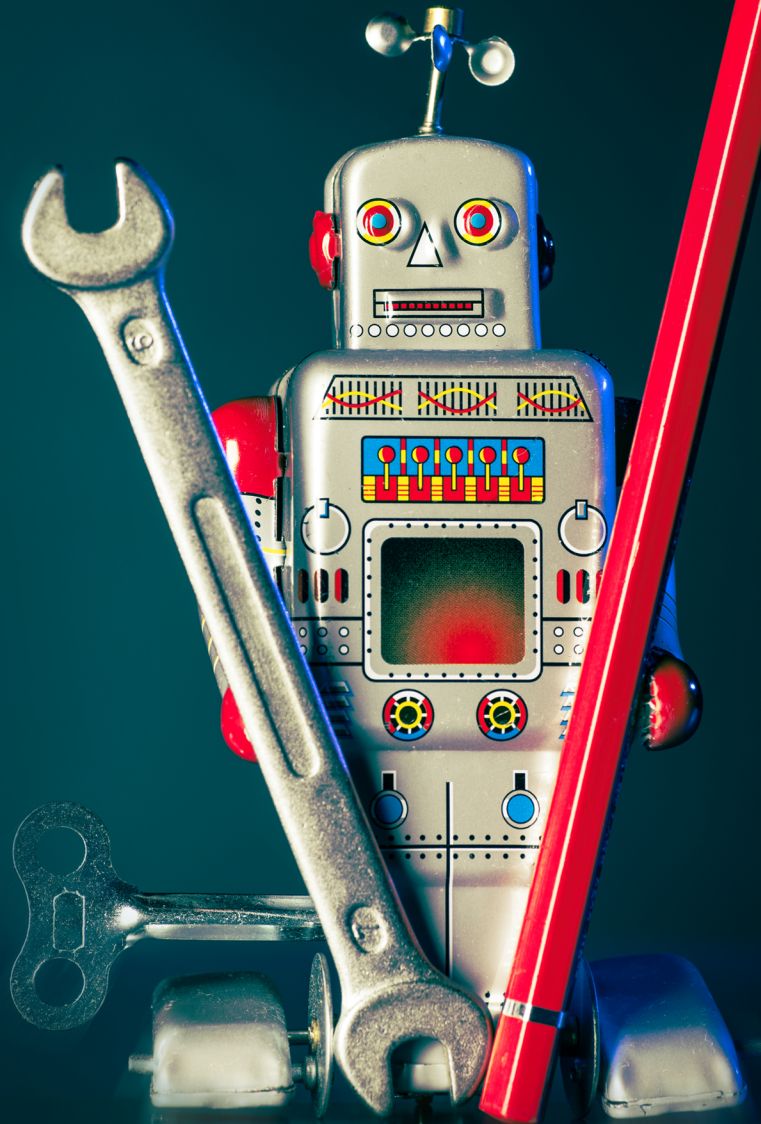


ORACLE® + Bronto

ECOMMERCE PLATFORM BENCHMARK

WHAT COMMERCE MARKETERS NEED NOW



Ecommerce Platform Benchmark

What Commerce Marketers Need Now

For the past couple of years, we've surveyed our customers about their ecommerce platforms. Initially, it was a pragmatic activity: We wanted to know what direction our customers were taking. But along the way, we've discovered that the survey provides much more information that is worthy of analysis – and sharing.

We've learned that companies with system integrators are more likely to consider re-platforming frequently (every year or two), that fewer platforms are being selected, and that half of the respondents could be looking to change platforms at the next evaluation period. And while routine implementation (a well-functioning website, for instance) was a key focus for companies just a few years ago, today, they're interested in more sophisticated features and solutions to increase personalization and help build loyalty.

Another interesting finding is how our customers have come to view cloud-based services. A few years ago, on-premise tools were the norm. Today, cloud-based SaaS systems have gained dominance. Three years ago, our customers were a bit wary of cloud-based offerings. Now, that isn't an issue at all.

