



Southern California Broadcasters Association

White Paper Report:

A Primer on E-commerce Platforms to Advise and Assist Clients

Most of our clients and prospects in Southern California are involved at some level with e-commerce. In order to fully serve our clients, it's important we know the entire retail landscape in order to provide intelligent advice and direction as requested or needed. The SCBA has condensed much of its research on e-commerce to key points that all Radio account managers need to know. We also highlight certain sections called *Radio Opportunity* which are specific challenges to e-commerce and where Radio can clearly help our clients and prospects.

While U.S. retailing (less gasoline, grocery) is expected to grow by 2% in 2017, e-commerce retailing is expected to grow by 16.8% this year. Total e-commerce revenue in the United States in 2017 will reach \$349 billion dollars. By 2022, that figure will reach a staggering \$489 billion dollars.

Let's begin with the Omni channel seller. The definition is a simple one; an Omni channel seller is any retailer that offers its product or services through a variety of channels. A 2017 Point of Sale Solutions Survey revealed the following based on 1,200 U.S. business owners interviewed:

- 56% have a physical store
- 21% have a pop-up store or pop-up at an event
- 34% sell through their own website
- 25% through Facebook
- 16% sell through Amazon
- 22% sell through other marketplaces like Amazon, Etsy, and eBay

- However, despite how easy it is to launch a web store, scaling an online business remains extremely difficult even for the most seasoned e-commerce expert. E-commerce sales are growing, but many retailers are struggling to capitalize on their digital sales channels.
- ***RADIO OPPORTUNITY***: While e-commerce platforms provide the showcase for products, they cannot deliver meaningful consumer awareness of the platforms. The need to advertise to a larger group of consumers is required to build awareness of the web store as well as consideration and visitor traffic.

The following are key e-commerce trends and data on how Americans shop online.

RADIO OPPORTUNITY: By sharing this information with your e-commerce clients and prospects, you can begin to guide them to the right customer profile and the case for Radio becomes stronger as together, you can target the various online shoppers.

This data gives your clients/prospects reliable reference points into what consumers look for in an online shopping experience, showcasing the potential to adapt their e-commerce business to fit the modern shopper. These findings can be applied to every platform of your clients'/prospects' web business including product pages, emails, content marketing and more. This extensive study was conducted by e-commerce retail and consumer payment specialist Square, Inc in Q1 2017. Here are the most relevant points to know.

Online shopping Habits:

- 51% of Americans prefer to shop online.
- 96% of Americans with internet access have made an online purchase in their life, 80% in the past month alone.
- E-commerce is growing 23% year-over-year, yet 46% of American small businesses do not have a website.

Radio Opportunity: All clients and prospects must have a web site. Help them find a source for e-commerce sites in which there are many to choose from.

- Online orders increased by 8.9% in Q2 2017, but average order value (AOV) increased only 0.2%. This indicates that transactional growth is outpacing total revenue. This is not a good trend, if your clients want to make a higher profit margin.

Radio Opportunity: Where possible, advise client to offer more high profit items, which can also be promoted in their Radio copy. 71% of e-commerce shoppers are looking for a discount and with Amazon out there, it's best to focus on products that drive profit, and not always volume.

E-commerce Buying Habits by Generation

- 67% of Millennials and 56% of Gen Xers prefer to shop online rather than in-store.
- 41% of Baby Boomers and 28% of seniors will click to purchase.
- Millennials and Gen Xers spend nearly 50% as much time shopping online each week (six hours) than their older counterparts (four hours).
- 48% of millennials have shopped on marketplaces (Amazon, etc.), 76% at large retailer sites, 46% on web stores or independent boutiques, and 29% at category-specific online stores.
- 56% of Gen Xers have shopped on marketplaces (Amazon, etc.), 76% at large retailer sites, 49% on web stores or independent boutiques, and 37% at category-specific online stores.

Ecommerce Buying Habits by parental status

- Parents spend more of their budget online in comparison to non-parents (40% vs. 34%) and spend 75% more time online shopping each week (7 hours vs. 4 hours for non-parents).
- Parents spend 61% more online than non-parents (\$1,071 vs. \$664).
- Nearly half (49%) of parents stated that they cannot live without online shopping.
- 53% of U.S. parents have shopped on marketplaces, 78% at large retailer sites, 53% on web stores or independent boutiques, and 34% at category-

specific online stores.

Radio Opportunity: Stations with heavy parent-age audience composition need to showcase this fact to clients and prospects.

Customer location at time of purchase

- A quarter of online shoppers (25%) have made an online purchase from a brick-and-mortar store.
- 23% of online shoppers have made an online purchase at the office. *Radio Opportunity:* Radio's online streaming audience is at its peak during the business hours of 10:00AM-4:00PM, the perfect enhancement to drive new e-commerce traffic to your client's website, instead of the competition.
- Nearly 3 in 10 (29%) of Millennials and Gen Xers have made a purchase from the office. Repeat above *Radio Opportunity*.
- More than 15% of Baby Boomers and Seniors have made a purchase from the office. Same *Radio Opportunity*.
- 20% of American online shoppers have purchased while in the car and not driving). *Radio Opportunity:* What better medium to increase web purchases while in the car than Radio!

