

celigo

2024 ONLINE RETAIL TRENDS REPORT

EXECUTIVE SUMMARY 3

KEY FINDINGS 5

Consumers frustrated with aspects of online shopping, especially Generation Z5

Inflation and higher prices remain the #1 concern for online shoppers7

Google, social media, and brand websites reign supreme for product research and purchases.....8

Product reviews and careful research drive online buying behavior9

Online retailers can dominate upcoming shopping events this spring and summer10

Consumers are already thinking ahead for Holiday 202411

Omnichannel excellence: The way to win Holiday 2024.....12

Minding the gap: Differences in demographics.....13

ADVICE FOR ONLINE RETAILERS 15

Drive omnichannel 24/716

Extend operational efficiencies17

Get personal.....18

Serve Gen Z19

Plan Holiday 202420

THE POWER OF IPAAS FOR RETAILERS 21

SURVEY RESPONDENTS DATA 23

Executive summary

Celigo conducted an independent global survey in February 2024 that received more than 1,500 responses from U.S. and U.K. consumers, asking them about their online shopping preferences, habits, and plans for 2024.

Survey respondents answered questions about their 2023 holiday shopping experience and how that will shape their 2024 purchasing plans. They were also asked about the most important qualities they seek from online retailers, how they research and buy products online, and their shopping expectations moving forward.

The survey found respondents remain extremely concerned about inflation and the higher prices of products and services, with many gravitating to online retailers that make personalized offers with the best deals and discounts, bolstered by free shipping and easy access to customer reviews. Generation Z – which will soon emerge as the most dominant online shopping demographic – expects lower prices and free on-time shipping with every interaction, so it behooves online retailers to deliver flawless customer experiences in those areas to drive greater loyalty with younger shoppers.

The majority of those polled also had multiple poor online retail shopping incidents last year, although Holiday 2023 seemed to be a highlight, with many respondents reporting positive seamless experiences. Yet, shoppers are still frustrated by higher prices, delayed deliveries and excessive shipping costs.

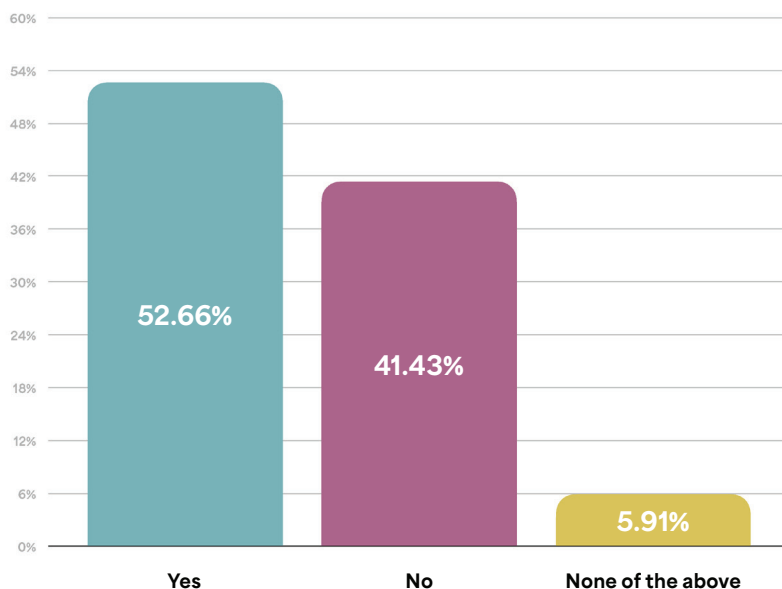
Shoppers will continue to rely on online retailers for the fastest, most convenient, and cost-effective shopping experience that gives them access to a wide variety of highly desired products, but many still enjoy in-person shopping at brick-and-mortar stores. In fact, over 50% of all respondents plan to attend Black Friday and Cyber Monday physical events during the holiday 2024 season.

As online retailers prepare for upcoming shopping events this spring and summer – including Mother’s Day, Easter, and summer vacation – they must improve ecommerce operations, back-office integration, and omnichannel selling strategies before the busy holiday 2024 season begins.

This preparation should include investing in new technologies and approaches that improve the criteria most important to shoppers, such as free guaranteed on-time shipping, personalized deals, and product discounts. Given the continued interest in brick-and-mortar shopping, online retailers must focus on improving their omnichannel presence to grow market share and boost consumer loyalty.

Over 50% of all respondents plan to attend Black Friday and Cyber Monday physical events during the holiday 2024 season.

In relation to the upcoming 2024 holiday shopping season, will you plan to attend Black Friday or Cyber Monday at a physical retail store location?



