



Outlook 2011: Ecommerce

TEXT BY: TIM PARRY

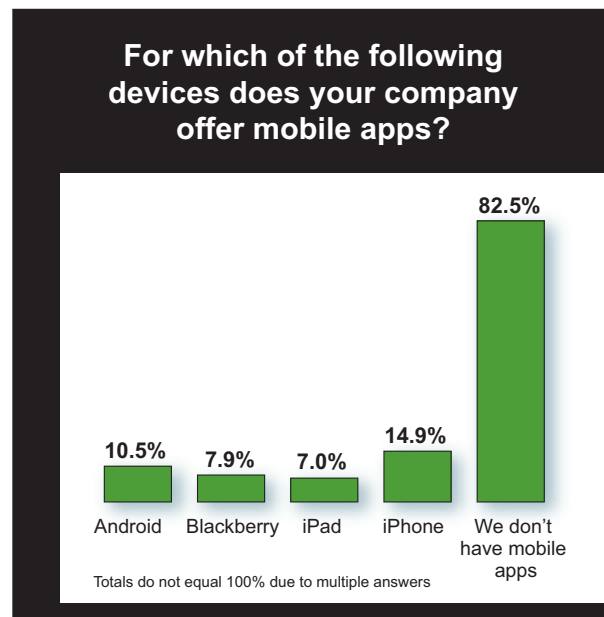
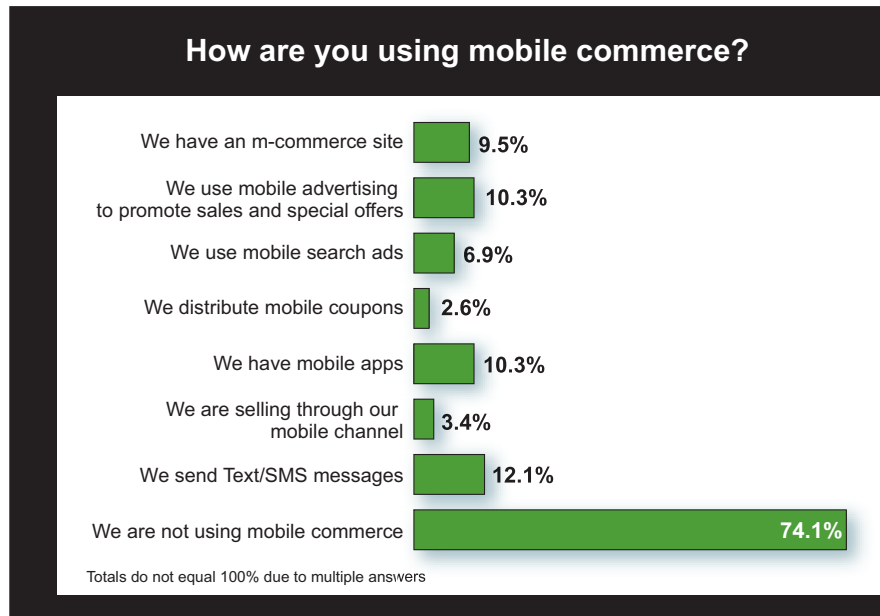
CHARTS BY: LISA SANTO

Mobile commerce was supposed to take off like a rocket by the end of 2010. But it seems most multi-channel merchants missed the mobile flight, judging from the results of MCM's Outlook 2011 research initiative.

Nearly three quarters (74.1%) of the total respondents are not using mobile commerce this year. That's a slight improvement from the 79.4% who were not involved in m-commerce in 2010, but not much of one.

You might think it's the smallest respondent companies who are not mobile, but that's not necessarily the case. Nearly 70% of the largest respondents aren't in m-commerce either.

Why are merchants dragging their heels on m-commerce? It could be that many do not think their customers have gone mobile.



THOSE NOT USING MOBILE COMMERCE BY COMPANY SIZE:

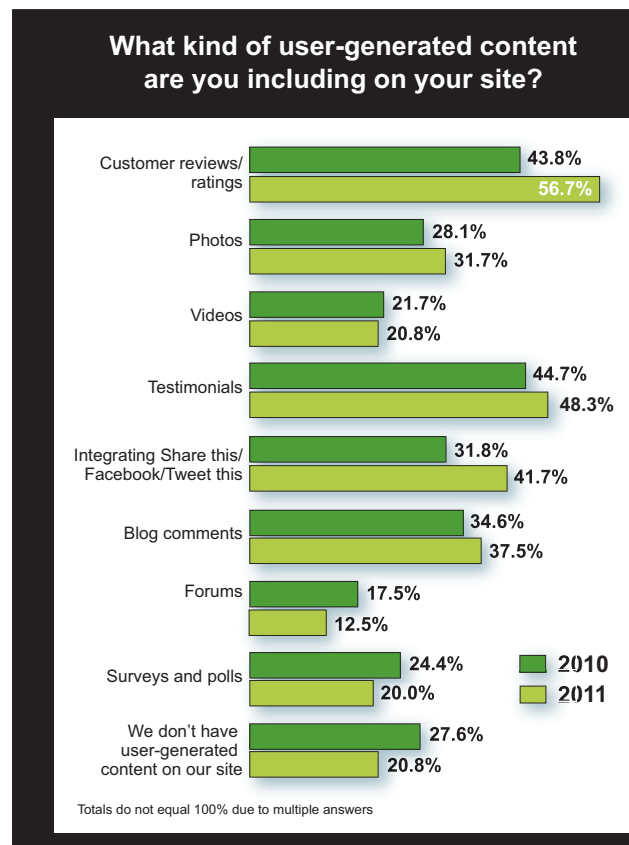
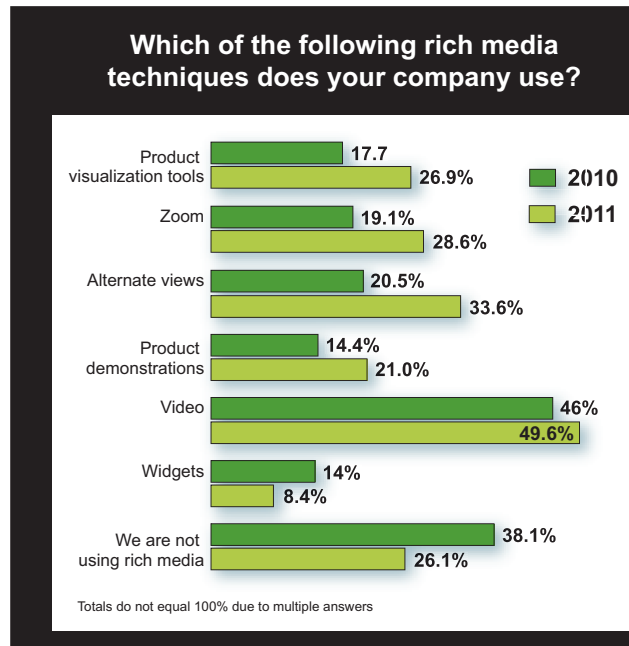
- Sales of less than \$1 million 75%
- Sales \$1 million-\$9.9 million 86%
- Sales \$10 million-\$50 million 69%
- Sales of more than \$50 million 68%

But their web analytics might show merchants that more customers are shopping via mobile devices such as iPhones, iPads, Blackberrys and Androids than they thought. That was the case with Century Novelty.

The party supplies merchant didn't think m-commerce would be worth the return on investment, since its average price point is about \$1. But when its analytics revealed last year that as of the summer, about \$20,000 in transactions had been generated via mobile devices, Century Novelty launched a mobile site in September 2010.

Given the surprisingly low mobile penetration, it's no surprise that just 9% of the total respondents are using QR codes. That's a shame, because these barcodes that work with mobile devices would be a great way for catalogers to bridge the gap between the print and web channels.

But a few more respondents are investing in apps to help consumers with their mobile shopping experience. Last year just 6.1% of respondents said that they had an iPhone app, compared to 14.9% of respondents in 2011.



What's more, 10.5% this year said they had an app for Android, 7.9% had one for Blackberrys and 7% for iPads.

Web bells and whistles

Merchants are evolving their ecommerce sites to meet the expectations of Web 2.0 customers with rich media. The percentage of survey respondents not using rich media fell from 38.1% in 2010 to 26.2% this year.

Use of alternate views increased the most, from 20.5% last year to 33.6% in 2011, while product visualization tools went up from 17.7% in 2010 to 26.9% this year.

The percentage of respondents using zoom went up from 19.1% a year ago to 28.6%. Only widgets are less popular this year: Use of them fell from 14% of respondents last year to 8% in 2011.

This may be because merchants are focusing on the rich media elements that will improve the consumers' shopping experience and make it easier for them to make a purchase decision. Or perhaps more respondents are putting the

resources they might have used for widgets into mobile apps.

