Productsup

REPORT

Business growth report

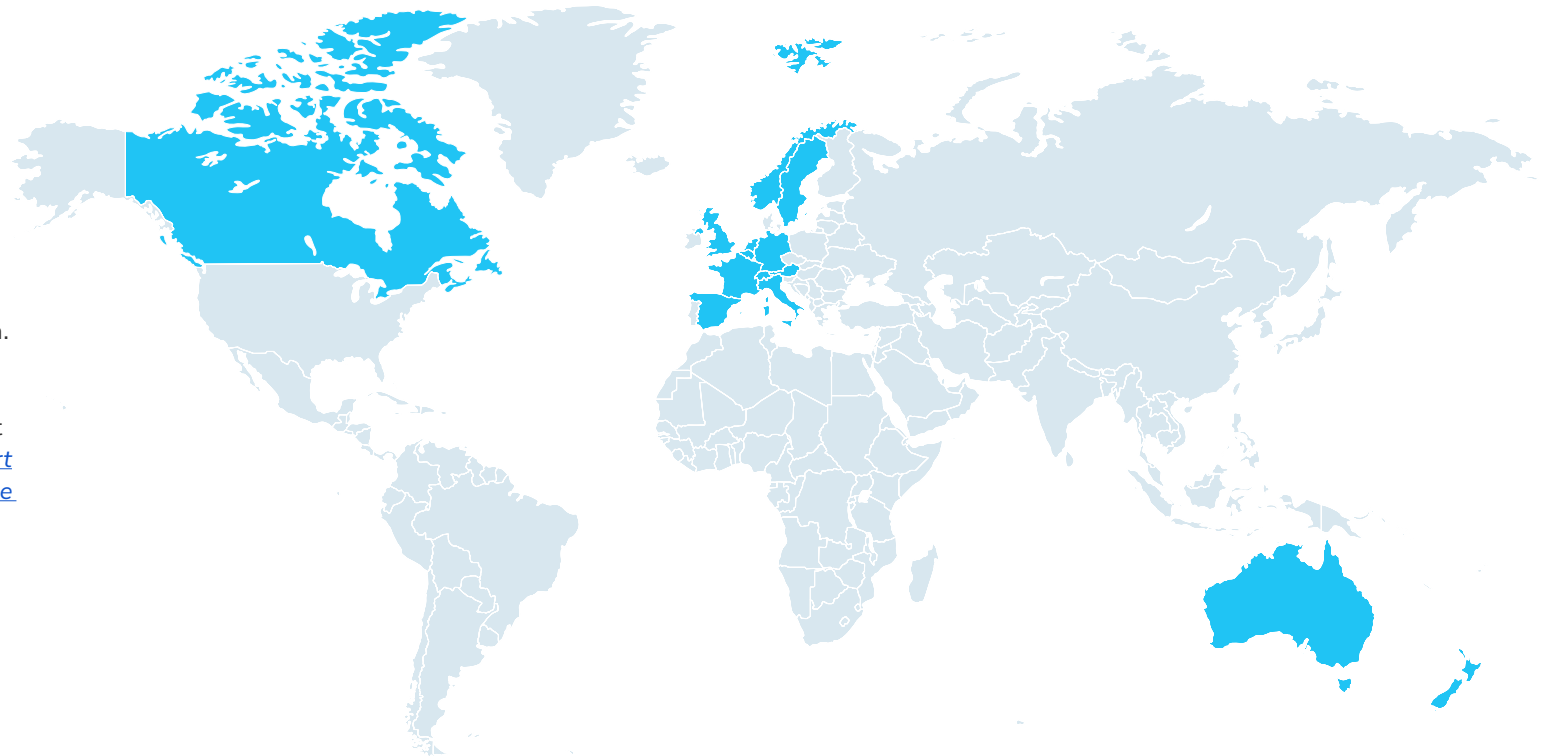Turn commerce complexity
into your advantage

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Crises reward risk takers

In an economic downturn, most businesses resort to 'holding fast'. But for bold innovators, downturns can be a catalyst for success. Just ask Netflix, Amazon, Square, and Groupon - all of which were founded in a recession.

