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Changing customer behaviour

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E-catalogues and e-brochures: Their part in record e-retail figures

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Abstract

The staggering growth of e-retail in the UK has been facilitated by many new technologies aimed at increasing online sales; among them e-catalogues. This paper examines the role e-catalogue and e-brochure technology is playing, the impact on conversion rates and whether it is right for every business. The paper avoids jargon by using case studies to demonstrate what does and does not work.

Introduction

UK e-retail is predicted to be worth £60bn by 2010.¹ The industry reached a staggering £19.2bn in sales in 2005 — up 32 per cent on 2004.² For the first time ever, online shoppers are expected to spend over £1,000 each in 2006, up from £816 per head in 2005.³ This, coupled with a continuing rise in online shoppers from 24 million in 2005, means organisations must adopt marketing techniques to take advantage of the opportunities presented by such growth.

In May 2006 a special report by IMRG⁴ found that 52 per cent of consumers intended to reduce their high-street spending in 2006 — contrasting sharply with the 45 per cent of consumers who intended to increase their online spending.⁵ IMRG argues that '£80 billion of consumer spending is either on or influenced by the internet'. Depending on the sector, as many as 44–100 per cent of shoppers also research goods online before buying on the high street.

Such changes in buyer behaviour are reflected in the number of online shoppers in relation to the number of people using the internet at home. It is clear in Figure 1 that shopping online is becoming increasingly the norm for those using the internet. Interestingly, this does not include those using the internet at work, where a lot of organisations find their online sales spiking markedly in B2C and obviously B2B.

A major breakthrough

In June 2005 an agreement was reached by Ofcom specifically to improve pricing packages by offering flexibility for businesses and consumers. The agreement proudly suggested the UK could see broadband delivering speeds of between 40 and 66 times what was on offer at that time. Such claims are bold, but what is indisputable now is that broadband access and speed for the vast majority of the UK has increased hugely — one only

Figure 1: Online shoppers closing the gap

has to think about the difficulties some companies have had in meeting the enormous demand for 'free' broadband services. Speeds of 8Mb and above have fuelled demand for rich media online communications, presenting the marketer with endless commercial opportunities.

So what are marketers doing to tailor their marketing to these changes in buyer behaviour? Fully integrated campaigns are becoming more common and sophisticated. Online advertising is to overtake national press advertising this year.⁶ Search engine listings are also becoming more measurable and targeted, while website and campaign tracking are improving markedly. Marketers are also utilising specific technologies such as e-catalogues in order to uplift online and offline sales and meet demand for customer-friendly communications.

Adapting to change

How does e-catalogue technology work?

E-catalogues are a form of electronic publishing which has become increasingly popular since mid-2003, when a few 'early adopter' companies such as PC World Business ran test campaigns. How the technology is used is limited only by the imagination. Most typically it has been as e-catalogues, corporate e-brochures and now customer e-magazines.

Recent innovations have meant they can:

- utilise video, flash and other multimedia to tremendous effect
- be integrated with SMS
- contain personalised content
- provide measurable results.

The technology was developed initially to address a key missing online ingredient: e-catalogues deliver content how every person is taught to read — by turning the page. This is far more natural than the often complex navigation of a website. Customer surveys have shown that up to 98 per cent find e-catalogues easy to use.⁷ Customers simply browse the content by 'turning the page', replicating the experience of reading a

printed catalogue. They can then click on the deep-linked 'buy' button in order to purchase a product immediately.

Immediately effective, case studies prove that customers are cultivated very cost-effectively by using e-catalogues and e-brochures to encourage extensive browsing of product ranges or product information. The ability to incorporate product demonstrations by using multimedia adds a completely new dimension to catalogue and brochure marketing.

Although websites have improved dramatically over the past two to three years, the navigation can still be complex and is a major reason behind customers becoming frustrated and shopping/browsing elsewhere. In addition:

- other online publishing formats such as PDF still have limited interactivity
- e-catalogues are unique in their ability to feed dynamic content
- once loaded, all pages can be viewed instantly by the customer.

