

CROSS-CHANNEL RETAILING



July 2012

an internet retailing special report

sponsored by:



Editors' comment

Welcome to the latest in our series of *Internet Retailing* supplements, where this month we're looking at cross-channel retailing.

Since we first covered multichannel retailing in-depth in an *Internet Retailing* supplement two years ago, the landscape has changed enormously. Customers have become more sophisticated as technology has evolved, and today shoppers simply expect to be able to shop whenever and wherever is most convenient. No longer are they browsing and buying in one channel rather than another – what we call multichannel. Today they want to research, browse and buy in the channel that's at their fingertips at that moment in time, whether that's a PC, a shop or a smartphone, a tablet computer. It might be through the retailer's own website or through a third-party website such as Facebook. Helping customers making those journeys to enjoy a seamless service throughout is what cross-channel commerce is all about.

For retailers, it's now time to get serious about meeting growing customer expectations. Many now accept that evolving cross-channel methods for their customers to shop is not an option but a necessity in order to survive in a transformed 21st-century digital marketplace. For many, what's now required in order to achieve this is nothing less than a transformation within the business, as we discuss in our strategy framework feature (page 26). There's a little leeway here, as consultant Sophie Albizua makes clear. She says that most companies are still on the journey, with no retailer yet able to say their sales channels are interconnected in ways that fully allow shoppers to browse and buy seamlessly through any channel they like. But while this is still a sector that is evolving, making a start on that journey is now an imperative.

We'd like to think that readers of *Internet Retailing* have already set out on that journey, are keen to be in the vanguard of development. That's why in the coming pages we focus on the latest developments, making sure that our readers are both ahead of the curve and ahead of the customers they are working so hard to serve.

As always, we do that through the prism of our usual features: web interface, merchandising, cross-channel experience, logistics, strategy framework and customer engagement.

In our web interface section (page 10), we consider the move from designing for the web to designing for

cross-channel customers. This requires retailers to ensure they have a consistent presence in different channels. Simple enough? Not when companies also need to innovate and test out new ideas while simultaneously trying to meld together design expertise that traditionally resides in different parts of the business.

Our merchandising feature (page 14) considers the priorities for merchants who now face competition from myriad digital distractions in order to retain the attention of their customers. At the vanguard, merchants are taking lessons learned in-store onto the web, and are working out how the web can work in-store.

Our cross-channel experience feature (page 18) analyses the challenges that retailers must meet in order to provide a truly seamless service to their customers. Under discussion are the all-important single view of the customer, the need to put the customer at the centre of planning and the requirement for consistency across channels.

Some of the most forward-thinking retailers are now putting in place complete visibility of stock, which enables the kind of flexible delivery options that consumers are now asking for. In our logistics feature (page 22) we take a look at ways merchants are leveraging the power of stores, whether their own or somebody else's, and at how the sector looks set to enable further cross-channel delivery developments in the coming years.

The progress that's been made in recent years towards harnessing big data is now bearing fruit in the form of real insights that retailers can use not only to assess their existing strategies but to plan their future development. In our strategy framework feature (page 26) we take a look at how traders can use this data, how they can put the customer at the centre of strategic development, and how best lead and monitor progress.

In our IT and systems feature (page 30), we aim to balance the desire for cutting-edge new systems with the reality that many must accommodate legacy systems. At that balancing point lies the need to address effective systems integration head on. We look at ways companies can do just that.

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

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**AS CUSTOMERS BUY THROUGH
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The latest research on consumer shopping trends, conducted by Portaltech Reply in May 2012, confirmed that browsing and purchasing through the mobile channel has become mainstream. A smartphone sits in the hand of every other shopper and almost four out of five of them use it regularly to browse and buy. This radical change in consumer shopping behaviour over the last few years has created a huge challenge for retailers. We must realise that not since the advent of the web itself has such change required retailers to evolve their business and technology operations in readiness to maximise revenues, sales conversion and profitability through digital commerce.

In my view the commerce platform must sit at the heart of customer interaction to ensure retailer operations remain targeted, focused and effective in this brave new world. The consistency of product information and enriched product content must be consistent across the channels (and devices) and ideally managed in a central location. This provides greater flexibility and control over product consistency, which will mean that fully enriched product data can be pushed out to the relevant front-end. Actually which application controls the front-end matters less, and there is an argument to say the front-end customer experience should become more disposable. This will allow retailers to provide a much more focused customer experience to the device within each channel and will allow for greater effectiveness in terms of increasing customer loyalty and conversion rates by trading the channel in a much more targeted way.

Whether retailers choose an ecommerce platform or content management system that allows control of multiple front-ends (web, mobile, tablet, kiosk, call centre) or they integrate different technologies to trade these channels one thing is for sure, a single view of the customer is critical to the success of any multichannel retail operation. So how do we achieve this? At Reply we have coined the phrase 'proximity commerce' to focus retailers' minds

on the idea that actually thinking in a multichannel format is no longer the best way to ensure retail operations remain targeted and effective. Imagine the scenario where your mobile acts as listening device based on your proximity to a retail store or any digital channel. As you walk by the store kiosk or checkout you are recognised. You are alerted to specific discounts based on your individual profile or offered promotions specific to you at checkout. You are logged into a retailer's website automatically from any location (home, work, store) and on any device (PC, mobile, tablet or kiosk). We can streamline the user experience based on your last visit, whether it was in the store or on the website, or anywhere in between. This is proximity commerce, this is the future of channel agnostic shopping.

In 2002 the movie *Minority Report* showed retinal recognition in-store triggering a personalised message to the customer. In 2012 Reply brings you the very same concept triggered through your smartphone. We believe this is the future of commerce, connecting the offline world to the online world and finally allowing retailers to maintain that single customer view. We can recognise the customer whichever channel they interact with, we can identify them, personalise to them whenever and wherever they are. By recognising the customer in every channel we can optimise their shopping experience, increasing loyalty and driving conversion improvement.

Proximity commerce must feature at the heart of the multichannel retailer's business and technology operations. The recognition of the consumer using a unique identifier (the mobile phone) will enable retailers to become totally targeted, totally focused and totally effective in communicating, selling and servicing their customers whenever and wherever they wish to engage.

Mark Adams, partner, Portaltech Reply
www.portaltech.co.uk



The use of effective 'transit' packaging is an ever-present constant in the ecommerce supply chain, but one that is so often overlooked and underutilised. Intelligent use of corrugated packing can save time, cost and enhance the overall customer experience.

Charapak is the UK's leading designer and manufacturer of ecommerce packaging, and have many success stories in helping clients engage with their consumers in a more positive way.

Clearly it is essential for packs to be strong and robust enough to withstand the distribution process and ensure goods arrive in pristine condition. At the same time, the nature of the delivery process frequently means the packaging has to be innocuous and not give any indication of the value of the goods it contains.

However, this approach flies in the face of the typical buying experience, where packaging helps to reinforce the decision to purchase and reflects brand image. Although the goods themselves may still be in their original primary packaging, the actual internet shopping experience can be sterile, meaning that when they receive

their goods, consumers have little recollection of the buying experience, particularly if this was via a mobile or tablet platform.

The challenge for the transit pack, therefore, is to enhance the experience of receiving these goods. With the many advanced printing techniques available, our corrugated packs can create high quality, impactful graphics on the inside of a box to help establish brand image and awareness.

At Charapak, our 'There & Back' pack was specifically designed for efficient ease of returns, having two adhesive strips separated by a serrated tear strip. This allows goods to be packed and sealed and easily opened by the consumer, leaving an intact box that can subsequently be re-sealed for returned items. Importantly, the use of adhesive delivers a stronger and more robust performance than tapes.

Remember packaging promotes and protects your brands!

Richard Smith, managing director, Charapak Group
www.charapak.co.uk



As a provider of supply chain software, a common problem that we encounter is the perception amongst retailers that fulfilment systems are just about warehouse management (WMS). In reality, fulfilment is about much more than this. Once orders are captured via various channels, retailers typically need systems to handle global inventory, fulfilment determination, store replenishment, parcel carrier management and drop-ship vendor integration.

An inventory service providing a centralised global view of underlying inventory, across multiple fulfilment centres and stores, accurate in real time, is a key enabler to allow a common inventory pool to satisfy store replenishment, ecommerce and collect-from-store demand. Real-time accuracy is essential to ensure that the same inventory is not sold simultaneously in different channels by higher-level replenishment or order management systems.

Cross-channel retailing can result in complex integration paths between the systems involved in retail store replenishment (ERP/retail replenishment systems), ecommerce platforms (websites and order management systems) and fulfilment systems, especially WMS. Rather than attempting to customise multiple complex integration paths into the WMS to facilitate communication with ecommerce and store replenishment systems

above, a better approach is to use an intermediate layer (we term this the supply chain services layer) to handle the integration complexity. This allows the underlying WMS systems to remain vanilla, and reduces integration complexity and risk throughout. In IT terms, a service-oriented architecture (SOA) is used to facilitate this architecture. This is a scalable and modular alternative to implementing 'big ERP'. This framework can adapt rapidly to evolving e-sales and fulfilment channels and facilitate migrations to new ERP or web platforms.

If a customer's order contains a mixture of lines which can be fulfilled from a mixture of fulfilment centres, stores and drop-ship vendors, a fulfilment determination service can break down the order into consignments, where each consignment is shipped from one fulfilment site, on one day, using one carrier service. This can take into account where best to ship from, inventory availability, manufacturing lead times, whether to consolidate to a single site prior to shipping to customer or whether to ship site-specific shipments, carrier capability and handling methods.

David Stocker, head of business development and consulting,
DAI Opinion
www.dai.co.uk



Back-end operations have to become agile, combining flexibility with speed of response. There's a need to source product from an increasing variety of locations (suppliers, multiple picking centres, stores) and a requirement to ship with a widening range of delivery services to an increasing number of locations, for both domestic and international. In this mix there are many moving parts of the supply chain that must be optimised, including stock, picking, carrier collections, delivery and customer service.

Three years ago, I would have said that the long-range plan provided most of the answers. Use the plan to work out where you are going and ensure that all initiatives interact and work as part of a complementary program. This way you can remain targeted, focused and effective.

