

What Is the Future of Ecommerce? 10 Insights on the Evolution of an Industry

by [Aaron Orendorff](#) [The Future](#)
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“No industry,” wrote *Harvard Business Review* at the close of 2018, “is failing faster than retail.” At risk of contradicting the Crimson: bullshit. Sweeping proclamations make for great sound bites and (scholarly) clickbait. But the truth? Not so much.

At the opposite extreme lay headlines trumpeting “voice-search buying,” “Instagram-worthy pop-ups,” and “VR-enabled O2O experiences.”

What the data shows — and *what the leaders we spoke to from brands at the forefront said* — isn’t that retail is failing nor that success is tied to innovation for innovation’s sake. Instead, it points to the now unignorable center of commerce:

customer choice. What is the future of ecommerce for 2019 and beyond? 10 insights offer the answer:

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1. Ecommerce v Retail: The Dichotomy Ends

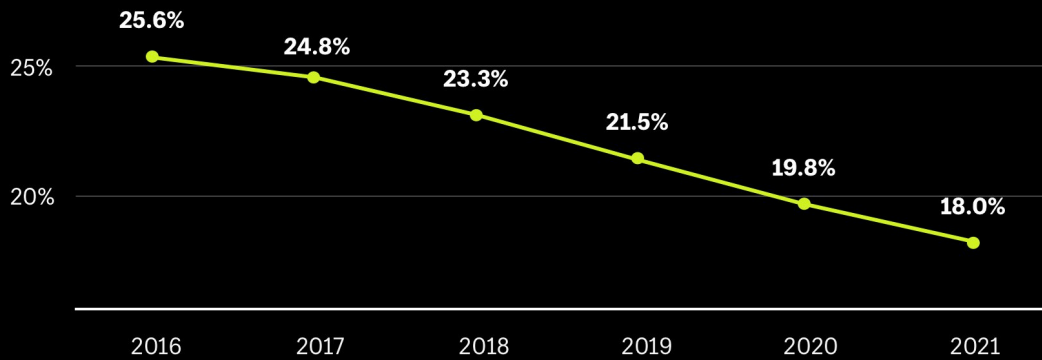
For all its enduring hype — physical versus digital, offline versus on — the old war is over. In fact, it's always been a lie. Choice, not location, is commerce's greatest opportunity and its most-looming threat.

In defense of retail's "apocalypse," [brick-and-mortar losses](#) are mounting; the four-year bankruptcy count now sits at [57 once-landmark chains](#). Manufacturing market share and [in-store sales for consumer packaged goods](#) are flat or declining. Born-online "microbrands" have devoured the [lion's share of growth](#). And [ecommerce's gains](#) continue to trounce retail as a whole.

Here's the uncomfortable twist: brick-and-mortar still dominates online sales by over \$20 trillion. And the gap will widen. After a quarter century, ecommerce's [spread is slowing](#), [80% of 2018's gains](#) belonged to Amazon, and (in the U.S.) the top five online retailers own [64.7% of sales](#):

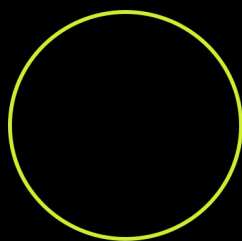
Retail ecommerce sales growth worldwide

Data via eMarketer



Data via U.S. Department of Commerce and eMarketer

Brick-and-mortar versus ecommerce share of retail (2021)



17.5%

Ecommerce

82.5%

Brick-and-mortar

Data via eMarketer and Statista

Data via [Statista](#)

“The brands that are winning,” says Fab Dolan, Head of Marketing at [Google Canada](#), “are the ones that understand and own the fundamental interplay between experiential and transactional. If we were to believe that retail is dead, then we should be spending all of our money doing online ads and guiding people to our website. And yet, what we’re seeing time



and time again is that building anticipation and an appreciation for the magic of our products happens in the real world even though most people buy online or through call centers.

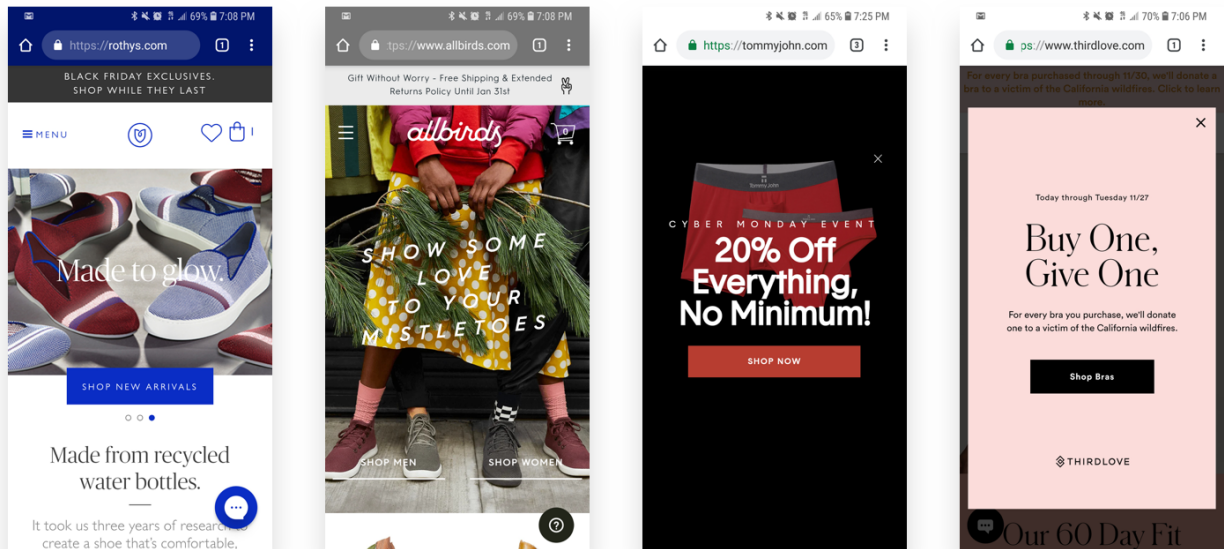
“Will retail look fundamentally different and maybe unrecognizable in ten years? Yeah. But it’ll always depend on how you navigate the interplay between offline and online worlds, how you — the brand — interlock customers and products.”

