



Superior Shopping Experiences

Compelling Merchandising and Marketing for Connected Customers

FOR IMMEDIATE RELEASE:

April 16, 2013

Contact:

Lauren Freedman
the e-tailing group

LF@e-tailing.com

Twitter: [@etailinggroup](#)

773.975.7280

STATE OF THE MARKETPLACE

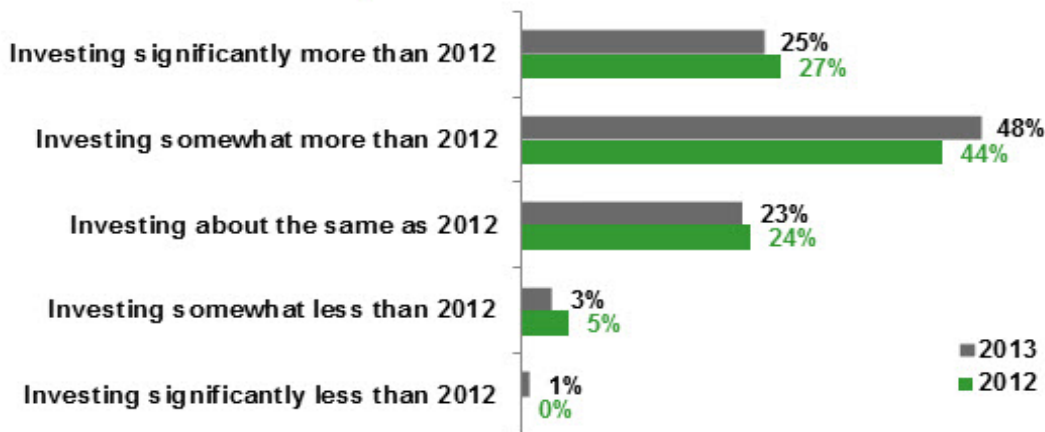
Being multi-dimensional grows in importance as retailers must deliver across a rich range of devices and channels as consumer access grows, emphasizes Lauren Freedman, President of the e-tailing group. Now more than ever, **elevating the customer experience is essential for differentiation and survival** with Amazon a click away for every shopper and a threat to every retailer. Striving for excellence and **delivering superior personalized shopping experiences** means **compelling merchandising** and targeted marketing to meet and exceed the expectations of today's **connected consumers**.

MERCHANT FOCUS

For the 12th consecutive year this comprehensive online survey was fielded in the first quarter to senior executives with responsibility for ecommerce. This year 148 respondents provided valued insights to 47 questions covering critical topics from Internet strategies to channel presence to merchandising and mobile initiatives.

A quick look at the numbers is encouraging as investment is forthcoming with 3 out of 4 retailers investing MORE than 2012.

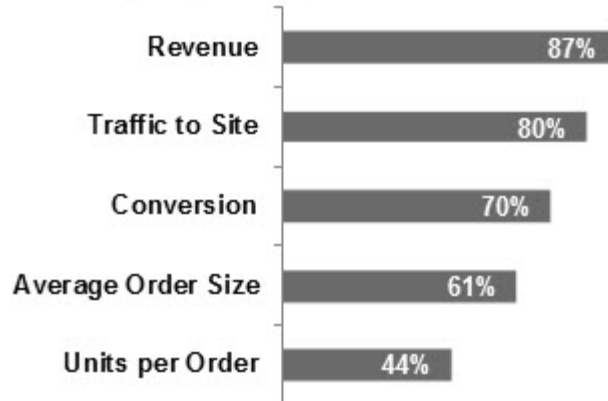
How will your ecommerce investments be impacted by the current economic climate?



