BRUSH IT UP!

OPTIMISING E-COMMERCE

HOW TO REACH YOUR TARGET GROUP AT THE RIGHT MOMENT, AT THE RIGHT PLACE

Markus Becker, respondi
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respondi alters a company's knowledge about markets and target groups. respondi follows and accompanies people in their daily online life and creates an extensive and detailed picture of customers, wishes and behaviour using a combination of the latest technology, scientific methods and digital know how.
Closeness creates trust and people confide in those that they trust. This applies to both market research participants as well as clients. That's why we see the people in the panel, and recognise them as our partners. The basis for real insights. We are there, where our clients need us, represented by people they know. In London, Paris and Cologne.
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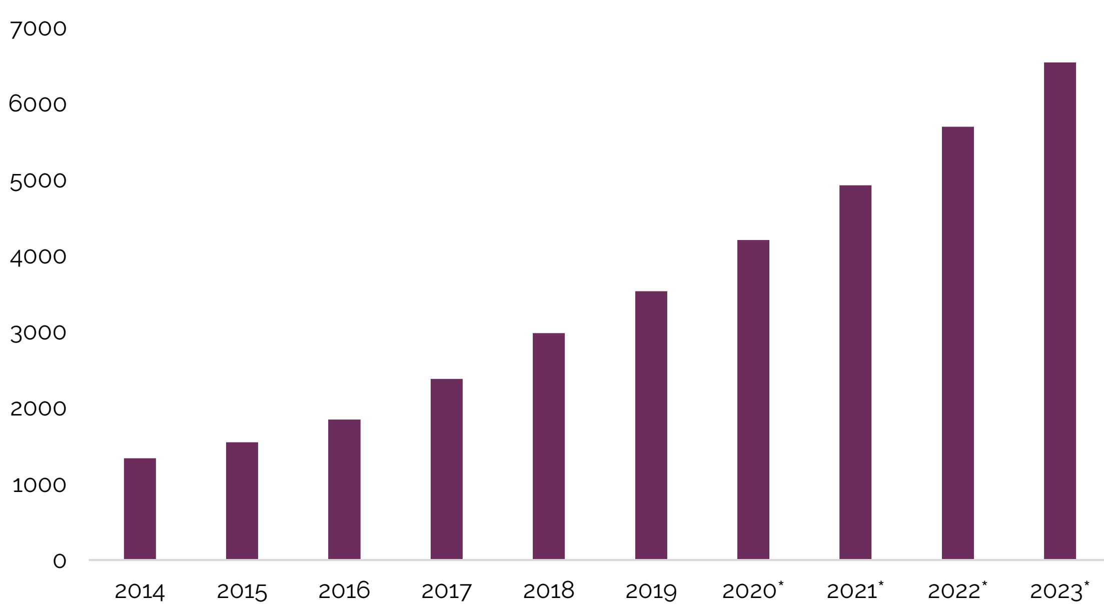
INTRODUCTION

E-commerce has been booming for years and the corona-related requirements are now another catalyst of this growth.

According to Statista, e-commerce sales in Germany will reach 78 billion euros in 2020. In 2017, it was 55 billion, which is an increase of 42%. For 2025, a turnover of 104 billion is predicted, which corresponds to a doubling in less than ten years. By comparison, retail sales have grown by 29% in the last ten years, with offline retail growing by 1.2% and online retail by 9.1% in 2019.

This trend is even more pronounced on a global scale. Still based on Statista, in the same period e-commerce sales worldwide increased by 77% from 2017 to 2020 moving up from 2.382 billion $ to 4.206 billion $. The forecast for 2023 of 6.542 billion $ is nearly triple of 2017.

Retail e-commerce sales worldwide
(2014-2023, in billion U.S. dollars)

