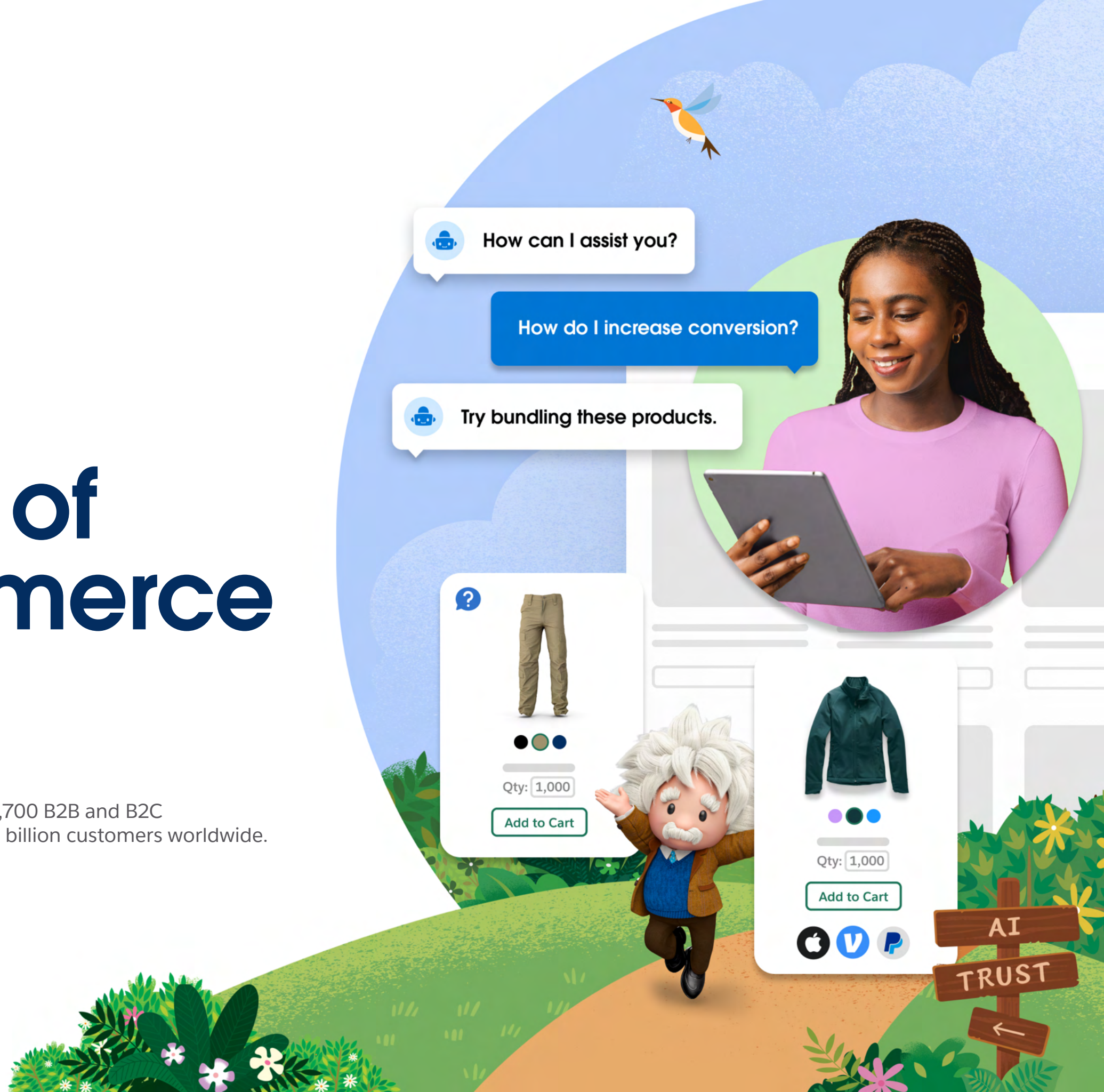




THIRD EDITION

State of Commerce

Insights and trends from 2,700 B2B and B2C commerce leaders and 1.5 billion customers worldwide.



What You'll Find in This Report

Salesforce surveyed 2,700 commerce leaders and analyzed B2C and B2B buyer behavior of over 1.5 billion customers worldwide to uncover trends such as:

- The strategic priorities of commerce organizations and the challenges holding them back
- How organizations are evaluating, investing in, and implementing artificial intelligence – and specifically generative artificial intelligence
- Payment type preference among buyers and adoption trajectories among organizations

Methodology

Practitioner insights in this report come from a double-anonymous survey conducted from October 6 through November 8, 2023. The survey generated 2,700 responses from commerce decision-makers across a range of departments in North America, Asia-Pacific, South America, and Europe. All respondents are third-party panelists. See page 33 for further survey demographics.



What You'll Find in This Report

Buying activity was collected from websites operating on Salesforce Commerce Cloud. To qualify for inclusion, a digital commerce site must have conducted transactions throughout the analysis period (Q4 2022 through Q3 2023) and met a monthly minimum visit and order threshold. Additional data hygiene factors were applied to ensure consistent metric calculation.

Any forecasts within this report are forward-looking projections based on current and prior values and do not guarantee future performance or results. This data is not indicative of the operational performance of Commerce Cloud or its reported financial metrics, including GMV growth and comparable customer GMV growth.

Due to rounding, not all percentage totals in this report equal 100%. Comparison calculations are made from total (not rounded) numbers.



What You'll Find in This Report

In several parts of this report, we classify survey respondents across the following tiers of commerce performance.

20%

Digital Laggards

Digital laggards disagree or are neutral that their companies can attribute overall success to ecommerce

49%

Digital Moderates

Digital moderates somewhat agree their companies can attribute overall success to ecommerce



37%

Digital Leaders

Digital leaders strongly agree their companies can attribute overall success to ecommerce



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Executive Summary

Introduction | Organizations Embrace and Grapple with the Continued Rise of Ecommerce

Ecommerce demand continues to climb. Organizations are investing in resources, but not necessarily to the extent warranted. **Fifty-four percent of overall revenue is expected to come from digital channels within the next two years.**

01 Commerce's AI Revolution Is in Full Swing

A staggering 97% of commerce organizations are at least considering the use of artificial intelligence, but challenges around strategy, security, and data management stand in the way of the technology's full potential. **Seventeen percent of ecommerce orders were influenced by artificial intelligence in Q3 2023.**

02 The Quest for Trust and Scale Continues

Businesses are striving to maintain customer trust in the midst of globalization and the rise of AI. **Sixty-eight percent of customers say advances in AI make trust in companies more important.**

03 Commerce Capabilities Span the Entire Business

Led by high-performing organizations, commerce is being embedded across different parts of the customer journey. **Thirty-eight percent of digital leaders say customer service drives substantial incremental revenue, versus 19% of digital laggards.**

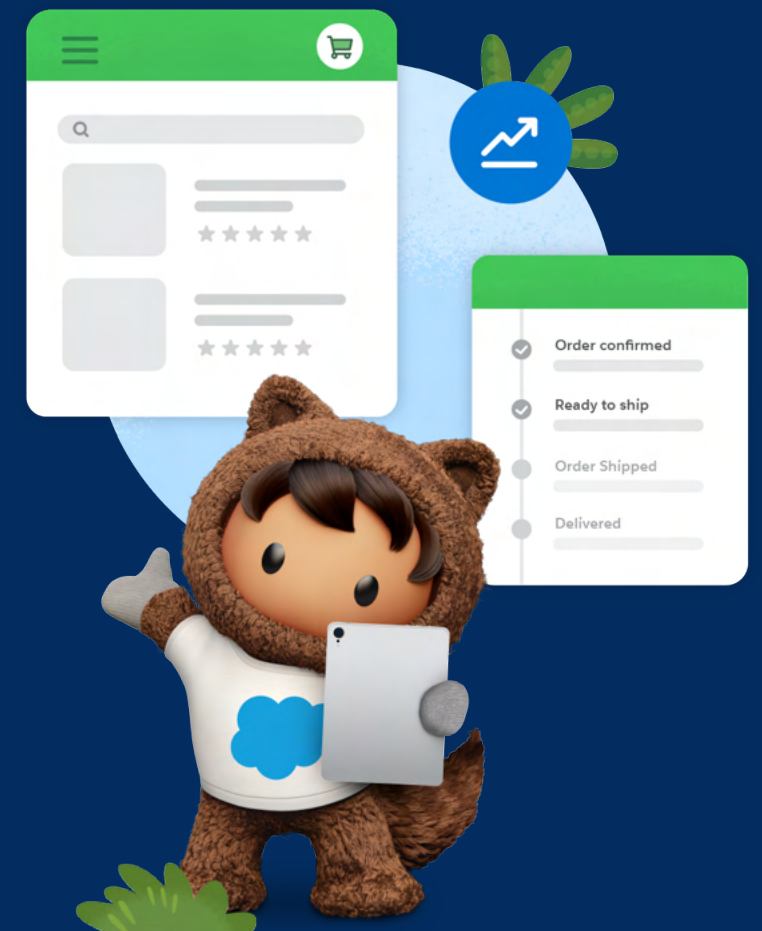
04 Shifting Customer Expectations Drive Constant Evolution

Customers' payment preferences are shifting rapidly, and companies are struggling to keep up. **Digital wallet transactions grew by 62% in Q3 2023 versus the same quarter in 2022.**



Introduction

Organizations Embrace and Grapple with the Continued Rise of Ecommerce



Commerce's Digital Revolution Marches On

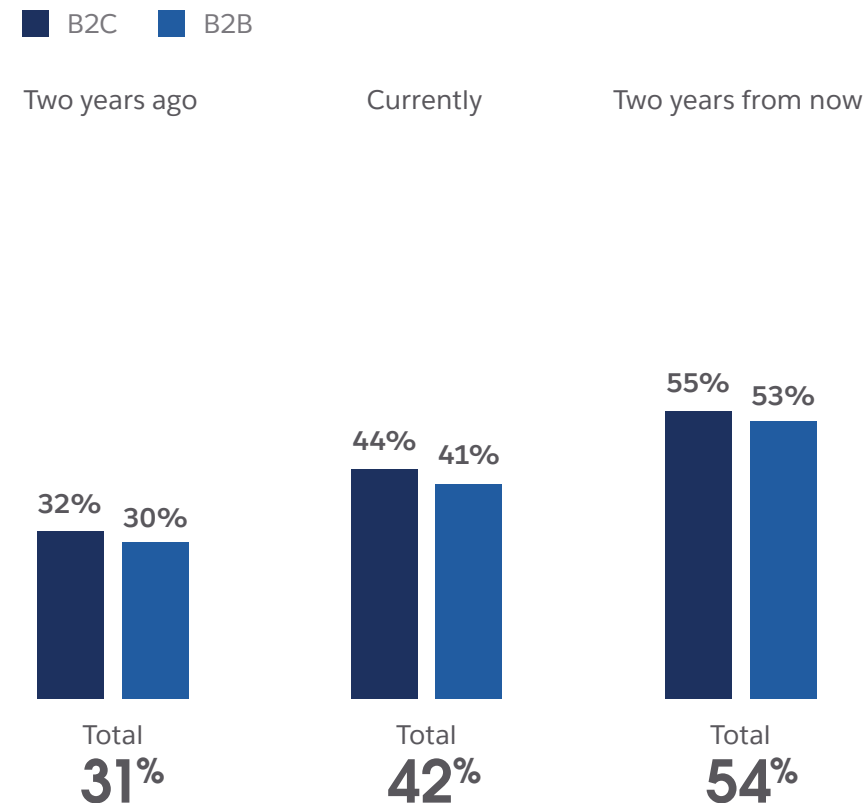
Ecommerce is well on its way to delivering the majority of sales revenue across most industries. Commerce professionals expect the share of revenue from digital channels to cross this significant threshold within the next two years, reflecting B2C and B2B buyers' growing preferences for buying – and engaging more broadly – online.

