

VIRTUAL
APPOINTMENTS

VIDEO

HEADLESS

ARTIFICIAL
INTELLIGENCE

TECH INNOVATIONS THAT STICK

PAY-IN-
INSTALLMENTS

Why headless commerce, pay-in-installments, artificial intelligence and video technology, such as livestreaming and virtual appointments, have secured a foothold in the ecommerce world.

LIVESTREAM

COMPLIMENTS OF:
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WHAT IS HEADLESS COMMERCE, AND WHY IS IT SECURING A Foothold IN THE ECOMMERCE WORLD?

Proponents say the much-hyped ecommerce technology enables merchants to be more agile, add features and functionality quickly and deploy changes without technological expertise. But what is headless commerce, and what benefits is it providing retailers?

WHY ARTIFICIAL INTELLIGENCE REMAINS A SMART INVESTMENT FOR MANY ONLINE RETAILERS

Retailers continue to invest and see value in artificial intelligence for their online operations. AI can help lift conversions, aid customer service teams and offer more-relevant product recommendations, all while using fewer resources. This article explores how retailers like MandM Direct, Panasonic and Microsoft use AI for product recommendations and customer service.

TODAY'S LAYAWAY: WHY MORE ONLINE RETAILERS LET SHOPPERS BUY NOW AND PAY LATER

The number of online retailers offering pay-in-installments services increased by 60% in 2020. Currently, more than a quarter of Digital Commerce 360's Top 1000 online retailers offer the payment option. And many merchants say the service increases their average order values and conversion rates.



WHY MORE RETAILERS ARE PRESSING PLAY ON VIDEOS

Online retailers are using videos in a range of ways, from how-to tutorials to livestream shopping. Merchants are upping their video investments because the medium is engaging, offers an interactive way to communicate with shoppers and can be a persuasive selling tool.

A VIRTUAL CONNECTION: RETAILERS GET PERSONAL WITH VIRTUAL APPOINTMENTS

As stores shut down, several online retailers opened virtual appointments to replicate the in-store experience of working with a sales associate, and in some cases, to offer a simple human connection. And several merchants are finding their investments worth it.

PERSPECTIVES

THE SHOPPER SPEAKS: VIRTUAL APPOINTMENTS

Lauren Freedman, Digital Commerce 360's senior consumer insights analyst, puts merchants' virtual appointments to the test. This service is likely to have long-term shopper adoption, she says.

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A headless approach to commerce helps retailers deliver on customer expectations

WHAT IS HEADLESS COMMERCE, AND WHY IS IT SECURING A FOOTHOLD IN THE ECOMMERCE WORLD?

Proponents say the much-hyped ecommerce technology enables merchants to be more agile, add features and functionality quickly and deploy changes without technological expertise. But what is headless commerce, and what benefits is it providing retailers?

By Katie Evans

Barefoot Dreams has a dream team roster of celebrities endorsing its famously buttery soft blankets, loungewear and other home textiles. But for the retailer's employees, dealing with the company's ecommerce site often felt like stepping barefoot not on a dream, but on a rusty nail.

After all what good is a tweet from Chrissy Teigen or a Kardashian lauding the retailer's \$150 throws if that very tweet crashes the site? And that happened more than once, says Katie Johns, marketing manager.

Barefoot Dreams' old site, which was custom built in 2012 using the older PHP general-purpose scripting language, was holding it back from adding merchandising features. It would



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crash with spikes in traffic during big promotions or after celebrity endorsements, and caused other headaches, Johns says.

“We wanted to have things like ratings and reviews, back-in-stock notifications and improve the site speed,” Johns says.

But perhaps the biggest flaw in the rigid PHP platform was that it didn’t sync with Barefoot Dreams’ enterprise resource planning inventory software. And that led the retailer to oversell and accept online orders for products it didn’t have in stock. Johns says that was immensely frustrating, not only for customers but for Barefoot Dreams as well.

“We were constantly overselling,” Johns says. “We were tentative to do promotions on big sales days like Black Friday, and we wouldn’t participate in promotions that more modern sites could.”

On typical sales days, Barefoot avoided overselling by having staff “babysit” the inventory—watching the numbers and manually

200%

Barefoot Dreams’ online sales increased 200% after moving to headless commerce technology.



changing availability. “That was just not the best use of our time,” she says.

The PHP site also didn’t offer robust analytics that Barefoot Dreams wanted to better personalize the site for individual shoppers and understand consumer behavior. It also wasn’t mobile optimized. And it couldn’t handle sudden spikes in traffic.

“A Chrissy Teigen tweet or a mention on the ‘Today’ show could crash the site,” Johns says.

Additionally, to make any change to the site, the retailer had to put in a request with a PHP contractor skilled in the programming language. In-house staff couldn’t make modifications on their own, Johns says.

By 2020, Barefoot Dreams had had enough of its rigid platform. And in November of last year, after about six months of work, including building out the user experience and design, Barefoot Dreams launched its new ecommerce site on Shopify Plus, using headless commerce functionality from Nacelle. Nacelle works with ecommerce platforms such as Shopify and helps merchants migrate to headless ecommerce architecture.

Barefoot Dreams isn’t alone. More retailers, such as bed tent retailer Privacy Pop and Yeti Bikes, recently have migrated to headless and are

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'A Chrissy Teigen tweet or a mention on the 'Today' show could crash the site.'

— Katie Johns, marketing manager, Barefoot Dreams

reaping rewards, including agility, site speed and increased sales.

So, what is headless commerce, exactly?

The key difference between headless commerce and traditional online stores is that with headless, the front-end shopping interface consumers see is separated from the back-end data and systems. This allows merchants' non-technical marketing and merchandising teams to update their customer-facing store without complex back-end coding or system updates. And similarly, merchants can update their back-end functionality without disrupting their front-end customer experience. In Barefoot Dreams' case, the retailer moved to the software-as-a-service ecommerce platform Shopify Plus and layered in headless functionality from Nacelle.

The main advantages of headless commerce are easier customization and a faster site, proponents say.

Monolithic ecommerce platforms, like the one Barefoot Dreams was on, meanwhile, are typically

older ecommerce platforms where the front-end and back-end systems are tightly intertwined. To add a new feature or customize these systems, for example, to add BOPIS or a recommendations software from a vendor, a retailer must manipulate the underlying codebase. This can be expensive, time consuming and make the platform more complex and fragile over time.

When retailers begin manipulating code, it can become a slippery slope, impacting other areas of a platform. Because all the parts of a monolithic platform are connected, if one part goes awry, it can create a domino effect. Constantly customizing a monolithic platform can impact things like site speed, the way pages are displayed and produce other unintended consequences.

When it comes to headless, retailers shouldn't get lost in the technology or jargon but think of the concept as a way to more easily customize a site and create a better user experience for shoppers, says Joe Cicman, senior analyst at Forrester Research Inc.

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“Don’t think about headless commerce. Think about experience. Think about creating, operating, and optimizing great experiences,” he says. “[To] get your teams to work in an agile way, sensing and responding to your audience and customers, you’ll need technology that is similarly agile.”

After years of buzz, headless is gaining footing in the online retail world. 27% of retailers looking to implement new ecommerce platforms say they are most strongly considering a headless-based platform, the second most popular answer behind software-as-a-service at 32%, according to a Digital Commerce 360 survey of 121 retailers conducted in August and September 2020.

Dreamy results

With Barefoot Dreams’ replatform and redesign, consumers can more easily explore Barefoot’s some 350 SKUs. For example, they can view

27%

The percentage of retailers that are looking to implement new ecommerce platforms say they are most strongly considering a headless-based platform, the second-most popular answer behind software-as-a-service at 32%.



Source: Digital Commerce 360 survey of 121 retailers, August and September 2020.

products by fabric softness and style, such as coziest chic, or by color, size, product type and price.

Barefoot also switched to a more robust email service provider, Klaviyo, which is a plugin it added via Shopify. Similarly, it added Yotpo, a Shopify plugin for ratings and reviews, and Gorgias for customer service chatbots. The site now also syncs with inventory to ensure shoppers can’t purchase out-of-stock products, and the site is faster, mobile optimized and offers reporting and analytics. Since moving to headless and Shopify, Barefoot Dreams can now add such features and functionality more easily and without modifying the underlying code or needing help from a custom developer.

The Nacelle technology that Barefoot Dreams uses also employs progressive web app or PWA functionality. Built using web technologies such as JavaScript, HTML, and Cascading Style Sheets, Nacelle uses advanced PWA functionality that loads an entire site at once when a visitor first arrives. Unlike traditional websites, there’s no delay created by the back-and-forth of data between browser and web server each time a shopper moves to a new page. This allows for smoother navigation and fast page loads.

Since its new site launch in November 2020, Barefoot Dreams’ page load speeds increased 34.5% compared with a month earlier, average

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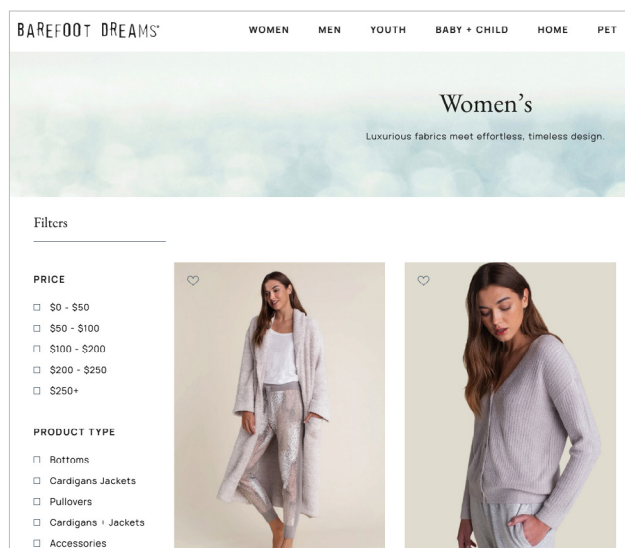
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page views per visit increased 403%, bounce rates fell 18% and conversion rates increased 64%. Additionally, ecommerce sales increased 200% in November 2020 compared with a year earlier.

“My team is especially happy with how flexible the merchandising is,” Johns says. “We can set up a whole new module with new imagery and text.” Barefoot also just added video to its Our Story page and plans to add more videos throughout the site on its fabrics and product detail pages.

Migration complications

Headless, however, isn't a golden ticket to a more agile and faster site, experts say. While it can offer many advantages, retailers must have the right team in place to implement the technology, Cicman says. And there are different flavors of “headless,” he says.



After implementing headless technology, Barefoot Dreams can now add features and functionality more easily and without modifying the underlying code.

“Headless requires modern software skills to put it to use,” he says. “A client that doesn't have a modern development team—or is running most of their other systems on premise (or on servers rather than in the more agile cloud)—would struggle with headless.”

Another struggle is sorting out what Cicman summarizes as “hard headless” from the more “easy headless.” Packaging plays a large role in whether it's hard or easy to implement headless. For example, some headless service providers package their technology as individual services, meaning that retailers need to go out and buy all the separate puzzle pieces like Adobe Experience Manager for content management while others provide an all-in-one offering with components such as content management, the shopping cart and order management, which can be swapped out via APIs or plug-ins through their app stores.

“It's really tough to sort because practically every commerce vendor—legacy and new—puts ‘headless’ on their websites—kind of like how you see a ‘non-GMO’ sticker on everything in the grocery store, including bottled water,” he says.

The upside is that the most modern of the headless commerce platforms are “shockingly less expensive” than their legacy counterparts, Cicman says. “The old tech is expensive for vendors to build and support, and it was built at a time when \$30,000 a month was considered

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attractively priced for \$10 million to \$40 million in online revenue.”

The old, monolithic vendors will strongly assert that they are all-in-one; however, the capabilities those vendors offer—like built-in site search—can’t go toe-to-toe with a newer independent site search from a vendor such as Coveo, he says. Monolithic platforms will also often tout their long histories with lots of clients, which may be true and verifiable, Cicman says, but they’re not necessarily all high-growth digital companies with leaders who would choose that vendor again if they were starting a new business unit from scratch.

The need for speed

Online retailer Privacy Pop, which sells bed tents designed to give sleepers more privacy and quiet for a better night’s rest, also moved to Nacelle’s headless PWA technology. The move was mainly an effort to speed up its slow site, which was keeping CEO Danny Ninete up at night.

“Page loads were sometimes taking up to 15 seconds,” Ninete says. The back-and-forth from the server to fetch the HTML files to load all the elements of a page took longer than many consumers were willing to wait, he says. Indeed, page load times were far above the industry average page load times, which is 3.76 seconds for retailers in the Digital Commerce 360 Top 1000, according to Blue Triangle.

Privacy Pop provides a wide selection of product colors and patterns, but its product pages would load so slowly, many shoppers would leave before even browsing the site’s inventory. Privacy Pop’s bounce rate was 80%, meaning 80% of site visitors would leave the site without navigating to another page beyond the retailer’s homepage.

Out of frustration, Ninete began researching how to increase page load speeds and the direct correlation between site speed, conversion rates and average order value. He soon came across headless technology and Nacelle.

Ninete worked with system integrator Coldsmoke Creative to deploy Nacelle’s headless PWA as well as a headless content management system from Contentful while still using its existing ecommerce platform, Shopify Plus. Not having to move to a new platform provider was a big benefit, Ninete says.

The new headless PWA from Nacelle only took 30 business days for Privacy Pop to launch and

21%

Percent increase in Privacy Pop’s conversion rate after moving to headless commerce technology.



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went live in September 2020, in time for the busy holiday season, Ninete says.

Privacy Pop experienced a 21% increase in conversion rates after moving to headless and Nacelle, as well as an 8.7% increase in average order value and a 190% uptick in the number of pages consumers visit on average during a session. Additionally, the retailer's homepage load time was cut to two seconds on average, and consecutive page loads to only .038 seconds on average, Ninete says. The average time spent on site also increased 49.46%, and the retailer's bounce rate fell by 30.42% to 50%.

Yeti Cycles rides the headless wave

Yeti Cycles also turned to headless to overcome the uphill battle it faced every day just to manage its basic ecommerce site. The retailer, launched in 1985, sells high-end, highly customizable bicycles, as well as cycling accessories and apparel used by professional riders across the globe.

13.5%

Percent Yeti Cycle's average order value grew after moving to headless commerce technology from BigCommerce.



Yeti Cycles was using a hodgepodge of tools to run its old site, including ecommerce platforms Shopify and Magento 1.9, and Readymag, a site design tool that helps companies build websites without coding, to name a few. But that approach just wasn't working, says Matt Hicks, senior technology manager for the retailer.

"It was nuts," Hicks says. "It was so complex. We had to simplify it. For everything I wanted to do I had to contact an outside contractor to do custom code. We were putting Band-Aids on top of Band-Aids. We needed to consolidate it. Get rid of the custom code. Get a foundation built. And get the keys back to managing our own website."

