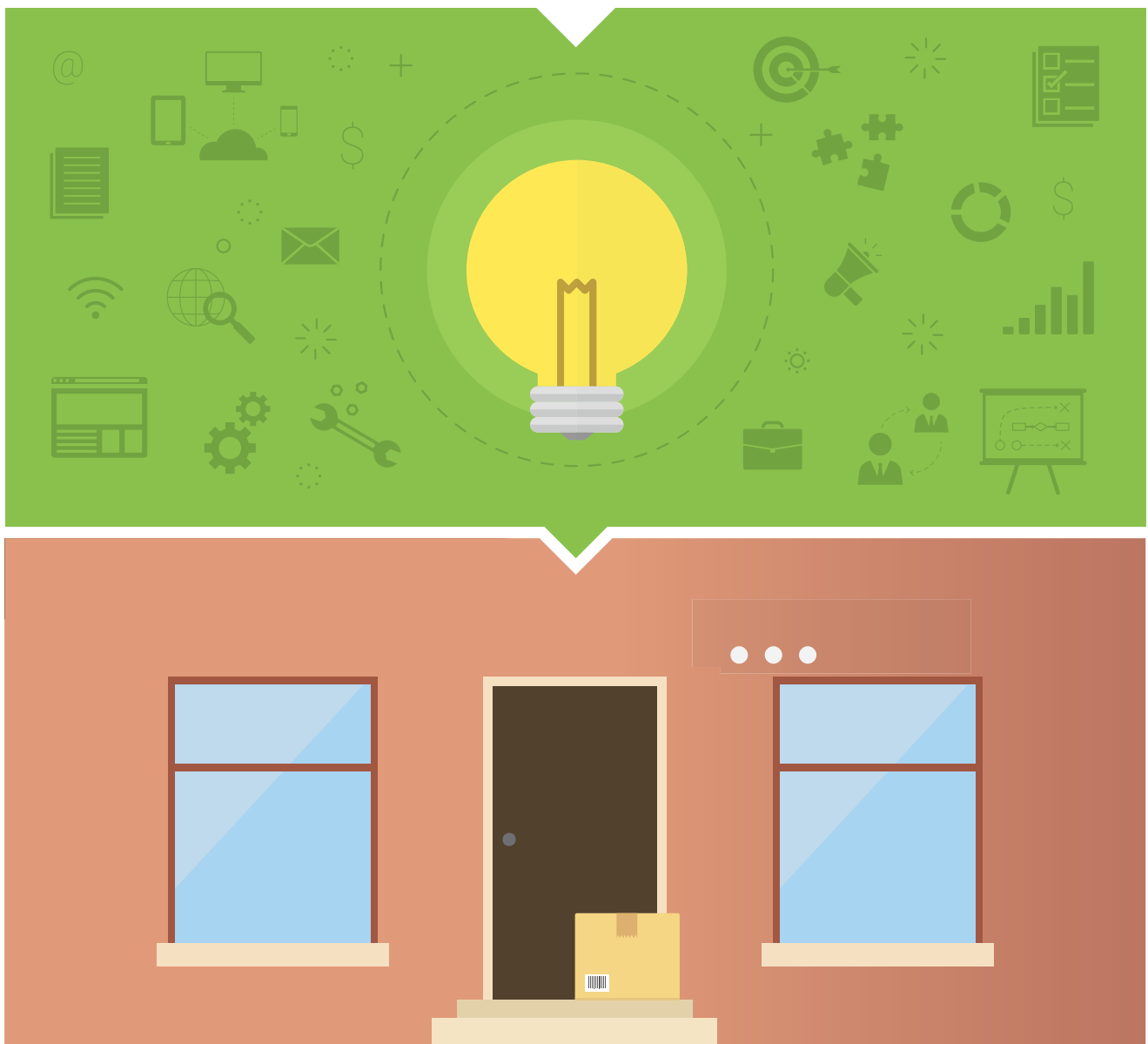




FITFORCOMMERCE ANNUAL REPORT 2017

FROM IDEA TO DOORSTEP:

