IMRG + Lucidworks

Site Navigation and Personalisation

Are you getting the most out of your online store?

Contents

Meet the Experts

imrg | The UK Ecommerce Association

"IMRG are excited to be working alongside Lucidworks, to conduct an important investigation into how navigate sites and search functions, and to find out what retailers are offering. This is a great opportunity to learn about best practice, and how to optimise your site to ensure customers can navigate and search as easily as possible, to unlock the potential of your product range."

About

We help our members understand and improve their online retail performance through a busy programme of performance benchmarking, data analysis, insight, best practice-sharing and events. We have been tracking online sales since 2000 – and now measure over 120 individual metrics in a series of indexes, providing in-depth intelligence on online and mobile sales, delivery trends, marketing ROI and channel performance.

Editorial

Andy Mulcahy, Strategy and Insights Director at **IMRG**

Emily Black, Content Executive and Analyst at **IMRG**

Lucidworks

"Understanding consumer wants and desires and connecting them with the right product offerings is the key to successful retailing. But with supply-chains in flux and multiple challenges to understanding consumer intent, this is no simple task.

From the latest analysis of retail data relating to site search, to primary research exploring consumer site navigation and the state of retail technology adoption, we hope you find this latest research in collaboration with the IMRG team as insightful as we do."

About

In the paradigm of revolutionary and refreshing, Lucidworks product discovery solutions pull the best from both worlds. Our ecommerce solutions are the only on the market that blend semantic vector search (a revolutionary technology designed to understand shopper intent) and traditional search enhanced by artificial intelligence and machine learning technology.

Lucidworks provides customers with a robust and flexible set of search, browse and discovery solutions that allow them to deliver better performing, more memorable, personalised digital experiences to their shoppers.

Nick Jones, VP Professional Services at **Lucidworks**

Sanjay Mehta, Head of Commerce Industry at **Lucidworks**

Peter Curran, General Manager at **Lucidworks**

Methodology

This report shares the findings from an IMRG study looking at how customers navigate retail sites, how use of the onsite search function influences outcomes and what customers expect from retailers.

There are two parts to our findings in this report: the customer survey conclusions, and the findings from our retailer research. Firstly, we found out what customers experienced with site navigation, search, and recommendations, and then compared this to what retailers were offering.

What's inside?

- Customer survey, purchasing behaviour
- Customer survey, retailer recommendations
- Retailer research
- Site optimisation
- The customer funnel
- Search terms

Customer research

IMRG conducted a survey of 1,000 UK customers, aged 18+ in May 2022. This was to find out how they search across websites, and their general experience of site navigation and search. What can personalisation offer customers?

Retailer research

In May 2022 IMRG conducted a survey asking retailers specific questions about the performance of their onsite search functionality and customer navigation throughout the site. 40 retailers responded to the survey, ranging from multi-billion pound online turnover, to smaller specialist retailers. The data gathered was from the time period of 1st January, to the 31st March.

The goal is for retailers to be able to take away an accurate picture of the current cross border landscape, in order to better understand where they fit into it.
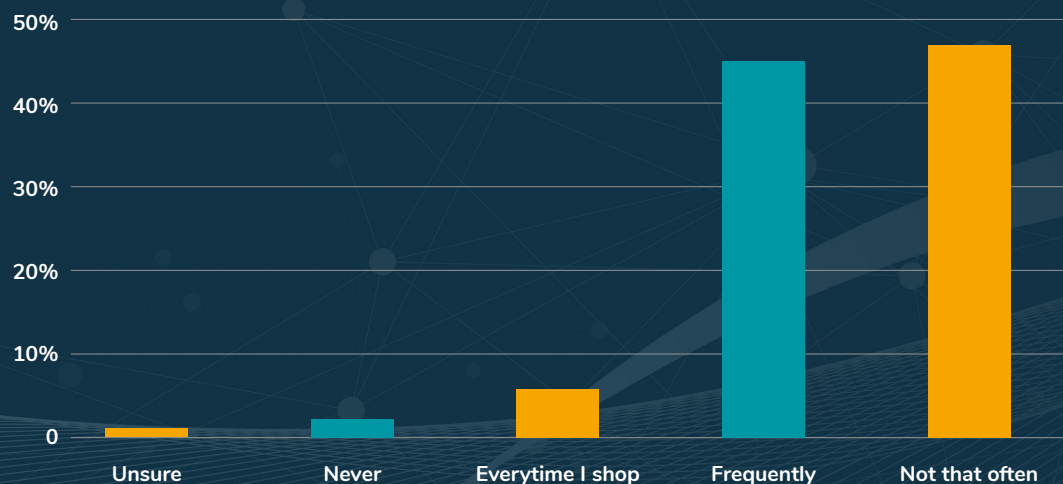
Customer survey: Purchasing behaviour

To kick off our customer survey, we asked our 1,000 UK buyers how frequently they found that specific items they were looking for are out-of-stock when buying online. The results are quite alarming if not entirely surprising given the current context, with ongoing supply chain issues, the war in Europe and the aftermath of Brexit causing retailers supply headaches. Although 47% of respondents said it wasn't that often, this was followed closely by 44% of shoppers saying it was frequent.

We went on to ask whether shoppers thought that the frequency of items being out of stock online had changed during the pandemic. 51% said they thought that it had increased a bit, and 22% said it had increased a lot. The pandemic caused infamous ongoing supply chain issues, with lorry drivers in high demand, and the price of shipping containers increasing up to ten-fold. Many retailers found that their stock was arriving months after it was ordered, which is problematic for seasonal items.

How frequently do you find that specific items you're looking for are out-of-stock when you're buying ONLINE?

|	Unsure	Never	Everytime I shop	Frequently	Not that often
%	~1%	~2%	~6%	45%	47%

Customer survey: Purchasing behaviour

A word from Lucidworks

Supply chain issues are making stock management particularly difficult for retailers at the moment. However not having the desired item in stock doesn't automatically spell disaster – If relevant alternatives are surfaced by your site search and merchandising platform.

This can be difficult to handle however if retailers are using a manual, rules-based system. Without the right technology, this work can be highly people intensive & hard when trying to coordinate rapidly changing stock levels and relevant alternative products.

The key to success is to let machine learning take the load, learning from search behaviour and purchasing outcomes to guide alternative recommendations for your customers.