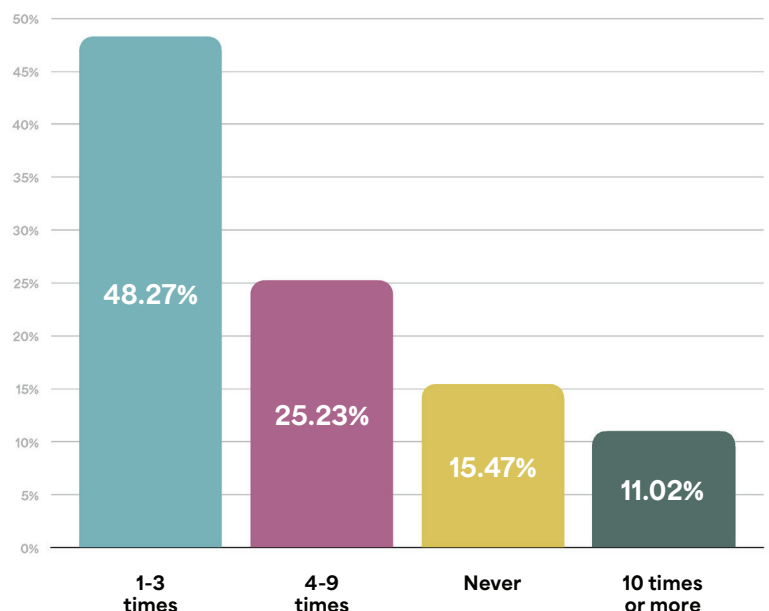
Key findings

Consumers frustrated with aspects of online shopping, especially Generation Z

According to the survey, 85% of shoppers said that online retailers failed to meet expectations at least once in the past year. When asked about the top three most important qualities they seek in an online retailer, 60% of respondents cited lower prices while others named free shipping (51%) and fast shipping (37%) as important qualities. Access to a wide variety of product choices was also important to 37% of shoppers.

85% of shoppers said that online retailers failed to meet expectations at least once in the past year.

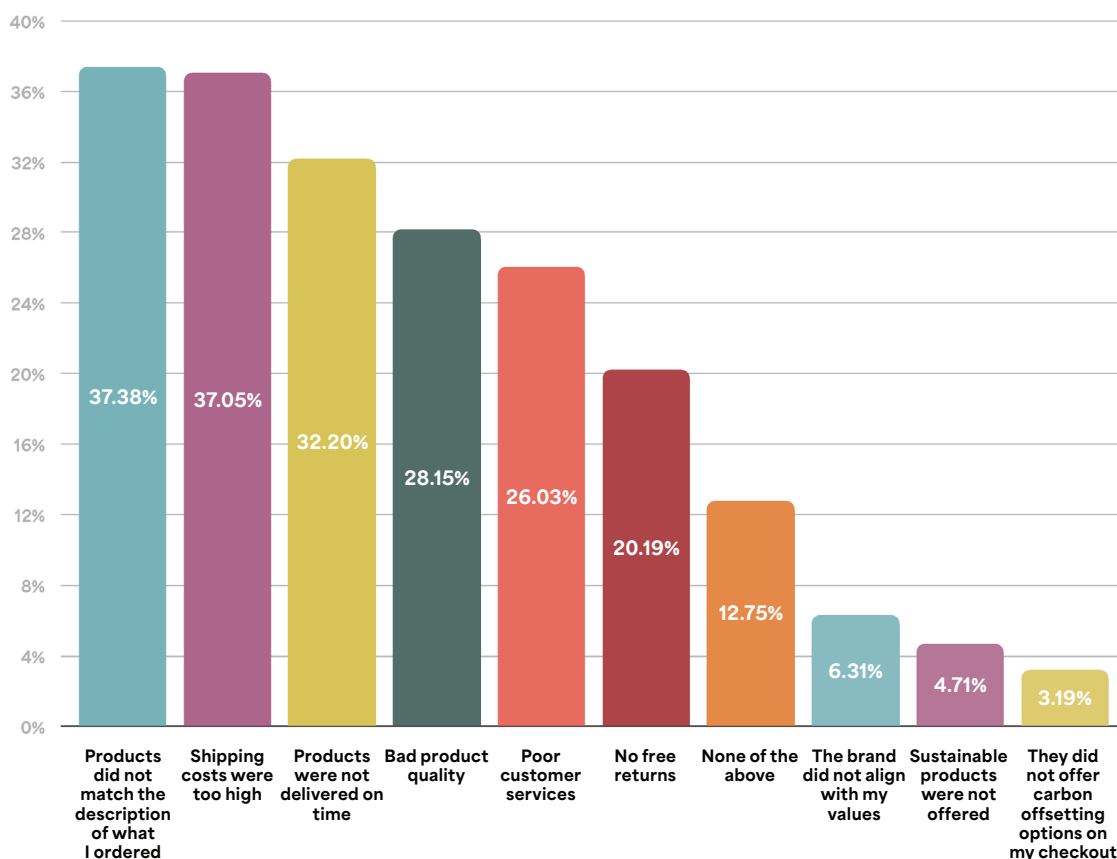
How often have online retailers failed to deliver on the experience you expected in the last year?



Respondents also cited the frustrations that would make them stop purchasing with an online retailer. Receiving products that do not accurately match the descriptions of what they ordered was the #1 reason (37%) that would cease the buying relationship. Excessive shipping costs, late product deliveries, poor product quality, and poor customer service were also reasons for jettisoning online retail sites.

The #1 reason that would cease the buying relationship: Receiving products that do not accurately match the descriptions of what was ordered.

Based on past experiences, which of the following made you stop purchasing from an online retailer? (Please select the top three only)



Younger shoppers reported higher rates of dissatisfaction with online shopping across both regions. In the U.K. 52% of Baby Boomers said online retailers were flawless in delivering on their expectations in the past year while 85% of Gen Z said retailers failed them at least once in the last year. Interestingly enough, 34% of Baby Boomers said they buy their products in physical retail stores while less than 8% of Gen Z make their purchases in-person.

85% of Gen Z said retailers failed them at least once in the last year.

Retailers must account for the needs and perceptions of the demographic that will drive sales for the years to come.

