Executive Brief

Commerce, Reinvented
Driving demand, loyalty, and long-term growth through the intelligent, connected enterprise
Executive Summary: The Experience Economy and the Rise of the Connected and Intelligent Enterprise

Today, digital-native companies are the prime disruptors across virtually every industry. Amazon dominates retail, Airbnb has reinvented the hospitality industry, and Uber and Lyft are increasingly popular transportation options. Customers love the convenience, competitive prices, and ubiquity these companies offer. And beyond logistical advantages, the tailored experience customers have with digital-first businesses like these are perhaps their biggest selling point. Of course, the other side of the coin is that these same consumers are increasingly wary of companies misusing the data that makes these experiences possible, and government regulators have taken notice.

By “experience,” we don’t just mean personalization for its own sake. A customer’s overall experience with a brand is now defined by the quality of their entire journey, from first touch, to repeat purchase, to services rendered in the long term. If a customer orders a product to be picked up in a physical store, they expect that it will be on-hand when they arrive, that returning it will be just as smooth an experience, and that help will be available should they have questions or concerns about their purchase.

This is why businesses need to effectively measure a customer’s experience across every touchpoint. However, for well-established companies, there is often a barrier to doing this. Why? Because their view of the customer, and therefore the customer’s experience, often breaks down in the gaps that occur between the company’s organizational and technological silos. For example:

- Marketing can’t see sales data and targets customers with offers for products they already own.
- Salespeople can’t see customer service records that show a customer’s dissatisfaction with a particular product and pitches something undesirable.
- Supply chain management doesn’t have visibility into a particular store’s seasonal stock variance and falls short of demand during an important sales event.

To keep up with the digital-native competition, businesses must connect key customer engagement systems such as marketing automation, e-commerce, customer data management, sales force management, and customer service. This integration must then be extended to back-office infrastructure, including ERP, HR, finance, and other operational systems, to truly connect demand to supply and deliver more satisfying and trusted experiences that customers love.

The SAP® Customer Experience portfolio of integrated solutions uniquely equips SAP to help enable the connected and intelligent enterprise. These solutions can be easily integrated into all back-office systems and combined with robust experience management capabilities to “close the loop” on the fully realized, end-to-end customer journey.
Commerce Evolved: Welcome to the Experience Economy

In today’s hyperconnected marketplace, customers increasingly switch brands due to poor customer experience. We are in the midst of a revolution that has ushered in the experience economy – a reality that is driving businesses to deliver five-star experiences to customers in a more holistic way through digital transformation initiatives.

To better understand consumers and serve their needs across an omnichannel customer journey, organizations are rejecting siloed point solution strategies. Data silos created by operating multiple, unconnected customer engagement solutions, each with its own data model and store, inhibit a complete view of consumers and the promise of relevant, end-to-end customer experiences.

Line-of-business leaders have known this for some time, but what’s different now? In short: an expanded range of data and the need for a better way to manage it. This calls for a holistic platform that can help a business not only understand what its customers are buying and engaging with, but what they feel as they do so and the impression they have of the brand. Only with this unified understanding can companies deliver the kind of unique experiences that are winning the hearts and minds of customers to produce a new generation of consumer- and business-facing market disruptors.

With the right suite of connected solutions, companies can:
• Identify and engage consumers across devices and channels to turn anonymous visitors into known, loyal customers
• Gain a deep understanding of customers’ in-moment needs and wants by combining experiential, operational, profile, and preference data into consent-based customer profiles that are shared across every line of business and IT
• Deliver great experiences, products, and services driven by insights from advanced data analytics, AI, and machine learning to extend intelligence across the value chain – from demand, to supply, to service

At SAP, we strive to enable the truly intelligent, fully connected enterprise, ensuring that our clients can deliver on their brand promises to customers.

“‘You can’t transform something you don’t understand. If you don’t know and understand what the current state of the customer experience is, how can you possibly design the desired future state?’"

Annette Franz
While 80% of CEOs believe they are delivering a superior experience, only 8% are actually doing so. This is the gap that must be closed in order to deliver on your promise to customers, and effective experience management is the key to closing it.

The good news is that most companies recognize this gap exists, with the vast majority of digital leaders now focused on driving successful digital transformation initiatives. They know that new and innovative business models, process optimization, and increased workforce productivity are all linked to improving both customer and employee experiences.

