



900 RETAILERS SHARE THEIR SUCCESSES
**ECOMMERCE SITE
SEARCH TRENDS
2021**

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From this research, you'll learn more about

Current state of digital commerce search: Only 1 in 8 retailers embrace modern search to gain significant competitive edge

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Introduction

Last year, digital commerce saw 10 years of growth in only 3 months

The retail industry and digital commerce has evolved rapidly since the COVID-19 outbreak – more so than any time over the previous decade. And yet, online conversions rates have remained relatively flat. What have we overlooked?

According to [CommerceNext's 2021 report](#), ease of access to the product catalog is the most important user experience element shoppers will consider in their online shopping journey, yet 46% of digital commerce practitioners declare their company has under invested in digital commerce search.

Digital commerce search technologies have evolved dramatically during those 10 years, and what were once considered futuristic capabilities are now easily accessible to retailers of all sizes.

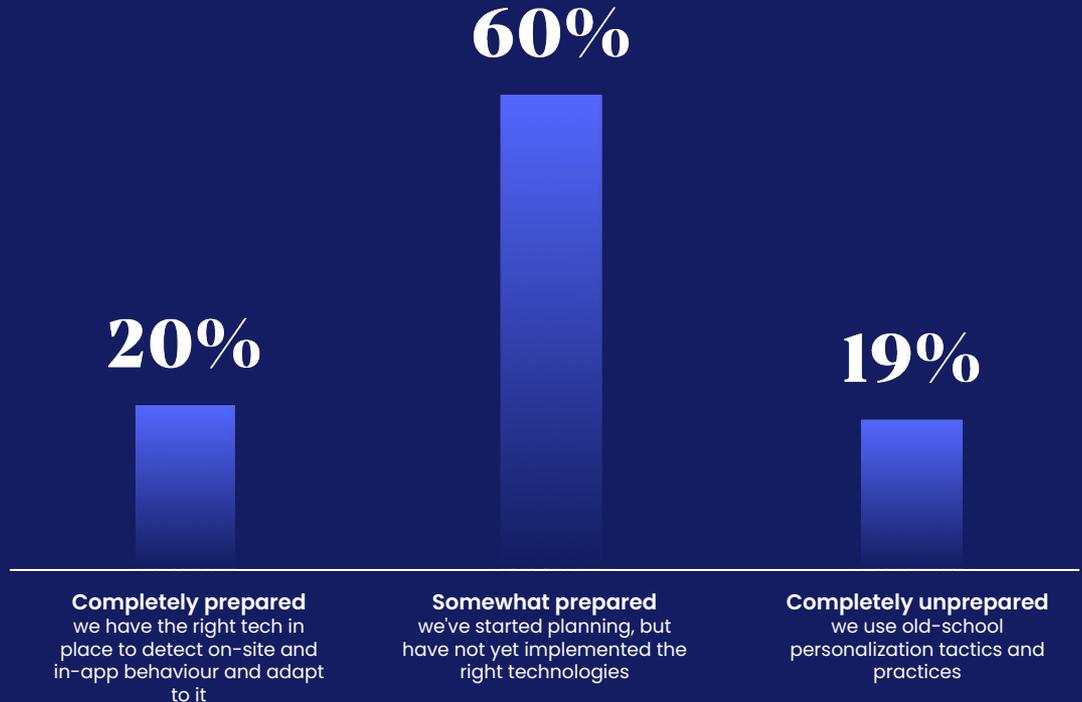
Those who have taken advantage of these innovations and adequately invested in search are enjoying real return on investment with higher conversion rates from their shoppers using search.

Personalization under fire as the cookie crumbs

A recent concern in the industry has been the talk of Google dropping cookies and Apple's desire to stomp out "surveillance advertising" on iPhones. Each of these make it more difficult to track consumers across websites – creating the potential for a less personal experience on your Ecommerce site with irrelevant offers and Ads being served up. This means bringing in new tactics, based on AI and machine learning, to provide consumers with a personalized and data-safe experience.

What is concerning is that only 20% of retailers surveyed are completely prepared to offer a personalized experience in a "cookieless" world, while 79% appear not ready.

Figure 1: In a new 'cookieless' world, how ready are you to provide a personalized experience within the constraints of consumer privacy and regulations?
Base: All respondents (900)



What you'll learn from 900 peers

In this report, Algolia partnered with Coleman Parkes, an independent market research agency specialising in B2B research to survey 900 Technical and Business decision makers from omnichannel and digital retailers with a global revenue of \$100M+.

The purpose of the report is to understand the current usage and level of investment in Search & Discovery technologies in the Retail industry.

Key insights:

- What modern and advanced search capabilities are available as well as what successful retailers are using to beat their competition
- Retailers' level of preparedness for surges in demand (e.g., Black Friday)
- Why retailers are embracing Artificial Intelligence and Personalization
- The different types of ROI that modern search delivers
- How a headless architecture and an API-First approach create time savings, faster time to market, and improved services.

Only 1 in 8 retailers embrace modern search to gain a significant competitive edge



Current state of digital commerce search

A great search & discovery experience can make or break a shopper's experience. If the shopper finds the item they are searching for quickly, or discovers relevant, new ideas based on recommendations, or even receives interesting promotions and offers, they will most likely enjoy the experience. Shoppers embrace positive experiences and are more likely to make a purchase. Conversely, if the shopper finds it difficult to locate the item they want, they are less likely to purchase and are more likely to bounce from the site to a different vendor.

There are many elements that comprise good search – from handling simple search queries to offering a personalized one-on-one experience, at scale.

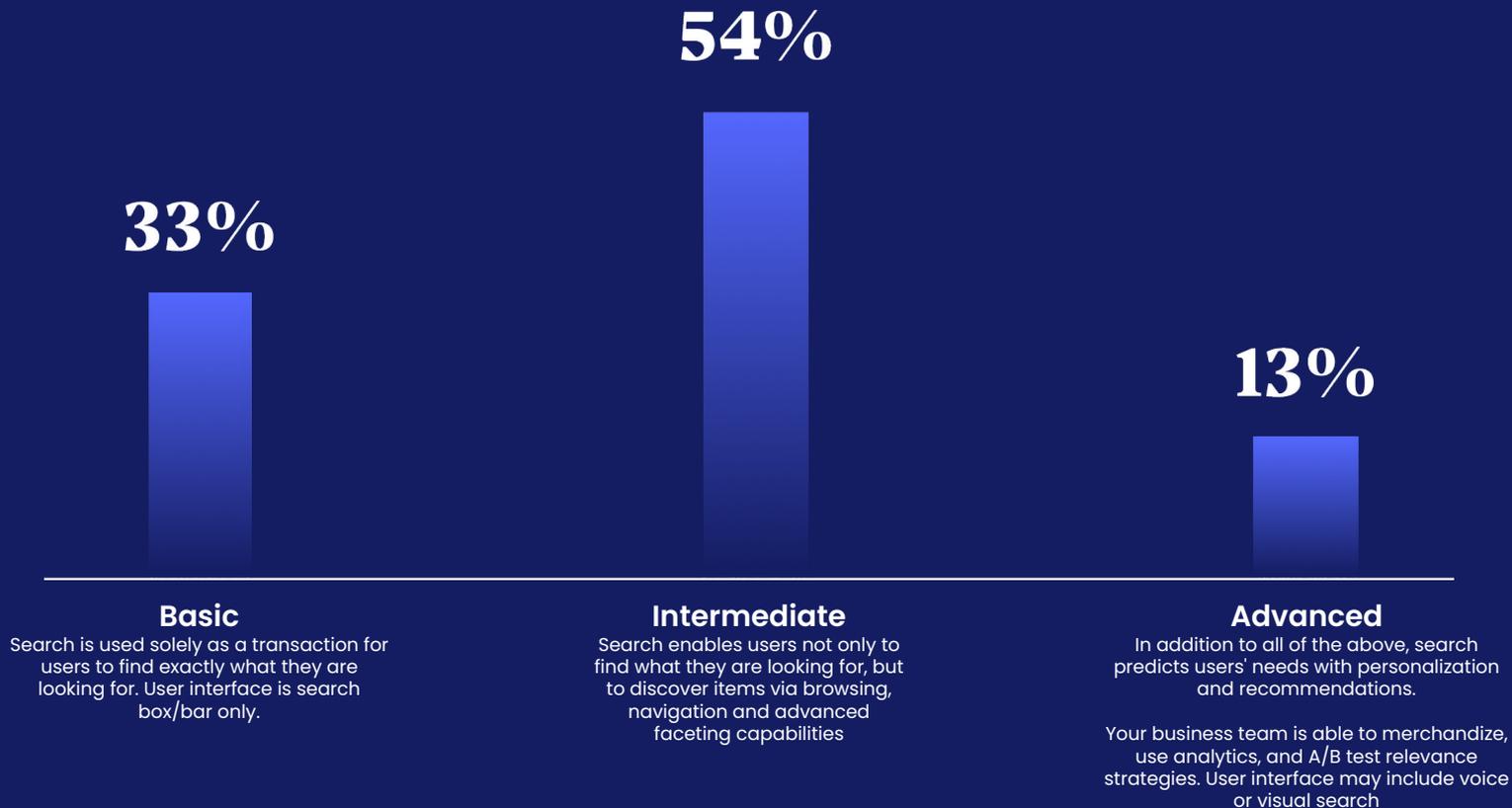
Before we take a closer look at the current capabilities of retailers' search and discovery capabilities in this survey, respondents were asked to assess their overall experiences.

