

Audience: E-commerce professionals

# The Fusion of Content and Commerce

## Providing Shopping Experiences for Tomorrow's Customers



## Executive Summary

Customers are demanding, well connected and informed. Thus, brands and merchants must increasingly focus on providing their customers and prospects an entertaining, inspiring and efficient shopping experience or risk losing business. In a world where retail giant Amazon is eating up more and more market share and even popular brands are becoming commoditized in the process, experience-led commerce is one of the most promising strategies to achieve differentiation, recognition and drive new customer sales.

A fundamental building block for these shopping experiences is to merge editorial content with commerce elements. As many companies are already equipped with suitable teams and technology, the goal is to build bridges in smart ways, both with regard to their organizational structure and the technologies they use.

There are two strategies to integrate commerce and Web Content Management (WCM) systems: In the first scenario, the commerce solution is the leading system and the WCM is providing the necessary content to enhance certain parts of the commerce site. In the second scenario, the WCM solution is in the lead and the commerce software provides catalog data and commerce functionalities.

This whitepaper will outline the necessary steps for implementing a sustainable content commerce strategy and support brands and merchants to opt for a suitable integration approach.



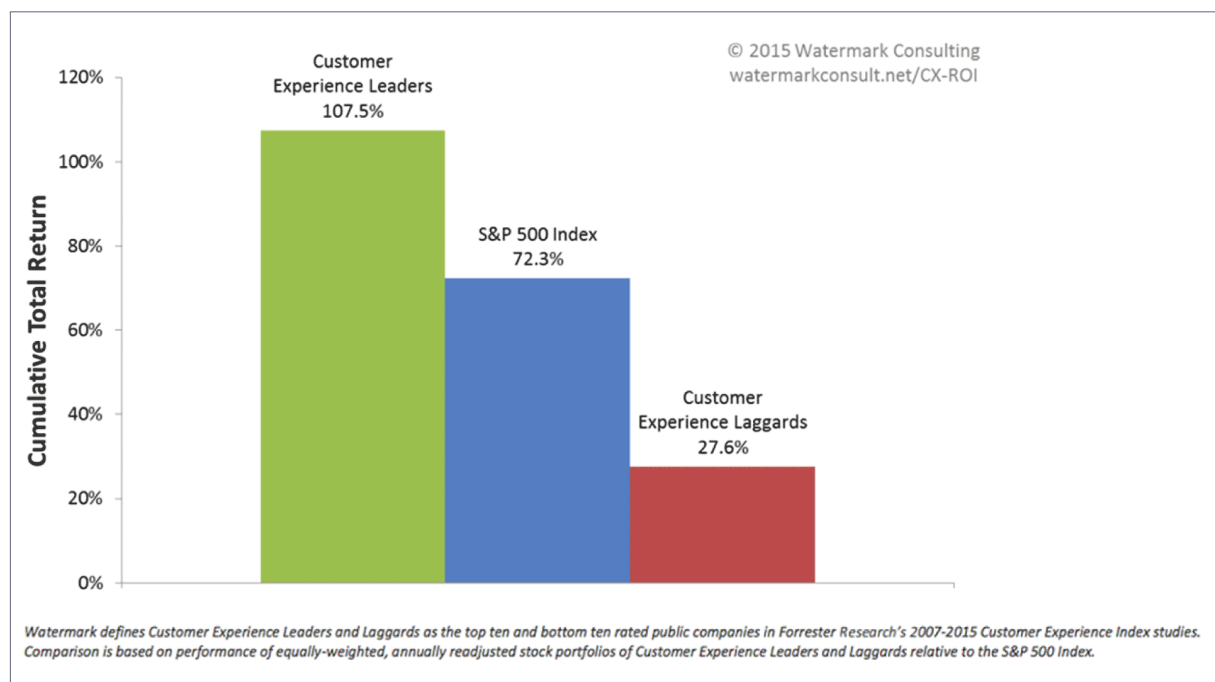
# Companies embrace experience-led commerce strategies

There was a time when companies mass-manufactured their products and sold them to an audience not used to choosing from a wide selection. About a century later, the situation has changed completely. Due to an exploding number of businesses using the Internet as a marketing and distribution platform, modern customers are faced with a sheer insurmountable variety of products. What's more, the market has become more transparent, so customers are well informed about products' features, prices and availability.

In effect, the power has shifted - away from manufacturers or merchants towards customers. Especially in the digital world, where competitors are virtually only one click away, merchants need to find strategies to target and engage their audience to grow and sustain their business.

