

SEARCHANDISING & RECOMMENDATION



November 2011

an internet retailing special report

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Personalization Anywhere, AnytimeSM

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Editors' comment

Welcome to the latest in our regular series of *Internet Retailing* supplements, where this month our focus is on searchandising and recommendation. It's a subject we last looked at in depth in 2010, when key ideas in this area were still novel to many retailers.

Fast forward a year and things have changed. Issues around how customers look for products and the ways in which retailers can leverage an appreciation of this process – or processes, we search for different items at different times in different ways – are now central to cross-channel retailing.

This reflects a wider shift in our culture that began with the rise of Google. Where before online search had too often been an irritation, a tale of search engines that returned lists of categories rather than genuinely useful results, Google made search intuitive. Search and research were on their way to becoming synonymous.

Then came the iPhone, the device that propelled the smartphone, previously the preserve of geeky business types, into the mainstream. Today, we increasingly hunt out information online while we're on the move. Location-specific searchandising techniques are developing to reflect this.

Likewise, social media has become increasingly important. New consumer behaviours, such as sharing information about possible purchases with friends via Facebook, are already having an impact on how retailers use searchandising and recommendation techniques.

Clearly, it's no longer enough for retailers simply to have an appreciation of what consumers are doing. Rather, they need to be formulating strategies and implementing methods to deal with these new and evolving patterns of behaviour.

That's where we hope this supplement will help. As ever, the format is to look at six key areas that retailers need to consider as they look at the issues here: web interface, merchandising, cross-channel experience, strategy, logistics and systems, and customer engagement.

In our web interface section (p10), we look at how good design and searchandising techniques can be utilised together to help customers find the 'perfect' item. In so far as such an item exists at all, because unless customers are experts or know exactly what they're looking for, often retailers need to design to help customers find an item they're *comfortable* with buying.

In this feature, we also look at increased personalisation in searchandising as retailers learn to make the most of information gathered not just via websites, but through smartphones and even at the till in bricks-and-mortar stores.

Our merchandising feature (p14) considers how merchants are learning from what works online to improve the way their stores operate. Promotions and offers can be just as targeted in a store as they can through a website, as writer Penelope Ody demonstrates in this piece.

Then, in our cross-channel section (p18) we take a look what traders need to do to present products consistently, no matter which channel shoppers use to access the brand. Penelope Ody also asks whether this is really what consumers want – or if they are looking for something subtly different at each stage. Certainly, it seems, customer behaviour varies depending on the channel, and smart retailers are reflecting that in their approaches to cross-channel selling.

Our logistics and systems feature (p22) comes to terms with the mountain of data that retailers need to make their searchandising and recommendation systems work effectively. It may seem daunting, but it's important because, argues Michael Ross of eCommera, the ability to deal with the data effectively is what will set apart the most successful retailers of the future.

In our strategy section (p26) we consider how best practice can help customers narrow down their options when looking for an item in an era when websites commonly now offer many thousands of products. We ask how recommendations can work intelligently to point visitors straight to the items they are looking for?

Finally, our customer engagement section (p30) considers how merchants can inspire and entertain consumers as they engage with them through their websites. Helpful suggestions are as much a part of this mix as video – find out how it all works together in Alison Clements' feature.

We hope you find this supplement useful. If you have comments, questions or suggestions for future supplements, do contact us. We can be reached at chloe@internetretailing.net or jonathan@internetretailing.net

INTRODUCING OUR SUPPLEMENT EDITORS

Chloe Rigby has been writing about business issues for the last nine years. A former business editor of the *Bristol Evening Post*, she has written for a wide variety of online and offline publications. chloe@internetretailing.net

Jonathan Wright earned his e-stripes on the UK launch of *Business 2.0*, which rode the crest of the dot.com wave back at the turn of the millennium. Since then he's been writing about subjects from entertainment to alternative investment for a variety of print and online audiences. jonathan@internetretailing.net





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Editor: Emma Herrod Tel: 07801 282729
E-mail: press@internetretailing.net
Editor-in-chief: Ian Jindal
Design: Alex Goldwater
Production Manager: Tania King
Web Editor: Chloe Rigby
E-mail: chloe@internetretailing.net
Publishing Director: Chris Cooke
Account Director: Rob Prevett
Tel: 020 7933 8999
Fax: 020 7933 8998
E-mail: robp@stjohnpatrick.com

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**IT'S EASY TO GATHER DATA.
BUT HOW SHOULD
COMPANIES BEST COLLATE,
CROSS-REFERENCE AND
USE INFORMATION
GATHERED THROUGH
DIFFERENT CHANNELS?**



AVAIL INTELLIGENCE

It is true that in the world of ecommerce, customer *data* is abundant. But rich information – data that has been cleaned, structured and presented in a context so as to make it actionable and the *insights* that would come from this – is still something that many online merchandisers are missing.

In fact, the huge amount of data is part of what is causing the lack of information. Merchandisers have simply become so occupied with managing the constant flow of data, that they don't have the time to analyse it. The merger of the online and offline retail worlds, and the addition of new channels such as mobile and tablet commerce, will just make this problem worse. Retail is drowning in data.

So, what is the solution? Is it just a matter of more people, do we need better tools or an entirely new approach?

Let's start by ruling out throwing more people at the problem. Skilled data analysts are hard to find and expensive to keep, at a time when margins are thinning in many retail verticals.

Could better tools help? Definitely. Many online analytics suites started their lives as tools to track visitors to a content website, not a retail outlet. They are too focused on page impressions, instead of customers, retail trends, and sales. Many (offline) retail analytics packages, on the other hand, have yet to embrace the opportunities of the real-time trading environment in online commerce.

What retailers do need more of are merchandising analytics – tools that, simply put, help answer the question, "What should I offer each customer right now in order to drive profitable sales?" These tools need to be able to accept data from across channels, so as to create a unified, in-depth profile of each customer regardless of which channel(s) they use. They also need to be able to analyse relationships between different products, and between products and their prices, to identify which offers to direct to which customers, given all that is known about them.

But the final answer may lie somewhere completely different.

Even when better tools are available, who would have the time to analyse and act on all that information now available on a per-customer basis while it still fresh? The core problem is that we are, after all, only human. We are very quick at understanding other humans, but we are very slow at processing data, compared to computers. By the time you have the data, have collated it and drawn the appropriate conclusions, the largest opportunity has already passed. The customers included in the data set didn't wait around for you to look at the analytics dashboard. They made their choices and moved on, perhaps to a competitor!

In a way, our current approach to analytics resembles a retail store chain manager trying to run every outlet himself. Obviously, he would be better off hiring assistants, instructing them on what their goal is, and supervising their work.

In the new digital world, the sales assistants can be replaced by software – smart programmes that can follow customers around and present them with relevant offers – but the store manager cannot. By taking a step back and letting his assistants do what they do best, the store manager can spend his time smarter, solving systemic problems such as mispricing or overstock, and designing the retail experience.

In other words, merchandisers need tools that not only collect information, but also act on it according to their instructions, and report back what is working and what isn't. Their reporting should be focused on identifying problems in the current merchandising strategy.

Handing over selling in your store to computer software may conjure up images of HAL 9000 or Skynet, slowly taking control and outmanoeuvring its human masters. More appropriate images may be aeroplane autopilot systems or car traction control systems. Humans remain in control, empowered by computers. A brave new world, indeed.

www.avail.net



Never before has the information we gather about our business been more important. In this digital age traditional barriers to markets such as location and physical presence have been removed, meaning just about anyone can compete for a slice of your revenue cake.

Fiercer competition means businesses need to take advantage of all their assets in order to succeed, or even to survive.

In this digital world, the crown jewels of many businesses reside in the data on which decisions are made. But what is the data that we have or can gather?

WHO

Are our customers? Is visiting our online stores? Are we successfully marketing to? Is buying which products?

WHAT

Are our visitors looking for? Are they buying? Offers are successful?

HOW

Are our products being found? Are visitors arriving at our site? Do customers find out about us? Do customers feel about us?

WHY

Do customers buy from us? Do customers leave? Do these products do well?

WHERE

Do customers buy from us? Do customers go to when they leave?

WHEN

Do customers buy? Are customers receptive to offers?

These are just some examples of the vast array of information that should be available to businesses today. If we are able to gather this

information then we have a veritable goldmine of information, but how can we turn this into “business intelligence”, and what should we do with this intelligence?

Many software tools will allow businesses to analyse this data to a greater or lesser extent. However, the real challenge here is to bring together all of the ‘who, what, how, etc.’ data together. This is where behavioural data (searches made, products viewed, etc), combined with traditional commerce data (product sales, user data, etc), becomes invaluable. However, combining vast amounts of behavioural data with commerce data in most tools will prove impractical in terms of execution time.

Specialised tools are available that will allow this data to be combined ‘at source’, allowing far more questions to be answered, such as:

- How and who should I market these new products to?
- What are the searches that lead customers to buy this type of product?
- What is the revenue ‘sweet spot’ in terms of product types and who buys these products?
- Where should I focus new product development to maximise profit?

Some of these tools will also allow businesses automatically to present products and other content to users across any channel based on what is most likely to result in benefit to the business, such as a sale.

To summarise, businesses can glean valuable intelligence by combining commerce data with behavioural data, but this is not always easy to do. Specialist behavioural systems can enable this and allow business managers to really capitalise on their data to maximise revenues.

Robin Aitken is an eBusiness Consultant with Apptus Technologies, a leading vendor of behavioural personalisation tools, www.apptus.se



All e-tailers store vast amounts of data, but how can companies use this information to provide the best user experience? One valuable resource is to look at site search data across your retail, mobile and social media sites.

Pay attention to the top searches, search terms with no results and search terms with poor results. Use your top searches to optimise those terms for SEO. The terms visitors use on your site are the terms they also use in search engines. When a popular term returns a no results page, show similar products to keep them on your site – some retailers even start to offer those items. For terms with poor results create synonyms. For example, if you don’t sell iPods but you offer mp3s, create a synonym for those words to deliver more relevant results.

E-retailers use multiple channels such as mobile and social media to help visitors find products. You can gain insight to your visitor behaviour through these other channels the same way you do using site search data from your regular retail site.

Recently, a prestigious fashion retailer gave their Facebook followers a preview of their spring line with the ability to search within these products. This retailer can now analyse what visitors search for on Facebook and when they offer those products on their regular retail site can optimise the search results. Also your mobile site and regular retail site should have consistent user experiences. On your mobile site, place the most relevant products at the top of the results so visitors won’t scroll pages of products on a small screen.

The trick is to look at your reports, understand visitor behaviour across all channels, adjust search results on all channels to provide the most relevant results, and continuously improve. SLI Systems provides cross-channel site search that learns from user behaviour. Now you can return the most relevant results with minimal work.

www.sli-systems.com



GRAVITY

Rock solid recommendations

The key factor with a good recommendation system is that it should be like a good merchant in your favourite bricks-and-mortar store.

■ He knows you. He knows your habits, style and taste and recommends you products based on your shopping history and selections.

■ He knows the product he is selling – all features, variations, sizes, colours, etc.

■ He is a good judge of character. He knows what people with similar taste would choose.

■ He knows the trends. He knows what's hot and he's also aware of the changes in your taste.

■ He is a good salesman. He knows which products to push, he upsells and cross-sells.

■ He's very fast. He can come up with recommendations in real time, on the spot.

■ He reports to his manager. He presents sales and other KPI reports.

The attributes above represent the features of a good recommendation system.

More specifically, each line of the above list represents information that is essential in order to make efficient recommendations. This is important: the more data sources we

use to gather data and the more data is fed to the algorithm, the better the recommendation results will be. The 80-20 rule applies for this too: most of the improvements will come from only 20 per cent of the data, but if we are after the best achievable results we should channel in everything that's available.

Besides collecting data two more things are needed to offer the best possible recommendations to visitors: a set of best-in-class algorithms and the custom context of this data in relation to a business.

Gravity is proven to apply best-in-class algorithms as Gravity's team achieved the best overall score on the prestigious data-mining competition, the Netflix Prize.

It's also important that algorithms fit the business model and KPIs. Accordingly, we at Gravity take a lot of attention on customising the algorithm for each and every client.