Only 1 in 8 (13%) respondents claim they can offer their shoppers an advanced search experience, which means this small percentage of retailers hold a significant edge over their competitors.

On the other hand, the remaining 7 in 8 (87%) respondents, who possess basic or intermediate search experience, have a higher propensity to lose shoppers through churn, poor engagement, and consequently missed revenue opportunities. Put simply, this is the opportunity cost of under-investing in search.

Figure 2: Which statement best describes your company's search technology/search experience?

Base: All respondents (900)



Basic search capabilities

Half of retailers are stuck in 2010

Google, Amazon, Netflix and others have all embraced and offer their customers powerful search capabilities. Importantly, they have set the bar high and shoppers now expect a similar experience when they visit all digital stores, across any device.

And yet, only about half of respondents are offering their shoppers the basic textual relevance features such as 'as-you-type' results, 'typo tolerance', 'synonyms' and 'dynamic re-ranking' — each of which are table stakes for modern search.

Figure 3: Does your search and discovery experience include any of the following 'advanced' features'?

Base: All respondents (900)

53%

Provide relevant results even when users make spelling mistakes, use plurals or synonyms

44%

Provide to users "as-you-type" results (updating search results at every keystroke)

42%

Search all your content sources such as product catalog, content, blogs, resources, documentation or e-commerce SKUs

38%

Merchandize search results (e.g., promote products with the highest margin, or most popular articles)

36%

Personalize search results based on user preferences and behavior

26%

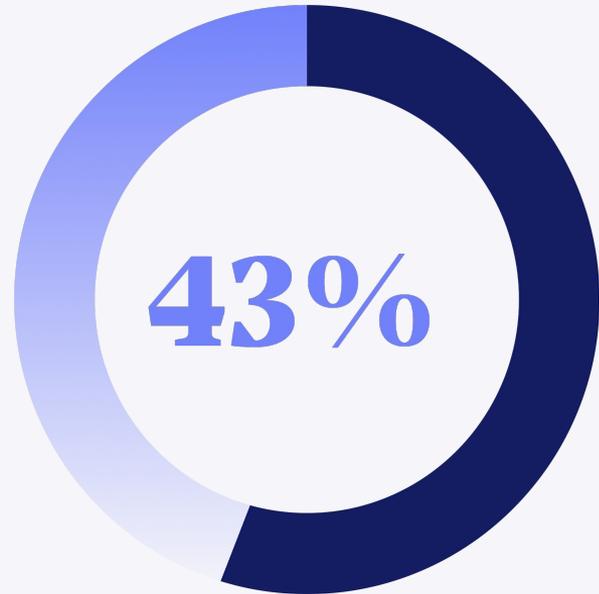
Leverage AI to learn from users behaviors and automatically suggest relevance improvements

Searchandising and how 40% of Retailers are unprepared for surges in demand

According to Forrester Research (“Must have E-Commerce features – Roadmap: The Retail E-Commerce Playbook”), 43% of shoppers on retail websites go directly to the search bar. This makes the search bar a prime spot for retailers to execute their merchandising strategy, promote their latest offers, or optimize for selling products with higher margins. Yet only 38% of retailers have the ability to merchandise and optimise outcomes using search.

Additionally, customer demand can change rapidly and often – consider for a moment the surge for specific products, like masks and hand cleaners, in the first weeks of the COVID-19 pandemic. Retailers need to respond quickly, change the behavior of their search engines, and adjust the results they return to adapt to those demands.

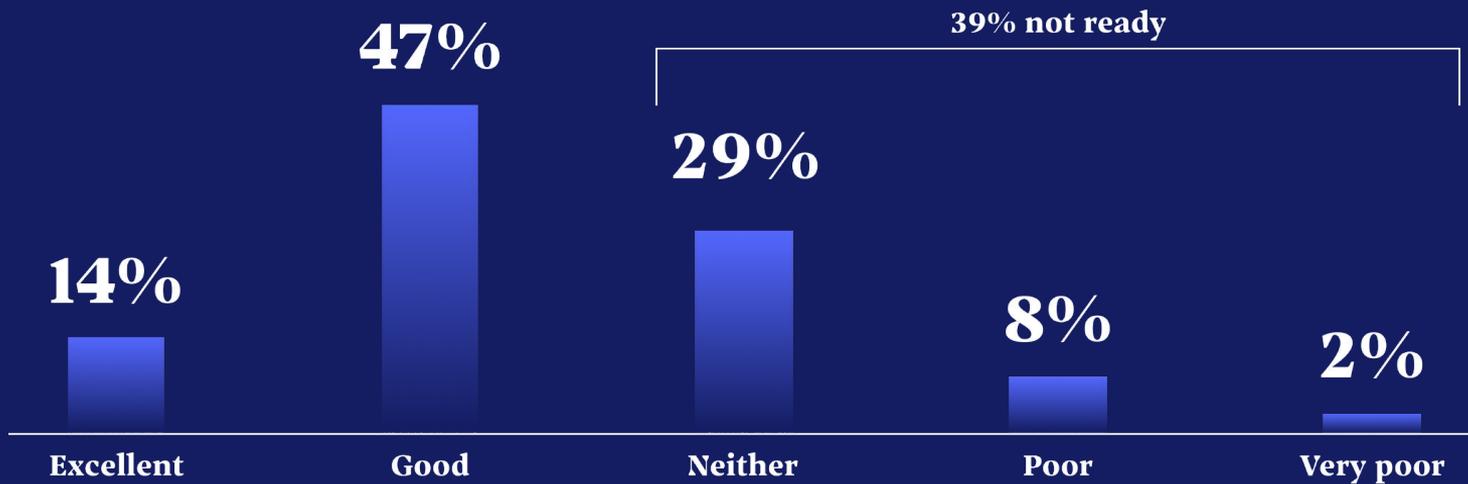
Concerning for many retailers, 2 in 5 (40%) respondents noted that they are not prepared to respond to new surges in customer demand.



43% of shoppers on retail websites go directly to the search bar

Figure 4: On a scale of 1 – very poor to 5 – excellent, how would you rate your readiness to adapt to new surges in consumer needs or demands?

Base: All respondents (900)



Basic search capabilities

Retailers embracing AI & Personalization make big gains

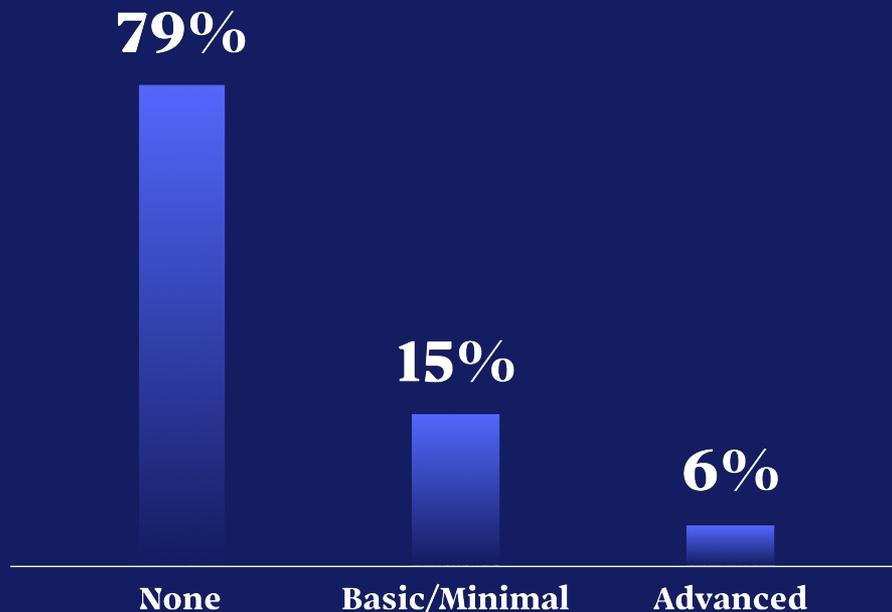
The research indicates that 4 in 5 (79%) respondents have little or no personalization or recommendation functionality on their commerce site; and only 26% noted that they use AI to optimize search results relevance.

