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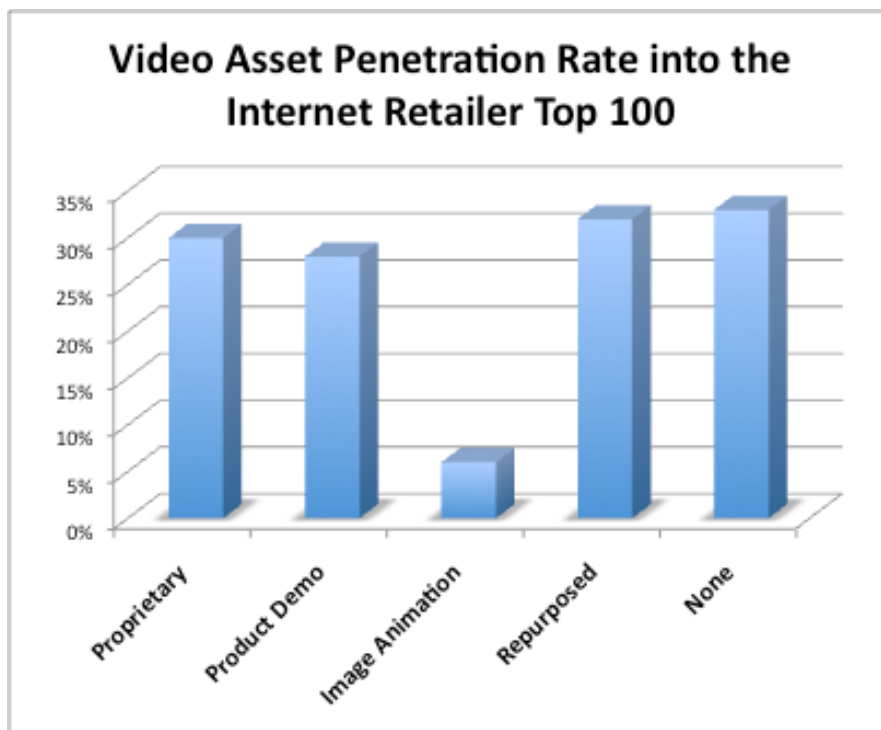
Interactive, Entertainment, Merchandising

Proprietary Video Programming Drives Sales: Key item marketing via Web 2.0 technology and how retail-centric video drives sales, enhances the brand, and delivers powerful emotional connections.

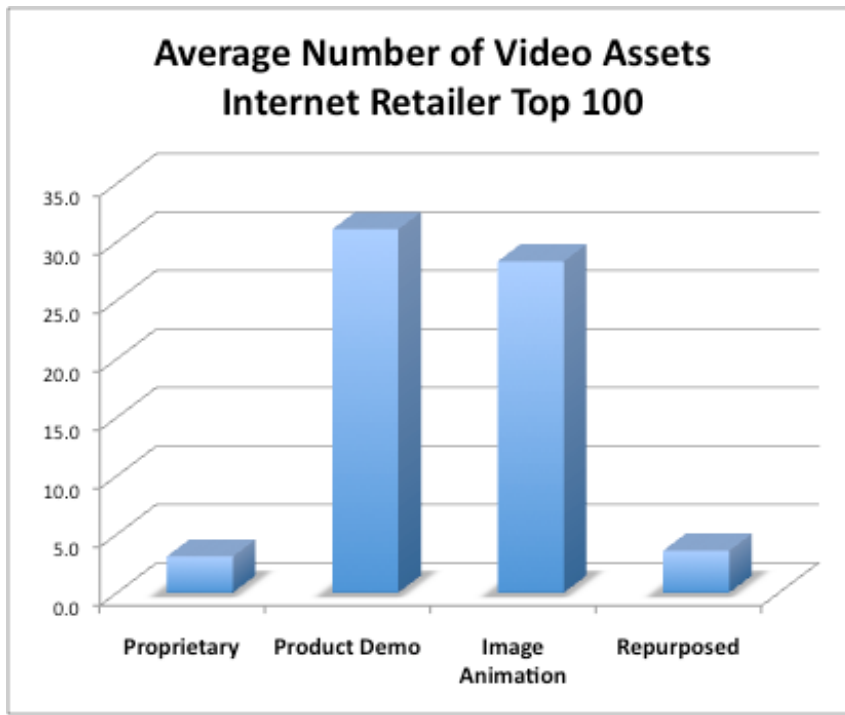
Video cited as extremely desirable

Retail Chief Marketing Officers, whether for multi-channel retailers or pure play ecommerce sites, almost universally mention “video” as a desired site enhancement for the coming year. A study by Future Merchants, Inc., shows that 67 of the Top 100 have *some* form of video on their site. However, the adoption and incorporation of video remains, at best, an inconsistent and difficult to sustain effort for most of Internet Retailer’s Top 100.

