Why the future of commerce is contextual
We predict that in the next three to five years, shopping will be vastly different. Imagine shopping so convenient that people don’t have to do it themselves—or even think about it. This is a profound shift that challenges how customers are defined. And what it takes to serve them.
We wrote last year that emerging technologies like artificial intelligence (AI), data modeling, blockchain, augmented reality and 5G-enabled metaverses are quickly making the art of the possible a reality in commerce.¹ This evolution is now accelerating faster than we thought then. Changes in commerce are moving at hyper speed—impacting everything from traditional B2C, B2B and B2B2C models to newer models like C2C and reused. New personas and entities are emerging with the consolidation of influencers, the rise of communities and AI represented personas. Opportunities and complexities are increasing in tandem on a typical evolutionary disruption path.

At the same time, commerce is rapidly becoming more contextual—more in touch with people’s daily lives. This is partly thanks to how people use new technologies, and the expectations they develop as a result. For example, as consumers spent more and more time on social media apps on their smart phones, social platforms became the gateway to anything online, including shopping.² Companies found themselves playing catch-up with radically new consumer behavior.

/Big changes coming fast. The future is contextual commerce/
When commerce is contextual, it centers on the life-centric outcomes that customers want to achieve. Companies understand customers in the full context of their lives and continually adapt to fulfill unmet needs. They deliver relevance with data insight, technology, ecosystems—and at the heart of it all—more meaningful and immersive experiences. Instead of being the focus, products become like “channels” for understanding customers.
Contextual commerce makes life centricity possible—the ability to see customers in their full lives and adapt to their changing needs and priorities.
The acceleration of the contextual aspects of commerce completely changes the shopping experience for customers. For companies, it requires reinventing marketing, sales and service.

This article explores how this radical acceleration is changing the definition of customer and hence, the nature of commerce in the next three to five years.
The benefits of contextual commerce

For customers: The ultimate in convenience
Convenience features have been a driving force in the seamlessness of commerce, particularly digital commerce. As shoppers have signed up for these features, they have developed new habits and built equity in digital shopping channels. Two-thirds are using reordering features including subscription, buy again and stored shopping lists.4

The more contextual that shopping becomes, the more convenient and life-centered it becomes. People can shop without shopping. Others—both humans and machines—can do it for them.

For companies: The competitive edge
Companies that make commerce more contextual can respond quickly to the impact of life forces on shopping needs. This rapid response is critical to satisfying consumers—64% wish that companies would respond faster to their changing needs.5 What’s more, our analysis reveals that companies leading in life centricity will outpace their peers’ growth rate by nine percentage points annually.6

Contextual commerce can also help companies thrive in today’s do-more-with-less environment. They can use intelligent demand sensing for better demand forecasting and inventory control. Or they can direct sellers like agents and advisors to the most qualified prospects. Or test and target multiple marketing campaigns. Or even use digital threads that track how products are used in their lifecycle to inform the product innovation agenda.
While there are pockets of contextual commerce happening today across various geographies and industries, it isn’t yet at scale. To succeed in this new era of commerce, companies will have to work differently in everything from the strategic priorities they set to the key performance indicators they measure.

None of this will pay off unless companies embrace a fundamental truth about contextual commerce. It will create new customer types that require a different strategy and approach.

These are mirrored consumers, curators and collectives.
The mirrored consumer: **Knows me**

Consumers leave behind digital DNA as they research, browse and buy across channels. Companies collect this data about people's purchasing habits to inform everything from how they manage SKUs and develop services to how online ads are served.

Yet as much data as companies collect, most struggle to integrate it into a life-centric customer picture to anticipate customer preferences. A combination of organizational silos, legacy technologies and entrenched processes typically stands in the way. As a result, this “digital gold” isn’t stored or accessible on one data platform.

