

Multi-channel Secrets to Success

for Adding “E” to Your Business

PART II: DATA, METRICS AND TECHNOLOGY

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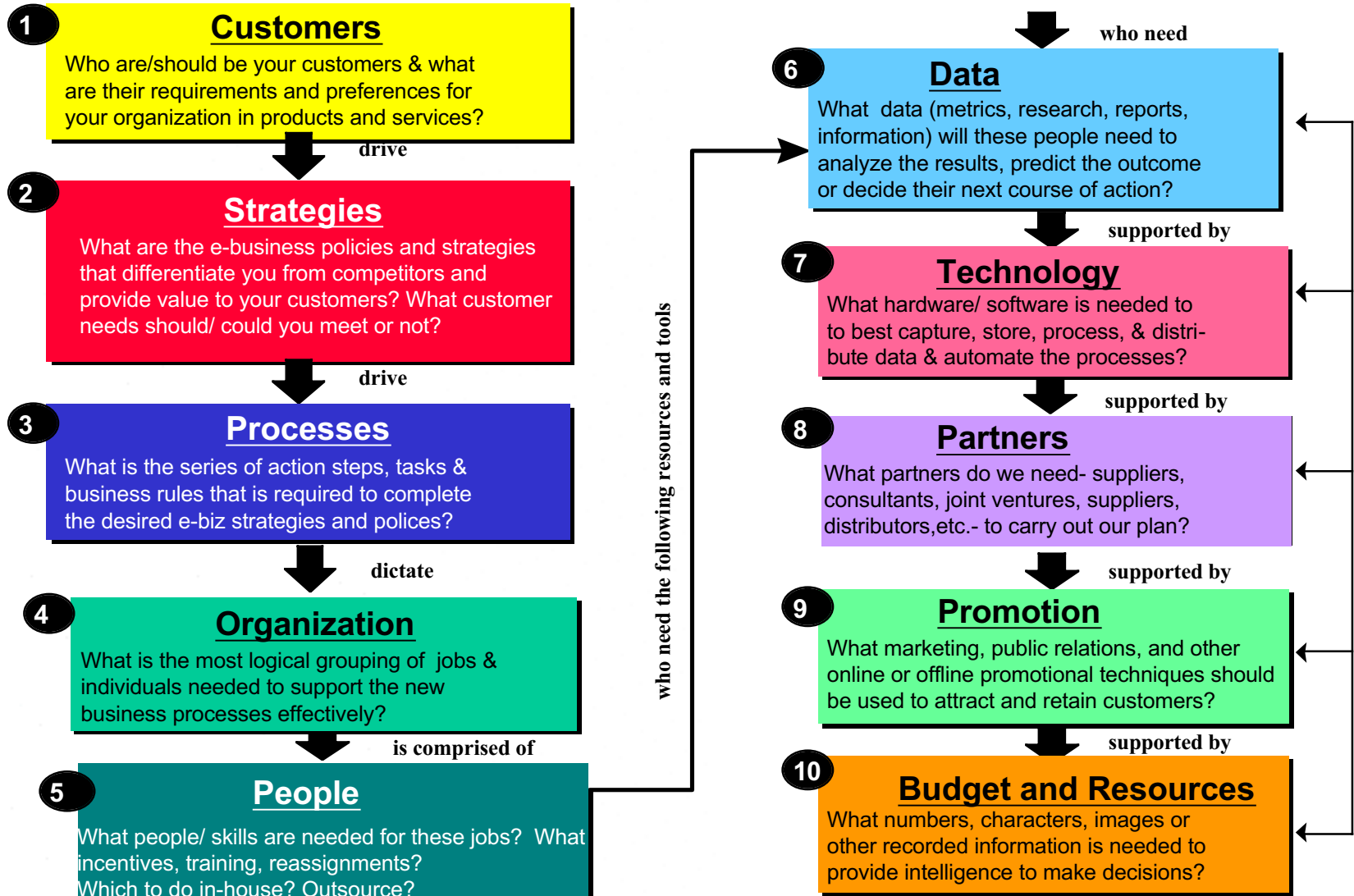
and

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e-Business Blueprint Methodology

Determine Target Customers, end with Ideal Technology & Partners



DATA AND METRICS








What new metrics are important for e-commerce, multi-channel commerce? What new reporting and analysis are needed? What changes in data will be required?

Multi-channel Data Issues

Retailers risk alienating customers if they don't accurately record interactions across all channels.

Integrated channels required integrating databases and business processes to collect complete and accurate data for all channels

-  Which databases are connected, which need to be, and where do you store the consumer data you collect from the web? Which source is the most accurate?
-  What meaning is assigned to each field within database tables? Has that meaning changed with new usage?
-  How complete or accurate are the data in each field?
-  Are any fields missing, such as work phone or e-mail address?
-  Does the company collect the right data it needs to build loyalty through customer knowledge?

Data must be cleansed as it is entered

Collect and Integrate All Customer Knowledge

Combine explicit (provided by customer) and implicit (learned and overlay) data



Understand

➤ Gather information about your customers



Source: http://www2.doubleclick.com/insight2001/pdf/ETNOTEAM_SLetardi_MultiChannel%20Advertising%20System.pdf

Multi-channel Metrics

Channel types

- 🖱️ Promotional Channel: web, catalog, store, e-mail, advertising, etc.
- 🖱️ Shopping (Browsing) Channel: web, catalog, store
- 🖱️ Purchasing Channel: web, store, phone, mail, fax

Multi-channel customers

- 🖱️ Pass-along, transfer, incremental

Standard customer metrics by channel

- 🖱️ LTV, RFM, Cost per acquisition

Measuring ROI (Shop.org Study)

- 🖱️ Novice multichannel retailers use traditional metrics such as direct sales, which may not show the role the Internet plays on purchases made in the store or through a catalog.
- 🖱️ Advanced multichannel retailers look at more intangible metrics such as brand equity gains, cost per sale, return rate, cancellations, etc.

