Customer-centred commerce in the cloud:
orienting your business around the customer

Executive summary

Customer centricity is a widely-cited theme in multichannel retail but it can mean many things and is measured in different ways. However retailers are looking at it, customer centricity is having a major impact on the industry and is seen by many as important if not vital to business success. Businesses of all sizes have ambitions to put the customer at the heart of everything they do.

We define customer-centricity as an organising principle within the business that puts the customer's experience and satisfaction before organisational structures, convenience or legacy. It is a flexible approach that changes both with the identified needs of consumers, as well as tests and initiatives to seek a more effective connection. The principle is based upon a move from 'purchases' to 'lifetime value' and the success metrics are those of retention, increased margin, increased total sales value and increased unpaid promotion.

In this whitepaper we set out to discover the importance that retailers are putting on customer-centricity, how it is affecting their businesses, the challenges and how those are being overcome. In an attitudinal survey, they told us that technology, staff skills, organisational structure and brand communications are all being tested by customer-centricity.

The findings are backed up with research from InternetRetailing's Top500 highlighting the practice of the best as we benchmark the performance of the UK Elite and Leading retailers. These top-ranking retailers are having to undergo similar changes as the expectations and demands that consumers place on all retailers evolve – in many ways due to the new business models of Uber, Amazon et al.

Case studies highlight how retailers are rising to the pressure of customer-centricity through using technology, organisational structure and staff skills to put the customer first.

Emma Herrod, Editor

ABOUT THE EDITOR

Emma Herrod is an experienced retail and business journalist who has been Editor of InternetRetailing's print magazine since its launch in 2006. She has also worked on the other side of the fence at leading retailers Screwfix and Clarks.

Introduction

" The customer is always right" used to be the call to action for everyone in customer-facing roles at high street shops the length and breadth of Great Britain. The customer has moved from those stores to always being right online too – as well as in every channel through which they interact with a retailer. Retailers today are doing more than giving the customer what they want; they are reorganising their businesses to put the customer at the heart of everything they do.

As retailers sold online, so shoppers expected the same service, pricing and promotions when they went into a shop. It wasn't much longer before they expected to return items bought online to a physical shop and then the expectation that something they had viewed online would be available to purchase in their local small-format store. "If it's online why can't I buy it here," was the usual complaint.

Retailers moved to bring all of their channels together, requiring ecommerce and store teams to work closely together and then be brought into the same seamless working that shoppers expected of the channels. And then mobile commerce took off, further raising customer demands as the always-connected consumer expected swift responses through every touchpoint from social to delivery.

What were once seen as back-end processes, such as stock control, replenishment and logistics, now became front of house assets in the form of websites showing shoppers whether the item they are looking at is in stock in their preferred shop. Staff carrying iPads are able to answer shoppers questions about when an item will be back in stock or give them the ability to order something in store and have it delivered to their home. In some same cases, delivery takes place that same day with the shopper kept fully informed of every process from receiving an e-receipt in their email to being told when the item has been despatched and exactly what time it will be delivered – if they haven't been given the option to choose this for themself at the checkout.

As Forrester senior analyst Emily Collins says: "Customer relationships are now the only remaining source of competitive advantage, which makes earning customer loyalty mission-critical".

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Meeting customer demands

> **"** Customer experience is everything, from the journey they take once they reach our website to receiving the product at their door – if we don't perform in all channels that interact with our customer then we are letting them down. **"**

Retailers, regardless of their size, are being judged by consumers against extremely high standards. These standards are being set by innovators such as Airbnb – one of a growing mix of business models that couldn't have existed pre-digital – by entrepreneurs and by elite companies which are connecting with customers in new ways. Tinder redefined customer interfaces to speed up decision making while artificial intelligence and voice interfaces, such as Amazon's Alexa, are changing everything from adding items to a grocery shopping list to giving feedback to retailers via third party application Rant & Rave. Uber, with its real-time vehicle location tracking, has led to shoppers expecting the same transparency from last mile parcel deliveries.