53% of customers prefer to engage digitally.*

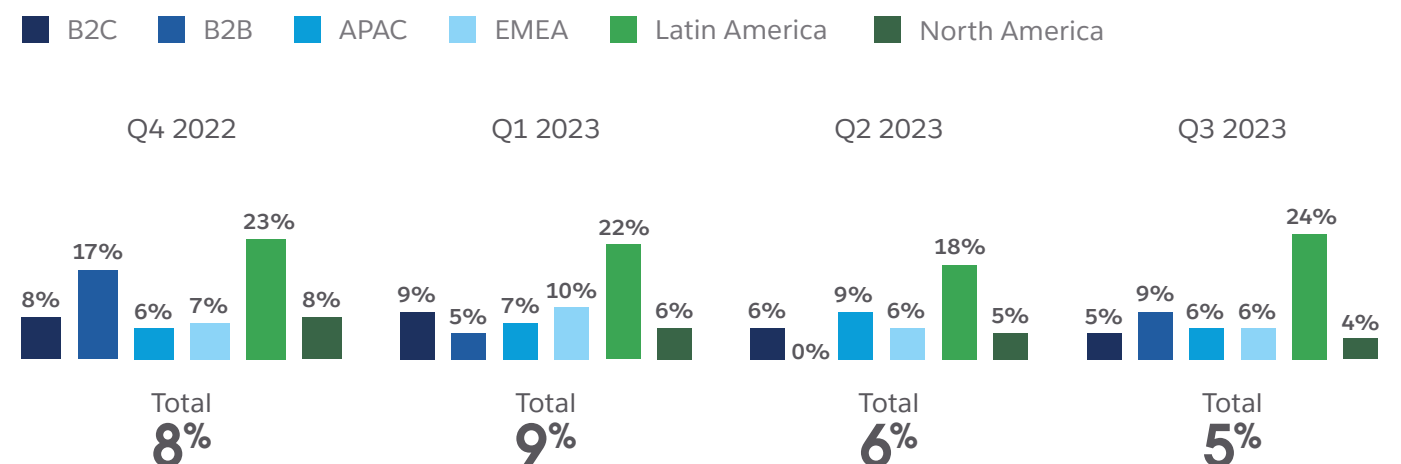
Salesforce Commerce Cloud same-site traffic data reflects this sentiment, with growth particularly strong among B2B companies and in Latin America.

B2B and B2C's Digitally-Driven Revenue Steadily Increases as Traffic Climbs

Estimated Share of Revenue from Digital Channels (Mean)



Year-Over-Year Same-Site Ecommerce Traffic Growth



*Source: Salesforce State of the Connected Customer, Sixth Edition, August 2023.

AI – and Data to Power It – Become Commerce Priorities

While perennial priorities like revenue growth and customer base expansion remain, B2C and B2B organizations are adding to their to-do lists. Their new top priority? Implementing AI. This also helps explain the relative high priority on improving data use and management.

Although inflation is heading in a positive direction in many major markets as of this writing, it remains top-of-mind as commerce organizations navigate key challenges to achieving their goals. Though easing, supply chain challenges continue to cause concern. And of course, ever-present changes in customer behavior and the competitive landscape can prove daunting.

64% of respondents say meeting customer expectations is harder than ever.

AI Tops the List of Commerce Priorities as Inflation Remains a Key Pain Point

Top Commerce Organizational Priorities

- 1 Implementing artificial intelligence
- 2 Growing revenue
- 3 Expanding customer base
- 4 Improving data use and management
- 5 Improving staff productivity

Top Commerce Organizational Challenges

- 1 Inflation
- 2 Changes in customer behavior
- 3 Competitive pressures
- 4 Supply chain challenges
- 5 Shifts in customer demand (e.g., due to peak seasons)



Demand Growth Outpaces Resource Growth

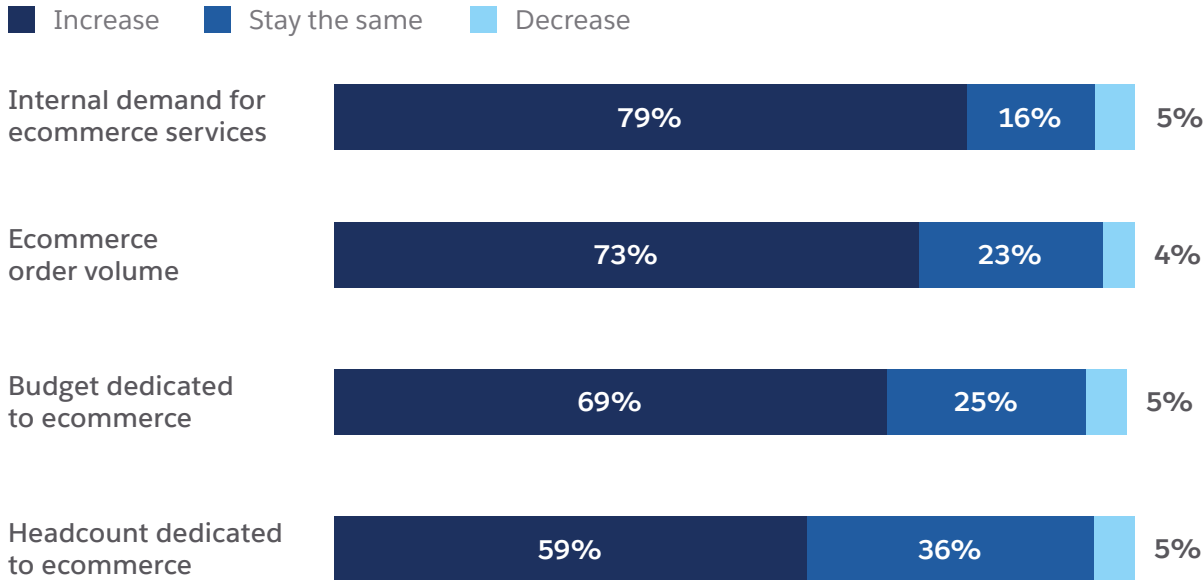
The vast majority of commerce professionals have seen – and foresee – continued rise in demand both from their end customers and the internal teams they work with. While most organizations are increasing resources to meet this demand, a significantly lower share of professionals say those resources are proportionately allocated – particularly when it comes to staffing.

65% of respondents say they're being asked to do more with less.

