

EPIC REPORT

E-commerce Performance Indicators
and Confidence Report

H1 | 2018



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E-COMMERCE PERFORMANCE INDICATORS AND CONFIDENCE REPORT

H1 | 2018

In this edition of the E-commerce Performance Indicators and Confidence (EPIC) Report, SLI Systems provides industry survey findings from 276 e-commerce professionals. While e-commerce confidence remains strong, variations in expansion plans across industries demonstrate how different markets are taking different approaches to e-commerce growth.

Customer Experience reclaimed its place as the top retail initiative for H1 2018 after sliding into second place in the last report published in October 2017. In addition, Advertising / Paid Search moved up from the fifth slot in Q3 2017 to grab second place in H1 2018.

Predictions for increases related to e-commerce revenue and from mobile sites and apps remain optimistic with retailers demonstrating more aggressive estimates of large gains in H1 2018 compared to the Q3 2017 survey results. Variation in expectations between industries and regions highlights where the most online and mobile revenue growth is predicted.

Inside, we take a detailed look at the complexities of e-commerce competition with mega-brands Amazon, Walmart and Jet.com, and Alibaba. Then we investigate mobile initiatives and the role they look to play in e-commerce success in 2018. In addition, we review personalization and the increasing ways it helps convert shoppers to buyers.

As a global leader and provider of cloud-based, e-commerce solutions and services for mid- to enterprise-size internet

retailers and B2B sites, SLI Systems is able to query a broad audience of online retailers and offer perspective about their responses.

The SLI Systems H1 2018 EPIC Report includes:

- 1. Respondent Overview:** Company, level, role, regions, channels, sales, and SKUs
- 2. Confidence and Performance Indicators:** Quarterly and annual growth strategies, year-over-year comparisons of common e-commerce KPIs and top priorities, as well as e-commerce and mobile revenue forecasts
- 3. Top of Mind:** Company, level, role, regions, channels, sales, and SKUs
 - **The Competition** – With mega-brands threatening e-commerce retailers around the globe, we take a look at how retailers feel about the competition this year compared to Q1 2017
 - **Mobile Initiatives** – As the number of mobile shoppers grow, we report on how e-commerce retailers plan to invest in the small screen this year and how their mobile initiatives have changed compared to last year
 - **Personalization** – Expectations around personalized online experiences are on the rise, and we report on what's being used, what will be added in H2 2018, and how it will affect the bottom line

E-COMMERCE EXECUTIVES RESPOND

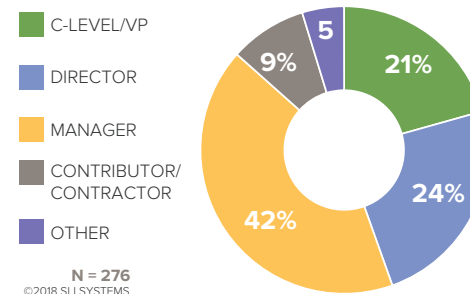
Multiple Business Models Represented

SLI Systems received qualified, complete responses to the H1 2018 EPIC survey from 276 retail industry professionals worldwide. The majority of respondents (56%) are with companies headquartered in the United States, followed by the UK (25%), the Australia-New Zealand region (9%), and other countries in Europe (7%).

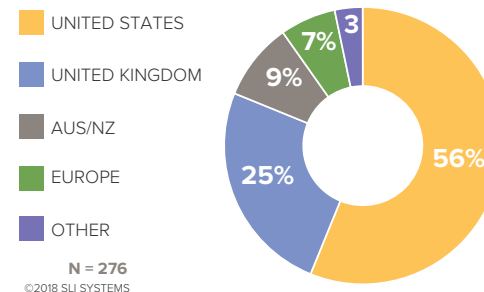
All respondents sell goods and services through at least one online channel with 66% selling via a mobile site, 65% selling in brick-and-mortar stores, 44% selling on Amazon, and 28% selling via eBay, providing a broad representation of omnichannel e-commerce in the H1 2018 report. Although surveyed respondents work at numerous organizations spanning a variety of retail sectors, **Apparel**, which includes fashion, accessories, and shoes, is the most represented with 22% of respondents. **Food and Beverage** and **Sporting Goods** are the second and third most represented with 8% and 7%, respectively. And **Housewares / Home Furnishings** and **Media / Publishing** represent 6% each, together rounding out the top five sectors.

In the first half of 2018, the highest percentage of representation from retail professionals comes in the form of e-commerce roles (49%) followed by marketing (42%). Most are high-level executives with 87% of respondents reporting they hold a manager position or above, with 21% reporting VP- or C-level positions. Just under half (46%) of respondents report their company's total annual sales to be above \$50 million (U.S.), with 19% generating above \$500 million. Thirty-four percent of respondent businesses sell 1,000 to 10,000 SKUs, 40% sell 10,001 to 500,000 SKUs, and 5% say they sell more than half a million SKUs.

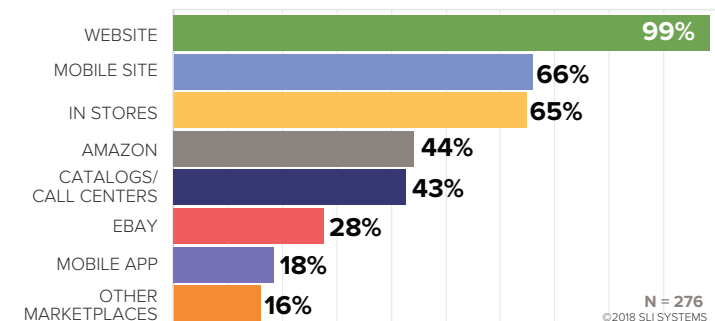
What is your role?



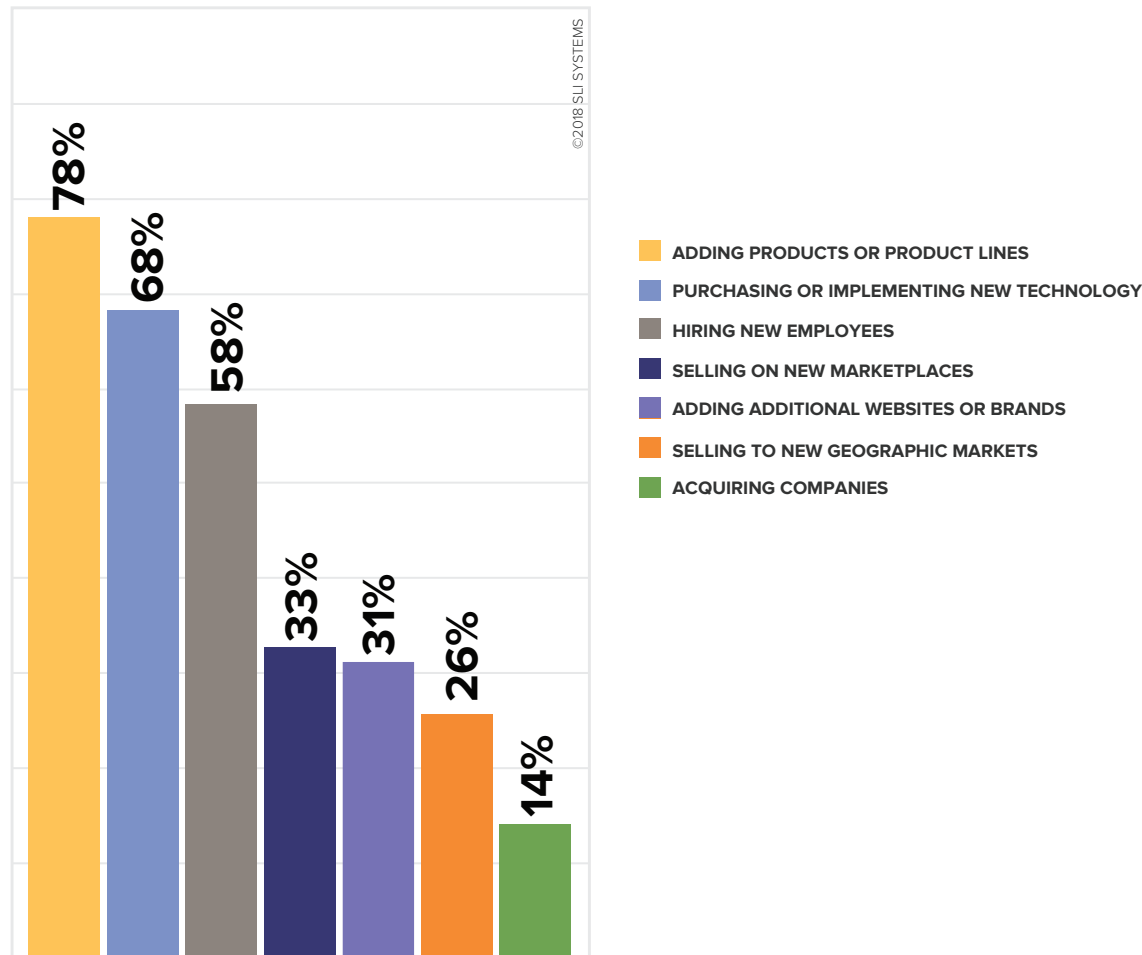
Where is your company headquartered?



Which channels do you use to sell your products?



CONFIDENCE BULLISH AMONG ONLINE RETAILERS



Is your company expanding in any of the following ways this quarter? Select all that apply. Leave blank if you are not expanding this quarter. N = 257

93% plan for expansion

Expanding Growth Predicted for 2018

2018 is a bullish year for online retail. With over 90% of respondents reporting plans for expansion for the fourth time in a row, confidence in growth has stayed strong since the first quarter last year.

Though down from 84% in Q1 2017, **Adding Products or Product Lines** holds its title as the top area for expansion with 78% of those reporting plans to add to the number of products or product lines they offer. And with only 14% of respondents reporting plans to acquire one or multiple companies, **Acquisition of Existing Companies** continues to receive the least focus for expansion for the fourth survey running.

