



An Oracle White Paper
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Commerce Anywhere: A Business and Technology Strategy to Maximize Cross-Channel Commerce Growth

Introduction

Gone are the days when an e-commerce division was the lonely stepchild of a merchant's business, clamoring to prove its value. Today, e-commerce serves as a critical growth channel for businesses in just about every industry—a position that will only grow stronger with the emergence of social and mobile commerce, and the continuing integration of these channels with physical stores and contact centers. E-commerce has gone from fringe to foundation, and e-commerce platforms are now serving as the core engines powering cross-channel commerce operations. This means that business managers now need to think strategically about how to engage, sell to, and serve customers across *all* channels and devices.

The well-informed “anytime, anywhere consumer” with mobile device in hand, ubiquitous access to broadband, and a passion for social media exerts far more control over the research and buying process than ever before. This consumer, in his or her quest for the right purchase, will have many interactions across channels and rely more heavily on peers, friends, and family to make final decisions. Businesses need to understand this more complex consumer journey if they are to intelligently connect with customers—wherever, whenever, and in whatever way they prefer to perform research and make purchases. The process of marketing, selling, and building lifetime value in this evolving environment is clearly a new endeavor.

Commerce anywhere describes the approach Oracle believes businesses must adopt to serve today's anytime-anywhere consumers in a seamless, personal way—be it on the Web, in a store, over the phone, via mobile device, or all of the above. This white paper details a commerce-anywhere approach that encourages businesses to extend their concept of the research and purchase process beyond individual transactions. Businesses will need to adopt a holistic view of the customer lifecycle, using both traditional information and new sources such as social media.

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Meeting the Commerce-Anywhere Challenge

Companies need to understand how they can best evolve both their business structures and their technical solutions to meet the challenges of a commerce-anywhere approach to selling. Planning for and implementing a more unified cross-channel, multitouchpoint, multi-interaction selling solution is critical to their success.

Much more complex than ever before, today's shopping and buying cycle spans

- Device types (mobile phone, tablet/iPad, kiosk, point of sale [POS], personal computer)
- Locations (home, work, travel, in the store)
- People (peer, friend, sales assistant, personal shopper)
- Sites (social sites such as Facebook, marketplaces such as eBay and Amazon, and comparison sites such as Shopzilla and PriceGrabber)
- Times (in and out of normal business hours and over time, as the consumer moves from consideration, research, and recommendations to purchase)



Figure 1. The evolving consumer journey involves numerous interactions, channels, and touchpoints.

In addition, there are significant forces in today's commerce environment that drive growing consumer expectations of their buying experience:

- New cross-channel consumer expectations are being escalated by innovative bricks-and-mortar companies such as Best Buy, which offer convenience services like the option to buy online and pick up in a store.

- The popularity of social sites and user-generated content is changing the way consumers research and shop—and thus shifting the way companies market to them.
- The proliferation of mobile devices, smartphones, tablets, and e-readers enables consumers to look for product information online—even when they’re standing in a store aisle.
- Busy lifestyles have consumers researching and communicating in bite-size chunks at home and on the road with their mobile devices.
- Consumers’ willingness to share personal information—especially when they believe they will benefit from it—is helping sellers provide better treatment, more-relevant content, improved suggestions and recommendations, and more valuable promotions.

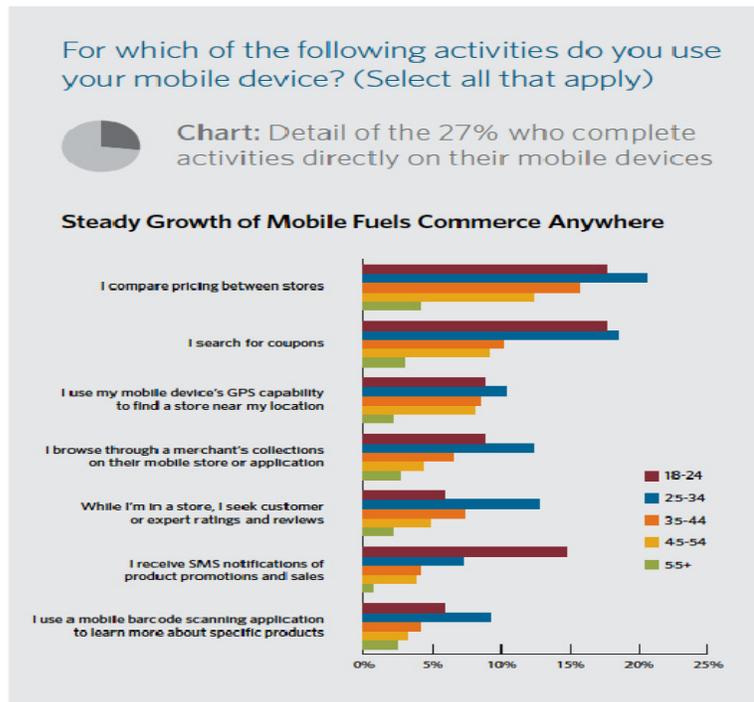


Figure 2. A 2010 consumer survey found that consumers are rapidly increasing their use of mobile devices for a wide range of commerce-related activities—a finding further supported by growing mobile commerce activity during the 2010 holiday shopping season.¹

