DIGITAL COMMERCE 360

2023 B2B & B2C ECOMMERCE PLATFORM TRENDS AND STRATEGIES

Compliments of **human<>element**

EXECUTIVE SUMMARY

A little more than one out of four retailers are looking to switch their ecommerce platform, according to a Digital Commerce 360 survey conducted in September and October of 2022.

More tellingly, when the retailers were asked to rank their top five ecommerce technology spending priorities, 46% of the 135 respondents to that survey listed "ecommerce platform" — the highest score of any of the 25 possible priorities listed.
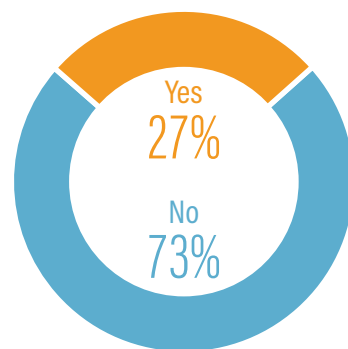
RETAILER INSIGHTS

WHAT ARE YOUR TOP FIVE ECOMMERCE TECHNOLOGY BUDGET PRIORITIES OVER THE NEXT YEAR?

Ecommerce platform	46%		International ecommerce services	15%
Customer relationship management	34%		Supply chain management	13%
Online marketing	30%		Warehouse and fulfillment management	13%
Content management	27%		Web hosting/cloud services	10%
Customer service software	27%		Social media	10%
Fulfillment services	24%		Omnichannel	8%
Marketplace/Channel management[1]	19%		Personalization	8%
Email marketing	19%		Web analytics	8%
Payment, security systems, fraud prevention	19%		Website performance management	7%
Customer reviews/ratings	18%		PIM and other product data management	4%
Search engine optimization	17%		Sales tax management	4%
Order management	16%		Site search	4%
Affiliate marketing	16%			

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That overwhelmingly high prioritization of ecommerce platforms (some 12 percentage points higher than the second-ranked priority: customer relationship management systems) makes sense when you look at the possible return on investment from an ecommerce platform. More than half of retailers surveyed said an ecommerce platform was effective in boosting conversions.

RETAILER INSIGHTS

HOW EFFECTIVE HAVE THE FOLLOWING INVESTMENTS IN TECHNOLOGY BEEN RELATIVE TO IMPROVING CONVERSION IN 2022?

■ Very effective ■ Somewhat effective ■ Not effective ■ NA

	Very effective	Somewhat effective	Not effective	NA
Customer relationship management	56%	31%	6%	7%
Ecommerce platform	56%	35%	4%	5%
Payment, security systems, fraud prevention	55%	32%	6%	7%
Customer service software	51%	30%	5%	14%
Website performance management	50%	35%	6%	9%
Customer reviews/ratings	47%	36%	6%	11%
Online marketing	47%	42%	4%	7%
Web hosting/cloud services	47%	40%	3%	10%
Order management	46%	36%	8%	10%
Social media	46%	35%	9%	10%
Content management	45%	46%	2%	7%
Marketplace/Channel management[1]	45%	37%	6%	12%
Site search	45%	42%	5%	8%
Search engine optimization	43%	46%	4%	7%
Supply chain management	39%	47%	4%	10%
Web analytics	39%	47%	7%	7%
Affiliate marketing	38%	40%	8%	14%
Fulfillment services	38%	43%	7%	12%
Warehouse and fulfillment management	38%	46%	4%	12%
Sales tax management	35%	42%	13%	10%
Email marketing	33%	48%	10%	9%
PIM and other product data management	33%	43%	9%	15%
Personalization	31%	45%	11%	13%
Omnichannel	29%	44%	9%	18%
International ecommerce services	28%	36%	11%	25%

1. Selling on 3rd party marketplaces   Source: Digital Commerce 360. Based on 135 respondents September-October, 2022

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Those three data points hint at the story of ecommerce platforms in 2023. The retailers and B2B companies that use the platforms recognize the value a platform can unlock and are willing to spend money to get a better-performing platform. Tellingly, a quarter of ecommerce platform users are unhappy enough with their present system that they intend to switch to a new platform — despite the cost and resource commitment required.