Everything you need to know to achieve digital commerce success



Dear NRFtech attendee,

Hope you enjoy a portion of this 90 page report by FitForCommerce. Unfortunately, it was too big to post the full report here. For the full report, please download here:

<http://www.fitforcommerce.com/items/annual-report-idea-doorstep/>

The image shows a portion of a report with three callout boxes on the right side, each pointing to a specific section of the report:

- HEARD IN THE FIELD:** Retailer quotes and interviews. This callout points to a section titled "HEARD IN THE FIELD" which contains a quote from Paul Fredrick, CEO of Paul Fredrick, about pairing browse recovery with recommendations.
- OUR TAKE:** FitForCommerce perspective and inside knowledge. This callout points to a section titled "OUR TAKE: Devices matter" which discusses design with delivery formats (mobile, desktop, tablet) in mind.
- DID YOU KNOW?:** Highlights and key stats. This callout points to a section titled "DID YOU KNOW?" which states that 54% of emails are opened on a mobile device.

Please contact us at marketing@fitforcommerce.com to schedule to meet with our CEO, Bernardine Wu, or CRO, Paul Franz, at NRFtech this year.

Have a great show!

The FitForCommerce team

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Introduction

The evolution of technology and the Internet has a direct correlation with the acceleration of digital commerce, challenging the survival of traditional retail.

Led by Amazon and other large retailers, online shopping today rivals traditional shopping in many ways - they simply made it so easy and fast to shop online that traditional retailers struggle to compete. There is more pressure than ever for retailers and brands to reinvent traditional retail by assigning greater focus on digital channels and delivering a complete and unified shopping experience.



DID YOU KNOW?

- Between 2010 and 2014, ecommerce grew by an average of \$30 billion annually. Over the past three years, average annual growth has increased to \$40 billion.¹
- Online and other non-store sales are expected to grow 8 to 12 percent this year, and digital's influence on in-store sales continues to grow.²



HEARD IN THE FIELD

"Things are changing so fast in retail that a year needs to be measured in dog years." Mark Cohen, Head of Retail Studies Program, Columbia Business School.



OUR TAKE: The great retail reinvention

The importance of digital commerce continues to rise - brick and mortar retail is not dead, but traditional retail as we once knew it no longer exists. The industry is changing and it is upon all of us to reinvent what traditional retail means. As we look ahead, we expect to see further consolidation of the retail market, improved use of data and a greater need to connect and blend in-store and digital experiences.

