

Nuhro D. Aydin

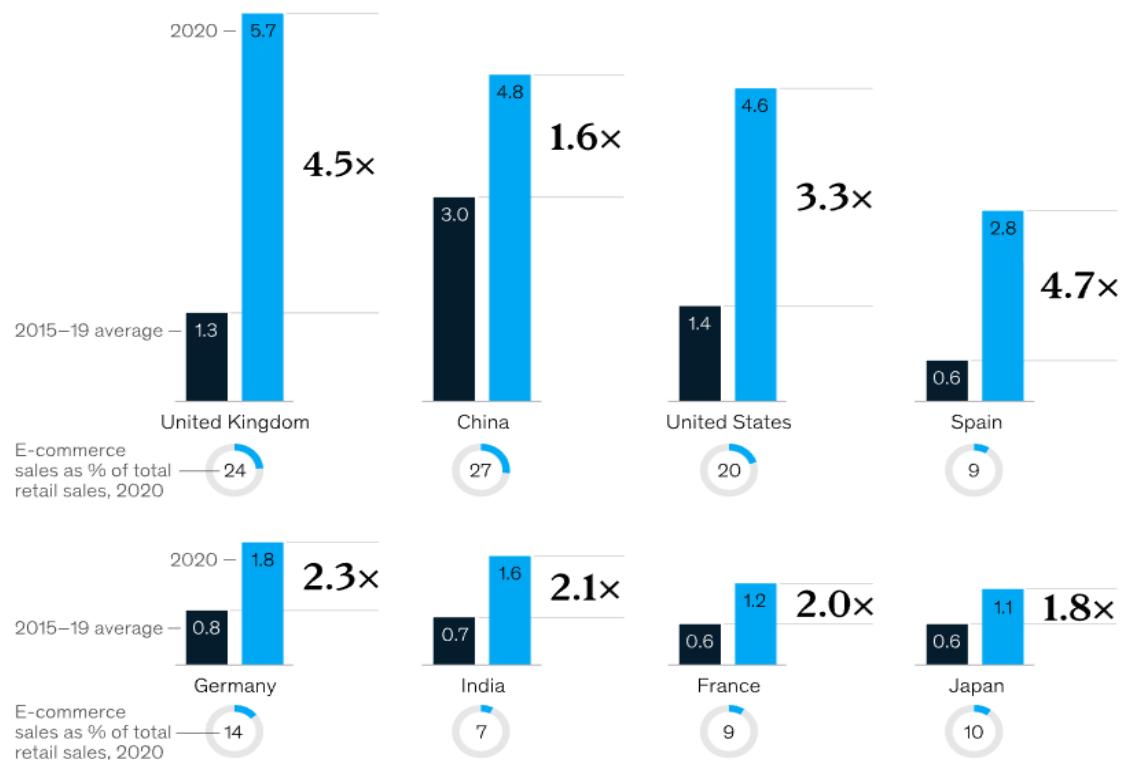
August 5, 2023

How E-Commerce Redefined the Customer Journey

In this report I am seeking to identify what e-commerce is and the impact it has had on the customer journey, with a perspective of rapid digital advances, seamless encounters, and the high expectations of personalized user experience. By reviewing these perspectives, we could gain invaluable insights for improvement. The limitation of this report is that I am only scratching the surface as I am not an expert on e-commerce and the customer journey.

E-commerce is an online marketplace where customers can buy and sell products or services from anywhere in the world with a simple click on their devices. According to McKinsey, the first online transaction took place in 1994, and ever since then, e-commerce has grown steadily and conveniently, eliminating the need for a physical store visit (McKinsey Explainers 2023). The convenience of e-commerce offers numerous benefits to customers, such as the ability to compare prices across multiple retailers and find the best deals. It also provides a wide range of products and services that go beyond local stores, available anytime. Notably, the growth of e-commerce accelerated significantly during the COVID-19 pandemic. In the following figure by McKinsey Global Institute, you will see the impact of COVID-19 had on the growth of online purchasing as compared to pre-Covid-19 in eight countries.

