COLUMNS

Online retailers: Riding the tide of change

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The line between commerce and ecommerce becomes more blurred every day.

Last year's holiday retail statistics are evidence of that: 2011 holiday ecommerce sales grew 13.5 percent, while traditional retail sales only saw a 2.8 percent increase.

Since 2005, the trend tells a similar story. Ecommerce has not decreased in seven yearseven during the worst of the economic downturn in 2008-09. And despite the sluggish economy and gloomy reports during those years, online retailers continued to invest in their Web sites.

Site to see
Once upon a time, an online retailer could exist with their flaws or one-dimensional strategy and still garner kudos for the effort.

Today, however, the only thing growing faster than ecommerce may be the pace of transformative technologies and opportunities to connect with consumers.

Even the most cutting-edge online retailers are constantly fighting an uphill battle and quickly finding that the online retail experience is under debate.

With so many new technologies and strategies, many retailers feel they are hitting against a new ceiling or even falling short of competitors. It is a race that has only quickened for leading companies.

What is more, in the consumer-retail-social-media feed loop, missteps are recognized quickly and duly noted.

The rapid and rampant rise of mobile devices that provide for new shopping experiences and emerging ways to market allow more opportunity for retailers to create meaningful experiences with their audiences, but it also amplifies the need for a diligent technology strategy.

As online retailers know, the storefront, whether desktop or smartphone, is but one set of considerations.

The vast back-end systems which power sites and accurately enable retailers to align inventory, update customers on their orders and process a myriad of taxes and shipping options, is often more important than the virtual shelves themselves.

Reaching the consumer
Determining whether a well-designed Web site is a sufficient ecommerce solution or if a company should leverage the mobile market with an individualized store application for smartphones or tablets requires consideration.

The key to these decisions also lies in the high-cost and risks at stake.

If a company is going to invest in the development of a store app, it needs to focus on its functionality to ensure that

the app is a viable, long-term ecommerce solution.

Going in for a flashy app that needs to be retooled because basic tasks do not perform at an acceptable level is an expensive learning process, not to mention the brand-damage that can result. The integrity of the brand is at stake if apps are not up to par.

An ecommerce mobile app does offer added opportunities.

Serving as essentially a front-end to a company's Web site, advantages exist in the smartphone infrastructure.

When comparing the app's ecommerce experience with a mobile Web site in instances where one company offers both the advantages of apps become apparent.

Apps have less bandwidth requirements and possess a superior ability to work offline.

Apps are also better suited for tasked-based ecommerce, such as eBay's bidding process, in comparison to mobile sites. They also provide more intimacy with the user as apps have to be downloaded and installed onto mobile devices.

Customer familiarity is another area of ecommerce currently seeing innovation.

Knowing your customers
One instance of customization and control that has begun to shape ecommerce on mobile devices is context-aware commerce, which taps into user information to cater to individual shoppers.

If a smartphone tracks its users' geographical location to be in Hawaii, then a footwear company's app store might display various sandals on its front page.

If the user is located in Colorado, it might display hiking boots.

We are just now getting to the point where there is enough data out there to really do something with context-aware commerce, but in the very near future there will sufficient information available to push the limits of the process.

Gartner Research estimates that by 2015, 40 percent of all smartphone users will opt-in to context service providers that track their online behavior.

Outlets such as Facebook already track individuals' social graphs which open up several context-aware traits including suggestions based on history, suggestions based on people with similar social graphs and suggestions based on age.

The more you know about the customer the better, and data is becoming increasingly more dynamic.

While it can take months to react to the market in traditional retaildetermining clientele needs, getting products in-store, putting them in front of the customerit happens on the fly with context-aware commerce.

Flexible offering
A company should not have to change its business practices to fit its software either.

Software that complements current investments is key to long-term ROI of technology investments.

The back-end system must work with the totality of a company's ecommerce solutions. There are flexible solutions in ecommerce out there that can be developed to function with the leading proprietary system technologies.

Open-source Web infrastructures such as Drupal are able to eschew proprietary boundaries by enabling interoperable data services for both Web sites and apps, as well flexible storefronts working with any kind of device.

Not only does the open-source nature of Drupal give it the flexibility to easily integrate into existing platforms, it also avoids a bundle in proprietary fees when extending ecommerce solutions.

When a company is no longer paying roughly a third of a store's budget in licensing fees, it can invest back into its platform to stay ahead of competitors.

A company looking to move to an open-source ecommerce solution does not have to scrap its existing platform and start from scratch.

WITH NEW DEVELOPMENTS such as context-aware commerce and the increasing popularity of mobile devices, it is certain that ecommerce will continue to see major growth.

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In this time of change, selecting the technologies and strategies that grow the brand and deliver the right consumer experience remains key.

While open-source is not yet on every retailer's radar, it can offer distinct advantages in connecting diverse IT environments, allowing online retailers to adapt and adopt with more flexibility, both in the short and long term. The framework will continue to grow with the needs of ecommerce.

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