Do you feel the frequency of out of stock items ONLINE has changed during the pandemic?
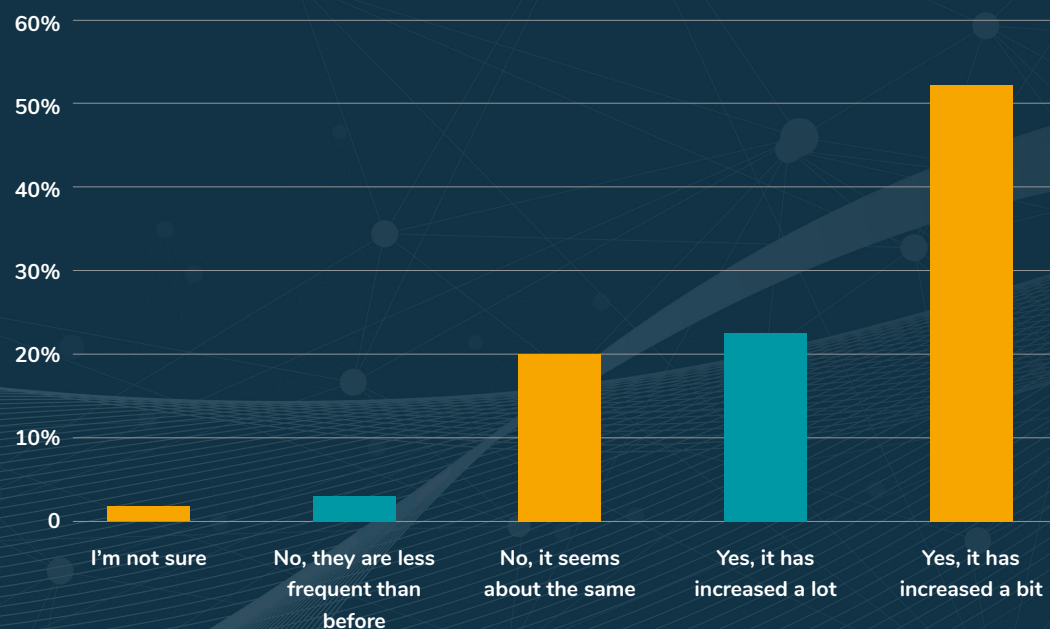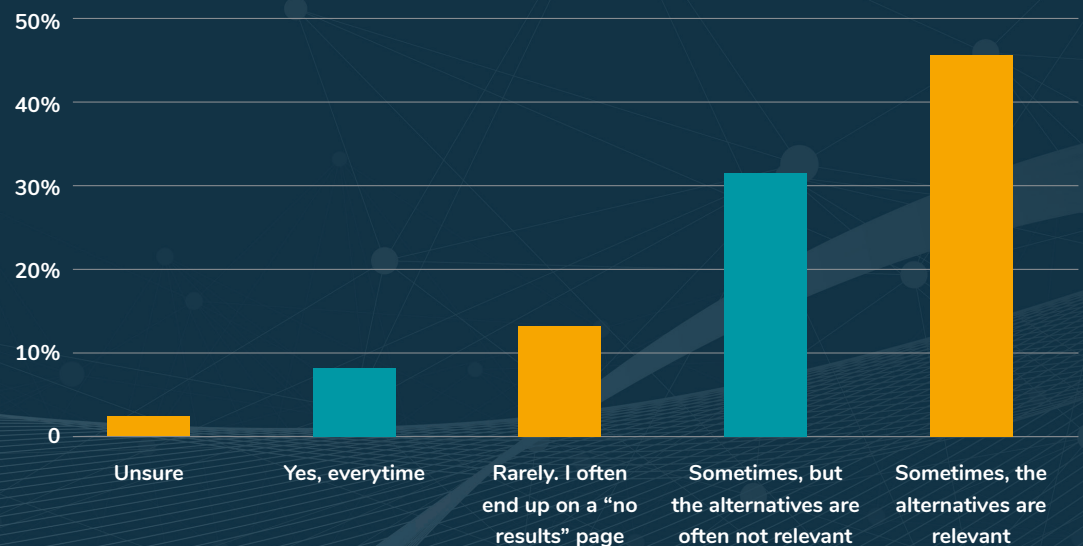
What happens when items are out of stock?

Since the majority of shoppers believe items have gone out of stock more in the past few years, what happens when these items do disappear? We asked shoppers if sites were offering alternative items when the product they were looking for is out of stock, and the results were relatively positive, as 45% said that they sometimes were, and these results were often relevant. However, 31% of respondents said sometimes, but they often weren't relevant. A further 12% said rarely, and only 7% said they were getting alternative recommendations every time.

To dig deeper into the customer experience, we found out what was wrong with the substitutes which were offered. Almost half of respondents (48%) said that the item was often too different from what they were after, and 32% said they didn't like the alternative brand offered. Between 22-26% had other complaints, such as the price being too different, the quality lower, or the item not serving the same purpose as the original.

When something is out-of-stock are sites offering an alternative item?

Bar chart with y-axis from 0 to 50% (gridlines at 10%, 20%, 30%, 40%, 50%). Categories: Unsure (~2%), Yes, everytime (~8%), Rarely. I often end up on a "no results" page (~13%), Sometimes, but the alternatives are often not relevant (~31%), Sometimes, the alternatives are relevant (~45%).
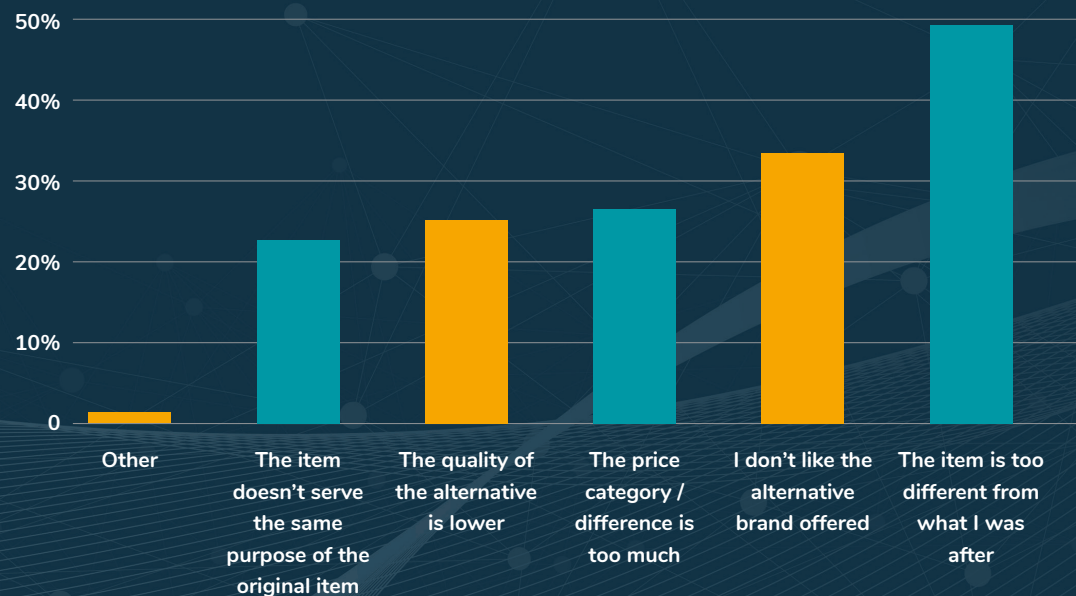
What happens when items are out of stock?

