

Selling & merchandising



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Time to merchandise with intelligence

Retailers have been using data analytics to improve sales and merchandising for decades but today, big data and artificial intelligence are making such techniques even more significant.

Penelope Ody reports

RETAILING HAS ALWAYS been about selling goods that don't come back to customers who do, which has made matching products to targeted customer groups, ensuring good stock availability and offering excellent service all paramount. Over the years, analytics have helped improve not only assortment planning and customer relationships, but also merchandising and promotional tactics.

Basket analysis long ago transformed product groupings in supermarkets, while visual merchandising in stores assembled stylish combinations of products to tempt shoppers into make additional purchases. Predictive analytics have also been added to the toolkit, with systems capable of calculating potential sales within hours of a new product launch – as in the classic case study, more than a decade ago, of Entertainments UK's system for calculating likely CD and DVD sales using technology from TXT (now owned by Aptos).

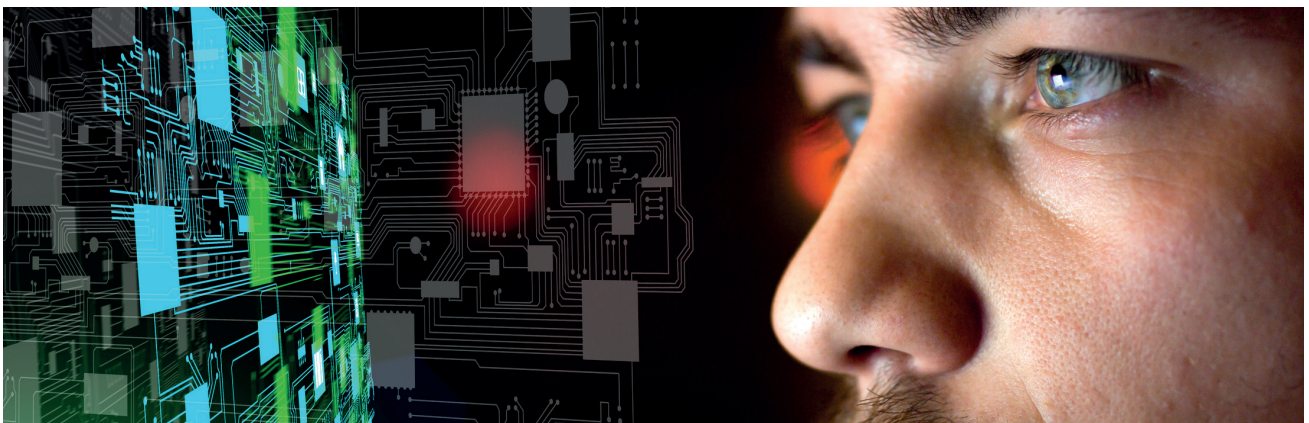
Loyalty cards have also been providing retailers with insights into their customers for years. Boots' pioneering analytics from IBM back in the late 1990s helped them use their newly-launched Advantage card to identify the 'deal seekers' and 'stockpilers' who benefited from promotions but rarely bought full-price merchandise.

Today, these same retailing tactics are just as apparent online, with fashion retailers adding images of accessories that complement the outfit just clicked into the shopping basket, or suggesting the polish to accompany a new pair of shoes – just as store assistants would do in the real world. Loyalty

cards – now more likely a smartphone app – help to improve understanding of an individual customer's buying behaviour, as well as enable highly targeted and personalised promotions. Sophisticated search tools also enable online shoppers to track down the items they want without the help of a sales assistant, although there are still too many sites where searches produce no results or come up with bizarre suggestions. Providing online chat can also compensate for the lack of a real-world staffer delivering product information. As we can see then, today's big data analytical tools are delivering in-depth insights into sales and merchandise performance. This is not only from store and online transaction data, since adding instant feedback from social media and the twittersphere about trending products and customer preferences also feeds into it.

So what of the future? Inevitably, as we move into the robotic age, artificial intelligence (AI) or machine learning systems will play a more significant role in delivering customer insights in near real-time, improving predictive marketing and merchandising. We can expect greater accuracy in not only anticipating customer demand but also in responding to external factors instantaneously.