But today, while planning is clearly a cornerstone the market is moving so rapidly there is a danger of creating islands of activity, which become isolated and left behind. Better to build in flexibility with configurable systems that can be deployed rapidly. Retailers have to use third party systems that are quickly evolving with the market. Whether this is a single system or a

range of systems that can readily interact, flexible engagement with the right third party partners can help retailers to achieve the critical success factors in the back-end operations. Two of the most important are visibility and automated execution.

Visibility is needed over stock in multiple locations; over outbound delivery stages and in bound return stages. Visibility is needed to understand the customer's order position, to work with them proactively and to provide them with the best updates and options at all times, so they get their order on time, every time. Supporting all of this are systems that automatically manage an ever-increasing array of fulfilment options. Which stock is picked from where? How can cut off times be met? Which carrier – to support which type of service? How can you help a customer rescue a failing delivery? Systems must also pre-warn customers of issues and confirm everything is on schedule. Flexible, automated systems can ensure all of this happens right first time, every time.

*Patrick Wall, chief executive and founder, MetaPack
www.metapack.com*

STIBO SYSTEMS

It is hard to imagine a world where shopping is limited to physically visiting a store. The internet age means that consumers are spoilt for choice when it comes to shopping channels, and Saturday afternoons spent traipsing around stores are quickly being replaced by online orders. With so many channels available, retailers need to ensure that shoppers are getting a consistent, fresh experience across each.

Anyone who has ordered online will have experienced the pang of disappointment when they receive a product that wasn't what they expected – a different size, colour, or fabric. For retailers, this will only result in product returns, and will often deter customers from making further purchases. Indeed, the importance of accurate and consistent product information should never be underestimated.

It is essential for retailers to keep the customer as a clear focus and driver of their business. Consumers like to shop their way, find what they want, and to easily compare, along with value and choice.

We recognise that it is also vital to take a holistic view of the multichannel ecosystem, the importance of data accuracy and quality, ensuring that processes and technology are in place to support the integration with both internal systems and channels and partners. Investing in product information management (PIM) technology provides a central repository of rich customer-

centric information used to create feeds, flows and versions for multichannel retailing at scale.

With just under half of retailers set to enhance their mobile strategy this year, either by launching a new mobile shopping app or transactional mobile website, it is important that retailers underpin new channels with the right infrastructure – including a proper PIM platform. With 76% of retailers noting that managing the quality of their online product information is a challenge; retailers need to ensure they consider a PIM platform as an essential part of their multichannel strategy. After all, buying decisions rely directly on accurate information, regardless of how a consumer ultimately chooses to shop.

PIM can future proof your business by delivering the rich information customer demand and helping to sell more effectively now and in the future. Taking a strategic view of multichannel should be top on the agenda. Supporting separate strategies for online, mobile and tablet, with flexibility and agility will help retailers cope with the growing demands of creating a seamless multichannel customer experience.

*Simon Walker, director, ecommerce innovation, Stibo Systems
www.stibosystems.com*

MULTICHANNEL IS DEAD.

LONG LIVE 'PROXIMITY COMMERCE'!

MULTICHANNEL HAS EVOLVED, BUT HAS IT REALLY BECOME CROSS-CHANNEL, OR IS IT POSSIBLY PROXIMITY COMMERCE?

Proximity commerce definition: The customer has full control of when and where they make their purchasing decision either at home, online or on the go and whom they involve.

The retailer that enables this conversation will better understand their customers' needs and build long-term relationships.

At Reply we think the terms 'multichannel' and 'cross-channel' are still too restrictive because they are purely focused on the sales channel. As social media starts to permeate all that we do in retail, let's be mindful that the IQ of the crowd can in fact be greater than the most intelligent individual. The sales cycle is going to be extended as our customers start to get help from all sorts of third parties: friends via text, parents via face time, reviews at our finger tips, 'mobile assistants', and so on.

So it's not about the channel, it's about the conversation we have with

our customers and whomever they choose to include, regardless of where they are. They might be at home, online or on the go, but they still want to be served. The combination of social media, touchscreen and mobile technologies have enabled this conversation, but this conversation must be relevant and we need to work hard to ensure it is. So think customer. If you want to have a meaningful conversation with me, use my name.

Here we are talking about habits and behaviours. The combination of social media, touch screen and mobile technologies have enabled this conversation, but this conversation must be relevant and we need to work hard to ensure it is.

How can we respond to this behaviour to convert conversations into sales? We've heard of the term proximity marketing but we should be doing more and looking at what our customers are telling us from these conversations and then applying this

new knowledge to the entire supply chain and sales cycle. They are telling us how they want to be able to be served and interact with retailers, whether they are at home, online or on the go and that means – proximity commerce.

Retailers want to build customer loyalty and increase sales. But four customer expectations are commonly not met.

A SIMPLE PROPOSITION

Retailers have inadvertently created complex and artificial boundaries through the nature of how their operation is set up within separate channels – mainly store and online – but this can often translate to the customer as nonsensical.

Stock housing is a key area:

- "We don't do deliveries to home from this store, period!"
- "You can't return that product here, we don't run that line."



- "Sorry, we can't place your order for that in-store, you need to order online."
- "I wouldn't trust the stock on the website, you should call the store."

PERSONAL SERVICE

Proximity commerce supports the new world of retail by enabling retailers to utilise the best of technology to recreate the level of personal customer interaction commonplace in the 1950s. Back then, customers' personal tastes and sizing were known by their tailor and they received genuine personal service. Proximity commerce can bring personalisation to today's masses. Retailers can gather details on personal preferences, size, offers and recommendations to shorten yet enhance the purchasing experience.

ADDED BENEFITS OF BELONGING WITHOUT INTRUSION

People like to be a member of something if it has a heightened status with their peers and offers extra

benefits. Customers who become a member are more loyal and will have more meaningful conversations. Proximity commerce helps retailers from overstepping the mark with the level of communication with the customer by providing ways and methods of reaching out to the customer at the right time.

SERVICE ON THE CUSTOMER'S TERMS

Customers are beginning to drive the service they want, the provenance they expect, the products they like and how they want to engage. For example, customers started using Facebook before retailers. Every customer is different therefore personalisation is key.

Proximity commerce allows the retailer to sell to the customer anywhere at anytime on the customer's terms but with no loss of benefits to the retailer. Today it is about where and how customers can purchase desired goods or services. The rise of proximity

commerce will blur the boundaries for retailers in their multichannel world and retailers must keep up with customer expectations.

Proximity commerce allows the retailer to sell to the customer anywhere at anytime on the customer's terms but with no loss of benefits to the retailer. Today it is about where and how customers can purchase desired goods and/or services. It's about the conversation that the retailer can now have with the customer and how the customer's evolved habits, behaviours and expectations are changing dramatically. The rise of proximity commerce will blur the boundaries for retailers in their multichannel world – where they will scramble to keep up with customer expectations. ■

If you would like to learn more about proximity commerce contact Daren Ward (d.ward@replyltd.co.uk) or Mark Adams (m.adams@replyltd.co.uk) at Reply.

A DELICATE BALANCE

IT'S NO LONGER ENOUGH FOR RETAILERS TO THINK ABOUT DESIGN PROJECTS SIMPLY IN TERMS OF OVERHAULING THE WEBSITE. INSTEAD, REPORTS JONATHAN WRIGHT, COMPANIES NEED TO CONSIDER HOW CUSTOMERS USE DIFFERENT CHANNELS



Increasingly, there are two key pressures for retailers rolling out digital design projects. On the one hand, consistency is crucial. Whether a customer is in the store or shopping online, the experience of interacting with a brand across different channels shouldn't seem radically different. Against this, faced with evolving patterns of mobile and tablet usage, consumers' increased expectations of screens in stores and the potential of new technologies currently coming on stream, the need to experiment, to be flexible and nimble, even to make mistakes that might reflect badly on the company, is paramount.

At first glance, these two pressures appear to pull companies in diametrically-opposed directions, to force a choice between customer service and the innovation crucial to longer-term success. There's just one problem with this picture. It's too stark, not nearly nuanced enough to describe the design challenges thrown up by the move to a cross-channel environment.

Far better to take a step back and think about wider changes within retail. At the risk of labouring a point we've made often in *Internet Retailing*, the emergence of cross-channel retail reflects profound changes in consumer behaviour, specifically the way today's consumers range across different channels as they move towards purchase decisions. For companies where employees are even now often used to thinking about the web, the call centre and bricks-and-mortar stores as wholly distinct channels, this can throw up huge challenges.

"We're still engineering very channel-specific solutions and actually customers are not interested in what we perceive to be our channels," says Daren Ward, director of retail and consumer at technology consultants Glue Reply. "We need to start embracing the conversation we have with the customer rather than the different channels they're using."

TIME TO TALK

But how should retailers think about and design for this conversation? In great part, of course, it's a dialogue driven by customers themselves. Increasingly, for instance, there's evidence that customers are prepared to buy big-ticket items via mobile, perhaps completing a purchase started several days previously with research conducted via a desktop PC. This

STAYING ON MESSAGE

"What you really don't want [as a retailer] is for me to be browsing online and get a different experience via my mobile phone to talking to a sales advisor in store who has a completely different perception around the brand you're trying to push."
Julian Douch, associate partner, Open Reply



SPEAKING FROM EXPERIENCE



THE HUMAN FACTOR

"[Too] often we see people focusing on their mobile channel or their kiosk channel. And what they do is they end up providing customers with far more sophisticated and better information about the products that they're selling than their staff, because their staff are in the store channel and they don't have access to that information."
Daren Ward, director of retail and consumer, Glue Reply

PLANNING FOR AN UNCERTAIN FUTURE

"Even though we might know the technology is coming, the challenge is picking the winner. Is it going to be VHS or Beta tapes? It's back to that chestnut, where you might pick the technology but you don't pick the winner and you've pigeonholed yourself. It's a balancing act, getting what you have now right, but being there for those future adoptions as well."
Eoghan O'Sullivan, CEO, Von Bismark



SOCIAL WORKS

"Part of the reason social networks get so much attention is because they are fantastically engaging experiences that people want to spend time on. Retailers really need to learn from the quality of those experiences. The fact is they motivate people to spend time on that channel, retailers need to take that on board."
Mo Syed, head of user experience, Ampliance

is something few retailers would have predicted happening a few years back. Then there's the way consumers use social media to share opinions of companies, both good and bad.

