BRANDED COMMERCE – YOUR NEXT STEP IN E-COMMERCE EVOLUTION

How to create brand preference and strategic differentiation in e-commerce today

DEPT

INTRODUCTION

MAX PINAS
Creative Director

The days of starting your webshop and having your online revenue grow by itself are long past us. Going online means more than just digitising your product catalogue and tweeting your latest product release. E-commerce has significantly changed over the last years.

If you can't get across who you are and what you stand for, you are hardly more than a shopping basket. And if you do the opposite and only tell how wonderful you are, you are a hot air balloon. But what happens when you bring those two extremes together? You are practising branded commerce, the next logical step in e-commerce evolution. Organisations that can seamlessly integrate branding and commerce in their technology stack will outpace the ones which only excel at one part.

For every big brand, bringing branding and e-commerce together is at the top of the agenda. But it requires a combination of data, technology and organisation. At most companies, this means the infrastructure, the organisation, and the whole proposition will need to transform. Separate departments must work together, the customer must be put first and the e-commerce and content systems must be integrated into one optimal technology stack. All this takes time, effort and focus.

This whitepaper gives you a full outline of branded commerce: the definition and evolution, the technical aspects, an approach to transform into a customer-centric organisation, strategic boardroom arguments for convincing the management and a lot of inspirational examples of success stories. You will understand the current state of e-commerce and learn how to guide your organisation to this next level. Ready to revolutionise your e-commerce strategy?

TABLE OF CONTENTS

THE NEXT STAGE OF THE E-COMMERCE EVOLUTION

Traditionally, branding used to be the domain of emotions, identity and mass media. Commerce was focused on rationality, transactions and used direct marketing. This all changed when technology and data stepped into the scene. Today, branding and commerce go hand in hand. Each touchpoint with the customer counts as both a chance to brand and to sell. Typical branding channels like social now also offer lead generation forms and commerce options, and e-commerce is becoming branded and experience focused. But before divulging how branded commerce works, the big question is: how has e-commerce evolved over the years? Basically, there are four key e-commerce companies that outline this evolution and will help you understand the current state of e-commerce.

AMAZON - THE EVERYTHING STORE

Back in July 1995, Amazon was the first to sell books online, labelling itself as 'Earth's biggest bookstore' from the start. It competed with local retailers on assortment, price and availability. Sales were drummed up solely by word of mouth. Founder Jeff Bezos himself assembled and drove the packages to the post office. By the end of 1996, Amazon's revenue grew to 15.7 million dollars. In 2018, Amazon accounted for nearly 50 percent of all US e-commerce sales.

From the beginning, Bezos wanted Amazon to be an 'everything store'. The company has since launched many new products and services, many of which have failed. However, the ones that grew into a success, helped to diversify Amazon's revenue to third-party sellers through Amazon Marketplace, cloud, electronic device manufacturing, e-book publishing and movies and series.

ZALANDO – FOCUSED ON FASHION

Financed by start-up incubator Rocket Internet in 2008, the Berlin-based Zalando started with selling shoes online and developed to become one of the world's largest fashion e-tailers. At the time, the fashion industry was barely digitised. Data-driven and armed with an understanding of the importance of convenience, Zalando became focused on offering a great experience for consumers looking to buy fashion. Alongside its wholesale business, Zalando aims to build an 'operating system for fashion', providing logistics, technology and marketing solutions to brand partners.

The focus on fashion means Zalando can differentiate through assortment, as about 80 percent of Zalando's assortment can't be found on Amazon today. Amazon may stand for everything, but Zalando stands for fashion.

## DOLLAR SHAVE CLUB – CONVENIENCE AND EXPERIENCE

Launched in 2011, this company offers subscriptions for razors and personal grooming products. Through his direct-to-consumer business model, founder Michael Dubin can offer razor blades at a much lower price and with the convenience of a subscription you can cancel at any time for any reason. Combined with a refreshing brand personality, the company managed to completely break open the razor monopoly of Gillette.

Dubin wanted to offer a solution for the 'cumbersome' and 'expensive' experience of buying razors at drugstores. A key success factor was the reduction in choice for the customers, which created even more shopping convenience. The company now aims to personalise the experience of buying men's products by offering things like trial kits and customised assortments.

ALIBABA.COM – THE ULTIMATE SHOPPING EXPERIENCE

China-based Alibaba.com surpasses all US retailers (including Amazon, Walmart and eBay) in online sales and profits since 2015. Its portfolio holds Alibaba.com for import and export, 1688.com for China and AliExpress.com where small buyers can buy small quantities of goods at wholesale prices. The Chinese multinational conglomerate continues to set records on Singles' Day, the largest offline and online shopping day in the world.

From early on, Alibaba understood how consumers approach shopping, their expectations and factors impacting purchase decisions. Infusing the latest technology in its Chinese supermarket chain, HEMA (not to be mistaken with the Dutch discount retail chain bearing the same name), the company aims to seamlessly blend online and offline, experience and commerce. From HEMA's app, you can scan the barcode of every product, read the product information and receive recommendations. At the store, you can have your food cooked for you or brought home at a later time. Or, if you are ordering online, an employee will go into the supermarket and handpick your order. With over a hundred Chinese supermarket stores, HEMA aims to offer the best shopping experience consumers can find.