For example, as soon as a particular product starts trending, in-store video displays could promote its availability, price points could be automatically moved up or down via electronic labels to reflect demand and website banners can shout the same message. Similarly, customer analytics may link successive purchases to deduce new information about that



Ten issues to consider

1 **COMPLETE THE LOOK:** Real-world sales staff have always pushed add-on sales to complement a purchase. Make sure your website does the same.

2 **PROVIDE INFORMATION:** Detailed FAQs, videos, product specs and zoom images all help customers understand a product but live chat and natural language tools can also be a good substitute to a helpful, real-life sales assistant.

3 **EDIT THE MIX:** Showroom formats can help reduce overheads while next-day click-and-collect or home delivery will satisfy most shoppers.

4 **MAKE IT SEAMLESS:** Shoppers expect an easy customer experience from mobile to store to home delivery, so make sure that your technology can support that journey.

5 **ENHANCE SEARCH:** Artificial intelligence and use of natural language can significantly improve search results to boost sales. Make sure your online tools benefit from advances in these types of technology.

6 **EMBRACE BIG DATA:** Whether it is analysing customers' tweets, Facebook Likes, transactional data or shopper movements in-store via iBeacons, big data analytics can provide vital insights into buying trends that can guide merchandisers.

7 **GET PERSONAL:** Today's shoppers expect both promotions and products to be personalised, which requires good analytics and detailed customer data.

8 **SUPPORT SOCIAL SHOPPING:** For many, real-world shopping is as much a social activity as a buying mission. Encourage customers to linger in your store with free WiFi, a coffee shop or product demos.

9 **CHANGE THE METRICS:** Shops will never completely disappear but with the online share often hitting 40-50%, an outlet's performance can no longer be measured only by sales figures. Check footfall, collection services or customer reviews before writing them off as loss-makers.

10 **DON'T FORGET THE DISPLAY:** A well-merchandised window display can tempt customers to enter the store, as can a site's landing page. Both displays should be giving the same consistent message.

shopper's needs and promote specific items or offer money-off coupons for items the individual barely realises they also want.

AI is also enabling new forms of selling. For example, Lovethesales.com has launched a machine learning platform called Minerva to classify and categorise more than one million website products in less than eight hours: a task it would have taken ten staff members four years to complete!

"It's an exciting time as it allows us to bring to market great services which wouldn't have been feasible ten years ago," says David Bishop, co-founder and CTO. "Ultimately it's consumers who will reap the benefits." The system understands each product and its attributes and puts it into a relevant area of the site, as well as promoting more popular products in response to real-time changes in customer activity.

AI can also improve personalised merchandising. Sportswear retailer North Face is using IBM's Watson to improve customer search, with shoppers able to specify exact requirements using natural language and by responding to simple questions, in order to find the most appropriate garment for their requirements.

While AI can improve personalisation and targeting, we can also expect new merchandising solutions to reduce costs and maximise the advantages of omnichannel retailing. Debenhams has already

announced plans for a complete inventory online, with different edits of the mix for individual stores depending on local demographics and customer profiles. Elsewhere, sample rails and showroom formats are starting to appear, with clothes shoppers always able to find their garment of choice in the right size and chosen colour and with items signposted as being in local stores or available only for home delivery from a centralised warehouse. Such models may result in fewer and smaller outlets, with fewer staff equipped with iPads to provide access to the corporate website and complete stock offer. With growth in online sales continuing to outstrip real-world increases, such models might also help to keep a few more shops open on our high streets, albeit in a revised iteration.

In summary

Big data analytics, predictive tools and artificial intelligence are already transforming retailers' understanding of sales performance and customer demand. Responding rapidly to such insights needs a flexible approach to buying and merchandising, efficient and compliant operational processes, and the technology to implement the necessary changes quickly and consistently across all channels.

