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BLACK & WHITE PAPER

Digital Commerce Maturity

Leaders Deliver Revenue Growth

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About this paper

A Black & White paper is a study based on primary research survey data that assesses the market dynamics of a key enterprise technology segment through the lens of the "on the ground" experience and opinions of real practitioners — what they are doing, and why they are doing it.

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Executive Summary

To better understand the role digital commerce maturity plays in delivering differentiated customer experiences, Adobe, in partnership with 451 Research, completed a global study in February, before widespread lockdowns due to COVID-19. The custom study was a survey of consumer brand manufacturers that sell their branded products digitally via a mix of direct-to-consumer and retail channels across key global markets: the US, UK, Germany, Spain, Australia, Brazil, France and the Netherlands.

451 Research tracks the role of digital commerce technology and has been closely monitoring the impact of the COVID-19 pandemic on digital strategies and related technology spending trends. The pandemic and its economic impact have accelerated the adoption of critical technologies not only to support the changing needs of consumers, but also to support the essential pivot toward online experiences, whether the merchant offers essential or non-essential goods or services.

The survey findings reinforce the importance of digital commerce technologies to long-term growth as the pressure to deliver differentiated and consistent customer experiences is increasing with the result of significant societal changes occurring across industries for both business-to-business (B2B) and business-to-consumer (B2C) brands. As customers engage with an increasing number of devices and touchpoints, digital commerce plays a pivotal role in delivering optimized customer experiences that lead to the moment of conversion.

To remain relevant in the eyes of customers, brands and businesses across the globe are turning to alternative forms of commerce engagement, including direct-to-consumer strategies. This requires the implementation of new technological processes and infrastructure, in effect forcing digital transformation. Understanding digital commerce maturity – namely the key processes, technologies and strategies needed to deliver next-generation, optimized customer experiences – is essential for brands to remain competitive in an evolving global landscape.

Key Findings

- **Three-quarters of consumer brand manufacturers strongly believe that digital commerce is the most important path to revenue growth**. To remain relevant in the eyes of their customers, consumer brand manufacturers will need to invest in contextual digital experiences at every step of the consumer journey.
- **Customer experience is a key driver of digital transformation initiatives.** More than half (53%) of consumer brand manufacturers stated that improving the customer experience is the top driver of their digital transformation initiatives. That number rose to nearly 71% of respondents at the C-suite (CIO/CTO) level. Businesses are investing in new digital technologies and processes to more effectively engage with customers, partners and employees.
- **Digital commerce leaders understand the vital importance of establishing context and new models of engagement in order to develop a winning customer experience in the digital economy.** They are actively taking strides in that direction, with 90% investing in newer digital commerce platforms that allow for more relevant contextual experiences.

- **Well over three-quarters (86%) of digital commerce leaders are prioritizing the need to ensure customer data is shared in real time across different touchpoints along the customer journey**. Establishing relevant context for digital commerce interactions is essential to delivering the optimal experience for each customer. It is driven by an understanding of the customer across all points of interaction, achieving a unified view through the collection of customer data along the entire journey.
- **Just over half (51%) of digital commerce leaders have a more modern, agile commerce platform with customizable, reusable components.** They are prioritizing the use of fully integrated hybrid commerce platforms that can scale to support a global business with both B2B and B2C distribution models.

Digital commerce leaders reported 80%+ improvement on key performance metrics along with healthier revenue growth...

- **Digital commerce leaders reported 80%+ improvement on key performance metrics along with healthier revenue growth,** coordinated management of digital initiatives, and improved omnichannel engagement and operations. They are twice as likely to have a dedicated digital strategy leadership, and 84% claimed to track and measure the customer journey across all touchpoints.

Consumers Buy Experiences, Not Products

Rising Consumer Expectations are Reshaping Commerce Experiences

The pressure to deliver differentiated and consistent customer experiences is increasing as a result of significant disruption occurring across industries, forcing the evolution of engagement models for B2C and B2B businesses. This disruption comes in the form of customers' increasing concern about data privacy and security, which is threatening the status quo. Alongside emerging compliance requirements, businesses are pressured to adopt more transparent customer data architectures that are key to delivering differentiated experiences, forcing an evolution of the business technology stack and the unifying of data siloes. In an increasingly sensitive consumer landscape, brands and businesses are realizing the importance of establishing trust and control in order to win the hearts of their customers and drive business growth.

Concurrently, a massive shift in growth strategies is taking place as many businesses and consumers are chosing to subscribe to products and services rather than engage in one-off transactions. The increasing popularity of the subscription model changes short-term economics and long-term relationships with customers, necessitating new business and engagement models focused on retention for revenue recognition. The result of these shifts is the growing importance of loyalty and relationship-building through the delivery of consistent, positive interactions with customers across multiple digital channels.

Emotion is the Currency of Experience

Businesses are striving to drive customer engagement and spending by harnessing the power of human decision-making behavior and emotion to create brand loyalty. Consumers' prioritization of experiences has led to the revitalization of brand storytelling, and with the global proliferation of digital endpoints and channels, businesses have an opportunity to regain their footing by creating more personalized interactions with customers.

The reach afforded by digital channels like mobile, social and video reduces barriers that previously impeded direct relationship building between brands and end users, allowing consumer brand manufacturers to augment traditional sales channels and take a more direct role in influencing the customer experience and shopping journey. We are seeing an evolution of the digital commerce landscape as an increasing number of consumer brand manufacturers and merchants turn to direct channels to drive customer brand loyalty and revenue at scale.

Digital Commerce Conversion is a Pivotal Moment in the Customer Journey

... nearly 61% of consumers said that a negative online shopping experience makes them less likely to shop with a retailer or brand in the future.

To remain relevant, consumer brand manufacturers will need to invest in contextual experiences at every step of the consumer journey. Commerce remains a key battleground to win customers; consumers expect a seamless and relevant experience throughout the shopping journey, from the moment of awareness to post-purchase. Many brands overlook the moment that a shopper transitions to a buyer as a critical step in the customer journey, but they will likely face severe consequences if consumers experience friction at checkout. According to 451 Research's Voice of the Connected User Landscape, Connected Customer Q2 2019, nearly 61% of consumers said that a negative online shopping experience makes them less likely to shop with a retailer or brand in the future. This highlights the increasing importance for brands to view digital commerce as a part of their overall brand strategy, not as a siloed IT function.

The global digital commerce opportunity continues to grow exponentially – forecasted to reach nearly $7 trillion in global annual sales in 2023, according to 451's Global Unified Commerce Forecast – but consumer brand manufacturers must take an active role in the digital experience economy in order to claim their slice of this pie.

The Opportunity Cost and Opportunity Lost of Digital Commerce Experiences

Those merchants that lag will incur significant opportunity costs through missed revenue. The extent of missed revenue opportunities that B2C businesses face as a result of friction impeding transactions is significant (Figure 1), according to 451 Research's Voice of the Connected User Landscape: Connected Customer surveys and Global Unified Commerce Forecast. It includes $93.2bn in potential sales lost annually due to consumers not purchasing an advertised product they were interested because too many steps were required to find the product/service and complete the transaction. Additionally, a loss of $79.7bn in potential sales in the last year can be attributed to consumers abandoning an online shopping cart because of difficulties completing the purchase, and another $51.3bn was forgone due to shoppers abandoning purchases in-store as a result of long lines. Implementing digital technologies and strategies, both online and in-store, have can help brands and businesses recapture that lost revenue and engage consumers with new commerce experiences.

Figure 1: Opportunity cost of commerce friction

Source: 451 Research custom survey

In addition to missed revenue opportunities, consumer brand manufacturers lose out on the opportunity for significant revenue lift by not investing in the technologies necessary to architect next-generation commerce that is critical to success in the customer experience economy. Nearly $90.1bn in sales in the last year were influenced by the availability of cross-channel buying options (e.g., buy online/pick up in store), while $87.5bn in sales was influenced by personalized offers that resulted in consumers making an additional purchase. Putting digital tools to work in a transformative way ensures that data, insights and key technologies connect people with information and processes, leading to a better experience for customers and, ultimately, business growth.

Achieving Leadership in Digital Commerce Through Digital Transformation

Digital transformation is inescapable; at some level, every business is becoming a digital business controlled by software. 451 Research defines digital transformation as the result of IT innovation that is aligned with, and driven by, a well-planned business strategy with the goal of transforming how organizations:

- *Serve* customers, employees and partners.
- *Support* continuous improvement in business operations.
- *Disrupt* existing businesses and markets.
- *Invent* new businesses and business models.

