

TOP CHALLENGES FOR MULTI-CHANNEL RETAILERS IN 2015



CONTENTS

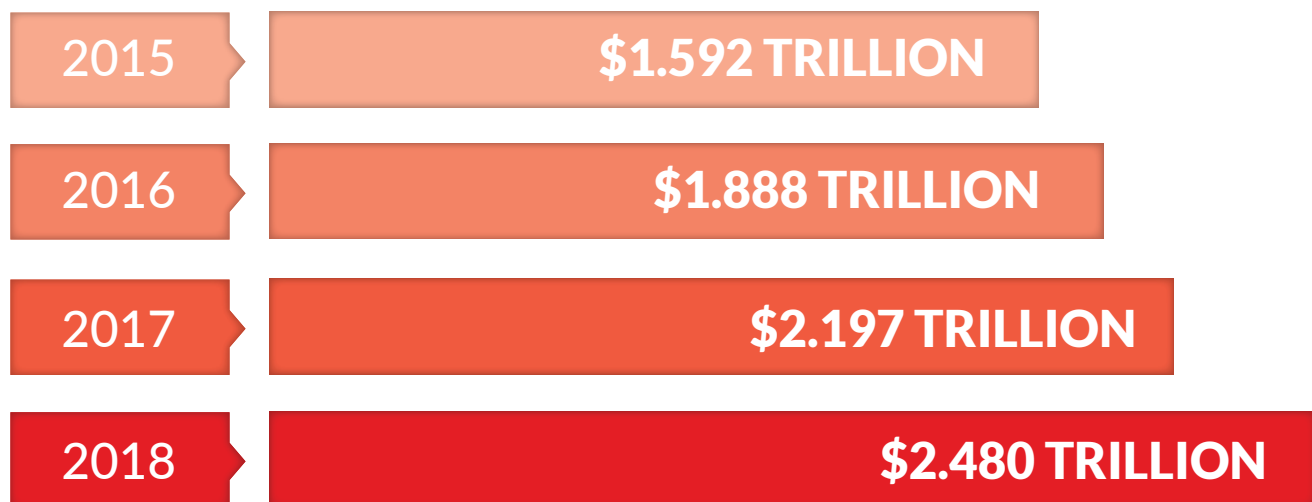
| | |
|--|---|
| Top Challenges for Multi-Channel Retailers In 2015 | 3 |
| Current Challenges for Multi-Channel Merchants | 5 |
| Trends We All Must Be Aware Of | 6 |
| Strategies And Tactics For Multi-Chanel Merchants | 7 |
| Multi - Chanel Merchants "Must-Do" List | 8 |



TOP CHALLENGES FOR MULTI-CHANNEL RETAILERS IN 2015

Worldwide ecommerce is forecast to grow at remarkable rates, rocketing 21.0% to \$1.592 trillion US in 2015, and continuing double digit growth in 2016 to increase 18.6% year over year to \$1.888 trillion. While that's great news, it's kind of a no-brainer. Everyone knows ecommerce business is really good and only getting better. What multi-channel retailers really need to know is how to best capitalize on this trend, and where the greatest opportunities and challenges lie.

WORLDWIDE ECOMMERCE GROWTH



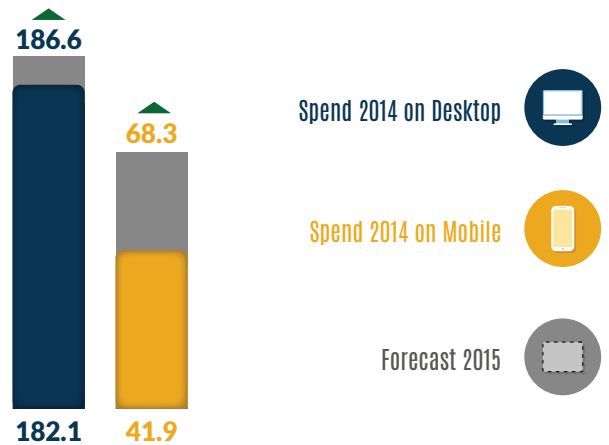
Here's one thing that we all need to be thinking about today: whether you call them Gen Y or Millennials, the 18-34 year-old age group are swiftly becoming our most desirable customers. Born between 1977 and 1985, they number 79.68 million Americans and are the largest generation since the Baby Boomers. By 2017, the highly-educated and tech-savvy Millennials will have more spending power and influence than any other generation. And as customers, they interact and demand more with their brands than any previous generation.



