

# Ecommerce Site Search Trends 2023

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## EXECUTIVE SUMMARY

Throughout the last two years of the Covid-19 pandemic, ecommerce and retail business leaders have had to race to meet demand. First, there was a massive rush to fulfil the surge in online business, then as restrictions relaxed, a shift to more robust hybrid (also referred to as omni-channel or multichannel) operations such as “buy online pick up in store” (BOPIS). With global inflation rates climbing and recession looming in 2023, it’s hard to know exactly where commerce is headed.

However, what is clear from our findings is that search and discovery has delivered strong revenue results. In fact, more than 50% of people surveyed point to search as a strong revenue driver, and 71% reported they were either satisfied or very satisfied with search-generated revenue

so far. Not only did companies accelerate their investment in search technology for the last two years running, but 7.8% said they’re planning to expand even more.

Search and discovery impact more than just revenue, as we’ll show over the next few pages.

## Search can have a big impact on revenue, personalization and overall customer experience too

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Yes, search can massively impact revenue, but there's more. Decision makers agree that other areas, such as personalization and customer experience, can be heavily influenced too. Personalization can drive repeat business and customer loyalty for new text & email, social commerce, and shopping cart personalization programs.

## Search technologies can help you impact your hybrid business

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Search tech has some interesting overlap with hybrid businesses (combination of physical retail and online ecommerce). More companies are experimenting with providing a fully integrated search experience where the online-search quality matches the in-store shopping experience. For example, customers could search online to find a product, exact quantity available, and its exact location — aisle and shelf — in the store. While it's still early days for hybrid businesses that want to leverage search, there's a ton of upside and innovation that's possible.

## Black Friday readiness

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For Black Friday readiness, both IT and business decision-makers noted that they wanted Search and Discovery technology to help them scale and automate labor-intensive workflows such as merchandising. Margins are thinner than ever. Companies need to maximize every product investment and the productivity of every staff member. Search technologies are built to scale, and new merchandising features promise smart capabilities for optimizations during special sales such as Black Friday.

## Omnichannel selling can massively impact data, personalization, and customer experiences

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Around half of the companies surveyed said they had implemented some flavor of omnichannel selling. Omnichannel requires a big effort, but can pay dividends for companies that can make use of the data. Search technology can leverage the data to provide a better, personalized customer experience as shoppers browse and navigate different sites.

## More than half of those developing Search in-house recognize that they can't evolve it fast enough

Is it better to build search capabilities yourself, use a search service (such as Algolia), or hire a systems integrator? According to the findings, both IT and business decision makers said they can't innovate fast enough in-house. By selecting a SaaS offering, retailers will benefit from a fast implementation and continuous updates and new functionality without disruptions.

**Sound overwhelming?  
Don't worry, you're not alone...  
and it's not too late to start.**

Around 50% of the companies surveyed say they haven't invested enough in these technologies. Even if they had, they don't feel they can keep up with technology changes. It's never too late to invest in cutting-edge technologies to extend your advantage, particularly with a provider that can offer the latest features and capabilities.

No doubt there are unexpected, global economic surprises that are still lurking for 2023. However, the ROI for search and discovery is very attainable. We hope this report provides the insights you need to put your own program into perspective and help guide your decisions for the next 12 months and beyond.

## INTRODUCTION

Coleman Parkes Research, in conjunction with Algolia, set out to understand current usage and utilization of product Search and Discovery technology in the Retail sectors, specifically amongst businesses which have large ecommerce platforms. Businesses were defined as 'Retail' where more than 50% of revenue is achieved via brick and mortar sales, and as 'Ecommerce' where more than 50% of revenue is achieved via ecommerce/online sales.

Product Search and Discovery is an integral part of the ecommerce customer experience. It is a powerful tool that unlocks conversion opportunities and leads to repeat business, drives loyalty and ultimately increases revenue.

The findings from this survey strongly indicate that whilst many companies understand the benefits that investment in advanced search technology, some are yet to fully unlock its potential and reap those benefits. The research indicates that strategic investment in search technology and personalization will be absolutely pivotal to companies' ability to meet customer demand going forward.

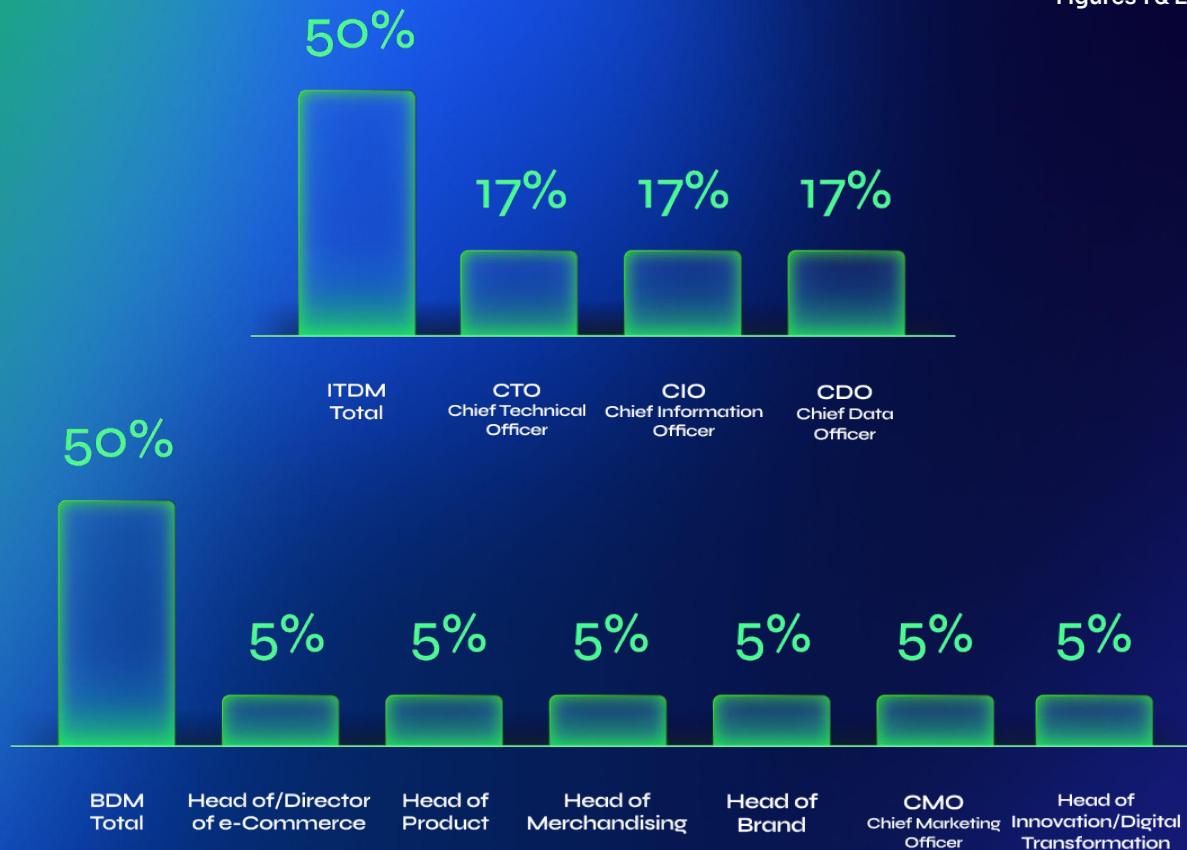
We surveyed **900 participants**. The sample comprised 450 IT decision makers (ITDMs) and 450 Business decision makers (BDMs). Four key markets were surveyed, with a total of 300 participants based in the US, and 200 in each of the UK, France and Germany.

