

**Marketing Strategies for Direct to Consumer
eCommerce Businesses**

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Introduction

The purpose of this paper is to identify various marketing strategies a company may use in a pure direct to consumer ecommerce business such as Amazon.com. Some of the traditional marketing strategies that physical storefronts have are not applicable to direct to consumer ecommerce businesses. Since the physical storefront is gone, one of the four P's of marketing, Place (distribution), changes somewhat. With the absence of the traditional storefront the marketer must now incorporate new marketing strategies in order to drive customers to their virtual storefront. Since ecommerce is global by its nature, other marketing strategies come into play such as cultures, currencies and languages that a typical marketer otherwise does not have to deal with. As compared to a physical storefront, a direct to consumer ecommerce business may have no real inventory and drop ship directly from a vendor as an optional distribution channel strategy. The consumer is not allowed to touch or feel the product and as such, the visuals of the online store must be enhanced to give the customer a more visually appealing sense of the product. If you do have a visitor to your virtual store you may have 3 seconds of visibility unto which you have to make an impression that convinces the consumer to click further. The marketer's job is much harder with online stores and new marketing strategies have to be developed to overcome the new attributes of the store and the product.

Product, Price, Place, and Promotion

The marketer has to look at how changes in the four P's are affected by the new environment. Product, price, place and promotion have different approaches if you are virtual.

The product is usually already known. However, since it is a virtual storefront you may have to think about the visually appealing features of your product and how you present it to the consumer.

With the advent of online shopping comparison engines one has to carefully evaluate the value proposition and make sure the price matches other competitor's products. Pricing may have to be occasionally adjusted as other competitors enter or leave the market. The easiest way to do this is to set up an automated pull or feed from the various shopping comparisons engines and track the relevant product prices over a period of time. Price conscious consumers may initially pick the lowest price product rather than looking at the product in detail.

Place is where you choose your distribution strategy. For a direct to consumer ecommerce business your channel is online. You may interact with other distribution intermediaries to get your product out such as wholesalers, agents, and warehousing. The only distribution strategy one may differentiate from is a third party drop ship service. This is where you are acting as more of an agent and facilitating the purchase direct from another manufacturer and having it appear as if it coming from your storefront. This means that you do not have to buy or store inventory and can make higher margins. The only trouble with this is that you are now incorporating another company's supply chain into yours and you have to evaluate their reliability.

Promotion of direct to consumer ecommerce products takes a completely different strategy than normal retail direct to consumer. There are no physical yellow pages that a

consumer may find your product in and demands a whole new set of marketing strategies in addition to the traditional media mix such as direct marketing, radio, and catalog distribution.

- Search Engine Marketing Strategy – Driving traffic to your site
- Website\Storefront Design Strategy – Conversions (sales),visual appeal and usability
- Customer Interaction Strategy – Getting timely feed back, blogs, reviews, wikis
- Web site and consumer analytics – what do they do when the get to your site; shows if\how your strategies are working

Search Engine Marketing Strategy

Search engine marketing encompasses all activities one undertakes to increase your sites ranking or visibility with search engines in order to garner more customer visits. Search engines, such as Google, Yahoo, Bing, and others are websites that can present the searcher relevant web pages in relation to certain search terms such as “jewelry”. The search engines visit web pages all over the internet and catalog them. Each search engine has its own algorithm for determining the result set put forth to the end user. The search results generally take one of three forms.

- Organic – Organic results are usually the most relevant results for a searcher.
- Paid Placement – your marketing department makes text\picture ads that are shown outside of the organic results.
- Directory Listing – a relevant directory of similar products is brought up

Increasing your ecommerce site’s organic rankings is one of the most difficult to do. It will take a lot of time and effort to get your site on the first page of the search engines results. Marketers generally refer to this strategy as search engine optimization [SEO]. There are three basic steps to SEO: Get your pages in the search engine’s search index, choose the proper keywords, and design you content to match what the consumer is looking for.

