

eMerchandising

Enhancing the Online Shopping Experience

Presentation Overview

Part One

What is Online Retailing?

Components of a winning online retail organization:

- Design • Merchandising • Operations

What is Online Merchandising?

• Merchandising is the art and science of how the products, features, and services are displayed, advertised, and promoted.

- Helps create the experience you want your customers to have.
- Creates selling opportunities.

- Product presentation greatly affects how well a product sells

Aspects of Online Merchandising

Get products to jump up and hit shoppers:

- Make an item the focus or feature.

Get products out on their own:

- Position products where they can stand out from the competition.

Practice the art of adjacencies:

- Place one item next to another to generate sparks (sell more of both).

The Internet as Retail Channel

Why is it viable?

- Time-Conscious Consumers
- Quality and Selection of Products
- Warranties and Guarantees
- Credit-Card Companies
- Security of Transactions
- Relationship-Building Tools

Merchandising Drives Revenue

As competition and clutter increases, more attention needs to be focused on in-store marketing, or merchandising.

Many purchasing decisions are made and can be heavily influenced at the point-of-purchase.

The best retailers make merchandising the core of their business:

Merchandising performance is a key driver of retailing success.

The Magic of Merchandising

Merchandising Drives Revenue: Key Tips

- Promotions and featured products appeal to holiday shoppers.
- Effective promotions and merchandising significantly raise holiday revenues.
- Communicate special offers clearly and early in the buying process.
- Place featured items above the fold on the Home page.
- Use brands, categories, and situational merchandising to suggest products.

Merchandising Drives Revenue: Setting Business Goals

Business defines:

- How the product is to be perceived
- Target sales

Merchandising Drives Revenue: Objectives

- Attract new customers (increase conversion rate).
- Increase volume of sale (increase AOV).
- Give customers more chances to buy more often.

Customer is Key: Features of Online Shopping

Online shopping provides customers:

- Limitless Selection
- Price Comparison
- Convenience
- Speed
- Information

Customer is Key: Benefits of Online Shopping

Customers shopping online can:

- Grab and Go (save time)
- Search/Browse (limitless)
- Info-Fuel
- Get/Stay in Touch

Customer is Key: Understanding is Essential

Successful sites compel customers to:

- BUY NOW
- GO to the Store
- CALL to purchase or for more information

To achieve these desired actions, it's imperative to know your customer

Part Two

Customer is Key: Impacting AOV

Better product presentation online would increase purchases. -- say 35 % of online buyers

In response to prevailing customer preferences, de facto design standards are beginning to emerge among e-tail sites

Develop a Customer-Centric POV

Think like a customer:

- What's Appropriate : The Dialing Dilemma
- Quality Assurance

Customer is Key: Use Customer-Friendly Technology

Music Industry Profile: What Customers Want.

- Design Efficiency
- Search
- Sampling/Downloads/Demos
- Shopping Cart
- Product Reviews
- Value-Added Content
- Help Desk
- First-Time Visitors Welcome
- Reviews & Recommendations
- Cross-Selling
- Product Shots
- Track Listing

Customer is Key: The Physical Experience

Customers prefer to physically experience the products cited before buying them. Some products, like clothes and homes, are better suited for interactive presentation than other items, like books or travel. -- Stacey Herron, Jupiter Analyst

Customer is Key: The Mechanics of Online Shopping

There are certain physical and anatomical abilities, tendencies, limitations, and needs common to all people. The online environment must be tailored to meet these characteristics.

Customer is Key: The Dynamics of Online Shopping

See Me. Feel Me. Touch Me. Buy Me.

Customer is Key: The Demographics of Shopping

Case Study: Women:

- no longer think that a shopping trip is "the great escape."
- feel that shopping is still a social activity.
- demand more from their shopping environments than men.

Case Study: Men:

- don't like asking where things are.
- take no apparent joy in the process of finding items.
- are more easily "upgraded" than women shoppers.

Customer is Key: Geography

Geomarketing is a phenomenon geared to the increasing diversity in tastes and preferences. Retailers are attempting to develop offers that appeal to consumers in different parts of the country. Online, the focus is on other factors such as age, income, education, and lifestyle.

