imrg
The UK Ecommerce Association


# IMRG + Intelligent Reach

## The Product Data Challenge in the UK

What do buyers want, and how can retailers optimise their product data to match this?

www.imrg.org

IntelligentReach

# Contents

# Meet the Experts

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## About

*"We're delighted to be collaborating with Intelligent Reach, to conduct research into the product data challenges that exist for UK shoppers and retailers alike. We found out what it was that buyers were looking for when shopping online, and used our data to investigate how retailers can best deliver this experience—we're excited to share our results!"*

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

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

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

IntelligentReach

## About

*"This report, conducted in collaboration with IMRG, will provide retailers & brands with insights about end-users purchasing behaviour and how other e-commerce businesses are leveraging their digital channels in their marketing mix. We delved into product data readiness, hoping this will provide a solid benchmark to readers"*

Intelligent Reach is the complete and intuitive Product Marketing Platform for Brands, Retailers and their Digital Agencies to dramatically improve digital revenue through product data.

With unrivalled capabilities of building strong product performance through seamlessly optimised and tested data feeds and flawless orders and inventory management, we help hundreds of world-class clients, like HP, Nike, JD, Miele, and Myer, make their product data their key engine of growth and easily expand their sales reach on thousands of key channels.

Henry Fosdike, Senior Content Manager at **Intelligent Reach**

## The Importance of Product Data

We live in a data-driven age, in which everything we do is informed by our habits, our preferences, and the algorithms which drive our systems. In order to deliver seamless experiences, retailers are using data more and more, to find out how best to understand shoppers and what it is they want. Whether it's advertising, shopping habits, or suggested products, there are always new ways in which the process can be optimised.

Alongside Intelligent Reach, we conducted some research to find out how best data can be utilised in order to make the interactions between buyer and seller as smooth as possible. We asked retailers how much they know about their product data and the information they're putting out there, and we asked buyers how it is they prefer to shop. How can product data make the experience easy for both parties?

### What's Inside?

What can you expect to find inside our report? Take a look at some of our key topics and themes. If you're looking for something in particular, we've laid out a guide to where you can find the topic and page number. Happy browsing!

## Methodology:

**Buyer Survey** – In our buyer survey, we asked 1,000 UK shoppers about their buying habits, and how they interact with retailers and marketplaces in order to browse for, and purchase, a product. We chose some key data to present in this report, and analyse the results.

**Seller Survey** – We asked 39 UK retailers 31 questions about how they use product data. The responses were collected, and we collated the most interesting information, to provide an overview of how it is sellers are currently using product data in their strategy.

### Key Themes:

- The buyer, and their expectations
- Where buyers begin searches
- How the pandemic has changed habits
- What the average customer looks like
- Marketing strategies
- The seller, and what retailers are offering
- Marketplace analyses
- How product data can give you an advantage

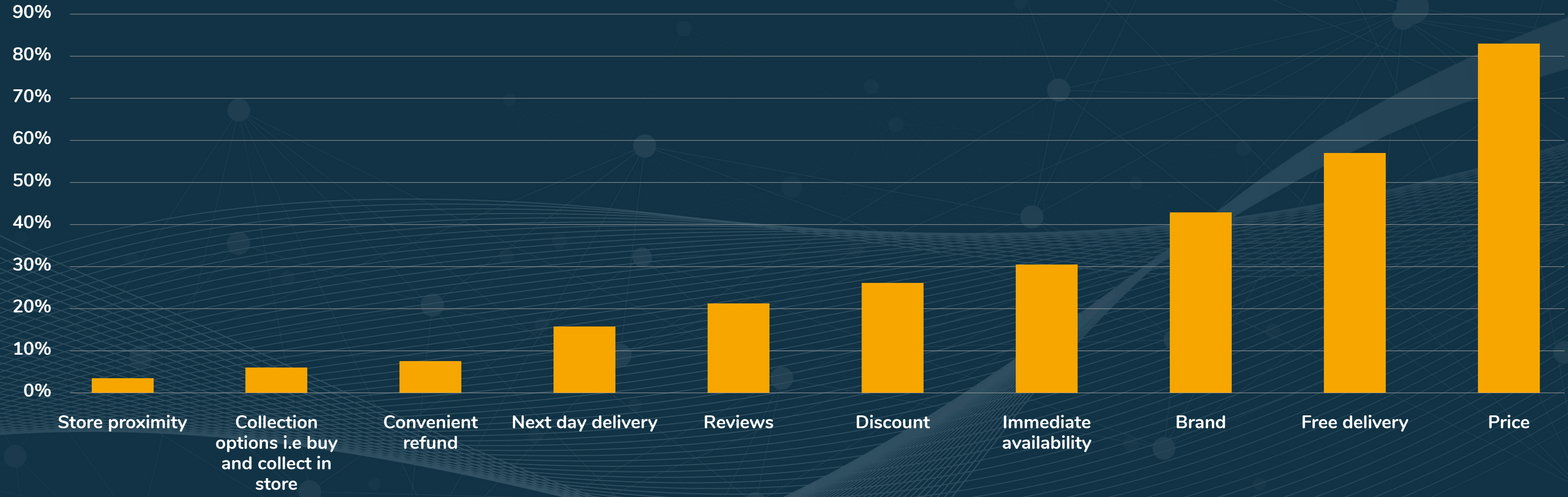
# What do Shoppers Want?

Everything that retailers do revolves around what it is that shoppers are looking for. In our first survey, we asked 1,000 customers about their shopping habits, and how it is that they approach the process of finding, and purchasing, products. Our first questions to our respondents, was regarding the top three factors that affect their shopping decision.

