

AS FEATURED IN

DIGITAL RETAIL

COMMERCE 360

2023 LEADING VENDORS TO THE TOP 1000 RETAILERS

Ranking, data and analysis of the
top ecommerce technology providers



Compliments of

nosto 

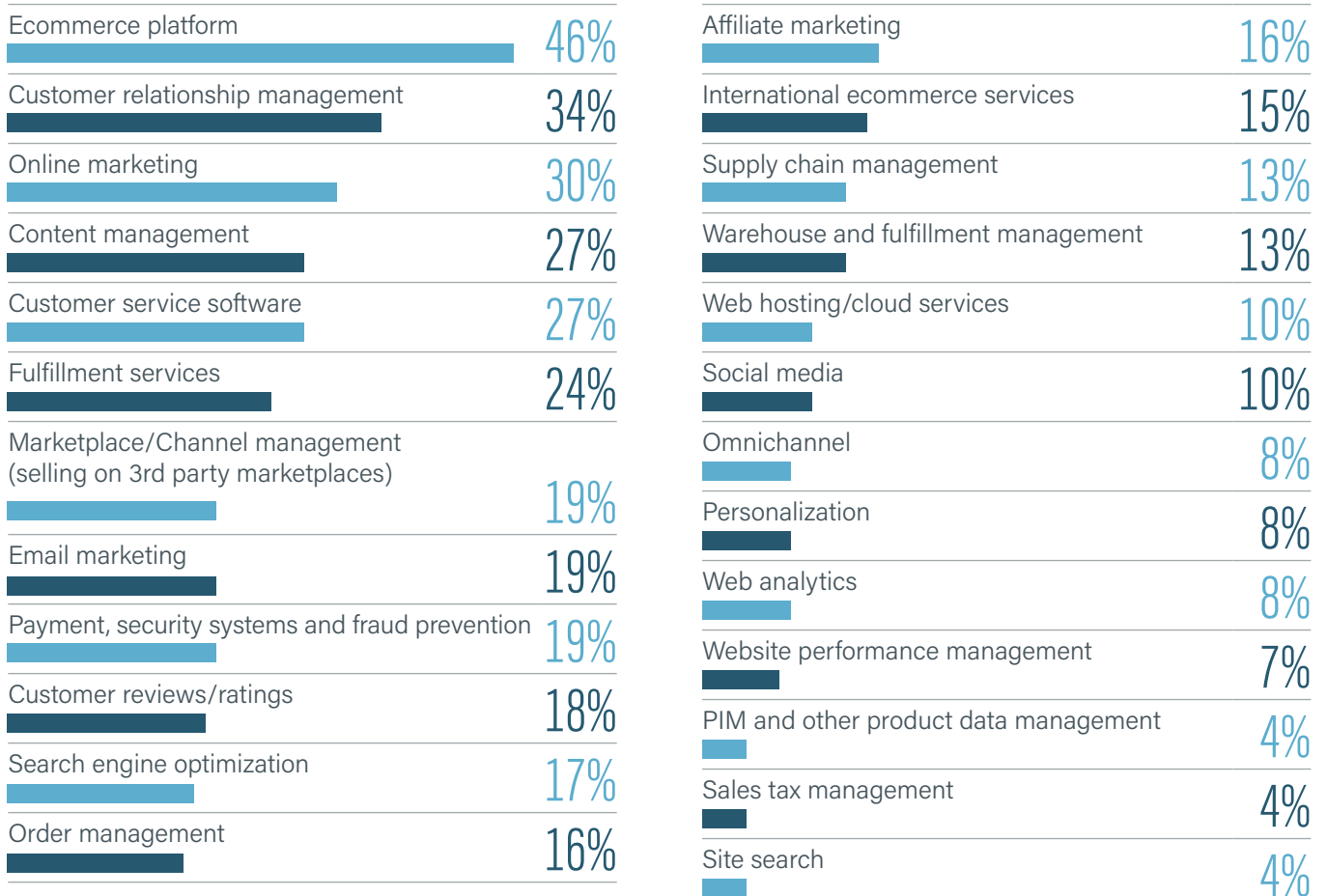
OVERVIEW

In 2022, retailers are finetuning the technologies needed to offer customers a fluid ecommerce experience. According to Digital Commerce 360's Digital Technology survey, conducted from September through October 2022, an ecommerce platform is the top technology budget priority over the next year (46% of 135 respondents).

