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BOOHOO: GROWTH & AGILITY

Carol Kane, Joint Chief Executive, boohoo group, on growth, agility and scaling up the business

INSIDE OUR 'MOBILE' EDITION:

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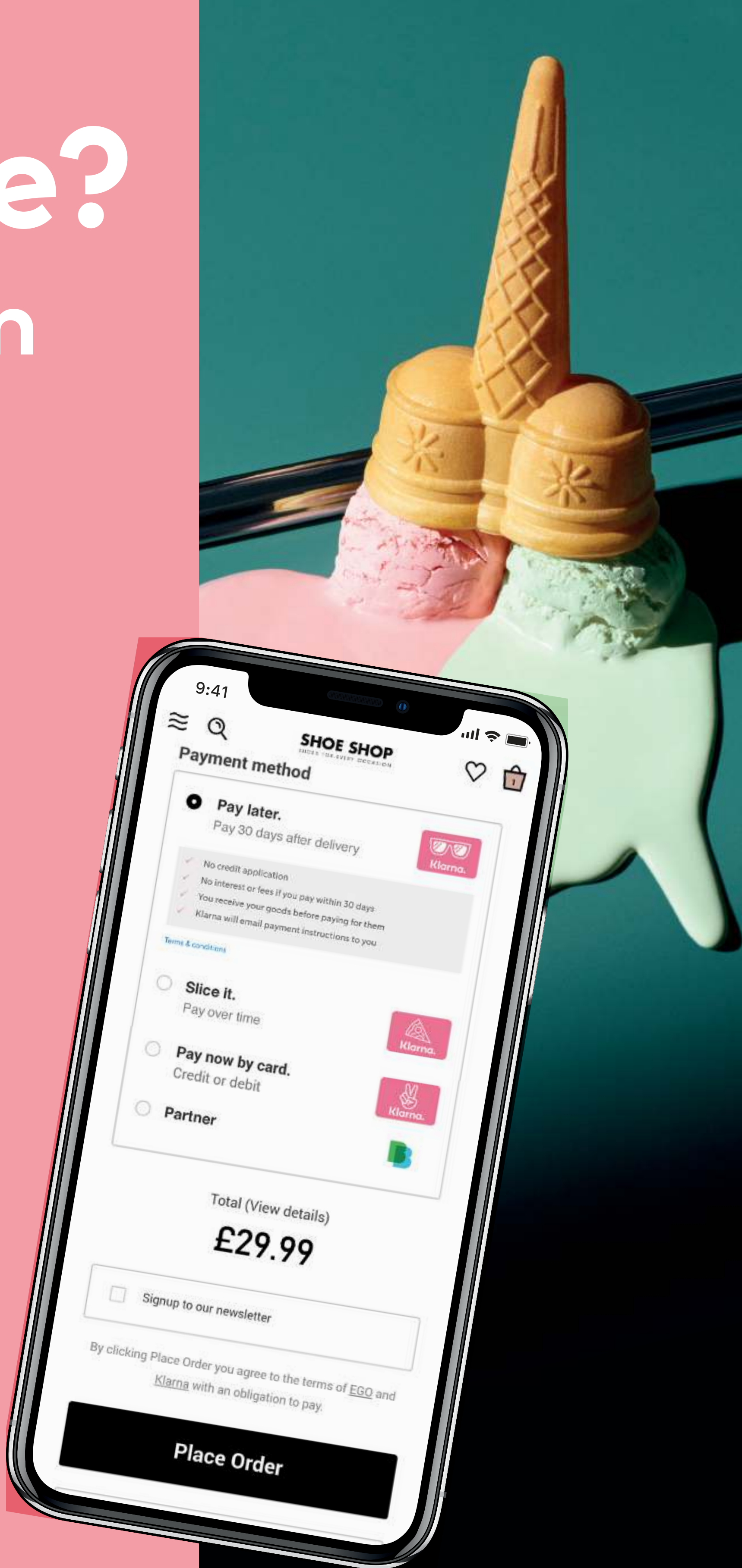

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Editor's comment

The smartphone has become the device of choice for shoppers visiting John Lewis online said the company as it reported on retail trends for the past year. For the first time, the majority of online shoppers (42%) are visiting the John Lewis website via their smartphone, rather than desktop or tablet, and the number of orders placed on mobile phones is up by 35%.

The retailer also reported that customers are being much more specific about what they are looking for on the site, using more search words and filters to narrow down their options.

A knock-on effect of the rise of smartphone use amongst its customers is a drop in sales of alarm clocks as people opt to use their smartphone instead. John Lewis reported that sales of alarm clocks are down by 16% and that it has reduced its range of alarm clocks by 30%.

Smartphones and mobile behaviour are now impacting every area of retail so in this issue of InternetRetailing we take a look at the current trends, innovations and direction of travel for all things mobile and how the latest developments are changing retailers, staff and customers.

In two separate features, InternetRetailing's Mobile Editor Paul Skeldon looks at whether developments in m-commerce mean the end for mobile apps and whether there's a disconnect between what consumers say they want from mobile technology and what retailers are offering.

People don't want just technology, nor do they just want 'old fashioned retail'. Instead consumers inevitably want the perfect balance of the two: technology to add convenience and people to answer those more tricky questions.

However, as his article says, retailers may enthuse and embrace technology as a means of reviving sales, but unless customers can see the benefits personally, it could be wasted investment.

He says: "There is no denying that the Amazon Go idea has shaken up in-store retail. Without it pushing ahead with its high-tech solution to the perennial bugbear of having to queue up to pay, we are unlikely to have seen Tesco, Sainsbury's Co-op and Budgens press ahead with their own 'scan and go' technologies."

Scan and go does herald a new era of efficiencies for both retailers and consumers. Consumers can forego the tills and the queues, avoid human interaction (if they want to), pay without needing to bring their card or carry cash, and reduce their wallet size by having their loyalty cards stored neatly on an app.

Retailers, on the other hand, may benefit from increase in customer through-put, customer satisfaction, reduced requirements to deal with taking payment in-store and increased insight into their customers' behaviour.

But where do retailers sit regarding the legality of scan & go now that GDPR is being enforced? Gayle McFarlane and Charlotte Walker-Osborn, both of Eversheds Sutherland, discuss whether GDPR places limitations on these benefits and what retailers need to do differently to comply with regulations.

Elsewhere in the issue, we examine how else 'location' is impacting on m-commerce and how mobile is helping to streamline operations in store. The deployment of mobile computers can help retailers empower their disengaged staff, offering them the same ease-of-use and interactivity they are accustomed to in their leisure time. This can not only make employees more productive and efficient, but also help improve the overall customer experience. As mobile devices and data access match the features and functionality of the smartphones used by customers, they can help enhance their interaction with retail staff.

So, as we head towards another Christmas and new year in retail, I'll leave you with the soundtrack of Elton John playing the piano while @John Lewis answers the Christmas messages on behalf of the real John Lewis @jlandpcustserv and Visa advertising the virtues of shopping on a local high street while singing "All I want for Christmas is you."

I'm off to see what Black Friday bargains are being delivered to IR Towers

Emma Herrod
Editor

Chloe Rigby **highlights recent industry changes but to keep up to date with the news and her insight between issues visit** *www.internetretailing.net*

DEBENHAMS SETS OUT FUTURE PLANS

DEBENHAMS has set out its plans to reshape its store estate and online presence against the backdrop of a 'volatile and challenging' retail market. The department store group, a Leading retailer in IRUK Top500 research, reported online growth of 12% ahead of the market in its latest financial year, thanks to an improved mobile and customer experience – but it was forced to write down the value of its stores. It now plans to close up to 50 under-performing stores over the next three to five years – from a store estate of 165 stores.

The update came as Debenhams reported revenue of £1.8bn in the year to September 1. That's 3.2% down on the same time last year. Underlying pre-tax profits of £33.2m were 65.1% down on the last time, but exceptional items of £524.7m took the retailer to a bottom-line loss of £491.5m – from a profit of £59m last time. Those exceptional items included £12.3m related to the Debenhams Redesigned transformation strategy, and a £512.4m write-down in the value of stores and goodwill, write-offs of IT systems (to the tune of £80m) and provisions for store leases.

The retailer is now reducing its capital expenditure to £70m and making cost savings of at least £30m a year, through store closures and plans for rent reductions. It believes that around 110 of its 165 stores are over-rented, at a cost to it of about £12m and it is now talking to landlords about that issue, "benchmarking against recent changes achieved by some competitors."

In the future, Debenhams expects digital to account for about 30% of its business, centred around mobile interaction with customers. Currently digital stands at about 20%. Over the year, digital sales grew by 12% – and over the second half alone, they were up by 16%. Demand via mobile devices was 20% ahead of last year, with mobile now accounting for 60% of all demand, something Debenhams puts down to an agile development programme that it said had driven "significant improvements in speed and filtering." Conversion via smartphones rose by 17%.

It is now working with Mobify to separate its digital customer experience from the underlying platform "in a way that allows us to drive faster, positive changes." It will move desktop to the Mobify platform from February 2019. As a result, it says, it will provide "a consistent and scalable experience across all our customer-facing digital channels".

It is building online ranges to have the "most exciting and authoritative range and the strongest availability." Online analytics will inform range decisions, based on customer search, and will lead to it introducing the brands and products that its customers are looking for.

It also aims to boost its visibility on key products and brands in local mobile search, and, it says, "We are working with Google to surface local store information alongside visual shopping ads to drive traffic into stores."

The retailer aims to use its stores to maintain a leading position in the beauty market.

UK SALES LIFT FOR IKEA

IKEA UK has reported annual sales of £1.97bn in its 2018 full-year – up 5.9% on the previous year – after 12 months in which it invested both online and offline to offer the seamless service its customers now demand.

The home furnishings retailer, which is ranked Top250 in IRUK Top500 research, says online sales rose by 14.4% to represent 15.5% of total sales during the year to August 31 2018. Visitor numbers increased both online and in-store: 59.8m (4.5%) people visited its UK stores, while its website received 199.3m (+13.4%) visits.

"Our stores will always be an important part of the Ikea brand when it comes to inspiration, touching and feeling our products," said Javier Quiñones, Country Retail Manager at Ikea UK. Investment in stores included a total revamp of Ikea Nottingham, reworking of the Milton Keynes textiles stores and its first city centre store in the UK, on London's Tottenham Court Road.

As well as opening new stores, Ikea has also invested in its distribution and fulfilment, opening two new customer delivery centres and a parcel unit in London. As a result, said Ikea, delivery lead times reduced and parcel deliveries rose by 65.9%.

MORRISONS REPORTS SALES GROWTH

MORRISONS has reported sales growth as the supermarket expanded its online, wholesale and in-store services. Online, the retailer launched the Morrisons More app and expanded its home delivery service, while the supermarket also added new wholesale customers.

The supermarket, ranked Leading in IRUK Top500 research, reported total group sales, excluding fuel in the third quarter of its financial year, up by 6% compared to the same time last year.

Morrisons launched its loyalty app, Morrisons More, during the year. Shoppers can use it to collect and redeem their loyalty points digitally, while the supermarket uses it to send personalised offers and recipes direct to the customer's mobile phone. Points can also be earned in a trial to test the viability of reverse vending plastic bottles, currently underway at stores in Skipton and Lindsayfield.

The supermarket has also expanded its delivery services for online orders to a second fulfilment centre at Erith, North London, while its pick-from-store service expanded to six further stores, taking the total to 20.

PROFITS FOLLOW COST-CUTTING AT NEW LOOK

MULTICHANNEL retailer New Look said that its turnaround programme was starting to make a difference at the bottom line as it reported falling sales but growing profitability in the first half of its financial year.

The fast fashion brand, ranked Leading in IRUK Top500 research, reported sales of £656.9m in the six months to September 22, down by 4.2% on the same time last year, but an underlying operating profit of £22.2m – from a loss of £10.4m last time. Earnings before interest, tax and asset write-downs (EBITDA) came in at £49.8m from £24.2m last time. The retailer said that the fall in sales was in line with expectations, and came as it focused on more profitable sales.

New Look said that in-store and ecommerce conversion rates had improved since the first quarter of the year, and that ecommerce profitability had continued to increase "substantially". Some 41% of online orders were picked up in store – up from 28% a year earlier. The service, said New Look, was helping to drive footfall into stores.

The update comes a year after New Look declared a back to basics approach under the resumed leadership of Executive Chairman Alistair McGeorge. Since then, the retailer has worked to rebuild its position in the UK womenswear market and won backing for a company voluntary agreement that will see up to 60 stores close and reduce rents on 393 stores by between 15% and 55%, while making up to 980 people redundant. It has pulled out of its Chinese retail business, where both sales and profits had fallen short of targets. Annualised cost savings were worth £70m over the year with the retailer identifying a further £8m in future savings.

TECH RECRUITMENT FOR AMAZON UK

AMAZON says plans that could see 1,000 new high-skilled jobs created in the UK, opening a Manchester corporate office and investing further in its Edinburgh and Cambridge development centres, are about bringing Silicon Valley jobs to Britain.

The retailer, ranked Elite in IRUK Top500 research, says it will create capacity to employ up to 600 people in 90,000sq ft offices in the Hanover Building in Manchester's Northern Quarter, where projects under development will include machine learning, research and development (R&D) and software development.

It will also create the space to house a potential 250 people at the Edinburgh development centre, at Waverley Gate, which focuses on new advertising technology and personalised recommendations. Investment at the Cambridge site will create capacity for 180 new jobs, working with R&D teams that work on innovations for Amazon Alexa, Prime Air, and Amazon Web Services (AWS).

"With the UK taking a leading role in our global innovation, we are delighted to announce plans to create capacity for more than 1,000 highly-skilled roles across the country," said Doug Gurr, UK Country Manager, Amazon. "These are Silicon Valley jobs in Britain and further cement our long-term commitment to the UK."

By the end of this year, Amazon expects to employ more than 27,500 people in the UK, including more than 6,500 in its corporate, AWS, and R&D divisions following investment since 2010 of more than £9.3bn. It also says that 85,000 people in the UK are employed by businesses that sell on Amazon.

SOCIAL SHOPPING BOOST FOR MONSOON

MONSOON is experiencing an increase in website dwell time following the launch of shoppable social technology on Facebook, Instagram and Twitter. The high street fashion and homewares retailer has reported a 29% rise in the time customers spend browsing when interacting with Curalate's Showroom function, compared to those going straight to the website.

Monsoon is in the process of testing the technology that turns any image or video into a virtual pop-up shop, enabling consumers to discover and purchase a range of recommended products from any social post.

"When customers are reaching Monsoon's website via a Showroom post as opposed to organic web traffic, we're also seeing an 18% reduction in bounce rates as people explore products beyond the landing page," says Robyn Molyneux, Senior Content and Social Media Manager, Monsoon.

Monsoon is using Curalate's Fanreel function too, where customer images shared on social channels are curated in the #MyMonsoon gallery on the retailer's home page.

"We've had an increase in the quality and quantity of our UGC as a result," Molyneux continued. "Shoppers post strong imagery, and we get a lot featuring childrenswear which is great as this is a big area of our business. Customers seeing others wearing their purchases is having a positive effect on our conversion rate and order value."

Monsoon's sister brand Accessorize also uses Curalate's social commerce technology.

"Images posted to social media are becoming the modern day storefront, introducing consumers to products they never knew existed and bringing them inside," says Apu Gupta, CEO of Curalate.

Read more of *Paul Skeldon's* insight into the fast changing mobile channel and keep up to date with the significant news at *www.internetretailing.net*

SMARTPHONE IS NOW THE MOST POPULAR CHANNEL AT JOHN LEWIS

MOBILE became the most popular online sales channel at department store John Lewis during the last year.

One in four (42%) online visitors to the website came via their smartphone rather than a desktop or tablet, according to the latest John Lewis & Partners Retail Report, which covers the year from August 2017 to September 2018. At the same time the number of orders placed via phones was 35% up on the previous year. This may be linked with the changing behaviour that John Lewis has detected in the way that shoppers use the website. "Customers are being much more specific about what they are looking for on our site, using more search words and filters to narrow down their options."

Growing use of smartphones also affected sales of other items: alarm clock sales at John Lewis fell by 16% and the retailer has reduced its range of the products by 30%. As phone and TV screens got larger, so too did TV screens – the most popular screen measured 70 inches, up from 36" in 2010.

Similarly, sales of smart doorbells grew by 367% since the retailer started selling them in July 2017, while door knocker sales fell by 9%.

"How we shop is changing at incredible speed," said Simon Coble, Trading Director, John Lewis & Partners, "and shops need to combine the very best in service and experiences with unique and fantastic products. And the mobile phone is vital in both as a means to browse and research but also as a place to buy."

John Lewis said the year was "one of the toughest retailers have seen", with "uncertainty" and "difficult trading conditions" on the high street. Extreme weather boosted sales of boots (+63%) in February, and inflatables (+316%) in the summer heatwave.

Coble said: "Identity was a major theme across all shopping trends this year and it is no coincidence that the idea of identify is central to John Lewis' long-term plans – our strategy is firmly about dialling up what makes us different so that we remain relevant. It is our job not only to celebrate what makes us stand out as a business but also to help our customers celebrate everything that makes them unique too."

PWA BOOSTS HOBBYCRAFT SALES

LEADING UK crafts maker Hobbycraft's testing of progressive web apps (PWAs) has seen transactions on mobile grow by 26% and mobile revenues up by 30%.

Hobbycraft, which has 90 stores and 3 million members of its online Hobbycraft Club set out three goals for its project with Mobify to leverage mobile: capture traffic shifting to mobile devices, offer shoppers an app-like experience without requiring an app download and to increase key metrics like revenue per user.

"Our customers are project-based and motivated to get the supplies they need as fast as possible to get started on their next projects," says Daniel Collier, Multi-Channel Development Manager, Hobbycraft. "We raised a challenge to find the best possible way to engage with our busy shoppers on-the-go, as well as deliver a best-in-retail purchasing journey."

As part of the Mobify Platform, Hobbycraft was able to layer a PWA front-end on to its existing ecommerce platform to meet the needs of mobile shoppers without replatforming or starting from scratch. By separating the front-end and backend through an integration layer, the Mobify Platform sets Hobbycraft up to make any future backend changes independent of the front-end (or vice-versa).

LNER BRINGS MOBILE PAYMENTS ON BOARD

LONDON NORTH EASTERN RAILWAY (LNER) is to arm its operatives with mobile PoS devices based on ECR's RailPoS software to give passengers faster and more reliable payment technology for at-seat services on the London King's Cross to Edinburgh route.

In addition to ECR's RailPoS software, the contract includes 216 ECR Go2 all-in-one hand-held, mobile devices, to replace tablets in the food bar and hand-held terminals on the trolleys. It also encompasses a cloud-based operation and Miura M010 integral pin entry devices, which allow LNER to offer all payment types including contactless and mobile wallet.

The system, which was piloted in July 2018, will be fully implemented in advance of the new LNER Azuma train fleet scheduled to begin operation in 2019.

