

March 11, 2011

Welcome To The Era Of Agile Commerce

by Brian K. Walker
for eBusiness & Channel Strategy Professionals





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eBusiness Execs Must Evolve Channel Strategies To Embrace Market Changes

by **Brian K. Walker**

with Carrie Johnson, Patti Freeman Evans, Benjamin Ensor, Andrew Benson, Beth Hoffman, and Lily Varon

EXECUTIVE SUMMARY

Multichannel commerce is being reborn. Traditional ways of describing multichannel commerce no longer work because customers don't interact with companies from a "channel" perspective. Customers now use a rapidly evolving set of devices as a means of engaging across touchpoints, which they don't distinguish from the brand or business. Customers are empowered with more information than ever before. As businesses still struggle to deliver cross-channel experiences, the stream of innovation and market transformation continues to flow unchecked. In response, eBusiness professionals must transform how they market, transact, serve, and organize around changing customer experiences. These changes are not an incremental evolution, they are a metamorphosis. Welcome to the era of agile commerce. eBusiness leaders will optimize their people, processes, and technology to serve today's empowered, ever-connected customers across a rapidly evolving set of customer touchpoints.

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NOTES & RESOURCES

For this report Forrester conducted a survey of 144 eBusiness and channel strategy professionals and conducted many in-depth interviews with senior leaders across industry verticals.

Related Research Documents

["Understanding The Changing Needs Of The US Online Consumer, 2010"](#)
December 13, 2010

["What Every Exec Needs To Know About The Future Of eCommerce Technology"](#)
August 27, 2010

WHY EBUSINESS MUST BECOME AGILE

Since eCommerce began in the mid 1990s, eBusiness leaders have been at the forefront of talking about the opportunities for their businesses to serve customers across channels. But even before those leaders have had the chance to implement multichannel strategies, the game has changed. Customers are armed with tools that allow them connectivity and choices they never had. Consumer behavior mandates that firms respond.

- **Connectivity has exploded . . .** The diversity of online and mobile activities makes it difficult to cut through the noise and gain the attention and engagement of consumers (see Figure 1). In 2007, just more than one-third of North American consumers were shopping online monthly, but in 2010, already 60% were doing so.¹ Well more than half of the 177 million US online adults — 105 million — have two or more different types of devices connected to the Internet, and one-third have at least four.² “SuperConnected” consumers — those who dominate mobile usage — now represent 21% of US adults, accessing information and each other as never before across the plethora of these rapidly changing consumer technologies.³ Finally, for the first time, in 2010 US households reported that they will spend as much time online as they do watching TV.⁴
- **. . . with even more connectivity and touchpoints coming.** The pace of evolution in consumers’ digital touchpoints and their impact on existing channel structures magnifies seemingly by the day: In the near future customers will wave NFC-enabled devices across interactive display ads and expect to transact on their mobile phones or walk into a store or branch with the offer.⁵ Manufacturers are shipping cars with web connections and interfaces, opening up location-based marketing and sales innovations — push-button lattes anyone?⁶ Google, Apple, Microsoft, and all consumer electronics companies are dueling over the future of the living room, bedroom, and kitchen with interactive TVs, app stores, and web-connected TVs.⁷

As consumer adoption and integration of touchpoints multiplies, challenges intensify for the eBusiness professionals seeking to serve those customers.

- **The Splinternet creates challenges for eBusiness professionals.** The vast array of different touchpoints available to consumers means that eBusiness professionals must then design, develop, and support these touchpoints uniquely, while integrating them all into a common enterprise technology environment. Forrester calls this the Splinternet.⁸ The Splinternet adds to the complexity and cost of serving customers and puts pressure on enterprise content and commerce platforms to support a diverse set of touchpoints (e.g., Web, in-store, branch, call center, mobile, social, etc.). Tech-savvy eBusiness leaders already commonly work with outside managed services and SaaS solution vendors to drive the features and capabilities required for proliferating and splintered online and emerging touchpoints and to side-step their internal IT organizations.⁹ They’ll need to increase these activities even more as devices and touchpoints proliferate to avoid everything from resource constraints to slow governance processes to conflicting objectives.

- **Multichannel commerce is already hard to execute.** The proliferation of emerging touchpoints further complicates the already difficult challenge that eBusiness professionals face in executing a multichannel strategy, and many struggle internally with antiquated visions of customer engagement with their channels. Fifty-percent of respondents to our November 2010 Global eBusiness And Channel Strategy Professional Online Survey responded that they strongly or very strongly agreed that their companies support a vision for a consistent cross-channel sales and service experience, while only 30% believe they can execute a consistent cross-channel sales and service experience.¹⁰ A corresponding 39% say that their companies are not effective in providing that experience, representing a significant gap between multichannel vision and execution (see Figure 2).

“We basically had it backward until we sponsored a large data project to understand our customers better. We thought our best customers used the stores and our discount shoppers used the website, and we treated the channels very separately. It turned out that our best customers were buying both online and in our stores, and they are worth almost six times as much to us. We have to completely rethink how we are doing things now — invest and change — and do it quickly because we are way behind. Mobile was not much I thought about but scares me now.” (CEO, Large multichannel retailer)

Figure 1 Fragmentation Drives Attention Away From Traditional Sales And Service Touchpoints

Consumers decrease time with traditional touchpoints . . .

Stores/branches:

43% of all US retail sales are influenced by the Web.

