X-Ray Vision

into Digital Experience Trends

Takeaway from Hot Dog Marketing's SXSW 2022 Panel

FEATURING:

Jessica Scanlon
Hot Dog Marketing

David Vogelpohl
WP Engine

Rachel Bucalo
Meta (*Formerly Facebook*)

Sophia Perlman
HubSpot

INTRODUCTION

On March 15, 2022, Hot Dog Marketing founder and CEO spoke with a valuable group of experts in the digital marketing and tech space about the trust behind trends and data they've seen since 2020. In this non-prescriptive, straight-forward discussion, the panel uncovered what changed with user behavior in the last 2 years and gave insight into what their companies are preparing for.

MODERATOR

JESSICA SCANLON
Founder, Hot Dog Marketing

- 20 years of sales and marketing expertise
- Forbes Business Council Member
- Austin Under 40 Award Winner for Marketing, 2019
- **Featured Speaker:** Texas Women's Conference and Social Media Week

PARTICIPANTS

SOPHIA PERLMAN
Senior Product Manager, Growth at HubSpot

- Product—led growth expert at HubSpot
- 10 years of building products for Fortune 100 companies
- **Accomplishments:** Founder of product team mentorship program at HubSpot; Former member of Boston's Women in Product chapter

RACHEL BUCALO
Product Marketing Manager, Global Retail Solutions, Meta (Facebook)

- Over a decade of career spent working on digital consumer behavior across the media ecosystem
- Expert on mass media, targeted media, digital marketing, agency partnerships, and Facebook Marketing Partners

DAVID VOGELPOHL
Vice President of Growth, WP Engine

- Internationally recognized expert covering topics of digital marketing, software development, and WordPress
- 25 years of digital industry experience
- **Featured Speaker:** WordCamp and PubCon

THE PERMANENCE OF THE "2020 DIGITAL TRANSFORMATION" MOVEMENT

Many companies have reinvented the way they've done business for the last 10 years; small-to-medium size businesses and more traditional businesses found themselves in a tough situation in 2020 when the pandemic hit.

The scale at which we saw digital transformation take place for a majority of businesses was unprecedented. As we start to go back to offices and being in-person again, what do we see in terms of ongoing investment from brands and companies into digital transformation?

▶ **David:**

Restaurants

- In the beginning of global lockdowns, brick-and-mortar businesses were desperate to open any digital revenue channels they could.

- Restaurants are the perfect example. Many had not adopted things like online ordering, curbside pickup, and delivery. When the pandemic started, they HAD to.

- Many of these businesses turned to off-the-shelf online ordering systems which allowed them to open new digital commerce channels quickly.

- Of course, over time these businesses became addicted to these new revenue channels and so now what we're seeing 2+ years later is these businesses are starting to build in-house versions of online ordering systems to escape high per-order charges from proprietary platforms and to deliver custom digital shopping experiences.

- For restaurants and so many other businesses online ordering came in a hurry in 2020 but is 100% here to stay.

Other Areas

- Other areas we see permanent change in digital experiences was the switch to digital events with many of our customers spinning up virtual event sites which they're continuing to invest in. Additionally, we see expanded use of websites to communicate in an emergency with customers and employees through crisis management sites and of course a huge surge in remote learning using LMS (learning management systems) sites on WordPress.

- These were all channels that teams needed to build in a hurry, but just like in the restaurant example, teams and organizations across all industries have developed new skills, faster ways of working, and are now addicted to using digital mediums to communicate and grow.

- That's what we're seeing at WP Engine and across WordPress anyways.

Stats from Recent Survey

- For us at WP Engine, we're not only seeing the behaviors of companies building websites change, but also those using websites. In our recent annual cross-generational survey of the use of digital across generations, **57% of Gen Z** and **68% of Millennials** believe their digital habits will last beyond the pandemic.

- We also saw changes in shopping behavior. **Cyber Weekend 2021 was the biggest cyber weekend ever in terms of digital sales.** WP Engine's WooCommerce customers **increased the median GMV of their eCommerce stores by 54% for Q4 2020 vs Q4 2021**.

▶ **Rachel:**

Shopping Behavior

At Meta, we saw changes in behavior, but also an

acceleration of behaviors, so we absolutely expect and see these trends stick. 2 months of the pandemic catapulted retail 10 years into the future. The digital adaptation we thought we would see in 3-5 years, we saw happen in 3-5 months.

- We saw increases in both digital shopping and the adoption of advanced shopping features like product tagging, live shopping **(200% increase)**, and immersive experiences.

  - Businesses started using social as their flagship store: We've seen a surge of creativity coming from retail brands who are taking full advantage of social commerce opportunities that bring traditional "offline" retail experiences to mobile, including hosting live events, virtual consultations with sales associates, and the incorporation of influencers as brand ambassadors to connect with consumers in entirely new ways.

