

CUSTOMER EXPERIENCE



November 2012

an internet retailing special report

sponsored by:



Editors' comment

Welcome to the latest *Internet Retailing* supplement, where this issue our focus is on the customer experience. In the coming pages, we'll be examining key issues and questions for retailers who are looking at their businesses with the customer's point of view in mind.

It's no surprise that cross-channel retail is becoming more and more complex as new sales channels open up. Today, online sales are growing fast and mobile even faster, while the role the internet plays in influencing an offline sale cannot be overestimated.

Retailers considering how their customers experience a brand must think not only about the website or the store, but about how the experience works across a variety of different touchpoints, from smartphone to social media and beyond. Retailers must think not only about transactional sales channels, but how social media plays into customer perception and about how journeys across channels work.

Customers, fluent in using smartphones and PCs for browsing and buying over the internet, now expect retailers to recognise them and show them relevant content and products wherever they touch the brand. Customers also expect to recognise all aspects of the retail brand wherever they encounter it, from pricing to presentation.

Delivering on those expectations is a tall order, and one that retailers around the world are currently struggling with. Most are now convinced that ecommerce in general and cross-channel trading in particular can add to the bottom line. But it's one thing to know about the well-documented uplift to sales that effective cross-channel frameworks can give. It's another to make that business model a reality. So just how do businesses best tackle the challenge?

That's the question we aim to answer in the pages ahead. We look at stores, mobile strategies and online experiences from the end-consumer's perspective, asking both retailers and suppliers what an experience centred on customer needs and expectations looks like. We consider the first steps to be taken and the more advanced approaches to be added, while also looking ahead to what the future is likely to bring.

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

Our design and interface section (page 10) looks to a cross-channel world where design disciplines are starting

to overlap as the lines between different shopping channels blur. It explores how designers are now faced with the challenge not only of creating sleek, functional websites, but of mapping customer journeys across channels, and making sure these channels work together seamlessly and effectively – service design.

In a world where retailers routinely stock tens of thousands of items, displaying them on relatively small screens is a challenge that we consider in our merchandising feature (page 14). Here we focus on just how to channel that vast inventory, making it relevant and interesting to the individual who is browsing. Here we think about techniques including personalisation, searchandising and recommendation.

Savvy customers now expect to browse and buy across all the channels at will. Our cross-channel experience feature (page 18) considers the nature of this challenge, and how retailers are now finding effective ways to map the cross-channel journeys that consumers are taking. Research, understanding and prioritisation are all important parts of this jigsaw.

Delivery has improved beyond recognition in recent years, but new disruptive approaches are now ensuring that carriers and retailers continue to up their game relentlessly. In our logistics section (page 22), we look at how both are using tools as diverse as shops and social media to build on what's established as a point of keen competition in cross-channel retail.

Our strategy section (page 26) takes a long, hard stare at how retailers can genuinely put the customer at the heart of their strategy. Understanding how and why they interact with your brand, and what their expectations are, is all part of that. We also consider the steps to be taken in order to make sure that those expectations are fully met.

Finally, our customer engagement section (page 30) takes a look at how retailers can harness big data in order to take steps towards showing customers websites and interfaces that reflect their interests and needs. While individually relevant stores are as yet the realm of science fiction, individually relevant websites are evolving fast.

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.

INTRODUCING OUR SUPPLEMENT EDITORS

Chloe Rigby has been writing about business issues for more than a decade. A former business editor of the *Bristol Evening Post*, she has written for a wide variety of online and offline publications. chloe@internetretailing.net

Jonathan Wright earned his e-stripes on the UK launch of *Business 2.0*, which rode the crest of the dot.com wave back at the turn of the millennium. Since then he's been writing about subjects from entertainment to alternative investment for a variety of print and online audiences. jonathan@internetretailing.net

CONTENTS

10

04 EXPERT OPINION

WHAT SIMPLE YET FAR-REACHING ACTIONS CAN RETAILERS TAKE TO CHANGE THEIR BUSINESS INTO A CUSTOMER-FOCUSED ONE – AND HOW WILL THAT BENEFIT THEM?

08 CASE STUDY

PEERIOUS HELPS BOOST THE HUT GROUP'S CONVERSION RATES

10 INTERFACE AND DESIGN

DIGITAL DESIGN AND CROSS-CHANNEL RETAIL

14 MERCHANDISING

MAKE IT PERSONAL

18 CROSS-CHANNEL EXPERIENCE

UNDERSTANDING HOW CUSTOMERS SHOP

22 LOGISTICS

WHY DELIVERY OPTIONS MATTER

26 STRATEGY

CUSTOMERS' PERCEPTIONS OF BRAND

30 CUSTOMER ENGAGEMENT

HOW TO HARNESS BIG DATA

35 CONCLUSION

THE CUSTOMER IS ALWAYS RIGHT

18

22

14

26

Editor: Emma Herrod
Tel: 07801 282729
Email: press@internetretailing.net
Editor-in-chief: Ian Jindal
Design: Alex Goldwater
Web Editor: Chloe Rigby
Email: chloe@internetretailing.net
Publishing Director: Chris Cooke
Account Director: Rob Prevett
Group Account Director: Andy James
Senior Account Manager: Sonia Vitta
Tel: 020 7933 8999
Fax: 020 7933 8998
Email: andy.james@internetretailing.net

Internet Retailing
St John Patrick Publishers Ltd,
6 Laurence Pountney Hill, London EC4R 0BL
Printed in Great Britain.
ISSN 1759-0582

No part of this publication may be reproduced, stored in a retrieval system or transmitted by any means without the Publisher's permission. The editorial content does not necessarily reflect the views of the Publisher. The Publisher accepts no responsibility for any errors contained within the publication.
www.internetretailing.net



St John Patrick Publishers



WHAT SIMPLE YET FAR-REACHING ACTIONS CAN RETAILERS TAKE TO CHANGE THEIR BUSINESS INTO A CUSTOMER-FOCUSED ONE – AND HOW WILL THAT BENEFIT THEM?



W

hen it comes to customer focus, too many organisations remain stuck at the stage of having good intentions. In light of the increase in competition and consumer choice this is not a luxury retailers have.

We keep hearing little tidbits like, ‘the customer is always right’, ‘you ask we deliver’ and ‘the customer is king’; and yet, despite this, over and over instances arise where large, reputable organisations get it wrong and are perceived to put their interests above those of the consumer. In this challenging environment, where people’s incomes are squeezed and their spending is more prudent and calculated, no one can really afford to fall short of customer expectations. These expectations will differ for each organisation, a retailer that sell widgets at the lowest price possible will be filling different needs and will need to meet different expectation to the retailer selling highly customised luxury goods.

Here are seven things any retailer should consider to put clients at the centre of all the company does.

FIND OUT WHAT YOUR CUSTOMER WANTS AND EXPECTS FROM YOU AND OVER-DELIVER

Being average in a competitive situation isn’t good enough, customer expectation need not just to be met, they need to be exceeded. In retail there is no such thing as standing still, an

organisation will either be moving forward or its competitors will be leaving it behind. Retailers now have more tools available to them than ever before to gain real insight about what their customers want. Smart retailers turn these insights into customer-focused initiatives. This is a continuous process and really needs to be a mind-set as much as an activity.

CONTINUOUSLY IMPROVE YOUR PRODUCT RANGE AND SERVICE OFFERING

There’s no such thing as a status quo in retailing. It is typical for people today continuously to expect new things and what is new today will be an expectation tomorrow. Ensure that you stay ahead of the curve by keeping your product range relevant and the service offering ever innovative. Doing this gives excellent opportunities to showcase to your consumers how you are continuously meeting and exceeding their expectations.

FORCE YOURSELF TO RAISE THE BAR AND ACCEPT THE CONSEQUENCES

Having good intentions is not the same as doing a good job. Knowing your customers does not necessarily equate to having a customer-centric organisation. As a retailer you need not only to know what to do, but how to do it. Good retailers use customer insight to inform them what to do, great retailers will let insight inform them how to do it.

EVERYONE NEEDS TO BE ON BOARD

It's great when senior management thinks that the customer is central in the organisation. If the warehouse operator on the other hand does not share this ethos, you might have a lot of work being done around customer-centricity for it all to be undone at the logistical end.

Being a customer-centric organisation means that the entire organisation needs to be on board, regardless of how staff fit in the experience. A customer experience is the sum of every detail that happens in an organisation, whether directly or indirectly impacting the customer experience. Senior management in an organisation needs to spend sufficient time to ensure that their strategic intentions and company values become engrained in company culture.

ORGANISATIONAL STRUCTURE NEEDS TO REFLECT THE CUSTOMER

It's easy to start experiencing your customers as a spanner in the works of your beautifully engineered and efficient retail operation, the unknown and often disrupting factor. There are some companies who lead the way in structuring a company and its processes according to what the customer expects. Amazon is one of the organisations that evaluated what its customers wanted and then developed the organisation around that. This is not an easy step for established organisations but it is one that should prompt a multichannel retailer to ensure that the operational structure is geared towards delivering on their multichannel customers' expectations. If this is done correctly, a retailer can establish a significant and hard-to-replicate competitive advantage.

YOU ARE EVALUATED BY YOUR WEAKEST LINK

Every retailer will be judged by the worst aspect of the overall customer experience. While it is great to have an industry-leading order fulfilment process, it will make little difference to the customer who is struggling to find the product he wants to buy on your website. The different parts of the experience – from landing on your site, to finding the right product to the checkout, delivery and return process – all need to all be complementary to a great customer experience.

FIRST IMPRESSIONS COUNT

Customers as a rule are extremely time sensitive and will make a judgement on your organisation based on first impressions. Nowhere is this truer than on websites. The Google search page is one click away from your landing page and so you have a miniscule amount of time to grab people's attention. In this instance you need to be able to translate your intimate understanding of your customer in a relevant experience. This means personalising the experience to an individual's taste and preferences, creating a sticky experience where people get more comfortable with the experience as they engage more with your website and the experience becomes more personalised.

www.peerius.com



APPTUS
www.apptus.com



etailers all over the world are wrestling with a paradigm shift in consumer behaviour. They are facing up to a world in which success or even survival rests on the ability to engage modern, connected consumers with relevant online experiences – individualised, context aware, dynamic and channel agnostic.

Many, however, are ill-equipped to respond: they are unable cost-effectively to overcome a series of technology, intelligence and cost barriers. Ecommerce infrastructure has become complex and costly to manage, with a mish-mash of 'customer experience' point solutions only adding to the complexity, whilst merely scratching the surface when it comes to delivering a contextually relevant experience.

Worse still, they actively prevent retailers from gathering detailed customer behaviour and context data from every touch point, in real time – the very data that is vital to delivering that all important individualised, customer-focused experience.

Retailers should be able to act on every aspect of consumer behaviour, including what individuals do not do, as well tracking their positive actions, to ensure they deliver relevant content and offers in context.

By taking control and taking advantage of emerging trends, technologies and consumer behaviour, retailers can stay ahead of the curve. By stripping away much of the complexity retailers can:

- Enable user-centric content delivery: gather and act on user behaviour dynamically, in real time, and give marketing teams the support they need to deliver tailored shopping experiences in context.
- Drive infrastructure efficiencies: create a streamlined, ecommerce infrastructure by replacing disparate point solutions with a unified solution, reducing integration risks and support overhead, enhancing site performance.

At one end the merchandising team is in control ensuring every pixel of real estate is optimised. At the other end customers get the dynamic, individualised and context-aware experience that drives conversion and order values, and increases the lifetime value of every customer. By being intelligent, dynamic and adaptable, retailers can act in real time and, by utilising high performance technologies, they can create a tailored, channel-agnostic experience for the consumer.

This is one-to-one commerce at its best, a direct relationship between a retailer and its online customers that moves beyond the technical challenges, putting the customer at the very heart of the business.

www.apptus.com



In some respects the verities of online retail have changed much since the first pioneering merchants set out their stalls nearly two decades ago. The web is competitive. Customers can go elsewhere in milliseconds. Businesses will only succeed if they offer great service and outstanding value or a combination of the two. Above all, the customer is king.

But a simple awareness of the importance of keeping your target buyers satisfied isn't quite the same as building a customer-focused website. For many consumers, the web is now the primary shopping channel and they expect an optimal experience. Retail sites must reflect this and that means creating sites that are as relentlessly focused on customer expectations as any successful high street store.

The starting point is to put yourself in the shoes of the customer, asking yourself what consumers expect and whether the site really delivers.

Customers certainly want good information. Some of this is basic – for instance, what are the colour options? – but not always. There are lots of other questions a customer looking at a product might ask. Is it durable? What are the alternatives? Would I be better opting for something similar at a higher price point? In many cases, information will be the key to a conversion.

Then there are the changes in the way people interact online. Social media is the elephant in the living room here. It is where people talk about products and recommend products. And the expectation is that social media will be integrated into the shopping experience.

So how can you address the expectations of customers?

First of all make it easier for customers to get the information they need through reviews and FAQs. And when they need to talk to a human being make that easy too. For instance, a Live Chat invitation puts customers in contact with trained agents in seconds.

Also, use social media. Allow customers to like and share product information. Use Facebook to talk to customers, because frankly they are already using it to talk about you. And again, allow customers to move from the public social media forum to private conversations via Live Chat, or phone.

All this builds service into a self-service medium and in doing so puts the customer centre stage.

www.liveperson.com



WALK A MILE IN YOUR CUSTOMERS' SHOES.