Here's why:

Ecommerce platforms are growing so powerful and complex at such an extraordinarily fast clip that what were state-of-the-art platforms a few years ago seem like antiques today. At the same time, platforms like Shopify and BigCommerce that once catered to the smaller players in ecommerce are adding enough functionality and power to serve even the largest merchants. As part of those efforts, such well-established platforms are adding functionality quickly.

Shopify is rolling out "unified search," which promises to let shoppers search for products across the entire network of Shopify storefronts.

And BigCommerce is rolling out a "Buy with Prime" app that allows merchants that use its platform to quickly add Amazon's Buy with Prime service to their BigCommerce sites with no coding required.

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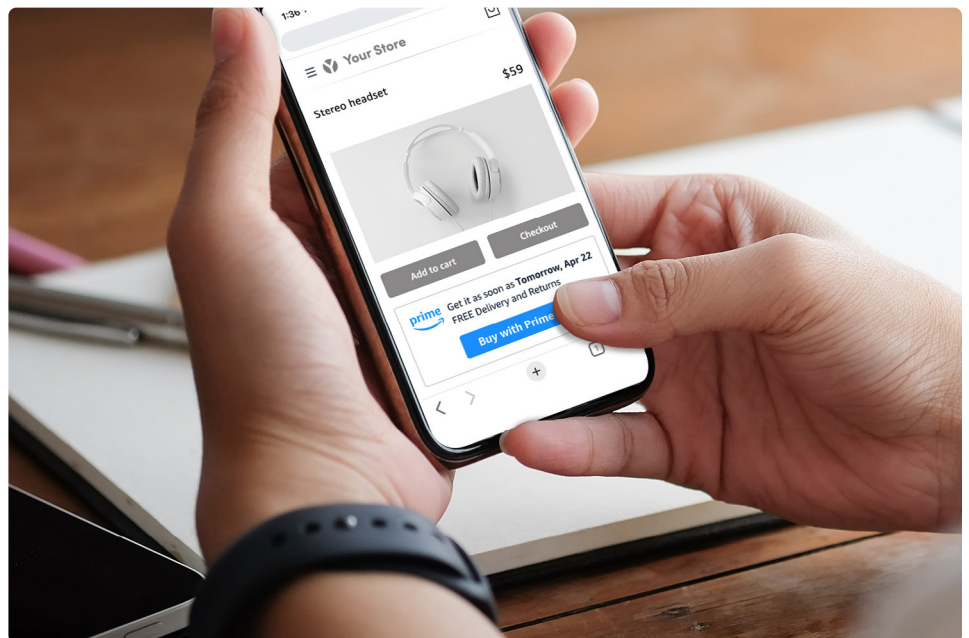
MAKING THE MOST OF PLATFORM TECHNOLOGY IN A STRUGGLING ECONOMY

An executive conversation with **Andrea Evans,** Director of Delivery, Human Element

As economic volatility continues, retailers of all sizes are looking for cost-effective opportunities. Machine learning, online marketplaces and social media initiatives are likely to become go-to strategies for small and mid-size retailers trying to remain competitive. Enterprise-level merchants will continue to leverage headless and semi-headless approaches to ecommerce to stay ahead of the game. To discuss how a robust ecommerce platform will serve as an important foundation to support these strategies, Digital Commerce 360 spoke with Andrea Evans, director of delivery at Human Element.

What should retailers and B2B companies focus on now more than ever?

They should always be focused on solving real problems for their customers. That means additional planning and research before, during and after a platform or feature launch. Companies are rolling the dice if they make design and functionality decisions based on assumptions of what their customers want.

