



LEVERAGING MARKETING EXPERTS FOR MORE EFFECTIVE SHOPPING ENGINE MANAGEMENT

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Abstract

Successful management of a shopping engine channel requires a significant investment in technology and staff – resources that are often unavailable for most retailers to develop an effective in-house solution to serve this niche channel. Turning over the management of the shopping engine channel to specialists can give retailers' immediate access to technology and expertise for improved performance and increased revenue, while reducing the ad spend resulting in more dollars for the same budget. This whitepaper examines the types of solutions available and what to expect when working with a vendor to manage your shopping engine channel.

When Betty Consumer wanted to buy a new blender, she turned to the Internet because she knew she could find the widest selection online.

She could go straight to her favorite shopping engine... but likely she will "Google" the term "blender". The results that follow under Google sponsored links will likely lead her to product listings at a shopping engine such as Google Product Search, Shopping.com, Shopzilla, NexTag, or Yahoo! Shopping. Once on a shopping engine, she can view pages and pages of different blenders, sorting them by the attributes that are important to her, from brand name to features and price range.

Shopping engines are the mega shopping malls of the Internet, letting consumers view all their choices in one spot without leaving the convenience of home.



For most retailers, this niche advertising channel represents an opportunity to gain new customers, grow revenue, and build brand exposure among consumers who purchase their category of products.

Though still only a small fraction of total online marketing activities today, it's a channel that can't be ignored – especially when competing retailers are benefiting from exposure to household purchasers like Betty.

While nearly every company that sells products can benefit from the opportunities posed by product search/shopping engines, not every retailer is equipped with the personnel and technology required to do it effectively.

IT CAN BE TOUGH GOING IT ALONE...

One of the biggest mistakes retailers make when venturing into advertising on shopping engines is underestimating the time and effort it takes to make this marketing channel succeed.

Currently, there are over 60 popular shopping destinations as more specialty engines are being added rapidly. Each has different data feed requirements from retailers and a different taxonomy or way of classifying that data for its shoppers.

Nothing frustrates shoppers more like inconsistent, incomplete or bad product data. For example, having your blender listed on Shopping.com with no image or the wrong image will result in a lot of curiosity clicks and little sales. If your blender is missing key attributes in the product name, your competitor could steal the consumer and the resulting sale. If your blender is listed at \$65 on Shopping.com, it had better be listed for that price on your site when the shopper clicks through. Lastly, you don't want to be charged click fees if your blender has run out of stock! It's recommended to refresh and resubmit your product data once a day.

Your data feeds must be updated and resubmitted often to reflect the normal changes in your products and their status. Also consider that the shopping engines are continually evolving and adding new categories and options for listing your products.

Retailers who respond to changes quickly can seize opportunities while those who ignore them will likely have ineffective and cost prohibitive programs.

When it comes to measuring performance, many shopping engines offer a dashboard that lets you view metrics. This is great if you only plan to use one engine. However, most retailers participate in multiple shopping engines which means going to a different dashboard for each shopping destination - creating a time consuming and potentially inaccurate process to compare performance from one to another.

Very few retailers have developed the technology or have staff requirements in-house to optimize, monitor, and distribute up-to-date product data to each shopping engine daily. It's simply too costly, especially when a retailer's allocation for shopping engines is often 2% or less of their total online marketing budget.

But before you resign yourself to less-than-ideal performance with existing resources, or worse, write off shopping engines as an unprofitable medium; consider selecting the right provider to help you manage your shopping engines. The right vendor can **reduce your ad spend costs, free up IT resources, and increase your revenue.**

Looking at options for outside help can be a very smart choice in the high-potential shopping engine channel.

WHY USE OUTSIDE EXPERTISE?

Rely on expertise of a provider who specializes in this channel to:

- Provide a greater return on advertising dollars spent.
- Focus on the shopping engines that are proven to perform well for you, using the business rules that help you meet your goals.
- Free up in-house resources to focus on core business duties.
- Respond to market changes faster and realize new opportunities.
- Protect your brand through improved data accuracy.

The benefits you realize will depend on the type of program you participate in, the capabilities of your provider, and the skill and experience of the team working on your account.

LEVELS OF SHOPPING ENGINE MANAGEMENT SOLUTIONS

There are different levels of service within the shopping engine management industry.

Level 1: Feed generation/distribution

On the lowest level, you will find data feed providers who can help you build and distribute a basic product data feed to the shopping engines.

