

E-COMMERCE

guide

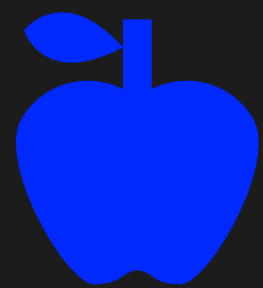


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White Papper

Introduction

By 1999, e-commerce accounted for **0.6%** of all retail sales. Shopping online used to be a convenience and a luxury, now — it's a necessity. Step by step, online shopping has become easier and more affordable, this attracts more users to online stores. Nowadays, **58.4%** of users make online purchases every week, and **6 in 10 shoppers** do so regularly.



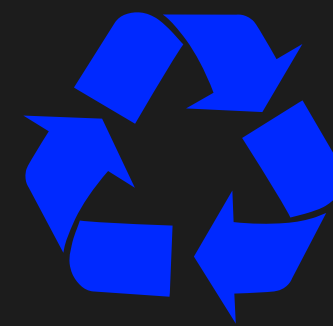
28,3%

Ordered Groceries
via online store



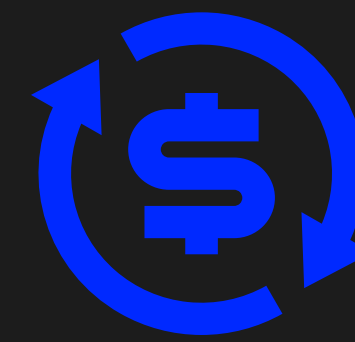
58,4%

Purchased a product
or service online



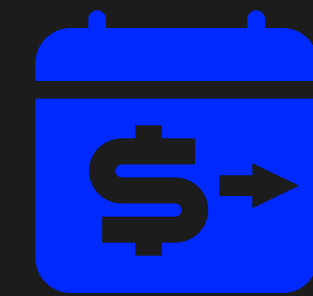
14,4%

Bought a second-hand
item via an online store



24,6%

Used an online price
comparison service



17,8%

Used a buy now,
pay later service

Introduction

The evolution of technology, internet accessibility and affordability, larger opportunities and so on has caused users to adopt new ways of shopping — researching, choosing and purchasing on the Internet. With more than **5 billion internet users**, there are big opportunities for brands as well as challenges. Modern consumers shop smartly, it can be tricky for brands to find and keep them amongst all the digital competition.

It's not as scary as it looks and actually opens the door for businesses to interact with their audience in a new way and successfully drive sales. Let's dive deeper into the ecommerce world to learn how it can help brands efficiently interact with users online.

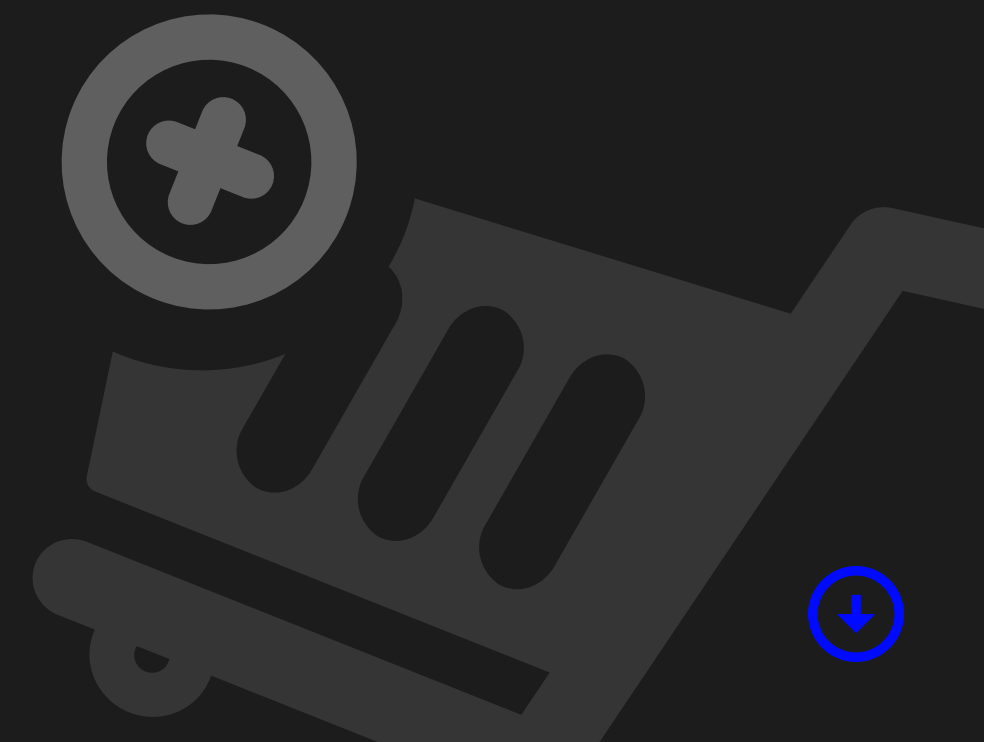
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Introduction



ROUND-NECK T-SHIRT

\$49 \$10

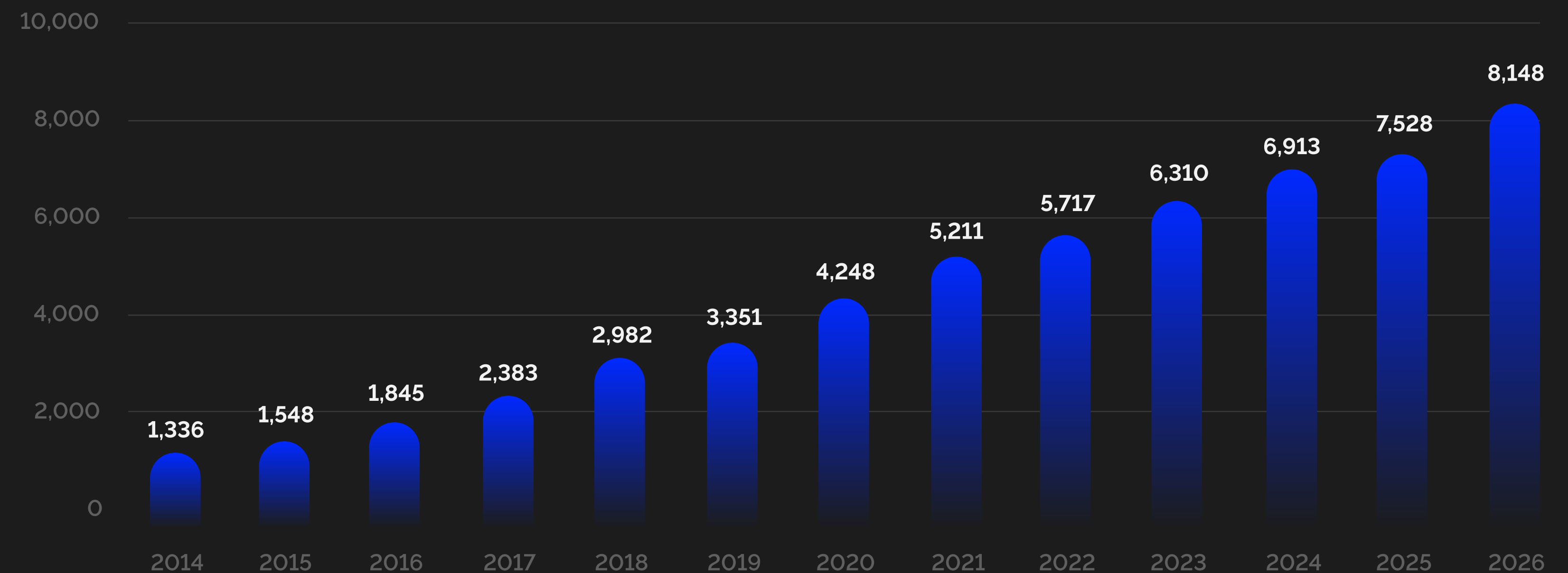


Development of E-commerce

Ecommerce has come a long way since the Internet launched in 1983. Driven by development of technologies, improvement in customer experiences, easier access to the Internet and other reasons, e-commerce is growing and shows no sign of stopping. Online retail sales have already reached \$5 trillion, and it is expected to reach **22%** of the global retail store by 2023 (for comparison: it was 14.1% in 2019).

Retail e-commerce sales worldwide

In Billion U.S. dollars



Ecommerce: consumer goods categories

Annual spend in each consumer goods
ecommerce category (U.S. Dollars, B2C only)



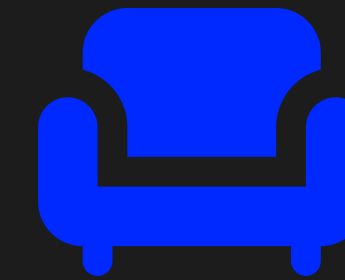
\$988.4
Billion

Year-on-year change
+13% (+\$110 billion)



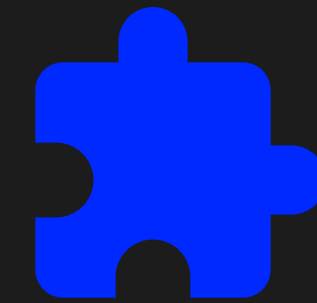
\$904.5
Billion

Year-on-year change
+17% (+\$134 billion)



\$436.8
Billion

Year-on-year change
+13% (+\$49 billion)



\$392.9
Billion

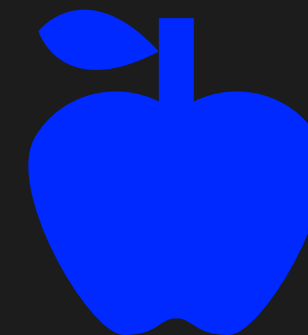
Year-on-year change
+18% (+\$59 billion)

Furthermore, due to the on-going
COVID-19 pandemic, customers'
inclination towards online shopping is
rising since brick and mortar shops are
closed. Consequently, e-commerce
will grow in the near future as well.



\$381.5
Billion

Year-on-year change
+21% (+\$66 billion)



\$376.6
Billion

Year-on-year change
+38% (+\$103 billion)



\$211.5
Billion

Year-on-year change
+35% (+\$55 billion)