A word from Lucidworks

Relevancy is the key here – and it's a big issue with 45% of respondents reporting either ending up on 'zero results' pages or being offered items that were not relevant to their search. This indicates that merchandising software has an incorrect or non-existent interpretation of the search terms.

The good news is that there are significant clues retailers can use to deliver search results that are relevant – we call them 'signals' (customer profile, page views, brand preferences, clicks, queries, email opens, POS data etc) combined with context that clever AI combines to seek out the next best alternatives.

When something is out-of-stock are sites offering an alternative item?

Bar chart with y-axis from 0 to 50% (in 10% increments):
- Other: ~1%
- The item doesn't serve the same purpose of the original item: ~23%
- The quality of the alternative is lower: ~25%
- The price category / difference is too much: ~26%
- I don't like the alternative brand offered: ~33%
- The item is too different from what I was after: ~49%

Retailer recommendations

To find out what customers are likely to do if they can't find items they want in the recommended alternatives, or on the search bar, we asked whether they were likely to switch to a competitor's site, if this were the case. 56% of customers said they'd go elsewhere, making this the majority. 21% said they'd look for an alternative on the same site, whilst 18% said they just won't buy anything. Those that said 'unsure' cited answers such as it depends on the item, for example they would only buy certain brands for some items, and not for others.

If you usually shop with a retailer, but they don't have the brand you are after in stock, would you likely switch to a competitor's site?

	Unsure	No, I just won't buy anything	No, I'll look for a substitute on the same site	Yes, I'll go elsewhere
%	~4%	~19%	~21%	~57%
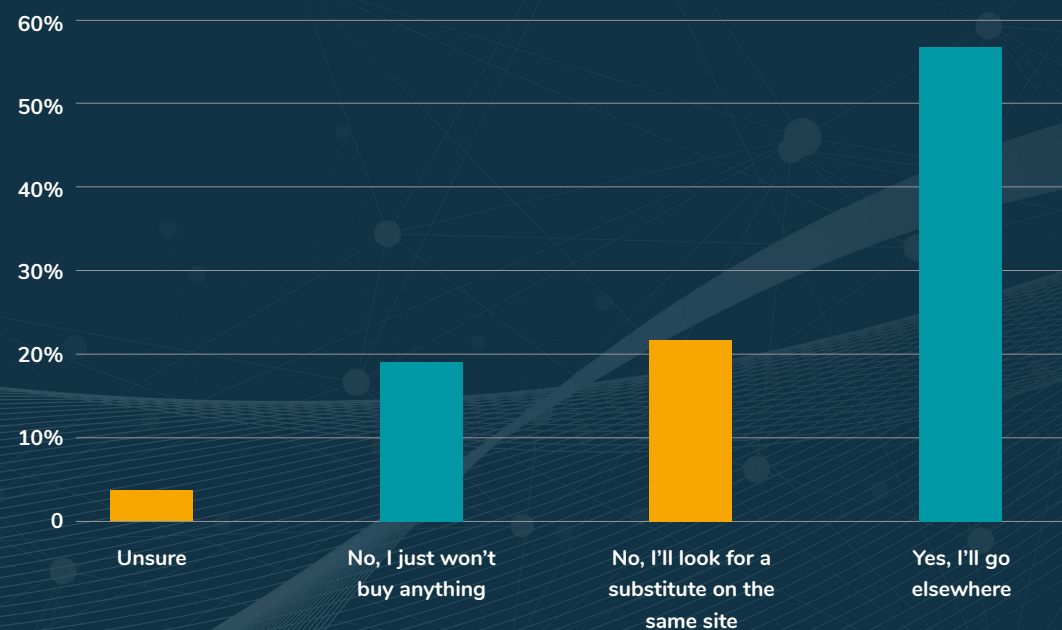
Retailer recommendations

A word from Lucidworks

Understanding context is key. Is the brand the most important part of the search? Is the function of the product the priority? What price affinity does the consumer have? And how much does that matter?

The ability to have this information accessible by your search and personalisation solution makes it possible to better understand your customer's intent and most likely preferred alternatives.

But let's be clear; this is not feasible or scalable through building manual, lexical rules-based systems. The myriad of search, product and signal combinations, combined with ever-changing product offerings and stock levels make this a task for AI-driven solutions that can work, learn and perform in the fluid here and now.

Searching for product information

We then asked how our respondents searched for non-product data. Non-product information from a retailer might include finding out about shipping times, what delivery options they're offering, where their stores are located, or how to contact a team member for help. 50% of respondents said they would use the search bar on the website, making it a powerful tool for both product, and non-product related searches. 26% said they'd use a chatbot for help, and under 20% said they'd use phone services or ask in store. Customers are likely to want to use the search bar, for its ease, and obviousness.

To further investigate, we asked what customers would do if they couldn't find non-product information on a retailer's site. The majority (44%) said that they would buy online from another website, whilst 16% said they'd buy from the retailer anyway, and 15% would go in-store and ask. The majority of answers given when respondents selected 'other' would choose Google or look it up online or try to contact the retailer through email or a chatbot.

What is your preferred method for finding out non-product information from a retailer?
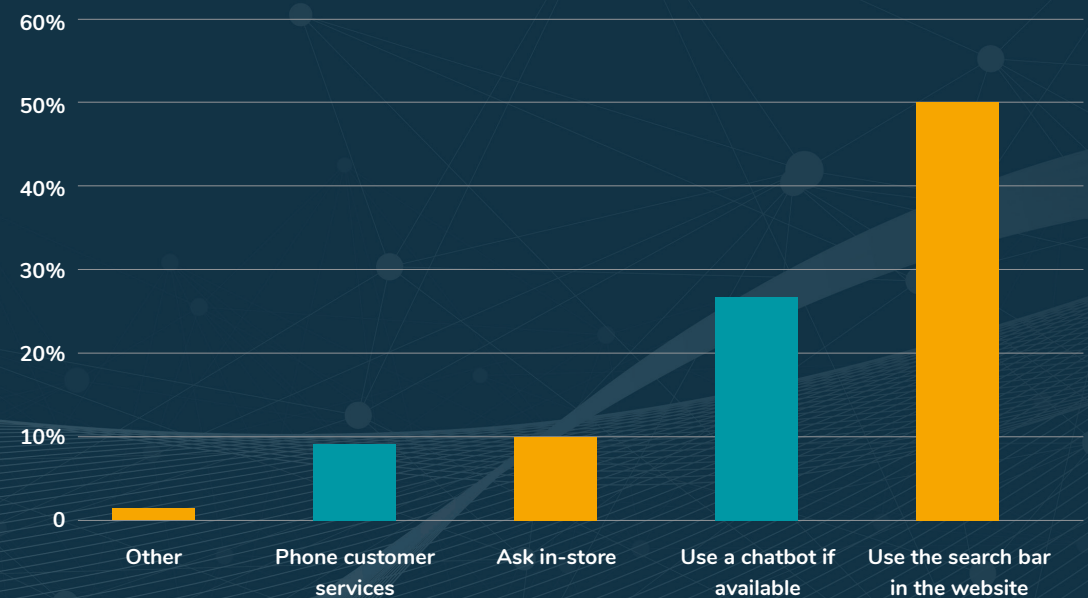
Searching for product information

A word from Lucidworks

An area frequently overlooked is the importance of surfacing accurate non-product information through search – examples include compatibility information, customer reviews, assembly or 'how-to' guides, warranty information or frequently asked questions. It's a big risk area for retailers as 45% of consumers will leave to buy elsewhere, while a further 12% will take the costly 'call centre' route if their online search is not successful.