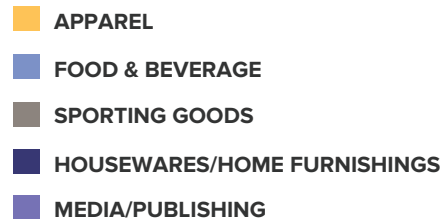
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Hiring New Employees remains relatively steady (58% in H1 2018 vs. 56% in Q1 2017), while plans to expand into **New Geographic Markets** (26%) and **Additional Websites or Brands** (31%) cool slightly, down four and nine points respectively from Q1 2017. Significantly, the first half of this year looked to bring an increase in **Purchasing or Implementing New Technology** across the globe with 68% reporting plans to expand in this area, up from 57% in Q3 2017 and 61% from Q1 2017.

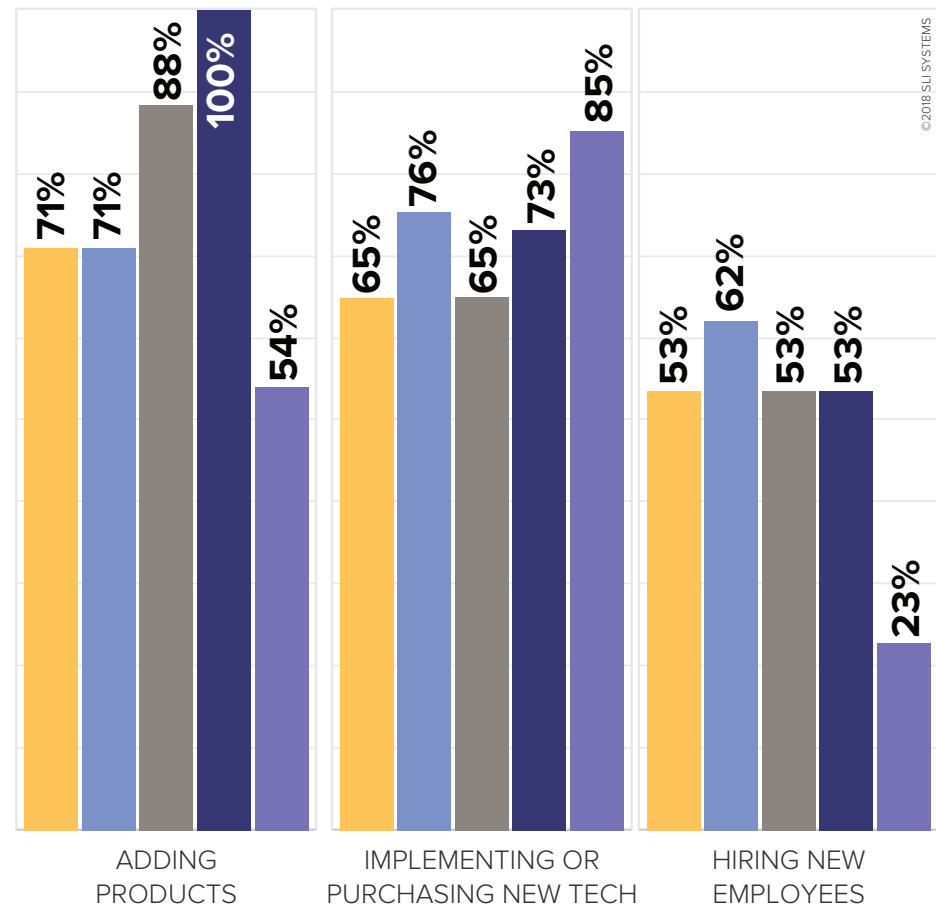
Plans Vary Across Industries and Regions

Comparison of data between the five most-represented industries indicates that while expansion remains a priority for all, different industries demand different growth. In some e-commerce markets, H1 2018 called for overall expansion, while for others a focused approach to growth is needed. For **Apparel** and fashion-related industries, while Adding Products or Product Lines is ranked as the primary area for expansion (71%), growth is more evenly spread between its top three

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EXPANSION PLANS BY INDUSTRIES



Is your company expanding in any of the following ways this quarter? Select all that apply. Leave blank if you are not expanding this quarter. Top 5 Industries N = 121

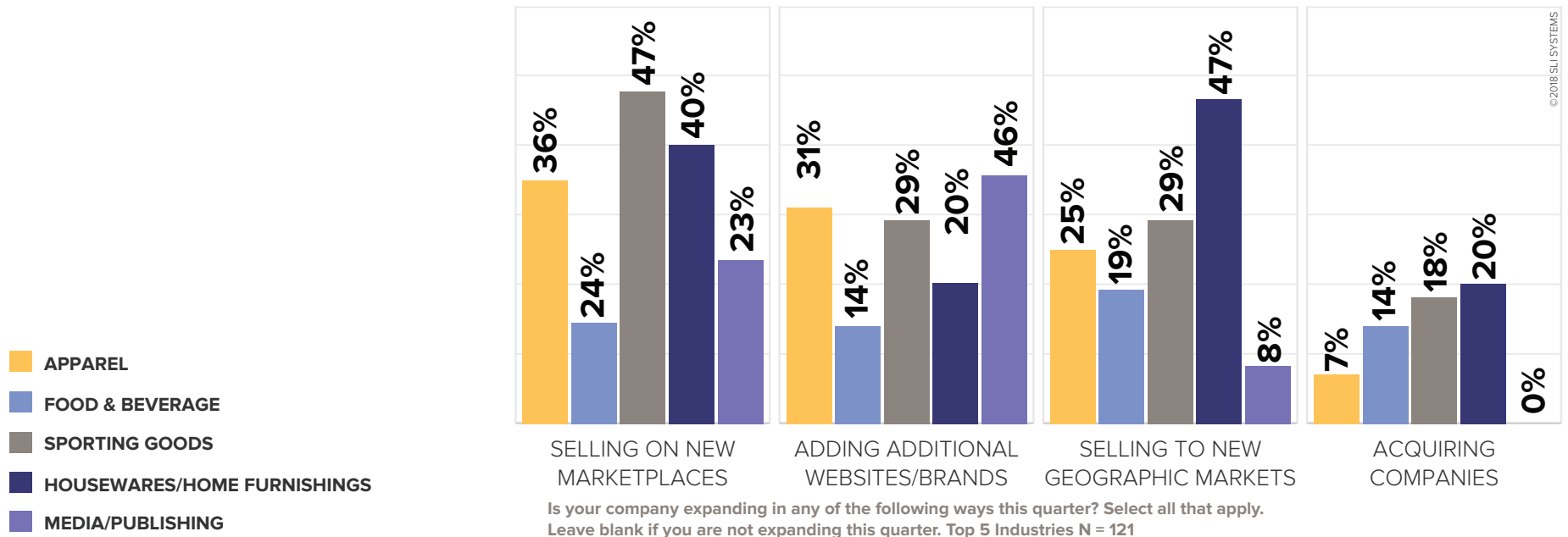
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initiatives. But for representatives from **Housewares / Home Furnishings**, Adding Products or Product Lines is the clear objective with 100% of industry representatives choosing it as an area of expansion over their next highest-ranked initiative, Purchasing or Implementing New Technology, which lands almost thirty points below (73%).

Cross-comparison between industries and global averages further showcases where retailers are focusing on growth this year. Representatives from **Food and Beverage** are focused more than the global average on Purchasing or Implementing New Technology (76% vs. 68% globally) and less than the

global average in four key areas: Adding Products or Product Lines (71% vs. 78% globally), Selling on New Marketplaces (24% vs. 33% globally), Adding Additional Websites / Brands (14% vs. 31% globally), and Selling to New Geographic Markets (19% vs. 26% globally).

For **Media / Publishing** retailers, the differences are even more pronounced. In almost every category, representatives from the industry are less aggressive about growth than global industry averages with the exceptions of Purchasing or Implementing New Technology (85% vs. 68% globally) and Adding Additional Websites / Brands (46% vs. 31% globally).



AU-NZ Region Ready to Boom

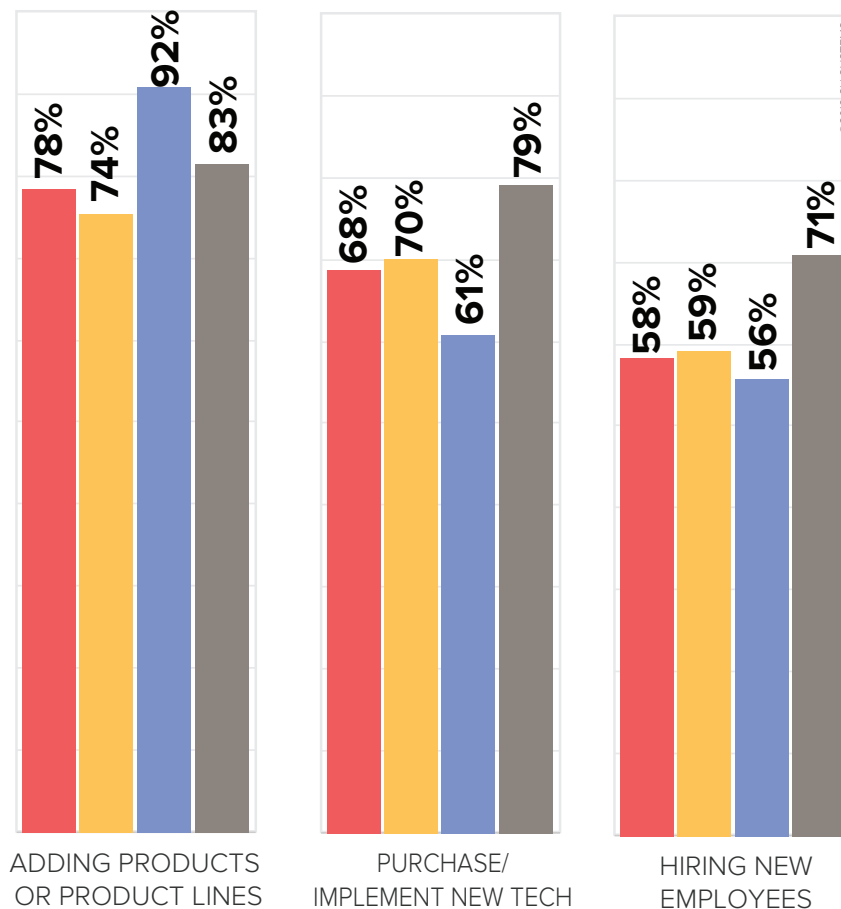
An overview of responses by geographic region showcases which regions are poised for major growth. Following the same pattern as Q3 2017 survey results, respondents from both **U.S.-** and **UK-based** companies stay close to global averages in most areas with the notable exception of Adding Products of Product Lines for UK respondents (92% UK vs. 78% globally).