## Shopper Priorities

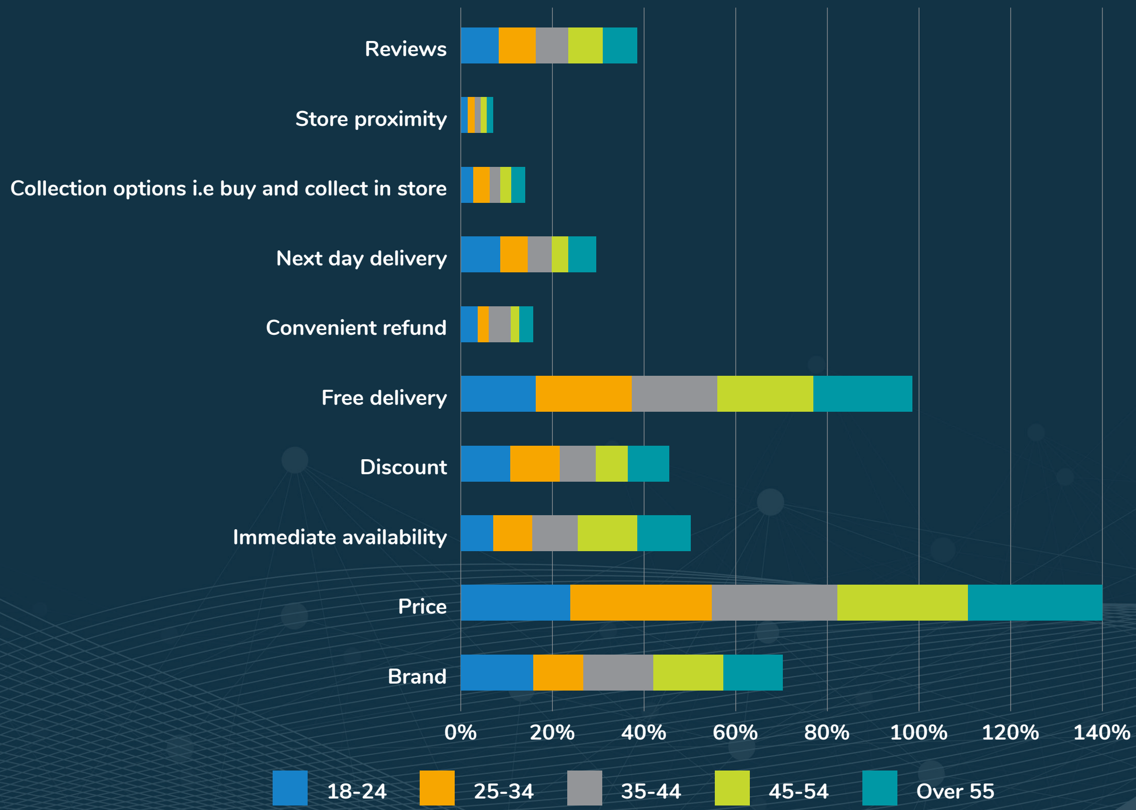
There are no surprises here. When analysing the results, some clear trends emerge. We can see that price, free delivery, and brand were the driving factors when it comes to making a purchase, for shoppers across all ages. Based on the two most popular options, it seems that the money being spent is a huge factor in whether shoppers are willing to buy an item from a retailer or not. Then, in last place, is store proximity, perhaps no longer an issue in the online age of ecommerce, as customers know they can have the item shipped to their home—likely with free delivery.

### Please select the top three factors that influence your shopping decision



Retailers might be inclined to think about a price strategy and flexibility for their products, and categories, as it's a driving factor in the customers' decision making.

## Please select the top three factors that influence your shopping decision:



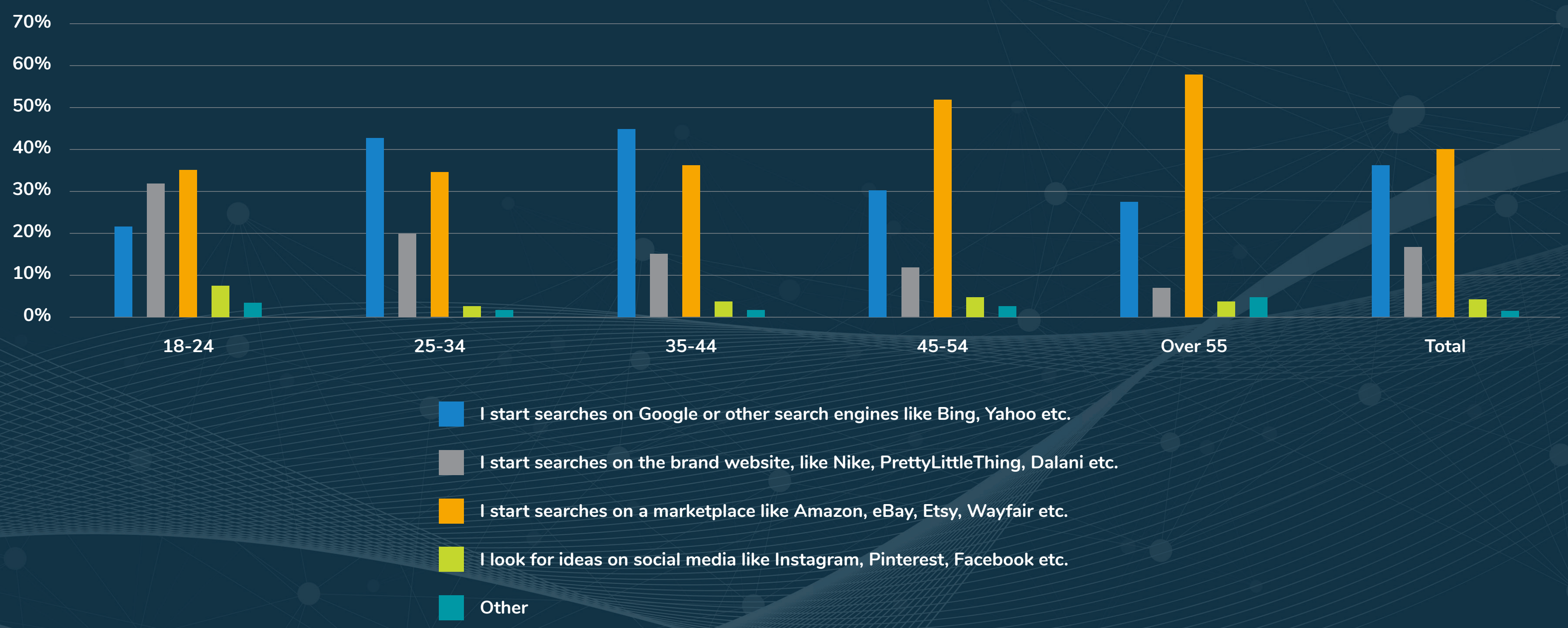

### Intelligent Reach Commentary

Shopper priorities are aligned across all age groups with price, free delivery and brand – in that order – being the primary concern for all customers when making a purchase. While brand is still a key essential factor, future-proofing with the right pricing strategy and delivery options has become increasingly important. Interestingly, store proximity contributed the least influence across all age groups as well – something that may be a point of concern for small independent shops, the future of the high street and the push for click-and-collect services to solve last mile delivery.

# Where to Begin?

Before the shopper has even got to the item, where do they start looking for specific products, when they have something in mind? We asked our respondents how they begin their searches, and found some interesting results. The most popular answer was that buyers begin searching from marketplaces, such as Amazon, eBay, Etsy and Wayfair, at 40%. When we broke the data down by demographics, we could see that over 45s were most likely to begin searching using a marketplace, as well as 18-24 year olds. This demographic were less inclined to begin with sites such as Google, and more likely to begin on the brand's website. The preference towards Google picked up as a point of inspiration, instead of looking for a specific product.

