



# DIMENSION REPORT

The Customer: July 2017

A Performance Dimension  
Report as part of IREU 500 2017  
InternetRetailing's  
Europe Top500 Retailers, 2017



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# IRUK TOP 500

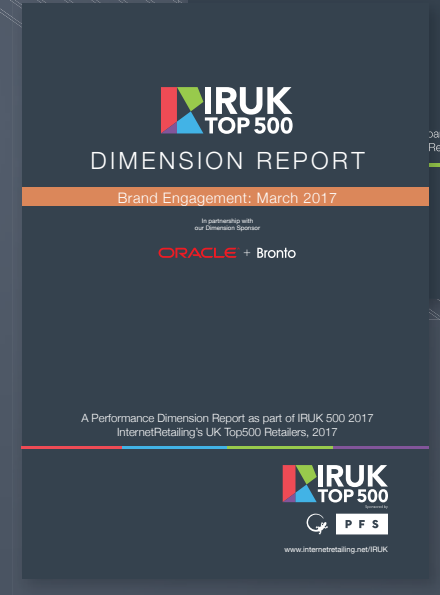
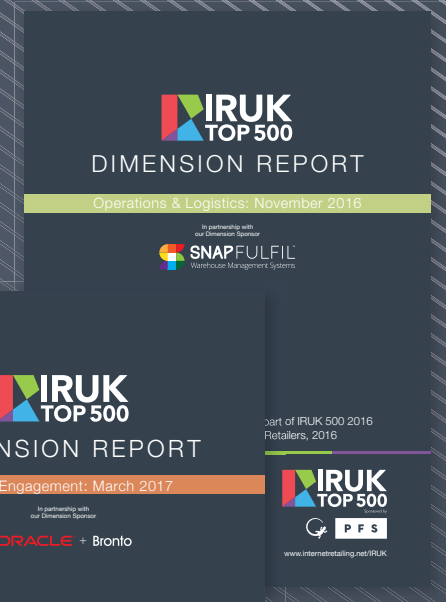
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# IREU TOP 500

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## Europe's Top500 Retailers

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# From the editor-in-chief

WELCOME TO THE first IREU Top500 The Customer Performance Dimension Report in which we aim to analyse and understand the customer experiences of leading European retail brands through our ongoing research.

In this report, we take the rule to Top500 retailers' customer service and measure how responsive retailers trading across the markets of the European Economic Area, plus Switzerland, are to those who visit their websites, call or email their contact centres and ultimately buy from them.

We've taken a flexible approach to what responsiveness means here. It's measured not only through the efficiency with which a retailer answers a Facebook or email message but also through the speed at which a desktop or mobile website loads. We also take into account the ease with which visitors can browse a website and find the product they are looking for, how quickly they take delivery and, if required, how easy it is to return an item. In looking at all these factors, we aim to get a real understanding of the full customer experience, which does not start or end at the website but continues through a relationship that can potentially last for years.

We're also gathering information that we hope will be of real use for retailers who want to benchmark the service that they offer in markets across Europe against that offered by competitors and leaders in the field.

This report is part of the IREU Top500 series of Performance Dimension Reports, which started by identifying the leading Top500 European multichannel and ecommerce retailers before analysing their performance through six performance Dimensions: Strategy & Innovation, Merchandising, Brand Engagement, Operations & Logistics, Mobile & Cross-channel and The Customer. It's a challenging task, encompassing as it does not one but 32 different markets, with 26 official languages.

The hard data is produced by the InternetRetailing research team in partnership with our valued InternetRetailing Knowledge Partners. Together, they have uncovered fascinating insights into how retailers across the continent are supporting the customer experience.

We hope that our readers will share our interest and find this a useful tool as they look towards a European market that offers high potential rewards alongside the undoubted challenges of doing business there.

We always enjoy hearing from readers about their experience of trading in Europe, as well as their suggestions for how we can improve our research. Do get in touch. 🌈

**Ian Jindal**  
Editor-in-chief  
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## The IREU Top500 Dimension Reports Series

Don't forget that this Dimension Report on The Customer forms part of our wider series analysing the performance of Europe's retailers.

Reports each year that focus on:

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

You can download the latest copy of any of our Dimension Reports, along with the overall IREU Top500 report, via [www.internetretailing.net/IREU](http://www.internetretailing.net/IREU)

Once you register, we will also send you the latest Dimension Reports as they are published, allowing you to keep abreast of the latest developments in the industry.

You can also find information about the IRUK Top500, our index of top retailers in Britain, via the InternetRetailing website.

# Editors' comment

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WELCOME TO OUR latest IREU Top500 Performance Dimension Report, which focuses squarely on The Customer. It's based on research undertaken at a point in time when industry talk about building experiences around the customer has started to turn into action, with new technologies enabling retailers to deliver personalisation across channels and at scale.


This is a theme we analyse in detail in our strategic overview (page 8), which starts from the premise that “shoppers are now in charge”. By that we mean that retailers across Europe have to react to customer demands or risk losing business, with consumers simply clicking away to another retailer.

How should retailers go about competing in such a world? On page 20, we talk to The Body Shop's Harriet Williams about the company's shift to a customer-first approach. We also have case studies (pages 18) on boohoo, Zara, Apple and Swatch, articles that look at these high-performing companies' strategies in this area. In our 12 approaches that work feature (page 24), we take snapshots of best practice across Europe.

Turning to the statistics that underpin these ideas, our analysing the numbers feature (page 12) interrogates a variety of metrics that may be significant when it comes to tracking retailers' attempts to deliver the personalisation consumers now demand. For ongoing research (page 32), we focus in on website speed. After all, how can retailers deliver great customer experiences if their digital services are slow to load?

In our emerging practice feature (page 29), we turn our attention to artificial intelligence (AI), which holds out the promise of helping not just to understand customer behaviour as they navigate a site or move towards a purchase, but also to anticipate customers' needs.

This is the last of our initial batch of six Dimension Reports analysing the retailcraft of the IREU Top500 across six Dimensions – Strategy & Innovation, The Customer, Operations & Logistics, Brand Engagement, Mobile & Cross-channel and Merchandising. However, our research is an ongoing process.

Join us in the coming year as we look anew at these themes and chart how European retail continues to evolve. 

**Jonathan Wright and Chloe Rigby, Editors**

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# whitepaper.



## Providing colour to insight

InternetRetailing's White Papers provide a practical, case-study led view on a single topic of interest to retailers. Working with suppliers with domain expertise, ongoing research investment and a retailer-centred, market-based view of the topic, we combine these into an accessible briefing paper, rich in insights and reference sources.

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# Meet the needs of individual customers

**Steven Ledgerwood**, managing director, UK at Emarsys, discusses how retailers need to adapt to a world where personalised retail is the norm



## Retail is increasingly built around the individual customer. How does this place new demands on the retailer?

With use of ecommerce and social media platforms constantly growing, there are more and more opportunities for retailers to reach audiences than ever before, but that means several other voices are competing for your audience's attention. Producing high-impact pieces of content that will stand out in this saturated market ultimately means personalisation.

Of course, in line with calls for more targeted strategies, the ecommerce market is growing, so there are more and more people to reach. That means the demands on the retailer are around finding ways to reach out to audiences with these tailored messages at scale, ensuring they aren't just sending 'blanket' messages to all customers.

## What new technologies will be important to help retailers speak personally to customers?

For retailers to create campaigns that feel personal to each individual and contain content relevant to their place in their purchasing journey, a couple of steps are needed. First, the retailer needs to have – and to be able to analyse – a lot of data to understand customers and prospects, before deciding which content they should be sent. Then, once that's decided, retailers need to get those messages

in front of the customer. But how? Manually 'dragging and dropping' different messages to different audiences? That simply does not scale – something most marketers are acutely aware of.

This is where artificial intelligence (AI) is such an essential tool in helping retailers speak more personally to customers. 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, understanding what message will produce the best outcome. Imagine being able to work out which promotions, offers and product selection will perform best when offered to individual consumers? That's far too big a job for any marketer to do manually, but it's exactly how AI can help.

## Customers are increasingly using smartphones, does this change things?

With our phones at our fingertips most of the day, mobile is one of the most critical components in the customer journey – if not the most essential. Marketers across the retail industry must therefore deploy mobile strategies as one of the best ways to reach consumers – whether that's building a mobile app or creating a mobile-friendly web page.

Acknowledging mobile is important. After all, marketers can get to truly understand and engage with their audiences if they

can capture data directly from their customers' mobile device. Tracking the way consumers interact and behave while using their mobile not only provides unparalleled insight and knowledge about specific target groups, but also allows marketers to measure the performance of their customer engagement strategy and the impact it has on their business.

