

## NEXT GENERATION E-COMMERCE GETS SOCIAL

Add social media to your website to build a next generation online commerce site.



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# 1 The landscape

## A. What is Commerce today

It's not inconsequential sums we're spending online. Growing at exponential rates it is reported that US online retail sales are growing rapidly and will reach the \$200 billion mark this year. The value of online retail purchases in Western Europe is expected to jump 20% during 2010 and be worth Euro 172bn (\$241bn), while sales from physical locations will decline. In fact when compared to instore sales which are expected to grow by only 1% in the next 18 months, the prospects for online sales are particularly rosy, forecasting 36% growth over the same time period.

Whether it's the weather, location or the prospect of finding a good bargain online or just sheer inertia and not wanting to step outside, more and more of us are turning to buying online. The sheer convenience of shopping online is benefitting consumers across the board and is expected to remain high as consumers will look online for best buys.

The ability to buy from an e-tailer, much the same as walking into a department store that offers multiple brands and multiple lines, or buying direct from a producer, and whether it's for physical goods or a holiday or a service then the internet provides consumers with global choice.

## B. Local or global

Local or global, consumers no longer have to view national boundaries as a barrier and can choose to buy from wherever the best deal is to be had. Naturally when purchasing perishable goods for example, from a supermarket, it would make sense to buy 'locally' but say, for bathroom furniture it may be cheaper to buy direct from the country of origin even when taking shipping costs into consideration. However in general consumers tend to buy from within their country, this local trend is borne out by research from the EU Commission. Of the 120 million Europeans who shop online, only seven percent of actual trading taking place is cross borders.

Main Street as we know it is suffering - in fact when shopping for something which can be bought both online and in store, 34% of UK shoppers would prefer to buy online. They may go and check out the physical goods in a store but then may log on and find the same product cheaper or more conveniently delivered to their door.

Anecdotal evidence reports that stores are succumbing to this pressure by letting customers order from their websites from terminals in the store at least that way the transaction stays inhouse. To further attract more people to the online offering, delivery costs may get waived or special personalized offers formulated. (See section 3b)

## C. How is the market evolving, and what does that mean for brands?

During the slow economic recovery it has become business critical to conduct more business using online channels: websites, social media and email (often for customer service). If done piecemeal the brand gets diluted and can suffer as the customer experience is not delivered in a coherent manner.

It's no surprise that social commerce has evolved, with brands such as Amazon pioneering the model and setting expectations that others have to live up to. Also technology advancements have now made it possible to build an online presence that ties your website together with commerce, and enables other dimensions to better engage customers to create higher conversion rates for example, using video or publishing user generated content. Not only does this give you the opportunity to better upsell and cross-sell your products to your audiences the increase in loyalty and trust that a brand can develop by displaying social media elements on the site will deliver a rich, compelling and complete customer experience.

## D. The challenges of social commerce

Using social media may help bring traffic in, but if you control the equivalent of the brand store, why not keep the conversations going with your own community? Branded communities tend to give more specific value to the brand owner and the members, allowing for greater communication and collaboration around the brand. Your branded community can associate customers with others of similar interest (for example, how your product is used) to give ideas or inspiration, even letting community members become involved in product feedback and innovation cycles.

Not only will it give an integrated experience to your audiences but also give you credible references that go beyond what your marketing writers can do. In addition you can find new ways of improving your offering by really finding out what the customers want. Respond to that market intelligence and you gain competitive advantage

Managing your website and your community together will result in a better user experience so it's important that your community software will integrate with your existing CMS or to buy a platform that combines the two which will save both development time and cost as these components are integrated 'out of the box.'

For the present any open source application will incur two to three times the cost in terms of development time over any commercial application. For editors, the advantage of an integrated system is that it makes for easier web management as they only have to learn one interface. For the business, with all content and activity in one platform it means that traffic, activity and conversions can be correlated into just one set of analytics which is impossible with independent, stand-alone systems. You will be able to look for patterns, segments, and behaviours that allow you to target better and refine offers so they present compelling value.