For your customers, your contact centre IS your business. The experience they get when they interact with it is key to building long-term customer relationships. To get this right you need to put the customer at the heart of your contact centre. So what steps can you take to do that?

HAPPY STAFF = HAPPY CUSTOMERS

People with the right attitude are essential to building a successful customer service approach. 'Hire for attitude, train for skills' should be the maxim, supporting great new staff with ongoing training in both job and people skills.

RECOGNISE THE IMPORTANCE OF CUSTOMER LOYALTY

Keep good customers and gain their loyalty. Loyal customers are active advocates for you, they tend to be more profitable, more interested in helping you improve your products and services, and more forgiving of your occasional mistakes.

LISTEN TO WHAT CUSTOMERS AND STAFF ARE SAYING

It's probably not what you think! Regularly analyse customer phone calls, and don't forget complaints. Complaints are free market research. Make sure you hear about all of them so that you can resolve them, and stop them being repeated.

LOOK AT YOUR PROCESSES FROM A CUSTOMER AND STAFF POINT OF VIEW

Many organisations try to 'improve' processes without considering the customers or staff who have to actually use them. Is the new process really benefiting everyone, or does it make life easier for one area, but at the expense of others?

UTILISE TOOLS WITH CAUTION

CRM tools can be incredibly powerful and useful when used to improve customer service. But if they are being introduced just to reduce costs then it is doubtful whether real improvements in service levels will be gained, especially in the long term.

MEASURE YOUR PERFORMANCE

Make sure that you measure the right things, not the easiest things. Question your motives. Are you doing it to give yourself a warm feeling inside, or to truly see where you have to make changes?

A focus on customer experience can be the most important differentiator between you and your competition. It can build a strong reputation for your organisation, helping you attract and retain staff as well as building customer loyalty and customer advocacy. By building effective customer relationship management and positive contact centre experiences, you can have a direct link to your business's profitability and growth.

www.newvoicemedia.com



Today's customers do not take their purchases lightly. They are more connected, diligently compare products and services, seek out the best deals, and ask for input from friends and family. Customers expect to engage with you and your brand in more ways than ever before, and they want that experience to be consistent regardless of the interaction point. To win their business and loyalty, you have to adapt to the new ways they want to do business, not the other way around.

When you put your customer at the centre, it becomes clearer what they want.

ENGAGE ME, EVERYWHERE

Ensure that your customers can get to you whenever, however and wherever they desire – on your website, on their mobile device, via social media, through your customer support centre, or directly with an in-store sales associate. Make sure to provide the same experience across all touchpoints, and tailor the experience based on your customer's behavior, intent and known preferences. Consistently engaging with your customers will help you improve customer satisfaction, acquire more customers and build brand loyalty.

KNOW ME AND UNDERSTAND ME

You can't always determine every outcome, but you can affect your customer's experience if you know more about them and you use that knowledge at the right time. This includes understanding what your customer has done before, is trying to do now, and might do in the future. Use this information to deliver the most relevant content, message, or offer at each interaction point. Knowing more about your customers and using this knowledge appropriately improves conversion rates, average order value and the overall customer experience.

DELIGHT ME AND REWARD ME

To ensure your repeat customers come back to purchase more and promote your brand, you need to recognise, maintain, and manage their loyalty. Enable 'anywhere, anytime' interactions; proactively engage customers directly in social networks; and reward your best customers for total lifetime value, including referral value. Customers that find it easy and rewarding to do business with you will drive more business at a lower acquisition cost and be strong lifetime advocates for your brand.

Oracle's customer experience strategy is designed to help companies create consistent, personalised and rewarding experiences for their customers while generating real top-line and bottom-line business results.

www.oracle.com/cx

A personalised search experience is a great way to increase customer engagement and loyalty – and generate even higher conversion rates from search. Personalisation in search goes hand in hand with other ways people are already experiencing more customised encounters, including localisation, social media, and the virtual 'personal shoppers' who know exactly what brands they prefer, their purchasing history and personal style.

Here are some guidelines for taking a more personalised approach with search:

■ **Provide search history:** a list of recent search terms, or personal search history, is one way of saying "welcome back" to customers. A list of previous searches means shoppers don't need to remember the exact spelling of a product and can help remind them about a search they've conducted (and hopefully, encourage them to complete a purchase). For example, if someone searches for "birthday bouquets" on a floral retail site, the term "birthday bouquets" will appear when the shopper comes back, along with other search terms they've used.

■ **Localise site search results:** with much more reliance on mobile devices for searching and shopping, consumers are used to seeing localised information such as nearby stores, restaurants and other businesses based on a device's GPS tracking. Retailers can offer the same capability in site results, allowing shoppers to enter their address or postal code as they search so they only see results that are relevant to their location. This is a big help for shoppers if your business has physical stores where products can be picked up, or when product availability and pricing varies in different locales. You can take it a step further by including merchandising banners on search results pages to highlight promotions or special offers in the visitor's specific region.

■ **Include social network activities:** when visitors log into a site with their Facebook credentials, they can see who in their social networks have "liked" or recommended a product. You can also enable visitors to sort search results based on how many of their Facebook connections have liked a product, or show if items in search results have been pinned to their friends' personal pinboards.

www.sli-systems.co.uk

SMART RECOMMENDATIONS HELP THE HUT GROUP TO DRIVE A FAST MOVING BUSINESS, BOOSTING CONVERSION RATES BY 40 PER CENT

BACKGROUND

The Hut Group was established in 2004 and has grown to become the UK's leading multi-site online retailer – picking up *'The Sunday Times Tech Track Award for Fastest Growing Company'* along the way. Today, it's an e-tail business with 15 direct-to-consumer websites spanning apparel, leisure, lifestyle and health and beauty sectors, with 100 million unique visitors. Success is crossing borders, with 35 per cent of traffic now coming from overseas.

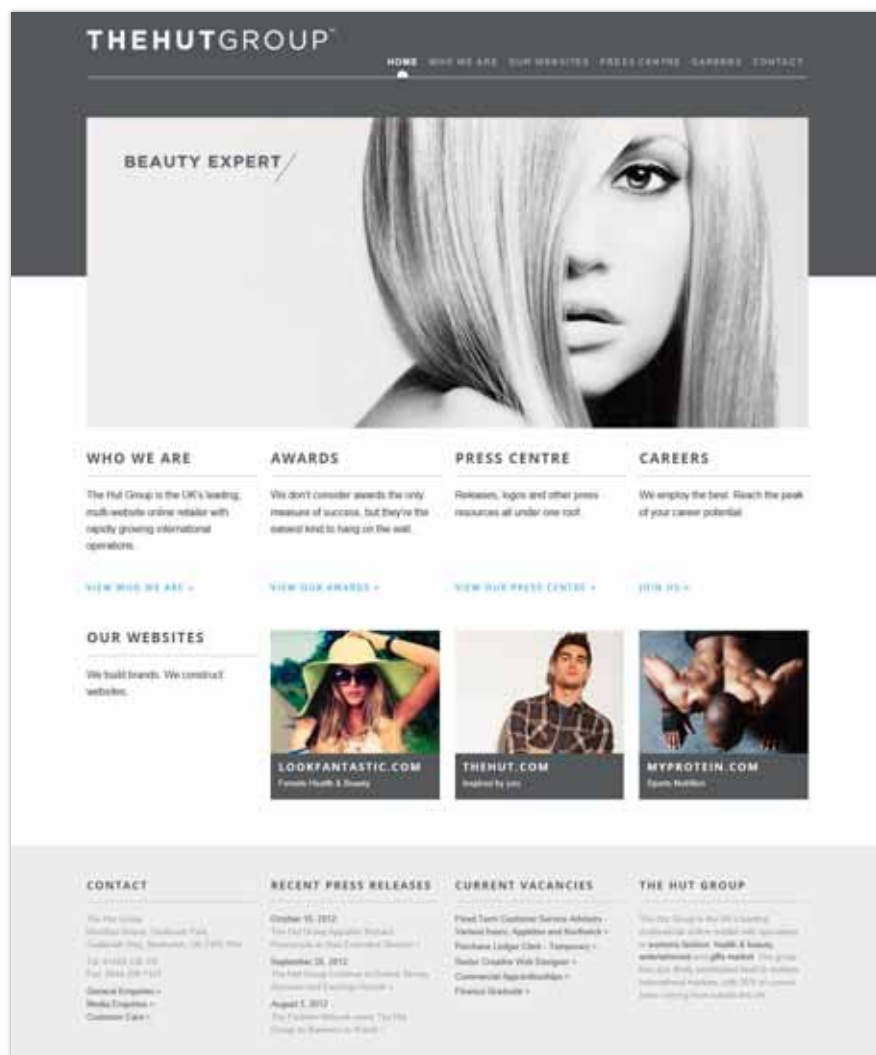
The Hut Group knows that success depends on consumer understanding and works with Peerius to bring its customers what they want, when they want it.

CHALLENGE

The Hut Group puts the 'Fast' into FMCG. In just eight years it has grown into one of eBay's largest European customers and one of Google's biggest retail advertising clients. Speed is the key, with The Hut Group needing to attract, retain and convert large numbers of visitors with great products and service. Whilst most businesses aim to turn stock around one-and-a-half times in a year, The Hut Group aims for nine times.

Spurning traditional supply-driven business models, The Hut Group aims to be demand driven, always one step ahead and ready to give customers what they want. To drive this, the group builds destinations, not websites, where barriers to online shopping are broken down: customers can move from place to place with ease, finding the products that they need. It's all about sticky content – getting and then keeping customers for frequent and high-value repeat business.

With 40 per cent of visitors new to the Group's sites, and each with unique needs, The Hut Group needed a recommendations partner that could



understand and engage with customers to drive cross and upsales.

SOLUTION

Following a Peerius presentation, The Hut Group realised that it was exactly the recommendations solution provider it was looking for. Andrew Booth, The Hut Group's CMO, says, "Peerius understands our vision: that modern e-tail isn't a one-size-fits-all environment,

rather one where customer insight and personalisation are the keys to success."

Peerius SMART-recs is particularly appropriate for The Hut Group model: able to identify, understand and follow customers' onsite behaviour on individual and multiple sites, it makes intelligent judgements and points consumers to products that span the Group's diverse online properties. It means that customers might arrive at a

website, but find themselves at a destination that meets a huge variety of shopping needs.

Stuart Hughes, The Hut Groups CIO, says, “As we build our own platform in house we have the flexibility to ensure that we maximise our data capture and analysis to build a better understanding of our customers’ shopping habits. Peerius is a great partner to extend our internal capabilities and leverage our data insight to help our customers find appropriate products for their needs.”

The flexibility of the Peerius solution is another compelling feature. Always searching for more effective ways to show customers what will interest them, the Group works with Peerius to test, tweak and refine the solution, identifying where recommendations will optimise sales.

RESULTS

The impact of implementation of Peerius SMART-recs on selected sites for The Hut Group has been impressive. Overall, using Peerius has boosted:

- average order value (AOV) by 7.8 per cent
- conversion rates by 39.9 per cent
- revenue per visit by 48.7 per cent

Average order value (AOV) increased by 7.8%

Conversion rates increased by 39.9%

Revenue per visit increased by 48.7%

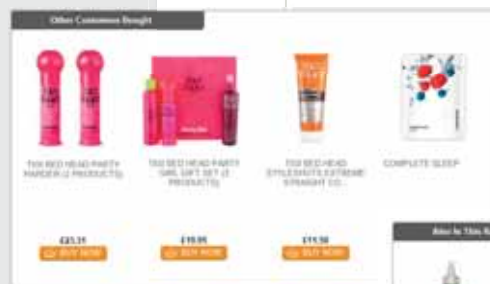
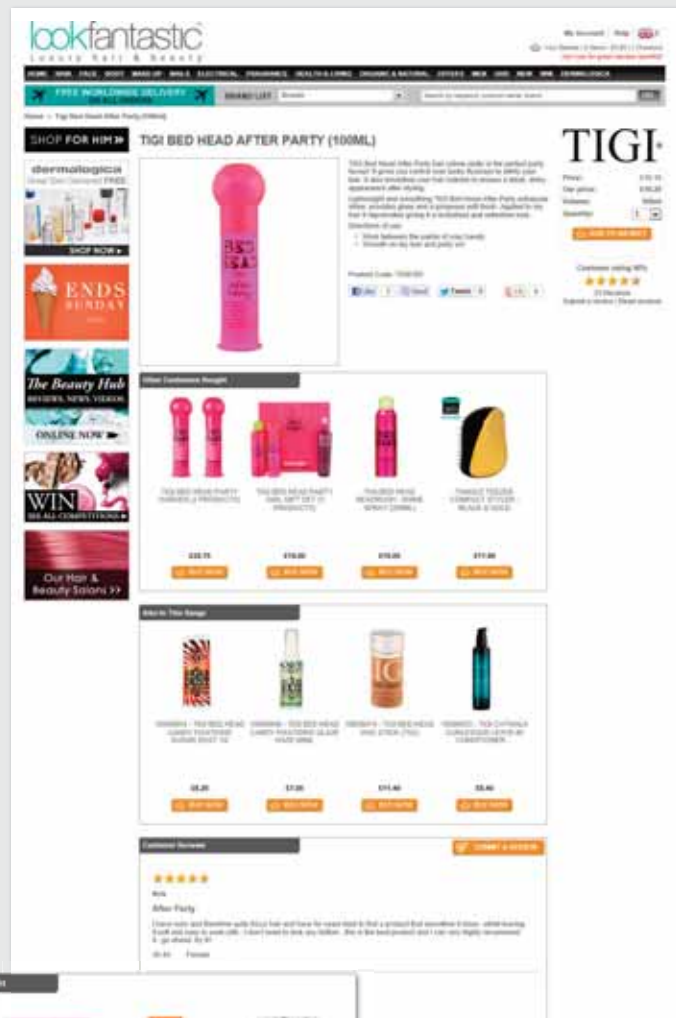
Taking just one example from the Hut Group’s portfolio – LookFantastic.com – from June to August 2012, sales generated through Peerius SMART-recs accounted for 9.5 per cent of online revenue alone.

