

# Changing Shopping Behavior: How Rethinking Search Keeps You In Front of Consumers

By John Federman

In the early days of shopping, consumers traveled to stores to learn about the products available to them. Then, print publications filled with advertisements came along to help them discern the difference between highly competitive products. With the advent of the Internet, product data — as well as the actual research and shopping — has moved online.

Since this shift, shopping behavior has continued to change:

- Consumers search retail sites 25 percent more than search engines.
- More than 70 percent of shoppers click on products in the top 10 slots.
- Users associate premium placement with top brands.
- E-commerce is the fastest growing segment for brand marketers.
- 80 percent of today's product searches begin online.

These changes in the way consumers research and shop have major implications for both retailers and manufacturers. Retailers must capitalize on the behavior shifts providing the information and selection that consumers demand, while keeping them on their site. Manufacturers want to maintain maximum visibility whenever a relevant search is conducted, so they can break through the noise to capture consumer attention. How can both of these challenges be addressed?

One way is to combine the measurable cost-effectiveness of paid search marketing with proven placement-based merchandising techniques. In the brick-and-mortar world, manufacturer-sponsored displays are an integral part of the retail/supplier partnership — a lucrative revenue channel for retailers and an unparalleled marketing platform for manufacturers. The practice takes on many forms, including sponsored shelf-level displays, kiosks, and sponsored end-caps, and has continually evolved to embrace technological innovation and address changing shopping behaviors.

Multi-channel retailers and pure-play e-tailers have already begun to experiment with ways to adapt this practice to the web, with varying success. Advertising is one way to create a potential revenue stream — monetizing virtual floor space — but it's often disconnected from a well-crafted customer experience. Worse, it can lift shoppers right out of the online store and send them to a

manufacturer's direct sales site. Tactics that hasten abandonment don't exactly make for a mutually beneficial partnership platform.

Another approach is through site search-triggered merchandising, often called search-andising. While not new, leading e-commerce and search platform providers deliver the majority of implementations in the guise of up-sells, cross-sells, and best sellers. Some retailers have taken this approach a step further, introducing manufacturer-specific branded "merchandising zones" typically in the form of banners, custom editorial, and creative — or even, in some cases, branded landing pages. And translating such search- and browse-triggered merchandising into supplier-sponsored revenue is a concept that hasn't gone unnoticed.

A new option enables manufacturers to bid to affect their visibility across a network of retail and comparison shopping sites. This approach leverages the familiar concepts of cost-per-click bidding for enhanced position, and the ROI effectiveness of pay-for-performance media. For the retailer, all product presentation real estate is suddenly monetizable — still ensuring a smooth customer experience, but adding the notion of advertiser bid to the weighting factors used to resolve every search. This would create a vast inventory of virtual end-caps, boutiques, and shelf-level displays that fit seamlessly into a retailer's well-crafted and differentiated customer experience — benefiting manufacturers, retailers, and customers alike. Here's how:

## Sponsorship in the Context of Customer Experience

Borrowing from tactics of both in-store merchandising and site search, the ways in which manufactured-sponsored feeds are presented can vary and be controlled by the merchandiser, similar to the proven brick-and-mortar world approaches while going beyond what's possible with web search engine-based advertising.

- **Relevancy weighting** ("boost"): E-commerce site search specialists have long allowed retailers to use factors like margins, inventory, location, ratings, and conversions rates to influence the order in which products are returned. Relevancy weighting simply applies such a strategy to sponsored terms. As with other

weighting approaches, merchandisers maintain ultimate control on how these factors impact final results delivery.

- **Callout**: Adopting a Google-like tactic of clearly denoting sponsored results, this tactic ensures that manufacturers can prominently feature their products on the coveted first results page.
- **Brand-sponsored merchandising zones**: These allow the virtual creation of branded displays and boutiques, giving merchandisers new abilities to monetize increasingly large areas of the site.

## Lower Barriers to Entry

Today's advanced site search systems give merchandisers the ability to create contextual promotions, fine-tune relevancy strategies, and even create dynamic landing pages triggered by certain search terms. The prevalence, functionality, and usage of site search tools by merchandisers make site search vendors an obvious complement for the owners of any site search ad or sponsorship network. Retailers already using search-triggered merchandising have seen dramatically lower associated costs and risks, without the need for new staff and with minimal impact on current technology or processes.

A cost-per-click approach, combined with the ability to reach consumers through multiple retail channel partners, provides tremendous incentive for manufacturers looking to increase their position "inside" the online store. This demand and network model has the potential to deliver additional benefits to the retailer, beyond significant new revenue. As with search advertising-related revenue-sharing models, when shoppers click on sponsored links on a retailer's site, the manufacturer pays the associated cost to the network, which in turn pays the predetermined share to the retailer. This means that, unlike virtually every other investment designed to increase or create revenue, multi-channel retailers and e-tailers can adopt a site search monetization approach without any upfront costs. ■



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