WATCH HERE
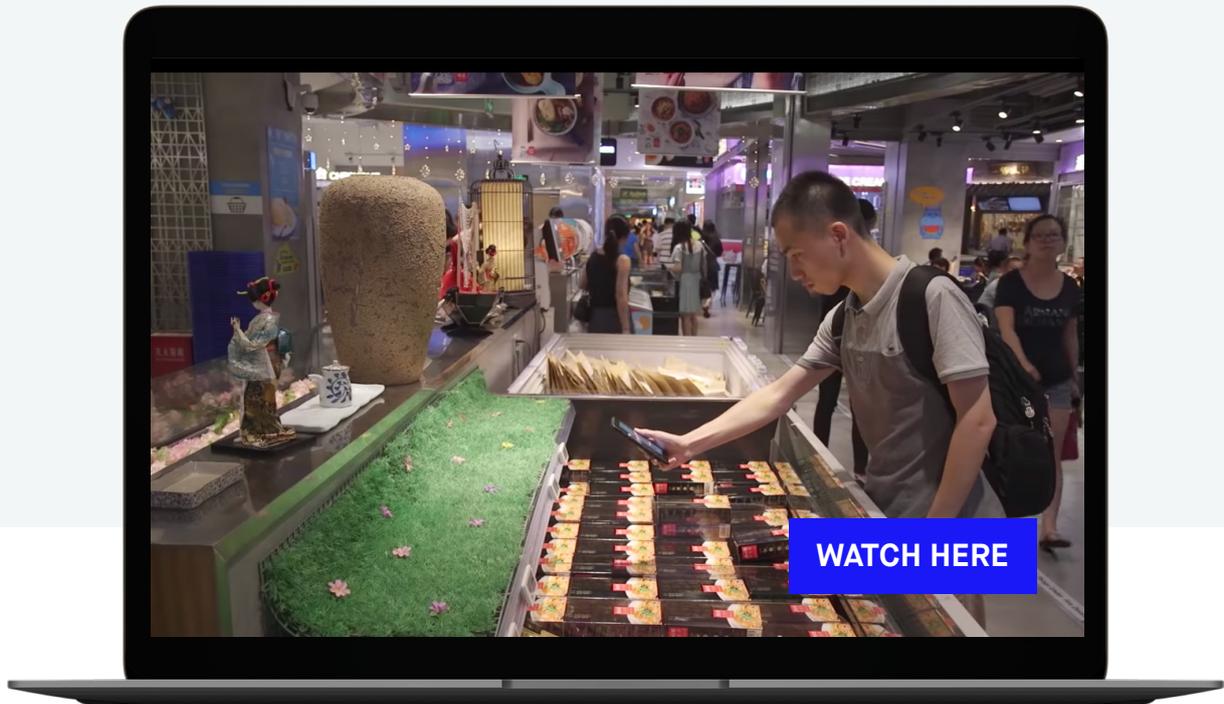
Alibaba Group - Take a Tour of a Hema Supermarket and Experience "New Retail"

1.1 WHAT IS YOUR NEXT MOVE?

It is important to recognise that while your company may not be the next Amazon or Alibaba (yet!), these examples show how e-commerce has developed. From Amazon's 'everything store' to the niche of Dollar Shave Club, and then to Alibaba's ultimate shopping experience; the emphasis within e-commerce shifted from big assortments and low prices to experience and convenience. So if you want to follow their lead, first start with your check-out funnel, which should be easy to go through. Secondly comes branding, which is essential to differentiate your brand from your competitors. So customers can clearly see who you are and what you stand for as a brand. Branding encompasses the whole digital presence: from the homepage to the products, the category pages and the brand story. Customers want to actually experience the products of their favourite retailers and connect with the brand, while getting all the relevant product information through rich content. They want to do business with a company that really gets them. Just like they are used to when shopping offline.

THE OFFLINE EXPERIENCE

Now, imagine the best offline shopping experience within the retail sector. The interaction that comes to mind is probably highly personal. You enter a stylish entrance, are welcomed upon arrival and given full attention from a shopping assistant. He or she listens to you, asks questions, helps you to determine your size and then gives personal advice that fits your lifestyle. You will find the products orderly placed in a showroom, limited to the most relevant products and displaying the rich features and different applications. Not hundreds or thousands of products piled up like you would find in a stockroom.

Additionally, some department stores have shops-in-shop that combine the different product groups under a clear brand: Esprit or Burberry for example. This works because people prefer brand experience, convenience and overview when shopping. That holds especially true for high-end products or products with a high involvement. Now, back to the World Wide Web. Imagine you have to turn to online shopping, what will you have to experience, see, learn and appreciate online to match that offline experience?

A BETTER ONLINE EXPERIENCE

The online experience starts with arrival on the webshop, which doesn't only happen via the homepage but also via product and category pages that are given as search results. Every page could be the first impression for your customer, so it has to be branded from the start. And to give a warm welcome, the webshop should take the traffic source in consideration. A newsletter subscriber for example, immediately wants to see the content he or she clicked on in the newsletter. Also, the newsletter pop-up is better left out for this visitor. And when a visitor is ready to check out the assortment, he or she should experience your products like in a showroom. Don't only show a picture with specifications, but enrich the shopping experience with reviews, personal stories from influencers or designers, short videos and handy shopping wizards. It's this rich media that will brand your commerce. To create a better match with your content, you can create a customer profile for each visitor by collecting, analysing and combining data. Through this profile, you can determine the visitor's intent, on which you can then personalise content, search results and filters, offers and suggestions. The whole online experience will be more relevant and consequently, more valuable for the visitors. If this sounds expensive, then better get ready for the alternative: not responding to the consumers' needs for branding and experience.

1.2 THE COMING SHAKEOUT

There are quite a few webshops that are run by private entrepreneurs who can't make an average income out of it, according to Shopping 2020. After four to five years, about half of all webshops disappear in the Netherlands. They start enthusiastically, but soon realise that running a webshop successfully costs them more money than they actually make. They burn through their budget for quality traffic and see themselves forced to shrink, rather than grow. Their biggest challenge? To maintain a sustainable model in which branding and experience play an essential part. Because without those, they don't offer any real value to their customers. They're only a shopping basket that consumers will abandon as soon as they see somebody cheaper. If a webshop doesn't offer any value, it won't have a future.

> **"IF A WEBSHOP DOESN'T OFFER ANY VALUE, IT WON'T HAVE A FUTURE."**

And while it is easy to start a webshop and e-commerce revenues are still growing worldwide, it is very hard to stay in business. Especially now the competition from abroad is seriously increasing.

