social commerce

the essential guide to combining eCommerce + social networking

guidance

the state of play:
what's possible, and what's actually happening on eCommerce sites today

Imagine a fictional online apparel store targeting teenage girls, called TeenFashion.com. Prom season is approaching, and the retailer naturally wants to attract the attention of young girls looking for that perfect dress. Experts in merchandising line up a special photo shoot, showcasing the dresses in all their glory. The site designer creates a visually interesting layout for special prom pages, giving girls a way to view the store's entire inventory of dresses, shoes and accessories. The company employs a multi-faceted promotional campaign, offering free earrings with the purchase of a dress. All good.

Now imagine a competitor with a slightly different approach. This time we'll use a real case study of Sears.com, as reported in eM+C[1]. Its Prom Premier 2008 campaign involved the launch of a Prom Premiere website that allowed girls to share photos of dresses with family and friends via email and Facebook.

The site offered an interactive "red carpet" experience, greeting visitors with music and virtual photographers. Visitors could click through the online gallery of dresses, then share the styles online with their Facebook friends or via email. The site also offered one-click links to shoes, purses and other accessories from Sears.com to complete the prom-night ensemble.

While our fictional company relied on a traditional top-down, retailer-to-consumer approach, Sears.com encouraged and enabled interaction among its customers. Sears identified a time-honored social custom for girls shopping for prom dresses – bringing friends along for their opinions – and introduced that social element into the online shopping experience, both on its own website and within the popular social networking site Facebook.

Definitions: Web 2.0 and Social Commerce

The Sears example highlights a hallmark of Web 2.0: engagement. The primary distinction between life before Web 2.0 and today is the transition of the Internet as a source of information (top-down, retailer-to-consumer) to a thriving community (peer-to-peer). While Web 1.0 was about publishing, Web 2.0 is about participation.

Wikipedia (itself a function of Web 2.0 collaboration), defines Web 2.0[2] as having the characteristics of a rich user experience, user participation, dynamic content, openness, freedom and collective intelligence.

Developers and technologists have combined rich user functionality with social, collaborative functions to enhance the online shopping experience with what we now know as social commerce[3]. Sticking with Wikipedia, social commerce is defined as "a subset of electronic commerce in which the active participation of customers and their personal relationships are at the forefront."

Social commerce is a term that is used a few different ways:

- To describe commerce conducted on social networking sites, like Facebook, MySpace and others, via applications that allow people to make purchases from retailers without leaving the social site itself; and
- Social capabilities integrated into eCommerce sites, like many of the communication-enabling features available on sites like Amazon.com, CNET.com and others. These include product reviews, forums through which people can talk to each other, and many others.

For this white paper, we confine our discussion to the latter: introducing social elements to an online retailer's own website – bringing the social to the commerce.

We'll address:

- What's possible: what Web 2.0 and social commerce allow retailers to do on their sites
- What's happening: what retailers are actually doing today
- What consumers are saying they want and expect from eCommerce sites
- How online retailers can and should respond

social commerce
(Guidance definition)

A mashup of eCommerce with social networking, integrating best practices in catalog, merchandising and shopping cart processes with consumer-to-consumer engagement, content-sharing and social activity.

what's possible?
what do web 2.0 and social commerce let me do on my own website?

From big brands to niche online-only sites, everyone we speak with is asking the same questions: What does this mean, and how do we use this new technology to increase sales and customer loyalty? And, perhaps most importantly, how do we do all this without harming the brand and existing customer relationships?

Web 2.0 and social commerce technologies and capabilities can enhance online retail in two main areas:

1. They allow retailers to provide a **richer customer experience** and **improved product presentation**.

2. They allow retailers to build **community** and increase customer **engagement** with the brand, the products and with each other.

Here's a quick look at some of the features and functions available to retailers today:

rich experience/product presentation	build community/engagement
Product zoom	Blogs: with quality content, thought leaders can influence opinion and behavior
Alternate views of product	Product reviews
Microsites: specialty sites within a site	User ratings, rankings and comments
Videos: merchandising, advertising and demonstration	Purchase trends: show what others have done after viewing an item
Personalized stores	Integration with social networking sites
Quick-looks and rollovers	RSS feeds
360-degree view of product	Live chat
Actual size comparison	Forums, discussion boards, chat groups
YMALs ("you might also like" product recommendations)	Instant message
Product configurator ("Build Your Own")	Tagging: the ability to sort and search for items using tags
Lifestyle merchandising zones	Wish lists: ability to share lists with others
Previews/search inside/virtual tours	Collaborative purchase
Color swatching/colorizing	Sharing a promotion, forward to a friend

Figure 1.1

what's happening?
what are retailers actually doing today?

