

Case Study

Online Retailing and E-commerce Optimization

“Despite the recession, online retail sales will continue to grow, albeit at a slower rate and at the expense of physical stores.”
Forrester Research, 2009

Overview

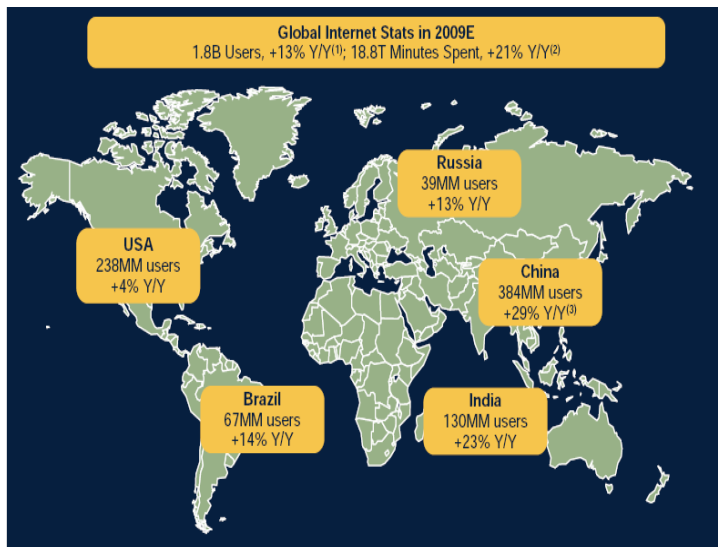
Retailing has evolved since time began, and the inception of the Internet as a shopping tool is a change that will increasingly impact the retail industry. E-commerce is well into its second decade and as the once rigid demarcation between the offline and online sales becomes blurred, it is branching out as a core to the way many B2B and B2C companies do business. As a shopping medium, the Internet has grown incredibly over the last decade alone. Average consumers are tuning into the online space to realize the many benefits, including convenience, time saving, discounted prices, and increased business transparency. There are also some perceived risks associated with online retailing such as not being able to see the product prior to purchase, as well as security fears in providing credit card details. However, these risks are currently being acknowledged by retailers and they are working on reassuring customers in all ways possible. It is forecast that in the near future, consumers will feel more comfortable shopping online and as a consequence, regularly mix online and offline purchases.

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Internet Usage Stats

Over the past decade, Internet has become an important part of the marketing and sales strategy for all businesses. As the growth in the traditional channels slows down, many B2B and B2C companies have realized that they have to be e-commerce players or else concede the markets to the one that already are.





Source: 1) Internet user stats are estimates by Morgan Stanley Research;
 2)time spent data per comScore global 12/09; 3) China Internet user stats per CNNIC, 1/10.

Why Optimize E-Commerce Experience

Search engine optimization (SE) is the process by which your website can improve its exposure to your target audience in the “natural” or “organic” listings – the listings you cannot buy.

Every website has an objective. Each objective might be different. Some websites seek to sell. Others seek to gather leads. Still others aim to change opinions. There are websites that are created to gather information, to provide information, to create community, to explain policies, to create awareness – every possibly communication role can be achieved through a website.

What all these objectives require to succeed are people. Not just any people, but the appropriate target audience.

There are many ways to reach a target audience, and a good marketing program includes several methods. SEO is indispensable for any website’s marketing program.

SEO IS INDISPENSABLE because so many people are shopping, conversing and researching online. In fact, the Internet is quickly becoming the central shopping mall, public library and town square of the world. Having a “presence” on the Internet is no longer enough. A website must be an integral part of any marketing program, and SEO is a key element in online marketing. If you are not using SEO to market your website, you are conceding audiences to others who are.

Online Commerce Share Gaining vs. Offline

The traditional channels of marketing and sales focused more on the sellers while the significant feature of the Internet is the impetus that it has given for buyer-driven commerce. Online retailers like Amazon.com and eBay.com have redefined the meaning of pricing and are moving from mass marketing to mass.

