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# Introduction

**R**apidly developing digital technologies and shopper/buyer sophistication present challenges in how traditional companies reach, interact with, and sell to their customers.

Online shopping today rivals traditional shopping in many ways. By offering a simple, easy and quick way to transact, traditional retailers and B2B companies must leverage digital selling tools if they aim to remain competitive. Pressure mounts to reinvent traditional retail and selling strategies by focusing on digital channels to deliver a complete and unified shopping experience.



## DID YOU KNOW?

- In 2017 online retail grew faster than it has since 2011. Ecommerce represented 13 percent of total retail sales in 2017 and 49 percent of the overall growth<sup>1</sup>
- Global B2B ecommerce sales is forecasted to hit \$6.6 trillion by 2020. In the US alone, B2B ecommerce will account for more than \$1.9 trillion in sales by 2020<sup>2</sup>



## HEARD IN THE FIELD

“Things are changing so fast in retail that a year needs to be measured in dog years.” Mark Cohen, Head of Retail Studies Program, Columbia Business School.



## OUR TAKE: The great retail reinvention

The importance of digital commerce for both B2C and B2B continues to rise – brick and mortar retail is not dead, but traditional retail as we once knew it no longer exists. The industry is rapidly changing and the meaning of retail evolves every day. As we look ahead, expect further consolidation of the retail market and rapid adoption of digital commerce in the B2B world. Improved use of data and a greater need to connect and blend in-store and digital experiences represent two factors driving these changes.

## From Idea to Doorstep

What does it take to run a successful digital commerce business? From developing the right strategy and building a high-performing team, to building a solid foundation and selecting the right technologies, there are many different moving parts to manage. Top that off with a constantly evolving retail environment and technology moving at the speed of light, and it is no wonder that thriving, yet alone surviving, can be overwhelming – even for the most seasoned executives.

In this report, we will identify key areas along the FitForCommerce “From Idea to Doorstep” continuum which brands, retailers, manufacturers and distributors must master to succeed. We will examine strategies and tactics used by leading companies and provide an overview of the technologies needed to support each area.

**Shoppers don't think in terms of “channels.” They simply want an engaging experience that is relevant, fast and convenient. Business buyers increasingly expect similar experiences. The organizations that win in today's marketplace take measures to deliver a seamless experience, start to finish, within and across channels, supporting shopper needs wherever, however, and whenever they shop.**

\* Going forward, in this report, we will use the term “retailer” to cover both brands and retailers and B2B organizations or sellers to cover B2B manufacturers and distributors.

# FROM IDEA TO DOORSTEP: PROCESS AND TECHNOLOGIES



# The Foundation

## BURNING QUESTIONS



- What do I need to set up my organization for success?
- How do I determine the right technology mix for my organization?
- How do I focus on innovation while managing daily operations?

**E**volving technologies and changing shopping behaviors are consistently top of mind for retailers and B2B companies. While all agree that a seamless and consistent shopping experience across all channels is ideal, the approach varies.

Legacy systems, siloed organizational structures and inadequate customer data are just some of the barriers that retailers and B2B sellers face today. They struggle with selecting the right tools and integrating systems across all customer touchpoints so critical to truly unifying the customer experience.

From initial interest through purchase and beyond, organizations need to manage many complex, interdependent and moving parts. While the thought may be daunting, approaching the shopping experience

in a strategic, holistic manner is the only way to satisfy exceedingly high expectations. It begins with an internal foundation built on the right organizational structure, processes and the technology needed to power it all.

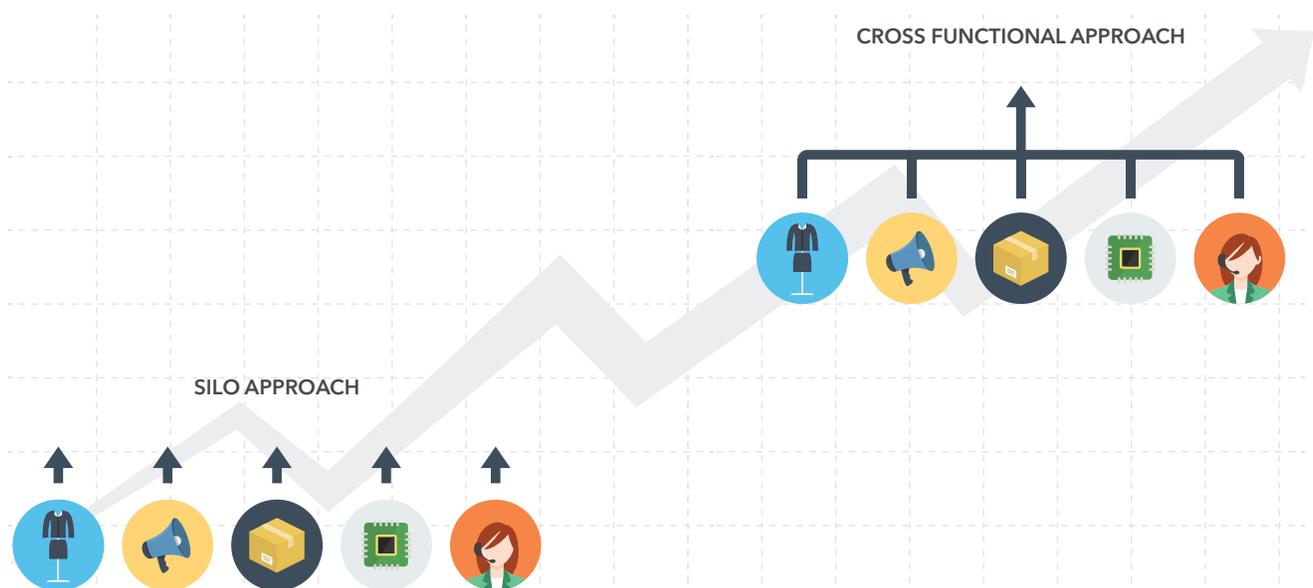
## People, Technology and Innovation

A solid digital commerce strategy encompasses many components and requires constant refinement. The strategy must define the goals, provide a roadmap for moving forward, and allow organizations to keep up with competition. Organizations not only must build a solid foundation; they must position themselves to handle the many unknowns of the future.

### People

An organizational structure of cross-functional teams with the right skills, and shared values and goals that work collaboratively, and in alignment, to plan, manage and execute all functions is essential to running a successful business.

Too often organizations employ people to manage each distinct business area, leading to functional silos. This frequently leads to communication breakdowns, inefficiencies and missed opportunities. By breaking down the barriers, organizations are better positioned to deliver the standout customer experiences necessary to compete.





### OUR TAKE: People are your greatest innovation

The right people represent the most valuable asset for your organization. Ensure that you give them the tools to keep developing their skills and the technology to empower them to collaborate and best serve your customers.

The way that retailers and B2B organizations develop, staff, incent and evaluate their people can mean all the difference between failure and success. It is critical to ensure that employee performance measurements, incentives, and rewards are structured to foster alignment in achieving strategic company objectives versus tactical goals.



### OUR TAKE: It's all about the common goal

Remember that your customer has a relationship with your brand, not a series of channels and departments. Design your organizational structure, goals, performance measurements, metrics and rewards to achieve strategic 'above the channel' objectives. This ensures a world-class customer experience and long-term customer value.

## Technology

The right technology forms a critical foundation for success – it must support and empower teams to achieve operational efficiencies and deliver the optimal customer experience. Finding the best digital commerce technology solutions requires careful considerations. It starts with a clear understanding of desired achievements, current system capabilities and future goals. A detailed requirements analysis often leads to the identification of gaps and opportunities that may not have been apparent.



### OUR TAKE: 66% of digital commerce selections end in divorce

Choosing the right platform or solution to meet identified requirements is a time-consuming and resource-intensive – but necessary – project. Investing in, and implementing, the wrong solution can have a detrimental impact on your overall business.

## GETTING STARTED

You have a lot of technologies at your disposal – and all promise to deliver the optimal tools to accelerate your business. Most technology platforms require resources and have a learning curve so it is critical to determine the right priorities for your organization.

1. **Comparison-shop the competition and beyond. Look to broader industry best practices for opportunities that readily transfer to your business model**
2. **Evaluate your current capabilities to identify gaps and opportunities**
3. **Evaluate the likely ROI of addressing these gaps**
4. **Establish implementation priorities and a testing strategy**
5. **Establish cross functional (and cross-channel) collaboration to break down silos and assure seamless execution**
6. **Establish measurement methodology**
7. **Test, roll-out successes, and test some more**

It is easy to get distracted by shiny new technologies, but it is often the less “flashy” solutions that help optimize and improve the overall efficiency of a business. It is worth evaluating how and what can be improved “behind-the-scenes” before determining what technologies are needed.



### OUR TAKE: Integration is King

As you add new sales channels and more sophisticated processes, avoid ending up with a number of stand-alone applications that each handles short-term, tactical needs. Disconnected systems cause functional silos and create process bottlenecks. Thoughtful integration avoids that.



### DID YOU KNOW?

Following implementation retailers typically utilize only 25-35% of a system's functionality.<sup>3</sup>

## Innovation

Digital commerce technologies are evolving at lightning speed and keeping up with the latest and greatest takes time and resources – both of which are scarce for most organizations. It is imperative to constantly understand customer shopping behaviors and expectations as well as monitor what competitors are doing and even look beyond specific industry characteristics to get inspiration and gain a sneak peek into what might be next.

Most organizations are inundated with promises from technology providers to take their businesses to the next level, but it is almost impossible to separate the wheat from the chaff. Retailers and B2B companies need an organized approach to staying on top of innovations while navigating which emerging technologies will truly help the bottom line. Few have the capacity to dedicate resources to innovation. Those who do not should consider teaming up with a partner that understands their business and can apply market knowledge and insights on innovative tools and technologies best suited to grow their business.



### **OUR TAKE: Separate the wheat from the chaff**

Create 'Innovation Pods' or team up with a partner to develop and prioritize projects and recommend innovative solutions to improve the customer experience.

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# Merchandising

## BURNING QUESTIONS



- What tools do I need to optimize my merchandising approach?
- How do I make my site stand apart from others?
- How can data help inform my merchandising strategy?

**W**hat are we going to sell? – That is the first merchandising question that all organizations must answer. From this flows a series of other critical questions, including how the products will be sold, where they will be sold and at what price.

In a world of endless aisles, marketplaces, nimble competition, and paid search, digital merchandising presents a unique set of challenges and opportunities. Organizations need to ask the following questions:

- How do we make our products and assortments stand apart?
- How do we make it as easy as possible for customers to find what they are looking for?
- How do we determine the right price to keep product selling and maintain profitability?



### OUR TAKE: Know the customer journey

Understanding your customers' journey is essential in any good merchandising strategy. Develop processes to get shoppers to the desired product as easily as possible. Continuously test content and optimize on-site search, banners, product recommendations, landing pages, category pages, and product detail pages.

Today's merchandising tools and platforms provide the power of data and machine learning to merchants, yielding insights into customer and competitive behavior like never before. With these modern solutions come the opportunity, and increasingly the obligation, to make data-driven decisions faster and in a more personalized manner.

## TOOLS AND TRICKS OF THE TRADE

Every successful merchandising strategy is supported by technology solutions to support the approach and enable the merchandising team to execute in the most efficient way possible. It is imperative that the tools used can be leveraged across teams. This ensures that all assets are shared and consistency is delivered across all customer touchpoints, without causing internal chaos.

### MERCHANDISING TOOLS

- Product Assortment Management
- Product Content Management
- Advanced Analytics Platforms
- Searchandising
- Product Recommendations
- E-Gifting
- Competitive Pricing & Promotions
- Price Optimization

There is an ever-increasing array of tools and platforms available that enable merchants to manage merchandising disciplines. Some of these tools are offered as part of the ecommerce platform, while others are offered as standalone solutions. Depending on the objectives, resources, and platform used, a retailer may opt to leverage its ecommerce platform's merchandising functionality or implement third-party merchandising solutions to augment the function.



### OUR TAKE: Know what you need and assess what you have

Many organizations struggle with determining whether their digital commerce platform's merchandising capabilities are sufficient to support their strategy. The answer is: "It depends." Different organizations will have unique needs and

varying resources. Some platforms come with sophisticated merchandising capabilities, while others only offer the basics. You must assess your merchandising needs and internal resources, and then select technologies that fit. It is never too late. There are plenty of third-party solutions you can add later if your existing platform doesn't do the job.

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## Product Assortment Management

To grow and manage continuously faster-changing assortments – sourced from an array of vendor types and sold through myriad channels – organizations need technologies that enable quick adoption and marketing of new products on their site and through marketplace partners.

Some of these capabilities come standard on many modern ecommerce platforms. However, depending on the complexity of assortment and business model, specific tools and platforms exist for each of them, allowing greater control and customization of content.

## Product Content Management

Product content is essential to any organization that sells products. For manufacturers and suppliers, the effective management of product content is critical, as the content is often distributed to retailers, marketplaces, and everywhere the product is sold. It is also important to ensure consistency across all touchpoints.

Product Content Management (PCM) solutions, most often used by manufacturers and suppliers, allow for collaboration around the creation of product data. PCM solutions include Product Information Management capabilities with Digital Asset Management and Syndication capabilities for distribution to marketplaces and everywhere the product is sold.

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### OUR TAKE: Be direct and sell

Good product content provides the basic information needed to sell: product detail/size, care/cleaning, price, and assortment. This helps the customer while improving search and site optimization. Product copy should be detailed enough to answer questions yet short and concise enough to hold attention.

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### DID YOU KNOW?

71% of retailers agree the main benefit of having detailed product content is more sales. This is closely followed by the ability to personalize customer experiences.<sup>4</sup>

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## Advanced Analytics Platforms

Advanced Analytics Platforms provide actionable insights that allow organizations to truly understand performance of their assortments and focus their efforts where they can have the biggest impact. Modern platforms provide customized dashboards and visual representations of data for rapid digestion of results as well as drill-down capabilities that allow for understanding the factors that drive success. Perhaps most importantly, these platforms empower business users to quickly ask questions and obtain answers without being dependent upon specialized analysts.

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### OUR TAKE: The secret sauce is the data

One of the advantages of digital commerce is the easy access it provides to merchandising data, transactional data, and customer behavior data. The combination is a powerful instrument to optimize your ROI. Don't let your data go under-utilized.

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## Catalog Management / Taxonomy

Beyond having the right site structure and browse path, it is critical to have all the options readily available for customers to hone in on what they are looking for. Category pages with faceted navigation that includes the details customers care about, by category, allow customers to quickly find and buy – even when there are hundreds or thousands of results.

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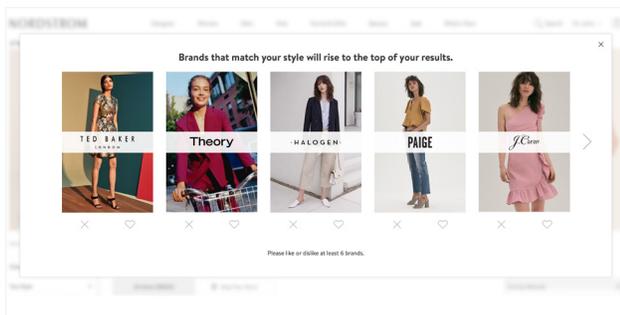
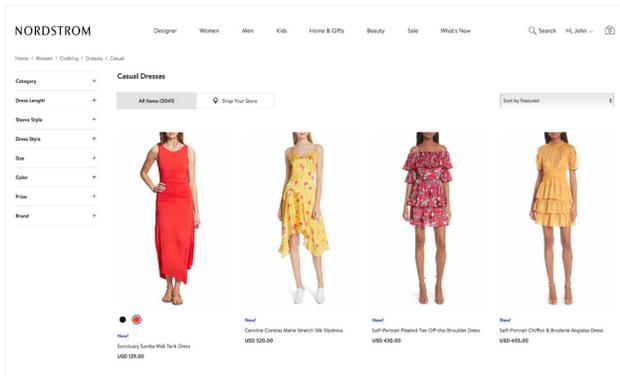
### DID YOU KNOW?

84% of retailers in the FitForCommerce Omnichannel Retail Index have implemented faceted navigation wherein online shoppers can select multiple attributes at a time.<sup>5</sup>

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## SEEN IN THE FIELD



Nordstrom help shoppers find products faster by providing simple and clear navigation choices and robust filtering options. The department store has also taken steps to improve sort functionality with a “sorted just for you” feature which sorts results based on a quick quiz where the shoppers identifies brands they like or dislike.

## Searchandising

As assortments grow into the tens and hundreds of thousands, or even into millions of SKUs, the ability to easily find products has become a huge challenge for customers, and thus, for retailers. In B2B, this challenge is intensified as B2B product catalogs often surpass B2C in sheer volume.



## DID YOU KNOW?

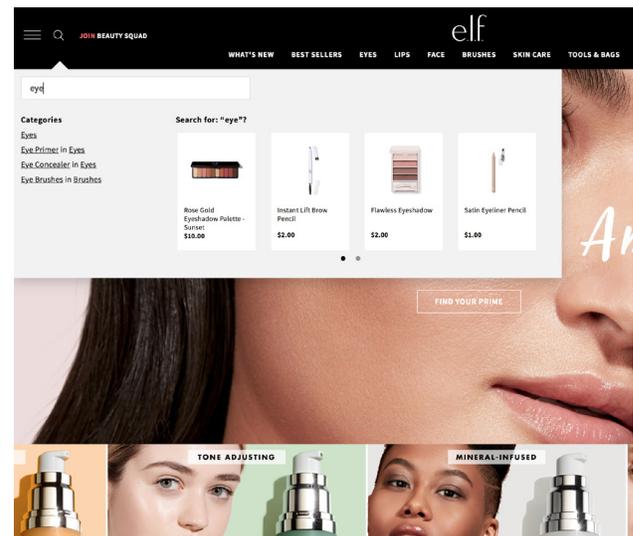
Over 40% of customers will abandon a site if they can't find what they are looking for within 2 minutes.<sup>6</sup>

Customers increasingly turn to the search function to find what they are seeking. Basic searchandising (using search to actively highlight what the customer is looking for) is table stakes for today's ecommerce players and includes such capabilities as:

- Rich and customizable auto-complete, featuring products, brands, categories, etc.
- Fully-addressed user typos
- Semantic search that understands customers' words
- Results that include filtering facets which are dynamically generated to facilitate the rapid selection of products



## SEEN IN THE FIELD



e.l.f. Cosmetics helps customers quickly find exactly what they are looking for via suggested results that include specific categories, products, images and pricing.

For many leading retailers and B2B sellers, search has increasingly taken over merchandising. Search technologies are making it easier for customers to find what they are looking for and putting the control of advanced merchandising tools into the hands of the business team. Modern search tools leverage machine learning enabling results to grow smarter through use, improving the relevance of results.

## Recommendations

Algorithm-driven recommendations have proven to outperform hand-selected ones because they leverage data about aggregated customer behavior on site, favorites, and the actions of other site visitors.

Most digital commerce platforms include recommendation functionality. However, some organizations opt to improve their recommendation capabilities by implementing third-party recommendation engines and personalization solutions. These solutions often provide innovative features that allow recommendations to be driven by the actions and preferences of individual shoppers – from clicks and site searches, to individual cart adds that reveal shopper preferences for attributes of color, style, size, gender, category, and more.

Advanced preference centers allow customers to provide explicit preferences for what they care about (activities, brands, sizes, etc.), enabling further personalization of recommendations, however, many still forgo the immediate opportunity to gather more information about the individual customer.



### DID YOU KNOW?

Retailers are taking note of the impact of recommendations. According to the FitForCommerce Omnichannel Retail Index:

- 90 percent display images of recommended items on the product detail page
- 68 percent leverage the cart to provide recommendations for purchasing additional items<sup>7</sup>

According to the FitForCommerce Omnichannel Retail Index, 33 percent of leading retailers in the US have implemented outfitting or “complete the look” functionality on product detail pages. Adopted by forward-thinking apparel retailers, the outfitting solutions that power these features leverage sophisticated AI and machine learning to automate outfit creation, personalize the experience and improve results over time.



### SEEN IN THE FIELD

SEARCH J.Crew STORES SIGN IN BAG

NEW ARRIVALS WOMEN MEN GIRLS BOYS SALE BLOG FACTORY

• BEST SELLER  
**Ruffle-neck top in cotton poplin**  
CLASSIC PETITE TALL  
~~\$59.50~~ **\$44.50 (25% Off)**

COLOR: WHITE

SIZE: SIZE CHARTS

000	00	0	2	4	6	8
10	12	14	16	18	20	22

QUANTITY: 1 2

**ADD TO BAG**

ADD TO WISHLIST IN-STORE PICKUP

SIZE & FIT  
• Body length: 35"

PRODUCT DETAILS  
Our easiest, most versatile summer top can be worn under a blazer or tucked into a skirt. Oh, and did we mention the fabric is a lightweight (translation: summer-friendly) cotton poplin?

- Cotton.
- Machine wash.
- Import.
- Item 3378.

SHARE

SHOP THE LOOK

- Rugby knit wrap skirt \$89.50
- Knotted espadrille slides in stripes \$69.50
- Small Ibiza tote with pom-poms \$79.50

J.Crew includes a “shop the look” feature on both category and product detail pages to inspire shoppers and make it easy to purchase a complete look.

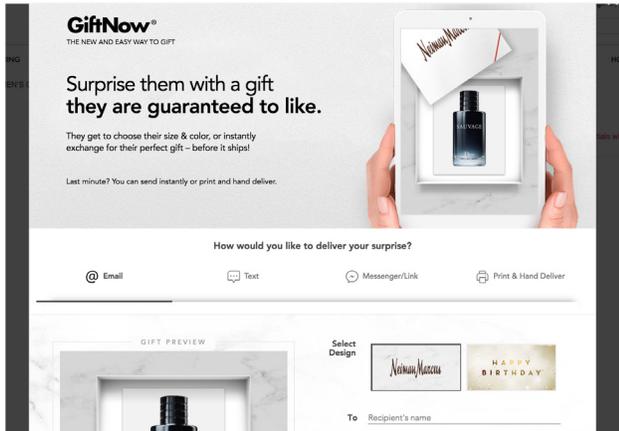
## Gifting

Retail stores have had an advantage when it comes to last-minute gifting – just drive to the mall and grab something/ anything at the last minute without having to worry about delivery. Retailers leverage digital gifting to extend the shipping cut-off and let customers shop later than ever or shop when it is convenient for them and schedule a timely gift delivery.

The gifting industry started with e-gift cards that could be sent via email and up to the last minute, with many retailers offering the ability to somewhat personalize the card with an image of the customer’s choosing. The next generation of digital gifting allows gift givers to select an item and allow their recipient to choose the exact right size and color. As a result, gifts feel more personal and desired, helping retailers sell through product they already own and reduce returns.



## SEEN IN THE FIELD



Instead of traditional gift cards **Neiman-Marcus** shoppers can send more personal gifts allowing recipients to select their own size and color.



### OUR TAKE: Your gift card program should be a revenue generator

Merchandise your gift card program as thoughtfully as you would any major product line. Allocate enough resources (cash, time, and site real estate) to ensure its success.

## Price Optimization

It is no surprise that the Internet has created massive disruption in pricing. The competition is fierce, while customers are better informed and have higher expectations.



### DID YOU KNOW?

Increased price transparency, continued consumer price sensitivity, and ongoing competitor price aggressiveness are among retailers' main pricing concerns.<sup>8</sup>

While dynamically changing pricing to respond to competitors may not be ideal for every organization, mastering pricing knowledge and nimbly adjusting prices accordingly has

become essential to profitability for both B2C and B2B sellers. There are a number of technologies available to help organizations become more savvy about pricing.

Simple competitive price scraping has evolved to pricing platforms that provide insights into pricing and assortment opportunities vis-a-vis the competition as well as a view into their promotional behavior for in-season management and planning purposes.



### DID YOU KNOW?

40% of B2B commerce sites leverage a price optimization system to deliver dynamic pricing.<sup>9</sup>

Many organizations leverage these types of platforms to assure competitiveness. Increasingly, organizations are combining this competitive data with the knowledge they have about their customers to selectively deliver offers and pricing that will make a difference – without unnecessarily discounting a product broadly.

The rise of more powerful, analytic price-optimization tools and the ability to deliver offers more selectively, through mobile apps for instance, has made the advent of personalized pricing more of a reality.



### SPOTLIGHT ON B2B

Most B2B buyers are digital shoppers in their private lives and as such expect the same level of convenience and seamless user experience when purchasing for work. B2B websites must live up to these expectations by being customer-centric and intuitive in design. The experience must be seamless across all channels and devices – whether online, in-store, via traditional sales, or by phone. Due to multiple points of customer interaction and intricate purchase flows, B2B organizations need to carefully plan out every step of the purchase journey, ensuring that the experience is as seamless as possible while flawlessly supporting a complex set of back-end business rules, processes and workflows. It is important to have the right resources and tools in place to make sure that every B2B buyer sees the most interesting product for them, at their negotiated prices. In addition, B2B organizations often carry huge product catalogs, featuring sometimes millions of SKUs, requiring robust site search functionality, faceted navigation and guided selling to help customers easily find what they need.

# Planning and Sourcing

## BURNING QUESTIONS



- How do I accurately predict demand and plan accordingly?
- What is the significance of analytics in inventory planning?
- Why is customer-centricity so important?

**S**elling, offline and online, is all about providing the right product, in the right place, at the right time and at the right price point. Customer behaviors are changing – customers are becoming more demanding and impacting how organizations buy and manage inventory.

In a fiercely competitive environment, organizations need tools to help them better plan and manage the supply chain, inventory and wholesale distribution. Forecasting sales, product production and inventory planning based on trends and consumer demands are key aspects of successful retail and B2B businesses.



## OUR TAKE: It's their world (consumers) - we just live in it (retailers)

Consumers constantly demand new, better and more personalized products and choices. And they demand it on their schedule. In other words: they want what they want when they want it. It's your job to give it to them, and that requires careful planning.

## TOOLS AND TRICKS OF THE TRADE

In a customer-centric marketplace where retailers and B2B sellers are forced to offer greater assortments through multiple channels, accurate planning is more critical, and more complex, than ever. Organizations need tools to help better predict demand and plan inventory accordingly. Great planning and the right tools will help reduce risk and costs and optimize inventory and retail distribution.

## PLANNING AND SOURCING TOOLS

- Enterprise Resource Planning (ERP)
- Inventory/Merchandising Planning
- Vendor Managed Inventory (VMI)
- Demand Planning

## Enterprise Resource Planning (ERP)

ERP generally refers to integrated application software that supports an enterprise's end-to-end business transactions using a common database and presenting users with a common user interface and standard methods of accessing data and functionality. The ERP system allows retailers and manufacturers to manage the business and automate back-office functions.

ERP system deployments are among the most complex, risky and costly system projects. Organizations should clearly articulate and document why they require an ERP. This exercise includes documenting pain points against the ERP functionality, benefits, costs and risks.

