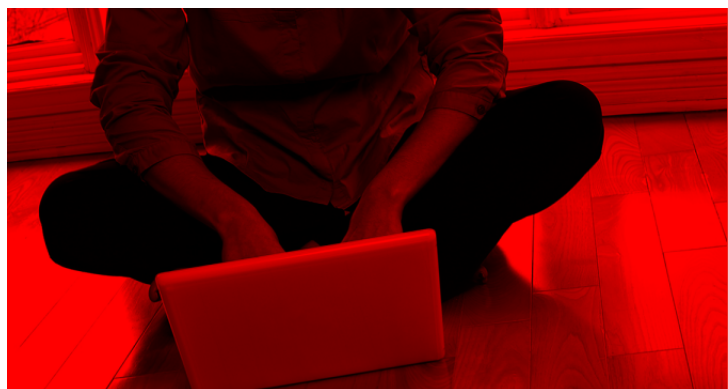


Optimizing the Ecommerce Experience:

Trends for 2011

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Optimizing the Ecommerce Experience:

Trends for 2011

Overview: Well into its second decade of life, ecommerce is growing up. It is no longer an ancillary channel or strategy. Business-to-consumer (B2C) and business-to-business (B2B) companies across a range of industries and sectors recognize ecommerce as core to the way they do business. Many are dropping the “e” altogether, as the once-rigid line between online and offline sales becomes permanently blurred and crossing channels is a proven revenue driver.

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Not surprisingly, online purveyors are upgrading their ecommerce platforms and making investments in next-generation technologies to enable cross-channel selling, segmentation and personalization, better search and navigation and more. While platform upgrades occur every few years as new technology comes to market, online businesses recognize the importance of optimizing what they have today with add-on services that do not require major overhauls. Ecommerce optimization services can be added to existing sites and platforms to boost online revenues and reduce costs without major investment. While optimization services vary in what they help businesses achieve, they share a common trait: optimizing the online experience for each and every consumer to maximize potential revenues and profits and provide an improved user experience.

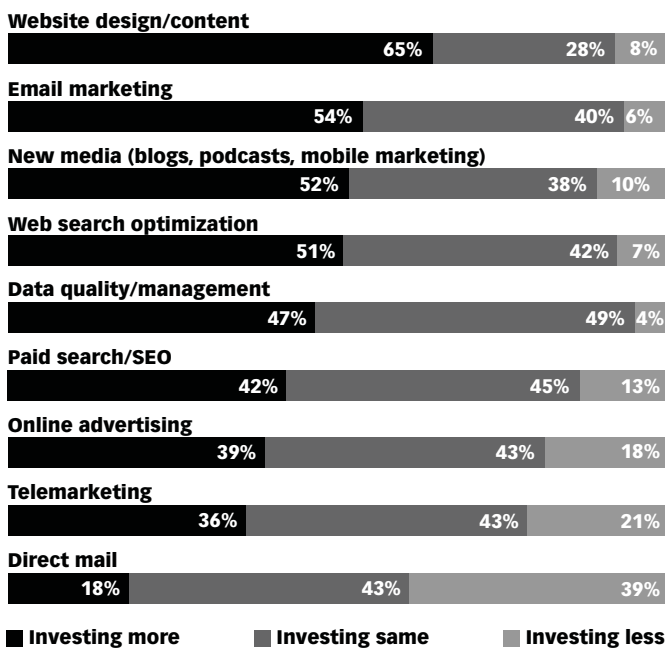
“Over the past five years, ecommerce companies have begun realizing it’s all about the consumer,” Brian Kalma, director of user experience at footwear and apparel seller Zappos.com, told eMarketer. “There is so much that can benefit the consumer—and companies have begun listening.”



The Optimization Outlook

In recent years, more and more companies have begun optimizing their cross-channel customer experience to engage and convert more online visitors. According to the "2010 Lead Generation Optimization Key Trends Analysis" from CSO Insights, more than 91% of companies worldwide reported that new customer acquisition was one of their top strategic marketing objectives and 93% are investing the same or more in web design and content.

Change* in Lead Generation Investments, 2010 % of companies worldwide



Note: numbers may not add up to 100% due to rounding; *in the next 12 months

Source: CSO Insights, "2010 Lead Generation Optimization Key Trends Analysis," provided to eMarketer, Jul 19, 2010

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Such investment is with good reason; global ecommerce revenues are projected to increase significantly in the coming years.

Retail Ecommerce Revenues Worldwide, by Region, 2008-2012

billions

	2008	2009	2010	2011	2012
North America	\$152.5	\$153.9	\$167.9	\$188.1	\$211.6
Western Europe	\$145.9	\$150.3	\$159.3	\$176.8	\$194.5
Asia	\$94.6	\$104.2	\$119.0	\$138.9	\$161.9
Rest of world	\$37.8	\$49.1	\$71.3	\$98.0	\$129.8
Worldwide	\$430.8	\$457.5	\$517.5	\$601.8	\$697.8

Note: 2009-2012 are Caris & Company estimates

Source: Caris & Company, "Technology: Internet & Software," provided to eMarketer, Sep 16, 2010

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Since optimization services are leased and added to existing sites (as opposed to licensed), implementation is often more rapid and cost-effective than revamping an entire ecommerce platform or investing in building or deploying internally hosted software. Monthly fees for optimization services can range from a few hundred dollars a month to tens of thousands, depending on the size of the site, the value delivered and the number of services the customer has licensed.

What Are Optimization Services?