Emerging technologies like generative AI are poised to help companies fast-track the synthesis of consumers’ digital DNA by quickly integrating multiple internal and external data sources. More seamless integration makes for more immersive commerce experiences.
A mirrored consumer is a rich data profile of a customer—a kind of digital twin—derived from aggregated first- and third-party data that makes it possible for businesses to anticipate customer likes and dislikes in real time. The profile can include data from sensors, wearables and haptic technologies that together create intelligent networks of digital twins and threads. It offers a more holistic, day-in-the-life understanding of customers. Traditional customer segmentation and recommendation engines simply can’t deliver such insights.
It’s easy to see why mirrored consumers are very relevant across industries like consumer-packaged goods, retail and travel. However, they are also relevant for services industries where customer interactions are less frequent. Take insurance, for example. Insurance companies need to know what’s happening in people’s lives to extend relevant offers. And considering that many insurers sell through intermediaries, the mirrored consumer is even more necessary. In addition to integrating second- and third-party data, this data profile can unlock insights into how customers experience their organization across various touchpoints.
The curator: **Buys for me**

Human intermediaries are not new in commerce. Personal shoppers provide white-glove service. Travel agents plan once-in-a-lifetime trips. Financial advisors match people to the right financial products. In the future, we see intermediaries like these having access to data from mirrored consumers and providing even more life-centric recommendations and experiences.

We also expect to see a rise in machine intermediaries in commerce in the near future. This is the curator, an AI-powered digital personal shopper or advisor. Some curators will work on behalf of customers to improve buying, while others will work on behalf of companies to improve selling.

Curators are much more sophisticated than today’s chat bots or recommendation engines. These highly automated AI intermediaries need little human interaction. They can act unprompted with the right permissions—essentially becoming customers themselves.
Buyers’ curators will be ideally suited for the transactional aspects of commerce. Imagine customers paying a small monthly fee for curators to manage all their contracts with telecom providers so they get the best bundle at the best price. Or imagine if people never had to shop for commodity items like toilet paper, toothpaste and tissues. Instead, curators shop based on their knowledge of the brands customers like, what they need and when they need it. In both instances, curators are taking over the time-consuming and boring shopping that people don’t always like to do. It all hinges on their life-centric understanding of customers.
Sellers’ curators are like next-generation recommendation engines. They will narrow and curate relevant options—and sometimes, deliver immersive experiences through augmented and virtual reality technologies. This capability is based on a much deeper understanding of people’s lives and unmet needs and is fueled by the democratization of data within the enterprise and across the ecosystem. Emerging AI technologies can support the collaborative data environments that curators will depend on to do this. Think of this curation as hyper-personalized merchandising for the digital age. Imagine an insurer’s curator proactively reaching out to a new car buyer to update the policy and offer discounts based on good driving history.

The advent of buyer and seller curators will lead to an uncharted type of commerce: bot2bot or AI2AI commerce. With bots representing both sides of the transactions, humans are completely absent. Companies will need to reset traditional truths about sales and marketing. After all, in the future of commerce, the customer won’t always be human.
This trend toward group buying has already gathered speed in China. In fact, community group buying became a vital lifeline for getting fresh food during pandemic lockdowns. And Chinese e-commerce platform Pinduoduo is thriving with a group buying business model that rewards customers with discounts for sharing their purchases on messaging platforms.

As part of this shift to business to group (B2G) buying, we also expect to see local collectives that have come together around a shared commitment to reuse and sustainable purchasing. For example, a neighborhood might create a collective to purchase shared lawn and garden equipment, playground equipment or even a car. They might also choose to resell items to others in the collective to extend the lifetime of items and reduce waste.

Digital technologies have made the world smaller, bringing people together in ways that were impossible in the days of analog. There are countless communities of like-minded people who share a common interest—everything from the love of fine wine to a passion for vintage jeans.

In the future, we predict that these boundaryless, global virtual communities will embrace their purchasing power. This is the collective.