BOOMING CROSS-BORDER E-COMMERCE

According to the report E-commerce in Europe 2018, 286 million Europeans shop online and spend an estimated 198 billion Euros online. This sounds like good news for the 800.000 webshops (in 2017) that Europe counts, but it comes with the additional trend of cross-border e-commerce as 23 percent of all e-commerce in Europe in 2018, is cross-border. Some 200 million Europeans have shopped abroad, of which 54.6 percent bought from China, compared to 38.7 percent in 2017. Platforms such as Wish and Ali Express are scoured by European consumers in search for cheap small electronic devices, mobile phone accessories, footwear and clothes. Meanwhile, Amazon takes the lead as the most visited marketplace in Europe. What do these numbers mean for European e-commerce sites? There is a shakeout coming, and it won't be pretty. To stay in business, you will need to put e-commerce high on the agenda, with the following big questions: how can we differentiate? How can we add more value through experience and convenience? And how can we build a lasting relationship with our customers?

2

THE STRATEGIC IMPORTANCE OF BRANDING

Alongside the rise of e-commerce also came new possibilities to measure one's ROI. Marketing shifted from being a gut feeling to being led by data. Only, branding stands far from the final purchase, making it harder to substantiate. So organisations tend to pay much less attention to it than engagement and conversion. When you don't see a clear ROI on your branding spending, why bother? Well, because it is the only thing that differentiates you from a shopping basket.

THE NUMBERS GAME DOESN'T ALWAYS WORK

When you focus on hard numbers like ROI, you will soon come across certain external factors which you can't control. Cheap competition from China entering your market, innovative platforms that disrupt your business model or changing legislation that opens your market – like PSD2 now does for the financial sector. And most important of all, the customers' expectations and needs are continuously developing. So how can you strategically position yourself in the playing field so that customers continue to choose you? By using branding.

While the internet has made it possible for customers to browse through millions of products, they still need to find the right product. They can find it at the cheapest price, but they also want to be sure the product actually gets delivered after purchasing it. And if there is an issue with it, they will expect service. So, this means doing business with a cheap, unknown store comes with a risk. And customers crave certainty. They want to know the company they do business with and to be able to trust it. Especially when there is too much choice and too little time, customers need branding. For a company doing most of its business offline, the need for branding is obvious.

Word of mouth has always been the most effective marketing. But once a company goes online, a lot of things will change, and that causes several misconceptions on e-commerce.

2.1 MISCONCEPTIONS ON E-COMMERCE

The first thing you'll notice when going online, is that the internet is a much bigger playing field. From a big fish in a local pond, you will become one of many small fish in a big pond. Differentiation based on the biggest assortment and lowest price is much harder to do, as there can be only one 'winner' when it comes to being the cheapest. Thus, you need to think of a different way to stand out as a brand. To understand how to do that online, there are first some stubborn misconceptions on e-commerce to clear that may cloud the decision-making process within your organisation.

Starting a webshop nowadays is relatively easy with all the commerce tools and platforms available. The choice for the biggest assortment with the lowest price is easily made, as this long tail approach is a much praised and used online retail strategy. With a little effort, your key suppliers can be interconnected and most of their product information gets shown on your webshop pages. And then, pretty much by itself, the webshop will start to generate traffic and revenue, right? Only, in practice, the traffic will come very slowly. You will need to grow it through SEO and SEA, and that is when you notice your margin is shrinking. Quality traffic costs money, which means you have to implement competitive pricing. You are stuck with supporting your webshop through other revenue streams, unless you change your online business model. The following five misconceptions led to this dire situation:

1. **Low prices equal more customers:** From two equal offerings, the cheapest is likely to get the sale. But there are more factors than just price to compare with: availability, delivery time and options, service, ease of payment, the shopping experience, brand popularity and customer loyalty. Customers make their purchase decisions based on both logical and emotional arguments. And a low price may actually be associated with low quality.
2. **The site will generate traffic by itself:** This may hold true if your company already has an online presence, but typically, that is just not enough. As with offline products, online products don't automatically sell themselves. You need to optimise the website for SEO and create marketing campaigns through SEA, marketplaces and affiliates. To ensure your online marketing is cost-efficient, you will need to formulate a digital strategy with experienced online marketers. If you have a separate URL for your webshop, creating quality traffic is even harder.
3. **Selling online is cheaper:** For a retailer, closing those expensive stores on prime locations and moving online may appear as a financially sound move. But there is more than the typical e-commerce overhead costs such as supply chain management, logistics, development, legal expenses and marketing.

It is also about understanding your customer and continuously improving their journey to offer a great shopping experience.

4. **Customers want choice:** The old dogma says customers always want more choice because it means better options and greater satisfaction. So webshops aim to grow their assortment indefinitely, with the idea of long tail in mind. But as research by psychologist Barry Schwartz shows: the overwhelming abundance of choice can lead to choice overload. By limiting your assortment to precisely what your customer looks for and needs, you improve the whole shopping experience. Exactly like Dollar Shave Club did.

5. **It is only about revenue:** The bottom line is about running a successful business. But revenue alone doesn't give you the full picture. To know where your business stands, metrics like search engine positions, click-through-rates, conversion rates, bounce rate, brand preference and customer loyalty will give you a more realistic view of your online presence. Amazon for example, barely made any profit in its first twenty years.

What is the common thread in these five misconceptions? A perceived distance from the customer. Because it's about selling online, organisations can have the feeling that they are selling to some unknown consumer in a faraway land. And even after several purchases, they will still see it as a transaction. But e-commerce is all about building relationships. Because that is how you lower your costs and that is how your customers will experience having a better shopping experience.

2.2 BRAND PREFERENCE

Ideally, customers are talking about your brand and loving it. Otherwise, you may lose their attention and need to constantly regenerate it through advertising and marketing. That becomes so expensive that at a certain point you will no longer be able to make a margin. You will have to nestle your brand positively in people's consciousness, resulting in brand preference.