Optimization services are software-as-a-service (SaaS) solutions that can rapidly enhance an ecommerce company's existing website or platform. Because optimization services are delivered as on-demand services, they may be quickly implemented and deliver fast time to value.

Optimization services, while alike in their ultimate goal and delivery mechanism, address a wide range of needs. These tools are available for all stages of the buying cycle. Initial engagement solutions may include specialized search, video or product recommendations. As consumers progress in their buying consideration, live help, product reviews, call tracking or content targeting and testing solutions have been shown to improve conversion. When looking to enrich the customer relationship, many turn to social media, personalization or loyalty programs to keep customers coming back.

Optimization Across Segments

Optimization solutions offered as a service open up a world of ecommerce that goes well beyond online retail. Businesses across a range of industries, both B2C and B2B, now understand they are ecommerce players. As the online channel becomes core and growth in traditional channels slows, these businesses are optimizing their online experiences to gain competitive advantage and propel online revenues.

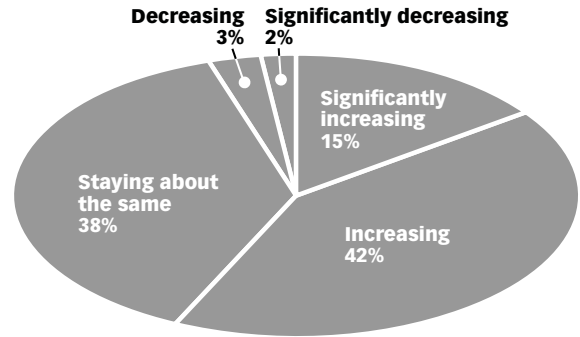
The four most common sectors where optimization services are gaining traction include:

- Retailers, wholesalers and consumer manufacturers that sell physical or digital products directly through an online store
- Online travel, hospitality and leisure sites that sell online reservations and tickets
- Online finance, insurance, cable, telecommunications and other service providers that sell and support services and subscriptions online to consumers or other businesses
- Online auction sites, internet listing sites (ILS), yellow pages and classifieds, and other local marketplaces that connect buyers and sellers

These sectors are also among the largest and fastest-growing ecommerce segments, according to comScore, and they plan to increase their online technology investments. According to the "2010 US Online Retail Technology Investment Outlook" report by Forrester Research, 57% of retailers plan to increase their investment in ecommerce technology this year; 38% said they would invest about the same amount as they did in 2009 and only 5% look to decrease their spend in this area.

Planned Change* in Ecommerce Technology Spending in 2010 According to US Online Retailers

% of respondents



Note: *vs. prior year

Source: Forrester Research, "2010 US Online Retail Technology Investment Outlook" as cited by Internet Retailer, March 2, 2010

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Video, reviews/ratings, blogs and product recommendation solutions are part of the plans for more than 25% of retailers according to the February 2010 "Website Design Strategies and Tactics" Internet Retailer survey. These tools have outpaced search upgrades, which held a top spot in 2008.

Leading Optimization Services: The Cross-Channel Imperative

Optimization services perform a range of functions for many types of online businesses. This section of the white paper zeroes in on some of the areas where optimization is most important—and most profitable—to successful ecommerce operators. It also provides short case studies that explain how individual businesses have applied specific services to help reach primary ecommerce goals.

Content Targeting and Testing: Website, Email and Beyond

When ecommerce companies look at analytics each day, online traffic remains one of the benchmarks. Traffic is generated through inbound and outbound efforts, including search marketing, affiliate marketing, social media and multiple offline strategies. Some industry leaders state that you have less than a second to engage each website visitor by making an impression with your website or creative. The challenge for marketers is in optimizing web content and campaigns to turn more visitors into customers and capitalize on the first impression.

Many are using on-demand services that offer a multivariate testing approach with content to determine the ideal content that converts the most traffic into leads and sales. According to MarketingExperiments, A/B split testing can be better for basic comparative testing, while multivariate testing is better for larger scale optimization. Multivariate testing, while requiring a much larger test group, can make it practical to test with many more variables and variations. If it is cost-effective for your business, you have the capability for both and should choose wisely between them depending on your near-term goals.

The value of testing to improve conversion rates is clearly voiced by marketers in a global survey done by Econsultancy last year; 95% find A/B testing to be “quite” or “highly valuable,” 93% feel similarly about multivariate testing and 94% place this value on user testing. Increasingly, targeted content is being delivered across channels through email, phone, variably printed direct mail and even website images and kiosk interfaces, to optimize engagement, conversion and customer satisfaction.

Methods that Are Valuable for Improving Conversion Rates According to Companies* Worldwide**, July-August 2009

% of respondents

	Highly valuable	Quite valuable	Not valuable
A/B testing	53%	42%	5%
Customer journey analysis	49%	47%	4%
Multivariate testing	48%	45%	8%
User testing	47%	47%	6%
Cart abandonment analysis	46%	47%	7%
Segmentation	39%	54%	7%
Event-triggered/behavioral e-mail	35%	57%	8%
Online surveys/customer feedback	33%	61%	6%
Copy optimization	32%	63%	5%
Pinch-point analysis	26%	54%	19%
Expert usability reviews/consultancy	25%	61%	14%

Note: n=304; numbers may not add up to 100% due to rounding;

*client-side; **UK (72%), non-UK Europe (14%), North America (6%) and other (8%)

Source: Econsultancy, "Conversion Report" sponsored by RedEye, provided to eMarketer, October 2009

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While converting new online visitors into customers remains a key focus, getting “abandoners” to come back and existing customers to buy again is just as important. Acquiring abandoned traffic or repeat customers is often less expensive than the cost of driving a net new lead.

