Accenture Song

A life-centric approach to growth

Commerce without compromise

How to reinvent commerce for relevance without sacrificing profitability

Tap to pay

Commerce

There's no opting out of commerce. It's the essence of what companies do—the experiences before, during and after a purchase. It can make or break customer relationships and relevance. And it's where brands and growth are born and built. Yet our latest research found that only 20% of companies fully have all of what it takes to win in commerce today.

Seizing opportunity from complexity

Even with all that executives juggle, CEOs ranked commerce a top-three priority last year,[1] and leaders believe that it is crucial to their growth strategy.[2] It's no wonder. Customer behaviors are changing fast. Every industry and commerce model is impacted. Online and offline channels are merging. Traditional models are being disrupted. And digital commerce has come of age—it's ubiquitous. Ninety-four percent of consumers use digital commerce for purchasing.[3] We expect 1 billion new digital consumers to emerge in eight fast-growing markets over the next decade.[4] And the global B2B digital commerce market is booming at 18.30% CAGR.[5]

There's clearly opportunity in commerce. Opportunity for companies to differentiate themselves and drive growth. Opportunity for employees to do satisfying work. And opportunity for customers to have relevant and life-centric experiences that reflect the pulse of their lives.

But opportunity comes with complexity. The rapid and ongoing changes across customers, markets, channels and business models—and within enterprises themselves—have a multiplier effect on the complexity of commerce operations. Companies that struggle to manage it face another challenge: higher costs.

More options and convenience for customers creates complexity and operational costs. Companies that are chasing channels and pursuing commerce at all costs are already behind. The irony? More channels doesn't automatically mean more customers. It often means that companies are spending more to sell to the same people.
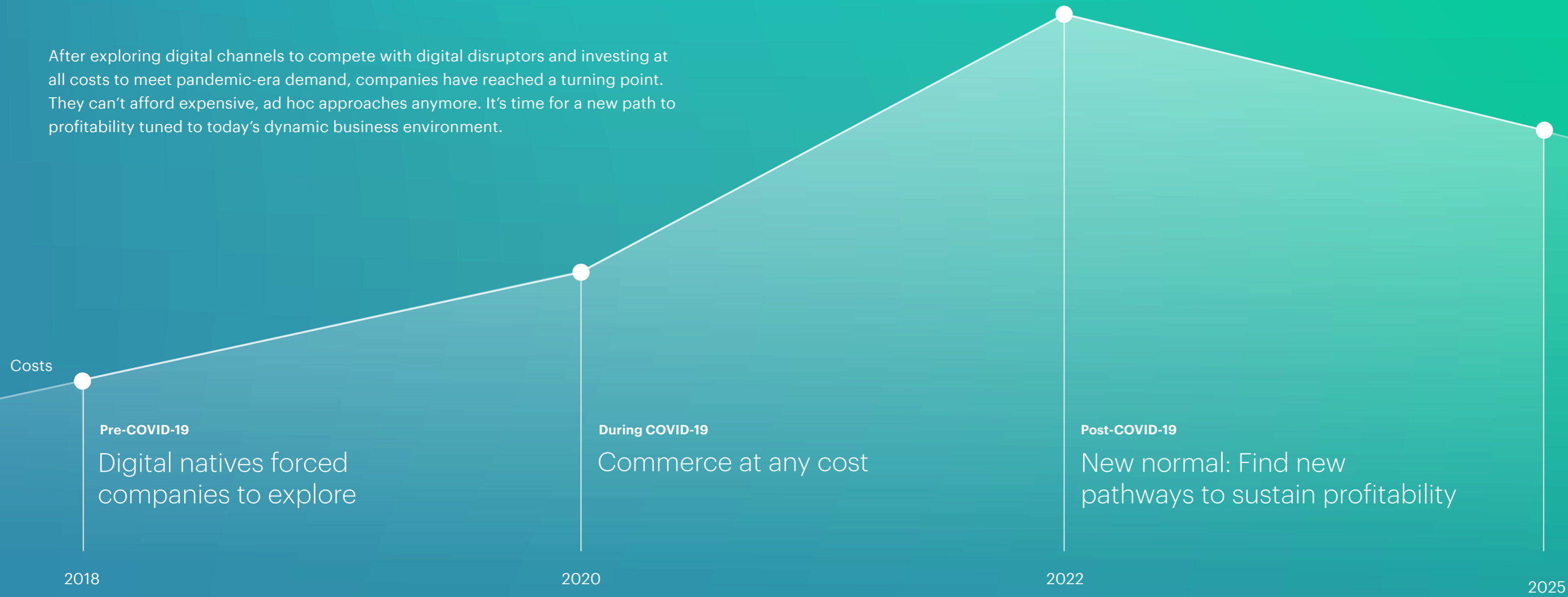
"Sometimes it's getting caught up with a shiny object that doesn't add value and making investments in the wrong things."

— **Retail executive**[6]
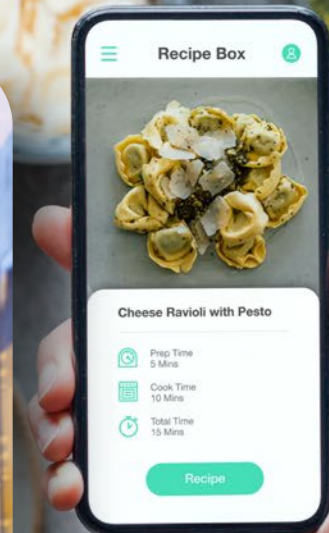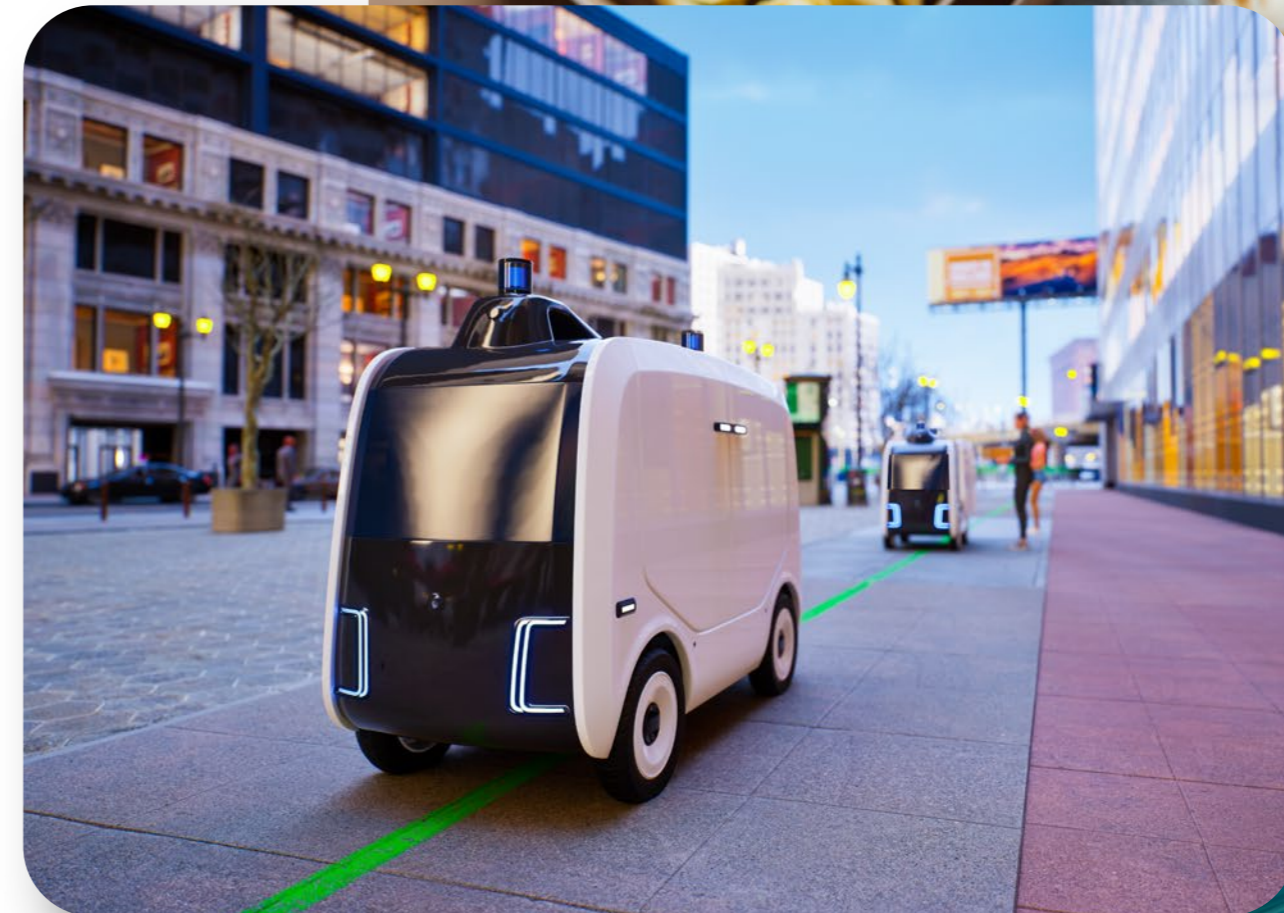
Commerce can no longer be done at any cost