Nowadays, every digital interaction, regardless of sector, is training retail customers to be demanding and unforgiving. Shoppers want retailers to be as slick and as capable as Amazon and as exciting as Airbnb. The demands are high and that affects not only the people, processes and technologies that need to adapt to the changing customer, but also the brands themselves and the values they bring to the market and to their customers.

These new players have mastered the notion of being completely channel agnostic and are showing longer-standing retailers the value of tying the channels together, such as tying the mobile and web experiences into the call centre experience and into all of the other touchpoints. "Just being able to buy online, pick up in store is 'table stakes' now; it's time to take it to the next level." says Ian Davis, Senior Director of Product Management, Oracle.

He continues: "There are always new technologies for in store allowing retailers to track customer behaviour and tie that back to their customer profile. It's what new business models have shown us and that's what retailers have to learn from."

The likes of Uber, Airbnb, iTunes and Amazon have shown the retail industry that innovation is never dead. Just when retailers think they've nailed everything, there will always be some form of disruption, a disruptive business model or changes that will connect buyers and sellers in new ways and new models will take off. "They show that innovation is always there and there is always going to be something we haven't thought of yet," says Davis.

Retailers shouldn't be afraid to innovate though. It's one way in which they can compete with these new business models and keep up with customer expectations. What they have to crack is how to sprinkle innovation over the experience they already offer to customers, but in a way that feels natural for the customer and brand connection.

"It comes down to knowing your market, knowing your customers and knowing the expectations that they have," says Davis.

And survey respondents agree. One commented: "Understanding what you have and how it could add value will enable customers to grow."

Some retailers may have a fear of disrupting what they already have, but Davis advises that mobile apps offer plenty of opportunity for experimentation. Future fashion apps, for example, will be perceptive, dynamic, and offer more personalised options than ever before, believes Nuzhat Naweed, VP Customer Experience at fashion platform Zalando. She comments: "They'll connect with the customer on an intimate, inspirational level, and be the first point of call when it comes to the ultimate shopping experience. Being at the forefront of the customer journey will be paramount, and every approach should cater to the individual – not the masses."

DEFINING CUSTOMER-CENTRICITY

Customer-centricity is an organising principle within the business that puts the customer's experience and satisfaction before organisational structures, convenience or legacy. It is a flexible approach that changes both with the identified needs of consumers, as well as tests and initiatives to seek a more effective connection. The principle is based upon a move from 'purchases' to 'lifetime value' and the success metrics are those of retention, increased margin, increased total sales value and increased unpaid promotion.

Who owns the delivery of customer-centred profitability?

> **❝ The greatest challenge is aligning bricks and mortar with digital channels and ecommerce. With the traditional business being focused purely on the bottom line and operational metrics, and digital teams being much more customer centric and understanding the importance of the customer journey at all touch points. ❞**

The customer was once king, but now rather than being outside of the organisation, the customer sits at the heart of many retailers – sometimes literally as cardboard cut-out reminding staff of the many personas – as they move to better understand the needs of not just the customer base as a whole but individual customers and sub-sets.

One customer interaction, journey or purchase cannot be viewed in isolation, a more holistic view is needed as customers dip in and out of web, social and mobile sites and physical stores. The interaction with a retailer can be different with each shopping journey as the level of product research, inspiration for the purchase and speed at which the goods are required changes. What were once individual channels or businesses within the retail organisation must now work together, and do so seamlessly, to deliver the service that consumers expect – consistently and at speed.

Shoppers require items to be in stock so supply chain and trading teams must work closely together to predict and understand what is needed – and in which locations. Promotions available in one channel need to be open to all channels and marketing needs to be consistently telling the same brand story. The logistic operation, once a back-end operation, is now front and centre with click and collect, returns, and faster delivery all impacting the end experience for customers.

As Oracle's Ian Davis points out, "Most retailers have cracked order online collect in store and that business flow is relatively good, but there is still work to do in bringing other areas of the business together. They may speak to each other but not understand the full customer flow," he says.