How We Conducted the Survey

We surveyed Oracle + Bronto customers in late 2016. The respondents included digital marketers, directors, C-suite representatives and a handful of folks from the IT side of the business. The 451 respondents represent 341 unique organizations. More than 95% of respondents run an ecommerce platform as part of their business. Unlike other surveys, the majority of our respondents are commerce marketers – not technology people. Their concerns are related to the work they do every day to grow revenue for their companies.

This is the third year we've surveyed our customers, and interest in the survey has grown. We received more than twice the responses compared to our first year, and we believe this relates to a keen interest in what other commerce marketers are doing.

For the purposes of presenting information from this survey, we've bucketed customers into three categories based on yearly revenue:

Enterprise-level customers	Mid-market customers	Small to midsize customers
More than \$50 million.	\$10 to \$50 million.	Less than \$10 million.
		

Factors Influencing Platform Contraction

As part of the survey, we provided a list of major ecommerce platforms and gave customers the option to write in a platform name. What we found interesting was that while the number of named providers exceeded the count of previous surveys, there's a trend toward companies choosing certain platforms at higher rates.

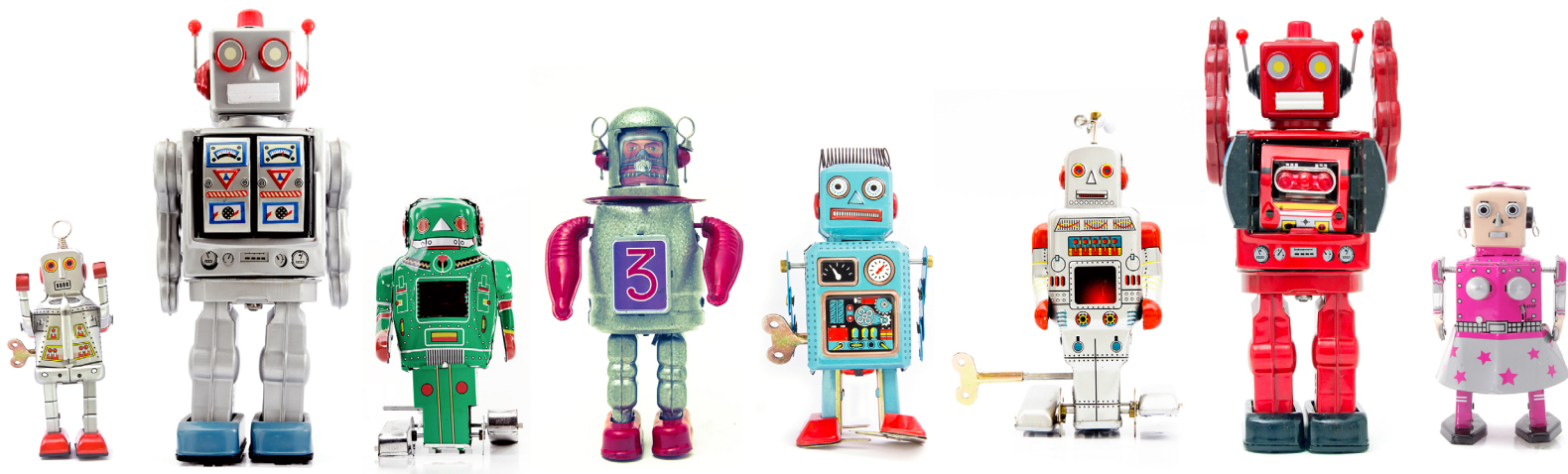
Percentage of Respondents Using the Top Six Platforms



One particularly interesting finding: Of enterprise respondents that use a platform, 60% choose one of the top four most popular. However, nearly half (43%) of all enterprise respondents use an in-house solution instead of a platform.

The most-mentioned platforms have remained fairly consistent. Magento, Salesforce's Commerce Cloud (Demandware) and NetSuite are popular choices. The one platform that has gained the most traction in recent years is Shopify. Adjusted for the increased survey participation, five times more respondents are using the Shopify ecommerce platform than three years ago.