## What best describes your behaviour when looking for a specific product to buy online?

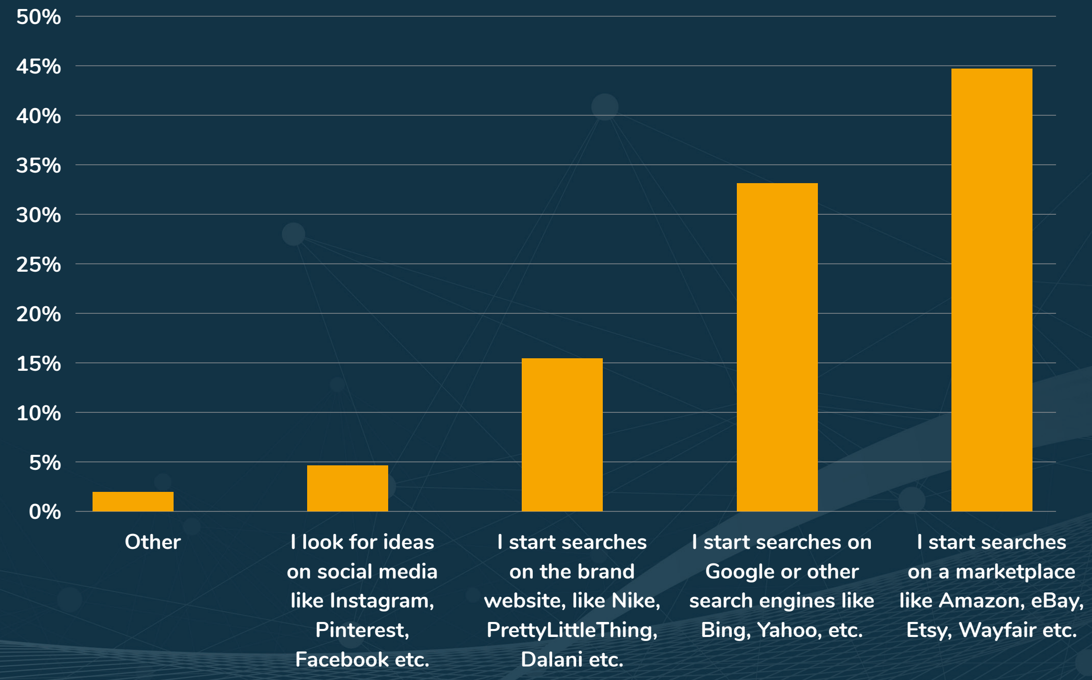


## Intelligent Reach Commentary

The clear differentiation between age demographics shows that companies need to refine their marketing strategies if they are to engage shoppers at the top of the funnel. Those aged 45-54 and over 55 have much higher preference for marketplaces with 51% and 58% respectively beginning their shopping on this channel. If this is where their customers are located, retailers targeting these shoppers may find more success not only listing on marketplaces but also increasing paid advertising on these channels (as opposed to search engines).

All sellers need to understand the demographic of their audience, as well as the products that appeal. As such, they require visibility, control and flexibility over their data to ensure maximum performance in the market - with price regarded as the number one factor that influences a buying decision, it pays to be visible everywhere as buyers hunt for a bargain. The results of the survey also suggest that social media-based commerce is yet to be fully developed. Retailers should enhance their knowledge in these areas as it represents a significant opportunity going forward.

## What Best Describes your Behaviour When Looking for a Specific Product to Buy Online?




So, what do shoppers want? Our data shows us that the average shopper is looking for a well-priced item, and they usually begin their search on a marketplace, or a search engine. Our shopping habits are defined by good value, and a wide selection of products—but this is only the beginning. Let's take a look at some of the detail...

# Diving into the Data

A lot has changed over the course of the pandemic, and so have our attitudes towards online shopping. Many of us might have noticed changes in our own habits, as we find 'the new normal'.

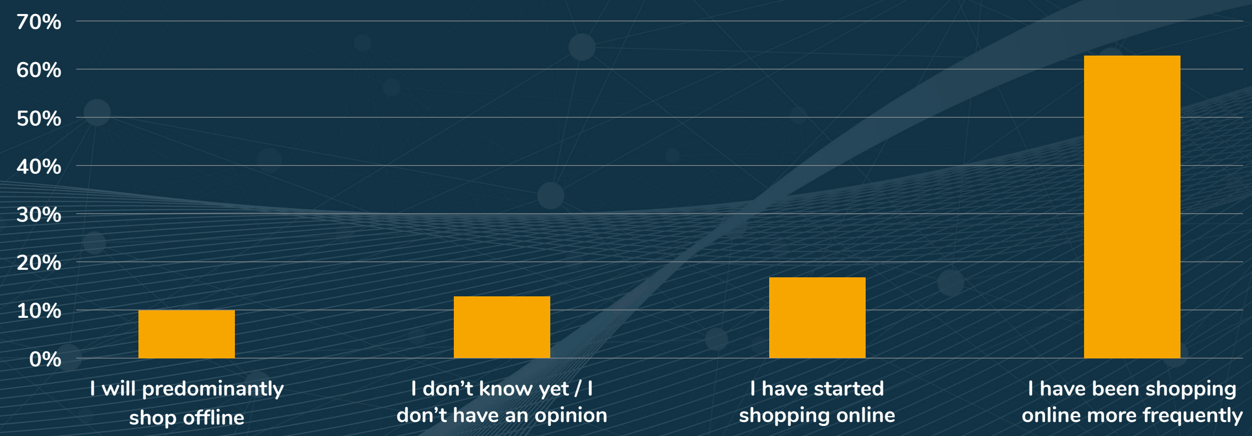
## How has the Pandemic Changed us?

We asked our shoppers what best described their attitudes to online shopping as a result of the pandemic. As expected, the results very prominently told us that the majority of people now shop online more frequently as a result of the UK lockdowns. E-commerce has thrived during the pandemic, as multichannel retailers saw a huge boom from March 2020. Over the two year period, the market is up +39%, which is record breaking. As shoppers become more comfortable using online platforms, the stakes have been raised. More money is being spent online, but equally, there's more competition.

### Intelligent Reach Commentary

The data is as expected considering the pandemic, though it is interesting just how many people were only just moving to shopping online (16%) with 18-24 year olds making up the largest group of those (22%). Those aged 18-24 were also the second-most likely to predominantly shop offline (11%) – surprising results considering their perceived love of being online. Ads were appreciated by more than half of respondents across all age demographics when it came to looking for specific products with ads being most trusted by those aged 35-44 (66%).

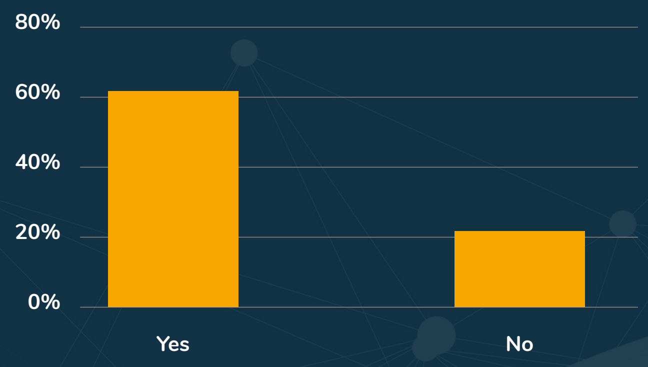
### What best describes your attitude towards online shopping, due to recent COVID-19 spread and lockdowns?



