

Put the client at the center of the merchandising strategy

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The size of the product catalogs, and the volatility of the internet user in a competitive market, force e-marketing teams to optimize their relationships with visitors.

A marketing-mix technique shows its worth in physical stores: merchandising. Frédéric Frances, Director of supermarkets' customer of Brasseries Kronenbourg illustrates the situation *“It became urgent to substitute classical segmentation, inherited from a purely industrial vision, a new organization of the offer directly inspired by the motivations and expectations of the public”*. In the style of a department manager, the e-marketing teams must optimize the organization and push promotions of their products on the site. The front displays in the supermarkets are transformed into hot spots on online stores.

► E-merchandising, today

According to Keppner, merchandising rests on the 5R's: right product, right place, right quantity, right moment and with right information. So, which data should be used to animate a site in an optimal way? Today, two schools of thought compete against each other.

The first school of thought is based on the shopping cart composition history. The product is at the center of the merchandising strategy without really taking into account the motivations of each of the Internet users. The e-retailer sites hence feature the most viewed and the most sold products, in a mass-marketing strategy.

The second school of thought is based on the behavioral data of the Internet user: More advanced, this strategy puts the consumer back at the center of the decision-making process of product push promotions. The information gathered regarding the Internet user's customer journey and profile thereby allow the conditioning of product push promotions. The animation is definitely personalized, but what do the star products have which have already proved themselves among other consumers?

Why oppose these two schools of thought? The classic approach of merchandising, which is summarized by pushing the best-sellers, is the inheritance of market studies performed to adapt to the buying behavior of the majority. The stakes are no longer the same online. Optimization must go a lot further. Combining this behavioral data with shopping cart history must enable an ultra-personalized selection of products to be generated for each user.

► E-merchandising, tomorrow

In order to bring together all this data, the e-merchandising strategies must be supported by four pillars: automation, data quality, targeting and the optimization of scenarios.

1. Real-time automation

Manual merchandising management is time-consuming, subjective and incomplete. The variety of catalog products and their trends over the seasons,

Author: Eulerian Technologies
www.eulerian.com

Emmanuel Brunet
CEO
emmanuel@eulerian.com
<http://www.linkedin.com/in/emmanuelbrunet>

as well as the complexity of Internet user behavior, cannot be managed manually. E-merchandising must be automated in real-time based on the numerous fluctuations in users' needs.

2. Quality of the data used

Technically, merchandising management should be able to be supported by a collection of in-house data. Recommended methodologies are the use of first-party cookies versus third-party cookies. Today the third-party cookie is rejected more and more by the navigators and deleted by the Internet users. It is necessary to give priority to the use of first-party cookies to ensure a comprehensive collection of data.

Acquisition campaigns must then be tracked by redirection, a much more reliable method than the transmission of parameters. Redirection tracking makes each click point to the company's servers in charge of the measure, then all the clicks are redirected to the site's appropriate pages. Tracking with parameter passing is dependent on numerous elements influencing the collected information such as the presence of the parameter on the page, the accuracy of the JavaScript code, the page load time, etc.

All the data must therefore be collected: the ad-centric data arising from online communication campaigns of the e-retailer site, the site-centric data arising from the Internet users' customer journey on the site and the user-centric data re-taking the user parameters of the consumers.

3. Targeting adaptable to the site's marketing scenario

The marketing team must then be able to monitor the site's activity within a centralized interface, where all the user and product data may be combined, thereby enabling highly accurate targeting mechanisms. The pages will thus be dynamically animated in line with the desired conditioning, to grant a personalization of the offers based on each Internet user profile.

4. Monitoring, A/B testing and optimization

Whatever the objectives, to improve the conversion rates, the bounce rates or even the average shopping cart, the scenarios must be monitored and analyzed in order to identify the winning e-merchandising strategies and adjust those which perform the worst. Which format has the best ROI? Which cross-selling generated the most conversions?

► What data should the targeting of promotions and product push promotions be based on?

Upon their arrival and throughout their journey on the site, the consumer must navigate in the pages adapted to their expectations, to maximize the chances of a sale. It is time to move from the cross-analysis of products to an actual personalization of online merchandising based on consumer buying behavior data to attain one-to-one commercial communication.

For this purpose, the site's product catalog performances must be conditioned based on the consumers' behavioral data.

1. Product catalog

The relationship history between the products within Internet user consumption must enable the identification of star products, the proposal of appropriate product pairs formed by the consumers, the management of stocks, etc. The product push promotions may therefore be orchestrated in many ways:

a. By displaying the bestsellers:

- The most ordered products.
- The most viewed products.
- The best rated products.