After exploring digital channels to compete with digital disruptors and investing at all costs to meet pandemic-era demand, companies have reached a turning point. They can't afford expensive, ad hoc approaches anymore. It's time for a new path to profitability tuned to today's dynamic business environment.

Costs

Pre-COVID-19
Digital natives forced companies to explore

During COVID-19
Commerce at any cost

Post-COVID-19
New normal: Find new pathways to sustain profitability

2018

2020

2022

2025

There will be (big) winners and losers in commerce

To understand executives' perspectives on commerce and how they execute their strategy, we surveyed 1,300 global C-suite leaders who are responsible for commerce in their companies, which span 12 industries and 16 countries. What we learned underscores a fundamental issue: 83% of leaders think that commerce is growing faster than they can change their businesses. This shared feeling of falling behind affirms how difficult it is to keep up with the pace of change.

Even so, executives are overwhelmingly confident that their company is doing everything to be where customers are and to compete. Yet these efforts are costly.

While 95% of executives think they've made the right investments in commerce, we found only a small group—**just 20% of companies**—that is winning by managing commerce profitably and realizing other commerce outcomes.

These executives' strong confidence surprised us. It may reflect that they assess their commerce business channel by channel rather than as an integrated capability that needs ongoing reinvention. After all, the high cost of commerce doesn't come from one channel. It comes from the lack of integration across them.

This report tells the story of the companies we found through our research and analysis that do commerce differently. These Champions lead in revenue, profitability, non-financial outcomes and delivering for the business and its stakeholders. **This is commerce without compromise.**

"It's extremely intimidating if you think about the number of initiatives and the to-dos and the time and the focus and the resources it would take to absolutely execute everything. The prioritization exercise is extremely challenging."

— Banking executive

Confidence

96% of executives say their company has the right monetization model in place.

96% believe they've made the right investments to compete in the future.

85% think their organization's commerce capabilities are better than their digital-born competitors'.

Costs

Roughly 1 in 3 executives say attracting customers at the right cost is their biggest challenge.
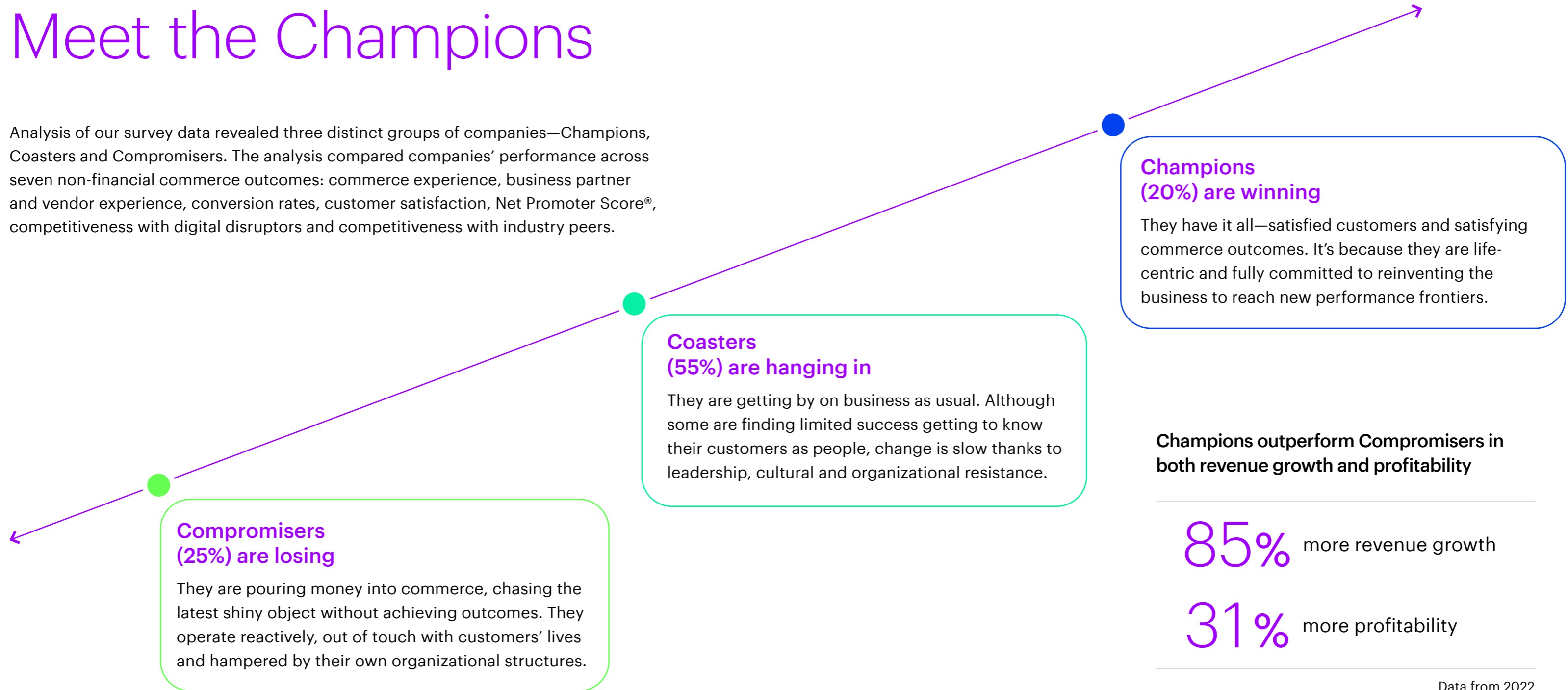
1 in 4 executives say high employee costs for managing commerce are a top profitability challenge for their company.