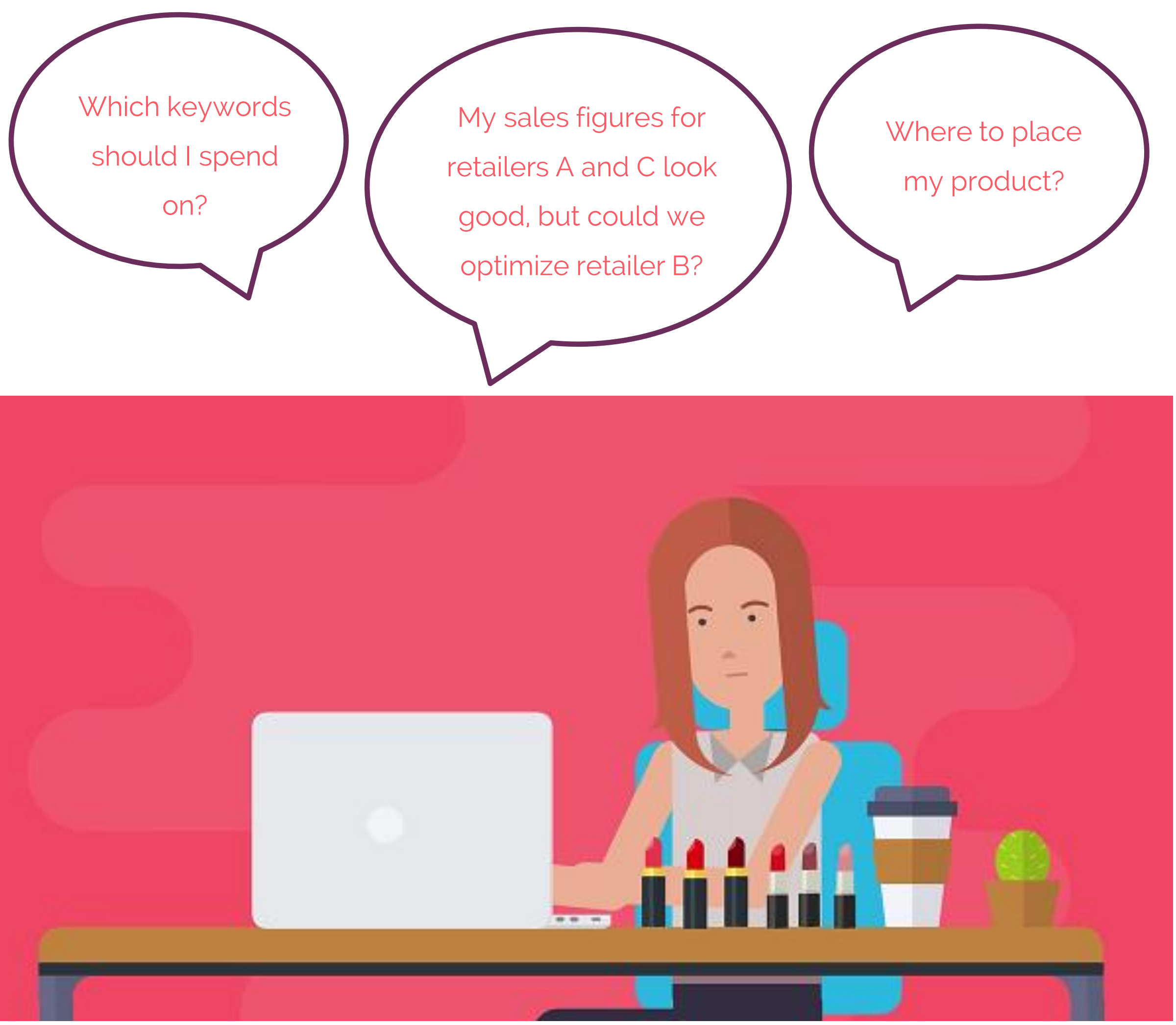


Source: Statista 2021

BUSINESS PROBLEM

Okay, e-commerce is booming and even in product categories with a high amount of offline purchases, digital touchpoints play a more and more important role. But, where is the best place to get in touch with your target group? How do they navigate through both the web and retailers' websites? Where do they get their information from, where do they actually make the purchase?

And finally - who exactly is your target group? In the following exemplary use case on cosmetics, find out how to optimize your e-commerce business based on a complete understanding of your target group and their online behavior. Our unique approach of combining behavioral and declarative data delivers reliable insights for a measureable impact on your ROI.



DON'T SIMPLY COUNT – MEASURE!

Just as brands negotiate and optimize their sales through pricing, special promotions and their shelf positioning in offline retail; the same applies to online shops. The comparison of important KPIs like the click-through rate for the respective brands at the respective retailers, enables a brand to discover, without a series of time consuming A/B tests, where it needs to optimize its presence at which retailer.

As long as you only count your own traffic, it's just counting. By providing brands with their competitors' counts as benchmarks, we provide you with the right objectives to not only count, but also fix and measure the already first orientations about best practices.

Our objective is to understand people's online shopping habits and to deliver actionable insights by answering concrete questions: How can I reach my target group at the right place, the right way, with the right content at the right moment?

BENCHMARKING KPI's

1. INCIDENCE RATES AND CONVERSION RATES FOR EACH COMPETITOR BY

- Website
- Product category
- Dropdown vs. search bar

2. SEARCH BAR ANALYSIS

- Search terms used
- 1st page vs. 2nd page

3. RETENTION RATE

- Number of visits per month/ 3 months/12 months

4. COMPETITOR OVERLAP

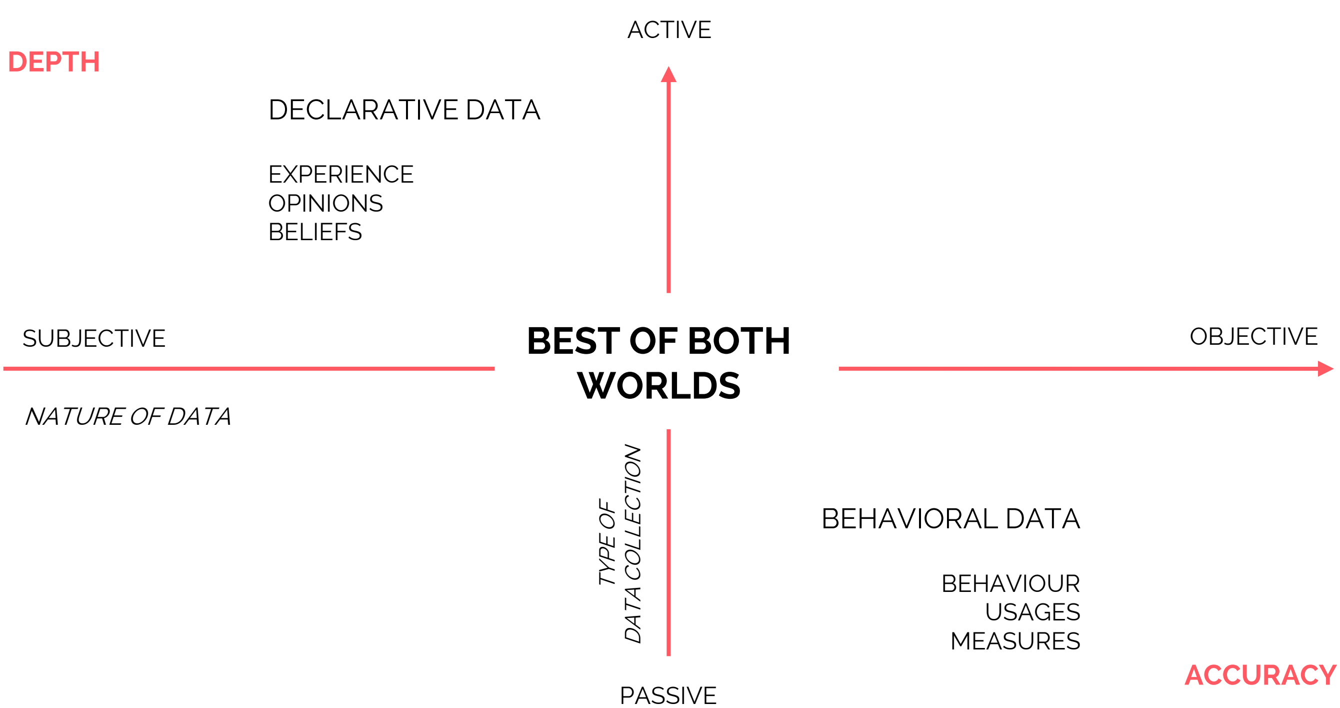
5. SOURCES OF TRAFFIC

- Direct vs. e-mail vs. SEO vs.. social media vs. other websites

METHODOLOGY

In this whitepaper, we show how to optimize e-commerce business, based on a complete understanding of your target group's online journeys. By combining behavioral data and declarative data, we take the best of both worlds - for a full picture on the target group. The first stage of the research consists of backtracking the online usage of an appropriate target group (here German women, internet users). A national representative sub-set of respondi's German panel is equipped with "mingle tracks": upon their initial consent, their digital life is monitored using their different devices (desktop, mobile and tablet).