The new streamlined MPoS system will accommodate all user requirements including managing orders, stock control and supply chain requirements. It will also enhance the level of service customers receive and streamline trolley catering services on-board, in both standard and First-Class.

Kate Davidson, Business Transition Manager, LNER, says: "We needed to speed up onboard sales throughout our trains, and to offer support to our crews."

Image: Mike Poloway, UNP for InternetRetailing

Boohoo: Growth and agility

Carol Kane, **Joint Chief Executive, boohoo group, spoke to Emma Herrod about the company's growth and scaling up to £3bn in sales.**

Fashion group boohoo continues to report monumental growth but still sees itself as a "tiny, small business". Its revenue over the past financial year reached £579.8m, an increase of 97% on the previous year. Its latest figures, for the 6 months to 31 August 2018, show that it is on track for an increase in group revenue of between 38% and 43% over the year to 28 February 2019. This is with an adjusted EBITDA margin of between 9% and 10%. Profit for this 6-month period rose by 56% on the previous year.

The boohoo group has ambitions, though, to raise its share price by 180% over the next five years, something which incoming Chief Executive John Lyttle will be awarded a bonus for. The group is also upping the stakes operationally with new warehousing space and automation capable of coping with £3bn in sales while also enabling it to push through orders faster and introduce later cut-off times.

Part of the company's past expansion has been achieved through a mixture of natural and organic growth off the back of the consumer move from the high street to online retailing, as well as its own marketing efforts, explains Founder and Joint CEO Carol Kane. The launch of boohoo into international markets and its move from a single to a multi-brand strategy through acquisitions has further boosted recent growth.

Its original boohoo.com brand designs and sells the latest fashion trends to 16-30-year-old, value-oriented customers (the site is updated with hundreds of products each week), while its Nasty Gal acquisition in February 2017 allows it to target shoppers looking for an "edgier" style. Nasty Gal originated in the US and is relatively unknown in the UK. The boohoo group also owns a 66% stake in the celebrity-inspired fashion site PrettyLittleThing, which was set up by the sons of boohoo Co-founder Mahmud Kamani.

The multi-brand strategy has also seen it move into new categories and expanding to include menswear – which also has its own brand identity delivered through boohooMan – beauty, gifting and "a bit of homewares", such as pumpkin candle holders at Halloween and Christmas cards. It is also diversifying with curve, petite and tall categories on boohoo.com and developing a larger size range for Nasty Gal. Its multi-brand strategy also means that the group can "take commercial learning across brands and countries," says Kane, explaining that boohoo carries around 30,000 styles, Nasty Gal has 5,000 to 6,000 lines and PrettyLittleThing "has doubled its range year-on-year".

> The boohoo group has ambitions to raise its share price by 180% over the next five years

Boohoo now operates localised, native-language sites in France, Germany, Spain and Italy, as well as sites in English with local currency in the US, Australia, Ireland and Scandinavia. Kane says that 40% of sales are from international markets, with boohoo leading the charge overseas.

All of these customer orders are fulfilled from the UK and Kane doesn't see a need for distribution centres overseas yet. They will come, though, as the company scales up, and sooner than if it had remained as a single brand. "In the next few years we'll be looking at DCs overseas," she says.

There are "new territories on the roadmap", too, but no specific countries that Kane is willing to announce yet. "There is lots to do in the markets we are currently in," she says, especially since the business sees itself as "tiny" in all the markets in which it operates and with capacity for "loads of growth". It is organic growth in these areas alone that Kane believes will take the business close to its future sales target.

The business sees itself as "a new kid on the block" in terms of the fashion industry but a "veteran" in ecommerce having launched the online operation in 2006 following years of the founders running a wholesale fashion business.

Along with infrastructure in place to handle £3bn in sales, the group also has a vision to be the leading fashion ecommerce company for 16-30 year olds. Kane believes

Image: Boohoo

The launch of boohoo.com into international markets has boosted recent growth

that the business has already achieved this in the UK but it has aspirations to lead in other markets, too.

Swift growth hasn't put pressure on operations, as Kane says that overheads have grown organically alongside the rise in sales. "There comes a point where you start to leverage that overhead in terms of buyers, more designers, more studios, more throughput in the studios in terms of photography, more ecommerce management in terms of managing the publishing of that stock. So, actually, in terms of growing your international territories and growing the fashion footprint and the growing offer has naturally had the effect of growing the overhead alongside that," she says.

The public issue in 2014 helped to grow the profile of the firm within the ecommerce industry and, at the same time, Manchester and the North West were themselves on the map in terms of ecommerce so recruiting the necessary skills as the business grew has not been a problem. This has been helped by its company culture and the chance for everyone to be a shareholder in the business, she believes.

According to Kane, ensuring that warehousing and the supply chain can cope with the growth has been the easy part of scaling up supply and operations. This has been achieved alongside taking boohoo from a single business to four brands over the past two years. "Scaling is built into our model," she says, adding that she's confident that the business can continue to maintain this.

Part of the scaling up is being achieved through the automation of its DC in Burnley, which, when it goes live next year, will enable the retailer to increase last order cut-offs through postcode sorting and faster processing. Kane says this is a "big project", and it's not long since PrettyLittleThing was integrated into the warehouse and then, due to growth, was moved out to a 3PL-run facility in Sheffield.

FLEXIBILITY AND AGILITY

When asked about maintaining flexibility and agility, Kane says that because she and fellow founder Mahmud Kamani are aware of the need to remain agile, they have not put "too many layers of management in". There is also autonomy at quite a junior level, she explains, so people can "just get on with it". A lot of the team is home grown, too.

The business has to remain agile through its supply chain as well and be able to switch products fast. "The nature of us as entrepreneurs," she says, referring to herself and Kamani, "is that we've always had this flexible and agile approach which means we don't confine ourselves to doing things in a certain way and we're open to change in the business. We do recognise that there's always a need to be agile and improve on what you are doing today and what you can do to make it better for the consumer".

She believes that if you explain and really articulate why things are done in a certain way, teams will buy into it, they will embrace it, they will love it, and they execute it in the same way.

"There are some good reasons why we've had this growth and success and it's not through following other etailers," she explains. "We've carved out our own way."

Boohoo is also keen on the test, repeat, learn, fail, put it right, test principle, but as Kane comments, she doesn't see the need to be rigid in a fast-growing online business that's still a new industry. There will still be loads of change, she says. From being a business that used a technology platform to supply fashion, boohoo has become something else: it's a logistics and a customer service business. "It really has become a service company," says Kane, "serving the consumer."

She believes, though, that for all the different service and order fulfilment choices that the brands offer consumers, as long as boohoo remains true to its four pillars of selling great fashion at great prices, fantastic quality and ethically sourced direct to the consumer then everything else can change around that.

CUSTOMERS

It is also through understanding its customers, their lifestyles and their price tolerance that the company has grown. "We think of them at every stage," says Kane. This extends to muses for the different brands, sourcing and the user experience. Some 75% of visits are from mobile devices so the company examines how this connects with other channels – including its important social channel – through content creation for consumers' lifestyles and customer services. This is shown through the price point – such as the boohoo meal deal promotion whereby customers can buy shoes (starter), dress (main course) and a bag (dessert) for £30.

Image: Boohoo

Boohoo's multi-brand strategy has also seen it move into new categories and spin-off boohooMan

Speed is important to the young customer base as well and this is reflected in the late order cut-off point, which is currently 11pm, and delivery. Aftercare resonates with its customers with investment in customer services through social channels, predominantly Twitter and Instagram. Boohoo aims to respond to customers within an hour on social media, rather than the 24 hours through other means. Its customers "are very loud and clear" on social media, says Kane, explaining that they are just as quick to tell the business that it is doing something right than it is doing something wrong.

Customers are texting, using chatbots and speeding up customer services on social media. International customers expect customer service agents to speak their language. They are also using FAQs when they don't want to 'speak' to anyone. What boohoo's customers don't want to do is talk to customer services on the telephone.

Image: Boohoo

The boohoo group owns a 66% stake in the celebrity-inspired fashion site PrettyLittleThing

The retailer therefore is aiming for "best-in-class customer service" and Kane explains that it is delivering this by listening to customer concerns, resolving then as quickly as possible and remembering that the customer is always right.

Boohoo has a young workforce, too, with 27 being the average age of it employees (excluding the executive committee and management team). "We employ our customers so we have their voice in the business," says Kane, "and this is invaluable. This business is run by a management team but it's not done without having that youthful voice coming up to the top table with a set of ideas that our customers would have".

ONLINE

Scalability, flexibility and additional functionality along with the drive for international expansion and the move to being a multi-brand business drove boohoo group to migrate to a new web platform in its last financial year. The decision was taken to move all of its brands, except PrettyLittleThing, from different web platforms including Magento and Venda (now Oracle NetSuite) to the Salesforce Commerce Cloud (previously Demandware) platform and utilise its personalisation engine to ensure that the right content is being served to customers in different locations, including across the US, where a shopper in Los Angeles is served different products to a customer in New York, for example, explains Kane.

> "Boohoo has always had a flexible and agile approach"

The challenge for the business during the migration was the change in skill set as people had to carry out their day-to-day roles while integrating new systems, seamlessly. Magento developers were moved over to work with PrettyLittleThing, which remains on its Magento/in-house-built hybrid platform since it is not fully owned by boohoo. Kane explains that this keeps the feel of PrettyLittleThing different to the other brands. This was all being carried out while acquiring Nasty Gal.

Much of the development work in terms of skins, creative and commercial trading is carried out in-house by the boohoo group in Manchester using the ecommerce functionality of Demandware. All international pricing and trading is carried out in Manchester, too, with content creation, customer insight, marketing and social outreach done at local offices in Paris and Los Angeles. Further offices are planned for Berlin and Sydney. These local offices also provide an advisory role, informing the business of things that will have an impact on trading, such as Macy's running a certain promotion.

Central control of ecommerce means that brands can move very fast and "within minutes" if necessary. "If we want to change a price point or we want to run a sale in two hours' time then we can do that, but we do that from the operating ecommerce team that we have in Manchester," says Kane.

> "Boohoo has not followed other etailers. We've carved out our own way"

She explains that everything from the marketing and tech teams feeds into ecommerce, meaning that the Manchester team pushes content to the web several times a day. This process, says Kane, involves the marketing team feeding in everything "in terms of this is what we are doing with marketing, this is what we're driving, these are the messages, and the trading team then comes in and says these are the price points, this is promo, this is what we're looking at. The ecommerce team has to deliver all of that and the tech team has to support any kind of technical changes, pricing files and everything that has to happen at that point in time."

She believes that the business has "become more flexible with scale because we've had to. The marketplace demands a certain level of flexibility to keep up and to grow, and to become important you have to be ready to flick the switch and change something very quickly." She cites a topical conversation about a swimsuit worn on Love Island that was carried out on social media. Even if the conversation is happening at 9pm, boohoo makes sure that the firm is part of the conversation and can make changes to any of its sites. "That's across all of the brands as well," adds Kane.

The company's latest innovation is a mobile app with increased functionality which it has developed in house and is currently testing. Kane says "we won't launch it at peak" but instead it expects to launch the app in March, initially to boohoo customers, before rolling it out to other brands and countries and translating it into other languages. The app includes more functionality, choice of payment method, as well as visual search, with push notifications enabling customer service notifications such as order confirmation to be sent directly to the app. The firm also hopes the app will drive order frequency.

March is also when retail veteran John Lyttle joins the boohoo group as Chief Executive. Primark's Chief

Image: Boohoo

Nasty Gal was acquired in February 2017. The US brand is still relatively unknown in the UK

Operating Officer will receive a bonus of up to £50m if the boohoo group share price rises by 180% over the next five years. This would see the group's stockmarket value rise to £5.6bn. During Lyttle's eight-year tenure at Primark turnover has grown by 158% to over £7bn and operating profit has grown by 116% to £735m (to the year ended 16 September 2017).

Kamani and Kane will remain on the boohoo group board with Kamani moving away from the day-to-day running of the business to concentrate on longer-term strategy. Kane will continue to lead the product and creative vision along with the multi-brand strategy and product proposition.

With a new CEO lined up who has a track record of taking a fashion business through its next stage of growth, infrastructure for £3bn annual sales target and guidance that sales will grow by at least 25% a year, and an international footprint and DC landscape which will be different to the boohoo of today, the group certainly has its work cut out for it. It will need its strong ambition, fast and flexible supply chain, and agile and entrepreneurial spirit to achieve its next stage goals. And I'm sure that Kane, for one, will thoroughly enjoy the journey.

Securing customer data

Security and data continue to hit the headlines with Dixons Carphone, British Airways and Facebook having been targeted. *Emma Herrod* **shares some industry thoughts.**

In September, Facebook discovered an attack on its platform that impacted on the accounts of nearly 50 million users. The breach, the largest in the company's history, saw attackers exploiting a vulnerability in Facebook's code that impacted "View As" a feature that lets people see what their own profile looks like to someone else. This allowed them to steal Facebook access tokens which could then be used to take over people's accounts.

Hackers, meanwhile, had access to British Airways' systems for 2 weeks over the summer. The security breach gave them access to personal and financial details of customers who made bookings or changes on ba.com as well as on the airline's app.

Dixons Carphone reported that around 10 million records containing personal data may have been accessed in 2017. In a statement, the company said "While there is now evidence that some of this data may have left our systems, these records do not contain payment card or bank account details and there is no evidence that any fraud has resulted."

Uber, Strava, Ticketmaster and UnderArmour's MyFitness Pal are other high profile names that have been targeted this year. It's no wonder then that UK consumers are now more distrusting of consumer-facing businesses than they were three years ago. This is according to findings from a study conducted by Deloitte.

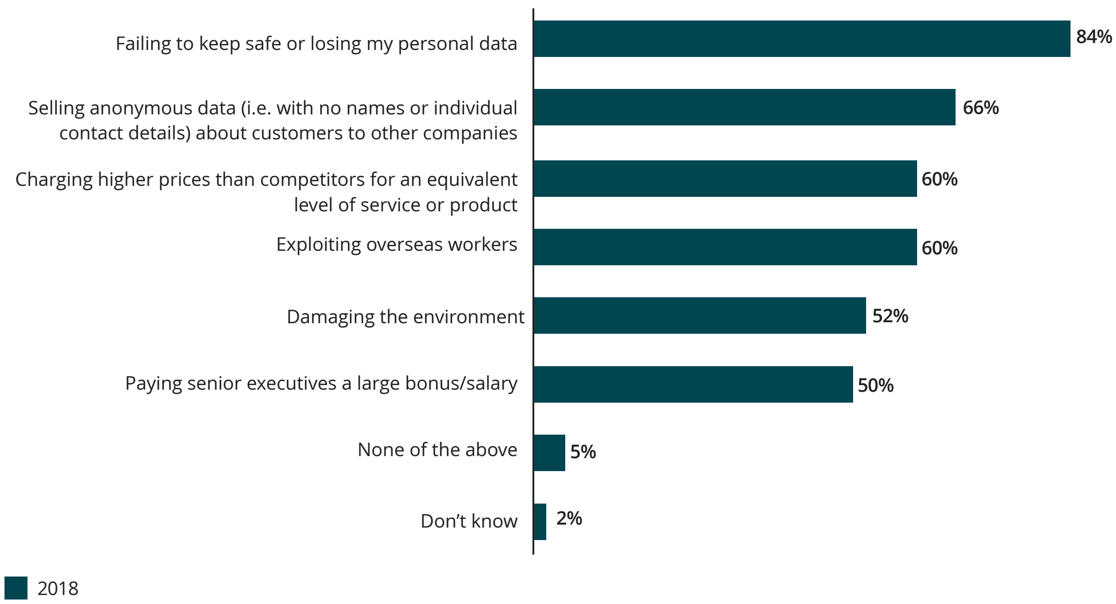
Its survey of 2,001 adults in the UK found that 92% of consumers believe businesses should be held responsible for ensuring the security of customer data, a rise of eight percentage points from 2015.

Overall awareness around data collection has increased following the introduction of GDPR in May. Some 94% of consumers are now aware that private and public sector bodies are collecting data about them and their activities, up from 87% in 2015.

At the same time, consumer anxiety about how different types of organisations use personal data has worsened. Three-quarters of consumers (76%) are worried about social media companies having access to their data, up from 63% in 2015. Similarly, 68% of respondents are concerned about online retailers (2015: 54%). Consumer goods (brand) manufacturers saw the largest three-year increase in concern amongst consumers, rising 21 percentage points to 67%. In addition, consumers are increasingly worried about travel agents (59%), hotels (61%) and airlines (55%) having access to their personal data.

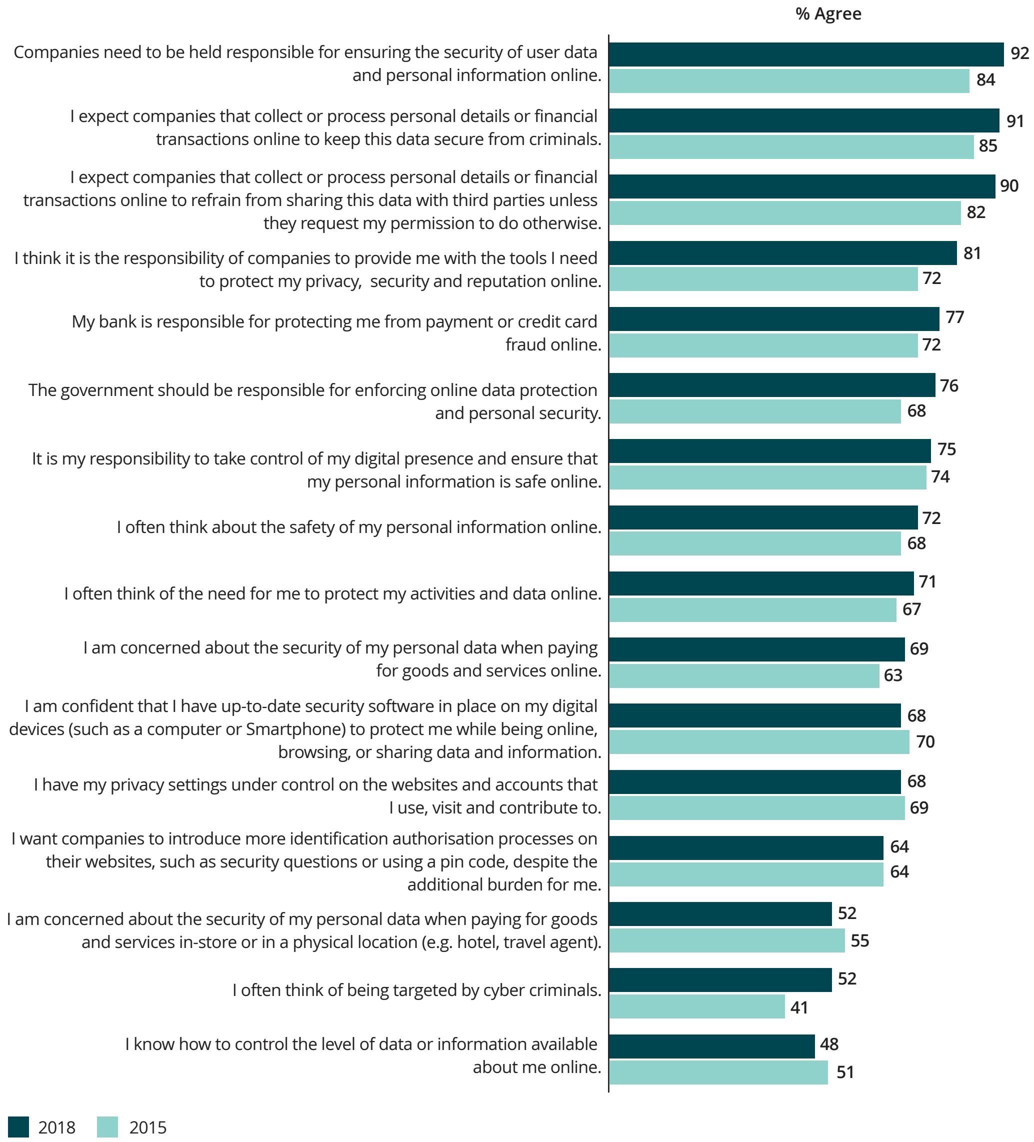
"Digital technology permeates through almost every aspect of our daily lives. The increasing reliance of both consumers and businesses on data and technology is also exposing them to different digital risks, many of which are not fully understood," says Mike Manby, Risk Advisory Lead Partner for Consumer & Industrial Products at Deloitte.