Digital transformation forces an organization to rethink all facets of its activity: its strategy, culture, talent, operating models and processes. Although seldom voiced, the overall goal is survival: retailers, merchants and consumer brand manufacturers need to to align with today's digital culture and invest in new approaches of commerce engagement to remain relevant in the eyes of their customers.

Three-quarters of consumer brand manufacturers strongly believe that digital commerce is the most important path to growth...

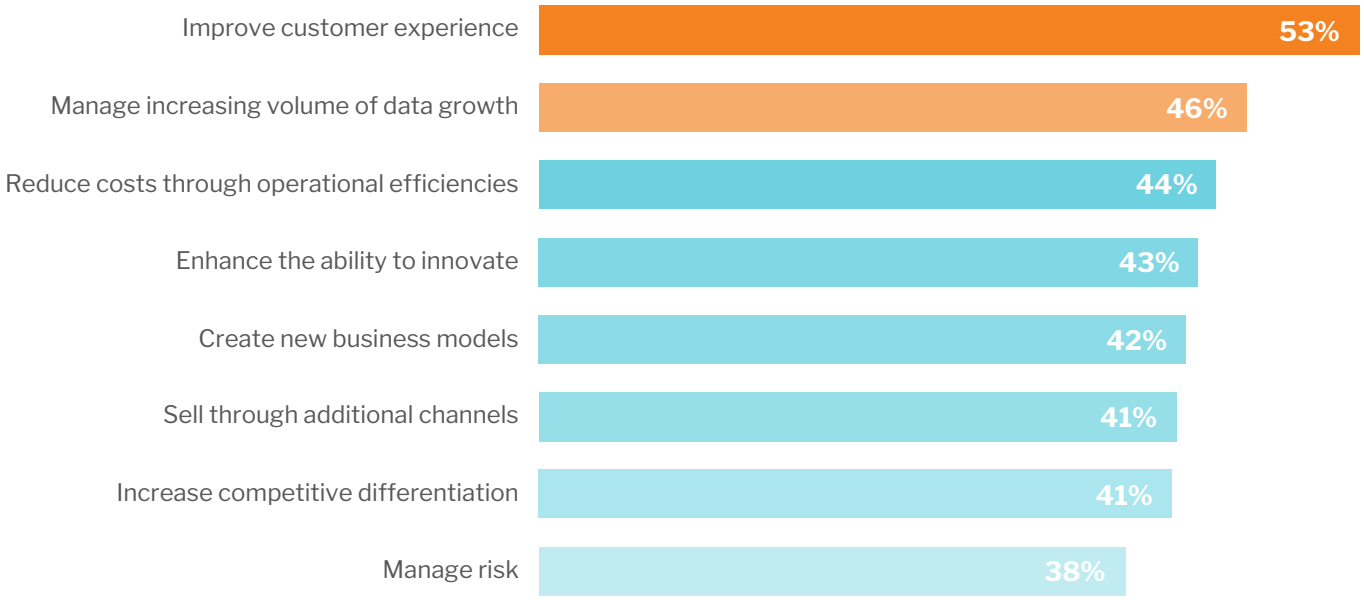
All aspects of the business become subject to technological innovation, and core processes increasingly fall into the transformation fold to sustain growth. Three-quarters of consumer brand manufacturers strongly believe that digital commerce is the most important path to growth, and they are increasingly investing in digital transformation efforts to achieve next-gen commerce experiences.

Customer Experience is a Catalyst to Digital Transformation

Improving the customer experience is the catalyst for many digital transformation projects: businesses invest in new digital technologies and processes to more effectively engage with customers, partners and employees. As Figure 2 shows, improving the customer experience (53%) is the top driver of consumer brand manufacturers' digital transformation initiatives. In this experience economy, the majority recognize the value of delivering differentiated digital experiences to capture consumer brand loyalty and drive growth. Improving the customer experience is especially important to the C-suite, with nearly 71% of CIO/CTOs citing it as the top driver within their organization, compared to 53% of commerce line-of-business managers. With such pronounced support at the C-suite level, improving the customer experience has emerged as the core strategic focus for the vast majority of consumer brand manufacturers, driving technological investments and process change from the top down within their organization.

Figure 2: Data-driven customer experience improvements fuel digital transformation initiatives

Source: 451 Research custom survey

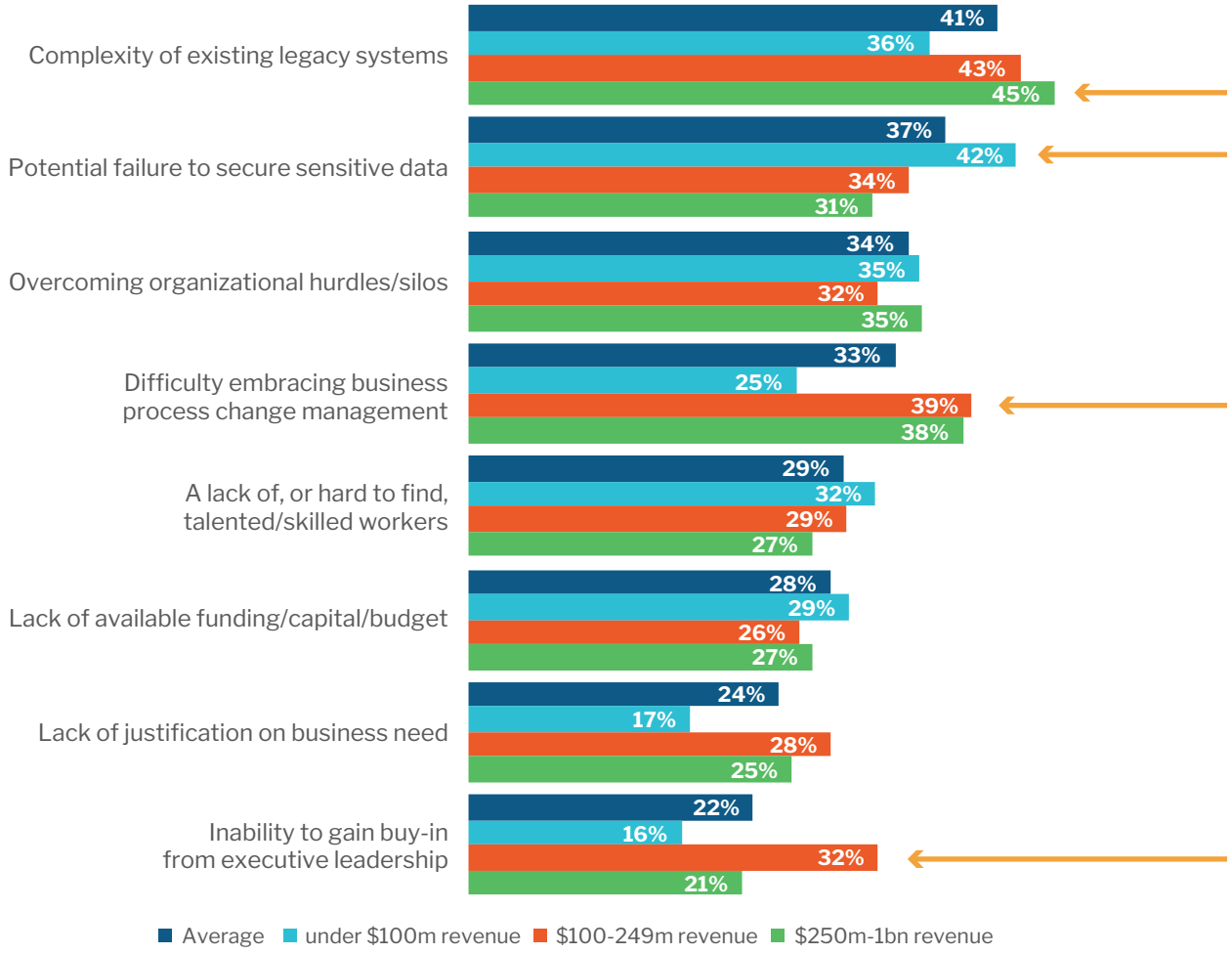


Managing data growth (46%) is also a top driver of digital transformation. Brands are collecting behavioral data from a wide range of digital channels to deliver contextually relevant commerce experiences. However, to effectively capture, store, manage and process this data to gain actionable customer insight, they will need to invest in new data architectures and platforms. Managing data growth is of particular importance for respondents in Brazil (68%) and Australia (56%), suggesting they are at an earlier stage of their transformation initiatives and need to establish customer data architectures as a foundational element to succeed in the experience economy.