To build brand preference, a catchy slogan or an amusing viral video isn't enough. And neither is a beautiful homepage decorated with stunning animations and convincing calls-to-action. As soon as a customer enters the platform where you want to convert as a brand – typically your webshop – that brand feeling must continue. If you present the customer a grid with nothing but products, all the emotion you have built up disappears. You sit in a dry tundra of filters and categories, hanging under a search bar. The experience is like accidentally walking from an impressive showroom with a helpful sales assistant into a big warehouse where you have to do everything yourself. What is stopping the customer from finding a friendlier webshop? Especially if branding has been neglected from the start, it is quite easy to lose customers during conversion. To prevent this, you will need to brand the whole shopping experience.

2.3 EXPERIENCE CREATES VALUE

The key to building brand preference is offering a consistent, optimal shopping experience. If you need to convince any of your peers or management on the importance of experience, you can put the following research facts on customer experience forward. Enhancing the customer experience entails improving customer satisfaction, customer loyalty and revenue. This is why 50 percent of organisations will redirect their investments to customer experience innovations, according to Gartner. And if you are a one billion dollar company, investing in customer experience could help you earn an additional 700 million dollars within three years, according to the Temkin Group.

AWARENESS

"Customer experience will overtake price and product as the key brand differentiator by the year 2020."
Walker

INTEREST

"76% of customers expect companies to understand their needs."
Salesforce

CONVERSION

"43% of all consumers would pay more for greater convenience; 42% would pay more for a friendly, welcoming experience."
PwC

LOYALTY

"89% of shoppers have stopped buying from online stores after they've experienced poor customer service"
RightNow

People value efficiency, knowledgeable service, convenience and easy payment the most in their customer experience. And it is exactly these factors which customers also expect from their experiences with online shopping. According to a Walker Study, 86 percent of buyers will pay more for a better customer experience. By 2020, customer experience is expected to overtake price and product as the key brand differentiator. The business need for customer experience and the role of branded commerce to provide this is clear. So the question is then: how do you put this into practice? What will the organisation need to bring its e-commerce next level?

THE ROAD TO SUCCESS: ORGANISATION, DATA AND TECHNOLOGY

Our world is shaped by technology. Almost everything we do can be analysed using the data we capture. For companies to be successful, it's how they are organised that define how they will innovate, connect with their customers and make a profit. Combining these three – organisation, data and technology – is what enables companies to create more business value today.

E-commerce as we know it now is the result of new technologies and data-driven innovation. But that focus on numbers has brought stress to creativity. Not because marketers wanted to be less creative, but because they've become more like managers and less like artists. However, with the need for better customer experiences, creativity is being revived again. After all, we are human and we crave emotional engagement.

Consumers want to browse a showroom, not a storehouse. And when the customer spots a product that piques the interest, he or she wants to know all about it and see it presented in the right context. Like a present, a bargain or a status symbol. Finding the right product to buy shouldn't feel like work, but instead, give consumers a great experience. For example, a wizard that helps them find the perfect present for their loved ones, the influencer who shows them how to use a specific product or the personal story from the designer on the choice of materials. These are just some branded commerce examples that should bring you to this question: what would my customers want?

KNOWING YOUR CUSTOMER

At Amazon, every meeting includes one empty chair. It is a reserved seat for the customer, so every meeting participant is reminded to keep the customer in mind. "Obsessing over customer experience is the only long-term defensible competitive advantage", Bezos is quoted saying. Understanding your customers and their needs will define your ability to grow, make revenue and stay in business. To become a customer-centric organisation, three key factors define your identity: the way you are organised, how you use data and your technology stack. Organisation, data and technology need to come together in an overall long term strategy that ensures customer focus and optimal relevance.

> ## "OBSESSING OVER CUSTOMER EXPERIENCE IS THE ONLY LONG-TERM DEFENSIBLE COMPETITIVE ADVANTAGE"
>
> - Jeff Bezos

3.1 ORGANISING FOR SUCCESS

E-commerce success strongly depends on the organisation behind it. Of course, technology makes the website and enables all customer interaction. But up until now, we have been living in two separate worlds: that of the CMS and that of e-commerce platforms. This separation is not only found in technology, but also in the organisation of personnel. There is the marketing and communication department on the one hand and the IT and e-commerce departments on the other. The first is, of course, marketing and branding oriented, the second focuses on commerce and sales. That separation between the departments has always existed and technology simply followed this dichotomy. As e-commerce evolved, that separation grew and it became increasingly complicated for both parties to understand each other. This is how an organisation's focus turns internal and the thinking becomes inside-out. This seriously impacts the customer experience, as the customers demand touches all departments. So how do you turn this around and put the customer at the centre again?

BREAK DOWN SILOS AND WORK TOGETHER

These different departments form organisational silos that can lead to a waste of resources, kill productivity and jeopardise the achievement of goals. Thus, a suitable solution is to create multidisciplinary teams consisting of members from different departments and giving them common goals. No longer have separate meetings about your brand, marketing, technology, data, customer contacts, conversion or logistics. Instead, combine all these elements in a branded commerce team, with regular integral meetups. This costs nothing, delivers immediate, positive results and you can start implementing these practices today.

AGILITY AND EMPOWERMENT

As technology and its impact on businesses accelerates, you don't have the same time as companies used to have before. Speed and time to market are key if you want to grow and develop your business. This will force you to make choices, speed up both the creative and development processes and go from big changes to continuous iteration. Making progress this way also ensures your organisation learns new things from the data you capture. Working the agile way means empowering your teams to find their own way to reach the goals you have set for them. By daily dedication to increasing customer value, your organisation will match your customers' needs better and better.

3.2 DATA: THE FUEL FOR GROWTH

When breaking down organisational silos you will also come across data silos: different data sources that coexist alongside each other. To improve the customer experience, it is important for all data streams to be connected to each other. In this way, you can create an integrated image of the customer and create actionable insights. So for example, you could discover that the main reason your customers buy a gift card for themselves is to use it for conveniently fast payment. When Starbucks found this insight, they subsequently used it to develop a highly successful loyalty app with payment option. Capturing, combining and analysing data will drive your understanding of the customer and your ability to meet his or her needs. In short? Data fuels your growth.

