

# EUROPE'S TOP500: MOBILE & CROSS-CHANNEL

One of six Performance Dimension Reports within the Internet Retailing Europe Top500 ranking

An Executive Summary in partnership with our Dimension Sponsor



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In the 2017-8 IREU Top500 series

Full TOP500 Ranking	<a href="http://www.internetretailing.net/ireu">www.internetretailing.net/ireu</a>
Brand Engagement	Published November 2017 – download at [ <a href="http://etail.li/eubranddownload">etail.li/eubranddownload</a> ]
Mobile & Cross-channel	This report – available online at (Go to <a href="http://etail.li/7f0c7">http://etail.li/7f0c7</a> for more information)
The Customer	To be published during 2018 – subscribe to get early access: [ <a href="http://internetretailing.net/subscribe">internetretailing.net/subscribe</a> ]
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## FROM THE EDITOR-IN-CHIEF

Welcome to the latest Executive Summary in our IREU Top500 Performance Dimension Report series. This time around, the focus is on Mobile & Cross-channel. As we explore over the following pages, the issues here are central to multichannel retail as we move towards a mobile-first world.

To find out more and to see longer versions of the articles here, please visit [InternetRetailing.net](http://InternetRetailing.net) and please do get in touch to share your thoughts.



**Ian Jindal**  
Editor-in-chief  
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### A REMINDER: THE ELITE SIX IN THE IREU TOP500

	Apple	Elite
	Boots	Elite
	H&M	Elite
	IKEA	Elite
	Nike	Elite
	ZARA	Elite

### MOBILE & CROSS-CHANNEL: THE BEST 50, LISTED ALPHABETICALLY

Albert Heijn, Amazon, Apple, Argos, Asda, Auchan, BazarChic, Biedronka, Billa, Boden, Boulanger, BUT, Camaieu, Delhaize.be, Dorothy Perkins, Dunelm, Ecco, Galeria Kaufhof, Gemo, Gifi, Hagebaumarkt, Halfords, Holland & Barrett, Intersport, Jack Wills, Kruidvat, Littlewoods, Marks & Spencer, Missguided, Morrisons, Nature & Decouvertes, OBI, Ocado, Perfume Shop, Reserxiv, Rewe, RS Components, Rue du Commerce, Sainsbury's, Schuh, Screwfix, Simply Be, Smyths, Tesco, Thomas Sabo, Very, Weltbild.at, Wickes, Wiggle, Yours Clothing

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### FURTHER READING

- The IREU Top500 [internetretailing.net/ireu/](http://internetretailing.net/ireu/)
- The IRUK Top500 [internetretailing.net/iruk/](http://internetretailing.net/iruk/)
- The Brand Index [internetretailing.net/irbx/](http://internetretailing.net/irbx/)

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## PARTNERS' INSIGHTS

### PERSONALISATION AT SCALE

- Consumers will no longer tolerate generic marketing messages and communications
- Consumers want to reach out to brands across multiple channels in ways that suit them
- Retailers need to support this behaviour and craft personalised messages
- Artificial intelligence (AI) will be a key technology in enabling personalisation at scale



"AI can not only work out which messages will resonate most with which customers, but can also predict what a customer will do in the future"

### Grant Coleman

Market Lead & VP – UK, SC, UAE at Emarsys, outlines how to deliver personalised marketing messages

### REACHING A NEW GENERATION

- Smartphones play a key role in multichannel retail, especially when retailers invest in transactional apps with enhanced functionality
- GenZ shoppers, the emerging generation born after 2000, are constantly exposed to advertising and branded content
- They recognise this and clever adverts aren't enough to get their attention
- They expect companies to appeal to their interests and apps are the perfect way to deliver genuinely relevant experiences



"With GenZ expected to make up 40% of consumer markets by 2020, it's crucial to weave knowledge of the shoppers of the future into an omnichannel strategy"

### Alexa Wilcox

Head of Marketing at Poq, discusses how to make the shopping experience relevant to GenZ