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Customers:

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Amadeus
Crew Clothing
EE
John Lewis
Tesco Mobile

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Ampersand is an award-winning agency that helps retailers create better ecommerce experiences. Ampersand architects lasting multichannel retail systems and builds ecommerce websites that drive sales across channels. Ampersand values customer collaboration and works with high-growth retailers to help increase conversion and drive efficiency through the strategic use of technology. Through agile delivery and accelerated builds, Ampersand can deliver flexible ecommerce systems quickly at a fixed fee. Ampersand's primary ecommerce technology suite includes Magento (ecommerce platform), Fredhopper (merchandising), Akeneo (PIM) and snow.io (IPaaS).

Customers:

Bensons for Beds
The Book People
Harveys
Harvey Nichols
Hillarys (Web Blinds)
Interflora
Moda in Pelle
Regatta Outdoor Clothing

Partners:

Akeneo
Fredhopper
Magento
Snow.io

CLOUD IQ

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Cloud IQ's effortless optimisation platform is based on real-time behavioural and inventory-driven data to enable retailers to engage effectively and dynamically with consumers, driving revenues and increasing marketing ROI. Without any barriers, resource or knowhow, global brands such as Samsung, EE and TUI use Cloud IQ to act on real-time customer data insights, building individual experiences throughout the purchase journey that result in lifetime value and loyalty. Our exclusive conversion rate optimisation partnership means Cloud IQ is the only way ecommerce businesses can track 100% of their customer transactions via PayPal.

Customers:

Boots
Denby
Fitness Superstore
Lloyds Pharmacy
MenKind
Pets at Home
Samsung

Partners:

BigCommerce
Demandware
Magento
PayPal
Salesforce
Shopify
WooCommerce

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Criteo (NASDAQ: CRTO), the leader in commerce marketing, is building the highest-performing and open commerce marketing ecosystem to drive profits and sales for retailers and brands. More than 2,700 Criteo team members partner with 17,000 customers and thousands of publishers across the globe to deliver performance at scale by connecting shoppers to the things they need and love. Designed for commerce, Criteo's Commerce Marketing Ecosystem sees over \$550bn in annual commerce sales data. For more information, please visit www.criteo.com.

Customers:

Clarks
JD Williams
La Redoute
New Look
Secret Escapes
TravelRepublic

THE FILTER



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Our mission is to help you retain and delight your customers; increase conversion and drive customer lifetime value. Having established ourselves as a market leader in the media and TV-on-demand sector, powering the personalisation and recommendations for platforms including BTTV and UKTV, we are now bringing that expertise to the retail sector. A cost-effective, customisable, merchandising platform for ecommerce, we help you present the right products, and content, to your customers, at the right time, giving them a truly personalised experience. Working with brands including Liberty of London and Menkind, we are able to deliver return on investment for all retail operations.

Customers:

BT
Liberty of London
Menkind

Partners:

Greenlight
Tryzens
Vaimo

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Loop54, the leading on-site search software used by nearly 200 retailers across the Nordics to increase revenue from search, is now serving clients in the UK. Powered by advanced machine learning, Loop54 offers unparalleled flexibility, personalisation and automation. Office Depot Sweden reported a 12% increase in online revenue, Nordic fashion retailer, Bubbleroom, increased mobile revenue by 97% and consumer electronics retailer, Teknikmagasinet, increased site-search conversion rates by 30%. Loop54 can be implemented within days via a REST API. Once live, the search engine will eliminate all manual work by automatically sorting search and category listings in real-time.

Customers:

Åhlens
Coop
Harmony Store
Maplin Electronics
Office Depot
Svenskt Tenn
Teknikmagasinet
XXL

Partners:

Intershop
Magento

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Oracle + Bronto arms high-growth retailers with sophisticated marketing automation to maximise revenue opportunities. The Bronto Marketing Platform powers personalised multichannel content that generates the higher engagement needed for retail success. Keenly focused on the commerce marketer, Bronto continues its longstanding tradition as a leading email marketing provider to the global Internet Retailer Top 1000 and boasts a client roster of leading brands, including Vivienne Westwood, Euro Car Parts, Björn Borg, notonthehighstreet.com, Oak Furniture Land and Joseph Joseph. For more information, visit bronto.com.

