

RACONTEUR

New Age of Digital Commerce



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Publisher Rob Stoner

Project manager Georgie Cauthery

Editorial consultant Gren Manuel

Editor Peter Archer

Designer Sara Gelfgren, Kellie Jerrard,
Celina Lucey

Head of production Justyna O'Connell

Digital marketing manager Kyri Rousou

Contributors

Anna Codrea-Rado

Freelance culture and technology writer whose work has been published in the *New York Times*, *the Guardian*, *Wired* and the BBC.

James Gordon

Experienced journalist and executive writer, James has written extensively on business, technology, logistics, manufacturing and sport.

Nicola Smith

Freelance journalist, she contributes to *The Times*, *The Sunday Times*, *guardian.co.uk*, *the Drum*, *Marketing Week*, *cmo.com*, *bbc.co.uk*, *Retail Week* and *Drapers*.

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Unlocking ecommerce growth for smaller businesses

So-called headless ecommerce could enable smaller businesses to compete with the online retail giants

NICOLA SMITH

Amazon updates its website on average every 11.7 seconds. How? Because headless ecommerce enables it to make swift updates to its user interface without requiring it to also update its back-end systems. It enables the most valuable company in the world to be quick, responsive, agile and consistent across every touchpoint.

It has set the benchmark for customer experience: smaller businesses must deliver the same level of fluidity, cohesion and customer service to thrive. As John Williams, chief operating and technology officer at content management solutions provider Amplience, says: "Continual innovations across device technology and digital channels are resulting in rapidly evolving ways to engage customers; small and medium-sized enterprises (SMEs) must increase the pace of development or risk falling behind."

The opportunity is clear: SMEs that use ecommerce forecast stronger growth in profit than all other UK SMEs, while businesses using ecommerce expect to see revenue increase of 1.6 per cent over the next 12 months, compared with 1.3 per cent for businesses that do not, according to *Capital Economics SME Growth Tracker, May 2018*.

11.7s

is how often Amazon updates its website

+0.3%

more expected revenue growth for businesses using ecommerce

Capital Economics 2018

Headless ecommerce could hold the key. Today's consumers engage with brands across a proliferation of touchpoints and devices, from mobile devices to home assistants and shoppable social media feeds. Monolithic IT platforms, with tightly integrated front and back ends, are no longer fit for purpose.

Instead, headless ecommerce separates the user interface from the back-end functionality, empowering companies to develop their content management system (CMS) in a bespoke way. A headless ecommerce approach also makes it easier to interact with cloud services to provide relevant functions via application programming interfaces, so new or updated content can be quickly rolled out to new apps, enabling a frictionless experience across multiple digital touchpoints.

Also described as an experience-led ecommerce model, embraced not only by Amazon, but also by Netflix, headless ecommerce can work for traditional and pure-play brands of all sizes.

Decoupling the presentation layer from the ecommerce platform affords numerous benefits, from greater speed and flexibility in content delivery to better integration. For example, a retailer can easily consolidate its storefront with another system to meet audience needs or build shoppable content, such as a product video, beyond the storefront, enabling customers to add items from the video straight to their basket with one click.

As Mr Williams says, SMEs are facing greater pressure than ever before, not least from Amazon's continually growing product and service range. The only way to stand out is through rich compelling content. "SMEs need to tell powerful stories about their brands and products with visually rich content that engages customers; simple pack shots and stock images on a page will no longer cut it," he says. "For these stories to stand out they need to be contextual for the customer and the device or channel used, but at the same time the experiences must be consistent and not disjointed."

Content rich product and category pages can help to improve conversion and engagement rates, as well as driving customer acquisition. "Many ecommerce retailers believe they have a 'content' strategy, however, this normally involves the editorial being separate to the main product content," says Carl Hendy, an ecommerce consultant who has worked with brands including Marks & Spencer, John Lewis and ASOS. "This normally happens



due to restrictions within a rigid ecommerce platform. Headless ecommerce helps remove this friction.”

The decoupled CMS integral to headless ecommerce means SMEs not holding a large inventory can create bespoke product landing pages, adding true value to the consumer. “[Headless] also enables SMEs to deploy front-end changes quickly without requiring the need for back-end support,” says Mr Hendy.

Headless ecommerce also allows brands to personalise and experiment without the need to implement heavy JavaScript changes or database deployments. “For example, during a peak sales period, a brand may want to test a design change to improve conversion,” says Mr Hendy. “This change can be implemented quickly without many other dependencies.”