\$155.0
Billion

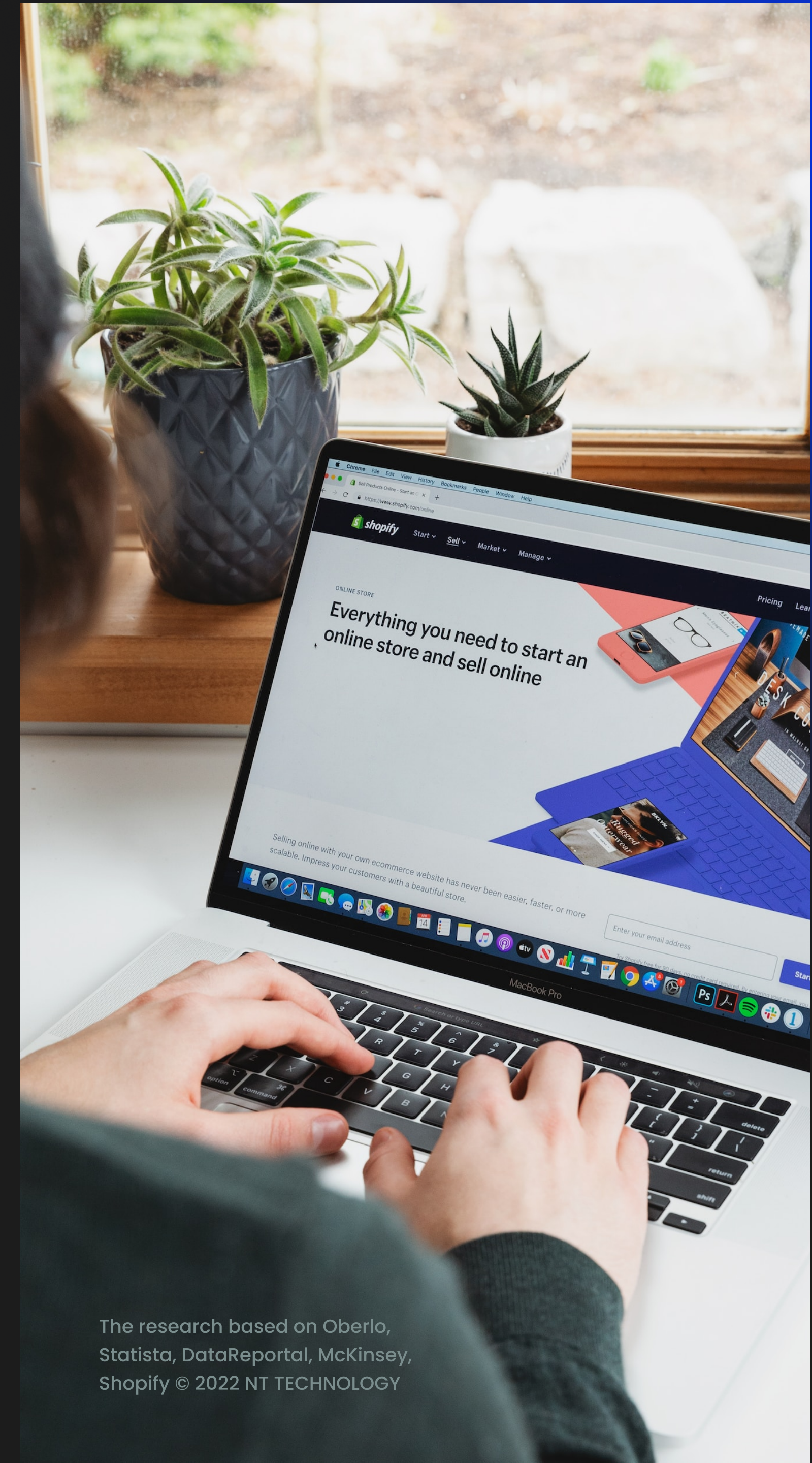
Year-on-year change
+11% (+\$15 billion)

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Digital shopping is here to *stay*

There's been a rapid evolution in consumer behavior since the COVID-19. A lot of users try online shopping for the first time, and it was a trigger for a new age of shopping. That means that e-commerce will be a highly growing industry with a significant pace of development — the e-commerce industry is expected to grow by almost **\$11 trillion** between 2021 and 2025 due the pandemic.

A few months ago during the pandemic, the number of online purchases increased significantly across many categories. For instance, online sales of groceries increased by **41%**, and household and personal-care products by **38%**. More interestingly, the habits of online shopping will see an even more notable pivot after the pandemic across a wide range of product categories.



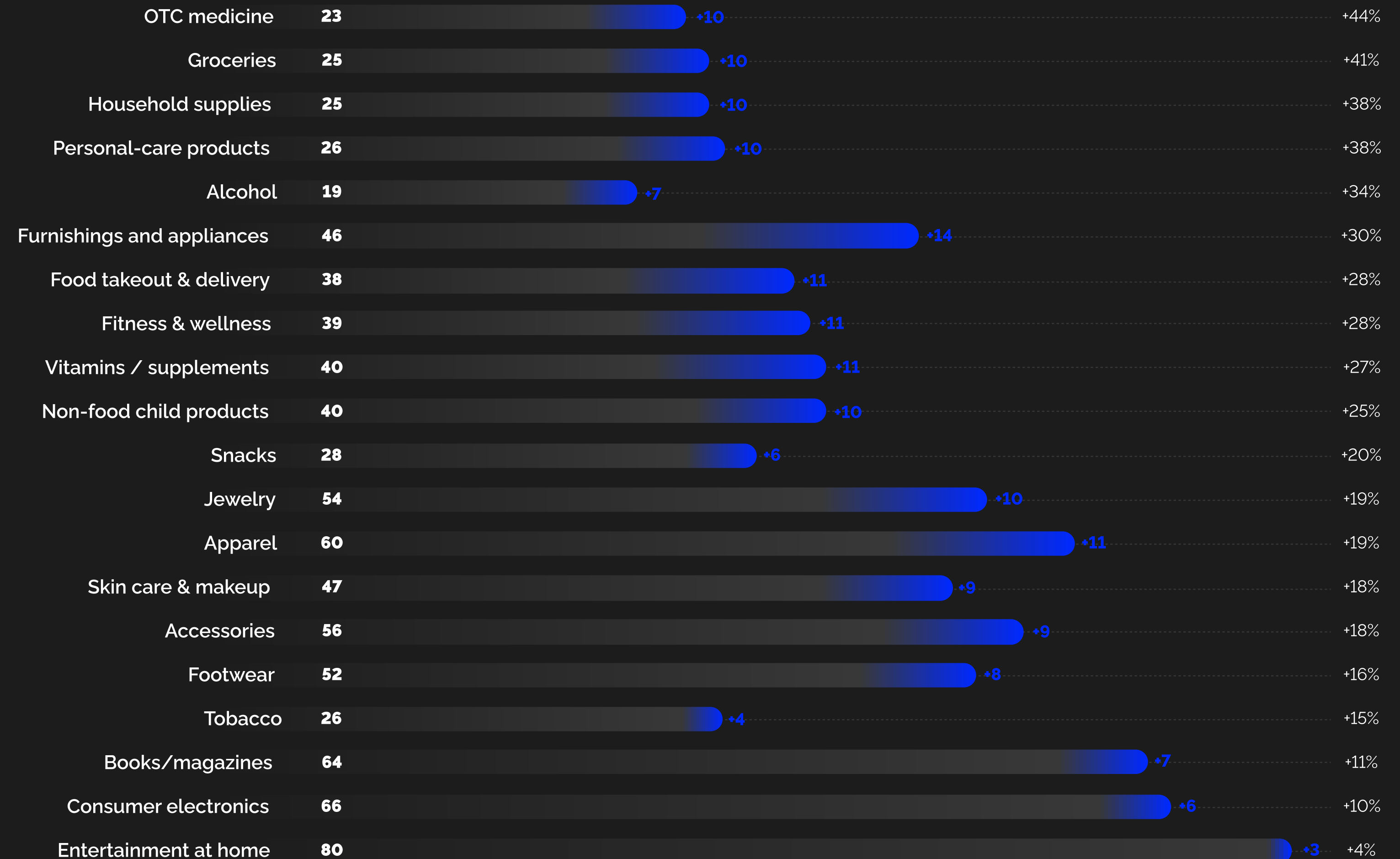
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Consumers' use of online channels before and expected use after COVID-19^{1,2}

% of respondents purchasing online³

% growth in customers purchasing category online

- Before COVID-19
- Expected growth after COVID-19



≈15-30%

growth in consumers who purchase online for most categories

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There is no doubt that, driven by the pandemic, e-commerce helps users adopt a need for online shopping. And this new shopping behavior has become the new normal. More than **50%** of consumers expect to continue their online shopping habits after the pandemic abates. And **87%** of consumers in the world are hybrid shoppers — they buy in both online and offline stores. But why do customers like online shopping?

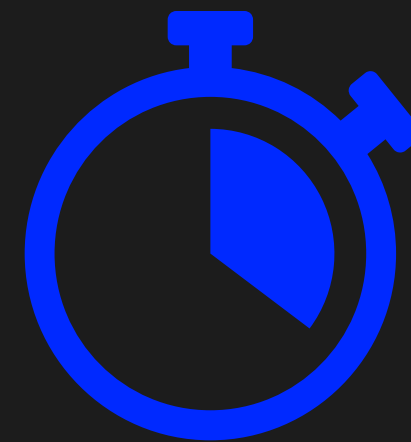


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The main reason why users *like* **shopping online**

Based on statistics, the ease and convenience of online purchasing are the main reasons customers shop online, with around half of their main motivations directly related to these factors.



40%

shoppers believe online shopping saves their time, and that is why people buy online



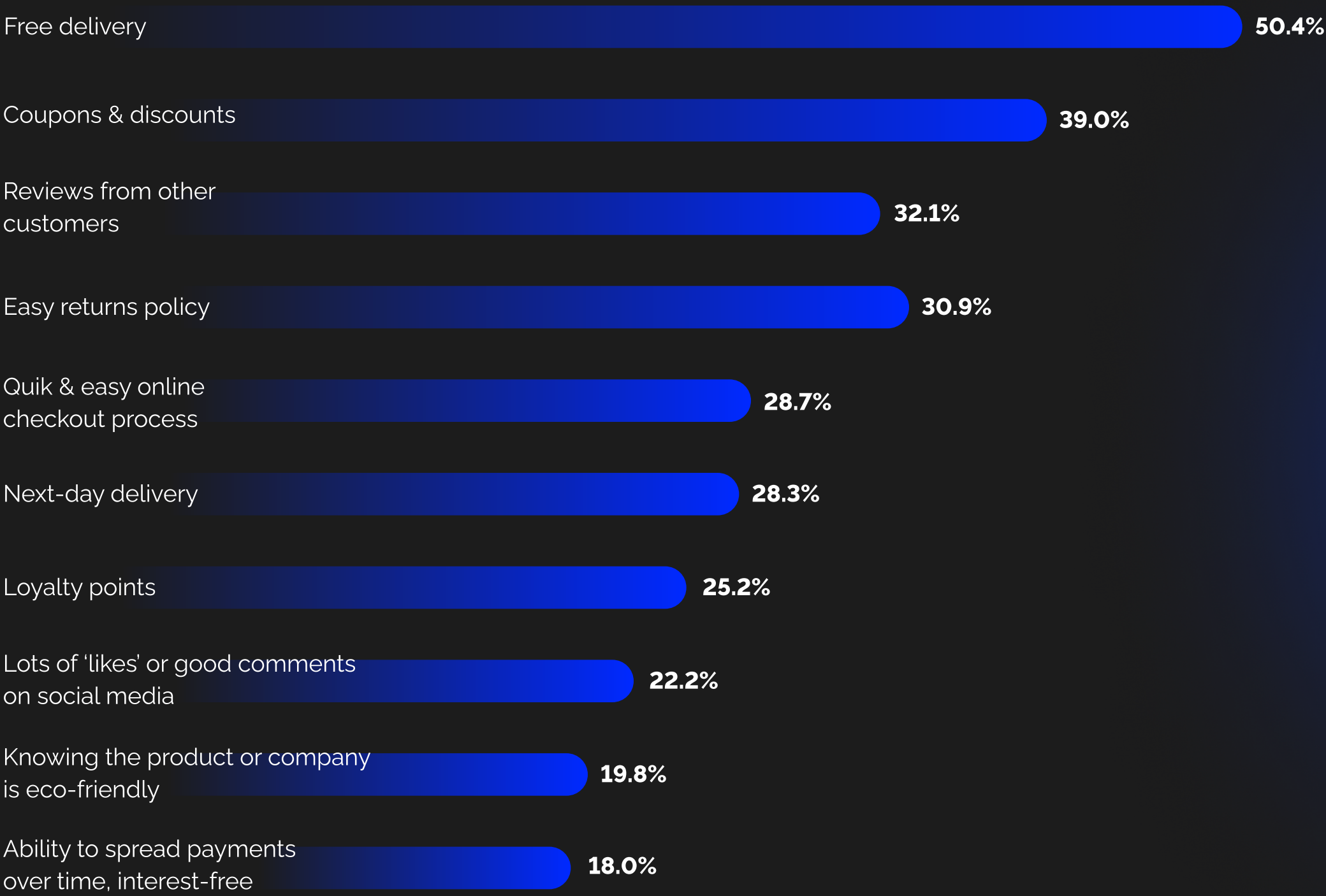
58%

shoppers purchase online because of the availability to shop online 24/7

The main reason why users like shopping online

However online shopping isn't only about convenience and saving time. When it comes to making purchases online, there are plenty more reasons for users enjoy shopping via the internet:

- **easy checkout process and delivery service;**
- **no crowds and queues;**
- **better prices with coupons and discounts;**
- **huge selection and variety of products;**
- **clear information about products and more.**



Changing consumer behavior or *why* do **brands need to go online?**

Shopping behavior looks different after the pandemic. Users start to not only shop online but also research products of interest before purchasing more often now. This tendency of researching brands and products online spreads across all ages. Surprisingly, users **65+ years old** do online research at the same rate as millennials.

