



Readying Your e-Commerce for the Next Retail Revolution

September 29, 2009

Lauren Freedman, the e-tailing group

Kelly O'Neill, ATG



Introduction

“We will all need to turn our businesses upside down”

- Retailers continue to close their doors in record numbers
- Consumer spending will be tight through 2010 yet expectations grow exponentially
- Boredom with existing vanilla landscape is clear where me-too imitators won't likely survive
- Merchants must move beyond selling to building relationships as manufacturers continue to push the envelope

the e-tailing group process

Listened - Interviewed 16 merchants specifically mass merchants, specialty retailers, pureplays and manufacturers to get the pulse of today's merchant thinking

Defined - Explored 3 critical themes that describe today's most important trends

Questioned - Highlighted critical questions merchants must ask to survive and thrive

Theme #1-Redefining the New Retail Ecosystem

- Today the challenge is no longer about competing with those in one's category but with mass merchants including Wal-Mart and Amazon
- Retail will remain highly competitive and it will be a sheer taking process where unfortunately most retailers will grow at the expense of others

Theme #1-Redefining the New Retail Ecosystem

- Evolved Pricing Models Emerge
 - Manufacturers push the envelope
 - Priced to sell models must prevail
- Assortment Testing for Growth
 - Web as shelf extender leveraging drop-ship
 - Testing for performance (channel, price point, mix)
 - Customer input an emerging factor
- Organizational Alignment
 - Incenting strategies
 - Reporting structures
 - Internal education



Theme #1

Redefining the New Retail Ecosystem

Theme #2-Web as Customer Central

- The web must be a destination and a hub where savvy sellers will position their websites as the location for connecting consumers with one's brands
- Merchants must position themselves as the “go-to-resource” which will require intimate knowledge of customers and their behavior

Theme #2-Web as Customer Central

- The Customer (Really) Rules
 - Evolved expectations
 - Customer-centricity
- Developing a Go-to-Resource
 - Connecting emotionally across all channels
 - Destination-driven experiences
- Personalization and Relationship Building
 - Loyalty programs
 - Focus on the individual
 - Relevancy



Theme #2

Web as Customer Central

Theme #3-Experiential Excellence Addresses Heightened Expectations

- Elevating online shopping to better convey the spirit of shopping is core to a brand central model
- Supplying comprehensive information will be mandatory for cross-channel shoppers
- Convenience and accessibility play central roles in survival

Theme #3-Experiential Excellence Addresses Heightened Expectations

- Information is Power
 - Brand authority
 - Managing investment vs. customer expectations
 - Rich media enhancement
- Service as a Brand Differentiator
 - Self-service
 - Empowered associates delivering “high touch” experiences
 - Communication
- Accessibility
 - Anywhere anytime
 - Cross-channel convenience in demand
 - Mobile growth opportunistic
 - Kiosk evolution



