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Comparison Shopping Optimization: What Every Retailer Needs to Know

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Last Revision: May 2006

Abstract

Comparison shopping engines (CSEs) like Shopping.com, Shopzilla, NexTag, Yahoo! Shopping and others can be very effective at driving highly qualified leads to a retailer's online store. However, many online retailers fail to achieve these results due to data problems that limit the effectiveness of these advertising programs. ***Comparison Shopping Optimization*** is an ongoing process that significantly improves traffic from these sites – and provides the metrics to measure their success.

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What is *Comparison Shopping Optimization*?

When a brick-and-mortar retailer selects products to advertise in a Sunday circular, they expect every one of those products to appear in the circular. The publisher of that advertisement will ensure that every product appears exactly how the retailer wants it to appear. In the online world, however, most retailers experience a different result with advertising campaigns with comparison shopping engines (CSEs).

CSEs, like the circulars in the Sunday newspaper, allow consumers to research and compare products before selecting a retailer for final purchase. But in many cases, a significant number of products that the retailer chooses to display on these sites fail to appear at all or, if they do, the products may show up in a non-optimal location on these sites. As a result, the effectiveness of the advertising dollars spent at these sites is reduced, in some cases, significantly.

CSEs attempt to ensure that their clients' products are listed properly. But with thousands of retailers and tens of millions of products available for sale, it is nearly impossible for each retailer's products to get the attention they deserve. The volume and complexity of the data is too much to handle on this scale.

For this reason, the *Comparison Shopping Optimization* process was created. This process ensures that each product appears in the optimal location on each CSE. The process gives control of these advertising programs to the online retailers, not the CSEs. In fact, **almost half of the Top 20 Internet retailers have already experienced the benefits of *Comparison Shopping Optimization*.**

Learning from the Failures of the Past

When online retailers struggle to succeed with a CSE, these are some of the common reactions:

1. Bid for placement to improve product visibility
2. Suppress products and product categories that appear to have low traffic or conversion rates
3. Completely remove all products from that CSE
4. Try a different CSE (go to Step #1)

The problem with this approach is that the underlying source of the problem is not addressed. **Until the product data is optimized for each CSE, the retailer will never achieve optimal results** with these sites.

Once the root cause is solved, however, Steps #1 and #2 above become perfectly valid techniques to promote specific products or categories. Until then, however, these techniques simply mask the underlying cause of the problems.

Getting to the Root Cause – Data, Placement and Search

There are three components of a retailer's product data that directly affect its success with the CSEs:

1. **Accurate and Complete Product Data** – Sending accurate product identifiers, such as model number, UPC, manufacturer name, ISBN, etc., is critical to ensure that all of the products appear at the CSEs. This is especially important for products like electronics, computers, books and video games – as well as a growing number of soft goods categories.
2. **Correct Placement** – Correctly categorizing products into the category tree of each CSE is necessary to ensure that the products are listed where consumers expect to find them. The retailer may decide to pay for better placement within that category, but the first step is to place each product into the *correct* category.
3. **Optimized for Search** – Consumers find products at CSEs either through the navigation built into these sites, or through the product search option. Providing product data that is optimized for search will result in **more consumers finding these products**.

Data – The Universal Problem

Every retailer works to ensure their product data is accurate and complete, but this is a challenge in the online world. With the push for online stores to significantly expand their product catalogs and the continuous introduction of new products, it is nearly impossible to achieve the goal of accurate and complete data for every product.

As a further complication, the data expected by the CSEs may differ from the data the retailer has in its systems. For example, it is common for a product to be referred to by different model numbers and manufacturer names, which could lead to confusion for consumers, improper categorization of products, and missed sales opportunities.

Comparison Shopping Optimization solves the problem of sending product data that is inaccurate, incomplete or simply different than the data expected by the CSEs. This optimization process automatically “unifies” the retailer's product data with that of the CSEs. This translation process ensures that the retailer's products appear at these sites.

