

## Recession Forces New Focus in E-Commerce Marketing

by Anne D'Innocenzio



Online retailers are shifting their marketing from traditional advertising to less expensive tools like Facebook, com and Twitter and e-mail as they seek market share or just work to retain customers, according to an industry study.

Conducted by Internet analysis firm Forrester Research for Shop.org - the online arm of the trade group National Retail Federation - the survey found that merchants believe online business is better suited to withstand an economic downturn than physical stores or catalogs, though they acknowledge challenges for both. The study involved 117 online retailers polled between Feb. 18 and April 1. The companies, which Shop.org didn't name, reported scaling back hiring and their increasingly expensive search marketing programs, which include paying for top billing in the results consumers see for their Web searches. Online merchants whose business is beating expectations will likely fuel much of the e-commerce investments in the coming months, the survey found.



"Online retailers want ... to be more efficient in getting a bigger bang for the buck," said Scott Silverman, executive director of Shop.org. Developing social media marketing requires some investment in personnel, he said, but many merchants see big opportunities to spread a positive message about their brand for relatively low cost. A growing number of stores and manufacturers, including Wal-Mart Stores Inc. and General Mills Inc., for example, are encouraging bloggers to test their products and write about them.

Shoppers are increasingly turning to the Internet for deals. Forrester Research forecast in January that total U.S. online sales, where growth has been slowing for a few years, will increase 11 percent to \$156.1 billion in

2009, compared with a 13 percent gain in 2008. For 2010, Forrester projects 13 percent growth, and then 10 percent growth in 2011, 9 percent in 2012 and 8 percent in 2013. The figures exclude online travel sales. About 30 percent of the surveyed retailers expect to cut their spending on Web operations for the year, while 24 percent said they would increase it and 46 percent said they would spend as planned, according to the study.

Online retailers said they are focused on e-mail marketing, which almost 90 percent listed as a top priority. Silverman said retailers are getting more sophisticated about using e-mail to attract and retain specific customers already known to them. Almost three-fourths of the surveyed retailers plan to send targeted e-mails based on customers' stated preferences or past purchases.

With questions lingering about the sales potential for marketing in social media like blogs and social networks, the study found that companies that are growing faster than expected are more likely to embrace such initiatives. Of 20 retailers whose business has beat expectations, 12 said they were going to

invest more in social marketing initiatives this year. Among retailers that expect to cut spending on their online business this year, only 24 percent plan to cut spending on social media, indicating a willingness to experiment in this emerging area, the study says.

"Everyone feels that there is a lot of potential, and they want to be in the game," he added. As for overhauling technology or developing programs where customers can pick up items ordered online from stores, half the retailers faring well said they would pursue such large initiatives this year. Retailers faring less well said they plan to seek "quick wins" instead and delay large initiatives, according to the study.

## 6 Sure Ways to Increase Sales

by: Susan Ward



Want to increase sales dramatically? Then shift your sales focus from attracting new customers to enticing your proven customers to buy again.

**Number 1: Set up a sales incentive program** Give your sales staff a reason to get out there and sell, sell, sell.

**Number 2: Encourage your sales staff to upsell** Upselling involves adding related products and/or services to your line and making it convenient and necessary for the customer to buy them.

**Number 3: Give your customers the inside scoop** If you have a promotion or sale coming up, tell your customers about it. They will come back and probably bring some friends along.

**Number 4: Tier your customers.** Demonstrate customer loyalty by having a perceived difference in value that differentiates between regular customers and other customers.

**Number 5: Set up a customer rewards program** Rewards can be as simple as a discount or as complex as a points system.

**Number 6: Distribute samples to customers.** Customers might like the sample and buy some of it and may pass it along to friends all resulting increased sales.

Attracting new customers is not the only way to increase your sales, and is the hard way of going about it. Shifting your sales focus to enticing your current customers can make increasing your sales easier - and best of all, build the customer loyalty that results in repeat sales.



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## Product Spotlight

### Clean House in Retail Pro - Part 1

Clean house is the recommended way to delete old, discontinued or obsolete items from your inventory module. It makes sure that the items you want to delete do not have quantities at any of your locations, and are not listed on sales orders, purchase orders or transfer orders.

Deleting items with clean house will not affect your sales receiving, adjustment or transfer history, so you will be able to report against any items that have been deleted by clean house. You must have sufficient rights in security administration to access clean house.

