

DIMENSION REPORT

OPERATIONS & LOGISTICS: APRIL 2019

In Partnership with our Dimension Sponsor



“ Alongside a demand for speed and convenience, consumers also expect minimal delivery costs ”

INSIDE

- Learn from the best: case studies on the work of Sainsbury's, Halfords and Argos
- The balance between cost and customer service when offering fulfilment services
- The Top100 European retailers in this key Performance Dimension

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A collage of three images: a woman in a striped shirt presenting in a meeting room, a close-up of cardboard boxes on a conveyor belt, and a satellite view of Earth with a network of glowing lines connecting various points.

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Introduction



Welcome to the latest of our IREU Dimension Reports, where our theme is Operations & Logistics. It's an aspect of RetailCraft that

has become progressively more important over recent years. This is because, with so many customers now making online orders, fulfilment has become a key part of the customer experience. If retailers get this wrong, it may not matter what else they get right during a transaction. In addition, with the rise in the number of brands selling direct and in the number of innovative pureplays, there is more competition out there than ever, further increasing the pressure on traditional retailers.

The good news here is that retailers are rising to the challenges within this Dimension. RetailX research reveals that more businesses than ever are offering not just click-and-collect services, but experimenting with next-day and same-day delivery services. This trend will only deepen in the years ahead as competition – both between retailers and between logistics companies trying to win business – raises overall standards.

We will explore this theme again in a second Dimension Report later this year. This will enable us to share some of the latest RetailX research, especially important when it comes to a Dimension where the pace of change is so relentless.

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The thriving European ecommerce sector

Online retail in Europe is maturing quickly. New technology is launching all the time and, for us at Klarna, the overarching trend is the rise of new and flexible payment solutions. With competition hotting up across Europe, ensuring that consumers are attracted to a retailer they want to stay loyal to is vital

GETTING THE BASICS RIGHT

Despite retailers currently focusing more than ever on their online offering, and the high street facing challenging times, we continually hear from retailers that some of the basics of online are not where they should be. For example, many retailers are still not optimised for mobile, despite this having been a growing channel for years. The headlines around online retail often centre on future technologies such as delivery by drone. But sound advice for retailers is not to get distracted and forget the basics. Quality product, UX, stock management and a slick checkout experience are must-haves for success.

Customer experience and customer service are both key battlegrounds among online retailers – this is where the fight to stay on top of the high street and battle online behemoths like Amazon will be won. Retailers must resist implementing technology for the sake of it. We find that customers want frictionless tech – things like easy payments – that make their shopping smoother and more convenient. Consumers need technology that works seamlessly behind the scenes to make the buying process more enjoyable.

FORTUNE FAVOURS THE BRAVE

When it comes to technology, it's true that fortune favours the brave. Innovation requires bravery – it means making the first move by recognising the need or future need for change. The advantage of implementing something first is huge, yet retailers need to make sure that they're focusing on areas that shoppers will value.

When it comes to doing something new, there is an inherent risk. Retail leaders must ensure that, at every level of the organisation, there is a focus on the areas that are important to the business, and an understanding that new things can take time to be established. Successful retail leaders inspire others within the company to get excited about innovation and are consistent with pushing boundaries for the benefit of the shopper.

ADVICE FOR RETAILERS

Increasingly, shoppers are expecting to be able to pay however and whenever is most convenient for them. There is still an issue with consumers abandoning baskets in the checkout and being frustrated with online payments, which really chimes with what we hear from retailers. Improving the customer experience will be key in the future for retailers looking to improve their sales. Streamlining steps to purchase, enabling one-click purchases and providing multiple payment options, will all be vital to keep pace with the high expectations of consumers. For example, take the common issue of wanting to see, touch and try out goods before parting with your cash when shopping online. Klarna's Pay later solves this by giving consumers up to 30 days to pay for online purchases, meaning they only have to pay for what they love.

THE FUTURE OF PAYMENTS

Now is an incredibly exciting time for the industry, with Europe a hotbed of new financial technology. This is partly due to a culture of fintech innovation but it's also down to customer demand. As retailers integrate this tech into their customer journey, we'll see a payments revolution. We predict we will see greater collaboration between the new wave of fintech, retailers and banks. Once this connection is made, we believe that the industry can reach its potential. The focus should always remain on how we can solve problems for consumers and for us, that's what our proposition is all about. ■



LUKE GRIFFITHS
GM, KLARNA UK

ABOUT KLARNA

It's all about smooth (yes, with three 'o's). Klarna is Europe's leading payments provider and a newly-licensed bank. It wants to revolutionise the payment experience for shoppers and merchants alike by giving online consumers the option to pay now, pay later or over time – offering a trusted, frictionless and smooth checkout experience. Klarna works with 89,000 merchants, including ASOS, Topshop and JD Sports in the UK, to offer payment solutions

to users across Europe and North America. It is active in 14 countries.