Consumer brand manufacturers cited overcoming the complexity of legacy IT systems as the top pain point impeding the success of their digital transformation and digital commerce initiatives (Figure 3). The burden of dealing with legacy systems while introducing agile technologies is a persistent barrier across the board, regardless of company size. However, larger consumer brand manufacturers ($250m-1bn in annual revenue) tend to feel its weight more heavily (45%) than companies with less than $1m in annual revenue (35%). Larger companies face greater organizational roadblocks and scaling challenges to uproot ingrained processes and defined technology stacks, as evidenced by the two additional main barriers that large consumer brand manufacturers cited: difficulties embracing process change management (38%) and overcoming organizational hurdles/siloes (35%).

Figure 3: Barriers to participation in the digital experience economy by company size

Source: 451 Research custom survey



Midsized consumer brand manufacturers ($100-249m in annual revenue) share in the perils of legacy IT (43%) and difficulties embracing process change management (39%). However, their digital transformation initiatives are disproportionately impacted by an inability to gain buy-in from executive leadership: 32% compared to 21% of large consumer brand manufacturers and a mere 16% of smaller brands. Lack of C-suite level support and a top-down, company-wide implementation approach often leads to digital transformation efforts that are siloed among organizational functions, which in turn leads to disjointed strategies that hamper success as a digital commerce market leader.

The smallest consumer brand manufacturers ($25-100m in annual revenue) cited the potential failure to secure sensitive data (42%) as their greatet impediment. This leaves them exposed to data privacy and security threats, which are at the core of building consumer trust and loyalty in the digital customer experience economy. They also cited difficulties with legacy IT (36%) and overcoming organizational hurdles/siloes (35%) as impeding the adoption of a more open, data-driven architecture to drive contextually relevant commerce experiences.

The Persona of a Digital Commerce Leader

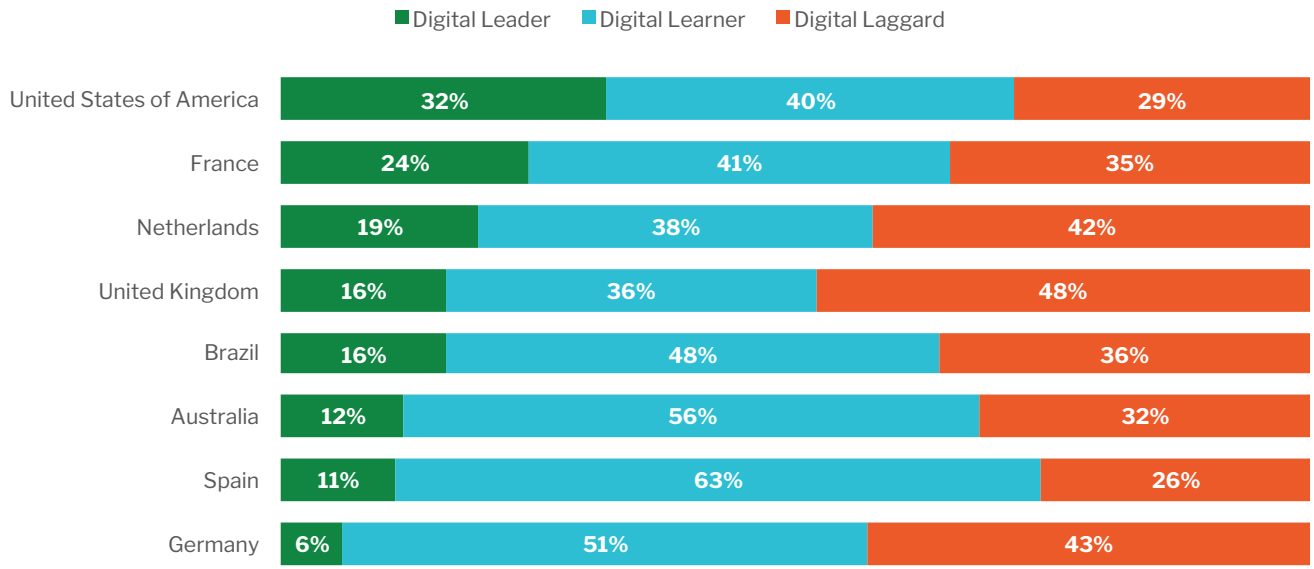
With consumer brand manufacturers facing digital commerce transformation barriers to varying degrees, a dichotomy has emerged between those that are actively seeking to overcome these challenges and those that are not investing in resources to overcome them. Consumer brand manufacturers' maturity in digital transformation directly correlates with their attitude toward new technology adoption, leading to the emergence of three distinct personas and philosophies toward digital commerce transformation:

- ***Digital commerce leaders*** are those that are actively digitizing their business using formal digital transformation strategies and are early adopters of technology.
- ***Digital commerce learners*** are those in the planning stages of digital transformation, actively researching a formal strategy and taking a pragmatic approach to new technology adoption.
- ***Digital commerce laggards*** are those that have no formal digital transformation plans and take a conservative and/or skeptical approach to new technology adoption.

Digital commerce maturity varies by country, according to our survey data (Figure 4): countries with the greatest percentage of leaders are the US (32%), France (24%) and the Netherlands (19%); countries in the middle of the pack are the UK (16%), Brazil (16%) and Australia (12%); and those with the fewest digital commerce leaders in our study are Spain (11%) and Germany (6%). Innovation in digital commerce technologies allows brands to transcend boundaries that formerly impeded cross-border commerce, so investments in digital transformation have global implications for increasing the competitive landscape. Inaction or the inability to invest in their digital transformation journey leaves digital commerce laggards (e.g., Spain, Germany) vulnerable to intensifying competition on a domestic, regional and global scale as digital commerce leaders, like the US, capitalize on the global commerce opportunity.

Figure 4: Attitudes toward digital commerce transformation vary by country

Source: 451 Research custom survey
Q: Which of the following best describes your organization's status with regard to a digital transformation effort?

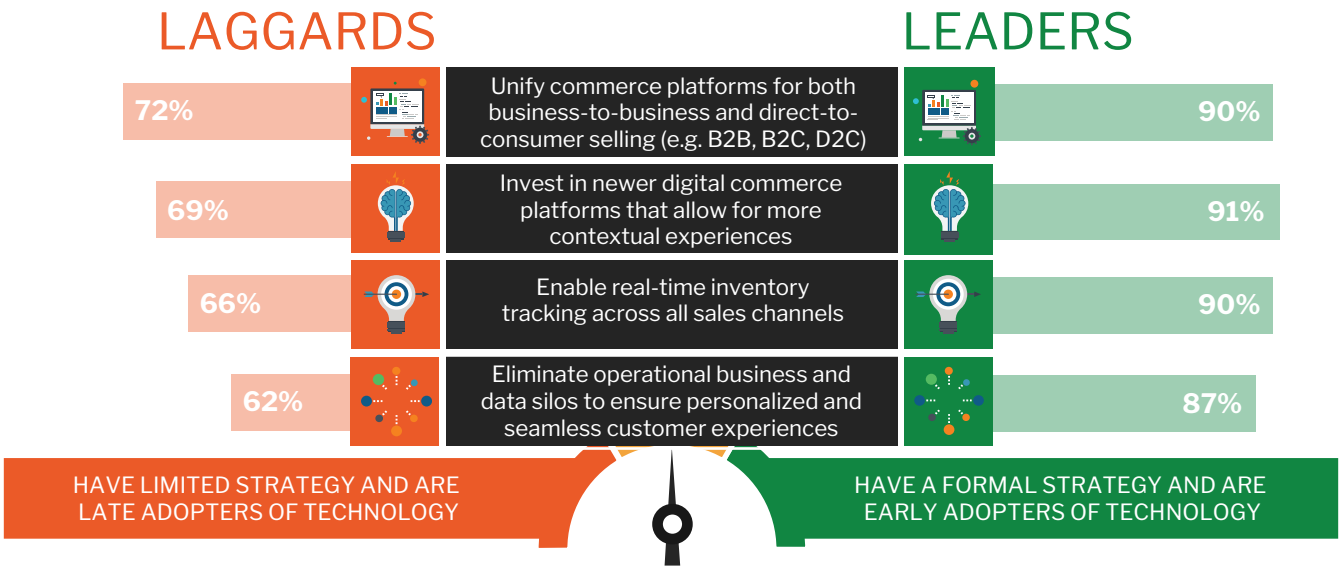


The three personas tend to have astronomically different philosophies on how to approach digital commerce transformation strategy and execution, leading to a significant innovation gap separating leaders from laggards. Digital commerce leaders are actively making strategic investments in core technologies to improve their customers' digital commerce experience and generate brand loyalty to help them leapfrog the competition.

