



DIXONS CARPHONE: USING TECH TO SELL IN STORE

Stuart Ramage, Ecommerce Director, Dixons Carphone,
on the roll out of iPads for store staff

INSIDE OUR 'OMNICHANNEL' EDITION:

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Editor's comment



At one end of this issue of Internet Retailing magazine is the news of the demise of House of Fraser, its resurrection and the reverberations being felt by suppliers to the once 59-strong department store chain. Some 627 jobs are at risk at warehouses operated by XPO on behalf of the retailer while Mulberry has issued a profit warning because it couldn't be sure that House of Fraser would meet its obligations.

Further into the issue, Rob Bridle, Logistics Director at Schuh, gives readers an inside view of the company's logistics operations. The thriving shoe retailer is a leader in InternetRetailing's Top500 Operations & Logistics Dimension as well as being a Leading Retailer in the overall UK rankings. He explains that the retailer fulfils orders direct to customers from two distribution centres in Scotland, another in the Midlands and 133 stores that are used as mini fulfilment centres. In fact, 50% of all orders are fulfilled from store stock.

As Craig Summers, UK Managing Director, Manhattan Associates, says in his guest article for InternetRetailing: "An effective omnichannel strategy is not just about the front-end experience for the consumer; it's about the seamless back-end processes that retailers use to navigate inventory, customers and returns through the entire infrastructure."

It is these back-end processes that continue to be invested in at Schuh since "ensuring resources are in place to support the company's future growth aspirations," is one of the core goals for Bridle's logistics team. Providing a great service to all of its logistics customers and finding ways to add value by doing things better, more

efficiently or more cost effectively are the other two.

There are many retailers though between the extremes of House of Fraser and Schuh. As we investigate omnichannel, whether it can be profitable, sustainable or just a continuous journey, articles focus on different aspects of retail's bid to be a channel-neutral industry and the challenges that lie ahead.

The second Grimsey Report joins retailers in calling for the government to "accept that there is no confidence in business rates" and calls for it to be replaced with a tax based on land, area or property value or for a sales tax to be introduced instead.

The government meanwhile, under High Streets Minister Jake Berry MP, has set up a panel of experts to diagnose issues currently affecting the health of the high street and advise on the best practical measures to help them thrive now and in the future.

Along with the issue of taxation, technology and how it is being combined with skilled staff, is investigated in this issue of InternetRetailing too. Dixons Carphone is rolling out up to 8 iPad minis per store for staff to use when interacting with customers. The iPads hold a cut-down version of the Currys PC World consumer-facing website giving staff access to aids including product comparisons and buyers' guides.

Stuart Ramage, Ecommerce Director, Dixons Carphone, spoke to me about how the application was tested across 50 stores and the learning the company has gone through along the way to deployment across its estate of 340 stores. He explained that there is a wealth of information out there about the products and the services that Currys PC World offers, so consolidating that


into a device made perfect sense.

It became apparent during trials that access to the full website wasn't the best option. Feedback from staff was that it wasn't as much of an aid as the digital team was expecting and take-up and engagement was also below what they anticipated.

"The website was built for non-assisted consumer interaction. But when you had colleagues there, who are able to assist with their own knowledge and their training alongside the information we have on the website, those two things were quite powerful. What was getting in the way was effectively the rest of the website," he said.

Bringing together technology and staff, whether in the store environment, the warehouse or areas of head office can lead to powerful improvements in the customer experience as well as efficiencies and cost saving. AI is one technology increasingly being invested in by retailers, but it is the mobile phone that is having the biggest impact in the consumers' view. Paul Skeldon, InternetRetailing's Mobile Editor, investigates how it continues to change shopper behaviours across channels as they point, discover and experience retail.

We may be at the beginning of the Fourth Industrial Revolution but retailers have access to many levers that will control how they navigate the changes ahead and these will dictate what the high street looks like in the future.

Omnichannel and more will be discussed at the upcoming InternetRetailing Conference. I look forward to meeting readers in London on 11 October. 

Emma Herrod
Editor



Chloe Rigby highlights recent industry changes but to keep up to date with the news and her insight between issues visit www.internetretailing.net

HOUSE OF FRASER REVERBERATIONS

Sports Direct agreed a deal to rescue House of Fraser's shop on Oxford Street just over a week after acquiring the struggling chain. However, the House of Fraser website has been taken offline due to a dispute with the warehouse operator.

XPO Logistics is claiming more than £30m is due in unpaid debts. It also says that 627 jobs are at risk at two warehouses it operates for House of Fraser in Milton Keynes and Wellingborough.

The deal for the Oxford Street store will allow the department store to remain on one of London's key high streets, as the store had been set to close under the terms of the CVA announced in June 2018.