## E. Content, commerce, community and communication – a brand must handle all of them

Consolidation of your online presence through content, commerce, community and communication is important in

the process of creating customer engagement in today's conversation economy. As the web continues to grow in importance, delivering engaging online experiences have become increasingly key for businesses that are looking to engender brand loyalty and improve their business online.

## 2 The consumer opportunity

### A. Find them, listen to them and engage with them. Social media is just another business channel.

As social networking matures so is the value of it growing, as well the opportunities for social commerce.

Organizations are learning how to embrace social media technologies, create niche communities and combine ecommerce to fully monetize their online initiatives.

Customers have become used to communicating how much they want, love or dislike a product or service.

There's also an increasing trend of consumers banding together to participate in group (read: discount) buying.

Ultimately it's all about the involvement, interaction and influence your customers have with your brand. With so many different tactics and ways to engage through social media, it's worth testing different technologies and researching where most of your loyal customers are on the net - on your site, on yours or another social media channel such as Twitter and Facebook - and refine your social commerce strategy accordingly.

The key is to make the project easily manageable, measureable and magnetic, using the right media channels and the right management tools which will improve your sales and grow your business.

### B. How can branded communities help you find new customers and build trust in your offer. Be smart

The clever brands recognize the value of building online networks of active, interested fans and followers. They are expanding their activity outside of the established networks

like Facebook and Twitter where they have little control, to create their own 'branded online communities' where they can really embrace the opportunity to engage in discussion and influence opinion with a targeted audience. From the company perspective, access to behavioural data for the visitor is a key value – what pages did they visit, what comments did they make, what products did they buy – you wouldn't be able to do this via an external social network as you can't correlate a Facebook user to their identity in your ecommerce system.

Established social networks don't only make it difficult to find a targeted, niche audience, they can also be restrictive for a brand in other ways. For example advertising and promoting special offers. You can post them over and over again so that community members who visit sporadically can see them, or you can pay to advertise in your own social page to reach all members (so it's not really free, is it?). Page layouts and formatting are usually governed by the network itself, giving companies little opportunity to imprint their own personality and resulting in a generic look that often resembles that of other companies and competitors.

In contrast, a brand run community enables marketers to have more freedom over design and personality throughout and really project its values to the target audience. For example targeting promotions based on type of content offered, making loyalty program offers for participation in surveys, and offering next steps to engaging content elsewhere on your site. Such an approach can only help to create a direct bond between the company and the community.

## C. Business examples

Some consumers welcome social engagement with brands. More than half of online teens and tweens and 42% of online adults are interested in at least one type of social application from brands they like, including discussion forums, online videos, and profiles on social networking sites.

**1. Home Journal** (<http://www.hemmetsjournal.se>) - is a magazine, read by more than half a million people every week in Sweden, with the majority of its readers being over 50. It decided to launch a dedicated community within its website for cat lovers, [www.kattsajten.se](http://www.kattsajten.se), which took only

two days to build using standard functionality from EPiServer Relate+. Initial functionality was limited to 'my page', uploading pictures and voting on others' pictures, but this has now expanded to include features like celebrity cats, cat heaven, cat expert and cat talk. Today it boasts over two thousand unique visitors a week and more than 25,000 uploaded images. Home Journal now charges higher advertising rates on this part of the site as it is a segmented interest group with particular interests. Its reach has also extended to younger age groups than for the main magazine, which has expanded Home Journal's own readership and advertising reach.

And, as Home Journal demonstrates, a brand run community doesn't have to be all about the company either. Many companies are building communities on a separate domain that they know will be of interest to their key audience. The branding is very subtle, but it allows the company to build an audience around that theme or niche and then use this community to drive traffic to the brand's own website.

