

WHITE PAPER

Creating Compelling and Competitive Digital Commerce Experiences

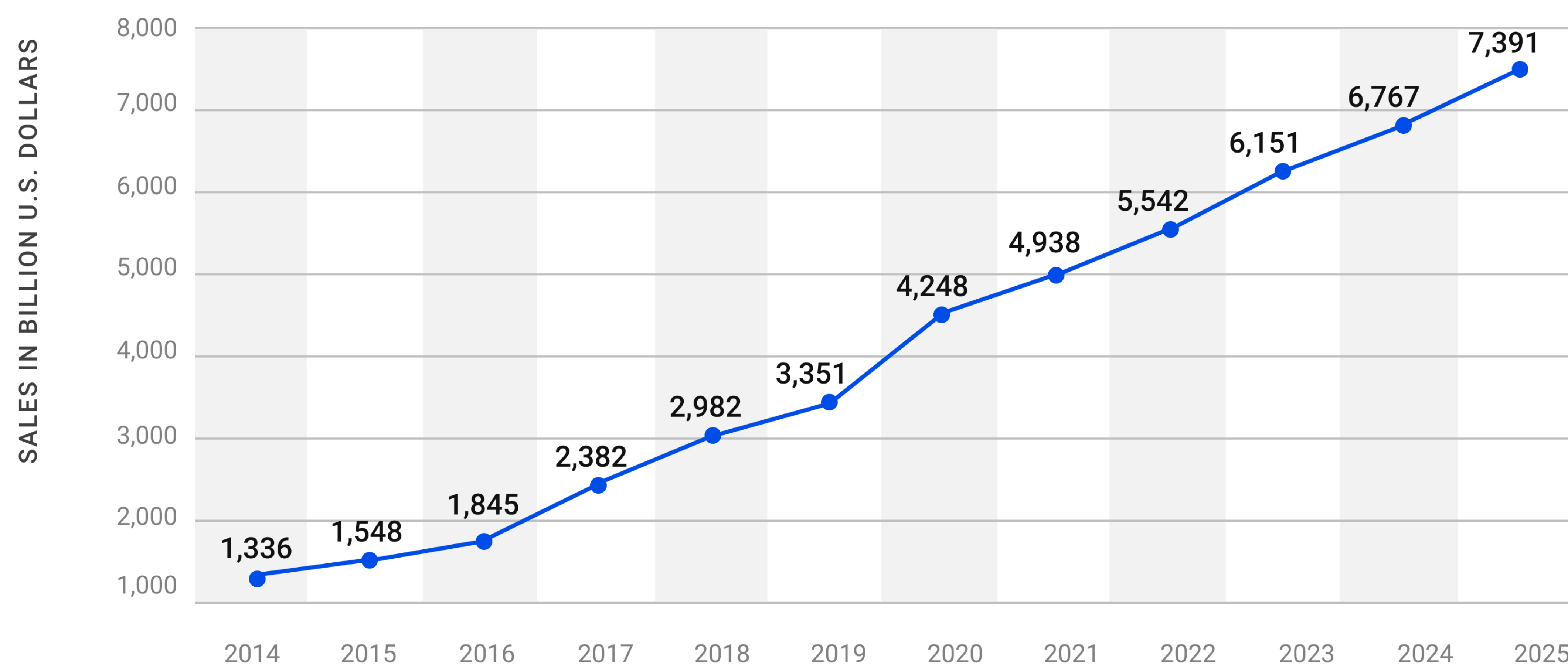
How a MACH Approach Helps Retailers Grow and Compete



Prior to 2020, retailers were making a steady shift toward the online experience.

With the pandemic and a new need for low-contact shopping, the eCommerce market share grew quickly. eMarketer shows steady growth pre-2019, and the projected growth through 2025.