Remarketing techniques are an effective method for marketers to get back customers who may not have been initially impressed enough to buy online, or to get past customers to buy again. Such techniques today may be underused, but marketers indicate they are ready to boost usage significantly in the coming months with email remarketing and ad retargeting foremost in the implementation plans for the coming 12 months.

Remarketing Techniques Used by US Online Marketers, Aug 2010

% of respondents

Email remarketing



Retargeted advertising



Outbound phone remarketing



Other



None



■ Currently used

■ Plan to use in 12 months

Note: n=106

Source: SeeWhy, provided to eMarketer, Sep 9, 2010

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Case Studies on Content Targeting and Testing

■ **ApartmentGuide.com** used a multivariate testing application called SiteSpect to test multiple user interface treatments. Since different content is targeted at different people, the application optimizes leads and conversion rates. Since installing SiteSpect, ApartmentGuide.com has doubled the number of leads it forwards to rental offices, vice president John DeLatte told eMarketer.

- A multivariate application tests different user interfaces.
- All 800-number leads are tracked via call tracking technology.
- Location searches are supplemented with Google Maps.
- An iPhone app can be accessed via GPS button.

■ **ThomasNet** wanted a more specific approach to testing than simply maximizing traffic. After conducting a series of tests to see exactly how visitors were interacting with the site, the results had a dramatic impact that helped increase user interaction with content, making it easier for visitors to find needed information and increase the frequency of their visits.

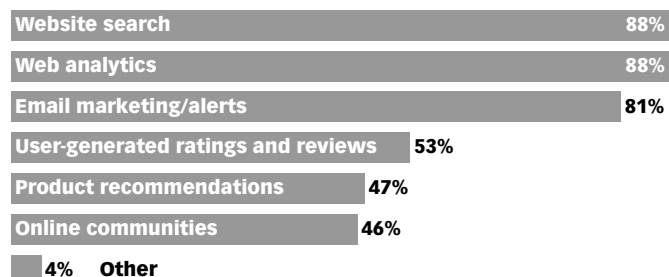
- The company rebuilt its website based on findings from Autonomy's Optimost testing product, and as a result more than doubled key conversion metrics such as completing an RFQ and clicking through to an industrial supplier's website, sometimes by more than 100%.
- ThomasNet also recognizes the long-term benefit of ongoing testing and is increasing the pace of new experiments to drive even greater improvements in customer engagement online.

Personalized Ratings and Recommendations

Personalization is a category of ecommerce optimization that helps increase conversion rates by dynamically tailoring the online experience for each and every visitor. While many businesses are building segmentation and scenario-based personalization into their core ecommerce platforms, on-demand optimization services go a step further by "microtargeting"—at a one-to-one level—the online experience based on the specific clicks and behavior of each visitor.

Web Technologies Used to Tailor Offers and Information to Users According to Retail Executives in North America, November 2009

% of respondents



Source: SLI Systems, "Ecommerce Customer Experience Survey 2009" conducted by Zoomerang, November 23, 2009

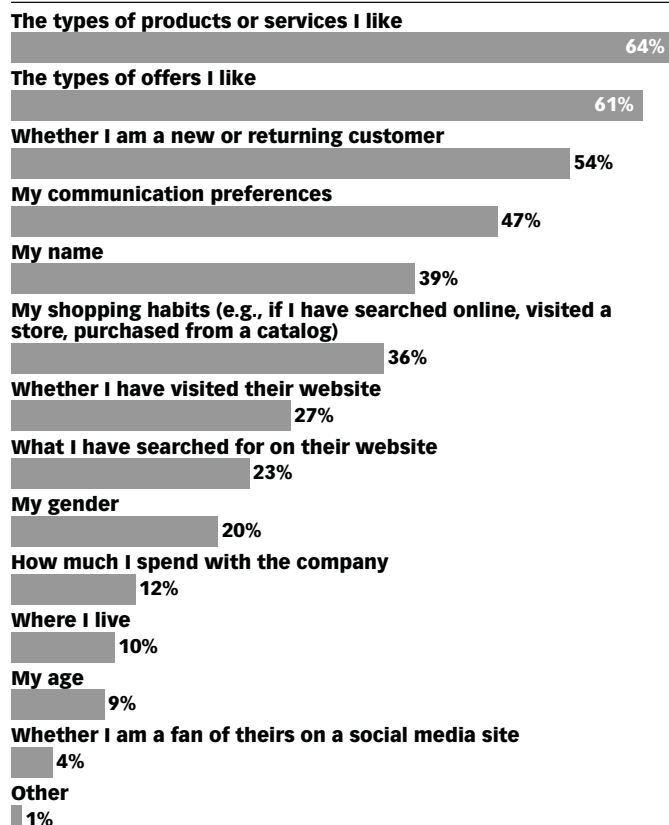
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And consumers have come to expect and prefer information more closely tailored to their preferences. In a recent study conducted by e-Dialog, 64% of respondents from the US and UK expect marketers to know the types of products or services they like and 61% thought marketers should understand the type of offers they prefer—taking priority over the 54% who wanted to be recognized as a new or returning customer.

