

A photograph of a factory floor during the holiday season. In the foreground, a blue conveyor belt with a textured surface is visible. In the background, several workers dressed as Santa Claus are working at a station. The factory has a high ceiling with industrial lighting. The text "GET PREPARED FOR THE HOLIDAY RUSH" is overlaid in a white, slanted box with green text.

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RUSH

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Advance planning is the key to holiday profits

JACK FROST MAY NOT BE NIPPING AT ANYONE'S NOSE IN AUGUST, but now is when e-retailers want to put the finishing touches on readying their e-commerce platforms for the all-important holiday shopping season. For those e-retailers running behind schedule, however, there's still time to make improvements that can boost sales and customer satisfaction. The key is to identify simple changes that have the power to deliver a big impact and to implement them with a sense of urgency, rather than swing for the fences with a last-minute, costly capital project.

Small improvements, such as fixing broken links within a web site or on search pages, speeding page load times, updating site search dictionaries and adjusting delivery cutoff dates so orders will arrive in time for Christmas can significantly boost sales and customer satisfaction.

"At this point of the year, there really is not enough time for an e-retailer to make major changes to its platform and properly test them in time for the holiday shopping season, but it still has time to make improvements across its business that can enhance the holiday shopping experience," says Brian Hess, director of retail strategy for CrossView, a provider of cross-channel solutions.

Easy checkout

Simplifying checkout by reducing the number of fields a customer must fill out is an easy change that can reduce cart abandonment. Too often retailers use the checkout page to gather extra information about a customer for use in future marketing. Online shoppers, however, expect a simple, streamlined process and tend to favor retailers that meet that expectation, says Danelle Eilers, director of client management for web site design firm Americaneagle.com.

"Retailers want to remove the barriers that make checkout more complicated and time-consuming than necessary," she says. "A lot of the questions asked of consumers, such as 'How did you hear of us' can be asked while they are browsing or after the sale has been made in a post-checkout survey or follow-up e-mail. The more questions asked at checkout, the more likely customers are to be tripped up by them and leave before completing the purchase."

Adding one-click payment options, such as PayPal Express Checkout, can further streamline the checkout process, and that's particularly important for mobile shoppers. "One-click payment is a huge benefit for mobile users, because they don't have to worry about making mistakes typing in their account information on a small screen and having to start over," Eilers says.

With competition for holiday shoppers' dollars becoming fiercer every year, retailers that deliver personalized product recommendations and targeted marketing messages to their customers and prospects will have a fighting chance at converting shoppers into valuable customers.



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Director of client management
at web site design firm
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Retailers can tap into their customer data to identify customer segments using a combination of variables, such as behavior patterns, the types of items purchased and browsed, average ticket size and geographic location. By using real-time predictive analytics and analyzing data to predict buyer intent, a retailer can match these variables to the shopper on its site, then automatically display banner and pop-up ads likely to appeal to that shopper's tastes and budget.

When a customer not known to the retailer comes to its web site, the analytics engine can use available information about the shopper, such as her location, pages she's viewing and links she is clicking on within the site, to predict and display the products and offers most likely to appeal to her.

"Having a better understanding about a customer's preferences and what is likely to influence her purchasing decision is the advantage real-time analytics provides for retailers," says Leslie Petry, senior director, solutions marketing for Neustar Inc., a provider of real-time information and analysis, as well as web site performance monitoring and testing.

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Knowing a customer's average spending threshold, for example, allows a retailer to suggest products in that price range to the shopper as she browses. "If a shopper looking to buy flowers for Valentine's Day or Mother's Day is viewing the \$19.99 special, then the retailer should show her alternative products at or slightly above that price range, as opposed to something in the \$100 range," Petry says. "Real-time analytics help retailers identify customer behavior patterns and preferences so they can deliver a personalized offer likely to trigger a purchase while the customer is on the site."

Neustar's PlatformOne integrated marketing solution leverages consumer and demographic data to segment consumers into groups based on their expected buying power and interests. Neustar enables marketers to go a step further by tying personalized offers to known and unknown visitors to their web site.

