

# eCommerce Industry Outlook 2016 •

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Satisfying shoppers who want anything, anywhere, anytime!



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# Here's to a fantastic 2016!



2016 will be another amazing year for the eCommerce industry, as consumers increasingly use multiple devices for online shopping and mobile transactions skyrocket. This year has other exciting milestones in store with NASA's Juno spacecraft expected to reach Jupiter, the Olympic Games in Brazil and the U.S. presidential elections.

In 2015, Criteo hit an annual revenue run rate in Q3 of \$1.2 billion, thanks to the 9,000+ advertisers and 11,000+ publishers working with us. We have greater expectations in 2016 as we continue to expand our client base, and successfully launch and grow disruptive products in search, email and cross-device advertising.

I'm pleased to share with you this report highlighting the major trends that we believe will have a big impact on eCommerce this year. I hope you find these trends as interesting as I do.

Happy reading, and have a great year ahead.



Eric Eichmann  
Chief Executive Officer

# The seven big eCommerce trends for 2016



## #1 The Consumer

Will complete most shopping journeys via multiple devices



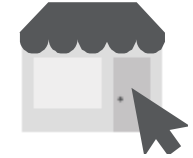
## #2 The Device

Smartphone shopping will continue to gain ground



## #3 The Selling

Expect more big online shopping days with even bigger sales



## #4 The Merchant

Retailers will see a high web influence on their in-store sales



## #5 The Marketing

Will shift from being device-focused to people-focused



## #6 The Advertising

Ads will become more relevant and non-intrusive



## #7 The Service

Instant delivery services will become common

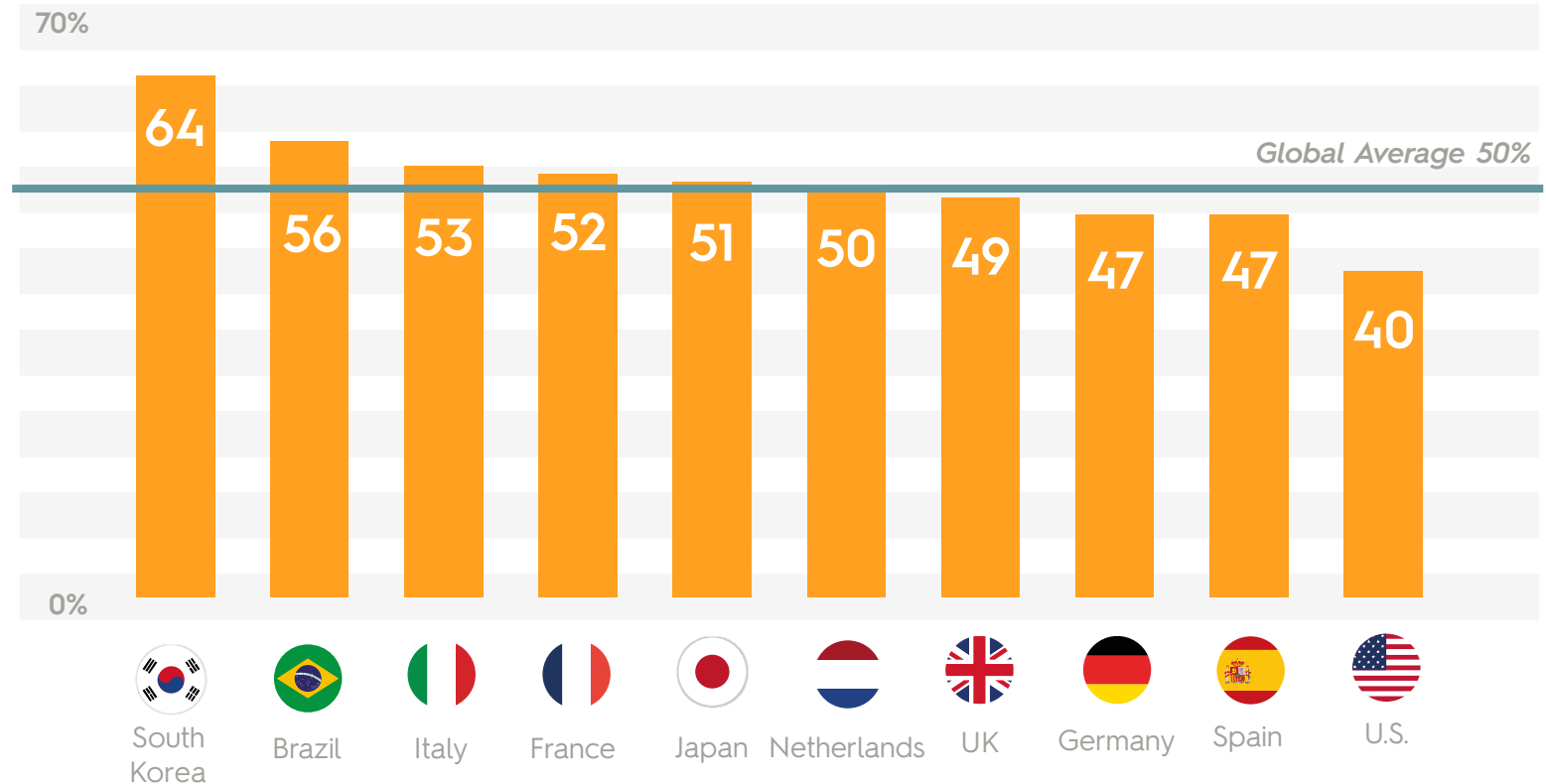
# #1. Most shopping journeys will be multi-device