Call centers:

Preference by US online adults to receive customer support via the phone has fallen from 32% in 2007 to 29% today.

TV:

- US online adults now report that they spend equal amounts of time — 13 hours a week — watching TV and being online.
- TV viewership has increased only 5% from 2005 to 2010.

Other media:

- 79% of US online adults read print magazines, down from 84% in 2007.
- The percent of US online adults reading print newspapers has fallen from 81% in 2007 to 73% today.



. . . and increase engagement with newer and emerging ones:

The Web:

- 83% of all US adults are broadband users.
- 58% of US online adults prefer to research a product online, up from 43% in 2007.
- Household adoption of online bill payment on banking sites will grow 37% from 2009 to 2014.

Mobile:

- 17% of all US adults have smartphones.
- 45% of US adults (18 to 24) planned on using smartphones to research products, and bargain hunt during the 2010 Christmas season.
- 80% of smartphone owners use the Internet via their phones at least once per month.

Social networks and LBSes*:

- 16% of US online adults with cell phones access social sites through a mobile device at least monthly.
- Shopkick has 1 million check-ins per day and 750,000 users, 10% of whom access once a day.

Tablets:

10.3 million US adults will own tablets in 2010, rising to 82 million in 2015.

Other emerging touchpoints:

- 43.2 million homes will have connected TVs by 2015.
- eBook spending will nearly triple between 2010 and 2015.

Note: All numbers are 2010 figures unless otherwise stated.

*Location-based services such as foursquare, Gowalla, and Google Places

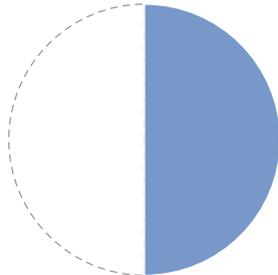
Source: Please see spreadsheet for sources.

Figure 2 The Gap Between Multichannel Vision And Execution Is Wide

“Thinking about your company’s multichannel strategy, please indicate the extent to which you agree with the following statement:”

Our company supports a vision for a consistent cross-channel experience

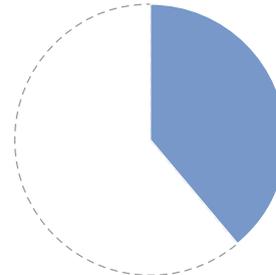
Strongly or very strongly agree
50%



“How would you rate your company’s effectiveness at implementing the following for your multichannel strategy?”

Our company has the ability to provide a consistent cross-channel experience

Answered 1 or 2 on a scale of
1 [not at all effective] to 5 [extremely effective]
39%



Base: 144 eBusiness and channel strategy professionals

Source: November 2010 Global eBusiness And Channel Strategy Professional Online Survey

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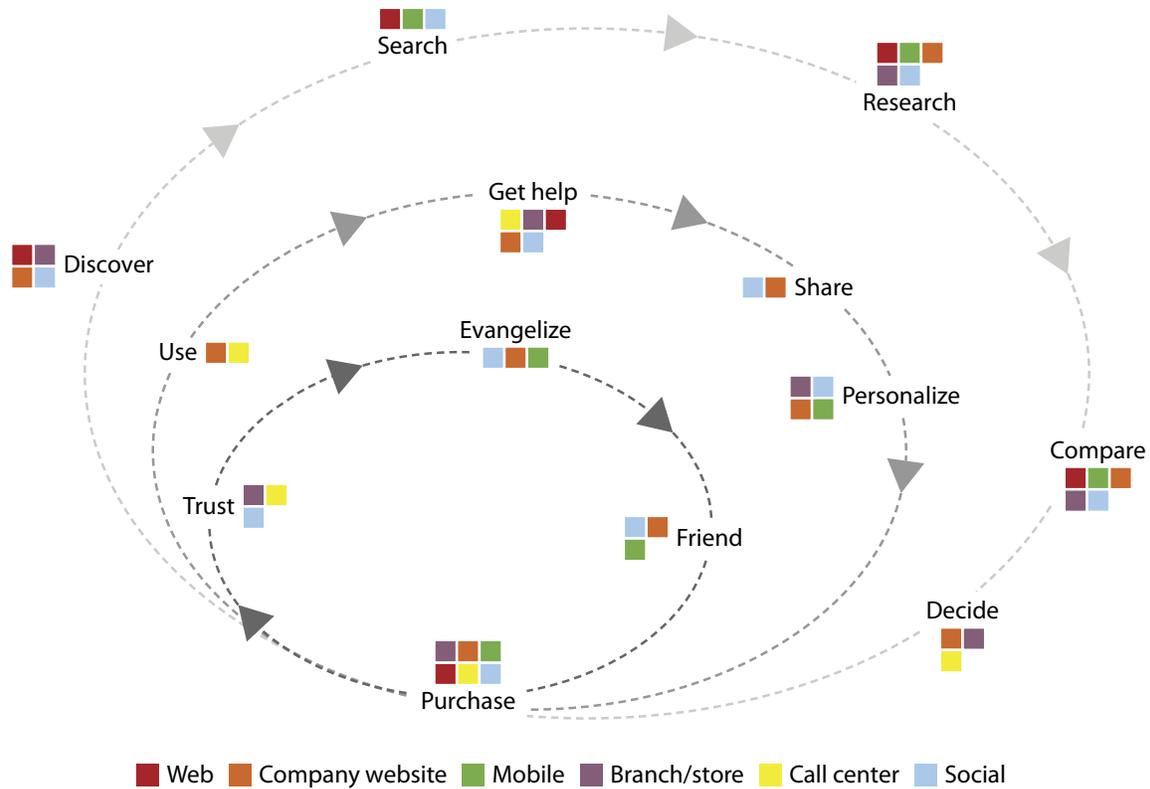
Source: Forrester Research, Inc.

