

THE DIGITAL MERCHANDISER'S GUIDE

to Maximizing Margins with Visualized Data



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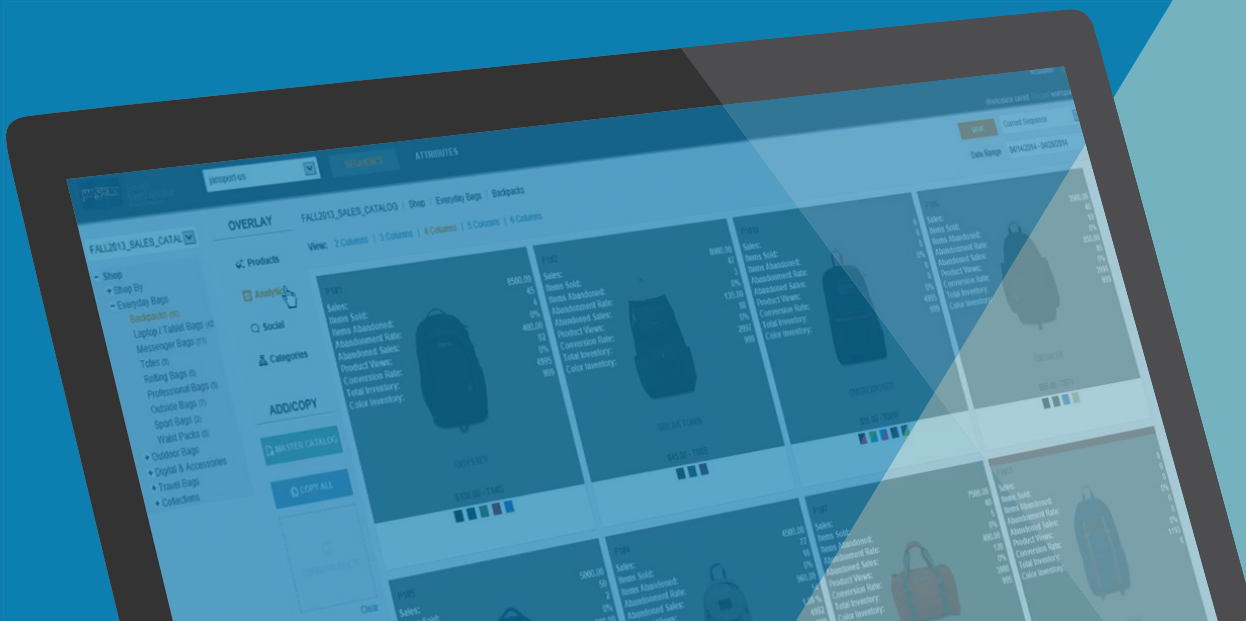
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As merchandisers across industries have made the move from traditional brick-and-mortar stores to online shopping sites, there have been an ever-increasing number of challenges to surmount.

Merchandising: From Bricks to Clicks

Digital merchandisers are charged with managing digital storefronts in a manner that's congruent with hitting aggressive sales goals. Whether operating in the role of Director of eCommerce or as a Merchandising Manager, all participants on an eCommerce team are acutely aware of the importance of optimizing the product catalog and improving user experience to increase profit margins and keep inventory moving at a profitable rate.

However, as merchandisers across industries have made the move from traditional brick-and-mortar stores to online shopping sites, there have been an ever-increasing number of challenges to surmount.

The most apparent challenge for digital merchandisers is the "lack of eyes" on the actual shopping experience within the virtual store. Beyond that lies the basic conundrum of how to



In 2013, online shoppers in the U.S. rang up more than \$2 billion in sales on Cyber Monday.

overcome the seemingly contradictory nature and wide divide that exists between the datasets used to represent action and behavior online and the visual aspects related to a job based primarily on having a “creative eye for it.”

Unfortunately, as merchandisers shift from a world of “bricks” to “clicks,” they have been expected to execute on the visual aspect of their roles while still being restricted within a data-driven universe. Even the most widely used eCommerce software (such as IBM WebSphere Commerce) provides limited,

or no, access to the much-needed visual components contained within traditional product catalogs (e.g. product images and color swatches).

So what are merchandisers to do? Many are spending hours – nearly entire workdays – trying to connect the dots among the flurry of social media chatter, hard business analytics, web analytics, and the visual storytelling that plays out across the pages of an online product catalog.

But with online shopping activity growing exponentially year after year, and the related web analytics outlining indicators pointing to the fact that consumers are showing a preference for shopping online, retailers can no longer ignore the obvious gap between what merchandisers realistically need to accomplish their jobs and the tools they have to complete those jobs, especially in light of the numbers.

In 2013, there were 10 online shopping days in the United States that tallied more than \$1 billion in sales. Note that these numbers only include sales that were attributed to people shopping while using their desktop computers. Consider then that on Cyber Monday of that year, when mobile device sales were tallied in addition to those desktop sales, online shoppers in the U.S. rang up more than \$2 billion in sales on a single day.