Incremental online and offline sales

The key point is, rather than cannibalise online sales, e-catalogues and e-brochures have proven to uplift online sales directly. And in line with IMRG findings on the impact of websites, e-catalogues have been proven to uplift offline sales.⁸ For example, a Tottenham Hotspur Football Club project saw sales of products featured in the e-Catalogue uplift by 347 per cent online and 199 per cent offline. This compared to sales increases across all products, by 49 per cent online and 73 per cent offline, during the same period.

Give customers the choice

How are they delivered to the customer?

The customer can either view online or download the communication. Content is viewed immediately — no waiting for pages to load. It is critical to give customers the option of viewing online or downloading: this is proven to generate an overall higher return than offering only one option. There is a school of thought which argues that customers are wary of downloading files. This of course can be true. But endless case studies have proven that the download version outperforms the online version by two to one. There are a number of reasons behind this.

- Customers can browse the download version while not connected to the internet, instantly increasing repeat browsing.
- Ownership: customers are more likely to consider the e-catalogue/e-brochure to be 'mine' if they have saved it to their desktop.
- Customers have no need to remember the web address where the file is held; with an online version they do.
- Retention of the e-catalogue is far higher: companies have had orders placed from downloadable e-catalogues more than three months after download.

Promotion

Promotion is very simple, often via a website splash page, a banner or thumbnail on the homepage, banners/news stories on targeted pages (eg online store), e-mail launch or even on CD. The landscape is changing on

Increase catalogue distribution immediately

this, too. Marketers can now promote their e-catalogue via a text facility and even the interactive red button on TV.

Off-the-page advertising of e-catalogues has already proven to be extremely effective. LiverpoolFC.tv increased its e-catalogue distribution fivefold overnight when it promoted its e-catalogue in a matchday programme, despite the fact customers were shown a long URL and would therefore have had to keep the ad, remember the URL or search once home.⁹ This process is made far simpler with a 'text to e-catalogue' facility. Figure 2 shows how easy it is for customers to request their chosen e-catalogue by texting in their e-mail address to a given shortcode. One easy step and the e-catalogue e-mail is already waiting in their inbox!

With off-the-page advertising already proven to have increased distribution of e-catalogues, processes such as 'text to e-catalogue' offer an easy means for the marketer to run an integrated campaign — and make significant savings on postage.

Data capture

Moreover, such a facility offers marketers new data capture opportunities. Through the above process, marketers could acquire mobile number, valid/active handset, e-mail, mobile operator, make of handset, purchase history and much more.

Case studies have also shown that viral marketing is encouraged by e-brochures.¹⁰ This can be actively encouraged by having a 'tell a friend' call to action within the e-catalogue.

E-catalogues applied to direct and interactive marketing

The following case studies have been selected to demonstrate:

- e-catalogue impact on conversion rates
- how e-catalogues drive online and offline sales

Figure 2: Text to e-catalogue process

- how they are integrated with other channel communications.

B2C case study: Football e-retail and general mail order

Almost all football clubs distribute merchandising catalogues, usually spring/summer and autumn/winter. Without exception they all seek to increase direct sales, in particular the more profitable online sales.

Reading is a typical football club in this respect. In late 2005 it launched its very first e-catalogue. Due to budget restraints there was no paper catalogue. Marketing was relatively straightforward and exclusively online: welcome (splash page) on a 15 per cent rotational exposure; thumbnail on homepage; and e-mail marketing to Reading fans.

The results were immediate:

- downloads and views topped 2,000 within a short timescale
- extra staff had to be brought in to cope with demand
- online sales increased by 142 per cent
- store (retail) sales increased dramatically.

It is often said that timing is the most important element in any direct marketing campaign. This was certainly the case with this campaign. It was launched during the ten-week run-up to Christmas — when in 2005 internet shopping soared almost 50 per cent¹¹ — but even allowing for such factors, Reading fans responded beyond expectations.

