

Retailers Step Up Web Integration

by WWD Staff

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NEW YORK — Retailers are connecting their physical stores with the digital world, said panelists at the Wharton Interactive Retailing conference.

Best Buy Co. Inc., for example, is testing a service from startup shopkick that will identify exactly where shoppers are in a store using a unique ultrasonic fingerprint from their cellular phone. The purpose of the opt-in service would be to deliver relevant messages based on physical context.

“We’re trying to take out of store traffic drivers and tie that to the in-store experience,” said Best Buy senior director of interactive marketing and emerging media Tracy Benson. Messaging must be focused around a real customer need, she continued. “Deals and specials are one of the top reasons customers want to hear from you,” she said. Customers who want to know more about a product in the store can send a text message to a number posted on every product tag and call up customer reviews, price comparisons and specifications for that product on their phones.

Best Buy has partnered with Google Inc. to make sure relevant local store information pops up when anyone does a search on their mobile phone. so, for example, if someone were out for a run and typed a search for “Bose headphones” into Google on an iPhone, the nearest Best Buy location and product information about Bose headphones would pop up.

“We’re using things that are mainstream behaviors to drive local traffic,” she explained. The company has looked at Foursquare, a location-based game and social network that is getting a lot of attention for its retail tie-ins, but concluded the site is as of yet too “early adopter.” so far, only three to five people are checking into each Best Buy store, she said. Marc Jacobs has been on the service since New York Fashion Week and has gotten more than 100 check-ins for most of its New York stores.

Best Buy constantly tests as many things as possible as quickly as possible because technology changes every 30 days, she said. The company uses Twitter for customer service, so anyone with a question in a store or at home can instantly have an answer even if they can’t find a store employee. Video has emerged as a powerful tool and correlates with higher engagement and purchase rates, she added. The company is testing retargeting and has found it is three times as effective as general display advertising.

In addition, the average order value of those who buy is higher, said Benson. “Retargeting” is a technique of serving online display ads to a Web visitor who has just left a retailer’s site without buying. The ads are shown on the next site they visit. At Saks Fifth Avenue, e-mail drives a third of all online purchases, said Saks Direct president Denise Incandela. The company plans to add user reviews and recommendations this year. It recently added Facebook and Twitter pages and hired a social media coordinator. Video has been effective. For example, one video with Diane von Furstenberg cost about \$7,000 to make and resulted in about \$700,000 worth of sales. so far, social media efforts have been more about brand building and less about ringing up sales, she said.

At HSN, the recent launch of the Purple Lab beauty line was marketed through social media. The brand held parties with bloggers and skyped with them during the television broadcast. shopper feedback in retailers’ own online communities has led to changes in product design — in one case creating a best-selling bra known for its no-slip straps, said Samatha Skey, chief operating officer for Passenger, which creates and runs custom communities for retailers.

Rue La La cautioned attendees at the conference, which was held last week at Macy’s Herald square here, to test the business case for new initiatives before building out technology. The company recently shut down an innovative way it had found to reduce inventory because customers didn’t like the delay in shipping it caused.

Now that customers have smartphones, retailers no longer control “who gets to talk to the shopper when they’re in the store,” said Herb Sorensen, global scientific director for TNs. In the future, retailers will have to compete just as brands do in their own space. “I believe we will see a reversal in fortunes of brands versus retailers over the next 10 years as social media becomes pervasive in this space.”