

MEET *changing* CONSUMER EXPECTATIONS

How marketers
are adjusting their
commerce strategies
in light of shifting
behaviors

the Importance of Convenience



Consumer behavior—and what they expect from brands—has been turned on its head over the past two years.

Certainly, there have been extenuating circumstances that impacted consumer needs. But the disruption turned out to be less of the cause and more of an accelerant. Emerging technologies and new approaches to customer experience and personalization had long been on brands' radar. They sped into the mainstream over the past 24 months.

Consider just some of the massive shifts that have occurred since the start of 2020. Ecommerce exploded with a growth rate that exceeded 3X previous forecasts.¹ Hybrid shopping merged online and in-store experiences via click-and-collect experiences like buy online/pick up in store. Customer loyalty eroded as new behaviors caused people to change brands and retailers entirely. Product discovery moved from window shopping to #tiktokmademebuyit. Payment went from the swipe of a card to the touch of a phone.

The list goes on. And that's not even including hot-button issues like privacy regulation, personalization, streaming's meteoric rise, retail media networks or the impending metaverse and Web 3.0.

Simply put, the habits ingrained during the last few years have changed what people want from their shopping experience. And marketers and commerce-driven brands are under increasing pressure to meet evolving consumer expectations while also planning what's next.

On a certain level, it all comes down to one thing: convenience.

For retailers and marketers, convenience is the desired experience and emotional mindset they strive to deliver to customers. As they build out their customer experience, the perception of convenience becomes a critical factor in overall customer experience. But for shoppers, it's all about the speed and simplicity of finding what they need and getting it quickly and seamlessly. And the brands and stores that reliably deliver that are the ones that will motivate loyalty.

And here's the thing about convenience—it surprises and delights customers. But soon they become accustomed to it and the CX bar that separates one brand or store from another continues to rise. That's why so many marketing and commerce leaders are focused on what they need to do next to meet these increasing shopper expectations.

To learn more about the impact of shifting consumer behaviors, Adweek Branded, in association with PayPal, conducted an exclusive survey of 155 marketing and commerce decision makers and influencers. The survey examines how they are evolving their commerce and customer experience in the wake of the rapid shifts that have taken place since 2020.

¹ McKinsey & Company: How ecommerce share of retail soared across the globe

Key Findings



A keen focus on acquisition

Marketers' priorities and spending shifted extensively over the past two years, with customer acquisition strategies and tactics becoming significantly more important. More than 8 out of 10 (81%) survey respondents said acquisition was a higher priority than it was two years ago, with 54% saying it was much higher. Marketing budgets rose accordingly, as 75% indicated they were spending more on acquisition now than they did in 2020.

New shopping behaviors need new marketing strategies

The rising importance of ecommerce is clearly turning shopping into a hybrid experience. Asked about the commerce-related developments of the past two years that have had the greatest impact on their marketing, many related to the merging of online and offline channels. For instance, the rise of buy online/pick up in store (30%) topped the list, and the blending of in-store and online experiences was chosen by 20%.

The need for a more seamless customer experience

Shoppers don't think in terms of online, in-person or mobile. They just want a good experience, and that's what marketers need to deliver. Looking ahead to the next two years, 29% of marketers said they are looking to implement new payment technologies and 28% are looking to implement an integrated ecommerce platform. And 81% said payment experience was extremely important or very important to delivering the ideal customer experience.

An abstract graphic on the left side of the page features overlapping shapes in shades of blue, teal, and yellow. There are several circular icons: a yellow circle with a black rectangle inside, a teal circle, and a yellow circle with a black rectangle inside. The shapes are layered, creating a sense of depth and movement.

Finding and fixing points of friction

Friction is the kryptonite to the superpower of convenience and CX. The causes of friction aligned to the shifts in shopping behavior: the disconnect between in-store and online shopping (cited by 41%) and checkout and payment processes (35%). When it came to finding solutions for points of friction in the purchase process, respondents pointed to reducing shipping charges (39%) and adding buy now/pay later options (37%).

