

**AB Tasty**



*Ebook*

# Understanding The Future of E-commerce Personalization

*Consumer Perspectives*

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# Introduction

Working in e-commerce in 2020 is in large part about balancing competing perspectives

At the same time as personalization hype has reached a fever pitch, concerns around privacy, data security and the use of personal information have also become more prominent - especially after legal and political incidents and new European data regulation laws (GDPR) have gained widespread media attention.

Though the bottom line for any e-commerce professional is inevitably about increasing revenue, there is also a growing focus in the industry on customer-centric thinking, which places the customer experience as the summum bonum. The catch? The tactics used to further the former sometimes cannibalize the state of the latter.

And while the digital industry has been perfecting a whole host of tools, methods and theories around the shopping experience online, increasing attention is now being paid to physical experiences or virtual experiences that happen in-store, as the pendulum swings and the need to perfect not just the in-store and digital experience, but the bridge between the two, becomes paramount.

In this context, e-commerce professionals often find themselves navigating contradictions, weighing options and generally running a balancing act as they build their website optimization strategy.

**Gaining a glimpse into what consumers are really thinking about their own experiences shopping online can be immensely helpful.** As a compass, starting point or reality check for running an e-commerce website personalization and optimization strategy, consumer insights provide the raw data to power an e-commerce experience that ticks as many boxes for as many stakeholders as possible.

AB Tasty's Consumer Perspectives series was launched to provide Conversion Rate Optimization professionals in North America and Europe with some of these insights. The following sections will explore the results of our first of such studies.



# *About This Study*

This study was conducted in the spring of 2019. We worked with a survey partner to ask 2,000 consumers from the US, UK, DACH region, France and Spain a series of questions about their shopping preferences, particularly when it comes to online shopping and website personalization.

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Respondents ranged from age 14 to over 54, and came from a variety of socioeconomic backgrounds. They were asked a screening question to be sure they shop online regularly. We then analyzed the results with an eye to addressing the issues mentioned above.



## Key Takeaways

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*Though the survey results did vary from market to market - we will explore this in a following section - global findings did stand out that applied across countries.*

- 1.** Consumers expect seamless omnichannel experiences, but are still **wary of data and privacy issues** that facilitate this. For example, though easy and transparent checkout is demanded, a fairly large number of people do not want their shipping or payment information to be saved by e-commerce sites.
- 2.** When it comes to e-commerce, **price is absolutely top of mind**: Sales and promotions, along with checkout and delivery, are central to a good personalized experience and some key areas where e-commerce sites should apply or maintain focus.
- 3.** Some personalization options reveal themselves in terms of generation and gender of e-commerce audiences, but overall expectations remain uniform.
- 4.** Optimization opportunities also exist around product pages and checkout to close the gap between the online and in-store shopping experience. One of the **biggest frustrations for online shoppers is not being able to touch or examine products**, as well as unsavory checkout experiences. Indeed, 'showrooming' and researching online before buying in-store are frequent.

## Focus: United States

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### Website Personalization

In terms of website personalization, **shoppers want easy and transparent checkout, and to be made aware of deals**. 95% of respondents said they find easy and transparent checkout very important (71%) or nice to have (24%). They also **want to be made aware of sales, deals or promotions relevant to them** - half find this very important, and 40% say it's nice to have.

Less important was whether a website greeted people differently if they were a first time versus returning shopper: only 10% said this was very important, with 72% saying it was nice to have but not critical.

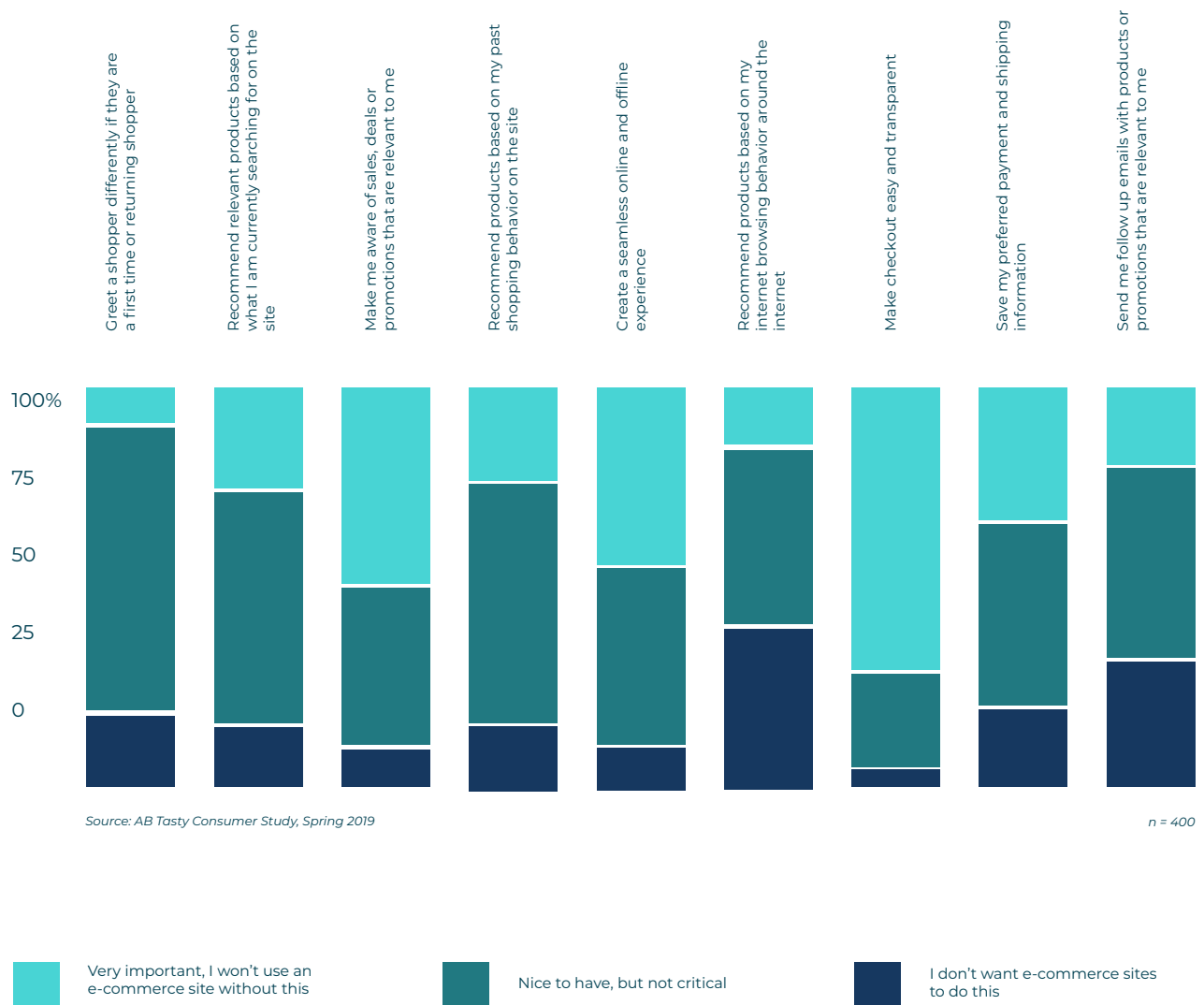
There were also types of website personalization consumers *didn't* want - 40% said they didn't want e-commerce sites to **recommend them products based on their browsing behavior around the internet**, and 33% said they did not wish to receive **follow up emails** for products or promotions that are relevant to them. (Important to note, however, is that these types of emails work - of consumers who remember a situation when they returned to an e-commerce site they hadn't visited in a while to buy a product, the majority said it was because of receiving an email with a promotional offer - *see the diagram on following page*).