Hicks and his team wanted to bring its bikes and pro team cyclists' races to life and allow its die-hard cycling fan base to see its gear in action. But it was spending much of its time just trying to get new products on the site, he says. Changes required the help of a specialized developer. And Yeti, which prides itself in tasking its own racing team to lead all research and development efforts for its products, couldn't illustrate the unique features and functionality of its equipment, such as its Switch Infinity suspension platform that is engineered and tested to withstand treacherous riding conditions.

The old site offered little customization options for product pages, and front- and back-end systems were pieced together, making for a

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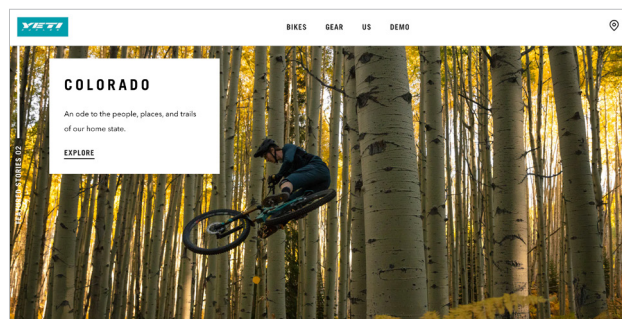
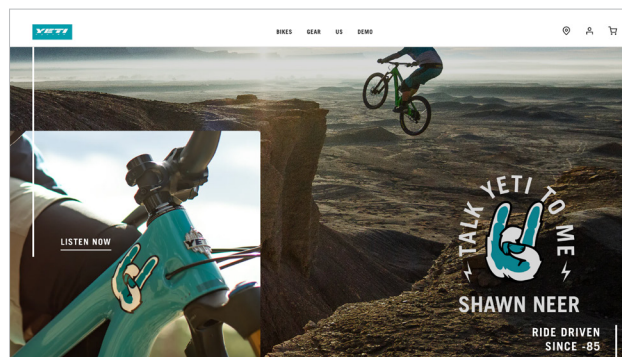
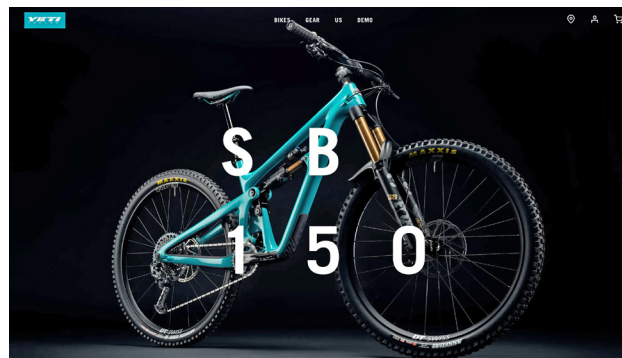
very complicated tech stack, the retailer says. Plus, the custom code and integrations were expensive and prevented in-house design and merchandisers from having much control or creativity with site updates.

Yeti hired web design and ecommerce consulting agency The ZaneRay Group to help it build a better performing headless site. ZaneRay selected BigCommerce's headless commerce platform technology for the back-end functionality like the shopping cart and order processing. For Yeti's front-end customer-facing experience, it purchased a content management system from Prismic to help it bring its bikes and accessories to life with animations and captivating imagery.

Yeti Cycles and ZaneRay researched several ecommerce platforms but chose BigCommerce in part for its API-based headless approach that enables Yeti to quickly add features and functionality without the help of a developer or special coding. APIs are the building blocks of headless commerce technology. They allow separate software and systems to connect and pull data from one another. A simple example is using an API to connect an inventory management system to the customer-facing content management system so that a field to input product quantity shows up on the front end for the shopper, while also pulling and updating inventory data on the back end.

“Commerce platforms with modern APIs can run in a headless fashion so that you can choose the best front-end technology for your websites,” Cicman says.

Meanwhile, Prismic's content management system enables Yeti to create a rich user experience. For example, before Prismic, Yeti



Yeti Cycles' new site operates on a single back-end platform and is easier for non-technical staff to update.

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designers would navigate to Photoshop and manually resize each photo and then load it into Amazon S3's object storage service. Now, Prismic automatically optimizes images for Yeti and Yeti can see how it looks on various devices, such as an iPhone 12 or Amazon tablet.

Yeti Cycles' new site, which launched in late June 2020 and took about 10 months to design and implement, now operates on a single back-end platform and is easier for non-technical staff to design. Staff can piece together building blocks to design pages, such as text and images, and design elements, such as a text overlay or a carousel.

"We have a small marketing team of about four," Hicks says. "We needed everyone to be able to contribute."

"Now we can really focus on the content versus just making sure things work," Hicks adds.

The new site also offers improved analytics and tracking to help Yeti better understand how customers use Yeti Cycles' site and to inform future business decisions.

Yeti Cycles doesn't sell full bikes on its B2C site, but via stores and other online retailers. Yeti has enhanced its bike product information and customization pages with more data and imagery and helps consumers find their local brick-and-mortar stores or online retailers to purchase bikes.

Additionally, Yeti Cycles' marketing team can now automate the launch of product releases and schedule them in advance to go live. For example, Yeti cycles launched its SB115 bike just four days after the new site went live. And one month later, it launched its limited-edition ARC 35th Anniversary bike. That single launch generated 85,500 page views. And the bike sold out in less than two hours.

Yeti's work is paying off in more than time and cost savings from not having to employ a specialized developer for every minute site tweak. The retailer attracted 1.2 million new visitors to its ecommerce site from July 1, 2020, to March 17, 2021, compared with 800,000 new visitors for the same period a year earlier—a 50% increase. It also experienced a 45% increase in site sessions and a 36% increase in page views for the same timeframe. Time on site increased by 8% and average order value grew 13.5%, Hicks says.

In today's fast-paced ecommerce world, retailers must be able to swiftly respond to consumer preferences, design compelling pages quickly, add site functionality and much more. A headless approach to ecommerce offers the ability to do just that. And that, proponents of the technology say, is why it is gaining a foothold in ecommerce today.

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Q&A

A headless approach to commerce helps retailers deliver on customer expectations

An executive conversation with **Neil Mistry**, vice president of solutions, Amplience



Online shoppers today expect more than they ever have from retailers. Site performance and speed are critical given customers want to access products and information quickly. They want consistent experiences across multiple channels and devices. And they want content that's relevant to them. To discuss how retailers should adopt a headless, composable approach to commerce to deliver on customer expectations, Digital Commerce 360 spoke with Neil Mistry, vice president of solutions at Amplience.

What misconceptions do retailers often have about customer expectations today?

It's easy for retailers to think what was successful for them in the past will be just as successful going forward. Customers' wants and needs, the way they interact with retailers and the type of content they consume are changing. Retailers must adapt and keep up.

Retailers often mistakenly believe their digital experience doesn't have to match the in-store experience or doesn't have to match across different channels. But if the experience is disparate, it becomes confusing and can dilute brand messaging.

What new features can retailers implement into their ecommerce sites?

There are plenty of new ways retailers can elevate their ecommerce sites, but the key underlying piece is headless commerce. Headless commerce allows retailers to choose the best-of-breed technologies they can compose together, allowing them to decide which features will bring value. So they can lean on the newest AI-powered personalized search tools, comprehensive data and analytics or bring in the most relevant payment solutions, for example.

A headless approach also means that more areas of a retailer's applications can be managed in content, not code. All areas of the application—like themes, pages and navigation—are turned into components to be easily created, manipulated and reused across channels, helping reduce content production and duplication of work.

Why is headless commerce so important in today's ecommerce landscape?

With so much competition in ecommerce, it can be challenging for retailers to differentiate. Headless commerce allows them to take control of their experience across all channels and devices. No longer are they shackled by the limitations of legacy technology and long project roadmaps. This new technology allows a much faster speed to market. It also allows them to streamline all their content production and reuse it easily in any number of channels, meaning output is higher.

How is headless commerce helping solve the common challenges retailers face?

Going headless helps alleviate a lot of bottlenecks. On the technical side, it helps with speed to market because developers can continually iterate and push live when they want without updates affecting all systems. It can also help increase the performance of a retailer's site and channels. On the business side, it allows marketers to do away with developer input when needing to get content live and streamline the workflow when creating and publishing content.

How can retailers go about adopting a headless commerce approach quickly?

Switching to a headless approach can be done iteratively. Retailers should start with the area that makes the most difference to their customers to see value quickly. And it's best to decide what level of headless is right for the business. Some may need a completely headless approach, whereas others might not.

Amplience is a headless commerce experience platform that gives retailers the freedom to create more—giving them the ability to build the innovative experiences they need to nurture meaningful, trustworthy relationships with customers and differentiate themselves from competitors.



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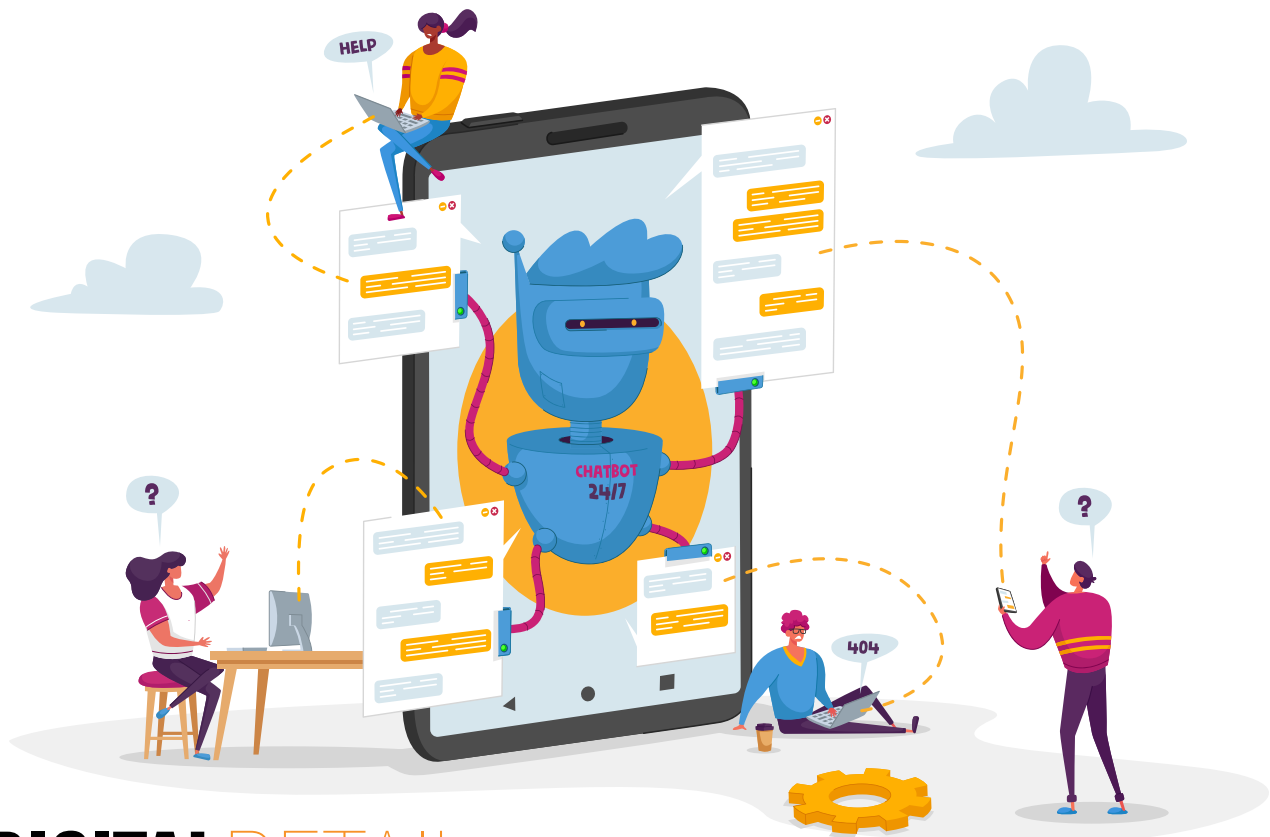
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Retailers continue to invest and see value in artificial intelligence for their online operations. AI can help lift conversions, aid customer service teams and offer more-relevant product recommendations, all while using fewer resources. This article explores how retailers like MandM Direct, Panasonic and Microsoft use AI for product recommendations and customer service.

By Stephanie Crets

Panasonic Corp. sells its products globally, which means its European headquarters fields customer service requests from customers who speak many languages, says Bruce Swan, European customer care general manager.

The consumer brand manufacturer sells a variety of products—such as headphones, stereos and cameras, as well as home goods and kitchen appliances.



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Panasonic's customer service team, which helps customers set up products and answers questions about product features and functionalities, found it challenging to keep up with all the tickets in several different languages, particularly from those in Dutch and Nordic-speaking countries. Customer service agents struggled to translate emails quickly while also crafting helpful responses in the same language. Because of this, Panasonic answered only about 50% of customer service emails received in a 24-hour period, says Swan, without revealing the number of requests.

The electronics retailer recognized it needed help answering customer emails promptly in summer 2019. It tapped artificial intelligence language vendor Unbabel to help its customer service team better assist customers who didn't speak English. Using AI has helped the team dramatically, leading staff to answer all customer service emails within 24 hours, up from 50% before employing the vendor. Plus, it also raised its customer satisfaction score after implementing the translation technology.

35%

The percentage of retailers who plan to invest more in artificial intelligence in 2021.

Source: Digital Commerce 360 survey, 103 merchants, January/February 2021

Panasonic is among several merchants investing more in artificial intelligence, especially as the COVID-19 pandemic forced many consumers to shop online while stores were shuttered. In fact, 35% of retailers plan to invest more in artificial intelligence for their ecommerce operations this year, according to a Digital Commerce 360 performance and conversion survey of 103 merchants conducted in January/February 2021. And 21% say artificial intelligence is a critical ecommerce investment for 2021.

Artificial intelligence is a technology that enables a machine to simulate human behavior. Machine learning is a subset of AI in which a machine, or the technology, automatically learns from past data without being programmed to do so.

"[Retailers] are starting to understand some of the business use cases that are going to drive [AI] adoption," said Brian Kilcourse, managing partner for retail market intelligence firm RSR Research. "They've probably been using some AI in the past without realizing that they're doing it." For example, he says many retailers are likely using AI through their personalization vendors or programs, he says.

Whether it's a brand-new ecommerce startup or a longstanding retail chain, retailers are investing in these technologies and many are reaping benefits. For example, the IDC (International Data Corporation) forecasts that

'AI really gives us the opportunity to automate processes and assist customers proactively.'

— Bruce Swan, European customer care general manager, Panasonic

spending on AI technologies across industries will grow to \$97.9 billion in 2023, which is more than two-and-a-half times what was spent on AI in 2019. Some retailers use AI to better understand customers, while others are using it to enhance their website and the overall customer experience.

How Panasonic uses AI to translate customer service requests

Once Panasonic selected its AI platform and determined how it was going to use the platform, the consumer brand manufacturer identified a set of languages to apply the technology to based on how many ticket requests in that language were coming in.

