

Taking the “E” out of Ecommerce Platforms

By **Tim Parry**, Multichannel Merchant

The great ecommerce debate used to be whether or not to have a hyphen between “e” and “commerce. But as technology advances and consumer expectations grow, the debate is whether or not to have the “e” at all.

As omnichannel technology and customer demands grow, ecommerce platforms are evolving into “commerce platforms,” and even “unified commerce platforms.”

Unified commerce platform provider Kibo’s 2016 Consumer Trends Report shows that digital services are now expected to be standard by consumers, with retailers needing to adapt, or risk their losing business altogether. With only 5% of consumers surveyed preferring to avoid omnichannel completely, it seems digital services are central to the retail experience.

In a warning to retailers, Kibo’s research also found that the digitally demanding consumers’ loyalty is eroding. More than half of US shoppers (54%) are willing to jump ship to a rival retailer if their preferred method of delivery isn’t available.

Nearly a quarter of Americans expect short delivery times of two days or less. Four-in-ten (43%) consumers would prefer to use in-store pickup if the option were available. In addition, nearly one-third (31%) will not buy from retailers unable to offer in-store pickup or extended payment options.

As the marketplace becomes increasingly crowded, retailers need to remain a step ahead with their digital services and fulfillment options to ensure the loyalty of their customers, said Kenneth Frank, CEO of Kibo.

“The speed of change in the retail landscape is relentless. Embracing modern technologies is especially crucial for retailers and manufacturers looking to compete with the likes of Amazon and other Internet giants setting the digital benchmark,” Frank said. “The ability to effectively route orders to match where there’s most demand, using a cost-effective cloud-based advanced order management system, is a critical component of any modern retailer or

manufacturer’s armory. The ability to do this will help ensure customers have no excuse to look elsewhere.”

Finding a Partner

The Jelly Belly Candy Company replaced its homegrown ecommerce system in 2015 to support international growth and its resellers’ needs, as well as its own domestic ecommerce sales.

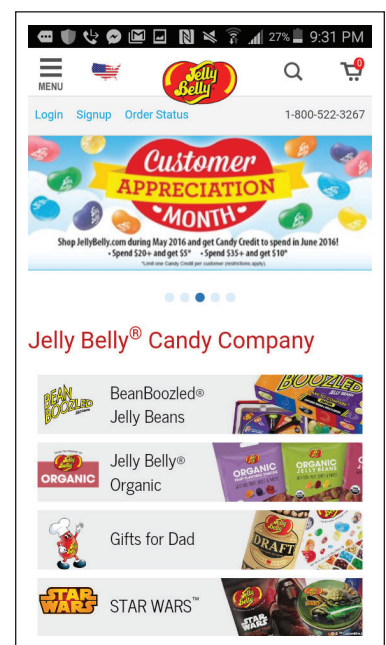
As a result of the re-platform, Jelly Belly has launched 40 new sites, expanded organic site traffic by 21%, doubled the efficiency of website speeds, established a single platform for B2B, B2C and worldwide commerce, and increased its mobile sales by 300%.

So what did Jelly Belly director of ebusiness Brandon Finch look for when he was choosing a new platform? He wanted a vendor that could offer him 80% to 90% of Jelly Belly’s needs. And he already had the people on staff who could inject the rest of the business logic he needed to make the site worked the way Jelly Belly needed it to.

“Make sure that the platform you choose is flexible enough to handle your business requirements now and in the future,” Finch said.

And make sure you have access to the resources to make those other changes, Finch added.

“When I went looking, I knew I wasn’t going to find any one provider that gave us 100% of everything that we needed right out of the box,” Finch said. “We’re a very old



company [147 years old] and we have built our business over a very long time, and that means custom business logic, and custom business rules.”

As you’re doing the search, and as you’re building out your scope of work, Finch said you need to get out to the nth detail.

“As much time as you can dedicate to details, do it,” Finch said. “Because no matter what good intentions there may be on both sides, there will likely be some surprises that you have to work around. Once you find those surprises, you’re going to find out just how good your partner is or isn’t.”

Finch said Jelly Belly found some pieces of functionality right toward the end that he’d assumed they had a common understanding about, but that wasn’t the case. And his vendor was able to work very hard to get things sorted out before launch.

Not only was Jelly Belly looking to grow its international ecommerce sales, but it also wanted to drive foot traffic to its resellers.

Or Is It DIY?

But sometimes you aren’t going to find a partner that can give you 80% to 90% of what you want out of the box. That’s why independent film producer and wholesaler Kino Lorber did its entire re-platforming in-house.

Promoting films is Kino Lorber’s number-one business, and its home video platform was secondary. Reid Rossman, Kino Lorber’s marketing director, said they had a lot of data concerns because they had to structure site around films, and not the product. Something seems missing from this paragraph...not quite sure I get the meaning of the last part of the second sentence.

“The systems we were looking at were purely product based,” Rossman said. “There were so many custom-made things that we needed.”

Kino Lorber serves educational markets, consumer markets and the digital marketplace. So, for example, the shopping cart system has a lot of variables, like accepting credit and debit cards, PayPal and purchase orders.