A good integrated search solution is able to mine multiple information repositories and learn from customer clicks and 'next steps' to prioritise the right information to solve customers' queries.

What do you usually do if you can't find non-product information from a retailer's website?

|	
Other	
Phone the retailer's customer service	
Go in-store and ask	
Buy online from the retailer anyway	
Buy online from another website	

Retailer research: site search and optimisation

Moving on from our customer survey, in May 2022 we conducted a survey asking 40 retailers (from multi-billion pound online turnover, to small specialists) about the performance of their onsite search functionality and customer navigation.

We started by asking our retailers what the total overall website conversion rate was for the time period of 1st January to 31st March. This was calculated as the total number of orders, divided by the total number of sessions, to show us their conversion rate. The graph shows us there was some variation between 0.1% to 5%, and the average conversion rate across the 40 retailers (each number on the x axis of the graph represents a retailer) who submitted data was 2.8%. Lower conversion rates all tended to be in the same sector, which is home and garden, where more expensive, long lasting products are likely to be sold. It's important to know 2.8% as the average, despite some variation, as we can use this for a benchmark later in the study.

Website Conversion Rate - 40 Retailers

2.8% average
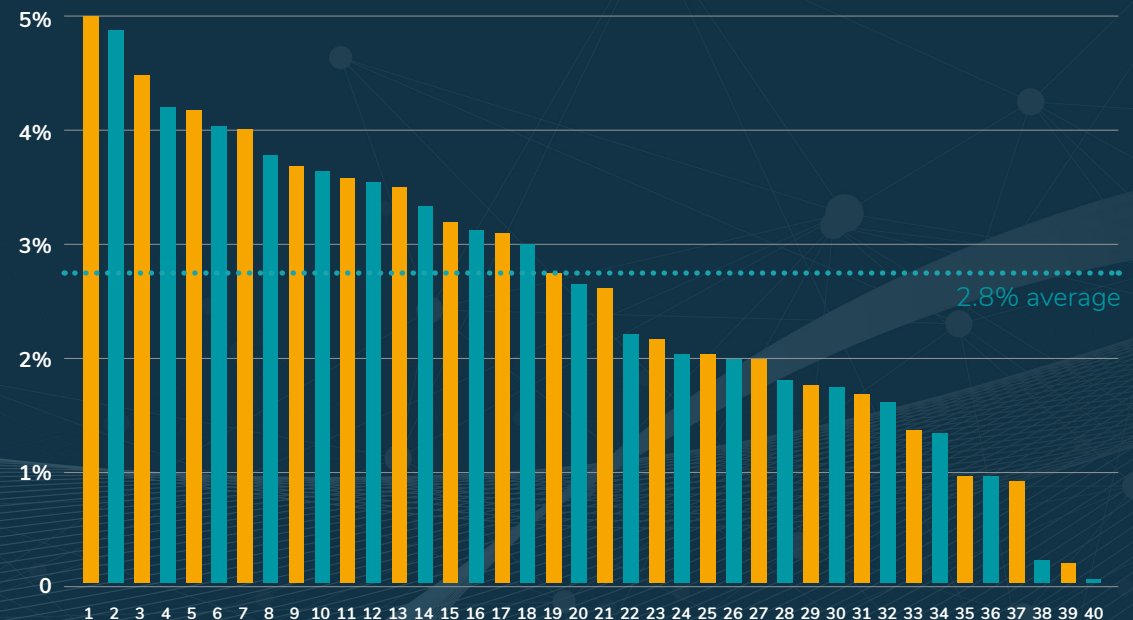
Retailer research: site search and optimisation

A word from Lucidworks

The pandemic played out the power of trending items in a whole new way. Mass hysteria for toilet paper? Sourdough starters for first-time bakers? Peloton bikes in the bedroom? Understanding how different products convert - and being able to adjust promotions, search results, and recommendations incredibly quickly - is a critical component of ecommerce strategy underpinned by your search and discovery platform.
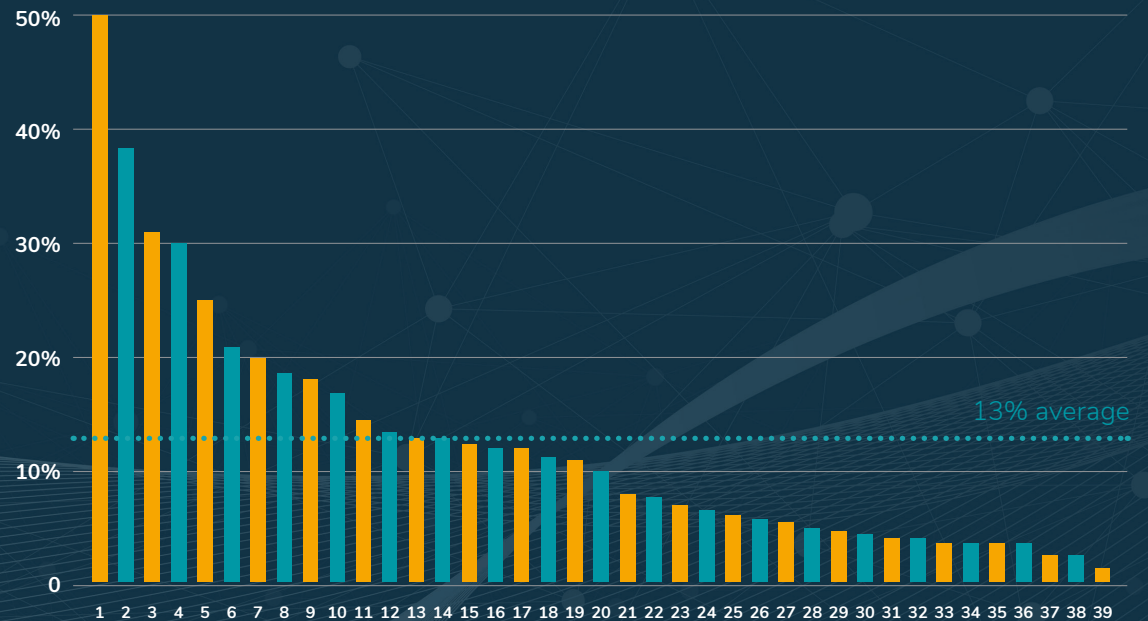
Search usage

Now we know that the average conversion rate is 2.8%, it's useful to find out what percentage of this traffic used the site search function during their visit. An average of 13% of traffic used the search function during their visit, depicted in this graph.

