

relevant ecommerce

WHITEPAPER

MULTI-STORE ECOMMERCE STRATEGY

How to significantly increase customer acquisition and return on investment by creating a more relevant experience for your shoppers. This whitepaper details how to increase sales by personalizing the experience and strengthening brand engagement.

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Summary

As ecommerce becomes a leading strategy for businesses, online retailers are presented with a challenge: how to increase sales by personalizing the customer shopping experience and strengthening the brand.

The solution is to develop a multi-store strategy that “divides and conquers” this challenge. Retailers can develop several online stores that cater to distinct customer demographics, optimize separate checkout flows based on product, or improve conversion rates in marketing campaigns.

Ultimately the ability to launch a multi-store strategy relies on the Ecommerce platform’s ability to quickly deploy and easily manage multiple storefronts with high ROI.

Business Benefits

- Significantly increase customer acquisition
- Increase ROI, reduce TCO

IT Benefits

- Accelerate project implementation
- Reduce deployment time & cost

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Why Multi-Store Ecommerce

Forrester Research projects online retail sales to grow at least 10% each year for the next five years, exceeding \$229 billion in 2013. Many experts agree that the top trend in Ecommerce is a “move from popular markets and marketplaces to a more evenly spread distribution of sellers across niche markets and throughout what is called ‘The Long Tail.’”¹

While growth is a good thing, for the consumer, this means thousands of choices, from the web site they visit to the products they select. Consumers are demanding their online shopping experience to have, at the very minimum, the following characteristics:

- Easy product search and selection
- Personalized Content
- A short, simple checkout process

Consistently delivering such an experience can become difficult as a single Ecommerce site grows. In many cases, growth means adding an overwhelming number of new products, creating broad marketing campaigns and interrupting the checkout process with multiple up-sell or cross-sell content. Doing this all on a single storefront can be costly to develop, difficult to manage and may deteriorate the smooth shopping experience that customers want.

The solution? Multiple Online Stores. With a multi-store Ecommerce platform, an online retailer can continue to provide a streamlined shopping experience while maintaining growth at a high ROI. Think of it as “dividing and conquering” your Ecommerce goals. With multiple stores, you can create a unique shopping experience driven by distinct segments of your audience, marketing campaigns, product specific process flows and more.

The benefit of using a Multi-Store Ecommerce platform like Znode® is the ability to leverage a single instance of the code that significantly decreases development costs and simplifies management.

Examples that Illustrate Multi-Store Benefits

Companies who have multiple brands or divisions see obvious benefits with a multi-store platform. For example, a consumer products company may create separate stores for each of their three divisions: health and beauty, laundry care, and packaged foods. Each storefront has brand-specific design, content and products. But multiple online stores can be leveraged by nearly all Ecommerce companies – even if only one kind of product is sold. Below are three examples to illustrate the adaptability and benefits of a Multi-Store Ecommerce platform:

“Left-Handed” Customer Segmentation

An online stationary store that sells multiple writing and paper products wants to capture an under-served demographic — the left-handed customer. It creates a separate storefront under a different domain name with content and products geared directly for “lefties.” It even launches a targeted search engine campaign to drive traffic to this new store. In this case, the new store and the main store utilize the same company infrastructure while delivering a personalized shopping experience to a distinct customer segment.

High-End Fashion Clearance

A high-end online retail company realizes they can make more money if it sells its surplus, mildly damaged or older inventory directly to the customer. However, the company does not want to tarnish their boutique image by offering discounted prices on its main store. The solution is to develop a separate storefront dedicated to clearance items. The new store’s design is similar to the main site, but receives traffic through a separate marketing campaign. The company is able to earn more money while clearing its inventory and keeping the brand of the main storefront intact.

Development Testing with a Multi-Store Platform

An online apparel company wants to do a major face lift of their site and reorganize the catalog for the spring shopping season. Traditionally it would need to create a new instance of its store, migrate the existing data, then hope that everything works smoothly when the new site is unveiled. Rather than doing a major rip and replace of the entire site, a multi-store strategy allows the company to create a private test store within their production environment, create a new catalog and develop a new theme — all without touching the core of their existing store. On release day,

the new theme and catalog is put into production with confidence because the underlying platform remains unaffected and everything can be verified on the production server in the private test store.

Forrester Research states the three highest priorities for top online retailers are: Checkout process redesign, content improvement, and site search/results improvement.²

In each of the previously mentioned examples, a multi-store solution provides an opportunity to grow an online retailer’s revenue and/or improve the customer experience. A growing number of online retailers are realizing the advantages of a multi-store platform as described in the next section.

Long Tail Strategy

A multi-store Ecommerce platform has many advantages over a single-store solution. These benefits can be realized regardless of industry or size of business.

Capture More of the Long Tail

Many articles and books have been written about the “Long Tail” phenomenon, especially as it relates to Ecommerce. Long tail describes the ability to sell small quantities of specific products to many targeted segments of your audience. The graphs below plot the distribution of your audience (x-axis) as it relates to the demand for a product (y-axis).