He continues: "Everyone in the business has to understand who the customer is, and that customer-centricity has to run front to back of the organisation and not just the customer-facing activities."

Cross-functional working is becoming more normal as a top-down vision has changed the culture of many leading retailers but siloed working still affects some. One respondent said that non-siloed working, with its impact on the level of support, understanding and resource given to marketing from other departments is one of the hardest areas to improve. A fragmented approach to CX across departments was cited by another respondent as holding back the process.

Staff training still remains an important area in which retailers are concentrating their efforts as they progress to a customer-centric model. Some 28% of respondents felt that customer-centricity was having a major impact on staff skills.

Mothercare, as an example, has changed its thinking and segmentation of customers into the different stages of baby and childhood and gifting as well as altering how it operates as a business. Cross-functional leadership meetings

result in a better understanding of the different functions within the business and how the customer can be put at the centre of each function's workings. This is then flowed down by the different managers. Triangulation meetings bring together product, digital and marketing experts to look at specific areas such as toys across the different customer life stages.

Mothercare also has a Chief Customer Officer, a single person responsible for customer-centred profitability. This role combines responsibility for all channels rather than the split between stores and direct channels under which its previous structure operated.

This is a job role which has grown up in recent years as omnichannel has taken on greater importance within retail, but Davis still sees a lot of organisations structured around the channels with marketing "sometimes left out somewhere else". He believes that retailers could do better in this area since although ownership of the customer is changing, retail is still behind other industries, such as the financial sector, which has been swifter to put responsibility for the customer experience into one person's remit.

At JTF Warehouse, responsibility lies with the Head of Multichannel Helen Everitt. Single responsibility also makes measuring customer-centricity simpler since it comes into one role. Everitt says that she has "clear customer KPIs" and uses retention and RFM to make the business case for customer-centricity investment. "Customers are viewed on a seasonality level – such as those who buy fireworks and compost – rather than down to the individual level of Mr Brown buying beans on a Thursday," she says.

Mothercare takes a cohort view of customer-centric profitability too. It splits its trading into two seasons so can measure active shoppers in the current season who also bought in the last season as well as new customers and those who have been 'reactivated'. Taking spend against the cost to serve gives the retailer a profitability figure at a cohort level. For a longer-term customer-level view, customer lifetime value is used. "We know that a customer who purchases pre-natal is worth three time more than one who makes their first purchase post-natal," says Gary Kibble, Global Brand and Marketing Director, Mothercare.

One respondent commented that being able to "replace shareholder metrics with customer satisfaction metrics and divert acquisitional marketing budget to customer advocacy" would be a boost to customer centricity within retail.

CONSIDERATIONS FOR ACTION:

- Ownership: Who in the retail organisation owns the delivery of customer-centred profitability. Is the role of a Chief Customer Officer right for your business?

- Education: Does everyone in the business understand who the customer is, how their role impacts the customer experience, and are you working across channels and departments?

- Measurement: Are your KPIs aligned to long term customer-centricity or are you looking at diminishing returns on KPIs used in conversion/commerce-centric models focused on the next financial quarter?

When making the business case for customer centricity investment what is the main KPI you would use? *(Respondents could choose more than one KPI)*

Retention	16%	Customer satisfaction	11%
Financial metric	16%	Customer behaviour	11%
Other	12%	ROI	10%
NPS	11%	Traffic / customer numbers	8%
Lifetime value	11%	None	7%

Letting the cloud take the strain

Technology, legacy systems and data challenges are holding many retailers back from their customer-centric ambitions. Some 47% of respondents to our survey said that technology is the area in which customer-centred commerce is having the biggest impact. It is also seen as one of the most difficult areas to improve, but one which provides retailers with the most progress. Over a third of respondents said that is the area upon which they would concentrate for the greatest advantage and to become more customer centric.