Customer is Key: Psychographics

In life, people are motivated by many different things. Certain attitudes and beliefs can be grouped together to develop key profiles of individuals who think and behave similarly.

Customer is Key: Price Promotions

Merchandising must place:

- greater emphasis on developing the appropriate image to match consumers' lifestyle.
- less emphasis on price promotions.

Customer is Key: Product Characteristics

Some products are difficult to sell online (i.e. gas, food). Others are easier due to:

- Convenience • Shipping Costs • High Value • Profitability • Suitability

Design Strategies: Principles of Effective Web Design

Fundamentally, Web sites must:

- be visually appealing.
- let users figure out where they're going, then get there logically.

Basics of Effective Web Design

- Simple • Easy to Read • Line Lengths Short • Paragraphs Short • Sub-Heads
- Load Fast • Communicate • Accommodate • Organize Your Web Site:
- Sections or departments. • Site Map

Design Strategies

Employ Online Business Strategies

- Good design is good business

Strategic Values of Effective Web Design:

- Branding
- Merchandising [The Competitive Edge]
- Audience. Community
- Information. Impact. News

Tactical Values of Effective Web Design:

- Content • Design • Production • Utility

Online Merchandising Tools: Content

Remind customers of brands and stimulate sales:

- Text • Graphics • Product Photos • Product Information.

Signage: Location • Concise • Single-Minded • Communication Overload

Online Merchandising Tools: Functionality

- Rich Media • Demonstrations • Interactivity: Sign Up, Loyalty Programs
 - Functionality: Product Updating • Ability to Purchase • Customer Service
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Online Merchandising Tools: Content + Functionality

The tools that merchandising uses to enhance the shopping experience and stimulate sales

- Content • Functionality
- example: Tulipworld.com

Online Merchandising Techniques:

Repetition

- Attention • Interest • Desire • Action

You need to repeat your offers to your prospects over and over again if you hope to get their Attention, their Interest, their Desire and finally, their Action.

The Landing Strip

Make use of the home page:

- The real world rule about the need for a transitional zone just inside the entrance applies online.
- Once shoppers arrive at a site, they need a little time and space to orient themselves before being overwhelmed with information/choices.

Content Organization

Organize Web pages:

- Consistent • Simple • Logical • Inspires Trust/Comfort

Lifestyle Branding

Photographs of people using products is a powerful persuasion tool.

- It's a smooth way to move from product selling to product merchandising online.
- A good lifestyle image can incorporate several products.

Product Presentation

Product presentation considerations:

- How should the products be introduced to the customer?
- How should products be displayed within the "display environment"?

Product Positioning

Product positioning considerations:

- What products should be suggested to the customer?
- When should the products be introduced to the customer?

Product Interaction

Make the customer experience interactive as often as possible.

Keeps shoppers involved/engaged. It's informative/impactful. Adds value.

Product Locators

- Product Classification Scheme/Search Mechanism
- Product Categorization
- Visual Catalog
- Parametric Comparison
- Table of Contents /Site Maps
- MetaTags
- Online Merchandising Techniques: Product Locators

Product Segregation

Creating sections with related products simplifies signage and makes it easy to display information materials within the section.

Additionally, your shoppers are able to find the specific product group they need in one convenient place.

Product Integration

An alternative merchandising strategy integrates products with other complementary products. It encourages customers to shop the area they are interested in, while using the power of suggestion to offer other products they may need or want as well.

This strategy can increase AOV.

Problem-Solving

Matching the right products to the customer's need—increases the chance of closing the sale and bolstering volume. Successful matching requires linking product uses to needs.

Accessorisation

Some sites focus on providing all items needed for specific uses, problems or applications.

The retailer can place the product in a situation that raises the appeal.

Cross-Selling

Cross-selling offers a complementary product to be purchased at the same time to expand the range of problems solved.

Up-Selling

Up-selling offers more capable (and more costly) versions of a product.

Product Bundling

Instead of just selling products, it's better to sell complete solutions.

With Product bundling, items can be sold together at a more attractive price.