To put Figure 1.1 into context, here are some snapshots of some of those features and functions in action:

American Eagle Outfitters (www.AE.com) – According to a June 2008 *Internet Retailer* [article][4]. American Eagle Outfitters redesigned its flagship eCommerce site in 2007 and added features such as advanced product recommendation tools, better zoom and swatch functions and a product locator that uses ZIP codes to help shoppers find a particular item – in the color and size they want – that's in stock at a convenient American Eagle Outfitters store. On AE.com, visitors can shop online, as well as register to vote, download new music each Monday, post videos about their favorite types of jeans and view other original content.

The results? According to the article, engaging interactive content and a consistent online shopper experience has helped American Eagle Outfitters build a loyal following. Today, slightly more than one-half of all website traffic at AE.com – 54 percent – is generated by repeat shoppers, according to Internet measurement firm Hitwise Inc. Visitors also stay longer at AE.com than at most other youth and teen-oriented online retailing sites, according to Hitwise.

Cooking.com (www.cooking.com) naturally lends itself to Web 2.0 with a loyal and engaged customer base. In addition to a selection of more than 90,000 kitchen and cooking items, this ecommerce site also offers a section dedicated to recipes – a natural fit. But beyond simply offering products or publishing recipes from company to consumer, Cooking.com goes further, to enable discussion and sharing among site visitors.

In addition to recipes, some of the features the site offers include: instructional videos; front-and-center

customer reviews and ratings so that people can get the opinions of others before selecting a product or recipe; member recipe submission; and a discussion forum, where people can share ideas and ask questions. These features all work together to create a community where customers will want to spend time and, ultimately, more money. It's also a chance to turn casual customers into loyal advocates – the person who logs on simply to buy a bakeware set might, in turn, find herself drawn into a lively discussion about the best way to make frosting.

A.C. Moore (www.ACMoore.com) knows that everybody's got a hobby, and hobbies breed passion and participation – two key ingredients to a successful online venture. In October 2007, the brick-and-mortar retailer launched ACMoore.com, offering its vast selection of arts, crafts and floral merchandise online.

Knowing that hobbyists love to share their experiences, questions and findings with other equally enthusiastic users, the company gradually rolled out a social commerce strategy for its online store. It began with user ratings and reviews, then added a forum where customers and arts-and-crafts enthusiasts can exchange ideas, discuss scrapbooking projects, share knit and crochet tips, and ask general crafting questions. They even get the opportunity to talk to A.C. Moore's management.

By 11 a.m. on the day the forum launched, it had more than 2,000 registered users posting new topics, clicking on existing ones – but, more importantly, visiting the website and shopping.

are you behind?

American Eagle Outfitters, Cooking.com and A.C. Moore offer great examples of how to make a retail site more engaging. But lest you think your company is too far behind already, let's look at the big picture: what are most retailers doing today? You'll find that most are in the same position: trying to figure it all out.

In January 2008, Scene7 released the results of a survey[5] asking online businesses what they planned to do to enhance their sites' user experience – coming up with lists of "Top Deployed" and "Top Planned" Web 2.0 features.

According to Scene7, the results were compiled based on responses from 347 companies representing a broad cross-section of product categories and selling channels.

top deployed	top planned
Zoom: 32%	Alternate views: 37%
Alternate views: 29%	User ratings, rankings & comments: 36%
Microsites: 25%	Videos: 35%
Videos: 23%	Blogs: 34%
Interactive catalogs & circulars: 22%	360-degree spin: 34%
Personalized stores: 21%	Product tours & integrated views: 33%
Blogs: 21%	Interactive catalogs & circulars: 33%
Color swatching/colorizing: 20%	Personalized messaging throughout site: 33%
Quick-looks & rollovers: 19%	Quick-looks & rollovers: 33%
RSS feeds: 18%	Personalized stores: 31%
Product tours & integrated views: 18%	

Source: Scene7 'OnDemand Survey: Web 2.0 Experience 2008 and Beyond'   *Figure 1.2*

The good news is: there are a lot of exciting technologies and features today to make an online shopping experience captivating. Engaging shoppers with an interactive site will increase the average time they spent on it, which in turn will make them buy more, come back often and value greater engagement with the retailer.