It started with Dutch and Nordic languages. Then, it needed the AI platform to comprehend and process messages in those languages. After a customer sends an email in Dutch, that email goes through the Unbabel platform to translate it to English for the customer service team. Then, an agent writes a response to the email in English, which is then fed back through the AI platform. A Panasonic customer service agent who is a

native speaker of the language in which the email was first written then reads the email to ensure everything is grammatically correct and makes sense, then sends it back to the customer.

It's more efficient for Panasonic to have one of its many English-speaking agents respond to the request and just have the native speaker check grammar. This frees up the native speaker to handle more complicated requests in the needed language on the phone, Panasonic says.

The platform went live on Panasonic.com in April 2020 after about two months of teaching the program to decipher Dutch and Nordic languages. "As a consumer technology organization, we deal with quite a lot of technical jargon," Swan says. "Certain phrases shouldn't be translated like USB, HDMI—these are terms we had to teach the system to recognize. We had to feed in sample content and go through phases training before it was put into a live environment to send to customers."

There are many details involved in AI-based machine learning and language processing. For

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example, many languages have slang or local nuances that may not be translated correctly by the system, so that created additional challenges, Swan says. Panasonic also had to train its agents to write short, concise email responses; otherwise, it becomes harder for the program to translate.

The benefits have drastically outweighed the initial set-up challenges as agents can now more accurately understand customers' questions. "Our Dutch agents can now focus more attention on speaking on the phone and providing a higher degree of service rather than answering emails," Swan says.

Plus, the Unbabel platform gets smarter over time the more emails it translates, leading to quicker responses from Panasonic.

In addition to speeding up its response rate, Panasonic's Net Promoter Score, which retailers use to measure customers' experience with customer service, also increased 50% in March 2021 compared with March 2020 when it had yet to implement this technology.

Panasonic also reduced the cost of providing support in Nordic and Dutch languages by about 60%. It can reinvest the cost-savings back into its AI technology to continue to improve it, Swan says. The retailer declined to share the cost of the AI technology.

Panasonic's AI platform now translates Dutch, Norwegian, Swedish, Finnish, Danish, Polish, Bulgarian and Czech. It chooses which languages to add to the platform based on the number of customer service requests it gets in each language. And it plans to continue adding more as the year goes. Swan says it takes about six weeks for the system to learn a new language.

"AI really gives us the opportunity to automate processes and assist customers proactively," Swan says. "One of the areas we want to grow is around how we generate revenue through customer care. We see how AI can work in that by using it to make product recommendations to agents on the fly."

Swan, however, doesn't believe AI will ever replace the need for human customer service agents.

"There's only so much a machine can do. If someone is looking to spend thousands of euros on a product, that person may want to speak to someone about the specifications, benefits and features to establish trust in their purchase. That part provides a more personal touch than AI," he says.

50%

Panasonic's year-over-year
Net Promoter Score increase.

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More success with AI language translation

Other Unbabel clients include consumer brand manufacturers Microsoft Corp. and Logitech—and both have found success in translating customer service tickets using AI. Like Panasonic, AI helped Microsoft increase its customer satisfaction score. And AI helped Logitech during the COVID-19 pandemic. The AI-based translation tool helped it streamline requests and reduce costs during the pandemic, when its customer service team was inundated with customer inquiries.

Microsoft implemented Unbabel in 2018 to help its customer service team deliver support for Office 365 to Chinese speakers via email and chat. By September 2019, Unbabel was translating seven different languages across four Microsoft businesses. Microsoft now uses Unbabel for all of its email and chat across 76 languages. And in 2020 Microsoft supported 496,000 customers via Unbabel.

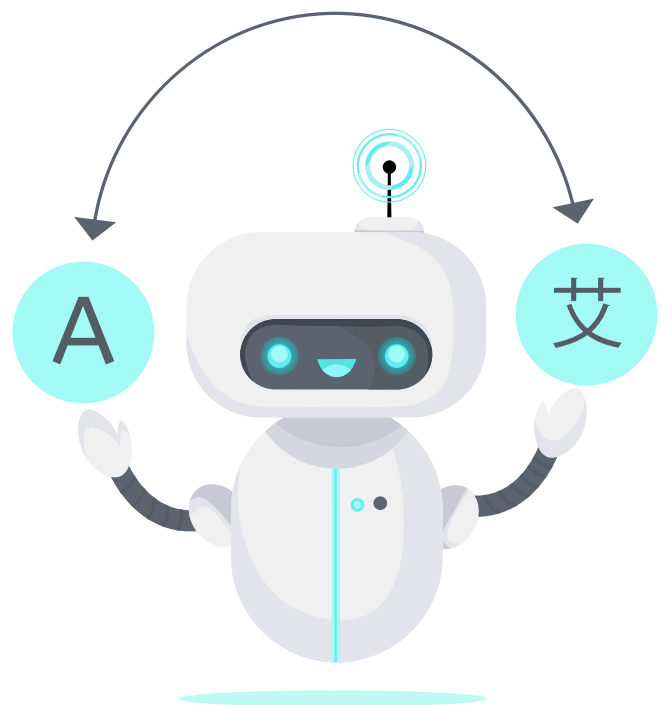
“We’ve seen CSAT [customer satisfaction] scores jump as much as 10 points, and in one instance, we increased issue resolution by 20%,” said Vincent O’Brien, support delivery manager for Europe, the Middle East and Africa, at Microsoft.

While Microsoft customers needed software support, Logitech’s customers needed more technical support for its electronics products, such as headphones, speakers and televisions. Similar to Panasonic, its customer service

team was fielding technical questions across 24 languages and found itself falling behind on inquiries. The customer service agents were using online translation tools, but those often introduced errors and frustrated customers.

It integrated Unbabel in 2019 and used it in conjunction with its live chat platform Zendesk to handle customer service requests in multiple languages. This helped Logitech boost customer service scores by 20%.

Soon after, however, the pandemic struck in spring 2020 and led to a 300% surge in customer service requests as more consumers were forced to work from home and set up home offices. Meanwhile, Logitech’s customer service team



WHY ARTIFICIAL INTELLIGENCE REMAINS A SMART INVESTMENT

TECH INNOVATIONS THAT STICK

was facing its own hurdles as it transitioned to working from home.

“We had internal challenges to work out, plus the sudden demand meant we had to staff up fast, but we focused on finding a solution that would represent a smarter approach,” said Adriana Vasquez, head of CX, core operations, at Logitech. “Our goal was to improve productivity with the same amount of technical representatives, and a huge win for us was to remove the language complexity.”

Logitech decided to offer only email support for customer service questions across all languages to take care of its backlog, Vasquez said, which helped it answer inquiries more quickly and decrease escalations. In the past, Logitech had to hire native language speakers across 24 languages. But it was able to focus on technical talent and rely on Unbabel to take care of the translation layer.

“Now, we can recruit English-speaking technical engineering talent in India who have the knowledge needed to address our customers’ concerns,” Vasquez said. “That reduces our hiring time to only one week and saves on the cost of recruiting and training generalist agents for languages [in which there are fewer queries]. Now, we can focus on our customer first, instead of the language barrier.”

Using Unbabel, Logitech was able to get on top of its customer service requests across 24 languages in less than three months and with only a 45% increase in staff.

Today, Logitech answers tickets within 12 hours rather than 48 hours using the Unbabel AI translation.

“We’re proud of how fast we were able to move as a global organization in response to the pandemic, in part because we already had the technology infrastructure and tools to work remotely,” Vasquez said. “But we have even more ambitious plans for customer care.”

Product recommendations are key for conversion

But artificial intelligence can be used for much more than translation. It is an important tool for retailers across multiple aspects of their businesses, especially those who operate solely online. MandMDirect Ltd., an online-only sportswear retailer, is another retailer that decided to step up its game with AI.

1.7%

MandM Direct's year-over-year increase in conversions from product recommendations after implementing AI.

'AI product recommendations come up with customer insights we couldn't get with traditional analytics. If you can get that in front of the customer at the right time, they are more likely to make that purchase.'

— Paul Allen, head of ecommerce, MandM Direct

MandM Direct, which sells more than 15,000 products, wanted to improve the product recommendations on its ecommerce site. The online merchant made the switch from a rules-based product recommendation strategy to an artificial intelligence-based system about a year ago.

"We want to understand every action a user does, especially what will make them do the behavior that is most valuable to the business," says Paul Allen, head of ecommerce. "If the customer is adding another product to their basket or getting through checkout, that adds value to the business. And to do that, we want to put relevant content in front of them."

By using a rules-based recommendation system, MandM Direct was missing out on valuable customer data. The old rules-based recommendations showed shoppers products

based on categories they had browsed, the products they'd looked at and their geographic location, but it didn't dig deeper.

"Rules-based makes that difficult," Allen says. "You can maybe hit 50-60% of customers with that strategy. But we wanted to use AI to have more coverage of customers."

For example, an AI system recommends products that a customer is most likely to want next while in her existing customer journey, he says, such as an item related to their past purchases and the items they'd added to their basket. The machine-learning system taps into Google recommendations, which is powered by the Google Cloud AI and constantly learning and updating, Allen adds. The system is consistently testing products with customers and using machine learning to figure out if they work—and if they do, then that brings about increased product relevance for customers.

WHY ARTIFICIAL INTELLIGENCE REMAINS A SMART INVESTMENT

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“One way in which brands can create real-time relevancy is through better enabling product discovery with product recommendations,” says Tracey Ryan O’Connor, vice president of North America, Qubit.

“With so many channels and so much information being pushed to consumers, the ability to help them find and discover the items of most interest to them has become paramount.”

The U.K.-based merchant has worked with personalization software company Qubit for more than seven years on its ecommerce site for personalization and its rules-based recommendations, so it tapped the vendor to help with integrating AI recommendations. MandM Direct began talks to integrate AI in February 2020, then began testing it in April. It

tested the feature in two rounds and completed its testing by October before launching it sitewide.

“Our main challenge was really getting the tests set up and testing two different types of AI recommendations at the same time,” Allen says. “But after that point, it’s been pretty smooth sailing ever since. We’ve just tweaked and improved.”

The new feature helped boost ecommerce sales, even during the testing phase, he says. MandM Direct ended its fiscal 2020 in July with nearly \$316 million in revenue, Allen says. That’s a 5.5% year-over-year increase in online sales, according to Digital Commerce 360 estimates.

MandM uses AI product recommendations on the homepage, product listing pages (which show products listed in a category or in search results), product detail pages, the shopping cart, search—anywhere a customer is looking for a product, they will see personalized recommendations, Allen says.

- On the product listing pages, the new AI feature increased conversion rate by 1.7% year over year (January 2021 over January 2020). In addition, MandM Direct had a 1.8% uptick in revenue per visitor, as well as a 148% lift in click-through rate on product listing pages.



WHY ARTIFICIAL INTELLIGENCE REMAINS A SMART INVESTMENT

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- On product detail pages, AI product recommendations helped boost conversions by 0.93% year over year. And these recommendations contributed to a 0.72% lift in revenue per visitor and a 5.28% increase in click-through rates.
- On the homepage, MandM Direct's conversion rate grew by 0.6% year over year thanks to the AI product recommendations. Its revenue per visitor increased 0.7% and its click-through rate jumped 118%.
- Product recommendations on the add-to-bag page boosted click-through rate by 157% year over year.

“AI product recommendations come up with customer insights we couldn't get with traditional analytics,” Allen says. “If you can get that in front of the customer at the right time, they are more likely to make that purchase.”

The retailer declined to reveal the cost of the AI recommendation engine, but Allen says it takes MandM Direct's team fewer resources to manage the new system compared with rules-based recommendations.

“It's all about getting the right product in front of the customer at the right time,” Allen says.

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TODAY'S LAYAWAY: WHY MORE ONLINE RETAILERS LET SHOPPERS BUY NOW AND PAY LATER

The number of online retailers offering pay-in-installments services increased by 60% in 2020. Currently, more than a quarter of Digital Commerce 360's Top 1000 online retailers offer the payment option. And many merchants say the service increases their average order value and conversion rates.

By April Berthene

When roughly 30-40% of Fenton's customers were contacting the jewelry merchant asking to finance their purchases, the online merchant knew it needed to offer a payment solution.

U.K.-based Fenton sells fine jewelry, such as made-to-order engagement rings, and its average order value hovers around \$3,000, says chief operating officer Jerome Brustlein. Because it sells such considered purchases, many shoppers contact customer service—which the retailer calls its concierge—via email, phone call, Instagram, Facebook and messaging app



WhatsApp to talk about breaking up the purchase into smaller chunks.

“For a lot of our customers, this is one of the biggest purchases they will make—with the exception of a house or a car—but they are doing it online,” Brustlein says. “So, as you can imagine, the ability to pay-in-installments or ability to split the purchase into a plan that works for them is obviously paramount for a lot of customers.”

Fenton and Co launched pay-in-installment services with vendors Splitit and Klarna in 2019, and Fenton immediately began reaping rewards from offering the options, Brustlein says. Its average order value increased about 5-10%, and shoppers started converting at a much higher rate, he says. Because Fenton offers two methods of financing, which have slightly different approaches, shoppers still often call customer service to ask questions about financing, he says. Of those consumers who contact customer service, 15-20% of them are asking about financing. For those shoppers that ask about financing, conversion has increased about 40-50% compared with before it offered financing, he says. As of March 2021, Brustlein estimates that 22-25% of its website transactions are made using one of the two payment options.

Shoppers buying now and paying for their purchases over time has increased in recent years, with more shoppers using it and more



Jerome Brustlein,
COO, Fenton

retailers offering it. Global ecommerce sites offering either pay-in-installment vendors Klarna or Afterpay grew by more than 60% to 90,479 online merchants in December 2020, up from 56,127 merchants in January 2020, according to web measurement firm SimilarWeb Ltd. Within Digital Commerce 360's Top 1000—which ranks the top online retailers in North America—27.1% of merchants offer a pay-in-installment feature. Financing was especially popular with shoppers during the early months of the pandemic, as consumers purchased items they had not budgeted for on account of sheltering in place—such as a desk or exercise equipment—and financing was an attractive option, says SimilarWeb consultant Simeon Atkins.

Merchants add the payment feature for several reasons, for instance, to increase conversion rates and average order values, or because shoppers request the feature. 21% of merchants said investing in a pay-in-installments or financing feature is “critical” to optimizing

online conversion in 2021, and 49% said it was important, according to a February 2021 Digital Commerce 360 survey of 103 retailers. (The remaining 30% said it was not important.) Retailers have several financing vendors to choose from. However, the decision to add anything to the product detail or shopping cart page is important as no merchant wants to distract a shopper who is about to buy. While direct results from adding these services can be hard to measure, many merchants say the feature is worth at least investigating.

Why merchants offer buy now, pay later

As in Fenton's case, some merchants say they began to offer the option to pay in installments because shoppers asked for it. Web-only coffee equipment merchant Café Last decided to launch Klarna after it received a significant number of inquiries to finance its products, says founder Graham Cooke. Its products range in price from \$500-20,000.