Conversely, those companies actively using personalization and AI-driven relevance are enjoying a significant return on their investment in search technology.

For example, [Gymshark](#), the fastest-growing fitness fashion brand in the UK, generates upwards of £2M in incremental sales/year using AI powered relevance; and, [Decathlon](#) increased their conversion rate by 50% using personalization.

Figure 5: What personalization (or recommendation functionality) exists on your e-commerce site?

Base: All respondents (900)



When surges hit; 65% of retailers were unable to meet demand

The traditional Black Friday landscape in 2020 was dramatically impacted by the COVID-19 pandemic. Cramming shoppers into stores became an unsafe prospect. Retailers had to pivot quickly to doing everything online – not just on Black Friday, but for the whole October to December shopping season.

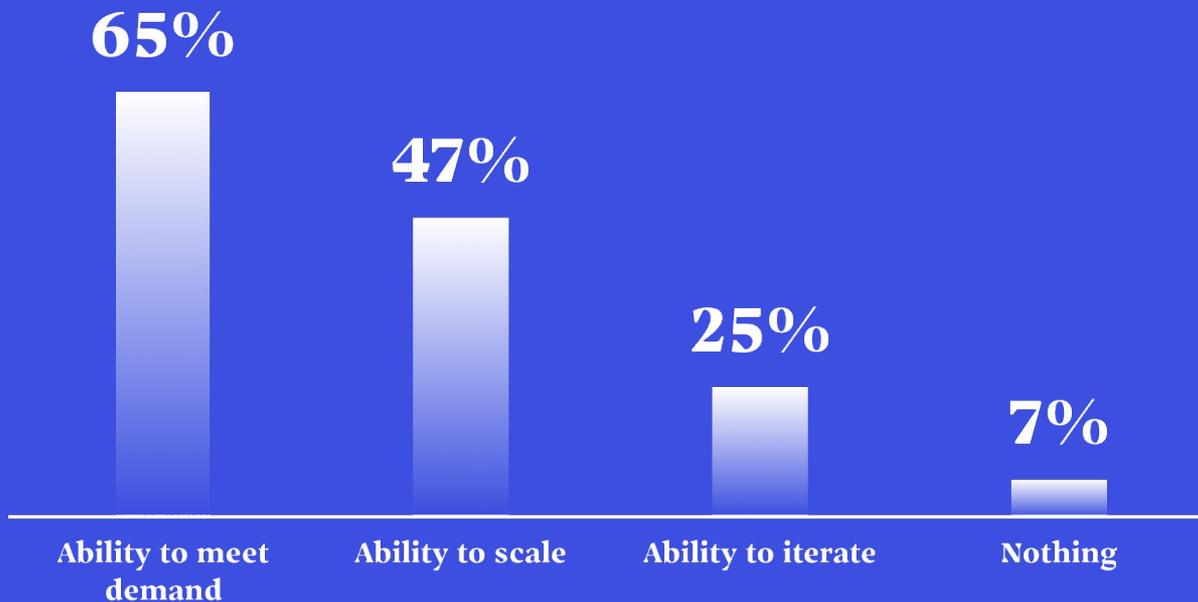
For retailers, this meant operating in one of the most challenging seasons ever as traditional ‘one day’ sales evolved from a single ‘Black Friday’ event to a multi-month season.

Added to this, retailers were dealing with shipping delays and supply chain issues. Against this backdrop, digital commerce exploded; Algolia saw 4.5 billion search queries peaking at 7.2 million queries per minute on Black Friday alone. Putting this in context, this translates to 85% increase in search queries compared to Black Friday in 2019.

These search queries turned into a surprising increase in spending during the 2020 Black Friday weekend of \$14.3 billion, up from \$11.9 billion in 2019. But it was not all rosy. 65% of respondents found that their ability to meet the demand needed to be better handled, 47% were unable to scale to meet the demand, and 25% wanted to be able to iterate and merchandise better.

Figure 6: Thinking back to Black Friday period in 2020, what aspect, if any, would you like to fix so you would be more able to meet the challenges in the future?

Base: All respondents (900)



The ROI of advanced digital commerce search is recognized - and proven



Search's value is expected across various areas

Businesses recognize a wide range of benefits of search, these are reflected in the different driving factors of search investment, with enabling customers to find products quickly (62%) being the biggest driving factor.

Businesses also recognize the ability of search to help respond to their ultra-competitive sector, with 55% saying this was a key motivating factor for their investment.

Figure 7: What are the reasons for the intended increase in investment levels?
Base: Respondents experiencing an increase (392)

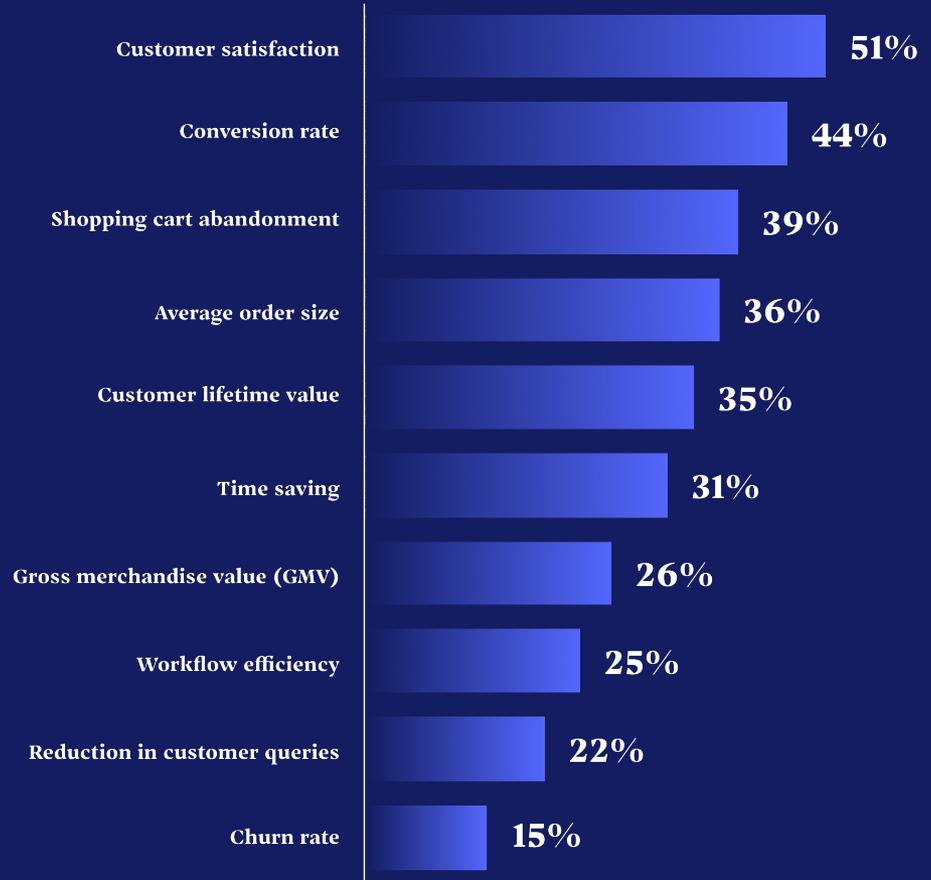


Search's value is expected across various areas

With the impact of search seen across many different areas of e-commerce, businesses recognize that when measuring search success, it is important to look at a variety of these areas.

Customer satisfaction is the most obvious and 51% of businesses track this in detail, followed by conversion rate (44%), and shopping cart abandonment (39%).