These scenarios may seem to put retailers on the back foot, but it's important to remember that a conversation is a two-way process – talking with rather than talking at or just listening. It's here that consistency is

particularly important. Companies need to ensure there are no jarring differences in tone across different channels. Or even plain conflicting information, which happens too often. What this doesn't mean, says Daren Ward, is that retailers necessarily need to take all the information from the company's ecommerce presence (although in some sectors...) and somehow squeeze it on a mobile site. "That's not the consistency we're talking about, it's the consistency of the proposition, the services companies provide for that client," he says.

This need to think about what kinds of information to make available via mobile will already be familiar within many organisations, but there are other subtleties here too. Recently, says Ward's colleague Julian Douch, associate partner at Open Reply, he's been working with a travel company that's choosing a new platform. The need for a well-designed web interface here is obvious, but what

“ Companies need to ensure there are no jarring differences in tone across different channels. Or even plain conflicting information, which happens too often ”

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about when people go to speak to a sales advisor on the high street? In many travel agents, advisors work with what Douch calls “traditional green-screen” interfaces, screens that often get turned to consumers as information is shared or different options highlighted.

“Customers are going to think, ‘I don’t understand what I’m looking at,’ because they’re very much used to a very engaging, intuitive device,” says Douch. “So it’s that thinking through all of your presentation capabilities, it has to be seamless end to end.”

CROSS-CHANNEL DESIGN SKILLS

Douch’s example is an example of how digital design considerations are coming into play in unexpected ways. There’s a wider point here. To create truly seamless cross-channel retail experiences, companies need more than just web design and ecommerce skills. The awkwardness of explaining information presented on a confusing, text-heavy screen has probably been obvious to high street sales staff for years, but it wouldn’t necessarily occur immediately to an ecommerce specialist.

It’s a theme taken up by Mo Syed, head of user experience at technology company Ampliance, when he talks about digital design. As well as thinking about new patterns of consumer behaviour, companies need to think about the different strengths of each channel, he suggests, and also think about how the different channels weave together. This will mean breaking down silos within many companies.

“The thing is [digital design] doesn’t just cross different channels but different design disciplines,” he says. “When you’re thinking about the physical space, when you’re thinking about service design, about when someone goes into a physical space and performs a set of actions, when you’re thinking about your store and the way customer service in the store is designed, that tends to be a distinct discipline to the design of the website.”

However, Syed adds, this is starting to change so that forward-looking retailers are more and more advertising for staff who have expertise across both service and digital design. “It’s about understanding how that kiosk or point-of-sale display, or whatever it is you’re interacting with digitally, interacts with the rest of the store, understanding how you might want to customise the product in store and

either pick it up at the store or have it sent straight to your house,” he says.

THE SHOCK OF THE NEW

It follows too that designers need a good understanding of mobile here, if only because it’s so often the mobile device that binds channels together. Daren Ward, for example, foresees a near future where the conversation between retailer and consumer becomes even more personal because, with the use of opt-in technology, our mobiles will identify personally us as we walk into stores. Ally this to ‘big data’ so that a retailer knows in detail about a consumer’s purchase preferences across channels and we’re really talking consistency.

“It’s about understanding how a kiosk or point-of-sale display, or whatever it is you’re interacting with digitally, interacts with the rest of the store”

Which, when you pause to think on this further, is quite a turnaround because it’s not so long ago since mobile was seen as a disruptive technology, regarded with suspicion because of its potential to ‘cannibalise’ sales from elsewhere or just plain ignored. (Even today, says Daren Ward, he deals with companies that have “the impression that mobile is not going to have a big impact” on their high street operations.)

Further disruptions lie ahead and experience suggests it may be difficult to predict from where and when these disruptions will hit us. Who would have thought, for example, that a boring old tablet PC, the iPad, would so completely capture the public imagination? To return to where we began, retailers aiming for consistency also need to be adaptable enough not just to cope with such disruptions, but to make the most of the opportunities they present. Great retail practice, it turns out, is not just about selling people things they didn’t even know they wanted, it’s about selling these items using technology people didn’t even know they wanted to use. In the circumstances, consistency may be hard to achieve.

Yet this doesn’t mean retailers can simply give up on trying out new kinds of technologies. Rather, companies need to be open to new ideas and ready to see how

these work, how they can be incorporated into existing conversations. In great part because he’s currently launching ‘virtual wardrobe’ technology that enables customers to allow users to ‘try on’ digital clothing, this is an area of some concern to Eoghan O’Sullivan, CEO of Von Bismark. “It’s a leap of faith by retailers to use a gut instinct, to say, ‘What does the consumer want and how can we provide them with a much more tailored solution?’” he concedes as he discusses the challenges of launching a new product.

Nevertheless, O’Sullivan adds, companies are prepared to experiment, even in the current climate. Indeed, the continuing economic gloom may even be a help to suppliers selling snazzy new digital sales

aids. “If we weren’t in a recession, big retailers would be much slower to embrace [new] technology because they’d still be making positive sales on the high street,” he says. Successful retailers, it’s worth adding, don’t just ride out recessions but actively look for ways to increase market share.

NFC technology allied to payment by mobile and the ‘gamification’ of retail, the idea that digital experiences will become more playful and fun, are areas that retailers should be looking at seriously, suggests O’Sullivan. Everyone *Internet Retailing* spoke with for this feature foresees rich possibilities around the personalisation of retail experiences. Then there’s the rollout of HTML5, the arrival of internet-enabled TVs in the nation’s living rooms and the advent of augmented reality. Clearly, design projects aren’t going to get simpler in the near future.

More specifically, the challenges will be considerable because rolling out such technologies will involve breaking down silos, challenging established ways of working and combining elements of different design disciplines in new ways. But then again, how could it be otherwise? If customers are ranging across channels, choosing to engage with retailers in ways that suit them and not necessarily the retailer, companies need to respond and, when there’s an opportunity, lead the conversation. ■



TURNING HEADS ONLINE

THE ENDLESS DISTRACTIONS BROUGHT BY THE DIGITAL AGE MEANS THAT RETAILERS MUST WORK HARD TO KEEP THEIR CUSTOMERS' ATTENTION. **CHLOE RIGBY** FINDS OUT HOW THE LATEST MERCHANDISING TOOLS CAN HELP DO JUST THAT

R

emember when window shopping was a leisure activity in itself? When shoppers volunteered their time to look at retailers' displays and imagine future purchases?

When seeing the Christmas windows was worthy of an outing? Today time-pressed shoppers are more likely to catch a glimpse of a bricks-and-mortar display as they hurry somewhere else – so displays are ever more impressive in order to gain their attention.

Online, where digital distractions are endless, it's still harder to keep customers' attention on products. After all a click of the mouse can take browsers to another corner of the virtual universe.

"People can spend their time in a million different ways," says Mo Syed, head of user experience at merchandising and commerce content company Ampliance. "Retailers are very good at creating engaging, exciting experiences on the high street, where they compete with other shops, but the same thing has to happen in a virtual space. If that retailer is trying to do business on the iPad, he's competing for attention with everything else the consumer can do on that device. That means the retailer has to offer engaging experiences that encourage consumers to spend time in that space.

"Once you have the consumer's attention and once the consumer has decided this is engaging enough, then that will translate into sales and it will also translate into a positive brand perception."

Sounds like a tough call. But today retailers can use the latest technologies to help them showcase their wares, both in stores and online, in ever more interesting ways.

TOOLS OF THE TRADE

It's no coincidence that sales over touchscreen tablet computers are increasing fast. According to a recent global study by mobile advertising network InMobi and mobile marketing network Mobext, tablet owners use the devices to shop more regularly and for larger-ticket items than smartphone owners. Although as yet fewer people own a tablet, it's a tool that lends itself to flicking through pages, zooming in on interesting images, in a way that smartphones just don't. It seems the ease of use means there's a smaller psychological jump to be made before making a purchase on an iPad or similar

SHOWING THE RANGE

"The point about your store is that you're trying to display the range. The trouble with websites is they try and display products. That's the difference. You have no sense of the range on a website when you go in."

Ali Athar, chief executive, Itim



SPEAKING FROM EXPERIENCE



CONTROL YOUR IDENTITY

"Those retailers who are going to move forward are going to be in control of their identity and maintain and increase their own online brand identity. Imaging is key to that, whether it's flat, 360 or video – it's absolutely key to it."

David Brint, marketing director, SpinMe

BREADTH OF CHOICE

"If I want to buy a new watch I'm going to be able to find a greater breadth of watches and get to a positive browsing decision more effectively by browsing Pinterest than through a series of websites."

Mo Syed, head of user experience, Ampliance



device. That's because, says Ampliance's Mo Syed, such tablet computers provide a more "seductive" experience that engages our senses of touch, vision, and hearing and gives an "illusion of actual interaction with physical objects that brings people into the experience and to a deeper level of engagement".

Online merchandisers, he suggests, must harness that sense of engagement. "You can think of these things as a creative palette of things that can be used to create experiences that are more engaging. When you use that palette in an effective way, you can create experiences that are really playful, so customers can discover new products in a slightly different way and combine those products together to see how they bisect."

Making these playful experiences can be the key, he believes, to really powerful experiences that work across channels, taking the internet to the store, and from the store to the web.

"People think about cross-channel basically as a landgrab for more space to sell," says Syed. "But a more effective way to think of them is by asking, 'What's the opportunity to engage customers? What is it about this channel that makes it more engaging?' Combining these channels in physical spaces in new and exciting ways, that's the opportunity."

FROM THE STORE TO THE WEB...

Across all types of screens, new ways of showing products are helping to replicate that real-life experience of how customers look at items in the store. In just this way, says David Brint, marketing director at online imagery specialist SpinMe, technology that can rotate and show off goods emulates the bricks-and-mortar experience.

He likens the development of online merchandising to the way the in-store sales environment and culture has changed. "If

“ You wouldn't let your suppliers come in and merchandise your shop. So why would you do it online? ”

you think back a few years, people walked into store and products used to be behind the counter. Then they came out from behind the counter so people could pick up the products and look at them.

