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# Your Most Intelligent Associate: Ecommerce in Modern Retail

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**The only thing *not* changing in ecommerce is its steady growth in sales and impact on performance across all channels.**

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# INTRODUCTION

Ecommerce sales are on course to deliver double-digit growth for years to come, **reaching 25 percent of retail sales by 2020**, according to Forrester's Online Retail Forecast. But even more important is the pivotal role that every ecommerce experience plays in determining a customer's next purchase, inclination to visit stores, and long-term loyalty to the brand.

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It is a customer dynamic that requires ecommerce platforms to be as adaptable and savvy as your smartest sales associate. The key word here is adaptable, and it is this ability to accommodate change that Gartner underscores in its most recent Magic Quadrant evaluation of commerce solutions. According to Gartner, "In this fast-paced digital world, change comes quickly. This makes it paramount for vendors to understand not only the emerging market, but their clients' specific needs when it comes to offering strategy and business models. Likewise, innovation is imperative. **Innovative vendors** that demonstrate an **understanding of the market** in their offering (product) strategies and emerging business models exhibit **Completeness of Vision**. As a result, market understanding, offering (product) strategy, business model and innovation are all highly weighted criteria."
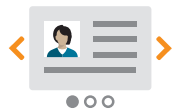
Providing an individualized experience based on multiple data points is something great sales associates aspire to. Empowered associates can access loyalty information, purchase history, and browsing history to tailor an experience for each customer, grow wallet share and drive loyalty. But, this level of concierge is not yet in play at most retailers; the data isn't available, or the staff isn't trained, whatever the case may be this level of individualization has not yet made its way to most non-luxury or non-boutique stores. However, this level of individualization is something your ecommerce site should be doing, and with the right mix of technology, can be done with speed and scale.

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Your commerce environment should deliver a brand experience that suits the individual. It should also know where the right sizes and colors reside for any style, suggest products, offer the best promotions for any given day, and fulfill orders that satisfy customer expectations and autonomously match business priorities. Bottom-line, your commerce platform can demonstrate that you, the retailer, ***understand* the customer**, ***remember* them**, and ***anticipate* what they may need**.

**Science is changing the way retailers think about commerce.** Savvy retailers are actively procuring commerce platforms that incorporate artificial intelligence, personalization, machine learning, and predictive analytics. Further, they embrace the notion that nothing is static; change will be constant, there is no looking back.

The following guide looks at **6 characteristics** that define today's most compelling commerce environments, and how the right mix of adaptive, intelligent solutions can optimize performance and ultimately be your most intelligent associate, 24 hours a day, 7 days a week, anywhere in the world.

Personalization and relevance are critical to success, yet studies show that most marketers feel ill-equipped to personalize offers and tailor shopper recommendations.

*Blog: The Power of Marketing Relevance*

**understand**

**remember**

**anticipate**

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**6 characteristics that define today's most compelling commerce environments:**

**1.** Continuously Learns More About Its Customers

**2.** Is Fast and Responsive

**3.** Helps Customers Navigate and Discover New Things

**4.** Iterates and Constantly Tests What Will Resonate

**5.** Takes Data Security Seriously

**6.** Brings the Customer Journey Full Circle

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# 6 Characteristics of an Adaptive, Intelligent Commerce Platform

**1.** **Continuously Learns More About Its Customers**

Your ecommerce platform should possess a single view of customer and learn more about them with every interaction, just like your best associates. Leading commerce solutions leverage the full knowledge contained within your customer and product information systems. Additionally, it's important to connect your first-party data with valuable third-party data to understand shopper intent across all channels and interactions.

Oracle Commerce Cloud (OCC) customers are equipped with an adaptive, intelligent personalization engine powered by the largest third-party data marketplace available, Oracle Data Cloud. This allows retailers to deliver personalized offers on the first interaction—at scale—based on rich customer data, machine learning, and merchandiser oversight.

The collection and use of private data however comes with great responsibility and in many cases significant regulations to comply with. In a world of **Global Data Protection (GDPR)** and Facebook data scandals, retailers have to come to terms with how to best balance understanding their customers on an intimate level to effectively deliver personal offers and respecting a consumer's right to be forgotten. We like to think retailers can earn the right to be remembered.