Yet as consumer expectations of commerce continue to rise, many sellers are still treating interactions as discrete, disconnected visits. They miss the context of previous contact, and as a result they fail to provide the customer with a satisfying, consistent experience that intelligently understands where a

¹ ATG, “Consumer Shopping Experiences, Preferences, and Behaviors: Steady Growth of Mobile Fuels Commerce Anywhere,” October 2010.

customer is, what they've asked before, and what kind of device they're currently using so as to inform the current interaction and drive a purchase. The seller's goal should be to choreograph every channel to work in concert to meet consumer expectations and drive revenue.

A New Commerce Environment

Selling via multiple channels (Web, store, call center, catalog) is nothing new. In fact, most companies have been doing so for decades. However, the complexity of back-end systems; the cost of integration projects; and the deeply entrenched, disconnected business processes in place at many businesses have made it economically prohibitive to deliver a truly unified and optimized multichannel experience across channels. In the past, these limitations forced each channel to operate independently, missing opportunities for synergy and coordination.

Today's commerce environment is very different. Some of the technical trends driving this new cross-channel landscape include

- Broadband penetration and wireless advancements that make mobile and rich-media applications practical and consumable by large consumer populations
- Smart mobile devices such as the iPhone, Android, and Blackberry that are starting to deliver a compelling browsing and buying experience as well as a compelling platform for mobile checkout and POS
- Tablet devices such as the iPad that offer an ideal footprint for sales and field assistance applications
- Advancements in integration solutions that unify data across channels and lines of business
- Technologies such as Web services, Representational State Transfer (REST), location-based services, and software as a service (SaaS) applications that make commerce anywhere cost effective and viable

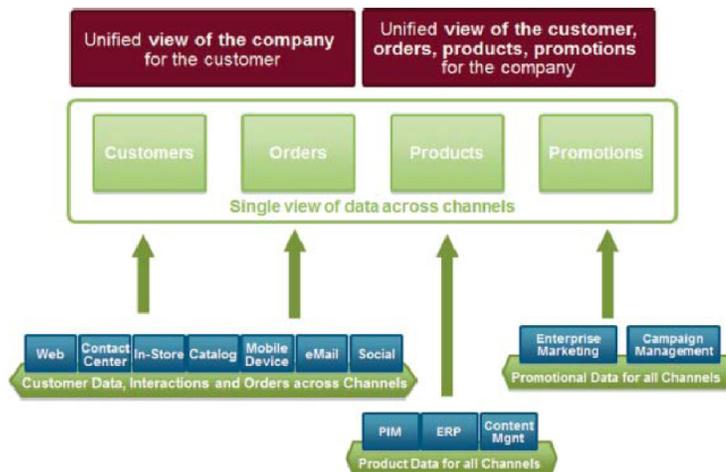


Figure 3. An effective commerce-anywhere environment must provide a consistent cross-channel experience to customers, and give companies a single view of the customer.

By leveraging a new generation of technologies, devices, and software, enterprises can cost-effectively and efficiently move from a model of independent multichannel sales processes to an integrated and unified cross-channel sales model.

The Need for Business Transformation

The commerce-anywhere approach requires that companies deliver the optimal customer experience for both brief single-channel, single-device, single-interaction buying sessions and more-complex multichannel, multitouchpoint, multi-interaction buying cycles, which span a longer period of time (days, weeks, or even months). The ideal cross-channel selling model is unified while still allowing some aspects to be independent. In traditional approaches, in contrast, channels are treated separately, and they are hooked up pair-wise over time or are forced to employ exactly the same approach at all times. The right approach is a mix of distributed and centralized aspects optimized for the strengths of each channel.

The challenge in this is that the data and systems supporting a unified, more intelligent customer experience can be complex and difficult to access, typically buried in a range of legacy systems, applications, and business functions both inside and outside a company’s boundaries. This technology hurdle has often been the barrier to fast or straightforward implementation, and a legitimate excuse for not implementing the ideal customer experience.

Today, however, the technology landscape is significantly changed. By leveraging a new generation of technologies, devices, and software, enterprises can cost-effectively and efficiently move from a model of independent multichannel sales processes to an integrated and unified cross-channel sales model.