How digital transformation drives sales and parcel growth



David Hogg, VP Business Development of Logistyx Technologies explains how fulfilment is key to retailers delivering on their promises



“Digital” in the 21 century is really a proxy for online, mobile and robotics. It has become increasingly pervasive, with online/mobile delivering easy order capture, and robotics delivering evolutionary warehouse and distribution processes – with significantly fewer humans. Double-digit year-on-year sales growth for more than a decade has been a powerful force for change. Customer expectations are sky high and we are now in the midst of a maturing digital market, where business processes must be enhanced in the battle to win and retain customers, while turning sales into profit. Competition is tough. Fail to improve your end-to-end customer journey and you may join the growing list of famous brands that are no more.

Omnichannel might be defined as many channels working in harmony, to allow consumers to meander from product search, to investigation, to checkout. This concept applies equally well in B2B manufacturing and wholesale distribution. The B2B journey just has different meanderings and different inventory characteristics.

However, the journey always ends in fulfilment – typically a parcel shipping and tracking process. Omnichannel VPs and their IT cousins have been irrationally excited by shiny, glossy websites. Although realising that next-day delivery and same-day delivery are great customer propositions, they assumed that a vastly expensive order management system (OMS) and new/refreshed warehouse management system (WMS) would do the job. Sadly no. They are suboptimal in terms of availability to promise (ATP), sourcing, picking and a bit of packing. You will notice the “ship” bit is missing from “pick, pack, ship.” That can mislead you into thinking, “Ahh, just a wee tweak by adding shipping at the end and problem solved.” Let us explore why this is not the case.

Deciding how to meet the same-day/next-day customer proposition begins during the filling of the shopping cart. Your OMS makes relatively crude decisions about where

to pick based on SKU: location, quantity, sales velocity and end of SKU life. The OMS has very limited information about carriers who can meet the customer propositions based on vehicle availability and the cost of shipping from any permutation of origin/destination. Almost no OMS/WMS combination I know of supports multi-carrier rate shopping as part of ATP and sourcing logic. This is because their customer processes were implemented in isolation of the multi-carrier shipping system (MCSS). The MCSS is like a forlorn orphan, left in a local authority logistics care home. Full of potential but unloved and treated as an afterthought. Hopefully you may now be thinking, “How did we come to choose our current parcel shipping system? How do we incorporate parcel shipping into our customer shopping process and not just the shipping process?”

May I suggest it is time for the ugly duckling MCSS to become the logistics swan. Given that profit and productivity now trump sales growth, it is time to rethink and redesign your customer journey, and to leverage MCSS to the full! ■

ABOUT LOGISTYX TECHNOLOGIES

Logistyx Technologies’ software boosts parcel shipping efficiencies and other business KPIs with an unmatched global multi-carrier network, predictive analytics and full visibility into customer deliveries.

Logistyx Technologies is the leader in transportation management for parcel shipping, providing a SaaS-based TMS solution with state-of-the-art business intelligence and an integrated global carrier network of more than 8,500 carrier services – empowering organisations to achieve on-time delivery in full while improving revenue per shipment.

<https://logistyx.com/multi-carrier-management-strategy-solutions/tms-for-parcel-shipping/>

DELIVERING CONVENIENCE AT A PRICE

With forecasters predicting that global online sales will account for 15% of all retail trade within two years, managing cost-effective delivery options will become essential, says Penelope Ody

WHEN IT COMES to receiving their online shopping orders, consumers now always expect speed and convenience. Leading retailers in this Dimension have responded by upping their game, with a steady growth in next-day and nominated-day options, as well as same-day click and collect. While this trend suggests a bonanza for logistics providers, the reality of providing such services may prove rather more challenging. Alongside this demand for speed and convenience, consumers also expect minimal delivery costs, while a shortage of drivers across Europe could very quickly limit carrier capacity.

Retailers have used free delivery for online orders as a promotional tactic since the dawn of ebusiness, yet it remains one which consumers regularly exploit by ordering goods up to the free delivery threshold and then using the free returns option to send back some of them.

Sustaining the reduced margin on online sales that results from this tactic wasn't too much of an issue when online formed only a small proportion of turnover, but it is now very different for some major players, where online business can account for 30% or more of turnover and where all those hidden delivery costs seriously erode company profits.

Retailers have tried to counter the trend by upping the free delivery or free click-and-collect threshold – typically £20/€20 or more – but in the longer term, more sophisticated data analytics may be needed in order to identify those customers who persistently over-order and return goods, then personalise their delivery charges accordingly.