METRICS TRENDING

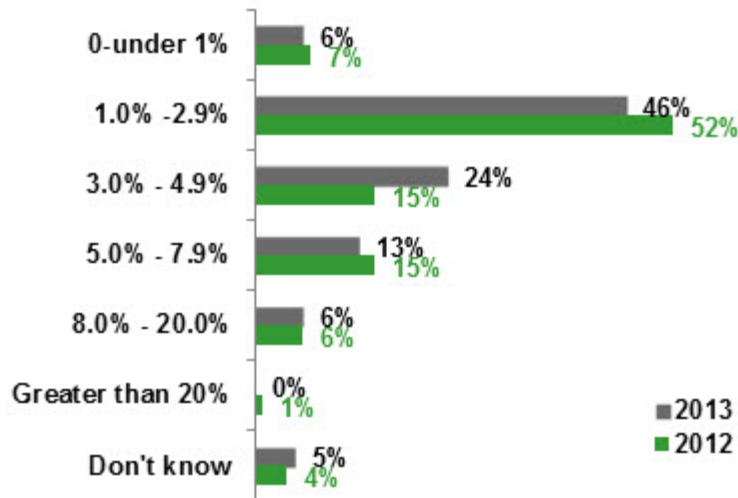
Key indicators are all trending upward indicating strong growth year-over-year on metrics that impact profitability. In every instance retailers report somewhat/significant increases starting with units per order for just under half while revenue gains anchor the list and almost universally increase at 87%.

Over the course of the past year (2012), how have the following key metrics been tracking?
 Top-2 Significantly/Somewhat Increased



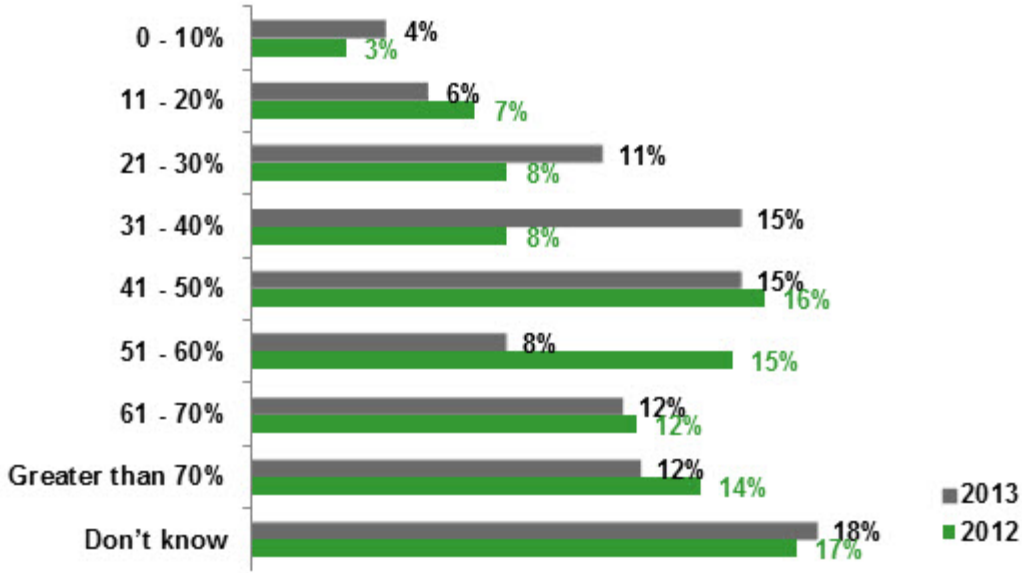
Conversion rates see movement into the 3-4.9% range as retailers learn the ropes where 70% cited gains year-over-year. Continued emphasis keying in on conversion should be expected given overarching customer experience direction revealed by retailers in open-ended questions for the coming year.

What kinds of conversion rates are you seeing on your site?



Shopping cart abandonment rates decline given dedicated merchant efforts. These numbers find their way into conversion stats supporting positive findings.

What are your current shopping cart abandonment rates?
 (abandonment is defined as the customer leaving the site having left product in the cart without completing the checkout process).



MERCHANDISING MATTERS

To gain an understanding of the value of specific **merchandising tactics**, 50 features were ranked on a 5-point scale: 5 being very valuable and 1 indicating not at all valuable in driving revenue and results.

Charted first are the most highly valued features with a top-3 ranking of 90% or more (valuable/somewhat valuable/neutral).

Top rated and free shipping—conditional move into top 10 while zoom and sales/outlet see some decline.

Additions to the 2013 review included Pinterest given the heightened interest, community's Ask & Answer and Proactive Chat which is being deployed by more retailers.