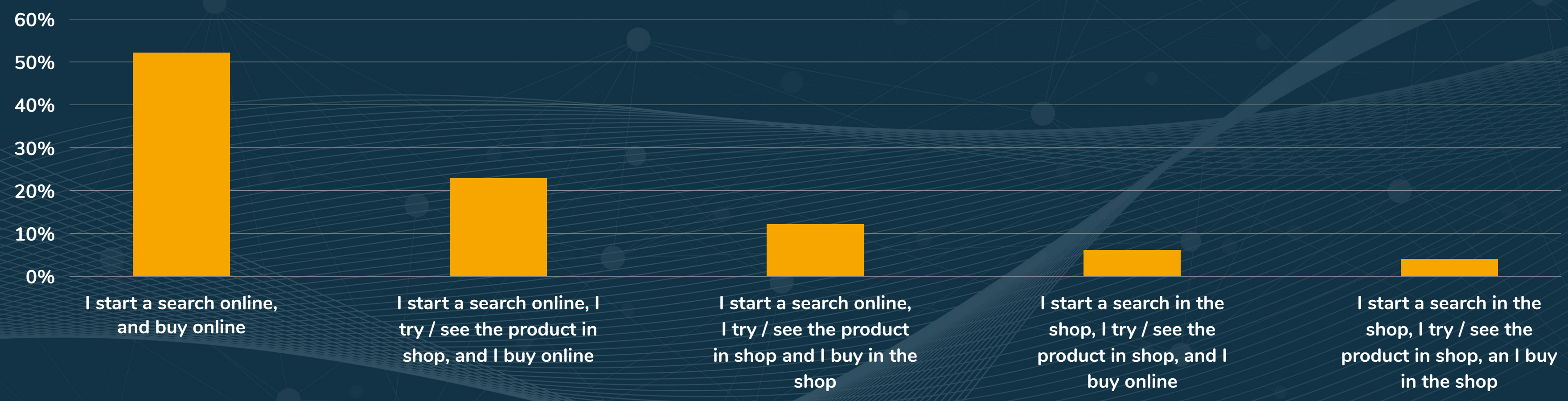
When looking to differentiate themselves from competitors, retailers might think about personalising the shopping experience. We asked buyers whether they think targeted ads are useful for finding products. Over 60% said that they believed ads were helpful for finding items they might be looking for.

We looked into how the shopping process starts, and ends, to find out about the full experience for shoppers. Ultimately, the most popular answer was that shoppers begin and end their process online; excellent news for those in ecommerce. When we looked at the demographics, we found that older people tended to start and end their shop online, whilst many of the other age groups liked to try a product in store before buying—often returning online to make the purchase. This is often reflected in the use of 'near-me' queries, as 18-54 year olds are 45% likely to search for products near them to try (as seen in the second graph in which this data is split up by demographics). This means that though shoppers may not believe a store in close proximity is an important factor in their buying decision, it can often be essential for online retailers to find the means to connect with their customers in store too, bridging the gap between the online and the offline. Multichannel retailers can often find ways of thriving in this area.

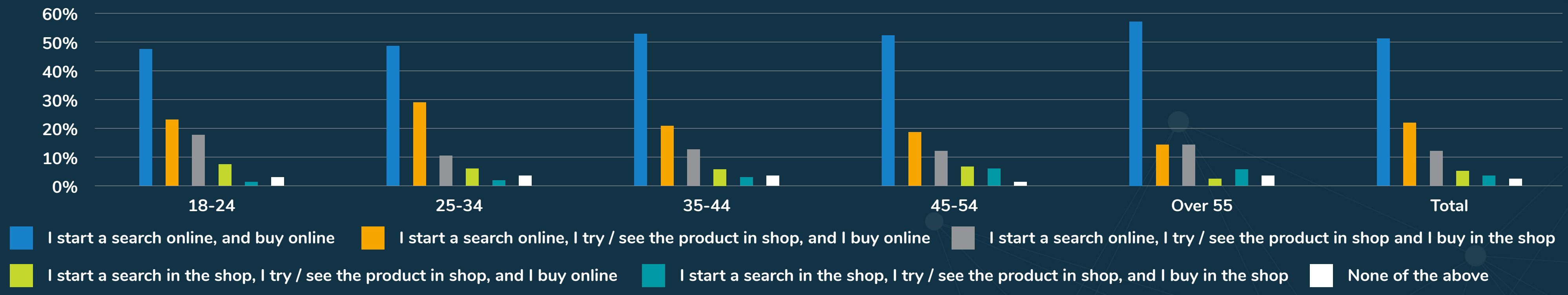
## Do you think Ads are useful to show you products similar to what you are looking for?




## What best describes your shopping behaviour?



## What best describes your shopping behaviour?




### Intelligent Reach Commentary

With the apparent importance of a store nearby, Local Inventory Ads might be an excellent idea for retailers in order to address the 'near me' searches, but it is vital to get them right. The research suggests that when it comes to clicking on products, title accuracy is the most important factor (30.4%), with importance increasing as people age. Having an eye-catching image was only just behind (30.1%) and showed the opposite trend, with younger demographics believing it more important than anything else. Reviews were also seen as important (26%) but knowledge of a brand/retailer suggested loyalty perhaps isn't as important as suspected (11%). Those aged 18-24 rated reviews (30%) as being more important than a product title (21%), but were the only age group to have this opinion.

Digital marketers should certainly look to take note of these trends, especially as the vast majority of shoppers are buying online (74%). When it comes to trying in store before buying, younger people are more likely to do so (combined 40% 18-24 vs combined 28% over 55), while those aged 45-54 and over 55 start offline and buy offline more than others - they don't tend to mix their approach – but this is only a small number of people (12% combined). With online searches so prevalent, it is vital that retailers are conducting good product data hygiene (ensuring all product data attributes are correct and optimised) in order to ensure their products are relevant for buyers and showing to them, and in the case of younger demographics, are available nearby to try in order to complete the transaction.

What have we learnt about shoppers' buying behaviour? From our survey, we can tell that shoppers generally search for products from marketplaces and search platforms, and over half of them won't even try the items on in store, or see them in person before purchasing. They're looking for reasonably priced items, and find 'recommended' adverts useful in directing their search. It's good news for online retailers, as the majority of shoppers start and end their process online, and have taken to more online shopping since the pandemic.

# The Current Customer

‘Price and brand driven across all age groups’

‘Focus on marketplaces, particularly 45+’

‘Find inspiration on searches – mainly Google’

*“18-54 year olds are 45% more likely to search for products near them, in order to try before they buy.”*

‘Majority of people start and end shops online, with 45-54s having an increasing interest in this channel.’

