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the e-tailing group press release

Merchandising to Medal

Merchandising Results from the e-tailing group’s 16th Annual Mystery Shopping Study

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Contact:
Lauren Freedman
the e-tailing group
LF@e-tailing.com
Twitter: @etailinggroup
773.975.7280

THE FACTS

As the countdown clock for the Winter Olympics winds down, ecommerce’s performance escalates and the consumer serves as the judge of retail success. They are fierce in their assessment where winning scores are measured through KPIs that include conversion, average order size, and retention. From a merchandising perspective, shoppers mentally score every site visit to award medals for efficiency, inspiring experiences and promotional prowess on their browse and buy missions. While the retailer’s score always begins with product, it’s the merchandising elements that serve as the differentiators that allow the best to reach the medal stand during the holidays and throughout the year," suggests Lauren Freedman, President, the e-tailing group.

THE METHODOLOGY

The e-tailing group’s *16th Annual Mystery Shopping Study*, conducted during 4Q’13, benchmarks 335 metrics on 100 ecommerce websites across 13 consumer product categories. A previous release issued on 1/21/14 focused on 139 customer service features and functionality while this release summarizes highlights regarding the 196 merchandising tactics evaluated in the study.

NOTABLE FINDINGS

Four themes rose above all others in a review of 2013 data and the comparable research from the prior year.

1. EFFICIENCY

Shoppers seek out time-saving tools where both technology and innovation are embraced to better serve the consumer. Efficiency most often accompanies search where retailers almost universally (89%) have in place navigational dropdowns for a quick read of the assortment while 90% of those merchants embellish these locations with favorite products or pre-defined offers. The keyword search box, heavily used by online shoppers, finds 70% of retailers incorporating type ahead features though unfortunately only 29% employ visual search to further aid shoppers. Once results are delivered, 45% optimize search results with badging that can include labeling such as "new," "free shipping" or "sale" to capture the shopper’s attention. As many shoppers like to scan for an overview, one-in-two retailers allow for the ability to view all products and 60% make a quick view available to gather essential details about a product.

	4Q13	4Q12

	% Penetration	% Penetration
Navigational Dropdowns off Home Page	89%	86%
Merchandising via navigational dropdowns	90%*	85%*
Type Ahead	70%	56%
View All	51%	48%
Quick View	60%	55%
Badging on Search Result Items	45%	N/A
Visual Search	29%*	N/A
Recently Viewed	60%	55%

2. PROMOTIONAL PUNCH

2013 saw promotional purchasing reach exceptionally high levels and research we conducted indicated that shoppers took advantage of a promotion 74% of the time.** Adoption of the successful flash sale mentality can be seen in the growth of limited-hour specials now found on 53% of the sites up from 47% in 2012. Given its mass appeal, free shipping saw interesting shifts in 2013 where retailers simplified their strategies starting with the 20% of retailers who offered free shipping on all products. Of the remaining 80% of retailers unable to extend that benefit, 71% offered conditional shipping up from 57% in 2012, while only 35% funded free shipping on certain products.

	4Q13	4Q12
	% Penetration	% Penetration
Limited Hour Specials	53%	47%
Flat Rate Shipping Offered	16%*	N/A
Offer Free Shipping on All Products	20%	19%
Offer Conditional Free Shipping on All Products	71%*	57%*
Offer Conditional Free Shipping on Certain Products	35%*	45%*
Free Shipping For Frequent Buyers (Includes Credit Card Frequent Buyers)	26%*	29%*
Conditional Free Shipping to a Store	30%*	36%*

3. INSPIRATION AND EXPERIENCE

Technology and creativity is core to inspiring shoppers where a range of merchandising tactics serves the shopper well. Three-out-of-four retailers took advantage of home page slide shows to better visualize their assortments. Video is embraced by 89% of retailers with product page level integration at 72%, though unexpectedly down from 79% in 2012. Themed and seasonal tactics reemerged lending a shot of adrenaline to otherwise cookie-cutter retailing. Lookbooks are now more accessible than ever though only 22% of sites embrace, up slightly from last year's 17%. We do expect that this is a tool that fashion companies will continue to test where making it shoppable adds an important purchasing dimension (67%). Investing in model photography sees traction among 77% of relevant retailers while Shop by Outfit functionality serves to grow the AOV for 54% versus 44% in 2012 and Shop by Room inspires the interior decorator in us all (48% vs. 38% in the prior year).

	4Q13	4Q12
	% Penetration	% Penetration
Home Page Slide Shows	71%	72%
Onsite Video	89%	85%
Product Page Video	72%*	79%*
Themed/Seasonal Areas	63%	52%
Lookbooks	22%	17%
Shoppable Lookbooks	67%*	53%*
Item Shown on Model	77%*	78%*
Shop by Outfit	54%*	44%*
Shop by Room	48%*	38%*

4. SOCIAL REACH

Retailers are cognizant of the fact that today's consumer favors reviews and 48% of shoppers were always or frequently influenced by online ratings and reviews this holiday season.** Thus, reviews are a standard and present on 89% of the retail sites with more attention being paid to the depth of reviews (2.29/3.00 up from 2.26 in 2012). A new metric added this year is the ability to sort reviews where we are happy to report that 90% of the retailers incorporated such functionality into the shopping experience.

Reach can be accomplished in many ways and an overview of social dynamics sees significant interest starting with blogs (up 56% from 47% the prior year). General links to social networks are consistent though the composition now finds growth from Pinterest (70% vs. 52%), YouTube (69% vs. 62%) and Google+ (47% vs. 22%). We're not clear on why the Like button's presence declined from 74% in 2012 to 66% as it's not in keeping with other trends. Taking advantage of the consumer's viral bent is seen as product page sharing reached new heights (95% up from 89%) and again Pinterest leads the pack at 89%, up from 74% in the prior year.

	4Q13	4Q12
	% Penetration	% Penetration
Reviews	89%	91%
Depth of Reviews (1-3, 3= extensive)	2.29*	2.26*
Review Sorting	90%*	N/A
Blog	56%	47%
Link to Social Networking	98%	95%
Twitter	97%*	87%*
Facebook	95%*	97%*
Pinterest	70%*	52%*
YouTube	69%*	62%*
Google+	47%*	22%*
"Like" Button	66%	74%

Product Page Sharing	95%	89%
Facebook	63%*	N/A
Pinterest	89%*	74%*
Google+	54%*	55%*

* Subset of EG100 merchants

** Baynote/e-tailing group 4th Annual Holiday Survey; 2013

IN SUMMARY

“Retailers realize that smart merchandising is a mandate. Experiences must inspire consumers and allow for efficient exploration. Sharp pricing and promotion should be continually monitored and tools to extend reach put in place to support today’s omni-channel shopping landscape, concludes Freedman.

A report detailing benchmarks from the *e-tailing group 16th Annual Mystery Shopping Study* will be available to purchase and download via www.e-tailing.com for $395 later in February.

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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1743 W. Wellington Avenue, Chicago, IL 60657
T: 773.975.7280
LF@e-tailing.com
www.e-tailing.com