From Idea to Doorstep

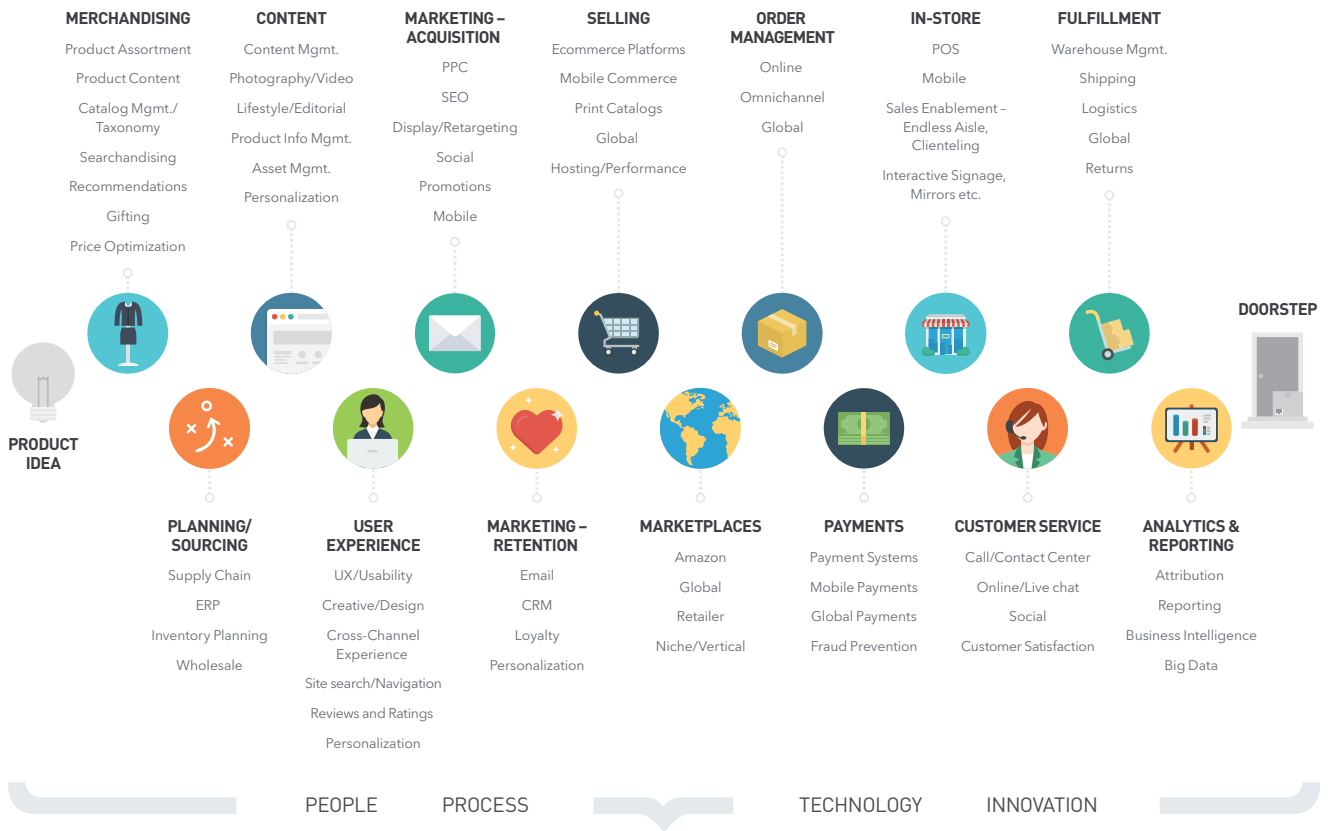
What does it take to run a successful consumer digital commerce business? From developing the right strategy and building a high-performing team, to building a solid foundation and selecting the right technologies, there are many different moving parts to manage. Top that off with a constantly evolving retail environment and technology moving at the speed of light, and it is no wonder that thriving, yet alone surviving, can be overwhelming - even for the most seasoned retail executives.

In this report, we will identify key areas along the FitForCommerce "From Idea to Doorstep" continuum which brands and retailers need to master to succeed in today's retail world. We will examine strategies and tactics used by leading brands and retailers and provide an overview of the technologies needed to support each area.

Shoppers don't think in terms of "channels." They simply care about their shopping experience overall. Shoppers want an engaging experience that is relevant, fast and convenient. The retailers that win in today's marketplace take measures to deliver a seamless experience, start to finish, within and across channels, supporting shopper needs wherever, however, and whenever they shop.

** Going forward, in this report, we will use the term "retailer" to cover both brands and retailers.*

FROM IDEA TO DOORSTEP: PROCESS AND TECHNOLOGIES



The Foundation

BURNING QUESTIONS



- What do I need to set up my organization for success?
- How do I determine the right technology mix for my organization?
- How do I focus on innovation while managing daily operations?

Evolving technologies and changing consumer-shopping behaviors are consistently top of mind for retailers. While most agree that a seamless and consistent shopping experience across all channels is ideal, the approach varies.

Legacy systems, siloed organizational structures and inadequate customer data are just some of the barriers that retailers face in today's retail world. They struggle with selecting the right tools and integrating systems across all customer touchpoints so critical to truly unifying the customer experience.