As a result, companies have been striving to improve the overall customer experience and invest in measures to deliver the degree of service which they had promised in their marketing campaigns in the first place. For companies such as *BestBuy* or *Zappos*, this has led to a higher performance, as the development of companies in the Customer Experience Index (CXI)<sup>1</sup> shows. Customer Experience Leaders - i.e. companies focussing on and investing in a superior customer experience - have seen a stock development of 49% above the S&P 500 Index, whereas the so-called Customer Experience Laggards - who have not yet reached their full potential in this regard - come in at 62% below this average.

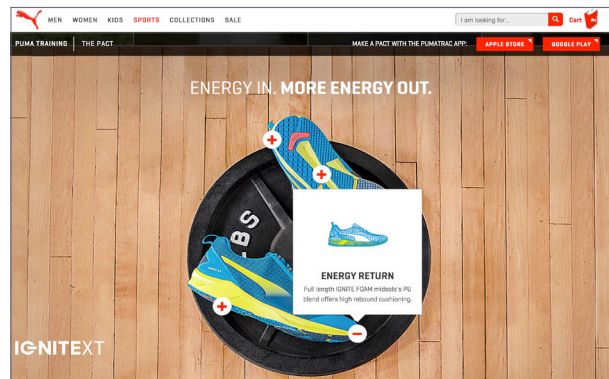
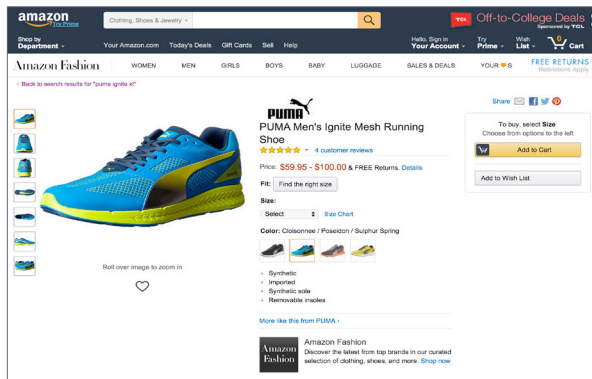
## Customer Experience Leaders Consistently Outperformed The Market From 2007 To 2014



# Advantages of unique branded content

On their own sites, brands have much more flexibility regarding how their products are presented. The screenshot on the left shows how a recent Puma running shoe is

displayed on Amazon. In contrast, on their own site, Puma can add additional content and produce a much more informative and engaging customer experience.



## Types of content and their distribution channels

Translated into the digital world, this means that brands and merchants can gain a considerable advantage when investing in customer experience. In order to shape the way in which they address their audience, merchants can choose from a range of different content types and distribution channels.

### Blogs, microsites and editorial pages

The most common way of presenting engaging content to customers is through blogs, microsites or editorial pages. Fashion retailer ASOS<sup>2</sup> for example uses a variety of fashion- and styling-related content in the magazine section of its online shop. Customers can access interviews with actors, makeup tutorials and outfits that are directly linked to the corresponding product pages.

### Videos

Videos are among the most important ways that consumers interact with brands. They watch them on their mobile devices, their

home and work computers and on their smart TVs to get entertained and inspired. Here, merchants follow different strategies: *Barneys New York* for instance are adding videos to their own sites. Here, visitors can enjoy them right on the spot without leaving, thus keeping the traffic on their own site. The videos are directly related to their products, adding atmosphere and context.

Others are experimenting with far more elaborate formats. The American makeup brand *Maybelline* for instance has produced its own branded web series called *Vanity*. It is distributed via the StyleHaul Youtube channel<sup>3</sup> and tells the story of a college student investigating the murder of a famous designer. Without exception, all women in the show are well-dressed and look stunning, appealing to the prime target group of *Maybelline*.