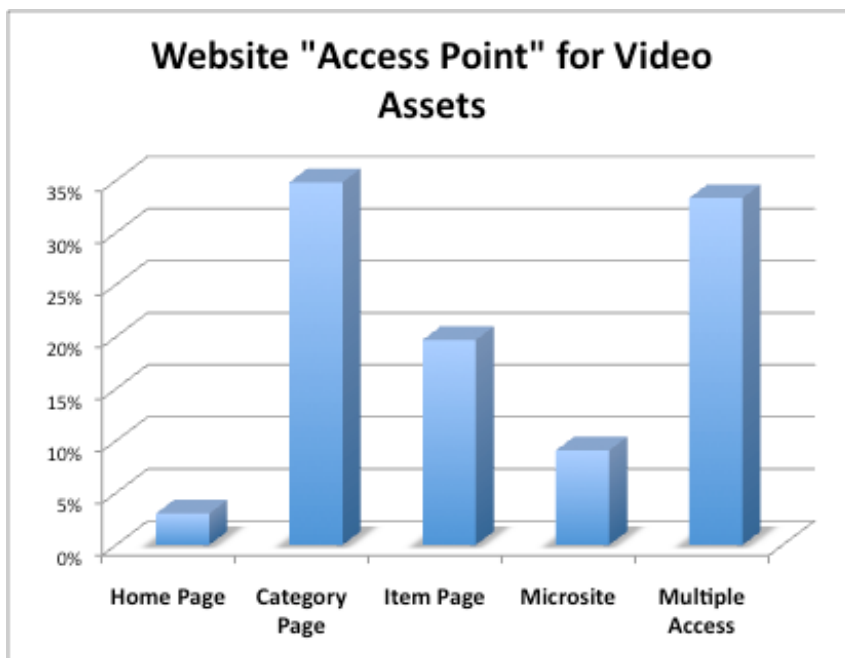
Although retail as an industry seems to have responded to the CMO directive, there is almost no consistency nor seemingly any emerging consensus on what type of video programming to include, how it is accessed by the consumer, or how much video represents a worthwhile investment. Nor do any of the Top 100 demonstrate a consistently sustainable model which delivers fresh and relevant content with any form of coherent frequency.



Proprietary video programming and repurposed content have limitations of cost, availability and “fit”. Although a few retailers have a large amount of this content most have one or two pieces. The number of video assets found for both product demos and image animation has to be considered against a SKU base in the thousands for most of the Internet Retailer Top 100.



Access reflects where the retailer creates the opportunity for the consumer to engage with the video asset, not the technology used.



As an example, the technology used to display the programming may be a pop up window, but access is created by a link only found on the item page.

Proprietary Video Programming as a Key Item marketing innovation

Marketing, as a function within multi-channel retailers, faces a daunting challenge in today's world. The vast majority of multi-channel retailers have become dependent on an unending series of consumer promotional marketing mechanisms to stimulate sales for key items within the assortment. Unfortunately, changes in consumer behavior, macroeconomic trends and media consumption changes are combining to make this more difficult than in the recent past. The cost of traditional sales promotion marketing mechanisms continues to rise. At the same time, the lift generated per event continues to decline, creating a geometric reduction in ROI. Even with sophisticated software and advertising optimization applied to maximize the current spend, year-over-year volume comparatives continue to decline. And marketing budgets continue to shrink.

Proprietary video programming, distributed through the ecommerce site, represents an innovative opportunity to break the dependency on outmoded marketing delivery models. Why? Video programming, "proprietary" because it is created specifically for a given retailer, offers the full benefit delivery of a multi-media experience to drive significant improvements on the ROI for marketing spend. Even in the best of times, printed media represents a static image with text. Recent research by DoubleClick and Yahoo indicates that consumers are 100% more likely to buy when exposed to a video message than the same content in static form. The nature of print marketing **precludes the ability to tell a story**, which effectively reduces the emotional connection which can be created. There's no question that any marketer, holding cost constraints aside, would rather use video to sell merchandise than print. It's just more powerful. The problem has been the costs of production and the costs of distribution. These factors conspired to make video advertising spending out of the question in support of almost any specific item. Yet selling specific items in large amounts is exactly how a retailer makes money!