As retail companies are having to re-organise to enable cross-functional and inter-departmental working, no longer sitting in channel silos, so systems have to work together, integrating not just across those from the same solution provider but across in-house built and third party solutions. Internal data from marketing, merchandising and web solutions, for example, need to be merged with external data such as a customer's wider browsing history so that it can be leveraged as a fuller customer profile. Being customer-centric means more than analysing data from a loyalty scheme with online purchase history.

In the past, the onus was on retailers to wire together disparate systems so that data could flow across the business but they now look to solution providers to do much of the integration work, supplying functionality which can be easily plugged into other parts of the overall business solution – and moulded to fit each retailer's requirements. Cloud-based applications, with open, API and common interface and common programming models are making it easier for retailers to adopt new functionality and tie that into customer-facing and back-end functionality to make them more customer-centric – with reduced integration times.

Procurement of retail technology is not a one-off deal, one can't simply set it up and leave it for years. Rather, the speed of change today requires retailers to innovate continuously, to experiment and to optimise in order to keep up with changes within the retail industry and how the expectations of their own customers are being changed both by their digital experiences in other sectors and by disruptors within retail. Agility and flexibility are needed from systems to enable this 'fail fast/succeed faster' model and those systems must be scalable so that retailers can take advantage of successes.

As Ian Davis, Oracle's Senior Director of Product Management comments: "If you're experimenting and trying new business models and you're onto something successful, you need that scalability. You can't rely on scalabilility on a three-year procurement cycle for new hardware to run your applications. If you're in the cloud, the expectation is that your cloud provider is going to roll in some new infrastructure into the background. It's all based on the same service level agreements you have. You know what you signed up to and the retailer is no longer reliant on how that scalability is going to work. The cloud provider is doing all of those things for you. It's about enabling successes and then comes scalability to take advantage of it."

" Cloud applications are key to business agility offering the ability to try new things simply at less cost **"**

Cloud solutions, such as Oracle's Customer Experience Suite, enable retailers to focus on the customer today while being secure that regular updates will keep up with future demands and remain backwards compatible.

However, as one survey respondent commented, technological and product innovation are the most difficult areas to improve. "If we get those right then we advance significantly over competitors by giving our customers a unique experience."

They continued, "Customer experience is everything, from the journey they take once they reach our website to receiving the product at their door – if we don't perform in all channels that interact with our customer then we are letting them down".

Other respondents, who agreed that technology is a key area upon which to concentrate highlighted issues with omnichannel retailing, and in particular the need for customer data to be made available across all channels in real time. "Collecting customer data is not enough – the value needs to be proven by transforming that into knowledge that can improve the customer proposition."

Customer-centred commerce is a large transition for the retail industry and one which is not seen as an overnight transformation. They are not expecting to be masters of every aspect, turning to partners where necessary and where it's deemed advantageous to utilise their expertise. One respondent views partners as the area which their business would concentrate its efforts for the greatest advantage and to progress its customer centricity. They said, "It's important that if we cannot implement a solution ourselves to fit the need of our customers we partner with a provider who can".

CONSIDERATIONS FOR ACTION:

- Increase agility: Cloud-based solutions enable business agility enabling retailers to differentiate and innovate while still having everything in one place without compromising brand control.
- Decrease costs: Switching to a subscription model gives the advantage of CAPEX over OPEX.
- Scalable and interoperable: Integration cloud services help retailers to develop and deploy integrations with third party cloud services and on-premise applications.

" Retailers need technology to be agile and flexible allowing them to test new areas and try new things, scaling up to take advantage of successes. It also has to be joined up across channels integrating with disparate systems whether they are from the same solution provider, a third party or built in-house. Cloud Commerce Suite enables this for retailers, with regular updates to ensure the business remains in step with changes in consumer behaviour while remaining backwards compatible for integration with existing systems. **"**

Ian Davis, Senior Director of Product Management, Oracle

Practice of the best

Winning in retail is about more than having a high turnover, with lots of web traffic and a large store footprint. The retailing landscape is more complex than simply having a website or operating a chain of stores. Ecommerce has moved beyond PPC and discounting to increase conversions. Customer expectations, disruptors in the shape of new technologies, new business model and customer demands and expectations are requiring retailers to continually evolve not just to a single end-point of omnichannel seamlessness but remaining flexible and agile while wrapping the business around the customer. But how do you put the customer first and remain ahead of the competition who are merely a click away, and how do you benchmark what best practice looks like in an every changing industry?