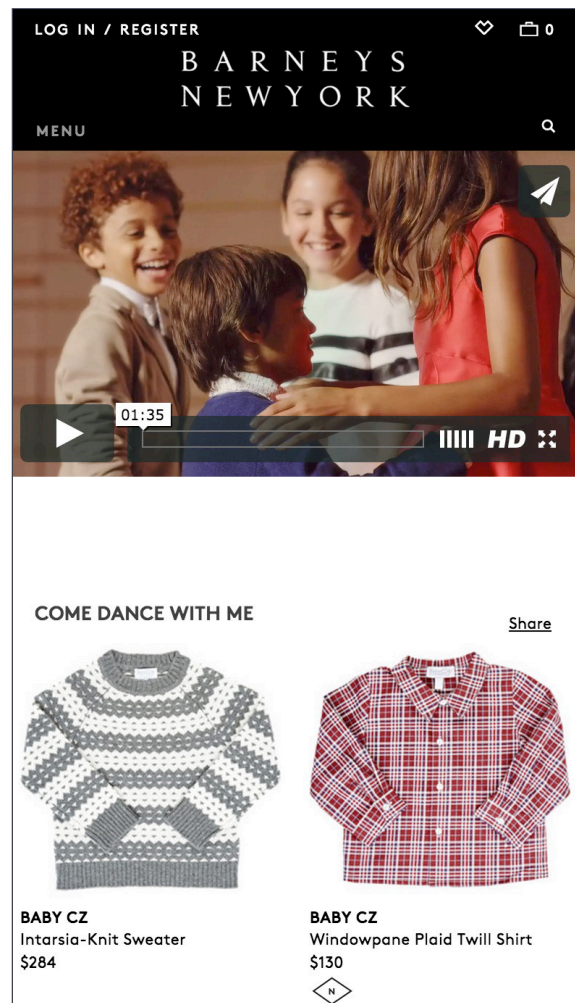


In a similar vein, sports fashion producer *Nike* created a campaign called *Betterforit*<sup>4</sup>, involving their own web series. In *Margot vs. Lily*, two unequal sisters make a bet: Margot - who is not into sports at all - needs to start a Youtube fitness channel and get 1,000 followers, while sports fanatic Lily - who already has such a channel but no social skills - is challenged to find three real friends. Distributed via the *NikeWomen* Youtube channel<sup>5</sup> which has more than 180,000 subscribers, the first episode received more than 19 million views to date. On the campaign website, Nike presents the sports gear featured in the show and provides additional content such as workout tips.

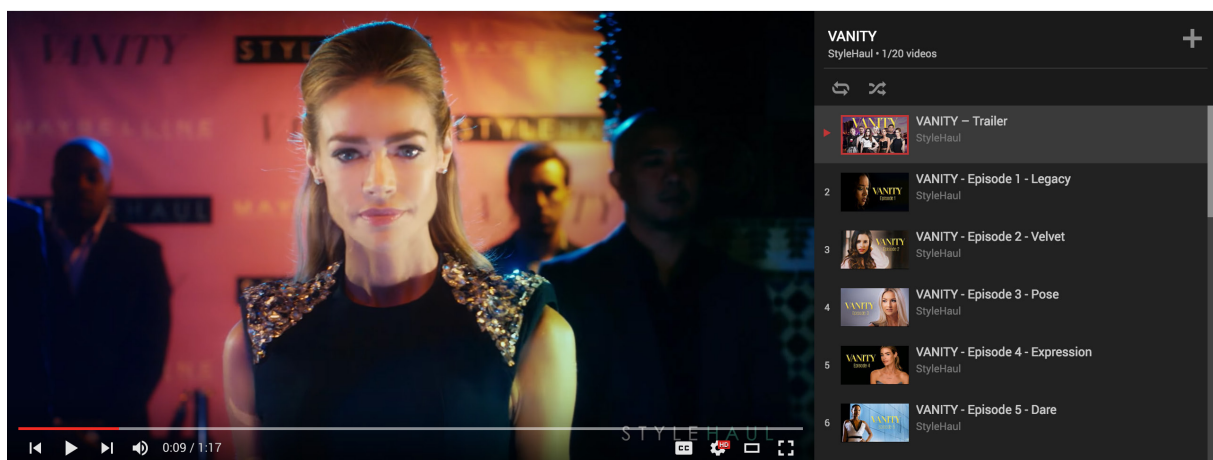
## Snapchat

Companies are also experimenting with messaging networks like Snapchat to share content with their audience. Especially for millenials, Snapchat is the tool of choice for communicating with their peers and getting in touch with brands. Clothing retailer Everlane interacts with their followers to discuss their fashion:

*"Besides snaps of new clothes, it's common for Everlane's Snapchat followers to send the clothing company unsolicited snaps of their order confirmations. They'll ask for Everlane's fashion input on a potential outfit. Sometimes*



*Gaskell [Everlane's social media lead] will even watch Snapchat stories of Everlane customers and ask them about cafes they visit in cities he plans to visit."*<sup>6</sup>



Branded web series Vanity



User numbers indicate that Snapchat has potential: the service is currently used by roughly 100 million active users every day, with more than 10 billion videos viewed daily<sup>7</sup>. Snapchat has now also enabled

purchases via its network. In the US, fans of the X-Men movie series were able to buy tickets for the screening of the newest part via Snapchat<sup>8</sup>.