The ecommerce website as a marketing media distribution platform

Electronic versions of local circulars and catalogs are already made available on most multi-channel retail websites, so the *concept* of using the website as a marketing distribution platform isn't novel. However, let's review the basic rationale: millions of perfectly targeted consumers having already made an opt-in decision to be influenced, engaged in the shopping cycle. From a media targeting perspective, it isn't possible to reproduce this audience in any other context. Period. The best part: there isn't any direct cost for the right to market to those consumers. You've already paid it in the acquisition cost. Beyond that, the consumers on your site represent the most difficult to reach audience in marketing: an opt-in consumer actively engaged in the purchase process, and seeking empowerment to complete the task. It would be similar to Panasonic having access to millions of consumers who have excitedly chosen to sit down and watch a commercial on HDTV's. All of whom are ready to buy, are exactly the right demographic, and have no competing demands on their attention while watching.

Those millions of consumers have not *all* arrived at the site knowing exactly what to buy. Many of them actually need some help! In fact, site abandonment analysis indicates that the vast majority of online consumers don't know precisely what to buy. They arrived at the ecommerce site because of a need....sometimes a well defined, clearly articulated need, sometimes without really understanding exactly what the need is. The paradigm of the ecommerce site as an extremely efficient funnel moving the

consumer as quickly as possible to the item level only works for **some** of those consumers.

What about the **other** consumers? The one thing we know is that they are engaged in a lean-forward active experience in front of a computer monitor of some kind. As YouTube, Hulu and many others have demonstrated so effectively, these same computer monitors are extremely efficient marketing media distribution platforms. Unfortunately, the predominant use ecommerce sites put this platform to is distributing static images accompanied by text. Which is similar to using a television to distribute a PowerPoint presentation. Recapping, retail marketing has succeeded in capturing an enormously valuable group of consumer and then marketed to them with methods designed for an entirely different and much less powerful medium.

What are the factors impeding full adoption of online video as a marketing tool to drive sales of key items?

Industry dynamics have produced an almost unprecedented level of inconsistency in the use, type, and accessibility of video on ecommerce sites. Apparently, the normal market forces of trial and error have not helped to guide an emerging consensus. Something is missing, and perhaps the answers lie in how “video” is perceived by the retail industry, and where within each organization the decision making concerning video seems to lie. In the course of their survey, Future Merchants spoke directly with most of the Top 100 ecommerce retailers about the adoption and use of video. Without exception, those enquiries were routed to executives responsible solely for the ecommerce function. From that point onward, ownership of the topic of “video” began to vary significantly.

Organizational ownership issues



The results show that multi-channel retail organizations have difficulty identifying where the ownership of “video” should lie, with the exception of clearly believing it is an “ecommerce” issue. This fact provides extraordinary insight into the lack of consistency and coherency throughout the industry. Lack of ownership within the ecommerce organization immediately begins to define how, where and to what extent the medium

will be utilized. First and foremost, the cost-benefit calculation becomes limited to measurable impact on ecommerce volume, which represents a very small fraction of the total volume for almost all multi-channel retailers. This means that any expense, of any kind, will be analyzed solely on the lift generated in online volume. Second, ***there does not appear to be a department, organization or individual within these companies responsible for the creation of the video content.*** Most of the job titles found in the Future Merchants survey were either User Experience in nature, or ECom Technical. Even when a Marketing title was found, that individual operated within the constraints of ecommerce marketing, where Job 1 (and Job 2, 3, 4 and 100!) is the efficient use of limited marketing spend to drive site traffic. So without dedicated internal organizational ownership, where is this video content going to come from?

This is an extraordinarily important point. Because there is no direct and clear focus of ownership around the development of content, several critical aspects become evident. Without direct ownership of content development, ***there is no budget established to fund the effort of creating content.*** The results are seen in the lack of sustainability alluded to earlier. When video programming is found on multi-channel ecommerce sites, it is, with few exceptions, either repurposed content developed through corporate marketing (such as television commercials) to run on an entirely different platform (TV) or it is the result of one-off corporate marketing expenditures supporting specific events (exclusive brand launches, seasonal microsites, social media marketing, etc)....where the internal ROI has been measured by the impact on **all channel** volume! And moreover, the nature of where **that** programming comes from tends to mitigate toward branding connections, not toward driving sales behind specific products.

Regularly uploading corporate television commercials, or repurposed third-party content to an online video platform does not constitute a sustainable video programming strategy!

Why repurposed programming fails on the Internet

Let's take just a moment to look at the issues involved with repurposing assets **not** specifically designed for distribution via the Internet. Why? Because every content producer or owner in the world has already tried and failed to be successful simply using the Internet as just another distribution arm for existing programming. The viewing habits, expectations, behaviors and expectations are fundamentally different when comparing online to any other distribution platform. Factor in, that these are **ecommerce** sites, and the issues are magnified. Research clearly shows that online video consumption patterns are fundamentally different from those of any other platform....time spent per experience, where that experience takes place, focus of attention during the experience...these and other variables are completely different for the online viewer. As an example, with the exception of direct response programming, Television has found that commercials of 15, 30 and 60 second increments are the most effective in reaching the target audience. Online video patterns show that consumers can and will watch videos in excess of 3 minutes in length! The ecommerce site factor creates even more distinction. Consumers watching television, as an example, primarily want to be entertained. Advertising content developed for distribution over this platform is designed specifically to entertain first, and then perhaps inform second, resulting in emotional connection around brand or lifestyle statements, rarely about specific products. Visitors to ecommerce sites primarily want to either

shop, or be informed about the needs behind their shopping decision. They don't visit retail sites to watch expensively produced television commercials that do not assist with why they are there in the first place!