The collective: Includes me
The rise of the collective will challenge companies to think about customers differently. It’s the logical next phase in a long evolution in commerce. Back in the days of blockbuster brands, winning customers meant capturing their hearts and minds at three moments of truth: through advertising, on the shelf and with the product itself. Now with the explosion of social commerce, companies must also win over communities of influencers and key opinion leaders. Their presence has added new layers to branding and the purchasing journey as well as new customer acquisition economics. As commerce continues to evolve, companies will need to broaden the value proposition to these communities beyond today’s payment structures.
We expect collectives to evolve as entities in their own right within the marketing ecosystem. They will be targets, influencers, buyers—and even fuel the development of a C2C market. In this world where collectives have the economic power and do the purchasing, companies will have to win over and compensate multiple individuals. All these people will have different motivations and expectations. They might even speak different languages or use different currencies. And compensation won’t necessarily always be financial. The strategic and operational realities of being relevant to so many individuals at once is uncharted territory for most companies. For B2C companies evolving to B2G models, one place to start may well be to look at what’s working in B2B commerce.
Imagine a world of shopping without shopping

Priya’s employer has transferred her from New York to San Francisco. Moving across the country is a whirlwind, and there’s a lot to do in a short time. But Priya isn’t alone. Her partner Diana—and her curator—are by her side.
Finding a house
Priya’s personal curator finds three homes based on her preferences. She and Diana tour the homes in a 3D multi-sensory environment and put an offer on a historic townhome in Pacific Heights.

Securing financing
The personal curator does all the shopping for a lender and finds the best mortgage option based on Priya’s requirements and preferences. The curator checks Priya’s calendar and schedules the closing based on her start date.

Getting insurance
The personal curator works with the insurance company’s curator to determine the homeowners’ insurance policy that gives them the coverage needed for their historic home and helps them zero in on the best option.

Making repairs
Priya and Diana are overwhelmed with getting everything ready for the move. While they pack, the personal curator creates a maintenance plan and recommends prioritized home repairs based on the home inspection report.

Moving in
Priya’s personal curator coordinates a moving company that specialized in cross-country moves and creates floor plans suggesting where Priya and Diana could place their existing furniture.

Securing financing

Getting settled
The personal curator works with seller curators to set up an appointment to install a home security system in the couple’s price range and updates their mailing address with all service providers.

Celebrating a new home
Diana is part of a wine connoisseurs’ buying collective. Working through them, she got a great price on a vintage Champagne from her favorite Champagne house. She can’t wait to toast a smooth move, new home and new year.

Hosting family
As Priya and Diana get settled in San Francisco, the personal curator suggests items for decorating the guest room to be ready for when Priya’s mother visits from New York for New Year’s Eve.
While it brings tremendous opportunities, contextual commerce will affect operational, brand and reputational strategies. Businesses must shift from a linear concept of the customer journey to a life-centric one. And the new technologies driving these changes come with important responsibilities around issues like security, privacy and responsible design.

The reality is that waiting to act is a liability. The next evolution of commerce has already begun, and tomorrow’s competitiveness depends on the foundation that companies build today.

Leaders can start with these critical questions.
What’s next?

**01**

What is our vision of who, or what, a customer is?

Companies that don’t broaden their definition of “customer” and understand related implications are likely to struggle developing relevant experiences and overlook new product and service opportunities.

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**02**

Do we have people who can work in new ways to bring our vision to life?

Developing a strong strategy and scaling it efficiently hinges on having people in leadership positions with strengths in strategy, operations—and who obsess over customer experience.

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**03**

Do we have the right data to truly understand customers’ life needs?

It’s key for companies to assess the current state of their data. They need the ability to integrate available customer data and source the data they don’t have to truly anticipate customers’ life needs.

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**04**

What is our risk tolerance for working with new technology partners?

Contextualizing commerce demands that companies go beyond working with legacy technology players. There’s tremendous value in taking a composable approach and collaborating with startups in areas like data aggregation or the metaverse.

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**05**

How willing are we to push the boundaries on our partnership strategies?

Driving rather than chasing the contextualization of commerce hinges on ecosystem partnerships. It’s key for companies to look beyond the “usual suspects” in industry and across the supply chain to create experiences that truly wrap around people’s lives.

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Shopping without shopping
Commerce has always been dynamic. But the speed of change is taking yesterday’s concept of dynamic to a whole new level. New possibilities are becoming a reality faster. Today isn’t too early for companies to start preparing for commerce’s tomorrow. Because a world where shopping without shopping isn’t so far over the horizon.
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