

TOP 4 Challenges in Enterprise-level eCommerce

Virto Commerce whitepaper



The great increase in the e-commerce industry over the recent years is apparent and undeniable. With the advancement in technology, the road is paved for retailers to occupy this new plane and any business that wants to be successful these days is pretty much forced to take this road to keep up with the competition. There are over 24 million online stores functioning today according to the Retail-touchpoints.com. From small local stores to big retail monsters, built on different e-commerce platforms of varying scale, everyone is eager to follow the trend. However, only about 650,000 of them (which is only about 2.6%) are actually successfully getting revenue from their sites!

For a lot of online stores, the biggest roadblock seems to lie at the transition from small-scale businesses to enterprise e-commerce, once the sales start to really grow big time. In general view, enterprise e-commerce is essentially just a bigger version of a normal online store. Technically it is correct. However, running a business at an enterprise level is a whole new adventure! There are multiple factors that come into play once a business grows to this kind of scale. This makes the transition a real challenge!

The challenges also arise from the advancement in technology and the rise of the e-Commerce space itself. Their solutions, however, often lie within the same plane - tech advancements.

Let's take a look at the challenges a business will inevitably face when transitioning to an enterprise-level e-commerce store.

1 - Scaling and Software Upgrades

There are several mention-worthy topics within this one. They all fall under one of two categories - internal upgrades and scaling and adjustments directed externally.

Assortment and sales growth

Externally, between multiple products, variable costs and product variations enterprise-level e-commerce vendors can have thousands of SKU's that need to be managed and updated regularly. When getting to that level in sales and product variety e-commerce companies often have trouble scaling their e-commerce platforms. On top of that, if a company focuses equally on B2B and B2C sales, it might need to consider incorporating different methods of scaling to be able to do keep both markets at a high point in sales. Quite a significant number of businesses struggle to pass a certain point in their growth due to the inability of their websites to keep up with it.

Data consistency

From the internal point of view, another big concern the companies at an enterprise-level have to deal with is data storage, management, and consistency; and the related software upgrades. For companies with actual physical stores, it is even more essential that all the data related to the products, orders, and customers is stored correctly and can be used seamlessly across channels. Pricing, availability, descriptions, features must be uniform across all systems. Having consistent content across multiple channels is a big challenge though! Most companies like to rely on their ERPs here, but those are often very outdated and don't support modern requirements.

With the exponential growth in sales, number of product portfolios and customer-related data in larger systems the basic issues in the way these entities are stored and operated (such as lack of centralization, for example) come to light and create all sorts of concerns when new features are introduced to the system. If the customer data is not centralized and is stored across multiple systems, which is oftentimes the situation created over time with the expansion of a business, it will require for all those systems to be maintained, constantly updated and synchronized. Due to nature of the e-commerce systems, where these kinds of updates need to happen pretty much in real-time, it will quickly become a time-consuming and costly practice and not doing this will result in poor customer experience.

Here is an example from the LinkedIn article by Gayathri Rao on Challenges in establishing enterprise E-commerce systems:

“Product information is usually owned by a product information management system. The E-commerce engines also require the product information and may require slight modification to product data in terms of how it is displayed to the customer. Apart from this, the E-commerce engine needs to control the pricing and promotion aspects for the product. So the product data will not be purely owned by E-commerce engine. While this is not an issue in itself, in this case, teams may need to clearly identify the ownership of data and constantly review any changes being made as part of feature additions.”

This situation and the high probability of the aforementioned issues it creates very often prevent the businesses from upgrading the software to scale with the increased demands. This inertia to implement much-needed changes, however, is one of the biggest roadblocks in growing a company's e-commerce presence.



Availability of resources to support the enterprise-level teams

Enterprise-level companies grow in multiple ways. Externally they increase sales and broaden product variety. On the inside, they grow in the number of employees and team sizes. It is very important to have corporate level resources available in order to support the expanding structure.

The company's core technology should be one that is designed specifically for enterprise level environments (Java, .net). In that regard, it is critical to also have the teams that can design and build such enterprise level solutions for your company.

Choosing between SaaS, Cloud, and On-premise

Reaching a point of transitioning into the enterprise field for a company means that it needs to grow beyond its current capabilities. Daily business processes gradually become more and more complicated and demand more progressive and powerful solutions. In most cases and it becomes essential to develop a new path and a long-term strategic vision to stay on top and achieve new levels due to constant progress in modern technologies.

The solutions for this challenge can vary depending on the type of business you have. With an established and well-functioning on-premise platform there might be no immediate urgency to switch to alternatives. However, more and more enterprises these days opt to go the Cloud or SaaS way or create some sort of custom combination of all three.