METHODOLOGY

Adweek Branded, in association with PayPal, conducted an exclusive, online, self-reported survey of 155 marketing and commerce decision makers and influencer marketers to get a better understanding of how they are evolving their approach to commerce and customer experience in the wake of rapid shifts in the commerce landscape over the past two years.

The survey was conducted in April/May 2022. All respondents were involved in marketing at either an enterprise brand or an agency. All were either decision makers or indicated that they influence decisions related to marketing, operations, finance and/or commerce. Three-quarters (75%) represented \$50M+ brands. The sample was global, with the largest geographic representation from the U.S. (71%) and the U.K. (20%).

All figures and charts in this report are derived from this research, unless otherwise cited.

An emphasis on payment technology

Convenience at checkout is all about letting shoppers pay for the purchases the way they want to or making checkout faster and more efficient. Over the next 12-24 months, respondents said they expect to be adding alternative payment options to their commerce platforms, including mobile payments (54%) and buy now/pay later (51%). In fact, buy now/pay later is expected to account for 35% of ecommerce and 50% of point-of-sale CAGR through 2025, per FIS's 2022 Global Payments Report.² As they evaluate new payment options, increasing shopper convenience will be a key success metric for marketers, with 78% rating that as extremely or very important.

Everybody wants a deal

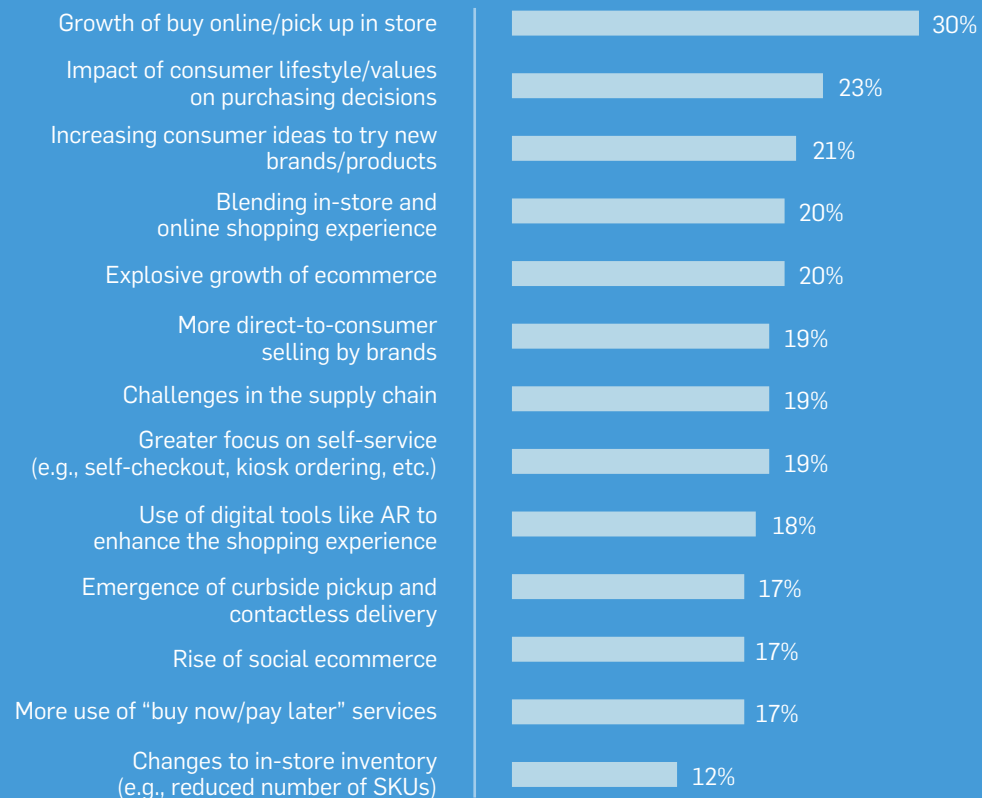
No surprise here: 92% of respondents said customers are using deals and rewards more frequently than they did two years ago. But marketers are also looking for ways to make deals and rewards more convenient and accessible, and 57% expect to add discounts via browser extensions in the next 12-24 months.

