

a virtual reality

As the digital generation makes greater demands on e-commerce, Jasmine Yalds takes a look at those retailers that are succeeding in this space and the technologies that allow for a superior online experience



As the Web has transformed over recent years, so has consumer behaviour. Online shoppers are well connected and have a much wider range of tools available in the pre-buying phases. The huge number of customer rating and review sites mean that e-commerce has become 'we-commerce', allowing consumers to evaluate brand alternatives before buying.

The impact this has had on the retail sector has been impossible to ignore. Over a relatively short period of time, the top retailers have moved on from using the Web purely as a virtual shop front. Using Web 2.0 techniques such as social networking, they can engage and interact with their customers to a degree far beyond what is possible in the physical world.

"Without a doubt, social networking has influenced consumer shopping and buying behaviour," says Fab Di Carlantonio at Cactus Commerce. "Some of the highest rated and used social features on e-commerce Web and mobile sites are user generated content, like product reviews and ratings. There have been several media reports from last year's Black Friday (the Friday following Thanksgiving Day in the US) on the use of mobile product reviews and rating features from mobile optimised sites as well as customers downloading rich Internet applications to conduct price comparisons while shopping in store."

Strategies like offering coupon and discount opportunities via e-mail, Twitter and Facebook are popular and effective in part because these newer deal channels came at a time when a return to thriftiness was especially popular. "A great example of this is Dell, who recently announced that they were able to drive over US\$6.5 million dollars from Twitter alone," says Di Carlantonio.

Tony Bryant, business development manager at K3 Retail Business Solutions, concurs: "According to Gartner, with the increased

consumer traffic that social networks are generating on the Internet, retailers must have a position on social networks," he says. "Although social networks have tended to focus on younger demographic groups, they are expanding into wider groups that matter to a broader base of retailers, such as career- and shopping-based social networks and employee groups.

"The key to success is how consumers are targeted," he continues. "80 per cent of people who use social networks have either chatted about, commented on, or reviewed a brand or product on an online forum or social network. The rapid growth of social networks and user-generated content is shifting control from companies towards consumers, and with so many consumers actively commenting on brands through social networks, online reputation is becoming even more important. Social networking sites can help affirm purchase decisions – 78 per cent of shoppers in the US and 53 per cent of shoppers in the UK have more trust in brands that allow customers to review products."

This shift in the online space has spurred a number of innovative technologies that allow retailers to embrace Web 2.0. Microsoft's open source community CodePlex is hosting several projects including the Facebook Developer Toolkit, which facilitates the hosting of .NET applications within the popular social networking site. Microsoft also delivers a number of services for enhancing Web 2.0 sites through Windows Live Services. "These include single sign-on through Windows Live ID; Windows Live Messenger, which allows you to determine presence and interact in a 'chat' environment; and Microsoft Virtual Earth, which can deliver maps and satellite imagery to a Web 2.0 application," says Matthew Muta, Microsoft's worldwide industry solutions manager for e-commerce. "Used in conjunction with the new geospatial data types in SQL Server 2008 R2, Virtual Earth opens up many possibilities."

Muta says that the current Web 2.0 frenzy shows no sign of letting up, with new blogs and social networking sites being set up daily. "If online retailers want to make the most of their product and increase sales they must understand how to interact with these technologies and make them work to their advantage," he says. "By capturing the behaviour of the people coming into their sites, what products are bought and the comments made by customers, retailers can make the most of Web 2.0 and ultimately reap the rewards via increases in sales."

"Retailers need to continually capture data from their customers and prospects as they interact with and around their brands," says Rebecca Bucnis, director of retail customer marketing solutions at Teradata. "For example,



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Matthew Muta, Microsoft

this might mean capturing product and service reviews that a customer writes about on a blog or Twitter. This then needs to be linked with transactional data about a customer."

Microsoft's LookingGlass can help retailers to both capture and analyse the success of Web 2.0 activity. "With LookingGlass, businesses can overlay advertising, sales, support and other key business information onto their Web sites," says Muta. "And because it is built using Microsoft SQL Server 2008, LookingGlass easily integrates with other internal data."

Using LookingGlass, marketers can look at how internal data compares with, say, user sentiment about a product on Twitter or other social networking sites. They can then take targeted actions and enhance their investment and participation in social media. This allows retailers to analyse their e-commerce investments in new ways.

"By taking a unique customer-centric perspective and looking at the value of an individual visitor, rather than the flawed metric of simply measuring visits to a site, retailers can collate a complete record of user interactions," explains Muta. "This could include monitoring

how someone arrived at the site and how they interact while surfing, and evaluating how new Web 2.0 technologies impact the customer experience over time. Gaining a more complete picture of the visitor enables retailers to target their campaigns more effectively and therefore improve their overall success rate."

Of course Web 2.0 technologies aren't a guarantee of success. If a site isn't intuitive, easy to navigate, or attention grabbing, then it isn't going to attract customers in the first place, and it certainly isn't going to gain a bustling community that is eager to give good reviews. Unfortunately, however, many e-commerce sites are built on systems that are first or second generation. "These systems were developed when e-commerce was viewed as an additive to the business and not a core component of the overall strategy," says Muta. "Not only are the systems poorly integrated with the rest of the business, they are insufficient to support the growth that customers are projecting for their e-commerce sites."

Christophe Claudel, president of French multi-channel technology company Itelios,

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says that there are more retailers that are stuck with these laggard systems than there are companies that are succeeding online. "The majority of retailers have still got a lot of work to do," he says. "There's a huge difference between those businesses that spent a lot of time creating an effective online offering and those that are still thinking about it, or making do with a sub-standard Web presence. Those that are making do are going to face huge difficulties as time goes on."

