopping channel, alongside physical stores and traditional e-commerce. We expect this shift to accelerate in the coming year.

Brands and retailers are taking advantage of this with visual consumer-generated content (CGC) programs that pull consumer content onto product pages, and more closely connect social media to shopping and buying. In 2018, visual CGC will become a centerpiece of the shopper experience.

Among Bazaarvoice clients, 80% report that they either have a visual CGC program or plan to implement one in the next year. And 60% say visual CGC is now standard in e-commerce.

It's not difficult to understand why. In 2017, visual CGC had a 96% interaction rate and a corresponding 55% year-over-year increase in conversion lift among shoppers who engaged with visual CGC in the Bazaarvoice Network. In fact, visual social content has the highest conversion and revenue per visitor (RPV) lifts of all customer content among Bazaarvoice clients.

Beyond impressive conversion metrics, visual CGC offers brands and retailers a way to tap into social media, which is fast becoming the third buying channel.

More than 80% of Instagram users follow at least one business,[8] emphasizing the evolving opportunity brands and retailers have to boost brand awareness with visual content and sell products directly to consumers.

The bottom line:

Brands and retailers overwhelmingly recognize the power of visual CGC across the shopper experience. 88% say it deepens consumer trust in a brand, 91% say it creates a more engaging shopping experience, and 87% say it increases conversion.

SHOPPERS EMBRACE SOCIAL MEDIA TO MAKE PURCHASE DECISIONS

42%

of online shoppers say they've seen other social media users post pictures and videos of brands and products[6]

45%

of online shoppers say they like or follow a brand on social media[5]

57%

of online shoppers have purchased a product they heard about on social media[7]

CGC's value extends beyond e-commerce

The rise of visual CGC is part of a larger story: Across the board, CGC's value has extended far beyond the product page. Whether it's ratings and reviews, questions and answers, or social and visual content, shoppers expect to see helpful and engaging content at all parts of the shopping journey.

Brands and retailers are continuing to invest in making sure this content is found at every step along the path to purchase. In fact, 49% of retailers found that CGC actually helped in-store sales, up 17 percentage points over last year. CGC is making an impact everywhere shoppers go.