No budget, no resources.....but Retail CMO's want video!

Unfortunately for the ecommerce team, the no-dedicated-personnel-to create-video-content issue means finding and integrating video on the site without the luxury of a dedicated budget to support the effort. So what's left? Beyond repurposed or one-off assets created by marketing for an entirely different platform, the options become very limited, very fast.

What's left are product demos or extremely low cost in-house productions....which are essentially product demos **without** steroids. The predominant model for product demos is to obtain content produced by vendors which is syndicated across as many retail sites as possible to leverage the investment. Unlike rich media, where a clear winner emerged in supplying the technology, there is no single dominant product demo syndicator with anything like a comprehensive inventory of content. The nature of retail and CPG mitigates against this.....most retailers want some form of unique product configuration (to avoid commodity pricing issues)....which makes the use of a single product demo extremely difficult across major multi-channel retail accounts.

One major consumer electronics vendor has prepared product demos at the "series" level, focusing on features common across a range of products, but failing to identify the specific benefits of the unique product the consumer is actually viewing. While the video can now be used by any number of retailers, the benefit to the consumer is very low. Even when product variations don't preclude the use of a single product demo, the desire of each merchandising staff to have created a differentiated assortment puts enormous pressure on the vendor to have a large and growing library of video content. If Retailer A carries a different range than Retailer B, the vendor is almost forced to provide the same level of marketing support for both....which is expensive....without the benefit of leveraging that expense across multiple retail accounts.

The net impact of these and other variables is to make it extremely difficult for the ecommerce team at a multi-channel retailer to have a coherent approach to integrating product demo video assets. The merchant staff assembles the assortment without regard to the existence of product demo assets (as they should), meaning that penetration into the online SKU base is usually very low. This generates an enormous obstacle for the ecommerce team and an inconsistent user experience!

Limitations to product demo content

The option of in-house creation of product level video assets has seen very little uptake for multi-channel retailers, primarily for the same no-budget-no people reasons. Pure play ecommerce retailers have varied from this, and some have relatively significant investments in people and budget to create comprehensive video product demo libraries. However, even for the pure play best-practices use-cases, there are very clear limitations to the content that can be produced. Retailers, without exception, have virtually no experience in the development and creation of compelling video content. Additionally, the vast majority of manufacturers, have virtually no experience of this kind either! Most consumer products firms employ ad agencies to create their video content.....but not for the creation of product demos. The result is...all the expertise

that was brought to bear on those other video assets....talent, copy writing, music selection, pacing of the production, “tone” or “voice” employed.....are simply not present for product demos. Content production isn’t a critical skill set for most retail organizations.

The resulting content is generally either an animated series of still images or a low budget production with questionable impact potential. You truly do get what you pay for! Referring back once again to the question of ownership of content, the Future Merchants survey found that only one multi-channel retailer had an individual on staff in the ecommerce team with any background in content development. This lack of experience and training is evident in the production quality found for most in-house video content created by multi-channel retailers, and often even for pure play retailers.

Anyone can make a video. It’s a completely different proposition to make a video that is effective in selling products, while actively engaging the consumer’s interest.

Location and Access

The old real estate adage is also pertinent in the ecommerce world.....location, location, location. And in ecommerce, primary locations are going to be given to tools which drive sales. The issues created by inconsistency, lack of sustainability, and frankly questionable value delivery for many forms of existing video content combine to often make ***finding the video assets extremely difficult***. The Future Merchants study found that almost half of the Internet Top 100 with video had relatively low visibility to those assets. Visibility was measured by the size and placement of the “call to action” informing the consumer about the existence of the video assets, without respect to the site page the call was found on. Given the nature of the content available, it’s easy to understand the lack of visibility provided. The vast majority also provided only one access point (a link either opening a player or taking the consumer to the player location), and often it was at the item level itself. Only 2 retailers with video assets had an access point on the home page of the site. Access points are critical in video leverage, as any content producer will attest. Leveraging video assets involves providing consumers as many different ways of accessing the programming as possible, within the limits of organic appropriateness. Providing a single access point is a strong statement of the relevance of the content outside that single page location.