By contrast, retailers from **Australia-New Zealand (AU-NZ)** express more interest in development than in Q3 2017 when the area fell well below the global averages in most key areas. In H1 2018, however, AU-NZ respondents indicate substantially higher-than-global-average expansion in five key areas indicating e-commerce expansion is set to scale in a big way for AU-NZ companies.

When it comes to **Purchasing or Implementing New Technology**, U.S. plans for growth jumped to 70%, the highest percentage reported for the region and a seven-point increase from Q1 2017. In the UK, by contrast, there is slight dip in plans for new tech with 61% of respondents citing it as an area of expansion compared to 64% in Q1 2017. In the AU-NZ region, however, focus on new technology was more bullish growing by eighteen points from 61% in Q1 2017 to 79% in the first half of 2018.



EXPANSION PLANS BY REGION

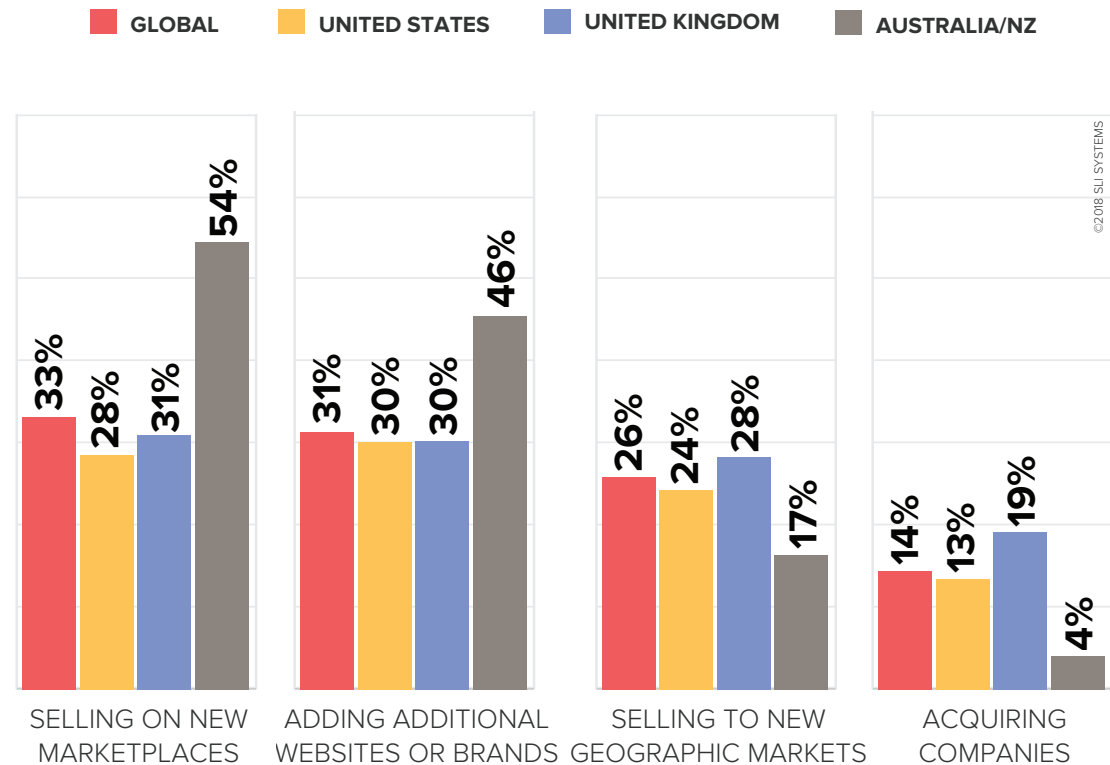


Is your company expanding in any of the following ways this quarter? Select all that apply. Leave blank if you are not expanding this quarter. Global N = 257; Top 3 Regions N = 231

More regional differences surfaced for **Hiring New Employees**. For U.S.-based respondents, there was no change to plans for this area with the same number (59%) citing employment expansion as in Q1 2017 EPIC survey results. With a one-point increase to 56%, UK-based respondents demonstrate a similar pattern. But for AU-NZ-based retailers, plans for hiring new employees is booming; respondents report a whopping increase from 56% in Q1 2017 to 71% in H1 2018 once again showcasing the region's bullish tendencies this year.

While U.S.-based retailers report little change in plans for **Selling on New Marketplaces** from Q1 2017, 24% vs. 28%, it's a different story for companies in the UK and AU-NZ, which expressed dramatic drops. For UK-based retailers, only 28% of those surveyed expect their companies to sell on new marketplaces in H1 2018 compared to 40% in Q1 2017. Retailers from the AU-NZ region indicate a similar cooling for new marketplaces down from 30% in Q1 2017 to 17%.

EXPANSION PLANS BY REGION



Is your company expanding in any of the following ways this quarter? Select all that apply. Leave blank if you are not expanding this quarter. Global N = 257; Top 3 Regions N = 231

CUSTOMER EXPERIENCE BACK ON TOP

Advertising / Paid Search Climbs to 2nd Place

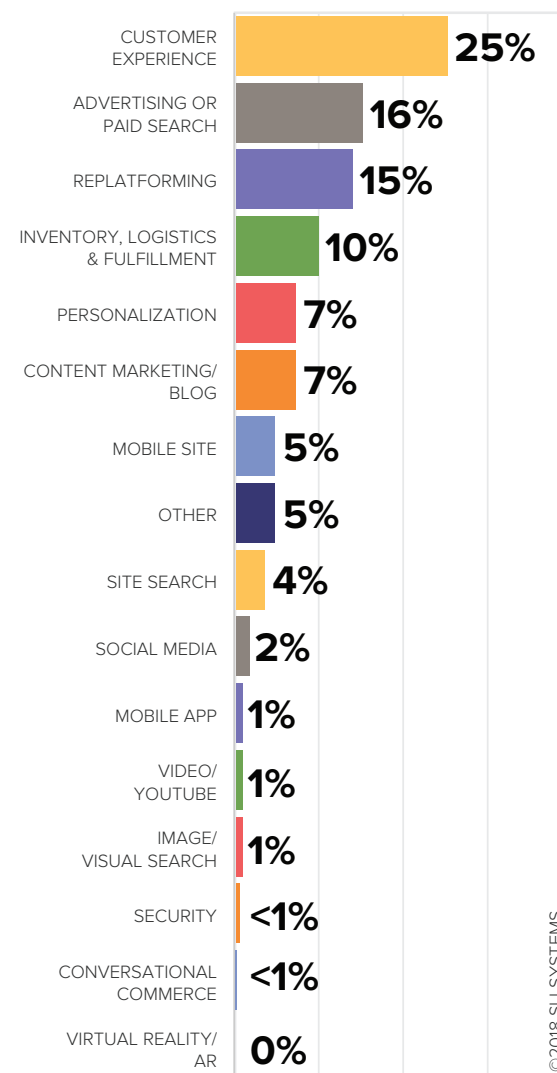
With 25% of retailers selecting it as their top initiative in H1 2018, **Customer Experience** proves that when it comes to e-commerce, Customer Experience is once again king. The reclaiming of the top slot comes after Customer Experience fell to second place in Q3 2017 when 16% of those surveyed chose it as their top initiative. **Advertising / Paid Search** jumps to second place with 16%, its highest ranking yet. This leap by Advertising / Paid Search may signal that more online retailers recognize the importance of having a dominant online presence when their shoppers are searching or browsing. **Replatforming**, which received votes from 15% of those surveyed, falls from the top spot in Q3 2017 to third place in H1 2018, and **Inventory, Logistics, and Fulfillment** (10%) and **Personalization** (7%) round out the top five initiatives. Both decreased from their Q3 2017 EPIC survey results and landed below their Q1 2017 percentages (14% and 11%,

respectively).

Mobile Site also drops significantly from Q1 2017 when it took third place in the top-initiative rankings, landing in seventh place with only 5% of respondents selecting it as their most important initiative. This move continues Mobile Site's steady decline as retailers' most important initiative.

Mobile App also fell with only 1% of respondents most focused on it compared to 2% in Q1 2017. This drop from last year places Mobile App in eleventh place in H1 2018, the same ranking it received in Q3 2017.

Notably, with less than 1% of respondents selecting them as priorities, **Voice Search / Conversational Commerce** and **Security** both maintain spots near the bottom of the list, while for the fourth quarter in a row **Virtual Reality / AR** (0%) remains the lowest priorities for e-commerce professionals.