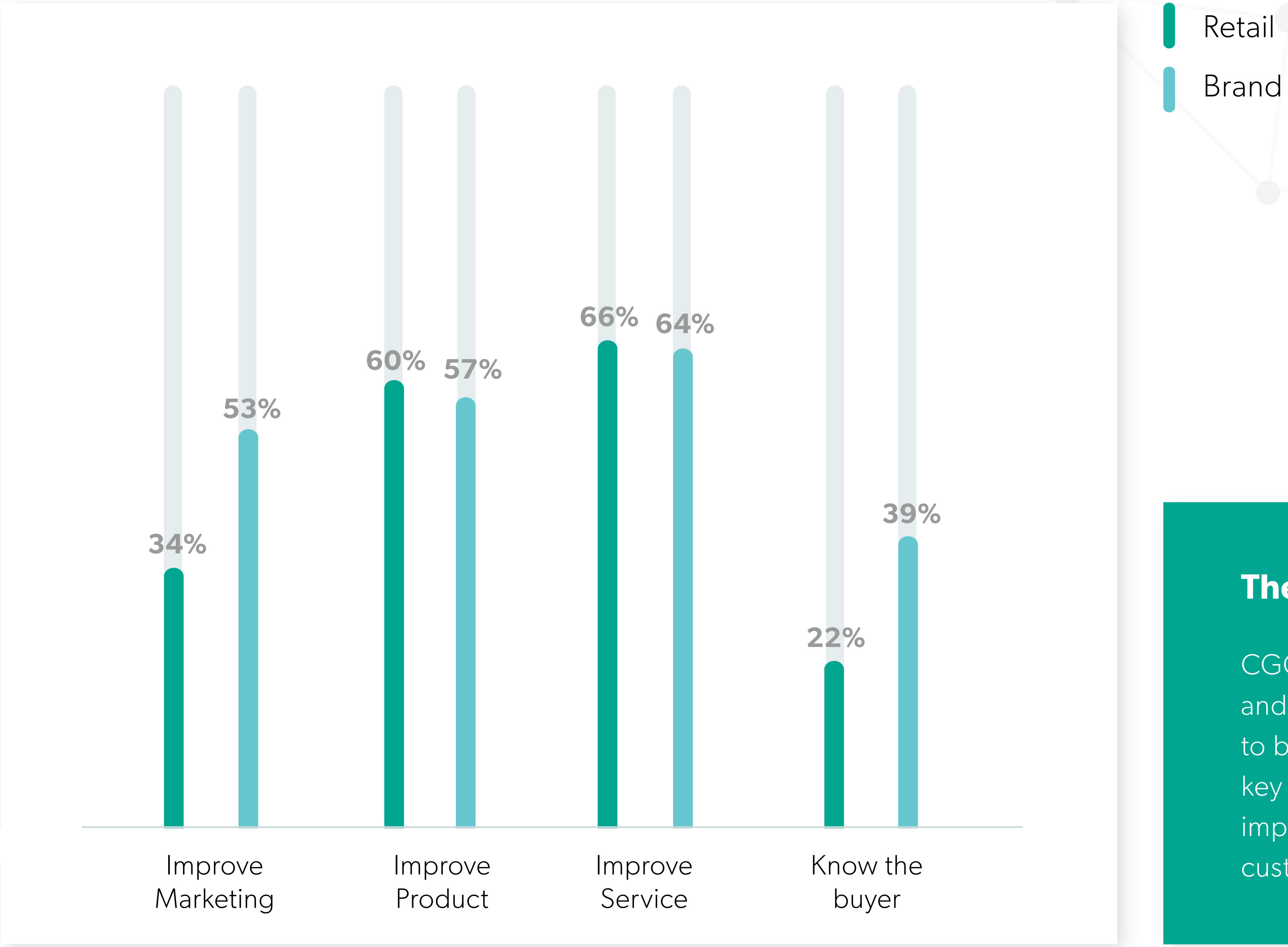
Looking ahead, 73% of survey respondents say they plan to increase the usage of CGC across the customer journey. And for good reason: CGC neatly plugs into various channels all along the customer path, amplifying the voice of the consumer. Moreover, there's an increasing demand for it among shoppers: From 2015 to 2017, there was a 35% growth in mobile searches including "product reviews."[9] That rise in demand corresponds with a conversion lift increase for brands and retailers.

> **In 2017, the conversion lift from CGC jumped to 106%, marking a 3.9% year-over-year increase.**

But CGC does more than satisfy a consumer expectation and increase conversion — it gives brands a lens into the customer experience. From insights into who the typical customer is, to alerting brands about product flaws, CGC can serve as a round-the-clock focus group when paired with the right analytic tools.

Among brands and retailers in the Bazaarvoice Network, the majority leverage CGC to improve their messaging, products, and customer service, as well as learn more about who is buying their products — and in some cases, what the prime use cases are.

HOW DOES YOUR COMPANY USE INSIGHTS FROM YOUR CGC PROGRAM?



The bottom line:

CGC is a two-way exchange between brands and retailers and shoppers. Where it gives shoppers the confidence to become customers, it also gives brands and retailers key insights into who those customers are — and how to improve products and messaging to attract and retain more customers going forward.