Work is already in hand to extend Peerius into new areas, with plans for: segment and behavioural driven banners for key messages/promotions; segment and behavioural driven site navigation;

segment and behavioural driven search and search ranking; and SEO landing pages optimised by keyword and behavioural data.

Andrew Booth says, “It is a recommendations solution that is simply smarter than anything else on the market. The Peerius solution combined with our platform means that The Hut

Group and Peerius can remain agile to the customer opportunity. We’re still exploring Peerius’ potential and ways that it can work better for us, but it is already having a significant impact. It’s a relationship we intend to invest in, because we believe that it can deliver ever-increasing benefits to The Hut Group and our customers.” ■



With the help of Peerius, The Hut Group was able radically to improve sales at LookFantastic.com



MAKING LINKS

DESKTOPS, SMARTPHONES, TABLETS, SMART TVS AND KIOSKS. AS THE NUMBER OF INTERFACES GROWS, WHAT PRINCIPLES SHOULD UNDERPIN DIGITAL DESIGN PROJECTS? **JONATHAN WRIGHT** INVESTIGATES



The term service design has been knocking around since the 1980s. In the broadest terms, it refers to the idea of creating services with their users or customers in mind. As such, it's a relatively straightforward notion when applied to, say, a transactional website. If it's not easy to buy stuff from the site, perhaps because the checkout process is confusing, then the site clearly isn't doing its job for potential customers.

But add in even one more channel in the form of something as old school as a

bricks-and-mortar store and things immediately start to get more complicated. How do customers use the channels together? Do they tend to buy from the website, or use it for research prior to a trip to the store?

Taking things on a step further still, true cross-channel retail is exponentially more complex and challenging. Which only makes gaining insight into changing consumer behaviour more important because those retailers that best understand how customers range across different channels will gain a competitive advantage

– if they're then in turn able to use this knowledge to improve their offering.

Trying to get across how important this is, Catriona Campbell, founder of customer experience consultancy Foviance (which has recently merged with service design specialists Seren Partners), says she advises clients to think of service design as “functional branding”. It's a phrase that gets across the way that badly designed customer experiences impact negatively on how consumers see companies.

“[Companies] have had these big agencies in telling them what to do over the last few

years, but actually it's not working, the brand is not functioning across *all the channels* from a customer view," she says.

BEGIN WITH AN AUDIT

So how do retailers go about correcting such problems? For Campbell, it's a deep design project that effectively begins with "an audit of the channels". This is in part a way to deal with the problem of big data, to find out what information is held in different silos, and what this data shows when looked at altogether. "It's taking that data [and saying], 'We think these are your stumbling blocks because this data says all these people are coming to your stores, this data says they're all coming to your website, and these are your hard numbers, your revenue – and the figures are not tying up,'" she says.

Alongside such number-crunched analytics, 'softer' information is also important. This is, after all, a process that's about improving customer experience. How did customers rate a website visit or a trip to the bricks-and-mortar store? What do consumers' verbatim comments reveal? Just as much as hard data, this kind of survey-style information is often held in different silos within the company, but it needs to be looked at in the round.

Once this information has been married together, says Campbell, the job of redesigning how a brand goes about its business can truly begin. "And then it gets expensive," she says candidly, "because then we're talking about technology changes, a new ecommerce platform perhaps, a new call centre perhaps, ways to train people differently in store."

The list goes on and the kind of major re-engineering that Campbell is talking about is as yet the preserve of big companies. Nevertheless, it is beginning to happen, which is one reason that 'big data' has become such a buzz phrase this year as retailers grapple with how to prepare for a near future where cross-channel retail is no longer a novel idea, but the norm.

NEW CHALLENGES

As we've noted in previous supplements, and as Campbell's comments suggest, this all poses huge new challenges for those involved in digital design. Pretty pictures and a well-designed checkout process are no longer enough in themselves. Instead, there's going to be far more emphasis on mapping customer journeys across channels as a way to ensure there are no

BLENDING APPROACHES

"All design disciplines, whether it's architecture, the buildings we're in, whether it's industrial design, whether it's interaction design, whether it's game design, all these disciplines have their own emphasis and their own skillsets, and their own history and lineages, but all of those can offer the other discipline something and we're seeing the blending of those things more and more."

Mo Syed, head of user experience, Amplience



SPEAKING FROM EXPERIENCE



CAN YOU DIG IT?

"How can we measure that somebody searched the term [mini-digger] on Google. and that made them walk into a store and hire a mini-digger? That's very interesting. Some people might say there's no point in us bidding on the word mini-digger because it doesn't convert online. Well obviously you don't hire a mini-digger online, but you might research online and phone, or you then walk into the plant-hire place and hire it. How can we follow all that through?"

John Readman, new business director, Search Laboratory

NEW TECHNOLOGY

"We're spending a lot of time and effort, and working with some of our partners, to explore how the technology and the different devices that are coming down the line are going to support us as an organisation. It's not just around the shopping and ordering process, it's things like delivery and returns, how can we use the technology built into some of these devices to support our delivery and returns process, and then supplementary and onward sales too."

Sam Barton, head of user experience, Shop Direct



friction points where the channels meet. However, this doesn't mean that design lessons learnt from ecommerce are suddenly somehow obsolete.

Rather, what's happening is that different design disciplines are starting to overlap as the lines between different shopping channels start to blur. Think of a kiosk in a department store. It's a digital design task in as much as it needs, for example, to be intuitive to use, but where should the kiosk be placed? What kinds of information should it display? Should it be transactional? Should it even be in store at all or would it be better to have more sales assistants, perhaps equipped with tablet PCs?

To return to Campbell's audit, the only way to answer such questions with any

reliability is to think about how different channels work together. In this context, what works for one retailer may not be appropriate to another. But whatever the nuances across different companies, it's clear that linking up channels, making them work together as seamlessly as possible, is becoming crucial.

Looking again at that kiosk, Mo Syed, head of user experience at ecommerce specialists Amplience, sees huge potential for using such devices to help link the digital and real-world experiences. "We're going to see the in-store kiosk as being an additional gateway onto your digital identity within the retailer's experience," he says. Customers might use such devices to log in, probably by swiping their smartphones using NFC technology, and check whether items they've looked at online are in stock. A kiosk might then 'know' a customer's sizes, for example, and be able to make recommendations based on what's in stock in the store. "I think that kind of joining up of the behavioural data of the customer across channels will start to seep in, in store, which up until now has remained a physical island," Syed continues.

“ Customer experience expert Catriona Campbell advises clients to think of service design as ‘functional branding’ ”

Oracle Retail

10 of the 10 Top European Retailers

Get Better Results With Oracle

ORACLE®

oracle.com/goto/retail

DELL AND SEGMENTATION

It's all very well talking about customer-centric design, but it's self-evidently too expensive to talk to *every* customer individually. But how should retailers go about segmenting customers from a design perspective? One answer is provided by Dell's Alienware brand. This is aimed at PC gamers, who have traditionally spent time and money customising PCs – adding extra memory and cards to make the machines faster – to pursue their hobby.

Dell now caters for these customers with gaming PCs. "The real pro gamers around the world needed some kind of product like this and nobody was really tackling the market so Dell have done it," says Catriona Campbell of Foviance, which works with Dell. "On the

back of it, rather than a beautiful Apple logo, it's got a little alien head that lights up, a little bald alien.

"The product is beautifully branded and what they've done is understood exactly how their gamers want to buy their product, how they want to personalise it. There's a dedicated call centre number for them, and people who understand gaming talk to them on the phone. It's an amazing experience from the call centre."

Add in gaming-specific website pages, blogs and a Twitter feed, and what Dell has done is created a cross-channel brand designed to serve an important section of its consumer base, an approach it's also taken with other kinds of key customers.

For Syed, the mobile is the key linking device between channels. Again to look to the near future, let's say that a customer has bought a camera but no case. "When you walk out of the shop your phone might present you with a promotion and offering 20 per cent off this case if you buy it within the next 40 minutes, so you've got this kind of digital overlay that can phase in and phase out of this physical experience and becomes a vehicle for different types of promotions," he says. "A kind of keystone to that is identification, easy and frictionless identification of the individual – that happens with mobiles."

FIXATED ON THE REAL?

For another example of how online and offline worlds are merging, think about how Adidas has been investing in virtual walls where customers can look at different outfits without having to go to the bother of trying them on. It's just one of a number of virtual mirror/wardrobe technologies around at the moment.

Understandably, such impressively whiz-bang initiatives have attracted huge attention, as indeed has the whole question of linking the digital and store environments. Yet this is by no means the only point where channels intersect. Think about when customers are sent recommendations by friends, says Catriona Campbell, and use their mobiles or tablets to look at the link they've been sent, often via a social network such as Facebook.

"Very often, that's a terrible experience," she says. "It takes them to the wrong section of the page, it doesn't take them exactly to the product, the

“ For Shop Direct, the conversion rate for customers who shop via mobile, tablet and desktop is 15 times higher than those who shop via desktop only ”

price may have changed. Very often because they'll be outsourcing their promotions to media-buying agencies, they'll be forgetting to implement at the backend, what that actually looks like."

It's not just those working from a customer experience/usability perspective that find this irritating. John Readman, new business director with SEO and PPC agency Search Laboratory, gets frustrated that bad customer experiences undermine his company's efforts. "It's very easy for marketers and ecommerce directors to justify why they're chucking money at search," he says. "They all seem to accept what I consider to be poor or very weak conversion rates. Actually, there are not very many people prepared to stick their necks out saying, 'We need to redesign this or reconfigure the user's journey, and think of it with conversion in mind.'"

"We get hugely involved with this because ultimately we're looking at the statistical probability of search intent to conversion. I'm not that bothered about traffic really, I'm worried about whether someone is going to buy something, and

that then comes down to bounce rate, usability and ultimately whether they're going to put it in a basket, fill out a form or whatever else it is we're trying to get them to do."

NEW KINDS OF EXPERIENCES

We've arrived back at Catriona Campbell's idea of auditing what's going on, of tracking customer journeys and then optimising experiences in order to maximise income. "What the data allows you to do is look at that customer and map their journey across the whole brand," she says.

Again, though, it's worth reiterating this isn't enough in itself. Having analysed the data, companies need to act. And this really may involve looking anew at how the company operates, as Shop Direct has discovered. Having started as a catalogue company, the retailer moved into ecommerce and is now looking to maximise income from mobile.

Both moves have thrown up distinct problems related to the nature of the business. "Selling our financial services online [offering payment terms to customers], which is where we make a lot of our profit as an organisation, is very difficult," says Sam Barton, head of user experience with the company. "Then when you take that onto mobile, it's even harder. As long as we're compliant and we meet the FSA [Financial Services Authority] regulations, it's fine, but presenting that information to customers on a small screen has been very difficult for us. We're having almost to rethink how we sell our financial services and products."

As to why the company needs to do this, 30 per cent of its traffic is now via mobile devices. Echoing research elsewhere, cross-channel customers are more profitable too, with the conversion rate for customers who shop via mobile, tablet and desktop 15 times higher than those who shop via desktop only. "The way that we develop now is almost mobile first, so when we're looking at a project or initiative we will design it for the mobile, make sure it works and it's optimised for that channel," says Barton, "and then look to roll it out onto the desktop sites and other sites."

As digital design increasingly reflects customer behaviour across different channels, it seems the era of designing for the website first and foremost really is at an end. ■

CUSTOMER CENTRAL



AS ECOMMERCE TECHNIQUES BECOME MORE SOPHISTICATED, THEY HOLD OUT THE PROMISE OF HELPING RETAILERS TO TAILOR OFFERINGS FOR INDIVIDUAL CUSTOMERS. BUT THERE ARE SUBTLETIES AROUND THE USE OF DATA THAT COMPANIES NEED TO GRAPPLE WITH, REPORT **JONATHAN WRIGHT** AND **CHLOE RIGBY**

The look of the thing can be a huge help in retail. Stroll around a well-designed store and, even if you can't necessarily tell precisely which tricks of the retail trade are being employed, it's soon clear if you're in an environment that has a sense of coherence, where items are easy to browse and locate.

Move to a digital environment and things aren't so straightforward. From a customer's perspective, a website might be beautifully designed, it might stock all the items the customer wants to purchase, but these virtues count for nothing if it's not reliably displaying these goods. "It's very difficult to display a large selection of the company's

product catalogue in a very small piece of real estate, the website," says Daniel Hansens, marketing director at website personalisation specialists Peerius. "It's even more difficult in a mobile platform to get that across."

To reframe this from a slightly different angle, in bricks-and-mortar stores the choice is most likely more

limited, but customers enjoy the sense of being able to pick and choose from the goods on display. In digital environments, the choice may be vast, but if a customer is being shown a few items of no interest, it may seem as if a retailer doesn't stock much that's of interest at all, and the customer will likely get bored go elsewhere.