The better news is: most retailers are not as far behind everyone else as they tend to think they are. Sure, there are some companies, like the ones we've already mentioned, that are blazing trails in social commerce. But the Scene7 study (and our own experience working and talking with retailers) reveals that most companies still are not implementing even some of the basics.

Are Bad Product Reviews Bad for Business?
The Numbers Say No.

The fact is, most word of mouth is positive. Bazaarvoice, which offers technology that powers customer ratings and reviews, says that across all of its U.S. clients, 80 percent of product ratings are 4 or 5 stars out of 5 possible[6]. But even the remaining 20 percent that give three stars or less can make your online store more credible, and at times may even help you sell ancillary products to overcome a product limitation (for example, a negative review about an appliance's short electric cord may prompt buyers to buy an extension cord, along with the appliance).

If you're still not sure about allowing a free-flowing discussion that includes customer reviews – positive or negative – here are a few more incentives:

Conversion rates are higher on products with less-than-perfect reviews than those without reviews at all, indicating that the customer feels that the product has been properly reviewed by other customers[7].

People trust people like themselves. According to a study by Marketing Sherpa[8], 84 percent of respondents said they would trust user reviews over a review by a critic. Reviews by industry analysts and company advertisements can sometimes be seen as biased and somewhat impractical, as they typically tell you what the product can do under a controlled scenario, not under everyday circumstances.

You'll process fewer product returns. User reviews and ratings help consumers make better-informed decisions when shopping for products online. Consumers will be less likely to experience post-purchase disappointment or buyer's remorse, reducing the risk of returns. A recent survey conducted by pet supply store Petco (www.petco.com) revealed that products reviewed by customers on its site averaged a 17 percent lower return rate than for products without reviews[9].

According to the Scene7 study, only one-third have incorporated the zoom function to help people better view their products for sale. Not even one-quarter of companies are using video. And just one in five have blogs.

There are understandable reasons for holding back, mostly based on fears and uncertainties: fear of not recouping expenses, fear that consumers expect perfection from the beginning – that, with any experiment with social commerce, there's no forgiveness for failure. Finally, perhaps the biggest fear of all: losing control by giving customers the freedom to say what they want (to post a bad product review or complain in a public forum about a poor customer service experience, for example).

A high-profile example reveals that some element of caution isn't entirely unreasonable. Social network behemoth Facebook launched Beacon in 2007, which was designed to broadcast a Facebook member's online purchases at partner websites to that member's entire network of Facebook friends – without the explicit permission of the Facebook user. The program's intention was clear – harness the power of word of mouth for partner advertisers by telling someone's entire social network, "John just bought the fifth season of '24' at Blockbuster.com." The public outcry against the violation of privacy was loud and swift, and Facebook backed away from some of Beacon's more controversial practices (like putting the onus on members to opt-out).

Even a company as steeped in the online social culture as Facebook can make mistakes. But the encouraging part of this story for online retailers is this: a little common sense would have saved face for Facebook here. The company could have figured out beforehand that users would not want their online purchases made public unless they explicitly gave permission to do so. In their zeal, Facebook executives forgot one of the tenets of good customer relations: know your customers and give them what they want.

In the next section we explore what consumers expect from online retail. The edict is clear: they expect eCommerce sites to be consistent with the increasingly social online experience they get almost everywhere else.

Figure 1.3

section two

what consumers expect from
eCommerce sites

The eternal question springs up: What do customers want? The challenge in the world of online retail is that the world itself changes so fast. So many new technologies, so many new consumer trends, it's no wonder retailers can feel overwhelmed.

The first thing to remember is this: you have access to the most insightful source of information you need: your customers. When in doubt, ask them what they want. Then give it to them. They'll come back. Second, there's a wealth of data available online today, measuring what consumers are doing online and asking them what they want from retailers. eMarketing.com, The Center for Media Research and InternetRetailer.com are all good sources.