Omnichannel is a marathon, not a sprint

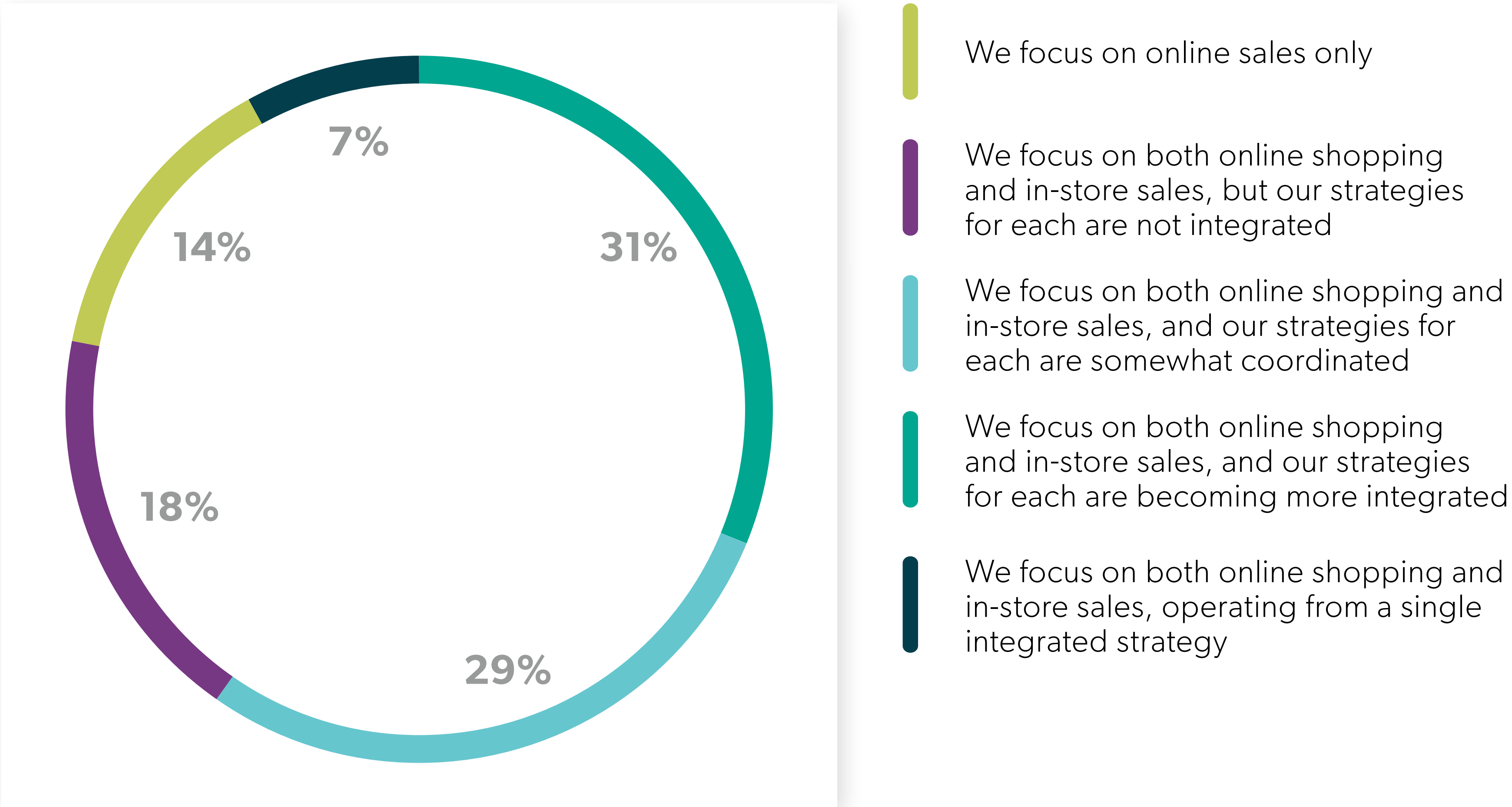
Shoppers today expect an omnichannel shopping experience, one where e-commerce and social media complement the in-store experience, and online decisions are informed by offline actions (and vice versa).

But despite the industry push to integrate marketing and e-commerce strategies across different channels, brands and retailers acknowledge the tremendous challenge in actualizing a comprehensive omnichannel strategy. Connecting legacy and new technology, aligning siloed business units, and grappling with a tremendous amount of data is no small feat.