"If you then relate that to shopping online, if it's just a flat image it's just behind the counter and all you can do, effectively, is look at the image. You've got no control or interaction."

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Using 360-degree spin for products that can now be shown in 3D gives control, he suggests. “It’s the nearest thing to being in store and picking the product up and that allows you to get more information, clear information on the product, its features and benefits,” says Brint. “From our experience that leads to an increase in sales and decrease in returns.”

SEEING THE RANGE

But while retailers are now starting to show off individual products in ways that are both engaging and compete with the store experience, retailers still have much to do, argues Ali Athar, chief executive of retail solutions business Itim, to give online shoppers the idea of the entire range that is so easily available when they walk into a store.

“Traditionally if you walked in the shop retailers would go to great lengths to visually merchandise it in such a way as to entice you to shop,” he says. That would include organising goods in a way that consumers can understand, with expensive items together, bargains and promotions in another area, and those aimed at different age brackets shown separately. “They’d lay out the shop to entice you into a certain behaviour,” says Athar. “But the reality is that people are not doing that effectively on the internet.” Online merchandising, he argues, is geared towards encouraging people to find a product they already know they want, with the emphasis on features such as sort filters that encourage search by attribute rather than allowing free rein to browse the range on offer. He believes that learning from in-store merchandising must encourage retailers to bring logic to the way they show off their whole range, and that such an approach will in future result in interactive features such as spinning rails and left-to-right displays rather than up-and-down scrolling.

FROM THE WEB TO THE STORE

Retailers are also now starting to take the web into stores to achieve highly practical ends such as extending the range they can offer in store, and linking customers’ store visits to their single view of the consumer and their behaviour.

Fashion brands Oasis and Burberry are using tablet computers as clienteling modules for mobile sales assistants to show the extended range or smartphones as an alternative point of payment. Debenhams and Marks & Spencer are using kiosks as a

“ People think about cross-channel basically as a landgrab for more space to sell. But a more effective way to think of them is by asking, ‘What’s the opportunity to engage customers?’ ”

self-service area where customers can explore and experiment with products. But whatever the use, it’s important that they add something worth having to the in-store experience, says Ampliance’s Mo Syed. Thus in-store kiosks that simply act as windows to the ecommerce experience don’t cut it.

Syed singles out Nike’s ID kiosk, where shoppers can produce customised versions of the shoes they see on the shelf and order online for later delivery. “It makes sense,” says Syed. “You’re using existing customer intent and engagement and giving them something new and better than that existing experience by using this kiosk or in-store computer experience.” Retailers, he says, need to ask themselves what a kiosk or tablet will bring to the store sales channel. “If the answer is nothing, retailers aren’t making full use of these channels.”

GOING WHERE THE CUSTOMERS ARE

As merchants learn to compete with those endless digital distractions that we described earlier, they are also adapting to a world in which their site may no longer be a primary destination. Savvy retailers are seeking out their customers wherever they may be on the web to show them their products. Often, their customers are spending time on social media sites. All of these sites are different, but what giants such as Facebook and fast-growing online pinboard site Pinterest have in common is that they lend themselves to showing off products. They are also, says Ampliance’s Syed, places where consumers are increasingly finding they can see a greater breadth of products than on any single brand’s website.

“It’s the same point about competing for users’ attention,” he says. “It’s faster, it’s more engaging and much more visual. There’s just less resistance in those experiences and you can cut through thousands of images and products with the minimum of effort.

“This trend is going to speed up and in the next couple of years, the people

discovery phase of ecommerce will happen on social networks.”

He says social media also satisfies two key psychological steps that people go through before they buy a product. First, it gives them a visual, frictionless way to discover a product. And second, the endorsement by other social media users gives them permission, a rational justification, to buy. “Hundreds have bought it and it seems the vast majority are satisfied with it. It seems a sensible decision as well as a seductive one.”

Retailers can effectively use social media, he says, either by bringing external content onto their own websites, or by actively merchandising their products on social media sites. That might mean creating online pinboards on Pinterest, or it might mean populating a Facebook page with interesting photographs and videos.

Key to showing off products on social media is the engagement of users who link to or add product details to their page. But a precondition of achieving that is to make products highly appealing.

SHOWING YOUR PRODUCTS

Thus high-quality images that engage and seduce consumers are now a priority.

Indeed, that’s part of a general trend towards better quality imagery across retail websites. SpinMe’s David Brint detects a raising of standards in recent years focusing on how products are displayed. “In my view,” he says, “it really changed three years ago when John Lewis moved to really good-quality photography and imaging rather than just relying on suppliers. I think you can tell the difference between that and most retailers, who still rely on their suppliers’ imaging.

“Each supplier shoots in a different way and as a retailer I would want my imaging to reflect my retail brand, not all my myriad of suppliers’ retail brands. Your website is your store – you wouldn’t let your suppliers come in and merchandise your shop, make decisions on how your store is merchandised. So why would you do it online?” ■

SHOPPERS TAKE CHARGE

A CUSTOMER JOURNEY MAY START ON FACEBOOK, TAKE IN WEBSITE OR MOBILE APP, AND FINISH IN-STORE OR ON A TABLET. ENSURING A CONSISTENT AND SEAMLESS EXPERIENCE THROUGHOUT IS A MAJOR CHALLENGE FOR RETAILERS, WRITES **PENELOPE ODY**

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hen it comes to omnichannel retailing it seems, as Abraham Lincoln might have said, that retailers can be successful in some channels all of the time and all channels some of the time, but none has yet

managed to succeed in all of the channels all of the time. Traditional bricks and mortar retailers are great in-store and pureplays fantastic on the web, but move either out of their comfort zone and the problems start to mount – and increase steadily as more channels are added. Earlier this year

consultants Kurt Salmon surveyed 50 top fashion brands and assessed their performance across all their channels. “We found good examples where retailers had successfully added one additional channel to their core activity,” says Richard Eynon, senior manager, Kurt Salmon, “but as more



channels were added both customer experience and integration steadily declined. None of the companies could be considered as best in class across all channels and none could provide a seamless end-to-end experience.”

Part of the problem may be a dilution of effort as small multichannel teams

try to do too many things at once.

Retailing’s traditional ‘silo’ approach is another issue since product and customer information are held in numerous places by separate departments. “Retailers need to develop a holistic view of the customer across all channels,” says Eynon, “so that they

DELHAIZE TAKES TO THE STREETS

Belgian supermarket chain Delhaize has tapped into new markets and enhanced its customers’ shopping options with the help of a simple pop-up shop consisting of nothing more sophisticated than a printed plastic sheet draped around a metal cube, illuminated from inside and with the added attraction of a wi-fi hotspot.

The cube, showing illustrations of 300 products, was first used at Brussels Central Station at the end of March. Commuters can download an app to their smartphones or tablets and then simply scan the product barcodes, while waiting for the train, to have the goods delivered to their homes or a local store for pick up on their return journey from work. Various printed plastic sheets with different product assortments can be used to

reflect shopping preferences by time of day and likely audience.

“It was cheap to make and easy to assemble,” says Pascal Podvin, chief executive of Compario, which provided the technology for the cube, “while the plastic showed real-size products so they were quick and easy to identify.”

The result has been a 50 per cent increase in website visits and a 30 per cent increase in web orders and since April the pop-up has appeared in various location with a steady increase in conversion rate.

“Delhaize offers many cross-channel shopping experiences,” says Podvin, “including collect from store and drive-by pick up and the cube was another way to enhance the customer experience and satisfaction.”

can see how a customer interacts across all touchpoints.”

TOWARDS SOLUTIONS

That is, of course, easier said than done with many retailers struggling to integrate store technologies with web activity, let alone add social media or mobile into the mix. “Achieving a single view of the customer is more important now than ever before,” says Leighanne Miles, associate director in Javelin’s strategy practice. “A customer may start their journey on a mobile, then perhaps three days later they could use a tablet to look again at the product, maybe five days later they order it on a PC and finally collect from store. The aim is to track that journey, probably using some sort of customer ID, and give a consistent, seamless and personalised experience throughout. We’re not a million miles from having solutions that will be able follow this sort of journey – although no-one is quite there yet.”

An even greater challenge suggests Miles, is that the retailer is no longer in the driving seat. In the past retailers led on technology, marketing and product offers. Now customers are driving the agenda using a greater range of devices and channels and with high expectations of a seamless experience. “One of the biggest challenges is

“ Online makes real world shopping experiences more diverse and efficient ”

to deliver on this customer expectation,” she says, “and put customer focus at the heart of operations. Any retailer not doing that is going to fall behind.”

CONSISTENT EXPERIENCES

No matter how many channels the customer journey may traverse, shoppers also expect the experience to be consistent with similar products, prices and promotions. Unlike retailers they don’t necessarily regard the touchpoints as different channels but rather as a single interaction with the same retailer.

“Consumers don’t engage with different channels,” says Kees de Vos, vice president, business consulting at Hybris, “and they are not necessarily interacting in one channel at a time. They can be using a mobile in-store or an iPad while watching interactive TV.”

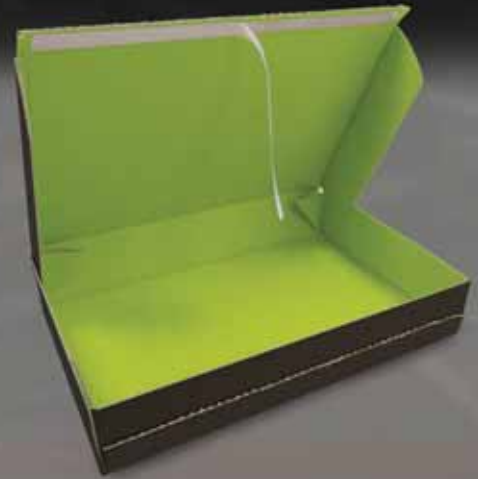
Jason Shorrock, business development director at BT Fresca, believes that this proliferation of consumer devices and touchpoints is one of the key challenges – as well as opportunities – for retailers. “There has to be a consistent proposition across all these channels,” he says, “but retailers don’t know which ones will be successful. We have had a couple of clients wanting to transact on Facebook and it really hasn’t worked. People like interacting on Facebook but not buying things: it’s better for marketing campaigns focused on events. Retailers certainly need to try the different channels but if they don’t work then get out quickly.”

