




7 Steps to Becoming a Digital Merchandising Hero

Introduction

Today's eCommerce is about immersing shoppers in a visually stimulating and engaging experience that inspires product discovery and purchase. And digital merchandisers like you are the ones that create this world. In fact, behind the scenes, you're the hero driving the success of your company's online business.

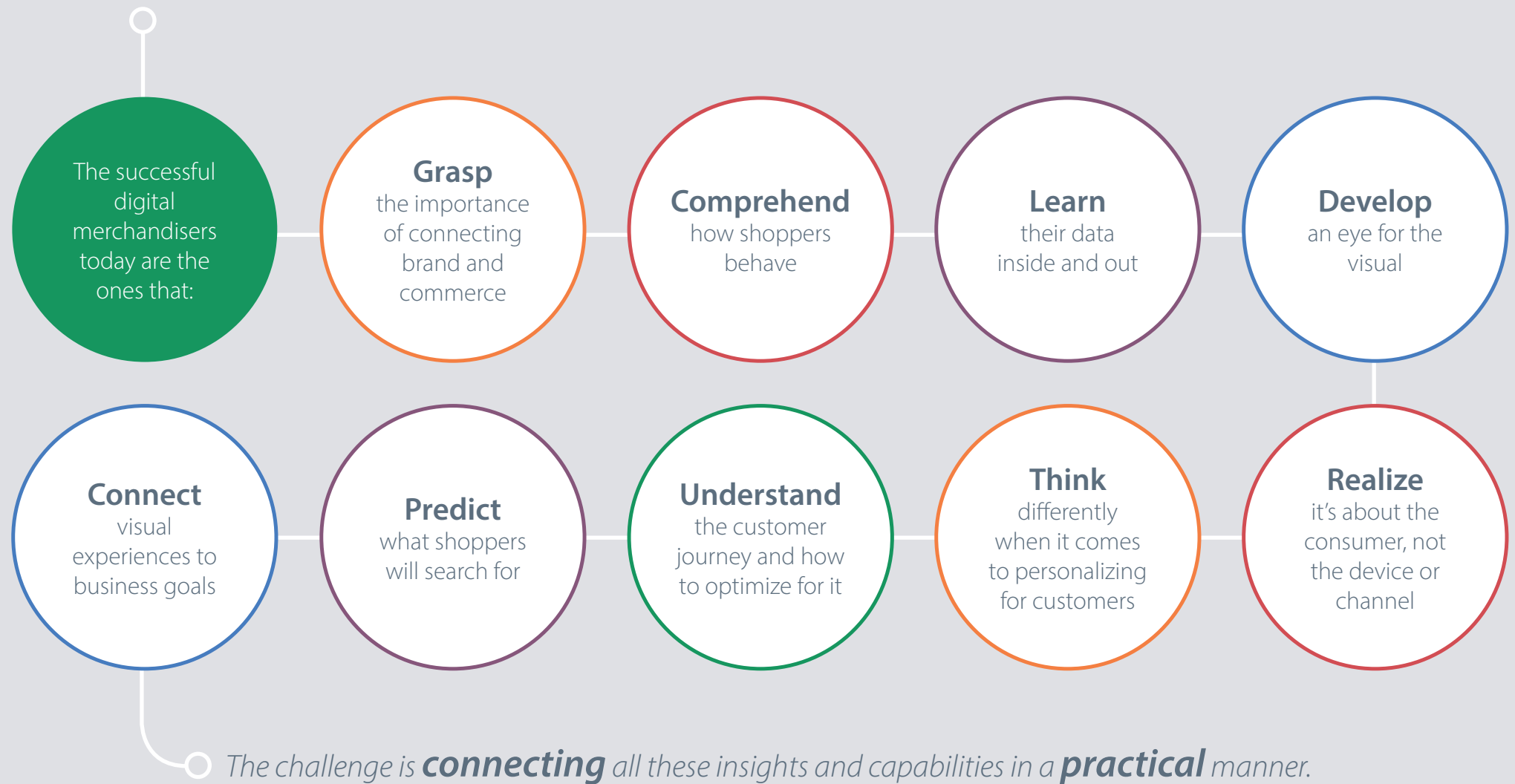
But it's getting harder to continue delivering stellar results when trends, techniques and technologies are changing at warp speed. To succeed today, you need to create a truly differentiated eCommerce experience.

