



E-COMMERCE Multichannel marketers are embracing video, SEO and social media, among other trends and tactics. But interest in mobile, PURLs and live chat is lagging.

Text by Tim Parry / Charts by Lisa Santo

ONLINE SALES HAVE BEEN A BRIGHT SPOT for many multichannel sellers in recent years. And as the recession finally comes to an end, e-commerce will likely continue to be a channel of growth.

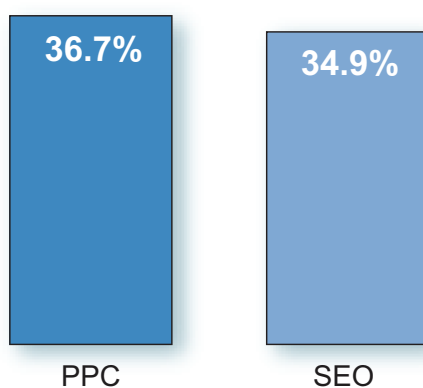
But are multichannel marketers making the most of the Web channel? They're making good progress, based on respondents to MULTICHANNEL MERCHANT's Outlook 2010: Preparing For The Upturn industry survey on E-Commerce.

For instance, respondents are measuring their search efforts not just by sales, but by traffic, click-throughs and conversions.

And they are trying to improve their search engine rankings by optimizing landing pages, using video,

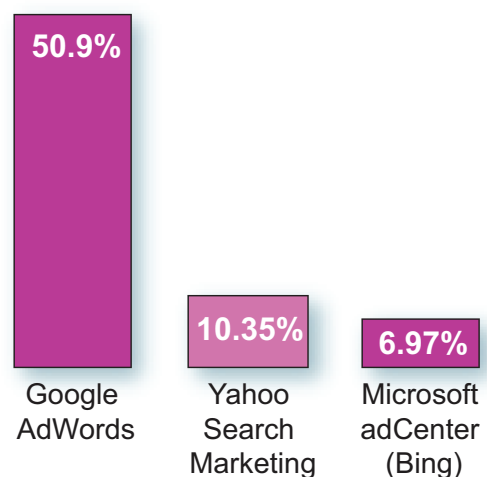


Where respondents are spending their marketing search budgets



Mean percentage of search budget spent

Where respondents are directing their PPC budgets



Mean percentage of PPC budget spent



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blogging and increasing pay-per-click terms.

The fact that 66.4% of respondents plan site redesigns in the next 12 months shows that most understand the need to keep up with online advancements to be competitive.

SEARCH Respondents spend a mean 22.42% of their overall marketing budgets on search market-

ing. Within that, they are spending a mean 36.7% on PPC and 34.9% on SEO.

And Google AdWords is still king: Respondents spend a mean 50.9% on Google AdWords, and a mean 10.35% on Yahoo Search marketing, and a mean 6.97% on Bing.

What are merchants specifically tracking with their SEO and PPC efforts? Just

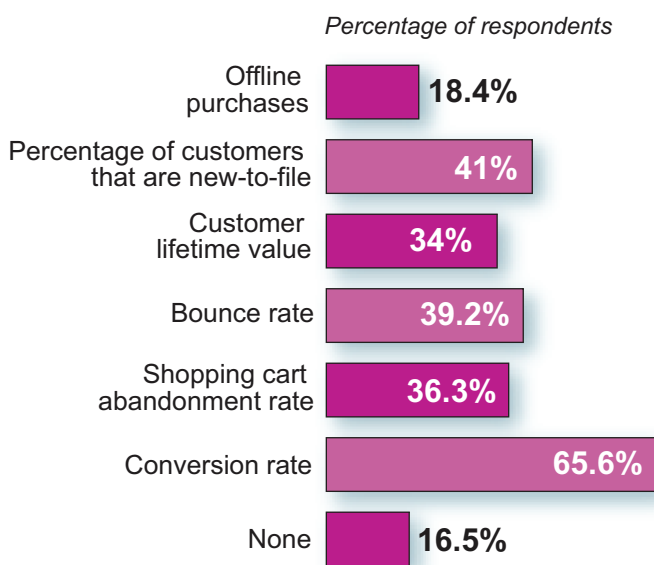
over 65% said they look at conversion rate, while 41% are looking at the percentage of customers that are new to file.

