

Improving Performance in Retail Channels:

FOUR PILLARS TO HELP YOUR BRAND RISE ABOVE THE COMPETITION



When you're not interacting directly with consumers, it can be tempting to feel e-commerce performance is beyond your realm of control. But the best brands out there understand a basic truth:

Your retailers' performance is your performance.

When your retailers' sales are strong, you'll see gains. When their revenue suffers, so does yours. Successful brands understand how important it is to help retailers perform and are proactive about taking steps to optimize these channels. They monitor pricing changes, stay ahead of stock levels and watch for opportunities to assist with promotions. By focusing on retailer performance, brands can maximize outcomes and strengthen online distribution. All that's needed is the right approach — and the right analytics.

Intelligent strategies yield successful results. And to give your brand insights that will strengthen your future, you need coherent data and a clear process to use metrics to build stronger retail relationships.

When viewed through the lens of revenue potential, understanding and acting on key retailer performance metrics can lead to many benefits, including:

- ➊ **Better margins:** When sales are up, retailers are inclined to buy more inventory from you. They're also less likely to negotiate prices, which in turn will lead to better margins.
- ➋ **Increased market share:** As your efforts lead to increased prominence and popularity of products across retailers, they'll dominate more of the competitive landscape.
- ➌ **Better brand image:** By spending more time discussing your products with your retailers, you ensure they have everything they need to represent your brand accurately and persuasively.

For example, by reviewing pricing and stock notifications daily, one baby brand was able to [increase retailer revenue by 20%](#) without making any significant changes to product assortment or promotions. Another [increased the number of retailer product URLs by 50.4%](#). And in one particularly notable brand analytics success story, a high-end beauty brand was able to [monitor prices, customer reviews, stock issues](#), and more across multiple teams and continents.



The Four Pillars

-  Assortment and Availability
-  Pricing and Promotions
-  Search and Digital Shelf
-  Content and Reviews

Assortment and Availability

First things first: Successful e-commerce distribution can only happen when retailers have your items listed and in stock. If consumers can't find or buy products, your retailers won't see sales — and you'll miss out on profits.

But while the idea seems straightforward, in practice things can be . . . complicated.

For example, when running product assortment reports you might discover that some retailers are choosing to distribute some (but not all) of the products you'd like for them to get in front of customers. Or you may find that some partners have chosen to ignore exclusivity arrangements and are selling more items than you had originally intended. And although ideal partners will always keep you updated on stock needs, that process isn't always simple. If demand is higher than anticipated, for instance, you might not hear from a retailer until long after stock has run out.

In each of these instances, relying on brand analytics can be an excellent way to ensure you don't miss product assortment and availability issues that could be impacting revenue.

You'll know precisely when a best-selling product is running low and needs to be replenished, and can take swift action any time assortment or exclusivity agreements are being breached.

You can even keep tabs on buy box systems for retailers that have a marketplace component. These premium placements can have a huge impact on sales, so being alerted as soon as you've lost the buy box will help you support efforts to win it back — whether that means working together on a pricing strategy or replenishing inventory.



Potential Vulnerabilities

- ➊ Retailers begin undermining each other to gain market share. Additional retailers join to capture more sales — and the market begins to slide into heavily discounted prices. Overall, they have to follow the trend or risk losing sales. Ultimately, investment in your brand is devalued.

- ➋ Retailers who are considering your products may hesitate if they feel their margins will be underwhelming.



What to Monitor

Products that are going out of stock

Products that are back in stock

New products listed on retailers' sites

Products that have been delisted on retailers' sites

Third-party sellers who are offering your products on marketplaces

Third-party sellers who have taken the marketplace buy box from you

Overall out-of-stock rates per retailers

STEPS TO A STRONGER FOUNDATION

Check actual SKUs against negotiated assortments. When you have a selective distribution in place or want to keep some products exclusive, check to make sure your retailers are only distributing their assigned assortments. Or, if your goal is to get as many products as possible on the digital shelf, run reports to confirm your retailers are listing all the products they said they would.

Increase the number of listed references. While retailers tend to favor SKUs with high margins and fast turnover, your consumers want access to all kinds of colors, sizes and other options. By monitoring listings to ensure a full assortment across top retailers, you can help ensure products show up in more searches and satisfy more needs.

Remedy critical out-of-stocks. Retailers that rely on manually-issued purchase orders to restock may not know when inventory is running low. By monitoring shortages on their behalf, you can help facilitate a fast reordering process to keep inventory moving.

Analyze recurring issues to improve habits. Some out-of-stocks happen because of unforeseeable spikes in demand or supply chain shortages that are out of your control. But others occur because someone ordered too few units or didn't have the system set up properly. By keeping a record of all instances and their respective root causes, you'll have the insights needed to help retailers adopt more profitable ordering habits.

Monitor third-party marketplace sellers. If your products are being offered by third-party sellers on e-commerce marketplaces, you run the risk of lost sales and revenue. Should those retailers offer products at lower prices, win the buy box or sell grey market inventory, the cost to your brand's reputation can be significant. By keeping track of who those sellers are, you'll be positioned to take swift action when necessary.