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## When shopping online, how much do you expect an e-commerce site to have the following types of site personalization?



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This finding highlights an important point: CRO specialists must balance such direct consumer feedback with tried-and-true conversion tactics. As mentioned in the introduction, this is part and parcel of the balancing act involved in website optimization.

Interestingly, although the vast majority (95%) were favorable to e-commerce websites providing 'easy and transparent' checkout, a full 20% also didn't want e-commerce sites to save their preferred payment and shipping information.

**This would suggest that, although shoppers do want to benefit from certain aspects of personalization, some are still wary of how their data or personal information is used and stored. As will be highlighted elsewhere, the impetus is on CRO specialists to both allay anxiety around data and privacy, and make the value of personalized shopping experiences apparent.**

Q.

Can you think of an e-commerce site that you have not shopped at in a while, but then came back to buy something from?

What caused this?

Source: AB Tasty Consumer Study, Spring 2019

n=400

**33%\***

I can't remember a situation like this

**30%**

An email with a promotional offer

**17%**

I saw an ad on social media

**12%**

They released a new product

**7%**

I saw an offline ad for the site  
(billboard, TV, magazine, etc...)

**2%**

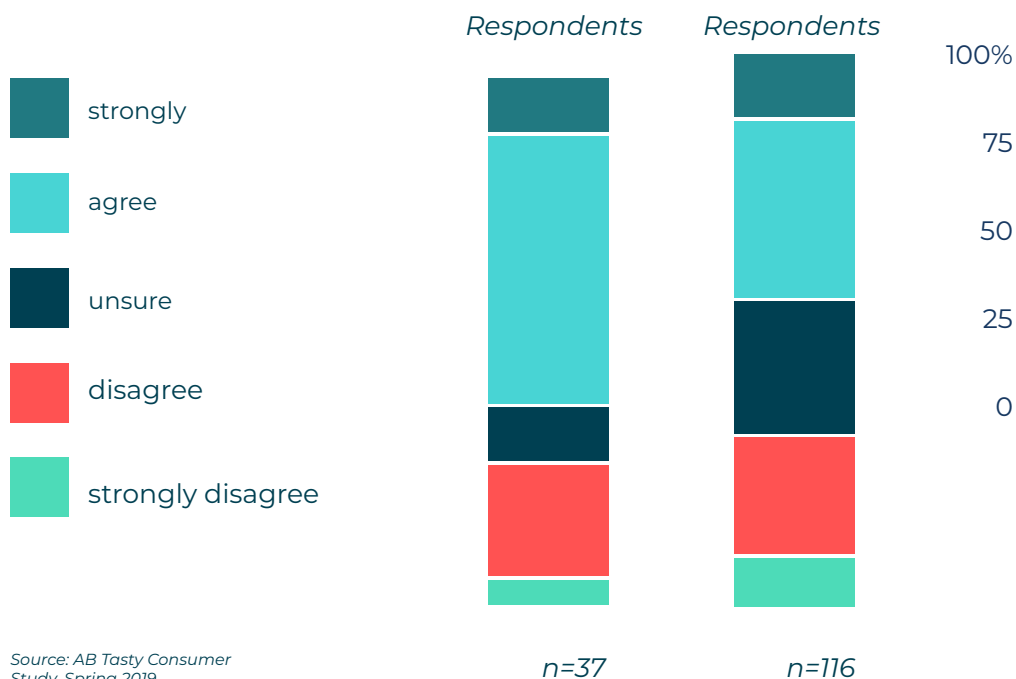
Other

\*Percentages are rounded up starting from .5, which in some instances may mean figures do not add up to exactly 100%

Interestingly, those between the ages of 14 and 24 were more polarized when it came to these issues. A full 45% said they didn't want to receive follow up emails, with 51% saying they didn't want e-commerce sites to recommend them products based on their browsing behavior around the internet, versus 28% and 36% of those 25 and older, respectively. This could indicate among [Generation Z and young Millennials](#) a sensitivity to data protection - they are digital natives growing up in an era where these issues have been highly mediatized.

In addition, 62% of those over 54 think that **artificial intelligence** will improve their online shopping experience. Interestingly, those under 25 were again more skeptical - only 45% either agreed or strongly agreed.