What is actually collected is the list of URLs visited with corresponding time-stamps, plus the activity on mobile apps and its duration. This part provides us with facts about shopping habits, websites visited and paradigmatic customer journeys, based on the recording of entire surfing sessions, down to the order of pages browsed. Obviously, attitudes, expression of preferences and rationales behind them remain entirely untouched with the passive data collection alone. Therefore, the second part consists of online questioning in order to collect subjective data like perceptions, beliefs and motivations.



METHODOLOGY

In Germany, France and the UK, respondi has a digital panel made up of people who have installed on their laptop and / or mobile a tracking device that allow us to keep track of every page they visited on the internet, as well as every app they used.

The following research is based on the web browsing of 2.726 women in Germany in January and February 2021. We looked at everything they did in connection with make-up, on e-commerce websites, but also on Google, on YouTube etc.

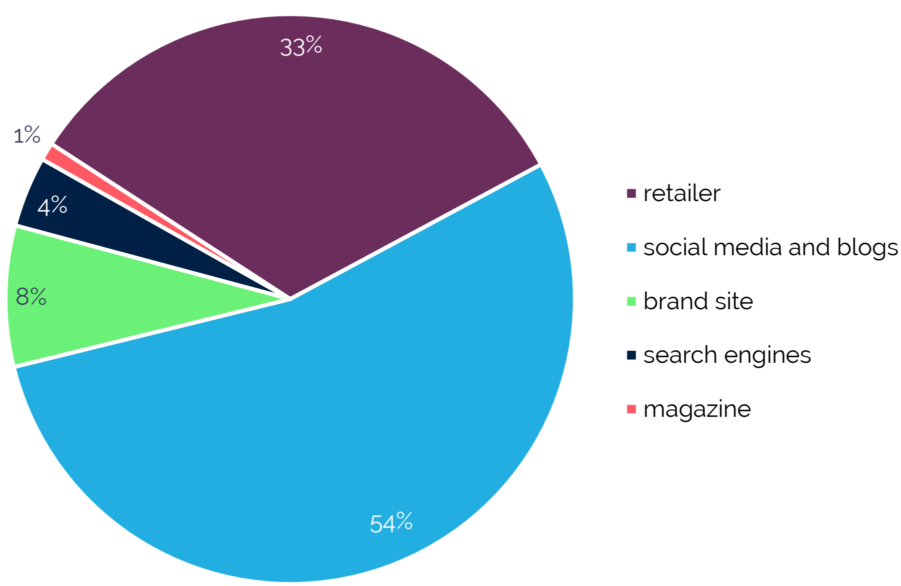
532 women visited at least one website in connection with make-up, representing a total of 13.662 pages and an average of 17 minutes devoted to make-up contents over those two months.

The declarative data is a combination of already collected profiling questions like socio-demographics and an ad hoc survey including attitudinal questions as well as offline usage. However, in this document we will focus on socio-demographics.

WHERE ARE THE HOT SPOTS FOR COSMETICS?

If you want to know how to reach them, you have to know where they are.
Where do women go when they browse for make-up on the internet? Are they mostly into reading tips and advice on magazines, or do they spend more time shopping on e-commerce websites? Or maybe it is really social media which drives traffic?
We looked at the time spent on various categories of websites: retailers (dm, Sephora, Amazon, etc.), social media and, blogs (YouTube, Instagram, beauty blogs, etc.), brand websites (Lancôme, Maybelline etc.), search engines (Google, Bing, etc.) and magazines (Cosmopolitan, Brigitte, etc.). And the winner is… social media and blogs! Probably not that unexpected, but they won by a huge margin: more than half of the time women spent browsing for make-up was done on social media, rather than on shopping or magazine websites.

Share of total time spent per type of sites



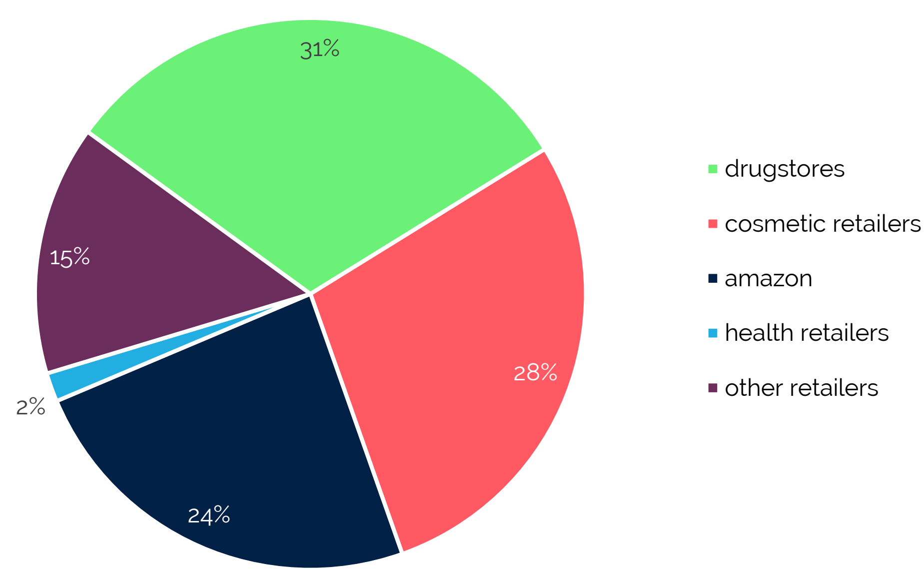
LANDSCAPE THE COMPETITION

Let us now zoom in on retailers: is the make-up scene still dominated by traditional players, through the e-commerce sites of well-known drugstores and retail cosmetics chains or is Amazon gaining importance for make-up sales?

Out of a total of 1.064 visits on retailer websites, we looked at the number of visits on different types of such websites: Amazon (amazon.com and amazon.de), drugstores (dm, Müller and Rossmann), cosmetics retailers (Douglas, Sephora, etc.), health retailers (online pharmacies) and a more heterogenous category regrouping a rather long list of other retailers which are not specialized in the make-up universe (ranging from AliExpress to eBay).