Figure 8: How do you measure the success of your search function?
Base: All respondents (900)



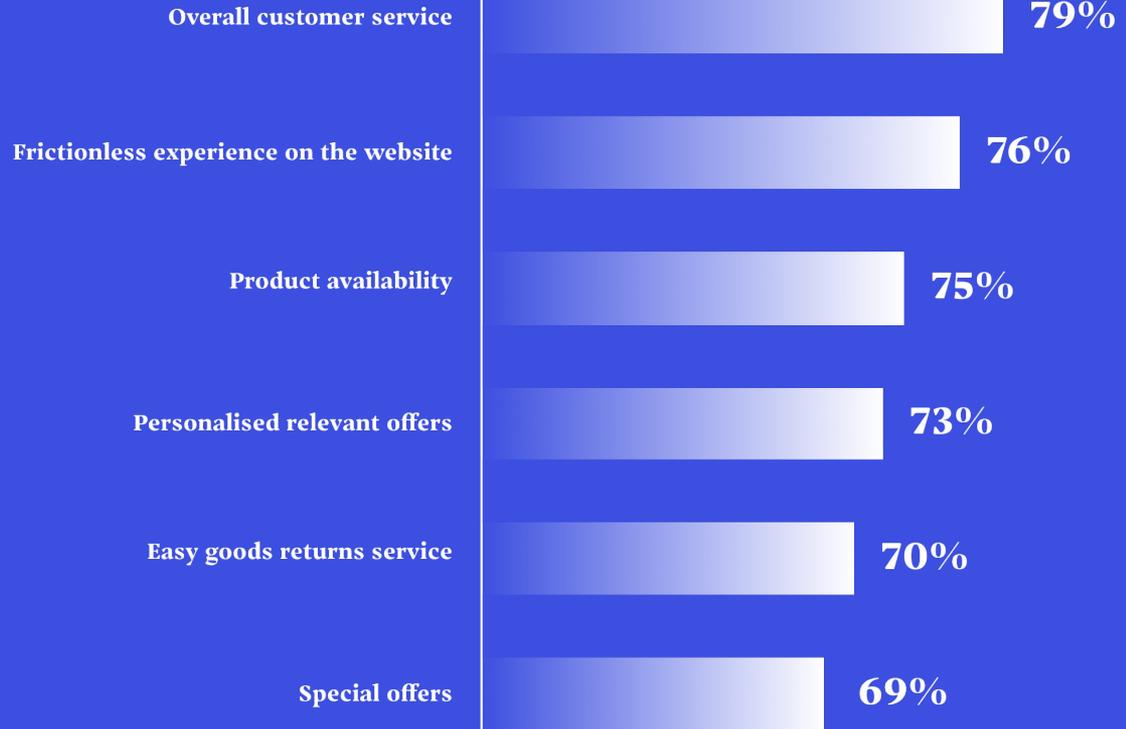
Search's value is expected across various areas

Retailers acknowledge just how integral Search is to their business, stating the high levels of importance it has on various touchpoints, from customer service and website experience to product availability and personalization.

However, at the same time, they have failed to develop truly hard-hitting search functionality that can drive additional revenue and enhance the user experience.

With search regarded as so important, it begs the question – why have retailers failed to invest more in Search?

Figure 9: How important is search function to each of the following areas?
Base: All respondents (900)



Search doubles conversions



Search doubles conversions

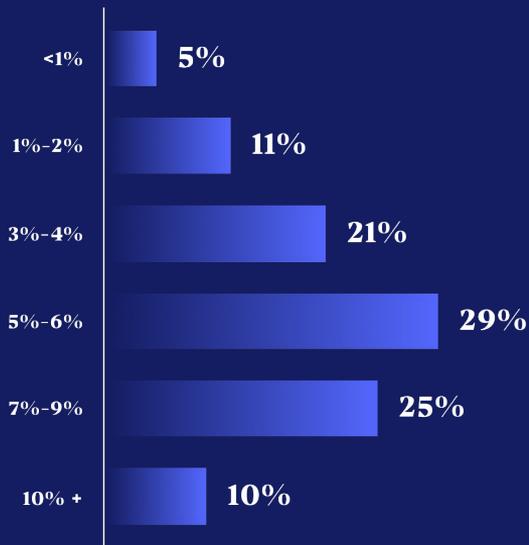
There is clear evidence from the survey that a high quality search function drives success.

It can be seen that – on average – conversion rates double when search is used, a clear testimony to the value of search.

“Businesses also recognize the ability of search to help respond to their ultra-competitive sector.”

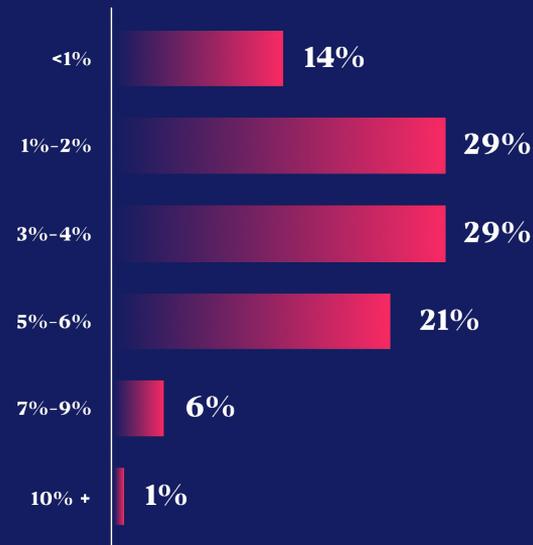
Figure 10: What is your approximate conversion rate via your e-commerce platform when using search and without using search?
Base: All respondents (900)

With search



Average: 6%

Without search



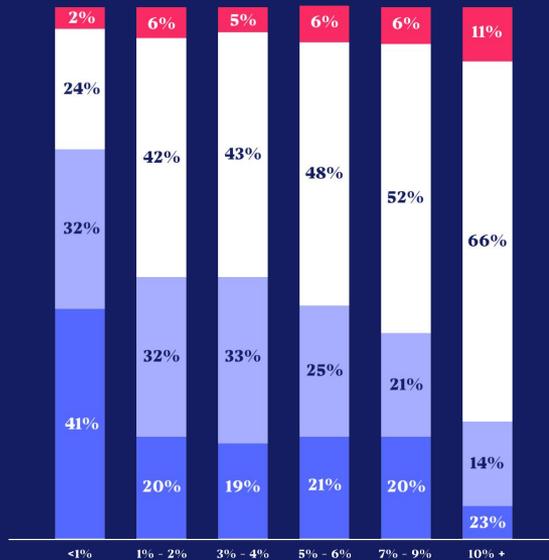
Average: 3%

Search doubles conversions

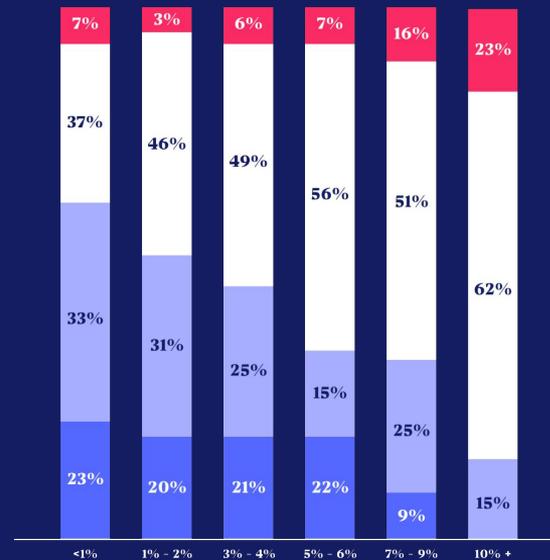
Businesses with higher conversion rates have made more investment in search – demonstrating there is a clear return on investment.