Retail eCommerce sales worldwide from 2014 to 2025
(in billion USD)



Additional Information: Worldwide; 2014 to 2021

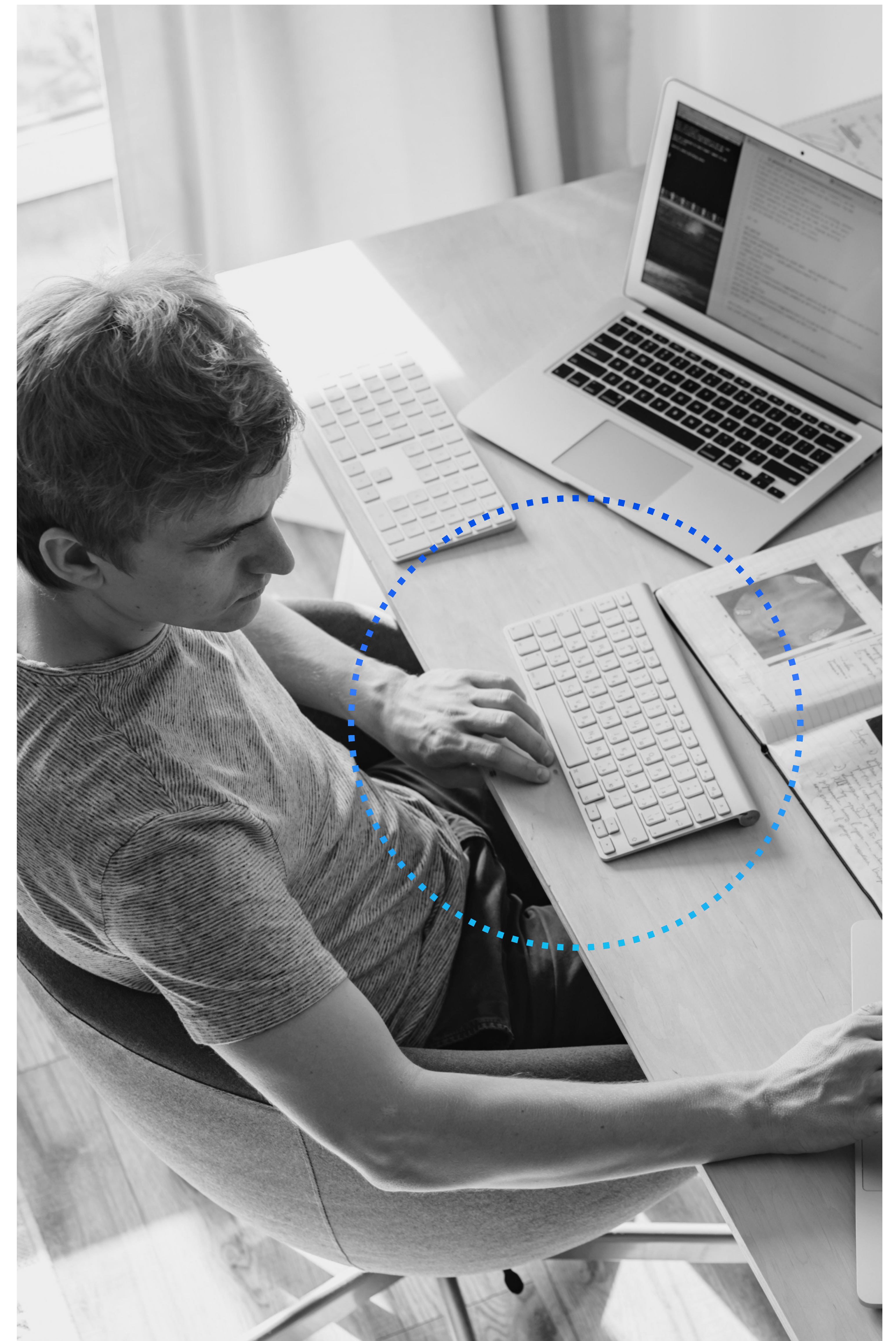
Credit: eMarketer

A global retail report by the National Retail Federation (NRF) found that online sales in 2021 skyrocketed to \$1.1 trillion compared to \$969.4 billion in 2020. It is becoming increasingly evident that consumers globally have become more accustomed to the convenience that online shopping offers, including access to a larger selection of products, the ability to browse on their own time, and truly customized digital experiences.

Digital Experience Trends for Retailers

A report by commercetools forecasts the following technology trends will optimize and streamline the digital experience for retailers in 2022:

- Implementing modern commerce platforms to boost customer loyalty
- Direct-to-consumer sales
- Bringing technology transformations in-house
- Transitioning to headless commerce platforms
- A reduction in commerce technology providers
- Embracing GraphQL
- Best-of-breed functionality
- Increased B2B eCommerce



THE GAP

Why 76% of Retailers Aren't Seeing Tangible Results

Though more brands are taking the leap and investing in digital transformation, many are still not reaching their desired ROI.