Each year, the InternetRetailing UK Top500 research looks in depth at the UK's leading ecommerce and multichannel retailers, comparing and contrasting the capabilities of these top-flight traders to see where and how the best retailers excel. The Index takes an analytical approach to that ranges across six Performance Dimensions and isn't limited to a pure ranking of companies by ecommerce revenues, web traffic or any other single metric. By doing this, InternetRetailing aims to understand and learn from high-performing retailers what best practice is in this highly-competitive market, and how it can best be fostered and encouraged in other businesses and across the industry. This combined capability is what we call 'RetailCraft' and constitutes a striving for excellence, at scale, that's responsive to the customer.

So, what is measured? The elements included in each Dimension are summarised below:

0. Footprint: UK retail turnover, ecommerce turnover, web reach and store estate of retail businesses gives the 'heft' and a preliminary rank. We then modify and weight that analysis through consideration of the following Dimensions:
1. Strategy and Innovation: the extent to which the retailer is adapting for growth, international commerce and customer responsiveness.
2. The Customer: Measuring the experience from the customer's point of view.
3. Operations and Logistics: delivery, returns and collections.
4. Merchandising: displaying and describing products, and providing efficient site navigation.
5. Brand Engagement: making their brands familiar to the customer, and connecting.
6. Mobile & Cross-channel: beyond single ecommerce or store channels.

From here, the Elite retailers, those that have performed at an exceptional level across all Dimensions, are revealed as statistically separate from the subsequent cluster. The six retailers in this group in 2017 are Amazon, Asda, Boots, John Lewis, Marks & Spencer and Tesco.

❝ Retailers stand out when they put the customer experience first, investing in services and technologies that deliver a fast and efficient shopping journey. **❞**

IRUK TOP 500

Sponsored by

PFS

The Elite and Leading retailers of the IRUK 500, 2017, as measured across six Dimensions: Strategy & Innovation, The Customer, Operations & Logistics, Merchandising, Brand Engagement and Mobile & Cross-channel

Share your thoughts on #IRUK500 with @etail

Elite

amazon

ASDA

Boots

John Lewis

M&S EST.1884

TESCO

Leading

Ao.com	Debenhams	New Look	Screwfix
Argos	Halfords	Next	Superdrug
Asos	Holland & Barrett	PC World	Topshop
Clarks	House of Fraser	Sainsbury's	Waitrose
Currys	Mothercare	Schuh	

WHAT MAKES A TOP500 RETAILER IN 2017?

1. Put the customer experience first and invest in services and technologies that deliver a fast and efficient shopping journey.

2. Make it possible for shoppers to buy via mobile. Just 185 of the Top500 retail websites offer Android apps, while 204 had iOS apps – 22 of the iOS apps had a serious bug.

3. Top 500 retailers take an active and multichannel approach to customer engagement and social media. They offer five communications channels to their customers and respond in a median time of 12 hours.

4. Leading retailers offer a well-considered fulfilment strategy, allied to a generous and effective returns policy. The average Top500 retailer offered between two and three delivery options. Click and collect is offered by 94% of the Top 100, as opposed to 57% for the Top500 cohort as a whole.

5. Next-day delivery, offered by 312 of the Top500 retailers, was the most popular premium option. Same-day delivery is offered by 12% of the Top100.

6. Leading retaliates enable shoppers to return online purchases to store – as done by 62% of the Top100.

7. They deliver a fast-loading website that is easy for shoppers to find their way around with effective navigation.

8. Top 500 retailer sites show two or three images on product pages and enable shoppers to save products to a wishlist. Amazon stands out for being one of the 53 retailers that used the bestseller ribbon to mark popular items.