Figure 11: How would you describe the company's level of investment in its e-commerce search function / Conversion Rate?
Base: All respondents (900)

Using search



Without search



■ We have not yet invested in our site search ■ We have under-invested in our site search ■ We have adequately invested in our site search ■ We have over-invested in our site search

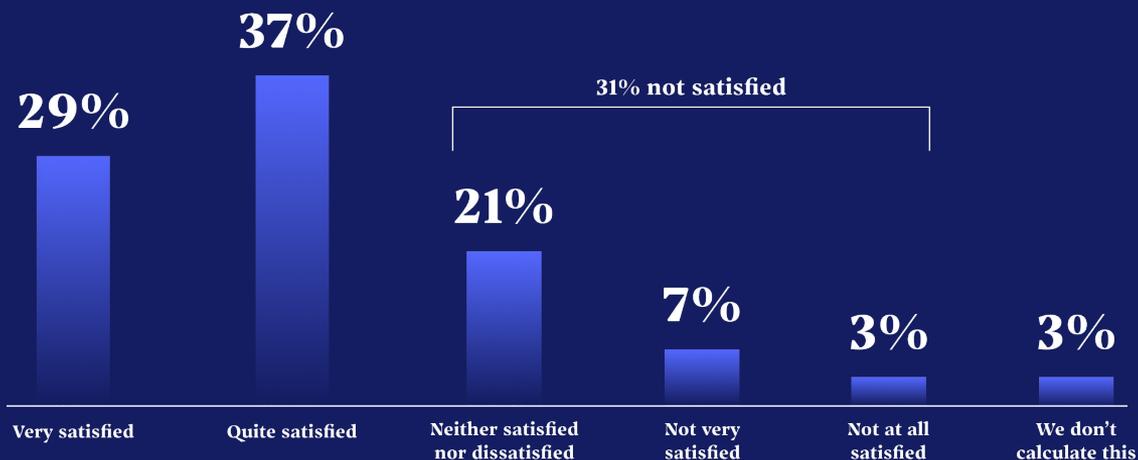
And yet... retailers aren't happy with their current search

Despite increasing investments in Search, 3 in 10 (31%) of businesses are not satisfied with the revenue they are achieving from their current Search – strongly indicating the need for improvement.

Clearly current solutions are not yet “fit for purpose” and retailers are losing potential revenues through a poor user experience.

Figure 12: To what extent are you satisfied or dissatisfied by the revenue which you directly achieve via search?

Base: All respondents (900)



What to invest to elevate your search experience?



How much are retailers investing or planning to invest in search

Retailers recognize a wide range of benefits from their Search. These are reflected in the different factors driving the intent to invest more; it's no surprise that the biggest driver is to help shoppers find products quickly (62%).

Retailers also recognize that the ability to compete more effectively is one of the top reasons (55%) for investing in Search.

Figure 13: What are the reasons for the intended increase in investment levels?
Base: Respondents experiencing an increase (392)

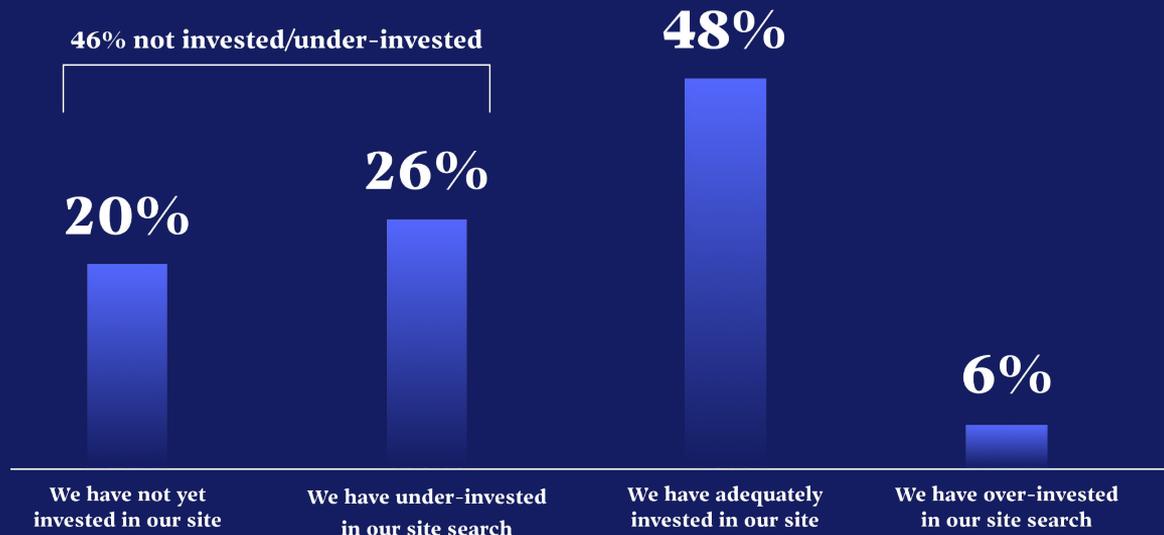


How much are retailers investing or planning to invest in search

It is interesting to note that 46% of businesses have either not yet invested in search, or feel they have under-invested to date and therefore run the risk of failing to meet customer needs.

Figure 14: How would you describe the company's level of investment in its e-commerce search function?

Base: All respondents (900)

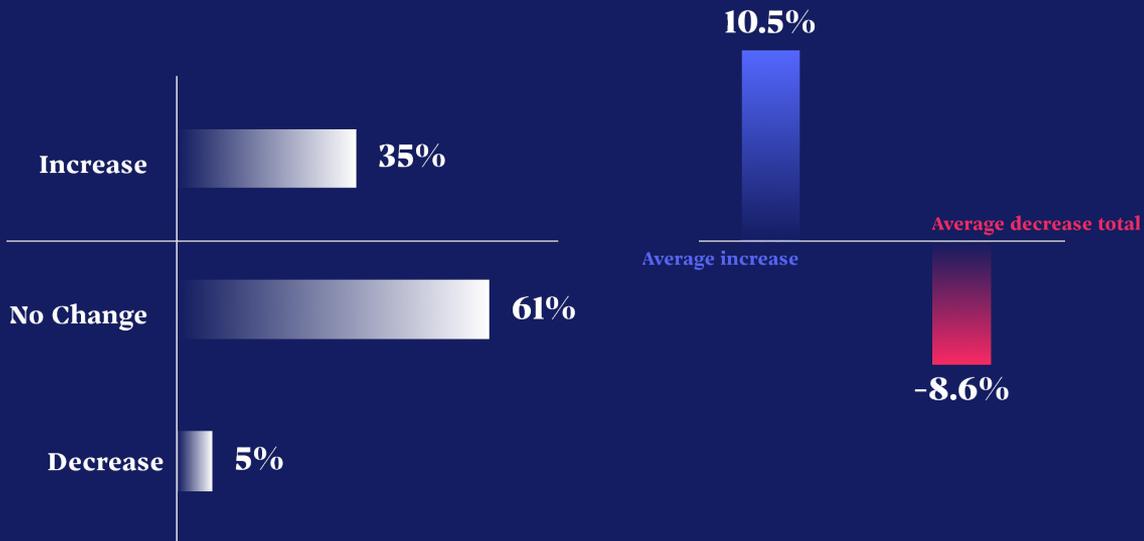


How much are retailers investing or planning to invest in search

On a positive note, retailers recognize the need for investment in search.

More than a third (35%) will increase their investment in the next 12 months, with an average increase of 10.5%.

Figure 15: By approximately how much will your company's investment in search function change in the next 12 months compared to the previous 12 months?
Base: All respondents (900)



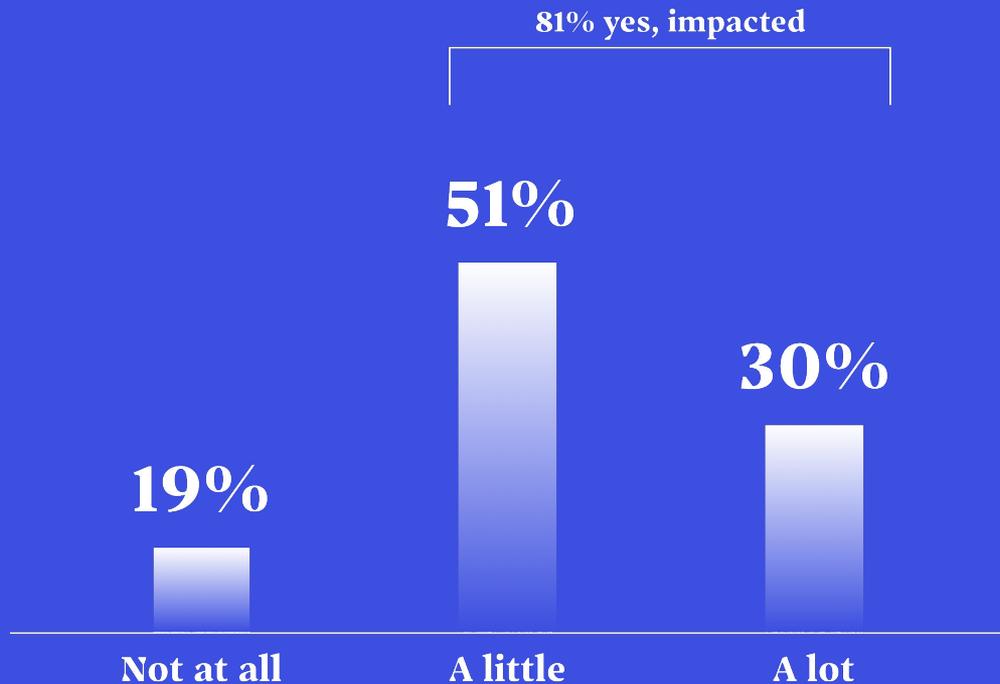
How much are retailers investing or planning to invest in search

The retail sector responded positively to the COVID-19 pandemic, with businesses generally recognizing the role that e-commerce was to play. In fact, 4 in 5 (81%) advanced their search functionality during the pandemic as more and more people made their purchases online.