With so much profit potential at stake, retailers can no longer avoid the growing need felt within the world of merchandisers – a tool that marries big data stream outputs

and social indicators with a visual layer that enables quick change artistry and real-time decision making on digital storefronts.

So how do we overcome this challenge – this digital divide that currently exists between data points and the visual requirements necessary for a visual merchandising job? Merchandisers need visual tools that maximize the data and analytics potential.

MERCHANTISERS SHOULD MAXIMIZE DATA POTENTIAL

- Product trends and popularity
- Conversion rates
- Ratings and reviews
- Profit margins
- Social media sentiment analytics
- Inventory levels

Using Visual Tools to Maximize Data Potential

On the flipside of these challenges lies potential – potential to utilize vast amounts of analytics and real-time data to make optimized decisions that can boost revenue and widen profit margins while improving the overall customer experience.

Having access to (and an overall understanding of) the following inputs are an important aspect of a merchandiser's job:

- Product trends and popularity
- Conversion rates
- Ratings and reviews
- Profit margins
- Social media sentiment analytics
- Inventory levels

However, as it currently stands, most merchandisers must pull this information from a variety of data sources – printing out daily sales reports from legacy product management systems, cross-checking against web analytics dashboards, and pouring over social media and customer review sites.

This crude system of applying information from varied sources to form a complete picture leaves the door wide open for errors and miscalculations as data is moved from one source to another location to be analyzed against a different stream of data. Not to mention, this “data-fied” approach to a mostly visual task is arduous and time consuming – especially for those merchandisers working with 40,000+ SKUs.

Merchandisers in the digital age need a way to monitor analytics and make visual changes to page layouts within the same tool. Information related to real-time sales and inventory levels is vital for a position that requires visual page edits and individual product changes (e.g. default color swap) based on what’s actually happening in the digital storefront at any given moment.

Online retailers must balance the need to optimize site navigation and shopping cart efficiency with the need to create visual page layouts and merchandising that drives sales. Unfortunately, the latter has been incredibly difficult for digital merchandisers because they have been forced to complete a highly visual task with a toolset that was designed for dataset analysis and number crunching.

If inventory is running low for a specific color, style, material, or size, or if a particular combination of a product is out-of-stock or stockpiled, eCommerce managers need a way to take in a quick visual landscape and know how to best re-arrange the visual layout of pages on the site.

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Product Sequencing for Profit

When it comes to product sequencing, eCommerce managers need information related to both legacy and real-time data. And in order to maximize the use of this information, they require the ability to map that insight against the catalog management system.

The capability to work within one system, instead of pulling information from varied sources, opens up the possibility for merchandisers to make instant presentation edits to the live, consumer-facing product pages. Trending or slow-to-sell items can be bumped into higher visibility positions or kicked down to the end of the product page or below the fold.

When web and sentiment analytics come in for each inventory item that's part of a marketing or promotional campaign, the ability to merchandise top search result products, remove items (or individual colors of an item) from a sale, and/or change the default/leading color being displayed is critical.

Detailed information pertaining to inventory levels, conversion rate, profit margins, and social buzz offer a leg up for merchandisers who want to stay ahead of the curve and visualize pages based on more than just price, product images, and color swatches.

Speaking of color swatches, a critical part of the visual merchandising role lies in the ability to manipulate the color layout on a site page. Color defaults and swatches move the conversation of visual merchandising in a digital store into a more granular aspect than just product sequencing.



When sellers have quick-change flexibility over color and sequencing management, they can easily make adjustments to inventory presentation and capitalize on sometimes momentary opportunities.



Get Color Correct: Defaults & Swatch Swaps

Merchandisers must have control over every aspect of a product displayed in the catalog – from the key traits and characteristics, all the way down to the finer details such as which default color is showing for each product – because the ability to make quick changes is essential to maintaining time efficiency and maximizing profit. And, in the case of larger retailers, the ability to change product attributes across all product catalogs and sites is a must.

When sellers have quick-change flexibility over color and sequencing management, they can easily make adjustments to inventory presentation and capitalize on sometimes momentary opportunities. But if a merchandiser is stuck manually adding product sequence numbers, without being able to see a visual representation of how the edits will appear on the screen, there is – without a doubt – going to be lost and wasted time, mistakes, and errors that all lead to the same place – lost profits.

Taking advantage of simplified color sequencing is one of the easiest ways to quickly downplay or promote items as it relates to seasonality, inventory level, or trending.

Using a tool that allows for quick changes without the need to open multiple programs and cross-check SKUs against backend data sources makes it possible to take advantage of daily, even hourly, merchandising opportunities that reveal themselves via traffic, conversion, inventory data, social sentiment, and online trending.

