



*Do Today's Retail Realities  
Require You to Rethink  
Your Ecommerce Strategy?*

*Success as a retailer today depends on attracting and retaining today's high-value digital leaders.*

## TODAY'S RETAIL REALITIES

Retailers that succeed recognize one basic fact: not all customers are created equal. In fact, recent research shows that only 22% of online shoppers influence an astounding 69% of all purchases. Given this knowledge, it is no secret that your success as a retailer depends on attracting and retaining these high-value digital leaders. A recent survey by the University of Arizona uncovers these facts about the leading 22%:

- **Mobile and Multi-channel:** They are 2.5 times more likely to rank mobile and multi-channel as critical online shopping capabilities over their less-savvy counterparts. Because mobile is evolving so fast, this means you must have the ability to move faster than your competitors in order to win the sale.
- **High Service Expectations:** They also rate the importance of retail service twice as high as others. Online retailers must offer best service practices to succeed.
- **Highly Informed:** Using an average of 3.5 information sources prior to a purchase, they often know more than the store associate when they visit a physical location. As a result, seamless integration between the online experience and the emerging digital store is mandatory, as is the continuous introduction of new services that accompanies such environments.

As a retailer, you are being pressed from multiple sides. You must meet the needs of these digital leaders if you hope to grow rapidly on a global basis. To do so you need to focus on the strategic business initiatives that will drive growth across channels such as personalized in-store experiences, global expansion, pop-up stores and buy anywhere/fulfill anywhere capabilities. At the same time you must rein in costs amid ongoing pressure on margins.

***Can your existing ecommerce platform enable all this?***



## EXISTING SOFTWARE RELATIONSHIPS CONSTRAIN GROWTH

A recent survey of 156 ecommerce executives shows that few are confident that they can meet these challenges. Over 70% of those surveyed stated that they are concerned that their existing systems are not capable of evolving to meet tomorrow's requirements. This lack of confidence is based on three glaring flaws inherent in on-premise ecommerce solutions.

### **RETAILERS AND TRADITIONAL SOFTWARE VENDORS ARE SIMPLY NOT ALIGNED TO ACHIEVE COMMON OBJECTIVES.**

For the retailer, the objectives are straightforward: grow sales profitably, expand globally, move faster than the competition, and offer a superior shopping experience. For the software supplier, the objectives are: sell as many licenses as I can, lock the client into my technology platform, and hold back new functionality so that I have something to sell when it comes time to renew the license contract.

There is an inherent pricing and revenue disincentive for the software supplier to provide you with continual updates. Hardly a recipe for success.

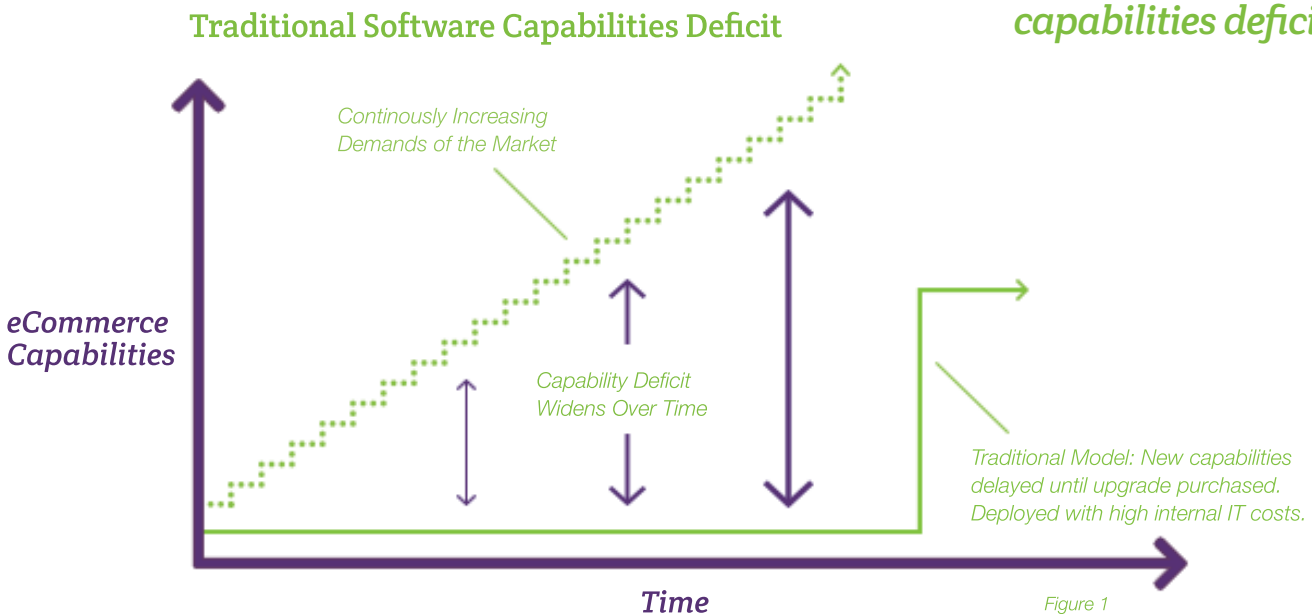
*Forrester says **70%** of retailers are concerned about their systems' ability to support their business.*