To understand the expectations of your customers, it helps to know who your target customer is, examine any available data telling you about those customers in particular, and analyze the connection between what they're saying they want from you and what they're doing online overall.

A comparison that comes to mind is the Visa Check Card television commercials showing people in a retail outlet moving along at a nice clip, sliding their check cards, lively music in the background, smiles all around, then suddenly STOP. All action halts, the music stops, all smiles disappear. Why? Because someone brought out a checkbook.

You don't want your retail site to be the online equivalent of the checkbook. If your customers spend all of their online time in constant contact with their peers, sharing opinions about the latest movie they saw, viewing videos at will, passing along the ones they like, then they get to your site and STOP. Suddenly all they can do is search for a product, wait for pages to load, search for another product and wait for those pages to load. When they want someone else's opinion they have to leave your page to go somewhere else. And when they're ready to check out they have to register, pick a password, load another page to choose shipping options, load another page to enter credit card information, etc. Don't be the site that brings their online social experience to halting stop.

The bottom line is: know your audience and know what they expect.

Social Media Plays a Key Role among Online Shoppers

In just two years, social media has become significantly influential in online behavior – from what to do, to where to go, but more importantly, what and where to shop.

That's the main finding of a new nationwide survey from Guidance in association with Chicago market researcher Synovate[10]. Guidance asked 1,000 online consumers, "What is the best way to find out about bargains or discounts online?"

According to the study, conducted in October 2008, just under 30 percent of total respondents use social shopping techniques like forwarding links to friends, reading another shopper's comments and checking out their friends' profiles on social sites to learn about special offers on the Web. Online shopping is becoming increasingly social, especially when compared to two years ago, when social media wasn't even considered a source of traffic for merchants.

Best Ways to Find about Bargains or Discounts Online

- 10%
- 16%
- 45%
- 29%

- Email Marketing
- **Social Media**
- Merchandising
- Other

**Source: Guidance/Synovate, October 2008*

Fig. 2.1

what do consumers expect
from online retailers?

The way consumers use the Internet has changed dramatically over the past few years, and they expect their online shopping experience to mirror their other online experiences. As people of all ages and across all demographics increasingly embrace social networking and Web 2.0 technologies, they expect to find those same features and capabilities no matter where they go online – including your retail site.

Here's a glimpse into what some studies have revealed about what consumers want from online retail.

Web Site Content and Functionality Desired by U.S. Internet Users

User ratings/reviews
64%

Special offers/coupons
61%

Product or price comparison tools
59%

Customer testimonials
49%

Product videos
44%

Ability to subscribe to email or RSS alerts
39%

Discussion boards or forums
39%

Ability to personalize the site or create a personal profile
37%

Entertaining games
29%

Quizzes or questionnaires
29%

Ability to upload or view your own content
23%

Source: Forrester Research, "North American Technographics Customer Experience, Marketing, and Consumer Technology Survey, Q3 2007"

Figure 2.2

They want to read reviews from other customers: This topped the list of consumer wants, according to a Forrester Research study[11] of 5,000 online shoppers conducted in 2008. Nearly two-thirds of consumers – 64 percent – reported wanting to see user ratings and reviews.

They want content from their peers. According to the Edelman Trust Barometer[12], released in January 2008, people have the highest levels of trust for their peers. More than half – 58 percent – said they trust "a person like me," while only 20 percent of respondents said they trust corporate or product advertising.

They want rich media, like the ability to zoom in on products and see inside: Consulting firm Usability Sciences Corp. conducted a study[13] to determine the usability of rich media features on eCommerce websites, analyzing them for ease of use, quality of images and helpfulness in making a buying decision. A full 76 percent of online shoppers said product zoom was helpful, 59 percent said rotate and product demos were helpful, 54 percent liked color changes and 38 percent said video was helpful.

They want access to all the information they need to make their purchase decision, and they want it to be clear: Online shoppers say they encounter frustrations along the way. A February 2008 Pew/Internet study[14] reveals that 43 percent of Internet users have been frustrated by the lack of information they encounter while using the Internet to find out about or buy goods or services, and 32 percent have been confused by information they have found online during their shopping or research. Furthermore, the same Pew study found that "79 percent of Internet users are confident that they will make the right purchasing decision as they gather information online in advance of buying something. Most (63 percent) report a sense of relief in the course of online information-gathering, as that key online nugget may clarify a specific need. Just more than half (53 percent) are eager to share what they have found online pertaining to shopping."