Upon entering and throughout their journey on the site, the consumer must navigate in the pages adapted to their expectations, to maximize the chances of a sale.

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b. By generating product combinations, such as:

- The products which have been placed in the shopping cart together by the other consumers.
- The products which have been viewed together by the other consumers.

c. By generating product combinations and product parameters enabling the pairing of products with common characteristics, such as:

- The most sold products of the same color, same size, etc, on a clothing site.
- The most viewed products with the same destination, same date, etc, on a travel site.

These last two techniques favor impulse buying by proposing complementary products, highlighting products which were not before.

d. Managing stocks with more precision:

The idea is to improve consumers' user experience by personalizing the site's animation as best as possible. It is therefore clear that stock-out products should be excluded from the product push promotions.

This initial optimization of the site's animation should be refined through a targeting of the featured products in order to respond to the specific expectations of each Internet user. Based on the ad-centric, site-centric and user-centric data, the featuring of products will be personalized on the pages consulted.

2. Consumer behavior

The Internet user's navigation and marketing history (exposure and interactions with the site's marketing operations) must therefore intervene and influence the distribution of products and messages. The data goes from the marketing history (ad-centric data) to the customer journey on the site (site-centric data) to the user parameters of the Internet user (user-centric data). The targeting must respond to each marketing scenario based on the sector, the objectives and the purchasing process of the e-retailer site consumers.

a. Ad-centric data:

The harmony among the contacts with the user outside the site and the products promoted on the site begins with the processing of ad-centric data. The purchasing potential is not summarized at the "first click" or "last paid channel". Optimized e-merchandising must be able to go back as far as possible in the marketing history of each Internet user, for example:

- What were the key words requested?
- Which display campaign generated a click or an impression?
- Which products or brands were compared in a shopbot?
- Which products or brands generated a visit from an e-mailing campaign?

b. Site-centric data:

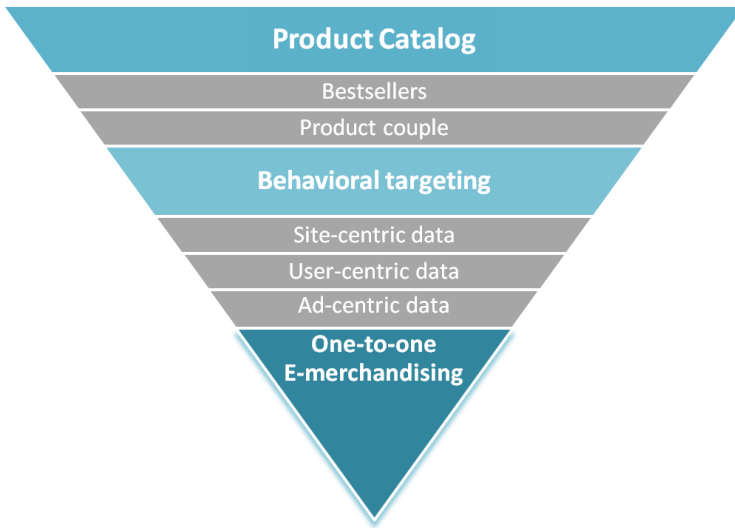
Once online, how did the Internet user interact with the site? The site-centric data refines the Internet user's history a little bit further, notably:

- Which product pages were visited by the Internet user?
- Which product pages have a high bounce rate?
- Did the Internet user initiate an unconfirmed order? If so, which auto-promotion would enable retargeting?
- Did the Internet user save a wish list?

c. User-centric data:

The targeting of product push promotions would be incomplete without the Internet user's parameters. It is no longer a question of retracing his/her customer journey, rather of being able to establish a consumer profile and adapting to it. What are the messages which the consumer reacted to and the products which were presented to them (display, newsletter, KW searches, etc.)? For example:

- Is the Internet user an existing client? If so, has the customer a strong potential?
- What is the value of the customer's average shopping cart?
- What products were purchased?
- Did the customer subscribe to the newsletter?



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From the home page to the order confirmation page, the consumer's navigation must be adapted to their behavior and should extend outside and inside the site.

The brands, the product types, etc., having generated an interaction between the site and the consumer, must be automatically pushed towards the latter during their visit. Access to the products will thus be simplified. An effective e-merchandising strategy must also be able to hide useless information such as unavailable products or products recently purchased with a long life cycle.

Consumer behavior must be the cornerstone of the e-merchandising strategies. The personalization of the Internet sites must involve greater understanding and use of consumer behavior data. Tied to the performances of the product catalogs, this data improves the user experience and, consequently, the e-retailers' sale opportunities.

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