

Building a Scalable Ecommerce Tech Stack

Expert Roundtable Question & Answer Session



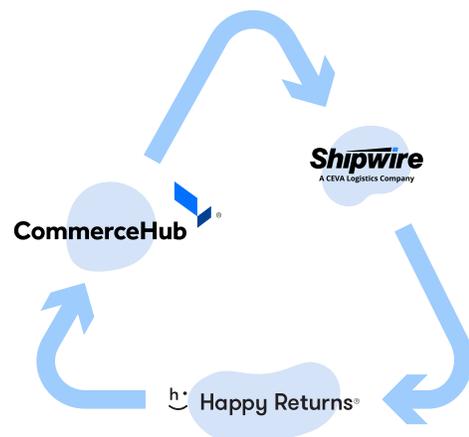
Online retailers have seen record growth in recent years, but it has not been without challenges. Many have struggled to keep up with demand and discovered that the systems they had in place didn't pass the stress test. When ecommerce exploded in 2020, those with limited digital commerce capabilities had to do their best to survive with the tools and knowledge they had.

Digital commerce is here to stay in order to remain competitive, retailers absolutely must have a strong ecommerce ecosystem in place. Technology is the foundation of the ecosystem — it can stabilize your business, enable connections and determine your ability to scale — so getting it right is critical.

We teamed up with Happy Returns and CommerceHub to share three scalable operational technologies that will set the foundation for your future growth and success.

An enviable ecommerce tech stack includes:

- Fail proof fulfillment strategy
- Diverse sales channels with streamlined connections
- Rock solid returns



About the Ecommerce Technology Trio



Jean Francois
Head of Partnerships,
Shipwire Inc.

Shipwire provides global 3PL services, including order fulfillment for direct-to-consumer ecommerce, retail and dropship orders across many industries. The Shipwire platform enables cloud-based order and inventory management, business intelligence and custom reporting. The company's global warehouse network includes over 150 locations around the world.



James DeLeon
Director of
Marketplace Solutions,
CommerceHub

CommerceHub is a leading ecommerce enablement platform that connects supply, demand and delivery and helps retailers and brands increase sales by expanding product assortments, promoting products on the channels that perform, and enabling rapid, on-time customer delivery. With its robust platform and proven scalability, CommerceHub helps more than 12,000 retailers, brands and distributors achieve over \$20 billion in Gross Merchandise Value annually.



Andrew Pease
CFO, Happy Returns

Happy Returns' software and reverse logistics are the industry's only comprehensive returns solution. Happy Returns offers over 500 Return Bars nationwide, allowing shoppers to return or exchange products without printing or packaging in under 60 seconds and receive refunds immediately. All returned items bulk-ship inside eco-friendly, reusable boxes — leveraging low carrier rates and aggregated shipping for economies of scale — to Happy Returns' regional Return Hubs, where they are sorted, dispositioned and processed. Customers using Happy Returns' full offering average 20% cost savings, a 94 NPS, 50% program adoption, and up to 2X higher exchange rates. Happy Returns guarantees a savings of 10% in the first year.

In our interview, we spoke to experts from each of these companies discussing how brands and retailers can streamline and strengthen their ecommerce strategies, accommodate business growth, achieve brand personalization and save time and money. Check out our full Q&A session below.

Q: Tell me about 2-day fulfillment. How important is that in today's market?

James: From a marketplace perspective, your delivery promise (the timeline you commit to for delivery) is going to depend on the marketplace that you're operating on and the categories that you operate within. On some marketplaces, like Amazon, the delivery promise is critical. It's not just a delivery promise, it's the Prime badge as well. When you think about delivery promise and how that impacts a buying decision, you can start to understand how important it is. More and more, other marketplace — Walmart, as an example — are pushing sellers to provide competitive delivery promises.

Andrew: Adding to that, it's really important to think about delivery promises even if you're not selling on Amazon. Shoppers are going to check and see whether your competitor sells there and offers faster shipping. If they provide a more attractive option, then you lose the sale, so try to stay competitive with what someone will find on Amazon.

Jean: That makes sense. From the fulfillment perspective, we think about customer experience — especially in direct to consumer ecommerce — and 2-day fulfillment is what's expected in terms of a good customer experience, thanks to Amazon. During peak season, we're seeing that many merchant's fulfillment strategies don't allow them to execute on a 2-day shipping promise. Having a redundancy in your fulfillment plan or carrier selection is important. Having the right mix of partners gives you a better shot at meeting delivery promises in all situations, but especially during sales peaks.