The overall picture is rather balanced: drugstores and cosmetics retailers account for about 30% of shopping visits each, but Amazon represents a somewhat surprisingly high share of one fourth of total shopping visits. The long tail of smaller internet websites for make-up shopping are also significant in terms of market share.

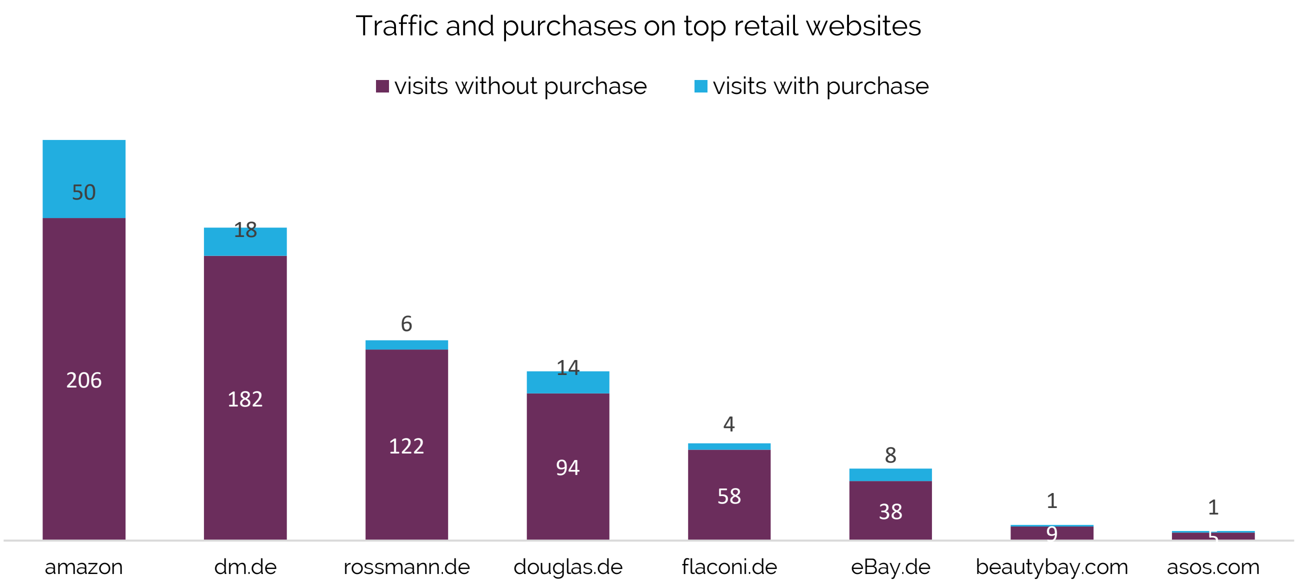
Number of visits per type of retailers



LANDSCAPE & BENCHMARK THE COMPETITION

If we zoom in again and look at top performing retailers in the make-up universe, we observe that Amazon does have the lead, all the more so when looking at purchases. Amazon represents 25% of visits on retailer websites, but up to 43% of those visits that ended up with a purchase. The gap between conversion rates on Amazon and its competitors is quite telling.

Depending on business objectives, one may dive deeper still into the data, in order to try and explain discrepancies in conversion rates. What else can be found in consumers' baskets when they purchase make-up, at which stage do consumers fall short of making a purchase on a given site?
But of course also understand if some specific client segments convert more or less on the vertical of a specific retailer.



WHO IS PURCHASING COSMETICS ONLINE?

We also know the people behind each usage. We have more than 600 profile variables available for each consumer and can deliver a detailed description of each audience.

Looking at women who made a purchase in connection with make-up, the portrait is rather different from the urban socialite one may have (wrongfully) expected. There is an overrepresentation of people living in villages and towns with a lower education level. They also overrepresent people who have remarried.

But we can also go beyond socio-demographics and cross the behavioral data with any kind of survey data.

- Segmentations / clusters: to deliver brands and CX teams with a detailed description of the digital information and shopping journeys of their different consumer segments, so they know where and when to get in touch with each of them

- Brand perception: one of the key drivers in shopping behavior is, of course, the brand perception. By including this into our analysis, we are able to unveil the real impact of touchpoints on behavior.

- Satisfaction, (NPS): the customer experience is key. We trigger surveys based on actions taken (behavioral sampling in order to help brands to optimize their digital touchpoints.