**2. Pacemaker** took a similar approach. It wanted to create a music community with potential to attract DJs, wannabe DJs and people who like to listen to new music through mixes that are shared legally by members (taste-makers). This channel was promoted as a cost-efficient way to create online buzz marketing, communication, shopping, product support and dialogue with potential buyers and owners of Pacemaker hardware. The Pacemaker community was launched to enable members to upload their mixes legally, listen and share others mixes and tastes, and for its members to discover new music and influences.

Users could socially network with other members, listen, rate and share favorite mixes, explore top lists, join forum discussion and fan clubs as well as shop online. After a year, there are 40,000 members in the community from all over the world. More than 3000 mixes have been uploaded equating to a listening time of 6000 hours. Pacemaker is now known to DJs all over the world and has created an online channel for marketing, sales, product support, and dialogue with buyers at low cost, all without a dealer network or marketing.

**3. Søren Engelbrecht, at SAS's** Danish website, has introduced a travelers' tips area to add a social element to the website. There are now more than 1500 tips entered by customers, "People are enthusiastic and willing to share their experiences without any immediate gain for themselves," he says. The value is positive in more than one way, with user content generating good search results as well as an uplift in flight bookings. "The pages are definitely popular with users, and I'm sure there is a resulting uplift in reservations, though it's hard to measure how much at this stage as there are many new things we're doing simultaneously on our site. However I can tell the pages are highly visited and I suspect bookings will continue to grow now that we have a groundswell of interest and contributions to our tips area."

**4. P&O Cruises** has created a community section on its website. Travelers can join the P&O Cruises' communities to access forums and blogs where they can ask questions, share experiences, upload photographs about their time spent on-board as well as prepare for a trip. "The community gives our website a greater breadth of appeal. We wanted to reflect the onboard community online," comments Pritchard. Passengers relate very closely to the P&O Cruises' brand.

Once members sign in and create their own account they can then contribute to the community. They can join groups, for example, such as one that's based around a particular vessel and sailing slot. Each group exists as a mini community around a specialist subject. Users can also add to a wall, upload images, contribute to the forum, choose events to attend and read articles. The forum allows users to create topics around a specific subject and others can reply and add tags to assist others searching for the same topic.

## 3 Seize the moment

### A. Find your moment of truths online

You have to know how your customers interact in the social media channel and during the purchasing cycle. You have to identify 'hot spots' that could potentially, if not done right, adversely affect your sales. Is the shopping cart abandonment rate too high? There's definite room for improvement as a staggering 88% of US web buyers have abandoned an online

shopping cart without completing a transaction in the past year, which is the same percentage as five years ago.

You need to measure at what point are people 'giving up' or finding it too difficult to purchase from your site. Can they easily compare the goods they want to buy online and have you minimized the steps they need to take to make a purchase? Keeping your customers online will hugely impact your revenue levels. You have to know what are the 'must have' features on your site as compared to the 'nice to have' ones. Usability matters to your customers so make it a priority in your online strategy to make it easy for them to find the information they seek, to transact and to obtain service during and post the transaction.

Of course, some shoppers just may not be ready to buy, some may want to use the cart as a wish list, so they can purchase at a later date. You may want to present those that abandon the cart with a promotion that is determined by their earlier behaviour on your site. To do this you have to capture their email address at an early stage in the transaction cycle. Alternatively if you have social capabilities on your site, you can ask members why they proceed or why they abandon. Use surveys to find out why abandonment happens and offer loyalty program benefits to drive participation up.

It's also important to understand other barriers, some people may think they're only coming to your site once, and would rather not have to register or give out information that they don't think is relevant (such as age/birthdate). It's always great to have as much data as possible about your customers so you can build profiles but don't let it harm the purchase process instead make such fields optional.