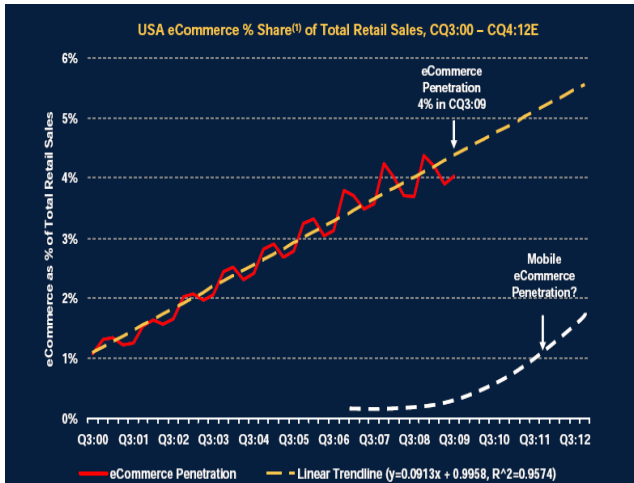
Categories' Online Penetration of US Retail Market, 2007		
>20%	10 - 20%	<10%
Computer products 45%	Toys / video games 19%	Home furnishings 9%
Other event tickets 27%	Baby products 19%	Cosmetics / fragrances 9%
Books 24%	Consumer electronics 18%	Sporting goods / apparel 8%
Music / video 24%	Office supplies 13%	OTC meds / personal care 6%
Gift cards / certificates 21%	Flowers / cards 12%	Appliances / tools 5%
	Jewelry 11%	Pet supplies 4%
	Apparel / footwear 10%	Auto / auto parts 2%
	Movie tickets 10%	Food / beverage / grocery 1%

In a study conducted by the US Dept of Commerce, the shares of online retail sales have grown to almost 4 percent of the total retail sales. Computer products are the most popular for online shopping with 45 percent penetration of the Retail Market in US while auto parts and food, beverages and grocery have least online penetration percentage.

2009 “State of the U.S. Online Retail Economy Report” found that online B2C retail and travel sales combined grew by 6%, hitting \$221 billion in 2008. The lion’s share—\$130 billion—came from retail. The remaining \$91 billion was generated by travel sites.

Q1 2009 survey on online retailing by the e-tailing group suggested that many of the e-commerce companies were continuing to invest in the business. According to online retailers surveyed, 36% planned to spend more this year than last; 26% said they would invest about the same amount as they did in 2008

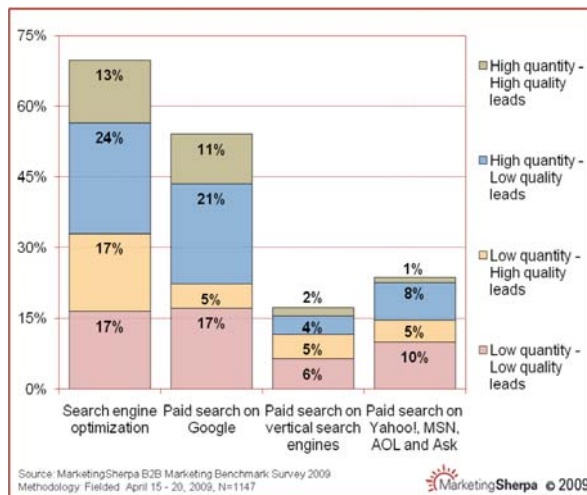




Source: The State of Retailing Online 2008 (Forrester Research)

You cannot ignore SEO because much of your target market is already looking for what you have to offer. They are looking on search engines. Traditional search engines such as Google, Yahoo, Bing and Ask. Less-traditional search engines such as YouTube and StumbleUpon and Flickr and Twitter. Interestingly, these searchers are the “low-hanging fruit”. Of all your market, these are already pre-qualified warm leads, because they have taken the time and trouble to seek you out. But if your website is not there, you are conceding the fruits of their time and trouble to somebody else’s website.

SEO is indispensable because most people still click on the “organic” (non-paid) listings. It might still be worth paying for “sponsored” links at Google or Bing, but over 40% of people click on the #1 link in the organic listings. If your website does not show up prominently in the organic listings, it is conceding the majority of your target market to other websites.