They're proof that following the majority will never make you a successful outlier. You have to approach problems with a fresh perspective. You have to take calculated risks. To come out of the current economic downturn on top, companies need the resiliency to cut through the chaos within commerce. But in an ever-changing business landscape, how do you successfully reach consumers?

To understand how businesses plan to forge forward despite today's challenges, we commissioned Coleman Parkes to survey 755 senior decision-makers from 16 countries, either personally responsible or reporting to those responsible for managing product information at their organization.

These findings have been benchmarked against our recent research reports, *The P2C report* (December 2021) and *Commerce shortfall report* (May 2022), to understand the alignment between what consumers want and how businesses intend to meet demand.
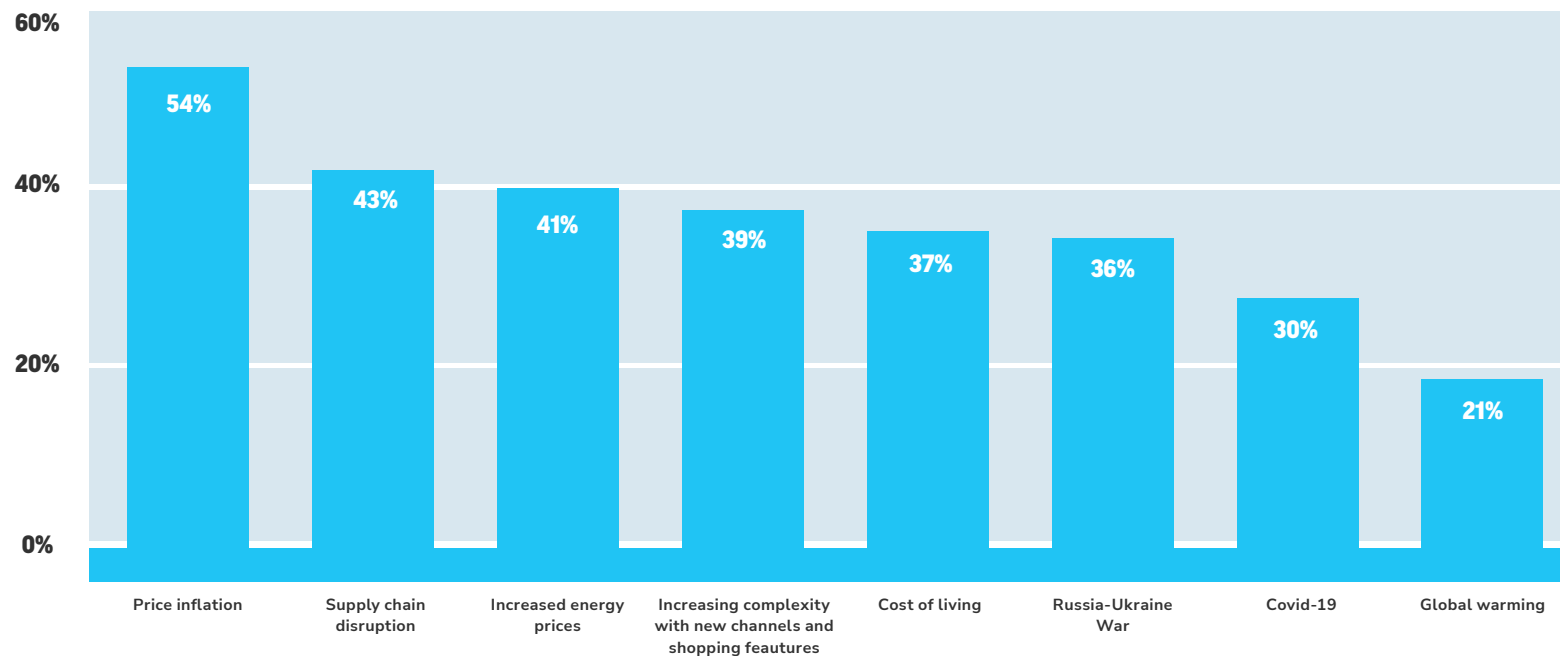
Shifting business priorities:
Economic uncertainty and commerce complexity

As global businesses set their sights on an uncertain 12 months ahead, the downturn is sharpening focus on immediate business-critical needs and away from long-term initiatives. Inflation, supply chain disruptions, and the energy crisis have overtaken previous priorities.

