



The State of Ecommerce in 2024:

Trends and Challenges

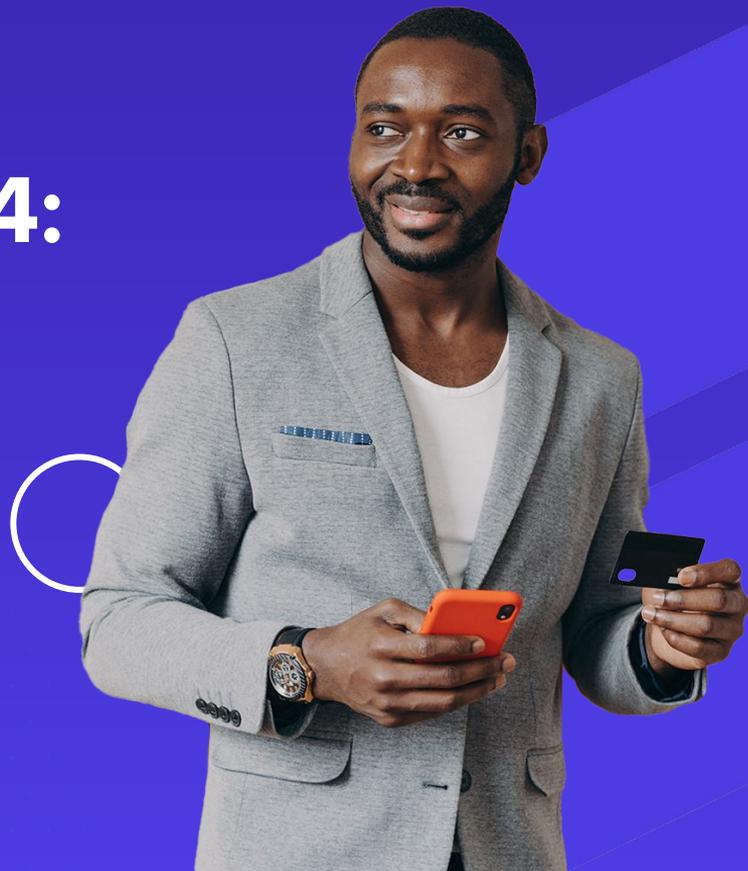


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Introduction

2023 was a year of change for retailers everywhere— especially ecommerce businesses. Between rapidly increasing competition, ongoing supply chain issues, and rising acquisition costs, one thing has become clear:

When it comes to running an ecommerce store in today's market, **the only constant...is the constant shift in shoppers' expectations.**

Even though there are more changes on the way in 2024 (more on that below), any ecommerce business can plan for success if they're armed with the right knowledge and tools. That goes double for small-to-midsize retailers who can quickly pivot to meet these new challenges head-on.



To help you prepare for the year ahead, we've collected insights from ecommerce professionals—including industry leaders, business owners, and everyone in between—on what worked in 2023, what didn't, and what predictions they have for 2024, including:

- Which strategic initiatives experienced the most growth in 2023
- The best channels for connecting with buyers
- Opportunities to be on the lookout for in 2024
- The biggest challenges currently facing ecommerce retailers
- Which marketing channels deliver the highest ROI
- The value of first-party and zero-party data
- And the growing importance of promotional shopping periods

Ready to take on 2024 with confidence? Let's jump in.

Responses to Searchspring's 2024 Trends and Challenges Survey were collected from ecommerce retailers across multiple industries, including apparel, beauty, wellness, and more. Please note that respondents were given the option to provide multiple answers to each question based on their specific business challenges. This means that, in most instances, the total percentage of responses adds up to more than 100%.

