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Digital commerce –
How businesses achieve
global success

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The future of digital commerce is global

E-commerce is a global phenomenon. Online sales in North America, Asia Pacific, Europe and Latin America will reach $1.6 trillion by 2018, accounting for 1.5 per cent of the world’s gross domestic product (GDP).1

Markets around the globe are predicted to experience double-digit growth in their compound annual growth rate (CAGR) to 2018, with developing markets such as Latin America expected to see 19 per cent CAGR to 2018, and Asia Pacific 18 per cent to 2018.2 Western Europe will also present huge opportunities, with the market forecast to reach €225 billion by 2018, with the UK, Germany and Italy identified as lead regions. The landscape is constantly evolving and businesses need to be ready to adapt to these changes.

The changes brought about in this constantly evolving landscape means that brands need to develop a direct-to-consumer model – it is no longer just about retailers. Putting in place a direct-to-consumer strategy on a global scale has become more than a ‘nice-to-have’ requisite, it is now a ‘must have’ requirement if organisations want to tap into the connected consumer around the globe.

With the widespread adoption of connected devices and with over half of eCommerce sales forecast to take place on mobile and tablet devices by 2018, consumers are increasingly using multiple touch points to buy products and services. The rapid uptake in new technologies by consumers is changing consumer behaviours and the rise of mobile commerce means that businesses now need to put in place strategies that provide customers with a multichannel experience, be it via mobile, online, in-store or through more traditional channels.

Lines are blurring and what matters now is putting the customer at the heart of the shopping experience, to provide multiple digital and physical touchpoints so that shoppers can browse, buy and enjoy purchasing on and offline. To enable this, businesses are looking at a more integrated range of eCommerce services.

As Forrester highlights, ‘today’s commerce services firms support a range of problems and questions, providing channel strategy, technology strategy, customer experience design, systems integration and managed services’. Reaching the consumer directly across the globe and moving into markets at different stages of maturity is about much more than simply having online capabilities in each region.

There is no doubt that the global marketplace offers a huge growth opportunity, but there are many businesses standing on the threshold of digital commerce that are unsure of how to embrace it and where to begin.

Assessing the current situation

Mapping out the journey to new international markets

The road to global commerce success will look very different depending on what stage an organisation is at and what the strategic outcomes are for the business, but many of the same considerations apply. Whether an organisation is replatforming or selling direct to the consumer for the first time, digital commerce is no longer about simply putting the technology infrastructure in place to sell online. It is about business transformation and it is essential that organisations appreciate this from the beginning.

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1,2,3,4 The eCommerce Juggernaut Dominates Retail, Forrester Research, Inc., May 2014.
5 How to Select a Commerce Services Provider, Forrester Research, Inc., February 2012.
Firstly, organisations need to assess where they are in the digital commerce journey. Some businesses, such as the wave of manufacturers coming from the B2B marketplace looking to sell direct to consumers, will often be starting from scratch with a greenfield site and no digital commerce presence. More traditional retailers, already with online functionality, will be looking to tap into the potential of second generation commerce solutions, moving beyond fulfilling the online transaction to addressing every touch point within the sales process - from warehouse and order fulfilment through to data readiness and digital optimisation.

Organisations need to fundamentally change their business processes in order to successfully compete in the changing commercial landscape, and to keep up with the rapid growth in mobile and the speed with which consumers are changing their shopping habits. Understanding the business objectives and the long-term goals of delivering a digital commerce solution is therefore vital to success.

**Technology considerations**

This is particularly true when it comes to replatforming, with many organisations scrambling to upgrade in an effort to make use of the latest technology, without building a solution that puts the customer at the heart of the journey. Investing in the wrong functionality is one of the most common mistakes that organisations make as they look to take the next step in their digital commerce journey. Instead, businesses need to commit to the long-term and invest in solutions that will help future-proof their operations, rather than simply implementing the latest technological ‘bells and whistles’.

Taking an agile and pragmatic approach to deployment is also fundamental, particularly with replatforming where trading is already taking place online and where existing systems are in play. Continuous optimisation needs to be the cornerstone of the technology strategy. This will deliver the flexibility to adapt to changes in technology and in business requirements, once a solution is live, ensuring a constantly improving customer experience and an optimal trading performance.

