



The UK  
Ecommerce  
Association

# IMRG + Trustpilot

## Adapting Your Retail Strategy in a Tough Climate

How to prepare ahead of the next year



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### 3 Expectations for Online Retail, in 2022

# Meet the Experts

*“IMRG are delighted to be collaborating with Trustpilot, to bring together insight for the second half of 2022. We’ve collected some interesting data and observations in order to help retailers tailor their strategy to suit their shoppers, at a time when customer loyalty is more crucial than ever. IMRG ran a survey asking 1,000 UK respondents what impact reviews had on their perception of a brand. Read on to find what we learnt...”*



#### About

We help our members understand and improve their online retail performance through a busy programme of performance benchmarking, data analysis, insight, best practice-sharing and events. We have been tracking online sales since 2000 – and now measure over 120 individual metrics in a series of indexes, providing in-depth intelligence on online and mobile sales, delivery trends, marketing ROI and channel performance.

#### Editorial



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#### About

Trustpilot is a public platform where consumers can leave reviews for businesses and businesses can respond to honest feedback. The platform is free to use and open to all businesses and consumers — yet independent of both — so every interaction on Trustpilot is transparent for all to see. Trustpilot has over 167 million reviews and more than 500 thousand claimed domains on its platform as of 31st December 2021.

#### What's inside?

- Expectations for 2022
- Potential challenges
- Customer trust in brands
- Key takeaways

# Expectations for online retail

**It's been a tumultuous few years for online retail. Where are we now, and what can we expect to see over the coming months, as April's growth indicates lower than expected market performance. In the two sections of this report, we'll analyse recent market results and challenges, before looking at shopper experiences and sentiment for the second half of 2022.**

### A return for retail

Whilst the categories which IMRG are tracking may all appear relatively negative at the moment, when looking at year on year (YoY) growth, this is actually just due to unprecedented growth during UK lockdowns. All categories except those surrounding clothing are showing negative growth, but this doesn't mean volumes haven't gone up, it's just not growing when compared to the year before—when the highstreet was under strict lockdown rules. Clothing, womenswear, menswear and footwear all show positive growth as they make a return, after little interest in formal clothes when UK shoppers were stuck inside. The data from April's market performance shows us that YoY growth is down -12%, which is lower than expected. This data is the first non-anomalous, post-pandemic indication of how the market is performing, since it compares April 2022 with April 2021—when the high street reopened after the lockdowns.

### New competition

The pandemic brought many small businesses into the spotlight, as an increase in traffic meant there was huge growth. Some smaller businesses became 'medium-sized', and whilst this is great news if it was yours, it also means that new competitors appeared for many online retailers. The IMRG digital dashboard is reporting a slow in traffic, as it's down -4.9% YoY against last March. This means that retailers will need to stay ahead of the game to ensure they're driving loyal customers and traffic to their site, to ensure revenue stays high.

### Raised customer expectations

Although retailers are recovering from a global pandemic, and still battling with the rising cost of living, customers are ruthless when it comes to their expectations. Our research found that the demand for fast delivery has increased exponentially. The number of customers who expect same-day delivery has increased seven-fold, and those expecting next-day has almost tripled between 2020 and 2021. The need for rapid, high-quality services is increasing across the board.