In order to get their website indexed a marketer must make sure the website has a site index and that all the links are accessible. A marketer should also send page feeds or product feeds to various shopping engine comparison sites. Most search engines will also allow you to manually register your site so that the search engines crawling program will find it. One should also consider using localized search engines that are specific to the target market segment geographic area. A survey of search engines in the local market area should be done to see if it would beneficial to your search engine marketing strategy.

Choosing the proper keywords takes some skill and experience. One needs to choose the most appropriate and specific keywords that describes the product. For example, instead of saying “green bracelet” one might say “handmade crystal green emerald bracelet”. The title of the page the product is on should also reflect the same as the keywords. A marketer may have to continuously refine keyword selection by looking at the ranking in the various search engines when there keywords are adjusted. The keywords should also reflect what a consumer maybe searching for. The marketer should make sure that the keywords form a brand awareness of product, company, or website so that when the consumer types in those same keywords that the may continuously see your product in the organic search results.

Once you have figured out what and how your customers are searching for your product then the marketer must make sure the content of the web page or site focuses and aligns with that search. The title, keywords, descriptions, alternate text for pictures, and HTML coding must be relevant to the product and the consumers search. Other things to consider are keyword frequency (how many times it appears on the page), keyword density (how close keywords are to each other), and contextual relevancy (how does the context of the page appear relevant).

Using paid placement to drive traffic to your website is easier than using organic search. You need to budget your marketing campaign and carefully choose specific keywords that you want your ads to show in response to. Ad design is also important as it will be the mechanism that drives customers to click on your ad and go to your website. Paid placement works on the principle of who will pay the most money to be on the first page list of results for a particular search term. Once the searcher clicks on your ad the search engine will charge you for the placement. The paid placement also includes tools to generate keywords and may be able to generate keywords by crawling your website. The search engine tools will also usually tell you

the minimum amount to bid to be on the first page of paid placement results for a given search term. Most paid placements allow you to specify a certain budget per day to accommodate your business budget.

Online directories serve as another important part of a search engine marketing strategy. These directories, both free and paid, allow the marketer to list their company and products so that users of those directories search that they may find your business in a certain category. Yahoo directory and Open directory are some of the largest directory sources. Listing your company in these directories will also improve your organic rating.

Shopping comparisons engines (SCE) are similar to the online directories but compare prices of goods. These are not usually free. A data feed of your products and prices must be submitted to the SCE on a daily or weekly basis. Consumers looking for goods then may see your product when searching for a specific item. There are also companies who specialize in submitting your product data feed to multiple SCE's. This is usually a more resource acceptable practice than going to multiple SCE's yourself. Companies such as GoDataFeed.com will submit to directories like BizRate.com, PriceGrabber.com, and others for a monthly fee.

Website\Storefront Design Strategy

Once you have driven traffic to your website your marketing strategies must convince the consumer of the value proposition and convert that click to your website into a sale. Your link was found when certain keywords were entered into the search engine query. Your landing page, the page a consumer will be redirected to when clicking, should have the same high degree of relevance. If your landing page has no relevance to the users search then they will immediately abandon your site. If the search was for a “green crystal bracelet” then the landing page should show a green crystal bracelet and everything on the page should be optimized for that content.

In addition to relevant landing pages, the entire site must be designed with the thought of ecommerce in the forefront. One must not take an informational website and turn it into an ecommerce site. One should start with an ecommerce framework and then modify the content to be visually appealing. There are various open source ecommerce solutions such as <http://www.nopcommerce.com/> and <http://www.dotnetnuke.com>. Nopcommerce provides multiple languages, search engine optimization, keyword control, and other features without having to have programming experience. The Nopcommerce solution was designed with ecommerce and search engine marketing as two of the main working points of the programs. Graphical appeal needs to be considered when posting content. The pictures should be appealing enough to drive sales but not so intricate and detailed as to slow the display time of the webpage on the site. Any page load times over 3 seconds may lose the customer.