Looking ahead at the next 12 months, further increases to investment levels are expected, with 44% of businesses saying they will increase search spend, at an average of 8.9%, highlighting how important improved search functions are to the market.

Figure 16: How much, if at all, did Covid-19 impact your decision to advance your search function?

Base: All respondents (900)



How much are retailers investing or planning to invest in search

The sector is expected to go from strength to strength and 'post pandemic', 4 in 5 business (81%) said that in general they will invest more in e-commerce over the next 12 months.

Figure 17: With the world opening up 'post-Covid-19', compared to the last 12 months, will you invest more in e-commerce over the next 12 months?

Base: All respondents (900)

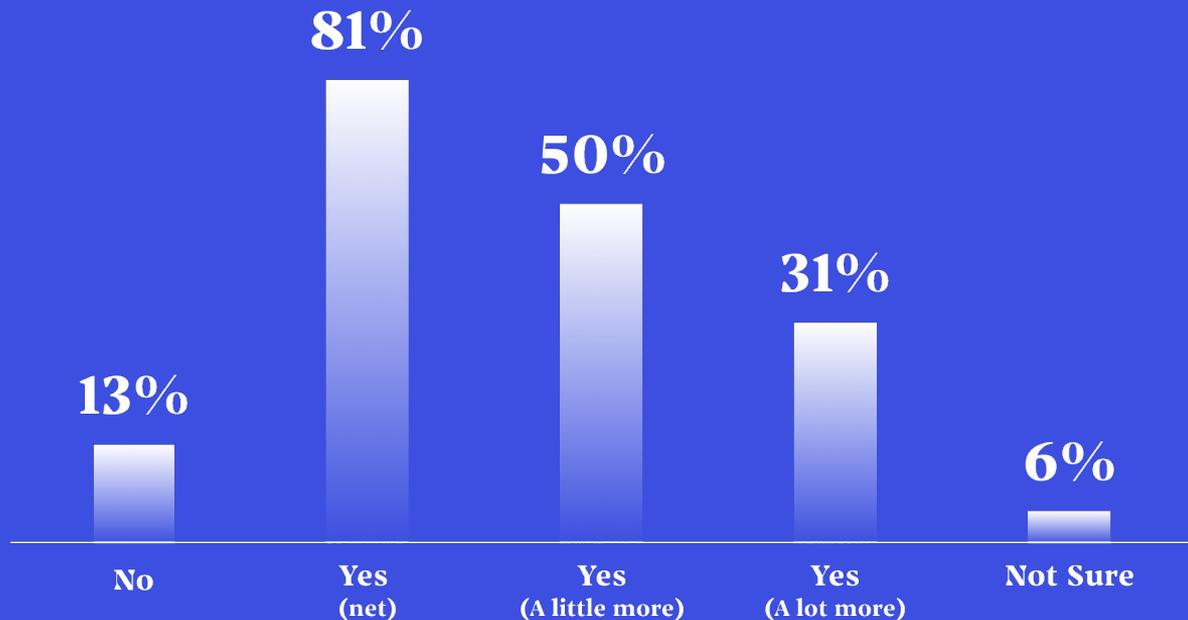
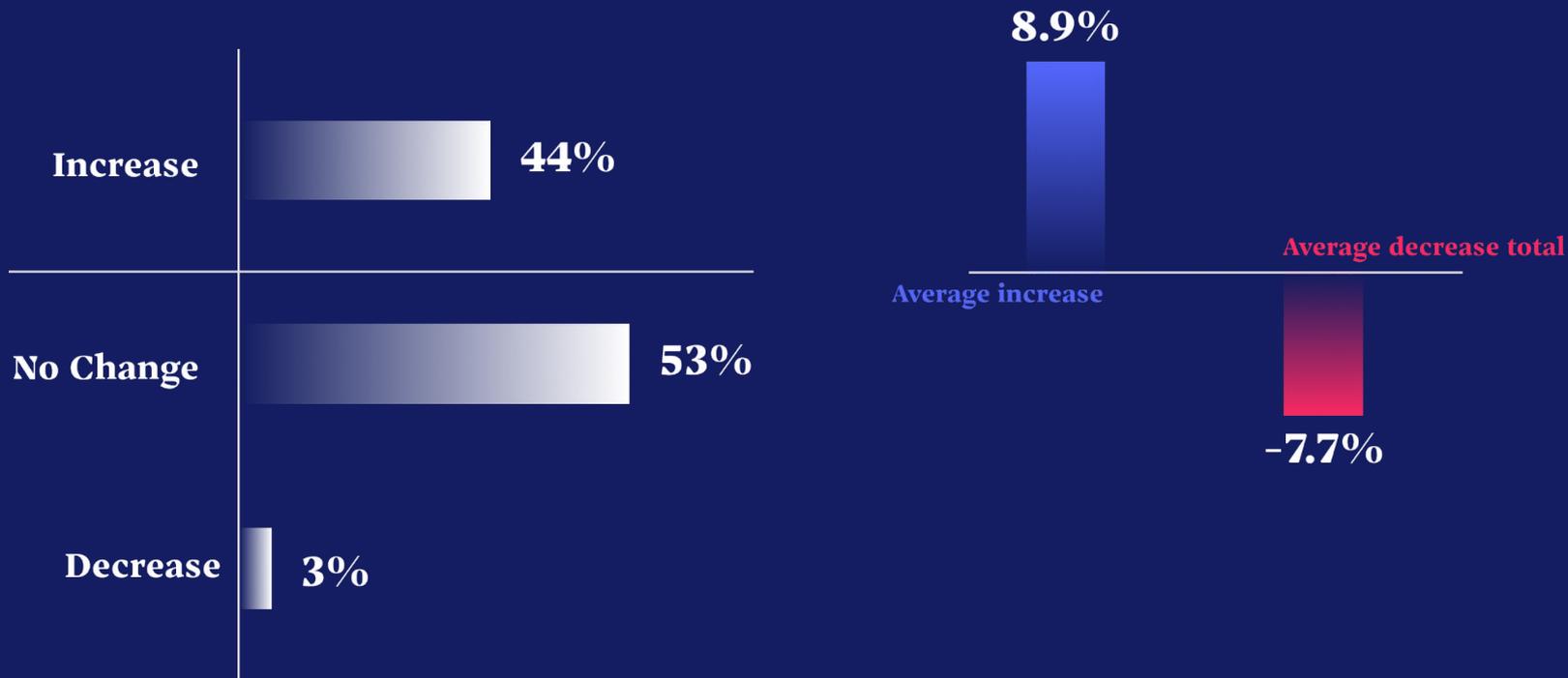


Figure 18: By approximately how much has your company's investment in site search function changed in the past 12 months compared to the previous 12 months?

Base: All respondents (900)



Investing in a team is as important as investing in technology

The higher the business's conversion rates (with or without search), the greater the number of employees and functions involved with the search. That's because search is never a "set it and forget it" function. Retailers, and especially Merchandisers, must constantly iterate on the marketing rules, as well as the front end, customer experience, to serve the optimal offerings and adapt quickly to changing market conditions.