In fact, just 7% of survey respondents say they have a single, integrated strategy. The majority of respondents say that their online and in-store strategies are somewhat or becoming more coordinated.

Despite this, 18% of those who have a single omnichannel strategy say they lead their industry in implementing that strategy, and 54% say they do as well as others in their industry. Only 28% say they lag behind others in their industry.

BRANDS AND RETAILERS SPEAK TO THEIR OMNICHANNEL STRATEGIES

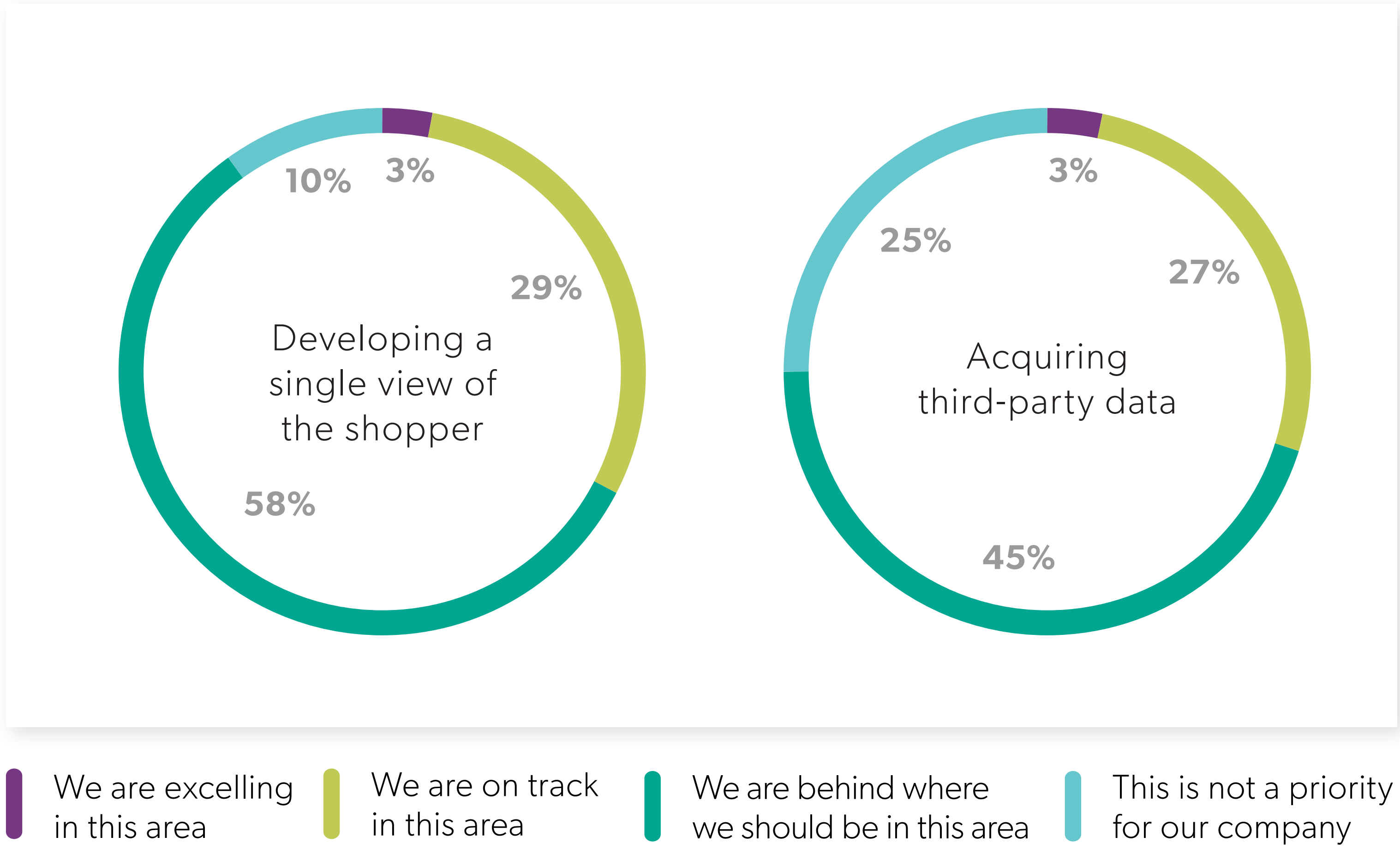


The bottom line:

While having an omnichannel strategy is important, many brands and retailers are constrained by their ability to collect — and grapple with — shopper data. Expect to see an uptick in the ability of brands and retailers to better integrate online and in-store shopping experiences as technology and the collection of shopper data improve.

Zooming in on a better view of the customer

HOW WELL BRANDS AND RETAILERS THINK THEY ARE DOING



With the increasing amount of data available to brands and retailers, this disconnect isn't surprising. Even after several years of talk in the wider industry about the importance of having a single, integrated omnichannel strategy, as well as technological gains that help support the effort, brands and retailers are still finding it difficult to gather actionable customer data.

At present, 58% of brands and retailers say they are behind in developing a single view of their customers across their platforms and touchpoints, and 45% say they are behind in collection of actionable third-party data.

Taken together, the majority of brands and retailers self-report that they are behind on connecting information about their customers into one view. They also report that there's still work to be done to acquire third-party shopper data to help inform e-commerce strategies and business decisions.

This problem is further complicated by the fact that brands and retailers say they don't have the right tools to interpret or act on their shopper data. Only 22% of respondents say they are currently deploying machine learning tools, while 74% say they are either behind in implementing such tools or not prioritizing it.

The bottom line:

There is room for growth as brands and retailers work to turn unstructured shopper data into actionable insights that inform their omnichannel strategies — and give them a better understanding of the customer. Until brands and retailers are able to effectively leverage consumer data, they face a long road in the pursuit of creating a single view of shoppers and a frictionless, personalized shopping experience.

Getting personalization right is a key focus in the next year

In part because turning consumer data into actionable marketing strategies is an evolving effort, personalization solutions are still maturing.

At present, fewer than 20% of shoppers say product recommendations are "very relevant" and "seem like they were made by a close friend."[10] Across other personalization tactics, such as email and personalized home pages, consumers are similarly unimpressed.

The bottom line:

Personalization is nothing new for brands and retailers, but there will be an increased focus on improving current offerings in the next year and a half.