In 2020, pay-in-installments vendor Quadpay says merchants using its technology increased 133%

\$2,079

CafeLast.com's average order value for B2C customers who check out with Klarna, 35% higher than its typical AOV.



Graham Cooke, founder, Café Last

year over year, which it attributes to consumer behavior shifts during the pandemic, says Shira Schwartz, vice president of marketing at QuadPay. 13% of U.S. consumers say retailers offering financing with installments may lead them to place an online order, according to February 2021 survey of 1,047 online shoppers conducted by Digital Commerce 360 and Bizrate Insights.

Custom-made LED sign manufacturer Custom Neon decided to launch buy now, pay later after it noticed the phrase “buying neon signs Afterpay” showing up in its Google search ads and organic keyword research, says co-founder Jake Munday. Potential customers searching for a product it sells with the name of a financing option made adding the option a “no brainer,” Munday says.

Fenton tells a similar story, in which shoppers were asking its customer service employees to pay specifically with Klarna, even after the merchant integrated financing vendor Splitit on

its site, Brustlein says. That signalled to Brustlein how strong of a brand Klarna was with its target demographic and how beneficial Klarna could be to Fenton, he says.

Because buy now, pay later brands are spending their own time and money on marketing themselves and becoming more popular, consumers recognize vendor names when they are on a website. Seeing a popular brand on an ecommerce site helps merchants build trust with shoppers, especially if they never purchased with that merchant or the merchant is not a well-known brand, retailers and analysts say.

It also helps that many well-known retailers have also integrated these payment buttons on their site, making a wide range of shoppers more aware of the feature.

“Established retailers like Nordstrom and Macy’s are accepting it, giving [the payment options] solid credibility and exposing them to older demographics,” says Dan Brewster, senior vice president of marketing at ecommerce platform Scalefast Inc.

27.1%

Percent of Top 1000 merchants that offer pay-in-installments.

Source: Digital Commerce 360

Big retailers offering the payment options in some cases also convinces smaller retailers to try them out.

“We decided to add this functionality once we saw the biggest, best brands in the world do it,” Cooke says. “Nike and Peloton and Adidas are adding pay-in-installment finance options, so I figured, if it was good enough for them, it was good enough for our venture.”

Results from adding buy now, pay later

Several big-name brands are generating impressive results from pay-in-installments options. For example, apparel merchant Express Inc. added Klarna in September 2020, and shoppers who use the payment option have a 25% higher average order value than shoppers who don’t use it, CEO Tim Baxter told investors in a Q3 earnings call, according to a SeekingAlpha transcript.

Department store Macy’s Inc. added Klarna to its site in October 2020 and went so far as to invest in the vendor. In Macy’s Q4 2020 earnings release, it credits Klarna with driving new, young customers to the retail chain, according to a SeekingAlpha transcript.

And those impressive results aren’t just for big brands. After smaller online merchants add a buy now, pay later option, many find that their conversion rates or average order values increase.



Colin Dougherty, founder, Camskns

Camera-case merchant Camskns.com launched Klarna in mid-January 2021, and by mid-March, 5-9% of its website sales funneled through the pay-in-installments vendor, says founder Colin Dougherty. The retailer's conversion rate also increased 2% in the few months after it began offering Klarna compared with its average conversion rate for the few months before it added it.

CustomNeon.com.au implemented Limepay Pty Ltd., a buy now, pay later vendor in Australia, which helped boost its average ticket about 23% to more than 1,000 Australian dollars (\$765) on average in the six months after adding it compared with 815 Australian dollars (\$624) prior to offering the service, Munday says.

The 271 Top 1000 merchants in the 2021 Digital Commerce 360 Top 1000 that offer payment installments have a median average order value of \$174.63 compared with the median Top 1000

AOV at \$150. What's more, a SimilarWeb analysis of the top 100 U.S. apparel sites finds that the average conversion rate for the merchants that offer Klarna or Afterpay is 5% compared with an average conversion rate of 2.4% for the apparel sites that did not offer either option.

Data from fraud prevention vendor Signifyd also suggests merchants might want to consider these payment options. It finds that electronics retailers' average order value is on average 83% higher when a shopper uses an installments payment method, compared with when a shopper on the same site pays the full amount at once. Signifyd's data is based on tens of millions of dollars in transactions from 16 merchants between mid-March 2020 and mid-March 2021. Leisure and outdoor merchants have a 27% higher AOV, Signifyd says, and cosmetics retailers have a 126% higher AOV, according to Signifyd data.

While AOV can be higher for buy now, pay later transactions, some merchants say they are unsure if they can directly tie the impact of the button to a higher AOV. Shoppers may have purchased the higher-priced product, regardless if it offered financing but opted to pay in installments simply because the retailer offered it and the service was free.

For example, medical equipment manufacturer Elidah Inc. sells an incontinence medical device



'When they see it as a monthly plan, they compare it to something different in their head. 'Oh \$34. That's the same as buying pads at the grocery store every month.' That relative comparison is a lot more palatable.'

— Gloria Kolb, CEO, Elidah

at Elitone.com for \$399. It launched financing with Splitit in August 2020 and at the same time debuted a bundled offer with the device and accompanying gel pads. Elitone.com's AOV did increase in the month after offering both to \$503 from about \$370 which could be because of Splitit or because shoppers liked the bundle option—or a combination of both, CEO Gloria Kolb says.

On its ecommerce site, Elitone shows the monthly cost of purchasing the device at \$34 per month and the device with the gel pads, at \$40 per month. The difference is only \$6 and seeing this makes shoppers more likely to choose the bundled option, Kolb says. As of March 2021, a third of its purchases are bundles and its AOV is about \$450, she says.

Kolb says offering financing helps her company convert shoppers who might have been leery of the merchant's prices. It also uses other methods to convince price-conscious shoppers to buy, such as a free 60-day return policy, Kolb says.

"We want to reduce any of the hurdles," Kolb says.

"When they see it as a monthly plan, they compare it to something different in their head. 'Oh, \$34. That's the same as buying pads at the grocery store every month.' That relative comparison is a lot more palatable," she adds.

At Café Last, the average order value for its business-to-consumer customers who pay with Klarna was \$2,079 March 1-17, 2021—a 35% increase compared with \$1,541 for traditional

payment methods during the same period, Cooke says.

“It’s just like people react when interest rates go down, housing prices go up. ‘Oh, I can afford more, I’ll get the upgraded model,’” Cooke says.

When it comes to consumers, the reasons for using these payment options varies, says Ginger Schmeltzer, senior analyst at financial services research firm Aite Group. “Surveys show a mix of motivations, including the desire to save cash—or an existing credit line—for an emergency, the need to continue to buy required items despite lost income, and just plain old pandemic retail therapy,” Schmeltzer says.

Buy ELITONE...bye pads!

Why You'll Love It! You feel the contractions done for you, and you worry less knowing that you are in control now, and for your future. You have the time-saving convenience of using it when and where you want, with no one the wiser! All for a low cost that **costs less than you spend on pads** each year — a treatment, not a coverup.

★★★★★

Bundle

1 ELITONE Device and 6 GelPad 5-Packs (half shipped two months later), previously ~~\$607~~

\$42/mo or \$503, Free Shipping

ADD TO CART

Starter Kit

1 ELITONE Device and 2 GelPad 5-Packs, previously ~~\$495~~

\$34/mo or \$399, Free Shipping

ADD TO CART

Questions?

4

[Go To Cart](#)

Elitone.com showcases the monthly pay-in-installment price for each of its products.

Considering the costs

While most vendors offer financing free for the customer—making them attractive and easy to use—the payment features are not free for merchants.

Vendors charge merchants varying amounts based on each specific plan, such as a loan’s duration and if the installment vendor is offering a new line of credit or tapping into a consumer’s existing credit line.

Cooke says Klarna costs him around 3% plus 30 cents per transaction with no annual or sign-up fees. Other merchants say this fee structure is comparable to what they have. Both Café Last and Camskns.com reached out to several vendors and chose Klarna because it got back to them the fastest.

Fenton’s Brustlein says Klarna charges more for longer payment periods. For example, the vendor could charge a merchant 20% per transaction if the pay-off period is three years, he says. Fenton initially offered this three-year option but discontinued it because it wasn’t worth the cost, Brustlein says.

Now with Klarna, it allows shoppers to pay back the loan with one payment per month over six, 12, 18 or 24 months, and Klarna’s fees for Fenton are more manageable, he says.

Choosing the right payment installments vendor

Spreading payments over a long period is initially why Elitone offered Affirm, but after about a year, the retailer took Affirm off its site. Affirm conducts a soft credit check on the consumer before it agrees to provide financing and to determine how much it will lend. Affirm says this does not impact a shopper's credit score. Elitone found Affirm was not approving a significant share of shoppers, and, in many cases, those shoppers would abandon the purchase all together.

“When [shoppers] don't get approved and they are on a different site already, they don't come back to your site. They just leave and we never get them back,” Kolb says.

In August 2020, Elitone switched to pay-in-installments vendor Splitit. Since then, its abandon-cart rate significantly decreased. When Elitone had Affirm, its abandon-cart rate was 18%—and 30% of those abandonments were from shoppers trying to checkout with Affirm, Kolb says. Now that it has Splitit, its abandoned cart rate is 6%, and of those abandonments, 0% is from shoppers paying with Splitit, she says.

Splitit does not provide the shopper with a new line of credit, like Affirm or Klarna does; therefore, it does not conduct a credit check. Instead, Splitit borrows against the consumer's credit card limit and puts a hold on her credit card for the amount of the purchase. For example, if a shopper has

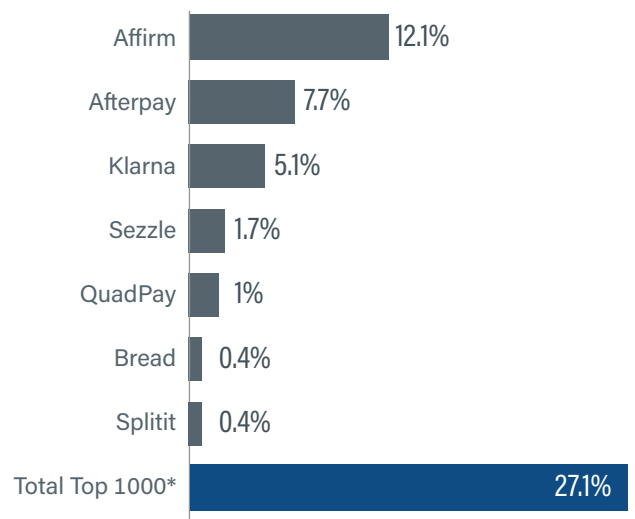
\$2,000 of available credit on her Visa credit card and she is purchasing a \$500 product on installments, her available credit would be \$1,500 until she pays back the purchase.

While not conducting a credit check is good for Elitone's cart-abandonment rate, it has its drawbacks, she says. Unlike vendors such as Klarna, which pay retailers the full purchase amount immediately, Splitit pays retailers in installments. Additionally, Splitit charges Elitone a fee per installment, unlike other vendors who charge a flat fee all at once. Despite this, Splitit is a good fit for Elitone, Kolb says.

There are several buy now, pay later vendors on the market today. That means retailers can choose the models that make sense for

Affirm, Afterpay are most popular pay-in-installments vendors

Percent of Top 1000 merchants offering each pay-in-installments vendor



*11 merchants offered multiple installment options.
Source: 2021 Digital Commerce 360 Top 1000

their businesses. The 2021 Digital Commerce 360 Top 1000 tracks seven pay-in-installment vendors. Of the 271 merchants that offered pay-in-installments, 11 of them offered multiple vendors. Affirm was the most popular, with 121 merchants, or 12.1%, offering it, and Afterpay was the second most popular, with 7.7% of merchants offering it.

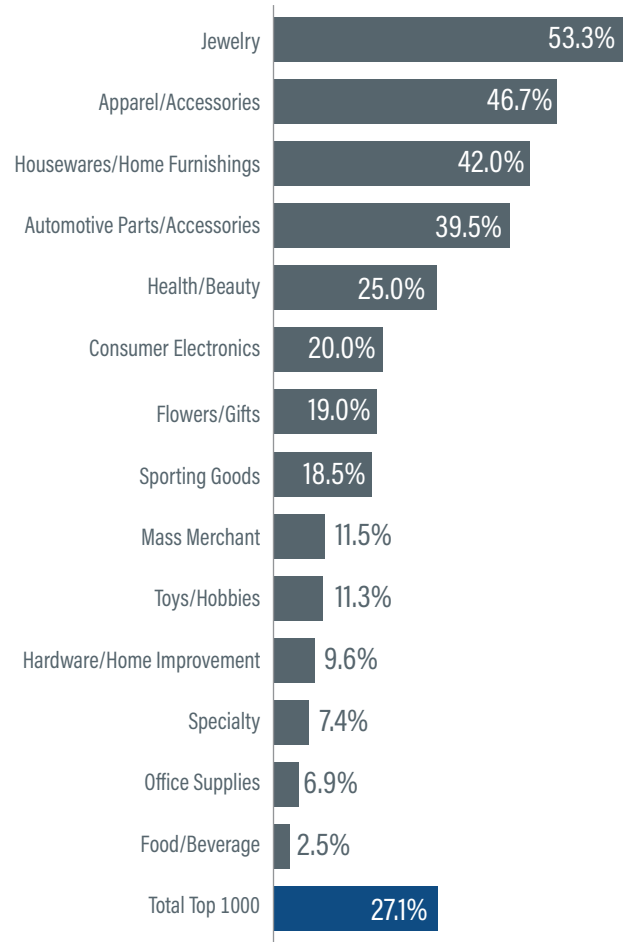
By category, jewelry, apparel and houseware merchants were the most likely to offer financing with a vendor, with 53.3% of Top 1000 jewelry merchants offering installments, 46.7% of apparel merchants and 42.0% of home furnishing retailers.

At Fenton, costs and user interface were major factors for selecting its vendor, Brustlein says. For example, it likes that Klarna and Splitit both are integrated on its site and don't take shoppers off of its website. It vetted a few other vendors that didn't seem as slick, he says. For example, the button opened a new window, had a tedious application process and the consumer had to manually close the window to go back to the retailer site. Plus, some vendors didn't offer a mobile optimized version.

The look of these buttons is important, as they take up valuable space on a product detail page. But a feature that helps a shopper convert is exactly what should be on these pages, says Scalefast's Brewster.

27.1% of Top 1000 merchants offer payment installments

Percent of Top 1000 merchants in category with a pay-in-installments vendor



Source: 2021 Digital Commerce 360 Top 1000

“The buy now, pay later partner can break down the payments into more affordable bites—contributing to higher conversion rates,” Brewster says. “That’s something that every merchant wants.”