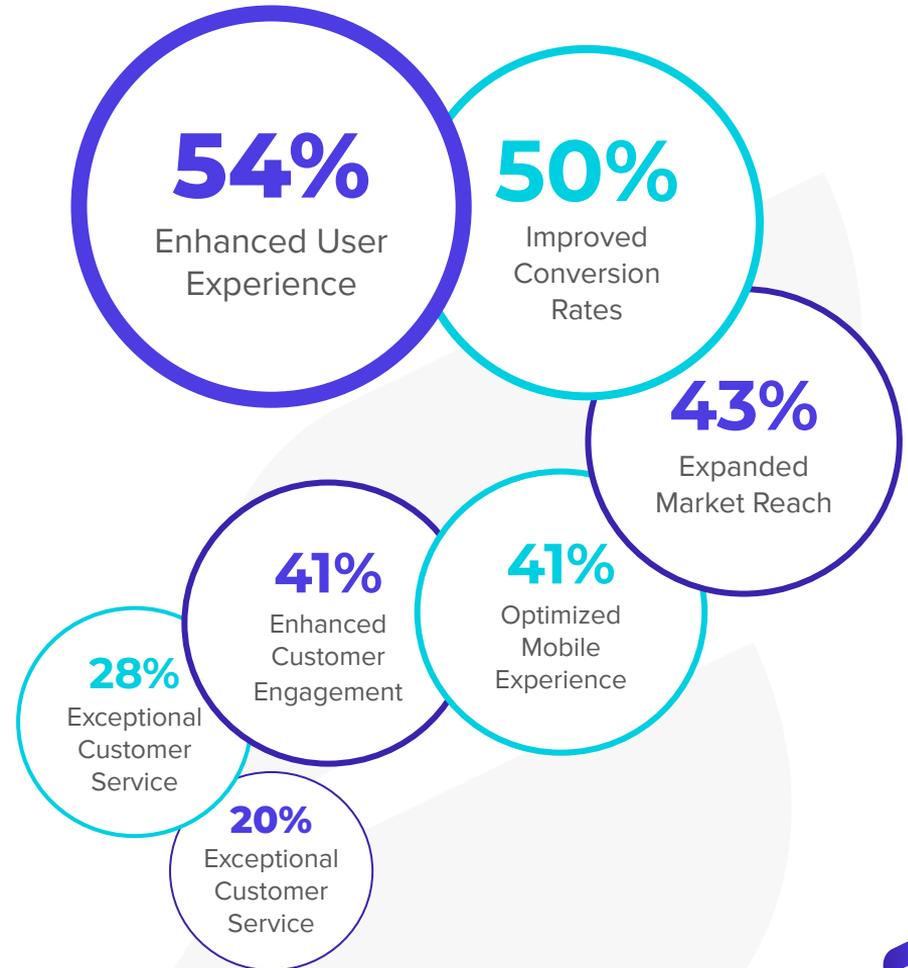


Looking back at 2023



Where did ecommerce retailers experience the most success in 2023?

Enhanced user experience was the area where ecommerce businesses saw the most success in 2023. That's a big win for retailers—especially when you consider that 35% of ecommerce sales are lost due to poor UX¹. Shop owners also reported positive results surrounding improved conversion rates and expanded market reach. However, the ability to implement effective personalization remains a challenge.