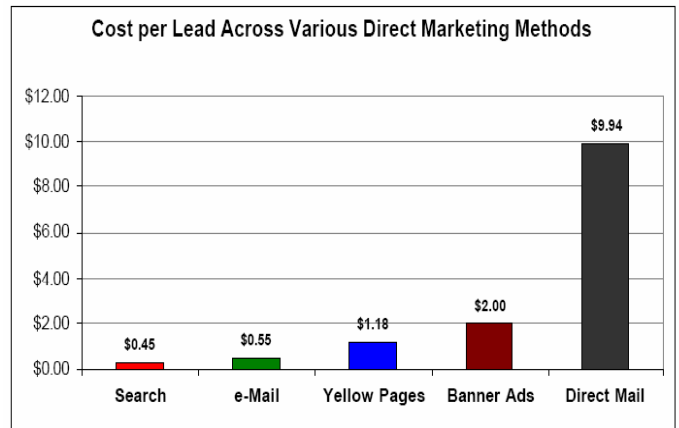
Source: MarketingSherpa B2B Marketing Benchmark Survey 2009. Methodology Fielded April 15 - 20, 2009, N=1147

MarketingSherpa © 2009

FACT: 68% of search engine users click on results from on the first page, compared to 62% in 2006, and just 60% in 2004.

Another reason why you cannot ignore SEO is because it is so targeted. Unlike magazine advertising or TV advertising, which can be “targeted” to a broad demographic, SEO targets very specifically those people who have an interest in what you are offering. It is for that reason that ROI is so high compared even to direct mail. If you are not using SEO, you are conceding a competitive advantage to others.

SEO becomes all the more important because it has the lowest cost-per-lead (or the highest ROI)¹. This is particularly true when sufficient resources are put into the campaign, as the benefits materialize mostly after a certain threshold has been reached. SEO does take time and a lot of effort. If you don’t put that time and effort in, you will be conceding the lowest cost-per-lead strategy to competing organizations.



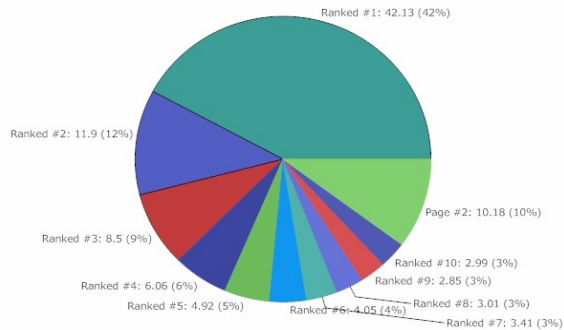
Source: Piper Jaffray & Co.

Another benefit of SEO lies in the fact that your target market is forming impressions of your industry or your niche all the time. There are very few “authorities” people rely on more to form those impressions than the major search engines. High search engine ranking is an important vehicle to improve your organization’s reputation for leadership in your field. If your brand is not visible in the organic listings of the search engines, you are conceding much of your brand reputation to your competitors.



Optimizing E-Commerce Websites

Traffic Distribution By Google Ranking

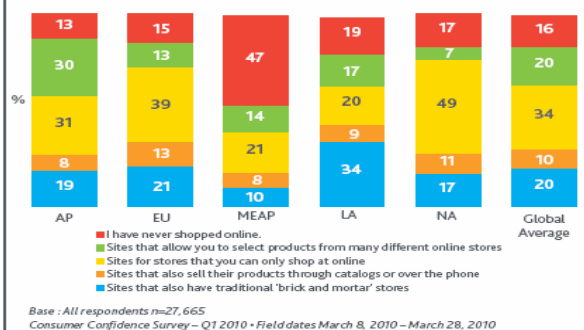


FACT: 39% of Internet users associate appearance at the top of search results with a company's leadership position within its industry or niche, continuing the trend that went to 35% in 2006 from 33% in 2002.ⁱⁱ

Also just because having a "presence" will not drive traffic, audience, leads or sales, SEO becomes a must for your business. A study by Cornell Universityⁱⁱⁱ found that even if people reviewed several results on a Google search results page, they tended to click on the first result (see table below). In 2006, AOL accidentally released three months of raw search data, which showed almost identical results. A presence alone will not pull in your audience; your website has to compete and surpass all others. If you are not fighting for the top spot, be prepared to concede a disproportionate amount of customers and sales to competitors who are.

