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Next Generation e-Commerce Tools for Retailers



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*P*ROBLEM SCENARIO:

Jane is searching for a particular style of handbag on a retailer's web site. She selects the style of handbag, but instead of being directed to a page featuring the product, she is directed to a general page showing a number of different styles of bag. Frustrated, she stops shopping for the bag on that site. The next time she returns to the search, she selects another retailer's site and the sale is lost.

*P*ROBLEM SOLUTION:

Jane is searching for a particular style of handbag on a retailer's web site. She selects the style of handbag and is directed to a page about that exact product. She purchases the product and several related products from the retail site.

What will the next generation of retail e-Commerce look like? Shopping cart abandonment rates continue to be at high levels, nearly 60 percent, and retailers struggle with keeping customers at the site long enough to make a purchase. Marketing Sherpa.com states that the problem is no longer that consumers can't figure out how to use the internet. Consumers are familiar with online shopping. If consumers abandon the shopping cart it is for good reason, and usually one that is marketing in nature. In internet marketing we talk about the customer experience on the web site, which is what happens when the customer enters and searches the site and attempts to make a purchase. The marketer's goal is to make that process as easy and seamless as possible. There are several leading-edge e-Commerce solutions that can contribute to the retailer's bottom-line. These tools, which will be discussed in the order listed below, are technologies that can make a difference for the retailer.

Next Generation e-Commerce Tools for Retailers

1. Guided Navigation
2. Product and Brand Specific URLs
3. Geographic Load Balancing
4. Rebranded Storefronts
5. Coupons
6. Destination Articles

These tools can keep the customer engaged and on the site for a longer time, increasing the chance of a sale as well as provide up-sell and cross-sell opportunities.

1. Guided Navigation

This first opportunity to improve shopping cart abandonment involves improving the search experience. About forty percent of all online marketing spending is on search marketing, according to Duane Lyons from InfoSys consulting. Target audiences are demanding a unique, customized experience that maximizes their time. Improved search and navigation capabilities are one way to deliver a relevant message to the consumer.

However, much of the spending on search marketing is for external rather than internal search. In contrast, a guided navigation system involves improving the site's internal search capabilities. The retailer builds a category system and the software creates a taxonomy (way of organizing the data) by which all items in inventory are sorted by such characteristics as brand, category and season. A good guided navigation system will require no coding and provide easy to use tools to allow the marketing department to build and maintain the taxonomy. These tools should be flexible so marketers can make their own changes and create their own categories.

Taxonomies that are created by marketers themselves with the customer's needs in mind result in highly usable search results. Shoppers can put in product category information that is relevant to them and will be more likely to act on the search results and less likely to abandon the shopping experience. Dynamically, the system will seek to provide matching product categories and attributes to allow the user to filter or narrow their search. This technology means decreased search time for consumers and greater likelihood customers will find the products they are looking for and consummate a purchase. If a customer is looking for a specific item, such as a pink woman's shoe in size ten and a half, she will be able to find matching items quickly and easily. The items will appear after the first search commands are entered and the consumer will not have to continue searching to find the exact item needed. In the problem scenario at the beginning of the paper above, the transaction is conducted more smoothly when the customer is directed to the exact product that meets her needs rather than continuing to search through lists of irrelevant items. These guided navigation systems typically are graphical interfaces so that users may adjust settings to optimize search capabilities. The better tools are integrated into

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the e-Commerce solution associated with enterprise software products and require no additional license fees or problematic integration points.

The potential for guided navigation in retailing is strong, particularly when joined with keyword optimization. Marketers should analyze keyword groups on their retail sites to discover which keywords customers are looking for that produce no results. The system should provide consumers with hints for spelling to increase search effectiveness so the consumer can zero in on the appropriate category, brand and possibly SKU. Allowing full text searches and incorporating spell check to help the consumer will also contribute to more sales.

2. Product and Brand Specific URI's

Another way to enhance the customer experience through refining internal search is to tie URLs on the retail web site to specific product search inquiries. A recent random search on a retail web site for Prada handbags might result in a URL similar to the following: http://www.amazon.com/s/ref=sr_nr_p_4_1/103-0424144-3257418?ie=UTF8&rh=n%3A1036592%2Cn%3A1036700%2Cn%3A15743631%2Cp%5F4%3APrada.