### IN DETAIL ONLINE

- Poq: <http://etail.li/1530a>
- Emarsys, personalisation at scale: <http://etail.li/9df93>

### FURTHER READING

- Poq: [poqcommerce.com](http://poqcommerce.com)
- Emarsys: [www.emarsys.com/en/](http://www.emarsys.com/en/)

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## STRATEGIC OVERVIEW

# THE CONTEXT

The challenges facing European retailers:

- European shoppers are steadily adopting the smartphone and using it to shop online. According to Forrester research, 89% of adults in the seven leading European economies now use a smartphone as their main mobile phone
- While we are moving steadily towards a mobile-first world, this is happening slower in Europe than elsewhere in the world. IAB research found that, while 75% of shoppers had bought mobile, just 7% did so daily, and 15% once or twice a week
- These statistics will move as consumers find it easier to use their smartphones to make purchases, whether via mobile websites or apps. Already, for example, around 50% of customers of UK train-ticketing website The Trainline use their mobile phones to buy tickets, and can often use their phones to show their tickets at automated barriers
- Retailers need to be leading and preparing for the age of the Internet of Things (IoT)

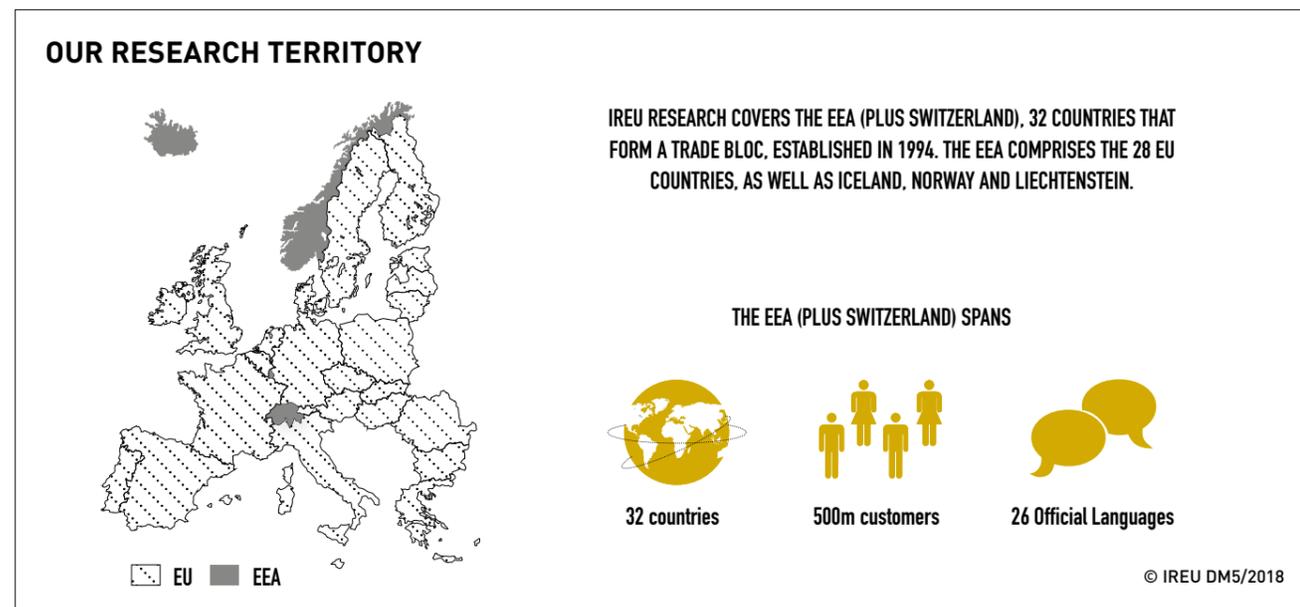
## THE SOLUTION

Our leading retailers use innovative techniques to support their success

- Asos launched visual search in their mobile apps – harnessing the smartphone or tablet computer’s built-in camera to take images and then using these images as the basis for product searches – in response to consumer demand. 80% of Asos’ UK traffic comes from a mobile device, and shoppers spend an average of 80 minutes a month using the Asos app
- Builders’ merchant Screwfix, which trades in the UK and Germany, has put the mobile firmly at the heart of the store experience, enabling five-minute click and collect of online orders, which are very often placed on mobile devices
- Through its app, John Lewis enables barcode scanning to check store stock and to add an item to a shopping list
- According to Forrester, retailers need to focus on improving the customer experience to capture a greater share of sales. That could include a focus on improving the ease and speed of checkout, particularly relevant for smaller screen devices such as mobile phones. Checkout improvements in mobile are particularly relevant since conversion from phones and tablet computers remains well behind the fast-growing amount of traffic such devices drive
- Voice search is already emerging as an important way for consumers to engage using mobile and across channels. Retail giant Amazon enables shoppers to buy using its Alexa device, as does UK online grocer Ocado, while Tesco uses Google Home to enable voice orders

According to Nuzhat Naweed, VP customer experience at Zalando, mobile customers crave “speed, service and social media engagement”. Actually, that’s true of all customers, it’s just that they’re more likely to be mobile today than in years gone by.