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WHY MORE RETAILERS ARE PRESSING PLAY ON VIDEOS

Online retailers are using videos in a range of ways, from how-to tutorials to livestream shopping. Merchants are upping their video games because the medium is engaging, offers an interactive way to communicate with shoppers and can be a persuasive selling tool.

By April Berthene

Videos may not play the leading role when it comes to marketing for online retailers, but many say the medium is a strong supporting actor.

While in the past most retailers have mainly used videos to spice up a homepage or to showcase a product on the product detail page, merchants are now using video in more creative ways, including for customer service, advertising, and even down to selling through them with the recent surge in livestream video shopping. Merchants that are tapping into technology and thinking creatively are finding that videos can yield impressive results.

420 merchants (42%) in the 2021 Digital Commerce 360 Top 1000 incorporate videos in at least one location on their ecommerce site, which is a slight uptick from the 411 merchants (41.1%) that did so in 2019. When looking at just the Top 100 merchants, a larger share offer



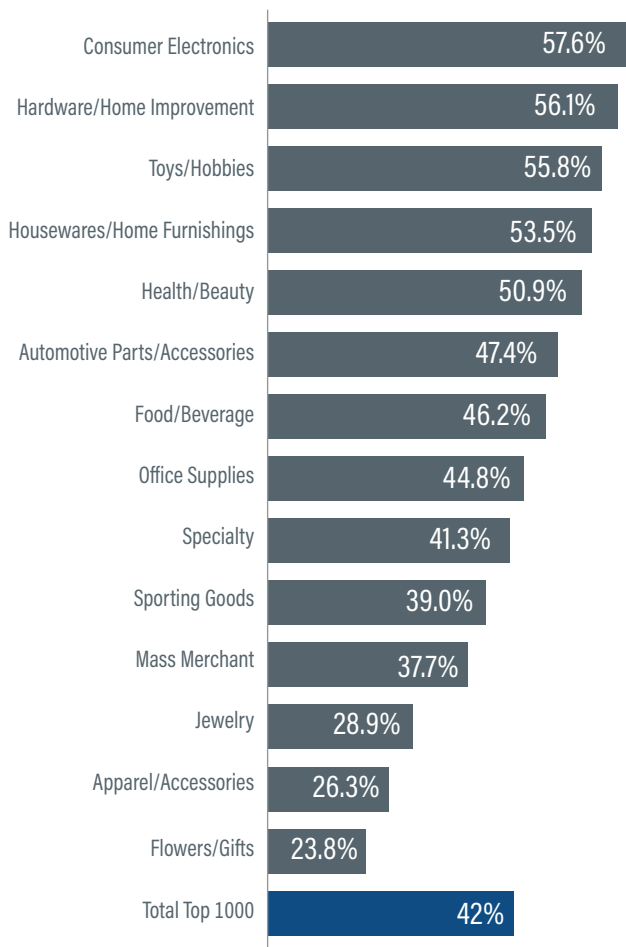
WHY MORE RETAILERS ARE PRESSING PLAY ON VIDEOS

TECH INNOVATIONS THAT STICK

video, with 62% of Top 100 merchants playing video on their ecommerce sites, according to Digital Commerce 360 site visits in October 2020. Plus, 52% of Top 100 merchants specifically have a how-to video on their website, such as how to use the product, how to set up a product or how

42% of Top 1000 merchants have video on their ecommerce sites

Percent of Top 1000 merchants in category with video somewhere on site.



Source: 2021 Digital Commerce 360 Top 1000

to measure themselves to determine what size to order, according to the October 2020 site visits.

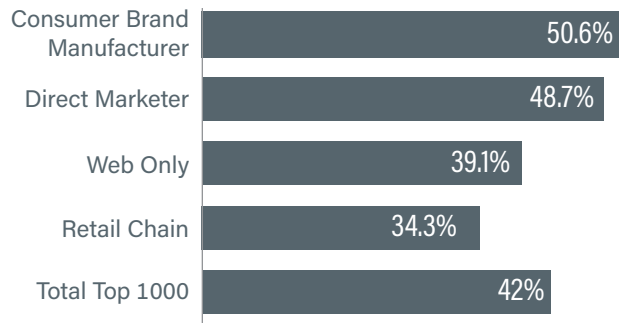
Looking at the entire Top 1000 by merchant type, consumer brand manufacturers are the most likely to offer video on their ecommerce sites, with 50.6% of merchants using it. By product category, consumer electronics retailers were most likely to offer video, with 57.6% of them having it, followed by hardware/home improvement merchants at 56.1%.

The 420 Top 1000 merchants with video posted an average order value of \$160 in 2020 –16% higher than merchants without video, whose AOV came in at \$138. Conversion is also slightly higher for merchants with video, at 3.0% compared with 2.8% for those without video, according to Digital Commerce 360.

In the story below, merchants share how they are using video as a sales channel via livestream shopping, and why they think the channel is resonating with consumers. Later, two online-only merchants share how video was a foundational element of their business. Entrepreneur Lisa Jauregui discusses how she now generates millions annually from what was once a YouTube channel offering makeup tutorials, and skateboard business owner Bryan Tracey explains how he relied on influencer videos to connect with his niche demographic and jumpstart sales. Plus, later in this Strategy

Consumer brand manufacturers most likely to offer video

Percent of Top 1000 merchants by merchant type with video somewhere on site.



Source: 2021 Digital Commerce 360 Top 1000

Insights report, chief technology editor Katie Evans and senior consumer insights editor Lauren Freedman dig into how customer service via in-store appointments is also getting a video twist with virtual appointments in their stories **“A virtual connection: Retailers get personal with virtual appointments”** on Page 47 and **“The Shopper Speaks: Virtual Appointments”** on Page 56.

A boom in livestream shopping

When Betabrand’s CEO Chris Lindland saw the “meteoric growth” in livestream shopping in China, he quickly decided his apparel brand should invest in the medium. And invest it did.

The merchant has produced 10 livestream shopping videos a week since January 2021. It features the video streams in the

center of its homepage and dedicates five employees to focus on livestream as their chief responsibilities.

“It’s our entire business at this point,” says creative director Marie Andresen. “Everyone is working toward this one goal.”

Betabrand’s biggest seller is dress pants that are made from yoga pant material, but it also sells other apparel merchandise that shoppers have more input into. Before products are manufactured, Betabrand.com shows several image mock-ups of how a product could be designed, such as with various materials, colors or zippers. Then shoppers vote and makes suggestions on the versions they like the best. The merchant then gathers feedback and selects the most popular design to manufacture. After the product is made, Betabrand sells it until it’s gone. The merchant typically sells out of these limited-release products within 30-45 days, Andresen says.

Previously, this whole process was conducted on its website. But after seeing the livestream boom in Hong Kong—where Lindland spent some time working with Betabrand’s manufacturer—the format clicked with Lindland as a great way for Betabrand “to close the loop” on a product cycle. After a shopper votes for a product, instead of just releasing the product on its website, the retailer now uses livestream video to debut the product when it is ready to sell.

‘We want to respond to you immediately and make that interaction as quickly as possible so you understand that this is about communication, not passive viewing.’

— Chris Lindland, CEO, Betabrand

“It’s a celebration of you picked it, now it’s here, lose your mind and buy everything as fast as you can,” Lindland says.

The Chinese livestream boom Lindland is such a fan of stems from ecommerce giant Alibaba and its Taobao marketplace. Gross merchandise value on Taobao Live, Taobao’s livestreaming service, grew roughly 150% a year for three straight years, Alibaba announced in March 2020. Taobao Live generated more than 400 billion RMB (\$61.12 billion) in gross merchandise value in 2020, Alibaba says.

In the U.S., livestream sales are still picking up steam. While TV-shopping networks like QVC. Inc. and HSN Inc. have long used video to demonstrate their products on TV, merchants have only recently started taking this video-demonstration-type shopping online. However, today, following China’s lead, more merchants

are trying out the format, including well-known players like Amazon.com Inc., department store Nordstrom Inc. and home furnishings giant Wayfair Inc.

“Although livestreaming is well established in China, it is also rapidly expanding in the U.S. and the rest of the world. The livestreaming ecommerce trend has been boosted by the pandemic as consumers look for entertainment online,” says Deborah Weinswig, CEO and founder of retail research firm Coresight Research.

Coresight estimates that U.S. online livestreaming sales reached \$6 billion in 2020, will grow to \$11 billion in 2021 and reach \$25 billion by 2023.

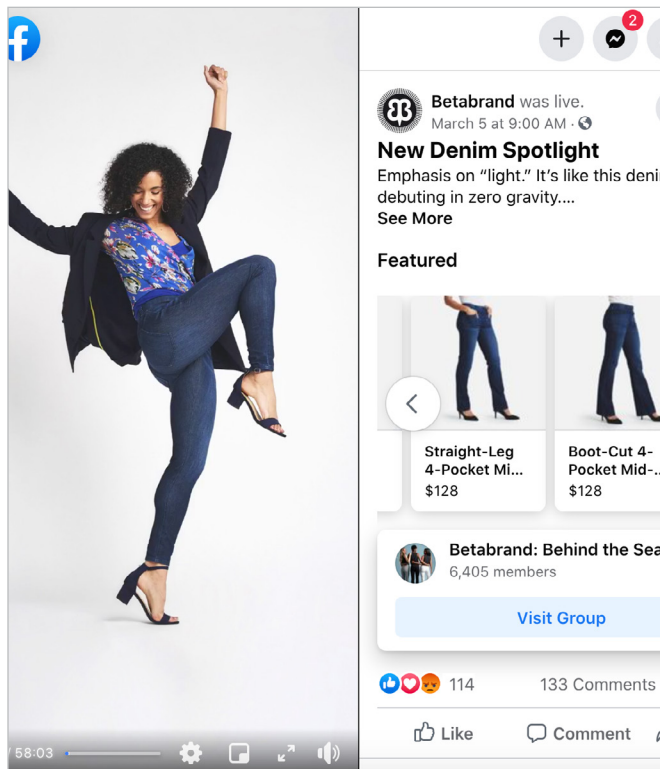
“Up until most recently, most of the major brands livestreaming in the U.S. have been in the beauty and fashion categories. The recent

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entrants—Macy’s, Walmart and Nordstrom—were a major turning point for livestreaming and a signal to the industry—livestreaming is here to stay,” Weinswig says. “We expect more brands and retailers to move very quickly on the livestreaming trend.”

And it’s not just the big players testing out online video. When COVID-19 forced nonessential apparel boutique Kelley Cawley to close its only storefront March 17-May 29, 2020, owner Kelley Cawley took that as the impetus to start connecting with its shoppers online. First up was launching an ecommerce site, which it got off the ground in April 2020.



Betabrand produces two livestreams each weekday.

While the apparel retailer already had a Facebook page, Cawley began digging into the more advanced tools the social media platform offered, such as livestream shopping via Facebook Live videos. Facebook Live is free to use but costs the company in employee time and ad spend to drive awareness of the events, she says. Kelley Cawley tried out the feature and soon found that broadcasting livestream videos from its boutique helped build the retailer’s credibility and drove traffic and sales to its ecommerce site.

By Q3 2020, Kelley Cawley was conducting Facebook Live videos every day, ranging from 15 minutes to an hour. During the livestreams, one of the brand’s six hosts discusses new products, chats about how to style an outfit or promotes an upcoming contest.

The number of viewers for each livestream range from less than 100, to a few hundred to as many as 1,000, Cawley says.

Prior to the stream, the brand can upload products to Facebook and tag them to the stream. Shoppers can then tap on the tag to display product details and purchase the product on Facebook or click through to KelleyCawley.com to purchase.

The livestreams correlate directly with website traffic and sales. For example, during a recent livestream on March 17, its website traffic

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Kelley Cawley hosts Facebook livestreams at her boutique.

increased 136% at the time it started the livestream compared with earlier in the day, with a visible bump in sales following, she says. Plus, 44% of all online purchases occur within a two-hour time period of the brand's Facebook livestream, Cawley says.

Additionally, one of the top navigation options on KelleyCawley.com is "Shop Live Shows," where consumers can tap on a host's name to shop the garments the host featured in her most recent livestream. Most of a livestream's featured products sell out, Cawley says.

"We now stream live on Facebook almost every day and we continue to see a stable increase in sales as a result of our undeviating presence on Facebook Live Shopping," Cawley says.

Even though her physical store opened back up in June 2020, as of April 2021, about 40-50% of Kelley Cawley's sales are now online. Plus, its online sales have increased 88% from when it first started livestreams in May 2020, she says.

"[Facebook Live] has saved our business," Cawley says.

While Betabrand's Lindland began focusing on livestreaming before the pandemic, he also used the pandemic-induced online shopping surge to lean into livestreaming.

Like Kelley Cawley boutique, in Q3 2020, Betabrand started producing livestream shopping events, including product launches and flash sales, every day. The shows feature one or two hosts unveiling a product that is now live to sell. The host showcases the products' features, styles the product with other garments, conducts polls with the viewers and answers audience questions. Betabrand also has a 30-minute Daily Deal show—a mini-clearance event that expires when the stream ends.

44%

The percentage of all KelleyCawley.com purchases occur within a two-hour time period of the retailer's livestream.

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Betabrand features on its homepage as well as via social media platforms like Facebook Live, Instagram (IGTV), YouTube and Twitch. Playing its videos in social media channels helps it get more eyeballs, Lindland says.

Betabrand also adds shoppable links to the bottom of the livestream videos on its website. While watching a video, viewers can click on a “shop” button next a product to view product details and add the item to her cart—all while continuing to watch the livestream. Similarly, on Facebook, Betabrand puts product links in the text it displays within live videos. Viewers can then click on the link to purchase on Betabrand.com.

“We haven’t explored selling directly from Facebook yet,” Lindland says. “For now, we view Facebook broadcasts as a way to extend reach, as well as to serve Dress Pant Yoga Pant reminders to our many existing Facebook fans.”

Facebook Live is free for merchants to use, but Betabrand dedicates considerable resources to the livestreams including six employees, video

10%

Betabrand.com’s conversion rate shoppers who view and comment during one of its livestreams.

and camera equipment, its store space and employee time to develop the technology that runs the streams on its website.

On its homepage, each stream on average generates 10,000 views, and Facebook typically increases viewership by 500%. Facebook Live videos often generate hundreds of thousands of views, Lindland says.

“We view syndicating our show on Facebook Live as crucial to our overall live strategy,” Lindland says.

“We have a hyper-engaged fanbase on Facebook—particularly in Facebook groups—and they extend the reach of our broadcasts enormously,” he says.

Viewer interaction plays a leading role in livestream success

Next to the video stream is a live comment feed, where shoppers can engage in chat and direct questions to the hosts and other viewers. This live comment feed is key to making livestream successful, Lindland says. The goal for the livestream events is to engage the audience and “make it as interactive as humanly possible,” Lindland says.

Two Betabrand employees monitor the comments as they come in. One watches Facebook Live comments and the other

'The livestreaming ecommerce trend has been boosted by the pandemic as consumers look for entertainment online'

— Deborah Weinswig, CEO and founder, retail research firm Coresight Research

monitors all other channels. The two flag the questions that they deem most useful for the entire audience.