In 2021, the retail consultancy CGI's client research study found that **only 24% of retail executives are achieving tangible results from their digital strategies**. The report also discovered that 82% of retail executives cite budget as a top constraint to achieving their business priorities. Globally, brands are searching for new ways to capture the attention of consumers while reducing costs.

Common Roadblocks with the Digital Commerce Experience

Keeping Up With the Technologies

With the shift to online shopping, some retailers are struggling to keep up with the demands of digital-focused commerce experiences. Strategizing and executing the digital architecture required to maintain complex websites that service multiple brands, countries, and consumers can be a difficult task. Retailers are constantly looking for the right tools that create innovative digital experiences, support automation, enable smooth operations, and are built for growth and scalability.

Poor Site Performance

Site performance — how quickly and smoothly your site loads and functions — can be a challenge (and a cause of significant revenue loss). Unforeseen issues such as broken links, page errors, or increased wait times all contribute to a poor customer experience and ultimately reduce conversion and ROI. Whether the root of these issues is a lack of testing or preparation for visitor volume, retailers must invest in the talent, technology, and time needed to catch outages and quickly improve site performance.

A 2021 report from Digital Commerce 360 diagnoses how costly site outages can be for some of the nation's largest retailers. It was reported that web downtime costs mega-retailer Amazon \$220,318 per minute. The outlet also reports that 31% of retailers said improving site performance was their biggest eCommerce achievement during the 2020 holiday season.

Limited Legacy Platforms

Enterprise businesses often operate on legacy platforms that have been highly customized and integrated with other business tools. These platforms can greatly limit capabilities and functionalities, as well as new launches into sites, regions, channels, and product lines.

Slow-moving, limited platforms set retailers at competitive disadvantages — unable to react quickly to market or competitive pressures. Often retailers are stuck dedicating time, money, and resources to finding workarounds to complex and outdated legacy systems. This is where more nimble, flexible solutions, like commercetools and a MACH-based approach, speed time to market.

Getting Omnichannel Right

While online retail is growing, brick-and-mortar stores are still critical, as is building an omnichannel experience that feels seamless. With an increased demand for online shopping and in-store interactions, systems need to be able to manage buy online, pick up in store, or ship to store, or return in store.

The benefits are significant — with customers seeking retailers with omnichannel options. But retailers often struggle with serving the entire customer journey: from training and staffing curbside pickup, to integrating inventory at the store level, to providing aligned and integrated experiences.



"Buy online pickup in-store (BOPIS) has gained serious adoption, with 68% of US consumers having made multiple click-and-collect purchases.... 50% of shoppers said that they've decided where to buy online based on whether they could pick their orders up in-store... Once consumers are in the store to pick up a purchase, retailers can capitalize on their tendency to make an impulse purchase. A resounding 85% of shoppers say that they've made an additional in-store purchase while picking up an online order. BOPIS isn't only in demand, but can also act as a driver of additional sales."

**BUSINESS
INSIDER**

"For all the talk of digital transformation in recent years, prior to the pandemic, many retailers continued to rely heavily on physical stores. In 2019, less than a third of U.S. retailers had implemented a digital transformation strategy, and just 4% of the 500 largest retailers offered online ordering with curbside pickup. By the end of [summer 2020], the share of retailers offering curbside pickup jumped to 44%."

**Harvard
Business
Review**

Managing Seasonal Demands

The surge of eCommerce during peak seasons, including holidays and online shopping events like Black Friday and Cyber Monday, requires retailers to be fully equipped to handle the onslaught of online traffic. Retailers need resourcing and technology systems that are designed to scale up (and down) efficiently and cost-effectively as site traffic changes — sometimes quickly and drastically.

Integrating Social Commerce

Social media continues to grow as a touchstone for retail brand and commerce experiences. With social shopping, consumers can shop directly from social platforms (including Facebook, Instagram, Pinterest, and TikTok).

An eMarketer report found that in 2021 nearly 36% of US internet users will make at least one social commerce purchase. This report also found that social commerce will make up just 4% of the US retail eCommerce market in 2021. Globally, the social commerce market size is expected to reach \$2.9 trillion by 2026. For retailers, capitalizing on this opportunity will be critical to grow and compete.