Microsoft offers a number of technologies that drive e-commerce beyond the catalogue to a truly interactive buying experience. "There are a lot of retailers who have been leaning on Commerce Server as the way for them to reach the market," says Muta. "It's a cost-efficient yet flexible workflow-based model for handling the complexities of the purchasing process, such as state management, the 'basket' paradigm, credit card authorisation and so forth."

Commerce Server exposes a comprehensive .NET application programming interface, making it easier to

build a fully-integrated buying experience in a flexible manner. It also works with Microsoft BizTalk Server to facilitate integration with existing enterprise resource planning and customer relationship management systems. Claudel says that it is one of the best e-commerce products on the market. "Commerce Server opens up a world of possibilities," he says. "It's a fantastic starting point for any retailer looking to create an effective online presence and it brings many benefits."

Joe Schab, CEO at LBI Atlanta, agrees with Claudel: "Commerce Server 2009 is an extensible e-commerce platform that provides companies with powerful capabilities designed to create rich shopping experiences. It offers companies the ability to increase loyalty and brand awareness, and to extend audience reach by delivering a more consistent and connected shopping experience to consumers — whether that experience is in-store, via the Web or on a mobile device," he says. "Commerce Server 2009 features a new multi-channel Commerce Foundation, SharePoint



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Mark Thornton, Maginus

Commerce Services and interoperability with the entire Microsoft ecosystem. In the end, a personalised experience drives conversion rates and boosts loyalty at the same time. Companies can increase satisfaction and loyalty by providing exclusive offers, loyalty points and rewards, 'buy online, pick up in store' and real time visibility over stock levels."

Microsoft also offers Windows Server 2008 including ASP .NET, a comprehensive runtime that pre-compiles applications for security and performance. The platform includes ASP .NET AJAX, which is designed to support the development of applications based on asynchronous JavaScript and XML, a widely-supported client-side technology that facilitates the construction of responsive Web sites.

That's not forgetting Microsoft Silverlight. The latest version, Silverlight 3, brings power and punch through a browser-hosted client that supports a subset of the .NET Framework including WPF (Windows Presentation Foundation), allowing content to be delivered to the Web browser using XAML (Extensible Application Markup Language). Silverlight is cross-platform, with versions available for all browsers irrespective of platform.

"Silverlight is a really fantastic product," says Muta. "Our customers are constantly amazed by the richer experience that it brings. We launched it just over a year ago, and already one in four consumers worldwide has access to a computer with Silverlight already installed."

Silverlight can make use of the services delivered by Windows Live such as Microsoft Virtual Earth, an online mapping service that provides traditional road maps, aerial and low-angle photos and proximity search capabilities. The Virtual Earth Map Control software development kit allows developers to provide full-feature mapping in their Web applications, particularly when used with the new geo-spatial data types offered by Microsoft SQL Server 2008. This has been used to good effect by low-cost airline easyJet in a proof-of-concept site that demonstrates the full potential of this platform.

Paul Curtis, head of application architecture at the airline, explains: "A visitor can choose an airport and request information on attractions within a 15-minute drive. We can store a polygon that shows the distance they can travel based on road speed, congestion and many additional factors. SQL Server 2008 offers users a much richer map experience and ties in all the other external data sources available." The map will identify the destinations that are available.

As Curtis says, the new site represents the needs of all the company's customers, as opposed to some 40 per cent, and ultimately easyJet hopes this will lead to a dramatic increase in customer numbers.

"For any online business, increasing customer conversion is the foundation of success," he

says. "It's one thing to have a strategy that brings more people to your Web site – we can do that through increased marketing and search optimisation. But ultimately it's about converting that increased traffic into actual transactions. Our research shows that the only way to get people to buy on your Web site is to ensure they find what they're looking for."

Another fan of Microsoft SQL Server is Maginus' director of e-commerce Mark Thornton. "SQL Server is the best business intelligence platform on the market," he says. "Through tools such as Reporting Services, along with online analytical processing cubes and data mining, retailers can understand their customers' relationships with products and prices, and also understand how these relationships match up with promotions."

The Maginus solution, Clever Selling, builds on this to provide a behavioural merchandising tool that retailers can use to actively merchandise goods. "The Clever Selling module offers an artificial intelligence capability to very cleverly merchandise products on the Web," explains Thornton. "It enables a retailer's Web site to learn about its customers and its products. The more business that goes through the Web site, the more it learns. The Web site not only learns about products the customer has bought, but it can also analyse what other products the customer has looked at and what search criteria they have used, and can therefore offer complementary products based on all these elements."

Fab Di Carantonio at Cactus Commerce says that these sorts of tools are critical to building customer loyalty. "Retailers can use personalisation and recommendation engines that use customer profile attributes, analytics and click-stream behaviours to make offers to customers that are more likely to appeal to them," he says. "When done properly, it allows marketers to refine the message by using A/B or multivariate testing, and generate campaigns targeted at different customer segments to see which segment produces the higher conversion rates."

Bucnis at Teradata concurs: "Retailers need to understand and respond to customers based on their previous interactions. When consumers first begin browsing, retailers need to respond to their behaviours based on the best possible information – regardless of how, when or via what channel the consumer chooses to interact."

With so many new online technologies being opened up to retailers, there are numerous opportunities for reaching customers in new and eye-catching ways. "Leveraging these technologies can make a huge difference to retailers," says Claudel. "It allows them to re-position themselves as leaders in their industry – creating a really effective online presence that will carry them into the future."

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