

INTERNET RETAILING BEYOND CHANNELS, 2013 – OMNICHANNEL



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an internet retailing special report

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Editors' comment

When we embarked on the first *Internet Retailing* special report back in 2009, multichannel was very much the territory of the forward-thinking retailer. Those retailers that had taken the decision that the future lay not only in launching a website but in linking site and store, and in giving customers a real choice of ways in which to shop, were distinctly in the minority. For the majority, it seems, online retail wasn't that important. That's not surprising, since back in February 2009 online sales were small, accounting for just 3.4 per cent of total retail spending, according to ONS figures.

Today, online sales are climbing fast, with more than 10 per cent of retail purchases now happening online, and some retailers are enjoying larger percentages than that. Forward-thinking Argos, for example, now sees 42 per cent of its sales happen online, while more than half (51 per cent) are multichannel, involving the internet at some point. But most traders now recognise that the influence of online goes further, with up to 70 per cent of transactions thought to start online. Today there can be few retailers that have not embarked on the journey towards becoming not only multichannel but omnichannel traders, linking up channels so that customers are met with a seamless consistent experience at whichever touchpoint they choose.

As we'll see throughout this special report, that journey is challenging but one that, as we said all those years ago, has the potential to bring great rewards. While it's likely that few retailers can yet describe themselves as truly omnichannel, a few forward-thinking retailers are now starting to see real dividends from work put in earlier. As the early adopting minority, which included names such as John Lewis as well as Argos, are now seeing online and multichannel revenues worth more than £1 billion a year, revenues that are helping to grow sales and turn a profit in an otherwise flat, and even declining, retail market, the majority are now finding inspiration in such examples.

It's by no means too late to catch up. But most agree that the emphasis must now be on building and then honing the customer-centric, single-view systems that allow UK retailers to make the most of the wide-ranging and sophisticated omnichannel technologies that are now available.

Throughout this special report, we'll be exploring the emerging best practice for omnichannel retail, as developed by leading retailers, consultants and an ever-more sophisticated industry of technology vendors.

We'll also be asking questions about how and why omnichannel works in practice, and how retailers of all sizes can best put it into action. We'll be doing that through the

prism of six features, on interface & design, merchandising, cross-channel experience, logistics, strategy and IT & systems.

In our interface & design feature (page 10) we'll be considering the problems inherent in designing for omnichannel at a time when many companies struggle with individual channels. Will new retail technologies make this easier? What does emerging best practice in omnichannel design say about where we might be headed?

Our merchandising feature (page 14) looks at how retailers can best harness personalisation. We consider the role that big data now plays in achieving solutions that merchandisers once expected to rely on their intuition to bring about, and explore how the one-time art of merchandising is adopting a new scientific approach.

Our cross-channel experience feature (page 19) takes a look at down-to-earth approaches to making the customer experience work across channels. It doesn't have to be about magic mirrors and video walls. Rather, getting the basics right can have a transformational effect on the business.

Our logistics feature (page 22) explores the increasing variety of delivery services, looking at how retailers are working to give their customers the connected fulfilment services that, increasingly, are a chief point of differentiation between traders. We take a look at the rise of click and collect, and how traders are making it easier for shoppers both to collect purchases and to make returns. All of this adds up to convenient services that are seen no longer as an optional add-on but the way to keep customers satisfied, long-term.

In our strategy feature (page 25), we take a look at the way some retailers have followed the omnichannel logic to the point of transforming their businesses. Whether it's a refocus around digital trading, around the customer, a flattening out of the hierarchy, omnichannel is leading to new ways of working. We take a look at some different approaches and consider the practical steps that retailers are taking.

Finally, our IT and systems piece (page 28) suggest that the time for make-do and mend has now passed when it comes to omnichannel systems. As ecommerce sales now near 20 per cent of turnover in some businesses, it's time to think seriously about IT systems that provide the seamless retail that customers now expect.

We hope you find this special report useful. If you have comments, questions or suggestions for future supplements, do contact us. We can be reached at chloe@internetretailing.net and jonathan@internetretailing.net.

INTRODUCING OUR SUPPLEMENT EDITOR

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CUSTOMERS HAVE MADE IT CLEAR THEY LIKE AN OMNICHANNEL SHOPPING WORLD. WHAT ACTIONS SHOULD RETAILERS FOCUS UPON TO DELIVER A SEAMLESS EXPERIENCE FOR THESE CUSTOMERS?

A

'single view' of enterprise data – yes, we have been talking about it for many years, but now it's more necessary than ever before and fortunately we have the technology that makes it more achievable. Let's be clear: when I say 'single view', I am referring to a single reference point for all data, a way of

aggregating, managing and enriching it in a single place for omnichannel consumption. Part of this is collecting behavioural data across all the channels that we use to provide a solid foundation on which to base the 'omnichannel customer experience optimisation' process.

• **Omnichannel data is different:** much more expansive than traditional (ERP, CRM, PIM) systems are able to deal with. When establishing a single view of the key omnichannel data (product, customer, orders and stock), it is important to consider why these data points are different in an omnichannel world; the dataset is typically broader than we are used to and the opportunities not always clear.

• **Product data:** typically omnichannel product data is closest to being 'omnichannel ready'. Standard product records are enriched with imagery, videos, reviews, etc, in order to serve the ecommerce channel more effectively. But in an omnichannel environment, the social relevance of product data also has to be considered – including user-generated content and social statistics such as Facebook 'likes' that will need to be added.

In addition to this, the generation of QR codes from this dataset will be important enablers for a good omnichannel customer journey.

• **Customer data:** the Holy Grail for all marketers! The more that is known about the customer and their omnichannel behaviour, the more effectively they can be targeted with advertising, promotions, cross-sells and up-sells. Traditionally this has been a major struggle though; data has been spread across email marketing lists, website registrations and in-store loyalty cards. In addition to historical data such as orders and abandoned baskets, we also need to consider real-time behaviour – what is the customer looking for at this moment in time?

Building an accurate picture of the customer as a whole is a major challenge if the customer is not served from a single system. But if they are, it will be easier to achieve the ultimate 'single view'.

Kees de Vos, VP business consulting, hybris
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 hybris software

CUSTOMERS HAVE MADE IT CLEAR THEY LIKE AN OMNICHANNEL SHOPPING WORLD. WHAT ACTIONS SHOULD RETAILERS FOCUS UPON TO DELIVER A SEAMLESS EXPERIENCE FOR THESE CUSTOMERS?

You can't have a seamless omnichannel experience without a seamless level of trust. It's an old-fashioned mono-channel ideal that, in this big data age, has never mattered more. In a bricks-and-mortar world, the shopkeeper stands behind the product. In a digital world, the core of trust between you and your customer lies in the product information, the "record of truth".

Good product information management (PIM) software streamlines workflows and processes, and tightly integrates with ERP and ecommerce platforms. It enables multiple versions for regions and languages. It encourages collaboration and coalesces teams by providing simple, flexible interfaces for the internal stakeholders and vendors who author, enrich, preview and approve the layered, multi-dimensional content that will lead your customer to your product and keep them coming back. That's your record of truth: the stable, central repository that feeds satisfying and trustworthy product and marketing data to every touch point.

The average product has 250 unique attributes. Some have thousands. Each pen, toothbrush, ball has its own data DNA. In the earliest stages of any customer journey, search terms are general. "Cricket ball." Later on, they're more complex. "Best UK-made match-weight night cricket ball." PIM lets you structure enriched content that responds, entices and amplifies at every stage, with flawless consistency, via every cricket review or comparison site, mobile device, call centre, marketplace. In the sporting goods store, signage and POS systems are perfectly aligned with customer expectations. The part-time salesperson at the door is as knowledgeable as that old-fashioned shopkeeper because she's got ready access to comprehensive feature/benefit material. This particular ball was sourced just yesterday, but data syndication was precise, approved and nearly instantaneous. Without PIM, keeping apace with an "endless aisle" is, frankly, impossible.

The omnichannel world has perilous pitfalls, among them inconsistency and content that lacks depth and granularity. Analytics, searchandising and recommendation tools play critical roles today, but they won't directly strengthen your reputation, and most won't even work optimally, let alone seamlessly, if they aren't fed high quality product data via a top-notch PIM. Seams are acceptable in cricket balls. Not customer relationships.

Richard Hunt
President and CEO, Agility Multichannel
www.agilitymultichannel.com



Retailers pushing to satisfy increasingly connected and empowered customers across multiple shopping channels don't need the IT infrastructure of big box stores to succeed. An integrated commerce solution that links your physical stores and web store with back-end order management, marketing, financials and inventory puts these five steps to omnichannel success within reach of all retailers.

1) Optimise your customer touchpoints. Smartphones and tablets have become powerful shopping tools. Look to responsive web design to ensure that your web store can adjust dynamically to deliver content optimised for each digital customer touchpoint.

2) Make real-time inventory data available. Showing web shoppers what's available in store and online is fast becoming a mandate, but it doesn't stop there – in-store employees need access too. A mobile point of sale (POS) device can "save the sale" on the shop floor by helping quickly determine that an out-of-stock product is available at a store 10 miles away or can easily be shipped to the shopper.

3) Make the experience fast and convenient. Letting customers order online and pick up at their local store allows shoppers to get their products quicker and save on delivery costs. Additionally, retailers can boost customer loyalty, store traffic and incremental revenue by allowing online purchases to be returned to physical stores, ultimately resulting in great customer satisfaction.

4) Provide superior customer service. A single view of each customer, for example, what that customer has ordered and when that order has been shipped, will enable you to deliver the attention and support customers expect by providing visibility into all online, in-store and call centre transactions and interactions.

5) Leverage customer data to cross-sell and upsell. Increase the likelihood of future purchases by leveraging customer knowledge from all channels to promote the right products, to the right shoppers, through their preferred channel.

As retailers work their way through these steps, they will realise that the drive to differentiate will ultimately require the flexibility to continuously enhance the customer experience. Choosing the right commerce platform – one capable of supporting the creativity the marketplace demands – will make the prospect of this innovation more an opportunity than a challenge.

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RETAILERS NEED TO RETHINK THE FUTURE OF COMMERCE

TECHNOLOGY EXPERT **STEFAN SCHMIDT** ARGUES THAT RETAILERS NEED TO PREPARE FOR CHANGES IN CONSUMER DEMAND THAT WILL SHAPE RETAIL EXPERIENCES OF THE FUTURE

STEFAN SCHMIDT



UK internet shopping sales growth outstrips that of any other country in the western world.

Stefan Schmidt, vice president of product strategy at hybris software, has worked in ecommerce and multichannel retailing for a decade.

At hybris, he has designed and developed a number of products, including order management, mobile and customer service offerings, as well as working on major projects with global brands.

 hybris software

As web and mobile technology adoption reach critical mass, there is no doubt that the resulting internet economy has had a profound impact on the state of retailing today.

As UK internet shopping sales growth outstrips that of any other country in the western world, it is clear that the country's consumers are becoming evermore accustomed to using many more different, technology-enabled ways to shop and interact with retailers.

But retailers could do more to keep up, according to Stefan Schmidt, who works with companies including H&M, Toys R Us, Mulberry, Monsoon and L.K. Bennett in his role as vice president of product strategy at ecommerce technology company hybris software.

"Consumers don't see stores, online, mobile or even retailer's social networking pages as separate entities, or 'channels' as retailers refer to them," says Mr Schmidt. "They just see a brand they know, interact with and hopefully love."

He points out that the internet has increased competition by giving consumers more shopping options than ever before. They can compare prices, read reviews and ask for advice via email, online chat or over the phone, and they can still go into a store to touch and feel a product. They can also complete a purchase in-store, online or via their smart mobile device, have it delivered, collect it in-store and even subsequently return it by either means.