– Coleman Parkes Research

# Key Findings

## Business Profiles

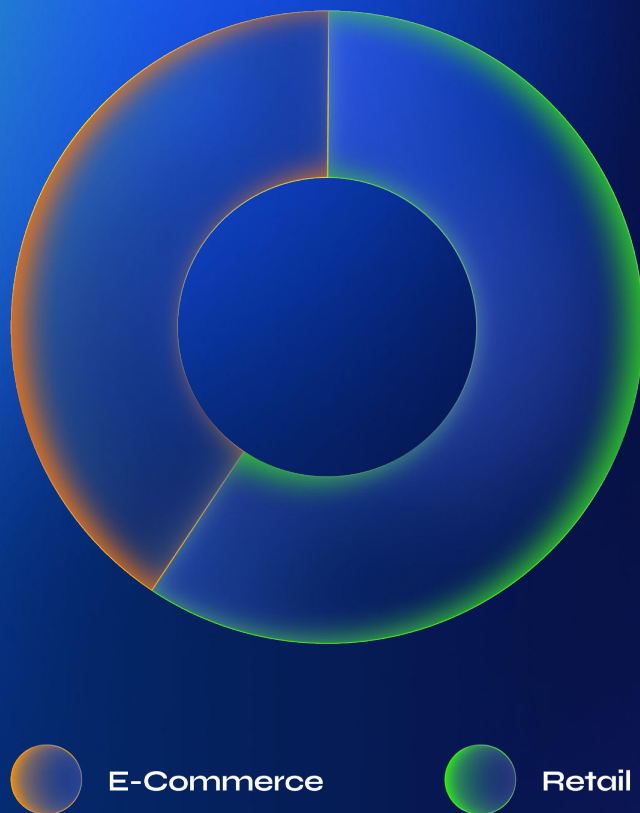
We surveyed both IT and business decision makers to get a more well-rounded perspective on ecommerce search maturity. ITDM (IT decision makers) job titles included CIO, CTO and CDO. BDMs (Business decision makers) included Head of Product, Head of Brand and Head of e-Commerce.



## Business Profiles

Just under 3 in 5 (57%) of businesses were 'Retail' and 2 in 5 (43%) were 'ecommerce'.

Figure 3





**Many businesses are  
yet to fully unlock the  
benefits of search.**

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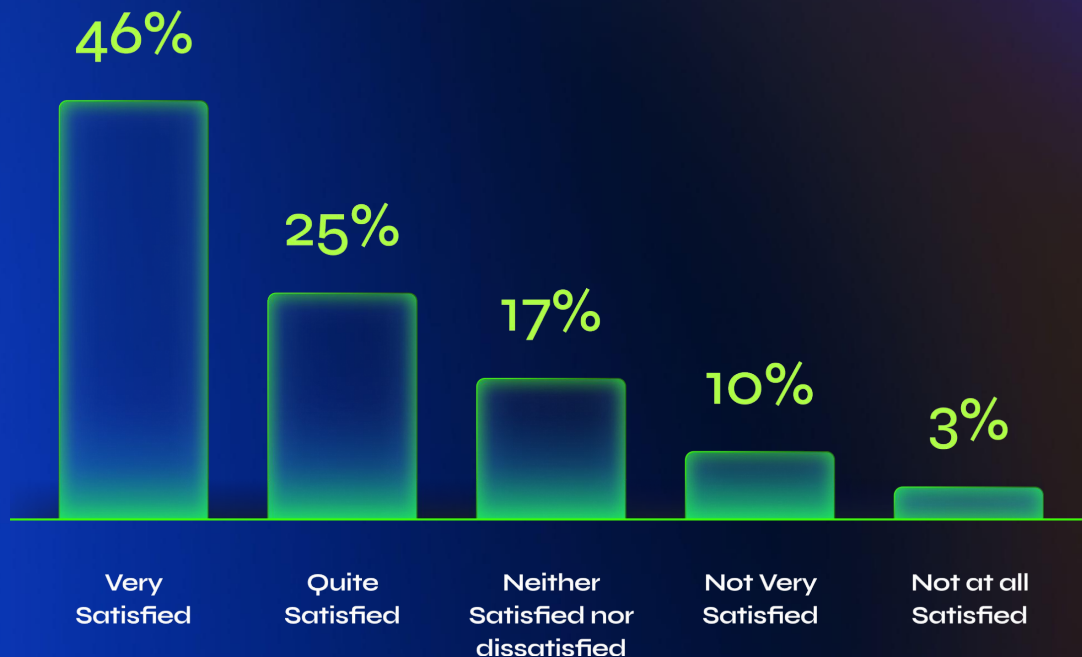
Figure 4: How would you describe the company's level of investment in its ecommerce search function?  
All respondents (900)



## Site Search Investment and Strategy

It is clear that many businesses are yet to fully unlock the benefits of search, with 47% saying that they have neither invested in search yet, or think they have under-invested. This represents a large proportion of the sector that have missed opportunities to improve customer experience and drive an increase in revenue.

Figure 5: To what extent are you satisfied or dissatisfied by the revenue which you directly achieve via search? All respondents (900)



## Site Search Investment and Strategy

The case for increasing investment in search is laid bare with a very simple stat — 7 out of 10 (71%) businesses who have implemented more sophisticated search capabilities report that search has helped to drive revenue. In fact, nearly half (46%) say they are very satisfied.