E-Commerce Metrics: Financial & Customers

Financial

- 🖱️ Gross e-Commerce Demand
- 🖱️ Commercial Investment
- 🖱️ Gross Margin
- 🖱️ Direct Costs
- 🖱️ Specific Indirect Costs
- 🖱️ E-commerce as % of Gross Demand

Orders & Response Rate




- 🖱️ Conversion/ Response Rate (Click to Close or CTC) = \$
- 🖱️ Avg. Order Value AOV (revenue)
- 🖱️ Avg. Order Size AOS (# of items)
- 🖱️ Web Specific Products
- 🖱️ Discounted Rate

Customers



- 🖱️ Customer Acquisition Cost (CAC) recruitment costs online vs. offline
 - 🗄️ # of new customers generated
 - 🗄️ Web , Catalog or Multi-channel
- 🖱️ Source of new customers
 - 🗄️ Passalong, transfer, incremental
- 🖱️ # of Registered users
- 🖱️ Reactivation rate
- 🖱️ Customer Retention Rate CRR
- 🖱️ Re-buy (multi-buy) rate
- 🖱️ CLV (Customer Lifetime Value)
- 🖱️ Cost per Visitor
- 🖱️ RFM
- 🖱️ # of category

E-Commerce Metrics: Web and Offline








Web Statistics

-  Page Views
-  # of unique visitors, Visits.
-  Avg. visit. Re-visit rate.

Performance

-  Simultaneous connections
-  Sessions. Page Load time.

Inventory

-  % of products in stock
-  Initial Fill Rate
-  Lost Demand
 -  Cancellations, Returns, Substitutions
-  Backorders
-  Overstock Recovery costs
 -  Difference in selling online as clearance vs. jobber sales

Search Terms

-  External linking
-  Internal site database




Catalog Effect

-  # of catalog requests
-  # of e-mail opt-ins

Service Costs

-  Call to Order Ratio

Commercial Investment

-  Reduction in print costs
-  Advertising
-  Store costs

Qualitative Measures

-  Customer Satisfaction
-  Brand Awareness

WebTrends Shows “Wear Now” Needs

e.g., August 2001: 3/10 non-Chadwick’s phrase searches were for swimwear

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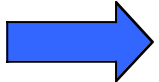



- General Statistics
- Resources Accessed
- Visitors & Demographics
- Activity Statistics
- Technical Statistics
- Referrers & Keywords
 - Top Referring Sites
 - Top Referring URLs
 - Top Search Engines
 - Top Search Phrases**
 - Top Search Keywords
- Browsers & Platforms
- Debug Statistics
- Glossary

Top Search Phrases

	Phrases	Phrases found	% of Total
1	chadwicks	81,956	19.74%
2	chadwicks of boston	55,690	13.41%
3	www.chadwicks.com	43,476	10.47%
4	chadwicks.com	25,892	6.23%
5	chadwick's of boston	15,436	3.71%
6	chadwick's	13,600	3.27%
7	shopping	10,654	2.56%
8	chadwick	9,400	2.26%
9	shoes	4,295	1.03%
10	chadwick of boston	4,099	0.98%
11	bikini	3,400	0.81%
12	swimwear	2,947	0.71%
13	dresses	2,675	0.64%
14	fashion	2,582	0.62%
15	free catalogs	2,540	0.61%
16	www.chadwick.com	2,391	0.57%
17	swimsuits	2,293	0.55%
18	womens clothing	2,287	0.55%
19	women's clothing	2,171	0.52%
20	www.chadwick's.com	2,153	0.51%
Total Found for the Phrases Above		289,937	69.85%
Total of Phrases Found in the Log File		415,029	100%

Top Search Phrases with Engines Detail




E-Mail Marketing Metrics

 Delivery Rate  Open Rate 
 ClickThrough Rate  Conversion Rate
 Comparative Industry Response Rates:

<u>INDUSTRY</u>	<u>Delivery Rate</u>	<u>Opt-outs</u>	<u>Open Rate</u>	<u>Total Clicks</u>	<u>Clicks Thrus</u>	<u>Conversion</u>
Permission E-mail	92%	--	28%	--	10%	2-8%
Catalog/ Direct Mail	88%	0.16%	33%	9%	31%	1%
Retail	95%	0.13%	28%	6%	27%	--
Financial	98%	0.12%	21%	5%	21%	--
Publishing	98%	0.01%	24%	7%	16%	--

Source: C. Brown, SVP Engineering, Experian



Other metrics:

-  Usage of call centers by e-mail recipients
-  Return on Marketing, Cost per acquisition
-  LTV and AOV of e-mail customers



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e-Mail Marketing Metrics vs. Direct Mail



Time to market and flexibility:

-  Direct Mail Campaigns: 4 to 6 weeks to complete; responses take 3 to 6 weeks avg.
-  E-mail Campaigns: average 7 to 10 days to complete; responses, an average of 3 days.

Costs:

-  E-mail marketing also costs less than direct mail: about \$5 to \$7 per thousand (CPM) to execute
-  Direct mail costs average \$500 to \$700 CPM.

Response Rates:

-  Opt-in e-mail campaigns generate 6% to 8% conversion.
-  Direct mail and non-permission-based e-mail campaigns generate average 1% conversion.

Competitive E-Mail Results



Nine West. women's shoe designer, manufacturer and retailer with 700 stores,



“Personalized e-mail has become the top driver of traffic and conversion at its web site”.



Personalized e-mails generate click through responses of 20% to 30%. Nine West also experiences a 20% to 40% increases in sales in all channels within seven days after an e-mail.

E-Merchandising Success Metrics

Source: <http://www.etailnews.com/Features/0108merchandising.htm>


Look and buy conversion ratio

-  Measures the ratio between the number of consumers accessing the site and those that made a purchase.

Traffic / page measure

-  Determines the number of consumers who accessed specific pages on the web site.

Basket size

-  Number and total cost of the items purchased on each shopping occasion.


Shopping Basket Abandonment

-  Amount of abandoned baskets, and Number and cost of items in baskets

Fulfillment ratio

-  Number of orders that can be fulfilled within “N” number of days of the order being received.

Returns ratio

-  Percentage of returns made against a specific product - this can be as high as 40% for apparel.