Information US and UK Internet Users Want Marketers to Demonstrate Knowledge of in Email Marketing Messages, Q1 2010

% of respondents



Note: n=2,038

Source: e-Dialog Center for Digital Marketing Excellence, "Manifesto for E-Mail Marketers: Consumers Demand Relevance," June 7, 2010

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Product recommendations are a popular optimization service being added by ecommerce sites to personalize and tailor the online experience. In the early days, only ecommerce behemoths such as Netflix and Amazon.com could afford to provide personalized product recommendations. Growth of SaaS solutions—along with the number of ecommerce vendors offering them—has made personalization attainable for all online businesses. Significantly, recommendations are the second most valuable web technology, with 59% of retail executives finding recommendations to be “very valuable.”

Value of Select Web Technologies According to Retail Executives Worldwide, July-September 2009 % of respondents

	Very valuable	Some value	No value
Site analytics	63%	32%	5%
Product recommendations	59%	34%	7%
Site performance monitoring	46%	44%	10%
User tagging/personalization	44%	42%	14%
Product reviews	44%	47%	8%
Call center/CRM solutions	38%	50%	12%
Mobile site	34%	49%	17%
Self-learning personalization of site information	33%	53%	14%
Self-learning search/facets	31%	50%	19%
Integration to manufacturer's product and content	28%	52%	21%
Automated A/B testing	27%	54%	19%
Internationalization of site	26%	35%	39%
Downloadable mobile applications	24%	53%	24%
Distributed order management	22%	61%	17%
Non-traditional payment methods	20%	46%	34%
Social networking fan pages	18%	57%	25%
Employee or corporate Twitter accounts	17%	38%	45%
Online chat	12%	66%	22%

Note: numbers may not add up to 100% due to rounding
Source: Retail Systems Research (RSR), "Online Commerce in 2009: The Game Has Changed—Have Retailers?" October 1, 2009

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Types of recommendations solutions vary. The most common involve suggesting a product or service that is similar to the one the consumer is looking at in terms of style, usability or other characteristics. Some features remember shoppers' preferences or previous purchases, list the site's top sellers or have a "tell a friend" button that transmits product information. In a sense, on-demand recommendation features can become the in-store salespeople of the online world, recommending items based on the behavior and preferences of each visitor.

Interpretation of Website Personalization, Aug 2010 % of senior-level marketers worldwide



Note: n=217; respondents were asked "What does personalizing a website mean to you?"

Source: Maxymiser survey, provided to eMarketer, Sep 23, 2010

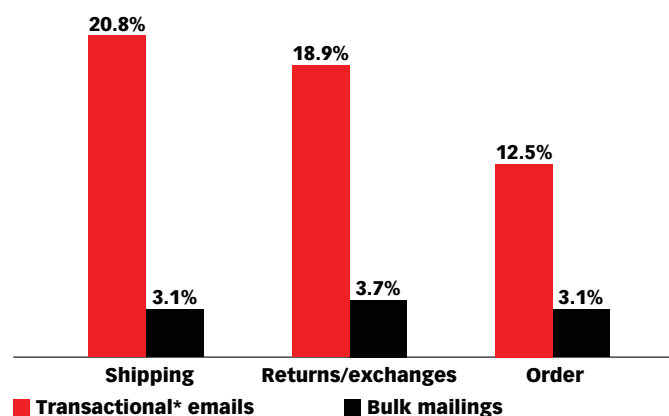
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Further, some ecommerce providers are extending these recommendations across communication channels. Some contact centers have integrated recommendations into the agent console, allowing agents to share recommendations over the phone, via a link with chat or through page push with online visitors. Driven by a much higher ROI and conversion rates as high as 20%, transactional emails have shifted from text-based shipping notifications to sophisticated vehicles for more personalized messaging.

The clickthrough rate on personalized, transactional emails far exceeds those of traditional emails—a critical component to most retailers' strategy.

Email Click Rates for Transactional* vs. Bulk Mailings, Feb 2010



Note: read chart as saying that shipping confirmation emails had a 20.8% click rate vs. 3.1% for bulk mailings sent by the same companies; *emails triggered by customers' buying behavior
Source: Experian Marketing Services, "The Transactional Email Report," provided to eMarketer, Sep 8, 2010

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Personalization yields the best results when it tracks multiple consumer behaviors, Jack Aaronson, CEO of the Aaronson Group and a former Barnes & Noble executive, told eMarketer. In addition to tracking what books a purchaser bought, for example, algorithms can factor in other sales motivators. This could involve layering in research regarding what was most important to consumers—say, subject vs. author.

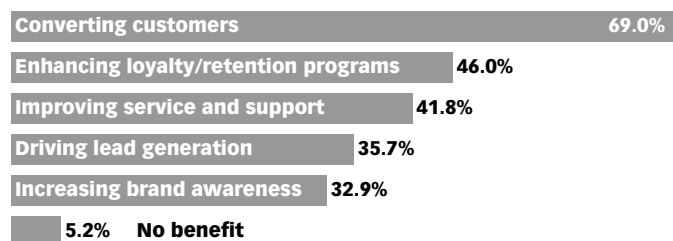
Some personalization functions go beyond making product or service suggestions—they track people’s time and attention spans. Many consumers, for example, spend more time browsing websites on weekends than on weekdays. On weekdays, they want to find what they need and leave the site; weekend browsing is more leisurely. According to a July 2009 BusinessWeek article on personalized recommendations, sites can “adjust to [shoppers’] rhythms, leading shoppers on a leisurely stroll on Saturday afternoon, and sending them hurtling toward checkout on Monday morning.”

Ratings and reviews are another way of personalizing and optimizing the online experience by allowing users to contribute their own content to help others make decisions. Businesses can easily add ratings and reviews as on-demand solutions, relying on vendors to deliver the technology and outsource the monitoring of content.