"The consumer simply doesn't see multiple channels or an 'omnichannel' strategy, they just know how they want

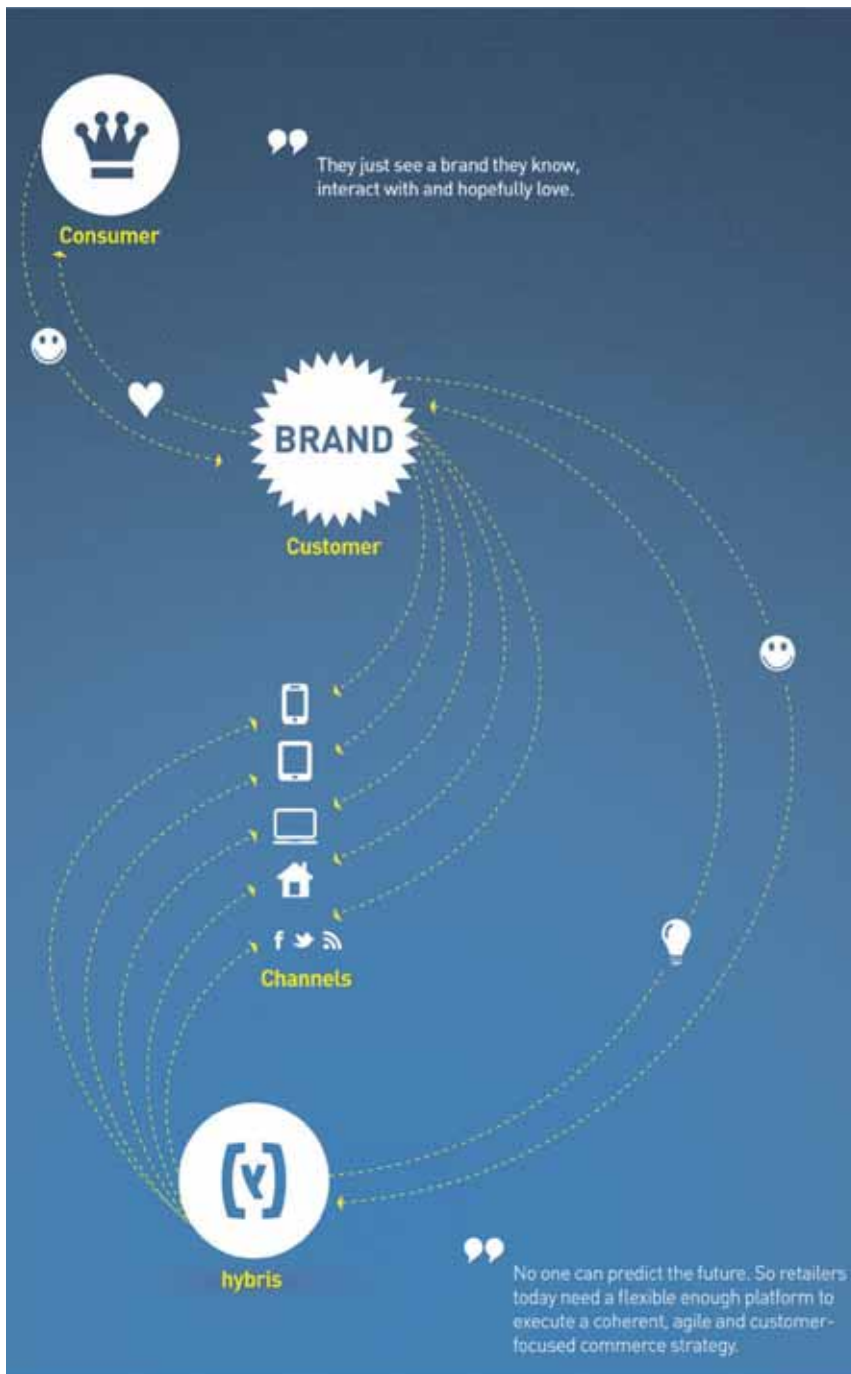
to shop," he continues. "The feedback we get at hybris from retailers is that they see the opposite to the consumer. The complexity of delivering on and exceeding those expectations all falls on the retailer's side, where they have to manage processes and data across channels in a way that is cost-effective and efficient, yet seamless to the consumer."

The message to retailers from Mr Schmidt is clear. "They need to make it easy, simple and convenient for the consumer. For me, it is not about creating new channels for additional revenue or to mitigate cannibalisation to off or online competition, it's about giving the consumer everything they need to buy in confidence from you," he says.

"Adding additional touchpoints, such as kiosks in-store to offer an extended range in smaller format outlets or a mobile app, can help increase the likelihood the customer will complete their purchase with you rather than the competition."

If retailers would capitalise on the seemingly complex task of delivering and exceeding consumer expectations anytime, anywhere and any place by adopting more holistic business strategies, he says they need not fear the death of the high street.

"Although it would be a brave person to say what will happen in future, I don't believe we'll ever see the store disappear," says Mr Schmidt. "Instead, the role of the store is evolving. It may become a place for shoppers to really test products and interact with a brand,



like a showroom. For others, it may become a fulfilment centre, where items are shipped or customers can collect from."

This will not only require retailers to rethink the role of the store in their business models, but also that they take a very different view of how they do business altogether. "They may be asking themselves, 'How do we right-size our stores?' because they can offer an extended online product range in smaller stores, using kiosks, mobile apps

and other in-store tools, such as mobile-assisted sales devices, for example.

"But, in addition, they are looking at how to make sense of complexity and all the data that all these different touchpoints generate," he says. "For retailers, commerce shouldn't be about increasing revenue in each channel. It should instead be about how they increase the bottom line across all of them."

The retail technology expert highlights the fact that shopping has essentially

become more virtual with the advent of the internet. "Retail has traditionally only ever had a single shop window – to the physical store. But I like to think of every other consumer touchpoint nowadays, be it the store, kiosk, brochure, contact centre, ecommerce site, mobile app or Facebook page, as being a window into that retailer's whole offering, made available in a virtual showroom."

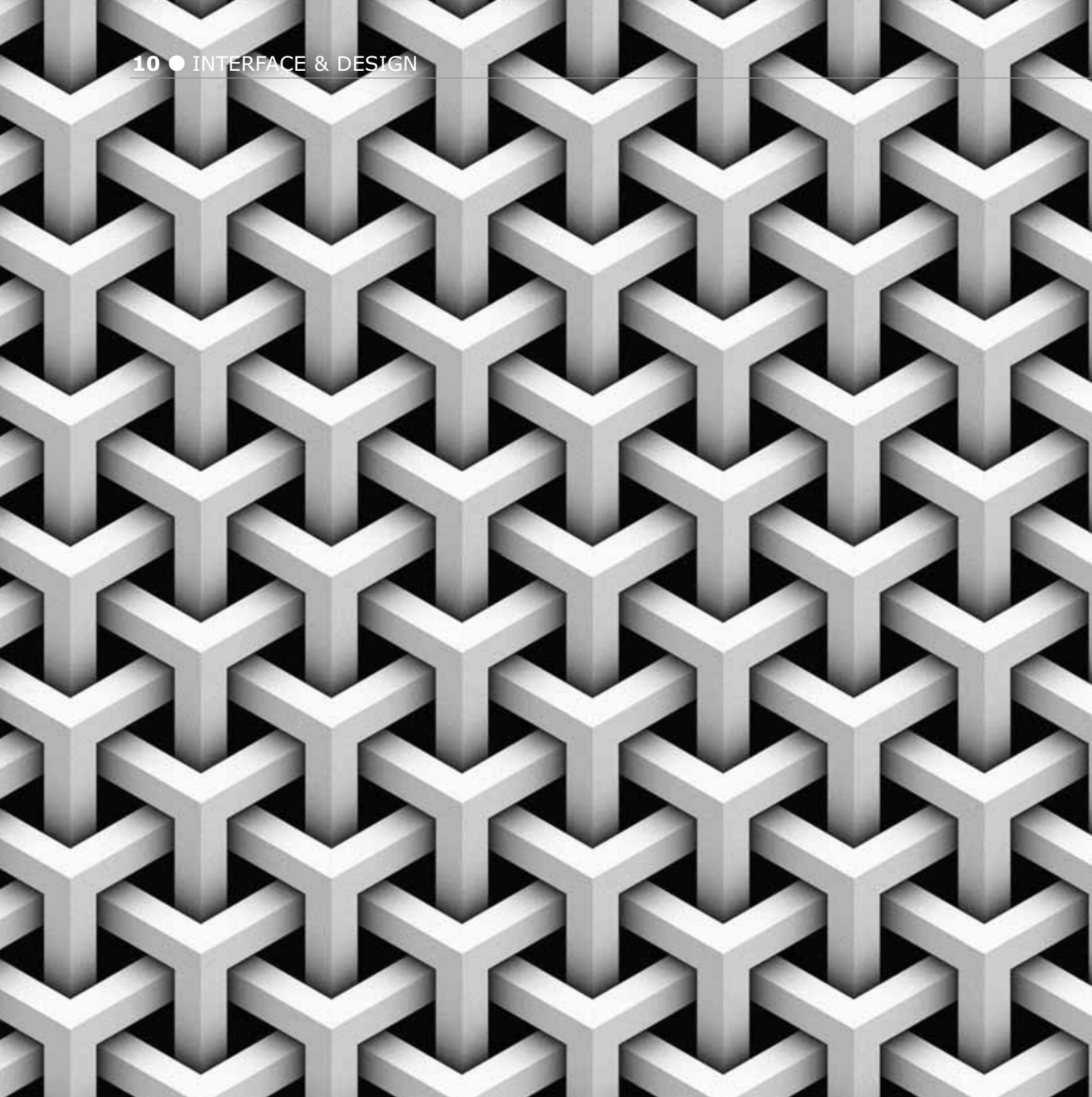
Therefore, he advises retailers to respond by, "looking at the processes already in place in the organisation first to decide which of them deliver the most value to customers – not just in one channel, but across all channels".

"We work with our customers to understand how they want to interact with consumers," he says. "Some may want to fix just one particular area, such as mobile or delivery. But some take the longer-term, strategic view that it's all one form of commerce or another and they have to be agile enough to consistently offer whichever of these developing options their customers prefer. But even with strategic projects, you need to decide what you're going to tackle first and last."

Mr Schmidt suggests failure to capitalise on this new, digitally enabled virtual frontier could point to more fundamental issues with the product, brand or customer proposition. "HMV did not go bust because it had too many high street stores. It paid the price of being too slow to expand its product offering because it was almost addicted to physical product, where media had gone digital for quite some time. Technology can help to either diversify a brand proposition or to transform the business model," he says.

Central to a successful retail commerce vision is a single view of products, stock levels, orders and customers across all channels. "But the challenge for retailers is this information tends to reside in a lot of different internal systems that are disparate. Our approach is to provide the overlaying technology 'wrapper' that helps to bring these systems together so retailers can have full visibility of this key information.

"No one can predict the future. So retailers today need a flexible enough platform to execute a coherent, agile and customer-focused commerce strategy," Mr Schmidt concludes. ■



FIRST STEPS

THE COMPLEXITIES INVOLVED IN DESIGNING FOR OMNICHANNEL RETAIL WILL BE FORMIDABLE. BUT APPROACHES THAT BUILD ON LESSONS LEARNED IN WEB AND MOBILE INTERFACE DESIGN ARE BEGINNING TO EMERGE, DISCOVERS **JONATHAN WRIGHT**

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rom the inside looking out, it's easy to regard retail as being all about the products. To see this at its most acute, think about, say, the menswear department in a

bricks-and-mortar store during a sale as the seasons change. The pressure is on to shift those shorts and polo shirts to make space for jeans and jumpers, preferably without taking too much of a hit on the bottom line. The emphasis is on getting goods out of the door. Self-evidently, retailers need customers if this is to happen, yet it's actually surprisingly easy for customers to be overlooked in all the furor.

Now consider what's going on from the perspective of an outsider looking in, someone visiting the shop, the potential customer. He or she isn't remotely interested in the seasonal merchandising and stock management considerations underlying this activity. Instead, each customer simply wants to be offered a deal that suits them *personally*.

Yes, it was ever thus, but there's a new factor here. In the emerging omnichannel world, where a smartphone offers instant access to price and product comparisons, if that deal isn't on offer, the customer carries a device that acts as a constant reminder of how easy it is to go elsewhere – whether that's in the real world or within the digital realm.