Goals of eCRM... To:







Reduce

-  costs to market to and service customers







Improve

-  accuracy and relevancy of recommendations
-  customer satisfaction

Increase

-  conversion rate, i.e., Turn browsers into buyers
-  customer retention and frequency
-  order size
-  customer response
-  competitiveness through differentiation
-  profitability, ROI

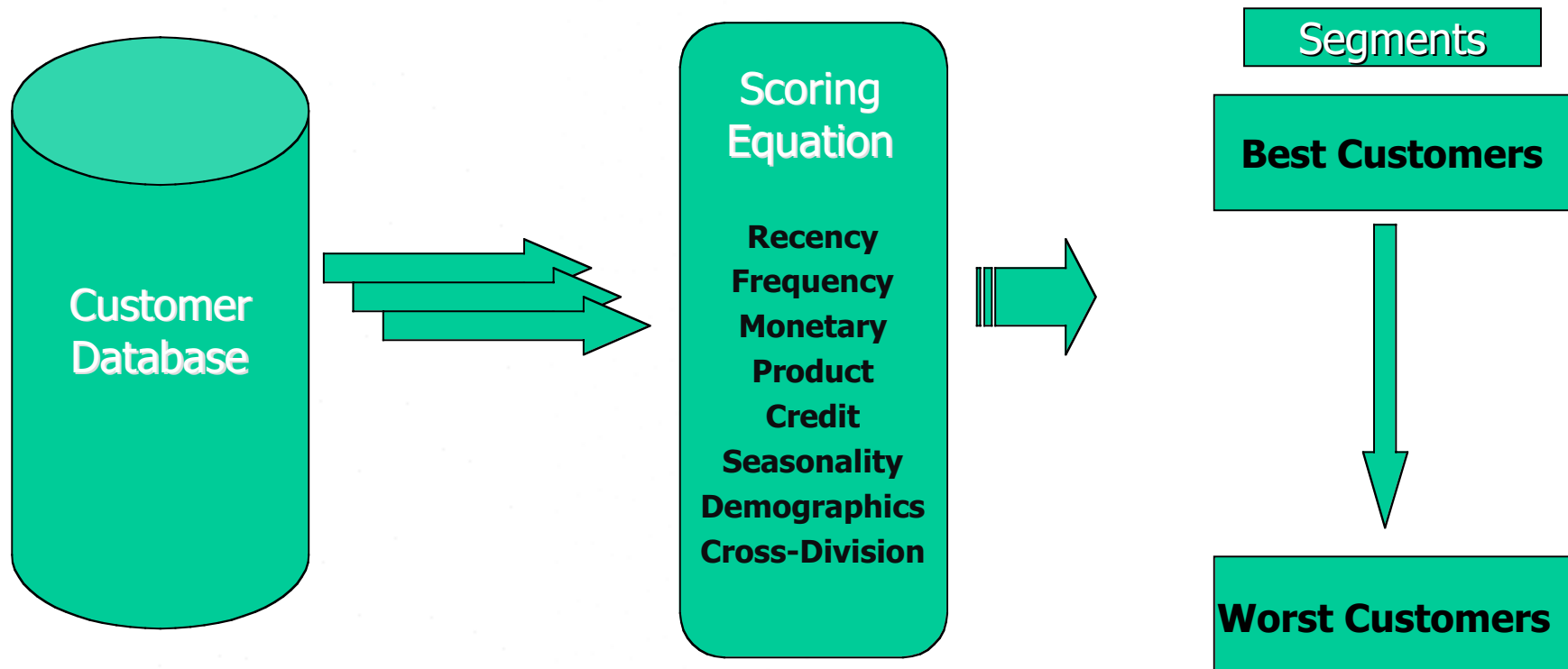
Why bother with CRM? It's the numbers*!

-  It costs six times more to acquire a new customer than keep an old one.
-  The odds of selling a product to a new customer are 15%, while the odds of selling it to an existing customer are 50%.
-  One dissatisfied customer typically tells eight to ten people about his or her experience.
-  70% of complaining customers will do business with the company again if it quickly takes care of a service snafu.
-  More than 90% of existing companies do not have the necessary integration of sales and service processes and systems to support e-commerce.
-  ***A company can boost its profits 85% by increasing its annual customer retention by only 5%!***

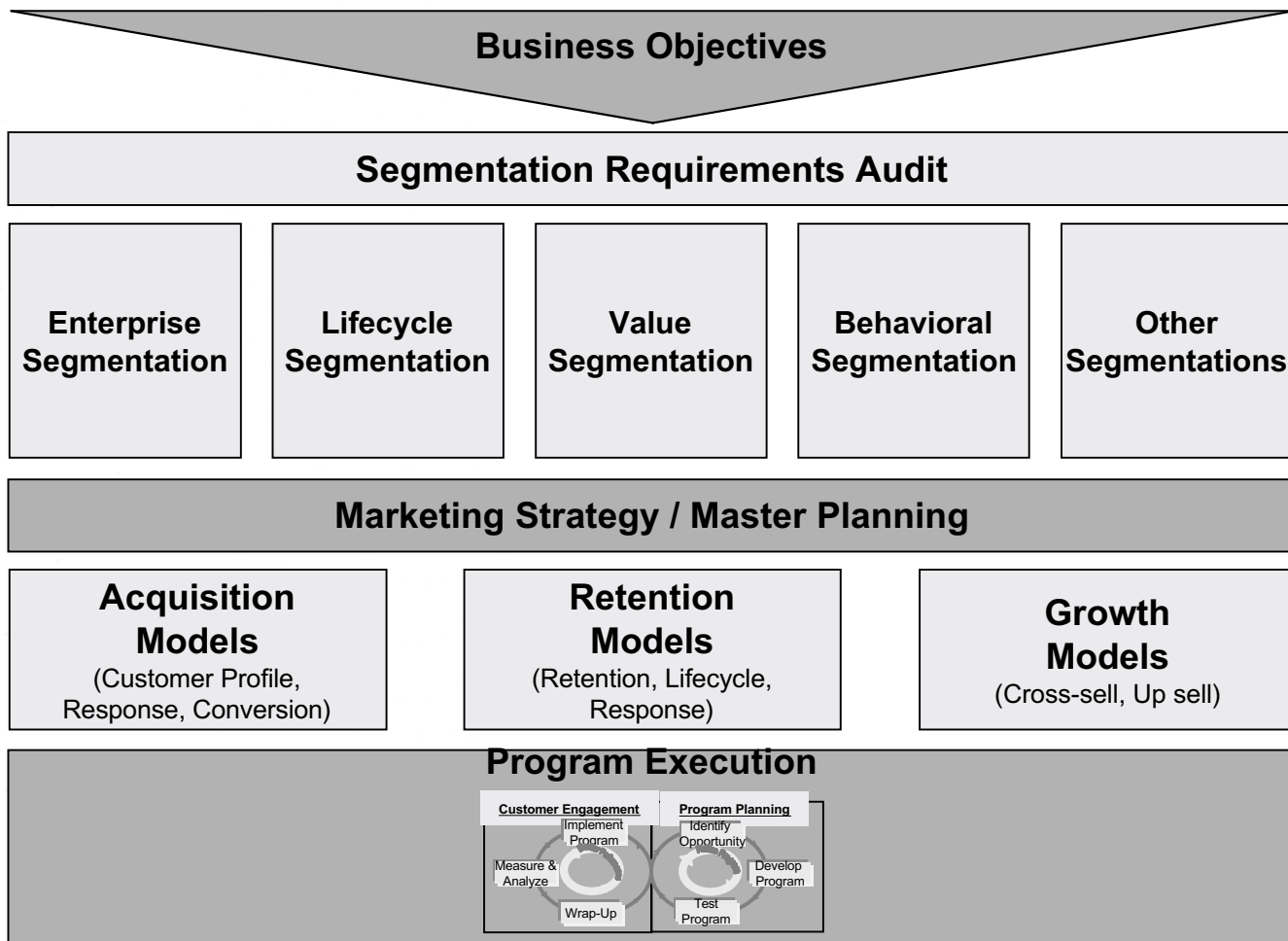
* Source: Sybase Customer Asset Management, www.sybase.com