> An average of 13% of traffic used the search function during their visit.

Site Search Usage Percentage

Search usage

What was the conversion rate for those who did use the search function? Interestingly, the data shows us that the average conversion rate for retailers' search traffic was 6.8% - a clear four percentage points higher than the total website conversion, meaning those who used the search function are more likely to convert in the case of these 40 retailers. The graph depicts a break down of this data - blue being overall conversion, and orange being search conversion. We can see that search conversion sits comfortably above overall conversion.

A word from Lucidworks

This underlines the critical importance of effective search: The average conversion rate for those using search is 3x that of non-search users. We believe that search is one of the most powerful parts of the digital experience because shoppers have the clearest intent when they head to the search bar. And while search may only account for 13% of site visitors on average, previous IMRG research around Peak Trading shows this rises to up to 30% of visitors. Neglect the search, navigation and merchandising function and retailers will almost certainly be missing out on high propensity shoppers, leaving significant revenue opportunities on the table.

Website Conversion Rate

■ Overall Website CVR
● Search Usage CVR

6.8% average
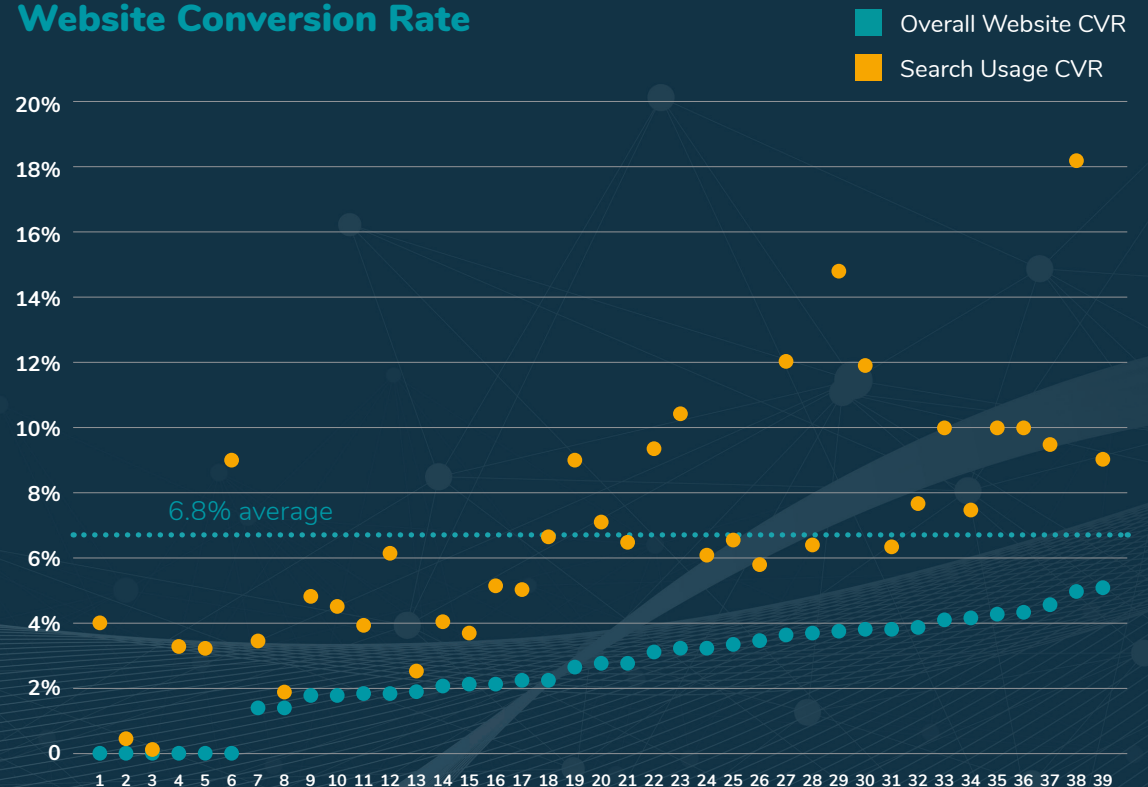
The correlation between site search and search conversion rate

We then compared the conversion rates with the site search usage rates, to see if there was a relationship between the two. For example, does having a high portion of traffic using search mean the conversion of that traffic is also really high?

Ultimately, search users convert at a higher rate, but it does not mean that as the volume of people using search increases, so does the rate at which they convert. If there was a correlation, we'd expect the graph to depict percentage of traffic using search to increase, as the conversion rate increased.

Site Search Usage Vs Search CVR - 39 Retailers

Legend:
- ■ Percentage of Traffic that used Search
- ■ CVR of Traffic that used Search
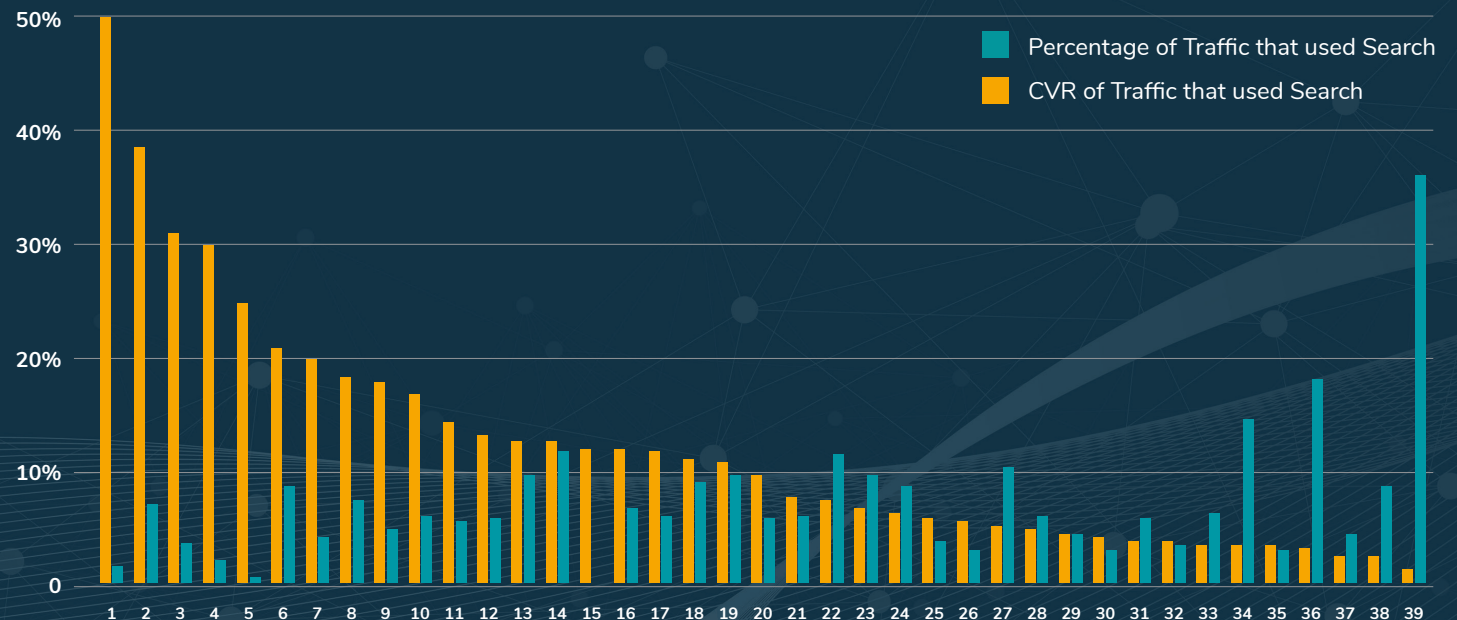
The customer funnel

