The Amazon Effect
A white paper from Pierhouse

Amazon has changed the way that customers buy products - forever. One of the fundamental reasons for their success is that they provide more information about products than physical stores. Their skilful use of product information and strong reasons to buy gets customers to purchase more from their website.

This paper explains the techniques Amazon and other online retailers use and how physical stores can use the same techniques to increase sales uplift.

Why buy from Amazon?

Amazon is not always the cheapest. In fact it's rare that you can't find a lower price for a product somewhere else. So, if they are not always the cheapest why do some many shoppers buy from them? To start with shoppers go to the Amazon site because they trust them and what their brand stands for. This is the foundation on which everything else is built. Once on the site shoppers are given all of the information they need about a product to make a buying decision. Shoppers are then encouraged by a series of techniques to make a buying decision very quickly. Almost everything on the Amazon website is designed to support one or more of these three customer needs:

- *Trust*
- *Product information*
- *Reasons to buy now*

How does Amazon get shoppers to buy from them?

The easiest way to explain this is to use an example. Imagine that a shopper wants to buy an iron and has just clicked on a model that they might be interested in. The main body of their screen would look like the image on the right.

Their eye will be immediately drawn to the picture. This is vital because the product is not in front of the shopper like it is in a store and on-line sales drop dramatically if there is no picture. This is also the case on eBay and all other eCommerce sites.

Morphy Richards Turbosteam 40698 Steam Iron Ceramic Soleplate 2000 Watt, Black/Plum
by Morphy Richards
★★★★☆ (54 customer reviews)
Like (35)

RRP: ~~£59.99~~
Price: **£27.14** & this item **Delivered FREE in the UK** with Super Saver Delivery. See details and conditions
You Save: £32.85 (55%)

In stock.
Dispatched from and sold by **Amazon.co.uk**. Gift-wrap available.

Want guaranteed delivery by Tuesday, 31 July? Order it in the next 6 hours and 0 minutes, and choose **Express** delivery at checkout. See Details

7 new from £24.98

ZOOM
See larger image (with zoom)
Share your own customer images

So what about in physical stores?

Shoppers have the actual product right in front of them so most products don't have a picture on the shelf edge label. According to P&G this could be a missed opportunity. P&G state that simply having a product picture on or near the shelf edge can increase sales uplift by 8%. It's easy for retailers to test if this would work for certain products in their stores as many pictures can be sourced from the brands or simply copied from their own web site.

The product name

The next point that shoppers eyes are attracted to on the Amazon website page is the product name at the top of the screen. It's never shortened and often some key product features are on the end of the name to make it stand out.

So what about in physical stores?

Of course not all shelf edge labels have enough space to do exactly the same thing. However, we always advise retailers not to shorten the product name if at all possible and to locate key product features as near to the name as they can. *(Shortened names often come from using POS or till product names for price tickets. This is not recommended.)*

Trust and recommendations

Trust and confidence in a product needs to be established as soon as possible. In this example Amazon start to do that before shoppers eyes get down to the price. Shoppers quickly determine from the star ratings and the high number of customer reviews that this product is popular, can be trusted and is worth considering. Their trust level goes way up before they get to the price.

Customer ratings and reviews are a very powerful tool for online sites and if shoppers scroll down the screen they'll see further details of the reviews. Amazon knows that shoppers who read good reviews usually buy. Customer reviews deliver a very strong reason to buy.

Customer Reviews

5 star		31
4 star		18
3 star		2
2 star		1
1 star		2

54 reviews
4.4 out of 5 stars
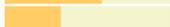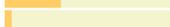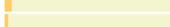
Write a customer review
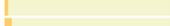
Most Helpful Customer Reviews

27 of 27 people found the following review helpful

Morphy Richards Turbosteam Iron 15 Feb 2012
By cazley

Easy and quick ironing, good steam control. Removes creases well. Only negative point is you need to use distilled water, although this helps prolong the product so is beneficial in the long run.

1 Comment | Was this review helpful to you? Yes No

So what about in stores?

