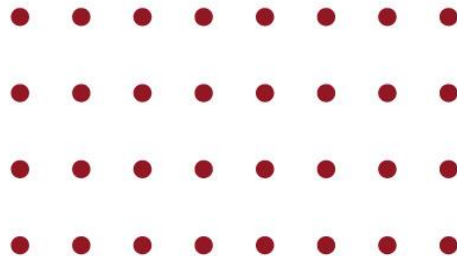


Consumer Experience
in the Digital
Environment

Digital Transformation & Impact on Consumer Behaviour

Unit 5





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- Importance and market size of e-Commerce
- E-Commerce changing consumer behaviour
- Emerging trends, and challenges and opportunities associated with e-Commerce

What is an e-Commerce Website?

An e-Commerce website serves as your online storefront, facilitating transactions between buyers and sellers. It provides a virtual space where your products are displayed, and where online customers make their purchases. Your website functions as the product shelves, sales staff, and cash register for your online business channel.

Companies have the option to build their own commerce site on a dedicated domain, create a branded store experience on platforms like Amazon, or adopt a multi-channel approach encompassing both strategies.



E-Commerce Market Share 2023-202m

The global e-Commerce market reached a size of US\$16.6 trillion in 2022. Looking ahead, IMARC Group forecasts the market to expand to US\$70.9 trillion by 2028, exhibiting a growth rate (CAGR) of 27.43% during the period 2023-2028 (Source: IMARC Group, 2023).

According to Statista, e-Commerce revenue is anticipated to demonstrate a yearly growth rate of 14.56%, leading to a projected market volume of \$1,365.00 billion by 2025.



Types of e-Commerce

Business-to-consumer (B2C) commerce is the retail component of Internet e-Commerce. It occurs when companies sell products, services or information directly to consumers. Some of the most popular B2C E-Commerce include Amazon, Shein, Wish, Zalando, AliExpress, etc.



Types of e-Commerce

Business-to-business (B2B) E-Commerce: it is the electronic exchange of products, services or information between businesses, rather than between businesses and consumers. According to a Forrester report published in 2018, B2B e-Commerce will reach \$1.8 trillion by 2023, accounting for 17% of U.S. B2B sales. A good example of B2B E-Commerce is Alibaba.com





Types of e-Commerce

Consumer-to-consumer (C2C) e-Commerce: it is a type of e-Commerce in which consumers exchange products, services, and information online. These transactions are typically carried out through a third party that provides an online platform for the transactions. C2C platforms include online auctions and classified advertisements.

Two well-known examples of these platforms are eBay and Craigslist. Because eBay is a business, this type of e-Commerce is also known as C2B2C, which stands for consumer-to-business-to-consumer.

C2C transactions are also possible on platforms such as **Facebook Marketplace** and **Depop**, a fashion reselling platform.

How Has e-Commerce Changed Consumer Behavior?

According to 99Firms' e-Commerce Statistics for 2020, the e-Commerce market is not only thriving, but more than 95% of all purchases are expected to be made via e-Commerce by 2040. The majority of consumers prefer to pay with a credit card, with 51% purchasing online via mobile phone.

When it comes to deciding which retailer to buy from, free shipping is the most important factor for customers. The ease of shipping return is the second most important factor, followed by the return cost.

Source: [eMarketer 2019](#)

The Importance of e-Commerce

The primary objective of e-Commerce for businesses is to boost sales. e-Commerce is a critical component of a business strategy in the global economy with increasingly international consumers. The continuous growth of e-Commerce during COVID-19 has escalated competition across online businesses and has forever changed consumer behavior, putting great pressure on businesses and opening up new opportunities for companies to compete not only locally, but also globally.

The trend has now accelerated the digitization of the economy, increasing the importance of e-Commerce and shifting a large number of consumers online, a momentum that will continue to grow, ultimately leading to a future in which at least 90% of purchases will be made online.

Key Advantages of Businesses Using e-Commerce

1) Customer Analytics and e-Commerce Stats

With e-Commerce, it is possible to collect all kinds of data that allow companies to improve their products, services and brands, as well as their marketing strategies.

2) Time Optimization and Cost Reduction

e-Commerce is digital, allowing products to be stored directly into a warehouse with automated inventory that is immediately accessible upon order confirmation.

3) Business Expansion in New Markets

Businesses can sell their products, services and brands worldwide, regardless of the language, country or time zone.



Key Advantages of Businesses Using e-Commerce

4) The Best Marketing Tool

With brilliant SEO, it is easy for an e-Commerce store to appear at the top of search engine results for a specific geographic location, integration with marketing campaigns and social media will provide businesses with a platform to engage and build trust with their customers through reviews and ratings. This will also keep them informed with regular posts about products, services and brands.