Listing of Feature Ranking Very Valuable to Neutral	Top-3 2013
Keyword search	98%
Product ratings/reviews	95%
Email as a merchandising vehicle	95%
Free shipping - conditional	94%*
Seasonal promotions	93%
Cross-sells	93%
What's new	92%
Up-sells	91%
Top rated	91%*
Alternate views	91%
Top Sellers	90%
*New to Top-10	

Gainers & Losers

In a world of price transparency and flash sales, it's not surprising to note that a promotional tactic like **limited-hour promotions** would see an 18% gain. Single digit gainers included tactics that exposed products earlier or better including quick view, color change or interactive tools while unconditional and conditional free shipping and social marketing from Twitter to social log-in all received retailer attention for their ability to drive ROI.

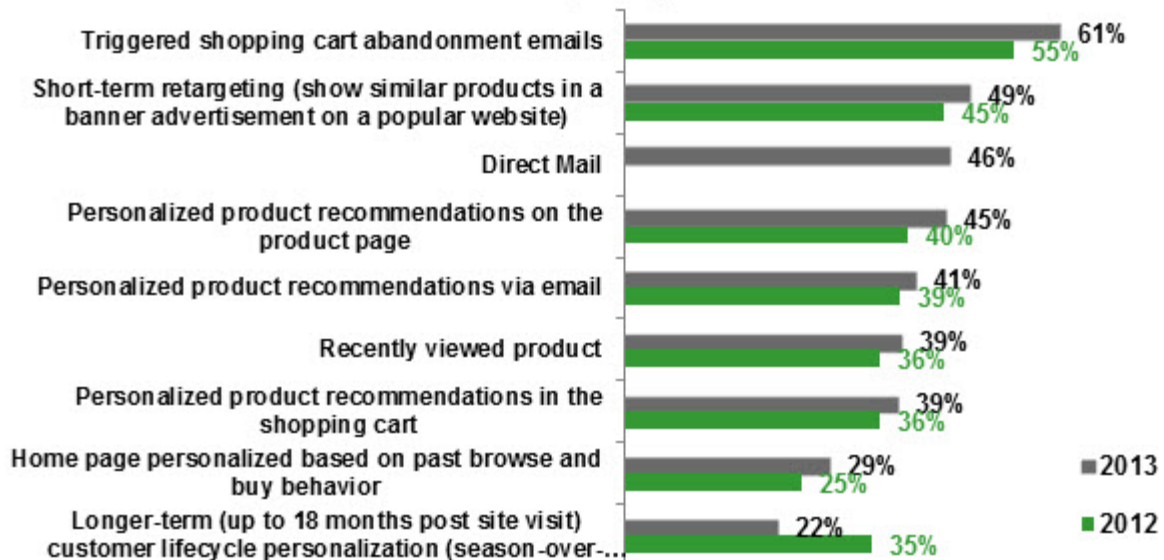
All Features High to Low %	Top-3 2013	Top-3 2012	+/-%
Limited hour promotions	70%	52%	+18
QuickView	82%	73%	+9
Color change	79%	72%	+7
Free shipping - unconditional	75%	69%	+6
Interactive tools	71%	65%	+6
Twitter marketing	66%	60%	+6
Social login	62%	56%	+6
Free shipping - conditional	94%	89%	+5
Product ratings/reviews	95%	91%	+4
Top rated	91%	87%	+4
Gift certificates/Cards	71%	67%	+4

OMNI-CHANNEL EXECUTION

Personalization plays an important role where ROI and success are seen from **shopping cart abandonment emails** and **short-term retargeting**. **Product page recommendations** are populated by the majority of retailers on websites (56%) and via email with one in three employing retargeting and leveraging email alerts. Additionally, three out of four retailers take advantage of personalization with outsourcing outweighing in-house solutions.

Given the array of personalization tactics available to you, how would you describe the success of each tactic from an ROI perspective?