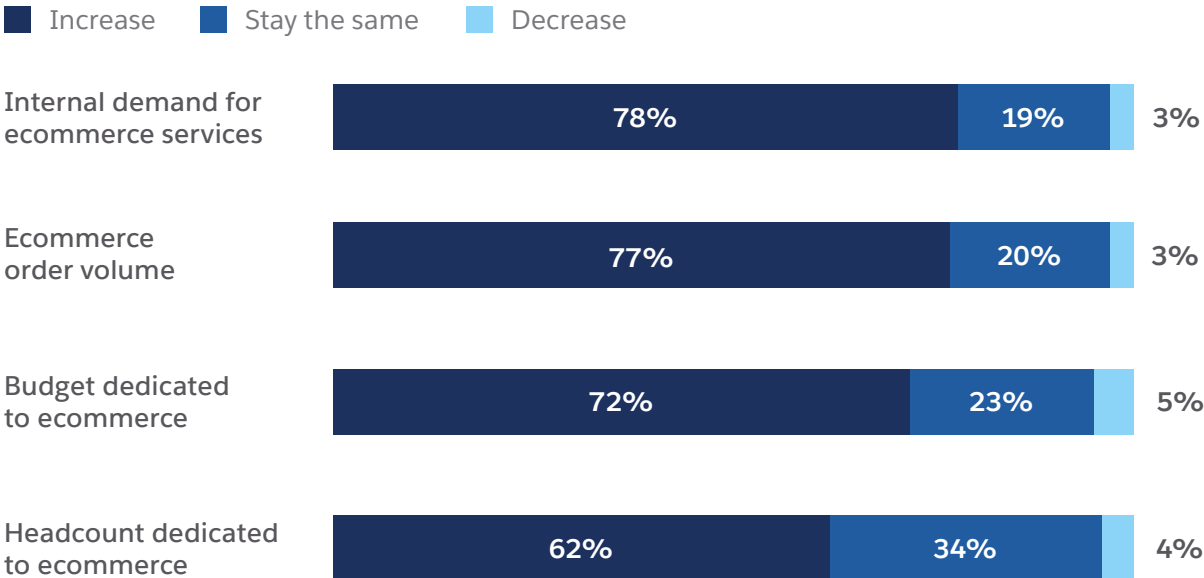


Commerce Resources Grow, But Not as Much as Demand

Changes to the Following Over Past Two Years



Expected Changes to the Following Over Next Two Years



01

Commerce's AI Revolution Is in Full Swing

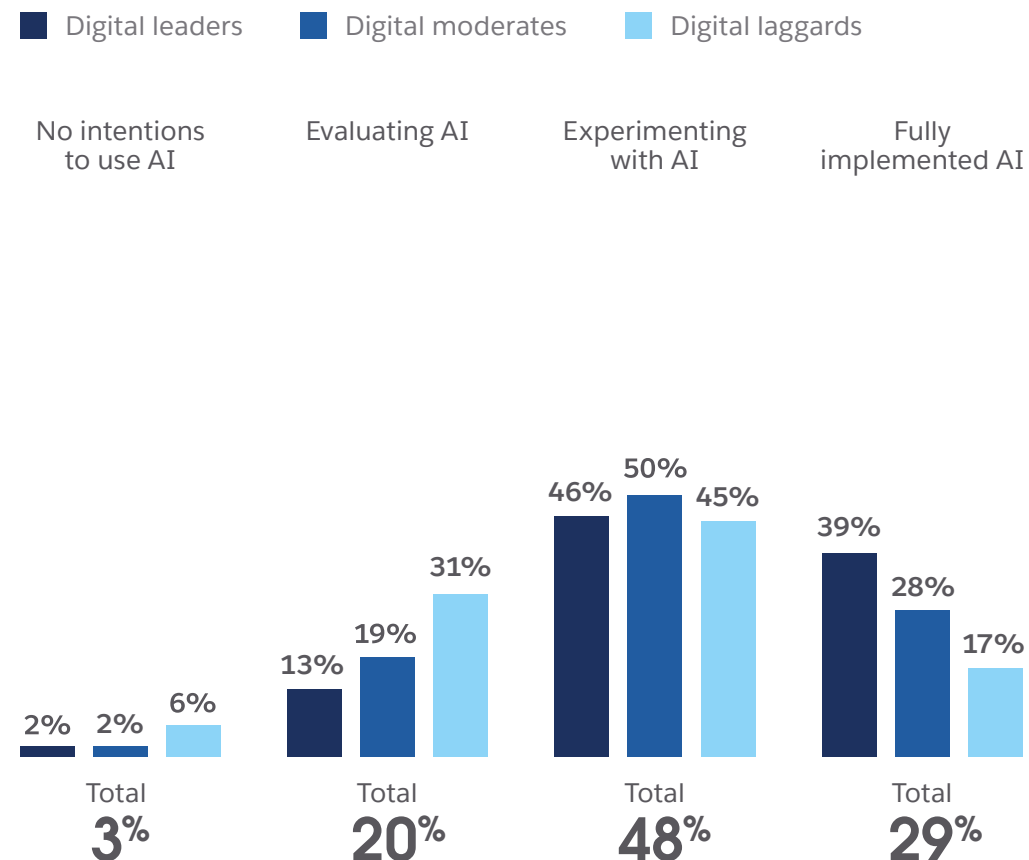


Businesses Seek Competitive Advantage with AI

AI is emerging as a key tool for commerce organizations as they seek increased productivity and revenue, alike. Nearly half (48%) are experimenting with AI and 29% have fully implemented it, with common use cases emerging for teams and their peers in marketing, sales, and service.

84% of respondents believe AI gives organizations a competitive advantage.

Status of Artificial Intelligence in Ecommerce Operations



*Source: Salesforce Generative AI Snapshot Research Series, May-June 2023.

Generative AI Use Cases Abound in Customer-Facing Roles

Most Common AI Use Cases in Commerce*

- 1 Write product descriptions
- 2 Optimize merchandising
- 3 Optimize channel strategy

Most Common AI Use Cases in Marketing*

- 1 Write marketing content
- 2 Personalize messaging
- 3 Expanding customer base

Most Common AI Use Cases in Sales*

- 1 Write sales communications
- 2 Sales forecasting
- 3 Sales reporting

Most Common AI Use Cases in Service*

- 1 Automate service communications
- 2 Write service content
- 3 Analyze service data



01

Early AI Investments Yield Tangible Results

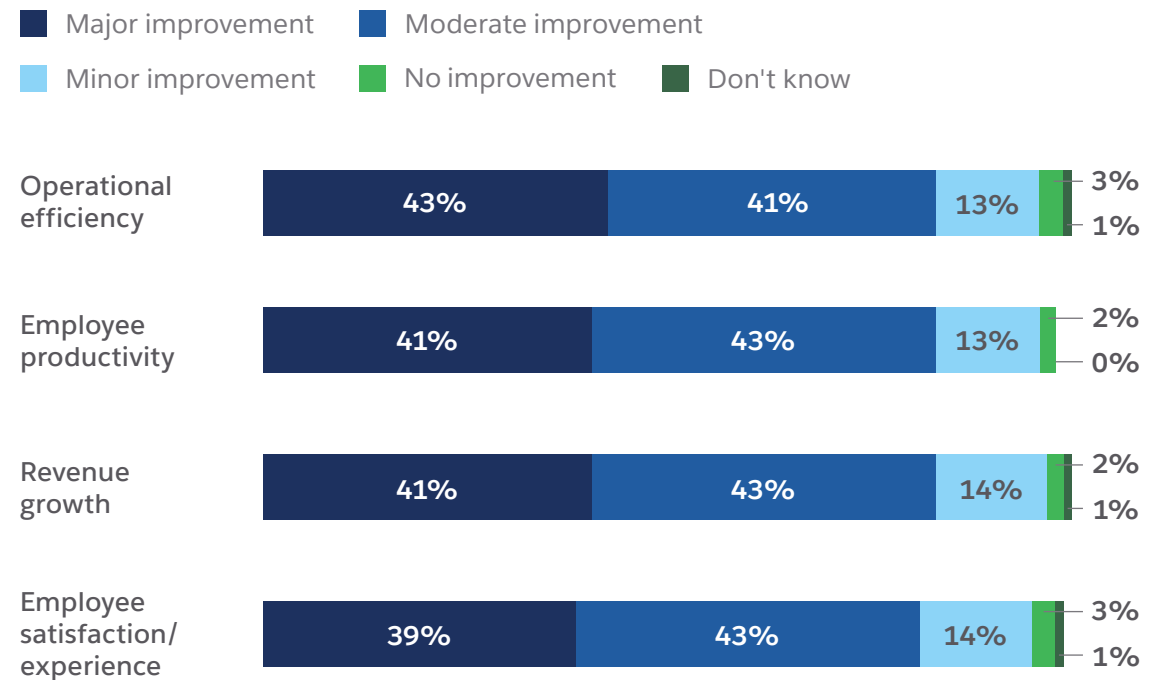
AI adoption is nascent in commerce organizations – only 19% have fully implemented it in their workflows so far. But among that group, the benefits to internal processes and productivity are notable.

Commerce professionals using AI estimate it saves them an average of 6.4 hours per week.*

AI is helping early adopters do more with less, with 84% seeing at least moderate levels of improvement to operational efficiency and employee productivity, for example.

AI Investments Are Paying Dividends

Extent to Which AI is Credited with Improvements to the Following



Base: Respondents at organizations that have fully implemented artificial intelligence.



*Source: Salesforce Generative AI Snapshot Research Series, May-June 2023.

01

Personalization Takes a Big Step with AI

In addition to saving time and increasing productivity, early AI adopters are seeing positive effects on the customer experience – not to mention sales.

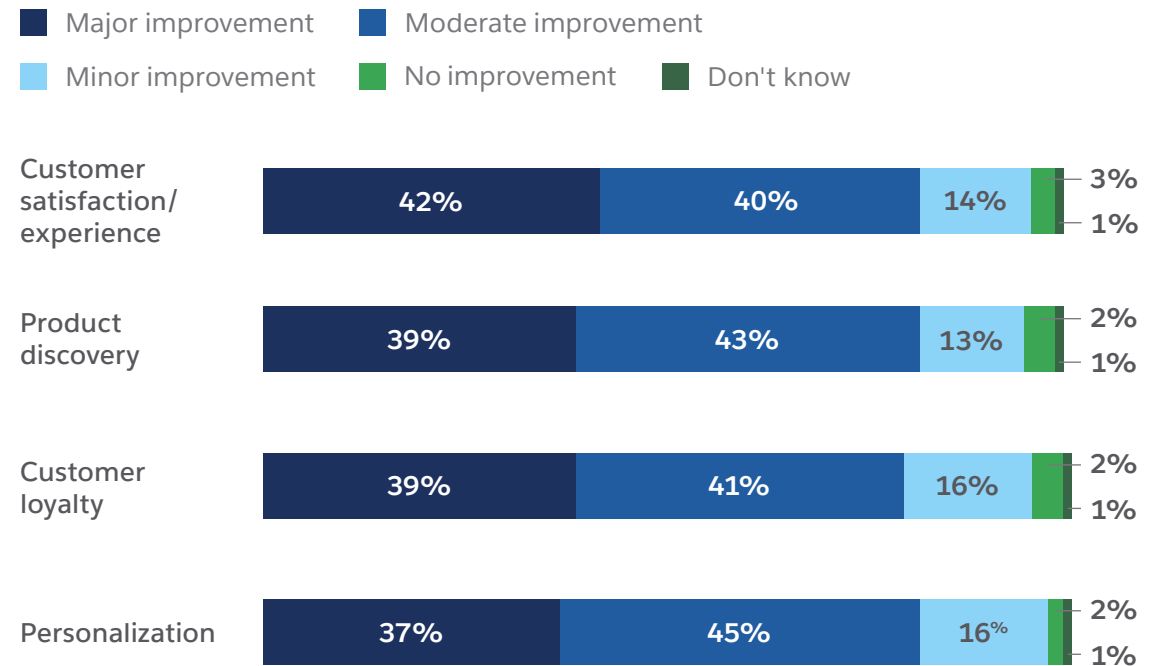
Sites built on the Salesforce Commerce Cloud with AI recommendations enabled saw 17% of sales influenced by AI recommendations in Q3 2023. That figure is even higher in the Asia-Pacific region (25%) and North America (19%). This real-world example maps to the 82% of commerce organizations with AI who report at least moderate levels of benefit to product discovery.



*Among orders placed on sites hosted on Commerce Cloud with Einstein recommendations enabled.

AI Is Already Improving the Customer Experience

Extent to Which AI is Credited with Improvements to the Following



Base: Respondents at organizations that have fully implemented artificial intelligence.