Half of all eCommerce transactions are already made using multiple devices. As that figure crosses the 50% mark in 2016, retailers will need to redesign the online buying experience for this new reality.

Multiple device users are also 20% more likely to complete their purchase on mobile than the average user.

**Implication** - Retailers will need to redesign their online buying experience to reflect the fact that the majority of users visit them via multiple devices. Campaigns must be activated on all devices and all properties fully tagged to leverage mobile and desktop.

### Share of Retail eCommerce Transactions\* Using Multiple Devices



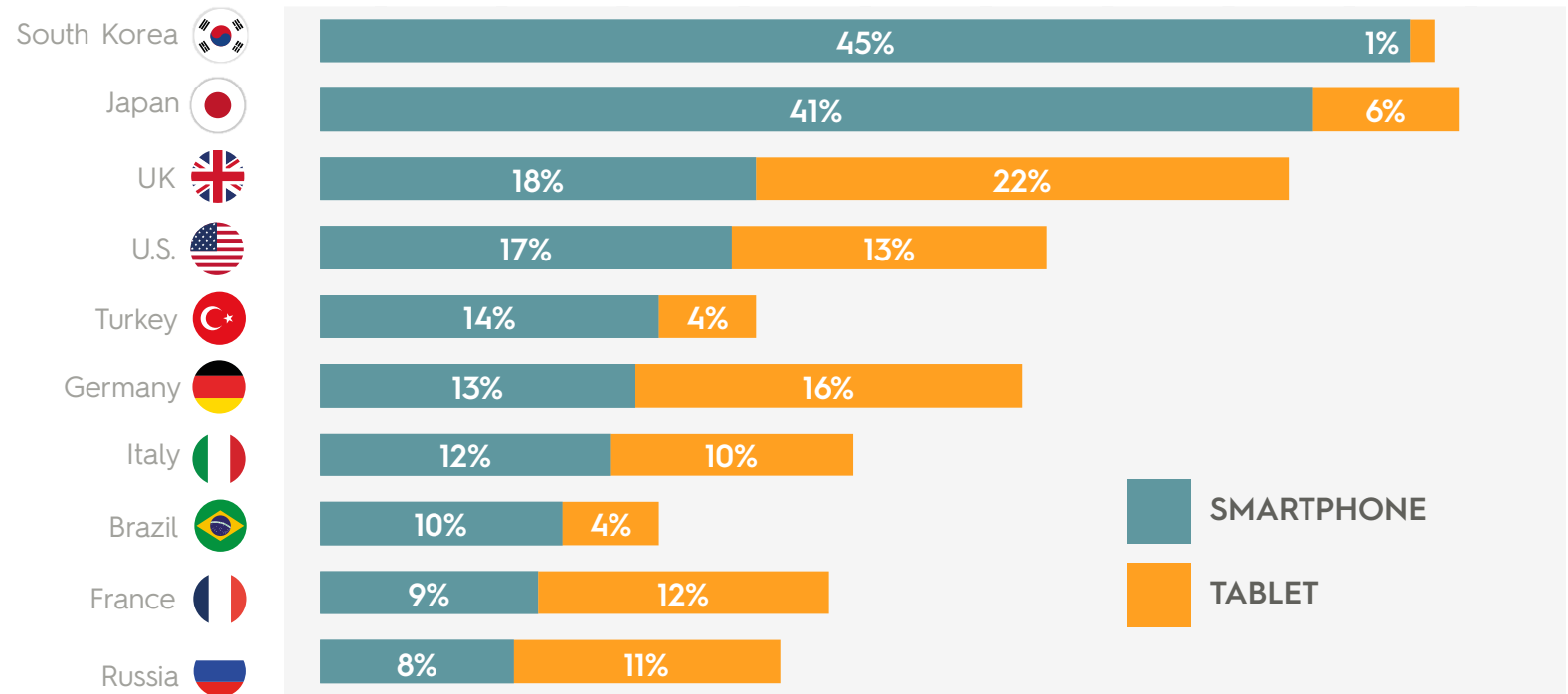
## #2. Smartphone shopping will continue to gain ground