What e-commerce customers are buying

- 60% of shoppers have purchased clothing, shoes and accessories from large retailers, 54% at marketplaces, 44% from category-specific and 45% from web stores.
- 43% of online shoppers have purchased computers or electronics from marketplaces, 41% from large retailers, 29% at category-specific online stores and 17% at web stores.
- 34% of shoppers have purchased beauty items at marketplaces, 31% at large retailers, 29% at web stores and 25% at category-specific online stores.

- 55% of shoppers have purchased books, movies and music shop at marketplaces, 36% at large retailers, 24% at web stores and 21% at category-specific online stores.
- 18% of shoppers have purchased flowers and gifts on marketplaces, 18% at large retailers, 24% at web stores and 28% category-specific online stores.

Influencing E-commerce Customers

- The top three factors that are extremely influential in determining where Americans shop online are price (87%); shipping cost/delivery speed (80%) and discount offers (71%).
- 42% of online customers find recommendations from friends and family influential.
- 25% of on line shoppers are influenced by advertising. (No particular medium indicated) and where to shop. *Radio Opportunity*
- Younger generations are more receptive to advertising: Millennials and Gen X are twice as likely as older generations (27% vs. 14%) to be influenced by advertising. *Radio Opportunity*
- 23% of shoppers are influenced by social media recommendations/reviews.
- Online shoppers want products to be brought to life with images (78%) and product reviews (69%).
- 66% of online shoppers decided not to buy an item because of shipping costs.
- 49% of cite not being able to touch, feel or try a product as one of their least favorite aspects of online shopping.
- 21% of Americans state that unattractive or hard-to-navigate websites is frustrating when buying online.
- 78% of online shoppers want more images from e-commerce sites.
- 69% of online shoppers want more reviews from e-commerce sites.
- 46% of online shoppers want more product comparisons from e-commerce sites.

- 42% of online shoppers want more testimonials from e-commerce sites.
- 30% of online shoppers want more video from e-commerce sites.
- 42% of online shoppers have made a purchase they later regret.
- 48% of online shoppers have bought or spent more than planned when shopping online.

Social media as an influencing factor on conversion rates

As social commerce continues to grow, these trends are indicative of the potential for retailers to connect with shoppers on their favorite platforms. *Radio Opportunity:* Please note how splintered e-commerce shoppers below are with social media, making the case for more reach and mass media placement in your clients or prospects advertising

- 30% of online shoppers say they would be likely to make a purchase from a social media network like Facebook, Pinterest, Instagram, Twitter or Snapchat.
- 20% of online shoppers would be likely to make a purchase from Facebook.
- 17% of online shoppers would be likely to make a purchase from Pinterest.
- 14% of online shoppers would be likely to make a purchase from Instagram.
- 12% of online shoppers would be likely to make a purchase from Twitter.
- 10% of online shoppers would be likely to make a purchase from Snapchat.
- 29% of online shoppers would be likely to follow a brand on Facebook.
- 21% of online shoppers would be likely to follow a brand on Pinterest.
- 21% of online shoppers would be likely to follow a brand on Instagram.
- 18% of online shoppers would be likely to follow a brand on Twitter.
- 13% of online shoppers would be likely to follow a brand on Snapchat.
- 20% of online shoppers would purchase an item a friend has included on their Pinterest board.
- 18% of shoppers would purchase an item a friend liked on Facebook.

SCBA White Paper

- 51% of Millennials would be likely to make a purchase over social media.
- 29% of Millennials and Gen Xers would likely make a purchase through Facebook if given the option.
- 26% of Millennials and Gen Xers would likely make a purchase through Pinterest if given the option.

Conclusion:

SCBA members should embrace the significant opportunity presented by e-commerce and other channel platforms. While this is a burgeoning industry by any measurement, the competition for web traffic is daunting for many of our clients and prospects. Understanding this universe and advising our clients/prospects on expanding their traffic and customer base is what Radio can do for them in multiple channels. Retail is evolving rapidly and we must evolve with our clients. Radio's omnipresent reach, creativity, real time messaging, and 24/7 access to a dynamic and digital audience makes AM/FM Radio in Southern California an essential partner for e-commerce.

The Southern California Broadcasters Association

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Sources:

BigCommerce.com, Square, Inc, Point of Sale Solutions, PinInterest.com, Shopify.com, Wix.com, Shopping cart.com, Volusion.com, CNBC, Nielsen Audio, Business Insider, Statista, Digital Commerce 360.com, Amazon, Inc., Bloomberg Business, U.S Census.Gov, GoldmanSachs.com, ecommerce.apple.com, National Retail Federation, Inc.