The nature of the video content is clearly linked to how retailers have provided consumers access and the extent to which they advertise that content to the consumer. Observing that repurposed content is most likely to be found on either a redirected micro-site, or on a unique landing page of it’s own is not surprising: the nature of the content ***does not integrate into shopping behavior***. Essentially entertaining or brand supportive, these assets do not support specific item volume, and calls to action throughout the site might actually have a volume inhibiting effect by altering normal navigation patterns. Similarly, product demos are either found in a library listing confined to a “help” type landing page, or found only on the pages for the items featured. Because of the very low penetration rate for product videos across the SKU base, it would be counter productive to call attention or set expectations which might create consumer dissatisfaction when the item, they are interested in, does not have a video. The library approach, found in a significant number of sites, also has very evident drawbacks. While “research” behavior is a well documented fact of online shopping, none of the sites surveyed made active efforts to promote this feature. One

major multi-channel retailer, with a significant investment in consumer purchase support content does not have a navigation path **to** the content from the home page. The reason is simple: redirecting “shoppers” away from purchase navigation paths is counterproductive to improving conversion rates. Providing a library or aggregated landing page works effectively with SEO, but not with trained shopper behavior.

Display of the video asset also demonstrates the impact of ownership and budget constraints. Internal IT resources to create best-practices integration for video assets are difficult to justify. Further, without dedicated internal “ownership”, the sponsorship needed for successful projects is often lacking. The impact results in significant issues in how video players themselves are made visible to the consumer. 50% of the Top 100 with video assets used either a stand alone micro-site or a pop-up player. Each of these represent old technology and questionable approaches to video player integration. A micro-site, by it’s very definition is the antithesis of integration....it’s completely **not** integrated. As noted earlier, consumers redirected from normal shopping navigation have a significantly higher rate of site abandonment. Either the micro-site refreshes the browser window, or more often, opened an entirely new window. New window generation has been unequivocally linked to site abandonment. Pop-up players face issues associated with consumer adoption of pop-up blockers (almost universal), and also serve as visual distractions, sometimes obscuring parts of the page relevant to the purchase.

Video Programming vs. Video Technology

One of the issues uncovered by the Future Merchants survey was the distinction between **video programming** and **video technology**. Clearly reflecting the issues of ownership, budget, and existing content availability, most survey respondents discussed “video” in terms of **video technology**. This is similar to discussing Sunday circular inserts in terms of printing technology, or newspaper distribution methods. The bias is completely unsurprising given the senior management decision regarding allocating ownership to the ecommerce team. The history of multi-channel ecommerce site development shows that initially the site team was entirely technical! Although most organizations have expanded to distinct ecommerce teams comprising marketing, merchandising and technology, the origination remains an important factor in how the team operates. The cultural isolation of ecommerce within multi-channel retailers is changing, still, the site is predominantly viewed as a store-front; not as a consumer marketing touch point. This bias toward technological orientation creates an enormous impediment to multi-channel retailer’s creating and developing a sustainable and coherent approach to video as a marketing medium.

A **video programming** paradigm begins with the need to understand the nature of **programming**. Programming is a complex process of creating content designed to achieve specific objectives; one requiring that a wide array of variables be considered and aligned in support of those objectives. Content producers have to consider the issues of talent, location, tone, voice, lighting, length, graphic integration, music, timing, pace, and message. All of these are variable with the target market, the objective of the production, the length of the production, and the available budget.

Creating compelling video programming is nothing short of the art of storytelling. Emotional connections are the objective of successful programming, and emotional connections create the prerequisite for the consumer’s trust decision. Successful

programming establishes trust through identification and emotional connection, creating an invitation by the consumer to be influenced. Whether the program is “how to build a deck” or “new Fall trends”, inherently a “story” needs to be told.

Compelling programming sells merchandise. The entire advertising industry is built on the premise that establishing emotional connection within consumers, results in brand benefit, eventually translating into selling more product. Programming itself, from its infancy, was designed as a mechanism for getting consumers to actually buy televisions!

Ownership, resources and a technology bias

The results of both the Future Merchants and the Forrester Research surveys become easily understood when the context of organization ownership, resource constraints and the technology bias of ecommerce groups is taken into consideration. Assigning ownership of the “video” question to the ecommerce group, constrained as it is by resources, budget and culture, has produced the vast array of inconsistent and unsustainable video integration efforts documented. Without a paradigm shift toward **video programming**, even with the increasing importance of online volume within multi-channel retailers, it is unlikely that a successful and sustainable approach can be implemented in most organizations.

