

Retailers capture buyers online with advanced technology

By JOAN STABLEFORD

During the past decade, retailers have developed their online stores into sophisticated portals and Web sites to generate more sales and build more awareness of their brands and products.

Online retailing has come a long way since the 1990s. Online retailing generated \$90 billion in revenues in the United States last year compared with just \$8 billion in 1998, according to the McKinsey Quarterly, 2005. Direct retailers with physical stores captured 52 percent on Internet sales in 2003, while those without stores, just 32 percent.

White Plains-based Lillian Vernon, a 54-year-old personalized gifts and home goods specialty catalogue company, has been selling its merchandise online for the last five years.

Officials of the privately held company, owned by Direct Holdings Worldwide Inc. since July 2003, refused to provide overall sales figures and, in particular, sales figures from its online retail site, www.lillian-vernon.com. According to Hoover Direct, overall sales for Lillian Vernon in 2003 were \$238 million and they shipped 4.2 million orders.

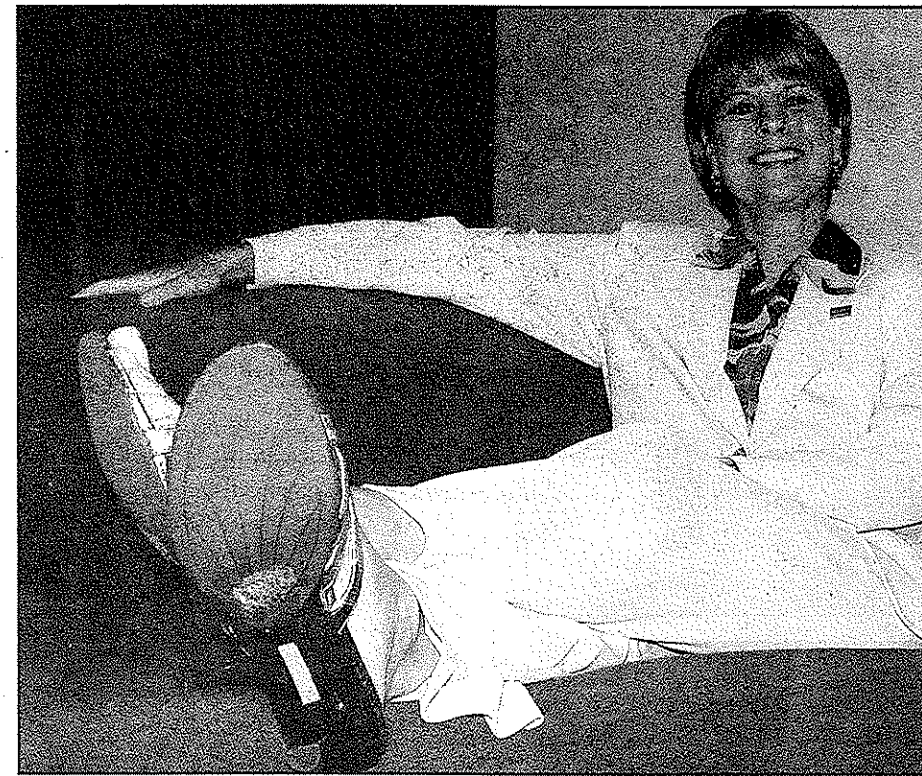
"Our sales from our online site are growing rapidly," said Peter Shapiro, senior vice president of e-commerce at Lillian Vernon. "We expect our sales figures from our online site to be more than 50 percent of our sales by the end of this year."

The online sales increases are attributed to getting more traffic to its site. Lillian Vernon did this in various ways, mainly by adding more capabilities to its new Web site this year, Shapiro said.

SEARCH ENGINES PLAY BIG ROLE

One way is through an enhanced targeting engine. Every time a person shops on the Web site, Lillian Vernon tracks the history of what the shopper buys and what types of merchandise a person views in detail, Shapiro said. The next time the person goes to the site, the Web site engine remembers what a shopper purchased and what types of merchandise the shopper was interested in. The next time they land on the Web site, those types of items will be automatically highlighted on the home page.

Many online retailers and companies that use their Web sites to sell products use this sophisticated and advanced technology to get the potential buyers right where they want them to be and to capture their attention right away.



Sue Brush, senior vice president of Westin Hotels and Resorts. In an effort to differentiate its hotels from competitors, Westin began selling beds and bed accessories on its Web site six years ago.

"They (online retailers) are capturing more data about you each time you make a purchase. It can be a little unnerving when you sign on to their site and up pops 'welcome back, George Jones,'" said Norm Jacknis, chief information officer of Westchester County government.

you right there. It becomes real-time analysis," he observed.