Other top budget priorities include customer relationship management (CRM) at 34%, online marketing (30%), content management (27%), customer service software (27%) and fulfillment services (24%).

WHAT ARE YOUR TOP FIVE ECOMMERCE TECHNOLOGY BUDGET PRIORITIES OVER THE NEXT YEAR?

Select up to five priorities.



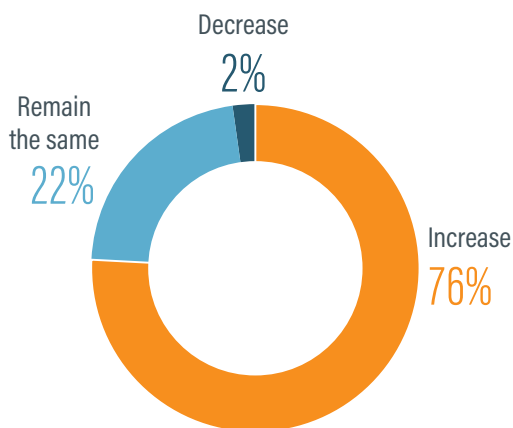
Source: Digital Commerce 360 digital technology survey, September-October 2022

Three-quarters of retailers (76%) plan to increase spending on technology and services over the next year. Only 22% plan to keep budgets the same and 2% plan to decrease ecommerce technology spending.

While retailers plan to spend more, three in four retailers expect their spending increase to be 15% or less. 39% of retailers predict spending to increase 10.1% to 15%. And 32% expect spending to increase 5.1% to 10.0%. One quarter of retailers said they anticipate technology spending to increase more than 15% over the next year.

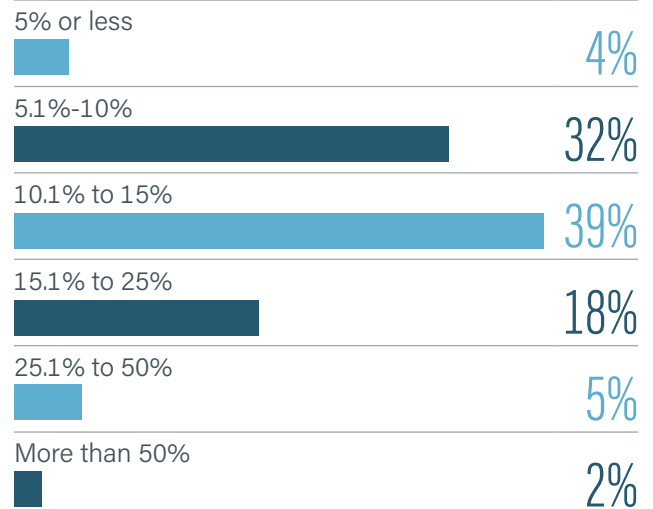
The top reason retailers plan to spend more on ecommerce technology over the next year is marketing to attract new customers (66%). And

WILL YOUR SPENDING ON ECOMMERCE TECHNOLOGY AND SERVICES INCREASE, DECREASE OR REMAIN THE SAME OVER THE NEXT YEAR?



Source: Digital Commerce 360 digital technology survey, September-October 2022

HOW MUCH OF AN INCREASE IN ECOMMERCE TECHNOLOGY SPENDING DO YOU ANTICIPATE OVER THE NEXT YEAR?



Source: Digital Commerce 360 digital technology survey, September-October 2022

nearly half (48%) plan to increase spending to retain existing customers.

On the customer experience side, 54% of retailers plan to spend more on improving CX. Ensuring customers can browse and checkout easily is also a focal point as 41% of retailers plan to invest in site performance improvements, speed and efficiency. 33% of respondents plan to support more cross-channel shopping and marketing/merchandising, 32% plan to optimize product information, and 31% plan to improve shopping experience personalization.