## Success Stories

Though still in its conceptual infancy, content commerce initiatives are already helping merchants to put their products into a context with inspiring narratives and engage their customers with additional pieces of storytelling. Brands also rely on inspirational storytelling rather than fact-based introductions to their products.

### Burberry

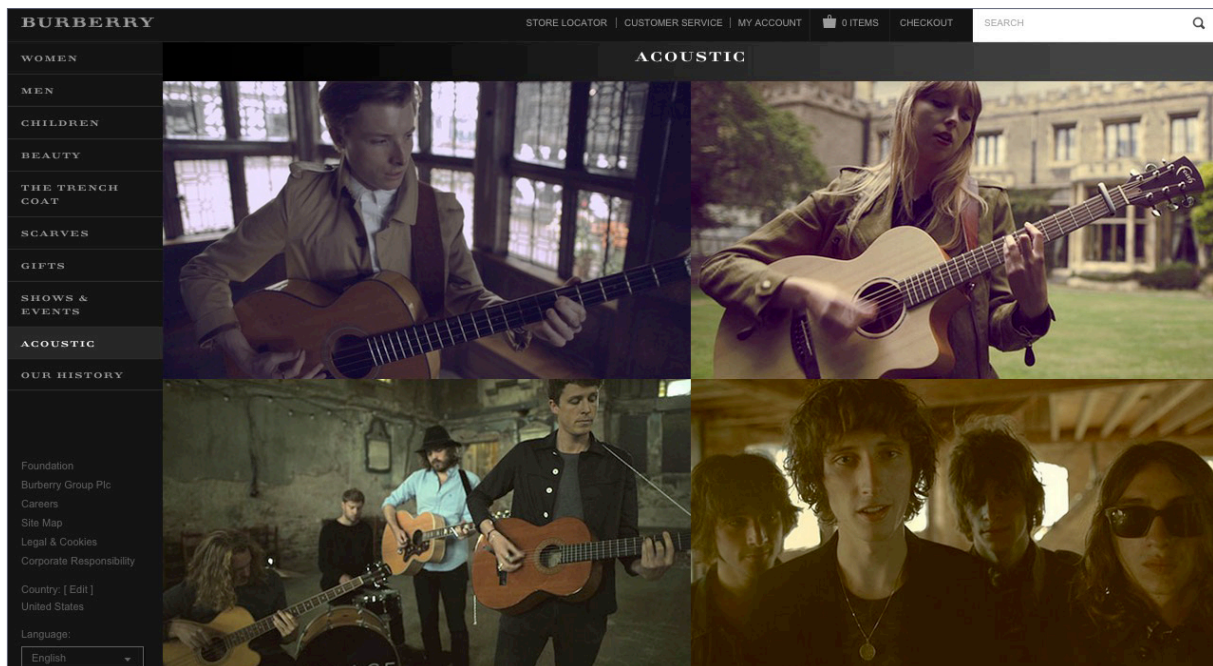
The British fashion manufacturer *Burberry* was among the first brands who recognized the importance of experience-led approach and since then has been a prominent

example of how a fashion brand cannot only develop, but completely reposition itself by using consistent storytelling. In just a short time frame, former CEO Angela Ahrendts turned a traditional trench coat maker into one of the most popular luxury brands in the world. After Angela Ahrendts **had allocated 60% of Burberry's marketing budget in her digital strategy in 2006, the sales tripled in the following five years.**<sup>9</sup> One of the success factors in her strategy was thoroughly connecting the products to high-quality pieces of content:

*“We created videos to demonstrate Burberry's craftsmanship: All the collars are hand-rolled and hand-stitched. We equipped our sales associates with iPads and our stores with audiovisual technology to show these videos to best effect. We knew that beautiful, compelling content would connect customers to the brand and our iconic trench.”*<sup>10</sup>

The esthetics of the *Burberry* webstore are sustained by large-scale product photos and a “Burberry acoustic” section, where emerging artists present their acoustic music against countryside settings.

