

relevant ecommerce

WHITEPAPER

# THE IMPORTANCE OF MAKING ECOMMERCE RELEVANT FOR TODAY'S ONLINE CUSTOMERS

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This whitepaper reveals why one-size-fits-all ecommerce strategies are no longer effective and explains how to incorporate "relevant ecommerce" into your business.

February 2013

## Summary

The accessibility of an enormous amount of digital content, the accelerated speed at which it is generated and consumed, and where and how it is consumed today are game-changers for companies involved in ecommerce.

Because online audiences have more choices and power than ever before, companies can no longer use a one-size-fits-all ecommerce strategy; a “Relevant Ecommerce” strategy is needed. This type of strategy demands that messages and offers be tailored and made relevant to each audience segment, both in content and context. Ecommerce platforms that enable this type of strategy are available.

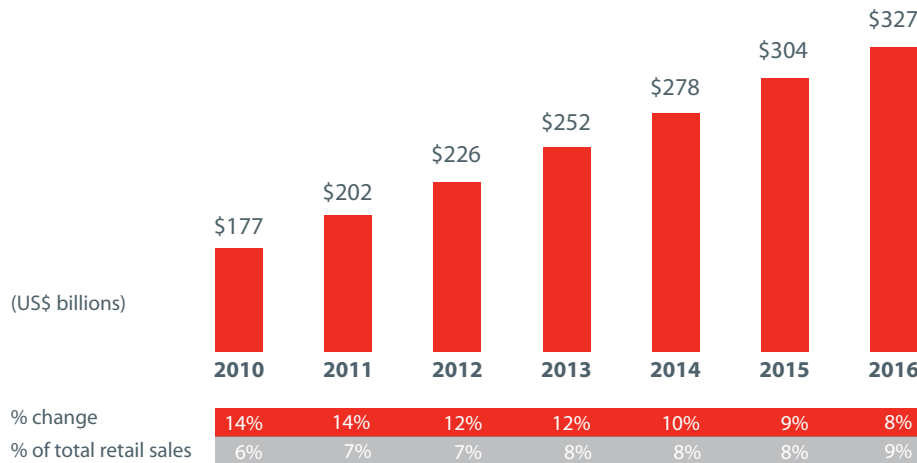
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# Ecommerce: The Future is Bright For Those Who Keep Up

When the Internet was first opened to commercial use in the early 1990's, no one could have predicted how quickly and to what extent online buying and selling would change the way business is conducted. In just two decades, ecommerce has evolved from a digital-transaction sales model used by a handful of innovative companies to an industry unto itself. Growth has been rapid and the future looks bright. Forrester predicts that U.S. online sales will reach \$327 billion by 2016, up 45% from \$226 billion in 2012, and 62% from \$202 billion in 2011. It also expects that online purchases will account for 9% of total U.S. retail sales, up from 7% in both 2012 and 2011.<sup>1</sup>

## US Online Retail Forecast 2011 to 2016



Source: Forrester Research, Inc.

A key behavioral trend driving these projections is the increased amount of time consumers are spending online. In 2011, 78% of adults in the U.S. reported using the Internet at least once per day. In 2012, the figure jumped to 84%.<sup>2</sup> The rapid adoption of smartphones and tablets supports the increase in screen-time and online shopping. These are promising signs for business-to-consumer (B2C) and business-to-business (B2B) companies that deploy an effective Relevant Ecommerce strategy.

<sup>1, 2</sup> "U.S. Online Retail Forecast, 2011 to 2016," Forrester Research, Dec. 2012.

# Relevant Ecommerce: Why Now?

A new term has emerged in today's ecommerce omniverse. "Relevant Ecommerce" describes the targeted marketing and selling of products and services online, and the data, technologies, and strategies that support it. To understand why and how a Relevant Ecommerce strategy is important today, one need only look at how the digital world has changed over a very short period of time.

## Relevant Content is King

In the mid-1990's, when "content is king" was first uttered, digital marketing was in its infancy and the Internet contained approximately 100,000 registered domains.<sup>3</sup> Although most early websites looked more like simple online brochures, just having a presence on the World Wide Web provided some companies with a competitive advantage, and content made that possible. Back then, online content was accessed almost exclusively via desktop PC's, usually at work, but sometimes at home. There was no competition for keywords, no one worried that the content was static, and little-to-no consideration was given to the user experience, let alone personalizing it.

Fast-forward to present day and the Internet boasts over 600 million websites.<sup>4</sup> Digital marketing has moved far beyond email and static websites to include social media networks (e.g. Facebook, Twitter, Linked In), media sharing sites and applications (e.g. YouTube, Instagram), and trillions of pages of content—all of which can be accessed 24x7 by multiple devices. Terms like "dual-screening" and "multi-screening" are now part of the vocabulary that describes how online content is being consumed in a super-sized way. "Always On consumers"<sup>5</sup> describes a rapidly growing segment of the U.S. population that is plugged-in to content around the clock.

There is no doubt that the availability of an enormous amount of digital content, the accelerated speed at which it is generated and consumed, and where and how it is consumed have been game-changers for ecommerce. Today's online shoppers have more choices—and more power—than ever before. Companies can no longer use a one-size-fits-all ecommerce strategy when marketing and selling to these audiences. Product messaging and offers must

be tailored and personalized—made relevant to narrowly defined audiences not only in content, but also in context. In other words, today it's all about targeted relevancy.