This in itself makes it clear why personalisation, searchandising and recommendation technologies and techniques have become such key disciplines within ecommerce. Get these right, goes the conventional wisdom, and retailers at least have a fighting chance of reaching the holy grail of getting the right goods in front of the right people at the right moment.

This sounds straightforward, but as so often in retail, the nuances around digital merchandising lie in the variables. What happens when the retailer needs to shift stock? Within a broad range, what kinds of customers does a retailer have? What complications do cross-channel journeys introduce? Perhaps most importantly, how do retailers place the customer at the centre of merchandising efforts, make it seem to the customer as much as possible as if they're walking around a well-designed store that stocks the kinds of things the customer wants to buy?

FOCUS ON THE INDIVIDUAL

The latest thinking here is to focus in far more specifically on individual customers. Again, this may not sound like a big deal, but it's worth remembering that it's easy to treat merchandising as all about getting messages out to consumers, as being akin to a subset advertising. "If you start with just doing some merchandising, you're thinking about, 'What is it that you really want to sell?'" notes Allyson Tremblay, head of UK sales with search and merchandising specialists Fredhopper. "When you're looking to refine that, you're really looking to understand what customers *want to buy*."

In year when 'big data' has become such a buzz-phrase, few in the industry would see a lack of information about what customers want to buy as a problem. Google searches, on-site searches, clicks on other kinds of links, previous orders, loyalty card data and information shared on social networks can all play into building up increasingly sophisticated pictures both of groups of consumers and even individual customers.

THE LONG HAUL

"One of the things we're trying to look at in more detail with some of our customers is actually measuring lifetime value. We're trying to measure what impact a really consistent, relevant experience has to the whole lifetime value of a customer, so it's about retention as well as immediate impact of conversion and average order values."

Andrew Fowler, country manager UK, Apptus.



SPEAKING FROM EXPERIENCE



ALL THINGS TO ALL PEOPLE

"Online [because of analytics] you can actually be the luxurious shop for the luxurious shoppers, and you can be the fast fashion and low price store for those kinds of customers. It can't be done in bricks and mortar because that store would actually look pretty ridiculous if you went in there."

Jarno Vanhatapio, founder, Nelly

BUILD ON BRAND VALUES

"Merchandising is a very key stage of the buying process but it's not everything. It plays an integral part in the customer experience, but pre-merchandising is around what's this brand about – 'Why should I buy this brand, what's the proposition, why will I invest more time in looking at their product range?'"

Graham Cooke, founder, QuBit



SOFTER METRICS

"If a customer is browsing and having a great time but maybe not transacting, why would you discount that visit and render it useless or meaningless because the only thing you're measuring is the transactional conversion?"

Allyson Tremblay, head of UK sales, Fredhopper



“ In year when big data' has become such a buzz-phrase, few in the industry would see a lack of information about what customers want to buy as a problem ”

It's tempting to see this big-data world as wholly new, but as Fredhopper's Tremblay points out, e-retailers have long used such data to segment potential customers with tools such as pattern recognition engines or analytics packages. "There's so much that can be leveraged from those basic tools that have been around for as long as online retail has," she says. Use these in conjunction with merchandising tools so

that, for example, when a customer is searching for a red party dress, they're shown the dress with the best view-to-conversion rates and retailers should logically see an increase in sales.

GOING FURTHER

That's fine as far as it goes, but automated approaches aren't a panacea here. What about the customer who's already bought the red dress from a different retailer and returned it? Less specifically, Daniel Hansens at Peerius humorously highlights the ever-present perils of employing a "purely relational model between things" when he points out that if even a few customers buy both a toilet brush and a new TV from a department store, an automated system might see a relationship between the items that doesn't exist in any meaningful sense.

Then there's the problem of changing customer behaviour. Just because a customer did something in the past, it doesn't mean they're going to do it again.

Search and Merchandising the SLI way

We install, integrate, host, and maintain everything.



SLI SYSTEMS

Search, Learn & Improve

www.sli-systems.co.uk

In fashion, for example, customers clearly don't just buy the same items as last year, but the savvy retailer knows whether jeans are likely to be skinny or baggy next spring. "Data sets won't know what [these trends are] going to be until people start buying things," says Hansens. "The trick is for people to utilise their knowledge of context, or what is happening now or will happen, and apply that to a merchandising environment."

Clearly, retailers trying to get a clearer picture of individual customers have to consider variables beyond the data generated by the customers themselves. In other words, traditional merchandising skills that begin with a broad understanding of a company's place in the market, its longer-term strategy, the kinds of customers it serves and so on still have a big part to play here.

Flip that around, though, and it's equally true to say that the data being gathered can help to define both a retailer's wider strategy and day-to-day operations. If data reveals a customer base is changing, perhaps because a brand has suddenly become fashionable among an influential clique, retailers need to understand what's happening.

More immediately, if an item suddenly starts selling, the retailer simply needs to react. Jarno Vanhatapio, the founder of Scandinavian fashion retailer Nelly, explains how this works. "We can actually pick up the trends [using analytical software] before our trend people see that," he says. "It's quite a cool thing. If we give brown leather jackets a small visibility and they're actually over-performing, what we do is give our purchase department that info and make sure they get more brown leather jackets – and then we'll make a big campaign about that on the front page."

BUT THE CUSTOMER WANTS A BLACK LEATHER JACKET...

Again, though, we're talking about a general trend among customers. What about getting more specific, finding out what an individual might do? At a basic level, what if a customer isn't remotely interested in brown leather jackets but has been saving for a black motorcycle jacket? In this context, Nelly uses personalisation software developed by Apptus to gain insights into how different customers are behaving.

"It's not just about what [customers] buy, it's a whole host of things, it's about

what they navigate, it's which banners they respond to, it's what they add to their baskets, and it's about what they ignore and look at," says Andrew Fowler, country manager UK at Apptus. "If you present a number of products on the page, and you keep presenting something that keeps being ignored, we need to know about that."

The latter point is particularly important, says Fowler, because it's often annoying to be offered goods similar to those you've rejected, a mistake a human sales assistant wouldn't make. "If someone goes in to buy a suit and they ignore all the pinstripe suits, the sales assistant isn't going to keep showing them pinstripe suits," he says.

Adding to this list, we might also return to Hansens' ideas around context. At the most sophisticated level, if you have a loyalty card-holding customer who's signed in with a retailer on a smartphone, and the customer is close to a bricks-and-mortar store and looking for a specific item, that's a rich brew of information to use as the basis for a sales pitch.

FUTURE DEVELOPMENTS

In truth, this kind of seamless cross-channel merchandising doesn't happen too often – yet. Looking to the near future, though, software companies are already jostling for competitive advantage as they develop personalisation technologies and techniques that will facilitate the kind of transaction outlined above. This is happening, moreover, at the same time as product information management (PIM) systems are gaining traction as a way for companies to handle the complex data that ecommerce increasingly produces across the whole supply chain.

"I think the next five years is going to get really exciting as we focus on the user, technology's going to make it easier to create better and more personalised product experiences," says Graham Cooke, founder of analytics company QuBit. "This is more than just product recommendation, this is every step you take in the buying process will be personal."

Cooke cites Apple as an example of a retailer already beginning to make this kind of retail work. It's no coincidence, for example, that Apple stores email receipts to customers. This is because it helps the company achieve a joined-up view of its customers, to link digital sales and website visits to bricks-and-mortar purchases. "Apple has done a great job on this," says

“ It's annoying when a website offers goods similar to those you've rejected, a mistake a human sales assistant wouldn't make ”

Cooke. "This is about bringing analytics, customer service, customer support and multichannel, and multi-device all together into one great personal experience."

The Apple example is interesting for other reasons too. To return to where we began, Apple is quite brilliant at merchandising. Think about its stores. They're product-lite, but there's plenty of space to try out the items on display, making it seem like an environment where there's lots going on. Go to the website and the degree of personalisation once you've entered your email address is hugely impressive. From a consumer's perspective, the range of products is manageable and relevant. Each of these experiences works to drive sales. More importantly, they *work together*.

MEASURING SUCCESS

But even for a trailblazer such as Apple, the challenge going forward will be to increase the level of personalisation. The prize here, it might be added, isn't just about increased order values and better conversion rates, important as these are when it comes to measuring ROI, it's around developing long-term relationships with customers.

To understand why, think about this cross-channel future from an individual consumer's perspective. If a consumer is sharing increasing amounts of personal information, it's not unreasonable to suspect he or she will expect something in return. (Already, Facebook pages can be hugely revealing about a customer's likes and dislikes.) Specifically, consumers will likely want personalised service to be part of the deal. Conversely, customers will cease to use retailers that waste their time by pushing goods that are of no interest.

"If the customer is happy with the experience both on site and post-purchase, they will be far more likely to return and add far more value to an organisation," says Daniel Hansens. "That means people will see far greater return on investment of acquisition as well as conversion." ■



JOINED-UP SHOPPING: FROM SOFA TO STORE

WELL-CONNECTED RETAILERS DO BETTER. THIS MEANS DESIGNING THE CROSS-CHANNEL EXPERIENCE AROUND THE CUSTOMER, SAYS CHLOE RIGBY

Like it or not, we're all cross-channel now. The modern shopper might as easily be sitting on their sofa browsing a retailer's website as standing in a store trying to find an item they want to buy. The challenge for the retailer is straightforward: make it easy for these shoppers to browse and to buy because a joined-up approach to shopping is now a competitive advantage – and the path to higher sales.

"Consumer shopping behaviour has evolved dramatically," says eCommera director Michael Ross. "The key to survival in this new climate is customer-centricity: understanding and organising your business around the

customer and learning how to attract their custom and nurture their loyalty. This requires embracing your customers' digital persona, through their mobile, mining the data in their offline and online footprints, and organising a seamless and engaging experience across every touchpoint."

Calculations by eetail trade association the IMRG suggest that shoppers who access a retailer via more than one channel spend four times as much. Earlier this year, John Lewis head of multichannel Simon Russell reassured many when he said the department store group found that when its store customers started to shop online, far from defecting to the internet, they continued to use both

channels and in total spent more money with the retailer.

Again and again, retailers' financial results show that measures to connect up different shopping channels have a clear impact on the bottom line.

But achieving a well-connected cross-channel experience is difficult, and few have yet arrived at the goal. "I think now the customer is so savvy regarding technology, whether online, mobile or even expectations now going into stores, that a retailer's journey of trying in many cases to follow the 'anywhere, any time, any product' consumer is already clearly a major challenge," says Tony Bryant of K3 Retail. But failing to try means failing to compete.

ASK YOUR CUSTOMERS

The journey starts by finding out how customers are shopping and how they want to shop.

Andy Harding, ecommerce director at House of Fraser, speaking at Internet Retailing 2012, said insights unearthed by its research included the fact that some 35 per cent of its online orders were collected in store, and a quarter of those collecting their orders in-store bought something else as they did so. The company also found brands were important to its customers. In response, it enabled customers to search its website by brand as well as product.

Research also brings sense to what Harding described as “a chaotic market” where “the direction of travel is not at all clear”. In a world where both connected TV and Google glasses are on the horizon, retailers must decide which new channels or technologies will be their priority, he argues. Doing everything is simply not possible.

That’s a point that fellow speaker Sean McKee, head of ecommerce and customer services at Schuh, echoed when he said the shoe retailer had experimented with different ways of using technology in store, including various types of kiosk. It concluded, however, that enabling shoppers’ own technology – their smartphones – through in-store wi-fi was the best way for the company to connect with its customers.

Other retailers come to different conclusions. Marks & Spencer, for example, introduced screens of different sizes and for a range of different uses alongside free in-store wi-fi when it recently opened what it described as its first multichannel shop.

Priorities, then, are key and research helps to set them, whether through in-website surveys, mystery shopper assignments, by monitoring how a trader’s shoppers actually buy or even, though more costly, trial and error.

On behalf of its client Halfords, consultancy eDigitalResearch monitored how and why its customers were choosing to shop. It found an explosion in the use of mobile devices in store to check prices and read reviews. In response it has embraced the use of smartphones in stores, offering free wi-fi. Other innovations that flowed from the findings included in-store QR cards linked to online marketing material and improved search on its website.

Looking to customers’ actual use of devices – rather than the way one might

“ Schuh concluded that enabling shoppers’ own smartphones offered the best way for the company to connect with its customers in store ”

imagine they would use them – is instructive, notes eDigitalResearch’s research director Derek Eccleston: “In a bizarre twist in the consumer experience, we found that consumers won’t absorb information in store. They won’t read anything that takes more than a few seconds, they won’t watch videos, they won’t read detailed information about products in store. But give them a QR code and allow them to access that same information and content on their own handset, and they’ll sit there and take it in. It’s one of those beautifully illogical things.”

Other cross-channel retailers are also taking inspiration from what customers love online and bringing it into stores. “The reality check is that if I’ve got a lot of stores, how do I emulate there the simple best practices I have online?” says K3’s Tony Bryant. “Do I have store reviews available to the consumer? Is my store wi-fi-connected so I can pick up the consumer as and when they come in – and is it enabled so they can they use it? How do I look at different transaction models? How do I show reviews? Is it a kiosk? Is it a QR tag next to the products I’m selling? How are my new apps and optimised mobile sites going to help the consumer make a choice with the brand? All those questions are being debated and questioned by senior people in senior retailers.”