Make no mistake, this kind of scenario, for all it's now commonplace, poses real challenges to retailers. As Rob Garf, VP of products and solutions marketing at ecommerce specialists Demandware, says, although retail professionals 'get' the idea of omnichannel, "Now it's down to how you basically re-architect a business that's been generally product-centric from the beginning of time."

That's not to say, he adds, that "merchants buying and designing and assorting really innovative product" isn't important. Rather, his point is that retailers also need to put "a laser focus on how do I serve the customer, how do I put them at the centre of my operations, how do I reorganise to give them the control they invariably have anyways?"

One part of the answer is to design for omnichannel, which rather begs the question what is omnichannel retail? Maybe the easiest way to explain this – and the terminology here is used in subtly different ways across the industry



KEEPING OMNICHANNEL SIMPLE

"Omnichannel is extremely complex and one of the tricks is for retailers to make sure they don't expose that complexity to the consumer. A very specific example is the checkout process, which has become extremely complex as it relates to the various payment methods that are offered – as it relates to click and collect and identifying the store that has the inventory, as it relates to configuration if you're doing post-manufacturing add-ons like embroidery, or some customisation that the customer wants. A significant focus needs to be on simplifying that extremely complex process."

Rob Garf, VP of products and solutions marketing, Demandware

SPEAKING FROM EXPERIENCE

CONTEXT COUNTS

"If I'm buying a bus ticket and I'm next to the bus stop, then that has a different user journey than if I'm at home and I'm buying a ticket. The context there is I might not know where I'm going, or I might have multiple options, I'm obviously not too worried about what time it is yet, or I'm planning it for the future. Whereas if I'm at the bus stop, I probably want to know what time the next one is coming in, and these are the destinations from that bus stop. My choices from that destination become much simpler."

Daren Ward, director of retail and consumer, Glue Reply



TABLET TAKE-OFF



"There's a broad awareness within ecommerce that customers are wanting to engage over tablets and mobile. It's a natural assumption because a lot of people are comfortable now buying over tablet and mobile so retailers are perfectly comfortable with that. The next point from that is are we satisfying that expectation and I think the standard answer

now, which is gaining momentum, is a responsive design."

Mo Syed, head of user experience, Ampliance

– is to think of the term in relation to multichannel and cross-channel, terms that convey similar but subtly different ideas. If multichannel was about selling across multiple channels and cross-channel was about integrating these different channels, omnichannel is all about moving towards a world where the lines between channels is so blurred as to be non-existent, seamless.

After all, says Daren Ward, director of retail and consumer at ecommerce specialists Glue Reply, customers don't see channels. "To me, the danger with omnichannel is we still miss the point, and the point being that surely it's not about the channel," he says. Rather, he thinks, retailers need to think about how to engage with customers, to have a conversation.

He gives an instructive, real-world example of this not happening, when a retailer was selling a product that had a fault, an issue that had been fixed after being flagged up on social media. "I said,

'Fantastic, now have you gone back to those customers who complained and told them that you listened to them and fixed it?'" he remembers. "And it was at that point they said, 'Ahh, no, we haven't done that.' You're missing a massive opportunity there to say, 'Hey, one, we're listening; two, we're doing something about it; and three, here's a five per cent gift voucher or whatever for your time and effort in raising it to us, please come and spend with us again.'"

THE CUSTOMER IS ALWAYS RIGHT

From different angles, both Garf and Ward have arrived at the same place: the importance putting the customer at the centre of retail rather than thinking about channels and products. Yet, as both hint, it's one thing to 'get' the idea of omnichannel, it's quite another to roll it out. This is a theme taken up by Mo Syed, head of user experience at technology company Ampliance. "It's enough of a challenge to create a great

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experience in one channel,” he says. Few websites, Syed adds, “seem to nail everything”.

A major problem here lies with silos within companies. These may not be intellectual, certainly not amongst those many ecommerce professionals who are keen, for example, to see digital technologies employed in the high street, but down to legacy systems. Too often, a company’s point applications – the CRM software employed in the call centre, point-of-sale systems, the ecommerce platform and so on – simply don’t talk to each other.

Within this context, the first challenge in designing for omnichannel often doesn’t have anything to do with the front end, but lies in analysing where a company’s data is held and how it’s used. Without wishing too obviously to beat a drum for the PIM fraternity, too many companies still hold duplicate data across different systems, or perhaps more accurately hold data that would be duplicated if only if it were actually consistent in the first place.

This is crucial because designing for omnichannel retail, with its emphasis on having conversations with customers, puts a new emphasis on personalisation. Take the following scenario: a customer walks into a bricks-and-mortar store after having recently having had an issue with a faulty product. When the customer approaches the till, and assuming this isn’t done in an overly intrusive way, wouldn’t it be a good idea to acknowledge what’s happened, for the sales assistant to check that matters have been resolved?

“Personalisation is key,” says Daren Ward. “The trend about, ‘How do I personalise?’ is one of the driving forces [in retail], whether that’s recognising people when they come in or even potentially now people are looking at how do I change my store environment to interact? Can customers identify themselves and then the store almost reacts to this, whether that’s via screens, whether it’s shelf-edge labeling?”

CHUCK OUT THAT TILL

Bearing in mind the problems with different legacy systems, this may seem like a distant dream. However, help is at hand from an unlikely source. According to Demandware’s Rob Graf, many retailers are currently using point-of-sale systems that are reaching the end of

their lives. This in turn means CIOs and IT directors are starting to question whether they need multiple systems, with 73 per cent of retailers either planning to use the ecommerce platform in stores or already doing so, according to research by RSR.

“If you think about tills today, there are high training costs, they are not at all intuitive and extremely brittle and not flexible,” Graf argues. “And they don’t mirror how the store associates or consumers navigate through their digital

“What many of our clients are doing is designing mobile first and understanding it needs to be contextual and location aware”

experience. So what’s going to happen, we see, is retailers are going to leverage their commerce platform, bring that into the store and mirror the digital user interface that store associates and consumers – people, right? – are more accepting and used to using.”

In other words, designing for omnichannel, with its tricky emphasis on personalisation and removing friction from a process that inevitably involves multiple touchpoints, may just be about to get easier. As Graf says, that’s in great part because ecommerce technologies that were designed to be intuitive are escaping their desktop roots.

Escaping too is the web designer’s emphasis on usability. For all his warnings about the challenge of creating a great user experience even for one channel, Mo Syed also talks up

WHAT’S CHANGED

Over the last couple of years, there’s been an increasing recognition within the industry that retailers need to support the ways in which consumers want to shop using digital technologies. However, designers are still working out how best to do this. As ecommerce platforms and other point applications need replacing in the years ahead, expect new approaches to emerge.

responsive design, the idea of creating sites that adapt according to the device they’re being viewed on. “If you’ve got a simple, responsive design where all the core flows have been optimised and all the screens make sense – they’re very easy to get through, they’ve been optimised for conversion – once you’ve done that on one channel, whatever your dominant channel is, maybe you do it on mobile first, maybe on desktop, then you can do it in the other channels,” he argues.

Thus, what might seem like an impossible problem, designing for omnichannel, becomes a case of transferring work undertaken for one channel to another. Just as importantly, this makes ongoing design work easier. “The main advantage is that [responsive design] allows you to iterate your design much more rapidly,” Syed says. “If you have one responsive site which is addressing multiple channels, then all your analytics, all of your design thinking, is being focused on that one point, which means when you identify pages that don’t perform as well as they could, or that are confusing the customer, you can address them in one point.”

LESSONS FROM DIFFERENT DISCIPLINES

It’s important to realise here that Syed and other design professionals aren’t necessarily talking about bringing desktop techniques into the store or somehow migrating these to digital TV. What’s happening is actually more subtle, a convergence between techniques used successfully in different channels, all built on ecommerce technology.

“What many of our clients are doing is designing mobile first and understanding it needs to be contextual and location aware,” says Rob Graf. “For instance, mobile for a store associate, and the capabilities and information that might need to be accessible to them, might be a lot different than a consumer device outside the store.”

We’re at the starting point of such developments, but the direction of travel is clear. To return to where we began, this is commerce designed around how consumers want to shop, around people rather than products. It may turn out to be a change far more profound than we yet realise. ■



LOOK GOOD FROM ALL ANGLES

HELPING SHOPPERS FIND THE GOODS THEY WANT ACROSS SEAMLESSLY LINKED SALES CHANNELS IS NO SMALL CHALLENGE BUT IT'S ONE THAT RETAILERS ARE ACHIEVING, WITH THE HELP OF TECHNOLOGY, WRITES **CHLOE RIGBY**

The art of merchandising is fast becoming a scientific discipline as retailers respond to the variety of ways in which customers can now browse ranges of goods. Data-driven technology is providing new answers to problems that merchandisers once relied on intuition and experience to solve. That use of big data is fast becoming necessary when shoppers now expect to research their potential purchases through the most convenient channel, and at any time of the day or night.

A discipline that started by working out the best ways to lay out a store, before moving online to discover the most likely approaches to setting out wares on a website, is coming full circle, with the movement of digital merchandising into the store. The first generation of online merchandisers found ways to display the breadth of the range that the shop could offer within the confines of a screen that got smaller as mobile commerce emerged. Currently emerging are new ways

to display, within the confines of a shop, the wide online ranges that burst the boundaries of traditional warehouses. The challenge now remaining for today's merchandisers is to give customers their own personal view of the range, no matter which device they choose to view it through.

"Retailers," says Michael Ross, chief scientist at eCommera, "must recognise that demand is driven by different factors, and materialises in different locations." Meanwhile, Roger Doddy, director at product recommendation specialists Peerius, points to the need to show visitors the items that are relevant to them as individuals, and also fit the context in which customers find themselves.

INDIVIDUAL VIEWS FOR INDIVIDUAL CUSTOMERS

The need to enable the seamless cross-channel retail that is omnichannel has developed in response to customers who choose to research and buy in varied ways.

Customers may search a site from a smartphone, a tablet computer, or a laptop or desktop for a particular item. Or a customer may simply browse in search of retail inspiration, shifting from one device to another through the day.

Whether customers are searching or browsing, retailers can now respond across channels by showing consumers search results or recommendations, in a way that fits both individual profile and current context, whether that's geographical location or the type of device the customer is using. Each type of system relies on the single view of the customer that multichannel retailers have been developing in recent years. Add automated or triggered search and recommendations, and the vast resources offered by big data, and results become evermore targeted.

That's important, says Roger Brown, chief executive of Peerius, when consumers are moving between devices both during the course of the day and

during the course of a purchase. “Each channel has a part to play,” he says. “That’s why it’s so important to have a single view of the customer to understand the different channels, to understand what context you’re working in on that particular channel.

“Particularly on the mobile channel you’re really just wanting to make a transaction, you’re not really interested in browsing and exploring, discovering. You’ve done your research and just want to commit and purchase something, whereas on your desktop or iPad you can be slightly more exploratory, more in discovery mode at that stage, not with such a clear intention to buy. It’s important to understand the behaviours around each of the channels as part of that single view of the customer.”

MERCHANDISING THE WEBSITE

Figures cited by IBM suggest that 90 per cent of the world’s data was amassed in the last two years, with a further 2.5 quintillion bytes created every day. Retailers are amassing their fair share of that data through systems that now hold vast quantities of structured and unstructured information, not only on their product range and ordering system but also on individual customers, their previous purchase histories and the way they behave on site. Add to that personal information data about external factors, such as the time of day, the season and the customer’s geolocation, and retailers can gather the kind of data that goes beyond segmenting, and towards identifying what is relevant to the individual.

The latest technology means that customers can see entire marketing campaigns that are personally relevant to them, whether that’s offers on items that are seasonal in their part of the world or those that chime with previous purchases. Davina Erasmus, product manager at

“It’s important to have a single view of the customer to understand the different channels, to understand what context you’re working in on that particular channel”



LOGGING IN

“The trick is cross device – we’re slowly becoming nearly 30 per cent mobile. It’s a general problem for merchandisers and analytics: how do you get a decent lifetime customer figure when people are accessing through all these different devices? All you have to do to tie everything back up is consider at what point they log in. Then once they have, they’re this customer.”

