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The cover story

Brick to click

How traditional sleep shops can compete online

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TO CLICK

How traditional sleep shops can compete online

By Gary James

Having a strong Web presence, even if products aren't being sold online, has become as important for retailers as having a telephone number, Internet experts agree. Without it, brick-and-mortar stores risk huge lost opportunities.

"Today, when people are shopping for a product that you sell, chances are they're going to their computers or smartphones, typing in a keyword and looking for local retailers who sell that particular item," says Scott Sanfilippo, cofounder of Solid Cactus, a Drums, Pa.-based e-commerce solutions provider. "If you don't have a website or online store, the competitor down the street who does just cost you a sale."

Still, many small retailers have only a minimal presence online, regarding it as a distraction from their core business of selling mattresses and other sleep products in a physical store setting.

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"For many brick-and-mortar retailers, selling online is scary," Sanfilippo says. "They don't have the time or resources to do it and do it right. But that doesn't mean you shouldn't be online. If you're not ready to commit to a full-blown e-commerce store, a well-designed website with information about your store, what product lines you carry, the manufacturers and brands you represent, hours of operation, contact info and a map to your location will suffice."

A steadily increasing amount of consumer buying activity is taking place online. According to comScore, a Reston, Va.-based provider of digital business analytics, U.S. retail e-commerce sales reached $186.2 billion in 2012, an increase of 15% and the strongest annual growth rate since before the recession. Fourth-quarter 2012 sales grew 14% year-over-year to $56.8 billion, marking the first-ever $50 billion quarter. E-commerce growth rates for the entire year outpaced brick-and-mortar by a factor of about four, and online sales now account for about 10% of total U.S. retail spending, according to comScore.

"It is clear that the online channel has won over the American consumer and will increasingly be relied upon to deliver on the dimensions of lower price, convenience and selection," says Gian Fulgoni, comScore's chairman.

While bedding remains a product category that most consumers prefer to see and touch before making a purchase, that doesn't mean retailers can ignore the potential impact of e-commerce. Across all brick-and-mortar businesses, a fast-growing percentage of sales start with online research, and the Internet now influences $3.45 of in-store sales for every dollar spent online, according to figures from eMarketer, a New

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York-based research firm.

And more online purchases of bedding also are taking place. Emarketer forecasts that online sales of furniture and home furnishings, including bedding, will grow at a compounded annual rate of 14.8% from 2012 to 2017.

"The time is quickly approaching when retailers of all types will have to have an omnichannel approach to making the sale," says Kevin Eichelberger, founder and chief executive officer of Blue Acorn, a Charleston, S.C.-based e-commerce solutions provider whose home furnishings clients include Tres Amigos Furniture in Tucson, Ariz. "Brick-and-mortar stores will need to offer online purchasing, and online merchants will require a physical store presence. It's all about giving consumers the ability to buy in whatever way is most convenient to them."

One step at a time

Before charging full steam ahead into the e-commerce arena, experts recommend that retailers make sure they have all the basics of a well-designed website in place first.

"A quality website provides a chance to reach a group of customers who otherwise might not know about your store," says Bob George, managing partner of Impact Consulting Services

in Atlanta, which offers a range of website hosting and design services to retailers through its FurnitureCore.com solution. "It should be eye-catching, engaging and easy to navigate, and contain all the basic information you'd like your customers to know about your store's products and way of doing business."

When brick-and-mortar retailers communicate with potential customers online, they should make a point of playing up the characteristics that set them apart from pure-play e-tailers, adds Solid Cactus' Sanfilippo.

"Far too many websites are not the best places to do business," he says. "You don't know who runs them, how long they've been in business and whether they're going to follow through on their promises."

Brick-and-mortar retailers should use this to their advantage, emphasizing strengths, such as years in business, community involvement and business awards. "Talk about your loyal, trained staff and include a few photos of your team," Sanfilippo advises.

This type of information can be an advantage even when competing against reputable, well-established websites, Eichelberger adds. "Sites like Amazon rely heavily on customer reviews. They can't offer detailed, custom knowledge the way a brick-and-mortar retailer would."

George says the online world is a frequent topic of conversation at Impact Consulting's Performance Group meetings, where retailers of similar profiles in noncompeting markets gather to share ideas for growing their businesses. One such group consists of America's Mattress retailers.

"Constructing and maintaining a site can be a struggle for small retailers," George says. "They

don't have the resources of a big chain, so they sometimes see websites as a low priority versus the other challenges they face. But they need to be there."