COMBINING DATA

Data combining starts with recognising that data is stored in different silos. The next step is to break through these data silos. Ensure that the single customer view – the complete image of an individual's customer journey – becomes transparent by linking data from all your silos. In this way, the online marketer, webshop manager and CMO will all view the same picture. Then you can continuously work on the question of how data can be used even more intelligently for serving customers better.

SMARTER E-COMMERCE

By gradually connecting data silos, you can implement all sorts of improvements to utilise branded commerce and help your webshop grow. Some examples are automatically sending an email to customers who leave behind a full shopping cart (cart abandonment), providing personal recommendations based on expressed interest, remarketing to direct visitors back to your website, lowering return costs based on return behaviour and segmenting and targeting customers based on profitability. These examples are all forms of *personalisation*: the creation of personal interactions and experiences based on browsing behaviour, demographics and historical data. Through combining and then analysing data through *machine learning* (a subset of artificial intelligence) you can discover interesting trends, predictable behaviour and actionable insights. As your usage of data grows, the better you'll be able to understand your customers and the smarter and more branded your e-commerce will get.

SUPERBOOST YOUR WEBSHOP

There is so much more to explain about data and e-commerce. The whitepaper 'Superboost your webshop' focuses on e-commerce growth through the use of data and smart techniques. You will learn how to organise your digital marketing better, personalisation, compile practical customer segments, analyse and continuously improve your results and more.

DOWNLOAD SUPERBOOST YOUR WEBSHOP

3.3 THE FOUNDATION FOR BRANDED COMMERCE

The third pillar, technology, requires the most attention on the journey towards branded commerce because of the costs and efforts involved. It means unifying your e-commerce with your content system into one technology stack. So instead of only creating a brand experience or leading to a big stockroom filled with products, you offer both brand value and pure commerce in one great online shopping experience. In the background, you will face the challenge of combining and choosing the systems for your content and commerce. And since your infrastructure can take a long time to build, set up and fine-tune, this forms the biggest challenge for branded commerce. Choosing the wrong technology can seriously impact your ability to serve customers when it leads to missing out on new channels and consequently, business. This means it's crucial to be well-informed and to research all potential options extensively before making decisions. Branded commerce is founded on these three main technology factors: your e-commerce pages, your current infrastructure and the approach you take to improve the experience.

1. CHANGING THE CORE OF E-COMMERCE

Because of the long tail, for most website visitors the first point of contact with your brand will be your Product Details Page (PDP) or the Product Listing Page (PLP). That is typically where your SEO, SEA or shopping ads brought them. It is here on your PDPs and PLPs where you will need to do branding and add experience. It might be the only page your visitor ever sees of you, so it's crucial to make that first touchpoint really count in terms of both commerce and branding. This means that every PDP and PLP should be like a new e-commerce homepage. However, if you fail to treat it as such, browsing through your PDP will feel as bland as comparing numbers in a spreadsheet, more work than fun.

So, next to the expected product details and images, you have to add brand experience. This starts with keeping your traffic source in mind, but, of course, there's more to it than that. For example, a 360-degree image, a personal story about the product from the designer or a brand ambassador, a thorough product review, a video about the sustainable production or a handy wizard that allows you to shop the look. Additions like these will add flavour and uniqueness to your offering and that will allow you to brand yourself whilst improving the shopping experience for the consumer.

But even smaller additions such as practical filters on a PLP page, related products, pros and cons, tips on usage and reviews will do the trick. The key to choosing what to add to your e-commerce pages lies in understanding how your customer sees your product. Be sure you present your product in the right way to reflect why people should buy it. By finding balance between functionality and content, you can showcase and prove that your product is exactly what your customers expect and look for.

2. YOUR STARTING POINT

As you start with improving your e-commerce pages, you will quickly come across the limitations of your technology stack. These limitations are defined by the system leading: your infrastructure is either founded on an e-commerce platform or a content system. Typically, for most companies, the website came first and then e-commerce was added a bit later. Or, a new e-commerce platform replaced an older content system and became leading. Either way, it is important to verify this choice when you start building your branded commerce. In industries like fashion and products with high involvement, content is more likely to be leading. If you are, however, selling consumer electronics, houseware or hobby products, e-commerce is often the starting point. As you are on the path of unifying commerce and content, you will have to decide which one will lead you towards your goal.

A crucial aspect is verifying that your current system is operating as it should and can continue to do so in the future. If you don't have a clear sense of what will be required of your infrastructure in the coming years, then being able to quickly develop or plugin new features is a key requirement. For example, shopping via a smartwatch is something you perhaps wouldn't ever see happening in your market, and yet, you don't want to exclude it in advance either. Another important consideration is the complexity of your offering. A large assortment that holds hundreds of thousands of products with many variations, pricing options and promotions, coupled with a customer loyalty system, comes with a complexity you just won't find in a content system. Even most Full Suite solutions will have limits and may not be able to handle such intricacies. So you may need to start with a dedicated e-commerce solution instead. Additionally, you should also consider the speed of your content production. If you have a full content team working on creating, publishing and promoting content, the need for an optimal authorship experience is significant.

3. CREATING A BETTER EXPERIENCE

The third technology factor is all about your ability to match the customer's needs and situation. By understanding his or her journey you can create better experiences through providing relevant content on the right time. So, during the awareness phase of the customer journey, you aid the customer by providing branded content that addresses first questions or underlying needs. It's in this first phase where the customer will seek inspiration and product orientation.

Then, in the consideration phase, your company can trigger positive associations by putting the brand story forward and thus create a brand preference. In the final purchase phase, you can emphasise commerce content while using branded content to add the right sales arguments. Ideally, you shape the customer journey with content that really speaks to the customer and allow you to lift up the whole shopping experience. There are many tools and solutions on the market that promise to do this.