**2.** **Is Fast and Responsive**

How long will a customer wait to have their question answered in a store? Now cut that time by 99% and that's how long they will wait for your pages to load. In fact, according to our Retail in 4D research, **77 percent of consumers say a fast, responsive website is important** to their shopping experience. At this stage of the game, edge caching is essential to site performance and managing customer expectations. While many retailers have a separate contract with leading providers, such as Akamai, OCC comes with Akamai out-of-the-box so you don't have the hassle of multiple supplier contracts or other distractions.

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Customers from all over the world indicated a high comfort level with having their loyalty data, purchase history, and brand-relevant interactions accessed in pursuit of a personalized experience that anticipates their needs.

Blog: *Earning the Right to be Remembered*

**3.** **Helps Customers Navigate and Discover New Things**

Placing the most appropriate product and pricing in front of a customer at the right time not only delivers a good CX, but it can also have a positive impact on a retailer's ability to upsell. The dynamic content, delivered through applications and chatbots, could never be achieved offline or in the absence of embedded AI.

Some retailers might cringe at the thought of ecommerce taking over stores, but the truth is a great ecommerce CX drives store traffic. Oracle Commerce Cloud delivers intelligently personalized offers throughout the entire shopping experience, including intelligently personalized search results. Going even further, those intelligent offers can be embedded into your marketing emails, so you deliver fresh and relevant offers at email open time.

*In fact, 85% of consumers find a personalized experience appealing when retailers automatically suggest, order or recommend products that best suit personal preferences.*\*

**4.** **Iterates and Constantly Tests What Will Resonate**

Digital experiences are extremely dynamic. When the customer has one "next" move, digital leaders are testing to determine the most effective layout, offer, or call to action—just like great retail managers and sales associates have tested new approaches, tried new tactics, and uncovered winning strategies for decades.

A sound and easy A/B testing environment enables retailers to experiment with UX variables to determine which results in more conversions, bigger baskets and fewer abandoned carts, and then publishes that change to the rest of the ecommerce environment. Like other aspects of traditional commerce platforms, retailers have often bought A/B testing capabilities separately. With OCC, retail marketers can hit the ground running with **A/B testing built-in on day one**. Since A/B testing is native to OCC, and isn't a third party add-on tool, retail marketers have access to rich audience information to laser focus tests on various segments with custom integration. Plus, the entire site experience is controlled by marketers in a visual, drag and drop environment.

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## 5. Takes Data Security Seriously

Retailers depend on their commerce solutions to connect with customers and sell products. If your data is compromised, your assets quickly become liabilities. Today's consumers have a heightened sense of security, especially in the face of data theft across retail and banking systems worldwide. With these fears, **81% say they'd consider removing their personal information if they could.**\*

In response to these rising concerns, CIOs are embracing cloud computing to establish technology safeguards, reduce risk, and tap into heightened data security and privacy.

An intelligent cloud platform:

- prevents probable threats
- helps detect threats that get through
- enhances the response to those threats
- gathers intelligence to predict potential threats before they occur

*Having a robust commerce platform—layered with cloud technology defenses that span IaaS, PaaS, and SaaS—extends security to the network, hardware, chip, operating system, storage, and application layers, to mitigate the risk of data loss. Security used to be an inhibitor to moving to the cloud. Now it's an enabler to get you where you need to go.*

## 6. Brings the Customer Journey Full Circle

As it's the place where most customers begin their journey, refer to throughout their journey, and return to for support and future purchases, ecommerce is the epicenter of the omnichannel experience. A mere **13% of consumers find the ability to be able to research and reserve items online for in-store pick up unimportant.**\*\*

To be relevant and helpful throughout a shopping journey—no matter how circuitous or meandering—commerce must be seamlessly integrated to store, order management, and customer engagement solutions. For example, the most common omnichannel journey is Buy Online Pick Up from Store (BOPUS).

Ecommerce plays a role in:

- Giving the customer visibility to inventory and the ability to reserve it
- Interacting with order brokering to ensure the item(s) are delivered, based on the customer and retailers' preferences (profit margin, special circumstances)
- Helping in the event of an issue with real-time chat bot support, so that the retailer is always on, always engaged and able to expedite resolutions

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As new customer journeys demonstrate profitability, retail CFOs are taking a new approach to financing ecommerce upgrades, one that uses each expansion of the commerce environment to finance the next.

# Pay It Forward: Each Omnichannel Journey Should Finance the Next

At what point does it make sense to transition commerce operations to the cloud? For many retailers, current commerce systems were implemented with a timeline in mind. Unfortunately, consumer expectations and competitors are changing faster than anticipated. The amortization timeline for an existing "sunk cost" system must be considered alongside the organization's need for a platform that will better drive immediate sales growth. Moving ecommerce to the cloud provides a better opportunity to adapt to new consumer expectations, such as widespread adoption of new payment and mobile applications, and to innovate quickly and gracefully around customer journeys.