56% of executives have favored short-term gains over long-term profit over the past two years.

Meet the Champions

Analysis of our survey data revealed three distinct groups of companies—Champions, Coasters and Compromisers. The analysis compared companies' performance across seven non-financial commerce outcomes: commerce experience, business partner and vendor experience, conversion rates, customer satisfaction, Net Promoter Score®, competitiveness with digital disruptors and competitiveness with industry peers.

Champions
(20%) are winning

They have it all—satisfied customers and satisfying commerce outcomes. It's because they are life-centric and fully committed to reinventing the business to reach new performance frontiers.

Coasters
(55%) are hanging in

They are getting by on business as usual. Although some are finding limited success getting to know their customers as people, change is slow thanks to leadership, cultural and organizational resistance.

Compromisers
(25%) are losing

They are pouring money into commerce, chasing the latest shiny object without achieving outcomes. They operate reactively, out of touch with customers' lives and hampered by their own organizational structures.

Champions outperform Compromisers in both revenue growth and profitability

85% more revenue growth

31% more profitability

Data from 2022

What Champions do differently

Champions are bold

They are realists who aren't stuck in industry orthodoxies. They know that a changing environment demands that they change their business. Not in an isolated way, but in an integrated way across the entire commerce function.

Our analysis found that these companies focus on and invest in getting their commerce fundamentals right. They are digital-first and put their energy toward building strength for the long term, not chasing the latest trends. Companies can then build capabilities to improve performance. And only then, expand into the right channels to grow profitably.

Champions have reached the highest levels of maturity across essential commerce fundamentals. These include experience, technology innovation, operational excellence and talent and organization. But Champions don't stop there. Their work is never done—they know that commerce is too dynamic to stand still for long. Ongoing assessment, evaluation and continuous improvement are all part of their organizational DNA.

"We began redefining our customer experience, with a dual focus on designing the next-generation customer journey while also leveraging digital transformation and digital channels to improve efficiency."

— Telecommunications executive

Champions outperform their peers with more mature commerce fundamentals

	Compromisers	Coasters	Champions
Experience	Product- and channel-centric focus.	A focus on customers as buyers with static personas that erodes relevance.	Strong understanding of customers as multifaceted individuals who constantly evolve in response to unpredictable life forces.
Technology innovation	Disparate technology platforms incapable of integrating data across channels.	Inability to realize the full value of technology investments or leapfrog peers with tech savvy.	Endless curiosity about emerging technologies and investment in composable architectures and data frameworks.
Operational excellence	Siloed and costly operations that can't flex with change.	Limited ability to integrate operations with leading practices and use analytics for insights.	Data-driven, AI-powered operations that consistently deliver the right quality, agility and cost structures at scale with centers of excellence.
Talent and organization	Significant skills gaps across the workforce.	More focus on efficiency than on developing the workforce.	Relentless commitment to upskilling the workforce and preparing the business for the future.

The journey to becoming a Champion

Becoming a Champion requires continuous reinvention

It should be grounded in a key premise: Simplify how commerce works to improve profitability and experiences. In our work with companies across industries and models, we see three typical paths:

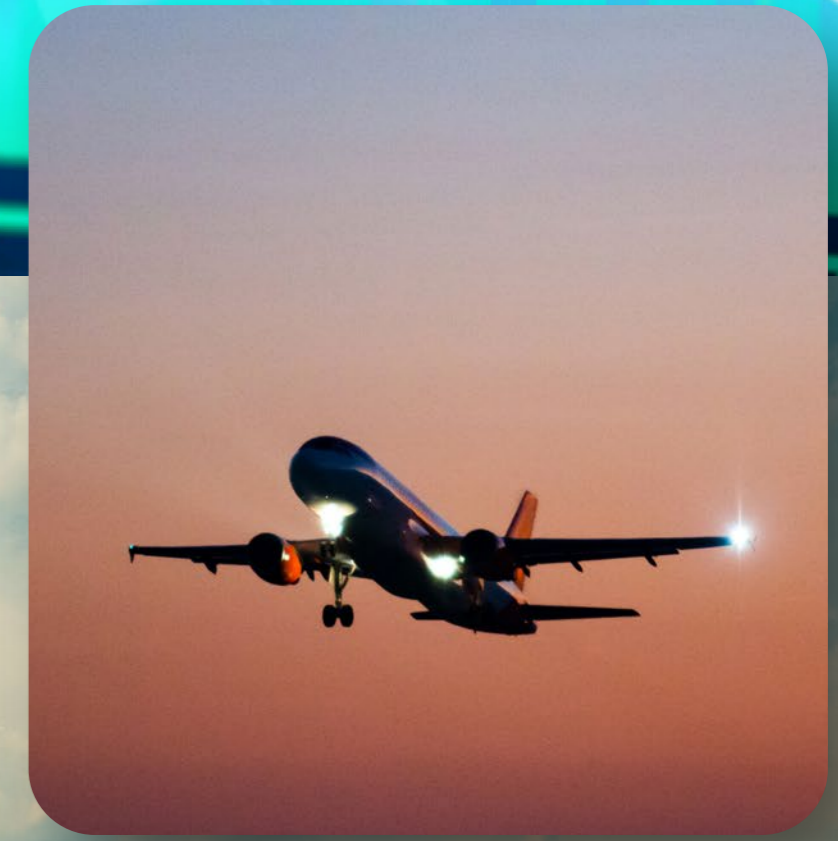### The experience and technology journey

Many companies start their journey by prioritizing technology investments that drive better experiences over operational and talent investments. Consensus companies, where collaboration and buy-in decisions occur across multiple leaders, often choose this path. For them, evolving their operations, talent and organization can be so complex that attempting the journey is often too daunting. However, these companies must eventually invest in this journey or they're likely to end up with technologies they can't optimize due to fragmented structures and ways of working.

