

Don't Get Stuck in the 90s



5 Steps to Designing a Better Online Video Store.

What You Will Learn:

How to keep customers coming back to your e-commerce store.

How personalization matters to today's connected consumer.

Which features encourage more frequent and higher dollar purchases.

Executive Summary

Back in the “dark ages” of the 1990s, cable channels were growing at a remarkable pace, the theatrical movie going experience still reigned, and only at the end of the decade were DVDs introduced to bring higher quality home viewing options. Today’s home entertainment consumer has lots and lots of choices. Every year there are new generations of viewers, and selling to these tech native shoppers means focusing on what brings value to them, and consequently revenue, to your business.

This eBook identifies the top five trends for making these consumers favorite your business, while lowering your customer acquisition costs and increasing your profits.

- **Gain merchandising help from your suppliers to offer sales and discounts**
- **Create loyalty campaigns**
- **Offer personalized content choices**
- **Use a shopping cart**
- **Enable gifting, so your customers can give content to their friends and family**



Introduction

When you compare the online video purchasing experience to any other type of e-commerce transaction, video stores aren't doing so well. They make it hard for customers to find personalized content, don't reward good customers, aren't able to offer sales or incentives and don't even make it easy for a customer to buy multiple items. Somewhere along the way, distributors seem to have forgotten the "retail" part of video retail.

In home entertainment, there's a lot of competition for eyeballs and wallets. Differentiating and focusing on customer needs is vital to help your business thrive right now. "Say you're the head of digital distribution or a pure play digital retailer. Why would a customer come to you versus Fandango, their cable box, Amazon, iTunes or Redbox?" asks Mike Sid, Chief Strategy Officer at Mediamorph. "Consumers have so many choices; it's about driving differentiation and loyalty." Here are five steps to help you do just that.



Five Steps to Driving Differentiation and Loyalty

1. *Seek Merchandizing Help*

Offering a store-wide discount, creating a special campaign to match what a studio is doing or having incentives to entice customers based on their purchase history, drives more business. “You definitely need a mechanism for working with the studios and letting them give you help on merchandising,” says Sid. To do this, you need a system that’s going to allow you to set up merchandising rules on your site to schedule things in advance. Today, there is technology which can help with this.

“Some places don’t even have the technology to schedule a price change in the future. They have to sit there, wait for 12:01 AM, make the price change, and two weeks later they sit there, wait for 11:59 PM and push a button. I’ve literally seen people doing that, and it’s crazy.” What’s also crazy is making customers work hard to use your site, which brings us to our next step.



2. Create a Loyalty Program

E-commerce sites have prospered based on a number of things they have done to foster deeper relationships with their customers. Video retailers, on the other hand, haven't done much to reward their best customers, and for the most part they're not all that creative in their incentives to sign up new ones.

The loyalty program gives visitors incentives for providing their contact information. "Many loyalty programs offer discounts for members and the ability to collect points based on purchases," says Sid. "It can be as simple as rent 10 movies, get one free. Maybe there's also a social sharing feature where you can let your friends know about what you bought and receive points for referrals or gamification."

One thing all successful e-commerce sites should have is a loyalty program.



In addition to points earned for every dollar spent, special birthday offers, and double points days are successfully used in retail. Members who reach a “high level” status could be given early or exclusive access to content and events, concierge services, and even points earned on outside purchases. Building this loyalty program makes customers much more likely to come back and gives you details about them and what their interests are. Additionally, the new generation of consumers are looking for unique experiences, so you need to offer more than “earn and burn”. **Today, you need to “surprise and delight”**. Which brings us to the next step.



3. Offer Personalization

There's a record of each path a viewer takes on any website. Many retailers do nothing with this information. However, the smarter stores offer personalized suggestions relevant to a customer's interests. If you know what someone has been browsing, you can suggest other similar content they'd be interested in or send follow-up personalized emails. "Don't just send out a generic email listing with what's new; personalize your communications. Try saying, 'If, you like X, maybe you'd like Y,'" says Sid.

While we're on the personalization approach, consider making it easier for consumers to save content to a list for future purchasing. "There aren't features which let me favorite things on most sites, so I can come back to later for my content.



