

Shopping by TV Comes to the PC

Internet Retailers Sold on Online Video

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After looking for ways to sell more gemstone pendants and diamond earrings, executives at online jewelry site Ice.com decided to mix two popular formats to reach their customers: home-shopping TV and the Web.



So they moved some couches, installed a sliding curtain and built a \$25,000 set in their offices in Montreal. Today, they plan to launch IceTV, an online television-shopping program that will feature segments on topics like how to get the gift you want or how pearls are made -- with links to where shoppers can buy the featured items on their site.

Web retailers have caught the online video bug. E-commerce companies are turning to gussied-up hosts and panoramic product shots to compete for online shoppers' attention. The retailers say they are trying to create a new genre that strikes a balance between infomercials and entertainment. And as competition continues to squeeze online retailers' margins, they are looking to their new video inventory to bring in extra revenue from advertising other brands.

"Every e-commerce company today is a new-media company tomorrow," says John Textor, chief executive of Baby Universe Inc., which recently launched video, accompanied by display ads, on its Web site. He says cost pressures are eroding online retailers' traditional fear that display ads will distract users there to shop. "Advertising margins are considerably stronger than e-commerce margins."

The videos, which range from full-blown instructional segments to talk-show-like commentaries, are being created by a broad range of e-commerce companies. Home Depot Inc. recently launched Homedepot.com TV, a mix of in-house-produced videos on topics like how to apply paint and product reviews on items they sell like lawnmowers. The Knot Inc., an advice Web site for brides that also sells everything from wedding-ring pillows to bathing suits, has launched TheKnot TV. The online video channel features hosts promoting products available on the site, such as gifts for groomsmen, as well as footage from bridal-fashion shows and other licensed content.

Furniture and fixture company Kohler Co. has posted some 100 videos on its U.S. Web site since late last year, ranging from 30-second clips zooming in on faucets to designers walking viewers through their bathrooms. The company plans to double the number of clips available within the year.

Meanwhile, traditional television home-shopping networks like Liberty Media Corp.'s QVC and HSN are chasing their audiences online as well.

HSN, owned by IAC/InterActiveCorp, has been pulling some of its on-air segments to HSN.com, presenting them as product reviews to help sell \$2,000 flat-screen TVs and \$25 skin creams. And a more ambitious effort to create dozens of original online-only shows around particular products -- such as fashion designers describing outfits as models walk down a runway -- is under way. The clips, representing a combination of original content and re-used on-air content with stripped-out graphics like toll-free telephone numbers, will be featured on a newly launched Web site later this year.

Retailers are pushing into online video in order to better target shoppers who spend their days glued to their computer screens and who are shifting more of their shopping to the Web. Consumers ages 18 to 40 spend more time at their computers than at their televisions, according to Forrester Research, which also reports that more than 50 percent of U.S. consumers with Internet connections shop online several times a month.

But the surge in demand has fueled a host of competition, forcing online retailers to find ways to stand out and boost margins. Online video can help by driving sales and customer loyalty.

BabyUniverse.com, a retail site targeted at parents, features ads from companies like shoemaker Stride Rite and stroller maker Bugaboo alongside its video clips on BabyTV.com. The new online video-network was launched in December and includes content licensed from third parties as well as its own originally produced segments about products available on the site, which include everything from car seats to dollhouses. Within the next few days, it will post live streaming broadcasts from events like trade shows, a feature that gives the company the flexibility to push certain products on the fly.

For other sites, video offers a chance to engage and entertain shoppers. Liberty Media's BuyCostumes.tv features more than 100 clips of costume-clad models, both kids and adults, walking across a stage at a local studio. Two hosts comment on topics like how a superhero's removable mask makes his costume a sensible choice for a party where food will be served. The site will soon launch a feature that allows users to upload their own costume commentaries as well, hoping the feature will generate interest and repeat sales.

While user-generated video has made a splash elsewhere on the Web, online retailers are more likely to stick to scripted content that offers them the chance to craft a sales pitch carefully, says Sucharita Mulpuru, an analyst at Forrester Research. "Video illustrates and brings to life what a product description cannot," she says.

Ice.com is hoping that its new online videos will entice shoppers to splurge for a \$150 pearl necklace or a \$1,000 diamond ring.

The videos, which will be available through Ice.com, will include clips featuring a host, a former Canadian talk-show personality, interviewing a product specialist about how to buy a diamond -- along with more casual segments where a host trolls the street to illustrate hot trends for spring, such as long necklaces and colored diamonds.

The company plans to tap the buzz around certain celebrities with clips on what stars are wearing, too. All segments end on a product page where the viewer can click through to make a purchase.

"Video helps us convey that jewelry is like a haute-couture dress," says Shmuel Gniwisch, chief executive of Ice.com. "We want people to feel like they are buying a lifestyle."