Committing to an ERP deployment is a cash investment of a non-trivial percent of an organization's annual revenue. It is critical to create a financially factual business case to justify the ERP investment. The business case should include internal employee project time as a cost and be rigorous about the anticipated benefits.

To ensure optimal deployment of the ERP, organizations should consider hiring an experienced implementation partner early in the process. The partner should fully understand the ERP landscape and have practical implementation experience with various ERP systems.

It is critical to follow a formal process to determine if an ERP package will meet the business requirements. It is wise to avoid customizing or adding additional software packages to make up for any ERP shortcomings. Instead, be prepared to make changes to business processes to match the pre-built processes of the ERP rather than changing its functionality.



#### OUR TAKE: Change management starts early

Market the project internally, especially to customer-facing employees. Involve end-users in testing and certification. Budget enough money for training. Don't forget external stakeholders like customers, suppliers and other partners.



#### OUR TAKE: Inventory planning should be customer-centric

Your inventory planning should be customer-centric rather than product-centric. With the right tools you should leverage what you learn about your customers from digital commerce to inform your inventory strategies.

## Inventory/Merchandise Planning

Both retailers and B2B sellers must invest in planning and inventory management to succeed in today's competitive and customer-centric marketplace. There is a fine balance to the discipline of inventory planning - proper planning is necessary to ensure not to over- invest in inventory, but also not to turn away customers or potentially lose sales due to out-of-stock scenarios.

The need to plan by channel and location makes the planning and inventory management even more complicated. Products are sometimes available across platforms and channels, and sometimes unique to specific channels – e.g., online-exclusives. The chosen distribution strategies will impact inventory levels and timing as well.

Smart organizations leverage predictive analytics tools powered by artificial intelligence to guide how much inventory to purchase and which styles will sell best based on past performance and market trends. Supply chain and inventory planning solutions leverage real-time customer and supplier data across the entire value chain to help organizations improve their supply chain processes.

These tools help determine the best product selection to differentiate from competitors. With the right tools, organizations can ensure that their inventory is optimized and sufficient to fulfill customer demand, and limit overstock scenarios. Some solutions can also help determine the most cost-effective way to store and ship products without carrying excess inventory.



#### OUR TAKE: Don't risk losing repeat customers

Generally, the more often you can turn over and refresh your merchandise assortment, the more loyal and frequent customers will be. To keep customers coming back, both in store and online, you must constantly update your inventory assortment and release new products.



#### DID YOU KNOW?

- 44% of retailers plan to upgrade or replace their merchandise planning systems within two years
- 23% of retailers still use spreadsheets to manage merchandise planning
- 47% of retailers use advanced analytics for merchandise planning<sup>10</sup>

It is important to plan assortment strategies to be nimble enough to meet the ever-changing demands of the customers. In addition to updating the assortment, speed to market plays an important role. As soon as a trend turns mainstream, customers want and expect it to be available. Retailers need the ability to spot these trends and predict how long the demand will last. Having the right systems and processes in place to allow for quick and accurate communication when new trends emerge is critical.

A good inventory and supply chain solution can help organizations improve accuracy and speed of inventory and merchandising decisions, create a comprehensive view of products, inventory and distributors. These solutions will also help build demand forecasts and assortment recommendations based on buying behavior at the SKU level, cluster and location level.



### OUR TAKE: Don't let a volatile marketplace dictate your success

The right planning tools will leverage data to help you predict demand and proactively meet customer expectations.

To improve inventory planning and sourcing, organizations should:

- Leverage tools that include scenario modeling and analytics
- Optimize sourcing strategies, supply and distribution network, transportation routing and inventory levels
- Match supply to demand with near real-time inventory visibility enabled for product-specific, event-level tracking
- Streamline customer order, fulfillment and return processes across your enterprise and supplier network regardless of channel
- Improve sourcing and supplier collaboration



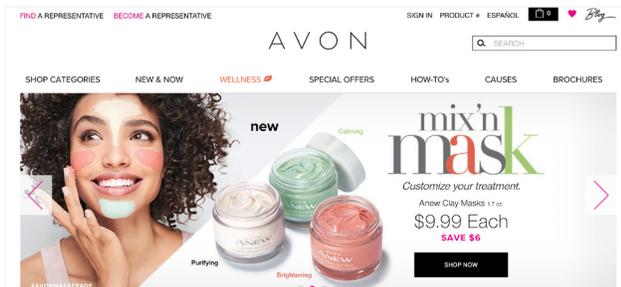
### OUR TAKE: Take inventory

Moving inventory around is very costly - making even subtle improvements in inventory productivity makes a big positive difference.

New technologies also enable improved collaboration across teams and allow for bidirectional planning and allocation processes that are essential to keeping information flowing and plans evolving, from planning to execution and back.



### SEEN IN THE FIELD



Avon has developed a supply chain solution specifically for its unique business model. The system enables collaborative planning and execution processes between Avon and its suppliers, and it has provided Avon with complete visibility of material availability and constraints across its total supply chain.

## VMI (Vendor Managed Inventory)

VMI is a business model where organizations provide product activity to vendors to compare against model stock for each store location. Once a vendor has this information, they integrate it with their wholesale ownership to determine production needs, what replenishment is needed by store to create reverse purchase orders. VMI requires a consistent flow of point-of-sale data that includes sales and inventory by SKU at the door level. Integration with wholesale inventory and production is also required and the calculation of inventory needs based on a variety of business rules and ability to create and transmit purchase orders.

## Demand Planning

Demand planning is a multi-step operational supply chain management (SCM) process used to create reliable forecasts. Effective demand planning can guide organizations to improve the accuracy of revenue forecasts, align inventory levels with peaks and troughs in demand, and enhance profitability for a given channel or product

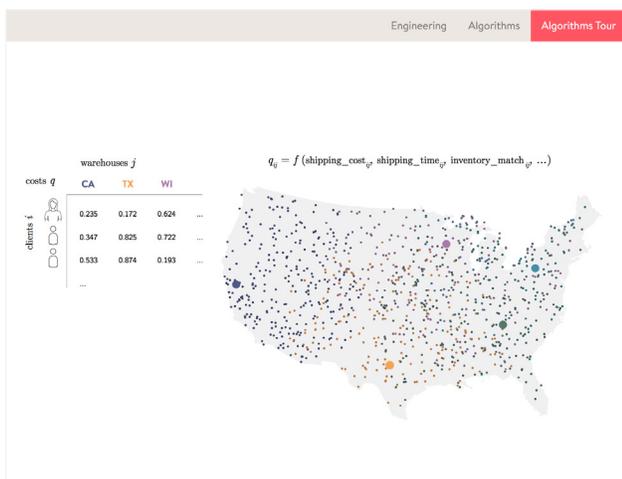
Demand planning tools help increase the sales and profit for customers by:

- Increasing the amount of pre-planning and analysis
- Developing financial plans by item or category based on seasonality, the retailers promotional cadence and margin goals
- Tracking retail sales, inventory and margin results every week and comparing to plan
- Making actionable recommendations on top-performing and poor-performing items
- Automating door-level replenishment
- Optimizing inventory levels needed to meet demand

Retailers and B2B sellers are increasingly leveraging more customer data to help with demand planning including POS transactions, CRM data, digital transactions and more. AI-powered platforms are bringing new opportunities to merchandise and demand planning, in some cases automating parts of the process.



### SEEN IN THE FIELD



**Stitch Fix** employs 85 data scientists to help drive efficiency throughout the company. In addition to its styling algorithms, Stitch Fix has algorithms for logistics, inventory management, inventory procurement, product design, demand estimates, etc. Since the company uses data science pervasively, they can anticipate the inventory needs of clients and buy inventory accordingly.<sup>11</sup>



### SPOTLIGHT ON B2B

As more B2B sellers explore digital channels to grow their businesses, they need to start thinking and acting more like B2C retailers. In planning and sourcing, this includes changing how goods are packaged and labeled at the factory level. When items are sold as pieces instead of pallets, everything from inventory management to financial line items and ERP system structures changes.

Many B2B purchases involve bulk orders and real-time inventory management. It is therefore critical to avoid the risk of accepting multiple orders that deplete inventory before all orders are fulfilled. Organizations need to know how much inventory is in stock and at what location or distribution center. B2B businesses with retail store locations such as office supply stores must also have visibility into in-store inventory levels as products can be shipped between stores.

The B2B supply chain often involves a complex mix of manufacturers, suppliers and distributors. Products can be sourced directly from the manufacturer or from a supplier – or a combination of the two. Supply chains typically cross borders and continents, further complicating the mix.

Technology plays a key role in B2B planning and sourcing. B2B organizations must ensure that the platforms they leverage are robust enough to support these complex functions and fully integrated with other solutions in the ecosystem.

## BURNING QUESTIONS



- Does content really matter in commerce?
- What's the big deal about personalization anyway?
- How do I manage all content assets across the organization?

In an increasingly competitive landscape, engaging, high-quality content can be one of the most powerful assets in both B2C and B2B commerce. Content is a key differentiator in digital marketing, onsite, and the overall shopping experience. There are many different types of content, and they are typically divided into two main categories – product content and brand/editorial content.

According to a FitForCommerce survey, retailers agreed that a strong content strategy is critical to success. The top three focus areas they cited were enhancement of product content with 'How-To' and other helpful information, creation of more editorial content, and incorporation of user-generated content.<sup>12</sup>



## DID YOU KNOW?

40 percent of consumers buy more from retailers that personalize the shopping experience across channels.<sup>13</sup>

Creating a good content strategy requires diligent evaluation of how customers navigate through the decision-making process and identification of the interaction points where relevant and personalized content will inspire and drive conversions.

The content mix depends upon the customer characteristics and products sold but will, in most cases, include different types of content at different stages – from driving awareness and traffic, to the actual purchase.



## OUR TAKE: While content is king, context is queen

We all know queens really rule the kingdom. With the right data, content assets, and technology in place, you can determine the personalization strategy that is right for your customers – and for you!

## TOOLS AND TRICKS OF THE TRADE

### CONTENT TOOLS

- Personalization
- Photography/Video
- Lifestyle/Editorial
- Content Management
- Product Information Management
- Digital Asset Management
- User-Generated Content
- Augmented Reality/3D Visualization

Between different content types and multiple channels and customer touchpoints, creating, managing, and sharing content across an organization can be a headache. For a solid content strategy to work, all content assets need to be readily available to the relevant stakeholders throughout the organization, including creative, merchandising, marketing, ecommerce, and individual stores as well as externally with partners, wholesalers, and others.

Unfortunately, organizations too often work in silos, using disparate systems with content assets stored in multiple locations, hindering efficiencies and making it very difficult to ensure brand consistency across all customer touchpoints, both offline and online.

Smart organizations invest in tools that enable them to streamline content creation, centralize content assets, collaborate across the organization, and capture and leverage data to personalize customer acquisition and retention strategies, and the overall shopping experience. This allows retailers and B2B sellers to maintain control of brand and merchandising consistency while ultimately saving time, removing friction, and eliminating margins of error.

**DID YOU KNOW?**

45 percent of marketers say their organizations have the right content tools in place, but they're not being used to their full potential.<sup>14</sup>

## Personalization

It is impossible to talk about content without focusing on personalization. Content is only effective if it is personalized and relevant to the shopper. Essentially, that means delivering the right content to the right person at the right time.

### EXAMPLES OF CONTENT PERSONALIZATION TACTICS

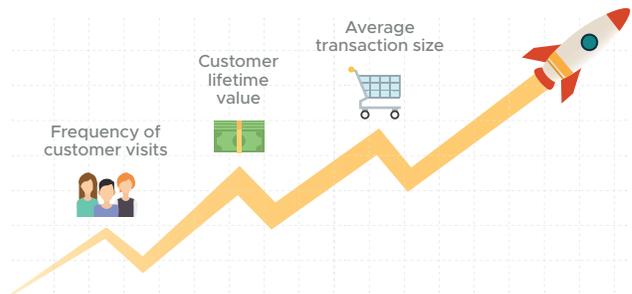
- Videos and how-to's based on products viewed
- Wish lists and favorites lists
- Real-time web content updates in response to consumer intent
- Targeted alerts and offers
- Gender-based homepages and landing pages
- Filter and search options throughout the site

By combining historical, behavioral, and customer profile data, it is possible to deliver relevant and tailored experiences through content that meets individual needs. Effective personalization includes featuring content that is specific to an individual shopper at different points of interaction, including email marketing, on the homepage, search results, products pages, and so on.

When content is personalized and contextually relevant to the consumer, it strengthens engagement and increases the likelihood of turning a browsing visitor into a buying customer.

Some digital commerce platforms may offer some content personalization features to dynamically serve relevant content throughout the shopping experience. But, to fully embrace personalization across channels and customer touchpoints, organizations should consider investing in a third-party AI-powered personalization solution that includes data analytics, onsite personalization, and digital marketing capabilities.

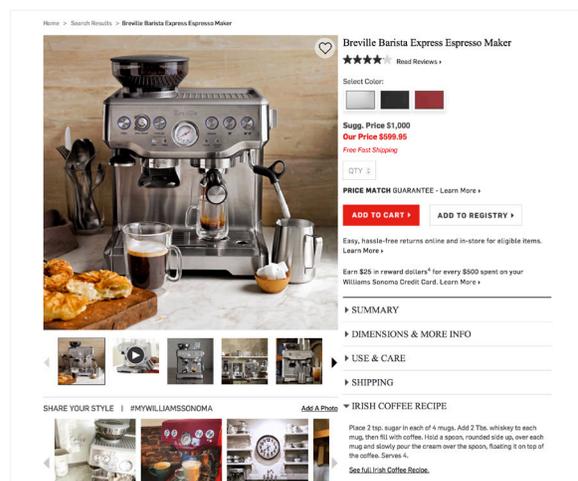
### PERFORMANCE BOOST WHEN PERSONALIZATION IS USED



**DID YOU KNOW?**

75 percent of B2B buyers say it's very important for website content to directly speak to their company's needs.<sup>15</sup>

## SEEN IN THE FIELD



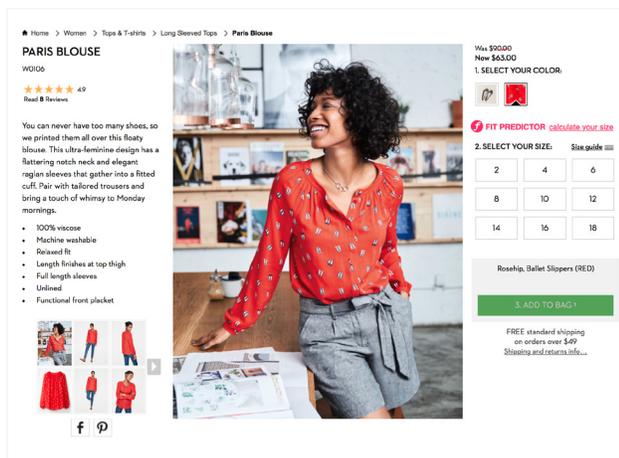
Williams Sonoma cleverly injects relevant content into multiple areas on their site to engage, inspire and persuade shoppers. For instance, shoppers will find recipe suggestions on product detail pages, guides for selecting the right type of products, background stories about brands and much more.

## Photography/Video

It is true what they say: “A picture is worth a thousand words, or more.” When it comes to digital commerce, the importance of good photography cannot be overstated. Online shoppers cannot touch and feel products. So, it is up to retailers to provide the most authentic product representation possible. Beyond detailed product descriptions, high-quality photography is a must, and videos go the extra mile.

It is important to carefully select photographers and vendors that specialize in ecommerce product photography and video, as opposed to lifestyle or editorial content. Beyond product photography, however, it is wise to include lifestyle and editorial content to augment the shopping experience and make the experience feel more relatable. The goal should be to delight and inspire shoppers through vibrant imagery with which they can relate.

### SEEN IN THE FIELD



**Boden** shows off products from multiple angles both on and off model to help shoppers visualize what the product looks like. The company also features custom images by color selection.

### OUR TAKE: Show off your products

Don't cut corners around product photography. Good photography can make all the difference when it comes to convincing a shopper to make a purchase. Be sure to include multiple rich photos, detailed imagery, swatches, and even video when appropriate. It is worth the investment.

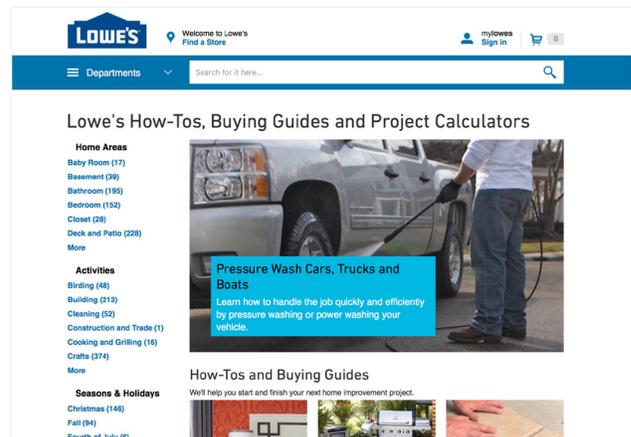
## Lifestyle/Editorial

While good product information and specifications are always critical, content should be used to promote products, inspire, educate, and ultimately, move the shopper from discovery to purchase. Blogs, How-To guides, and instructional videos represent examples of how to provide genuine, helpful content to inform and inspire. Combined with third-party expert- and user-generated content incorporated on homepages, category listings, product pages etc., retailers and B2B sellers can further establish themselves as trusted advisors and build loyalty. While many have invested and adopted content marketing into their overall strategy, many still struggle to properly integrate content into the purchase path. To ensure that content is most effective, it should be integrated into product pages and lifestyle and editorial content in blogs; other areas should incorporate merchandise with shoppable functionality (add-to-cart or “save for later” lists).

### OUR TAKE: Kick it up a notch

Product descriptions and catchy headings are no longer enough. Organizations need to create more engaging, visual, and personalized content in order to capture the attention of an ever-fleeting audience. But don't forget to keep SEO in mind when developing content – make sure it is Google friendly.

### SEEN IN THE FIELD



Part inspirational destination, part self-help **Lowe's** has created an entire section dedicated to How-To and Buying Guides for common issues their customers need to solve.



### OUR TAKE: Make it sharable

Make sure that all that great content you create is easy to share. The more your customers share, the more likely you will see more shoppers visiting your site. At that point, it's up to you to close the deal.

## Content Management

Many digital commerce solutions include some content management features, but they are typically highly focused on transactional content. Some companies opt to augment their capabilities with solutions that offer automated content management functionality with a friendly interface for business users. The combination of content and commerce has proven so effective that some content management systems are now also offering commerce functionality.

## Product Information Management (PIM)

Product Information Management systems (PIM) are designed to help manage all the information needed to market and sell products through a myriad of distribution channels. The PIM solution provides a central set of product data including attributes, copy and taxonomy that can feed websites, in-store knowledge bases, print catalogs and data feeds to partners. PIM solutions become even more important to organizations expanding to international distribution, which can require localized information, pricing and multiple languages.

## Asset Management

Digital asset management tools (DAM) provide a centralized library to store, organize, find and share digital files, including images, photos, creative files, video, audio, documents and more. Digital asset management solutions are often used by creative staff and other stakeholders across the organization, as well as external partners.

These solutions allow for easy and controlled access to all digital assets. More advanced digital asset management solutions resemble content management and offer capabilities including cloud storage, version control and brand management features enabling creative workflow automation, usage tracking and more.



### DID YOU KNOW?

26 percent of content marketers leverage a digital asset management system (DAM). These systems are expected to become more popular as AI strengthens and improves the technology.<sup>16</sup> In fact, almost 60 percent of marketing leaders believe AI will have a substantial impact on digital asset management technology over the next years.<sup>17</sup>

## User-Generated Content

Besides pushing relevant content through social media channels, savvy organizations leverage social media channels and tools to encourage customers to create and share unique content, which they can pull into their digital channels, in stores and even print media. Featuring products "in action" such as customers using or wearing products on homepages, product detail pages and in marketing materials, is a powerful tactic to increase conversions, providing context to the products shoppers are considering as well as providing assurance in the purchase decision.



### DID YOU KNOW?

The ability for customers to upload customer photos online is offered by 46 percent of retailers, 31 percent pull Instagram photos into the online experience; leveraging those photos to enhance the in-store environment is done by only a few.<sup>18</sup>

## Influence the Influencers

Leveraging influencers to market brands and products has proven highly effective for many brands, but it does not come without its challenges. According to a recent study, retailers struggle with determining the ROI of influencer marketing programs and the amount of time it takes to manage these programs.<sup>19</sup> Retailers are increasingly focusing their influencer programs on leveraging multiple types of influencers such as a mix of celebrities, bloggers and micro-influencers. There are many influencers who are eager to work with brands but it is important to ensure brand alignment when selecting the right advocates with which to partner. An influencer's reach and audience is of utmost importance, as is the type of content the influencer currently shares with followers. More and more retailers are using influencer content to

improve the performance of other channels and integrate influencer content with ecommerce to drive product sales. It is recommended to allow influencers to create unique content, not merely repost an organization's original content. That way, is it possible to also leverage their content on an organization's own social media channels, websites and other marketing vehicles.



#### DID YOU KNOW?

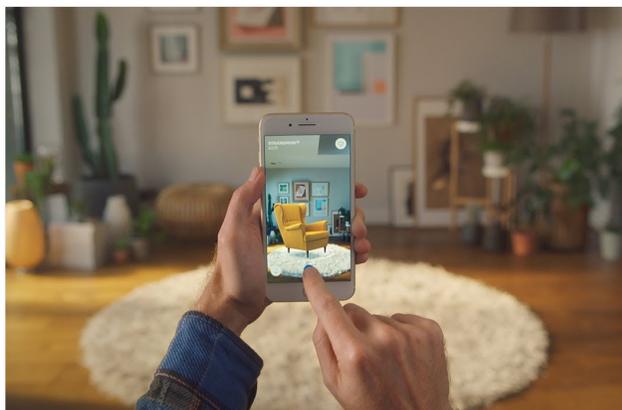
- More than half of brands think influencers are “vital” to their social efforts<sup>20</sup>
- 89 percent of brand marketers agree or strongly agree that influencer marketing could positively affect brand perception<sup>21</sup>

## Augmented Reality and 3D Visualization

Some organizations innovate with new augmented reality capabilities, from Augmented Reality (at Home Depot and Sephora), to reinvention of 3D visualization (at retailers like Wayfair and Blue Nile) to help shoppers visualize what a product looks like on or in a home setting.



#### SEEN IN THE FIELD



**Ikea Place** allows users to place virtual Ikea furniture into their own home to see how everything might look once assembled. Shoppers can also share pictures or save them, and use the app to price and reserve the items (and eventually buy).



#### OUR TAKE: Make your content social-friendly

- Allow content to be shareable to increase its reach and likelihood for recommendation.
- Provide a way for users to share or upload their own content onto your site when it features your products.
- Enable UGC wherever possible, particularly with product detail pages.



#### SPOTLIGHT ON B2B

According to a recent B2B study, fifty percent of distributors indicate that deeper product content is next on their ecommerce feature roadmap.<sup>22</sup> As B2B organizations venture into digital commerce, it is necessary to tailor product content and visual assets to the digital channel. B2B organization could, in the past, rely on repurposed print images, but the digital sales channel is today largely expected to be the primary storefront for most B2B businesses. As such, the site must present the level of content that customers are used to in their personal shopping lives and deliver a personalized, customized and relevant buying experience.

Landing page content must be presented in a manner that is easily consumed by busy B2B shoppers and product detail pages should be as comprehensive as possible. B2B organizations must also employ and manage digital assets including multiple product images, PDFs with detailed specifications, product manuals, “how-to” videos and customer recommendations.

It is essential to maintain and manage all product information – attributes, descriptions, complex product specifications, videos, reviews, etc. – from one centralized repository. This includes rich, unstructured data such as documents and product photos. Most organizations can benefit from investing in an asset management tool to help support effective business operations. A centralized content asset management system ensures consistency of information regardless of whether the customer is purchasing online or through a sales representative. It also creates better efficiencies because the information is updated in one place and replicated throughout the selling ecosystem.

# User Experience

## BURNING QUESTIONS



- What tools can I leverage to understand how my user experience is measuring up?
- What areas should I focus on to optimize the user experience?
- How do speed and load times affect the user experience?

**E**very interaction a buyer has with a seller is critical. The smallest changes to the user experience can have a significant impact on the individual customer's experience, and in the long run, the entire business. This is why user experience is such an integral part of digital commerce.

A great user experience can win a customer forever, but a lackluster experience can have a detrimental impact – not only causing the individual customer to never return, but also impacting others through family and friends as well as social media.



**OUR TAKE: Don't lose customers because they had a poor user experience**

A minor mishap or poor experience can result in a lost sale and the possibility that the visitor will never return. An experience that exceeds expectation, on the other hand, can result in a satisfied and loyal customer who will not only come back, but will also send new customers your way.

## TOOLS AND TRICKS OF THE TRADE

Most people associate user experience with design and user interfaces. But, user experience is much more than that. It includes every interaction a customer has with an organization's digital interfaces – including ecommerce sites, mobile apps and even in-store kiosks. And it includes every aspect of the experience – from site design and navigation, to features and functionality, checkout and all the way through to delivery and even post-purchase.

The most critical element of a good user experience is to meet the needs of the customers within a reasonable set of time, with no confusion, frustration or errors – essentially providing a “frictionless” experience, regardless of touchpoint.

## USER EXPERIENCE TOOLS

- Design/Creative
- Usability (primarily testing tools and methodologies)
- Website Performance Optimization
- Site Search/Navigation
- Voice of the Customer (ratings, reviews, Q&A)
- Personalization

There are two major aspects to user experience – the design, features and tools that create the experience and the tools to measure the performance and optimize the experience.



**OUR TAKE: User Experience extends beyond the design team**

Although much of the user experience work might fall under the responsibility of the design and development team(s), every member of an organization must consider the impact of every decision they make about the user experience – that includes buyers, merchandisers, marketers, operations, fulfillment, and of course, designers and UX/UI employees.



## DID YOU KNOW?

64 percent of online retailers reported that optimizing the user experience (with features like enhanced search, navigation, product content and overall ease of use) is one of their top priorities.<sup>23</sup>

## Creative/Design – Form Follows Function

An organization's visual brand identity – logo, color schemes, fonts, visuals – is extremely important. How organizations visually present themselves says a lot about who they are. But it is important to make a distinction between corporate/brand site design and ecommerce, as different rules apply. For ecommerce, in addition to conveying the brand aesthetics, the primary function of the site is to sell.



### OUR TAKE: Let "Personas" set the direction

Create between two and four User Personas to identify similar customer types. This allows the site to be designed by customer types that will most often visit your site. Understanding the demographics, motivations, goals, task flows, and desired functionality of your customers will help you prioritize and improve site design.