▼ If you found out a company you are a customer with, for example your bank or your main supermarket, was doing any of the following, which of the following would make you seriously consider not using this company again? Please select all that apply



Source: Deloitte

Now thinking about the security of your personal data, to what extent do you agree or disagree with the following statements?



Source: Deloitte

"Consumers are now more aware of digital opportunities and risk than ever before. The increase in awareness around data privacy is a good thing, but it appears to be making consumers more concerned in how they engage with the brands. This is creating real challenges for consumer-facing businesses."

Deloitte's research also found that as consumers become more aware of digital risk, they are increasingly placing greater value on how companies use or misuse personal data. Some 84% of consumers would consider not using a company that failed to keep data safe, while 66% responded similarly for a company that sold anonymous data about customers to third parties. These are now seen as more important reasons to stop using a company or brand than the exploitation of workers overseas (60%), damaging the environment (52%) and paying large bonuses to executives (50%).

"Consumers are much more conscious of the need to safeguard their own data in order to protect their privacy and reduce the risk of identity theft, fraud and the misuse of their data," adds Manby.

"For businesses, securing data and using it ethically has never been more vital. Not only will a breach of the new regulations lead to substantial fines and negative headlines, but the damage to the brand and the understandable mistrust from consumers can be very difficult to recover from.

"What is perhaps more concerning is that a number of businesses simply do not have the right governance, systems and processes in place to safeguard their consumers. This is being compounded by AI starting to augment decision making, requiring new controls to be put in place to also safeguard ethical engagement and potential bias. Consumer businesses need to adopt flexible, consistent and well governed processes in order to quickly identify, manage and mitigate digital risks as they emerge in real-time."

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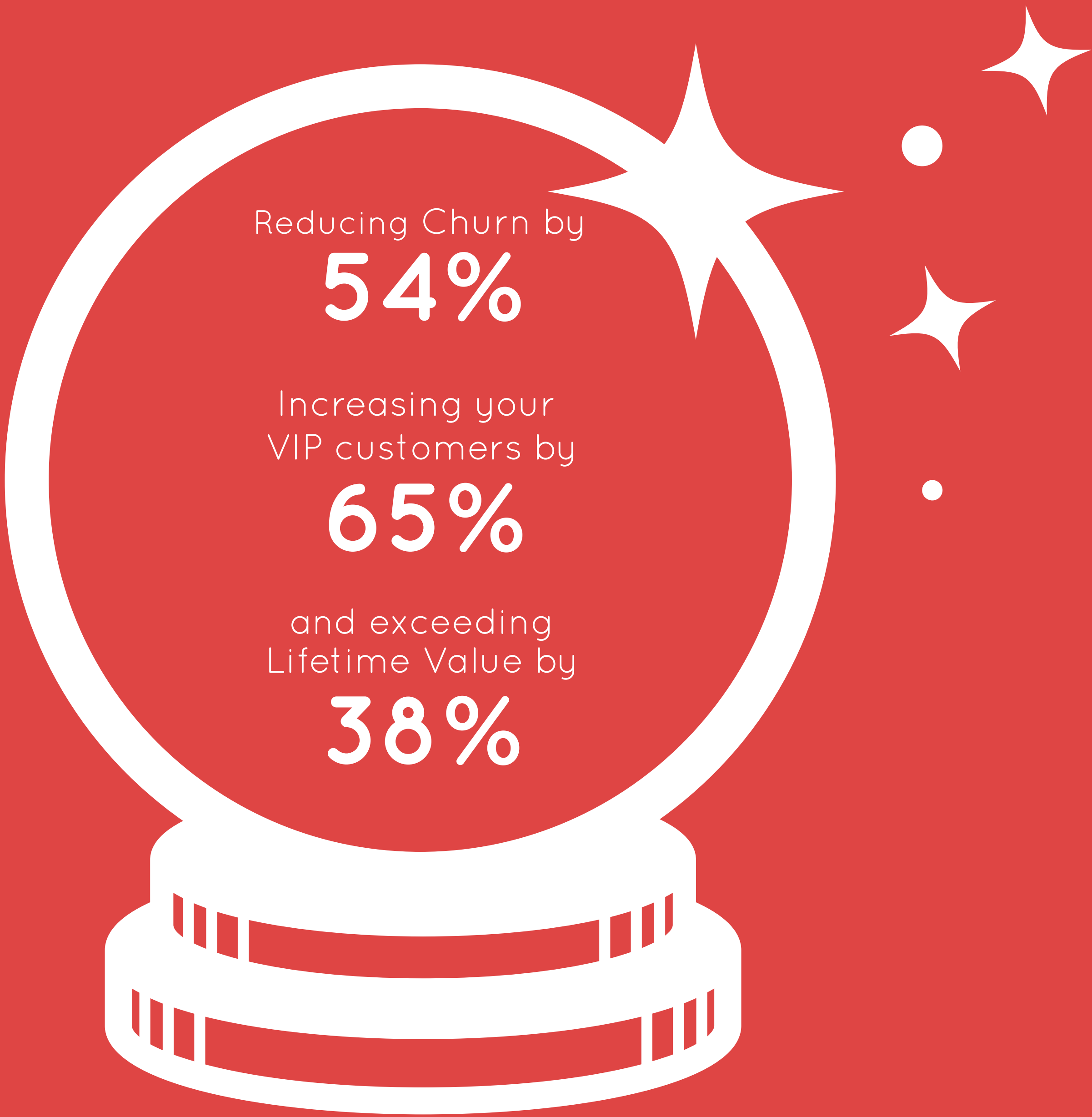

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Life not lifecycle

Reviewing the slew of promotional and conversion emails in his Black Five-day inbox, *Ian Jindal* reflects on those retailers who focus on their customers' *lives* as opposed to their *lifecycle*

I have the luxury of typing on Black Friday when I know that the majority of our readers are occupied in a less-sedate frenzy of promotion, conversion, stock and offer management and fulfilment over this peak period. As I review my incoming email I see a mix of offers that are purely transactional – 10% for current season (why bother?) to 70% for the one remaining burgundy jumper in XXXXL from the 2016 season…

Two emails stand out, however. The first is from an appliance company, the second from a sports brand. Both of these speak to a different customer world view that's moved from the 'stage in the transactional lifecycle' to 'being part of the customer's actual life'.

To diverge a moment, lifecycle marketing is an important tool for managing and optimising parts of a customer's relationship with your brand. It's not, however, a full or nuanced view of the customer's life. Much as "lifestyle" is not the same as my real "life", so 'lifecycle' is as irrelevant to most consumers as is the favourite song of the driver who delivered their parcel. It's a construct that's for the convenience of the retailer, and the effectiveness of separating consumers from their money in a given period.

This transactional approach is under pressure when there's a surplus of retailers and products chasing a customer's limited funds. And limited attention. And even more limited interest.

My first email only arrived because I had my washing machine serviced after 12 years of ownership. I then joined their digital marketing database! However, rather than a monthly mail suggesting I replace my machine, I get an email reminding me that they guarantee to service it for at least 25 years, suggesting how I can save money on consumables and how I can adjust the settings on my (old) machine to give better eco performance or mimic more modern settings. This is a brand that is so confident in a 4-times-a-century repurchase rate that it's not pushing the "more is more" mantra. Admittedly, getting a biannual service is ideal for ongoing revenue, and the brand halo effect means that they will gradually colonise my home, but the tone and confident approach is a welcome spritz of joy in a desperate-sounding inbox.

My second email is from a cycling company that has "Clubhouses" rather than stores. They recognise that there's a limit to the amount of kit I can buy, and that the *purpose* of the kit is to ride. Therefore they have a welcoming riding club for their customers, with group rides starting from their Clubhouse; cycling holidays; training camps; online forum; a club group on Strava and – my unused favourite – a discount on buying a size smaller if you've lost weight through cycling! An email from this company is 'about the ride' as much as about the products they're selling. The idea of 'membership' is further enhanced by joining rides in other countries. In San Francisco earlier this year I could book a very snazzy road bike, join a guided ride and grab a coffee in the Clubhouse. Ditto Hong Kong, New York… It's a global, local, year-round, activity-based, passion-driven relationship. Oh, and I'm sure I spend more as a result!

Where your product is not disposable, where it's part of a customer's passion or professional life, then the move to providing experience, training, support, stimulus and – in some senses – a community of users is an integral part of the commercial conversation with your customer.

This requires a changed set of KPIs (less focused upon the immediate sales conversion and more focused on lifetime value); increased investment in the store experience; and the recruitment and retention of staff who are expert both in your product and in the customers' use and enjoyment of them.

Retailers who have product integrity and also selling integrity create a sustainable point of difference from the mass of discounts and promotions. They also focus on their customers' lives, and not just their momentary location in a 'lifecycle'.

IREU Top500

The latest InternetRetailing EU Dimension Report investigates the area of brand engagement. *Emma Herrod* shares some of the insight.

Brand Engagement is an aspect of RetailCraft where the idea of what constitutes best practice seems to change by the day thanks to a dynamic combination of the emergence of new channels and technologies, changing customer behaviour, and the influence of new entrants to the market with new ideas, such as pureplays and brands selling direct.

Capturing customers' attention is difficult so InternetRetailing's EU Brand Engagement Dimension Report acts as a primer for retail professionals trying to understand what's happening in this area currently while also examining where the market is heading.

We live in a world that, in terms of the sheer amount of information with which we're bombarded, is far noisier than even two decades ago. Social media, the smartphone, news feeds, television boxsets of entire seasons suddenly available for binge watching… it's impossible to keep up, yet we all try and, in so doing, we can all get anxious. This, in turn, means that at some point, any or all of us can become so saturated that we simply decide to cut off, to unsubscribe from all this noise.

For retail businesses reliant on the cycles of seasons and product obsolescence, this poses a problem. When consumers are no longer listening, how can retailers cut through? To take a more specific example, if consumers are culling the number of marketing emails they receive, as many did when GDPR legislation was introduced, how can retailers get these consumers to opt in?

The most recent RetailX research suggests this is a live issue within European retail. To summarise the current state of the market in the broadest strokes, there appears to be a strong recognition among IREU Top500 retailers that beginning and then sustaining conversations with customers is crucial to success, but far less agreement about the best ways to do this.

In part, this can probably be explained by local differences across markets, but that's by no means the whole story. Rather, when it comes to Brand Engagement, which, for the purposes of RetailX research entailed focusing on how retailers communicate with customers, uncertainty over best practice reflects changes in the way consumers choose to access information – data.

To take the most obvious answer here, how should retailers engage with consumers via social media? You could describe this as the Facebook problem. Facebook, it's safe to say, is more used than loved, in that it's a way to manage our circles of friends. Except it's also a place where urgent conversations between close friends take place. It's increasingly a marketplace too.

Conversely, there's evidence Facebook is becoming a kind of latter-day AOL of social media, the place where an older demographic gathers, and the young have a presence just so they can check up on their elders while making sure their elders aren't checking up on them too closely. Where is the sweet spot for retailers here as they seek to engage with customers via the platform? Should retailers, for example, enable Facebook commerce, or will this take customers away from the retailers' own online presence?

The answer, of course, will depend on such factors as customer demographics, the sector in which the retailer operates and territory. More than this, it will depend on each retailer's understanding of itself and how it interacts with its customers.

Here, one retailer that has consistently taken a different tack from its contemporaries is IKEA, which makes a virtue of sometimes introducing 'friction' into its processes and its shopping experience. If this seems counterintuitive, it all helps to make the retailer stand out, so that its other Brand Engagement initiatives – showing off a 350sq ft home so that customers can see how to make efficient use of space – cut through the noise, and help it to begin and then sustain those all-important conversations.

Other retailers featuring in the Brand Engagement Dimension Report are John Lewis, Hobbycraft and Pets At Home.

John Lewis's announcement in September that it was changing its name to John Lewis & Partners was a move that sent a clear message: its biggest asset is its partners, who are central to its brand.

One of the most important factors playing in this area is the rise of direct-selling brands.

In an age of digital technologies, there is no longer any need for these brands to rely upon third-party retailers to present their wares to customers. Brands value this because they can begin to gather data about their customers directly rather than having this information filtered back to them. That doesn't mean consumer brands don't recognise retailers' insights or want to bypass retailers entirely, but it does mean there's a certain amount of renegotiation going on here.

This development has been widely reported upon, but less noticed is the way that customers value the chance to talk directly to brands and are also driving change. After all, why bother to talk with a retailer when you can speak with someone who understands a product because they helped design or make it?


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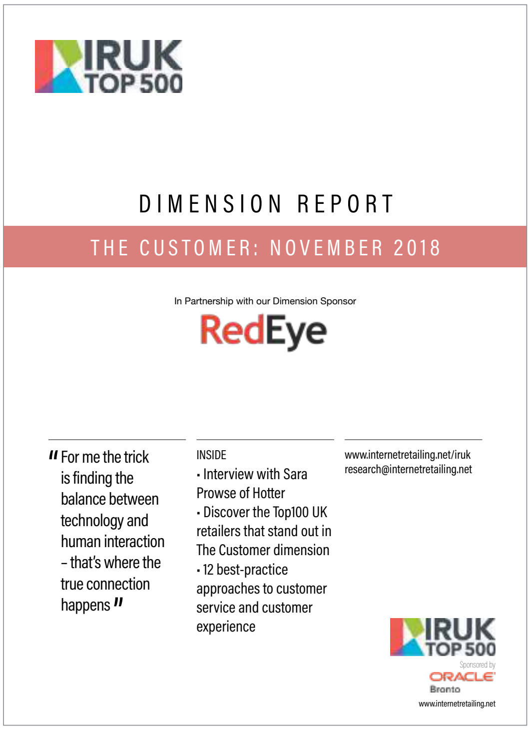
IRUK: The Customer

The latest IRUK Top500 Performance Dimension Report focuses on The Customer. *Emma Herrod* shares some of the findings.

The IRUK Top500 Customer Performance Dimension Report – sponsored by RedEye – focuses on how the UK's leading retailers are serving the people who should be at the heart of any retail business – their customers.

Today's customer is firmly in charge, setting out where, when and how they'd like to shop. Their expectations have been raised as leading retailers have offered new levels of service in recent years. It makes perfect sense that retailers who give them the experience they demand are more likely to prosper.

Internet Retailing's team of RetailX researchers assess how well ecommerce and multichannel businesses are serving their shoppers, looking at the research to understand how responsive and relevant the user experience that they offer is. At its core, selling now relies on giving shoppers the choice of how they want to buy. Personalisation goes that step further to learn from the choices that shoppers have previously made in order to offer service in the future.



In this report the team shares practical examples of how the most successful retailers approach the job of satisfying their customers – at a time when those customers have come to expect a seamless, joined-up experience that makes shopping something that's easy to do. They also look at how the Top500 as a group are working to serve shoppers, and how much that has changed since last year's report was published.

As usual, the Performance Dimension reports are made up from a performance-based assessment of customer-focused strategies among Top500 retailers, seen through the prism of RetailX research. It is designed as a tool that retailers of all sizes can use to assess their own performance, benchmarking it against what the Top500 do and find areas where strategic improvement can put them ahead of the crowd.

The Dimension Report lead interview is with Sara Prowse, CEO of shoe retailer Hotter. The brand promises a customer experience that, like its shoes, is free of friction and pain points. Its aim is to enable shoppers who span a range of ages and attitudes to technology - its target audience is aged 50-plus – to buy in the way that they want.

Supermarket Sainsbury's meanwhile, aims to deliver the experience that its customers want, whether that's in-store or online or through a combination of the two. Its stated strategy is to know its customers better than anyone else, to offer them the services and products that they want – and to be there for customers wherever and whenever they choose to buy. To that end the supermarket is using technology to improve the customer service.

Other case studies in the Dimension Report include Halfords, Debenhams and ASOS.

Investigating steps that work for the leading retailers, the research team identified 12 things that make this group of retailers stand out. These include getting the customer experience right for individual shoppers. Speaking at IRX 2018 in April, Rob Pearson, Head of Personalisation at Next, said it was important for the fashion-to-homewares retailer to engage with all of its different groups of shoppers, rather than simply catering for the typical Next shopper, the woman who buys clothes for themselves and their family while also buying home furniture. "If we don't start personalising things for people we run the risk of losing them," he said. To implement personalisation successfully, he said, the retailer needs to learn from its data, setting up online experiences that are relevant to different customer groups and then test them. "Data now fuels getting that insider knowledge of the customer and what's right for the experience," he said. By doing so, retailers can increase their conversion rates and boost profitability.

Other stand outs include: Remember the product is the star; Simplify website pages in order to speed up website load times; Enable international shoppers to buy from a website that feels local; Think about how pureplay retailers can use stores – and how retailers of all kinds can use other people's websites.

IRUK: Mobile & Cross Channel and Operations & Logistics

The latest IRUK Top500 Performance Dimension Reports focus on Mobile & Cross Channel and Operations & Logistics. *Emma Herrod* shares some of the findings.

Also accompanying this issue of InternetRetailing's print magazine is the IRUK Top 500 Mobile & Cross Channel Dimension Report – sponsored by iAdvize.


IRUK TOP 500

DIMENSION REPORT

MOBILE & CROSS-CHANNEL: NOVEMBER 2018

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"Technology has at last enabled retail to fit around customers' lives, rather than forcing shoppers to adapt to the way that retailers prefer to sell"

INSIDE
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Mobile is an important tool for all retailers. More than any other device, the smartphone has empowered shoppers to buy what they want, when they want to, and have it delivered to the most convenient place. Technology has at last enabled retail to fit round customers' lives, rather than forcing shoppers to adapt to the way that retailers prefer to sell.