Speeding up the site

Retailers wondering what holiday enhancements will increase customer satisfaction and boost sales ought to look at improving site performance. Faster page downloads can prevent an impatient shopper from leaving a retailer's web site and increase the chances she will make a purchase. Plus, the fixes can be implemented in just a few weeks. Since many e-retailers rack up about one-third of their sales during the holiday season, neglecting performance issues that are correctable now can be a costly blow.

Number of shopping days between Thanksgiving and Christmas

2014: 27 / 2013: 26 / 2012: 32

"Improving site performance for the holidays can have a bigger impact on the bottom line than adding a new feature," says Brandon Elliott, chief technologist, digital, for Rackspace, a provider of cloud, managed and hybrid hosting solutions.

One sure way to improve page download times is to reduce the amount of data passing between a retailer's web server and the web browser on a consumer's computer or mobile device. "Unfortunately, a lot of retailers put this off to the last minute so they aren't as thorough as they should be when it comes to optimizing browser performance," Elliott says. "Retailers should allocate one

to two weeks to minimize both the number and size of files moving between the web server and the web browsers."

Compressing images and removing unused cascading style sheets (CSS) or JavaScript rules reduces the amount of data requests the web browser must make, and the data it must gather to assemble a web page.

That can speed page downloads.

"Typically, hundreds of pieces of content load on a page," says Elliott. "The fewer data requests a browser has to make, the faster it can gather that content and assemble it. Browser optimization can increase page download times as much as 50%."

Because site performance can have a direct impact on sales, experts

recommend retailers align their sales and marketing goals with their sites' performance goals. Achieving this requires clear communication between the marketing and information technology departments—not only about what promotions are planned for the holidays, but also the traffic those promotions are expected to generate and how consumers are likely to respond to them. Once those variables are fleshed out, retailers can use predictive analytics to develop load-testing scenarios that closely resemble the actual stresses their web sites will face.

"Generic load-testing scenarios don't necessarily reveal where the vulnerabilities lie from a performance standpoint," says Joe Loveless, product marketing for Neustar. "The holiday shopping season is an extended period with peak days scattered throughout it, so retailers need to be able to look beyond traffic spikes and take into account how performance will impact sales."

Deploying performance testing applications that run on a site but are controlled by others, such as payments processors and product recommendation vendors, is another best practice because if an application's performance lags, the retailer will get the blame. Stress testing those applications ahead of the holiday season will help retailers understand how they will perform under heavy traffic conditions. Routine monitoring can reveal problems so retailers can take action to avoid even a slight decline in performance.

Last, but not least, retailers should develop contingency plans to manage unexpected traffic spikes that



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may exceed server capacity. "Additional servers will likely need to be brought online at some point during the holidays, so the plan should be tested to be sure it works," Loveless says. "Managing performance to boost sales is about identifying the scenarios that will degrade performance and prompt consumers to take their business to another e-retailer, so preventative action can be taken."

Holiday promotions

While most consumers aren't buying holiday gifts in August, come October many will start thinking about getting a jump on their holiday shopping. To help these early-bird shoppers, retailers should be ready with holiday gift suggestions and promotions.

"Retailers don't have to present a full-blown holiday theme on their web sites in October, but they can be ready for early-bird shoppers and get people thinking about gift-giving opportunities," says CrossView's Hess.

Creating product categories that suggest holiday gifts by gender or product type, such as games or gift baskets, or gifts under a certain dollar amount, are an easy holiday enhancement. "Our experience shows that shoppers welcome gift suggestions because they help put shoppers on the path to purchase," says Hess. "That's the role of smart site navigation." Directing consumers to the right product is only one step on the path to purchase. Consumers want to feel confident that the item they buy online is going to look the same when it arrives as it did on the retailer's web site. Adding multiple product views or higher-resolution product images can give shoppers a truer representation of how an item actually looks, which can cut down on returns.

"Suggesting accessories or alternative brands and products can also improve the chances of converting a browser into a buyer," Hess says. "The key to optimizing product content is to test it before the holidays to see what works and what doesn't."

Think social

Regardless of the changes a retailer makes to its web site, it needs marketing campaigns to drive customers to its web site. Social media marketing offers retailers

a chance to reach an audience that can rapidly spread notices of upcoming sales or coupons through their online networks of friends.