Basic Segmentation Modeling

Provides detailed view of customer.



Best Practices Customer Segmentation



-  Marketing Solutions focused
-  Business Intelligence focused

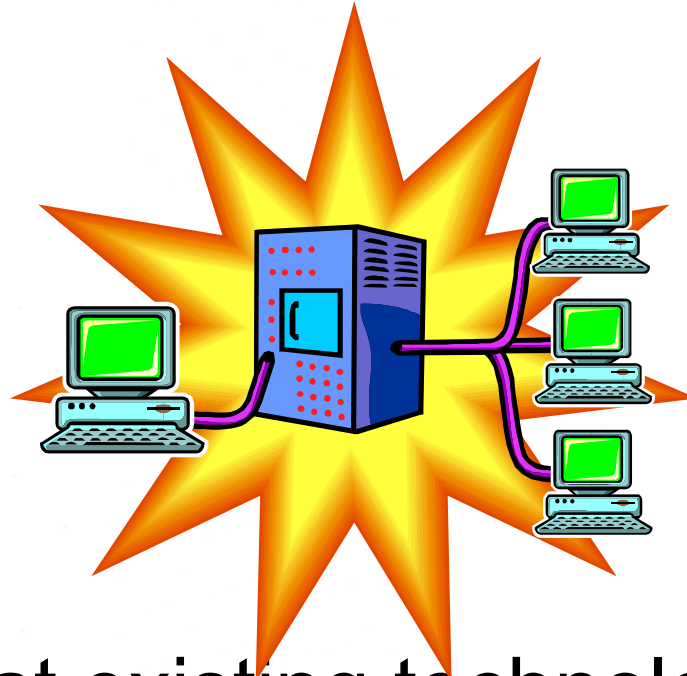
TECHNOLOGY



How do you leverage existing systems while adding e-commerce?

What new architecture and tools are required?

BACK-END ARCHITECTURE: LEGACY MAINFRAME SYSTEMS



Assess what existing technology you have already and determine what can be re-used in a multi-channel environment

Typical Catalog Legacy IT Systems

TELEMARKETING and CUSTOMER SERVICE

-  Centralized order processing and customer care

-  Need to add web customer support capability and cross-CRM

MERCHANDISING and INVENTORY

-  Common Products Database holds all styles and sizes

-  Need to supplement with additional info, categories, fields

LOGISTICS and FINANCIAL REPORTING

-  Detailed financials within and across businesses

-  No web or cross-channel reporting







MARKETING and ADVERTISING

-  Customer database with traditional source info




-  Offline segmentation capabilities

-  Need to enhance to enable Internet analysis

Typical Cataloger Back-end IT Strengths

-  Integrated, customized in-house applications with few external dependencies
-  Top internal IT talent
-  Centralized databases allow cross-branding activities and analysis
-  General ledger
-  Capability to process millions of orders / month
-  Telemarketing and customer service applications

Need:

-  Real-time, standard data interfaces for the web
-  Relational database and Cross-channel reporting
-  Real-time inventory information and order confirmations

What is Customer Relationship Management (CRM)?






🖥️ TO YOU: Talking *with* not *at* customers and responding to their needs throughout their lifecycle with you:

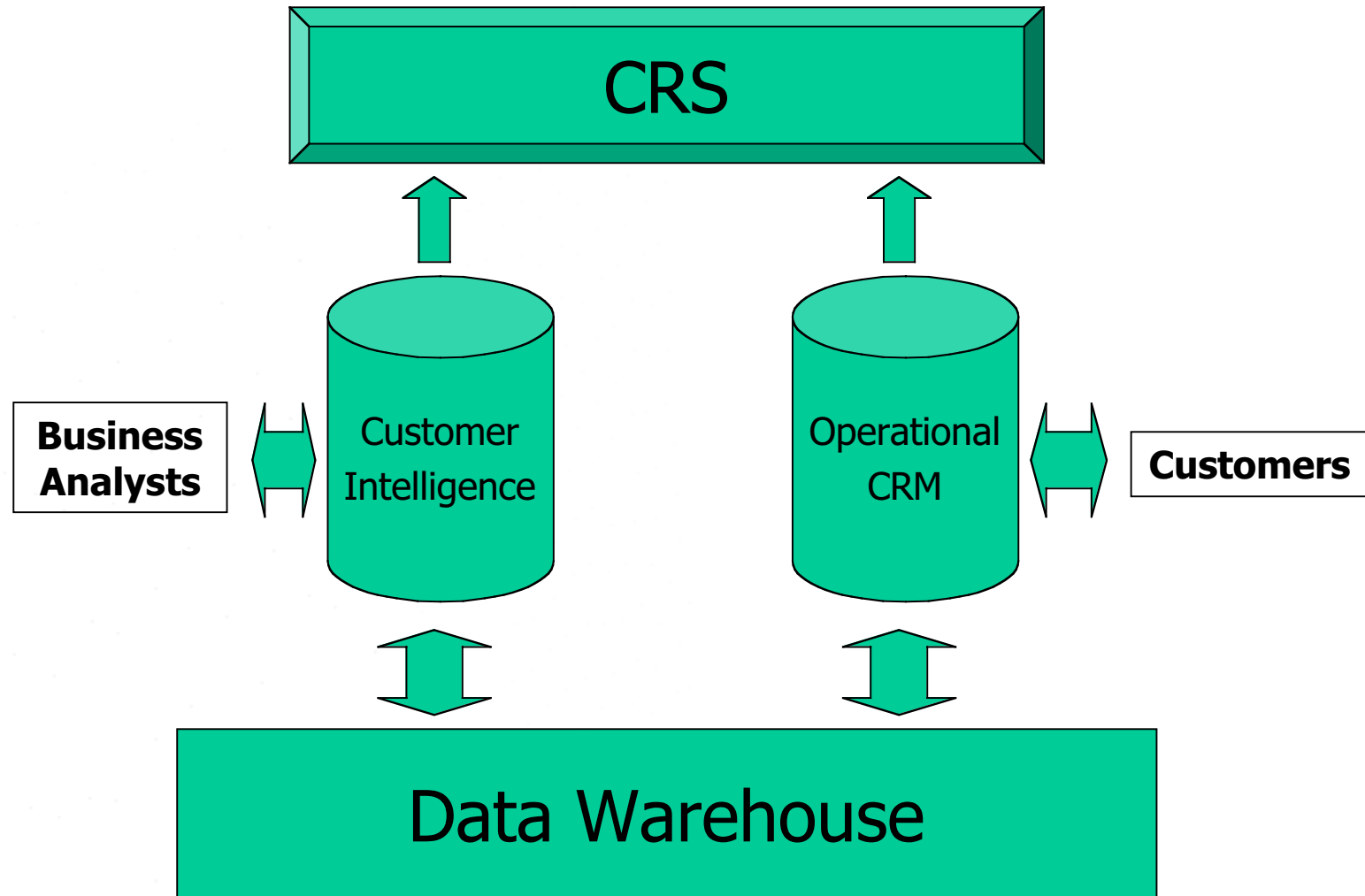
- 🖱️ Acquire & Retain
- 🖱️ Understand & Differentiate
- 🖱️ Develop & Customize
- 🖱️ Interact & Deliver

🖥️ TO YOUR CUSTOMERS:
“You know me no matter where or when I deal with you. You treat me better the more you know me, and give me personal, friendly service.”

CRM: Technology Definition

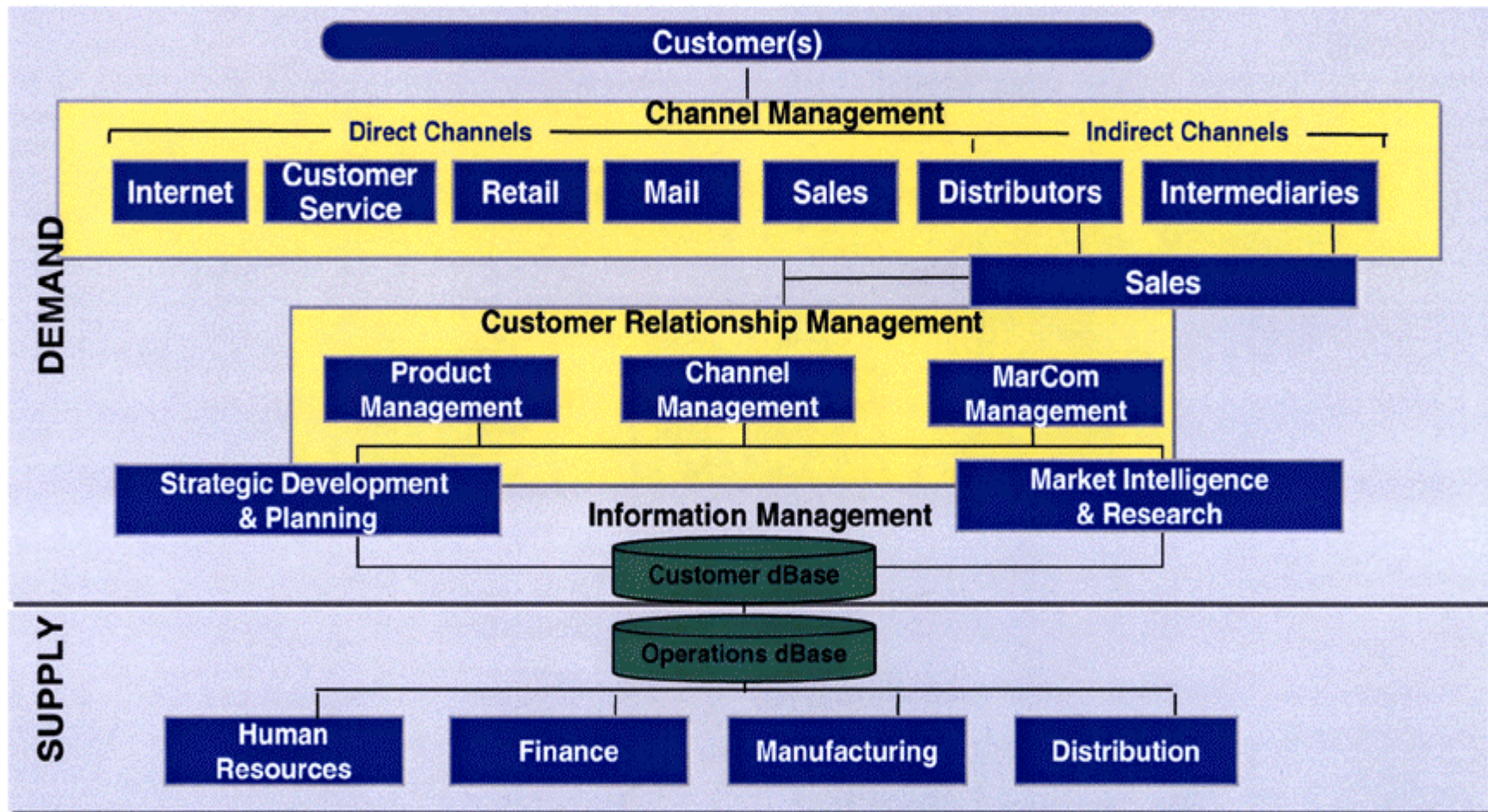
-  Begins with a Strategy that is focused on Customers (CRS)
-  Strategy is supported by: Customer-facing technology (CRM) and business-facing Intelligence (CI)
-  Website and Call-center technologies support the customer side. Data mining and Business Intelligence technologies support the business side.