A problem, which Shorrock acknowledges, is that it is still early days for many channels and the way shoppers use them is likely to change over time. For retailers it can mean constant experimentation – or at least careful monitoring of what the competition is up to – if they are going to keep up with latest developments. Even companies like Argos, once regarded as a highly successful multichannel player, are said by some to be slipping back as more channels and a greater variety of consumer devices come into play. “Today’s consumers spend a lot of time with technology,” says Michael Griffiths, global director for retail and distribution at Microsoft Dynamics, “and they have high expectations.”



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MEETING EXPECTATIONS

As well as consistency, those expectations certainly include high service levels and accurate stock and product information. For retailers that not only means real-time data and single, centralised databases, but also – since real-world stores are still central to the experience – competent staff and what Jason Shorrock refers to as the ‘webification’ of stores. “Some are adding tablets with web access for staff to use in assisted selling,” he says, “others are opting for kiosks but there has to be access to the sort of ratings, reviews and recommendations found on the website within the store as well.”

Stuart Henderson, NCR’s director of retail for Northern Europe, agrees.

“Consumers want to access everything they love about online when they’re on the high street, be that endless choice, total price transparency or peer ratings and reviews,” he says. “Online makes real world shopping experiences more diverse and efficient. For this reason, we’re seeing the emergence of a ‘screen culture’ in retail. Video walls, touchscreens and mobiles will all coexist in the long-term in stores as they have specific roles and benefits.”

Providing a raft of new electronic gizmos in store is never easy – as numerous retailers discovered during the heyday of kiosks, which were frequently switched off or consigned to remote corners by staff irritated by their incessant jingles. Recent visitors to Marks & Spencer’s in Oxford Street London, where numerous tablets have been introduced, similarly found that none was working. “There has to be someone in-store to take ownership of these customer facing technologies,” says Leighanne Miles, “as upkeep and maintenance can be challenging”.

Failure of the in-store ‘webified’ technologies can be just as detrimental to the customer experience as staff failure to find the click and collect order.

ON TRACK WITH MOBILE

Understanding just how shoppers want to incorporate mobile into their customer journeys can also be challenging. The iPhone was launched just five years ago and the iPad two years ago so retailers are still at a comparatively early stage on the learning curve. Customers may be using smartphones to research product and price information in store, they may also be picking up information via QR codes

SHIFTING FOCUS

“The ecommerce focus has shifted. Customer experience management is what matters to all retailers. It’s no longer about traffic – the price of acquiring customers is prohibitive so you have to make the experience exciting to retain shoppers.”
Pascal Podvin, chief executive, Compario



SPEAKING FROM EXPERIENCE



KEEP IT COMFORTABLE

“Customers are used to registering on a website so the discomfort factor is reduced if they are asked to register on a tablet in store. Once shoppers are identified, promotions and recommendations can be personalised and the experience improved.”
Richard Eynon, senior manager, Kurt Salmon

SEAMLESS EXPERIENCE

“There is nothing more frustrating for consumers than seeing something online and then finding out that it is available only on the web. Retailers really have to find ways to deliver a seamless experience across all channels.”
Frank Lord, VP, Oracle Commerce



CONSISTENCY IS KING

“Consumers want the same experience in-store as they have online with reviews, recommendations and personalisation – and they are often disappointed by staff incapable or unwilling to deliver that sort of engagement.”
Tony Bryant, head of business development, K3

but for technologies like augmented reality or the various mobile payment options it is still early days.

In Belgium, supermarket chain Delhaize has successfully exploited enthusiasm for mobile shopping with its “cube” (see box out) which has led to a 30 per cent increase in web orders. “Use of mobile means that today’s consumers are always connected,” says Patrick Podvin, chief executive of Compario, “so commerce has to be connected as well.”

Consumer connectivity also brings the telcos into the equation with mobile networks able to track user location and history. “Retailers really should be working more closely with the telcos to deliver personalised promotions and enhanced customer experience,” says Simon Evetts, partner in IBM’s global business services and smarter commerce leader for UK and Ireland. “In future it should be possible to identify customers when they enter the store and to target personal promotions relevant to whereabouts they are.”

As well as discount offers, relevant product information, ratings, reviews and recommendations could all be available by scanning QR or bar codes with a mobile in the store so that an individual’s smartphone fulfils the function of yesterday’s in-store kiosks. “We would expect kiosks to be superseded by mobile apps,” adds David Hogg, IBM’s commerce solutions lead for Europe, “combined with wi-fi coverage in-store so that retailers can go directly to customers.”

An IBM survey of 28,000 consumers worldwide found that while 42 per cent trusted feedback from friends and family and 19 per cent believed customer reviews only 10 per cent trusted retailers to be totally honest in their recommendations. Using a shopper’s mobile to deliver the sort of independent product information that customers appear to prefer is not rocket science and could significantly enhance the customer experience as well as help drive sales. ■



WIN THE RACE TO DELIVER

SUCCESSFUL DELIVERY CAN BE A COMPETITIVE ADVANTAGE FOR RETAILERS – AND SMART TRADERS ARE MAKING FULL USE OF CROSS-CHANNEL POTENTIAL, FINDS **CHLOE RIGBY**

“T

he website and the delivery man – that is now the retail ‘experience’ for millions of people,” said Tesco chief executive Philip Clarke recently. In an age when

internet access gives, in Clarke’s words, “people who live in villages just as much choice of goods as people who live in mega cities,” delivery is today, as perhaps never before, a key point of competition for retailers.

How retailers use delivery to make sure they win each sale evolves constantly under the pressures of customer demand, retailer and carrier-led innovation, and financial constraints.

Customers, now very aware that they can get their retail purchases in the way that suits them, whether that’s at home, at work or in the store, demand choice both in delivery and returns. Responding to and preempting that demand, carriers and retailers working in competitive sectors innovate and, in so doing, raise customer expectations. That this is bound by financial constraints means delivery choices must be relevant and convenient for customers, making for consignment that is right first time.

In the short term such choices are helping to keep customers loyal. In the long term, they’re helping to shape the future of both retail and of the high street as delivery goes cross-channel.

MAKING FULL USE OF THE HIGH STREET

In recent months the growing popularity of click and collect services has inspired a new generation of stores built around its central idea of ordering online to collect in a shop.

The first HouseofFraser.com store opened last autumn in Aberdeen. Holding no stock it functions solely as an ordering and collection point. When it opened in Aberdeen’s Union Square, Lawrence Hutchings of the mall’s owner Hammerson UK, said the move to open “the first pure buy and collect concept store in the UK” had the potential “to shake up the retail sector”.

Certainly the potential of the store as click and collect delivery point is now

being felt across retail. Patrick Wall, chief executive of delivery software specialist MetaPack, says: “We see the majority of our customers now introducing click and collect-type solutions. They are immensely popular and growing all the time.” Many of those retailers, he says, are seeing 30 per cent of their sales generated through such services. “That’s good for everyone,” says Wall. “It’s convenient for customers while retailers are able to bring customers back into the store.”

Convenience stores are among the 900 branches where Sainsbury’s enables click and collect, as of this year. The expansion is to a service so popular that at Christmas 2011, 75 per cent of the retailer’s general merchandise online orders were picked up in store. Meanwhile the ability to return goods in store cuts costs while bringing potential customers to the store.

A new wave of small format stores is now being designed by retailers such as Halfords and Mothercare, according to Paul Bolton of the Ivis Group (see strategy framework, page 26), to stock the most popular items from product ranges while also acting as collection points for online orders. And eventually, predicts Wall, shops will become showrooms primarily for delivery to the home. “In the end how do you give the maximum number of customers a satisfying shopping experience? We’ll get the ability to do a lot of this virtually through digital channels, the nature of the store will change and the flexibility of the logistics behind all of this, parallel with digital development, will accelerate the trend.”

PUREPLAYS DELIVER IN STORE

While multichannel retailers are successfully leveraging their local stores as collection points, pureplays are doing it too through services such as Collect+’s Click and Collect+. The service delivers goods to a network of convenience stores local to their customers’ homes and daily journeys. In the other direction, retailers of all stripes are using such services for returns.

ByBox, which has pioneered the use of locker banks at points such as railway stations, offers an alternative collect-from-store route for pureplay retailers, with lockers now opening in three branches of Tesco in greater London.

A future in which retailers of all

“ Just the process of having an accurate picture of store inventory completely changes the delivery propositions you can offer your consumer ”

shapes and sizes could share high street collection points is foreseen by Sophie Albizua, co-founder and partner in multichannel consultancy eNova Partnership. Building on the idea of a ‘new Post Office’ that Mary Portas briefly set out in her report on the future of the high street, Albizua says: “What’s interesting at the moment is that in the face of challenges around multichannel and the shape of the high street, retailers are now starting to join forces together.” She cites the example of the White Rose shopping centre in Leeds, which enables shoppers to use its website to search for products across a number of its tenant retailers. “This would have been quite unthinkable a few years ago,” says Albizua, “but in the face of the multichannel revolution it’s the sort of thing we’re starting to see. I can see how that would develop into a collection point proposition as well.”

TAKING IT HOME

Of late, smart retailers and logistics companies have recognised further potential for stores to play a role in convenient delivery. Using the Shutl service, for example, retailers including Argos and Aurora Fashions’ Oasis, Warehouse and Coast stores offer 90-minute delivery from the store. Kiddicare, which traded from only one store until its current programme to open 10 more across the UK, envisages using its new stores to offer same-day delivery to its time-pressed constituency of parents.

In the innovative fashion sector, retailers are starting to harness the visibility of stock from all stores, not just the local one, for delivery. Aurora Fashions, for example, has introduced an Anywhere Everywhere stock management system across its warehouses and shops. Orders sold out online can be fulfilled from any store, and real-time updates

make it always accurate. When the system was announced, Mike Shearwood, chief executive of Aurora Fashions, said: “With Anywhere Everywhere, we’re saying to customers, ‘If we have it anywhere in the UK we’ll get it to you wherever you want it,’ which is a powerful message in today’s climate. It gives every store the opportunity to boost sales by fulfilling web orders and enables even the smallest stores to have access to the brand’s full product range, even much sought-after limited edition pieces.”