‘Expects free delivery’

‘Young people value quickdeliveries most’

‘Seeks recommendations’

’25-34 years olds most interested in trying products instore first’

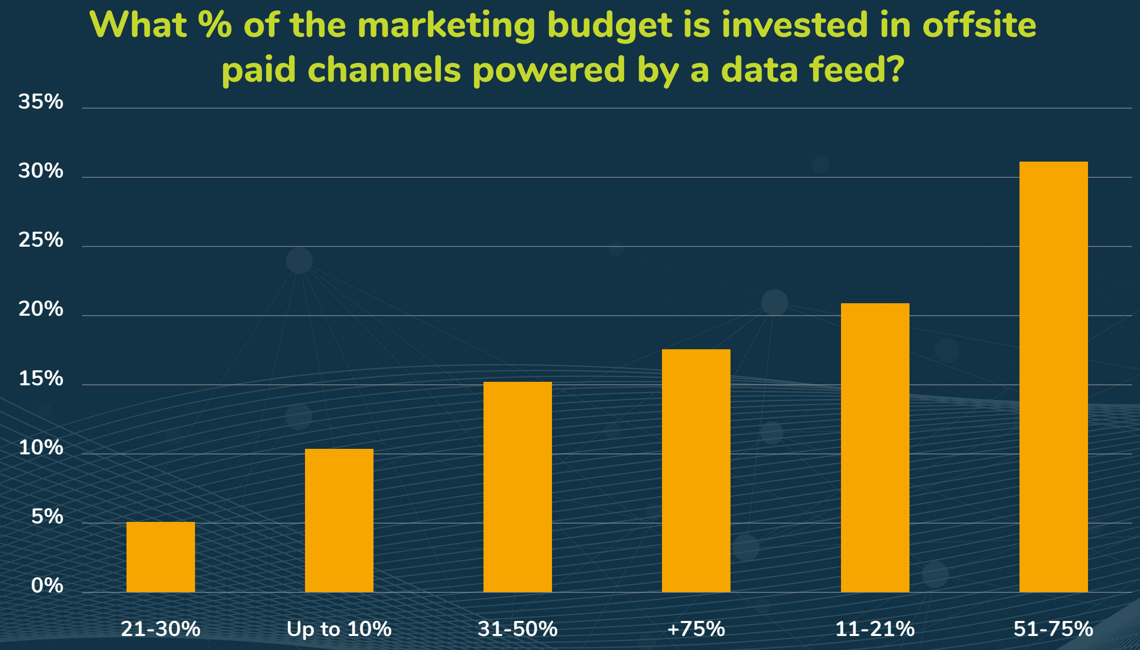
‘Increasing interest in online retail’

# Retailer Behaviour

In the second survey that we conducted, we turned our attention to the retailer's side, to see how they deliver their online experience to customers. How do businesses utilise their data, and feed it back to the shoppers, and are they doing so effectively?

## All About Marketing

In our first graph, we can see the percentage of marketing budget that is invested in offsite paid channels, powered by the data feed. Around 50% of respondents said that less than half of their marketing budget is invested in channels powered by data feeds.




### Intelligent Reach Commentary

31% of retailers surveyed do not advertise on marketplaces - a missed opportunity as this is where shoppers are most likely to begin their product search. Of those that do, it was the main marketing share for only 8% of respondents which suggests an excellent opportunity for brands to get ahead of the competition. Paid search was top for 72% of retailers, which was expected based on historic industry trends, but which might not be the best approach for the present day, especially if targeting older demographics. 41% of respondents placed paid social as their second most important channel, despite the fact only 11% of shoppers use social media for shopping.

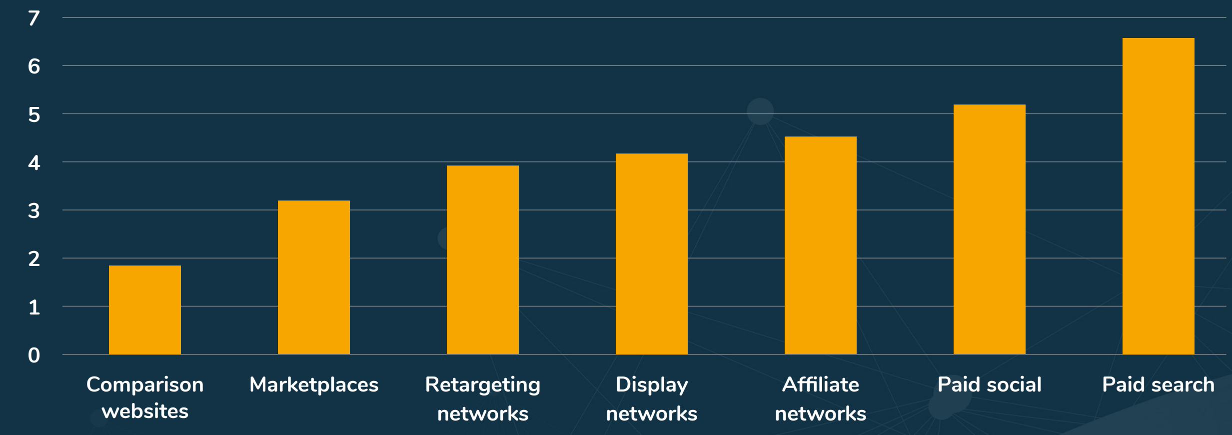
Furthering this, paid search came out at the top of the marketing share, showing that it's highly important to retailers. The respondents were asked to rank their options into the order of share, where paid search comes out at almost 7 for importance, paid social following with just over 5. The least important one was comparison websites for retailers, as it appears to rank the lowest by a significant margin.

## Which Channel?

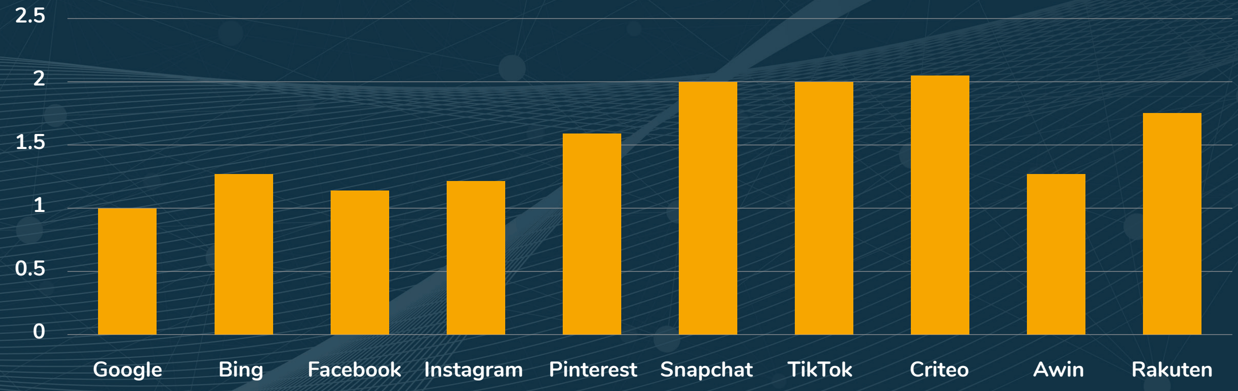
Then when it comes to the marketing channels that retailers are using to reach their customers, we found that almost 60% of respondents are using up to 5 different marketing channels. Our aforementioned buyers survey shows that shoppers are increasing the number of channels they're using to search, so retailers are likely expanding their reach, in order to match this. As most of our respondents said that they have their reach managed in-house, this could potentially be the reason why they're choosing not to sell on more channels. The data shows that Google, Facebook, Bing and Instagram are the most popular platforms to invest in.

Although, it's important to note that 'popular' does not necessarily mean it's the most effective. When asked to rank the effectiveness of advertising platforms in terms of your offsite channel marketing success, Google accounted for the highest success rate, followed by Bing, Facebook, and Instagram—generally showing a pattern of search engines and social media.