The customer funnel, is the journey which a customer takes to get to the checkout. Figuring out how many site visitors are lost at each stage of the funnel provides a great measure for where you're likely to lose customers, and how to improve. The chart shows what each stage of the customer funnel is: on the left is an explanation of each measure, and on the right breaks down how this was measured.

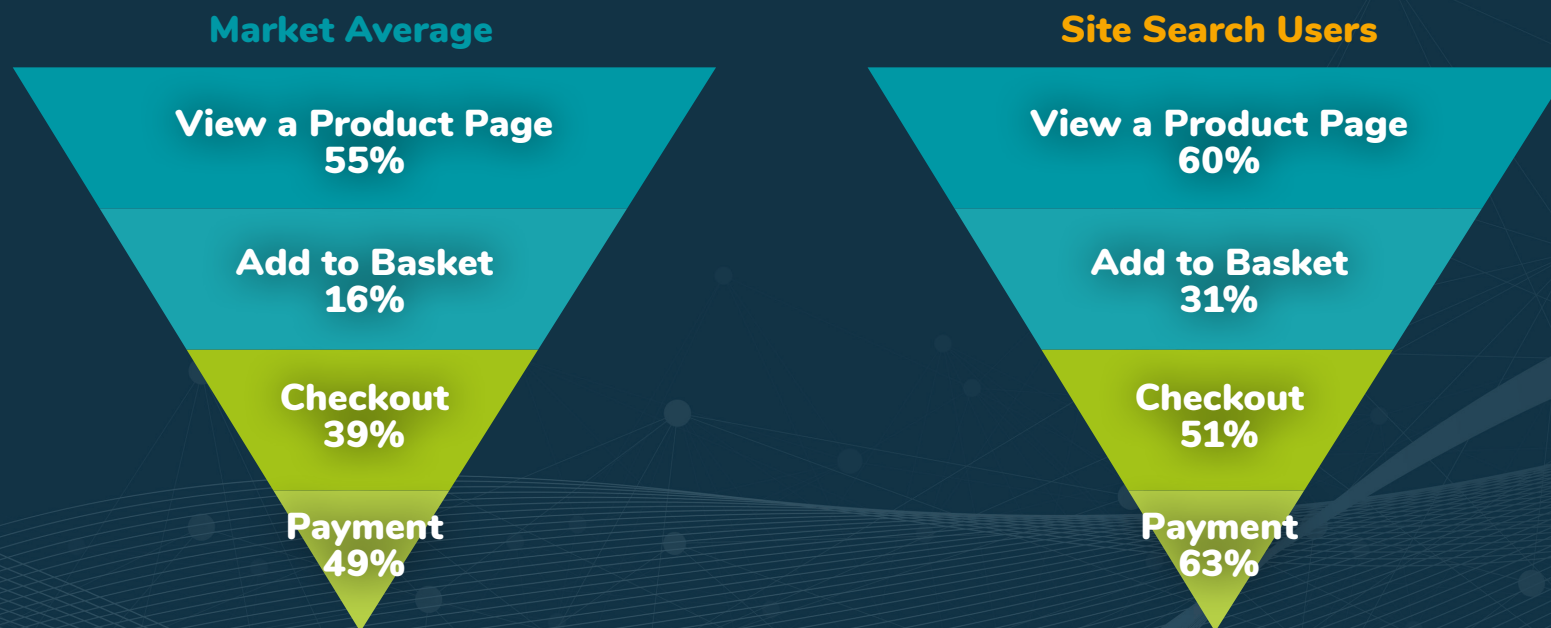| Metric	Definition
View a product page: Percentage of total visits that view a product page	Number of visits that include at least one product view (either single product page or quick view) divided by the number of visits for the time period
Add to basket: Percentage of sessions that convert from a product page view to add item to bag	Number of visits that include at least add to bag event (the action of clicking on the add to bag button on a product page) divided by the number of visits with at least one product view (bullet 1)
Checkout: Percentage of 'add to bag' sessions that convert to checkout	Number of visits who start the checkout, first page of the checkout (not the basket page) divided by the number of visits with an add to bag event (bullet 2)
Payment: Percentage of checkout sessions that convert to payment	The number of visits that include an order divided by the number of visits that start the checkout (bullet 3)

The customer funnel

So, how does this translate into real retail data? We compared the data for the average customer funnel across the market, with that of site search users. Immediately, we can see that the site search users are producing higher conversion through each stage of the site checkout process. Add to basket almost doubles for site search users, and checkout increases by over 10 percentage points.

Market Average

View a Product Page
55%

Add to Basket
16%

Checkout
39%

Payment
49%

Site Search Users

View a Product Page
60%

Add to Basket
31%

Checkout
51%

Payment
63%

A word from Lucidworks

This funnel data underlines the value of relevancy: At every stage in the funnel, consumers who have searched for and found relevant products are converting to the next stage at a higher rate – turning the 13% of search users into 31% of overall revenue.

Average order value

Customers who have likely been directed towards a product more relevant to their visit purpose, are seemingly more likely to then checkout and pay, but does this impact average order value (AOV)? The below chart shows the results for 32 retailers. On the left hand side is the AOV of shoppers who used search during their session, then mapped across to the right is the AOV for the same retailers non search users. The AOVs are near identical, with just £1 difference at £95 and £96. Whilst search function does increase conversion, and the likelihood of checkout and payment, it doesn't seem to impact the average spend. This makes sense, as people using search may just be looking for an item, and won't be browsing, which might result in seeing items they weren't originally intending to buy.