To further understand what drives loyalty to eCommerce sites, Guidance partnered with Chicago market researcher Synovate to ask 1,000 online consumers, "When thinking about shopping online, what is most likely to make you return to a given shopping website?"

According to the study[15], conducted in March 2008, 35 percent of total respondents said they're most likely to return to a shopping website if it makes recommendations on products or services for sale. Another 26 percent want "a unique experience each time" they shop. Eighteen percent said they're more likely to return "if the site solicits their feedback" on its products and services. Sixteen percent said "a welcome when they arrive" at the site is the factor most likely to make them return.

where do these expectations
come from?

With the advent of user-generated content, consumers have embraced the notion that they are now in control of their entire online experience. Their Facebook pages allow them to get up-to-the-minute updates on what their friends are doing. Amazon lets them post their own product reviews, read reviews from others, peek inside books they might want to buy and much more. CNET offers expert opinion alongside the opinions of real customers, and gives people a forum through which they can pose and answer each other's questions, get tips on how to use products and compare notes on how a certain brand handles customer service.

A retailer that doesn't meet those expectations of consumer control risks losing them to the competition. Consider what people do online every day, and remember that your site, to them, is an extension of this new social online world in which they live.

Peer-to-peer communication. Consumers of all ages use email, instant messaging, live chat, blogs, social networking sites, user-generated product reviews and much more to keep in touch. They're used to constant contact.

Select Online Activities of US Internet Users, by Age (% of respondents in each group)

	15-17	18-24	25-34	35-44	45-54	55-64	65+
Send or read email	94%	99%	98%	99%	98%	100%	100%
Participate in social networking websites (e.g. Facebook, MySpace or LinkedIn)	76%	75%	57%	38%	29%	13%	4%
Subscribe to RSS feeds	9%	8%	9%	11%	6%	8%	2%

Source: ExactTarget, '2008 Channel Preference Survey,' May 23, 2008

Figure 2.3

Two-way communication with companies/brands.
Through regular email newsletters, live-chat customer service, blogs with a comments section, the ability to comment/offer feedback via email and/or online forms, etc., consumers are used to having multiple channels through which they can contact a particular company or website.

Highly targeted, personalized outreach. Amazon popularized the recommendation engine feature, using past buying behavior to encourage future buying. Companies have also embraced email marketing campaigns that include sending content based on the customer's stated interests. Both demonstrate the level of personalization buyers have become accustomed to.

Content that is updated regularly. Web users are used to constant updates – whether it's through blogs, portals like Yahoo that update the news continuously, and/or RSS feeds that proactively and instantaneously notify people when new content appears on their favorite sites or topics.

A certain level of control over online content. This can apply to both the creation and organization of content. Wikipedia, the ultimate experiment in user-generated content, is fast becoming one of the most-used destinations on the Internet. At the same time, portals like the Yahoo home page can be customized to offer information tailored to fit each individual user's interests.

Rich media, robust product presentation and configuration. Many shopping sites already offer product zoom, 360-degree view, tools to configure the product to a buyer's specifications, and much more.

Maintaining online profiles/personas. People publish what amounts to diary entries in the form of blogs, or use social networking sites to proactively offer updates about their lives. These activities demonstrate a willingness to offer a certain degree of transparency about their tastes, opinions and personal lives.

how retailers
can and should respond

W e can draw a few conclusions based on the information laid out in the previous sections:

- People like to be in control of their online experience. Actually, let's refine this one even further: people *expect* to be in control.

- People are influenced by other people.

- The possibility of negative content (posted by an unhappy customer) is not as damaging to the brand and to sales as the perception that your company isn't enabling the kind of interaction people want.

But let's get specific. The reality is that products and services are different, and there's no one-size-fits-all answer to the question: What should I do? We've broken down the answer by type of website or product, and offered some specific suggestions about what those particular shopping experiences need to offer their customers. These recommendations are based on our experience in working with online retailers since the beginning of eCommerce – and on what the research tells us about what people want from their shopping experiences.