Customers are responding positively, and it's small wonder that Top500 retailers are reporting ever-higher proportions of traffic and sales taking place via the supercomputer that's now in most people's pockets. This presents both challenges and opportunities for retailers.

The opportunities lie in the widening out of the shopping moment: retailers' wares can be laid before a customer at any moment of the day or night, enabling an impulse or a remembered task to turn much more easily into a sale.

The challenges come as retailers jostle for space on the small screen for a share of customers' attention. If smartphones make shopping that little bit easier, then retailers must ensure their user experience is just that – plus convenient and efficient into the bargain. It's also important to remember that most retail transactions still take place in stores, making the kinds of strategies that tie mobile into a wider, cross-channel framework critical.

Retailers and brands are responding to this cross-channel challenge in imaginative and innovative ways. Throughout the pages of the Mobile & Cross Channel Dimension Report, the research team analysed how they're doing that. They look in detail at the findings of RetailX research into how Top500 retailers are using mobile websites and apps, and what they're doing to build cross-channel links between the store and online, while investigating through practical examples, case studies and interviews just how retailers are responding to changing behaviour when it comes to retail.

It's clear from the findings that retailers of all shapes and sizes are understanding and responding to new, connected retail.

"Around 10% of UK households now have a smart speaker device, so we think voice activation is set to be one of the next big retail shifts when it comes to technology," says Paul Wilkinson, head of technology research at Tesco Labs, during an interview with InternetRetailing's Mobile Editor Paul Skeldon.

Other retailers highlighted in the report include Marks & Spencer which is singled out for its work bringing social media into its cross channel operations. Shoppers are increasingly turning to new platforms to shop from and social site Instagram, with its 500m daily users, is leading the charge. M&S has become one of the early retail adopters of the channel, which has now been enhanced by being made shoppable.

Sainsbury's too is highlighted – for its trials of checkout free shopping. Natalie Dunn, Sainsbury's Head of Customer Experience comments: "Experimenting with a checkout-free experience is a first for Sainsbury's and for many of our customers, so we are keen to understand how we can take the concept and develop an offering that is genuinely useful for those who shop with us. We may be some way off from rolling this out but we're excited to have taken the first step."

The IRUK Top 500 Operations & Logistics Dimension Report has also been sent out with this issue of the magazine. Further copies of this – and any of the other Performance Dimension Reports can be downloaded from internetretailing.net.

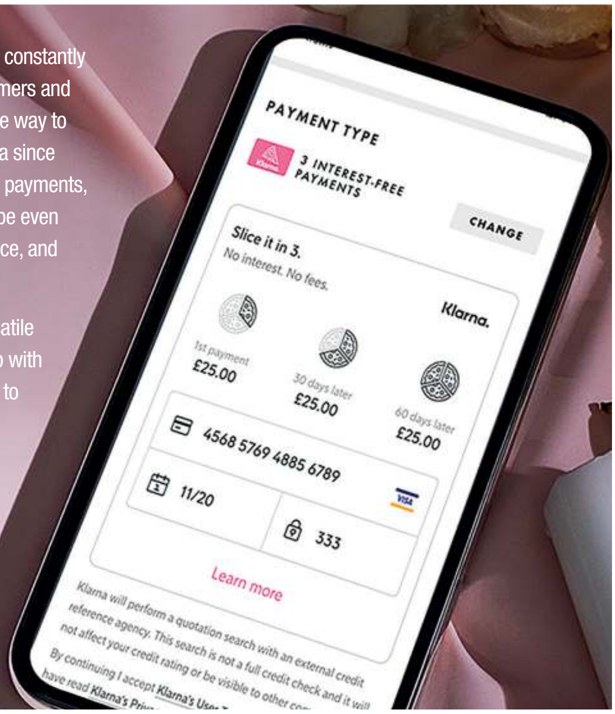
Powerhouse Arcadia become one of the first fashion retailers to model Klarna's new Slice it in 3 in the UK

Klarna's newest product Slice it in 3 has gone live with all Arcadia Group Ltd brands, meaning shoppers can now pay for their fashion in instalments, interest and fee-free

Richard Burchill, Group Head of Treasury at Arcadia Group, said: "We're constantly on the lookout for new and innovative ways to make life easier for our customers and improve the way they shop. Klarna's Slice it in 3 will deliver just that; a simple way to split payments without a formal credit agreement. Having worked with Klarna since 2016, we know our customers love the flexibility that comes with alternative payments, and now our designer collaborations, vintage items and limited editions will be even more accessible. We're proud to be the first fashion retailer to offer this service, and bringing it to all our brands will give all our customers the chance to use it."

Luke Griffiths, General Manager at Klarna UK, added: "Slice it in 3 is versatile and flexible for both retailers and shoppers; it's a must have. Our relationship with Arcadia is built on years of mutual understanding, as well as a shared desire to redesign the shopping experience. That's why Arcadia is the perfect partner for our latest product. They continue to stay on the front row when it comes to fashion and innovation by giving their customers the best possible experience. With Arcadia pioneering Slice it in 3 we can't wait to see what their customers think of our new way to pay."

Klarna.



London 12th November 2018 — Retail trailblazers Arcadia have today announced the launch of Klarna's newest payments product — Slice it in 3 — across all brands.

Klarna's Slice it in 3 allows shoppers to pay for their boots, bags and bomber jackets in three equal instalments. The first part of the payment is taken via debit or credit card at the point of purchase, with two subsequent payments being deducted from the shopper's chosen payment card automatically 30 and 60 days after that. The merchant, however, gets paid immediately by Klarna.

As with Klarna's hugely popular Pay later option, it doesn't require a credit application and there is no interest, no fees and no late payment charges involved ever. This means splitting payments is now easier than ever before, with shoppers enjoying a 'smooother' path to purchase and more options at the till. This gives customers the financial control and flexibility they want, without committing to a long-term relationship and with no extra fees.

Partners since 2016, Arcadia Group Ltd and Klarna have worked closely to constantly evolve what the portfolio of brand offers its customers and the overall shopping experience. The adoption of Slice it in 3 is the next step in this partnership and forms part of Arcadia's mission to put customer experience at the heart of its offer — turning a transaction into a service for their millions of shoppers.

With over 2,000 outlets across the UK including some of the high street's best-loved fashion brands such as Topshop/ Topman, Miss Selfridge, Wallis and Burton, the partnership brings Klarna's latest payment solution to a broad market. Slice it in 3 will replace Klarna's Slice it option across all Arcadia Group Ltd brands, and will complement Klarna's Pay later option which will remain available for smaller basket values. The use of these products will give customers maximum flexibility when it comes to choosing how they pay.

Learn more about Slice it in 3: https://www.klarna.com/uk/business/products/slice-it-in-3/

Become a Member

We have been providing members of the international multichannel retail community with research, news and analysis - both printed and digital - for several years now, with increasing depth and frequency. As a result we're sending you more information each month to read, digest and exploit.

By developing a membership platform for InternetRetailing.net, we'll ensure that from the wealth of in-depth analysis we create you'll get rapid access to the most relevant content - to suit your interest and needs, even as those change throughout the year. By signing up, filling out your interests and joining as a member, we'll better know what to send you and even what to display as you're browsing the site.

Membership remains free of charge to qualifying retailers and brands, and we look forward to welcoming you to our membership, as we work to make InternetRetailing's research and analysis evermore relevant and useful to your business.

With regards,
Ian Jindal
Editor-in-Chief, InternetRetailing

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*Print products may come at extra cost. Register to check your eligibility.

Ben Stagg

Head of Client Management, Barclaycard

WHAT DOES YOUR PART OF THE BUSINESS DO?

I work in Barclaycard's payment gateway team. We create gateway solutions that allow our merchants to transmit important transaction data between all the relevant parties, which enables payments to be securely processed. I like to think of us almost like a secure courier company – we transfer the payment data securely so it can be verified and signed off.

But more than that, Barclaycard's role is to ensure that our payment processing systems create a positive and engaging experience for our customers, so these merchants can in turn create payment experiences that fit their brand, their culture and their infrastructure.

Our customers will each have their own development areas, infrastructure, suppliers, and so on, and we need to be able to work with everyone in that ecosystem. We do that by creating simple integration models and APIs that allow multiple organisations to link in with what we do.

HOW DO YOU SEE THE CUSTOMER EXPERIENCE EVOLVING IN RETAIL?

In recent years there has been a fundamental shift in technology which is already having a huge impact on both the payment sector and retailers.

The main change we're seeing is that younger generations are becoming increasingly reliant on their smartphones. They use their phones to access content everywhere, which is changing the way retailers interact with their customers. The idea of a connected customer journey, or a connected experience, is absolutely critical.

I think what's interesting is that the infrastructure in face-to-face retail cannot possibly keep up. The only way to work with customers in future is through greater use of mobile, because it's far easier to create and adapt experiences on mobile versus in-store.

And we're now seeing that it's becoming more common for people to use their mobile device to transact in-store. They're not even that worried about the in-store retail experience – for them, the retail experience is linked very much to the mobile experience they already enjoy. They just want to feel and touch the product, and don't need much interaction with customer service agents to be able to achieve that.

BARCLAYCARD IN BRIEF

Company founded: 1966, the same year Barclaycard introduced the UK's first credit card.

Global reach: Barclaycard is an international payments business with offices in Europe and the USA. In 2015 we processed more than £293bn in transactions globally. Barclaycard is a pioneer of new forms of payment, and is at the forefront of developing viable contactless and mobile payment schemes for today and cutting-edge forms of payment for the future.

Contact: To find out about how your business can get ahead of the game, visit our website: www.barclaycard.co.uk/business or call us on 0800 096 8237.

A consequence of this shift is that retailers need to have a clear purpose and a clear mission statement that sets out why they need their big brick-and-mortar stores. The big high street retailers need to think like their online competitors and find ways to interact with these heavy mobile users.

WHAT ARE THE IMPLICATIONS FOR THE WIDER SERVICE CULTURE?

Things like mobile point-of-sale, click and collect, and mobile apps are really changing the way organisations think about service culture. It's about providing the right level of interaction in-store for the different groups of customers you have, and giving them the right choice as early on in that journey as possible, so that you can maximise the benefits of those interactions.

If you consider mobile point-of-sale technology, it has been around for a while, but it's evolved a lot in the last couple of years. Retailers can use this tech to efficiently manage the flow of footfall around the store and speed up the transaction process, removing a number of the issues that typically deter customers from wanting to go back.

Ultimately, retailers are being forced to make calculated gambles on in-store technology. It's a balance of picking systems that reflect this change in the customer experience, but that don't cripple you in terms of the cost and effort needed to implement them.

Image: Barclaycard

HOW IS THIS CHALLENGING RETAILERS?

The traditional service culture model for retailers was to train all their staff in the same way, so they lived up to a certain set of values, and every customer enjoyed the same experience. But because there's a diverse set of customers now, using technology in different ways and wanting to have different service experiences, it's more difficult for a retailer to create a one-size-fits-all approach.

Retailers need to be much smarter about what they do and arrange their service resources in a way that can accommodate those different customer journeys. In some cases, you may even have to change the locations, or create smaller shops to showcase certain products and give people a sense of what you offer.

Screwfix is a good example of this new approach. It offers the perfect out-of-town shopping experience, with a shopfront that is basically a 10x10 box with the product range displayed in its catalogue. People who work in the building trade, and even DIYers now, will travel there because they can check stock before they go or order via click and collect. It offers a really slick, transactional experience, but there are also knowledgeable people there if you want to speak to someone.

Another example is in the automotive sector. Tesla has setup small showrooms in town centres, which typically just display two cars, but then use an array of interactive technology to show them off. It creates a new type of retail experience where customers are bought into the Tesla brand as much as the product itself.

WHAT OPPORTUNITIES DOES IT OPEN?

In my opinion the biggest opportunity lies in the mobile app experience. No retailer is really nailing that interaction between their app and their stores, and how it creates that all-round service experience. There's an opportunity for a bold retailer to centre their brand proposition around their mobile app, using their store and other communications to help deliver the experience around it.

From a service perspective, the app would be the main point of interaction with customers. We know that people do a lot of research before they even enter a store – they've been online, looked at reviews, looked on Instagram, spoken to friends, etc. – so the decision-making process has already been done. In this model, employees would really be there to help support the app, rather than to support the customer.

I think a retailer could really set itself apart by refocusing its service model in this way. Everyone else is still gambling that there's a role for brick-and-mortar stores in the future, and that the high street will always be important, but I'm not convinced one way or another. And I think some app technology might help drive the shift to new retail experiences.

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The death of apps

Paul Skeldon, Mobile Editor, InternetRetailing, investigates whether developments in m-commerce mean the end for mobile apps.

The use of mobile in ecommerce continues to grow, with the US now catching up with the always more advanced UK market – but the way in which shoppers use mobile is changing and that is having a fundamental impact on the technology decisions that retailers need to make.

The move towards apps seems to have stalled, with shoppers increasingly using mobile websites to do their research, shopping and returns on their device. Apps serve a useful purpose for the loyal customer and are being used widely, even now showing up in search results. But for the more-canny consumer, the move is towards a web experience that looks like an app, but is more flexible and more suited to the on the fly nature of modern mobile shopping.

> “Progressive Web Apps and Accelerated Mobile Pages are coming into their own”

This is why technologies such as Progressive Web Apps (PWAs) and Accelerated Mobile Pages (AMP) are coming into their own in the mobile world (see panel).

More than 80% of IT, R&D and marketing professionals across the UK, US and Australia think that apps could be over – believing that all forward-thinking organisations will be implementing AMP and PWA within the next year.

So finds a pan-European study by tech research company Vanson Bourne for UK-based website hosting company WP Engine, which also suggests that four in five (81%) developers think that development costs of a native mobile application are higher than for a PWA, while AMP was among the least expensive solutions to implement ($189,991 on average), requiring the shortest time and the fewest developers.

But it is performance that is really starting to make retailers and IT developers think about PWA and AMP technologies as part of the mobile commerce paradigm.

According to Vanson Bourne, the top benefits anticipated of using AMP and PWA technologies include improved security (44%), increased traffic from mobile users (41%) and improved conversion rate (40%).

More speedy response times are also crucial, says Vanson Bourne. This is backed up by a separate study by cloud platform Akamai, which says that two seconds is the threshold for ecommerce website acceptability. However, says the Akamai report, just 17% of enterprises have an average website load time on mobile devices of under two seconds.

Mary Ellen Dugan, Chief Marketing Officer at WP Engine explains: “Consumers today aren’t just mobile first, they’re mobile only. Enterprise organizations are falling behind in terms of their ability to provide better, faster mobile experiences, putting themselves at great risk of losing customers and revenue. When you factor in the real cost savings and performance increases realized by using AMP and PWA on WordPress, the results speak for themselves. The increased use of these two mobile technologies is resulting in much better mobile experiences at less than half the cost of apps and providing demonstrable benefits to consumers and an enterprise’s bottom line.”

And many retailers are failing to deliver this. According to a survey by Mobify in Q2 2018, many top retailer sites are failing to deliver the speed and agility needed in mobile. Mobify looked at page load benchmarks from 2,000 top ecommerce websites, a key indicator of meeting customer expectations, since Google reports that 53% of users will abandon a page that takes more than three seconds to load.

“Mobile usage in the UK is one step ahead of that in the US, so we wanted to look at ecommerce trends across the pond to predict what trends we will see next in the US,” says Amanda Naso, Mobify Senior Manager of Business Intelligence. “All signs point to shoppers spending more time and money on mobile, so better experiences, particularly speed, are vital.”

The report notes that mobile sessions surpassed desktop sessions in the UK in 2015, while the US reached the same tipping point a year later. Similarly, mobile revenue in the UK has been on par with desktop since the end of 2017.

Mobile and desktop revenue in the US are converging as well, with growth in both regions also showing parallels. With more users shopping and buying on mobile, and speed being a clear differentiator, one would assume there would be an increase in businesses giving more effort to their sites’ mobile performance.

“Not so,” says Naso. “We compiled a list of 2,000 top ecommerce sites and tested their page load speed to determine how the industry is measuring up to customer expectations. Only 10% of sites loaded in 3.1 seconds or less, while the median load time was 6 seconds.”

Naso continues: “The median first-page load time for AMP is 1.1 second, while the median subsequent page load time for a PWA is 1.4 seconds. Technology can help retailers and brands not only meet but exceed shopper expectations on the mobile web."

USER EXPERIENCE

Opting for technologies such as PWA and AMP make the experience for the user on mobile much more straightforward and rapid and do actually lead to better conversions. Retailers such as Lilly Pulitzer and Lancôme achieve mobile revenue increases of 33% and 36% respectively with PWAs built on the Mobify Platform. With most users and orders on iOS today, retailers can now provide the high-converting PWA experience to this larger audience.

"Well-crafted PWAs have always worked across iOS and Android, but with the latest Apple Safari release now supporting service workers, iOS users will gain an even better shopping experience," says Mobify CEO Igor Faletski.

One retailer that is certainly putting this into practice is Hobbycraft. In the run up to revamping its website, it tried

> "PWAs have increased mobile revenues by more than 30%"

out a PWA and saw transactions on mobile grow by 26% and mobile revenues up by 30%.

Hobbycraft, which has 90 stores and 3 million members of its online Hobbycraft Club, has long wanted to leverage mobile and the company has been working with Mobify to develop a mobile presence to bring together the technology and these many fans.

When Hobbycraft decided to build a Progressive Web App on the Mobify Digital Experience Platform, the team had three goals: capture traffic shifting to mobile devices, offer shoppers an app-like experience without requiring an app download and to increase key metrics like revenue per user. The approach has generated measurable revenue and put Hobbycraft at the forefront of retailers that are keeping up with changing shopper preferences through customer-first mobile commerce innovations.

"Our customers are project-based and motivated to get the supplies they need as fast as possible to get started on their next projects," says Daniel Collier, Multi-Channel Development Manager, Hobbycraft. "We raised a challenge to find the best possible way to engage with our busy shoppers on-the-go, as well as deliver a best-in-retail purchasing journey."

So, are we moving towards a world where apps are dead and where web-apps rule? Many think that, slowly, yes we are. According to Ben Morss, developer advocate at Google and a former New York Times engineer, "In order for web apps to earn a place on home screen, we need to make them reliable, even when the network isn't. This has been one of the things holding back the web as an app platform. We've become conditioned to think that web app equals something that only works with a live network."

In his view, these technologies start to make it more attractive to developers and users to have web-apps as they are just as rich, fast and reliable – and using the web as a platform means that they are easily updated and changed.

Don't junk you app just yet, but it's worth keeping an eye on when you may have to.