9. Leading retailers show customer ratings and reviews on their web and mobile sites and mobile apps. Again Amazon stands out for its use of written product reviews.

10. Amazon also stands out as one of 25% of retailers which offer alternative suggestions to a no results search.

Shop Direct

Customer-led experiences

www.very.co.uk

Every aspect of Shop Direct's MyVery mobile app has been developed in line with feedback from customers using tools such as the company's UX Lab and feedback from the App Store (where it is rated 5 stars). The app was launched as a minimal viable product in 2014 and has since become a channel through which a significant proportion of Very's sales are placed.

By talking with customers and undergoing testing, the company discovered that customers wanted to self-serve customer service queries in an instant messaging interface. Through this, Shop Direct became the first UK-based retailer to offer a WhatsApp-style conversational user interface platform for customer service when it launched Very Assistant in November 2016.

Currently, customers have to follow a sequence of questions and tap the relevant responses from multiple options within the chat environment of its app, rather than being able to ask questions in their own words. The customer's answers enable the Very Assistant to serve up the information they are looking for. Self-service options include help to track an order, make a payment on their Very.co.uk account, confirm that recent payments have been processed, check payment dates and request a reminder of their account number.

However, a new Very Assistant will utilise artificial intelligence and be trained to understand a variety of different customer service scenarios, enabling shoppers to self-serve by typing a query in their own words. As Jonathan Wall, Group Ecommerce Director, Shop Direct explains, the upgraded Very Assistant is being trained currently with past data which includes hundreds of ways in which customers have asked "where is my order".

Wall says that Very Assistant has been "phenomenal" in terms of unique usage and the volume of chats which have reached resolution.

Listening to customers and involving them in development processes is not something new to Shop Direct. The company set up a permanent UX Lab in 2013 at its Liverpool headquarters in order to improve its understanding of how customers struggle and succeed on its websites.

"The customer is at the heart of our business at Shop Direct and every decision is taken with her in mind," says Wall. "This customer-centric approach extends to our user experience design and experimentation process. We draw on a comprehensive UX research toolkit to assess the ways our customers shop our websites, from card sorting and usability testing to surveys and ethnography. Their feedback has been critical in developing our apps and introducing Very Assistant – and we're hugely excited about the next stage of this innovation's development this year. "
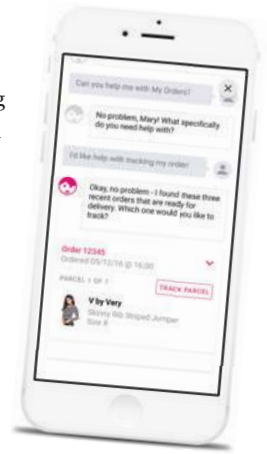
JTF Mega Discount Warehouse

Evolving from B2B

www.jtf.com

JTF Mega Discount Warehouse moved into selling direct to consumers fairly recently having been a B2B wholesaler for the past 30 years. Private investment and a new management team has seen the organisation open its doors for consumers to join its discount membership scheme. Its 12 warehouse stores sell everything from £5,000 garden cabins to pet accessories for under £5. "Store staff are our front line," says Helen Everitt, Head of Multichannel, JTF Mega Discount Warehouse, and one of their tasks is to explain the proposition to consumers along with details of how the membership scheme works. "They have to give customers the experience they expect of a retailer but in a discount warehouse environment," she says.

The 1.5 million strong membership scheme means that the management team has inherited a "phenomenal database" but legacy systems have traditionally held them back from achieving their omnichannel ambitions. The company is making significant changes to its processes and systems to achieve a single view of its customers in order to consolidate online and in-store behaviour. Its ecommerce site, which launched in 2015, is used as "a research tool" by existing customers whereby they go online to research products prior to making the journey to one of the stores, alongside allowing customers to order heavier, bulkier items for home delivery. A new site is being developed as part of the omnichannel plans giving a more customer-centric approach.