In the U.S., 27% of respondents over 60 had no bad online retail experiences in the last year while 46% of Boomers, 42% of Millennials and 49% of Gen Z have had poor online buying experiences in the past year. The volume of online purchases, coupled with expectations of a generation that was born in the post-Internet era, likely contributed to the outsized variance. However, retailers must account for the needs and perceptions of the demographic that will drive sales for the years to come. In fact, new research from [Oxford Economics](#) found that Gen Z's purchasing power will reach \$2 trillion within less than ten years.

Inflation and higher prices remain the #1 concern for online shoppers

With economic conditions remaining somewhat shaky, shoppers remain highly price conscious and flock to where they can find the best deals and discounts, whether it is with online retailers, omnichannel retailers, physical stores, or marketplaces. 43% of respondents stated that inflation and higher prices have caused them to shop less online because they need to tighten their budgets. On the flip side, 31% said that inflation has caused them to shop more online because they find better deals there.

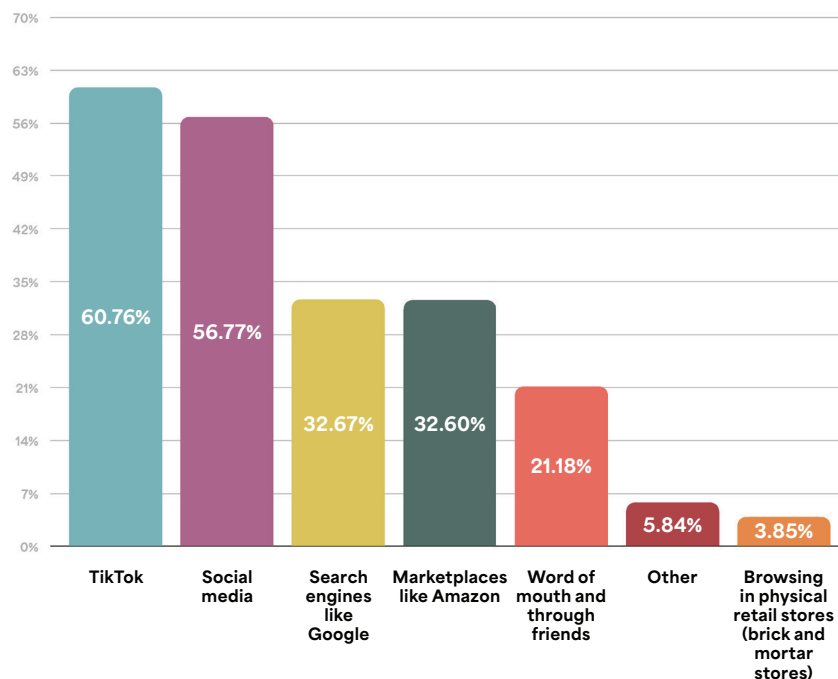
Both U.S. and U.K shoppers are expected to remain more value-conscious throughout the balance of 2024; therefore, online retailers should make more personalized offers with desirable deals and price discounts.

43% of respondents stated that inflation and higher prices have caused them to shop less online.

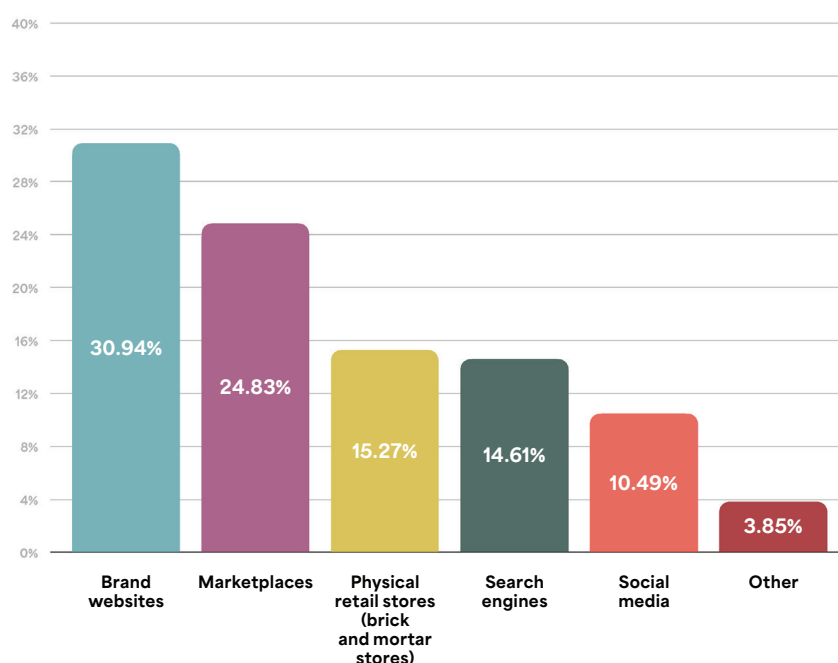
Google, social media, and brand websites reign supreme for product research and purchases

Online retailers must continue to meet shoppers where they research and buy products most often. Both U.S. and U.K. shoppers do the majority of their product research via search engines like Google or on marketplaces like Amazon and eBay, although social media platforms are gaining ground. Furthermore, shoppers across both geographies make most of their purchases on brand websites and marketplaces, followed by physical brick-and-mortar stores and search engines.