## 5 Expectations for Online Retail, in 2022

### **Trustpilot - The future of online retail**

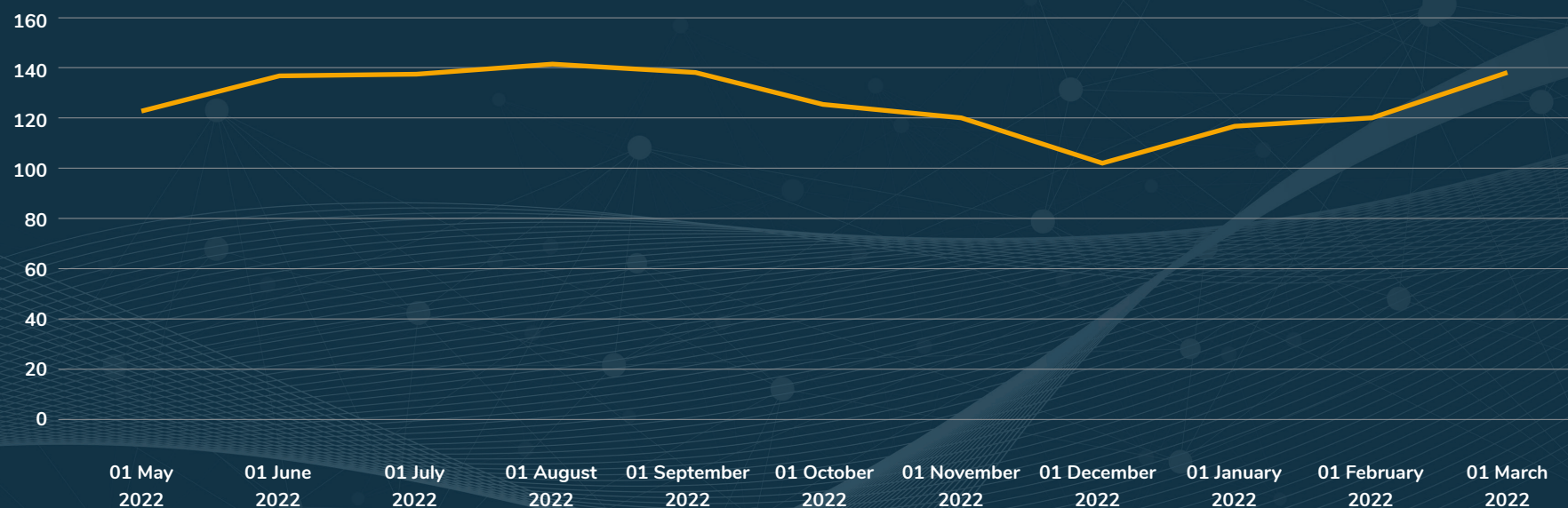
As a retailer, it can be incredibly daunting when thinking about what the future might hold with the current economic climate. Where people spend their money has never been more important, and today's consumers look for brands that showcase trust and authenticity, brands that are open and honest. If you can display trust across channels, you are ensuring that you stand out amongst your competitors and are at the forefront of consumers' purchase decisions.

# The challenges of ecommerce in 2022

### The rising cost of living

It's no secret that the cost of living has increased hugely. With the rising price of gas, energy, and rent, it seems as though there's a global tightening of the purse strings. The average basket value (ABV) has been steadily increasing (up to £146 in April 2022, a record high) for the past few months, after it had previously peaked back in August 2021. This could be a reflection of retailers raising prices in order to account for the cost of acquiring stock—for example, the cost of transportation and shipping containers, storage, then delivering to the customer – but it may also indicate that shoppers are 'bundling' up orders a bit more, to avoid paying delivery twice.

ABV – Past 12 Months





# The challenges of ecommerce in 2022

### Inflation versus wages

Inflation has reached 7%\*, its highest rate in 30 years, meaning there's a real pinch on customer spend. With this, wages are not increasing at the same rate that inflation is rising, meaning more of shoppers' salary is going to rent, bills, and the grocery shop. Retailers now face the challenge of attempting to keep prices low enough that they're appealing, and maintain loyalty, but also need to match the increased cost of acquiring stock. IMRG have observed that in April 2022, more retailers reported running discounts and adapting their strategy, in order to keep revenue stable.