George looks at the Internet as another vital channel of communication in a retailer's marketing mix. "Ten years ago, you couldn't say, 'I'm not going to advertise in the newspaper.' The same is true in this digital era. You can't say, 'I'm not going to have a Web presence' and expect to stay in business."

At the very least, a retailer needs a website to put its name in front of more prospects and draw traffic into the store. "Shoppers used to visit four or five stores before buying a bed," George says. "Now they go to one or, if you're lucky, two. The Web is one more vehicle, along with traditional advertising, to make sure you reach as many people as possible."

Tapping the experts

If a retailer doesn't have the in-house expertise to launch or manage a site, it needs to find an outside firm with the expertise to handle the job. There's no shortage of resources available, from small boutique Web designers to comprehensive solutions providers that handle everything from design, hosting and e-commerce store construction to online ad placements, call center support and metrics analysis. Buying groups such as Furniture First and Mega Group USA also offer website development programs. A host of specialists, both local and national, also offer business-support services for specific digital functions, such as search-engine optimization tools.

For payment processing, a retailer's current bank is a valuable resource. Typically, banks already handle credit card processing for their retail customers, so they can

Five benefits of an online presence

A well-designed, regularly updated website benefits brick-and-mortar businesses in at least five key ways, says Scott Sanfilippo, cofounder of e-commerce solutions provider Solid Cactus:

1 **Extending your reach:** Many shoppers remain leery about shopping online. By having a well-designed site, traditional stores put their messages in front of additional shoppers who like the convenience of surfing online for information but would prefer to buy in-store. "Make sure to tell your visitors that you have a physical location that has been around for X number of years with a staff of veterans who know your products inside and out," Sanfilippo says. "That track record sets you apart from much of your online competition."

2 **Assisting with consumer education:** Just like the couples who used to pore over consumer magazines for insights on products, today's consumers increasingly hit the Internet before making a purchase to learn about what's available. "By displaying best-selling products on your website, coupled with reviews written by actual purchasers, your shoppers can make an informed decision based on that information before heading out the door to visit your location," Sanfilippo says.

3 **Providing additional resources:** The Web offers an opportunity to share much more information with shoppers than you can during a typical in-store visit, so give them all the resources they need to make an informed decision. Product videos, quality photos and detailed descriptions of key features all help motivate shoppers to move from the Web to your door. "Once they come in, your well-trained and professional sales staff can help them select the product that best meets their needs," Sanfilippo says.

4 **Answering questions:** Just like salespeople interact with customers who walk in the front door, stores can do the same with visitors to their websites, Sanfilippo says. "Live Chat programs can be installed on your site that give the visitor the ability to chat with you to get questions answered." These online interactions can lead to setting up appointments for customers to visit the store in person, he adds.

5 **Enhancing interaction:** Used together with social media, such as Facebook and Twitter, websites offer another vehicle for engaging shoppers, Sanfilippo points out. "Be sure to include links to your social media sites on your home page, and use those sites actively to discuss new products, promote in-store events and drive traffic to your site and to your front door."

MicroD expands e-commerce capabilities

MicroD, a leading technology provider to the home furnishings industry based in Charlotte, N.C., has added new e-commerce capabilities to its portfolio of Web-based services with the acquisition of Channel Redefined of Green Bay, Wis., on Aug. 22.

Channel Redefined offers a variety of tools to help retailers add e-commerce functionality to their websites. Its offerings include iStore, a dynamic, online sales system developed with Hooker Furniture that gives shoppers the ability to make purchases on a 24/7 basis.

"E-commerce continues to be a growing trend in the home furnishings industry," says Manoj Nigam, president and chief executive officer of Micro D. "The talent, experience and knowledge that the Channel Redefined team brings to MicroD will enable us to offer our customers unparalleled success and proven results for e-commerce. Our goal is to provide a 'one-stop-shop' for our clients."

Earlier in August, MicroD had acquired Internet Databases, the Roanoke, Va.-based developer and marketer of the FurnishWEB business-to-business portal technology. The cloud-based customer service and collaboration solution enables manufacturers to electronically share product information and manage orders with retailers and sales representatives.

In bedding, MicroD's clients include Sleep Express, Sleep Country Canada and Slumberland. The company also works with major furniture manufacturers and full-line retailers, such as Kittles, Bassett Retail Stores, Mathis Brothers and American Furniture Warehouse.

easily expand this relationship to include online credit card processing. They also can provide the necessary software to create payment "gateways" on websites.

On the shipping side, logistics specialists, including UPS or FedEx for small item drop shipping, offer a range of transportation solutions.