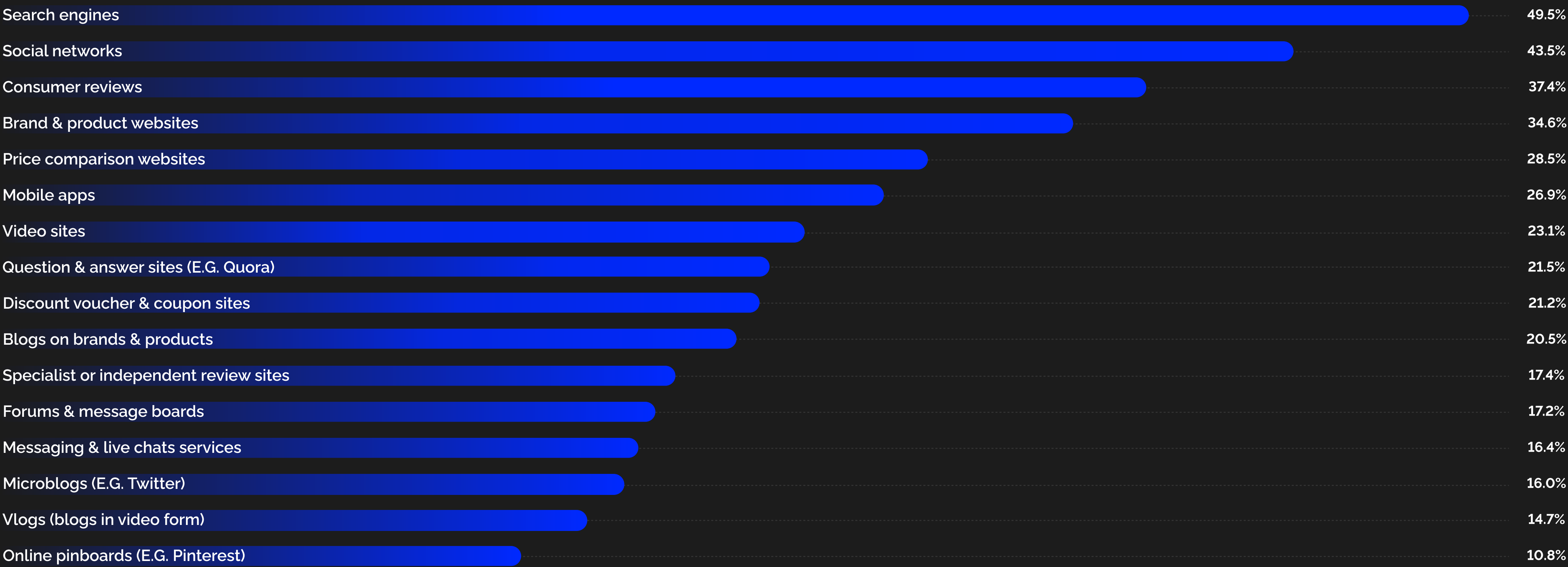


Continued adoption of alternate consumer habits

Everyone shops and researches in different ways, but **85%** of customers have this one thing in common — they prefer to use digital channels for brand research before purchasing. They use a mix of online channels to find what they really need and want, the best deals and offers. On average, that mix includes 5 and more channels.



Main channels for online brands research



Top channels for online brand research



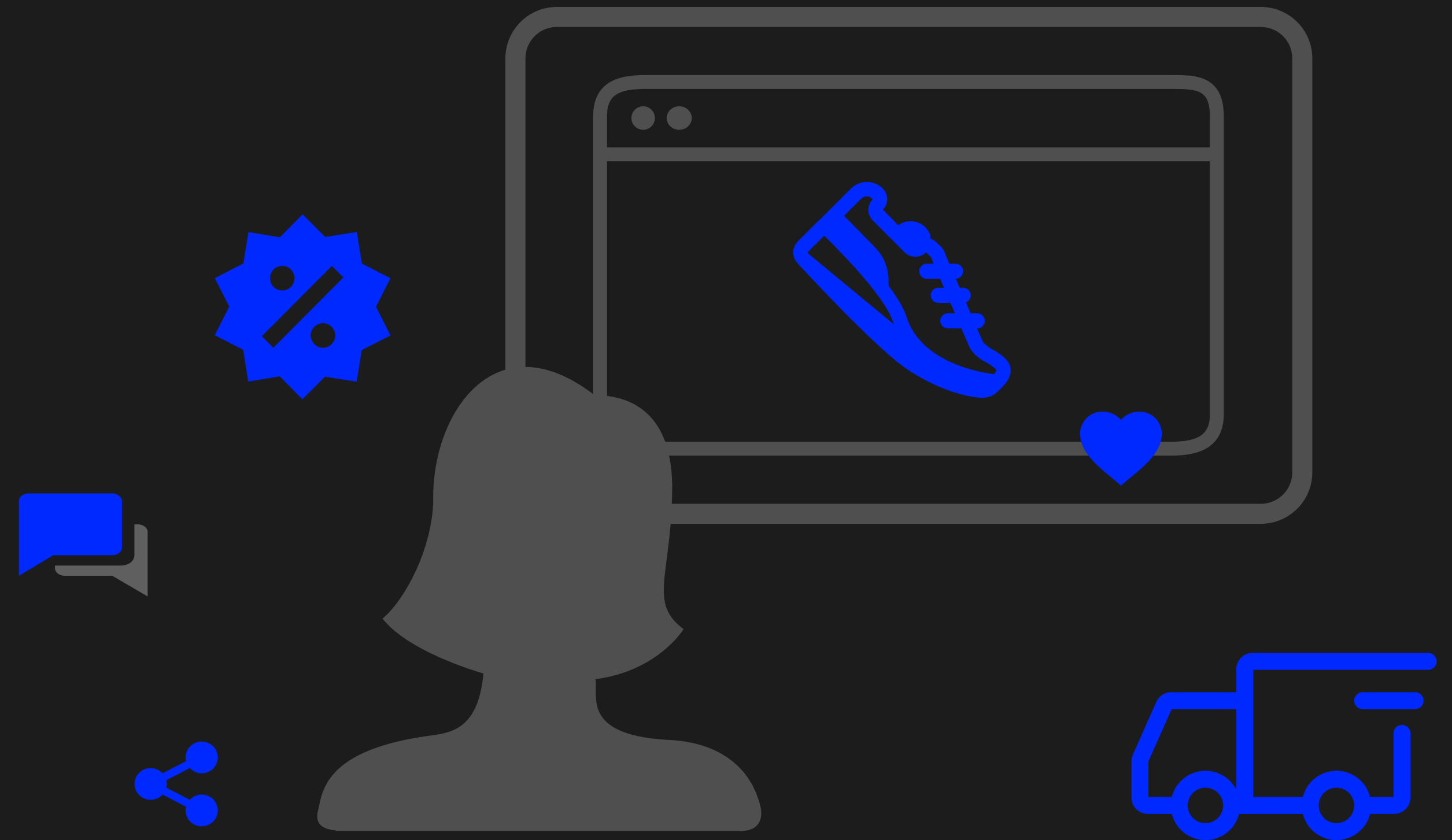
What does it mean for brands? Pre-purchase becomes a part of the customer journey that needs to be considered. It gained popularity during the pandemic and did not go away. In other words, every channel for brand research is a touchpoint in the buyers' journey. It's really important that brands consider this and communicate with their audience if they want to boost brand performance, increase customer base and revenue. The digital journey is the most important part of the customer experience so it's time to think about a digital strategy that allows efficient brand-audience interaction. Moreover, there are some essential benefits for brands.



What opportunities *does* **online shopping** provide brands?

Consumers like online shopping because of convenience and larger opportunities. They can read reviews online and compare offers and sales at the click of a few buttons without walking from shop to shop.

Also, there are a wide range of products, a mobile friendly environment and the opportunity of a more personalized experience than in-store.



What opportunities does online shopping provide brands?



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But... what is about brands? There are good opportunities for brand growth both in their performance and to boost results. So, let's look into the benefits of ecommerce for brands:

Online stores are popping up daily, with an estimated **12–24 million e-commerce sites** across the world. So there's no time to wait, it's better to start online communication with the audience earlier and catch users' attention.

1

easier to find and interact with the target audience

2

active, engaging and constantly growing audience

3

more likely to turn a potential customer into an active buyer

4

higher LTV than in offline channels

5

opportunity to interact with audience 24/7 to provide better engagement and get higher conversion rates

6

higher level audience trust and loyalty

8

better opportunity to track and analyze a buyer journey and improve customer experience

7

easier to provide personalized experience to boost sales



How can brands *interact* with their **audience online**?

As we've said above, users use several channels for brand research online, that all touchpoints can be used for communicating with their target audience. A comprehensive ad strategy can help outreach all touchpoints through the entire customer journey. You should consider channels and ad formats suitable for different steps of the sales funnel because they have different goals and functions. It will help boost efficiency of ad campaigns for the long term.



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How can brands interact with their audience online?

For example, advertising on social media, display and video ads help increase brand awareness, drive interest and motivate people to explore a product or service. This leads users to search engines and drives organic search of brands. As a brand builds customer trust, they are more likely to continue to purchase and increase the average amount of bills.

When brands develop a comprehensive advertising strategy, they should also consider:

User behavior is changing

To be on the same wave with the target audience and offer relevant advertising messages, brands should analyze user behavior on different channels.

Adjust keywords

Experiment with keywords depending on the season, trends, and audience segments. Also, don't forget to "turn off" ineffective combinations.

Don't forget about SEO

Optimize your platform interface to rise in search results and stay in front of users.

Use retargeting

It allows you to re-engage users who previously visited your site but left without making a purchase.

Make the most of your targeting options

For example, look-alike targeting helps to find users similar to the target audience.



What else should brands consider *before* **starting an ad campaign?**

If before the pandemic users went to offline stores for researching products they were interested in, then after the pandemic shopping behavior had mixed up. The pandemic brought a lot of challenges such as unavailability of stock, increased delivery time, uncompetitive pricing, etc. This prompted shoppers worldwide to go online. And nowadays, pre-purchase research starts from brands' websites. But only **1.62%** of e-commerce website visits convert into purchase.

Users look for information about products, prices, delivery services, and compare various brands with each other. And if they don't find the necessary information but instead a lack of customer experiences, customers will close brand sites and purchase from competitors.

83%

Consumers factor in customer service quality when deciding what to buy

76%

Consumers will stop buying from a brand after two poor customer experiences

So it's essential for brands to provide clear information about their products and services, improve customer experience. One more important thing is the interface of a website. The task of the interface is to be equally accessible and understandable to everyone so users are able to easily find the necessary information and get acquainted with the features of the brand. It's good to try making the online store convenient: add several types of payment, high-quality photos of goods, their description. And don't forget about optimization for mobile devices.

