



Driving traffic from the web to stores

As more shoppers spend more time online—on web-enabled phones and other mobile devices as well as on Internet-connected laptops and desktops—new technologies are opening ways for merchants to grab their attention and lure them into shops.

By Paul Demery
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The web isn't just out for itself anymore. It's also becoming a key partner to its old rival, the physical store.

As more shoppers spend more time online—on web-enabled cell phones and other mobile devices as well as on Internet-connected laptops and desktops—new technology offerings are opening ways for merchants to grab their attention and lure them into retail shops. And as many retailers and studies have found, consumers spend more when they shop across multiple channels—up to 50% more, according to JupiterResearch.

From an Adidas footwear shop in Las Vegas to the local Ace Hardware store in communities across the U.S., shoppers are arriving for products and promotions that they learn about online. Their trip may begin through casual browsing on retail web sites like AceHardware.com, which recognizes a visitor's location and greets the shopper with home page links to offerings in local stores, or, as with Adidas, through complicated marketing campaigns that coordinate outdoor advertising, cell phone text messaging and mobile commerce sites directing shoppers to nearby store promotions.

Bringing stores to life

"Our goal is to bring the local store to life," says Dana Kevish, online marketing manager for Ace Hardware Corp., a retail cooperative of nearly 5,000 stores. "We're making sure customers can find store-specific information whenever they want."

The power of the web in directing traffic is materializing in an increasing number of ways and touching the store operations of all types of retailers—from large chains to single boutiques. In addition to Ace, retailers including Borders Group Inc., Wal-Mart Stores Inc. and high-end consumer electronics merchant Bang & Olufsen have launched online strategies in recent months that tie web site shoppers closer to physical stores.

And merchants of all types and sizes are tying in-store inventory to web-based services like NearbyNow and GPSopper that let consumers search for products over their cell phones and receive listings of local stores offering those products.

"We're seeing a lot more integrated multi-channel communications campaigns, and over time they're bound to get better," says Jim Okamura, senior partner at retail consultants J.C. Williams Group.

But he cautions that while new online promotions to get customers into stores can cause spikes in store traffic and sales, long-term success in using the web to support stores will require consistency in web-to-store services and marketing. "There are all sorts of ways retailers are using the web to drive in-store traffic, but it has to be more than a one-off promotion to drive a steady stream of traffic," he says.

Retailers should continue building on web-to-store campaigns and complementary support services, a process that will make both shoppers and store personnel more aware of the value of using both channels, he adds.

AceHardware.com is designed with geolocation technology to recognize an IP address and greet a visitor with a home page message about the nearest Ace stores. "There are 114 stores in your area," a prominently placed home page section called "My Local Ace" tells a Chicago visitor.

A click takes the visitor to a Google Maps layout of the locations of those 114 stores; another click on a store icon switches to a page for that particular store, and here the visitor can get information on the store's product lines and brands, special promotions, store-sponsored community events, and other details like hours of operation.

My stores

Borders and Wal-Mart are also offering new web-to-store services. A "My Stores" feature on BordersStores.com allows shoppers to check available inventory as well as current promotions and events at individual stores.

Walmart.com's "In Store Now" feature provides information on promotions and events across the entire chain. Its "Site to Store" feature, which provides free shipping to a shopper's Wal-Mart store of choice, is generating new multi-channel shoppers and incremental store sales. First-time Walmart.com shoppers place more than 50% of Site to Store orders, and the service has led to a 20% increase in the number of shoppers who spend an incremental \$60 per order on in-store purchases, Wal-Mart says.

At AceHardware.com, which expects to do about \$10 million in sales this year, 70% of orders now are fulfilled through the My Local Ace store pickup service, which offers free shipping of online orders to a shopper's store of choice and helps drive incremental store sales from online shoppers, Kevish says.

Tied to the store

"When an online customer chooses to ship an order to a store, we tie them to that store," Kevish says. The online ship-to-store customer submits an e-mail address for order confirmation and receives marketing and informational e-mails from the store fulfilling the order.

The My Local Ace feature also lets a visitor choose a favorite Ace store to appear in the top right corner of the home page in a box featuring a store photo and street address and a link to a page that features the weekly advertising circular and sections on that store's products and services, including any dated educational or community events involving the store.

Store managers log onto an internal Ace network to upload and administer their store's online content, which is reviewed by the company's corporate e-commerce staff and made live within a day or two, Kevish says. Ace operates the site in conjunction with GSI Commerce Inc., which developed AceHardware.com and provides web hosting.