Nearly half of retailers are focusing on KPIs (Key Performance Indicators) — specifically generating more traffic and sales via mobile

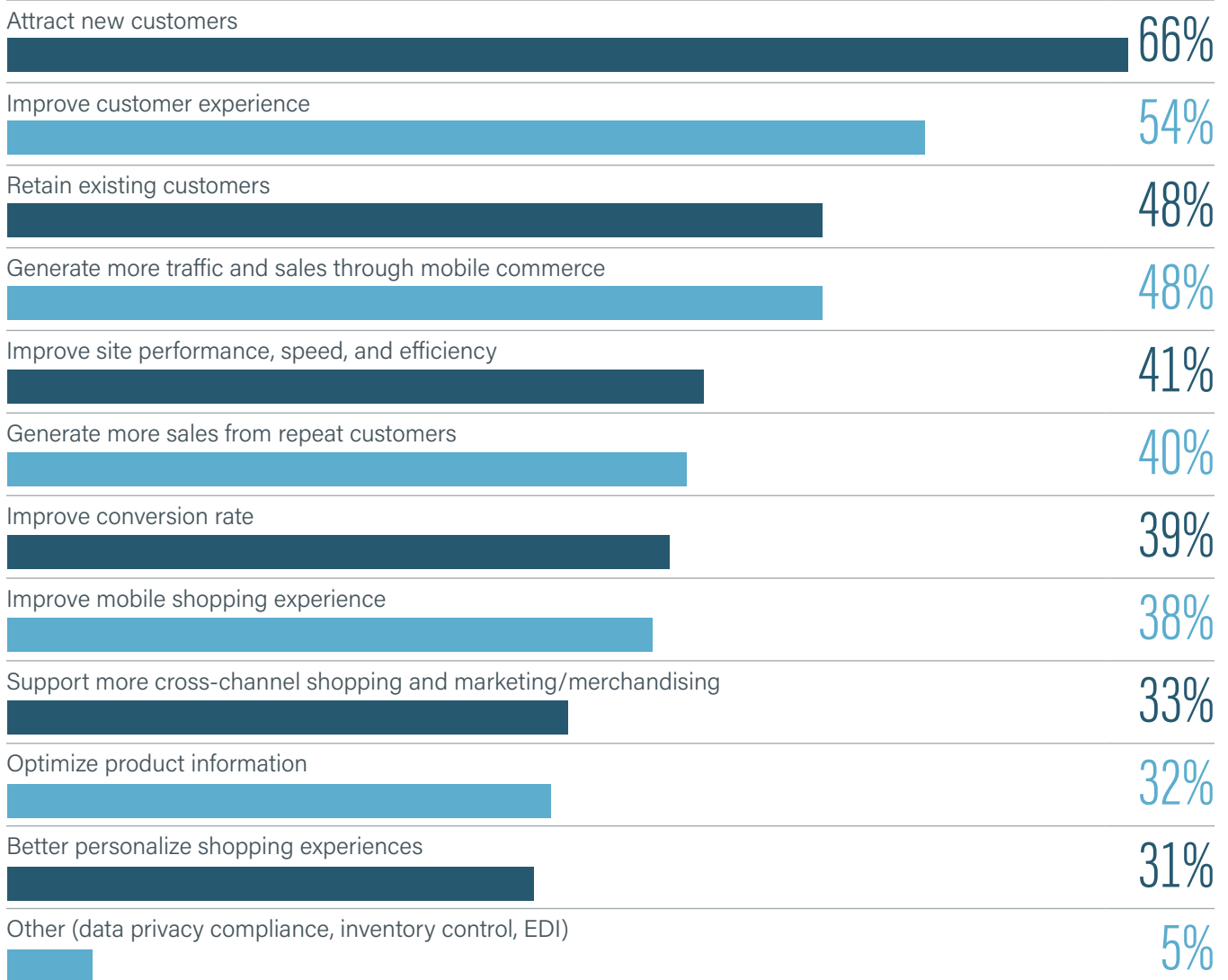
commerce (48%). 40% plan to invest in generating more sales from repeat customers and 39% seek to improve conversion rates.

Rather than grow a tech stack in house, 70% of respondents said they typically use a vendor to try to build technology. Retailers seek out

experts specialized in their fields (68%). More than half (56%) said speed was a factor — it's faster to get a project completed when using a vendor.

Curbing costs was also a factor for 31% of retailers that find it is cheaper to use a vendor

WHAT ARE YOUR MAIN REASONS FOR SPENDING MORE ON ECOMMERCE TECHNOLOGY OVER THE NEXT YEAR? Check all that apply.



Source: Digital Commerce 360 digital technology survey, September-October 2022

than build a technology from scratch. 28% said there is more accountability when using an outside vendor. And 27% of retailers were concerned about overstressing employees.