Retailers need to build multichannel services that keep this idea front and centre, both as a way to drive sales today and to prepare for a future where digital services, including ecommerce, are pervasive as part of the IoT.



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© Data source: [www.iabuk.net/research/library](http://www.iabuk.net/research/library)

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## APPROACHES THAT WORK

### RETAILERS NEED TO PREPARE FOR A WORLD OF CONTEXTUAL MARKETING, VOICE-ACTIVATED SERVICES AND THE INTERNET OF THINGS. HERE'S HOW...

- BUILD A MOBILE-OPTIMISED WEBSITE: while there is a growing use of apps among customers, the best way to be found by new shoppers is to have an m-website too. This helps retailers to appear on Google, but it also helps when customers Google for goods or services without using a company name
- BUT APPS ARE IMPORTANT TOO: apps are the place that can deliver the richer user experience that customers now demand. Apps also tend to remember payment details, delivery addresses and have access to a customer's e-wallet. Create a good app that has interesting features and retailers have a better chance of holding onto customers
- USE HERO IMAGES: many shoppers abandon carts or simply don't start shopping because mobile images don't immediately tell them what they need to know. Hero images – shots that clearly convey brand, detail, volume/size and other relevant details all in a single, easy-to-read shot – overcome this, so embrace them
- SWITCH ON LOCATION SERVICES: mobile phones are mobile, so let them interact with their different environments. As well as enabling retailers to use techniques such as geo-targeting, sending customers offers that will drive them to a nearby store, location data also offers valuable insights into customer behaviour
- MOBILISE YOUR STAFF: the two major pain points of shopping in-store are wanting something that isn't in stock and queuing up to pay. Mobile can help with both of these because staff can order items from the shop floor and take payments, as at Apple stores
- EMBRACE AUGMENTED REALITY (AR) AND VIRTUAL REALITY (VR): consumer demand for these techniques is high and any new-gen retail app should at the very least look at where it can incorporate AR to improve the customer experience
- A VOICE-ACTIVATED WORLD IS HERE: home service systems such as Amazon Alexa, Google Home and Apple HomePod are growing in popularity. Telling a remote shopping list you need milk and two bags of Maltesers that can then be delivered is going to be a killer app

#### IN DETAIL ONLINE

© 12 approaches that work: <http://etail.li/a5843>

#### FURTHER READING

- © Apple HomePod: [www.apple.com/uk/homepod/](http://www.apple.com/uk/homepod/)
- © Google Home: [home.google.com](http://home.google.com)
- © Amazon Alexa: [developer.amazon.com/alexa](http://developer.amazon.com/alexa)

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## CASE STUDY: COOP

THE CHALLENGE: Coop, Denmark's largest retailer of consumer goods, wanted to understand the changing behaviours of its customers, a first step in offering more personalised services to these customers.