Mid-market companies show the most range in terms of which platform they use. Sixty-six percent of small to midsize and 70% of enterprise customers report using one of the six most-named platforms in the survey, while only 55% of mid-market customers use one of them. We believe this is related to there being fewer entrants to the enterprise and small to midsize platform markets and comparably few consolidations of platform providers.



The Role of the SI

An ongoing relationship with a system integrator (SI) can be critical to the success of a company's ecommerce platform. Fifty percent of companies that use an ecommerce platform (vs. an in-house solution) report using an SI.

As expected, there is a significant decline in SI use for companies of all sizes if they're using a homegrown system. Just 26% of companies that report using in-house solutions also use a system integrator.

The presence or absence of an SI proved critical when we got to our next question: How often do you consider upgrading or re-platforming? Forty-eight percent of respondents answered more than five years, never or no plans. Given some of the difficulties that can come with a re-platform, it makes sense that this is not a decision that commerce marketers take lightly.

But what is more revealing is the influence of SIs on the process. Across all respondents, having an SI played a significant role in whether you plan to reconsider your platform in the future.

While most companies without an SI have no set schedule for re-platforming or upgrading, two-thirds of companies with SIs have a regular schedule for examining their platform.

And just as the mid-market tends to use the broadest range of platforms, they're also the most likely to evaluate switching. Thirty-five percent of mid-market customers said they consider looking every three to five years vs. 26% for both the small to midsize and enterprise customers.

How Often Do You Consider Upgrading or Re-platforming?

No System Integrator



Use System Integrator



All Respondents



Enterprise



Mid-Market



Small to Midsize

Open

On a Schedule

Two Critical Questions to Ask if Your SI Suggests an Upgrade or Re-platform:

- Will the platform only work to an optimal degree if I choose additional products that are part of the platform's technology stack?
- Does the platform have robust APIs for integration with other best-of-breed providers?

Finally, we asked our customers which platform they would consider if they were going to explore some type of platform upgrade. Nearly half (49%) failed to list upgrading their current platform as an option. Instead, they listed other well-established platforms: Magento 2, Salesforce Commerce Cloud (Demandware), NetSuite and the comparative newcomer, Shopify.

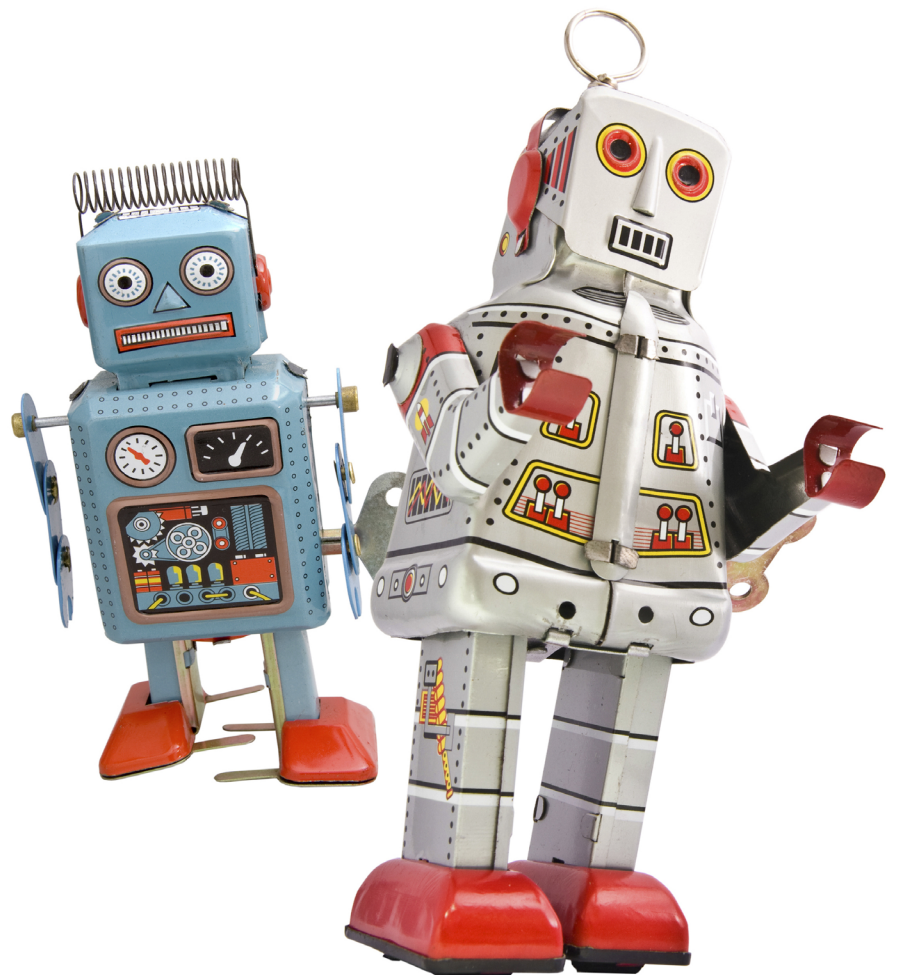
We think this shows some dissatisfaction, or perhaps a bit of “the grass must be greener” thinking. In digging deeper into the results, we noticed that several mid-market companies are using platforms that haven't undergone significant updates. With the move to SaaS solutions, it has become somewhat less painful to re-platform than it once was. So, going forward, we will pay close attention to the rate at which commerce marketers switch platforms.