At Gravity, we envision that all companies with a digital presence will soon apply recommendations following a simple rule: they focus on enhancing user experience on the site and recommendations make life easier for all visitors – this results in customers using less time and effort in order to find what they're after and the easier discovery of content.

www.gravityrd.com



CERTONA

Personalization Anywhere, Anytime™

Like anything in life, what you get out depends on what you put in. And gathering data to provide a personalised brand and shopping experience for consumers is no different.

The first step requires defining the breadth and depth of each customer – meaning the common identification of visitors by channel (web, mobile, call centre, store, etc) and how they interact with each. This provides retailers with a unified representation of the data and allows them better to target their consumer base. Next, incorporate the product catalogue and respective SKUs by channel to further cross-reference your consumer profiles and then, prime the data with historical purchase history where applicable.

After your data foundation is built, maintain your process of collecting more consumer insight and determine where other attributes can be included, such as variables for navigation (time of day, geo-location) and catalogue (brand, size, colour, price).

Because consumer preferences are constantly evolving, the fresher the data the more relevant it is for making personalised product and content recommendations. How a consumer behaves while shopping on a retailer's site is the most accurate indicator of

their intent. Whether derived from a mobile app, email, in-store kiosk or website, it is important to recognise consumer preferences as they are revealed during the current shopping session before making suggestions.

Once a profile has been built on a consumer's behaviour patterns and preferences, retailers can compare it to their current movement through the site to distinguish what's different about their current behaviour from the previous shopping session. Combining business rules further enables merchandisers to harness the power of real-time behavioural profiling while maintaining control in defining their recommendation strategies.

Personalisation is about allowing consumers to interact with an experience on their terms and to discover choices in the way that they think, not how a retailer wants them to think. By leveraging real-time cross-channel behaviour, individualised historical profiling and dynamic merchandising, retailers should have the tools and data necessary effectively to engage with their consumers and deliver that optimal experience.

www.certona.com



AVAIL INTELLIGENCE

HAVING SET AN AMBITIOUS GROWTH TARGET IN THE FACE OF GROWING COMPETITION, GOLF RETAILER DIRECT GOLF UK PARTNERED WITH MERCHANDISING EXPERT AVAIL INTELLIGENCE TO CREATE A MORE RELEVANT CUSTOMER EXPERIENCE AND BOOST SALES



EXECUTIVE SUMMARY

Client: *Direct Golf UK
a multi-channel golf retailer*

Business Challenge: *create a more relevant shopping experience that turned the strong growth in traffic into sales and loyal customers*

Solution & Results

■ *Implemented behavioral merchandising*

■ *Average basket size grew £10*

Other benefits: *higher conversion rate and employee productivity*

**THE GOLF PROS**

One of the largest specialist retailers in the UK and Europe; Direct Golf UK was founded in 1991 by PGA Class A Professional, John Andrew. Combining great prices and excellent customer service, Direct Golf UK quickly won a reputation for outstanding value.

Today, the company has more than 190 employees and an annual turnover of more than £25 million. With an expanding network of UK retail stores, international ecommerce operations and a mail order catalogue sometimes referred to as “the bible of golf gear”, Direct Golf UK is now a modern multichannel retailer.

THE CHALLENGE

“Our goal is to be the number one golf retailer in the UK,” says Mark Moore, Web Sales & Development Executive at Direct Golf UK. “With two of our largest competitors recently merging, providing an outstanding customer experience is imperative in order for us to reach that goal.” Experiencing strong growth in website traffic, Direct Golf UK wanted to make sure it had the right tools to turn those visitors into profitable and loyal customers.

With his background from several other online retailers, Mark Moore knew that personalised merchandising was a key component in achieving that goal. “We wanted to build a more relevant shopping experience for customers. And there’s no better recommendation than that of a peer – someone who shops like you.”

THE SOLUTION

After a due diligence process, which included the leading recommendation and search engine providers, Direct Golf UK chose to work with Avail Intelligence, one of the UK’s largest providers of online merchandising solutions.

“Avail offers something really unique – a platform which we can use to power dynamic merchandising throughout our site, on product pages, category pages, search, landing pages and more,” says Neil Bell, Managing Director of Direct Golf UK.

After a swift implementation process, Direct Golf UK launched personalised product recommendations on their product pages. The solution also includes custom support for golf-specific merchandising challenges, such

as left-handed golfers: someone interested in left-handed golf equipment is only recommended other equipment also suitable for left-handed use. “Our team worked closely with Avail’s client services team. Any issues we came across were solved quickly – we’re really satisfied.”

THE RESULTS

Despite launching the personalised recommendations in only one part of the site, the impact on Direct Golf UK’s key performance indicators is already clear.

“We’re very pleased with the results we’ve seen so far. Average order value jumped by £10, and the conversion rate also increased.

“Whilst there are other factors that have contributed to this, personalised recommendations have had a significant impact,” says Mark Moore. Another benefit is that the Avail solution has also made the merchandising team more effective. “The solution is really easy to use – creating different templates is simple, as is testing to improve the recommendations served. You don’t have to touch it, if you don’t want to.”

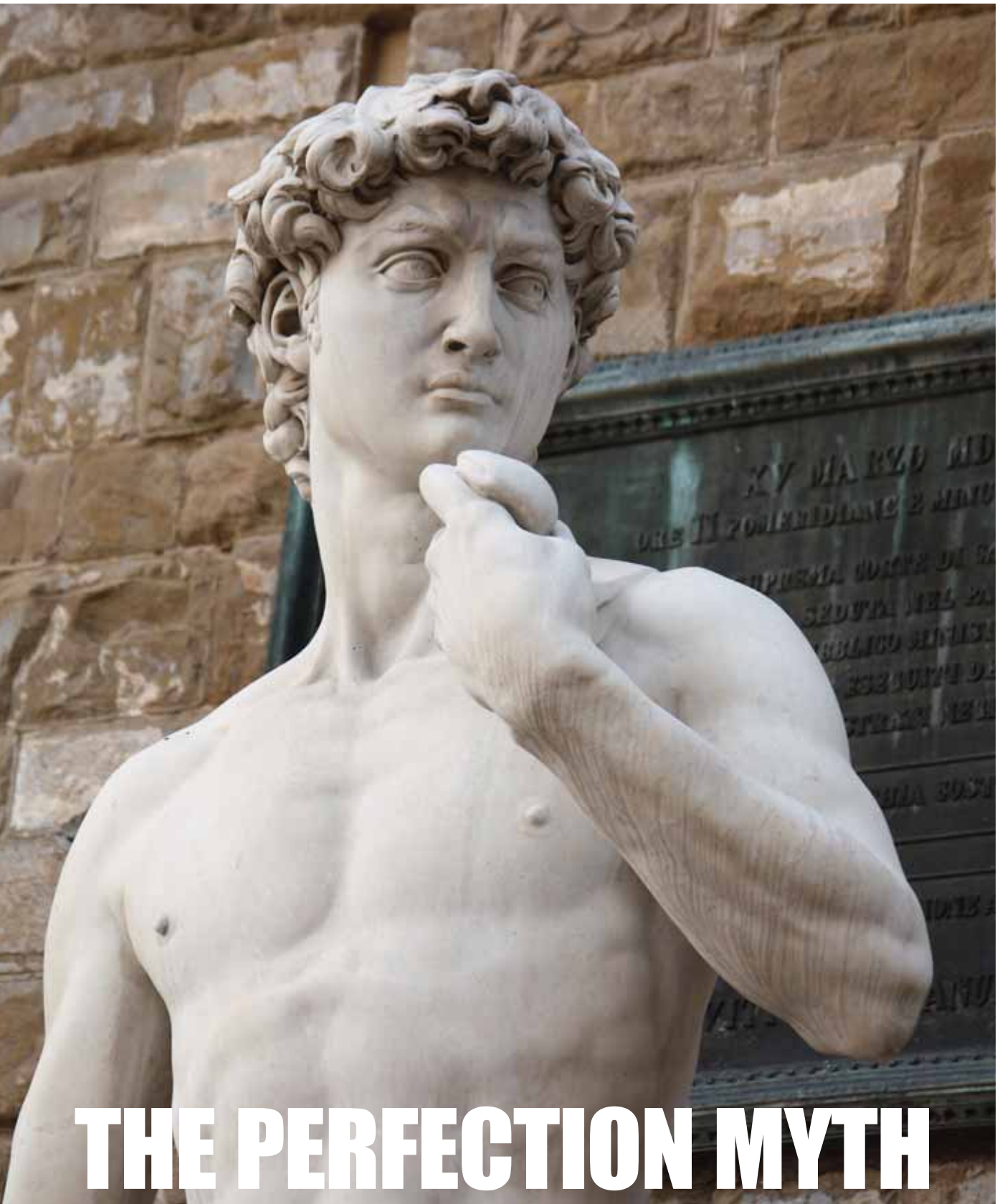
After the launch, Direct Golf UK has stayed in touch with Avail. “Our Avail Account Manager, Keith Venn, has been in touch regularly, and it’s always nice to feel that support,” says Mark Moore. As part of the integration process, one of Avail’s merchandising experts held a workshop with the company. “Sitting down with the merchandising expert from Avail really gave some great ideas and feedback on what was possible.”

MOVING FORWARD

Earlier this year, the company took the next step by launching an ambitious, complete overhaul of their online store. Features will be added and usability improved in every area, for example, ratings and reviews, recommendations, search, and faceted navigation.

“Avail is one of the key components of our new online presence – we’re expanding our usage throughout our new site, to create a much more personalised customer experience. We are also excited about personalised email recommendation and the possibilities in remarketing,” says Neil Bell. ■

**To learn more about Avail,
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or call +44 208 133 0565**



THE PERFECTION MYTH

SEARCH IS A KEY METHOD THAT CUSTOMERS EMPLOY TO FIND WHAT THEY WANT, OR AT LEAST TO FIND WHAT THEY THINK THEY WANT. HOW CAN GOOD DESIGN, IN CONJUNCTION WITH SEARCHANDISING TECHNIQUES, HELP MAKE THIS PROCESS AS PAINLESS AS POSSIBLE?
JONATHAN WRIGHT REPORTS

There is no such thing as the perfect purchase, at least not without the benefit of hindsight. It's only after we've purchased an item and enjoyed owning it for a while that we can retrospectively decide we were dashed clever to make such a choice. We might just as easily find, and this is written with some feeling, that trying to extend the life of a TV by buying a digital receiver was a waste of money if said receiver mysteriously stops working reliably on the day after the analogue signal is switched off.

The key point here is that most of us make purchase decisions hoping for the former scenario and vaguely dreading the latter – it's a marvel we shop at all really. Against this backdrop, we probably shouldn't be too surprised that, as Giles Colborne of *cxpartners* observed the last time we looked at design issues around searchandising and recommendations, what most consumers often really want to do is to find "a choice that's not going to make them look stupid".

This may not be a message that too many marketing directors would be happy to impart in a keynote presentation, but it does tally with the way the world seems to work. It's accordingly an insight that needs to be taken seriously, something that's especially true at the moment. Not only are search and recommendations key factors in leading consumers to the point where they're comfortable to part with cash, but consumers don't part with money easily in the midst of such gloomy economic times.

It follows that any time retailers present potential customers with options based on searches, these have to be the 'right' items. "When a lead comes to a site, they come to it with a certain expectation for something," says Mo Syed, head of user experience at ecommerce technology company 10CMS, "so if they're executing a search query, the better you respond to that expectation, the higher your conversion rate will be." This is, he adds, "a very delicate moment" for retailers.

That's in great part because, from the moment a potential customer begins to interact with a retailer through search, the clock is running. Think of it as analogous to a customer entering a shop. If the shop doesn't at first glance appear to have the kind of merchandise the customer wants to find, the customer is often unlikely to spend time hunting out goods, he or she will simply go elsewhere.

“ The moment a potential customer begins to interact with a retailer through search, the clock is running ”

However, there's one key difference between online retail and the bricks-and-mortar experience: with online, you can measure more precisely whether you're putting the right items in front of people. "Natural search results are actually a very good way of measuring how well your site responds to a set of expectations," says Syed. If, for example, "people were doing various searches around shoes, and you seemed to have higher conversion rates on the people who came in with those searches, you know that those pages are talking to the people who are searching".

BEYOND REASSURANCE

As to what kinds of pages are likely to chime most strongly with customers, this takes us into another range of design considerations. In sectors such as fashion, we've arguably already long gone past the days when a static photograph and a couple of customers-who-bought-this-also-bought recommendations are enough in themselves. Instead, customers expect such features as video and the ability to zoom in on all-important tailoring details. At the very least at the individual product level, pages need to sing, possibly literally if you buy into the more outré ideas advanced by should-know-better creative types.