The future belongs neither to legacy giants nor pure-play ecommerce. Instead, it belongs to direct-to-consumer (DTC) models, often referred to as digitally native vertical brands (DNVB). Just don’t let the name fool you.

2. DTC Emerges as Commerce’s Future

Vogue’s late 2018 feature, [“These Are the 50 Digitally Native Brands You’ll See Everywhere in 2019,”](#) blew the mainstream doors off what many in the industry already knew: the worlds of technology and commerce are undergoing a revolution. At the forefront are brands like Outdoor Voices, Warby Parker, Allbirds, Glossier, Hims, and home-goods companies like Casper, Brooklinen, Purple, and Leesa.

What unites these verticals is a focus on “brand equity” and “brand purpose.” Both terms describe the value of a brand. Owning their customer relationships, DNVBs run on value — elevating people and products over price and place. The centrality of *selling something worth buying* isn’t replaced but augmented. As a microcosm in 2018, numerous DTC leaders offered either no holiday discounts, minimal discounts, or charity-based incentives:



Does this mean price and optimization are things of the past? Hardly. DNVBs who did host holiday discounts delivered them in ways that drove conversion rates and average order value (AOV) *without* sacrificing brand value:

- In-cart upsells for “Mystery” items or bundles
- Sold-out merchandise fueled by influencer marketing
- Tiered discounts via spending thresholds, without coupons
- Installment plans for high-ticket purchases rather than “Pay now”
- Countdown timers, customizable free gifts, and subscription incentives

All built seamlessly into the onsite and check-out experience. The question is: are those techniques enough?

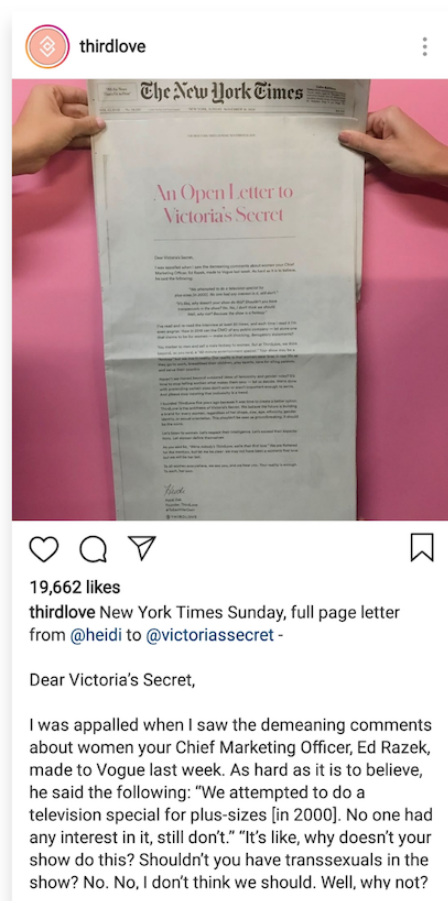
3. More than “Digitally Native” Tactics

People have always bought with their hearts and justified with their heads. The difference now is that choice means brands can scale by profitably serving smaller niches than legacy competitors and *expand from a mission-centric foundation*.

There was perhaps no better signpost of the future than lingerie-incumbent Victoria’s Secret against Savage x Fenty and ThirdLove. Juxtaposed fashion

shows set the stage. In Sept., Savage x Fenty — where women, in the words of founder Rihanna, were “celebrated in all forms and all body types and all races and all cultures.” In Nov., Victoria’s Secret — whose CMO, Ed Razek, answered the question of whether plus-size or transgender models would be included with, “No. No, I don’t think we should. Well, why not? Because the show is a fantasy.”

Though Razek apologized for his remarks, the drama culminated in Victoria’s Secret CEO resigning and an open letter by ThirdLove’s CEO Heidi Zak published in *The New York Times*:



Because the show is a fantasy.” I’ve read and re-read the interview at least 20 times, and each time I read it I’m even angrier. How in 2018 can the CMO of any public company — let alone one that claims to be for women — make such shocking, derogatory statements?

You market to men and sell a male fantasy to women. But at ThirdLove, we think beyond, as you said, a “42-minute entertainment special.” Your show may be a “fantasy” but we live in reality. Our reality is that women wear bras in real life as they go to work, breastfeed their children, play sports, care for ailing parents, and serve their country. Haven’t we moved beyond outdated ideas of femininity and gender roles? It’s time to stop telling women what makes them sexy — let us decide. We’re done with pretending certain sizes don’t exist or aren’t important enough to serve. And please stop insisting that inclusivity is a trend.