² FIS, The Global Payments Report, Seventh Edition

The changing face of commerce

While the sudden pandemic-fueled rise of ecommerce got the headlines in 2020 and 2021, it is the implications of that rise that have most influenced marketers. In the past, merchants fretted about showrooming, where people would shop in stores and buy online looking for the best price. But now, people are increasingly starting their shopping online and fulfilling it in store, with the convenience of buy online/pick up in store changing the game.

In your opinion, what were the most impactful changes that occurred in commerce and influenced your marketing approach over the past two years?



Making payment a priority

Where will commerce marketers put their focus over the next 24 months? Two areas stand out. Implementing new payment solutions—to smooth and speed up the purchase process—is top of mind for nearly 30% of marketers and was the second most common responses. That was followed by taking steps to deliver true omnichannel shopping that moves seamlessly between digital and real-world channels.

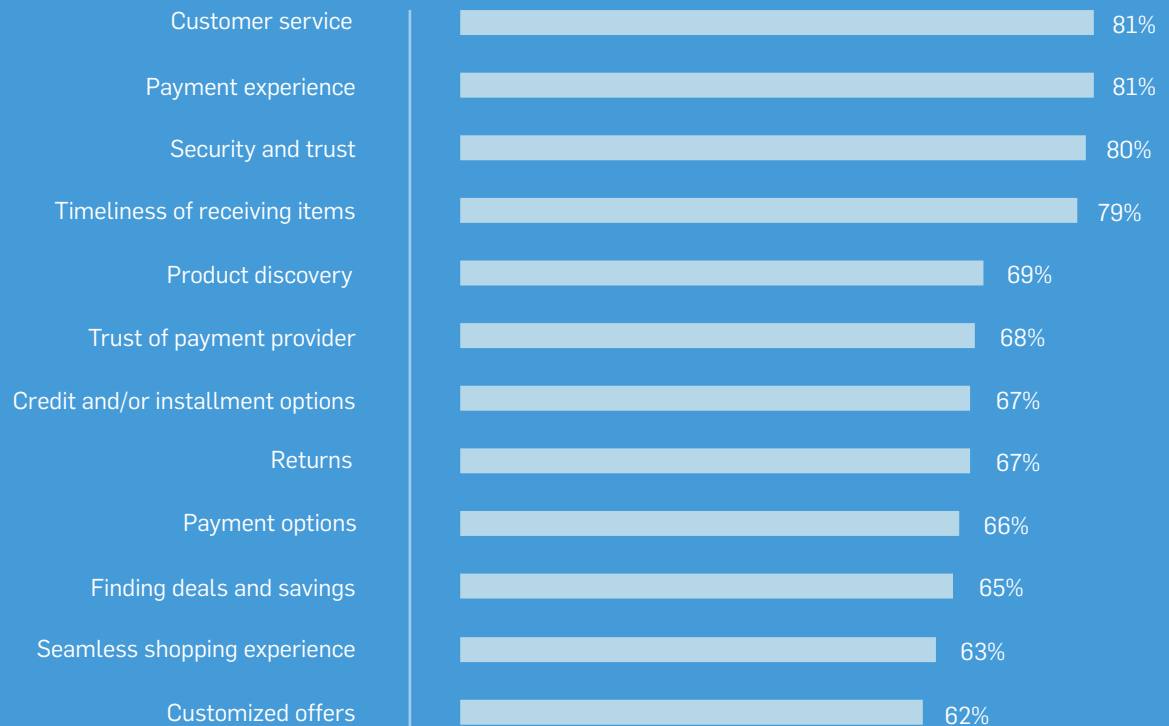
What strategies will become the most important to your commerce marketing efforts over the next two years?



The importance of payment experience

Delivering a top-flight CX should look at all stages of the journey where shoppers want greater convenience and fewer headaches. A separate 2021 survey of global consumers commissioned by PayPal³ found that 67% of people decide how they will pay before they check out; offering flexible payment options is key to making sure that sales make it across the finish line. In the Adweek Branded survey of marketers, more than 8 in 10 also indicated that payment experience is extremely or very important to delivering an ideal CX.

