

IN FOCUS

TECHNOLOGY THAT WORKS

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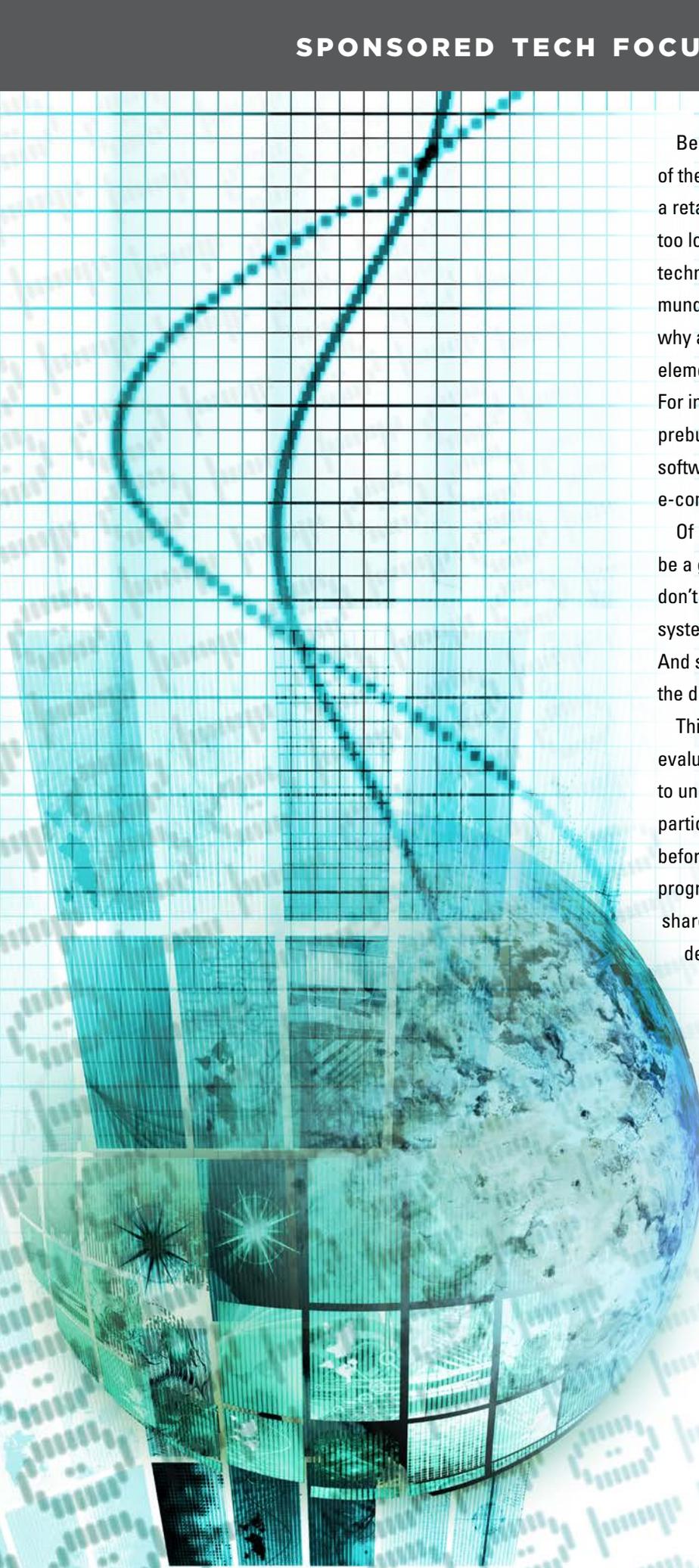
GIVEN THE FRANTIC PACE OF E-COMMERCE INNOVATION, IT'S INCREASINGLY IMPORTANT FOR ONLINE RETAILERS TO BE QUICK TO EMBRACE THE LATEST TECHNOLOGIES.

E-COMMERCE MOVES QUICKLY.

In an industry growing roughly 15% a year, retailers need to be agile or risk joining the 13 retailers that have filed for bankruptcy this year.

Keeping up means staying abreast and implementing the latest technological changes that promise to upend nearly every aspect of a merchant's business—from progressive web apps that enable consumers to have a fast-loading app-like experience on a mobile website to robots that work alongside people in warehouses. After all, e-commerce technology is rapidly changing as it grows smarter, faster, and often, more cost-effective.