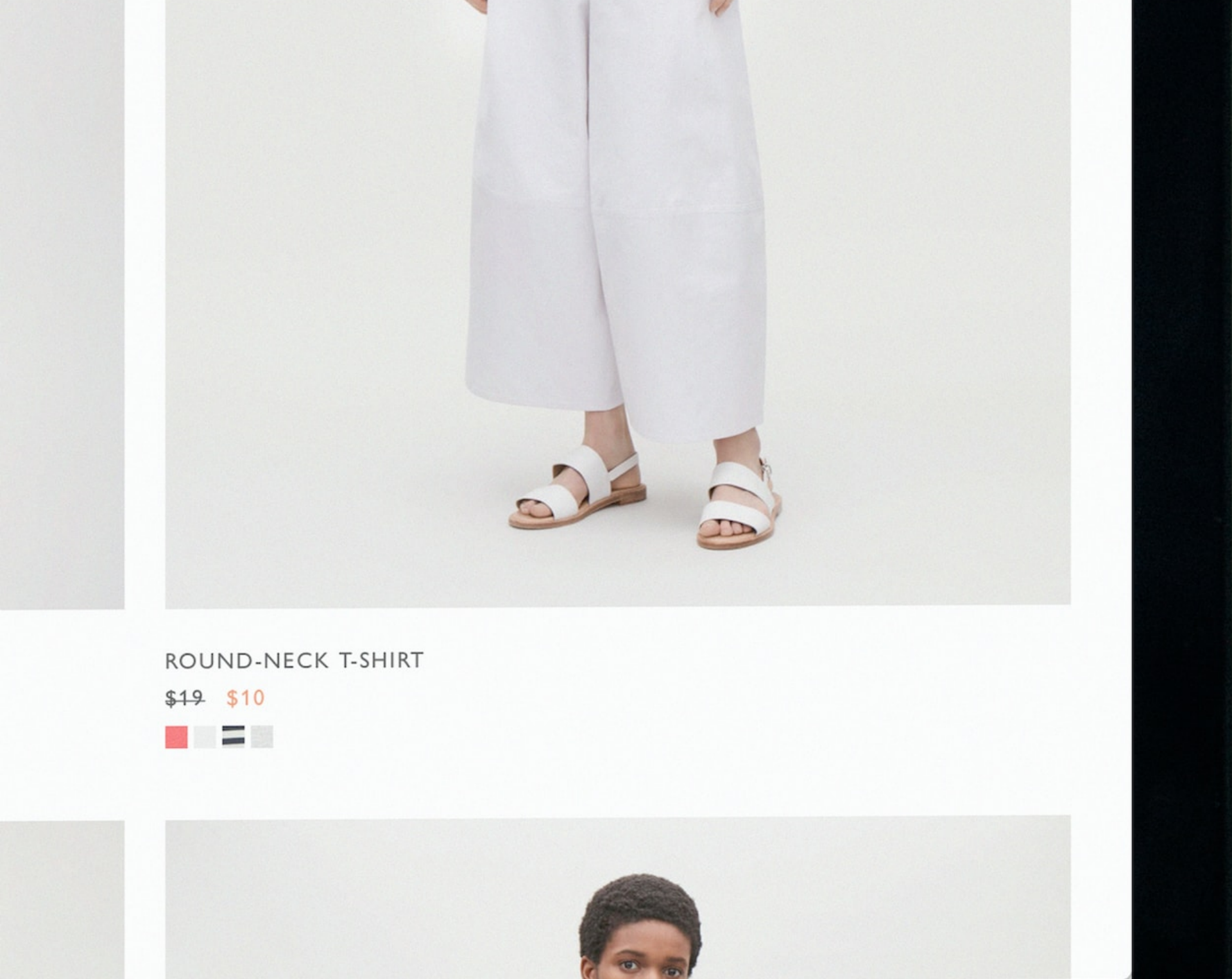


Brands should remember that even with a high efficient ad campaign, they won't achieve success with a poor/bad quality site. So don't forget to prepare sites for customers before ad campaigns, and don't stop improving.

Where can brands *launch* their **ad campaign**?

An advertisement not only tells the user about a brand, a particular product or service, but also leads him to the next platform, where he can get to know the advertised product more deeply. Such platforms can be landing pages, catalogs, sales applications and marketplaces. Let's talk about them.





Online catalogs *and* marketplaces

These are platforms where users can get acquainted with the assortment, as well as purchase the desired goods. An effective catalog is high-quality product photos, accurate and reliable descriptions, mandatory price and availability indication, as well as the ability to leave reviews. The appearance and functionality of a catalog can both attract users and repel users, even if it contains high quality products.

Using native ads and dynamic retargeting, brands can attract users on these platforms and drive sales in a friendly and efficient way.



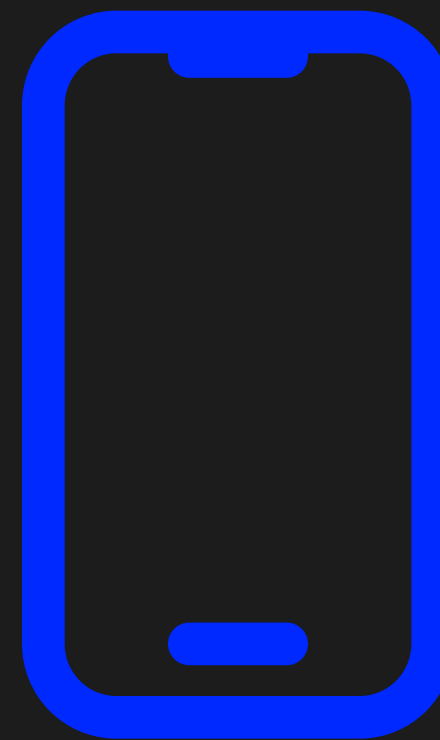
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Product comparison websites

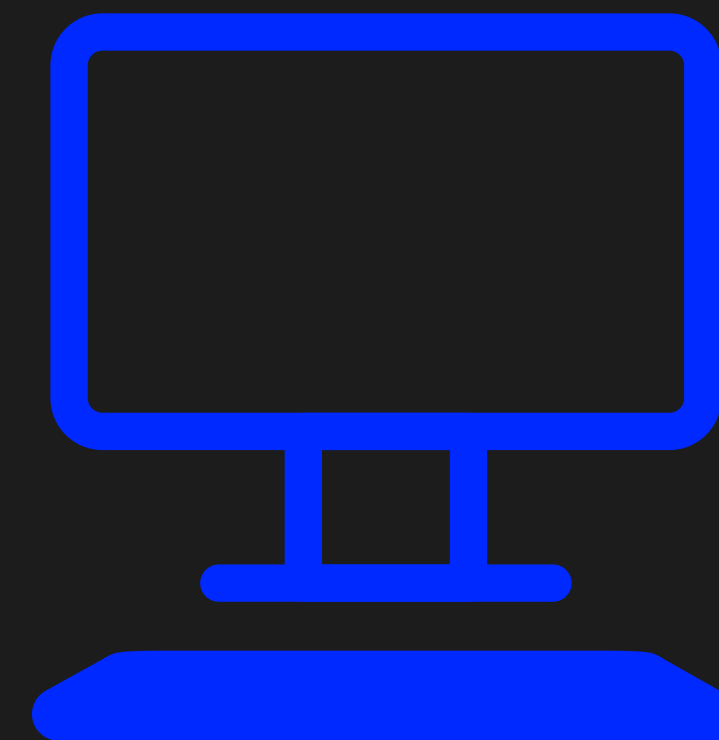
Which type of device do users use to compare different products ?

The customer journey moves across various sites including product comparison sites. They look for the best deals and more value by comparing different items from different brands that do customer journey and pre-purchase research deeper than brands can expect. Consumers likely compare products such as electronics and appliances, streaming devices, vehicles, beauty products, home decor items and even vacation trips



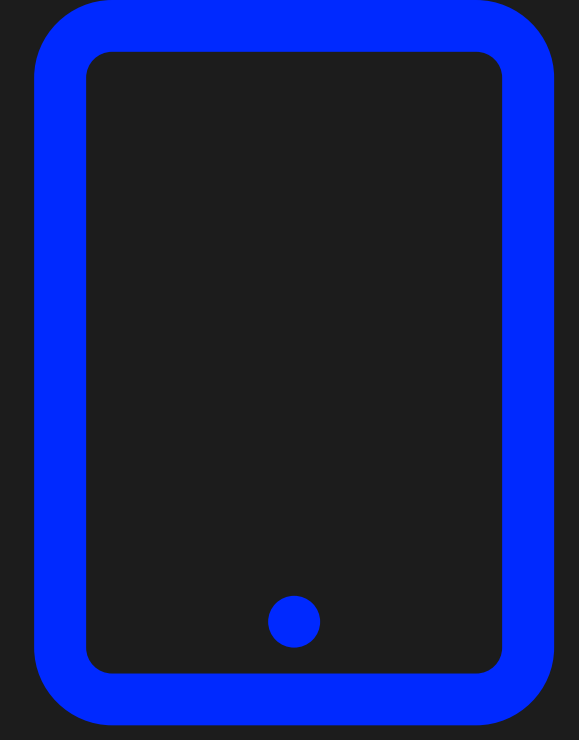
52%

Mobile/Apps



34%

Desktop/Laptop



15%

Tablet

Users powered by technology use comparison sites not only to choose the best price but also to check availability of goods and shop across multiple channels and brands — they are switching between channels to find what they want to buy. That creates new opportunities for brands to increase their revenue.

Since the most profitable offer is often the decisive factor, brands can direct part of the budget to these sites to display banners with discounts for their target audiences. This will help draw buyers to your side.

40%

Use more comparison sites to look for availability

37%

Switch to buying products online

37%

Shop at multiple different retailers to meet their needs

29%

Switch to buying products in-store

29%

Change the retail store/outlet they usually shop in (in order to get the product they want)

Also, it's essential for brands to consider where users look for the best deal — on mobile devices or desktop or both? And don't limit yourself by devices, consider the location of users to boost performance of your ad campaign. For example, it makes sense to offer personalized discounts for users with mobile ads when they are in-store.

33.6% of shoppers look up price comparisons on their mobile device while in a physical store.



Mobile **apps** and mobile **devices**

The digital world continues to shift to mobile. The average user spends more than **4 hours** a day on their mobile, and **92.5%** of mobile time is spent in apps. Users use apps for different goals: entertainment, communicating with friends, education and shopping. So almost each brand can find their target audience in mobile apps.