The first stage of the multichannel initiatives is the newly implemented stock and warehouse management system which replaces three bolt-on legacy systems. "It's fundamental to our growth and a huge investment," says Everitt, explaining how it will be the enabler of operations such as click and collect and the fulfilment of online orders from stores while also giving the company the ability to grow its database accurately. "It's taken us 18 months to get here," she says.

With a database of 1.5 million members, JTF Mega Discount Warehouse is not short of customer data and, by achieving a single view across all channels, it will be able to gain much deeper insight and in turn improve the customer journey through providing relevant and timely messages. Everitt, who is responsible for customer-centred profitability, says that they have clear customer KPIs around retention and driving RFM.

Steinhoff Retail

Understanding the customer
www.steinhoffinternational.com

Historically, company cultures within retail have not been wrapped around the customers but more inward facing and focused on trading. As Steve Webster, Head of Ecommerce at Steinhoff UK Retail comments: "Legacy processes and systems are inwardly focused, resulting in the customer having to adopt the retailer's ways of working, rather than the retailer's ways of working supporting the customer."

He believes that getting the company culture right will give retailers the greatest advantage in becoming more customer-centric. "Every element of the business should start with the customer at the heart of their thinking. Business objectives should be aligned with customer-centred thinking," he says.

He believes that customer-centred commerce is the battlefield that retail will be fought on and that "customer centricity will define success".

As a leading value and discount retailer of furniture, household goods and general merchandise, Steinhoff is gauging customer satisfaction and net promoter score as measures of how it is progressing in making the company and its individual brands more focused on the customer.

Showing an understanding of its customers, two brands under the Steinhoff International holding company are working together to make shopping more convenient for customers and provide them with a one-stop-shop since recognising that customers who shop one brand also visit the other brand's stores. UK clothing brand Pep & Co joined forces with the recently-acquired Poundland to open the first store-in-store concept in Hanley in February 2017.

Mothercare

Restructuring for omnichannel success
www.mothercare.com

When you're losing sales because half of your customers are dropping out between adding items to their basket and ultimate conversion, it's obvious that there's something seriously wrong with the business. Thus was the case with Mothercare. Since those days, the retailer has undergone a dramatic change not just of its website but across the business.

A clear transformation plan is explained simply by its Brand House which maps out how the company will achieve its vision of being the leading global retailer for parents and young children and tells staff why each step is being taken. The business talked to customers and got clarity on what the Mothercare brand stood for in the hearts and minds of its millennial customers and that was that the Mothercare role was to 'unite mums (and dads) to take on parenting together. This was an integral part of the transformation which is being achieved through six pillars:

• Becoming a digitally-led business;
• Supported by modern retail estate and a great service;
• Offering style, quality and innovation in product;
• Stabilise and recapture gross margin;
• Running a lean organisation while investing for the future;
• Expanding further internationally.

These pillars are based on the four foundations of modern systems, infrastructure, governance and talented people.

The launch of the new website in 2016 was a major milestone in its first pillar of digital retailing. To date, 90 stores have been refitted as it reaches almost to half way through the programme, and nine new stores have been opened and 21 closed. This transformation to 'web-enabled stores' which utilise digital functionality, such as zappar codes within paper publications and on point of sale, supported by omnichannel click and collect services and iPad-ehanced staff, has all happened over the 18 months explains Gary Kibble, Global Brand and Marketing Director, Mothercare. All of the 152 stores will have been refurbished by the end of 2018. "Some stores haven't had a lick of paint in the past 10 years," he says.

