

Consumer Electronics Ecommerce Strategy: Make Every Moment Count in 2022



Lucidworks

Instances of “out-of-stock” consumer electronics increased during the pandemic.

Consumer electronics companies saw sales spike at the beginning of the pandemic as everyone hunkered down to work from home. Now consumers are seeing “out-of-stock” notices on the regular. That means now, more than ever, every web visit counts. Proactive communication about product availability and relevant recommendations that match shoppers’ taste can keep customers from getting frustrated.

Lucidworks surveyed consumers across the U.S. and U.K. who shop for consumer electronics at least once per quarter. The survey revealed that more than half experience a preferred item frequently or always being out-of-stock online. While customers are sometimes open to recommended alternatives, nearly nine in ten shoppers have at least one consumer electronics item that they’ll never substitute if their favorite brand is out of stock.

Marketplaces and brands that sell consumer electronics have the additional challenge of a higher price point and shoppers visiting the site less frequently than other verticals. That means fewer opportunities to create loyalty with customers. Retailers need to keep shoppers in the loop with product availability and offer relevant recommendations and complementary items. And then scale that across their entire customer base. Super simple. (NOT).

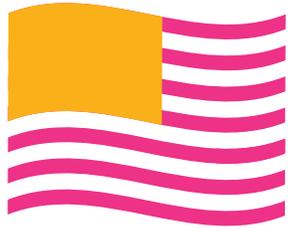
This survey report focuses on three solutions to put the latest and greatest consumer electronics in shoppers’ hands and homes:

- 1** Make more relevant recommendations. Shoppers are open to browsing alternatives when their preferred item is unavailable.
- 2** Alert shoppers when their favorite items are low-in-stock and back-in-stock. They don’t want to miss out.
- 3** Ensure shoppers can find the items you do have. Smart search and filtering boosts average order value.

The Shopper Profile

100% OF RESPONDENTS SHOP ONLINE FOR CONSUMER ELECTRONICS A MINIMUM OF FOUR TIMES A YEAR.

800 SHOPPERS



400



400



17%

shop directly
from a brand's
website



22%

shop from retailers
that sell
multiple brands



59%

shop from a
combination
of the two



70%

of online shoppers prefer
to have online purchases delivered
(versus picking up in-store)

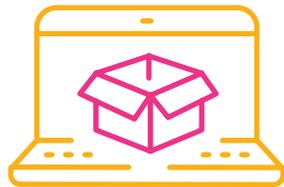


47%

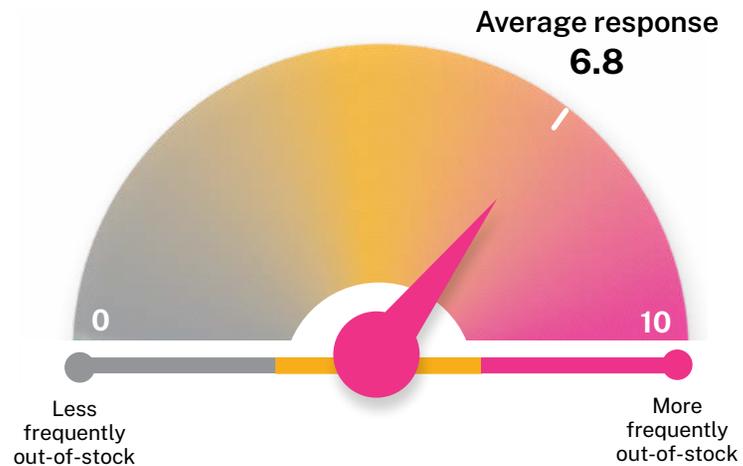
shop once
every two
months
or more

SHOPPERS SEE CONSUMER ELECTRONICS “OUT-OF-STOCK” MORE FREQUENTLY DURING THE PANDEMIC

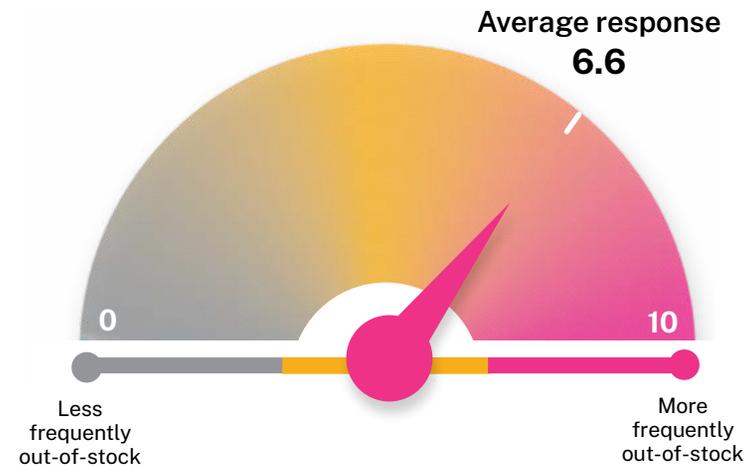
During the pandemic, shoppers went to consumer electronics websites only to find that their favorite products were unavailable. More than half of respondents say that they find “out of stock” notices frequently or at every visit.