Q: If I offer free returns, will that result in people returning more things and driving up my costs?

Andrew: We have seen time and time again that your best (most profitable) shoppers are also going to be your most frequent returners. People have fundamentally changed how they shop. They buy three sizes and they return two, especially if they're new to your brand. Think about how customers used to shop in stores — now we see them recreating that experience at home and the more you support it, the more you'll sell. Offering a good return policy and a good return or exchange experience will help you drive revenue overall, and while your return rate may tick up a couple points, your net revenue is going to grow.

Jean: That makes sense and requires having the right returns partner.

Q: What kind of timelines are we talking about among this trio of providers?

Jean: Fulfillment is probably the heaviest and the timeline depends on many factors. If you're a fast-growth retailer and you're looking for a new fulfillment provider, you should count on six months to a year in evaluation. You don't necessarily want to choose the provider that gives you the lowest cost deal. You really want to evaluate their systems, geographies served, facility locations, capabilities in terms of international and domestic scalability, and so on. You want to evaluate the industry relationships and connections that provider has and how integrations work with other service providers. Retail today is about a whole lot more than just shipping boxes to customers, so your fulfillment provider needs to be able to deliver on a wide scope of expectations.

James: When we work with brands and suppliers to onboard them onto CommerceHub, we try to meet them where they're at in terms of capabilities. Say a client is running up against another deadline or trying to get something done before peak and they want to dedicate all their technologists and developers to get that thing done in time — we'll meet them there. If they're being cautious about whether or not they want to get into a marketplace and are still learning about an opportunity, we'll talk about that, help them understand what that full undertaking would look like, and work with their developers to build a solution that's scalable. If we feel that their fulfillment capabilities aren't up to speed, we'll make introductions to Shipwire. You know these are part of the service and support we bring to bear in addition to the platform to make those connections. It's really the education, support, strategy and planning where I think we start to bring in that differentiation.

“Retail today is about a whole lot more than just shipping boxes to customers, so your fulfillment provider needs to be able to deliver on a wide scope of expectations.”

JEAN FRANCOIS
HEAD OF PARTNERSHIPS,
SHIPWIRE INC.

Andrew: From a Happy Returns perspective, we try to remove friction from every process. If you're on Shopify, Magento, or BigCommerce, we can turn your returns portal on and have it working in a day. If you want to leverage Return Bars, we allot a week to coordinate with your logistics provider and make sure that returned orders are being received correctly. If Happy Returns is processing your returns in our warehouse, we work on the SOPs. If you have the SOPs available, it's a very quick process, but we find that's rarely the case. Once we have the SOPs, we then ingest them into an online product flow. If you're running a custom site and you need a custom API for your returns solution, then it's probably three weeks to get launched. We try to absorb the majority of the work and it's a pretty fast process.

Q: What Prime Day trends have you seen?

Jean: I can tell you what we saw with Seller Fulfilled Prime. In fulfillment, if you don't hear bad news, usually it's a good thing. We didn't hear of any hiccups this year from our team. James may have more insight, given that he oversees front-end processing.

James: Absolute order volumes exceeded what we saw during last year's Prime Day, but we dug deeper, taking into account the impact of COVID-19 (which has generally come with an increase in order volume and traffic). When you boil it down to a more apples-to-apples comparison, the overall magnitude of the volume increase was actually a bit lower year-over-year. I attribute that to Prime Day's date, October 13-14, and it's proximity to peak. A lot of the large retailers, including Amazon and Walmart, have been trying to redistribute some of their peak demand to

occur earlier in the season. You start seeing deals earlier in the season in an effort to enable more successful shipping — carrier capacities around peak are always tight and COVID-19 added another layer of complexity this year.

Andrew: I 100% agree with James. We saw a lot of retailers position October 10th as a significant shopping date, signaling the kickoff to the holiday season. FedEx, UPS and USPS all impose big holiday surcharges, and retailers can avoid them by starting seasonal sales early. We see that on the returns side, too, with retailers offering more generous windows to send products back. Peak surcharges can significantly reduce profitability on per-item returns, but by having an aggregated network on the backend, you can reduce the number of surcharges you're subjected to.

Q: Does using a third-party for returns negatively impact the customer experience? How are returns affected by COVID-19?