### Artificial intelligence will improve my online shopping experience





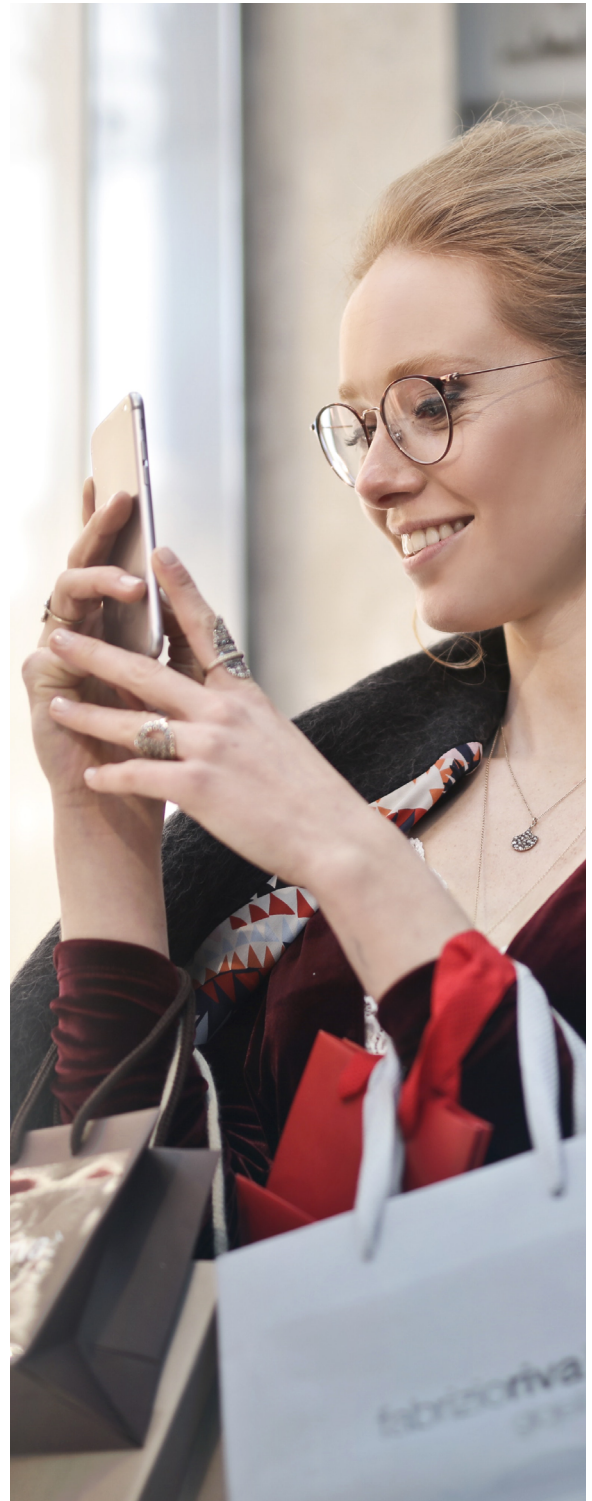
## Online Versus In-Store

In general, consumers say they prefer shopping online than shopping in stores: Roughly 65% of respondents prefer shopping online, versus 23% who say they are neutral and only around 14% who say they prefer shopping in stores.\*

So, what's so great about shopping online? Overall, consumers most frequently say **the best thing is sales, and that it's easier to find a bargain online: 47% say sales or finding bargains are better online (21% say it's better in a store or mall, 32% say it's about the same).** This finding is in sync with the preference for personalization on a website to be around making relevant sales, discounts or bargains apparent.

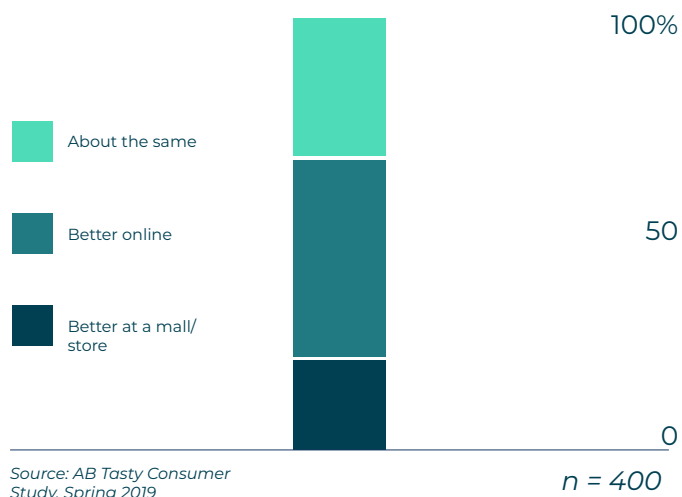
**Consumers were also over twice as likely to say personalized shopping experiences are better online than in a mall or store (46% online vs 22% in store).**

Also, consumers appreciate choice: factors not noted as being particularly frustrating during online shopping were 'searching for the right product' and 'too many options/information overload'. Out of stock products was also the second most popular answer when people were asked if they would switch to shopping on another site for the same product - after surprise shipping fees. **Availability and wide selection of products is clearly an important selling point for online shopping.**