MOBILE IN THE MIDDLE

Retailers also debate whether encouraging customers to check prices in the stores will help or hinder business. After all, why offer in-store wi-fi if shoppers will use it to buy from a cheaper competitor? But shoppers will do this anyway – and many will use competitors’ information to decide that the object in front of them is the best option – that nearest is nicest. But for many of our commentators enabling mobile, described by eDigitalResearch’s Eccleston as the “cement that glues together all the channels” is key. And, says Eccleston, it’s important that

cross-channel strategies recognise its importance. “It’s absolutely vital – over half the population now owns a smartphone and more than a fifth have a tablet,” he says.

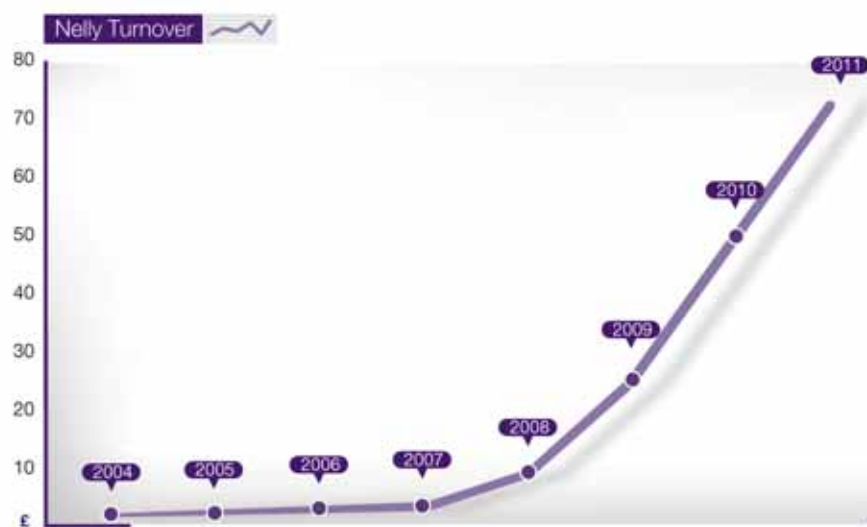
And in-store wi-fi isn’t just about checking prices. It’s about attracting customers by sending them offers and promotions, and retaining their interest both while they are there and after they have left. Customers who sign into in-store wi-fi enable retailers to learn from their behaviour and the products they are interested in. Shoppers might, for example, use barcode scanners on their phones to learn more about products and add them to ‘wishlists’ to buy at a later date.

A mobile device-using customer is as likely to be sitting on their sofa as walking through into a store. Michael Ross points to IMRG figures that showed a 2,000 per cent rise in sales via a mobile device in the first quarter of this year, compared to two years earlier. Bounce rates, however, are still rising as customers become more demanding on the quality of experience. It’s clear retailers must design shopping environments around the way customers shop. First exhibit is the role of the sofa in modern retail. “People’s habits have changed,” says Ross. “They watch TV while browsing on their tablet or checking social networking sites. The consumer journey may well begin here, but may not necessarily proceed to transaction before a visit to the store. Equally a journey might start by a visit to the store, and end with a purchase made sitting on the sofa and taking delivery at home.”

PERSONAL SERVICE

The cross-channel strategy means that a retailer can recognise and respond appropriately to a customer wherever they touch the brand, whether that’s through a store, a call centre, a mobile device or a PC. This is key to the personal service that customers now require. House of Fraser’s ecommerce director Andy Harding says: “It is our goal to treat each customer like a VIP and that requires the personalisation that multichannel retail can offer.”

While websites can now recognise an individual and show them personally relevant pages (for how, see merchandising feature, page 14), how can that idea of personal service extend to the store? That’s where the mechanisms that run across channels come into their own. Mobile can be highly effective when retailers capture a shopper’s phone



Jarno Vanhatapio, Founder

nelly.com

Self segmentation on a large scale

Apptus eSales is a Context Delivery Engine that powers a tailored customer experience. It increases the lifetime value of each online customer by delivering instant, large scale, self segmentation.

www.apptus.com

*See Jarno talk about his
business and Apptus:*

www.apptus.com/en/nelly



number or other device signature. But when combined with the loyalty card or scheme it's even more powerful. Tesco, for example, recently introduced wi-fi into its stores. It's free for all users for the first 15 minutes. However, Clubcard users can have unlimited access to the internet through the system. Because they need to sign in in order to be recognised as a member of the loyalty scheme, this is a powerful tool that helps the supermarket to engage with customers by offering them relevant deals and promotions, and to develop that all-important single view of customer activity across the channels, documenting behaviour in stores, on mobile phones and online.

House of Fraser's loyalty card scheme, implemented with the aid of eCommera, also allows members to collect points whether they shop in-store, online or over the phone – and that, says Harding, helps to give it a “really clear view” of its customers' activity.

“Those making small off-the-shelf purchases may be less likely to research in advance or use a loyalty card”

VITAL STATISTICS

All of this translates into data. The more channels a retailer has, and the more connected they are, the more data the retailer needs to contend with. Today it appears almost universally agreed that in 'big data' lies the future of retail that is endlessly responsive to individual customer needs. But for that to become a reality retailers must harness and use that data.

“There are some challenges in measuring across channels,” says Paul Bolton, group product director, IVIS Group, in what might be seen an understatement. “How do you know that the customer who was on your site has now gone to store unless you have a loyalty card to track what the customer is doing?”

Another useful way of measuring cross-channel activity, Bolton suggests, is the click-and-collect service. Through that, he says, “You have a real measure of people going to the site and coming to the store.” When joined together with wi-fi data,

FLEXIBLE TEAMS

“It's those structural changes at the retailer that are the ones who are really fundamentally going to make a change to the industry. You want fluid, multitasking teams meeting that same complexity around the multichannel journey for the consumer and you want visibility, reporting.”
Tony Bryant, business development director, K3 Retail



SPEAKING FROM EXPERIENCE



MAKE CHANNELS WORK TOGETHER

“This is not about a shift in focus, such as fewer stores, but rather about bringing existing and new channels to market more closely, to provide a joined-up experience for customers.”
Andy Harding, ecommerce director, House of Fraser

THE POWER OF CHOICE

“No longer restricted to the local high street, consumers are empowered by a world of unlimited choice – accessible anytime and anywhere.”
Michael Ross, co-founder and director, eCommera



retailers can again connect the store to the online experience and the mobile phone. Again, this is a service that's popular with customers but also useful for measuring the experience. A year ago, House of Fraser launched the first of two HouseofFraser.com stores, with the support of eCommera. Lessons learned from these stores will now inform the way digital evolves within all House of Fraser stores, Andy Harding told *Internet Retailing*.

But accurately measuring and charting customer interactions will depend on the type of sale. Those making small off-the-shelf purchases may be less likely to research in advance or use a loyalty card. It's when larger purchases, such as furniture or a consumer electronics product, are made that there's likely to be a longer engagement across the sales cycle. Then, says Bolton, “You can understand more about where they looked, what they did and have a longer dialogue.” But he suggests that retailers should also rely on traditional interactions that come in the form of “old-fashioned pure engagement from a sales person asking, ‘Where else did you look, did you go online before coming into the store?’” Then that information needs to be fed back so retailers have better visibility of the cross-channel experience.”

When people don't buy can be as informative as when they do. “It tells us if they came back, or went to a competitor,” says Bolton. “Then you can evaluate to find out where you lost them and measure the true multichannel conversion rate.”

JOINED-UP STAFF

It's now accepted that successful cross-channel operations depend on knowledgeable store staff. Some retailers have made a point of rewarding sales assistants in local stores for any online purchases made in their postcode area. Some are working towards being able to attribute sales across channels, recognising and rewarding the correct trigger points for each sale, but as yet this appears some way off.

Behind the scenes, this crossover between stores and online still has a way to go. K3's Tony Bryant says it's time for retailers not only to restructure their service around the customer, but the whole organisation. “Now is the time to start looking fundamentally at what my organisational structure that's needed to meet all of those. It's more than I need to do the store bit or the poor guys in logistics need to change their ways,” he says. “It has to be joined up because without this you're going back into the silo.” ■



THE WAIT IS NEARLY OVER

FOR CUSTOMERS WHO BUY ONLINE, THE OPTIONS FOR ENSURING A CONVENIENT DELIVERY ARE GROWING ALL THE TIME. IT'S A CHANGE THAT IS BEING DRIVEN IN PART BY DISRUPTIVE NEW ENTRANTS INTO AN EVER-MORE CROWDED MARKET, WRITES **CHRISTIAN ANNESLEY**

The final act of the typical ecommerce transaction happens on the doorstep. If it goes smoothly, the simple act of delivering a parcel or package on schedule, with an unblemished product inside, and with perhaps some tracking of the purchase on its journey en route, will go a long way to keeping the online customer happy.

It sounds simple, but it's not so long ago for customers that staying in for a major delivery – a new washing

machine, let's say – involved an all-day wait at home without any precise indication of when the promised item would arrive. When it did show up, any problems with the item could take some serious sorting out: perhaps some long-winded calls to contact centres and, for the really unlucky, more waiting in for the returned item to go back out and the replacement to arrive.

In 2012, there are inevitably still deliveries that go awry and some tortuous problems for customers who are unlucky

enough to receive incorrect or faulty goods. But the growth of ecommerce, and the parallel march of technology that supports logistics, has gone a long way to changing doorstep deliveries forever.

HI-TECH TRANSFORMATION

It sounds a big claim to make, but there's real change to report. While many items bought online are still being delivered by a handful of long-standing parcel carriers, some of the services offered by those carriers have changed beyond

recognition in recent years – short, dependable time slots for deliveries, online and smartphone-accessed item-level tracking, and even pre-delivery text messages to customers to improve the chances of a delivery being made.

It's a revolution that is partly a response to the rise of ecommerce and the corresponding rise in home deliveries of parcels, and partly something that's been enabled by joined up and mobile IT systems, by GPS tracking technologies, and by item-level tagging using bar codes, RFID tags and the like.

Dwain McDonald is chief executive of DPD, one of the UK's major parcel carriers and a company at the forefront of change at this more established end of the online delivery business. McDonald says the company's introduction in 2009 of one-hour deliveries with its Predict service was a direct response to the changing landscape in ecommerce and the requirements of customers.

"Deliveries on behalf of the ecommerce industry now represent half of our business and we expect this growth in e-retailing deliveries to continue," he says. "Successful delivery is a crucial part of the home-shopping experience, and we have been refining our offer to ensure it provides what customers want."

One notable change DPD brought in recently was to swallow the cost of pre-delivery text-messaging to customers. "Those texts only cost a few pence, but customers like getting something for free. We've seen the number of texts we send out each month jump from one million to 2.5 million. It's a biggish cost to DPD, but it's driven uptake of the service sufficiently to cover the investment. And it's another way of adding value and doing more for

NEW DEVELOPMENTS

"Delivery logistics is about efficient processes and we are still working hard trying to automate on a grand scale. We've recently developed a scanning system that can scan trailers for item reconciliation, loading instructions, the condition of goods and more."

Rob Gittins, UK sales director, Palletways

SPEAKING FROM EXPERIENCE



POINT-OF-SALE SERVICE

"We think there is a big opportunity for a point-of-sale service. That's where a customer comes into store to buy, but wants delivery later the same day. We reckon the likes of John Lewis might like this service for high-value customers."

Tom Allason, CEO, Shutl

LOCATION, LOCATION, LOCATION

"Our dropboxes could be used by online customers to pick up items the same day. If popular, high-value items are pre-loaded into lockers then a purchase can be ready for pick-up instantly – the customer just needs the location details."

Inderveer Tatla, marketing manager, ByBox



the £4 or so that we charge on average each time."

DPD, whose largest client is the ecommerce giant ASOS, is also upping its game even further from November onwards, with the Christmas delivery season in its sights, working harder to keep in contact with customers ahead of deliveries with information and options to make the delivery go as smoothly as possible during the peak season for activity.

"If things don't go right, we've also started to use Twitter as a customer service channel – and it focuses the mind, Twitter. When the complaints come in on social networking sites, they are visible to all, and we have a

customer service team dedicated to dealing with issues as speedily as possible."

SAME-DAY SERVICE

Another company in the delivery market that is happy to take the good and the bad news from customers on Twitter is London-based Shutl. The company's core proposition is same-day delivery, either within 90 minutes of an order being placed or else an agreed one-hour timeslot later in the day.

How does it do it? By using local courier companies to provide deliveries to online or in-store customers within the timeframes mentioned. It keeps costs

DELIVERY TIME: HOW RETAILERS CAN SHIP SMARTER

Delivery charges and options are important factors in many a customer's online buying decisions. Here are five ways to ship smarter:

■ **Clearly display shipping costs:** the cost of delivery can be a crucial factor in a customer's decision to purchase an item, so charges must be easy for users to find. One place to ensure delivery costs are displayed in on product pages. If it's not showing, potential customers will be lost.

■ **Provide next-day (or even same-day) delivery:** convenience is playing an

ever-greater role in online purchasing, so fast, premium delivery options are a must.

■ **Flexible delivery slots:** not many of us want to stay in the house all day waiting for a delivery, so a range of timeslots should be provided. One- or two-hour time slots give the greatest convenience to customers, alongside the well-established am or pm delivery slot.

■ **Free delivery:** offering free delivery is one of the most powerful weapons in any ecommerce director's arsenal. Anecdotaly,

we know that this is not just something that drives conversions, but can underpin marketing campaigns. Consumers love free shipping and the stats back it up.