5) e-commerce Accessibility (24/7)

With Internet accessibility, millions of people around the world can engage in e-Commerce at any time, enabling faster business expansion at a lower cost and reaching a wider audience.

6) e-Commerce is about optimizing Customers Shopping Experience

Products, services and brands are always just a click away in online shopping, making the shopping experience fast, easy, convenient and user-friendly, with multiple product options and payment methods.



Disadvantages of e-Commerce

❖ **Customer interactions are limited.**

Without face-to-face interaction, it can be difficult to grasp your e-Commerce client's' wants, and needs. There are still ways to collect this data (surveys, customer support, etc.), but it may require a little more effort than interacting with buyers in person on a daily basis.

❖ **Malfunctions in technology can have an impact on your ability to sell.**

If your e-Commerce website is slow, broken, or inaccessible to customers, your sales may suffer tremendously. Crashing websites and technological failures can also harm customer relationships.

❖ **Impossibility to try or test products.**

Customers who want to try on a product (especially in the realm of physical goods, such as clothing, shoes and beauty products) before adding it to their shopping cart can find the e-Commerce experience limiting.

e-Commerce Industry Trends

e-Commerce has a far-reaching impact, ranging from small businesses to global corporations.

Large retailers are being compelled to sell online.

The growth of e-Commerce can broaden the reach of many retailers' brands while also positively impacting their bottom lines. However, those who embraced the online marketplace at a slow pace are facing higher difficulties.

Small businesses can use E-Commerce to sell directly to customers.

e-Commerce adoption can be a slow process for many small businesses. Those who embrace it, on the other hand, may discover that e-Commerce can open doors to new opportunities. Small business owners are gradually launching e-Commerce stores and diversifying their offerings, reaching more customers and better accommodating those who prefer online/mobile shopping.

e-Commerce Industry Trends

B2B companies are starting to offer B2C-like online ordering experiences.

With 90% of B2B customers expecting B2C-like digital experiences, B2B companies must work to improve their customer experiences online to catch up with B2C companies. This includes creating an omnichannel experience with multiple touchpoints and using data to create personalized relationships with customers.

e-Commerce solutions can allow self-service, provide more user-friendly platforms for price comparison and help B2B brands maintain relationships with buyers, too.

The growth of online marketplaces.

Online marketplaces have been on the rise since the mid-1990s, with the launch of companies like Amazon, Alibaba, and others. Amazon, in particular, is well-known for its distinct growth strategy, which has led to widespread adoption and record-breaking sales. They've been able to rapidly scale up by providing a wide selection and extreme convenience to customers.



e-Commerce Industry Trends

Customers shop in a variety of ways.

e-Commerce shoppers can easily share products to buy online through social networks. They can now discover and be influenced to buy products or services based on recommendations from friends, peers and trusted sources (such as influencers) on social media platforms such as Instagram, Facebook, and Tiktok.

Several social media platforms now include e-Commerce features, such as in-app payment, shoppable posts, and "Buy Now" buttons directing customers to the business's product page. Or landing page.

e-Commerce Industry Trends

Global e-Commerce is growing rapidly.

Taobao, China's largest online marketplace, has a gross market value (GMV) of \$711 billion. In terms of third-party annual global market value, Tmall and Amazon rank second and third, with \$672 billion and \$390 billion MBV, respectively.

With so many e-Commerce platforms, marketplaces and digital solutions available, merchants wishing to sell online have virtually no limitations, making it easier than ever for businesses to internationalize.



The Future of e-Commerce



E-COMMERCE REVENUE IS EXPECTED TO GROW AT A 14.56% ANNUAL RATE, RESULTING IN A PROJECTED MARKET VOLUME OF \$1,365.00 BILLION BY 2025 — PROVING THAT E-COMMERCE IS NOT A PASSING FAD. (SOURCE: [STATISTA](#))



WITH THE RISE OF OMNICHANNEL SHOPPING EXPERIENCES, DIGITAL BUYERS SHOULD EXPECT TO BE ABLE TO RESEARCH, BROWSE, SHOP, AND PURCHASE ACROSS MULTIPLE DEVICES AND COMMERCE PLATFORMS.

What are Other E-commerce Trends to Watch in The Future?

Trends to watch for in the future of e-Commerce include:

- Significant personalization and customer journeys
- Artificial intelligence (AI) shopping
- Social shopping
- Mobile commerce
- Digital currencies (cryptocurrency, mobile wallets, etc.)



Thank You