THE ANALYSIS: Coop took an innovative approach to getting to know its customers. Its chief technology officer, Kraen Østergård Nielsen, was one of several staff members who went to live with a family of Coop customers. Nielsen lived, shopped and cooked with a local family, together with an anthropologist. He used the experience to learn about the daily problems and challenges the family faced as consumers when trying to use all the technology available to them in online and mobile retailing.

The company also undertook more conventional analysis of customers' product preferences, purchasing histories, preferred channels and their interaction with different promotions.

#### THE RESPONSE:

- Customers that took part in the live-in research expressed a need for relevance and convenience. This insight now underpins all the company's innovations
- Coop Denmark introduced a mobile loyalty app The app has enabled the retailer to provide fulfilment, convenience and personalisation at every touchpoint, in order to meet customers' fast-changing requirements
- The company is currently conducting trials with a self-scan app that allows payment via an e-wallet. The solution enables customers to scan a product once, then skip the till queue by paying automatically through their mobiles
- The company has set up a 100% mobile self-scanning store-of-the-future concept in its head office



"We don't focus so much on gadgets, but more on the customer experience"

**Kraen Østergård Nielsen**  
chief technology officer, Coop

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## CASE STUDIES: FOUR EXAMPLES



The Dutch supermarket's sophisticated Appie app enables customers to create a shopping list and then schedule a pick-up at a convenient time and location.

The app's initial release garnered more than 200,000 downloads in the first three months. Based on frequent rounds of research to solicit customer feedback, Albert Heijn has expanded Appie's base to more than 2m downloads and more than 300,000 daily users.



The French retailer has jumped ahead technologically through the use proximity marketing in its Ukrainian stores.

It turned to this technique because it needed a way to direct shopper flow and attention to offers throughout its stores, as well as ramping up customer engagement while in-store.



### IN DETAIL ONLINE

© Albert Heijn: making customers 'Appie'  
<http://etail.li/22ab2>

### IN DETAIL ONLINE

© Auchan: proximity marketing and a cool app  
<http://etail.li/7ab46>

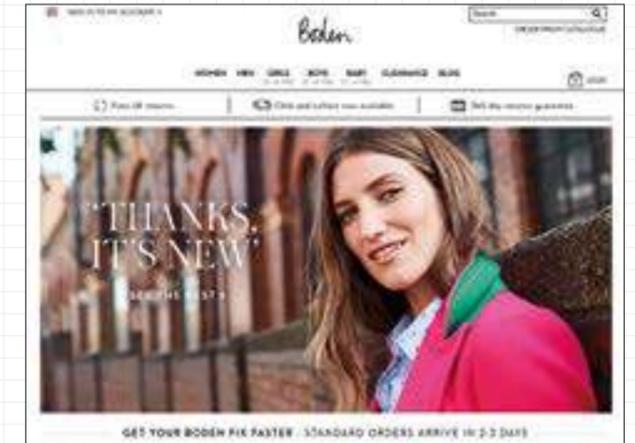
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## CASE STUDIES: FOUR EXAMPLES



The clothes retailer has focused on creating a more personal and dynamic mobile experience.

It introduced a 'Swipe for More' prompt on top of the main image on its mobile site after data analysis revealed that customers didn't realise swiping would reveal more images and colour options. The prompt resulted in an 18% increase in items being added to customers' baskets.



The flash sales retailer uses mobile to encourage spontaneous interaction with time-limited deals as they happen.

Its work has revealed differences in customer behaviour across territories: Dutch consumers shop more often via mobile than Belgian customers. In addition, compared to Belgian surfers, Dutch shoppers look at many more products and look around sales more before making a purchase.