From initial interest through purchase and beyond, retailers need to manage many complex, interdependent and moving parts. While the thought may be daunting, approaching the

shopping experience in a strategic, holistic manner is the only way to satisfy shopper's high expectations. And it begins with an internal foundation built on the right organizational structure and the technology needed to power it all.

People, Technology and Innovation



People



Technology

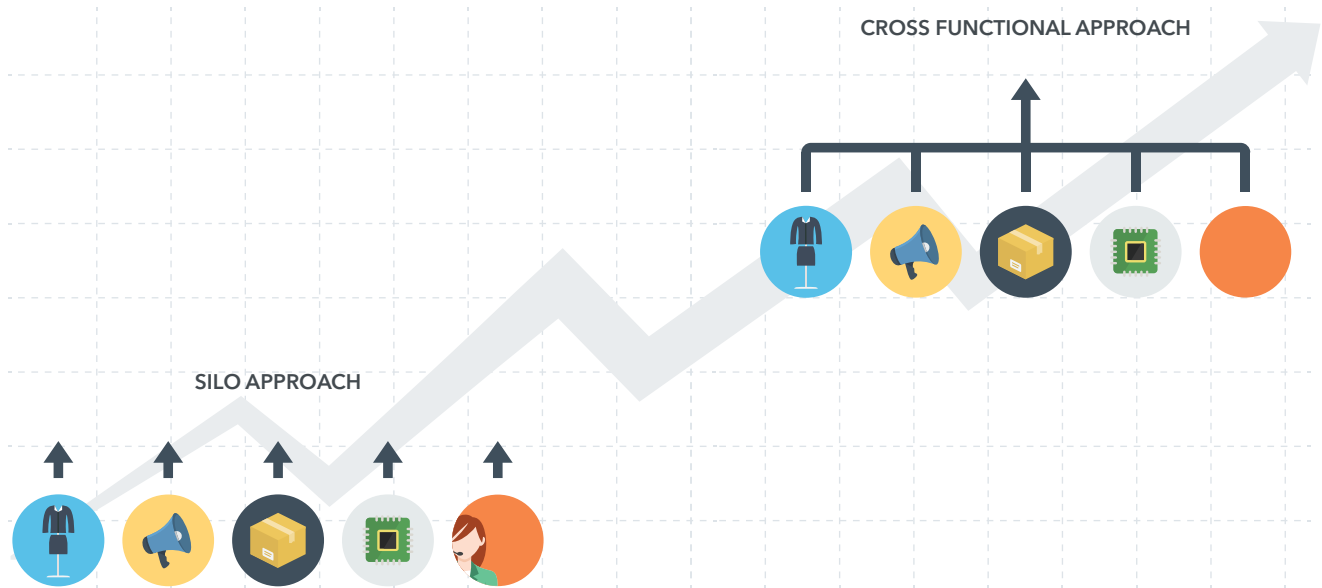


Innovation

A solid digital commerce strategy encompasses many components and, in the ever-changing retail environment, it requires constant refinement. The strategy must define the goals, provide a roadmap for moving forward, and allow retailers to keep up with competition. Retailers not only must build a solid foundation; they must position their organizations to handle the many unknowns of the future of retail.

People

An organizational structure of cross-functional teams with the right skills, and shared values and goals that work



collaboratively, and in alignment, to plan, manage and execute all functions is essential to running a successful retail business.

Too often retailers employ people to manage each distinct business area, leading to functional silos. This frequently leads to communication breakdowns, inefficiencies and missed opportunities. By breaking down the barriers, retailers are better positioned to deliver the standout shopping experiences necessary to compete.



OUR TAKE: People are your greatest innovation

The right people are the most valuable asset for your organization. Ensure that you give them the tools to keep developing their skills and the technology to empower them to collaborate and best serve your customers.

The way that retailers develop, staff, incent and evaluate their organizations can mean all the difference between failure and success. It is critical to ensure that employee performance measurements, incentives, and rewards are structured to foster alignment in achieving strategic company objectives versus tactical goals.