Their key investments are focused on enhancing the underlying commerce platform and establishing a more unified cross-functional view spanning sales channels and operational business siloes. This allows for contextually relevant and personalized experiences (Figure 5). **Nine out of 10 digital leaders are investing in newer digital commerce platforms that allow for more contextual experiences,** while the same number are looking to adopt a unified, hybrid commerce platform for B2B, B2C and D2C selling compared to laggards, at 69% and 72%, respectively. Digital commerce leaders understand the vital importance of context and new models of engagement to improve the customer experience in the digital economy, and they are actively taking strides in that direction.

Figure 5: Key transformative digital commerce investment priorities of leaders vs. laggards

Source: 451 Research custom survey



Additionally, many leaders are adopting technologies that enable real-time inventory tracking (90%), as well as eliminating operational business and data siloes to ensure personalized and seamless customer experiences (87%). Maintaining a single view of the customer across channels remains a top priority because it brings essential context to commerce experiences and enables personalization; **86% of digital leaders are prioritizing the need to ensure customer data is shared in real time across different touchpoints along the customer journey.**

Establishing context for digital commerce interactions is essential to deliver the optimal customer experience and drive conversions and transactions. Context comes from understanding the customer across all points of interaction – achieving a unified view through the collection of customer data along the entire journey. Even as the desire for an omniscient, multi-channel view of consumer behavior and intent drives customer experience investments, the coveted 360-degree view remains elusive. Brands and businesses struggle to capture, unify and operationalize disparate sources of consumer data across organizational functions. For many, this will continue to remain a major point of contention as new types of devices and channels introduce complexity, necessitating new strategies to capture real-time information and consumer behavioral data to deliver positive customer experiences.

Content, alongside context, is also in high demand as businesses zero in on personalization and storytelling to deliver engaging online commerce experiences for their customers. As businesses and consumer brand manufacturers seek to create these new, immersive experiences, they will rely heavily on rich media content, prescriptive insight and intelligent automation for personalized, frictionless cross-channel interactions, delivering the right content and the right product at the right time.

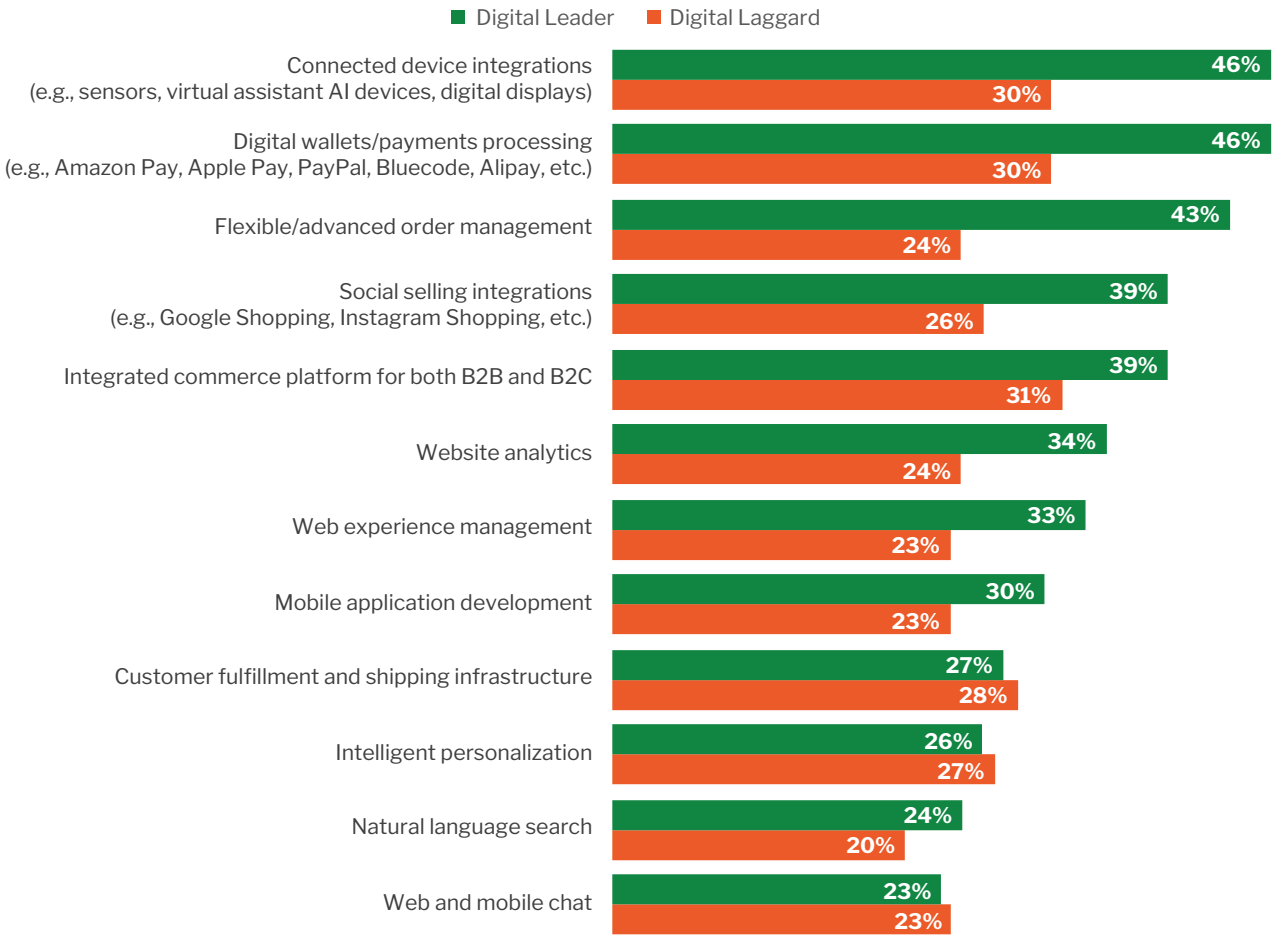
Hyper-Personalization Strategies Become Pervasive across the Entire Commerce Experience

Strategic investments create a path to digital commerce maturity, starting with key technologies that set a foundation for delivering end-to-end commerce experiences. Figure 6 shows the important investments in foundational commerce technologies, where there is less of a gap between digital leaders and laggards. Foundational investments include critical communication and infrastructure requirements, like web and mobile chat (23%/23%), customer fulfillment and shipping infrastructure (27%/28%), and an integrated commerce platform for both B2B and B2C (39%/31%). These investments are table stakes, core bulding blocks for a modern digital commerce strategy to enable data-driven experiences, flexible fulfillment capabilities, and an integrated, extensible platform architecture.

Another key foundation technology is developing intelligent personalization (26%/27%) capabilities and natural language search using natural language processing (24%/20%). Harnessing advancements in artificial intelligence and machine learning (AI/ML) has become a core element of digital commerce strategies for both B2B and B2C organizations. As hyper-personalization strategies become pervasive across the entire commerce experience, enabling contextually relevant and frictionless experiences at scale will be considered an important foundational element of the digital experience economy.

Figure 6: Digital commerce leaders create a foundation for strategic acceleration

Source: 451 Research custom survey



Digital Commerce Leaders Create Foundation for Strategic Acceleration

Digital leaders go beyond essential foundational elements and embrace disruptive technologies, which are critical to developing customer engagement and brand loyalty as consumer brand manufacturers move up the digital commerce maturity curve, and here the gap between digital leaders and laggards is larger. Disruptive technologies include mobile application development (30%/23%), social selling integrations (39%/26%), web experience management (33%/23%) and website analytics (34%/24%). This layer of the commerce stack builds on the foundational technologies and enables the execution of content-rich, customer-centric digital commerce approaches to offer a more seamless, relevant customer experience.

The largest gaps between leaders and laggards are the investments in connected device integrations (46%/30%), digital wallets (46%/30%) and flexible/advanced order management (43%/24%), all of which are emerging commerce experiences that could lead to strategic differentiation and brand advocacy, setting the leaders apart from the laggards within the digital experience economy.

Next-generation digital commerce experiences are not uniform globally, which gives leaders a unique opportunity as they attempt to expand and claim more of the digital commerce growth. We see that investment in these commerce technologies over the next 12 months varies by country (Figure 7). Digital leaders, like the US, are concentrating their investment efforts on technologies at the top of the hierarchy, such as on digital wallets/payment processing (47%), connected device integrations (48%) and social selling (48%), to deliver contextually relevant, frictionless commerce experiences across channels. Brazil, a digital commerce learner, is more focused on mobile application development, and is situated toward the middle of the digital commerce technology stack hierarchy.