I founded ThirdLove five years ago because it was time to create a better option. ThirdLove is the antithesis of Victoria’s Secret. We believe the future is building a brand for every woman, regardless of her shape, size, age, ethnicity, gender identity, or sexual orientation. This shouldn’t be seen as groundbreaking, it should be the norm. Let’s listen to women. Let’s respect their intelligence. Let’s exceed their expectations. Let women define themselves. As you said Ed, “We’re nobody’s ThirdLove, we’re their first love.” We are flattered for the mention, but let me be clear: we may not have been a woman’s first love but we will be her last. To all women everywhere, we see you, and we hear you. Your reality is enough. To each, her own. -Heidi @heidi

“It was a big decision to do the open letter,” Zak says. “In the past few years, we had remained really focused on building the ThirdLove product, brand, and customer base. But given the remarks Ed Razek made, and the specific call-out of ThirdLove, we believed it was the right move to get our opinion and mission out to the world.”



ThirdLove is far from alone. Sixty-two percent of global consumers want brands “to take a stand on current and broadly relevant issues.” More than marketing, this demands putting money where a company’s mouth is: e.g., Bombas giving away over 10 million socks, Sudara’s fight to end human trafficking, Nike’s campaign with Colin Kaepernick, or Gillette’s “The Best Men Can Be.” People crave brands who connect with them beyond merchandise and advertising. And that means ...

4. Content Becomes the Holy Grail of Growth

Often misunderstood, the power of content — what previous generations of marketers have called “mass desire,” the *public* spread of a *private* want — resides not in its direct ability to sell; although it can. Content’s true power comes from galvanizing an audience, entering its heart and mind through a consistent story well told — full of drama, with people at its core.

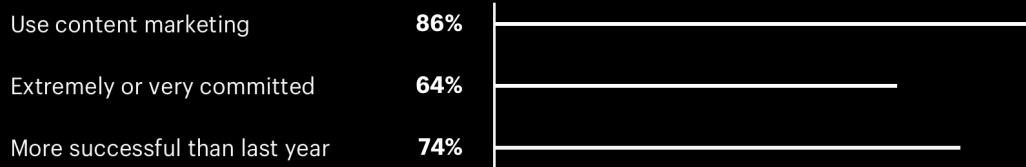
“In paid social, it doesn’t matter how good your strategies are,” says David Herrmann, Dir. Advertising at Social Outlier. “Your audience needs to connect with your content first. It’s the kindling. It’s what drives inspiration. I can’t make people money unless they keep feeding me content. If sales are down, if traffic is more expensive, blame content.”



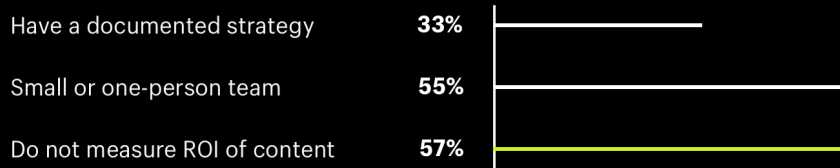
Of course, not all content is created equal. Recent data shows that never before have so many companies produced so much content with so little attention to results.

The state of B2C content online

“Best of times”: more content



“Worst of times”: less results



Content Marketing Institute 2019 B2C Content Marketing Report

5%

Of branded content earns

90%

Of all content engagement

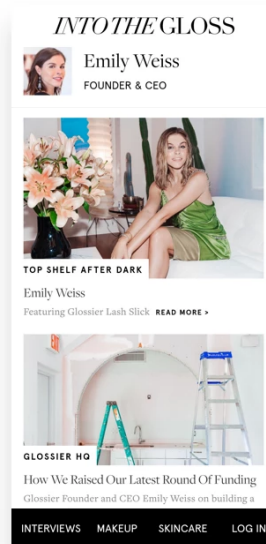
Beackon, “Marketing Truth or Marketing Hype?”

Data via [Content Marketing Institute](#) and [Beackon](#)

What makes the difference in connecting content and commerce? “Successful brands heavily use written, audio, visual, and experiential content to drive full-funnel marketing campaigns: awareness, interest, desire, and conversion,” says [Nik Sharma](#), Head of DTC at VaynerMedia and 2019 Forbes 30 Under 30.

“There are three reasons this approach works. First, driving a paid click to a piece of branded content is only a few cents, compared to driving a click to a brand or landing page, which could be up to \$5-6 per click. Second, with retargeting you’re able to immediately build qualified audiences. Third, great

content doesn't sell a product, it sells an opportunity to better an aspect of your life."



Nike's DTC social, THINX's periodical blog, Glossier's Into the Gloss, and Rothy's use of earned media all connect content and commerce

Interestingly, brands like Koala are breathing new life into "old" forms of content. Last year the mattress company turned billboards located near IKEA in Sydney, Australia — one of which read, "NÖFNIDEÅ? No tools, no worries." — into press, sales, and social virality. The billboards weren't a stunt; they were extensions of Koala's ethos. Whether through humor or gravity: content creates audiences and, in a world flooded with choice, audiences are currency.

5. Physical and Digital Solidify Their Relationship

For online businesses flirting with offline retail, the time to commit has come; pop-up shop "experiences" staged for social media have worn out their welcome.

“I’ve been hearing more and more complaints about this trend,” says Paul Munford, CEO of Lean Luxe, “and I’m worried that some brands — those same brands who preach an obsession over knowing their customer, understanding how today’s shopper wants to shop, and of course owning that relationship — are losing their way a bit as they focus considerable time, energy, and money to launch ‘Instagram-worthy’ spaces.”



