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Trends 2010: eCommerce Platform And Technology
eCommerce Technology And Business Tools Continue To Advance — And eBusiness Leaders Must Prepare To Use Them Effectively

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EXECUTIVE SUMMARY

eCommerce technology continues to evolve, prompted by increasingly complex market demands. In 2010, many of those demands will center around the following three trends: 1) Increased desire to leverage customer context will drive the need for robust content management (CM) solutions with advanced targeting and site optimization capability; 2) customers will continue to seek the convenience of multichannel, and savvy eBusiness leaders will look to their eCommerce technology providers to minimize the complexity of serving customers via many touchpoints; and 3) business-to-business (B2B) eCommerce will emerge as a growing and critical component of the overall sales landscape. eBusiness leaders will turn to their eCommerce solution providers to help them maximize these opportunities and drive their customer experience and businesses forward.

CONTENT AND CONTEXT ARE KING AND QUEEN

Early eCommerce sites were not all that deep in content or wide-ranging when it came to product assortments. With some notable exceptions, product content was limited to a few specs, and Web content was typically isolated to home pages and category pages.[1] Site improvements focused on search, navigation, and checkout. But today's sites are becoming highly dynamic and content-rich in order to meet customer expectations, and they abide by best practices including search engine optimization (SEO). Businesses are investing in this rich product content, in addition to Web merchandising content, to illuminate their brands and support consumers' research and purchasing needs.
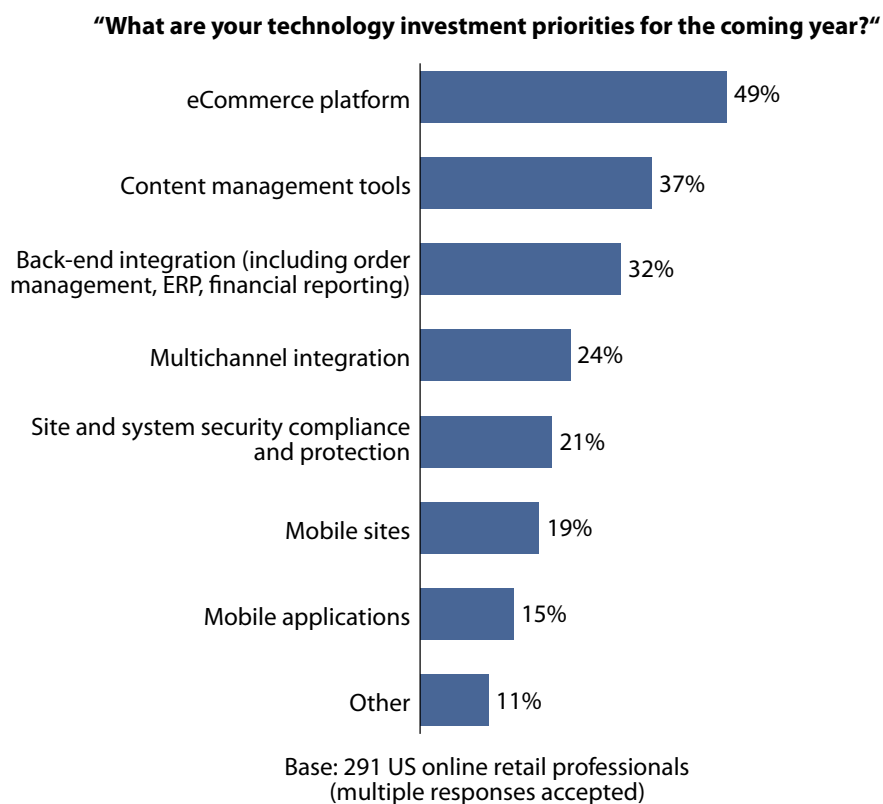
Growth In Content, Sites, And Channels Drives Content Management Requirements

Amid all of these changes, Forrester has seen a spike in inquiries from clients wrestling with whether to add a Web content management (WCM) solution to their eCommerce technology environment, focus on improving their capabilities around content via use of their current eCommerce platform, or replatform entirely. Content management is becoming a top priority for online retailers across verticals (see Figure 1).

• **eBusiness pros will seek to rein in the complexities of managing multichannel content.** The challenges of managing Web content have grown significantly in recent years as eCommerce businesses grow their international business and must localize content, focus on SEO, and support additional channels such as mobile and kiosks through their eCommerce platform. eBusiness pros will look to their commerce platform and WCM solutions to both leverage the use of their content through many touchpoints and harness the vastness of those efforts.