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Desktop Spend vs Mobile Spend

Share of spend per device market in 2014 and forecast 2015 (in billion dollars)



The reason for this is that Millennials are true digital natives. They grew up with social media and texting. So how do you provide excellent customer service to a group that expects it anytime, anywhere and from any device? Mobile-ready web sites with responsive design are the only sure-fire way to attract this group.

With Millennials demanding mobile access and the recent change in Google search algorithms to favor mobile-ready sites, its past time for multi-channel; merchants to make their websites mobile friendly and their customer experience seamless across channels.



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CURRENT CHALLENGES FOR MULTI-CHANNEL MERCHANTS

In the face of the unprecedented revenue opportunity reflected in ecommerce, we must recognize the challenges that lie in our path. Particularly, what are the top four challenges for SMB ecommerce retailers in 2015? Here's a brief overview:

Cyber Security: 2014 saw many customer data breaches; hence, retailers need to work to improve their controls around data security and usage of data. This needs to be balanced with a strategy to prevent online fraud, making it easier to identify individuals, in particular repeat customers.

Shoppers expect social networking features on their favorite sites: A recent study from Shopify showed Facebook dominates as a source of social traffic and sales. An average of 85% of all orders from social media comes from Facebook. Facebook drives 63% of all social media traffic to Shopify stores. Other key findings include: Pinterest (13%) drives more traffic than Twitter (10.5%) and the highest average order coming from social traffic is \$66.75, from Polyvore, with Instagram a close second with \$65.

Leveraging online marketplaces and Multi-channel selling to drive sales: Native integration with leading marketplaces like Amazon and EBay is now a core requirement for Ecommerce platforms. Progressive merchants should be multi-channel present, with a seamless customer experience.

Big data is of paramount importance in ecommerce and online marketing: Big data enables businesses to gather actionable insights about their customers. Ecommerce businesses must pay attention to not only sales, but also website performance such as shopping cart conversion ratios, and customer behaviors on the site) to determine what they need to improve in the future.



TRENDS WE ALL MUST BE AWARE OF

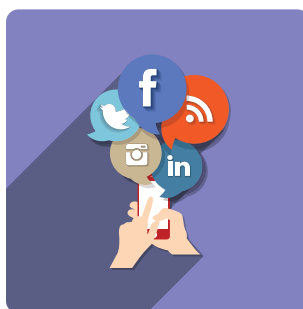
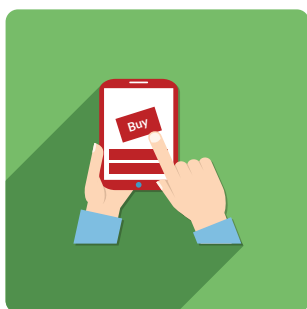
What are the top four trends in the ecommerce market that impact SMBs? Here's a brief overview of what we came up with:

The acceleration of mobile commerce: Beyond the Millennials mentioned above, shoppers across all demographic groups are using different types of mobile devices in varying manners. Smartphones are more widely used but tablets drive twice the number of transactions. A huge trend we are seeing is mobile optimization of ecommerce site for use on various devices.