The operational and talent journey

Some companies prioritize operational and talent change over technology and experience investments. Those with command-and-control management structures and cultures often choose this path of creating centers of excellence and new business models. The strong focus on the human elements of change creates expressly human challenges—such as resource redundancies or resistance to change. These companies ultimately should invest in technology and experience, or they risk not having the digital foundation they need to operate and connect with customers effectively.
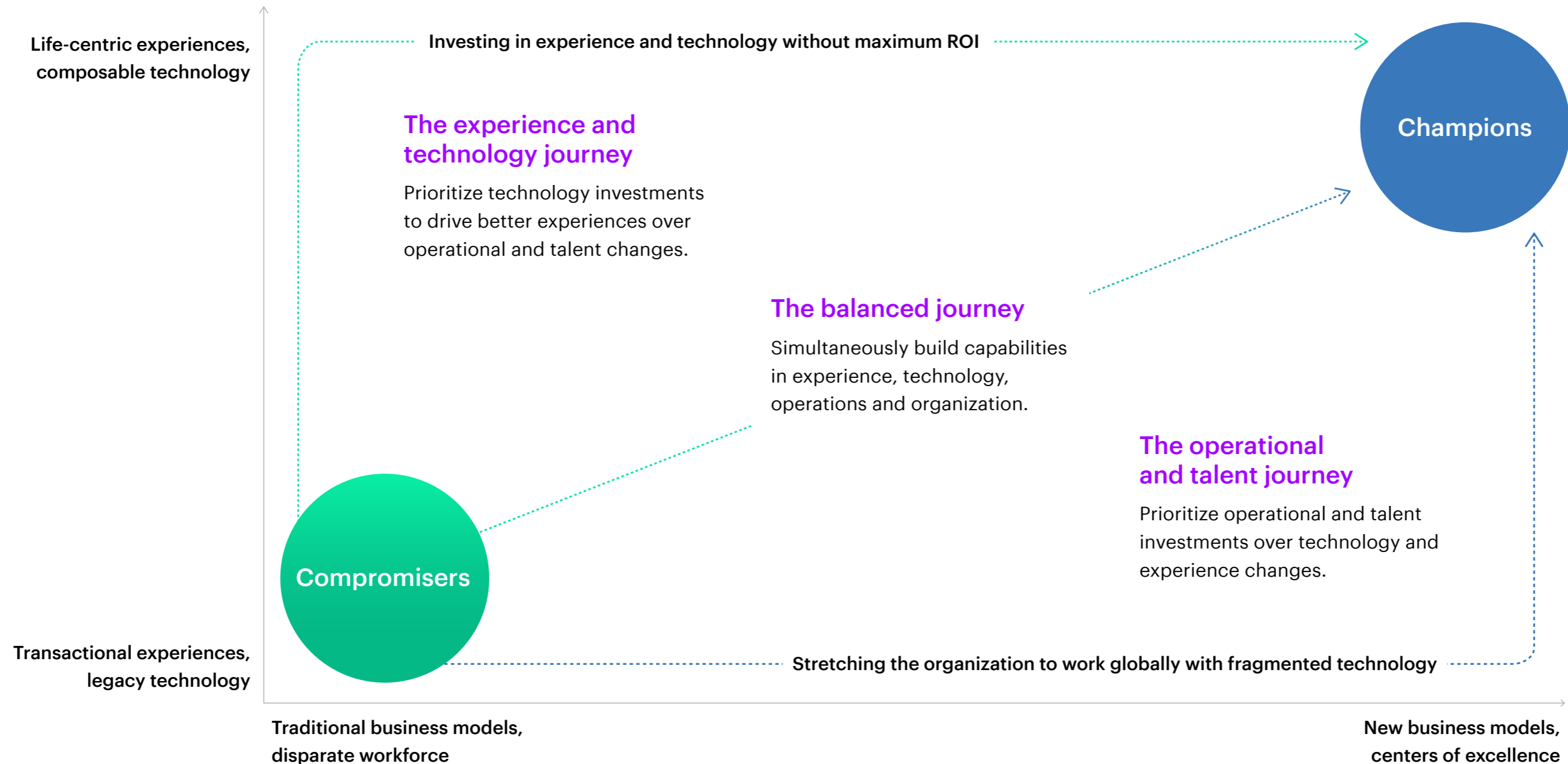
The balanced journey

The most measured and optimized, this journey positions companies to reach their full potential as Champions. Here, companies simultaneously build capabilities in experience, technology, operations and talent—without breaking the bank. This takes vision, time and appropriate resources. Evolving from an organization where commerce isn't at the core of the agenda to a commerce Champion takes strong CEO sponsorship and clear alignment and involvement across the entire C-suite.

Business class   — 3 +

Different journeys to win in commerce

Life-centric experiences, composable technology

Investing in experience and technology without maximum ROI

Champions

The experience and technology journey

Prioritize technology investments to drive better experiences over operational and talent changes.

The balanced journey

Simultaneously build capabilities in experience, technology, operations and organization.

The operational and talent journey

Prioritize operational and talent investments over technology and experience changes.

Compromisers

Transactional experiences, legacy technology

Stretching the organization to work globally with fragmented technology

Traditional business models, disparate workforce

New business models, centers of excellence

The commerce fundamentals

These journeys vary based on factors like leadership, strategic priorities, internal complexity, competitive dynamics, budgets and culture. No matter how the journey plays out, it's key to balance investments across the fundamentals. Here's what to prioritize across each of the four fundamentals.

01.

Experience:
Be human first

See people before customers—and have the courage to improve their commerce experiences.

02.

Technology innovation:
Live in tomorrow

Solve for relevance by designing delightful commerce experiences supported by investments in emerging technologies.

03.

Operational excellence:
Build a brick house

Simplify for clarity by reinventing the commerce foundation, focusing on the business, not on chasing channels.

04.

Talent and organization:
Stay hungry for great

Scale for growth with a relentless commitment to continually reinventing the commerce organization.

01. Experience: Be human first

See people before customers—and have the courage to improve their commerce experiences

Ensure commerce is truly human

Commerce is innately human. Digital can make it more human with buying experiences that are in tune with the rhythm of people's lives. Do this by bringing human-to-human relationships into the forefront with hybrid human-digital interactions. This could be anything from texting with human advisors to livestreaming product demos. Think of this as the next evolution of social commerce that takes human-digital interactions that happen with influencers to the next level. The goal? Make every buying journey "social." Generative artificial intelligence (AI) offers exciting possibilities here. Imagine using it to amplify humans, training language models on influencers' advice and voices.