■ **Deliver on your promises:** companies spend a lot of time and money on attracting users to their website and converting them into paying customers, so it's vital that the last step of the process is satisfactory. Deliver on time and as promised, and customers are more likely to buy from the site again and even recommend it to friends and colleagues. Get this wrong and the reverse will apply.

Intelligent Customer Engagement

WE WILL **INCREASE**
YOUR ONLINE **SALES** ^{BY} **20%**

LivePerson is the leading provider of intelligent, online engagement solutions, enabling the world's top brands to deliver a personalised user experience by proactively engaging visitors with real-time solutions for chat, voice and content.

Companies that intelligently engage online visitors can:

- ➔ **Increase** online sales by **20%**
- ➔ **Increase** order values by **35%**
- ➔ **Increase** loyalty and retention

LivePerson allows customer services, digital marketing and online sales to track website visitors and proactively engage them in conversation – all in real-time - based on their behaviour.

Adding a live person drives incremental sales, maximises customer satisfaction and retention and optimises agent resources.



Fact. No bull.

THE DOORSTEP CHALLENGE

Retailers are keeping their customers better informed when it comes to delivery, but in some respects could still do much better, according to a recent study.

The 2012 Home Delivery: The Doorstep Experience report from Micros studied what happens at the very final stage of ecommerce, delivery to the doorstep.

The study found that that nearly all retailers – a whopping 99.6 per cent – send a confirmation-of-order email nowadays, while a further 81 per cent send emails confirming despatch, up from 79 per cent in the previous year's research.

But in other respects the management of the home-delivery still has a way to evolve, the research found. The use of text messages ahead of delivery is on the up, but is still only offered by 11 per cent of the 237 retailers surveyed, up from four per cent last year. More promisingly, 64 per cent of retailers now provide detailed order tracking, with more than eight in 10 (81 per cent) deliveries from retailers who gave a timeframe being delivered on time.

But the study also found some disturbing evidence of what happens when deliveries fail. Twelve deliveries were sent to a flat that was deliberately empty at the time of delivery. Of these, the study found, seven were simply delivered, with two 'shoved' through the letterbox and five left outside the flat. Three were left with a neighbour unknown to the recipient, while only two carriers (Yodel and DPD) left a card with details of how to arrange a redelivery. Room for improvement, all in all.

down by creating a marketplace for the couriers, getting them to bid automatically on individual jobs on the basis of location plus the weight and size of the item being shipped, as well as applying user ratings in its algorithm that ranks the couriers.

Tom Allason, chief executive and founder of Shutl, points out that the two-and-a-half-year-old service find its way to customers in one of two ways: either as a costed, rapid-response option from the retailers that use the service, such as Argos, or as an option selected by customers themselves, so long as the retailer is signed up to the service.

"Either way, it's a Shutl-branded option," says Allason. "Customers are paying for the immediacy and convenience of Shutl, and it's down to us to deliver and keep our reputation. We've

created a system that's geared towards the customer and to completing the delivery first time. The customer can track the courier en route and if there's no answer on the doorstep we ring them to agree next steps. The idea is to avoid any first-time delivery failures and that essentially is what we get."

Not all customers are paying for this level of service, though. Retailers can also use Shutl to drive extra sales. "Upselling by using the offer of a Shutl delivery is one way for retailers to benefit and to drive volumes for the service," says Allason. "The big retailers that use Shutl, like Argos, and Karen Millen and Maplin, help us to deliver volume, but that also means we can make the service available to smaller retailers. If a specialised boutique is selling a high-value item then a Shutl service can make a lot of sense."

There is a metric that illustrates this point. Shutl generally finds that, where the cost of delivery is less than 10 per cent of the basket value, customers will choose Shutl 40 per cent of the time.

THE LOCKER OPTION

Another innovator changing the experience for customers is ByBox, which uses lockers (also called dropboxes) in key locations as a convenient alternative for customers who don't want to wait in for deliveries.

ByBox started out as a service to businesses with mobile workforces, so many of its lockers are located at transport hubs like petrol station forecourts and train stations. But it is in the midst of a £1 million UK roll-out that will extend the service into more retail and commercial locations to serve more of the potential service users it has identified.

Inderveer Tatla, marketing manager at ByBox, says the sophisticated locker banks it has developed not only offer a convenient collection point for online customers but work equally well for returns: "The primary purpose of the MyByBox service for online customers is to receive items, but the locker is also a transaction point for returns: not just faulty or unwanted goods but for any return, repairs or maintenance or for specialist cleaning. It could be a big growth area for us in time.

"Now that we are targeting sites where people live and shop as well as work we become an option for more and more customers with more and more needs, opening up these new opportunities."

“The reinvention of the deliveries market isn't over yet”

LARGE OR SMALL

ByBox and Shutl's respective services are for large items as well as small. Crates of wine are one specialism that both handle for the growing band of online wine merchants. This illustrates how the improvements in delivery service levels don't just apply to getting hold of that shiny new iPhone but, across the board.

At the large end of things, even the delivery of pallets of goods – think bathroom suites or firewood or turf – is a customer-focused discipline these days, as Rob Gittins, UK sales director for Palletways, explains. "Our pallet network is now run through a sophisticated web portal that gives the retail customers we serve the functionality and control they need for the customers they are selling to," he says.

It's a point-to-point service, which means a retailer that sells an item through its website can then leave Palletways to fulfil the order by picking up from a warehouse and delivering direct to the customer.

"It's the same as any other delivery service to the extent that customers can pay for a certain level of delivery. The standard three-day service we offer is still at the core of things, but an 8am next-day service is often available, as is an economy booking service where we take the customer details and arrange the delivery direct with the end-customer to an agreed timeslot within three days."

Unarguably, there has been a dramatic increase in recent years in the range of delivery services available to online customers, hugely improving the customer experience along the way. But it also seems likely that the reinvention of the deliveries market isn't over yet. The new breed of delivery-convenience specialists may be snapping at the heels of the established incumbents in the parcels market, but all should also still be looking over their shoulders for the next big tech-driven game-changer. For customers, it's all good news, and that fruitless all-day wait may yet be consigned to history. ■



BUILDING LOYALTY

CONSISTENTLY DELIVER A GOOD CUSTOMER EXPERIENCE AND YOU HAVE SHOPPERS WHO WILL BECOME BRAND ADVOCATES – BUT THAT EXPERIENCE ALSO DEPENDS ON GETTING SOME BASIC RETAILING ATTRIBUTES RIGHT. **PENELOPE ODY** REPORTS

Today's customers, as retailers are well aware, are more demanding, more impatient and more knowledgeable than ever before. They are also more vociferous, taking to social media to deliver brickbats or bouquets and eager to pass judgement on products and services via 'feedback' and 'reviews'. Small wonder then that ensuring these shoppers have a 'good customer experience' is a priority for many cross-channel retailers. The problem, of course, is understanding what constitutes that 'experience' and what customers will consider as 'good'.

"A good customer experience strategy starts, as with any good retail strategy, with a deep consideration of your core customer," says Reeta Junankar, Javelin Group's resident expert in customer experience and marketing. "What do they want, how do they want it, where do they want it? What would they like to have, love to have and also what things don't they require? Consider where else they are shopping and what their expectations of you are."

"You also need a thorough understanding of the key customer missions and journeys. How do they interact with your brand? How often and in what mix of channels?" she adds. "Remembering, of course, that the main touch points may be different for different customer segments. These touchpoints can then provide a list of customer experience initiatives which must have a synergy with the overall business and brand strategies so they make perfect sense to the customer."

Andy Jones, director of customer experience at Salmon agrees: "You need to know what customers expect from your brand value, what sort of experience they expect. Importantly too with such widespread use of smartphones and tablets, customers are no longer judging you just against your competitors but against all interactions they have across all channels – companies like Apple and John Lewis have certainly raised the bar."

DOWNSIDERS OF NOT DELIVERING

As many retailers have discovered to their cost, failure to deliver the desired experience is very quickly reflected in the bottom line. Faced with falling market share Tesco was reported earlier this year to be spending up to £300 million on

“ Experimenting with new formats, both in the real world and virtual, must be part of customer experience strategy ”

improving the quality and range of its products, and recruiting 20,000 more staff to increase customer service levels. As UK CEO Richard Brasher said at the time: "At the core of this investment is our determination to deliver the best shopping experience for our customers, bar none."

Six months later, Tesco's UK profits were down by more than 12 per cent, which demonstrates just how difficult it can be to restore confidence in the customer experience, and persuade shoppers to return once they have switched allegiance.

An emphasis on service, product quality and availability lies at the heart of the customer experience. Retailers have always focused on having the 'right goods at the right price at the right time' but in a cross-channel world something more is needed. "Customer experience is now widely used to signify the full end-to-end interaction between a retailer and a customer, be it a single transaction or a long term relationship over many transactions, and to cover those interactions seamlessly wherever and whenever they occur, that is, 24/7 across all channels," says Reeta Junankar. "In that sense it truly does cover all aspects of the shopping journey."

On a complex shopping journey that might mean having good website usability, efficient search and navigation tools, plenty of payment and delivery options, an optimised mobile website, apps, knowledgeable sales staff, fully integrated stock and customer data, stores which reflect the brand values, an excellent call centre... the list goes on, presenting a daunting challenge for most cross-channel players and demanding a level of excellence that few, if any, achieve.

RAG TRADE LESSONS

A survey earlier this year by consultants Kurt Salmon, looking at the customer service offer of global omnichannel fashion retailers, found that while all had their strengths, none of the businesses

studied could demonstrate best practice in all channels. "Customer experience is many faceted," says Richard Traish, senior partner at Kurt Salmon, "and it basically involves anything that makes the selling cycle an emotional experience and generates loyalty."

Traish defines five distinct elements of the experience although he doubts that any cross-channel retailers can currently tick the boxes for all five. Top of the list is a true, fully integrated, omnichannel presence with the ability to offer customers access to more than one channel at the same time with 24/7 availability. Second is "digitalisation": enhancing the customer engagement with appropriate digital technology in whichever channel they shop, such as providing in-store web access or tablets.

Third is personalisation: having systems in place that can recognise the customer in-store, in digital channels, or at the call centre and then personalise the interaction. Fourth is the ability to appeal to all five senses: from excellent visuals to the 'touch and feel' of the in-store experience. Finally, there must be willingness to embrace new or multiple formats in response to changing customer expectations.

A typical example here has been House of Fraser's experiment with a click-and-collect e-store in Aberdeen. Then there are moves by both House of Fraser and John Lewis to smaller-format outlets with extended ranges available via kiosks. "These sorts of stores can deliver very different experiences both for traditional and new customers," adds Traish, "and also take the brand to new geographies where there may not be suitable space for a conventional department store, or perhaps where one would not be viable."

GET THE BASICS RIGHT

While the ability to deal with channel-hopping customers in real-time heads Richard Traish's experience list, others believe more basic aspects of the customer experience need to be addressed first. "For a retailer it is all about effective customer recruitment and retention," says Tony Bryant, head of business development at K3, "and maybe we have an over-complicated view of the customer journey."

Obviously customer activity is going to vary significantly between market sectors and demographics, but for some brands

THE (CLOUD) CONTACT CENTRE



CLOUD-BASED CONTACT CENTRE
WORKS WITH EXISTING TECHNOLOGY
SCALES WITH YOUR
BUSINESS & BUDGET



SEAMLESS SALESFORCE INTEGRATION
BETTER SALES AND
MARKETING SUPPORT



PROCESS CARD PAYMENTS SECURELY
EASY PCI COMPLIANCE
AUTOMATED & MID-CALL SOLUTION



ROBUST BUSINESS CONTINUITY
KEEPS YOUR BUSINESS RUNNING
WHEN DISASTER STRIKES

MORE PERSONAL. BETTER ENGAGEMENT. HAPPIER CUSTOMERS.

Delight your customers with
a completely personalised
experience when they call your
contact centre.

Join NewVoiceMedia's customers
in a multi-tenant contact centre
in the cloud and deliver the
best customer experience
with complete flexibility and
scalability to suit your needs.

- Recognise your customers
- Dynamically route the call
- Support telephone teams
of any size
- Location independent
- Device and browser agnostic

...All you need is a phone and
internet access.

PERSONALISE THE CUSTOMER JOURNEY IN YOUR
CONTACT CENTRE WITH THE POWER OF THE CLOUD.

WANT TO FIND OUT MORE?

CALL OR SMS EMMA SAMUEL ON +44 7769 711423 OR EMAIL
INFO@NEWVOICEMEDIA.COM TO ARRANGE AN APPOINTMENT/DEMO

there will be few shoppers who actually want to visit a mobile website during the morning commute, place an order via the office PC during a coffee break, collect the goods from a local store at lunch, and ring the call centre at tea-time expecting the operator to have a clear insight of their day's activity. "We build systems to meet this sort of real-time scenario and then over-complicate things further by offering click-and-collect, which is a hell of a put-off when it goes wrong, which it frequently does," says Bryant. "What most shoppers want is 100 per cent stock availability, rapid delivery and, where relevant, knowledgeable staff."

Get these basics right, he suggests, and the customer experience will be good which means that there will be high customer retention and easier recruitment. To these essentials Bryant adds good systems integration enabling stock visibility and customer insights. "Many multichannel retailers still don't have these basics right," he says, "their teams work in silos and their sales staff know less about the products than their customers do."