Improved Product Placement without Bidding

Every online retailer and CSE places products into categories to provide an intuitive navigation method for consumers. Anecdotal evidence suggests that just under half of consumers use navigation to find products online, while the rest use search. **Placing products into the correct categories is an essential online merchandising strategy.** But incorrect or non-optimal placement is fairly common at CSEs due to the data being sent to these sites.

Most CSEs and third-party data feed providers use Category-to-Category Mapping to place products into the category taxonomy of the CSEs. Simply put, the online retailer's categories are mapped to the categories of the CSEs.

Category-to-Category Mapping can be tedious for retailers with more than a few categories, and has four significant drawbacks:

1. **Differences in Category Detail Level** – The retailer’s categories need to be at least as detailed as those of the CSE. If the retailer has a Men’s Shoes category, for example, but the CSE has further refined categories that include Men’s Dress Shoes, Men’s Sandals, Men’s Work Boots, etc., the category-to-category mapping fails to be effective.
2. **Inaccurate Placement on Retailer’s Site** – The retailer must correctly place products into its own category tree. Not every retailer has the resources to place 100 percent of its products into the correct categories on its own site, and may use temporary categories like “New Arrivals” to store these products until a more accurate category is assigned. These errors will likely be reflected at the CSEs as well.
3. **Ignoring Differences between Retailers** – This category-to-category mapping approach treats all retailers the same. For example, a toy retailer may want to place an electronic toy such as LeapFrog into a Toys category, while a consumer electronics retailer may want the same product to be placed into an Electronics category. Retailers can capitalize on their brand identity within their target categories, but only when their products are placed correctly to take full advantage.
4. **The Use of Merchandising Categories** – A retailer may be very effective in using categories like “New Arrivals” or “Gifts for Mother’s Day” on its website. However, these types of categories cannot be mapped to the categories of the CSEs and will typically fall into Miscellaneous categories. Since these merchandising categories tend to include products that are important to the retailers, this approach simply is not acceptable.

Comparison Shopping Optimization solves these specific problems by automatically placing **each product** into the optimal category for each retailer at each CSE. This product-level mapping provides significantly higher accuracy in the product placement.

Once a product is properly placed, the retailer can then decide whether to bid for improved placement within that category. **Bidding for improved placement for products in the wrong categories is usually just a waste of money.**

Better Search Results through Better Data

Search engines and CSEs share a number of similarities. Each site has its own search algorithms for optimizing search results, and these algorithms change over time. In addition, the pay-for-performance search engine results are only as good as the keywords chosen, just as the search results at the CSEs are only as good as the product data sent to these sites.

One major difference, however, is that keywords are only one piece of data used in the search algorithms for CSEs. It is an important piece, of course, but the product’s name, description and model number are even more important in most cases.

Comparison Shopping Optimization delivers better search results at the CSEs by ensuring that the product data sent to each site is optimized for search. This automated process may include incorporating product-level keywords that have been created by a Search Engine Marketing (SEM) company. It also includes automated processes to ensure that model numbers are included in the product names, and other similar techniques that have proven effective.

Implementing *Comparison Shopping Optimization*

The primary reason that most online retailers have not implemented the *Comparison Shopping Optimization* process within their own IT infrastructure is because a homegrown solution can be cost prohibitive. It requires extensive knowledge of each CSE, complex data algorithms, and measurement tools to continuously refine the process.

By outsourcing the *Comparison Shopping Optimization* process to a third party, online retailers have found they can gain control of their advertising programs with the CSEs. More importantly, the ROI for outsourcing this process is excellent – often with a payback period of less than three months.

More online retailers are using a third party for data feed management, whether it is their SEM company, the service provider for the retailer's eBay or Amazon store, or data specialists such as Channel Intelligence.

When it comes to the *Comparison Shopping Optimization* process, however, Channel Intelligence is the exclusive provider of this service and has been issued a patent to protect this exclusivity. This powerful combination of data feed management, *Comparison Shopping Optimization*, and measurement tools has helped online retailers of all sizes and markets to achieve success using CSEs.