Because people are increasingly choosing to view news, pictures and videos rather than just websites, simply doing SEO is not the solution. A Holistic SEO is needed for the holistic searches that people are looking for. The search engines have been giving these options recently, and they are proving popular. If your company is not optimized for these "blended search" items, you are conceding a sizable portion of your target market to your competitors who are.

What kind of websites do you purchase from most frequently when shopping online?



Website Preferences

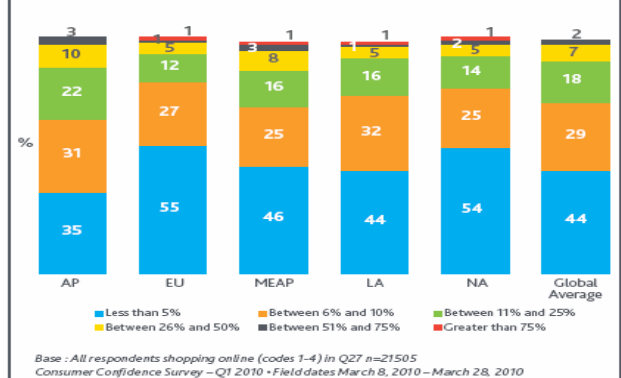
Gaining an insight into the kind of websites, people like to shop from online, one third of the population surveyed gave their preference for the retailers having online only presence. Only 16 percent of the population reflected they have never shopped online. Almost half of the population surveyed (47 percent) in Middle East, Africa and Pakistan said they have never shopped online.

Another conclusive sign of growth opportunities in the field came from the fact that 44 percent of the population spends less than 5 percent of their monthly income online and another 29 percent that says they spend between 6 and 10 percent of their monthly spending online.

eCommerce technology continues to evolve, prompted by increasingly complex market demands. Many of these demands center on the following three trends:

- Increased desire to leverage customer context will drive the need for robust content management (CM) solutions with advanced targeting and site optimization capability;
- Customers will continue to seek the convenience of multichannel, and savvy eBusiness leaders will look to their eCommerce technology providers to
- minimize the complexity of serving customers via many touchpoints; and
- Business-to-business (B2B) eCommerce will emerge as a growing and critical component of the overall sales landscape.

What is your online shopping spending percentage of total monthly spending?



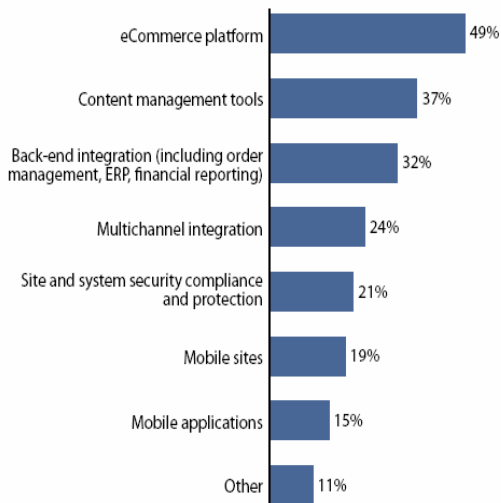
Ebusiness leaders will turn to their eCommerce solution providers to help them maximize these opportunities and drive their customer experience and businesses forward.



Growth In Content, Sites, And Channels Drives Content Management Requirements

Amid all of these changes, Forrester has seen a spike in inquiries from clients wrestling with whether to add a Web content management (WCM) solution to their eCommerce technology environment, focus on improving their capabilities around content via use of their current eCommerce platform, or replatform entirely. Content management is becoming a top priority for online retailers across verticals.