As Bryant points out, customer expectation is also central to the perception of the experience: shoppers expect click-and-collect to be efficient, if the goods are not ready when the shopper calls then the 'experience' rapidly turns sour. What customers expect from a particular brand will also vary and

“ Failure to deliver the experience customer want is very quickly reflected in the bottom line ”

understanding that expectation, as Reeta Junankar stresses, must be the starting point for any customer experience strategy. What shoppers expect from a designer fashion outlet will be very different from the anticipated experience of buying clothes at Primark or Asda; choosing chairs at Oca is rather different from shopping at DFS.

"Experience is all about how the customer interacts with your brand," says Gary Topiol, managing director, EMEA at Empathica. "It is harder for retailers to stand out because of products or price so the key differentiator is service, and

TARGETED INVESTMENT

"Retailers don't have enough budget to deliver all possible aspects of customer experience, so they need to think very carefully about where they will invest – especially at a time when budgets are being cut even further."

Andy Jones, director of customer experience, Salmon



SPEAKING FROM EXPERIENCE



RESPONSE TIMES MATTER

"The after-service journey is a key part of customer experience and can include everything from call centre to live chat, smart FAQs and social media monitoring tools. ASOS really raised the bar when it promised a four-hour turnaround on email-based customer queries at a time when there were few strong online 'customer service promises' out there and you could wait days for an automated response."

Reeta Junankar, manager, strategy consulting, Javelin Group

MOVES TO THE HIGH STREET

"Many pureplays have been successful because there has been a lack of competition online but the major retailers are now successfully trading in these digital channels and in future customers will expect to see pureplay brands on the high street.

They absolutely will have to open doors – or at least develop partnerships with existing bricks-and-mortar retailers – to satisfy

expectation of what a good customer experience should include."

Richard Traish, senior partner, Kurt Salmon



increasingly customers share those experiences in real time using social networking. The experience is part of the brand and based on expectation of that brand, so will be very different for a value retailer compared with a prestige label."

The brand therefore has to be consistent across all channels and in all store locations if customer expectations are to be met. "Bricks-and-mortar retailers have traditionally tried to assess customer experience with mystery shoppers," says Topiol, "but they maybe only do that once a month in a selection of stores, or perhaps they do an exit survey of customers once or twice a year. You can be good a lot of the time in a lot of locations, but that isn't good enough: the customer experience has to be good everywhere all of the time to meet expectations."

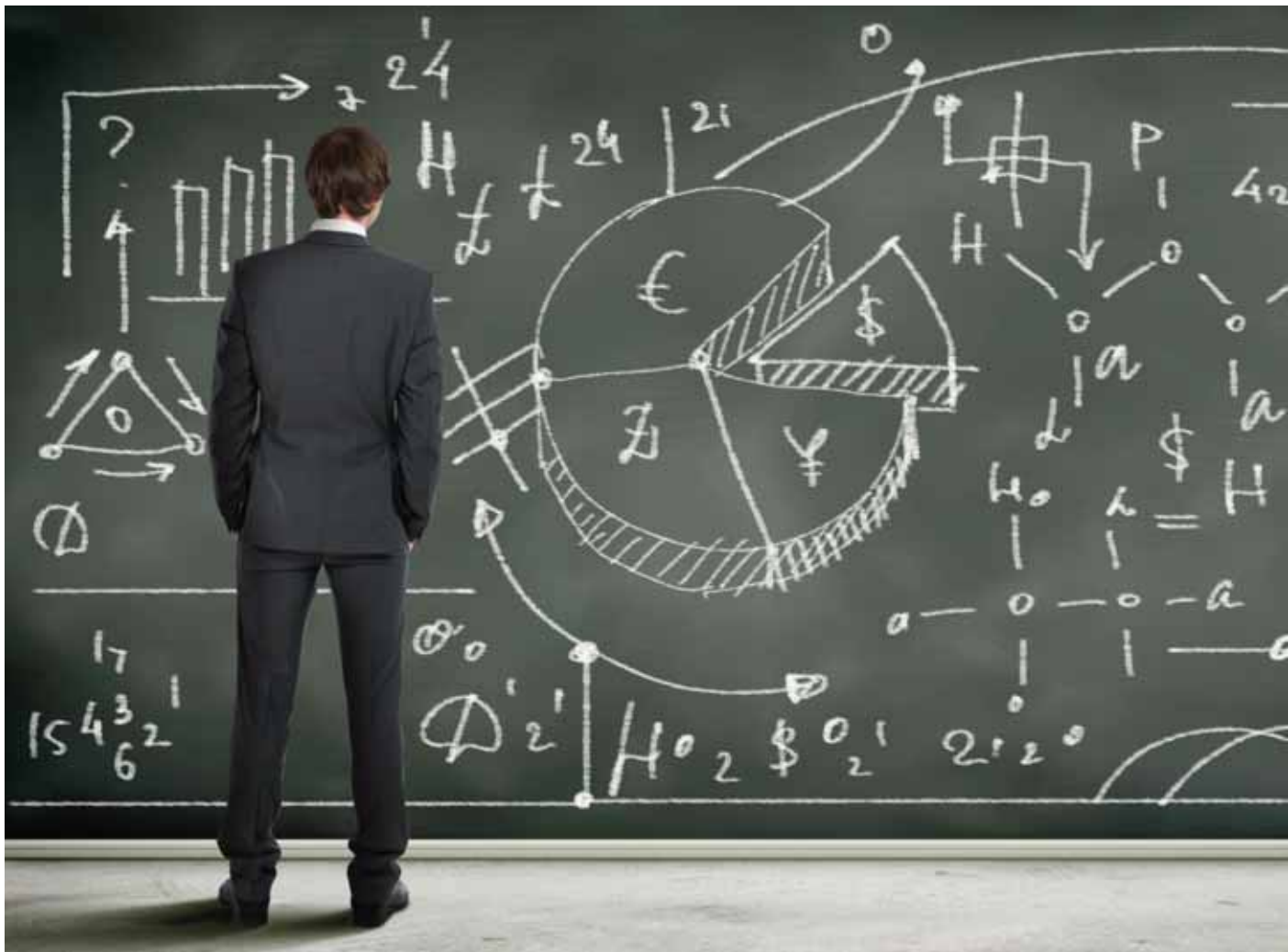
MONITOR FEEDBACK

The current willingness of shoppers to provide feedback, either at the request of a retailer, or simply to vent their spleen on social media, says Topiol, means that retailers can now monitor customer experiences more regularly. "Customers want to give feedback if it has been a memorable experience, either good or bad, or if they value the brand and they

want the retailer to be better. Often they say it's just an okay experience, and basic experiences do not generate loyalty."

Typically the customer experience falls down because of basic issues – poor product availability or a staff problem at a particular location. "Retailers need to use customer feedback to focus on the specifics that matter," he says. "What has to be done differently to meet the brand expectation?"

For all retailers, delivering a good customer experience means that those key parameters of customer recruitment and retention are improved: loyal shoppers return to their favourite brands more often, spend more and encourage their friends to do likewise. What makes a good customer experience clearly varies with brand value and target market and in a cross-channel world being 'good everywhere' is challenging. Customer expectations are also changing. Not all may yet be dedicated channel-hoppers, but they will expect to find their favourite brands wherever they choose to shop, be that an emerging digital channel or the high street, so experimenting with new formats, both in the real world and virtual, must also be part of that customer experience strategy. ■



LEARN FROM EXPERIENCE

HOW CAN RETAILERS MAKE CONSUMERS' SHOPPING EXPERIENCE AS GOOD AS POSSIBLE? LEARNING FROM CUSTOMERS THEMSELVES WILL CERTAINLY HELP HERE. **CHLOE RIGBY** LEARNS MORE

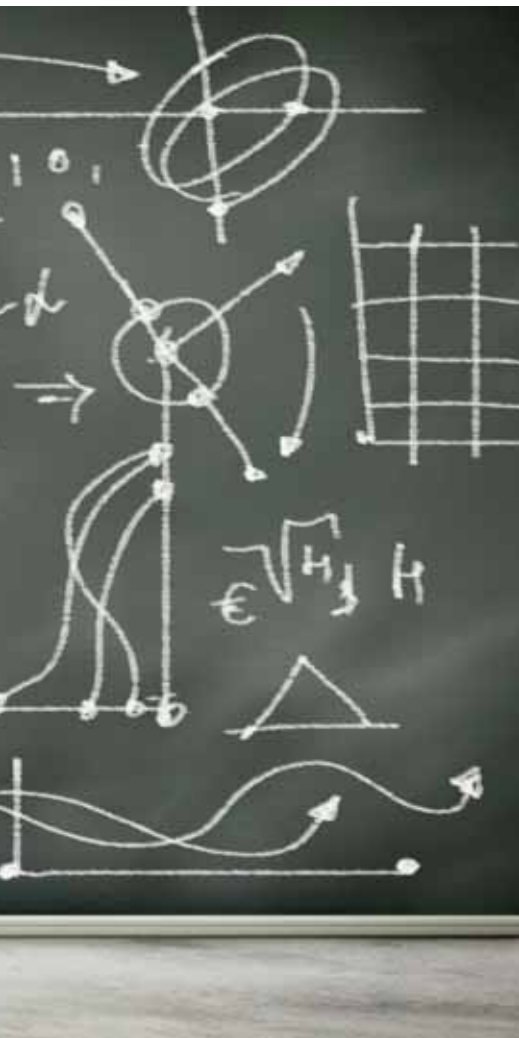
O imagine visiting a retail outlet specifically designed to meet your needs, stocking both the items that you most often buy, and those you have lately been considering. It's a compact emporium that nevertheless has unlimited stock, where the sales assistants have your information at their fingertips, know the answers to your questions before you ask them, and guide you quickly and efficiently towards the right part of the store. Wouldn't you be more likely to spend money here than at another store that is simply the cheapest?

Graham Cooke, co-founder of big data specialists QuBit, predicts that you will. He foresees a time when retailers will compete on customer experience, and when personal service will become a given online as well as in stores. "The businesses of tomorrow aren't going to compete purely on price but based on a great experience, both before and after purchase," he says. "Those are the companies who are going to succeed and the face of retail's going to change based on providing the best customer experience."

It's an idea echoed by retailers. Geoff van der Soonsbeck, founder and chief

executive of pureplay maternity wear specialist Isabella Oliver, recently told InternetRetailing.net that customer engagement is now all about "delivering an amazing experience". He explains: "As the customer is becoming more and more demanding, retailers need to up their game, to excel at pretty much everything if they want to deliver the experience, and to be both cheaper and offer better quality."

To deliver that experience, both online and off, means harnessing the huge quantities of data that companies hold on



their customers in order to gain valuable insights into consumers.

"The future of commerce is personal, driven by data," eBay Marketplaces president, Devin Wenig said recently. "Search results and recommendations are no longer enough. Consumers want insight. And they want a personal, curated selection that is relevant to them, controlled by them. Consumers want experiences that are not intrusive but inspiring, experiences that don't dictate but guide and assist, in ways that feel authentic and natural."

As yet, the online customer experience all too often falls short. Recent research by shopping inspiration service Udozi found that for 24 per cent of 2,105 people polled, the virtual online shopping experience was what stopped them shopping online more often.

But personal service of the type we've described is now starting to become a reality online as much as offline – if not more so. For while making a physical store that reflects the interests of all its shoppers is still the domain of science fiction, the

technology now exists to move towards that aim in ecommerce.

TOTAL PERSONALISATION

That best customer experience of the future, predicts QuBit's Cooke, will be one that is "totally personalised". It's a logic that sees the customer more likely to buy from a retailer that recognises their needs, rather than a company that is simply cheap. Online retailers may have started out by competing on price, but that's now changing. More mature consumers know from experience that cheapest doesn't always mean best for their needs, while good value may cost more but last longer or be more relevant. All that is good news for retailers searching for a profitable and sustainable way of doing business rather than continually driving down on prices.

"Customer experience," says Daniel Hansens, marketing director of recommendation and personalisation software specialist Peerius, "is absolutely key to what we do. Everything we do is to make things easier for the customer and make things more familiar to the customer." Personalisation, he says, is ultimately about achieving that relevance for the customer.

He adds: "If people have a good customer experience at the end of the day it will result

in increased revenues. Those increased revenues will come through increased conversion rates, increased average order values, but maybe most important is the increased lifetime value of the customer."

“ Consumers want experiences that are not intrusive but inspiring ”

GETTING TO KNOW YOU

Making this a reality starts with getting to know the customer. At a purely technical level, this is a question of installing tags on websites, mobile sites and tablet sites that record customer actions for later analysis. That provides, says QuBit's Cooke, the "analytical horsepower to understand different customer groups and how they're reacting to the current website structure". This horsepower can include data that shows what type of device a customer is using, where they are, what stage they're at in the buying cycle, and what their typical behaviour is. Sophisticated technology is brought to bear to analyse the data, using

BEHAVIOURAL ATTRIBUTION: NOTONTHEHIGHSTREET.COM

NotontheHighStreet.com boosted its budget for generic keywords by a fifth as a result of using behavioural attribution to find out what works for its customers.

The online marketplace, through which more than 3,000 small, creative businesses sell, maps individual customers' interaction with the site, using QuBit's behavioural marketing software. It uses advanced, machine-learning algorithms to create a bespoke behavioural attribution framework for each customer. That framework analyses customers' visits to the site, from how they arrived at the site to their behaviour on it, in order to calculate the role of each in their final purchase. As a result, marketers can work out which channels to their site were the most important – and allocate marketing budgets accordingly.