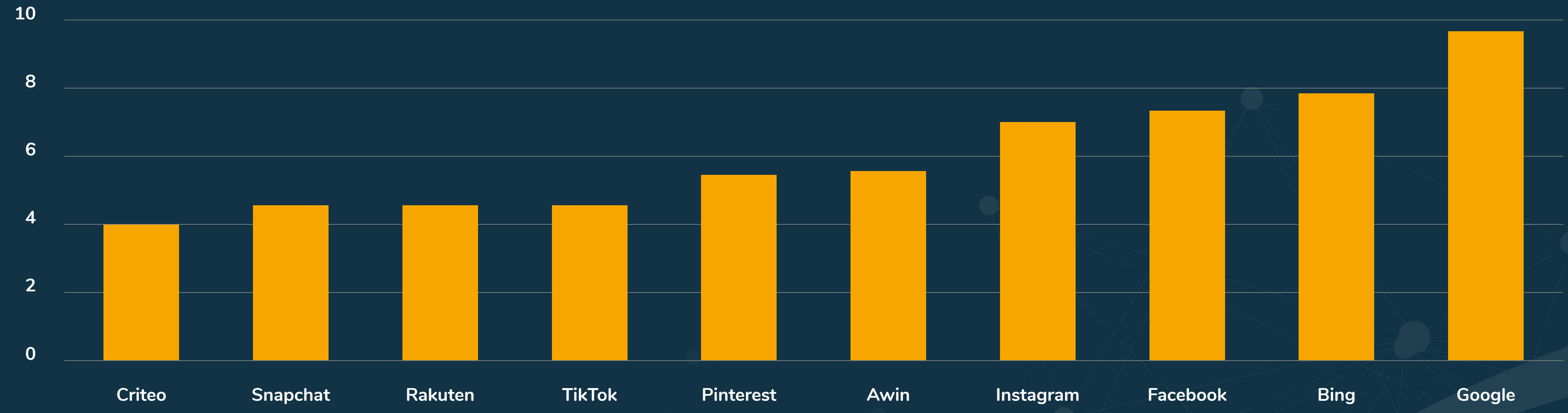
### Which of these offsite paid channels account for the biggest share of your digital acquisition budget?




### What advertising platforms are you predominantly investing in? (Select all that apply)



## How do you rank the effectiveness of the following advertising platforms in terms of your offsite channel marketing success?




### Intelligent Reach Commentary

Almost 60% of respondents are using up to 5 marketing channels, which appears to be much too low based on the data. Retailers and especially brands need to expand their reach, and continue to expand it, in order to match buyer behaviour. Google continues to be the most highly regarded and most used advertising platform amongst retailers, with 87% of respondents ranking it as their most effective advertising channel. It was also the only channel to be used by every retailer that was currently running ads, making maintaining good product data is more important than ever.

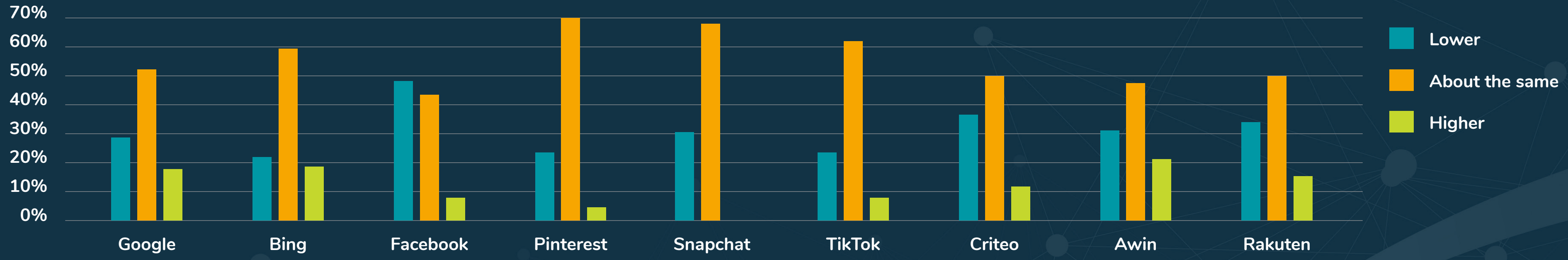
Of those not currently using TikTok, 66% were considering ads on the platform, making it the most popular marketing platform under consideration for relevant retailers, ahead of Snapchat (39%) and Pinterest (36%). They may need to tread carefully though; of the retailers currently using TikTok to advertise, 73% regarded it as their 7th-10th in their most effective advertising channels, though 7% felt it was the most effective. Staying on top of all these channels and maintaining them is vital if companies are to gain a competitive edge.

# Retailer Success

Digging deep into this data exploration, we then found out how the AOV on each platform compared with the alternatives. For example, was the AOV from Google, lower, about the same, or higher, than other platforms?

The results showed us that the AOV was lower from Facebook and Criteo, with platforms such as Google and Bing showing slightly higher returns. However, none particularly stood out as showing consistently higher AOVs, when we looked at the data.

## Is the AOV from the following advertising platforms higher or lower than your overall AOV?




When we asked the retailers what would improve their channel performance, the majority agreed that acquisition strategy was the most important aspect, followed by tracking and underlying feeds. Budget was shown to be the least important factor, suggesting that there are other strategies to improve the outcome, before pushing more money.

### Intelligent Reach Commentary

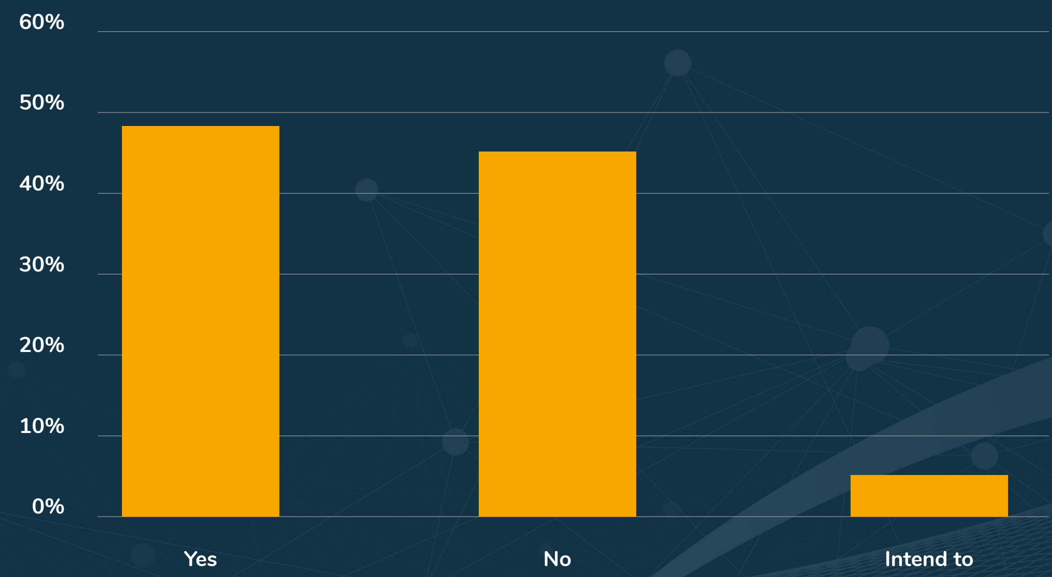
It is understandable that retailers believe acquisition strategy to be the most important aspect of improving channel performance as no platform particularly stood out as improving AOV. Having said that, it is surprising that the underlying importance of data feeds was not quite so high. When combined effectively, an acquisition strategy can combine with a well-optimised data feed to ensure that the right products are showing to the right people at the right time. Budget as the least important factor supports this idea because spending more money on products that are poorly optimised will almost always lead to no obvious improvements. Perhaps we can infer that retailers feel constrained by other factors; it is far better to ensure alignment across the data feed and acquisition strategy before launching a campaign in order to save on costs. This can be done via content experiments to learn what does and doesn't work, as well as using data analytics to see which products are performing best and which products can be improved. It is far better to ensure alignment across the data feed and acquisition strategy before launching a campaign in order to save on costs.