01

Barriers Keep Businesses from Realizing AI's Full Potential

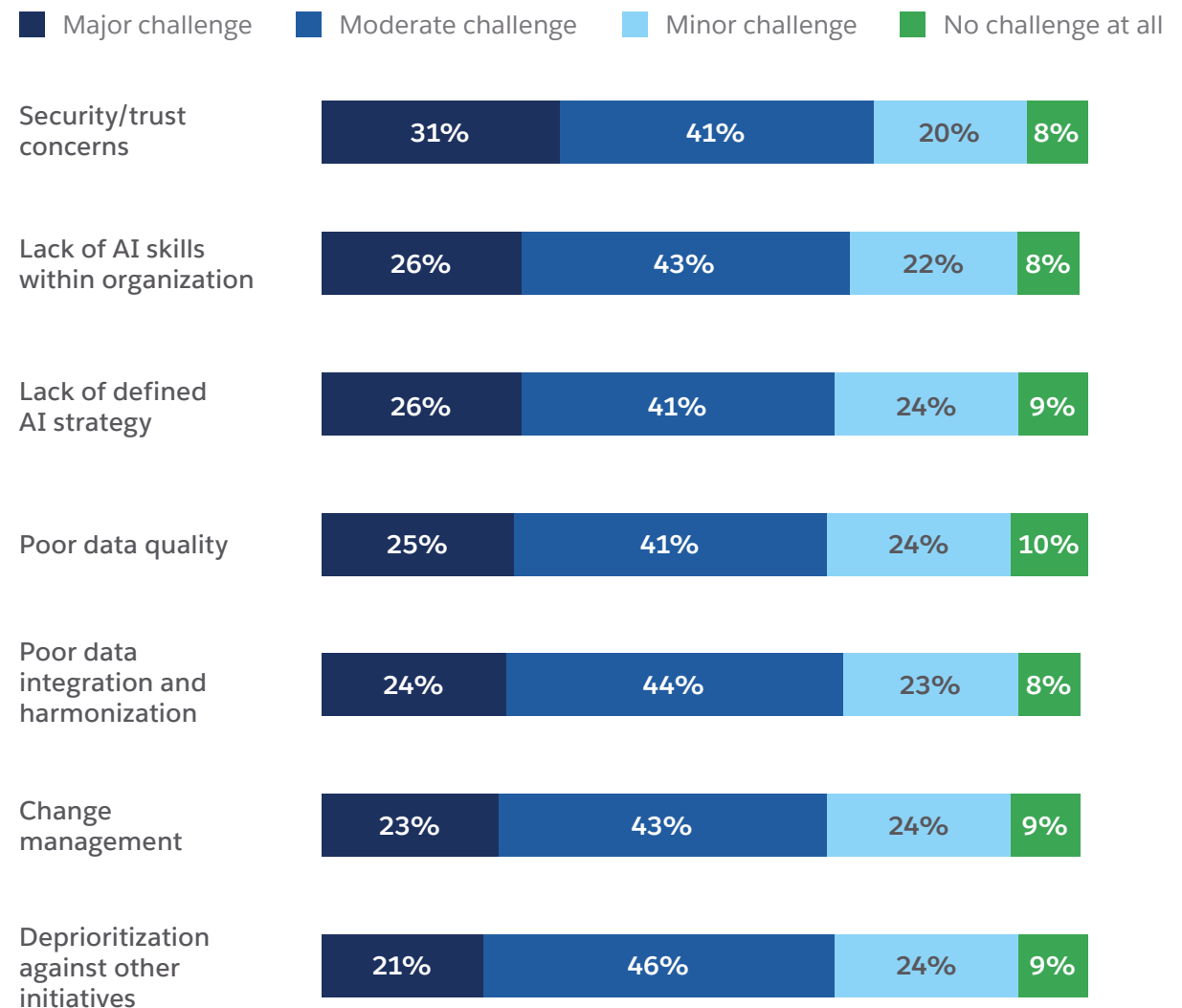
While AI's benefits are demonstrable, the fact that just 1 in 5 commerce organizations have fully implemented hints at obstacles.

Notably, 70% of respondents say poor data integration and harmonization is at least a moderate pain point on the road to AI implementation. This could be explained in part by the fact that, with an average of 1,061 apps across a given enterprise, only 29% are connected.* What's more, many firms lack a defined AI strategy or the skills on staff to make the most of it.

However, security and trust concerns stand apart as the greatest roadblock of all, highlighting the importance of ethical strategies and the responsible use of AI.

Security and Trust Concerns Prompt Second Thoughts on AI

Extent to Which the Following Factors Challenge AI Adoption or Value Maximization



*Source: Salesforce Connectivity Benchmark Report, February 2023.



02

The Quest for Trust and Scale Continues



02

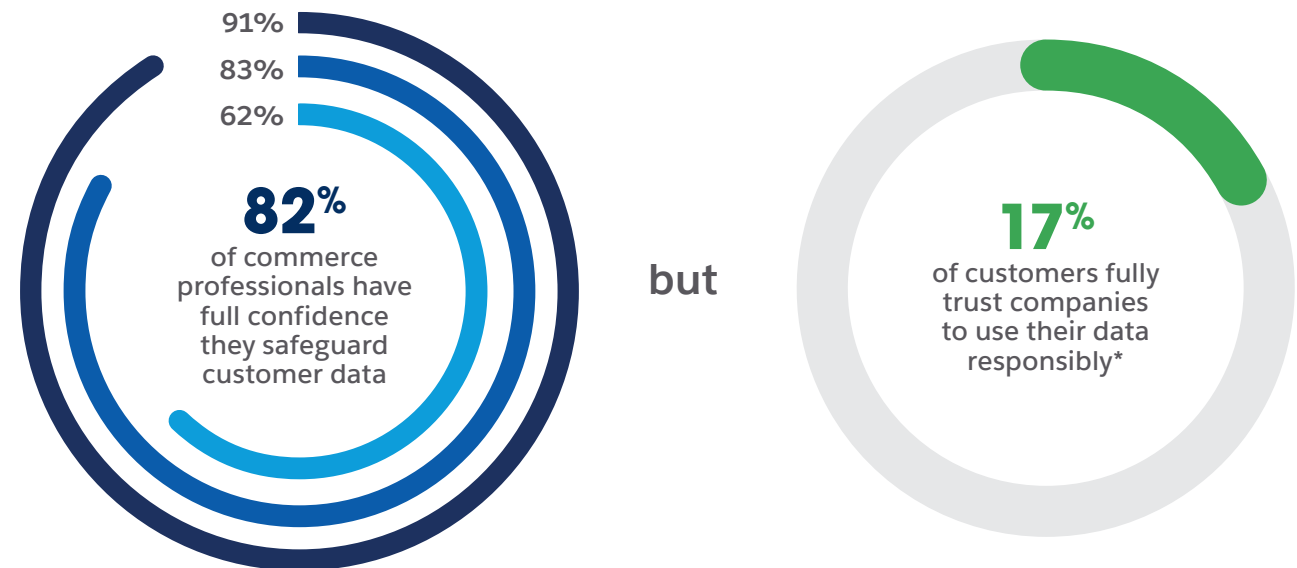
A Crisis of Customer Trust Deepens as AI Evolves

Businesses – and society, more generally – were in a crisis of trust before the rise of generative AI and the release of ChatGPT in late 2022. Since then, the stakes have only increased. **Forty-nine percent of customers say they don't generally trust companies, and 68% say advances in AI make trust in companies more important.***

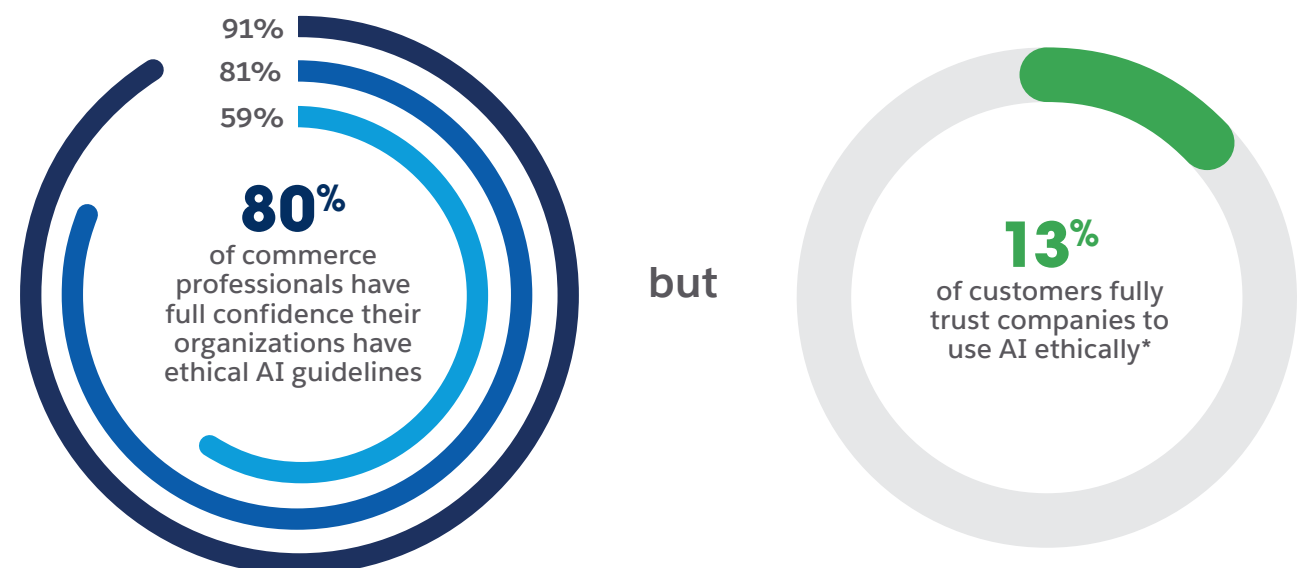
While 56% of customers remain open to the use of AI to improve their experiences, only a small sliver are confident that companies will use the technology ethically – or the data it relies on responsibly. Yet the majority of commerce professionals – even those at underperforming companies – believe they both safeguard customer data and have established ethical AI guidelines, indicating a lack of effective and transparent communication on the role of AI in their operations.