There's a recurring danger here for retailers, especially those moving away from the online catalogue model towards innovative kinds of designs. Just as a staid shopfront puts customers off, it's possible to overwhelm people too. However, retailers still need to work out how to get rich media and search working together because it's been shown time and time again that technologies such as video improve conversion rates if they're used well.

One approach here is simply to take a step back and focus on basic interface design issues. After all, analyse even the busiest site aimed at the youth market, and if the site's well built you'll find subtle hierarchies that help customers with navigation (although there can still be a trade-off between on-brand visual 'noise' and sales conversion rates on these sites, warns Syed).

Greg Meek, head of design and development at SEO specialists Stickyeyes, agrees that retailers need to keep the basics in mind. "Upon performing a search, products should be listed by relevance and have a typical 'search results' feel," he says. "The customer should be able to sort the results in a format that is most useful to them, in both ascending and descending order, for example, price, newest products, alphabetically. When presented with massive result sets, the customer will want to make an informed decision quickly, so only key product data should be displayed."

Putting these kinds of considerations at the centre of the design process isn't the same as creating a dull site. Think of the way Asos does things. While the company's web presence is dynamic, it's also easy to navigate around the site and search on it, and product information is always clearly presented, as are you-might-also-consider-type recommendations. The snazzy features are integral to securing sales and work with the rest of the site, rather than being fancy add-ons.

LET'S GET PERSONAL

Other technologies need to be employed with a similar degree of planning. In itself, this partly explains why the promise of personalisation has yet to be fully to be fully explored by many retailers. According to Meyar Sheik, chief executive of personalisation specialists Certona, it's not that retailers are unaware of the opportunities here. Rather, it's more that companies have been focusing on such areas as upgrading ecommerce platforms, implementing web analytics to get information and "enhancing site search capabilities". Once such upgrades have been carried out, he adds, retailers start to look at: "Where else can we improve efficiencies, revenue per visit and the consumer experience?"

Addressing his own question, Sheik says: "Personalisation is the obvious answer, specifically around product recommendations, it is no longer a nice to have, it's a must have. Retailers are just at various stages of putting it in their

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maintain everything.



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project queue, but I believe everyone gets it and no-one has to be really sold on the benefit of it.”

In Certona’s case, this means a cloud-based solution that anonymously analyses what customers are doing in real time. “We look at each visitor and then we aggregate that information at the site community level to understand how certain behaviours end up in certain purchases and affinities,” says Sheik. “Then we’re able to predict that as the next visitor moves around the site and navigates, we’re already matching their behaviour pattern to people with similar behaviour patterns, and know what other items may resonate with them.”

Of course, Certona is by no means the only company operating in this space, but the wider point here again is that personalisation techniques are going beyond simple customers-who-bought-this-style recommendations.

There are other refinements gaining traction too. Greg Meek, for example, predicts that “live-search” techniques, such as those employed by price comparison travel company Kayak “will be used more and more to update results on the fly, hence minimising disruption along the user journey”.

“Retailers shouldn’t wait for technology companies to solve the problem of how to link up searches on mobile devices and PCs”

Jonathan Beeston, global marketing director at Efficient Frontier, adds that companies need to have strategies for tackling disruptions in the journey. What happens if an item is out of stock, for example? “What you don’t want to do is display an ad for a product you don’t have in stock, and return a ‘sorry, that product is out of stock’ statement,” he says. “The consumer will go to another site, and the chance to sell a different product has been lost, along with part of the advertising budget.” (See logistics and systems, page 30.)

MULTIPLE INPUTS

This all sounds mighty promising, but there is of course a further complication.

THE RIGHT TROUSERS

“No human being can go through every pair of trousers in the world, try them on and look at them in exactly the same way to find the perfect pair. And there’s even a word for this, ‘satisfising’. It’s an academic term. It’s to do with decision-making psychology and what it’s basically saying is that we all have limited resources to make decisions: limited time, limited energy, we can’t literally try on every pair of trousers in the world.”

Mo Syed, head of user experience, 10CMS



WHAT THE EXPERTS SAY



MOBILE OPPORTUNITY

“As the technology around smartphones – the bandwidth, the resolution, the richness of native apps – evolves, this create exciting opportunities [in personalisation], not just around selling products but engaging with the consumer where they are, based on their location, based on the loyalty they have to specific brands, based on specific preferences they have.”

Meyer Sheik, chief executive, Certona

WHAT YOU SAYING?

“Search terms are often ambiguous: a simple keyword search, whilst bringing back exactly matching results, is not going to account for misspelled product names and model numbers. Nor is it going to show similar products that might in fact be better suited to the potential buyer. Therefore retailers need to implement more intelligent ways of guiding customers to their ‘perfect product’.”

Greg Meek, head of design and development, Stickyeyes



As we move further into the era of true cross-channel retailing, static website-based solutions to any kind of retailing conundrum will only take retailers so far. Tablet PCs such as the iPad, for example, seem naturally to lend themselves to designs that are closer to print, which is why publishers are so drawn to such devices.

Then there’s what we might call the smartphone problem. It’s intriguing here to note that Apple’s advertising for the iPhone 4S emphasises the way it ‘talks’ to other Apple devices. But retailers shouldn’t wait for technology companies to solve the problem of how to link up, say, searches on mobile devices and PCs. Aside from anything else, companies need to be in control of their own information.

When companies truly are in control of this information, this can be a powerful sales tool. Certona, for example, has been working with Screwfix on getting its different channels more closely aligned. “You can purchase online and when you pick up in store, the store associates can leverage that information from your website behaviour,” says Meyer Sheik, “actually make recommendations to you that are powered by our solution when you’re at the trade counter, to help you with

additional items that you might not have thought about.”

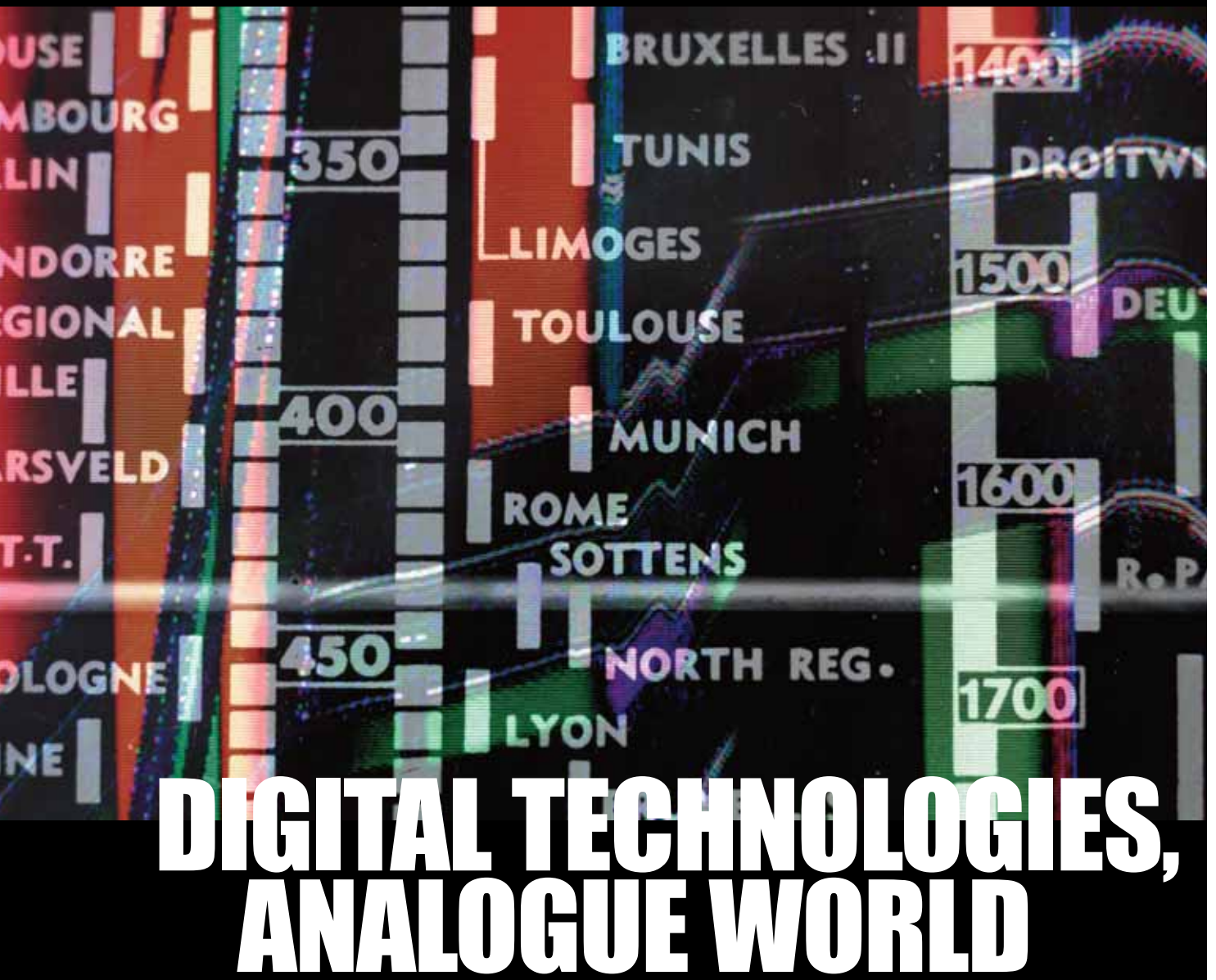
This is a technique, he adds, that goes way beyond asking sales assistants to shift the manager’s special. It also helps solve the problem of how to cross-sell and upsell in a construction sector where, necessarily, Screwfix has to carry a vast catalogue.

THE THING YOU DIDN’T KNOW YOU WANTED...

Which, indirectly, brings us back to the idea of buying the perfect thing that you only discover is the perfect thing once you’ve bought it. Look at this in a slightly askew way and the DIY sector sums up both the problem and the opportunity here.

Think of the following example: the first time you do a DIY job, you don’t always know exactly what bits and bobs you’ll need. You may have thought you were going to buy shelving, but what you were really buying was wood for shelves, battening, a drill bit and so on. Now think of the frustration that sets in when you forget just one item you need for this job and have to go back out.

In certain circumstances, and you’re likely to think well of a retailer that reminds you about this, the perfect thing is a packet of rawlplugs. ■



DIGITAL TECHNOLOGIES, ANALOGUE WORLD

EARLY SEARCHANDISERS USED TO CLAIM THAT THEIR TECHNIQUES REPLICATED THE SKILLS OF AN EXPERT SALES ASSISTANT IN RESPONDING TO CUSTOMER ACTIVITY TO UPSELL OR CLOSE A SALE. TODAY, SEARCHANDISING INSIGHTS ARE BEING USED TO IMPROVE IN-STORE MERCHANDISING – BUT JUST HOW EFFECTIVE IS THIS APPROACH AND WHAT SORT OF TECHNOLOGY IS NEEDED? **PENELOPE ODY** INVESTIGATES

Retailing, as the old saying puts it, is all about having “the right goods in the right place at the right time” – and achieving that was always as much about merchandising flair as supply chain efficiency. Today, technology plays an ever greater part, with systems that can predict the performance of new products within hours of their going on sale or can monitor sell-through rates to improve availability and assortment.

New channels, too, play their part with online sales often giving an early indication of how products are likely to perform, as can

the enthusiasm – or lack of it – of Facebook fans. As the retailing cycle accelerates, such rapid feedback is vital to drive replenishment and promotions, but what happens online is not always indicative of what happens in store nor is it always quite what the merchandisers expect.

“Retailers can trial a new assortment on the web,” argues Robin Cole, director of supply chain consulting at BT Expedite, “and that can highlight the fact that the lead product – the one that drives the purchase – is not the one that the merchandisers anticipated, or that the social demographics and age profile of the customers are quite

different from expected or different from the target market.”

Trialling on the web can also have its pitfalls since shoppers are increasingly cross-channel and can be irritated if the items they’ve just browsed on the web are not yet available in their nearest store. Even so, insights obtained by monitoring online activity can help re-focus ranges or hone marketing campaigns as well as guide merchandise displays in store, but while it is easy to reorder a list of recommendations or change searchandising offers online, constantly rearranging stock in store to reflect that

day's dominant customer buying patterns is impractical.