Generally, there are two approaches for utilising the customer journey and bolster your online presence. The first approach is through continuous improvement based on non-personal information derived from all your visitors. Conversion rate optimisation (CRO) and A/B testing for example, will help you determine which content or change will generally improve the experience. The second approach is personalisation, through which you can predict on a personal level which content will help progress the customer journey. For example, someone who spent time at product pages is likely to be interested in that specific category as a whole.

Using the right tools to capture, analyse and use customer data will determine online success. However, which solution will be right for your organisation will completely depend on its digital maturity. That brings you to the next question: how is digital currently defining your organisation?

MATURING DIGITALLY – 5 SCENARIOS

With all the different angles and focus areas explored thus far, evolving your e-commerce into branded commerce may sound quite challenging. As you feel the pressure to understand the customer, to create a better customer experience and to change your organisation to be more accommodating to change, you might ponder where to start. How do you take your next step in e-commerce in a way that's both practical and effective business-wise?

The right answers to those questions will depend on the digital maturity of your organisation. This defines the successful adoption of technology into operational processes and business practices. Reaching full digital maturity means your organisation underwent a digital transformation and has now integrated technology successfully into all areas of business. This digitisation is a step-by-step process of growth and development in which technology is business-driven. In an increasingly digital world, a digitally matured organisation competes effectively for the customers' preference by offering the best possible customer experience that combines commerce and branding. This sounds great but realistically, organisations don't wave a magic wand and instantly become digitally mature. It's an ongoing development of your e-commerce and organisation.

BRANDED COMMERCE FOR YOU

Various organisations across distinct markets may be at different stages of their digital maturity. For every organisation, there is a myriad of ways to grow and accelerate digitally, and the process is never complete.

Your e-commerce infrastructure depends on the organisation, its financial position and online strategy but also the market, the customers and their journey. The consideration what resources are needed to create a better customer experience is central to digital maturity. As Steve Jobs famously put it: "You have to start with the customer experience and work backwards towards the technology. "That's why throughout this path to digital maturity, typically, business aspects will be

> ## "YOU HAVE TO START WITH THE CUSTOMER EXPERIENCE AND WORK BACKWARDS TOWARDS THE TECHNOLOGY."
> - Steve Jobs

leading. The IT department, however, also has an essential role that will impact your business as well. You can read more about in chapter 4.2. Digital maturity follows five distinctive phases as organisations become better at tackling the evolving digital landscape. To bring these conceptualised phases to life, a typical business scenario illustrates each phase. This will outline the choices and the options available to bring architecture and organisation next level to improve the customer experience.

1. STARTING WITH E-COMMERCE

The first phase of digital maturity is where every organisation once stood. It's where the website only provides content and where you want to make the first step towards e-commerce. Either because of the expected benefits for your organisation or because you notice that your customers are ready for this step. If you're the first in your market to make this move, then you'll have to sell more than just your brand and products, you will have to sell the process of buying online. There are many easy solutions available to jumpstart your e-commerce platform and process so choose one that matches your current and future ambitions. The bigger challenge lies in acquiring the needed knowledge and skills to further develop this.

2. ENRICHING THE WEBSHOP WITH CONTENT

In the second phase online sales via the webshop continue to increase, but you start to notice the limitations of your online marketing options. The webshop doesn't allow to create landing pages or blogs, so your SEO and SEA aren't giving you optimal results. Branding is largely missing. In order to continue growing, you need to add more value in the form of content and experience. Luckily, there are many quick and easy solutions that you can use which have large support communities. Some options may even be free to use or available at a low cost.

These solutions might appear scalable, but they are very basic. It's important to recognise that the complexity will typically be lacking at some point. Publishing content directly in your webshop for example, will still be laborious.

And if the webshop and content are running from two separate URLs, then you'll find yourself developing, managing and marketing two rather than one site. As navigation, content, commerce and search results are separated, visitors will have a disconnected user experience. However, through cookies, tagging and customer login you can start building connections between the different channels to improve your online marketing. In this phase, you'll need experienced marketers to help you realise your growth potential.

3. THE BIG LEAP TOWARDS E-COMMERCE

The first two phases of digital maturity appear almost the same for each organisation. The third phase, however, asks for a business scenario to highlight the challenges involved. As a relatively big player, perhaps as an international B2C brand, you've held back on your e-commerce. Your focus was purely on publishing branded content to support your pull strategy, with sales going mostly via distributors and retailers. Or, you already have a commerce solution in place, but it's not living up to your expectations. Now, as more and more customers seem ready to buy your products online, it's time to make the leap forward and boost your e-commerce revenue significantly. With historical and behavioural data readily available, you also see interesting opportunities to improve the engagement and experience. It's time to make strategic choices. If a rapid time to market is essential to your organisation, then a Full Suite solution with a proven track-record is the fastest way to deploy. However, that may impact branding if content that's carefully build up over the years needs to be redeployed as well. Especially with the level of customer experience customers expect today, you would need to realign your content and commerce to better match customer intent.

The costs of a Full Suite solution may be out of sync with the expected online revenue for the first year. If you prefer technology that helps to achieve business results while keeping ROI attainable, then a flexible and scalable Software as a Service (SaaS) solution would be a better choice. As your e-commerce grows, so does your usage and the costs of SaaS. Next to this technological choice sits the organisational one. Despite an increased focus on digital, you also see that initiatives are not yet streamlined or automated. Tying those efforts to key performance indicators will help to get a better grip on digitising your organisation. Now is the time to dream big. Focus on outcomes and strategically steer towards a dot on the horizon.

4. ADDING CONTENT TO E-COMMERCE ON SCALE

In the fourth phase the focus already lies heavily on online revenue. Possible scenarios could be a pure e-commerce player, a B2B wholesaler or a retailer who started early with e-commerce. Through a commerce solution with either a content component or an integrated headless CMS, your organisation aims to offer a seamless, rich digital customer experience. And yet, several key processes aren't working optimally.

For example, the marketing team complains they can't run marketing campaigns without help from the IT department. As a result, the content production can't accelerate any further. Or, you have the data available to create personalised experiences, but the architecture doesn't allow you to do this in all channels or again, requires extensive IT support. It could be a self-built CMS solution that's slowly giving out or a content solution that's reaching its limits as you want to step it up. Either way: in this phase there is a clear need to add higher-level content to the e-commerce platform.