\* Source: [BBC News](#)

### Pandemic recovery

Most brands and online retail businesses are still somewhat recovering from the pandemic, whether it's in the form of making up lost revenue, changing their strategy to suit the needs of a post-pandemic world, or working to compete with newly emerged competitors. The pandemic was a challenge unlike anything we've experienced in our lifetimes, however, it did produce a huge boom for online retail. In 2022, it's been hard to match the YoY growth of the year before (when the lockdowns meant UK shoppers couldn't go into physical stores), when in 2021, the IMRG index tracked as much as 60% growth in one month, resulting in a drop to around -20% for several months across later 2021 and into 2022.

### Trustpilot - How brands can build trust during these hard times

Building trust shouldn't have to break the bank or require an army to do so. In fact, all you really need to do is begin implementing social proof — social proof being any actions or comments made about you, your business or your products, by your customers.

Our advice is to have a look at what's already out there and what people are saying about you. Look at who's tagged you on social media, look at hashtags associated with your brand and check if there are any written reviews about your business, which you can turn into content today. If not, begin encouraging your customers to talk about their experience with you and your product. Perhaps you could begin actively encouraging feedback after their purchase?

# The impact of customer trust

In March 2022, IMRG ran a survey of 1,000 respondents, to find out how brands can build customer trust. In order to make it through these difficult times, and tailor their strategy the best they can, we sought to provide retailers with a snapshot of how current shoppers think when they engage with brands.

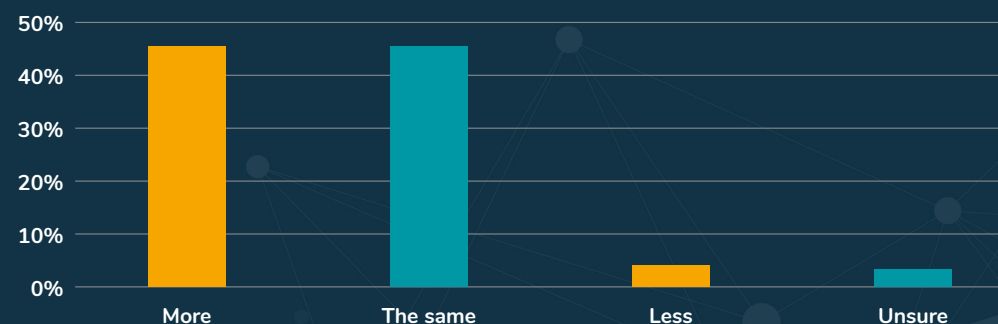
First, we asked them whether they engaged with reviews more or less now than they did a year ago, and the most popular response was that they engaged with them more (45%), followed closely by 'the same'. Very few people said they check them less, suggesting an increased appetite for trust in a brand.

When asking customers what would make them more likely to purchase from a retailer, 80% said free delivery, almost 60% said free returns, around 50% said high discounts and next day delivery, and almost half agreed that a high star rating would attract them to a brand. Loyalty programmes and same-day delivery seemed to matter the least to shoppers.

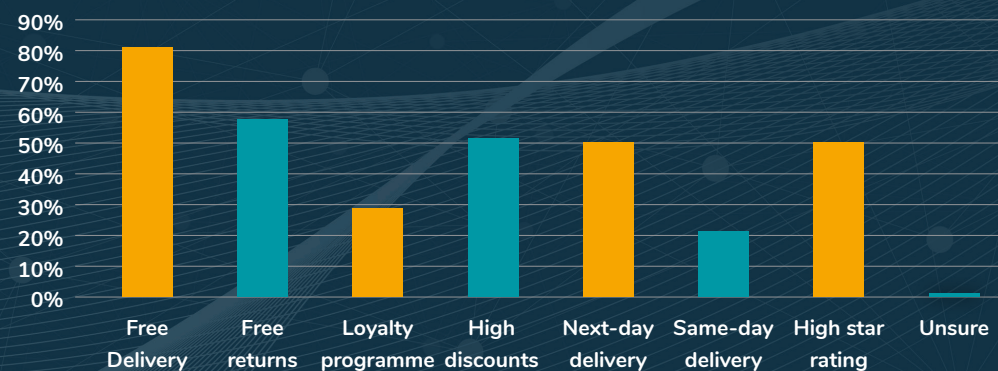
### Trustpilot - The impact of customer trust

The research has shown that consumers are looking at reviews more than they did a year ago which could mean that consumers are being more cautious of their spending, and taking the time to research businesses before purchasing. That being said, what's the first thing consumers see when they search for your company? With almost half of consumers agreeing that a high star rating would attract them to a brand, every business should be working on their review rating and proudly displaying it. This can be done in numerous ways; through search, on your website, your product pages or even across your social channels.