Perhaps more significant is that looming driver shortage. In the UK, the obvious concern is that many Eastern European van drivers will head for home after Brexit, although this is an issue that affects the rest of the continent as well. In France, logistics company STEF struggles to fill the 500 driver vacancies it has each year, with the company quoted as saying that France needs 20,000 more drivers.

In Germany, trade associations put the shortfall at 45,000, with one union suggesting that up to 20% of German trucks are off the road because of the driver shortage. The main concern is in the heavy goods sector, where antisocial hours and low pay contribute to the

“ Last year, UK grocery retailer, Ocado, even went so far as to blame the driver shortfall for restricting its growth plans ”

problem. The average age of truck drivers is also a problem – one German source suggests that in the next 15 years, two-thirds of the country's truck drivers will retire. Last year, UK grocery retailer, Ocado, even went so far as to blame the driver shortage for restricting its growth plans.

As retail demand starts to outstrip carrier capacity, sites will need to adjust their options accordingly: by raising the prices for premium services, for example, or extending the lead time for 'standard' delivery. Managing customer expectation will be essential in order to minimise complaints, combat loss of goodwill and limit those, "Where is my order?" calls.

Among leading retailers, Zara manages those expectations quite clearly. Home delivery takes up to five days and is free for orders of more than £50/€50. Same-day and nominated-day delivery are available only in limited geographic areas, and are priced at a realistic £9.95/€9.95. Zara also quite clearly states, "When processing your purchase we will show you the shipping methods available for this order and we will indicate the shipping costs". For Screwfix's trade customers, speed can be essential and so 'standard delivery' is actually next-day, click and collect is available within minutes and, if the component is needed before 10am the next day, then it's £10-£15 depending on the order value.

Shoppers may still be wooed by free delivery but if it is convenience they're after, then the leading retailers are already demonstrating that their customers are more than willing to pay for it. ■

THE IREU OPERATIONS & LOGISTICS TOP100

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The top retailers of the IREU Top500 2018 Operations & Logistics Dimension, measured on dozens of metrics for innovative practice

Share your thoughts on #IREU500 with @detail

OPERATIONS & LOGISTICS TOP50

American Golf	eMag	Sainsbury's
Ao.com	Gall & Gall	Schuh
Apple	Gigantti	Screwfix
Argos	Go Outdoors	Selfridges
B&Q	H&M	Shoe Zone
Bol.com	Halfords	Space.NK
Boots	Holland & Barrett	Tesco
Carphone Warehouse	Hornbach	Timberland
Coop	Interflora	Toolstation
Cotton Traders	Lloyds Pharmacy	Topps Tiles
Currys PC World	Massimo Dutti	Truffaut
Darty	Media Galaxy	Vanden Borre
Debenhams	Neonet	VanHaren
DeBijenkorf	Nespresso	Wehkamp
Dm	Nisbets	Wickes
Dune London	The Perfume Shop	Zara
Dunelm	Rewe	

OPERATIONS & LOGISTICS TOP100

Alinéa	Evans Cycles	Pets at Home
Ann Summers	Fat Face	Prenatal
Baur	Galeries Lafayette	Rue du Commerce
Bershka	Gamma	Ryman
Bonmarché	Gant	Schwab
Brico Dépôt	Ici Paris XL	Sephora
Carrefour	JD Sports	Smyths
Coolcat	Kotsovolos	Stradivarius
Cotswold Outdoor	Leroy Merlin	T.M. Lewin
Decathlon	Maisons du Monde	Thansen.dk
Dunnes Stores	MajesticWine	Uniqlo
E-shop.gr	Media World	Verkkokauppa
Eroski	Missguided	Waterstones
Esprit	Mountain Warehouse	Wilko
Estée Lauder	New Look	The Works
Euro Car Parts	OBI	Xenos
Euronics	Ole Ole	

FULFILMENT AS A RETAIL BATTLEGROUND

As retail changes, customers expect to be able to get hold of their purchases without fuss and in ways that fit in with busy lives. Jonathan Wright considers what RetailX research says about how IREU Top500 retailers are doing here

BECAUSE OF THE growth in ecommerce and multichannel retail, fulfilment services are now integral to the overall customer experience. This represents a profound shift in the way retail is conducted. Where once the enormous amount of effort retailers put into Operations & Logistics went largely unseen by customers, that's no longer the case. If a next-day delivery item fails to arrive, or a click-and-collect purchase takes days to reach a store, the customer knows about it almost immediately and may choose to shop with another retailer next time. Even a rude third-party delivery driver can reflect badly on a retailer.

