

Coremetrics finds what works, what doesn't on the Web

When big retail operations took to the Web, the big issue was the abandoned shopping cart.

Carts loaded with Eddie Bauer cargo shorts and CompUSA peripherals were left to roll aimlessly down the aisles of cyberspace, representing millions of dollars in lost opportunities.

As retailers grappled with the

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myriad reasons an online shopper might throw up her hands and head for the mall, a new science was born: the online version of "marketing analytics," which, in a nutshell, tells sellers what is working and what is not.

Coremetrics, based in Burlingame, Calif., has helped salvage the shopping carts of some of the biggest names in retailing, from Victoria's Secret to Wal-Mart.

Among its new clients is Hotwire, the opaque-model travel discounter.

Hotwire plans to "leverage detailed behavioral analysis from Coremetrics Marketforce for Travel to determine the most effective means of displaying travel deals to customers, as well as identify and eliminate conversion bottlenecks."

John Squire, vice president of business development for Coremetrics, described the process.

"The key thing is perfect knowledge of every visitor to a Web site in order to optimize a customer's lifetime profitability," he said.

A number of tools provided 30% to 40% of the answers but did not provide a "long-term view," Squire said. "They didn't tie it all together over a lifetime."

Coremetrics captures customers' every moves, including what took them to the site, Squire said. For example, "Did they search on Google or Overture? Did they click on a banner or some other ad?"

If the company has paid for a search word on Google, Coremetrics can determine how many customers were delivered to the site via that method. "We analyze the success of the program," Squire said.

Once on the site, Coremetrics looks at "how they move through the funnel. What do they click on? What do they abandon?"

It also will measure the effectiveness of promotions that appear on the home page.

Because Coremetrics builds individual profiles, it can "follow" the moves of each customer that clicks on a promotion and determines that shopper's subsequent behavior on the site.

But it doesn't just measure;

Coremetrics makes recommendations that can increase sales, according to Chi-Hua Chien, director of marketing.

A customer might search on Google for "Alaska cruise." But clicking on a result might take the shopper to a site's home page, with no clear path to the Alaskan cruise section.

There are several "levels of questioning" that are performed.

The basic level helps identify

problems: the abandonment rate and the most and least frequented paths, for example.

Where Coremetrics prides itself is in the second level and beyond, in which it digs down to very specific information: Where do shoppers who abandon their carts get lost? What combinations of packaging sell best? When a search pro-

Coremetrics determines when shoppers throw up their hands and head for the mall

duces a list of flights, which customers opt for a flight that costs more than the lead price?

Coremetrics requires a low initial investment, Squire said. A company can pay a \$15,000 implementation fee and \$8,000 a month thereafter and will immediately see value, he said.

"There is a certain amount of low-hanging fruit" for every company, so there is a very rapid return on investment, he said.

CompUSA, for example, added a graphic to its Web site that reminded customers where they were in the purchasing process and simplified the last few pages in the process to make them "less intimidating."

The result was a 32% increase in checkout completion during the 2002 holiday season — a multimillion-dollar return.

To keep its customers, Coremetrics must "deliver every single month," Squire said. "From the perspective of the client, this is a compelling way to contract with a vendor."