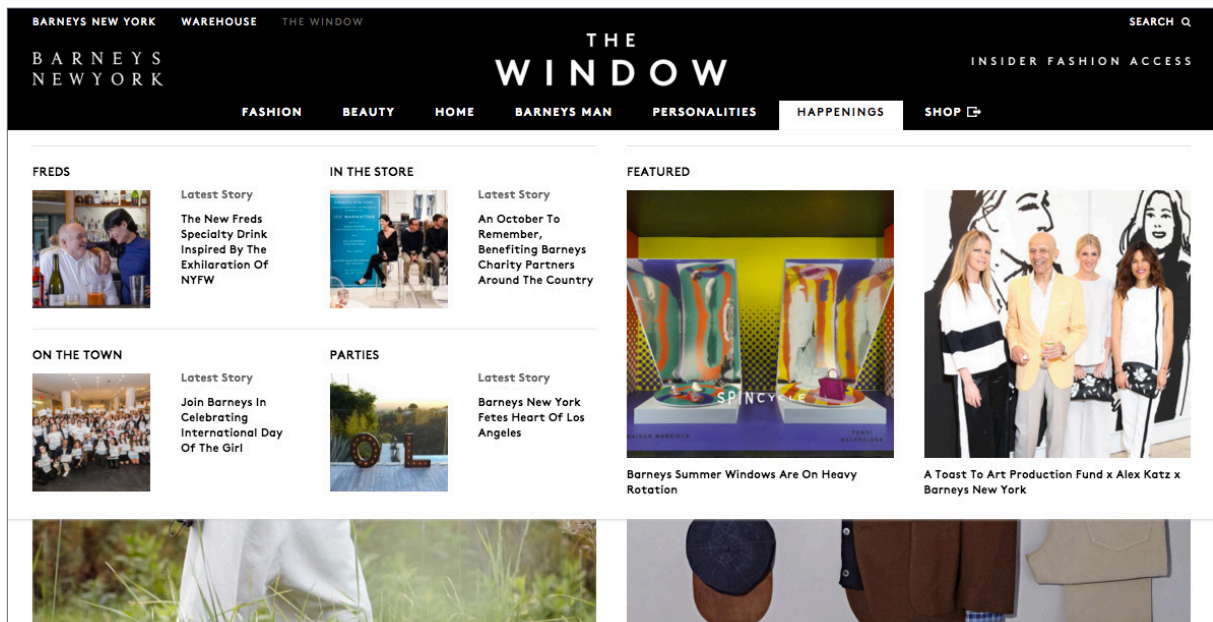




## Barneys New York

Barneys, a chain of luxury department stores based in New York, is using various content elements to support the luxury brands in their webstore. In its editorial site *The Window*<sup>11</sup>, the

merchant offers, beside others, lookbooks and interviews. According to Matthew Woolsey, Executive Vice President of Digital, this site already achieves strong ROI:





“Customers who read *The Window* spend 40% more than our average shopper,” he says. “So far, customers have responded extremely well to personalized editorial such as lookbooks, exclusive designer interviews, videos and Window stories that are tailored to them. Users who are engaging with our personalized editorial are converting 4x-5x higher than our average user.”<sup>12</sup>

## Lush

When *Lush*, a UK-based producer of natural cosmetics, relaunched their website a while ago, they tried to provide an online customer experience that matched the brand's successful physical stores worldwide. The brand's success is based on their narratives regarding ethical buying, responsibility towards the environment as well as a dedication to equality.

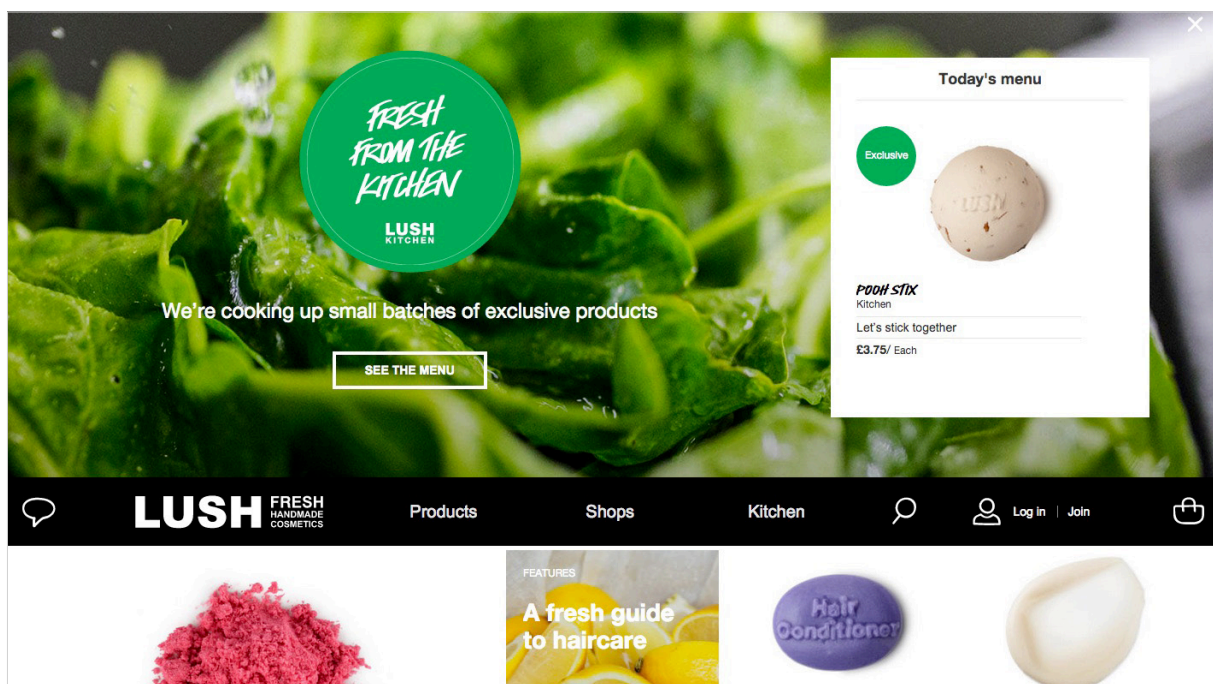
On their website, the brand is using extensive imagery and inspirational copy to support their products. They talk about how the cosmetics and soaps are produced and let the people behind the products have a say, in video interviews for example. There are