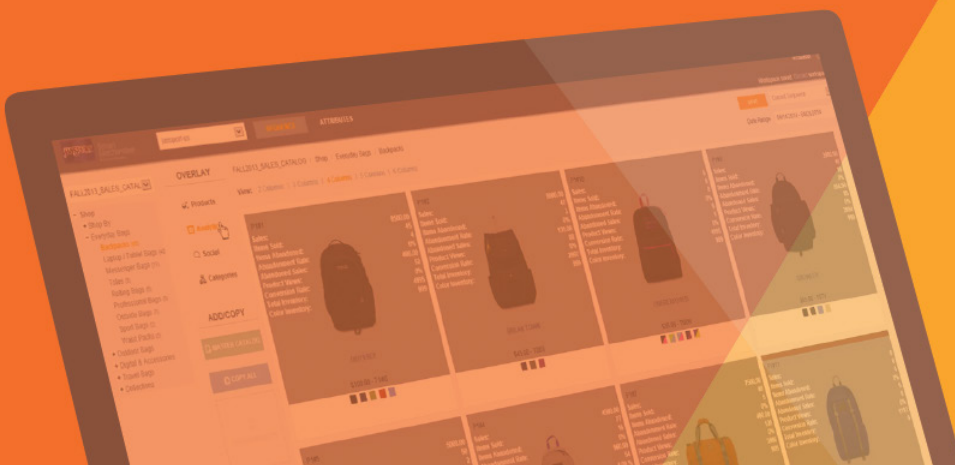
Trend Tracking

The retail industry thrives on trends – societal trends, celebrity and tastemaker-induced trends, color and seasonal trends – to maximize revenue potential. If a popular fashion blogger floods her social feeds with photos showcasing her new favorite bikini, you can bet that bikini will quickly be in high demand on the main retailer's site, as well as on affiliate sites that carry the swimwear.

Digital merchandisers who have access to analytics related to social buzz will be able to capitalize on the explosion of exposure caused by a celebrity or tastemaker by showcasing that product prominently on their site or creating an entirely new HERO product story or email campaign based around the tastemaker's preference for that product.

Trending also becomes a leverage point for strategic merchandisers when they're given the tools to pull sales report and conversion rate data on-demand. By knowing which products site visitors are searching for and buying, merchandisers can begin to target potential customers more effectively by, for example, placing items that tend to be purchased together (a certain umbrella with matching rain boots) near one another on a product page.

There are endless combinations and examples such as the one above that can be dreamed up by inventive merchandisers who have access to data at the same time that they're planning the visual layout of an online catalog.



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Making products discoverable and knowing how to make the logical steps or leaps your customers might be making to find products on your site is one of the most important jobs in the role of a digital merchandiser.

Shape Up Your Searchability

Making products discoverable and knowing how to make the logical steps or leaps your customers might be making to find products on your site is one of the most important jobs in the role of a digital merchandiser. The value of working to intelligently correlate the results that are populated upon the completion of a search cannot be underestimated.

Start with your search failure rate. Be sure to include those visitors who complete a search and find an answer, but then immediately abandon the results list – there’s a good chance they did not find what they were looking for.

Review the inputs from failed searches – how are people approaching the task of searching for an item or product category on your site? Take cues from site visitors and use the words they use. Make searching easy for your customers.

As a digital merchandiser, spending the time and effort to go through and tag all products in the catalog with the most descriptive and intuitive attributes is essential to optimizing the customer experience and improving conversion rates.

Managing & Optimizing Inventory Levels

There are multiple facets that make up the tasks related to merchandising according to inventory levels, but with an eCommerce storefront, the successful completion of all these tasks relies on the information gathered from data.

If a retailer is operating with gross surplus or nearly depleted levels of a certain product, catalog adjustments will be needed based on that retailer’s particular goals.

If a product is underperforming, the merchandiser needs to quickly make decisions regarding whether the product should be minimized from view (placed below the fold or relegated to a more deeply stacked position) or maybe even taken off the site altogether.

On the other hand, if a product or specific size or color of a product is running hot, the merchandiser needs a way to quickly and efficiently make adjustments to the product page itself, or the product category it resides in, changing the overall location of the product as it relates to placement on the page.

Consider a situation where two weeks before Valentine's Day the data coming in reveals that red and pink products are converting at a higher than normal rate. The capability to make quick changes would benefit the merchandiser who chooses to highlight products available in those colors, or even make a catalog adjustment to ensure that the default color swatches for products in the category view are set to show the red and pink versions.

Maximize Margins & Propel Profits with Visualized Data

As consumers around the world continue to choose online shopping as a preferred method for making purchases, retailers across all industries need to arm their eCommerce merchandisers with tools that improve efficiencies. By incorporating real-time information and data into the decision making processes related to visual catalog layouts and the accompanying organizational methods used, merchandisers can ensure that consumers are able to search for and find the items they're seeking.

By creating a streamlined and closed-loop system where information is gathered in real time, merchandisers save time and eliminate the guesswork.



Digital merchandisers today need an all-in-one solution that aggregates information across multiple backend data sources, as well as social channels, and presents that information in a highly visual catalog management dashboard. This visual representation offers those working in eCommerce the best way to re-create the advantages that their traditional brick and mortar counterparts have access to.

By creating a streamlined and closed-loop system where information is gathered in real time, merchandisers save time and eliminate the guess work that often results in frustration and missed marks when merchandisers are attempting to react quickly to ever-changing markets.