Exhibit 1. Year-over-Year growth of e-commerce as share of total retail sales, percentage points



Source: <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-after-covid-19>

Customer journey refers to a buyer's purchasing experience with a specific company or service from being aware of the product and becoming an advocate. The traditional customer journey path is linear for purchase with the following four steps, awareness, attitude, act, and act again.

Exhibit 2. Traditional Customer Journey (4 A's)

AWARE	ATTITUDE	ACT	ACT AGAIN
Customers have a problem and is looking for answers.	Customers are comparing your brand to others.	Customers have made a decision to purchase.	Customers are advocating on behalf of your brand.

Source: Summarized from (Kotler, Kartajaya and Setiawan 2017)

Over time, the customer journey has changed due to technology and consumer behavior. Customers now have more access to information through online research and social media. This shift in power from businesses to customers has resulted in more informed decision-making. Additionally, the growth of e-commerce has made it easier for consumers to compare prices and shop from anywhere. To meet customer needs, businesses must adapt their marketing strategies. With the rise of e-commerce, the customer journey has become more complex and dynamic, involving multiple touchpoints and channels (Bick, et al. 2022). Unlike the traditional customer journey, which relied on in-store experiences and word-of-mouth recommendations, digital interactions, social media, and online reviews heavily influence the new journey. Today, consumers have a wide range of information and options and expect a seamless and personalized experience throughout their journey.

The evolved customer journey path, as described by (Kotler, Kartajaya and Setiawan 2017) is the framework of the 5 A's, the connectivity among customers.

Exhibit 3. New Customer Journey (5 A's)

AWARE	APPEAL	ASK	ACT	ADVOCATE
Customer learns about product	Customer likes the product's messaging	Customer search for more information	Customer buys product	Customer recommends it to others
I know	I like	I'm Convinced	I'm Buying	I Recommend

Source: Summarized from (Kotler, Kartajaya and Setiawan 2017)

When it comes to e-commerce, **user experience** holds the utmost importance. With multiple options available to customers, businesses neglecting user experience may lose to their competitors. Research has indicated that customers are willing to pay a higher price for a product if they have a positive experience with the brand (Hyken 2022). E-commerce has elevated customer expectations towards a smooth and personalized experience. Customers anticipate fast website loading, easy navigation, and personalized recommendations based on their browsing and purchasing history. Businesses capable of meeting these expectations will attract more customers and foster long-term loyalty (Levine 2022).

Social media has greatly impacted the new customer journey. In the past, customers relied on advertising and word-of-mouth to discover new brands. However, this has changed with the emergence of social media. Nowadays, customers can quickly find new brands through their social media feeds and directly engage with them by providing feedback and asking questions in real-time (Gomez 2021).

One of the significant changes brought about by social media is the increasing influence of marketing influencers. These influencers are individuals who have amassed a substantial following on social media platforms. Brands now partner with these influencers to promote their products or services, resulting in an effective strategy to reach new customers and enhance brand awareness (Tsvetkova 2022).

Customer reviews are crucial in the new customer journey. They significantly impact customer decision-making, as customers tend to trust the opinions of fellow shoppers more than traditional advertising. Research indicates that about 66% of customers turn to online reviews for their purchasing decision (Willas 2023). Managing online reviews is vital for businesses. Negative thoughts can harm a business's reputation and sales, while positive reviews build customer trust and loyalty. Whether positive or negative, responses to reviews demonstrate a business's commitment to excellent service and customer value (Council 2020).

Mobile commerce has transformed the way customers shop, offering a convenient and seamless experience that accommodates their busy lifestyles. With the increasing prevalence of smartphones and tablets, customers can now shop anytime and anywhere with just a few taps on their mobile devices. Alongside convenience, mobile commerce provides benefits like personalized recommendations, easy payment options, and real-time updates on inventory. However, businesses must optimize their mobile platforms to leverage these advantages fully. This entails ensuring fast loading times, user-friendly navigation, and a secure checkout process (West 2022).

The future of e-commerce is bright as technology continues to advance. One trend that will significantly impact the customer journey is the rise of artificial intelligence (AI). With AI, retailers can offer more personalized shopping experiences by analyzing customer data and making product recommendations based on their preferences (Chacko 2023). This will allow customers to receive customized product recommendations and increase customer satisfaction. Virtual and augmented reality is another emerging technology that will shape the future of e-commerce. These technologies will allow customers to virtually try on clothing or see how furniture would look in their home before purchasing. This will create an immersive experience for customers, reduce the number of returns, and increase customer satisfaction (Astapciks 2023).