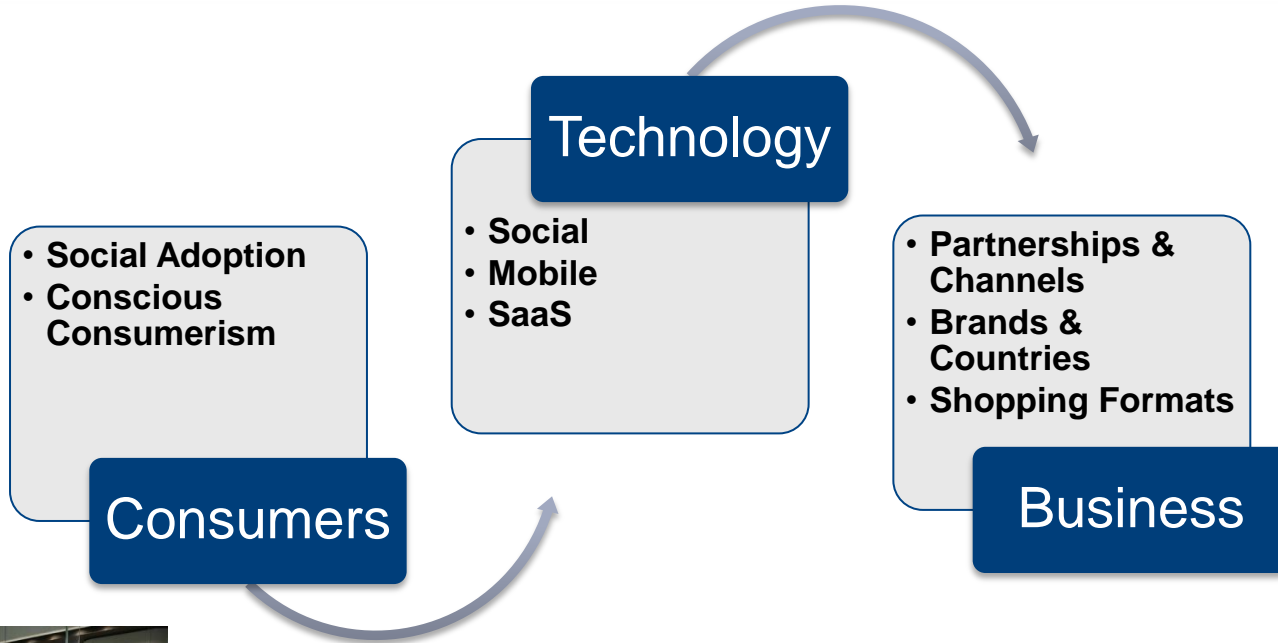
Theme #3

Experiential Excellence Addresses Heightened Expectations

Will you be ready for the next retail revolution?

Those merchant who elevate their shopping experience, remain responsive to their shopper needs and meet their competition head-on with forward thinking strategies will be ready when the next revolution of retail comes to fruition – the age of anytime, anywhere accessibility.