Close the loop for more insight

Understand people in the full context of their lives with closed loop data analysis that continually feeds customer insights back into experience design and offers a 360-degree view of customers' journeys. Doing this requires adding integration layers on top of siloed technology architectures so that disparate systems can share data. It's also key that the organization be structured to be able to act quickly on the insights.
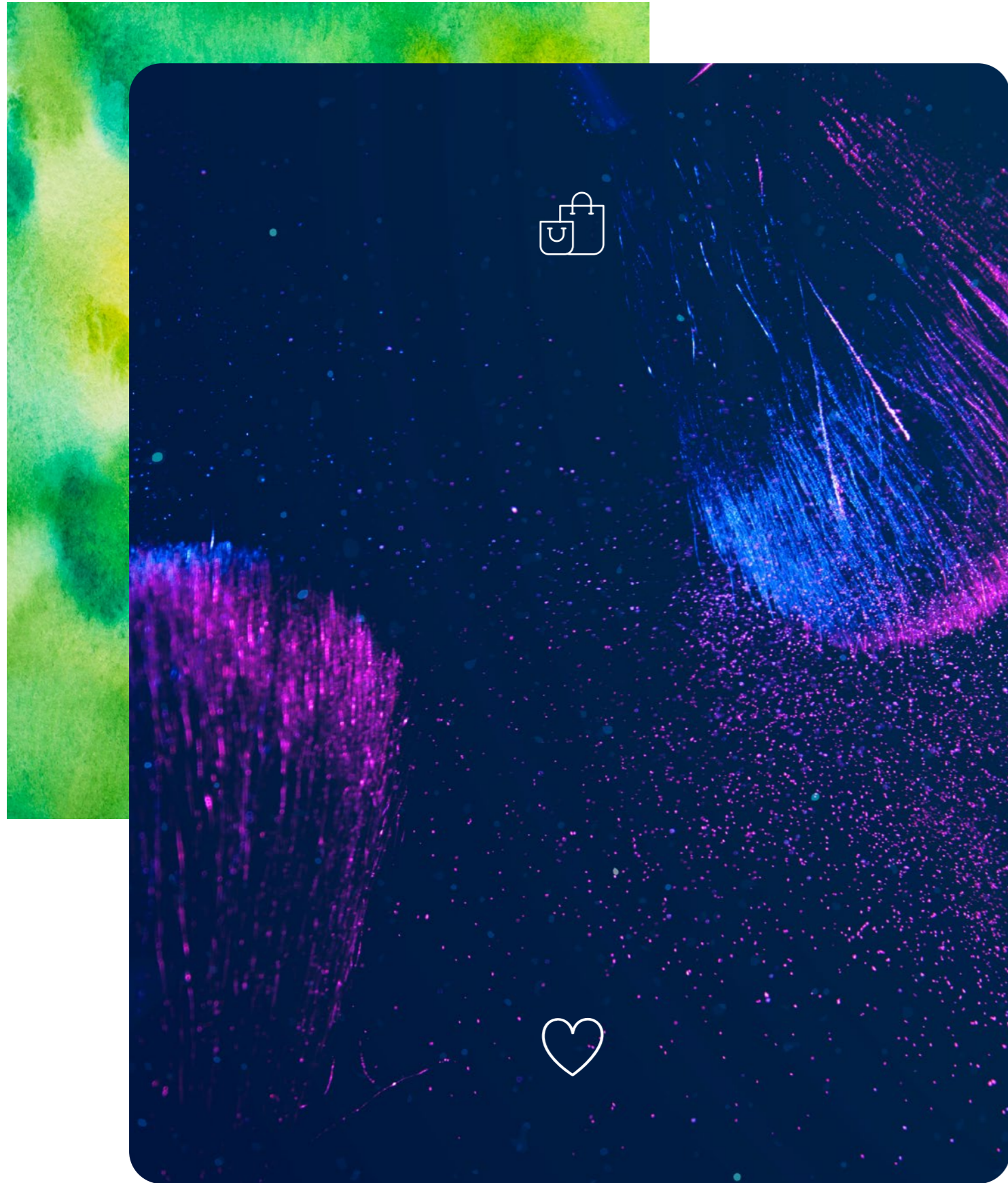
Make commerce experiences brand experiences

Trust is currency in today's world, and brands play a critical role in building trust between people and companies. It's important to understand how to be authentic, relevant, accessible and aligned with who customers are and how they live. To build future brand equity, companies must transform how brand performance and marketing is done so that these experiences happen in commerce. After all, commerce is where people are getting to know brands.[7]

65%

Champions are 65% more likely than Compromisers to say they are excellent at managing customer experience.

"We have invested heavily in gathering customer insights over the past two years, moving beyond simple demographic data to understanding what drives each individual customer. While we are still focusing on features rather than emotional benefits, we are actively working towards closing that gap through further investment."

— Life Sciences executive

The most beautiful experiences

Global beauty leader **L'Oréal** has a bold ambition to have 50% of sales come through digital commerce. As a pioneer, the company has led the way in bringing the beauty category to life for customers across digital channels. From investing in beauty tech and developing partnerships with start-ups to transforming operations to reduce internal complexity, L'Oréal is making **strategic changes to transform the customer experience.**

The company has prioritized connecting with customers on social media—even launching a virtual-only make-up brand. L'Oréal is exploring new business models in areas including relationships with beauty influencers, subscription-based sales and group buying options. Like any good makeover, the company has turned its vision into a beautiful result.[8]

02. Technology innovation: Live in tomorrow

Solve for relevance by designing delightful commerce experiences supported by emerging technologies

Compose your commerce future

To thrive in a "commerce everywhere" environment companies must tailor experiences on platforms, enhanced channels and emergent places. This becomes possible by trading legacy architectures and "buy and customize" approaches for a common technology architecture that can be easily composed across different experience channels. This composable commerce approach delivers life-centric customer experiences across physical and digital storefronts, brings new experiences to market faster, supports data-driven ways of working and responds quickly to changing business requirements.

Create a strong digital core

A digital foundation is critical to simplifying commerce operations. Use the power of cloud, data and AI to create a single source of truth across the commerce organization, boosting growth and return on investments in people, processes and technologies. A shared digital core makes it possible to break down organizational silos thanks to real-time data collection, analysis and sharing. It can also improve insights and accuracy, speeding commerce expansion to increase margins and optimize markets and channels.

Get on board with artificial intelligence

Generative AI is one type of AI technology. It's unique because it can learn, interact with humans in their language and create new things. But it's time to get past the buzz and get busy. Explore the most promising commerce use cases in areas like pricing elasticity, merchandising, content production, customer service, demand planning and marketing performance. Get comfortable with the fact that this technology will continue to evolve rapidly. New possibilities are just around the corner, so stay close to the latest advancements.

51%

Champions are 51% more likely than Compromisers to invest in AI to optimize their business processes and differentiate customer experiences.

"We use AI and advanced technology right now. The expectation is that it will be even higher in terms of investments—that we'll develop more and more of that in the future."

— Consumer Packaged Goods executive

Powering the heart of the business

Operating as a digital business takes a strong digital core. This is what **Canadian Tire Corporation** (CTC) created through its transformation to One Digital Platform (ODP). The retailer consolidated its Canadian Tire, Mark's, SportChek and Party City banners onto **a single, unified e-commerce platform, enabling CTC to run the business more efficiently and cost-effectively.**