- **Businesses are seeking improved product content management tools.** As the sources of product content — editorial, vendor-supplied, syndicated, and user-generated — have grown, eBusinesses are increasingly seeking tools to improve workflow, efficiency, and their ability to leverage product content across channels and user experiences. Forrester expects product content management (PCM) solutions to emerge from the product information management (PIM) and master data management (MDM) technology providers. Meanwhile, eCommerce platforms are also working to improve support for these increasingly critical PCM requirements.

Figure 1 Content Management Is An Investment Priority For 37% Of Online Retailers

"What are your technology investment priorities for the coming year?"

eCommerce platform	49%
Content management tools	37%
Back-end integration (including order management, ERP, financial reporting)	32%
Multichannel integration	24%
Site and system security compliance and protection	21%
Mobile sites	19%
Mobile applications	15%
Other	11%

Base: 291 US online retail professionals
(multiple responses accepted)

Source: Q4 2009 US Retail Executive Online Survey

56733   Source: Forrester Research, Inc.

Testing And Targeting Increase As eBusinesses Focus On Optimizing Their Content

As sites have become more content-rich and complex, using segmentation and personalization techniques to help customers discover products and enable marketers to target them with effective content (offers, categories, brands, and promotions) has become critical to optimize the sites and drive the business. As a result:

- **Increased segmentation and testing use will drive demand for more sophisticated tools.** As eCommerce businesses highlight brands and lifestyles within their site and support tactics such as dynamic landing pages to improve search and email campaigns, businesses will increasingly look to target customers through segmentation and localize their Web content to support globalization. As a result, eBusinesses will need avenues to be more relevant to these multiple constituencies. This effort, however, is a resource-intensive part of their business. Use of Web analytics and testing tools will increase, but to scale and automate content targeting and segmentation, eBusiness professionals will look to both platform and testing vendors.

- **Rigorous optimization will be applied to Web content.** Tremendous energy and funds are expended in planning, creating, and publishing Web content on eCommerce sites today. However, most eCommerce leaders will admit that much of what ends up on their sites is based on guesswork. Despite the ubiquity of Web analytics tools in use today, many eCommerce content creators and merchants are not yet leveraging them to real benefit. In 2010, we will see eBusinesses turn their attention to optimizing offers and content slots using techniques similar to testing emails or display advertising.[2] Many will face challenges in testing content at this level in a scalable way, pushing their solution providers and technologies to support them through increasingly automated solutions.

DROPPING THE "e" IN eCOMMERCE

In 2010, multichannel initiatives will come to the fore in a hurry: Retail and manufacturing leaders will continue to wake up to the influence the Web is having on their total business and work to serve consumers consistently across channels. Businesses that lag behind in the blocking and tackling of multichannel customer experience issues, such in-store returns, cross-channel customer account visibility, or fulfillment across channels (not to mention mobile interfaces), will realize that they are becoming dinosaurs in the eyes of their increasingly demanding customers. As a result:

- **eCommerce technology will take center stage in multichannel initiatives.** Businesses will turn to their eCommerce applications and service providers to support their multichannel initiatives. They will do so as eCommerce platforms, order management tools, and service providers offer — to varying degrees — the multichannel-ready capabilities needed to extend their Web channel into their stores, call centers, and mobile. For example, a major focus of IBM's, Art Technology Group's (ATG's), and Fry's latest eCommerce platform releases has been cross-channel capabilities, with an emphasis on integration of Web, call center, and in-store capabilities, positioning the products well for future multichannel customer needs.[3] Increasingly, retail business and technology leaders are realizing that there is a relatively small step to support a Web-ready point-of-sale (POS) system, a Web-enabled call center application, or a mobile device with their eCommerce technology.