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## ANALYSING THE NUMBERS

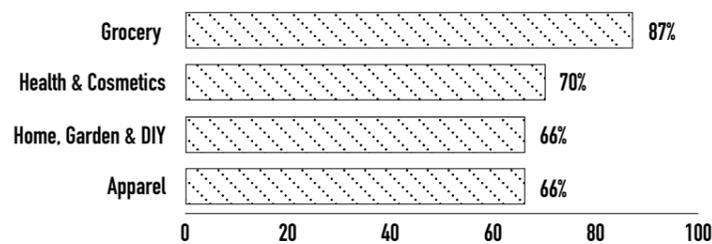


“Top500 retailers that excel in offering flexible collection services, returns to store and apps attuned to their customers’ needs excel in the Mobile & Cross-channel Performance Dimension. High achievers include Smyths, Ocado and Very for offering apps that have advanced features”

**Martin Shaw**  
head of research, InternetRetailing

### TOP 500 ON APPS

The percentage of retailers with apps by selected sectors.  
As we see below, not all retailers offer transactional apps. There are other nuances.  
A higher percentage of apparel retailers offer a transactional app than grocery retailers, despite more grocery retailers overall having apps.



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## ‘PRACTICE OF THE BEST’: WHAT LEADING COMPANIES DO

Focusing upon app functionality, we see variations by sector, as detailed below. Offering a transactional app is in itself an achievement, and we rank retailers accordingly. In addition, we consider the availability and effectiveness of app features in different sectors.

### OUR FINDINGS

- 30% of apparel retailers with apps offer a store stock checker in their apps, but only 12% of grocery retailers. Sports & leisure (26%) and home, garden & DIY (22%) retailers also perform strongly here
- In contrast, the grocery sector leads the way in offering a store finder, with 69% of grocery retailers with apps featuring this functionality. Apparel (65%) and health & cosmetics (59%) also perform well
- The grocery sector pushes daily deals most strongly, with 53% of retailers doing this, leading the way by some distance from the stationery, books & craft (36%) and apparel (33%) sectors
- 57% of stationery, books & craft retailers have apps that incorporate a barcode scanner. Apparel (54%), grocery (46%) and health & cosmetics (35%) are the next strongest-performing sectors

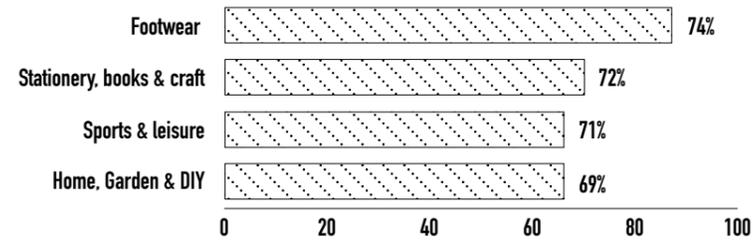
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## ANALYSIS: COLLECTIONS AND RETURNS

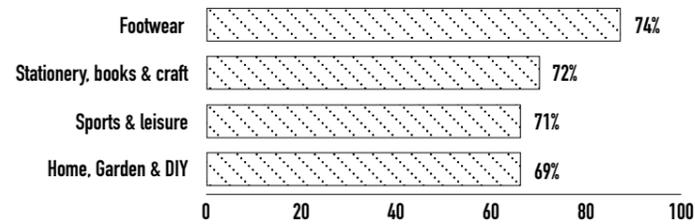
Offering collection is increasingly becoming the norm – and not just click-and-collect services, more and more retailers now offer collection from such locations as lockers at stations. But which sectors are performing most strongly here?

The percentage of retailers offering collection across selected sectors:



The equivalent figure in the **least strongly** performing sector, health & cosmetics, is 52%, still impressive enough to suggest customers can soon expect click-and-collect services to be the norm. It will likely take longer before a return-to-store offering is standard.

As the graph below illustrates, the UK is leading the way when it comes to the introduction of such services.



# REVOLUTIONISING THE MARKETER'S ROLE

AI Marketing

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AI Pioneers:



## METHODOLOGY

TO ASSESS THE MOBILE & CROSS-channel performance of retailers, we first adopt the perspective of customers: we measure the features and aspects of multichannel and mobile retail that improve the customer experience through speed, flexibility, availability, accessible information and services, and other factors.

