

Room for Improvement and Growth Online

In their annual report titled the State of Retailing Online, Forrester Research has predicted that the rate of growth for online sales is likely to remain over 20% for the coming years. However, this assertion is the result of analysis which concludes that shopping online still isn't easy enough, leaving much room for improvement.

This was the message from Sucharita Malpuru, Forrester's senior retail analyst, who presented her findings during the National Retailer's Federation (NRF) annual convention at the Jacob Javits Center in New York City in January. Her message was that retailers have yet to master the basics of e-commerce, but because of this there still exists significant opportunity for this channel to grow as retailers meet the challenge of improving the online shopping experience.

Customers describe having a better experience shopping offline in the store than online, according to Forrester's Research. When asked how satisfied they were with completing a transaction on each of these channels, 80% of customers were satisfied with a store purchase, 60% were satisfied by the store website, and only 20% were satisfied by a kiosk-based transaction.

There are technical challenges getting in the way of customer satisfaction as oftentimes sites don't even work. Studies by Gomez of the top 25 Internet retailers revealed that on average these sites were down 2% of the time between October 2006 and June 2007. However, in tracking the worst results among these top performers they showed that one of the leading e-com-

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merce websites was unavailable 10% of the time in December 2006 (figures for 2007 are not yet available). An interesting comparison was made with an industry that is notorious for low customer satisfaction, the airline industry, which has an average departure delay rate of 6%. Clearly online retailers need to offer better satisfaction than the airlines.

Several other issues were raised as needing attention as retailers seek to improve the shopping experience online.

- Key product information was often missing at the point where it was most useful to the shopper. Even when a label and tasting note are available, do your products show information about their region and grape variety?
- Package delivery was seen as a sore spot, as often shipping took longer than a customer expected. How can your website set clearer expectations about delivery time?
- Instead of looking for customer feedback to improve service, retailers are more likely to look to competitors for best practice. Are you obsessed with your competition instead of being obsessed with your customers?

When asked about the advantages of shopping online, customer feedback indicates the top reason was convenience (saved time, avoided crowds); the second was selection (found items unavailable offline). Pricing (better prices, free shipping) was listed as the third most important reason, which contradicts many retailers' focus on price as the most important driver of online sales.

Whether you are starting out with a new website or working to consolidate growth from several years online, this report is a reminder to keep your eye on the basics.

To learn more about how Beverage Media Group, Inc. can help you with a website for your retail store, contact Ian Griffith at ian@bevmedia.com, (212) 571-3232, or visit www.bevnetwork.com/retailweb.