However, mobile marketing tactics do need to be integrated with the brand's overall omnichannel marketing strategy, as that will allow customers to move seamlessly from the online website to their mobile app without skipping a beat, thereby ensuring a frictionless and engaging customer experience. 📱

## Emarsys in brief

**Date launched:** 2000.

**Global reach:** 17 global office locations, serving more than 2,000 clients in 140 countries.

**Customers:** eBay, Toys 'R' Us, Nike, Canon, Volvo, American Express and L'Oréal.

**Employees:** more than 700.

**Contact:** for further information contact Emarsys via Twitter at [twitter.com/emarsys](https://twitter.com/emarsys), Facebook [www.facebook.com/emarsys](https://www.facebook.com/emarsys) or LinkedIn [linkedin.com/company/emarsys](https://www.linkedin.com/company/emarsys) **[www.emarsys.com](http://www.emarsys.com)**



# Reimagining customer service

Customers are demanding service that matches their needs. **Chloe Rigby** reports on what that looks like and how European retailers are responding

MAKE NO MISTAKE – shoppers are now in charge. If retailers do not respond to the way that customers behave and the service that they demand, they will lose potential business. After all, it's never been easier to click away to a rival site. Customers want service that works, on their terms, and that means retailers have to be accessible in the channels and languages that shoppers want to use.

Those retailers that succeed in encouraging shoppers to buy across channels are well placed to be the winners in this competition. There's plenty of evidence suggesting that customers who use more than one sales channel to shop spend more. Superdry owner SuperGroup said in full-year results

published in July 2017 that its own research had shown that, “multichannel customers are more valuable to us than single channel customers as they spend more often and have greater brand loyalty”.

IREU Top500 research aims to measure retailers' performance across metrics that relate directly to customer service, such as how long they take to answer a phone call or to resolve an issue via social media. But it also measures performance through how quickly a retailer's website loads, both on desktop and on mobile, and how far retailers go to localise the shopping experience for visitors from the 32 different markets in the European Economic Area, plus Switzerland.

The screenshot shows the Superdry website interface. At the top, there's a navigation bar with 'MENS', 'WOMENS', 'NEW IN', 'SPORT', and 'IDRIS'. A search bar and account links are visible. The main content area displays a category list on the left and two product images: 'Rib Sport Cold Shoulder Dress' priced at £34.99. A large image of a woman in denim overalls is also shown.

Superdry is keen to engage shoppers across multiple channels because these are the people who stay longer and spend more

Image credit: Superdry





Image credit: John Lewis

John Lewis is looking to the behaviour of its customers to guide what services they provide next

Shoppers are now in charge. Customers want service that works, on their terms

It found that Top500 websites fully load in an average of 7.7 seconds, although leading retailers within the index offer faster websites. Czech electronics and computer retailer Alza, for example, stood out for a domestic website that was 13% faster than the average Top500 retailer. And while most retailers serve one market in one language, retailers such as each Next, Apple, Zara and H&M support at least 10 European languages, communicating with shoppers across a range of engagement channels. These are the traders that are leading the way in the current fast-changing retail environment.

#### The retail experience

With disruptive technologies enabling sea changes in shopper behaviour, retailers must respond accordingly. This started with the rise of the internet, then the smartphone, although it's now platforms such as social media that are being used by customers to engage with retailers.

Eva Cullen, head of customer fulfilment operations at UK department store John Lewis, says that it's important to use the customer to both see what changes are happening and prioritise their responses to this. She points to the way that shoppers now expect to be treated in a consistent way, no matter how they buy with a retailer.

“We've seen our customers continue to enjoy being in John Lewis shops but wanting a retail experience, and shifting that physical purchase, online,” she said, speaking at Salesforce World Tour. “The popularity of click and collect has meant we've had to change our business model. The challenge for us now is how to give online customers parity. Whether they enjoy fashion or are shopping for a washing machine in branch, when they go online to the desktop or mobile, it's about making sure the experiences are similar. Our ways of working, using legacy systems, have had to adapt. Services are a more complex area and our focus is now on building seamless services for retailers.”

Regis Koenig, director of customer services at French electricals-to-books retailer FNAC Darty, says that shoppers now expect ubiquity and instant access.

“In the next few years, we'll see the rise in importance of millennials and Generation Y, whose expectations are around not wasting time shopping,” Koenig said, speaking to InternetRetailing ahead of the InternetRetailing Summit. “If they go



John Lewis is ensuring that the online and in-store experiences both feel part of the same journey

shopping, it's either a very good experience or they just need a product to be sent to them. This trend will increase."

He also sees a move towards customers demanding more transparency about the products they buy: "For Darty, there are questions about whether the washing machine you're selling me can be repaired, and how long it will work for. Everybody has access to more and more data, so the new rising generation will expect brands to be very, very transparent about the service and the products they sell."

He thinks retailers can prepare for this new level of scrutiny: "We need to start thinking about what information we can deliver to the customer right now on how we work and how we behave on the market. In France, for example, we see that lots of people are complaining about Amazon not paying taxes. We can establish this kind of information and we should start thinking about what else we can share with our customers that they might like to know."

Claire Carroll, head of member and customer services at UK grocery-to-electricals retailer The Co-op, leads a team of about 200 customer services staff. Speaking to InternetRetailing at Salesforce World Tour, she talked about seeing a significant shift towards shoppers using social media.

"How customers get in touch depends on what the type of query is," she said. "We get everything from, 'There's not enough chicken in my chicken sandwich,' to, 'I've had an accident in store or your lorry has driven into my car.' The more serious the complaint, the more people want to speak to somebody but with more trivial complaints, people prefer email. Social media, especially Facebook and Twitter, is a really strong channel and has trebled in size in a year and a half."

She went on to note that this shift has been at the expense of email: "Young people today don't even use email. I think they are now a lot more confident in terms of posting their views about companies online, so the challenge we face is to get to those customers who are posting negative thoughts and resolve their complaints as quickly as possible. When a customer is unhappy, we try to contact them directly. In my experience, it's always better to speak when someone is aggrieved about something as a slow response to an online complaint can stick around to damage the brand."

When Carroll joined The Co-op, the customer call centre was abandoning 20% of calls and the average response time for a customer query or complaint was more than a week. Now, she says, her target is to respond to social media enquiries in 90 minutes and to emails in less than two days. Abandoned calls have dropped to 2% and the difference, she says, has been to give call centre staff the ability to do anything they like in order to ensure that customers are satisfied.

“Young people today don’t even use email. They are more confident in posting their views about companies online”

Claire Carroll  
The Co-op

“Each customer who calls has bothered to spend time and give us feedback about our products and services. That’s an absolute gift to us and that’s how we need to treat it – with a thank you to every customer that has bothered to get in touch.”

### Looking to the future

Retailers such as these are already looking to the use of new emerging technologies as they consider how best to improve the service they offer customers.

AI-powered chatbots, according to The Co-op’s Carroll, have a role to play in customer service but this will be in the most appropriate way, without ever giving the false impression that they are really human beings. “We are exploring chatbots but I want it to be about the transactional,” she said, adding that chatbots may fill a valuable niche by offering out-of-hours services.

“Traditionally, customers liked to be serviced over the phone but it’s no longer acceptable to have the contact centre open limited hours. It’s about broadening channels and embracing technology, which is why we’re looking at where we can use chatbots.”

Meanwhile, John Lewis is also looking to the use of automation in areas such as fulfilment, as well as the potential of AI in a marketing context. “We can then start to communicate with the customer, reinforcing that everything is okay,” said Cullen. At the same time, like The Co-op, John Lewis sees the importance of empowering staff. For the department store, she says, the question is: “How do we empower them to exceed customer expectations?”

Other retailers are tapping into the power of automation in ordering. Devices such as Amazon’s Alexa, for instance, are making a difference to the way that shoppers order and keeping up with this type of innovation will certainly be a challenge for European competitors. Darty’s Koenig believes that it will be important for retailers to focus on

delivering exceptional service in just one or two areas: “Since I can’t do everything, I need to pick something and do that very, very well. We really need to ask ourselves what our added value is – the thing our customers will value the most. One brand may offer one-hour delivery while another may have the cheapest prices and another will develop a lot of different methods but just focus on a few products. When Amazon launched one-hour delivery with Amazon Prime, it did so on only 2,000 SKUs. It was very specific.”

But even where new technologies are used, the ultimate aim remains constant. According to the Co-op’s Carroll: “For me it’s really simple. It’s about customer satisfaction all day long. From a business perspective, it’s about basket spend. So, as a result of interaction with a shop or a customer service agent, will that customer spend more with The Co-op?”

There’s agreement too on the importance of making service work, rather than waiting for it to be perfect. John Lewis’ Cullen thinks it’s important to maintain a flexible and agile approach to retail, focusing on what works at this particular moment in time: “By the time it’s perfect, the customer’s needs will have changed.” The Co-op’s Carroll makes a related point: “Don’t sacrifice ‘improved’ for ‘perfect’. Listen, listen, listen to customers.”

At the cutting edge, it’s clear that retailers across Europe are working hard to improve the service that they offer customers. Making it easy for customer to engage and to get the shopping experience they desire are fast becoming points of differentiation in a world where those that please the customer will see them return again and again. 🌈

# Personalisation at scale

Is the idea of customer-focused retail actually just a buzz concept? **Martin Shaw** finds evidence in the numbers to suggest it's not

THE IDEA OF building offerings around the individual customer is now central to retail. Yet there's a risk this can be a platitude, a great idea much talked about rather than a day-to-day reality. In truth, building services and offerings around the customer shouldn't be a matter of grand statements, but of day-by-day work based on a clear strategy to improve shoppers' experiences.