Example questions include: “How do you measure your inseam for this product?” or “Is this a lightweight material?” or “How does this shade of purple compare to the plum purple on this previous product?” The host holds a tablet during the stream to read the audience questions the producer flags, enabling her to immediately address each shopper by name and answer her question.

“We want to respond to you immediately and make that interaction as quickly as possible, so you understand that this is about communication, not passive viewing,” Lindland says.

The conversion rate for shoppers who view and comment in the livestreams is 10%, Lindland says. This is on par with the merchant’s most engaged shoppers, which includes website shoppers who vote on a product design or chose

to receive an alert when a product design is manufactured and available to purchase. On average, Betabrand receives 9,000 votes for new products per day, Lindland says.

It’s important to make livestreams engaging, especially during the pandemic, Weinswig says.



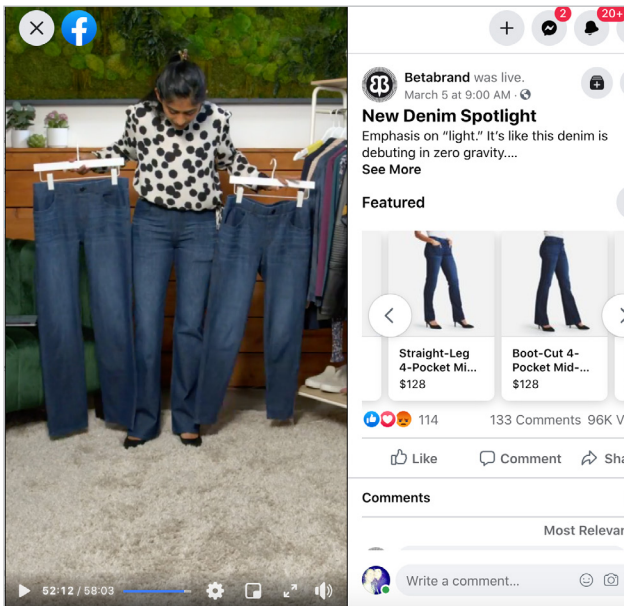
Betabrand converted its store into a studio for its livestreams.

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“Livestreaming is becoming an essential marketing tool for brands and retailers as it provides interactive content in real time, directly engaging consumers,” Weinswig says. “Alongside the consumer shift to ecommerce amid the COVID-19 pandemic, shoppers are looking for entertainment and social interaction as they spend more time at home.”

And Betabrand’s most engaged shoppers are growing, in part thanks to livestreams the data suggests. Since launching daily shows in Q3 2020, its cohort of most valuable customers (shoppers who have purchased five or more of Betabrand’s dress pant yoga pants) has increased 40% to reach 125,000 customers, Lindland says.



Betabrand produces two livestreams each weekday.

“We credit that to a never-ending effort to communicate with our customers and, better yet, to get them to communicate with each other,” Lindland says.

For example, Betabrand has noticed that if a viewer asks a question—such as “I’m 5 foot 4 inches and weigh 150 pounds, what size should I buy?”—that other viewers will respond with what works for them, also sharing their height and weight.

Hosts work to get viewers engaged as well. For example, its hosts recognize frequent watchers and mention them by name during the stream.

How influencer videos ignite one business

Retailers can use livestream to market products, engage with their shoppers and sell products. But merchants can also harness the power of video marketing with influencers. Such influencers can use video to demonstrate a product, conduct tutorials or offer a review or endorsement. As the name suggests, an influencer has credibility and sway with his or her specific audience to

42%

Percent of Top 1000 merchant that incorporates videos in least in one location on their ecommerce site.

Source: 2021 Digital Commerce 360 Top 1000

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convince them to buy a product. For example, a makeup artist who has 10,000 followers, can share her application tricks and recommend the products she is using and why.

Bryan Tracey, founder of HandSkate.com, says it would have been dead in the water without influencer videos. While Tracey already owned and operated skateboarding website SkateXS.com, he wanted to launch an ecommerce site selling handskates, which are skateboard toys consumers can operate with their hands to emulate skateboard tricks, such as doing flips and jumps. The main company that previously manufactured handskates had stopped making them and Tracey saw a market need as the only way to buy hand skateboards was by researching and finding them as a

collector's item on marketplaces like eBay for around \$80, Tracey says.

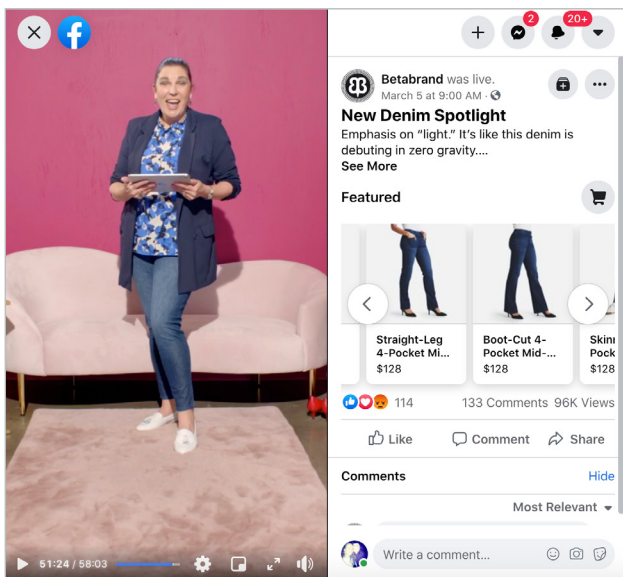
But before taking the plunge into a new business with a new product, Tracey knew he would need influencers on his side.

“Here was a completely unknown product; nobody had heard of handskates. It’s a new concept. People are not Googling for it,” Tracey says. “You need to get it in front of eyeballs, and you don’t own those eyeballs, you don’t have direct access.”

Tracey took the risk and manufactured 1,000 units. He identified a handful of people with followings on the internet—influencers who had previously posted videos with a handskate—and sent the toy prototypes to them.

Along with its product, Tracey sent a letter introducing him and his company. The letter had no instructions and made it clear that it was a no-strings-attached gift. He made no mention of creating a video, but Tracey hoped the influencers would be excited enough about the product, that they would post a video about it, essentially promoting it for free.

“We weren’t sure how they would handle it, and they handled it in the best possible way,” Tracey says. “The main video all started with the product in the box, they introduced the



Hosts hold a tablet during the livestream to field audience questions.

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company and said, ‘Somebody is finally making these.’”

The videos continued with the influencer opening the product and demonstrating it for several minutes, then each one told viewers where they could buy it and included a link to HandSkate.com in the description.

“I think it was exactly the best case. If we had thought to ask for something, that was what we would have asked for,” Tracey says.

Backed by known people in the brand’s target market, the product gained legitimacy and was set for growth. HandSkate collected 100 orders within a few hours of the influencers’ videos going live.

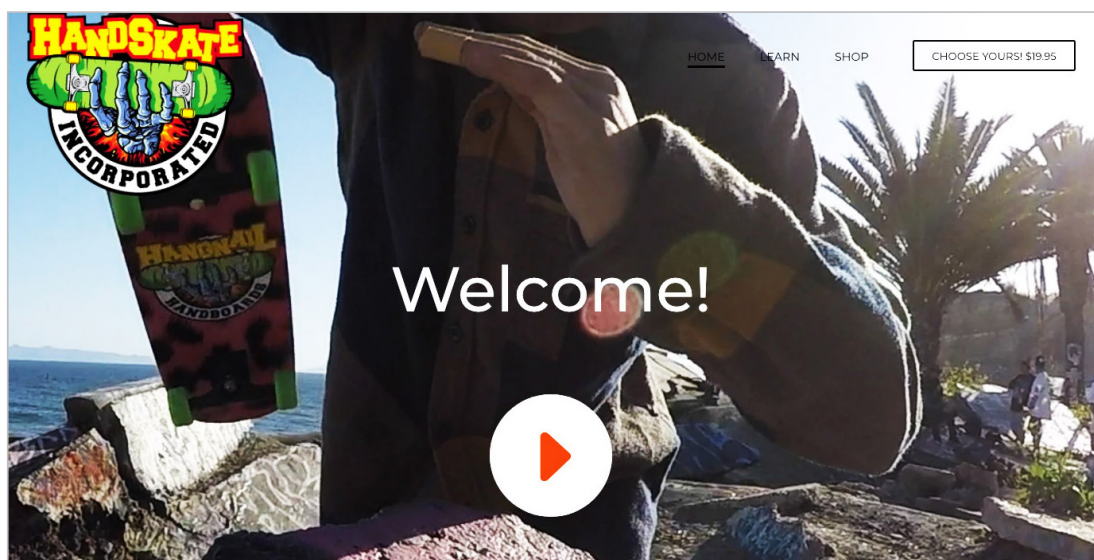
Now—more than three years later—HandSkate.com is still riding the long tail wave of influencer videos.

From video blogger to business

While Handskate let video influencers promote its products, makeup tutorial video blogger Lisa Jauregui realized her own power as an influencer and turned it into her a business that now pulls in seven figures annually.

Lisa Jauregui started out doing makeup tutorials on YouTube in 2014 as a creative outlet while working as a cosmetics trainer for MAC Cosmetics. As a trainer, she would travel around the country to train MAC sales consultants about MAC products.

After three years of producing the videos as a hobby, Lisa Jauregui realized she could monetize her channel—much like other beauty bloggers were doing at the time—by using affiliate links. This means that when Lisa Jauregui used or recommended a product in a video, she would



Handskate.com relied on influencer video marketing to get its business off the ground.

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include a link to purchase that product. That link would have a tracking code unique to her, and she would earn a commission if a viewer clicked on it and went on to make a purchase.

Very quickly, Lisa Jauregui decided that with the money she was bringing in, she could quit her day job and make a living producing videos for her YouTube channel full time. Today, the channel has 10,000 subscribers and each video generates anywhere from thousands to more than 1 million views.

While she was able to live off running the affiliate makeup blog, Lisa Jauregui discovered that over the years she had acquired two very valuable assets from her video tutorials to run her own business—a following and access to their purchasing behavior.

After a year working to develop products, a brand and an ecommerce site, the duo launched BKBeauty.com in April 2019. BK Beauty generated more than \$1 million in sales in its first year and is on track to reach \$5 million in 2021, Paul Jauregui says.

Video has persuasion power, and there's a multitude of ways to leverage it. Retailers can tap into the medium either themselves or use influencers to attract new shoppers or convenience current ones to buy more. And new technology like livestream, more merchants are finding that video can play a major role in driving sales and brand awareness.

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BKBeauty.com generated more than \$1 million in sales in its first year and is on track to reach \$5 million in 2021.

A VIRTUAL CONNECTION: RETAILERS GET PERSONAL WITH VIRTUAL APPOINTMENTS

As stores shut down, several online retailers opened virtual appointments to replicate the in-store experience of working with a sales associate, and in some cases, to offer a simple human connection. And several merchants are finding their investments worth it.

By Katie Evans

The coronavirus upended consumer's lives—and that included the way people shop. With the pandemic, even the staunchest store shoppers were forced to swap strolling aisles with scrolling ecommerce sites as stores across the globe closed.

To make online shopping more personal for the droves of consumers buying online, many retailers, including Canadian men's luxury apparel merchant Harry Rosen, high-end women's loungewear brand Dayo and direct-to-consumer women's swimwear brand Andie, are offering virtual appointments. These merchants aim to replicate as much as possible the in-person connection of a store associate handpicking or directing shoppers to items they may like. And for many, the extra effort is building customer loyalty and driving sales.



‘I wanted to tell our story in a comprehensive and exciting way and not have it feel like a company Zoom call.’

— Yolanda White, co-founder and CEO, Dayo

Virtual appointments are good idea for higher-end retailers to maintain personal connections with their customers, says Paula Rosenblum, managing partner at research firm Retail Systems Research. “The world has gotten very mass merchant oriented since the pandemic, so reminding the customer that the retailer still exists to meet shoppers’ needs in whatever way it can is important,” she says. “We are in the world of contactless selling, but we are also in a world where human connection matters.”

Loungewear brand Dayo puts virtual appointments to work

Women’s loungewear brand Dayo turned to virtual appointments and a video app at the beginning of COVID-19 to make up for sales it typically garnered from events and pop-up shops.

For a retailer without any permanent stores, offline accounted for a large portion of Dayo’s sales, says Yolanda White, co-founder and

CEO. The digitally native brand, which launched in 2018, typically hosts monthly events, partnering with brands such as makeup line Nars. Women attend its events for a day of decadent self-care and pampering that can include Dayo slippers in each fitting room, makeovers and self-affirmation exercises. The brand also usually hosts pop-up shops—open only three to four hours—throughout the year where women could try on and learn about Dayo’s high-end loungewear.

The roughly dozen annual events and pop-up shops brought in significant sales for the brand. And they were sorely missed when the designer had to temporarily suspend them due to COVID-19. Between 30 and 50 women on average attended Dayo’s events and nearly everyone made a purchase, White says. Before the pandemic, Dayo’s revenue was split nearly 50/50 between pop-up shops and events and sales via its ecommerce site, White says.

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When COVID-19 hit, White and her team struggled with ways to replicate those intimate experiences online. “We thought, ‘how can we as a company keep things creative and personable?’” White says.

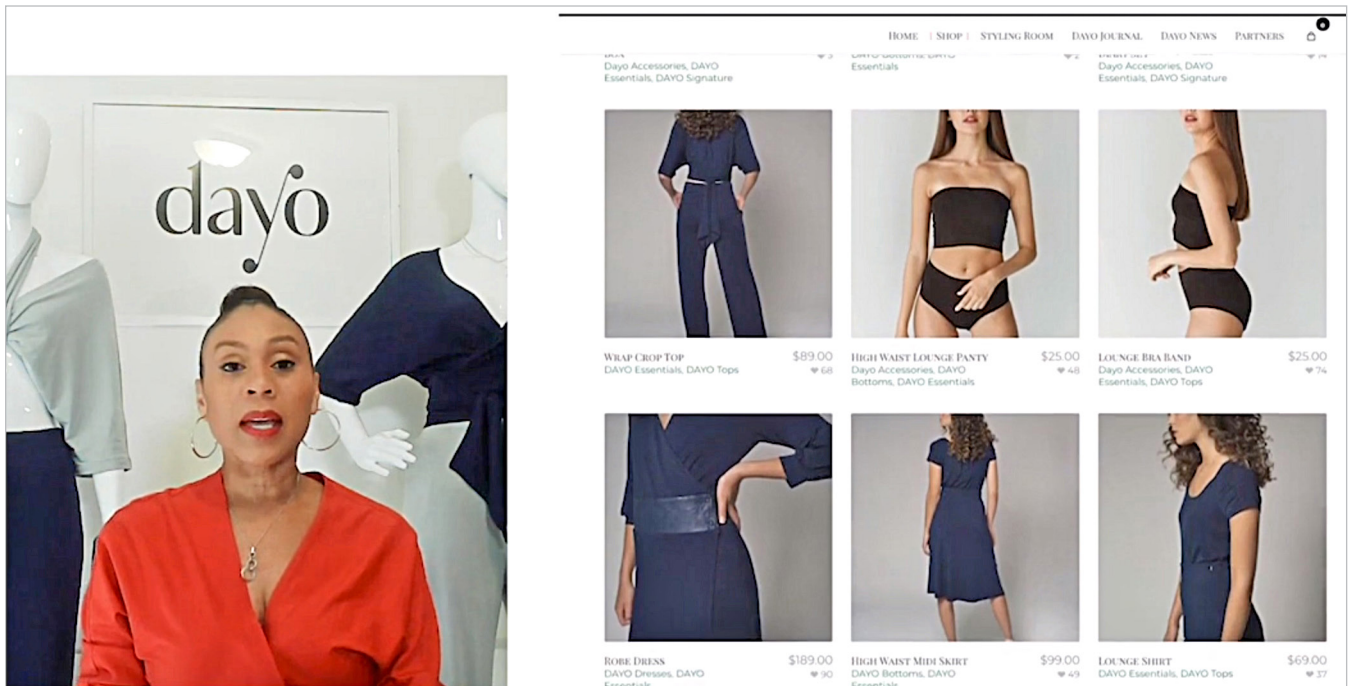
That’s when Dayo turned to virtual appointments via Zoom. But White quickly found the appointments awkward and could tell that shoppers and buyers weren’t tuning in to the story behind Dayo or her products’ versatility and attributes.