- We've measured the speed and adherence to standards of mobile websites, coupled with a more subjective human assessment of navigational ease, visual appeal, search relevance and the optimisation of screen real estate
- We've measured multichannel retailers' integration of physical and online commerce through such services as store finders and collection of online orders at the simple end of the spectrum and, at the other end of the spectrum, the operations capacity to fulfil and return ecommerce orders from stores and features that provide a single view of the customer, among other metrics
- We've also measured, for retailers that have apps, the features those apps have. This year we're measuring which retailers incorporate augmented reality into their apps – just six of the Top500 have this to date, including Ikea with its new Ikea Place app

## FURTHER RESEARCH

### BEYOND THIS EXECUTIVE SUMMARY



THE FULL REPORT @etail

Read full versions of all the articles featured in this Executive Summary on the InternetRetailing website: <http://etail.li/7f0c7>

THE IRUK TOP500

The companion to the IREU Top500, this report is now in its fourth year and focuses upon the best-performing retailers, brands and ecommerce pureplays in the highly competitive UK market.

[www.internetretailing.net/iruk](http://www.internetretailing.net/iruk)

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### Copyright and Circulation

InternetRetailing Media Services Ltd,  
52-54 Gracechurch Street,  
London, EC3V 0EH

Printed in Great Britain.

ISSN 1759-0582

Data supplied by RetailX.

[www.retailx.net](http://www.retailx.net)

[www.internetretailing.net](http://www.internetretailing.net)

For circulation enquiries contact:

Internet Retailing Media Services Ltd,  
PO Box 6009

Thatcham, Berkshire

RG19 4TT

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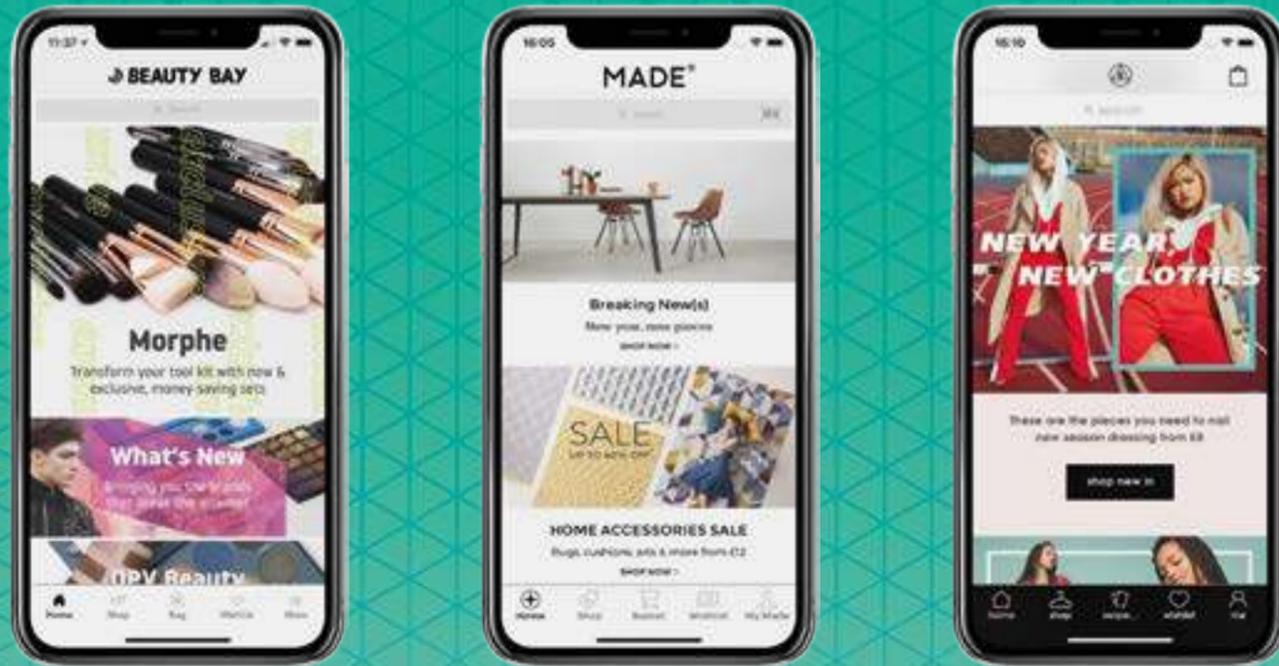
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# Discover the power of app commerce