Has the frequency of consumer electronics items being out-of-stock ONLINE changed during the pandemic?



Has the frequency of consumer electronics items being out-of-stock IN-STORE changed during the pandemic?



62%

of shoppers

will go elsewhere
if their preferred
consumer electronics
retailer doesn't have
what they want.

1

Relevant Recommendations Keep Shoppers on Your Site

87% of shoppers named at least one item that they would never buy a substitute for. Several mentioned that the reason they will only buy a specific smartphone, TV, or personal computer is because of the high price point and the amount of research that went into selecting it. Relevant product recommendations are still a key piece of strategy for retailers, but consumer electronics sellers need to think beyond just product recommendations. Higher value items demand more creative ecommerce solutions that really drive conversions.

20% of shoppers say that consumer electronics websites always recommend substitutes when an item they want is out of stock.

68% say they receive recommendations sometimes, but not always.

Six in ten shoppers are going elsewhere if their preferred retailer doesn't have the specific gadget they're looking for. But products aren't the only way to engage shoppers. In an earlier survey, we found that the majority of shoppers (61%) like to do research every time or often via reviews on the brand's website where they'll be purchasing from¹. If your recommendation strategy is product-only, you could be losing shoppers to other websites during their research phase. Make it easy for shoppers to find reviews, how-to content and FAQs to accelerate their path to purchase.

That being said, when shoppers have their heart set on something, it's tough to get them to budge. When consumers were asked if there was a consumer electronics item they'd never substitute, they expressed preferences based on taste, accessibility with other devices, and price range that are non-negotiable.



"Apple and Sony, because they're the only brands I trust whenever I buy electronics for my house."



"A laptop. I have very specific requirements when buying a laptop."

PERSONAL COMPUTERS



"A computer. I always want the one I've researched and have saved for."

"Apple products... I want it to go with my other products and access the Apple services I use."

"Headphones because every brand is a little different and may not sound as high quality."

“ Are there any consumer electronics items that you would NEVER buy a substitute for? ”

GAMING SYSTEMS



"Video game systems, because I'm a Playstation guy."

"I would never substitute certain gaming mice as they have a unique shape and feel, one little change can make a world of difference."



TELEVISIONS

"I do research on a range of TVs I like and filter them down to get the best out of my selection, so I will wait until the one I want comes back into stock."



MOBILE PHONES

"Typically I won't substitute a phone that I want because I always take forever deciding which one I want. So when I finally decide I usually won't budge from that."

"I normally spend ages researching my phone before I buy it so I won't be willing to switch."

62%
of shoppers
say that knowing
an electronics
item is low-in-
stock impacts
their purchase
decision; 85% of
those shoppers
say they're more
likely to buy.

2

Push More Product with Inventory-Based Notifications

The pandemic has shown consumers what a struggling supply chain can do to product availability — more out-of-stock messages and longer shipping times. Despite the increased wait time, nearly a third of shoppers say that they rarely buy a substitute if they came with a specific electronics item in mind. They're willing to set up a lawn chair and wait for their beloved smartphones, headphones, and gaming systems to come back in stock. Keep those loyal shoppers engaged by sending out alerts when their favorite items are low-in-stock or back-in-stock. And, let them know when there's a compatible accessory available that they might be interested in to tide them over.

The most common reasons that shoppers won't buy a substitute are that it either doesn't match their taste or it's outside of their price range.

The majority of shoppers are browsing for consumer electronics only four times a year and shoppers are spending a lot of time researching the ideal product. One of the ways to keep customers' wallets on your website or app is to get preferred products into their carts before inventory hits the red. Avoid frustrated shoppers by connecting inventory and consumer communications. Make sure you keep them in the loop with product availability so they're not surprised by an "out-of-stock" message when they're finally ready to punch in their credit card numbers.



RETAILER BEWARE Shoppers can sniff out false scarcity messages². Make sure that you keep the sacred trust with your shopper by only flagging low-in-stock items when they're *actually* low-in-stock.