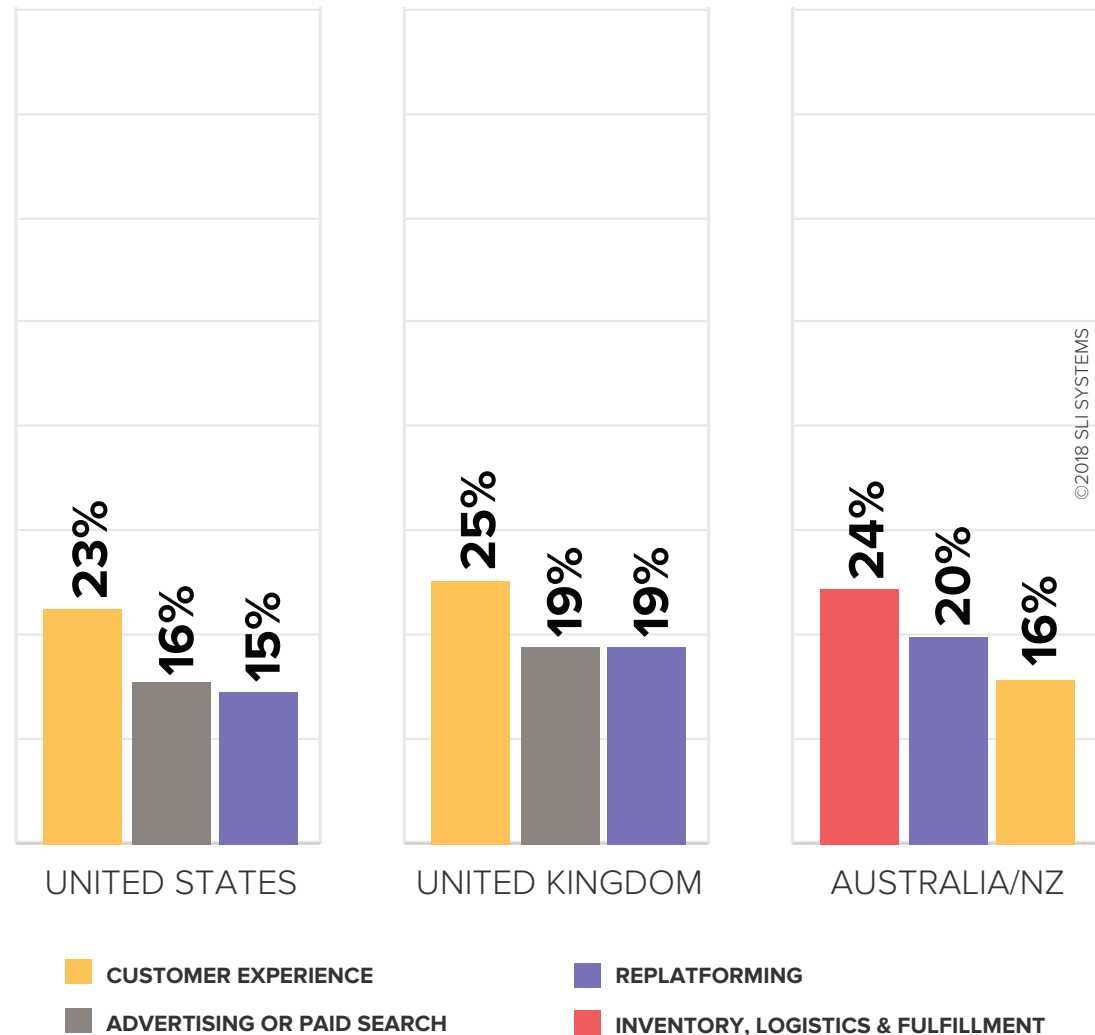
What is your most important initiative this quarter for online retail business in 2018? Choose one. N = 276

TOP PRIORITIES VARY REGIONALLY

AU-NZ Ranks Inventory, Logistics, and Fulfillment #1

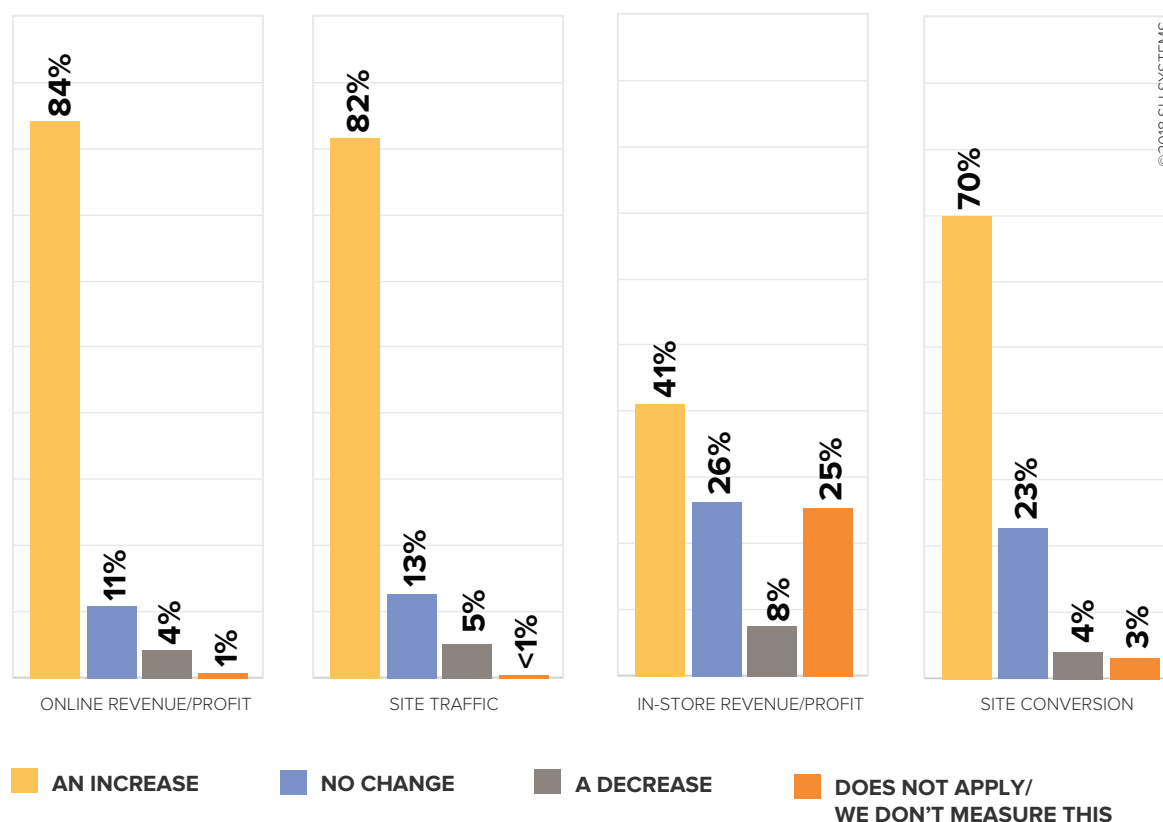
Cross tabulation by geographic region indicates crucial regional differences in top initiatives. For example, although both the U.S. and UK selected **Customer Experience** as their top initiative with 23% and 25% of responses, respectively, AU-NZ respondents chose **Inventory, Logistics, and Fulfillment** (24%) as their number one goal. All three regions ranked **Replatforming** in one of the top three spots (15% U.S., 19% UK, 20% AU-NZ) indicating it remains a strong, worldwide initiative in H1 2018. But while both U.S.- and UK-based respondents gave priority to **Advertising / Paid Search** (16% U.S. and 19% UK) moving it to second place worldwide, AU-NZ respondents ranked it eighth on their list of top initiatives with only 4% of votes, illustrating that e-commerce priorities in Australia and New Zealand differ from their Northern Hemisphere counterparts.

TOP 3 INITIATIVES BY REGION



What is your most important e-commerce initiative this quarter? Choose one. Top 3 Regions N = 249

ONLINE REVENUE AND PROFIT EXPECTATIONS SOAR



Compared to the same quarter last year, what results do you expect for the following key benchmarks this quarter? N = 276

Overall, when it comes to key performance indicators (KPIs), retailers' confidence remains stable compared to Q1 2017. Two notable exceptions are Online Revenue / Profits, which rose four points, and In-store Revenue / Profits, which dropped five points. Comparing results to Q3 2017, however, indicates higher expectations overall than at the end of 2017, especially for Site Traffic, which increased eight points, and Repeat Customer Rate and Customer Satisfaction (NPS), which rose six points each.

UK Remains Most Optimistic

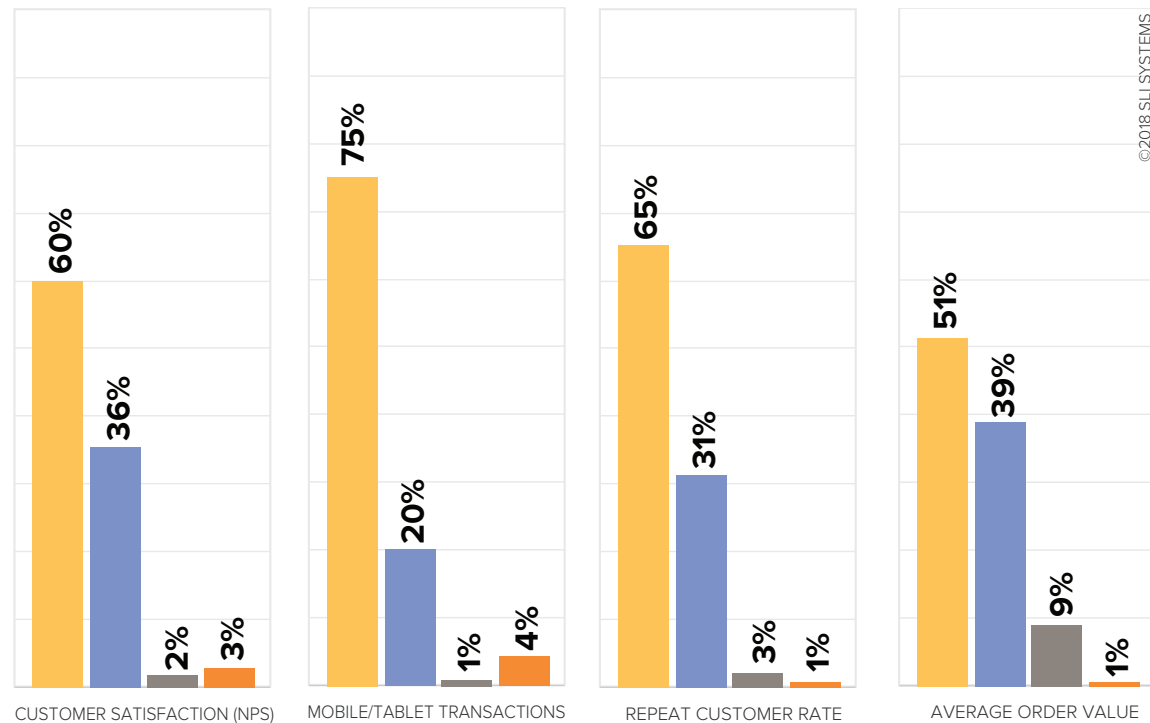
In the first half of 2018, **Online Revenue / Profits** received the greatest expected rise once again with 84% anticipating an increase. Regionally, more UK and AU-NZ respondents expect an increase in Online Revenue / Profits – 91% and 92% respectively – than those based in the U.S. (80%), where **Site Traffic** is ranked the highest KPI (82%). The UK continues its

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optimistic trend from Q3 2017 with more than five-point increases for its top three benchmarks from third quarter EPIC survey results. At the same time, the U.S. remains the most cautious across all KPIs with the highest average percentage of “No Change” compared to UK and AU-NZ respondents. Of the three most-represented regions, AU-NZ respondents rank **In-store Revenue / Profits** highest with 48% expecting an increase. This is above the global average of 41% for H1 2018 and two points above the global average from Q1 2017.