To achieve this in one country is tough. Factor in the complications of working across multiple territories and this becomes even more difficult. Nevertheless, as InternetRetailing research clearly shows, leading retailers are already facing the challenges and setting industry benchmarks.

In addition to website speed (see our ongoing research feature on page 32), we set out to assess retailers on the basis of the customer service levels they provided across different territories. We looked in detail at such areas as localisation via language and currency, the terms on which retailers offer refunds, search relevance and the effectiveness of communications.

While retailers have subtly different approaches in this area of retailcraft, the research was all designed to discover which retailers genuinely help customers to buy in ways that suit them as consumers, rather than the retailer.

## What leading retailers do

It perhaps shouldn't be too surprising that Interflora is one of the strongest-performing European retailers in The Customer Dimension. This is a business where things

simply can't be allowed to go wrong because flowers *must* be delivered on the big day rather than the day after that birthday or landmark anniversary.

In particular, the retailer stands out for the integration of product reviews, for the number of channels it supports and for its promptness in dealing with refunds.

Another retailer that did well in our research was The Body Shop. The beauty products retailer doesn't trade on being timely, but it's a business where a reputation for ethical standards is crucial to the offering. It needs not just to be open to interrogation, to customers asking questions about whether it hits these standards but to be *seen* to be open. The Body Shop also scores highly on offering consumers the chance to leave product reviews and for the number of customer service channels it supports, as well as for having a site that's easy to navigate.

The strengths these companies share are revealing in that, within many metrics in The Customer Dimension, leading retailers outperform competitors by a wide margin. Admittedly, that's partly because some metrics are binary – retailers either enable customers to leave product reviews or don't – which suggests a more absolute distinction than is the reality, with different levels of product information and consumer feedback supported by most retailers.

Nevertheless, many retailers that perform well in these metrics also perform well when it comes to processing refunds promptly or communicating across different channels. This might suggest that retailers that have got website performance and the cross-channel basics right are then able to move on to add extra functionality, further increasing performance.

### What different sectors do

Looking at performance that beats the market from a different angle, we also considered how different sectors performed against the market as a whole. One of our ideas here was that retailers operating in a particular sector may have to work up to the level of the best in order to compete. Would we be able to discern patterns in areas of best performance that support this idea?

While the correlation is not exact – and some pieces of research used subtly different classifications of retailers from other pieces – there’s enough crossover to suggest that, to compete in certain sectors, retailers need to be more sophisticated than in others. Take apparel and fashion. Powered by a combination of, among other factors, new

online merchandising techniques making it easier for customers to visualise clothes and retailers making it easy to return clothes, this is a sector where there’s enormous competition within multichannel retail.

This is reflected when you look across the metrics. Retailers in the apparel sector communicate effectively via more channels than the average IREU 500 retailer and provide more effective service through these channels than the average IREU 500 retailer (subtly different metrics). Their sites are not only fast, they’re also simple to navigate, which helps with retailers’ merchandising efforts. Overall, retailers in this sector outperform the IREU Top500, with companies in different sub-sectors and geographies performing strongly, including ▶

## Returns policies and refund processing times of the Top500

The median length of the unwanted items return policies of Top500 retailers and their median refund processing times

	Days to return purchase (median)	Days to process refund (median)
 Spain	30	14
 United Kingdom	28	11
 Italy	28	14
 Poland	21	14
 Netherlands	14	14
 Belgium	14	14
 France	14	14
 Germany	14	14

Returns can't ever become an irritation or point of friction

French mass market retailer La Redoute, Spanish fast fashion retailer Zara and the British high-end brand Burberry.

In contrast, the grocery sector, while performing well in other Dimensions, isn't so strong here. Seen against this backdrop, we will be interested to see over the coming years whether Amazon's entry to this sector, which seems to be gathering pace with its purchase of Whole Foods, improves overall performance as existing players look for a point of difference in overall customer service levels. Alternatively, it may be that grocery shopping will always be a functional exercise, with improvements coming instead within Operations & Logistics.

#### Return to sender

Returns might, at first glance, seem to be the province of logistics experts, but we also looked at them within the context of The Customer because how companies deal with returns says much about the levels of service they provide. In an era when customers routinely buy more goods than they need and return items they don't want, returns can't ever become an irritation or point of friction.


In part, retailers can guard against this with clear product descriptions on the website. If people understand, for instance, sizing, they are less likely to buy two items on the grounds that one of them will fit. Nevertheless, there will come times when items will be returned.

Here, the performance of retailers across Europe proves to be very different. As detailed in our graphic, Spanish retailers typically allow customers up to 30 days to return items. In the UK, the equivalent figure is 28 days. In Germany, despite it being one

of the most sophisticated multichannel retail markets in Europe, the figure is just 14 days.

How to explain this? One reason may lie in Germany's retail culture, where goods are often ordered on approval and customers only pay once they are sure they want to keep items. From a retailer's perspective, there are enough inherent difficulties within such a system (non-payment, logging items back in, etc) without final payment taking more than a month to be resolved.

As to the time it takes to process a refund, this is remarkably consistent across different European territories, at 14 days. The UK is the outlier here, with retailers typically processing refunds within 11 days. Again, this may be partly attributable to retail culture. In contrast to careful German shoppers paying by bank transfer once they're satisfied with the goods, British shoppers use credit cards. This makes processing returns relatively easy and means shoppers expect refunds to be made promptly.

Finally, it's worth noting that we expect to be looking carefully at our metrics within The Customer Dimension over the coming years. The idea of building offerings around the customer is only going to become more deeply embedded within retail with, for example, new kinds of subscription-based services emerging. Our metrics will evolve to reflect these new trends. 

## The Top100 retailers of the IREU 2017 The Customer

Share your thoughts on #IREU500 with @etail

### The Customer Top50

Adidas	Euronics	Next
Alternate	Expert	Nike
Alza	Foot Locker	Oasis
Apple	Games Workshop	Otto
ATS Euromaster	H&M	Oysho
Bershka	HP	Photobox
Body Shop, The	IKEA	Samsung
BonPrix	Interflora	SportsDirect.com
Boohoo.com	Intersport	Spreadshirt
Bose	Jack & Jones	Swatch
Burberry	John Lewis	Toys ʼn Us
C&A	La Redoute	Vente-Privee
Conrad	Lego	Vistaprint
Decathlon	Lindex	Zalando
Dress-for-Less	Mango	Zara
eBay	Massimo Dutti	Zazzle
Esprit	Media Markt	

### The Customer Top100

Accessorize	Fnac	Marks & Spencer	Spar
AllPosters.co.uk	Hema	Misco	Staples
Amazon	Hunkemöller	MS Mode	Stradivarius
Asos	Kiabi	Nespresso	Superdry
Babywalz	Komplett	OBI	Tchibo
Carrefour	LDLC	Phone House	Tesco
Conforama	LeroyMerlin	Pimkie	Ticketmaster
Deichmann	Lidl	Pizza.be	Tommy Hilfiger
Delticom	Louis Vuitton	Promod	Vertbaudet
Disney Store	Lush	Pull & Bear	YOOX.com
Ellos	Maisons du Monde	s.Oliver	Yves Rocher
Etam	Mall.cz	Saturn	
Fashion Days	MandM Direct	SecretSales	

# Congratulations to the IREU Top500



This is our ranking of the Top500 in Europe, based upon each retailer's performance across our six Performance Dimensions: Strategy & Innovation, The Customer, Operations & Logistics, Merchandising, Brand Engagement, and Mobile & Cross-channel.

Our Elite retailers are statistically ahead of all others and they represent the pinnacle of European multichannel retailing. Congratulations to Apple, Bon Prix, Decathlon, H&M, Next and Zara.



next

DECATHLON



ZARA



Alza  
Amazon  
Argos  
Asda

The Body Shop  
Boots  
Carrefour  
Currys  
Darty  
Deichmann  
Euronics

IKEA  
Intersport  
John Lewis  
Lidl  
M&S  
Media Markt  
Nike

Otto  
Sainsbury's  
Saturn  
Screwfix  
SportsDirect.com  
Tesco  
Zalando



Asos  
Auchan  
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Ernsting's Family  
Eroski  
Esprit  
Expert  
F&F  
Hema

Hollister  
Hunkemöller  
Jack & Jones  
JD Sports  
La Redoute  
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Migros  
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Topman  
Topshop  
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Adidas  
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Blokker  
Camaieu  
Castorama  
Claire's  
Clas Ohlson

Conforama  
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Eduscho  
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Hagebaumarkt  
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Quiz  
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# Boohoo.com: talking across channels

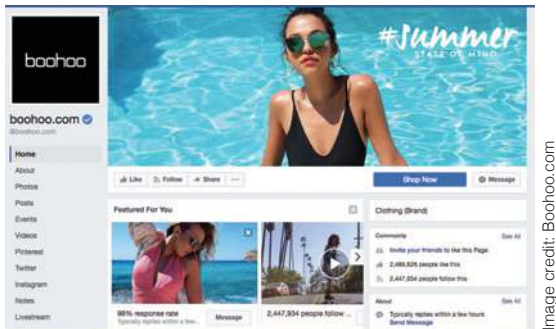


Image credit: Boohoo.com

**By reacting to the social media preferences of different countries, boohoo.com strives to be relevant online**

BOOHOO.COM STANDS OUT in InternetRetailing research for the breadth and depth of its customer engagement. It's an approach that sees the retailer tailor its use of social media to the varying customer preferences of the different markets that it serves. The retailer has 12 European websites, including 11 localised to individual markets, and one pan-European website. In both the UK and Norway, it uses seven social media channels, including Facebook, a general Twitter account and a customer service one. It also has a presence on YouTube, Instagram, Pinterest and Snapchat, where it can highlight inspirational video and images. In France and Germany, it adds the regionally popular GooglePlus and highlights its English language blog alongside social media channels.

