

Making It Personal – How to use web merchandising techniques to increase sales online

By Paul Edmunds – founder/CEO ClickTorch

The aim of merchandising is to increase store traffic and sales volume. Merchandising is well established and proven in the bricks and mortar world, where we see it everyday. Displays at store entry, specials on the end of aisles, small purchases at checkouts and a selection of alternative products displayed together, all enhance our customer experience and increase sales. But how do you achieve this online?

Visual merchandising, until recently called simply merchandising, is the activity of promoting the sale of goods, especially by their presentation in retail outlets.

Oxford English Dictionary, 1999

This paper explores ways to use similar techniques online and shows how new technology is now accessible and affordable to all sizes of businesses to allow them to achieve what was until recently, only within reach of the likes of Amazon and other larger retailers.

Online visual merchandising is a way to transfer the same techniques we are familiar with, to the internet world and:

- **Sell more effectively on the web**
- **Encourage people to buy more and return**
- **Improve customer experience.**

Even better, the web has the potential to take merchandising to a new level by offering personalized displays to each individual. In the offline world you have one layout only. **Online there is the potential to offer different stores to each individual with intelligent technology.**

A Brief History of Merchandising and Ecommerce



Macey's 1950's Art Nouveau display

Merchandising developed in the early years of the 20th century with department stores and arcades. It was fuelled by an increase in the number of product available and the growth of luxury products. Store owners began to take decisions on store frontage, layout and product presentation with the aim of increasing footfall and sales. For example, some stores chose rows of aisles while others chose a boutique format with product grouping by brand.

Catalogues were used to merchandise products and some similar techniques were adapted for print - e.g. key

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products would receive a full-page, while alternatives were grouped together on a page with close up quality photographs.

Selling over the internet started with small value items and basic lists. As shopping carts became more sophisticated, onsite searching, category browsing and basic product display pages became standard. Adding related products and accessories was, and still is, mainly a manual process.

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Website owners began to use online advertising to get traffic to websites, and there was an explosive growth in its use and the budgets given to it. The challenge now was how to maximize the ROI on the visitors being driven to the site.

However, the growth in use of on-site techniques to create more sales has been slow to take off, because of a lack of easily available enabling technology and a lack of guiding principles on which visual merchandising techniques work on websites.

Key Visual Merchandising Techniques

What happens is very simple: the good sites win. If the pages download fast, people return. If they can find the products, then they can buy the products. If people understand the site, they use it - Jacob Neilson.

The main objective of visual merchandising is to make it easy for customers to find products and give them enough information to buy. To use this shop analogy online, we must:

- Make it easier for the shopper to locate the desired category and merchandise.
- Make it easier for the shopper to select and identify alternative or associated products.
- Provide sufficient information on the product.

Below we point out some techniques that have some evidence to suggest that they achieve merchandising objectives online.

Make it easier to locate desired merchandise

Visitors will look to located products by category or search. Categories need to be labelled in intuitive ways that match the way people browse – for example by brand or type.

Intuitive categories, highlighted best sellers and fast page downloads make it easier to locate desired merchandise.

The order of links is important. The higher up the page the more chance of use (it is well known that Search engines see their highest click-throughs in the first 3 links on a page), so popular products should be at the top of a category list page. This is analogous to placing popular products in the centre of an offline display.

In addition, visitors will drop out at a high rate and websites lose up to 20% of their visitors each click according to ClickTorch analysis. So placing most popular products on category home pages captures more visitors.

Speed of page download is also important. Usability tests show a relationship between page load times and drops in orders. You can test the speed of your site using a number of free web tools.

Make it easier to identify alternatives

Product pages that show one product only force visitors to return to search or category pages to view another product. By showing popular alternative or associated products on a product page, customers are more likely to find the product they want before they drop out.

Related products on product pages make it easier to identify alternatives.

Offline merchandisers group products in store to encourage selection. Amazon shows a large range of alternative products on product pages as their user research demonstrates this leads to higher sales.

Provide sufficient information on the product

Tests by M Bernard concluded that products with "long copy outperformed short copy by 40%". Since online shoppers cannot physically interact with the product itself, potential customers generally require more extensive information about the product.

In a 2007 study 67% of consumers who visited an online store intending to make a purchase left because the retailer did not provide enough product information.

So good pictures and detailed product information is necessary. Good product description copy includes keywords that customers use in their reviews or search terms. This engages customers on a technical and emotional level by using the words they are thinking of, when seeking to purchase. Customer reviews, expert reviews and related blog articles enhance product information.

In addition, information search is a key activity related to purchases, so offering lots of product information benefits the 90% of customers who research online before they buy (Aberdeen Research). It also increases the footprint of a website on general search engines.

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Returning visitors are more likely to buy

On average up to 20% of website visitors can be returning visitors, according to ClickTorch analysis. And research shows these visitors are up to 8 times as likely to purchase (Internet Retailer report). This is peculiar to online shopping and so returning customers should be served better. Amazon shows returning visitors products they viewed on the last visit to aid the purchasing process.

Intelligent Displays Online for Each Customer

G Bezos of Amazon states that his objective was to provide a personalized unique shop to each customer, and Amazon invested heavily to provide a personalized store. In the process they implemented virtually all of the merchandising techniques described above.

Technology to the Rescue

With the advent of Web 3.0 intelligent and cloud technologies such techniques are now within reach of any size of online business and means personalized automatic merchandising can now become a reality in a way not possible in the offline world.

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The London Times recently described Web 3.0 technology as enabling the personalized web. So, most relevant products in the context of the current customers search can be displayed on category and search pages to make it easier for people to locate products.

- Closest comparative products can be shown on product pages, identified automatically through analysing the buying and browsing behaviour of other online shoppers.
- Dynamic content showing product information can be automatically written into product pages based on the implicit information preferences of the customer.
- Returning visitors can be automatically shown products they viewed before and related new items.

Web (3.0) intelligent technology can be used to provide online merchandising, applying techniques adapted from the offline world. Crucially this is automated by using analysis of large volumes of customer data. A personalized store can be provided for each customer, which could never be provided by manual visual merchandising.

About ClickTorch

ClickTorch develops merchandising tools to increase sales on websites. These tools use an advanced neural network technology called the Predictive Profiler, which profiles customers and predicts things they will buy.

About the Author

Paul Edmunds has developed high profile comparative shopping websites and managed development for the most successful online stockbroker in Europe. He has a background in Artificial Intelligence and is the founder of ClickTorch, the online recommendation systems providers.

To ask Paul a question or to find out more about how online merchandising could help increase sales in your business, simply email paul.edmunds@clicktorch.com.