Commerce Revolution



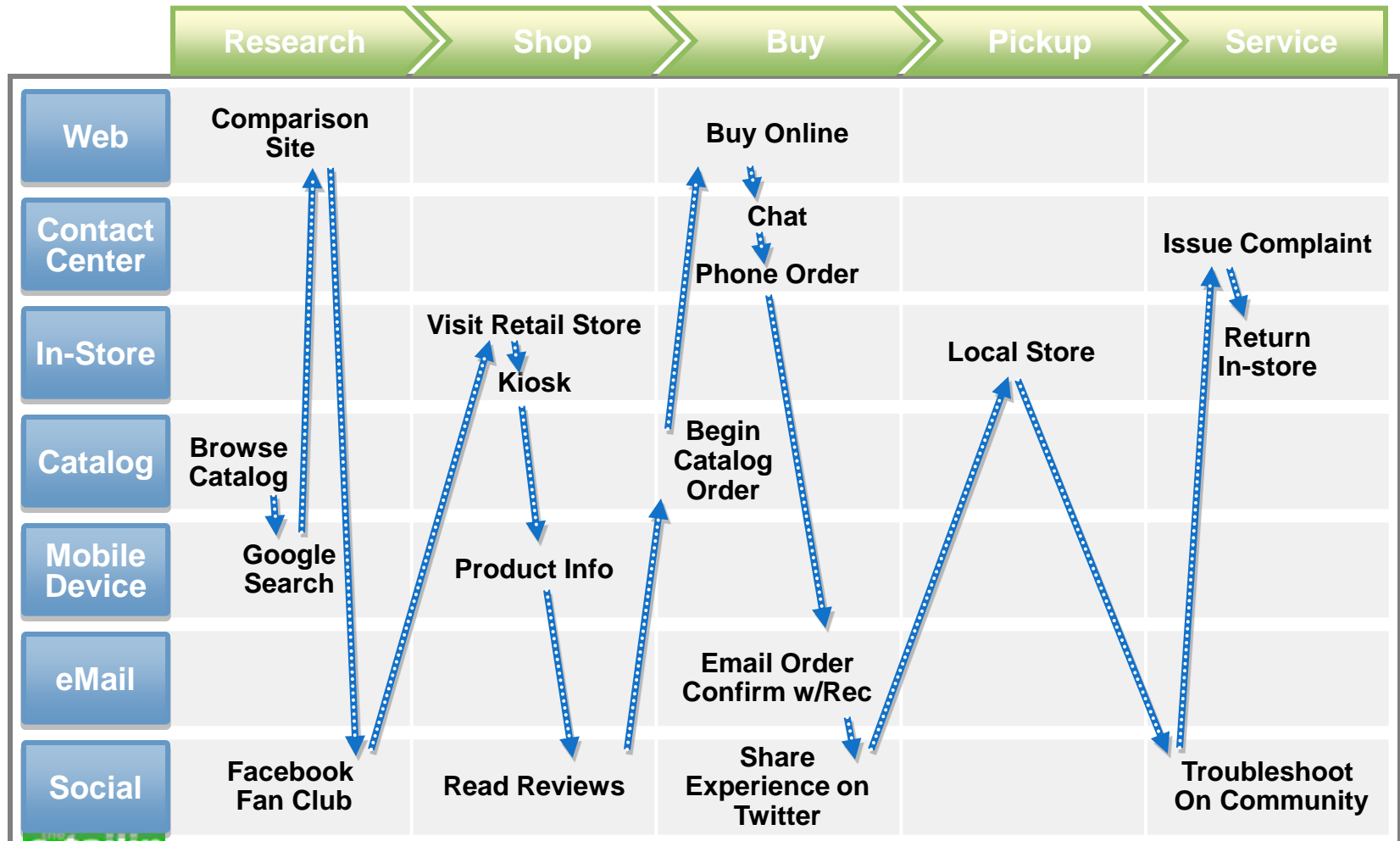
the e-tailing group



atg[®]

Evolving Customer Journey

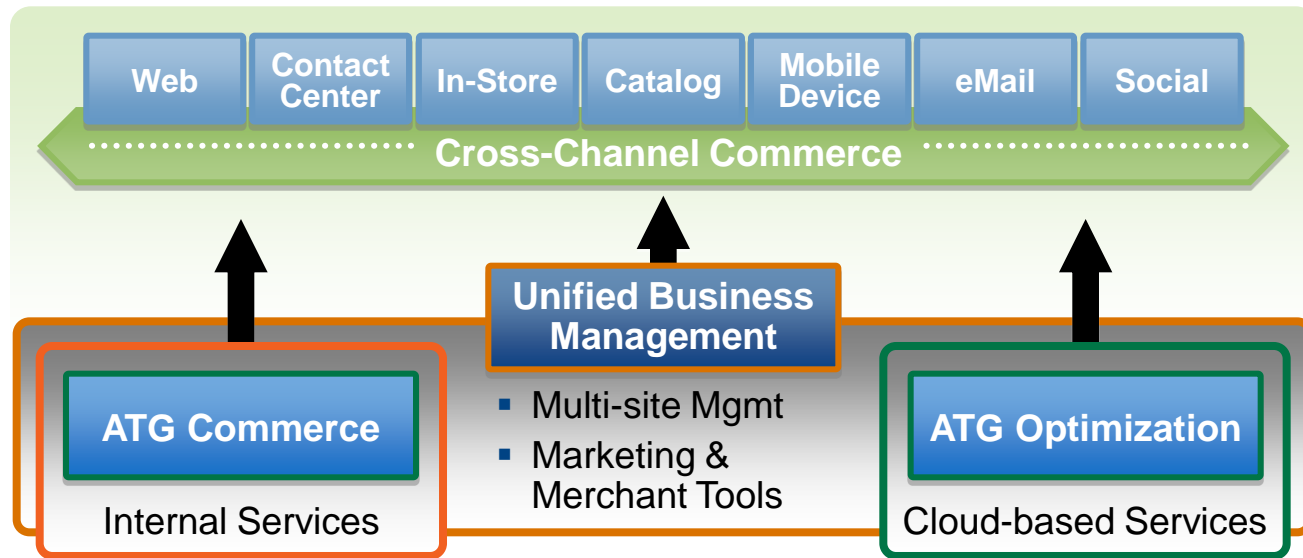
Complex Purchase Cycle Involving Many Interactions



Dropping the “e”:

Enabling Commerce Anywhere

e-Commerce is the foundation of all *Commerce*



Keys to Success

- Optimize the customer experience in each channel
- Connect individual visits into a consistent buying session
- Enable your business leaders with direct control and agility

Questions?

Thank You

Watch the Customer Experience Demo:

www.atg.com/customer_experience/