ENTER AGILE COMMERCE: OPTIMIZE CUSTOMER TOUCHPOINTS NOT CHANNELS

Agile commerce is not just an incremental change, it is a metamorphosis. The pieces and the capabilities of an agile commerce operation look familiar to those focused on multichannel commerce — and even to those focused on agile development — but how they come together and how the organization responds to the customer represent a significant change.¹¹ Today’s multichannel organizational approaches do not reflect the new reality of engaging and serving the customer across touchpoints — from online search to affiliates to marketplaces to branches and stores to websites to mobile sites to call centers to Facebook (see Figure 3). Agile commerce requires organizations to reconfigure their resources and capabilities to stay ahead of the rate of change as consumer technology adoption and behaviors change. We define agile commerce as:

An approach to commerce that enables businesses to optimize their people, processes, and technology to serve customers across all touchpoints.

Figure 3 Engaging The Ever-Connected Consumer Across Touchpoints



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Source: Forrester Research, Inc.

A Focus On The Customer Opens The Door To Agile Commerce

A rich understanding of the customer is core to the transformation to agile commerce. An understanding of how customers use touchpoints and how to optimize those interactions to drive engagement and business is key to success today and in the future. Agility around the customer involves:

- **Focusing on how customers use all touchpoints in the customer life cycle.** Organizations must understand how customers learn, consider, select, use, get help, and share over the life of their interaction with a product or service. Touchpoint experiences and offerings must be designed, engineered, managed, and optimized to support this life cycle across the multitude of digital, face-to-face, direct, indirect, passive, and active touchpoints in which customers engage. Organizations must use customer journey maps, customer research, and personas to understand the context of what the customer is doing and will do.¹²

“It is no longer about channels; it is about the customer life cycle across everywhere we touch them.” (SVP eCommerce, Global airline)

“Our products are complex. We need to be able to experience it as a customer. Everyone needs to be thinking ‘my interface is going to be on these devices.’” (SVP, Insurance industry)

- **Orchestrating the customer relationship across touchpoints not channels.** eBusiness professionals must focus on orchestrating the customer relationship across touchpoints. This means driving relevant, personalized, and linked offers across email marketing, social media, display marketing, the website, mobile applications, and offline channels. eBusiness professionals must then measure the profitability of touchpoints across the life cycle of the customer — in context with each other and the customer journey.

“We have to get better at a consistent message and the offers that customers get.” (VP, Online center of excellence, Lodging industry)

- **Making customer analytics a core competency.** Customer interaction, product sales, and service data are often poorly captured and organized to analyze customer behavior and cross-channel profitability or to enable optimization across touchpoints. All levels of the organization must develop a coherent and clear view of the customer as they engage across the business, requiring a focused investment in cross-touchpoint attribution, an evolution of KPIs and how they are used, and a strong commitment to customer and business analytics.¹³ Channel-focused metrics must evolve into a set of KPIs that reflect the emerging reality of customer activity and value creation across touchpoints.

“If we can’t measure how customers are buying and understand what is working, we will never improve. Our data is a mess right now, and it takes heaven and earth to see what’s happening between the marketing, stores, and Web. We aren’t even looking at mobile or social yet. It’s like we’re driving across the country without a map.” (VP eCommerce, Retail)

Organizations Transform To Support Touchpoints And Time-To-Market Pressures

Managing the shift from channel-specific strategies in addition to responding to the rapid emergence of touchpoints is placing a tremendous burden on companies to transform. Balancing the pressure to act nimbly and quickly while also maintaining consistent sales, service, and experiences across the touchpoints represents a huge challenge. In response to this new era, eBusiness professionals are:

- **Experimenting with new team organizational models.** Incenting the organization to optimize against their channel metrics — perhaps at the expense of other channels — no longer makes sense. Agile commerce requires a new model that shares core capabilities while activating touchpoints (see Figure 4). One observed successful model is the formation of smaller teams — or cells — combining marketing, product, technology, analytics, and service functions into discrete units that optimize a touchpoint, while other roles like customer experience professionals manage and optimize the business across life cycles. Another model is the matrixed model, in which teams

are organized around touchpoints that are tethered to functional groups — marketing and merchandising, for example. Finally, a hybrid of the two models keeps channel teams in place, but key functional groups operate against touchpoints independently.