It is therefore unsurprising that, faced with such a business landscape, most retailers in the IREU Top500 are investing heavily in their fulfilment offerings. This is leading to huge improvements across different territories, with the biggest gains made outside western Europe in, for example, former Eastern Bloc countries, where there was far more room for big improvements rather than incremental changes. Next-day, same-day and weekend delivery, as well as click and collect, are now far more likely to be offered by retailers in these territories than they were just 18 months ago.

SECTOR PERFORMANCE

Drilling down into the figures, some sectors are more competitive than others across different territories. A majority of IREU Top500 retailers in sports footwear (72%), sports clothing (70%) and sports and outdoor equipment (67%) sectors, for example, offered a click-and-collect service. It may be that these are sectors where young and internet-savvy customers are impatient of delays.

Against this, the EEA-weighted equivalent figure here was 64%, so it may be that all kinds of customers now expect to be offered a click-and-collect service, which certainly fits with the news that garden (70%) and homeware (68%) retailers also performing strongly.

There is not a correlation between offering a click-and-collect service and speed. At the time of our research, the median time for click-and-collect purchases to be ready was 48 hours across Top500 retailers within the retailers EEA. The equivalent figure for retailers in the drinks, grocery and garden sectors was 24 hours. The trade tools (31 hours) and automotive goods (36 hours) sectors also

performed comparatively strongly. It is outside the scope of this research but we would suggest that there is ample room for improvement here as, for example, more retailers prioritise the capability to be able to see stock levels in real time. Such developments should also lead to an increase in the number of retailers offering same-day collection, which stood at 13% when RetailX conducted its research. The equivalent figures for the garden (39%) and automotive goods (28%) sectors shows what can be achieved.

CLICK AND COLLECT

Turning to specific types of services, we have already noted how, despite overall improvements, click-and-collect services nonetheless remain more commonplace in western Europe. Looking at those countries where retailers are performing less strongly, Spain, where 52% of IREU Top500 retailers offer click and collect services, is the only southern European territory where more than half of retailers offer collection. This figure drops even further for eastern European countries such as Slovenia (16%), Croatia (24%) and Bulgaria (26%).

There are also some outliers worth noting: the equivalent figure in the Czech Republic is 52%. Conversely, Luxembourg has a particularly low offering of click and collect (33%), in comparison to its neighbours.

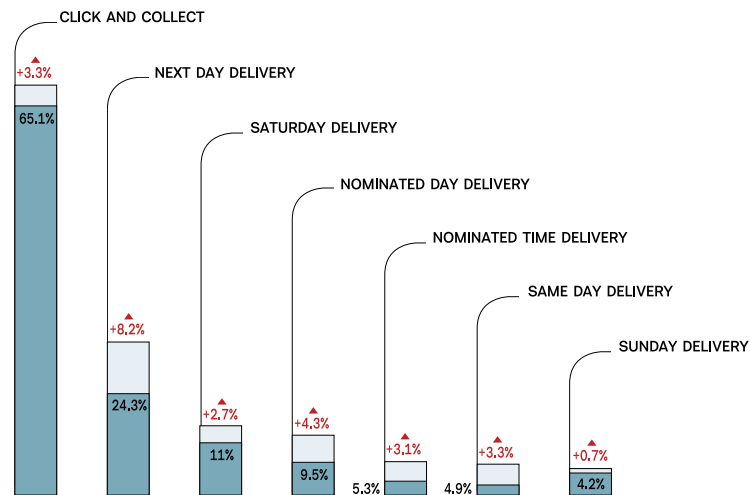
In terms of year-on-year changes between 2017 and 2018, and comparing only retailers that were researched in both years, the biggest shifts occurred in France (+18 percentage points), followed by Finland (+16pp) and Portugal (+15pp).

While this is the first year RetailX researchers looked in detail at same-day collection, Ireland leads the way here, with 18% of the Top500 retailers operating in the territory that already offer click and collect also offering it on the same day, followed by France (15%), and Czech Republic and Slovakia (13%). The EEA average figure is 13%.

NEXT-DAY DELIVERY

Turning to goods that are shipped to customers, the UK also leads the way in next-day delivery offering, which is offered by less than half (44%) of the IREU Top500 operating in the country. Retailers operating in the Benelux countries (Luxembourg: 19%, the Netherlands: 16%, and

RISING STANDARDS OF DELIVERY



Competition between retail companies and economies of scale are likely driving the increase in flexible fulfilment options offered by Top500 retailers. Methodological note: these data cover the vast majority of the Top500 which were measured in both mid-2017 and late 2018

CC BY NC ND RETAILX 2019

Belgium: 13%), France (15%) and Germany (13%) perform more strongly than elsewhere in Europe, but there's still a big gap between these territories and the UK.