And that requires **smarter digital merchandising**.



Behind the scenes
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Smarter digital merchandising



That's quite a list! Frankly, it's no wonder that many digital merchandisers feel overwhelmed by the thought of delivering an eCommerce experience that sets their store apart. The challenge is connecting all those insights and capabilities in a practical manner. And while we're not going to minimize the effort required, we have identified the following concrete steps you can take to elevate your digital merchandising to new levels.

- 1 Use data and insights to drive better results
- 2 Show the right products to the right shopper
- 3 Put rules around your recommendations
- 4 Mash up content, commerce and community
- 5 Optimize to satisfy product search and discovery
- 6 Guide shoppers through the store
- 7 Optimize and personalize for the shopper's context

So read on for seven practical steps you can take to create site experiences that engage shoppers, inspire purchases, encourage loyalty – **and establish you as a digital merchandising hero.**

step

1

Use Data and Insights to Drive Better Results

As a digital merchandiser, you have access to a wealth of data. By analyzing this information to better understand what triggers and drives purchases, you can make your merchandising shine and your conversion rates climb.

How do you do it?

It's easy to get overwhelmed by all the data at your fingertips. But thinking about your data in the following three ways should make it more manageable.

Tap into customer-oriented data to influence buying decisions

- **Popularity and quality** – This could be a combination of data from your ratings, reviews, Facebook likes, Pinterest pins, and web analytics – such as page views and additions to basket – which can indicate an item's popularity and the shoppers' perception of quality.
- **Freshness** – When shoppers are looking for trends and/or shop with you frequently, consider showing the freshest items at the top of search results or in your recommendations.
- **Availability** – Only show products for which you have plenty of inventory on hand, and that satisfy the particular shopper's interests and requirements.

54%

of millennials will share more data if it means more relevant offers.

(Source: Campaigns are Extinct – Study of Millennial Behavior, SDL, March 2014)

step

1

Use Data and Insights to Drive Better Results

Consider business-oriented data to drive better bottom-line results

- **Financial data** – Use data such as margin to influence which products you promote and to maximize profit. For example, perhaps you could show an item from the same category that the shopper is viewing but that delivers 5% better margins than the item searched for.
- **Inventory** – You wouldn't show an item in your physical store that isn't available for purchase, so don't do it online. Make sure you can integrate digital merchandising capabilities with inventory levels so that you don't get caught out of stock.

Blend data points to move the needle on conversion rates

The merchandising heroes of today are blending data points to influence conversion. Imagine showcasing a best-selling product at healthy inventory levels in a lister page, or in a recommendation or promotion that delivers more margin than the item currently being viewed by a shopper and is also the highest rated by your customer community. By doing this, you're not only offering relevant items, but ones that will deliver better results for your business.

What is the impact of not doing it?

- Lower profits
- Customer annoyance
- Static merchandising experience



step

2

Show the Right Products to the Right Shoppers

Whether shoppers are new to your site or repeat customers, they all prefer to be shown items they are most likely to buy. That's why it's critical that you make use of sophisticated ranking, sorting and positioning strategies in how you display search results. After all, how you position and display search results on your site directly impacts conversion rates.

How do you do it?

First you must understand how ranking affects shoppers' behavior. In short, shoppers make buying decisions based on the attention they give to items.

Prioritize relevant rankings

Most shoppers are easily distracted. After all, we tend to have short attention spans, especially when we're immersed in a visually engaging online experience. To captivate and keep shoppers from clicking away to another site, you need to show them the most relevant, appealing products possible. That said, to make the shopping experience manageable, consumers often make trade-offs on what to consider for purchase based on the effort and time spent to locate the product on a lister page, as well as 'normal' factors such as product's price. It goes without saying that early positions on the lister page garner the most attention. In essence, the position of a search result on the lister page along with external cues such as visible discount badges influence how shoppers will click and interact with what they're shown.

Moving an item one row in your search lister page can have the same affect as offering a

**discount
of 6%-21%**

on that item.

(Source: SDL Merchandising Consultancy research)

step

2

Show the Right Products to the Right Shoppers

Outline your business goals for ranking: questions to consider

Is the main purpose of your lister page to convert or is it also about delivering an optimal visual experience?