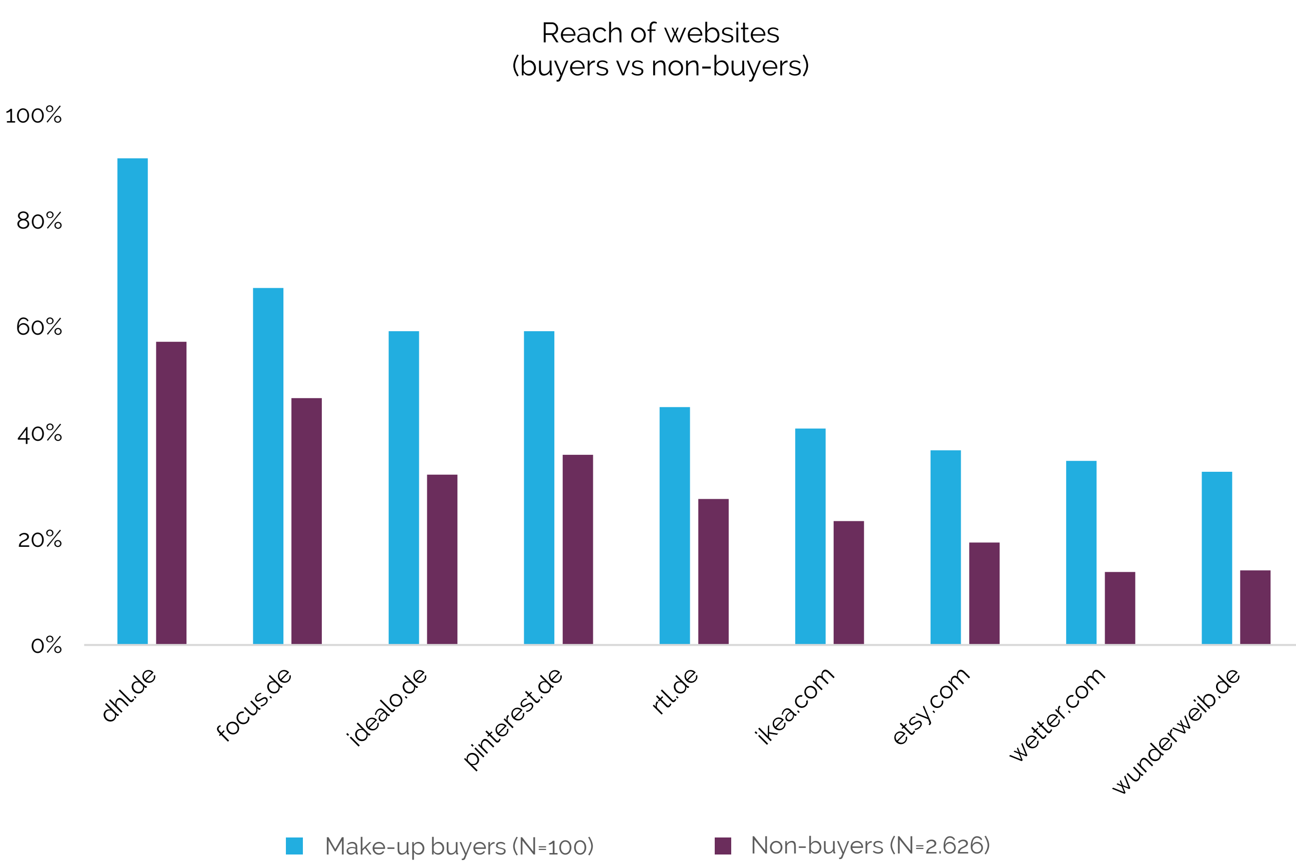
	Overall (N = 2.726 women)	Make-up online buyer (N = 100 women)
Mean age	42,7 y.o	48,7 y.o.
Children in household	No children 66,2%	No children 76%
Size of the place of residence	Less than 20.000 inhabitants 37,2%	Less than 20.000 inhabitants 48,9%
Education	Secondary school or lower 44,4%	Secondary school or lower 66%
Family status	Divorced / widowed living with partner 4%	Divorced / widowed living with partner 12%

TARGETING – BEYOND COSMETIC WEBSITES

What we know about women who bought make-up products online over the period of interest does not boil down to socio-demographics! Since we know everything about their internet habits, we are also able to tell which websites they visit more often than other women.

We know for a fact that our make-up online shoppers visit dhl.de more - there are parcels to pick up!

But other figures are insightful: for example, Pinterest reach is significantly higher among buyers, as well as the reach for Ikea or Etsy, suggesting a taste for home-making and nice things and pictures. When it comes to news outlets, destinations of choice include focus.de, rtl.de and wunderweib.de

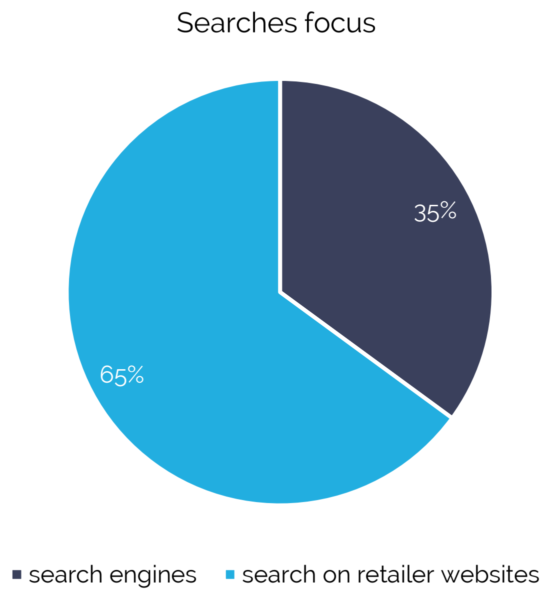


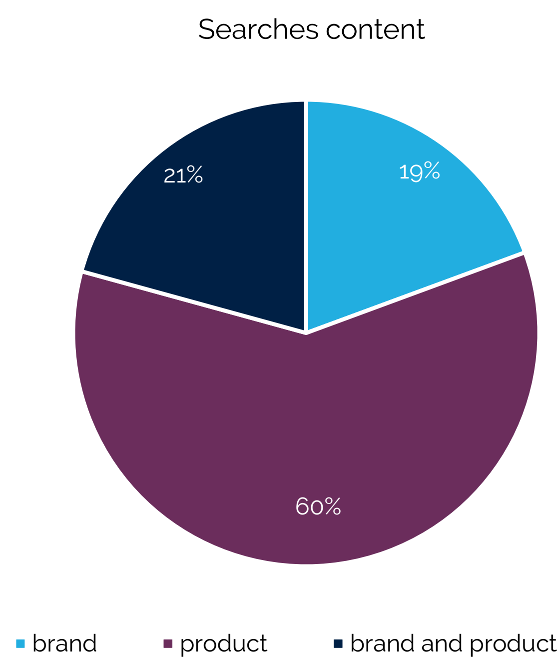
SEARCHING – IT'S NOT ALL ABOUT GOOGLE!

We access the product and the information we want by typing searches, and it is key to successful marketing to catch the right searches on the fly and make sure they land where they should. We are able to extract and analyze peoples' searches to get actionable knowledge about what is going on at this key step of the consumer journey.

What about make-up searches? First of all, it's not all about Google. More than two thirds of the relevant searches actually happen within retailer websites rather than outside on search engines. A successful search nudging policy should deal with retailers' engines, and not just Google.

Second, it is the product rather than the brand which is key entry for consumers: 40% of all searches contained a brand name, but 79% of searches had a product or product type specification.





