

Challenges for Modern Marketing and E-Commerce Merchandising

Dr. Ioan Matei PURCĂREA



Abstract

There is a real challenge today for CMOs to harmonize customers' needs with their business strategy, and an imperative for CEOs to recognize the priority of marketing, becoming more discerning on the path to driving revenue growth. It is necessary to reflect on roles' redefinition of marketing and e-commerce within the technological shift for both marketers and merchandisers, improving omnichannel marketing automation and omnichannel fulfillment accordingly. It is also important to consider shoppers' enablement by the evolving merchandising storytelling, and their conversion based on personalized product merchandising strategies. There is no doubt about the imperative for e-commerce merchandising to strategically approach the rising shoppers' expectations.

Keywords: Marketing Capabilities, New Technologies, E-Commerce Merchandising, Shoppers' Conversion

JEL Classification: D83; L81; L86; M15; M31; O32; O33

CMOs' challenge to harmonize customers' needs with their business strategy, and CEOs' imperative to recognize the priority of marketing, becoming more discerning on the path to driving revenue growth

In our last HMM issue we underlined the increase in marketing focus on the quality of being practical, while holistically approaching the buying experience, including by considering AI impact on marketing transformation and the rising role of e-commerce personalization and

digital merchandising strategy (Purcarea, 2023). According to Tas, Fusaro and Rahilly (2024), now it's the real time to reduce the strategic disconnect between CEOs and CMOs, between data analytics and business impact (valorizing customer insights in demand creation and capture) by ensuring marketing placement at their growth strategies' center, better understanding modern marketing capabilities' levers (seeing CMO as both chief customer advocate, and growth unifier).

In order to ensure marketing-led growth (Gartner, 2024), CMOs are struggling to better respond to the current economic uncertainty, proving marketing's value (by ensuring cost optimization on marketing spend), evaluating budget versions across multiple KPIs (by increasing marketing efficiencies), and establishing marketing investment triggers (by achieving marketing-led innovation). As revealed by Gartner, in approaching marketing investments' delivery CMOs should not rely on ROI alone, but also on valorizing the return on objectives (calculating market share and consumer sentiment-type metrics), making difference between beliefs and objective facts, thinking long term, reprioritizing (including by experimentation based on new skills), reinforcing triggers (such as: loss of market share, declines in new customer value, increased acquisition costs, erosion of conversion rates etc.).

According to Boston Consulting Group (BCG, the pioneer in business strategy), marketing organizations' rethinking and redesigning is a must, this transformational approach being guided by clear principles (structure driven by strategy; strong match for in-house capabilities and external support; finding the right level of agile; giving special importance to both training, and development; progress monitoring, and adjusting how much you need to do it), and driving growth being based on choosing marketing capabilities (a core marketing capability being, for instance, customer insights), as shown in figure below (Agrawal et al., 2024).

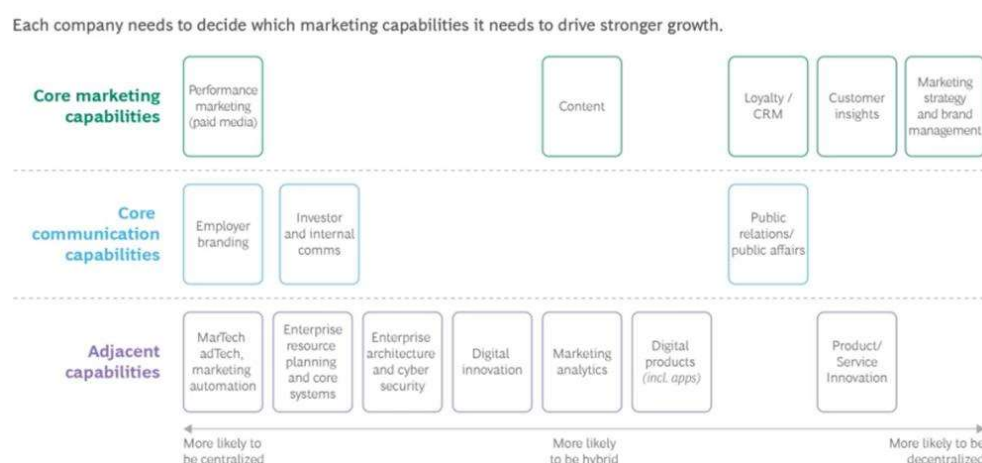


Figure no. 1: Choosing marketing capabilities to drive growth

Source: Agrawal, R., Senzer, S., Simon, J., He, S. and Trout, L., 2024. *How CMOs Can Lead Transformations in an Era of Change*, BCG, January 10, 2024, p. 5 (Work cited)