A Gap Emerges Between Corporate Confidence and Customer Trust

■ Digital leaders ■ Digital moderates ■ Digital laggards



■ Digital leaders ■ Digital moderates ■ Digital laggards



02

Quality Commerce Experiences Foster Trust

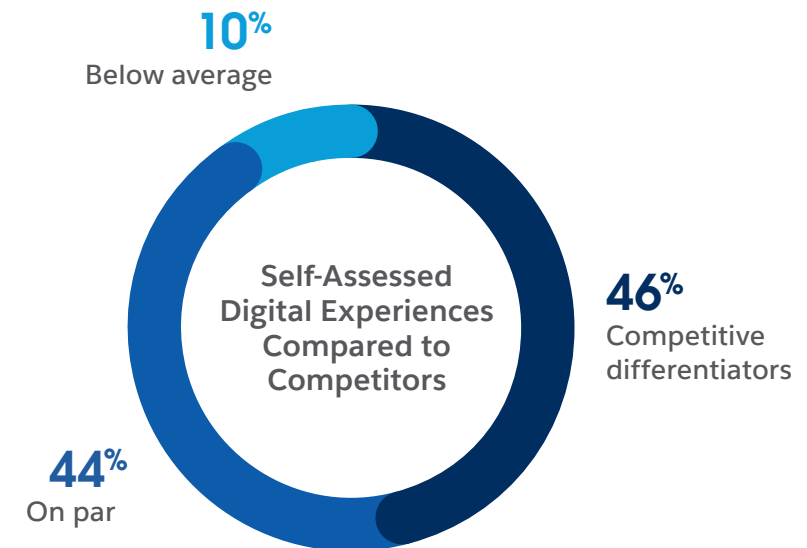
Regardless of how – or if – they use AI, commerce organizations seeking to foster customer trust have a common first step: ensuring a great overall experience. This is critical to building good will and earning customer loyalty.

74% of shoppers will abandon a brand after three or fewer bad experiences.*

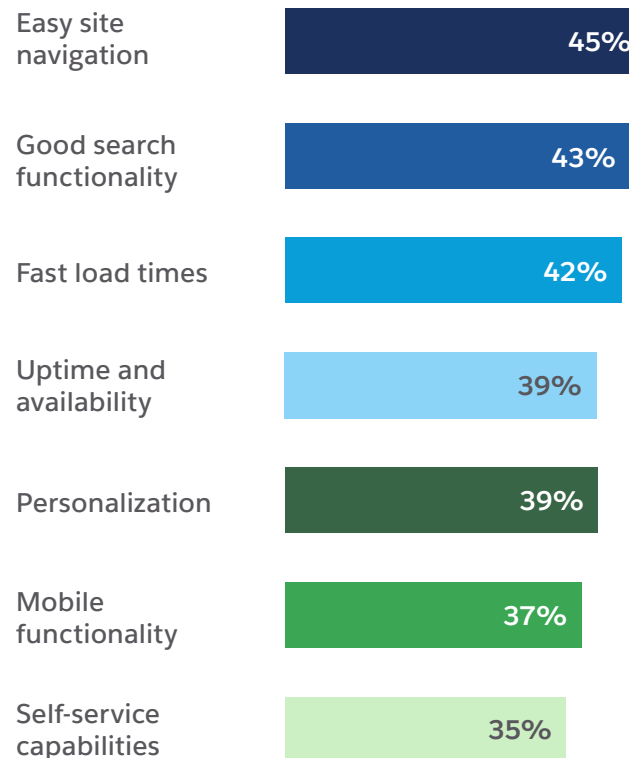
Increasingly, a good experience is synonymous with good *digital* experience – a multifaceted equation that boils down to factors of ease, functionality, and personalization. Yet only 10% of commerce professionals view their experience as falling short from the competition, indicating some introspection may be needed. **Eighty-five percent of respondents believe their companies' digital experiences are excellent representations of their brands.**

*Source: Salesforce Connected Shoppers Report, Fifth Edition, August 2023.

A “Good” Digital Experience Is Multifaceted



Respondents Who Consider the Following as Top Factors of Good Digital Experience



02

Site Outages Remain a Risk to Revenue Loss

Uptime may seem like table stakes for any ecommerce site, but it’s hardly a given.

36% of ecommerce organizations have experienced a site outage over the past year.

Sixty-six percent of site outages resulted in substantial revenue loss, according to our survey respondents, and 57% occurred during a particularly busy time for their sites. But what constitutes the “busy season” is not an easy answer, with ebbs and flows of ecommerce varying widely by industry.

“Busy Season” Varies by Industry

	Busiest Ecommerce Month	Quietest Ecommerce Month
JAN		<div><div> Media</div><div> Medical device</div><div> Manufacturing</div></div>
FEB	<div><div> Media</div><div> Communication</div></div>	<div><div> Automotive</div><div> Retail</div><div> Transportation</div><div> Consumer Goods</div><div> Healthcare</div><div> Restaurants</div></div>
MAR	<div><div> Medical device</div></div>	
APR		
MAY		
JUN	<div><div> Automotive</div></div>	
JUL	<div><div> Healthcare</div></div>	<div><div> Health & Beauty</div><div> Financial Services</div><div> Technology</div></div>
AUG		<div><div> Communication</div></div>
SEPT		
OCT		
NOV	<div><div> Restaurants</div><div> Health & Beauty</div><div> Technology</div><div> Transportation</div></div>	
DEC	<div><div> Consumer Goods</div><div> Retail</div><div> Financial Services</div><div> Manufacturing</div></div>	

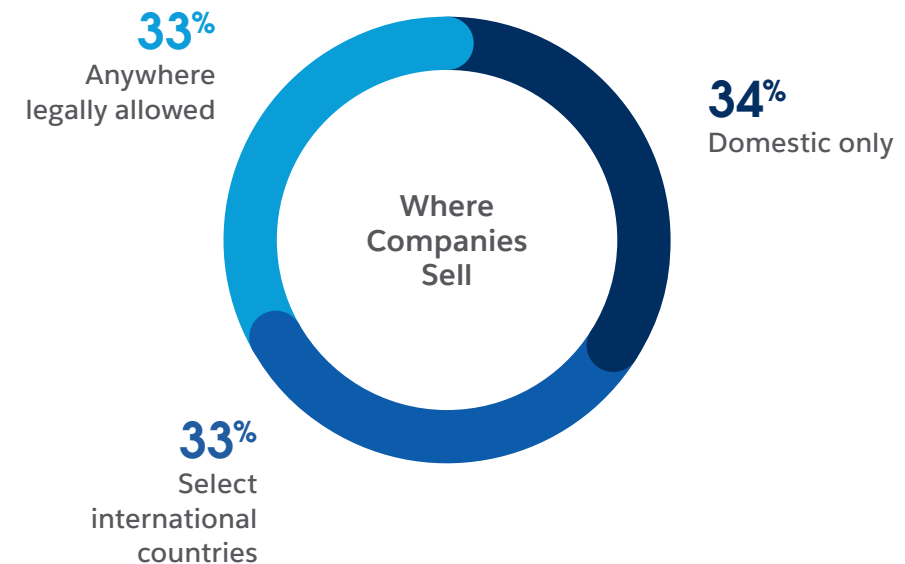
Global Ecommerce Growth Meets Cross-Border Challenges

If a company has ecommerce, there's a good chance that its customer base isn't limited to its home nation's borders. Sixty-six percent of commerce organizations sell internationally, opening expanded markets and revenue opportunities.

Foreign sales drive an estimated 39% of revenue, on average, at companies that sell internationally.

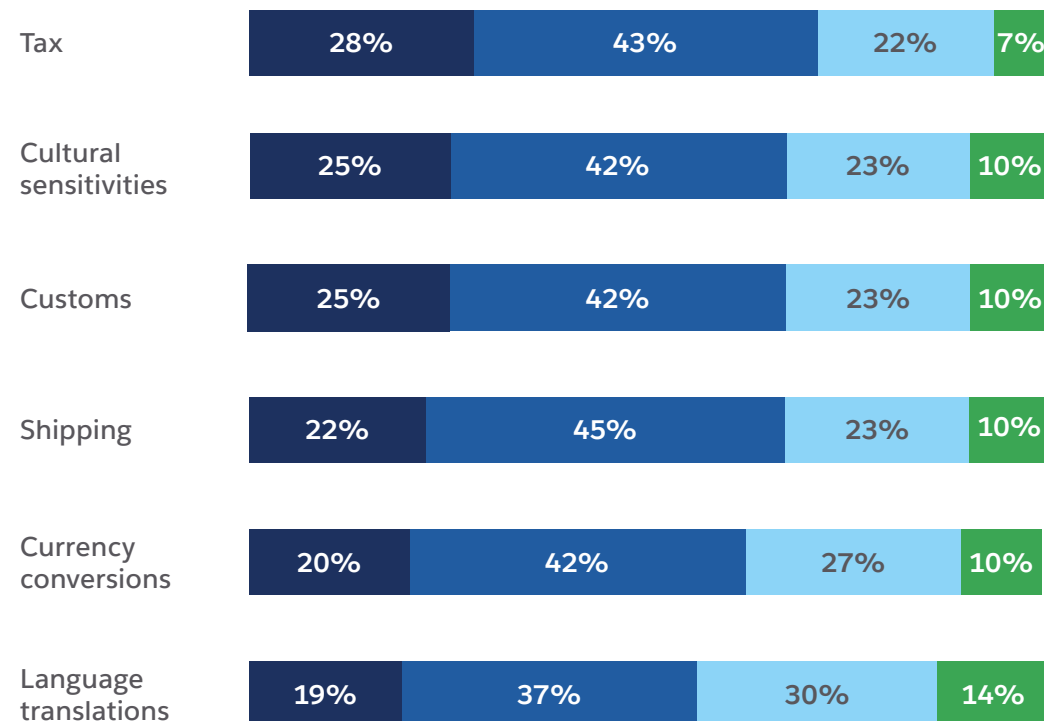
However, just because a company sells internationally doesn't mean it's *truly* global. Only one-third of commerce organizations sell wherever legally allowed – and one-third have no international presence at all. A myriad of factors keep organizations from expanding their customer base to its true potential, led predominantly by challenges related to cross-border sales tax calculations and remittances.

Truly Global Commerce Remains Out-of-Reach for Many Companies



Extent to Which the Following Factors Challenge International Ecommerce

■ Major challenge ■ Moderate challenge ■ Minor challenge ■ No challenge at all



03

Commerce Capabilities Span the Entire Business



03

Commerce Gets Embedded throughout the Customer Journey

Ecommerce is not limited to a website or mobile app. The bulk of organizations now incorporate transaction functionality into the flow of business across sales, service, and marketing touchpoints. Businesses do this by using innovative tools that infuse opportunities to up-sell, cross-sell, and retarget at every stage of the buyer journey.