	Apparel, Shoes & Accessories	Automotive	Books	Electronics & Computers	Health & Beauty	Home & Garden	Music, Movies & Entertainment	Sporting & Outdoor Goods	Toys	Travel & Lodging
Product Zoom	●	●				●		●	●	●
Product Actual Size Comparison				●					●	
Video Description		●	●	●	●				●	●
User Feedback/Reviews	●	●	●	●	●	●	●	●	●	●
Similar Product Recommendations	●		●	●	●	●	●	●	●	
Purchase Trends			●	●	●	●	●	●	●	
Integration with Social Networking Sites	●		●				●		●	●
Product Configurator (Build Your Own)	●	●		●		●		●		●
Lifestyle Merchandising Zone	●	●			●	●		●		
Preview/Search Inside/Virtual Tour		●	●				●			●

Figure 3.1

you can't afford to ignore
social commerce

This isn't about being hip or trendy. Social commerce provides a real payoff.

When _Internet Retailer_[16] asked merchants what benefits they received from adding **personalized product recommendations** to the shopping experience, 21 percent of online retailers said they experienced higher total sales, 21 percent enjoyed improved conversion rates, 15 percent said bigger tickets and 11 percent said reduced returns and shopping cart abandonments.

After adding **customer reviews** to its site – and then **incorporating review language in its paid search ad campaigns** – Office Depot increased paid search revenue by 196.6 percent, increased new buyers by 183.3 percent, increased click-through rates by 78.5 percent and increased conversions by 23.8 percent[17].

PETCO.com added social navigation elements, including a **Top Rated Products** category and the **ability to filter search results by rating**. The Top Rated Products category had a 49 percent higher conversion rate site

categories. Within the Top Rated Products category, customers spend 63 percent more compared to all browsers who progressed beyond the homepage. "Sort by Rating" has driven 41 percent higher sales per unique visit and is now the No. 1 default sorting technique on PETCO.com[18].

After implementing **ratings and reviews** on its site, Zales saw a 38.7 percent incremental increase in conversion for products with reviews. Products with more than five reviews saw a 101 percent incremental increase in conversion[19].

PetsUnited LLC, a niche pet supplies retailer with 10 eCommerce sites, reports that the average sale tied to a **video** is 50 percent higher than if the shopper places the order after viewing just text and a product photo[20].

Online camera and consumer electronics retailer Ritz Interactive Inc., which has deployed about 200 product demonstration videos, says **video** was a big reason for a 36 percent uptick in year-over-year sales through June 2008[21].

In Their Own Voices: Retailers Talk Web 2.0

eM+C Magazine hosted a round table with three small-to-midsize online retailers, to examine how they use and view Web 2.0 tools. Editor-in-Chief Melissa Campanelli shared the discussion in an article titled, "From the Trenches: A Web 2.0 E-tailer Round Table," published in November 2008[22]. Some excerpts:

- "We are working on bringing more content to people without them having to move from page to page within our site… A customer may be on a stroller page on our site, looking at a specific stroller, and the parametric searches allow the rest of the products in the category to scroll by on the top of the page." _--Jack Kiefer, co-founder and CEO of Wilkes-Barre, Pa.-based BabyAge.com, an online seller of infant and juvenile gear_

- "We want consumers to be able to look at a product that they don't typically understand, see how it works and what it looks like. [As a result], we're looking at implementing videos and better quality product photos." _--Allan Dick, chief marketing officer and senior plumbing evangelist for Hazleton, Pa.-based Vintage Tub & Bath, a marketer of reproduction bathroom fixtures_

Figure 3.2

what you do
(or don't do) today affects
where you'll be tomorrow

The stakes are high for online retailers. It's not just about maintaining or improving market share, it's about staving off *depletion* of market share and decrease in performance. In other words, without social commerce, an online store may see a decline in revenues and traffic. It's THAT important.

In a world that evolves as rapidly as online shopping, getting the first step right is necessary to reach the next step. Web 2.0 is paving the way for Web 3.0, where customer intelligence and process automation will play key roles. During the Web 2.0 phase, retail sites are gathering all the information they need from their customers. And, over time, retail sites have been able to get a clear picture of who their customers are (individually), in order to provide a site that's unique to each one – a shopping experience that caters to individuals and satisfies their shopping requirements.