The key to successfully leveraging social media marketing is for retailers to tailor content to the social network's target audience. Retailers want to avoid pushing the exact same content to multiple social networks.

"Pushing out content on social networks that does not align with the target audience's interest is of no value to the consumer or the retailer," says [Americaneagle.com's Eilers](#). "That's why retailers need to look at what social networks their customers are using and how they are being talked about on those networks before launching a social media campaign. Make the content fit the site."

Experts also recommend e-retailers actively engage consumers through social networks by responding to posts or reviews. "Consumers like to see retailers interact with them online, but retailers must be sure to avoid any hint of negativity in their replies because it can put consumers off," Eilers says.

While social media can bring a new dynamic to retailers' marketing strategies, retailers shouldn't forget about e-mail. Even transactional e-mails, such as shipping notifications, are an opportunity to include a message that can compel consumers to shop again. "For many consumers, e-mail is a preferred digital communications channel," says CrossView's Hess. "Retailers should be reviewing ways to make use of all their digital marketing assets prior to the holidays."



BRIAN HESS
Director of retail strategy
for CrossView, a provider of
cross-channel solutions

625 of the Top 1000 North American e-retailers by sales promoted some kind of free shipping offer on their home pages during the 2013 holiday season.

Before the holiday sales season begins, retailers should review their customers' e-mail frequency preferences to avoid overwhelming them with more e-mail than they'd like to receive. When a customer gets more messages than he wants he is likely to ignore them or designate them as spam.

Understanding how often customers currently receive e-mail and comparing it to their preferred maximum frequency is a best practice to prevent e-mail overload, Hess says. A customer receiving one e-retailer e-mail a week for the past several months, but who has stated a preference for a maximum of four a week, should have

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his frequency gradually increased to the maximum once the holiday season starts.

"Retailers want to avoid rapidly accelerating e-mail frequency to low-frequency customers because they can start to ignore the additional mailings," Hess says. "Summer is anything but lazy, hazy days for e-retailers looking to ensure a profitable holiday season. Now is the time to put improvements in place that can drive holiday sales."

Think mobile

With one-third of unique monthly visitors using smartphones and tablets to shop at the top 10 e-retailers, according to comScore Inc., the need for retailers to optimize their web sites for mobile shoppers is greater than ever.

For many retailers, the answer is responsive design. Responsive design is a technique that uses a mixture of flexible grids, layouts, images and CSS to automatically accommodate the screen size and capabilities of the device the shopper is using, so that content properly formats to the device's screen, regardless of its size.

However, retailers must be aware that studies show sites built using responsive design techniques typically load much more slowly than conventional sites. "Responsive design scales down images and content to fit the screen of the viewing device to reduce clutter, but what is not shown on the mobile device is hidden in the background. That means, in some cases, the contents of the entire web site are still delivered," says Rackspace's Elliott. "That's a lot of requests for content through the mobile device's browser. The more requests for content a browser makes, the slower it operates."

Elliott recommends retailers adopt a mobile-first approach to web site design by starting their web site design with layouts for mobile devices, which can be more difficult to create than layouts for desktop systems that offer designers more real estate to work with.

Moving toward a mobile-first approach, however, is as much a change in business philosophy as it is a change in the techniques used to design a web site. "Mobile first

steps away from the one-size-fits-all approach of responsive design or cutting down a desktop site for mobile users," Elliott says. "As more consumers shop on mobile devices, it is critical to take a mobile-first approach."

Since redesigning a web site using a mobile-first approach is more of a long-term strategy, one way retailers can still enhance the mobile shopping experience for the holidays is adding a geolocation application to their site.

"Having the ability to geographically locate a mobile user enables retailers to serve up content specific to that region," Elliott says. "A customer in a warm climate is not necessarily going to want see parkas on the home page."

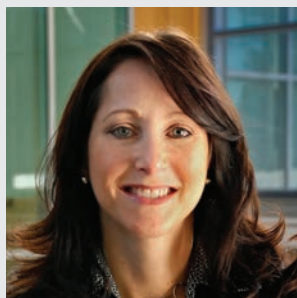
Retailers can also use geolocation technology to show a mobile shopper directions to the nearest retail store and enable her to check its available inventory.