also several gadgets, for example the kitchen section where small batches of new products are being produced by the 'chefs'.

For the company, investment into an experience-driven strategy is already starting to pay off after the initial six months<sup>13</sup>, resulting in:

- 16% decline in abandoned carts
- 64% increase in digital orders
- 75% increase in website sessions

Translating their company values into the digital world through various types of content, *Lush* has managed to grow their online community and benefit from increasing business metrics.





# The journey begins: merging teams and technologies

Brands and merchants are challenged by the connection of content and commerce mainly on the organizational and technological levels.

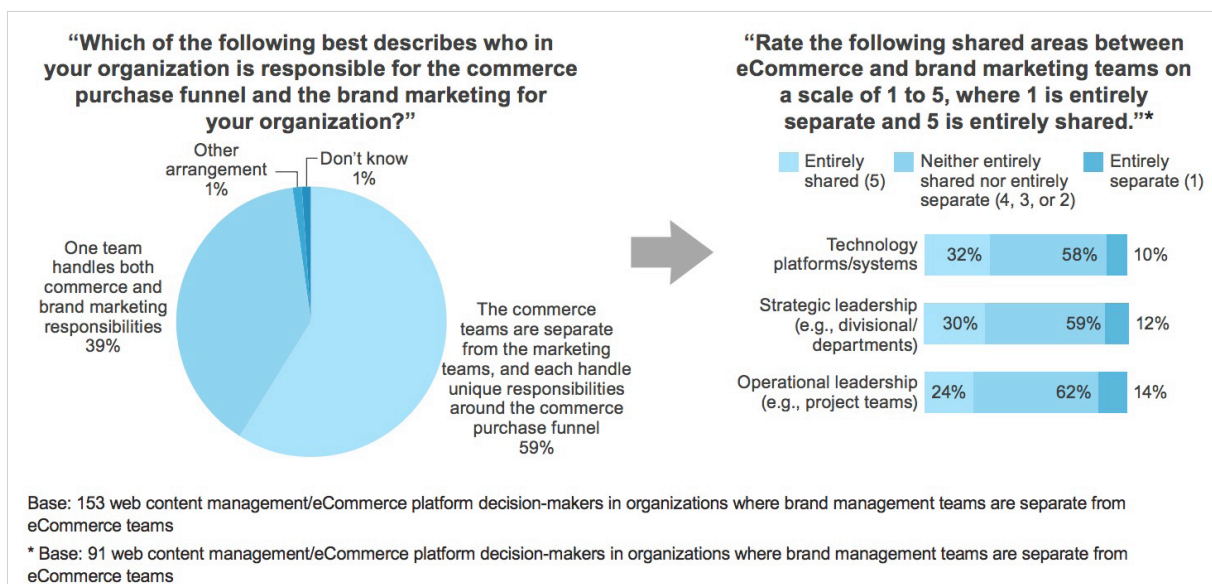
## Finding the right team set-up

Companies employ different teams for either content or commerce topics. According to an *Acquia* study<sup>14</sup>, almost 60% of the surveyed companies have separate marketing and commerce teams (see figure), with information largely contained in information siloes. Usually, their success is evaluated based on different KPIs. The content team is concerned with the development and distribution of various media formats and aims at achieving a perfect amount of “stickiness” for their assets. The commerce people concentrate on things such as product

imports and a secure ordering processes and are evaluated regarding turnover and conversion rates.