As an alternative, Munford points towards spaces that serve multiple functions, like Rapha’s Clubhouses where customers can get bikes fixed, buy gear, and do work. “They also double as Rapha-specific event spaces after hours,” he adds. “Think about what that does for your brand and your customer’s reliance on you versus anything an IG-worthy space would do.

“There are life and meaning to the former; shallowness and transience to the latter.”



Commitment isn’t about quantity, but quality. Allbirds, who rounded out 2018 with a reported \$1.4 billion valuation, now operates three locations. “Though we launched exclusively online,” says Travis Boyce, Head of Global Retail Operations, “we always had ambitions to open physical stores. As a brand with a comfort-

oriented product, retail has been and remains a key part of our growth strategy. We started experimenting with retail very early on, and quickly realized how important it was to get our products into the hands of curious shoppers so they can experience the comfort and design for themselves.”



“We elicit feedback as frequently as possible,” Boyce says, “and our on-the-ground retail teams are able to gain incredibly valuable insights from talking to consumers day in and day out.”

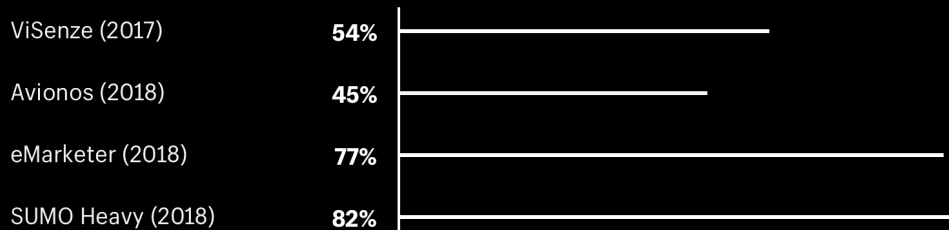
6. Social Commerce Evolves or Limpes to the Grave

For years, digital pundits have preached the gospel of “going native”: selling directly within social networks without sending visitors onsite. By every big-picture metric, social media and ecommerce should be a match made in heaven. Worldwide penetration, active accounts, time spent, and ad spend are up across the board.

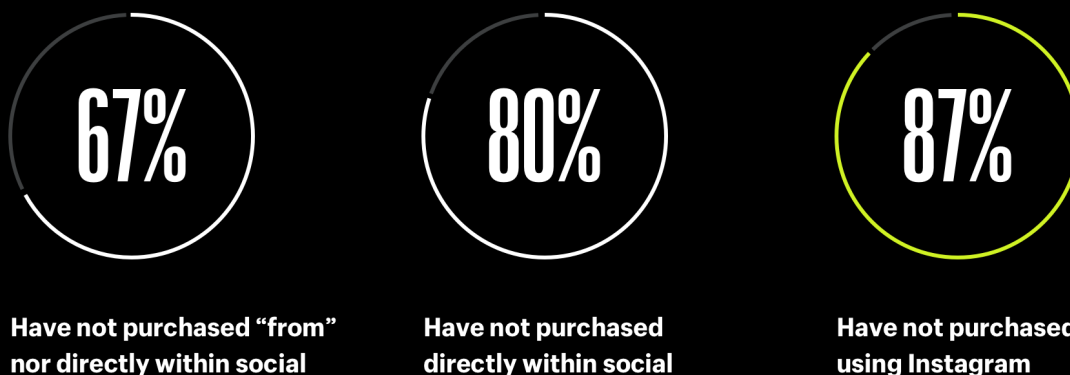
But, there’s a disconnect. In terms of sources that influence purchase decisions, social media lands last and was rated less than half as effective as reviews. More

pointedly — despite the rollout of numerous “native” purchasing features — every major report reveals the same thing: social users aren’t buying.

Users who have never made a purchase via social nor that began on social



Social purchases averaged by sample size across studies



Data via ViSenze, Avionos, SUMO Heavy, and eMarketer

Data via [ViSenze](#), [Avionos](#), [SUMO Heavy](#), and [eMarketer](#)

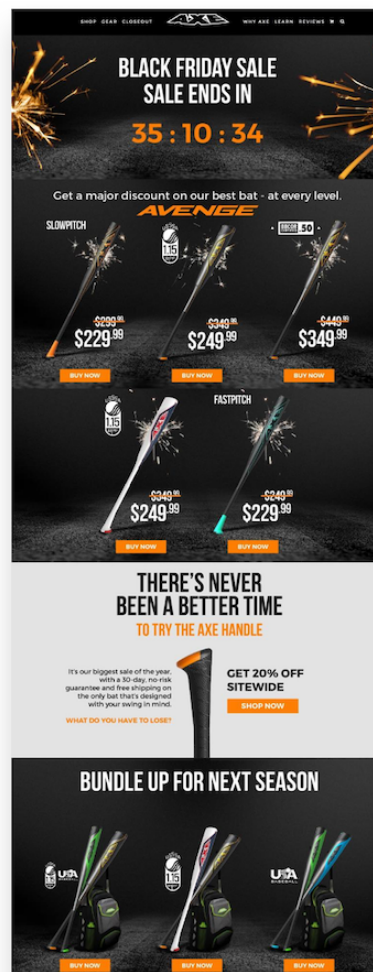
Rumors continue to swirl around [Instagram](#) and [Facebook](#) developing its own ecommerce platform. However, after [Amazon’s Q3 financials](#) showed 122% year-over-year revenue growth in its advertising platform: even on marketplaces, the margins are in the ads, not the products.