A MACH-Based Approach to eCommerce

So how can retailers develop a digital strategy that addresses these challenges and builds for the future? A MACH (Microservices based, API-first, Cloud-native SaaS, and Headless) approach enables companies to create a digital product that has the flexibility and scalability to grow with their consumers. It also affords them the opportunity to quickly pivot to keep up with changes in consumer behavior or business needs without being constrained by monolithic platforms. MACH technologies help companies adapt their digital technologies with ease.

With a structure built for speed to market, a MACH approach allows retailers to:

- Build for technical flexibility and scalability
- Improve site performance with fast, cloud-based tooling
- Select best-in-class commerce, content, and marketing tools that integrate with their business systems to drive revenue
- Open new business channels: seamlessly creating omnichannel experiences and serving new channels (like social commerce and B2B)



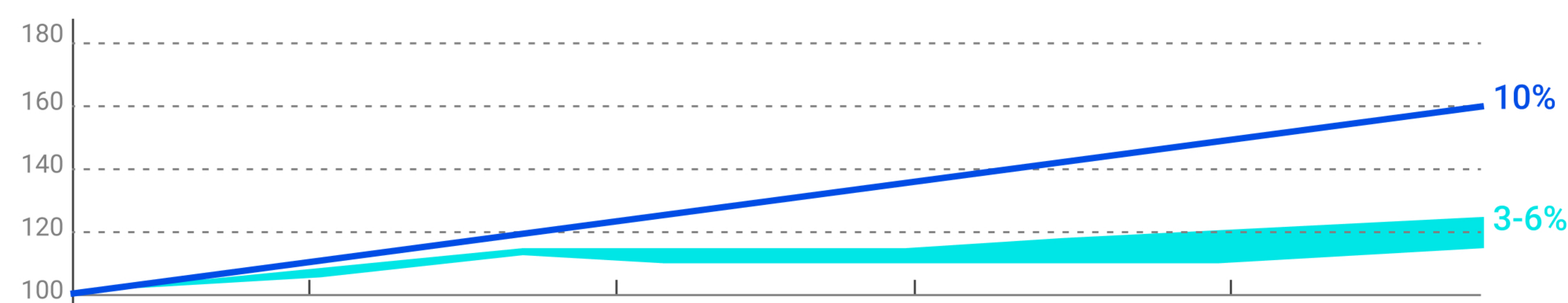
"Maintaining coupled monolithic applications, or multiple front-end channels and websites with separate, fragmented code bases is a big duplication of effort... A MACH approach enables faster feature development and innovations, more joined up personalized and localized experiences, and more performant and reliable customer experiences."

— **Giles Smith, an independent member of the MACH Alliance Advisory board**

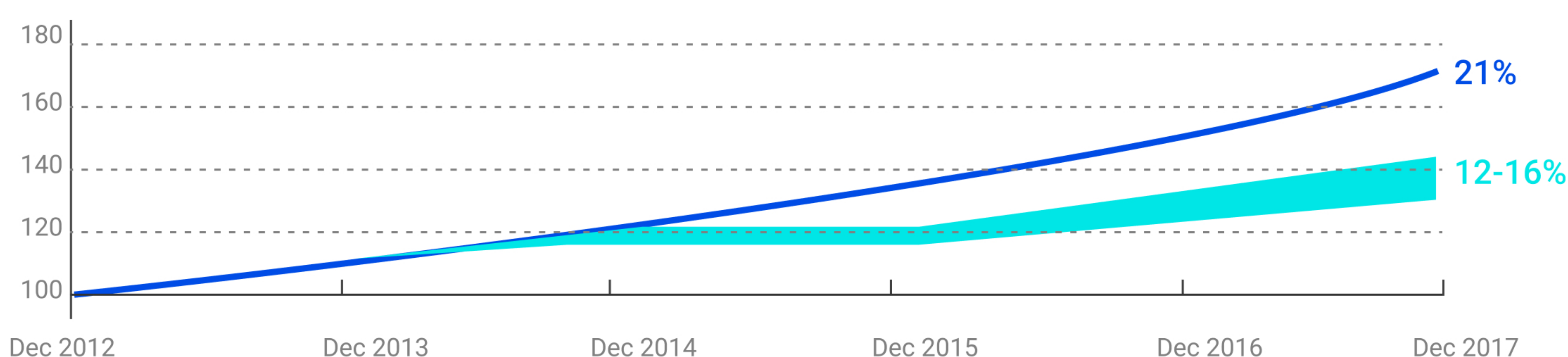
Designing for Integrated Digital Experiences