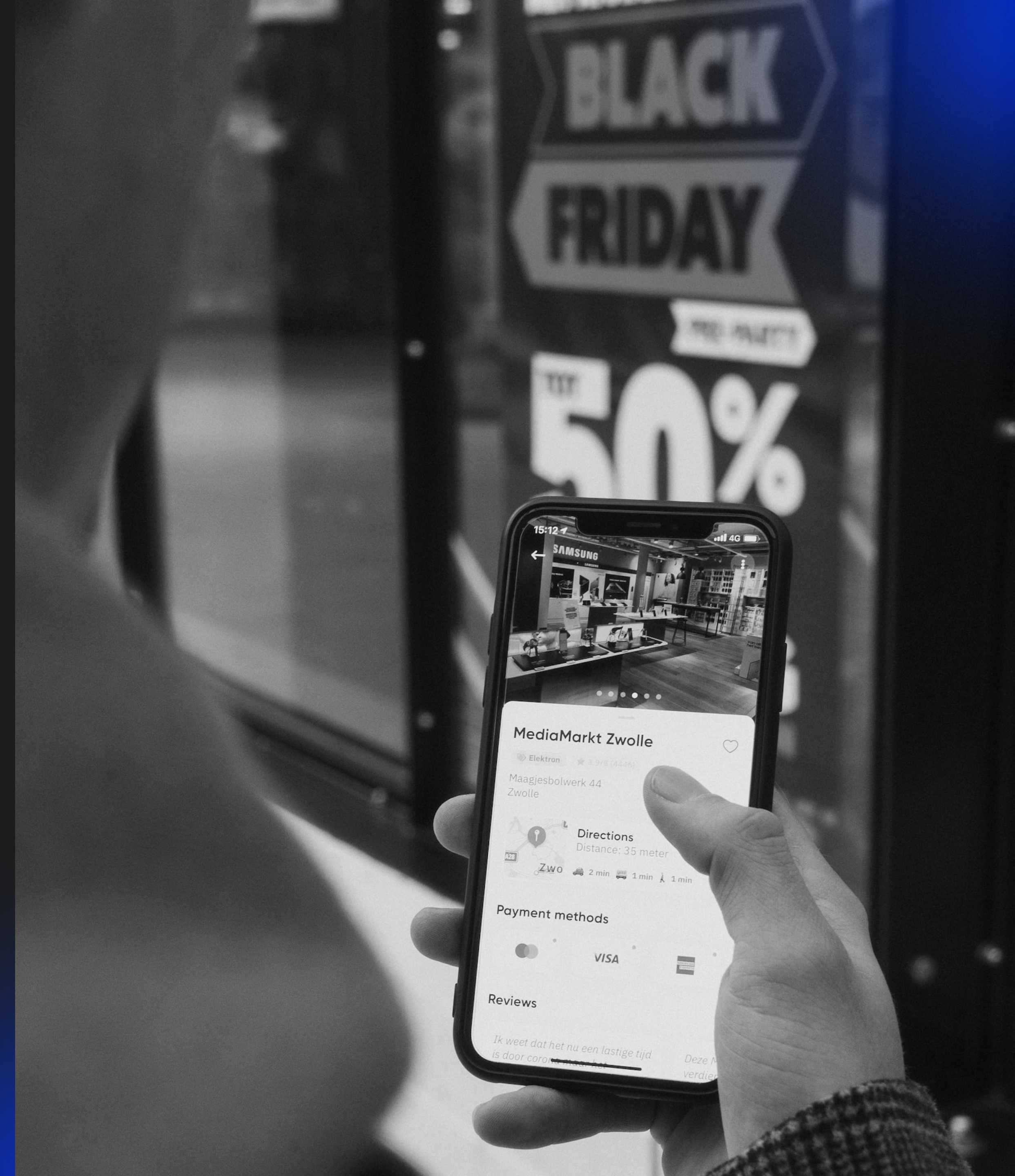
Google Play: Downloads	Google Play: Cnsumer spend	IOS App Store: Downloads	IOS App Store: Cnsumer spend
App Category			
01 Games	01 Games	01 Games	01 Games
02 Tools	02 Social	02 Tools	02 Entertainment
03 Social	03 Entertainment	03 Photo & Video	03 Photo & Video
04 Photo & Video	04 Productivity	04 Entertainment	04 Social
05 Entertainment	05 Lifestyle	05 Shopping	05 Lifestyle
06 Finance	06 Books & Reference	06 Finance	06 Music
07 Shopping	07 Health & Fitness	07 Social	07 Books & Reference
08 Productivity	08 Photo & Video	08 Lifestyle	08 Education
09 Music	09 Education	09 Productivity	09 Health & Fitness
10 Lifestyle	10 Music	10 Education	10 Productivity



Mobile apps and mobile devices

In general, **60.1%** of internet users use their mobile for online shopping. Mobile advertising helps to interact with mobile audiences. In mobile advertising, brands can find all the familiar ad formats — banners, videos, native ads and so on.

It is also important to note that mobile app audiences can be reached by in-app ads. This is an ad in mobile applications that works like any other ad: a user sees an ad in the app, clicks on it, and is on a direct path to a conversion. The advantages of advertising in mobile applications are the absence of ad blockers, an ever-growing audience, high engagement and targeting features — targeting by type of an app. It can be an alternative way to communicate with the target audience for a cookieless future.



Search advertising



Almost everyone has used search engines to find, research and purchase items. Based on statistics, **31.7%** of users use search engines as the main source of brand discovery. It is important to note that the first three organic positions earn more than **50%** of the total click-throughs, and the first ten points have more trust from users. This is because keeping first positions in search engines is very important for brands. SEO optimization of sites for both mobile and desktop will help brands to take the higher position in search engines.

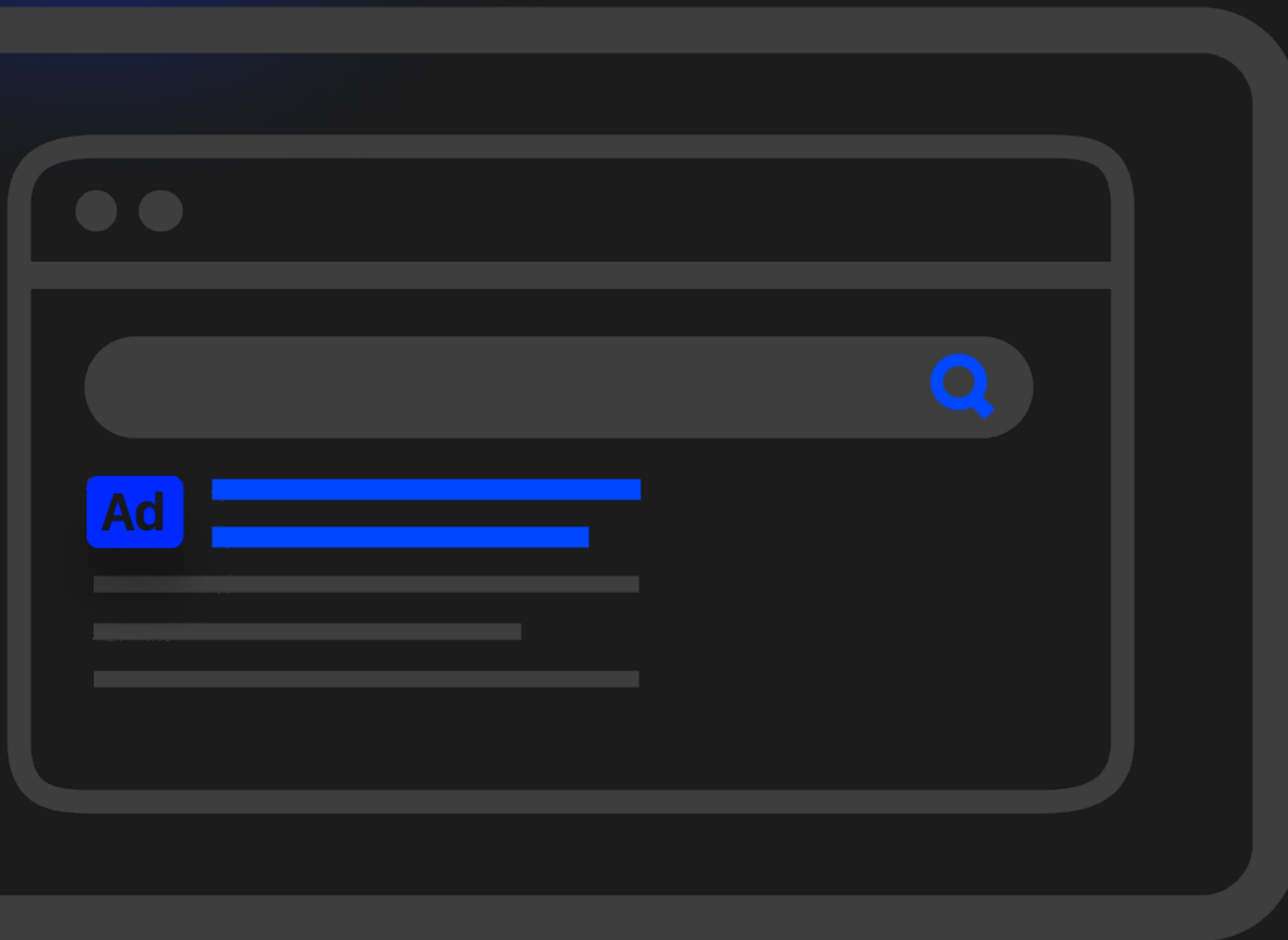
13% of websites are able to retain the same position for a particular search across all devices.



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Search advertising



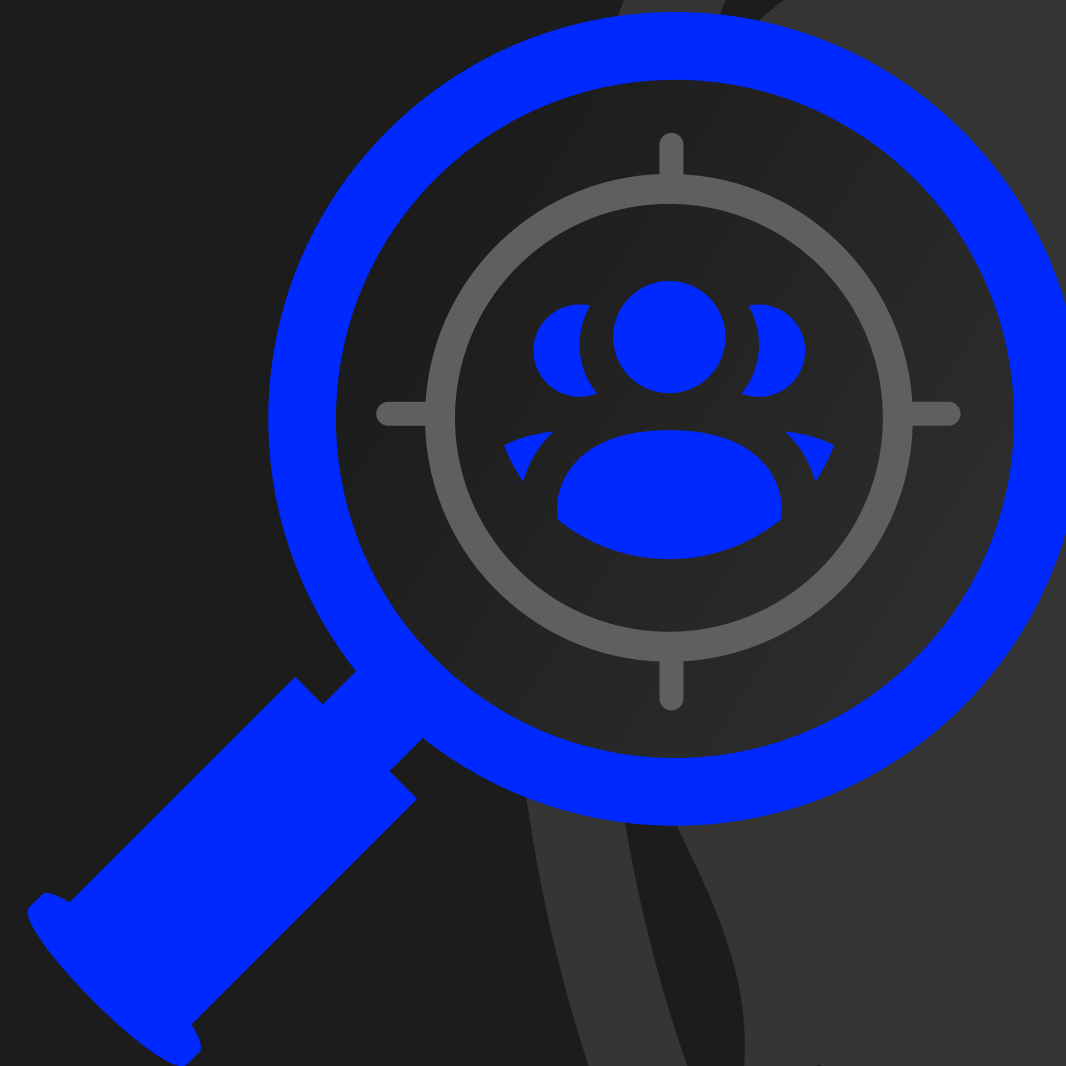
However, it can be difficult for brands to take the first positions in search results because the algorithms of search bots are constantly changing and sites need to update and optimize in real-time. In this case, brands can use search advertising. Search ads is one of the most effective way for marketers and brands to reach their target audience in a precise way.