¹ Amazon Web Services

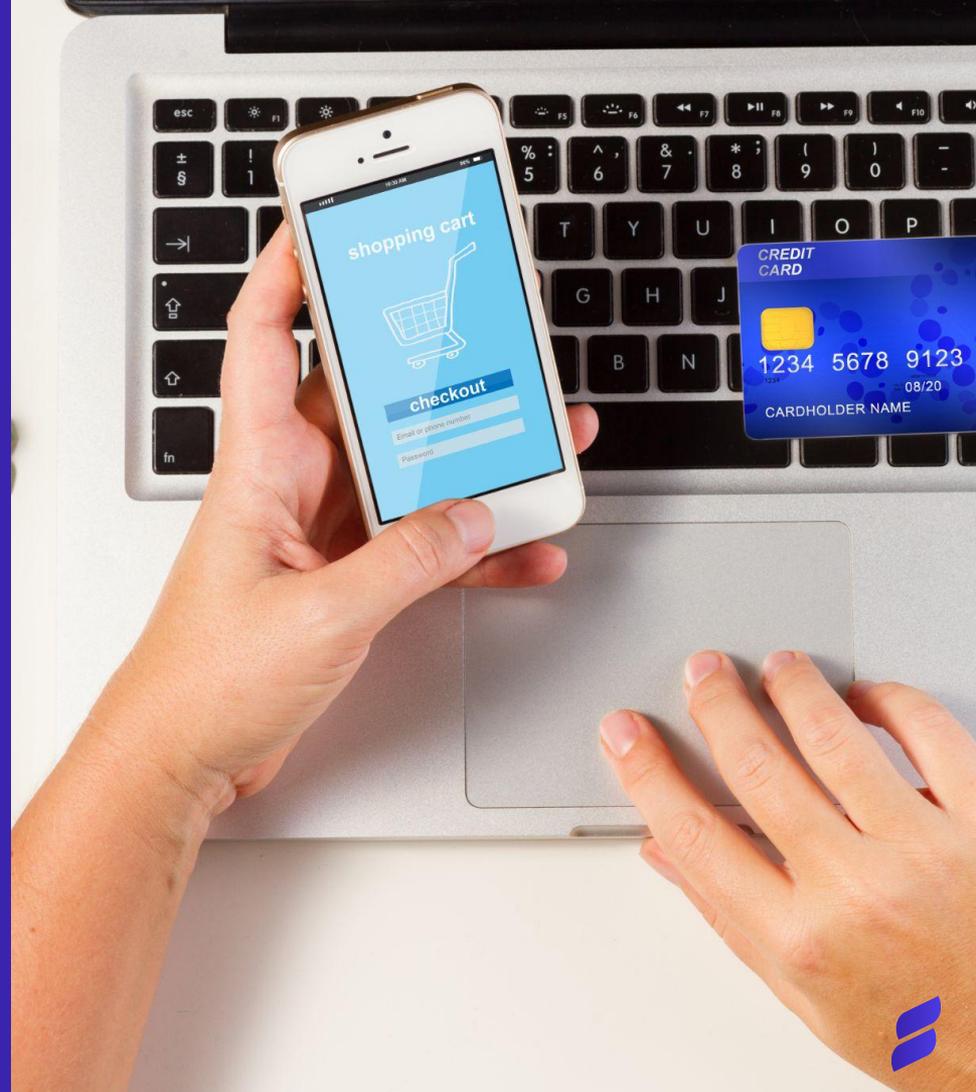


What this means for retailers:

Streamlining the buyer's digital journey remains a top priority for retailers looking to stand out from the competition while increasing average order value (AOV) and reducing cart abandonment. But there's still work to be done. While sites are seeing positive trends regarding user experience across desktop and mobile, the growing preference from buyers towards personalization should encourage merchants to invest in these solutions heading into 2024.

Need help providing personalized experiences? Searchspring's personalization suite lets you create powerful, unique experiences for your customers and engage with them to increase conversions and improve shopper loyalty.

[Learn more here](#)



What channels had the largest impact on business revenue in 2023?

Email dominated as the channel that had the largest impact on retailers' revenue in 2023, followed closely by paid advertising. Predictably, traditional channels such as television and radio lagged behind—along with SMS messaging.



What this means for retailers:

Email marketing continues to deliver the highest ROI for ecommerce businesses compared to other channels, with an average return of \$45 for every \$1 spent.² However, with recent announcements from both Google and Yahoo regarding stricter requirements for email authentication protocols, 2024 is likely to cause havoc for this workhorse channel. Merchants who are prepared for these changes, as well as those who have invested in low or no-cost channels like social media, will be the most set up for success moving forward.

Are you looking to level up your email marketing strategy? Klaviyo's unified customer platform puts you in control of the way you engage with buyers, empowering you to turn transactions with customers into productive long-term relationships. [Learn more here](#)

² Litmus



Predictions for 2024



What will be the biggest opportunities for ecommerce retailers in 2024?

AI-powered tools dominated the conversation in 2023—and the ecommerce industry was no exception. Nearly 67% of respondents believe that AI-enhanced personalization represents the biggest opportunity for success in the coming year, nearly double the next most popular choice, dynamic product recommendations.



What this means for retailers:

AI remains *the* space to watch for retailers wanting to improve user experience without increasing overhead. However, it's worth noting that the technology behind these personalization tools is still being developed, and most platforms are only beginning to introduce these capabilities. We recommend that retailers keep a close eye on these developments while investing in relevant opportunities like relevant product recommendations, personalized shopping experiences and loyalty programs.

Learn more about how Searchspring's [recent acquisition of Increasingly](#) is helping retailers increase average order value through AI-powered product bundling.



What challenges are ecommerce retailers most concerned with heading into 2024?

Rising customer acquisition costs continue to eat into the budgets of retailers across every industry—making it the challenge merchants are most concerned with heading into 2024. Increasing competition, ensuring consistent website performance, and securing customer loyalty are also weighing on business owners as they look for ways to secure long-term growth.