Similarly, Newcastle United Football Club built on a series of highly successful e-catalogue campaigns to launch a campaign for the testimonial of Alan Shearer. Launched in early May 2006, this campaign was a huge success. Again, promotion was online only via a website news story, thumbnail on homepage and e-mail marketing. Critically it utilised multimedia to great effect. On the first inside spread, Newcastle fans were able to enjoy a replay of Alan Shearer's record-breaking goal. But this campaign added a new dimension in e-catalogue marketing — fans were offered the opportunity to purchase that goal clip to view via their mobile phones (Figure 3). The response was highly encouraging and clearly demonstrated how channels can be integrated successfully. Such was the success of the campaign that promotion had to be stopped due to most products being sold out.

Due to the nature of e-catalogues, delivery costs zero. By simply migrating a percentage of existing customers over to receiving an e-catalogue, considerable savings can be made on postage. For example, Tottenham Hotspur Football Club achieved over 96,000 e-catalogue distribution with one campaign at no extra cost to the club. Sales were good, too!

B2C case study: Traditional mail order

A recent campaign for a leading mail-order company showed that the e-catalogue directly generated over 10 per cent of total online demand during the Christmas trading period. This was a major achievement, and again timing was a key factor; other important considerations were range selection and launch. Marketing was again online only, but the addition of

Engaging customers

Figure 3: The Alan Shearer testimonial promotion

a landing page helped to increase uptake. A landing page is a simple webpage which promotes and previews some e-catalogue content in addition to giving customers the option to view the e-catalogue online or download. Such a simple technique is proven many times to increase customer response rates.

Higher conversion rates

This campaign was fully measurable and conversion rates showed incredibly high response rates. Conversion rate from promotion of e-catalogue to purchase were over 7 per cent, while conversion from click through to actual purchase averaged at almost 50 per cent. Campaign tracking also proved the argument that e-catalogues encourage more extensive range browsing. Unusually for a catalogue, the penultimate page achieved the second highest results of any.

B2B case study: Hotel Chocolat Corporate and Verbatim

Hotel Chocolat Corporate is the B2B division of the consumer business. Working in conjunction with Blue Sheep, specialists in business information, this campaign (Figure 4) was designed to reduce cost of sales and achieve greater return on investment. The marketing was principally by e-mail to targeted customer segments. This was supported by a thumbnail promotion on the homepage. The results were very powerful indeed:

Integrated strategy increases ROI

- cost of acquisition fell 75 per cent against traditional methods used
- response rate was up 100 per cent
- average order value was stable.

Verbatim specialises in data storage devices and is recognised as an industry pioneer. Its first campaign was to produce the quarterly newsletter *Blueprint* as an e-brochure (Figure 5). This is a highly targeted

Figure 4: The Hotel Chocolat e-catalogue

communication and as much an internal as an external bulletin. The intention was to increase distribution and awareness of *Blueprint* and engage readers better.

The creation of a landing page offered customers the option of viewing the ‘flat’ or ‘multimedia’ version; the latter containing a product demonstration video. The results have been so positive that the multimedia version has been incorporated into key sales and marketing presentations and has been used across numerous territories within the EMEA region.

Verbatim intends to roll out further *Blueprint* e-brochures and a new product range e-brochure has been launched. All content featured is dynamic, meaning Verbatim will benefit from a campaign of far greater longevity and cost-effectiveness and will reinforce its reputation as an industry pioneer.

B2C case study: Travel

Activities Abroad is a leading niche tour operator. Prior to this campaign the process for accessing a brochure was to view a PDF or request a printed brochure.

The remit was to produce three travel e-brochures to:

- increase the proportion of holidays booked via the online marketing channel
- increase winter holiday bookings by over 45 per cent
- increase summer and family holiday bookings by over 40 per cent
- increase online profitability
- increase customer retention rates
- avoid PDF downloads, which suffered due to massive file size plus lack of interactivity

Figure 5: The Blueprint e-brochure

- improve customer acquisition rates
- increase online ROI
- shorten timescales taken for customer bookings by 10 per cent.

As most customers decide to book as a result of online information, e-brochures were seen as the most cost-effective means of meeting the objectives. The client therefore decided not to update its website!

Each e-brochure was delivered to the customer as a download from the Activities Abroad website. Customers registered their interest via a simple call to action. They could also click direct to specific holidays via links on the contents page.