Shapiro said his e-commerce team at Lillian Vernon is constantly revising offerings and ads on its Web site, after reviewing and testing different techniques. For example, it might run the same ad for a

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And, with these advances in back-office software programs, companies can create even special options for you and you alone on their sites as soon as land there again, Jacknis said. The best examples of this advanced technology are the online retail powerhouses, such as Amazon.com and other specialty sites such as Lands' End.

"They know by your recent purchases what you might be interested in and get

child's product on different pages and in different categories. After an analysis of how many consumers hit on that ad and which ads produced the most sales, the team will change its location and format to the one which produced the most sales.

With the new Web site, Lillian Vernon has also added functionality enhancements for displaying the numerous products. In the improved version, a shopper can zoom

in and check out the actual color choices and even minute details about the product.

Another way in which Lillian Vernon is fine tuning its marketing program directly to the consumer is by enticing the online consumer to sign up for e-mail as soon as they hit on the home page, Shapiro said.

"This allows us to be smarter marketers. We can send you weekly e-mails, if you agree, about specials and products that you are interested in," Shapiro said.

This is known as a RSS syndication Web browser, a capability whereby every time something new appears on the Web site, the company can alert its regular customers by sending an e-mail to them automatically, Jacknis noted.

Smaller and medium-sized businesses can even use this browser to keep their Web sites continually fresh. Companies need to offer the browser something new every time they hit on the site, he stated.

Lillian Vernon has also made sure that it will turn up real fast when a consumer uses the major search engines, such as Google or Overture, when searching for particular products.

The company has also a popular affiliate program, whereby a mom-and-pop company allows small Lillian Vernon ads to appear on its Web sites. Every time a person clicks on this ad, it links the potential consumer directly to the main Lillian Vernon Web site. If that consumer ends up buying merchandise, the mom-and-pop site can earn up to 3 percent of the revenue from that sale, Shapiro said.

"Our affiliate program has been very successful and helps drive more potential consumers to our site," he maintained.

Finally, Lillian Vernon is constantly trying to shorten the check-out process, through new enhancements, Shapiro said. "Our goal is to make the shopping experience a very positive experience for the online shopper."

Online stores and retailers know the buying process must be seamless and easy, or a consumer frustrated, can click out and not get to the check-out stage out of frustration, agreed Jacknis.

"People hitting on sites want their transactions to happen fast. After all, that's why they went online to shop. Retailers' sites should be easily navigated back and forth. They should also make sure their customers or potential customers can provide them with feedback about their online experience, so they can keep improving," he added.

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Another White Plains-based company, Starwood Hotels, began booking its hotel rooms on the Internet years ago. Six years ago, in a ploy to attract more consumers to booking its upscale properties and in an effort to differentiate its properties from other upscale hotels, its Westin Hotels & Resorts chain began selling a product -- beds and assorted bedroom merchandise -- on its site.

Travelers rated a good night's sleep as the most important factor for their stay, said Mark Ricci, spokesman for Starwood Hotels, so the company researched and developed The Heavenly Bed -- a customized bed and bedding for its hotels.

"We call what happened the 'heavenly phenomena'. Our objective was to keep our customers happy and keep them coming back. In 1999, the first week, 32 people called and ordered our Heavenly Bed. To date, we have sold 9,000 beds, from our online catalog and from the catalog," said Sue Brush, senior vice president of Westin Hotels & Resorts, part of Starwood Hotels.

In 1998, the Westin team at Starwood spent a year developing the best mattress for their properties, and out of this quest came the upscale, all-white Heavenly Bed, sold via www.westin.com. The company began the process by filling a hotel ballroom with 50 beds from 235 hotel chains and the mission was to build the best bed in the hotel industry, for customer retention.

First, the company sold the beds and bedding by a 1-800 toll free line, then a year later, they started a Web site. The following year, Westin Hotels & Resorts created its first catalogue and now with increased sales, the company has created an enhanced Web site.

The first year, Westin sold \$1 million in beds and linens. This year, its revenues from Heavenly Bed will cross the \$10 million threshold, Brush said. In 2004 alone, the company sold more than 3500 bed ensembles -- a complete bedding set, including the box spring, the mattress, three sheets, a comforter, a duvet cover and the pillows -- through online and catalogue orders, Ricci said.

"I think its success speaks to an emotional attachment. We are the only bed out there you can truly test drive overnight at one of our hotels," Brush said.

The Westin Store can be found on the Web in the lower left of the home page at www.westin.com.

Some online retailers are putting Web blogs, right on their Web sites, Jacknis said. Sometimes the company runs them and controls the information that is presented and other times, they just let consumers have a say.

"This (marketing tool) is all intended to keep the customer loyal and tied closely to the vendor. The blogs are actually bringing people to the site. This helps reinforce their relationship with the customer and the customer's awareness of the brand identity," Jacknis said.



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