Despite most retailers appreciating the need for branding, promotions and assortments to be consistent across all channels, the actual shopping experiences and operational constraints are obviously very different. A customer can browse a website for as long as they like searching for a particular item or assembling a group of related goods. In store – apart from at the very top end – time is money and sales staff are not always available to give such personalised service.

“Consistency is obviously important,” says Simon Evetts, partner, IBM Global Business Services and Smarter Commerce leader for UK and Ireland, “but if you triple the time it takes to serve a customer costs go up and you start to lose sales. If you are going to offer the sort of personalised merchandising and recommendation found online you need to do it very rapidly and that means using technology.”

DEMOGRAPHIC FACTORS

That technology will also differ significantly depending where retailers are positioned on a continuum that extends from low price/low service to high price/high service – a continuum that can also reflect staff capabilities and selling skills. At the high service end, tablet computers are already gaining ground for assisted selling, whereas lower down the scale the same technology – firmly bolted in place – can offer customers access to remote experts for online chat for product and merchandising questions that store staff lack the time or ability to answer.

“You can't expect the same degree of competence that you'd find somewhere like the Genius Bar in an Apple store from every sales assistant in every shop,” says Tim Robinson, partner at consultants Kurt Salmon, “so providing access to remote experts can be one solution. With tablets you can now put systems in store to replicate the online experience.”

Right Now has already developed in-store kiosk-style chat solutions for some of its US customers. “It's not the same as simply providing access to the website within the store,” says Ian Tickle, vice president EMEA at Right Now. “You can either use software and screens to give the answers to frequently asked questions or use proactive chat from the same devices to link to experts at a call centre. Chat can be better than actually talking to someone as it offers more privacy and is ideal for answering complex queries.”

WHAT THE EXPERTS SAY

FLAGSHIP STORES

“Ultimately every store should be a flagship store because virtual inventory systems mean that stock is always available everywhere, so every outlet can offer an extended product range and you can ship direct to the customer if it doesn't happen to be at their current location.”
Tony Bryant, head of business development, K3



MERCHANDISING VS SEARCHANDISING

“Merchandising has an aspect of being about what the customer wants, but searchandising is often driven by metrics when it should be based on what is best or new or most appropriate for that customer.”
Darren Hitchcock, vice president, UK and Europe, RichRelevance

SMARTPHONE INTERVENTIONS

“If a customer has a mobile out in a store there is a good chance they're on a price comparison site, so sales staff need to be armed with the information and training to tackle that – to address the price issue, negotiate and close a sale.”

Simon Evetts, partner, IBM Global Business Services



USING SOCIAL MEDIA

“Facebook data means you know what else the customer likes so sales associates can focus on lifestyle and not just merchandise and rewards, and recommendations can be personalised.”
Tanya Bowen, head of CRM and loyalty, BT Expedite

AUTOMATING TOP-END SERVICE

At the top end the “little black books” of clienteling – where individual sales staff build long-term relationships with high spenders – are also being automated. BT Expedite, for example, has developed an iPad-based clienteling tool currently being trialled by two users: one US and one global. “It gives sales associates access to everything the client has bought so that they can make appropriate recommendations,” says Tanya Bowen, head of CRM and loyalty at BT Expedite. “Recommendation online is far simpler: the shopper can ignore it if they want, but face-to-face it has to be highly appropriate and based on more precise knowledge of the customer as it can damage the relationship if it is wrong.”

Recommend something which the shopper has previously eschewed and a sales assistant can all too easily lose hard-earned credibility. BT is currently working on a recommendation engine that could be appropriate for assisted selling in a wider range of stores.

“ The ‘little black books’ of clienteling – where individual sales staff build long-term relationships with high spenders – are being automated ”

While in-store merchandising and recommendation has traditionally involved visual displays and attentive sales staff, in the past it was never totally altruistic: staff were often incentivised to sell particularly slow-moving or over-stocked lines to gain extra commission, while the pushy sales assistant forcing the cringing shopper to buy something inappropriate has been a favourite cartoon character since *Punch* was in its heyday. Modern searchandising techniques may emphasise predictive analytics and customer behaviour but many also push well-stocked lines to the head of the page



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AURORA GOES WITH IPAD

Fashion chain Aurora started piloting iPads for mobile point of sale and assisted selling in eight of its stores in London and Oxford during the summer.

Staff can use the tablets to access the chain's various brands' websites from anywhere in the store, check product availability across the UK, place online orders for shoppers if stock is not immediately available as well as take payments. As yet

they are not being used to check customer databases to review buying history or preferences or help with recommendations, but all such functions are possible in future.

As Ish Patel, Aurora's group strategic development director, explained at the annual Internet Retailing Conference in October, mobile is becoming a significant channel for the chain. "We had to consider if we should add another channel or join them all

together," he said, "and our view is that we should join them. Introducing iPads is not about technology it is about the whole experience and bringing online, mobile and in-store together."

Patel also believes that the multi-functionality of tablets will ultimately reduce the amount of technology in store "but it also increases the capability of staff to do what they do best".

so are, in many ways, no different from classic in-store tactics.

"The two key factors to remember are context and preference," says Darren Hitchcock, vice president UK and Europe at RichRelevance. "From online activity you can learn about a person's preferences – such as which brands they like or whether they always opt for tailored styles – but any recommendations have to be in the context of what they are interested in at the time. In a store, good sales staff ask questions and find out what the shopper wants but many online systems simply recommend what other people have bought, which doesn't take account of known preferences."

Hitchcock is equally critical of those searchandising tools which will use rules-based engines to suggest items that happen to be high margin or over-stocked rather than based on personal shopper preferences. Rather than replicating the skills of a top-end sales assistant to satisfy customer needs and build a long-term relationship with that shopper, so that they keep coming back to the store, he argues that too many online tools focus on selling what the retailer most wants to shift, looking to increase basket size rather than lifetime value.

GETTING TO KNOW CUSTOMERS

To deliver one-to-one personalised offers successfully, it is obviously important to know who the shopper is before they reach the checkout. That's easy online and in high-end stores, where shoppers may even make an appointment to see their personal assistant: for most real world retailers, however, it remains a key challenge.

Numerous attempts have been made to persuade shoppers to swipe loyalty cards or other ID tokens as they enter the store but few have had any success. More practical are in-aisle self-scanning systems, as used by supermarkets such as Waitrose, which do identify the customer at the start of the shopping trip. Offers, which are not indicated on the shelf, are thus easy to make to individual

customers and, indeed, such promotions have been used for years.

Today, interest is growing in using mobile phone ID and geolocation both to identify shoppers and improve store merchandising. "With in-store wi-fi and a mobile phone you can track how shoppers walk around the store," says Robin Coles, "so you know which route they took, where they stopped and looked at products, or how the layout and merchandising influence sales."

Such systems, mainly based on video or infra-red, have been used to monitor footfall and movements in stores for decades but were always expensive. New systems based on wi-fi can be far more effective, cheaper, and use basic triangulation algorithms to track shoppers accurately. According to Coles, several trials using the technology are already underway and he expects a number of significant roll-outs within the next six to 12 months.

UK company Path Intelligence is already marketing a similar system for shopping malls which, while retaining shopper anonymity, allows them to be tracked by their phones as they move between stores and logs which stores they visit and where they buy. The system recently went live at a mall in Queensland but has already sparked an outcry in the Australian media with privacy specialists describing it as "seriously creepy".

While this sort of tracking is anonymous, retailers can identify shoppers if they offer free wi-fi and customers have to register in order to use it. Their individual movements could then be tracked to add real-world browsing to information from the web about pages viewed, baskets abandoned or click throughs. The problem, of course, is that useful insights are easily lost among the vast amount of data that would be generated.

“ Interest is growing in using mobile phone ID and geolocation both to identify shoppers and improve store merchandising ”

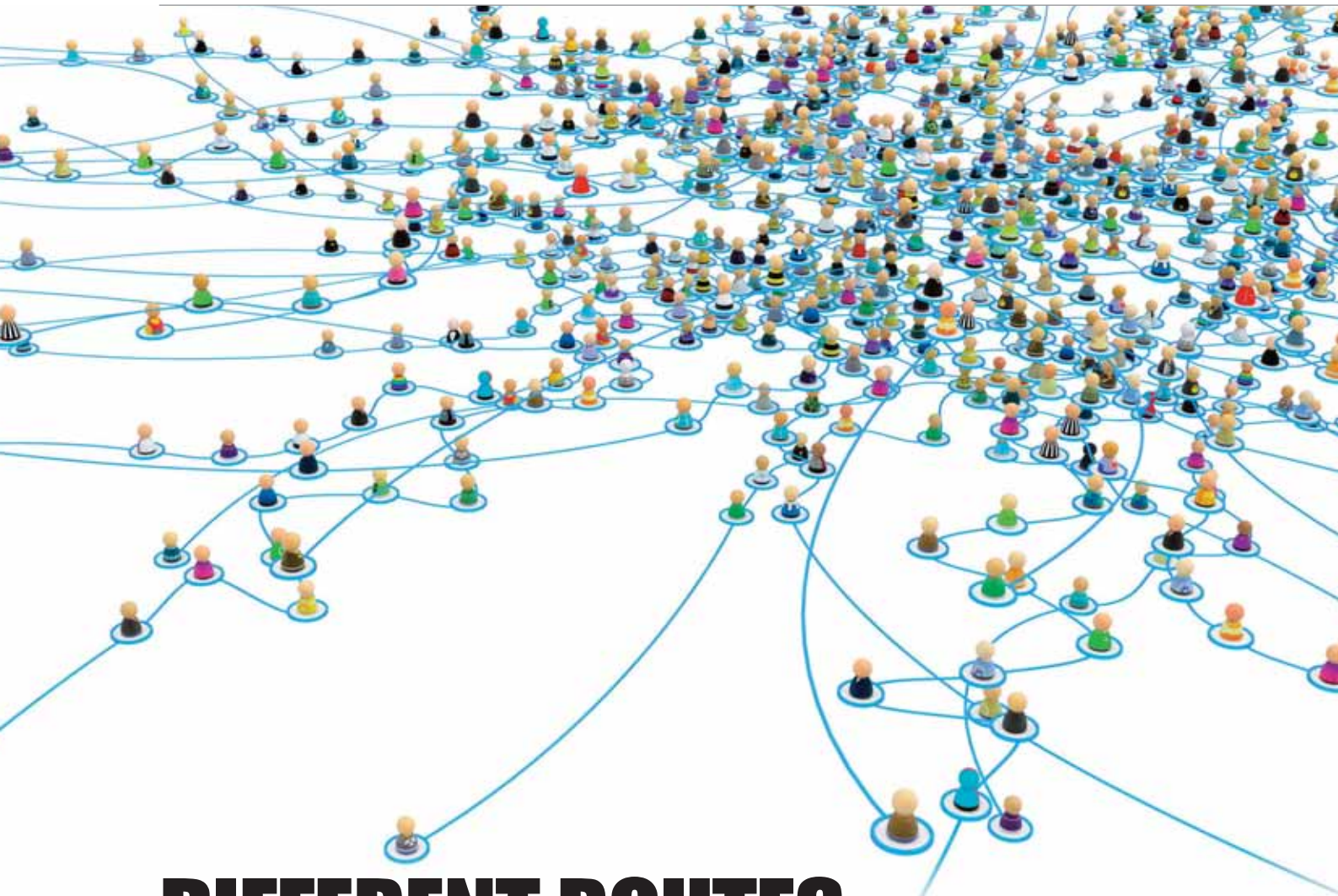
STORES OF TOMORROW

Some argue that with computing costs falling, and with neural networks now a viable option, it is not that difficult to manage this mish-mash of data and pull out relevant information. Others would maintain that it is only transaction data that matters and putting personal customer history in the hands of store staff, with the aid of tablet computers, is no longer an issue.

What is perhaps more significant about this approach is the impact it is likely to have on store design and staff activity especially for speciality stores and those at the upper end of that low-to-high continuum. With tablets, carried by sales staff, providing not just customer information but product and stock availability data and capable of accepting card payments as well, there is no longer any need for a fixed pay-point. Small packing stations scattered through the store, perhaps, but no longer a permanently staffed single cash desk. As already happens in Apple stores staff will simply approach shoppers, deal with their requests or close the sale and even send an email receipt, so no need for messy bits of paper.