Where do you research the products you buy?
(Select all that apply)



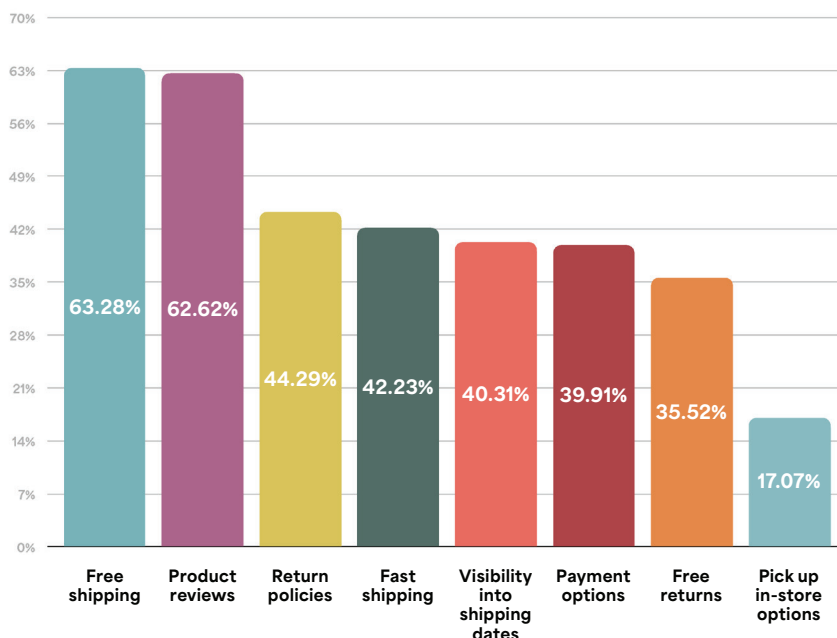
Where do you actually purchase the products you buy?



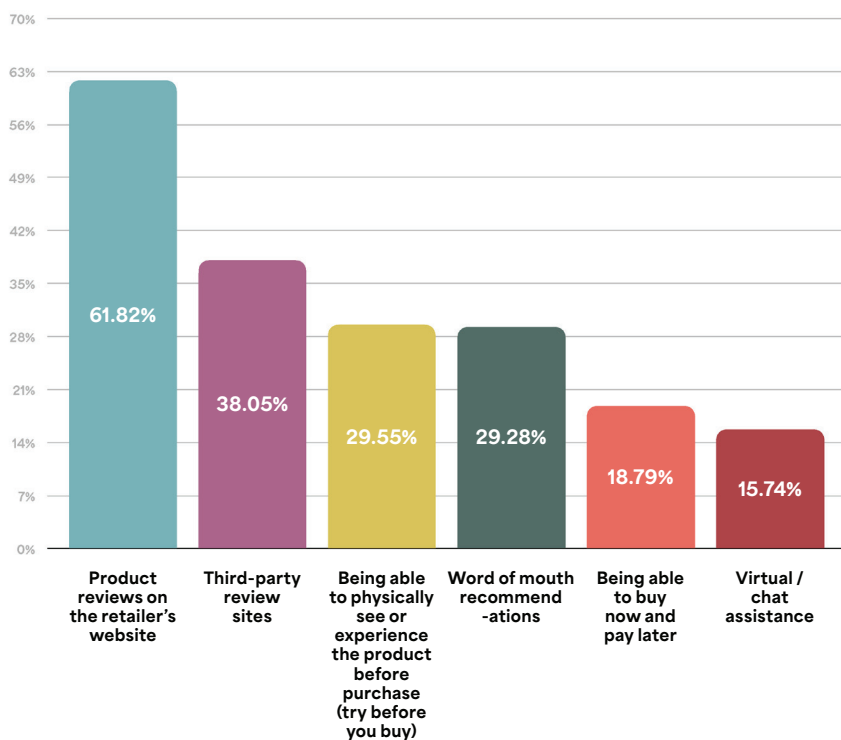
Product reviews and careful research drive online buying behavior

Respondents across both regions do careful research before buying, often relying on comparisons to get the best deals and discounts. The availability of both on-site and third-party product reviews is important in the purchasing decision, second only to free shipping.

Which of the following are important to you when online shopping? (Select all that apply)



Which of these items do you use to inform your online purchasing decisions?



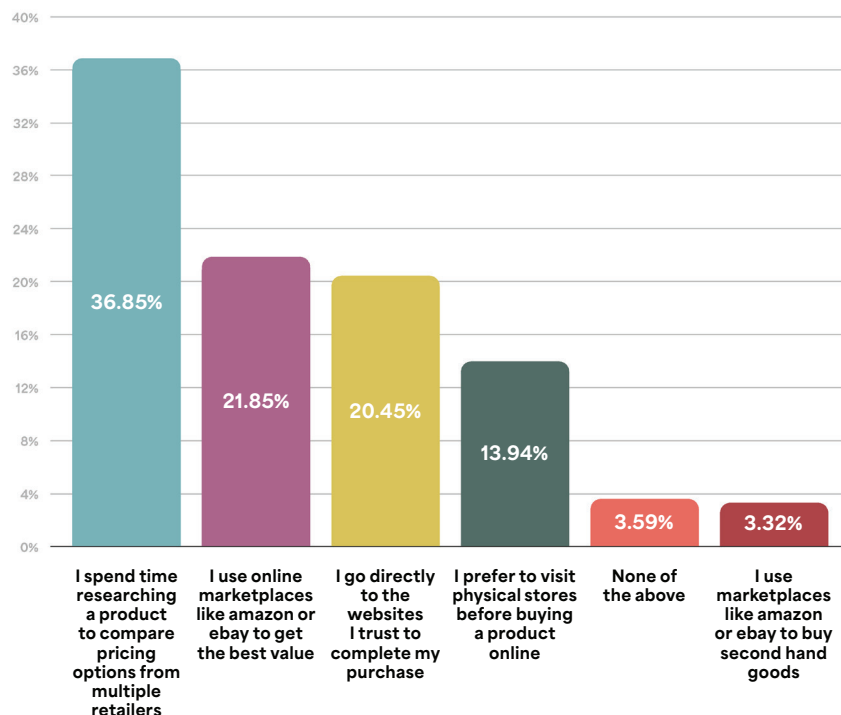
While survey respondents use a variety of tools to inform online purchasing decisions, product reviews continue to trump all else, with reviews on the retailer's website outweighing third party review sites.