Poq is a Software-as-a-Service platform that empowers retailers to create highly effective and fully customised native apps in record time.

On average, retailers on the Poq platform generate:

- **4.5X** longer browsing time,
- **3X** revenue per user,
- **2.4X** average returning users compared to mobile web.

## LOOKING AHEAD

### HOW THE INTERNET OF THINGS WILL HAVE A REVOLUTIONARY EFFECT WITHIN RETAIL – AND OUR WIDER LIVES

The lasting legacy for mobile won't be people shopping on their iPhones, but how the background technology and networks that make mobile work will fundamentally change the world we live in by connecting everything to everything else. The Internet of Things (IoT) has long been touted as a revolution waiting in the wings to change everything – including retail – and now it steps even closer. It starts with the little things. Increasingly, people are buying items such as connected lightbulbs, the intensity and colour of which can be controlled from an app over wi-fi. Many are getting smart thermostats for their heating, such as Hive, and some are even getting wi-fi enabled doorbells and lock systems for their homes, again working with apps and wi-fi. Couple this with the growth in use of home control devices such as Google Home, Amazon's Alexa and, if you have deeper pockets, Apple's HomeHub, and suddenly the IoT is something that occupies people's homes. And this is where IoT and retail start to collide.

#### CONSUMER IOT

From the consumer side, these devices are already available off the shelf. The recent move by Vodafone to open up its IoT network – basically its mobile network and some special SIM cards – to consumers is a case in point. It has launched V by Vodafone, designed to enable consumers to connect millions of these home and leisure electronics products, and even their pets, to the group's dedicated global IoT network, the largest of its kind in the world.

The aim is to provide a simple system for consumers to connect and manage IoT devices and a product range that includes a connected car dongle, a 4G security camera, a pet location and activity tracker, and a bag location tracker.

#### IOT AND RETAILERS

Many retailers clearly understand what's happening. In May 2017, Some 35% of ecommerce, multichannel and digital directors questioned for a study by commerce consultancy Salmon said enabling the IoT was a priority as they looked to drive sales and improve the customer experience.

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© The mobilisation of everything? <http://etail.li/b3f26>

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## PREPARING FOR THE FUTURE TODAY

### FINALLY...

As we explore throughout this Dimension Report, we have moved beyond an era when retailers needed to think about preparing for a mobile-first world to a time when the smartphone is the device that glues cross-channel retail together.

This is especially true when it comes to millennials and their Generation Z successors. These are consumers who run their lives through their phones.

But that doesn't mean retailers can just focus on the existing mobile ecosystem. As the Internet of Things (IoT) becomes a reality, we will all interact with digital services via all kinds of devices – and via voice rather than via keyboard. Our interactions with the digital technology that's interwoven into our environment will become part of everyday life.

For a glimpse of this future, think of the new Amazon Go store in Seattle. It's a place where cameras and sensors monitor shoppers. Rather than these customers paying at the checkout, they simply pick up the items they want and they're automatically billed via their phones.

To interject some words of caution here, Amazon spent a long time getting this technology to a stage where it was ready to be rolled out to customers. It may quite be a while before we see the grander visions of futurologists on provincial high streets.

But Amazon's initiative nonetheless shows the way to the future and even the retailers performing most strongly in the Mobile & Cross-channel Dimension need to make incremental improvements as a way to prepare for an IoT-enabled world.

We hope you've enjoyed this IREU Dimension Report Executive Summary on Mobile & Cross-channel

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