That visibility is crucial for such innovative delivery methods to work, says Craig Sears-Black, managing director, UK & Ireland, at Manhattan Associates, a specialist in supply chain management solutions. “At the moment very few people are doing click and collect or ship from store based on the store’s inventory because virtually nobody has an accurate picture of that inventory,” he says. “Just that process in and of itself, having an accurate picture of store inventory, completely changes the delivery propositions you can offer your consumer and you can have express ship from store in two hours. The first people to have that as a reliable offer at an economic rate will automatically get a head’s start.”

HOME SERVICE

The popularity of click and collect and related services show that customers can be prepared to travel for a cross-channel delivery service that’s relevant and convenient for them. But when the delivery is to their own address it’s still more important for retailers and their delivery services to get it right.

Services, such as DPD’s Predict, now allocate customers one-hour delivery windows that they can change by text or email. As well as proving convenient for customers this also boosts the chances of right-first-time delivery and cuts down on missed deliveries.

Meanwhile, delivery software specialist MetaPack will this year pilot a One Delivery service that sees parcels from different retailers within the UK consolidated virtually for a single drop off to the customer at a time of their choosing. “The secret,” says MetaPack’s Patrick Wall, “is to provide the customer with one delivery through one carrier even though it’s come from multiple locations. We link the orders in our system and make sure they are

Multichannel needs perfect product data.



dispatched on the same day. Then they go on the same carrier.”

Eventually, says Wall, such services will be the norm, even in a future when he expects incoming parcels will routinely arrive direct from overseas suppliers and manufacturers. The “ultimate prize” for cross-channel delivery, he believes, will see “many products coming from source but still delivered at the same time to the door, to the store, to work, to the lockbox.” He adds: “I’d like to think that wasn’t a challenge for anybody in five years, but we have retailers shipping direct from overseas now. By next year we’ll be consolidating into a single delivery.”

PRACTICAL STEPS

So what practical steps can retailers take to make sure their logistics work as well as possible?

Ultimately, says Wall, it is the retailer’s strategy that drives its logistics. Where the retailer decides to stock its products will dictate how they can be

“ We have retailers shipping direct from overseas now. By next year we’ll be consolidating into a single delivery ”

delivered. Meanwhile, moving to achieve stock visibility will allow retailers to take new decisions on how to fulfill orders. Shipping direct from suppliers or from the store will allow them to extend their range and reduce the likelihood of an order failing because a product is out-of-stock.

When it comes to specifying delivery options, retailers, says Wall, can best choose the most relevant services by analysing their customer base through segmentation and finding out how that particular group likes to take possession of their goods. Those who analyse whether goods are likely to be ordered as a self-indulgent treat which they want to arrive quickly, or a routine purchase that can take more time but cost less, will determine what types of delivery service to offer their individual customers.

Limiting options can also be a way to be

PERSONALISED DELIVERY

“The whole market is shifting its orientation from management of product at a bulk level to management of an item at an item and parcel level.”

Patrick Wall, chief executive, MetaPack



SPEAKING FROM EXPERIENCE



PERSONAL RELATIONSHIPS

“You need a rapport with people who are going to deliver because one of the big stresses is will I be in? That, essentially is part of the reason why internet retailing is still only 10 per cent - there’s a lot of stress about it.”

Andy Morrey, co-founder and partner, eNova Partnership

THE EVOLVING SUPPLY CHAIN

“Over the last 20 to 30 years supply chains have been optimised for their purpose – millions spent on optimising logistics and warehouses for the current needs. All of that has been torn up and you start again in a different environment.”

Craig Sears-Black, managing director, UK & Ireland, Manhattan Associates



STRATEGIC LOCATION

“You can imagine global retailers locating warehouses strategically around the world, then managing their interface with the customers from anywhere. But you’ll still have a need to hold your fastest moving goods in the fulfillment pick and pack centre.”

Patrick Wall, chief executive, MetaPack

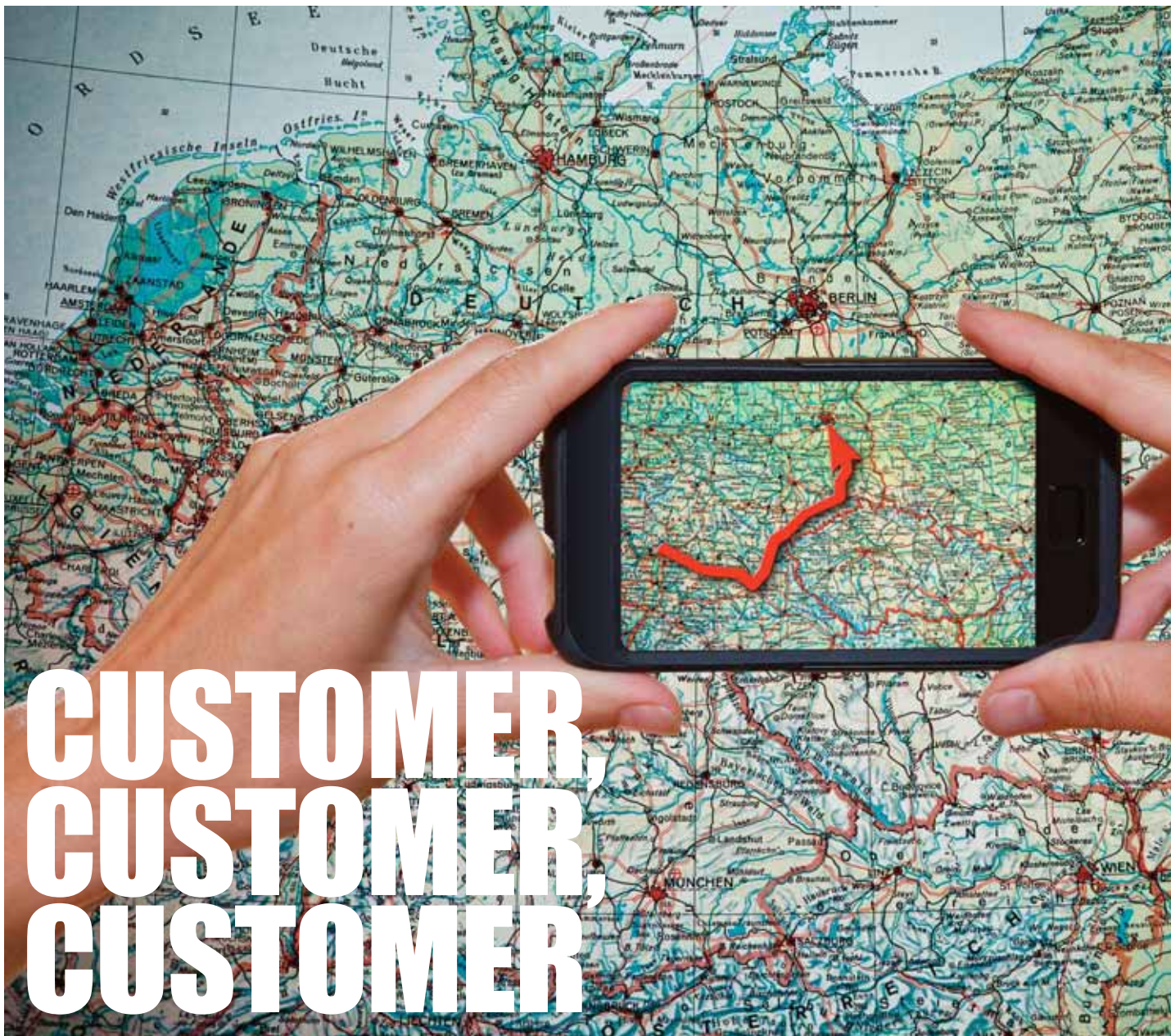
more effective. eNova’s Albizua says: “It’s better to think about what the customer needs and do that well rather than trying to offer every single option on the planet and not necessarily doing that well because it’s just difficult to do everything.”

A realistic assessment of cost is important here, says Craig Sears-Black, managing director, UK & Ireland at Manhattan Associates. “There will be some products that are simply unprofitable to sell or deliver through some mechanisms,” he says.

Managing customer expectations through good communications is also important. SMS and email can both be used to confirm that deliveries are on schedule or to intervene to alert recipients ahead of time when there is a problem such as a damaged item or an address query. “The proactive management of the service is incredibly important in order to meet the customer expectation,” says Wall.

THE FINAL MILE

To return to Philip Clarke’s idea that many people’s experience of modern retail lies in ordering goods online, the delivery man may be the customer’s only contact with the retailer, so the final mile is important. Andy Morrey, partner at eNova Partnership, says: “The final interface that matters is who’s delivering to your door.” One client, he said, found customers reported their delivery people and the packages they delivered smelled of smoke. One alternative he has seen is the personal service offered by a well-known fashion retailer. “Next makes pretty good use of a personal home hub delivery,” he says, “where actual individuals come round in their cars and drop it off. How efficient that is I don’t know but it’s a personal touch. They get to know if you’re not in where to leave it, and then the impact of their final delivery on the brand is vastly important.” ■



USING DATA TO MAP CUSTOMER DEMAND CAN HELP TO RESHAPE THE WAY RETAILERS DO BUSINESS. **CHLOE RIGBY** REPORTS

Where once the watchword of retail was location, location, location, now the mantra is customer, customer, customer. This reflects a new reality in which traders find success lies in giving their shoppers the kind of customer service they want.

Shoppers, says ecommerce veteran Michael Ross, have been “unshackled” from the tyranny of store locations, free to buy from their home computer, from their mobile phone or any number of

other devices. Retailers now must plan their strategies around how their specific group of consumers wants to shop.

“I think what we’re moving towards are customer-centric strategies driven by customer insight,” says Ross, co-founder and director of eCommera. “People will turn a traditional store-based model on its head and say, ‘I now have this many customers today and in future. Where are they, who are they, how do they want to buy?’ Mobile, social, stores and online are then just conduits. They’re the ‘how do I do it?’ rather than the starting point.”