Sports Direct bought House of Fraser out of administration for £90m on 10 August, with owner Mike Ashley committed to saving 47 of 59 House of Fraser stores.

James Keany, head of national agency at landlord CBRE, said: "This deal only happened because all parties realised it was better to keep the store open and fully

operational. It was a real case of landlord and tenant genuinely working together and at great speed. Everyone was sensible about the terms of the transaction."

The news follows Mulberry, which operates 21 concessions at House of Fraser stores, announcing it expected exceptional costs including restructuring of £3m in the six months to the end of September.

George Lawrie, principal analyst at Forrester said: "Mulberry directors issued the profit warning because they couldn't be sure that House of Fraser would meet its obligations. In the long run, however, the outlook is rosy for brands that connect directly to loyal consumers.

"In the past, luxury brands relied on department stores to act as a showroom for their merchandise, but empowered customers value the expert help of department stores less. They instead frequently visit manufacturer or brand websites more than that of the retailer when conducting research or building their wish list. In fact, successful luxury brands that are most diligent are chasing digitally savvy consumers."

NEW LOOK FOR DEBENHAMS

Debenhams has added store upgrades and a new brand identity – billed as a new look for Autumn 18 – to work to improve the online shopping experience in its Debenhams Redesigned strategy. The new look is a way "to signify overtly to customers that Debenhams is changing and give them more reasons to come in store," said Debenhams' Chief Executive Sergio Bucher.

The department store, a Leading retailer in IRUK Top500 research, says its new look is the next phase in a transformation that aims to change the way shoppers think about Debenhams. It follows a revamp of the online business and a partnership with Mobify which has seen shopper journeys reduce by half and conversion rates improve by 20%.

The new brand will be used online and across social channels before being introduced into stores as they are upgraded or opened. It is being highlighted in an autumn ad campaign with a 'do a bit of Debenhams' theme.

Improvements at stores in Reading, Cambridge, Leicester and Sheffield's Meadowhall have seen space remodelled in a way that Debenhams says showcases products and improves the customer experience. Fashion is displayed by genre and by 'new in this week', while there are new approaches to merchandising for lingerie, jewellery and watches. At Meadowhall, the redesigned beauty department now occupies a third more space and a fifth of the area is operated directly by Debenhams. At Reading and Leicester elements of the beauty hall redesign have been introduced in order to encourage customers to browse and discover new ranges.

MILESTONE FOR LAURA ASHLEY

A quarter of Laura Ashley's revenue now comes from online. The fashion-to-homewares business, a Top100 retailer in IRUK Top500 research, said that online revenue of £59.7m in the year to June 30 represented 25% of total revenues of £257.3m, down from £277m a year earlier as eight stores closed. Ecommerce sales grew by 4.1% on a like-for-like basis – while total like-for-like retail sales fell by 0.4%. Pre-tax profits, before one-off costs, came in at £5.6m – but after one-off costs related to store closures and property, pre-tax profits stood at £0.1m, down from £6.3m a year earlier.

Chairman Dr Khoo Kay Peng said continued margin pressure and the impact of a changing retail landscape had contributed to the fall in profits.

"We are, however, encouraged by the progress and continued growth being made by our online business and will be launching a new digital platform in the weeks to come. We are also pleased with the 9.7% like-for-like growth of our fashion business in what is an extremely competitive sector."

Laura Ashley sells online and through 160 UK stores, as of June 30. Over the coming year it plans to close five stores and open two new ones. During the year, 34% of sales were from home accessories, 29% from furniture, 20% from decorating and 17% from fashion.

In international markets, it said its Chinese digital platforms continued to grow, and that it had signed a new licensing partner in Thailand.

HIGHS & LOWS OF AMAZON PRIME DAY

Prime members made more than 100 million purchases in Amazon's 36-hour shopping Prime Day event – despite reported outages and strikes. Together they spent £766m (\$1bn) with Amazon itself and with Amazon sellers around the world.

According to Amazon's own figures, Prime Day saw a "record number" of Prime members across 17 countries including first-time subscribers in Australia, Singapore, the Netherlands and Luxembourg buying worldwide bestsellers including Fire TV Stick, Alexa Voice Remote and Echo Dot. The second day saw the biggest sales for smart-home devices in Amazon's history, with over a million devices sold. Its inaugural Whole Food Market Prime Day deals saw strawberries becoming the biggest seller.

Best-selling categories included toys, beauty, PCs and computer accessories as well as apparel and kitchen products.

In the week leading up to Prime Day, millions of customers streamed the Unboxing Prime Day. Amazon Music hosted a concert featuring Ariana Grande, PUBG Squad Showdown hosted by Twitch Prime, with customers in London, Tokyo and Milan joining a live celebration.