With these sites, every time I go there, it's like starting from scratch," says Sid. Instead of having the experience be Groundhog Day for your customers, introduce a way for them to keep a favorites list, and then follow up to remind them about this and any other similar content they may be interested in.





4. Enable Shopping Carts

Your favorite e-commerce retailer is doing one thing which video retailers haven't thought of to help them both focus on the customer and sell more inventory— they have a shopping cart. Customers may put in a pair of pants, then maybe go for socks, underwear, even a second pair of pants. These customers are making incremental purchases, all because there's a place to initially keep their items while they're shopping.

"There's no such thing as a shopping cart on a video commerce site," says Sid. Imagine a customer buys a second or third video, perhaps starring a favorite actor from the first one. That just went directly to your bottom line.

That's one perk, but how about making it even easier for customers to buy more? Additionally, in order to connect to those elusive Generation Z and younger Millennials, you need to better understand their lifestyles and cultural differences. Think about other product offerings and partnerships, that could increase basket size as well. It's important to focus on customer engagement even when they are not buying.



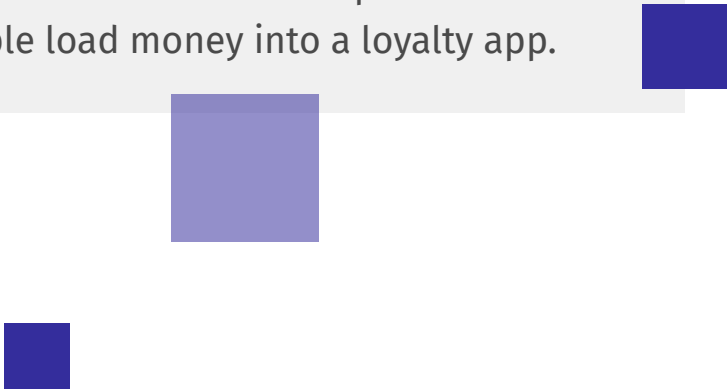


Gift-giving is big business; the global gifts retailing market will register a revenue of almost USD \$77 billion by 2022.

5. Allow Gifting

“Traditionally, it was very common for people to get DVDs and CDs for birthdays and holidays,” says Sid. While the media delivery mechanism may have changed, people always love receiving gifts. The numbers prove this. Gift-giving is big business; the global gifts retailing market will register a revenue of almost USD \$77 billion by 2022. Source: (https://www.research-andmarkets.com/research/8frhw4/global_gifts?w=5)

Being able to allow your customer to not only purchase their own media, but also easily buy content for their friends and family, is a very powerful opportunity. You’re reaching two consumers instead of one without having to spend any more marketing dollars to do so, which makes this a great way to find new customers. And think about the possibilities of using “virtual wallets,” letting people load money into a loyalty app.



Conclusion

All of these steps work to gain repeat business and keep you top of mind. The world has changed, and there's never been more noise, volume, competition and disruption in the video entertainment space. Consumers' expectations have escalated, and those who do not respond to these changes will lag behind. What is the real key to keeping the customers happy so that they continue buying from you? Well, unless you provided actual value to your customers, sooner or later, they are bound to ditch you for another provider. (So, in order to capture today's connected consumers, you need to really deliver the beef.)

The battle for customers is hotter than ever, and for video retailers to succeed, it's crucial to stand out from the competition, differentiate your brand—and adapt to evolving technologies and customer behaviors. By working more closely with your suppliers and integrating one or all of these steps will keep eyeballs on your content and greatly improve your customer's experience. The result will be that they will think of you as their favorite video destination, and that's the best possible outcome you can have.



About The Author


Nadine Krefetz is fascinated by both the business and technology sides of online video. She's a project management consultant in the field and writes extensively about the topic for Streaming Media Magazine. Half of her brain is unstructured data, and the other half is structured data.





About Mediamorph

Mediamorph's mission is to boost business performance and accelerate content value across the entertainment ecosystem. Our Content Value Management (CVM) platform orchestrates the 360° process that brings content from provider to distributor to the connected consumer. With advanced analytics and real-time access to actionable data, our cloud-based software tracks trillions of transactions and billions of dollars annually to maximize media monetization.



Mediamorph has become the industry standard for the business of content, empowering the world's leading media and entertainment companies.

For more information, please visit mediamorph.com