  - We saw the role of online and offline blur: stores shifted from the place to experience a brand, think Nordstrom's white glove service, to more transactional. The new expectation from consumers is that the store experience will be more transactional, offering the conveniences they are used to online, from easy, personalized selections to frictionless checkout.

  - Your customers want to be able to order online but return in store or look at a product in a showroom and buy it online.

  - Conversely, the living room became the new fitting room, with people looking to mimic much of the physical store in their own homes...think styling and how to videos, runway presentations, messaging or even 1:1 virtual appointment with top sales associates.

  - Over the next year, **54% of consumers say they're likely to look at a product online and buy in store**, and **53% are likely to look at a product in-store and buy online**.

A **Meta-commissioned study** in 2020 found that **92% said they intend to continue new behaviors from the pandemic over the long-term**. Fast forward to now, these trends are absolutely sticking — we are seeing continued engagement with features that drive discovery of brands, products and creators. There is also an increased interest in AR/VR technologies and video to bring the experience in-home. And we continue to see the roles of online and in-store blur as customers will continue to demand flexibility and relevance.

▶ Sophia:

Business-to-Business Insights

Customer journeys in B2B increasingly look like B2C digital journeys as well; We're seeing a consumerization of B2B software; users expect the same experience from businesses as they do when they're shopping shoes on Facebook; they want easy to comprehend, buy, and adopt just like with a consumer product.

- In a recent survey, ease of use and speed of implementation are top decision criteria. Almost **90% of small businesses** said this was important.

- This has meant more digital touchpoints that create this fast easy experience

- This trend was really cemented over the past 2 years during COVID.

  - In a recent forester study, B2B buyers increased interest in a shift to digital business since the pandemic **(up 17%)**.

  - The number of self-directed buying interactions has outpaced the number of human interactions in the B2B space.

  - This increase in self-directed buying interactions reflects a more self-service journey that starts all the way at the evaluation stages.

This starts with evaluation stages where people are looking to try before they buy by using the tool for free first.

- The majority of our revenue comes from free signups.

- We're seeing a trend towards trialing too. In a survey, **40% of people** that purchased a CRM or Marketing Automation software relied on a free trial.

Beyond the evaluation stages, when we look at the experience when customers go to buy we're seeing more self-service as well.

- B2B ecommerce is on the rise. Even amongst mid and corporate businesses **~50% want to buy online on their own after talking with a rep** and **30-40% want to buy online on their own without engaging with a sales rep**.

- We're also looking to support other businesses in becoming more touchless with HubSpot Payments, which allows you to leverage payments data alongside your CRM to create a more frictionless experience.

Social and Peer Validation on Social Media

- G2 report: **86% of software buyers use peer review sites when buying software**.

- In our research businesses are increasingly looking at LinkedIn, Facebook, YouTube, Google, and Twitter for validation.

- This has resulted in a huge jump in the number of buying interactions.

▸ David:

Agencies Benefitting from These Trends

- Overall, I'd say Agencies did well. As I mentioned earlier, we saw an explosion in new websites and improvements to websites over the pandemic. Many agencies saw a flood of customers and work coming in, and now that brands are continuing to invest in improving

those digital experiences, agencies are seeing the benefits of that. I predict the digital agency business will be in great shape for some time to come.

- From our side, WP Engine faired very well during the pandemic including hitting our growth and retention goals. There were some rocky moments during the start when certain businesses had a hard time paying. I am so proud to work at a company who stepped up and helped those customers with bill relief so they could focus on getting their business in better shape.

- The other thing we saw as a challenge for agencies and brands alike was a war for developer talent. For agencies, this meant more work for them as brands look to accelerate projects in the face of hiring challenges, but it is also presenting a challenge for agencies trying to build and backfill their own teams.

- In any case, for the agencies we serve and the brands we both serve together, WordPress has been an incredible force of resiliency, speed, and flexibility in helping companies endure the business challenges of global lockdowns.

- The challenges have been tough, but the agencies in WordPress community have been tougher.

TREND 1: FRICTIONLESS EXPERIENCES

Digital transformation can entail a lot of different concepts. What exactly were the trends that we saw in the last two years?

▶ Rachel:

The next level of frictionless experiences — while this has been a concept before the pandemic, totaling an estimated **$213 billion in lost US e-commerce revenue in 2019**, the shift in consumer perception and behavior have made this more important than ever in 2022.

Unnecessary steps, delays, or barriers can cause consumers to quickly abandon their shopping journeys. With the major shift to online, consumers now have more choices at their disposal, and it's never been easier for shoppers to take their business elsewhere if they experience any friction.