The perspectives and the costs are always the main concern of an expanding business, and cloud-based system provides the most flexibility and scalability when it comes to adjusting to the continuous growth, as well as help save budget over time. Check our blog article on the 5 reasons to switch your e-commerce to the cloud for details.



To provide a brief overview, the important things for an enterprise to consider in terms of scaling and system upgrades would be making sure the customer data (such as accounts, sub-accounts, product subscriptions, etc.) is centralized as much as possible and consistent across multiple channels. Choose an e-commerce platform that is agile and easily scalable. Platforms that have a modular architecture and that actively utilize microservices are the most adaptable to the ever-changing business environment.

And SaaS cloud-based solutions will save your budget big time in the long run on upgrading and maintaining hardware to be able to accommodate the growth.

2 - Increasing Competition

E-commerce space is growing rapidly for retail and manufacturing companies, and the increasing competition in e-commerce is a very real challenge for large-scale enterprises. We are now shifting to an environment in which the B2B and B2C side of sales are merging together as more and more companies are making the move to the realm of digital, customer focused commerce. E-commerce has also made it possible for the new players to come into the market and compete with the established retail giants. The number of websites providing similar products at competitive rates these days requires the enterprises to keep on their toes and often turn to aggressive marketing strategies to maintain their share of the market.

There are also several aspects to look into here.

Advertising competition

With the rise of new technologies bringing forward new marketing methods the online competition is on and it's going even stronger than offline. The bids in Google AdWords are getting higher by the day; the cost per order is also getting higher. According to Word Stream's report, the CPC (cost per click) in AdWords currently ranges from \$1 to over \$50 per click, with the average cost lingering around \$27. The average conversion rate is 1%. This is equal to \$2700 cost per action (or per order in e-commerce's case). Giant retailers can spend up to \$50 million per year on paid search in AdWords. Not that many e-commerce stores can afford this kind of advertising costs.

This steers enterprises to needing to find new cheaper channels for getting new orders and look more into social network ads, RTB ads etc.

UX competition

In this age of technology selling successfully means staying ahead of the online sales game. And that means better website usability, faster site loading speeds, order convenience, etc. However, changing UX of an enterprise e-commerce website is not an easy task! One wrong move can cause SEO traffic drops, plus the changes would need to be based on A/B tests, which are also often hard to perform correctly.

ConversionXL has put together a detailed article on the most common A/B testing mistakes that you can refer to for more information on this.

Thus corporations often get too comfortable sticking to their old ways and don't focus enough on pushing the usability of their website forward.

In addition, corporations need to either purchase competitors or rely on 3rd party technologies in order to stay competitive. To be able to do that efficiently, it's absolutely essential for bigger companies have systems that are designed using modern practices, meaning platforms that are agile, have a modular architecture, utilize microservices and are service oriented.

Service competition

How fast is your delivery? How does your corporation handle chargebacks and returns? Does your e-commerce website accommodate a variety of payment options?

Service competition is a big thing and it cannot be overlooked! At enterprise-level companies, the service-related processes tend to get slower the bigger the companies get, which makes it more challenging to compete with the new, up-and-coming players on the market. When crossing that threshold into the enterprise level, it's critical to make sure your service doesn't lose pace.



For enterprises, it becomes even more complicated, once international sales and shipping come into play. Between dealing with manufacturers and suppliers, replacing lost or damaged parcels and handling back orders it's not easy to keep everything organized, yet it's essential to stay competitive on the market. Shopify has recently published **a helpful blog article** on how to address most common shipping and service challenges.

E-commerce is changing the way businesses sell to other businesses as well as to the customers. So, larger, enterprise-level companies need to embrace the idea of being proactive and open to changes, working actively in a multi-channel environment and focusing heavily on staying on top of the latest e-commerce and technological trends. Failure to do so would mean they will inevitably be left in the dust and eventually pushed off the market, unable to compete with the more progressive businesses.

3 - Internal and External Integration – ERPs and Cross-platform

Just like in the first challenge that we went over, here there are two sides of this issue – internal and external.

Internal integration - ERPs

This is probably the biggest challenge for most corporations. Bigger companies that have been around for a while often use a lot of different legacy and new systems that need to be integrated with each other - from ERPs to Salesforce type of tools. They already have an established eco-system, to which at some point it starts being extremely challenging to just try and add a separate unit. Just like trying to add an arm to a statue, it would be odd and out of place. Plus, lots of backend systems are not built to handle the requirements of the modern e-commerce sites (performance, 24/7 availability, instant pricing etc). So, some of the processes need to be simplified or completely rethought.