Using a simplified search process would have resulted in a more targeted and simplified URL, which would be categorized simply by the relevant parameters including category, brand and product name such as follows: <http://retailshopper.com/handbags/Prada>. Including real category and brand names in the URL rather than cryptic keys improves search engine optimization as well as readability and usability by customers. E-Commerce solutions should allow for this simplified URL structure.

3. Geographic Load Balancing

While using the techniques discussed above can keep consumers on the site longer and result in more purchases and lower abandonment rate, another technology, geographic load balancing, assures that the site performs well no matter where the customer is located. In this technology the goal is to host the site in multiple geographically dispersed sites (ex: CA and NY) and route the customer to the fastest-performing site. Hosting the site in multiple geographically dispersed locations provides a new level of redundancy and reliability and provides resilience to natural disasters including earthquake, fire, flood, as well as hardware, software and human data center issues.

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Research indicates that consumers will abandon a site if a page takes more than four seconds to load, so the performance benefits of geographic load balancing has an impact on the retail marketing bottom line. “Online shoppers not only demand quality site performance, they expect it,” said Brad Rinklin, vice president of marketing at Akamai, in a press release. “Four seconds is the new benchmark by which a retail site will be judged, which leaves little room for error for retailers to maintain a loyal online customer base. Site performance becomes even more critical as retailers add more dynamic content and applications to their site.”

A web site that does not perform up to shopper expectations can have both short and long-term consequences. According to Jupiter Research, one-third of shoppers will abandon a site if performance is slow. Seventy-five percent of those who abandon the site are in turn less likely to shop on the web again. Performance becomes increasingly critical during the peak holiday shopping period. Of the top 500 retail sites identified by Internet Retailer, close to half report pages taking more than four seconds to load (http://www.retailwire.com/Discussions/Sngl_Discussion.cfm/11783 accessed 12/11/06).

Essentially, assuring the site won't go down through geographic load balancing, increases the probability of purchase. These sites are seamless to the end user but create a powerful tool for increasing retail internet commerce.

4. Rebranded Store Fronts

Another powerful tool to enhance retail marketing results through search capabilities is related to external searches. Retail marketers can make use of URLs created specifically for different marketing campaigns or different audiences to enhance the customer experience. These experiences are created using specific micro sites and landing pages. (Perkovich and Lyons 2006).

A landing page is a specific URL that is frequently used during a marketing campaign to track responses. A retailer might create a landing page for a particular campaign and direct the customer to www.retailshopper.com/promotion1, for example. That landing page might only exist for the length of time of the promotion. A micro site by contrast is a spe-

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cific URL designed for a particular segment of the business such as www.handbagshopper.com and typically has a longer life.

Whatever the objective, landing pages and micro sites make use of the website to optimize the customer experience and increase revenue. These pages usually drive conversion and leverage the cost efficiencies of internet marketing by making use of every publicly available page of the website to drive home the retailer's message.

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When a consumer is searching externally on the internet, both landing pages and micro sites might develop as a result of the search. Hewlett Packard was able to streamline its marketing efforts not only by using landing pages but by integrating its various marketing campaigns and opt-in email programs. The result directed consumers to about half the landing pages as previously but continued to focus and measure marketing efforts. Technology has been developed at many companies to help in the development of landing pages so that the marketer can create a landing page for a specific campaign and publish it on the web without using resources of the IT department. This type of software means that marketers can be responsive and develop campaigns to meet changing market conditions and are not dependent on the IT department in order to be responsive to the customer.

On the micro site in particular, consumers may be segmented by market need or particular products may be emphasized. Micro sites hold a wealth of promise for retailers because they allow for delivering a customized experience to particular customer segments. Example micro sites for a skateboard retailer include the main site, www.activemailorder.com, which displays a variety of products, but also www.amogirls.com, a site branded for girls. The AMO Girls site emphasizes contemporary fashion and includes a link to myspace, creating a virtual community for girls with similar tastes in fashion. The rebranding occurs because the micro web site has a much narrower focus than the general web site and creates and experience designed for skateboarders with particular interests.