In this way of thinking, stores become just another point at which retailers can acquire or retain customers. This might be as valid for pureplay retailers considering the attractions of the high street as for existing multichannel traders.

WHO DRIVES THE STRATEGY?

If, in the cross-channel business model, ecommerce is simply one of a range of alternative channels through which retailers serve their customers, then the person pushing forward the strategy in



SPEAKING FROM EXPERIENCE

CHANNELLING DEMAND

“There’s a risk today that people are thinking channel first, what are we doing on mobile? The right answer may be absolutely nothing. People are getting very excited because iPads drive the highest average order value and purchase frequency. It’s not the iPad, just that your best customers are rich and rich people own iPads.”



Michael Ross, co-founder and director, eCommera



LOYAL CUSTOMERS

“Often customers who shop with you in more than one channel tend to be more loyal and spend more with you. Being able to measure that crosschannel shopping is really important. That’s why having the integration between online and stores side of the business is very important.”

Paul Bolton, director of product and corporate strategy, Ivis Group

WINNING THE RACE

“The retailers who are further along the journey on the multichannel race are more successful than the others.”

Sophie Albizua, co-founder and partner, eNova Partnership



that business must also be responsible for the whole breadth of the business. “I think it’s slowly dawning that to be a multichannel retailer is an ethos of the whole company,” says Sophie Albizua, co-founder and partner in multichannel consultancy the eNova Partnership. “It has to start with the chief executive and be embraced by the whole company. I think to have a head of cross-channel or multichannel is simply missing the point because that is a compartmentalisation of a task. Proper multichannel retailers have to understand it’s the whole company, the whole ethos, a multichannel approach to logistics, buying – everything.” The task ahead of many retailers is no less

than a wholesale transformation into a cross-channel business. Again, that requires leadership and vision from above. Not only does the job of integrating IT systems across the business reach across all its different departments, but it’s also necessary to inspire the people working across all the different parts of the business. Shop-based staff, for example, must be motivated to see cross-channel as a system in which both shops and online are important. This too is a job for someone at the top, who sets targets that encompass the whole company.

“KPIs (key performance indicators) at a board level need to be holistic across the whole company,” says Andy Morrey, co-founder and partner of eNova. “As soon as you give a department their own KPIs that are focused purely on their own channel it becomes divisive.”

DATA-DRIVEN PLANNING

A recent Capgemini-commissioned report underlined the importance of data to how businesses think about strategy. Two-thirds of the executives quizzed told researchers of *The Deciding Factor: Big Data and Decision Making* report, that data collection and analysis underpins their firm’s business strategy.

In cross-channel retailing, ever more sophisticated retail systems can capture and analyse large volumes of data to give traders valuable insights into their customers. By developing a single anonymised view of the customer, joining up the information held across their systems about how and where each customer shops, retailers can find out where their customers are concentrated, how they prefer to buy and what is most likely to bring them to your site or shop. All of that information will help to highlight strategic opportunities, both at home and abroad.

“You reorient your business around your customers and start understanding your growth in terms of customer acquisition and retention and start

“ Proper multichannel retailers have to understand it’s the whole company, the whole ethos, a multichannel approach to logistics, buying – everything ”

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understanding profitability in terms of customer profitability,” says Ross. “Instead of like-for-like sales for stores you start thinking about it for customers.” From there, he says, strategic aims might be to add a specific number of new customers – and retailers can think about achieving that through options that might include Google, spending on media, and/or opening a shop.

Other useful and highly practical measures, suggests Paul Bolton, of cross-channel consultancy and technology business the Ivis Group, include details such as how customers shop: do they buy online and return in store, or do they return via post? What kind of products do they buy in-store, and what do they buy online? “If customers are more comfortable about returning in store you may need to increase that area as you grow your crosschannel business,” he says. “Those sorts of measures typically haven’t been measured, but they are the areas businesses need to focus on.”

BALANCING THE STORE ESTATE

Such strategic thinking is likely to feed into current debates about the purpose of the high street. Or, how many stores does a retailer need, and what’s their use? Will they be showrooms, where examples of the range are displayed to customers who can then order in-store or online the exact size or colour of item they want? Will they be collection points for customers to pick up their online orders, such as the HouseofFraser.com stores now operating in Aberdeen and Liverpool? And do they need to be the same size and in the same locations that retailers currently are? Data collected from existing shoppers as well as those who browse the website can be used to identify where demand is coming from.

Dixons Retail, for example, recently said that its analysis of its online and store sales channels suggested that it would need significantly fewer shops than the 557 it had at the end of its latest financial year, and that only around 40 of the 400-420 shops it envisages it will need will be on high streets. The rest will be out-of-town stores where customers can view a wider product range. Dixons in this respect has followed retailers including Arcadia Group in concluding that the growth of online will mean fewer stores for the future.

There’s also evidence of a move towards high streets that have smaller shops. Ivis

“ If everyone keeps following channel-specific measurements, they are going to kill multichannel ”

Group’s Paul Bolton cites retailers such as Mothercare and Halfords, which are looking towards an ‘express’ format for stores. Retailers adopting this strategy would offer a wider range online with only the most frequently purchased goods sold in smaller format high street stores, where customers could also collect their online orders.

“I can definitely see that being an evolution for the high street,” says Bolton. “It’s less investment for the retailers who can leverage their larger, out-of-town warehouses to supply their express stores as well.”

As companies move overseas as well, sales data from international websites can be used to assess in which overseas markets expansion may be justified.

MEASURING RESULTS

Just as data can be used to map out strategies for the future, so it’s also being used to assess what is already in place.

eNova’s Albuiza makes the point, however, that it’s a mistake to invest in channels only in proportion according to the financial return they contribute. “Online retailing represents 10 per cent, give or take, of UK retail,” she says. “Yet 70 per cent of purchases are researched online before they are made – if you took the KPI literally you would allocate 10 per cent of the effort to online. But if you think about it holistically, you should allocate a lot more,” she says.

Rather, retailers need to consider and measure how stores are working together. eNova’s Morrey says targets that require, for example, digital marketing teams to generate a set amount of online sales from online campaigns, miss the point. “If everyone keeps following that specific type of measurement they are going to kill multichannel,” he says. “What they are doing is discouraging a customer who wants to interact with a website but will then walk to a store to buy.”

Depending on the sector, online may well bring in no financial return at all –

most people will want to see and sit on a sofa before they buy it. Rather, he argues, the chief executive needs to map interest shown on the website against demand in stores. “If 20 per cent of people who come to my website are from Kent, what are sales doing in my stores in Kent? Are they going up? That’s a true multichannel measure.”

PLANNING FOR FUTURE CHANNELS

Already shoppers can buy whenever they like, whether they’re at home or on the move, thanks both to online shopping and mobile devices such as the smartphone and tablet. One direction of future travel will, it seems, be about the proliferation of devices through which shoppers can buy.

A recent eBay-commissioned study suggested that as soon as the end of 2014 some 25 per cent of people will regularly use interactive TV to make UK purchases worth a collective £750m. The study, carried out by retail analysts Conlumino also tipped augmented reality, in-store technologies, image recognition, and smart devices as technologies that would be influential in retail, driving sales worth a total £2.4 billion by 2014. Such technologies, said Conlumino’s Neil Saunders, could also influence sales worth £9.1 billion by the end of 2014, compared to £0.3 billion last year.

So how can retailers plan for the emergence of such technologies? According to Saunders, speaking as the research was released, keeping a focus on customers will effectively inform companies strategy. “Retail is changing as the focus shifts from the channel to the consumer,” he said. “Brands need to move their thinking from channels, loosely comprising of stores, online and mobile, which will become less relevant as new technologies continue to blur the lines.”

Looking further ahead, Ivis Group’s Paul Bolton believes retailers must also think about how, in future, consumers will want to be served. One answer, he says, is immediately. “For me that whole immediacy factor is going to grow as younger consumers come through. Their whole lives have been driven by immediacy, they have grown up with real-time texting and communication through Facebook. It’s about instant gratification and instant feedback. As retail grows that immediacy is going to be a big driver.” ■



ALL SYSTEMS GO

FROM INTEGRATED SYSTEMS AND DATABASES GIVING A SINGLE VIEW OF THE CUSTOMER TO ANALYTICS FOR SOCIAL MEDIA, THE LIST OF CROSS-CHANNEL IT NEEDS CAN BE BOTH DAUNTING AND EXPENSIVE. **PENELOPE ODY** CONSIDERS HOW RETAILERS CAN COPE WITH THESE CHANGING DEMANDS

In an ideal world most cross-channel retailers would probably opt for a single fully-integrated system capable of operating on or interacting with any sort of device or channel. The list might include till, smartphone, tablet, kiosk, social network, marketplace, interactive TV or whatever the future holds. Such a system would deliver a single customer database, access to single product and stock files and be able to track the customer journey across all channels. Unfortunately most retailers already have a mish-mash of

channel-specific IT. In the current economic climate, few want to replace expensive store systems or invest in infrastructure to meet occasional peaks in demand. At the same time calculating the return on investment for developing new or untried channels is far from easy, with the result that many, instead of working towards this fully integrated vision, are sitting on their hands.

“Retailers are confused about what is needed and tend to be in sticking plaster mode. They bolt on bits and bobs and try to patch up what they have to meet new

requirements,” says Tony Bryant, head of business development at K3. “They’re also likely to spend on the more sexy bits of technology, such as in-store iPads, but forget about the integration so you end up with disappointed customers who don’t receive a good customer experience.”

With retailers reluctant to invest the sums needed to rip out and replace ageing systems, IT vendors have opted to decouple their solution suites, offering a variety of modules that can be gradually bolted together. However, each new module can require expensive integration to the



existing kit and that money can be wasted if the next bolt on needs rather different links to replace the earlier ones.

MOBILE IN-STORE

Greater use of tablets, wi-fi, or kiosks in store also bring staffing issues. Some sales assistants may be happy to sit on the checkout but less comfortable with tablet-based assisted selling, while others will regard click-and-collect orders as a irritating distraction from their store-based job. "Click and collect is only as good as the sales staff and stock control," adds Bryant. "It can take a lot of training for staff to really understand the opportunities of multichannel and deliver the expected customer experience."