Customer Interaction Strategy

Since there is no direct contact with customers the marketer must have a strategy to communicate with the customer. There are many electronic\online vehicles to consider. Surveys, Real Time Chat, Blogs, Reviews, email, Recommendations, and Web 2.0 media are some of the main marketing strategies ecommerce sites use to interact with their customers. Amazon.com uses reviews, recommendations and opt in emails to communicate with customers. Customers can find the reviews helpful when searching for products. Seeing what other consumers have said about a product may turn a consumer from a primary demand buyer (looking for a product) to a selective demand buyer (selects your brand of product) that makes a decision to purchase your brand. Similar in nature are recommendations based on what other purchasers have bought. A primary demand buyer seeing that others have purchased variations of your product may be enticed into becoming selective demand buyer by a behavior one may call “jumping on the bandwagon” . Relevant recommendations based on buyer history, buyer behavior on the site, and known buyer preferences may also convert a primary demand buyer into a selective demand buyer. Surveys may also help to further understand customer wants and needs. Surveys can be either in the form of a placement on the page or a momentary pop-up window asking them to take the survey. Some strategy is needed when doing either of these methods. The marketer may have to entice the buyer with a special offer in order for them to take the survey. The marketer may also select a sub-portion of visitors or a visitor with a relevant buyer behavior or browsing history. Having too many surveys or pop-ups may irritate the buyer and they may elect to leave the site. Some marketers may see a user on a particular page for a certain period of time and want to try and convert that primary demand buyer into a selective demand buyer by offering real-time chat or a phone call from a representative. The more recent

popularity of blogs and other Web 2.0 constructs have been used by many an ecommerce site.

Blogging on your own site about various activities or products may give the buyer more interest in what is behind the product you are selling. Using Facebook, Twitter, YouTube, and other Web 2.0 constructs may increase your perspective audience even giving rise to the term viral marketing where promoting in a certain manner may cause mass viewing of your promotion, advertisement or other media in your mix.

Web Site and Consumer Analytics

As with any campaign, the marketer must analyze the results and see what strategies work best given the nature of the product line or website. The website itself also needs to be analyzed to optimize search engine crawling. There are many methods of doing both of these efforts.

Google, and other search engines, have page analysis where they can go out and analyze your page to see if it conforms to html specifications and also do a viable keyword analysis based on your pages. Traffic and purchase analysis can also be done with tools provided by search engines or tools provided by the web servers vendor (Microsoft for example). Google and other search engine vendors provide code that you can put into your pages that track what customers are doing so you can analyze your traffic by reports provided to you based on that data..

Although it will take some resource expense to have a programmer do this, it will give you high value on your return. Most web servers can log all activity on a website. Microsoft provides several tools to analyze web site results in graphical form. Microsoft provides a canned reporting tool that you can use on its free database and reporting tool, SQL Server Express Advanced.

There is also a tool called Log Parser that allows you to query the logs directly without having to set up a database and reporting services. A programmer can also program that every click on a website is recorded and that it puts that information either in a database, log file, or a cookie.

Using cookies can also help give and identity to anonymous users of your site which helps you understand buyer behavior. If you see the same anonymous used coming to your site ten times without purchasing anything then you may want to change one of your promotion or advertising strategies. There should be a constant cycle of instituting your strategies, analyzing the data, and adjusting your strategies to see what works best for your product.

Practical Applications

GemAffair.com – Survey Strategy Lifts Sales and Customer Satisfaction

GemAffair.com was worried about their website and really had no way to find what the customers were thinking and if they were losing prospective sales. They needed a two sided methodology of communicating with their customers to help improve the customer experience. GemAffair.com instituted online customer surveys to provide them feedback on the site. They also asked about their products and what the customers wanted to see. The first step in the new campaign was to build the survey. They asked them some multiple choice questions and one free form question.

1. Based on today's visit, how would you rate your site experience overall?
 2. Which of the following best describes the primary purpose of your visit?
 3. Were you able to complete the purpose of your visit today?
 4. Which of the following best describes how often you visit the website?
- Open-ended question:
5. What do you most value at the www.gemaffair.com website?