It also allowed the company to be more agile and innovative and to scale rapidly over time. Redesigned product pages improved discoverability, a simplified and consistent checkout reduced abandoned carts, and improved fulfillment options increased repeat purchases. To maximize its investment in the platform, CTC further transformed its IT organization and processes, focusing on product management and agile software development.
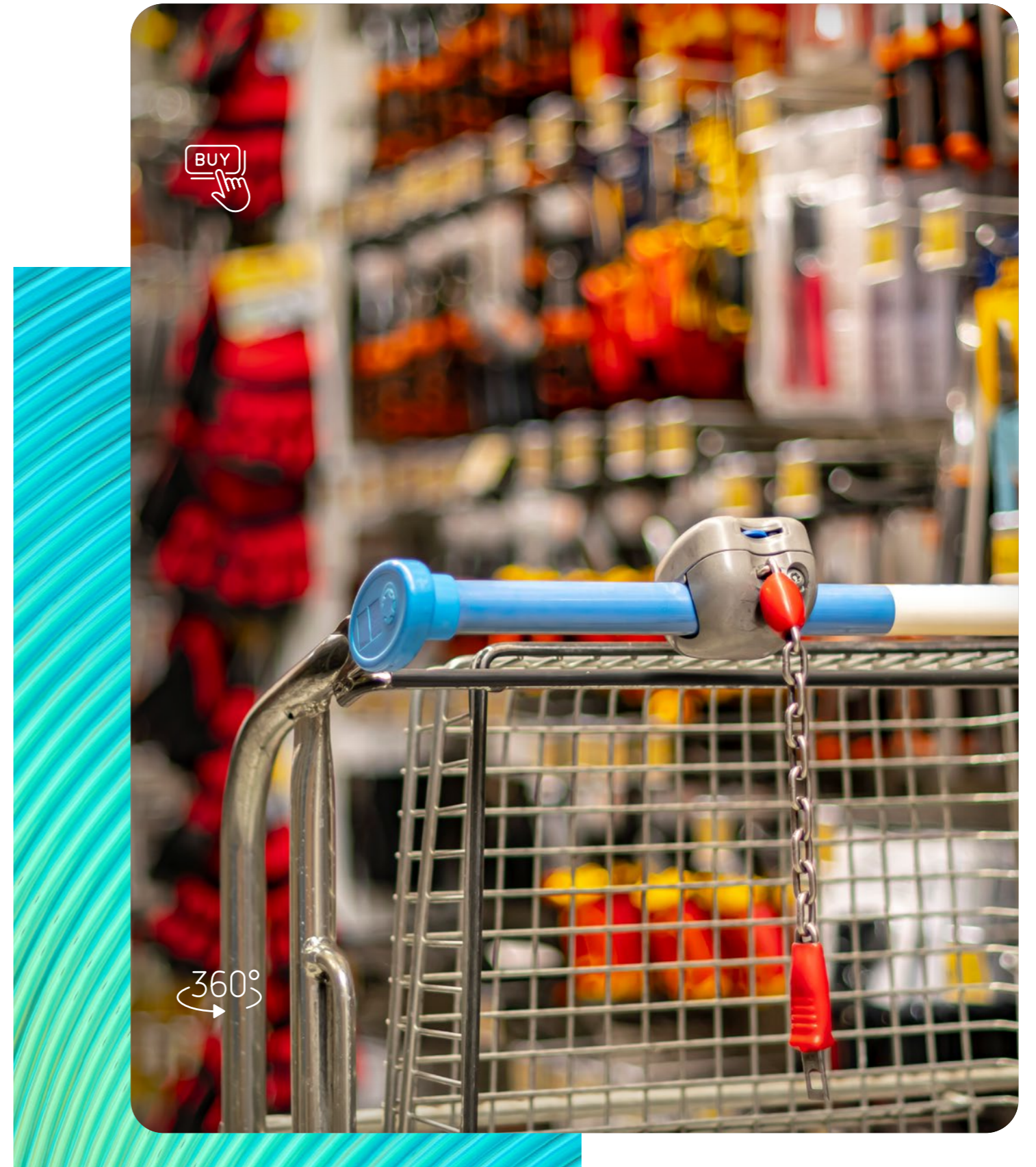
03. Operational excellence: Build a brick house

Simplify for clarity by reinventing the commerce foundation, focusing on the business, not on chasing channels

Be deliberate about the operating model

Legacy operating models don't support the speed, quality and commercial excellence needed to manage complexity and compete at the speed of change. Improve performance by designing an operating model that clearly aligns key responsibilities with distinct parts of the organization. For example, one part of the organization should set action standards, overseeing playbooks and governance while others are responsible for execution excellence and commercial excellence.

Double down on automation

Automation is an excellent and cost-effective tool for improving productivity and cutting complexity. This is particularly true in commerce where companies are managing multiple markets, languages, channels, product categories and different periods of high demand. Yet many commerce organizations still work with manual processes. Once they reduce fragmentation, they can use automation to transform performance speed and consistency. Automation efforts also support humans, by freeing up their time to focus on more strategic and satisfying work.

Leverage centers of excellence

Companies need new ways to improve operational performance without sacrificing speed to market. Reducing reliance on legacy systems and manual processes that cause duplication and lack of standardization is non-negotiable. A commerce centers of excellence strategy takes advantage of industrialized human-machine services that offer higher quality, the latest technologies and capacity that can flex with demand. Centers of excellence should be strategically located to provide execution muscle in key regions, which in turn sets up the ability to respond to local market nuances and offers access to the right talent to support specialization.

52%

Champions are 52% more likely than Compromisers to say they have clarity on who's responsible for driving commerce in their company.

"We take the savings from digitalization, automation and self-service purchasing, and we reinvest that into building a stronger and closer relationship with our customers. We don't want to lose that face-to-face connection."

— Global Beverage executive
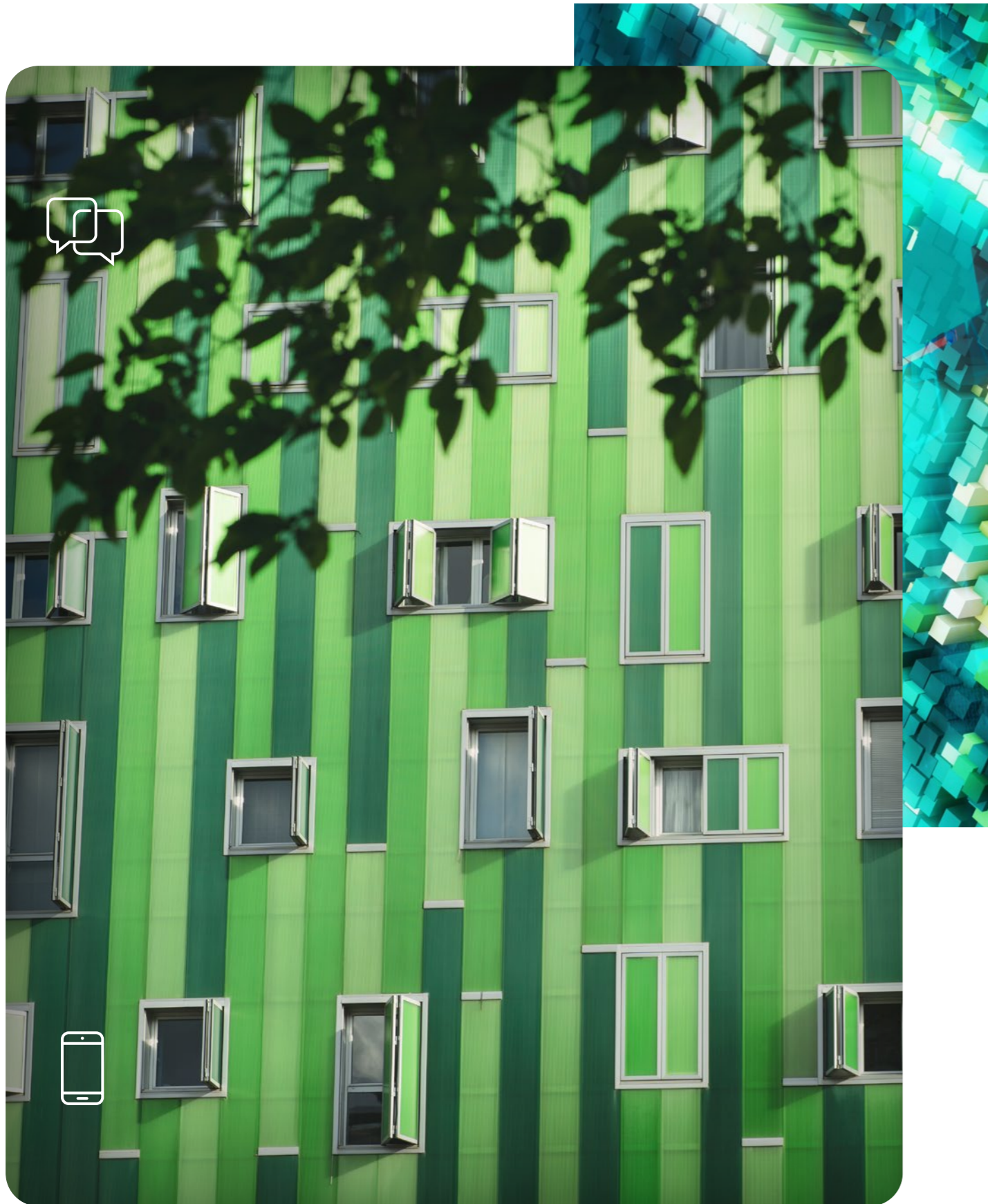
The best of both worlds in operations