Pricing and Promotions

Pricing matters because, at a high-level view, margins matter. Lowered prices narrow margins, and when prices from one source are pushed significantly lower for a period of time, sales across the rest of the market can begin to suffer, setting off a potential downward spiral in which all players have to discount as well.

However, pricing is not just about margins. This core element of any marketing mix influences many areas, from brand image to market positioning, consumer awareness, listing traffic, sales and more.

While in most regions, you cannot legally dictate what prices your retailers should use, it doesn't mean you cannot do anything about prices. Creative pricing strategies can protect many of the intangible assets to your brand, and are often far easier to initiate and support than the effort required to identify, resolve and follow-up on a pricing issue. First, you will want to find out which retail players tend to create disruptive promotions and which ones act to undercut prices the deepest or most frequently. Even if you can't always act on this information, it will help you **build a long-term perspective** and construct responses to market activities down the road.

You also want to access a clear and accurate view of the overall market, its recent history and trending prices — and how you and your competitors fit within it. You can't develop targeted plans or take specific actions to improve your product's position without this broader context.

Even if you organize and even subsidize promotions for your retailers, you need to keep an eye on what actually happens during those events. When promotions are synchronized, it's critical for retailers to follow the campaign schedule. If any retailers deviate from the established program, other retailers may take notice. Retailer relationships and partnerships can become strained unless the brand demonstrates awareness and is prepared to respond.



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What to Monitor

Significant price drops

Chain reactions due to price drops

Prices below MAP, if you have a MAP policy (US market only)

Adherence to dates within coordinated promotions

MSRP delta

STEPS TO A STRONGER FOUNDATION

Find and correct accidental pricing mistakes. Everyone makes mistakes — but in the case of pricing, you'll want to quickly assess whether a steep discount is the result of a careless error or an intentional act. Monitoring prices frequently gives you the chance to spot these mistakes and alert your retail partner before losses begin to accumulate.

Understand price-matching dynamics within your market. Price imitation is sometimes necessary for retailers to stay relevant when their customers use price comparators. As a brand, understanding price-matching dynamics in your vertical is a must. You'll want to know why and when each retailer tends to initiate discounts or price-match other retailers. This insight lets you build better price lists, make more informed negotiations, proactively communicate with your network — and improve margins in the long run.

Plan, execute and monitor coordinated promotions. Well-timed promotions are especially efficient at boosting sales and brand recognition if you coordinate them with your retailers. Plan temporary, subsidized promotions that make the most sense for your target buyers and your business climate — and offer your retailers the opportunity to opt-in.

Win sales from competitors. You may find that a competitor is gaining an edge by having similar products offered at a slightly lower price. If you are aware of this difference and are in the habit of regular, open communication with your retailers, you may be able to identify a mutually beneficial arrangement that increases your market share for a reasonable cost. This action can be especially effective in retail spaces in which buyers do not exhibit strong brand preferences and can easily compare product characteristics.

Benchmark competitive pricing patterns. If a retailer is discounting your products to drive traffic to their site, you want to recognize that activity and determine why it is happening. Comparing pricing patterns within and among your retailers can yield valuable information. For example, if you find that a retailer is consistently discounting your products but never those of your competitors, you'll want to keep a note for the next time that retailer attempts to negotiate a better wholesale price.

Search and Digital Shelf

Ease of discovery is vital to succeed in today's online shopping experience.

With convenience a top priority, and an overwhelming number of choices to review and consider, consumers are unlikely to scroll through several pages of results and hundreds of products. They may compare a few options, but most of their clicks (and eventual purchases) usually go to products that appear among the top results.

Simply put, if shoppers can't see your products, they won't buy them. Sales will lag.

And just making an appearance somewhere in search results isn't enough for most products. Screen space, whether a home page or an online catalog, is cramped, filled with images and related media. The digital shelf for any product category is crowded.

It's a challenge faced by even the most established brands. But that doesn't mean you are powerless to [influence visibility](#) and the placement of your products on the digital shelf.



Potential Vulnerabilities

- ➊ Because you don't know which SKUs could use a boost in digital visibility, you schedule less relevant promotions, resulting in lowered ROI and wasted money and time.
- ➋ You spend ad budget to sponsor products that are already doing well organically.
- ➌ Competitors sponsor your brand's name and keywords — and put a dent in your market share.



What to Monitor

Changes in a competitor's advertising strategy

Competitors bidding on your brand's name

New brands launching SKUs in your category that are appearing in searches

New SKUs appearing in the best-sellers of your category

Share of search on brand and category keywords

STEPS TO A STRONGER FOUNDATION

Test how different keywords in titles and descriptions affect search position. Search algorithms usually try to match a search query to text on a page. So if you can figure out what keywords people use in searches, you can gain an edge. Craft your titles and descriptions with search intents in mind, and, where possible, iterate for optimal search presence.

Use promotions to mitigate poor search performance. Promotions drive sales. And sales, quite often, drive search performance. That's because search algorithms factor in sales velocity. This makes sense: retailers want to suggest products that people actually buy. As a brand, you can take advantage of this by strategically working with your retailers to set up promotions that will offset poor search performance. Even after the promotion ends, there is a chance that your search position and product sales just might see a lingering benefit.