A little more than 39% said they track bounce rate, 36.4% review cart abandonment rate and 34% look at customer lifetime value.

Merchants are also taking advantage of free tools for analytics. More than three-quarters, or 77.1%,



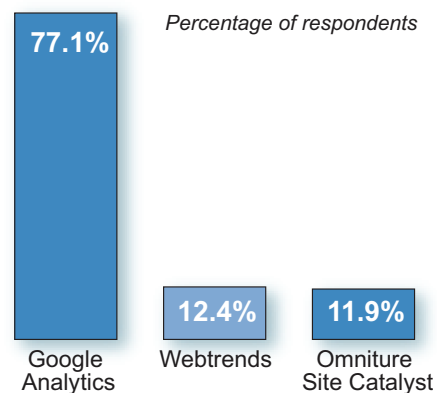
Which of the following are you tracking specifically with your SEO and PPC efforts?



Totals do not equal 100% due to multiple answers

SURVEY RESPONDENTS SPENT A MEAN 22.42% OF THEIR TOTAL MARKETING BUDGETS ON SEARCH

Most popular products/vendors for Web analytics



Totals do not equal 100% due to multiple answers



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indicated they are using Google Analytics, a free service. When it comes to other analytics, the falloff is significant: 12.4% are using Webtrends, and 11.9% are using Omniture Site Catalyst.

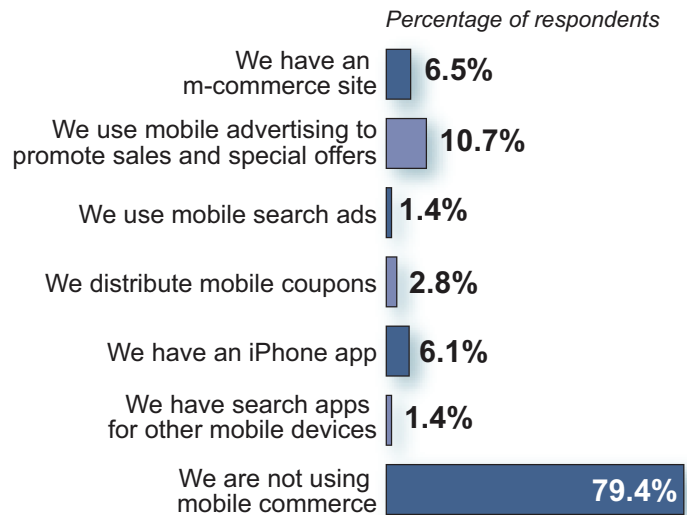
What's not hot? Apparently, affiliate marketing and online display ads are not very important to merchants. A fifth (21.4%) of

FREE IS GOOD: MOST RESPONDENTS (77.1%) USE GOOGLE ANALYTICS; THE USE OF PAID TOOLS DROPS OFF QUITE A BIT

respondents gave online display ads a 1 on a scale of 1 to 10, while 22.8% gave affiliate marketing a 1. And 17.9% of respondents rate sending offline traffic online a 1.

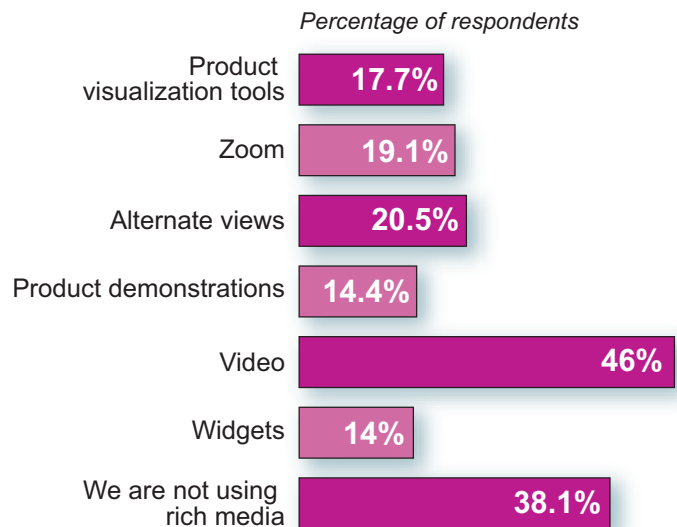
Personalized URLs have yet to catch on: 62.3% of respondents are not using them. But 22.7% of those using PURLs said they are using them to track con-

