E-Commerce – Three Big Questions
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E-Commerce - The Three Big Questions

Summary

Businesses today are struggling to keep pace with the ever-evolving technology developments, their impact on consumer behavior, and the overall e-commerce ecosystem. This document discusses three important questions that businesses need to answer and also outlines a framework to analyze the effectiveness of various online channels.

In order to claim their share of growth from the highly lucrative and evolving e-commerce landscape, businesses are under a lot of pressure to devise e-commerce strategies that are effective. However, given the speed at which new online engagement channels and business models are hitting the market every day, never has there been a greater need for businesses to take a step back and critically re-evaluate their e-commerce strategies than now.

With the technological entry barriers dissipating, it’s easy for any company to be present in the market across all online channels. It’s not difficult to guess that very soon, being on a large number of online channels will become the standard rather than a distinguishing factor for businesses. The real differentiator will be businesses’ ability to innovate with existing channels (or a combination of channels) to provide a better quality of engagement for consumers – this is what will attract the technology savvy consumers of the future.

Businesses must decide whether they want to join the race to have a greater number of online channels or if they want to innovate specific channels to attract consumers. In order to innovate, the three key questions that they need to ask are:

1) What is attracting customers to specific technologies?
2) Do our online channels fulfill customers’ needs?
3) Do we have the required technology to engage with our customers?
The three key elements of the e-commerce ecosystem – Consumers, Technology, and Brands – are interacting in complex and dynamic ways, pushing each other to continuously evolve and creating a universe of opportunities.
Three Big Questions
The Key Questions that Businesses Need to Answer about E-Commerce

To be able to devise effective and successful e-commerce strategies, it is important for businesses to understand why consumers are embracing certain technologies and not others.

1. Do We Understand What is Attracting Consumers to Specific Technologies?

2. Do Our Online Engagement Channels Effectively Fulfill Consumers’ Needs?

3. Do We have the Required Technology to Engage with Our Consumers?

Do Our Online Engagement Channels Effectively Fulfill Consumers’ Needs?

Do We Understand What is Attracting Consumers to Specific Technologies?

Do We have the Required Technology to Engage with Our Consumers?

Technology

Online “Freedom” (Anywhere, Anytime, Any Device, Contextual, Relevant, Customized)

Technology Enablers (Social & Behavioral Data)

Multiple ‘Digital Engagement Channels’

Online Purchase and Direct Feedback

Technology Enablers (Back-end, UX/Front-end)

Technology Enablers (Transaction and Visits Data Analytics)

Brands/Products
1) What is Attracting Consumers to Specific Technologies?

Consumers Want Convenience, Experience, Relevance, and Value

Consumers gravitate toward technologies and devices that provide one or more of the following benefits—Convenience, Experience, Relevance, or Value.

### Convenience

- **‘Device’ Independence**
- **‘Platform’ Independence**
- **‘Storage-Space’ Independence**

### Experience

- **‘Device’ Experience**
- **‘Content’ Experience**

### Relevance

- **‘Social’ Relevance**
- **‘Location’ Relevance**
- **‘Context’ Relevance**

### Value

- **‘Marketplaces’**
- **‘Daily-Deals’**
- **‘More-For-Less’**
2) Do Our Online Channels Fulfill Consumers’ Needs?
Better Quality-of-Engagement channels will Attract Consumers

Consumers will be attracted to brands that provide higher quality engagement channels as the greater quantity of channels becomes standard.