On the other hand, Gartner (Schell, 2024) brought to marketers' attention how marketing function's efficiency and creativity is continuously reshaped by the artificial intelligence (AI), all (from search behavior to carefully thinking about staffing) being changed by AI. CMOs will need to pay more and more attention, for instance, to the new reality in which governance is increasingly being outpaced by the adoption of Generative AI (considering including its rising negative impact on social media), consequently being necessary to valorize content authenticity technology so as to avoid Generative AI usage that would cause their brands' reputational risk.

Roles' redefinition of marketing and e-commerce within the technological shift for both marketers and merchandisers, improving omnichannel marketing automation and omnichannel fulfillment

A marketers' and merchandisers' higher business impact and value is made possible today by using GenAI (integrating it into company's operations), improving content creation, customer journeys, and merchandising, and delivering tailored CX (identifying sensitive and influenceable points on it), based on the symbiotic relationship between GenAI and an improved general experience and changed role of marketers and merchandisers (Bohan, 2024). Being in the center of this rapid evolution by adopting the right mindset, e-commerce marketing professionals are better positioned to remodel their businesses function, keeping pace with advancements as active participants, boosting creativity and efficiency (Donnelly a, 2024), and ensuring a seamless shopping experience by connecting online and offline commerce and unifying it (Donnelly, 2023), as well as refreshing and adjusting marketing strategy, improving omnichannel marketing automation (Donnelly b, 2024).

According to CB Insights (2024), in better serving a wider customer base can be produced powerful customer loyalty on the basis of a skillfully omnichannel fulfillment strategy, today's retailers' omnichannel fulfillment (rapidly and accurately orders' fulfilment) being a true battlefield (taking into account the imperative of bridging both physical and digital retail channels seamlessly. To increase e-commerce sales and store traffic, for instance, grocery retailers are adjusting their marketing strategies (such as: demand forecasting and inventory management, automated distribution centers, micro fulfillment, on-demand delivery, drone delivery) and valorizing the new technologies.

It is interesting to note that a recent study by 84.51° (a retail data science, insights and media company, a subsidiary of Kroger company) revealed that Kroger's omnichannel shoppers have done in the past 52 weeks most of their shopping in-store (40%) and online (40%), while 20% of them shopped equally divided, in-store and online (Newman, 2024). Kroger's omnichannel shoppers also said that they are considering shopping online less stressful (58%, up from 39% in 2023) than in-store, the majority of them preferring: to get free from crowds (53%, up from 51% in 2023); to pick their own grocery and household items (56%, up to 46% in 2023); to not pay extra fees for delivery or pickup (51%, compared to 33% in 2023).

Shoppers' enablement by the evolving merchandising storytelling, and their conversion based on personalized product merchandising strategies

According to the host of Bloomreach's Digital Merchandising Community Meet-ups, Roxanna Couse, Director of CX Group (and with experience in e-commerce merchandising), last year was marked (beyond economic uncertainties and continuing consumers' heightened price sensitivity) by significant aspects (such as the shift toward personalized shopping experiences, storytelling merchandising, mobile commerce etc.) and key trends (like the social commerce platforms' rise and the pop culture and commerce fusion), some of these to be confirmed in the new year (Couse, 2024). So, shoppers (included as a story's character) will be enabled to imagine how products integrate into their lives by a merchandising storytelling creating not only value comprehension and relevance.

The recent Etail West 2024, that took place on 26-29 February in California, at Palm Springs (Flaherty, 2023; Evans, 2024; Sharma, 2024) – recognized as “the hub for cutting-edge eCommerce and digital marketing strategies”, “the premier e-commerce and omnichannel retail conference” – confirmed the traditional opportunity of for retail executives to reflect on “the best personalized product merchandising strategies”. The conversion of shoppers based on personalized product merchandising strategies was one of the important particular discussions on that occasion.