In this context, it's worth noting that an increasing number of Top500 retailers across all territories are offering next-day delivery. In Luxembourg, the difference between 2017 and 2018 was +11pp, while even in the comparatively poorly performing Hungary, the equivalent figure was +2pp (from 2% to 4%).

SAME-DAY DELIVERY

This is still a considerably rarer service than next-day delivery, making it a marker for sophisticated retail operations. Researchers were therefore surprised to find that 6% of IREU Top500 retailers operating in Greece offer this service, the same figure as in the UK, against a benchmark EEA average is 4%.

What is noticeable is that same-day delivery is on an upward trajectory in those territories where it is offered. In Greece, just 2% of retailers offered this service in 2017.

In the UK, the same figure was 3%. Also following this pattern, the equivalent figure in Spain jumped from 1% to 5%. In all cases here, these figures compare only retailers researched in both 2017 and 2018.

Showing how far many retailers have to go, fewer than 1% offered same-day delivery in Romania, Bulgaria, Cyprus, Estonia, Croatia, Lithuania, Malta and Slovenia.

OTHER AREAS

To look briefly at some of the other key findings: retailers selling clothing and shoes are far more likely to offer pre-paid returns than those in other sectors (35% of companies against an EEA average of 25%); the median EEA threshold for free delivery is €44; and, to reiterate, grocers perform most strongly in same-day delivery and fulfilment precision with delivery time windows.

Behind each of these snapshots lies a story that requires deeper analysis. In our second Dimension Report on Operations & Logistics later this year, we will look in more detail at the issues and the innovations that lie behind these numbers. ■

SAINSBURY'S: LEADING THE WAY ON COLLECTION AND DELIVERY

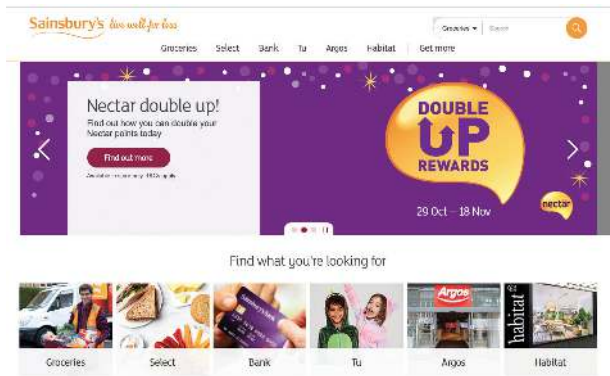


Image credit: Sainsbury's

Sainsbury's website and apps continues to pushing innovative and faster delivery options

IT WASN'T LONG ago that click and collect was seen as the cutting edge of fulfilling shopping orders made online. These days, according to RetailX research, it is offered by 64% of IREU Top500 retailers. Online shoppers expect delivery and returns to be a seamless, stress-free experience and click and collect is pretty much now taken for granted in certain areas, such as grocery shopping.

Recent research by Webloyalty into what motivates online shoppers found that almost a fifth of UK shoppers are strongly or moderately motivated by practical concerns such as convenience of store location, delivery and returns. This was the second-biggest motivation for UK shoppers after price, confirming that convenience is still key to attracting and keeping customers.

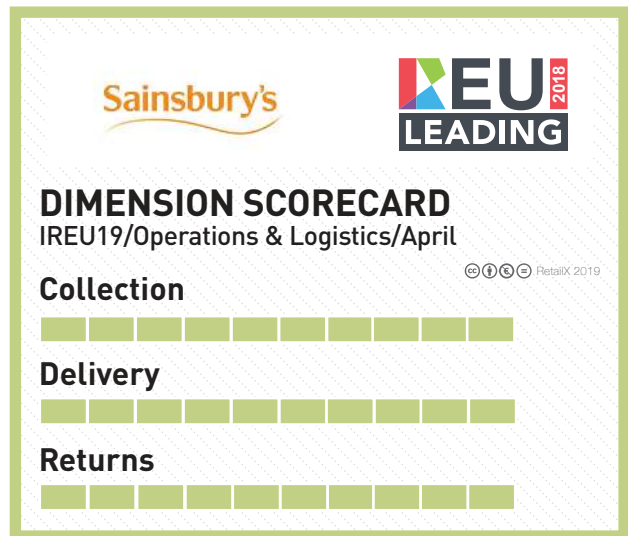
Sainsbury's, an old hand at click and collect (which it introduced in 2015), is now building on this foundation to find other ways of increasing the speed and convenience of its delivery options. It is also a retailer name-checked in the research as one of the top brands leading the way.