#### • Path: Merchandise – Clean house

- When you first go into clean house, you will see your inventory module.
- The second column should be the “obligated” column, which allows you to see which exceptions apply to an item.
- An exception can be that the item has quantities in one of your locations, or that it is listed on a sales order, a purchase order or a transfer order.
- Any item with exceptions will not be eligible to be deleted (cleaned) with clean house.
- If the “obligated” column is not visible, add it with the page manager tool.
- To add using the page manager, put cursor on any of the column headers, right click, select interface, select page manager;
- The “obligated field will be all the way at the bottom of the right-hand screen partition.
- You must have sufficient rights to use page manager.



## Product Spotlight

### Promotions in Microsoft RMS - Part 2

Promotions are a great way to reduce overstock, of course. At the same time that promotions help move particular items, they promote your store, promote customer visits, and promote customer relationships. All these goals become even more important during recessions and other slow times.

Customers have less money to spend and are much more careful about spending it, so it's essential that retailers take the initiative to know their customers and provide the value they need and are searching for.

Over the next few months, we will show you how to set up promotions inside of RMS.

#### Put a single item on sale

1. On the Database menu in Store Operations Manager, click Items.
2. Select the item whose sale price you want to define and click Properties.
3. On the Pricing tab, under Sale Pricing, select the “This item is on sale” check box.
4. In the Sale Price box, enter the sale price.
5. Select either “This sale is in effect for a specific period” or “This sale is in effect according to a schedule.”
6. Then define the start and end dates or select a schedule.
7. If you want to define a price range for the item, enter the range in the Lower bound and Upper bound boxes.

In next month's Retail Optimizer, learn how to put multiple items on sale.

## The Retail Legal Advisor

by: Michael Berger, Esq.



### Overtime Pay under FLSA—Part I

Last month, I discussed minimum wage requirements under Florida and Federal law. This month, I will begin to address an employer's obligation to pay "overtime" under the Fair Labor Standards Act ("FLSA"). According to the Department of Labor website:

*Covered nonexempt employees must receive overtime pay for hours worked over 40 per workweek (any fixed and regularly recurring period of 168 hours — seven consecutive 24-hour periods) at a rate not less than one and one-half times the regular rate of pay. There is no limit on the number of hours employees 16 years or older may work in any workweek. The FLSA does not require overtime pay for work on weekends, holidays, or regular days of rest, unless overtime is worked on such days.*

To summarize the above:

- A non-exempt employee must be paid at least one and one-half times his or her regular rate of pay for any hours worked over 40 during his or her specified employer's workweek;
- Employees 16 years or older can work an unlimited number of hours in any workweek (but must be paid overtime if eligible); and
- An employee is not entitled to overtime pay for working on weekends, holidays or other regular days off (unless working such days puts the nonexempt employee over 40 hours for the applicable workweek).

Several crucial questions arise including:

- Which employees are exempt (and need not be paid overtime) and which employees are non-exempt (and must be paid overtime when working more than 40 hours in a given workweek)?
- How do you calculate for overtime purposes, a nonexempt employee's regular rate of pay?

I will address these questions and related overtime issues in the coming months. However, if you are uncertain as to whether or not you are complying with FLSA's overtime requirements, please immediately contact your attorney. The consequences for failing to adhere to FLSA are quite severe and could subject your business to devastating legal and financial consequences.

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## Join Us for our Upcoming Seminars/Webinars!

Retail Technology Experts is offering the following educational sessions as an added value to our customers:



- **May 20, 2009** - Retail Store Basics - Single Store (Purchasing, Receiving, Tagging)
- **June 24, 2009** - Inventory Concepts/System & Workstation Preferences



- **June 25, 2009** - Store Ops Advanced - Discounts (BOGO), Reason Codes, Label Design, Offline Inventory Management, Physical Inventory

Registration for these sessions are free to customers with current membership and support contracts.

**To register, contact Marisol**

Phone: 800.513.5917 ext. 132

Email: MarisolC@RetailTechnologyExperts.com

## Meet the Staff at Retail Technology Experts

### Laura Gonzalez

Marketing Assistant



Laura Gonzalez became part of the Retail Technology Experts team in March of 2008. Laura has been in the marketing field for seven years and previously worked for Carnival Cruise Lines and Citrix Systems. Laura enjoys learning about RTE products and offerings and working with the internal team to figure out the best strategy with which to market them. One of Laura's most exciting

new projects is working on the re-design of the RetailTechnologyExperts.com website.

Laura holds a Bachelor's Degree from Florida International University. In her free time, she enjoys spending time with her family and friends.

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