Machine learning is going to become an even larger part of ecommerce for retailers and B2B companies — for on-site search, personalization and recommendations. Businesses that have high-quality data are in a better position to take advantage of machine learning.

Many smaller retailers will likely be taking advantage of large online marketplaces and social media commerce avenues due to the recession. And while enterprise-level companies will continue adopting headless commerce, this approach can be very expensive to implement and maintain and isn't right for all businesses.

What common mistakes do retailers and B2Bs make when selecting an ecommerce platform or improving their existing platform?

Companies often expect to find the perfect solution that will work the way they need it to, out of the box. They expect the platform to solve all their problems with little to no customizations or adjustments. Another common mistake is the "if we build it, they will come" approach to a new ecommerce site or feature — ignoring the need to understand, test and hype up the market for their new offering.

How can they overcome these challenges?

Plan and research before selecting a platform. It's important to weigh the flexibility and capabilities of a platform with the upfront and ongoing costs. Be prepared for the changes that a new platform brings. Having a strong change management process in place can help prevent headaches down the line. Focus customizations on end-user goals while balancing the needs of your team to be able to do their work effectively. Start simple. Interview and talk to customers periodically through the discovery, design and implementation processes. Get their input on how this could solve their problems.

What are the most important attributes of an effective ecommerce platform?

Scalability, usability and visibility.

- **Scalability:** Most businesses intend to grow. Find an ecommerce platform that will allow your business to change over time. Look for how flexible you can be with customizations and configurations.
- **Usability:** This is important for both the end user as well as the admin. If the starting point on your platform has a poor user experience, then you're going to need to do a lot of work to create a good one as the final outcome.
- **Visibility:** A great platform has a great foundation for SEO and enables a business to market its site.

How can retailers and B2B companies improve their platforms quickly?

They can partner with a technology company that can guide them through the process. Human Element, for example, helps retailers and B2B companies select a platform that works for their business. Our strategists ask "why?" and get to the heart of the issue to help businesses solve problems, not just address symptoms.

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But trouble looms:

It's one thing to decide to switch platforms. It's something else
entirely to find the tech talent needed to make the switch happen.
The layoffs that have swept across the technology industry in the
past few months have not spared the ecommerce-platform providers.

Salesforce, BigCommerce, Oracle and Shopify build six of the seven
most popular platforms, according to a Digital Commerce 360 survey of
135 retailers. Those four tech giants have all cut staff since mid-2022.

The result is that B2B companies and retailers that plan to switch
or upgrade their ecommerce platforms in 2023 may want to start by
upgrading their workforce.

RETAILER INSIGHTS

ON WHICH ECOMMERCE PLATFORM IS YOUR SITE BUILT?

Salesforce Commerce Cloud	27%
Shopify	13%
Oracle	11%
Oracle NetSuite	9%
Shopify Plus	8%
IBM/HCL	5%
BigCommerce	4%
Custom-built solution	4%
Magento/Adobe	2%
osCommerce	2%
SAP Hybris	2%
VTEX	2%
Weblinc/Workarea	1%
WooCommerce	1%
ZenCart	1%
Kibo	0%
Other	8%