Customers:

Euro Car Parts
Everlast
Joseph Joseph
Moda in Pelle
notonthehighstreet
Oak Furniture Land
Poundland
Vivienne Westwood

Partners:

Tryzens
Folk Digital
One Creations
Salmon
2J Commerce
Movable Ink
Gene Commerce
blubolt

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Paraspar is a trusted ecommerce solutions provider. We provide market-leading on-site search, autocomplete, visual and self-learning merchandising automation with content integration.

Our clients have direct access to a team of experts that brings together skills in online retail strategy, project management, UX design, search merchandising, systems integration, online marketing and application management. We help clients attract, engage and convert customers across online, mobile and in-store channels. Contact us to explore your requirements.

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Dune London
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Lombok

Partners:

Amplience
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Nosto
Postcode Anywhere
Rackspace
Sage Pay

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PFS is a global commerce service provider of solutions including digital strategy consulting, digital agency and marketing services, technology development services, business process outsourcing services and a complete omnichannel technology ecosystem. The company seeks to optimise every customer experience and enhance the traditional and online business channels of clients across numerous industries. PFS is solution agnostic, with strong and longstanding partnerships with the major enterprise commerce platform providers, which results in the best technologies being utilised for each implementation. PFS has offices across three continents in North America, Europe and Asia.

Customers:

ASICS
Anastasia Beverly Hills
Barbour
Gore
The Entertainer
L'Oréal
Pandora

Partners:

SalesForce Commerce Cloud
SAP Hybris
IBM
Magento
Oracle Commerce

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Shopware is a leading open source ecommerce platform that is trusted by over 60,000 businesses, including some of the leading European brands, retailers and manufacturers across B2C and B2B industries. Shopware has a global network of 1,200+ solution and technology partners as well as a very active developer community that gives customers access to robust third-party extensions and certified professional support. Shopware is the industry's leading feature-rich, highly scalable, enterprise-class platform, with a full suite of out-of-the-box capabilities and lower total cost of ownership.

Customers:

Hughes
Mywalit
OOZZ
Sysmex
Tigha

Partners:

CB Squared
GPMD
Inviqa
LiberioNet
One Creations
Pushon
Reply
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Vaimo is the global leader in delivering award-winning digital storefronts, omnichannel solutions and mobile apps. Our focus is to accelerate B2B and B2C sales for our manufacturing, brand, and retail clients. As the leading Magento Global Elite Partner, our international team are the most knowledgeable experts in Magento omnichannel and commerce. With 15 global offices across EMEA and Africa and over 350 employees, we provide an international presence that allows us cultivate close, long-term relationships with our global clients.

Customers:

Agent Provocateur
Gant
Helly Hansen
Jack Daniels
Lounge Co
Osprey London
Proactiv+
Royal Academy of Arts

Partners:

dotMailer
eBizmarts
Klarna
Klevu
Magento
Nosto
Shoppimon
Yotpo

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Pentagon is a market-leading service and technology provider that enables retailers to accelerate their online growth through international marketplaces worldwide. Using a team of more than 150 ecommerce experts, we optimise and localise data, integrate to new ecommerce platforms, connect stock management and order managements systems to marketplaces, launch and manage online stores, drive ecommerce sales, handle international logistics and returns, and provide multilingual customer service. Our tiered service offering provides retailers with a tailored solution to meet their unique requirements, from a robust technical integration to fully managed online stores across multiple international platforms.

Customers:

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BMW
Canon
Dyson
Next
Halfords
Nissan
Renault

Partners:

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Wonder Lister was created by a former eBay Engineer, Chavi Rastogi, in 2013. Chavi worked at eBay for more than a decade managing various seller tools. There he saw the constant struggle that online sellers were having because they had no choice but to use slow, unstable and inefficient listing tools. He created Wonder Lister to help alleviate these problems, and designed it from the ground up to be an easy-to-use, fast and reliable desktop application loaded with powerful features. Online sellers across 22 countries are using Wonder Lister to help grow their ecommerce business. Join one of the fastest-growing online listing tools in the market!