With 60% of all respondents expecting an increase in **Customer Satisfaction (NPS)**, it remains near its Q1 2017 prediction of 59%. Analysis of the data by geographic region highlights continued UK confidence for this KPI, with 88% of UK-based respondents anticipating an increase in **Mobile / Tablet Transactions** compared to 72% in the AU-NZ region and only 68% in the U.S.



Compared to the same quarter last year, what results do you expect for the following key benchmarks this quarter? N = 276

Additional cross tabulation reveals that when it comes to expected decreases, although overall expectations remain fairly stable, the AU-NZ region stands out with lower expected decreases in most KPIs.

The vast majority of retailers (90%) expect **Average Order Value** to increase or stay the same.

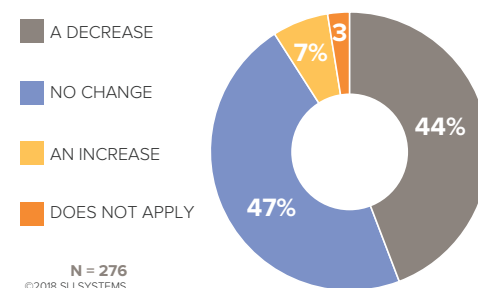
- AN INCREASE
- NO CHANGE
- A DECREASE
- DOES NOT APPLY/WE DON'T MEASURE THIS

Fulfillment Costs per Order Expected to Rise

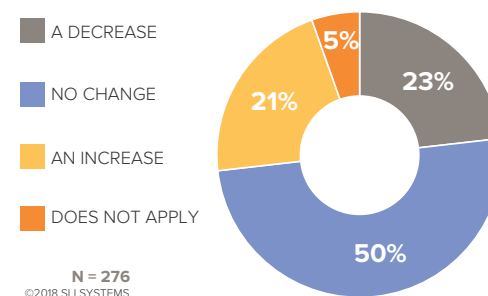
In H1 2018, expectations around Bounce Rates, Cart Abandonment, and Fulfillment Costs per Order continue to highlight the struggles online retailers face when it comes to getting their shoppers from cart to checkout. For example, while half (50%) of those surveyed don't anticipate changes in **Fulfillment Costs per Order**, nearly a quarter (21%) expect an increase. This marks a four-point rise from both Q1 2017 and Q3 2017. This increased cost expectation is highest in the AU-NZ region where, with nearly one-third (32%) of respondents anticipating a rise, the forecast is more than ten points above the global average.

Compared to Q1 2017, more retailers selected "No Change" for all three benchmarks (45% vs. 40% Q1 2017), possibly indicating a slight stabilization of the market. And across the board, it's good news for **Bounce Rate** and **Cart Abandonment**. With 44% and 52% respectively, Bounce Rate and Cart Abandonment both have higher expected decreases than Q1 2017 (41% and 47%) as well as than Q3 2017 (40% and 44%). Anticipated increases for these benchmarks are also lower than Q1 2017 results, dropping from 12% (Bounce Rate) and 9% (Cart Abandonment) to 7% each in H1 2018.

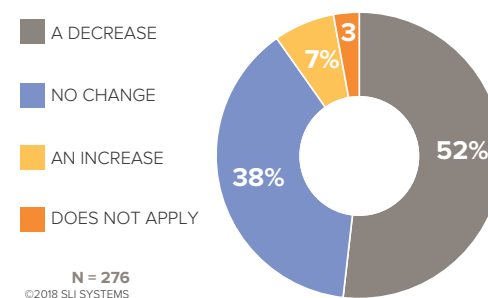
Regionally, the AU-NZ region expects the biggest average decrease for all three benchmarks (43% compared to 40% globally), largely due to 64% of those surveyed reporting an expected decrease in Cart Abandonment, thirteen points better than expectations in the U.S. and UK regions (51%).



BOUNCE RATE



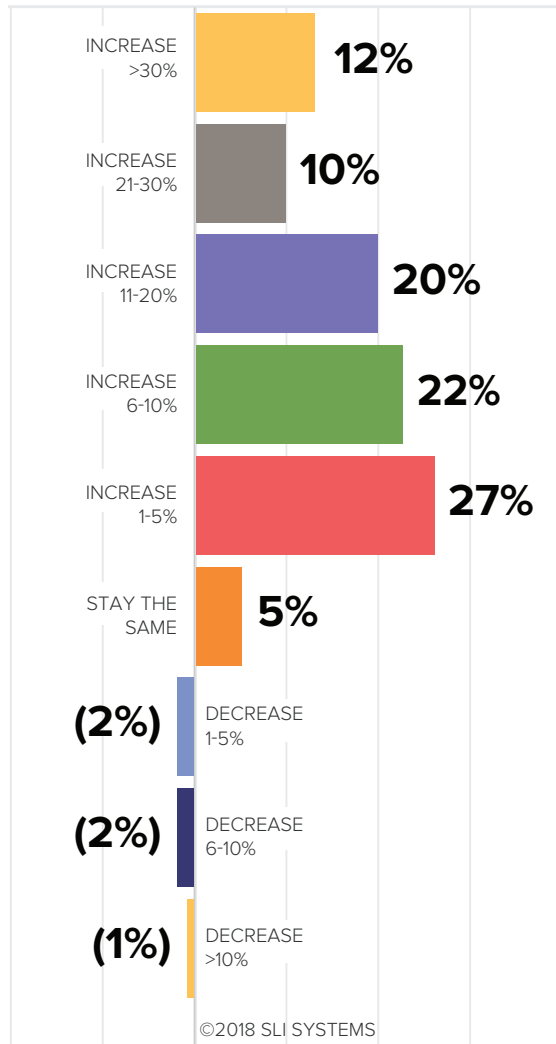
FULFILLMENT COSTS PER ORDER



CART ABANDONMENT

Compared to the same quarter last year, what results do you expect for the following key benchmarks this quarter?

91% FORECAST E-COMMERCE REVENUE GAINS



By how much do you expect your e-commerce revenue to change this quarter compared with the same quarter in 2017? N = 276

SLI queried qualified participants about their expectations regarding revenue changes for e-commerce and mobile sites and apps compared to Q1 2017. We then compared these forecasts with our Q3 2017 EPIC Survey results. The results reveal impressive expectations for both online and mobile revenue in the first half of 2018.

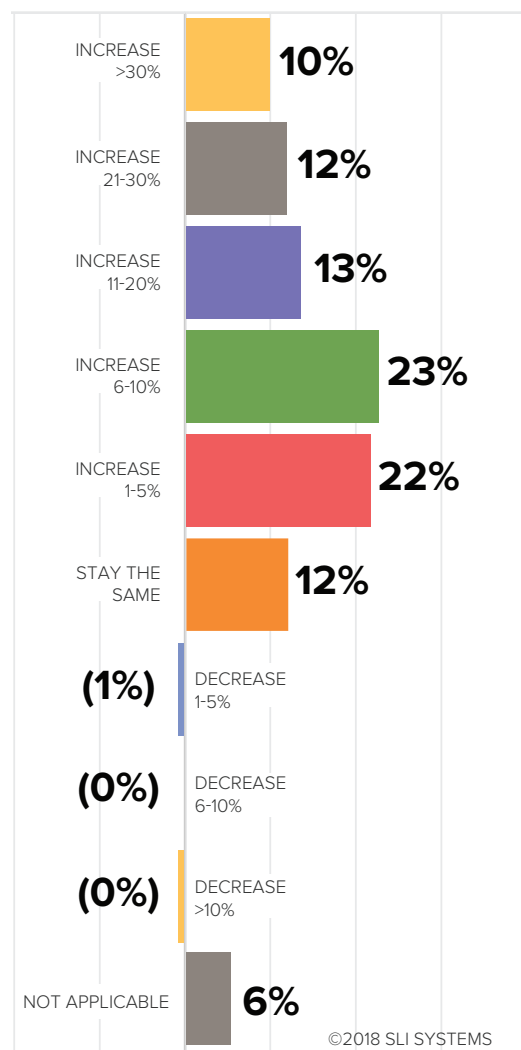
Ninety-one percent of respondents worldwide expect their **E-Commerce Revenue** to increase compared to Q1 2017, up three points from Q3 2017. However, more respondents in H1 2018 predict larger increases, unlike Q3 2017 when most respondents estimated modest (1-10%) growth. In the first half of 2018, modest growth is down 8 points to 49% and moderately aggressive growth (11-30%) is up seven points from 22% in Q3 to 30%.

The three most-represented regions are all optimistic about e-commerce revenue growth, with 93% of respondents confident revenue will increase. The **UK** remains the most optimistic, while the U.S.,

though still optimistic with an overall 90% e-commerce revenue growth prediction, is the most cautious of the three regions. Of U.S.-based respondents, 59% predict modest growth of 1-10% and only 12% estimate growth over 21%. The **AU-NZ** region, however, holds the most aggressive outlook with almost a third (32%) of AU-NZ respondents predicting growth to rise 21% or more.