What this means for retailers:

It's becoming increasingly difficult—and increasingly expensive—to stand out in a crowded ecommerce market. A recent study found that the average customer acquisition cost for most merchants is \$29, up from \$9 in 2013.³ Remaining competitive in today's landscape means finding ways to reduce these costs through investments in customer referral and retention programs, optimizing owned channels with the customer journey in mind, and creating seamless integrations across digital touchpoints.

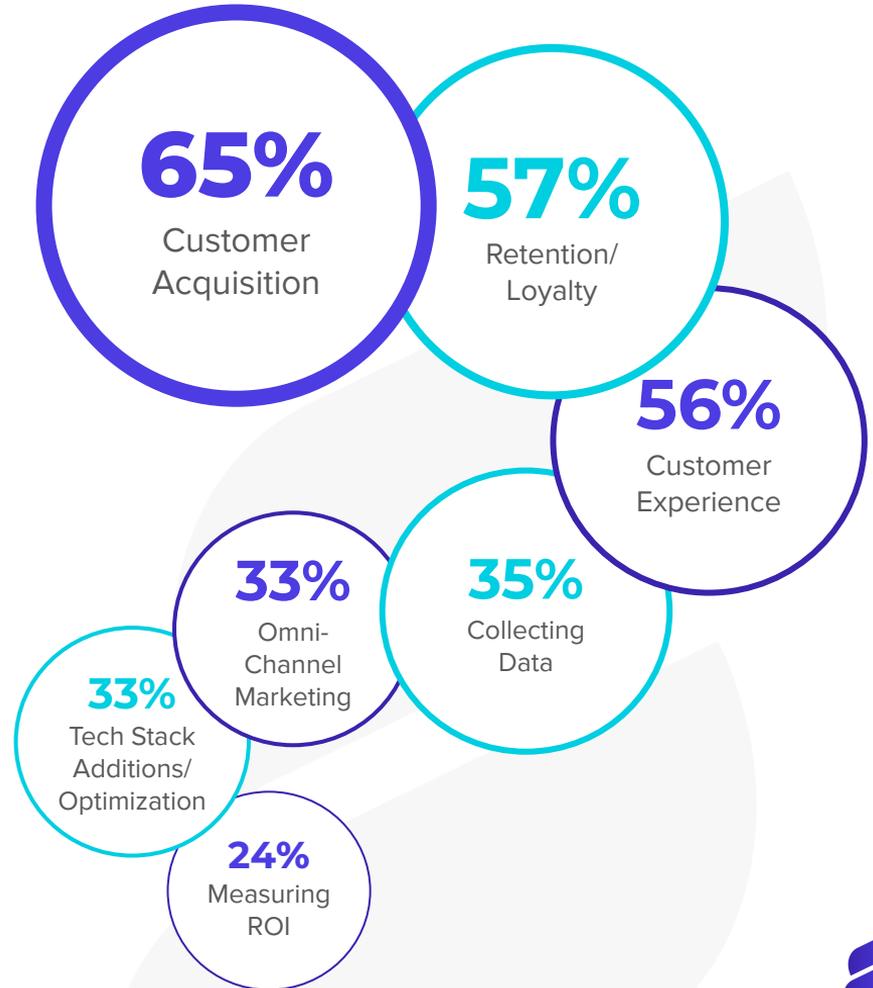
*Discover how Searchspring's merchandising and search tools helped Australian brand **THE UPSIDE** bolster their retention rates while increasing conversions.*

³ [SimplicityDX](#)



What are the top marketing priorities for ecommerce businesses in 2024?

Ecommerce retailers remain steadfast in their pursuit of growth, and are targeting the entire customer lifecycle to achieve sustainable expansion. This means that customer acquisition—along with customer experience (CX) and retention—continues to be a top priority for most merchants, taking the focus away from omnichannel marketing efforts.



What this means for retailers:

Fostering loyalty among buyers is just as crucial as acquiring new ones. Investing in loyalty programs and retention marketing can increase a merchant's average customer lifetime value—currently around \$168⁴—helping them offset the rising costs of customer acquisition while creating fierce brand advocates.



⁴ [Metriilo](#)



What type of first-party or zero-party data is most valuable to ecommerce retailers?

