



2008 Holiday Best Practices & Tips

for Comparison Shopping Marketing

Introduction

The holiday shopping season is well recognized as the peak revenue-generating period for the retail industry. However, this year the sudden economic downturn has generated additional pressure on retail marketers to drive sales. For smart online retailers the current economic situation presents an opportunity as consumers look to the Internet for convenience and cost-savings to fulfill their holiday shopping needs. A recent survey of over 2,000 consumers by Harris Interactive found that 37% will shop online to save gas money or find better prices and 32% of those online shoppers indicated they intend to use comparison shopping engines (CSE) to find the best deals. Another recent survey of more than 1,000 consumers by The E-tailing Group found that while 52% of surveyed consumers intend to buy fewer gifts this year, an overwhelming 91% plan to purchase the same or somewhat more gifts online than they did last year.

How can your company harness the opportunity? Much of your success on comparison shopping engines will depend on careful tactical preparation that includes:

- Basic feed maintenance
- Aggressive (yet smart) promotions
- Actionable analysis
- Frequent optimization

The Mercent Performance Marketing team has assembled a number of tips in these areas, which they use to help online retailers efficiently generate sales that you can use to best position your company for the challenging shopping season ahead.

Preparation

We're already entering the holiday sales upswing. If you haven't started your holiday preparations yet, you should get begin immediately or risk losing out on increasing incremental revenues.

Know Your Budget

Is your budget realistic? Will it be sufficient for the whole holiday shopping season? With increasing numbers of consumers intending to do their holiday shopping online, now is the time to allocate more of the overall marketing budget to online marketing initiatives.

Additionally, with many consumers expecting to purchase fewer gifts this year, we can expect more consumers to shop aggressively post-holiday in search of bargains on those "must-have" items they didn't receive. With gift-card purchases on the rise, redemption (and overages) of gift-cards can be

expected to fuel a post-holiday spending bump. Be sure to reserve enough of your budget to maintain your strong visibility during the first part of January to capture these post-season shoppers.

Know Your Goals

Break down your goals into monthly, weekly, and (if possible) daily targets so that you can effectively track performance to goals and manage expectations or adjust your targets accordingly. Daily measurement also enables you to quickly identify and correct any technical issues that could hamper your performance. For example, if a feed fails on your most lucrative comparison-shopping channel in late November, you don't want to find out a week later.

Bid Audit & Strategy

Start by reviewing all of your bids on all engines to ensure your bid-levels have been adjusted as necessary on those channels that have already increased their bids for the holidays. To note, Shopping.com has reduced the minimum bid on many of its categories during this holiday season. If a shopping engine hasn't yet implemented a bid change, be proactive in determining a ballpark range to which your bids should be increased (or decreased, depending on the category). Have those bids organized and ready to implement quickly once the engines raise their bid levels. Prior to implementing your bids, perform a quick analysis to see if your conversion rate on key products and categories have increased enough to help offset the higher bid amount. Also, consider setting yourself a calendar reminder to turn your bids back down once you can no longer ship for the holiday season so that you don't get hit with unnecessary costs post-season.

Top-Selling Product Drivers

Take a look at your analytics to identify your top selling products and which search keywords drive those product sales. Remember that a top selling product on one channel may not be a strong performer on another. As bids change and traffic builds on the channels, the algorithms of the CSEs will force changes in the product displays. Once you've established your best revenue generating products on each channel, implement a process to regularly monitor the position of those products on each channel. Track how changes to your bids on those products affect their ranking and sales to identify opportunities for improvement.

Data Basics

If your feeds are failing, if you're sending inaccurate data, or if your products are incorrectly categorized, you are missing out on sales and presenting a poor customer experience to a large audience of consumers, to the detriment of your brand and reputation. If you only do one thing to prepare for the holidays, complete a thorough audit of your feeds and data.

Check for Feed Errors

Ensure that the data you're sending to each channel is accurate and fully accepted by each comparison-shopping engine without error. Look at the individual data fields on a sampling of products across multiple categories to make sure they are populating the correct data. Follow up by looking up these same products live on the shopping engines and verifying that they are appearing correctly.

Verify Your Inventory Filters

After ensuring your feeds are functioning properly, the next most important step is verifying that you are only sending products to the channels that you have in stock. Few things are more disheartening to a holiday shopper than getting all the way to the point of purchase, and then discovering that the product is out-of-stock. For your high velocity products, you should consider raising your inventory threshold above "1 in stock" (or your own unique minimum inventory threshold) to account for additional holiday velocity.

Check Your Tracking

Your long-term e-commerce channel success is only as good as your analytics. The holiday season provides retailers a unique opportunity to collect a wealth of data over a very short period of time. While seasonality plays a role in performance, the multitude of data points you collect now to help you assess your purchase funnel carries high value. To that end, you'll want to look at your product URLs to ensure all necessary tracking tags are included as well as any tracking tags or pixels you have integrated in your checkout path.

Revisit Category Mappings

Test a good sample size of your products to ensure they are categorized correctly on each shopping engine. In addition to checking your own uncategorized products, look at how your current categories are set up and see if there are better ways to map them to the categories unique to each shopping engine. This will help boost your relevancy and ensure your products appear for related searches.

Check Your Filters

If you have any filters set up to remove products from your feeds based on explicit product data or performance criteria, evaluate those filters to make sure they still make sense given the season, increased bid costs, and increased conversion rates.

Promotions

Smart, aggressive promotions will be essential for freeing up consumer spending and driving your online sales this holiday season, especially given the current economic climate.