How important are the following areas to deliver an ideal customer experience? (% responding extremely/very important)

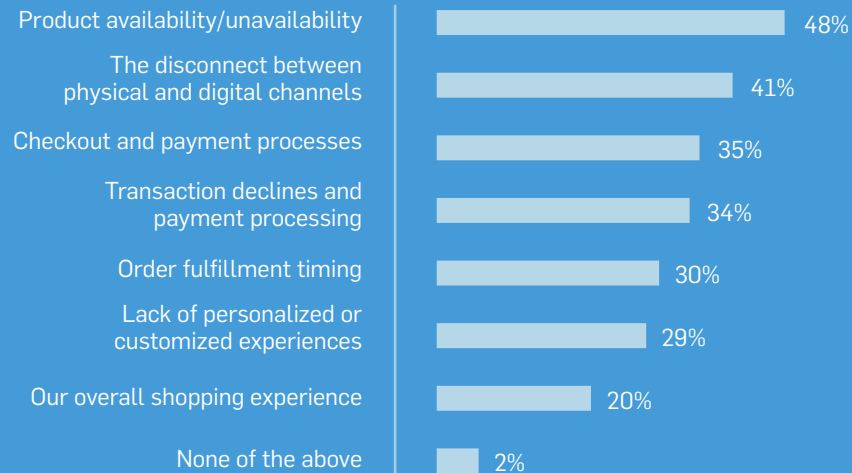


³ TRC online survey commissioned by PayPal in April 2021 involving 5,000 consumers ages 18+ across U.S., U.K., DE, FR, AU.

Where friction occurs

As marketers identify where friction is occurring in their commerce process, they are zeroing in on areas where shopper behavior has changed significantly over the past two years. Many marketers are looking how they can better unite their in-store and online experiences (a big area of frustration for many shoppers) and they are also identifying ways to smooth out checkout experiences with improved, convenient payment options.

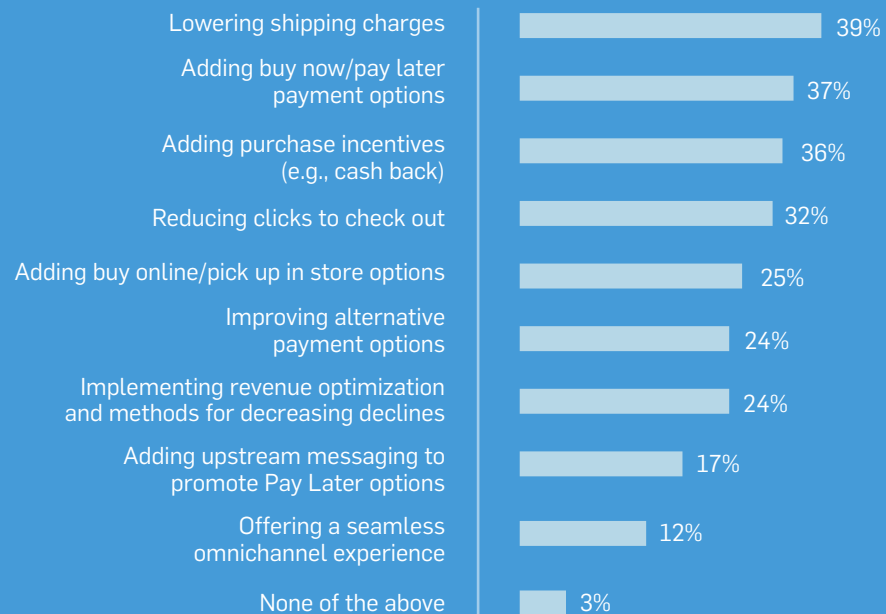
In your current commerce/retail process, which of the following areas create high levels of friction for your shoppers that you aim to address in the near future?



Streamlining the shopping journey

Survey respondents were asked about their strategies for reducing friction at three key steps of the shopping journey: discovery, purchase and post-purchase. Improving targeting and reach was seen as key to easing brand discovery. As highlighted in the accompanying chart, at the moment of purchase, their efforts will focus on triggers that can quickly cause someone to abandon their cart. So, they're looking for ways to reduce shipping charges (as free two-day shipping charges (as free two-day shipping feels commonplace), add buy now/pay later options (for shopper convenience) and adding purchase incentives (everyone wants a discount). Finally, having more transparent order tracking and faster delivery were identified for reducing post-purchase friction.