As we touched on in Section 2, email addresses remain the most important channel for retailers looking to engage with buyers. In addition, 56% of ecommerce customers are more likely to return to a shop that offers product recommendations⁵—highlighting the importance of product preferences to respondents as well.



⁵ [Invesp](#)



What this means for retailers:

Zero-party data, in the form of email addresses, product preferences, names, and more, is becoming increasingly important for ecommerce retailers to gain a deeper understanding of their customers and provide personalized experiences. By using this information to understand customers' preferences, interests, and needs, retailers can create tailored recommendations, offers, and promotions that resonate with each customer.



“Inundating audiences with marketing messages has become a prevalent issue and cost burden for brands in 2023. The content fatigue created by excessive batch campaigns has directly led to decreased performance and increased unsubscribe rates in numerous channels such as email and SMS.

In 2024, customers will demand tailored communications and customer experiences based on their preferences. Surprisingly, this is also an opportunity for brands to reduce marketing costs and increase revenue per message.”

Sara Pereda

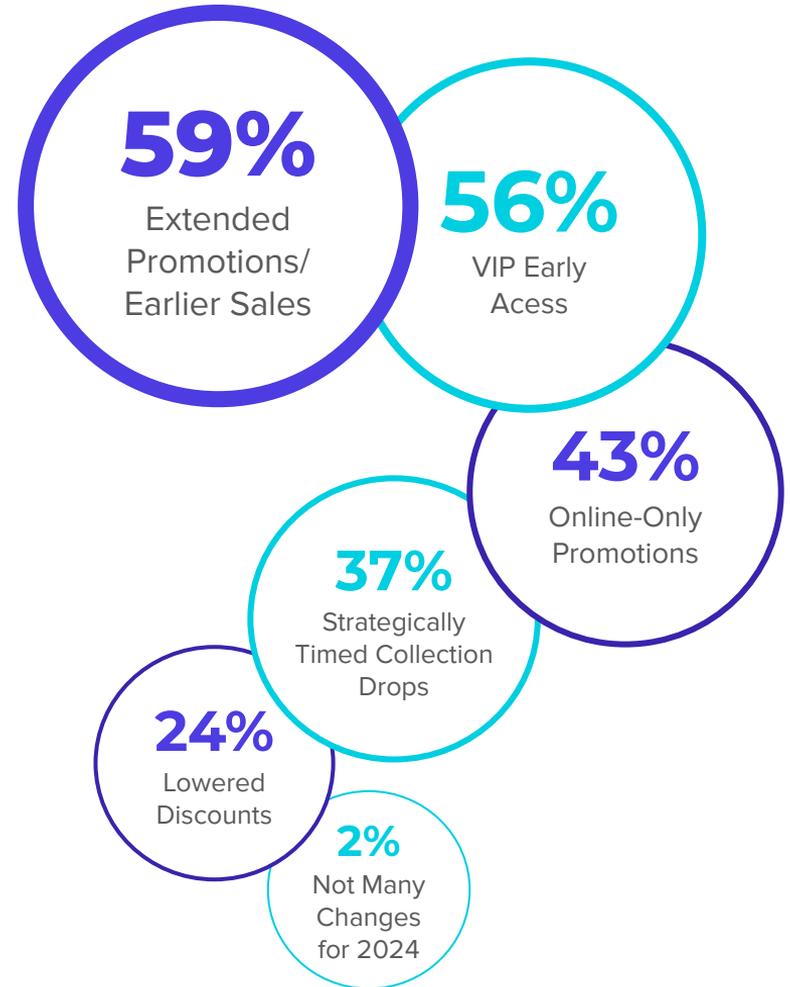
Senior Partner Manager, Yotpo

yotpo.



How do retailers see the ecommerce landscape evolving during promotional shopping periods in 2024?

Less than 2% of respondents see no or little changes during promotional shopping periods in 2024—with most agreeing that leaning into these events through extended promotions, early access, and strategic drops will be key to driving revenue during these events (and acquiring more email addresses!).



What this means for retailers:

As we've witnessed during holiday events like Black Friday, customers have come to expect that promotional shopping periods extend outside of their traditional timelines—and retailers seem to agree. Providing shoppers with VIP access and online-only deals are additional ways that retailers can attract buyers both before and during these periods (and reward loyal customers, too!).