Level 2: Optimize for each shopping engine

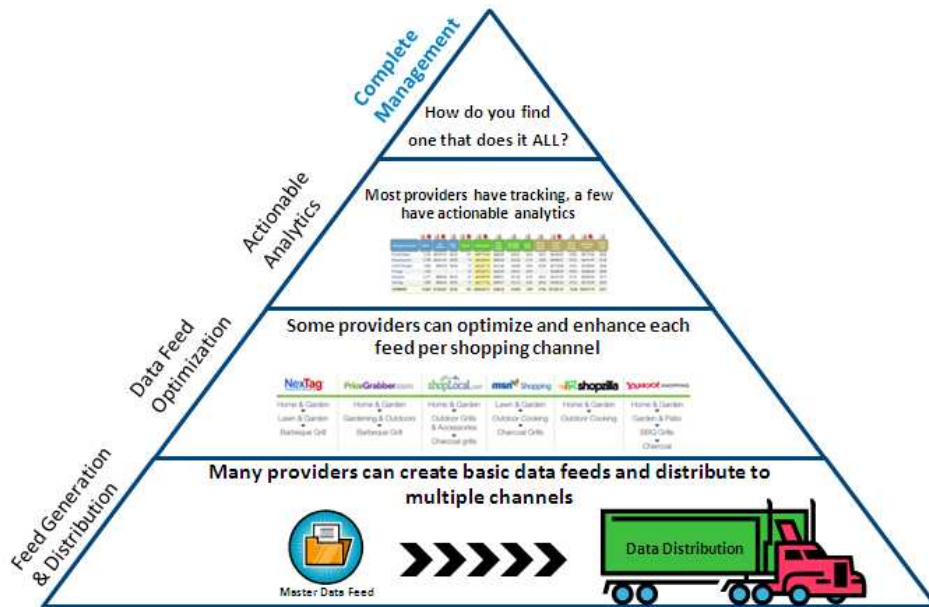
A better choice is a data service that optimizes your data feed for each shopping engine before distribution.

Level 3: Reporting and consulting

Almost all services will offer some form of tracking, but the importance of how that data is reported is often overlooked. Services that take the performance data and translate it into meaningful, actionable information add another toolset that can lead to improved performance. At this level, you can look for help interpreting your results and taking steps based on them.

Level 4: Complete management

In the previous levels, day-to-day activities still fall to you and your in-house team. You are simply given tools to help streamline your efforts and make wiser decisions. But with complete management, you will be assigned an account management team that acts as your agent to ensure you meet your specified goals.



WHAT TO EXPECT WHEN YOU WORK WITH A SERVICE PROVIDER TO MANAGE YOUR SHOPPING ENGINE INVESTMENT

Access to Advanced Systems

Some shopping engine management providers have developed services and technology solutions that are much more scalable than a single retailer could develop on its own, giving you access to a cost-effective solution with a shorter ramp-up time.

Advanced shopping engine service systems can make a big difference in the quality of your product data – a critical component to success. Accuracy and completeness is essential for proper classification and placement on the destination sites assuring your products can be easily found in the expected places. In addition, good data stimulates higher conversion rates with a more seamless shopping experience for the consumer.

Once your product data is optimized for optimal placement and performance on each shopping engine, you'll want easy access to advanced tools for bidding and product suppressions that will improve efficiencies further. These systems should be scalable to grow with your business as your product assortment changes.

You Retain Control

When working with a complete management provider you should expect their account management team to handle the day-to-day implementation of best practices based on your target metrics. You will remain involved on a strategic level, and your account manager will report the results to you. The biggest difference is that you don't have to worry about the day-to-day time consuming details.

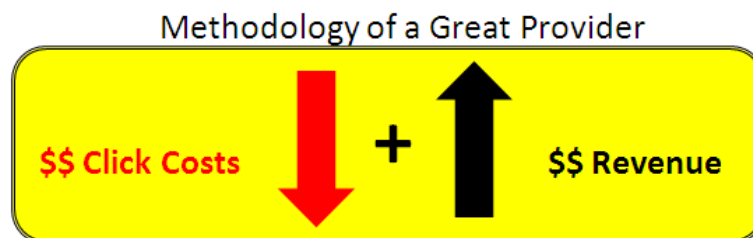
Depending on the type of arrangement, the amount of direct effort required to succeed in the shopping engines will greatly decrease for you. This will enable you to leverage the work of your provider to aid you in other key initiatives that you may not have been able to focus on previously. Do keep in mind, however, that your involvement will still be required for certain tasks even with an outsourced management solution. You will need to notify your provider of product changes, provide access to the data feed information, keep the provider up-to-date on your promotions and events, and regularly communicate with the provider about your goals and business rules.

ASSESSING THE COST – GETTING TO THE BOTTOM LINE

Complete management of your shopping engine programs can run as high as 10% of your advertising spend. That means if you're spending \$150,000/month on click costs, you could expect to budget \$15,000 for management of those clicks.

But looking at cost figures from this perspective only shows a very shortsighted view of the real costs of working with a great provider...

In fact, it's much more realistic to look at the overall effects on revenue rather than costs. Your costs should be considered on the level of total investment in the channel. The right provider will reduce your click costs while earning you more in revenue.