Matthew Curry, head of ecommerce, Lovehoney

SPEAKING FROM EXPERIENCE

RESPONSIVE DESIGN

“You want to know that when a mobile device is being used you have specific products showing up in that first results page. Responsive design enables you to scroll more if you want to, but you ensure that you have the right set that shows up at the top, based on the fact that this is a mobile device.”

Davina Erasmus, product manager, SDL Fredhopper



A CHALLENGING ENVIRONMENT

“I think the whole volume of data these days and the speed at which things happen – someone clicks, responds, walks into a shop – trying to capture all those interactions and make sense of them in a split second is a tremendous challenge but I think it’s an exciting one.”

Roger Doddy, director, Peerius

search and merchandising software specialists SDL Fredhopper, says dates such as summer holidays can be particularly useful when setting up triggered campaigns that be shown to specific groups of customers, starting and ending at pre-determined times.

PERSONALISATION IN-STORE...

Take that kind of merchandising beyond the desktop PC, and more opportunities emerge. In the store, more shop assistants equipped with tablet computers are using them to make personal recommendations to customers, based on what those customers have already bought and their behaviour in store. Additionally, in-store kiosks are showing customers the wider range. Offers can be targeted when shoppers are signed in using, for example, a loyalty card. (See the case study for how Boots uses its Advantage Card to drive in-store personalisation across channels.)

Matt Curry, head of ecommerce at Lovehoney, which has already built its own point-of-sale system for its Coco de Mer shop, suggests a scenario in which sales staff could use iPads to build the customer’s profile as they serve them and then generate recommendations.

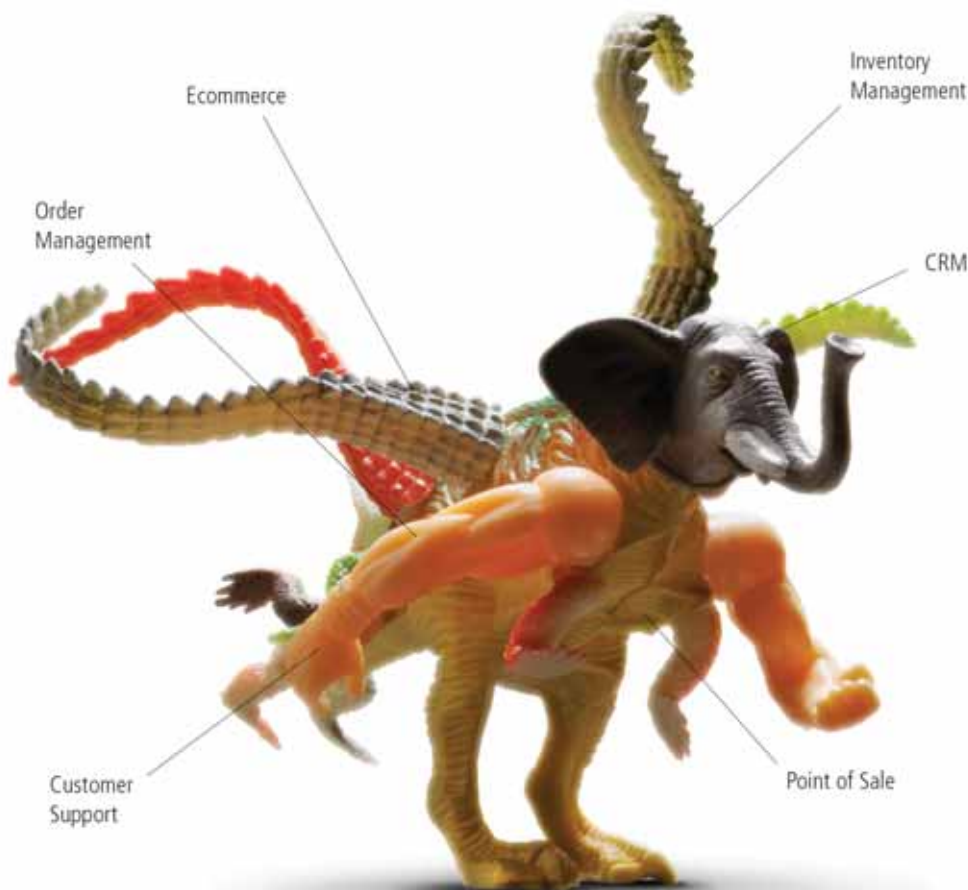
In future, suggests, Roger Doddy of Peerius, which specialises in ecommerce product recommendations, fashion retailers might offer personalised product

recommendations in changing rooms. Shoppers might go to the changing room with the item they want to try on and then scan its barcode with a changing room scanner to see suggested items that complete the look or are related to the product they’re trying on, whether that’s stock in store, online or stock in other stores. Peerius is currently in the early stages of working with retailers on doing this. “I think it’s the sense of that whole joined-up approach to serving another shopper’s needs that we’re seeing time and again,” Doddy says. “The whole personalisation piece these days is about putting suggestions in front of people that are as relevant to them as individuals as possible – that’s absolutely key.”

...AND ON THE MOVE

We’re increasingly shopping through mobile devices. House of Fraser, indeed, recently announced it was to prioritise design of its mobile site over its desktop site in the light of the news that more than half of its site visits now come from such devices, while Lovehoney’s Curry says that close to 30 per cent of its site visits are from mobile devices. That presents a new challenge: that of showing customers the most relevant part of their range over a tiny screen. Curry believes that while retailers can effectively merchandise their sites in the same way as they do their

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“ House of Fraser, indeed, recently announced it was to prioritise design of its mobile site over its desktop site ”

desktop site, no-one has yet mastered merchandising on smartphone.

Rather, mobile may currently lend itself more to optimising search in order to ensure the most relevant goods to come up in response to the customer's quest.

SDL Fredhopper's Davina Erasmus points to ways to show search results in a more personalised manner over a mobile phone. "You want to know that when a mobile device is being used you have specific products showing up in that first results page. You ensure that you have the right set that shows up at the front, at the top, based on the fact that this is a mobile device, maybe based on previous purchases and previous sessions when they have looked at specific products a number of times, so you can build up that interest."

Those using mobile phones are also likely to be on the move. Because technology can pick up on the fact that a specific shopper is in a specific location, it can also point out the stores that have the item they want to buy in stock. But this depends, points out SDL Fredhopper's Erasmus, on how much information the customer or visitor is willing to allow retailers to use. "I think as time goes on people are finding that the convenience is really enough that they are willing to say:

WHAT'S CHANGED

Merchandisers are now starting to deliver personalised experiences that are proving capable of boosting sales significantly. This level of personalisation is only possible as retailers start to harness and use the big data that they're now collecting from their businesses. That in turn builds on the single view of the customer that many have now mastered. Added together, these are all signs that British retailers are reaching new levels of maturity and sophistication in their digital commerce businesses. Investment made some time ago is now starting to deliver rewards, and that's boosting profits in a market that might otherwise be flat.

HOW BOOTS PERSONALISES THE IN-STORE JOURNEY

Stores play an important part in Boots' multichannel business. With 88 per cent of the UK population within 10 minutes of a store, and 45 per cent of those who order online collecting in-store, the company set about personalising the customer journey into the store. By showing relevant offers to its loyal customers, many of whom are members of its Advantage Card scheme, it aimed to boost repeat visits to the stores.

The Boots Advantage Card scheme has 17.9 million active users – including two-thirds of the UK's adult female population – and 60 per cent of Boots' retail transactions are made by cardholders. Cardholders spend, on average, more than 60 per cent more per transaction than other Boots customers. Fiona Brown, senior loyalty marketing manager, Boots UK and Paul Ravenscroft, senior loyalty analysis manager, Boots UK, speaking at the IBM Smarter Commerce Global Summit 2013, explained how the company has used the Advantage Card to build the same kind of personal relationship with its now more mobile customer base that it might have had when the company first started back in 1870.

That, said Ravenscroft, "always starts with insight, understanding our customers and building a strategy based on what the customer is telling us". The understanding of the customer comes from the data that its Advantage Card gives, which includes

insights into buying histories as well as stated preferences and demographic information. All of this informs the highly targeted offers that they receive, generated through the IBM Unica customer targeting hub, fed with customer master data from an SAP system. "We create models and estimate how good an offer that is for the customer, and how likely they are to respond to it," said Ravenscroft. "Any given customer may qualify for 25 to 30 offers. Which is the best is where optimisation comes in."

Today, the company aims to show the most relevant products to each customer across its sales channels. While direct mail offers that are delivered to shoppers at home are designed to bring them into the store, in-store kiosks then use customer insight to deliver offers that encourage customers to buy more on their current trip. A different kind of interaction takes place at the point of sale, where sales assistants are trained to flag up offers designed to bring consumers back to the store in the future. It's critical, however, that the offers are relevant, said Brown, because: "We want them to value the interaction and feel good about the conversation they have had." While the company could not share specific results, the two said the exercise had been "very worthwhile" in terms of return on investment.

'Do remember me across devices, and do remember things like I usually go to this store. Then when I'm looking at something maybe bring me back results first for that store.'

DECIDE WHAT TO SHOW – AND NOT TO SHOW

The other side of showing relevant items is to block those items that are not relevant. "If the customer has already bought certain products, you could take those away from the results," says Erasmus. On the other hand, when customers are looking at certain items, retailers might then want to show other related items.

For sex toys retailer Lovehoney, showing the wrong items can be positively damaging, says Curry. "With our type of product we have to be very sensitive about what we are merchandising to people," he says. "If you're in fashion and show someone the wrong style of dress they're not going to freak out, but in our business if you show them something they have no interest in they are going to freak out.

Your rules need to be much more intelligent, much more based on the categories they have browsed and the items they have purchased." But getting it right can be very profitable. Lovehoney has said that personalised recommendations from Peerius helped it to boost average order values by 74 per cent.

Curry adds: "We have different merchandising strategies depending on the sort of page you're looking at. We can show you alternatives, push the price up slightly by showing slightly more expensive items, as well as accessories and related items."

Lovehoney is also currently using Peerius' new Smartmedia product to place relevant products next to social media comment on its busy forums. "If you have reviews from other customers it means a lot more than if we said it," says Curry. "Show them forum posts related to that category. Eventually it will give the customer a much more informed decision, get something they actually like and they will become a loyal customer, much more than if we said buy this thing." ■

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LIVING UP TO EXPECTATIONS

THERE IS MORE TO A GOOD CROSS-CHANNEL EXPERIENCE THAN IN-STORE WEB KIOSKS OR CONSISTENT PROMOTIONS, ADVISES **PENELOPE ODY**. UNDERSTANDING THE CUSTOMER JOURNEY, ENGAGING THE BROWSERS, AND STREAMLINING CLICK AND COLLECT CAN BE EVEN MORE BENEFICIAL

One only has to wander around a busy shopping mall on any typical day to appreciate that shopping is a social activity. Indeed, it always has been. For many, a morning spent browsing around the shops with friends or family, interspersed with a gossipy coffee break or lunch, is a favourite leisure activity. Today, add social media – and the ability to share the experience with absent friends – or mobile, to extend the window-shopping to home or office, and the sociability side becomes ever more important.

“Shopping today is PHD,” says Aaron Shields, strategic planning director at Fitch, “physical, human and digital. Retailers need to understand their PHD – what makes them unique and where they excel, but many don’t yet understand the digital aspect and how it can be integrated into the customer experience. It’s a mistake to think purely in terms of technology and the transaction: shopping is also a browsing activity.”

Do customers really expect web kiosks, tablet computers, magic mirrors and video walls, or is the cross-channel experience more about being able to track products and purchases in whichever channel consumers happen to be shopping?

“I’m not sure if customers expect the full technology deal in-store,” says Siobhan Gehin, associate partner, Kurt Salmon. “Certainly everyone is enthusiastic about the iPad for taking photos or showing product reviews; and, in assisted selling, staff need to be able to access information – they can’t keep asking to borrow a customer’s smartphone to do that. At the value end, though, there is evidence that customers don’t expect a multichannel experience: high-tech services give the impression of higher prices being charged in order to cover the costs involved.”