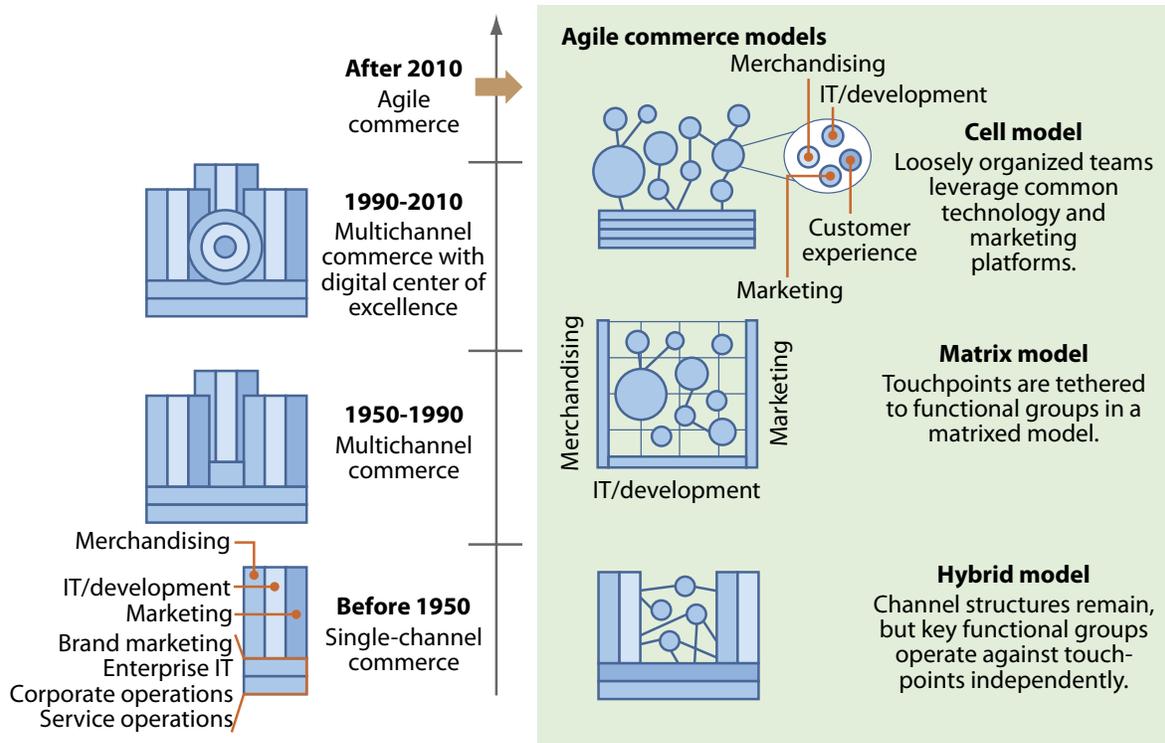
“The pace is quickening and the need to move faster is upon us. Mobile is an example of a channel growing at exponential speed requiring a fast to-market capability. I created a small cross-functional team to focus on mobile commerce because I could not wait.” (SVP eCommerce, Retail)

- **Empowering employees to increase speed-to-market.** eBusiness professionals must reward and support employees who passionately drive improved customer service and experiences across touchpoints and also encourage new models of management and empowerment.¹⁴ From product sourcing professionals engaged with customers’ social content to IT professionals sitting with the business to learn the day-to-day to marketers listening in at a call center and answering customers’ emails and tweets, the opportunities for innovation around reducing time-to-market for the eBusiness units as well as other aspects of the business are as yet unbounded.

“Our approach now must be to focus on time-to-market and nimbleness. We need to manage to our control posture while driving innovation across the Web, mobile, and branches.” (CTO, Financial services)

“We are struggling to become more agile as a business, to meet the changing needs of the customer. Speed-to-market is my biggest worry moving forward.” (VP eBusiness, Travel industry)

Figure 4 The Agile Commerce Organizational Models Transform Multichannel Organizations



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Source: Forrester Research, Inc.

Technology Ecosystems Must Evolve To Support And Drive Touchpoint Usage

The transformation to agile commerce also reflects a strategic shift in technology strategy for companies. eBusiness leaders must understand their core business and customer-facing needs and then develop the services that support the transition to a touchpoint-agnostic offering that attracts, serves, and supports customers. Development of these services is not trivial, however, and requires an investment in core enterprise applications that can serve the volume of service calls and transactions in a highly available, scalable, and redundant environment, with rigorous and programmatic technology management. As companies move away from single-channel models to a proliferation of touchpoints, they will increasingly invest in commerce, marketing, content, analytics, and communication technologies that:

- **Support unified business process and data management.** Agile commerce requires strong technology leadership to drive investment in core services and APIs. The goal? Choose technologies that maximize both flexibility and scalability with secure and stable management of customer product and transactional data that is shared across all customer interactions (see Figure 5).

“We are still trying to understand how digital commerce drives channel activity directly, but the conversation has changed now. Decisions around investments and the processes around decision-making are changing. Instead of thinking of the individual business, we’re making decisions that focus on growth opportunities across the whole business.” (CTO, Insurance industry)