Payment, security and fraud prevention are the top reasons retailers invested in technology (37%), followed by CRM (35%), ecommerce platform (34%), email marketing (33%) and online marketing and customer service software each reaching 31% as top reasons. **LV**

WHEN IMPLEMENTING A NEW TECHNOLOGY, DO YOU TYPICALLY USE A VENDOR OR TRY TO BUILD THE TECHNOLOGY IN-HOUSE?



Source: Digital Commerce 360 digital technology survey, September-October 2022

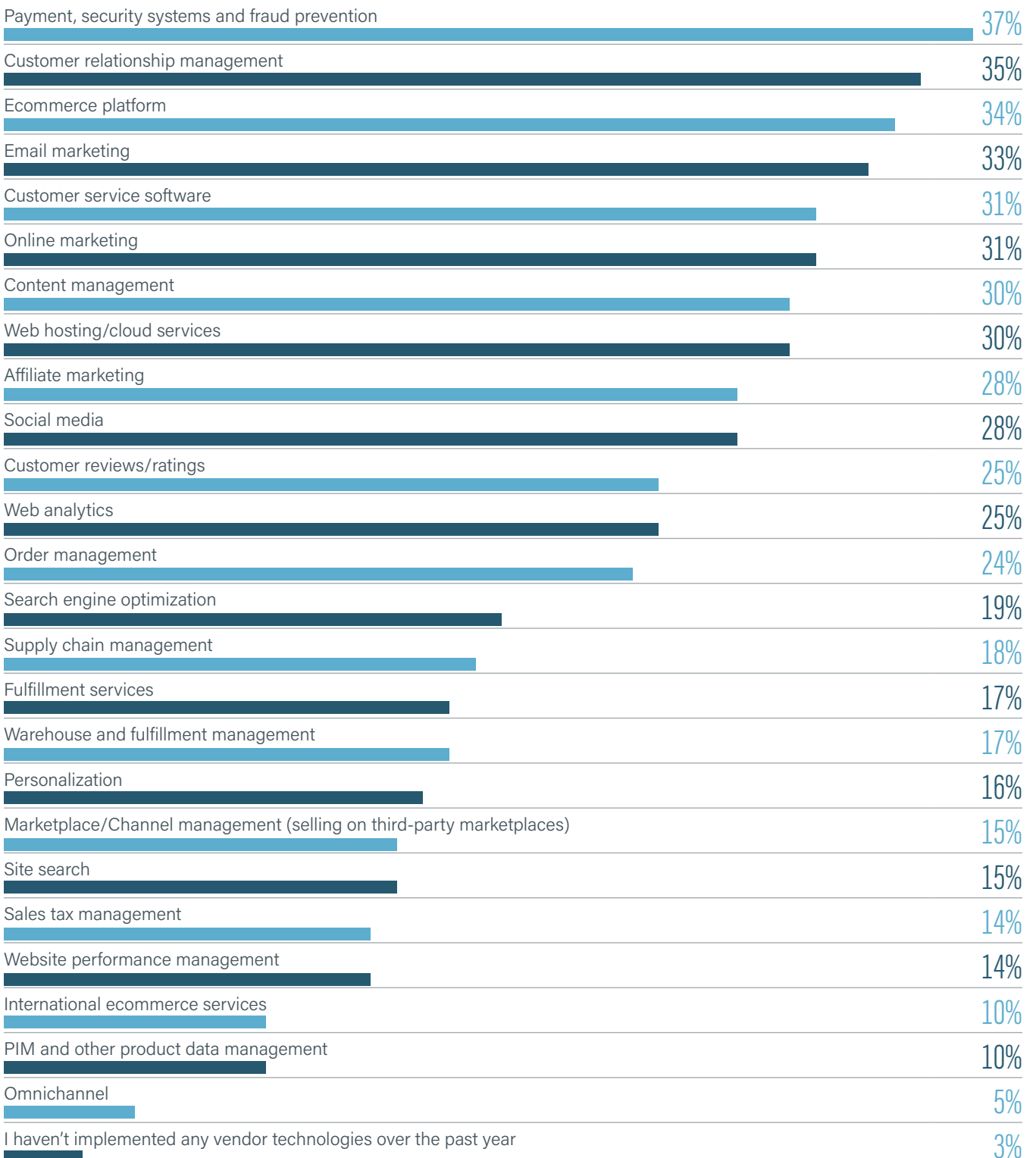
WHAT ARE YOUR REASONS FOR USING A VENDOR? (Multiple responses allowed)



Source: Digital Commerce 360 digital technology survey, September-October 2022

WHAT TECHNOLOGIES FROM VENDORS HAVE YOU IMPLEMENTED OVER THE PAST YEAR?