User-generated content

Merchants also stepped up their implementation of user-generated content. The percentage of respondents that do not have user-generated content on their sites fell from 27.6% in 2010 to 20.8% this year.

What types of user-generated content are most popular? Blog comments saw the biggest increase, from 17.5% in 2010 to 37.5% this year, while customer reviews/ratings went up from 43.8% to 56.7%. Integrating share this/Facebook/tweet this

increased from 31.8% to 41.7%.

Meanwhile, surveys and polls fell from 27.6% in 2010 to 20% this year, while use of forums tumbled from 24.4% to 12.5%. Some merchants may be finding these functions take too much time to manage and they deliver only a minimal payoff.

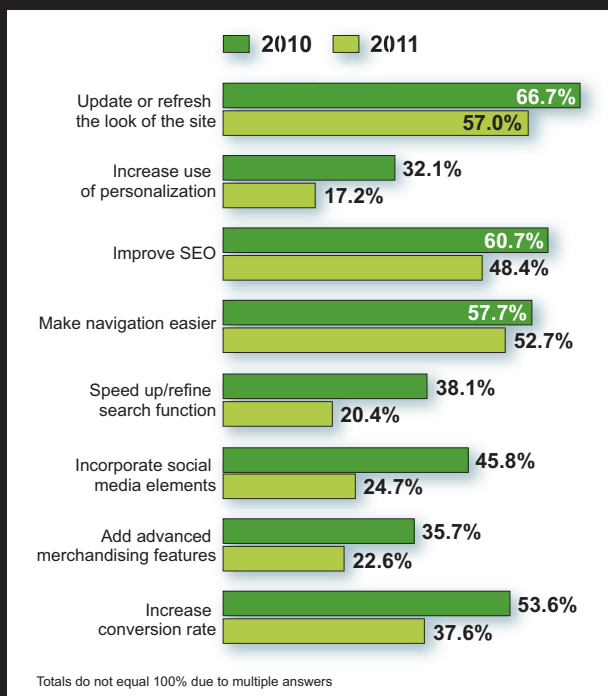
Redesign time

About the same percentage of respondents as last year (65%) said they are planning a website redesign in the next 12 months.

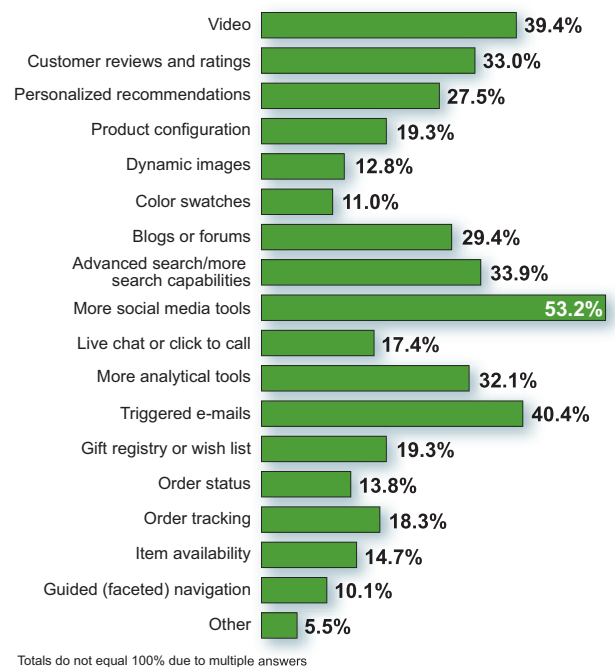
The top three objectives are to update or refresh the look of the site, which 57% this year said was a key

Given the low mobile penetration, it's no surprise that just 9% of the total respondents are using QR codes to bridge the gap between print and web channels.