Room to improve

Ace plans to continue seeking ways to improve the system, Kevish says. It recently deployed customer analysis software from ForeSee Results Inc. to get feedback on how online visitors are using the My Local Ace service as well as other online features, she adds.

Meantime, Ace is planning to build tighter integration in its loyalty program to let shoppers view loyalty points on AceHardware.com earned for store as well as online purchases, and it's looking into providing online views into the availability of specific inventory in stores.

Bang & Olufsen recently expanded its web presence with a new online store on Amazon.com, where it hopes to expose its product line of mostly high-end consumer electronics products to a broader audience, says Kim Gravesen, president of Bang & Olufsen America Inc.

Products offered on the Amazon site are less costly and easier to install than many of the products on Bang & Olufsen's site or in its 54 stores. But by complementing the Amazon shopping experience with personalized communications from stores, the retailer expects to transform some of its new online shoppers into customers of its broader product line offered in stores, such as home theater systems, Gravesen says.

"We're getting good traffic on Amazon and getting exposed to new customers who may not have been familiar with us, and it's already beginning to increase the customer base of our stores," he says.

Bang & Olufsen credits an online shopper's nearest store by ZIP code for online purchases and has set a policy under which managers of those stores send the customer a personal welcome note letting them know about store products and services. "We recommend hand-written envelopes," Gravesen says. "We ship from a central warehouse, so the store doesn't have to do anything, just care for the customer after the sale."

M-commerce for all

Merchants also are opening up new strategies through mobile commerce.

At the Las Vegas Adidas shop, a campaign coinciding with the National Basketball Association's All-Star Game earlier this year lured enough visitors to sell out all 200 pairs of running shoes in a special All-Star promotion within an hour of when shoppers first received a cell phone alert, says Gene Keenan, vice president of mobile services for Isobar International, which oversaw the campaign.

The campaign, based on mobile marketing technology from Neighborhood America, directed shoppers to an Adidas mobile web site with information about the store promotion. A surge of customers continued past the brief promotion. "Store sales went up 25 times over a normal weekend," he says.

While the Adidas campaign focused on a specific promotion, other online services assist large numbers of retailers through new forms of search marketing. Organizations like ShopLocal LLC and StepUp Commerce Inc. let consumers search the Internet for products in local stores, and now mobile search is letting shoppers search store offerings through web-connected cell phones.

Since last summer, NearbyNow has signed up most if not all stores at more than 80 shopping malls across the U.S. for its web site and mobile search programs, which let shoppers search mall store inventory on mall web sites powered by NearbyNow as well as through cell phone-text

messaging, says CEO Scott Dunlap. "We can have tens of thousands of shoppers per mall browsing through hundreds of thousands of products in local store inventory," he says.

NearbyNow alerts mall shoppers to the online search options on mall signage that announce "Find every sale, find every product," and it provides mall kiosks for browsing on a mall's NearbyNow web site. Signs also instruct shoppers how to send a cell phone text message to NearbyNow to receive lists of stores offering those products. NearbyNow lets retailers view real-time data and analytical reports on the number of shoppers searching a particular mall's products, and it enables merchants to use that information to send instant in-store promotions to cell-phone carrying mall shoppers.

NearbyNow receives daily or twice-weekly inventory data from each participating retailer, depending on how often a merchant updates its inventory. Retailers have several options to send their data—over the web via automated XML feeds or FTP files, or fax transmissions—to NearbyNow, which keeps the information in a web-based database that supports both the web site and mobile product searches. NearbyNow earns revenue by selling ads from retailers posted to mall web sites and sponsored listings in mobile searches and charging fees to access analytical data.

I need bluejeans, now

GPSshopper also offers mobile search of products in local stores, but it's not limited to malls. Using its Slifter mobile shopping software, which it makes available for a free download to a cell phone, shoppers can search a web-based database among 65 million products in some 20,000 retail stores. Shoppers key a ZIP code into the Slifter program, search for a particular type of product, like bluejeans, and receive listings of the closest participating stores offering bluejeans.

Merchants eyeing mobile commerce as a tool for bringing shoppers into stores should figure out ways to build customer databases of cell phone numbers, such as with in-store promotions and suggestions from store personnel, says Patti Freeman Evans, a retail analyst for research and advisory firm JupiterResearch.

Indeed, that same kind of strategy—only in maintaining databases of customer e-mail addresses—has become crucial to successful strategies of tying web sites to physical stores, she adds. And by maintaining multiple means of connecting with shoppers, and coordinating web site and mobile promotions along with store activity, retailers stand to build the most rewarding relationships with customers, experts say.

"It all has to come together," Okamura says. "That's when you'll have something that really works."