WHAT’S CHANGED

Retailers are realising that a seamless cross-channel customer experience requires serious systems integration and good store processes to ensure that such services as click and collect are problem free. As Tui demonstrates, store staff need training to be both proactive and digital-savvy in their approach to customers.

TUI REVAMP BRINGS CHANNEL-HOPPING IN-STORE

While booking trips online has become standard practice for many, one in five UK holidays are still arranged via a high street travel agent, and Tui is determined that its 700 Thomson and First Choice outlets should be favourite destinations.

By Christmas, the company is planning to convert 10 stores to its new high-tech multichannel format with the rollout spreading to 100 within three years. The new stores combine video display screens, web kiosks and tablet-toting sales staff, enabling customers to interact in whichever way they prefer when it comes to booking a holiday.

“We’re already multichannel as we know that our customers pick up brochures in-store and book online, or else research on the web and then come into the store to finalise their arrangements,” says Doug Glenwright, manager, retail transformation for Tui UK and Ireland. “Currently our shops are quite transactional but we want to take a more interactive and cross-channel approach which will bring the brand to life. Our website already has strong content so

we’re bringing that into the shops to enhance the experience.”

For Glenwright, the physical shop adds people and theatre to the multichannel experience. “Once customers are excited about the interaction in-store it is far easier for them to open their wallets,” he adds.

Screens – three metres by two metres – on the outside of each outlet will display exotic holiday locations chosen to reflect seasonal dreams, such as sunny beaches in the depth of a British winter, while in-store kiosks can either be used self-service by customers or as selling aids by staff. “We want to encourage staff to explore the holiday options with our customers not give them a hard sell, so they need a completely new approach to customers,” says Glenwright. “We have an intensive training programme and we’re recruiting for the right sort of staff who like to engage with people and will take the time to understand a customer’s requirements – rather like the ones we employ as holiday reps.”

BACK TO BASICS

More important may be getting the basics right: click-and-collect orders that really are ready to collect, or loyalty points that can be redeemed as easily in-store as online. “Gift cards are a classic example,” says Tina Royall, director of marketing for Futura Retail Solutions. “Customers want to be able to spend them anywhere.”

Cath Kidston is the first to implement Futura’s e-gift card solution as a fully functional multichannel offering. The system uses web services to enable customers to spend, check their balances or add to the card value, both in-store and online. There are additional security features using a PIN and gift card number, and gift certificates can also be sent by email as an alternative to a conventional card. Having launched the scheme in time for last Christmas, Cath Kidston is now looking to extend it to its international stores. “It’s another way we are improving services for customers and making the shopping experience as enjoyable and easy as possible,” says Mike Padfield, IT director for Cath Kidston.

Getting click and collect right is just as important, and that can be as much a staff issue as the practical problem of picking single items at store or warehouse level. “Multichannel is still very new,” says Andrew McGregor, co-founder and CEO of eCommera, “and while the UK is among

the most sophisticated in the world for cross-channel activity, the focus has been on the front end – on ‘customer experience’. In reality to be effective you have to join up the inventory as well.”

“It’s a mistake to think purely in terms of technology and the transaction: shopping is also a browsing activity”

Knowing how much stock there is and where it is located, is essential if retailers really are to honour such promises as 90-minute delivery or same-day collection.

“It’s also a structural issue,” adds Richard Traish, partner at Kurt Salmon. “Stores are not designed for multichannel activity – they’re not built as fulfilment centres. Retailers such as Asda have been pleasantly surprised at how successful click and collect can be – but you need to have space to accommodate the collection point and that can be difficult.”

At Asda, says Traish, the click-and-collect point is at the video desk at the back of the store. “That means customers have to walk through the clothing section to collect their order and they’ll pass all

sorts of potential impulse buys on the way. Where the collection point is located within the store is very important.”

For small stores a single till point may also cover customer information and collections and if there is a queue, the cashier has either to leave the desk to find the order or ask the customer to wait while she summons assistance: neither option is likely to deliver a positive ‘experience’.

“Retailers have tended to underestimate the likely take up of both click and collect and return to store,” adds Traish. “There are huge costs involved in processing returns and they’re not going to go away in future.”

GETTING STAFF ONSIDE

Cultural changes, too, are needed. If staff see click and collect as a nuisance, detracting from ‘store’ business and hitting sales figures when goods are returned, their negative attitude is unlikely to enhance customer experience. In the early days when all multichannel retailers were still at the experimental stage, poor performance was not especially noticeable. Now, with companies such as Next delivering a near seamless cross-channel experience, failure is apparent. “If shoppers have an excellent experience with one retailer then that becomes their

“If shoppers have an excellent experience with one retailer then that becomes their norm and they expect the same standard from others”

norm,” says Richard Traish, “and they expect the same standard from others.”

Gavin Masters, head of product consultancy at Maginus agrees: “The majority of customers don’t expect a seamless cross-channel experience, they don’t expect the store to know what they have bought online. But as soon as some of the big brands start to get it right, then that’s when shoppers’ expectations increase and other retailers have to move up to that level.”

Currently we’re probably getting close to that point, with some leading players starting to deliver those bar-raising ‘excellent’ experiences.



MOBILE EVOLUTION

“Best Buy used to put stickers over the product barcodes in-store to prevent customers scanning them with their mobiles for price comparisons, now we’re seeing companies like Dixons put QR codes on their shelves to give instant access to product and competitive price information and that can also provide staff with an opportunity to engage shoppers and upsell.”

Siobhan Gehin, associate partner, Kurt Salmon

SPEAKING FROM EXPERIENCE

IDENTITY ISSUES

“Shoppers know when they have registered online and the retailers knows what they buy, but when they’re in-store they’re unknown. People have to see a benefit in identifying themselves in-store, but even then most retailers still don’t have a single customer file as the information exists in silos.”

Tina Royall, director of marketing, Futura Retail Solutions



GENERATIONAL SHIFT

“Younger generations are more receptive to technology than older people – many of them wouldn’t mind having a chip implanted to identify themselves and ensure they received personalised service in every channel.”

Scott Dacko, associate professor of marketing and strategic management, Warwick Business School

With the basics right and the back-end technology well integrated, it may then be time to experiment with some of the glitzy technologies now on offer – systems like Holition’s Colour Mirror, which automatically re-colours specific garments so shoppers only need try on one to see what they will like in every shade, or the various interactive ‘digital mannequins’ and window displays from companies such as TBWA and Feonic that can help enable out-of-hours shopping.

Consumer behaviour is, however, constantly changing – especially as the younger ‘millennials’ or ‘Generation Z’ become more influential. A recent survey of 1,000 shoppers by retail agency Live and Breathe suggests that just over half of consumers questioned actually visit the high street intending to buy things. A third are there to eat out while 28 per cent are just window shopping and almost a quarter to meet friends – obviously some high street visitors do more than one activity once they get there, but a great many are not there to shop.

SMARTPHONE POLICY

Browsing always has been a major part of store activity but just looking can include researching products. Today that involves

using mobiles – and not all retailers currently find that acceptable. As Andreas Kopatz, product marketing manager at Intershop says: “In some parts of Europe, retailers don’t allow customers to access the internet in their stores to stop them looking at price comparison sites. If they continue to go along that path then they will lose customers. They have to allow interaction and enable staff to negotiate on prices. Ultimately it improves the customer experience, enhances their image and leads to more positive posts on social networks.”

Offering to price match need not necessarily involve drastic price cutting: skilled staff, who know their products can guide shoppers to something more suitable and potentially more expensive; they can emphasise the convenience of taking the product away with them; or cross-sell an assortment of related item that the shopper may not even have thought of. They can also leave that cross-channel customer feeling that he or she has made the right choices and has the ideal products for their needs: that they have had an enjoyable customer experience. And that is something good sales staff have been doing for generations. ■



SAFE DELIVERY

DELIVERY IS ESTABLISHED AS A CLEAR POINT OF DIFFERENTIATION IN AN OMNICHANNEL WORLD. **CHLOE RIGBY** ASKS HOW RETAILERS CAN USE LOGISTICS TO GIVE THEMSELVES AN EDGE IN A COMPETITIVE MARKET

The retail logistics business is changing fast as it reorganises itself to meet the fast-moving needs of customers. It's a pace of change that is probably the most significant in decades. And it's one that's moving the focus from the store as primary sales channel to an omnichannel world in which a range of other sales channels may play a greater part, and in which the role of digital is becoming ever more central. Driving the change is the

fact that delivery is now a distinguishing factor between retailers, as customers opt for the fastest, most reliable as well as the most cost-effective means of getting the goods that they have ordered.

CONVENIENT DELIVERY

The influence of digital is perhaps at its most marked in the emphasis on delivering goods at the time and place that is most convenient to the customer. It's a single idea that has sparked not only new delivery methods but inspired

the launch of new logistics companies. Today it's routine for customers to order as late as 10pm for next-day delivery, with retailers such as Next. Customers who live in the UK's main cities can also order online for delivery within 90 minutes or in an hour-long window of their choosing from those retailers who have signed up to the Shutl service, among them Argos, Oasis and Warehouse. It's getting hard to recall those not-so-distant days when 28-day delivery was routine for mail order.

The search for convenience has also resulted in the idea of delivery to a collection point, where customers can collect at a time that suits them. Click-and-collect services that enable the customer to order online and collect from a retailer's branch store are growing fast. And supermarkets are also fast expanding the use of click and collect for groceries: both Asda and Tesco now offer drive-in collection for supermarket orders placed online. Asda is now working towards same-day delivery windows for those orders, which it expects to introduce this year.

Meanwhile, as chain retailers 'right size' their store estates in the light of ecommerce, the typical size of a national retail chain is shrinking, while pureplays and multichannel retailers are looking to new ways of extending store presence. Companies are finding new options in collection services, such as CollectPlus, that enable customers to collect their goods – and return them to – outlets such as convenience stores and petrol filling stations, as well as locker-bank services such as those from ByBox.

"People call it omnichannel retail or multichannel, but for me this is just the new norm," says Neil Ashworth, chief executive of CollectPlus. "This is the way the market has evolved. We're going through the most significant change in retail that's been seen since the industrial revolution. It's a really exciting time to be in it."

“ We’re going through the most significant change that’s been seen since the industrial revolution ”

MOVING UP THE SUPPLY CHAIN

It's a change that has significant effects on the way that retailers are now organising not only their delivery methods, but also supply chain and inventory. Imaginative new approaches to that supply chain have given retailers the ability to drop ship direct from suppliers, extending their range exponentially.

But while this is a time of exciting change, it's also one of enormous complexity. Omnichannel logistics could,

CHOOSING THE RIGHT CARRIER



“Customer preferences around the tangible aspects of shipping are increasingly influencing carrier and service selection. Choosing the right carrier is becoming more and more important, with social media networks frequently rife with complaints about poor service from certain companies, leading to potential brand damage by association for retailers.”

Andrew Dalzeil, VP of products and marketing, Kewill

MOVING THE SHELF EDGE

“Retailers now need to start thinking about where does the shelf edge fall? In many cases that's not in store any more but a virtual one, through click and collect and home delivery. The way that retailers manage their store assortment and inventory placements within the supply chains, service different sales channels will be critical in the future.”

Stuart Higgins, retail partner, LCP Consulting



LESS STORES

“A footprint that a retailer needs in the new age is different from that seen 10-15 years ago. All of the indications are that the number of outlets on the high street will reduce during the current decade maybe by as much as 30 per cent.”

Neil Ashworth, chief executive, CollectPlus



in theory, see retailers look to deliver from any point, in a supply chain that now includes the store, the fulfillment warehouse and even the customer's house in the case of returns, to any point.

Stuart Higgins, retail partner at LCP Consulting, says that as retailers move to achieve that, the way they manage store assortment and the placement of inventory will be "critical" in future. "There won't be the room to deploy inventory in store in the same way that it's deployed now without compromising their ability to maintain availability for online customers, for example," he says.