Many ecommerce companies today allow consumers to write and post comments and reviews. In addition to providing guidelines for other shoppers, this can help resolve problems related to products or services supplied by third parties. In a recent survey of US consumers, an overwhelming 92% stated that they read product reviews and nearly half indicate that their buying is subsequently influenced.

Ways that Website Personalization Solutions Enhance Customer Engagement, Aug 2010

% of senior-level marketers worldwide



Note: n=213

Source: Maxymiser survey, provided to eMarketer, Sep 23, 2010

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Case Studies on Personalized Ratings and Recommendations

■ **Zappos.com**, often considered a benchmark in ecommerce efficiency, found that customer reviews reduce returns. Shoppers may indicate, say, that a shoe runs small or does not look nice with pleated pants. Zappos.com’s shoppers may also choose the types of email they want to receive. A consumer may only want emails about dresses, for example, said Mr. Kalma. The company also sends generalized emails about promotions and special products. Zappos hopes to further personalize this area.

■ **Netflix** factors in movie plots as well as movie categories rented before it makes recommendations. A consumer who rented “Goodfellas,” for example, might not like all crime movies. But if the customer gives high ratings to both “Goodfellas” and “The Godfather,” as Steve Swasey, Netflix’s vice president of communications, told eMarketer in March 2009, that person very likely enjoys epic movies with a crime base and immigrant theme.

Netflix cross-references consumer ratings, which provide more accurate predictions about what people will like, said Mr. Swasey. He added that 60% of Netflix members regularly rate movies.

■ **Tommy Hilfiger** added a SaaS-based recommendations service from ATG in fall 2008. Based on a predictive algorithm, the tool uses product data, site structure and shoppers’ current and past behaviors to make suggestions.

Prior to implementation, Tommy Hilfiger had been creating hard-coded product recommendations to stimulate cross-sells. Information was based on what the company was trying to sell rather than what visitors wanted. The same suggestions were made to every shopper. The approach was time-consuming and was not helping sales.

Within 30 days of deployment, 16% of total online revenues were being impacted by the new tool, according to information provided by Tommy Hilfiger. That figure jumped to 30% when the site began to use the service to automate and personalize other parts of its online merchandise, such as top sellers and gift guides.

Checkout frequency increased threefold among Tommy Hilfiger shoppers who interacted with the ATG Recommendations product.

As of 2010, Tommy Hilfiger also uses recommendations to personalize its iPhone store. iPhone shoppers who download the Tommy Hilfiger app from the Apple App Store will see personalized cross-sells and top-selling products, helping optimize the smaller screen real estate and boost cross-channel conversions.

Live Help

In the early years of ecommerce, the pervasive school of thought was to eliminate human involvement from online transactions as much as possible. Customer service contact methods were often difficult to find or use. Many sites only offered a toll-free number or online form to help would-be buyers obtain answers to questions, requiring them to “switch” channels or wait for a response. This approach is rapidly changing.

Today’s ecommerce companies realize the benefit of direct, timely assistance to close more online sales, improve loyalty and drive customer satisfaction. Online customers, they now acknowledge, should be treated as well as guests who are physically present. This has become even more important during challenging economic times, when maintaining existing customers is key.

To open the channel of communication with online browsers, retailers are crossing channels and offering multiple opportunities to reach their customers while they’re online. With improved email management tools, and new “live” help tools like click-to-chat, click-to-call, virtual agents and smart web FAQ, consumers today have a much larger array of support options.

Forrester Research summarizes the importance of offering live help to customers: “Don’t make the customer fight to get help. No matter how much effort ebusiness professionals put into their digital channels’ written and visual content and functionality, customers will have questions.” To help keep them with the brand and in the channel, thoughtful ebusiness professionals will offer interactive support, such as click-to-call and click-to-chat. MotoSport, a multichannel retailer serving motorcycling enthusiasts, deploys the Art Technology Group (ATG) live help Click to Call and Click to Chat applications.

MotoSport reports that conversion rates of customers who use its interactive service application are three to four times higher than the average site conversion rate. (From “Using Digital Channels To Create Breakthrough Multichannel Relationships,” February 2010, Forrester Research.)

In a study commissioned by ATG and completed by Forrester Consulting in September 2010, Forrester calculated a 3-year ROI of 304% on click-to-call and click-to-chat with a payback period beginning in just 36 days. Such returns may help explain why more than 20% of online retailers plan to invest in live help technology in the coming year, according to Forrester Research.

Customer Service Features Offered or Planned by US Online Retailers, Q4 2009

% of respondents

	Currently support	Planned for 2010
Email	96%	1%
Order tracking	83%	9%
Live telephone customer support	82%	7%
Frequently asked questions	75%	13%
Online help section	70%	12%
Customer ratings or reviews	54%	30%
Single search box integrating site search and self-service	42%	13%
Live reactive IM or click-to-chat	28%	26%
Online community or forum	23%	27%
Store item availability	23%	12%
Dedicated search box for customer service/support content	22%	16%
Customer support through Twitter	16%	21%
IVR telephone customer support	10%	11%
Click-to-call or callback service	6%	22%
Automated chat or virtual agent	5%	16%
Live proactive IM or click-to-chat	5%	21%
Mobile channel (e.g., alerts via SMS messages)	4%	25%

Note: n=291

Source: Forrester Research, “Retailers Plan to Expand Online Customer Service Channels in 2010” as cited by Internet Retailer, March 31, 2010

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“As the pool of new online buyers begins to dry up,” said Jeffrey Grau, senior analyst at eMarketer, “web retailers will focus on strategies that help them retain customers, such as improving customer service.”