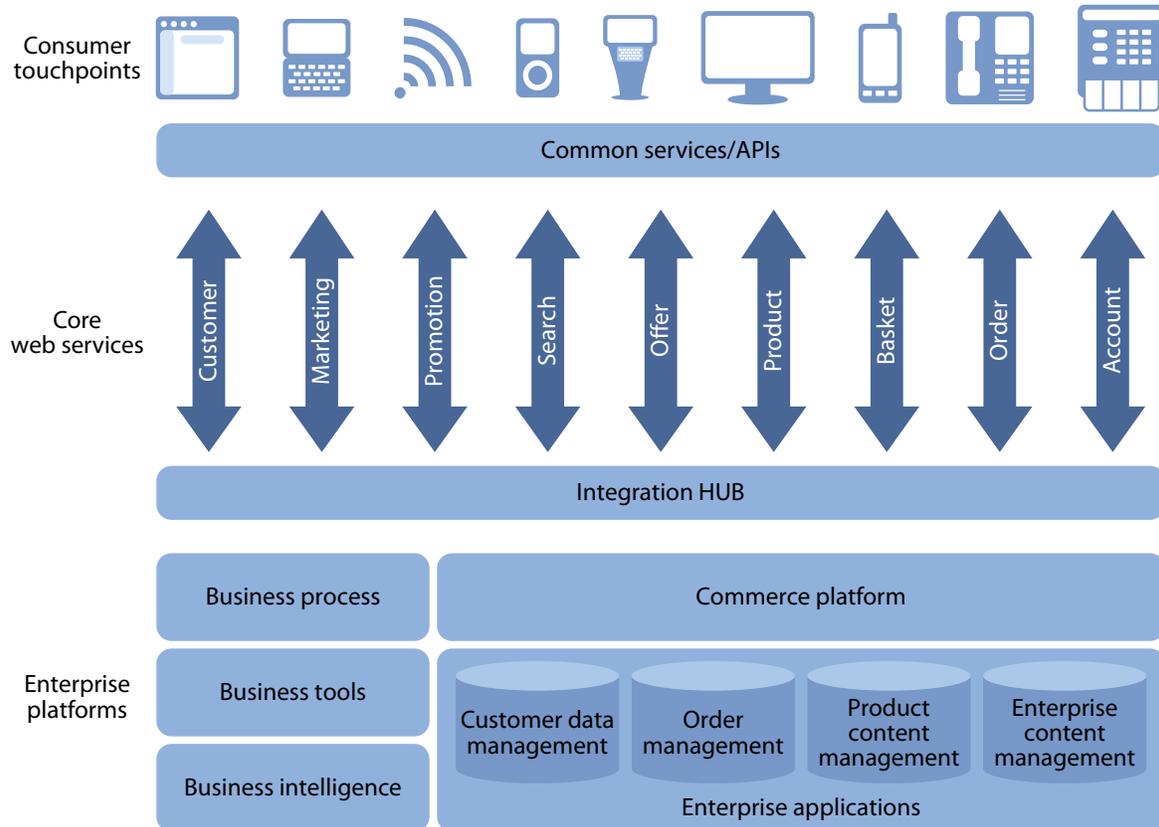
- **Support both internal and community-based innovation and speed-to-market.** Companies like Netflix, Best Buy, and Tesco have developed mature open APIs that foster not only internal innovation but engage the wider development community to create alternative touchpoints. Third-party developers leverage these services to build innovative applications and websites or to integrate to other touchpoints such as gaming consoles or set-top boxes. These developers will typically be compensated through traditional affiliate models or through ad-supported models, allowing companies like these to see rapid innovation at low incremental cost.

“Twenty percent of our users touch an API-enabled application in any given month.”¹⁵ (Mike Hart, director of engineering and social systems, Netflix)

- **Synthesize business and customer intelligence to drive relevant interactions.** Agile commerce requires businesses to leverage existing investments. To deliver relevant offers, services, and experiences to customers, firms must operationalize customer intelligence across channels from existing systems such as customer relationship management (CRM), web analytics, business intelligence (BI), and data warehouses. eBusiness executives will need to invest in systems that can deliver highly dynamic, personalized content to customers, such as leading eCommerce platforms, content management solutions, and the emerging customer experience management (CXM) solutions.¹⁶

“We have the data. We have invested in this for years now. But it is time to take advantage of it. It’s going to take both people and systems to make that happen. To be honest, it is a commitment I am not sure we are ready for yet.” (VP eCommerce, Retail)

Figure 5 The Commerce Ecosystem Evolves To Support A Multitude Of Touchpoints



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Source: Forrester Research, Inc.

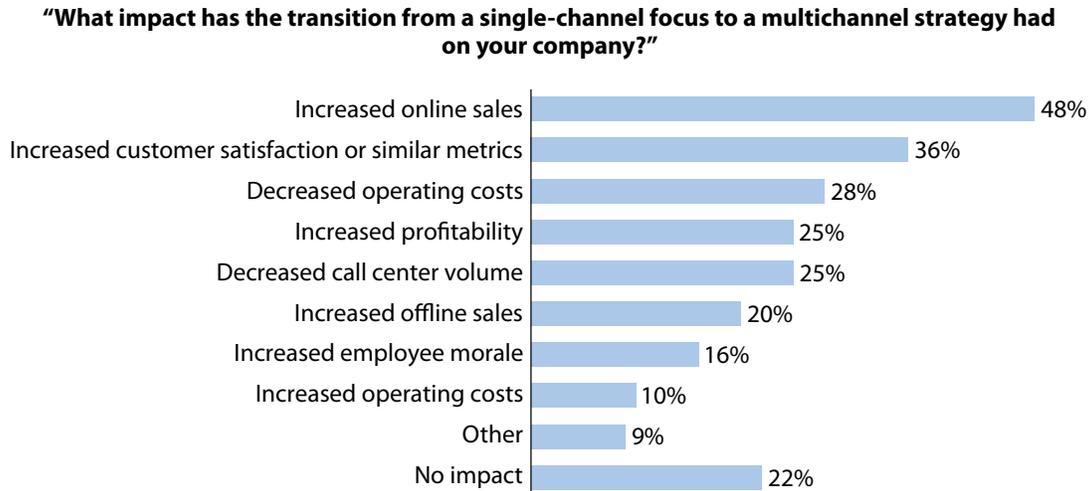
THE ROI OF AGILE COMMERCE BUILDS ON TRADITIONAL MULTICHANNEL BUSINESS CASES

The commitment to agile commerce is not just about doing what is right for the customer and doing it faster; it is about driving a return on investment (ROI). In looking at the results organizations have had with multichannel initiatives — the precursor to the evolution to agile commerce — we found that 48% of companies report having seen an increase in sales, 28% have seen reduced operating costs, and 25% have seen an increase in profitability (see Figure 6). The ROI model for agile commerce expands upon the traditional multichannel ROI model across four core key dimensions:

- Higher engagement and sales by encouraging customers to use multiple touchpoints.**
 Multichannel customers are worth more than single-channel customers, often five or six times that of a single-channel customer. As touchpoints proliferate beyond today's existing channels, businesses must look to customer adoption of incremental touchpoints and model the effect of targeting, personalization, and engagement on transaction volumes at the customer level. Metrics associated with these initiatives include driving incremental sales through share of wallet across touchpoints, leveraging acquisition costs across the customer life cycle, and improving repeat purchase rates.

- **Increased customer retention by offering a best-in-class customer experience.** The impact of a poor customer experience is significant. Seventy-six percent of consumers who have a poor online shopping experience with a company report that they will be unlikely to shop that company again online, but 26% of consumers are unlikely to shop with that company in *any* channel once they have a bad experience online.¹⁷ Our models of customer experience improvement reveal that a 10% increase in a firm's Customer Experience Index score can result in annual revenue growth ranging from \$6 million for retailers to \$689 million for hotels.¹⁸
- **Lower technology and service costs with platform unification.** By developing a core platform or capabilities that are reusable across customer touchpoints, application licensing and development costs can be leveraged across many touchpoints. For example, call center, mobile, and in-store customer touchpoints supported by the eCommerce platform will reduce overall cost of ownership versus channel-specific technology, which also requires complex integration. eBusiness professionals can leverage service costs in each channel and employ self-service for many service tasks across touchpoints, while reserving in-person service for high-value interactions regardless of touchpoint.
- **Improved differentiation with faster time-to-market and increased flexibility.** Certainly speed and flexibility are the most difficult agile commerce ROI dimension to model. Agile commerce increases flexibility to optimize the customer experience, add touchpoints, fail faster, and share operational and technology capability, which all enable businesses to differentiate. Differentiation can lead to many benefits such as increased margins and customer loyalty but may be extremely difficult to model in a business case. These benefits of agile commerce will represent a long-term strategic benefit beyond hard-and-fast metrics that will be critical to a company's competitive capability.

Figure 6 Multiple Channel Businesses See Revenue, Profit, And Satisfaction Benefits



Base: 144 eBusiness and channel strategy professionals
(multiple responses accepted)

Source: November 2010 Global eBusiness And Channel Strategy Professional Online Survey

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Source: Forrester Research, Inc.

Early Agile Commerce Leaders Use Small Teams To Achieve Speed And Flexibility

We are only at the beginning of the transition to Agile commerce, but examples of firms deploying Agile commerce practices exist across many verticals. These include:

- **SNS Bank is revolutionizing its multichannel approach.** To achieve its goal of becoming the best self-service bank in the Netherlands, SNS Bank developed an innovative multichannel banking strategy that puts the Web at the center of the customer relationship. It launched integrated public and secure sites with state-of-the-art functionality; reorganized its branches into a network of lean, cashless banking branches that serve as a physical extension of the Web; introduced a mobile sales force that specializes in selling complex products from both the bank itself and other providers; and implemented a state-of-the-art, cross-channel marketing campaign management solution. With this new strategy, SNS Bank has seen improvement in how it adapts to changing channel behavior, eliminates channel conflict, and increases marketing effectiveness.¹⁹
- **Amazon.com deploys many small independent teams.** Amazon has invested heavily in a core platform that now enables small teams — what Amazon calls a “two-pizza team” — to drive distributed innovation across a range of products, touchpoints, and services.²⁰ These small teams enable a focus on touchpoints with an ability to drive optimization quickly. Amazon created this strategy in response to a growing hierarchy and communication overhead as the company

developed. Amazon has simple processes for these teams to keep the customer at the core of its feature and product innovations, such as the internal press release, which requires technology product managers to articulate the customer value of projects and technology initiatives as if a customer or the media might read it. These releases are presented before funding or resources are granted by Jeff Bezos or his senior team and ensure that the customer value is well expressed upfront in the vision and justification of the project.

- **Marriott invests in a center of excellence.** As Marriott continues to invest in eCommerce and emerging touchpoints, it has formed a centralized digital center of excellence to steer a consistent experience and technology architecture. The center of excellence routinely competes with external agencies and service providers on projects, requiring their time-to-market, cost, and execution quality to be competitive. One very successful approach has been to create small teams of creative and technical resources who work together consistently on a wide range of projects and are able to move quickly and efficiently to deliver projects that can compete with external agencies and sustain value over time.
- **Zara develops a vertically integrated supply chain for affordable fashion.** While many leading apparel brands have sought to source products at long lead times from relatively inexpensive export markets such as China and Southeast Asia, Zara uses company-owned factories in its home country of Spain, or contract suppliers nearby its retail markets, to ensure that it can respond quickly to its customers' fashion whims. This vertically integrated supply chain creates faster turns and sustainable margins — through reduced clearance sales — while also driving differentiation against competitors with long lead times. Zara is also focused on 100% consistency for its eCommerce and mobile presence with the stores in terms of assortment, pricing, and policies to drive this consistency across touchpoints. The firm launched its eCommerce offering at the beginning of September 2010 with local-language content available in its six key European markets and sells online in 12 European markets.²¹

RECOMMENDATIONS

GETTING STARTED ON YOUR AGILE COMMERCE JOURNEY

Businesses that can successfully transition from being channel-centric to agile commerce will be able to sustain and take advantage of rapid consumer and technological changes. They will promote and deliver their products and services in a sustainable manner across this growing diversity of customer touchpoints with highly relevant, elegant, personalized, and optimized offerings and experience. They will preserve or grow their margins through lower customer acquisition costs, incremental share of wallet, better inventory turns, and leveraged technology and operations investments.