Top business concerns for the year ahead

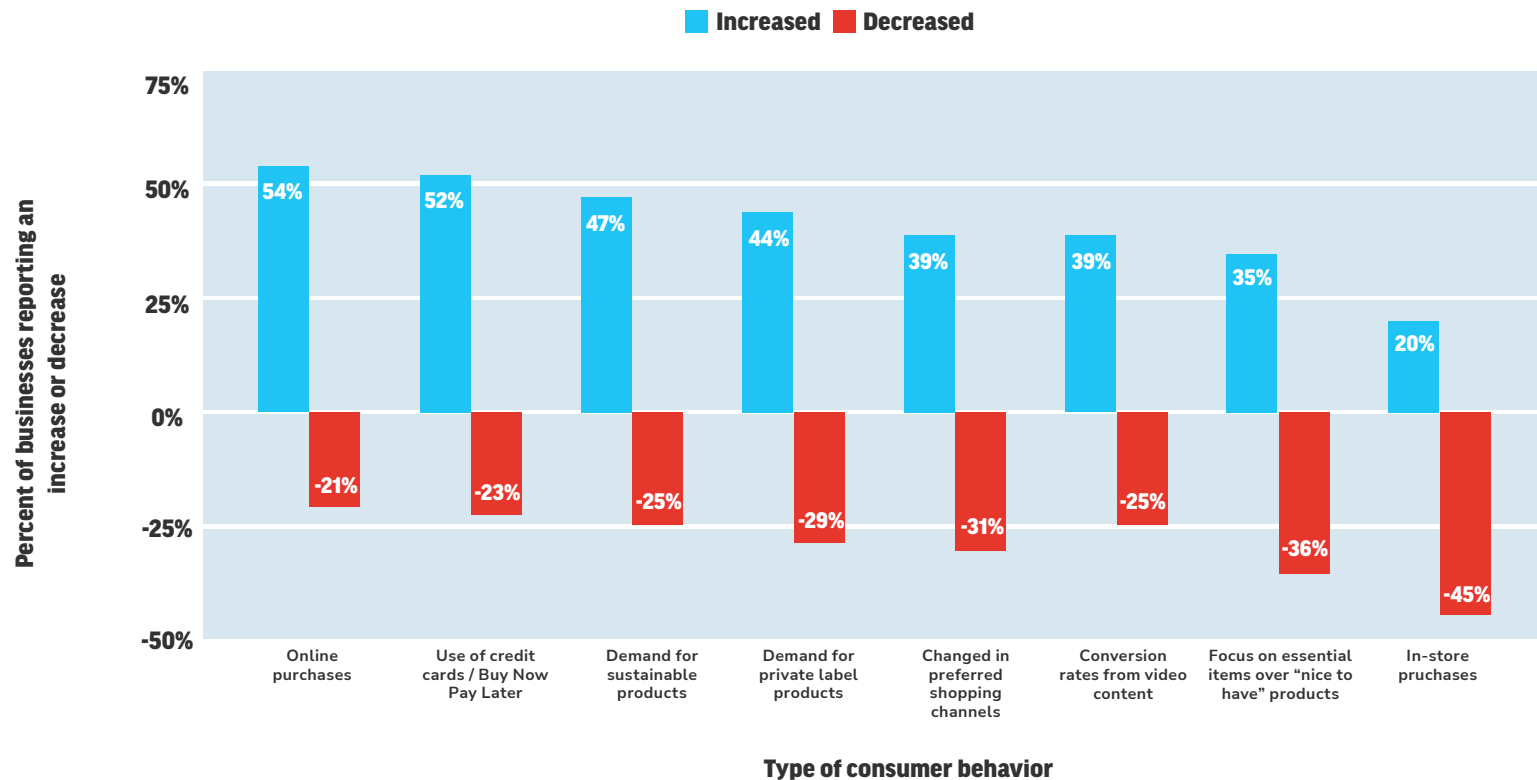| Category	Percentage
Price inflation	54%
Supply chain disruption	43%
Increased energy prices	41%
Increasing complexity with new channels and shopping feautures	39%
Cost of living	37%
Russia-Ukraine War	36%
Covid-19	30%
Global warming	21%

Overcoming the increasingly challenging commerce landscape is another major focus globally - **UK (58%), Italian (53%), US (47%),** and **German (43%)** businesses are among the top concerned with commerce complexity.