Sainsbury's reported a 7.3% growth in its online grocery sales in the first quarter of its latest financial year. It stands out in collection, delivery and returns for being among the 5% of Top500 retailers that offer nominated-time delivery. It also offers same-day delivery, with delivery to 90% of UK postcodes within four hours, as well as Sunday delivery. In some parts of London, the retailer also offers one-hour

delivery – a service launched in 2016 – which it has since expanded to a further 70,000 London postcodes, extending the reach of its Chop Chop service – of up to 25 items – to more than 1.7m customers.

Sainsbury's claims to be the first UK supermarket to offer one-hour delivery and, last summer, it became the first to offer sub one-hour collection when it launched a trial on 30-minute click and collect from its Pimlico store for users of the Chop Chop app. This summer it trialed a scheme at its Clapham North store allowing shoppers to scan their goods and leave. Payment is made via Apple Pay on the SmartShop app.

Sainsbury's Group Chief Digital Officer, Clodagh Moriarty has noted, "Technology and changing customer shopping habits have transformed the way people buy their groceries. Our teams are constantly working hard to bring new, convenient shopping experiences to customers and we're delighted to be the first grocery retailer in the UK to offer customers the ability to shop checkout-free." ■



HALFORDS: DRIVING FOOTFALL THROUGH DIGITAL

HAVING FOCUSED ITS energies on developing the online side of the business alongside a cutting-edge collection, delivery and returns service, Halfords is now experiencing a virtuous circle that is seeing more footfall in its stores.

According to a trading update released in September 2018, the cycling, camping and car parts business saw its online sales grow by 11.3% in the 20-week period up to 17 August 2018, but 85% of products ordered online were picked up in the retailer's stores.

This figure is no doubt helped by the fact that the retailer offers same-day collection for online orders – an option offered by around one in five IREU Top500 retailers. It also allows customers to check stock in stores in real time via its mobile app or website. If in stock, the product or part can be available for collection within an hour, assuring customers that they won't have a wasted journey and providing another enticement for getting them through the door. Orders can also be paid for in its stores.

Getting customers into stores was boosting the service side of the business, said chief executive Graham Stapleton. Customers who bought car or bike parts, for example, might not know how to fit them. Once in a store, they can pay a small fee to have it done by a Halfords expert, also providing a learning opportunity for the customer. "In retail, sales growth was supported by fitting services," Stapleton confirmed.



Customers who order online can pick up in store, boosting footfall

The group saw retail sales grow 2.6% and autocentre revenue go up 3.9% in the 20 weeks to 17 August 2018, with overall revenue for the group up 2.8% on a like-for-like basis, adjusted for store openings and closures.

The retailer has invested in getting its offering right by learning from the customer. It questions 10,000 customers a week in its 'Give us a Steer' survey, with the aim of developing a complete view of its customers and becoming better attuned to their needs.

The company has 454 Halfords stores and 20 Cycle Republic shops across the UK and Republic of Ireland, specialising in bikes, cycling products, car parts and accessories such as child seats, roof boxes and in-car technology. It also stocks camping equipment. It offers more than 70 in-store services including fitting car parts, child seats and in-car navigation and entertainment systems plus bike building and repair. ■

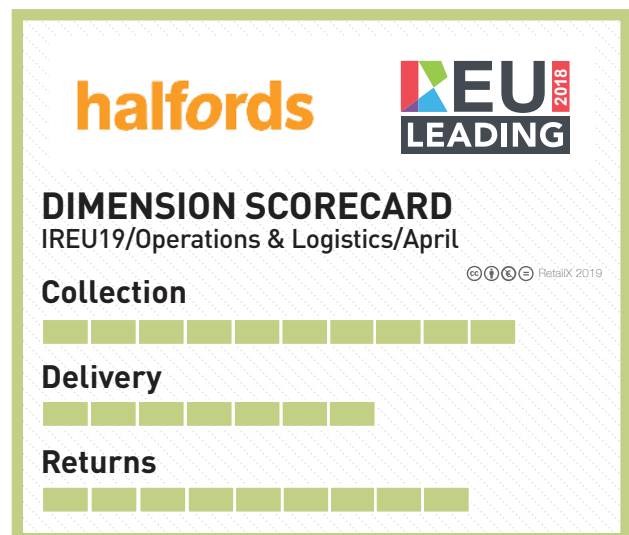
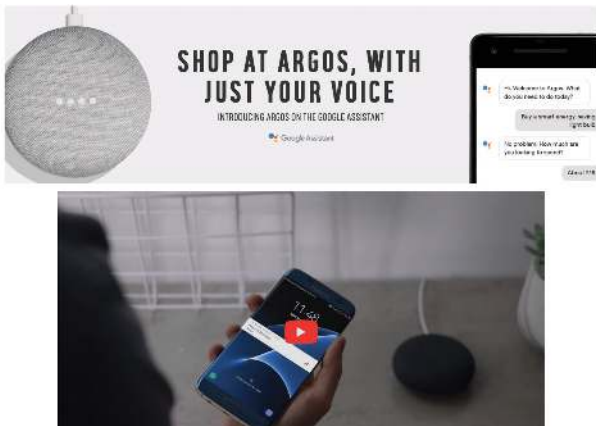