Mobile is now the first screen for the majority of consumers, especially as larger smartphone screens make mobile shopping more convenient.

Smartphones account for over 40% of eCommerce transactions in Japan and South Korea. Smartphone share is steadily catching up with tablets in the UK, Germany, France and Russia.

**Implication** – As an increasing share of transactions happens on smartphones, retailers need to prioritize their mobile app strategy and optimize their mobile buying experience. While on tablets people can use websites that aren't mobile-optimized, on smartphones it's crucial to have either a mobile-optimized website or an app.

### Smartphone and Tablet Share of Retail eCommerce Transactions



# #3. Expect more big online shopping days with even bigger sales

In the U.S., Cyber Monday remained the biggest online shopping day of the year with \$3bn in sales, according to Adobe.

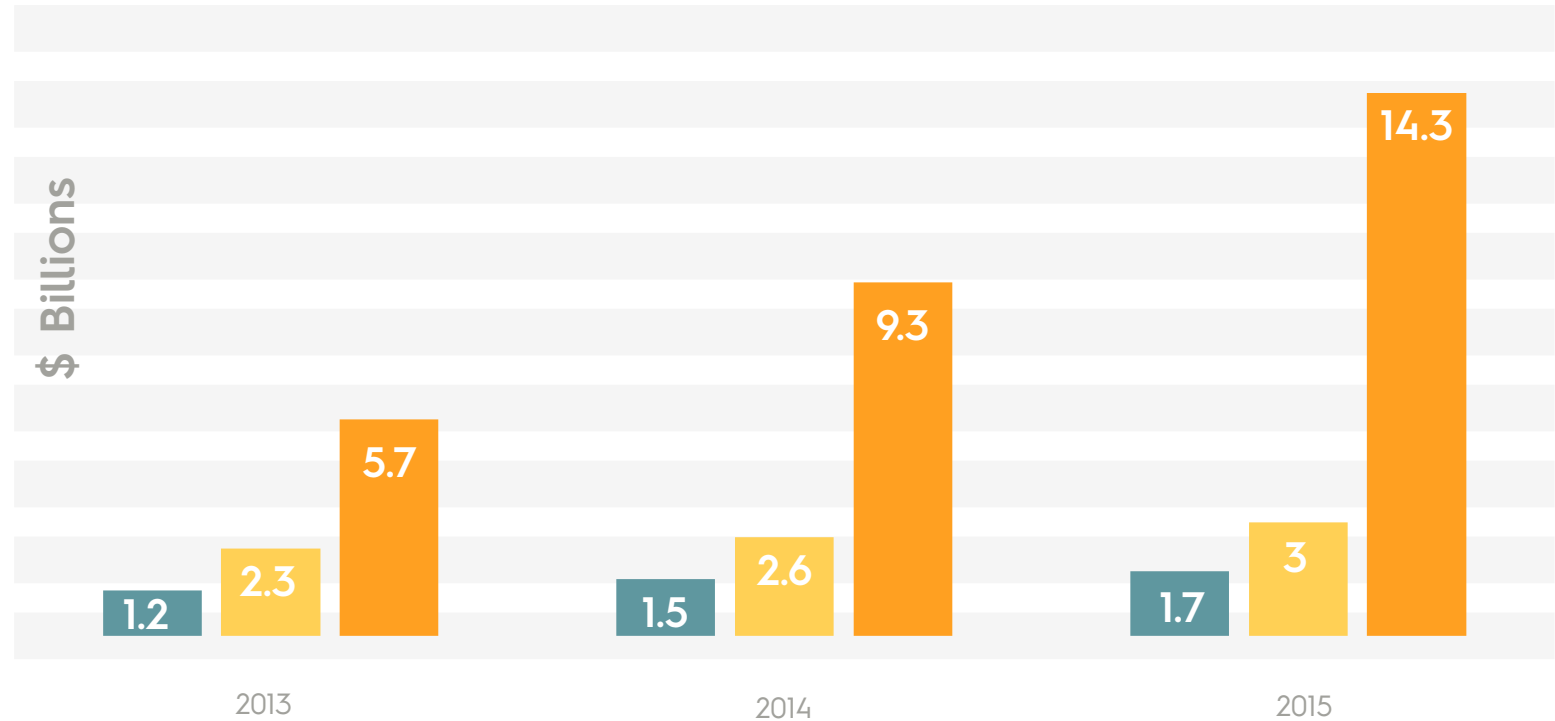
Singles Day (Nov 11) celebrated in China was the world's biggest online shopping day of the year, with Alibaba alone reporting sales worth \$14.3bn, a 60% increase from last year.

