

# Outside View



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## BUSINESS

# Capturing Missing Online Sales Through Optimizing Product Information

- However a consumer shops a retailer's website, the accuracy and compliance of its product information is critical in maximizing sales and optimizing online inventory management.

BY RICHARD HYMAN

**Retailing may** not be the oldest profession in the world but selling products to shoppers has been around for centuries. Until relatively recent history, it's been almost all physical. Vendors have developed a range of disciplines to manage the interface of product and customer –ensuring the right product is in the right place at the right time, at the right price and quantity, and looking its best. Then around 20 years ago the internet came along.

The industry has progressively embraced online, which has captured a rapidly increasing share of total retail sales. This development has involved huge cannibalization and while channel share varies across developed economies, sharing of sales with this still relatively new channel has profoundly impacted trading economics. The need to offer returns, and the cost implications of doing so, weigh heavily on retailers' margins. Adding value remains elusive: online tends to be a transactional channel where shopping around is so much harder.

Against this background online retail has focused on scale, functionality and response speeds. Walking the online store doesn't really happen. Staff are not on the website shop floor checking all is as,

and where, it should be. Indeed, a rapidly growing pattern of shopping behavior bypasses the landing page of the retailer's website and searches by specific product. Whatever route the shopper takes, the accuracy and compliance of product information is critical in maximizing sales and optimizing online inventory management. Missing sales through sub-optimal product information and presentation, and sometimes because it's simply missing, hits trading economics and contributes to diluting online margins. And this helps to explain why online profitability remains so challenging.

While the industry grapples with the challenge of translating added value from physical to digital, the retail tech world has developed software that enables management to measure and mend their product information quality.

Eighteen months ago the U.K.-based Kingfisher home improvements business started using these software tools, designed to see their offerings as customers see them – effectively walking the digital floor. The company has seen directly attributable low double-digit sales increases through deploying these tools across its various brands. Given that no additional inventory is needed (effectively capturing "missing" sales), the bulk of this incremental revenue is pure profit. The Kingfisher subsidiary B&Q is developing a platform called Marketplace through which third party vendors can sell their products. These vendors are now receiving customized reports finding and fixing their offerings, generating gains for them and for their host B&Q.

Another retailer has reported a fourfold increase in website traffic via Google, through improved SEO. Product information

heavily influences how Google and other search engines rank products, so getting this right is key to customers searching effectively and finding your products.

In the same way that well-merchandised stores create a virtuous circle, giving an optimized shopping experience that is brand enhancing and leads to repeat visits, exactly the same applies online. A number of retailers using these tools report seeing

material increases in Net Promoter Score (NPS) as a result.

Beyond errors is optimization – how well product is presented. Shoppers doing an online comparison shop will probably spend just a short time visiting your page. Product information needs to be impactful, relevant, clear and consistent. How well does it compare? Being able to rate your offer just as the shopper does is increasingly critical. AI and machine learning are increasingly able to benchmark offers in this way.

There is a legal dimension here, too. Retailers need to comply with a range of regulations, especially around consumer protection. An example is product warranties: getting product information correct is not a nice-to-have but a legal requirement where mistakes can be very costly. Retailers are already saving millions on legal fees using tech to ensure compliance.

A California-based company has been developing AI-driven software tools to tackle these issues. Aida Intelligent Solutions' product information intelligence toolkit scrapes websites to provide digital mystery shopping which not only identifies errors and missing information but can often fix them automatically. It also measures websites across competitor sets, ranking retail offers and pinpointing how and where the critical fixes need to focus.

Online retailing is coming of age. Its growth seemed unstoppable, especially when COVID-19 store restrictions led to an explosion of internet sales. But in winning back some of that share, stores have reasserted themselves. It's no longer heresy to admit that online often struggles to make money. Optimizing the product information used to facilitate sales is central to giving you the best chance to turn your inventory into sales revenue. The industry needs all the help it can get to address the pressures on trading economics and make investment in online growth more attractive.

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