

Major Retailer Leapfrogs E-Commerce Competitors Cisco IBSG Benchmarking Drives Customer Experience

Executive Summary

CUSTOMER

Top-20 Global Retailer

INDUSTRY

Retail

CHALLENGES

- Needed to upgrade e-commerce customer experience for critical holiday shopping season
- E-commerce channel was contributing less to overall revenue than that of most of its direct multichannel competitors
- E-commerce site consistently judged “average” or “below average”

SOLUTIONS

- Benchmarked company’s e-commerce website using Cisco IBSG’s proprietary evaluation tool. Identified three deficit areas versus competition: look and feel, research, and buy
- Cisco IBSG recommendations included increasing page size, enhancing sorting and comparison features, using flash and video for product displays, and streamlining checkout process

RESULTS

- Experienced record sales and site traffic during holiday season
- Recognized for improved website, including “above average” rating in ForeSee Results Online Retail Satisfaction Index

Background

A top-20 global retailer with a dominant position in brick-and-mortar retailing was struggling with its e-commerce channel. Compared to both multichannel and “pure play” competitors, the retailer lagged in the areas of growth and customer experience. Additionally, its e-commerce channel was contributing less to overall revenue than the e-commerce channels of virtually all of the retailer’s direct multichannel competitors. This situation was particularly troubling, given e-commerce’s increasing share of overall industry revenue and its growing influence on physical retailing. The retailer’s board of directors identified this situation as a threat to its overall market position. Facing the critical holiday season, the company needed to quickly upgrade its e-commerce customer experience to effectively compete and position itself for rapid innovation in multichannel retailing.

Challenges

Globally, online retail is expected to grow at 13 percent per year from 2010 to 2015, while physical store retailing will struggle in the low single digits, according to research from the Cisco® Internet Business Solutions Group (IBSG). The battle for a share of this rapid growth is being waged fiercely and on multiple fronts. In particular, rapid innovation and new capabilities—including mobility, social media, and video—are rewriting consumer expectations of when, where, and how they shop. This is presenting multichannel retailers with significant challenges and opportunities to “keep pace” with online innovations, while simultaneously rewriting the customer shopping journey across channels.

The retailer’s e-commerce site had been consistently rated “average” or “below average” in recent years, according to an Online Satisfaction Index study by ForeSee Results. Not surprisingly, this rating contributed to an online market position that was significantly weaker than that of its physical stores. Additionally, the company was looking for ways to take advantage of its physical store network and loyal customer base to fuel growth both online and in-store. The retailer asked Cisco IBSG to help evaluate its site and recommend enhancements that would incorporate



Cisco Internet Business Solutions Group (IBSG)

today's leading online capabilities and position the company for multichannel innovation. In particular, the retailer was looking for ways to rapidly improve its online customer experience in time to impact the upcoming holiday season.

Solutions

Cisco IBSG began by reviewing the company's e-commerce site to answer the question: "What are the most important changes needed in the pre-holiday season to improve the customer experience, reflect the company's brand, and impact holiday sales?" To answer this, Cisco IBSG benchmarked the website against five direct competitors across 65 critical customer evaluation points using IBSG's proprietary benchmark evaluation tool.

These areas included:

- Product research
- Purchasing
- Service
- Personalization
- Brand loyalty
- Social media
- Mobile/multichannel
- New/extended business models
- First/final impressions

The analysis identified a number of baseline functionality deficits against the competition, and areas of opportunity that would enable the company to leapfrog the competition. Cisco IBSG recommended 11 improvements to the customer's website prior to the holiday season, and 14 enhancements for the post-holiday season. After analyzing the results, the recommendations were summarized into three areas: 1) look and feel, 2) research, and 3) buy. Additionally, these areas were prioritized based on potential revenue impact and ability to implement the changes in time for the holidays.