"If you need a website built, find a company that has proven experience with companies like yours, not with a neighbor or a 'friend of a friend,'" says Susan Waldes, director of client services for PPC Associates, a search engine marketing consultant in San Mateo, Calif. "Hire a qualified resource who knows what they are doing so they can be a partner with you every step of the way."

Waldes advises clients to choose a partner that works with companies of similar size. "You don't want to be the smallest client of the biggest firm in the country," she says. "Look for a provider that understands the challenges that companies like yours face and has an understanding of your local market or product niche."

Once a website is up and running, it's helpful to have at least one staff person who can keep content updated. But many small retailers don't have a full-time person that they can dedicate to the Web," Waldes acknowledges. "In this case, they'll need their outside consultant to maintain their site and look for ways to get their staff more involved as time and budget allow."

Waldes adds that younger employees offer a good source of support for sites, whether it's rounding up photography for product pages, writing promotional blogs or posting comments to company Facebook sites.

"Don't overlook the huge potential of social media to spread awareness about your company," Waldes says. "It's the perfect way to promote your store's narrative and build relationships with new and future customers."

Adding e-commerce

While adding e-commerce functionality can be a natural next step for many bedding sites, retailers should make sure they have a clear strategy in place before they begin taking orders.

"The stakes of a misstep can be high, since a dissatisfied customer will often air their complaints publicly on the Web through negative reviews or social media postings," Sanfilippo says. Even if the comments are off base, the perception they create is hard to erase.

"So make sure you can deliver on your promises," Sanfilippo says. "If you say your orders will ship in three days, don't ship them in a week."

Sanfilippo recommends that retailers start small, by selling easy-to-ship—and return—items such as pillows and accessories, before expanding offerings to include bulky mattresses and foundations. And when mattresses are added, he suggests limiting initial distribution to the immediate geographic area so long-distance deliveries aren't an issue.

"Make sure to clearly spell out your policies on your site, so customers understand your range of service," Sanfilippo says. Before going national, he adds, retailers need to have a solid order-fulfillment system in place so that shipping occurs within promised time frames.

"Amazon has set everyone's expectations very high," Sanfilippo says. "We're all used to getting products in two days and quickly returning the product if needed."

To be successful with online selling, retailers need to understand that operating an e-commerce business takes as much skill and effort as running a physical store.

"You can't just put up a site and expect business to come rolling in," Eichelberger says. "Along with site design and management, you need a marketing strategy to generate strong search results that drive traffic to your site. And you need to have systems in place for handling the additional shipping and customer support demands."

When making the leap into e-commerce, retailers need to clearly identify their target market, Eichelberger adds. "If your focus is your immediate market, that's a very different business than if you decide to serve a larger region or the entire nation. Determining who you want to sell to is a big first question that drives many other decisions."

Eichelberger says that retailers also need to be aware that when they sell online, they compete against the legions of other mattress merchants that are online, not just the stores located in their city. To succeed, retailers need to make sure that they differentiate themselves from the crowd by offering a strong value proposition or other features, such as product expertise or service, that competitors can't match.

Why do online shoppers select certain retailers?

Mobile and social channels continue to change the way consumers shop. According to the latest UPS "Pulse of the Online Shopper" study, 46% of those surveyed said they are less likely to comparison shop when using a retailer's mobile app, and 47% said they want a retailer to send a coupon to their smartphone when they are in-store or nearby.

Not surprisingly, 84% of online shoppers use at least one social media site. Among Facebook users—the most popular channel—60% "like" a brand in order to receive an incentive or promotion.

"Consumers have a growing number of digital touch points, with more ways to stay connected with their favorite online retailers through every phase of the shopping, buying and fulfillment process," says Susan Engleson, senior director of comScore, which conducted the survey of 3,000 consumers for UPS. "What will set apart one retailer from another in a competitive marketplace is how well they meet the rapidly evolving needs and expectations of customers."