The transformation to agile commerce requires a commitment to a holistic business model and a unified and deeply understood vision of the customer. It requires a commitment to a commerce, marketing, and service platform that can support customer engagement across touchpoints. And it requires a commitment to evolving the organization away from traditional hierarchies and empowering employees to optimize the customer experience. Here's how eBusiness executives can begin the transition to agile commerce:

- **Evangelize agile with visionary and passionate leadership.** Yes, we've said this before. But that's because real change often starts from, or is driven by, those at the top. Not every business has a Steve Jobs, Jeff Bezos, or Brian Dunn.²² Leaders with a deep-seeded passion and intuition around total customer experiences and relationships drive their organizations to experiment and innovate and invest to improve them. A transition to agile commerce requires that eBusiness leaders must be first willing to transform eBusiness into a customer-centric operation and then help lead a companywide metamorphosis by evangelizing a vision and actively breaking down the legacy barriers inside their organizations. This means a willingness to invest, reward, and incent their staff around the customer and to measure the results religiously. Internal campaigns from the top to showcase the vision combined with tactical changes from below are critical to launching an agile commerce transition.
- **Start small and simple.** A transition to agile commerce will not happen overnight. Momentum, success, and lessons learned must be built upon over time. eBusiness professionals should begin with trials and pilots, which showcase speed-to-market and learning fast and which combine dedicated marketing, product, technology, and service resources. Often these can be around an emerging touchpoint such as mobile or interactive TV or around a discrete process such as on-boarding or checking in a customer across touchpoints. Companies have also used "hack-days" as a means of energizing the organization, identifying opportunities, and accelerating cross-touchpoint innovation.
- **Invest in a two-speed technology strategy.** Speed one of an agile commerce technology strategy is slow and steady, as businesses invest in core technology platforms that support all touchpoints — branches or stores, website, mobile, call center, distributors, interactive TV, etc. — such as commerce platforms, customer experience management solutions, and integrated customer service tools.²³ These platforms must be exposed through scalable, secure, and stable services, which require programmatic technology management and an enterprisewide investment. Some of these services may only be used internally, while others may be exposed to clients, customers, and third parties. Speed two of an agile commerce technology strategy is fast and nimble as businesses enable and encourage rapid innovation, optimization, and experimentation at the end-touchpoints. eBusiness professionals must empower their developers, businesspeople, and partners to drive the customer experience in and across touchpoints as fast as possible, preferably leveraging core services in an integrated fashion.

HOW FORRESTER CAN HELP

Forrester can help clients with their journey to agile commerce in multiple ways:

- **Research.** Forrester will continue to provide research on the transformation of eBusiness to agile commerce. Our research plan over the next 12 months includes research on building an agile road map, the agile commerce platform, an agile maturity model, organizing for agile, and measuring and optimizing agile commerce. We will also be researching the impacts of the transition to agile commerce in specific eBusiness industry sectors and operational areas.
- **Inquiry process.** Forrester clients may purchase inquiry access to connect with relevant analysts to discuss how you can get started on the transition to agile commerce. Many clients use inquiry access to get inputs they need to optimize their business processes, organizational approach, and key technology decisions and as they kick off strategic planning processes.
- **Advisory support for agile commerce transformation.** Forrester can help you assess your current eBusiness strategy and your organization's readiness for the transformation to agile commerce across the key dimensions of change — people, process, and technology. Forrester can provide a perspective grounded in research and experience in supporting road map development, business cases, and technology strategy with the goal of ensuring our clients' success in their journey to agile commerce.

SUPPLEMENTAL MATERIAL

Methodology

For this report Forrester conducted a survey of 144 eBusiness and channel strategy professionals, conducted many in-depth interviews with senior leaders across industry verticals, and worked with members of our eBusiness & Channel Strategy Council, which is made up of 91 eCommerce industry leaders. Interviewees who participated in our research process have been kept anonymous in the publication of this report. For more information on Forrester Leadership Boards, see <http://www.forrester.com/LeadershipBoards>, or discuss with your Forrester account manager.

ENDNOTES

- ¹ For more on changing consumer online behaviors, see the December 13, 2010, "[Understanding The Changing Needs Of The US Online Consumer, 2010](#)" report.
- ² For more on the multiconnected customer and how companies can leverage those connections to increase the value they deliver to customers and build customer loyalty, see the January 25, 2011, "[Welcome To The Multidevice, Multiconnection World](#)" report.
- ³ SuperConnecteds represent 21% of US adults. The majority of these consumers own smartphones, and Forrester believes that the continued strong growth in this device category will fuel a concomitant

increase in the size of this group. These advanced subscribers go beyond the communication and media consumption activities that dominate mobile use, using their phones for information retrieval, research, and commerce. Yet their sophistication doesn't mean that they don't rely on the basics; they use SMS for voting and alerts — whatever is the most effective tool for the task. See the September 28, 2010, "[US Mobile Technographics®: 2010](#)" report.