These big online shopping days will get even bigger in 2016.

**Implication** – Retailers will need to rebalance their online and in-store strategies for these big shopping days. Brick and click retailers should expect more traffic online than in-store on the year's biggest sales peaks.

## eCommerce Spending on Shopping Holidays

■ BLACK FRIDAY (U.S.) ■ CYBER MONDAY (U.S.) ■ SINGLES DAY (CHINA)





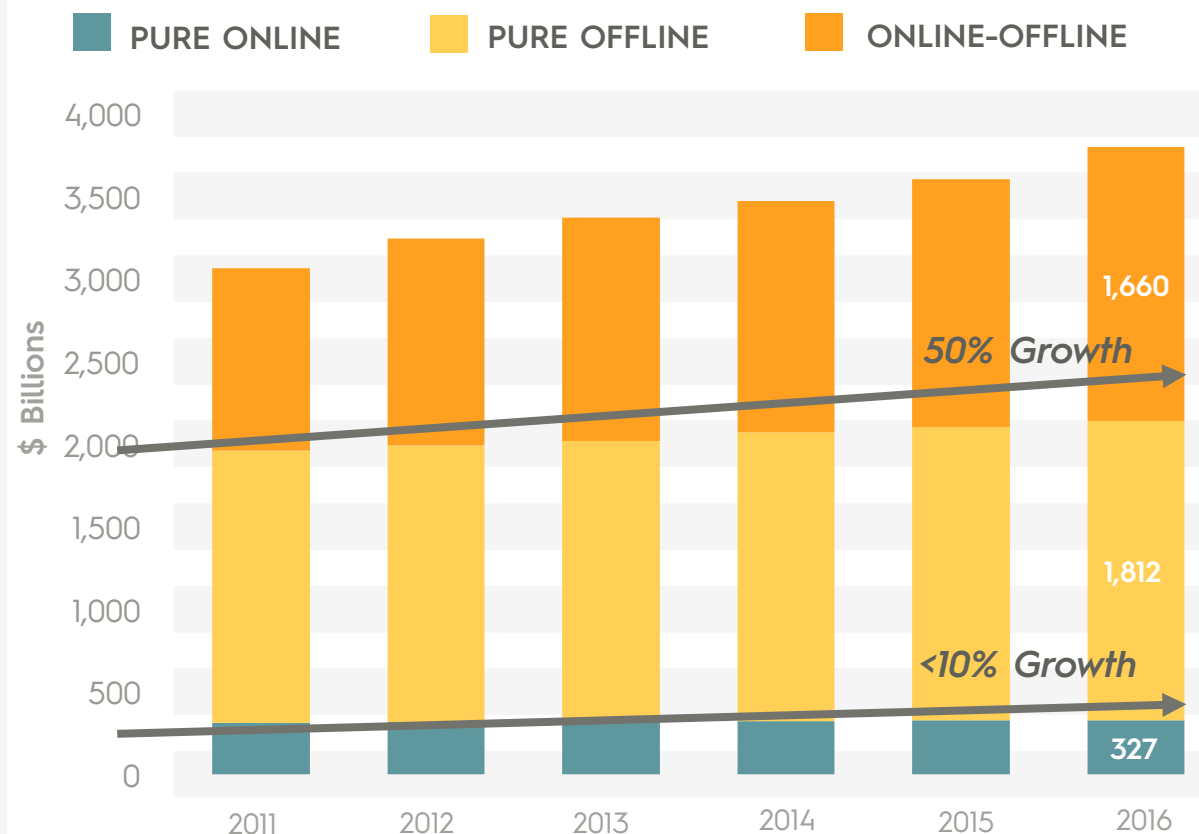
## #4. Retailers will see a high web influence on their in-store sales