How are you using mobile commerce?



Totals do not equal 100% due to multiple answers

How respondents use rich media



Totals do not equal 100% due to multiple answers



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sumer activity and preferences, 21.3% to tailor content and offers to individual customers, 14.5% to boost catalog or e-mail response rates and 15.5% to gather/update key customer data.

NEW TACTICS AND TECHNOLOGIES Mobile commerce is not making inroads yet, at least with our survey respondents.

Nearly 80% (79.4%) said they are not using m-commerce.

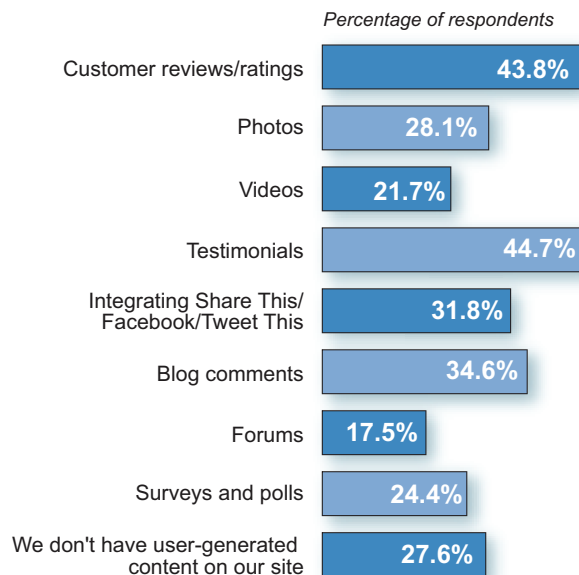
A scant 6.5% did say they have a mobile site, and 6.1% said they have an iPhone app.

What's the hold-up with mobile? At a recent Web convention, Jay Scannell, vice president-Internet technology at SkyMall, said carriers are not keeping up with demand in an era of 3G iPhones, BlackBerries and Androids. This is a problem, because consum-

ers are finally starting to embrace mobile: Halley Silver, director of online services at baking products merchant King Arthur Flour, said her company's m-commerce traffic quadrupled in 2009.

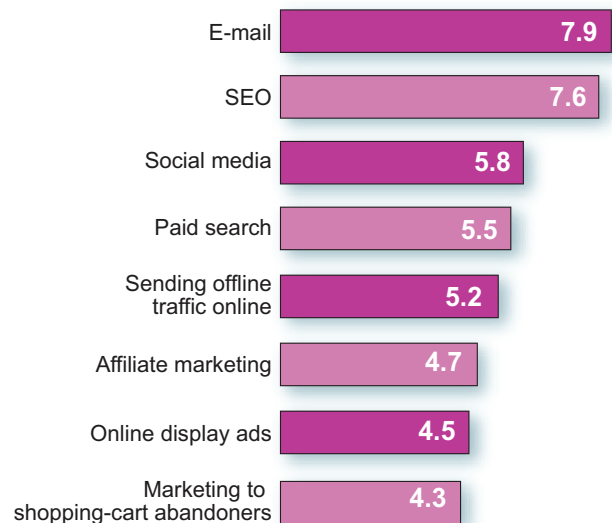
While most merchants said they are using rich media, a surprising 38.1% said they are not. Of the merchants who are using rich media, 46% are using it to add video to their sites.