This situation typically arises in organisations with a strong commercial background and a solid IT department. While the organisation focuses on growing e-commerce revenue, content and branding seem to be lagging more and more behind. This impacts the organisation's ability to offer a seamless customer experience across all channels, touchpoints and devices (omnichannel). What you need in this fourth phase is a serious content solution that can turn your e-commerce into branded commerce. A solution that allows for international expansion with translations, a better authorship experience for content publishers, the high-performance building of SEO traffic and landing pages, marketing automation, content personalisation and rich content directly on product pages.

This brings your organisation at a crossroad: either go for a complete new Full Suite solution for both commerce and content, or add a more mature content solution to your current commerce solution, in a Best of Breed approach. You could even decide to add several specific content solutions and tie those together. Whichever direction you choose will bring you closer to developing a digital experience platform (DXP) which allows you to maintain all the digital experiences you offer your customers. As this big decision sets the roadmap for the foreseeable future, this calls for some careful thinking. A multidisciplinary team will help you cover all the required angles, align different departments and warrant an integrated approach.

5. E-COMMERCE AT THE CORE

Roadmaps don't seem to work anymore in the final phase of digital maturity. You're exploring uncharted territory. Opportunities in the market are bountiful, but your world-class infrastructure is built in such a way that you can't react as quickly or adequately as you'd like. This scenario is likely to be a Full Suite solution with all the required integrations to work as a well-oiled machine that neatly combines branding and e-commerce, but which is also burdened by a roadmap that doesn't offer the flexibility needed. As you want the best possible solution for each process and to be in full control of development, a Best of Breed approach is the only possible answer now. At the end of the road of digital maturity, you want to be able to pave your own path into the digital future.

A digital organisation in this phase is digitally mature in every way possible. That means that consumers appreciate the experiences offered across all touchpoints, the competition can't keep up and multidisciplinary teams adjust their strategies based on business intelligence.

With e-commerce at the core of the company, all key IT processes are managed and developed internally. And yet, to better accommodate the growing business needs, it's becoming clear that a monolith approach won't suffice anymore. Rising expectations and evolving online behaviour increases the business need for quicker IT development and experimentation. In order to continue growing and to become more flexible, the next step logical is a headless architecture that allows for connecting the best possible solutions for commerce, content, personalisation, market automation and data analytics. However, that architecture should also be able to connect to systems such as ERP (Enterprise Resource Planning), CRM (Customer Relationship Management), PIM (Product Information Management) and DAM (Digital Asset Management). A headless architecture means that the front-end and back-end are separated. IT will have to connect these which results in extra IT development for both front-end and back-end, but that also permits quick response time to new developments, like voice commerce or Augmented Reality (AR).

The strong focus on IT in this final phase of digital maturity may offset organisations with a strong business focus. But as the business enabler in the digital era, IT itself is becoming the business. This not only requires a mindshift in most organisations, but also a realignment.

4.2 ALIGNING BUSINESS AND IT

Whereas the business tends to look at the big picture, it's the IT department that fills in the actual foundation behind the overall strategy to make it work. This difference in focus can result in a misalignment of priorities. For example, the business prioritises revenue and growth while IT prioritises stability and reliability across systems. That can create tension that undermines the organisation's digital ambitions. So what is the way forward? Both departments have to work together from different angles to cover all components needed to improve the customer experience. Understanding each other's concerns is key to make this realignment. By addressing the following key IT questions from a business angle, your organisation can make the right choices for moving forwards and embrace branded commerce.

FULL SUITE OR BEST OF BREED?

The biggest question comes down to your solution approach: do you want Full Suite or Best of Breed? Do you choose one solution to cover every need or do you select the best solution of each type and integrate these? In a business-driven organisation, the push is usually for Full Suite, and in an IT-driven organisation, the preference lies with Best of Breed. For an IT department, this approach gives a lot more technical flexibility and offers more options to meet the business's needs. This also means a larger IT department is required and new features aren't readily available for a product demo for sales colleagues. You'll need to build something first. Companies prefer to have built-in options beforehand that can be unlocked whenever the need arises, without having to start a new development project and get everybody involved. Then again, you may also end up paying for options you'll never use.

The Full Suite approach puts all the integration challenges onto the solution provider. Typically, as your business needs grow, you will gradually start to use more modules to add more features. The big advantage of this approach is the time to market: a Full Solution is the quickest way to grow your e-commerce. Every next step is already laid out for you by the provider. It also means that the future of your business is tightly connected to this one company, so choosing the best match is crucial. When the provider's development is lagging or not going the direction you need it to go, you will want to have options like using 'pluggable' solutions or customisation. As the organisation eventually matures fully digitally, there will come a point when a Full Suite solution won't be able to fulfil all the digital ambitions.

WHICH INFRASTRUCTURE?

The second question covers the IT infrastructure. For most organisations, this isn't anymore about having the IT on-premise or in the cloud. With lower costs, scalability, business continuity and the quick access to additional services, cloud is rapidly becoming the standard in most industries. The challenge lies in the fact that there is no such thing as "the" cloud – there are many: private cloud, SaaS, PaaS and IaaS. As organisations mature digitally, they tend to use a growing number of cloud services for different business applications. With each application producing valuable customer data, connecting the underlying cloud-environments becomes crucial for a successful customer-centric approach. A so-called Multicloud strategy is required to connect the different clouds. Done correctly, Multicloud can unite data sources to create a single customer view, segment and personalise, and analyse and predict customer behaviour. When done poorly, however, Multicloud will lock your customer data in silos and make your IT complex to manage.

CAN WE FIND THE DEVELOPERS THAT WE NEED?