When asked what best describes their online buying behavior, price seems to be the biggest influencer with nearly 40% saying they research products to compare pricing options from multiple retailers. Using online marketplaces to get the best value (22%) and going to trusted brand sites to complete purchases (20%) are also common ways respondents shop.

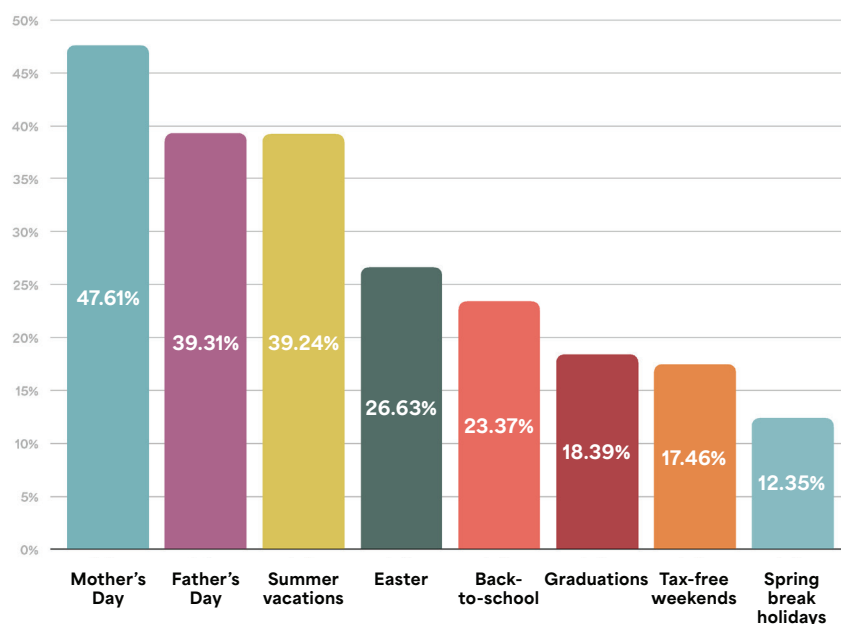
Online retailers can dominate upcoming shopping events this spring and summer

There are several upcoming shopping events this spring and summer – including Mother's Day, Father's Day, graduations, summer vacation and back-to-school – that provide ripe opportunities for online retailers to boost sales, market share and consumer loyalty. Nearly half of all survey respondents said that they will do Mother's Day shopping online while more than 40% stated the same for Father's Day. This compressed timeline should give retailers a sense of urgency as two non-traditional peak shopping events are rapidly approaching.

What best describes your online buying behavior?



Will you do online shopping for any of these upcoming special occasions, events and holidays in 2024? (Select all that apply)

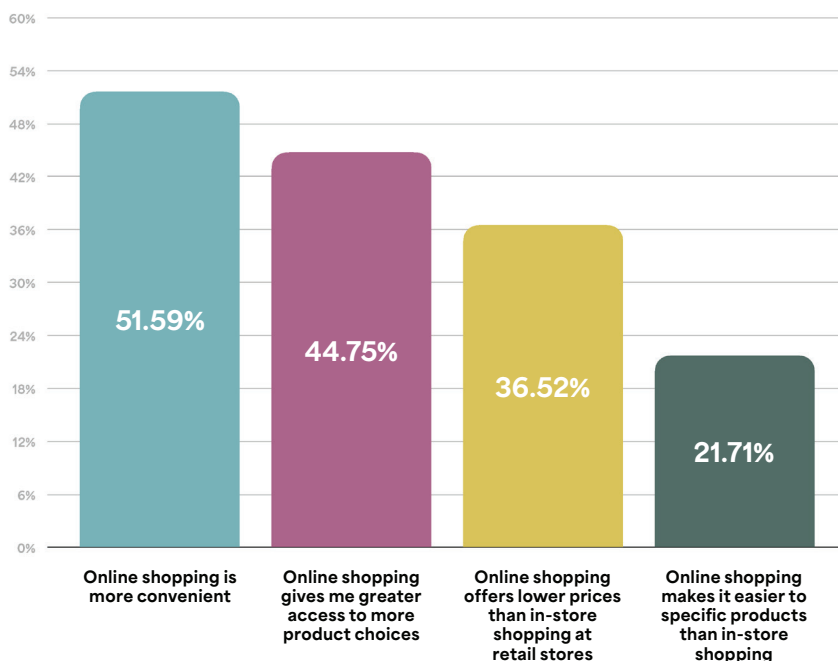


Consumers are already thinking ahead for Holiday 2024

Holiday 2024 will not officially begin until the late fall timeframe, but many consumers are already planning to shop more online this season. Of those that plan to spend more money online during Holiday 2024, 52% of respondents stated that online shopping is a more convenient way to find and purchase gifts. Other key reasons why they favored online as their preferred holiday shopping method include having greater access to more product choices online and getting better prices online than in-store.