### Do you check reviews more or less now, than you did a year ago?



### Which of the following options would make you more likely to purchase from a retailer?





# The role of reviews

In order to dive into customer sentiment, we sought to find out what shoppers thought about these reviews and star-ratings, and what impact they can have on trust in a brand. We asked why customers might not trust a company with only positive reviews, and 70% of respondents said it wasn't credible, whilst over 60% said they'd suspect they were fake.

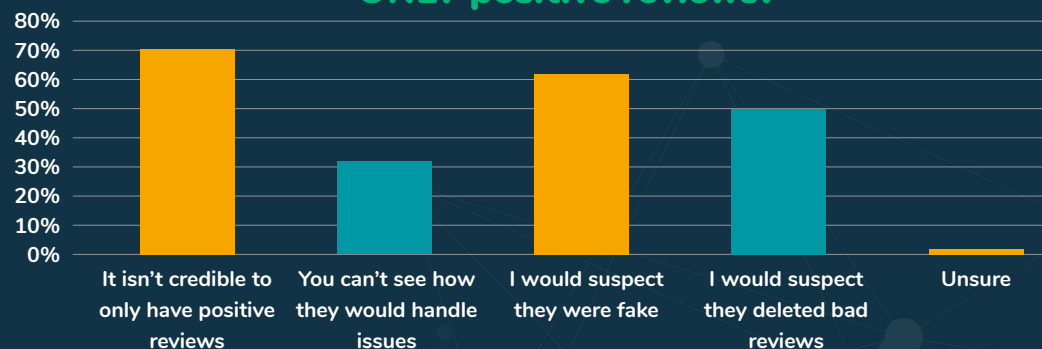
Interestingly, almost 70% of respondents said they would still consider buying from a brand with some negative reviews. This suggests that negative reviews may not be as damaging as brands might fear.

To investigate why this might be the case, we asked our shoppers (those who said 'yes', they'd still buy from brands with negative reviews) as to why this was. Over 40% of respondents said that 'it gives the website more credibility and authenticity', whilst over 35% said that 'if it had enough positive reviews too, it wouldn't matter'.

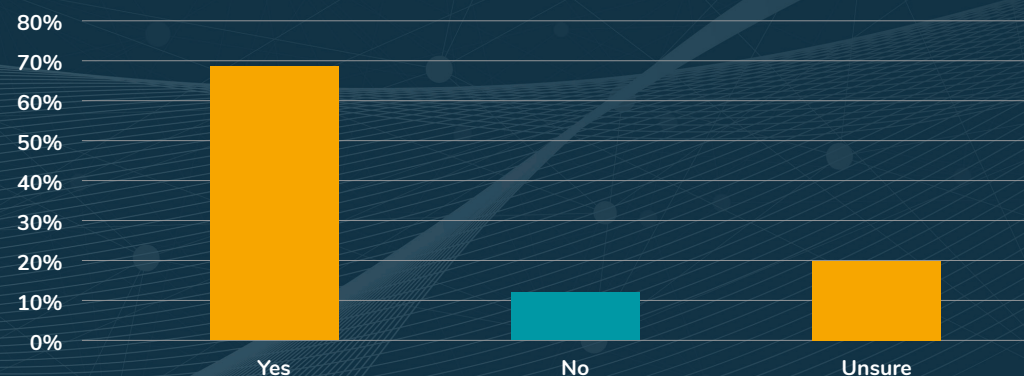
*"The majority of respondents would consider buying from a brand with negative reviews"*