(Multiple responses allowed.)



PERSONALIZATION

■ Indicates a ranking tie

A large advantage ecommerce sites have over their brick-and-mortar competitors is their ability to show a customer products she might like based on past site behavior and past purchases. Personalization allows websites to show customers products they're more likely to buy, through a range of marketing channels such as targeted emails and recommended products. Even with consumers wary of providing too much data, the benefits of making them feel unique can be dramatic. Combining buying history, demographic information, geographic details and pricing data can connect customers with products they want to buy. Pain points in personalization include data gathering, analyzing trends to determine the right personalization options and creating personalized marketing materials. Data vendors can provide customer data, and demographics can help inform trends while A/B testing helps to find the most effective marketing options. Automation and artificial intelligence are playing a growing role in determining how companies spend their time personalizing products for shoppers.

Source: Digital Commerce 360

Note: Category leaders are ranked on the total number of clients they have in the 2022 Digital Commerce 360 Top 1000. Only parent companies of retailers are included.

1	Monetate ¹	
2	Salesforce	
3	Nosto	nosto 
4	Algonomy ²	
5	GroupBy	
6	AtData ³	
6	Sitecore ⁴	
8	Adobe	
8	Deloitte	
10	Bluecore	

1. In 2022, Kibo sold their Personalization business unit, formerly known as Monetate and Certona, and is now known as Monetate. 2. In 2021 RichRelevance and Manthan Software merged to form Algonomy. 3. In 2021 TowerData and FreshAddress merged to become AtData. 4. In 2021 Sitecore acquired Reflektion.

Q&A

Relevancy and authenticity are critical to creating a great commerce experience

An executive conversation
with **Jan Soerensen**,
general manager,
Nosto Solutions Inc.



Today's ecommerce landscape is highly competitive, and retailers must create a commerce experience that resonates with customers. Delivering personalized and authentic experiences means increasing product discovery, engagement and loyalty. A retailer's commerce experience is vital to driving up conversion rates, average order value and customer lifetime value. To discuss the critical role that relevancy and authenticity play in creating optimal commerce experiences that get results, Digital Commerce 360 spoke with Jan Soerensen, general manager for North America at Nosto.

What are the components of the commerce experience?

Commerce experience spans everything from search and merchandising to personalizing content and product recommendations, which create a more relevant, one-to-one experience. It also means adding authenticity in the right place through user-generated content, such as post-purchase content that brand fans showcase when they love your product and the experience.

All these different elements work harmoniously to create richly personalized commerce experiences that are consistent between touchpoints. The key to delivering great commerce experiences also lies in the ability to A/B test multiple campaigns, ensuring each visitor's experience on your site is optimized just for them.

What's the benefit of investing in a platform delivery vs. a point solution?

With a platform like Nosto, a vast data engine aggregates multiple data points. Those include visual recognition, search, behavioral, product, customer affinity, transactional, third-party import and integrations. The platform does so in real-time for immediate action across modules such as product recommendations, content personalization, search and merchandising. This functionality means you can nail 360-degree personalization — as opposed to just one area of the customer experience, as a point solution would. Wrapped around the data engine is a predictive intelligence layer that ingests data from all your campaigns and modules and algorithmically recommends new ways to improve efficiency and scalability.

Also, as global privacy regulations proliferate, point solutions are riskier. Do you want 10 compliance audits or one? Besides that, the more tools, the slower the site — making site speed another critical factor.

How will personalization change in the next year?

We expect brands' search capabilities to become more integrated with their personalization. More merchants recognize the value in search signals informing a full-funnel experience. For example, if a user searches for scarves, that query can influence results beyond what products it immediately returns. If you integrate your search with your personalization technology, the personalization can inform what content that user sees or which products show up when that user returns to the store.

Sizing intelligence in product recommendations, search and merchandising is also on the horizon. For example, reranking recommended products in a shopper's most common size or color first gives a more relevant experience. With the ability to personalize based on numerous signals, bundling things for shop-the-look offers becomes much more dynamic.