Number of respondents
who said re-platforming
would occur

This Year: **57**
Next Year: **131**

Number of respondents
who said SI replacement
a possibility

This Year: **23**
Next Year: **55**



What Matters in an Ecommerce Platform

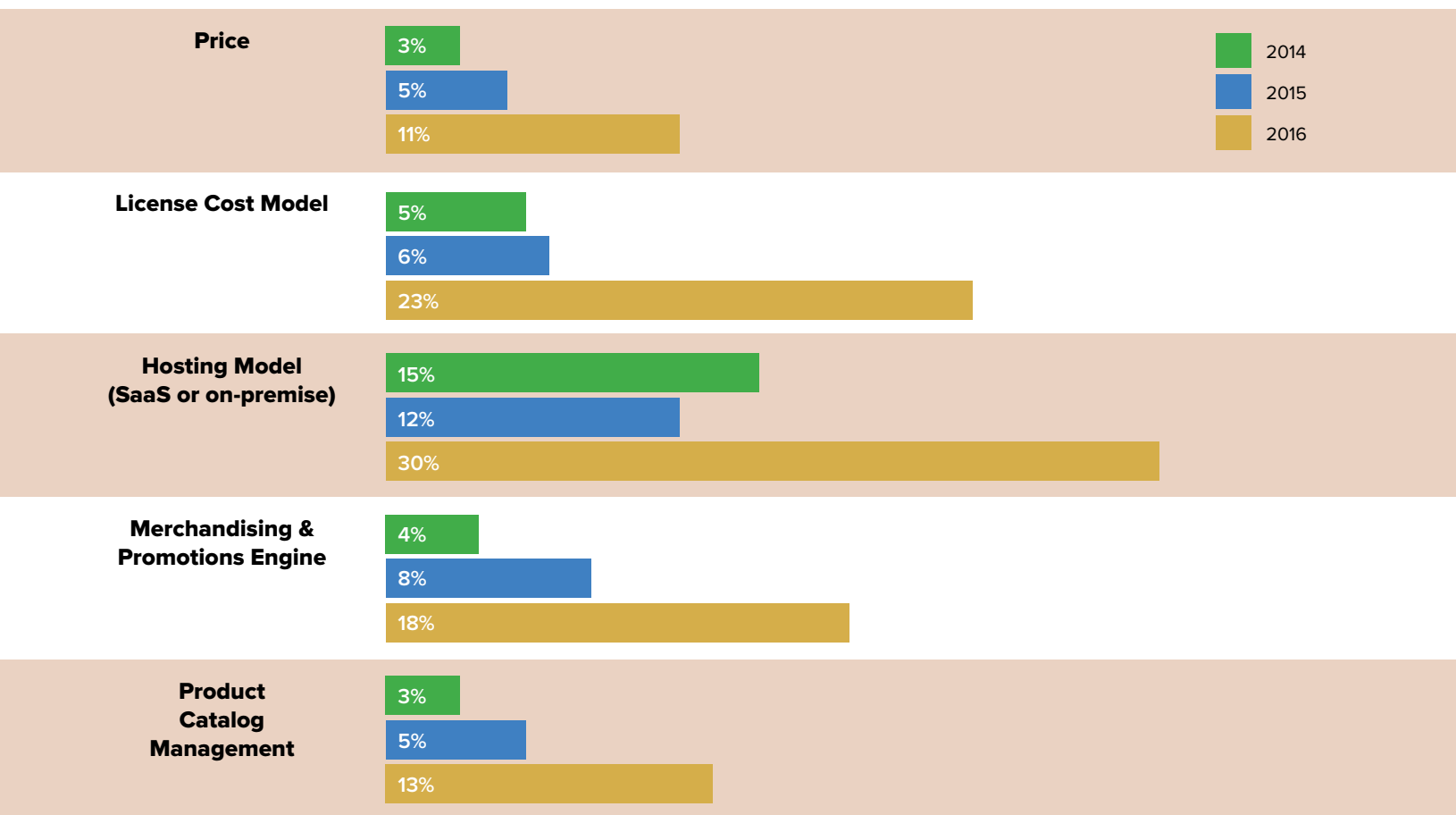
What key ecommerce platform features did respondents say they want or don't want? The second part of that question was much more interesting, especially as it relates to how the answers have changed over time.