Data Warehouse Supports all functions



Customer-centric E-Business Architecture

Significant integration will be required to become customer-centric however the resulting institutional base of knowledge will provide exponential returns













FRONT-END WEB ARCHITECTURE



How do you design your web technology for scale, integration and performance?

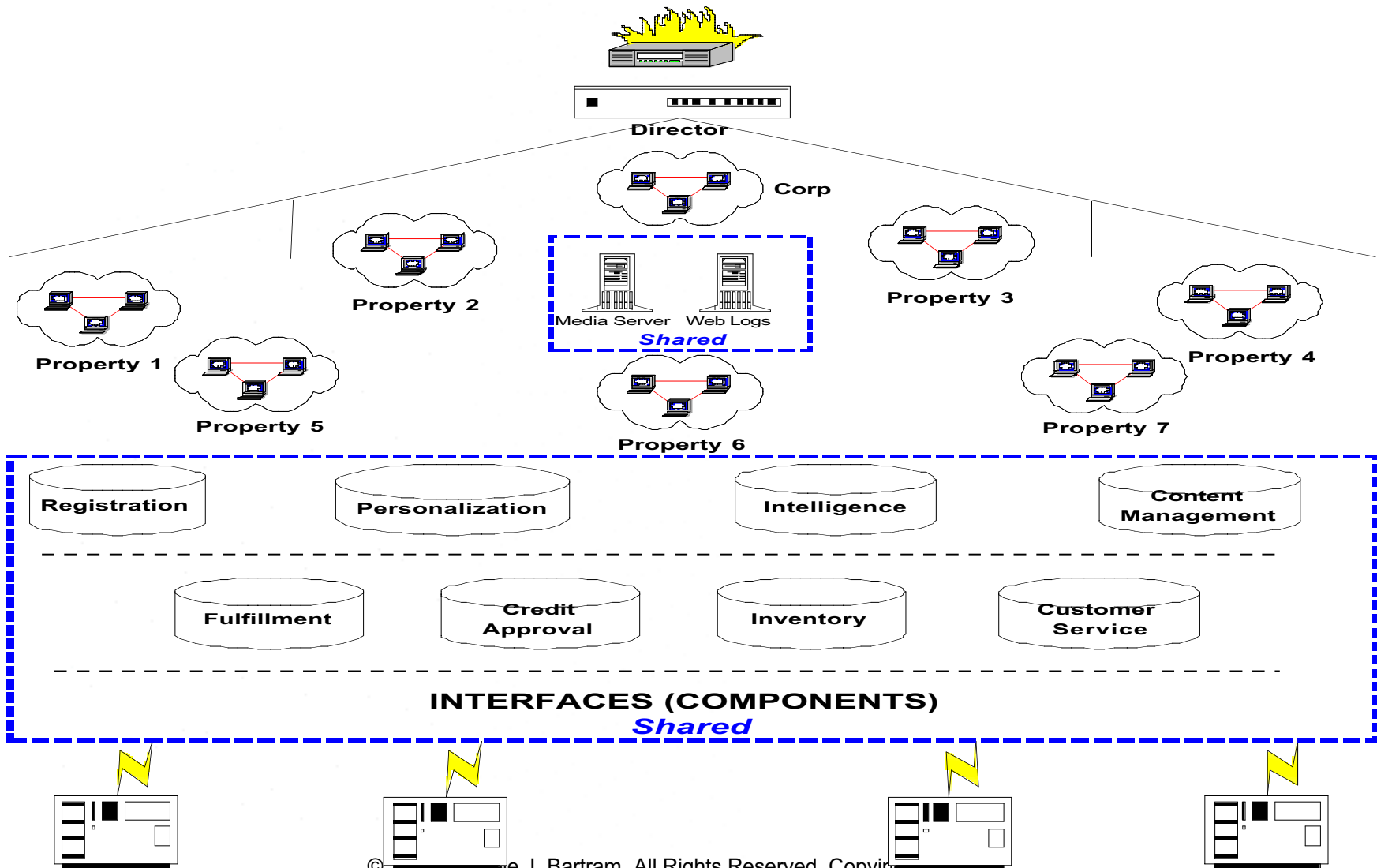
What about redundancy, recovery and reusability?

Managing a Technical Web Development Project

-  Establish a clear vision of the site and determine specific business requirements
 -  Hold e-business Blueprint Project
 -  Produce a Web Site Business Requirements Document (BRD) and get executive sign-off on business decisions
-  Create detailed functional specifications
-  Produce detailed technical specifications
-  Determine whether to outsource or go internal?
 -  If outsourcing, choose partner through RFP process
-  Establish project management guidelines
 -  Require milestones, deadlines, documentation, etc.
-  Test and review before accepting each milestone
 -  Usability, performance, scalability, extendability, etc.