How can personalization help brands tackle the global cost of living crisis?

Whenever shoppers must be more selective with their purchases, brands must work harder to show them products and experiences they're more likely to engage with and convert on. Additionally, now is the time for brands to leverage personalization to highlight their value propositions. Cost-conscious consumers are going to be comparing products across different sites. Creating content experiences just for them to showcase features like product reviews and free delivery highlights the value of purchasing from you and might sway them. Sustainability credentials might be more critical for other personas, which a retailer could highlight as well.

Build revenue-generating commerce experiences with **personalization, search, and merchandising**

Nosto's AI-powered platform enables retailers to create richly personalized digital shopping experiences that drive engagement, conversions, AOV, and loyalty.

Relevant product experiences

- Product Recommendations
- Dynamic Bundles
- Search
- Category Merchandising

Authentic content experiences

- Content Personalization
- User-Generated Content
- Pop-Ups

Over 2,600 global retail brands trust Nosto with their commerce experience. So can you.



chubbies

GYMSHARK 

patagonia

 FIGS

Paul Smith

TODD SNYDER
NEW YORK

PRINCESS
POLLY

 Columbia

MUJI

Supergoop!

EMAIL MARKETING

It's quality, not quantity that counts when it comes to email blasting shoppers. And according to the same Digital Commerce 360 survey, the most effective digital marketing tactic is email (67%). Digital marketers may feel tempted to use outdated email lists to try to hit as many contacts as possible before the holidays, but the tradeoff is a high bounce rate — where the percentage of visitors to a particular website leave after viewing only one page — or by ending up in someone's spam folder.

Learn how food and gift retailer Hickory Farms LLC invested in software to fight email bounce

rates. And coffee retailer Bean Box freed up manpower by automating its email marketing process.

HICKORY FARMS CHANGES ITS EMAIL STRATEGY TO MAINTAIN PANDEMIC-RELATED BOOST

Historically, Hickory Farms LLC, a food gift retailer, makes most of its revenue in the last four to six weeks of the year. And it has the average order value and conversion rate to prove it. In 2021, its AOV was 32% higher during the holiday season (October-December) compared with the off-season (January-September).



Conversion was 43% higher in that Q4 period compared to the offseason. Hickory Farms declined to provide AOV and conversion rates for 2020 or 2019.

Jen Partin, senior marketing manager, email and SMS, says because the majority of Hickory Farms' web sales are at the end of the year, she is careful not to discard consumers that do not open or click on emails the rest of the year.

"If I notice people are not opening or clicking on our emails, I will reduce the number of emails those people get," Partin says. "Instead of scrubbing those people out and forgetting about them, historical revenue data indicates those subscribers that may look lapsed in our offseason can actually turn out to be highly profitable during the core holiday season."

That four to six weeks of high-volume sales that's typical over the holiday season dramatically shifted in March 2020 when COVID-19 shut the world down. Hickory Farms became a go-to alternative source for food items that could be delivered to consumers' doors — a welcomed service during a period of prohibited in-person shopping and food shortages, Partin says. The demand was so intense, the retailer sold out of nearly its entire inventory by May 2020.

And momentum from 2020 continues to pay off, Partin says. As a result of retained customers from pandemic-related shopping, Hickory

Farms' web sales increased 59% in 2021 compared with pre-pandemic 2019.

Besides just the Q4 holidays, Hickory Farms expanded its gift-giving options to include other holidays including Valentine's Day, Easter, Mother's Day and Father's Day, to help maintain shopper interest after the initial flush during the pandemic, Partin says. It also introduced a Super Bowl game day package.

To capitalize on its newly acquired customers, Hickory Farms invested in Validity's Everest software platform in August 2020 to minimize email hard bounce rates. Hard bounces, which is when marketers send emails to unknown users, nearly tripled during the lead up to the holidays in 2021 for all of its clients, according to Validity, a data quality and email marketing software platform.

Validity's Everest uses internet service provider (ISP) information, which includes information such as when users are engaging with their Yahoo, or AOL email accounts, among other varieties of the Verizon network.

The software's integration feature allows Partin to see when subscribers are reading through their inboxes — and she learned that people pay attention to their email boxes at different times of day. Being able to reach a consumer at the time they are looking through email is a powerful engagement driver, she says.