## Examples of Creating Relevancy

Consider this example: An e-retailer of women's clothing wants to promote a new line of designer sportswear. It knows that a subset of its audience will be interested, so it places a banner on its home page announcing a 20%-off promotion on products in the line. The promotion garners decent results.... Now imagine that along with doing the above, the e-retailer also leverages consumer data and various digital media to customize the promotion and the message. It offers Facebook and Twitter followers free shipping in addition to the 20%-off purchase price. It conducts a co-marketing campaign with a designer shoes e-retailer, knowing that their audiences have important similarities. It sends messages to targeted female shoppers while they are shopping at brick-and-mortar retailers, hoping to divert them to a more convenient shopping option. And so on. This second scenario is likely to drive far greater results than the first since the content and context of the promotion are tailored specifically to each target audience, making them more relevant, and therefore more appealing.

Sales opportunities afforded by relevant ecommerce aren't limited to retailers. Manufacturers can also use relevant ecommerce strategies to expand their sales opportunities without jeopardizing valued relationships in the reseller network. Baltimore-based Under Armour is proof positive. The sports apparel manufacturer has built an impressive ecommerce channel that not only delivers online sales, but also strategically embraces the company's retailers and vendors. An affiliate program allows approved websites to link to Under Armour's main site and earn commissions on click-through sales. The website contains a store locator that helps drive traffic to retailers as an alternative to shopping online. In addition, the manufacturer makes extensive use of social media for targeted digital campaigns that benefit both on- and offline sales. In 2011, the manufacturer's ecommerce channel delivered an estimated \$122.4 million in sales, a 59% increase over the prior year.<sup>6</sup>

<sup>3, 4</sup> "How we got from 1 to 162 Million Websites on the Internet," <http://royal.pingdom.com>, Jan. 2013.

<sup>5</sup> "The 2012 SoDA Report," Society of Digital Agencies, Dec. 2012.

# Pay Attention to Technology & Audience Trends

Digital technologies, including apps, mobile devices, and wearables are evolving rapidly and new ones are entering the market at blistering speed—and audiences are responding.

In order to remain competitive, your organization's ecommerce strategy must keep pace. Granted, consumers don't embrace every new technology introduced, and analysts' predictions don't always pan out; but it is imperative that you pay attention to what audiences and industry experts are saying about new technologies. This is the best way to ensure that your ecommerce strategy will work with today's environments, devices, and audiences, and as well as tomorrow's.

There are several noteworthy trends affecting ecommerce today, but for purposes of this paper, we will only touch on two. The first is the explosion of "mcommerce" (mobile commerce), which is particularly interesting because of its far-reaching implications. In its Top 10 Mobile Trends for 2013 report, Juniper Research predicted that this year applications and content will become increasingly common and synchronized across fixed and mobile devices, with personal data, preferences, and behavioral information held in private and shared clouds). Many retailers and advertisers are already on board with this trend, utilizing "big data" (held in clouds) and analytics to deliver personalized, tailored experiences for shoppers across multiple devices.<sup>7</sup>

A second notable trend affecting ecommerce is the "digital wallet"—the conceptual term for using a smartphone, mobile device, or PC with Paypal, Google Wallet, or other applications to make a purchase online or off. In 2013 Digital Wallets and Payments: Sneak Peek, comScore reported that in 2012, 52% of consumers preferred to use a digital wallet for purchases made both online and at brick-and-mortar retailers.<sup>8</sup> This is a significant statistic, and just one example of how consumer preferences and behaviors are being influenced by changes in ecommerce technology.

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<sup>6</sup> *Internet Retailer Magazine*, June 2012.

<sup>7</sup> "Top 10 Mobile Trends for 2013," Juniper Research, Dec. 2012

<sup>8</sup> "2013 Digital Wallets and Payments: Sneak Peek," comScore, Nov. 2012

# Choose the Right Ecommerce Platform

Since your company's ability to stay competitive in a constantly evolving ecommerce world is critical, so too is having the right platform to run your online business. A wide range of ecommerce platforms are available, and they fall into two basic categories: SaaS/hosted and distributed/downloaded. Which type is best for you depends on your specific business needs. SaaS/hosted platforms (e.g. ProStores, Amazon Webstores, PinnacleCart) are relatively easy to deploy and manage, but limiting in terms of customization and scaling. Large distributed platforms (e.g. Oracle ATG, IBM Websphere) on the other hand, while customizable, can be heavy and complex; requiring highly skilled developers, longer deployment times, and deeper pockets.

Fortunately, today there are ecommerce platforms that offer the best of both worlds. Certain "multi-store" platforms are so scalable that they allow for the creation and management of one to hundreds of stores, all from a single admin interface. Both B2B and B2C organizations use these platforms, defining "stores" by what best meets their needs—e.g. multiple brands, product and service lines, co-branded stores, affiliates, franchises, resellers, distributors, etc. Platforms such as these utilize a single database, allowing for easy data sharing across all stores, which in turn enables the creation and delivery of personalized, relevant ecommerce experiences. Advanced search functionality and integration with social media can further improve the personalized user experience. From a technical standpoint, integration and deployment times for these lean, hardworking platforms are shorter. In addition, the software is fully customizable, providing the flexibility and control most marketing and IT departments want. From a business standpoint, the return-on-investment tends to be faster and total-cost-of-ownership lower, compared to other types of platforms.

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Relevant for Today's Online Customers  
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#### **Product Overview**

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Znode®, a Columbus, Ohio-based company has established itself as an industry leading ecommerce solution. Our highly flexible ecommerce platform enables businesses to easily build and manage rich, multi-store and multi-device ecommerce websites with a significantly higher ROI.

Znode is trusted by leading global brands including LoJack, Waste Management, Wawa, Channellock, Arbor Day Foundation, Sonos, Fechheimer (Berkshire Hathaway), and other B2B and B2C companies worldwide.

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