The retailer has strong levels of engagement, with, at the time of writing, around 0.5m followers on its twitter.com/boohoo handle, 2.5m Likes for its @boohoo.com Facebook page, and 4.4m followers on Instagram.

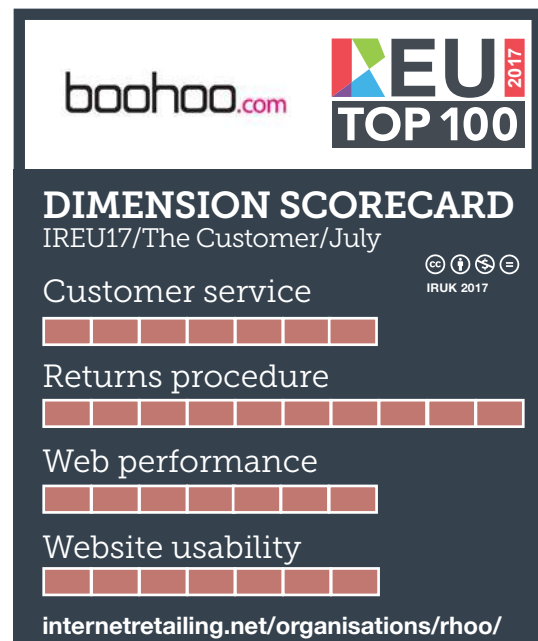
In its latest full-year results, to 28 February 2017, the retailer explained its approach to social media. "We continue to make use of social media platforms for marketing and our campaigns are used alongside the ongoing blogger, influencer and ambassador outreach," it stated. "This delivers bespoke user-generated content, promoting the brand and the latest products on both boohoo and third-party influencer channels. The influencer community continues to play an integral part in our marketing efforts and we

have worked with hundreds of bloggers and influencers across our key geographic markets in the last 12 months."

Contributors and student ambassadors contribute content, which is published both on their own and boohoo's social channels as well as in boohoo's online magazine, *The Fix*.

Advanced analytics help marketers to ensure that campaigns and other marketing activities are both relevant and targeted. "Reaching new customers through social media is an integral part of our strategy that we have given special attention to in the last six months, which has seen our average weekly post reach on Facebook rise from 70,000 to between 15m and 20m on average. With increased exposure globally on Facebook Live, Snapchat, Instagram and Instagram stories, this has contributed to both brand awareness and revenue growth," said the retailer. It also says that customers increasingly prefer to contact it via social media because it is convenient, and that it typically responds to queries in an hour.

Boohoo.com also scores well for the speed at which its website loads. 🇬🇧



# Zara: communication without borders

ZARA ENABLES SHOPPERS to learn about the products they are considering buying in detail and in their own language. The brand stands out in InternetRetailing research for the use of written product reviews on its website.

The Spanish fashion retailer enables customers to choose which language they read its different websites, depending on where they are shopping from. Visitors to its Swiss website, for example, can choose between four languages. During 2016, parent company Inditex completed its online coverage within the European Union by opening websites in 11 EU markets, including Bulgaria, Croatia and the Czech Republic. As a result, all member states now have a Zara website and shoppers can read them in 20 EEA languages. Zara's sites form part of an integrated online-offline store model and, at the same time as opening 11 new country websites, the retail brand opened 102 new stores in Europe.

Zara takes a multichannel approach to customer engagement as well, communicating with customers via seven channels including five social media platforms – Instagram, Facebook, Twitter, Pinterest and YouTube.

Lately, the Inditex group has focused on delivering customer service for customers of Zara and its other brands through its apps. Mobile payments are now available in 15 markets, including Spain, the UK, Italy and France, via individual brand apps or a group InWallet app. The app also contributes to simplifying customer service and making returns easier through

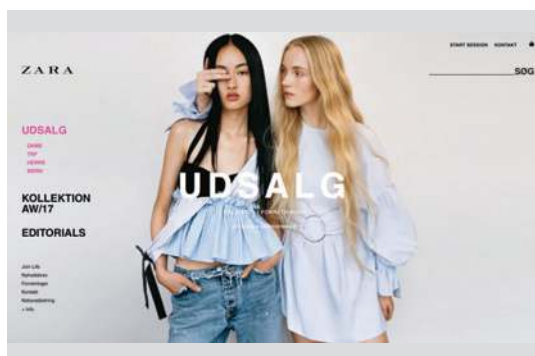



Image credit: Zara

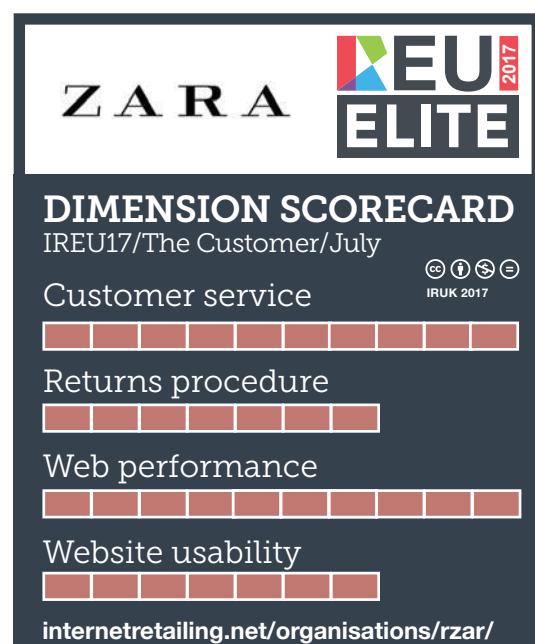
Native language websites plus a rolling out of apps have allowed Zara shoppers to find it wherever they are

e-receipt functionality that's now available in its domestic Spanish market.

“As well as the important environmental benefits associated with its implementation, this measure enables shoppers to manage their purchases and improves on the returns and customer services processes by enabling immediate identification of transactions without having to depending on easily-lost paper receipts,” said Inditex in its 2016-2017 annual report. The paperless e-receipt system also means that online orders placed in Spain, the UK and the US no longer generate hard copy receipts.

RFID has now been rolled out to all Zara stores with a view to making stock control more efficient, a move that should improve the customer experience.

Zara has also made environmentally-friendly service a priority and all of its online orders are now delivered in boxes made from cardboard with a 56% recycled content. It has also introduced a service to collect used clothing from the home in tandem with an online order. The service, initially available in Spain, will go on to be introduced in its other markets. 



# The Body Shop: why the customer always counts

The Body Shop's Harriet Williams tells **Chloe Rigby** why taking a customer-first approach makes so much sense for a company so dedicated to wellbeing

PUTTING THE CUSTOMER at the centre of your multichannel strategy certainly sounds like a worthy aspiration but for The Body Shop, it's also one that makes financial sense, according to its chief digital officer Harriet Williams. "Generally, if we do something good for a customer, it's good for our business," she says.

The ethical beauty retailer takes a good look at customer demand before deciding how to develop its website or its stores. A new mobile-first platform was a "really easy decision" because "the data speaks for itself". Williams adds: "More than 50% of traffic now comes from mobile and tablet devices, so we needed a platform that was easy for our customers to use."

The retailer built its mobile-first site on Hybris and launched it first in the UK in 2016, swiftly followed by the seven European markets that the retailer serves directly, including France and Germany. Some 28 of the brand's websites, operated directly or via franchisees, are expected to have moved to the mobile-first design by the end of 2017.

This reboot has enabled The Body Shop, which ranks among the Top50 retailers in The Customer Performance Dimension of IREU Top500 research, to upgrade the customer experience across Europe.

Previously, only the UK site was optimised for mobile but now, new features include PayPal and Live Chat. "We wanted to have that strong foundation of services to meet customer expectations," says Williams. The decision seems to be paying off. The Body Shop, which at the time of writing is owned by French beauty group L'Oréal, enjoyed a 19% year-on-year rise in ecommerce sales in 2016, with Williams noting that much of that growth came through mobile.

## Content and commerce

The new website puts the emphasis on content alongside commerce, in direct response to The Body Shop's customers' behaviour. "We know that the majority of people coming to the site are researching and going into our physical store," says Williams. "We believe that improving the online experience will help support our physical store sales as well."