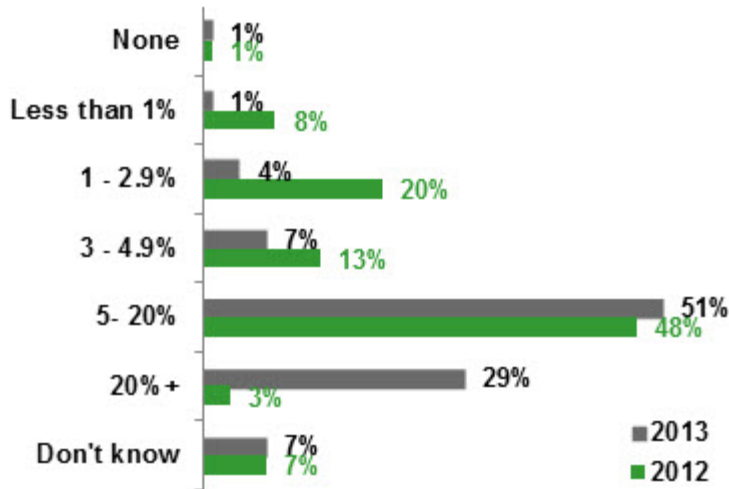
Top-2 Very/Somewhat Successful



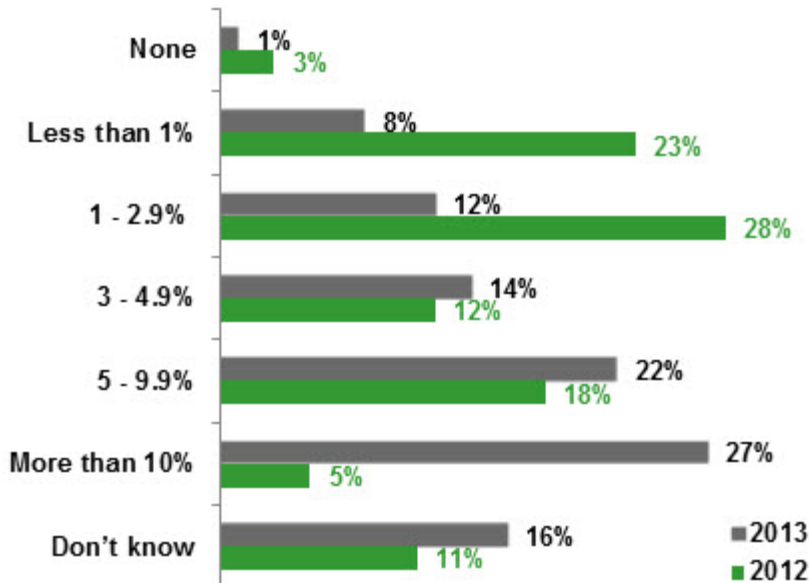
MOBILE SHIFT SIGNIFICANT

Mobile investment is a split personality where just under half the retailers responding will be spending under \$50K and the remaining retailers making more substantial investments. Retailers embrace a range of mobile solutions where 2 out of 3 now have mobile optimized sites and barcodes/QR codes now in place for 1 out of 2 retailers. For the majority of retailers, traffic patterns from mobile have catapulted even to double digits as they see 5-20% of their traffic coming from mobile and impressively almost 1-in-3 (29%) have exceeded the 20% mark. Based on the focus expressed for Top-3 2013 initiatives, it's understandable why mobile has catapulted to the top of the list. Even more significant is that almost 1 in 3 retailers (27%) see 10% or more revenue via mobile devices.

What percentage of your traffic comes via mobile browsers or mobile applications?



What percentage of your revenue comes via mobile browsers or mobile applications?



