

## otto group

# BOOSTING CONVERSION RATES WITH SUCCESSFUL SEARCH

### CUSTOMER

Otto Group, the world's second largest online retailer. Initial deployments included the UK sites for their Freemans and Kaleidoscope catalogs.

### CHALLENGE

Catalog customers were buying online, but had trouble finding what they wanted. Many searches were failing, and others returned long lists of results — for which users rarely looked past the first page. Related pay-per-click marketing programs had low conversion rates and onerous management requirements.

### SOLUTION

Endeca for Online Retail, including Search, the Guided Navigation<sup>®</sup> experience, and Dynamic Merchandising. Included integration with pay-per-click marketing campaigns, including Search Engine Marketing, affiliate networks, and email campaigns.

### RESULTS

- 130% increase in conversion rates
- Doubled conversion rates for visitors originating from pay-per-click marketing programs
- Search failure rate decreased from over 33% to 0.5%
- Measured increase in brand perception for online shoppers
- Decrease in maintenance for integrated marketing campaigns.

Otto Group, the world's second-largest online retailer, knew their catalog customers were having trouble finding what they wanted online, and that it was suppressing conversion rates and causing a measurable decrease in brand perception. But they also knew improving their search would turn this into an opportunity to increase sales. They turned to Endeca, the experienced leader in online search, and saw a quick improvement, including a 130% increase in conversion rates.

### Online complements catalogs

For Otto Group, the online channel is not meant to replace print catalogs — it's an opportunity to create a multi-channel customer experience. Otto Group is one of the world's biggest retailers, with more than \$15 billion in revenue, renowned for its popular print catalogs like Freemans and Kaleidoscope. With the fast rise of online shopping, it has emerged as the world's second-largest online retailer.

Where some retailers see the Internet as a chance to replace their print catalogs, Otto researched their customers to learn how they buy. They discovered that customers loved receiving the print catalog, and would peruse it, then make purchases online. Otto recognized this as an opportunity to create an even better experience for their customers by integrating their catalog and online shopping.

However, despite how engaged this online audience was, conversion rates were low. The root cause? Otto knew that their search box was failing them. Site analytics told them

that more than 33% of searches failed altogether. Other searches returned a flood of results, and analytics showed that customers weren't looking past the first page or two of results. In fact, customers complained that the online selection was smaller than the print catalog selection — when in reality, the online catalog was much larger.

"We did quite a bit of work looking at our analytics," says John Veichmanis, Head of eCommerce, Otto UK "It's quite startling to find that so many people were relying on search, and getting a fairly weak customer experience." With 60% of all site visitors relying on search to find products, it was imperative to do something about it.

When Otto compared brand perception between online customers and catalog-only customers, they were disturbed to find that online customers had a measurably lower impression of their brand. Trouble with the search box was actually damaging their blue-chip catalog brand. "Our customers were coming in, they were looking for our products,

**“Guided Navigation is having huge, huge impact in broadening the range of product views that we’ve experienced, which is driving our conversion rates, because people have exposure to more range now.”**

— John Veichmanis, head of eCommerce, Otto UK

they couldn’t find them online,” says Veichmanis. “They weren’t getting the level of inspiration we wanted them to experience.”

Further integrating the online and catalog worlds, Otto made major investments in pay-per-click campaigns, including Search Engine Marketing, affiliates, and banner ads. But again, conversion rates for these costly programs were low. Moreover, management of the campaigns was onerous, as merchants had to maintain by hand lists of URLs correspond to product pages for each campaign

### Beyond the search box

Since search was the known culprit, Otto knew that fixing it could be a boon to its business. “It was a no-brainer decision,” says Veichmanis. “With just a few tenths of a percentage increase in conversion rates, you get payback in a matter of months.”

However, they also knew that search was more than just the software of a search box. That meant that the solution wasn’t as simple as just flipping on new code; but it also meant there was ample room for creativity, and for competitive differentiation. Otto saw search as a tool kit, a set of features that together would improve their business. “Endeca supplies many of my competitors, but from my perspective, it’s about having the tool kit so we can change and use the Endeca search and navigation to provide optimum performance for our customers,”

says Veichmanis. “So Endeca understanding the needs of our customers was really important.”

Otto’s vendor search was based on the following criteria:

- Understanding of online retail
- Focus on customer needs
- High-performance search
- Attribute-driven navigation
- Business user toolset
- Integration with digital marketing campaigns
- Proven retail experience
- Innovative product road map

### The results

The deployment was quick. Working with Endeca’s partner Javelin and three members from Otto UK, they got the sites for Kaleidoscope and Freemans running in just eight weeks.

The results came just as quickly. Customers immediately started finding more of what they wanted, leading to a stunning 130% increase in conversion rates. Site analytics showed how: Failed searches dropped 33% to an amazing 0.5%. And for long lists of results, Endeca’s unique Guided Navigation experience finally gave shoppers a way to narrow those results. “Linking search and Guided Navigation moved us beyond the department approach,” says Veichmanis. “We literally have a thousand coats, so it’s difficult to put them all in the same department. We made very few sales from page two or three. Customers told us they want to

come in and narrow quickly, so Guided Navigation was really important. Guided Navigation is having huge, huge impact in broadening the range of product views that we’ve experienced, which is driving our conversion rates, because people have exposure to more range now”

Otto also began using Endeca to drive their pay-per-click campaigns, raising conversion rates there significantly, while reducing maintenance work. “They’ve radically improved, and reduced our cost per click,” says Veichmanis. Campaigns can now be link customers directly to Endeca-driven results, where before, they were laid out by hand. For example, before, a campaign for “red coats” would provide customers with a URL linking to select products. Now, they simply link to Endeca results for “red coats,” complete with Guided Navigation. This helped raise the affiliate conversion rate to 7.6% by giving customers more compelling offers.

### Contact us

**ENDECA**  
101 Main Street  
Cambridge, MA 02142 USA  
T 617.674.6000  
F 617.674.6001

endeca.com  
info@endeca.com