The bad news is that many companies have disparate systems in place, making it difficult to share data across platforms and services. As a result, it can be difficult or impossible to connect the dots between operational data (O-data) – such as accounts payable and receivable, click-throughs, order status, sales opportunities, returns, and inventory attributes – and experience data (X-data) – such as survey-driven NPS scores and real-time customer feedback generated by customers, employees, suppliers, and other stakeholders as they interact with the business. (See figure 1.)

The importance of being able to connect X-data and O-data can’t be overstated. This ability can help businesses uncover whole new categories of insights by allowing every stakeholder across lines of business and IT to act on customer data in real time to drive ever-better products, marketing, commerce, sales, and services.


Figure 1: Closing the Experience Gap
State of the Union: Experience Economy Trends

CONSUMERS ARE EXPERIENCE-DRIVEN
With rising expectations, consumers now place the highest premium on experience. It’s not enough to be “good enough” anymore. A three-star experience will net diminishing returns that lead to slowed growth or outright irrelevance. You must deliver a five-star experience – from first touch to last – to avoid putting your business in jeopardy.

CONVENIENCE TRUMPS PRICE
Price is no longer the top priority. Rather, customers are placing increasing importance on how simply and quickly your brand can solve their problems and satisfy their needs. Intuitive storefronts that help narrow customers’ options, simple checkout processes, fast delivery, and comprehensive service: each creates a moment that matters for forging better customer relationships.

TRUST IS THE ULTIMATE CURRENCY
Customer data is the fuel that drives the engine of commerce across virtually every industry. However, plummeting consumer trust and new data protection and consumer privacy regulations have changed the rules of engagement for business. Research still shows that most customers like the benefits of data-driven personalization but that they also want it done the right way.

This makes it imperative for businesses to conduct any data collection and processing in a transparent manner, with the explicit consent of the customer for each permission-based activity and with the customer firmly in control of their personal data and preferences. By doing so, you not only protect your business from harsh fines, but you also earn the lasting trust of customers. In an era when brand reputation is everything, differentiating your business as a trusted and responsible partner means everything.

MOBILE COMES FIRST
Today’s consumers don’t care about “channels.” They simply want to be able to easily research, shop, buy, and receive service at their convenience, on any device and at any location. You must provide a consistent experience across channels so that customers can browse for products or services on their phones in the morning, purchase items on their laptops during lunch, and inquire about delivery on their tablets when they get home.

PERSISTENTLY CONNECTED AND GLOBAL DATA IS KEY
Today’s consumers expect products and services to be available twenty-four seven, no matter where in the world they are. You must connect data across geographical regions and time zones, enabling cross-region authentication and self-service service options that allow customers to easily retain control of their own experiences.

COMMERCE HAS EVOLVED
The experience economy is also the “now” economy. Consumers expect options everywhere, anytime, and for everyone. This is why e-commerce models have evolved drastically over the past few years. Older “catalog” marketing and assortment merchandising strategies have given way to more agile, open, and easily extensible models that allow brands to quickly react to market conditions and meet evolving customer expectations.
A New Way to Engage: SAP® Customer Experience and SAP C/4HANA

In our experience with clients, we’ve found that some have in the past had trouble capitalizing on the biggest opportunities of their transformation efforts. Why? Often, it was because their core focus was on improving individual touchpoints rather than the customer’s overall experience. In essence, they were not addressing the customer’s experience as a complete journey that traverses numerous channels and business functions. We’ve found that real transformation demands a solution that connects all types of data, enabling the business agility needed to keep pace with today’s savvy consumers and rapid-fire markets.

This is why we have developed the SAP Customer Experience portfolio, which comprises five cloud solution categories for intelligent customer engagement supported as SAP C/4HANA, our in-memory suite on the SAP Cloud Platform. (See figure 2.) These industry-leading, cloud-native software solutions for sales, marketing, e-commerce, and customer service, and customer data management are built with a core focus on experience management.

Going further, SAP is tapping emerging technologies such as artificial intelligence (AI), machine learning (ML), the Internet of Things (IoT), and analytics to help the workforce focus on higher value outcomes. And to drive end-to-end customer experiences through next-level business intelligence, data managed with SAP Customer Experience solutions can be made available to other SAP solutions that are part of the SAP S/4HANA suite – our digital core software running exclusively on the SAP HANA platform – as well as third-party applications and services.