WHICH WAYS DO YOU PREFER TO BE NOTIFIED WHEN AN ITEM IS BACK IN STOCK?



78%
prefer via email



44%
prefer via text



12%
prefer via auto-added to cart

90% of shoppers want to be notified when a consumer electronics item they like is back in stock.

Supply chain issues are expected to continue to plague shoppers for the foreseeable future. Intelligent push-based notifications serve as a powerful tool to keep shoppers loyal and coming back for more. These generally would be in the form of proactive (i.e., low-in-stock), reactive (i.e., back-in-stock), or even passive notifications such as those communicating the status of an order.

Proactive alerts via email, text message, or app notification are a great way to make sure shoppers get what they need.

These alerts are also a great way to share recommendations (which we'll dive into next) for shoppers who have opted-in. Don't waste this opportunity by pushing a generic text message to shoppers' phones with an irrelevant recommendation. You want to deliver that personal touch.

Smart applications that use machine learning and AI make the difference between a recommendation that leaves a shopper scratching their head in confusion and instead serves a recommendation that leaves them wondering how you read their mind.

Nearly 20%
of shoppers
will look for a
substitute on the
same site if their
preferred retailer
doesn't have
the exact product
they're looking for.

3

Ensure What's In-Stock Can Be Found

When items are in stock make sure online shoppers can find what they're looking for. Only about 20% of shoppers say that sites are making recommendations every time an item they want is unavailable and more than two-thirds say sometimes they see recs but not always. That's a big margin for improvement!

U.S. shoppers are more open to substitutes. 40% of U.K. shoppers say "I know what I want, I'll rarely buy a substitute" compared to only 25% of U.S. shoppers who say the same.

Resistance to buying substitutes isn't the only reason shoppers are leaving empty-handed. 12% of respondents said they usually end up on a "no results" page when an item they're looking for is out-of-stock. And even when items are in-stock, shoppers could be using different keywords in the search bar. If your shoppers are navigating to a "No Results" page, you're burning money and frustrating loyal consumers.

20% of shoppers say that consumer electronics websites ALWAYS recommend substitutes when an item they want is out of stock. Are you one of them?

SOLVING NULL-RESULTS QUERIES WITH SEMANTIC SEARCH

Query types that frequently end in “no results”:

-  **Brands/Items not carried**
Specific name brands or products that are not carried by the retailer.
-  **Items in high demand whose availability fluctuates frequently**
Products were flagged not to appear in search results when they were out of stock.
-  **Items available in store only**
Retailers only display items available in the customer’s local (or selected) store.
-  **Mismatched vocabulary**
Search terms that did not appear in product names or descriptions.
-  **Misspellings**
Simple keyword-matching search requires misspelling variations to be added as a rule to produce results.
-  **Exact Queries**
Such as product model numbers.

To reduce null-results queries, retailers should invest in semantic vector search technology that learns from customer behavior to associate shoppers’ queries with products that have a similar purpose. By using shoppers’ behavior to train search models, results are continually tuned and improved.

A Fortune 100 company reduced null results by 91% and increased AOV by 28% using Never Null, Lucidworks semantic vector search solution.³

Using deep learning, semantic search is able to yield results to queries based on semantic meaning rather than simply matching products via keywords. So if your shopper types in “sony hedphones latest” they won’t end up with a blank screen, but instead will see an assortment of Sony’s WH-1000 headphones that match their preference for earbuds. Not only does this alleviate the back-end efforts to manually optimize results, it increases average order value and long-term loyalty when customers find exactly what they’re looking for.

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Build the “Xbox” of Customer Experiences

The supply chain is long, winding, and sometimes unpredictable. Unfortunately, it can have major consequences for customer loyalty and trust. By understanding customer taste, making relevant recommendations and proactively pushing inventory notifications, you can keep your customers coming back.

Lucidworks can help you create these connections in the moment. We bring an AI-driven ecommerce search solution that powers some of the world’s largest brands. Lucidworks combines domain knowledge with machine learning and AI-powered search capabilities to offer real-time, hyper-personalized digital shopping experiences, simplify shopper engagement, and increase customer loyalty and conversions.

Get Started >

Learn how Lucidworks can power connected shopping experiences for your brand and meet every customer’s need in the moment.

¹ <https://lucidworks.com/ebooks/us-uk-retail-survey/>

² <https://www.wsj.com/articles/only-2-left-in-stock-order-now-but-does-that-really-work-11585339621>

³ <https://lucidworks.com/ebooks/case-study-no-results-query/>