As the majority of customers holiday with friends and family, a ‘tell a friend’ page was produced. This saw immediate referrals taking place. All phone enquirers were encouraged to download the e-brochure ‘now’.

The results exceeded all hopes and expectations:

- winter holidays were up over 150 per cent on the previous year
- summer holidays were up over 100 per cent on the same period for the previous year
- online profitability increased by 32 per cent
- customer acquisition increased by 28 per cent
- customer retention levels increased by 31 per cent
- online ROI increased by 56 per cent (includes savings made on postage and print)
- the average timescale for booking a holiday reduced by over 45 per cent
- conversion rates from sight of brochure to booking increased from 18 per cent to 26 per cent
- tell-a-friend page increased customer reach by 5 per cent
- online-related bookings now account for over 95 per cent of trade.

Activities Abroad comments:

‘Our digital brochure has been a huge success. We have had clients who have specifically mentioned that they are booking with us because they thought our online brochure is simply miles ahead of the competition’s websites. We decided not to produce a dedicated website for this product and rely on the digital brochure only. The result. . . thus far we are over 150 per cent up on the same period last year and we are saving design costs, printing costs and postage costs. Got to be happy with that!’

This campaign was followed by a series of e-brochures featuring compelling video footage of the holidays on offer. As with other e-catalogues containing video, conversion rates have been excellent.

Other travel companies such as P&O Ferries and TUI have rolled out successful travel e-brochure campaigns. In the case of P&O, multilingual campaigns such as ferry guides are now being launched across key European markets.

Where will e-catalogue technology move next?

We are already seeing e-magazines being made available to customers. The customer magazine market is already worth £385m and predicted to increase to £531m in 2009.¹² Research by the Royal Mail and MORI¹³ highlighted the following:

- the top three circulation magazines are customer magazines — eg Asda
- 24 per cent of *Desire* readers perceive Debenhams to be at the cutting edge of fashion
- the B2B magazine market is larger than B2C

Personalised content

- personalisation helps build customer relationships and lowers barriers to sale.

The final point is particularly interesting. E-catalogue technology now makes it possible to personalise content genuinely to each customer's/group's buying behaviour, both historic and predictive. Common sense says that personalisation lowers barriers to sale, and the instant delivery of an e-magazine which addresses the individual by inserting text, products, advertisements and redeemable vouchers according to his/her behaviour would clearly leave a lasting impression. A word of warning, though: best to let the customer self-select most information unless you are absolutely 100 per cent confident in your data!

Finally, ride the e-retail wave

Figure 6 clearly shows the incredible growth of e-retail. It is clear from this and the recent IMRG research¹⁴ that marketers embracing new technologies in a common-sense manner can create powerful campaigns to acquire and retain customers. E-catalogues and e-brochures delivered instantly when the customer is in 'buy mode' should by definition lead to increased browsing and conversion online.

Are e-catalogues right for every business? Time will tell — a definitive answer to this at the present time is not possible. Many businesses have seen very high e-catalogue distribution and dramatic uplifts in online and offline sales via unquestionably high conversion rates. There is also the less measurable brand building associated with positive customer feedback. Add in the savings on print and post, and often improved sales process efficiency, and this is clearly a technology worth considering. As the market matures we will see which businesses most benefit and learn how such campaigns are best deployed.

Figure 6: IMRG index for UK e-retail market

Some key points to remember:

- offering your customers a choice of view online or download will increase e-catalogue distribution by between 10 per cent and 80 per cent
- appropriate use of multimedia will dramatically increase conversion rates
- extensive browsing is proven with e-catalogues
- campaign management is essential
- start simple, taking small steps to improve
- migrating a percentage of existing customers over to an e-catalogue will reap instant savings
- e-catalogues do not cannibalise current online or offline sales; they help to increase both incrementally
- do not fall into the trap of e-mail marketing only: this will lead to spikes in results and no consistency over the campaign duration
- it is strongly recommended that your creative is done with e-catalogues in mind: avoid the need to zoom or scroll wherever possible.

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