Figure 7: Commerce technology investment varies by country

Source: 451 Research custom survey

	TOTAL	USA	UK	FRANCE	GERMANY	SPAIN	NETHERLANDS	BRAZIL	AUSTRALIA
Digital wallets/ payment processing	37%	47%	38%	25%	33%	26%	38%	48%	24%
Connected device integrations	37%	48%	32%	37%	25%	44%	27%	24%	40%
Integrated commerce platform for B2C and B2B	36%	42%	30%	33%	25%	52%	27%	52%	32%
Customer fulfillment and shipping infrastructure	30%	37%	32%	24%	25%	33%	35%	20%	20%
Intelligent personalization	28%	27%	18%	25%	29%	56%	27%	24%	32%
Social selling integrations	28%	48%	16%	18%	14%	26%	31%	28%	24%
Flexible/advanced order management	27%	37%	22%	29%	20%	15%	23%	28%	24%
Web experience management	27%	30%	38%	22%	16%	22%	15%	32%	36%
Mobile application development	26%	34%	18%	22%	22%	37%	23%	40%	8%
Website analytics	26%	33%	18%	31%	18%	33%	31%	12%	20%
Web and mobile chat	23%	30%	22%	20%	10%	19%	38%	24%	20%
Natural language search	19%	15%	26%	10%	16%	19%	31%	32%	16%

Additionally, Brazilian consumer brand manufacturers expressed intent to invest in more advanced commerce technologies – such as an integrated B2C and B2B commerce platform and digital wallets/payment processing – demonstrating that they are in a transitionary phase on the path to maturity. Spain is in transition from a laggard to a learner and is predominantly focused on establishing foundational intelligent personalization capabilities, as well as an integrated commerce platform and connected device integrations as it progresses up the stack.

Digital Commerce Maturity: How Do You Stack Up?

Before implementing a strategy to reach digital commerce maturity, businesses should assess where they are along the path. The goal is to help them align their brand strategy with the processes and investments in modern commerce technologies that will provide the best opportunities for growth and competitive differentiation.

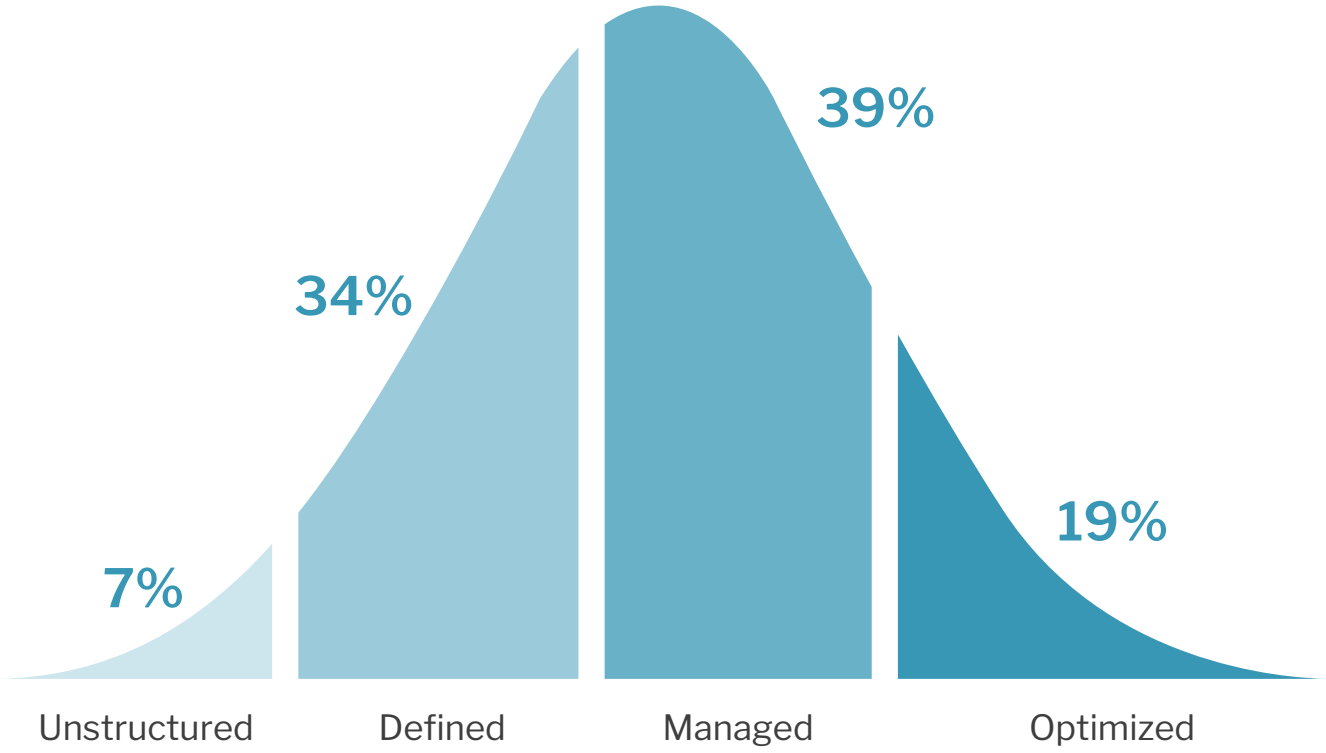
Digital Commerce Maturity Framework: From Unstructured to Optimized

The top-level results of the maturity model analysis show that on average, the maturity curve for businesses roughly resembles a bell curve (Figure 8):

- **Early-Stage Organizations:** Only 7% of respondents said their companies are providing primarily unstructured and siloed experiences.
- **Mid-Stage Organizations:** The majority of businesses fall somewhere between defined and managed maturity, 34% and 39%, respectively. These companies provide standardized processes with some personalization techniques, but are either somewhat reactive or operational.
- **Advanced-Stage Organizations:** Only 19% of businesses provide optimized experiences through investments in new technologies that meet rising customer expectations in the experience economy.

Figure 8: Digital commerce maturity falls along the traditional bell curve

Source: 451 Research custom survey



With 69% of digital laggards having limited or basic digital commerce enablement focused on transactions in one channel, it's important to develop a deeper understanding of all the aspects of providing optimized customer experiences across multiple channels. Understanding the business value of digital commerce maturity requires businesses to assess where they are with respect to several key areas: strategy and brand focus, commerce platform, omnichannel capabilities, data and analytics, and customer experience. Companies will also be at different stages within these key areas as they move up the maturity curve from unstructured experiences toward optimized experiences.

Figure 9 is a digital commerce maturity framework that helps brands to:

- Understand the various maturity levels.
- Benchmark against current survey respondents.
- Create a plan for moving up the optimization curve.

Figure 9: Digital commerce maturity framework for assessment and benchmarking

Source: 451 Research custom survey

BUSINESS VALUE OF DIGITAL COMMERCE MATURITY

	UNSTRUCTURED	DEFINED	MANAGED	OPTIMIZED
CUSTOMER EXPERIENCE • Content discoverability • Mobile/cross-device • UX design	Simple digital transactions, disjointed content and UX design across channels **11%**	Personalized content and adaptable UX design across channels are prioritized, but not yet executed **28%**	Customer insights through data analytics increasingly informing content delivery and UX design **39%**	Fully deployed, personalized experience model across all devices and channels **22%**
DATA & ANALYTICS • Personalization & customer insights	Disparate repositories with static data, heavy reliance on spreadsheets, limited personalization capabilities **7%**	Standardized and shared operational reporting, limited business systems integration, some segment-based personalization **32%**	Operationally data-driven with behavioral data available, not actionable in real time, some automation and machine learning capabilities for personalization **42%**	Full business systems integration, unified view of customer journey via real-time customer profile data, intelligent personalization and content delivery **19%**
OMNICHANNEL • Sales & fulfillment channels	Basic digital sales channel; no technology integration between sales and fulfillment channels **4%**	Basic digital sales channel enabling self-service buying, limited data sharing across sales and fulfillment channels **35%**	Multichannel selling and order fulfillment, limited data sharing with a disjointed customer experience across channels **41%**	Fully integrated multichannel selling and fulfillment for a seamless customer experience **20%**
COMMERCE PLATFORM	Inflexible, disjointed system limited to supporting one country **8%**	Digital technology roadmap defined but not implemented, semi-repeatable capabilities, independent platforms for B2B and D2C **38%**	Customizable, repeatable and reusable capabilities, but independent platforms for B2B and D2C, limited global expansion support **34%**	Hybrid commerce fully customizable and integrated with other systems, global market expansion and support capabilities **20%**
STRATEGY & BRAND FOCUS	Brand not represented consistently across sales and fulfillment channels **4%**	Brand strategy coexists with digital commerce but remains siloed from overall strategy **39%**	Commerce strategy complements brand strategy and vice versa **41%**	Synergistic digital commerce and brand focus across sales and fulfillment channels **16%**
	SILOED	→		SEAMLESS