# Marketplace Analysis

Within our survey, we placed an emphasis on understanding the importance, and uses, of marketplaces for the retailer. Firstly, we kept it simple, and asked whether retailers were selling on marketplaces. Over half of respondents said that they are, or are planning to. It's an area that retailers shouldn't overlook, as over half of respondents said they begin searching for a product on marketplaces.

> *"Only 40% of retailers were diversifying their product strategy."*

**Are you selling on marketplaces?**



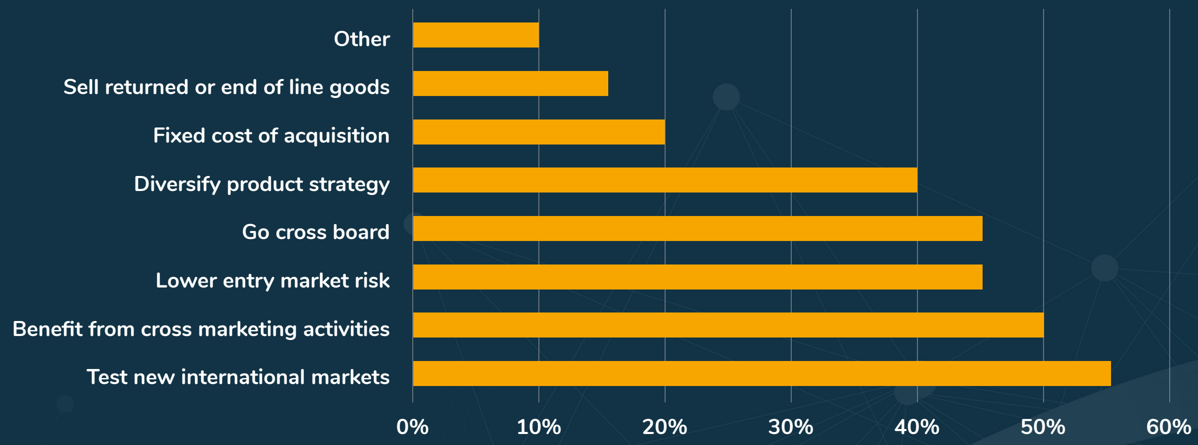

Brands are often investing in marketplaces for testing international markets, and benefiting from cross-marketing activities. These came out as the most common reasons, whilst lower entry market risk followed closely behind, alongside going cross-border. The least important reasons were the fixed cost of acquisition, and to sell returned, or end of line goods.

## Intelligent Reach Commentary

46% of respondents currently don't operate on marketplaces, and didn't say they intended to, which feels like a missed opportunity considering the buyers survey. The biggest reason for this was the perceived challenge of maintaining brand consistency. But if these are the preferred channels of consumers, retailers and brands need to think about whether marketplaces could be added to their marketing/sales channel mix. Is it worth investing?

The strategic decision should take into account the 'high fees', which was the main challenge experienced by those who do currently sell on marketplaces. Just 10% of those currently on marketplaces selected 'Other' as their main reason for selling on marketplaces, noting they were doing so to access the customers who frequent them or to compete with competitors, which appears to be a good strategy based on the data in this report. That being said, perhaps for some retailers it isn't a missed opportunity, but offers too low a reward based on investment required.

## What is the main reason(s) you are selling / intend to sell on marketplaces?




## Marketplace Impact

In terms of the impact of various marketplaces on digital revenue, Amazon was rated the highest, with eBay, Etsy, and Wayfair presenting similar results. Those that saw the least revenue generation were Wish, and ManoMano. So, how can retailers use this knowledge to their advantage?

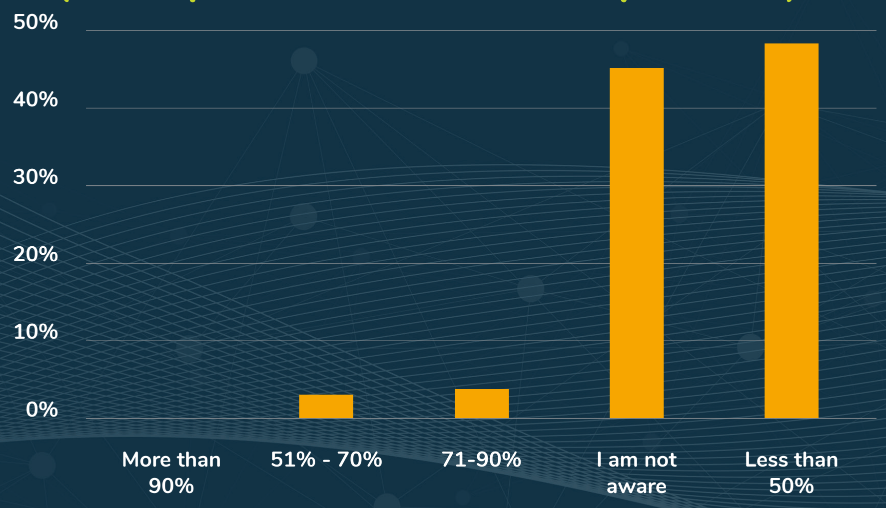
## Rate the following marketplace in terms of impact on your digital revenue