## DID YOU KNOW?

### DEPLOYING AND MAINTAINING TRADITIONAL ON-SITE SOFTWARE INCURS HIGH INTERNAL COSTS AND STRAINED IT BANDWIDTH.

These same 156 executives cited an average of 34 full-time technical resources, at an average annual cost of \$212,000 per person, to support their online initiatives. Total ecommerce platform costs came in at a whopping 7.6% of online sales. These high costs mean that retailers are not inclined to incur the additional IT costs and external outlays required to implement a major upgrade. In fact, only 13% reported upgrading their software more than once a year. But your customers continually want new functionality to enrich their shopping experience. The bottom line: high costs, combined with the lack of alignment cited above, creates an ever widening capabilities deficit (see Figure 1). Your retail customers continually want more, but you are held back from meeting their expectations until your current software capital expenditure is amortized and your software supplier finally gets around to issuing a new major release.

*According to Forrester, traditional ecommerce platforms are costing retailers 7.6% of online sales. These high costs deter retailers from deploying upgrades and results in an increasing capabilities deficit.*



### YOUR ECOMMERCE SOFTWARE SUPPLIER IS AT HEART A TECHNOLOGY EXPERT, NOT A RETAIL EXPERT.

The people that design and build the software do not spend every waking moment thinking about retail best practices. They think about software best practices. Traditional software suppliers are not only out of alignment with you from a revenue perspective, they have different fundamental interests.

***All this means you and your software vendor are more at odds with each other than on the same side.***

## Choose an Ecommerce solution provider who:

- 1 Is aligned with your goals to grow faster, globally and profitably
- 2 Can provide you with expertise about current and future retail best practices
- 3 Makes it easy for you to add new functionality and maintain availability

## THERE IS A BETTER WAY

To achieve your future goals, consider a new approach to digital commerce and partner with a solution provider that is aligned with your goals to **grow faster, grow globally and grow profitably**. To start, your ecommerce solution provider should be able to provide you with expertise about the current and future best practices for retail and online shopping. It should be able to tell you something that you don't know that can improve your business and help you anticipate the needs of your customers. To provide this retail expertise and original insight, your ecommerce provider should be financially incented to see your business grow, not just sell more licenses.

Your ecommerce partner should make it easy to continually add new functionality while maintaining availability. You need to move faster to take advantage of new business opportunities and meet the ever-increasing demands of your customers. The decision to upgrade should not be predicated on your limited internal IT resources, nor should it be delayed due to technical constraints. Updates should occur multiple times per year.