OUR TAKE: It's all about the common goal

Remember that your customer has a relationship with your brand, not a series of channels and departments. Ensure your organization structure, goals, performance measurements, metrics and rewards are designed to achieve strategic 'above the channel' objectives for a world-class customer experience and long-term customer value.

Technology

The right technology foundation is imperative to success - it must support and empower teams to achieve operational efficiencies and deliver the optimal customer experience. Finding the best ecommerce and retail technology solutions is not easy. It starts with a clear understanding of desired achievements, current system capabilities and future goals. A detailed requirements analysis is critical and this exercise often leads to the identification of gaps and opportunities that may not have been readily apparent.



OUR TAKE: 66% of digital commerce selections end in divorce

Choosing the right platform or solution to meet identified requirements is a time-consuming and resource-intensive - but necessary - project. Investing in, and implementing, the wrong solution can have a detrimental impact on your overall business.

GETTING STARTED

You have a lot of technologies at your disposal - and all promise to deliver the optimal tools to accelerate your business. Most technology platforms require resources and have a learning curve so it is critical to determine the right priorities for your organization.

1. **Comparison-shop the competition and beyond. Look to broader industry best practices for opportunities that readily transfer to your business model**
2. **Evaluate your current capabilities to identify gaps and opportunities**
3. **Evaluate the likely ROI of addressing these gaps**
4. **Establish implementation priorities and a testing strategy**
5. **Establish cross functional (and cross-channel) collaboration to break down silos and assure seamless execution**
6. **Establish measurement methodology**
7. **Test, roll-out successes, and test some more**

It is easy to get distracted by shiny new technologies, but it is often the less "flashy" solutions that help optimize and improve the overall efficiency of a business. It is worth evaluating how and what can be improved "behind-the-scenes" before determining what technologies are needed.



OUR TAKE: Proper training is key

Continually look for ways to improve and optimize the use of your technology platforms. Review performance ongoing and hold the selected provider accountable 60-90 days after implementation to find other ways to improve performance.



DID YOU KNOW?

Following implementation retailers typically utilize only 25-35% of a system's functionality.³

Integration is King

As retailers add new sales channels and more sophisticated processes, many end up with a number of stand-alone applications that each handles short-term, tactical needs. Disconnected systems cause functional silos and create process bottlenecks. Thoughtful integration avoids that.

Innovation

Retail and technology are evolving at lightning speed and keeping up with the latest and greatest takes time and resources - both of which are scarce for most retail organizations. It is imperative to constantly understand customer shopping behaviors and expectations as well as monitor what competitors

are doing and even look beyond specific industry characteristics to get inspiration and gain a sneak peak into what might be next.

Most retailers are inundated with promises from technology providers to take their businesses to the next level, but it is almost impossible to separate the wheat from the chaff. Retailers need an organized approach to staying on top of innovations while navigating which emerging technologies will truly help the bottom line. Few retailers have the capacity to dedicate resources to innovation, those who do not should consider teaming up with a partner that understands their business and can apply market knowledge and insights on innovative tools and technologies best suited to grow their business.



OUR TAKE: Separate the wheat from the chaff

Create 'Innovation Pods' or team up with a partner to develop and prioritize projects, and recommend innovative solutions to improve the customer experience.

Analytics & Reporting

BURNING QUESTIONS



- Who should handle analytics and reporting in my organization?
- How can I leverage analytics to improve my business?
- What tools can I use to get access to better data?

One of the enormous benefits of digital commerce and marketing is the ability to easily gather data, and track, monitor and analyze everything related to customers, inventory and acquisition and retention programs. Analytics & reporting tools enable retailers to evaluate the performance of their overall business, marketing programs and sales across the entire organization.

The most successful retail organizations realize the power of data and analytics and transform empower each group within the organization to access and leverage reporting by function instead of relying solely on data analysts to analyze the data and report back to each group.



OUR TAKE: Data-driven decisions rule

Everyone on your team should be able to access and analyze relevant data to make better decisions based on real insights.



DID YOU KNOW?