Ads are launched based on keywords from real users. Targeting is also available, such as sociodemographic, behavioral, and geolocation targeting. Search advertising is perceived by users not only as an advertisement, but also as a hint, advice and an answer to a question. Therefore, the CTR of search advertising is kept at a pretty high level — **3-11%**.

Search advertising

In addition, brands have the option to use retargeting, which allows you to customize your campaigns, ads, and bids so that existing visitors to your site see your ads. Ads are shown only to those potential customers who were on the advertiser's website and included in its target audience.

Programmatic will help you optimize your search ad campaign, allocate your budget and increase the effectiveness of your campaign as a whole. Brands that incorporate a combination of paid search ads and Programmatic into their strategies are more likely to increase conversions and ROI of ad campaigns.





Social media

Social networks have become more important than ever. There are **4.74 billion** social media users in the world. After more than a year of the pandemic restrictions and working from home, users around the world are spending even more time scrolling through social feeds. The average social media user now spends about **15% of their waking life** using social networks.

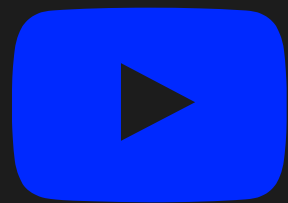


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Social media

average time per month that users spend using each platform's android app, ranked by cumulative time across all android users



23.7

Hours/Month



19.6

Hours/Month



18.6

Hours/Month



11.2

Hours/Month



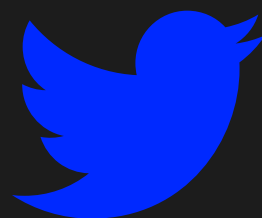
19.6

Hours/Month



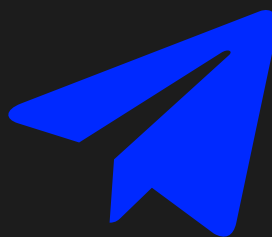
3.0

Hours/Month



5.1

Hours/Month



3.0

Hours/Month



11.6

Hours/Month

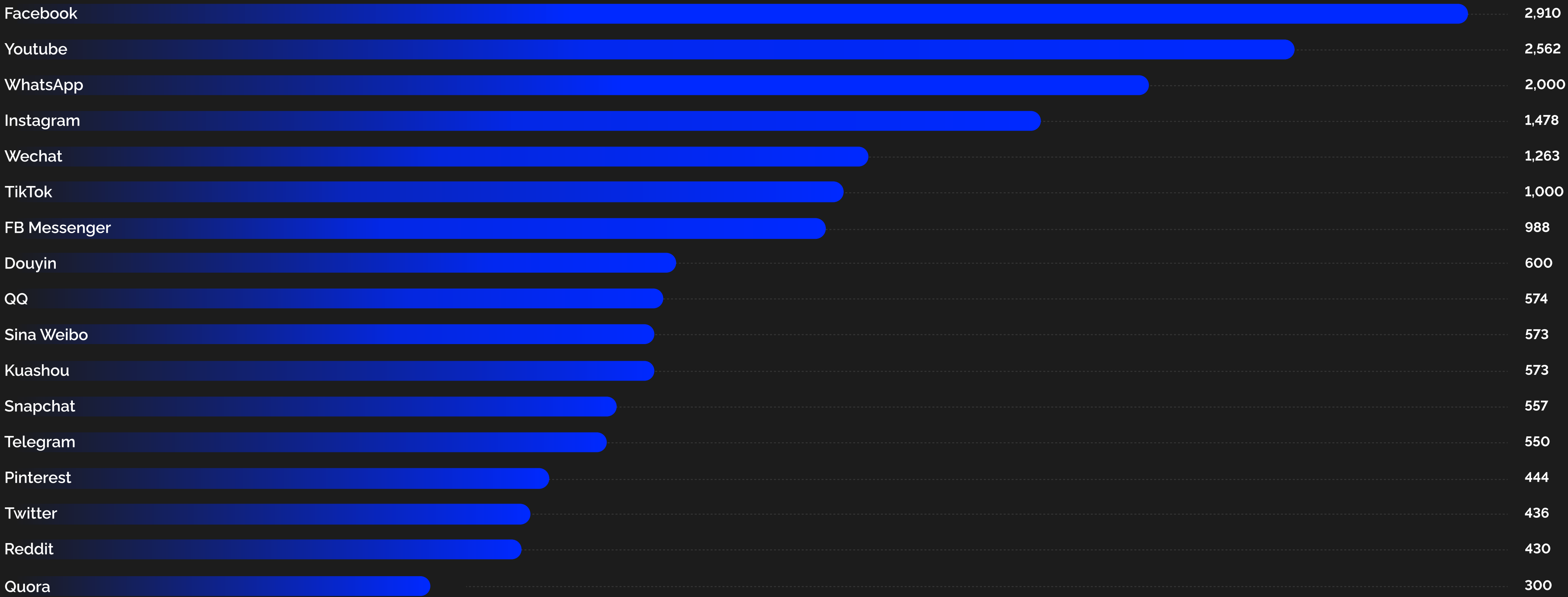


3.0

Hours/Month

The world's most-used social platforms

Ranking of social media platforms by global active user figures (in millions)

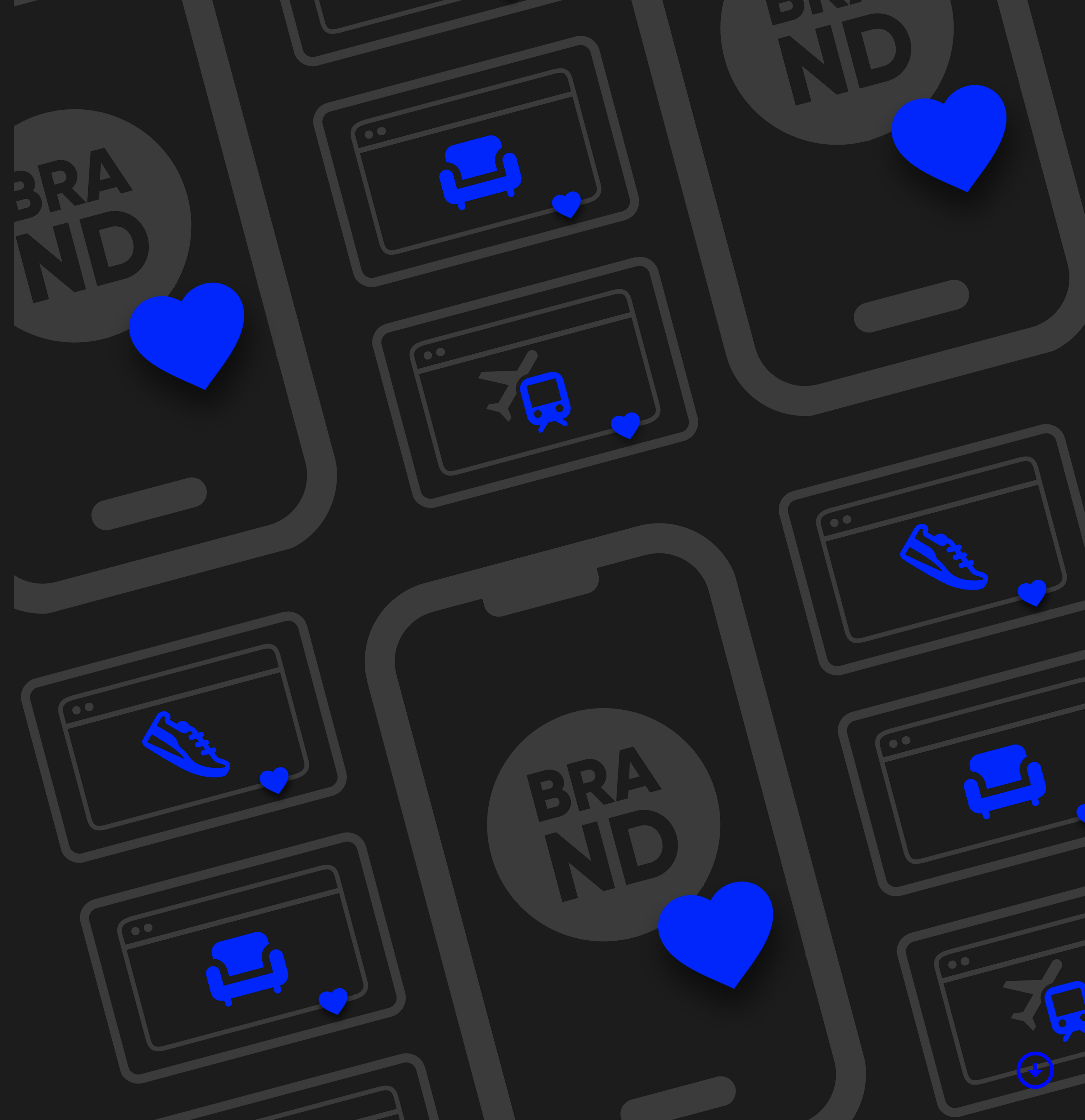


Social media

Today, users treat an online store in social networks equally to a store with an official website. Thanks to social networks, users can learn about brands that are located in another part of the world and order a product or service from them. Moreover, **27.7%** of users directly search and buy goods on social networks.

Social commerce will only get bigger, with more than **one-third of Facebook** users planning to make a purchase directly through the platform. Also, hashtags play a significant role for brands. As users not only consume brand content but also tag brands that they like. It helps drive brand awareness in a native and ad free way.

Interestingly, there are different popular product categories among social media users. B2C as well as B2B business can find potential clients on social networks. And programmatic advertising can help them to do that in an efficient way.



Social media

Ad Format

For whom



Facebook

Video

Carousel ads

Promo post

Lead generation form

Stories ads

Slideshow

Instant experience

B2B and B2C segments of business can use ads on Facebook. Brands need just choose the correct ad format for their ad goal.



Instagram

Stories ads

Video ads

Carousel ads

Collection ads

Explore ads

Shopping ads

Reels ads

As the social network has a wide range of ad formats, it is suitable for almost every business. However, it is better to look for another platform for brands with comprehensive B2B products.



LinkedIn

Lead generation form

Sponsored content

Text and dynamic ad

Sponsored messaging

This social network is one of the best choices for B2B. The social media has a small choice of ad formats but it has an engagement audience interested in business.

Social media

Ad Format

For whom



Twitter

Image ads

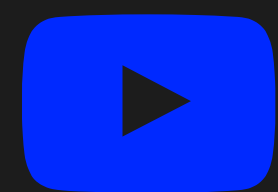
Video ads

Carousel ads

Moment ads

Text ads

This social platform is suitable for brands who look for a better engaging audience to drive interest of users for the first and middle-stages of the sales funnel.



YouTube

Skippable in-stream ads

Non-skippable in-stream ads

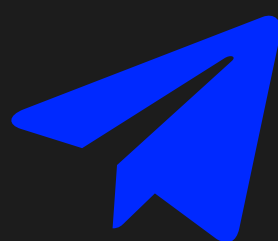
In-feed video ads

Bumper ads

Out-stream ads

Masthead ads

YouTube offers a cost-effective way to reach a large audience with different interests, and every business can find its target audiences there. It's one of the best choices for the first and the middle-stage of the sales funnel.



Telegram

Text ad

As telegram is a messenger, there are only a few features of advertising. So with a short and clear ad message brands can interact with a high engagement audience but messenger isn't for fast results. The platform suits businesses that look for a way to interact with audiences and step by step grow purchase intent for a long term.

Social media

Ad Format

For whom



TikTok

Image ads

Video ads

Carousel ads

Playable ads

Spark ads

More suitable for B2C brands.



WhatsApp

Video ads

Image ads

Carousel ads

The messenger is suitable for small business-to-customers brands who are looking for a way to drive engagement and interest of the audience. As the messenger provides the opportunity of cross-platform interaction with the audience, brands can use WhatsApp on the first and second stage of the sales funnel and continue communication with the audience on other platforms — Instagram or Facebook.



