

Webogram Power

We've all done it. We've entered a store planning to purchase a single item -- a set of bags for the vacuum cleaner or perhaps some tomato paste. Then, before you know it, you're at the checkout with vacuum cleaner bags, a new vacuum cleaner, extension cords, optional attachments, an extra two-year warrantee, and maybe some tomato paste.

Was this an accident of fate? No, it wasn't! You may have tried to excuse yourself by explaining away the extra purchases, but, from the retailer's point of view, your shopping spree was the outcome of a very well planned exercise -- up selling. This good old-fashioned term should not be neglected, because its successful practice separates effective retailers from mediocre ones -- at least in revenue terms.

To date, the tool most often used to drive the up selling phenomenon has been the "planogram." A planogram is a detailed and thoroughly thought-through map that determines where every

product in an establishment should be situated. It illustrates not only in what area every product should be placed but also on which shelf every item should be accommodated. Shelf by shelf, aisle by aisle, the planogram assigns selling potential to every item in a store. These plans are typically the result of decades of tests and help retailers understand what does and does not drive sales.

Check out any well-known chain, such as 7-Eleven or Target, and you'll quickly realize the product-positioning pattern repeats itself in every store. If you were to place a price on such a planogram, it would be worth millions. The planogram is the most potent tool available to retailers who wish to increase their conversion rates.

But, hey, hang on! If brick-and-mortar retailing values planograms so much, then think about the Web. How might the online planogram look? Well, actually, not unlike the offline one. The

only difference is that surprisingly few Net-based companies are working in a systematic way to optimize their conversion rates. In fact, I'd claim that close to 50 percent of online retailers are still resisting the dire need that should be spurring each and every one of them to think about their sales generation in a new way.

Let me start by asking you a simple question: Do you know what your site's visitor path looks like? That is, do you know from whence your visitors have come and to which page they are proceeding? If you're familiar with your visitors' paths, do you know how much time they spend on each page, what they read, and what they ignore?

I know your visitors' paths are tricky things to investigate, analyse, and understand, but that's exactly what you have to achieve to



build your online planogram -- your "Webogram."

This step-by-step plan will help you optimize your conversion rates.

Typically, a planogram is built on the basis of hundreds, if not thousands, of interviews with consumers. Often, a research team will have monitored consumers' in-store behaviour, observing, for example, which aisles they tend to race down when picking up milk and understanding which products which families favour. They look at both pedestrian staple products, such as cereal, sugar, and eggs, as well as inspirational and spontaneous items, such as candy (often placed, as a result of such studies, next to the unavoidable cash

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register).

Planograms have enabled us to predict almost 95 percent of purchasing behaviour, not only because humans tend to shop similarly, but also because shops all over the world have designed their stores in response to those planogram findings. The more every store looks the same, the more the consumers' expectations are met, and the more their shopping habits are trained to respond to the ubiquitous arrangements now assigned to supermarket products.

With these very familiar facts in mind, I'm sure you can understand the value of knowing exactly how your customers behave on your site. One major difference between on- and offline retailing, and a major advantage the Web has over brick-and-mortar, is the Web site's potential to customize the Web page environment.

The look, content, and structure of a site can be massaged and altered in response to every visitor's

profile. To translate this unique opportunity into offline-world terms, this would be like visiting Target on a vacuum-cleaner-bag-buying mission and finding that Target has redesigned its store to accommodate only vacuum-cleaner products.

The downside of customization, obviously, is it could cause you to miss out on cross-selling unrelated products. But cross-selling as well as up selling could be the beneficiaries of your Webogram research. Your first step will be to categorize your customers' needs. Some visitors to your site might be after cleaning products; others may be shopping for health foods; and still others might want a fast-food fix. Each category of need -- and you may come up with heaps of them -- will represent a particular visitor search pattern, and your analysis of these patterns will open up interesting opportunities for optimizing both your consumer's search path and your up- and cross-selling potential.

So, back to the Webogram, the planning device we're using to import cross- and up selling potential to the online store. A successful Webogram could open up a goldmine for you. Let's consider the highest hurdle.

In the offline store, shoppers can browse in a physical environment. The retailer has all of the shopper's five senses to work on: seeing, hearing, feeling, tasting, and smelling. That scope just doesn't exist online. Your role, therefore, is to find other ways of inspiring your customers while they're shopping. The trick to achieving this online is to be systematic. You have to systematically and constantly inspire your customers. How would such a strategy look in practice? There'd be a minimum of three ingredients in your toolbox (assuming that, at this stage,



you're not prepared to establish a detailed CRM system with personalized membership features):

- Navigation. The navigation panel is the key. It's the tool that allows visitors to jump from section to section on your site in no particular order. If it's too simple, you're likely to lose potential cross-selling opportunities. If it's too complex, you are likely to lose business by confusing your customers. The design of your navigation tools should be inspired by your customers' preferences, which you'll know all about, having done your research and observing customers in the offline store environment. Your online advantage is that your navigation panel could offer detailed options that

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vary according to where your customer is at the time -- as long as your panel structure and design are consistent at your customer's every turn.

· Linking strategy. You should hyperlink every sentence so that any potential cross- or up selling opportunities are activated and the customer thus inspired to investigate. Having deviated via a particular hyperlink to another virtual aisle in your store -- that is, to another page -- your customers will encounter new and interesting products that are meaningful to their needs. Your linking strategy should work like a virtual salesperson, offering ideas, extending the customer's knowledge of products, and taking hints from the customer as to what else she might need but just hasn't thought of yet. But do remember: The number of links you offer should be informed by your customers' preferences. Again, observe customers' behaviour in the brick-and-mortar store and reflect their apparent tolerance for persuasion,

deviation, and exploration in the number of links your site offers. Too many will lead to confusion and frustration; too few may lead to boredom and a quick exit from your site.

· Promotion program. Special promotions are another means of cross- and up selling. You might feature a ketchup promotion with sausages, for example. Or milk where breakfast cereals are to be found. In short, think about uniting complementary products. Again, analyse in-store behaviour to clarify ideas on complementary promotions. Just because you think one product bears a logical relationship to another, doesn't mean a customer will, and the coincident appearance of an arbitrarily chosen product may not inspire a shopper to purchase the promoted item along with the one he intended to buy. Short message: Don't guess at your customers' preferences and tendencies. Know them by research and analysis.

I know these thoughts haven't made you an instant Webogram expert. But, hopefully, they've sparked some ideas for you and perhaps caused you to rethink your existing cross- and up selling strategy. If you're among the 50 percent of online e-tailers who are already thinking this way, I'm sorry for wasting your time. However, the rest of you -- get going!

Remember, cross and up selling won't happen by itself. These are achieved as the result of careful planning, which every online site manager should be engaged in. There's a lot of work to do before you can conclude your conversion rate has fulfilled its potential. Offline retailers have been planogramming their way to increased conversion rates for years. So, what are you waiting for? Plan that Webogram.



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