The number one reason for abandonment is not detailing the full cost upfront. It's important to show not only the purchase price, the shopping cost and any tax due. Ideally you should try not to make the checkout process too long or confusing, and give your customers the options whether they would be happy to be contacted by you again or by a third party company that you recommend. Some other things you may like to consider is letting the website ship to an address that is different from the billing address; provide customers with the ability to send the goods

abroad; and let them have as the greatest choice in selecting their payment method (credit card, debit card, paypal etc.).

## B. Personalization and serving the right offer

The ability to personalize and adapt a website in real time based on visitor profiles is a major piece in the puzzle of delivering a more engaging web experience. The benefits are clear: personalization will help you lift conversion rates and generate greater revenues. Largely underleveraged, gearing your site to the individual visitor will ensure they can access the content that is relevant to their needs and truly engage with your brand, and they are likely to come back for more.

Increasingly, personalization is becoming an expectation among web users who want to receive a unique experience specifically created for them by the website or brand. This one-to-one experience means you can, for example, provide recommendations to purchase items that others have also bought who have a similar profile or purchase history, there are countless other promotions.

Once you have defined your roles, and these can be as simple as first time visitors to your site or visitors located in a specific country to those that have viewed a holiday more than three times on your site or have arrived on the site from Google having searched for Paris flights.

You can then segment your audience and have different content served to them in real time to reflect their profiles. To increase the precision of personalization you may want to encourage users to sign up or log in so you can gather more data. You can also give them the opportunity to edit or alter their personalization settings over time (for example, they may switch jobs, move home, or create a family).

According to research by Harvard Business Review personalization can increase revenue levels that your site can generate by three to five percent. Relevancy is a key promise to consumers since they may visit your site on multiple occasions. If during repeat visits the same information is displayed each time, then you are not helping them toward take the decision to purchase, for example, that sought for vacation. Using collected visitor behaviour information as

in this example means that you can take control of the sales funnel and actively drive your visitors into action and conversion.

If your customers are cost conscious then you need to be transparent about pricing and highlight the non-monetary benefits such as guarantees, free shipping etc. The ability to target specific content to different audiences opens up the world of having the customer-brand relationship get to the point where the customer perceives it as 'my' brand and they feel emotionally different and special. Ultimately they will feel they are interacting with the brand rather than the brand with them.

## C. What is good e-commerce – what are the factors that you should focus on to be successful

Here's seven tips on making digital the cornerstone of your online sales strategy.

### 1. Manage the channel

You need to consider your retailers, e-retailers and how to manage any channel conflict. This can be done either through technology or negotiation. You may choose to direct traffic to your channel, allowing customers to choose based on location or price, or you may have obligations to direct more volume to new or established channels based on retention or growth strategies.

### 2. Focus on the entire brand: let your customers access your whole product range

Your website is the online equivalent to your "brand store", think Apple Store or NikeTown. Here you can expose visitors to your full offering, and cross sell or upsell in ways that e-retailers can't or won't. In general, e-retailers are brand agnostic. This means a customer choosing to buy a Samsung television online might be offered a Panasonic DVD player or a Sony surround sound system as other items to complement and complete their purchase. So perhaps it's not surprising that companies are choosing to become e-retailers in their own right (where they can cross sell and upsell products) in addition to selling their goods and services through third parties.

### 3. Customer Service - create loyal brand relationships

You need to consider customer service, how it is a part of your brand and what interactivity you need to provide to assist customers pre- and post-purchase. When buyers make a purchase online directly, companies can learn a lot about an individual's profile and preferences. You can make a deeper and meaningful relationship online with your consumers and now, with the general availability of content management, email, e-commerce and social commerce technologies, you can easily maintain and control the brand experience. You can go a step further and feed information from all your systems to help customer service representatives know the profile and details of the online persona when a customer comes for service (online or in person).

### 4. Give the customer what they want: use personalization

This is your opportunity to personalize the online experience for your visitors, the more information you can collect about them whether implicitly or explicitly gathered, the better you can tailor information and promotions presented to meet their needs. This may not only help conversions, but can build the value perception of your brand. Ask yourself, what do visitors really want out of the site? Maybe it's just more detailed product information than they might find on an e-retailer's site, or the ability to know which retail outlet to choose – consider presenting links to all your e-retailers with their pricing so the price sensitive shopper can find the easiest way to convert.