A Hypothetical Online Engagement Channel Portfolio Analysis

<table>
<thead>
<tr>
<th>Online Channels</th>
<th>Convenience</th>
<th>Experience</th>
<th>Relevance</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Brand Website</td>
<td>?</td>
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<tr>
<td>Retailer Website</td>
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<td>?</td>
<td>✔</td>
</tr>
<tr>
<td>Social Media</td>
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<td>Mobile Commerce</td>
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<tr>
<td>Daily Deals</td>
<td>?</td>
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<td>?</td>
<td>✔</td>
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<tr>
<td>Group-Buying</td>
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<td>✔</td>
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<tr>
<td>Localized Offers</td>
<td>?</td>
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<tr>
<td>Virtual Stores</td>
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<td>✔</td>
<td>✔</td>
<td>?</td>
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<tr>
<td>Next-Gen (???)</td>
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<td>✔</td>
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</table>
3) Do we have the Required Technology to Engage with Our Customers?

Engagement channel Decisions will Drive the Choice of Technology Options

Technology companies will define their customer segments based on overall e-commerce strategies (rather than specific components or channels) in order to target and serve them better.

<table>
<thead>
<tr>
<th>Back-end/ Infrastructure Enablers</th>
<th>Key Trends</th>
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</thead>
<tbody>
<tr>
<td>IBM® WebSphere®</td>
<td>▪ Growth of cloud/SaaS offerings across the e-commerce technology spectrum</td>
</tr>
<tr>
<td>demandware®</td>
<td>▪ Growth in the variety of e-commerce offerings with both large and small technology players competing for customers</td>
</tr>
<tr>
<td>RedPrairie®</td>
<td>▪ Emergence of one-stop-shop e-commerce technology offerings</td>
</tr>
<tr>
<td>hybris software</td>
<td>▪ Increase in the importance of UX (User-Experience)/Front-end design</td>
</tr>
<tr>
<td>ATG WEB COMMERCE</td>
<td>▪ Social-media integration</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Analytics Tools (Social and Behavioral Data)</th>
</tr>
</thead>
</table>
| salesforce | Lightning%
| radian6 | Lint%
| sysomos | Lint%
| Lithium | Lint%
| socialmention* | Lint%
| PeopleBrowsr | Lint%
| beevolve | Lint%

<table>
<thead>
<tr>
<th>Analytics Tools (Transaction and Purchase Data)</th>
</tr>
</thead>
</table>
| Google Analytics | Lint%
| IBM Coremetrics | Lint%
| comScore | Lint%
| ADOBE® SITECATALYST® | Lint%
| webtrends® | Lint%
| TRUVEO immediate insight | Lint%

<table>
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<tr>
<th>UX (User Experience) / Front-End Enablers</th>
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<tr>
<td>SD Something Digital®</td>
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HomePlus (Tesco)

A South Korean/British discount store retail chain that is jointly owned by Samsung and Tesco with 113 branches throughout South Korea.

The ‘Context’

**HomePlus’ Mission**

“Could we become Number 1 in the market, by beating E-Mart (which had the largest number of stores in Korea), without increasing the number of stores?”

**Consumer Context**
- Koreans are the second most hard working people in the world
- For them, grocery-shopping once a week is a dreaded task

Big “IDEA”

“Let the store come to the people!”

What Customers Needed

Freedom from the usual hassles of grocery-shopping

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Source: "Cannes Lions International Festival of Creativity website"
HomePlus created ‘virtual stores’ to blend into people’s everyday lives, starting with subway stations

1. Although virtual, the displays (size, colors) are exactly the same as actual stores

2. Users are allowed to use smartphones to shop, i.e., by scanning the QR code

3. Once selected, the product automatically lands in the online shopping cart of the user

4. When the online purchase is done, goods are delivered to the user’s doorstep when they get home

Consumers
- Able to shop anywhere they go
- Able to spend more time relaxing after work and on weekends rather than running errands
- ‘Waiting time’ converted to ‘Shopping time’

Business
After the campaign:
- 10,287 users visited the online HomePlus mall using smartphones
- The number of registered members rose by 76% and online sales increased 130%
- HomePlus became Number 1 in the online grocery market and is a very close 2nd offline

Source: 1 Cannes Lions International Festival of Creativity website
HomePlus’ solution is aptly designed keeping in mind various elements of consumers’ ‘context’. Their version of the ‘virtual store’ fits into the schedule (time) of consumers, their pockets (space), and their travel (location). The new engagement channel fulfills the four key elements that usually attract consumers to any technology – Convenience, Experience, Relevance, and Value.