Figure 6A: 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? All respondents (900); Figure 6B: By approximately how much will your company's investment in site search function change in the 12 months compared to the current 12 months? All respondents (900)



## Site Search Investment and Strategy

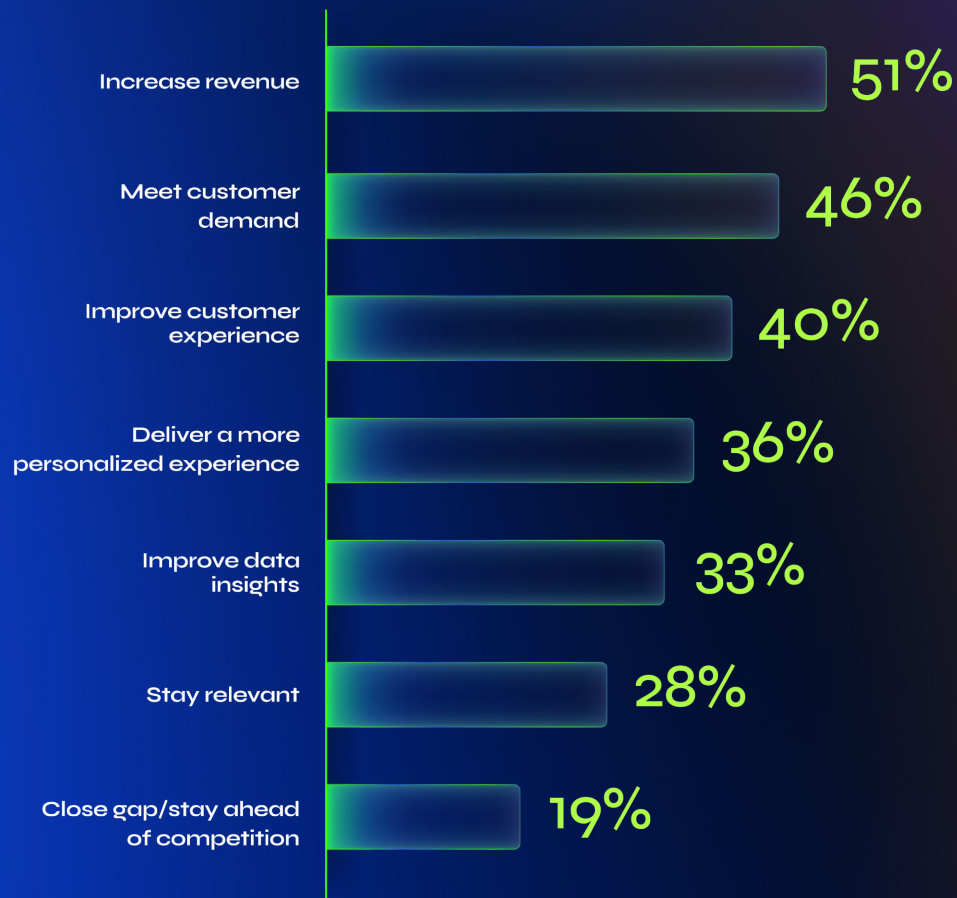
Investment in search continues to increase year on year, with over two in five (42%) of businesses investing more than previous 12 months than the year before; these savvy businesses recognise that in order to keep up with customer demand and drive ecommerce revenue, they need to commit to serious investment.

As an indication of the increasing recognition of the importance of staying up to date with search capabilities, an even larger proportion (45%) plan to increase their level of investment in the next 12 months despite early warnings of economic gloom in 2023 and a clear recognition that this technology will give them a competitive edge.

2022

2021

Figure 7: What were the driving factors behind search implementation within your business?  
All respondents (900)



## Site Search Investment and Strategy

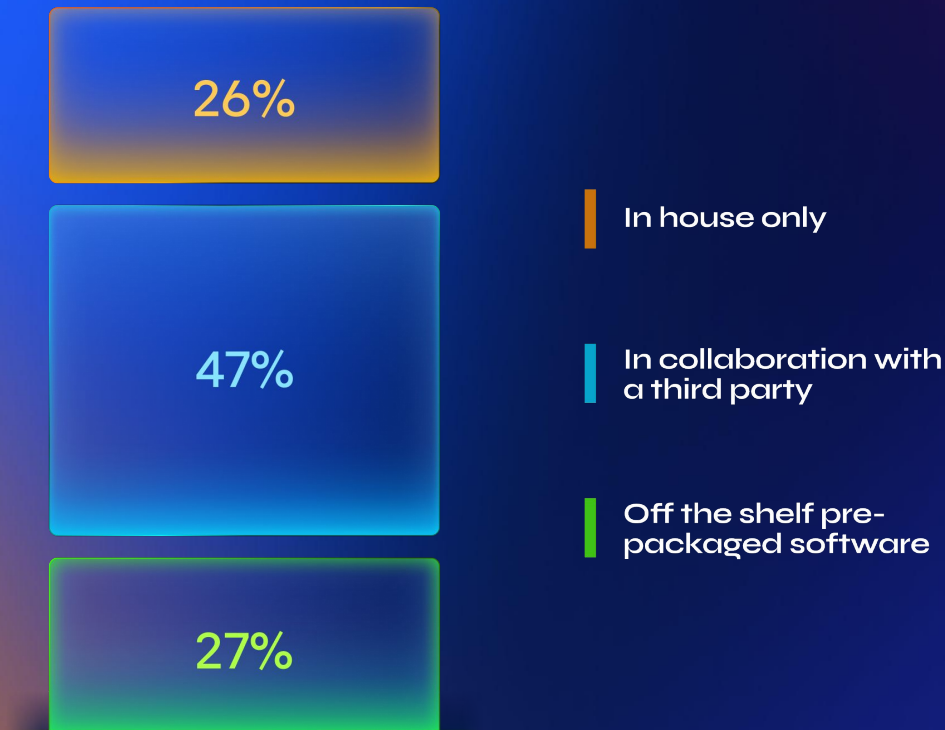
Revenue increase and meeting customer demand are the biggest factors in businesses' decision to invest in search.

**API search-as-a-service  
offers the same benefits of  
open source, but it's  
easier to implement and  
continuously updated.**

## Open Source, Outsourcing, and Search-as-a-Service

Companies can outsource search development, try to build it in-house with open source frameworks, or use a SaaS solution such as Algolia. Surprisingly, more than a quarter of businesses still opt to develop their search in-house with open source software, creating enormous challenges for themselves such as maintainability and keeping up with new features.

Figure 8: How have your search capabilities been developed? All respondents (900)



## Open Source, Outsourcing, and Search-as-a-Service

In-house development poses significant challenges. Over half of businesses conceded that they lack the ability to adapt to the latest trends fast enough, whilst 2 in 5 lack the expertise needed and over a third acknowledge a shortage of development staff. In-house development may look attractive from an initial cost outlay, however, it is clear that a large proportion of businesses have struggled with implementation for a multitude of reasons. By comparison, API search-as-a-service offers the same benefits of open source, but it's easier to implement and continuously updated.