Research has shown that design-led brands — brands that focus on creating an integrated omnichannel experience — are more competitive with a higher conversion rate. McKinsey released a study on two million financial data points and more than 100,000 design actions over five years. They found that design-led companies have 32% more revenue and provide 56% higher total returns to shareholders when compared to other companies.

REVENUES



TOTAL REVENUES TO SHAREHOLDERS



Companies with top-quartile McKinsey Design Index scores outperformed industry-benchmark growth by as much as **two to one**.

Annual growth (normalized), %

— Top-quartile McKinsey Design Index Performers
— Industry benchmarks

SOURCE: MCKINSEY

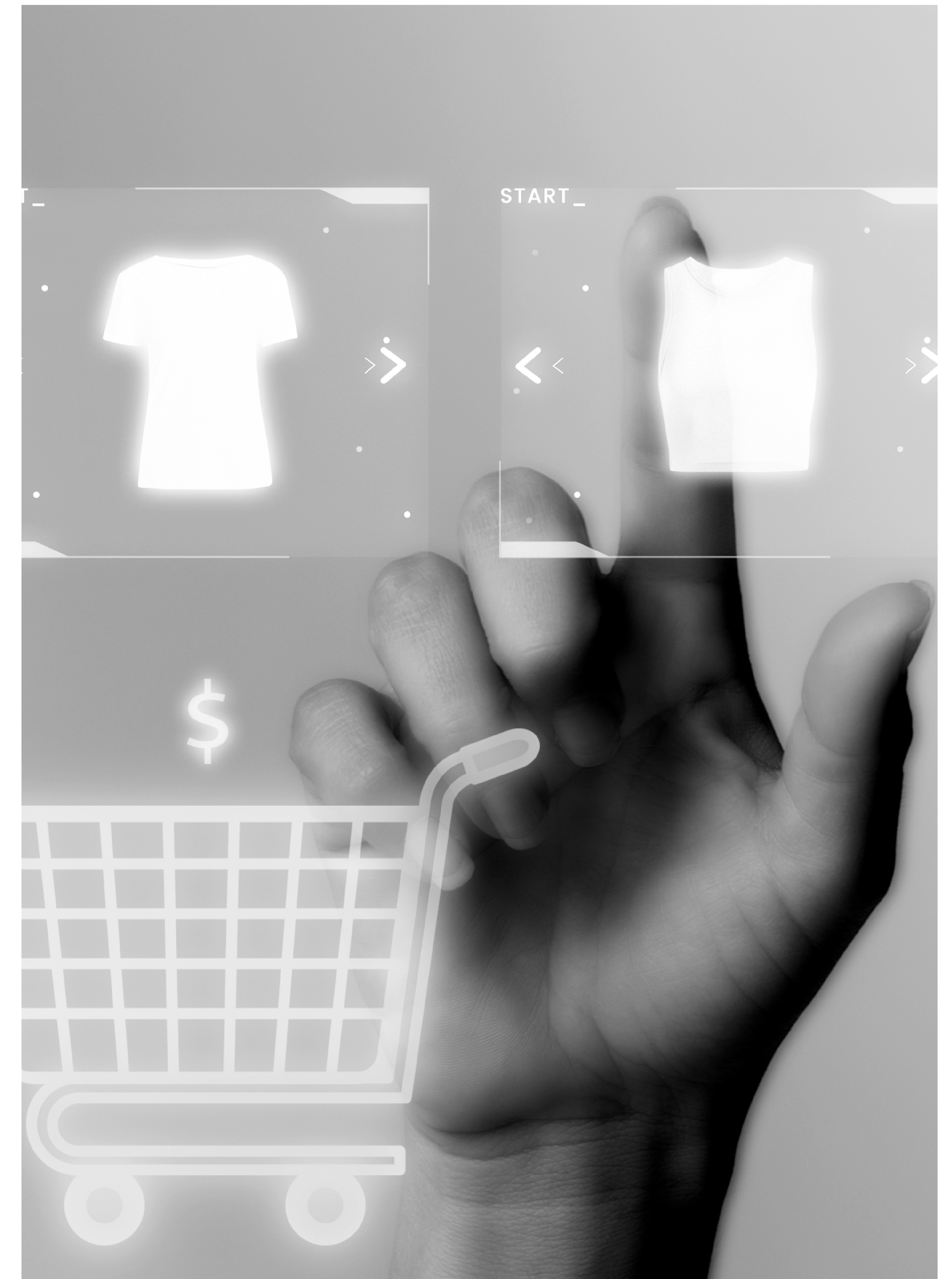
A Design-Led Approach to MACH

A MACH approach opens new opportunities for retailers to pick best-in-class solutions, build for flexibility and scalability, and open the floodgates for unique, cross-channel customer experiences. But the long-awaited freedom from the constraints of rigid eCommerce templates can be intimidating.

While templates have boxed businesses in for years, templates represent a starting point to guide experience design. You can choose to recreate existing experiences or leverage the opportunity to start fresh, redesigning their digital experiences from scratch.

Object Edge helps customers embrace MACH approaches and products, to be more design-led, and build a roadmap that delivers on customer satisfaction, brand promise, and business goals. This includes:

- Assembling the right team and talent for platforms and experience
- Conducting customer research
- Building customer journey maps
- Evaluating the current state of experiences
- Creating a product roadmap focused on high-value opportunities
- Creating a design system



CASE STUDY

Why a Growing Retailer Chose a MACH Approach

When a large D2C retailer was looking to modernize their legacy eCommerce platform, they looked to a MACH approach to create a scalable, flexible, and customizable experience. In this replatform, they wanted to build apps, open new channels, as well as drive their core commerce experience.

An API-first and headless platform was the natural solution — and they chose commercetools to drive their eCommerce engine, paired with other API-first solutions for content, search, and subscription. A microservices approach enabled the business to build niche features, making their new digital experience specific to their brand and ready to differentiate and grow in a competitive market.

Leveraging Design Systems

MACH architecture allows you to launch quickly, but with faster launch times, and numerous different products and tooling involved, how do you keep the experience seamless and consistent no matter how or where your users find you?