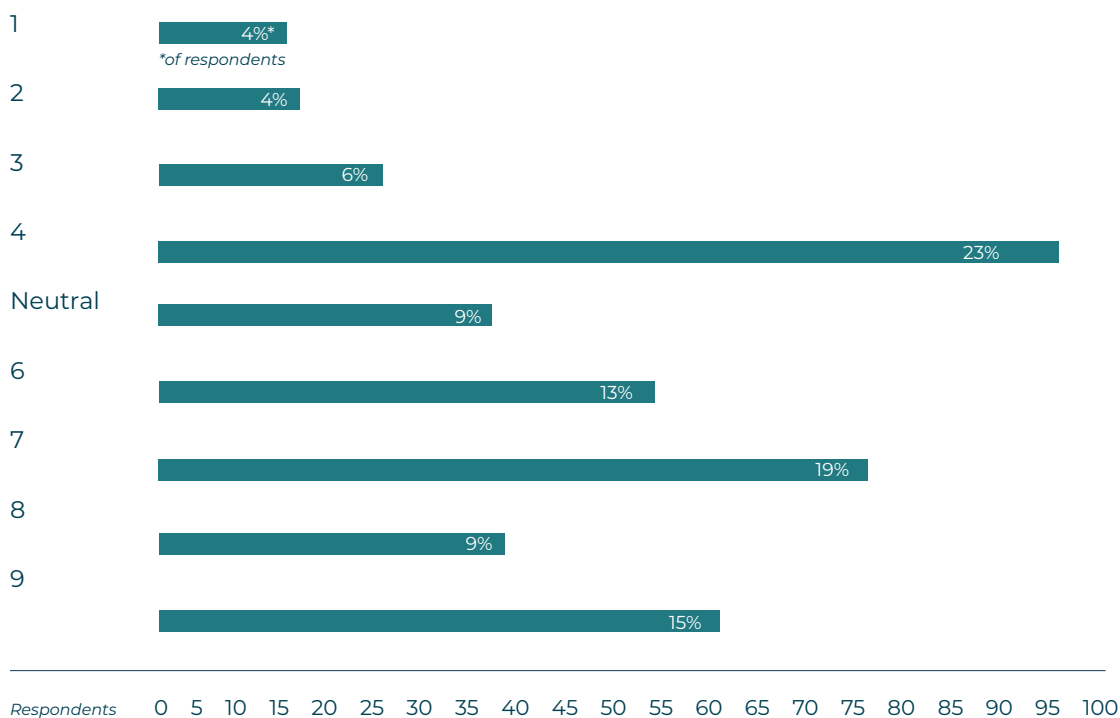
## Which of the following is better online or in a mall/store?

Sales/Finding bargains



In  
stores

**Q. Do you prefer shopping online or in stores?**



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## Views on Data

Overall, most people have reservations about sharing their data online, but accept that this has become the status quo when it comes to online shopping:

A minority at 15% said they wanted zero data collection, zero personalization, even if that means they pay higher prices.

Interestingly, men were significantly more wary about sharing data: 20% of men opted for zero data collection, versus 12% of women. Those over 54 were also more hesitant to share data - 23% wanted zero data collection, versus



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**85% of our respondents said they were either fine to share their data to get a personalized experience in return (24%) or that they were uncomfortable with sharing their data, but they understand its part of shopping online (61%).**

Indeed, half of our respondents said they either agreed or strongly agreed that 'e-commerce websites have too much access to my personal data. 49% even said they would pay more to shop on a site that didn't collect their personal data.

## Consumers still have reservations about sharing their data online:

*"I'm uncomfortable with sharing my data, but I understand it's part of shopping online"*

*"I'm fine with sharing my data to get a personalized shopping experience in return"*

*"Zero data collection. Zero personalization. Even if that means I pay higher prices"*

Source: AB Tasty Consumer Study, Spring 2019

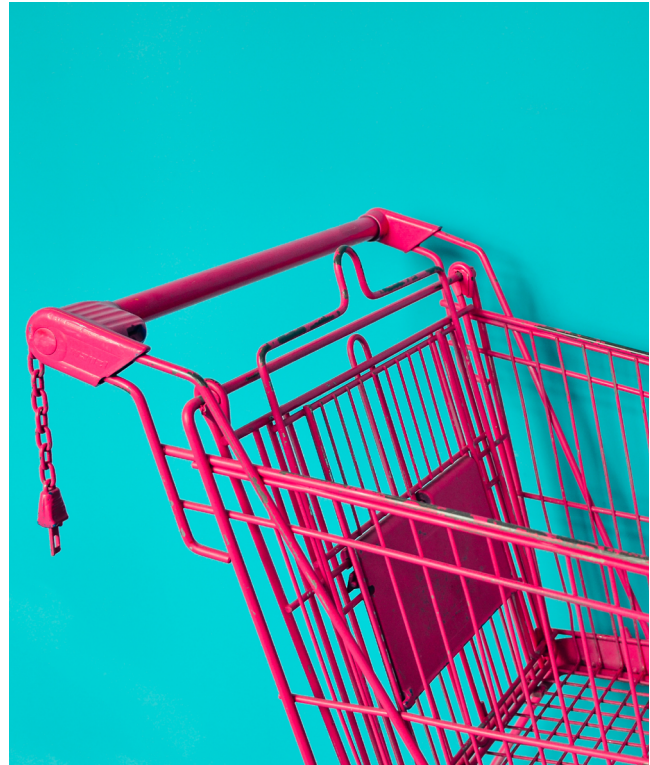
n = 400

When asked, What is most important to you when shopping online? (other than price), **data security** was the second most prominent answer, after free shipping.

This attitude was also mirrored when consumers were asked what was the most frustrating part of shopping online - tied in second place (after 'not being able to examine and touch the product') was 'worrying about the security of my personal data' and 'surprise fees that turn up during check out' (see next page).

### Closing the In-Store / Online Shopping Gap

The aspect most frequently cited as being the most frustrating thing about shopping online is not being able to examine and touch the product. **This falls in line with the finding that the aspect of shopping most frequently cited as being better in a store or mall was 'finding the right size / version of a product.'** This would indicate that care should be taken on product pages, descriptions and photographs to make it as easy as possible to get a full sense of the product.