This two-part structure also affects the use of technology. In regard to Conway's Law<sup>15</sup>, the software used in a company reflects its organizational structure. Strict division of labor often results in strict division of technological systems with few interfaces between them. As a consequence, it is not surprising to find manifestations of the “two-site syndrome”. Important measures here are to enhance team collaboration and establish a set of shared KPIs.

## Nearly 60% Have Separate Marketing And Commerce Teams



Source: A commissioned study conducted by Forrester Consulting on behalf of Acquia, August 2014



# Deciding on the right integration approach

The next step, then, is to actually merge the commerce and the WCM systems. The challenge here is the connection of two types of software with completely different priorities.

- **Commerce systems** are mainly transaction-based, i.e. they are designed to guide the customer through the checkout process efficiently: Entering address information, choosing payment and shipping details and using coupon codes have to be fast and secure. Additionally, the systems are specialized on enabling quick product searches via intelligent search functions or intuitive faceting. Much of the data is stored in the enterprise systems that include product information, pricing and logistics.
- **WCM solutions**, in contrast, are not -based, but have their focus on providing a flexible layout system and backend tools which support assembling content elements and supporting the editorial workflow.

Prior to the actual integration, a decision about the leading system has to be made. This system will be the base of interaction with the customers and contains, amongst others, the login mechanism, defines the structure and generates the URLs.

## Commerce-first approach

Going for commerce-first means placing the commerce system at the core of the content strategy and benefit from its complex transaction logic (e.g. prices, taxes, shipping) and extensive product catalogs. In this scenario, the WCM is operating in the background and feeding content pieces to the commerce system.

On various parts of the commerce site, brands and merchants integrate various pieces of editorial content which best support the products in the respective context. The site structure as well as the user interaction follow the standards of a retail website. So rather than completely turning one's webstore upside down, this methods aim at selectively enhancing certain aspects of the original store's pages or create new ones, such as dedicated landing pages.

Modern commerce systems often feature a basic, built-in WCM which enables merchants to implement some of these elements. However, when it comes to a complex channel structure, a hierarchical editorial workflow and features such as real-time visitor analysis and personalized content, a professional WCM becomes mandatory.



# CMS solutions for experience-led commerce



Source: [www.drupal.com](http://www.drupal.com)



Source: [www.onehippo.com/en](http://www.onehippo.com/en)



Source: [www.magnolia-cms.com](http://www.magnolia-cms.com)

Modern WCM software such as *Drupal*<sup>16</sup>, *Hippo CMS*<sup>17</sup> and *Magnolia*<sup>18</sup> not only handle various types of content elements, but also offer personalization tools to create individualized user experiences.

- **Homepages:** The stores' homepages are the best place for additional content. Store owners typically feature products with high-resolution images, video footage or copy drawing the customers' attention to the various parts of the digital offering. In case the software platform is prepared for personalization, this is mostly the place to address the customers personally and show a customized product selection.
- **Category pages:** When customers dive into specific categories, they can be targeted more specifically. Typically, these pages are supported by inspiring copy and images describing the choice of products that are presented to the customer. In case these products need more explanation, category pages are also an ideal entry point for buyer's guides. In the WCM, merchants could compile media-rich microsites, questionnaires and comparison tables and make them accessible via the store front.
- **Product pages:** On the detail pages, there is ample opportunity for brands and merchants to let the product appear in the best possible light with inspiring copy,

high-quality image and video content or even 360° views. So it does not come as a surprise when, according to a recent Forrester study<sup>19</sup>, 34% of all merchants surveyed stated that improving product detail pages was a key initiative in 2015.

- **Custom landing pages:** These pages are primarily used as target sites in e-mail or search engine marketing campaigns. They are dedicated to a certain topic and contain a few content elements as well as clear call-to-action messaging. Usually, they are created to draw attention to seasonal offerings or special events.

## Who this approach is perfect for:

This approach is ideal for brands and merchants who already have a successful online presence and aim at improving the overall digital experience. Digital offerings in the fashion and accessories industries can hugely benefit from the additional selling potential of high quality media content. Consumer electronics retailers will find that their customers benefit from informative buyer's guides when it comes to demanding or complex products.



## Content-first approach

Deciding on the WCM as the leading system is the basis for a completely opposite integration strategy. Here, flexible layout systems enable *on-the-fly* content combination and easy publishing with the help of easy to use tools. Brands and merchants opting for this method primarily maintain content and add commerce elements.