HOW BRANDS AND RETAILERS PRIORITIZE PERSONALIZATION INITIATIVES

Looking ahead

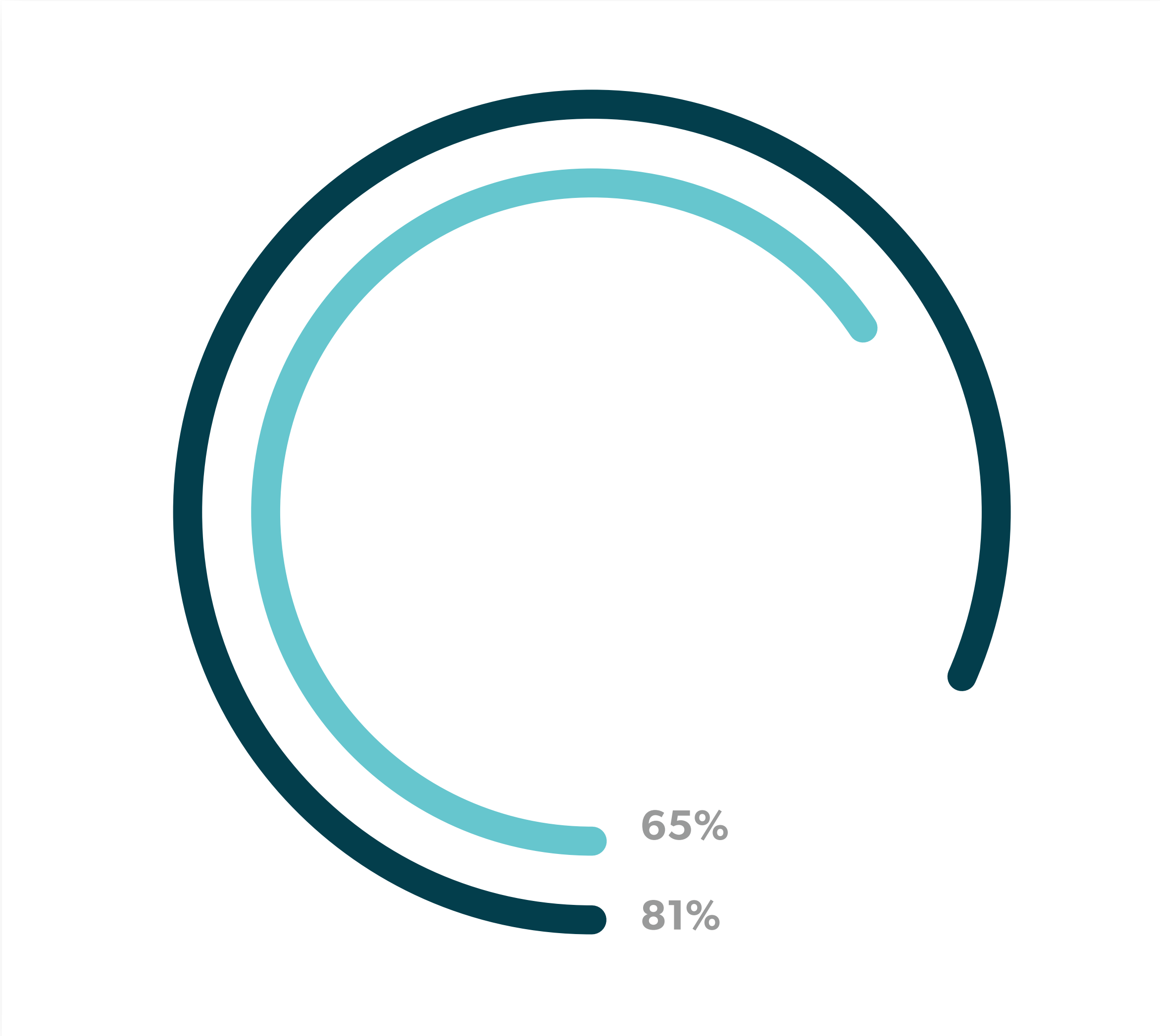
Personalization and social outrank augmented reality on list of priorities

We asked brands and retailers what they plan to focus on over the next 12 to 18 months. Unsurprisingly, the majority are laser-focused on better meeting consumers where they are: on social media and mobile, in addition to doubling down on their efforts to make the shopping experience feel personal.

Bazaarvoice clients expect social media to expand its role in shopping. 47% of respondents say being able to discover and buy products from social media channels will be more important to shoppers in the next year, and 23% say being able to discover and buy products on social media will be a significant differentiator in the next year.

It makes sense then, that in the pursuit of developing robust omnichannel strategies, 81% of respondents are focusing on the integration of the social media and online shopping experience (bringing social content onto owned sites, and making native social content shoppable) to enhance the experience, help shoppers discover products, and assist with purchase decisions.

BAZAARVOICE CLIENTS CALL OUT MOBILE AND SOCIAL AS PRIORITIES IN THE NEXT YEAR



focusing on integration of social media and online shopping

focusing on enhancing the mobile shopping experience

With mobile reaching a critical tipping point in 2017, improving the mobile experience will be a top priority. 63% of brands and retailers say they expect an optimized mobile shopping experience will be a significant differentiator for shoppers in the next year, and they plan to respond: 86% say enhancing the mobile shopping and purchase experience will either be a top priority or an increased focus.