When designing for ecommerce and other digital channels, organizations should start by fully understanding the target customers and outline how they shop. Demographics, socioeconomics, interests, shopping behaviors, etc. should impact the layout and design of digital interfaces. Merchandise assortment and types of products offered will also drive how the site looks and the kind of functionality needed to optimize the user experience. In addition, content, links, navigation, functionality and error handling may affect the design and need to be defined and approved before the creative look and feel is applied.



### OUR TAKE: Don't Guess. Test.

On average only one out of four A/B split tests yield the expected results. So if you're not testing everything, you're off 75 percent of the time.<sup>24</sup>

## The Need for Speed

Some organizations use up to 50 third-party applications to provide richer user experiences – the industry average is 27. These applications are essential for engaging customers, but they also result in third-party violations (when applications take an extended time to load, fail to load, or block an entire

page from loading completely) that can significantly sacrifice site performance and drive buyers to competing sites.<sup>25</sup>



### DID YOU KNOW?

By controlling third-party elements, a retailer saw a 54 percent improvement in page load time, resulting in a 44 percent improvement in Revenue Per Visit.<sup>26</sup>



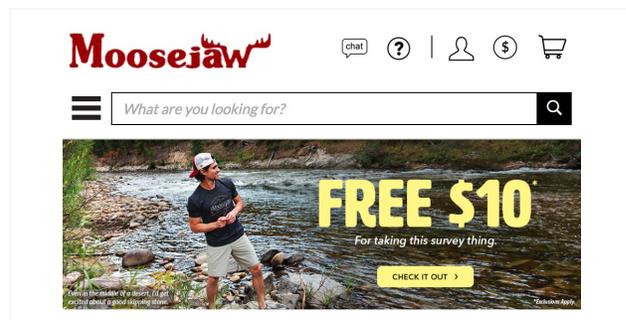
### HEARD IN THE FIELD

"A mobile page shouldn't take any longer than 3 seconds to load and the metrics we've seen and use internally is that for every second past that 3 second expectation you lose 20 percent in conversion" – Mike Frazzini, Chief Technology Officer, eBags

With the implementation of a web/mobile optimization solution or ecommerce acceleration solution, organizations have full visibility on how third-party ecommerce applications are impacting the performance of their sites. These platforms provide control to reduce third-party violations, which will result in improved performance and as high as 10-20 percent conversion lift.<sup>27</sup>



### SEEN IN THE FIELD



Following the launch of their responsive site, **Moosejaw**, a leading outdoor retailer, realized that its website content was not optimized for mobile devices, resulting in unacceptable mobile performance and load times. Moosejaw deployed an optimization solution that allowed Moosejaw to significantly accelerate website loading and improve shopper experience. As a result, Moosejaw was able to realize 20% desktop growth and 50% mobile growth.

## Usability

Usability of web, mobile, and other digital interfaces is necessary to succeed in today's competitive market. If a site is difficult to use, if customers cannot find what they are looking for, or if the shopping process is too cumbersome, shoppers will quickly leave for a competitor. There are several tools that can help measure and optimize the usability of their digital interfaces.

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### OPTIMIZING THE USER EXPERIENCE

- Conduct a site assessment with a UX expert to identify potential usability issues
  - Evaluate analytics and create dashboards of customer experience related KPIs
  - Conduct small user tests on key shopping paths and pages on your site
  - Conduct card sorting to identify ways to optimize product taxonomy
  - Invest in A/B testing tools to test out theories and findings from assessment and user testing
- 



#### DID YOU KNOW?

Spending 10 percent of your development budget on usability should improve your conversion rate by 83 percent.<sup>28</sup>

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## Eye Tracking

Leveraging sensor technology, eye-tracking solutions are primarily used to identify where users are looking on a digital interface. Coupled with sophisticated algorithms, eye tracking can determine a user's attention, focus, drowsiness, and other mental states. Companies leverage this information to gain insights into consumer behaviors and to pinpoint usability issues.

## Click Tracking

Click-tracking solutions provide the ability to monitor how users got to a site, where they click, and where they are not

clicking. This includes scrolling and browsing behavior on a site or within a mobile application. The goal of click tracking is to identify usability issues and on-page behavior.

## Card Sorting Exercise

Card sorting is a research technique for discovering how users understand and categorize information. Card sorting is typically used for insights into how to group and label website content in a way that makes most sense to the audience. Card sorting is particularly useful for building the structure of a site, deciding what content goes where, determining the navigation, and optimizing product taxonomy.

## A/B Testing

A/B testing tools serve two different pages to learn which page performs better. Many content solutions already include tools to automate this process, and there are several web optimization tools that can be easily added to existing platforms.

## Site Search/Navigation

Site search solutions bring contextualization techniques to search in order to better answer customer queries and deliver contextual promotions by changes to search algorithms and merchandise features. The more advanced solutions, however, go a step further, delivering contextual search results by taking into account behavioral, situational, and historical data.



#### OUR TAKE: Guide your customers

Build your navigation and search to help customers easily find products. Techniques such as faceted or guided navigation, advanced search features, and product wizards will keep customers from going elsewhere to find what they want.

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#### DID YOU KNOW?

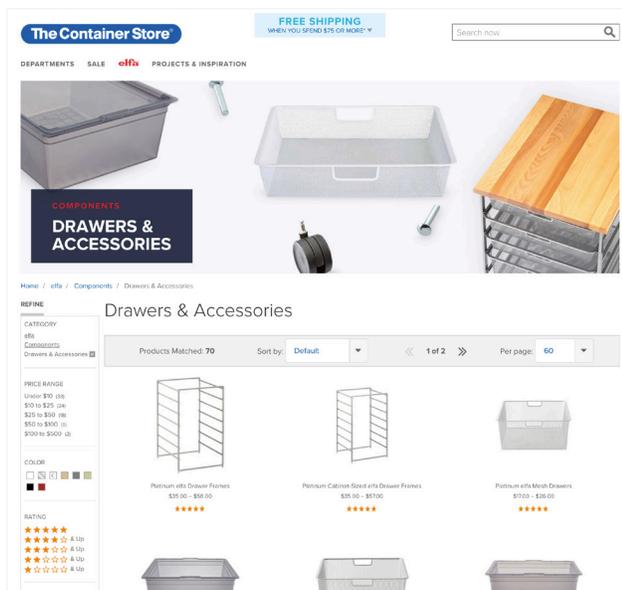
Faster search is the top priority for new website features to deploy among US distributors.<sup>29</sup>

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## Ratings and Reviews

Ratings and reviews provide customers with trusted feedback that helps them make better informed purchase decisions. Ratings and reviews have become pretty much the norm, and customers expect the ability to easily find reviews and recommendations from other customers when they shop. Most digital commerce platforms include basic reviews and ratings features. However, third-party providers can offer more advanced solutions that include social media integrations and Customer-Generated Q&A functionality.

### SEEN IN THE FIELD



**The Container Store** brings customer ratings to the forefront on the category page, allowing shoppers to refine product listings by ratings and includes ratings for products on the page. The company also allows shoppers to sort by ratings.

## Personalization

Personalization plays a significant role in optimizing the user experience. It is all about knowing who the customer is and using that information to create a meaningful and relevant user experience, guided by what she wants and when she wants it. Every step along the shopping journey is an opportunity to connect and engage to strengthen the user experience and build a strong, personal relationship that drives sales and loyalty.

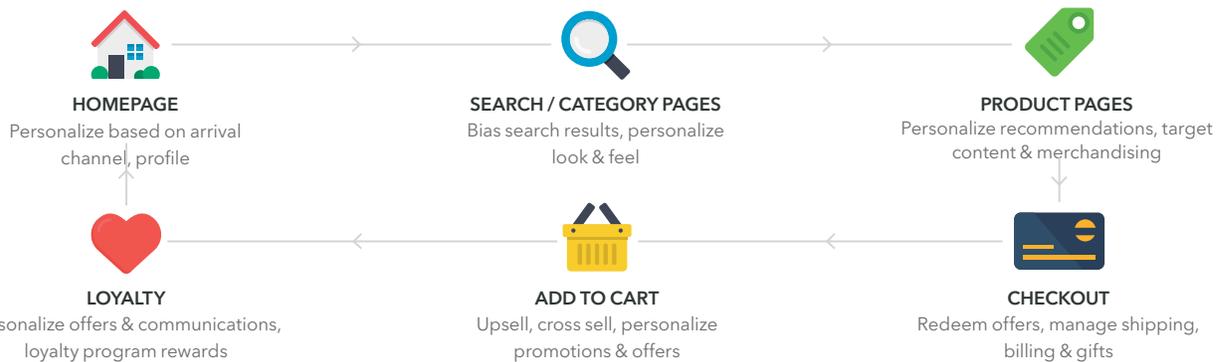
Although many retailers try to replicate Amazon's personalization approach, most do not have the resources (or data) available to build the same sophisticated customized features. There are, however, many options available that do not require costly in-house development. Using data analytics, supported by digital commerce platform capabilities and other best-of-breed personalization technologies, organizations can still provide contextually relevant experiences by delivering content that resonates with consumers.

### DID YOU KNOW?

Next-gen personalization solutions leverage AI-driven engines that can process vastly more data than other solutions and use sophisticated algorithms that predict individual shopper desire and intent in real time. These solutions have proven to increase Revenue per Visit by over 10 percent in controlled experiments against older personalization approaches.<sup>30</sup>

### DID YOU KNOW?

Sixty-three percent of B2B buyers say that their typical B2B ecommerce experience is worse than their personal Amazon shopping experience, and they expect at least as good as Amazon in their business interactions.<sup>31</sup>





## SPOTLIGHT ON B2B

Most B2B buyers are digital shoppers in their private lives and as such expect the same level of convenience and seamless user experience when purchasing for work. B2B websites must live up to these expectations by being customer-centric and intuitive in design. The experience must be seamless across all channels and devices – whether online, in-store, via traditional sales, or by phone. Due to multiple points of customer interaction and intricate purchase flows, B2B organizations need to carefully plan out every step of the purchase journey, ensuring that the experience is as seamless as possible while flawlessly supporting a complex set of back-end business rules, processes and workflows.

B2B organizations must apply B2C user experience strategies including appealing user interface (UI) design, descriptive, yet simple to understand copy and easy navigation. They should leverage the same tools as their B2C colleagues to ensure that the experience meets customer expectations.

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# Marketing Acquisition

## BURNING QUESTIONS



- How do I drive more traffic to my site?
- What tools should I use for acquiring more customers?
- How should I balance online versus mobile ad spend?

**B**uild it and they will come... that rarely happens! Setting up shop is half the battle – generating traffic and converting shoppers to buyers comes next. In the old days, foot traffic and word-of-mouth were essential to retail success. That still holds true. But today, foot traffic often comes in the form of online search, and word-of-mouth comes in the form of social media.

Marketing acquisition techniques make it easy for prospective customers to find you when they are actively looking and also when they may not be looking – when reading a blog, searching a media site, and so on – no matter what device they are using. In today's retail world, where shoppers move interchangeably between channels, marketing strategies also need to be executed, and integrated, across both digital and offline touchpoints. With so many different moving parts, it can be daunting to determine the right approach, prioritize efforts, and select the right tools to support the strategy.



### OUR TAKE: Give them what they want

The goal of a successful marketing acquisition strategy is to anticipate customer needs – where and when they search – to make sure they find you and the products you sell, and at the same time, to deliver relevant and, whenever possible, personalized experiences that encourage coveted click-through.

## TOOLS AND TRICKS OF THE TRADE

Optimizing strategies for acquiring and retaining customers should always be top of mind. There is no business without customers, and acquisition strategies need to be a focal point of any marketing strategy.

Customer acquisition tactics – also known as the paid digital marketing channels – include Paid Search (or PPC/SEM), Display Advertising, Mobile Marketing, Affiliate Marketing, Comparison Shopping Engines (CSE), Marketplaces (more on this later) and paid advertising on social media channels. While SEO (Search Engine Optimization) is also a customer acquisition channel, it is not a 'paid channel'. Each of these tactics require a unique set of skills to master and tools to help support the efforts to optimize results. Some organizations may have the internal capacity to manage everything in house. But most can benefit from tapping into a range of services offered by specialized marketing agencies to optimize results. These agencies can optimize campaigns based on results seen across their client base.

## MARKETING ACQUISITION TOOLS AND SERVICES

- Paid Search
- SEO
- Display/Retargeting
- Mobile
- Social
- Affiliates



### OUR TAKE: Quality matters

While shopper traffic is great, it doesn't matter much unless it encompasses the right people (those who will actually buy your products). It is critical to know your prospective customers and target your acquisition strategies to that audience.

## Search Engine Optimization (SEO)

Many consumers and business buyers start the shopping process on a search engine – to research product options, get information about brands, find reviews, or to locate a

store – and SEO is, therefore, often considered one of the most important components of the marketing acquisition strategy. For any B2C or B2B site, SEO is an effective and inexpensive way to get in front of potential new customers and a strong SEO set-up is crucially important.



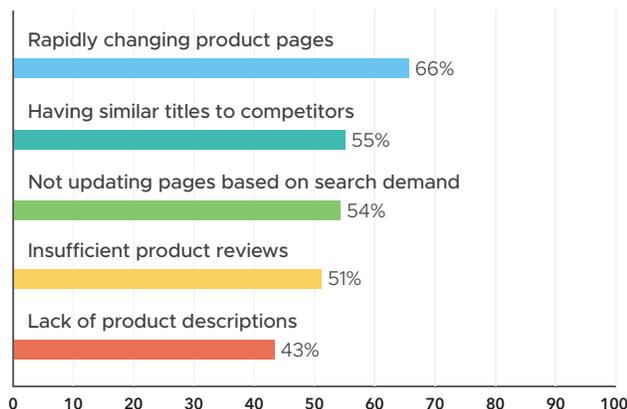
### DID YOU KNOW?

Nearly all marketers agree (99 percent) that SEO is critically important, and 93 percent believe that it is extremely or very important for sales that their company website ranks high in search results.<sup>32</sup>

Ecommerce sites are designed to be transactional and have historically not been very SEO-friendly, lacking the content required to achieve good search rankings and challenged by factors such as rapidly changing product detail pages and similar product keywords and page titles as competitors.<sup>33</sup> Fortunately, today, most digital commerce platforms are developed with SEO in mind and include a technical architecture that enables search engines to pull merchandise and page information.

### SEO Challenges for Retail Sites According to US Marketers, March 2017

(% of respondents)



Source: SearchDex, “2017 SEO Proficiency in Marketing Survey” conducted by Propeller Insights as cited in press release, March 30, 2017

Relying on the digital commerce platform exclusively to optimize search results is not enough. Managing SEO requires a highly specialized skillset, and many marketers agree that it can be challenging to do internally. They report that their SEO strategies are missing key tactics such as automation of daily changes, creation of new and unique content, incorporation of big data and the use of artificial intelligence. For most

organizations, it can pay off to partner with a marketing agency that specializes in SEO to ensure the best rankings and exposure possible.

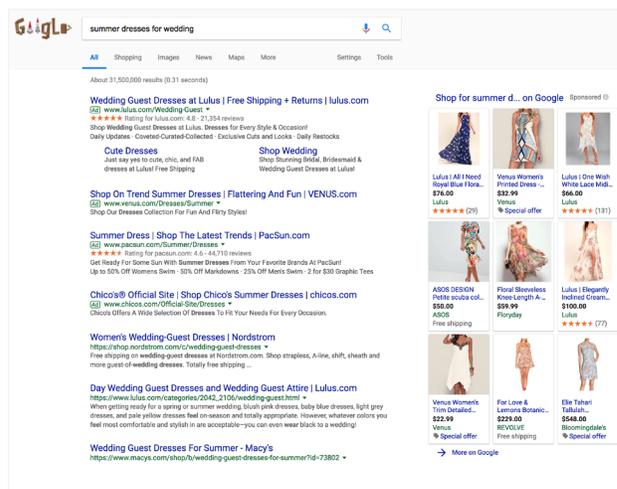


### DID YOU KNOW?

- 71 percent of retailers believe that they will see lower profits if their SEO strategies fail<sup>34</sup>
- 74 percent of B2B buyers research at least half of their work purchases online before buying<sup>35</sup>



### SEEN IN THE FIELD



Online apparel retailer **Lulus** has a strong SEO and SEM strategy consistently ranking high in both organic and paid search results for relevant keywords. The retailer also has an impressive social media presence and recently secured \$120 million funding to support growth and expansion initiatives.

### Content and Context Matter

The face of SEO is changing rapidly, mainly due to the incorporation of artificial intelligence (AI) into search algorithms. Google’s search engine previously located and ranked sites based on keywords and inbound link counts. It now also weighs expertise, authority, and trustworthiness of content.<sup>36</sup>

Instead of focusing on keywords, search engine algorithms such as Google's RankBrain algorithm attempt to "understand" content. Most organizations have realized the power of good content in commerce, product and lifestyle/editorial content, as a key differentiator and are also leveraging content as a way to improve SEO.



#### DID YOU KNOW?

RankBrain is an algorithm-learning artificial intelligence system developed by Google. It helps Google process search results and provide more relevant search results for users.

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As Google-, and other search engine-algorithms get more sophisticated, SEO strategies must become more sophisticated, too. It is almost impossible to stay up-to-date on SEO best practices without a dedicated SEO resource or the help of an external partner. Organizations should consider leveraging next-generation SEO tools powered by AI and machine learning to improve access to relevant data and to automate processes for optimizing search engine results.



#### OUR TAKE: You need to think about Voice

To stay ahead, you must stay on top of new trends that impact SEO such as the increasing popularity of voice search. According to Google, 55 percent of teens and 40 percent of adults use voice search daily. Voice search requires a whole new keyword research approach: Voice searchers use normal, conversational sentences instead of the traditional query lingo.<sup>37</sup>



#### DID YOU KNOW?

96 percent of marketers believe that their SEO strategy could benefit from AI.<sup>38</sup>

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## Paid Search

When done right, paid search can be one of the strongest ways to drive new traffic. But, it can also be extremely challenging. Organizations must constantly manage the

bidding of brand and product terms to ensure competitive ranking, stay within budget, and manage the return on ad spend (ROAS). At the same time, it is critical to optimize the strategy for both desktop and mobile. Other factors, such as localization and relevant site links to optimized landing pages should be utilized to ensure the post-click experience is relevant to the user's search criteria.



#### DID YOU KNOW?

The smartphone is now the leading channel for search clicks – the mobile experience when developing paid search strategies should be top of mind.



#### OUR TAKE: You cannot do it all – at least, not alone

Paid search is constantly evolving. The deployment and management of a successful search engine marketing strategy requires highly-skilled expertise and is extremely time consuming. In today's competitive marketplace, it is almost impossible to manage successfully in house. Don't be afraid to go outside for help.

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## Optimizing the Paid Search Strategy

A good paid search strategy involves selecting high-performing keywords that drive relevant traffic. The right keywords can make all the difference, determining how well advertisements rank on Google and other search engines.

Purchasing keywords is not enough. It is just as important to optimize paid search strategies to make sure that the investment pays off well. This includes making sure that landing pages are optimized and relevant to search terms, constantly managing bids, testing creative, customizing ads for mobile, etc. The daily management of the search program is a critical aspect of a successful search engine marketing strategy, as keyword and budget allocation will likely change from month to month and season to season.

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## Comparison Shopping and Product Listings

Like paid search advertising, comparison shopping engines (CSEs) and product listing ads (PLAs) use a pay-per-click

model and include sites like Google Shopping, Amazon and Bing Ads. Products are grouped according to keyword searches, which means similar products from different sellers may be listed on the same page, allowing for users to compare products and prices. When a user clicks on a product, she is sent to the retailer's website to complete the purchase. At that point, the retailer is charged a fee for the referral.



#### DID YOU KNOW?

In Q1 2017, PLAs accounted for more than half of retail search ad clicks and spending on Google Shopping rose by 32 percent year over year in Q1, compared to 12 percent for text ads.<sup>39</sup>

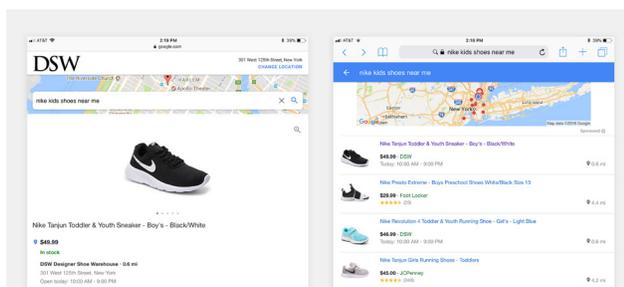
### Local Inventory Ads (LIA's)

Local inventory ads are a key driver for delivering an omnichannel experience by letting local shoppers know that a retailer has the items they're looking for in stock, the moment they search on Google.

Local inventory ads showcase a retailer's products and store information to nearby shoppers searching on Google. When shoppers click an ad, they are taken to a Google-hosted page called the local storefront. Shoppers use the local storefront to view in-store inventory, get store hours, find directions, and more.



#### SEEN IN THE FIELD



DSW leverages Local Inventory Ads to capture shoppers when they are searching for specific products nearby to drive traffic to a local store. The local storefront is synced with store inventory so the shopper knows if a product is in stock.

### Display Advertising/Retargeting

The main purpose of display advertising is to deliver general brand messages and product promotions to key audiences on third-party sites and social media. Visual in nature, display ads can take many different forms and contain items such as text, images, video, and audio. They present a great way to appeal to new customers and encourage them to visit a seller's site.



#### DID YOU KNOW?

US advertisers will spend nearly \$48 billion on digital display ads in 2018.<sup>40</sup>

There are two main ways to buy digital display advertising space and reach customers: Direct Buys and Programmatic Buys. Direct buys, similar to print advertising, allow a marketer to buy advertising space directly from a publisher or website, but can be extremely expensive and make the assumption that customers will be on a particular site at the time when ads are live. Programmatic advertising, used by most marketers, helps to automate the decision-making process by targeting specific audiences and demographics, regardless of what website they are visiting.

Programmatic advertising allows marketers to truly target and serve ads to those users who are most like their target audience. Therefore, it is not surprising that programmatic advertising is, by far, the most popular form of display advertising today. The advent of Real-Time Bidding (RTB) in recent years, enables publishers and advertisers to offer serve the right ads to the right audience in realtime.

**Retargeting**, serving targeted ads to customers who have visited a website and viewed a specific item, but left the site without purchasing that item, is the most common and arguably the most productive form of programmatic display advertising.

**Behavioral targeting** is another type of programmatic advertising that is gaining traction with retailers. Behavioral targeting leverages data about a user's browsing behavior, including page visits and search. This data is then used to serve ads to users that fit the same behavioral and demographic attributes.



### OUR TAKE: Let's get personal

Shoppers react best to personalized messages. Leverage data and retargeting to make sure your messaging and promotions are relevant to the individual shopper.

The display advertising technology space can be a bit confusing, with many different platforms and service providers fighting for retailers' share of wallet. Here's a quick overview of the different types of platforms:

- **Ad exchanges** are online marketplaces that help publishers make their inventory programmatically available to buyers (typically, ad networks or demand-side platforms) or sellers.
- **Ad networks** aggregate unsold ads from publishers to sell to advertisers, including from ad exchanges. While advertisers used to have to buy impressions upfront, some ad networks now offer programmatic capabilities.
- **Demand-side platforms** (or DSPs) are central places for marketers to buy, serve, and track inventory across ad networks and ad exchanges. DSPs typically offer more customization options, and many DSPs can integrate first-party or third-party data to inform audience segments and bidding rules.

Organizations can benefit from partnering with a digital advertising expert to help ensure that they are getting the highest return on their advertising investment. Best-in-class digital agencies use sophisticated methodologies and data to best target the desired audience via the right media channels and vehicles. Provided services include budgeting and forecasting to optimize efforts and ensure the best performance.

## Mobile Marketing

For many consumers, mobile has replaced the desktop as their go-to device. In 2015, mobile search surpassed desktop search for the first time in the US, making the smartphone the connected digital device of choice. Both retailers and B2B sellers should fully embrace mobile as a core pillar for customer acquisition and retention, both online, in store and in the field..



### DID YOU KNOW?

Mobile ad spending will reach 77 percent of total digital ad spending in the US in 2022.<sup>41</sup>



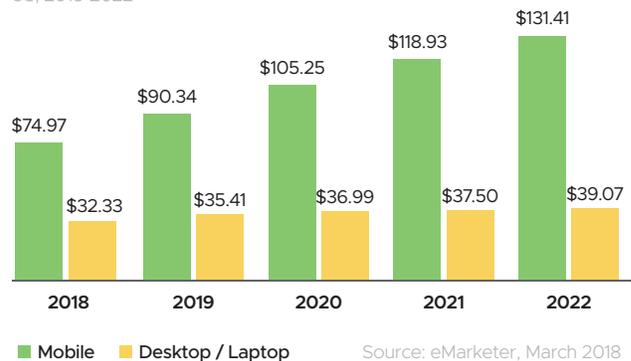
### OUR TAKE: Business buyers are mobile too

Remember that, while your B2B buyer may be going through the procurement department for the final checkout, most are researching purchases online on mobile devices just like they do for personal shopping.

There are primarily three ways for organizations to reach and interact with consumers via mobile: mobile search, mobile-optimized sites, and mobile apps. Mobile search is trumping desktop search by over 50 percent, making it a powerful vehicle to drive site (and store) traffic. Most statistics show that mobile-optimized sites have a higher direct conversion rate, whereas consumer apps are most effective in deepening engagement and loyalty. The most successful strategies take a multi-pronged approach to mobile, where mobile search and the mobile site are primarily used for acquisition and the mobile app is an engagement and retention tool.

### Digital Ad Spending, by Device

US, 2018-2022



Mobile ads are on track to represent more than 70 percent of US total media ad spending in 2022. The retail industry has spent more than any other industry on mobile ads – a trend that is expected to continue. Recognizing the power of mobile, retailers are, on average, allocating as much as 70 percent of their digital ad budgets to the channel.<sup>42</sup>



### OUR TAKE: You cannot afford to ignore mobile

Mobile is the most powerful of the critical elements behind the overall strategy for meeting shopper expectations for more value, greater convenience, and a better customer experience across all channels.

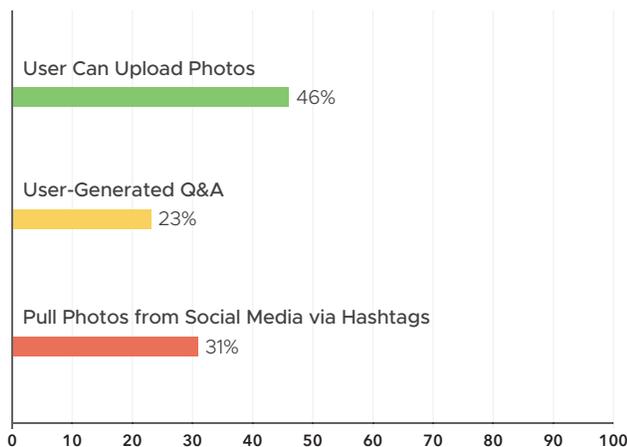
## Social Media

Overall social media has a global penetration of 42 percent. Facebook alone has over 2.2 billion active users worldwide.<sup>43</sup> That represents billions of users who share their lives via social networks every day, including their opinions about brands and products.