- **Mobile will become just another commerce interface.** 2009 saw mobile come screaming onto the eCommerce scene, driven largely by the iPhone. For example, 31% of US mobile smartphone owners have used their devices to locate a nearby store to purchase a specific product, 21% have looked up online product information while shopping in a store, and 19% have checked on the status of an order.[4] Companies largely executed their mobile strategy out of their corporate marketing groups — witness the proliferation of iPhone apps — with little tie to their core customer experience and eCommerce sites. 2010 will bring the mobile efforts into the fold of the eCommerce group as a way to link channels, leverage technology investments, and ensure consistency of the mobile experience.[5] eCommerce platforms will take center stage in versioning sites for the mobile Web and in supporting applications with application programming interfaces (APIs) and reference applications their clients can use to launch mobile apps quickly. This has been repeatedly demonstrated in Forrester interviews with the leading enterprise-class eCommerce platform vendors, which nearly across the board have defined mobile commerce as a fundamental part of their respective product strategy plans.[6]

B2B eCOMMERCE INNOVATION PICKS UP STEAM

It is a new era for B2B eCommerce. An entire market of developing B2B solutions has been spurred on by a strong drive toward efficiency and the pursuit of customer relationships.[7] 2010 will see complex and interesting B2B eCommerce initiatives emerge from the media, pharmaceutical, telecommunications, automotive, apparel, aerospace, and publishing worlds. These initiatives are demonstrating some compelling innovations, such as:

- **Extreme personalization within B2B.** "Personalization" has been a buzzword for some time, and 2009 saw significant growth in personalization in the form of product recommendations on retail sites.[8] B2B marketers are embracing this approach themselves but are pushing even further to leverage all they know about their clients online. In 2010, personalization in B2B will bloom, with increased site versioning and customized catalogs based on customer role, purchase agreements, relationship, purchase history, and collaborative filtering. The capabilities of many eCommerce platforms will be taxed to meet this emerging trend, and many B2B marketers will look to integrate targeting tools to complement their platforms.

- **Support for multiple business models through a single solution.** Forrester increasingly hears from businesses looking to support multiple online business models, all within a common application or technology and service environment. These range from the traditional B2B and business-to-consumer (B2C) models to the more unique ones, such as business-to-business-to-consumer (B2B2C), business-to-small-business, and business-to-employee (B2E). Although it is evident that B2B eBusiness professionals are still learning from their often more advanced B2C peers, these developments present interesting challenges to the solution providers.[9] Their capabilities will be stretched and pulled into some interesting directions by business and technology leaders looking for multiple-model solutions as they leverage their investments.

WHAT IT MEANS

eBUSINESS LEADERS MUST STAY ENGAGED WITH TECHNOLOGY TO REAP THE BENEFITS

To say that technology changes rapidly is to utter a truism. The landscape of eCommerce platform providers continues to shift, and sometimes the conversation is one-sided: Repeated inquires have borne out that clients of eCommerce technologies often aren't using a fraction of their provider's functionality and, for their part, the technology providers themselves are still working hard to satisfy business drivers. Thus, in spite of the trends outlined above, eBusiness pros have a good deal of open road ahead of them when it comes to optimizing their sites with the tools they already have. Some key things to keep in mind:

- **Invite your technology and service providers to observe how your team uses the tools.** Discuss pain points and areas of inefficiency. Often there are tools, training, or product enhancements that can improve the tool set your team is using — such as product content or site administration — with small, contained projects. Remove as much project overhead as possible by pairing development resources with the business users to gain efficiency improvements where possible.

- **Focus on analytics tools to understand customer challenges and test improvements.** Many eBusinesses are highly resource-constrained and may lack the skill sets to effectively use analytics tools routinely. Begin small with a defined set of key performance indicators (KPIs) and build use and review of site metrics into the daily business processes. Many technology and service providers are adding centers of excellence and providing skilled resources to help their clients get better in their use of analytics.

- **Begin limited content optimization testing to experience the benefits of testing.** While it may be difficult to scale this with the current tools, begin a culture of optimization and testing that can accumulate to drive significant business results over time. Once your merchants, creative resources, and marketers can see the benefits of testing and targeting for images, headlines, and offer descriptions, the business case for technology enhancements will be much easier to make.

But while starting simply, eBusiness leaders know that customers' expectations continue to increase — in both mobile or multichannel fulfillment — and marketers must continue to strive for more share of customers' wallet. Advances in eCommerce technology and how it is used are therefore critical when it comes to competing and winning. Staying on top of the changes in eCommerce technology is a must for the eBusiness leader.

SUPPLEMENTAL MATERIAL

Forrester fielded its Q4 2009 US Retail Executive Online Survey to 291 online retail professionals from our ongoing Marketing & Strategy Research Panel. For quality assurance, panelists are required to provide contact information and answer basic questions about their firms' revenue and budgets. Forrester fielded the survey from October to November 2009. Respondent incentives included a summary of the survey results. Exact sample sizes are provided in this report on a question-by-question basis. Responses are not guaranteed to be representative of the population. Unless otherwise noted, statistical data is intended to be used for descriptive and not inferential purposes.