"That will tend to lead to a situation where more retailers are holding more inventory centrally and deploying it more frequently in smaller quantities and just in time to meet the needs of the consumer, whether it be in store, online or through click and collect."

This will demand, he says, "a very different and much more agile supply chain" that can "respond to the needs of the customer and position inventory accordingly". That will be driven in turn by data. Retailers will need to know what is selling, and where. That will inform as

to where stock is delivered. It's also likely that they won't deliver to stores in the bulk that they have traditionally, opting instead to replace single items once sold and keep inventory more flexible in order to fulfil potential orders elsewhere.

SINGLE VIEW OF THE PRODUCT

In order to achieve this, retailers will be considering how they can have a single view of the product in the same way as some are starting to boast a single view of the consumer.

Andrew Dalzeil, VP of products and marketing at supply chain software specialist Kewill, says it's important to

WHAT'S CHANGED

Now that logistics is firmly established as a point of competition – of differentiation – the race is firmly on for retailers to improve visibility of their own supply chains and increase the agility with which they can get stock, whether they hold it in their immediate inventory or count it in their internet only ranges which suppliers consign to the customer.

HOME DELIVERY: ASOS MOVES TO A 15-MINUTE DELIVERY WINDOW

While new methods of delivery are constantly emerging, the largest part of the omnichannel delivery market remains home delivery.

Asos, which also delivers through services such as CollectPlus, recently launched a new Follow My Parcel delivery option. This allows customers to see exactly where their parcel is and to know, down to 15 minutes, when it will be delivered. Customers are sent a text message or email on the day of scheduled delivery with a one-hour delivery time slot. They can then track the progress of their delivery on their desktop or mobile device. A real-time countdown to their own delivery gives them a 15-minute delivery slot in which to expect the parcel. At any point along the way, customers can redirect their parcel to a

neighbour's house or put it back for redelivery another day.

The innovation comes through Asos' partnership with logistics business DPD. Asos chief executive Nick Robertson sees the benefit as being the flexibility that this affords to customers, who no longer need to wait in for more time than required in order to take delivery of their goods. "Knowing exactly when a parcel is being delivered helps our customers plan their day," he says, "to be at home when they need to be in for a delivery or to let them get on with what they need to do by opting to reschedule or choosing the deliver to neighbour option."

He says this important because "a good delivery experience is a key part of keeping our customers happy". Not only does it

encourage them to buy again, but it also builds "brand warmth". Robertson continues: "We want to continue to exceed customer expectations and this is an example of Asos yet again redefining the online retail experience."

Dwain McDonald, chief executive of DPD, says the service is a significant step forward that "shows the level of commitment we are making to reinvent the delivery phase of online retailing".

He adds: "DPD is already the fastest-growing home delivery company in the UK and we are continuing to invest heavily in our technology, our people and our delivery infrastructure to ensure that we meet the demands of the online retail sector and provide a truly innovative service that outstrips anything else on the market."

keep track of products which now may be held at a variety of locations, whether that's the store, the supplier or the warehouse. The answer lies in an order management system that integrates with back end functions, avoiding duplication of effort and delivering analytics that help run the business. Direct despatch, for example, can reduce costs and lead times. "The success of this model," says Dalzeil, "is reliant on the retailer and supplier putting processes in place to share order data and collectively ensure delivery promises made to customers are kept."

That's a thought echoed by LCP's Stuart Higgins. "Systems will need to understand and have a single view of inventory across the business, such that inventory can be reserved for a particular customer order, and sent to fulfil that customer order through the most cost-effective customer channel," he says. When that happens retailers will also be able to serve the needs of consumers browsing on mobile who want to see if an item is in stock at a local store (see the merchandising feature on page 14 for more on this). But there's a way to go before most retailers can achieve that as the job of the single view of the supply chain, as many are still working with legacy systems.

OMNICHANNEL LOGISTICS IN THE STORE

Indeed, many are still working not only with legacy systems, but with legacy estates, acquired to serve the needs of a store-centric retail environment.

"Increasingly as new store space is opened, retailers are opting for smaller stores and putting less inventory in those stores and opting to display that in very different ways to increase theatre in stores," says Higgins. "Where you have larger retailers with large footprints that aren't necessarily warranted to service the needs of today's customer, they are increasingly looking to increase range, put different offers in-store, whether boutique sellers, coffee shops, and also increasing displays to increase theatre in store and make it a more exciting customer proposition that doesn't warrant the same level of display that a traditional shelf would require."

“ A good delivery experience is a key part of keeping our customers happy ”

Some, indeed, are showing inventory or merchandising in store that cannot be bought but has to be ordered online for home fulfilment. In HouseofFraser.com stores customers browse online and buy in-store. But other retailers are also starting to hold less stock in store. Marks & Spencer recently became an early adopter of the virtual rail in store, a set of large screens that extends a physical rail that carries a basic set of sizes, shapes and colours. Clothes in other shapes, sizes and colours can be viewed on the virtual rail

and ordered into store, leveraging the click-and-collect system discussed earlier.

LOOKING TO THE FUTURE

Today the store is one of a range of delivery options that consumers increasingly demand, says Ashworth of CollectPlus. He sees this developing further in the future, as retailers leverage the convenience stores in the CollectPlus network as well as their own, all alongside home delivery.

"I think it will be about the retailer coming together with a portfolio of different options, potentially using different providers to create those.

"That may mean a need for greater collaboration between major carriers in the UK as a way of managing the level of activity to drive efficiencies into the overall logistics network to make sure the price is right for the consumer."

Looking further forward, he predicts that home delivery will remain stable while click-and-collect will continue to grow. "We'll also see the increasing use of same-day services, timed services, day-of-choice services. It's that portfolio approach that will become the norm in major retailers' sites, will give retailers choice as to whether they want to consume the retail offering in a way that suits their lifestyle."

It seems safe to say that as the logistics market changes, it will become increasingly complex to manage, and that single view of the product will be an important first step towards this. But the market will also be an interesting one, as retailers meet and exceed these challenges. ■



ALL CHANGE FOR OMNICHANNEL

FORWARD-THINKING RETAILERS ARE DOING AT NO LESS THAN TRANSFORMING THEIR BUSINESSES TO MEET THE DEMANDS OF OMNICHANNEL. **CHLOE RIGBY** ASKS HOW OTHERS CAN SET ABOUT FOLLOWING THEIR LEAD

The way we shop is changing fast and so profoundly that cutting-edge retail businesses are now not only adapting, but transforming themselves in response. As customers increasingly expect to buy whenever they want and wherever they are, retailers are now redefining and restructuring organisations in order to meet those omnichannel demands. Argos, for example, is becoming a digital-first business, while John Lewis has regrouped to put the customer at the heart of its business.

Meanwhile, the company that was Aurora Fashions, owner of the Coast, Warehouse and Oasis brands, has transformed itself so distinctly that it no longer exists. In its place is a flatter, more agile structure, in which the layers of hierarchy provided by its erstwhile parent company are simply no longer relevant. These companies are all responding to a world, says Sophie Albizua, co-founder of multichannel consultancy the eNova Partnership, in which some 60-70 per cent of retail transactions now start online, even if only 10 per cent are

ultimately completed over the internet. It's also a world in which online has "shifted the balance of power dramatically, back to the consumer". Albizua adds: "This is as massive a challenge for organisations as the online revolution itself."

The challenge comes in a rapidly changing retail world. In April 2013 alone, figures from the Office for National Statistics show, 10 per cent of all UK retail purchases took place over the internet. In February 2009, that figure was 3.4 per cent. And, recent IMRG figures suggest, online is itself

developing quickly, with the news that some 20.2 per cent of online transactions are thought to have taken place over mobile devices in the first quarter of 2013.

Beyond the 10 per cent of purchases that take place online lies the critical part played by online research to purchases made in store. For while sales of books, CDs and DVDs have moved fast online, retailers who sell larger and more expensive objects have found that stores remain integral to their strategies, as customers still want to touch and feel objects before buying them. Carpetright, for example, has found that while most of its sales of carpets and beds take place in stores, research begins online. It has changed the way it does business in response, slightly reducing the size of its store estate, but keeping strategically placed stores and investing in its online business. It doesn't sell many carpets online, but it does send out samples to potential customers who order them over the internet. In the financial year to April 2013, it has said, it sent out 70 per cent more samples in response to online requests than it did the previous year.

But it's not only true for purveyors of carpets that the store remains an important part of the retail landscape. Online-only retailers are also opening stores. Kiddicare, for example, built its reputation as a nursery retailer online but went on to open 10 new stores under the aegis of its parent company Morrisons in order to answer customer demand that doesn't stem only from online.

At the other end of the scale, business card printer, pureplay Moo.com, opened a shop earlier this year so that customers could touch and feel the quality of its cards and design their own. For these retailers and for many others, this is firmly an omnichannel landscape in which each business, driven by its customers, will decide which channels are the most important and ripe for investment.

WHAT'S CHANGED

In the past we've talked about the need to offer customers choice through multichannel retailing, and looked at ways that retailers can develop that single view of the customer in order to recognise them and offer them consistent service through whichever channel they touch the retailer. Now forward-thinking retailers are starting to reorganise around omnichannel retailing, and that's having dramatic effects across their businesses – and influencing the rest of the retail industry at the same time.

In response to customers, many businesses are bringing the channels ever closer together, taking online into the store, enabling mobile browsing in store and helping customers to browse their selection wherever they may be.

ADAPTING TO NEW REALITIES

As retailers respond in new ways to new customer demand, they are also changing the way that they do business. Argos has responded by offering multichannel services, from the Check&Reserve service through which more than 30 per cent of its sales are now made, to offering an extended online range, to bringing the digital catalogue into stores. More than half (51 per cent) of its sales, worth £2 billion in total, are now defined as multichannel ones that involve the internet, while 42 per cent of sales are purely ecommerce. However, the store remains key, playing at least some part in 90 per cent of its sales. Omnichannel retail then involves all of its channels, which are often closely entwined.

In recognition of all this, Argos last October launched a five-year transformation plan aimed at putting digital commerce at the heart of its business, that would also rebalance, or 'right size' the store estate in the light of ecommerce. At the time, Terry Duddy, chief executive of Argos parent company the Home Retail Group, defined the mission: "The transformation plan aims to deliver growth by repositioning Argos as a digitally-led business from a catalogue-led business, leading the market growth of digital commerce through online, mobile and tablet, and offering customers more products with the fastest, most convenient fulfillment options." This was a plan, he said, that would "provide the right approach for Argos to achieve a long-term sustainable performance and profit recovery".

Earlier this year, Aurora Fashions, owner of brands including Coast, Warehouse and Oasis, presaged its own demise as it de-layered its management structure. The move to spin out the Coast brand while introducing the new Fresh Channel parent company for the Oasis and Warehouse brands signaled a move away from bricks and mortar and towards a balancing of all the sales and distribution channels. "Retailing is no longer about gearing your operating model around bricks and mortar, something we have realised as a result of our omnichannel success," said Aurora chief executive Mike Shearwood, at the time. "Instead, our businesses must adapt and utilise a number of distribution channels to

“ This is as massive a challenge for organisations as the online revolution itself ”

ensure we continue to capitalise on the changing global retail environment." The move, he said, would bring about "independent agile organisations where the management teams have full control and autonomy to delivery their strategies so that they can provide their global customer base with more choice".

Other retailers taking a new approach to omnichannel shopping include John Lewis, which has reshaped itself around the customer and, as a result, reached its target of £1 billion turnover from online sales a year early. When that milestone was reached, Paul Coby, IT director at John Lewis, said: "The billion-pound success of johnlewis.com is a reflection of our strategy to put the customer at the heart of our online operations."

ROOM FOR IMPROVEMENT

But while some retailers are moving ahead to restructure for omnichannel retail, they remain in the minority. At many other companies, the reality is that online trading continues to be siloed, cut off by separate systems from the possibility of seamless, joined-up retail. Even as more than 20 per cent of online commerce takes place over mobile devices, studies continue to show that the mobile experience still isn't measuring up. A recent study from omnichannel solutions provider Skava found that 88 per cent of consumers had had a negative shopping experience when trying to buy from a mobile device, with difficulty of navigation (cited by 51 per cent of respondents), overly small product images (46 per cent) and security concerns (42 per cent) all mentioned. Shopping behaviour is adapting far faster than retailers, it seems.