Instead of the traditional and rather cumbersome web kiosks providing information in a remote corner of the store, fixed tablets can provide shoppers with self-service access to anything from remote experts delivering product information to extended inventory choices for home delivery.

Whether in the hands of a skilled assistant of bolted to wall for customer use, tablets could thus replicate web-style searchandising and recommendation in the store – if, and it is still an 'if', that is what shoppers actually want. ■



DIFFERENT ROUTES TO PURCHASE

ONLINE SHOPPING DELIVERS A WEALTH OF DATA ABOUT CUSTOMER BEHAVIOUR AND PROPENSITY THAT GUIDES SEARCHANDISING AND RECOMMENDATION SYSTEMS, REPORTS **PENELOPE ODY**. BUT HOW CAN THIS DATA BE USED TO DELIVER THE CONSISTENT EXPERIENCE THAT CUSTOMERS ARE BELIEVED TO CRAVE? OR DO THEY REALLY EXPECT SOMETHING SLIGHTLY DIFFERENT AT EACH TOUCHPOINT?

Back in the days before multichannel shopping and the digital economy, retail experts would often divide shopping into two broad categories: distress or discretionary.

In the 'distress' category were such things as trips to the local convenience store, the weekly supermarket shop or buying school uniforms, while 'discretionary' was more about visiting destination stores, shopping as a social activity or stocking up on the latest fashions. Depending on the mode and the mood, shoppers' needs and preferences were very different.

Today, consumers may expect cross-channel shopping to be seamless or increasingly regard the 'channels' as a single interaction but, it seems, they still have their preferences about which sorts of activity they perform where. "People spend about a tenth of the time on a website when using a mobile than they do when using a PC," says Tanya Bowen, head of CRM and loyalty at BT Expedite, "and it is usually a very different type of purchase."

Mobile shoppers, she explains, are generally responding to some sort of timed promotion – such as the start of a clearance sale – or else it is a more urgent

purchase that cannot wait until they return home: such as something to wear at the weekend or needed for next-day delivery. Others are completing a transaction started on a PC. "They might be sharing the planned purchase with their mates over coffee," says Bowen, "and finishing a transaction started the night before on a mobile the next morning."

CHANNEL PREFERENCES

Darren Hitchcock, vice president, UK and Europe, at RichRelevance, also believes there is a need for increased awareness about channel preferences: "Retailers need

to understand what a customer likes to buy online, and what they want to touch and feel in a store. They might buy the weekly groceries online but what do they buy elsewhere? Is it just the ingredients for an unexpected meal, perhaps the bulk of their organic produce, or the high-margin specialist deli lines?"

While online activity has provided plenty of data about shopping preferences and behaviour, and offline can add both transactional information from stores and historic information from loyalty cards, it is often the newer channels that can help to flesh out the bones. Add social media profiles to your CRM system and you have not just demographics but leisure interests, "friends", and even details of which of your competitors your customer "follows". Add geolocation information from mobile and you know where they are and where they go.

According to Chris Cunnane, senior research associate with the Aberdeen Group: "There are two specific areas within the social world where best-in-class

shopper's history is available at every touchpoint. Many shoppers will have encountered such systems at a checkout when logging points to a forgotten loyalty card, for example, so the technology is often there in-store to identify past purchases from a name and postcode.

"The most important prerequisite is to have a customer data warehouse," says Martin Beasley, retail consultant at FICO. "It has to be well structured with a single record per customer, and can be time-consuming and expensive to create, but once a retailer has that they don't need massive mainframes to run it: a mid-range Unix box is fine. Most major retailers now have such a data warehouse or are actively setting one up – five years ago it would have been a very different story."

Applying the same sort of searchandising and recommendation tools across all channels is, however, rather more challenging, and with shoppers in different channels often having different priorities it is not always appropriate. As Tanya Bowen pointed out, mobile shoppers

the skills they need." K3 is working on developing iPad-based solutions like this with White Stuff, while BT Expedite already has similar trials running with Aurora Fashions.

K3 is also looking at developing the concept of a 'go anywhere basket', which shoppers could start at home on the web and take – on their smartphones – to a store to finish their selection, complete the transaction and collect the goods. "It is only practicable if you have real-time stock information as the concept falls down if shoppers arrive at the store to find the items they've put in the basket are out of stock," adds Bryant.

Attempts are also being made to integrate recommendations with a real-world experience. Swedish search and personalisation specialists, Apptus works with the likes of Ikea and CDON – one of the largest retail groups in Scandinavia.

The system is channel agnostic so can offer the same functionality across the full range of digital channels. "Many customers do their homework on the web before heading for the store," says chief executive and founder Michael Mokheri, "so there has to be synergy with what happens in the store to make a seamless experience. If a customer has compiled a shopping list online and then comes to the store with the list on their smartphone then the system can order the list to optimise the route through the store, but it can make recommendations about some of the products that the shopper passes on the way as well."

Empathica, too, has scored notable success with its GoRecommend system. The technology began as a means of monitoring feedback for real-world stores: shoppers are recruited to take part in an online survey using messages on tills receipts. Those that report a favourable experience are then encouraged to spread the word using social media. UK users include Boots and Debenhams which has now reached 1.5 million consumers via recommendations by brand advocates on Facebook and the like.

"We've found that people are happy to make recommendations online, especially when they have a strong affinity with a brand like Debenhams," says Gary Topiol, managing director, EMEA at Empathica.

NEW CHALLENGES

Bazaarvoice, best known for its customer feedback review systems is also looking to extend its functionality across channels. In September it launched a new customer intelligence tool allowing better analysis of

“ Having amassed information about a customer, the challenge for retailers is to use it effectively in all those channels the shopper prefers ”

retailers are focusing their efforts: social media customer support and social media monitoring. Social CRM has become a hot trend in the retail world and serves as another way to engage customers."

Darren Hitchcock at RichRelevance would also like to see information about orders in transit and returns added to the databases as well: "A shopper may have just ordered three dresses so the online recommendation system will start showing her other categories of merchandise, but perhaps those three dresses will be returned and the shopper is still interested in dresses, so it is still appropriate to recommend alternatives in the same category."

DATABASE USAGE

Having amassed this wealth of information, the challenge for retailers is to use it effectively in all those channels the shopper prefers. Over the past few years many retailers have focused on developing a single customer database available across all channels so that a

are usually either finalising an earlier transaction, responding to a targeted promotion or could be in the 'distress' category wanting a quick deal. That could obviously change as use of tablets become more commonplace and these start to replace smartphones – but not everyone has a long train commute in which to browse the Internet on their iPad.

BRICKS-AND-MORTAR ISSUES

In store has its difficulties too, since the information about previous purchases is ideally needed before the customer arrives at the checkout.

"This sort of customer contact has to be switched out of the EPoS system which is the last part of the transaction," says Tony Bryant, head of business development at K3. "Providing access to the customer database from a tablet opens up those details for use during the sale so that you can take all the good things from the web and the rich data from the CRM solution and bring it down to store level – and that is a big shift in the way sales staff work and

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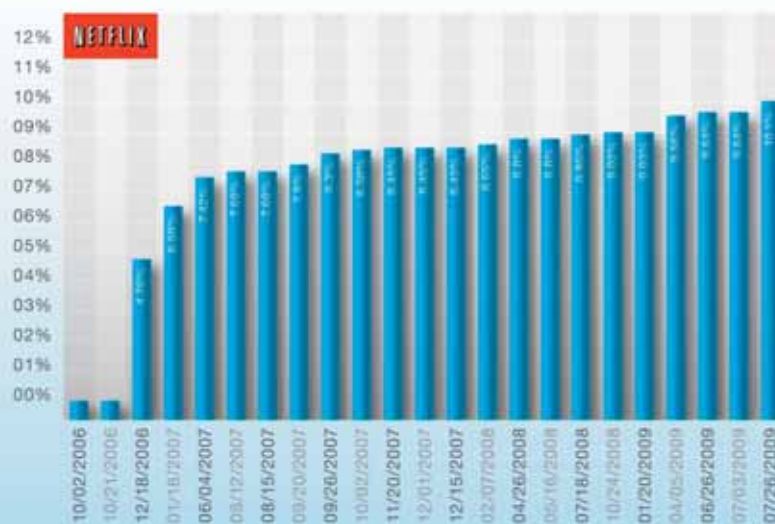
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customer feedback while its platform can be integrated with mobile, social and in-store tools for wider use of feedback data. “Our customers want to leverage the information they collect into the offline world,” says UK sales director Ross Gowland, “but it’s not easy. Do you try and put digital screens displaying reviews in-store or what?”

It may not be easy, although technically perfectly possible, to have shelf-edge screens displaying the latest customer reviews on products but as yet there seems little demand from shoppers for this sort of information in-store and given the current economic climate very little spare retail cash to even start trialling such technology.

Mobile, too, is high on the agenda. “Some forecasters are already saying that by 2014 there will be more retail business on mobile platforms than on broadband,” says Martin Beasley at FICO, “so it is very important that brand, imagery and product presentation are consistent across channels. However, mobile offers immediacy and flexibility, which you don’t get with ecommerce. For example, you can use geolocation to make specific offers, perhaps in the vicinity of a particular branch which happens to have an over-stock problem on a certain line.”

According to Beasley, retailers, both in the UK and US, are already adopting these sorts of tactics which, while they seem in stark contrast to the need for cross-channel consistency, do reflect the different shopping modes of users of the different channels which Tanya Bowen highlighted.

Many also predict that smartphones could be used in store to provide rapid access to personal recommendations and product information. “Almost everyone carries a phone,” says Michael Ross, co-founder and director of eCommera, “so all you need do is scan your phone at a terminal and receive personalised promotions. There has to be an incentive to persuade shoppers to do this and it has to be open: stealth technologies which can identify people from their phones without them realising would be seen as too much like Big Brother to be acceptable.”

In the past, attempts have been made to persuade shoppers to swipe loyalty cards at kiosks to identify themselves and receive

DIFFERENT ROUTES

“In five years time there will be no such thing as multichannel – just different routes for customers to interact with retailers with similar activities and options available in each. There is too much mystery

attached to selling online: really it is no different from the retailing principles that have guided stores for hundreds of years. You need to engage and attract the customer, provide the right merchandise and close the sale. The information available and the cost model may be different online but the principles are the same.”

Tim Robinson, partner, Kurt Salmon



WHAT THE EXPERTS SAY



BREAK DOWN THE SILOS

“Many retailers still focus on discrete channels and becoming best in class in each, be it the store experience, the website technology or the call-centre cost control – but they forget about the gaps in between these silos, whereas for consumers the experience is continuous and a transaction can start and finish in any channel.”

Gary Topiol, managing director EMEA, Empathica

THE PERILS OF PESTERING

“There is a fine line between cool technology that delivers an added service and something that is very irritating, so you can’t put too much on location-based services to sell to customers in-store via their mobile phones. We are seeing trials using e-vouchers sent to a phone that can then be redeemed at the till or can incentivise additional purchases – but shoppers do become irritated very quickly if it happens too often.”

Jason Shorrock, programme director for multichannel, BT Expedite



money off vouchers: most were dismal failures. Technology has moved on since those early experiments and in future touching a phone, equipped with near field communications, on a reader as you enter a store – much as you do with an Oyster card on the London Underground – could be seen as highly acceptable, especially if a clutch of personalised e-vouchers is beamed to your phone as a reward.

“I would expect stores to adapt very quickly to this sort of technology,” adds Ross, “as they have a real need to identify valuable customers.”

NEED TO KNOW

While personalised recommendations in store are seen as feasible, a greater stumbling block remains over consistent promotions. While it is possible on the web to dream up clever marketing ploys that, for

example, can encourage shoppers to add an item to reach the threshold for free despatch or a discount or can be cumulative over time – such as spend £100 this month to receive a free gift – it is far more difficult to make similar offers in store due to the limitations of EPoS systems. “If it could be done by a simple software upgrade retailers would have done it by now,” says Simon Evetts, partner, IBM Global Business Services and Smarter Commerce leader for UK and Ireland. “For most it means a major hardware change across the estate and that is expensive and unlikely to happen in the current climate.”