Customer ratings and reviews are the most powerful on-line technique that retailers can capitalise on in-store. At the shelf edge shoppers often make quite quick decisions for many products and do not want to stop and read lots of individual customer reviews. They just want a quick check that they are making a good choice so the star rating alone is enough for the majority of shoppers.

However, if customer reviews are also available on the retailer's web site it might just convince some more shoppers to make a buying decision. Reviews could be accessed via a QR code on the ticket.

Customer rating and reviews can be sourced from a retailers own eCommerce sites. This linking of on-line and store channels is a key part of joined up omni-channel strategy for many retailers. There are also several specialist companies who will collect the information for retailers, if required. One of the specialist companies that we partner with claims to have seen a sales uplift of 18% in retailer's stores that introduced customer ratings and reviews. Appropriate customer reviews can make a significant difference to in-store sales because customers trust other customers.

The Amazon price

As stated at the beginning of this paper Amazon is not always the cheapest, but shoppers think that they are nearly always the cheapest. Amazon uses several techniques to encourage shoppers to think this way.

RRP: ~~£59.99~~

Price: **£24.99** & this item **Delivered FREE in the UK**
details and conditions

You Save: £35.00 (58%)

Scan down from the top of the screen and many products have a RRP price followed by the lower on-line price. Immediately below that the saving is expressed both as a percentage and also as an actual sum of money. This works for the many people who have difficulty with percentages and those who are more motivated by an actual sum saved.

Expressing both numbers also has the advantage that either the percentage saved or the actual amount saved is unlikely to be a round number. Any number not ending in a 5 or 0 gives the impression that Amazon has put a lot of effort into getting the actual price as low as possible. Representing price in this way builds trust and also offers a good reason to buy based on a perceived low price.

So what about in physical stores?

Some stores do an excellent job of presenting price information to shoppers, sometimes better than Amazon because they have more flexible. However, based on our own surveys we know that many stores are not able to present prices and savings as effectively as they could and we are working with them to improve the effectiveness of their ticketing and promotions. One of our frequent recommendations is to show both price and percentage savings more frequently on promotional tickets.

Reasons to buy - NOW

Whichever direction the shopper looks next on the Amazon page they will see another strong reason to buy. Look to the right of the price and it's the free delivery offer. Look below the price and they know that currently it's in stock but, there are only 6 left! Look down further and there is even more pressure to buy. There's a clock counting down to how long the shopper has left to order the iron to ensure that it can be delivered in just two days time.

The temptation to look further to the right and click on "add to basket" or, if the shopper has an Amazon account, to click on "buy now with one click", is pretty strong.

If the shopper has still not taken the buying plunge the next two things that they will see on the page, without scrolling down, will be more product features to really convince them that it's right for them followed by a bundle offer to save even more money/time by getting an ironing board as well.

Product Features

- Ceramic soleplate for durability and a pristine finish
- Tip technology provides a 120g steam shot for stubborn creases
- Variable steam settings including anti-drip for use at low temperatures
- 400ml clear-view tank for less refilling while ironing
- Anti-drip to prevent water leaking onto garments

Make Ironing Easier with Shirtmaster
Find out how the Morphy Richards Shirtmaster ironing board lets you iron shirts and large garments quickly and easily.

The reasons to buy and confirmation that other customers really like the product does not end there. It's followed by no less than four very strong reasons to buy all based upon what other customers have done. The first three reasons to buy are also powerful upsells that work very effectively because they are easy decisions for the shopper to make after becoming committed to buy. The last one can have the dual role of convincing a waverer or offering other shoppers suggestions for alternate products.

Frequently Bought Together

Customers Who Bought This Item Also Bought

What Other Items Do Customers Buy After Viewing This Item?

Looking for "irons" Products?
Other customers suggested these items:

And finally it takes the shopper back to the most powerful reason to buy on-line, customer reviews.

Customer Reviews

5 star		28
4 star		14
3 star		1
2 star		1
1 star		0

★★★★☆ 44 reviews
4.6 out of 5 stars

[Write a customer review]

Most Helpful Customer Reviews

24 of 24 people found the following review helpful

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By cazley

Easy and quick ironing, good steam control. Removes creases well. Only negative point is you need to use distilled water, although this helps prolong the product so is beneficial in the long run.