Snapchat

Single image ads

Video ads

Collection ads

Story ads

Snapchat suits all businesses — big or small. It helps drive engagement, awareness and user interest.

CTV — advertising on connected TV

CTV advertising is a form of digital ads that appears within streaming content. For example, it includes ads shown alongside TV shows or livestreams viewed on streaming devices. Another example is interactive ads, which are shown to a specific audience and include actions for viewers to take. As connected-tv includes several devices, advertisements can be shown on SmartTvs, game consoles and so on.

69% of regular TV viewers say that
they pay more attention to
streamed TV than live



CTV — advertising on connected TV

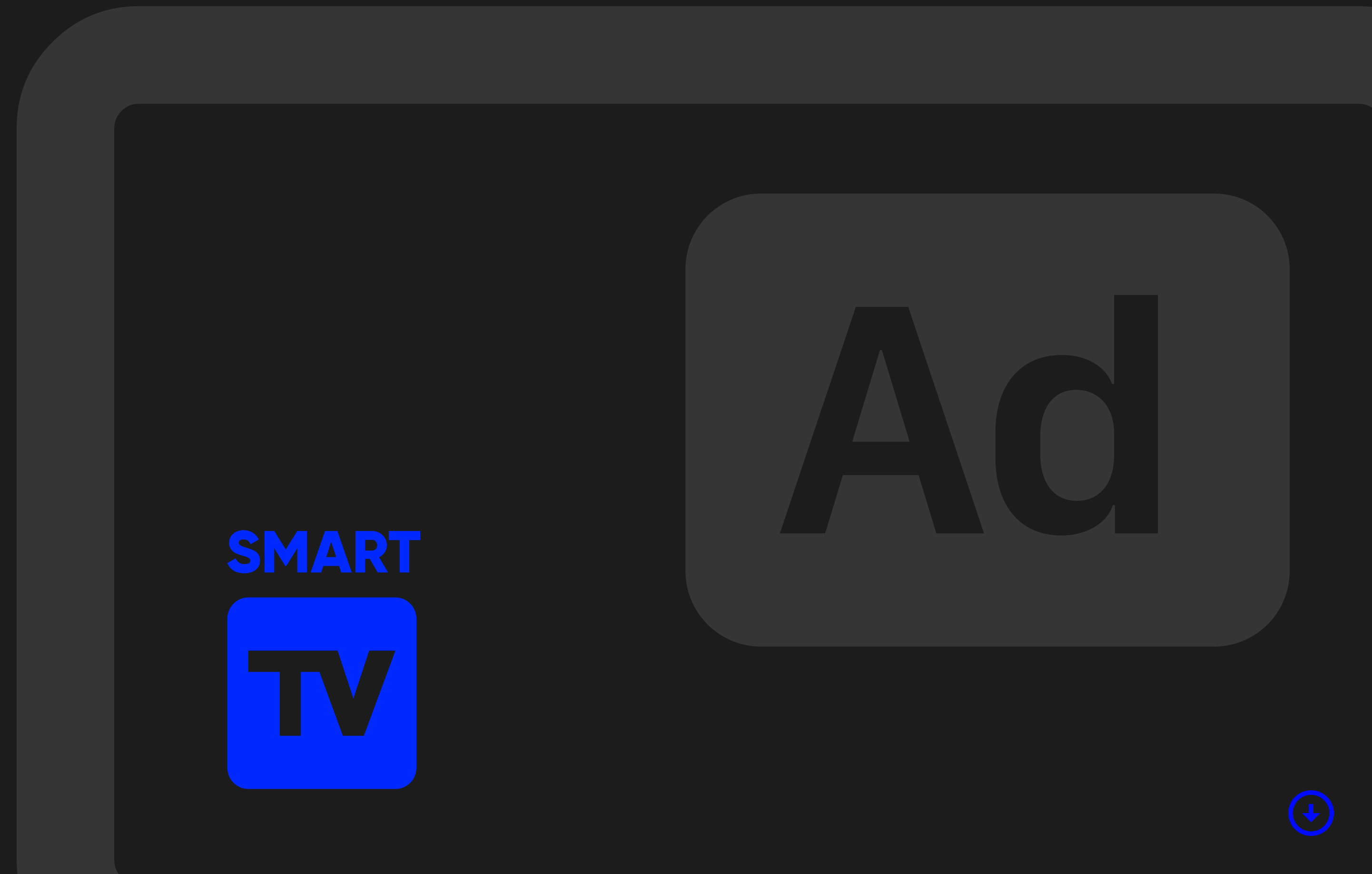
Connected TV can help you reach vast audiences that aren't watching cable anymore — or never did. You can also unify your ad buys across linear and streaming, with smarter measurement and more control over who sees your ads and how often.

72% vs 61%

Regular viewers of CTV are more accepting of ads in exchange for free online services vs those that don't watch CTV regularly.

60% of 16-34 y.o. user feel

Streamed ads on CTV are seen as less intrusive than live ads



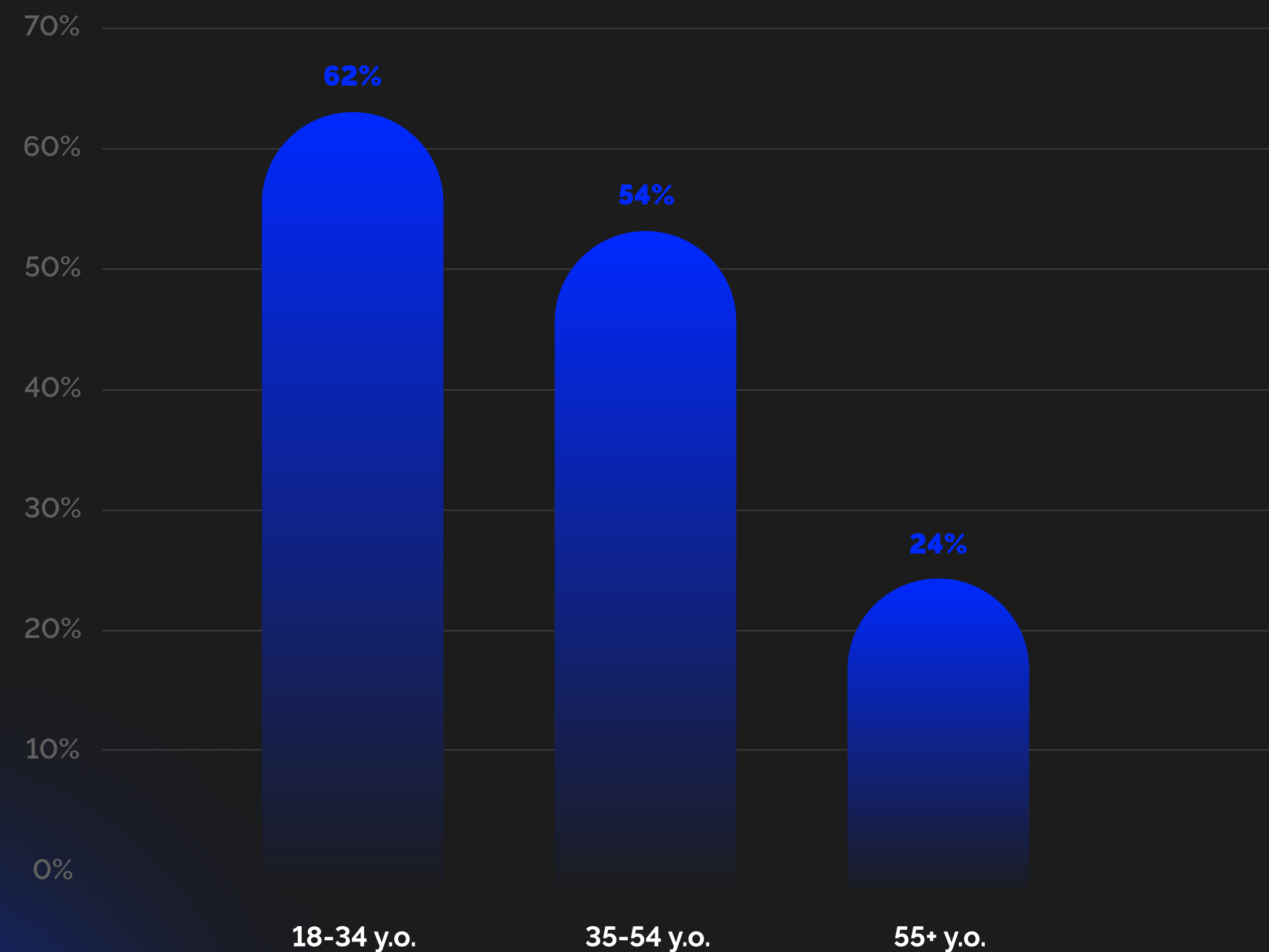
The research based on Oberlo, Statista, DataReportal, McKinsey, Shopify © 2022 NT TECHNOLOGY





CTV — advertising on connected TV

For brands it may look like the audience of CTV and other streaming services are too young. But as technology evolves, Connected TV has become more accepting for various audience groups.



92% of Generation Z watch at least some TV content, spending more than four hours a day watching TV content — lower than all adults at 5.9 hours, but still substantial. Moreover, many users are watching streaming and TV content with their mobile phones in their hands — **45%** of Gen Z are regularly shopping on their phones while watching television. Using CTV advertising brands can drive sales.

NT Technology can help boost brands TV ads performance. Also, we can synchronize brands advertising with TV ads with TVSync technology. It increases conversion rate and effectively moves users through the sales funnel to conversions.



It's time to measure *your* **success**

Without performance measurement, analytics and optimization, any advertising campaign turns into a blind attempt to find the right levers, and this rarely leads to really high results. The use of analytics systems makes it possible not only to see and analyze the final result of an advertising campaign, but also to optimize and redistribute the budget to channels with higher rates during its operation.



Optimization of advertising and product information

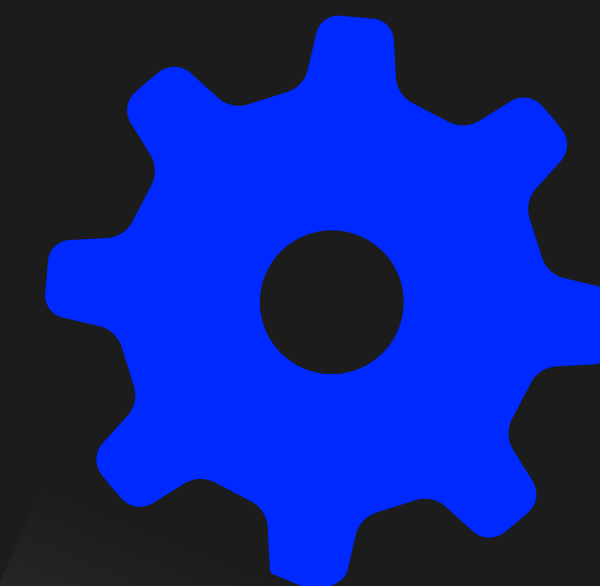
When speaking about e-commerce, it is important to optimize not only an ad campaign, but also product information. Users need to have up-to-date information about the product at the very moment when they are interested in it. This applies to price, quantity, availability and delivery time, color, size, etc. In turn, this will also help to study the behavior and preferences of the audience.