This is why more and more corporations are taking the decision to switch completely to more modern digital eco-systems, where processes work more like Legos, and the overall system can be built and shaped however needed, yet the pieces plug into each other seamlessly and form a solid structure. The solutions with microservices and module-based architecture allow for this more sophisticated way of running the business processes.

Another topic here is integration with external partners. As an enterprise-level vendor you also often need accommodate a number of selling and buying partners within the same system and offer multi-vendor catalogs, where all the data about all available products or services by every vendor you work with is stored in one place and can be easily accessed, updated and shared in a matter of a few clicks.

In addition, your system might need to integrate external ERPs.

Let's look at an example. A distributor orders product from your company and requests a quote. The end price in the quote is based on the number of products in the order and also on possible promotions held by the vendor during that current time period. So the price would vary and your distributor will need to be able to approve/decline it, often on multiple levels within the company. It gets even more complicated when this needs to be done on a multi-vendor level (orders from separate vendors with different quotes and approvals).

External integration – Cross-platform and catering to the new generation of users

Consumers now expect reliable, personalized, and inexpensive solutions to their needs literally at their fingertips. Due to this rapidly rising demand for mobile integration, the enterprise-level players in e-commerce are forced to pay more attention to their mobile optimization and app customization.

The problem with enterprise-level businesses, however, is that this new field of expansion of their e-commerce efforts still seems somewhat half-hearted. Many e-Commerce enterprises have been slow to adapt and adopt the technologies that can help them transition from online retailers to cross-device retailers with cross-platform sales. Customers, on the other hand, have already adopted the habit of shopping via a smartphone and are expecting a mobile-first experience from e-Commerce businesses.



Enterprise e-commerce companies need to start looking into introducing omnichannel sales strategies by actively working on cross-platform integration to see a significant increase in their conversion rates. Becoming an omnichannel vendor is key. In order to succeed in this journey as an e-Commerce enterprise, it is important to make sure you provide the best experience for the buyers across multiple devices and multiple platforms.

With the Millennials now becoming the largest generation, it is essential for the enterprise retailers to adapt to the shopping behaviors of these always-connected new buyers, with shorter attention spans and an ability to broadcast their satisfaction (or dissatisfaction) across social networks.

Here are a few stats to illustrate the importance of having a well-performing mobile shopping technology:

- According to Google's Mobile Playbook, 57% of consumers will not recommend a business without a well-designed mobile experience;
- Econsultancy states that 88% of online consumers are less likely to return to a website after having a bad experience;
- A Smart Insights' article by Dave Chaffey's claims 62% of businesses that designed a website specifically for mobile have experienced an increase in sales.

4 - Localization and Shipping

The connection to the local environment is extremely important for enterprise e-commerce, as it persuades the local buyers to trust the seller enough to complete the purchase. Adjusting the website to meet the requirements of the area it is functioning in is one of the key elements to a successful integration into new markets.

A great example that illustrates the importance of localization is Amazon's expansion to Asian markets.

The company struggled to achieve the expected sales rates initially due to the lack of sufficient payment methods for that region. To become a significant shareholder in the area Amazon had to introduce the 'Cash on Delivery' option for the Asian and South-Asian markets.

In addition to adjusting to local currencies and payment methods, a website's storefront needs to be translated into local language, which often means introducing multiple storefronts for the same catalog. This is something a company needs to anticipate and be sure their e-commerce solution can accommodate it.

Lack of localization can severely limit the scope of a company's expansion within the new market. Thus, e-commerce enterprises need to be able to identify the shortcomings of their local stores and be open to summoning the local resources to their aid.



Another big element of expanding the business to an enterprise level is shipping. If handled incompetently, order shipping and delivery can become a logistical nightmare for enterprise-level businesses. Just like with the localization challenges mentioned above, shipping and delivery methods need to be adjusted to a specific area, using the available means.

Organizing the delivery infrastructure for across several countries and potentially continents is a serious trial for any company. Big enterprises often have a tendency to over-estimate their shipping capabilities and set overly optimistic ETA's, which results in unhappy customers and reduced sales.

Recruiting the local resources to help evaluate shipping and delivery possibilities, as well as time and costs, in the area can ensure a smooth supply chain and efficient deliveries within optimal time frames.



Conclusion

These are the most common hurdles a growing business has to address when transitioning to or operating at an enterprise level. It's important to always know what to expect and be prepared as your business continues its journey towards the new heights. The bright side is that with proper planning and a strong marketing and operational strategy all of these challenges can be overcome!



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