A look at the five most-represented industries highlights key differences in expected e-commerce revenue. Retailers in **Media / Publishing** are the least optimistic in the first half of 2018 with 75% predicting e-commerce revenue growth, and almost all expected increases occurring in the modest (1-10%) range. **Food and Beverage**, on the other hand, is the most optimistic with 100% of respondents from the industry predicting e-commerce revenue growth. **Apparel** is the most bullish with the highest percentage of retailers (25%) estimating growth over 21%.

22% EXPECT LARGE MOBILE REVENUE RETURNS



By how much do you expect revenue from mobile sites and apps to change this quarter compared with the same quarter in 2017? N = 276

When it comes to small-screen transactions, respondents remain optimistic. Eighty percent of retailers surveyed report expected revenue increases from **Mobile Sites and Apps**. More retailers are expecting growth over 21% in the first half of 2018 (22% compared to 17% in Q3 2017). With only 1% of those surveyed foreseeing a drop in mobile revenue, it appears retailers are upbeat about growing consumer confidence in mobile site and app transactions.

Across the globe, regions vary in how they expect small-screen revenue growth to occur. For example, in the **U.S.**, 55% of respondents predict modest growth of 1-10% while that number remains closer to one-third in the **UK** and **AU-NZ** regions (35% and 32%, respectively). When it comes to larger scale growth (over 21%), retailers from Australia and New Zealand are the most aggressive with

32% predicting larger revenue jumps for mobile site and app transactions.

Cross tabulation by industry demonstrates where retailers expect mobile to boom and where it will continue to grow at a slower pace. Representatives from **Food and Beverage** expect the biggest jump in small-screen revenue with 95% of respondents predicting an increase. **Housewares / Home Furnishings** came in a close second with 94% expecting an overall increase while **Apparel**, the most-represented industry, came in third with 93%.

Retailers from **Sporting Goods** and **Media / Publishing** were the least optimistic of the top five industries, with 78% and 63%, respectively, predicting an overall Mobile Site and App revenue increase.

All survey respondents sell online, but 6% said they don't sell via mobile.

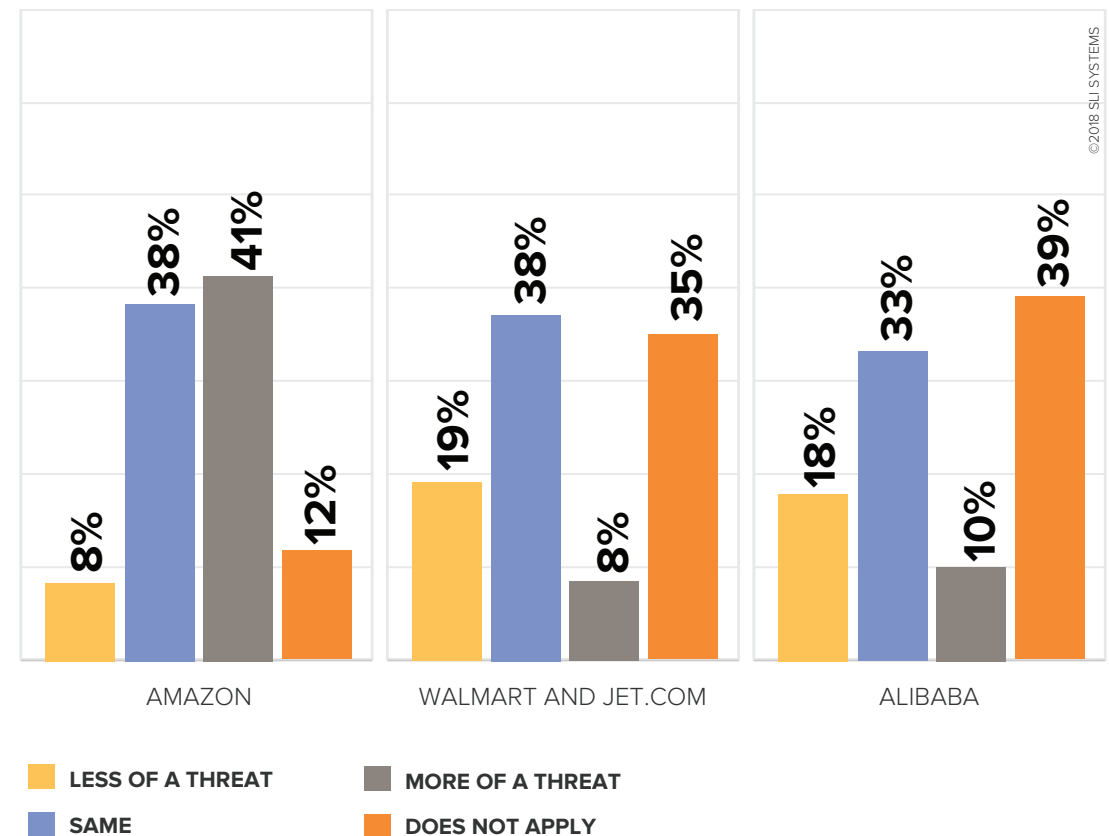
41% view Amazon as more of a threat

When it comes to online business threats, e-commerce experts cite **Amazon** as the top competitor for the second year in a row. Forty-one percent of retailers worldwide consider the online colossus to be more of a threat to their online businesses compared to Q1 2017. For retailers in the AU-NZ region, the threat is even greater with 56% of respondents reporting Amazon as more of a threat compared to 41% in the U.S. and 36% in the UK. And while 8% of retailers worldwide state the company poses less of a threat compared to the same quarter last year, a two-point improvement from Q1 2017 results, only 4% of AU-NZ respondents feel the same.

The news is better for UK merchants, however, with 10% of UK-based retailers viewing Amazon as less of a threat this year, compared to 5% in Q1 2017.

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AMAZON CONTINUES TO BE BIGGEST E-COMMERCE THREAT



Do you consider the following companies to be more or less of a competitive threat to your online business compared to the same quarter last year? N = 276

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Cross analysis by industry reveals that for retailers in Sporting Goods and Housewares / Home Furnishings, the threat from **Amazon** is even larger. Sixty-one percent and 53%, respectively, of respondents from those industries state the company is more of a competitive threat in H1 2018. Globally, only 12% of respondents say a threat from Amazon does not apply to their online businesses in the first half of 2018 compared to 24% in Q1 2017, marking a steep increase in the relevancy of the online behemoth.

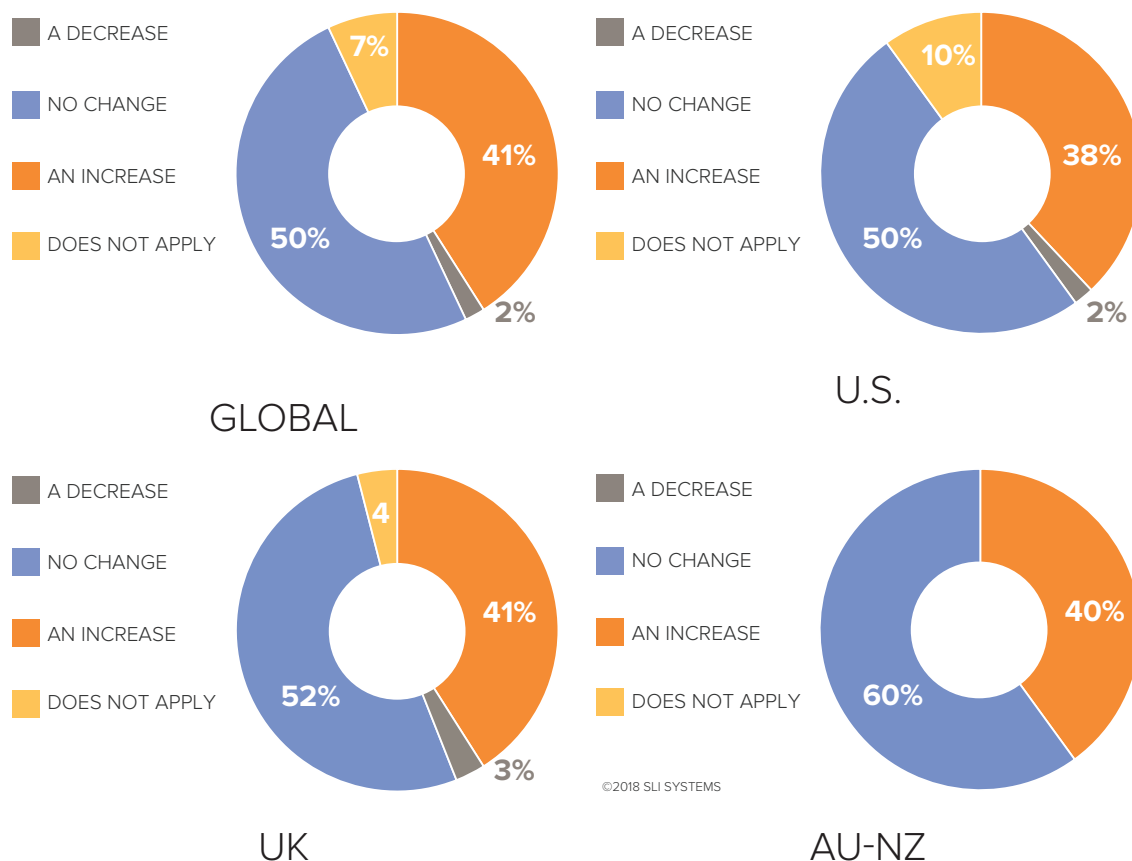
While Amazon's threat level increased for retailers in H1 2018, the percentage of respondents viewing **Walmart and Jet.com** as threatening dropped by a third from 12% in Q1 2017 to 8% in H1 2018. For certain industries, Walmart and Jet.com present a slightly greater threat, though still well below the numbers reported for Amazon. For example, 12% of respondents from Housewares and Home Furnishings view the retailer as more of a threat, the highest percentage reported for any of the top-five industries. Regionally, the American-

made big-box retailer is viewed as somewhat more of a threat for U.S. respondents (14%), while a majority of UK (51%) respondents and over one-third (36%) of AU-NZ retailers say the company is not a threat to their online businesses.