Figure 19: How many people in your company are involved in supporting the e-commerce search and discovery experience?
Base: All respondents (900)

Developers/engineers

■ Using search

■ Without search

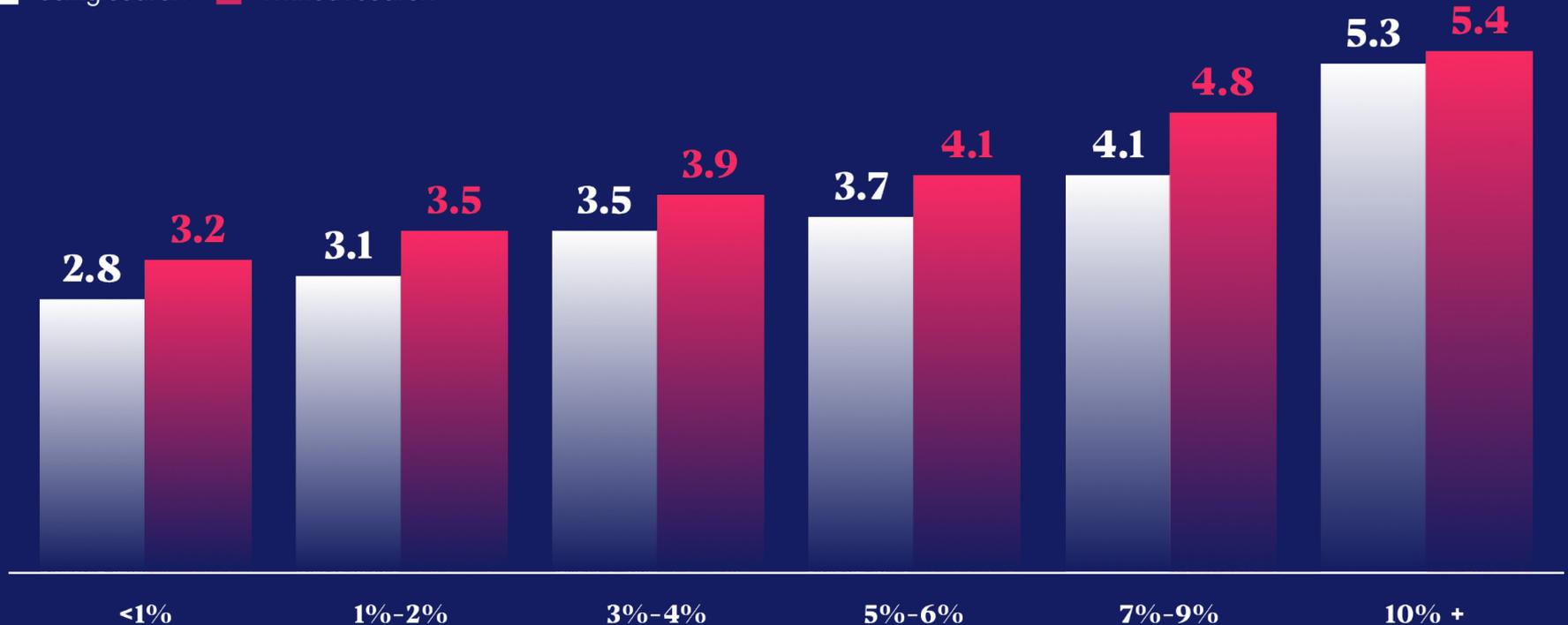


Figure 20: How many people in your company are involved in supporting the e-commerce search and discovery experience?
Base: All respondents (900)

Business people

■ Using search

■ Without search

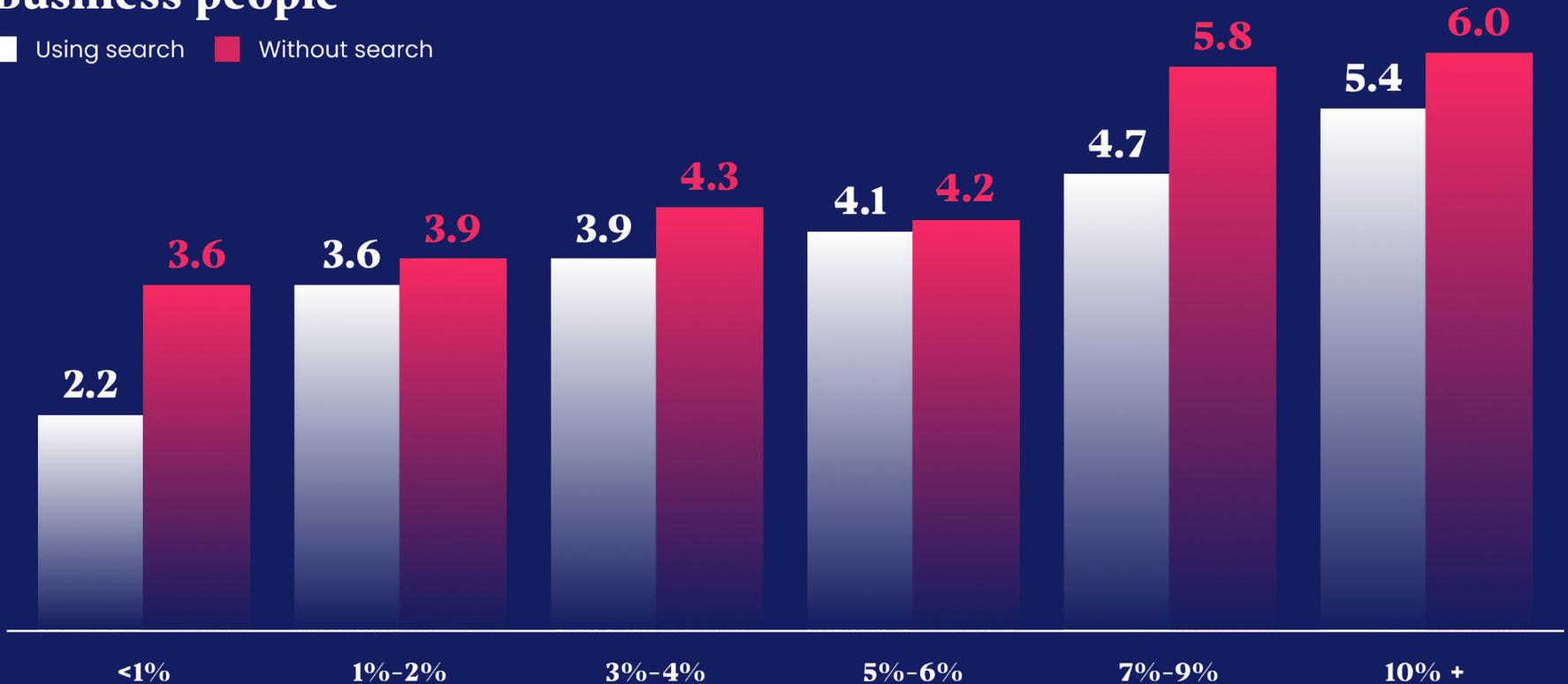
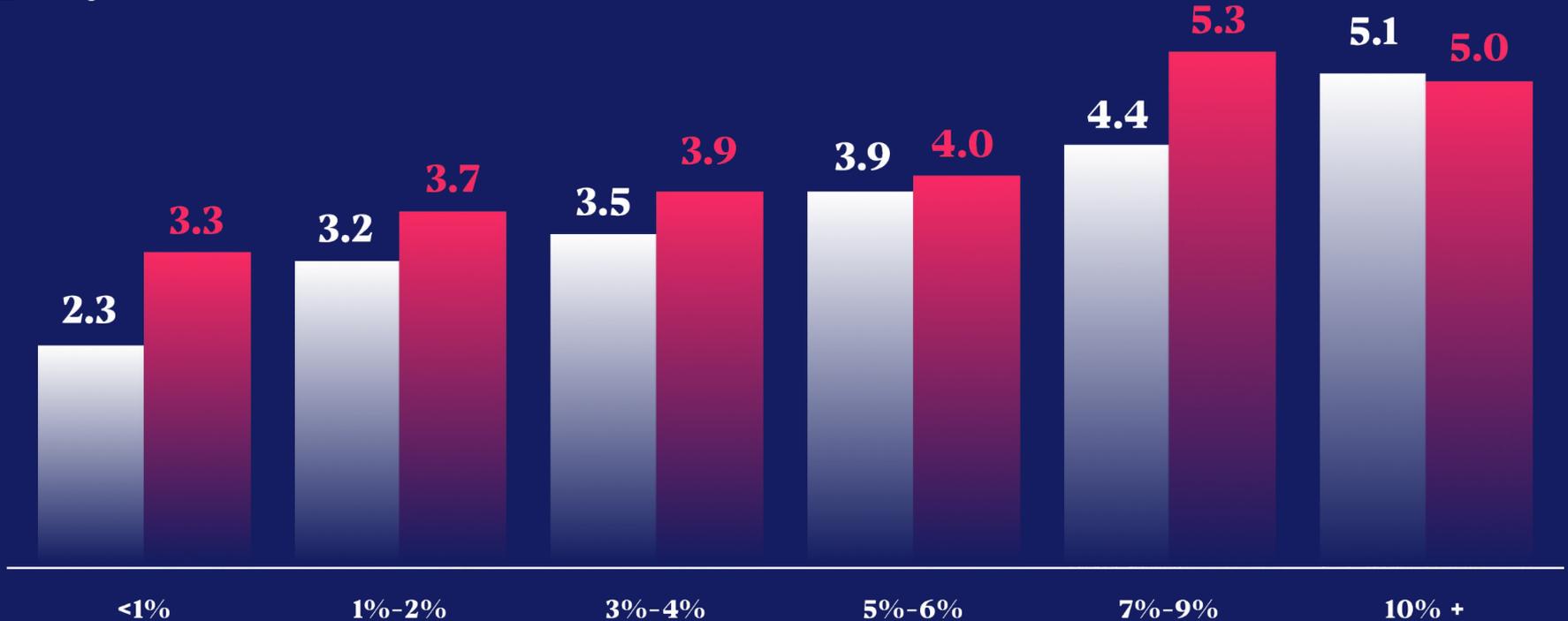