In 2014, only 15% of respondents considered the hosting model (SaaS or on-premise) unimportant. In 2016, that percent doubled (30%). In addition, the license cost model was considered unimportant by just 5% of respondents this past year, while 23% consider it unimportant today. Even the price seems less important than it did two years ago (3% vs. 11%).

We also asked an open-ended question about what is important going forward. Implementing a platform or website was the top concern in 2014, with 60% of respondents mentioning some variation of this. But in 2016, only 34% gave answers that suggested they were concerned about this. Marketing automation on the other hand? Twice as many respondents (18% vs. 9%) said this was a concern in 2016.

We believe this reflects an increased stability in ecommerce platforms coupled with more interest in getting the most value from the solutions and platforms respondents currently use.

What's Not Important?



What's Next?

We asked customers if there were other programs or capabilities they were considering implementing. Here are their top responses:

Loyalty: **22%**

Personalization/ Predictive/ Recommendations: **20%**

List Building / Management: **19%**

Social / Influencer Marketing: **17%**

The first two answers speak to the growing understanding that loyalty is critical to success and that personalization is a key aspect of building it. The second two most popular answers speak more to the traditional concerns of a marketer – bringing in new customers. We think the answers suggest that retaining customers is becoming a more important element of a commerce marketer's job.

Final Thoughts

The commerce marketing technology landscape is starting to settle into a rhythm – at least for small to midsize and enterprise companies and those that have in-house solutions. It remains more dynamic among mid-market companies that have a broader selection of choices.

Cloud-based solutions have won acceptance, and regardless of platform type, marketers are less concerned with fundamentals such as implementing a successful website, and more interested in the types of services and features that can drive loyalty and long-term success. They'll increasingly choose platform, SI and other types of commerce services and solutions because they drive better engagement with customers.

ORACLE® + Bronto

Oracle + Bronto provides a cloud-based commerce marketing automation platform to mid-market and enterprise organizations. Oracle + Bronto is the number one ranked email marketing provider to the global *Internet Retailer* Top 1000, with a client roster of leading brands, including Rebecca Minkoff, Lucky Brand, Theory, Björn Borg, Ashley Homestore and Christopher & Banks. For more information, visit bronto.com.

