



3 Competitive Pressures Driving **Digital Commerce Strategy**





Today's commerce landscape is increasingly complex and competitive:

Merchants are under constant pressure to manage budget and headcount, while sustaining growth and enhancing differentiation and customer loyalty. Meanwhile, the impact of technology has created higher shopper expectations. **Customers not only demand the best deals, they want seamlessly mobile, socially integrated offerings.**

Growing merchants feel the impact of this trend. They understand that **meeting these customer needs, no matter how demanding, is instrumental to outgrowing the competition.** It may seem daunting, but merchants who see these challenges as opportunities are transforming into innovative, customer-first organizations that offer value across all touch points.

The commerce experts at Magento understand these challenges. With a finger on the pulse of modern retail, we have whittled down what can seem like an overwhelming torrent of changes, expectations, and trends into fundamentals that can help businesses compete in any environment. This asset highlights the considerations you'll need to position your business to compete.

Pressure #1

Writing a Best-in-Class CX Story

According to the 2016 Omnichannel Retail Associate Study conducted by Salesfloor, a vast majority (84%) of online shoppers expect retailers to provide a robust and engaging online experience. In today's fragmented shopping environment, merchants must grapple with the evolution of technology and multiple shopping channels, including tablet and social. Shoppers now expect omnichannel fulfillment—they want to buy online and pick-up in store, return online orders to a store, and ship to a store.

The good news and the bad news about CX is that it's up to you to deliver a winning experience. Merchants need to connect the dots of their customers' touch points with their brand in ways that are meaningful to them. In a competitive market dictated by customer needs, there is no margin for error in delivering engaging, helpful service and shopping navigation. As shoppers move across various activities and channels, you must deliver a consistent experience that maps closely to their interests.

Get Personal

Delivering a personal experience is the ultimate way to compete in today's commerce market. But it can be challenging to keep an eye on the moving target that is digital commerce, which constantly creates new ways for shoppers to search and buy.

Retail TouchPoints revealed that

86% of consumers believe personalization has some impact on their purchasing decisions.

They also found that more than 30% of consumers desire more personalization in their shopping experiences. Shoppers now expect you to remember them and to deliver a tailored shopping

experience. You must understand where you stand in the personalization journey. Leverage insights from shoppers' interests and other digital behaviors to understand and meet your customers' demands.

Your customers expect you to remember who you are, what they like (and don't like) and to not just serve their needs, but also anticipate them and make their increasingly busy lives easier to navigate. But while this was simple enough in the one to one environment of the neighborhood shop of 50 years ago, it's harder than ever with more than 720 potential paths to a purchase.

The drive to provide "Contextual Commerce" by leveraging insights from shopper interests and digital behaviors, creates a demand for solutions that allow merchants to quickly deliver more meaningful, personalized offers at scale.

Master Emerging Channels

If the last decade is any indication, digital will continue to revolutionize the shopping experience. Merchants need to optimize their strategies across digital channels including marketplaces, mobile, social, and future intelligent personal assistance technology. It's also critical to implement processes and technologies that can quickly adapt to thrive as new channels emerge.

According to Sprout Social,

75% of consumers have purchased a product because they saw it on a social channel.

Merchants need integrated tools to seamlessly engage with and acquire potential customers

through social. Other core functionalities that help retailers compete in the social sphere include product catalogue extraction, social store creation, simplified ad creation and optimization, and content integration.

According to Criteo's quarterly Mobile Commerce Report,

40% of all 2016 commerce was transacted on a mobile device.

So fast, efficient mobile-first experiences are essential. **Customized, responsive experiences are driving differentiated engagements, which requires retailers to consider various channels, including progressive web applications that offer an app-like experience straight from a browser.**

Pressure #2 Outpacing & Outgrowing the Competition

Technology is rapidly evolving, and it's more easily accessible and affordable than ever before. This increases market competition, as your next big competitor could come from anywhere. The digital revolution has significantly benefited the customer. It is the customer who is reshaping the industry and determining how businesses compete across multiple channels and geographical locations. Staying ahead of the pack depends on how fast and how effectively you respond to their expectations.

Explore New Business Models and Channels

The pressure to maintain or expand growth in the face of increasing competition often means exploring new business models or channels. In its US B2B eCommerce Forecast, Forrester anticipates that by 2020 the US B2B market online will top a staggering \$1.1 trillion. For B2C merchants, the B2B boom can present an opportunity for growth, and an interesting view of some of the behavioral changes that dictate customer expectations in a shopping environment. Social selling, for instance, has changed the meaning of 'quick response' customer service. Thanks to Amazon Prime, the National Retail Federation (NRF) reports that **more than half of all US online shoppers now expect to receive their purchased goods within two to three days.**

Expand into New International Markets

In addition to adding channels, many businesses are considering new markets to sustain growth. eConsultancy benchmark data indicates that just under half (45%) of global shoppers purchase goods from overseas stores, creating pressure for businesses to expand into new markets. Brands are now looking at ways to compete by globalizing their product reach, but with added localized customization.