Let’s first look into SAP Commerce Cloud to see how this versatile portfolio of solutions supports more effective e-commerce strategies by enabling you to quickly roll out beautiful and intuitive digital storefronts that delight customers. Then, let’s see how the integration of e-commerce-derived data into SAP Marketing Cloud and SAP Customer Data Cloud solutions can extend your understanding of customers and help you build more trusted and valued relationships that fuel long-term, sustainable growth for your business.
As part of the SAP Customer Experience portfolio, SAP Commerce Cloud solutions offer a wealth of advanced e-commerce functionality that can be described using three simple adjectives: disruptive, tailored, and delightful. What does this mean?

**Disruptive commerce** – The power to reinvent commerce is in your hands:
- Be agile. With SAP Commerce Cloud, you can deploy an out-of-the-box store in just days, using only the features and functions needed, and then move the business forward continuously by extending at speed through a flexible microservices architecture.
- Be cloud-native. SAP Commerce Cloud solutions are open, flexible, connected, “headless,” and API-first, with modular microservices that help you address virtually any business case.
- Be intelligent. The solutions make it possible for you to continually disrupt and reinvent your e-commerce strategies with AI-native, self-optimizing stores that simply work – and work simply – for your customers and your business.

**Tailored commerce** – Equip your business with one of the most functionally robust platforms on the market:
- No compromise. SAP Commerce Cloud provides you with a highly agile platform, but this agility doesn’t come at the expense of functional richness or business differentiation. It gives you the best of both worlds.
- Fit for any business. From the smallest market to the largest global enterprise, our solutions run quickly and simply to provide a perfect fit for every business model. Whether your brand is business-to-consumer (B2C), business-to-business (B2B), or business-to-business-to-consumer (B2B2C), SAP Commerce Cloud can help you drive success across the full spectrum of industries and marketplaces.
- Unified and consistent. Share a single source of truth for customer data, consent and preference data, and product data globally across the entire front office, all within a fully unified commerce portfolio.
Delightful commerce: Wow your customers at every interaction, sell more, and drive more profit:

• Go beyond personalization. SAP Commerce Cloud helps you deliver relevant and connected experiences across every channel, spanning front office to back, to connect demand to supply.
• Be outcome-centric. The solutions include AI-powered merchandising capabilities that enable individually relevant experiences.
• Be mobile-first. The unique, intuitive experiences that SAP Commerce Cloud lets you provide across channels and devices are designed for today’s on-the-go customers.

SAP Commerce Cloud helps you simplify e-commerce deployments, reduce your total cost of ownership, and increase your teams’ productivity. With SAP Commerce Cloud, you can manage all e-commerce processes, including cart checkout, product content and experience management, and order management. You can also seamlessly integrate actionable data into components built natively on the same, centralized platform, as well as into third-party solutions, so you can extend commerce beyond the storefront.

Going Beyond: Delivering the End-to-End Customer Journey

You can take your e-commerce strategy to the next level by using prebuilt integrations into the SAP Marketing Cloud and SAP Customer Data Cloud solutions. You can build unified customer profiles to enable a 360-degree view of your audience and foster trust and customer loyalty through enhanced data transparency and control.

A recent Ecommerce Foundation report found that the typical reasons given by business owners to migrate to a new commerce platform include:

Better supporting popular digital channels such as desktop, tablet, and mobile, and preparing for new channels, such as voice, VR, and AR

Becoming omnichannel by integrating the ecommerce platform with point-of-sale, and expanding the assortment with new product lines, third-party sellers and dropshipping

Supporting multilingual and multi-currency capabilities, new features such as AI-driven up- and cross-selling and customer service automation, and new business models such as subscription services and B2B2C

2. Abraham, Lone, “How To Replatform Your Ecommerce System Successfully”, Ecommerce Foundation, July 2019
SAP Marketing Cloud: Personalized Customer Engagement at Scale Across the Organization

Modern marketing is driven by increasingly voluminous and complex customer data, and the key to driving success is an effective multichannel marketing hub. As an acknowledged leader in this space SAP Marketing Cloud can help your business:

• Personalize customer experiences on every device and channel through deeper audience insights and a single view of your customer across their entire, omnichannel journey

• Optimize marketing to drive revenue by gaining visibility into the entire closed-loop marketing process, helping your team align with sales to make data-driven decisions that maximize ROI

• Drive demand generation and growth for B2B marketers by empowering them to generate quality leads, increase conversions, and drive more sales