Strategically, organisations must also take an enterprise-wide approach towards digital commerce, looking at all the capabilities needed to build an integrated solution that meets the needs of each market. This includes planning around the three key pillars of strategic technology investment – the eCommerce platform, the customer relationship management (CRM) platform and the enterprise resource planning (ERP) platform. Organisations must understand the relationship between these. Digital commerce is becoming increasingly complex.

**Developing the right digital commerce partnerships**

As the complexity of global digital commerce solutions increases, there is a real need for businesses to turn to consultants that understand not just the technology but also the wider business issues involved. Working with the right partner is often the critical link between understanding customer needs and putting the right technology in place to address these. Seeking expertise to help sort through the options is a must but, for any business planning for international growth, it is also a minefield.

The right partner should not only have the technological expertise to deliver global, end-to-end commerce solutions that support organisations’ long-term growth and sales plans, but they also need the ability to provide insight into the mindset of consumers at a local level, including how they are using different channels and interacting with brands. This insight is as important as the technology used to reach them.

Working with a partner that understands the vendor landscape and how they are measured is also key. Whilst it can be tempting to ‘follow the herd’ and select a vendor based on what the rest of the market is using, it is critical to ensure that a vendor-agnostic engagement approach is taken and that there is the right cultural – as well as technological – fit, if true business transformation is to be achieved.

Working in such a fast paced and evolving marketplace means that any partner worth its salt should have the battle scars to prove its experience in delivery. Organisations should be wary of a partner that does not have any war stories, particularly when delivering greenfield sites, a rarer and more challenging undertaking. The digital commerce partner relationship needs to be a strategic one, undertaken for the long-term in order to successfully support and realise business transformation.

**Achieving central versus local balance**

Achieving the right balance between what is executed centrally and at a local level is absolutely vital to successful delivery and will drive major decisions around design, build and architecture. The balance of this will differ for each organisation and a structured and systematic approach is required for successful implementation.

This approach needs to analyse different market attributes, looking at local considerations, from mobile uptake and eCommerce readiness, to understanding the proposition fit, as well as undertaking competitor analysis in each region and looking at existing partnerships that can be capitalised on.
Seven steps for global success in digital commerce

There are seven key elements to delivering a competitive digital commerce solution on a global scale.

1. Getting the financials right
Solid financial planning is key. At a minimum, this needs to be done as a five-year plan. It is essential to develop a global profit and loss (P&L) forecast that makes sense, as there is no point in doing something that is not going to make a profit. Different regions will present different opportunities and as a digital commerce solution is rolled out, businesses need to look at using larger regions of growth to support smaller ones and be realistic about when Return On Investment (ROI) will be seen. Taking a longer term view regarding ROI is absolutely critical to managing the expectations of key stakeholders, in order to keep them engaged and supportive throughout the whole process.

But, some organisations are failing to do this, particularly when replatforming. In a 2013 study, Forrester estimated that 43 per cent⁶ of eCommerce solutions have significantly higher costs than anticipated. It is essential that organisations do not take for granted how much a replatforming project will cost. Inadequate planning, lack of organisational alignment and unrealistic timeframes can all be to blame for this.

Businesses need to build in more contingencies than they may think are needed and not approach replatforming on a shoestring budget. It is crucial to put aside enough time and budget before commencing a project and to be wary of any vendors that promise to deliver everything for a relatively small price. Digital commerce solutions are complex implementations that cover every point of the sales cycle, from inventory and warehousing to transportation and payment. Budgets for replatforming therefore should not be underestimated. It is also important to divorce day-to-day trading from replatforming and remember that the project team also has a day job to do. Organisations need to build longer than anticipated timescales to absorb this and to recognise that a replatforming roll out will be competing against other resources.

2. Choosing the right technology and architecture
The complex technical integration needed for a global digital commerce solution must be respected right from the start of a project. The architecture design needs to be able to integrate with best of breed technologies across the board and to link to other systems in the business such as ERP and CRM solutions. Many partners can overpromise on their capabilities in this area and it is essential to make sure that selected partners can blend an eCommerce solution to meet an organisation’s specific business requirements, whilst at the same time demonstrating they can match the core vendors’ eCommerce roadmaps.