“On Zoom, the experience was so flat and clunky,” White says.

White wanted to incorporate many elements into an appointment, such as video, still imagery, live models and mannequins, to communicate how the garments fit, moved and worked together. But adding these elements within Zoom was either complex or not possible.

“We had to have producers on each call managing all the content we wanted,” White says. “I wanted to tell our story in a comprehensive and exciting way and not have it feel like a company Zoom call.”

While explaining her predicament to friends, one introduced her to a new video app called



White uses the mmhmm video app to manipulate models and styles on the screen, move and make herself smaller in real-time, and upload slides to show a variety of different looks.

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mmhmm. Mmhmm helps users collaborate with features like virtual backdrops and immersive full-screens and works with programs including Zoom, Google Meet and YouTube.

To use the feature, White connects with clients via a Zoom call as normal, but she has the mmhmm app already integrated on her end. Because it's an application on top of the existing video platform, shoppers don't need to download mmhmm to see others using it.

Using mmhmm makes a static Zoom call more interactive, White says. The app enables White to easily shift between still images and live video. White can manipulate the models and styles on the screen, move and make herself smaller on the screen in real-time, and upload slides to show a variety of different looks.

Today, in an appointment using mmhmm, White (or her fashion director) takes a shopper through a five-point questionnaire, helps her take her measurements, discusses the designs she likes and displays outfits on a mannequin.

\$200-\$300

Dayo's average sales for each virtual appointment.

Source: Dayo

Dayo's average sales for each appointment while using mmhmm are between \$200 and \$300. On average, White uses mmhmm about once a week. And so far, every appointment has resulted in a sale, she adds. Additionally, sales are up 100% since COVID-19, despite Dayo suspending in-person events, and part of that increase is thanks to video appointments, White says.

Another benefit of the virtual appointments is that they tend to cultivate repeat shoppers. When shoppers buy apparel online, a prominent concern is fit, but once they find fits and styles they like through the help of virtual appointments, they often come back and buy more, White says. Between 30% and 40% of Dayo shoppers are repeat shoppers, White says.

Dayo also hosts virtual shopping parties for events like birthdays and wedding showers using the technology. Such group events can easily bring in \$10,000 to \$15,000 in sales, White says.

In October, mmhmm raised \$31 million from backers, including Sequoia Capital, Instagram co-founders Kevin Systrom and Mike Krieger, and Goldman Sachs. Mmhmm costs \$9.99 a month or \$99.99 a year.

Keeping the store associate relationship alive

For some retailers, virtual appointments are just beginning to pick up steam with shoppers.

'Online is picking up some of the slack from stores being shut, but not all of it.'

— Ian Rosen, executive vice president, digital and strategy, Harry Rosen

Indeed, just 7% of consumers in a February 2021 survey of 1,047 online shoppers from Digital Commerce 360 and Bizrate Insights said virtual appointments are a factor that would lead them to place an online order.

But for merchants that already placed a strong emphasis on cultivating long-term relationships between shoppers and store associates, virtual appointments can help keep the shopping spark alive—and keep sales coming in—while stores are closed.

Such is the case for 67-year-old luxury men's apparel brand Harry Rosen. The retailer prides itself on the relationships its store stylists build with shoppers. But with its 14 Canada-based stores shut for more than five months, Harry Rosen needed to get creative to keep those relationships active. It's now relying on text messages, web technology and virtual appointments to connect with shoppers on a personal level, says Ian Rosen, executive vice president, digital and strategy, for the retailer.

Harry Rosen, which generates around \$300 million in annual sales, says ecommerce sales nearly tripled in 2020 compared with 2019, and online sales accounted for more than one-third of sales in 2020, compared with 7% to 8% the year before. "Online is picking up some of the slack from stores being shut, but not all of it," Rosen says.

To further drive web sales growth, Harry Rosen in May 2020 launched virtual appointments using scheduling software from Jrni (pronounced Journey). Shoppers book an appointment through the retailer's website, Harry Rosen sends an email with a link to use the Jrni platform to start a video chat via their browser without having to install any software, Rosen says.

The retailer's approximately 400 store clothing advisors today conduct on average about one appointment per day, and Harry Rosen employs a team of five full-time clothing advisors who conduct multiple appointments per day, Rosen says. Shoppers also have the option pick a

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store stylist they have worked with before for their virtual appointments, Rosen adds. As COVID-19 has worn on, these appointments have “increased profoundly,” Rosen says, noting that the average number of appointments per week have far more than doubled since May, without being more specific.

Harry Rosen was already in talks with Jrni before the pandemic to launch virtual appointments, but it accelerated the project when COVID-19 hit, Rosen says. Through Jrni, shoppers also can book an in-home appointment, if they are comfortable with a sales advisor coming to their homes, and they will be able to book in-store appointments when shops open again, Rosen says.

Jrni’s platform facilitates both video and in-person appointments and it integrates with customer relationship management systems such as Salesforce, calendar systems such as Microsoft and online payment systems including PayPal. It also provides analytics such as conversions and sales from appointments. The software enables businesses to cancel, reschedule or view appointments. Associates also receive a view of their virtual and store appointment calendars, as well as glean insights into the customers they’re scheduled to see, such as their order history and past communications with the retailer. Jrni also handles automated appointment confirmation emails, email reminders and follow-up communications.

Advisers earn commission through these appointments as they would through store appointments, the retailer says. Virtual appointments have helped Harry Rosen’s store employees continue to bring in sales while shops are closed, Rosen says. “At the beginning of COVID, we had to send all store employees home. With these appointments, they are still able to be productive,” he says.

Rosenblum says virtual appointments can work well as a tool to keep a retailer top of mind with its customer base during the pandemic. “Let’s pretend you’re a retailer selling office-type clothes, or even going out clothes. Until things re-open and people are vaccinated, sales may remain low, but as long as the customer can tell the salesperson what she’s interested in, a savvy salesperson can put something aside for her,” she says.

Craving a human connection

Sometimes shoppers want more from virtual appointments than help figuring out what size they need. Some stuck-at-home shoppers, as swimwear brand Andie found, just want to

\$162

The average order value for purchases stemming from phone call-based appointments at Andie.

Source: Andie

‘Sometimes people would call with a small question and then stay on the phone with one of our fit experts for hours.’

— Melanie Travis, founder and CEO, Andie

talk to a fellow human about something other than work.

“We’re constantly thinking about how to meet the evolving needs of our customers, so we decided to start offering virtual one-on-one swim fittings as a trial just before COVID hit,” says Melanie Travis, Andie’s founder and CEO. “Then COVID hit, and our phone lines blew up. We were at capacity with a waitlist for our virtual fittings almost immediately.”

The appointments proved so popular that Andie had to hire more staff to handle the flood of appointment requests, Travis says.

“When we initially launched the virtual fit appointments right before COVID, we had to cap the sessions at 20 per week due to the limited size of our internal team,” she says. “[The appointments] filled up almost as soon as we made them available. We’ve expanded our team to accommodate more sessions. During

the summer peak season, we scaled up our fit expert team by 40% to support a higher volume of customer questions and fit consultations.”

During the summer months, Andie was able to take on 30 appointments per week, Travis says. Andie’s virtual fittings are designed to be 15-minute consultations, though some last much longer. At launch, they were solely call-based, but Andie in February added a video appointment option. During the fittings, shoppers work with Andie fit experts who have experience in fashion and retail. They provide personalized fit, sizing and style recommendations to help customers find the right swimsuit.

“We have internal sizing and product guides to help us match customers with the right suits for their body type, size and occasion,” she says. Fit experts also handle customer support inquiries such as shipping, delivery and pricing questions, she says.

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Shoppers book appointments through Andie's website. After the appointment is confirmed, a fit expert connects with the shopper via phone call or with a link to start a video call. "We talk through everything, including what they're looking for, make product suggestions and handle placing the order at the end. These virtual appointments are helpful for those customers who might need a little more guidance on purchasing their swimwear," Travis says.

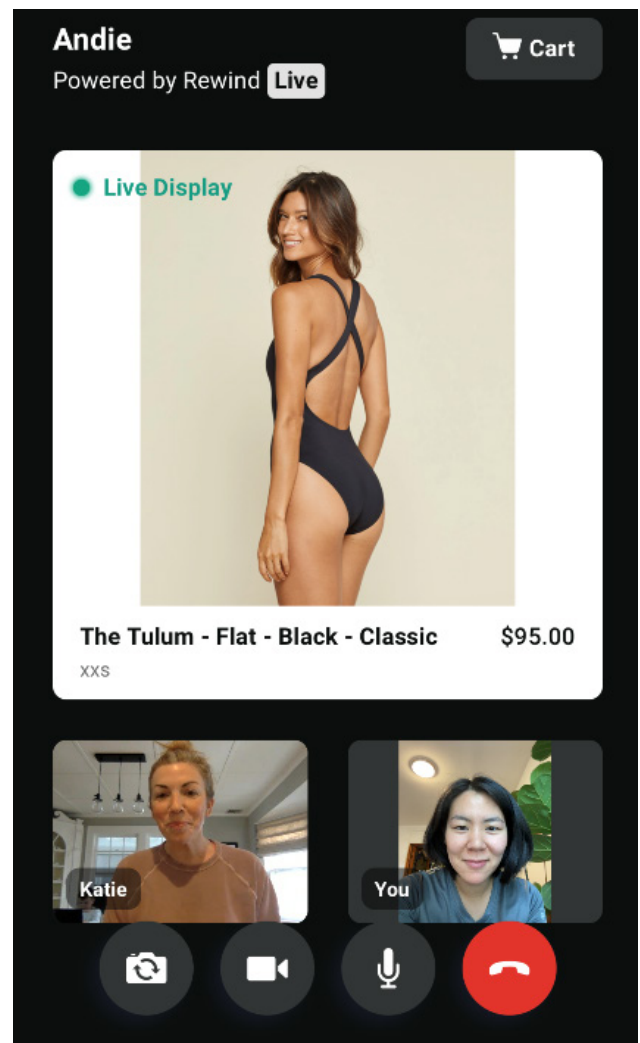
Last month, Travis and her team added the option for shoppers to book video calls. Travis says video appointments are often more effective than phone calls. "It can be much easier to recommend pieces for someone when you can see them, plus it helps to humanize our brand and build connections with customers," Travis says.

She says many customers try on the current swimsuits they own during the video calls and also ask questions about Andie Swim's current swimwear collections. Currently, about 38% of shoppers who sign up for appointments are opting for video-based appointments, Travis says.

Many consumers scheduling appointments needed a little extra handholding because they were buying a swimsuit online for the first time due to the pandemic shuttering stores, she says. "They wanted the opportunity to speak with a

human about their swimwear needs and get fit and sizing help, just as they would shopping in-store with a store associate," she says.

However, soon after launching the appointments, Andie began seeing that some shoppers wanted more than help selecting a swimsuit—they



Andie's fit experts found that some shoppers on virtual appointments craved human connection just as much as a great-fitting swimsuit.



A VIRTUAL CONNECTION: RETAILERS GET PERSONAL

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craved human connection, whether related to swimwear or not.

“Sometimes people would call with a small question and then stay on the phone with one of our fit experts for hours,” she says. At the beginning of the pandemic, one consumer chatted with a fit expert for an hour, discussing the pandemic and how it was affecting their lives.

“The customer expressed that she often spent time outside and loved swimming in lakes near her home in Oregon. She was looking for a suit for active swimming, but also a human connection,” Travis says.

After the call, the shopper sent an email with photos of her daughter, grandchildren, dogs and herself, along with a note: “I feel the world is sweet when people such as yourself take the time to be kind. Thanks for shining your light.”

“She even went so far as to find our Fit Expert’s photo on the website and included a compliment about her hairstyle,” Travis says.

While video calls are too new to share reliable metrics, Travis says the average order value for purchases stemming from phone call-based appointments is \$162, higher than its typical \$150 AOV.

Whether it’s gaining an immediate sale, keeping a store associate’s long-standing relationships with clients alive or forming a tighter bond with shoppers to keep them coming back, COVID-19 sparked creativity in virtual appointments as retailers adapted to the swift and intense shift to online shopping. And many retailers are generating tangible results from them.

Katie@DigitalCommerce360.com

THE SHOPPER SPEAKS: VIRTUAL APPOINTMENTS

Lauren Freedman, Digital Commerce 360's senior consumer insights analyst, puts merchants' virtual appointments to the test. This service is likely to see long-term adoption, she says.

By Lauren Freedman

We're still stuck at home. While most stores are open, many have limitations in terms of number of visitors and services offered. I had seen links and messaging suggesting that some retailers were offering virtual appointments, but I had yet to take advantage of this service. Amid the pandemic, it seemed like a perfect time to try. This was truly an opportunity for retailers to let their customers shop their way and my experiences proved that retailers had been building and perfecting these services to optimize their capabilities during this unprecedented year. While necessity is the mother of invention, this is one instance where the service will likely see long-term adoption.



Lauren Freedman, senior consumer insights analyst, Digital Commerce 360



THE SHOPPER SPEAKS: VIRTUAL APPOINTMENTS

TECHNOLOGY INNOVATIONS THAT STICK

Based on the five virtual interactions that will be shared below, here's what I now believe makes for a good virtual shopping experience:

1. Good description of the service.
2. Promotion of the service in the shopping experience.
3. Calendar access to book appointments online versus having to request an appointment.
4. Comprehensive and customized information provided by the customer prior to the call.
5. Communication about the appointment to set expectations.
6. Reminder to join the virtual call (Zoom or Facebook).
7. Knowledgeable associates with a personal onibrand touch.
8. Customized tools that support the shopping experience.
9. Follow-up post virtual appointment with product names and links for future purchasing.
10. Established connection with store associate to address future needs.