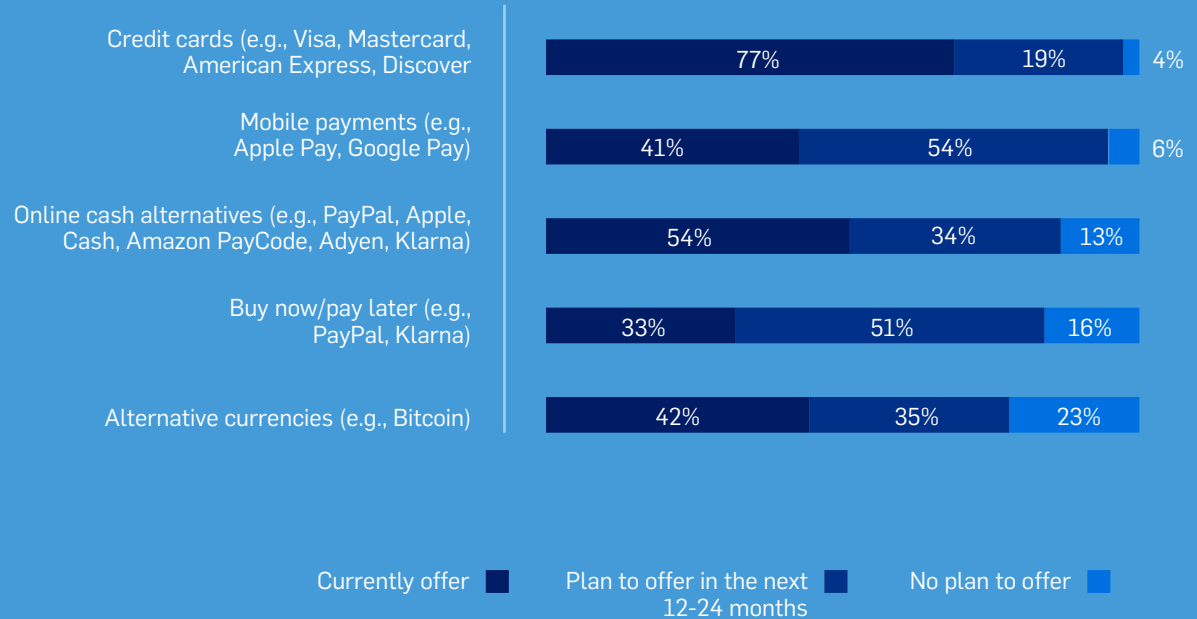
Over the next 12 months, which of the following areas will you adopt in your strategy for reducing friction to streamline product purchases?



Offering diversified payment

Consumers clearly want new, faster, more convenient ways to pay for their purchases. In an increasingly cashless society, that means going beyond standard credit and debit cards. It also means finding solutions that engender trust (both for consumers and merchants) and loyalty; online shoppers may be concerned about the reliability of a site they're not familiar with, but known payment providers can serve as a kind of trust badge. In the survey, over half of respondents said their sites will include mobile payments and buy now/pay later options within the next year or two.