Also, responsiveness was high on its list of priorities because a high proportion of its customers are checking their emails on smartphones. “So hopefully promotions will close easier than in the past,” Rossman said.

Also, with 30% of its orders coming in via phone, Rossman said Kino Lorber needed an internal version of its website that allows the call center to enter those orders, look up order history and more. New York-based Kino Lorber’s call center is in Chicago, and the stripped-down version allows the call center to work with customers in a secure fashion.

Rossman said Kino Lorber is not trying to compete against Amazon, because Amazon is a customer, but knew it needed to offer a similar user experience to Amazon in order to compete with everyone else in the industry. He said Kino Lorber’s sites are as much information portals as they are ecommerce sites.

Also high on the list was a simplified checkout. Its old one was four pages, and it was difficult for users to go back and forth to make corrections and additional purchases.

“I wanted to take the checkout process out of the consideration of problems of why not to buy from us,” Rossman said. “Amazon is very easy to purchase from, and when we looked at Google Analytics, we saw the cart was where purchases were falling out. There were a lot of structural issues.”

It took Kino Lorber a little over a year to re-platform from start to finish, and that included the back-end administrative system as well.

“You should have a long -sense look at where your business is going and moving toward,” Rossman said. “And we feel now we have the flexibility to do that.”

Also, Rossman added, you need to align yourself with vendors who understand your business needs.

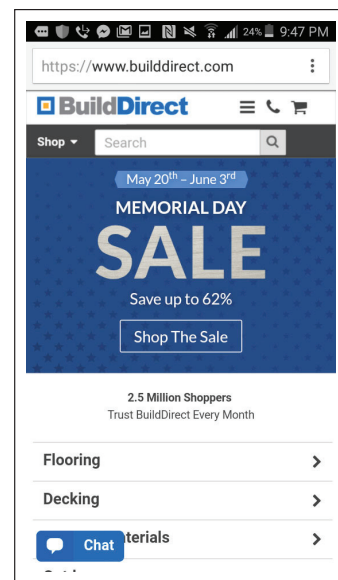
“We meet a lot of designers and developers who don’t understand where we fit in the marketplace, and that can work against us,” Rossman said. “The more they understand me as customer, the better work they will do.”

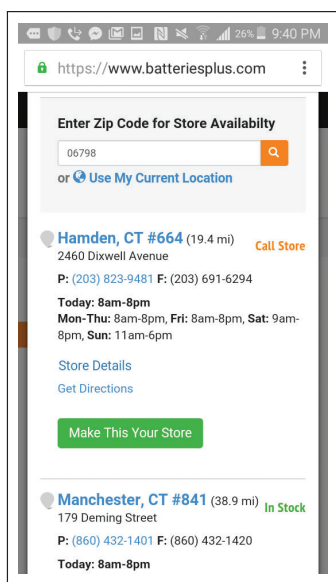
Living in an Omnichannel World

In July, Batteries Plus Bulbs re-platformed with a goal of tying its online presence more tightly to its nationwide network of more than 650 stores.

The mobile responsive site features a new and improved system infrastructure comprising enhanced search functionality, simplified navigation, geolocation technology and multiple purchasing options to create a more holistic and streamlined shopping experience that merges digital and brick and mortar.

A true omnichannel offering, Batteries Plus Bulbs’ commerce platform allows B2C and B2B account customers to shop online with greater access to a wide range of products from its growing inventory of over 50,000 bat-





tery and lighting solutions and related accessories.

Additionally, the enhanced website includes new features and functionalities such as product recommendations, and a more seamless search and navigation process that takes consumers directly to the nearest store and recommends the best product to purchase based on their specific needs.

Russ Reynolds, CEO of Batteries Plus Bulbs, said his business is all about making complex things simple, and

the new website enables both its retail and business account customers to easily shop for products—however, whenever and wherever they want.

“With 80% of all product searches starting online, we understand that omnichannel integration is the gateway to customer engagement and retention,” Reynolds said. “As the retail industry evolves, so will our business, so that we maintain our relevance in this competitive and constantly changing environment.”

During his company’s first-quarter earnings call, Kate Spade & Co. CEO Craig A. Leavitt said the company’s robust ecommerce business continues to fuel its omnichannel success, and deliver growth. “As our customers adopt a cross-channel shopping approach, we are increasingly integrating our stores and ecommerce platform,” Leavitt said. For example, Kate Spade is building on the success of its buy-online ship from-store initiative that allows it to sell more full-priced product and manage its inventories efficiently, as well as the success of its “find it in a shop near you” feature, which helps increase awareness about local stores.

In turn, Kate Spade’s local stores also have a positive impact on its ecommerce business and it is seeing additional online sales growth in new areas where it has recently opened stores.

“All the continued work that we’re doing in terms of integrating the stores and the ecommerce platforms has a number of benefits,” Leavitt said. “The most important one really is for the consumer. So, this is about providing the broadest possible selection for the consumer, not disappointing her with stock outs or anything like that. This is about customer service, doing business with her on her terms.”

Kate Spade’s commerce platform also allows the mer-

chant to improve its full-price sales by managing inventory more efficiently and having more visibility across channels, which also has an important financial benefit.