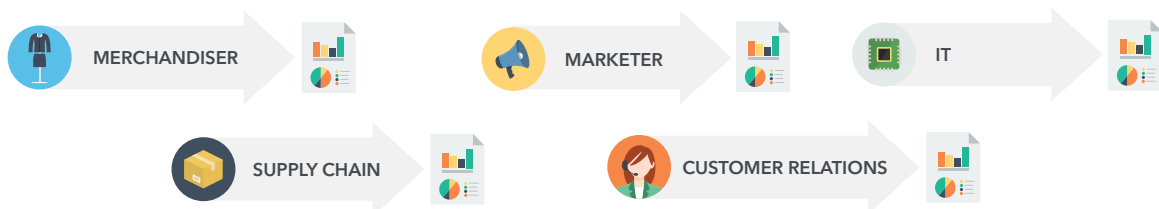
46% of marketers cite "proving the ROI of our marketing activities" as one of the biggest challenge they face within their company.¹⁰

Tools and Tricks of the Trade

Armed with the right tools, retailers gain access to the analytics for individual tactics, overall programs and sales across multiple channels and customer touchpoints. Retailers should use these insights to adjust and improve strategies and plan future



VS.



initiatives to drive optimal growth and improve operational efficiencies.

With a myriad of tools readily available, retailers have no excuse not to leverage these insights to improve and grow their businesses.



DID YOU KNOW?

Web analytics measure what is happening on the website and website performance whereas Digital analytics measure the effectiveness and impact of marketing campaigns (email, social, retargeting and so on).

Digital analytics platforms are highly fragmented. Most of the solutions and platforms that retailers leverage to support their business - from the ecommerce platform to social media monitoring tools - include varying degrees of analytics and reporting capabilities. However, often these disjointed systems do not provide the complete view of the business that is critical to evaluating performance and planning accordingly.

Retailers should implement an end-to-end reporting platform or dashboard that allows them to access all data and measure all activities in one place.



DID YOU KNOW?

Web and marketing analytics tools top the list of marketing technologies used by US marketers - used by 75% of enterprise marketers.¹¹¹



OUR TAKE: Make analytics and reporting a priority

The analytics and reporting platform should be one of your highest priorities - understanding business performance is instrumental in developing your strategy and decision-making for budget planning, spending and timing.

There are generally four types of analytics that retailers should know and master: descriptive, diagnostic, predictive analytics and prescriptive. All are critical for understanding the business, the return on investment on different initiatives and for planning future programs to drive growth.



SEEN IN THE FIELD



Rebecca Minkoff has integrated its analytics, retail and ecommerce information into one business intelligence platform that enables them to access their data quickly and easily with the help of Amazon Alexa. Forget waiting for someone to pull a spreadsheet from the database. Want to know the most popular item sold in the last 30 days? Just ask Alexa.¹¹²



DID YOU KNOW?

Spending on marketing analytics is expected to nearly double over the next two years, from 7 percent to 12 percent, as marketers supersede CTOs as a business's biggest IT spender.¹¹³



OUR TAKE: Data is the easy part

You already have access to basic customer data such as demographics and order history. In digital commerce, even more information on the customer is usually available. However, the trick is to ensure that the data captured is easily accessible and can be presented in an actionable way.

Customer Relationship Management (CRM)

CRM systems are designed to compile information on customers across different channels and points of contact between the customer and the company - which could include the company's website, telephone, live chat, direct mail, email, retargeting and social media. CRM systems include comprehensive reporting

tools that provide retailers with detailed information on customer demographics, purchase history, buying preferences and concerns. Some CRM systems also provide the ability to automate various workflow processes and create customer journeys that can be used to develop highly effective content and marketing programs.

Campaign Management/Marketing Automation

Marketing automation solutions help retailers deliver campaigns across offline and online channels and personalize customer experiences. In addition to reducing planning time and time to market for campaigns, marketing automation platforms also track and capture data about customers that should be used to personalize experiences and to inform the overall strategy for optimal results.