Web 2.0 has been the testing phase of that "platform," but Web 3.0 will take it to another level. This is beyond YMALs or product recommendations. Think of Internet radio (Pandora, Last.fm), where the music you're listening to is based on the information you've provided (artist/song/genre and similar artists/songs/genres). It's a personalized experience.

We anticipate that Web 3.0 technologies will allow users to create their own personal "shopping malls," containing items of interest – in the size or style they like – from various online stores (for example, Amazon, Best Buy, Apple iTunes and Gap). Online stores will be asked to conform to industry-wide standards, allowing their product catalogs to be searchable and individual items to be dropped into a consumer's personalized "mall" or product mashup[23]. Retailers that don't comply will be at a disadvantage.

Online retail is an exciting space, and it will only get better – for both retailers and consumers. But the decisions you make today about your site will affect your ability to evolve with consumer expectations tomorrow. We'll end this paper with a few steps that you can take now to make sure you're ready to roll with the next wave.

Steps to take today:

- Make sure your system captures every user input and tracks their shopping/browsing behavior on your site. You want to know what's relevant to your customers, what they're looking for and how they are looking for it.

- Have users review the data you have captured (site search history, purchase history, keywords, demographics, etc.), so they can eliminate any items they have purchased as gifts for others (which therefore don't represent their own interests) or keywords entered by different users (someone else using the same computer). Take every effort to make your data as accurate as possible.

- Do not put customer privacy at risk. The data you capture should be used *only on your site* and *only to customize the shopping experience for your individual customers*. If you use the data in any other way, or sell it to third parties, you risk irrevocably harming a relationship you've worked hard to build. Communicate these privacy policies clearly to your customers.

- Let your system build a unique site for each of your customers. Or, even better, make it easy for them to build their own sites.

Doing nothing to keep up with Web 2.0 and social commerce could be the riskiest move of all. Always return to that basic marketing maxim: know your customers and give them what they want. If you do that, you'll successfully create a community of enthusiastic consumers who will buy more, come back often and value greater engagement with your brand.

definitions
web 2.0 & social technologies

Product Zoom is designed to let users look closely at an item's details.

Product Actual Size Comparison allows users to compare the size of an item against popular objects like a deck of cards or a sticky note pad.

Video Descriptions provide users with a real-life visual description of the product, which may also serve as a user guide for simple items.

User Feedback/Reviews let users post and read critiques of items for sale that can either recommend or discourage its purchase. Some online retailers allow users to type in their feedback while others allow them to upload their own video reviews.

Similar Product Recommendations show users a list of products they may be interested in purchasing based on their previous purchasing/viewing/browsing habits. They are also known as 'YMALs' for 'You May Also Like'.

Purchase Trends show users an item's popularity level based on the actions that customers have taken after viewing it.

Integration with Social Networking Sites lets users announce and share their recent purchases with peers on their social networking profiles.

Product Configurator allows customers to create their own item by selecting features like color, size, accessories and other attributes. Car makers and computer manufacturers have popularized this tool as 'Build Your Own'.

Lifestyle Merchandising Zones are areas on a retail site (usually on key pages such as the home page or a category page) that are used for merchandising purposes. Using interactive images to show their products under a lifestyle scenario, lifestyle merchandising zones can be enhanced with rich media content such as:
1. Video/image *hotspotting* (also known as the *Jennifer Aniston Sweater* feature, hotspotting allows users to click on individual elements on a video or image to get more information or to purchase the item)
2. Flash banners to showcase multiple product shots or hero shots
3. Rich Flash Interactivity (combination of hotspot, pictures and animation)

Previews/Search or Peek Inside/Virtual Tours allow users to learn more about an item by viewing, reading, or listening to a small sample of it.

works cited

1. Campanelli, Melissa. "A New Beginning for Sears." eM+C Magazine. 1 May 2008. Retrieved on 14 November 2008. <http://www.emarketingandcommerce.com/story/new-beginning-sears>.

2. "Web 2.0" Wikipedia. Retrieved on 14 November 2008. <http://en.wikipedia.org/wiki/Web_2.0>.