As the majority of consumers now research online before visiting a store, understanding a shopper's prior online activity is vital for retailers. According to Google, 8 out of 10 shoppers with a smartphone are using it inside the store to help them shop, even though most later purchase at the POS (point of sale).

Retailers are starting to get a better view of the customer's shopping journey by connecting with them via their app, and/or by using beacons and technologies to match the customer email ID or loyalty program at the POS.

**Implication** – As retailers invest in these technologies, they must make sure that they also have the expertise and operating resources in place to manage customer interaction in real-time.

### Web Influenced Retail Sales Forecast, U.S.



Web-influenced offline sales

38%

Non-web-influenced offline sales

55%

Online sales

7%

# #5. Marketing will shift from device-focused to people-focused

Only a handful of companies are able to effectively leverage customer data across devices and platforms today. Even with probabilistic and deterministic matching now possible, most retailers still struggle with tracking cross-device sales and customers' movement across apps and browsers.

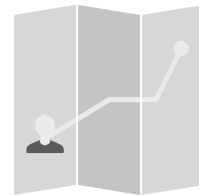
In 2016, marketers will prioritize their spend to enable them to understand how consumers are moving across devices, platforms and publishers to consume information. Consequently, we will start to see more evidence of true people-focused marketing.

**Implication** - Consumers don't think about their media consumption by device, browsing environment, or by publisher in a silo; therefore, neither should marketers. B2C organizations need to restructure their marketing teams to fully understand consumer intent and to look beyond the walled gardens.

## Very Important Capabilities/Skills for Responding to Marketing Landscape Disruptions According to U.S. Marketers



Analytics capabilities to understand customer behavior



Developing content and experiences across the entire customer journey



Delivering relevant personalized customer experiences





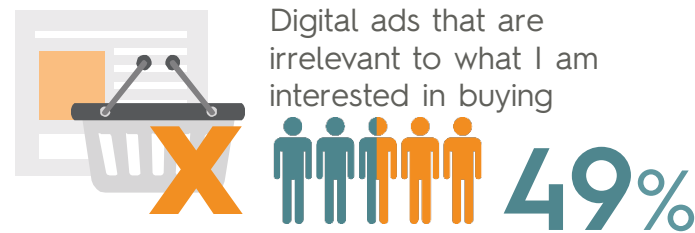
# #6. Ads will become more relevant and non-intrusive

The annoying pop-ups, overlays and pre-roll ads are on the way out, especially on mobile. Consumers expect non-intrusive ads and personalized content, and advertisers must deliver.

Ad-blocking will also accelerate the move toward non-intrusive ad formats. The good news? According to Adblock Plus, 75% of users don't mind receiving non-intrusive ads.

**Implication** – Shifting to non-intrusive and relevant ads will help advertisers to achieve genuine engagement with consumers, and lead to higher conversions.