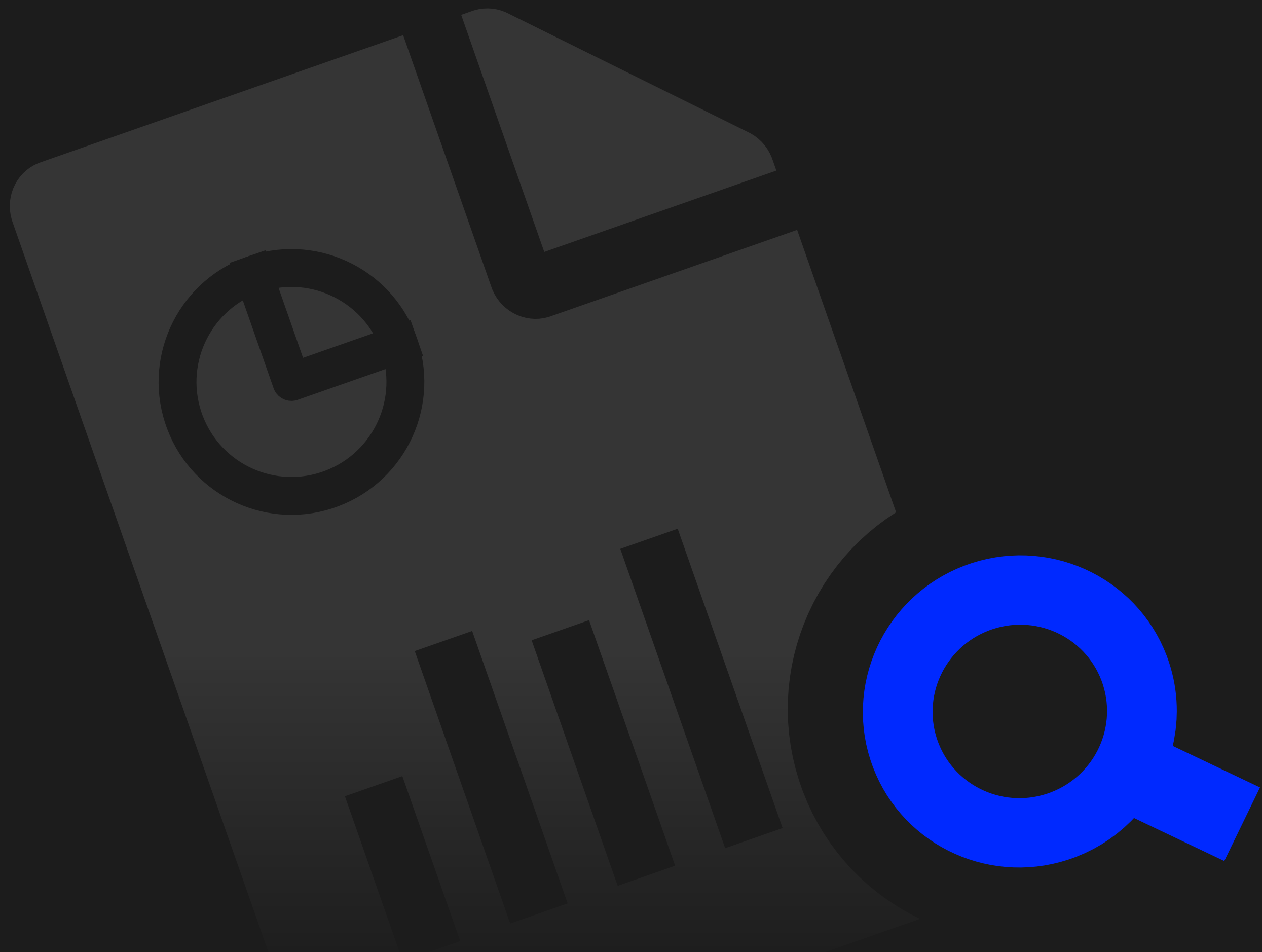
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Budget management

Real-time optimization and control of indicators
saves time and money, because NT DSP
provides automated optimization of advertising
channels, audience segments in one place.



Analytics and insights

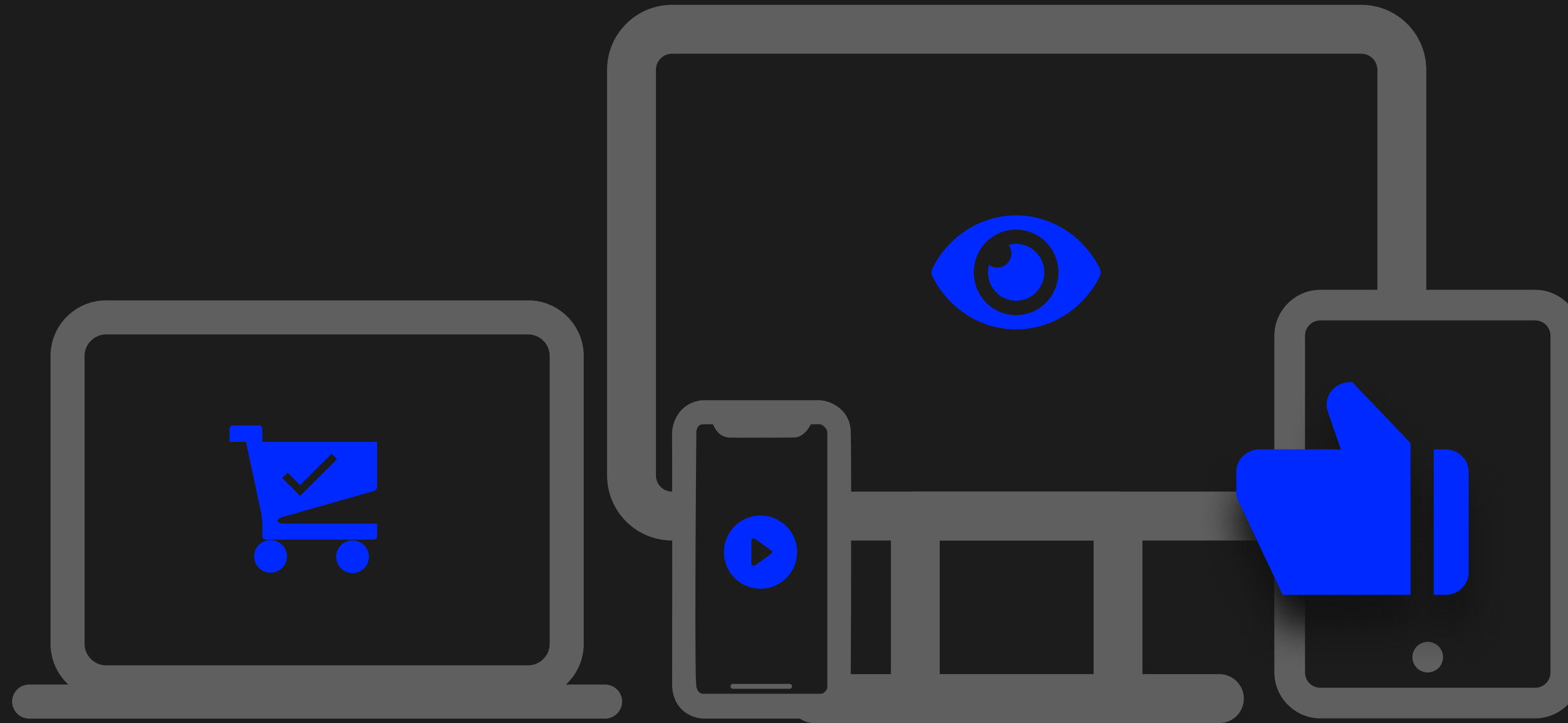


Get to know your audience: what they do on the site, why they put a product in the cart but abandoned it — all these points need to create a picture of the target audience behavior, which can later be used to improve a brand's website and products in order to better meet the expectations of visitors. Also, in the course of analytics, you can learn interesting facts and patterns about users that cannot be noticed by simply observing the results.

What to look for when evaluating **an advertising campaign?**

Each stage of the sales funnel has its own KPIs. For example, if the purpose of advertising is to attract user attention to the brand, then you need to focus on outreach, awareness, i.e. for quantitative indicators. The Performance advertising campaign prioritizes the number of sales and, as a relative indicator, the conversion from registration to payment.

Conversion



is a performance indicator, the percentage of site visitors who completed targeted actions (made a purchase, registered, subscribed, etc.) from the total number of visitors who came from a particular channel or source

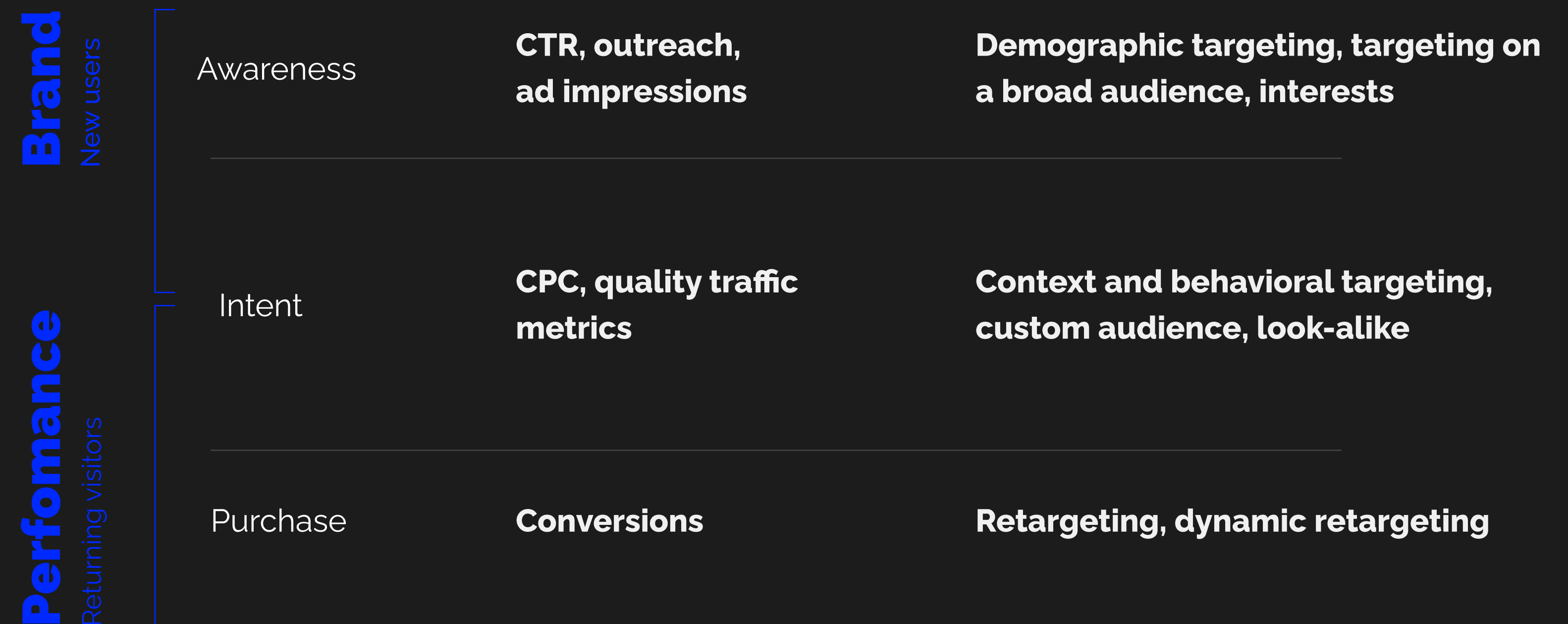
Return on investment (**ROI**)

tells brands how much ad efforts their business earned. The higher this number, the better. The ROI accounts for all of the brand's expenses and earnings related to a campaign. When focusing on ROI, it is worth remembering that in parallel with people who click on a banner, there are people who see it, remember it, but turn into customers much later through other channels, such as self-search.

Customer lifetime value

(CLV)

shows how much a customer is worth to brands over the course of their relationship with a brand. You want to increase this number over time through strengthening relationships and focusing on customer loyalty.



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For over 10 years, NT Technology has been helping brands reach customers and increase revenue with programmatic solutions. Leverage unique targeting data, custom audience segments, fraud protection, and multiple ad formats to increase revenue on par with the biggest e-commerce brands with NT.



Need help promoting your business?
Write to us: info@nt.technology

