

Ecometry Summit Report 2010

The Ecometry Summit is the showcase industry event for users of the Ecometry retail application. Birket Foster, Chris Whitehead, and Pedro Ibarra from MB Foster attended the three day conference in April 2010. These are our observations of the leading trends and announcements from the conference.

This year's conference was kicked off by Brian Johnson, General Manager of the Direct Division of Escalate, who welcomed 121 attendees representing 56 companies who participated in the Ecometry Summit 2010. Brian emphasized that the market has gone beyond multi-channel with catalog, call center, web and POS. From the customer's point of view, what needs to happen going forward and spanning "all channels" includes engaging with the customer, wherever and whenever they want. The methods for engagement are mobile devices, social media, and position aware devices (GPS equipped phones and mobile devices). The theme of the conference was "Preparing for the Future".

As we attended the conference it was clear that there are two broad areas where everyone needs to start working on now for a future which is arriving as we speak:

- Multi-channel communications, especially mobile
- Advanced analytics to tell you what is going on

Multichannel Communications

Dave Bruno, Director of Product Marketing at Escalate Retail, took us on a tour of the 80's and the 90's – modems – 9600 baud, cell phones (they were big back then – remember the Motorola brick, and cell phone bag), game consoles, Mario brothers. It made us remember how far we have come over the years. Dave also took us through the last decade – American Idol, Reality TV versus Sitcoms, Blackberry's, Google, iPhone, Amazon, Wii and Snuggies.

If you think about technology today, Dave's talk should remind many folks that we didn't have call waiting, three-way calling, or call display when we grew up. Some folks didn't even have an answering machine – you had to connect live or not at all. There was no ecommerce over the web, no email and no Google in the early 80's. Contrast this with the ability to do web surfing, buy on-line or even through mobile devices and you rapidly see social media changes in the world and how we shop.

In 2008 new technology took this to a new level as multi-touch became part of people's phones and the Safari browser enabled webviews from iPhones. In 2009 the use of cell phone based GPS took things to another level. In just five short years (2008-2013) the world of web browsing will hit a milestone – there will be more pageviews from mobile devices than from fixed PC style devices. This will be further enhanced by 2015 when price browsing via UPC code lookup devices will be common. Already 48% of smartphones have downloaded a shopping application. eBay has done \$500 million in sales to mobile devices, and the number is predicted to triple in 2010 to 1.5 Billion. Can you afford to avoid mobile and social media?

A technology demonstrated by Ecometry over two years ago has gone mainstream. QR Code Scanning also known as Quick Response or Snap tags allow a camera phone or a webcam to scan a document and then to go directly to a website – Microsoft has its own version which incorporates color into the tags. These could help preserve real estate in a catalog and still give the customer a great experience with both. Ads are appearing in magazines with these tags. Polo has used them in conjunction with its sponsorship of the US Open and Ford has used them to link to mobile videos.

MooseJaw is using social media tools to engage customers to get them to come to their website. They have live chat with the customer, Twitter, Facebook, and provide a “rock, paper, scissors game” to get the customers to come visit the website. There are customer reviews and ratings for all catalog items and the site gives loyalty points for all kinds of things. The 20 to 45 demographic is the target market for the MooseJaw website. The site is set up to use browsers built into smartphones. For website design this means looking at browsers like Safari, Chrome and FireFox to see how the webpage renders within those browsers and reducing page size and complexity by taking out flash and javascript. It has been predicted that there will be a new iPhone generation every 12-24 months.

Soon products and services will find you through social media. If you appear to be planning a trip you will be sent links to websites for hotels, cars, flights and things to do at your destination.

NineWest has added “look books” in Facebook – members get to preview new products. Kohls handles customer engagement on-line in Facebook. Both complaints and questions are handled in a transparent environment. A new form of tech support from BestBuy is the “Tweetdesk or Twelpdesk” provides a call center for support. It is faster, cheaper, and more visible. It exposes both the good and bad – remember social media is about your brand and how you handle complaints as well as compliments.

Another new phenomenon is “Social Shopping” – an example is Wet Seals shopping with friends application. It allows you to select from your friends on-line in your favorite social media application like Facebook, bebo, ICQ and send an invitation to them to browse the on-line catalog, message between each other, and write on each others screens.

Some organizations worry more about the social graph status than their Google Ranking since they care about their current and potential customer opinions. The question that needs to be asked is “who are you trying to engage” – so that the right approach and social media choices can be made.

We must remember that the world changes from time to time. As we come out of 2010 we will be seeing 1 GB internet from Google. This will open new possibilities. We are starting to see “store view” where remote web accessible cameras can be controlled remotely. The next generation will include 3D TV and the innovations that brings. Companies are using analytics to see what is working – payment methods, gender, purchase size can all be pieces of data that can be rolled up into patterns providing information and insights into consumer behavior.

To help the neophytes in the group, some of the basic social media terms and concepts are explained at www.commoncraft.com

The door is open for Ecometry clients to start leveraging some of this new technology. Brian polled attendees to determine if they are seeing trends change the way they do business. Of those attending, 59% agreed that social media and new technologies are shaping the way they are doing business today and how they will be doing business in the future.

Advanced Analytics

To understand what is going on through all channels, requires greatly improved analytics. One of the top speakers on this subject was Al Bessin from Lenser Multi-Channel Intelligence who presented “Lifting the Fog – Analytics, Customer Behavior across Channels”.

In general terms companies have:

1. Catalog
2. Internet
3. Stores

They may not be aware of the “total demand”.

Demand is generated by marketing: catalogs, email, promos, search engines, paid search, call center, and stores. Demand is also created through push processes (e.g., catalog and email) as well as via pull processes or someone that is all ready in the purchase process. The important thing to remember is that this is a behavior. There is a perceived need/want, some investigation has or will take place, a purchase decision will be made, and ultimately the client will be satisfied.

What every company is trying to do is:

- Get them to need/want something
- Get them to consider us
- Reach out to them when they are not looking
- Be there when they are looking

Al explained that in his experience, companies need high level reports based on customer behavior. This also means that companies need to have an extremely clean customer database, with all promotional history, in order to obtain accurate results of marketing activities.

An ideal solution requires the following

1. One repository for all customers, all promos, by media type
2. Detailed transactional information
3. Update regularly
4. Data from all channels, Order Management, Emails, Web, etc.
5. Normalized data – to ensure data integrity, make sure its clean, don't include duplicates
6. Open access to the data
7. Timely campaign reporting:
 - a. In time to react
 - b. Sooner is better
 - c. Marketing reports that tie to enterprise performance
 - d. Drill down

With the above in place, any company should be able to determine total demand. High level reporting needs to have consistent measurements, from clean data feeds.

Report measurements have to provide a clear view of promotional performance and should include:

- last click
- push campaigns
- organized promos
- by line of business
- life time value by source 12 months versus 24 months
- customer acquisition results
- return on ad-spend:
 - by catalog
 - by email
 - direct mail
 - branded search engine

In summing up, Al recommended that once you have everything in place make it cyclical and repetitive.

Summary

We believe that 2010 is the year of “Innovation in Retail” based on our observations at the National Retail Federation conference and the Ecometry Summit. Two clear themes are emerging:

- Customer engagement across all media, especially mobile, will be a requirement.
- Better analytics will be required to provide all parts of the business with the data they need to beat their competition and look after the customer.

There are big challenges ahead for multi-channel retailers. Those that overcome them can look forward to big rewards. At MB Foster we are committed to helping you achieve success by recognizing and solving these challenges.

Birket Foster
Chairman and CEO