According to research from Martec International, replacement rate for the typical EPoS system currently averages 10.8 years: it is usually the greatest expense for retail IT and the one most likely to be postponed when cost cutting is needed or as one retailer put it many years ago: “We only replace the tills when they start to fall apart.”

Equipping staff with iPads or bolting tablets to counters for customers to use is probably a rather faster and less expensive way of driving channel integration in-store – consistent promotions will just have to wait a little longer. ■

“ Attempts are being made to integrate recommendations with a real-world experience ”



INFORMATION OVERLOAD

CROSS-CHANNEL RETAILERS GENERATE VAST AMOUNTS OF DATA. THESE ARE CRUCIAL METRICS, BUT HOW SHOULD COMPANIES GO ABOUT COLLATING AND USING THIS VITAL DATA RATHER THAN BEING OVERWHELMED BY IT? **CHLOE RIGBY** REPORTS

Ecommerce is changing. Tomorrow's successful retailers will be those that best deal with the data. So argues ecommerce veteran Michael Ross, previously chief executive of figleaves.co.uk and now director at ecommerce technology company eCommera, which he co-founded. "I think the successful retailers of the future are going to be the ones who get this right," he says of the challenge of managing the vast amounts of data that searchandising now throws up. Ultimately, he says, this is a time of

transition to "a world in which different consumers will get effectively personalised sort orders. Which is a world of extraordinary data complexity and technical complexity – it's inevitable and will happen at some point."

IBM's David Hogg likens this period to the late 1980s, when, for the first time, point-of-sale systems meant retailers could see how products were selling by region, and almost by store. Then, he said, it seemed "mind-bogglingly difficult", and today it seems even more so, with the daunting "sheer volume of information" that retailers can hold.

His advice, however, is simple. Retailers must cut through the mountains of data available and identify the information that is important to the business – and use it smartly. "The challenge is for them is to make the decision about, okay what's most important about this?" says Hogg. "Where do I make the bulk of my revenues? Who makes it? How can I do that better?"

Today the data challenge is coming from two sides. Retailers must manage data about the products they sell, but they also need to gather and manage data



about the customers who are buying or have bought – and they must plan to deal with both effectively.

PUTTING PRODUCTS IN THEIR BEST LIGHT

That's it's important to have information about products on a retail websites seems self-evident. But there's a question about how many retailers realise how important this is, or how detailed that information needs to be. Some 47 per cent of online shoppers questioned in research into on-site engagement methods carried out for Stibo Systems earlier this year said detailed product information was, for them, the most important part of a retailer's website. That was followed by the ability to compare products (16.78 per cent) and product recommendations (12.54 per cent).

Giving good product information not only helps shoppers make buying decisions and sets retailers apart from the competition, but it also shows their customers are important, says Simon Walker, director, product management at Stibo Systems. "If you're providing rich and original content, not just reusing manufacturers' blurb, you can show you're providing a better service and that you're much more caring retailer than somebody just using the base content."

In addition, rich product information improves the results of search-based marketing tools, such as product recommendation engines. Putting high quality data into their databases will help them to function ever more effectively on a website. It can also be used in advertising products beyond the site, and, importantly, to promote only what is in stock. "You can create an automated feed of stock and pricing information that links online campaigns, and automatically updates all your ads on

INCONSISTENCY IRRITATES

"Retailers really want to be able to offer that connected experience if they do indeed have multiple channels. As a consumer we see through the holes in that experience very quickly and get very irritated."

Sarah Taylor, senior industry director, Oracle Retail



WHAT THE EXPERTS SAY



DATA DELIVERS

"This is the future of retail. What we're talking about will be solved in the next 10-20 years and will turn retail, certainly this component of online retail, into an incredibly data driven, algorithmic environment. Just as the stock market has evolved over 20 years."

Michael Ross, co-founder, eCommera

MANAGEMENT MATTERS

"You have a mountain of data but what makes a business successful is the quality of management."

David Hogg, retail director, IBM



search engines, display and even social media," says Jonathan Beeston, global marketing director at Efficient Frontier.

So what exactly is the data that's needed? Walker points to a text description for the product – so the consumer understands what it is and what it does, as well as granular information such as colour, dimensions, product features and benefits. Supporting this is rich media such as photographs, video, and documentation such as user guides or care information.

Getting all this information in the right place is a challenge best tackled, suggests Walker, by having robust processes in place to ensure this information is added when new products are added to a catalogue. As well as making sure the

correct details are in place, those processes need to review the data from an SEO standpoint – best search management practice changes as search engines tweak their algorithms. It's important to consider a product title will perform in searches as well as any legal and compliance requirements. The job can be speeded up using automation to test the quality of data, making sure that spellings are correct, colour names and dimensions are consistent – all so important when users search for a product by colour or size, or want to compare products once found.

This represents a lot of work. But, says James Doman, of behavioural merchandising technology company Predictive Intent, the better the data,

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the better the results. “We are only as good as the data we’ve got really,” he says. “Any retailer should really have as many attributes linked to products as they can to help with features such as filtered navigation.

“We can do things like search product descriptions to bring out attributes. That can be done but it’s not that reliable, and it still needs to be checked by humans. But we come across retailers who are more than willing to start putting attributes on all their products because they realise the value in starting to look at individual data.”

Presenting the products well and making them easily found in site searches is only half the task. Retailers must also apply what they know about customers to the mix in order not only to give good results to what is searched for, but to make those results personal to the customer.

LEARNING FROM THE CUSTOMER

Traditionally retail decisions, such as how many and which products to stock, were made on a store-by-store basis – but that is now changing. Instead, says Michael Ross, in the future, those decisions will be made on a customer-by-customer basis. That means merchants must learn from how the people who shop from them do so, whether they’re buying in a shop or ordering via their mobile. By really knowing their customers, traders can make sure they are holding the right types of items, buying more of those that are being talked about on social media or are being snapped up by students returning to college, and carrying fewer of those items that are attracting less favourable responses.

“Retailers really do need to understand an awful lot more about individual customer preferences and how they want to shop, and do business with them at every interaction,” says Sarah Taylor, of Oracle. By knowing exactly how someone likes to shop, retail systems such as recommendation platforms can predict what a customer will be interested in and put those products in front of them.

But to do that, the retailer must hold all the information they have about a consumer in a single database, giving that fabled single view of the customer, whichever channel they shop in. Taylor adds: “There need to be systems in place that can deal with the insight that’s being learned and do something with it so that

processes that run supply chain planning, pricing, promotions are all hooked into an integrated business, along with their data analysis. This all needs to happen profitably.” And the impact on a retailer’s bottom line can be significant: when recommendation solutions learn from the way that customers use their website, conversion rates tend to rise. Oracle worked with Tommy Hilfiger to improve

“ Amazon is the Usain Bolt of the online data and measurement world. They are so far ahead you can just watch in awe at their command of what they are doing ”

their on-site recommendations. “We’ve found that with Tommy Hilfiger they are seeing something like a 30 per cent increase in revenue, when they’re able to use a more predictive way of using the way in which people search their data and platforms,” says Taylor.

Insights into customers and the way they want to shop, and where they are in the buying process, can also be fed back into the business, influencing merchandisers as they set prices and run promotions. That again, helps retailers offer their customers a better service. Taylor says: “It’s not good enough any more for us to be bombarded as consumers with just random and irrelevant upsell and cross-sell opportunities. It’s really important now that retailers are personalising the way they communicate with us.”

MEASURING UP

To deliver truly customer-driven (and thus more profitable) retail, says Ross, retailers must start to measure the way their retail processes work not from their own point of view, but from that of the consumer. To give an example, rather than measuring what percentage of products shown on a website are available, traders should measure what proportion of products that customers look at are available to buy: the page-weighted availability.

It’s important, adds Ross, to “measure things that matter to customers and make sense to them. Understand that sales and conversion rates and average order value are outcomes of doing the right things for customers. This is something that Amazon are so much the grand masters

of, they are the Usain Bolt of the online data and measurement world. They are so far ahead you can just watch in awe at their command of what they are doing.” At the latest count, says Ross, Amazon had upwards of 450 measures of “things that make sense to the customer” – and therefore drive their actions.

It’s by measuring what drives actions, says Ross, that retailers will best

understand if their searchandising activity is effective. Thus measuring which manually created search orders work to drive click-throughs to the product page, and ultimately to the checkout, will show whether they are being effective. Eventually optimising sort orders – so that someone searching on Google for cheap jeans is directed towards a different range of products than someone searching for premium denim, or someone looking for dresses will be shown an overstocked item – will become a day-to-day reality.

It’s difficult, but it’s worth doing, he argues, because giving each customer a different sort order – or effectively a different view of the shop – can make a website “look different to different people” in a way that a shop never can.

BRAVE NEW WORLD

But to move towards this kind of customer understanding, many retailers will need to reengineer the way they regard data. While traditional retailers whose core knowledge is of the store will see the importance of data as a challenge, this is an area that should instead be a core competency. Different retailers will decide to own their own software or to use software as a service – many providers now offer the choice, or a hybrid of the two, depending on the individual needs of their business. But ultimately what they will have in common is recognition of the need for analysis. “I think one will see a number of retailers get much, much more analytic, because the ones who really crack the data are going to be at a massive advantage,” says Ross. ■

JUST WHAT I NEED

TOO MUCH CHOICE CAN OVERWHELM A BUYER, SO PLAN TO SHOW CUSTOMERS JUST WHAT THEY'RE LOOKING FOR. **CHLOE RIGBY** DISCOVERS HOW BEST TO GO ABOUT THIS

Unlimited choice is the hallmark of modern online shopping. But while this seems a consumer nirvana, most customers need help to narrow down the alternatives if they are to settle on a purchase.

That's particularly important at a time when the choice of potential purchases is wide and getting wider. Take general retailer Argos. It now has almost 35,000 product lines available to buy online, 12,700 of which are only available via the Internet, according to its latest half-year results, published in October.

Meanwhile, print-to-order clothing business Spreadshirt's chief executive Philip Rooke recently told *Internet Retailing* that the company would need a shop the size of Holland in order to display all the products it has to offer. Finding a particular item by walking around that theoretical shop would be close to impossible. The same is true online: trawling through thousands of items on a small screen in order to find one single thing can only frustrate. The challenge, therefore, is to map out a coherent approach to searchandising that will help consumers either move straight to the item they're looking for, or to a

small, manageable selection of items from which they can usefully choose.

So despite the unlimited choice, keeping it simple is still important as ever. While the retailer may benefit from having all the products a host of different individuals may ask for held in stock, showing all these items to every customer is too time-consuming and confusing. The secret instead is to show each customer just what he or she has requested. In time, the shop front each customer sees may become an entirely different one. How can a retailer approach this task effectively?

CUT DOWN THE OPTIONS

Too much choice can scare away the consumer, especially if they are looking for the 'right' product that will exactly meet their needs. If the customer knows the name of the exact product they want, it should be easy to find it through the site search function. But many customers do not know exactly what they want, and much more useful for them is the filtered search that allows the visitor to single out the specific types of item they are looking for. Thus, Argos may have almost 35,000 items on offer, but its front page offers the visitor quick paths to exactly what they want.

Someone researching kettles can reach the kettle category in just one click from the website's home page. There they can filter by colour, price and brand to cut down on the options available and their mission to find a small choice of kettles among the models on offer is quickly achieved. Consumers are given extra confidence because the product list has clear pictures and prices, including which kettles are discounted. In addition, consumers can gain insights into previous buyers' judgements through the number of stars an item has earned.

BE RELEVANT

From the start the items that a shopper sees should be as relevant to their needs as possible. And today, clever behavioural technology can find out what it is that customers want before they even search for it on a website. For example, says James Doman of Predictive Intent, sites can show goods based on how a visitor came to the site. Thus someone who searched for 'Dell laptops' on Google is shown a Dell laptop when they arrive.

Michael Steckler, managing director, Northern Europe, of retargeting business Criteo, adds: "Ultimately it all comes down to relevancy – from the landing page



showing the exact product someone searched for to additional product information such as enhanced images, video and reviews.

“If you also know that the customer has already seen a product they searched for, the ability to show them additional offers and incentives such as free or next-day delivery can help facilitate the purchase.”

news and other issues not only to personalise the products shown to the individual, but to the individual in their current situation. But ultimately, the ability to provide this and other personalised recommendations comes down to the quality of product data, as you’ll see in our logistics and systems feature (p22).