See: http://www.retailsystems.com/communitycenters/wcc/presentation/heck/Heck_files/frame.htm

Scalable, Large-Volume Front-end Web Architecture



Must-have Web Technology: Site Management Tools


 Web Content Management System

 Media Server

 E-Commerce Product Database

 Reporting OLAP Database

 Web Log Analysis Tools

 Performance Monitoring Tools


 Change Management/ Code Source Tools

 Project Management and Scheduling

 Daily Production Schedule

 New Projects Schedule

 E-Commerce Intranet

 Style Guides. Development Server.

 Staging Environment for final testing

Create an eCommerce Intranet


e.g., Brylane eCommerce Intranet with Schedules, Testing, Style Guides, Reports (LogFile, Marketing, Merchandising)

The screenshot displays the Brylane eCommerce Intranet interface. At the top, a navigation bar includes links for Brylane Home, Brylane Kitchen, Chadwicks, Jessica London, King Size Direct, Lane Bryant, Lerner, and Roamans. Below this is a dark blue header for the 'WebTrends Reporting Server' with the Brylane e-Commerce logo. The main content area is divided into a left sidebar and a central workspace. The sidebar lists 'WebTrends:' (Brylane.com, Brylane Home, Brylane Kitchen, Chadwicks, Jessica London, KingSize Direct, Lane Bryant, Lerner, Roamans, Admin Tool, Brylane Overview, Excel Export, Excel Demande Brute), 'Reports:' (Merchandising Reports, Mainframe Reports), and 'Other Tools:' (Style Guides, Mainframe File Queries, Image Upload Status, Terminal Services). The central workspace is titled 'Brylane Kitchen' and features a 'Visual Style Guides' section with links to Home Page, Department Page, Gifts Page, Navigation Guide Page, and Footer Guide Page. Below this is a 'Written Standards' section with links for Image (size and naming) Editorial Style Guide and Excel Word Word. The right side of the workspace shows a grid of editorial and product images, including 'Zone 1 Editorial image header 562x203', 'Zone 3 product', 'Zone 5 product', 'Zone 7 special image 178x226', 'Zone 8 118x59', 'Zone 9 product', 'Zone 10 special image 178x125', and 'Zone 12 editorial - 241x19'. A footer bar at the bottom contains a list of site links: Brylane.com | Brylane Home | Brylane Kitchen | Chadwicks | Jessica London | KingSize Direct | Lane Bryant | Lerner | Roamans | Admin Tool | Brylane Overview | Excel Export | Excel Demande Brute | Mainframe File Queries | Style Guides | Terminal Services | Home.

Must-have Web Technology: Consumer Usability Features and Tools

Site search engine

-  Basic: keywords, categories

-  Advanced: pricing, style,

 -  E.g., LandsEnd upcoming Stored Search as personalization

Zoom in/ out

Enhanced Product information






-  E.g., Size charts, glossary, spare parts, care

Coordinates/ Accessories




Product Inventory Availability, Shipping Costs and Full Charge before checkout

Must-have Web Technology: Consumer Safety

Security

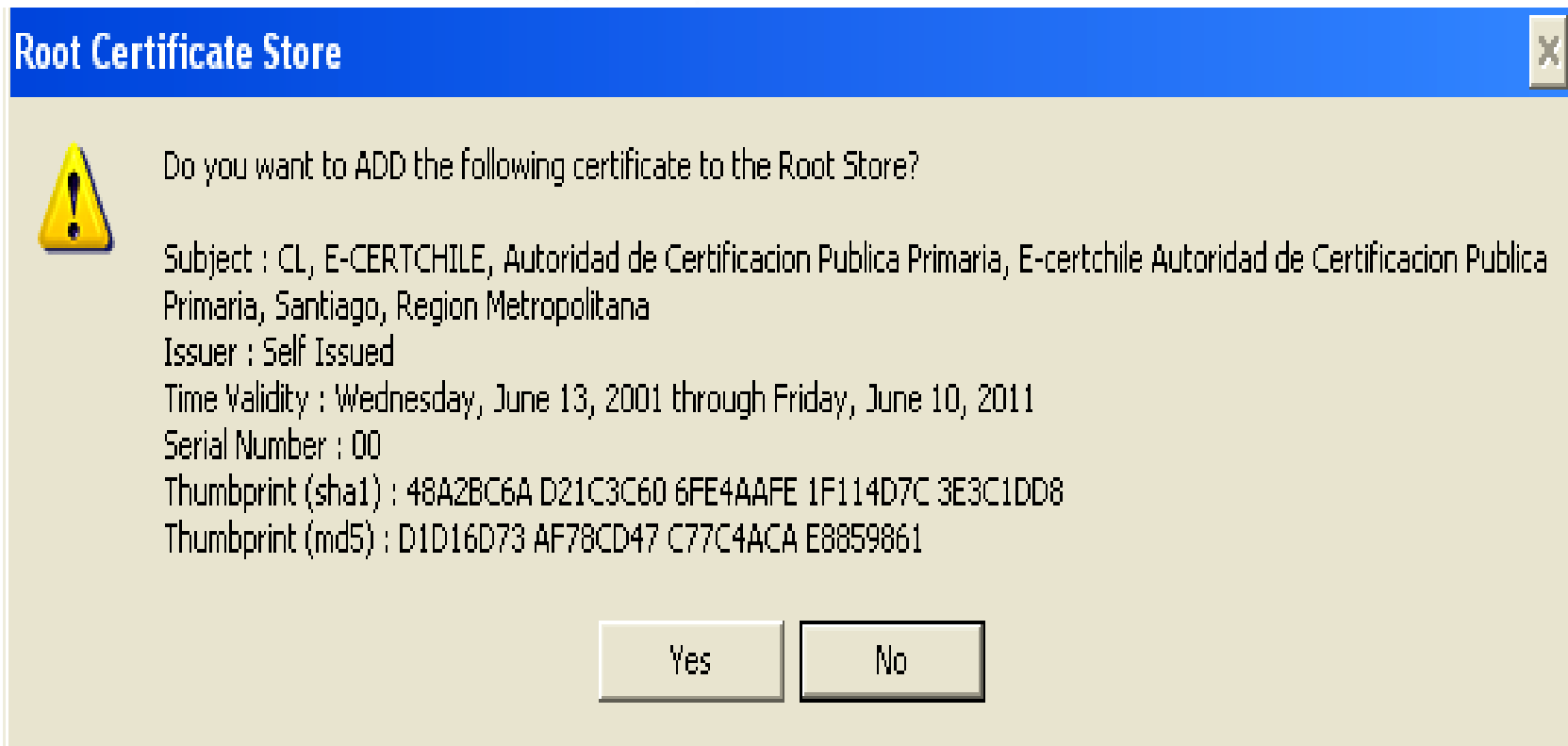
-  Must use Secure SSL for all pages that collect or transmit customer data. “Lock” must show.
 -  e.g., A customer ordering on Flowers.com got a message saying “This page is not secure and all personal and credit card data could be intercepted”, and canceled order... A lost customer!
-  Test your site with available consumer firewalls and security and privacy software programs
-  Audit your site using 3rd party security firms
-  Employ highest encryption possible (128-bit)