Figure 9: What, if anything, did you find challenging about in-house search development? Respondents developed search capabilities 'in house only' or 'in collaboration with a third party' (660)

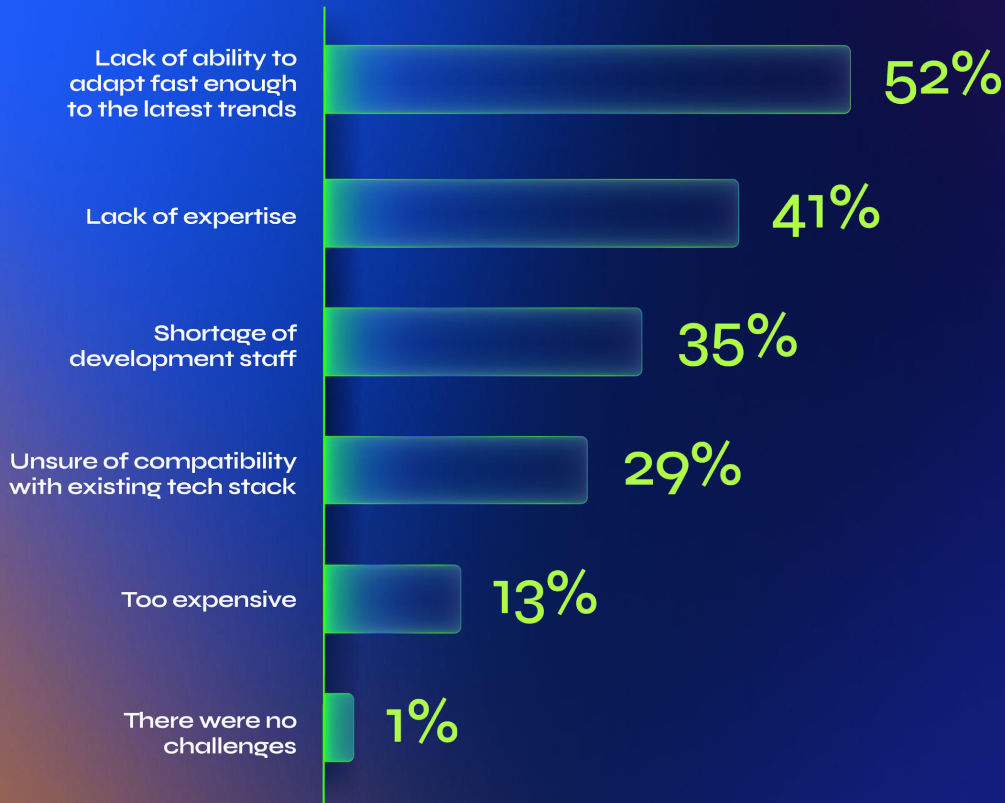
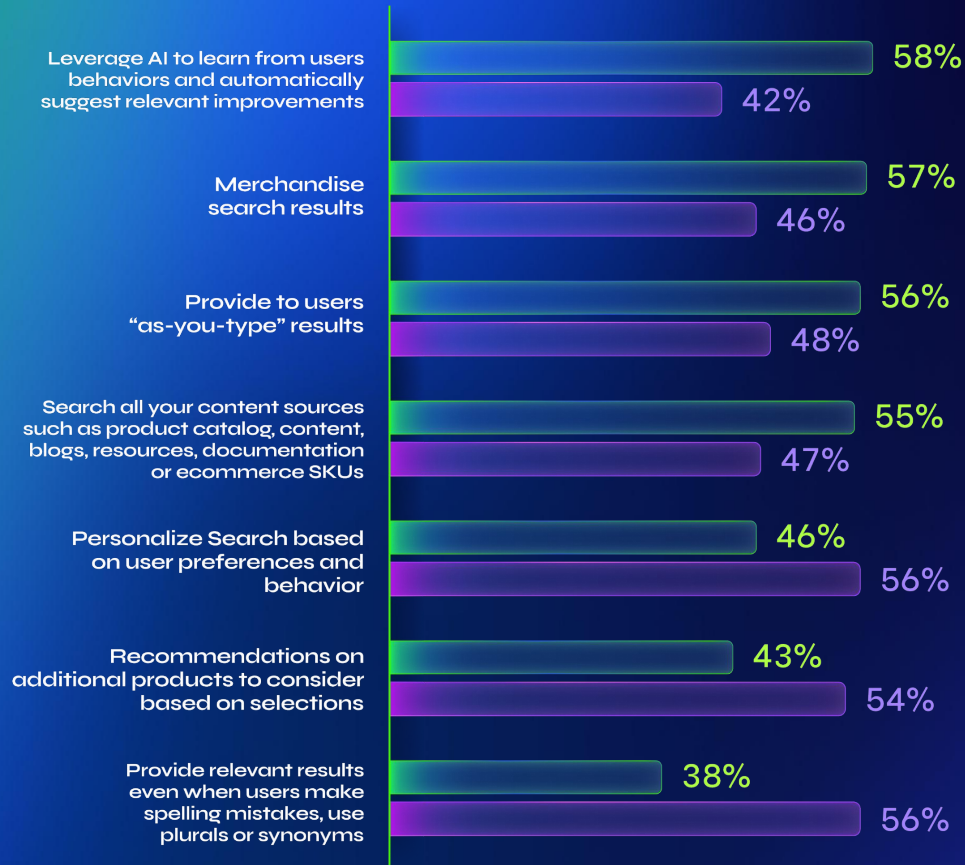




Figure 10: What impact have you seen, if any, from the following features having been implemented?  
Bases range between 365 – 462



## The Benefits of Search

The benefits of search are widely recognised by businesses that have already implemented those specific capabilities. Benefits are seen in the form of revenue increases, to increased customer loyalty and digital traffic. For example, 58% who are already leveraging AI to learn from user behaviors have seen an increase in revenue. 56% have seen a positive impact to repeat custom as a direct result of implementing personalized search results based on user preferences and behavior.