- ⁴ For the first time ever, the average US online consumer reports spending as much time online as he or she does watching TV offline. Trending data from 2007 shows that while consumers are continuing to expand their online behaviors, they are more selective about what they're doing online. Many behaviors are limited to a select group of users. But as consumers are streamlining their behaviors on the "traditional" Net, they are also increasingly expanding their activities to the mobile Internet. See the December 13, 2010, "[Understanding The Changing Needs Of The US Online Consumer, 2010](#)" report.
- ⁵ NFC is near-field communications, a technology that is embedded in cell phones and other products and which serves as a customer identifier and can allow for contactless payments and mobile wallets. Apple is rumored to be building NFC into the next-generation iPhone and iPads, and others such as PayPal and Starbucks are in trials with NFC now. A live example of the display ad customer experience can be seen with SUICA, a payments solution used in the Tokyo and Yokohama subway and train system.
- ⁶ For more on multidevice consumer behavior and emerging in-car connectivity, see the January 25, 2011, "[Welcome To The Multidevice, Multiconnection World](#)" report.
- ⁷ For more on consumer adoption and trends in interactive and web-connected TVs, see the August 26, 2010, "[How To Make Connected TVs The Future Of TV](#)" report.
- ⁸ For more on the Splinternet, see the January 26, 2010, "[The Splinternet](#)" report.
- ⁹ Fifty-nine percent of retail eBusiness executives plan to use managed services or SaaS-based solutions for key technology needs moving forward. See the January 28, 2011, "[2011 Online Retail Technology Investment Outlook](#)" report.
- ¹⁰ The November 2010 Global eBusiness And Channel Strategy Professional Online Survey included 144 eBusiness and channel strategy professionals from around the globe and across industry verticals.
- ¹¹ Agile commerce and agile development have principles of self-organization, iterative and incremental improvement, and cross-functional teams in common. Beyond that though, agile commerce is not synonymous with agile development in the traditional technology development sense.
- ¹² For more on using customer journey maps and personas, see the January 10, 2011, "[Executive Q&A: Design Personas And Customer Journey Maps](#)" report. For more on customer research, see the December 20, 2010, "[How To Craft Your Customer Research Plan](#)" report.
- ¹³ For more on cross-touchpoint and channel attribution, see the January 11, 2011, "[The Cross-Channel Attribution Blueprint](#)" report.
- ¹⁴ Source: Josh Bernoff and Ted Schadler, *Empowered: Unleash Your Employees, Energize Your Customers, Transform Your Business*, Harvard Business Review Press, 2010.

- ¹⁵ Source: “Netflix API Strategy Evolution,” Business of APIs Conference, San Francisco, 2010 (<http://mashery.com/solution/netflix.html>).
- ¹⁶ For more on the emergence of customer experience management and delivering highly personalized content and capability, see the December 21, 2010, “[The eCommerce Content Conundrum](#)” report.
- ¹⁷ Source: “eCommerce Web Site Performance Today,” Forrester Consulting report prepared for Akamai Technologies, Akamai Technologies website, July 2009 (http://www.akamai.com/html/solutions/dynamic_site_accelerator.html).
- ¹⁸ To prove the business value of a better enterprise customer experience, we built simple models that show how revenue increases when a company’s Customer Experience Index (CxPi) score goes up. Our models show that the benefits are significant across all 13 industries we looked at. Wireless carriers and hotels have the largest potential upside: more than \$1 billion. See the November 19, 2010, “[The Business Impact Of Customer Experience, 2010](#)” report.
- ¹⁹ For more on SNS Bank, see the October 4, 2010, “[Case Study: How SNS Bank Put The Web At The Heart Of Its New Multichannel Strategy](#)” report.
- ²⁰ The “two-pizza team” is a rule of thumb Jeff Bezos developed that states that if you can’t feed a team with two pizzas, it’s too large. That limits a task force to five to seven people, depending on their appetites. This is not a hard-and-fast rule at Amazon but is often used to describe the teams of product managers, developers, and others involved in driving features and incremental innovation at Amazon. Source: Alan Deutschman, “Inside the Mind Of Jeff Bezos,” *Fast Company*, August 1, 2004 (http://www.fastcompany.com/magazine/85/bezos_2.html).
- ²¹ For more on Zara’s eCommerce launch and global eCommerce, see the September 17, 2010, “[Establishing A Global Online Retail Footprint](#)” report.
- ²² Brian J. Dunn, CEO of Best Buy, started with Best Buy in 1985 as a sales associate when the company operated just a dozen stores. His roots as a sales associate and a store manager are credited for his leadership and willingness to experiment around new models of customer engagement and cross-channel retailing.
- ²³ We are in a highly transformative time as changing customer expectations, commerce capabilities, and technology continue to evolve rapidly. Initiatives that just a few short years ago would have seemed a long way off — such as mobile commerce, app stores, multichannel order management, or embedding shopping on Facebook — are now squarely on the priority list of eCommerce business and technology leaders. And as consumer expectations, client needs, and the competitive environment continue to evolve, pressure on executives to make the right choices in technology and operational capabilities continues to mount. See the August 27, 2010, “[What Every Exec Needs To Know About The Future Of eCommerce Technology](#)” report.

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