The explosion of new marketing and selling channels combined with a reliance on outdated software and processes have left businesses with no control over their commerce operations. This leads to significant disadvantages, including slower time-to-market, lost revenue, and unnecessary costs for the maintenance of siloed point-to-point solutions.

Without the ability to tame commerce complexity, businesses can't keep up with evolving consumer behavior. Businesses report increases in online purchases (**58%**), changes in preferred shopping channels (**39%**), and more demand for private label products (**21%**).

How do business think consumer behavior has changed over the last 12 months?

■ Increased ■ Decreased

Bar chart — Percent of businesses reporting an increase or decrease (y-axis) vs. Type of consumer behavior (x-axis):

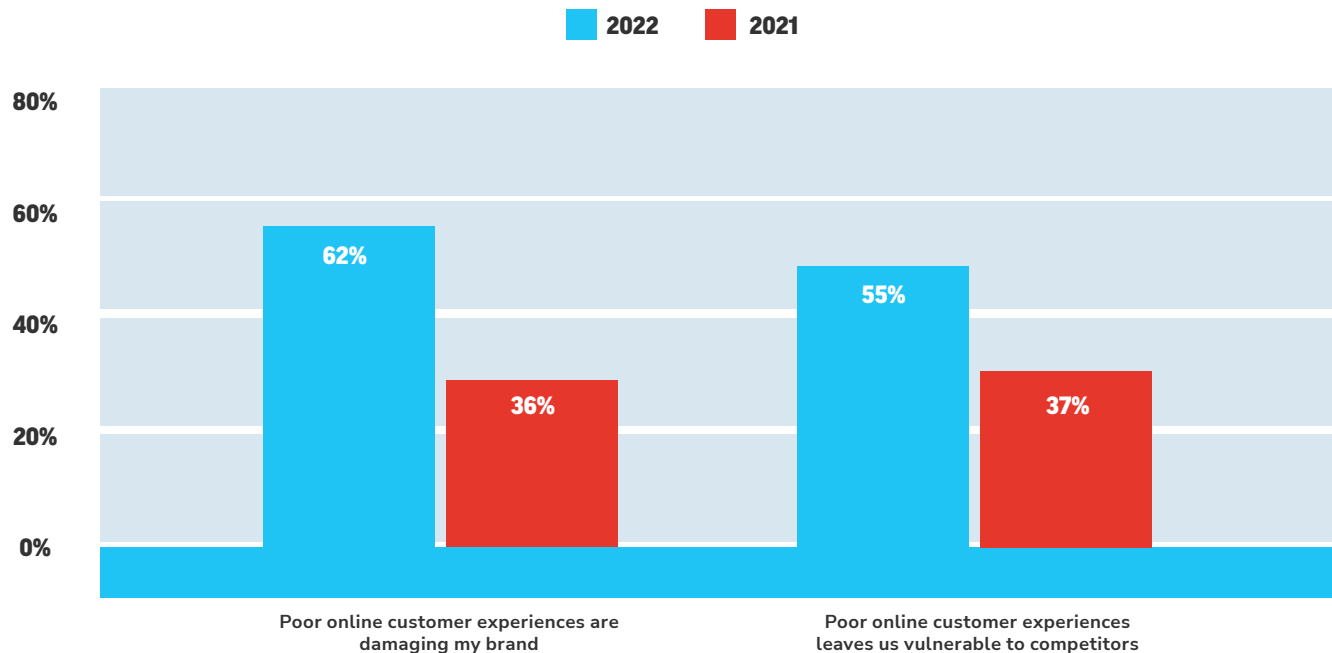| Type of consumer behavior	Increased	Decreased
Online purchases	54%	-21%
Use of credit cards / Buy Now Pay Later	52%	-23%
Demand for sustainable products	47%	-25%
Demand for private label products	44%	-29%
Changed in preferred shopping channels	39%	-31%
Conversion rates from video content	39%	-25%
Focus on essential items over "nice to have" products	35%	-36%
In-store pruchases	20%	-45%

Compelling product information to tame the complexity

Businesses are increasingly seeing the effect commerce complexity has on their ability to provide a compelling, unified customer experience. Compared to our P2C report, concern has grown over how inconsistent and inaccurate product information negatively impacts businesses.