SellCast™ Online

Channel Intelligence offers its **SellCast™ Online** service to online retailers as an outsourced solution for improving performance with the CSEs. This service provides retailers with complete control over the merchandising and promotion of their products, while allowing them to forget about the day-to-day operational details of product data feeds.

Retailers simply deliver their online product catalog to Channel Intelligence each day. The data is continuously optimized and syndicated based on predefined business rules. (With its **SellCast™ Local** service, Channel Intelligence can even syndicate a retailer's local store data to drive traffic to its brick-and-mortar stores.)

Any successful outsourced solution has to provide flexibility and control to the client. Channel Intelligence has built **SellCast™ Online** with this in mind. Adding a new CSE or changing business rules simply requires a quick e-mail or phone call to an assigned Client Services representative. No more programming requests to an IT team, or manual changes with a third-party solution. **Retain complete control without having to do the work.**

All of the following features are included in this service:

- **Complete Data Feed Management** – The retailer simply needs to deliver a master data feed to Channel Intelligence each day. All of the day-to-day management and optimization of the feeds is handled automatically.
- **Data Optimization** – Using a patented process, the retailer's product data is optimized for each CSE to ensure that more of its products appear at the site and in the ideal location. This process optimizes the data provided by the retailer, including item-level

categorization into each CSE's category taxonomy, search optimization and improvement of product identifiers.

- **Success Measurements** – Detailed tracking and reporting is in place to allow the retailer to measure the success of its advertising program from the macro level down to the partner, category and product level. The robust data includes traffic/sales statistics and conversion rates, as well as complete profitability reporting that incorporates click costs and product margin.
- **Automated Bid Submission** – Product-level bids can be automatically submitted to six CSEs (Shopzilla, NexTag, Smarter.com, PriceComparison, Gifts.com, Become.com) via the retailer's data feed.

Channel Intelligence has been a trusted provider of innovative data services for over five years, and almost half of the Top 20 Internet retailers have already seen the benefits of the **SellCast™ Online** service. There is no other solution on the market that provides retailers the ability to make informed merchandising decisions with the CSEs, while outsourcing all of the day-to-day management of these advertising programs.

Measuring the Success of *Comparison Shopping Optimization*

SellCast™ Online helps retailers achieve their goals with regard to using CSEs. Here's how:

- **Focusing on Profitability** – For retailers focused on profitability rather than sales, product margin and product-specific advertising costs can be incorporated into the product-level profitability analysis. Products (or categories of products) that are not profitable to promote at a CSE can be suppressed from that site, thus increasing the profitability of the advertising program.
- **Improving Sales Conversion Rates** – Poorly placed products tend to have poor conversion rates, so optimizing product placement will improve those conversion rates. Business rules may be easily defined to suppress specific products or categories with lower conversion rates. **By focusing advertising dollars on products that convert into sales rather than on products that just get traffic, the effectiveness of the advertising program will improve dramatically.**
- **Increasing Traffic** – Products that do not appear at CSEs simply don't get any traffic. The *Comparison Shopping Optimization* process ensures that the retailer's products appear at these sites. The result is increased traffic, which in many cases can be significant depending on the popularity of the missing products.
- **Reducing IT Costs** – Data feed management can be expensive to create and support internally, so outsourcing is an excellent alternative that can significantly reduce costs. **Channel Intelligence has already built the infrastructure and the relationships with the CSEs, so the cost of this service can be substantially lower than a homegrown solution.**

Most importantly, the robust tracking and reporting tools provide the metrics needed to measure success. This is the ultimate level of control that online retailers seek. **Eliminate the guess work and know exactly how each advertising program is doing, and have the ability to take action on that information.**

Next Steps

For more information on **SellCast™ Online** or the **SellCast™ Retailer Solutions** suite of services, please contact a Channel Intelligence sales representative at:

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A white paper on **Maximizing Profits with Comparison Shopping Engines** is also available at http://www.channelintelligence.com/sc_white_papers.htm.