That explains why 85% of online retailers in a February Internet Retailer survey said they planned to boost their e-commerce technology spending this year, including 19% of respondents who planned to spend at least 25% more than they did last year. Retailers cited a number of reasons for increasing their spending, including to help them attract more customers, increase their conversion rate and improve their site performance.



Because of the rapid pace of change, speed is of the essence in implementing new technology in a retailer's operations. After all, if a retailer takes too long to put a particular element in place, the technology that was once shiny and new may be mundane by the time it starts working. That explains why a number of survey respondents sought to add elements that were relatively simple to deploy. For instance, 53% listed the availability of many prebuilt integrations with other e-commerce software as a top priority when selecting an e-commerce platform.

Of course, not every technology that promises to be a game-changer pans out. There are those that don't integrate well with a retailer's existing systems, and consumers reject or ignore others. And still other technologies that simply fail to deliver the desired results.

This means retailers need to be scrupulous when evaluating how to allocate their dollars. They need to understand consumer trends, as well as how a particular tool can serve those desires. For instance, before they decide whether to invest in building a progressive web app, they need to understand what share of their customers visit their site via a mobile device and whether there's something lacking in their current mobile design.

In the following pages, you'll find Internet Retailer's interviews with several industry leaders about some of the latest e-commerce technologies. The conversations center on how the latest tools can, and are, helping retailers better serve customers' needs—and improve the retailers' results.

Why online retailers should prioritize customer engagement

If online retailers want to thrive, they need to offer customers a positive and satisfying experience from start to finish. After all, a single bad experience will lead 58% of consumers to never use a company again, according to a recent survey conducted by customer service vendor NewVoiceMedia.

And as e-commerce becomes increasingly competitive, customer experience is expected to grow in importance. By 2020, customer experience will overtake product and price as the key brand differentiator that leads a shopper to click the Buy button, according to a recent report by the consultancy Walker Information Inc.

“The opportunity to engage customers relevantly, in real time, with the right messaging to foster an environment that creates the most personal customer shopping experience, is a must-have for e-retailers,” says Ron Gerace, senior vice president of product and marketing at Exchange Solutions, a provider of cloud-based customer engagement and loyalty products. “If a retailer isn’t driving relevant customer engagement, it is under-performing its potential.”

Most successful retailers have already raised consumers’ expectations, and technology has helped retailers deliver the tailored types of experiences that shoppers desire, he says. But there are still plenty of retailers that fail to prioritize customer engagement and loyalty programs, he says. “The perception is that it is an ‘involved’ process to implement and launch a customer engagement tool and proving its value is simply too difficult,” he adds.

But advancements in cloud-based customer engagement and loyalty tools have provided a solution to those problems, Gerace says. For instance, a vendor can offer a customer engagement capability. “Compared to the ‘old days’ where it had to be put on a road map, these tools allow for rapid deployment, nimble updates and they enable practical use of advanced analytics and lower costs compared to traditional, on-premise



RON GERACE

Senior vice president of product and marketing at Exchange Solutions, a provider of cloud-based customer engagement and loyalty products

solutions,” he says. “All you need is the ability to set a tag and provide banner space on the e-commerce site. Everything else will be handled by the cloud-based engagement product.”

Gerace points to products such as Exchange Solutions’ ES Engage, which identifies consumers who are highly likely to abandon their carts and presents them with personalized offers in real time to prevent abandonment. “It helps get a customer to convert, grow average order values, increase repeat purchase frequency, drive broader category penetration, keep customers longer and create advocates,” he says. “It essentially drives customer

lifetime value while lowering the cost of promotion and incentive.”

Several Exchange Solutions clients have seen success with its tools, including one international home improvement retailer. While the company wanted to boost online revenue without sacrificing its margins, personalizing its marketing messages based on customers’ past behaviors wasn’t working.

After implementing ES Engage, the retailer saw almost immediate success. Within three months, its conversion rate jumped 15%, its average order value (AOV) increased by \$29 per order, and it got a six times incremental revenue in return on its investment in the tool.

Those results are in line with others that have used ES Engage, Gerace says. On average, Exchange Solutions clients experience a 15% lift in conversion, a 10% top-line revenue increase and a 15% AOV increase.

“All e-retailers need to grow their businesses and usually that means growing revenue while maintaining or growing profitability,” Gerace says. “By delivering the right message at the right time to the right customer, the cost of incentives and promotions dramatically drops—and by driving greater customer satisfaction at lower costs, customer engagement tools are creating many heroes in e-retail.” ●



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