- **62%** of businesses fear poor product information is creating negative online experiences, up **72% year-over-year.**
- **55%** feel it could leave them vulnerable to competitors, up **49% year-over-year**.

What concerns does your organization have when it comes to inconsistent product information?

■ **2022**　■ **2021**

80%	
60%	**62%**
40%	**55%**
20%	**36%** **37%**
0%	

Poor online customer experiences are damaging my brand

Poor online customer experiences leaves us vulnerable to competitors

**3. Compelling product information to tame the complexity**

High-quality product information is critical when it comes to crafting customer experiences and convincing shoppers to buy. Data shows this is especially true for:

- **In-store shopping**: **57%** of businesses believe a mobile app that provides additional information is one of the most effective methods to persuade shoppers to choose one brand over another.
- **Sustainability**: Increasing the availability of product information about sustainability was a leading option to meet consumer expectations for **55%** of businesses.

Survival Tip 1

Make it easier for customers to choose your brand over your competitors by leveraging automation to distribute high-quality, accurate product information fast.
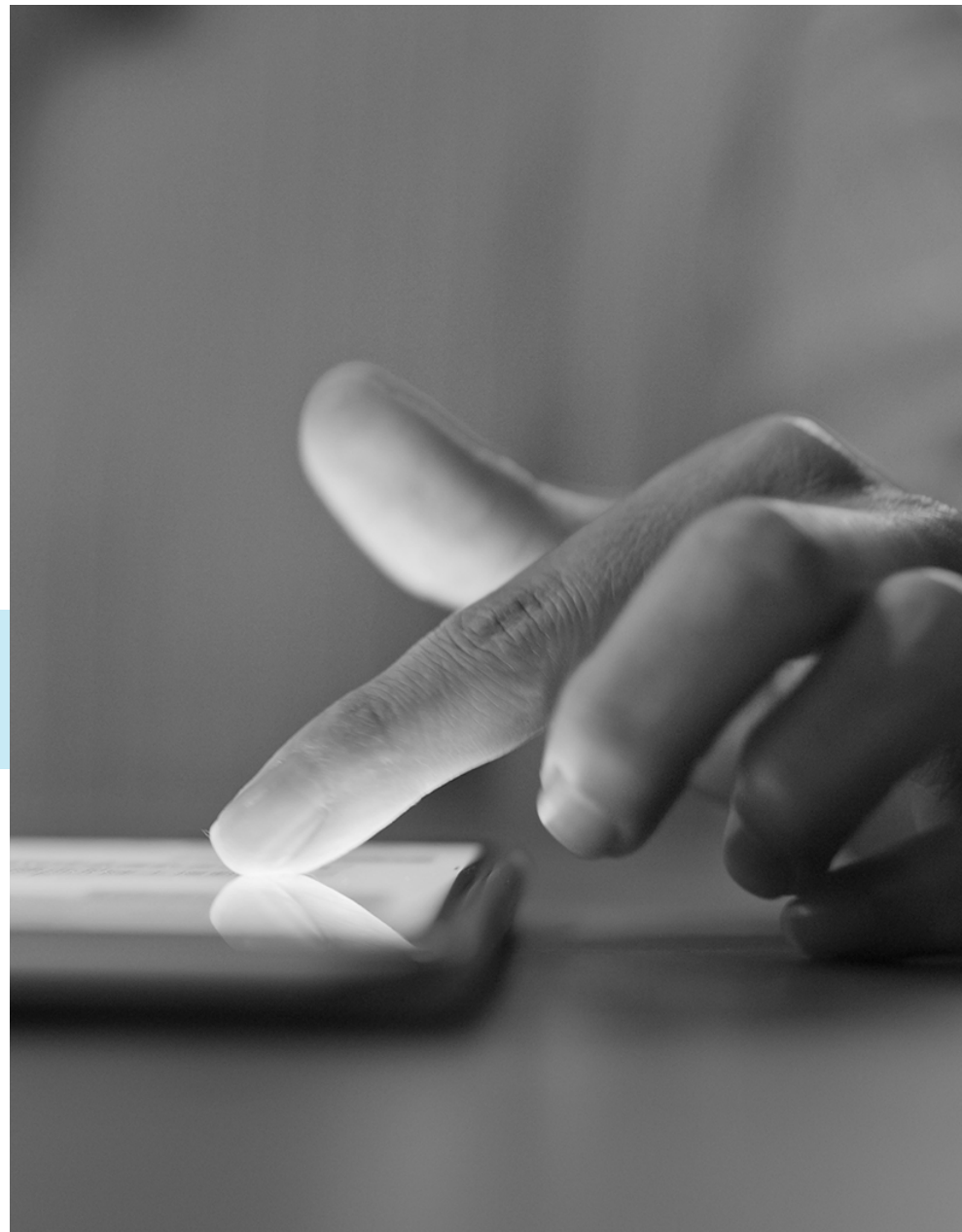
The future is 'mixed reality'