Today's shoppers expect more shipping options from online retailers, the UPS survey found, but 78% continue to choose the least expensive option.
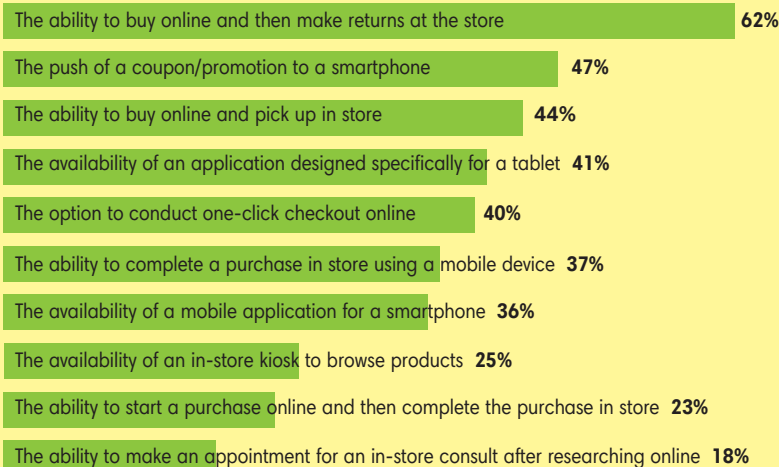
After free shipping, the ability to review estimated shipping costs and delivery times before checkout is most important. Almost all (97%) of those surveyed said tracking a purchase is an essential or valued feature.

"As consumers move more of their shopping online and gain exposure to a variety of purchasing experiences, their expectations for retailers continue to grow," says Alan Gershenhorn, UPS's chief sales and marketing officer. "Now consumers can shop from anywhere, at any time and are looking for online retailers to have an integrated and robust set of options, as the customer experience no longer ends at checkout."

According to the report, return policies play a big role in purchase decisions. Last year's study showed 63% of consumers reviewed a retailer's return policy before making a purchase. This year, that figure is 66%. A hassle-free returns policy can make the difference in driving sales, with 82% of consumers saying they would complete the purchase if they could return the item to a store or have free return shipping. In addition, 67% said they would shop more with that retailer, and 64% would recommend the retailer to a friend.

Aspects driving likelihood to shop with a retailer

Aspect	Percentage
The ability to buy online and then make returns at the store	62%
The push of a coupon/promotion to a smartphone	47%
The ability to buy online and pick up in store	44%
The availability of an application designed specifically for a tablet	41%
The option to conduct one-click checkout online	40%
The ability to complete a purchase in store using a mobile device	37%
The availability of a mobile application for a smartphone	36%
The availability of an in-store kiosk to browse products	25%
The ability to start a purchase online and then complete the purchase in store	23%
The ability to make an appointment for an in-store consult after researching online	18%

Source: UPS Pulse of the Online Shopper, 2013, conducted by comScore

Vital components

In a recent article about the best shopping websites, *Consumer Reports* wrote that no matter what a website sells, "It should provide good value and quality, make shopping easy, deliver products on time and have competent customer support." Ease of navigation, customer support, search functions, product-comparison tools and user feedback or review pages are other features that users rank highly.

"You should have no problem telling what a site sells, finding specific products and brand, and getting pages to load fast without pop-up windows," *Consumer Reports* advises. "Once you've finished shopping, you should be able to see what you've chosen and check out with little hassle."

The better sites post frequently asked questions and have email notification and trackers that show the status of your order, the magazine continued. "Above all, someone in customer service should be easy to reach—by phone, email, regular mail, social media or live chat."

Mobile compatibility is another important dimension that needs to be considered. While most shoppers still prefer to place orders through a laptop or desktop computer, mobile devices, such as phones and tablets, play a big role in the information-gathering process. To reach these prospects, companies need to make sure their sites are phone-friendly—either by creating simpler versions designed for phone viewing or investing in mobile-responsive web designs that automatically recalibrate to fit the dimensions of any device.

Which route a retailer chooses depends on its goals, Blue Acorn's Eichelberger says. "If you have a robust e-commerce site and sell lots of product online, then you'll want a 'mobile responsive' design with all the bells and whistles."

If the objective is to put the retailer's brand in front of the mobile shopper and steer her to the store, a simpler version of the company's regular website containing vital information—location, directions, hours and products offered—is the way to go, he adds.

According to eMarketer, mobile already accounts for 11% of e-commerce sales and that share is expected to jump to 25% by 2017.

"The Web is a fast-changing landscape," Impact Consulting's George says. "Savvy merchants need to stay on top of developments and pursue the opportunities t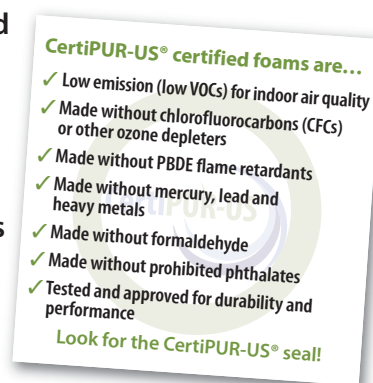hat make the most sense for their particular business."●