The marketplace of the future

October 2019
We’re moving towards an omnichannel marketplace

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In recent years, we’ve defined the term marketplace to mean an online arena for commerce, a virtual meeting place for buyers and sellers to exchange goods and services.

But in an omnichannel world, where consumers don’t separate online and offline experiences and are starting to expect the best of both, marketplaces need to be thinking about more than their online offer.

If a key role of the marketplace is to provide the greatest choice and convenience to buyers, and to expand opportunity and distribution to sellers, then surely that marketplace is only truly effective if it supports both online and offline channels.

The ambition then, is an omnichannel marketplace, where consumers have greater choice over the products and services they buy and how they buy them. They’re offered a seamless shopping, buying and fulfilment experience - regardless of the product, brand, supplier, channel, payment type and delivery options they demand. And to succeed, it needs to be built entirely around customer behaviour and needs.

This paper explores how consumers, business and technology are becoming more aligned and the evolution of the buying and selling marketplace.

“Delivering complementary online and offline shopping experiences is key to survival today. Website navigation is so important when businesses know their customers well enough, they can direct them to the right product quickly without presenting you with too many options.”

Kevin Salaman, Head of Retail, Elavon
Artificial Intelligence is ready to decide for us

What if consumers decide they don’t want to play an active part in the buying process? Soon they might accept that Artificial Intelligence can make better choices for them, so they delegate shopping to machines and data, leave everything to the tech.

The aim becomes keeping customers happy by building technology and experience around them, not constantly asking them to bend around your processes. It’s about embracing the customer’s existing journey, not forcing a new or different journey on them.
Consumers struggle to balance data risk with convenience of experience

The biggest challenge is that consumers are reluctant to offer the trust and the data they need to exchange with the marketplace in order for it to work. The desire for convenience while managing risk is one of the obstacles that’s holding back the application of Open Banking to new products and services.

But if we all agree that Open Banking has a steep growth curve ahead of it, then isn’t it fair to think that Open Shopping could be a fast follower, benefiting from the adoption of Open Banking principles?

If the ducks can be all lined up, then this idea of Open Shopping or Auto-shopping feels highly relevant and accessible with the technology we now all have to hand.

Auto-shopping providers collect your needs (those you share freely and those revealed by your behaviour) and selects appropriate products or interested parties to provide a solution for some or all them. Auto-shopping then chooses the best combination of solutions for you and takes the right action on your behalf.

Open Shopping or Auto-shopping feels highly relevant and accessible with the technology we now all have to hand.
But we don’t mind that – there’s an established trust in the system to charge us the right amount, and because we benefit from a daily maximum fare cap, we prefer this approach to having a bunch of small, cumulative transactions which could stack up.

And we prefer it to having to specify ahead of time - when we want to go, where we’re going on this journey and to calculate the cost of any other journeys we have planned that day.

That’s our transit provider giving us a level of convenience that we’re prepared to exchange our trust for. If we do that with transit, why wouldn’t we extend that to other sectors?

For example, who would we trust when it comes to buying groceries? We’re already seeing small examples of how we’re trusting tech to do the right thing. Think about tapping into a tube station with your contactless card. At that point it’s just an authorisation, an open-ended transaction which could end up being as little as £1.70 or as much as £18.60 (assuming the fares haven’t just gone up....) depending on what you do for the rest of the day.

Loyalty becomes much more passive rather than active on the consumer’s part, and they show their loyalty by continuing to share data and behaviour in order to receive the ultimate benefit in return - the best possible service for them.

The net result is powerful as it gives consumers exactly what they want or need with minimal effort on their part, and without the need for them to make compromises on the things they buy.

Organisations like Amazon have created an efficient strategy where they have built their organisation around the customer. Most build their organisation around a product.”

Brian Carlson, Director, Indirect Sourcing & Procurement at Target Corporation
Small business adoption of eCommerce still has a long way to go

We recently undertook an SME Pulse, to check confidence and attitudes to technology within small to medium businesses. They were actually feeling more positive and resilient than we expected, though uncertainty around Brexit and regulatory change are clearly causing some worry. But high among their concerns is the case for digital optimisation - in online, eCommerce and payment tech. And for many at the smaller end, the progress against a digital agenda is slow.

The opportunity to ride what could be wild social and economic waves and to use technology to efficiently open up new audiences and markets is much too tempting to let slip. It’s also much easier than most believe it to be, and importantly - businesses don’t have to do everything in one go.

Do you have a company website?

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<td>101-250 Employees</td>
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Even the smallest businesses can embrace the digital opportunity

If you’re a small business and the idea of committing to a customer marketplace feels too distant to touch, there is much you can do to encourage digital interaction between you and your customers and to present your business as digitally savvy.

To win and retain customers, physical retailers have to embrace the lifestyle of their customers and offer them convenience and fulfilment.

Surprisingly, the most important digital touchpoint retailers need is already there – it is the smartphone of consumers, and retailers need to let them continue using it in their store.

Smartphones have entirely transformed the behaviour of almost all consumers. They use it to find a store, track its inventory, purchase or return in physical stores – even the least sophisticated consumers are increasingly demanding a uniform experience across multiple sales channels.

Emerging omnichannel trends show that customers are still interested in physical retail – but with digital touch points that enrich the shopping experience:

- Offer QR codes and self-checkout options
- Use incentives to encourage customers to share experiences
- Provide free WiFi or charging points
- Know who’s in your store by encouraging check in
- Find ways to recognise previous visitors and personalise services for them

To bridge the gap between the online and offline experience, you should try to recreate all the stages of each journey that people value, in both environments.

For those shopping in store – offer the convenience of home delivery. Think about service and payment experiences that feel seamless. Maybe take the checkout to the shop floor, or offer to order and deliver if goods are out of stock?

Increase footfall by using search engine tools like Google Inventory Ads to make specific products discoverable online – not just your store.

For those shopping online, you could offer customers clear stock information and immediate collection options. Use expert advice as a substitute for shop staff, and ensure the website feels like being in your store.

You could also check out existing marketplaces who share your audience, see if there are ways to test some of your products and services within those channels without risking your core business model.

Most of all, find business partners who are happy to support you on your journey. Our SME Pulse report told us that one in three SMEs are challenged by keeping up with changes in technology. With more change on the horizon, working with expert people you know you can trust to guide you through your digitisation strategy, is gold dust.
As the demand for transparency, experience and choice grows among consumers, marketplaces that offer a fair exchange of value are well-placed to win out. To ensure this success, merging the online and offline experiences into a seamless omnichannel environment will give retailers the advantage to compete against their online-only rivals.

The modern marketplace aims to provide greater choice and convenience to buyers, and to expand opportunity and distribution to sellers in an increasingly online world.

Omnichannel is changing everything. The tide is slowly turning; omnichannel is gaining prevalence with every passing day.

Consumer demand for choice will drive marketplace adoption and growth.