### Why would you not trust a company with ONLY positive reviews?



### Would you still consider buying from a brand with some negative reviews?

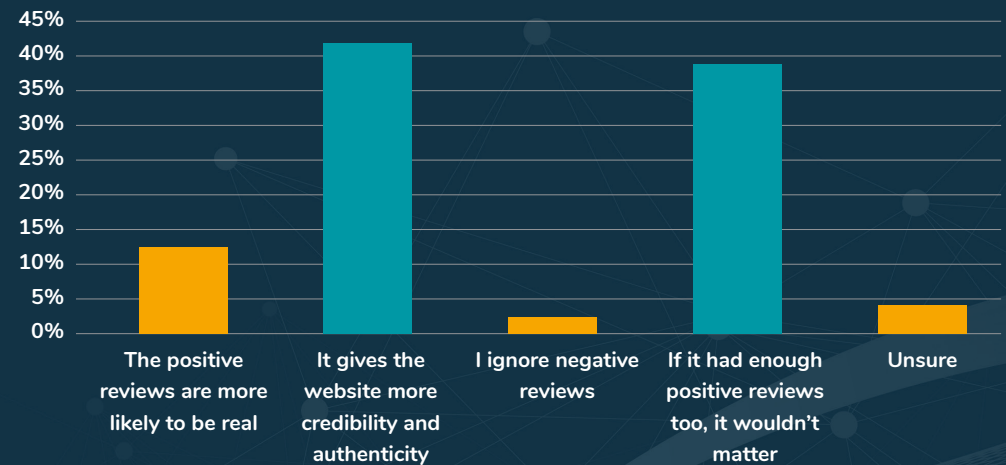


# The role of reviews

## Trustpilot - Handling negative reviews and building trust

As mentioned, the way in which you handle any review you receive is incredibly important. A mix of positive and negative reviews allows for your credibility and authenticity to shine through. When responding to reviews, you should remember that consumers are looking for brands that are as human as possible. An automated message won't do it, and while we're not saying you have to pour your heart and soul into each response, avoiding copying and pasting is essential. Take the time to really understand their issue and show you're passionate about solving it. Including their name and signing it with yours also adds a more human, personalised touch, which customers will appreciate.

As you answered 'yes', or unsure, please select one of the reasons below





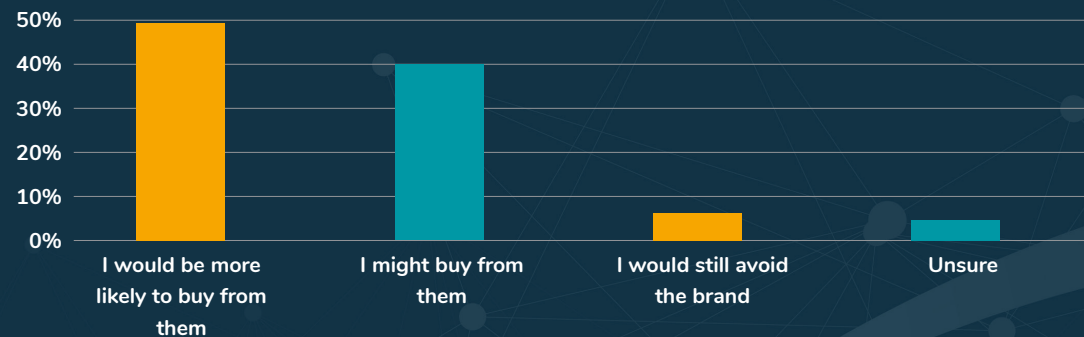
# How can customer interactions influence your strategy?

Many retailers fear that complaints or negative interactions with their customers might severely damage their brand. However, when handled correctly, it appears as though there's more to it than simply 'bad publicity'.