For all the upgrades e-retailers can make to their web sites in the run-up to the holidays, the extent of the changes they can make still come down to how much they can spend. The good news for retailers on a tight budget is that there are plenty of options for low-cost enhancements with a little planning. "Any retailer developing a holiday plan is working on a budget, so no aspect of the web site should be overlooked," says *Americaneagle.com*'s Eilers. "Updating frequently asked questions, clarifying returns policies and adding product reviews or security certificates are great ways to make a positive impression on customers without incurring a capital expense."

Another area where retailers can improve their holiday sales prospects is to reexamine their expected delivery times. Weather problems during last year's holiday season prevented many packages that were expected to arrive in time for Christmas from reaching their destination in time. Reviewing orders that were delivered late and the circumstances that led to the delays can help retailers set more realistic delivery cutoff dates.

"Retailers also need to be more flexible in adjusting their delivery cutoff dates throughout the holiday season," Eilers says. "If delays are anticipated for any reason, delivery times need to be adjusted immediately on the web site to properly set shoppers' expectations and customers whose orders may be affected need to be contacted."

Because holiday preparation is a year-round activity, planning for the 2015 holiday season should begin after the 2014 holiday season ends in January. "A big part of successful holiday planning is to continually take stock of what worked during the most recent holiday season and what didn't, and then start to make adjustments for next season right away," Eilers says. □



LESLIE PETRY
Senior director, solutions marketing, for Neustar Inc., a provider of real-time information and analysis, web site performance monitoring and testing

By preparing now, retailers can fulfill their holiday delivery promises

AFTER DELIVERY AND FULFILLMENT SNAFUS late in the 2103 holiday season left many consumers upset that their gifts failed to arrive in time for the big day, e-retailers know they have to do a better job filling and delivering orders this holiday season. Fulfillment can make or break a retailer's reputation. And, even though merchants have no control over weather that can cause shipping delays, consumers will ultimately hold them responsible if their orders arrive late.

To prepare their fulfillment operations for the upcoming holiday season, retailers should evaluate the speed and accuracy of their order-handling systems to identify areas that they can improve.

"The first step is to identify processes that are cumbersome and can slow order fulfillment, then streamline them," says Meg Murphy, chief marketing officer for e-commerce technology vendor Bigcommerce. "Next, retailers want to look at ways to improve the post-sales experience for the customer, such as setting appropriate expectations for shipping and delivery time lines, back orders or anything else shoppers may be worried about when giving gifts on a deadline."

Keep packages moving

One way an e-retailer can better manage its customers' delivery expectations is to notify its delivery carrier about its expected holiday order volume to ensure the carrier is prepared. A retailer should also inquire about its carrier's contingency plans to keep packages moving toward their final destinations in the event of unexpected weather delays.

A retailer can also minimize its risk by establishing business relationships with more than one carrier, providing options in case the primary carrier starts falling behind. "If one carrier does not have the capacity to handle a retailer's volume, the retailer can turn to another carrier to keep deliveries on track," says Perry Belcastro, vice president of fulfillment services for Saddle Creek Logistics Services, a provider of warehousing, transportation, packaging and fulfillment services. "Saddle Creek has relationships with multiple carriers, so we can spread order volume across our network as needed."

Retailers that rely on suppliers to drop-ship orders directly to consumers also will want to give manufacturers advance warning of their projected holiday order

volumes. "Suppliers need to be prepped as soon as possible on expected order volumes so they can produce enough products to meet retailers' demand throughout the holiday season," Murphy says.

Saving time

With the start of the holiday shopping season just a few months away, any changes retailers may be thinking of making to their back-end operations should focus on getting more orders out the door in a cost-effective way. "At this stage of the year, retailers want to be looking at past order volumes and how efficiently and quickly they handled those volumes so they can identify new ways to push more order volume," Belcastro says. "This is a good time to do some advance work to streamline order processing down the road. Saddle Creek is currently assembling seasonal gift packs for some of our customers, so we won't tie up our labor force with that work during the holiday rush."