E-commerce is not free of challenges, in which businesses need to overcome to create a seamless customer journey.

Exhibit 4. E-commerce challenges in customer journey (Not an exhaustive list)

Poor digital infrastructure	Investment in right technology like mobile optimization to ensure experience is seamless
Poor customer engagement	Personalized communication throughout is essential
Security and Privacy	Investment in proper technology to prevent fraud and theft
Poor Service	Ensure available help 24/7 to enhance seamless experience
Poor Checkout process	Ensure a streamlined checkout process to prevent abandonment and frustration

Source: Own depiction

In conclusion, e-commerce has changed consumer behavior and revolutionized the retail industry. Its convenience and personalized experiences have transformed shopping habits and provided benefits such as global market reach, competitive pricing, and opportunities for small businesses. E-commerce is now an essential part of our lives, offering convenience, choice, and connectivity. It continues to reshape the retail landscape, presenting new opportunities and challenges for businesses in the dynamic world of online commerce.

Works Cited

Astapciks, Igors. 2023. *Forbes*. April 13. Accessed August 5, 2023.
<https://www.forbes.com/sites/forbestechcouncil/2023/04/13/the-impact-of-ar-and-vr-on-customer-experience/?sh=6f15c1a97c3a>.

Bick, Raphael, Stephane Bout, Fabian Frick, Marcus Keutel, and Valerie Skinner. 2022. "McKinsey Insights." *McKinsey & Company*. May. Accessed August 4, 2023.
<https://www.mckinsey.com/industries/retail/our-insights/the-tech-transformation-imperative-in-retail#/>.

Chacko, Annette. 2023. *SproutSocial*. June 26. Accessed August 5, 2023.
<https://sproutsocial.com/insights/ai-customer-experience/>.

Council, Forbes Buisness. 2020. *Forbes*. October 20. Accessed August 5, 2023.
<https://www.forbes.com/sites/forbesbusinesscouncil/2020/10/20/15-smart-ways-to-improve-your-companys-online-reputation/?sh=422247c824f8>.

Gomez, Ronnie. 2021. *SproutSocial* . May 19. Accessed August 4, 2023.
<https://sproutsocial.com/insights/social-media-interaction/>.

Hyken, Shep. 2022. *Forbes*. April 24. Accessed August 4, 2023.
<https://www.forbes.com/sites/shephyken/2022/04/24/fifty-eight-percent-of-customers-will-pay-more-for-better-customer-service/?sh=e7aed8a13f15>.

Kotler, Phillip, Hermawan Kartajaya, and Iwan Setiawan. 2017. "The New Customer Path." In *Marketing 4.0: Moving from Traditional to Digital*, by Phillip Kotler, Hermawan Kartajaya and Iwan Setiawan, 57-65, 146. Hoboken: John Wiley & Sons, Inc.

Levine, Ted. 2022. *Forbes*. March 11. Accessed August 4, 2023.
<https://www.forbes.com/sites/forbesbusinesscouncil/2022/03/11/what-does-todays-consumer-want-personalized-seamless-omnichannel-experiences/?sh=557960001e1e>.

McKinsey Explainers. 2023. "McKinsey & Company ." *McKinsey.com*. June. Accessed August 4, 2023.
https://www.mckinsey.com/~/media/mckinsey/featured%20insights/mckinsey%20explainers/what%20is%20e%20commerce/what-is-e-commerce_final.pdf.

Tsvetkova, Roza. 2022. *Brandwatch*. August 10. Accessed August 4, 2023.
<https://www.brandwatch.com/blog/examples-of-influencer-marketing-campaigns/>.

West, Chloe. 2022. *Shopify*. October 20. Accessed August 5, 2023.
<https://www.shopify.com/blog/mobile-commerce>.

Willas, Smith. 2023. *Mention*. June 20. Accessed August 5, 2023. <https://mention.com/en/blog/online-reviews/>.