Image credit: Halfords

ARGOS: ADDING VOICE TO THE MIX



With Argos, customers can now quickly find and order products through a chatbot conversation

ARGOS IS BUILDING on its already impressive logistics offering by adding voice commerce into the mix. The retailer, which is a leader of the pack when it comes to collection, delivery and returns, is now allowing shoppers to reserve items through their smart speakers, for collection in an Argos store on the same day.

Using the Voice Shop service on a smart speaker, customers are able to ask Argos to find them a product, be it an LOL surprise or a washing machine. Options are narrowed down by answering questions such as how much customers wants to spend or which Argos store they want to collect from. When the right product has been identified, Voice Shop asks if they want to reserve it and sends a notification to their phone, which they can confirm. The item is then collected in store.

John Rogers, CEO at Argos, has noted, "Voice technology has the potential to revolutionise how we shop in the



Image credit: Argos

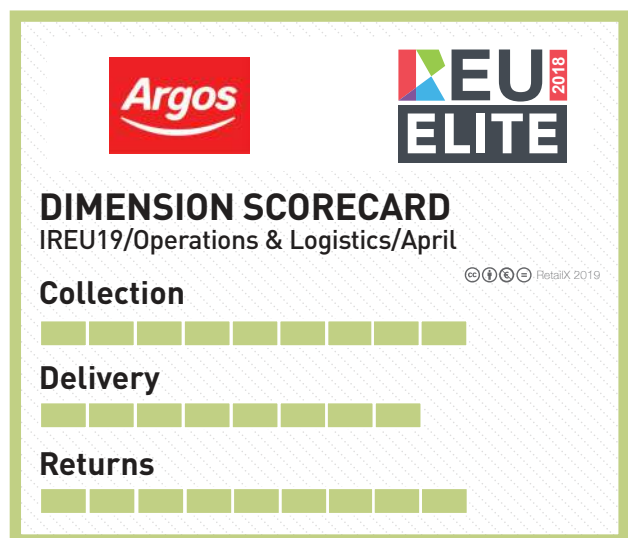
future. Digital home assistants have soared in popularity over the past year and people are increasingly looking to their smart devices to help with the smooth running of their lives."

According to a YouGov study, one in ten households in the UK now has a smart speaker – in the US, 50% of homes are predicted to have one by the end of 2018. Voice shopping is forecast to be worth £3.5bn in the UK by 2022.

The move is just the latest initiative in Argos's efforts to stay ahead of its competitors by combining technology with convenient collection and delivery options to provide a stress-free shopping experience. Six out of every 10 of its sales start online but with 95% of UK residents living within ten miles of an Argos store, most (80%) prefer to collect in store using click and collect or Fast Track, rather than waiting in for a delivery.

Research by RetailX found that the retailer's collection and delivery options are among the best out there. It is among just 4% of Top500 retailers offering same-day delivery and 22% offering same-day collection. It will also pick up returns from customer's homes, something done by just 19%.

"Argos is a digitally led business at the forefront of technology," said Rogers. "It's really exciting that we are harnessing the simplicity of voice ordering with the convenience and popularity of click and collect to make our customers' lives easier." ■





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Articulating the Themes

As we have already identified, Operations & Logistics is an aspect of RetailCraft that's rapidly evolving. To see what's happening within this Dimension on a regular and ongoing basis, register to become a member at InternetRetailing.net, which is **completely free to retailers.**

The IREU Dimension Report series

Look out too for exclusive reports and online content detailing how the IREU Top500 are performing in our five other Performance Dimensions:

- Strategy & Innovation
 - The Customer
 - Merchandising
 - Brand Engagement
- Mobile & Cross-channel

Becoming a member will give you access to round-the-year content on the website:

- Social retail index
- Demographic focus: in-depth reports on, for example, the behaviour of 18-24 year-olds – which retailers they are shopping with and what trends their behaviour reveals [research conducted in conjunction with Knowledge Partner Hitwise]
- Email engagement index: revealing open rates, spam rates and other interaction metrics [in conjunction with Knowledge Partner Return Path]. Plus analysis of email content [in conjunction with Knowledge Partner Beetle]

In addition, we will publish a second Operations & Logistics Dimension Report in spring 2019, in which we will look at what's changed in key metrics over the winter, summarising the indices and trackers, and focusing on the most revealing aspects of our ongoing research.