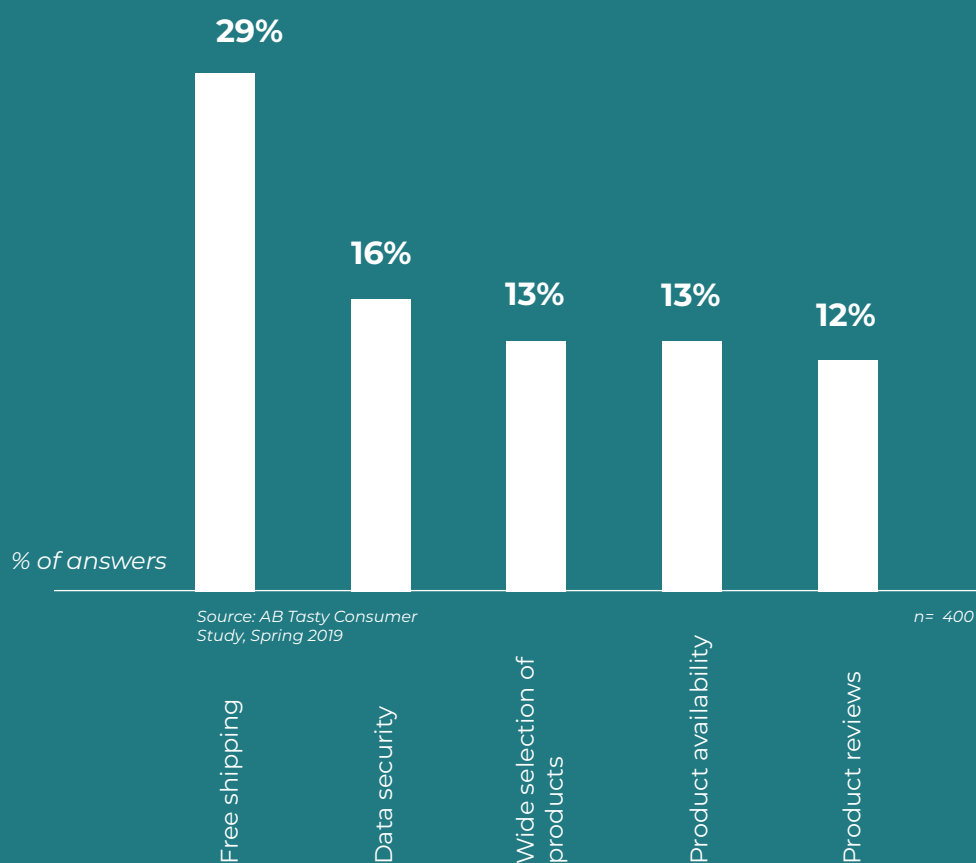


Indeed, this becomes even more important when we consider the vast **majority of consumers will research a product online before buying it in a store** - 88% say they do this at least sometimes.

Q.

What is most important to you when shopping online? Other than price, pick the top two most important items to you:

Top 4 answers



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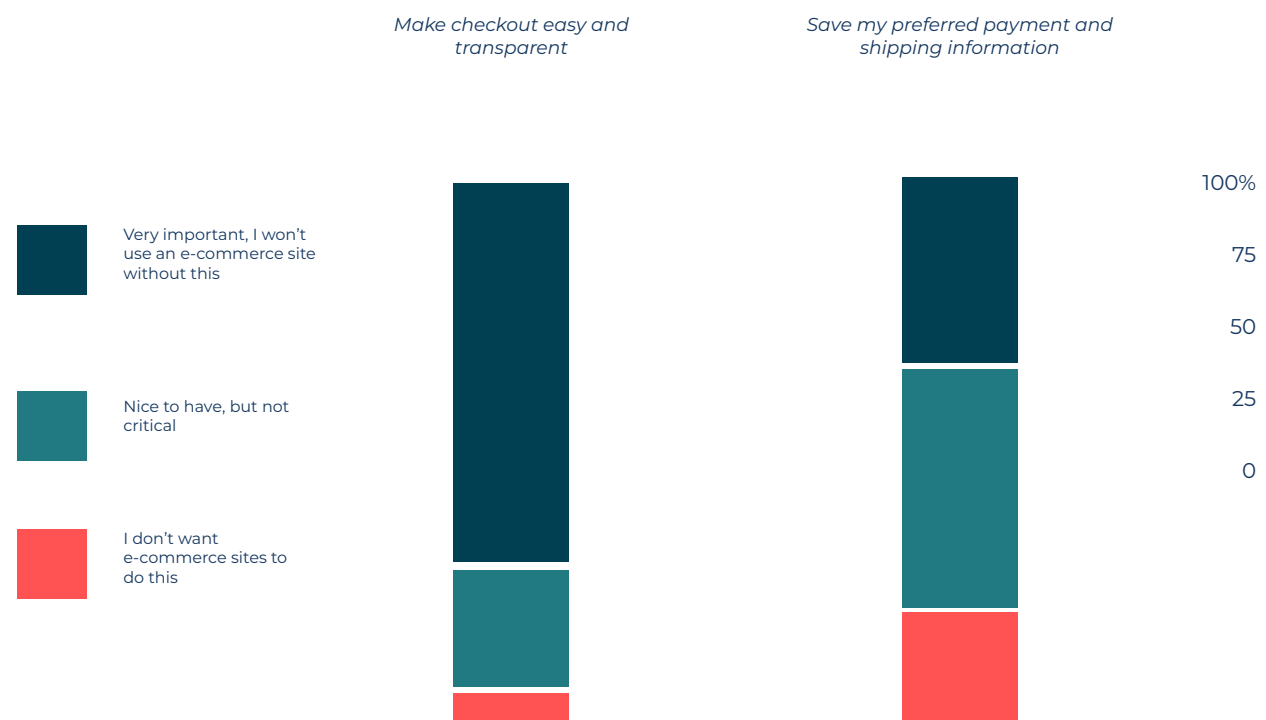
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## Shipping and Checkout

**Surprise shipping fees** was the most popular answer for why someone would switch to shopping on a different site for the same product - above too much advertising, poor site navigation or search tools, and even concerns over data privacy.

Similarly, free shipping was the most important factor when shopping online (see graph on previous page).