That may be because staff lack the initiative or autonomy to bend the rules in response to cross-channel shoppers. As a result, dysfunctional retailing is

commonplace. Rob Finley, business development director at Cybertill, recalls visiting one shop after spotting an online discount offer. Having checked out the product in store and deciding to buy he was told that the discount was only given for click and collect orders. Out came the smartphone. He ordered the item for collection via the company website, waited 15 minutes for the order to be processed and details sent to the store before finally collecting his goods, complete with discount.

"Stores have to become more digital," says David Hogg, commerce solutions lead for Europe with IBM. "We're seeing US stores equip all their staff with iPhones to provide a level playing field for dialogue with customers and we're already seeing more tablets and digital displays in the UK."

Fashion retailers – such as Oasis and French Connection – have opted for iPads, mostly for assisted selling, while Marks & Spencer is testing Style Online. It brings together physical goods in-store with touchscreen units where a wider range can be explored. Sales staff have iPads to assist shoppers.

Retail-specific devices are in the pipeline with HP now working on a more rugged terminal complete with integral card reader that could replace conventional

SPEAKING FROM EXPERIENCE

USE IT ALL

"Retailers don't use all the features of the technology they buy: they focus on the core but forget about the clever bits. It's often because development teams are stretched and they don't have the time to go that extra half-mile and deploy the really intelligent technology that can improve customer experience – and that is very critical to success."

Max Childs, marketing director, Amplience



IN-STORE LIKES

"Social networks deliver better interaction and people enjoy pressing the 'like it' button: you need to put that functionality in store. Bricks and mortar retailers used to sit and wait for customers to walk in and then sell to them. Now they need to offer the sort of interaction available online: tablets giving access to reviews and recommendations or plenty of product information, for example."

Rob Finley, business development director, Cybertill



SURVIVAL OF THE FITTEST

"Retailers have been slow to update their store systems but with cross-channel activity they need real-time access to single view databases covering products, customers, orders and stock. These are not just nice to have or about gaining competitive edge: it is about survival."

Kees de Vos, vice president, business consulting, Hybris



EPOS. "As use of contactless and mobile payments increases then this sort of device could become significant," says Richard Eynon, senior manager at Kurt Salmon, "and retailers will have to re-think their labour standards. EPoS is store based but a tablet can give access to chain-wide information so simplifying fulfilment from alternative branches."

Cybertill's Finley agrees: "Most EPoS systems are incapable of checking live stock across branches so staff have to telephone to check or more often simply don't bother," he says. "You can have good service in-store and good service online but when it comes to cross-channel it's not so hot."

Cybertill, launched 10 years ago, was perhaps ahead of its time in developing till software as "a website that looks like a till" with single cross-channel databases for customer and product information

“ It is likely that by 2017 the chief marketing officer will spend more on IT than the chief information officer ”



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delivered over the internet. “We’re a software house so we can often reuse existing store hardware, as long as it is not too old,” adds Finley, “and we can integrate to most ecommerce platforms. Most retailers have developed their store and web systems separately and they can’t afford to replace them completely.”

INTEGRATED SYSTEMS

While separate systems for offline and online may once have made sense that is certainly no longer the case. “Today it is very different,” says Pascal Podvin, chief executive of Compario. “The business is one and therefore the systems should be too. Ecommerce applications represent a 10 or 15-year-old vision of what online retailing should be like, but the world has changed and these systems are becoming obsolete.”

While ecommerce platform providers have started to add in-store functionality to their offerings, the traditional retail systems vendors have also been rapidly diversifying into the ecommerce world. The list of recent acquisitions is lengthy and includes Oracle’s purchase of ATG and Endeca, and IBM’s of Coremetrics, Tealeaf Technology and a great many more. As customers embrace both technology and cross-channel shopping, these major players are focusing on how retail IT needs to change.

“There has to be a continuous dialogue between the customer and retailer or brand that builds into a lifetime relationship,” says Chris Withers, head of smarter commerce at IBM. “That is difficult at present because information is fragmented and exists in silos. Over the past 20 years companies have focused on ERP systems which offer specialised software for specialised tasks. One result is that marketing information is fragmented so it is difficult to build that single view of the customer and also to identify which marketing message really triggered the purchase.”

Measuring marketing effectiveness, he argues, will become a vital component in assessing the return on any IT investment and in an omni-channel world, where customers rather than retailers are driving the agenda, retail marketing departments are going to play an ever more important role in the business. “It is likely that by 2017 the chief marketing officer will spend more on IT than the chief information officer,” he suggests.

LOOKING TO THE FUTURE

IT demands, from store systems to data management, may be changing but many

channels are still in their infancy and how consumers will want to shop in five or 10 years time, which is the sort of life many retailers expect from their IT investments, is unknown.

“Channel trends are changing very quickly,” says Michael Griffiths, global director for retail and distribution at Microsoft Dynamics, “so retailers need to invest in technology that is flexible and ready for whatever comes next.”

Exploiting social networks – sometimes dubbed f-commerce – may be on retail ‘do’ lists but many are unsure about both the technical requirements and the return on investment. “There are still questions about how you measure the success of the social channel,” adds Griffiths, “and many

“ Ecommerce applications represent a vision of what online retailing should be like from 10 or 15 years ago, but the world has changed ”

retailers don’t know what they should do.”

Frank Lord, vice president, Oracle Commerce, agrees. “Many retailers are not sure about the true RoI and the investment needed is hard to quantify,” he says. “Social media can also have a massive and irregular impact on systems. A marketing initiative on Facebook, for example, might mean seven million people trying to connect with you. IT has to be involved in promotions planning as there could be unpredictable demands on the infrastructure. The immediate conversion rate from such a promotion is also likely to be very far below the typical two per cent level that could be expected at the website, so how do you measure the long-term impact of social to assess the RoI?”

Coping with these sudden and dramatic peaks in demand are helped by cloud computing systems where retailers can contract with an IT company for additional capacity as and when they need it. Vendors already offer various flexible options, such as a maximum capacity within a particular time frame. “Managed services can take a couple of months to set up,” adds Lord, “and the marketing department generally doesn’t give IT enough time to plan that. Cloud works well where it is in place – but again, the licensing agreement has to be set up in advance.”

GOING SOCIAL

Integrating social activities with other channels still tends to be experimental but UK retailers could well look to the US for ideas. “Even small outlets like the Duanereade chemist chain in New York have promotions in their windows encouraging shoppers to look for them on Facebook or Foursquare,” says Leighanne Miles, associate director in Javelin’s strategy practice, “while at Christmas Bloomingdales had an entire window devoted to Facebook – taking photographs of people looking in and putting them on its pages. The UK has led the way in multichannel but when it comes to digital cross-channel marketing the US is now ahead.”

Major retailers, such as Tesco, already monitor social data such as tweets. Apart from identifying and mollifying complainants before they go viral, social data can also help with new product evaluation, store location planning, or staffing issues. Others suggest it can help with personalisation and customer experience as well. “You can collect information from Facebook and Twitter about your customers’ interest and preferences and add that to the transactional and browsing data you have for them to create a rich profile,” says Neil Morgan, senior director, digital marketing at Adobe Systems. “Social data is having a huge impact on online marketing and developments are moving very fast. There is a sea change in the sort of information people volunteer about themselves, which is enormously valuable to marketing: social is becoming the mainstream channel and at some point in the future all marketing will be social.”

Use of social analytical tools, from such companies as Adobe and SAS, is certainly set to increase as the amount of information – big data – which retailers need to explore to understand customers, personalise offers, and deliver a better cross-channel experience continues to grow. Making all of that information available in real time across all channels is likely to prove challenging. ■

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These days, cross-channel retail is retail. The era when you could be a pureplay or a high street-only shopkeeper are probably over. Now it's time to focus on ways of extending and planning sales operations around a variety of relevant and joined-up sales channels.

But, as we hope this supplement has made clear, that's not to say there are any standard answers to questions about exactly which channels any given retailer should use. Rather, merchants will be turning to their customers to find out when and how these customers prefer to shop, while monitoring future developments and ways of selling that are likely to suit their target shoppers. For more than ever, selling effectively and efficiently, with technology that works, is key to satisfying and delighting customers whose expectations are getting ever higher.

It's as well to start out down the cross-channel retail journey with an approach that neither limits options nor sets out to do everything. In the near future there's likely to be a multiplicity of devices. Few retailers, if any, will have the resources to handle them all effectively. Success is more likely to lie in making sure core

functions perform simply and effectively to give customers joined-up service.

Thus retailers may be looking to have visibility of stock in order to deliver goods in the way that customers want to get these items, whether that's from the store, through locker banks or at their home. Retailers may be looking for display methods that effectively show off their particular products – how soon, for example, will the side-to-side slide rails that Itim's Ali Athar predicted in our merchandising section be a common sight? Or retailers may be exploring which social media channels allow customers to communicate with the company most effectively.

But while the time has come certainly come for retailers to be widening their strategic focus, it's by no means too late to be starting on the journey. It's arguable that no retailers, as Sophie Albizua contends in our strategy section, can yet claim the title of fully fledged cross-channel retailer. Rather, traders are still coming to grips with what it means, and how it affects their business. Indeed, as Ampliance's Mo Syed points out in our web interface feature, it's only recently that industry recruitment has started to reflect the need for people who have

cross-channel design skills. And in our strategy section we point out the need for the cross-channel project to be led, ultimately, not only by a head of multichannel but from the very top of the business. Ultimately, staff at all levels of the business, from the boardroom to the shop floor, will think of the company as a cross-channel enterprise.

That's a revolutionary but necessary change, for it's only when sales channels are connected in our minds and our imaginings of what commerce looks like that it will be at its most effective.

The change in thinking is taking place around us – and nowhere more so than in customers' thinking. The challenge is to keep pace with their demands and needs: only by doing so will companies successfully transform themselves for a digital future.

We hope you've found this supplement useful and informative. Each of *Internet Retailing's* series of supplements explores key questions facing retailers today. We welcome your ideas and suggestions for future themes at editor@internetretailing.net

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