ENDNOTES

[1] The Internet Archive reveals several players that heard the call for deeper content early on. Best Buy's SpecSource, a feature instituted in 1998, for example, provided granular product specs for computers, monitors, and other electronic devices. Source: Internet Archive (http://web.archive.org/web/19980125172015/http://www.bestbuy.com/).

[2] Fourteen percent of North American and European information and knowledge management decision-makers working in the retail and wholesale space are planning to adopt business intelligence software (e.g., analytics, reporting, and dashboards) over the next 12 months, and 36% are planning to expand or upgrade their existing implementation. Source: Enterprise And SMB Software Survey, North America And Europe, Q4 2009.

3 In January 2009, Forrester released a 100-criteria evaluation of the top enterprise-class eCommerce platform vendors known as the Forrester Wave™. In anticipation of the 2010 B2C eCommerce platform Wave, we wanted to take the opportunity to provide updates on the so-called "class of 2009" and the major developments tied to their product, road map, and strategy. Additionally, we wanted to provide an analysis of these changes to help multichannel and online retailers meet the needs of the online consumers in a dynamic and increasingly complex space. See the January 14, 2010, "Interim Update To Forrester Wave™ Evaluation Of B2C eCommerce Platforms" report.

4 Source: North American Technographics® Retail Online Survey, Q3 2009 (US).

5 The rapid growth of the iPhone and iPod touch application market has fueled a race to develop these applications on the part of eBusiness and channel strategy professionals. Recently, Forrester published a useful outline to help determine if a mobile application is an appropriate next step for brands. eBusiness professionals must take a measured and balanced approach when it comes to determining how a mobile or iPhone application is right for them, what their goals are, and how it will meet the needs of or entertain their mobile customers. If an iPhone application is in your future, it is critical to focus on these factors and support for the application over the long haul. See the October 29, 2009, "Is The Time Right To Build A Mobile App?" report.

6 See the January 14, 2010, "Interim Update To Forrester Wave™ Evaluation Of B2C eCommerce Platforms" report.

7 B2B is going online, finally. These businesses need to drive improved efficiencies as well as deepen their relationships with customers and adapt to their changing needs. B2B clients increasingly require well-designed and easy-to-use Web-based ordering and service tools from the vendors with which they do business. To address these new initiatives, most businesses are looking to the next generation of commerce platform solutions to support their B2B projects and are finding that navigating the market is challenging. This research looks at the broad spectrum of solutions on the market to help companies find the right solutions for their business. See the December 7, 2009, "Market Overview: B2B eCommerce Platforms" report.

8 Fifty-nine percent of Web retailers currently employed them or planned to implement/enhance them in 2009. See the February 25, 2010, "TechRadar™ For eBusiness And Channel Strategy Professionals: Social Commerce, Q1 2010" report.

9 As more and more traditionally nonconsumer brands begin to move online, questions abound: How do we sell online? What do we sell to — or how do we service — our customers online? How do we organize to optimize the channel? The good news is that B2B companies have many best practices to learn, and adapt, from B2C firms, many of which are running mature or established online sales operations. The first step: Recognize that the online channel won't be successful as a pet project or a silo. The Web presence needs to be a hub for sales and service, buttressed by a business plan, customer insight, a strong organization, and a clearly defined technology strategy. See the November 17, 2009, "B2B eBusiness: Preparing For Online Liftoff" report.

[10] In Forrester's 100-criteria evaluation of the top 10 enterprise-class eCommerce platform vendors, we found that ATG and IBM led the pack with their comprehensive eCommerce features, effective business tools, and flexibility. Fry and hybris represent strong solutions with varying models and key differentiators. Demandware, iCongo, Escalate Retail, and Intershop each represent unique solutions at different stages of maturity and are focused on midtier eCommerce retailers. MarketLive and Microsoft's Commerce Server 2007 round out our evaluation. Each of these solutions represents a fit for some segment of the global B2C enterprise eCommerce platform market. With this detailed evaluation and report, we evaluate these solutions to help eBusiness executives determine the best fit as they grow, mature, and scale their online businesses. See the January 27, 2009, "The Forrester Wave™: B2C eCommerce Platforms, Q1 2009" report.