Mr Williams predicts that the adoption of headless systems will accelerate in the next year. “We will see everyone, including those using the old on-premise monolithic platforms, scrambling to cut the head off

“We will see everyone, including those using the old on-premise monolithic platforms, scrambling to cut the head off their existing systems to be part of this new movement

their existing systems to be part of this new movement,” he says.

With unrelenting pressure on retailers to deliver a seamless omnichannel experience, coupled with growing consumer demand to explore product information and connect more deeply with brands, SMEs must adapt.

Headless ecommerce might just be the answer, freeing them from complex back-end developments and enabling them to deliver customer experiences that compete with even the biggest brands.



Riding out retail's uncertain future means investing in digital

Retailers that want to overcome market uncertainty should invest in digital technology to drive growth

MARK ADAMS

The only certainty in retail right now is uncertainty. Last year alone saw the sector hit by the triple blow of a business rate hike, higher labour costs as a result of changes to minimum wage legislation and increased competition to bricks-and-mortar vendors from the online giants.

In these unpredictable times, however, lies massive opportunity. Merchants of all sizes can weather the storm by investing in digital technology. Entrusting their business to an always-on platform such as BigCommerce will enable retailers to be as agile as possible in responding to the undulating tides of market dynamics.

Consumers expect a fast web experience. Whenever a potential customer is trying to buy online or on mobile, their biggest bugbear is a page that loads too slowly. If it takes five or six seconds to load a homepage, particularly on a mobile device with a lower bandwidth connection, that frustrating experience will cause the user to abandon the website altogether and go elsewhere.

To really illustrate this, research from the search engine optimisation and ecommerce guru Neil Patel found that 79 per cent of shoppers who are dissatisfied with site performance

say they're less likely to purchase from the same site again. And when it comes to mobile, nearly three quarters of users said that they've encountered a website that was too slow to load. So while high-quality design might make a website look great, what users really care about is speed.

Performance is also no longer just a user experience issue; it also affects search engine rankings. In 2018, Google changed its algorithm to take page loading time into account in its ranking system. Fast load times on mobile are no longer a nice to have, but rather an essential component of any business's search engine optimisation strategy.

It's in this context that scaling for growth has never been more pressing.

A super-busy website, or one that deals with peaks of traffic and orders, will typically experience timing-out issues and struggle to fulfil orders, resulting in lost revenue. Unless the platform can support a high volume of activity, those merchants are not able to scale their businesses for growth at critical times.

From a technology perspective, a retailer can manage its procuring capacity during a peak time, for example at Christmas, by putting in place additional capacity to manage it. But if a merchant wants to run a one-off flash sale in which they get volumes of up to many thousands of orders over a five-minute period, the number of users and requests hitting those servers will just time the site out. This will lead not only to lost revenue, but also lost loyalty because customers weren't able to buy at the exact moment they wanted to.

The way in which businesses now innovate is more important than ever. If a retailer has to bear the full price of innovation, continually developing a bespoke platform or an on-premise solution, the cost to the smaller merchants is just unbearable. Even for the larger merchants, it's not just a matter of cost, but the time it takes to deploy those new features and capabilities becomes a race to the bottom.

The technology world is moving away from software where the customer has to manage upgrades, and deploying new features and capabilities. Instead, we're seeing the rise

“Merchants that take an always-on approach to their digital investments will not only ride out the waves of uncertainty, but they will also rise to the top

of software as a service (SaaS), which automatically deploys those essential updates to the customer.

More than ever, retailers need to be using SaaS technologies, which will enable them to get to market faster, innovate for growth demands, and support and compete from a customer-experience perspective. This is vital to grow their businesses and, in many instances, just to remain competitive.

BigCommerce's platform is key to enabling always-on growth. At the beginning of the year, BigCommerce announced the migration of its hosting infrastructure to Google Cloud Platform, enabling more than 60,000 merchants powering online sales through BigCommerce to benefit from the industry's fastest, most flexible and secure cloud platform.

Merchants that have been successfully migrated have seen, on average, an 81 per cent improvement in connection times, which are now below ten milliseconds, resulting in faster page load times, improved conversion and better customer experience.

For the company's own growth, this will allow BigCommerce to grow as a business and enable merchants running on our platform, which are high-growth, high-revenue, high-transaction vendors, to cope with those demands as well.