Beyond Amazon, UK retailers showed a 13% uplift in sales across high-performing computing and high-tech products, with sales surging by 22% during Prime Day and browsing 17% ahead, according to data from Criteo. World Cup fever helped boost a 17% jump in sports sales.

But, Prime Day, which was initially created four years ago as "a one-day shopping event with more deals than Black Friday," was marred by reports of employee strikes and outages. The site crashed after the sale launched with Lovethesales.com saying that this would have been an embarrassing and costly start to Prime Day, costing Amazon as much as £195m in lost UK sales.

John Gillan, Managing Director for the UK and Northern Europe at Criteo said: "A technical glitch saw Amazon's servers crash under the volume of shoppers and is likely to have caused some bargain hunters to look elsewhere for deals. But regardless of the cause, it's clear that yet again this year non-Amazon retailers benefit from Amazon Prime Day. My advice to those retailers now is to continue to deliver an exceptional shopping experience across all channels."

GAME, BELONG & SPORTS DIRECT

Game Digital has emphasised the importance of customer experiences in its retail business with news of the first two Belong gaming arenas to be developed through its partnership with Sports Direct.

Game and Sports Direct opened their first new joint Belong arena on August 17, a site with space for around 50 people to play the latest games on the latest hardware, at Westfield Stratford. A second at Lakeside Thurrock opens in September with around 25 spaces. These arenas are bigger than previous arena, which could accommodate an average of 19 gamers, and so, says Game, represent "a significant step forward in our optimisation and expansion of the Belong business".

Game's strategy chimes with a wider trend of giving customers experiences alongside retail products that has been seen at retailers from Evans Cycles, through organised cycle rides, to John Lewis, with a concierge-style approach to department store retailing.

Game Digital, a Top50 retailer in IRUK Top500 research, said in a year-end trading update that it expected its revenue to be slightly down in its 2018 full financial year, at around £780m, down from £782.9m last year. During the year, it said, it had seen strong but less profitable sales of new digital and hardware products but experienced "continued challenges" in its pre-owned business.

Game's strategy has also focused on reducing the costs of its store estate through lease renegotiations and a reorganisation of the head office and distribution centre staff.

HOMEBASE TO CLOSE STORES

Homebase has announced plans to close 42 stores over the next 16 months, putting 1,500 jobs at risk as part of a CVA plan.

The move marks another eddy in a turbulent few years for Homebase and these latest closures are a subsequent measure to revive the struggling DIY retailer after it was bought for £1 in May by restructuring company Hilco.

While Homebase appears to be yet another High Street store in trouble because of the web, it is slightly different. Back in 2016, Homebase was thriving, reporting sale growth of 6.8% and operating profit of 10.7% in its financial year ending February 2016. At that point, however, it was bought by Australian DIY chain Wesfarmers, owners of the Bunnings Warehouse chain down under.

Wesfarmers, however, totally misread the UK DIY market, rebranding many Homebase stores as Bunnings and changing them from increasingly focussing on homewares and DIY to attract more female and family 'day out' shoppers to hardcore, Screwfix obsessed heavy DIY-ers.

The plan failed. This year, its sales declined to 4.8% on the like-for-like (LFL) basis, and Wesfarmer gave up and sold the chain for a £1.

Emily Stella, Lead Analysts at Global Data comments: "New Homebase owner Hilco plans to rebrand all 24 Bunnings stores back to Homebase by autumn 2018, reduce the estate to around 200 stores. Hilco has had success in failing businesses in difficult sectors, HMV being a prime example, but Homebase needs to claw back those female shoppers it worked so hard to capture to differentiate itself."



Read more of *Paul Skeldon's* insight into the fast changing mobile channel and keep up to date with the significant news at www.internetretailing.net

SAINSBURY'S TRIALS SCAN & GO

Sainsbury's has joined a growing list of supermarkets trialling scan and go technology to remove the checkout from the shopping journey.

Using the Sainsbury's SmartShop app, shoppers at Sainsbury's Clapham North Station store in South London can now scan the goods they want and leave, paying for what they have scanned via Apple Pay in the app.

Customers can already use SmartShop in 68 Sainsbury's supermarkets, but the 'scan, pay & go' trial in Clapham takes this technology to the next level, says the retailer. Instead of paying for your shopping at a designated till point, Clapham customers can pay for their basket even faster and from anywhere in the store.

SmartShop is growing in popularity with Sainsbury's customers – there are over 100,000 SmartShop transactions and between 3,000 and 4,000 new customer registrations every week.

The move sees Sainsbury's join Tesco, Co-op, Budgens, Walmart and, of course Amazon – to name just a few – in

offering scan and go technology as part of the move to revamp stores and the store experience.