52% of respondents stated that online shopping is a more convenient way to find and purchase gifts.

If you plan to spend more money online shopping during the 2024 holiday season, what are the reasons for that decision? (Select all that apply)



Omnichannel excellence: The way to win Holiday 2024

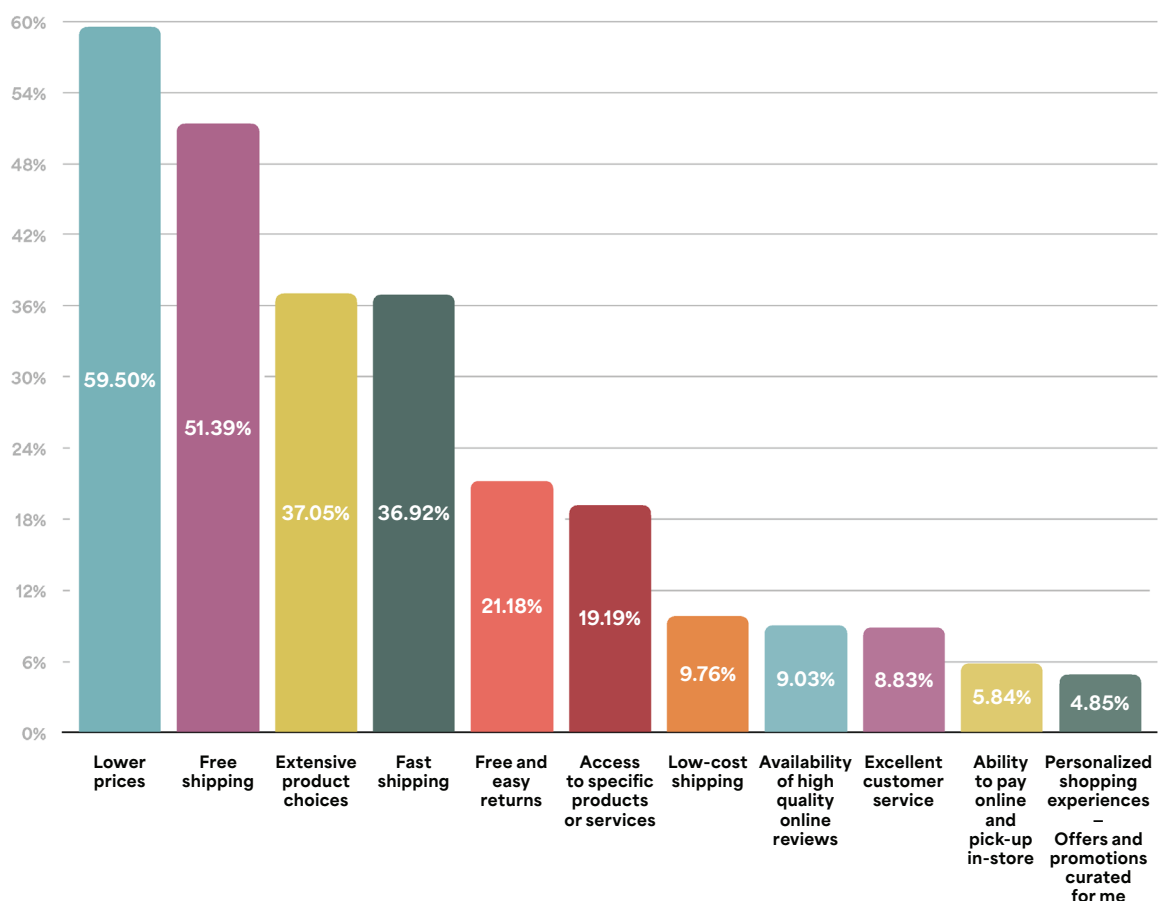
Roughly 30% of all respondents will spend more on online holiday shopping for 2024 than in 2023, while around 40% will spend the same amount this year as they did last year.

This trend bodes well for online retailers but they still must pay careful attention to meeting the most important criteria that consumers have for their online shopping experience. Online shoppers on both sides of the pond increasingly demand lower prices (60%), free shipping (51%), fast shipping (37%), and free and easy returns (21%).

While shoppers increasingly gravitate online, many still prefer a good old-fashioned in-store brick-and-mortar shopping experience. Over 50% of all respondents will attend Black Friday and Cyber Monday events during the holiday 2024 season.

Online shoppers on both sides of the pond increasingly demand lower prices, free shipping, fast shipping, and free and easy returns.

What are the three most important qualities you seek in an online retailer?



Minding the gap: Differences in demographics

Younger generations gravitate towards in-person holiday shopping promotions

Attending Black Friday and Cyber Monday in-person holiday shopping events have the greatest appeal for younger demographics, particularly Gen X, Millennials and Gen Z. This is important because, while they say they do most of their shopping online, the holiday period is one where their shopping habits shift. In the U.K., 30% of Baby Boomers said they would attend Black Friday and/or Cyber Monday in person, yet more than 50% of GenX, 61% of Millennials and 67% of Gen Z respondents intend on experiencing the holiday shopping extravaganza in brick-and-mortar establishments. While the elder generation may be content on avoiding door busting sales and long lines, those who missed out on their opportunity to experience the excitement of an in-store Black Friday sale during pandemic-era restrictions are eager to see what it is all about.