There are many ways to create efficiencies to drive investment back in the business. To do this, **BBVA**, a Spanish multinational financial services company, zeroed in on improving intelligent operational excellence in its commerce operations. The key objective? Balancing efficiency and global reach with agility and local market nuance. The company evolved to a **global intelligent operating model, creating truly data-driven global commerce operations.** BBVA has made huge leaps in industrialization, automation and reusability—all of which are improving global standardization and closing maturity gaps across different countries. At the same time, the new operating model has the flexibility to share best practices across campaigns, segments and countries to accelerate local customer value and business impact.

"We work to bring the age of opportunities to everyone. We've made a deliberate effort to align our digital sales and customer acquisition strategy with our brand purpose. Everything we do is about being there in the moments that matter in our customers' lives. This starts with a strong, data-driven approach to understand them as people, not patterns."

— Carlos Pérez
Global Head of Marketing and
Digital Sales, BBVA

04. Talent and organization: Stay hungry for great

Scale for growth with a relentless commitment to continually reinventing the commerce organization

Set people up for success

Changes to the organization, technologies, operations and processes aren't enough. People are the touchstone. It's essential to build and develop workforce capabilities through reskilling and new skilling initiatives that help the business generate value. For example, train creative and multi-disciplinary teams to work with marketing and sales to design expressly for commerce channels. Help people understand what success looks like by giving them the tools they need for everyday tasks and advising them on an engaging career path.

Connect humans and generative AI

People are anticipating how generative AI will impact their work. Assuage their fears by helping them see how the technology can improve their performance and offer creative, innovative ways to do their work. Cultivate an open environment that facilitates learning so that people can grow comfortable working alongside generative AI.

Redraw the boundaries

Companies can't afford to be observers when it comes to the hottest commerce business models—or even fast followers. That's why it's beneficial to infuse the culture with the spirit of continuous improvement. There should always be a push to get better—even among Champions. Action is everything. Doing this means tracking and assessing the viability of new business and monetization models.

17%

Champions are 17% more likely than Compromisers to continually reskill their workforce.

"It's not just my team or myself who need to embrace this new mindset, but the entire organization. It's not an easy process because it involves changing habits and ingrained ways of thinking."

— Global Beverage executive

Giving employees what they need to sparkle

There's nothing quite like the experience of buying a beautiful piece of jewelry. But imagine trying to sell jewelry to customers who can't try it on or experience its beauty in person. **Signet**—owner of brands including KAY Jewelers, Zales, Jared and JamesAllen.com—wanted to bring the same excitement and intimacy associated with buying jewelry in the store to digital channels.