The top three factors that drive global consumers to seek assistance include the need for additional information, confusion about how to place an order, and seeking help when return policies are not clearly stated, according to respondents to a March 2010 ATG consumer survey.

A JCPenney study found that “highly satisfied” customers make 11% more purchases, as reported in the BusinessWeek article. In the magazine’s own customer service survey of 1,033 readers, poor telephone service emerged as the biggest complaint (54.8%). In the words of one reader, “the purgatory of [being put on] hold is the most annoying experience.”

More and more ecommerce companies are implementing click-to-chat and click-to-call services as on-demand optimization services. Both services solve the problem of 800-numbers by providing consumers live assistance while they are online, increasing first contact resolution rates.

Click-to-chat creates a live text interchange between the consumer at his/her computer or mobile phone and the contact center. With chat, customer service agents are often able to help several customers concurrently, cutting down wait times and reducing the cost per interaction.

Click-to-call allows shoppers to click a button, type in their phone number and receive a direct call from a customer service representative. There is no "on hold" period and they do not have to navigate intricate interactive voice response (IVR) menus. Like chat, click-to-call allows agents to see where users are on a website and co-browse to help close more sales and improve the quality of service.

Preferred Live Assistance Method (Call* vs. Chat) for Select Online Shopping Scenarios According to US Online Shoppers, June 2009**

% of respondents

	Call*	Chat**
Making a purchase or applying for a service that costs \$500+	78%	22%
Making a purchase or applying for a service that requires sensitive/private information (e.g., Social Security number)	78%	22%
Need complicated information on product/service to purchase or apply online	71%	29%
Making a purchase or applying for a service that costs between \$100-\$500	67%	33%
I'm having trouble completing my order	67%	33%
I can't log in to my account	64%	36%
I have a question about the status of my order	48%	52%
Making a purchase or applying for a service that costs less than \$100	47%	53%
I want to ask about the return/refund policy	44%	56%
I want to hear about discounts or promotions	44%	56%
I want to ask about shipping and pickup options	41%	59%
Need basic information on product/service to purchase or apply online	40%	60%

Note: *clicking a button or accepting a proactive invitation to have a customer service representative call you; **clicking a button or accepting a proactive invitation to initiate a text chat interaction with a customer service representative
 Source: ATG, "Customer Service Survey," provided to eMarketer, June 25, 2009

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Click-to-chat and click-to-call are each useful in different situations. In March 2010, ATG found that global online shoppers preferred live help over the phone via click-to-call when dealing with sensitive or complicated information, technical problems or a large amount of money. For simpler queries, such as those about order status, promotional information, shipping options or cheaper services, live chat was the preferred customer service option.

According to BusinessWeek, travel companies that employ both technologies include Continental Airlines and Expedia; BMW, Best Buy and Louis Vuitton use both on the etailing side.

Case Studies on Live Help

■ **Genesco**—a leading apparel retailer operating sites Lids.com and Journeys.com—sees conversion rates more than four times its site average. Click to Call increased conversions by eight times the site average when assisting customers with Click to Chat. When agents escalate live chat sessions to voice, conversion rates are 20 times the typical site conversion rate. All told, Genesco reported that ATG Live Help generates more than a 4% lift in total online revenue. Plus, customer satisfaction with ATG Live Help (Click to Call and Click to Chat) across the Lids.com and Journeys.com sites exceeds 90%.

■ **Zappos.com** views the telephone as a primary means of consumer interaction. Many calls come from novice online shoppers who wind up placing orders over the phone. "While phone orders are in the single digits, they are a few percentage points of daily sales," said Mr. Kalma. "The site is the lead generator. I don't think most ecommerce companies put enough effort into phone service."

"What better way to measure efforts than to talk to your customers? [The phone] is a branding opportunity, not an expense."

—Brian Kalma, director of user experience, Zappos.com

■ **HSBC Card Services** implemented Click to Call from ATG about eight years ago. Three years ago, it launched the complementary Click to Chat. It uses Click to Call to communicate with customers who are on its site and need help with transactions. It also uses the feature to target existing customers with new service offers. When an invitation icon pops up, interested consumers can have a representative call them right away. The feature does not send more invites than HSBC can respond to. Therefore, people are not kept on hold, said Shane Herrell, HSBC's vice president of digital marketing, tools and technology, in an interview with eMarketer.

Click to Call is paired with co-browsing at HSBC. Many customers use the latter feature when they are having trouble navigating or filling out a form. The co-browse function allows the rep to see, with the customer's permission, what the customer is viewing on the website. Chat has also carved inroads among prospective customers with poor credit or those with loan delinquencies who may be uncomfortable talking to a live person.

Call Tracking

Another way that marketers are optimizing traffic and increasing their marketing ROI is by measuring the true offline conversion of their marketing and advertising campaigns. A few years ago, the focus was on driving clicks to the website or to have business prospects download white papers, and success was measured based on the number of online conversions. Now, the internet is involved in the majority of buying decisions, and the challenge for both B2B and B2C marketers is that a large percentage of buyers research a product on the internet, but prefer to call businesses directly to make their purchase or talk to a sales rep. Today measuring just your online "self-service" conversions provides an incomplete picture of how online campaigns are driving sales.