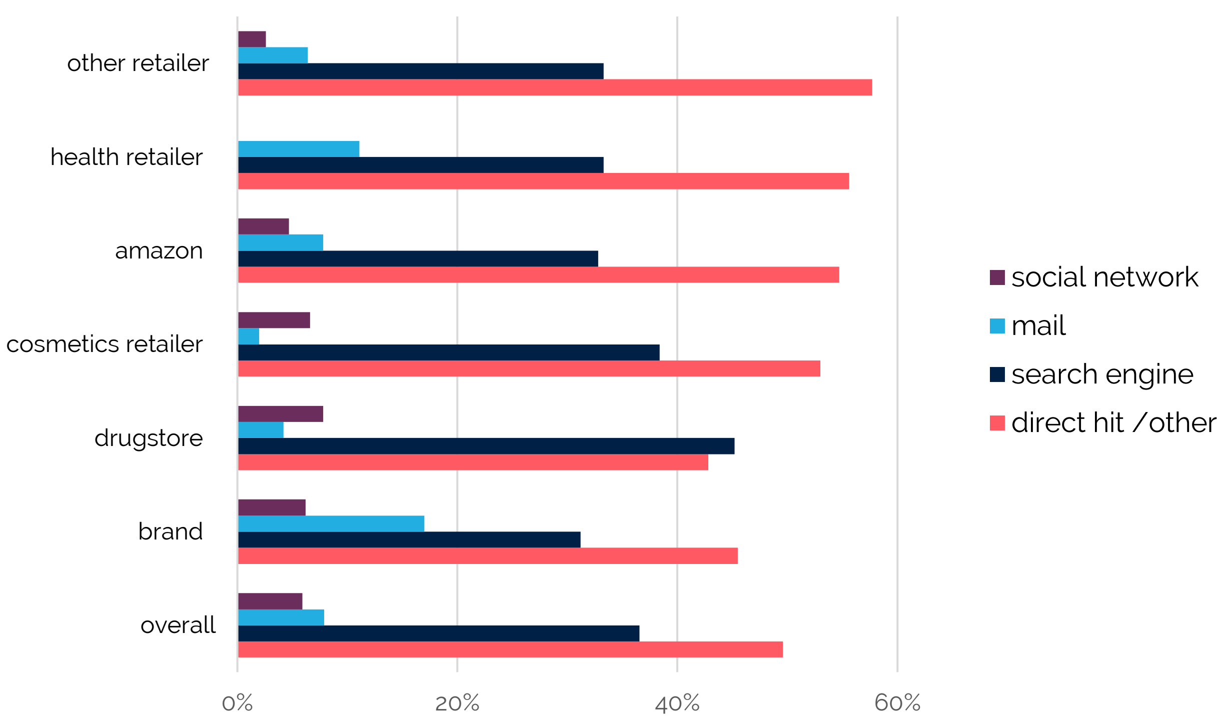
CUSTOMER JOURNEY –
WHERE DOES THE TRAFFIC COME FROM?

When someone is visiting the website of a brand or a retailer website in connection with make-up, how did she get there?

We classify origins of traffic into four categories: social networks (coming from YouTube, Facebook, Instagram, etc.), mail (usually clicking on a link in a promotional email), search engines (googling something on Google or Bing or Yahoo) and direct hits (typing the URL directly in the browser, using auto-complete or site favorites).

We are not able to identify the effect of banners and commercials on other websites, so other origins are regrouped with direct hits. Emailing campaigns are especially effective for driving traffic to brand websites (17%), while social networks account for about 6% of traffic overall. Search engines seem key for drugstores (45,2% of traffic), more than for Amazon (32,8% of traffic).

Origins of traffic (percentage of visits)



WHAT DO THEY ACTUALLY BUY?

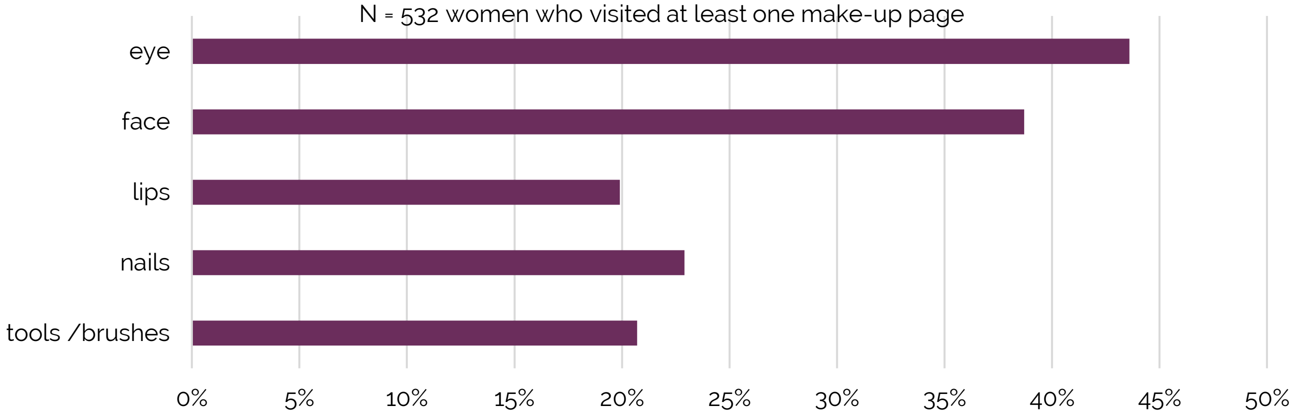
Make-up is of course a vast universe; ranging from nail brush to lip gloss. What kind of products are women searching for on the web? To answer this question, we classified all relevant make-up URLs to the type of products involved, whenever applicable. Eyes win (43,6% of women looking up for make-up online, searched for eye related make-up) and face follows!

19,9% of our target group was looking for lip related make-up. One may further wonder, what were women exactly looking for. Does gloss trump lipstick?

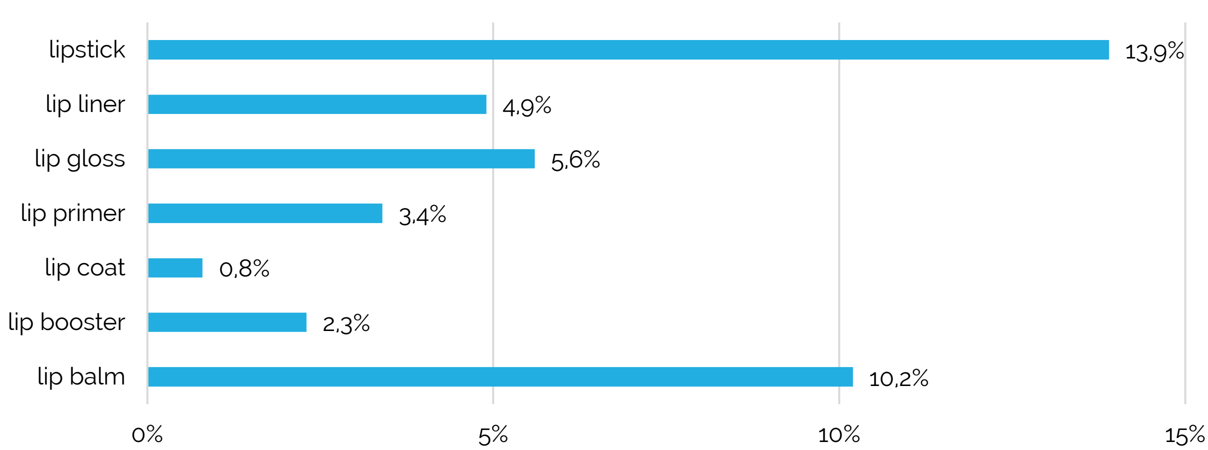
Well, not quite, lipstick is the lip product which was the most frequently focused on (13,9%), but gloss wasn't completely overlooked (5,6%).