To continually innovate within the customer experience and compete with the market leaders in digital commerce, merchants have to look at their strategy in terms of what they're doing for customers. Whether that's attracting them, converting them, retaining them or building brand loyalty, merchants need to be continually innovating in both functions and capabilities. This is the key to enabling merchants to drive business growth.

The landscape for retail is unprecedented, but what is certain is that scalability, performance and innovation cannot take a back seat. Merchants that take an always-on approach to their digital investments will not only ride out the waves of uncertainty, but they will also rise to the top.

53%

of mobile users leave a site that takes longer than three seconds to load

Google 2018

60,000

merchants power their online sales through BigCommerce

BigCommerce

Cohesion in the omnichannel customer journey

As customers increasingly expect a seamless omnichannel shopping experience, brands must maintain a strong and consistent presence

NICOLA SMITH

Customers are interacting with more channels than ever before. According to a June 2018 report from customer analytics platform Kitewheel, the number of interactions for all industries across its platforms more than tripled from 2014 to 2017, surpassing three billion. Specifically, retail grew 93 per cent between 2016 and 2017, with ad tech (350 per cent) and in-store (116 per cent) ranking as the highest retail channel growth rates from 2016 to 2017.

This increasingly complex customer journey means it is imperative for brands to maintain a consistent presence, regardless of channel. As Tribal Worldwide London chief experience officer Adam Powers says, a consumer's experience of a brand is only as strong as the weakest touchpoint they encounter and the risk of brand dilution grows as the number of touchpoints increases.

"It is therefore critical to get brand consistency right. Successful, progressive businesses understand that brand consistency is about so much more than just a visual style guide; it's about the messaging's tone of voice and, increasingly, its actual voice [for virtual assistants such as Alexa and Siri]. Brands must remain consistent in every transition, every animation, every phone call and email," he says.

Headless ecommerce is a powerful tool in empowering brands to take control of their brand content across all digital touchpoints. By decoupling the front-end system, which drives user experience, from the back-end system, which drives functionality such as payments and order management, companies are no

Your brand has to mean something and be different from competitors

longer at the mercy of a pre-defined user experience dictated by the ecommerce platform.

Instead, an independent content management system can drive the customer experience, enabling brands quickly and easily to add new content delivery formats, such as mobile apps or web-based applications, and embed shopping features within content, such as social media and look books.

Retail consultant Martin Newman, founder and chairman of The Customer First Group, says: "Good content is vital, from a website that integrates brand content with the transaction experience, enriching products and driving sales, to in-store visual merchandising and point of sale that sells products."

With technology developing at pace, in turn driving changes in consumer behaviour, companies need to be on their toes. As Mr Powers says, every touchpoint with a consumer is an opportunity to meaningfully affect brand perception. "It's important to have an eye on emergent platforms and trends," he says. "Where might the retailer's brand be compelled to appear next or where might the next great opportunity to engage with customers emerge?"

Headless ecommerce facilitates the agility needed to identify and anticipate such opportunities, enabling brands to make quick changes to capitalise on openings. Take Ama-



zon's Echo and its adhesive wifi enabled dash button, which allows consumers to reorder certain household products by clicking a physical button. More recently, the company has also introduced a virtual dash button that can be placed on web sites. Amazon's use of headless ecommerce helps it to roll out new touchpoints quickly to meet changing consumer demands.

Marc Warburton, founder and director of fast-moving consumer goods consultancy Daedal, says: "Shoppers don't differentiate between channels any more, so if a retailer is hoping to develop any kind of meaningful and enduring relationship with the shopper, it's essential that the point of interaction, in other words the brand, makes this experience as seamless as possible."

Integral to achieving a connected customer experience is having a clear understanding about the difference between a multichannel operation and an omnichannel operation. "Most brands, suppliers and retailers, do not have a coherent, embedded understanding of what omnichannel is and how it differs from multichannel," says Mr Warburton. "The result is they talk about omni and just do multi."

Omnichannel enables consumers to connect, share, engage and convert easily across all social media channels and retail touchpoints. And it pays: omnichannel customers generate 27 per cent of all sales, despite representing only 7 per cent of all customers, according to *Criteo's Global Commerce Report, Q1 2018*.

Social media commerce is one emerging area.

For example, successfully integrating Instagram's shoppable posts and Pinterest's buyable pins into an ecommerce strategy relies on several key factors, including personalisation, data-driven insights and messaging. In short, it demands agility.

The opportunity is considerable. More than 800,000 shoppers use Instagram every month and the platform has particular appeal in the UK. According to BigCommerce's *2018 Omnichannel Report*, twice as many UK respondents made a purchase on Instagram as global respondents.