In order to evaluate the true cross-channel impact of online marketing and advertising campaigns, marketers need to measure both online and offline conversions to know exactly how much traffic from each campaign was converted into actual leads and real sales. Using advanced call tracking and call analytics, marketers can optimize their multichannel marketing programs and justify marketing budgets. By analyzing phone-based conversions from each campaign, they can identify and eliminate ineffective advertising. As a result, marketing campaign investments—including search engine marketing, affiliate marketing, banner advertising and email marketing—can be optimized to deliver higher cross-channel conversion rates.

On insurance sites, for example, call tracking can monitor and measure inbound phone responses to broker and agent websites, social media sites such as Facebook and marketing campaigns, including online ads, print ads and paid search. Using unique call tracking numbers for each campaign enables marketers to evaluate the effectiveness of direct mail, social media efforts, print ads and other types of direct-response advertising.

In a 2010 study conducted by the BIA/Kelsey Group, 75% of business owners ranked the quality of inbound telephone calls as “excellent” or “good.” Even though the internet may be the fastest growing channel for many businesses, their highest converting leads are still over the telephone.

“Many search marketers have experimented with call tracking and measurement as a way to capture online-to-offline consumer activity and determine which ads and campaigns are generating calls,” according to Greg Sterling in a September 2010 piece he authored on Search Engine Land. “Some new developments in the field make a compelling argument for call tracking and analytics, at the very least among enterprises or large advertisers trying to generate calls to call centers.”

Case Studies on Call Tracking

■ **Boat Trader** strives to deliver superior service and boost its ad sales by highlighting the ROI it delivers to its boat sellers with call tracking. “We work hard to assist our dealers in all areas of their business and especially in improving the impact of their advertising investment. ATG helps our dealers track their advertising performance and close more business. That kind of value proposition helps keep our business sailing,” said David Bingham, general manager of Boat Trader.

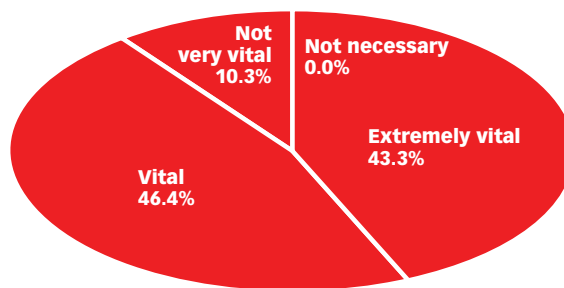
■ **eMediaNode**, which designs and develops websites and marketing strategies for doctors and dentists, conducts detailed analytics on all sites they launch. They realized that some sites were missing as much as 50% of the web leads generated because they weren’t tracking inbound phone calls from the site. George Richeson, CEO of eMediaNode says, “If you’re spending thousands of dollars on your site without tracking calls, it’s hard to gauge how effective the site and your marketing effort are at driving new business. Because call tracking provides insight into how many calls are generated, we can prove the true ROI of the websites we develop by measuring offline conversion.”

Crossing Channels: Mobile, Social, Video and Beyond

Today we hear a lot about cross-channel commerce—how the rise of new internet-connected devices like smartphones and tablets is making it easy for consumers to use multiple buying channels to make a purchase decision. In response, online marketers have become tuned into the importance of cross-channel coordination; nearly 90% find it “vital” or “extremely vital” in their marketing campaigns.

Importance of Cross-Channel Coordination for Marketing Campaigns, Aug 2010

% of US senior-level marketers



Source: Alterian "Engaging Times Summit," Aug 24, 2010

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With mobile penetration in the US estimated by eMarketer at nearly 80% this year, and the increasing sophistication of handsets, there is now a mature mobile market with a critical mass of users increasingly receptive to marketing, content, and even ecommerce. As the space becomes more important for marketers’ efforts, they must keep pace with the changing scene.

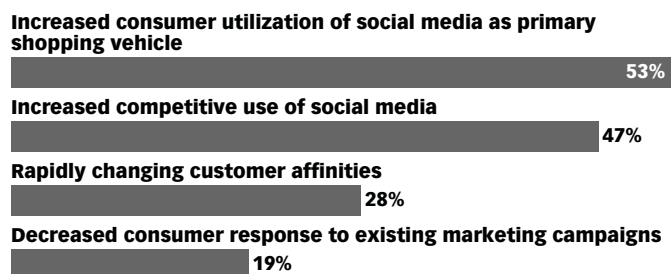
Online businesses, however, have been slower to catch on to mobile commerce. According to Multichannel Merchant, four in five multichannel retailers have no m-commerce presence as of June 2010. But while consumer usage of mobile shopping is still relatively low, it is increasing, prompting firms such as Coda Research Consultancy to predict a doubling of m-commerce revenues in the US this year, to \$2.4 billion.

"As feature phones give way to smartphones and tablet devices, mobility is taking on new dimensions," said Noah Elkin, eMarketer senior analyst and author of the new report "Seven Key Trends in Mobile Usage." "The ability to consume, create and share more content than ever before translates into increased engagement on mobile devices. It also means enhanced opportunities for marketers to reach out to potential customers via mobile." According to comScore, use of social networking applications increased by 240% between April 2009 and April 2010.

Much of the marketing opportunity in mobile lies with the ability to use location data to bring consumers timely messages when they are already nearby and possibly considering a purchase. Social media could prove a smart avenue for such efforts; Facebook has picked up location-based check-in services, and social networking has been the single biggest driver of mobile app usage and browsing over the past year.