Source: Q4 2009 US Retail Executive Online Survey



The challenges of managing web content have grown significantly in recent years as eCommerce businesses grow their international business and must localize content, focus on SEO, and support additional channels such as mobile and kiosks through their eCommerce platform. eBusiness pros will look to their commerce platform and WCM solutions to both leverage the use of their content through many touchpoints and harness the vastness of those efforts.

Testing and Targeting Increase as eBusinesses Focus on Optimizing Their Content

As sites have become more content-rich and complex, using segmentation and personalization techniques to help customers discover products and enable marketers to target them with effective content (offers, categories, brands, and promotions) has become critical to optimize the sites and drive the business. As a result:

- Increased segmentation and testing use will drive demand for more sophisticated tools. As eCommerce businesses highlight brands and lifestyles within their site and support tactics such as dynamic landing pages to improve search and email campaigns, businesses will increasingly look to target customers through segmentation and localize their Web content to support globalization. As a result, eBusinesses will need avenues

to be more relevant to these multiple constituencies. This effort, however, is a resource-intensive part of their business. Use of Web analytics and testing tools will increase, but to scale and automate content targeting and segmentation, eBusiness professionals will look to both platform and testing vendors.

- Rigorous optimization will be applied to Web content. Tremendous energy and funds are expended in planning, creating, and publishing Web content on eCommerce sites today. However, most eCommerce leaders will admit that much of what ends up on their sites is based on guesswork. Despite the ubiquity of Web analytics tools in use today, many eCommerce content creators and merchants are not yet leveraging them to real benefit.

From Web Analytics to Customer Analytics

To improve returns, many marketers are focused on making their communications more timely and relevant to recipients. To do that, they need to build communications around the interests and preferences of each individual customer or prospect. Web analytics, if made personal, can fuel this process, by providing specific behavioral insights about each individual.

Conventionally, marketers use web analytics at an aggregate level. They seek to report on the performance of their web sites and online advertising, so they can adjust their efforts to improve the results. This is an extremely worthwhile application that can deliver excellent return on investment.

However, marketers may be squandering a huge opportunity if they do not also leverage web analytics as a rich source of behavioral insights on individual prospects and customers. Used this way, web analytics can play a far more direct role in engaging customers, improving customer experiences, and increasing sales, by enabling companies to deeply personalize their communications and interactions.

Individualized web analytics isn't mere theory: many companies are already applying it to improve their marketing performance and profitability. Amazon, which has long leveraged web behavioral data to make product recommendations, is one of the best known examples, but many other firms are also effectively leveraging individual web data to personalize interactions.

- eBay provides personalized suggestions of available items that traders may also be interested in, based on their recent searches, bids, and purchases. This feature has led to substantial increases in clickthrough rates.
- Leading travel provider, Collette Vacations, links web visitor insights with customer demo-graphics to deliver marketing messages in inbound and outbound channels. By basing communications on all of its knowledge about individual customers, Collette has achieved a 10% increase in the number of leads sourced from its web site.
- Collette's flagship onboarding email programs now



perform 30% above industry averages for both open rates and clickthroughs.

- A leading online bank utilizes advanced web analytics to identify customers that abandon an application process and delivers a multi-wave campaign that recaptures and converts a significant number of leads. The strategy leverages event triggers that start a communication stream when the online application is abandoned. It draws upon email, direct mail, and even calls from relationship managers with whom a relationship already exists. The program hasn't just boosted conversion rates; by eliminating communication overlap and reducing contact fatigue, it has also enhanced customer loyalty.
- A leading auto manufacturer has improved the way it prioritizes leads that originate on its web sites. To prioritize leads more effectively, the auto manufacturer profiles the prospect's interests based on site behavior and scores the prospect's propensity for making a purchase. Leads marked as "hot" are twice as likely to close as "average" leads, and six times likelier than "colder" leads. Using this data, dealers can now focus on their best opportunities to drive sales when they're needed most.

Steps to personalize the web analytics data

Step 1: Site Analysis

At most organizations, web analytics begins as a site analysis solution, intended to monitor site health, report on site activity, and prove return on investment for the online channel.