The second step was to incorporate the survey into the website and make it public. They used an overlay screen to see if they would like to take a survey. If the visitor agreed then they would be redirected to a second screen where they actually took the survey after they shopped the site. Only half of the visitors received the overlay to avoid annoying visitors. That number went down to 10% after a period of time. The next step was to analyze the data. They found that 4 insights that helped them with the site: no ring sizing available, engraving not available, certain parts of website slow to load, the website navigation was fine (they had considered changing it). They then prioritized and acted upon the insights. Conversion rate increased 0.25% and customer satisfaction went from 77% to 84%.

[<http://www.marketingsherpa.com/cs/GemAffairs/study.html> Case StudyCS31238]

Fred Myers Jewelers – Combine Local Search with In-Store Inventory Check

Some customers like to use search engines and look at products online as opposed to going to the physical store. They then may wonder about item availability if they go to the store. Geographic specific searches of stores in area surrounding customer may be a way to address the customer's needs. Fred Myers Jewelers were looking for a way to drive traffic to the physical store. The new system was to alert prospective customers if a product was in stock at store close to them. They put in a new system to accomplish that for 90 days.

They first took inventory data from the test bed of 15 stores and put into a database. They then found a localized search engine that worked with the large search engines and by using search engine optimization, created landing pages specific to that targeted location. They also worked with malls that had Fred Myers stores so that the customer could search for Fred Myers products on the mall's website.

When a visitor found a product they liked they could then click a button to see if it was in stock in real time. If the store was open an email would be sent to the store with the potential customer's request. The customer would then could receive a text message to their phone or an email. The customer could then reserve the product for 48 hours if it was in stock.

The program did not generate the foot traffic they desired but the statistics did show that 65% of the products the customers wanted were in stock at a nearby store and that 83% of customers who reserved a product came to the store and completed a purchase. The program did generate enough revenue to pay for itself.

[<http://www.marketingsherpa.com/cs/FredMeyer/index.html> Case StudyCS31292]

Wine.com – Revamped Recommendations Lift Order Value 15%

Wine.com wanted to increase the relevance of suggested wine offerings to its customers in order to increase sales. Wine.com had an advantage over the local stores that the customer might visit which was their internal wine experts. Wine.com wanted to leverage their wine experts to provide a value added experience for their clientele. They did offer some recommendations to the browsing customer but those recommendations may not be relevant to what the customer was looking for. They took a five step process to gain more value for their customers.

Step 1: Assess current system – The current system was based on criteria not customized to each visitor. They typically showed best sellers rather than a product relevant to the customer.

Step 2: Outline new systems – The recommendations had to come from customer data and product data. The system was not going to analyze the browsing and buying behavior and find relations to products. The system would also look at products other customers viewed, products other customers bought, top sellers in price range, and items related to that item.

Step 3: Integrate with regional availability – Some states have laws against shipping and other regions may have specialty wines associated with them that may be more relevant. Wine.com integrated those ideas into the site.

Step 4: Test on high-impact pages – They only put the new process on several pages to test

Step 5: Expand to other areas – After they saw the results they put it all over the site.

The outcome was that the average order increased 15% in value since the customer used the now relevant recommendations. 10% of their sales were based on recommendations. Conversions on recommendations were 52% higher. Wine.com is now branching out into other media such as email marketing with recommendations.

[<http://www.marketingsherpa.com/heap/cs/winedotcom/index.htm> Case Study CS31452]

Conclusion

A marketer working on a direct to consumer ecommerce site must consider how they form the value proposition for the consumer. First they need to develop a search engine marketing strategy and see what combination of organic, paid placement, and directory listing they need. Next, they need a website\storefront design strategy so that once a consumer goes to that side that they can convert that visit into a sale. Since it is a virtual store, the marketer must form a customer interaction strategy to not only understand the consumer directly but also promote the website. Lastly, a marketer must do web site and consumer analytics to see if the strategies they chose are working and adjust them accordingly.

References

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