MEG MURPHY
Chief marketing officer
for Bigcommerce, an
e-commerce technology vendor

Adding automated warehouse systems that bring products to the workers packing orders—known as "goods-to-person" systems—can

cut the time order pickers spend traveling the warehouse gathering items, allowing retailers to fill more orders faster. While goods-to-person order systems are nothing new, advances in the technology have made them more compact, faster and affordable, and increasingly appealing to high-volume e-retailers.

"The pick rates for goods-to-person systems are two to three times faster than for a manual pick," says Bill Bastian II, CEO of Bastian Solutions, a provider of material handling solutions and a systems integrator specializing in distribution. "Faster pick rates mean retailers can set cutoff times for orders closer to scheduled carrier pickups, which expands the window for same-day shipping."

Goods-to-person picking systems are robotic units programmed to travel a series of modular storage

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shelves and collect the items needed to fill the order. As orders flow into the picking system, robots are launched to gather the correct bin containing the items in the order. When a robot arrives at the shelf where the proper bin is stored, a robotic picker grabs the bin, loads it onto the robot and takes it to the packing station. As each bin arrives at the packing station, it is tilted to allow easier access to the items in it. Packers are instructed by an order terminal on the number of items to remove from the bin and place in the shipping container. After all the items are removed from the bin, the bin is returned to the system to repeat its journey again.

One of the newest technologies that Bastian Solutions has integrated for its e-commerce customers is Perfect Pick. This goods-to-person system can pick 1,000 items per hour and fill most orders within 15 minutes after the order is entered into the system. It can also be used to move stock from the receiving station to warehouse shelves.



BILL BASTIAN II
CEO of Bastian Solutions, a provider of material handling solutions and a systems integrator specializing in distribution

Get organized

Retailers that feel they don't have the time to install and test automated picking systems in time for the holidays can still make their warehouses more efficient by better organizing their inventory. Pick times can be reduced by stocking inventory based on expected order velocity, for example, moving to the front of the warehouse best-sellers and items that will be heavily promoted.

"If items are frequently bought together, retailers can speed up the picking process by placing those items close to one another," Murphy says. "Picking technologies are only as good as their implementation, so be sure to make changes in August, test in September and refine in October."

Just as retailers can accelerate the flow of products within the warehouse, they can also take steps to speed the movement of inventory off the receiving docks and into the warehouse. Integrating scanning technology that logs incoming shipments into the warehouse management system enables retailers to accurately track available inventory as it arrives.

As workers open incoming shipments, they can scan the bar code or radio-frequency identification (RFID)

tag on each item in the box. The scanning system then matches the data collected to the purchase order placed with the supplier to confirm that the retailer is receiving the right product and the quantity ordered. As each item is logged in, the warehouse management system updates available inventory and relays that information to each sales channel, so shoppers, contact center agents and store employees can see if an item is in stock.

"When systems are integrated, retailers are able to see inventory across the enterprise in real time, monitor order movement and access products from other channels as needed," says Saddle Creek's Belcastro.

While it is common for large and mid-sized manufacturers to place tracking codes on their shipments to retailers, smaller manufacturers don't always have the resources to offer that service. Providing these suppliers with software that allows them to print tracking labels that identify the contents of the package can help retailers overcome this problem, according to Bastian of Bastian Solutions. "The more retailers can help small suppliers in this area, the more efficiencies they stand to gain," he says.

Establish expectations

With more consumers expecting same-day shipping, retailers need to be careful not to let the speed of automated picking systems lull them into a false sense of security when it comes to setting shipping cutoff times.

"It's best to be flexible so shipping cutoff times can be adjusted throughout the day based on order volume," Bastian says. "If an order comes in 20 minutes before pickup and it looks like it will be tight getting it to the shipping dock, even though it can be picked and packed in 15 minutes, let customers know the order will not ship until the next day. Don't overpromise when it comes to shipping."

One way to shorten shipping times and costs is to fill orders out of regional warehouses that can be located close to large numbers of consumers, Bastian adds.