Privacy

-  Have links to privacy policy at all data collection points
-  Explain why you are collecting data and provide benefits
-  Provide clear opt-in and opt-out options and instructions

Don't Have Strange Warnings Pop Up on Your Customer's Browser


e.g., This message pops up when trying to access the home page of <http://www.cifrasystudios.cl>



Advanced Web Technology

 Depending on your market, business model and customers, you may be required to implement more advanced technology, including:

 Wireless applications, downloadable onto PDAs and cellphones

 Content syndicators and publishers like travel, Astrology.com, business news, magazines, etc.

 M-Commerce- wireless mobile commerce applications

 Extranet applications to connect directly with business partners, suppliers, distributors, national accounts

 Business marketplaces and auction sites, like GNX.com

 Multi-lingual Support

 Global Businesses, Countries with multiple languages

Offer Mobile Access to Your Site via PDA Download or Mobile Phone

e.g., www.BNAmericas.com



The screenshot shows the Business News Americas website registration page. At the top, there is a navigation bar with the site logo, "DIVEO IBM Resultados Precisos", and a search bar. Below the navigation bar, there are language options (English, Español, Português) and a "Free Trial" banner. The main content area is titled "Step 1 of 2 - Username and Password" and contains a registration form with fields for Username, Password, and Confirm Password, and a "Submit" button. A red oval highlights the "Featured Links" section, which includes links for "Free trial", "AvantGo", "Link Center", and "Company Fact File". A red arrow points from a text box to the "AvantGo" link.

Business News Americas DIVEO IBM Resultados Precisos

Monday, May 13, 2002 Search entire site

English Español Português Home About Free Trial Subscribe Demo

Sectors

- Telecommunications
- E-business
- Electric Power
- Oil & Gas
- Mining
- Metals
- Infrastructure
- Privatization
- Banking
- Water & Waste
- Products & Tools**
- Corporate Subscription
- Content Management Tools
- Content Syndication
- Advertising
- Media Monitoring
- Link Center
- Career Center
- On the Go

Free week Trial

Step 1 of 2 - Username and Password
To try Business News Americas' daily sector specific Latin American news service, please enter your preferred Username and Password and hit "Submit". You will then be asked to fill in a form specifying your user profile and sectors of interest.

Denotes Required Fields

- Username
- Password
- Confirm Password

Submit

Featured Links

- Free trial** : try BNAmericas free for two weeks.
- AvantGo** : add the Business News Americas news channel to your PDA.
- Link Center** : add your company or Event to the BNAmericas directory.
- Company Fact File** : hard to find information on companies operating in the region.

**BusinessNewsAmericas
Download onto PDA via
Avantgo.com**

Go Global e-Commerce with Multi-lingual Support e.g., www.Redoute.com

WELCOME TO THE FRENCH HOME SHOPPING WEBSITE

Discover the world's third largest mail order company in...



AUSTRIA - BELGIUM - FRANCE - PORTUGAL - SPAIN - SWEDEN - SWITZERLAND - UNITED KINGDOM - UNITED STATES - OTHERS



Womenswear



Menswear



Childrenswear



Underwear



Sportswear



House











Create Separate Sites with Unique Content for Different Markets

e.g., 1800LasFlores.com vs. 1800Flowers.com



Useful Links and Resources



Ecommerce Web Sites:

-  <http://cyberatlas.internet.com> Cyperatlas
-  <http://www.nua.ie/surveys> Internet Surveys
-  <http://www.internetretailer.com> Internet Retailer
-  <http://ecommerce.internet.com> eCommerce Guide
-  http://www.dmnews.com/cgi-bin/artcategory.cgi?category_id=14 iMarketing News
-  [http://www.digitalcement.com/Best Practices_apwp.asp](http://www.digitalcement.com/Best_Practices_apwp.asp) Digital Cement e-Mail
-  <http://www.imarketing.org/couMIC.php> AIM Multichannel Marketing Council
-  <http://www.marketingleadershipcouncil.com> Marketing Leadership Council
-  <http://industryclick.com/microsites/index.asp?srid=2&pageid=320&siteid=2&magazineid=9999&srtype=0> Direct, Catalog Age, Operations and Fulfillment magazines
-  <http://www.interactivemarketing.org/valuesurvey.php> Value of E-Mail (see PPT.)

Spanish and Portuguese-language Sites

-  <http://lanic.utexas.edu/la/region/ecommerce/>
-  [http://searchenginewatch.com/links/Regional Search Engines/Americas/Latin America/](http://searchenginewatch.com/links/Regional_Search_Engines/Americas/Latin_America/)
-  <http://www.activ-ecommerce.com/>
-  www.starmedia.com
-  <http://www.fecemd.org/> Federación de Comercio Electrónico y Marketing Directo
-  <http://www.pensandonegocios.com/>

E-Business Books

-  “The Cluetrain Manifesto”, by Rick Levine, Christopher Locke, Doc Searls, and David Weinberger
-  “e-Business: A Roadmap for Success”, by Dr. Ravi Kalakota and Marcia Robinson

THANK YOU! OBRIGADA! ¡GRACIAS!
MERCI! DANKE!



 IDEAS? QUESTIONS?
SUGGESTIONS?

 Contact me at:

 ecommerce@brylane.com

 Attn: Michele Bartram

 For e-business resources
and links, visit my site:

 www.webpractices.com