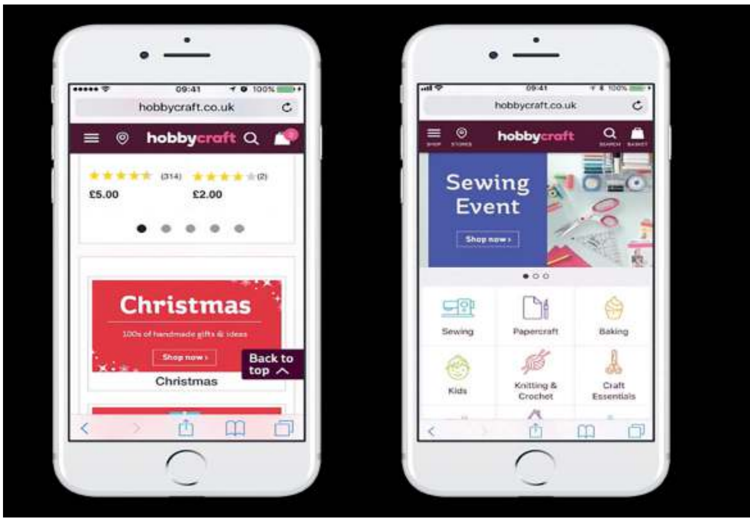

Image: Hobbycraft

Hobbycraft saw transactions on mobile grow by 26% and mobile revenues up by 30% when it moved to a PWA

KNOW YOUR AMP FROM YOUR PWAS

So what are Accelerated Mobile Pages (AMP) and Progressive Web Apps (PWAs)? In short they are technologies developed by Google to be open source and to allow for faster loading and much richer mobile website experiences.

WHAT ARE AMPS?

AMPs are just web pages, but they are 'better' than just any old webpage because they simplify the use of HTML coding to do things, which slows things down, and instead sees the pages and content cached on Google's servers under a Google URL that the user doesn't see. This means, with the pages cached they can be loaded whole and more rapidly, so long as the server they are cached on isn't clogged up.

WHAT ARE PWAS?

PWAs, by contrast, are webpages that are enhanced with other features that allow for the ability to offer app-like interfaces, faster transition between pages, the ability for app owners to send push notifications and access to content when offline. Users access PWAs via URLs just like they would with normal mobile browsing, but load the page in the background; allowing them to save it as an app icon on their mobile device. It also allows them faster browsing between pages if they are returning to the site or navigate beyond the first page.

PWAS +AMPS = THE DEATH OF APPS?

You may well be ahead of me here, but if you bring together these two enhancements – PWAs offering rich interfaces and faster access to content, with AMP generating pages much more rapidly – you have something that not only rivals the app experience, but bests it.

The advantage of doing anything over the web rather than in an app is that it can be more dynamic and can be changed and updated however and whenever the retailer wants.

Taken together these two things could well spell the death of the app.

Post-GDPR scan & go

Gayle McFarlane and Charlotte Walker-Osborn of Eversheds Sutherland discuss scan & go and similar technology deployments in a post GDPR world.

The following guest article has been written for InternetRetailing by Privacy and Technology Partner, Gayle McFarlane, and Partner and International Head of Technology Sector, Charlotte Walker-Osborn, both of Eversheds Sutherland.

www.eversheds-sutherland.com

Scan and go heralds a new era of efficiencies for both retailers and consumers. Consumers can forego the tills and the queues, avoid human interaction (if they want to), pay without needing to bring their card or carry cash, and reduce their wallet size by having their loyalty cards stored neatly on an app.

Retailers, on the other hand, may benefit from increase in customer through-put, customer satisfaction, reduced requirements to deal with taking payment in-store and increased insight into their customers' behaviour.

But at the same time, retailers do need to consider the implications of the new General Data Protection Regulation/ privacy laws, and consider whether their data collection is lawful. So, does the GDPR place limitations on these benefits, and do retailers need to do anything different to comply?

As users utilise scan & go technology, there is an opportunity for retailers to gain a huge amount of information about their customers. Since the launch of supermarket loyalty schemes, the inferences that retailers can draw and the ability to target promotions to customers who are most likely to increase their basket has been a major benefit.

Scan & go can add another dimension to this information. As well as being able to log customers' purchases, retailers can potentially gather additional information about the journey to that final basket – what items were scanned but then swapped out, what order were purchases made in, and by consequence, what route did the customer take around the store. This information could be easily used to create more bespoke targeting, as well as understanding more about customer experience within your store.

Some retailers' technology already takes scan & go one step further by getting rid of the scan element; instead using cameras, sensors, RFID and deep learning to understand when items have been removed from a shelf and purchased, again, collecting valuable information about how customers like to shop.

But, is this information personal data, and therefore governed by the GDPR?

In most cases, yes. Data associated with the scan & go activity will be associated with a user account. Even if retailers allow users to sign up with pseudonyms, the GDPR makes clear that any online identifier can be sufficient to identify an individual, and therefore any data connected to that identifier will be information about that individual. Whilst shopping habits are not "personally identifiable information" in a US context, meaning information which can identify an individual, they are information which relates to the identified individual in question. From a European data protection perspective, therefore, they are protected as personal data.

A key requirement of the GDPR – although not a major change from the previous data protection regime – is that retailers need to be transparent with customers about what they are doing with the data they collect.

Explanations should be clear, and preferably at the point that the data is collected, rather than "hidden" in an online privacy policy that is unrelated to the shopping experience. This can be difficult, particularly when your key interaction with the customer is via an app on a relatively small phone screen.

"Just in time" notifications could be particularly key here – alerting or reminding shoppers of how their data will be used when they start to scan, or even letting people know that certain items won't be logged, such as prescriptions or other health-related purchases. Customers could also be alerted to their rights – such as the right to object to their information being used for direct marketing – at key points in the transaction. All of this needs to be thought about with your web/mobile designers/your technology providers so that these notifications are built in at the right time.

The GDPR sets out a prescriptive list of the information which retailers are required to "make available". But most importantly, customers are entitled to know not only what data is collected, but also what it is used for, and this includes what "lawful basis" the retailer is relying on for that use. The "lawful bases" are specific – and exhaustive – purposes which are set out in the GDPR itself, with some additional support in the Data Protection Act 2018 for retailers in the UK. The lawful basis for using the data to calculate the total bill, or a refund is clear – the performance of the contract with the customer.

However, any further processing becomes less clear, and it is likely that the retailer will need to either get consent, or rely on a "fuzzier" basis, called "legitimate interests".

This lawful basis applies where the processing is necessary for the legitimate interests of the retailer (or another third party, such as any brand partners), but it's subject to a balancing test – it cannot apply if those interests are overridden by the rights and freedoms of the customer.

The GDPR specifically recognises that direct marketing may be carried out on the basis of legitimate interests. However, retailers still need to ensure that they are happy that the particular marketing in question is legitimate, necessary and proportionate to those interests, and not unduly intrusive. In particular, the ICO recommends that a three part test is applied, considering the:

- Purpose test – is there a legitimate interest behind the processing?
- Necessity test – is the processing necessary for that purpose?
- Balancing test – is the legitimate interest overridden by the individual's interests, rights or freedoms?

The more intrusive the monitoring is, the more likely that these tests will not be met.

Obtaining consent automatically jumps these hurdles – but you need to be clear what you are obtaining consent for. Consent must be freely given, specific, informed and unambiguous. That's a fairly high hurdle to meet so that the customer really understands what you are asking them to consent to.

Consent must also be separate from other matters and not bundled together – you can't require someone to consent to profiling for direct marketing purposes, for example, in order to be able to use the scan & go service, because that profiling is not necessary for the use of the service and could be separated out.

Additional "lawful bases" are required if the data includes special categories of personal data. These will include information about health or religion, or racial or ethnic origin, as well as other related information. Pharmaceuticals could obviously easily reveal information of this nature, but whilst you may think that everyday groceries or consumer goods would not, it should be noted that inferred data may also fall within this category, and therefore a customer record which showed that only halal meat was purchased, or magazines aimed at a specific ethnic demographic, may well result in special categories of data being analysed.

Special categories of data are much more difficult to manage, as consent may be the only reliable lawful basis available – and a clear, specific and explicit (as is required for special category data) consent for this type of processing could be difficult to obtain.

Retailers, therefore, should carefully consider how and when data which could be special categories of data is collected, and what it is used for, to ensure that a lawful basis is available for any specific processing activity. Where possible, such data should not be used for any purpose other than the performance of the contract with the customer – selling them the goods and handling any returns.

Collecting this information is one thing, but the creation of a profile, and then the use of that profile to make decisions about individuals is also governed by the GDPR.

If your use of a profile alone will have a significant impact on your customer – for example by having a material impact on pricing or promotions, or eligibility for store credit – then the customer has a right not to be subjected to that unless you can demonstrate that it is necessary for the contract you have with the customer, or they have explicitly consented.

Careful consideration must therefore be given to the impact of any profile on the individual. If such decisions are made, you will need to provide a right of escalation to a human decision maker.

As many of you will know, scan & go and similar technologies can require the integration of a number of third parties, including payment processors or other smart technologies. It is vital, as with all contracts where personal data will be shared with multiple parties, to ensure that, to the extent that third parties are acting as your processor, appropriate contract terms are put in place, reflecting the mandatory provisions of the GDPR.

The key output of the GDPR is to put the customer in control of the way in which their data is used. If you are transparent and open about what processing is taking place, and allow customers to exercise choice, the GDPR will not prevent you from collecting and using this data.

The GDPR, however, does also provide customers with additional rights in order to keep retailers in check – and also to allow them to change their mind.

If your processing is based on consent, then individuals can withdraw that consent at any time. If you are processing personal data for the purposes of direct marketing, including profiling used for direct marketing, then an individual has the right to object to that processing no matter what the lawful basis is – and you are required to stop processing that data for direct marketing purposes.

In addition, customers have two rights to access their data. The first is the right to data portability. This means that to the extent a customer has given you their personal data, and it is processed automatically and on the basis of consent or to perform the contract with the customer, then they have a right to obtain this data in a commonly used machine readable format. Bearing in mind customers will be scanning all of their own purchases, some thought should be given to the extent that this right of portability might apply, and how it could be complied with.

Equally, customers have a right to access all of the personal data you hold about them. This would extend beyond simply the lists of purchases, but could also include any inferences you have made about them – any categorisation or segmentation applied to them.

In the tech market, many organisations are looking for ways in which these rights can be automated, to allow users to be able to "self-serve" this information, and some retailers are already following suit.

If you keep your customer, their expectations and the protection of their data at the heart of your project then there's no reason why the GDPR would prevent you from implementing, and benefiting from, scan & go and all it can offer.

The information provided in the article is for general information purposes only and should not be relied upon as a detailed legal source.

Preparing for social commerce

Cally Archibald, **Social Media Strategist, smp, examines how social shopping is changing the mobile experience.**

The following guest article has been written for InternetRetailing by Cally Archibald, Social Media Strategist at smp. smp is a multi-award-winning marketing agency specialising in highly successful, multi-disciplined marketing campaigns for brands including Western Digital, SanDisk, Logitech and Campari.

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Over the past ten years, mobile devices have completely revolutionised the way we search, discover and buy.

While smartphone usage is incredibly high in the UK (upwards of 85%), mobile payment adoption is still relatively limited – at least in comparison to the vast number of smartphone users. But it's growing, and fast.

In the next few years mobile commerce stands to completely overtake desktop. According to eMarketer, 59% of global online sales are made exclusively on mobile, with an estimated 73% by 2021. PayPal, Apple Pay and similar services have made it easier than ever to pay on mobile, allowing customers to make a purchase in just a few taps.

As mobile commerce has become more mainstream, the role of social media continues to change too. While the transaction itself still takes place off-platform on the retailer's website in most cases, platforms are rushing to close this gap and make the journey from discovery to purchase as frictionless as possible. Already social plays a pivotal role in driving purchase intent, offering customers a new way to discover, research, and share products, but brands should be thinking about how to optimise their social strategy for commerce.

OPTIMISE FOR DISCOVERY

Even though mobile transactions aren't happening on social directly in most instances, it is the go-to route for research and discovery.

UK consumers spend an average of two hours per day on social media. Consumers visit branded social media pages, share purchased items with friends, message brands, and follow influencers for product reviews, tips and advice. According to Diply, 81% of shoppers have purchased a product after seeing it on social, and readers rated social media as being the first place they go to when looking for inspiration before purchasing.

Social has become a vibrant hub for the early-to-mid stages of the shopper journey (discovery and decision). It's a crucial touchpoint for brands and is already starting to overtake traditional media in terms of spend. Even outside ecommerce, social still plays a huge role in influencing purchase decisions. GlobalWedIndex found that around 34% of offline transactions started with a social touchpoint, and this was higher when looking at Millennials only.

As mobile commerce starts to go mainstream, the opportunity for social to become a direct response platform is obvious. The biggest barrier to true social commerce is the lack of a transactional backend within social platforms. Basic functionality, like inventory management and fulfilment, are not currently possible within the native platforms without third party plugins offered by ecommerce providers such as Shopify. But looking at countries like China – where marketplace selling dominates ecommerce – it's easy to imagine a not-too-distant future where someone can stumble across an item of clothing on Instagram, and immediately purchase it within just a few taps.

PLATFORM INNOVATION

Recognising this, platforms are rushing to introduce features that help make shopping easier and more frictionless for users.

Instagram's product tagging feature – which allows brands and influencers to tag specific items of clothing and link directly to that product on their website – has made it intuitive for users to discover and learn more about products when browsing their feeds. Pinterest's Lens – an image recognition feature built into the Pinterest camera app – lets users identify product in the real world and serve up related pins, again with the purpose of aiding discovery and research. YouTube cards, Facebook's buy buttons – all these features help close the gap between seeing a product on social and making the purchase itself. Innovations in this space demonstrate users' appetites for shopping inspiration on social. Newer ad formats like Stories, 360 video and Live Photos, help make product adverts more appealing for users, tapping into this desire for browsing and discovery.

In a more aggressive move, Instagram has begun to test direct commerce features in areas where fulfilment isn't as complicated. The social giant has partnered with third-party-service-providers including OpenTable,

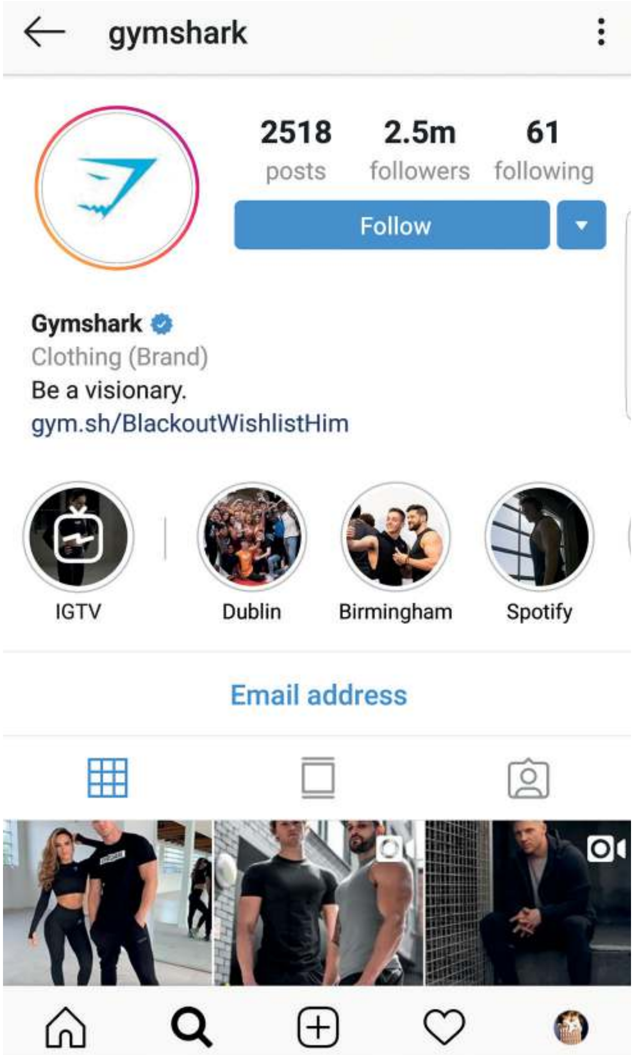

Image: Gymshark

Gymshark, the UK's fastest growing fitness company grew to maturity on the strength of its social marketing strategy

SevenRooms, GrubHub and EventBrite to offer products such as cinema tickets, salon appointments, dinner reservations and, in some cases, even holidays. It's a telling sign that seamless integration is well and truly on its way.

Snapchat, likewise, has launched an exclusive partnership with Amazon to reduce friction for the user. This new feature, called Visual Search uses image recognition technology to analyse products snapped by users, and re-direct them to the Amazon store, where the item can be purchased hassle-free.

It's all indicative of a wider race to fulfil the idea of direct social commerce. Be prepared for rapid evolution in this space as platforms continue to invest more in exciting new features, and customers become more and more accustomed to buying on their phone.

BEST PRACTICE

So how can brands take advantage of this shift to social commerce?

When looking at direct response, mobile commerce comes up against the same barriers as ecommerce. In categories where delivery is an issue, or customers prefer to touch and feel the product, mobile commerce lags. Likewise, categories that are flourishing in ecommerce tend to be seeing similar rapid growth on mobile. Fashion, consumer electronics and beauty brands tend to see the highest rates of purchase from social, with other categories like food and personal care catching up. This is especially the case if the product is an impulse purchase – lower price points are generally more successful, with higher priced items requiring longer periods of consideration.

But just because you aren't seeing directly attributable sales doesn't mean social isn't influencing your customers. Brands should really be thinking of social as the new storefront, a place to catch a shopper's attention when they are passively browsing. Social users are, almost always, doing something else – they're talking to friends, browsing the news or keeping up with their favourite influencers. To achieve cut-through, brands need to grab attention and inspire them. This means optimising your content for discovery and browsing.

Gymshark, the UK's fastest growing fitness company (now valued at over £100m), grew to maturity on the strength of its social marketing strategy. When the fitness brand decided to send free product samples to key influencers, the clothing went viral and they were able to leverage the content created. It's a great example of how photography and top-notch content creation can capture shoppers' imaginations and lead to tangible business results. Gorgeous looking assets are a must-have. Lots of visual appeal is crucial to bringing shoppers in.

Secondly, make sure you have content that serves customers in research mode. GlobelWebIndex found around 56% of users visit a brand's social media pages before making a purchase decision to look for user reviews and feedback. Testimonials and customer service play a huge role in people's perception of the brand.

Monzo bank is a great example of a brand doing this well. The disruptor visibly and publicly encourages feedback and conversation on social, demonstrating how much it values its users, and involving them thoroughly in the product itself. Establishing a two-way narrative on social is key not only to make customers feel part of the brand's story, but also to ensure subsequent customers can see how feedback or troubleshooting is addressed.

Ultimately, brands that are already killing it on social stand to do best as new modes of purchasing come into play in this space. As consumers become more comfortable with mobile shopping, this will only increase. With this behavioural change, expect to see social commerce continue to grow as we move into 2019 and beyond. In the race for truly immersive direct social-to-purchase user experience, social platforms will continue to push the envelope and experiment with new features, tools and updates.