Content is produced centrally in the UK but localised to different regions. Much of that content is pre-tested with customers before it's used in marketing campaigns, on the website or on social media, so their response to it is measured. "On our social media platforms such as Instagram, it's really easy to see what works," says Williams. "I think the key is to look at the data and see what content is performing, then continue to optimise on that basis. The challenge is more about how we keep pace with customers' demand for content across all the touchpoints that they use online."

Williams says that Instagram, where inspirational photos are important, is "huge

"Generally, if we do something good for a customer, it's good for our business"

Harriet Williams



The Body Shop's website is still used mainly for research, with purchases then made in stores

for us,” while shoppers tend to post their customer service enquiries on Facebook and Twitter, turning to the former for information about local events. Local teams can tailor promotions and product merchandising around important dates in each market, while highlighting products that have sold well in individual markets.

**Follow the customer**

Data enables The Body Shop to see macro trends in the way that its customers expect to engage with it and to put the appropriate response in place. “If I look across most markets, there’s generally a decline in people calling customer service teams,” says Williams. “But since we’ve launched live chat on the site, we’ve seen that trend explode.”

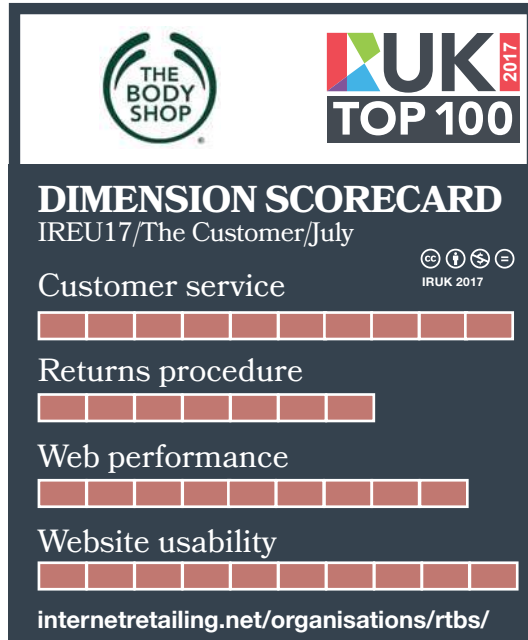
So The Body Shop has developed this further, making skincare experts and gift advisors available to talk to ahead of the last Christmas season. “I guess,” says Williams, “it’s a customer trend of more instant response rather than phoning or emailing. We are also seeing an increase in terms of messenger apps. Customers are now using Facebook Messenger and WhatsApp instead of email, so we’re looking at how we can use that channel in the future as well. The focus is on that much more immediate response in terms of live chat.”

**Across channels**

Another focus is on linking sales channels in a way that makes sense to the customer. A click-and-collect service is being planned for launch in a trial market this year – probably the UK – which will then be rolled out across other markets in 2018.

Meanwhile, The Body Shop’s global loyalty programme has been integrated across channels. Shoppers can now collect and redeem loyalty points when they spend on the website or store, tracking points and any vouchers through the ‘my account’ section of the website. In exchange for insights into shoppers’ cross-channel customer journeys, the retailer also promises increasingly relevant recommendations.

In the coming year, The Body Shop will be working on ways to use customer data in store to serve customers better. The



ecommerce team is currently working on the scope of a new Shop Floor CRM service. This will be delivered by store staff offering recommendations via iPads to customers who have already come into store for personalised services such as skincare consultations, or to design their own product labels.

“It’s really enabling the store staff,” says Williams. “We have a lot of information that sits in systems and this gives staff in store more access to that. Ultimately, this should deliver better service for the customer.”



Image credit: The Body Shop

By rolling out iPads to store staff, The Body Shop plans on using the data it holds on shoppers to give individuals an enriched, personalised in-store experience

# Apple: informing the customer



Image credits: Apple

Apple's websites are available in 19 different languages, as you would expect from such a global brand

APPLE SCORES HIGHLY in InternetRetailing research for the information that it shares with its AppStore and iTunes customers about its products, with both product ratings and reviews available for them to see. Its websites are also highly internationalised, with customers able to read them in 19 languages. The retail brand engages with shoppers via nine channels, including social media.

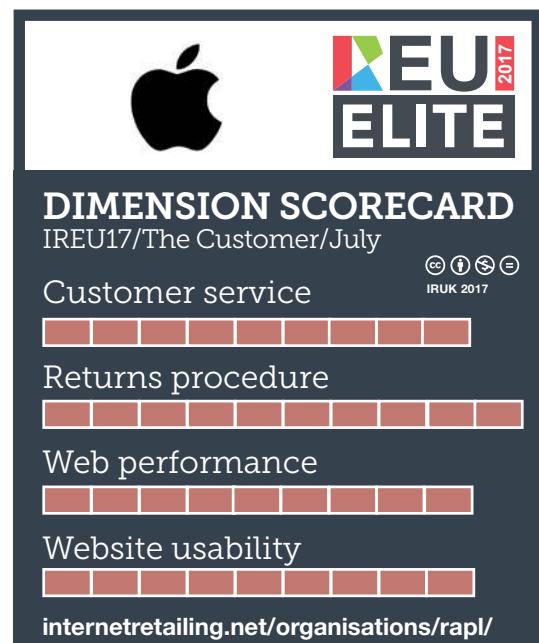
Apple has recently relaunched its App Store, now designed with the aim of making it easier to discover games and apps. Developers can emphasise the information that's most important to potential customers and each page can be localised so that customers in different countries see a customised version of it. Customer ratings and reviews are highlighted on the new look page, as are features such as Editors' Choice, chart position and in-app purchases.

At the time of the relaunch, Philip Schiller, Apple's senior vice president of worldwide marketing, said, "Together with our incredible developer community, we've made the App Store the best app platform in the world and more than 500m unique customers visit it every week. Now we are taking everything we've learned from the App Store over the past nine years and putting it into a stunning new design. Every element of the new App Store is richer, more beautiful and more engaging."

At the beginning of June 2017, Apple announced that its downloads had grown by more than 70% in the previous year and that its global

developer community had collectively earned more than \$70bn since it launched in 2008. "People everywhere love apps and our customers are downloading them in record numbers," said Schiller. "Seventy billion dollars earned by developers is simply mind-blowing."

Customers in 155 countries use the App Store, with gaming and entertainment categories earning the most money. Lifestyle, health and fitness apps have grown by more than 70% in the year to June, although the fastest-growing category was photo and video, growing by nearly 90% in the year. 🇧🇷



# Swatch: a broad range of customer services

SWATCH STANDS OUT in InternetRetailing research for the speedy mobile experience that it offers its customers. This fits with the Swiss watch brand's focus on multichannel customer service. During 2016, the brand introduced online 'e-reservation' as well as click and collect, and these, it said in its annual report, "enhanced opportunities to build loyalty". It's also a highly international retailer, making its website available in 17 European Economic Area (EEA) countries, plus its home market of Switzerland, and in nine EEA languages. Its focus on the international is part of a strategy that includes both ecommerce and stores.

In Europe, it opened new format stores in locations including Amsterdam, Zermatt and Glasgow during 2016, as well as opening new or refurbished stores in Bulgaria, Cyprus and Albania. Bulgaria also saw the opening of a dedicated website.

While making it easier to buy through digital channels, the brand has also introduced a watch that shoppers can use to make payments. Its contactless payment watch, the Swatch Bellamy, was launched in 2016 in Switzerland, as well as beyond Europe in Brazil and China.

Marketing and communication strategy, said the brand, focused more on the digital world, with social media understandably being key to that. Swatch worked with digitally influential artists RJ Puno and Zach King on its #POPitUP campaign over the last year.

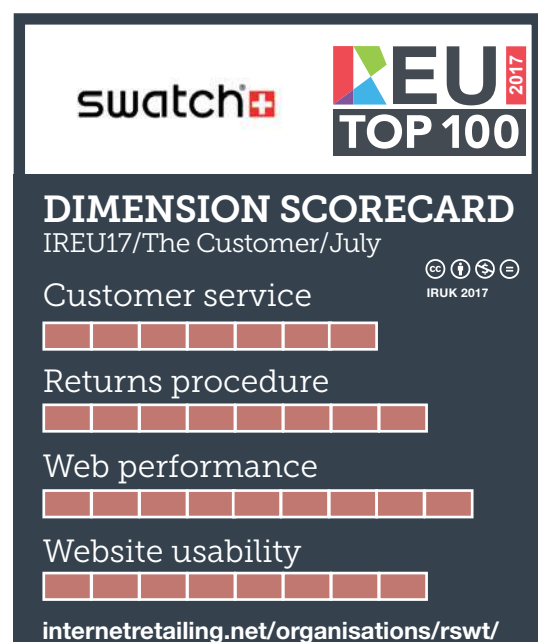


Image credit: Swatch

Personalisation is vital to a brand that realises the value in loyal owners who collect limited edition models

InternetRetailing research shows that Swatch engages with its customers via ten channels. Swatch said in its 2016 annual report that it enjoyed growth across all social media channels during its latest financial year. Its Instagram followers nearly doubled in 18 months, from 350,000 in April 2015 to 643,000 in November 2016. It also launched its own Snapchat account to provide "exclusive inside views and highlights of events", the retailer said in its annual report.