As shown by (Shopify Staff, 2023), in order to enhance CX, increase sales, and drive both customer retention and brand loyalty it is essential to know how to develop the merchandising strategy (which is extending into strategic product placement tapping into consumer psychology, going beyond aesthetic appeal), in phygital stores. An improved memorable in-store and online shopping experience can be created by a cohesive retail merchandising strategy aligned with brand ethos, advancing on the path to make customers feel valued and understood based on tailored experiences. And in order to meet their business goals the phygital retailers can optimize their merchandising strategies by researching merchandising trends, conducting ongoing customer research, keeping track of their inventories, and optimizing their websites for mobile.

Instead of conclusions: *The imperative for e-commerce merchandising to strategically approach the rising shoppers' expectations*

It is well-known that merchants and retailers can benefit of SaaS (software-as-a-service) services provided by the hosted e-commerce platform BigCommerce offering significant features for the facile running of an online store (ClickPost, 2024). BigCommerce (n.d.) highlighted the importance of strategies for ecommerce merchandising excellence (product management and curation, utilizing product videos, enhancing credibility through social proof, crafting a cohesive

brand identity, and optimal site-search techniques), leveraging personalization in ecommerce merchandising (product recommendations and retargeting strategies), and properly measuring ecommerce merchandising success (website traffic and conversions, customer lifetime value, seasonal and promotional analysis). It was also revealed the trends shaping ecommerce merchandising (leveraging AI for enhanced personalization, utilizing user-generated content, advanced searchandising tactics, prioritizing a comprehensive CX, emphasis on social commerce, adapting to omnichannel retail, importance of sustainability, and advances in supply chain optimization).

A recent custom report (accurate data as of February 20, 2024) by the reputed Coresight Research – in partnership with Humankind (a leading conversational commerce, SaaS platform, launched in 2021, known as enabling e-commerce brands/retailers to launch 1:1 human-led personalized shopping experiences via SMS both profitably, and at scale) – and entitled “*E-Commerce for the Modern Consumer: Building Trust in a Digital Age*” (Coresight Research, 2024) focused on finding out more information about “shopper journey abandonment in e-commerce and consumer perceptions of online customer services”. The above-mentioned report revealed important aspects, such as: when shopping online, shoppers are always expecting something extra, valuing a personal approach; e-commerce retailers’ need of marrying data-driven insights with the human touch; when they visit online stores, most shoppers are browsing with intent; if shoppers are experiencing challenges on a website or app, they are less likely to shop with it in the future (53% of respondents); shoppers are made more loyal by a better online or mobile shopping experience (74% respondents); personalization, assisted shopping and post-purchase engagement are key areas in creating an online shopping experience that encourage the development of loyalty; CX should be enhanced strategically (from discovery to checkout) by centering on both product information availability, frictionless navigation, and conversational commerce.

Without doubt, within the context of the rising savvy shoppers’ expectations in the evolving digital age it is imperative for e-commerce merchandising to reflect on the objectives necessary to be achieved, and implement the activities developed accordingly.

References

Agrawal, R., Senzer, S., Simon, J., He, S. and Trout, L., 2024. How CMOs Can Lead Transformations in an Era of Change, BCG, January 10, 2024, pp. 1-12. Available at: <<https://www.bcg.com/publications/2024/how-cmos-can-lead-transformations-in-an-era-of-change>> [Accessed 3 February 2024].

BigCommerce, n.d. Effective Ecommerce Merchandising Tactics to Scale Online Stores. Available at: <<https://www.bigcommerce.com/articles/ecommerce/merchandising/>> [Accessed 12 March 2024].

Bohan, D.-M., 2024. How the Role of the Marketer and Merchandiser Changes With AI, Bloomreach, Commerce Experience, 04.01.2024. Available at: <<https://www.bloomreach.com/en/blog/2024/how-the-role-of-the-marketer-and-merchandiser-changes-with-ai?>> [Accessed 9 January 2024].

CB Insights, 2024. How Kroger, Target, Amazon, and Walmart stack up in omnichannel grocery fulfillment, Research, January 25, 2024. Available at: <<https://www.cbinsights.com/research/omnichannel-fulfillment-strategies-grocery-retailers/?>> [Accessed 1 February 2024].

ClickPost, 2024. Everything You Need to Know About BigCommerce, 20 Jan, 2024. Available at: <<https://www.clickpost.ai/blog/bigcommerce>> [Accessed 12 March 2024].