Above all else, a digital commerce solution needs to be agile. Creating a model with a global solution that can be quickly and easily rolled out across different regions is fundamental. Delivery counts – if a business is not selling online, it is not making money. The more money made, the more that can be invested into improving the solution.

It is important not to get too hung up on the perfect solution; fine-tuning will take place as data is collected and analysed over time. Many digital commerce solutions remain in a perpetual beta state, evolving with the changing behaviour of consumers. Getting close to real-time data and making sure learnings and adjustments are made as

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deployment takes place, will ensure that the right goals are achieved. Businesses need to have a checklist of trading elements and must be prepared to trial different approaches. A classic example is shipping – a company can run a hundred promotions but, if free shipping is what customers want, this needs to be factored in.

The most important decision lies in getting the balance right between central and local implementation. The most robust global local architecture models allow for the best efficiencies, offering economies and flexibilities to different regions. This enables global coordination with local flexibility at the inventory and warehousing stages.

**Key centralised functions for consideration should include:**
- Branding, strategy and control
- Deployment / Go-Live support
- Hosting / CDN
- Application support and roadmap
- Core architecture and platforms
- Content management system (CMS) template

**Localised functions for consideration should include:**
- Language
- Payment and fulfilment
- Care
- Legal
- Price/ promotion/ marketing
- CMS localisation
- PCM enrichment

There will be functional evolution over time with some capabilities shifting inwards and others outwards as regional hubs develop, so keeping a flexible approach and reviewing the balance between central and local as a project unfolds is of the utmost importance.

A key challenge is working with multiple providers, so it is essential to develop a common set of standards. Bringing core integrations into a common set of standards is crucial to bringing new fulfilment partners quickly on board, as needed.

It is also important to ensure that any digital commerce solution fits with the broader business technology strategy. There are only so many ways to sell around the world, so businesses need to standardise processes where they can, whilst still allowing local markets to develop niche digital marketing, ensuring key points of difference at a regional level. This facilitates company-wide standards globally, whilst allowing innovation and unique selling points (USPs) to develop at a local level.

3. **Putting the right people in place**

A digital commerce solution is only as good as the people behind it. The importance of the right company cultural fit and strong teamwork between partners cannot be underestimated. A multi-disciplinary team can present big challenges, including different organisational capabilities and cultural approaches to business and often widely dispersed teams. Building strong team chemistry is key and the gel that will bring everything together.

It is also important to have hands-on management in the driving seat. In order to undertake a transformational digital commerce journey, businesses and providers need to get inside each others’ heads and be passionate about success. The strength of the team really is the difference between success and failure.

4. **Data readiness is key**

As a digital commerce solution is rolled out, data readiness is one of the biggest factors that can speed up or delay the process. Getting product data right from day one, including an understanding of how a product is categorised and searched for, needs to be the core foundation to a solution. It is also important to start planning data warehouse and intelligence dashboards to capture trading data.

Data is about much more than website analytics. There is the opportunity to capture every angle of every campaign from promotion to shipping, enabling intelligence to be built up at a global level. Tricks of the trade must not reside with the merchandising team. Key intelligence needs to be used to align the commerce and trading layers of a business to ensure a joined-up and effective digital commerce solution which transforms business processes.

Organisations should consider undertaking a global Master Data Management (MDM) project to help ensure a commerce solution is based on quality data from the start. MDMs are not always popular in a global environment, where contributions are required from different regions with no immediate payback but, clean, quality data is the rock
of any digital commerce solution. Good analysis of product master data will give clear thinking about strategy and can help to get a project up and running quickly. The pain of getting product data and product enrichment data ready is worth it and will ultimately allow standardised data to flow across all applications worldwide.

5. The importance of global governance
Every global digital commerce solution needs a visionary to head the team and push the boundaries. This champion needs to drive the momentum of the project and maintain the pace of global roll out so delivery takes place as scheduled. The first day of the project needs to be treated like the last day of the project; it is all about pace.

With the inevitable mix of people and personalities involved in a global project, one of the key roles of the global leader is to ensure engagement and understanding of the solution across the organisation. To achieve this, they will need to ask each region to present back their vision of the project in a Solution Validation Presentation (SVP), so that any gaps or misconceptions quickly come to light. This will ensure that all regions are on board with the global programme and will act as a key checkpoint before implementation is signed off.