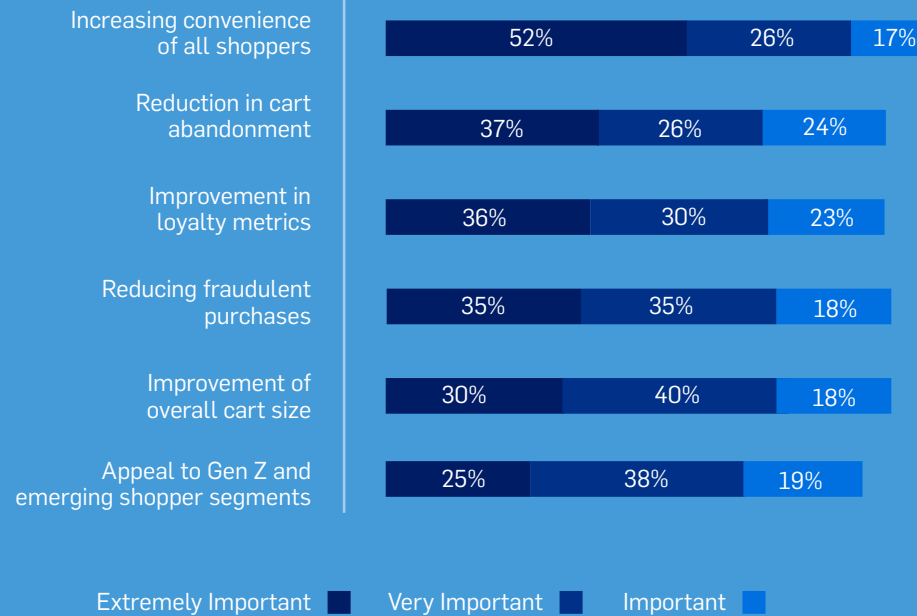
Which of the following payment methods do you currently offer or plan to offer on your website?



Assessing payment strategies

What exactly do marketers hope to accomplish by enhancing their payment experiences? Commerce decision makers and marketers see increasing convenience for all shoppers as their No. 1 priority, but also will be turning to metrics like cart abandonment and cart size to gauge the impact of their efforts.

How important are the following factors when assessing alternative payment options for your ecommerce strategy?





Next *Steps*

Here are suggested actions marketers can take to help ensure they can meet and exceed ever-evolving customer expectations.

Identify areas of friction

It is critical to understand friction, which is really anything that impedes someone finding a product, buying a product or having success with/finding value in a product. Friction impedes convenience. So, go through your entire shopping process, from how people discover your product to the steps they take to buy it and look for ways to constantly streamline your experiences.

Examine your payment experience

Cart abandonment often occurs not because a person doesn't want to make a purchase, but because the process for making that purchase is more complicated or costly than they expect, or because they don't trust a merchant they might not have heard of before. Hidden shipping charges, slow shipping times and even simply creating an account are huge causes of friction. Don't risk losing customers along their purchasing journeys. Help boost conversion with commerce experiences that can reduce abandonment and drive optimizations from discovery through purchase and repeat purchases that will help grow your business.

Buy now/pay later is crucial

According to FIS' 2022 Global Payments Report⁴, buy now/pay later will account for \$438 billion, or 5.3%, of global ecommerce transaction value by 2025. That's more than 2.5X its value in 2021, when it accounted for \$157 billion or 2.9%. Buy now/pay later makes the checkout process smoother by allowing purchasers to make purchases when they want without having to pay the price upfront. Merchants get paid upfront while consumers pay off the total cost in four equal payments without interest. It simply makes the checkout process smoother.



Simplify discounts and rewards

Nobody says no to a deal. But merchants need to find ways to make sure that finding out about a discount is easy and seamless for the consumer. Hiding things in inaccessible coupon codes is not the solution. Instead, find ways to incorporate discounts and rewards into the buying process. Let loyalty rewards show up on log-in. Use browser extensions to keep it easy. It will pay off because, contrary to popular wisdom, discounts can create loyalty, not erode it.

Deliver your experience when it is welcome

Consumers certainly want personalized offers and messages. But they will be most welcomed when they are timed to meet that shopper's immediate need. That pop-up in your web store that offers a 10% discount for joining your email list? At the start of the shopping journey, it can feel like an annoyance. At the moment of sale, it can incite action or seem like a timely reward.

Where to start

Identifying the right partner that can provide the products and tools to help deliver a seamless and positive customer experience can be critical. With over 400 million active accounts around the globe, PayPal has the experience, insights and products to help amplify customer reach, drive conversion and improve retention. To learn more, visit [PayPal for Enterprise](#).

about PayPal

PayPal has remained at the forefront of the digital payment revolution for more than 20 years. By leveraging technology to make financial services and commerce more convenient, affordable and secure, the PayPal platform is empowering more than 400 million consumers and merchants in more than 200 markets to join and thrive in the global economy. For more information, visit [paypal.com](https://www.paypal.com).



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