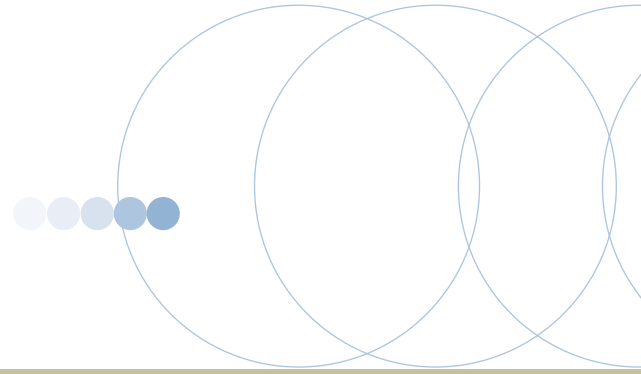


CASE STUDY



NetTracker provides FreshDirect with a cost-effective, comprehensive web site traffic and online behavior analysis solution.

FreshDirect Uses Unica's NetTracker® to Deliver Web Site Marketing, Merchandising and Usability Analysis

OBJECTIVES

- Identify product categories, site architecture, marketing campaigns and product promotions that work best; do not work; or could produce greater ROI.

RESULTS

- Increased customer retention and centricity
- Delivered more targeted email and cross-selling campaigns
- Improved acquisition rates

ABOUT FRESHDIRECT

FreshDirect is an online fresh food and grocery company providing online food delivery service to thousands of customers in New York City. The FreshDirect web site features over 5,000 products in over a thousand categories and processes thousands of transactions each day.

THE CHALLENGE

Considering the scope of the products available on the FreshDirect web site, FreshDirect needed a web site analysis solution which would help them get a handle on what would otherwise be out of control—identifying the product categories, site architecture, marketing campaigns and product promotions that were working best, not working at all, or could be producing greater ROI.

THE SOLUTION

"NetTracker from Unica provided comprehensive web site traffic analysis and online behavior analysis that came at an affordable price," said David Gerridge, project manager at FreshDirect. NetTracker made short-term and long-term sense for FreshDirect. It met their immediate need for detailed and customizable clickstream analysis reporting. But, since NetTracker stores their web data in an Oracle database, it would also make it easy to achieve their future goals of integrating web, sales and demographic data for more personalized customer relationship management.

RESULTS

More Targeted Email Campaigns with Greater ROI

FreshDirect segments its customer database based on order size, purchase history, geography, etc., for targeted email marketing campaigns. For example, an email campaign was recently sent to customers who had purchased meat from FreshDirect, promoting their new Prime Meat offerings. Other campaigns target customers based on their order activity (have not ordered for X number of days) or their order frequency (typically order every X number of days). Still other campaigns reach all segments, such as a recent Valentine's Day campaign which offered Valentine's Day-related meal suggestions and specials to all FreshDirect customers.

NetTracker allows FreshDirect to track the success rate of these campaigns by tying check outs (marked by reaching the web site's order confirmation page) back to the initial referring campaign. In fact, using NetTracker, FreshDirect was able to determine that 50 percent of the customers that were sent their Valentine's Day promotion opened the email, and an impressive 15 percent of those users clicked through and visited the site. Sales of the products that were promoted in the campaign soared, and the ability to gauge this success has helped FreshDirect shape future promotional emails. The NetTracker reporting, however, doesn't stop at just tracking clickthroughs. FreshDirect also produces a NetTracker funnel report which shows how far along in the process visitors that received these email campaigns made it toward a purchase. "We track how many customers received the email, how many opened it (via an

embedded image in the email), how many clicked through to the site from it, and finally how many made a purchase (completed a check out) during that visit," said Gerridge. FreshDirect uses these statistics to determine which campaigns will be repeated, altered or discontinued.

Intelligent Merchandising, Promotions and Cross-Selling Campaigns

NetTracker helps FreshDirect execute more intelligent merchandising on the site. One of the ways that FreshDirect promotes products is to suggest complimentary items when a customer adds something to their cart. For example if a customer adds a steak to the cart, a dialog box on the confirmation page suggests potatoes, fresh herbs, marinade and spice rubs, and steak sauce. NetTracker has revealed that more customers respond to this type of cross-sell promotion than FreshDirect had originally anticipated. "Initially we were probably less imposing with cross-selling promotions than we could have been. But, NetTracker showed that customers were frequently clicking on them. So we have made them even more prominent on our site," said Andrew Purcell, information architect at FreshDirect.