Validity uses proprietary view time optimization (VTO) by Yahoo, which is limited to Yahoo and AOL mailboxes. When a sender like Hickory Farms sends an email, the email is placed into a delivery queue and waits until the Yahoo subscriber opens their mailbox, at which time the sender's queued VTO email is delivered.

“That alone has been a huge driver,” Partin says. Hickory Farms experienced a 100% increase in lifts. Lift refers to an increase in sales as a result of an ad or promotion. Click and open rates also increased more than 90% because of this tool, Partin says.

“When you're fighting for room in the inbox and you're sending four emails a day and it's December 12 — you need to figure out how to get

noticed.” A favorable lift rate might range from a 20-40% open rate, where people open and click through an email, and it's used to determine return on ad spend.

Everest provides Partin dashboards that allow her to see how an email deliverability is performing based on its subject line, or certification performance, which helps ensure an email is delivered to a subscriber's inbox. Partin says it's easy to view all the metrics she's interested in on one dashboard.

Most recently, Partin says the software came in handy when it needed to quickly help the Canadian-based group of Hickory Farms. Before COVID-19, the group set up kiosks in malls to sell products. When physical malls shuttered during the pandemic, Partin says its Canadian group scrambled to find ways to market to its usual customers.

The group provided Partin with a list of customers who had purchased from them within the last year. “I was able to upload that list into Everest and within a couple of minutes, it gave me the results of clean, fresh lists that I knew I could be comfortable emailing,” Partin says.

She achieved this in minutes as opposed to days. Typically, Partin would need to go to another software vendor and create a purchase order and then a waiting period to get that kind of information.



“We were able to take our Canadian group’s products and set them up in our shops for that holiday season,” she says.

The platform gives Partin access to the tools she needs as an email marketer, she says. “To be candid, I’m a team of one right now and having this platform has allowed me to manage our email program completely on my own,” she says.

BEAN BOX AUTOMATES ITS EMAIL STRATEGY TO FREE UP MANPOWER

For nearly nine years, coffee retailer Bean Box has evolved its business and learned from selling through its own DTC website.

A one-person engineering team could handle the tasks for the first seven years. But as the retailer’s reach and revenue grew — including selling through its Amazon store and, in February 2022, in Walmart stores — data management became more complicated.

It became necessary to outsource certain tasks to prevent its now three-person team of engineers from creating reports manually.

Bean Box outsources its email marketing software to Klaviyo to manage email automation,

analyze and measure repeat purchase rates and track how many products it sells through email. It costs \$40,000 to \$50,000 each year for the software. To monitor event spikes in traffic and sales, Bean Box uses Splunk. It’s a “quick and dirty” analysis tool that costs \$5,000 to \$10,000 a year, says Bean Box CEO Matthew Berk.

“It’s really not a big cost to us to pay for these technologies. The alternative is we would be forced to rely solely on our system,” he says. “Instead of writing reports every single day, our time and labor are better spent serving the customer.”

The pandemic accelerated retail’s plunge into ecommerce. Now, retailers realize they need to fine-tune their approach to continue growth after the initial flurry of revenue. Third-party software vendors offer retailers ways to collect and analyze data to track and strategize how customers shop depending on where. The costs vary and depend on the volume of data involved.

It’s an investment worth devoting time to. According to Forrester’s 2022 Online Retail Forecast, U.S. report published in August 2022, online retail sales could increase from \$0.9 trillion in 2021 to \$1.6 trillion in 2027. [LV](#)

ABOUT US

Digital Commerce 360

Digital Commerce 360 has been a global leader in retail and B2B ecommerce research and media for over two decades. Our organization provides daily news, trend analysis, and competitive data to a vast community of executives, retailers, financial firms, manufacturers and more. Our team of experienced journalists and researchers publish a multitude of products each year, including dozens of research reports, newsletters, charts and infographics, webinars, live events, and data on thousands of ecommerce companies through its Digital Commerce 360 Research brand. We also founded groundbreaking ecommerce events, including the Internet Retailer Conference & Exhibition (IRCE) and, most recently, the EnvisionB2B Conference & Exhibition.

Digital Commerce 360 Retail

Digital Commerce 360 Retail delivers business intelligence and topic-focused reports on the global online retail market. Our reporting on retail trends, technologies and industry best practices reaches a diverse ecommerce community. These exclusive reports are available for download on DigitalCommerce360.com and deliver quality leads to our sponsors.

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