When asked about bringing digital experiences in-store, 51% of retailers say that tailored in-store digital enhancements are becoming more important to shoppers, but headlines talking about putting virtual or augmented reality into showrooms are more hype than substance (for now).

At present, 67% of brands and retailers say virtual reality isn't a focus — and 61% say it either does not matter at all or is of minimal interest to shoppers. Instead, digital experiences will likely center around location-based offers, product inventory views, and other more basic services that enhance the shopping experience.

Initiatives to present personalized experiences to inbound traffic or embed them within outbound marketing efforts are of high importance to Bazaarvoice clients over the next 12 to 18 months. To support these, most clients have made data and infrastructure initiatives a high priority, but feel they are behind where they should be. Developing a single view of the shopper is the highest priority — and where most clients feel they are most behind. 81% say using consumer data and machine learning to make personalized recommendations on their websites is a focus, with more than half saying it's a top priority moving forward.

PERSONALIZATION IS ALSO A FOCUS FOR BAZAARVOICE CLIENTS ON THE NEXT YEAR

81%

focusing on using consumer data and machine learning to make personalized recommendations on their websites

Final notes

In the coming year, leading brands and retailers will continue: investing in improving the mobile shopping experience; adopting visual CGC programs to bolster the discovery and buying on their own sites, in retailer channels, and on social itself; and extending CGC across the path to purchase. But there remain areas that need improvement and will be a priority in the coming 12 to 18 months: Building out a more integrated omnichannel experience, and collecting — and better structuring — customer data to drive improved personalization efforts.

Across the board, there are three central takeaways:

1. An optimized mobile experience can shape the way consumers interact with products, both in-store and online, and brands and retailers are taking note
2. Placing CGC at every step of the omnichannel path to purchase drives conversion
3. Acquiring actionable customer data remains elusive, leaving personalization efforts in the lurch, but this is a big focus moving forward

Methodology

Bazaarvoice administered an online survey of its clients in the United States, Canada, United Kingdom, France, Germany, and Australia from December 14th, 2017 to January 31st, 2018. More than 400 brand and retail clients were surveyed about how they currently use CGC, how they are prioritizing future e-commerce investments, and what they anticipate will matter to consumers in the coming year.

Bazaarvoice also administered an online survey to 2,020 consumers spread evenly across the United States, United Kingdom, France, and Germany in January 2018. All respondents were 18 years or older and self-reported shopping online at least once a year. Respondents were asked about what was most critical in today's online shopping experience, how often they shopped online, what role mobile and CGC played in their shopping behaviors, and what retail innovations they anticipate will matter in the coming year.

Alongside the survey analysis, this report draws on analysis of client data from the Bazaarvoice Network of retailers, brands, financial services, and travel websites, spanning more than 943 million shoppers each month. Our analysis is comprised of over 300 million transactions, 5.4 billion product page views each month, and over 61 million pieces of CGC submitted during 2017. The dataset spans more than 2,600 client sites and content in 37 languages. Except where otherwise specified, the data presented throughout this report illustrates best-in-class (75th percentile) performance benchmarks among Bazaarvoice clients.

> **The timeframe for these benchmarks is calendar year 2017. When relevant, we have included a 2016 benchmark for comparison purposes.**

Bazaarvoice connects brands and retailers to consumers, so that every shopping experience feels personal. From search and discovery to purchase and advocacy, Bazaarvoice's solutions reach in-market shoppers, personalize their experiences, and give them the confidence to buy. Each month in the Bazaarvoice Network, more than 900 million consumers view and share authentic content including reviews, questions and answers, and social photos across 5,700 brand and retail websites. Across the network, Bazaarvoice captures billions of shopper signals monthly — data that powers high-efficiency digital advertising and personalization with unmatched relevance.

Founded in 2005, Bazaarvoice is headquartered in Austin, Texas with offices in North America, Europe, and Australia.

For more information, visit www.bazaarvoice.com.

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