One of the biggest challenges has been the cultural change; it's a lot of change especially when you consider that some people have been with the company for 20 or 30 years and are passionate about the brand. (The company itself started in 1961.) "One of the big challenges is helping people understand that the consumer has changed and continues to change at a rate of knots and unless we are prepared to be left behind we have to move at a faster pace to catch up and then overtake so that we can pre-empt what the customer wants before they know they need it. We created a set of compelling Mothercare Values that sit at the heart of our brand house and this guides the way we deliver for today's omnichannel customer" he says.
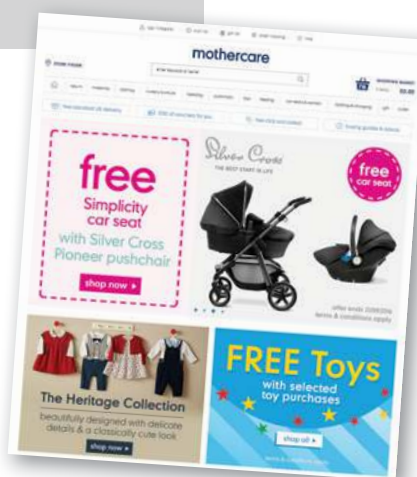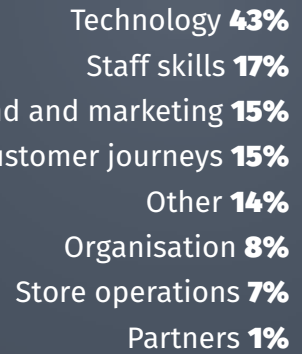
WHERE IS CUSTOMER-CENTRICITY CHALLENGING THE BUSINESS?

Technology **47%**

Skills **28%**

Organisational structure **23%** and Brand communications **23%**

Partners **22%**

Store operations **21%**

1st 2nd 3rd 4th 5th

WHICH AREA GIVES THE GREATEST ADVANTAGE

(Respondents could choose more than one)

Technology **43%**

Staff skills **17%**

Brand and marketing **15%**

UX/customer journeys **15%**

Other **14%**

Organisation **8%**

Store operations **7%**

Partners **1%**

KEY LEARNINGS

43% believe technology will give them the most progress in customer centricity

49% of respondents said that customer-centricity is vital to their business

15% said they would concentrate their efforts on brand communications or marketing for the greatest advantage

47% chose technology as the area in which customer-centricity is having the biggest impact

30% are being held back by organisational structure and company culture

28% said that it is "extremely testing" on staff skills

16% would use a different financial KPI and 22% would choose CLV or another measure of customer satisfaction

25% see technology, legacy systems and data as the most difficult area to improve

16% would use customer retention as the main KPI when making the business case for customer-centric investment

In conclusion

Customer-centricity is a widely-cited theme in multichannel retail and one which is seen as important by the majority of our survey respondents. Indeed, 49% of respondents said that being customer-centric was vital to their business.

But what does customer centricity mean for a business and how are retailers changing to take advantage of all that it offers? In short, it entails putting the customer at the centre of your business, aligning the three tectonic plates that are currently colliding within retail – technology, customer experience and RetailCraft.

While many multichannel retailers have been restructuring to put the customer at the heart of their business and to operate in a more omnichannel manner, others are still operating with separate store and direct channels. The role of Multichannel Director and Chief Customer Officer have shown how responsibility for all channels can become the remit for one role with vision from CEOs carrying the organisation through to a new retail landscape.

However, as we've seen, technology is holding many back from their ambitions. Not only is technology being called upon to provide insight into the huge amounts of data that is required by customer-centred commerce, it is also joining up the flow of data across, up, down and through the organisation. The onus for solutions to easily integrate with systems from other third party suppliers as well as with those built in-house is now firmly placed in the hands of suppliers. These must be upgradable and agile to meet future demands from customers – an advantage for cloud-based solutions.

This agility is necessary since there is no end point to innovation within retail. The likes of Amazon continue to innovate and to test what fits best with customers. New players, such as Uber, Tinder and Airbnb, have mastered the notion of being completely channel agnostic and, as Ian Davis from Oracle points out, "just being able to buy online, pick up in store is 'table stakes' now".

Retailers need to know their market, understand their customers and be secure in the expectations that they have. Rather than worrying about disruption, they should not be afraid to innovate and try new things – but do so in a way that isn't going to be alarming or disruptive. It should feel natural to the way that customers already connect with the brand.

You might be surprised.

Internet Retailing

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