A clear roadmap is then needed so that everyone is working to the same timeframe and key milestones – Design, Build, Integration Test, Testing and Go-Live. Clarity and transparency on timescales will mean no hidden surprises.

One key area of governance needs to be vigilance around ‘scope creep’ and staying true to the building blocks of the application. The additions of last-minute, exciting user interface enhancements may be enticing but they eat away at budget and often do not add to functionality.

6. Global solutions are the future
The concept of a single global solution may seem daunting at first. It can also be viewed as a constraining factor but, it is absolutely necessary for sustainable growth. One platform means synergies and shared costs, as well as the shared benefits of collectively improving solutions.

A single code base will deliver better, faster changes to regions long-term, allowing them to be delivered at the same time. Communicating this to a subsidiary base, and showing how a global solution will work for the greater good of all regions, is a key message that needs to be pushed from the outset of a global digital commerce solution, if it is to be successful.

The final piece of a global solution is thinking ahead to B2B efficiencies and identifying from the start of a project where the synergies lie. Digital commerce has the power to transform business processes, interactions with suppliers and across the back office, bringing real cost benefits throughout the entire commerce lifecycle.

7. Continuous optimisation
Employing a strategy of continuous optimisation is essential to ensure that progressive enhancements are made to a global commerce solution, once it is live. Companies need to be bold about this and to allocate a budget specifically for on-going improvements. Approaching this strategically, and looking at the bigger picture around the continuous optimisation of business processes, as well as technology, means that companies will avoid cash expenditure on constant upgrades and additions, instead ensuring that they are investing efficiently for improvements.

A continuous optimisation strategy will deliver the flexibility to incorporate the latest technology into a solution, as well as ensuring that a solution is agile enough to allow processes to be quickly improved in line with changing business needs. There will always be elements of a solution that can be enhanced and planning for this is the only way to ensure effective trading.
The global digital commerce road to success

This fast paced market will see a wealth of innovation taking place over the coming months, as the Internet of Things (IoT) and wearable technology take hold, providing a whole new world of interfaces, including virtual reality headsets and a new era of ‘sensory marketing’ that can tell when consumers are exercising, eating or enjoying leisure time.

As businesses grapple to understand these new technologies, and the opportunities they present, they need to keep true to their business goals. The market is flooded with the latest technological advances and it is important to be careful of the hype. Global digital commerce is not about the next big thing: technology investment must match business processes and sustainable global growth will only come with well thought through and carefully executed commercial strategies. Changes in customer purchasing habits present both risks and rewards.

Organisations need to embrace this new era of digital commerce completely but growth will only come with an ongoing and accurate understanding of the direct-to-

consumer market on a global scale, with a clear view on how a brand’s digital and physical touchpoints will continue to meet the changing needs of consumers, at a local and at a personal level.

This ever changing landscape holds a wealth of opportunity for businesses that: build a rich commerce solution on and beyond the platform; have a unified and personalised brand experience across all channels and every touchpoint; continuously learn and iteratively develop what consumers want, in line with consumer needs and expectations and put the consumer at the heart of the shopping, purchasing and service experience. Digital, with all its touch points, is the means to making this happen.

About Amaze

Amaze is a leading, full service digital marketing, technology and commerce consultancy. The company’s purpose is to inspire original thinking through a deeper understanding of technology and human behaviour.

Amaze has proven strength across the entire digital stack from strategy, insight and communication through to solution design and global implementation. Amaze integrates the creative mindset of an agency with robust consulting and technology implementation skills, which has allowed it to build a strong reputation in global design & build and commerce.

Its work currently spans 104 countries in 28 languages for an impressive client list that includes ASICS, Coats plc, East Coast Main Line, Lexus, NSPCC, Pizza Hut Restaurants, Toyota and Unilever.

In 2013, Amaze was positioned 7th in the Digital Elite category in The Drum’s Digital Census based on its financial performance, peer status and high level of client satisfaction; the agency also achieved 14th position in the Financial Poll. Amaze also came in at 22nd in the UK’s Top 100 Digital Agencies Report by Econsultancy and 4th in the design and build category.

To find out more about how Amaze can help you to implement an effective digital commerce strategy in your business, contact us on +44 (0)20 7440 0596 or info@amaze.com.