“ The future is about situational targeting, which uses feeds of information about weather, events, news and other issues ”

MAKE IT PERSONAL

Suggestions of other items a visitor might like to buy can be a useful service to them, while also boosting retailer turnover through upselling and cross-selling. To date these suggestions have often been based on items that ‘people like you have been interested in’. Now, however, it’s possible to go beyond crowd behaviour to suggest items relevant to the individual visitor, based on their own behaviour on the site.

Retailers have more sources of insight than they might think, says Predictive Intent’s Doman. When a visitor arrives through a search for a brand, the retailer’s website will have the information it needs to showcase products from that brand. When they come by way of a Twitter link, the website has the resource of knowing what other people coming from the Twitter link chose to view. Intelligent software can go on to decide whether to show further items from a particular brand or similar types of products.

That’s because once on the site, says Doman, real-time personalisation means that the way a visitor clicks around a site will suggest their interests and preferences. These preferences can be met by serving up products that are relevant to this particular search, and not simply products that an individual may have previously viewed. This approach could be useful at Christmas because people may be looking for gifts for others rather than for things they are personally interested in. “It’s not just algorithm and rules-based merchandising,” says Doman. “It’s individual visitor profiling.”

The future is about situational targeting, says Doman, which uses feeds of information about weather, events,

REMEMBER THE POWER OF EMOTION

When humans look to make a purchase online they are driven by competing priorities. While they love the convenience of buying online for delivery straight to them, they simultaneously worry about spending too much and that buying the wrong item, unseen, could be an expensive mistake. Thus, says Chris Simpson, of shopping comparison site Kelkoo, it’s important for a site to inspire trust, both about itself and about its products.

This is an issue that Kelkoo recently explored when it rethought its own site to make it a destination website for shoppers looking to buy through the Internet. The company realised the way people shop online has changed. Consumers know more about the market, about the choices they have. Because of that, they are more likely to research a purchase before deciding where to buy it. Kelkoo therefore aimed to make its own site the one-stop place to do that research, populating its site with good imagery, video of products in action, reviews and ratings and a forum to host buying. Shoppers, says Simpson, are going to look for the information anyway. “If you’re not part of that path I think you might get missed out. We’re aiming just to make it easy to do your homework on making shopping decisions.”

Another human characteristic it’s worth remembering is the ability to get distracted on the Internet. Thus, points out Michael Steckler of Criteo, reminding them what a shopper was looking for can be a useful way to regain their attention. “By showing products viewed but not purchased, you capture attention through recall,” he says. “And by incorporating recommended products into the ads, you



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 **AVAIL INTELLIGENCE**

create choice that's bespoke to each visitor, just as they would experience on Amazon or with iTunes."

Consider, at this point, what the Amazon home page has to offer in the way of recommendation. Most habitual users of the site will find that it offers them an entirely unique front page based on items they've previously bought, viewed, or which they have on their wish list. All of these ultimately go towards helping to boost Amazon turnover, by reminding visitors what it was they wanted.

MAKE IT SOCIAL

Today, social conversations are at the heart of shopping decisions. A consumer who needs to buy something they know nothing about will always want to learn from the advice of experts – in order to make sure they are making the best, most informed decision they can – and one they will not regret. If those experts are not available to them among their friends and family, or if their expert friends and family are not available when they need advice, then opening discussions on the Internet can be an immediate and useful way of gaining the knowledge they need in order to make a purchase.

Being part of those conversations is important for retailers, says Kelkoo's Simpson, but how to become a part of them is more difficult. No-nos include broadcasting yet another deal, he says, because that's not helping from a social point of view; rather it's just "spamming [people] with information". He adds: "The trick is definitely to find ways to initiate discussions or contribute to discussions around what to buy, where to get it, what sort of prices are reasonable."

Ways to do this could include using polls, serving up relevant reviews, or letting visitors know how many other people liked the content they are

BE COMPELLING

"If you're developing a new product or offer to sell, developing video content around that product or writing a very personal blog about the experience with that particular product is just that much more compelling than a technical review or specs."

Chris Simpson, chief marketing officer, Kelkoo



WHAT THE EXPERTS SAY



STAY TUNED-IN

"As the growth rate of the number of people online plateaus, it becomes increasingly important for retailers to convert customers before they get distracted by the rising number of competitors. Make sure your messaging is relevant to each individual and that it is delivered at the right time during their purchasing cycle."

Michael Steckler, managing director, Northern Europe, Criteo

MOVE TO THE NEXT LEVEL

"If we can put the right products and content in front of the visitor at the right time then automatically we are doubling the chances of the conversion."

James Doman, marketing manager, Predictive Intent



reading. "This is social content, reaching out to our users and letting them share insights that collectively they've developed from their shopping," says Simpson. "That's the kind of way we should be looking at social rather than signing up as many tens of thousands to Facebook as possible then deluging them in a stream of offers."

Where Facebook can be a powerful tool, says Jonathan Beeston, global marketing director at Efficient Frontier, is both in helping customers to engage with each other and in learning about customers. Increasingly, he says, Facebook is driving retail sales. "If you see that your friend has just bought tickets to a gig, you might decide to buy as well," he says. "There's a natural viral potential to engaging

customers not just with your brand, but with each other."

But as well as taking messages to consumers, social media can also be used to gain useful information that could influence buying strategies. "If a product is being talked about on Facebook," says Beeston, "link that to your buying process and increase your search advertising around it." Conversely, retailers might buy less of products that are complained about, or they could link to customer service.

In the mythical local shop, where everyone knows your name and what you want to buy, showing customers the items they didn't know they wanted to buy is key to making the sale. That's no different today, only now retailers use technology to do this. ■





HOW TO GET SHOPPERS' ATTENTION

BUYING ONLINE IS MUCH MORE THAN THE ADD-TO-BASKET MOMENT. SHOPPERS TODAY EXPECT TO BE ASSISTED WITH RECOMMENDATIONS, OFFERED DEALS, ENTERTAINED AND INSPIRED. WHICH COMPANIES ARE THE INNOVATORS IN CUSTOMER ENGAGEMENT AND WHAT ARE THE CHALLENGES AHEAD? **ALISON CLEMENTS** REPORTS

Banish dullness and sell more dynamically, this could be the mantra for today's leadingetailers. These are companies that constantly improve searchandising on their sites and push levels of customer engagement ever higher as they do so. Asos delights with fashion tips and latest looks. White

Stuff is "bringing back happy" on its quirky, helpful, product-review driven site. Over at Lakeland, shoppers enjoy gift ideas, recipes and learning how to use a pasta-machine or poach the perfect egg. Great content is a commercial must. Lakeland's 500-plus product videos, top fives (for gifts, cleaning products, etc), and reviews and dynamic

recommendations are working incredibly hard to drive sales, as well as entertain and inspire the customer.

Lakeland's marketing director Tony Preedy examined the importance of using quality editorial and the latest searchandising techniques to drive customer engagement at this year's *Internet Retailing Conference*. An

important facet of the Lakeland site, which relaunched this year after a major development programme, is its ability to segment customer groups and merchandise accordingly, ramping up relevance and engagement for the customer.

“As well as general good online shopkeeping around navigation, suggestions of complimentary items and keeping the search engine working well, the second layer of smart merchandising is segmentation,” says Preedy. “This is possible because the site tracks IDs from the Lakeland back office customer database, reacts to different referrer IDs, and can distinguish characteristics such as people who have or haven’t bought before and returning people with active baskets. The aim is to develop segment-specific marketing plans based on these insights. And to make sure we’re on track, we test, test, test.”

Thanks to search, merchandising and targeting software, online retailers are redefining customer engagement for the digital age, ensuring the right products

software can be expensive,” says Lombos. “But the return on investment makes a compelling business case. Our clients tend to see a 20 to 30 per cent uplift in conversion rates after implementation.”

PERSONALISED SHOPPING

Asos.com added Fredhopper’s personalised recommendation technology to its website earlier this year, to enrich the shopping experience of customers and increase sales by cross-selling and upselling. “Personalised recommendations offer our customers a more bespoke shopping experience,” says James Hart, ecommerce director at Asos. “We needed a tool where shoppers can see complementary fashion suggestions that are relevant to them.”

Equally innovative in fashion is US player O.com (previously www.overstock.com). It offers high levels of customer service as well as keen prices. Powerful searchandising functionality is now at the heart of its proposition. O.com works with RichRelevance to refine the

has helped the company build its award-winning reputation for good service. Having ranked within the top 10 of the NRF/American Express Customer Service Survey in the US for the last five years, it’s clear that improving how product is presented online really pleases shoppers.

Store promotions have driven customer engagement for decades, and now in ecommerce, engagement can be turbo-charged because personalisation of promotions comes into play at the point of search. “A shopper is going to be compelled to take action if there’s a good price or good promotion made known to them just as they are searching for specific items,” says Paul Bolton, director of product and corporate strategy for multichannel marketing specialist IVIS Group. The company works with clients including Tesco and Carphone Warehouse to automatically present promotions in as relevant a way as possible, using demographic information, known customer preferences, and behavioural patterns on the site.

“The technology also reads where a customer has clicked most on a site, and will present promotions to those spots,” says Bolton. Tesco customers are alerted when their basket value is bringing them close to qualifying for a promotional discount, “so they’ll see a message saying ‘if you spend £5 more you will benefit from £20 off your bill’. It’s vital to use the technology to help customers and keep them happy, rather than be too pushy and over-promote.”

BRAND VALUES

Sites that automatically select the best products and promotions to display on web pages engage customers very well, but it’s important not to lose sight of your brand identity at the same time, particularly if you have a rich brand heritage to tap into. Luxury shirt retailer Thomas Pink has spent the last few years working hard to emulate its offline brand experience online and present product digitally in ways that are just as engaging as its trademark stores, windows and advertising, conscious that the brand is a customer engagement tool in itself.

Speaking at *Internet Retailing 2011*, head of ecommerce Nadine Sharara said the aspirational brand, with its superior product, and heritage of quality and craftsmanship is now properly reflected in the Thomas Pink website thanks to strong editorial and video content.

“ Site stickiness thanks to valuable, rich content is a huge commercial benefit ”

are presented to the right people at the right time. “We are in the business of creating a better customer experience to help clients sell more,” says Frank Lombos, vice president of worldwide sales at searchandising solutions provider Fredhopper. “There are a whole host of predictors of saleability at retailers’ disposal and we believe the best way to use that insight is to blend together the most powerful predictors, giving retailers the most potent cocktail for dynamic merchandising and recommendation. Then you can show customers everything that could possibly hook them into making a purchase.”

Fredhopper’s smart targeting solution is based on consumer behaviour alongside merchandise data such as bestsellers, positive customer reviews and items least likely to be returned. It also takes into account promotions and whether the latest range needs to be pushed, or end of lines shifted, according to the wider merchandising strategy. “Of courses not all retailers are embracing this, because to fully implement the

search process for customers, and provide fast, relevant recommendations across the site.