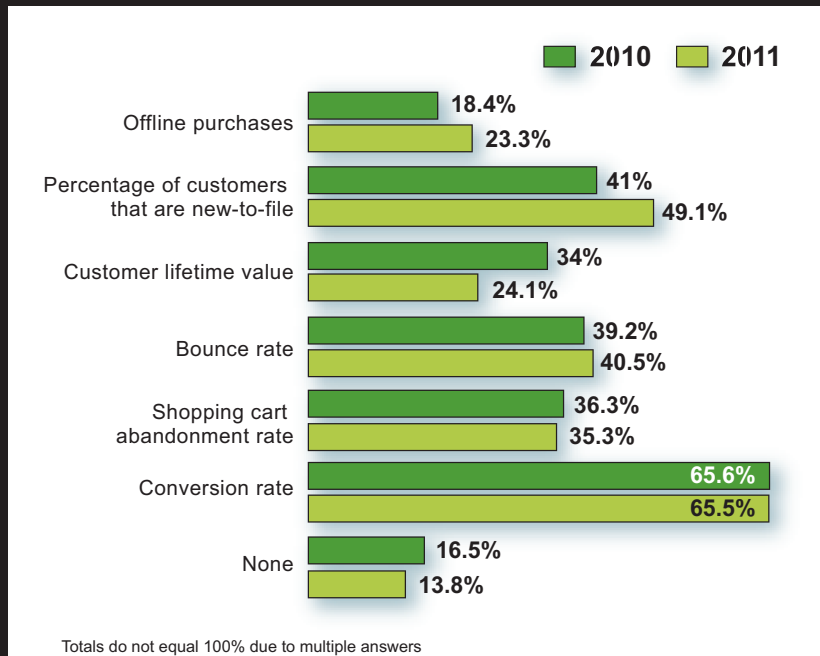
Top goals of website redesigns



What functions do you plan to add to your website in the next 12 months?



Which of the following are you tracking specifically with your SEO and PPC efforts?



reason for redesigning, followed by making navigation easier (52.7%) and improving SEO (48.4%).

Of course the ultimate objective of a site redesign is to boost online sales, and that is typically the result. Men's apparel merchant Jos. A. Bank launched a redesigned website in late 2009. The new site's enhancements, which include real-time inventory, zoom and better cross-selling capability, make the online shopping experience more like being in-store.

The efforts paid off: Jos. A. Bank's online revenue is up 20%, with double-digit increases in average order size and conversion rates.

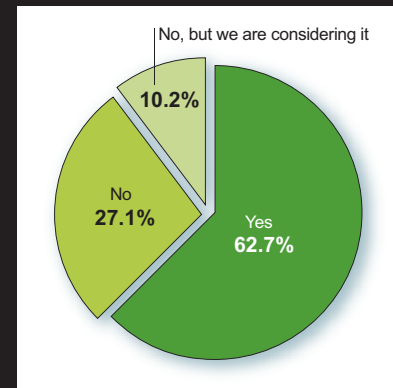
Search strategies

Where are merchants putting their money when it comes to search? Respondents this year spent an average of 35% on pay-per-click, 27% on search engine optimization and 18% on search marketing.

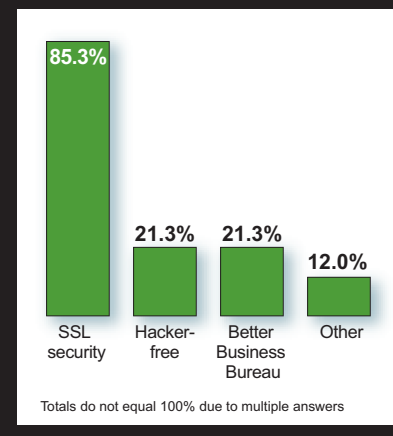
As for what they are tracking specifically with SEO and PPC, more are keeping tabs on the percentage of customers that are new-to-file (49.1% this year vs. 41% in 2010) and more are looking at offline purchases (23.3% vs. 18.4% last year).

But those tracking customer lifetime value with SEO and PPC fell from 34% last year to 24.1% in 2011.

Does your site include a trustmark of approval from a third-party company?



Types of trustmarks used



About the same percentage are following bounce (40.5%), shopping cart abandonment (35.5%) and conversion rates (65.5%) as last year.

Payments and security

Site security is a big concern for many consumers, and it can be a stumbling block to placing an order online. That's no doubt why the

plurality of respondents (62.7%) are using some sort of third-party security trustmark on their site.

Of those respondents, 85.3% are using an SSL security trustmark, 21.3% include a hacker-free trustmark and 21.3% have a trustmark from the Better Business Bureau.

As alternative payment methods become more mainstream, one might expect to see some growth in

their use. But that doesn't seem to be the case here.

For instance, the respondents who said they offer PayPal as a payment method fell from 46.3% last year to 37% in 2011. The merchants offering Bill Me Later decreased from 14% in 2010 to 4.2% this year.