Revenue increase



Repeat customers/loyalty

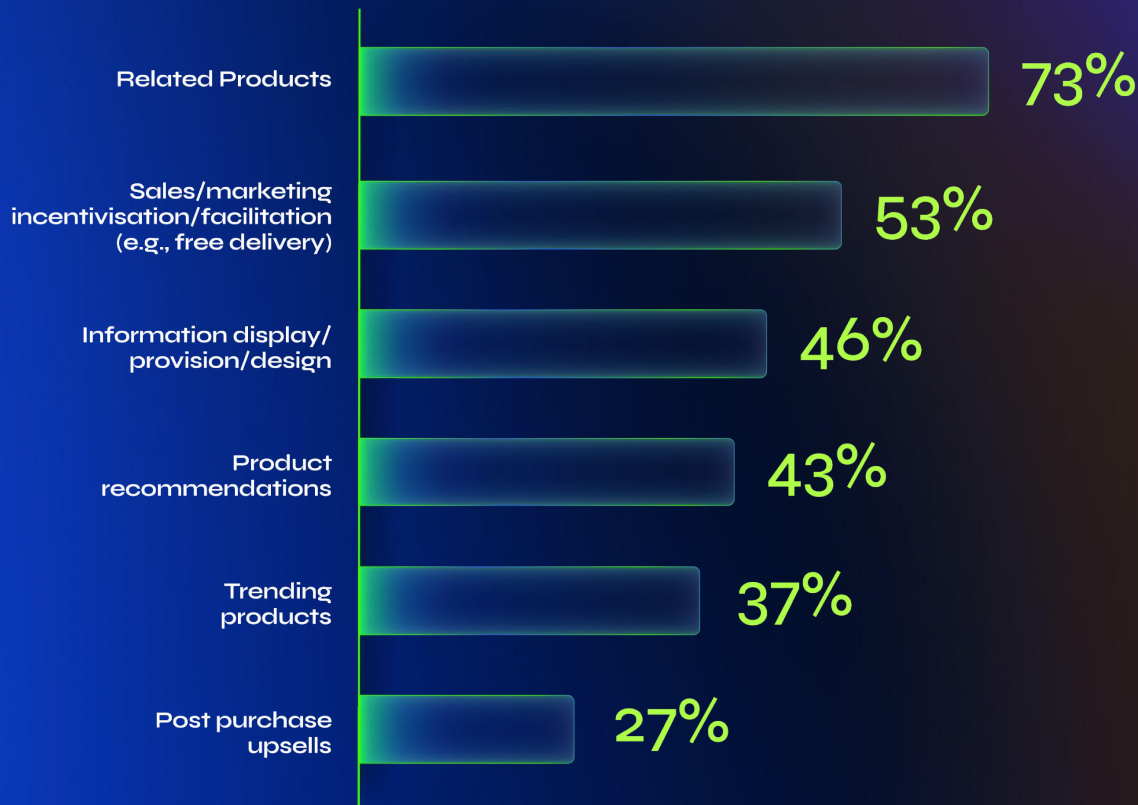
**More than 50% of people surveyed point to search as a strong revenue driver.**

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## Personalization

Personalization is a key component of the customer experience but there are many more features that could be introduced to maximize the potential return. Currently, nearly three quarters (73%) have implemented 'related products', this being the most common type of personalization. Only 53% have recognised the benefits of sales/marketing incentivization/facilitation (e.g. free delivery). Beyond this, less than half have implemented any other types of personalization.

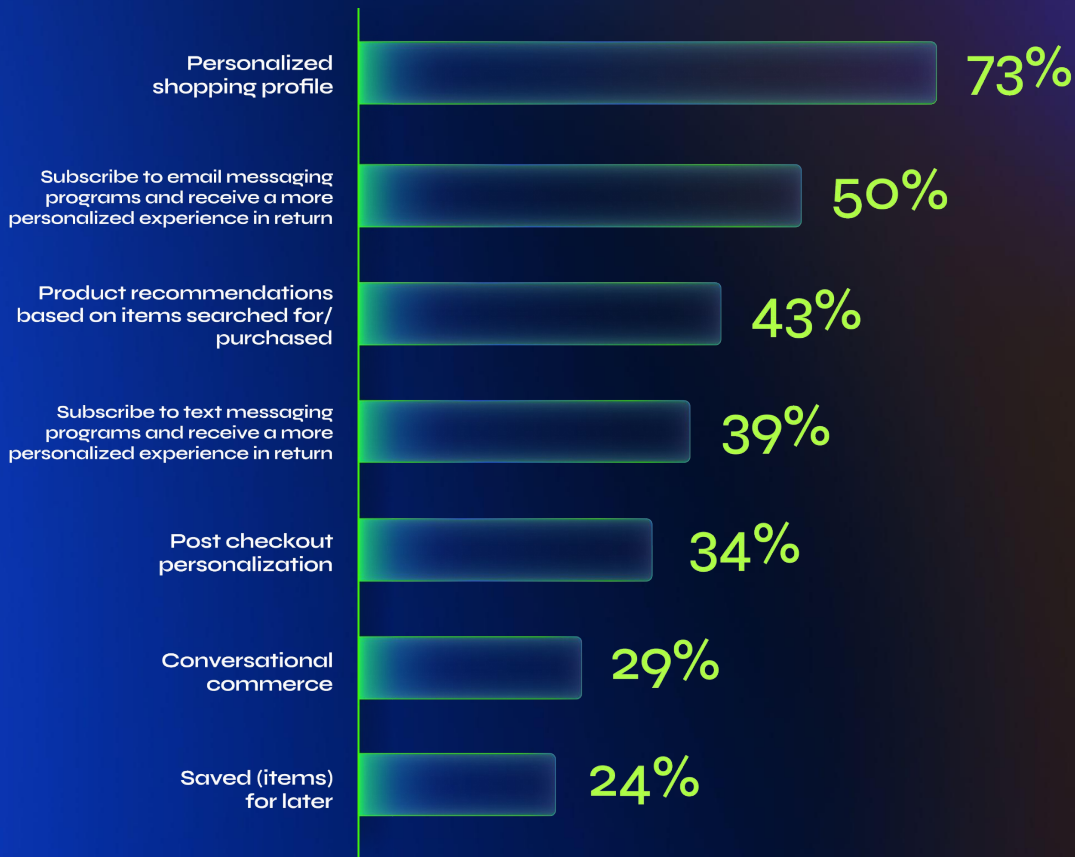
Figure 11: Which of the following types of personalization have you implemented, if any? All respondents (900)



## Personalization

In terms of the personalization experience, customers receiving a personalized shopping profile is the most prevalent offer (73%), followed by subscription to email messaging programs in exchange for a more personalized experience (50%). 43% offer product recommendations based on items searched for or purchased.