A word from Lucidworks

Whilst search may not drive higher AOV, better search leads to better recommendations because the retailer understands customer preferences. And understanding customers is the crux of a great customer experience because it powers more relevant results, higher conversions and builds customer trust and loyalty.

AOV of Search Vs Non Search Users

Average of £95   Average of £96

£250

£200

£150

£100

£50

0

ADV of Search Users   ADV of Non Search Users
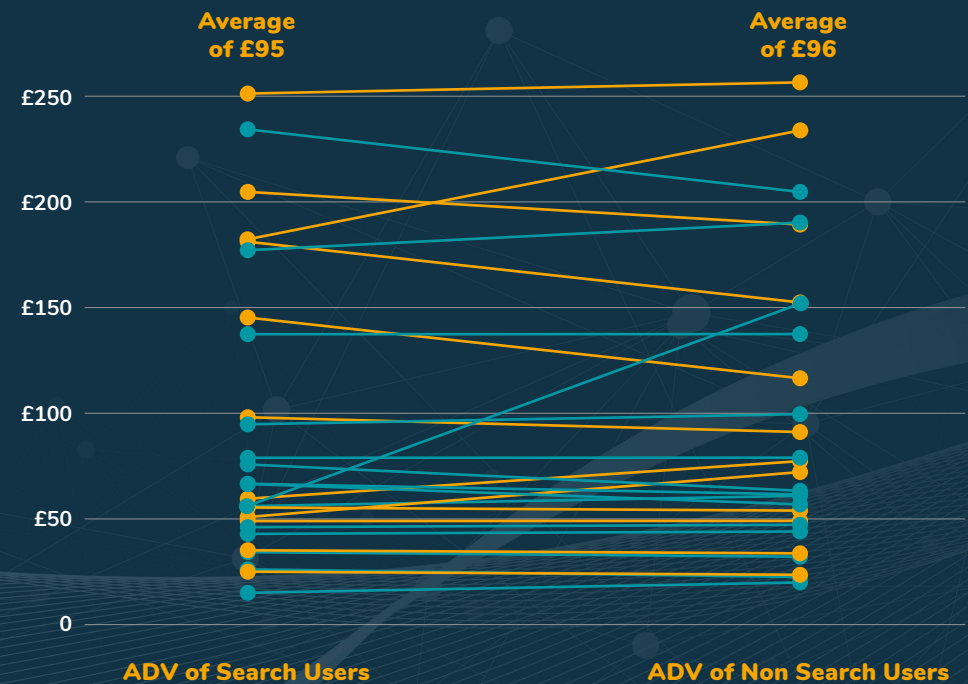
Search terms

Search terms are the words put into the search bar for customers to search for the product they're looking for. We categorised our retailers' search terms into two groups 'product type' and 'brand/product name'.

Product type search: Examples of product types are 'pillows', 'desk', 'coats', 'pyjamas'.

Brand search: Examples of a brand or product name are 'Playstation', 'Levis', 'Nike', or 'Dewalt'.

Out of the 120 search terms submitted to IMRG (40 retailers submitting their top 3 search terms) there was a clear winner... product types took up nearly 4/5th of the top search terms, making brand searches the minority. Funnily enough, the most searched term overall was 'slippers', likely because the data was collected between January and March.

Product Type Vs Brand - Top 120 Search Terms

Product Type

97

Brand/Product Name

23

Search terms

A word from Lucidworks

This data correlates with our own customers' experiences. The critical element is how retailers manage this information to provide the best experiences. A brand search would indicate the brand is of primary importance, so out-of-stock alternatives should be preferred from the same brand if possible. For product searches, retailers need to ensure synonym detection is up to scratch and non-stocked brands catered for – e.g. Huggies -> nappy -> Pampers.

Semantic search is the most cutting edge technology to address this challenge. It ensures that retailers surface results to queries based on semantic meaning rather than simply matching products via keywords. So if your shopper types in "silvr hi heels" they won't end up with a blank screen, but instead will see an assortment of silver pumps and even an outfit that matches perfectly with the shoes. This alleviates the back-end efforts to manually optimise results and increases average order value and long-term loyalty when customers find exactly what they're looking for.

Search exit rates

The next question was about search exit rates, to find out how many users saw a search results page, then exited the website. This is a good indication of how useful the search results are, and what percentage of people left a site after deciding they didn't have the product they wanted. The chart below shows the spread of the search exit rate, across our 35 retailers who answered this question. The average search exit rate was 25% - the higher the exit rate, the less effective the search.

Site Search Exit Rate - 35 Retailers
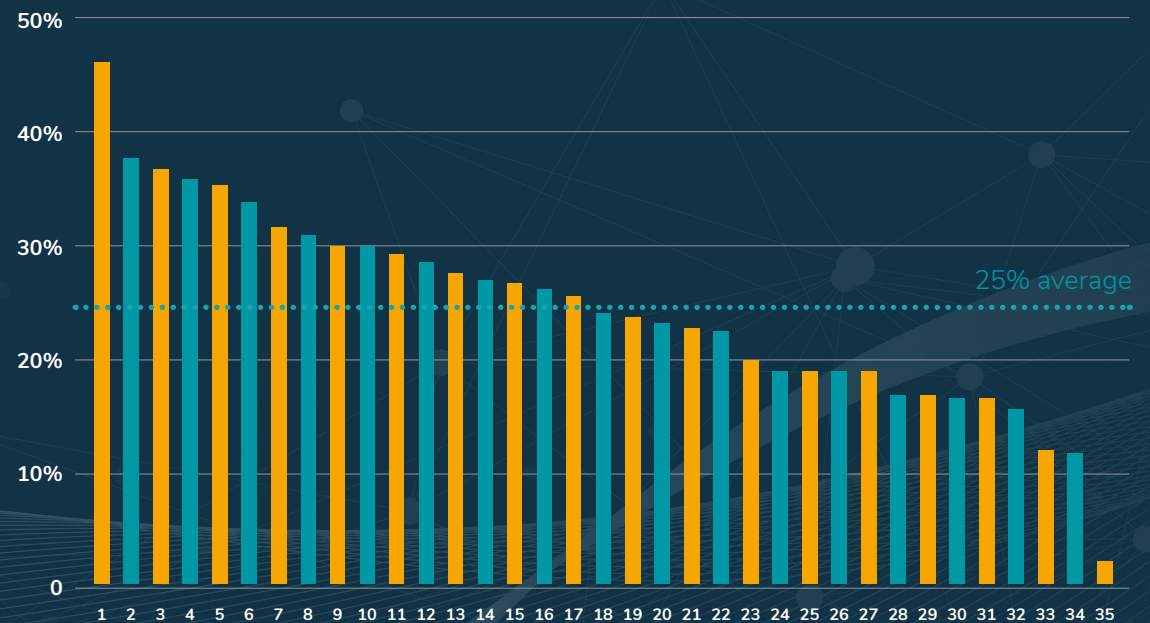
25% average

Search exit rates

We also found out that the average conversion rate of traffic who didn't use the search was 2.3% - 0.5% lower than the overall website conversion (2.5%). The percentage of traffic which used the navigation menu bar during their session was 18%, however, it provided a lower conversion rate (5.2%) than search bar users (6.8%). We can therefore conclude that search receives a lower portion of traffic, however it is more effective with what it's given.