Direct social commerce is at best a hypothesis. With low incentive to make it work, don’t expect salvation to come from the networks (not immediately nor

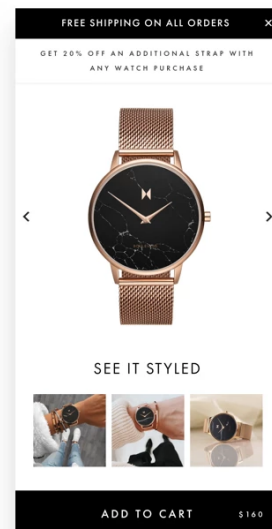
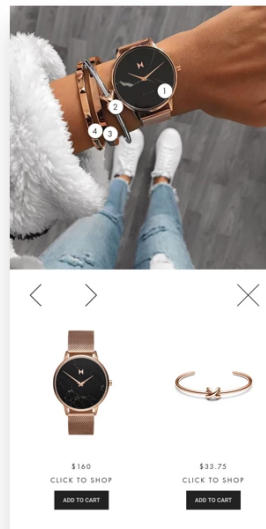
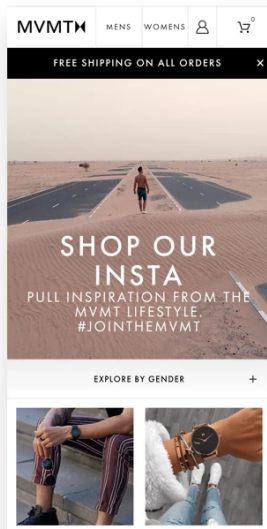
outside a seismic acquisition). Wisdom resides in testing new features, but beware the hype-circle that inevitably accompanies them.

Acquiring new customers is most effective through low-cost engagement campaigns that lead with (1) entertainment or emotion, (2) user-generated content, or (3) influencers and micro-influencers. Front load paid social with content meant to be consumed *on social* or “branded” content that tells a story. Not only does it cost less to build an audience like this, but it’s also the reason people go on social in the first place.

For promotions, target qualified audiences who interacted with engagement campaigns or existing customers. Also, anchor campaigns in increasing AOV through bundles, discount tiers, and subscriptions. Axe Bat did this over Black Friday with its Facebook ads and achieved an 18% lift in AOV despite the sale and a ~400% increase in return on ad spend relative to their through-the-year average:

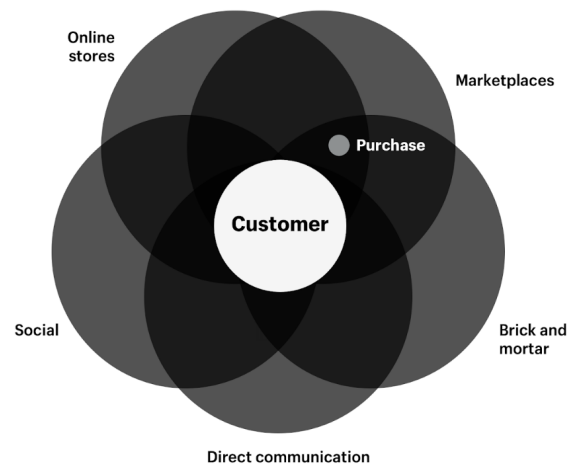
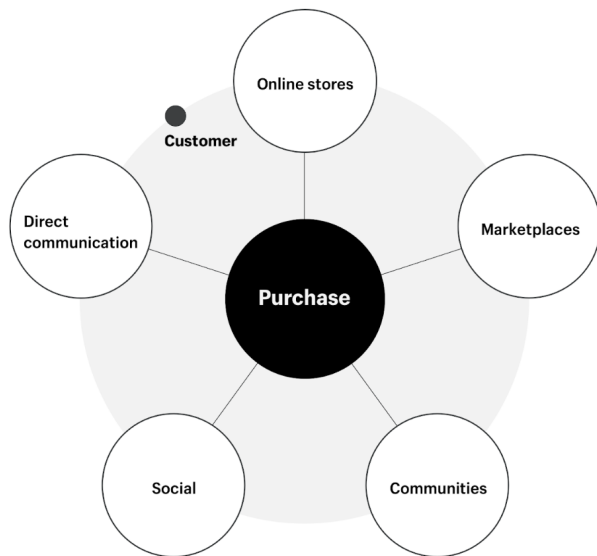


Retargeting should be sequential, personalized, and cross-platform: dynamic campaigns that widen (that is, serve different ads) from abandoned carts to products viewed to collections to the brand, depending on each visitor's last interaction. Finally, bring social onsite: brands like MVMT, Kate Spade, Gymshark, lululemon, and Fashion Nova personify this through Instagram "shops" and by seeding social content — especially user-generated content — into product pages and checkouts.



7. Channels Must Deliver on Their Promises

The rise of channels presents two dangers: one, obvious; the other, hidden. The first is fragmentation. Today's path to purchase might start on Pinterest and end at a physical storefront or through an Instagram buy button embedded in an onsite feed. Along the way, shoppers may be spurred to purchase through organic search results, retargeting sequences, or by an article through paid-content distribution.



In response, businesses scramble to adopt either a multi-channel (left) or an omni-channel (right) solution. The goal: be everywhere for everyone. The result: ending up nowhere for anybody. Let go of the expectation that customers want everything in one seamless and buzzword-driven experience.