A recent Shoppercentric study showed that 37 per cent of 18-24-year-olds have already made purchases via their smartphones, as have 38 per cent of 25-34-year-olds. Of the over-55 group least likely to have bought via mobile, 19 per cent have nonetheless done so. The study also showed strong use of smartphones to check prices and to find discounts and offers:

36 per cent of those 18-24-year-olds who used their phone for shopping had done so looking for a discount, while more than half (53 per cent) of 35-54-year-olds who used their phone to buy had also used it to compare prices. "M-commerce is undoubtedly transforming the retail landscape at an unprecedented rate and smartphone usage is at the heart of this change," said Shoppercentric managing director Danielle Pinnington.

PRACTICAL STEPS TOWARDS OMNICHANNEL

Most retailers, then, have room to improve omnichannel services. And for most, improvement will start with the way they organise their businesses. The deep-rooted change that some are already starting on begins with the structure of the board that is driving the omnichannel strategy.

Notions of the ecommerce director, or even the multichannel director who currently brings the omnichannel project to the boardroom will soon be outdated, says Sophie Albizua of eNova, as, increasingly, the chief executive becomes the company's principal advocate for multichannel or omnichannel organisation.

A natural aptitude for multichannel thinking is, she believes, currently likely to be found at relatively junior levels and the flatter hierarchy put into play by the likes of Aurora is necessary to allow that talent to rise to the surface. Such a move will also create more agile businesses.

"The task," says Albizua, "is a change-management one. It is about redefining reporting lines, business processes and culture. For example, reviewing incentives and key performance indicators (KPIs) to include online, offline and multichannel KPIs into reporting and incentivisation. It's about worrying less about sales per square feet or online sales growth and more about overall company sales, product rotation, marketing share, or customer satisfaction."

BE CONSISTENT

Incentives also play their part in the thinking of Niraj Shah, chief executive of Wayfair, a \$600 million turnover homewares pureplay that was founded in the US and has been trading in overseas markets including the UK for more than a year. In the UK its website, Wayfair.co.uk, is complemented by call centres, mobile commerce and social media commerce. Shah says the company has thought omnichannel from the start. He argues that customers don't think of the different ways that a brand enables consumers to buy as

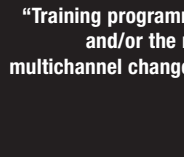


WHAT THE CUSTOMER SEES

"Retailers need to make sure that the customer, what they see, whether pricing or promotions, is consistent whatever channel they see it in. They need to make sure organisationally that everyone in company supports that view."

Niraj Shah, chief executive, Wayfair

SPEAKING FROM EXPERIENCE



NOT A PROJECT
"Training programmes and HR initiatives around team building and/or the review of incentives will help, but only if the multichannel change project is not a project. It is the business."

Sophie Albizua, director, eNova Partnership



FOCUS ON MOBILE

"The smarter brands and retailers are already adapting their integrated marketing plans to ensure m-commerce is a strong touchpoint in the purchase process, and those that don't do so at their peril since they risk losing out on significant market share and failing to attract a new generation of shoppers."

Danielle Pinnington, managing director, Shoppercentric

separate sales channels but concentrate more simply on whether it meets their needs. "We've always had one view of the business," he said. "We don't have physical stores, but everything we've done, whether in the customer service, folks on the phones, what we do on mobile, we've always kept it consistent. "A promotion is a Wayfair promotion and available everywhere. Pricing is consistent – if you're talking to someone, or emailing them, there are no multiple prices."

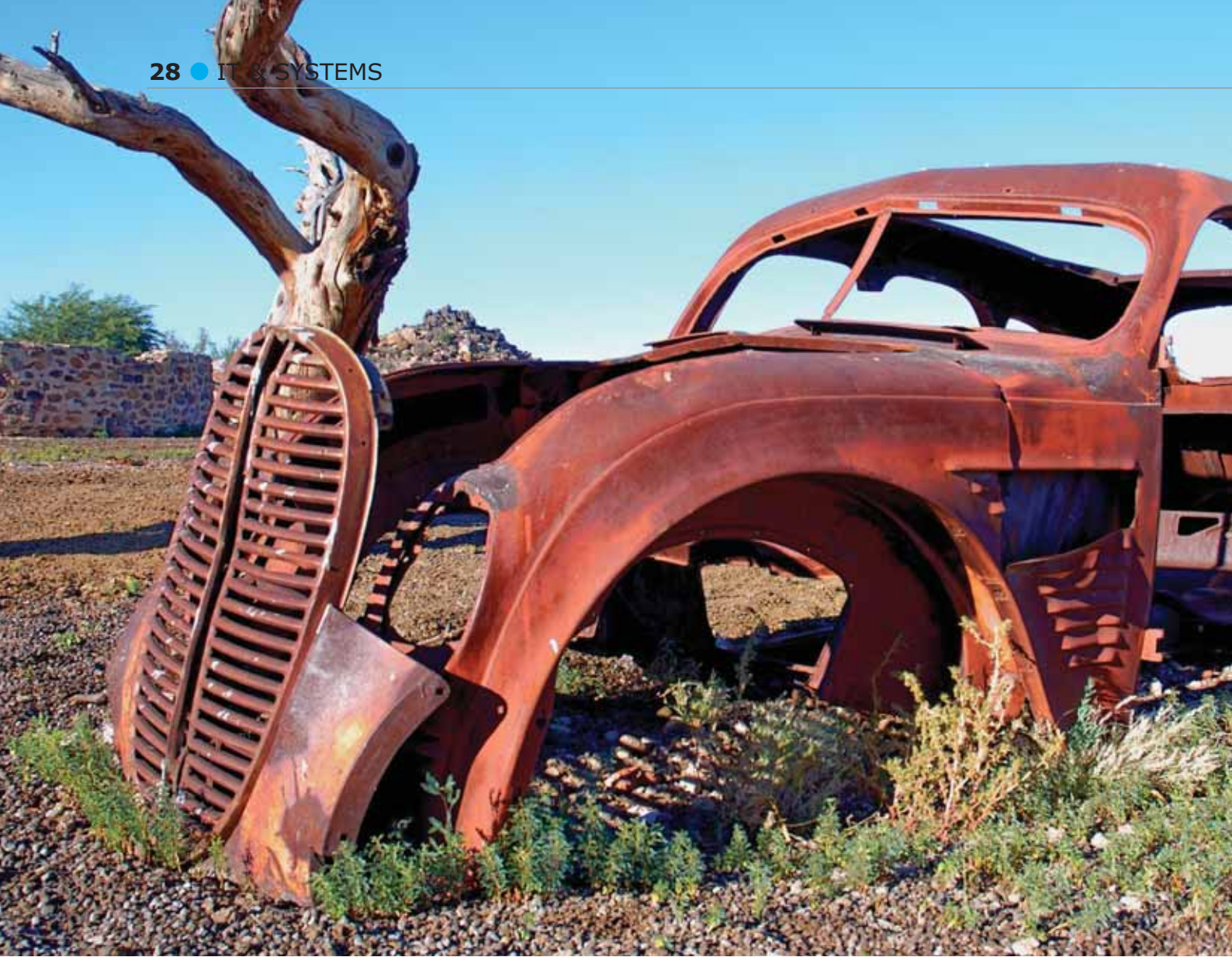
In order to achieve that consistency, he says, companies must find ways to align incentives with what the customer wants or needs. "If you have someone running the stores, have the incentives focused around what those customers buy, whether in the store or online. Make sure the online email reflects the impact on the store. If you do that then just naturally everyone in the business is working towards the end goal that you want."

“ Management teams have full control and autonomy to deliver their strategies so that they can provide their global customer base with more choice ”

INVEST IN SKILLS

But for those who are working to change existing businesses, there must be investment in skills that may be new to the company. That may happen by recruiting staff with with ecommerce, digital marketing and online merchandising skills. Equally, existing staff may be encouraged and trained to work across more than one channel. Thus a marketing team might be responsible for online and offline marketing. Where there is a talent gap at board level, Albizua suggests it may sometimes be necessary to wait for multichannel talent to rise. In the meantime, criteria can be redefined to spot rising stars, while new entrants to the business should spend time in online placements, whether behind a click-and-collect desk, shadowing a home delivery driver, or in online trading just as much as in more traditional areas. Training schemes should also be focused around multichannel, while existing leadership teams should spend time with Generation-Y customers, and learn from focus groups about new technologies and behaviours.

There's no denying that the coming years will be challenging for retailers transforming themselves into omnichannel businesses. But achieving that very necessary change is what will keep both individual businesses and UK retail right at the forefront of global trading. ■



TIME FOR A STRATEGIC OVERHAUL

AFTER YEARS OF BOLTING ON IT SOLUTIONS TO COPE WITH EACH NEW CHANNEL RETAILERS ARE HAVING TO FACE UP TO THE WIDER ISSUES OF SYSTEMS INTEGRATION TO HANDLE THE DEMANDS OF OMNICHANNEL RETAIL, REPORTS **PENELOPE ODY**

As everyone discovers eventually, you can make do and mend for only so long. Sooner or later that temperamental dishwasher or ageing car just has to be replaced. For many multichannel retailers with a mish-mash of legacy systems and newer bolted-on IT solutions, that moment has now come.

It was a different matter when online sales were one or two per cent of turnover: inefficient technology or labour-

intensive manual processes could cope. Today, with online business heading for 20 per cent or more in some sectors, it is a very different matter. Add mobile, increased digital technology in-store, and greater dependence on wi-fi and it is small wonder that many of those flaky old IT systems are struggling to cope.

And it's not just the IT: basic broadband routers are being replaced with more reliable leased lines, typically with a 50-fold increase in cost. "Retailers

can no longer afford to be offline," says Paul Leybourne, head of sales at Vodat. "It's not just that they need real-time information but their customers want to connect to the network too."

Those customers may be using mobiles to check prices or place orders while staff will be doing almost the same. "Over the past 18 months we've seen rapid growth in mobile and greater adoption of tablet technology," says David Hogg, commerce solutions lead for Europe at IBM, "and it



is becoming harder for many retailers to adapt and integrate these sorts of technology into their systems. Many of the cross-channel initiatives introduced a few years back were very tactical quick fixes. That's fine – retailers will always have to do tactical fire-fighting – but eventually they also have to sort out what is wrong with the platform.”

CUSTOMERS DRIVING CHANGE

At the same time, consumers have been adopting new digital technologies far more rapidly than many predicted and their expectations have grown just as quickly. According to a recent survey by Manhattan Associates, almost two-thirds of shoppers questioned suggested that 90-minute delivery or click and collect within two hours of ordering were becoming key influences on their buying decisions. This makes life difficult for retailers, what with the need for real-time inventory visibility, fully integrated order management systems, highly flexible stock allocation, well-managed in-store processes, and potentially major store redesign to cope with increasing numbers of shoppers

queuing for click-and-collect orders. Small wonder many chief information officers find the prospects daunting.

“Smaller retailers with maybe 100 shops and a single brand can easily become omnichannel,” adds Hogg, “but for big retailers with multiple brands and a growing number of international markets the complexities increase exponentially.”

TIME FACTOR

Lee Gill, VP retail strategy, EMEA, at JDA Software agrees. “No-one really looked at the longevity of ecommerce solutions or how they would scale,” he says. “Additional systems have been bolted on – but you can't handle 20-40 per cent of your sales with bolt-on technology. Retailers have always been reluctant to deal with underlying technology issues, but in an omnichannel world you have to provide a seamless homogenous customer journey that allows shoppers to buy anywhere and retailers to fulfil from anywhere – and that also involves good stock allocation systems and workforce management tools.”

With stores increasingly doubling as fulfilment centres for click and collect, the practicalities of ensuring the right goods are available in the right place can be challenging – not least due to lack of investment.