The model begins with understanding the maturity of businesses based on their ability to provide a synergistic strategy and brand focus. The business value grows with improvements in digital commerce maturity. The following includes greater detail about the framework for measuring the state of digital commerce maturity and delivering optimized customer experiences:

Strategy and brand: Brand perception is a critical driver of consumer behavior, but only 16% of respondents are meeting the requirements for an optimized strategy and brand. Business attitudes toward digital commerce indicate a low level of maturity. It's important to measure how the company views its brand. Is it purely a transaction-centric investment or a strategic part of the customer experience? Executive leadership with a disruptive attitude must guide the business to ensure synergistic digital commerce and brand focus across sales and fulfillment channels. As a company moves up the maturity curve, it should view its digital commerce strategy and focus as an indispensable way to connect with customers directly to develop meaningful relationships and grow revenue. In fact, in comparison to 41% of overall respondents, 49% of digital leaders ensure that the commerce strategy is not only consistent across all sales and fulfillment channels, but also complements the goal of providing synergistic results.

Commerce Platform: A commerce technology platform is at the heart of enabling customers to purchase goods and services through a digital engagement experience. The platform provides essential services for customers along the buying journey from shopping to ordering to checkout. Less mature commerce technology investments provide inflexible architectures and usually only support one country, one distribution channel, or even one division within a business. Nearly two-thirds (65%) of digital laggards (46% of overall respondents) have either inflexible systems or siloed digital commere platforms across departments or business units. In comparison, 51% (34% of businesses overall) of digital leaders have a modern, agile commerce platform with customizable, reusable components, and prioritize the use of fully integrated hybrid B2B, B2C and D2C commerce platforms that can scale to support a global business.

More than one-third (39%) of businesses have basic digital with limited to no data sharing across channels.

Omnichannel: Omnichannel sales and fulfillment is a fully integrated approach to commerce, providing a unified experience across all channels and customer touchpoints such as web, mobile, in-store, social, etc. A key element is to offer customers exactly what they need in that moment, anywhere and on any device. The complexity arises when executing in both the digital and physical worlds simultaneously. More than one-third (39%) of businesses have basic digital with limited to no data sharing across channels. Reaching omnichannel maturity requires the capability to go beyond single-channel engagement toward multichannel with the goal of seamless sales and fulfillment capabilities. Most consumers are cross-channel shoppers. They buy online and return in store, or they browse online and buy in-store. There are also endless-aisle strategies that require the capability to offer in-store purchases that ship to home or another location.

Data and Analytics: The abundant growth of data and the demands for rich media content and regulatory compliance are requiring new approaches to managing customer data and intelligence. As businesses strive to go beyond segment-based personalization capabilities to delivering intelligent individualized customer experiences, they must eliminate data siloes and use a combination of operational and behavioral user data seamlessly and in real time. Achieving a single view of the customer drives the delivery of intelligent personalization capabilities at scale; half of digital commerce leaders (51%) reported having full business systems integration with a

360-degree view of the customer journey via real-time unfied customer profile data, compared to 19% of overall consumer brand manufacturers. Optimized maturity requires businesses to be more data-driven in order to compete effectively in today's environment, with a need to capture, analyze, understand and act upon information. They also need to recognize patterns, comprehend ideas, plan, predict, solve problems, identify actions and make decisions on a grand scale. The most meaningful (and ultimately profitable) customer experiences will be informed by data-driven context clues, which will only increase in number as the amount of available data – especially unstructured data – profilerates. This will continue to accelerate with the growth of new types of connected devices capturing unprecedented volumes of behavioral data.

... only 22% of businesses providing hyper-personalized experiences across all customer touchpoints...

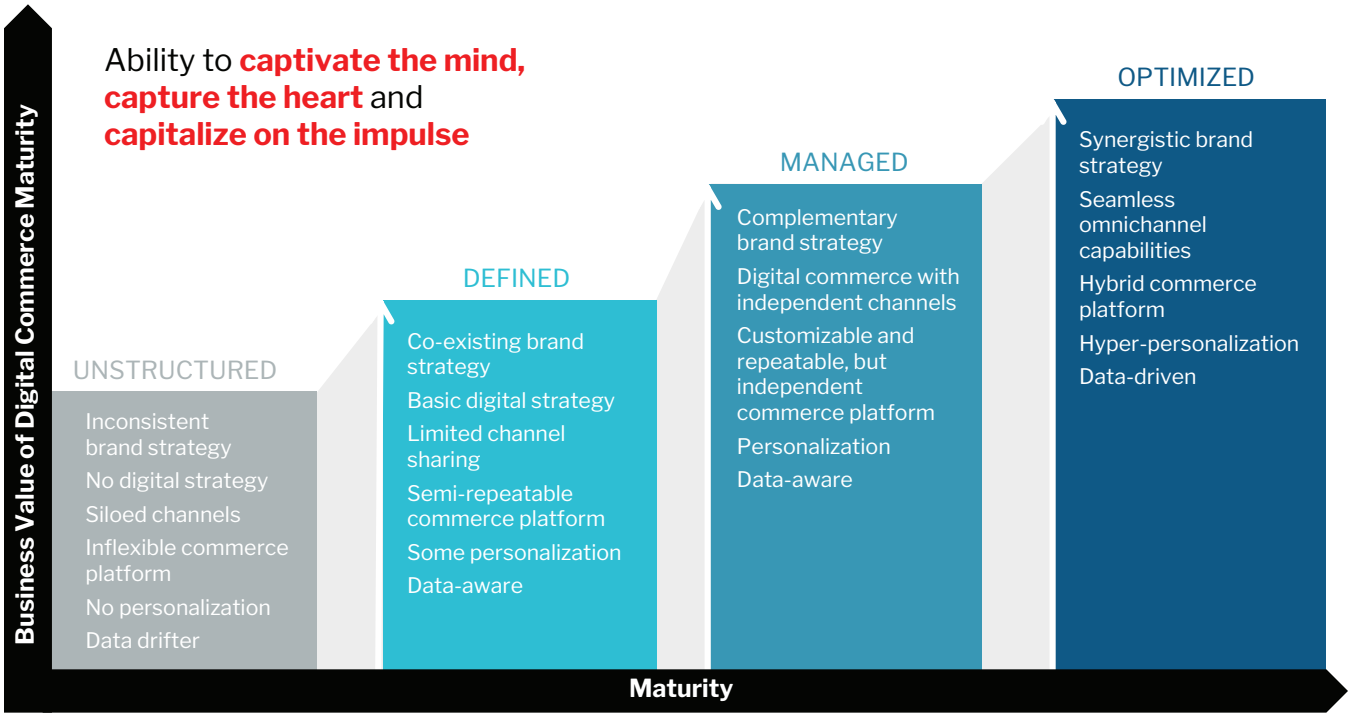
Customer experience: Tied very closely to the commerce technology platform are components of the merchant's digital development experience for design, content discoverability and cross-device interactions. More than a third (39%) of early-stage organizations (unstructured and defined) have limited capabilities for creating personalized engagements, resulting in a disjointed merchant development experience across touchpoints. With only 22% of businesses providing hyper-personalized experiences across all customer touchpoints, it is a key maturity factor for businesses to benchmark against competitors. When looking at digital commerce leaders, over half (54%) reported having a fully deployed experience model across devices and channels, however. These businesses use integrated and cohesive technology stacks designed to contextualize digital experiences across the customer journey.

Ability to Captivate the Mind, Capture the Heart and Capitalize on the Impulse

As businesses continue to make digital culture the center of their organizations, they need to invest in new business model processes and technologies (Figure 10). As they move up the digital commerce maturity path, the business value delivered back to organizations will improve the customer experience, revenue growth and operational efficiencies.

Overall, 42% of digital leaders benchmarked themselves as delivering optimized maturity, compared to 61% of digital laggards, which find themselves in the early stages of delivering basically unstructured commerce strategies. Additionally, the US, UK and France are in the lead with 26%, 23% and 21%, respectively, of respondents who indicated their brands are in the optimized maturity segment.