Leading Pressures Causing Retailers to Use Social Media, Aug 2010

% of US retailers



Note: n=65

Source: Aberdeen Group, "Social Media ROI," Aug 1, 2010

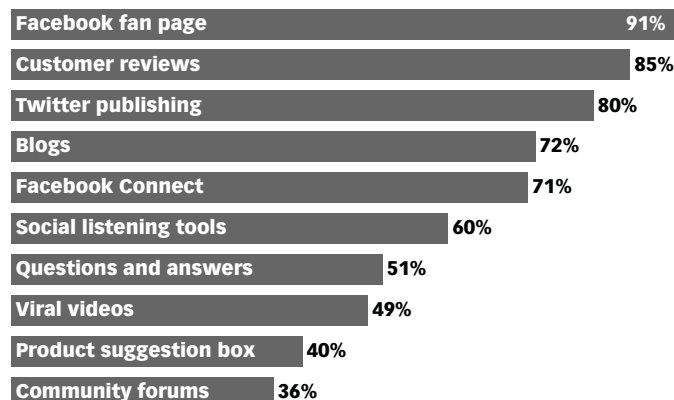
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On the ecommerce side, retailers are adopting new channels such as social media because that is where their customers—and their competitors—are spending time. According to Internet Retailer, Top 500 retailers' presence on Facebook and YouTube grew by 31% and 30%, respectively, in the past year. All together, 371 retailers (of the Top 500) in 2009 had pages on Facebook making up 74% and 269 retailers (54%) had posted commercials, product demos or other types of videos to YouTube in 2009.

Community and Social Media Tools US Online Retailers Employ or Plan to Employ*, Q1 2010

% of respondents



Note: *in the next 12 months

Source: the e-tailing group, "9th Annual Merchant Survey," provided to eMarketer, March 15, 2010

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As an ecommerce provider, creating a strategy that incorporates all channels and meets the consumer where he/she is, remains critical. Across mobile, video and social media, SaaS optimization services will provide ecommerce companies with a quick, affordable and customer-centric means of reaching more people with more personalized information. The implementation of these technologies will allow ecommerce players to offer a truly consistent experience to customers across all commerce channels.

Case Studies on Crossing Channels

■ **Zappos.com** began using video as part of its product suggestion function in August 2009. Video allows consumers to view a moving image of a product paired with other apparel, shoes or accessories. Clickable text links let shoppers obtain more information. Another video function lets guests submit their own product videos. Mr. Kalma believes engagement will be close to 20% on pages with video. "If a consumer takes the time to open a video and look at it, why not bring it to the next level by layering on metadata that makes it clickable?" he asked. "By letting a formal wedding shoe description turn into a complete outfit with bag and dress, we bring more product to more people more quickly."

■ **Lands' End** has optimized its Facebook page, allowing you to chat with an agent, sign up for an email, follow the company on Twitter, visit its YouTube channel, take a survey, contribute photos and comments, access coupons or just link to its retail site. In short, Lands' End has made Facebook an aggregated access point for much of what it offers, and this approach works for its 400,000+ Facebook fans.

■ **Tommy Hilfiger** was awarded two commendations for its iPhone application, which was developed using ATG Mobile for iPhone. Garnering both a Racie Award in the "Mobile/Apps" category and an RIS Mobile App of the Year Award in the "Rich Experience" category, this smartphone app was heralded for giving consumers the opportunity to explore, search and purchase Tommy Hilfiger apparel anytime, anywhere. In announcing this win, RIS News' editorial team acknowledged the cross-channel shopping components of the application, noting whether shoppers start online or on their iPhones, their shopping carts follow them. Tommy Hilfiger is also optimizing its mobile shopping experience with personalized recommendations, ideal for the small screen size by offering a tailored experience for each mobile shopper.

The Future of Optimization

As ecommerce evolves and online sellers vie for customer dollars and loyalty, optimizing the customer experience will become increasingly important to survive and thrive. With tablet computers and smartphones loaded with commerce and social media apps, today's younger, savvier customers have the tools necessary to find the best deals and the best service on their own terms—anywhere, from any device. The key to success for online businesses in this new world of commerce will be to optimize the customer experience to attract more traffic, engage customers with a standout, personalized experience, convert more into customers with personalized offers, content and service, and test which optimization strategies are working in different channels to maximize results.

About ATG

ATG (Nasdaq: ARTG—News) provides the most advanced cross-channel commerce software and services to fuel the growth of the world's best brands. Offering the industry's leading commerce solution, ATG works in partnership with clients to drive sales via a personalized customer experience—unifying and optimizing interactions across the web, contact center, mobile devices, social media, physical stores and other key channels. Focused on online and cross-channel commerce, ATG is uniquely capable of powering the most innovative and successful commerce experiences, with results that outperform industry norms. ATG Commerce is the commerce platform and business user application solution top-rated by industry analysts for powering results-driven, personalized, and innovative ecommerce sites. ATG's platform-neutral optimization solutions for live help, lead performance, and product recommendations can be easily added to any website to quickly and measurably grow revenue, boost loyalty, and unlock profits and insight. ATG is headquartered in Cambridge, Massachusetts, with additional locations throughout North America and Europe.

ATG customers include progressive, innovative online brands like ApartmentGuide.com, AT&T, Best Buy, Chico's, Continental Airlines, CVS, Dell, Expedia, France Telecom, Hilton, HSBC, Jenny Craig, Lands' End, Macy's, Microsoft, Neiman Marcus, PayPal, Procter & Gamble, Target, Tommy Hilfiger, Vodafone, Wells Fargo, and Zappos.com. For more information, please visit www.atg.com.

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