Developing retail-appropriate proprietary programming

Web 2.0 technology and the advent of inexpensive production methods and techniques are bringing the cost of high quality video programming down by significant amounts. Commercial quality programming, of 3 minutes or more in length, can be created and delivered for well below the six-digit budgets of the not-so-distant past. If the issue of production cost no longer exists as an overwhelming obstacle, and the website-as-distribution-platform makes the message delivery essentially free, what is the remaining obstacle? Clearly, commercial quality retail-centric programming content development (as opposed to the technical act of video recording the program) falls outside the critical skill domains most retailers have in-house. Putting aside the question of how to develop these programs, let’s examine what type of programming fits the consumer, the delivery platform, and the requirements of key item marketing ROI. Future Merchants has developed a programming model designed specifically to address this question.

Consumer-focused

The first critical point is to start from the consumer’s perspective, **not** from the product perspective. Retail-centric programming will not be successful by trying to push specific products. That’s called Direct Response marketing, and while a mature marketing tactic, it is **not** appropriate for the opt-in, trust-based access the consumer has provided the retailer. Instead, recapturing the original basis for retail brand equity (trust), retail-centric programming requires a focus on the consumer. People buy products based on *needs*. These needs are related to real-world challenges and are shared by significant numbers of consumers. Future Merchants has developed a unique process that systematically mines activity in Social Networks and the Blogosphere to identify common challenges associated with large groups of consumers. These challenges are then translated into programming topics consumers are verifiably interested in and require empowerment around.

Within the context of a retail ecommerce site, the word “**empowerment**” takes on enhanced connotations. The programming must encompass a *complete solution* to that consumer need, delivering both the information about **how** to resolve the need as well as specifically **what** to buy. The **what to buy** becomes an integral part of delivering the empowerment benefit to the consumer. Think of it as product integration **on steroids**. Products are selected for the retail assortment because of the value inherent in the features and benefits relative to the retail price. Linking these product feature benefits to actual consumer needs is the basis for retail-centric programming. The Solutions™ service created by Future Merchants leverages this insight to create content uniquely designed to sell merchandise, in an entirely new and appropriate way. Now, more than ever, it is imperative that retail brands reestablish equity with the consumer based on demonstrable benefits.....providing product *solutions* which make life easier. Not existing by “selling” merchandise. Providing product *solutions* to real, verifiable and emotionally powerful consumer needs.

Feature more than one product or brand

Recent research shows that consumers are far more likely to trust programming featuring more than one product and brand than those featuring a single brand/product. Inherently, a single brand or product video is experienced as a form of advertising. What real consumer need can be met by one and only one product or brand? The consumer simply withholds trust, even if they choose to watch the program. Without that trust, the emotional connection which leads to the impulse to buy is far less likely to occur. As importantly to the retailer, the benefit of featuring multiple products or brands is that the emotional connection which *is* created reinforces the overall retail brand, not a specific supplier’s.

A qualitative upgrade

Comparatively, retail-centric programming, such as Solutions™, is to current ecommerce website hosted marketing, what limited sku-count glossy seasonal direct mail catalogs were to newspaper inserts. We’re not talking about the 120 page monsters with every product under the sun, and 2 inch postage stamp pictures. No, these glossy, high cost, slickly produced seasonal catalogs focused on key items within the assortment and used powerful marketing techniques which weren’t possible in the weekly inserts. Every aspect of those catalogs, from the quality of the paper to the elegance of the photography and the targeted nature of the distribution represented an enormous upgrade in consumer marketing. Better copy, larger photographs, fewer promoted items and professional photographic staging were used to create an emotional connection.

The upgrade starts by moving from static images to full-delivery video. That’s not enough though, because video is just a delivery model for content. The real change is created by developing programs that connect with common consumer needs; an emotional connection which not only drives sales for the products integrated into the programming, but also significantly enhances the retail brand connection. The premise behind the programming development model helps to engage consumer interest. Engagement is extended by delivering to the consumer a high quality experience with all the visual magic made possible by the medium. Just as the execution of those glossy seasonal catalogs represented an enormous upgrade, so must the execution details of the retail-centric program. Multiple camera angles, location shoots,

compelling narrative, integrated graphics and music which enhances the emotional connection are all part of that upgrade.

Sustainability

Imagine a world in which a television network creates a limited number of programs, spends a significant amount of money advertising their existence, scores good ratings.....and then goes off the air. Using video content to support limited-life events is doing exactly the same thing. Effort has to be spent to create the content, make the consumer aware of the content, and display the content. This effort, at the very best, becomes leverageable only on a once a year basis, and because the consumer has been trained NOT to look for video programming during the hiatus, you'll have to spend money and effort all over again to recreate that awareness. So a successful set of content produced for a Back To School event, housed in a unique microsite, goes "dark" immediately after the end of Back To School. This is like NBC going "dark" after a 13 week run of an original series ends, and staying dark until the next fall season kick off with a new set of 13 episodes.