There's no doubt – social media is a valuable customer acquisition channel, like search and display advertising. But, many struggle with determining the social strategy that will give them the most bang for their buck. Some organizations use social media solely to push products and brand content to consumers, while others leverage “buy” buttons to drive actual sales. Some retailers pull user-generated content, such as customer photos of products on social media, onto their sites to create more engaging user experiences, however, according to the FitForCommerce Omnichannel Retail Index the majority have yet to take advantage of this tactic. The right social strategy depends on the business, the products sold, and more importantly, the target audience.

### Retailers leveraging UGC on site

Source: FitForCommerce Omnichannel Retail Index 2017



### OUR TAKE: A little bit of this and a little bit of that...

Complement organic social efforts with paid social advertising, including retargeting on social media as well as behavioral targeting on the social media platforms your target shoppers use.



### DID YOU KNOW?

- 72 percent of millennial shoppers say they are more likely to purchase a product based on photos from others who have used it
- 60 percent are more likely to view a product based on a friend's social media post<sup>44</sup>

Beyond advertising on social media networks, organizations should build a valuable and relevant presence on the social media sites their target customers use. Organizations can build value by using social media to deliver relevant content and product promotions and by using the channel to foster relationships through open dialog with shoppers.



### OUR TAKE: Be social; Don't just "do" social

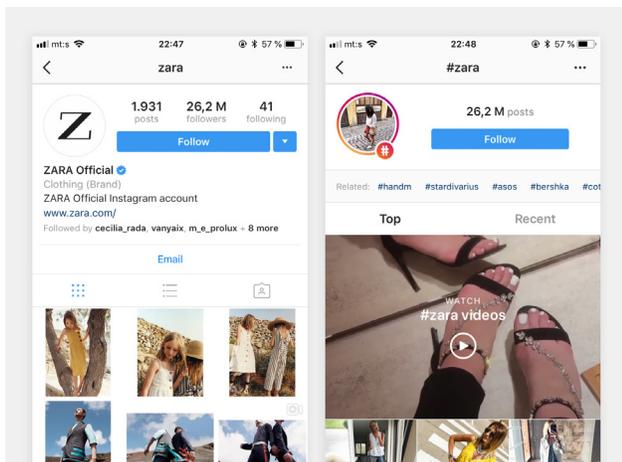
Customers know the difference between customer centricity and 'marketing.' Getting thousands of friends on Facebook doesn't matter, unless you passionately engage them. Human involvement is what gives brands their strongest competitive difference in social media today. Show your brand's human side.

Social media is the de facto “word-of-mouth” channel today, and perhaps one of the most powerful ways to acquire new customers. The act of customers or influencers sharing their brand/company experiences with their social media networks and followers can organically grow an organization's audience. What shoppers' share about a brand or product has tremendous value to organizations, by learning about customers, expanding reach, and using customer data – reviews, ratings and user photos – to influence other shoppers.

Most retailers leverage different social media automation platforms to help manage their social media efforts, including marketing automation tools to push relevant content to different networks and social media analytics to help inform what customers are talking about, how they share content, and to help optimize social media programs.



## SEEN IN THE FIELD



Fashion apparel brand **Zara** uses social media to connect with loyal customers on its branded pages as well as connect with new customers through advertisements on social networks. Zara customers are also highly active and engaged on social media sharing their outfits and tagging the retailer.



## HEARD IN THE FIELD

“Social is a huge source for customer acquisition. I think it is here to stay but there is still a lot of learning on how to leverage it best.” – Julie Bornstein, COO, Stitch Fix

## Affiliate Marketing

When carefully planned and managed, affiliate marketing is a cost-effective and efficient way to broaden reach and drive new customer acquisition.



## OUR TAKE: Do your homework

Research and plan your affiliate marketing strategy carefully. Making a quick decision on which network to join or which software to purchase could be a big mistake that you will pay for in the end. Talk to your customers and learn about their online habits to determine what sites to add to your network. There are niche publishers out there who likely have your current audience's eyeballs already.

Before launching an affiliate marketing strategy, it is important to assess internal team capabilities and bandwidth. Managing many affiliates and complexities of handling payments, pricing tiers, and reporting can be a lot of work, and may, in some instances, require a dedicated affiliate manager.

In most cases, it will make sense to leverage an affiliate network. The network helps to manage the relationships and information between affiliate sites and retailers. Retailers give the network access to product feeds and key company information, like promotional calendars, new product arrivals, and marketing offers. The affiliates get paid when a customer clicks an item on their website from a retailer and then completes the purchase, most commonly on the retailer's website.

The management of payments is a tremendous benefit of working with a network. The retailer is responsible for paying both a commission on their items sold as well as a fee to the network for their services. Most commonly, the network fee is a percentage of sales.



## OUR TAKE: The 80/20 rule almost always applies

Most affiliates may never send you a sale. Your top affiliates will grow with you and should be nurtured. Finding new affiliates with potential and discovering which to cultivate and which to forget comes with experience.



## SPOTLIGHT ON B2B

Just like in B2C, online research is typically the first step business buyers take when researching a purchase and most are already well into the purchase decision when they place an order. Today's business buyers expect to be able to find adequate information before engaging with a sales person, and in many instances, depending on the type of product, they expect to be able to make the purchase online without any sales interaction at all. These changes in buying behaviors have transformed the buying cycle and, as a result, marketing acquisition in the B2B world is taking on more and more of the responsibilities traditionally assigned to sales.

B2B digital commerce expands opportunities for new customer acquisition, making it possible to reach new B2B buyers with digital marketing techniques like organic and paid search, display advertising, affiliate marketing and social media. These tactics complement the traditional sales force and support existing sales efforts.

Traditional online advertising methods are widely used by B2B sellers, and PPC, SEO and remarketing tactics are standard for both B2C and B2B, however in B2B, media buys are mostly focused on trade and special interest publications. Influencer and referral marketing, including social media, are increasingly taking a portion of the B2B acquisition budget but the social media channels often have a business or trade focus.

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# Marketing Retention

## BURNING QUESTIONS



- Where/how should I focus my marketing retention efforts?
- Do I need a marketing automation platform?
- Should I invest in a loyalty program?

**Y**ou spend time, money, and resources on attracting and converting shoppers. The next step is to engage and retain those same customers. The most successful customer marketing retention strategies focus on highly-targeted and personalized customer relationship-building tactics that foster deep loyalty, advocacy, and increased lifetime value.

Maintaining a healthy customer retention rate is all about keeping customers happy. How to improve customer experiences and engagement should always be top of mind when devising the retention marketing strategy.

## TOOLS AND TRICKS OF THE TRADE

Customer-retention marketing strategies primarily include email, retargeting and loyalty programs. The key ingredient for highly successful strategies is personalization. The marketing technology landscape can be quite overwhelming, with a myriad of tools available to help support and optimize efforts, including marketing automation platforms, CRM systems, data analytics, and personalization engines.

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### MARKETING RETENTION TOOLS

- Email
  - CRM
  - Loyalty
  - Personalization
- 



## OUR TAKE: Tap into the customer lifecycle

The most successful retention marketing strategies involve leveraging data to identify where the individual shopper is in the customer journey and using those insights to create relevant marketing messages at key moments.



## DID YOU KNOW?

- It costs five times as much to attract a new customer than to retain an existing one<sup>45</sup>
- Repeat customers generate between three and seven times higher revenue per visit than first-time visitors<sup>46</sup>

## Email/Marketing Automation

With its low barrier to entry with respect to cost and effort and its high return on investment, it is not surprising that email remains the most popular channel for focusing retention efforts.

As a retention-marketing tactic, email provides a way to speak with current customers, build and maintain relationships, and increase customer lifetime value.



## DID YOU KNOW?

Nine in 10 marketers in North America use email to engage their audience and email marketing is consistently rated as the marketing tactic with the highest ROI.<sup>47</sup>

## Make it Personal

Personalizing email can be as simple as messaging for customer segments, personalizing subject lines, inserting a

personal greeting with a customer's name, or using simple, automated trigger emails, such as for an abandoned cart, post-purchase review prompts, and timely reorder emails for consumables. On the other end of the spectrum, email personalization can be as sophisticated as fully personalized email campaigns populated with content and products based on individual customer behaviors, targeting based on device preferences, weather and geography, and messaging relevant to cross-channel behavior.

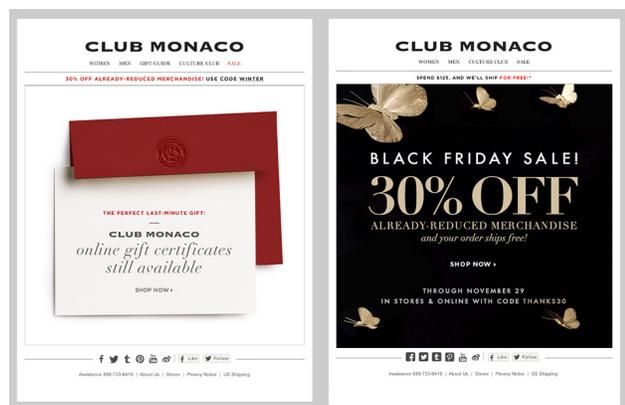


### DID YOU KNOW?

Email is by far the preferred channel of brand communication among all age groups.<sup>48</sup>



### SEEN IN THE FIELD



Club Monaco got high marks in a recent email marketing benchmark study. The retailer ranked high because it averaged less than one email per day, made sure its emails contained a lot of categories in case its main content did not appeal to shoppers, had a shoppable menu at the top of every email and did not rely too heavily on promotional email subject lines.

## Triggered Emails

Triggered email strategies are vital ingredients of any good retention strategy. Emails triggered by customer activity on a retailer's or business seller's site are highly productive and profitable. These effective emails can be used to drive traffic back to the site, close a sale, upsell or cross-sell relevant items, etc.

There are many different types of campaigns that can be implemented to encourage existing customers to come back for more, including:

- **Welcome Series** – start off the customer relationship with targeted and relevant emails
- **Post-purchase series** – make the customer feel good about her purchase
- **Cart abandonment campaigns** – remind the customer of cart item, make recommendations for alternative or additional items
- **Browse abandonment campaigns** – remind customers of products or categories they recently browsed and encourage them to return and shop
- **Anniversary/milestone campaigns** – show customers you value their patronage and loyalty
- **Re-activation/win-back campaigns** – remind customers of brand and encourage them to come back

## Marketing Automation

The website and ecommerce platform are the foundation – adding marketing automation for email, text, browse recovery, cart recovery, and product recommendations enable organizations to augment the customer experience and optimize the execution of the retention strategy. Adding personalization to the mix will improve performance even more.

### PERSONALIZED EMAIL MARKETING CONTINUUM



At the most basic level, organizations can leverage an email marketing platform to help manage email marketing campaigns. But, most have graduated to more advanced platforms that include various degrees of marketing automation functionality to better target and personalize efforts.

Good marketing automation platforms feature user-friendly tools that allow marketers to leverage the system without IT involvement. Integrating the automation platform with the digital commerce platform and other technology solutions in the ecosystem that provide insight into inventory, product data, and customer profiles is key to a successful marketing retention strategy. Modern marketing automation platforms also leverage machine learning and other techniques to automate personalization and learn about the customer and her brand interactions.



#### OUR TAKE: Devices matter

Design with delivery formats (mobile, desktop, tablet) in mind. Work with your email partner and creative to deliver email based on optimized formats. Emails optimized for mobile greatly increase conversion, sales, and ROI.



#### DID YOU KNOW?

About 3 in 5 consumers check their email on the go (mobile) and 75 percent of say they use their smartphones most often to check email.<sup>49</sup>

## CRM

CRM, or customer relationship management, is a customer-centric approach to doing business. It is the overall strategy by which organizations collect, record, manage, and apply customer data to engage customers. CRM strategies are most effective when they are applied and implemented across all functional groups of an organization.

A CRM database houses all relevant customer data and profile information that enables the complete view of all customers and to easily access, analyze, and apply customer data to deliver personalized experiences across all touchpoints. In addition to online marketing, this could include in-store sales associates and customer service as well.



#### DID YOU KNOW?

Artificial Intelligence already powers many CRM functions and is leveraged to improve a myriad of business functions ranging from email marketing to forecasting and customer service.

Given the massive amounts of data that the online channels bring, combined with mobile data such as geo-location, the reliance on data to tell marketers what to do is greater than ever, and a solid CRM strategy and solution is necessary.



#### SEEN IN THE FIELD

The screenshot shows an email from Total Wine & More. At the top, it says 'Total Wine & More' with navigation links for 'SHOP ONLINE', 'STORE LOCATOR', 'EVENTS', and 'GIFT CARDS'. The main content is a 'HAPPY BIRTHDAY' message with the subtext 'Celebrate with a fabulous cocktail!' and a 'VISIT COCKTAIL CORNER' button. Below this is a 'BERRY BUBBLY RECIPE' section showing a glass of bubbly wine, a bottle of wine, and raspberries. A text block reads: 'It's your birthday and you can celebrate if you want to — we are! The team members at Total Wine & More are raising a glass and singing a round of "Happy Birthday" in your honor.' At the bottom, there are three product images: 'Red Wine', 'White Wine', and 'Beer'. A 'SPECIAL BIRTHDAY COUPON' banner at the very bottom shows '\$5 OFF WINE'.

Total Wines delivers personalized emails with a gift (\$5 off) for customers' birthdays. Leveraging self-entered customer birthday data, the retailer is able to build loyalty and let customers know that Total Wine appreciates their customers.



#### OUR TAKE: Data collection should be a company-wide priority

- Collect emails at every point possible on the website
- Store associates should be trained, required, and incentivized to collect customers' email addresses at point-of-sale
- Offer an option to reduce frequency on the opt-out page, further reducing the number of subscribers that opt out

## Loyalty Programs

Loyalty programs reward frequent customers and encourage one-time buyers to return to the website and store. Rewards often include free merchandise based on points, special coupons or discounts and access to products and events.

It is also a way for organizations to say 'thank you' to their customers and show value to them while also giving them an incentive to continue returning and building lifetime value. Loyalty programs are not one-size-fits-all and are not right for all business models.



### DID YOU KNOW?

Nine in 10 internet users say they would welcome an individualized experience where a retailer would automatically suggest, or even order, products for its loyalty program members, based on a personal profile.<sup>50</sup>

## TRACK AND REWARD ALL ENGAGEMENTS WITH THE BRAND

- Purchases
- Ratings and reviews
- Store events visits
- Social media interactions
- Open emails

When executed effectively, loyalty programs can be a significant driver of revenue. Studies have shown that customers are even more likely to make frequent purchases if they are close to reaching the threshold for a reward or gain points or discounts for future purchases.



### OUR TAKE: Say 'Thank You'

Following you on social media, participating with UGC content, or referring a friend to sign up for email are all new ways that customers can engage with your brand. Say 'thank you' and reward them for these activities. It will pay off.

Organizations can also create special programs that focus on rewarding their best customers to foster brand loyalty and boost the customer retention rate. Not always monetary in nature, the rewards can include offers of special discounts, early access to sales, and invitations to exclusive events. The reward program should aim to make a retailer's best customers feel valued.



### DID YOU KNOW?

Five in 10 US loyalty program members say that their rewards often go unused or expired because they aren't notified when they've accrued.<sup>51</sup>



### SEEN IN THE FIELD

**Join the co-op for an outdoor life you love**

When you become an REI Co-op member, you not only join a welcoming community, you also get access to member perks including:

 <p><b>10% back* (member dividend)</b> Enjoy a treat-yourself moment every spring with your REI Annual Dividend.</p>	 <p><b>Members-only special offers</b> One big purchase and membership more than pays for itself.</p>	 <p><b>Access to in-store REI Garage Sales</b> Save huge (think 50%+) on gently used and returned gear at these semiannual events.</p>	 <p><b>Play, learn and travel for less</b> Get special pricing on REI Outdoor School classes and events, rentals, bike and ski shop services, and REI Adventures trips.</p>
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REI has a great loyalty program – REI Co-op. The member-based program (lifetime membership costs \$20) tracks sales, pays a dividend, and triggers relevant content / product recommendations.

Some organizations partner with other companies to provide all-inclusive loyalty program offers. Strategic partnerships for customer loyalty programs can be a very effective way to retain customers, and at the same time, expand reach. These types of programs provide customers with added value that is relevant to them.



### OUR TAKE: Omni-proof your loyalty program

Many shoppers engage with brands in multiple ways – online, mobile, and in-store. Make sure that customers can use the program across all channels.



## SEEN IN THE FIELD

Sephora offers points for every dollar spent via their Beauty Insider program. There are different tiers of loyalty where benefits increase when customers reach certain spending thresholds. The first tier requires no spend, only an email address. The program is very clear and easy to follow and provides many benefits for loyalty members with offers that are important to them, including a birthday offer, expedited shipping, free items, and makeovers.

## Personalization

By tailoring messages or offers to individuals based on their actual behavior, organizations can deliver a customer experience that is well aligned with the customer's specific needs and preferences.

We live in an era of instant gratification in which customers are bombarded with messages 24/7. Relevance is of utmost importance in order to resonate with the audience. Personalization will increase engagement and loyalty and help achieve a stronger return on investment of marketing dollars.



### OUR TAKE: Use your data

Using customer and behavioral data to target customers with the best products and offers will help to increase their loyalty. Retention strategies, specifically email, involve CRM (customer relationship marketing) and targeting the best customer at the right time with the best message.

Gather and use behavioral data to find customer groups and gain insight into their purchase behaviors. Then, take the time to understand these key customer groups and map the customer journey. Through building the customer journey, micro-segments and interaction points will become evident.

Think of personalization as a two-way street. Customers provide information about their desires, needs, and intentions through purchasing, browsing, and social media. Marketers should respond with relevant and timely messages that are triggered and sent to the individual customer.

In order to scale personalization, data and technology have to be in place. Once personalization is started, there will quickly be a near-infinite number of personalized variations of experiences which can be delivered to the customer. A well-mapped process, combined with artificial intelligence and automation technology, is important for personalization strategies to be successful.



### DID YOU KNOW?

77 percent of online shoppers are more likely to buy when emails are personal. 82 percent of online shoppers say they'd likely buy more items if emails were more personally relevant.<sup>52</sup>



### SPOTLIGHT ON B2B

While some business-to-business transactions are simple and very similar to consumer transactions, others require more personal nurturing and special handling. B2B buyers often work closely with their vendors and a strong retention marketing strategy aimed at building and strengthening a close relationship with a buyer is often a huge differentiator. This often means that B2B sellers rely on a mix of both human and digital tactics to consistently engage with customers – e.g., leveraging automated communications via triggered programs and delivering content to keep customers engaged and following up with personal outreach.

Another thing that stands out in B2B businesses, is that the point of contact for each customer can change quite frequently as people move in and out of different roles or leave a company altogether. CRM is a focal point of marketing retention in B2B. It is critical to stay updated on customer contacts and to target different audiences across the company in order to stay top of mind.

## BURNING QUESTIONS



- What are best-practice features for digital commerce platforms?
- When should I consider re-platforming?
- What capabilities should I look for when expanding globally?

**D**igital shopping is evolving at lightning speed. Yesterday's bleeding edge technology is tomorrow's standard practice. As ecommerce sales continue to grow and take a greater share of overall sales in both B2C and B2B markets, customer expectations are continuously elevated by the innovations they experience with Amazon and other leading retailers – and even their experience at the local Starbucks.

Retailers and B2B sellers should always take time to study best practices and future trends for ecommerce, mobile, and omnichannel to inform technology requirements. Armed with industry insight, they should stay on top of the platforms they leverage to ensure that providers keep pace with industry best practices and are in front of new and innovative functionality.



## DID YOU KNOW?

Total US retail ecommerce sales are projected to reach \$462 billion and are estimated to hit \$603 billion by 2021.<sup>53</sup>

## TOOLS AND TRICKS OF THE TRADE

The platforms used to enable online shopping have undergone one of the most significant technological evolutions in recent times. Starting as basic web catalogs and simple shopping carts, modern platforms and solutions have received a dramatic facelift, and in some cases even a name change.

Many technology providers are shifting the positioning of their solutions away from ecommerce to digital commerce, and rightfully so. Modern platforms power much more than

ecommerce (or at least should) including mobile commerce, kiosks, and virtually anything digital. Many platforms also offer capabilities to power omnichannel retail – hence the shift from Ecommerce or Digital Commerce to Omnichannel or Unified Commerce.

## SELLING TOOLS

- Ecommerce/Digital Commerce Platforms
- Mobile Commerce
- Conversational Commerce
- Cross-Border Commerce

Technological advances and trends, including omnichannel retail, mobile shopping, and global expansion are dictating changes and prioritizations in the digital selling space, while traditional sales channels such as print catalogs are nearing extinction. In B2C, print catalogs are today mostly used as part of the marketing mix or brought back to life by innovative technologies, such as augmented reality. Many B2B organizations have not eliminated the print catalog, but have transitioned it from the primary sales channel to marketing collateral and part of an omnichannel mix. Some B2B sellers have replaced or supplemented print catalogs with online versions of print catalogs, and interactive tools to ensure that they are always current, personalized and targeted, richer in product detail and shareable.



## OUR TAKE: Do your homework

Whether starting a new business, re-platforming, or expanding into a new channel or global market, the options for digital commerce platforms are seemingly endless and potentially overwhelming. Many platforms look good at first glance. But, once you compare them to your requirements, to each other's cost, and talk to their customers, there will always be a top group that should be reviewed further. Eliminate the rest.

## Ecommerce/Digital Commerce Platforms

The ecommerce technology industry started with only a handful of platform providers vying for retailer attention. Today, the competitive landscape looks very different, with a wide range of platform providers competing on functionality, deployment model, ease of use, specialization, and (of course) price. Many of these platforms started out as consumer retail platforms but have evolved to include core B2B functionality as well. In some cases, we see larger companies acquiring popular digital commerce platforms to fulfill this capability.



### OUR TAKE: Validate need. Define requirements.

Validating your need for new technology is the first step. Defining your requirements comes next. You need to perform thorough due diligence to understand your immediate functional and long-term business requirements and consider which deployment or delivery model is the best fit for your organization.

Launching a new ecommerce site or re-platforming an existing site is a strategic business decision with many implications across the entire organization, including Marketing, Ecommerce, Merchandising, IT, Operations, Finance, and others. It is a big commitment, and it is important to get it right and understand when such an implementation is a strategic necessity.

### Choosing the Right Deployment Model

Digital commerce platforms can be deployed in a variety of models:

#### On premise

- Software and hardware are licensed and hosted by the retailer either in their location or a hosting facility. The retailer manages the infrastructure, operations and upgrades and has the responsibility and control of security and privacy.

#### Software as a Service (SaaS)

- The SaaS platform is a subscription model, hosted either in the cloud or by the ecommerce platform provider inside their hosting environment. The provider manages the hardware and software and is responsible for upgrades.

#### Private Cloud or Managed Hosted

- Software hosted in the cloud, with cloud environments such as Amazon, Azure, Google, Dimension Data or other hosting facilities. The provider manages the hardware and the software is managed by the retailer, provider or a combination of both.

#### Platform as a Service (PaaS)

- Hosted in the cloud, the provider delivers hardware and software tools allowing retailers to develop, run, and manage applications without the complexity of building and maintaining the infrastructure.

Finding the optimal digital commerce platform is a combination of feature, function, and delivery model. Organizations need to consider and evaluate the various delivery or deployment models available.

While there is no magic formula to selecting the right model, there are several key considerations, including:

#### The following questions serve as a filter in determining when it's time to launch or re-platform:

- › Can your commerce site take you where you need to go?
- › Are you falling behind the competition?
- › Are you missing key benchmarks by not adopting best practices?
- › Poor integration between channels – are there too many hurdles to clear?
- › Have internal costs become too high, or unsustainable?
- › Are you making a strategic change, e.g., new product types, acquisition, expansion into foreign markets?
- › Are you experiencing performance or security risks?

### Internal Capacity

- Level of internal capacity for development, maintenance, and support.

### Long-term goals, strategic priorities

- The need to ensure the level of commitment required of the platform fits overall strategic priorities.

### Potential disruption to the business

- Choice of delivery model and implementation partner will directly affect the level of effort required of the team.

## Digital Commerce Platform Capabilities

Once basic order-taking platforms with limited functionality, modern digital commerce platforms include functionality that stretches far beyond online catalogs and shopping carts, offering features and functions designed to provide the best customer experience possible and user-friendly tools to easily manage the platform.

With a clear understanding of customer characteristics and a detailed merchandising strategy (what to sell and how to sell it), organizations can start to determine baseline functionality needed and the features that will set their sites apart from the competition.



### OUR TAKE: Know your requirements, validate their importance

The single most important step in selecting a platform for your ecommerce needs is to define all your detailed requirements and decide what you must have versus what you can live without or add later. Having the best new widget is great, but if it is very expensive and only leads to a small improvement in sales, it may not be worth it.

When evaluating digital commerce platforms, it is essential to understand which features and capabilities are included. Some providers offer a bundling of features and best-of-breed capabilities beyond standard functionality, while others have an 'à la carte' approach.

Beyond standard capabilities, some of the typical best-of-breed features include:

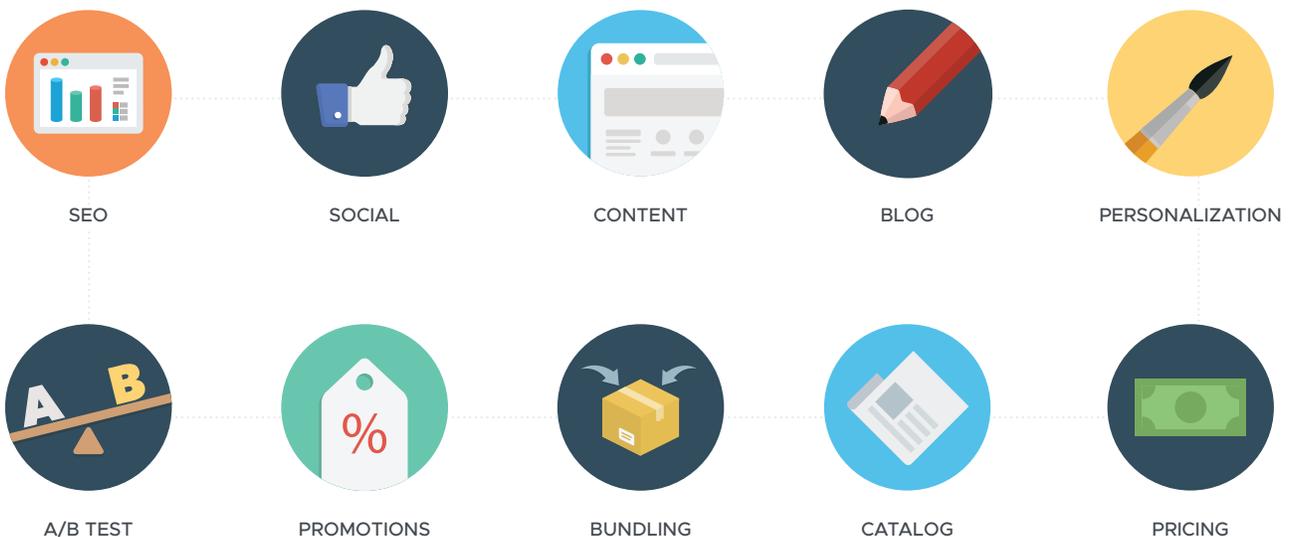
#### Major Systems

CMS, OMS, PIM, DAM, B2B

#### Additional Features

Faceted search, dynamic product sorting, segmentation, advanced personalization

## DIGITAL COMMERCE PLATFORM BEST PRACTICE FUNCTIONALITY



Depending on the platform, these added features may be offered as part of the solution or as easy add-ons offered by third-party technology solutions.