- **For one-product stores and subscription models**, it's more relevant to focus on storytelling and inspiring its customers than maintaining a complex commerce site. In these cases, it's more intuitive to give the WCM the lead, benefit from its content assembly capabilities and intersperse the content with a few commerce elements.
- **Professional online magazines or blogs** aiming at selling relevant products which complement the articles they publish would use a commerce integration to display product information and transaction elements like a "buy now" button or a shopping cart feature. Especially in the context of lean-back commerce, where customers enjoy their favourite magazine on their tablets, such an seamless integration results in a much better customer experience.

- **Brands, especially in the fashion vertical**, who aim at creating and delivering the desired brand experience and control every aspect of it, are likely to opt for this approach as well. Publishing content such as magazine-like editorial, image-rich lookbooks or interviews with brand advocates, they can benefit greatly from a content-first strategy.

### Who this approach is perfect for:

A content-first scenario is the best choice for business models which either require very limited commerce capability or are so individualized that standard commerce processes are not sufficient. If there are only a few products on sale - think designer furniture - it makes no sense to provision large-scale search functionalities. The same holds true for publishers wanting to connect their magazine articles to suitable products in an elegant, non-intrusive way. Industries such as travel or ticket sales, on the other hand, usually require a non-standard checkout, so it's advisable to let the WCM take the lead and implement a custom order process.





# Real and pseudo integrations

Once it has been decided, which of either systems will take the lead, brands and merchants need to think about the quality and depth of the integration they are planning.

Often, companies use both commerce and WCM systems in parallel without any actual data exchange. In these cases, the system templates are made to look similar to avoid customers' noticing the transition from one system to the other. However, by the time they have to login at two different systems, using the page already feels too complicated for most of the users.

An *iframe* integration which is still popular only works out until the websites are accessed on mobile devices. In the long run, these types of **pseudo integrations** result in additional

cost and limited functionality. Working on two separate templates - one for the commerce site, one for the WCM system - means double effort when it comes to frontend design changes.

**Real integration** is in place when exclusively using *machine-to-machine-communication* - eg. through standardized API programming interfaces - when combining the systems. Since login data are exchanged, customers only have to sign in once for both systems in a so-called *single sign-on*. A similar procedure is applied for displaying content: In order to display a text from the WCM system in the store, only unformatted content is exchanged. Appropriate formatting takes place centrally via the leading system's template logic.

## Merging content and commerce is the best choice for tomorrow's retail business.

Retail business is facing exciting challenges. Customers will increasingly turn to brands and merchants who combine information, inspiration and entertainment in a way that makes their offers essential to people's lives. It's no longer enough to focus on delivering separate, good-quality jigsaw pieces - the whole picture is more important and longer lasting.

However, the wheel does not have to be reinvented. In many companies, the elements of a modern, sustainable content-commerce-strategy already exist. The key is to adapt one's organizational structure and enable a creative and productive coworking atmosphere and therefore allow editorial content and commerce elements to merge.

When considering the technical basis for their content strategy, merchants need to make sure to rely on solutions that allow for seamless and effective integration of content and commerce elements. For a commerce solution, this means:

- **Integration ability:** The solution needs to be able to integrate with a wide range of third-party solutions. Ideally, it can be easily connected to already existing software solutions so that businesses already running a WCM system do not need to completely overhaul their infrastructure.



- **Customizability:** A content commerce strategy can only be successful when the underlying technology does not limit retailers' creativity but on the contrary enables them to put their unique shopping experiences into practice. A modern commerce solution needs to reflect this, for instance by means of well-documented, powerful APIs that allow for high levels of customization.
- **Scalability:** When merchants are present on multiple retail channels and produce content that has the potential to go viral, they need a solution which scales automatically without creating any extra costs when the number of visitor interactions grow.



# Endnotes

1. Winning The Customer Experience Game II, Forrester Research, Inc., August 14, 2015, <https://www.forrester.com/Winning+The+Customer+Experience+Game+II/fulltext/-/E-RES120306>
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## About commercetools: Commerce-as-a-Service for modern shopping experiences

commercetools is a next generation software technology company that offers a true cloud commerce platform, providing the building blocks for the new digital commerce age. Our leading-edge API approach helps retailers create brand value by empowering commerce teams to design unique and engaging digital commerce experiences everywhere – today and in the future. Our agile, componentized architecture improves profitability by significantly reducing development time and resources required to migrate to modern commerce technology and meet new customer demands.

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