In the U.S., 55% of Millennials, 53% of Baby Boomers and 51% of Gen Z plan to attend Black Friday and Cyber Monday in-person events at retail stores while only 32% of respondents over the age of 60 plan to do so. Yet, when it comes to purchasing products regularly and doing non-holiday shopping at physical stores, seniors are the most frequent brick-and-mortar shoppers (27%) versus 7% for Millennials and 19% for Boomers.

More than 50% of GenX, 61% of Millennials and 67% of Gen Z respondents intend on experiencing the holiday shopping extravaganza in brick-and-mortar establishments.

Gen Z ushers in the social media product research revolution

While every demographic across the U.K. and the U.S. spends time researching the best product and personalized deal opportunity before making their purchase, the shift from traditional methods is well underway. While U.K. Baby Boomers and Gen X conduct their research primarily on search engines, marketplaces and in physical stores, Millennials and Gen Z sought out information on social media in much greater numbers. 93% of U.K. Gen Z respondents said they research products on social media, including 43% turning to TikTok as their primary means of insight. 75% of Millennials leverage search engines for product information, but 62% open their preferred social media app before using Google or a marketplace.

In the U.S., nearly 40% of Gen Z rely on social media and TikTok for product research with 58% of them still relying on Google and search engines for product and price information gathering. Search engines and Google still reign supreme as the primary vehicle for U.S. Baby Boomers (60%), Millennials (54%), and those over 60 (63%).

93% of U.K. Gen Z respondents said they research products on social media, including 43% turning to TikTok as their primary means of insight.

Advice for online retailers

To boost sales and consumer loyalty and win Holiday 2024, online retailers should invest in new technologies and approaches that will deliver the most important criteria for consumers: free, guaranteed on-time shipping, personalized offers with product deals and discounts, and easy access to on-site and third-party product reviews.

Here are five strategies retailers should embrace now to have impact on 2024 performance.

Drive omnichannel 24/7

- Focus on creating an optimal omnichannel experience. Different shopping demographics research and buy products in a variety of ways; therefore, retailers must have a consistent and connected experience across ALL channels.
- Integrate your own channels with any third-party channels you're selling through, such as Etsy, Amazon, or Wayfair to ensure pricing is consistent across all channels. It's easy to get this wrong, causing marketplaces to cannibalize your direct business while alienating clients from shopping directly with your brand.
- Create a consistent experience both in marketplaces and your owned brand properties, including brick and mortar. The only way to do that is to have connected back-end operations. Having a seamless connection between your in-store POS, inventory, and other systems to your online sales and service channels is key here. This can ensure an engagement happening in store can be easily continued online and vice versa. For example, retailers can easily identify which nearby stores hold stock of a product a customer was looking at online and direct them to the store to either experience the product or complete the purchase.
- Implement a solid direct-to-consumer (D2C) strategy, giving consumers a differentiated online experience as well as the level of user experience (UX) and user interface (UI) that they have come to expect from top marketplaces. This is especially important as shoppers rely heavily on brand websites for both researching and purchasing products.
- Integrate with product review tools and sites such as Yotpo, Yelp, or Trustpilot to aggregate reviews from multiple locations and show them on brand websites, thus leveraging reviews from across the web to create trust with shoppers.

Extend operational efficiencies

- Create efficiencies in all aspects of the buying process through automation. By integrating both front and back end operations, retailers can easily provide fast (and possibly free) shipping, the correct in stock products, pricing consistencies across all channels, and better personalized deals and discounts to shoppers.
- As supply chains are becoming more volatile, having a direct integration with your 3PL and warehouses becomes crucial for aligning customer expectations and getting the best prices. By having this connection, retailers can provide more accurate shipping dates and prices. They can also automatically identify the fastest or cheapest shipping options to reduce shipping costs and transfer these savings to shoppers. Retailers should better use physical locations as shipping hubs, offering shoppers free delivery for picking up at a location close to them.
- Align Product Information Management systems (PIM) with Product Description Pages (PDP) on websites and listings on marketplaces to ensure shoppers get the products they expect and offer bundles that will maximize the value of each shopping interaction.
- Consider using AI to help keep systems running with minimal intervention, drive personalized offers and assist with customer support initiatives.

Get personal

- Leverage integration to get valuable data on consumer purchasing habits. By connecting all systems, retailers can see items that are frequently purchased or frequently returned by a customer and can then show offers that are most likely to be purchased based on past behavior.
- Go further: feed all of that valuable buying data to Customer Data Platforms like Twilio Segment or Optimove and develop curated customer journeys or promotions to fit specific client sub-segments or niches. For example, offering a special promotion to brand fans or improving repurchase emails (e.g. using data to prompt re-purchase email with a special offer when a product a shopper purchased is likely to run out).

Serve Gen Z

- Give some dedicated attention to the generation that will reach \$2 Trillion in purchasing power in less than 10 years.
- Because Gen Z relies heavily on social media for product research, retailers must ensure that product information on their social sites is also accurately reflected on other channels.
- Leverage user generated content from social media on your own website to build trust or create a seamless journey from discovering a product on TikTok (for instance) to seeing it in display ads and finding it on your online store.

Plan Holiday 2024

- Start the integration and planning process now. Having siloed systems prevents retailers from delivering outstanding customer service; fixing these issues should be a top priority this spring.
- Ensure that ecommerce systems can handle spikes in order volume. Stress test new integrations to avoid logistical issues well before the holiday shopping season begins – often as early as October.
- Evaluate all channels this spring to ensure that the shopping journey is seamless across all touchpoints from search engines, Marketplaces and third-party sites to the brand websites where most of the purchasing is completed.