User-generated content respondents include on their site



Totals do not equal 100% due to multiple answers

The most-valuable online strategies



Mean rating on a scale of 1-10 (10 most valuable)



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Video engages consumers, according to Online-shoes.com product marketing manager Jimmy Healy. Last year, customers who watched Onlineshoes.com's videos converted 45% higher than the site's average.

Merchants are taking advantage of user-generated content—72.5% of respondents include it on their sites. Testimonials are at the top; 44.7% said they use them, while 43.8% say they include customer

reviews and ratings. Blog commenting is allowed by 34.6% of the merchants, and 31.8% have integrated the ability to share content on Facebook or Twitter.

More than a quarter of respondents (28.1%) allow users to post photos, 21.7% allow users to post video and 24.4% have surveys and polls on their sites.

What about social media?

On a scale of 1 to 10 in importance, with 10 being

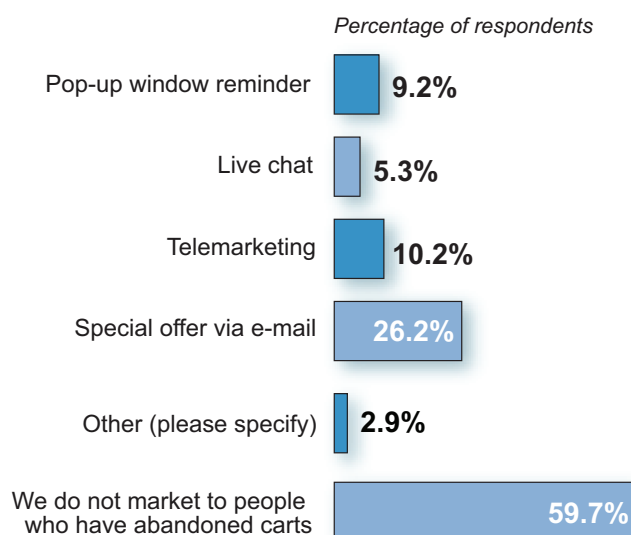
most important, the mean rating for social media was 5.76. Though 12.2% rated it a 10, 9.4% gave it a 1.

So what social media platforms are merchants using?

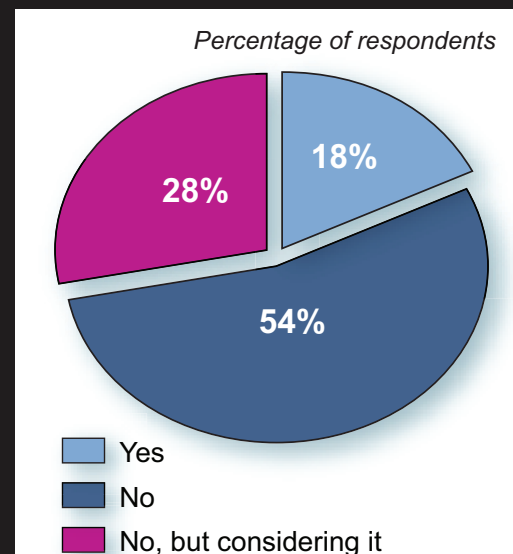
Nearly 70% are on Facebook, while 57% are on Twitter. A third (33.2%) are on LinkedIn, 30.4% are on YouTube, and 28.5% have a company blog. A look at the business-to-consumer respondents shows 74.8% are on Facebook, compared to



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



Are you using live chat on your site?





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-----> 63% of business-to-business respondents. The b-to-c merchants are also twittering more than the b-to-b merchants as 61.5% of consumers merchants tweet vs. 50% of business responders.