Although a critical enabler, technology alone will not lead to business success. Companies must also ensure that their business processes and organizational structure are suited to today’s commerce-anywhere environment. Businesses must be transformed from siloed structures into unified cross-channel selling organizations—with customer experience and business processes that have been re-engineered accordingly.

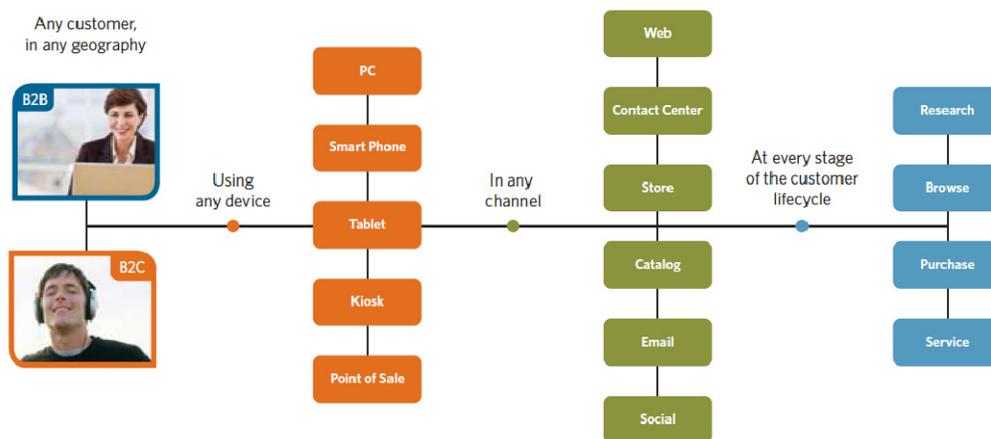


Figure 4. Businesses must efficiently create and manage a unified, personalized customer experience across all product categories, brands, and sites.

As consumers change their research and purchase habits, companies must change how they engage with and service them. Consumers expect easy access to valuable information and in-the-moment service—expectations that are driving a change in the nature of interactions companies will need to support over the Web, via mobile device, in the store, or by phone.

Consider what's happening with the in-store experience for businesses that have sales associates in the store. With eroding consumer satisfaction, it will become increasingly important to untether the sales associate from the register and provide personalized service in the aisle. By allowing associates to shop alongside consumers (and arming the associates with information about specific consumers), businesses can provide the personalized experience that turns sales associates into consumer advocates. For example, in-store personnel can use iPads or other mobile devices to provide superior service, such as personal shopping advice and in-the-aisle checkout (sometimes referred to as *line-busting*). These personal assistance applications allow associates to create and update consumer profiles, preferences, and wish lists. They also enable them to view cross-channel order histories and make appropriate recommendations to consumers.

Companies are also developing in-store kiosks for customers who prefer self-service. These kiosks—which can be stationary or accessed via mobile devices—enable the consumer to “touch” or “experience” a product in the store, and then place an online order immediately for the same item in a different color or to arrange for home delivery, and so on. These apps offer access to inventory or assortments not available in every store, thus expanding selection and access without incurring additional shipping costs or using valuable store real estate for onsite inventory. Further, a mobile application could recognize that a consumer is in a store, and offer personalized recommendations based on information captured through past interactions in all channels.

What else does the future hold for in-store applications? Will POS, sales assistance apps, and kiosks converge? New in-store applications are already emerging that combine basic transaction-processing POS capabilities with personalized service features such as account, profile, and preference management. These in-store applications will offer more direct-to-consumer promotions and be able to sell merchandise and service not necessarily available in the store itself. The heads of business functions will need to define the requirements of next-generation in-store applications to include up-sell and cross-sell recommendation capabilities. These will help lift average order value and generate repeat visits. In the end, the focus should be on the ideal experience, knowing that these applications will need to integrate with a commerce engine, other enterprise apps such as loyalty or order management, and in-store direct-to-consumer promotions.

Consider what's happening with the in-store experience for businesses that have sales associates in the store. With eroding consumer satisfaction, it will become increasingly important to untether the sales associate from the register and provide personalized service in the aisle, as the consumer increasingly uses mobile devices to seek better prices, read reviews, and comparison shop.

The business transformation will come not only in technology and customer experience. It will also include transformations in personnel skills, business metrics, and organizational structures. For example, the marketing function will evolve from a channel-specific function to an enterprise-centric one. In fact, progressive retailers are already integrating their direct-to-consumer and retail store organizations to unify strategies and processes. The goal: to deliver a more consistent overall brand

experience across these channels. For example, the business process of setting up a new item can be re-engineered to support holistic multichannel item attributes and enable simultaneous setup for all channels. Metrics will change to better understand the entire cross-channel business, including the impact of mobile and Web applications on in-store and total sales. Lastly, employee compensation models must account for multichannel shopping so that employees are justly rewarded regardless of whether a shopper buys goods off the store shelf, places a Web order in the aisle, returns home to place the order online, or completes a phone order.