Step 2: Site & Ad Optimization

In this stage, web analysts seek to identify bottlenecks, e.g., web pages that aren't performing well. Marketers run experiments to identify and assess opportunities for overcoming these bottlenecks, and thereby increasing returns.

Step 3: Segment Targeting

In Step 3, marketers realize that there is no such thing as an "optimized page." That's because different groups of visitors come to the same page with different goals in mind. Therefore, in Step 3, marketers use web analytics to define their most valuable customer segments, and identify the dynamic content that's most effective with each segment. To anonymous web site visitors, this content may be delivered on the site through behavioral targeting. Registered online visitors can also be targeted via personalized email or SMS.

Step 4: Interactive Marketing (Online Only)

While marketers who move to Step 3 are laying crucial groundwork for interactive, customer-centric marketing, they typically find ROI temporarily flattening out. There are limits to the amount of value that can be generated through segmentation. Reigniting improvements in business value requires following the examples of innovators, such as the companies discussed earlier:

businesses that have made their web data personal. In Step 4, marketers refine targeting beyond the group level to the level of individual site visitors. They use individualized web analytics to fuel interactive marketing; i.e., to build a dialogue on each visitor's past and current interactions.

Step 5: Interactive Marketing (Online + Offline)

Finally, in Step 5, marketers extend the interactive marketing dialogue with identified cross-channel customers to include offline as well as online channels. Supported by web analytics, offline communications - for example, promotional offers that are delivered through a call center IVR system - build on all past and current customer behavior. In addition, insights from offline customer transactions are used to extend the web or email content deemed most relevant to each customer.

Click to Call – E-commerce Gets A Voice Over

In the agoras of old, no transaction could be completed without engaging in a back-and-forth conversation between buyer and seller. Through this dialogue, price was negotiated, questions were asked and answered, and a deal was struck only when both parties were in agreement.

Today, transactions have moved online and the process has transformed into a series of impersonal, yet efficient, clicks. In the absence of conversation, however, countless transactions are abandoned and a great deal of user satisfaction has been lost. In the online channel, merchants are often denied the ability to engage customers in conversations that can help drive sales to closure.

At the same time, analysts have shown that most consumers still prefer doing business over the phone rather than online via email, self-service, or text chat. With the option of calling the businesses, online buyers can move between phone and Internet channels in a single unbroken session, merging the best of both worlds: the immediacy and human touch of the phone, with the ease and convenience of the Internet. For companies, this delivers a number of important business benefits including.

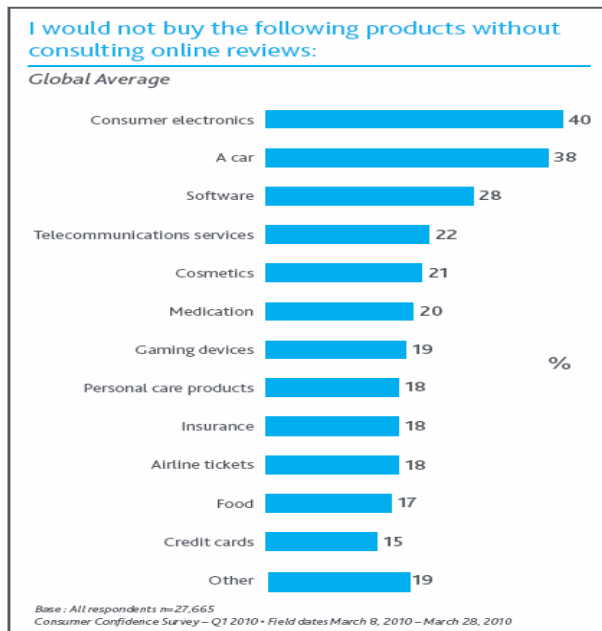
- Increased sales conversion – In the brick-and-mortar world, it's well-established that attentive, helpful, and timely service from a good salesperson can keep a confused customer from leaving the store and help close a sale.
- Reduced abandonment – Nearly 60% of online transactions are abandoned. Each empty shopping cart or incomplete form is a lost opportunity, not only for current sales but also for future sales. With Click to Call options, customers can give their personal information over the phone to a human being, and get the help they need to continue and complete their transaction.