Nearly 29% of respondents have a company blog. Who is the primary author for those with blogs? A fifth of participants with a blog (20.5%) said a designated employee handles the du-

MORE THAN HALF OF THE CONSUMER RESPONDENTS OFFER PAYPAL AS A PAYMENT OPTION ON THEIR SITES

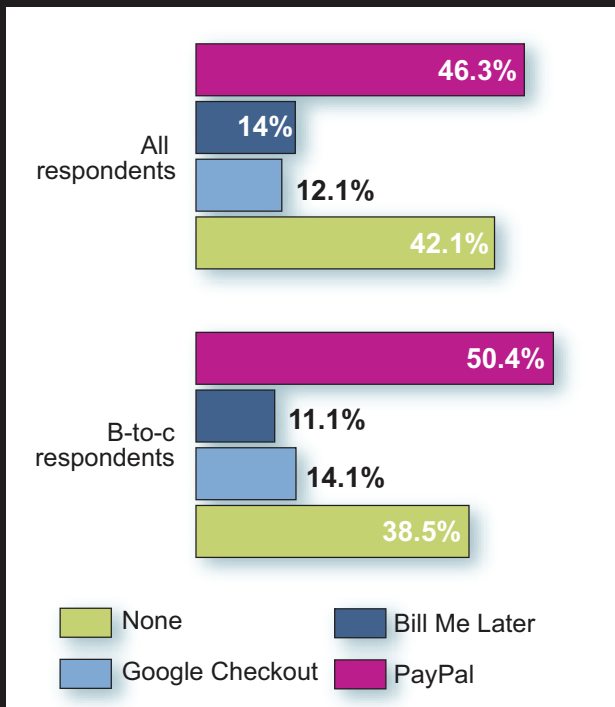
ties, while 17.4% said the president or CEO does the blogging. Just 4.6% said the blog was ghostwritten for the president/CEO.

Why did merchants get involved with social media? Most respondents (58.7%) said they wanted to interact with customers, 53.9% thought it would be a good prospecting tool, and 38.3% wanted to monitor what consumers were saying about their brand.

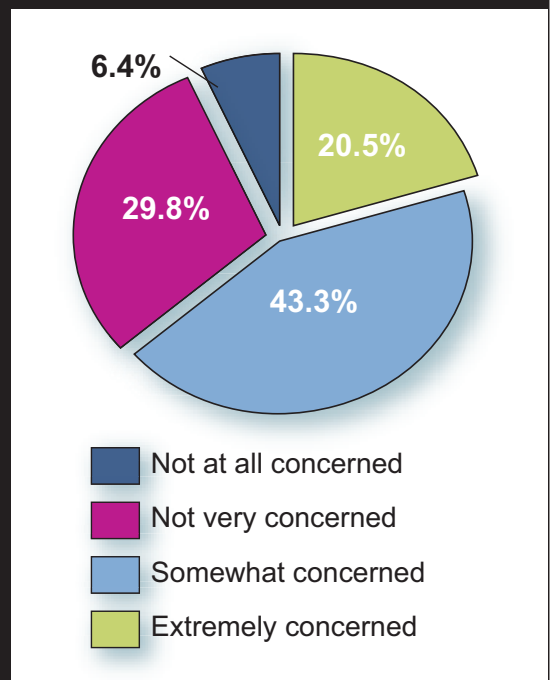
But only 11.7% of the respondents say they are extremely satisfied with their social networking,



Type of alternative payment options merchants provide



How concerned are you about online fraud?





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while 62.2% are somewhat satisfied. Why?

Some respondents said they have a lack of resources which keeps them from keeping up, others felt that for their specific industry, it was a big waste of time.

E-MAIL MARKETING STILL MATTERS

The most important component to merchants' online strategy is e-mail. On a scale of 1 to 10, with 10 being most

important, 33.6% of merchants gave e-mail a 10, and 79.9% of merchants rated e-mail a 7 or higher.

SEO also received high marks: 25.9% of respondents rated it a 10, and 64.1% gave it an 8 or above.

But transactional e-mails are not that popular yet: 41.8% are not using them. Transactional e-mails—order confirmations, shipping notifications, billing statements, and the like—are

known to have appreciably higher open rates than marketing e-mails.

These messages can bolster a brand's relationship with the recipient and even encourage additional sales, so interest in transactional e-mails should pick up.

