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Gourmet Tea Shop Cracks \$1 Million in Online Sales Using 5 Eretail Best Practices

08/03/2004

CHALLENGE: When Michael Cramer co-founded Adagio Teas back in 1999 together with his mother and brother, they didn't expect to become Internet zillionaires. They just wanted to expand the gourmet tea market to what was then an uncaring world.

"Most people didn't know that something exists better than supermarket tea."

Most gourmet tea companies' marketing at the time catered strictly to a tiny in-crowd of already-initiated tea aficionados.

"Other companies treat people as if they have a PhD in tea. It's like going to a fancy restaurant and looking at the wine list. Just baffling."

It's hard enough selling pet supplies online. How do you sell consumers something they're hardly aware exists, and that they aren't too sure if they'll like?

CAMPAIGN: The team didn't have VC backing or deep pockets, so they ultra-carefully built their site and marketing materials using five key best practices. There was no room to have anything but the best online presence to gain and convert as many shoppers as possible:

-> Best Practice #1. Clean, elegant design & packaging

You would never guess from the Web site that Adagio Teas is anything but a very large, well-established retailer. (We still see household brands with embarrassingly amateurish site design these days, so good design is worth noting.)

Adagio's audience tends to be upscale boomers -- the NPR crowd. So the design matches their expectations of warmth and casual elegance:

- Everything is above the fold, no scrolling
- Typefaces are as large as possible to be easy on the eye
- Product shots are so real-looking you feel as though you can reach out and touch a tealeaf through the screen
- Navigatable merchandise categories match boomer interests, such as organic teas, "anteadotes" and ingenious teapots
- New Yorker-style cartoons illustrate things for which there is no photo
- Typeface for the logo and body copy is a healthy save-the-world-style green

Plus, all the shipping packaging matches the site. The box and all wrapping papers feature the logo, URL, and toll-free reorder number.

-> Best Practice #2. SEO baked in from the start

The team chose their name 'Adagio' both because it connoted elegant classical music, and also because it started with the letter "a". Cramer explains that meant anyone searching for "tea" in Yahoo! directory would see Adagio's listing at the top of the list. (Note: this is a tactic that worked very well in 1999, but is no longer very useful.)

Also to maximize search engine optimization, Cramer set up a second site at Teamuse.com where he posted all of the lengthy, keyword-rich articles from Adagio's email newsletter. This meant that for very specific tea terminology, the site stood a good chance of being higher in rankings.

Why not use the main Adagio site? Because of the hundreds of SKUs, that site uses a dynamic content management system (like most retailers). The alternate site was set up as a series of flat HTML pages, much more conducive to search engine spiders.

Plus, it's always helpful for SEO purposes to have a popular content-site linking over to your store.

-> Best Practice #3. Maximizing catalog requests

Initially, Cramer didn't plan on offering a catalog at all. In fact, "we saw ourselves as the anti-catalog." But, even if you think the Internet is the end-all and be-all, your customers may not.

"We'd get catalog requests daily. They'd say, 'I'd like to recommend you to someone who doesn't have a computer.' or 'I'd like to browse your products and I don't have a fast connection.' Also, even though people could get the information online, they just like the feel of paper."

So the team developed a 24-page best-sellers catalog featuring their trademark elegant design. To maximize, the team added a catalog link on every page of the site and:

- Offered a PDF version of the catalog from the site for shoppers seeking instant gratification

- Shipped the printed version inside a CD jewel box (just 4 1/2" square) with a free music CD offer. If you bought something from the catalog, your first order would include a CD of adagios.

Why the unusual format? Cramer hoped it would stand out from the clutter, plus consumers would be less likely to toss a jewel box than regular paper because CDs have inherent value.

By licensing available selections from lesser-known orchestras, and producing the catalogs in China, Cramer was able to keep costs down to \$1 per complete package (not including postage).

-> Best Practice #4. Reassurance features

In addition to loads of educational content (ever wondered how much caffeine each type of tea has, or how it compares to coffee?) the site provides three key types of reassurances to convert new and unsure shoppers:

- a. Epinions and BizRate review links featured prominently on the home page. Why both? "They tend to appeal to two different types of people. Epinions tends to be very in-depth, and BizRate has a very quick 10-point rating." Plus, almost every individual SKU also features dated and named shopper reviews.

- b. Live chat buttons are featured on almost every page, partly because Adagio Teas learned early on that if they allowed shoppers to call in with questions, the average phone call lasted 20-30 minutes, but only resulted in a typical \$35 order.

With live chat, they could still answer questions, but hopefully the typing factor would limit "conversations" manageably, and also make it easier to give shoppers links to site info.

- c. Shipping information is also featured prominently on nearly every page of the site. Cramer had heard the number one reason for shopping cart abandonment was shipping costs and questions, so why not make things ultra-clear up front?

-> Best Practice #5. Testing an auto-ship offer

As time went on and Adagio teas earned a fan base, the team noticed that some loyal customers bought the same item repeatedly. Why not make it easier for them, and virtually guarantee "renewal" income?

Cramer invented the "yellow sticky," a personalized note that popped up on repeat shoppers' screens if they surfed a page they'd bought from three or more times in the past. (Link to sample below.) It read,

"[Firstname],
You seem to order
[item] quite often.
Would you like to set
up an automatic shipment?
- Adagio Teas"

Clickthroughs saw a pre-stocked shopping cart with a warm note at the top explaining how auto-ship worked "like clockwork." The copy carefully detailed that the control was in the customer's hands -- "You may speed up or slow down shipments at any time."

RESULTS: Adagio Teas was profitable in its first year, and is set to sell just over \$1 million in 2004. More than 10,000 shoppers have rated the site in BizRate, and Epinions features 23 more lengthy customer reviews.

The site has an exceptionally high rate of repeat shoppers, "Once you have good tea, you don't go back to the store."

On average 4.7% of total site visitors click to the catalog request page. Of these, 29% download the PDF and 51% ask for a printed catalog to be mailed to them. (We'd like to note that in our experience most catalog request forms on sites generate single-digit responses from clickers.)

Roughly 10% of total catalog recipients purchase, mostly at the site, an average of \$30-35 per order.

Only about 1% of site visitors use the live chat feature, with an average session lasting three minutes (one tenth of what a comparable phone call would have been). Cramer notes, "During the holidays, the percentage of chats spikes as people begin to shop for others. But, thankfully the typical session shortens as these questions tend to be very specific."

So far under 100 shoppers have chosen the auto-ship feature. This low number may be partly due to the fact that it relies on cookies to recognize frequent shoppers and according to some studies as much as 38% of US consumers wipe cookies at least weekly.

Cramer says, "People like it, but the downside is they forget they've selected a recurring thing for every three-four months. We learned we had to send an auto-email shipping notice each time reminding them."

Perhaps the auto-ship feature would work better for a site offering products people tend to purchase on a monthly or more frequent basis.

Final note -- in case you're wondering which tea has the highest caffeine content because you're an overworked marketer who needs a boost, Cramer told us to choose the Assam Harmony for maximum kick.

Useful links related to this article:

Creative samples of Adagio Teas' site and campaigns:

<http://www.marketingsherpa.com/adagio/ad.html>

Naxos - the company Adagio teas licensed the CD music from:

<http://www.naxos.com>

TeaMuse - Adagio Teas' content site featuring posted newsletter articles that helps with SEO

<http://www.teamuse.com>

Adagio Teas

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