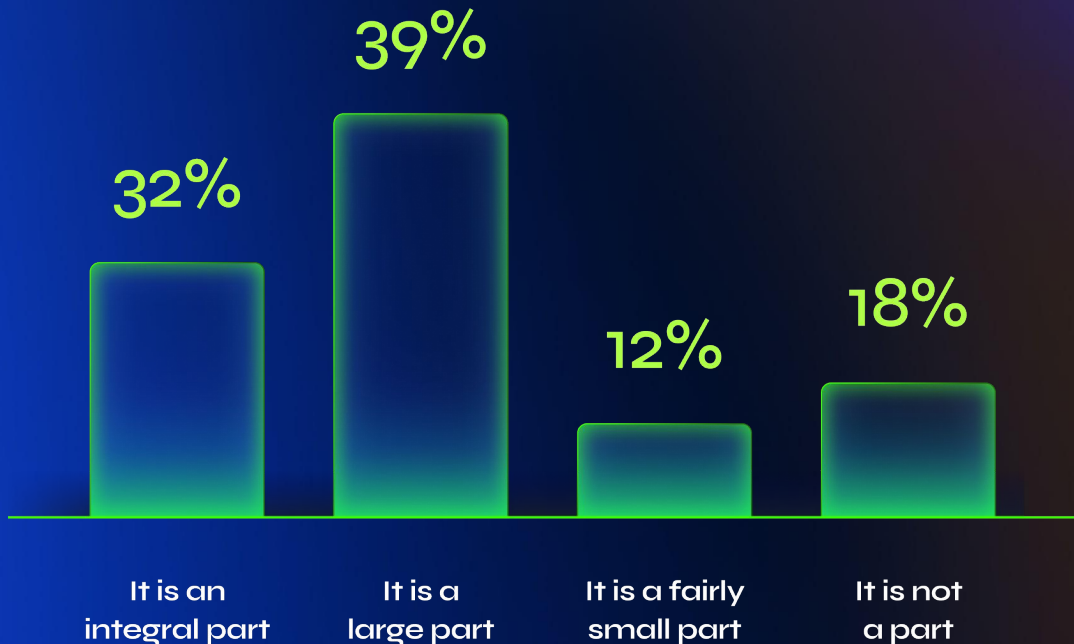
Figure 12: Which of the following types of personalization do you currently offer consumers? All respondents (900)



## Personalization

Personalization is integral to the future proofing of ecommerce experience. Businesses recognize this, with 7 out of 10 (71%) agreeing that personalization will be an integral part of their ecommerce strategy over the next year.

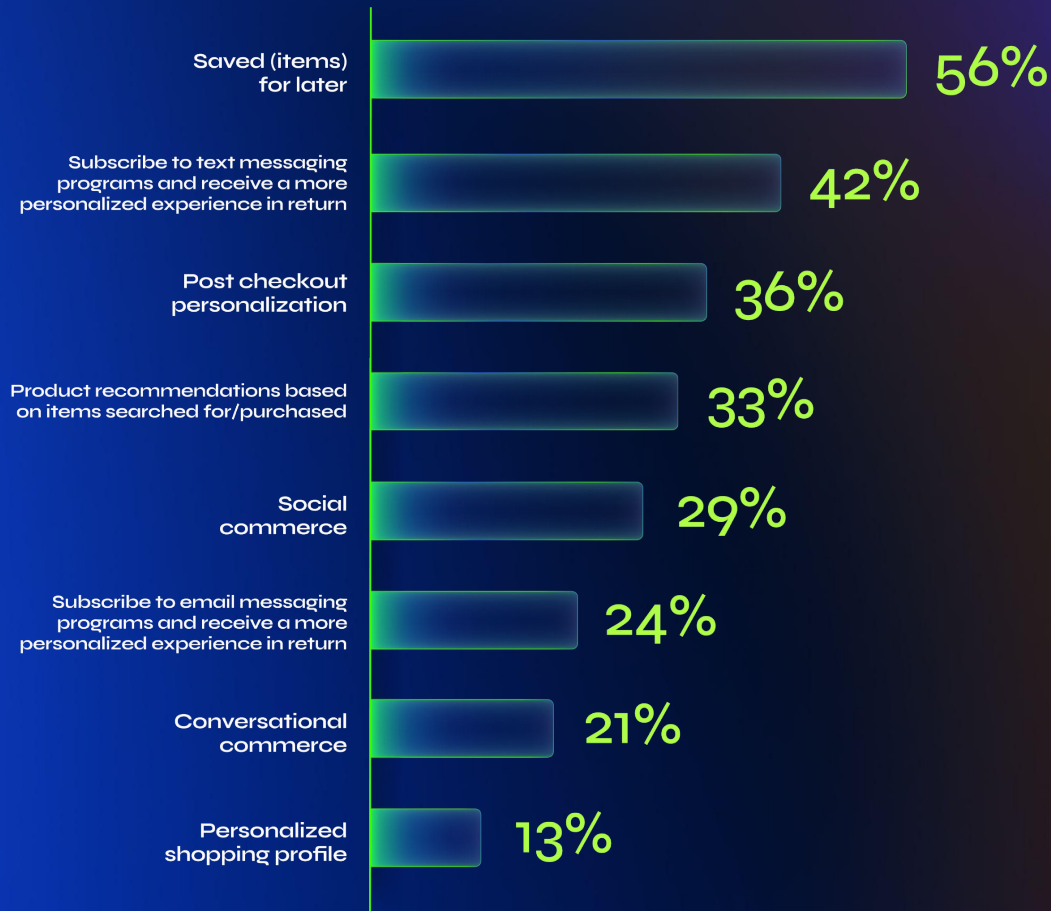
Figure 13: To what extent does personalization form part of your ecommerce strategy for the next 12 months?  
All respondents (900)



## Personalization

It is clear that savvy businesses are planning to stay ahead of the curve and meet customer demand with the implementation of a range of personalization types. Notably 56% are planning to implement 'saved (items) for later'. Text subscriptions are also high on the agenda with 42% planning to implement.

Figure 14: Which of the following types of personalization are you planning to implement?  
All respondents (900)