For complex projects with multiple solutions, experiences, screens, and platforms, brands need to design for the screens of today while building for tomorrow. Rather than recreating your existing site, a design system allows you to translate your brand into consistent, designed experiences that meet market needs for accessibility, performance, and UX best practices.

With a codified design system, your developers and designers can build and deploy more consistently and efficiently - lowering the total cost of ownership. Design systems function as a point of reference for designers and developers. They're made up of reusable components, branding information, and other relevant content, all contained in one central place.

A design system is a method of organizing and codifying text and design elements, breaking them into the smallest component parts, and building modules, and creating pages based on those modules. This allows you to maintain consistency, build in efficiency, and gain scalability.

Five Components of a Design System



Atoms



Molecules



Organisms



Templates



Pages

Moving Toward MACH

commercetools, the world's leading digital commerce platform, works with enterprise retailers to build digital omnichannel experiences. As a game-changing headless commerce platform, commercetools offers retailers a scalable MACH architecture with highly customizable functionalities.

In partnership with Object Edge, a MACH-certified, award-winning eCommerce consultancy agency, we work to help enterprise retailers as they build robust, omnichannel, modern digital experiences.



About commercetools

commercetools is a next-generation software company that offers a true cloud-native, headless commerce platform that provides the building blocks for the new digital commerce age. The commercetools leading-edge API approach helps retailers create brand value by empowering commerce teams to design unique and engaging digital commerce experiences everywhere – today and in the future. More information at **commercetools.com**.

About Object Edge

Established in 1994, Object Edge is an award-winning, MACH-certified, digital consultancy working with leading global businesses. In a challenging digital landscape, we help businesses differentiate and compete by serving their customers, partners, and associates through effortless digital experiences. We design, implement, and support digital commerce experiences with a data-driven, highly collaborative, and best-in-class team. Learn more at **objectedge.com**.



Ready to get started?

Contact oeinfo@objectedge.com to get started with your digital transformation.