59% of shoppers say they've completed a transaction on social media — up from 15% in 2021.*

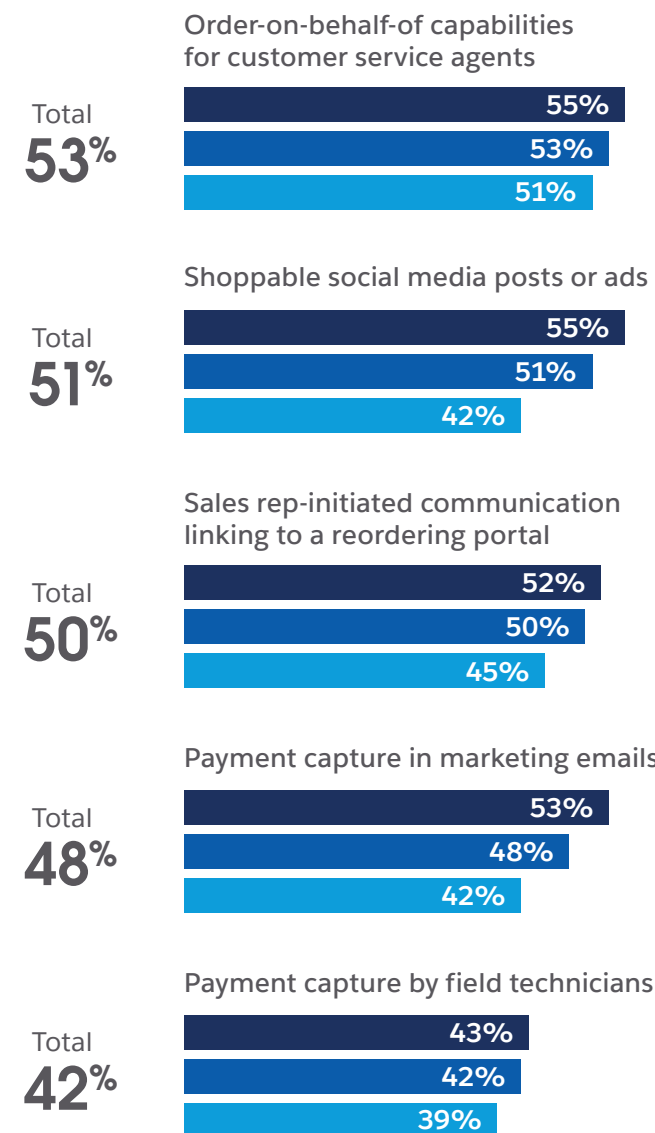
These cross-functional commerce touchpoints, referred together as “embedded commerce,” have a substantial effect on companies’ top lines. Commerce professionals in our survey with such capabilities estimate that 41% of their overall transactions occur through these channels.

*Source: Salesforce Connected Shoppers Report, Fifth Edition, August 2023.

Embedded Commerce Goes Mainstream

Organizations Selling through the Following Channels

■ Digital leaders ■ Digital moderates ■ Digital laggards



41%

average estimated share of transactions through embedded commerce

SPOTLIGHT: Customer Service Joins Commerce to Drive Revenue

Customer service is an increasingly important way for businesses to differentiate their commerce experiences. Companies are turning the service center into a profit center through tactics such as up-selling and cross-selling.

75% of customers have made purchase decisions based on customer service quality.

Embedding commerce within customer service is paying off particularly well among digital leaders – where 38% of respondents view customer service as driving a substantial amount of incremental revenue. This is in contrast to just 19% of digital laggards who say the same.

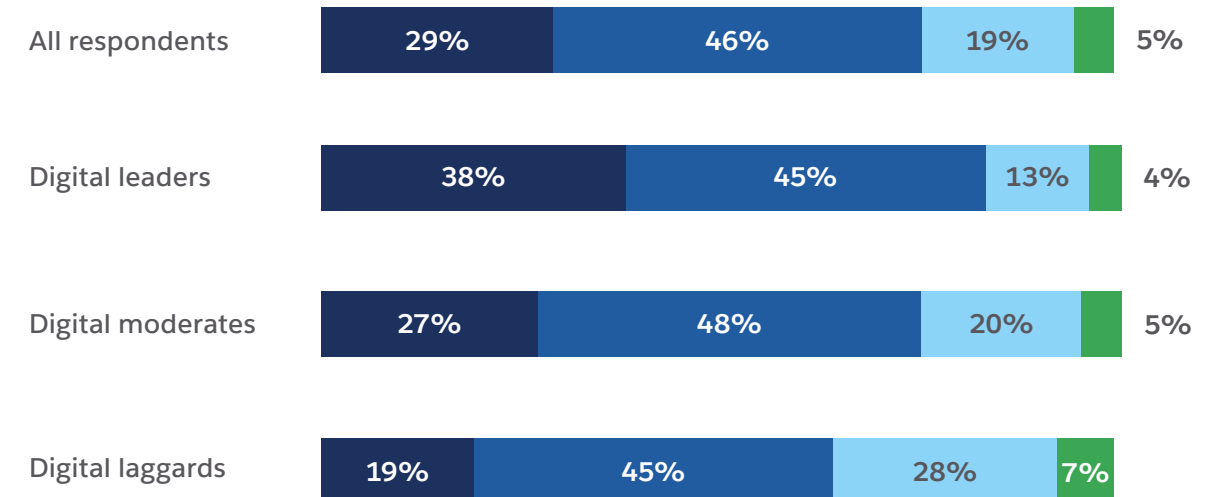
This discrepancy across performance levels is mirrored among service professionals from a related survey. Service teams have varying degrees of access to the sales and ecommerce data that help uncover opportunities for incremental revenue.

*Source: Salesforce State of Service, Fifth Edition, September 2022.

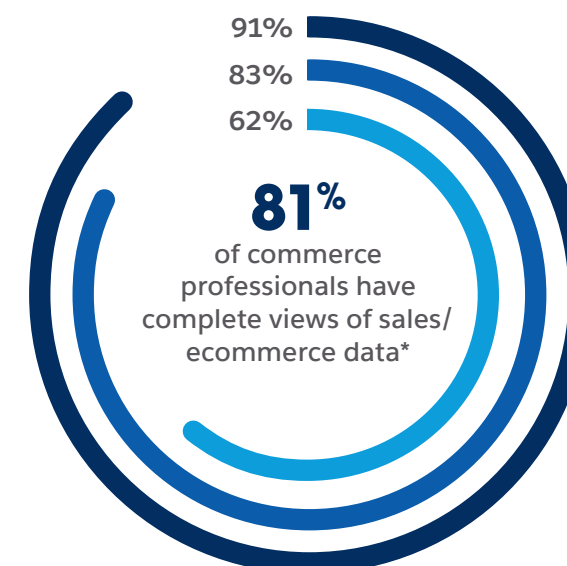
Service-Augmented Commerce Makes a Splash at Top Companies

Extent to Which Customer Service Drives Incremental Revenue

■ Substantial ■ Fair bit ■ Little ■ None



■ Digital leaders ■ Digital moderates ■ Digital laggards



03

Retail Stores Emerge as Fulfillment Centers

A sale doesn't mean anything if the order doesn't get into the customer's hands. And, as has been the case for some time, ecommerce fulfillment is not limited to direct shipping.

More and more, the retail store is being used as a fulfillment center. According to a recent survey of consumers, most (57%) shoppers have elected to buy online and pick-up-in-store (BOPIS), and nearly as many have returned a product they bought online to a store.

Shoppers Blur the Line Between Physical and Digital Commerce

Consumers Who Have Done the Following*



*Source: Salesforce Connected Shoppers Report, Fifth Edition, August 2023.

Businesses Run Into Post-Purchase Obstacles

Customers expect a lot when it comes to the post-purchase experience. Free shipping, simple and/or free returns, and sustainable business practices are all factors that make shoppers more likely to buy from a brand.* Keeping up with these expectations is proving to be a tall order for businesses.

While digital leaders are less likely than laggards to struggle with order routing or inflexible fulfillment technology, respondents across the board struggle with compliance and data privacy. To fulfill with trust, businesses need to keep up with vendor and shipping guidelines, and protect sensitive customer data like delivery addresses. This signals the familiar refrain that data management is a critical ecommerce pain point.

*Source: Salesforce Connected Shoppers Report, Fifth Edition, August 2023.

Compliance and Data Privacy Are Top Order Fulfillment Pain Points

Top Order Fulfillment Challenges
(Based on Rankings of "Major Challenge")

Digital Leaders

- 1 Compliance and data privacy
- 2 Sustainability
- 3 Customer expectations exceed capabilities

Digital Moderates

- 1 Compliance and data privacy
- 2 Sustainability
- 3 Customer expectations exceed capabilities

Digital Laggards

- 1 Compliance and data privacy
- 2 Inefficient order routing
- 3 Inflexible technology



03

Companies Gain Efficiency with AI and Automation for Order Management

In an era in which fulfillment can take many forms across many touchpoints, manual processes for managing inventory, order routing and status monitoring, and returns management quickly become impractical.

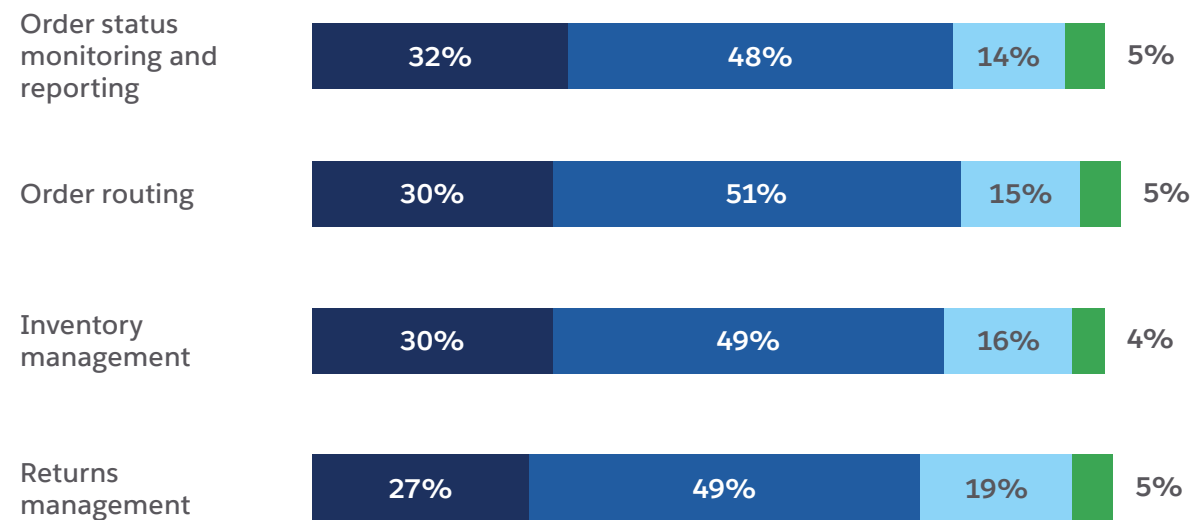
Today, the vast majority of commerce organizations have at least partially automated these processes, with pluralities describing them as completely automated. Order status monitoring and reporting is, by one interpretation, the most automated of these workflows, with the majority of companies putting these tools in the hands of customers.

