

Some Basic Truths About Online Retailing

A VIEWPOINT article
from bricksNclicksPROFITS.com

We are fast approaching another holiday shopping season in what is now the second decade of the Internet playing a part in the retail marketing and selling mix – for the holiday season and through-out the year. What have we learned and what are certainties about selling online within an Internet-integrated retail strategy?

Online retail is still retail: Peel the veneer off the latest, greatest online marketing or selling strategy, customer service concept, or sales tool, and what you will find if you look closely are the time-tested elements of classic retailing dressed up in today's jargon. The pattern from the introduction of each new e-retailing strategy or tactic has become predictable. The early proponents of the new strategy or tactic invariably hype the new idea as having the power and the capacity to control and manage the customer through to the happy conclusion of the customer spending the maximum possible dollars buying whatever the seller is trying to sell.

With equal certainty, what happens three or six months down the road is that the customer audience gets a solid handle on what this new marketing approach or selling tactic is all about, and begins the re-establishing control of the transaction process. Oftentimes this includes turning the new selling tactic or tool around to work for the benefit of the customer, significantly diminishing the role of the seller in managing the transaction. E-commerce is transformed from a selling experience to a buying experience. This does not mean that the opportunity for the retailer to make a sale is diminished. Quite the contrary. A knowledgeable, confident, satisfied customer is a loyal customer, bringing her business to her favourite multichannel retailer, knowing that her patronage is appreciated and she will be well served.

Online retailing has natural limits: We all remember the over-the-top claims in the late '90s that e-commerce was going to destroy traditional storefront retailing, sweeping away high streets and malls in its path. Even the most sage analysts and prognosticators were predicting that e-commerce would grow to 30 – 40 – 50% of all retailing within a few short years. Today, depending on what we include or exclude as retail categories, e-commerce has barely reached 4% of total retailing in North America. And the online retail growth curve is quickly flattening out. As I first wrote more than ten years ago, the best that e-retailing can realistically hope to achieve is an 8 to 10% share of total retailing, which is exactly the range of market share enjoyed by direct mail and catalog sales in that retail channel's heyday in twenty years ago.

It is still only half your online advertising that works: Cutting through all the hype and noise from online marketing agencies and advertising software vendors about the precision and near perfection with which their ad management tools and services can convert your prospective clients into paying customers, and we find that things have actually not progressed all that far from the day when John Wanamaker famously said "half the money I spend on advertising is wasted; the trouble is I don't know which half." Frankly if there was one, two, or even a small handful of sure-fire, guaranteed ways to convert a customer and gain a profitable sale, the online marketing game would be over. Every online and Internet integrated retailer would be doing the same few things and all

would be maximizing sales and profits. This certainly is not the case today, and I don't believe it ever will be.

Customers change – their interests, their priorities, their lifestyles, things they find entertaining, where they live, how they live – everything that influences your customer's shopping habits is constantly evolving. Last year's marketing campaign is not going to garner the same response this year as last. It may be better, more likely not. Where and how your customers will interact with your advertising and promotional messaging is going to be different. Retailers need to evolve as their customers evolve. This means experimentation in advertising and promotional messaging. Testing new concepts and new delivery methods. Some tests will succeed, some will fall short. Meaning that some of your advertising budget will be well spent and some will be wasted. Just like it was a hundred years ago when Wanamaker was the most successful retailer in the US.

The customer is always right: It has been a fundamental and often-repeated axiom of retailing that your customer is king, or queen, and the job of your store and your company is to meet or exceed your customer's expectations every day and every time she visits your store – online and off. Until the advent of online shopping, retailers may have enjoyed some insulation from the need to always provide a superior customer experience. In those good old days, it was time-consuming for a disgruntled customer to find and travel to a more service-friendly retailer's shop.

No longer is this the case. A disgruntled customer can navigate to another retailer's webstore in two or three clicks of the mouse and complete her shopping, find the nearest street-front location of the new retailer, or contact the retailer by email or phone. Online or offline, in today's marketplace, retailers must excel in their customer service every day and in every way, or the customer will be quickly lost to a competitor. Every member of your team must understand this and every customer touch point in your business must reflect this.

What does all this mean in practical terms? It means that today's retailing marketplace has changed dramatically and hardly changed at all from pre-Internet days. Customers are king. You need to serve them enthusiastically and responsibly. You need to proactively manage your marketing and promotional campaigns and carefully measure results. And you need to be in retailing for the love of the game. It is a sector that I have happily been a part of throughout my career. There is no other game like it.

To stay up-to-date on new ideas and proven best practices in Internet-integrated retailing, visit bricksNclicksPROFITS.com regularly for the latest **VIEWPOINT** and links to articles from a wide variety of web-strategy experts.

You can contact Peter Parrish at psparrish@bricksNclicksPROFITS.com.

Copyright 2007

bricksNclicksPROFITS.com is an online forum sharing useful information in support of progressive retailers looking to make PROFITABLE use of the Internet to better serve current and new customers. For more information, please visit:

www.bricksNclicksPROFITS.com

bricksNclicksPROFITS.com is edited and published by Peter S. Parrish, a Principal in The Signal Group – Consultants to Management. For more information, please visit:

www.thesignalgroup.net