“This way you are engaging the customer with helpful suggestions, as well as creating opportunities to cross-sell and upsell,” says Sam Peterson, senior vice president for technology, website and merchandising at O.com, another *Internet Retailing* Conference presenter. “Increasing numbers of customers are navigating the site through recommendations – ‘more like this’ and ‘people also bought this’ – so that today a large number of our online revenue comes from people clicking on recommendations and buying those products.” O.com has also seen an increase in average order values for products that have been selected through recommendations. Peterson says it’s important to constantly improve the searchandising process by using A/B testing to find out what kinds of recommendations customer respond to best. He believes the convenience provided by dynamic recommendation

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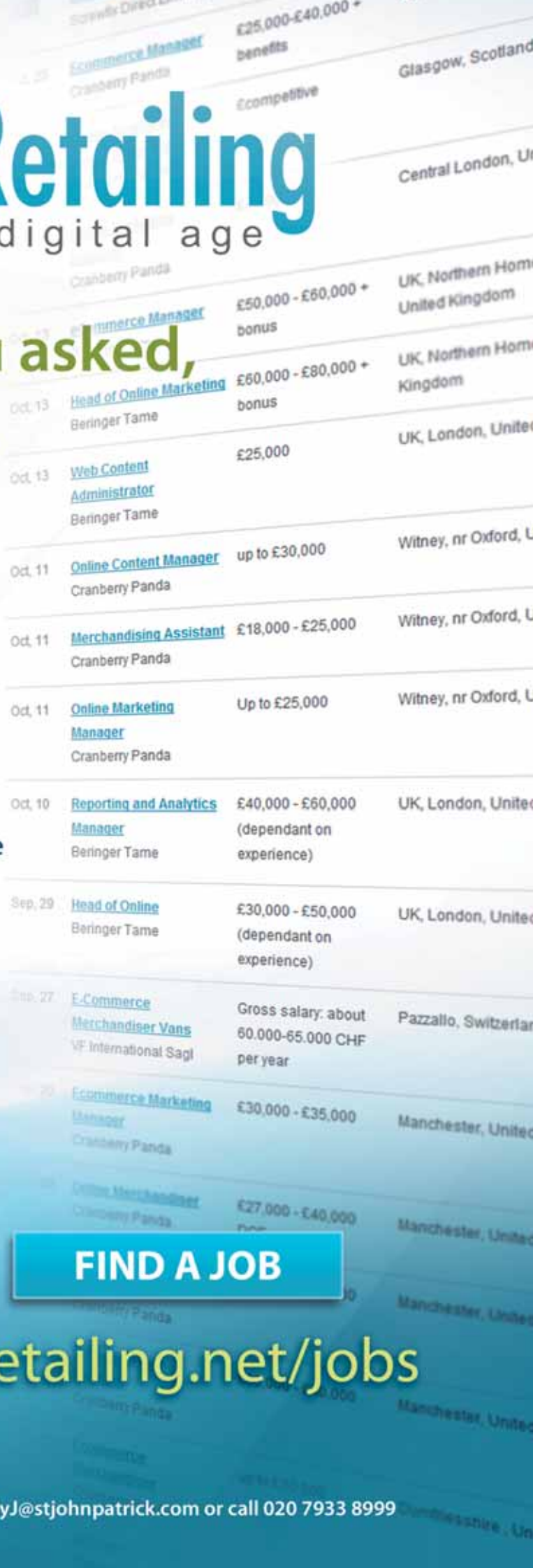
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Oct 10	Reporting and Analytics Manager Beringer Tame	£40,000 - £60,000 (dependant on experience)	Witney, nr Oxford, U
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Sep 27	E-Commerce Merchandiser Vans VF International Sagl	Gross salary: about 60.000-65.000 CHF per year	Pazzallo, Switzerland
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Sep 18	Online Merchandiser Cranberry Panda	£27,000 - £40,000	Manchester, United
Sep 18	Online Merchandiser Cranberry Panda	£27,000 - £40,000	Manchester, United
Sep 18	Online Merchandiser Cranberry Panda	£27,000 - £40,000	Manchester, United
Sep 18	Online Merchandiser Cranberry Panda	£27,000 - £40,000	Manchester, United

There's an integrated "holistic" brand strategy in place that spans stores, web, video-enriched email, digital devices and print adverts (with QR codes) so that campaigns are aligned, and product presented in tune with the brand, regardless of the different communication vehicles. "A major challenge for us was how we would present our product online so that our customers can appreciate what they can touch and feel in the in-store environment," says Sharara.

Working with multichannel video agency Adjust Your Set, Thomas Pink has "built a seamless customer journey across our web site", explains Sharara. Launched in 2009, Pink TV includes product video to show the look and movement of shirts on models, and embedded players that show seasonal campaigns. "Our films of campaigns capture the essence of the brand and capture the imagination of our audience," says Sharara. Pink TV also includes 'expert guides' – video tutorials showing how to iron a shirt or tie a bow tie. The next step will be a 'click to buy' ad, that will be pushed out through an affiliate partner, giving customers the chance to click straight through from a video advert to an 'add to basket' function, all hosted by the affiliate.

“ Online retailers are redefining customer engagement for the digital age, ensuring the right products are presented to the right people at the right time ”

Since introducing video content, bounce rate has declined by 10 per cent, overall dwell time on the Thomas Pink site has risen 40 per cent, with people who look at the product and lifestyle videos spending three times longer than those who don't. The most encouraging statistic is that conversion for people who view video is 230 per cent higher than for those who don't view video, says Sharara. For this reason she believes the expense

THE PURCHASE JOURNEY

"The three ways shoppers navigate online retail today are browsing the hierarchical categories, using the search box or discovering new products through personalised product recommendations. At this point in the purchase journey, the shopper is deeply involved in the process and very open to helpful suggestions. Increasingly online retailers are maximising this powerful moment by using algorithms that will present product recommendations that fit with the wider merchandising strategy, are highly likely to convert, and will really drive sales."

Diane Kegley, chief marketing officer, RichRelevance



WHAT THE EXPERTS SAY



CROSS-CHANNEL WORLD

"After 10 years of being about one main digital channel, right now the world of ecommerce is fragmenting into what Forrester is calling the 'splinternet'. From now on ecommerce must work across many digital channels, and because online is in our pockets on mobile devices the world of online and offline is blurring dramatically. This all has implications for how customers access and relate to product. We must offer a consistent, relevant, brand-aligned experience across all touchpoints, in order to truly engage them."

Frank Lombos, vice president worldwide sales, Fredhopper

THE SOCIAL FACTOR

"The recent partnership between Facebook and eBay shows the way forward for online retailers to tap into the power of social commerce. The integration of Facebook's Open Graph technology with ecommerce tools provides online retailers with new opportunities to engage shoppers with social shopping experiences. The introduction of a shopper's social connections, the products friends are interested in or have purchased, will provide a new type of personalised engagement for both online retailer and shopper."

Alan Botwright, digital development director, Brandhouse



BREAKING DOWN THE SEARCH PROCESS

"As the browsing experience has become more powerful and responsive, the search process has been broken down and enriched at three key stages: the predictive results page which today can be presented with varying levels of rich content, the search results page and final product page. These last two stages should present not only the most relevant results, but associated products based on past user behaviour or business objectives. Argos is a great example of this, providing simple prioritised recommendations results, the dual aims being to increase conversion and basket size."

Sundeep Kumar, user experience director, Grand Union

of video can be justified. "Our content is now really drawing popularity and the engagement rates we are getting from analytics are phenomenal," says Sharara.

Site stickiness thanks to valuable, rich content is a huge commercial benefit. "There's a halo effect too as we're getting thousands of Facebook views of our campaign videos, and where the marketing is integrated with the other channels we are seeing sales uplift – particularly in stores."

Searchandising is about to become even more customer-centric, as mobile

devices provide new opportunities, predicts Lombos at Fredhopper. "Already we are seeing companies like Zmags helping brands mobilise their merchandise in time and location-specific ways. Brands can reach specific people via mini mobile product catalogues across social, tablet and mobile commerce channels," he says. "New hybrid apps that know who you are, where you are at a certain time, and what you like, will take digital merchandising and customer engagement to whole new levels." ■

There are times when ideas that have been in the ether for a long time begin to coalesce. In the introduction to this supplement, we outlined how a variety of changes in technology and our wider society have brought searchandising and recommendation into focus.

What's become clear as we've worked on this project is that compared to a year ago, when even many bigger companies were often only thinking about searchandising and recommendation in abstract terms, or perhaps as an item on a to-do list, the ideas here have moved to the centre of many companies' operations.

That isn't surprising. At a time when consumers in most of Western Europe are chilled by recession, getting value for money has become far more of a priority. That's even true with those buying premium brands. Outlet shopping centres appear to be doing well, as do sites such as Secret Sales. In short, customers are getting choosy.

The next generation of personalisation technologies helps retailers here. Essentially, the shift we're seeing is towards putting items in front of consumers that are based on what customers appear to be searching for. It's important to realise this goes beyond the customers-who-like-this model. We're talking pages that update on the fly, where smart algorithms recognise that, this time around, a returning customer is searching for a gift rather than an item for themselves.

In truth, this is roughly the picture we expected to find. What's been far more surprising is the realisation that utilising searchandising and recommendation techniques as a driver of sales is no longer confined to the online world. Instead, as we enter a true cross-channel retail landscape, retailers are reacting to the fact that customers are conducting searches by smartphone while they're out and about, comparing prices when they're in the shops. In addition, digital interfaces of different types are no longer just found in top-end stores.

A key point here is that customers used to quick searches and instant price comparisons are impatient customers. If something isn't available straight away at a bricks-and-mortar location, customers will increasingly expect to be able to get the item via the store's website instead, and to organise that in the shop. If that can't be done, they're not going to come back in a week at the retailer's convenience.

That may sound bleak if you're in the department store business, but it needn't be. For a glimpse of the future, think of Apple's stores, which are as much about offering advice on Apple products as they are about flogging iPods and iPads. In addition, the line between the digital and real world is deliberately blurred in this environment, in part you'd guess because Apple wants to be able to track what customers are doing across different channels. (There's a good reason to send receipts via email...) You may not buy a laptop from the retail outlet on a Saturday

afternoon, but it's crucial for Apple to know you're in the market for a laptop.

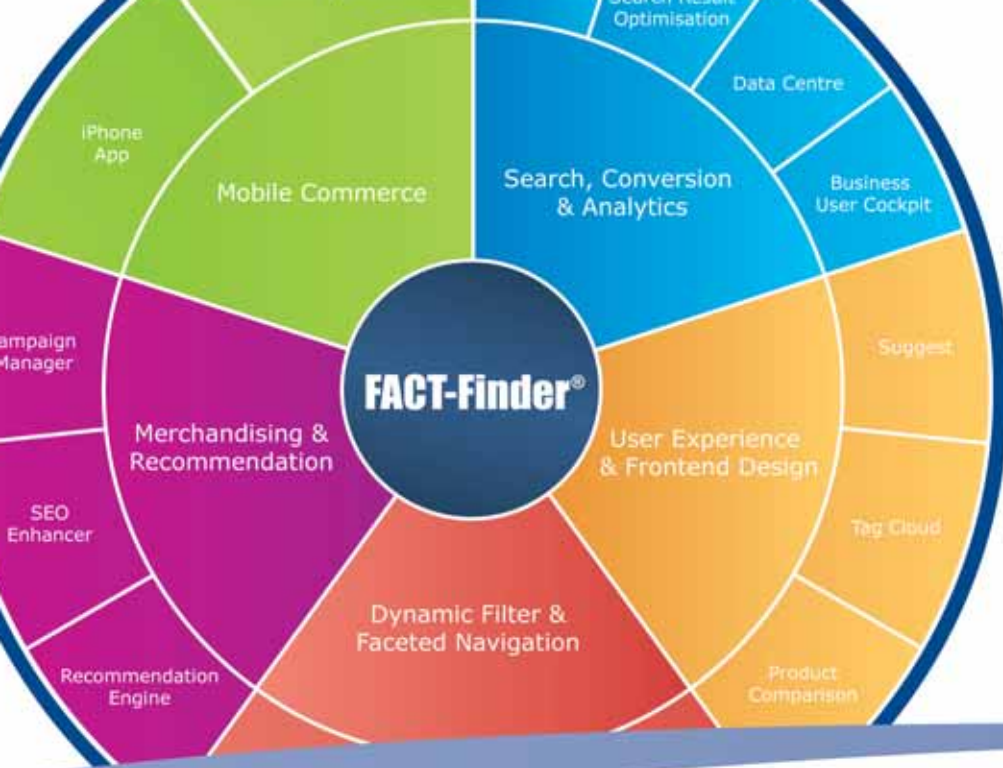
As this kind of retailing becomes evermore ubiquitous, and it will, it follows that it becomes evermore imperative for retailers to be able to tie together information gathered in digital realms and from the real world. This in turn leads to consistency in sales advice whether it's automated or offered in the high street. And what's this other than the application of what we might call cross-channel searchandising and recommendation? And all the while this reinforces the idea in consumers that search is the way to find what we want.

Those sleek shops long predicted by futurists, with just a few choice items but a next-day delivery digital ordering system no longer look like the kind of stores you'll find only in metropolitan areas. Shopping as an experience may even be on its way to market towns – far more imminently than anyone anticipated.

This supplement is the latest in *Internet Retailing's* series of supplements. Each explores questions facing ecommerce retailers today through six key aspects: web interface, merchandising, cross-channel experience, logistics, strategy and customer engagement. Our upcoming themes include international and cross-border, and payment and fraud, and we welcome your ideas and suggestions for the future at editor@internetretailing.net.

Chloe Rigby and Jonathan Wright
chloe@internetretailing.net
jonathan@internetretailing.net





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