75% of commerce organizations have self-service order support capabilities.

Commerce Automation Has Reached Critical Mass

Extent to Which the Following Processes Are Automated

■ Completely automated ■ Mostly automated ■ Mostly manual ■ Completely manual



04

Shifting Customer Expectations Drive Constant Evolution



04

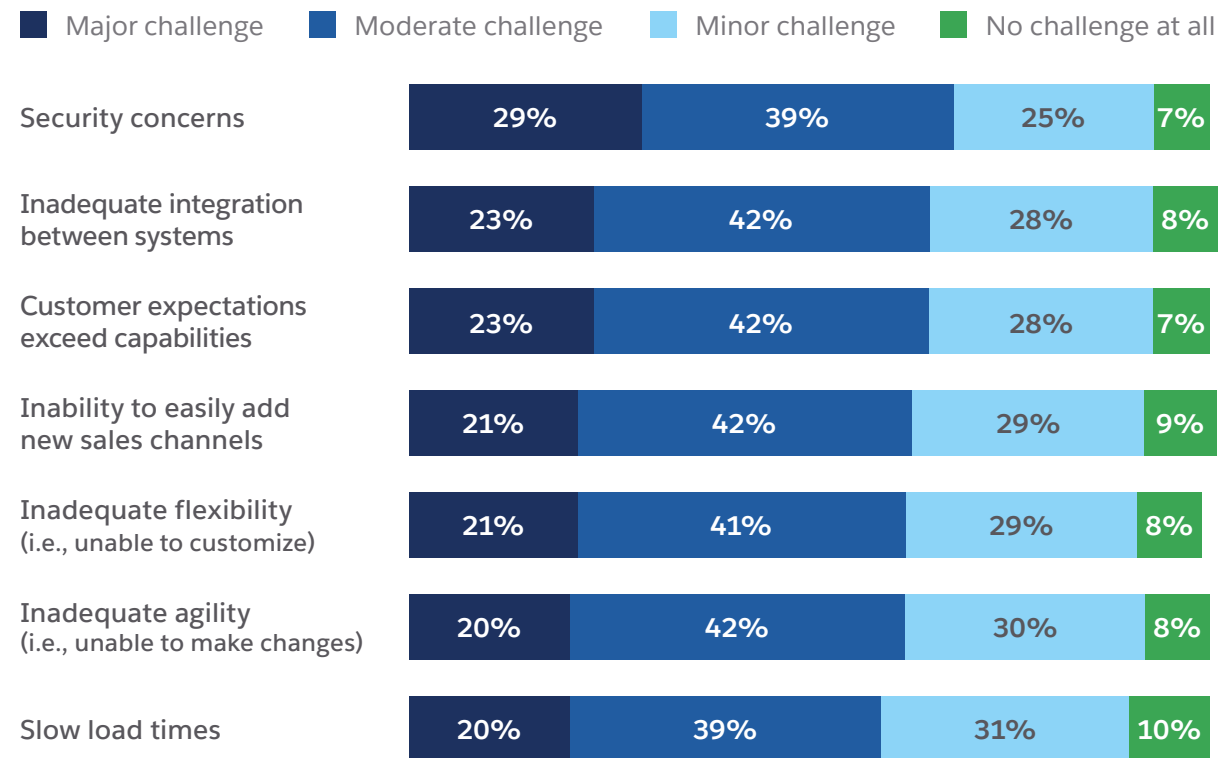
Companies Seek Agility, but Roadblocks Abound

With constantly shifting product offerings, business needs, and customer expectations, agility is a tenet of any high-performing commerce organization. Still, updating the storefront experience is more often a crawl than a sprint. Just 5% of organizations can make changes within minutes, and 63% must wait days or longer.

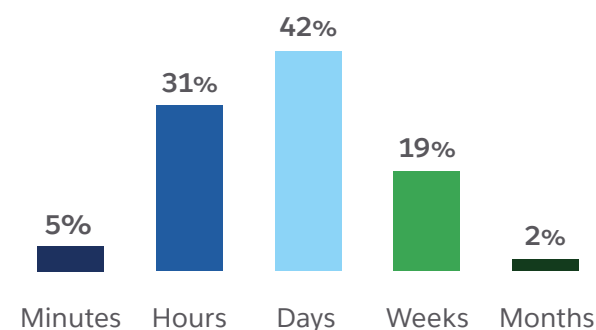
Security concerns remain a barrier. The second biggest challenge is inadequate integration between the myriad systems that fill front- and back-end customer engagement functions – a related study found that 10 systems are used on average.*

Security Tops the List of Factors Hampering Digital Storefront Evolution

Extent to Which the Following Factors Challenge Digital Storefront Maintenance



Time Required to Implement Changes to Digital Storefront



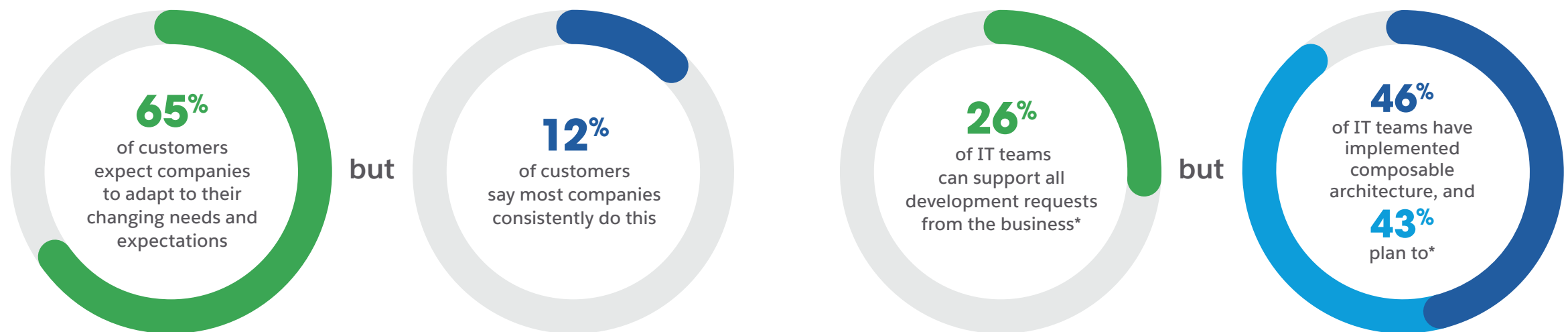
*Source: Salesforce Connected Shoppers Report, Fifth Edition, August 2023.



SPOTLIGHT: Commerce Teams Embrace Composability

The pressure for commerce teams to adapt to changing needs and expectations is only rising, but inflexible architecture and strained IT teams prevent them from doing so. IT teams are increasingly incorporating composable architectures – those in which applications or services are built from modular and reusable components like APIs – as part of their efforts to improve. This growing strategy, in which reusable components are like building blocks for creating new applications, has the potential to ease the ongoing pain points around inflexible digital storefronts, but time will tell if the projected surge in adoption will become reality.

Teams Turn to Composable Architectures for Much-Needed Flexibility



*Source: Salesforce State of IT, Third Edition, July 2023.

Digital Payment Types Enter a New Era

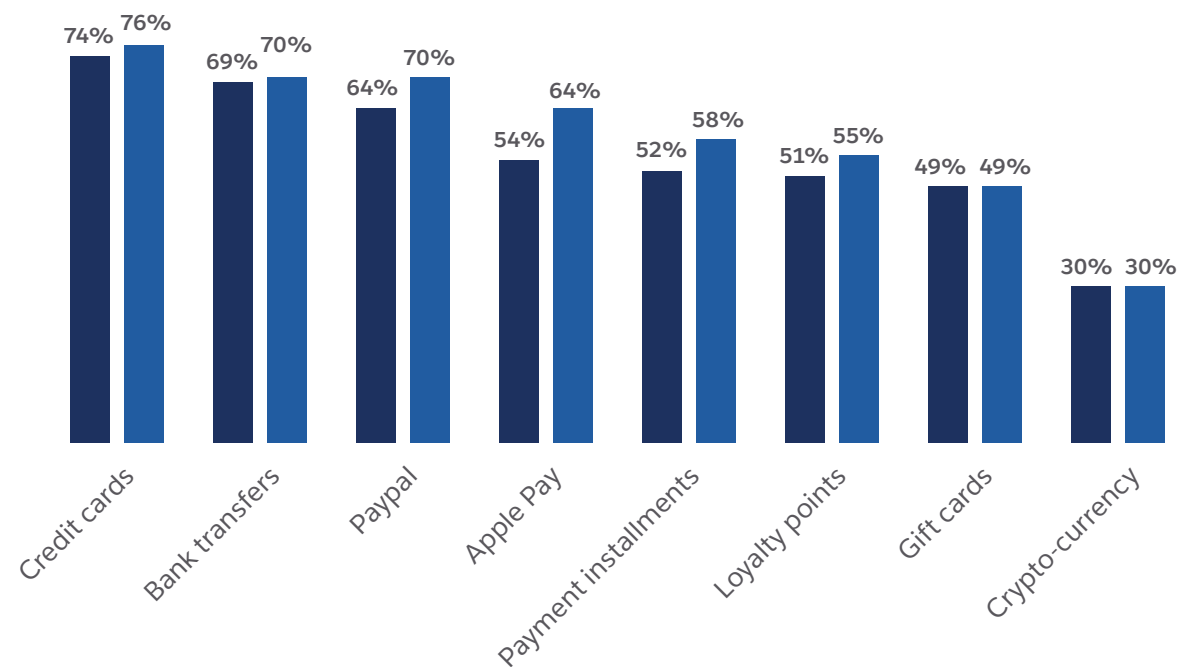
Credit cards remain the default option for most buyers, but digital wallets like Apple Pay, Google Pay, and Amazon Pay are crossing a threshold. Year-over-year transactions using these digital wallets are growing each quarter even as tried-and-true options like gift cards and credit cards see slight downticks in use.