Globally, with two-fifths of respondents saying the company does not threaten their online businesses, wholesale merchant **Alibaba** is the least relevant competitor for online retailers. This view of the China-based company varies, however, between regions and across industries. For example, while only 5% of U.S. respondents view Alibaba as more of a competitive threat to their online businesses in H1 2018, that number jumps to 12% for AU-NZ-based retailers and more than triples to 16% for those in the UK. And nearly one-quarter (24%) of merchants in Food and Beverage, the second most-represented industry in H1 2018, view Alibaba as more threatening compared to 10% for all respondents demonstrating that competition differs for different industries.

91% INVESTED IN MOBILE IN 2018

Has your company's financial investment in mobile commerce changed for 2018 compared with 2017?



Has your company's financial investment in mobile commerce changed for 2018 compared with 2017? Global N = 276, Top 3 Regions N = 249.

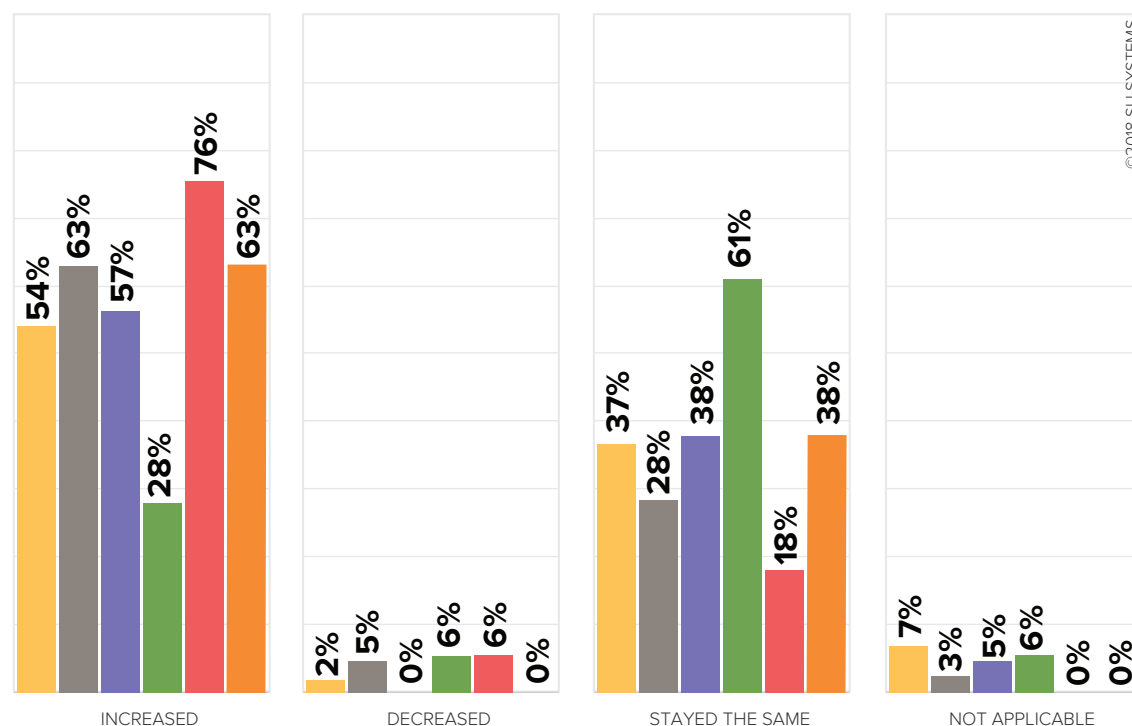
When it comes to **Investing in Mobile**, 91% of those surveyed report either **maintaining** (50%) their 2017 financial commitment or **increasing** (41%) their monetary investment for 2018. With only 2% reporting a **decrease**, it's clear mobile remains integral to e-commerce success.

A look at the three most-represented regions shows a close alignment in increased investments: 38% for the **U.S.**, 41% for the **UK**, and 40% for the **AU-NZ** region.

However, comparing by industry highlights financial-investment diversity in mobile commerce this year. **Housewares / Home Furnishings** leads the way with 65% reporting an increase on spending related to mobile while only 22% from **Sporting Goods** make similar plans.

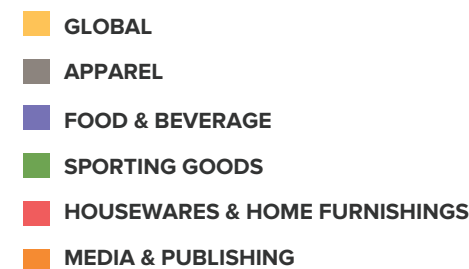
HOUSEWARES / HOME FURNISHINGS MOST FOCUSED ON MOBILE IN 2018

Has your company's focus on mobile commerce changed for 2018 compared with 2017?



Has your company's focus on mobile commerce changed for 2018 compared with 2017?
Global N = 276; Top 5 Industries N = 132

More than half of those surveyed (54%) report an **increase** in the number of **Mobile Initiatives and Projects** for 2018 compared with 2017, indicating retailers continue to anticipate consumer confidence in mobile site and app transactions will grow. This is especially true for respondents in the **AU-NZ** region where 64% of retailers report a boost in mobile initiatives and projects. Analysis of the numbers by industry reveals some markets are more focused on mobile than others for 2018. For example, 76% of respondents from **Housewares / Home Furnishings** report an increase in mobile initiatives and projects. While 28% of retailers from **Sporting Goods** say their mobile focus will increase in 2018, 61% report it will stay the same as 2017.



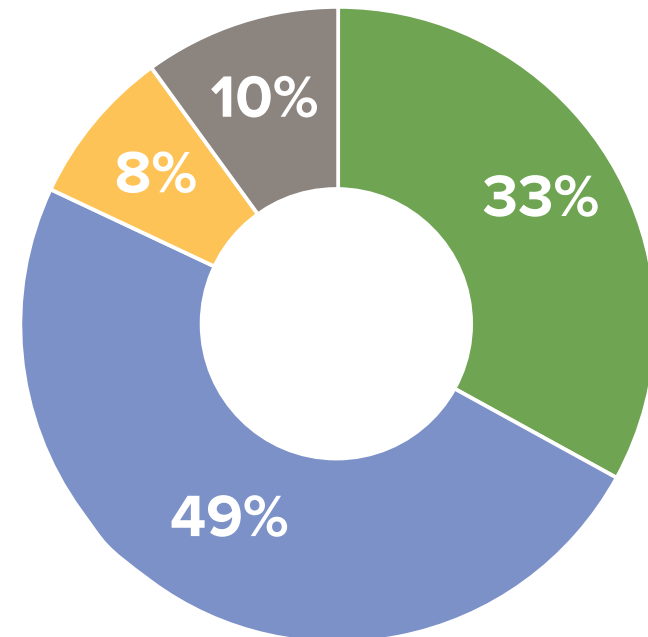
82% USE OR PLAN TO ADD PERSONALIZATION THIS YEAR

With increasing threats from mega-brands like Amazon, e-commerce retailers are beginning to recognize that consumers aren't merely accepting personalization – they expect it. SLI asked survey respondents how they plan to add personalization to their e-commerce strategies in 2018, and their responses are illustrative of the growing trend.

Globally, one-third (33%) of retailers say their companies are already giving their customers a personalized online experience, and almost half (49%) plan to add it in the next year. With so many retailers boosting the role of personalization in their e-commerce strategy, it's clear that growing personalization is imperative to improving customer experience and positively impacting the bottom line.

Cross analysis by geographical region shows that for respondents in the **UK**, personalization is an even higher priority in H1 2018 with 57% planning to add some form of a personalized experience within the next year. And cross tabulation by industry reveals that retailers in **Housewares / Home Furnishings** are the most aggressive with their personalization plans – only 18% report currently using personalization, but 71% expect to leverage it within the next year.

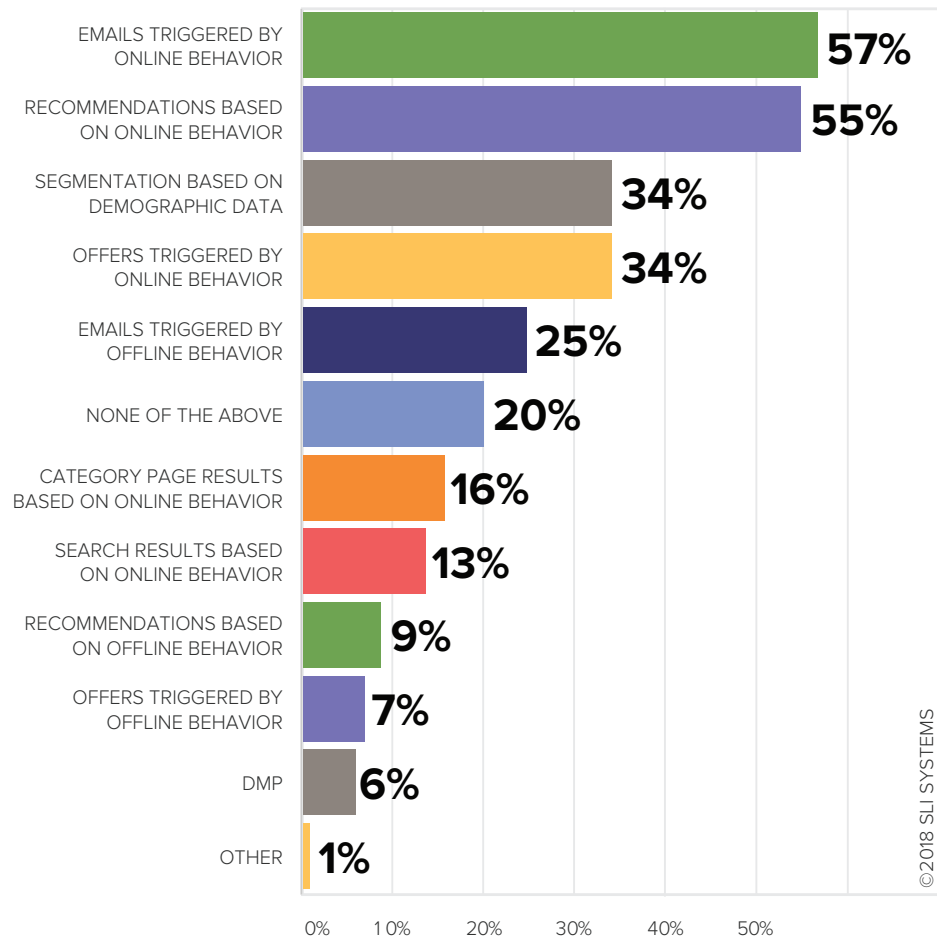
Do you plan to add personalization to your e-commerce strategy?