Look and Feel

While the e-commerce site's navigation was fairly logical, Cisco IBSG suggested visual enhancements that would create greater impact, such as increasing overall page size, using larger fonts, and driving relevance and consistency in the placement of advertisements. Additional recommendations included design enhancements to highlight and reinforce the company's positive brand image and leadership in sustainability and charitable giving.

"Cisco IBSG's market insights and recommendations were key to our improved holiday performance."

COO of E-Commerce
Leading Global Retailer

Research

There has been significant innovation in recent years in regard to researching products online. This is one area where the retailer had fallen behind on basic functionality, including sorting, comparing features, and displaying options such as color without repeating the item. Cisco IBSG recommended several changes to bring the retailer “up to par” on these basic functions and suggested adding more advanced features (including video capabilities) that inspire, inform, and guide customers.

Price competitiveness is a key element of this retailer’s consumer value proposition. To reinforce this, IBSG recommended that the company consistently and prominently display “savings versus list prices” on the site.

Lastly, the retailer had started to reap the benefits of using social media to drive store traffic and revenue. As a result, Cisco IBSG recommended that the company create social media campaigns that target online traffic/revenue. This included taking advantage of the company’s significant followings on the Facebook and Twitter social media sites.

Buy

Shipping and fast, efficient checkout are major factors in the online shopping process. Cisco IBSG made specific recommendations to simplify shipping options for the consumer, expand support for international shipping, and improve elements of the checkout process such as communicating shipping charges earlier in the shopping process. Additionally, IBSG recommended new social media and mobile capabilities to expand when and where consumers are able to purchase—whether from their PC, mobile phone, or in the store.

Upon completing many of these suggestions, the retailer asked Cisco IBSG to identify future e-commerce capabilities required to enhance the cross-channel shopping experience. Cisco IBSG researched emerging e-commerce companies, looking at the latest online and multichannel trends, and identified key areas of focus and investment. Recommendations centered on developing capabilities in the following areas:

- Personalization/customization
 - Personalize recommendations and offers
 - Enhance customer service using social media touchpoints
 - Offer capabilities to customize products
- Social media and F-commerce (shopping with a friend)
 - Offer “social shopping” features
 - Provide tighter integration and coordination among social media, e-commerce site, physical store, and mobile channels
 - Develop social media “listening” capabilities that scour the web to find brand references and aggregate and summarize the data for review

- Mobility/multichannel
 - Create applications that bring web capabilities to mobile and in-store shoppers (for example, ability to read product reviews, get recommendations, compare prices)
 - Create interactive self-service platforms (for customers without smartphones) to access web content and features while shopping in-store
 - Develop augmented reality and immersive video-guided selling applications for multichannel shoppers
- Localization
 - Develop capabilities to deliver offers to customers based on their geographic locations (for example, proximity to the store, events)

Results

The company implemented 90 percent of the pre-holiday recommendations. After one year, it made progress on 75 percent of the total recommendations (pre- and post-holiday) from the initial evaluation. The retailer credits improvements in the site's overall customer experience as having directly contributed to a successful holiday season. The company experienced both record sales and site traffic during this time. The COO of e-commerce characterized Cisco's IBSG's contribution as follows: "Cisco IBSG's market insights and recommendations were key to our improved holiday performance."

Furthermore, the retailer was singled out for its improved website. For example, the ForeSee Results Online Retail Satisfaction Index rated it as "above average," reversing a several-year trend of "average" and "below average" ratings. This rating was one of the highest scores for a multichannel retailer and caused the company to surpass several of its competitors.

Next Steps

The company continues to work on implementing a number of Cisco IBSG's recommendations and regularly turns to IBSG as a trusted adviser. Cisco IBSG is currently engaged with the company on a global e-commerce expansion strategy, website technology platform architecture, and pilots for emerging capabilities that take advantage of web and physical store channels.

More Information

Cisco Internet Business Solutions Group (IBSG), the company's global consultancy, helps CXOs from the world's largest public and private organizations solve critical business challenges. By connecting strategy, process, and technology, Cisco IBSG industry experts enable customers to turn visionary ideas into value.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>.



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