In addition, to make sure enough inventory is on hand to fill holiday season orders, retailers should finalize sales forecasts now. Reviewing historical order data over a several-year period can tell retailers which products have sold well in the past and when orders for those items are likely to come in. In addition, retailers want to take note of the items they intend to promote and the sales volumes similar promotions generated previously. Once they have analyzed that data, retailers can forecast their inventory needs and place orders with their suppliers.

Proper sales forecasting can help retailers avoid placing orders late in the season to replenish stock that

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has unexpectedly run low during the holidays. Last-minute orders can be a risky proposition, as there is no guarantee a manufacturer will have the stock on hand to fill the order or have the available materials to produce the needed product. “Retailers want to build up inventory early so they have stock on hand. Anytime they have to rely on new inventory shipments at the eleventh hour, results can be spotty,” says Bigcommerce’s Murphy.

No matter how diligently retailers prepare their inventory forecasts, they need to keep in mind that unexpected demand for a product can materialize out of nowhere. “An influential consumer can post a link to a retailer’s product page that can result in a huge order spike overnight,” Murphy says.

Retailers should continually analyze their sales to spot unexpected trends and make revisions to keep inventory at optimal levels. “If a retailer has to place a rush order with a supplier, it has to be very clear in communicating with customers to reset delivery expectations,” she says. “It may even mean telling customers the item is on back order or out of stock for the season if they can’t get it.”

Fulfillment options

One option for omnichannel retailers facing unexpected inventory shortages in the warehouse is to check their stores for the item. Connecting their warehouse management systems with their stores provides visibility across inventory in all sales channels. “If an online order can’t be filled out of the warehouse, but is in stock at a store, it can be shipped from there,” says Saddle Creek’s Belcastro. “Omnichannel retailers can also direct online shoppers to pick up their purchase at a retail store.”

Inventory isn’t the only commodity retailers want to make sure they have plenty of during the holidays. Proper staffing levels are critical as increased order volumes will require more pickers and packers. Turning to temporary employment agencies or recruiting students from nearby colleges are two options for retailers needing additional manpower in the warehouse. Working with a fulfillment outsourcing partner is another.

“Saddle Creek has established strong relationships with staffing agencies and works with them year-round, so we’re able to secure extra help when labor needs peak during the holidays,” Belcastro says.

In addition, Saddle Creek operates a nationwide network of facilities that provide fulfillment, warehousing, transportation and packaging services to retailers. Saddle Creek’s fulfillment services include distribution and contact center configuration, order management,

returns processing, and systems integration. The company also has a robust staff of more than 60 information technology professionals to monitor client systems 24 hours a day and provide technical support.

“We continually invest in the latest technologies and automation systems to bring operating efficiency to the warehouse, freeing retailers to focus on selling,” says Belcastro.

Mobile matters

As the number of online shoppers browsing retailers’ web sites using mobile devices increases, retailers need to make their online stores as mobile-friendly as possible. One solution is to shorten product descriptions and add



PERRY BELCASTRO
Vice president of fulfillment services for Saddle Creek Logistics Services, a provider of warehousing, transportation, packaging and fulfillment services

high-resolution images that scale to the mobile device’s screen size. “A lot of impulse buys made with a smartphone are driven by imagery rather than text,” Murphy says. “Great product photography can increase conversions among mobile shoppers.”

Murphy also recommends retailers install security certificates on their mobile sites to reassure shoppers their account data will be safe if

they make a purchase. “Trust marks can positively impact that last-minute mobile shopping experience,” she says.

No matter what changes e-retailers make on the back-end of their business, the final step is to make sure any new implementations or processes are thoroughly tested before the start of the holiday season in October. “The earlier retailers can get the bugs out, the better,” Bastian says.

Once changes have been tested, Bastian recommends retailers continuously monitor their operational systems. As warehouses become more technologically sophisticated, real-time monitoring provides a big advantage in spotting and correcting problems quickly. For instance, knowing immediately that a robotic picking arm has malfunctioned can prevent significant downtime at that workstation and a subsequent slowdown in filling orders downstream.

“Consumers want their orders filled faster, and that makes fulfillment a competitive weapon,” says Bastian. “The more e-retailers can automate their warehouse and fill orders regionally, the better they will be at filling orders with the speed consumers expect during the holidays.” ■