# Powering up Your Product Data

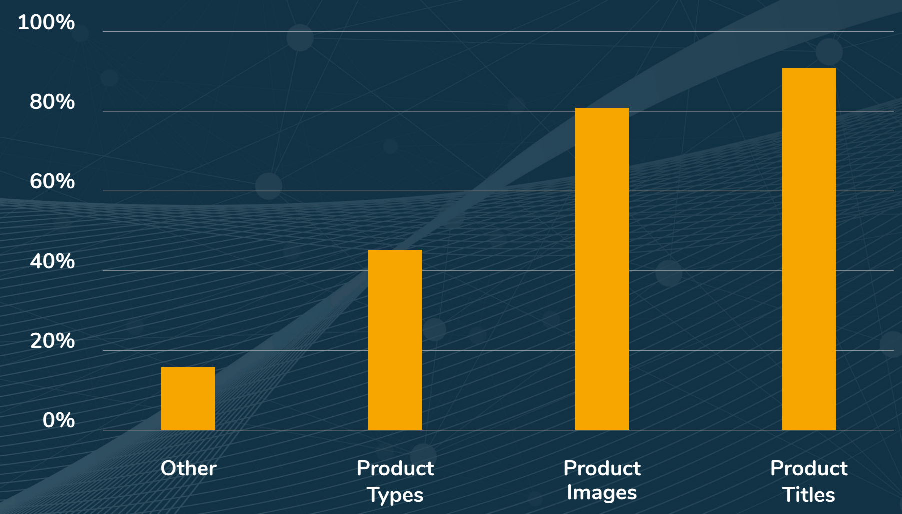
We went on to find out about how powerful product data is, and whether retailers are taking full advantage of it. The results showed that under half of respondents had fewer than 50% of their products not showing up, while the other half were not even aware of which products had zero impressions. This suggests that brands are often unsure of the popularity of their products and that underlying product data could and should be used more effectively when making decisions.

*"Almost 90% of brands do not run A/B tests on feed, because they don't have the time (44%) or technically can't do it (27%)."*

### Are you aware what % of your products in your data feed are currently not showing up in any searches on Google (i.e the products receive zero impressions)?




### What product attributes do you think are important to drive better performance on offsite channels?

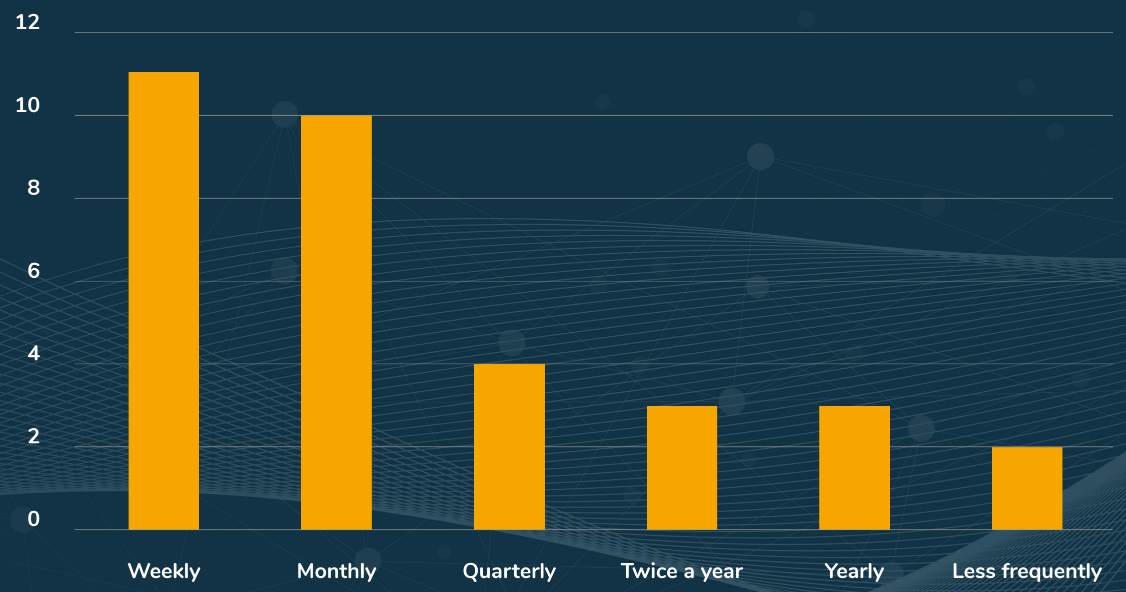


## Intelligent Reach Commentary

Staying on top of and optimising product data feeds is vital to ensuring accurate data elsewhere (ROI of campaigns, etc.) 50% of respondents not knowing if products are visible suggests there is room for improvement in this area, and a lot of missed potential sales. 97% of respondents rated their product data at 6/10 or higher, which suggests misplaced confidence as 36% check their product feeds either quarterly or less frequently than that. Working with an integrated product data platform can speed up these tasks and ensure that all products are fully optimised and relevant for buyers via A/B or multivariate testing to scientifically prove what works and what doesn't.

*"When it comes to title accuracy, on average respondents are mildly sure of the accuracy of their product titles (6.03 out of 10)."*

### How often do you review your product data?




## Intelligent Reach Commentary

The lack of reviews on product data is perhaps the most startling part of this research. If many consumers start their searches on marketplaces, having good product data is vital. Two of the four companies who only check product data quarterly bring in over £250+ million in revenues per year. By optimising their data feed, they could bring in considerably more money than that. In terms of duration, fewer than 10% of respondents manage their feeds for more than 10 hours per week. 70% of respondents manage their feeds for less than 2 hours per week with 9 respondents only managing to check for less than an hour. Using a data feed platform can enhance productivity but it's hard to know if that is the reason for the short duration of time that many retailers and brands spent on optimising their product data.

# How Can Data Inform Your Strategy?

Customers are shopping on more digital channels than ever before, with many buyers following the journey from inspiration, to purchase, all through the online funnel. As more customers enter the online space, so does more competition for retailers, therefore it's more important than ever, to stand out. It's crucial to understand the reach of your marketing, and products, and optimise strategy so that relevant products get to the relevant customers.

Marketplaces are expanding, and more retailers are beginning to use them, as they can be used for international selling and cross-board—all whilst minimising market risk.

Regarding marketing, retailers must evaluate which channels they're using, and whether they're using them smartly. Our surveys showed that buyers often start searches, or find inspiration, from search engines and social media, looking for the best price.

Now that we understand what the average buyer might look like, it's essential to target strategy towards them. Data is the future, and by channelling products smartly, and effectively, forwards the shopper, it can make retailers stand out from their competitors.

## Intelligent Reach Commentary

There are now over 1500 channels that retailers could be selling into, and maintaining visibility across these can increase sales but also complexity. As such, it is worth retailers considering how channels are used by buyers (looking for inspiration vs. looking for certain products, what age demographic, etc.) and analysing first party data in order to segment more effectively and maximise returns.

Time, control and IT resources are the main challenges for managing expansion onto marketplaces; retailers and brands need to address these to overcome this blocker and enjoy increased returns. A product data feed platform can not only solve these problems but is also able to optimise product feeds at scale, across all active marketplaces, and deliver data that can inform acquisition campaigns, while also seamlessly syncing stock and inventory levels.

As age demographics shop very differently, with some preferring images and others preferring product titles, all product feeds benefit from A/B testing. As such, retailers and brands need to have a plan to ensure their product feeds are set to maximise performance. Content experimentation such as this has proven to enhance impressions, clicks and conversion rate with Intelligent Reach clients seeing +79%, +109% and +16.3% in these areas respectively last year.

In order to target the younger demographics that enjoy trying instore before buying online or offline, retailers and brands would benefit from making use of Local Inventory Ads and Localised Ads, which can drive footfall and sales when used effectively.

imrg | The UK Ecommerce Association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