### Engagement Channel ‘Quality’ Assessment

<p>| | |</p>
<table>
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<tr>
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<tbody>
<tr>
<td><strong>Convenience</strong></td>
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<tr>
<td></td>
<td>Easy solution available using smartphone or tablet</td>
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<tr>
<td></td>
<td>Device and platform independence</td>
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<tr>
<td></td>
<td>Better than shopping through a website with smaller displays</td>
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<tr>
<td></td>
<td>Shopping in non-traditional locations</td>
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<tr>
<td><strong>Experience</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Life-size display of merchandise</td>
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<tr>
<td></td>
<td>Enhanced experience using smartphone apps</td>
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<td></td>
<td>Cleaner</td>
</tr>
<tr>
<td><strong>Relevance/Context</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fits into the schedule</td>
</tr>
<tr>
<td></td>
<td>No visit to the store</td>
</tr>
<tr>
<td></td>
<td>No waiting time in queues</td>
</tr>
<tr>
<td></td>
<td>Utilizes time while waiting for subway</td>
</tr>
<tr>
<td><strong>Value</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Easier access to deals and discounts</td>
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</table>
‘Context’ will be the Next Big Thing
Case Study – II: AutoTrader.com’s Smartphone App (1/3)

AutoTrader

An online solution for buying and selling new, certified, and used cars

The ‘Context’

Users are usually on the street (a mobile situation) when they spot a vehicle they like – especially when they are in the ‘research’ phase before the purchase.

Big “IDEA”

How to leverage “that moment” into a mobile opportunity for AutoTrader?

What Customers Needed

The initial information users needed was the make and model, price, and how to purchase the vehicle.
AutoTrader.com created a smartphone app that enabled consumers to get key information about a vehicle the moment they spot one they like. The app allows interested users to book a test-drive on the spot.

Use the smartphone camera to identify the car model by taking a photo of the number plate. The app matches it with the government database to provide the user with the details of the exact model.

Receive immediate reviews from experts and other users on that model. Search for the model within the AutoTrader market, and select a car.

Contact the car dealer to book a test drive. Save and manage listings for future reference and decision-making.

**What's ‘Different’?**

- Not an adaptation of the general AutoTrader portal
- The entire focus of the concept is to serve the needs of the user to identify and shop “from the street”
AutoTrader.com’s solution is designed to capture the interest of a consumer on-the-spot, before it wanes. The solution makes it easier for the consumer to get the right information quickly using a smartphone/tablet. This converts a traditionally mundane and tiring purchase process into a simple and exciting experience. The new engagement channel fulfills the four key elements that usually attract consumers to any technology – Convenience, Experience, Relevance, and Value.

<table>
<thead>
<tr>
<th>Engagement-Channel ‘Quality’ Assessment</th>
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</table>
| **Convenience** | Easy solution using smartphones or tablets, i.e., device and platform independence  
Better than doing the research/comparison/information-collection through a traditional website |
| **Experience** | Seamlessly combines the traditionally separate steps of the purchase process into one simple and elegant process  
Enhanced experience using smartphone apps |
| **Relevance/Context** | Captures the interest of the consumer on-the-spot  
Provides required information on-the-spot to help the consumer move on to the consideration phase for the product  
No visit to the store or traditional website |
| **Value** | Saves time and effort  
Easier access to deals and discounts |
If You Are...

- Looking to evaluate growth opportunities in a different market or industry
- Interested in capitalizing on the increasing use of social media and mobile as a way to engage your customer
- Keen to know how your competitors are investing in technology and innovation
- Looking to evaluate partnership or acquisition opportunities in a specific industry or geography

...Contact Us

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