The first step your provider should take is to bring the Return on Ad Spend (ROAS) in line with a target figure. While figures vary according to retailer and industry, it's not uncommon for retailers to more than make up for the costs associated with outsourcing the management of shopping engines from the initial reduction of click costs. This typically occurs early on once the product data receives the attention it needs to facilitate optimal placement for improved performance on shopping engines.

Once the target return is being met, the focus turns to generating additional revenue within that same budget. With the additional revenue generated, your total return can improve dramatically by drawing on the provider's specialized expertise to make more informed shopping engine management choices on your behalf.

For many retailers, the decreased reliance on their in-house IT departments is also a cost-saving factor. With IT departments already overloaded, waiting for them to work with your product data feeds or tracking requirements can greatly reduce your time to market and delay changes that should be implemented immediately. Forcing you to watch opportunities and lost dollars slip out the door. When you work with a provider for complete management of your shopping engines, your programs can run independently of your IT department after initial setup.

Calculating the Cost and ROI for Shopping Engine Management

FORMULA:

Click Fees + CI Fees – Reduced Ad Spend (=) + Budget Dollars

- Reduced Internal Resource Cost = More Revenue from the Same Budget

Your true cost is what's being spent in your marketing budget, not what you pay your provider. A good provider will earn you a higher return on ad spend (ROAS) and ultimately pay for its services by accelerating your revenues.

To summarize, any cost calculations for shopping engine management must take into consideration the entire financial effect, including the cost saving from internal resources and reduced click costs due to more effective management.

SO, WHICH VENDOR IS RIGHT FOR YOU?

Finding the right fit in a shopping engine management provider means asking the right questions, as well as understanding their capabilities and results. The questions below can get you started.

Track record – What sort of clients does the provider work with? Are they able to scale with you? What sort of results do they see for their other clients that are closest to your company in size and shopping engine involvement?

Account management – How (and how often) will you be communicating with the provider? Will there be an account manager assigned to you? Ask to “meet” the person you would be dealing with most frequently, so you can make sure you feel comfortable and confident in their abilities.

Shopping engines managed – While most will offer the main popular engines, you may want to engage a provider that can refer you to smaller, emerging shopping engines that may be an excellent opportunity for your products. Find out how active the provider is in furthering the development of your program.



Options offered – The leading providers will offer self management and complete management options and can work with you to determine which will be best for you given your company’s needs, goals and resources. You should be able to gain an understanding of what it’s like to work with them before you make your decision on which option is best for your company.

Ask for references - Some good questions to ask references are:

1. How long have you been working with this provider?
2. What changes have you seen in your shopping engine channel performance?
3. Which shopping engines have you seen the greatest improvements in? Why?
4. What do you like best about working with them? What has been harder than you expected?
5. Would you recommend them based on your experience and results?

CHANNEL INTELLIGENCE: THE LEADER IN SHOPPING ENGINE MANAGEMENT

We encourage you review our shopping engine management services as you embark on your search for a provider. We work with Top 500 Internet Retailers to turn this medium into a highly profitable marketing channel, managing the details every step of the way.

After all, we know you strive to provide the very best service to your customers. As your shopping engine management partner, we make sure that commitment translates to enhanced exposure and performance in the shopping engine channel. As you reach even more consumers you will expose them to your products and brand, hopefully aiding them to purchase your products.

We understand the challenges you face and we are equipped to provide the seasoned expertise and innovative technology that will help you reach your goals. Our Strategic Marketing Consultants are highly trained, comprising the most knowledgeable talent in the online retail promotion arena.

Find out for yourself why the most successful retailers are working with Channel Intelligence.



"With the insights gained from True Tag Pixel Manager we have been more effective in the management of our marketing channels. Not only have we reduced our marketing costs by avoiding multiple payouts for the same sale, we have a better understanding of each of our marketing channel's performance through the buying actions of our customers"

- **Steve Trimbo - Director, Online Operations**



"Since partnering with Channel Intelligence to aid in the management of our Comparison Shopping efforts, we've seen our year over year revenue from this channel nearly double without any additional resources on our end."

- **Jeremy Vican, Marketing Director, NetShops**



"Channel Intelligence provides us the opportunity to intelligently expand our brand presence into the growing comparison shopping engine arena –which is a critical component to our online strategy. Our 2008 relationship has expanded beyond data feed optimization and delivery to include successfully outsourcing of our ad spend to CI against specific Return-On-Ad-Spend objectives for these channels."

- **Director Online Channel, West Marine**



"CI enhances our data which gives our product assortment more visibility in search results. Since CI took over managing and optimizing our data, our CSE conversions and sales have increased to the high double digits."

-**Online Marketing Manager, ShopNBC**

LEARN MORE:

Managed Services:

http://www.channelintelligence.com/sellcast/managed_services.html

Self Management Services:

http://www.channelintelligence.com/sellcast/self_management.html

TrueTag™ Services:

<http://www.channelintelligence.com/sellcast/truetag.html>

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