Conversion rate of shoppers not using the search bar
2.3%

Average website conversion rate
2.5%

18%
of shoppers use the navigation menu
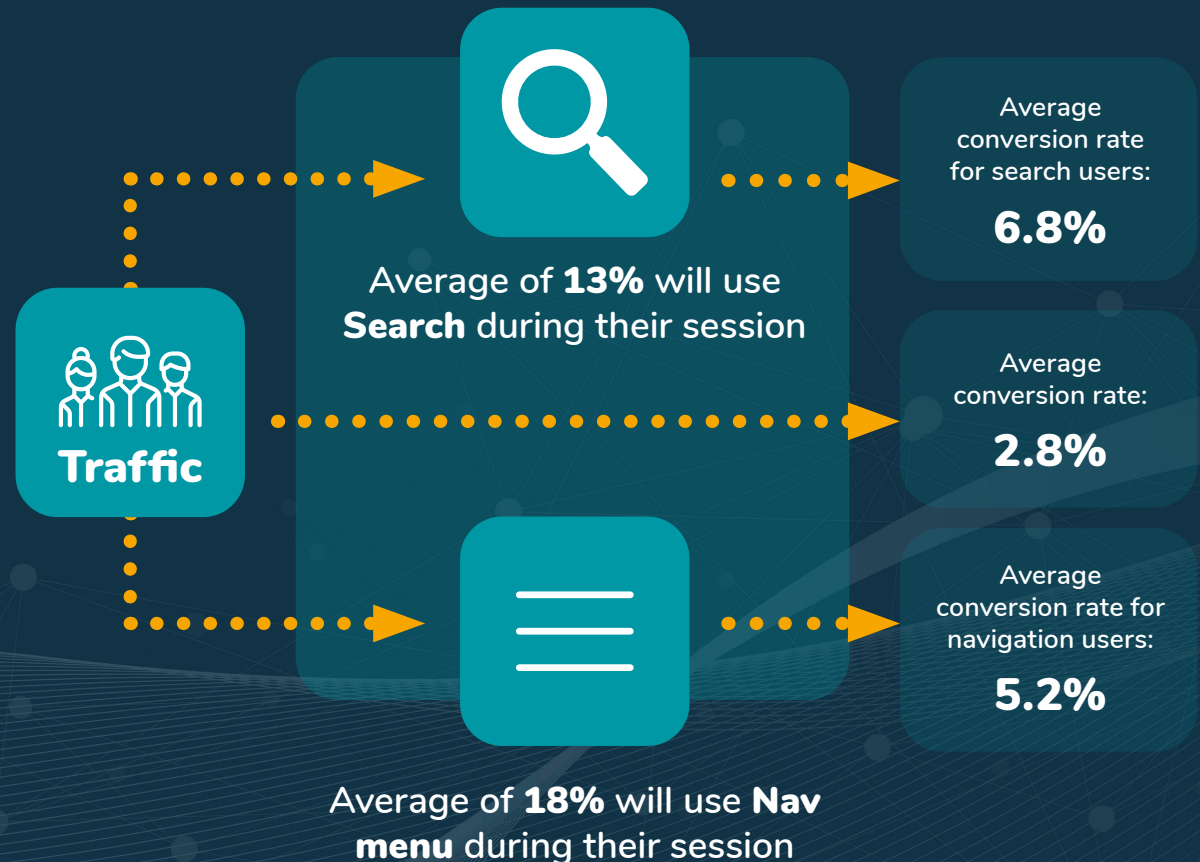
Conversion rate of shoppers using the navigation menu
5.2%

Conversion rate of shoppers using the search bar
6.8%

13%
of shoppers use the search bar

Key takeaways

Key takeaways

- **70%** of customers believe more items have been out of stock since the pandemic

- **56%** of customers would go elsewhere if they can't find a product they're looking for

- The average conversion rate of retail websites is **2.8%**

- **18%** of site visitors us the navigation bar, for which there's a **5.2%** conversion rate

- **13%** of site visitors use the search bar, for which there's a **6.8%** conversion rate

Traffic

Average of **13%** will use **Search** during their session

Average of **18%** will use **Nav menu** during their session

Average conversion rate for search users:

6.8%

Average conversion rate:

2.8%

Average conversion rate for navigation users:

5.2%

Key takeaways

A word from Lucidworks

This research from IMRG reinforces the experiences of Lucidworks clients:

Search and merchandising plays a pivotal part in the success of their ecommerce sites, converting at 3x the rate of non-search users, keeping customers loyal and enhancing both customer experience and customer satisfaction rates.

But we should recall the findings of the consumer research: there is still some way to go with too many consumers seeing sub-optimal, irrelevant search and merchandising results.

And this is where technology plays its part: the new generation of AI-powered search solutions enable retailers to respond in an agile way to changing product catalogues, stock levels, and shopper preferences, learning from consumer behaviours to deliver the most relevant best alternative products instead of 'zero results' or (almost worse) irrelevant results.

The proof is in the pudding (literally): for a top-5 US retailer through Peak Trading, Lucidworks semantic vector search solutions reduced 'zero-results' queries by 91%, increased AOV by 28% and increased search driven orders by 30%.

Contact

IMRG

Tel: **0203 696 0980**

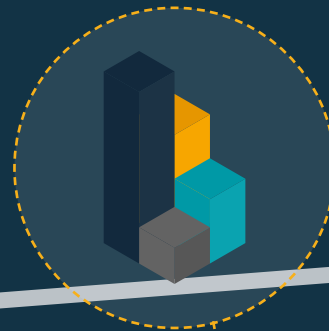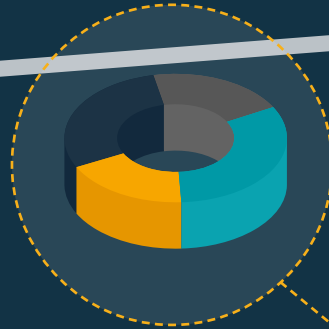Email: **membership@imrg.org**

www.imrg.org

Lucidworks

Email: **sales@lucidworks.com**

www.lucidworks.com