#### OUR TAKE: Think ahead

Determining core features, such as navigation, search, recommendations, social, and content management, are but a handful of the hundreds of decisions you'll need to make when defining your current requirements. But, you also need to think ahead and determine those innovations that will emerge to become a focal point for digital commerce tomorrow. Which will become irrelevant next year? How can you keep up with change? Do your own research and leverage the exposure to technology and service providers during the process as an education on best practices and future innovations.



#### DID YOU KNOW?

According to a recent study, the most important digital initiative for retail professionals worldwide was replatforming their digital commerce platforms.<sup>54</sup>

### Other considerations when selecting a digital commerce platform

Many organizations rely on the Total Cost of Ownership (TCO) when selecting a digital commerce platform. However, comparing platforms solely on price, overlooks the comparative value that one platform can deliver over another. It is imperative to include both cost and value throughout the evaluation process to effectively calculate a comprehensive return on investment.

#### CONSIDERATIONS TO DETERMINE VALUE:

- Time-to-market
- Scalability
- Ease of use
- Efficiency of execution, maintenance, and adoption of new innovation

- Culture
- Community
- Revenue uplift from improved conversion, retargeting and increased sales through omnichannel capabilities

It is important to understand and evaluate all the components of value offered from a variety of technology solutions and how they stack up against each other.



#### OUR TAKE: Integration is no longer an option; it's a necessity

Make sure your digital commerce platform can integrate with all your business functions, internal systems and third-party tools. Your systems must be integrated and able to accept orders, confirm them, process payments, decrement inventory, print shipping labels, create a pick order, generate reports, and update your financials without manual intervention. Even if long-term, you should always be working toward this goal.

### Empowering Internal Teams

The technology and tools used to enable digital commerce should not be limited to technical power users. Advanced platforms empower everyone – even those with creative functions – to use the system without relying on IT. As a result, they can more efficiently and quickly shape the shopping experience. Streamlined, collaborative workflows and automation can greatly extend the work capacity of a lean digital commerce team, making it easy to:

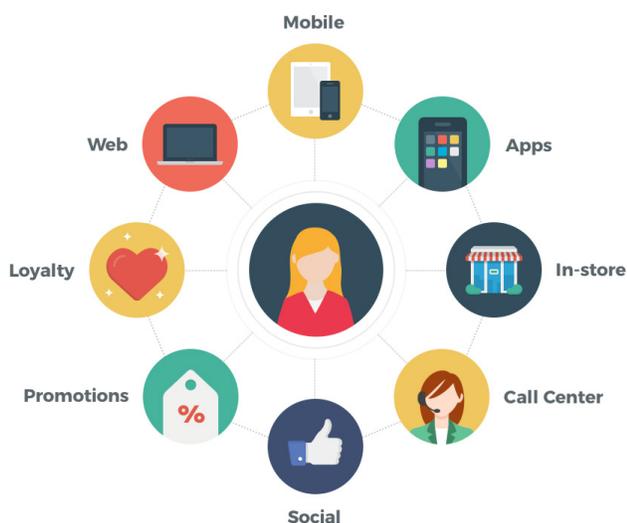
- Collaborate and release all site-related changes in an orchestrated manner
- Know who last worked on an activity or asset
- Communicate asynchronously about all site-related elements
- Notify and alert teams and individuals about site changes or issues (such as missing images for a product being prepared for publication)
- Schedule site changes including pricing, promotions,

featured items and other content in advance and preview the site as it will appear on any date

- See data insights in the context of actions and tasks

## Powering Omnichannel Retail

Enabling seamless movement across channels requires a unified view of the customer and coordination across all customer touchpoints. To arrive at this view, organizations need to assimilate all the data they can collect across channels, including customers' online behaviors and browsing history, in-store and online purchases, inventory, promotions, social media interactions, and more. To fully embrace an omnichannel retail approach, the digital commerce platform must be fully integrated with all other systems in the technology ecosystem, and it must be able to capture all data and feed it into a centralized database that can be leveraged across the entire organization.



When fully integrated, digital commerce platforms that include omnichannel capabilities can enable services, such as:

- Buy online/pick up in store (BOPIS)
- Buy online/return in store (BORIS)
- In-store inventory lookup
- Buy in-store/ship to home
- Cross-channel loyalty programs
- Cross-channel gift card redemption

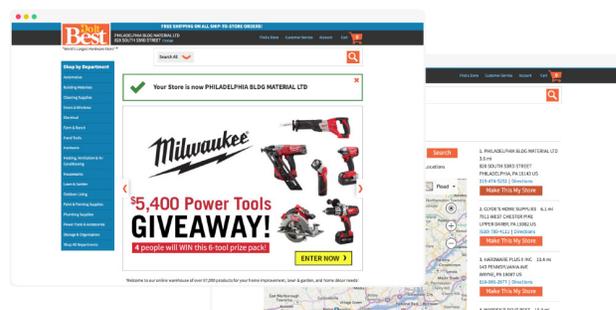


### DID YOU KNOW?

Buy online/pick up in store is adopted by only 41 percent of retailers (up from 31 percent in 2016). Just over 35 percent allow shoppers to look up and search by in-store availability online.<sup>55</sup>



### SEEN IN THE FIELD



Do it Best Corp., a hardware, lumber, and building materials cooperative with 3,800 member-owned locations has designed its web infrastructure so its team can power up to 3,800 websites that all run on the same backend, but maintain individual front-end identities. This platform enables Do it Best to manage the individual ecommerce sites, including payment processing, order fulfillment, and customer service. Local member-owned stores can feature products at lower prices than the main Do it Best site and, when available, customers can take delivery of those products at lower prices using the ship-to-store feature online. Customers can also return an order directly to Do it Best's warehouse using a return label provided with the original shipment.<sup>56</sup>

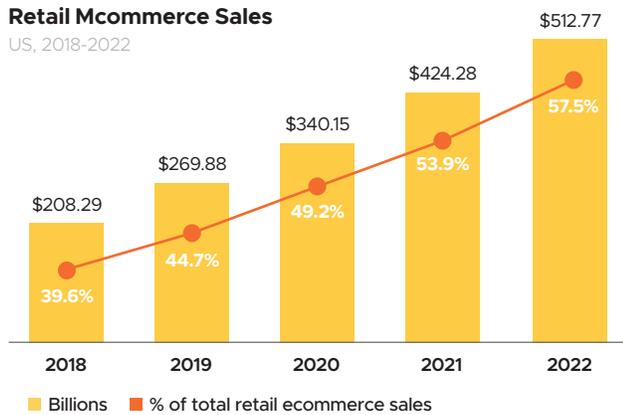
## Mobile Commerce

Perhaps one of the most significant and fastest-growing advances in ecommerce in recent years is the ability to browse and shop on a mobile device (smartphone or tablet) either on responsive and mobile-optimized sites or mobile shopping apps.

The volume of mobile commerce sales in the US is expected to grow about 38 percent in 2018 to \$208 billion, accounting for nearly 40 percent of total retail ecommerce sales. In 2022, mobile commerce sales is estimated to reach \$512 billion and take up more than 55 percent of total retail ecommerce sales.<sup>57</sup>

## Retail Mcommerce Sales

US, 2018-2022



Source: eMarketer, March 2018

Most statistics show that mobile-optimized sites have a higher direct conversion rate, whereas consumer apps are most effective in deepening engagement and loyalty.

While most modern ecommerce platforms leverage responsive design and are optimized for mobile commerce, some retailers and B2B companies have yet to ensure their sites are optimized for mobile shopping.



### OUR TAKE: Get on board

Nearly all leading retailers in the US have mobile-optimized sites. Responsive design has become a standard in today's digital commerce platforms, leaving no excuse for those retailers not yet optimized for mobile.

Beyond optimizing the ecommerce site for mobile screen sizes, organizations should ensure that their site is also mobile-user friendly by following best practices, including the following areas:

- Optimized load time
- Simplified navigation
- Mobile-friendly design – less is more
- Saved carts between platforms
- Easy payments



### DID YOU KNOW?

- More than half of US retail ecommerce sales will come from a mobile device in 2021
- More than 80 percent of US smartphone users shop on their phone, but less than half buy something<sup>58</sup>



### OUR TAKE: The great connector

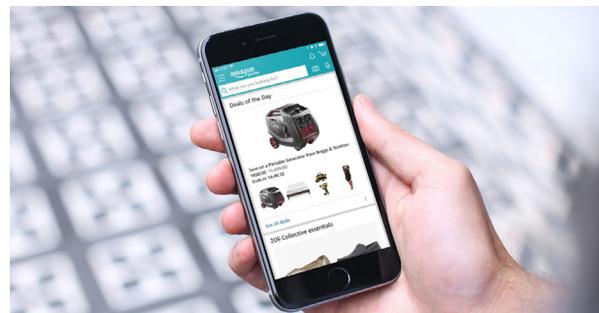
'Mobile sales' is just one aspect of mobile within retail. The greater power of mobile arises from its influence on overall shopping – bridging online and offline experiences. Mobile drives traffic to stores and literally puts product information directly into the hands of the shopper.

## To App or Not to App

Only 13 percent of US Internet users are likely to use/download mobile retail apps.<sup>59</sup> Apps are also less popular than mobile-optimized sites among retailers – for good reason: most studies reveal that conversions are higher on mobile sites than on apps. Apps are also more expensive to develop and maintain. While it is recommended that mobile apps leverage the same digital commerce technology and system for ecommerce, most apps require additional mobile commerce solutions or custom development.



### SEEN IN THE FIELD



The **Amazon** app, the leading US retail mobile app, had nearly 3 times more unique visitors in March 2018 than the second ranked app, Walmart.<sup>60</sup>

## Conversational/Voice Commerce

By some estimates more than 1.6 billion people will use voice assistants such as Alexa, Google Home and Siri on a regular basis by the end of 2021. Still in its infancy, voice commerce, today, is generally best for ordering replenishment items. In fact, Echo owners increased their purchase of replenishment products like diapers by 13.5 percent in 2017.<sup>61</sup>



### DID YOU KNOW?

Alexa is by far dominating “home voice” in the US, but Google is aggressively pushing into the market in partnership with Walmart and Target.

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As more and more consumers, and business buyers, start using voice-activated assistants to find and research products, conversational commerce or voice commerce will eventually influence the entire digital shopping experience. Some organizations are already experimenting with voice commerce, others should start to look at how voice fits into their customer journeys so they are ready for a voice-enabled reality in the not-so-distant future.



### DID YOU KNOW?

One in five US customers have made a voice purchase through Amazon Echo or another digital home assistant, and another third plan to do so in the next year.<sup>62</sup>

## Cross-Border Commerce

One of the unique advantages of digital commerce is the ability to broaden reach without needing to set up shop abroad. Even though it is possible to practically sell everywhere via the online channel, there are certain factors to consider when selecting an ecommerce platform with global capabilities.

Some platforms are better equipped than others for cross-border marketing, merchandising, and shipping. If you’re testing your way into multiple foreign markets, a model that allows you to easily expand your footprint, relatively quickly, versus building individual country or regional sites from scratch, may be desirable. Some platforms now have native functionality to support international digital commerce.

Before expanding globally, organizations should investigate their platform provider’s capabilities, as some platforms do not support global ecommerce. If a solution cannot support international capabilities, third-party providers can run international ecommerce sites and help manage fulfillment and order shipment.

It is also recommended to partner with System Integrators (SI's) and fulfillment partners with experience dealing with the complexities of global commerce. Taxation, export restrictions, local cultures and privacy regulations such as The EU General Data Protection Regulation (GDPR) require careful consideration when contemplating a move to international commerce.



### DID YOU KNOW?

Global retail ecommerce sales are forecasted to surpass \$4 trillion by 2020. Equating nearly 15 percent of total worldwide retail sales.<sup>63</sup>



### SPOTLIGHT ON B2B

Certain platforms are built exclusively for B2B commerce, and an increasing number of B2C platform providers today focus on supporting B2B businesses as well. In recent years, these providers have introduced comprehensive B2B functionality, addressing specific B2B commerce requirements including:

- **robust customer account management**
- **multiple pricing options including tiered/volume, group, regional and volume pricing**
- **authorization rules and approval workflows**
- **payment terms**
- **special product configurations and bulk ordering**

B2B organizations must identify specific requirements up front and implement an ecommerce platform that can fully support their processes and operations.



WISE WORDS FROM OUR SPONSOR



## LUMINOS LABS

### THE 4 D'S OF DIGITAL COMMERCE

A good digital commerce provider should work with you to deliver the solution that meets your goals and objectives in four stages: discovery, design, develop and deliver.

#### Discovery

The discovery phase is about just that: discovery. Focus on creating a deep understanding of why your business needs this solution, along with a high-level understanding of what your leadership wants to achieve.

Questions can include:

- What role do you see this solution playing in both your overall business purpose and in your relationships with your customers?
- What is working today, what isn't, and which parts are most critical to correct?
- What are your immediate and long-term goals for this solution, and how will those goals help you achieve your overarching business objectives?

After understanding everything about why you need an upgraded solution and your expectations from it, we can move on to the next phase in the process.

#### Design

The design phase goes deep into the details of your solution with the goal of creating the requirements documents and the deliverables for both online customer experience and technical design. We use this time to follow up on what your company wants to accomplish and determine the best approach to arrive at the solution you desire.

Requirements are gathered over a series of on-site and remote sessions, broken down into business requirements, functional and non-functional requirements, and integrations and infrastructure requirements.

The Customer Experience is constructed, consisting of High-Fidelity Wireframes and Interactive Prototypes. Visual Design is typically the final piece of the UX Design, where visual designers create the customer-facing layer of the intended experience.

The System Architecture Document addresses the high-level functional and non-functional requirements and explains why the proposed solution will lead the project toward success. The Application Technical Design Document provides a detailed technical design of the whole application, including both the core and the integration components.

#### Development

After the initial planning stages, we move into the agile portion of our development cycle and follow an iterative approach that encourages you to stay engaged with the project throughout its life cycle. If something isn't exactly what you envisioned or if development has made clear a flaw in the initial thought process, our approach allows us to correct those issues quickly and continue to push to deliver the solution your company needs. Biweekly demos give an opportunity to provide feedback every sprint and guarantee that the solution you get at launch is exactly what you expected, tailor-made for your individual needs.

#### Delivery

After the Development/Implementation phase we continue with the User Acceptance Testing phase for the end-to-end final testing of the website, followed by the execution of the cutover plan and Launch.

## BURNING QUESTIONS

- How can I improve sales on Amazon?
- What's new in online marketplaces?
- Should I launch my own marketplace?

**W**hile marketplaces are not new in digital commerce, they are becoming increasingly important for both B2C and B2B organizations. Driven by demands for greater convenience, shoppers and business buyers turn to these one-stop destinations to both research and buy products.

In 2017 Amazon alone captured close to half of total ecommerce sales in 2017. Still, that figure pales in comparison to the dominating position that marketplaces own in Asia-Pacific. Alibaba has operations in over 200 countries and its online sales have surpassed those of Walmart, Amazon, and eBay combined since 2015.<sup>64</sup>



## DID YOU KNOW?

Amazon captured 44 percent of all US ecommerce sales in 2017 and this number is expected to continue to rise significantly in the next year.<sup>65</sup>

All trends indicate that marketplaces are poised to continue taking up a larger percentage of ecommerce over the next two to three years. Retailers and B2B sellers should already have a marketplace strategy in place, or at the very least, be working on one, to expand reach, enhance sales and benefit from the retail technology innovations that many marketplaces offer.

## TOOLS AND TRICKS OF THE TRADE

Most people associate marketplaces with Amazon, but Amazon is not the only marketplace that organizations should consider when developing their marketplace strategy. Different types of marketplaces are extremely important when expanding globally and targeting specific audiences. There is also a significant opportunity for retailers to launch their own marketplaces to increase assortment, keep customers longer, and thereby increase sales and engagement.

Although a solid marketplace strategy can significantly increase profitability, some stay completely clear of a marketplace approach, while others struggle to find the optimal balance and approach. It can be beneficial to align with a partner that specializes in marketplace strategies and execution.

## MARKETPLACES

- Amazon
- Global
- Retailer-operated
- Niche/Vertical

## 2017 Online Marketplace Industry

Source: Internet Retailer 2018 Online Marketplaces Database



**\$1.47 trillion** spent globally on the top 75 online marketplaces



Marketplace sales account for **50%** of global online retail sales



Top 75 marketplaces account for **>90%** of global marketplace sales

## THE MARKETPLACE TRIFECTA



### Product Selection

Large marketplaces offer huge product selections (Amazon has over 300MM SKUs) while niche marketplaces offer curated product selections for specific categories.



### Value

Marketplaces such as Amazon or Jet drive lower prices and greater value for shoppers.



### Convenience

Amazon Prime with One Day Free Shipping provides the ultimate convenience to consumers



### OUR TAKE: It is OK to double dip

You should leverage marketplaces to increase your domestic and international sales and learn from them. It is impossible to ignore the impact marketplaces have on the industry so better to embrace a marketplace strategy while strengthening owned channels.



### DID YOU KNOW?

97 percent of US online shoppers browse on marketplaces. 90 percent of those shoppers shop on Amazon.<sup>66</sup>



### DID YOU KNOW?

A Marketplace is an ecommerce platform that enables merchants as well as individuals to list their items for sale or establish online storefronts and leverage the platform and its services. These include search, product information, transactions, payments, order management, and sometimes even fulfillment. Because of the larger number of sellers in a marketplace, the consumer benefits from greater product selection in one place.



### HEARD IN THE FIELD

“Finding alternative channels to introduce our product to new customers is what 2018 is all about for us. And so, when you have so many prime members who better to partner with to gain those new customers for us?” – Shelley Broader, CEO Chico's FAS

## Amazon

Part-marketplace/part-retailer Amazon has dictated and shaped the overall commerce landscape, impacting both online and offline retail. This retail Goliath is showing no signs of slowing down and grows stronger every year. Larger retailers like Best Buy, Sears, Kohl and Chicos, have been wary of partnering with Amazon in the past. They are now testing new initiatives by selling certain product lines on the marketplace and accepting in-store returns on Amazon purchases to drive more foot traffic and increase sales in their brick-and-mortar stores.

There are several solution providers that make it easier for organizations to publish and manage listings on marketplaces. Some digital commerce platforms have app plug-ins and extensions to help connect to marketplaces. There are also specialized software integrators or data feed managers/aggregators to connect and manage multiple marketplace accounts or data feeds.

Amazon Marketplace Web Service (Amazon MWS) is an integrated web service API that helps Amazon sellers to programmatically exchange data on listings, orders, payments, reports, and more. Data integration with Amazon enables high levels of selling automation, which can help sellers grow their business.

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 **SEEN IN THE FIELD**



In 2017 **Sears** decided to sell its Kenmore brand directly through Amazon. This year, Sears announced that consumers who buy any brand of tires on Amazon can have them delivered to Sears Auto Centers, where they will be installed. This strategy has the potential to drive traffic to stores and add a level of service that Amazon can't, while allowing the retailer to benefit from additional sales while the customer waits for the installation to be done.

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 **OUR TAKE: Amazon the search engine**

Some studies suggest that over 50 percent of product searches start on Amazon, surpassing Google as the top destination for shopping research. Rather than looking at Amazon as a competitor, look at the marketplace as a search engine and an integral part of your marketing mix.

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## Global

For global expansion, the first step for most organizations is marketplaces. Marketplaces dominate ecommerce in large

markets in Asia-Pacific and offer a low-risk opportunity to expand reach and gauge market expansion potential before investing in a broader global expansion strategy. In Asia-Pacific, marketplaces such as Rakuten in Japan, Taobao and Tmall in China and Lazada in South East Asia, are extremely important. In China alone, 90 percent of business-to-consumer ecommerce sales originate from marketplaces, with over 50 percent dominated by Tmall.

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 **OUR TAKE: Dip your toes in the global pool**

Use marketplaces to tap into an already-established customer base in global markets. Entry into new markets using a marketplace strategy is a low-risk approach. What do you have to lose?

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 **DID YOU KNOW?**

Singles' Day is a Chinese holiday started by a group of students at Nanjing University in 1993 to celebrate being single. The date, November 11th (11/11), was chosen because the number "1" resembles an individual who is alone. It wasn't until 2009 that Alibaba spotted an opportunity and encouraged retailers on its platform to offer discounts for the day and transformed Singles Day into the largest online shopping day in the world.

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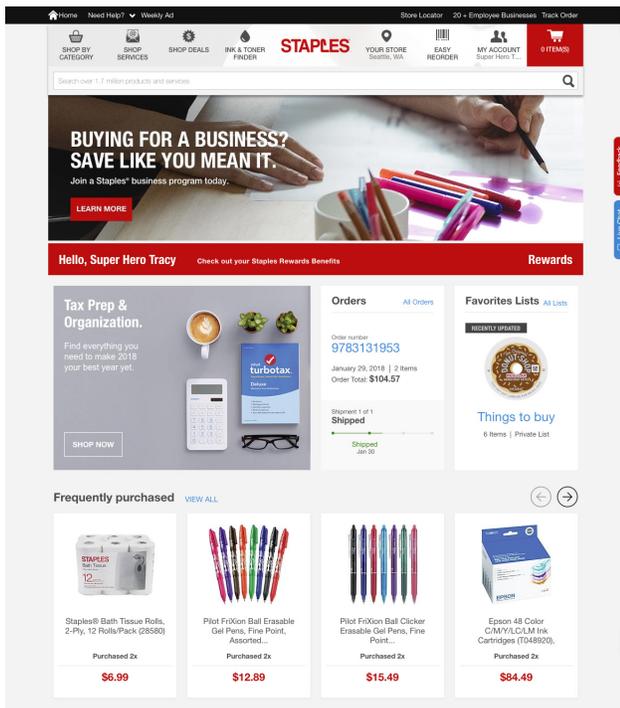
## Retailer-Operated Marketplaces

Most organizations leverage marketplaces to expand reach, while others launch their own marketplaces to combat competition. Perhaps the greatest advantage of launching a retailer-operated marketplace is the ability to expand product assortment without the restraints of adding more inventory and managing distribution. With a retailer-owned marketplace, retailers can gain additional revenue streams by offering a broader product assortment.

Launching a marketplace is not a viable strategy for every organization. Online marketplaces have complex ecosystems and require the right technology and resources to achieve success. Gaining recent popularity, a few platform providers have emerged, offering technologies and services to help power these retail-operated marketplaces.



## SEEN IN THE FIELD



For retailers such as **Staples**, with product categories that are highly competitive with Amazon, expanding into non-core product categories through the launch of a marketplace is a potential life-saver. Since launching its marketplace, Staples.com has expanded its product selection by 400 percent.<sup>67</sup>

### REASONS FOR LAUNCHING A RETAILER-OPERATED MARKETPLACE

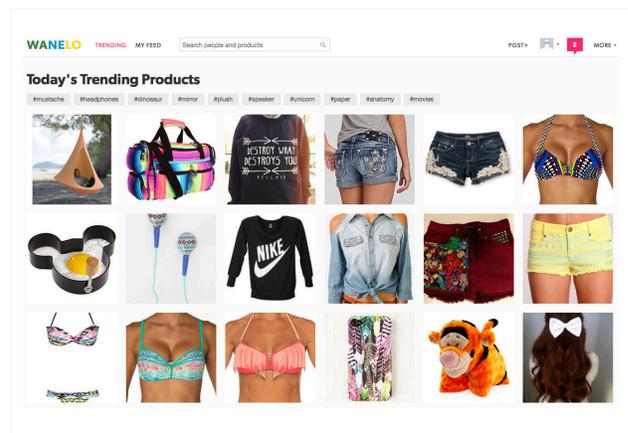
- Filling in assortment gaps
- Reduced inventory/markdown risk and costs
- Offloading shipping costs
- Improved relationships with vendors/suppliers

### Niche/Vertical Marketplaces

While Amazon, eBay, Alibaba, and Jet.com typically get the most attention, there are several niche and vertical marketplaces that can help retailers and brands expand reach. Typically, these

smaller marketplaces are specialized vertical platforms that target a specific audience looking to purchase a specific item or category of products. They offer different fee structures from larger marketplaces and more differentiated services such as marketing support. These smaller marketplaces provide the opportunity to reach a highly-engaged target audience through curated experiences, often integrating content and social media elements into the shopping experience.

In recent years, there has been an evolution of product directories with an affiliate business model, inspirational content sites, or even quasi-social media platforms that are turning their sites into transaction-enabled marketplaces.



**WANEO** (Want, Need, Love) is an example of a niche marketplace that offers a selection of specialized products. WANEO features over 500,000 stores, both large brands and independent boutiques and designers. The unique aspect of WANEO is that it features products curated by its users – largely a younger demographic – and delivers a unique buying experience with socially relevant messaging and more visual elements.

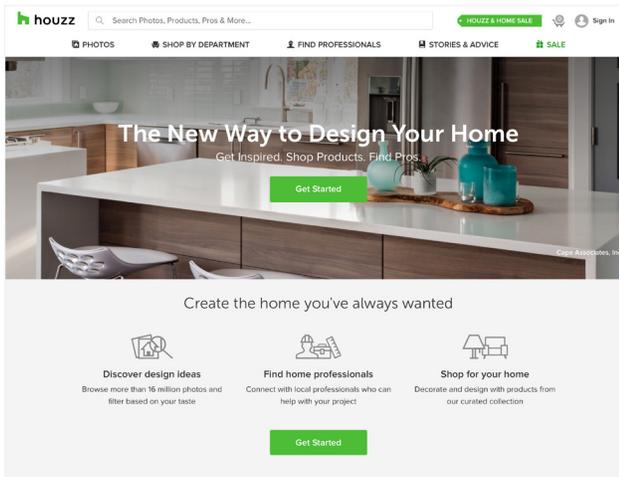
**Lyst.com**, formerly a content and fashion referral site, launched a universal checkout that allows users to buy directly from the site. **Spring**, the mobile app fashion marketplace, provides curated and personalized product selections. **Orchard Mile** is a luxury apparel marketplace that aims to provide a highly personalized shopping experience.