This trend is reflected by the share of commerce organizations accepting the most dominant player in digital wallets – Apple Pay – which ticked up by 10 percentage points since 2022. In contrast, the share of vendors that accept once white-hot cryptocurrency payments has remained flat.

Digital Wallets Are Surging as a Payment of Choice

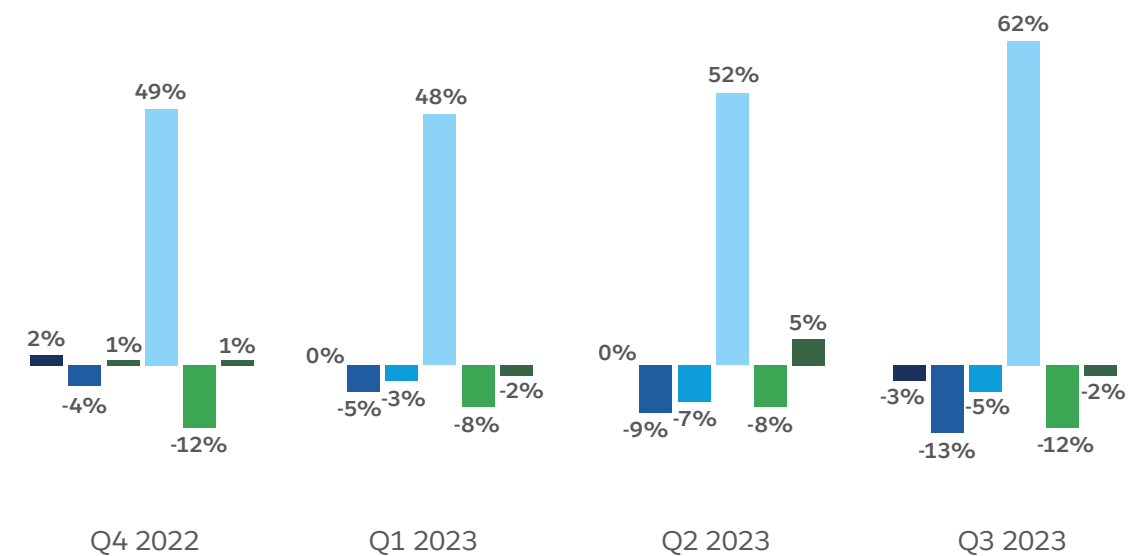
Organizations Accepting the Following Payment Types

■ 2022 ■ 2024



Year-Over-Year Payment Type Transaction Trends

■ Credit cards ■ Paypal ■ Buy Now Pay Later ■ Digital Wallets
■ Cash or Bank Transfer ■ Gift Cards/Loyalty Points



04

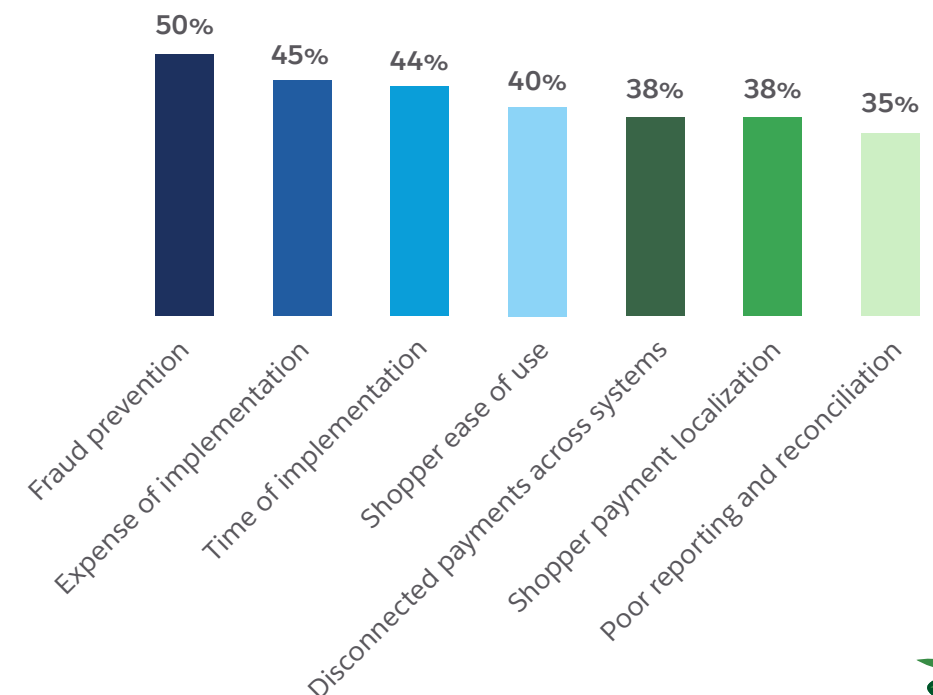
Payment Type Implementation Remains an Uphill Battle

Even as customer preferences for payment types evolve quickly, implementation can be a hurdle. Fewer than two-thirds of organizations can handle commercial purchase orders, for example, and fewer than half can accept foreign currency. Fraud prevention remains the top sticking point for new payment implementation, with expense and time considerations rounding out the top three challenges.

Fraud, Expense, and Time Hold Companies Back from Embracing New Payment Types

Respondents Who Cite the Following Obstacles to New Payment Type Implementation

■ Digital leaders ■ Digital moderates ■ Digital laggards



Survey Demographics



Survey Demographics

Country

Australia	4%
Brazil	7%
Canada	7%
France	7%
Germany	7%
Ireland	4%
Italy	7%
Japan	7%
Netherlands	7%
New Zealand	4%
Portugal	4%
Singapore	7%
Spain	7%
United Kingdom	7%
United States	11%

Company Size

100 to 200 employees	13%
201 to 500 employees	26%
501 to 3,500 employees	38%
3,501 to 10,000 employees	19%
10,001+ employees	4%

Industry

Automotive	11%
Consumer packaged goods	8%
Health and beauty	3%
Healthcare	6%
Insurance/banking	6%
Manufacturing	10%
Media and communications	4%
Medical devices	3%
Restaurants	4%
Retail	16%
Technology	16%
Telecommunications	4%
Travel, transportation, and hospitality	8%
Other	1%

Department

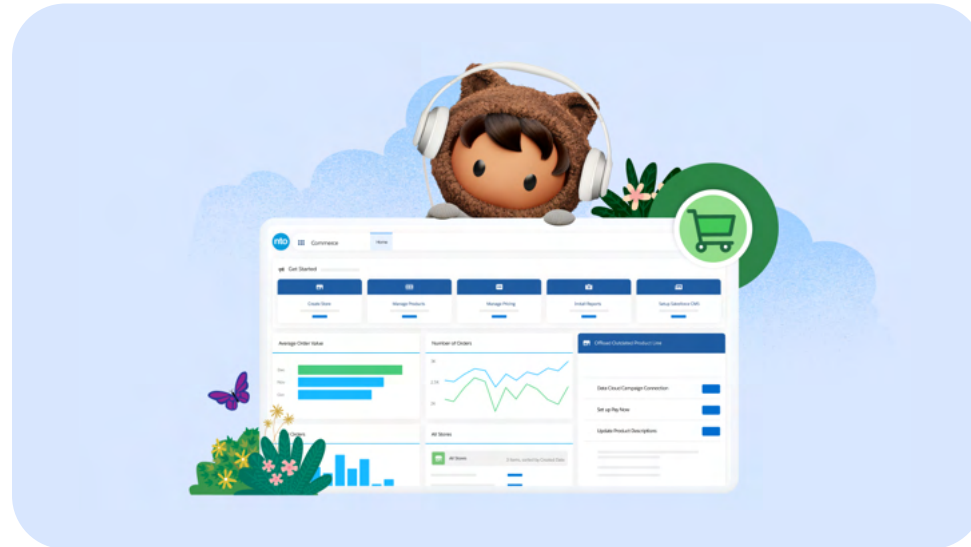
C-level executive	40%
Vice president	30%
Director	31%

Customer Base

B2B	50%
B2C	50%



Want to Learn More?



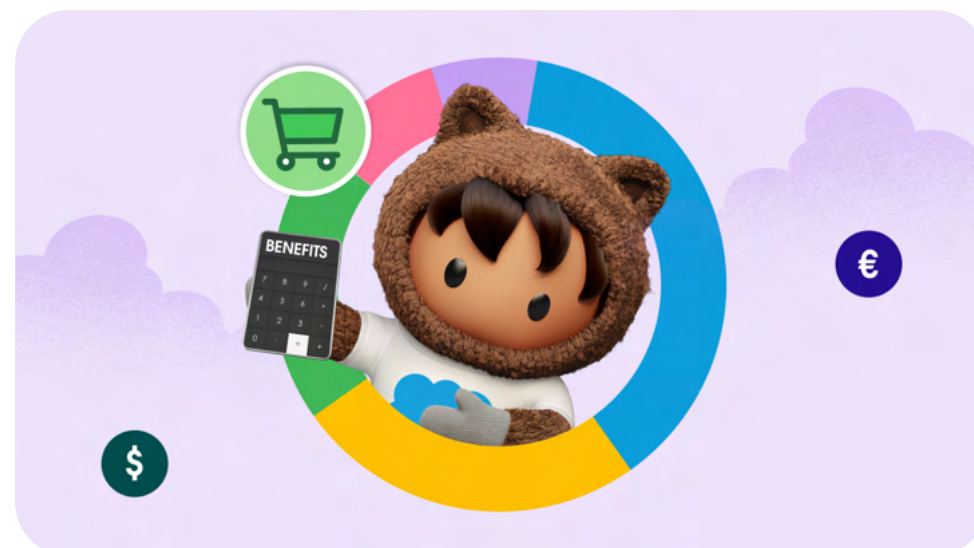
Commerce Cloud Overview

Grow your business with the most complete commerce platform.

[See how](#)

Jumpstart AI-Driven Growth

Learn how to increase revenue in the era of AI.

[Get the guide](#)

Ecommerce Impact Calculator

Calculate potential benefits for B2C and B2B commerce.

[Get the calculator](#)



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