

INTERNET

Cloud beats in-house platforms for ecommerce agility, growth: L2

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Promotional image by Yoox, an ecommerce platform that recently merged with Net-A-Porter

By JOE MCCARTHY

Maintaining an in-house ecommerce platform is highly demanding, making a cloud-based solution the shrewdest move for brands lacking serious cash-flow and a digitally-oriented management team, according to a new report by L2 and Demandware.

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Luxury Daily

Trailblazing brands such as Burberry and Gucci adopted in-house ecommerce platforms early on and are now seeing their investments stagnate as brands with cloud-based platforms implement new features at a faster rate. For small luxury houses still waffling on ecommerce, a cloud platform is likely the safest option.

"Cloud may be the best way to go initially because cloud allows a brand to expand the fastest," said Jane Thorn Leeson, research lead at L2, New York. "If you were to set up your Web site and you wanted to add xyz features after a certain time then it would be implemented everywhere.

"Anything a brand wants to implement, any site feature, [such as] buy online, pick-up in-store, a cloud platform has the technology to add instantaneously and wherever the site exists," she said.

"If you're on an in-house or on-premise platform, the process by which you can change your site is a lot slower."

The "[Ecommerce Agility Report](#)" report examines the agility of 82 brands across six categories, as measured by dynamic content creation, emerging feature implementation and new market entry. In this report, agility refers to the ability to scale and run the IT function on-demand and to adapt to changing digital conditions.

Staying fresh

Many brands choose an in-house ecommerce platform to safeguard their brand image. However, this can quickly lead to a site becoming stale.

As L2 points out, ecommerce sites must be treated as "living organisms" that evolve all the time. Features that seemed innovative five years ago, or even last year, are rudimentary today, and the only way to keep up with changing expectations is to allocate substantial funds and attention on an ongoing basis.

"On-premise platforms have challenges," said Scott Galloway, founder of L2, New York. "As the initial site build out is customized and can lock a business in practices that may become dated."



Marc Jacobs ecommerce site from 2010

An in-house or on-premise ecommerce platform will only be effective if a company is seriously committed to digital and has plenty of funds on-hand. Nordstrom's and Macy's are two retailers that fit this model.

For the majority of brands, especially small luxury houses, going cloud is the safest route because it is inexpensive and flexible.

Forty-three percent of companies say that faster deployment timelines are a primary incentive when making the switch to a cloud platform.

Ms. Leeson identified three interconnected areas that brands pursue to grow: opening stores, venturing into new markets and improving ecommerce.

An ecommerce presence is either the accelerant or the hindrance in this trio. With an agile ecommerce presence, brands can better cater to new markets. Conversely, a sluggish ecommerce presence makes it more difficult to reach new consumers.



Lancôme's Chinese ecommerce site

L2 found that 60 percent of cloud-based brands are in emerging markets, compared to 45 percent of in-house brands and 40 percent of on-premise brands, suggesting that digital agility also emboldens a brand to expand physically.

Seventy-three percent of the brands studied are also high-growth, posting year-on-year sales gains above 10 percent.

The report delves into the advantages of cloud, in-house and on-premise platforms, scrutinizing the daily ecommerce performance of the 82 brands included and yearly trends to bolster analysis with data.

Embedded Video: <https://www.youtube.com/embed/WqMD5fZyTdo>

L2 Ecommerce Agility video

Better together

L2 has teamed up with Demandware in the past to illuminate the digital sphere.

For instance, many brands have resorted to blitzing consumers with content in the misguided belief that abundance equals efficacy, according to a previous report by L2 and Demandware.

Seventy-two percent of North American organizations created more or significantly more content in the last 12 months, oftentimes at the expense of content quality, visibility and utility. The positive correlation between strong content and commerce is clear and brands have to be shrewd about content deployment or otherwise watch their investments languish in a crowded space ([see story](#)).

"Innovation must be a guiding principle that's engrained in your culture," said Elana Anderson, senior vice president of worldwide marketing at [Demandware](#), New York.

"Since innovation can come from anywhere -at any time- it's imperative to quickly, continuously and effectively harness emerging and cutting-edge technology to not only meet but exceed consumer expectations," she said.

"Retailers who do this will thrive and separate themselves from the pack."

Final Take

Joe McCarthy, staff reporter on Luxury Daily, New York

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