Identify where you can save on sponsored campaigns. Most of the time, CPC campaigns promote products that aren't currently ranking on the front page. If some products are already doing well organically, advertising them isn't as important – yet the cost is exactly the same. You should track the organic performance of your products to deprioritize the keywords and products on which you do well.

Understand which competitors are taking your share of search. Search performance is a zero-sum game. If you're losing ground, it means that a competitor is gaining an advantage. By monitoring the share of search of all brands in your market, you'll be able to get a clear picture of who's getting ahead and plan specific counter-measures.

Content and Reviews

Representing your products in the best light possible consistently ranks as one of the top priorities for any brand. However, doing so through a retail network is not as simple as it is on a brand website. You just can't exercise the same control over presentation and messaging, and your products have to share the spotlight. Furthermore, distributing content to your retailers efficiently poses a challenge. And even with a small distribution network, it's a massive amount of work to check that your product content — [images](#), [titles](#), [descriptions](#) and more — is compliant with your guidelines and recommendations. User-generated content, such as ratings and reviews, also plays a significant role in enforcing product — and, ultimately, brand — credibility and influencing purchasing decisions. Shoppers rely heavily on reviews and ratings from fellow consumers. In fact, according to a survey Dynata conducted for ChannelAdvisor in August 2021, 61% of shoppers hesitate to purchase a product with no reviews, and 86% of shoppers say they usually read reviews before purchasing a product online.

The influential nature of content and reviews can be felt in a number of ways, including: Conversion rates. Once a customer reaches the product page, content and reviews can seal the deal. Great content answers questions, convinces hesitant customers and spurs purchasing action. Poor content or reviews can dissuade potential buyers.

- **Brand image.** High-quality content heavily influences consumer perception of a brand. Lackluster content does not feed enthusiasm for a product, much less the brand offering it.
- **Brand awareness.** Even shoppers who don't visit your pages will come across your products while browsing search results and retailer sites. Distinctive and memorable product page titles and images can help progressively improve brand awareness.
- **Listing traffic.** Optimized titles and hero images can also increase click-through-rates from search results. Also, on most retailer sites, excellent product content may influence your products' placements in search results.
- **Return rates.** If your content accurately and clearly reflects key information about your products, misunderstandings — and the resulting returns that accompany them — will be reduced.



Potential Vulnerabilities

- Retailers could include false claims in the descriptions, putting your brand at legal risk.
- Erroneous content could create confusion and cause product returns to spike.
- Negative reviews could intensify in areas where you could have posted a response or immediately addressed the issue.



What to Monitor

Number of images

Length of title and description

Presence of keywords in titles
and description

Percentage of retailer pages with
100% content compliance

STEPS TO A STRONGER FOUNDATION

Address priority reviews in a timely manner. Some reviews, such as very poor reviews or those specifically asking for a reply, require your immediate attention. Implement a process to ensure reviews are addressed quickly and appropriately. Bad reviews can equate to a paused listing if they are deterring any motivated prospective buyers. Not all retailers let you directly reply to reviews, but there is an array of potential solutions you can explore.

Identify product pages with low average ratings and plan corrective action. An accumulation of mediocre ratings can lead to a decrease in search performance, click-throughs and purchases. Depending on the context, you could work to boost sales and positive reviews with a promotion or couponing, use a paid service to generate authentic reviews, attempt to remove inappropriate reviews, or, when allowed by the retailer, add a note to the product packaging to encourage customers to leave feedback. Sometimes, poor reviews can be the consequence of wrong expectations created by inadequate product content, and improving the content can fix the problem.

Ensure your product pages have approved and up-to-date assets. Often, you end up sending brand and product assets to retailers via email, Excel templates or file shares — and hoping for the best. Actively supervising the implementation of your content at retailers will ensure that the pages end up using the right assets, that they get updated in a timely manner and that out-of-compliant materials get taken down from pages.

Make the most of content and rich content opportunities. Product page content affects conversion rates, search performance and brand image, and you should make the most of all the opportunities you get, even if those opportunities may vary among retailers. Use the full text length for descriptions and titles, all allowed images, 360° pictures, videos, rich content and whatever else is offered by each individual retailer. Some retailers charge a fee to let you use rich content on pages, so it's especially important that you track its implementation.

Optimize page content to improve search result appearance (and increase click-throughs). Each retailer has its own way of displaying search results — for example, elements like picture size can vary greatly. Therefore, optimizing search result appearance is not the same as improving page content. You'll need to analyze your options and approach optimizing each retailer separately.

We recommend creating a scorecard for your retailers to help you track retailer performance in this area over time. Set monitoring activities at regular intervals to help you implement and monitor strategies at the retailer level and view progress. These actions can help you build tools to guide future decisions in discussions with retailer teams.



ChannelAdvisor Brand Analytics simplifies the process of identifying and tracking mission-critical retailer data. Trusted by top brands such as Logitech, Clarins and Smoby, this solution removes much of the guesswork from planning and monitoring key metrics.

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