Source: Digital Commerce 360. Based on 135 respondents September-October, 2022

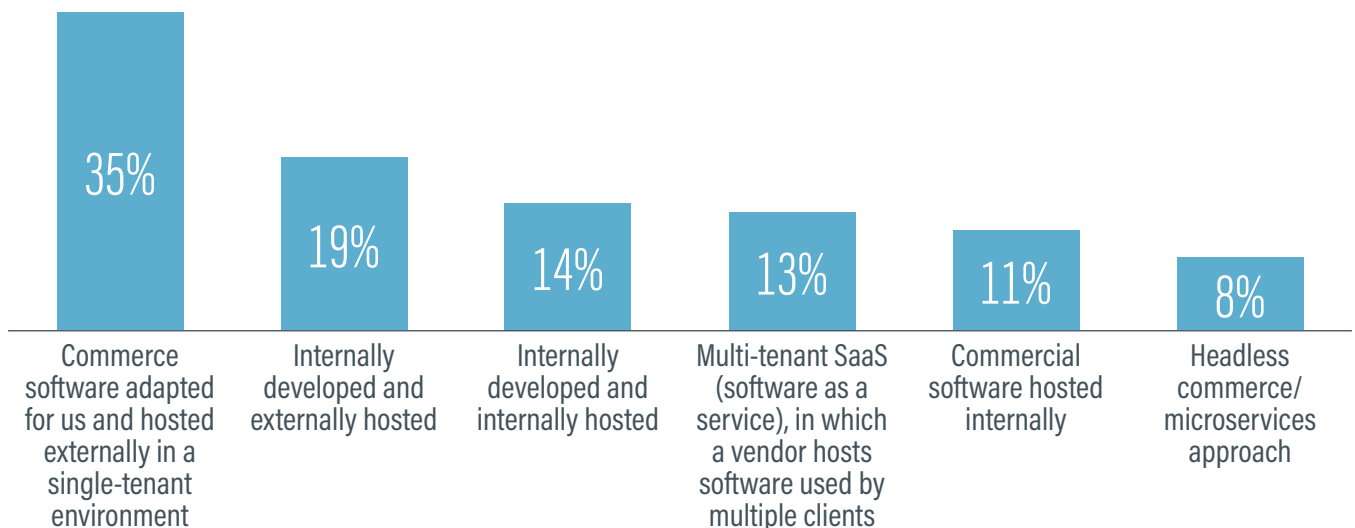# CHOOSING A FIRST (OR SECOND) PLATFORM

More than a quarter (27%) of respondents to the Digital Commerce 360 survey said they were looking to switch ecommerce platforms. A number that high suggests dissatisfaction with existing systems — and the sense that "the grass is greener elsewhere" — is common among ecommerce executives.

The reasoning behind a desired shift is varied. Some survey respondents want to move to the cloud. Others want to leave the cloud and host the platform on their own servers.

But the top response (35%) was a desire to find "commerce software adapted for us and hosted externally in a single-tenant environment."

RETAILER INSIGHTS

WHAT TYPE OF TECHNOLOGY ARE YOU MOST LIKELY TO CHOOSE FOR A NEW PLATFORM?

35%	19%	14%	13%	11%	8%
Commerce software adapted for us and hosted externally in a single-tenant environment	Internally developed and externally hosted	Internally developed and internally hosted	Multi-tenant SaaS (software as a service), in which a vendor hosts software used by multiple clients	Commercial software hosted internally	Headless commerce/ microservices approach

Source: Digital Commerce 360. Based on 135 respondents September-October, 2022

In other words, respondents aren't looking to do it all themselves; they're looking for someone else to do it all but to do so specifically for them.

Merchants who said they were definitely planning to move to a new platform weren't much interested in switching to any of the smaller, up-and-coming platforms. Rather, the four most likely new platforms are built by four companies (Salesforce, Oracle, Shopify and IBM/HCL) that already dominate the platform industry.

RETAILER INSIGHTS

IF YOU ARE PLANNING TO MOVE TO A NEW ECOMMERCE PLATFORM, WHICH ARE YOU CONSIDERING MOST STRONGLY?

Oracle	19%
Salesforce Commerce Cloud	19%
Shopify	14%
IBM/HCL	13%
BigCommerce	5%
Custom-built solution	5%
SAP Hybris	5%
Kibo	3%
Magento/Adobe	3%
Shopify Plus	3%
WooCommerce	3%
ZenCart	3%
Other	5%

Source: Digital Commerce 360. Based on 135 respondents September-October, 2022

RETAILER INSIGHTS

ON WHICH ECOMMERCE PLATFORM IS YOUR SITE BUILT?