While the value of product information is well-established, we're entering a new era of how businesses deliver it to consumers, such as through virtual or augmented reality.

But data suggests enterprises are shying away from these new innovative formats - perhaps because the majority believe metaverse shopping experiences will not sway consumers.

9%

Only **9%** of businesses rank the option to buy products online, offline, or in the metaverse as the greatest influence in making consumers choose them over a competitor.

13%

Only **13%** believe consumers are much more likely to purchase a product based on online virtual and augmented reality experiences.

14%

Only **14%** believe consumers are much more likely to purchase a product based on in-store augmented reality experiences.

Don't abandon the metaverse yet

Contrary to what enterprises think, consumers do want to spend their money on these types of experiences. Our *Commerce shortfall report* found:

- **40%** of consumers are interested in purchasing 'pure virtual' goods in the metaverse
- **42%** are more likely to purchase after experiencing VR or AR in stores

By holding back on these innovations, businesses are missing out on a significant market opportunity, especially with younger generations who will soon gain more purchasing power. Over **50%** of Gen Z shoppers are interested in a metaverse that serves them in the real world, with faster purchases, returns, and the ability to buy physical *and* virtual products. The key is creating 'mixed reality' products where real-world environments are integrated with computer-generated ones.

Survival Tip 2

While others back out of these arenas there is more land to grab and consumers to reach. Less investment frees up talent, and you can create a 'metaverse muscle' ready for the future.
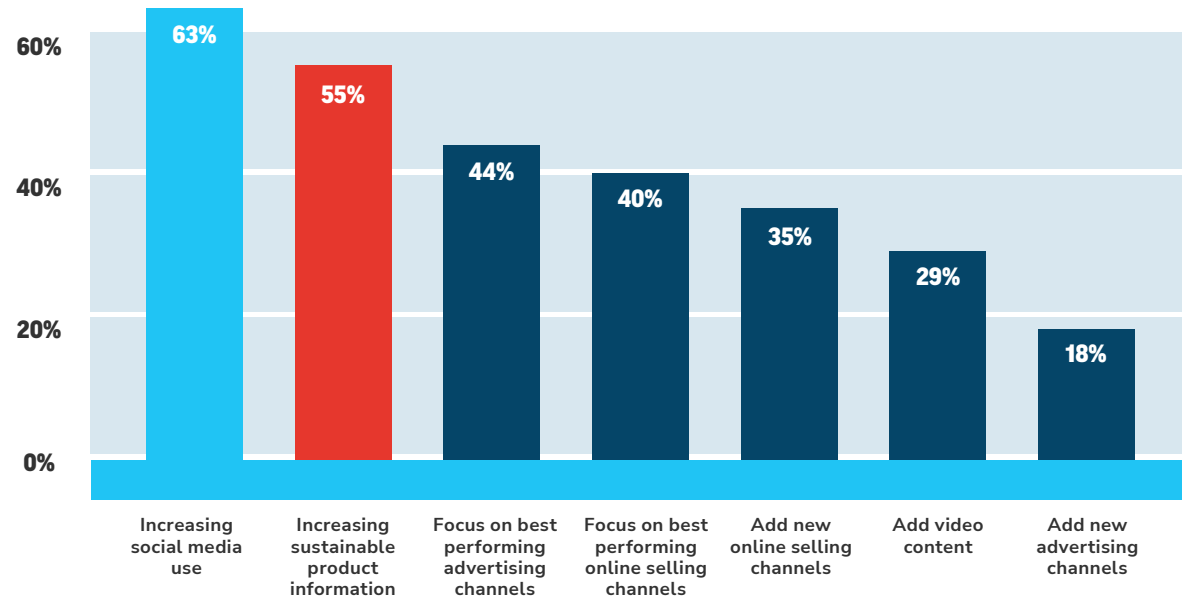
Sustainability: Show don't tell