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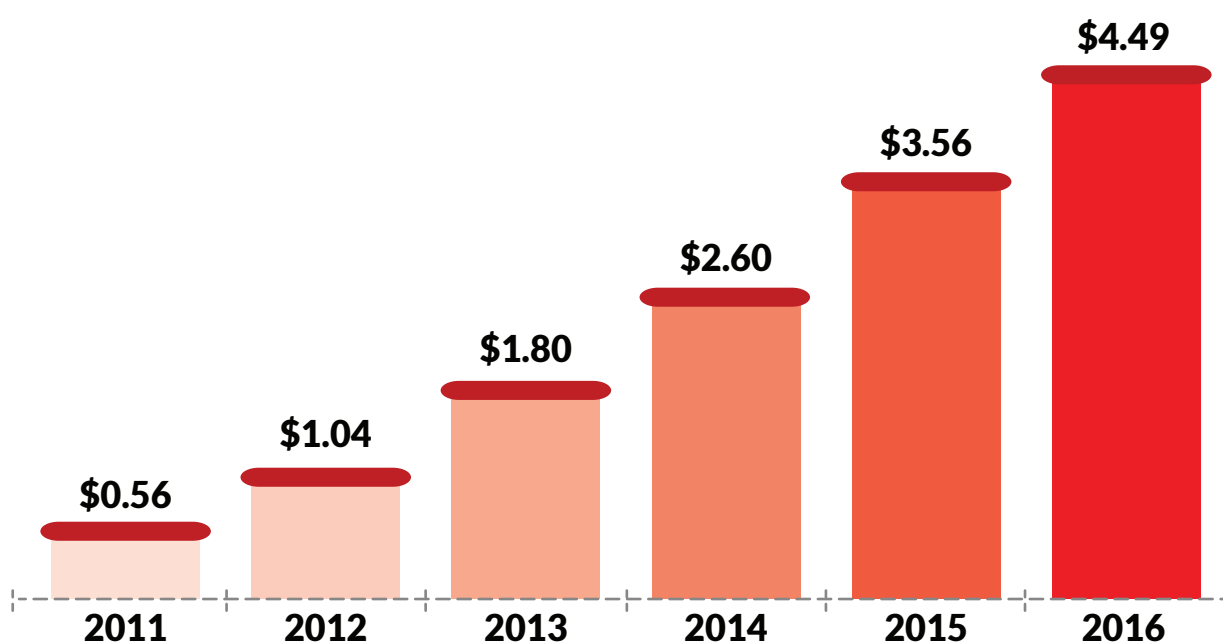


STRATEGIES AND TACTICS FOR MULTI-CHANNEL MERCHANTS

The ecommerce world is evolving faster than some experts had anticipated. But, some of us also had our eyes fixed firmly on the horizon; as we built a solution that met today's needs, we also engineered solutions that would meet the needs of tomorrow. While the first ecommerce sites focused on front end sales, marketing, merchandising and customer experience, forward-looking platform providers improved back office functions in optimization of fulfillment, shipping, logistics and customer service.

USD 3.56 BILLION

Will be spent on E-Commerce in 2015



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MULTI - CHANNEL MERCHANTS

"MUST-DO" LIST

- Look to a complete, end-to-end and Cloud based solution to power the ecommerce business. The costs and risks are too great to do otherwise.
- Make sure that your solution has native Integration with market places like Amazon and EBay. This is a core requirement for the next generation of ecommerce platforms and it just makes sense for retailers to sell where they can get the most eyeballs.
- Consider running multiple branded storefronts from the same platform to tap into new sales channels. For example, you offer separate sites for international customers, for B2B versus B2C or a special site for holiday promotions, or for VIP customers.
- Get a handle on managing inventory and supplier relationships. This ties right back to the website and ensuring third party marketplaces are updated in real time.



Shoppers today expect complete multi-channel sales and services support from retailers of all sizes. Smaller retailers that have a brick and mortar presence must find a way to connect their in store Point of Sale systems with the ecommerce website. Customers today want to buy over the channel of their choice, or choose to receive service just as easily via a tweet as speaking with an associate in the store. Retailers of all sizes must have fully integrated multi-channel capabilities from their ecommerce platform to seize the opportunities of a burgeoning ecommerce economy.