- We're supporting frictionless experiences by reducing clicks and providing more native tools and experiences. Back to product tagging, one of the number one comments we saw on Instagram photos from businesses was "where can I buy this?" By creating tap to shop, it made that customer experience far less experience than having to click the businesses profile, the link in bio, search for the item, add the item to cart, then purchase. Based on a recent study, it's also a preferred experience

- **70% of surveyed IG weekly users prefer to see ads with product tags over ads without product tags.** And ads with product tags drove a **33% lower incremental cost per purchase**.

- As we build out our Shops platforms, our goal is to drive more discoverability of products as well as reduce steps required to checkout. The goal is to help businesses offer paths to purchase where that customer may have otherwise abandoned their journey if they had to navigate outside of the app (e.g. clicked from IG to the website). As such, these experiences are meant to complement business websites and in-store offerings.

Social behavior is encouraging people to take kind of the first step with a brand, but the experience continues via the brand's website.

▶ David:

Becoming More Frictionless on Websites

I think there's two sides of frictionless experiences. The first is on the user experience side whereas I mentioned earlier, the rush to enable digital commerce and web-based communication websites has led to brands investing in improving those early iterations with better versions of those experiences using WordPress.

- The other side of frictionless experience is around the ease of use of marketers, designers, and development teams to deploy new web-based digital experiences quickly.

- At WP Engine, we saw a dramatic increase in the number of people using our local WordPress development tool, Local by WP Engine. While many of these people are developers taking advantage of convenient local development with WordPress, many more were marketers, designers, and content creators leveraging WordPress to create digital experiences for the very first time.

- WordPress' time saving theme and plugin ecosystem have always provided frictionless paths for teams to create all kinds of sites, and we saw those benefits play a big role in how brands reacted to the need to create digital channels in the pandemic.

▶ Sophia:

Product Design

The idea of making it frictionless marketers, designers, etc. to build things is something we're talking a lot about as a software company too. The new era of B2B is all about creating a product that customers can make their own and adapt to their specific needs.

- One hot topic we're talking a lot about is not just Product-Led Growth, but Customer-Led Growth. This is the idea of building low code products where customers have the building blocks to make it their own and make it as sophisticated as they need.

- The idea is to make it low barrier to use but also limitless options to go deeper and make it more sophisticated.

- Airtable is a great example of this, where its super easy to adopt but has the building blocks to get really sophisticated and make it work for your exact use case

- We've been leaning more into this with things like custom objects that allow you to create your own object in the CRM that might be specific for your business (i.e.. Pets as an object for a pet kennel). You can create properties for that object and customize associations.

Jessica: Shift to: It's not just affecting product design and us as consumers, it's affecting us as workers, right?

▶ **David:**

Remote Work

The shift into more frictionless experiences isn't just affecting us as consumers and in design, but it's also affecting us as workers.

- We also saw a shift in frictionless experience when it came to how people work together. In our annual cross-generational survey of how different generations use digital experiences, **48% of Gen Z, 65% of Millennials, and 54% of Gen X would prefer to continue remote work after the pandemic**. (Our Gen Z study)

- This shift to remote has changed the hiring behavior of our customers including being more open to remote workers which is particularly helpful when recruiting engineering talent, and customers augmenting their staff with agencies and freelancers around the world.

- Like mentioned before for agencies – the truth is for all businesses – developer talent is key to keeping up with these trends.

TREND 2: PERSONALIZATION

White glove service and personalized selections: it sounds like one of the keys to frictionless experiences is personalization. One thing that B2C, online shopping has done well and continues to get better at is personalization. What could be new?

▶ **Rachel:**

Personalization in Online Shopping

I think we've all heard that Personalization is offering the right products, at the right time via the right channel. But this is harder than ever as there is more volume and types of touchpoints available.

- Where we are doubling down is on the latter, channel — Consumers are increasingly hybrid in their shopping behavior, with more elements of

the journey taking place virtually.

- AR try-before-you-buy — Augmented and virtual reality are bridging the gap between the online and offline world to digitally represent products in physical spaces. **63% of online shoppers** agreed with the statement, "I want to virtually try on products from the comfort of my own home." This technology is showing signs of growth and we estimate that AR/VR use will increase to **nearly 1.75B by 2025**. If you're not ready to build out a full-blown AR strategy — interactive options like polling questions, immersive video, and filters are a great way to build to this.

- Sephora launched a perfume line during the

pandemic — a time when people were unable to sample the fragrance in the store. They partnered with a neuroscientist to create advertising that would trigger scent memories: the three different Augmented Reality filters played with three different fragrance ingredients' textures, colors, shapes, and movements. The eye-catching videos that highlighted the different notes in the fragrances evoked each scent as a sensory mashup.

- Rise of different commerce types underneath the bucket of social commerce — Social commerce will only get bigger, with more than one-third of Facebook users planning to make a purchase directly through the platform in 2022, and Sales through social media channels around the world are expected to **nearly triple by 2025**.