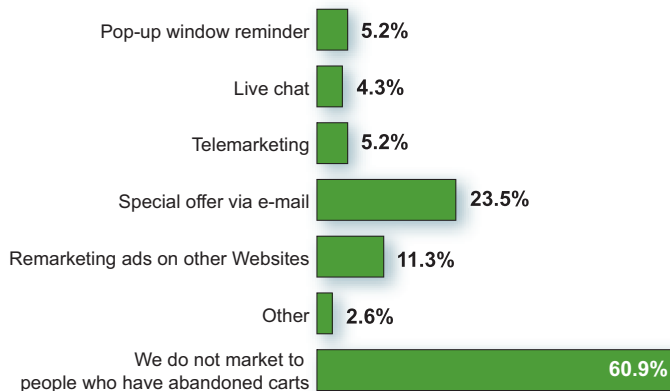
What's more, the respondents who do not offer an alternative pay-

IN WHICH SOCIAL MEDIA OUTLETS DOES YOUR COMPANY MAINTAIN AN ACTIVE PRESENCE?

	2010	2011
Facebook	70%	78%
Twitter	57%	58%
MySpace	12%	12%
LinkedIn	33%	23%
YouTube	30%	36%
Flickr	5%	9%
Niche network	7%	4%
Company blog	29%	31%
None	19%	16%

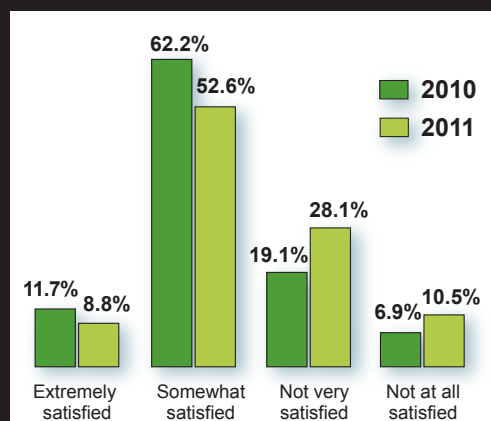
The respondents who are not very satisfied with their social media efforts went up from 19% in 2010 to 28% this year; the percentage not at all satisfied crept up from 7% to 11%.

Aside from e-mail reminders, how are you marketing to shopping-cart abandoners?



Totals do not equal 100% due to multiple answers

How satisfied are you with the effectiveness of your company's social media efforts?



ment method increased from 42.1% in 2010 to 53.8% this year. One reason could be the economy—in 2009, consumers were using their credit cards less and making more same-as-cash type payments.

The most valuable strategies

In terms of rating online strategies, email is the most valuable: On a scale of 1 to 10 (with 10 being the most valuable) email had a mean 8.3, up from a 7.9 last year. The next most valuable strategy was SEO, with a mean 7.6.

The lowest rated online strategy? That would be marketing to shopping cart abandoners, with a mean rating of 4.1—down from a 4.32 last year. It’s shocking how low this effective tactic is rated, but then 60.9% of merchants said they do not market to shopping cart abandoners.

Social media is the third most valuable online strategy with a mean 6.0, up from a 5.8 last year. Still, it seems social media is not as satisfying as it was a year ago.

In rating their satisfaction with their company’s social media efforts, the percentage who are extremely satisfied fell from 11.7% to 8.8%. Those who are somewhat satisfied slipped from 62.2% to 52.6%.

Meanwhile, the survey respondents who are not very satisfied with social media increased, from 19.1% in 2010 to 28.1% this year, and the percentage who are not at all satis-

fied crept up from 6.9% to 10.5%.

Why is satisfaction with social media slipping? It could be because more (70.8%) say their company is using it to try to prospect for new customers than to engage conversation with consumers (67.3%).

Nearly 60% (58.4%) are using social media to monitor what consumers are saying about their brand, 35.4% to announce offline offerings and 29.2% to distribute coupon codes.

Another reason respondents are a bit more antisocial: Merchants may not have been realistic in their expectations of what social media would do for their business, or how much time it takes to manage. ●

METHODOLOGY

On December 9, 2010, an email invitation was sent out from the editor of MULTICHANNEL MERCHANT to subscribers to the print publication. As an incentive to participate, survey respondents were offered the opportunity to win one of four \$50 Amazon gift certificates. Subsequent mailings were sent to subscribers of the MULTICHANNEL MERCHANT MCM Weekly, I-Merchant and O+F Advisor e-newsletters, as well as to select members of the American Catalog Mailers Association and of the Networking & Education for Direct Marketers (NEMOA) trade organization.

By February 15, 2011, the closing date of the survey, 753 responses had been received. Of those, 597 (79.3%) indicated that their company marketed products directly to consumers and/or businesses through a print catalog and/or e-commerce website. Those active respondents form the basis of the survey results.