Figure 21: How many people in your company are involved in supporting the e-commerce search and Discovery experience?
All respondents (900)

Product people

■ Using search ■ Without search



Preparing for tomorrow

Retailers planning to invest in digital commerce search need to keep an eye on key trends that will impact the requirements of those technologies over the next few years. It is essential that they can quickly implement an experience that meets or surpasses increasingly sophisticated customer expectations – coupled with the ability to quickly iterate and adapt the experience to market conditions.

Moreover, they cannot wait for shoppers to come to them, they have to seek out their shoppers and meet them where they are. All while keeping in lockstep with the mounting regulatory environment and growing pressure on personal data.



The case for headless & API first technologies

Companies are under increasing pressure to not only rapidly innovate, but constantly iterate too. At the same time, consumer expectations are increasing (with ‘instant gratification’ being the standard) – customers expect that retailers “know them” enough to be able to present them with the right experience at every digital touch point. However, building this type of experience is hard.

First, building these experiences relies heavily on Developers to build them, and Developers are in high demand and expensive. Second, developers have historically had to “build from scratch” using a collection of open source technologies that you need to host, maintain and scale.

The bottom line is the old ways of either building software or buying software to differentiate a business no longer applies in today’s environment either because they’re too slow, or because they create an experience that is the same as everyone else.

The net result is that a new generation of API-First companies are arising and providing a better option – an option that provides Developers a “jumpstart” using building blocks to create their apps.

Retailers are beginning to take a competitive approach to the advancement of their Search and Discovery capabilities and they are seeing the results. Respectively 49% and 42% of respondents recognize that a headless architecture generates time savings and faster time to market, while improved services (56% of respondents) and ease of integration (47% of respondents) are also key benefits associated with an API first approach.

While 90% of retailers think that the fit of their search technology to a headless architecture is critical or somewhat important, and yet only 23% think that the fit of their search solution in a headless architecture is ideal.

Appendix



Appendix

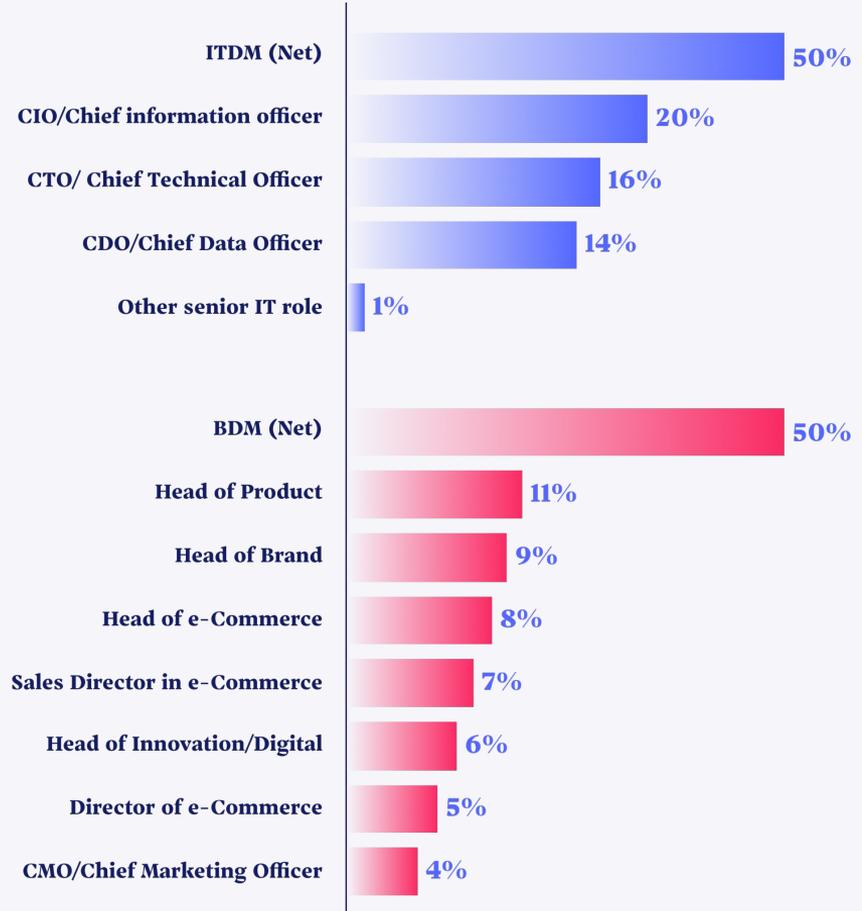
Research Methodology

Surveys were administered via an online methodology between 16th June - 15th July 2021.

Participant profile

Participants were all employed by Retail businesses with well-established e-commerce platforms and an annual revenue of \$100m+. They were decision makers for search in their business and were either in a technical or business role, holding the following job titles:

Figure 22: Which of the following is closest to your job title?
All respondents (900)

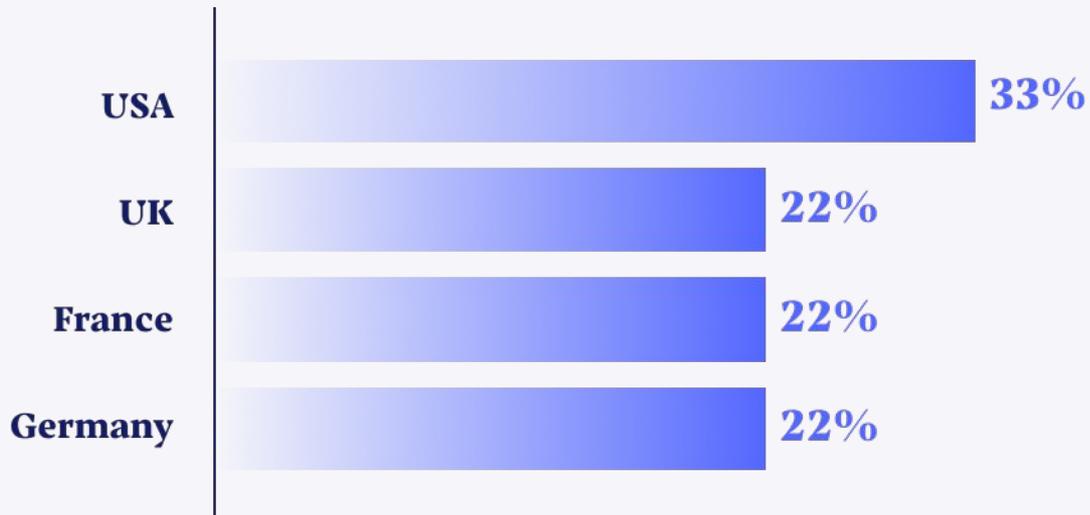


Appendix

Surveyed markets

Research was conducted amongst businesses headquartered in the US, UK, France and Germany, with the following sample breakdown by market:

Figure 23: Which country is your company headquartered in?
All respondents (900)



What's next?

Congratulations! Thanks to the learnings of this report, you're already one step closer to differentiating your business from your competitors. You can now decide to **try Algolia**, or get in touch with our sales team to **get your very own personalized search audit** and learn more about your opportunities of improvement.

[Get your personalized audit >](#)

[Open a free trial >](#)