Also, prominent in the mobile space, delivering curated content and products is the home décor marketplace **Houzz**. Initially a home-improvement app, today, it allows users to purchase the products featured on the app (and site).

In the B2B world, there is a long list of niche marketplaces that target business buyers directly with the promise of comprehensive product catalogs at the right price.



## SEEN IN THE FIELD



In June 2017, online home furnishings marketplace **Houzz** raised \$400 million in funding, the second nine-figure funding round raised by the company in the past three years. Houzz features more than 10 million products on its platform from more than 20,000 sellers. Offering just about everything a consumer needs for home renovation projects, the company attracts more than 40 million unique monthly visitors to its app and ecommerce site. But Houzz is much more than a marketplace. The platform houses more than 14 million home interior images and includes 1.5 million home professionals across 60 categories, such as contractors, flooring experts and architects.<sup>68</sup>



## SPOTLIGHT ON B2B

Marketplaces present a significant opportunity for B2B organizations to expand reach and meet demands of business buyers. Business buyers like marketplaces because they allow them to save time by purchasing multiple products in one place. Marketplaces can also be a great way for B2B organizations to test demand in new markets offering access to global markets. Some B2B organizations opt to sell their products exclusively on marketplaces to limit the technology and marketing cost of operating an ecommerce site.

Launched in 2015, Amazon Business (Amazon's B2B marketplace) already has over one million business customers and is quickly replacing direct B2B shopping for many product categories. Amazon started marketing this site in earnest in 2018 and is poised for major growth.

Amazon Business and Alibaba dominate B2B marketplace growth, however there are many industry-specific B2B marketplaces specializing and catering to specific industry needs.



WISE WORDS FROM OUR SPONSOR



## PERSONALIZATION AND THE FUTURE OF DIGITAL MARKETING

Personalization is already a well-known concept. But for e-commerce sellers, personalization is still only framed around part of the customer's experience — starting with a retailer's website and extending through the purchase and post-purchase process. While these efforts are important, they don't cover the whole journey.

Increasingly, consumers aren't starting on your website. Instead, they're starting on channels like Amazon, search engines or social networks. That means the shopping process actually starts on the search results page. And that's where personalization should begin too.

We believe the concept of personalized digital advertising will fundamentally reshape how marketers think about advertising budgets. Greater personalization offers improved ROI and a better end-to-end consumer experience. These concepts have been leveraged before — primarily in areas like email marketing — but are more nascent in search and social advertising. It's even more critical on mobile devices where attention spans shrink and irrelevant ads are easily dismissed.

### So What is Personalized Advertising?

A personalized campaign focuses on the shopper and his or her behaviors — not on keywords or ad copy. Marketers should think about the person behind the click rather than the total number of clicks in a spreadsheet. This means we're advertising to real people — using a specific device, at a certain time of day, at a certain location in the world.

By leveraging user behavior, as well as demographics and signals from different sources (Google, the CRM system,

past orders), marketers can serve personalized results to two different individuals searching the same broad term on Google (e.g. "running shoes").

True personalization, however, goes beyond demographics and stereotypes. By focusing on the behavior of the individual, we're able to tailor the advertising to their needs, regardless of how well that fits our perception of the "typical" customer.

## 4 Future Implications of Personalization

### Budget Efficiency

Retailers that get personalization right will drive more efficiency from their ad spend since more relevant ads will drive a higher conversion rate and a higher return on ad spend (ROAS).

### Ad Quality

The bar is rising for what consumers consider a "good" ad. Consumers don't view relevant and unobtrusive ads as advertisements, so engagement and click-through rates (CTRs) are high. Current ads that aren't personalized will suffer a reduced level of engagement.

### Customer Databases

CRM systems will increasingly play a key role for the digital advertiser. The ability to really segment past customers across a multitude of dimensions opens up endless possibilities for advertising campaigns.

### Skill Sets

Brands and retailers need to evaluate their current analytics capabilities and determine where they have gaps. Ultimately, the brands and retailers that embrace this new frontier of personalization will drive greater returns.

# Order Management

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## BURNING QUESTIONS



- How can an OMS help my business?
- Can my ecommerce platform do the job?
- What features should the OMS include?

**E**ven though it may not be as sexy as the digital commerce platform or other frontend applications, the order management system is really the brain behind the operations – especially in omnichannel retail.

While frontend applications facilitate the customer interaction, the most important capabilities of the omnichannel approach are driven by the backend. Order management is at the center of the customer experience, supporting not only front-end order capture and customer service but also back-end order routing and orchestration, fulfillment, payment captures and returns. Order Management systems help organizations make intelligent decisions to better serve customers, optimize the use of inventory, and reduce fulfillment costs.



### OUR TAKE: Beyond order management

Modern OMS must include advanced, cross-channel and cross-domain order processing functionality and provide insight into critical data that can help you make better business decisions regarding merchandising, returns, inventory, marketing, and much more. Distributed Order Management (DOM) gives your enterprise and your customers access to inventory and services within the 4 walls of all your facilities and stores as well as the long tail and backup inventory of partners and drop shippers.



### DID YOU KNOW?

22 percent of retailers in North America currently use a Distributed Order Management solution and 35 percent are planning to implement a solution in the next 12-24 months.<sup>69</sup>

## TOOLS AND TRICKS OF THE TRADE

Most organizations already use some order management functionalities as part of the digital commerce platform, a home-grown solution, or the ERP. However, these solutions are often incapable of handling the complexities of the buying and delivery options customers expect. Many organizations struggle with disjointed order management processes and technologies, resulting in subpar customer experiences.

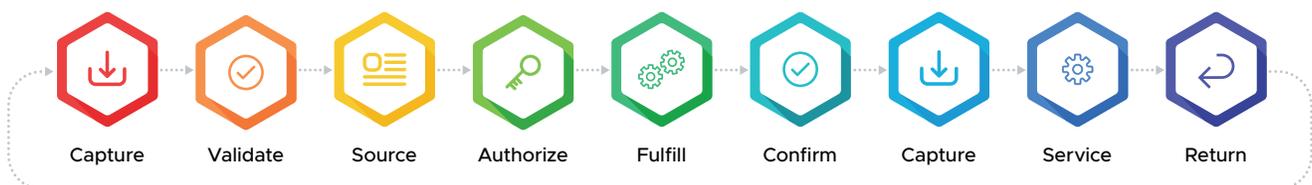
An order management system (OMS) provides the ability to automate and streamline the flow of the order, from point of purchase to the customer. The OMS can process orders from multiple channels (ecommerce, mobile, call centers, voice-activated home assistants, smart devices and more), allocate orders to multiple sources of fulfillment (warehouse, drop shippers, retail stores), track the order to the customer and handle return orders.



### OUR TAKE: It takes a village...

Involve your entire organization when selecting and implementing an OMS. Any department can sabotage the effort if they're not on board. Get the team together early and align their objectives.

## ORDER MANAGEMENT LIFE CYCLE



## Online Order Management

Most digital commerce platforms include “light” OMS capabilities. For smaller organizations, these capabilities are often enough to handle online order management requirements. But, larger organizations with more complex operations and order flows often find they can benefit from implementing an order management system. To meet retailers’ needs, many providers of enterprise digital platforms have recently made acquisitions to add OMS capabilities to their platforms or offer them as part of an integrated solution.

Organizations should map their business requirements and analyze their current platform capabilities to evaluate whether they need to upgrade to a centralized OMS system.

For online-only retailers most digital platforms include capabilities that may be sufficient. However, organizations that manage multiple channels or multiple facilities should consider investing in a centralized order management solution.



### OUR TAKE: Do you need an OMS?

We see much confusion regarding retailers’ need for an OMS when they have an ECP, ERP, WMS, PIM, or any combination of those systems. The answer is, “It depends.” You need to evaluate the capabilities of the systems you have in place, document the gaps, and progress from there. This will help you determine your need for an OMS and the specific type of OMS you require, as they come in many different flavors.

## Omnichannel Order Management

As an increasing number of shoppers demand more convenient and faster shopping and delivery options, it is imperative for retailers to adopt new omnichannel fulfillment options, including buy online/pick up in-store, (BOPIS), ship-from-store, buy online/return in-store (BORIS), and save-the-sale.

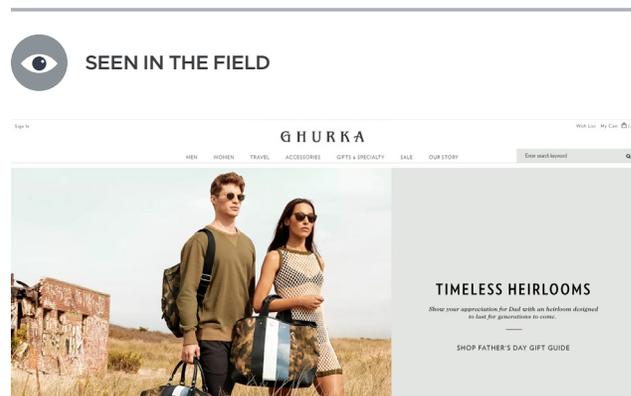


### DID YOU KNOW?

Sixty percent of frequent shoppers have purchased products online for in-store pickup – four times more than the consumers who shop online just a few times per year.<sup>70</sup>

Offering these options adds new layers of complexity to backend operations – the processing and management of orders as well as the management of customer data, inventory levels, product information, fulfillment data, and more. Managing these complex workflows without the right systems and proper integration, in most cases, leads to poor customer experiences that have detrimental impact on sales and customer loyalty.

Organizations that deploy a full-featured OMS will quickly benefit from more efficient backend operations, allowing them to meet and exceed customer expectations.



**Ghurka** specializes in leather business cases and travel bags. Ghurka operates its own retail stores in addition to ecommerce and wholesale shop-n-shops. With a primary focus on ecommerce orders, Ghurka needed to be able to differentiate order fulfillment methods and effectively manage all order and item information (including: vendor relationships, data transfer, file management, carrier selection, tracking and reporting) in real-time. The company implemented an order management and trading partner platform that quickly allowed the company to effortlessly aggregate, translate and exchange data between trading partners and integrate various business documents like invoices, orders, shipments and more into a single platform.<sup>71</sup>

### OMS benefits

- Sales visibility
- Improved customer service
- Efficient and cost-effective order routing
- Inventory visibility
- Tools/access to data to improve marketing and promotional efforts



### OUR TAKE: Keep your promises

Your customers don't care about channels, but they do expect fast delivery, buy-online/pick-up and return-in-store options, cross-channel inventory look-up, and much more. Moreover, they expect a seamless and consistent experience. Don't let them down because your technology can't do the job. An OMS can help you meet these expectations and simultaneously improve backend efficiencies.

## What to Look for in an OMS

Closely tied to all aspects of retail operations, including the tracking and storing of customer data, processing of orders, and allocation of order distribution, the OMS must include advanced cross-channel and cross-domain functionality that enables retailers to manage the complexity of customer orders.



### OUR TAKE: Integration is key

Ensure that your OMS integrates easily with your other commerce systems. If integration is clunky and cumbersome, the system has little value.

## Multichannel Order Capture and Processing

The ability to capture and process orders from multiple channels, including an order that may start in one channel and complete in another, is one of the most basic roles of an OMS. Fundamentally, all orders for a customer should be visible in the OMS regardless of the order capture channel. The system should be able to process both website and mobile orders. Store associates should be able to process in-store transactions as well as place online orders for customers on premise. Call center and live-chat representatives should be able to complete or adjust customer orders. While the above may seem like basic capabilities, in order to accomplish complete visibility, the OMS must be tightly integrated with all other systems in the retail infrastructure, enabling data to be shared across all channels.



### DID YOU KNOW?

46 percent of retailers offer the ability to purchase in store and have items shipped anywhere.<sup>72</sup>

## Inventory Visibility

Integration between the OMS and all other retail systems is essential to enabling complete visibility across all channels. Visibility into in-stock, in-transit, purchase order inventory, and drop ship partner and wholesaler inventory is required to accurately provide customers information on product availability. Once integrated, the OMS acts as the centralized hub to connect all information and provide visibility. This is important, because customers expect the same products to be available at all touchpoints and for all channels to have access to shared inventory information.



### DID YOU KNOW?

- 27 percent of retailers allow shoppers to look up and search by in-store availability online
- 66 percent of retailers empower sales associates to look up items online or from another store if the item is not available in the store or sold out<sup>73</sup>



### SEEN IN THE FIELD



Nordstrom has found the winning recipe for providing a seamless experience and transparency into the order process. If an item is not in stock, the site alerts the shopper immediately, offers to backorder the item if possible, and provides information regarding ship date. At the cart level, the site offers an option for customers to easily change the order to a pickup order.

For instance, if the retailer wishes to offer “endless-aisle” capabilities, retail associates should be able to look up inventory for an out-of-stock item at all other physical and virtual locations. They must also have the ability to fulfill an order from any location or store for delivery to the customer’s home or preferred in-store pick up location.

### Cross-Channel Order Routing

The ability to route orders for fulfillment to various inventory distribution locations (based on business rules and algorithms) is also critical. Retailers are increasingly using their brick-and-mortar locations as secondary fulfillment centers to reduce out-of-stock situations, provide quicker product delivery, and secure the most cost-effective shipping. Having a centralized OMS that can facilitate cross-channel order processing and routing enables retailers to optimize these benefits.

### Order Online/Pick-up in Store

Another popular option derived from customer demand is the ability to offer “buy online/pick up in-store” and “reserve online/pick up in-store” capabilities. To facilitate these capabilities, the OMS must be able to process the order from one channel, ensure that the product is available at the retail location, and provide the necessary information to the retail staff so they can prepare the order for customer pick-up. This option requires real-time updates of inventory levels to ensure that the product is available at the store location as well as timely and accurate communication of the order flow from the ecommerce system to retail associates to ensure that the order is ready when the customer arrives. This feature brings additional value via the cross-sell and upsell opportunities that arise once the customer is at the store location. To facilitate this, the OMS should enable store associates to access and adjust the original online order.



#### DID YOU KNOW?

The ability to buy-online/pick up in-store is adopted by only 41 percent of retailers.<sup>74</sup>

### 360-Degree Customer View

Essential to providing a consistent customer experience is a unified customer database that gathers and stores data from all touchpoints. Store associates, customer service

representatives, and ecommerce platforms and mobile applications must be able to access data about customer orders, purchasing history, and preferences to enable ‘clienteling,’ accurate order tracking, and personalized customer service. The OMS should be tightly integrated with all other systems to provide this complete customer view as well as visibility into customer data and corresponding orders across all channels.



#### SEEN IN THE FIELD



Kohl's began their pick-up-in-store initiative to enable customers to pick up their purchases at a local store. The retailer soon experienced additional benefits and uplift in sales - between 15 percent and 20 percent, because shoppers who picked up items in-store bought additional items while in the store.<sup>75</sup>



#### OUR TAKE: Centralize customer information

Customer management is as much a part of order management as any back-office logistics component. Customer follow-ups, including order changes, tracking inquiries, cancellations, and returns, are costly, and even more so if the customer service rep is looking into multiple systems with inconsistent data.

### Product Content Information and Pricing

While some promotions will be exclusive to certain channels, there are advantages for retailers to honor promotional initiatives across channels. Since customers do not distinguish between channels, they expect to find consistent product information, imagery, and pricing, regardless of whether they are shopping on their laptop, on a mobile device, or visiting a

store. The OMS should allow all channels access to the same pricing and promotional information which, for instance, could enable call center and store representatives to honor the same pricing and promotional details as customers see online.

## Returns and Reverse Logistics

Key elements of the order management process are returns and the effective management of reverse logistics. Return processes are critical to the customer experience. No matter where the return originated, the process should be easy and cohesive. Inefficient reverse logistics can be one of the largest expenses incurred by a retailer or brand manufacturer. In the omnichannel environment, handling reverse logistics becomes much more complex, because it requires multiple return options that may result in inventory returns to different inventory facilities. The OMS must be able to effectively track items throughout the entire return process and help to automate the return of items to stock. Visibility into complete transaction history data as well as analytical tools are necessary functions of the OMS and should provide return rates data, by customer and by product, to enable the retailer to make better business decisions regarding product quality, product information, or other customer issues.



### DID YOU KNOW?

92 percent of retailers allow shoppers to buy online and return the purchase in-store.

## Service Scheduling

Some products may require delivery and service scheduling in conjunction with the transaction. This process is typically managed after the order transaction has been placed and often requires manual processes that are prone to errors and do not always result in an optimal customer experience. The OMS should be able to link to other service systems to enable the scheduling of a delivery, installation, or other services during the order process.

## Processing/Analytics

With complete visibility into all sources of inventory supply, the OMS can predict when disruptions in supply will impact promised delivery dates. The OMS can then alert the appropriate systems and locate the next best source of supply. Essentially, it provides

the analytics to make better informed business decisions regarding inventory, merchandise, and marketing.



### OUR TAKE: Plan for the future

Look for an order management solution that will support your business requirements today and for the long term. A good order management system will be flexible and offer configurable business rules that will allow the system to scale as your business grows.



### SPOTLIGHT ON B2B

Order management has additional significance for B2B organizations due to their unique requirements and use cases. Online ordering is critical, but B2B interfaces are more complicated and must match customers' purchasing processes. Incoming orders must be accepted as orders, purchase orders, pre-orders, and re-orders and must accommodate formats from EDI to spreadsheets, PDF, fax, phone, email and custom order forms in addition to online order entry. Besides selling and fulfilling product to B2B end-users, B2B order management systems must power the additional services that are table stakes in selling and supporting B2B customers:

- Customer-specific or contract pricing;
- Product and dollar ordering restrictions;
- End-user order approval hierarchies and workflows;
- Proprietary taxonomies and products;
- Ship Complete and special backorder rules;
- Configure-Price-Quote use cases;
- Capture of customer-specific order accounting information (e.g. P.O, Cost Center, Department, End User)

All customers want to know when their orders are coming, but B2B customers need to know, in order to plan how those deliveries intersect with their other business activities. When those customers are multi-national, interacting in their language, and getting detailed order information including shipment location and customs clearance status are an added complexity that good B2B sellers deliver on and therefore require an OMS platform that can support these services.



WISE WORDS FROM OUR SPONSOR



**Online shopping in the U.S. is growing at a staggering rate. U.S. online sales grew by 23% in 2017, according to research firm eMarketer Inc., pushing e-commerce's market share to 9% of all U.S. retail sales. And with this increased growth comes additional challenges.**

As e-commerce evolves, retailers face new pain points and consumers are radically less forgiving than they were even one year ago. While the future of ecommerce success relies on several factors, one critical component is the ability to provide real-time, cross-chain inventory visibility and delivery choices. Enter the OMS.

Best-in-class OMS systems seamlessly orchestrate the transaction from the moment a customer clicks the “buy” button to the moment she receives her order, at the location of her choice. Ultimately, the job of the order management system is to ensure that seamless customer experience, while maintaining the highest margin possible.

The order management system must provide the real-time visibility to know not only how much inventory is available across the chain, but also which items are available and in which locations to determine where an order should be fulfilled. This requires a system that provides a single view of enterprise inventory and enables intelligent order routing for best source fulfillment. By implementing intelligent order routing and fulfillment systems, retailers can make sure that orders can be fulfilled from any channel at any time, whether this means shipping a product directly to the customer from the closest retail location, providing in-store pickup for online orders, moving products between stores, or locating the product in a distribution center and sending it to a physical store.

The OMS must also provide the ability to handle cross-channel returns and exchanges, making a seamless shopping experience for the customer. The system must also be automated and governed by a rules engine that meets specific business requirements, and can be modified on the fly to ensure that orders are fulfilled in the most profitable manner possible for the specific retail business.

Without these capabilities, you're not providing the shopping experience today's consumer is expecting.

The complexity of stitching together the various systems required – order management, warehouse management, transportation, and store fulfillment technologies – is what is causing many retailers to struggle today, yet it's necessary if you expect to be around to fulfill your customers' expectations tomorrow. If a merchant fails in any area, including order routing, inventory accuracy, fulfillment, or any other behind-the-scenes elements, you risk not only losing the initial sale but also future sales from that customer and others he or she influences. This complexity is why retailers should look for partners who have the best-in-class solutions and best practice expertise to handle the technical operations, that can be delivered quickly and in the most cost effective way, while they focus on growing their ecommerce business.

# Payments

## BURNING QUESTIONS



- Which mobile wallets should I accept?
- What's next in mobile payments?
- Are payment companies turning into marketing platforms?

**S**eventy-eight percent of consumers agree that the payment experience affects their willingness to return to a retailer's website.<sup>76</sup> The payment experience is a key factor in driving online customer loyalty. The experience must be as frictionless as possible to reinforce shopper confidence and minimize the risk of shopping cart abandonment.

The greatest challenge in digital commerce today, besides the ongoing security challenge, is meeting customer demands for easy, quick, and convenient checkout and payments. A staggering percentage of cart abandonment occurs because customers feel the checkout process is too long or too complicated. This sentiment cannot be overlooked.



### OUR TAKE: Security vs. convenience

Payment security concerns still exist among consumers. But, the lack of confidence in the security of online transactions has not trumped the convenience and other benefits that ecommerce offers. Many shoppers have become so used to shopping online that they are not willing to stop.



### DID YOU KNOW?

The average checkout time for retailers is 40 seconds across desktop and mobile, and as much as 46 percent of cart abandonment happens during the payment stage.<sup>77</sup>

## TOOLS AND TRICKS OF THE TRADE

### PAYMENT TOOLS

— Payment Gateways

— Mobile Payments

— Loyalty and Marketing

The payment landscape can seem overwhelming and complex for those not familiar with the different systems and processes required to facilitate online and mobile transactions. The payment options that organizations offer can have a significant impact on customer confidence and sales, as well as brand image. Therefore, it is important to understand and carefully assess which payment options to prioritize.

As consumer preferences change, technology companies, ecommerce platforms, and retailers are collaborating to improve user experience and optimize checkout flows, resulting in new and innovative payment options.

## Payment Gateways

A payment gate is the service that processes credit card payments for online and brick-and-mortar stores. Payment gateways facilitate the transactions by transferring key information between platform portals (websites and web-enabled mobile devices) and the processor/bank.

Payment gateways are vital in the ecommerce transaction process, as they authorize the payment between the retailer and customer. Most digital commerce platforms come with multiple integrations to the major gateways, and retailers are advised to select a payment gateway that already has an extension to their chosen platform.

## Mobile Payments

Convenience, control, security, and personalization are key factors for digital buyers when it comes to payments. In order to address this demand, there is increased focus on optimizing the checkout process, both in apps, on mobile sites and in stores. Strategies include fast and seamless payment and the addition of mobile wallets to their payment options.



### OUR TAKE: Embrace mobile payments

Consumers, especially Millennials, are increasingly embracing mobile payments and will reward retailers that offer it. If a consumer has Apple Pay, she wants to use it at her favorite retail store. Even though the growth of mobile wallets is slower than expected, acceptance by mainstream retailers is driving consumer expectations. Those who don't at least embrace Apple Pay are risking the appearance of being "behind the curve."

Many customers avoid making purchases on their mobile devices due to security concerns and the difficulties of entering payment information on a small touchscreen interface. Mobile wallets are designed to combat these concerns by streamlining the mobile payment process. Mobile wallets allow users to make payments and transfer money directly from their smartphones, and most leverage near-field-communication (NFC) for payments in stores. Most mobile wallets can store credit, debit, gift, and loyalty cards and offer users a fast way to make payments both in-store and online. Mobile wallets also provide the ability to promote offers and discounts to the shopper.

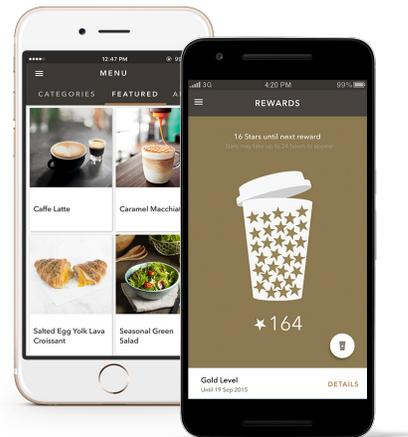


### DID YOU KNOW?

- 78 percent of retailers allow customers to pay with PayPal<sup>78</sup>
- In 2020, one-third of smartphone users will use their phone to pay for a product or service in a store
- The Starbucks app is the most used app for mobile proximity payments, followed by Apple Pay, Google Pay and Samsung Pay<sup>79</sup>



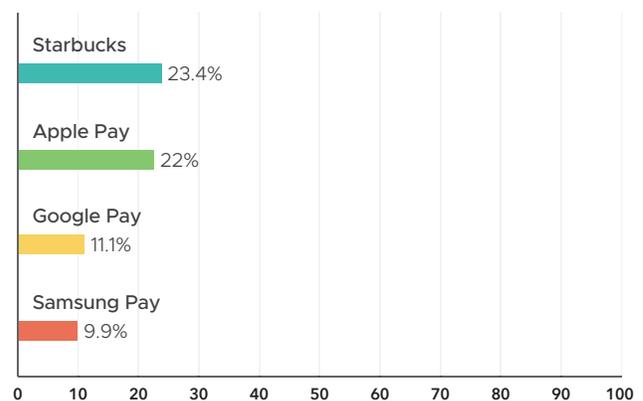
### SEEN IN THE FIELD



The **Starbucks** app is the most popular options for mobile proximity payments. In 2018, 23.4 million people ages 14 and over will use the Starbucks app to make a point-of-sale purchase at least once every six months. The Starbucks app and mobile payment method has gained traction because it is closely tied to its loyalty rewards program – users save time and money at the register while earning rewards and special offers.

### US Proximity Mobile Payment Users, by Platform, 2018

millions



Note: ages 14+; mobile phone users who have made at least one proximity mobile payment transaction in the past 6 months

Source: eMarketer, May 2018

## Loyalty and Marketing

Retailers are increasingly turning to payment companies to integrate loyalty features with payment services, either as supplements to their existing loyalty program or as a stand-alone option.

Payment companies can enable deep category segmentation, such as discounts at food providers, through mobile payments aggregator and geo-targeting service LevelUp or Amazon rewards for holders of the Amazon Rewards Visa Signature cards.



### Mobile Payment Companies as Deal Platforms

Payments innovators, including PayPal, Alipay, TransferWise, and Venmo, are using their reach and customer loyalty to expand their platform offerings to include retailer deals for consumers.

PayPal users are treated to the same kind of offers (i.e. percent savings or cash-back deals on brand websites or at brick-and-mortar stores) that have traditionally flooded the inbox of credit card holders.

Payment companies also capture a lot of consumer shopping insights and are positioned well to enable cross-sell and cross-platform opportunities on transactions that include booking, ordering, gifting, and donating.

### The Sharing Economy

The sharing economy will continue to grow via new apps and new adopters. Retailers will look for new ways to help consumers share the costs of goods beyond traditional channels, like wedding gifts and graduation presents.