Omnichannel retail is here to stay, so brand consistency will play an even more important role in the future. Mr Newman concludes: "Once everyone has a joined-up multichannel proposition, for example click and collect, online, ship from store as well as relevant services, where does the Differentiation come from? Your brand has to mean something and be different from competitors."

93%

of mobile users leave a site that takes longer than three seconds to load

Google 2018

27%

of sales are generated by omnichannel customers

Criteo 2018



Dispelling the mobile security myth

Improving the security of mobile ecommerce is a win-win for retailers and customers alike

ANNA CODREA-RADO

Making a purchase on your smartphone has never been easier. The infinite scroll now extends to browsing a brand's website and buying products at the tap of a thumb.

Consumers are increasingly turning to their phones, rather than laptops and desktop computers, to make purchases. On last year's Cyber Monday, the biggest ecommerce

sales day of the year, research from Adobe Analytics found that total sales through phones hit \$2.2 billion, up from \$1.4 billion on the previous year.

At the same time, however, consumers and merchants alike still worry that mobile purchasing is less secure than on a desktop. A report from the Interactive Advertising Bureau found that while 80 per cent of global customers are satisfied with smartphone shopping options, the main barrier to adopting mobile commerce is trust and security.

So when it comes to mobile consumer experience and security, does there need to be a trade-off?

“Getting security right is a trade-up, not a trade-off,” says Philip Mustain, founder and chief executive of mobile software company Mobilize. “It should improve safety and customer experience. Proper, effective security should only enhance customer experience.”

A major concern for merchants is how consumers behave when accessing websites via a public wifi network. When using open networks, customers tend to be wary of making financial transactions.

When businesses integrate security measures with smart mobile customer experience design, however, customers don’t have to change their behaviour according to which network they’re using.

“Consumers should feel so comfortable buying and selling on public wifi, home networks or cellular data that they don’t even pay attention to this aspect of their user experience and can focus on the task they’re actually trying to achieve,” says Mr Mustain.

The first step is ensuring strong, on-device security and proper bonding to provide smooth connections so users will be less reluctant to use public wifi to make online purchases. “Dead zones of poor connectivity can be fatal to businesses that rely on their customers having a strong secure connection to browse websites and then make and complete purchases,” says Mr Mustain.

The next level is in-app security. Businesses providing an app for ecommerce need to make sure that it has its own security protocols so customers can feel equally confident using it, regardless of their location.

As mobile application security testing continues to improve, so are the tools developers can use to integrate strong authentication and advanced security into their mobile apps.

“There are software development kits that allow developers to easily integrate a secure channel between a mobile app and back-end services,” says Sam Bakken, senior product marketing manager at cybersecurity company OneSpan. “This ensures that the device is talking to the server it expects and the server is talking to the device it expects, so an intermediary can’t intercept those communications.”

Increasingly, consumers expect this level of security from businesses. According to OneSpan’s research, of financial institutions across Europe and the United States, the ones whose customers trusted the security

“In the digital retail environment, good mobile consumer experience will increasingly become synonymous with security

\$2.2bn

sales through phones on Cyber Monday

Adobe Analytics 2018

of their digital services transact more often with their online portals and mobile apps.

“Today’s consumers expect retailers to put a premium on security to ensure they stay several steps ahead of any new techniques that fraudsters devise,” says Frans Labuschagne of mobile app security company Entersekt. “There is a fine balancing act between security and easy user experience.”

One solution is strategic partnerships. As Mr Labuschagne says: “Partnering with a fintech, one that already has this technology in place, will enable retailers and other institutions that manage transactions to quickly and cost-effectively up their security game, while at the same time enhancing the user experience.”

As many companies are already working to address these issues, to a large extent, security comes down to consumer education. Businesses need to be better at educating their customers about the existing security measures they already take.

“Businesses can reduce wifi use by offering only 4G network devices and push VPN networks as standard,” says Jake Moore at global cybersecurity firm ESET. “However, people still favour convenience over security, so it has to come with some sort of engaging awareness training. Induction training is usually the best place to mention this.”

In the digital retail environment, good mobile consumer experience will increasingly become synonymous with security. This should be through an on-device security product that works as a partner with the mobile user.

“Crucially, it needs to be intelligent enough to turn on and off automatically when needed, so the mobile user doesn’t even have to think, or worry, about security,” says Mr Mustain. “If security is getting in the way of the user experience and means consumers can’t enjoy the full capabilities of their mobile, then it’s not doing its job.”