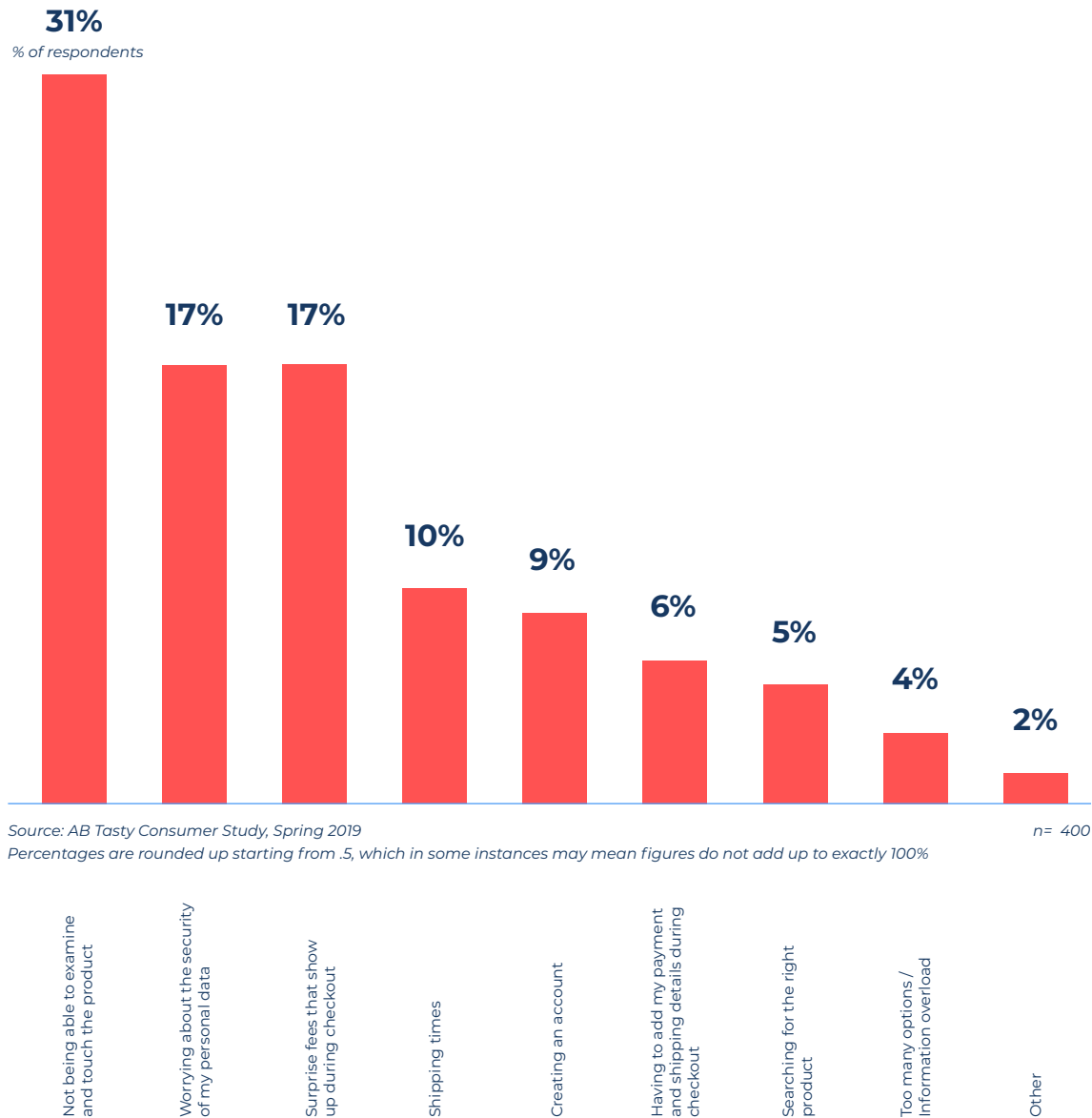
As mentioned previously, *'easy and transparent checkout'* was far and away the most important type of website personalization expected from an e-commerce site, above being made aware of sales, product recommendations or creating a seamless online and offline experience. And yet, some shoppers are still hesitant to have their shipping address and payment info saved:



Source: AB Tasty Consumer Study,  
Spring 2019

n = 400

**Q. In your opinion, what is the MOST frustrating part about shopping online?**



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## Global Comparison Overview

**The DACH region had the highest percentage of people saying they didn't want any data collection, no personalization, at 28%.**

The UK had the least number of people saying this (10%), with Spain at 13%, the US at 15%, and France at 17%. Spain and the UK tied for percentage of people fine with sharing data for a personalized experience, at 30% each.

Generally speaking, **there is more concern over data protection and privacy in the DACH region;** they also were the market that had the highest percentage (24%) of consumers saying they didn't want a website to recommend relevant products based on what they were currently searching for on the site - only 16% of American, 13% of British, 14% of French and just 7% of Spanish respondents said they didn't want this. France and Spain were tied for being most adamant about wanting this; both had 33% of consumers saying that it was very important, and that they wouldn't use an e-commerce site without this.

Spain, perhaps a symptom of the economic situation in the country, **was particularly sensitive to checkout and pricing** - they had the highest percentage of people saying that in terms of website personalization, it was very important to be made aware of sales, deals or promotions that were relevant to them at 62%.