Customer Relationship Tools

Customer relationship data helps shape merchandising strategies:

Customer Preferences • Demographics • Past Purchases • Contracts

Accumulate preferences and purchase history on an ongoing basis in a customer profile—and ensure that this data can be linked with product detail for subsequent promotions

Personalization

Personalization of the customer experience creates loyalty.

- “My Account”
- Reward Loyalty (i.e. Frequent Buyer Programs)
- Targeted E-Mail

Customization

Meeting customer-specific requirements cements relationships.

Dynamic Imaging • Real-Time Pricing • Time-Based Pricing

Special Offers

Special offers provide repetitive value:

- Members' "Deal" Area
- Promotional Pricing

Promotions

Shoppers are looking for value. Promote to keep the product category top-of-mind:

- Demonstrations
- In-Store Promotions
- Advertising
- Category Discount Pricing
- Banner Ads

Techniques: Targeting

By selecting the most appropriate products, promotions can be targeted to the right customers, at the right time.

For perfect targeting, the retailer has complete information on the specific shopper, including past purchases (at other stores), known needs, and (profile projected) unarticulated desires.

Customer Service

Get shoppers and build sales:

An educated sales staff to answer customer concerns is essential. They understand the products and, more importantly, the value of the products; they can tell consumers why a product is good, or compared to another, why it's better.

Consumer Education

Offer your shoppers the information they need to be better informed.

Have plenty of point-of-purchase information available to shoppers on the Web site.

Affiliate Programs

Referral, associate, or partnership programs offer a way to put Web site traffic to use so that it generates income.

The best affiliate programs provide online tracking; you can see how many sales have been generated and keep an eye on commissions.

Online Merchandising Assessment Checklist

1. **Repetition**
Are you repeating offers to your prospects over and over again to get their Attention, their Interest, their Desire, and finally, their Action?
2. **Landing Strip**
Are you using the Home Page to greet customers, remind them where they are, and starting the seduction?
3. **Content Presentation**
Have you established a simple and consistent format for the pages of your Web site? A style and tone for content presentation?
4. **Lifestyle Branding**
Are there opportunities to use photographs of people using products, or images that incorporate several products to create a sense of product enjoyment?
5. **Product Presentation**
How should the products be introduced to the customer and how should the products be displayed within the "display environment"?
6. **Product Positioning**
What products should be suggested to the customer? When should the products be introduced to the customer?
7. **Product Interaction**
Do customers have a reason to shop online? Do we offer value beyond the in-store experience?
8. **Product Locators**
Can buyers search and find products they need using a search mechanism? Are products classified so buyers can locate them easily?
9. **Product Segregation/Collections**
Are there opportunities to group several products into a collection that can be used together to create a complete solution to the customer's needs?
10. **Product Integration**
Are there opportunities to display products with other companion products offering suggestions of how and where to use or apply a specific product?
11. **Problem-Solving**
Are you implementing techniques to match the right products to the customer's needs?
12. **Accessorisation**
Can the product be placed in a situation that raises the appeal?
13. **Cross-selling**
Can you offer a complementary product to be purchased at the same time?
14. **Up-selling**
Can you offer a more capable (and more costly) version of a product?
15. **Product Bundling**
Can you offer the customer an incentive to buy more by presenting complete solutions?
16. **Customer Relationship Tools**
Are you recording customer relationship data, such as product preferences, past purchases, and demographics in data attributes?
17. **Personalization**
Are there features that drive repeat business and create loyalty, including "my account" and frequent buyer programs?
18. **Customization**
Can you meet a customer-specific requirement?
19. **Special Offers**
Is promotional pricing being used to provide repetitive value to members?
20. **Promotions**
Is the product being promoted to keep the category top-of-mind?
21. **Targeting**
Is there an ability to select appropriate products, promoting the right products to the right customers, at the right time??
22. **Customer Service**
Are you answering customer concerns and helping customers understand the value of the products?
23. **Consumer Education**
Is there point-of-purchase information available to shoppers on the Web site?
24. **Affiliate Programs**
Are there any partnership programs in place?