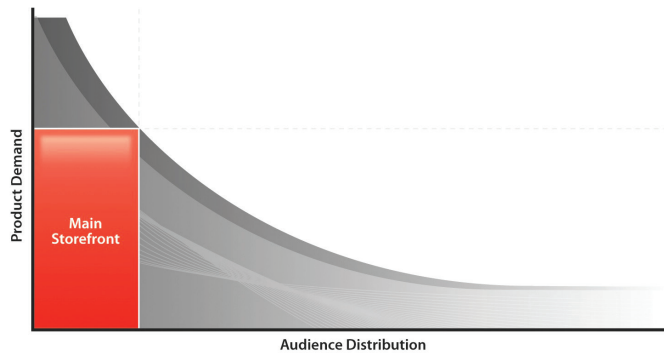


Figure A

In a typical single storefront, large quantities of fewer, more popular items are sold to the masses (Figure A). Such a strategy captures a substantial portion of the left part of the graph while leaving the right part of the graph untouched. With as many as 47% of online retailers being less than 6 months old, competition for popular items is very high¹. This has yielded lower margins with more lucrative margins available in niche markets. One tactic that can be utilized to extend the reach of a single storefront is to sell more kinds of products. Unless these efforts are highly customized, this approach tends to dilute the brand and adversely affect the ease of product search and selection. By the same token,

you can spend more on marketing to attract newer customers, but you may hurt your overall ROI as more money spent on broad marketing campaigns will yield a diminished return.

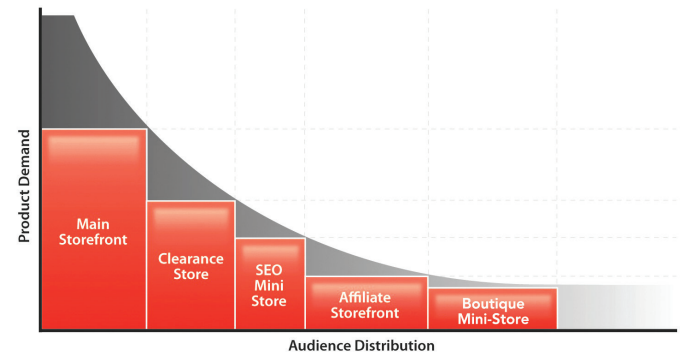


Figure B

A Multi-Store Ecommerce platform like Znode[®] is built for long tail strategies. Developing multiple storefronts (Figure B) allows you to create a unique shopping experience specifically for a customer segment or a particular business need. You can then optimize the shopping experience and marketing campaigns for that particular store, increasing conversion, revenue, and ROI.

Applying a Multi-store Strategy

The ability for a multi-store platform to have nearly limitless applications in a company is definitely a strength, but how do you apply such a platform in your company? An easy approach to see how a multi-store platform can be applied to your business is to examine the impact on your company's different departments.

Marketing

Creating multiple storefronts is an effective way to increase your site's online "footprint." This can be accomplished, for example, by building three distinct stores, each with a separate top-level domain to increase the search results. Separate keyword strategies can be used to drive traffic to these stores without cannibalizing the main store traffic. By using a multi-store strategy, targeted promotional campaigns can be employed, which will strengthen the brand to a larger audience.

Sales

If your company sells items wholesale and retail, multiple storefronts may be beneficial to separate these channels. For example, you may develop a B2B storefront that offers volume-discounted pricing to your wholesale customers. Your B2C channel can run independently with retail-specific promotions and pricing.

Product Development

Leveraging a multi-store platform gives your company the flexibility to react to changing consumer demands and competitive pressures. If your company is considering entering a new market with new products, create a separate storefront for a soft-launch. The success of such a test could give you insight on consumer reaction, product improvement and pricing.

IT

Even though your business may not have distinct customer

segments or channels, a multi-store environment can still improve the quality and speed at which changes are deployed. New seasonal catalogs, for instance, can be created by the marketing department and verified in a private test store that they created. Likewise, changes that IT makes to the UI can be deployed and then verified in the production environment using this test store. A multi-store strategy allows you to make and test these kinds of changes with minimal impact on your production platform.

Technology Considerations

So far, we have discussed the business benefits of a Multi-Store Ecommerce platform. Here are some technology considerations worth taking into account as well.

Implementation time and TCO

If you were to create multiple storefronts using a single-store platform, the costs to do so would not justify the potential benefits. In such cases, creating multiple stores usually means creating multiple instances of your entire platform (product database, UI, middleware, user tables, etc). This also compounds the time and effort to manage what effectively will be two separate Ecommerce engines. The solution is to invest in Ecommerce software that is multi-store ready. In a multi-store environment, only one instance of the platform exists even though you are creating multiple storefronts. Setup costs for each store, and the subsequent time to manage it all are cut drastically hence reducing the total cost of ownership.

Scalability and performance should be key considerations

Businesses usually start off with a single online store and then rapidly add additional stores based on success. Every time a new store is added, the amount of stress on the system increases which can potentially degrade the performance of your websites. It is extremely important to pick a multi-store ecommerce platform that can scale easily in the future whether you are adding one or thousands of stores.