Swatch enjoys a sizeable following among its customers – the Swatch Club has more than 210,000 members in 175 countries. Members are able to attend exclusive events and buy watch designs including one created in 2016 through a collaboration between Swatch Club and Ed Banger Records that resulted in the Ed Banger Time watch. This was launched in Germany, France, Switzerland and the US, and sold out quickly. The Swatch Club also collaborated on a second watch with two Argentinian artists during the same year. 🇧🇷



# 12 approaches that work

Customers want easy ways to buy, fast-loading websites that are easy to navigate, plus readily accessible services and support. The best retailers out there tick every one of these boxes, every single time, reports **Penelope Ody**

## 1 Make support options obvious

All too often, links to FAQs or other service information are buried in the small print at the bottom of the landing page. The Body Shop puts 'Customer Care' in the top right corner, giving one click access to FAQs and a menu covering all other service functions, including a button for live chat. Similarly, Otto has 'Service' at the top of its pages, linking to a comprehensive choice of information – including delivery, payment and returns and fashion advice – available by email or freephone line, as well as installation and warranty details for its appliance and furniture ranges.

At John Lewis, header links include 'Gift List', 'Customer services' and 'Inspiration and advice'. Click on that last option and you'll find a wide range of regularly updated product and style information, from the latest fashions to tips on smart home monitoring. 'Customer service' brings up both FAQs and menus for delivery, product installation, prices and much more. Making service options so clearly available can help smooth the customer journey.

## 2 Get personal and involve shoppers

Personalised products and easily stored preferences can encourage repeat visits and increase customer satisfaction – all attributes that customers love. Photobox has 'myPhotobox' where customers can store their photographs in albums to reuse on mugs, calendars or cards. Zazzle has the similar 'myAlbums' and offers such novel uses as printing photos on tissue paper and dog bowls.

Interflora has 'myReminders' where customers can log significant anniversary and birthday dates to receive timely reminders and gift suggestions by SMS or email. Games Workshop allows shoppers to create a gift list that can be accessed by friends and family in search of ideas. Swatch has its 'Swatch Club' community to encourage serious collectors with special live events (mainly in Switzerland or Germany), competitions, a sticker card to complete and, of course, an annual Club watch to buy.

Interflora's 'myReminders' offers a genuinely useful service that doubles as a sales mechanism

Receive free gift ideas and reminders direct to your inbox and never forget a birthday or special occasion again!

1 Register your details or sign in with your Facebook account.

2 Add the occasion you would like to receive a reminder for.

3 Receive your free reminders via SMS or email.

4 Order the perfect gift from Interflora to make the occasion special.

Image credit: Interflora



### 3 Offer contact options 24/7

Customers are global, live in different time zones and often shop at some very strange times, so those demanding millennials will expect information and support whenever they want, not just during convenient office hours. Otto is one of the few that claims that advice is available “24 hours a day, 365 days a year”. Support can be by live chat, phone, email, Facebook or Twitter, although free online calls using VOIP can only be made between 8am and 6pm.

John Lewis in the UK has its customer service team available from 7am to midnight seven days a week, with its technical support line operating 8am to 9pm (10am to 6pm on Sundays). Queries about its Partnership credit card can be made 24/7.

Other retailers are rather more restrictive though. The Body Shop’s UK telephone help line is only available 8am to 6pm weekdays or 9am to 1pm on Saturdays, with no support on Sundays. Its French site offers support from 10am to 6pm Monday to Friday only, with live chat in the local language appearing to be available a little outside these times. Mango offers local telephone support between 9am and 9pm (8am to 8pm in the UK) on weekdays, with half days on Saturdays. It also has, rather anachronistically, a fax option, plus you can also write to them, but only to the company’s Spanish head office. However, the email contact form does appear to be in the appropriate local language.

Image credit: Otto

### 4 Cater for multinational customers...

Landing on the correct national website is generally automatic since systems recognise the location of a customer’s computer, yet this isn’t always what a shopper wants. What if, for example, they are buying a gift for a friend living overseas, or they’re shopping during a foreign business trip and want delivery to their home address?

Bose has a neat selection page that lists the 46 countries it services, along with the languages in which each national site is available. So one can, for example, click through directly to the Swiss site in German or the Belgian site in French. One disadvantage is that Bose’s click through to change national site is way down at the bottom of the landing page rather than up at the top.

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It’s the same at Massimo Dutti, where an easily missed discrete line saying “Change country and/or language” at the very bottom of the page brings up a pop up menu listing all countries it sells to. Its system obviously has problem with non-roman characters: Россия/Russia and 中国/China appear at the very top of the list with Österreich/Austria and Ελλάδα/Greece at the very end rather than in their alphabetical positions.

ATS Euromaster lists the 18 countries in which it trades also at the foot of the landing page, although clicking through to the relevant national site is thankfully instantaneous, with no need to scroll through lengthy menus or scour dubious alphabetical listings.

Otto makes the bold claim of offering customer advice “24 hours a day, 365 days a year.”

## 5 ...clearly and obviously

Making it quite apparent that users can easily switch to an alternative national site seems an obvious user-friendly tactic. Foot Locker's choice of countries may be rather smaller than many others but for its European shoppers, it does offer an easy click through to change both national site and language at the top of each national website's landing page. Go to [mango.com](http://mango.com) and even before entering the site, a shopper is presented with a list of countries and languages. The company trades in some 31 countries and offers a free local telephone support line in each location. Click on a country where it doesn't have a national site and you're directed to the corporate website for more information.

Next has one of the simplest solutions – a national flag in the header. Click on that and you have a list of the 72 countries it services, complete with language options and, most importantly, the currency accepted in that geography. This allows global customers to shop using their familiar local currency.

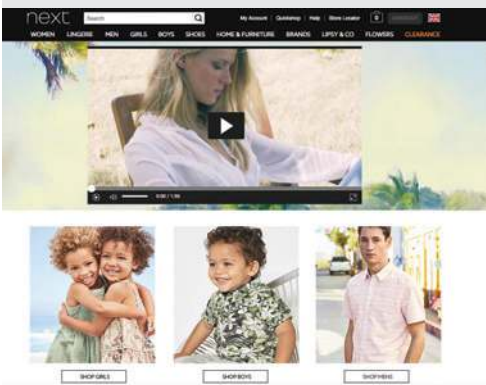


Image credit: Next

Next tears down most barriers to purchasing by being user-friendly to shoppers from any country

## 6 Offer plenty of contact options

Live chat and call centres providing telephone support in local languages are standard for many of the Top500, although customers are starting to expect rather more. Otto is one of the few to personalise its virtual assistant by presenting 'Clara', who is "always happy to help you".

Next details different telephone numbers depending on product category and splits live chat into 'general' and 'home furniture' enquiries, while customers can also request a call back.

Many sites provide the usual raft of social media logos and all encourage shoppers to use these methods for contact or queries. H&M is one of the few that keeps its UK call centre lines open on Sundays and bank holidays (from 9am to 5pm) but it also provides click-throughs on its 'contact us' page for Facebook and Twitter. Its Facebook opening page also very obviously includes the link for contacting 'H&M on Messenger'.

While Lego's contact options are standard – telephone, email or live chat – its contact page includes a distinct graphic that indicates how quickly it's currently answering calls. It also contains a number of links, with attractive illustrations, for both marketing and service options, which make a change from the usual basic text listings of most contact pages.

## 7 Focus on speed

Clearly, website speed depends on such factors as the customer's computer, broadband connection and the complexity of the particular landing page. That said, online shoppers are getting increasingly impatient of slow-to-load pages.

Last year, research from performance measurement company Dynatrace suggested that many people expect pages to load within 3 seconds. In the US, average homepage response times are around 3.9 seconds but because many global servers are based in the US, geographical location can play a part. In Australia, for example, average load times are around 8.2 seconds. According to Dynatrace, connections to social media such as Google, Facebook and Twitter can also slow down loading speeds.

An extra second or two may seem immaterial but it does matter: when US retailer Nordstrom's website response time slowed by just half a second, online sales fell by 11%. The company now strives for a 2.5-second load time. As Gopal Brugalette, Nordstrom's senior applied architect and principal engineer has said: "There's a lot we can't control but if our site goes slow, our sales will drop, which is why we monitor our performance 24/7."

## 8 Ensure relevance

There are few things more frustrating to shoppers than to enter a carefully crafted search term only to be delivered totally inappropriate results. Accurate search results require an understanding of vernacular language in your chosen market, as well as a good search engine capable of producing appropriate results. Search for 'sun dress' on boohoo and four very obvious sun dresses appear along with an optional link to sunglasses, while at Next, the nine strappy sun frocks include one for a child. Yet do the same on Zara and along with a mish-mash of assorted dresses, the mix includes tunics, ear-rings and a couple of toddler's outfits.

Among the Top500 found to be particularly good at search relevance were C&A, Decathlon, Dress-for-Less, eBay, Euronics, Foot Locker, HP, Jack & Jones, La Redoute, Media Markt and Next.