## Types of Retailer Ads that Internet Users in North America Find Frustrating



# #7. Instant delivery services will become common

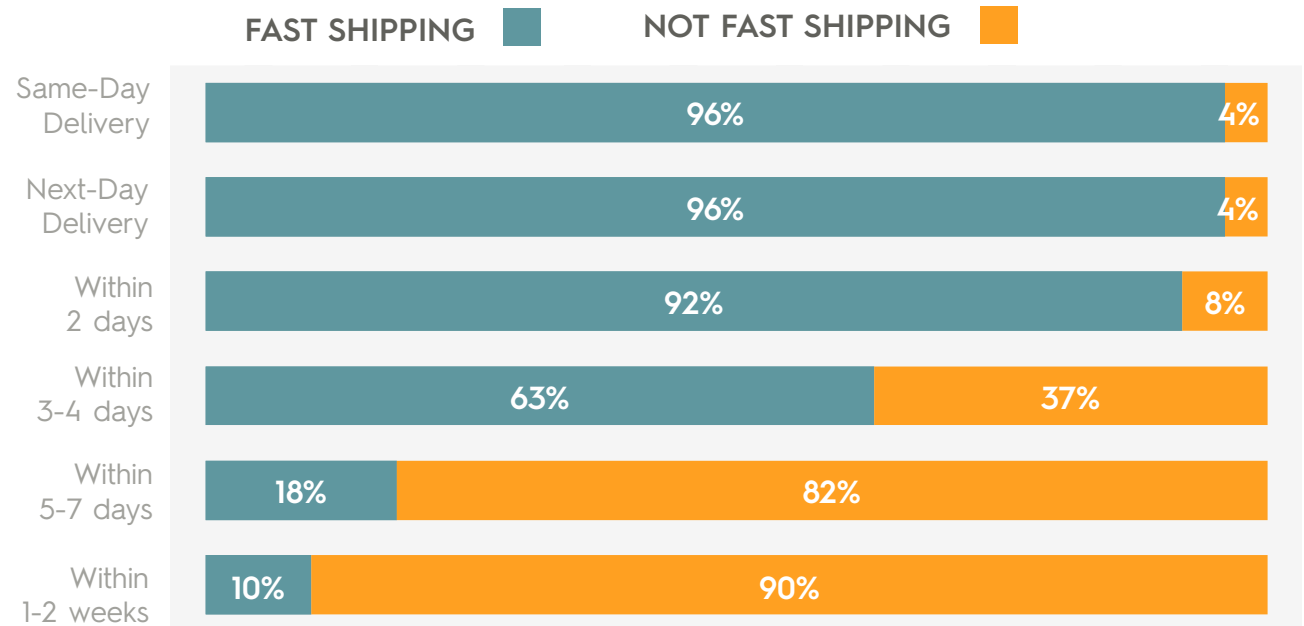
Order fulfilment will be a big focus for retailers in 2016, with many offering delivery options to match Amazon's Prime Now service.

Both online and brick and click retailers will be trying this strategy through specialized third parties like Instacart.

Faster delivery at lower charges will also drive growth of cross-border shopping as consumers won't mind buying from other countries to save money.

**Implication** - Retailers offering same-day delivery - or even faster - will enjoy a significant competitive edge in 2016. This trend will also drive a lot of advertisers to adopt the "in the moment" style of advertising to drive conversions.

## Which of the following would you consider to be "fast shipping"?



# Key takeaways for eCommerce success in 2016

2016 will be another exciting year for eCommerce, but there are also major challenges. Retailers and advertisers must consider the following to make the most of the eCommerce opportunity this year:



Advertisers must develop capabilities to **understand their customers' shopping journey across devices, browsers and apps** to ensure a unified customer experience.



The massive growth of **mobile shopping is driven by smartphones**. Investing in a **mobile app is therefore worth considering** as it can bring a significant uplift in sales.



Retailers should **focus more on the opportunity to sell online** during the big shopping periods e.g. Black Friday and Cyber Monday. Consumers will increasingly buy online to avoid the rush at the stores.



Advertisers should look for an ad tech partner who can enable them to **optimize their online conversions by delivering personalized and non-intrusive ads** for genuine engagement with consumers.

There's plenty of change on the horizon in consumer expectations, retail investments and marketing strategies. Social media will continue to have a big influence on online shopping, and improved mobile payment services will also help drive eCommerce growth in 2016.

# About Criteo

Criteo delivers personalized performance marketing at an extensive scale. Measuring return on post-click sales, Criteo makes ROI transparent and easy to measure. Criteo has over 1,700 employees in 27 offices across the Americas, Europe and Asia-Pacific, serving over 9,250 advertisers worldwide with direct relationships with over 11,000 publishers.

**Criteo ads reach over 1 billion unique Internet users** (comScore, March 2015).

This and other Criteo reports can be found at:

[www.criteo.com/resources](http://www.criteo.com/resources)

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