Andrew: Let me talk about COVID-19 first. We shut down all of our Return Bars in April and May, and when we brought them back, we wanted to make sure that shoppers had a safe and comfortable experience with them, so we created contact-free returns and you no longer have to touch the bag or the items being returned. Since launching that, our NPS score has been fantastic. To address the concern over customer impressions of a third-party experience, we actually think it offers you an advantage. First, it's convenient to the customer and gives them an additional option to get their return processed — they're likely already familiar with returns via FedEx or UPS and this is the same

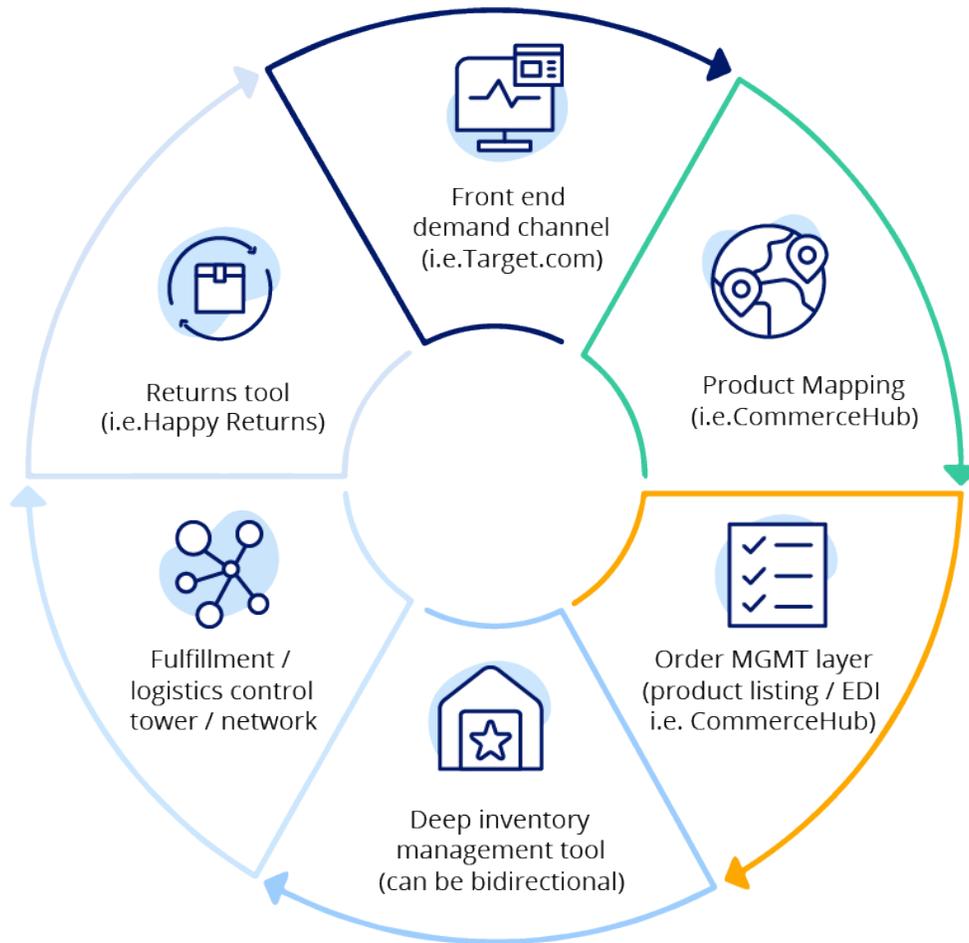


concept, offers even more locations, and is easier (they don't have to handle packaging and labeling). Often, you're introducing them to another retailer like a Paper Source or CostPlus World Market, and they have a chance to do some shopping or check another errand off the list. We offer them coupons when they go into those locations so there's even a little incentive. We find customers are happy with the return service we provide, and that's what we want!

Jean: In that sense, the ethos of happiness is engrained even on your partnership selection for Return Bars.

Andrew: That's right. 100%.

Jean: That's awesome. To wrap things up, I just want to leave you with this thought: the top brands in the world use our services, and you should too! An ideal technology stack should be one that helps your business grow and deliver on your customer promise. Leveraging Happy Returns, Commercehub and Shipwire, you can create a profitable ecommerce business that is seamlessly connected.



CONTACT US FOR MORE INFORMATION ON CREATING THE ULTIMATE ECOMMERCE TECHNOLOGY STACK FOR YOUR BUSINESS.