- Enhanced customer satisfaction - There is nothing more frustrating than not having access to information or explanations. This level of service enhances customer satisfaction and engenders loyalty.
- More productive calls – Dialing the 800 number on a Web site doesn't necessarily take customers where they want to go, and companies can't track the customer as he or she moves between channels. This makes calls more productive both for harried consumers and for call center managers tasked with maximizing revenue and lowering resolution rates to the shortest amount of time possible.

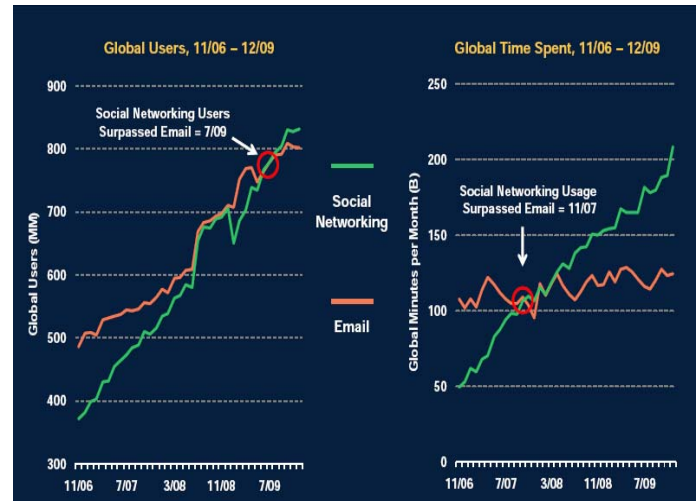
Recommendations Matter

In March 2010, the Nielsen Company surveyed around 27000 Internet users across Asia Pacific, Europe, Middle East, North America and South America to study consumer behavior on the Internet – what people buy, the various sites they use and the impact of social media on their Internet buying behavior. The results showed that some products were universal and in demand across all the markets equally but there are others that still have to build their share significantly. While families and friends are still the most trustworthy when it comes to recommendations on consumer electronics and cars, online reviews are also gaining popularity.



More than half of the population surveyed (57 percent), consider reviews while buying online. Almost 40 percent of the online buyers stated they would never buy consumer electronics without reading reviews first. While 59 percent would not write or share a negative review online, 41 percent said they would, indicating that for retailers now the consumers matter more than ever.

The increase in the popularity of the social networking sites is also an indicator that the retailers need to put the consumers first.



Targeted E-mail Marketing

It's hard to believe, but the email marketing that seemed so new just fifteen years ago has become a staple of just about any marketing communications plan. In fact, according to a BtoB Magazine Outlook survey of online media spends¹, 68.6% of respondents indicated that they would increase their email efforts in 2010, placing email in the top three online marketing categories, along with search and websites.

Just as we're beginning to get comfortable with email however, we're facing new realities that mean change.

Thanks to widespread wireless connectivity and new smart phones, mobile devices are absorbing a greater share of email traffic. Recent studies² indicate that mobile phone email use grew from 139 million users in 2009 to 234 million in 2010. By 2013, that number is expected to cross the billion mark! Mobile affects the nature, as well as the number, of emails. By leveraging LBS (Location Based Services) technology in many smart phones, retailers like Starbucks are using timely email messaging, triggered by location proximity, to send coupon offers to their customers. As mobile use grows, and messaging technologies become more sophisticated, mobile email will emerge as the dominant tool for precision-targeted, "right message, right time" marketing.



Future of E-commerce Optimization

Top 10 Global Sites by % Active Reach		
1	Google	81.78%
2	MSN/Windows Live/Bing	61.82%
3	Facebook	54.48%
4	Yahoo!	52.91%
5	Microsoft	48.42%
6	YouTube	46.58%
7	Wikipedia	34.93%
8	AOL Media Network	27.16%
9	eBay	26.47%
10	Apple	26.11%

Source: The Nielsen Company, April 2010

As an e-commerce manager, one needs to ensure that the emails can be received and rendered on a plethora of mobile devices along with mobile-ready websites and landing pages, concise messages with short URLs while measuring and monitoring mobile penetration and engagement.