1 Comment | Was this review helpful to you? [Yes] [No]

So how can retailers get shoppers to "buy now" in stores?

Popai's recent study showed that 76% of purchasing decisions are made in-store and that the key place for convincing shoppers to make that purchasing decision is within 2 metres of the product. This result shows that the most important tool for stores to encourage shoppers to 'buy now' is the shelf edge underneath or near the product.

While a shelf edge ticket can't hold all of the information on a website it doesn't need to because the product will do some 'speaking' for itself. However, the days when a simple ticket with just a price on it will sell any product have long gone - thanks to Amazon.

Shoppers now want more information before making a buying decision and they want to access it at the shelf edge. To achieve this doesn't require lots of new technology but many retailers will need more up to date software to automate production and improve existing processes. Software like NetTickIT will help retailers make smarter use of signage and improve sales uplift while also enabling them to change offers quickly and easily. Most importantly shoppers will be provided with more powerful reasons to buy.

While physical tickets vary by product and retailer the core components of tickets that sell are the same, although not all components will be included on every ticket. See tickets that sell in action.

- **Full product name**
- **Price/offer**
- **Customer rating**
- **Specification**
- **Reasons to buy**
- **Product picture**

Where there is more space available on a ticket customer quotes can be added along with related bundled offers, frequently bought together products and associated products. We've learnt from Amazon that these techniques work. There is also the opportunity to try different marketing messages and see which works best. This can also be done on a per store basis which opens up the opportunity to have different marketing messages for the same product in different stores. This is very powerful for Marketing Departments and brands and it's one thing that Amazon can't do!

Example ticket that sells

What if customers want more information?

The most effective way is for a trained member of staff to be available who can answer questions and give advice. People like to talk to people. Shoppers who trust the member of staff will usually make a buying decision and that's a service that just can't be offered on-line.

If a knowledgeable member of staff is not available shoppers must be able to get the additional information that they want to make a buying decision without going to Amazon or some other competitor's website. If a store offers free WiFi and the auto login page is the retailers own website most customers will look there first while they are at the shelf edge. If a store doesn't offer free WiFi shoppers are more likely to go home and buy on Amazon.

Summary

By understanding more about how successful on-line only sites like Amazon work bricks and mortar retailers are able to adapt and adopt their techniques to overcome issues such as showrooming and shoppers leaving their store without buying anything. The key is to give shoppers reasons to buy at the shelf edge and to capitalise on the actions and views of other customers.

To effectively compete with on-line only sites like Amazon we advise retailers to ensure that all customer communications, particularly at the shelf edge, are in support of the top three customer needs of Trust, Product information and Reasons to buy.

If you'd like to know more about how you can implement some of the recommendations in this white paper at your stores please contact us.

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www.pierhouse.co.uk/blog/   *(We have several blogs on Amazon here)*

About Pierhouse

Pierhouse software manages the production and publishing of effective in-store promotions, signage and tickets plus any other form of customer communication such as screens and electronic shelf labels.

Pierhouse were one of the first users of software to improve the creation, management and deployment of complex tickets and point of sale materials. This early move enabled us to recognise the importance of managing all of the data required to make the whole process work smoothly. We build this capability into our products.

Retailers like John Lewis use Pierhouse as key advisors on in-store customer communications and we recently helped them implement a trial Electronic Shelf Labels (ESL's) in their Exeter store. Another large retailer asked us to prepare a presentation to their board on the future direction of in-store customer communications.

Our NetTickIT software helps retailers manage all the data, processes and compliance needed to produce promotional tickets that sell. It's been designed by engineers who know retail to help shoppers buy more at the shelf edge. NetTickIT has been shaped and developed by input from our customers including Robert Dyas, Harveys, Mothercare and Waitrose.

In addition to introducing new products like OnePoint we continue to develop the functionality of NetTickIT to meet customers needs and connect to multimedia, electronic signage, customers mobile phones plus other mobile devices.

Love retail

All of the Pierhouse team love retail and most have worked in different roles within retail during their career so we understand the different challenges for each of the key functions in retail and talk your language. We only sell software to the retail market so we have a very strong vested interest in making retailers as profitable and successful as we can.