Coresight Research, 2024. E-Commerce for the Modern Consumer: Building Trust in a Digital Age, Custom Report, March 5, 2024, pp. 1-17. Available at: <https://9302266.fs1.hubspotusercontent-na1.net/hubfs/9302266/E-Commerce%20for%20the%20Modern%20Consumer_Building%20Trust%20in%20a%20Digital%20Age.pdf?> [Accessed 5 March 2024].

Couse, R., 2024. Crucial Trends From 2023 Shaping E-Commerce's Landscape in 2024, Bloomreach, E-Commerce Site Search and Merchandising, 07.02.2024. Available at: <<https://www.bloomreach.com/en/blog/2024/crucial-trends-shaping-e-commerces-landscape?>> [Accessed 29 February 2024].

Donnelly, I., 2024. Upskilling in the Age of AI: How Marketers Are Taking the Lead With Artificial Intelligence, Bloomreach, Commerce Experience, 03.01.2024. Available at: <<https://www.bloomreach.com/en/blog/2024/upskilling-in-the-age-of-ai?>> [Accessed 25 January 2024].

Donnelly, I., 2023. How AI Can Bridge the Gap Between Offline and Online Commerce, Bloomreach, Real-Time Personalization, 13.10.2023. Available at: <<https://www.bloomreach.com/en/blog/2023/how-ai-can-bridge-the-gap-between-offline-and-online-commerce?>> [Accessed 22 February 2024].

Donnelly, I., 2024. Machine-Learning Marketing: How Loomi Can Accurately Predict the Perfect Campaign, Bloomreach, Omnichannel Marketing Automation, 20.02.2024. Available at: <<https://www.bloomreach.com/en/blog/2024/machine-learning-marketing-how-loomi-can-accurately-predict-the-perfect-campaign>> [Accessed 22 February 2024].

Evans, M., 2024. eTail West 2024, Euromonitor International, 27 Feb 24. Available at: <<https://www.euromonitor.com/events/etail-west-2024>> [Accessed 11 March 2024].

Flaherty, S., 2023. Your Guide to eTail West 2024 in Palm Springs, CA: Event Tips & Tricks, Groove Commerce, Dec 07, 2023. Available at: <<https://www.groovecommerce.com/ecommerce-blog/your-guide-to-etail-west-2024-in-palm-springs-ca-event-tips-tricks>> [Accessed 11 March 2024].

Gartner, 2024. 3 Techniques to Prove Marketing's Value, Gartner for Marketing, 2024, pp.1-12. Available at: <<https://emt.gartnerweb.com/ngw/globalassets/en/marketing/documents/prove-the-value-of-marketing-ebook.pdf?>> [Accessed 8 February 2024].

Newman, A.A., 2024. How omnichannel shoppers divide their allegiances between e-commerce and brick-and-mortar stores, Retail Brew, E-Commerce, February 29, 2024. Available at: <<https://www.retailbrew.com/stories/2024/02/29/how-omnichannel-shoppers-divide-their-allegiances-between-e-commerce-and-brick-and-mortar-stores?>> [Accessed 29 February 2024].

Purcarea, I.M., 2023. E-Commerce Personalization and Digital Merchandising Strategy, Holistic Marketing Management, vol. 13(4), pp. 14-22, December.

Schell, L., 2024. How Marketing Can Capitalize on AI Disruption, Gartner, February 14, 2024. Available at: <<https://www.gartner.com/en/articles/how-marketing-can-capitalize-on-ai-disruption?>> [Accessed 7 March 2024].

Sharma, J., 2024. At Etail West, retail executives ponder the best personalized product merchandising strategies, Retail Brew, Marketing, March 8, 2024. Available at: <<https://www.retailbrew.com/stories/2024/03/08/at-etail-west-retail-executives-ponder-the-best-personalized-product-merchandising-strategies?>> [Accessed 11 March 2024].

Shopify Staff, 2023. 4 Tips for Creating a Merchandising Strategy, Shopify, Jun 15, 2023. Available at: <<https://www.shopify.com/retail/merchandising-strategy> > [Accessed 11 March 2024].

Tas, R., Fusaro, R. and Rahilly, L., 2024. Analyzing the CEO–CMO relationship and its effect on growth, McKinsey & Company, Growth, Marketing & Sales, Podcast, pp. 1-12, March 7, 2024. Available at: <<https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/analyzing-the-ceo-cmo-relationship-and-its-effect-on-growth?>> [Accessed 8 March 2024].