React and Respond in the Face of Competition

A 2017 Internet Retailer Technology Focus Report found that

75% of eCommerce retailers were looking to implement a cloud-hosted software program

rather than host and maintain software in-house.

When you consider how the cloud can help businesses manage customer data more efficiently, this makes perfect sense. With 92% of consumers shopping across multiple channels, data is collected from multiple points. Having comprehensive access to customer data can help you outpace the competition by helping accelerate global deployment, making it easier and faster to spin up new environments.

Convert More Loyal Customers

While many efforts are focused on acquiring new customers, repeat purchasers are the lifeblood of a business, so finding new ways to connect with and continually earn loyalty from shoppers is an important contributor to long-term growth.

Constellation Research estimates that retailers focused on improved engagement

increase cross-sell by 22%, drive up-sell revenue from 13% to 51%, and increase order sizes from 5% percent to 85%.

The battle for consumers' attention is fierce. With the Amazon Prime phenomenon reshaping how customers shop, to increase customer 'stickiness' you must earn their loyalty. **Customers now expect trusted website security, full transparency on shipping costs, easy access to customer support, and visibility on product information.** They also expect rewards for loyalty across channels. An iVend Retail Shopper Survey found that just more than 50% of shoppers surveyed feel equally rewarded with loyalty rewards online and in-store, compared with 40% who felt that way a year ago. With stiff industry competition, meeting customer expectations is paramount to driving loyalty.

Pressure #3

Operating & Adapting Efficiently to Change

As we all know, the commerce landscape is fast-paced and unpredictable. That's why you must be ready to go with the right information at the right time. Plus, you must be agile and flexible to consumer and market demands. With attention to data details and a nimble approach, you'll be set up for success today and tomorrow.

Decode Your Data

Every day, 2.5 quintillion bytes of data are created, while 90% of the data in the world today was created in the last two years alone. These vast amounts of data are awesome for understanding and catering to customers. But sorting through it is overwhelming. It's hard to know what's working and what isn't, and how to get that information quickly. The right business intelligence tools will give you customizable dashboards and KPIs to help you analyze disparate data sources using one unified view. With this information, you can improve purchase frequency, order size and conversion, and optimize and personalize the customer journey. An optimized view into data sources provides merchants with the insight and transparency required to navigate change in an agile manner.

sources, positions, and organizations to simplify the fine-tuning of various experiences delivered to shoppers. With the right tools they can bypass development and IT bottlenecks to easily create, preview, and schedule site updates. Streamlined admin tools mean less time spent managing backend processes and more time for developing and testing compelling campaigns to drive sales.

By empowering internal teams to focus on their own tasks, you'll reduce developer workloads and maximize efficiencies by managing one commerce relationship that's a flexible, cloud-based platform.

Empower Your Internal Teams

Marketers and merchandisers need to move quickly to adapt to customer demands, and tailor content to customer segments. Teams need the ability to easily extract insights across multiple



Conclusion

The shopping experience is where the rubber meets the road—it's where shoppers form an impression about you as a merchant, based on your ability to deliver on the promises of delight, relevance, and value.

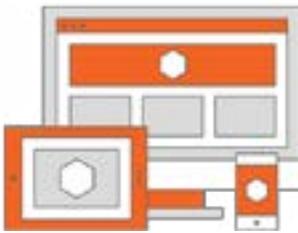
Agile processes, customer-centric strategies, and integrated solutions are critical to uncovering more opportunities for success. Focus on maximizing your competitive potential by delivering better shopping experiences. With improved conversion and efficiency, you'll see the results in your bottom line.

About Magento

Trusted by more than 260,000 businesses worldwide, Magento Commerce is the leading provider of cloud commerce innovation to merchants and brands across B2C and B2B industries.



In addition to its flagship commerce platform, Magento Commerce boasts **a strong portfolio of cloud-based omnichannel solutions** that empower merchants to successfully integrate digital and physical shopping experiences.



With more than \$101 billion in gross merchandise volume transacted on the platform annually, Magento Commerce is **the #1 provider to the Internet Retailer Top 1000, the B2B 300, and the Top 500 Guides for Europe and Latin America.**



Magento Commerce is **supported by a vast global network of solution and technology partners**, a highly active global developer community and the largest eCommerce marketplace for extensions available for download on the Magento Marketplace.

More information can be found at magento.com