Retailers can learn from other consumer marketers about how to develop creating web sites that reach a particular clientele. However, both landing pages and micro sites can be branded or unbranded. Although usually it is important to reinforce branding, there may

be situations where a retailer wishes to maintain a separate identity and rebranding might be the objective.

For example, Phillips Norelco developed the www.shaveeverywhere.com site to promote its new Bodygroomer product to a younger audience. Using a website URL that does not identify the parent company to particularly target those not using Phillips products currently, the site uses humor to describe the new product. Options to learn about the product and forward the information to a friend are also on the site.

Finally, micro sites are most successful if they can have a clear marketing message and address the need of a particular segment. Creative needs to be strong to bring the customer back to the site but the benefits are great to the marketer. Not only can the site attract a specific segment, but the site provides a way to collect information on that segment for future, targeted, marketing communications. Marketers can find out what customers are clicking on micro sites, how long they are there, what they are downloading, etc. and create dynamic content based on both customer profiles and behavior. The result of using micro sites to create an online environment that are extensions of your brand can be higher conversion rates as customers that would not be attracted to the main site enjoy interacting on the micro site.

5. Dynamic Couponing

In addition to landing pages, micro sites and the other search techniques discussed above, coupons can also enhance the consumer's retail shopping experience, particularly if they are generated dynamically during the search process. Coupon redemption rates are on the rise and can reach as high as twenty percent as more people use search engines to research purchases (about 60% at all price points). Critical placement of coupons at the end of a search stream can make a huge difference. Also, adding coupons to a web page is a good way to track offline conversion rates to ensure marketing budgets are effectively deployed.

Matthew Moog, former President & CEO of QInteractive, which runs the online coupon site coolsavings.com site, states that "The bottom line is that consumer want internet coupons: they are safe, paperless is here today and marketers can confidently spend in this area knowing they will move volume and do so much more strategically than has been possible

before.” The company has 2,300+ stores in the CoolSavings Marketing Network who are participating in online coupon programs. Companies such as Kroger, Ralphs, Giant Eagle and others retailers are participating Coolsavings customers use the power of the internet and customer databases to generate internet coupons, both electronic or printable).

It is true that retailers see electronic coupons as an efficient way to move product volumes. In addition, targeting by zip code level, by gender, age, income, presence of pets, children etc. can be performed dynamically. After redemption, consumers can be surveyed online for category consumption. Unique serial numbers allows coupons to be tracked back at the household and shopper level for further marketing analysis. Another way to track response is to store coupon use as a data field in the e-Commerce customer’s record. Once the customer has responded, the response can be tracked and used in customer analysis and the customer cannot use that same coupon again on the next order. Relationship marketing campaigns are a result of this analysis, allowing the retailer to exploit opportunities for both up sell and cross sell.

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6.Articles, Search Forms

Just as couponing can draw the customer to the site, specific article search can also help enhance the customer experience and increase the value of the site to the customer. Since consumers are doing much of their research online, retailers can add value to their site by incorporating relevant articles along with product results and coupons when the customer searches for a particular item. Amazon.com is well known for providing companion items when customers search on a specific term, using both customer profile information and its extensive database to suggest additional items for cross sell opportunity. However, articles that help the customer make a purchase decision would also enrich the shopping experience. So our customer searching for a specific handbag would receive an article comparing different brands and models, as well as information on related products to increase companion purchases. (http://www.retailwire.com/Discussions/Sngl_Discussion.cfm/8041 accessed 12/10/06).

Conclusion

In the problem scenario above, imagine Jane had been directed to a handbag micro site with a specific URL designed for this particular bag, On this page, Jane also views a consumer

reports article comparing various handbag manufacturers and receives a coupon specifically to be used for the handbag. No doubt Jane's shopping experience would have been enhanced, increasing the probability she would have made a purchase if these next generation e-Commerce tools had been used. In addition, marketers would have been able to track and understand Jane's shopping behavior in order to market to her more effectively in the future. Marketers have a great deal to gain by using the latest in web and search technology to enhance the customer experience.

References

Sherrie Perkovich and Duane Lyons, "Incorporating Micro sites into Your Marketing Efforts," Presentation at Bob Stone Days, November 2006.