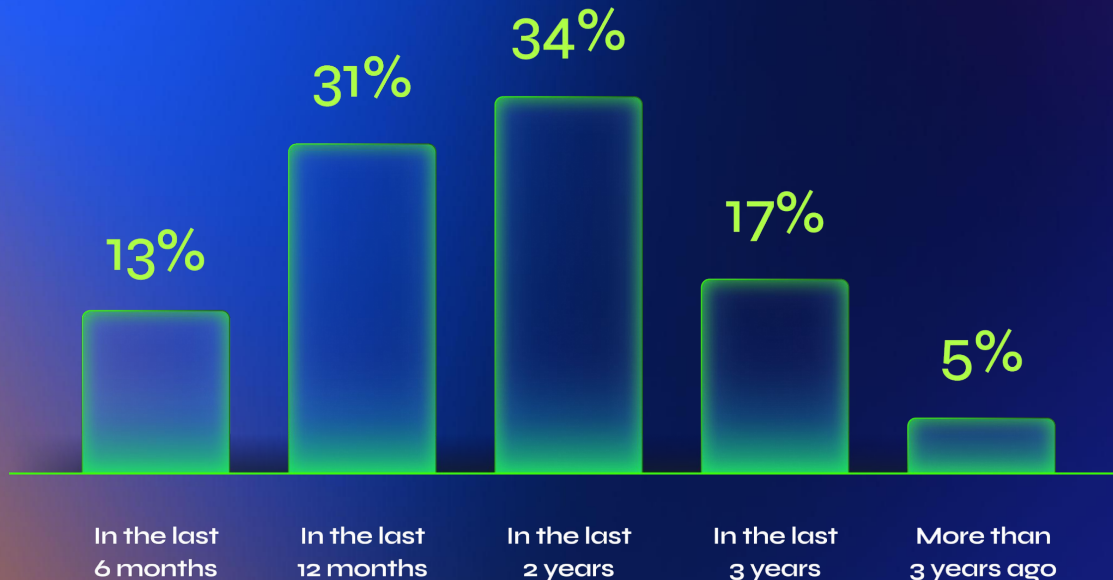


**Personalization is integral  
to the future-proofing of  
ecommerce experience.**

## Digital Strategy

Nearly 9 out of 10 (87%) surveyed businesses operate a hybrid retail model, having introduced this an average of 21 months ago. By hybrid retail, we mean companies who have a mixture of online sales alongside brick and mortar sales.

Figure 15: When did you introduce a hybrid retail model? All hybrid retail businesses (783)

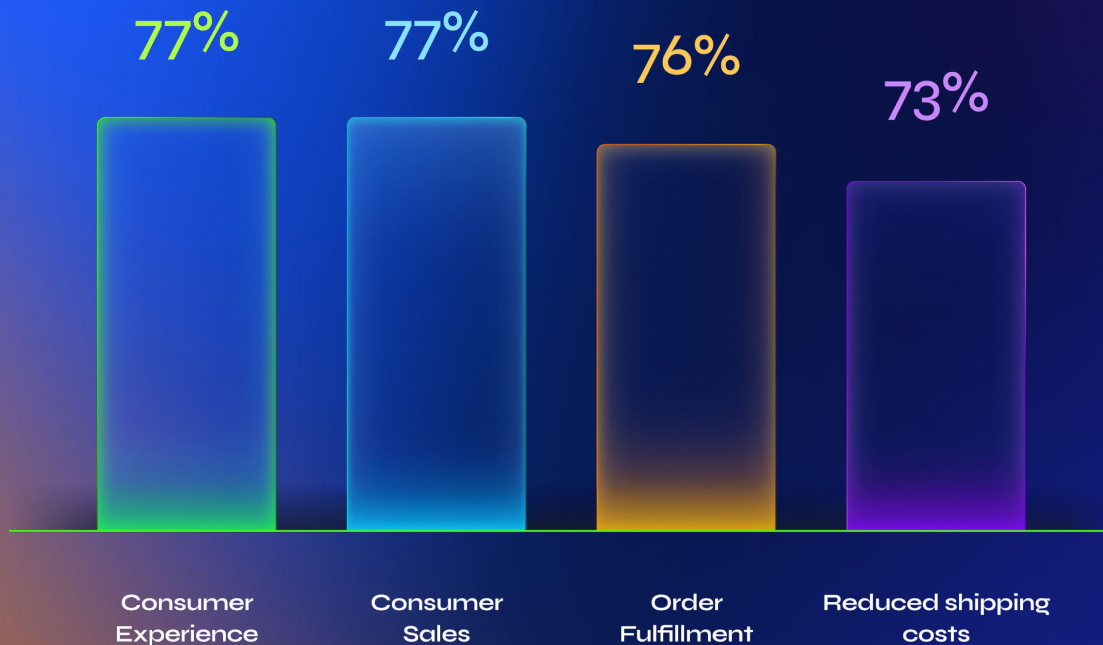




## Digital Strategy

There is much positive impact to be gained from the implementation of a hybrid model. Businesses who have already implemented this largely report positive impact on consumer experience, sales, order fulfilment and have also seen a reduction in shipping costs.

Figure 16: What impact, if any, have you seen in the following areas, since the introduction of your hybrid retail model? All hybrid retail model businesses (783)



## Digital Strategy

Half (49%) of businesses have implemented an omnichannel retail experience. This is clearly the direction the sector is moving in, with a further two in five (42%) considering implementing it.

Figure 17: Have you implemented an omnichannel retail experience? All respondents (900)