“The way we think about the business,” says Nate Checketts, co-founder of Rhone, “is return on ad spend. At the end of the day is your overall marketing budget giving you a return on what you’ve spent? We focus on that more than we focus on a lot of the detailed terminology. Either our mix is wrong, meaning the channels that we’ve selected for marketing aren’t generating results or we’re doing something wrong in another way and we need to dig deeper and get a detailed analysis to understand how we improve it.”



Second, and far more destructive, is any approach to channels that puts marketing before backend. Attempting to unite channels without properly setting up and maintaining inventory and order management is futile. “Every retailer seems to have at least some form of an omnichannel strategy,” says Phil Granof, CMO of NewStore — which UNTUCKit uses to operate its retail locations. “But only a minority are approaching it from the ground up technologically, and even fewer demonstrate a holistic, experience-first mindset.

“Competitive advantage will not be had in the bits and pieces, but in delivering experiences of value across the customer journey.”



Leads might get turned off by an overly aggressive chatbot plus email plus retargeting sequence. Customers who don't get what they ordered when they were told they would are unforgiving. Never forget: the most important moment in ecommerce doesn't happen online. It happens when brands deliver.

8. Mobile Buying Is (Almost) the New Normal

Ever since mobile traffic surpassed desktop, the question haunting ecommerce has been, “How do we close the browser-to-buyer divide?” This challenge is acute in North America where just over half of shoppers who begin on smartphones complete their purchases there. Worldwide, mobile sales trail desktop by over one trillion dollars and mobile conversion rates are less than half those of desktop.

Crossing the mobile buying divide

53.7%

U.S. shoppers who start
and finish purchases on mobile

\$1.04T

Worldwide difference between
mobile and desktop ecommerce

Data via eMarketer (2018) and Statista (2018)

Average conversion rates in ecommerce

Mobile

1.73%

Desktop

4.02%

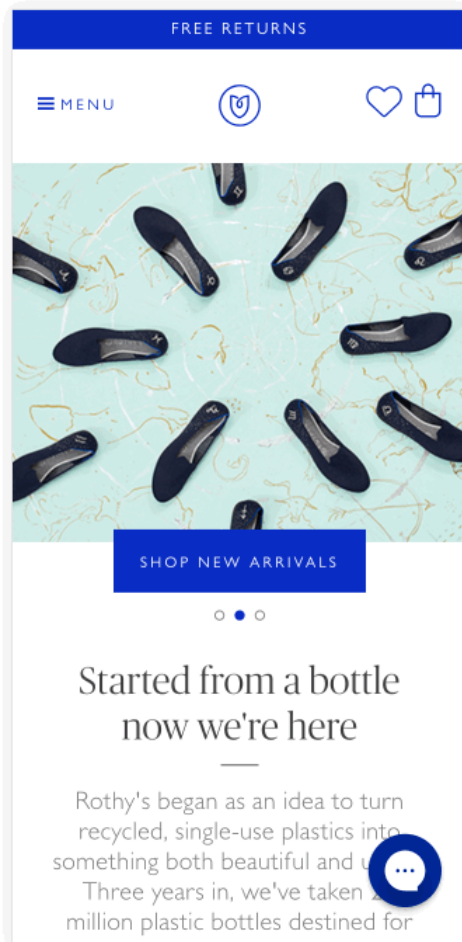
Data via Montate (2018)

To close this gap, mobile design and especially mobile-first buying have to be at the forefront. Fast and easy are everything; this includes:

- Providing mobile-first payment options like purchase buttons via Amazon Pay, PayPal, etc. within product pages to bypass traditional checkouts
- Enabling checkout entry through those same payment gateways first and *then* social profiles followed by email addresses in order of visual prominence (as a general rule, email works best on desktop and mobile for returning customers)
- Designing mobile pages with tailored content; namely, separate visuals and videos based on device, single column layouts (opposed to grids), prominently placed “Buy Now” *and* “Add to Cart” buttons, as well as full-screen onsite search with product thumbnails and prices

- Personalizing mobile experiences with page curl notifications for recommended products (instead of pop-ups) and slidable “drawers” (on the left or right of screens)
- Placing status bars at the top of screens that automatically adjust to cart value based on spending threshold for shipping or tiered discounts: e.g., spend \$50, save \$10; spend \$100, save \$30
- Optimizing for mobile and desktop separately — testing creative, offers, and onsite funnels by device (barring this separation, data will inevitably lead you astray)

To accomplish these goals, Rothy's — who is creating a women's shoe empire with recycled, single-use plastics — recently relaunched its mobile site as a progressive web app (PWA). PWAs are mobile websites that function like standalone apps: instant loading, push notifications, saved user data (for easier payments and better personalization), and offline modes when connectivity is poor.



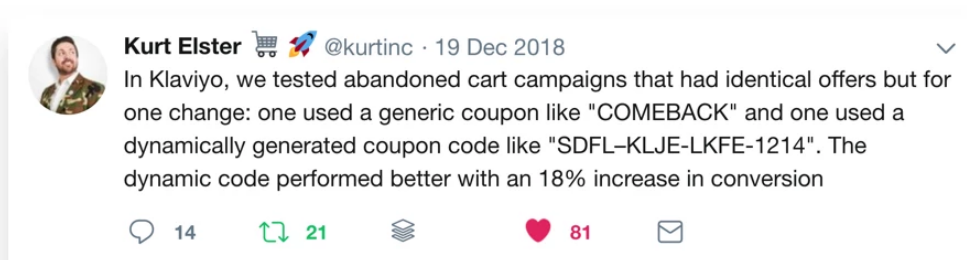
“Our decision to go the PWA route,” says Gigi Teutli-Vadheim, Rothy’s Site Experience Manager, “has been driven largely by the importance of mobile conversions. Like many other brands, we see the majority of our traffic from mobile devices — a trend that spiked during the holiday season as consumers were away from their desktops.