Kay Jewelers: Gift for 18-year-old daughter

Jewelry was top of mind for my first virtual visit. I am not too knowledgeable about the category and this would give me a chance to get up to speed in the privacy of my own home.

The setup was quite efficient where I could use a calendar to select the date and time that works for my schedule. I liked the fact that it showed both morning and afternoon times and how many were available. There was also an option to go virtual or in-person.

My virtual assistant was calling in from her home. She asked me a few questions to get started, which were category-appropriate, including color (silver,

platinum, gold) and style preferences, along with the type of pieces my daughter owns.

Based on my input, I have to say she made a perfect selection. The only issue was that I had asked for rings and bracelets and she gave me necklaces and earrings. She was friendly, and when I asked her to send me a link to the recommended items, she suggested they were not on a commission. I also inquired about how many appointments were typical. Her schedule pre-Black Friday included 42 on Tuesday, 36 Wednesday and capped with 50 on Black Friday. She wrapped by sharing that I now had her personal mobile number in case I needed anything.

The screenshot displays the Kay Jewelers website interface. At the top, the Kay Jewelers logo is visible. Below it, a heading reads "Book an appointment with Kay!" followed by a sub-heading: "Let us know a little bit about what you need - We'll get you to the right person that can help." There are two main sections for user needs: "I need help shopping for:" and "I need help servicing, repairing or sizing my jewelry:". The shopping section includes four categories with icons: "Weddings & Anniversaries", "Brilliant Gift Ideas", "Browse Jewelry", and "Stylish Timepieces". The servicing section includes a "GET JEWELRY SERVICED" button. Below these, there are three columns under the heading "SHOP YOUR WAY": "BOOK A VIRTUAL APPOINTMENT" (with a headset icon), "SHOP IN-STORE" (with a shopping bag icon), and "BUY ONLINE, PICK-UP IN-STORE" (with a laptop icon). Each column contains a brief description and a call-to-action button.

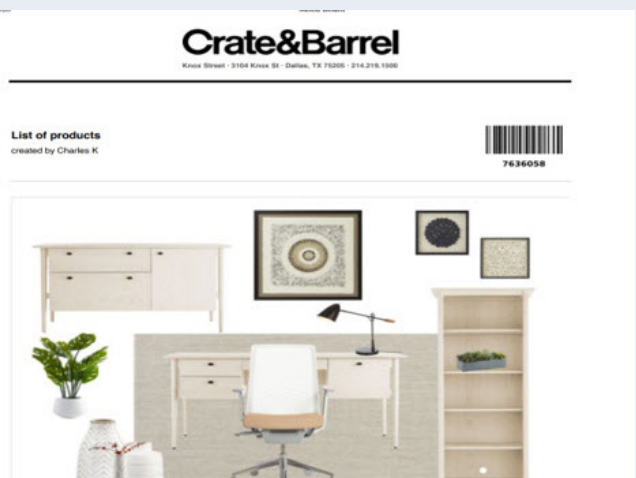
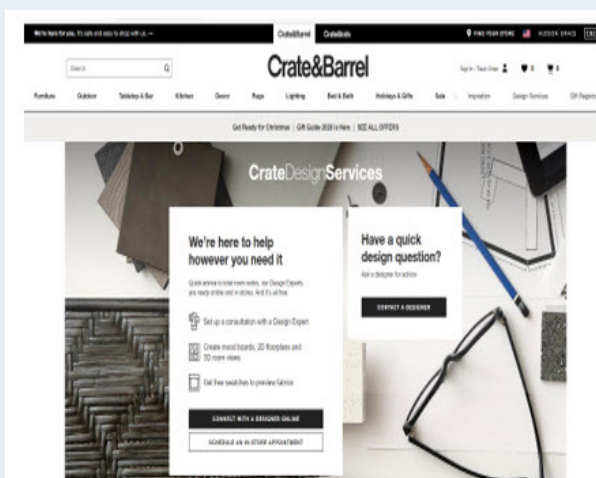


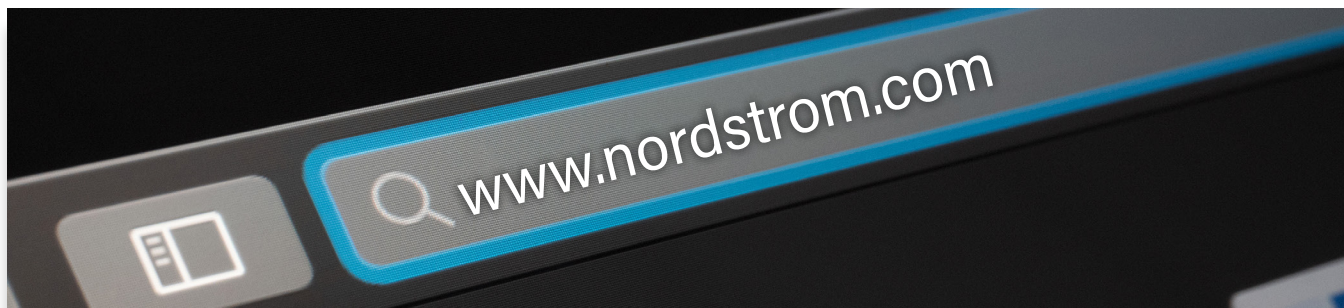
Crate & Barrel: Home office remodel

I reached out to Crate & Barrel, letting the retailer know that I have a street-level room, which is now my home office and I would like to brighten it up. I indicated that I was redecorating and starting from scratch. This initial intake was followed up with an even-more-thorough email the following day. My design associate led me through his process, including producing a mood board and shoppable products list to guide the remodel. I was to answer a few questions that would help clarify my needs. I also sent along two pictures of the room, which I'm guessing will further direct the process and help him gauge my taste level.

Our 10-minute zoom call was a chance to explore the service more, and his easy, approachable demeanor

made it a delightful experience. He indicated that he usually does two to four a day. Crate & Barrel's focus was also on a however-you-want-to-buy mentality, given today's circumstances. He dug deeper into my requests saying that he had a manufacturer in mind. With all the craziness around the pandemic, he wanted to know my timing as furniture manufacturers are busy. He did ask about my familiarity with the Crate & Barrel brand and whether I could wait for the product. He probed about the specific products and even asked about a new chair. I closed by asking when he would have something next week, though he said it might even be the next day as he had a recommendation in mind. The design is beautiful, and he sent an email explaining what he selected and its recommended usage.





Nordstrom: Wardrobe update for work-from-home lifestyle

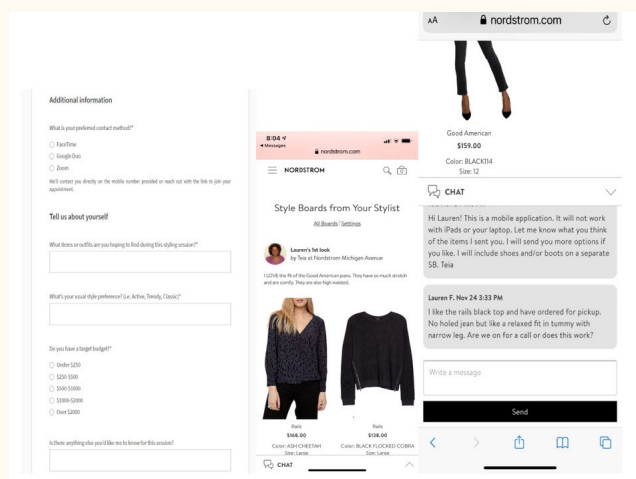
Nordstrom has always been a favorite of mine and known for its outstanding customer service track record. This would give me a chance to test another facet, as I signed up for a 30-minute virtual styling appointment.

To get started, I could select a store of choice and a particular staff member should I already have an established relationship. I was asked to provide information about myself, including the items or outfits I was hoping to find, my style preference and a target budget. Both text and email follow-ups were sent immediately. Impressively, I received a follow-up email from my personal shopper who had a few further questions to ensure the experience went smoothly. She wanted to know what type of clothes I was looking for, the departments I shop at Nordstrom (Individualist, contemporary, private label) and my sizes. Again, she asked what you want to see and/or come away with after this appointment. More questions ensued such as for color and pattern preference for tops and styles of shoes, such as boots, flat or chunky heels. And my favorite, “Can I ask your age? Only because I want to send you items age appropriate. Lol!”

She shared that they have an online Styling App called a Styling-Board. She sends the shopper “Style-board

Looks,” and the shopper selects the items she wants, adds them to her cart, and checks out. Just like ordering items online. But the difference is she only gets credit for the items she sends you.

She sent me my first “look” and I loved the convenience of her sharing what was available. Also, the ability to use the chat feature where she could ask more questions and direct me and I could provide immediate feedback within the context of the service. This service was powerful in its ability to build a relationship with a team member, an opportunity for me to quickly add items to my cart (which I did) and for the associate to get their commission. It was a win-win for all.





Best Buy: Fitness equipment for in-home gym

I had an appointment confirmed with Chris from Best Buy.

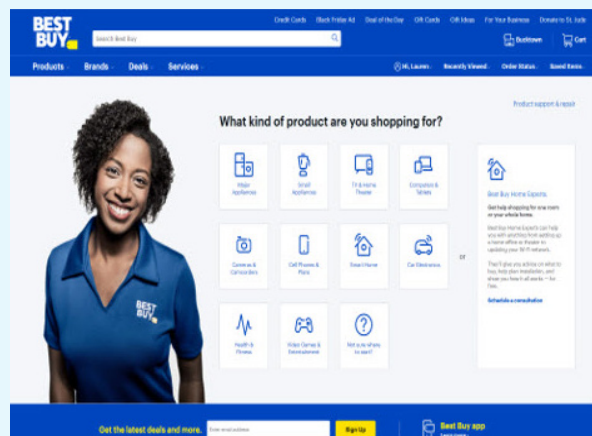
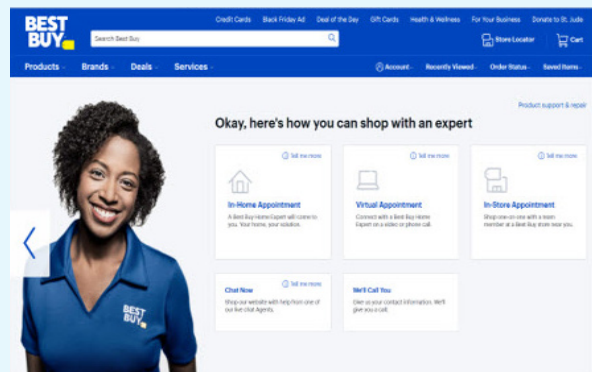
I wasn't sure if he would be sending me a link but it ended up to just be a phone call. I emailed at 3:15 p.m. as I hadn't heard from him for our 3 p.m. appointment. My request was for a treadmill under \$1,000. He let me know from the get-go that he was not an expert in exercise equipment. Mostly he does in-home calls with an emphasis on appliances, home theater and computing. While I appreciated his honesty, I figured I would still go through with the call.

One of the most interesting things was that he had the corporate lingo down saying his goal is "to meet the customer wherever they are." He gave some general features and topline notes about the brands under consideration and said he was knowledgeable enough to be dangerous.

While it was a growing category, he was not an expert. He shared that it was mostly the incline and motor speed one should review. All things being equal, he would go with the cheaper model. I also asked about delivery, and he shared how the unboxing and assembly is \$149.99. I then asked if the treadmill was in stock and he said it was available but didn't know the estimated time of arrival. He said to hold on to his cell and I could

label him as the "Best Buy Guy," and I could call him at any time, which was a nice touch.

I wouldn't be inclined to use this service again, as I had specified my needs in advance and I expected a more qualified rep to address my circumstances. I'd likely choose a specialty store in the future.





Lululemon: Sizing on biker shorts

I was browsing through lululemon for a pair of biker shorts for my daughter. In doing so, I saw that it offered Zoom appointments. I gravitated to the “Let’s get personal” 15-minute appointments. In advance of the appointment, the retailer asked a few questions: choice of video chat (FaceTime or Zoom), country from which I was shopping, who I was shopping for and the gear I sought, including specifics. The questioning was very much in keeping with the brand and included messaging such as “Do you have your eye on a specific piece of gear?”

Nice to see that military, first responders or healthcare workers could get special appointments. They were clear that they were not customer service reps who could help with my order. The appointment was confirmed, and I received a link for the call. The store rep and I had a little back and forth to warm up. She let me know that she did about 11 of these chats a day and that the team overall did 650 a day, qualifying that, of course, it was holiday season. When I stopped in at the store, I complimented the service, and the associate alluded to the fact that they had worked in the store and were given the option for this virtual role.

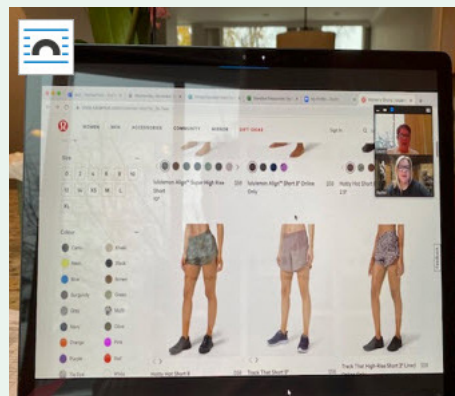
She inquired about how my daughter would use the product and, based on that, suggested that the initial product she selected was really for hot yoga and that she had another better option. She used a pointer to

highlight details of the shorts from the drawstring pull to the pocket. She spoke at length about the fabrics, which has always been the cornerstone of the brand.

I then inquired about sizing and she asked if I understood how to translate XS to a number size like 2 or 4. Additionally, she showed a second product option and suggested sizing up so they are not tight around the thighs. She gave lots of personal examples, which almost made it seem like I was shopping with a friend. In some ways, it was better than an in-store associate as all the attention centered on me and my needs.

The follow-up email was personal and included her personal appointment link and the message, “I’d love to meet with you again to chat through gear that’s catching your eye in the future.”

The fact that these folks are directly connecting and wanting you to stay in touch reminds me of replicating the best of personal shopping from the old days of retail.



Virtual appointment takeaways

Based on these experiences, I am a believer and anticipate I will be taking advantage of virtual appointments more frequently. Here is why I'm going virtual on appointments:

1. It is faster.
2. They are scheduled at my convenience.
3. I do not have to hunt around for a design specialist at the store.
4. I can communicate easily throughout the process.
5. I have a record of my transaction.
6. I can reconnect easily with my store representative.
7. There are no distractions as all the attention centers on me.

My expectations are that retailer adoption will accelerate and customer acceptance rates will increase as more top retailers and brands adopt and perfect this model. I can't wait for my next virtual appointment.

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