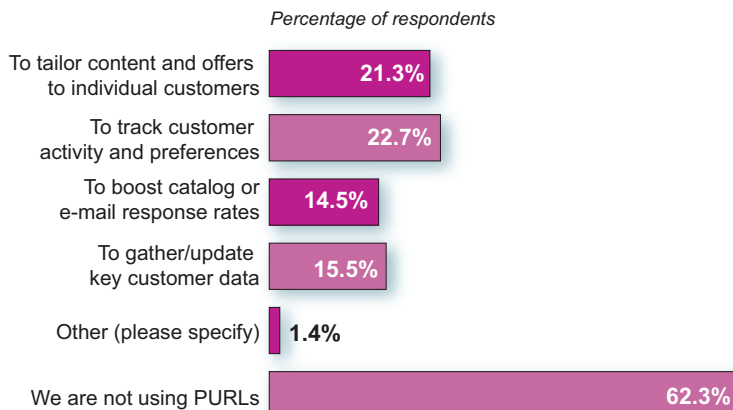
Somewhat surprisingly, merchants also do not feel it's important to market to shopping cart abandoners, as 26.6% rated that a 1 in importance.

Worse yet, 59.7% of survey respondents said they do not market to shopping cart abandoners.



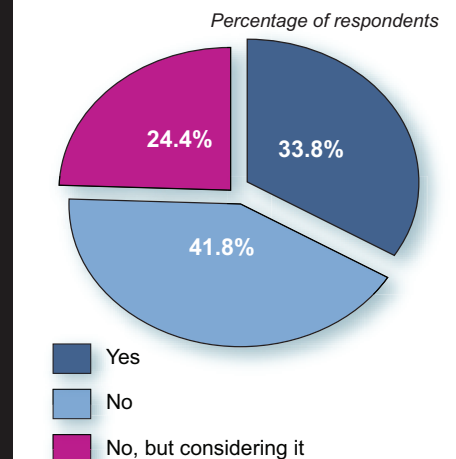
TOO MANY MERCHANTS ARE LETTING SALES SLIP AWAY: NEARLY 60% OF RESPONDENTS DO NOT MARKET TO SHOPPING CART ABANDONERS

How are you using personalized URLs?



Totals do not equal 100% due to multiple answers

Do you sell via transactional e-mails?





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CUSTOMER SERVICE

Live chat is one of the most talked-about new customer service tactics, but it's also not happening here: Just 18% said they are using live chat, although 28% that are not now are considering it.

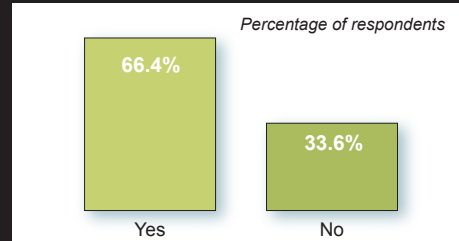
When it comes to taking payment from customers, 42.1% of merchants said they do not offer alternative payment options. Of those that do, 46.3% accept PayPal and 14% accept Bill Me Later.

How big a concern is on-line fraud? Not that big, considering the plurality (43.3%) said they are "somewhat concerned" about online fraud, while 20.5% are "extremely concerned," and 29.8% say they are "not very concerned."

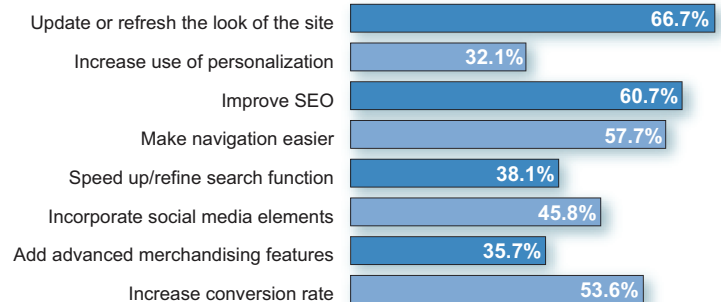
REDESIGNS About two-thirds of merchants (66.4%) said they are planning a redesign in the next 12 months. Of those, 66.7% indicated they are

MORE THAN HALF OF ALL RESPONDENTS AIM TO ADD MORE SOCIAL MEDIA TOOLS TO THEIR SITES

Are you planning to redesign your Website in the next 12 months?