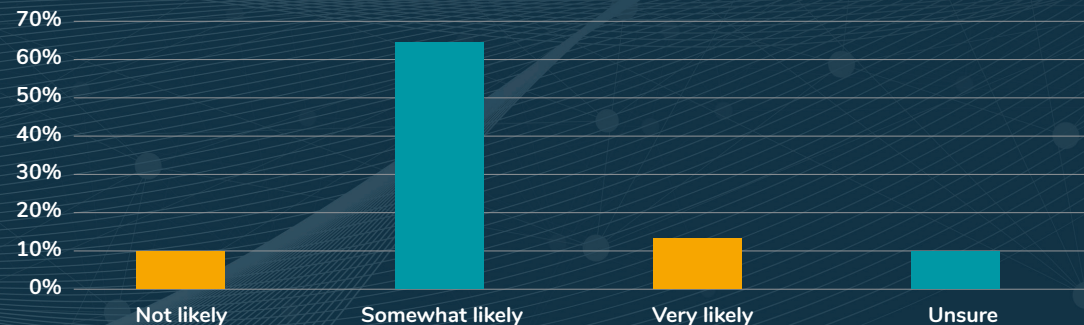
Almost half of respondents said that when they see brands that handle complaints well, they're more likely to buy from them. Whilst 40% said that they might buy from them. Very few respondents actually said they would *still avoid the brand*.

Whilst we might jump to conclusions and assume that a 3 out of 5 star rating is damaging to a business, over 60% of respondents to our survey suggested that they would be somewhat likely to buy from, or engage with, a company with this rating. It appears as though there's more nuance to customer interactions and reviews, than simply 'good' or 'bad'. In fact, when utilised correctly, it appears as though reviews allow for companies to improve, and gain greater customer loyalty and trust.

**When a company has a mix of positive and negative reviews, but you see evidence that they've handled complaints well, how does this affect your opinion of that brand?**



**How likely would you be to buy from, or engage with, a company with a star rating of 3 out of 5 stars, or below, if you noticed that they actively responded to, or improved from, their reviews?**



# Key conclusions

- 1** Retailers can expect a challenging second half of 2022, however, with the right strategy in place, they'll be able to hook the attention of site visitors, and make the most of new growth, as we reach one year since the high street reopened.
- 2** Many online businesses may be worried about the cost of living squeeze on retail, as factors such as rising gas and energy prices make consumers less willing to spend. However, the ABV shows that when shoppers do spend, they're actually spending more on average, in order to account for inflation.
- 3** Our consumer survey shows that trust in brands and reviews can be hugely influential in ensuring that customers stay loyal. Retailers shouldn't be afraid to engage with shopper opinions in 2022.

### Final insight from Trustpilot

One thing we'd like all readers to take away from this report is that no business is perfect, and taking a step to allow your customers to provide feedback can help you increase trust and create an important open dialogue with others. Consumers are naturally cautious with their spending, and it's evident from the research that shoppers are looking at reviews more than ever before to make sure they are making the right purchase decisions. Consumers value honesty, and many believe that it isn't credible or trustworthy to only have positive reviews. This means that businesses should take negative reviews in their stride and view them as a learning and improving opportunity.

We believe that building trust in your brand is essential in order to stand out from the crowd and ensure you get repeat customers. Without sounding too biased, verified reviews really are a great way to build trust in your brand. In fact, a study we conducted with Canvas 8 in 2020 showed that consumer review sites rank second as most trusted by consumers in the UK to provide honest opinions, with only 'family and friends' ranking higher.

So, how can you get started? Well, begin by looking at review sites and checking if consumers are already talking about you. Chances are, they probably are. You'll then need to turn those reviews into actionable steps for your business, such as sharing the feedback with your team, using reviews to gain further insights into what's working and what isn't, and of course, displaying those reviews to shout out to the world just how great your customers think you are.





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