A study conducted by Harvard Business Review of 46,000 shoppers reveals the value of the omnichannel shopper. Key findings from the study include:

- Omnichannel shoppers spend an average 4% more every time they are in a brick-and-mortar store, and **spend 10% more when shopping online**.
- Omnichannel tools drive loyalty. Customers who engage with retailers on multiple channels **visited a brick-and-mortar store 23% more often over six months**.
- The more channels, the better. Shoppers who interact with retailers on **four or more channels spend 9% more in stores**, on average, compared with those who use fewer channels or just a single one.

*The more entry points retailers use to reach shoppers, the higher the chance that these customers will spend more money.*

Because omnichannel capabilities drive the engagement of core shoppers with the retail brand, synchronizing the physical and the digital worlds to provide shoppers with a seamless, multi-channel experience is vital. The systems behind these programs, especially CRMs and order management systems, often deliver payback in customer journeys in months. With this kind of return on investment, many retailers use OCC to pursue a **"one journey at a time" strategy in which each omnichannel implementation pays for the next stage of the program.** In other words, a phase one completion of a long-range omnichannel program can pay for itself and fund the next phase, and so on. Use the first one to pay for the second to pay for third. Buy Online Pick Up In Store (BOPUS) is the customer interaction that retailers find is best to begin with, and that funds the next journey, as the increased foot traffic typically brings with it a plus one purchase.

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## Why Consider Acting Now: Accommodating Change and Containing Costs

Staying too long with outdated systems can harm sales for years to come, as commerce impacts store visits and sales across all channels, and customers that attrite can take years to return. Looking at the teams behind various ecommerce solution environments, Gartner addresses the quality of being nimble, to accommodate change. In its 2018 Magic Quadrant look at commerce solutions, Gartner evaluates vendors and their approach based on their vision and ability to execute against that vision. Included in the evaluation criteria is **"the ability to develop, deploy and support a unique and compelling customer experience.** They stress migration to a **more flexible and nimble implementation** that reduces both time to market and TCO."

Today's modern retailers are looking to rationalize and simplify their IT environments. By removing the burden of infrastructure, custom development and costly upgrades, retailers can focus exclusively on optimizing and innovating their customer experience.

*Blog: Gartner 2018 Magic Quadrant for Digital Commerce*

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# 5 TIPS AND TAKE-AWAYS
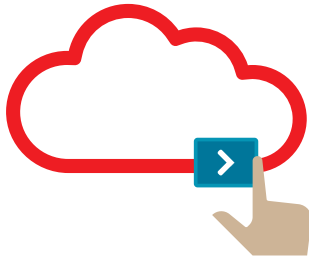
Request a 1:1 Oracle Commerce Cloud Demo

1. Well-executed **omnichannel programs can reduce cost of sales by 15-20 percent** and ultimately each new addition in commerce capabilities can, and do, pay for the next.

2. **Adaptable, intuitive, knowledgeable**—what defines your best retail sales associates should be reflected in your ecommerce platform.

3. Retailers amp up the power of commerce with **artificial intelligence**, **real-time analytics**, and emerging sources of data and bring it all together with preset integrations across core operations.

4. **SaaS platforms deliver five to eight drops of code every year** to stay abreast of new features and functionality. This is a sharp contrast to the pace of retailers working with systems that are five to 10 years old, where there is a concerted effort on the part of IT teams to stay abreast of changes in business needs.

5. **By building an environment suited to change**, retailers enable merchandising and performance excellence across all channels.

You may also be interested in:

Video: Lenox—Cloud As a Strategic Retail IT Strategy

Blog: Gartner 2018 Magic Quadrant for Digital Commerce

Sources:
*Oracle Retail Loyalty Divide Study
**Oracle Retail 4D Study

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# ABOUT ORACLE RETAIL

Oracle provides retailers with a complete, open and integrated suite of business applications, server and storage solutions that are engineered to work together to optimize every aspect of their businesses. Twenty of the top 20 retailers worldwide—including fashion, hardlines, grocery and specialty retailers—use Oracle solutions to drive performance, deliver critical insights and fuel growth across traditional, mobile and commerce channels. For more information, visit http://www.oracle.com/goto/retail.

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