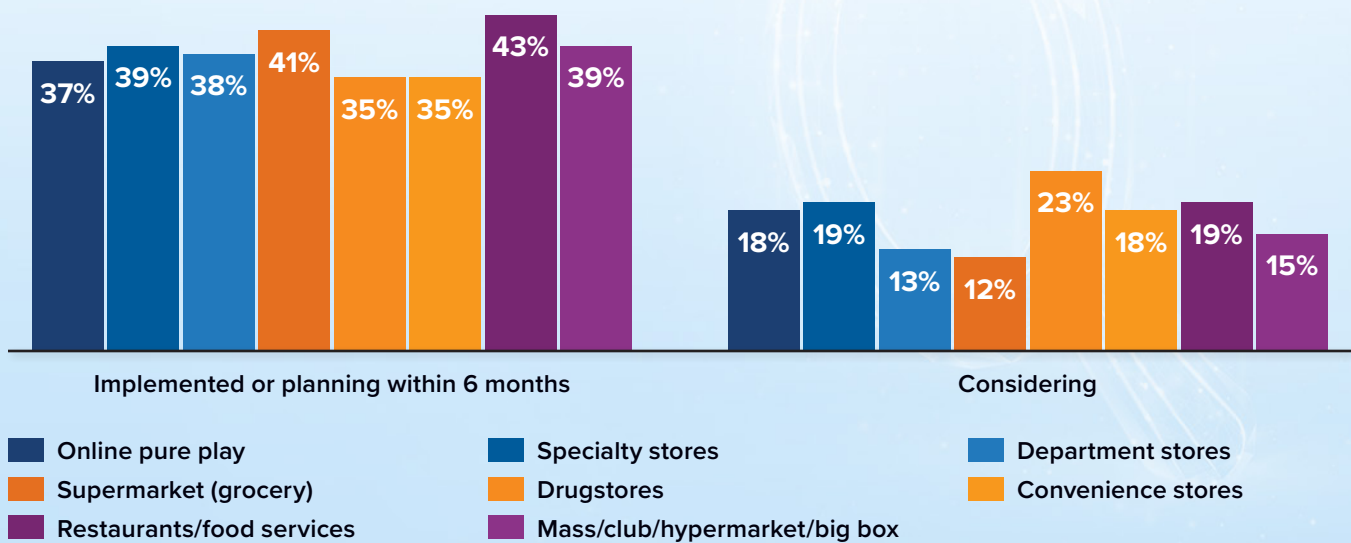# ◉IDC

The Race to Win (and Keep) Customers Through Better Discovery

How to Adopt Search and Recommendations Best Practices

Discovery Technology Investment in Retail
(% of respondents)

Implemented or planning within 6 months: 37%, 39%, 38%, 41%, 35%, 35%, 43%, 39%

Considering: 18%, 19%, 13%, 12%, 23%, 18%, 19%, 15%

Legend:
- Online pure play
- Specialty stores
- Department stores
- Supermarket (grocery)
- Drugstores
- Convenience stores
- Restaurants/food services
- Mass/club/hypermarket/big box

n = 900, Source: IDC's *Digital Pulse Index for Retail, Google*, February 2022

The Value of Great Discovery Results

Consumers expect sellers to be mind readers. While this statement is an exaggeration, the truth is that consumers do expect that retailers and anyone else who wants them to buy a product will make it easy by enabling multifaceted discovery capabilities that quickly find the products that match their needs. In the digital marketplace, consumers want to find products and information intuitively rather than use search phrases that match product descriptions perfectly. Bottom line, it is incumbent on the seller to provide discovery tools for the consumer that deliver relevant and contextualized search results and recommendations.

Retailers must invest in discovery tools that offer better search and recommendation experiences than those of their competitors. Site/search abandonment is a metric that needs to be monitored and dynamically addressed constantly. Discovery technology is never a one-and-done scenario. Continued monitoring and tuning will increase the effectiveness of artificial intelligence and machine learning (AI/ML) discovery solutions through better data analysis. These processes should never be considered "final." The application of AI and ML to text, voice, and visual search makes product discovery better every day as systems learn from ongoing customer behavior.

Great discovery of all kinds results in better customer acquisition, conversion rates, and retention. Customer experience and profitability are also improved since lower acquisition costs, and higher conversion and retention rates, reduce costs and increase profits. Site and cart abandonment are the greatest obstacles to driving digital retail revenue growth. The best search and recommendations technology gets "smarter" at considering and responding to context, converting the shopper to a buyer more often. In fact, AI-enabled search learns and improves with each interaction.

In retail, companies are investing in discovery to deliver superior customer experience. According to IDC's *Digital Pulse Index for Retail* (February 2022), which surveyed 900 retailers worldwide, 38.8% have implemented or plan to implement discovery capabilities within six months. Another 16.9% are considering implementing discovery, which means that they are evaluating and planning for investment in this area.

Retailers with best-in-class digital capabilities have flourished as a higher percentage of business goes online. Those that invested in advancing digital capabilities in the last two years report that they have increased customer satisfaction by 17%, improved revenue by 16%, and improved profitability by 15%, according to IDC's *Digital Pulse Index for Retail.*

The biggest digital-first retailers worldwide including Amazon, Alibaba, Rakuten, Lazada, and others continually invest in improving native search and discovery. Realistically, the only way to compete is to bridge the gap to leading best practices. This means giving the customer the best experience from inspiration to search to purchase. Retailers with the advantage of having a physical footprint should present an all-in intertwined digital/physical experience with modernized commerce and AI-enabled discovery, i.e., search, recommendations, and visual search.

Discovery Best Practices

Improving search is never done. Discovery is an evolving practice, and companies need to continually apply the latest capabilities, so consumers receive the best results. This means:

▶ Investing in AI- and ML-enabled search and recommendations so that customer experience is best in class and the odds of competing successfully with the data-driven online retailers improve.

▶ Seeking solutions that provide optimized results based on the contextualized understanding of the simplest consumer search phrases.

▶ Making consumer security and privacy a priority.

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