### 5. Performance metrics

Taking the proper measurements of the traffic and behavior on your site can not only help boost conversion, but can help you better understand visitor behavior so you can adjust the messaging about your brand or products. Determining what is not working might be more important than measuring what already is working. The ability to adapt and change content easily and test out different messaging or promotions will quickly improve your bottom line.

### 6. Socialize

Using social media may help bring traffic in, but if you control the equivalent of the brand store, why not keep the

conversations going with your own community? Branded communities tend to give more specific value to the brand owner and the members, allowing for greater communication and collaboration around the brand. Your branded community can associate customers with others of similar interest (for example, how your product is used) to give ideas or inspiration, even letting community members become involved in product feedback and innovation cycles. Not only will it give an integrated experience to your audiences but it also gives you credible references that go beyond what your marketing writers can do.

### 7. Incorporate Loyalty programs

Building your online e-commerce capability means you have more control over promotions and loyalty programs that can benefit your customers and your brand. Consider how to keep the e-retailer engaged with these same programs but drive traffic from new purchasers back to your site to register for products, earn discounts or rewards towards their next purchase, or to join the brand community.

### D. Uptime and availability

With the internet so ingrained in our lives, users expect websites to be available 24/7, 365 days a year. Companies, too, demand the same to meet the needs of their visitors and ensure the sales channel is always open for business, as downtime is money lost.

With such demands for as-near-to-100% availability for a website, EpiServer Everweb, a web hosting and availability service, offers a high availability, resilient hosting solution with a number of dedicated servers across different data centers. From large enterprise implementations to single sites, Everweb delivers 99.9% high quality and performance, meaning websites are operational round the clock, week in, week out, year after year.

### E. Examples

**Europeiska** an insurance company set up a travel diary Resedagboken where members of the community could share their travel experiences and holiday activities. Of course the people on the site would be mainly interested in travel insurance and in fact the company soon discovered that many community members were keen on extreme sports and so they bought out a corresponding travel

policy. Also they could profile the members and depending on age, income, location they could offer very targeted insurance products.

## 4 Engagement, metrics and conversions

An integrated platform that consolidates content, community, commerce and communication is a cost effective proposition for companies to manage their total online presence. The platform needs to integrate with other databases and marketing software so that the business gets a comprehensive view of their online presence.

The key is to make the project easily manageable, measureable and magnetic, using the right media channels and the right management tools to improve your sales and grow your business. Interaction with your customers gives you the ability to target them with relevant and persuasive content and to drive them through conversion to uplift your revenues.

It's worth testing first where your most loyal customers reside on the net, on your site, on yours or another social media channel such as Twitter and Facebook - and refine your social commerce strategy accordingly to improve their engagement with you, it's about building momentum to establish your competitive advantage. Personalization is crucial as is its measurement, you have to stay strategic to maximize the results you can generate through your community. Monitor your members in the community and keep your focus on engagement, metrics and conversions.

## 5 Driving your online business

EPiServer Commerce can help you to engage visitors, manage the transaction processes and measure activities to deliver an effective online presence that harnesses content, community and commerce. If you have an existing e-commerce platform, you may want to consider how to take it to the next level, or, if you don't have a platform or have outsourced to a hosted commerce site, you may prefer

to now take control and be empowered to make the necessary changes.

With EPiServer Commerce you get a future-proof e-commerce framework and a best-of-breed content management solution, which makes it easy and fast for you to change, add or remove content to enhance your online presence. The strength of the combined product gives you the agility you need to be competitive in an ever-changing market and the flexibility to make immediate changes to your online presence.

Read more about the product at:  
[www.episerver.com/episerver-commerce](http://www.episerver.com/episerver-commerce)

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