Key Takeaways

You can't predict the future—but you can plan for it. Here are the key insights to take with you as we head into 2024:

Optimizing user experience is a key

differentiator for retailers looking to attract new buyers and create loyal ones. The more care you put into creating a streamlined customer journey, the more value you'll get out of each shopper.

Finding ways to reduce customer acquisition

costs can spell the difference between thriving—and just barely surviving—in today's marketplace. Prioritizing retention and bringing in traffic through owned channels can help reduce the burden that record-high customer acquisition costs (CAC) can place on your business.

Email marketing remains unparalleled

in its ability to engage customers and bring buyers back to your site. Focus your efforts here before investing in other (more expensive) channels—and make sure you are prepared for the shifts happening to this channel.

Embracing personalization

through AI or other automation tools is becoming increasingly important to both buyers and the merchants that sell to them. Make sure you're researching which solutions make sense for your business in order to provide the best experiences for customers.

Securing long-term success in 2024 (and beyond) requires ecommerce retailers to optimize their business from the bottom up. That's a big ask even for the biggest players in the industry—let alone smaller merchants with limited time, team members, and resources.

Fortunately, you don't have to take it on alone.



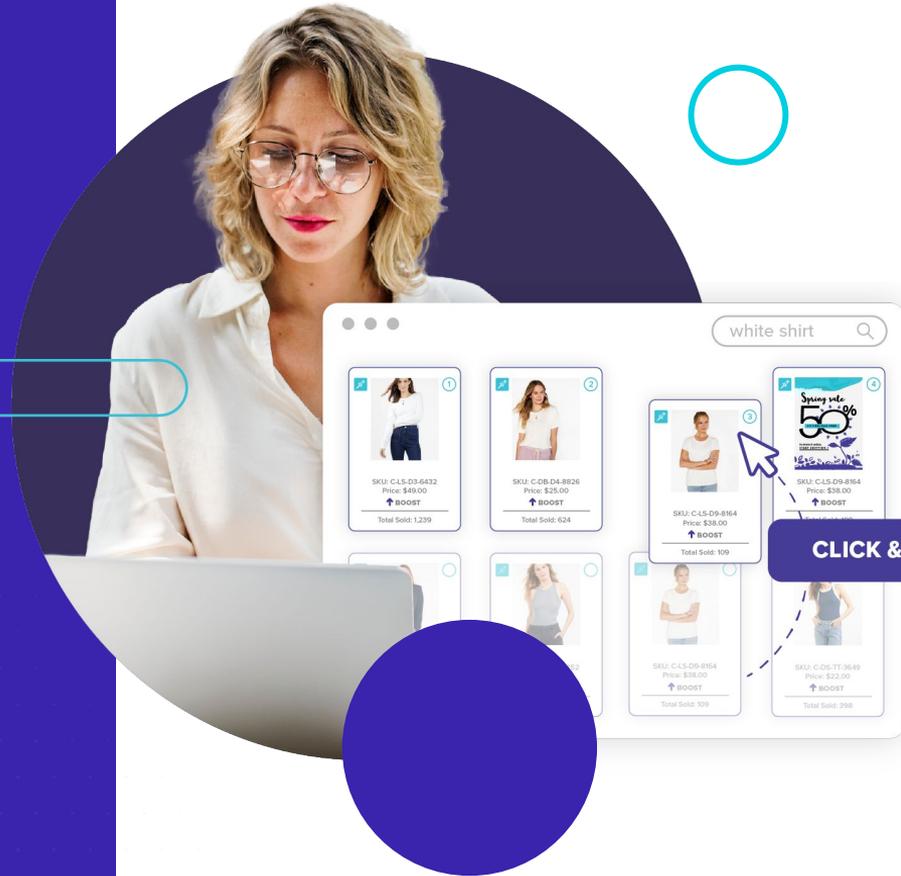
Book a Demo

Searchspring is the **#1 search, merchandising, and personalisation platform** built exclusively for ecommerce, enabling brands to get the right product, to the right person, at the right time.

With Searchspring's advanced features and intelligent automation, you can deliver the ultimate digital shopping experiences that turn browsers into buyers - all year round.

There are even more ways to refine the search experience and increase revenue. To hear additional ideas, book your no-obligation chat with a trusted search, merchandising, and personalisation expert.

Learn more at [searchspring.com](https://www.searchspring.com)





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