## 9 Let customers contribute reviews...

Not all customers have the time or inclination to post product reviews but many will refer to them when it comes to making buying decisions. For this reason, almost all the Top50 sites in this Dimension encourage customers to leave a review. Obviously, it is important to check reviews for abusive or libellous text, but removing all critical ones reduces the likelihood of shoppers trusting their veracity.

Decathlon rather neatly includes photographs posted by shoppers on the relevant product page along with the reviews, while its format encourages customers to list both positive and negative aspects. It also takes a suitably international approach to reviews listing them all on each of its national websites – regardless of language or originating geography. Decathlon does, however, provide a translate button so that 颜色靓丽 from one Chinese shopper reappears instantly as "beautiful colour".

How long reviews remain visible also needs to be considered. Once they start running into multiple hundreds, one wonders how often the earliest reviews will ever be read.

## 10 ...and ratings

Generally accompanying product reviews are product ratings and the IREU Top500 analysis also assessed websites for this metric. Among those ranked most highly were Adidas, Alza, Apple, The Body Shop, Esprit, Foot Locker, Intersport, Nike, Toys R Us and Zalando. Many list the number of ratings contributing to each score on its product pages and obviously, newer lines and short-life merchandise such as fast fashion have fewer opportunities to collect meaningful rating scores. So a 5/5 rating with “one review” next to it is at least an open and honest report of customer interest and feedback.

Alza adds a little more information by flashing up further performance information such as “Bought by 15 customers this week” or “Currently viewed by 121 customers”, which gives a little more credence to five stars ratings based on two or three reviews.

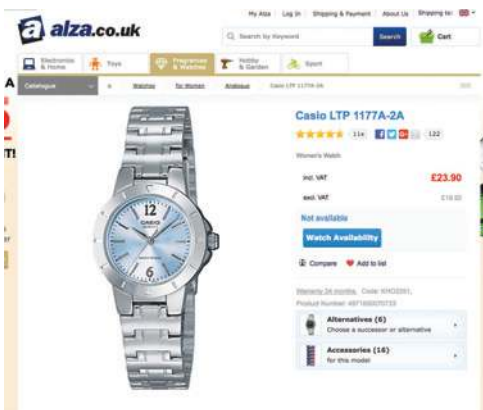


Image credit: Alza

Alza lets shoppers know not just how other customers rated an item but also how many people have viewed each item

## 11 Give them time...

Researchers also rated the Top500 sites for the length of time etailers allowed customers to return unwanted goods. Within the EU, the statutory right to return goods is 14 days from receipt of the items, although many of the leading sites give shoppers much longer.

Decathlon allows shoppers an impressive 365 days from delivery to return unwanted items and Zalando is similarly generous, with 100 days from delivery. Others move closer to the statutory limit. John Lewis – 35 days from delivery, Massimo Dutti – 30 days, H&M – 28 days. Oysho counts its 30 days from the date of placing an order and Burberry its 30 from the shipment date.

Some sites seem to bury such information deeply. Next's ‘Returns policy’ information, for example, tells you how to return goods and which ones you can or cannot return, but makes no mention of a time limit for doing so. Since many shoppers rate ease of return as a key factor when choosing a retailer, making such information fully comprehensive and prominently available would seem a sensible and worthwhile strategy.

## 12 ...at a price?

Returns are a bugbear for all etailers and free returns a significant expense but from some customers’ perspectives, both are essential. Researchers also used free returns policies in order to rate sites. Bon Prix customers can download and print a reply-paid postage label or return goods to a Hermes ParcelShop using a free returns label. The company also provides a downloadable pdf that gives step-by-step instructions on how to cope with a Post Office return, along with a short video explaining how to use the ParcelShop.

Games Workshop makes it even easier to return goods, declaring: “Whatever the reason, you can cancel or return any order to us for a full refund, or exchange it for something else. No quibbles and no funny handshakes required.”

# Machine-powered retail

Retailers are starting to use artificial intelligence to power both customer engagement and service. **Chloe Rigby** looks at some early successes

ARTIFICIAL INTELLIGENCE (AI) is on the brink of going mainstream in retail because it shows real potential in helping traders give their customers better service. As more retailers are investing in developing their own approaches to AI, commerce platform providers are also adding more and more automated decision making and machine learning to their software. The time is right for businesses of any shape and size to look into the potential of this technology.

## AI at work in retail

Retailer Shop Direct is already using AI and machine learning to talk to its customers but has plans to push this further in the next 12 months. Last year, its Very.co.uk brand launched an automated 'Very Assistant' within its mobile iOS app that answers shoppers' customer service questions through a conversational user interface (CUI). Customers can use it to track an order, make a payment, confirm recent payments have been processed, check payment dates and request a reminder of their account number.

The technology, developed in-house with support from IBM Watson, came in response to customer research that found shoppers wanted to engage through a chat-style environment. Group ecommerce director Jonathan Wall says that, "Over 180,000 people have engaged with the chatbot since we launched it late last year. You only need to look at the app review comments to know it's a feature people love.

"It's also given us a huge amount of insight as we enter the next phase of its development. We know, for example, that payment queries is the most popular service option and that, within that, next due date is the most requested query."

The service, he says, saves customers the time of speaking to a sales advisor or browsing an FAQ, while the business benefits from the system's efficiency and insights.

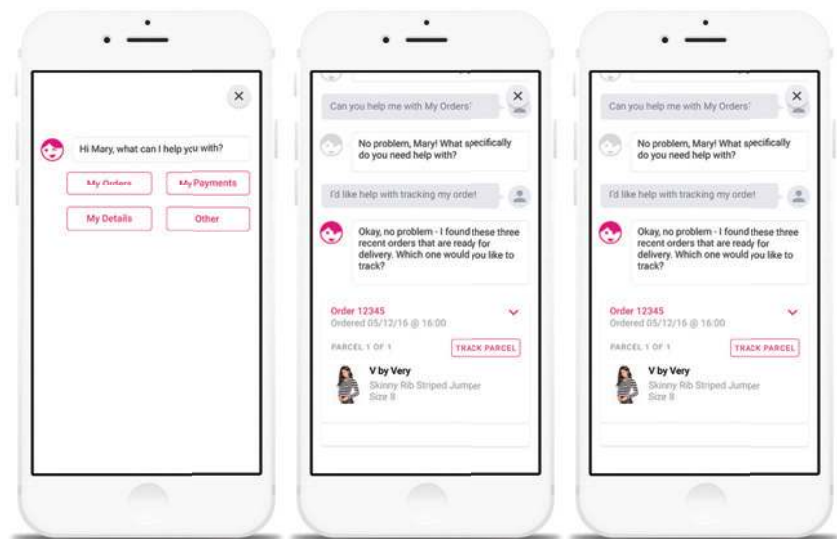


Image credit: Very

In the future, pureplay Very will be using IBM's Watson AI technology to power the Very Assistant. Later this year, customers will be able to ask questions in their own words while the chatbot will offer tailored responses. "Our vision," says Wall, "is to use an AI-powered chatbot for inspiration and sales too. This will give each customer their own personal shopper that gets to know them better every time they interact. It's a long-term goal but one we think is achievable with the right investment and skills."

That might mean using data-powered AI to fully personalise recommendations, with the system picking products it knows the customer will like due to insights gained from browsing habits and previous purchases.

"We think AI-powered chatbots can change retail and allow online to offer everything that stores can do, from customer service to inspiration. ▶

The AI-powered 'Very Assistant' answers customer questions in a human way through a text-like interface

Other brands using AI include Nespresso, which is tapping into chatbot functionality to talk to its shoppers using iAdvize's conversational commerce platform.

The Anglo-Italian Yoox Net-A-Porter group recently gave insights into its approach to AI when it unveiled a new Tech Hub at London's White City. The group has been experimenting with the technology since 2015, and says it has the potential to transform areas such as natural language search, image recognition and styling recommendations. Innovations currently being tested include virtual personal styling – a system that learns what type of clothes combine well and can cross-reference suggestions against customer purchase history. Other features are visual search and natural language search, which reveal results that are relevant to each individual customer's location, size and stock availability.

Neelam Kharay, customer experience analyst marketing specialist at IBM Watson, explained on a recent InternetRetailing/IBM Watson webinar how German fashion and homewares retailer Ernsting's Family had used IBM Customer Experience Analytics to organise its up-till-then fragmented data in order to better understand their customers. Kharay said: "With customer experience analytics, Ernsting's Family was able to better use behavioural patterns, insights on customer habits and preferences to build segments and personas that helped them not only understand their customers but also personalise their marketing efforts.

"They are working towards building a single customer view for each individual customer that encompasses all touchpoints across all channels. With that they will be able to optimise each campaign, which will generate more efficient ROIs and automate measurement performance."

Meanwhile, the recent IREU Top500 Performance Dimension Report on Operations & Logistics focused on how German company the Otto Group is using AI to streamline its supply chain and cut delivery times, using Blue Yonder technology to map future customer demand and automate replenishment in response.

These retailers are all early adopters of AI. As Shop Direct's Wall says, "We've worked hard to be one of the leaders in this space and we intend to remain at the forefront."