“This is about making sure that we are letting overall our total business reach the highest levels and not putting any cap on it by having this flexibility, both with how we do business with the customer and how we manage our inventories,” Leavitt said.

Customer Convenience

Tractor Supply Co. may be the least likely merchant to re-platform as an omnichannel merchant, as it did last summer.

Its nearly 1,500 stores are located close to its customers. So if their customer breaks something on a particular piece of tillage equipment or they blow a gasket on a small engine, Tractor Supply customers are not going to order online and wait for two or three days for delivery, CEO Gregory Sandfort said during the company’s third-quarter earnings call. They are going to expect to go to the store, find the replacement part, repair what they are doing and get back to the task.

Sandfort then explained that the strategy behind its omnichannel business is very simple.

“It’s called the three Cs and it first starts with content,” Sandfort said. “And content means giving the customer the information they need to make a decision to either buy online, buy in our store, research products that they think they have either an interest in or a need to have to satisfy something that they are either doing, building a project or something that they need to replace on their property.”

Sandfort said the second piece of Tractor Supply’s omnichannel is community. And what Tractor Supply discovered through its experience in some of the social sites is that its customers like to converse with them, and with one another.

“So all that’s doing is bringing them closer to us as a consumer base, making us more of the desired, I think, retailer for them to exchange commerce with,” Sandfort said.

And the third C stands for commerce, and as they continue to put together its omnichannel puzzle, the idea is to have immediate product available to their customers.

“At less than 1% of our sales, omnichannel is still a very small part of the business, but it is growing rapidly,” Sandfort said. “We are never going to say that it’s going to be a large percentage of our business, but we are convinced, and through the Neighbors Club loyalty program we are going to be able to track much closer those customers who are engaging with us through the web and then tying that back to a four wall store sales number.”

Tractor Supply Co. has been testing both buy-online pickup in store as an added convenience for its customers, as well as buy-online ship-to-store to allow customers to place an order and then receive a call when it's ready to pick up.

Order Management

A critical element of a re-platforming project that cannot be overlooked is the integration of a dedicated order management system. This is a dynamic step that must be taken at the start of the process to ensure that a retailer has a strong understanding of inventory, availability and fulfillment optimization to maximize revenue and deliver a superior customer experience.

A dedicated OMS has the ability to show product availability based on network availability and order constraints, delivering a level of visibility that a native ecommerce system cannot provide. Typical order management capabilities already built into an ecommerce platform aren't powerful enough to ramp up to omnichannel needs. Such systems lack the capability necessary to provide the full picture.

Visibility is the toughest part of omnichannel, said Hudson's Bay Company senior vice president of logistics and supply chain, Erik Caldwell.

"Having brick and mortar as well as online gives you great flexibility," Caldwell said. "However, the challenge becomes when to flow goods into the different channels—ecommerce versus multiple banners."

Caldwell says most companies have a lot of data but limited visibility to what is actually happening in real time. This becomes even more difficult as companies achieve scale, which limits the ability to call audibles as effectively as they could when they were smaller.

Stephanie L. Pugliese, CEO of Duluth Trading, said investing in a scalable technology platform that will support its growth is a key initiative for the company. Duluth Trading plans to implement a new OMS starting this year and expects it to go live in 2017.

"The new OMS will give us real-time visibility into orders and allow us to direct order shipments from different locations, including retail stores, which will ultimately lead to more productivity in our inventory," Pugliese said during a recent earnings call.

Vendor Management

BuildDirect has transformed how homeowners access and purchase home improvement products by building the only online marketplace that offers the widest selection of products at the best value, direct-to-home shipping, free virtual design tools and best-in-class customer service.

But before its February re-platforming was completed, BuildDirect knew it had a major problem. It offered about 6,000 SKUs, but it was selling out products faster than it could get them back in stock.

Now, with its Home Marketplace, BuildDirect's suppliers are able to leverage the marketplace to showcase and sell their home improvement products directly to consumers, helping homeowners get a simple and more trusted online shopping experience, according to BuildDirect co-founder, president and CEO, Jeff Booth.

To help suppliers reach broader audiences, the marketplace gives them a self-service tool they can control to showcase an unlimited number of products directly to homeowners without going through a major retailer.

Booth said BuildDirect's marketplace integrates the industry's best predictive analytics model to provide forward-looking data to suppliers. The models allow suppliers to use three proprietary tools—BuildDirect Demand Rank, BuildDirect Product Rank and BuildDirect Inventory Rank—to identify consumer interest in their product, that product's competitiveness in the marketplace, and the locations it will best perform. All of this is done in real time and is 100% up to date.

This was no small task, either, Booth said. It took BuildDirect's team about two years to build and integrate the new platform, and is still investing money and time to perfect it. "Technology is never done, you are constantly improving it," Booth said.

Between September and February, Booth said the suppliers worked with BuildDirect's team to make sure the interface was easy to understand and implement.

And BuildDirect seems to have built a winner. Up until February, over its first 16 years of business, BuildDirect had launched a total of 6,000 products. In March, it launched an additional 6,000 products.

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