Which items do you want to showcase over others?

What limitations, technology or otherwise, are preventing you from ranking your products in the way you want?

Using data available to you – including data about past purchases, browsing history, Pinterest pins, Facebook likes, inventory levels, and click tendencies – you can intelligently determine the rankings on your search lister page to display the most relevant products. By optimizing to prioritize the display of products most likely to appeal to your shoppers, you can positively influence conversions. Plus, you instill trust in shoppers when they see you presenting the most relevant, quality products in response to their searches.

What is the impact of not doing it?

- Lack or loss of customer trust
- Lower-than-average conversion rates
- Items that never sell

step

3

Put Rules Around Your Recommendations

Done right, recommendations can enable product discovery by connecting shoppers to products they may not always know they want or need, delivering impressive results for you in the process. The key is to deliver the most relevant recommendations possible.

How do you do it?

Don't trust a 'black box' engine to achieve this goal as none can magically serve up the most relevant recommendations. While predictive algorithms are necessary, you want some control over what is shown. The ideal approach is to apply a combination of algorithms and rules that allow you to fine-tune the recommendations, such as "only show this recommendation on this page" or "only show this recommendation to this kind of shopper." Be aware that you need data to power the engine that delivers the recommendations, specifically purchase history and behavioural data. At the same time, think about how you apply weighting to influence recommendations. For example, an 'add to basket' is a more valuable activity than a simple view, and a purchase is more valuable than an 'add to basket'. Finally, decide which of your pages will feature recommendations, thinking about how it will impact the customer experience.

What is the impact of not doing it?

- Low average order value
- Low 'items per customer visit'
- 'Naked' pages when the customer expects recommendations

Relevant recommendations can increase average order value (AOV) by up to

50%

(SDL Merchandising Consultancy research)

step

4

Mash Up Content, Commerce and Community

Today's online retailers need to entice shoppers to return again and again to their eCommerce shops. You can do so by making your site a destination hub that goes beyond selling to offer interesting and relevant content that draws traffic, engages visitors and inspires shopping.

How do you do it?

First you must understand which content is relevant to your customer base and target audience. Then you need to discover communities and other online venues that produce this content. Since variety is the spice of life, don't limit yourself to text. Look for video, infographics, Twitter feeds, reviews and other types of content. By curating this content, you can establish your site as a content hub that creates a bond between you and your customers and encourages them to purchase more from you over time. The key is to seamlessly blend the commerce experience with the content and community experience so consumers can easily act on a purchase impulse. One way to achieve this is by displaying items that relate to the content being shown, personalized to the person's interests.

What is the impact of not doing it?

- Shoppers may flock to your competitors' sites instead
- Traffic will decrease
- Customer trust will diminish

Viewers are

65%-85%

more likely to buy
after watching a
product video.

(KISSmetrics, Can Product Videos Increase Conversion Rates?, <http://blog.kissmetrics.com/product-videos-conversion/>).

step

5

Optimize to Satisfy Product Search and Discovery

As a merchandiser, your ultimate goal is to serve up the products that will inspire shoppers to purchase. To deliver relevant products in the search results, you need to understand your shoppers and the language they use to describe products.

How do you do it?

Think about the search box as more than just a box – it's a way to connect shoppers with your products. By studying how shoppers search onsite, you'll understand what to optimize for and which products to promote.

Push products based on search terms and phrases

One rule of thumb to keep in mind is that shoppers search in different ways, depending on their purchase intent. When they are in the discovery phase and looking for inspiration, they often search in a less refined way on a single word, such as for a brand name or category. These types of searches often account for a large volume of overall search activity, and this is when shoppers are more receptive to browsing through your catalog. As their purchase intent rises, shoppers' searches are more refined through the use of two or three words, such as a sub-category or a brand name plus product type. This is when it makes sense for you to offer more specific promotions and use ranking strategies in relation to the search phrase. At the highest end of the spectrum – when they are most intent on making a purchase – shoppers will often use four or more words in their searches for a specific product name or version. Since the shopper is primed for purchase, here you should focus on delivering the right result and avoid distracting the shopper with merchandizing.