Social has become much more than just a place for pretty pictures – it's now a primary channel for shopping inspiration. Brands should be looking at social as an integral tool in their sales and marketing strategy.

Location matters on mobile

Take a picture in any location and it is likely to include someone using a smartphone. Unless you're one of life's dumpers who keeps misplacing your keys, phone, wallet and so on, you will know exactly where your phone is at all times. There will also be at least one network or app which knows exactly where you are, too. *Emma Herrod* examines how location is changing the mobile world.

Location is just one of the many attributes of a smartphone which retailers are utilising to market to consumers or give them a better shopping experience. These range from geofencing to send the right messaging to a consumer when they are within a certain radius of a store, to helping a shopper locate the product they are looking for in a supermarket.

Back in the summer of 2015, Magnum and Tesco teamed up to test beacon technology to market to consumers within a specific distance of a Tesco Express store. When someone who had downloaded the Mpulse app – and therefore given their consent – walked within the set radius of one of 270 stores, they were sent a push notification offering a discount on a black or pink Magnum ice cream.

Other individual stores and shopping malls have been using beacons to send messages to shoppers' phones or simply to track the effectiveness of marketing campaigns designed to increase footfall. Retailers believe technology will give them the edge they need to drive further footfall in-store, according to a recent study by VoucherCodes. Some 67% of European retailers surveyed confirmed that they are already using geofence technology to connect online shopping to the high street, while a further 33% are planning to do so within the next five years. In all, 43% of survey respondents had invested in geofencing in the past 12 months, while 48% had invested in beacon technology.

Location can do more than send a customer to a store though. By incorporating other details about the customer, their behaviour, a store or products, retailers can give a more personalised experience.

Shoe retailer Schuh, for example, is planning to take geofencing one step further next year to deliver a more personalised omnichannel experience to people browsing its website on a mobile phone. Using each person's location, the retailer will link messaging on the site to their location as well as to information about the closest physical store. This could be by pushing one of its click and collect services and notifying the customer that they can pick up an online order from a specified store close to them in 30 minutes, explains the firm's Director of eCommerce and Customer Experience, Sean McKee.

Schuh knows stock availability in every store so would be able to link the customer's location with their nearest store, the shoes they are browsing online and the best way to fulfil an order, whether that's through reserving it online and picking it up in a short time or collecting next day, with fulfilment from a central distribution centre if it's not available in the store. The messaging radius for each store is different, says McKee. For example, the London Oxford Street store would be set at half a mile, while the Inverness store, as a regional hub, would be up to 30 miles.

> "There is a clear trajectory towards unshackled data and services provided by cloud computing, smart phones and other mobile devices, and customers' insatiable desire to access anything they want, either real or virtual, wherever and whenever"

MOBILE IN-STORE

Shoppers want further assistance from their mobile too. And this is particularly true of millennials. The majority would love to navigate, get information and pay using their phone in store, according to I-Am's The Convergence Continuum report.

"Retail has become a continuous chain reaction of movements, events, experiences and motives. Shopping has become relative – relative to context, person and place – and has moulded into the four dimensions of space and time. Shopping is no longer about the what and where, but the how and when," says Pete Champion, Group Partner, I-Am.

Target's next-generation stores in the US are a prime example of this. These have two entrances, each with the aim of appealing to different customers: one opens to displays of exclusive brands and inspiring seasonal

Image: Budgens

The Budgens' Taste Club app works as a real-time in-store sat nav helping shoppers find products

moments for shoppers who want to browse and be inspired by the retailer; the other is for those wanting to collect online orders or groceries quickly, while also having easy access to groceries, an off-licence and self-checkout lanes. Dedicated parking enables online orders to be delivered to a shopper's car.

Mobile location can further enhance the shopping journey in-store via an app or push notifications to the shopper's own phone. How often have you been into a store which you don't visit very often and want to quickly pick up one item, such as screen wash in Halfords or toothpaste in Boots. There are signs but many shoppers end up wandering up and down the different aisles until they find what they are looking for.

In the way that pick-to-light systems in warehouses show the location of the item pickers need to select next for an order, what's stopping a smartphone app showing a shopper the location of the item they are looking for? Supermarket Budgens' Taste Club app does exactly this. It rearranges a customer's shopping list into a format that helps them to navigate the store in the easiest way.

It also saves previous shopping lists so customers can plan, track and review previous shops, and has full 'scan and go' capabilities. Using the scanner in the app, Budgens shoppers can scan the barcode on items as they take them off the shelf or as they weigh loose items. Dietary and allergy information is flagged up as they shop, too. The app also keeps a running total of the spend and loyalty points.

Once they've completed their shop, the customer simply taps their smartphone on a payment point and leaves the supermarket. There's no need to unload items onto a conveyor belt, rescan purchases or queue at the checkout. The company says that the in-app payment halves the time that a customer spends in-store.

The app is a white label development from Ubamarket and Budgens has rolled it out to 20 of its stores across the Cotswolds following a successful trial in its Moreton-in-Marsh shop. It has also launched it in a store in Islington, London, while Londis is testing it in one of its shops in Southampton.

As the Taste Club app rolled out to additional stores across Gloucestershire, Worcestershire and Warwickshire, Guy Warner, MD of Warner's Budgens Supermarkets, commented that he was "delighted" that it was the first store in the world to offer a completely white-labelled version of Ubamarket to customers.

"I feel that the revolutionary Taste Club app will effectively bridge the gap between online convenience and the in-store experience that Warner's Budgens shoppers enjoy. We've already seen fantastic results in our Moreton store and are now excited to offer it to all Warner's Budgens customers," he said.

According to Ubamarket's CEO and Founder Will Broome, its driving focus revolves around the behaviours and habits that keep consumers happily in-store. Consequently, it has ensured that every facet of the app is

Image: Fotolia.com/carloscastilla

Halfords wants to help riders to engage with their passion

geared to customers' exact desires and challenges for their entire shopping journey – from being a handy tool for writing their shopping list and a real-time in-store sat nav, to receiving personalised offers, automatically collecting loyalty points and enabling them to skip the queue by paying in-app.

STORE TO CUSTOMER

Mobile can also take the store to the customer in more than an m-commerce sense. In South Korea, space is at a premium in cities, so vehicle manufacturer Chevrolet sends sales agents to visit potential customers away from showrooms and talk them through brochures.

Augmented reality has been introduced via the V-Showroom app, so that they can 'take' a vehicle with them and show the customer around it outside and inside as well as explaining technical aspects using these visuals. The vehicle can be shown in any size, so it could be 'parked' on the road in full size or displayed on a table in a cafe. The combination of the sales person and the V-Showroom app has been so successful that this method is now being used to help sell 4 different car models from 110 showrooms in the country as well in the US, Australia and the Middle East.

While location links all of the applications showing how retailers are taking the next steps with mobile, it is the disconnect of content and data from siloed systems that is making them possible. Mobile is more than a phone, a camera, a GPS or any of its constituent parts. It is a new way of looking at retail. Combining the different parts with cloud-based data, be that content or location, will bring a new experience to everyone.

Alexander Bartholomew, Managing Director, Performance Cycling, Halfords, believes that there is a clear trajectory towards unshackled data and services provided by cloud computing, smart phones and other mobile devices, and customers' insatiable desire to access anything they want, either real or virtual, wherever and whenever.

Customer demand is increasing hugely, he explains, and the expectations of the youngest generations are sky high. In order to be able to satisfy those needs, businesses need to move to cloud-based solutions. "Headless infrastructure is a necessity," he says, so that data can be surfaced where it's needed. And, of course, everything has to be able to move fast enough, and that extends to the networks outside of retailers' remits.

He explains that if you look at the apps which people use the most and find the most useful, they are the ones that use the abilities of the mobile device to provide a better experience, such as the Strava cycling app, which uses GPS to track, evaluate and record a rider's route and their progress. "There is much more that we could do in that space," he says. "As well as guiding customers through the purchasing process, which can be complicated when it comes to performance cycling, we are wanting to help riders to engage with their passion."

When it comes to mobile apps, the best solutions are ones that either give the customer some utility that they didn't know they needed and have come to rely on or it's an existing problem and the app offers a better way of solving it, a comment from Bartholomew which highlights the direction in which mobile and headless commerce are taking the retail industry.

Mobilising operations

Karen Bomber, **Director of Global Industry Marketing – Retail at Honeywell Safety and Productivity Solutions, examines whether mobile technology holds the key to surviving the Amazon Effect.**

The following guest article has been written for InternetRetailing by Karen Bomber, Director of Global Industry Marketing – Retail at Honeywell Safety and Productivity Solutions. The company manufactures a comprehensive range of products, software and connected solutions that help retailers improve productivity, workplace safety and asset performance. Its broad offering includes industry-leading mobile devices, software, cloud technology and automation solutions.

www.honeywellaidc.com

How can brick-and-mortar retailers survive the Amazon Effect? For most of them the answer to this critical question would probably be 'with a stronger omnichannel approach'; in other words, 'by giving customers the best possible experience both in-store and online'. To achieve this ambitious goal, retailers need to streamline operations, which generally means one thing: empowering their shop assistants to be more knowledgeable, productive and efficient. There are, however, major challenges to be faced: below-average productivity, one of the lowest retention rates of all industries and one of the least engaged workforces. Can mobile technology come to the rescue?

Today, retailers need to meet the needs of customers with virtually unlimited choices and pricing information online. According to a recent Honeywell/YouGov survey, their biggest challenge is how to meet these customers' expectations and gain their trust. And, for 1 in 4 retailers, this goes hand in hand with the ability to increase worker productivity and effectiveness.

Achieving this goal, however, is easier said than done in a country where the level of productivity in retail lags its counterpart in the US by around 40%. Attracting and retaining employees can also be a challenge. With record job losses in retail this year, the sector may become even less attractive to both existing employees and job seekers. And, with one in every four EU migrants in the UK currently working in retail, employers may soon be struggling to recruit staff from the EU as a result of Brexit. Faced with a potential skills gap and high turnover rates, retailers need to find new ways of improving productivity while enabling shop assistants to operate as efficiently as possible and minimising downtime.

So, what can they do to get there? For 67% of them, the answer may lie in mobile devices for their staff.

Two mobile technologies in particular are taking centre stage in retail: mobile computers and voice systems. They provide shop assistants with access to relevant, timely business information to enable consistent customer experiences that span both physical and digital channels. They also help increase their productivity and store efficiencies by guiding them through their daily tasks, performing fast data capture to more accurately track and replenish inventory.

MOBILE COMPUTERS

The deployment of mobile computers can help retailers empower their disengaged staff, offering them the same ease-of-use and interactivity they are accustomed to in their leisure time. This can not only make employees more productive and efficient, but also help improve the overall customer experience. As mobile devices and data access match the features and functionality of the smartphones used by customers, they can help enhance their interaction with retail staff.

Laura Ashley, for example, recently deployed 161 Honeywell handheld computers and more than 450 scanners across 161 stores in the UK, Ireland and France. The retailer wanted to replace the bulky warehouse-style industrial terminals in use with Android devices that were similar to the smartphone technology that shop assistants and customers alike used daily.

Armed with smartphone-style, Android handheld computers, shop assistants now have all the information customers need in the palms of their hands. They are able to easily show customers Laura Ashley's broad range of textiles, furniture and clothing on a user-friendly 5 inch screen. This is a key benefit considering that, according to PwC, nearly 6 out of 10 shoppers see 'knowledgeable sales staff who can explain product offerings' as the most important in-store attribute.

Similarly, Marks & Spencer recently equipped its employees with 9,000 Honeywell mobile computers to help them provide customers with a better shopping experience and keep shelves stocked. With the user-friendly device, a shop assistant can quickly and easily look up inventory while talking to a shopper without having to walk back to the stockroom. As these case studies show, a mobile transformation can make in-store operations faster and more efficient and have a significant impact on overall productivity.

Mobile devices also give retail staff access to a wide range of mobile payment apps. With just a few taps, they can check-out a shopper in the middle of a crowded store aisle, or they can place their order on the spot and schedule delivery to their home. At Marks & Spencer, shop assistants can also help shoppers find out about loyalty reward offers that are currently available to them so that they can get the best deal on their purchases.

It is also possible to streamline processes such as click and collect and stock inventory. At Laura Ashley, as soon as an item ordered through click and collect arrives in store shop assistants are able to quickly scan it on arrival with their handheld computers. These immediately notify the customer that the item is ready for them to collect. When the customer arrives, a shop assistant can easily scan the item to automatically update the stock inventory.

"This is the start of our journey and we're in the process of replacing other devices," comments Colin Rice, Head of IT, Laura Ashley. "We're expecting that Honeywell will come to the table with us to share new ideas and spark new interest in what we can do to make the life of the store and the customer experience better."

GIVING RETAIL STAFF A VOICE

An established technology in the warehouse and logistics sector, voice is now starting to transform retail too.

What makes voice particularly effective in retail is that it makes tasks virtually error-proof, making the life of shop assistants easier while reducing downtime and improving productivity. Employees only need to receive simple commands and confirm their actions using a limited range of vocabulary meaning that there is very little room left for error. So, for example, they are given the instruction, 'Go to Aisle 7', from the system. As soon as they arrive they verbally confirm: 'Aisle 7'. They are then directed to go to Slot 42 in that aisle, where they read back a three-digit check character on the slot to confirm their location. They are then instructed to pick two items, which they confirm as soon as the task is completed.

Voice can also boost productivity by making the onboarding of newly-recruited staff faster. This is because tasks can be performed with minimal training, as employees receive simple, real-time instructions from the voice system. Perhaps unsurprisingly, for 64% of the retailers surveyed by Honeywell and YouGov, enhanced staff training has resulted in increased revenues.

In addition, retailers can capture detailed information about their operations as shop assistants complete their tasks, eliminate paper-based checklists and reduce the reliance on written inventory reports. The ability to capture and analyse this information means that they can make data-driven decisions to help identify areas of improvement and take specific actions to optimise operations.

For example, a large supermarket chain recently deployed a software and voice-based system on the night shift. It saw improved accuracy and gained access to more data for better visibility in its operation. In particular, the new depth of data available allowed the company to reduce the number of out-of-stock items on the shelves, and communicate daily inventory levels to central operations much more quickly and easily. The distribution centres providing stock to the storefronts were then able to make far more accurate decisions about the amount of food and beverage to send with each shipment.

Image: Honeywell Safety and Productivity Solutions

▲ Voice technology is moving from the warehouse to transform store operations

With the solution in place the store managers could quickly identify items that were incorrectly included in the shipments they received. Using voice commands, shop assistants could immediately identify and document shop floor issues, such as missing shelf tags, incorrect setup of marketing displays and new product introductions that might need attention from the next shift.

The supermarket also gained greater visibility into the processes of their night shift employees and in real time. The store measured data points, such as the length of time that work processes were taking, how many items were put away and the number of over-shipments. Using this data, the store managers could then better align labour hours with shipment volume to prevent understaffing or overstaffing a shift.

Mobile technology can clearly play a key role in addressing some of the challenges that UK retail faces by empowering its workforce and streamlining its operations. As the Amazon Effect continues, a smooth and frictionless omnichannel integration will continue to be key to the survival of brick-and-mortar retailers and will be in large part determined by their ability to enhance efficiency and productivity both in-store and online.

Positioning your brand for the future of voice

Nick Wilsdon, **SEO Lead, Vodafone Group looks at the real story behind voice and how much of an impact this new technology is going to make to the marketing landscape and the revenue for retail businesses.**

The following guest article has been written for InternetRetailing by Nick Wilsdon, SEO Lead, Vodafone Group plc. We're designers, dreamers and idea-hungry. Digital creatives who care deeply about our customers. Vodafone made the first ever mobile phone call in the UK on 1 January 1985 and we haven't looked back since. We're still putting our customers at the heart of what we do, forever challenging and pushing the boundaries of digital to give them new, ingenious and hassle-free ways to connect with their worlds.

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There is always a risk with any marketing trend that the hype exceeds the reality. Businesses are left wondering whether this trend will have an effect on their bottom line and how much focus they should put on it. This has definitely been the case with voice technology over 2018, with futurologists lining up to claim that this new medium will take over from traditional web and mobile commerce.

There are four major players in the current voice landscape. Amazon has been leading the market with their Echo devices, more commonly known as Alexa. Google has released a range of home devices but more importantly has integrations into Chrome and Android mobile OS. Apple has released its HomePod devices at the higher price range end of the market, but Siri is integrated into both desktop (OSX) and mobile (iOS). Microsoft does not have any voice devices currently available but its assistant, Cortana, is available in the Windows operating system on desktop and Microsoft's own mobile devices, such as the Lumia.

This is a complicated, emerging market that is changing rapidly. Voicebot.ai reports that Apple's HomePod raised more sales revenue in the first 5 months of device availability than Sonos did over the whole of 2017. Potential partnerships will undoubtedly disrupt market share. In September, Amazon made the Alexa technology available to manufacturers and even installed it into a microwave as a proof of the concept. While Google has been less public about opening up its technology, you can now find its voice assistant in new Philips TVs.

Voice technology adoption will increase dramatically as we see this technology being integrated into common household devices, from TVs and fridges to clocks.

It is interesting to consider these developments in voice technology against two other adjacent fields of technology, IoT and robotics. Our homes are becoming smart, from light bulbs to kettles. Voice technology is the natural way to interact with these smart devices, as well as home robots such as cleaning devices.

Tony Prescott, Professor of Cognitive Robotics, at the University of Sheffield and Director of Research at Consequential Robotics, highlights the importance of social robots. One in eight of us already has a social care need. Rather than thinking about robotics in terms of humanoid devices, social care robots will come in the form of intelligent moving tables or robotic pets. It is not hard to see how the technology behind robotics and voice technology will soon converge.

The low cost of voice technology will rapidly push adoption, much as the sub $50 smartphone has for mobile penetration. This cost point allows manufacturers to integrate this technology easily, giving them a smart (IoT) product that appeals to consumers. Gartner predicts that 75% of US households will have a smart speaker by 2020. I would argue this is a conservative prediction now that the technology is being distributed in raw form.

Voice represents a new interface to the devices around us but importantly, also with the Internet. However, while hands-free control will remove friction for some interactions there are certainly many activities that cannot currently be served through this medium.

A usability study from the Nielsen Norman Group indicated that voice-only or screen-based intelligent assistance work only for very limited, simple queries that have simple, short answers. More advanced tasks such as product comparison and shopping are difficult to conduct through this medium. Users become annoyed when listening to an assistant talk at length about product options. There was no easy way for users to go back-and-forth and compare product options. They had to commit all the information about each alternative to their working memory in order to progress to the next action.

It is clear that we are in the early stages of developing these voice interactions to be useful to consumers and thereby generating significant ecommerce value. As the Nielsen report suggests, voice interactions are currently simple, they only require one step or simple action to complete. The technology needs to mature to allow multi-step tasks that require several stages to complete the process, such as placing an ecommerce order.