Developers today are heavily sought-after. Finding qualified developers with the right background and experience can be daunting. This holds especially true for leading Full Suite solutions that require specific training and experience. In practice, this means an IT director has to make a hard choice: either spend more on HR and salaries to attract the right candidates, go with lesser qualified candidates and train them (with the chance of losing them quickly again) or settle for hiring external specialists that come with a high price tag. Any of these choices will negatively impact the business. Either the IT budget needs a significant bump, the project planning takes a serious hit or you'll need to cut on the features you wanted. The choice between Full Suite and Best of Breed is often the answer to this dilemma.

While Best of Breed typically requires more development and thus developers, the IT positions are relatively easy to fill because of the general IT skills required. Popular Full Suite solutions however, call for a very specific set of skills that takes time to master. Finding experienced developers can be seriously challenging, which can cause significant delay or extra costs as external experts are flown in.

WHAT DOES OUR ROADMAP LOOK LIKE?

Setting a clear business goal and then deciding on the IT strategy needed, isn't as clear-cut today as it once used to be. Emerging digital trends and evolving customer behaviours ask the IT department for a faster time to market. The IT department will need to reinvent its organisation and technology to be able to work faster and more dynamic.

Depending on your digital maturity and the complexity of your IT architecture, the next steps for your organisation can be either easy or difficult to decide upon. Even a well-prepared successful roadmap can run out of steam if your organisation is already leading the way in e-commerce. Without a clear roadmap, making big steps like implementing a Full Suite solution can be risky. This would more or less lock your IT department and limit your business capabilities. In that case, a step-by-step approach would be more advisable to minimise the initial investment and risk involved. If however, your market is unlikely to change anytime soon and throughout the organisation people share the same vision of the digital future, then you can easily make a big leap forward and invest in your technology stack.

BRANDED COMMERCE IN BLOOM

After addressing IT questions and recognising IT as the business enabler in the digital era, it's important to remember that business always leads the way. Bringing your e-commerce next level is tightly bound to the organisation's digital vision. What's next? Where can you take your organisation? As your organisation grows in its digital maturity, the dot on the horizon not only starts to take shape but also transforms. Today's digital zenith is called branded commerce: the approach to create better customer experiences by uniting commerce with branding. Branded commerce is the best way available for organisations to prevent their brands from turning into a faceless webshop and instead become a lovable brand.

Currently, branded commerce shapes branches like retail, fashion, financial services and utilities. To conclude this whitepaper, the following examples and trends will show you branded commerce in its many different forms. Get inspired!

ABOUT YOU

The first sign of branded commerce on a large scale is the fashion store 'About You', daughter of the German Otto, which is the second-largest webshop in Germany. Looking with a critical eye you can see that this is not the ultimate example of branded commerce yet, but when a visitor named Max logs in via Facebook 'About You' changes to 'About Max'. The shop takes personal preferences into account. There is a battalion of influencers on the site who wear the clothing and tell stories about it. A visitor can click 'shop-the-look' to be guided through relevant products. 'About You' has linked the hard side of commerce to a story that doesn't stop when the visitor clicks a button.

TMALL

Alibaba and Ford Motors created a 'New Car Vending Machine' to dramatically improve the car shopping experience. You find the Ford car you would like to test drive through TaoBao's app, and then book the car. You take a selfie so Alibaba can confirm your booking. At the test drive centre, facial recognition identifies you as the booker and the car is automatically brought to you for a three-day test drive. Without any human help, you can buy a car from the machine in under ten minutes.

WATCH HERE

Alibaba Group - Test-Drive Tmall's New Car Vending Machine

FINANCIAL

TIKKIE

In 2016 the Dutch bank ABN Amro introduced Tikkie, a payment app that makes consumer transactions simple. Three years later, close to 30% of the Dutch population use the app for payment requests and paying with a click. Tikkie works with all Dutch banks and offers the option to make a personalised thank you. The next step will be the expansion to easily split bills.

TRAVEL

AWAY

Founded in 2015, Away (luggage) is an upcoming American travel and lifestyle brand which sells luggage. An avid Instagram brand from the start, Away uses organic posts and user-generated content to create its own community of fans. The new Instagram option to make shoppable posts was very well received. The products are tagged in an image and redirect a user to the 'add to cart section' on Away's website.

MOBILE

SAMSUNG BIXBY

Less known than Google Assistant or Amazon Alexa, Samsung's Bixby aims to allow you to operate your phone by using only your voice. This includes conversational commerce, whereby voice alone users can make a purchase. For example, if you see someone with the shoes you always wanted, you can point your Samsung phone and ask Bixby where you can buy these.

IT'S TIME TO EVOLVE

E-commerce has evolved from solely focusing on price to user experience. Customers today are willing to pay extra for convenience, knowledgeable service and ease of doing business. Organisations that fail to improve their customer experience, can only differentiate through price and assortment. Without brand preference, customers will choose any company, maybe even a competitor, who appears to be slightly cheaper.

Branded commerce is the next level of e-commerce. This means understanding your customer and realising that every touchpoint is a chance to help the customer, brand the experience and grow your revenue. Because only through building long-term customer relationships can your online business model stay viable.

Your organisation, data and technology are your company's pillars to become customer-centric and build branded commerce. Use data to understand the customer, your organisation to design better online shopping experiences and the right technology to deliver. Improving the customer experience by maturing digitally should be part of your daily goal. Because only then can you stay relevant today and in the future.

Do you want to go next level?
Our e-commerce specialists are ready to help you.

ANY QUESTIONS?

Contact our Creative Director Max Pinas if you want to know more. He'll be happy to help you!

+31 6 1588025
max.pinas@deptagency.com

Contact our Managing Director Technology Gijs Edelbroekif you want to know more. He'll be happy to help you!

+31 6 19542161
gijs.edelbroek@deptagency.com

HI, WE ARE DEPT

Hi, we are Dept - an international digital agency of over 1400 experienced thinkers & makers. One agency uniting creativity, technology and data. Helping you reinvent & accelerate your digital reality by creating experiences that people want and businesses need.

www.deptagency.com

www.linkedin.com/company/deptagency

www.instagram.com/deptagency

www.facebook.com/Deptagency

DEPT