The company **equipped the workforce with tools to creatively serve and build relationships with customers in more immediate and personalized ways**—whenever, wherever and how people choose to shop.
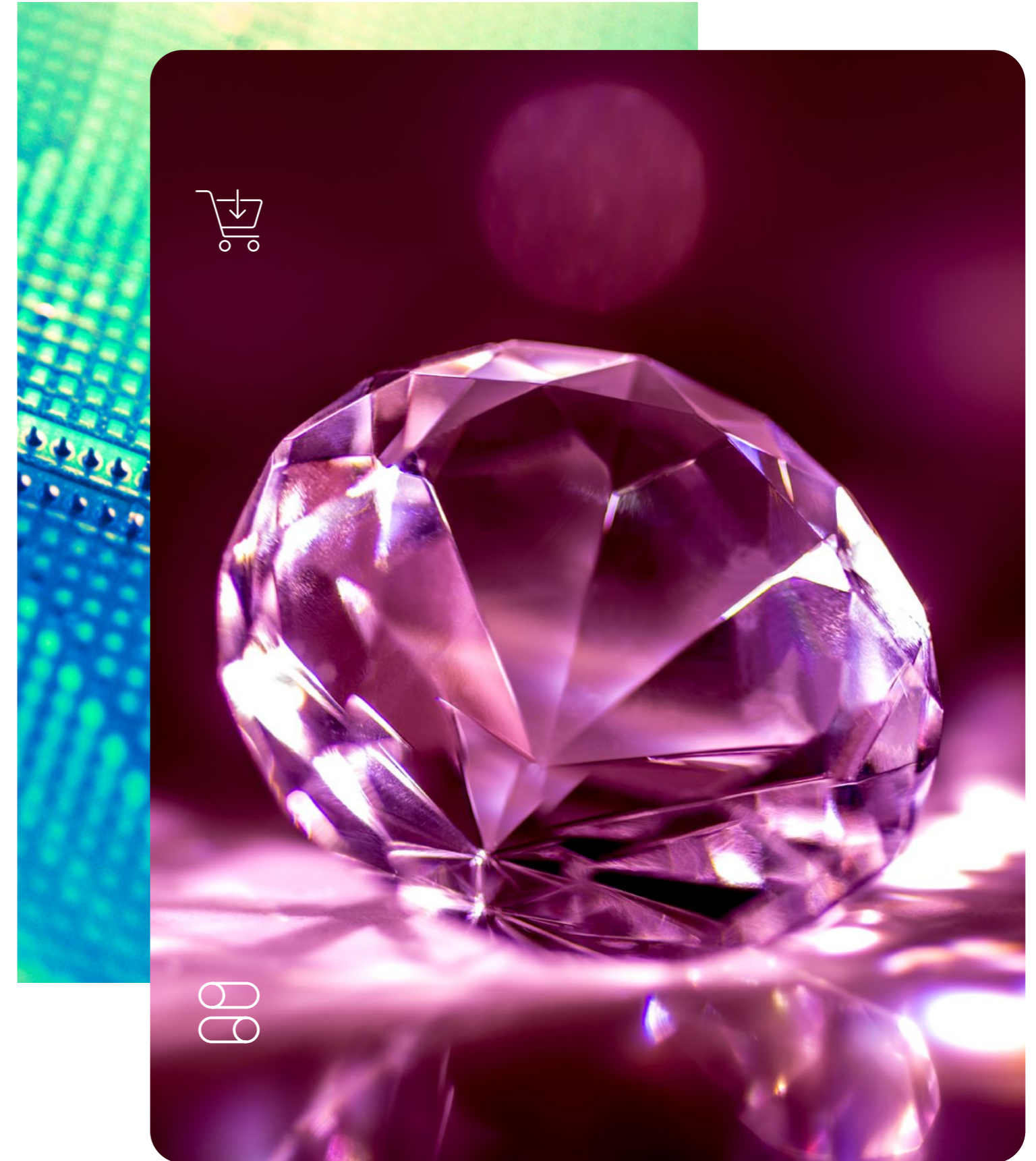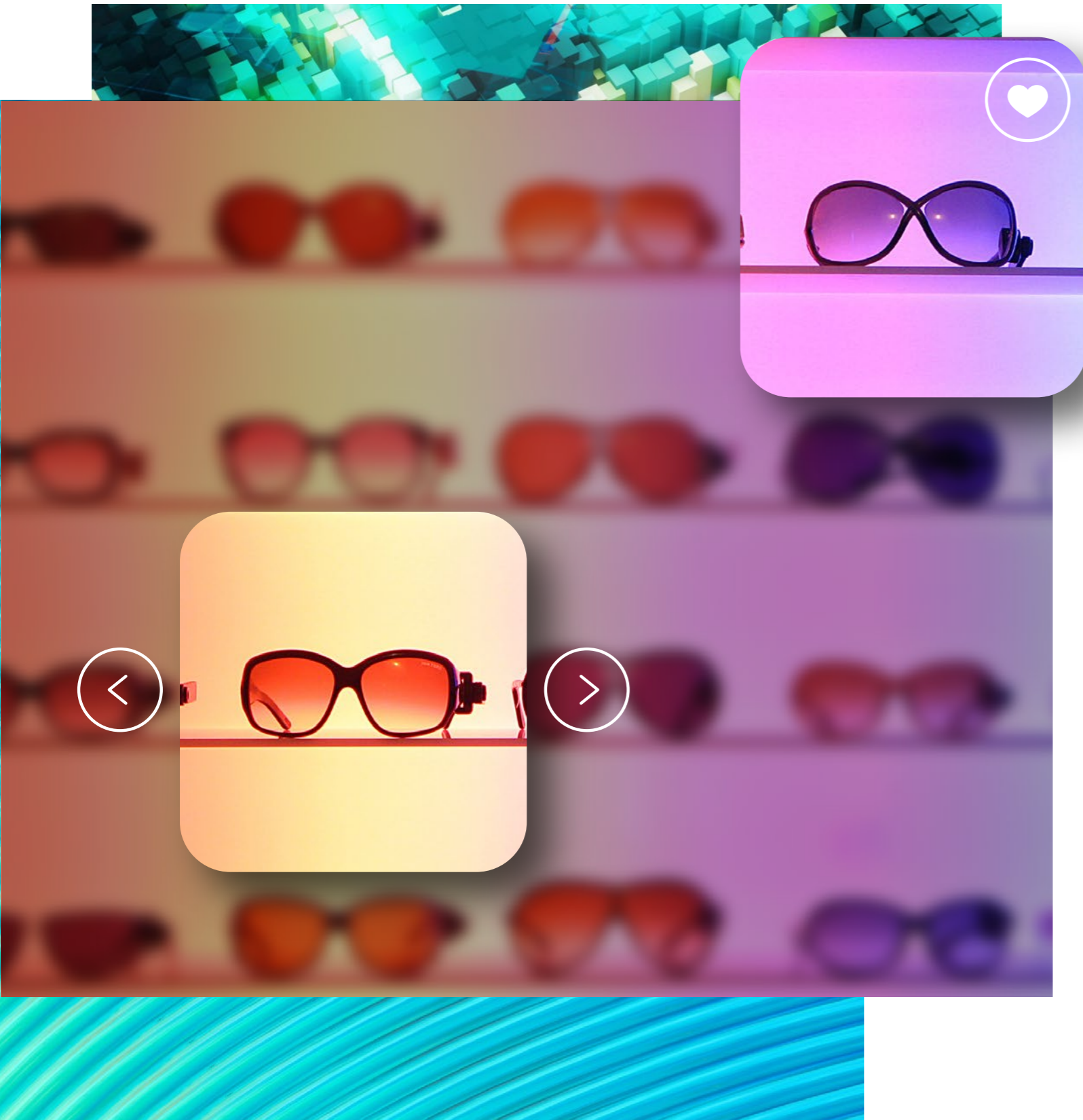
The choice to change is yours

The days when commerce was simple are long gone—if they ever actually existed. The reality today is that commerce is complex. It's dynamic. It's disruptive. And it's competitive.

In this environment, companies have a choice to make—one that is potentially existential. Will they keep chasing the latest shiny object or clinging to business as usual? Or will they become Champions, making the changes needed to deliver commerce without compromise?

Champions reinvent the commerce function across experience, technology and innovation, operational excellence and talent and organization. They embrace life centricity. They seek out new performance frontiers. And they have nerves of steel that allow them to make bold moves, fast. Champions see opportunity in complexity—and **have what it takes to win in commerce today.**

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About the research

Accenture Song and Accenture Research conducted a survey of 1,300 senior executives across 12 industries and 16 countries to understand their approach to commerce and strategies for achieving sustained growth in times of constant change. Fieldwork was conducted between March and May 2023. To deepen the understanding of our survey findings, Accenture also conducted 16 expert interviews at a global level from April to June 2023.

Index scoring approach

To identify Champions and Compromisers in our overall sample, we used index scoring methodology. Each respondent was assigned a score between 0 and 100 based on their responses to a specific set of survey questions about non-financial commerce outcomes. From that score, we separated the top 20% of performers (Champions) and the bottom 25% of performers (Compromisers). We used a 5-point Likert Scale for most questions; thus, respondents were assigned a score of 1 if the top-two points on the Likert Scale were selected. Otherwise, respondents were assigned a score of 0. Two out of the seven questions used a 3-point Likert scale, and thus only the top point was assigned a score of 1. The question scores were then summed and normalized to produce a final score between 0–100 for each respondent.

Accenture

Accenture is a leading global professional services company that helps the world's leading businesses, governments and other organizations build their digital core, optimize their operations, accelerate revenue growth and enhance citizen services—creating tangible value at speed and scale. We are a talent and innovation-led company with 738,000 people serving clients in more than 120 countries. Technology is at the core of change today, and we are one of the world's leaders in helping drive that change, with strong ecosystem relationships. We combine our strength in technology with unmatched industry experience, functional expertise and global delivery capability. We are uniquely able to deliver tangible outcomes because of our broad range of services, solutions and assets across Strategy & Consulting, Technology, Operations, Industry X and Accenture Song. These capabilities, together with our culture of shared success and commitment to creating 360° value, enable us to help our clients succeed and build trusted, lasting relationships. We measure our success by the 360° value we create for our clients, each other, our shareholders, partners and communities.

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Accenture Song

Accenture Song accelerates growth and value for our clients through sustained customer relevance. Our capabilities span ideation to execution: growth, product and experience design; technology and experience platforms; creative, media and marketing strategy; and campaign, commerce transformation, content and channel orchestration. With strong client relationships and deep industry expertise, we help our clients operate at the speed of life through the unlimited potential of imagination, technology, and intelligence.

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