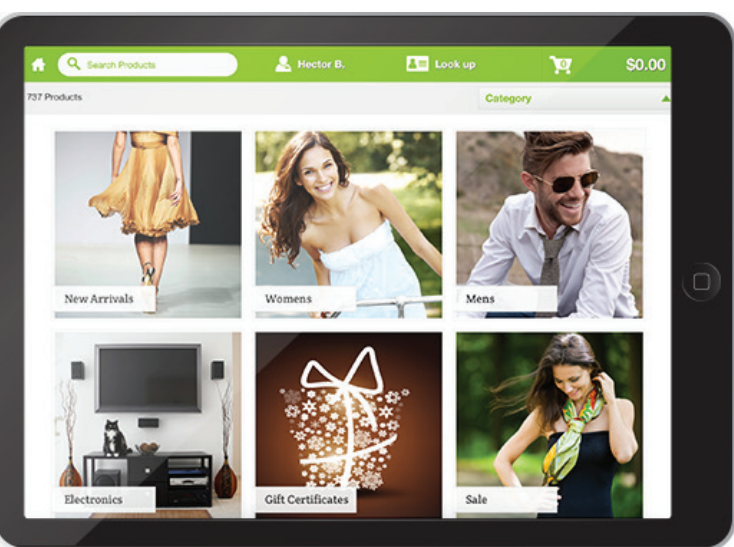
Finally, your solution should have predictable costs that don't penalize you for expanding your business, having spikes in your online traffic, or moving into new regions. Rather, you need to extract the full value of your solution by being economically aligned with your ecommerce supplier.

A supplier that does all this allows you to innovate and deploy new retail services faster than your competition. You experience a faster time to market. And, with the peace of mind that comes with knowing the latest technical capabilities are automatically made available, you will be able to concentrate on satisfying the needs of the bellwether 22 percent.

## AN ECOMMERCE PROVIDER WITH SKIN IN THE GAME

Demandware takes a different approach than traditional software vendors. At the core of the Demandware/retailer relationship is a set of common goals and objectives that keep you at the forefront of innovation. Demandware is compensated on a shared success model, rather than on license and maintenance fees. This economic alignment means that we seek the same goals that you do and drives all our activities to increase your sales.

Knowing that insights into future consumer behavior can give retailers a competitive edge, Demandware engages in primary research to determine new buying patterns and trends. Although this helps us to add new capabilities to our solution, a primary reason for this activity is to provide the intelligence our retail clients need to provide better service and move faster in the market. This means Demandware clients possess market intelligence found nowhere else.



On average, we provide six major software updates per year, many more than software suppliers with the traditional “hold back until they sign the new contract” revenue model. The reason for this is simple: If our clients can deploy new capabilities and enter new markets ahead of their rivals, we both succeed. Demandware clients take advantage of continuous innovation and reduced time to market, resulting in a capabilities surplus.

To avoid the high costs and constraints of internal IT staffs, Demandware uses a cloud-based model. This means that new features are immediately available to you without the related IT costs and need to develop new internal skill sets. In fact, users surveyed reported that a cloud model reduces the cost of ecommerce solutions by more than half, from 7.6% to only 3.4% of online sales. Additionally, because the ecommerce software is no longer hosted on your internal servers, you will confidently operate within a proven world-class technology environment with 99.99% historical uptime.

**WITH DEMANDWARE, YOU CAN CONCENTRATE ON WHAT YOU DO BEST:**

Providing superior service and value to your retail customers, while having the ability to rapidly enter new markets and take advantage of rapidly-evolving opportunities. This means higher revenues, faster growth and better margins.

*Advantages of a cloud model:*

**Continuous innovation:**  
receive 6 major releases per year

**Time to market:**  
launch new brand and international sites faster than your competitors

**Peace of mind:**  
minimize the complexities in your systems and focus on your business

Bhappu, A., Lawry, C., Garf, R. (2012) “Who are Digital Divas and Why Should They Care?” Online. Available: [http://www.demandware.com/uploads/resource/Digital\\_Divas.pdf](http://www.demandware.com/uploads/resource/Digital_Divas.pdf)

“Understanding TCO when Evaluating Ecommerce Solutions” Forrester Research, Inc., October 13, 2011.



## ABOUT DEMANDWARE

Demandware, a leader in digital commerce, enables the world's premier retailers to move faster and grow faster in the changing face of retail. Demandware's enterprise cloud platform minimizes the costs and complexities of running global, omni-channel commerce operations, and empowers retailers to respond with speed and agility to new market opportunities and continually evolving consumer expectations.



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