Truly mining the benefit behind retail-centric programming requires that the effort be sustainable. All new marketing innovations take some period of time to migrate through the levels of consumer behavior, from "early adopters" to "fringe followers". Retail centric programming is no exception, and benefits from the ability to generate larger and larger audiences over time. Placed back into the television analogy, this is comparable to allowing a program to develop an audience over time, and to keep that audience by maintaining a consistent time and day. Even compelling programming benefits from a sustainable model which rewards the consumer for checking back for new content. Putting aside the issue of available resources, many of the organizational challenges noted earlier are also working against sustainability.

Integrated key item marketing

Retail-centric video programming should be seen as an integral part of the year-long marketing mix designed to promote specific key items and enhance the brand connection in the process. All other forms of retail marketing are fully integrated into the merchandising cycle, from weekly inserts to seasonal catalogs. Merchants know when these vehicles will run, what lift to expect, and what type of merchandise tends to perform best during which periods of time. In other words, they PLAN for the impact of these marketing tools, and the entire process which manages creating the catalogs or inserts is driven by the actual merchandising cycle itself. The only way retail-centric video programming can reach sustainability is by building it out as simply another form of retail marketing.....governed by exactly the same set of parameters and requirements applied to traditional marketing tools. Is it reasonable to ask retail organizations to take on the added burden of planning required to maximize the benefit from video programming? Retail merchants not only make the time to participate in planning and execution meetings for seasonal catalogs, they actively compete for the right to feature merchandise in those. Why? Because they drive volume. Given the opportunity, retail-centric programming will drive volume at a higher rate, resulting in a higher return on merchant effort. Presented to merchants as a marketing project, the effort becomes distinct from their integrated business management, and a distraction. How many times have merchants been approached with marketing initiatives they didn't plan for, don't have the perfect merchandise for, and seldom anticipated enough to maximize the

benefit from? All the time! Without the commitment to sustainability, the full benefit of the medium will not be captured.

Technology barriers overcome

Having created powerful proprietary retail-centric programming, driven by consumer needs fulfilled by the inherent benefits of key items within the assortment, and made available to the consumer on home pages, category landing pages and search result pages...the current technology creates almost insurmountable barriers to success. It's extremely difficult to act on the emotional connection and actually buy something! Most ecommerce sites with video programming, either open a new browser window to enable the actual shopping to occur, or cause the page to be refreshed. Why? The only way to buy something is at the item level. Sku-level product decisions such as size, color and other variables are only supported by most retail systems at the item page. Consider this analogy: the consumer is watching a direct marketing program on television about new fall fashions. The host is going to talk about more than one item of apparel, and indeed, the objective of the program is to sell entire outfits complete with accessories. Unfortunately, instead of being able to continue to pause the program, order via telephone, and then return to the program, the consumer has to *switch to another channel to actually buy*. Yes, and when they want to go back to the program, the best they can do is start the show all over again from the beginning. There's no ability to add items to a shopping list, they can't store items in a shopping cart, no, they have to leave the video experience completely in order to act on the impulse the marketer has spent tens of thousands of dollars to create.

An entirely new shopping channel

The problem is created by finding some way to provide the consumer a similar set of conversion support features hard-coded into the item page itself. Stock status at the SKU level, rich media imagery, expanded descriptions and product specifications, consumer reviews.....history has validated each as important elements in successful conversion. Unfortunately, they aren't widgets that can be moved around at will across the site, they are hard coded features linked to the item page. *Future Merchants has created the RetailTV® platform to make video programming seamlessly shoppable from within any point of the ecommerce site by providing all of these features from within the video viewing experience.* Why is it necessary to essentially duplicate item level support from within the video delivery environment? Emotional connections are delicate, and the greater the effort required by the consumer, the faster the urge to action starts to decay, making it imperative to create a mechanism for easy, fast and familiar action. Further, as noted earlier, not only are real consumer solutions seldom delivered via a single product, the most effective programming features multiple products and brands. Inherently, best in class retail centric programming will benefit from the ability to fulfill the consumer's needs by selling a set of products, which is improbable using current technology. What is needed is the ability to "act" on the impulse created, as it is created, without interfering with the benefit delivery experience. In other words, make the video programming seamlessly accessible to normal shopping behavior without leaving.

The result is an entirely new shopping channel. The marketing paradigm has shifted on all three axis of marketing to consumers. *What we say:* retail-centric programming based on verifiable consumer needs delivering solutions driven by real features and

benefits of key items within the assortment. *How we deliver it:* high quality video programming, building on best practices in length, tone, content and style, designed specifically for the delivery platform and the consumption tendencies of consumers within that medium. *Where we deliver it:* on demand, available 24/7 direct to the consumer via their computer monitor from within high traffic landing pages of the ecommerce site itself. Fully integrating this solution into the merchandising process as a key item sales driver insures sustainability and provides the ROI necessary for any marketing innovation.

