



# How Brands Boost Their E-Commerce Profitability

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BY DATAWEAVE

Brands that protect their bottom line will win online.

As global e-commerce smashes sales records, more brands are now taking control over their online presence (“digital shelf”) to enhance their performance and profit margins.

In the U.S., the increase in e-commerce penetration during the first half of 2020 was equivalent to that of the last decade.<sup>1</sup> Last year also marked the first time in history that all retail sales gains came from e-commerce.<sup>2</sup> E-commerce has lasting appeal, as two-thirds of consumers plan to continue to shop online after the pandemic.<sup>3</sup>

***“Brands need to continue to look for ways to mitigate the high costs of acquiring customers online.”<sup>4</sup>***

To keep up as shopping migrates online, brands face bigger expenditures. In the second quarter of 2020, e-commerce costs grew much faster (up 60% year-over-year) than revenues (up 40%).<sup>5</sup> Namely, brands face steep costs for customer acquisition and logistics, which erode their online profit margins.

The bottom line for brands is they must sell online – profitably – to stay competitive. They urgently need new ways to drive online sales and incur



fewer costs. Let's see why brand leaders are using data insights to optimize their e-commerce decisions and profitability.

## Brands find new growth opportunities

Over the past year, e-commerce has gotten more crowded. Now brands seek proven ways to differentiate their offerings and consistently deliver an alluring online experience. That's because a recent study found 42% of consumers cite less trust in online shopping due to poor experiences, such as inconsistent pricing and out-of-stock merchandise.<sup>6</sup> In response, these e-commerce best practices can help brands improve the customer journey and top line sales.

To help consumers find their products online with ease, brands can use data insights for superior product discovery. Insights help brands know exactly which keywords shoppers search for to earn high visibility rankings among consumers' online search results. Data analytics direct brands to the most relevant keywords, which they can use in marketing, including product descriptions, for effective online discovery.<sup>7</sup>

Brands also face increased pressure to keep up with rivals' real-time pricing changes across retailers' e-commerce sites, online marketplaces and social media. Insights help brands price competitively across channels by monitoring and promptly adapting to competitors' online pricing moves. Brands can even use data to ensure merchants consistently respect pricing policies.

Data analytics also help brands measure their marketing effectiveness and popularity across e-commerce

websites, and how they compare to their rivals. Brands can improve how they promote their products by using targeted digital content that resonates. For instance, they can publish unique content on each channel tailored to the platform's unique algorithm and use data to discover patterns among their top performing campaigns. Also, brands can determine when to use their own social media channels or pay for sponsored ads to drive more sales.

As we saw last March, in-stock merchandise is essential to maximize online sales. Data analytics help brands track their stock status to ensure products are available across all their digital channels for reliable service that sparks more sales.

## Brands find new efficiencies

Cost effectiveness is also vital and these e-commerce best practices help brands boost their online efficiencies.

Brands use insights to pinpoint and keep sharing content that effectively resonates with and engages their target audience. They can use data insights to see where to allocate their marketing spend for online promotions and

either revitalize or drop underperforming online promotions. Brands can also track whether their online promotions align with rivals' promotions to stay competitive and agile.

Likewise, measuring a brand's popularity through consumer reviews reveals which underperforming products to downplay to conserve marketing resources for the specific products and bundles that perform best in their categories. For instance, PepsiCo's and Kraft Heinz's new online shops offer only large items or bundles for basket sizes large enough to offset shipment costs.<sup>8</sup>

To reduce the high cost of product returns, brands can use data insights to prioritize bestselling products rather than items consumers are more likely to send back. Using clear, up-to-date content, including product descriptions with accurate dimensions, can also help online consumers know exactly what they're buying to minimize returns.

## How brands and consumers profit

When brands use insights to make better e-commerce decisions, they can compensate for ballooning expenses. Analytics help brands connect the dots among their online visibility, promotions, performance and reviews. These best practices can give brands an edge by uncovering how to be more aggressive with revenue-earning and cost-cutting opportunities. Brands find effective ways to acquire more online customers to improve their top line and offset e-commerce expenses with new efficiencies. Data-driven digital marketing decisions help brands improve their e-commerce effectiveness to stay profitable and competitive.

Meanwhile, consumers also win by having an inviting, smooth and reliable online shopping experience. They find the products they want with greater ease, and feel confident enough to buy based on information like a brand's pricing, promotions and product availability.

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