As a result of using the model, the marketing team at NotontheHighStreet.com was able to work out which investment gained the greatest return. The QuBit system reported on metrics such as return on investment and value per visitor. Using this analysis, the marketing team found that paid search was undervalued. The system identified a generic campaign within

notonthehighstreet.com's paid search account that over a period of three months had 120 per cent higher return on investment on a behavioural model than last click. It boosted its pay-per-click spend on generic keywords and found the return on investment improved by 25 per cent over three months.

Importantly, says QuBit's Graham Cooke, Notonthehighstreet.com was able to make human judgements using data. "Notonthehighstreet were trying to understand the different stages their customers buy in, from first to second to third visit, and to understand how they can talk to their customer at different stages and also make sure their media mix and budget was appropriately set. By understanding the buying process of their customers, they then made the manual decision to adjust budgets across multiple channels and then managed to increase ROI."

Jim Warren, senior marketing manager, online acquisition, at Notonthehighstreet.com, says: "QuBit's behavioural attribution model as allowed us to really understand the true value of visitors across the entire customer journey. We are now developing our internal operations around these metrics to drive greater return on investment."

We Convert Visitors into Buyers Just Because **We Understand Human**



We know what you
are looking for



We know what your
favorite gift is



We understand your
natural language



We will guide you
when you need us

Boost Conversion by 300-800% With **Celebros Conversion Pro V8**

- + Site Search
- + Merchandizing
- + Guided Navigation
- + Product Recommendation
- + Virtual Categories
- + Product Finder
- + Conversion Analytics
- + Rich User Interface
- + Multi Select
- + Advanced Mapping Rules

contact us now:

Tel: +44 (0)-208-816-8998 | sales@celebros.com | www.celebros.com



OXID
esales



techniques that draw on artificial intelligence and machine learning.

Retailers can then automate responses to different groups, or segments, of customers. Individuals previously unknown to the site can be assigned to groups as they progress through the website, demonstrating behaviours that fit one segment rather than another. Thus those arriving at a site from, for example, an iPad see the site in a way that looks good on their tablet computer, or see different messages depending on the stage of the buying cycle they've reached

"When a customer is new to the website, it's very much focused around what similar people have done who entered it in a similar way," says Daniel Hansens. "We make assumptions based on what we know about that. Those assumptions are quite broad on a landing page because you know very little about a person except maybe an incoming search term but as they interact with the website that gets narrower and narrower – because we've really tied down on what sort of search that is."

This type of response, already up and running on many sites, is a first step towards the individually relevant sites that many have predicted for the future.

THE HUMAN TOUCH

But while automation is key to dealing with the volumes of data that ecommerce drives, giving the best customer experience is not just about automating the process. It's also about putting information at the fingertips of staff. Thus, when it comes to customer service, says QuBit's Cooke, "If a customer support person in a call centre is armed with good information about what that customer buys, what customer purchase behaviour is, what's gone wrong in the past, they can provide better customer services experience on that basis. It's about arming the decision maker, marketer or customer services rep with the right data and workflow to provide a more personalised customer experience."

He adds: "What we're looking at with QuBit is how do you arm the decision maker with the data they need to create the next step in the personalised experience? How can they talk to their customer at the different stages of the buying process?"

It also means more inventive approaches to customer service. Isabella Oliver, for example, has recently launched an e-stylist service in a bid to turn its online-only status into a positive advantage. Here again, the emphasis is on the personal service. Customers using the service can enjoy one-on-one advice sessions in the comfort of

KNOWING ME, KNOWING YOU

"Personalisation is about knowing your customer and providing them with the best products and customer experience."

Graham Cooke, founder, QuBit



SPEAKING FROM EXPERIENCE



STAND OUT FOR DIFFERENCE

"The customer experience is going to become more of a differentiator between channels and people will be voting with their feet about which retailer they're going to go with."

Daniel Hansens, marketing director, Peerius

EMBRACE AND EMBED

"It's about embracing new technology, new procedures, new processes as quickly as possible and embedding them in your organisation in order to deliver the experience. It's become more demanding and it will keep going in that direction."

Geoff van der Soonsbeck, founder and chief executive, Isabella Oliver



“ If retailers can't keep up with super-demanding customers, it's going to damage the brand ”

their own homes, explains Isabella Oliver's Geoff van der Soonsbeck, with advice ranging from the clothes they already have in their wardrobes to new ones that would fit in. "Technology has been a good solution to deliver the experience that the customer really wants, and it means we as online players can almost offer an offline presence," he says.

"My point here is that this is really enhancing the customer experience. Technology is increasingly providing good solutions. Then it really is about the context and how well retailers can judge which technologies provide a better experience for their customers."

DATA, DATA, DATA

But for human intervention to be most effective, staff must be equipped with the information they need to give relevant answers. Again, doing that depends on the quality of the data. Today, says Hansens, many retailers are working on data that is 'implicit' in customers' behaviour, whether

that's the device, the buying behaviour, the time of day that they shop. But he believes that customers will start to realise that their experience could be improved by volunteering 'explicit' information to retailers.

"I think over time people will start recognising the value that they can gain from giving more explicit information to retailers to help them shape the customer experience," he says. "That will be a significant shift and can be something as simple as allowing a social channel to be integrated. A Facebook page is full of content about who they are, brands they like, engage with, all that stuff. If they allow a retailer to have access to that the information, suddenly the retailer can shape an entire experience around what a person has revealed about themselves through their social channels."

Retailers must be careful that the customer deems the experience a retailer provides worth the information the customer has shared. But if all goes well, the customer will be happy to return.

And that will be important, says Isabella Oliver's van der Soonsbeck, because customers will keep expecting better experiences. "They're going to be these super-demanding customers, there's so much opportunity to get it right there, and they will want an outstanding experience," he says. "If you can't keep up with that it's going to damage your brand." ■

Are you making the most of your **SUBSCRIPTION?**

In addition to the latest news and features in the magazine visit www.internetretailing.net for all these great resources and more...

Missed an issue?

Catch up with previous magazine issues and supplements by viewing the full digital issues online.

Procurement Guide 2012

InternetRetailing review the state of supply within our industry, set out the trends and near-future changes in our first annual Procurement Guide, also available online.



InternetRetailing TV

Watch out for our extensive video library including:

- All InternetRetailing Conference 2012 presentations
- InternetRetailing Expo presentations
- Jumpstart presentations and interviews
- Webinar presentations
- And much more...

Visit InternetRetailing on Youtube at:

<http://www.youtube.com/internetretailing>



InternetRetailing's Directory Index (IRDX)

IRDX gives you a view on the supplier, retailer and people 'ecosystem' in multichannel retail.

Find out more about leading suppliers and see full contact details on our online Directory page.

M-Retailing

Our M-Retailing online page is dedicated to the Mobile Commerce channel keeping you up to date with the latest industry news.



VISIT WWW.INTERNETRETAILING.NET FOR ALL THE LATEST UPDATES

The idea of putting the customer at the centre of retailing is a bland truism, a variation on the old-fashioned notion that the customer is always right. But this doesn't mean it's an idea that retailers can somehow afford to ignore or stop thinking about. Just the opposite is true. As we've seen over these pages, in an era when pricing is transparent because savvy consumers can check the cost of goods digitally, customer service is actually increasingly important.

Think about it this way. If five retailers are selling an item at around £100, which company will customers choose to buy from? Pure economics, the theoretical model in which we're all perfectly rational and driven by price, suggests the cheapest. Reality is more messy. For a start, a customer may already have decided to not buy from a company offering the same item for £80. Why? Because the customer hasn't heard of the retailer and doesn't trust the company. Why, then, would we expect a customer automatically to select the retailer selling for £97.99 rather than £99.99?

In reality, factors such as the retailer's reputation, delivery options and the quality

of product information provided by the retailer will all play into the customer's final decision. That's not to say price isn't important, it's more that it's just one of a number of considerations.

So how should retailers go about providing great customer service? As we've seen over the preceding pages, the craft and retail know-how that needs to go into achieving this is considerable. It's about utilising the power of big data. It's about offering flexible delivery options. It's about breaking down silos within the company so that channels can be made to work effectively together.

The list goes on, but the unifying theme is about the advent of true cross-channel retail. A company's website might, by web 1.0 standards, be a beautifully optimised experience that shows off goods wonderfully and guides customers towards a smoothly functioning sales funnel. But what if the customer just wants to check availability at a local store rather than buy online and it's not immediately obvious how they can go about this? The experience will be frustrating. All this good work in the web channel is undone because, as Foviance founder Catriona Campbell points out in the design and interface

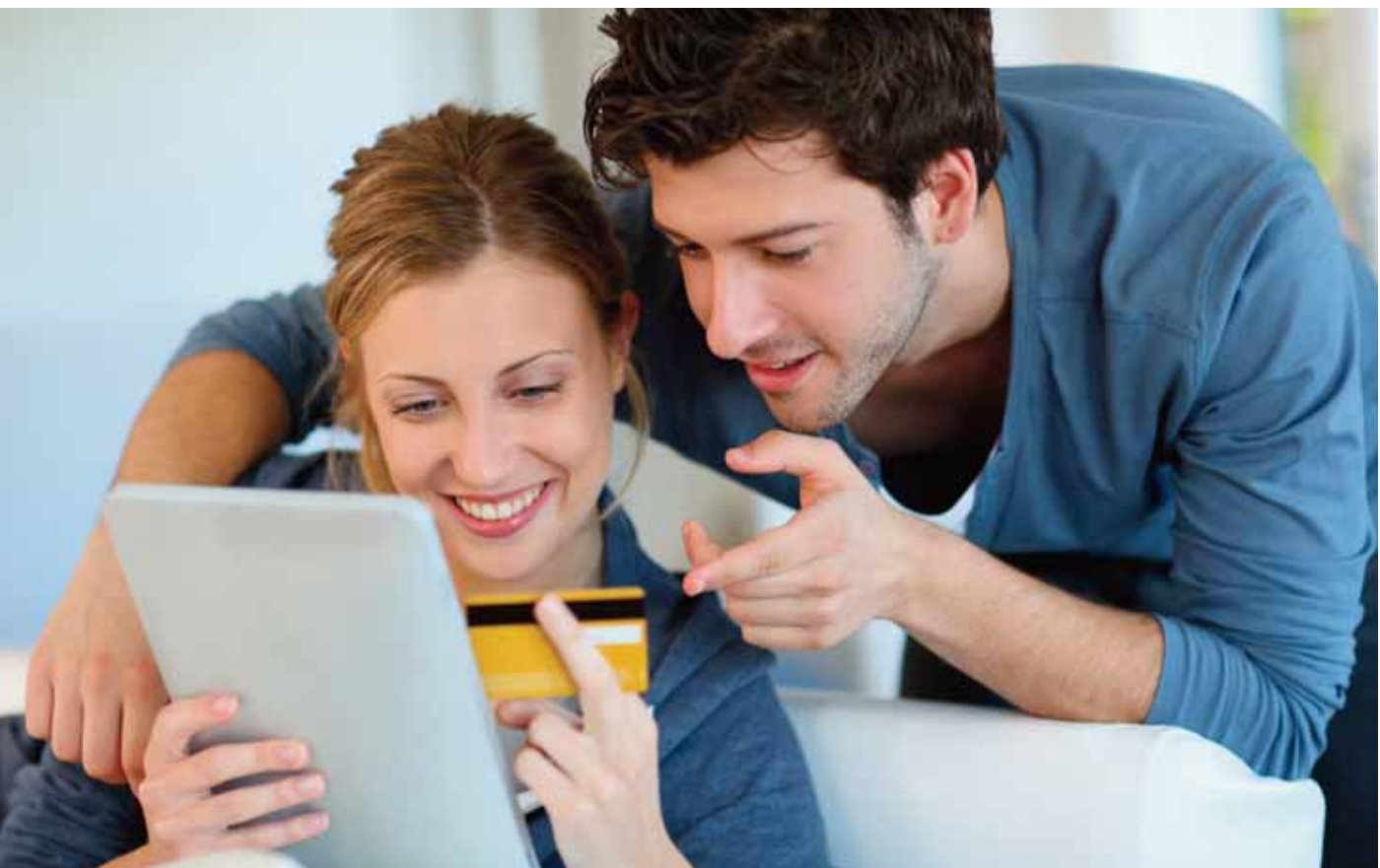
feature, the retailer hasn't thought sufficiently about how customers are using different channels.

In truth, we'd argue that such irritating experiences are still commonplace. We'd further argue that an emerging discipline of cross-channel service design, a discipline that encompasses big data management, a deep appreciation of how customers range across different channels, brand awareness and more, is only just beginning to emerge.

Again, that doesn't mean that retailers can afford to ignore the latest developments, wait for things to settle down. It'll be too late by then. As we've said many times in these supplements, cross-channel retail is the future. Or, to refine that idea, retailers need to move towards cross-channel retail built around the customer. After all, the customer is always right.

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

Chloe Rigby and Jonathan Wright
chloe@internetretailing.net
jonathan@internetretailing.net





Get to know your customers personally

Our unique personalisation offers:

- An increase in site turnover by up to 10%
- An increase in site conversion by up to 50%
- The largest customer service team to ensure your success
- Industry leading return on investment
- Revolutionary third generation technology
- The fastest growing personalisation provider in the world

Find out more at www.peerius.com or speak to one of our experts on 020 3397 4940



transforming multi-channel personalisation