ADDING CONTEXT

The evolution from simple actions to multi-step tasks will require voice technology to have a better understanding of context. This is a familiar problem to search engineers and those working in robotics. Users increasingly expect search engines to understand the context of their query. That context may be an understanding of their previous queries as they narrow down their search criteria or personal data to deliver more relevant results.

Both search and robotics are tackling the problem of physical context. Google reports that 43% of mobile queries involve geographic intent, while robots need to have an understanding of the physical space around them and even the emotions of the humans they interact with. Interestingly Amazon has secured a patent that allows them to offer relevant advertising based on the tone of the user's voice i.e. if Alexa detects the user has a cold then s/he can offer to purchase cold remedies as follow-on interaction to their original query.

It is likely we will see rapid advancement in this understanding of context. And perhaps we are being too hard on this emerging technology. In 2000, studies by Nielsen Nelson Group showed that only 61% of users achieved their aims when visiting a website. By 2010 this figure had risen to 78%. Similarly, mobile usability has improved dramatically over the last three years.

There are significant advantages in hands-free interactions. Think of the busy parent looking after children and remembering to add a product to their online shopping list. The driver who will use hands-free interactions rather than risk a penalty for using their mobile phone. The productivity junkie who gets reminders on events and adds items to their to-do lists. My household particularly appreciates the Alexa Skill that records whether or not the dog has been fed yet, thus providing useful and timely information.

The challenge for businesses is to consider how voice can augment and enhance their current channels rather than replace them. What simple actions can they support to enhance their customer experience? These range from allowing customers to know where their deliveries are, answering common support queries to sending billing summary PDFs to their mailbox. There are many opportunities to reduce friction and improve brand loyalty through the simple actions while we work on supporting the multi-step activities that are to come.

An important factor in the development of these multi-step activities and the understanding of context will be the advancement of personal assistants. Once Google assistant, Alexa, Siri or Cortana become smarter, they will allow more advanced interactions to happen through voice. Consider Alexa interacting with your calendar, understanding that your partner's birthday is coming up and asking if you would like flowers to be delivered to your home address. Google gave a demonstration at its I/O conference this year where its assistant autonomously booked a hairdressing appointment.

In the same way that Uber made taxi rides more affordable and available to us, voice technology will make the personal assistant ubiquitous. Brands need to consider urgently how they can make their data and services available to these assistants and platforms. In preparation for 2019 I would strongly recommend that brands consider how the data on their websites has been made machine-readable, from information architecture to deployment of schema. Do you have feeds and APIs for your products and services? And lastly how are you managing your data silos to allow these interactions to happen, i.e. can you actually report to customers the location of their delivery?

Voice technology is not over-hyped. This environment is being developed at a rapid pace on the back of several converging streams of technology, from robotics to AI and machine learning. However, our current expectations for voice and hands-free interactions should be realistic. Voice will not replace your desktop or mobile activity, but it can augment and enhance these channels. Focus on the simple actions that you can deliver now and prepare your business to support the advanced and multi-step queries that users will come to expect. This preparation should be high on your agenda for 2019.

Hybrid theory

***Paul Skeldon*, InternetRetailing's Mobile Editor, investigates whether there's a disconnect between what consumers say they want from mobile technology and what retailers are offering.**

There is no denying that the Amazon Go idea has shaken up in-store retail. Without it pushing ahead with its high-tech solution to the perennial bugbear of having to queue up to pay, we are unlikely to have seen Tesco, Sainsbury's Co-op and Budgens press ahead with their own 'scan and go' technologies.

However, what mobile retail means today – both digitally and in-store – has evolved from simply using the device in the shop to get either a web-like experience or to make life more simple. Yes, these are important drivers, but they are now just part of a complex pattern of how shoppers shop.

> "The UK is leading the way with click and collect. 64% of retailers now offer the service"

According to the Holiday Retail Outlook Report by Conversant, Epsilon and LoyaltyOne, while mobile shopping and new tech are on the rise, traditional stores do still have their place – especially at Christmas. The study reveals that 88% of consumers still make in-store purchases during the Christmas period – but retailers shouldn't consider these in-store experiences separate from online shopping activities.

According to the research, 46% of consumers start their shopping in store and then purchase online, while more than half (58%) first browse online and buy their Christmas shopping in-store. For those retailers wishing to target younger shoppers, the vast majority (78%) were revealed to shop both in-store and online.

"Today, the omnichannel consumer experience is key," says Elliott Clayton, SVP Media UK, Conversant. "It's getting rarer and rarer for shoppers to research and buy in one single environment, be it in store, on their laptop, their mobile phone or tablet. Instead, it's far more common for consumers to shop across these channels – research the product on their laptop for instance, then popping into a store to see a product in person, before finally making a purchase on their mobile phone. Making this multi-environment experience as seamless as possible is key to ensuring the consumer stays loyal to your brand."

This muddled up approach to shopping is going to be the theme of retail across this year's peak season and on into 2019. Shoppers want the convenience of the web, they want the immediacy of mobile, but they also want the experience of the store and ability to touch and try the goods. They also like the 'element of surprise' of visiting stores – seeing things that they didn't know that they wanted.

This hybrid of online and in-store shopping is controlled by mobile – it is the online element of both sofa commerce and in-store shopping – and it is leading to a rise in a variety of new ways of shopping.

WHAT'S WORKING FOR CONSUMERS

Click and collect has remained bafflingly popular despite the growth of internet shopping and this trend is growing, driven by the hybrid nature of modern technology. the Omni-2000 Research: Global research from OrderDynamics, which has talked to 2,000 retailers around the world and found that omnichannel retailing is increasingly becoming the de facto way that retailers think, with mobile becoming increasingly important as part of a shift towards more click and collect.

> "Retailers shouldn't be writing off the value that a good in-store experience can bring to their business"

For the second year in a row, the UK is the leading country in click and collect, with 64% of retailers offering the service, the study finds. This is driven by shoppers increasingly picking up their phone – or even talking to their voice device – while slumped on the sofa to buy goods, but wanting to go and collect them when near the shops at work or at the weekend.

On the flip-side of this click and collect phenomenon is another mobile and voice-driven in-store opportunity for retailers: Boris.

Buy online, return in store (Boris) is becoming a thing. The Omni-2000 Research suggests that 72.6% of omnichannel retailers offer Boris, as it is really popular with shoppers.

This builds on other growing trends in retail, such as Buy now, Pay Later – rolled out by ASOS earlier this year and recently also adopted by Prime Wardrobe in the US

Image: Honeywell

The majority of shoppers value shopping in store since it offers a human experience that can't be recreated online

and UK by Amazon. These are the services that shoppers want – and stand against what many retailers are actually investing in.

Research by Klarna at this year's London Fashion Week of what technology fashion retailers were looking to roll out and, conversely, what technologies consumers wanted to see in use in-store found an interesting dichotomy appearing. While fashion retailers want to invest in high tech features such as AR and VR, some 80% of shoppers say they wouldn't be interested in using it.

Fashion retailers seem to be dazzled by the latest tech trends, while they still find the fundamentals a challenge. A fifth of these retailers admit they are still struggling to get the basics right when it comes to digitisation, and a further 42% agree they're so focused on getting online right that in-store technology isn't a priority.

This is in stark contrast to what consumers say they actually want, with almost three quarters (73%) stating they value shopping in store, as it offers a human experience that can't be recreated online. In short, retailers shouldn't be writing off the value that a good in-store experience can bring to their business.

Instead, consumers want technology that takes measurements, so consumers can be sure items fit before buying (42%), and access to the same level of discounts in-store as they can access online (49%) were both top of the wish-list for consumers. In addition, a third (31%) of shoppers wanted to be able to pay later after they've left the store or pay after delivery, without their card.

However, despite clear direction from consumers on what the future of 'fashtech' should look like, retailers are prioritising other less functional features. Online personas & avatars (38%) came top when retailers were asked what they would like to integrate in the future, while shoppers' top request was better variety of clothes (28%).

> "The advance of technology is inevitable, and it's clear that customers are undecided as to what the advantages of some of the latest technology is"

In addition, retailers wanted to create virtual stores to be viewed online (32%) despite the fact that only 10% of consumers said they'd like to see the same.

Howard Saunders, a self-declared 'Retail Futurologist' believes that: "The advance of technology is inevitable, and it's clear that customers are undecided as to what the advantages of some of the latest technology is. What this research shows us is that retailers may enthuse and

Image: Softbank Robtics Europe

The future is coming fast, but it's worth remembering we'll still be human when it arrives

embrace technology as a means of reviving sales, but unless customers can see the benefits personally, it could be a wasted investment. A muted response to technology like drone delivery, smart fabrics and virtual store assistants shows that removing the personal element from fashion retail could be a mistake. The future is coming at us fast, but it's worth remembering we'll still be human when it arrives."

The lesson is that people don't want just technology, nor do they just want 'old fashioned retail'. Instead consumers inevitably want the perfect balance of the two: technology to add convenience, people to answer those more tricky questions. Getting this balance right is the real challenge that retailers face – what tech to invest in and where to deploy it and how that is going to play off on-going investment in staff.

STORES ARE TOO DIGITALLY RIGID – AND STAFF HATE IT

Having the wrong mobile technology in store isn't just a problem for customers, it is also having an impact on staff. Many shop workers are young and they are, in their normal, non-working, lives, highly digital – they use their phones and tablets to achieve all the things the rest of us do. When they come to work, they have to park that genius bit of kit and work in an increasingly arcane technology environment. And they hate it.

According to a survey of more than 500 retail workers by IT consultancy and technology firm REPL Group, almost half (44%) of UK retail staff say the biggest frustration in the industry is using outdated technology and a lack of training – and they are leaving the industry as a result of stores being 'too rigid'.

Some 46% of those surveyed believe that stores managing their workforce more efficiently would improve their job satisfaction, while 70% feel more flexibility on pricing to match online competitors and more accurate forecasting would result in higher levels of in-store engagement.

According to 18% of respondents, their job satisfaction would be enhanced by having access to a customer's purchase history when they walk into the store.

"We are finding that a large number of retailers are being held back by their existing digital set-up," says Mike Callender, Executive Chairman, REPL Group. "These retailers must invest in new technology to address the concerns expressed by retail workers and avoid being left behind. By deploying up-to-date, in-store technology including POS upgrades, retailers will be able to overcome customer service frustrations by allowing its employees to easily place orders and check stock from the shop floor."

Callender continues: "It is vital that retailers address these shortfalls in workforce management and forecasting by upgrading their current systems. By adopting new AI technology, retailers can gain access to more granular insights and simplify calculating forecasts and demand."

The study also found that more than three-quarters (76%) of retail workers say that their store has been left unprepared for spikes in demand of certain products, particularly in the lead up to major games during this summer's World Cup and periods of extremely hot weather.

"From the poll, we can also see that the majority of retail workers believe the high street is currently too rigid and lacks the flexibility in pricing offered by online shopping. Sadly, this could be the high street's downfall, unless store owners act on the observations of those working on the shop floor and provide them with the correct tools to overcome these issues, perform their roles effectively and offer a better level of customer service," adds Callender.

Mamas & Papas: Delivering when due

Chris Greenwood, CIO, Mamas & Papas spoke to Emma Herrod about how the implementation of carrier management and checkout delivery choice systems have impacted customer experience.

Mamas & Papas sells baby and nursery items to consumers in the UK and internationally. A customer's order can consist of items of varying sizes such as a cot and some new-born clothing, a pushchair or simply a soft toy. The customer may also not want their order dispatched immediately preferring a specific time slot before a baby's due date. They also may want their order delivered on the day their order is placed, the next day, delivered to the room of their choice or utilise other services such as "build," explains Chris Greenwood, CIO, Mamas & Papas. Orders therefore could be fulfilled within 30 minutes of the order being placed or up to 6 months later. "We pride ourselves on getting everything right and to the customer at precisely the right time that they want it," he says.

The Mamas & Papas operations team therefore need to be able to cope with differing sizes of their own goods, a multitude of carriers and branded goods which could be cross docked to ensure that they reach the customer at the right time. Something that's being manufactured could be ordered by Mamas & Papas to arrive into the warehouse a couple of weeks before it needs to be dispatched to the customer.

A warehouse in Huddersfield is responsible for UK orders and store replenishment with international warehouses in Hong Kong and near Los Angeles, operated by a 3PL, handling the retailers' international operations. The retailer operates a wholesale business too.

Mamas & Papas operates a single stock pool and this is controlled by an in-house built Warehouse Management System (WMS) which allows the company to deal with stock as efficiently as possible. The decision to build the solution itself was based on the range of products and services which the company offers. With anything from booties to wardrobes needing to be delivered at the same time, the retailer struggled to find a solution that matched the requirements of what it needed to offer. "Around 75% of our systems are developed in house because those are the areas in which we can be really efficient," says Greenwood. Much of it is specific to the nursery business.

"We can bulk pick for our wholesale customers and be picking a smaller parcel for our retail customers at the same time," he adds.

The retailer uses different carriers to deliver the various sized orders to customers in the UK and internationally. Hermes, for example, could be selected to deliver

▲ Chris Greenwood, CIO, Mamas & Papas

a small parcel, DPD for medium parcels, Yodel for large parcels and 2-man delivery from other carriers, Greenwood explains. As well as the size of the parcel, the criteria for choosing a specific carrier for an order also includes the items within it, the location of the customer, whether a 2-man delivery is required and any services which the customer has chosen. It's therefore important for the company to be able to manage the labelling and requirements of the different carriers to ensure easy transition between the warehouse and the carrier's processes. Mamas & Papas also needs to be able to onboard new carriers easily and link customers' delivery and service requirements chosen on the website with its operations and carrier capabilities.

The retailer worked with GFS on the development of its GFS Checkout solution having already implemented the GFS Selector carrier management solution. As Greenwood explains, somebody who is already dealing with all the carriers means that we could onboard other carriers very quickly. “Sometimes that’s necessary if we get a new customer who has very specific requirements and needs a specific carrier and a specific label,” he says.

The GFS Checkout system, which controls the delivery options shown to shoppers when they place an order on the website, integrates with the WMS so that the website knows whether products are in stock. If a product isn’t available for 6 weeks, for example, the option of next-day delivery won’t be shown to the customer.

It doesn’t select the actual carrier but the attributes of the type of carrier based on rules set by the retailer. The order is then passed to the WMS, is scheduled for dispatch and the label system decides on the number of parcels and labels which are required. These are printed out at the end of the picking process. The Selector system also sends the information to the relevant carriers so that they are aware of parcels for collection. “It also means we don’t have to worry about trying to match manifest to goods being ordered. It takes away the need for us to do separate interfaces,” says Greenwood.

A website order containing multiple items is grouped into one parcel based on size of the largest item in the order and the location to which it is being sent. The retailer then slots the order into a time scale when the order can be delivered in its entirety and at a time convenient to the customer.

IN THE WAREHOUSE

Mamas & Papas worked with GFS in the early stages of the development of GFS Checkout so could influence what the technology did from a checkout point of view, so the company received exactly what it was expecting. “It felt like a co-developed solution,” says Greenwood, “and it works to the exacting standards that we needed for our customers”. Implementation was “relatively painless” too but Mamas & Papas do a lot of testing of new systems. “There was almost no down time,” he adds.

Image: Mamas & Papas

The decision to go with an outside system rather than developing its own solution was down to the speed of implementation. Rather than having to develop solutions once the retailer started talking to a new carrier, 75% of the work that Mamas & Papas had to do had already been carried out by GFS, explains Greenwood. “It makes life so much easier. Just setting configuration parameters is really the only thing we have to do development wise to onboard a new carrier,” he says. This can be carried out by the operations team.

Customer experience is important to Mamas & Papas as the accuracy and efficiency of its warehouse and fulfilment processes are driven by customer satisfaction. KPIs for the operations team include efficiency of getting goods through the warehouse and the speed of fulfilling orders. The success of the GFS implementation, carriers and the retailer’s ability to ensure that things are in stock just in time are also measured along with the ability to move quickly, onboard other carriers as necessary and make changes and divert traffic as needs be. “GFS means we get things out of the door within a few minutes of the order being placed online and that is critical to us,” says Greenwood.

The next project for the IT team in linking operations with the customer-facing website is to increase the visibility of the delivery options earlier on in a customer’s journey so that they know how much they will be expected to pay for their delivery and when it can take place.

Another development for the hybris-platformed website is development of the personal shop experience. These personal shops are bookable currently on the website but take place in store. They can take up to 2 hours with the potential customer being taken around the ranges offered by Mamas & Papas and helped with information about cots, pushchairs etc. Greenwood explains that customers in this sector do a lot of showrooming with items viewed in store and then ordered online so that the retailer wants to expand the number of personal shops that can be performed in store, and possibly online too. “There are no promises to when this will take place as its early days yet,” he explains.

Read more of *Liz Morrell's* insight into changes in the delivery market and keep up to date with the news between issues at *www.edelivery.net*

ASOS FOCUSES ON LOYALTY DRIVE WITH PREMIER

Following the closure of its UK loyalty programme A-List ASOS says it will evolve its loyalty offering to be more global and to give focus to its Premier Delivery option, which it says its customers have said that they love. The number of premier customers, who pay £9.95 a year for unlimited next-day delivery, increased by 53% to 1.3 million for the year ended 31 August 2018.

Revealing its year-end results, ASOS said that delivery and distribution were key to its success and that is has made further improvements to the delivery proposition globally this year. That includes the launch of new delivery methods, promise improvements, extended cut-off times and improved coverage across the world.

The retail group launched same-day delivery into Birmingham and Berlin, and extended next day cut-off times for EU orders to 4pm. Click and collect was launched into Russia, with over 3,000 locations, and extended in Finland, Sweden and Poland.

Following a successful pilot in the first half, a new returns experience was rolled out to 18 countries globally in the second half of the year. This feature is integrated within 'My Account' and improves the returns experience by allowing sight and status tracking of returned orders as well as early payment of refunds.

ASOS is also continuing to invest in its Euro hub to bring efficiency levels closer to its UK Hub in Barnsley. It said the efficiency of the facility will improve significantly as it moves into the next financial year and that the phase two extension was progressing to plan with the automated storage system now more than 95% complete and testing and commissioning well underway. The retailer said good progress was also being made on the new warehouse management system which will be installed this year.

The financial year also saw the successful completion of phase one of ASOS' new US hub in Atlanta which will enable it to access future delivery cost savings. The one million square foot warehouse in Atlanta is now live for both inbound and outbound despatch, with plans to ramp towards 100% local fulfilment for the US market.

20 OCADO FULFILMENT CENTRES FOR KROGER

OCADO GROUP has signed service and operational terms on its deal with Kroger, the US food retailer, it announced it was to work with in May.

The partnership will see Kroger order 20 customer fulfilment centres (CFC) in the first three years of the partnership. The CFCs will be developed and operated by Ocado. The first three are scheduled to go live around two years from now.