Multi-channel impact and asset leverage

Embracing the ecommerce site as a distribution platform for retail-centric programming, opens up the cost-benefit calculation to include the impact on brick and mortar sales. As noted, the content focus is on **key items**, which for the most part, should be defined as merchandise integral to both the online and offline assortments. Having established that the website can be seen as having enormous potential as a marketing distribution platform, it's a very small step to conclude that purchases made in stores can be influenced by information received online. In fact, this has become a well established truth for multi-channel retailers. Research shows that a majority of brick and mortar shoppers begin their search for what to buy on the Internet, and that a sizeable number of those shoppers start on an retail website. Anticipating that proprietary retail-centric programming will influence brick and mortar sales of featured items isn't a stretch of imagination. The question should be how much, not "if". An effective video programming strategy acknowledges this synergy and includes technology and practices designed to make the in-store purchase action as easy as possible. The RetailTV® platform created by Future Merchants includes the ability to add items to a Shopping List, and then print or email that list. Linking the list to the store locator applet provides the capability to print out the closest store to the consumer, assuming they've signed into the site and previously established their "host" store. The purpose of the programming is to make an emotional connection the consumer acts on through purchasing the products used in the video. Where she makes that purchase should be inconsequential. When viewed as a marketing platform, rather than as a stand alone sales channel, expenses to market to the consumer on the website are measured against total company impact, not just online lift.

Leverage is an enormously powerful concept in programming content. Whether monetizing via advertising or Add to Bag, a critical component to maximizing the ROI is to distribute the programming content as widely as possible. Once distributed, the value of the programming begins to increase enormously as view now acts as a brand impression *outside* the ecommerce site, potentially creating and driving new site traffic. As was the case in how the video is displayed on the site itself, the technology used in displaying the video offsite is critical to capitalizing on the emotional connection. Future Merchants has addressed this in several ways. The Email A Friend function, now a common part of a Share menu, sends a customized template to the "friend" with a link to launch the video. However, the link doesn't just launch the video. It launches the ecommerce site itself, while displaying the video within it's natural context. The "friend" becomes a unique site visitor, and has immediate "buy" potential.

The approach taken to distributing the retail-centric video asset across as many other aggregator sites as possible serves to enhance the value proposition and generate

positive brand interaction. Even though sites such as YouTube and MySpace do not currently support proprietary player platforms such as RetailTV®, with effort and attention to detail the consumer can still be given as seamless an experience as possible. While many retailers have their own YouTube channels and MySpace pages, many others do not. Inherently, a sustainable retail-centric video program development strategy begins to generate the kind of constantly expanding video library needed to generate attention. Unsustainable programs result in small flurries of activity and then extinguish interest when content is not updated.

Another form of leverage involves the use of retail-centric programming in the brick and mortar store environment. This requires the existence of a store network and the ability to distribute content to that network. Again, many multi-channel retailers already have this capability to one extent or another. The retail-centric programming created by a coherent Key Item merchandising effort provides a growing and powerful addition to the in-store experience. While the merchandise used may no longer be carried, similar products often are, and the real benefit delivery (solving a common consumer problem or issue) will remain topical for quite awhile.

Coherent, sustainable, seamlessly integrated and widely distributed

Retail-centric video programming can clearly be a powerful tool for multi-channel marketers facing stagnating sales and declining effectiveness of their current consumer marketing tactics. Early adopters, despite clearly *not* optimizing either the content or the technical aspect of the medium, have produced lift impact between 300% and 600%. Yet, the Future Merchants survey seems to indicate that multi-channel retailers face significant obstacles in capturing this benefit potential. Issues of organizational structure, project ownership, limited resources and existing technology constraints form a perfect storm of circumstances which seem to inexorably lead to the current state of uptake within the industry. An overriding challenge for retailers revolves around the skill sets and resources required to sustainably produce high quality retail-centric programming; skills that fall outside the critical competencies of retailers in general.

Future Merchants has developed Solutions™ programming and the RetailTV® proprietary platform to deliver the enormous power and potential of retail-centric video programming to multi-channel retailers. A digital marketing innovation, RetailTV® offers a Web 2.0 solution to the decline in traditional marketing methods, delivering a cost effective method to drive sales behind key items, enhance the retail brand, and create powerful emotional connections with the consumer. The programming model delivers the connection. The best-in-class technology delivers a seamless and highly engaging experience designed specifically to capture the potential created by the programming. And the Future Merchants service insures that the video assets created are fully leveraged, significantly expanding the brand and marketing benefit associated with the cost.

Please contact us for a demonstration of both Solutions™ programming and the RetailTV® technology. Let us show you what Key Item Marketing in a Web 2.0 world looks like!

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