SAP Customer Data Cloud: Trusted, Built-to-Last Relationships with Customers

Consumers are done with what they feel are creepy e-commerce experiences, which is why it’s vital to get a firm grip on how you collect and manage your customers’ personal data. SAP Customer Data Cloud solutions can help your business:

• Securely identify and engage customers earlier in their journeys while protecting them and your business from fraud and cybercrime

• Build trust with customers by being more transparent in your data collection and processing and giving customers meaningful, self-service control of their own personal information

• Drive better personalized e-commerce, marketing, sales, and services, by breaking down data silos and unifying data across channels and brands to uncover better audience insights and deliver more trusted, relevant experiences

Taken together, these solutions can help businesses build trusted relationships that drive higher customer lifetime value. (See figure 3.)

Figure 3: Better Together: SAP Customer Experience Solutions
Delivering Brand Promises Through Intelligent Commerce

We’ve shown how SAP Customer Experience solutions are built to work together seamlessly to help companies focus on their customers and innovate around delivering a consistently great, end to end experience through trusted data. But that’s the big picture. We know there are also specific questions that keep executives up at night, and we have the answers.

**Leaders ask - SAP answers**

**CDO**: What can we do to make our customer experience consistent and personalized across marketing and commerce channels, and how can we avoid losing customers when they move from one channel to another?

**SAP**: Drive seamless digital experiences across e-commerce and marketing engagements with built-in integration between SAP Commerce Cloud and SAP Marketing Cloud.

**CMO**: How can we convert more browsers to buyers and understand who our customers are?

**SAP**: Turn unknown online visitors into known loyal customers by unifying registration and login systems through SAP Customer Data Cloud.

**CRO**: What if we want to sell through new channels without a storefront?

**SAP**: Tap into the microservices architecture of SAP C/4HANA to support headless commerce, so customers always have access to what they’re after, no matter the device or channel they use.

**CEO**: How can we ensure the experience we’re delivering is equally positive from customer acquisition through fulfillment and post-purchase?

**SAP**: Capture your customers’ sentiment to understand your audience and determine the best experience for customers at each stage of their journey.

**CMO**: Is our personalization actually working?

**SAP**: Combine real-time behavioral information with PII and other data to drive more relevance and value.

**CISO / DPO**: How can we avoid being creepy?

**SAP**: Build trusted customer relationships based on security, transparency, and control with comprehensive consent management that helps to drive permission-based personalization.

**CTO**: Is there a way to make sure we have the most relevant customer information?

**SAP**: Unify relevant customer information across the enterprise and leverage a powerful discovery and segmentation engine to accurately target audiences.

**CDO**: Is it possible to gain a single, consolidated view of all relevant customer information?

**SAP**: Build dynamic customer profiles that are shared across all front- and back-office channels.
In Conclusion

Modernizing the Commerce Experience is a Win-Win – for Your Business and Your Customers

The rise of the cloud-based technology stack has been fast and irresistible and has unlocked customer experiences (and the business intelligence that drives them) we could only imagine a decade ago. For companies of all stripes wanting to thrive and grow in this reality, the clock isn’t simply ticking. The alarm has gone off.

Taking your business digital shouldn’t necessarily be approached as a means to an end. Rather, in today’s rapid-fire economy, with new technologies springing up almost daily, digital transformation is really a means to a means. Meaning, with no way to predict what’s next in a volatile marketplace, tomorrow’s leaders must not simply react to trends but create them. They must be ready for literally anything.

This is why SAP has built a unified and robust platform to power the new customer journey for our customers, whether they are selling superconductive circuitry or sunglasses. By gathering all data in a centralized, highly integrated suite of customer engagement technologies and using real-world insights to serve customers on their explicit terms, the possibilities are virtually endless.

And, we’re just getting started – adding new capabilities in the upcoming months around deep integration of customer data into ERP and master data management systems, mobile-first digital storefronts that can be launched in days instead of months, and so much more. We invite you to look into what the SAP Customer Experience portfolio can do for your business, now and in the future. The best run businesses know that experience is everything, and we are committed to making the best possible experience a reality for your customers.

“...e-commerce is not the cherry on the cake. It becomes the new cake.”
Jean-Paul Agon, CEO, L’Oreal

3. Derek du Preez; L’Oreal CEO – ‘E-commerce isn’t the cherry on the cake, it’s the new cake’; diginomica; July 2019