### SPOTLIGHT ON B2B

The B2B ramifications of payments are more complex than for B2C. B2B buyers have additional requirements that organizations must take into consideration when selling online, including the ability to pay on account, with purchase orders, using past order credits, with specific payment terms, and more. In addition, the purchaser may not be authorized to make the actual payment for the goods requiring complex authorization flows.

Fraud prevention with larger B2B orders is critical, but regular buying from established customers with regular accounts lowers the frequency. B2B sellers who sell to new and small businesses are operating like B2C sellers and have been for many years.

Mobile payments are on the rise in B2B commerce with delivery agents or drivers able to collect payment upon delivery instead of more traditional invoicing. In addition, B2B sales representatives are increasingly equipped to accept payments in the field via mobile devices.

# In-Store

## BURNING QUESTIONS



- Is physical retail really dying?
- How can I reinvent the in-store experience?
- What tools do I need to create more engaging in-store experiences?

In the past year, several major retailers have announced store closings and bankruptcies or declining store sales. While the bulk of retail sales still come from physical stores, traditional retailers are feeling the pressure to drive more foot traffic, increase in-store sales, and encourage customers to return.

Today's shoppers move between physical and digital worlds interchangeably – often interacting with multiple touchpoints and devices before making an actual purchase. In addition, expectations of the in-store shopping experience have shifted. For consumers, especially younger shoppers, convenience and experience are front and center when it comes to shopping. Retailers are forced to face this new shopping reality head on and take steps to reinvent the in-store shopping experience. The retailers that come out ahead will be those who innovate by unifying their growing online presence with an experiential physical environment.



## DID YOU KNOW?

All but one (Amazon) of the top ten retailers in the US are physical store chains – and with the launch of Amazon Book stores, Amazon Go and the acquisition of Wholefoods, Amazon is moving into the physical space as well.

## DRIVING STORE TRAFFIC FROM DIGITAL

- Online research
- Digital store coupons

- Emails or text messages
- Online store inventory lookup
- Buy online/pick up in store (BOPIS)
- Mobile and proximity alerts
- Social media mentions



## SEEN IN THE FIELD

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To differentiate the shopping experience, **Crate & Barrel** offers free design studio services and design consultation to shoppers. The service is also available to online shoppers.

To meet customer demands, most retailers start by driving traffic to stores from digital channels and introducing omnichannel retail best practices, such as Buy Online/Return In-Store (BORIS). But these services are already table stakes (BORIS is already offered by 92 percent of retailers in the FitForCommerce Omnichannel Retail Index) and are no longer enough to “save” the traditional retailer. All signs point to the necessity for creating more engaging shopping environments that infuse digital into the physical store.



## DID YOU KNOW?

Even though ecommerce sales in the US continue to increase year over year, over 90 percent of all retail sales transactions still occur in the physical retail store.<sup>80</sup>

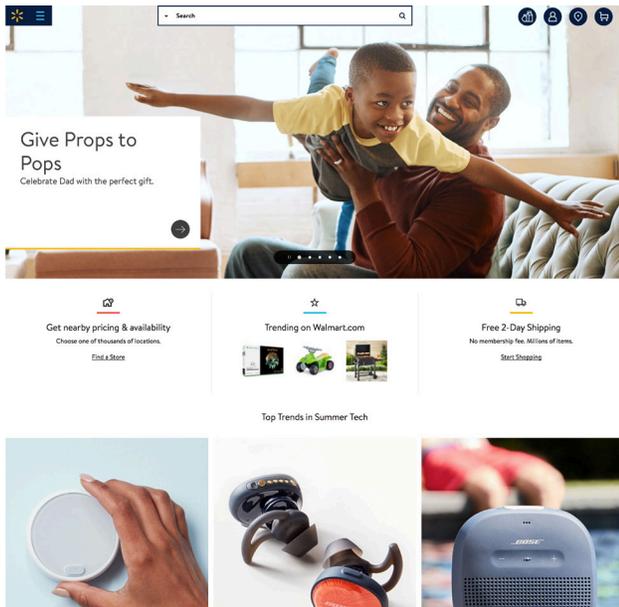


### OUR TAKE: You've got to up your game

The retail store is not dead. But, you must step up your game to meet the expectations of today's digitally-savvy shoppers. That means introducing new digital in-store technologies that bridge online and in-store shopping experiences and providing better training and tools for store associates.



### SEEN IN THE FIELD



Walmart has been on a shopping spree aimed to bolster its digital footprint. The recent acquisitions of Modcloth, Moosejaw, Shoebuy and Bonobos has provided Walmart with a greater stake in the digital marketplace, access to higher-profit categories and more affluent shoppers. This strategy, combined with a huge portfolio of stores as pickup destinations is designed to meet shopper expectations of blending physical and digital shopping.

## TOOLS AND TRICKS OF THE TRADE

Modern technologies can help retailers optimize efficiencies and bring down operational costs, bring digital into stores, and empower associates to provide better and more personalized customer assistance. But, many retailers struggle to identify where to start, the resources needed, and the technologies

to best support the effort.

### IN-STORE TECHNOLOGIES

- POS
- CRM
- Mobile
- Sales Enablement/Clienteling
- Interactive/Digital Signage
- Analytics

## Point-of-Sale Solutions (POS)

As the name implies, 'point-of-sale' (POS) refers to the time and place of a transaction. Often cloud-based and allowing for real-time data access and easy integration with other retail platforms in the ecosystem, modern POS systems offer a wide range of features, including inventory management, customer data capture, loyalty program management, and employee productivity tracking.



### OUR TAKE: Trust the experts

POS is a system that you would never develop in-house. Produce a formal requirements package that documents your in-store selling service, management pain points, and business needs. As you search for software that matches your needs, consider how you want to deploy the POS solution (in-store, hosted, or SaaS). There are advantages and disadvantages to each deployment model.

According to recent studies, shoppers' biggest frustration with shopping in physical retail stores is waiting in long lines. Yet, retailers have been slow to adopt technologies that allow line busting to make checkout faster and more convenient for shoppers.

Retailers can easily and quickly implement solutions, such as mobile POS, that will help them meet these customer demands.

## REDUCE SHOPPER FRUSTRATION WITH LINE BUSTING:

- Self-checkout
- Mobile POS
- Pre-order online
- Scan & Go (Amazon Go)
- Pay in App



### HEARD IN THE FIELD

"The checkout process is currently the Macy's single biggest pain point," Jeff Gennette, CEO, Macy's, Bank of America Merrill Lynch Global Consumer & Retail Technology Conference in New York City

Mobile POS systems (mPOS) leverage mobile devices instead of fixed checkout terminals, allowing store associates to service shoppers anywhere in the store environment. By providing such mobility to the associate, retailers can create a more appealing and personal shopping experience – from line busting (check out on the floor) to saving a sale with endless aisle capabilities – looking up and placing orders for sold out inventory or inventory only sold at other stores or online.

To further expedite the checkout process, several big retailers – including Amazon, Walmart, Kroger and Starbucks - have introduced mobile apps to accelerate the checkout process by enabling customer self-checkout.



### OUR TAKE: Go 360

If your business is multichannel, consider viewing POS as another order-taking channel. A POS system that supports the same customer experience (pricing, promotions, products, loyalty, gift cards, order history, etc.) as your other sales channels reflects the centrality of the customer to your business. Your customer can shop from you on the web, contact center, or store and receive a consistent and seamless experience.



### DID YOU KNOW?

- Mobile POS terminals are expected to handle 20 percent of all retail transaction value by 2021, up from an estimated 4 percent in 2016<sup>81</sup>
- Nearly half of consumers want technology to help them check out more easily, but only 28 percent of US retailers say that enhancing ease-of-checkout is an important use of in-store technology<sup>82</sup>



### SEEN IN THE FIELD



Macy's is the latest retailer to test mobile barcode self-scan for accelerated checkout at some stores. Using a feature in the Macy's mobile app, shoppers use their phones to scan barcodes on the merchandise they want to purchase, and then go through a dedicated mobile checkout line, where payment is verified, and security tags removed from the products purchased.

## Customer Relationship Management (CRM)

The CRM system is essential to optimizing the in-store experience, as it allows for more personalized services. By providing access to customer information and purchase history, the individual store and store associates have a 360-degree view of the customer, which allows them to provide personalized recommendations, offer special services to VIP customers, and resolve customer service issues.

## Sales Enablement/Clienteling

Store associates play a crucial role in the shopping journey. Yet, most are not empowered to deliver the level of service that customers expect. They are simply not equipped with the tools, data, and training necessary.

Constant access to product information via their mobile phones, combined with unsatisfactory experiences with store associates, has led shoppers to prefer to use their own devices over engaging with a store associate.

To combat this trend, store associates need access to better information and mobile clienteling tools that can empower them to proactively provide better customer experiences.



#### DID YOU KNOW?

- 83 percent of shoppers believe they're more knowledgeable than retail store associates, and 47 percent don't find associates helpful or valuable
- 59 percent of today's customers expect store associates to use mobile technology to better service their needs. However, fewer than 40 percent of retailers are using mobile technologies<sup>83</sup>



#### OUR TAKE: Don't let shoppers out-stage you

Shoppers are often better-informed regarding product selection, product details, and promotions than the store associate. A few bad experiences, and they'll stop consulting the associate all together. They are simply in a better position to find the information to make an informed decision on their own. Retailers need to invest in educating their associates and provide the tools that enable them to provide exceptional customer service.

#### DATA AND CONTENT TO IMPROVE THE IN-STORE EXPERIENCE

- Purchase history
- Browsing habits
- Customer preferences
- Inventory across channels
- Merchandising content – style guides, videos, etc.

While mobile POS allows store associates to interact with shoppers and complete the checkout process on the floor, the greatest opportunity for enhancing the shopping experience and increasing sales involves arming associates with user-friendly tools. These tools will allow them to engage and guide shoppers by using customer data insights, inventory visibility, and access to merchandising content.

Sales enablement (or clienteling) tools range from basic applications built by the retailer that focus on one or two services, such as mobile checkout and inventory lookup or highly sophisticated clienteling platforms that truly empower store associates to bring the store experience to the next level.



#### OUR TAKE: Train and incentivize your store associates

Structure your organization to capture the right data to allocate credit and reward employees who create a superior customer experience. Training and incentivizing associates in an omnichannel environment will go a long way.

Ideally, clienteling tools should integrate with other systems in the ecosystem, such as CRM, the ecommerce platform, order management, inventory systems, and content management, to enable endless aisle, cross sells, personalized offers, product information, reviews, and more.



#### SEEN IN THE FIELD



In 2016, Bonobos introduced a mobile solution that allows Guides (store associates) to use iPads for immediate access to customer and product information. They use one easy tool, from the onset of an appointment, through shopping the catalog, checkout, and post-appointment follow-up. The results have exceeded expectations, with a 12 percent increase in AOV. Most importantly, customer data is fed back into a centralized data warehouse to provide reporting, customer personalization, and marketing programs across channels.



### DID YOU KNOW?

Only 15 percent of retailers equip their sales associates with mobile devices to assist customers while browsing the store.<sup>84</sup>

## Mobile (Shoppers)

The use of mobile by consumers in-store continues to increase. Prior to making an in-store purchase, shoppers typically visit a retailer's site or app or use a search engine to research products and brands.



### OUR TAKE: Turn mobile into your strongest asset

One of the biggest advantages of mobile is that it bridges online and offline experiences. Mobile can drive traffic to stores and provide in-store experiences that will impact overall retail sales. Understand how your customers use their mobile devices and build programs around those habits and behaviors.

Retailers can turn mobile in-store activities into opportunities to reach and engage shoppers by:

- Making it easy to find information via mobile
- Using mobile for loyalty programs
- Delivering relevant offers and content
- Offering options to view and buy out-of-stock items
- Enabling store associates to deliver better and more personalized customer service
- Leveraging new technologies such as in-store beacons to collect real-time customer data



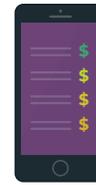
### DID YOU KNOW?

77 percent of shoppers use their mobile phones to compare prices when shopping in a store. 58 percent use their phones to check emails for offers and coupons.<sup>85</sup>

## HOW CONSUMERS USE MOBILE IN-STORE



Look up info



Compare pricing



Check reviews



Get advice from friends

Smart retailers realize they cannot stop shoppers from using their smartphones in stores, and therefore, welcome this behavior by offering free wifi access to make it easier for shoppers to go online while shopping. This tactic is paying off. Research shows that customers who use mobile in stores are more likely to make a purchase in the store. Yet, according to a recent study, only 39 percent of retailers in the US currently offer customer wifi in stores and 22 percent have no plans to implement it.<sup>86</sup>

Another way to turn shoppers' use of mobile in stores into a competitive advantage is to leverage beacons or location-based sensing to gather data about in-store shopping behaviors and encourage sales through proximity-based, triggered messages. Although location-based technologies show promising results for personalization and targeted offers, retailers have not been as quick to adopt these technologies as was originally expected. In a recent study, only 10 percent of retailers stated they had implemented location-based sensing technologies for marketing and communication and 40 percent had no plans to implement the technology.

Future expectations from shoppers include the ability to look up size and colors without engaging with a sales associate, augmented reality features that let them preview products in their homes, and location features that will provide them with in-store maps based on their digital shopping lists. The technology for these services already exists. The adoption rate is still somewhat slow, and the ROI not completely proven, but smart and proactive retailers are experimenting to find the best approach.

## Interactive Store Signage, Mirrors etc.

Some retailers have raised the bar when it comes to in-store shopping experiences, experimenting with innovative services, such as interactive and intelligent mirrors, digital pricing, robots, and virtual reality/augmented reality applications. Even though it is still too early to truly gauge the effectiveness of these innovative features, retailers should not shy away from bringing digital signage, touchscreens, kiosks, or other interactive tools into the store.



## SEEN IN THE FIELD



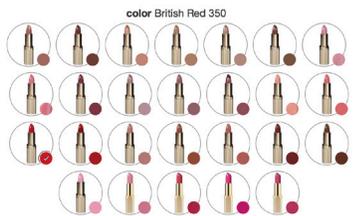
Nordstrom's new Men's Store in New York City takes the shopping experience up a notch by blending high tech and service. The store will offer the option to buy online and pick up in-store 24 hours a day, seven days a week. It also offers reserve online and try in-store, three-hour same-day delivery, personal stylists, digital personal stylists through Style Board, tailor shops, shoe shining, cell phone charging, a bar and a coffee shop.

Although digital and interactive displays can require robust and integrated technology as well as a significant hardware investment, retailers that offer these tools are one step closer to providing a more innovative and differentiated shopping experience.

Other retailers are slow to adopt even simple signage. In-store signage (both digital and printed) that provide in-store advertising, promote social media channels, mobile apps, and even a simple ecommerce URL, are only seen at 44 percent of retailers surveyed by FitForCommerce. That leaves over half of retailers missing out on the opportunity to promote products, cross-promote channels, and provide omnichannel services.<sup>87</sup>



## SEEN IN THE FIELD



Target recently launched the Target Beauty Studio, an AR technology tool that will be integrated into select brick-and-mortar stores and on its desktop and mobile site. The feature,

available in 10 locations to start, will allow consumers to virtually experiment with products and shades before making a purchase. As part of the program, Target is also introducing a concierge service that provides advice and product recommendations from Target representatives through text message or a chat tool on the website.



## HEARD IN THE FIELD

"With the introduction of these new initiatives, which blend physical and digital to create an enhanced experience, we're giving Target's guests even more convenient options to find the perfect beauty items for their unique needs" - Christina Hennington, senior vice president of beauty and essentials, Target



## OUR TAKE: The data byproduct

In addition to enabling a more engaging customer experience, digital initiatives in stores allow you to capture data that is otherwise unavailable. It's a win/win wherein you can use this newfound data to optimize your store layout, inventory planning, personalized communications, and tailored offers.

## In-store Analytics

Digital commerce has the advantage that everything can be captured, tracked, and analyzed, from a customer's browsing behavior, to her purchase history and preferences. This is a bit harder to do in-store, but it is just as important. Baseline store analytics range from store traffic counters and customer conversion analysis tools based on sales. More sophisticated tools measure in-store traffic and customer path analysis through heat-mapping and beacons. Savvy retailers leverage a new breed of in-store analytics that link customers' online purchase history with their in-store activity, providing deeper customer insights that are fed into the overall system of record. These systems provide a complete 360-view of the customer, regardless of channel, and enable retailers to personalize the entire customer experience. Smart retailers can also leverage web analytics to improve store performance. Crate & Barrel, for instance, makes sure that store merchant teams have insight into web analytics to better understand what people are searching for and how people look at products from an artistic perspective.



## BURNING QUESTIONS



- Should I outsource fulfillment?
- What are my global shipping options?
- Is it worth it to offer free shipping and free returns?

The explosive growth of ecommerce has put a premium on seamless, fast and affordable fulfillment options. Today's omnichannel and global world brings additional layers of operational and logistical complexities to the fulfillment process that must be considered as part of overall fulfillment strategies.

Fulfillment is an essential part of digital commerce. The process involves everything from receiving and storing merchandise, to adding value to the product (i.e. monogramming, filling an order accurately, shipping in a timely manner, etc.).

Many B2C and B2B sellers choose to outsource fulfillment, because it takes up valuable time and resources while requiring a significant capital investment. Partnering with a fulfillment partner allows organizations to concentrate on products and marketing. Fierce competition has pushed fulfillment centers to a level of automation and precision that can (and should) work like clockwork. The right software can mean 24/7 access and real-time reporting. Inventory levels can be easily tracked and needs forecasted. Metrics are in place to determine what is working and what is not.



## OUR TAKE: Focus on what you do best

Many retailers initially outsource fulfillment due to the capital investment required, labor costs, physical facility, lack of expertise, and the required focus on their core competency – the business itself.



## DID YOU KNOW?

Nearly 70 percent of Target's online orders were fulfilled in stores during the 2017 holiday season.<sup>88</sup>



## SEEN IN THE FIELD



As part of a \$7 billion investment in store and digital improvements, **Target Corp.** is piloting a new distribution strategy aimed at speeding up its restocking and making the retailer more nimble at stores and online. The goal is to shorten its replenishment cycle from days to hours and reduce inventory at stores. The approach also uses the same pool of inventory to replenish stores and fulfill online orders. The company sends shipments to stores more frequently and in smaller lots tailored more precisely to demand rather than shipping big cases of products. The retailer is also creating a new warehouse management system intended to better integrate its distribution and fulfillment operations, which now use separate systems even when they share the same building.<sup>89</sup>

## TOOLS AND TRICKS OF THE TRADE

### FULFILLMENT TOOLS

- Warehouse Management System (WMS)
- Shipping
- Logistics
- Cross-Border Shipping
- Returns Management

## Warehouse Management

The Warehouse Management System (WMS) supports the day-to-day operations in a warehouse. WMS solutions enable centralized management of tasks, such as tracking inventory levels and stock locations.



### OUR TAKE: Consider the cloud

As is the case with most digital commerce technologies, cloud-based warehouse management systems are gaining popularity, mainly due to lower capital investment, quicker implementation, subscription models, and automatic upgrades.

Workflow planning is key when implementing a Warehouse Management System. Inbound workflows start with receiving the products at the warehouse and how they are “put away”. Outbound workflows start with the fulfillment of the product when it is “picked.” The WMS software should be able to be optimized to a customer’s current workflow process.



### DID YOU KNOW?

61 percent of retailers use a warehouse management system in their warehousing and distribution environments.<sup>90</sup>

## Shipping

Free shipping continues to be the top expectation shoppers have when placing orders, even if it results in slower delivery. To stay competitive, organizations must focus on making it easy, fast, and inexpensive (or free) for customers to receive their purchases. In a recent study, 83 percent of US shoppers stated that free shipping was the most important factor when ordering online, and over half indicated they had not completed a purchase because of delivery costs.<sup>91</sup>

Retailers have taken note, and as a result, an increasing amount offer free shipping. To counter the costs of offering free shipping, some retailers introduce conditions, such as shipping thresholds (spend \$XX for free shipping) or offer it as an incentive to shoppers in exchange for providing valuable information for future marketing purposes.



### DID YOU KNOW?

59 percent of retailers in the FitForCommerce Omnichannel Retail Index offer free shipping if shoppers make a minimum purchase, and only 13 percent include threshold messaging on product detail pages (e.g. “Spend \$12 more to get free shipping”).<sup>92</sup>



### OUR TAKE: Free shipping is a given

In today’s marketplace, it is simply too easy for your customers to find competitive products elsewhere. Don’t risk losing a sale because you haven’t joined the majority of retailers that offer free shipping.

## Instant Gratification



In addition to free shipping, shoppers are increasingly expecting one-day or even same-day delivery options. In 2017, 73 percent of retailers in the FitForCommerce Omnichannel Retail Index offered Next Day Delivery signaling that it is no longer a competitive differentiator but rather a must-have. Same Day Delivery is slowly gaining traction, led by Amazon, which significantly has raised the bar by offering the service to Prime members in over 8000 cities on over a million items. Same-day delivery has now become the differentiator that free shipping once was, however retailers must carefully evaluate if the demand justifies the required logistical and fulfillment investments.



### DID YOU KNOW?

- 24 percent of shoppers cancelled an order because of slow delivery estimates
- 54 percent abandoned online shopping baskets because of delivery costs<sup>93</sup>

With the increased demand for free shipping, free returns, and one-day delivery, retailers must carefully choose a shipper that can handle such demands while offering the most competitive pricing. To save costs and ensure quick delivery, it is also imperative to optimize distribution workflows to ensure that shipments originate from the distribution center closest to the customer.



#### **OUR TAKE: Consider using multiple carriers, ship by lowest cost**

Many retailers only ship via one carrier, as it is easiest to manage. Since each carrier calculates costs differently, using multiple carriers and selecting the carrier and method to use for each order can help save shipping costs and reduce transit times for customers. Having multiple shippers may help you offer shipping upgrades with little additional cost.

### **Anytime, Anywhere Fulfillment**

An increasing number of retailers, including Target, Nordstrom, Home Depot, Lowes and Best Buy, are responding to customer demands for omnichannel delivery. As an increasing number of shoppers demand more convenient and faster shopping and delivery options, it is imperative for retailers to adopt new omnichannel fulfillment methods including Buy-Online/Pick-Up-In-Store, (BOPIS), ship-from-store, and buy online/return-to-store, to name a few.

The upside to turning physical stores into distribution and delivery hubs is the ability to lower in-stock inventory, decrease shipping costs, and offer customers faster shipping as well as the option to pick up their orders for free. Achieving this goal requires solid planning and mapping stores to the online warehouse, which is only possible when leveraging fully integrated systems that offer cross-channel capabilities. Order Management technology can help companies make intelligent fulfillment decisions and orchestrate orders across channels to better serve customers, optimize the use of inventory, and reduce fulfillment costs for higher profits.

Benefits of distributing from stores:

- **Free customer pickup**
- **Increase traffic to stores**
- **Faster product delivery**

- **Lower shipping costs**
- **Decrease in-stock inventory**



#### **HEARD IN THE FIELD**

“With less inventory held at stores, we can dedicate more room to digital fulfillment. Shipping more orders from our stores reduces our costs, while allowing us to move faster” – Target COO John Mulligan<sup>94</sup>



#### **OUR TAKE: Get on board**

Retailers and brands have the tools to provide the convenience of offering when, where, and how the product is delivered. Soon, omnichannel fulfillment and same-day delivery will become the norm rather than the exception. These services are cost-prohibitive to some retailers. But, they offer a competitive advantage that is viewed favorably by customers. Those retailers who fail to provide such options will be left behind, especially in the long term.



#### **SEEN IN THE FIELD**



Approximately one-third of Best Buy's online sales are picked up in stores. The reason? Customers don't trust an expensive item to be shipped through home-delivery channels and left on the front porch or outside an apartment door. All the company's stores have an in-store pickup area, and approximately 70 percent of Americans live within 15 minutes of a Best Buy store. Many items can be ready for pickup within 30 minutes, and most of the stores also have parking set aside for customers who are going to a store for a pickup.

### **Logistics**

Breakthroughs in logistics and shipping technology have allowed for expedited delivery, higher efficiency, greater accuracy, and lower costs.

B2C and B2B sellers have made significant strides in reducing the transit time to deliver orders to customers. Delivery companies, such as UPS and FedEx, have expanded their fleets and added processing centers to meet the demand for ecommerce orders and reduced transit times. Amazon has even added a fleet of planes and delivery vehicles to supplement any voids left by UPS, FedEx, and the USPS. Regional carriers, such as OnTrac, LaserShip and Pitt Ohio, have become an important factor in digital commerce delivery by providing 7-day-a-week delivery to residential locations.

FedEx and UPS have recently made acquisitions of truck brokerage firms and logistics companies that will provide them with a way to streamline their fleets, reduce lost capital of trucks that are not at capacity, and take advantage of loading/offloading opportunities. As a result, the logistics industry will see substantial gains in ground transportation that will lead to faster overall delivery at higher levels of efficiency and lower costs.



**OUR TAKE: Look out for AI**

Artificial intelligence is starting to have a real impact on many areas of digital commerce and will likely, in coming years, significantly impact logistical efficiencies by enabling more accurate predictive forecasting.

The **subscription model** continues to gain traction among shoppers, which is good news for retailers. Since logistics rely on predictability and timing, the subscription model leads to the decrease in supply chain friction. By having insight into how many orders need to be stored and shipped months in advance, shipping and warehouse companies are able to plan and prepare more efficiently.



**DID YOU KNOW?**

Ipsy and Dollar Shave Club have seen subscriber rates increase by 1,000+ percent in some cases.<sup>95</sup>



**OUR TAKE: Don't overlook order sourcing**

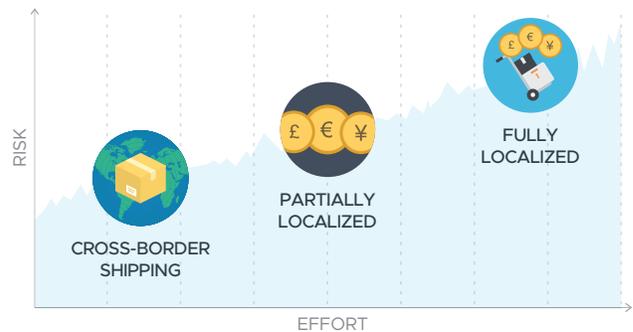
A flexible order-sourcing strategy can reduce logistics and distribution costs. Order sourcing is often set up to be fulfilled by the closest geographic location. However, other factors, such

as lead time, subsequent orders, manufacturing costs, backlogs, availability, and reliability of transportation, can influence the best source for an order.

**Global Fulfillment**

Ecommerce has opened the doors to the global market. The complexity and high costs of selling globally relate to fulfillment. Several of the major shipping and logistics providers have made acquisitions the past couple of years to bolster their capabilities for shipping small packages across borders, from the US to other parts of the world.