Another trend that has changed the way this game was played 5 years ago is Social Networking. Facebook, Twitter, LinkedIn, YouTube – it seems as if every year there's a new social networking sensation that claims another chunk of your audience's time. Unlike the one-way media of yesteryear (print, radio, TV), today's social media upstarts encourage people to create and/or share content of their own liking.

Social media opens a new distribution channel for e-mail communications: you can invite recipients to share your messages with friends, family, and colleagues. But gaining traction demands more work on your part. People can't share e-mail they haven't received, so your in-box delivery stats must be high, and people won't share e-mail they don't like, so your content must be relevant. A successful joint email/social media strategy needs measuring methods and benchmarks to identify tactics that work, a plan for acquiring followers and a commitment to creating relevant content recipients want and are willing to share

Finally, a look into the future. A next-generation of "rich" emails is emerging with streaming video, animated GIFs, shopping carts, and tools for bill presentment and payment. Each of these can be a way to increase the relevance of your communications. But watch carefully to be sure your infrastructure can support the technological demands of these new features and functions.

Over the next decade, e-commerce will continue to evolve as companies mix and meld channels, technologies and strategies. A financial services company, for example, might find a new use for a feature that has mainly been used by apparel e-tailers.

Mobile commerce in particular should play a huge role, especially in service areas such as travel, finance and real estate. Avis already offers an iPhone application for airport location reservations. 1-800-FLOWERS' Mobile Gift Center provides BlackBerry users with last-minute gift-giving options. And Wells Fargo Online Mobile Banking lets consumers pay bills via cellphone. Within a few years, Mr. Loots believes, mobile commerce will be one of Wells Fargo's biggest channels.

Video is another growing area. In August, Zappos.com began using video as part of its product suggestion function. Video allows consumers to view a moving image of a product paired with other apparel, shoes or accessories. Clickable text links let shoppers obtain more information. Another video function lets guests submit their own product videos. Mr. Kalma believes engagement will be close to 20% on pages with video. "If a consumer takes the time to open a video and look at it, why not bring it to the next level by layering on metadata that makes it clickable?" he asked. "By letting a formal wedding shoe description turn into a complete outfit with bag and dress, we bring more products to more people more quickly."

The use of social media to connect with customers and optimize customer interactions is expected to continue gaining momentum. More than one-half of Web retailers surveyed already use five of 10 identified community or social media tools, and only tiny percentages had no plans to use them later. Facebook fan pages were most popular, followed by Twitter and customer reviews. Some retailers, for example, are posting Click to Call and Click to Chat options on their Facebook pages—optimizing across multiple channels. Across mobile, video and social media, Optimization options will provide e-commerce companies with a quick, affordable and customer-centric means of reaching more people with more personalized information. The implementation of these technologies will allow e-commerce players to offer a truly consistent experience to customers across all commerce channels.



Company Overview

Mosaic ITES Services Private Limited is a one of the largest Latent Semantic Indexing based Search Engine Marketing and Optimization Company in the world.

- ✓ An ISO 9001:2000 certified company
- ✓ 150 certified resources and growing
- ✓ 20650 Man Days Experience
- ✓ Optimized 1000+ Client websites
- ✓ Active Projects – 325
- ✓ Google Certified Professionals
- ✓ SEO Certified Professionals
- ✓ Over 200 thousand Links created

Mosaic ITES Services is a customer and service focused organization and believes in cultivating long lasting relationship with their clients. We have developed a comprehensive understanding about different vertical requirements and provide customized solutions to individual business units.

Mosaic ITES Services endeavors to optimize their client's website on LSI based parameters, thus targeting not only a single keyword, but variations of semantically related keywords in order to get the qualified traffic towards the website.

References

- ⁱ New Methods in Search Marketing, Piper Jaffray, June 2008
- ⁱⁱ iProspect Blended Search Results Study, April 2008
- ⁱⁱⁱ Accurately Interpreting Clickthrough Data as Implicit Feedback, Joachims et al., August 2005