Ocado will install and maintain modules of Mechanical Handling Equipment (MHE) sufficient to provide an agreed level of throughput for the retailer. The location of the first three CFCs will be released by Kroger in the coming weeks,

Luke Jensen, CEO of Ocado Solutions, said: "We are delighted to have signed this services agreement with Kroger which sets out the key parameters for our working relationship going forward. The Kroger and Ocado teams have been working hard for some time to prepare for the opening of the first CFCs in the United States. We are very excited at the prospect of helping Kroger bring new services and value to its customers and transform the food retail market in the US".

Alex Tosolini, Kroger's Senior Vice President of Business Development, said: "This is a significant step toward both solidifying our partnership with Ocado and redefining the Kroger customer experience."

AMAZON LAUNCHES PRIME WARDROBE IN THE UK

AMAZON FASHION has launched Prime Wardrobe in the UK, its try before you buy service which allows Prime customers to have fashion items delivered free of charge, try them on and only pay when they have decided what they want to keep. The service was launched in the US in June.

Customers can select from three to eight items for free delivery and with no upfront charge. Once they have received their order they have a week to decide what they want to keep and can return the rest for free using a resealable bag and prepaid label.

"Whether you want to try out some new wardrobe staples, the latest seasonal trends, or need new clothes for the family with the option to try multiple sizes, colours, and styles – Prime Wardrobe makes shopping at Amazon easier than ever," said Susan Saideman, Vice President of Amazon Fashion Europe.

"Fit is an important factor when it comes to buying clothes and shoes, and with Prime Wardrobe, Amazon Prime members can try their purchases in the comfort of their own home at no extra cost," said Xavier Garambois, Vice President of Amazon EU Retail.

Fashion brands available from the new Prime Wardrobe service include Calvin Klein, Tommy Hilfiger, Levi's, Esprit, Miss Selfridge, Lacoste, Love Moschino, New Look, Aldo, Puma, Ted Baker, New Balance, LK Bennett, Vans and Pepe Jeans as well as Amazon's private label fashion brands.

eDelivery
Fulfilling the multichannel promise

WAITROSE & PARTNERS TESTS DELIVERY INNOVATIONS

WAITROSE & PARTNERS is to become the UK's first supermarket to trial the delivery of groceries to customers inside the home while customers are out.

The 'While You're Away', service will initially be tested with 100 customers located within the delivery area of its dotcom fulfilment centre in Coulsdon, south London. If the trial is successful the retailer hopes to roll out the service to more than 1,000 customers in spring 2019.

Waitrose & Partners is partnering with Yale to use its smart lock technology, enabling the customer to grant access to a Waitrose delivery driver by setting a temporary access code for the lock which is then sent to Waitrose via a secure app. The code is then sent to the driver's device at the time the customer has booked for the delivery and is deleted once the delivery is complete.

As well as delivering the products the drivers will also be tasked with putting refrigerated and frozen goods away and leaving other groceries on the kitchen counter, or where instructed by the customer. The whole delivery is captured on a chest-cam worn by the driver, with the video available for request for the customer the next working day.

The service will comprise a minimum order of £25 with a minimum of six orders initially due to the small trial sample. However this will be reviewed after the trial.

Archie Mason, Head of Business Development at Waitrose & Partners, said the move was the latest by the retailer to improve convenience for busy customers. "The concept of 'in-home delivery' has started to prove popular in other countries so we are keen to establish if there is an appetite for it in the UK."

The grocer has also launched a two-hour and same-day delivery service as part of a new trial with On the dot. The 'Waitrose Rapid Delivery' service is available in eight London postcodes where customers will be able to choose up to 20 items from a curated selection of 1,500 products at rapid.waitrose.com.

SUPERDRY BOOSTS LOGISTICS VISIBILITY THROUGH IT OVERHAUL

SUPERDRY has worked with software company Consignor in order to consolidate its logistics IT systems. The clothing company can now manage all movements of its goods between its distribution centres, stores and customers on a single platform. The project has included integrating Consignor's software with that of Superdry's warehouse management system provider JDA at Superdry's Europe and US distribution centres.

The company has added 40 carrier services to its offering.

In addition, Superdry has made use of Consignor's "Shipping Rules" option, which allows it to automate rules in order to pick the optimal delivery method for each shipment. It has also increased visibility for customers using click and collect, as well as digitised customs documentation for international shipments.

Gordon Knox, Logistics Director, Superdry, said: "Consignor is the right fit for our business, as they are agile and able to respond to our brand's ever-changing business needs, provide a stable and scalable solution with access to the carriers that we want to work with.

"Moreover, Consignor has the appetite to develop new concepts and ideas with us. These are all important factors for us, as our strategy is to become a global digital brand through digital supply chains and operational excellence."

CARRIER NEWS

YODEL is to launch a seven-day service in the spring, its latest innovation to come about as a result of the company using its customer insight to drive innovation in the final mile. The company has also announced the launch of Inflight, following a pilot over the summer. It will be rolled out in full in the New Year and allows customers to change their delivery instructions up to an hour before the delivery is due.

UPS has expanded its My Choice delivery update service to 96 additional countries and territories, expanding on the 16 in which the company initially introduced the service. UPS My Choice updates customers on their delivery status and allows them the option of inflight change.

Meanwhile, DHL Supply Chain has opened a new multi-user, multi-purpose 11-acre warehouse in Avonmouth in Bristol. The regional distribution centre features a choice of storage conditions that include 120,000sq ft of ambient chambers and 35,000sq ft of temperature-controlled sheds, including frozen, chilled and fixed temperature chambers.

Hermes has opened a new purpose-built parcel distribution depot at Prologis Park in Hemel Hempstead and created 50 new jobs at the 80,000 sq ft depot. The depot is the equivalent in size of 11 football pitches and can process more than 130,000 parcels each day for distribution across London and the Midlands. Its launch follows the opening of a £31m Midlands Super Hub in Rugby last year.

Insight around the world

ROBERT HOWIE, MANAGING DIRECTOR, C SPACE

Over the past four years, we've listened to over 95,000 shoppers in the US and they all told us one simple truth: the businesses that they love, that keep them coming back, are those that deliver against their emotional needs as much as their functional ones. Further, we've identified five emotional cues that customers respond to (reflected in their buying behaviour): Empathy, Openness, Relevance, Ease, and Emotional Rewards. Companies that deliver on these needs have better financial results than their competitors.

Iconic brands like L.L.Bean, Nordstrom, Amazon and Disney top the list of best customer experiences in the USA in 2018, according to our 2018 'Customer, Experienced' study.

Texas Roadhouse ranked 2nd for customer experience. It's a restaurant chain that over-indexes on Empathy. Touches like allowing customers to choose their own cuts of steak or letting them look at it before it's seasoned brings that magic you get when you're watching Julia Child on TV, or when you're trying to impress the friends that you have over for dinner.

Amazon (ranked 7th) stands out for Openness; a crucial part of any human relationship, and Amazon, like any good friend, is reliable and dependable. Customer service resolves issues immediately and it always delivers (literally and figuratively). The company has redefined retail in every sense and its hefty trillion dollar market cap speaks to that.

Nike (ranked 19th) knows how to provide Relevance by sharing its customers' values, and Hilton (ranked 9th) is winning the Ease battle by providing a consistently seamless experience.

Luxury retailers like Nordstrom (ranked 5th) are tapping into their customers' desires in different ways. The retailer is easy to do business with, and places great emphasis on delivering Emotional Rewards, like its recently introduced 'Nordy Club' loyalty program. If you're a member, you've got early access to style and beauty workshops, free alterations and more. The more you spend, the more rewards you get – which panders to the emotional creature inside all of us that says, 'I feel smart for shopping here.' Once a company has that open dialogue with the emotional creature – they become hooked. Then you've got more than just a customer. You've got a promoter.

NORIYUKI MATSUDA, FOUNDER AND CEO, SOURCENEXT

Japanese IT literacy is lower than what people would expect. As a result of this, instead of consumers buying goods on Amazon, they like to visit large brick and mortar retail stores (i.e. Yodobashi Camera), and learn the technical aspects of products directly from in-store salespeople.

Therefore, having extremely well trained sales representatives who can provide consumers with excellent service is exceedingly beneficial for anyone looking to enter the Japanese retail market. The Japanese distribution channel is very complex and very domestic in the way that everyone must be able to speak Japanese to do business. Because of this, it is very important to have strong partners in Japan who can help with translation, as well as running day-to-day aspects of the business.

Since there is such a necessity for quality customer service in Japan, businesses will need to focus on that area, with support from a Japanese speaking service representative. Japan is known for its stellar customer service levels, which are consistently better than other countries. This is largely due to the fact that over half the population takes their business elsewhere after having a poor customer experience. In order to retain customers in the Japanese market, you need to make sure your customer experience agents are always at their best.

Brands in Japan are still grown through television advertisements with television advertising and promotion having a much larger impact in Japan than in other markets, including the United States. From a marketing perspective, television commercials are still a very useful way to create brand awareness so it is important to make sure that your brand is targeting the appropriate demographics through that channel.

Customer obsessions are key to brand success, and creating a superior in-store experience will keep bringing customers back into brick and mortar stores. Introducing "old school" retail culture to your employees, with a focus on ambience and a fully immersive retail experience, will help global brands stand out in Japan. No matter how quickly technology changes, there are certain aspects that stay the same, like being appreciated and having a sensory experience.

EMMA HERROD, EDITOR, INTERNET RETAILING

New Look is closing all of its physical stores in China following a review of the company's international strategy.

The fashion retailer, which has been gradually reducing the number of stores in China, is set to close the remaining 120 by the end of December 2018. Its head office in Shanghai will close shortly afterwards.

The exit follows substantial investments in recent years but New Look says that the sales and profitability of the Chinese business are not high enough to support "the significant future investment required to continue these operations".

The company has been operating a store on Tmall and is currently reviewing options with regards to continuing its ecommerce trading operation in China

"Having reviewed the trading performance of our business in China and the substantial investment required to continue operations in the market, we have made the difficult decision to exit our stores in China," said Alistair McGeorge, Executive Chairman, New Look. He added: "As our turnaround plans continue, we remain focused on ensuring that New Look is well positioned to drive strong business performance and profitable growth."

The strategic review of New Look's other international markets is continuing.

Meanwhile, luxury retailer Hermès is continuing with its expansion in China with the launch of an ecommerce site in October. The company has also opened a store in Xi'an, Shaanxi Province, bringing its store estate in China to 25.

Fashion retailer Cos, is launching online in China too with a shop front on Tmall and a standalone site cosstores.cn. The company already operates more than twenty brick and mortar stores in 17 cities in China with further openings planned. Cos Managing Director Marie Honda said that she's looking forward "to this new chapter ahead."

Single's Day, the biggest sales day of the year across Alibaba in China, reached a massive $30.8bn (£23.84bn), 27% higher than last year's figure. 2018 marks the 10th anniversary of the 11.11 Global Shopping Festival which sees Chinese consumers buying from domestic and international brands. Over 40% of consumers bought from international brands with Apple, Dyson, Kindle, Estée Lauder, L'Oréal, Nestle, Gap, Nike and Adidas all doing particularly well reaching more than £11.12m in sales on the day. The leading countries selling to China were Japan, the US, South Korea, Australia and Germany.

Elsewhere, Inditex, owner of fashion brand Zara, has announced its ambitions to sell all of its brands online around the world by 2020. This includes in markets where it does not have any physical stores.

DERRICK HARDMAN, MANAGING DIRECTOR UK & IRELAND, GLOBAL BLUE

Every year retailers across the UK eagerly await Golden Week, a small window following London fashion week and pre-Christmas, which has long been established as the industry's bumper season. Throughout the Golden Week period, wealthy Chinese shoppers traditionally flock to the UK and Europe to purchase new season, luxury products from leather designer accessories to the latest fashion collections.

While much of 2018 has been characterised by slow sales and a difficult retail environment, our latest insights reveal that October's Golden Week holiday provided some welcome relief as an influx of affluent Chinese tourists made visits to luxury retailers and hotels across London and the wider UK. Throughout October 2018 tax free spending from Chinese visitors in the UK increased compared to September 2018 and these visitors remained the UK's largest group of tax-free spenders. Chinese visitors accounted for 32% of total tax free sales in the UK in October 2018, compared to 25% in September 2018. Chinese tax free spend in October 2018 was also +4% higher than the second largest group of tax free spenders, which was Middle Eastern visitors who represented 28% of all UK tax-free spend.

Throughout Golden Week, many luxury retailers focused heavily on strategies to make their brand more appealing to Chinese visitors in order to promote spend in store. This included introducing more Mandarin in-store, highlighting products specific to the Chinese market and adding touches of China's lucky colour red.

The growth and appetite for retail in the Chinese market, as seen during Golden Week and more recently Chinese Singles Day, where spend was up 27% on last year in China, proves how important it is for retailers to develop customised, welcoming experiences for international visitors as we move into the busy Christmas season. Moving into the festive season, we anticipate that our new London Lounge in Mayfair will continue to welcome more visitors from key international markets such as China, The Middle East and America who will enjoy an early tax free refunding service.

Image: InternetRetailing Events

InternetRetailing Conference

Emma Herrod **brings together some of the retail insight from this year's InternetRetailing Conference which took place in London in October.**

2018 is a challenging year. This was the overriding feeling at the InternetRetailing Conference which took place in London in October. There is hope though amongst the retailers who gathered at the Business Design Centre, many of whom had attended the conference every year since the event's inception in 2006.

The day started with a look across the skills necessary for innovation, a discussion on the key topics from AI to AR and the value of data to international expansion in round table events and ended with a panel of experts sharing 'one' word that would take retail forward into 2019. However, news as the conference broke was that fashion retailer Coast had collapsed due to "difficult trading conditions" according to a statement by the retailer's directors.

Karen Millen has bought the Coast brand and website and will continue to run the remaining concessions.

Many retailers at the Conference agreed that 2018 has been challenging, while commenting that the uncertainty of Brexit and the fluctuating position of sterling is not helping UK businesses.

The securing of Coast's ecommerce business and the continuing growth of online across retail is testament to the importance of digital channels. Change is needed though with attendees at the InternetRetailing Conference saying that they are working on a mixture of optimisation to reduce points of friction in the customer journey and innovating and testing to change the omnichannel experience.

Sean McKee, Director of eCommerce and Customer Experience, Schuh commented in a panel discussion that the shoe retailer prioritises getting the customer journey right. "It's about identifying pinch points or low hanging fruit," he said, continuing, "our business is around location of stock, selling at the best price and selling across channels."

At Lidl, the removal of friction is about thinking about customer pain points and how digital innovation can address those. "It's not just about the consumers," said Alex Murray, Digital Director, Lidl UK, explaining that delegates need to look inwards into their business and work out how innovation can help them renew their way of thinking.

However, as McKee pointed out, every retailer has to work out what the levers are for their own business. "There isn't a formula," he said.

The same is true when it comes to innovation. The panel agreed though that there is sometimes very little advantage to being the first mover. Technology may make something possible but if the customer isn't ready it's not going to be adopted. Murray gave the example of lockers into which customer orders can be delivered saying that when he looked into the proposition 15 years ago while working at Waitrose there was "very little appetite from consumers."

However, the panel agreed that some models do completely disrupt a market and whatever happens to the disruptor, such as Uber, things will never go back to how they were before. "Uber is the ultimate friction-free product experience," said McKee.

Some consumers will use new innovations differently. While discussing the rise of voice search and devices including Alexa, Murray said that "we'll find there's a generation that will respond to it and use it in a way that's different to how we will."

The panel believes that the younger generation will use voice more but there is still work to be done to make the technology more convincing and to add emotion. And when it comes to measuring its effectiveness, McKee pointed out that there are clear points of comparison between voice and text. "We know how consumers search with text," he added.

ALIBABA

When it comes to innovation, China's Alibaba is pushing the boundaries not just of online commerce but across the full ecosystem. Its mission is "to make it easy to do business anywhere," David Lloyd, Managing Director, UK & Nordics, Alibaba Group, told delegates.

China accounts for more than 40% of the world's ecommerce market with 800 million internet users in the country. Three quarters of a trillion dollars are transacted on the Alibaba platform alone each year. Single's Day has grown into a $25bn phenomena. What started as an event involving 27 brands taking $7m in transactions on the day in 2009 grew to 140,000 brands taking part in 2017.

Alibaba also runs Youku, the YouTube of China, food delivery services which will deliver a coffee to your desk, logistics services, a service similar to Google's AdWords called Alimama, and its payments facility Alipay which allows shoppers to pay for items online or offline from taxis to market stalls. Alipay has more than 600 million users.

Lloyd explained that Alibaba's big focus in Europe is helping retailers from this region enter China. This has meant that Alibaba has had to move from just being an ecommerce business. With every user visiting its Tmall and Taobao platforms 7 times a day for around 28 minutes, helping European companies "is not just about ecommerce, it's building a brand," he said.

A lot of the company's investment recently has been in offline services linking bricks and mortar retailing with digital. Its Hema supermarkets, for example, are as easy to shop online via an app as they are offline. The 50 stores have also been designed to be destinations in their own right with customers able to choose a live lobster and have a chef prepare and cook it for them while they wait and eat it there.

The omnichannel technology used at the Hema stores is being incorporated into the RT-Mart hypermarkets operated by the Sun Art Retail Group, of which Alibaba owns a 36% share.

Each item in a store has a QR code so shoppers can just scan the items they want and have everything delivered to their home within one hour without carrying anything in store. If an item is out of stock it can be ordered for delivery at another time. These stores incorporate a Tmall zone so shoppers can scan something with the RT-Mart app, add it to their order and have it delivered along with the rest of their shopping.

There are 600 million people in China who are not yet online. Alibaba is not ignoring them though. The company has developed a retailing solution for the country's 600,000 local convenience stores to help them analyse what's happening in their local area, what's selling quickly, which products are selling but they do not stock etc. This gives them not just the picture of their own store but what is happening in the wider area as well as being a way for them to utilise central purchasing and the ability to receive all of their orders in one delivery.

"Stores are absolutely an integral part of our future," said Lloyd.

FUTURE

And what of the future for ecommerce and retailing in the UK? A panel closed the InternetRetailing Conference with a discussion on what ecommerce will be like in 2021. With everything happening at pace in the industry, the panel were asked for one word that would see the industry through 2019.

For Sean McKee, the one word was "Future". Retail is "going through a tough transition at the moment but we have the wit to get through it," he said.

Alastair Stirling, Industry Head – Retail, Google, said "Persevere". "It's a difficult environment and technology isn't easy and it's evolving. Those who are successful are the ones that persevere," he said.

Joris Beckers, Founder, online grocer Picnic, dared retailers "to execute the one big idea. The biggest idea you have, just do it".

Rounding up the event, Internet Retailing's Editor-in-Chief Ian Jindal deliberately misquoted Churchill with "leadership is the ability to go from failure to failure without any loss of vigour."

A note in point in these current uncertain times which sees one retailer leaving the arena as another reports 28% growth in profit.

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