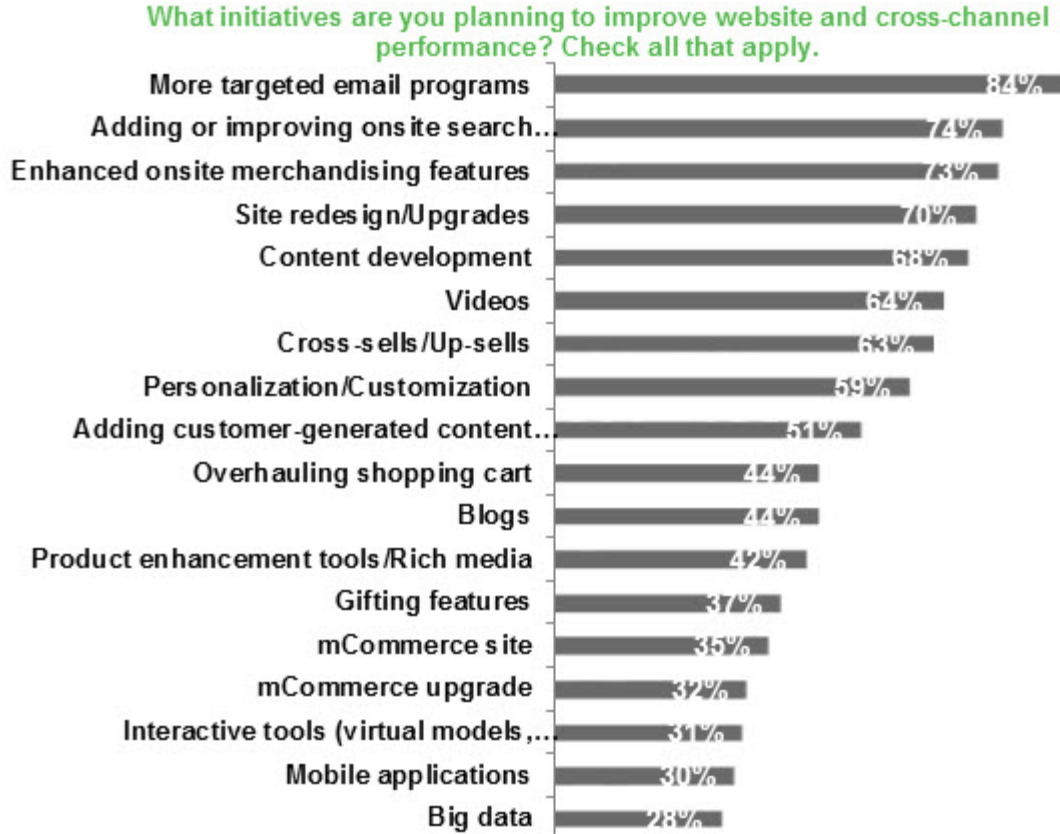
SERVING UP SOCIAL

Social tactics are universally deployed starting with Facebook. Beyond blogs all social tactics see single digit improvement where ratings/reviews top the list based on the 5-point scale: 5 being very valuable and 1 indicating not at all valuable used to assess merchandising.

SOCIAL	Top-3 2013	Top-3 2012	+/-%
Product ratings/reviews	95%	91%	+4
Sharing via social networking	89%	87%	+2
Facebook page	86%	84%	+2
"Like" on Facebook	82%	81%	+1
Pinterest	79%	na	na
Blogs	72%	78%	-6
Ask & Answer	67%	na	na
Twitter marketing	66%	60%	+6
Social login	62%	56%	+6
fCommerce	44%	51%	-7

PLANNED INITIATIVES

Prioritizing for 2013 finds ecommerce experts expressing where initiatives are planned from this list of eighteen to improve website performance. More **targeted email** (84%), upgrading **onsite search** (74%), enhanced **onsite merchandising** (73%) and site redesigns (70%) all are getting attention. Content development including videos continues to find traction as research behavior remains strong.



THE E-TAILING GROUP CHECKLIST

1. Think profitability as tactics are prioritized and positioned on-site and beyond
2. Align priorities to meet internal goals, surpassing competitors and exceeding customer expectations
3. Evaluate a range of merchandising tactics to ensure that your company delivers a superior shopping experience
4. Ensure merchandising standards are in place with superior execution and an emphasis on

- category-centricity embraced
5. Monitor emerging marketing techniques while maintaining an edge on the essentials
 6. Elevate mobile initiatives as customers connect and spend significantly via mobile devices
 7. Extend personalization plans taking a customer-centric approach to secure greater gains
 8. Test social networking strategies taking advantage of these locations to engage and acquire consumers
 9. Invest in data in order to understand customer behavior making savvy merchandising and marketing decisions
 10. Monitor performance and strive to differentiate your brand in today's highly competitive environment

THE COMPANY

The e-tailing group, inc. serves as the multi-channel merchant's eye, bringing a merchant's sensibility to evolving the multi-channel shopping experience. A Chicago-based consultancy, they provide practical strategic perspectives and actionable merchandising solutions to merchants selling online as well as to enabling technology firms.

For more background about this research study, including a list of merchants surveyed or for additional information on the e-tailing group, inc. please contact Lauren Freedman at LF@e-tailing.com or visit the e-tailing group website www.e-tailing.com.

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the e-tailing group



Share the details!

1444 W. Altgeld Street, Chicago, IL 60614

T: 773.975.7280 F: 773.871.3528

LF@e-tailing.com

www.e-tailing.com

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