E-Commerce Becomes the Foundation for *All* Commerce

Capturing information in multiple channels, aggregating it into a 360-degree view of the consumer, and painting the full picture of the enterprise operation is a significant undertaking. Current architectures need to adapt to the needs of the new commerce-anywhere environment, where disparate systems must work together. Yet no single system exists in the enterprise datacenter today that effectively choreographs all of these disparate elements. There is, however, one infrastructure that already houses much of this information: the e-commerce platform.

A well-designed e-commerce system can form a solid foundation for commerce-anywhere capabilities. E-commerce systems already interface with product, inventory, order management, and financial information; customer relationship; and transactional systems. They adapt to different levels of information availability and different rules that dictate which systems provide the final authority on particular data. E-commerce sites are built to aggregate information for a high volume of visitor traffic, and can personalize customer views. Although no single architecture fulfills all commerce-anywhere needs, an e-commerce platform can elegantly deliver the information and services needed by most selling applications (Web storefront, kiosks, call centers, and mobile).

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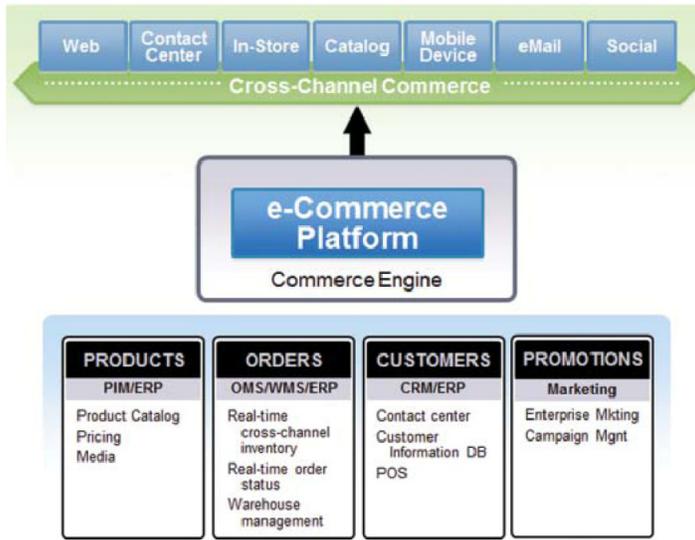


Figure 5. A strong e-commerce platform is the center of the commerce-anywhere environment.

Dropping the *E* in *E-Commerce*

Commerce anywhere is within reach today. More and more companies are choosing their e-commerce platform as the engine and software foundation for all of their selling and commerce applications, and to support all of their channels and devices.

In the past, managing a unified view of customers, orders, and products across channels was almost impossible to pull off, both financially and organizationally. The complexity of back-end systems, the cost of integration projects, and the deeply entrenched nature of siloed business processes all combined to make delivering a truly unified cross-channel experience out of reach for most organizations. As a result, channels operated independently—without synergy or, in some cases, even coordination. This is no longer the case. New solutions and new technologies can unify cross-channel commerce for companies.

The Challenge and the Opportunity

The commerce industry is in a major replatforming cycle, with many companies replacing outdated e-commerce systems that can no longer handle their growth and new business requirements. As they plan their replatforming projects, CIOs and architects are rethinking their approach, striving to serve more than just the Web storefront. They see the opportunity to leverage their new platform to provide commerce services to other sites and applications while reducing both initial and ongoing IT costs.

The e-commerce platform can capture information in multiple channels, aggregate it into an actionable view of the customer, leverage content and interaction history for use in other channels, and paint the full picture of the enterprise operation. It provides the flexibility to adapt to varying kinds of

information at different times, even when that information comes via separate interactions. There is no other single system in enterprise datacenters today that choreographs all the necessary elements as well. Current architectures are transforming to deliver commerce services and unified customer, product, and order information to all the applications that need them. Here's where the e-commerce platform emerges and takes on a new role as the commerce-anywhere platform.

Conclusion

A well-designed e-commerce system can serve as the basis for a true cross-channel commerce solution. This system must already interface with product, inventory, order management, and financial information; customer relationship; and transactional systems. And it must typically adapt to different information availability and rules about which system is authoritative on which data. The system aggregates information in a meaningful way for a high volume of visitor traffic, and it can personalize the view to serve different audience needs. It is the most compelling place to aggregate customer-facing information. No longer just a Web solution, e-commerce is assuming its rightful position as the foundation for *all* customer-facing commerce applications across all touchpoints.



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Hardware and Software, Engineered to Work Together