Ecommerce platform flexibility

Quite frequently, a company has to change many existing processes and systems to fit into any new large software package. Ecommerce solutions are no exception. When comparing different online storefront software packages, determine how much they can adapt to your business. Successful multi-store solutions make the integration as seamless as possible, offering many opportunities to customize the UI, architecture, system rules, and so forth. An inflexible Ecommerce engine will not only prevent your company from benefitting from a multi-store strategy, but will also adversely impact other parts of your business as well, such as: costly IT, limited marketing flexibility, poor business intelligence on customer demographics, spending habits and restrictive pricing strategies.

Znode's Multifront® can create multiple stores efficiently while running from a single instance. Multifront is stress tested to handle thousands of stores and millions of visitors.

Multi-store Best Practices

A major aspect of developing an effective multi-store strategy is to determine logical segmentations in your audience or business that can support a separate storefront. This section discusses ways to determine how you can apply a “divide and conquer” philosophy to your Ecommerce practice in order to grow your business and strengthen your brand.

Segmentation by Channel

In a previous section, we discussed the concept of creating separate storefronts for your retail and wholesale customers. With a separate web site for dealers or channel partners, you can set up a shopping experience that makes it easier to do business with your company than a competitor. A good practice to manage “B2B” is to reward dealers or wholesale customers with discounted pricing based on their purchase volume. When selecting a multi-store capable ecommerce platform, make sure that such rules are easy to manage based on individual customer login.

Segmentation by Customer Process Flow

A common frustration expressed by customers is a difficult checkout process, especially if several items in their shopping cart have specific needs. For example, some products may allow for personalized engraving while others are subscription-based downloads or may require additional steps, such as seat selection for event tickets, which need to occur in real-time. When faced with distinctly different process flows, create separate stores with different workflows.

Segmentation by Audience Demographics

Remembering the earlier Long Tail discussion, segments identify distinct groupings of customers. Consider developing separate storefronts for various life-styles, such as pregnant women, college sports enthusiasts or gourmet cooks. You could also cater to

high-end customers with premium products not found on the main store. The concept of developing a clearance storefront to ensure consistency with your main brand could be a good option. The key to creating storefronts by demographics is to find distinct division, even if the group is very small. Ensure that your multi-store platform allows you to create as many stores as you wish with minimal technical involvement.

Znode's Multifront® allows multiple pricing options including “Sale Price” and “Wholesales” price. You can also select tiered pricing based on login and quantity.

Segmentation based on Marketing Strategy

Search marketing is no doubt a critical aspect of growing an online retailer's web presence. However, search engines such as Google and Yahoo!, place limits on how many results they can display per top-level domain. For example, if your online pet supplies store is perfectly optimized for the phrase “dog collar,” Google will only allow up to two links to your site on the search results page. For paid search, the limit is one ad per domain, even if you have dramatically out-bid your competitor. The work-around is to develop multiple stores under different domains or sub-domains that are keyword specific and keyword rich.

For the same pet supplies store, you could create www.onlydogcollars.com in addition to the main store, selling a wide variety of dog collars exclusively. Assuming that both sites are well-optimized, if a user types “dog collars,” the search engine will display up to two links to the main site AND up to two links to www.onlydogcollars.com as an organic listing. You could also develop a paid search campaign just around “dog collars” and get two listings

instead of one.

Znode's Multifront® includes over 20 Search Engine Optimization (SEO) best practice features including True SEO friendly URLs, Meta Tags, and more. Product and category pages also have SEO friendly URLs without dynamic parameters. If you have an SEO agency, they can manage your SEO campaign without having access to full details of the store.

But why stop at just a separate store and domain for dog collars? Why not bird feeders or fish tanks? Depending on your search marketing strategy, multiple stores can increase the traffic you receive from SEO and paid search. As a note of caution for paid search: be sure you are not competing with yourself if you employ multiple stores to gain more links on the sponsored links. Talk to a search-marketing expert to see how to best employ multiple stores and domains for your business.

Maximizing ROI

Regardless of which method you use to segment your business, the multi-store strategy you choose must provide results with the highest ROI possible.

This means having an Ecommerce platform that:

1. Enables your business to easily launch and manage multiple stores with minimal cost
2. Offer a high degree of flexibility so your IT team can completely customize it to fit your unique business needs
3. Is highly scalable so you can add as many stores as necessary without impacting performance
4. Enables your marketing team to rapidly launch marketing campaigns and implement a highly effective SEO strategy
5. Provides your management team with high degree of visibility on activity across all the stores and channels

With the right segmentation and Ecommerce platform, a multi-store strategy results in significantly increased revenues and out-performs a single store model by far.

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Znode Inc, a hibu company

Znode is an industry leading ecommerce provider that enables clients to create highly relevant online experiences for shoppers.

As one of the fastest growing ecommerce platforms, Znode is currently implemented in over 1000 ecommerce sites worldwide and also provides the enterprise technology supporting the world's only local emarketplace.

Znode is based in Columbus, Ohio and is dedicated to allowing companies achieve higher relevance through their ecommerce strategy.

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