Figure 10: Ability to captivate the mind, capture the heart and capitalize on the impulse
Source: 451 Research custom survey



Digital leaders that are executing at an optimized maturity level understand that it's virtually impossible to plan for all potential customer journeys because each is a nonlinear, self-directed interaction – or micro-moment – across that customer's experience. However, facets of the customer's in-store journey, when tracked, can be used as influencing factors in their digital commerce interaction. The data improves algorithms, which factor in overall intent, resulting in greater relevancy and effectiveness.

Optimized Maturity Brings Revenue Growth, Optimal Customer Experiences and Operational Agility

Achieving optimized commerce maturity is essential for consumer brand manufacturers to succeed in the modern digital experience economy. Optimized maturity, however, is not just a technological innovation framework. For consumer brand manufacturers on their digital commerce transformation journey, optimized maturity encompasses revenue growth, elevated customer experiences that drive brand loyalty and advocacy, and operational agility to remain competitive and responsive within a shifting market landscape.

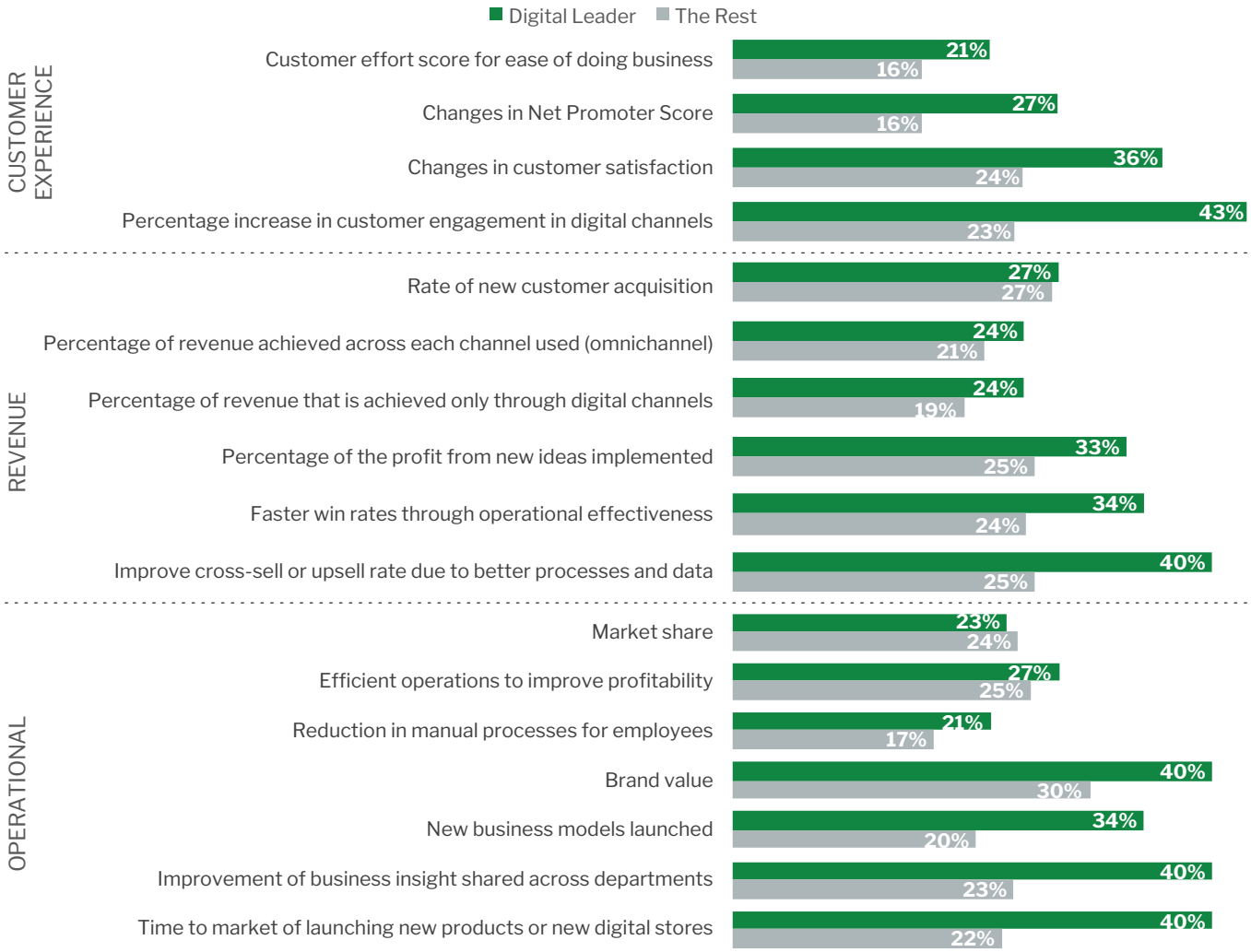
Digital commerce leaders are measuring their transformation success by identifying and tracking key strategic metrics, including improved customer engagement, increasing speed/time to market of new products or digital stores, reduction of internal siloes to spread business insight, higher cross-sell/upsell rates and a greater number of new business models being launched. Across the majority of these metrics, digital commerce leaders are enjoying nearly double-percentage-point increases compared to learners and laggards. Figure 11 places the key metrics being tracked into three areas: customer experience, revenue and operational.

Leaders' digital commerce transformation efforts are particularly focused on increasing the percentage of customers engaged via digital channels, with 43% tracking this metric compared to a mere 23% of learners and laggards. The agility, openness and reach afforded by investments in emerging digital commerce channels, improved data architectures and processes, and a more modern commerce platform infrastructure are driving tangible business success across the entire organization.

Digital leaders are also measuring cross-sell rates, win rates and percentage of profits from new ideas. All these metrics provide critical insight for businesses to measure return on investment of their digital commerce strategies.

Figure 11: Digital leaders measure new strategic metrics

Source: 451 Research custom survey



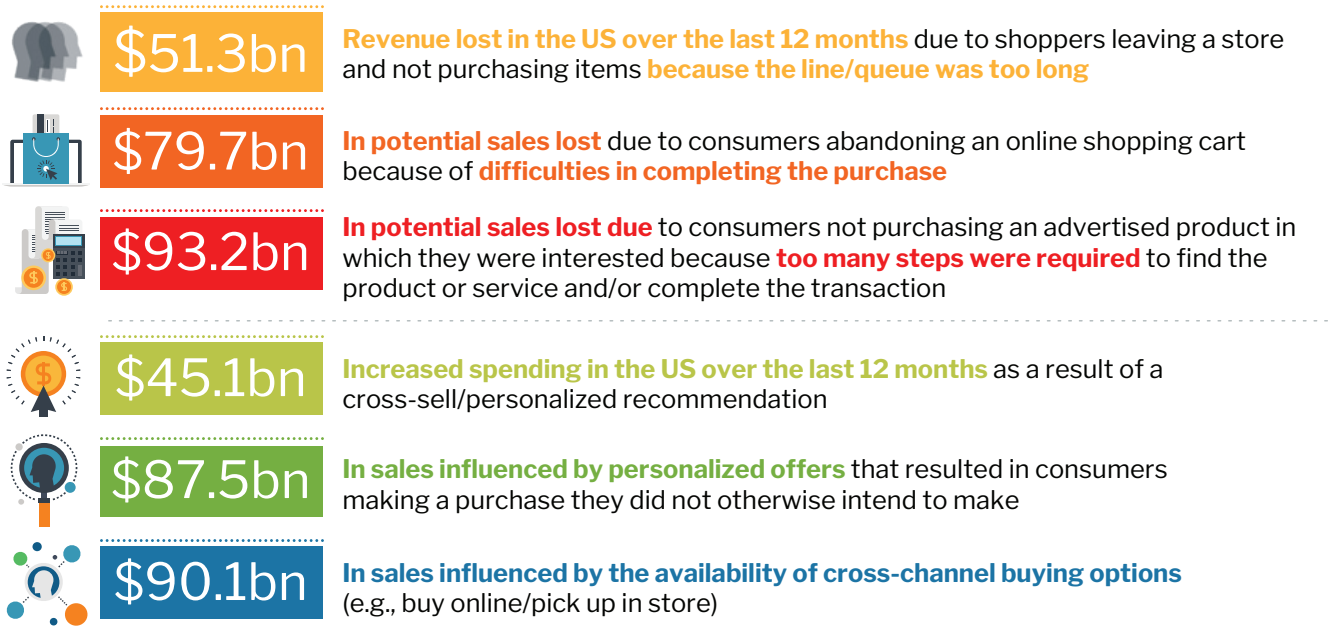
Opportunity Cost of Failure to Innovate: Half a Trillion-Dollar Opportunity

While many organizations are taking strides to invest in their digital commerce transformation, for those at the very start of their transformation journey, there is a lot at stake if they fail to act now. In the US alone, consumer brand manufacturers face $224bn+ in potential sales lost due to friction with a commerce experience, according to 451's Global Unified Commerce Forecast. This includes the costs associated with requiring customers to take too many steps to find a given product/service and complete a transaction, online shopping cart abandonment due to difficulties completing a purchase, and shoppers abandoning purchases due to long lines.