Live commerce also allows people to shop via livestreams to see tutorials and demonstrations of products from their favorite brands and influencers. Balmain created an immersive 360° virtual showroom with a 3D avatar where users could browse their new collection and learn the story behind it.

Discovery Commerce — A new generation of e-commerce known as "discovery commerce" — a phenomenon where instead of people searching out a product, automation helps products find the right people. Consumers are also looking for more

convenience and relevancy in their digital shopping experience, expecting to easily discover products based on their needs and lifestyle.

Conversational Commerce — Consumer expectations have risen around the need to converse with brands. **48% of 2021's holiday shoppers** were more likely to buy if businesses were contactable through instant messaging. Live chat has become an increasingly important part of the journey.

▶ **Sophia:**

Personalization in B2B Product Development

While this has been going on for a while in B2C, B2B companies are increasingly trying to create more personalized experiences so professionals are able to find the solutions to help them grow.

- You might be familiar with the convention: "If you like this feature, you might like this feature" (happens in online shopping). We've had huge success in helping people find the right solutions with this type of personalization.

- **In an experiment we ran where we recommended a product based on usage, we increased overall conversion by over 8%.**

Companies need to think more about this in the future to scale and help people understand how their business will work for them.

TREND 3: PRIVACY AND DATA BEST PRACTICES

Most of us take for granted the great experiences we have online are largely due to that willingness to share our data; create a login; accept cookies. I think we'll see a rise in more creative campaigns and content as we shift back to contextual marketing plans and away from passive exchanges reliant on third-party data.

As we move towards a cookie-less future, what trends are you seeing in terms of site content and strategies to still create a personalized experience?

▶ **David:**

- The increasing need for first party data is being driven by browsers discontinuing support for 3rd party cookies. This is drastically changing the way brands and agencies think about the websites they build.

- The key difference is a shift away from trying to obtain first party data with a single exchange of value like an e-book, to digital experiences that exchange first party data for continuous

value for the customer.

- At WP Engine, we see this expressed by a rise in personalized digital experiences on the web.

- This could be anything including personalized eCommerce, multi-channel ABM campaigns, and guided website experiences that assist in discovering the best content for the reader.

- Of course, people are more protective over their data than ever before and rightfully so, but as a marketer looking to gain insights into how to deliver targeted messaging, data can be your lifeblood.

- With the rise of the cookie-less future and the need for 1st party data, we see teams shifting their digital strategy away from

passive exchanges of one-time value toward personalized digital experiences that deliver user value over time.

▸ **Rachel:**

- **91% of consumers say brands can make them feel comfortable sharing data** — those actions center around transparency, acknowledge confusion around how that data may be used to ensure they feel informed and at ease.

- Simplify jargon around data policies and usage. Eliminate fear of the unknown — consumers never in doubt of what they get in exchange for data. Effectively personalize and curate experiences while making people feel comfortable about choices they can make.

PREDICTING THE FUTURE

▸ **Rachel:**

While we have talked a lot today about the shift to digital, I want to end with one caveat: retail isn't going anywhere, it'll simply become more experiential. During the pandemic, **over 80% sales still happened in-store**. Also, eMarketer predicts retail in-store sales will still be **over 70% by 2025**. We are seeing the future of retail theater come to life. A lot of digital native brands are moving into retail — pop up shops and filling retail vacancies. So, in summary, brands that can embrace technology to unify channels and create an omnichannel strategy will have a competitive advantage that wins and retains more customers.

▸ **Sophia:**

Hybrid and omni channel experiences require a lot more collaboration across internal departments. Gone are the days of different departments competing against each other. Instead, companies should be figuring out how to make departments collaborate more with one another. Cross collaboration at HubSpot means understanding

another team's goals and examining your own before you integrate or collaborate on a project. We exercise full transparency in communication via public Slack Channels. It helps to make sure everyone understands what's going on with the customer experience from different perspectives.

▸ **David:**

I guess with all this talk of change, I'll close with what I was thinking when I started my digital career back in 1996. "I wish I had gotten into the Internet in the good ol' days". The way we experience digital changes meaningfully every day, and that's why every day has the chance to be the good ol' days for someday. I look forward to seeing what good ol' days we'll all invent together.

SUMMARY

- Companies should be Focused on what opportunities they must provide a more frictionless, personalized digital experience for their buyers no matter if they're retail or B2B services.

- The role social media plays in validating buying decisions for all companies now shouldn't be ignored and content (especially video) can play a huge role in cultivating brand loyalty which is getting harder and harder to achieve.

- Your website, HubSpot, Facebook and Instagram – they all have opportunities to be effective mediums for delivering a great personalized experience as long as we, the digital marketers of the world, think through and create a clear and value exchange for that data and communicate it.

- The future of work is fully integrated departments that share data and have clear transparent communication – otherwise the clunkiness of their internal working structure is going to be reflected in that customer experience.