Incidence rate of make-up categories

N = 532 women who visited at least one make-up page

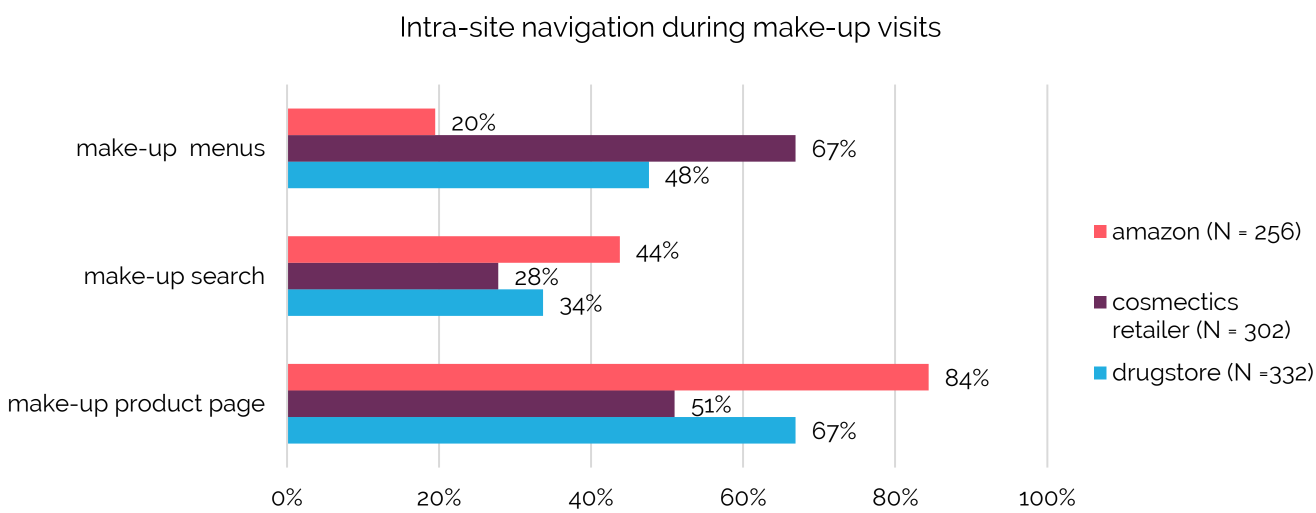


Incidence rate of make-up subcategories



HOW TO PUSH YOUR PRODUCTS ON RETAILER WEBSITES?

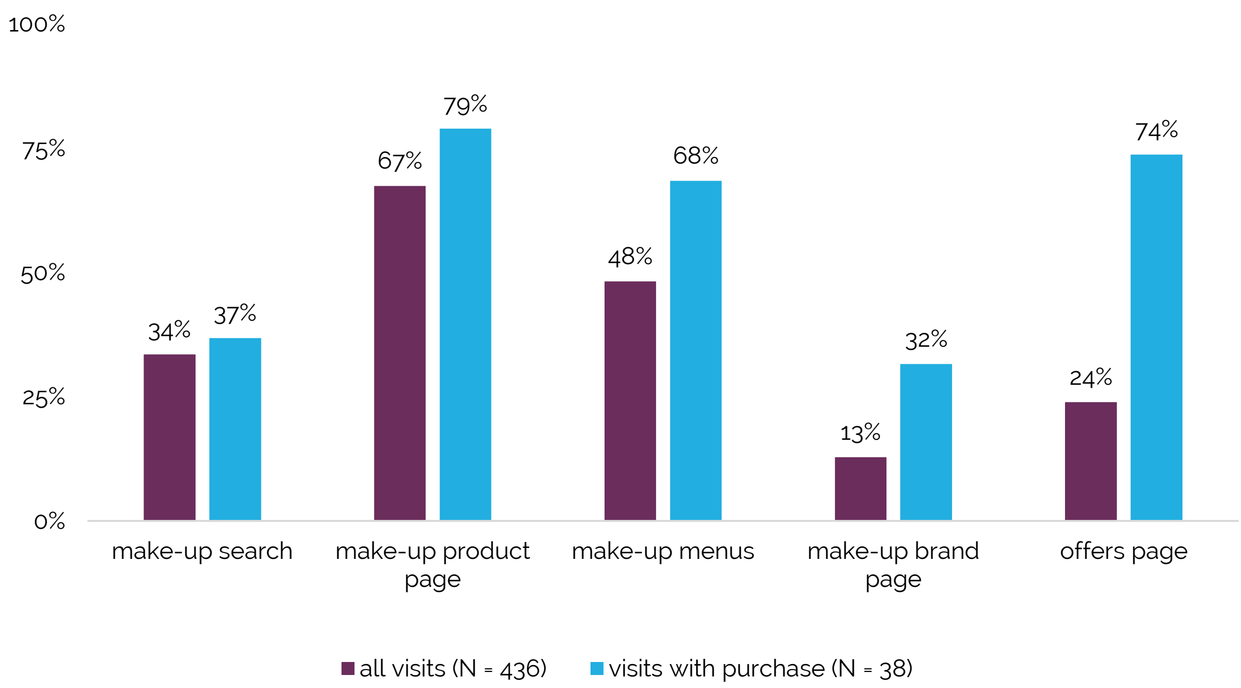
How do consumers use retailer websites when they are shopping for make-up? There are indeed various ways to browse: navigating through section pages (relying on the site menu's structure), typing searches (using the site search bar), looking at the page of a specific product (following one of the previous tactics, or by other means including offers, suggestions, or previously saved items). When in-site section browsing is very important to specialized cosmetics retailers, it proves to play a much minor role on Amazon, where traffic to product pages is driven by searches and other means.