**THE EXPANSION ROADMAP**



There are different distribution approaches for expanding globally. They range from low risk/low reward to high risk/high reward and include cross-border shipping, partially localized with third-party global logistics, and fully-localized operations and distribution. The most popular global strategy leverages a cross-border partner that aggregates packages in the US and sends them in bulk to various locations throughout the world.



**OUR TAKE: Crawl, walk, run**

Develop a phased approach when expanding to overseas markets to assess demand, determine the best market entry approach, and minimize risk.



**DID YOU KNOW?**

74 percent of retailers indexed in the FitForCommerce Omnichannel Retail Index offer international shipping.<sup>96</sup>



### OUR TAKE: You cannot outsource it all

Although outsourcing all or parts of the operations to a third-party provider will reduce operational risks, the organization will still need to dedicate resources to manage the provider relationship. Internal management of international operations will require new operational processes (and perhaps skillsets) but will enable organizations to maintain full control.

## Returns Management

While more and more online retailers offer free returns, the process can be cumbersome for consumers and expensive for retailers.

Most products that are purchased online and need to be returned end up being returned to retail stores if the retailer has a physical location that is convenient to the customer. Retailers tend to prefer this return method. In fact, 92 percent of retailers in the FitForCommerce Omnichannel Retail Index offer in-store returns.<sup>97</sup> It allows them to put the returned item directly back on the shelf, and while the customer is in the store, try to sell them something.

To better service customers, organizations should strive to make it as easy for customers to ship unwanted purchases back to the retailer. Even though offering free returns can cut into profits, retailers weigh the cost of making returns as painless as possible for the customer against potential lost sales due to customers feeling uneasy about buying online.



### DID YOU KNOW?

70 percent of online shoppers make an extra purchase when returning an item to a brick-and-mortar store. Only about 45 percent made an additional purchase when processing a return online and shipping it themselves.<sup>98</sup>



### OUR TAKE: Free returns are a new free shipping

Free return shipping has become the new competitive advantage that free shipping once was. Carefully weigh the benefits and costs associated with a 'free returns' policy – free returns may eat into your profits. But, can you afford losing the sale?

Some organizations outsource returns processing to companies that specialize in taking back merchandise, and FedEx and UPS have both invested in return management. While not all retailers offer free returns due to costs, there are several new service and tech companies that aim to make returns easier and at low cost to the retailer. Some offer physical return stations in high-traffic areas, such as malls, while other companies manage the entire process. Depending on an item's condition, it might go back to the retailer to be sold again, returned to the vendor for a credit, sold to a liquidator or on a secondary market like eBay, recycled, or donated.<sup>99</sup>

Reasons that consumers return products:

- 20 percent of products are damaged
- 22 percent of product look different than presented on site
- 23 percent involve a wrong product received
- 35 percent are other reasons, such as the fit of apparel items<sup>100</sup>



### SPOTLIGHT ON B2B

Warehousing and fulfillment are among the most significant differences between B2B and B2C ecommerce. For manufacturers selling direct to customers, shipping single packages versus pallets of custom goods on a particular schedule require very different ERP and fulfillment solutions, different staffing and different operations. B2B commerce must also support a variety of fulfillment options: drop ship from the manufacturer, shipment from warehouses, purchase in a warehouse supply store, etc.

B2B businesses can learn from the best practices of B2C retailers who provide immediate real-time tracking, online reviews of previous orders, free and easy returns, and great packaging that include upsell materials.

B2B fulfillment services should include:

- just in time delivery
- auto-replenishment
- partial deliveries
- multi-warehouse shipping

Traditional consumer ecommerce solutions, warehousing and ERP systems do not all offer these capabilities and B2B sellers should therefore carefully evaluate capabilities before selecting fulfillment partners and tools.



## WISE WORDS FROM OUR SPONSOR



### Delivering Your Brand Promise in Today's Omni-channel world

In today's competitive retail landscape, the right fulfillment partner offers much more than just warehouse space and shipping services. The optimal fulfillment partner is powered by robust technologies that enables a retailer to win in an Omni-channel environment.

These technologies allow retailers the ability to sell their inventory from all channels and, using artificial intelligence ("AI"), allocate which orders should be shipped from which location. Using AI will ship orders from stores that will have a future mark-down and not ship from stores that will sellout of the product without additional orders.

In addition to directly using AI to support a client, the optimal fulfillment partner will utilize AI in its own operation to maximize throughput and support its client's brands with later day shipping, minimal mistakes and predictive returns.

### Items to consider when choosing a fulfillment provider

- **Technology – A fulfillment operation should be built on a solid technology stack.**
  - › The Warehouse Management System (WMS) is a very important part of running an efficient, cost effective operation. You should ask the company to demonstrate how their system works to assure it can accommodate your product category, especially if you have special requirements such as lot control.
  - › In addition to a strong WMS a robust fulfillment company offers an OMS/DOM that easily integrates to front-end platforms to efficiently process your orders and enable all omni-channel functions (ship to store; ship from store; order online pick up in store; return to store/dc).

- **Location – Where your fulfillment center is located depends largely on customer demographics and order volume.**
  - › Many retailers need a multi-point distribution strategy, but a lot of retailers need only one location.
  - › If your customer base is centered in a specific region of the country, then it makes sense to find a company in that area. If your demographic is national, then a warehouse located in the central part of the US makes more sense.
- **Freight Management – Free or low shipping costs are expected from today's customer.**
  - › A fulfillment company can aggregate all their client's shipments to get volume discounts from the carriers. They can then pass those savings on to you, so you can stay competitive.
- **Value Added Services (VAS) – Assure the fulfillment company you are looking to partner with can handle any special requirements.**
  - › Examples of VAS are: kitting; bundling; embroidery; engraving
- **Returns – Returns are a big part of an eCommerce business, so it is important to fully understand the process a fulfillment partner has in place.**
  - › Returns should be processed in a timely manner for a good customer experience.
  - › Explore the technology that is available so returns are not an issue with handling peaks in volume.

# Customer Service

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## BURNING QUESTIONS



- How do I create more personalized customer service?
- What roles do mobile and social play in customer service?
- What tools and services should I invest in to optimize customer service?

Customer service is an integral component of the overall shopping experience – before, during, and after the sale. The customer service experience greatly impacts customers' opinions about your company and their continued loyalty. Customer service is not just a cost center, but rather an important customer retention and upselling tool.

Regardless of whether they are speaking to a store associate, consulting online help on an ecommerce site, chatting via live chat, resolving issues via email, or talking on the phone with a customer service agent, customers expect the experience to be timely, seamless, personal, and highly relevant.

Smart organizations offer customer service communication channels that mirror the preferences of their customers. To address customer needs, various forms of customer service interaction should be offered – phone, chat, email, text messaging and social – to provide a convenient and seamless process. As technology advances and customer habits change, it is essential that the Customer Service function support all current and future customer communication channels.



## OUR TAKE: Treat others as you want to be treated

Customers who feel treated as individuals and with respect are generally more satisfied with their overall shopping experience, and thus, more inclined to remain loyal. Loyal customers buy more, purchase more frequently, cost less to serve, and have higher retention rates. Needless to say, loyal customers are very good for business.

## TOOLS AND TRICKS OF THE TRADE

### CUSTOMER SERVICE TOOLS

- CRM/Customer Database
- Call Centers
- Self-Help
- Live Chat
- AI/Chatbots
- Social



There are basically three pillars of customer service that must be in place in order to provide the highest level of personalized customer service:

- integrated systems
- actionable data
- thorough training of customer service agents

Whether leveraging a CRM system or other customer service management tools, all organizations should provide customer service agents access to a complete view of the individual customer. Regardless of what systems are used,

they should be fully integrated with commerce systems and enable customer service representatives to easily access customer, product, and promotional information.

An effective customer service operation should be able to recognize why a customer is reaching out for support and use that data to detect patterns and trends. This data, when combined with workforce optimization software, can enable customer service leaders to keep a finger on the pulse of the customer service center operations and make adjustments in resources as needed. Finally, customer service representatives should continuously receive training regarding the use of systems, ways to address customer issues, and overall brand and product education.

## Call Centers

Modern call centers have come a long way from simply answering an organization's inbound customer service calls. A good call center partner should act as an extension of the organization, and, beyond answering customer questions, undertake functions, such as order taking, cross-selling and up-selling. The call center should also be able to handle customer care requests and communications via the most popular customer care channels.

Different age groups use different means to contact customer service, and retailers must adapt accordingly. Consumers are also simultaneously using multiple ways to communicate with customer service organizations, indicating the need to have multiple modes of communication readily available to shoppers.



### DID YOU KNOW?

68 percent of retailers in the FitForCommerce Omnichannel Retail Index include customer service details on checkout pages, while only 27 percent link to the customer service page from the product detail page.<sup>101</sup>

Whether in-house or outsourced, an effective **call center system** makes all the difference. Often, call centers are built with suboptimal tool sets that do not empower the customer service representatives (CSRs) to effectively help customers. Without these tools, CSRs are relegated to being “telephone answerers” with no capability to help customers. Outsourced call centers require even better tools and oversight to be effective. Outsourced call centers can easily add CSRs as

well as cover all time zones, hours of the day, and weekends. Internal call centers require multiple shifts to support the same hours and take longer to scale to meet these extended hours. Thoughtful demand forecasting is critical.



### OUR TAKE: In-house, domestic or off-shore, outsourcing all have costs, benefits and risks

All require significant management attention. Develop and review quantitative models with your executive management team based on tracking metrics before undertaking any major effort in this area.



### HEARD IN THE FIELD

“Phone is still the main form of communication at the call center; however, live chat over the past few years has shown the greatest growth. Chat has a positive effect on raising conversion and average order value by allowing the agent to make upsell merchandise suggestions, delivery options, and promotions. The more personalized the experience, the more likely the frequency of buying and the customer being a longtime purchaser.” – Jose Gomes, Site Manager, Sears Holding Corporation

## Self-Service Help



People expect 24/7/365 customer service, that's where self-help comes in handy. When customers have a question about a product or have an issue to resolve, they first go to the company's website, not for a customer service phone number but to look for answers. Their second stop is usually a search engine. Self-help content should not be buried in a

FAQ and it is important to make sure the content is robust, up-to-date and SEO optimized. Beyond text, video is an extremely useful tool not only for product showcases and how-tos, but to answer questions regarding usage.

## Online/Live Chat

Overall, Live Chat is the most preferred method to communicate with Customer Service by internet users. It is instant and provides the quickest way to pose a question and receive a response – and as an added bonus, shoppers can avoid long wait times on the phone.

For retailers, Live Chat is an attractive option, as it is less costly than phone service, can be easily monitored, and enables customer service representatives to multitask, handling more than one chat session/customer communication session at a time. Some retailers are even starting to use store associates to support live chat, particularly for product questions.



### DID YOU KNOW?

35 percent of retailers indexed for the FitForCommerce Omnichannel Retail Index offer Live Chat on the product detail page.<sup>102</sup>

Live chat sessions can also be recorded, easily appended to a customer account, and added to a centralized customer service knowledgebase.

## AI and Chatbots

Looking to decrease customer service costs and automate the process, some retailers take live chat to the next level with AI-powered chatbots. Chatbots can help with solving simple, quick-response needs, freeing up more time to customer service representatives to focus on more complex issues and high-touch customer interactions. The use of chatbots has increased in recent years, mostly due to the fact that new technology allows retailers to easily identify and resolve issues through live chat and messaging services. However, automation and AI must be implemented with caution. In the world of customer service, human interaction is still king.



### OUR TAKE: Human interaction still rules

AI is not ready to replace human agents but can be good for answering basic questions. Consider AI as your tier 1 agents, and reserve agent interactions for escalations for more complex issues that require diagnosis and empathy.



## Social

Social media sites, such as Twitter and Facebook, have become important customer service channels and should be key components of a customer service strategy. Leveraging social media, retailers and brands establish designated support accounts on relevant social channels, allowing customers to direct customer care questions instead of contacting the retailer. Customers can check a retailer's social media accounts to discover known customer issues before contacting the retailer directly, saving both the customer and the retailer time and resources.

Leveraging social media monitoring tools, retailers should also proactively “listen” to what their customers share about their brands. Social media monitoring tools automate the process of searching for mentions of a brand name or specific keywords. It is important to collect and analyze customer activity on social media to understand the kinds of issues that customers are predominantly experiencing.



### DID YOU KNOW?

63 percent of customers expect companies to offer support via Social Media and 35 percent prefer to use Social Media for customer service help.<sup>103</sup>



## SPOTLIGHT ON B2B

Great customer service is an essential element of a successful B2B ecommerce business. It is critical for B2B organizations to have real-time, professional customer service to care for their B2B buyers. Email, live chat and telephone support is expected, but unlike B2C sites, hours can be limited to business hours. B2B customer service should be prepared to sell and act as account representatives. Customers will use support if they need help with complex, often large orders, and are used to being able to contact their account representative. It is therefore critical that customer service representatives are properly trained on handling orders, answering product questions, using relevant systems and more. It is highly recommended that organizations leverage - centralized CRM and OMS systems and that customer service representatives have access and are authorized to use these tools.

Most B2B buyers expect to be able to manage their orders and their overall accounts online. Beyond basic account features such as order status and shipping information, customers should be able to configure and manage their own accounts, set up order and approval hierarchies, view past orders and invoices, easily reorder, manage payments, and so on.

Self-service capabilities are popular among B2B buyers, and it allows sales to focus on more complicated sales. B2B companies who do not allow account and order level access for their customers will stand a greater chance of losing accounts to competitors who do.

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### What promotes Personalization more than Customer Care?

The big buzz word in retail right now is Personalization. You want your customer to feel as if you know them. There are tools out there that help attract customers to your site, and there are tools that give insight on what to recommend to customers while they are browsing. But what could be more impactful than proving that you do know your customers when they are proactively engaging with you? Every interaction is an opportunity to elevate your customer’s experience, and by having a live agent available to support your customers, you can promote that ultimate goal of true personalization.

There are myriad of options to provide customer care - phone, email, chat, messaging and social engagement. These are all ways to create a successful customer care program, but there is a key factor that ties them all together and that is a solid technology foundation. A single platform that manages the omni-channel experience is the best, most efficient solution. The agents servicing your brand need to be empowered to react to the customer’s request, and therefore need access to all transaction history and inventory availability across all channels.

Another aspect to consider is scalability for seasonality, especially in high demand periods where staffing can be challenging. Look for companies with low attrition rates and tenured leadership.

### Key indicators to inquire about when looking for a customer care partner:

- **What services do you need and are they offered?**
  - › Inbound & outbound calls
  - › Email & chat services
  - › Social media monitoring
  - › Shared and dedicated agent groups
  - › Cross sell & up sell
  - › Billing inquiries
  - › Multi-layer call routing
  - › Marketplace management
  - › Fraud monitoring
  - › Warrantee & Rebate processing
  - › Returns Management
  - › Continuity programs
  - › Payment Processing
  - › Order status, shipping & tracking
  
- **What level of Service Metrics do they offer?**
  - › Service Level – X% of calls answered in less than X seconds?
  - › Abandonment – less than X%?
  - › Call Quality –is every agent monitored and scored monthly?
  - › Email response – less than X hours?
  
- **What type of technology is used?**
  - › Does the OMS have complete visibility into every transaction?
  - › Can the agents see all inventory information across all channels?
  - › Does the system have any type of intelligence, such as AI, that helps them to cross sell or up sell?
  - › Are the systems intuitive and easy to navigate?
  
- **What type of training is provided?**
  - › Do they collaborate with you to assure the scripting is right?
  - › Do they assign agents who are closely aligned with your brand?

# Analytics & Reporting

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## BURNING QUESTIONS

- How can I monitor business, customer and industry trends?
- What are the drivers that are impacting my business?
- How do I ensure that data insights are actionable?

- Trend spotting (a fresh pair of eyes for pattern detection that might have gone unnoticed)
- Trend prioritization (what changes are outside the norm, what are the biggest threats and opportunities)
- Determining trend drivers (determining causality, not just correlation)

One of the enormous benefits of digital commerce and marketing is the ability to easily gather data, and track, monitor and analyze everything related to customers, inventory and acquisition and retention programs. Used correctly, analytics & reporting tools enable organizations to evaluate the performance of their overall business, marketing programs and sales across the entire enterprise.

The most successful organizations realize the power of data and analytics and empower each group within the organization to access and leverage reporting by function instead of relying solely on data analysts to analyze the data and report back to each group. While business users should have access to analytics tools, they still need the support of a shared analyst pool for:



### OUR TAKE: Data-driven decisions rule

Don't fall into the KPI dashboard trap of just showing daily or weekly data snapshots. Just as data is not information, analytics is not analysis. The whole point is to identify trends, drivers and insights.



### DID YOU KNOW?

46 percent of marketers cite "proving the ROI of our marketing activities" as one of the biggest challenge they face within their company.<sup>104</sup>



VS.



## TOOLS AND TRICKS OF THE TRADE

Armed with the right tools, organizations gain access to the analytics for individual tactics, overall programs and sales across multiple channels and customer touchpoints. Organizations should use these insights to adjust and improve strategies and plan future initiatives to drive optimal growth and improve operational efficiencies.

With a myriad of tools readily available, there is no excuse not to leverage these insights to improve and grow.



### OUR TAKE: What's your version of truth?

Organizations need to be sure that everyone is working with the same version of "the truth". Analysis based on incomplete or erroneous data leads to disastrous business decisions.

Digital analytics platforms are highly fragmented. Most of the solutions and platforms that organizations leverage to support their business – from the ecommerce platform to social media monitoring tools – include varying degrees of analytics and reporting capabilities. However, often these disjointed systems do not provide the complete view of the business that is critical to evaluating performance and planning accordingly. Organizations should implement an end-to-end reporting platform or dashboard that allows them to access all data and measure all activities in one place.



### DID YOU KNOW?

Web and marketing analytics tools top the list of marketing technologies used by US marketers – used by 75 percent of enterprise marketers.<sup>105</sup>



### OUR TAKE: Make analytics and reporting a priority

The analytics and reporting platform should be one of your highest priorities - understanding business performance is instrumental in developing your strategy and decision-making for budget planning, spending and timing.

There are generally four types of analytics that organizations should know and master: descriptive, diagnostic, predictive analytics and prescriptive. All are critical for understanding the business, the return on investment on different initiatives and for planning future programs to drive growth.

## 4 TYPES OF ANALYTICS

- **Descriptive** – what happened or is happening?
- **Diagnostic** – why is it happening?
- **Predictive** – what is likely to happen?
- **Prescriptive** – what to do for optimum results



## SEEN IN THE FIELD



**Rebecca Minkoff** has integrated its analytics, retail and ecommerce information into one business intelligence platform that enables them to access their data quickly and easily with the help of Amazon Alexa. Forget waiting for someone to pull a spreadsheet from the database. Want to know the most popular item sold in the last 30 days? Just ask Alexa.<sup>106</sup>



### OUR TAKE: Data is the easy part

You already have access to basic customer data such as demographics and order history. In digital commerce, even more information on the customer is usually available. However, the trick is to ensure that the data captured is easily accessible, properly maintained and can be presented in an actionable way.

## Customer Relationship Management (CRM)

CRM systems are designed to compile information on customers across different channels and points of contact between the customer and the company - which could include the company's website, telephone, live chat, direct mail, email, retargeting and social media. CRM systems include comprehensive reporting tools that provide organizations with detailed information on customer demographics, purchase history, buying preferences and concerns. Some CRM systems also provide the ability to automate various workflow processes and create customer journeys that can be used to develop highly effective content and marketing programs.

## Campaign Management/Marketing Automation

Marketing automation solutions help organizations deliver campaigns across offline and online channels and personalize customer experiences. In addition to reducing planning time and time to market for campaigns, marketing automation platforms also track and capture data about customers that should be used to personalize experiences and to inform the overall strategy for optimal results.



### OUR TAKE: Improve your ROI

Tracking ROI for Pay-Per-Click, advertising, affiliate networks, email campaigns, etc., will show which initiatives work best and for how long. When calculating ROI include online sales, returns and post-sale metrics as they affect long-term ROI. Communicate results with relevant stakeholders so they can help improve your ROI.

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## Business Intelligence (BI)

Designed to retrieve, analyze, transform and report data, BI includes the infrastructure, tools and best practices that enable access to and analysis of data to improve and optimize an organization's decisions and performance. BI tools can range from simple spreadsheets to sophisticated data visualization tools that leverage machine learning and typically provide historical, current and predictive views of business operations.

## Big Data: AI to the Rescue

Artificial Intelligence has been a game changer for big data analytics. The emergence of analytics solutions allows organizations to examine large data sets to uncover hidden patterns, unknown correlations, market trends and customer preferences. These platforms leverage machine learning by ingesting big data to run a multitude of complex functions from supply chain to logistics to marketing and merchandising, and in some cases even product design. Even though these newer platforms make it much easier for organizations to leverage big data to support their business initiatives, organizations are wise to hold off investing in one until:

- They understand how to utilize the data
- They know what they want to know and derive from the data
- They have the right organizational capabilities to properly manipulate and understand the data

## Web Analytics



The analysis and reporting of website data is table stakes and a must-have for all organizations. Today, web analytics should also include mobile web, and other digital platforms and capture both browsing behavior as well as transactional data. Advanced web analytics provide insight into visitor and referral data, traffic and navigation patterns and detailed metrics reports that help retailers optimize the ecommerce site and other digital touchpoints. Most digital commerce platforms include some web analytics functionality, but organizations can benefit from augmenting these with a robust and comprehensive analytics package that includes:

- Visitor analysis – segmentation using distinct personas, based on traits and site behavior
- Referral analysis – uncovering how visitors came to the site

- Browse patterns – mapping what visitors do on the site
- Attribution by source – understanding how each marketing effort contributes to revenue

It is not necessary to invest in an expensive web analytics platform - even free analytics packages such as Google Analytics are very robust, however it is critical to ensure that any chosen analytics package is properly implemented to avoid making costly mistakes due to “bad” data.



#### **OUR TAKE: Identify key performance indicators before you start**

Most tools report on every conceivable KPI of interest, so you don't really have to choose these upfront. What you really need to do is decide how you want to measure and report on changes in the KPIs – the trends. That's what informs drill-downs into drivers and, ultimately, insights.

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## **Attribution**

An attribution model is the rule, or set of rules, that determines how credit for sales and conversions is assigned to touchpoints in conversion paths. As more organizations evolve and expand their budgets for digital marketing programs, it is imperative to understand the path-to-purchase and assign the appropriate “credit” to each program. Many organizations use “last touch attribution” assigning the credit for the sale to the last touchpoint a customer utilized before converting. Multi-touch attribution looks at the entire sequence “touches” across the customer journey to conversion. This allows for better allocation between channels and campaigns that tend to occur earlier in the customer journey versus those that occur later.

Marketing attribution features are built into most web analytics packages, but some organizations opt to invest in a centralized attribution platform that pulls data from other marketing sources and integrates with other technology platforms. They include CRM, the digital commerce platform, marketing automation, email and other analytical tools.



## **SPOTLIGHT ON B2B**

B2B organizations should leverage all the same digital analytics and reporting tools as their B2C counterparts. Data Analytics has had a big impact on helping retailers present the right products to the right customer at the right price. B2B needs to embrace these same tactics. B2B organizations today require an analytics and reporting solution that consumes the relevant data from all customer touchpoints and aggregates them into a deep understanding of the customer. Sales and customer data, whether online, in store or direct sales should be stored in a centralized system. Internal sales and field sales reps, who have first-hand knowledge of the customer based on relationships built over time and the steps involved in the sales cycle, must be disciplined in recording activity and status in the system. This will enable effective targeting, segmentation and personalization and leads to better-informed decision-making.

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WISE WORDS FROM OUR SPONSOR



**Y**ou should have several goals when setting out to build an analytics program: find out what drives performance, increase business value, diagnose issues, datafy wins and losses, and get everyone on the same page. The last one is often the most difficult. Most enterprise businesses have no single source of truth for marketing. Executives rely on a different set of reports than their teams, such as BI and financial reporting. For every great business intelligence system, there's an executive team that doesn't use it because that system isn't accurate, aligned, and/or readily available. The work of financial officers is often—and not always appropriately—seen as the objective, scientific truth, so misalignment wrecks the credibility of the digital team.

Businesses need to re-architect their framework for how data is generated and consumed. Here's an experiment. During digital report meetings, watch who executives look at the most. Oftentimes, it's the CFO. If that's the case at your organization, spend time with the finance team and figure out variances between analytics and the financial reporting system. Check on those areas regularly and pro-actively reconcile differences to leadership.

In some organizations, marketing and IT hate each other, and the extent to which the CEO, CMO, CFO agree on reporting techniques is limited. Agree on a definition of success that unites around a single system such as Google Analytics. You're making your job a whole lot easier by centralizing around a single tool. You'll have less fights in the boardroom. Once you have a tool, generate engagement by showing executives how to use the tool to discover what's important for their side of the business.

- **Have a key executive stakeholder who is invested in successful analytics program.**
- **Understand business and tech requirements from the top down.**
- **Align requirements across both marketing and IT.**
- **Always QA. Credibility is fragile.**
- **Don't underestimate the importance of ongoing data management and governance.**

## THE FUTURE

Historically, a consistent customer experience required a number of “point solutions” that address a specific part of the customer journey. The goal is to target customers with the right message at the right time based on all of their interactions across a number of devices. Many businesses try and most fall short. It takes an army to hold these things together, and even when it happens, it's clunky. When your customers experience that clunkiness, it degrades their perception of your brand.

Whether its Adobe, SAP, or Salesforce, companies are trying to offer a tighter coupling of solutions, thus enabling you to deliver a seamless, consistent experience to your customers in a more manageable way. Similarly, the many versions of analytics software that exist today are being coupled together to create better experiences for businesses.

Consumers gravitate to the path of least resistance - increasing convenience, saving them time, and making it easy are all possible when you have the right underlying technologies that work hand-in-hand to deliver it. The same goes for businesses. Only when accurate and consistent data is easy will it get used.

# Conclusion: Coming Full Circle

**T**his marks the end of this report. But, in today's retail reality, there is no end to the story. In both B2C and B2B commerce, the "Idea to Doorstep" process is, like the path-to-purchase, no longer linear, and there is no clear beginning or end.

After the product arrives at the customer's doorstep (or desk), the post-purchase process begins. This is when you find out if all your hard work has paid off. Did you meet or exceed expectations? Did the experience fall short at any point along the process? If you succeeded, you'll be rewarded with a loyal customer who might even turn into your most powerful marketing asset if you continue to keep her happy.

It is a never-ending process, and just as you think your organization has mastered the skills to accelerate the business, new technologies will emerge and turn everything upside down again!

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Blue Acorn is a premium eCommerce agency with over 90 people all located in Charleston, SC. Their integrated team of designers, developers and strategists work together to deliver engaging shopping experiences which led them to be named partner of year for Magento, Salesforce Commerce Cloud, Optimizely and Monetate. With a focus on B2B and B2C clients, Blue Acorn helps brands and retailers achieve revenue growth through a data-driven design, development, and optimization approach.

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