### **Moving the mainstream**

Now that AI is becoming more easily available to retailers of all sizes, marketing platform providers are responding by adding AI and machine-learning functionality to more of their products. Among them is Salesforce Commerce Cloud, which has added new Einstein-branded innovations to improve, among other things, the retailer's view of the customer in a mobile-first environment. It generates merchandising, product recommendations and joined-up order management that can connect the shopper at the location where it is most cost-effective.

Jamie Merrick, head of industry insights at Salesforce Commerce Cloud, says, "If you have that single view of the customer, you can see what they've previously bought and been browsing, which gives you the opportunity to give them what they want by making the experience more personal. AI can surface recommendations to help the in-store associate give more. In certain circumstances, you could see that staff could use mobile devices to talk to customers as they browse the shelves.

"Then, if you don't have what they want in that store, you can find it for them and arrange delivery options, all from a single system. You're putting some sales power back into the hands of the store associates."

**Raj Balasundaram of Emarsys advocates AI to bring speed, scale and efficiency to retail**

Image credit: Emarsys



Meanwhile Emarsys has released AI-powered marketing software with modules focused on automation, insights, prediction and smart content. Practical applications include enabling retailers to understand what offer would best help their customers convert, or at what time email campaigns should be sent.

“If you had to match each customer to the right offer it would be impossible to do manually,” says Raj Balasundaram, global head of solution consultants at Emarsys. “It would be too huge, so that’s where the machines come in. AI is a way of matching patterns, solving problems and putting the right offer in front of customers. It’s one way our customers have seen a huge difference.”


He says that AI also makes a difference when it makes things available to consumers at speed. “AI helps to understand the customer’s aims, their interaction patterns and the channels that are more likely to satisfy customers’ needs, whether that’s email or via mobile. It’s serving the customer in the way they want to be served.”

Emarsys customer action sports retailer FreestyleXtreme is one of the medium-sized traders now able to use AI in its day-to-day operations. The retailer was founded from a garden shed in 2003 and now serves 0.5m customers in 60 markets, including 14 in Europe. FreestyleXtreme builds individual customer profiles based on their preferences and previous omnichannel interaction. It

takes staff just two hours to send emails to its entire customer base in 14 languages, down from two days previously. As a result of using Emarsys’ Predict Web recommendations, its website revenues have increased by 8%, with the software directly contributing to 4.2% of total revenues.

Shaun Loughlin, managing director of FreestyleXtreme, says the software has helped the business to personalise customer communications through local language emails, while ensuring that the home page is relevant to each customer. “It’s clearly working,” he says. “Not only are we helping more people get into the sports and lifestyle scenes that we’re passionate about, but we’re also directly increasing revenue as a result of the personalisation at scale that Emarsys has helped us achieve.”

Webgains is one of the first affiliate marketing businesses to partner with IBM and its AI-powered Watson capabilities. Chief executive Richard Dennys looks forward to a time when AI will enable retailers to become more efficient, while improving front-line customer service. He expects that take-up will be fast, with significant implications.

“Soon, everyone will be clamouring to enter the AI space and this will present a new challenge for businesses as they race to upskill and train their staff. It is important to remember that the technology is only as good as the people behind it.” 

# The need for speed

People hate to wait, which makes **Jonathan Wright** wonder why more retailers don't focus in on website performance

WHILE CULTURAL DIFFERENCES will always exist across European territories, certain ideas defy borders. Chief among these is the idea that customers hate to wait. Time and time again, surveys and research suggest that we don't like to wait more than a couple of seconds for digital services to load. Even tiny improvements, measured in fractions of seconds, will make our initial responses to a website far more positive.

For this reason, when we came to select metrics for The Customer Dimension, we included web performance measures among the key indicators of performance. If the idea of fast page-loading times being desirable seems obvious, that's because it's fundamental to multichannel success. If retailers can't get this right, it undermines other efforts to engage customers through advertising, merchandising and marketing.

## What the Top500 do

In order to measure speed, we worked with InternetRetailing Knowledge Partner NCC Group to test how quickly the landing pages of Top500 retailers loaded. The company's Speed Index brings together metrics that include the time each site took to be fully loaded and visually complete. It also includes metrics such as time to first byte, when the first page begins to be downloaded; when the page starts and finishes rendering; and the number of web requests needed to complete the page.

While this is an area that changes rapidly – although not always for the better considering that, according to Soasta research, the average web page surpassed 2MB in 2015, a figure that had doubled from three years previously – we found that Top500 retail

websites fully loaded in an average of 7.7 seconds, becoming visually complete in an average of 8.7 seconds. Time to first byte was achieved in an average of 0.4 seconds, while rendering started in an average of 3.2 seconds.

Breaking that down by territory, retailers trading in Norway, the Netherlands and Denmark performed most strongly in the Speed Index. Those selling in Belgium, the Netherlands and Denmark had sites that were, on average, fastest to visual completion. Belgian Top500 websites had the fewest number of web requests, an average of 107, compared to a Top500 average of 126.

## What leading retailers do

While this falls outside the scope of our research, it's nonetheless intriguing to consider why some websites aimed at particular territories outperformed those aimed at countries close by in geographic terms. It may be in part down to competition, in that we're surprisingly sensitive to delays.

As Jakob Nielsen pointed out when writing about usability as long ago as 1993: if there's a delay of any longer than 0.1 seconds, we won't think a system is reacting instantaneously. It may be that even the tiniest time lapses get punished by clicking away where consumers are used to better performance, something we may need to look at in more detail in future research.

It's also noticeable that many of the retailers that performed best in this

A fast site is not the same as a 'good' site but fast sites are a critical component of holistic customer experience



Dimension overall had the fastest page-load times. Apparel retailer Next, for example, doesn't just feature in the Top50 for this Dimension because it enables the use of local currencies, supports 11 European languages and has an exemplary call centre operation supporting customers 24/7 across territories. It's because its local sites are fast. Next's country-specific websites loaded in an average of 2.7 seconds, 183% faster than the average load time for Top500 retailers.

Similarly, homeware retailer IKEA operates 26 country-specific websites in 21 European languages, sites that scored well on softer metrics such as user-friendly design. Again, though, they were also fast. Its UK website had a full page loading time of 3.8 seconds, while its Romanian and Lithuanian landing pages rendered in less than 2 seconds.

These figures may be partly explained by both Next and IKEA operating at scale across borders. Perhaps if the idea of selling at volume is integral to a company's DNA, focusing on every efficiency comes naturally. Since their margins are lower than retailers that trade in higher-value goods, maybe fast-loading websites are a no-brainer.

### In conclusion

None of this should be taken as an argument that speedy websites are enough in themselves. As we've explored throughout this Dimension Report, retail offerings are increasingly being built around customers.

A fast site is not the same as a 'good' site but fast sites are a critical component of holistic customer experience, especially with mobile browsing the dominant ecommerce channel for the majority of retailers.

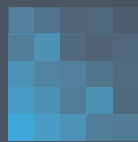
In this context, it may be that a fast and efficient site is evidence of a retailer focusing on customers and their needs, understanding that even the smallest delays cause irritation. In an era when page sizes are on the up and when retailers surprisingly still often fail to resize images for mobile, it may be that the Speed Index is especially revealing for the way it shows how some retailers are taking care of basics while others most definitely are not. 🇧🇪

## Desktop website performance of the Top500 and Top100



Metric

Data start



Render start



Domain load



Visually complete



Download duration



Page size

Top100 Median	0.09ms	1.6s	2.27s	6.78s	8.60s	2.5MB
Top500 Median	0.16ms	2.59s	3.41s	11.46s	11.66s	3.4MB

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# Conclusion


A SHIFT HAS taken place in European retail. For years, the idea of a single view of the customer was something of a standing gag within the industry, the point being that aspiration and reality were so far apart that retailers would forever be chasing an idea that would never quite come into focus.

Until now, that is. One of the most revealing things about our emerging practice feature on artificial intelligence is that, even five years ago, it might have seemed to be describing a world only seen in near-future airport thrillers. Now, as big data analytics get more and more sophisticated, it really is becoming possible to follow the trails customers leave as they access digital services, and to use this information to serve them better, even to make smart recommendations for items and services customers themselves don't know they want to buy.

There it is... retail nirvana. Except nothing is ever that simple. As technologies related to AI, analytics and big data come down in cost, more and more retailers will begin to use them. A process of levelling up will begin and today's innovative practice will become routine, expected.

So how should retailers go about staying ahead? One answer is that even as companies start to focus on creating data-driven, personalised offerings, retail professionals nevertheless need to be thinking about what comes next. Once you have rich data about customers, for instance, can you design new kinds of service around this information? Already, various competitors have entered the men's grooming market, delivering razors and shaving products via a subscription model.

What about devices that make the most of the Internet of Things (IoT)? How might these change the way we shop? Nobody is too sure yet but it may be that IoT-enabled devices will order more functional purposes automatically – a washing machine reordering its own detergent, for example. Perhaps we will use the time we save with such advances to go shopping for fun and increasingly view shopping as entertainment.

The wider point is that finally getting a single view of the customer doesn't just solve a longstanding problem for retailers, it poses a whole new set of challenges. Still, look at it this way, it will certainly be exciting to see what's next. 



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