HOW TO PUSH YOUR PRODUCTS ON RETAILER WEBSITES?

The importance of different types of pages can be further appreciated by comparing what happens during visits which resulted in a purchase and visits which did not: searches remain constant, but the use of menus, brand pages and, most importantly, offers, is significantly higher when a purchase was made.

Intra-site navigation details: dm + Rossmann + Douglas

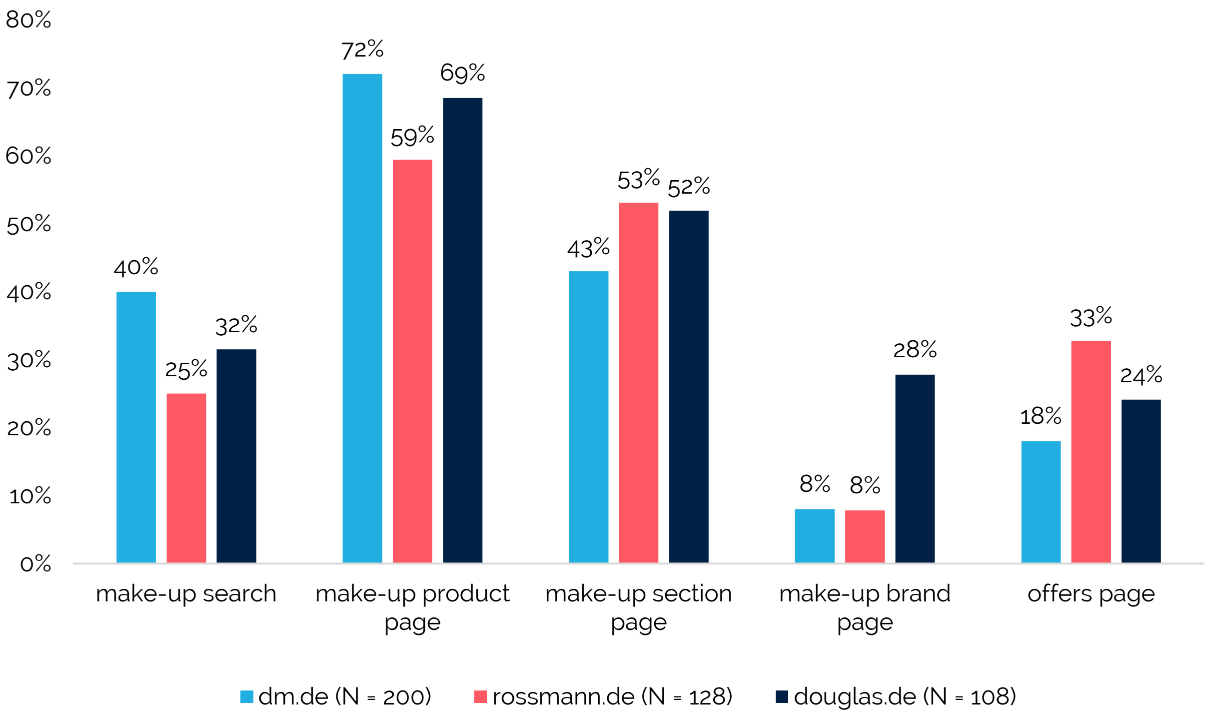


BENCHMARK YOUR RETAILERS

Brand pages are an important asset to douglas.de, which doesn't seem to be the case on dm.de or rossmann.de. Such differences in habits are relevant both to brands and to sites:

dm.de and rossman.de might wish to rekindle their brands pages, while brands might find it worth to intervene on their specific pages on douglas.de but not on dm.de.

Intra-site navigation details: dm vs. Rossmann vs. Douglas



CONCLUSION

The difference between "measuring" and "counting" is when you not only "count" the number of visitors but also have hypotheses for these numbers that you validate, as well as benchmarks that you use as orientation. Many e-commerce departments use the "as-is" state as a benchmark in their A/B tests and benchmark a new variant against the old one. We offer a decisive advantage here, because we have a people-centric approach.
This gives us a different perspective: a cross-platform one, as we have shown in this use case. This allows us, especially with the use to provide concrete actionable insights and benchmarks about consumer behavior without the need for lengthy A/B tests. These tests are especially lengthy and costly if you can't do them yourself on your own website, but have to involve the various retail partners. In addition, we can understand these numbers better because we can also ask about the background of the people, their wishes and their motivations, and thus bring a depth to the data that you can't get with behavioral data alone.

The main business problems we help our clients with are:

Audience targeting: Where can you find your target on the web? Where are they hesitating before embarking on an (e-)shopping spree?

Consumer understanding: Who is your target on the web? Why are they purchasing online rather than offline, and the other way around? What do they expect to find while shopping for a given category?

Site optimization: Benchmark your website with data about consumers' behavior and satisfaction on your website versus competitors, in order to understand your strengths and weaknesses.

Marketing strategy: Which keyword are most valuable for your products? Which kind of deals with a given website will be most likely to benefit your products? Is the position in search results more crucial than visibility in the menu structure?

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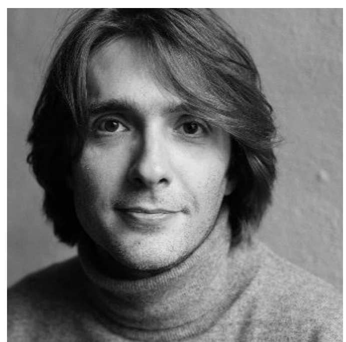
Markus Becker has worked in Panel Management at respondi since 2016. In 2020, he expanded his skills profile and now also works as a Data Scientist. He studied Sociology at University Duisburg-Essen and received his bachelor's degree in 2013. He earned his Master of Science degree in Sociology and Empirical Social Research from University of Cologne in 2016.



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Denis Bonnay is an associate professor in the philosophy department at Paris Nanterre University, with a specialization in logic, philosophy of science and philosophy of statistics. He is also a data science consultant for respondi, where he is dedicated to developing research methodologies for the new kind of data market researchers have access to, in particular behavioral data. As a former student at Ecole Normale Supérieure (Paris), he has an MSc in Logic & Foundations of Computer of Science (Université Paris VII) and a PhD in Philosophy of Science (University Paris I).

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