- WE CURRENTLY PERSONALIZE
- WE PLAN TO ADD PERSONALIZATION IN THE NEXT 12 MONTHS
- WE PLAN TO ADD PERSONALIZATION MORE THAN A YEAR FROM NOW
- WE DON'T PLAN TO ADD PERSONALIZATION

Do you plan to add personalization to your e-commerce strategy? N = 276

Favorite way to personalize in e-commerce? Emails triggered by online behavior



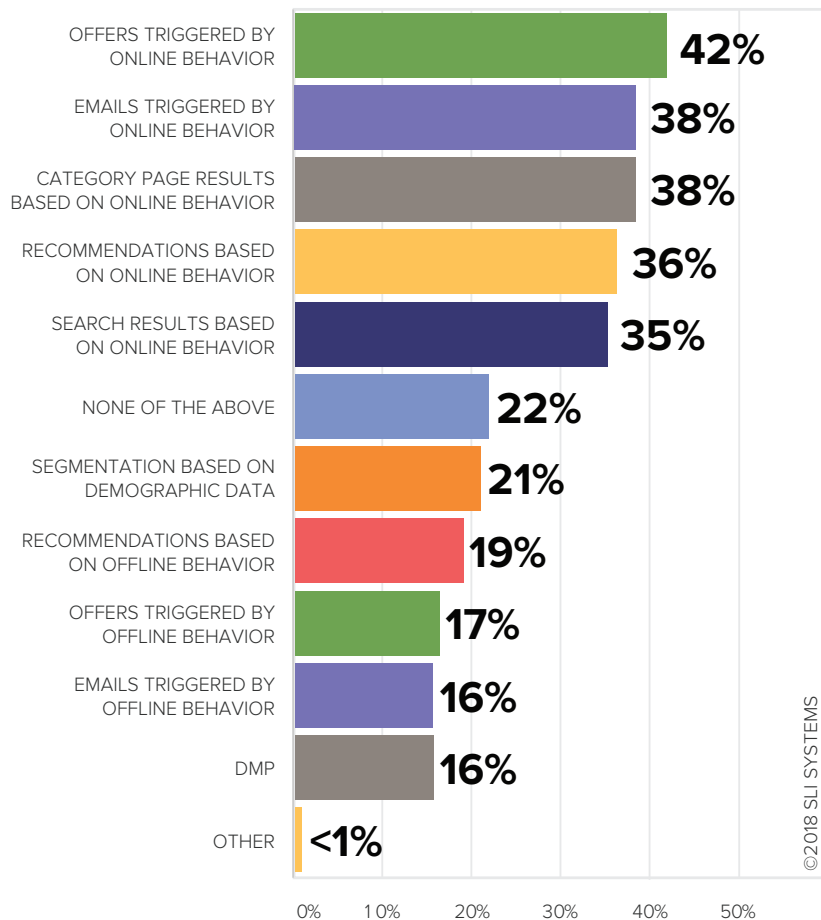
What types of personalization do you currently use on your e-commerce site? N = 276

To discover the ways e-commerce businesses are currently personalizing and how they want to grow personalization, SLI Systems asked retailers about existing personalization and plans for expansion. Their answers showcase which areas of personalization are hot in 2018 and which are cooling off. With 57% of those surveyed reporting it's already in use, **Emails Triggered by Online Behavior** is the top way retailers say their companies already personalize for consumers. **Recommendations Based on Online Behavior** is second with 55%, while **Segmentation Based on Demographic Data** and **Offers Triggered by Online Behavior** tie for third with about one-third (34%).

Persistent Profiling through a Data Management Platform (DMP) is the least utilized method of personalization with only 6% of those surveyed reporting it is currently in use. This is closely followed by **Offers Triggered by Offline Behavior** (7%) and **Recommendations Based on Offline Behavior** (9%). The lower usage of these forms of personalization reveal that while many online retailers know not every shopper is the same, there exist substantial opportunities to improve shopping experiences for consumers by adding a new variety of individualized options.

RETAILERS FOCUS ON PERSONALIZATION

What types of personalization do you plan to add on your e-commerce site?

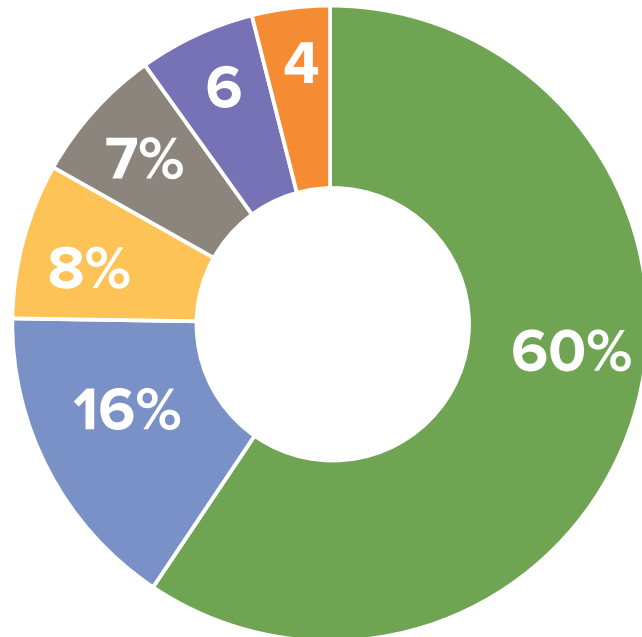


What types of personalization do you plan to add on your e-commerce site? N = 276

When it comes to what forms of personalization retailers plan to add, **Offers Triggered by Online Behavior** is the top choice by 42% of those surveyed. **Emails Triggered by Online Behavior** and **Category Page Results Based on Online Behavior** tie for second with 38%, followed closely by **Recommendations Based on Online Behavior** (36%). Globally, with about only one-sixth (16%) of those surveyed anticipating adding it as a form of personalization, **Data Management Platform (DMP)** is the least likely way retailers plan to personalize their consumers retail experience in 2018. Regionally, however, over a quarter (26%) of UK-based respondents report plans to add DMP. This demonstrates that for UK retailers, the ability to develop target audiences based on in-depth data and use these to create highly accurate, successful campaigns is quickly becoming a reality.

A look at the most-represented industries in the first half of 2018 showcases varying personalization plans. **Apparel**, the most-represented industry, is prioritizing **Category Page Results Based on Online Behavior** (43%) while the next most represented industries – **Food and Beverage** and **Sporting Goods** – are respectively focusing on **Search Results Based on Online Behavior** (57%) and **Offers Triggered by Online Behavior** (44%). These differences highlight that retailers know what their customers want when it comes to personalized online shopping.

What is the top benefit you expect from personalization?



- INCREASED CONVERSION RATE
- INCREASED CUSTOMER LOYALTY
- INCREASED AVERAGE ORDER VALUE
- NOT APPLICABLE – WE ARE NOT ADDING PERSONALIZATION TO OUR SITE
- DEEPER ANALYTICS ON SHOPPER BEHAVIOR AND CAMPAIGN SUCCESS
- INTEGRATED ONLINE AND OFFLINE CUSTOMER EXPERIENCE

What is the top benefit you expect from personalization? N = 276

60% Personalize to Increase Conversion Rate

With 60% of all respondents selecting it, **Increased Conversion Rate** is the top benefit e-commerce retailers expect to see from adding personalization. **Increased Customer Loyalty** (16%) and **Increased Average Order Value** (8%) follow in distant second and third spots.

Globally, only 7% of retailers say they are not adding some form of personalization to their e-commerce strategy, perhaps highlighting the integral role e-commerce experts believe personalization to play in the bottom line.

Methodology

Results in this report were compiled in April 2018. Percentages cited from the survey reflect rounding, up or down, to whole numbers. Findings in this report represent the opinions of the survey respondents only and are not intended to represent the opinions of SLI Systems or its employees.

SLI Systems requested survey responses from the same lists of retailers during Q1, Q2 and Q3 2017, with a varying set of actual respondents. SLI Systems received complete, qualified (online merchant / non-vendor or consultant) responses to the H1 2018 survey from 276 retail industry professionals worldwide.

Copies of all previous EPIC Reports (Q1 - Q3 2017) are available for download at www.sli-systems.com/ecommerce-research.

If you are an e-commerce professional and wish to participate in the next EPIC survey, please sign up at www.sli-systems.com/ecommerce-survey. All survey participants receive a complimentary copy of the report.

About SLI Systems

SLI Systems (SLI.NZ) accelerates e-commerce for the world's top retailers by generating more traffic, converting shoppers into buyers and maximizing order values. The SLI Product Discovery Suite™ uses sophisticated machine learning to predict what each shopper is most likely to buy right now, and includes solutions for improving site search, navigation, mobile, merchandising, recommendations, and SEO. The SLI Commerce Console™ organizes key sales insight and tuning capabilities into one easy-to-use control center. For 17 years, established brands have trusted SLI Systems to deliver innovative features, knowledgeable service, and reliable SaaS-based infrastructure, that delights customers and increases revenue. SLI operates on five continents, in 20 languages, and is a leader among cloud-based site search providers to U.S. Internet Retailer Top 1000 retailers.

For more information, visit www.sli-systems.com.

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