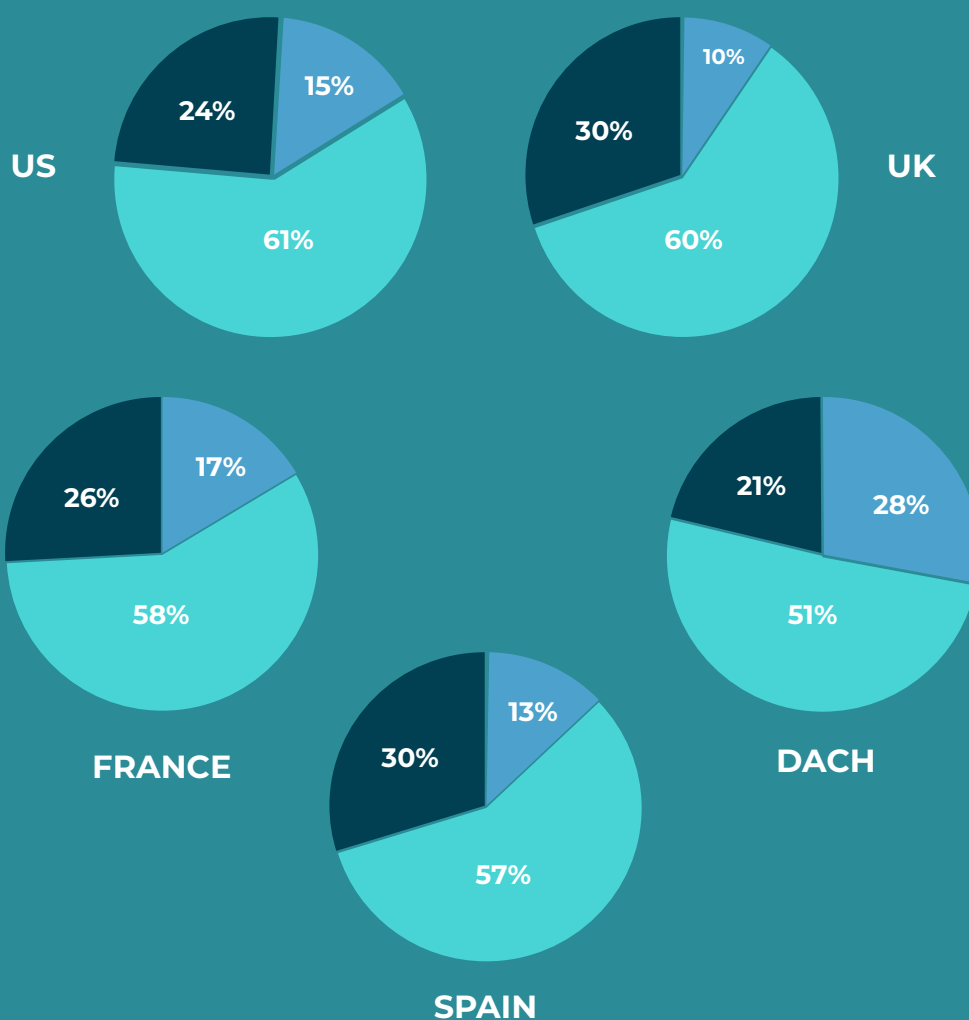
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Q.

E-commerce companies collect and analyze data in order to personalize your experience. How much personalization do you want?



"I'm fine with sharing my data to get a personalized shopping experience in return"

"I'm uncomfortable with sharing my data, but I understand it's part of shopping online"

"Zero data collection. Zero personalization. Even if that means I pay higher prices"

Source: AB Tasty Consumer Study, Spring 2019

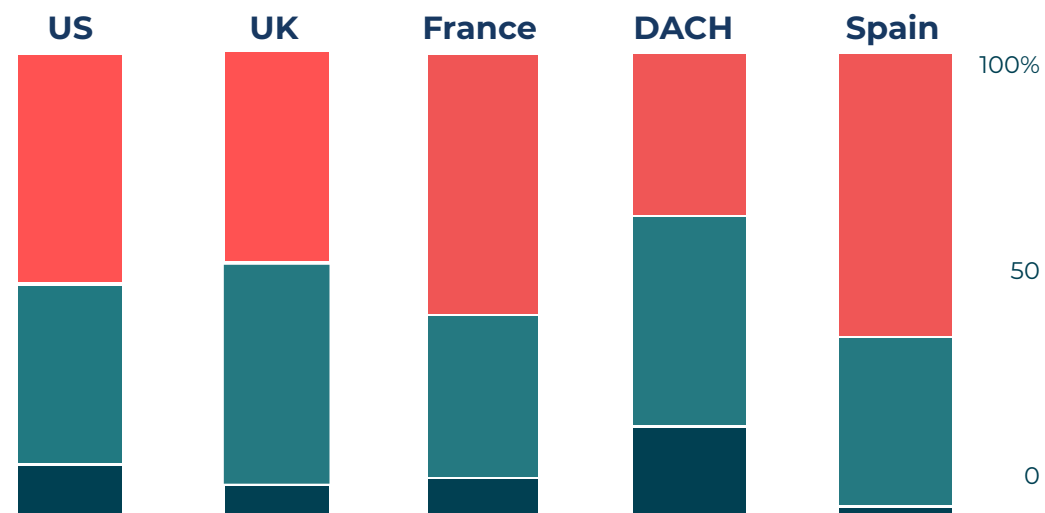
Percentages are rounded up starting from .5, which in some instances may mean figures do not add up to exactly 100%

n= 2,000





*Make me aware of sales, deals or promotions that are relevant to me*



Source: AB Tasty Consumer Study,

n= 2,000



Very important, I won't use an e-commerce site without this



Nice to have, but not critical



I don't want e-commerce sites to do this

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***Though all markets showed the importance of easy and transparent checkout - it was across the board the most frequently ranked as 'very important' when it comes to website personalization - Spain also had the highest percentage (85%) saying this was very important.***

All markets were uneasy about data being used from across the internet to personalize a browsing experience, but again, the DACH region was the most reluctant, with a full 56% saying they didn't want this, versus 40% in the US, 38% in France, 37% in the UK, and 25% in Spain.

**This is an instance where e-commerce professionals must take care to reassure consumers and be able to make the value of personalized browsing apparent, whether through transparent and visible reassurances regarding data collection and usage, truly insightful personalized shopping experiences, or easy opt-in and out features.**

The DACH market was also particularly reluctant to receive follow up emails from an e-commerce site with products or promotions relevant to them - a full 48% indicated they didn't want this. This could be a particular area of interest for digital marketers to improve, in order to create more engaging, valuable follow up emails that consumers are eager to receive.

**When shopping online, across the board free shipping was the most important factor.** The second place pick, however, varied across markets: for the US, Spain and France, it was **data security**, for the UK, a **wide selection of products** tied with **product availability**, for DACH it was **return policy**.

In terms of frustration with online shopping, across the board 'not being able to touch and examine the product' was the most frustrating. What came in second place varies slightly according to country: Tied for the US was worrying about the security of personal data and surprise fees at checkout. The UK was less worried about personal data security (this came in 4th place), but instead had 'surprise fees that show up during checkout' and 'shipping times' in second and third place, respectively. France had the same ranking, DACH had surprise fees in second place, (data security in third), and Spain had data security in second place and shipping times in third place.

**Surprise shipping fees** were also the most frequently cited reason to switch to shopping on a different site for the same product.