Brands are taking note of heightened interest for green shopping – **49%** of businesses recorded increased demand for sustainable products.

However, our *Commerce shortfall report* revealed that **34%** of consumers say brands and retailers make sustainability information too difficult to find. As a result, **over half** of companies plan to increase their level of sustainable product information to meet shoppers' expectations.

The most common marketing tactics that companies worldwide say they use to meet today's consumer expectations are:

Bar chart values:
- Increasing social media use: 63%
- Increasing sustainable product information: 55%
- Focus on best performing advertising channels: 44%
- Focus on best performing online selling channels: 40%
- Add new online selling channels: 35%
- Add video content: 29%
- Add new advertising channels: 18%

Survival Tip 3

With social media ranking as the most-used tactic to meet expectations (**62%**), make sure your social posts and ads highlight relevant sustainability information about your products to drive sales and boost trust with

Survival Tip 4

consumers.
Partner with organizations to get your sustainability credentials certified. You'll gain access to more product information about reusability and recyclability to include in your listings, ads, and labels.
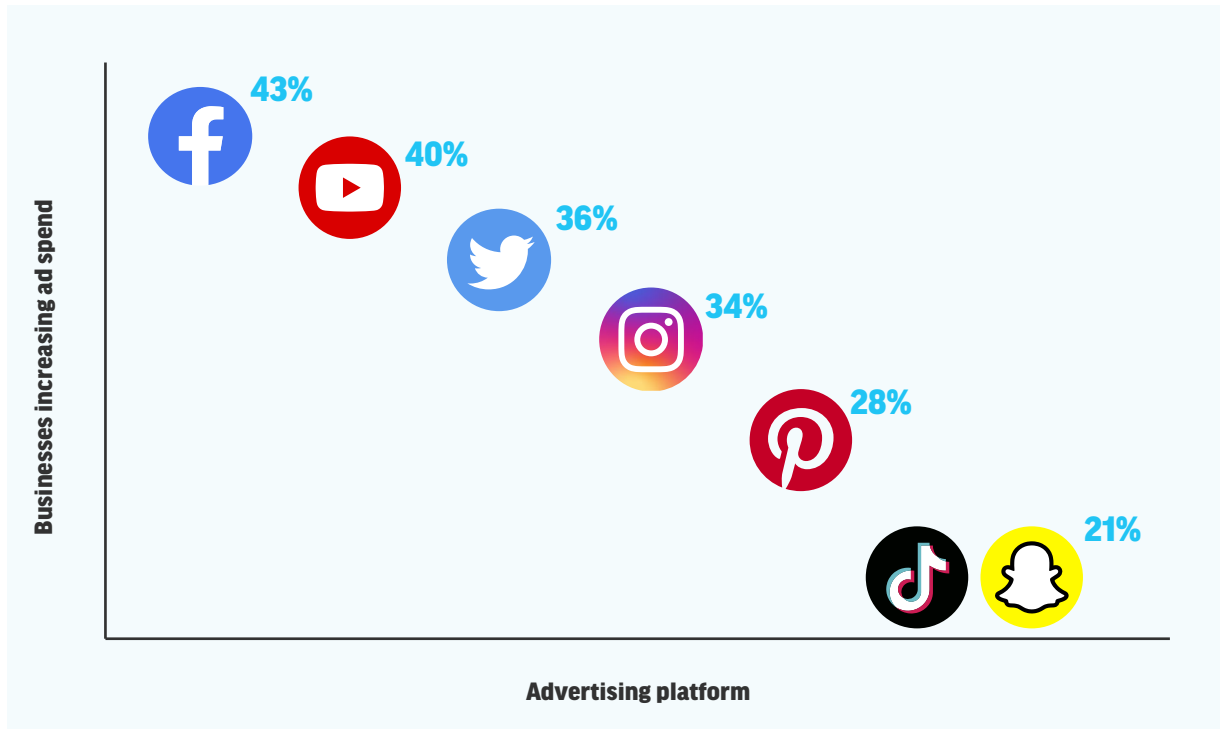
Ad spend: Don't hold back