“Retailers have spent a lot of money on the systems front-end and concentrated on content and visuals,” says Jas Virdee, partner at Kurt Salmon, “but they have not paid much attention to the back end – especially order fulfilment. There is a lot of talk about seamless cross-channel operations but the sort of integration needed just isn't on the CIO's agenda. Most come from a bricks-and-mortar world and they have legacy systems running those operations. Most still have two separate systems running the ecommerce distribution centre and the store DC, even when they are trying to put both under one roof. A lot is still being done manually and that is not scaleable. They are not doing enough to focus on creating a single multichannel inventory.”

Certainly the last few months suggest that some retailers at least are realising this fundamental flaw in their multichannel operations, with Marks & Spencer and John Lewis, amongst others, announcing massive multi-million pound investments in supply chain improvements.

For Craig Sears-Black, UK managing director at Manhattan Associates, poor order fulfilment management is not the only supply chain issue that should be on the agenda. “If retailers need to have orders delivered in 90 minutes or collected from stores within hours then they have to have the stock in convenient locations close to their customer base,” he says. “The stock record also has to be accurate in real-time or near real-time. That could mean using RFID but is more likely to involve frequent stock counts and increasing buffer stocks to ensure that items are available in each location for online orders. But holding more stock in more locations is expensive, as is regularly transferring items between branches. If an online customer in Loughborough, for example, wants a dress which is only available at a branch in Truro, what are the real costs involved in fulfilling the order? It's the sort a question retailers will have to start asking themselves.”

NEW NUMBERS TO ANALYSE

Estimating the total 'cost to serve' is not the sort of sum many retailers regularly calculate, but as the cross-channel

“Retailers have always been reluctant to deal with underlying technology issues but in an omnichannel world you have to provide a seamless homogenous customer journey”

options proliferate it could become a vital KPI involving not only the cost of shipping that dress overnight from Truro, but possibly enabling a sales assistant to negotiate price matching with the customer in-store as well. While Manhattan is adding 'total cost to serve' functionality to its order lifecycle management suite, others are focusing on 'profit per order' or 'profitable promising' tools. “It is changing the way retailers can make decisions,” says Andrew McGregor, co-founder and CEO of eCommera. “Traditionally they've dealt with information in silos and couldn't optimise across the channels – stock was fragmented and there was no

real idea of the cost of customer acquisition. Now you can use decision analytics to look at the real costs and the impact on profit of each action.”

With showrooming on the increase and shoppers regularly checking out competing prices while in store, retailers no longer regard allowing staff to enter into price-matching discussions as an anathema. Lee Gill argues that tools such as JDA’s ‘profitable promising’ can provide staff with well-defined rules based on customer loyalty or a shopper’s potential lifetime value to prevent such discussions eroding margins. “They need to be told that if the customer is a ‘gold level’ loyalty shopper then they can take x off the price or if only a ‘bronze level’ then y – so they need access to customer information as well as systems with the right sort of in-built business rules,” he says.

That customer information will certainly exist somewhere within the retail organisation but, just as with inventory, it is unlikely to be neatly in one place. “CRM systems are still one of the weakest areas for most retailers,” says David Hogg. “They may have been around for 25 years but they were not designed to deal with an omnichannel world. There can be call centre data, loyalty card data, website records, or more – and all is different silos. Now you can add social media information or perhaps text enquiries that come in via mobile or the website as well. It makes CRM one of the most challenging areas for many retailers and obtaining a ‘single view’ of the customer difficult.”

As Hogg also points out, the explosion we’re seeing in data – big data – is making the whole area of customer analytics even more confusing. “It’s easy to become over-excited by the possibilities,” he says. “People change and how much analysis is cost-effective? How much can you find out – and how much of that can you realistically use?”

PLANNING FOR MOBILE

As well as better order management, real-time stock visibility, cost to serve tools, data analytics and a single view of the customer, today’s retail IT shopping list could also cover the need to cope with mobile, for staff as well as customers; an ecommerce-enabled front end; more robust wi-fi; and an integrated and scaleable interface to allow them to adopt, quickly and easily, whichever new channels emerge tomorrow. And all at a time when technology is moving faster than ever before.



ANALYSE AND PERSONALISE

“Retailers need to develop a mindset that will analyse data in such a way as to create offers that will entice a shopper to come back. Currently, too many are just blindly running promotions and sending out endless emails.”

Jas Virdee, partner, Kurt Salmon

SPEAKING FROM EXPERIENCE

JOIN UP THE CHANNELS

“The fundamental driver for retailing is to maximise sales and minimise markdowns and you can’t do that if you treat channels in isolation. It means a change in business culture and that can be difficult for many retailers where store ops are still seen as key.”

David Hogg, commerce solutions lead for Europe, IBM



ADAPTING TO FEWER STORES

“Retailers are already reducing their estates and if you have fewer or smaller stores which also have to handle click and collect, then you need better inventory management and a just-in-time supply chain with smaller more frequent deliveries and mixed consignments.”

Lee Gill, VP, retail strategy, EMEA, JDA Software

MAKE THE JUMP

“Some retailers still have legacy systems that can’t cope with click and collect so adding that sort of service means a very significant investment and major disruption. But it’s do or die: they have to make that leap and can’t keep putting it off.”

Gavin Masters, head of product consultancy, Maginus



“Retailers are beginning to understand that they can’t keep up with developments,” says Stefan Schmidt, director of product strategy at Hybris. “Cross-channel touchpoints are moving so fast that it can be really difficult for retail systems to adapt.”

“Cross-channel touchpoints are moving so fast that it can be really difficult for retail systems to adapt”

The Hybris solution has been to make its API (application programming interface) readily available. “If you have an open standard then others can communicate with you and you can experiment with new devices more easily.”

Along with social media and a plethora of mobile devices, Schmidt points to emerging home-based shopping technologies providing ordering opportunities that bypass the website: rather like the waste-bin that would automatically re-order your toothpaste predicted by Forrester back in the 1990s.

“Retailers need a platform that allows them to be open to such developments,” he says. “We already have weight scales that will automatically send details of your weight to an app so that you can monitor changes. Why not send the information to your shopping list and supermarket so that foods are suggested which would help with the diet? Everything is connected and these technologies will be more relevant in future for personalised offers.”

For retail IT teams already grappling with the thought of orders arriving via interactive TV or Google Glass, bathroom scales managing the weekly grocery shop may just be the stuff of nightmares. ■

Let's be honest, omnichannel is a dreadful piece of jargon. That's a particular shame because the idea it embodies is actually straightforward. Omnichannel retail, as interviewee after interviewee has told us in different ways as we compile this supplement, is all about customers being able to buy goods in ways that suit them, whatever channel they choose. Moreover, if a customer chooses to use more than one channel – perhaps researching via mobile prior to buying via PC and picking up in-store – this process should be as seamless and friction-free as possible.

Put like this, omnichannel retail sounds simple. As so often in life, the devil is in the detail. Implementing omnichannel retail pits retailers against disruptive factors as varied as legacy systems that don't talk to each other and social media channels that can't be controlled. As Mo Syed points out in our

interface and design feature, it's tough enough simply designing a website, let alone what we might call an omnichannel experience.

And yet, particularly for larger retailers, this is an issue that can't be ducked. As John Lewis, so long trailblazers in linking online and stories, has proved, if you link the digital domain with the real world and great customer service, the rewards are considerable.

So how should retailers go about doing this? A key point that comes through from our interviews is that many retailers have become too fixated on the idea of communicating with customers via different channels. At the risk of labouring the point, customers don't shop via channels, they shop at Sainsbury's or Marks & Spencer or House of Fraser.

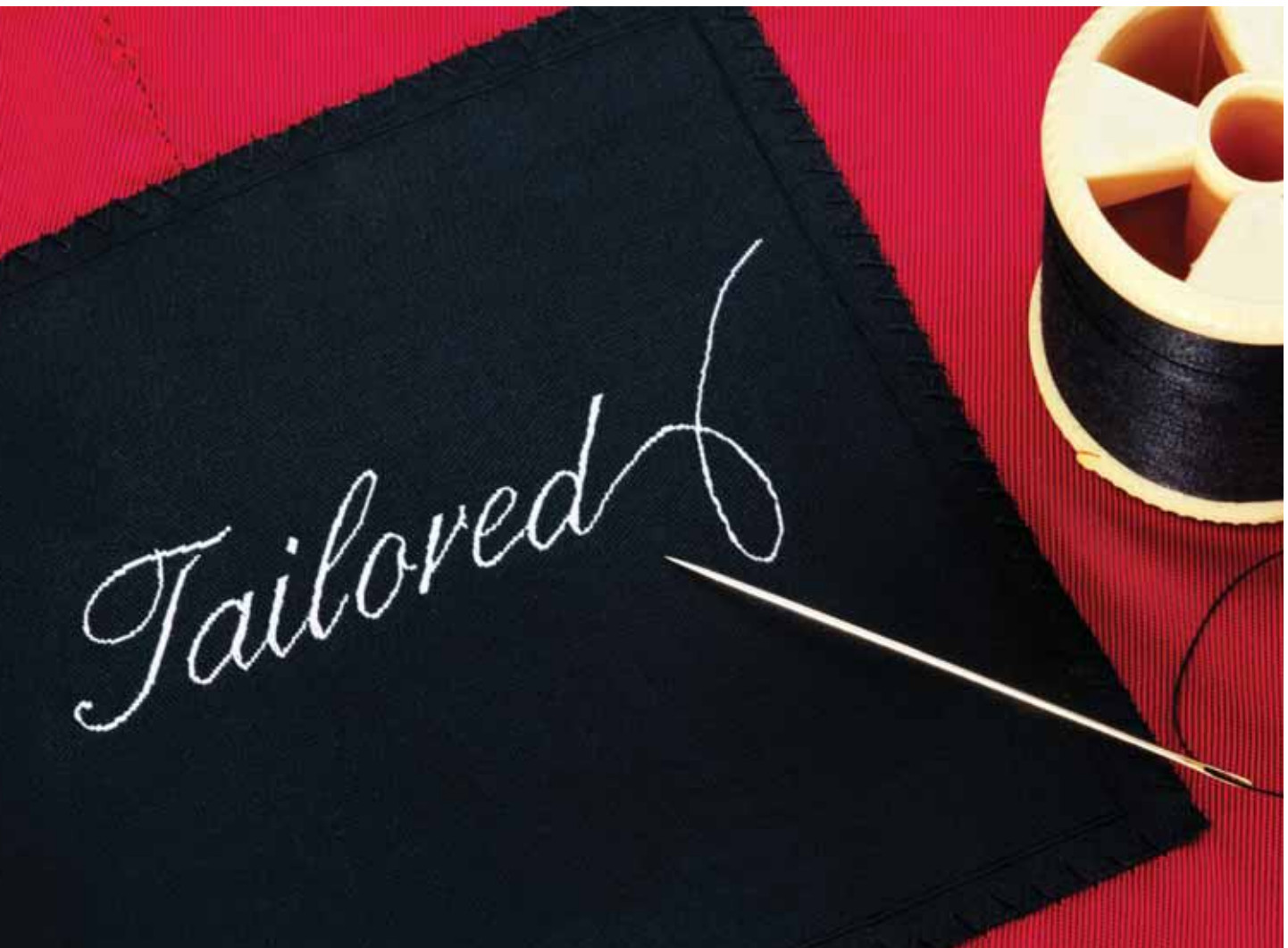
Retailers must start to look at their operations from the perspective of customers. In doing so, companies can begin to make retail personal again.

No, this isn't a nostalgic paean to old George the shopkeeper who knew all his customers' first names. Rather, it is a way of saying that retailers need to use a combination of technology and the information they hold about customers to open conversations with these customers, to speak to them as far as possible individually rather than sending generic sales messages.

Quite simply, those companies that combine personalisation with seamless customer service across channels will likely prosper. Those that don't may face a far gloomier future.

Each of *Internet Retailing's* series of special reports explores key questions facing retailers today. We welcome your ideas and suggestions for future themes at editor@internetretailing.net

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