“Our audience is incredibly mobile savvy, which made the decision to move to a progressive web app a no-brainer. In terms of the customer experience, we’re shifting our focus to be mobile-first in 2019, prioritizing speed to ensure users are satisfied.”



9. Micro-Moments Win or Lose Conversions

One-size-fits-all advertising messages are already obsolete, and companies’ competitive advantages increasingly reside in micro-moments. Such moments fall into two categories — pattern interrupts and effortless experiences. As a counter-intuitive example of the first:

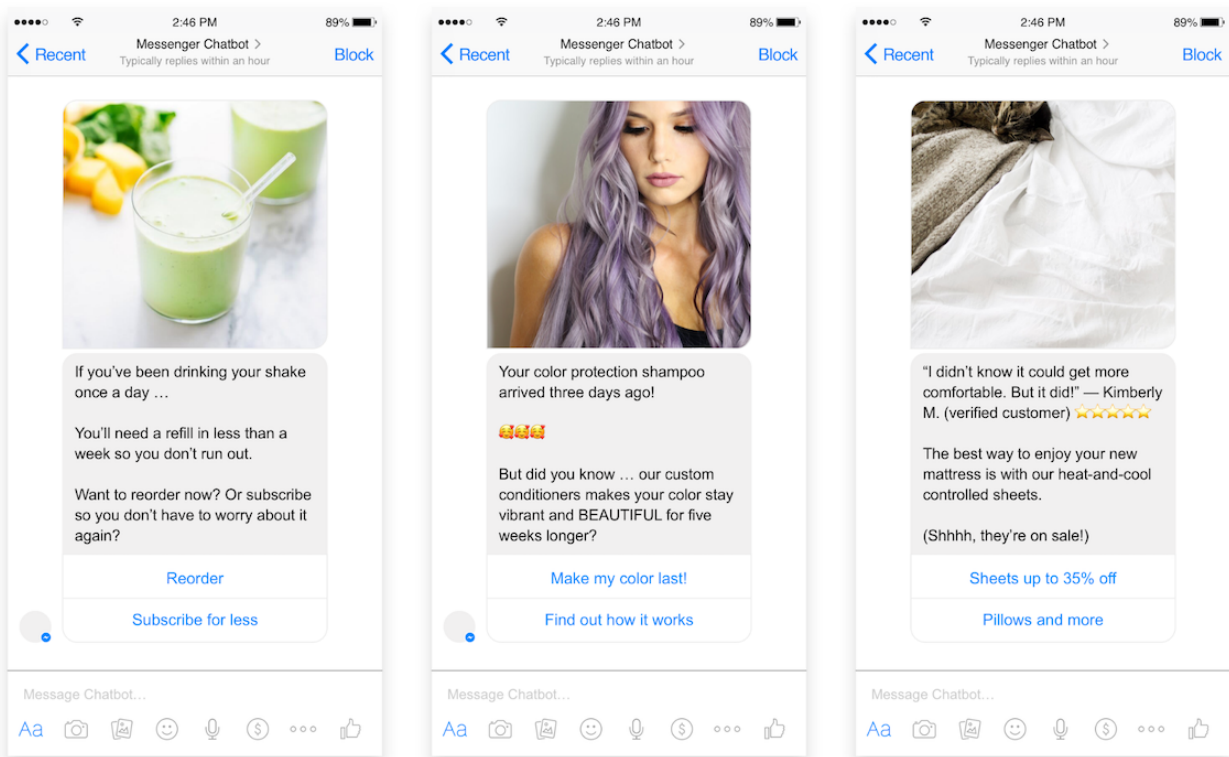


Why was it successful? “I suspect the reason this code worked,” [Kurt Elster](#) says, “is because it’s personalized. As our marketing tactics become more sophisticated, so do our customers. Presenting someone with what appears to be a dynamically-generated unique coupon code signals to them that the experience is personalized and that the urgency is real. The formatting of a

coupon code may seem like a tiny mundane detail, but it's a big signal to a sophisticated shopper.”

Elster's illustration works not as a plug-and-play tactic, but instead as a principle. To do this, look for highly visible assets — e.g., most-sent emails, most-visited landing pages, most-engaging social content, subheadings and captions on product pages, etc. — to test the unexpected.