Future-proofing your agility

Will online shopping finally see off the high street or could clicks mix with bricks?

JAMES GORDON

You don't have to be a retail analyst to know that the high street is under threat like never before. Boarded windows, closing down sales and deserted streets provide evidence of that and, with many shoppers preferring to buy from major ecommerce sites, many are predicting its slow death.

Take retail supremo Mike Ashley, for example. He says that many high streets up and down the UK are already dead. But should we take the Sports Direct tycoon at his word and, if so, is it fair to blame the retail sector for the demise of the high street?

Phil Mckeith, a digital transformation consultant, disagrees with Mr Ashley and thinks ecommerce platforms, created by companies such as BigCommerce, could actually save high street shops "by future proofing their agility".

Mr Mckeith, who is the head of digital transformation for Yumi, a mid-level fashion brand with both an online and high street presence, explains: "I've been working with Yumi for three years. During that time, I've helped to migrate the company from the industrial world to the digital-first world by replacing its enterprise system, which was monolithic and unwieldy, with much more modular software-as-a-service (SaaS) solutions.

"The SaaS-driven software has a multi-functional ecommerce platform at its heart, which is connected to Yumi's customer relationship management and product information management systems. This has helped to increase the speed at which the company can get its goods to market. There is also the potential for these systems to increase footfall by ensuring customers

receive a faster flow of product information that's relevant and personal to them."

Mr Mckeith, who has worked in digital transformation for 18 years, says that since Yumi has begun using the modular ecommerce system, "it has become 70 per cent more cost effective".

He says: "A cloud-based SaaS-savvy ecommerce platform is much more malleable and lithe than traditional software hosted via an on-premise server. For example, on using legacy systems, it would cost about £10,000 and take several months to carry out conversion optimisation work to a website. But using ecommerce platforms, which gives me access to around 7,000 software providers, I found the right solution for Yumi and was able to complete the project in a fortnight."

Mr Mckeith says if more small and medium-sized enterprises (SMEs) were willing to embrace digital transformation and leave their one-size-fits-all systems behind, it could open the way for made-to-measure ecommerce systems, which he believes is the key to innovating and modernising the high street.

"In terms of ecommerce platform agility, SMEs can lead the way," he says. "They have the advantage of not being welded to a large retail ecosystem like the big high street chains. By using cloud-based ecommerce platforms, they can be up and running in weeks, rather than the eighteen months to

A growing number of digitally native brands are opening up pop-up shops on high streets



two years it would take using a monolithic system. And with speed to market often so important, a high-street business using an off-the-peg ecommerce platform can really flourish.

“The change management doesn’t stop there, of course. With ecommerce platforms releasing new software every week, the forward-thinking business is the one that takes advantage of the bleeding-edge software, constantly iterating to stay ahead of its rivals.”

Mr McKeith points to innovative ecommerce platforms that have partnered with social networking giants to enable fashion brands such as Yumi to tag their products on Instagram posts, which has a global audience of 500 million people.

“This was a revolutionary development, not just for ecommerce platforms, but for the global retail sector, as it cut out several steps in the buying process and has moved the industry one step closer to one-click purchasing,” he says.

“At the back-end too, pioneering ecommerce platforms harmonised with social networking sites are also making inroads. Take Facebook’s Intent To Buy Pixel technology, for example, which it released before Christmas. If a prospective customer with a Facebook account is browsing for a handbag

500m

daily active
Instagram users

Facebook 2019

online, Facebook allows us to personalise adverts, even though the customer may never have been on our website.”

But won’t AI-driven technology like this make it even easier for us to shop online instead of buying goods on the high street?

Mr McKeith says: “In the future, it may be that the lion’s share of purchases are made online, but that doesn’t mean the end of bricks-and-mortar retail. For example, a growing number of customers have contacted Yumi via Facebook asking if we have plans to open shops. Secondly, in the US, a growing number of digitally native brands are opening up pop-up shops on high streets. This is entirely down to the agility generated by the ecommerce revolution. I think this will only grow.”

Mike Cherry, national chairman of the Federation of Small Businesses, agrees that a high street and online presence are not mutually exclusive, and can complement each other.

However, Mr Cherry believes there is still much work to be done. He points to research that shows a quarter of business owners in England lack confidence in their basic digital skills. “Firms risk being left behind unless they have the skills to take advantage of technology to remain competitive and responsive to their customers,” he concludes.

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