Promotional Schedule

Organize your promotional schedule so your calendar is defined through the end of the holiday season. If your feed management platform does not support merchandising pre-planning, build a spreadsheet with all your product and category lists and their associated promotional copy that will be applied against those products/categories throughout the season ahead of time. Then when you need to apply content changes, you'll have the copy ready and have a list to ensure you don't inadvertently leave out products or categories.

Gift Cards!

A number of shopping engines now accept gift cards as products. The E-Tailing Group consumer survey previously cited reports that 42% of surveyed shoppers indicated that gift cards will account for 11% to 50% of their online holiday spending, up from 30% of shoppers last year. Increasing the visibility of your gift cards on CSEs presents a logical opportunity to capture incremental traffic and sales. Make sure you are listing your gift cards on Shopping.com, Shopzilla.com, PriceGrabber.com, Become.com, and NexTag.com.

Encourage “One-Stop Shopping”

With tighter wallets this year, consumers are looking for deals and convenience even more than usual. Where possible, consider using bundling promotions or multiple quantity (“buy 2, get 1 free”) promotions. This type of promotion can be inserted in the promo text and coupon fields where available and made consistent by displaying the same promotions within 0 to 2 clicks of the product landing page.

Judicious Use of Shipping Promotions

Free or discounted shipping is a popular tool in the promotion toolkit, but it's important to consider whether the increased transportation and shipping costs are eating into your margin. While we still think shipping promotions have value this season, you may want to reevaluate which products qualify for free shipping – for some products, shipping promotions that once were efficient may no longer be appropriate.

Be Consistent! On-Site and Beyond

It is essential to promote your products consistently across the CSEs and your own e-commerce site. Confusing the consumer regarding whether or not a promotion actually applies to the product they're considering will drop your sales conversions considerably. Make sure you're adding your holiday promotional language to your CSE feeds wherever you can. Use the promotional text fields, but don't discount other places to include your message, such as the description.

Once your promotional text is added to your CSE product ads, work closely with your web team to ensure these promotions and other pertinent holiday information is available on your own product pages as well. Retailers often overlook this because product pages aren't traditional landing pages – but they are landing pages for your CSE customers.

Analysis and Optimization

Of course, no e-commerce channel campaign can be successful without ongoing analysis and optimization.

Know Your Top Performers

Your list of top performing products and categories is your guide to data optimization. Use your website analytics to know what keywords drive conversion of your top performers and apply SEO best practices to optimize on those keywords. Make sure you have those keywords added to all the feeds that support them and your product ads include those keywords.

Margins & Conversions

Determining which channels are best suited for your products starts with margin analysis. Compare the product margin to the bid levels and conversion rates for each product in each channel, and you'll start to see where you can't afford to send some products to some channels. For those products, either suppress them from the appropriate channel feeds, or bid \$0.00 on them in the channels that support zero-bidding.

Analyzing your margins alongside clicks and conversion rates also presents a great opportunity to discover potential trouble in your feeds or even on your own site. Look for products that have large clicks or spend, but little-to-no conversions – this indicates that the initial demand for the product is there, but something along the purchase path is impeding conversion. Troubleshoot these products by checking product categorization, inventory levels, landing pages, and pricing. Determine if any adjustments are needed. If all seems to be in order, bid down sharply or cut these deadweight products.

Conclusion

The current economic outlook presents a unique opportunity for online retailers to capitalize on the resulting consumer shift to online shopping for the holidays. The key to your CSE success during the holidays will be ensuring that you are promoting your products as efficiently as possible:

- Confirm your product data is accurate, complete and timely.
- Apply an aggressive promotion schedule. Stay competitive. Be flexible.
- Create a bidding strategy that focuses on holiday relevant products.

- Track and analyze results consistently to quickly identify opportunities.

Maintaining and optimizing your comparison-shopping engine campaigns can be a labor and time-intensive endeavor, but ultimately the retailers who win on CSEs are those that are able to efficiently promote the right products in the right places with the right merchandising copy and promotional offers. With time saving features like automatic feed alerts, inventory and performance filters, and bulk content editing tools, Mercent's on-demand e-commerce channel management technology drives increased sales and ROI for our online retail customers while drastically reducing the amount of time, labor and IT resources required.

If you're seeking a better way to effectively manage your online marketing channels, please visit us online at www.mercent.com or call us at 206-832-3900 to learn how Mercent can help feed your online sales.

About Mercent Corporation

Mercent provides online marketing technology and services to help retail merchants optimize performance across online marketing channels. Mercent's on-demand platform, Mercent Retail, connects existing retail management systems and The Mercent Shopping Network, a network of more than 50 online shopping destinations including transactional marketplaces such as Amazon.com and SHOP.COM, comparison shopping engines (CSEs) such as Shopping.com and Shopzilla, paid inclusion programs like Yahoo! Search Submit Pro, and affiliate marketing programs such as LinkShare and the Google Affiliate Network. Mercent Retail makes it easy for merchants to increase revenue and gross margins by promoting the right products with the right merchandising offers and placement using optimized product data feeds to these key retail channels. Mercent customers include Bidz.com, 1-800-Flowers, Bass Pro Shops, Celebrate Express, GUESS, Levenger, L'Occitane, Redcats USA, REI, and other leading retailers. Mercent is an Amazon.com Certified System Integrator, Buy.com Gold Certified Partner, SHOP.COM Certified Data Feed Provider, certified Google Product Search Partner and Yahoo! Search Submit Pro certified feed provider. Founded by veterans of Amazon.com, Mercent is a venture-funded company based in Seattle, WA. For more information, visit www.mercent.com.