3. "Social commerce" Wikipedia. Retrieved 14 November 2008. <http://en.wikipedia.org/wiki/Social_commerce>.

4. Brohan, Mark. "The Web Drives Retail." Internet Retailer. June 2008. Retrieved on 14 November 2008. <http://www.internetretailer.com/article.asp?id=26557>.

5. "Web 2.0 Experience 2008 and Beyond." Scene7 OnDemand Survey. Scene7. January 2008. Retrieved on 14 November 2008. <http://www.scene7.com/survey/Scene7_2008_Survey_Report.pdf>.

6. "Power of Word Of Mouth." Industry Statistics. Bazaarvoice. Retrieved on 14 November 2008. <http://www.bazaarvoice.com/industryStats.html>.

7. "Conversion Results." Industry Statistics. Bazaarvoice. Retrieved on 14 November 2008. <http://www.bazaarvoice.com/industryStats.html>.

8. "Ecommerce Benchmark Guide." Marketing Sherpa. July 2007. Retrieved on 14 November 2008. <http://www.marketingsherpa.com/exs/Ecom07Summ.pdf>.

9. "Return Rates and Customer Satisfaction." Industry Statistics. Bazaarvoice. Retrieved on 14 November 2008. <http://www.bazaarvoice.com/industryStats.html>.

10. "Online Bargain Hunting is Increasingly Social, New Guidance Survey Reveals." Guidance. 10 November 2008. Retrieved on 14 June 2008. <http://www.guidance.com/press.asp?release=20081110>.

11. Bodine, Kerry and Ross Popoff-Walker. "User Ratings Top Consumers' Online Wish Lists." Forrester Research. 6 February 2008. Retrieved on 14 November 2008. <http://www.forrester.com/Research/Document/Excerpt/ 0,7211,44710,00.html>.

12. "Business, Media Now More Trusted than Government." 2008 Trust Barometer. Edelman. January 2008. Retrieved on 14 November 2008. <http://www.edelman.com/trust/2008/2008EdelmanTrustBarometer_release.doc>.

13. "Consumers Love to Zoom in on Products, but they Want to See What's Inside." Internet Retailer. 14 June 2008. Retrieved on 14 November 2008. <http://www.internetretailer.com/dailyNews.asp?id=22773>.

14. Horrigan, John B. "Online Shopping: Internet Users Like the Convenience but Worry about the Security of their Financial Information." Pew Internet & American Life Project. 13 February 2008. Retrieved on 14 November 2008. <http://www.pewinternet.org/pdfs/PIP_Online%20Shopping.pdf>.

15. "New Guidance Survey Reveals: Consumers Will Return to Online Shopping Sites that Embrace Web 2.0."
Guidance. 14 April 2008. Retrieved on 14 June 2008. <http://www.guidance.com/press.asp?release=20080415>.

16. Brohan, Mark. "Great Expectations." Internet Retailer. September 2008. Retrieved on 14 November 2008.
<http://www.internetretailer.com/article.asp?id=27593>.

17. "Customer reviews drive 196% increase in paid search revenue for Office Depot." Bazaarvoice. 15 September
2008. Retrieved on 14 November 2008. <http://bazaarvoice.com/cs_rr_adresults_officedepot.html>.

18. "Social navigation drives 49% increase in sales at PETCO.com." Bazaarvoice. 6 September 2007. Retrieved on
14 November 2008. <http://www.bazaarvoice.com/cs_rr_sort_Petco.html>.

19. "User-generated content increases all online product sales, plus 39% for those with reviews at Zales."
Bazaarvoice. 4 December 2007. Retrieved on 14 November 2008. <http://bazaarvoice.com/cs_rr_conversion_
zales.html>.

20. Brohan, Mark. "Great Expectations."

21. Brohan, Mark. "Great Expectations."

22. Campanelli, Melissa. "From the Trenches: A Web 2.0 E-tailer Round Table." eM+C Magazine. 1 November 2008.
Retrieved on 14 November 2008. <http://www.emarketingandcommerce.com/story/trenches-web-20-e-tailer-
round-table>.

23. "Mashup" Wikipedia. Retrieved on 14 November 2008. <http://en.wikipedia.org/wiki/Mashup_(web_
application_hybrid)>.

guidance