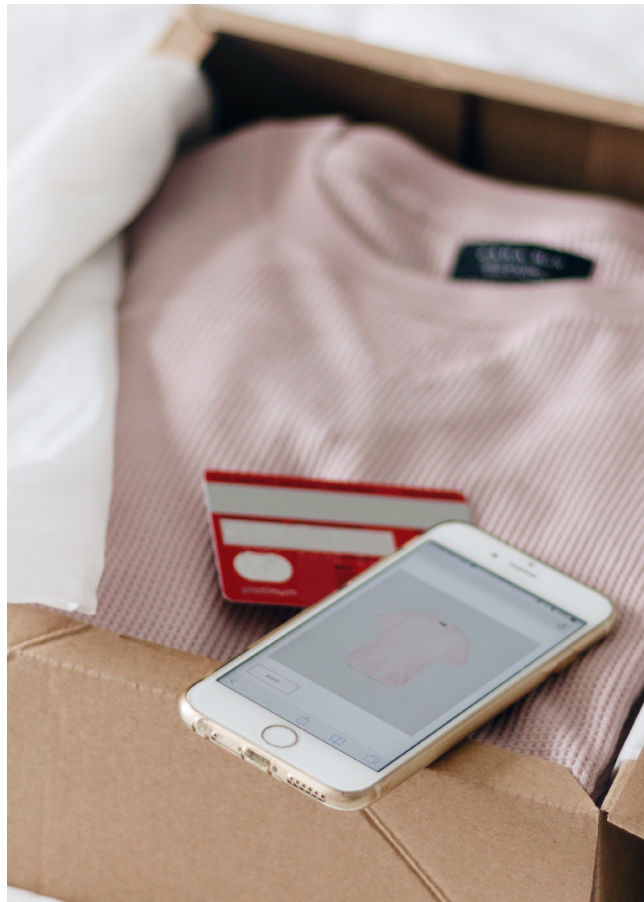




## Best Practices and Additional Resources

A few areas of focus for website personalization and optimization campaigns come to mind in relation to these findings:

- Providing clear and transparent information about data use and storage to highlight advantages of personalization and allay anxiety
- Testing reassuring language around checkout and shipping, or else clearly notifying users early in the purchase funnel about applicable fees, shipping times and policies
- Optimizing product description pages - photographs, descriptions, detailed product sizes and dimensions - to combat the inability to touch or examine the product
- 'Showrooming' - researching products online before buying in-store - is prevalent. If you have physical locations, drive-to-store, BOPI (Buy Online, Pick Up In-Store) or store locators could help capitalize on this research phase.
- Personalization campaigns focused on relevant discounts, sales and promotions are highly desirable, even above personalized product recommendations.



In terms of website personalization, getting to know your audience - in part through studies such as these - is an essential first step. To put those insights into action, one then needs to create relevant audience segments to deploy at the right time.

On the next page is a sample of how an e-commerce site might begin segmenting their database into relevant audiences:



## 10 E-Commerce Audience Segmentation Ideas

- 1 Deal Divas:** Website visitors who have used at least one coupon within a given timeframe. Either you can exclude this audience from a campaign in order to manage your coupon budget, or the contrary, you can be sure to keep on sending them coupons, since they're clearly effective for these consumers.
- 2 One-Time Shoppers:** Users who completed only one purchase. E-commerce professionals spend huge amounts of money on traffic acquisition - for one-time shoppers, this is too costly. Efforts should be made to convert these one-time shoppers to habitual shoppers.
- 3 Known Visitors:** Consumers that are 'known' to the e-commerce site, either because they have an account, have signed up for a newsletter, or similar. They know and trust the brand, so emphasis can be put on personalizing product recommendations, pushing relevant sales and promotions, or even greeting consumers by name on the homepage.
- 4 Recent Buyers:** Website visitors who have made a purchase in the last six months. E-commerce sites should focus on personalized product recommendations with this audience, perhaps around cross-sell opportunities that are not time-sensitive, like compatible electronics or a new version of a product.
- 5 Frequent Buyers:** Those who have made a certain number of purchases within a certain time frame. It might be suitable to run a personalization campaign for these visitors inciting them to become brand ambassadors.

- 6 Product Loyalists:** Those who make multiple purchases in a single product category. These shoppers know what they want, and could benefit from personalized product recommendations or sales from this category only. Indeed, consumers in our study want to be made aware of sales, deals or promotions relevant to them - half of US respondents find this very important and that they won't use an e-commerce site without this. 40% say it's nice to have, but not critical.
- 7 High Standard Shoppers:** Website visitors who highly value product reviews and who only purchase highly rated products. For this group, placing well-rated products front and center is advised. Indeed, "customer reviews on the e-commerce site" were the second most trusted source of information on items when shopping online for the US, out of 6 choices, including in-store sales people, social media friends and followers, people you follow on social media, product descriptions, email offers about a product, and customer reviews on the e-commerce site.
- 8 Very Recent Buyers:** Website visitors who have made a purchase in the last 30 days. Personalized product recommendations around cross-sell opportunities that are time-sensitive, like car insurance for a car rental or vacation, could be a good choice.
- 9 High AOV:** Those who regularly check out with high AOVs (Average Order Values). For these shoppers, pushing the ability to pay in multiple installments - without fees - could help keep them coming and investing in your site. Indeed, checkout and shipping was a paramount concern according to this study.
- 10 Top Monthly Buyers.** Customers who buy frequently, over a certain number of times per month. This audience could benefit from private promotional events and other VIP perks. Just over half (51%) of US respondents say they only shop on sites where they receive VIP or loyalty benefits.



## **About AB Tasty**

AB Tasty is the fastest-growing provider of AI-powered experimentation, personalization and product optimization solutions, helping businesses drive more conversions and revenue on all their digital assets. We provide marketing, product and technical teams with an easy-to-use customer experience optimization platform, allowing them to turn website or mobile visitors into customers, subscribers or leads, while delivering outstanding user experiences. AB Tasty's customer list includes Ashley Furniture, Kiehl's, Sephora, USA Today, YSL Beauty, as well as more than 900 global enterprises.

**To learn more, please visit [www.abtasty.com](http://www.abtasty.com)**

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