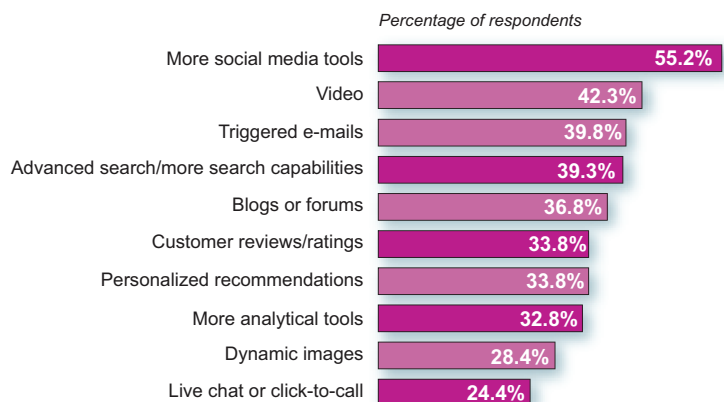


If yes, what are the goals of your site redesign?



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



Totals do not equal 100% due to multiple answers



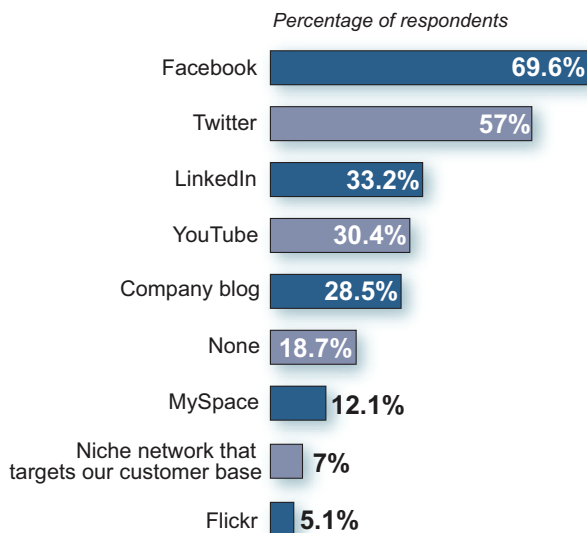
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doing it to refresh the look of their site, while 60.7% are hoping it will improve SEO, 57.7% hope it will ease navigation, and 53.6% hope it will increase conversion rates. Just over 45% said they will incorporate social media elements, and 35.7% are going to add merchandising features.

As for functions merchants say they will add in the next 12 months, 55.2% want to add more social media tools, 42.3% want to incorporate video, 39.8% want the ability to offer triggered e-mails, and 39.3% want to add advanced search or additional search capabilities. ●

What social media is your company actively involved in?



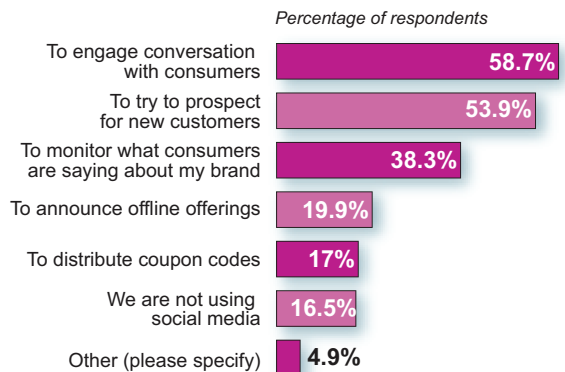
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METHODOLOGY

On December 17, 2009 an e-mail 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.

By February 21, 2010, the closing date of the survey, 886 responses had been received. Of those, 594 (77.5%) indicated that their company marketed products directly to consumers and/or businesses through a print catalog and/or e-commerce Website, and those active respondents form the basis of the result to the survey.

Why did you get involved in social media?



Totals do not equal 100% due to multiple answers

How merchants rate their satisfaction with social media vs. their expectations