Ad spend is another area companies are shying away from. Only **24%** of businesses expect to increase overall ad spend in the year ahead. And most of those that do spend will stick to the channels they know, such as Facebook and Youtube.

Where businesses plan to increase ad spend in the next 12 months:

Businesses increasing ad spend

43%

40%

36%

34%

28%

21%

Advertising platform

10

6. Ad spend: Don't hold back

Business and consumer misalignment

However, when comparing organizational plans with consumer data, we see major gaps in ad spend and shopping behavior. Snapchat and TikTok are currently the most used platforms by Gen Z, yet **79%** of businesses don't intend to increase Snapchat or TikTok ad spend.

Advertisers are also being overly cautious when it comes to virtual experiences. Our *Commerce shortfall report* found **42%** of consumers would be enticed to purchase a product after experiencing VR and AR online. Yet, **25%** of businesses won't advertise via VR and AR formats.

| **Survival Tip 5** | Don't follow the herd, and instead take advantage of cheaper ads to acquire more customers and come out of the downturn stronger. |

| **Survival Tip 6** | Diversify the channels you use and experiment with newer advertising platforms. For instance, brands are already using BeReal to reach younger generations in an authentic environment. |

| **Survival Tip 7** | Regardless of where they're placed, ads should always use rich, accurate, and consistent product information. **53%** of companies report that including personalized product recommendations in online advertisements boosts the likelihood of shoppers making a purchase. |

| **Survival Tip 8** | In-person experiences are the **third most popular** place where businesses are increasing ad spend (**36%**). Use click-and-collect and local inventory ads to provide the flexibility consumers are looking for. |

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Survive the downturn, thrive in the upturn with Product-to-Consumer Management

It's easy to advise businesses to go against the grain and innovate, but it's a lot harder to deliver on it when budgets are tight and resources are strained. Some businesses are instead opting to scale back by cutting staff numbers (**42%**) and office size (**40%**).

With a Product-to-Consumer (P2C) strategy - a framework used to streamline how product data reaches buyers - companies have an opportunity to do more with less, and the innovators are embracing the strategy wholeheartedly.

When compared with data from our *P2C report*, more businesses today anticipate benefits from a P2C approach:

- **56%** of businesses claim Product-to-Consumer Management will empower data-driven decisions, **up 5% from 2021**
- **55%** believe it will keep them ahead of the competition, **up 7% from 2021**
- **48%** suggest it will boost their brand, up **2% from 2021**

It's the only way to meet today's challenges and execute on the strategies that will create the business success stories of tomorrow. While an overwhelming **99%** of businesses recognize a P2C approach could deliver advantages, it's important to look at where businesses are actually investing to make it a reality.

The top three priorities for increasing tech spend to support a P2C approach are:

Leveraging first-party data, **39%**

Increasing the number of marketplaces we use and partner with, **39%**

Investing in software to manage diverse ecommerce channels and product feeds, **37%**

Steps to move forward

The current economic state is forcing enterprises into a dilemma - play it safe or double down on innovation.

Our research shows most businesses will hold fast and try to ride out the downturn, while a small group will invest in cutting-edge technologies like the metaverse and take advantage of the cheaper ad landscape.

However, there's more to it. These investments require full control over product information. It allows them to sell faster, on more channels, and to more consumers.

So where do we go from here?

Read our **complete checklist of survival tips** to turn commerce complexity into your competitive advantage.

Resources:

- Learn more about the foundations of a P2C approach by downloading the free ebook Product-to-Consumer Management For Dummies.
- Discover how Productsup's P2C solutions help companies reduce costs, expand to new channels and markets, and grow sales.

Contact Us

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Empowering commerce

Get in touch today!

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