Consumers search methods vary depending on the type of product they're seeking. For example, shoppers looking for electronic products will search in a much more refined way than those shopping for new clothes. Your search optimization goals should be aligned with these tendencies.

step

5

Optimize to Satisfy Product Search and Discovery

Give customers feedback on their searches

At the same time, be sure to deliver a meaningful response when shoppers search on terms or phrases that are unusual or uncommon rather than delivering a random set of results. For example, your onsite search engine could display a message saying, “We didn’t find anything to match your search term” and could suggest another known phrase. The point is to never leave a shopper without guidance. At the very least, explain why your site is displaying the search results being shown.

Think globally

In today’s eCommerce world, you should assume that your site could be visited by shoppers from anywhere in the world. With that in mind, it’s critical to optimize your site so you can respond relevantly to cultural nuances and preferences. At an execution level, this means you need to know the various search terms used for the same item by shoppers from different cultures and geographies – and serve up relevant results. On an operational level, this means you must manage digital merchandising centrally so you can deliver a consistent experience to all shoppers regardless of their location.

What is the impact of not doing it?

- Missing out on sales opportunities
- Receiving negative customer feedback
- Losing shoppers to other eCommerce sites



step

6

Guide Shoppers Through the Store

In a physical store, merchandisers arrange and display products so shoppers find it easy and intuitive to browse for items. You should offer the same experience in your online store. At the same time, when shoppers browse the aisles of a physical store and don't see what they're looking for, they are often inspired to make a spur-of-the-moment purchase of an item that catches their eyes. Ideally you want to provide the same type of inspiration online.

How do you do it?

You can provide an intuitive shopping experience that keeps shoppers exploring your store by continuously optimizing your onsite search and navigation so that shoppers find what they want. It starts by making shoppers feel they can easily find items through intuitive, dynamic store navigation and catalog filtering that is personalized to different contexts. Guide shoppers as they search by suggesting search terms, or even displaying recommended items directly in the search box. Hand in hand with that, advise shoppers on search if you're unable to match their search terms and showcase best sellers or recommend items that other shoppers have purchased. Your site visitors will appreciate the information and that you've shown them items they might like as opposed to leading them down a 'dead end.'

What is the impact of not doing it?

- Poor customer experience on site
- Higher-than-average bounce rate
- Losing out to the competition

On average,

only 50%

of onsite searches
are successful.

(Econsultancy, July 2012, <https://econsultancy.com/blog/10413-site-search-results-pages-examples-and-best-practices>)

step

7

Optimize and Personalize for the Shopper's Context

The more you know about the shopper's context, the more relevant a shopping experience you can deliver and the more loyal your customers are likely to be. For this reason, it's important to tie contextual data to your merchandising activities.

How do you do it?

Your mantra should be "It's not about the device or channel – it's about the shopping experience." Start by understanding how your customers are interacting with you and their goals are on these interaction journeys. Then make sure your search, navigation and merchandising tactics dynamically adapt to different customer contexts. For instance, in a mobile scenario you may want to offer simpler filtering and navigation than in a desktop scenario. At the same time, you may want to tie mobile geolocation to your physical store location. Just be certain to remain device agnostic as it's too expensive and time-consuming – not to mention frustrating – to try to keep pace with all the variations. The key is to focus on what shoppers are doing on their devices, not what devices they're using, and then personalize their experience accordingly.

What is the impact of not doing it?

- Reduction in customer loyalty
- Lack of differentiation from competitors
- A static and non-responsive customer experience

The average
Millennial touches
their smartphone

**45 times
per day**

(Source: Campaigns are Extinct – Study of Millennial Behavior, SDL, March 2014)

Be a Hero Today!

There you have it – the seven steps that will help you take your digital merchandising to new heights and inspire product discovery, exploration and purchase.

Ready to step into your new role as the digital merchandising hero?

Visit www.sdl.com/cxc/ecommerce



For more information, visit www.sdl.com

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SDL (LSE: SDL) allows companies to optimize their customers' experience across the entire buyer journey. Through its web content management, analytics, social intelligence, campaign management and translation services, SDL helps organizations leverage data-driven insights to understand what their customers want, orchestrate relevant content and communications, and deliver engaging and contextual experiences across languages, cultures, channels and devices.

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