The power of iPaaS for retailers

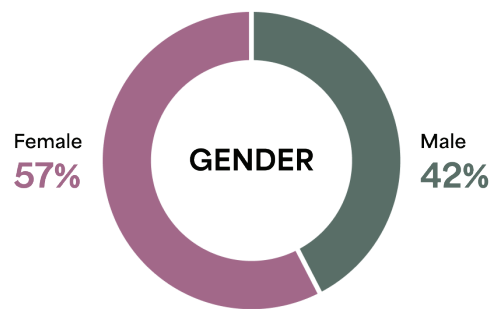
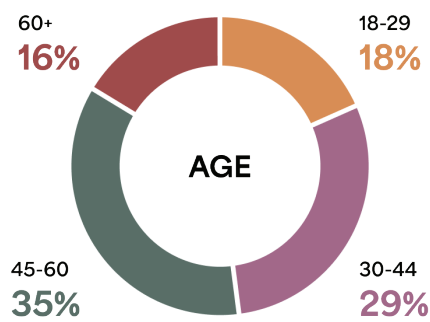
Investing in the right iPaaS system can help online retailers manage order volume spikes without downtime, enable streamlined error management, automate returns management, connect suppliers and warehouses, help with demand planning, and provide a connected customer experience across all channels.

For more information about how Celigo can help automate your entire retail operation across any channel, visit our [website](#).

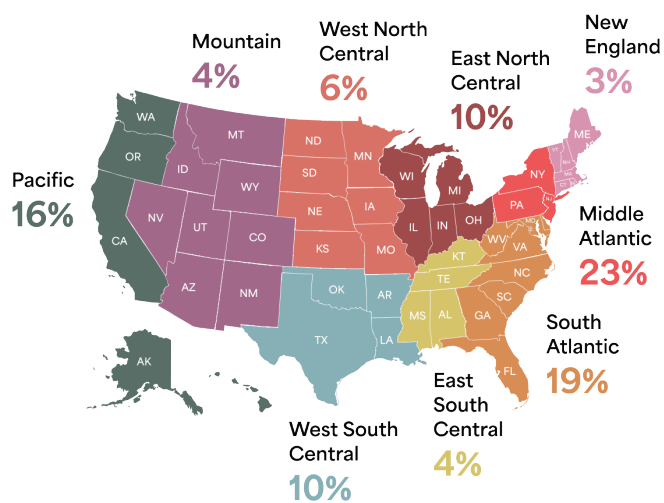
Survey respondents data

**Demographic analysis of 1,506 respondents.
Here is the breakdown of survey
respondents from the U.S. and the U.K.**

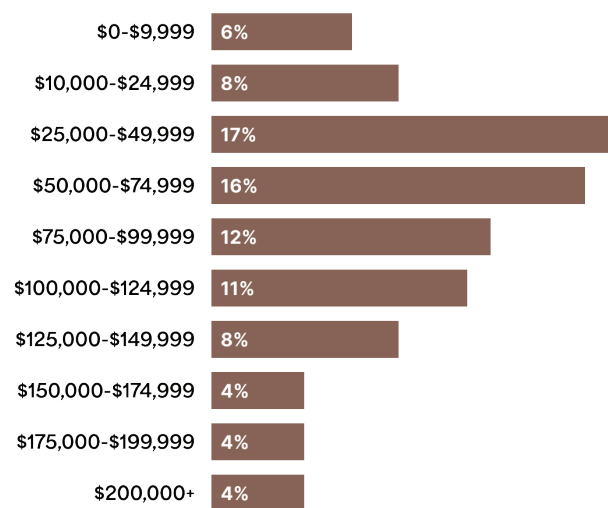
UNITED STATES OF AMERICA



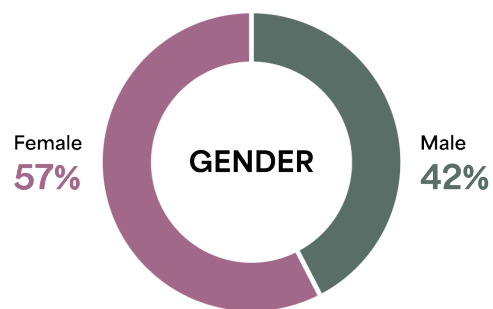
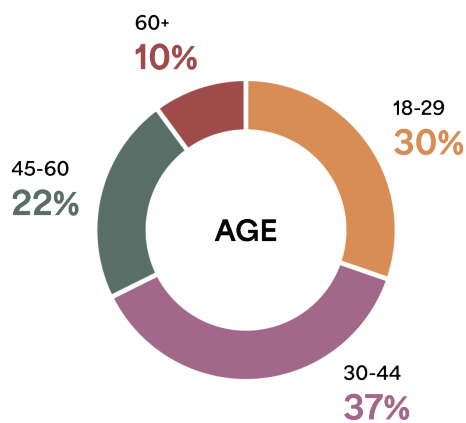
BY REGION



HOUSEHOLD INCOME



UNITED KINGDOM



celigo

Celigo's purpose is to
blaze the trail for a tech-
empowered future. We create
software that thinks ahead,
keeps you connected, and
moves you forward.

celigo

Moving a connected world.

Celigo, Inc.
3 Lagoon Drive, Suite 130
Redwood City, CA 94065

650.579.0210
www.celigo.com
sales@celigo.com

© 2024 Celigo, Inc. All rights reserved. Celigo® and the Celigo logo are registered trademarks of Celigo, Inc. in the U.S.A.
All other trademarks and registered trademarks are property of their respective owners.