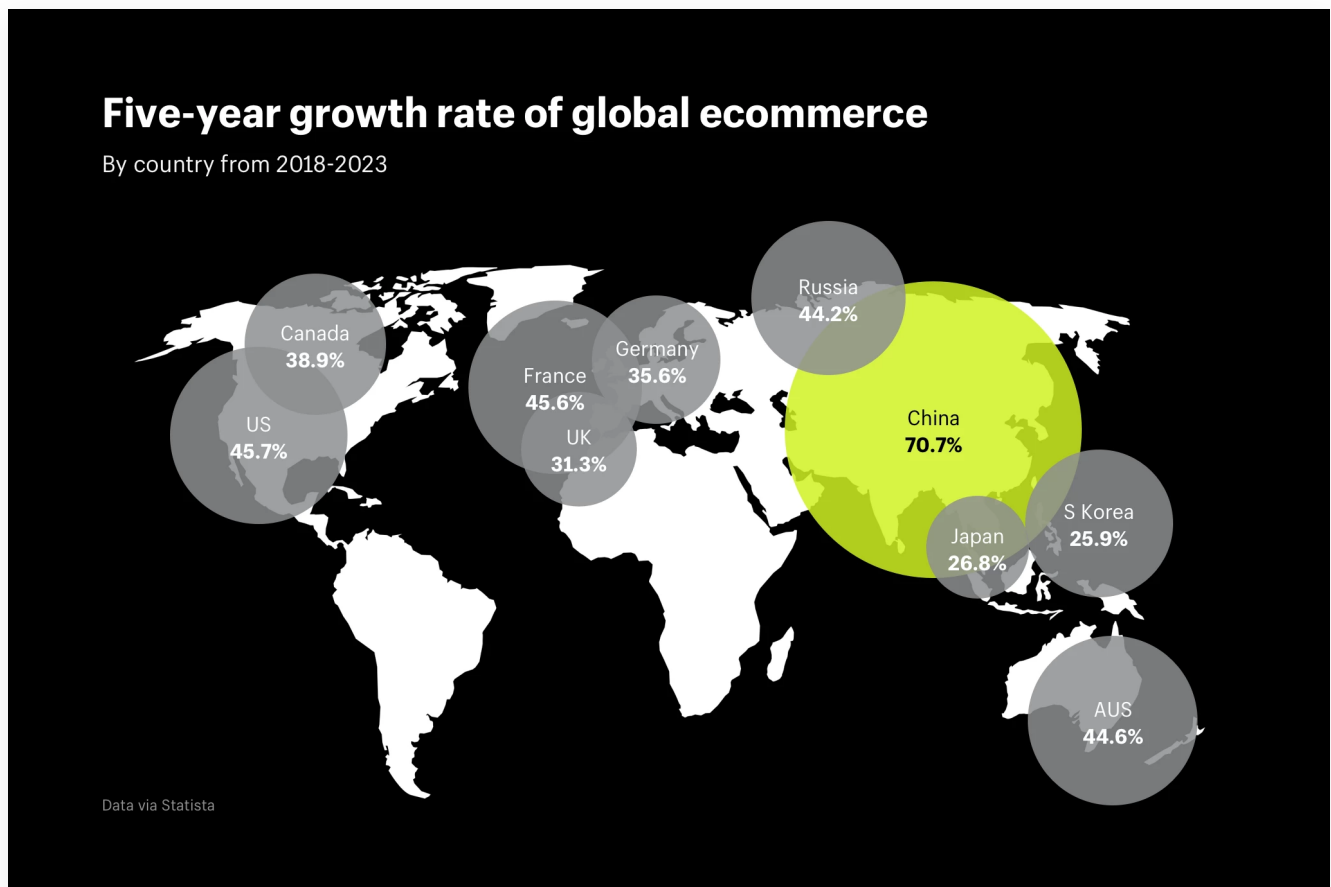
At the opposite end lay experiences where effortless shines: in-the-moment purchase decisions (impulse buying), discounted upsells that usefully bundle products, and lifecycle notifications.



This last micro-moment is particularly powerful for increasing lifetime value. Most products have a shelf life. Spare customers the onslaught of generic post-purchase offers and instead delight them with timely Messenger, SMS, or email notifications.

10. International Ecommerce Expands to the East

According to McKinsey, 1.4 billion people will join the global middle class by 2020 and 85% will be in the Asia Pacific region (APAC). Ecommerce as a whole has already shifted away from the West and will continue to do so:



Data and sources within [The Enterprise Guide to Global Ecommerce](#)

Once known for sourcing and manufacturing, tapping into China and the larger APAC market is now a frontline strategy. Rothy's, for instance, built a team in Shanghai to begin selling. Its entry point was WeChat. Everlane and Allbirds have also identified China as the "horizon for future expansion."

This isn't to say internationalization is without challenges, but solutions exist. Where some beauty brands have forgone China due to mandatory animal testing, 100% Pure sells cruelty-free products directly to Chinese customers through Tmall Global and delivers them via a third-party logistics partner. Before

Single's Day in 2018 — which surpassed Black Friday Cyber Monday revenue by \$16.7 billion — 100% Pure forecasted its sales would quadruple year-over-year.

Part of its strategy lay in Juhuasuan, a group-buying feature within Tmall for flash sales that also leverages live streams with Chinese influencers. “You don’t want to market in China the way you market in the U.S., so I needed local people to help,” says co-founder, Ric Kostick. “You have to do it the local way.”

Don’t back off from global opportunities. Instead, find creative workarounds and trusted partners. Double down on global ecommerce markets and make sure infrastructure — like global fulfillment partners and international warehouses — are up to the challenges.

The Future of Ecommerce Is Already Here

“Business as usual” is business no more: in retail and in ecommerce. It’s not location that matters. Nor futuristic jargon. Leaders are facing a world of opportunity to evolve or perish, with success coming from big and small steps alike.

The future will manifest itself in relationships. Choice isn’t tomorrow. It’s today. Direct and meaningful connections to customers that include but extend far beyond mere products. Are you ready?

Editorial note: this article was last updated Jan. 29, 2019



About the Author

Previously the Editor in Chief of Shopify Plus, Aaron Orendorff is the founder of [iconiContent](#), a strategic agency “saving the world from bad content.” Named by Forbes as one of the top 10 B2B content marketers, his work has appeared on Mashable, Entrepreneur, Business Insider, Fast Company, Inc., Success Magazine, The Next Web, Content Marketing Institute, and more.

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