Platform	Percentage
Salesforce Commerce Cloud	27%
Shopify	13%
Oracle	11%
Oracle NetSuite	9%
Shopify Plus	8%
IBM/HCL	5%
BigCommerce	4%
Custom-built solution	4%
Magento/Adobe	2%
osCommerce	2%
SAP Hybris	2%
VTEX	2%
Weblinc/Workarea	1%
WooCommerce	1%
ZenCart	1%
Kibo	0%
Other	8%

Source: Digital Commerce 360. Based on 135 respondents September-October, 2022

Finally, merchants' expectations of the cost of switching platforms vary widely, with the majority planning to spend between $25,001 and $500,000.

RETAILER INSIGHTS

WHAT DO YOU ANTICIPATE SPENDING ON SWITCHING ECOMMERCE PLATFORMS?

Under $5,000
8%

More than $1 million
5%

$5,000-$25,000
11%

$500,001-$1 million
16%

$25,001-$100,000
38%

$100,001-$500,000
22%
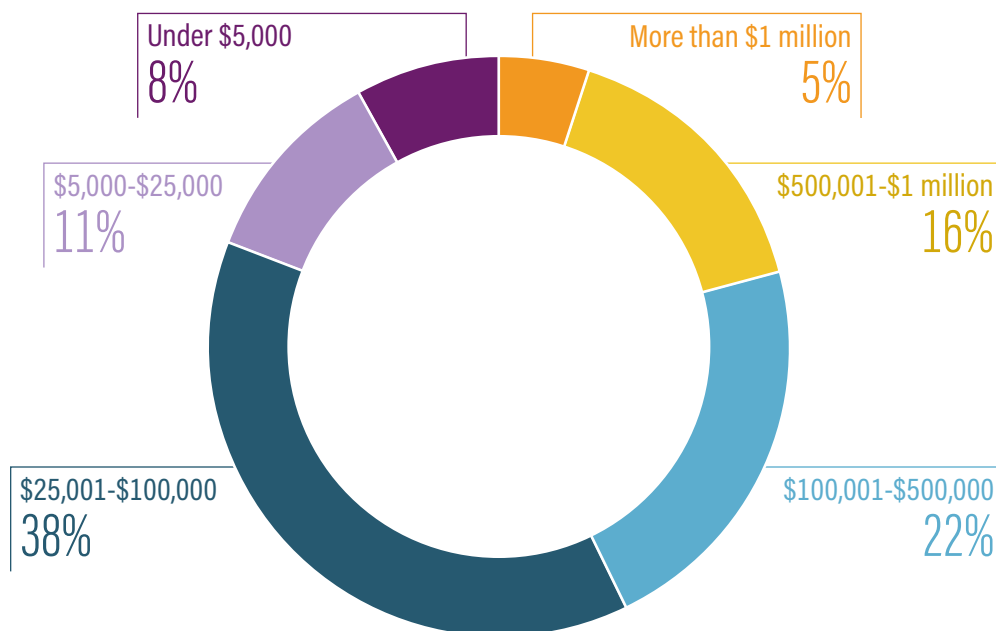
Source: Digital Commerce 360. Based on 135 respondents September-October, 2022

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ABOUT DIGITAL COMMERCE 360

Digital Commerce 360, formerly Internet Retailer, has been a global leader in retail and B2B ecommerce research and media for over two decades. Our organization provides daily news, trend analysis, and competitive data to a vast community of executives, retailers, financial firms, manufacturers and more. Our team of experienced journalists and researchers publish a multitude of products each year, including dozens of research reports, newsletters, charts and infographics, webinars, live events, and data on thousands of ecommerce companies through its Digital Commerce 360 Research brand. We also founded groundbreaking ecommerce products and events, including Internet Retailer magazine, the Top 500 Guide, the Internet Retailer Conference & Exhibition (IRCE) and, most recently, the EnvisionB2B Conference & Exhibition.

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