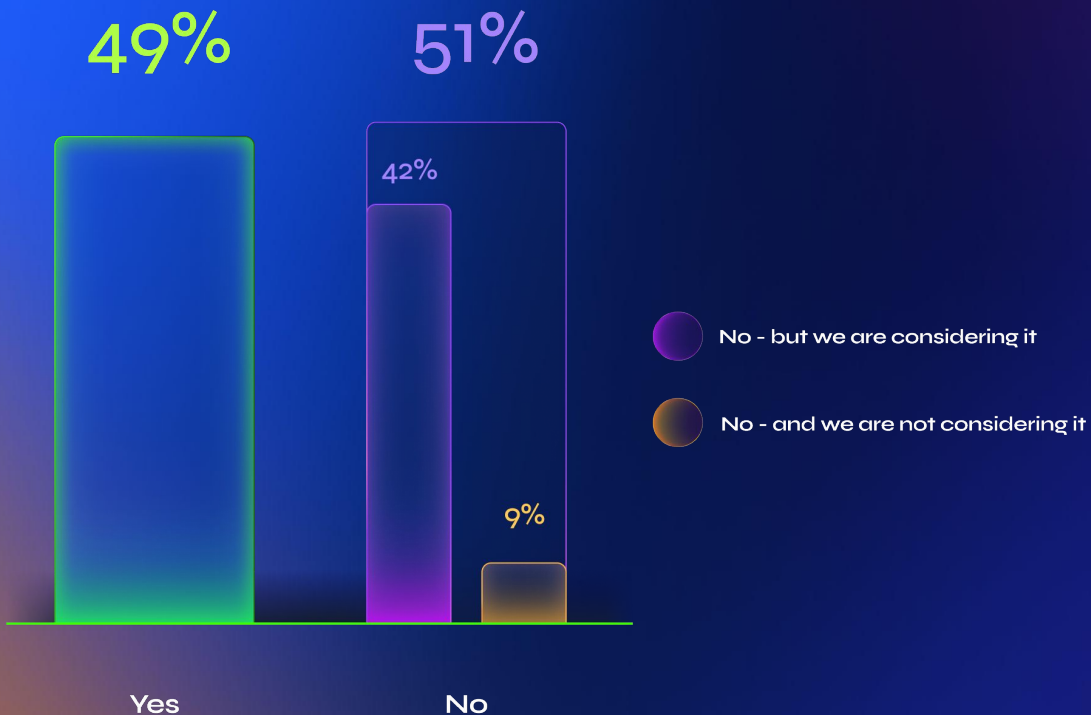
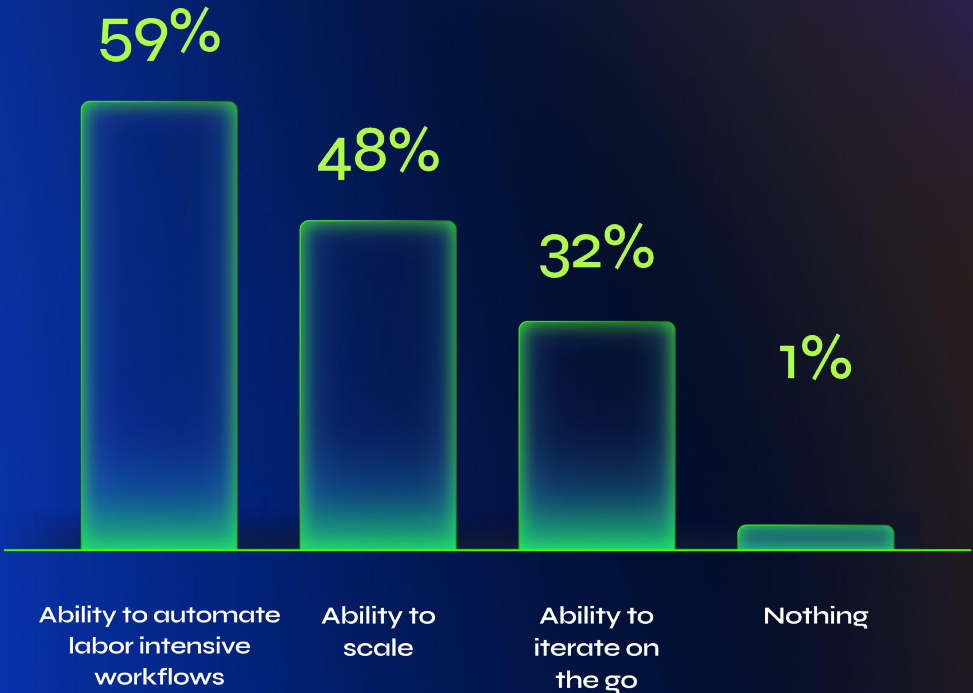


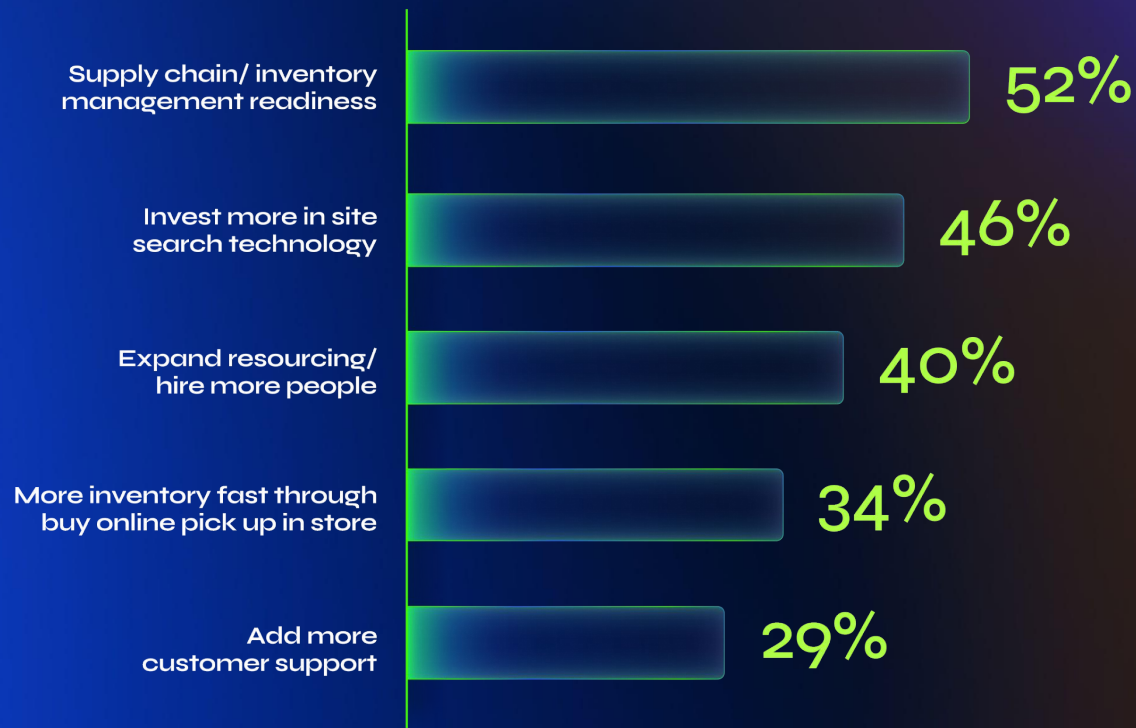
Figure 18: Thinking back to about the Black Friday period, what aspect, if any, would you like to fix so you would be more able to meet the challenges in the future? All respondents (900)



## Black Friday

Black Friday always throws up a lot of challenges and with hindsight there are a number of fixes that businesses would make to ensure smoother operations and to maximise return during this busy period. Most commonly, businesses report that the ability to automate workflows to relieve resource drain is something they would most like to fix, followed by their ability to scale up to meet customer demand.

Figure 19: How is your business preparing for the predicted increase in online consumer sales? All businesses that think online sales revenue will increase next Black Friday (543)



## Black Friday

In preparation for heavy Black Friday sales, an increase in technology investment is the second biggest thing that businesses have done to prepare, only behind supply chain/inventory management.

## CONCLUSION

Agile businesses that focus on providing excellent customer experiences for both online and offline consumers can expect to excel regardless of economic turbulence. Indeed, there are a lot of technologies and opportunities competing for attention. Companies need to pick and choose the ones that provide the greatest leverage while making use of previous investments. Search is one of those.

Those that invested in search in 2021 and 2022 continue to reap the rewards through increased customer loyalty, ability to meet demand and offer improved experiences and ultimately driving high levels of satisfaction with search revenue returns. There is tremendous upside.

There are more innovations for search coming, too, in artificial intelligence, recommendations, personalization, image search, and more, which will give retailers and ecommerce businesses a tremendous advantage in the years to come.

At Algolia, we're here to help you navigate through the complexity of search and discovery technologies and share best-practices we've seen among more than 17,000 large and small customers globally. Contact us to learn more.



# What's next?

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

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