To become a member, register at: internetretailing.net/register

Our **next IREU Top500** main report, collating all this research, will be released in **July 2019.**

Conclusion

A RECURRING THEME within this IREU Dimension Report has been the idea that fulfilment is now integral to the customer experience. However, we are conscious this emphasis runs the risk of underplaying the operational, technical and business challenges here. In this context, there is no sense in, for example, introducing a click-and-collect service or next-day delivery without the confidence of knowing where goods are held so that they can be sent promptly to consumers.

One of the recurring lessons we take from looking in depth at companies that outperform the market within Operations & Logistics is that this is usually down to a combination of commercial focus, investment and an in-depth understanding of the business to determine what can be achieved. In contrast, those companies that run into problems often start from the idea that our competitors are doing something so we should too – without thinking through the impact on the company.

The other recurring theme we should emphasise is that retailers outside western Europe are addressing the issues here. This is not surprising. As ecommerce matures, there more and more information about best practice is available. That said, the improvement in, performance amongst, for instance, eastern European retailers has been impressive, much better than we might have expected.

Will this rate of improvement continue? For a while at least, we suspect it will but there will also be a levelling up of service levels – at least until retailers develop new kinds of services to tempt consumers and gain that all-important competitive advantage. ■

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Pay later gets you paid.

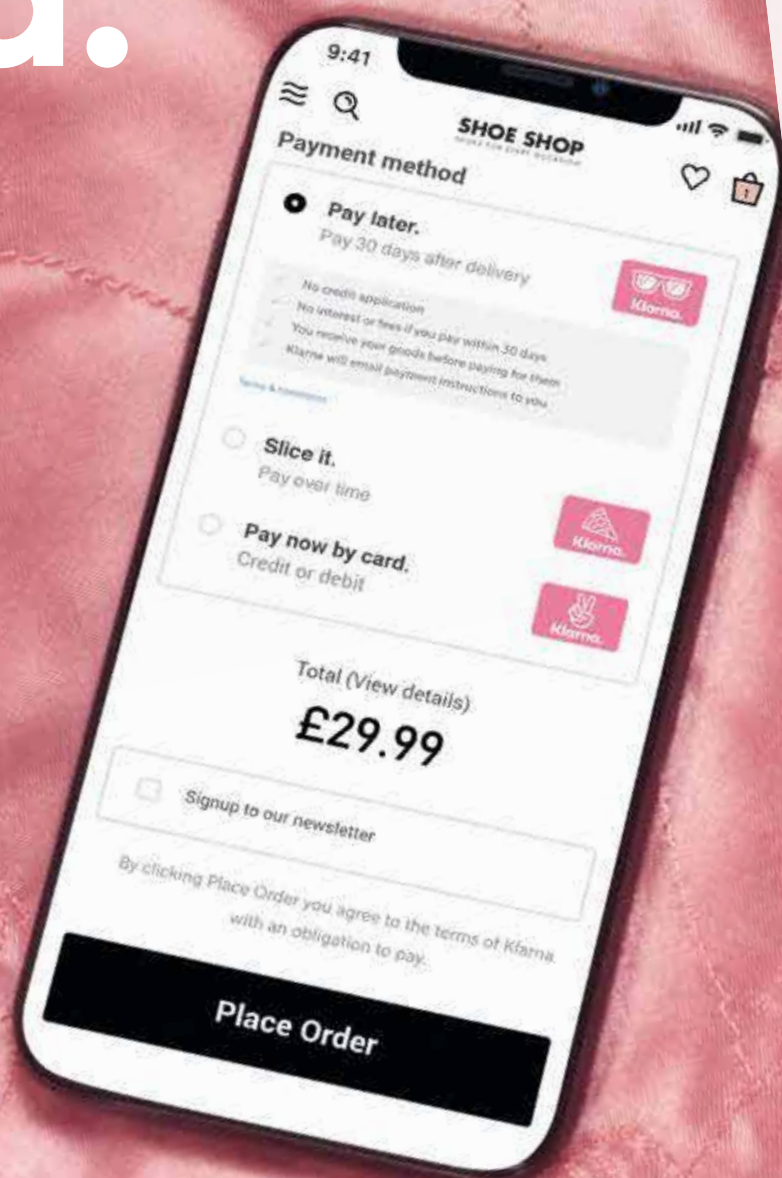
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