OUR TAKE: Improve your ROI

Tracking ROI for Pay-Per-Click, advertising, affiliate networks, email campaigns, etc., will show which initiatives work best and for how long. When calculating ROI include online sales, returns and post sale metrics as they affect long-term ROI. Communicate results with relevant stakeholders so they can help improve your ROI.

Business Intelligence (BI)

Designed to retrieve, analyze, transform and report data, BI includes the infrastructure, tools and best practices that enable access to and analysis of data to improve and optimize a retailer's decisions and performance. BI tools can range from simple spreadsheets to sophisticated data visualization tools that leverage machine learning and typically provide historical, current and predictive views of business operations.

Big Data Analytics

Big data analytics enables retailers to examine large data sets to uncover hidden patterns, unknown correlations, market trends and customer preferences. Big Data Analytics is a significant undertaking and it is not necessary for all retailers. Generally retailers should not try to incorporate Big Data Analytics until:

- They understand how to utilize the data
- They know what they want to know and derive from the data

- They have the right organizational capabilities to properly manipulate and understand the data



OUR TAKE: Don't panic about big data

Keep an eye on Big Data, but do not devote lots of bandwidth or capital if traditional data processing techniques can provide insights that you do not have resources to leverage. Focus on capturing the right data (big or small) that it is easy to get to and is actionable.

Web Analytics

The analysis and reporting of website data is table stakes and a must-have for retailers. Today, web analytics should also include mobile web, and other digital platforms and capture both browsing behavior as well as transactional data. Advanced web analytics provide insight into visitor and referral data, traffic and navigation patterns and detailed metrics reports that help retailers optimize the ecommerce site and other digital touchpoints. Most digital commerce platforms include some web analytics functionality, but retailers can benefit from augmenting these with a robust and comprehensive analytics package that includes:

- Visitor analysis - segmentation using distinct personas, based on traits and site behavior
- Referral analysis - uncovering how visitors came to the site
- Browse patterns - mapping what visitors do on the site



OUR TAKE: Identify key performance indicators before you start

Before you start looking at web analytics tools it is important to think about what information is needed and what metrics are most relevant to your business. Without this step you could easily spend time measuring and analyze the wrong things.

Attribution

An attribution model is the rule, or set of rules, that determines how credit for sales and conversions is assigned to touchpoints in conversion paths. As more retailers evolve and expand their

budgets for digital marketing programs, it is imperative to understand the path-to-purchase and assign the appropriate "credit" to each program. Many retailers use "last touch attribution" assigning the credit for the sale to the last touchpoint a customer utilized before converting. Multi-touch attribution looks at the entire sequence "touches" across the customer journey to conversion. This allows for better allocation between channels and campaigns that tend to occur earlier in the customer journey versus those that occur later.

Marketing attribution software is usually a centralized platform that pulls data from other marketing and integrates with other technology platforms used by the retailer include CRM, the digital commerce platform, marketing automation, email and other analytical tools.

Conclusion: Coming Full Circle

This marks the end of this report. But, in today's retail reality, there is no end to the story. The "Idea to Doorstep" process is, like the path-to-purchase, no longer linear, and there is no clear beginning or end.

After the product arrives at the customer's doorstep, the post-purchase process begins. This is when you find out if all your hard work has paid off. Did you meet or exceed expectations? Did

the experience fall short at any point along the process? If you succeeded, you'll be rewarded with a loyal customer who might even turn into your most powerful marketing asset if you continue to keep her happy.

It is a never-ending process, and just as you think your organization has mastered the skills to accelerate the business, new technologies will emerge and turn everything upside down again!



FitForCommerce is a leading boutique consultancy that helps hundreds of online and multichannel brands and retailers make informed digital, ecommerce and omnichannel retail investment decisions. Leveraging years of experience, state-of-the-art tools, strategic diligence and tactical planning, FitForCommerce helps brands and retailers define strategies for growth, improve the customer experience, plan and hire the right organization, and find "best fit" technology solutions. | www.fitforcommerce.com