In addition to the potential sales opportunities at stake, consumer brand manufacturers' inability to respond to customer expectations prevents them from taking advantage of significant revenue lift, totaling a $223bn market opportunity. This includes sales influenced by personalized offers and recommendations and the availability of cross-channel buying and flexible fulfillment models (e.g., buy online/pick up in store, etc.).

Figure 12: What are the half trillion-dollars at stake?

Source: 451 Research custom survey



As digital commerce technologies dismantle the barriers to transact between countries, brands are facing increasing competitive pressures on a global scale. While these figures highlight the revenue at stake for failure to deliver optimized commerce experiences specifically in the US – nearly half a trillion dollars – consumer brand manufacturers that fail to innovate and invest in their digital commerce maturity face a much larger opportunity cost globally.

Conclusion: Digital Commerce Maturity Matters

To succeed, businesses need to be more creative in how they engage with consumers. Executing on this requires that they make investments in new digital platforms that address customer demand for immersive experiences, which relies heavily on rich media content, prescriptive insight and intelligent automation to build deeper connections, recommend next-best actions, and create more contextually driven interactions. The business value promised by optimized maturity creates competitive differentiation, effectively leapfrogging the competition.

Leaders reported experiencing healthier revenue growth, strong, centralized digital leadership, and improved omnichannel engagement; nearly half reported 80%+ improvement on key metrics and were twice as likely to have a dedicated digital strategy leadership team. Additionally, 84% claimed to track and measure the customer journey across all touchpoints. This puts them at greater advantage to captivate the mind, capture the heart and capitalize on the impulse of shoppers. In other words, digital leaders are at an advantage to garner greater brand interest, drive brand loyalty and advocacy, and capture more digital commerce revenue, translating to overall greater brand value.

Methodology

451 Research conducted a custom global survey of 356 decision-makers and influencers involved with digital commerce technology and business strategy to better understand the role of digital transformation and maturity in delivering optimal digital commerce experiences. Respondents were small to medium-sized consumer brand manufacturers (annual revenue of $25m-1bn) selling direct-to-consumer, business-to-consumer and business-to-business in a mix of online and offline channels, spanning the US, France, Germany, the UK, Spain, the Netherlands, Brazil and Australia.

Figure 13: Survey participant geographies

Source: 451 Research custom survey

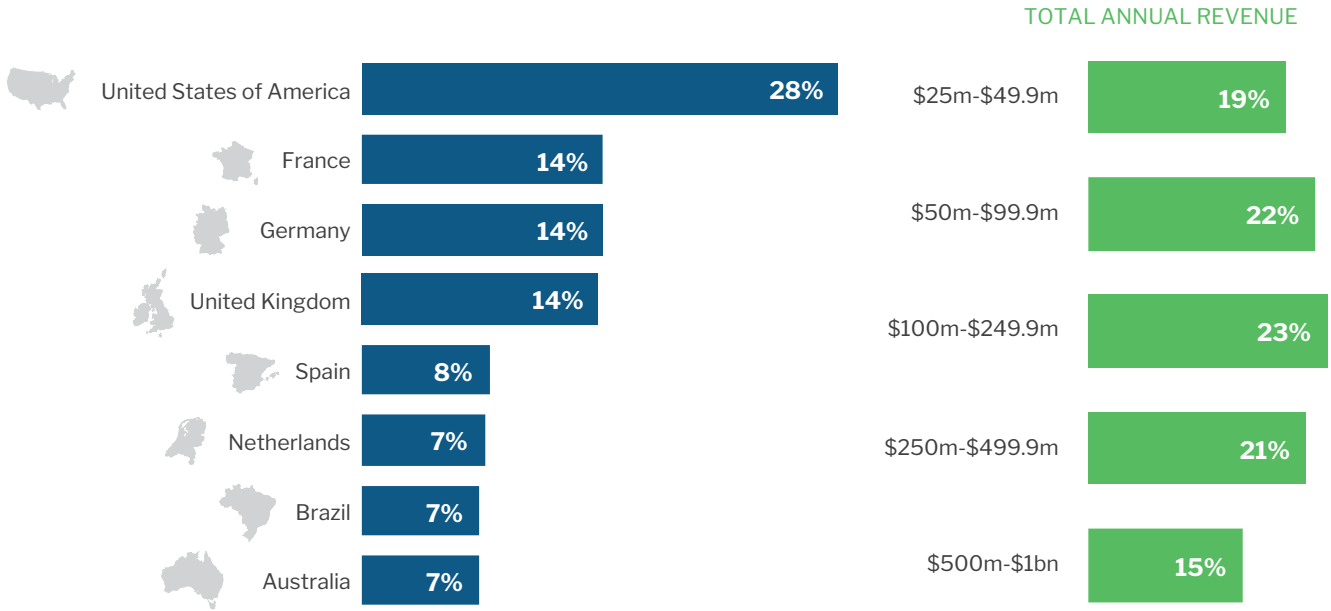
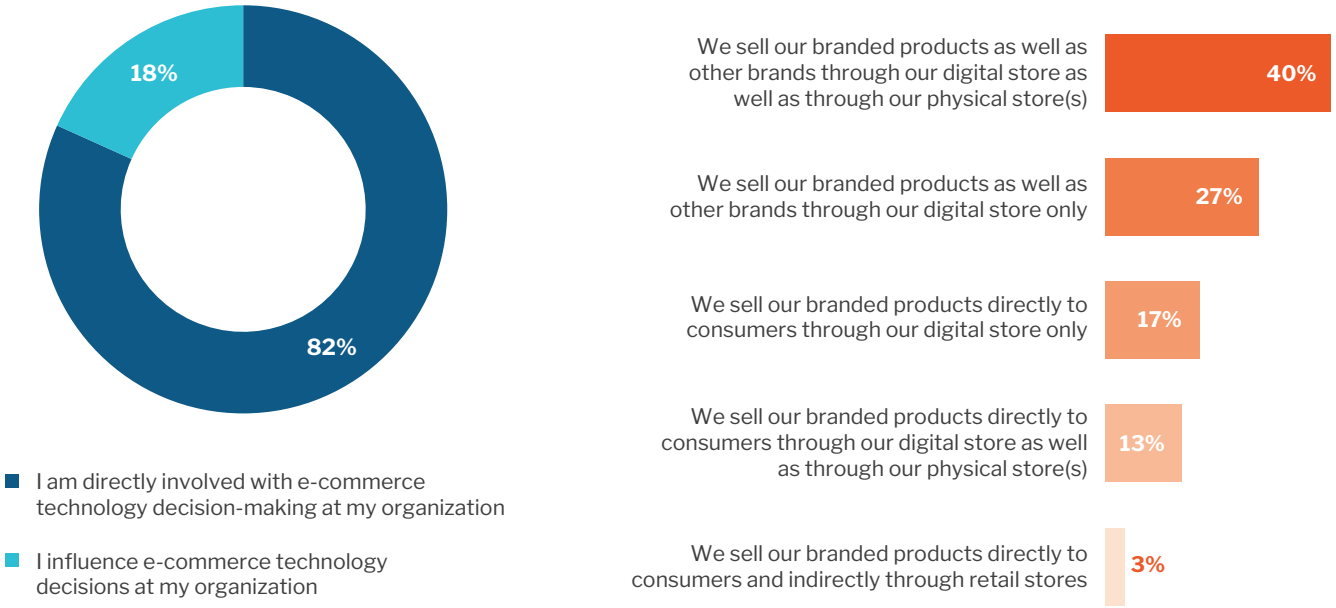


Figure 14: Survey participant digital commerce technology and business strategy involvement

Source: 451 Research custom survey



Based on the results of our global digital commerce maturity survey among consumer brand manufacturers, this report focuses on the high-level IT trends, digital transformation pain points and opportunities, and technologies exerting influence over the digital commerce experience, and it identifies a roadmap to achieve global digital commerce excellence.

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