Products and categories are also recommended at the department and category level, through internal ad banners on the right-hand side of the page. For example, filet mignon may be featured in the meat department, or Wisconsin cheddar in the cheese department. NetTracker allows FreshDirect to analyze how well these promotions work at directing customers toward purchasing specific products. For instance, while a promotion for Wisconsin cheddar cheese is running there are three primary ways for visitors to access it: drilling page by page (from the Home page to cheese to cheddar to Wisconsin); entering Wisconsin cheddar in the search box; or, clicking on the Wisconsin cheddar banner ad promotions on the site. Comparing customers' navigation before and during the campaign allows FreshDirect to measure the effectiveness of their promotions in directing more customers to purchase Wisconsin cheddar than would normally reach it without the promotion. NetTracker has also revealed that promotions that include prices are clicked on more often and lead to more purchases.

Navigation, Usability and Architectural Improvements

FreshDirect uses NetTracker to continue to affirm the architectural decisions they have made in their check-out area, by reporting how frequently and at what point customers drop out of the check-out area. While FreshDirect considers their check-out area to be pretty robust, due to extensive usability testing, NetTracker confirms that in fact abandonment is minimal. "The validation provided by NetTracker that we are not losing many customers during check-out is very important," said Purcell.

FreshDirect also uses NetTracker to see how frequently each question in the Help section of the site is accessed. "The Help section contains a vast array of help categories—payment options, food safety questions, delivery questions, etc.," said Gerridge. Since delivery questions were most frequently viewed, FreshDirect has now made delivery a more prominent immediate link from the Home page.

Similarly, the web site used to have a link on every page under the shopping cart that said "Click here for delivery info." Since the link on the Home page for delivery information was being used much more frequently, FreshDirect made better use of the real estate under the shopping cart by adding a new link for product requests instead.

More Intelligent Product Development and Placement

NetTracker allows FreshDirect to analyze local keyword searches in order to shape future product offerings. "For instance, if customers are looking repeatedly for organic foods, kosher foods, or specific brands of packaged foods, we may develop our product offerings to include those foods," said Gerridge.

In addition, NetTracker analysis helps shape and prioritize product placement on the FreshDirect web site. For example, when FreshDirect set up each department they made some assumptions. The sixteen categories of cheeses offered by FreshDirect were placed in the order on the site that FreshDirect felt reflected their likely popularity. However, NetTracker pinpointed a change that needed to be made in the cheese department: the low-fat and non-dairy category needed to be much higher on the page since it proved to be one of the most popular.

Increased Customer-Centricity and Retention

FreshDirect has edited their search directory to recognize more of the keywords that customers use in product searches, based on insight provided by the NetTracker Local Keyword Summary. "For instance, if the NetTracker Local Keyword Summary consistently shows the same misspelling for Kellogg's, we add that misspelling to the keywords to help people find what they are looking for," said Purcell.

To better serve customers, FreshDirect also has a feature that shows the next date on which sold out items will be available. FreshDirect wants to let customers know as quickly as possible, during their shopping process, when something becomes unavailable in order to avoid customers getting a "Sorry for the inconvenience, but this item is not available for delivery" message during check out, which may lead to frustration. When FreshDirect discovered with NetTracker that these unavailability messages were popping up, they realized there was a need to make more frequent availability checks between the front-end web site and back-end inventory control system.

Shopping Behavior Insight

FreshDirect uses NetTracker to monitor all behavior specifically related to check-outs: the most frequent check-out time, the most frequent shopping time, the duration of shopping visits, the average time to complete a purchase, and the day (or dates following campaigns) on which purchases are most frequently completed. In addition, FreshDirect has used NetTracker to analyze how the length of time spent shopping decreases once customers become experienced users of the FreshDirect web site.

Increased Customer Acquisition via Banner Ads

FreshDirect has placed various geo-coded advertisements on AOL to specifically target women between the ages of 25 and 54 who live in the New York City area. They use NetTracker to track response rates to those ads via each visitor's entry point and according to whether they make it through the whole cycle of making a purchase, thus becoming customers. "We know our clickthrough rates are based on three elements: 1.) creative, 2.) placement and 3.) product. We know we have a good product, so if we have a low response, then we test the creative and the placement and increase usage of the most successful ads," said John Boris, vice president of marketing at FreshDirect.

And Still to Come: Increased Personalization

Developing an even more personalized experience for customers on the FreshDirect site will be a continuing process. After all, behavior patterns can only be discovered as they evolve over time. "FreshDirect is using NetTracker to learn about behavior over time based on patterns. We are changing the site experience to match this behavior. So, if we find that some customers don't start buying meat from us until their third visit, we might raise the profile of our meat offerings on the first and second visit with internal banner ads," said Purcell.

"Eventually the goal is for the FreshDirect site to be even more relational, where the site reflects select merchandise based on past purchases," said Boris. FreshDirect also hopes to reveal more about how particular segments shop or whether shopping behavior changes over time. For now, combining sales and demographic data with web behavior, all stored in Oracle tables, is still done manually. But automating this process is just around the corner at FreshDirect and will be made easy by NetTracker's open database schema.

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