Sainsbury's Group Chief Digital Officer, Clodagh Moriarty, explains why it has followed suit: "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. The latest version of SmartShop, with its new payment feature, will make it super quick for customers to get in and out of the store for those that want to scan, pay and go."

However, the jury is still out as to whether all shoppers really want to use this sort of technology. As part of its trial, Tesco has been looking at what shoppers think of the tech, with Tesco Chief Executive, Dave Lewis commenting: "If the margin is 2-3%, you don't need to lose very much to make it unprofitable."

MOBILISING EE

Network operator EE has launched an exclusive superfast smartphone delivery and set up service in partnership with tech experts Enjoy. The move forms part of EE's ambition to provide the UK's best and most personal, local service for customers.

Available initially in greater London, the new service gives new and upgrading EE pay monthly mobile customers the ability to order their new smartphone and receive it as quickly as two-hours later the same day, with a personalised set up experience so they can get the most out of it straight away.

Available on a select range of the latest flagship smartphones when ordered through the EE online shop, customers just need to select the free 'superfast delivery with expert set-up' option at the online checkout. Customers can then simply choose the most convenient appointment date and time that suits them and add a delivery address anywhere in greater London.

For customers who require help setting up a new device, and even connecting it to their car or smart home products, EE's delivery experts will then also be on hand to get them set up quickly.

Marc Allera, CEO at EE, explains: "Although we're a nation of gadget lovers, many people just don't have the time to learn about or set up the latest features on their new smartphone. With our new superfast, super-flexible and personal delivery service, complete with on-the-spot expert set-up with our partners Enjoy, our customers will get the best smartphone delivery experience in the UK. We want to make getting set up on your new phone just that little bit easier."

Ron Johnson, Co-Founder and CEO, Enjoy, adds: "We understand how important it is to get up and running with your smartphone, and as quickly as possible, so we are thrilled to partner with EE and extend our superfast personal delivery to EE customers in the UK".

APPS FUELLING STRESS

More than a half (65%) of UK shoppers say that unhelpful product recommendation on mobile apps make them feel stressed, according to research conducted by Clicktale.

The new study found that 15% of the surveyed UK shoppers say that they have "lost their temper" when shopping via a smartphone, with 75% feeling "agitated" when a mobile app freezes. Some 80% say that slow loading times is a significant contributor to their negative mobile experiences.

The research also suggests that customers' stress levels rise as they navigate through a site, reaching a tipping point during the checkout process. In reporting the most nerve-racking digital experiences, 85% of the polled shoppers feel "stressed" when a voucher code fails at a checkout. At the same time, 12% report feeling stressed and 10% experience "high levels" of stress when merely shopping online.

When it comes to unpleasant in-store experiences, 83% feel "annoyed" by shop assistants and 79% are "stressed out" by them making recommendations for products they would never buy.

Geoff Galat, CMO of Clicktale says: "Now, we are seeing evidence that ecommerce sites and apps are actually making consumers more, rather than less, stressed. To fix this, retailers and brands need to work much harder to pick up on and address the 'micro-stressors' throughout their sites and apps – ensuring that consumers have a stress-free shopping experience and are kept in a positive buying mindset. It's long been assumed that, because consumers are able to shop from the comfort of their homes, the stressful elements of the shopping experience have been removed. Clearly, this isn't the case."

He concludes: "Even seemingly insignificant stimuli can have a strong impact on customer emotions, especially when it comes to irritation over poor page layouts and slow search speeds."



Image: Spencer Cartwright Photography for InternetRetailing

▲ Stuart Ramage, Ecommerce Director, Dixons Carphone

Dixons Carphone: Using technology to sell technology in store

Stuart Ramage, Ecommerce Director, Dixons Carphone, speaks to Emma Herrod about digital developments and the in-store-rollout of iPads for staff.

Staff across the Currys PC World store estate are being issued with tablets to help them assist customers with researching products in store. The tablets give staff access to a cut-down version of the retailer's consumer-facing website with functionality that will help them when talking to customers.

Similar technology is already in use in Carphone Warehouse stores enabling staff to access a guided journey for customers. Learnings from this installation have been fed back into the Currys PC World project.

Stuart Ramage, Ecommerce Director, Dixons Carphone, explains that the trial phase of the project has already

shown that customers appreciate interacting with staff who have access to digital assets since it has doubled NPS in participating stores. Anecdotal feedback from those involved in the trial reveals that customers believe they're getting a better quality of service when interacting with staff using a tablet because they regard it as a genuine interaction. Staff are able to use product comparisons and reference buyers' guides to aid customers in deciding which product to buy.

Use of these tablets is expected to help staff make more sales, too, since they can order products via the devices for store delivery and satisfy customers in a way that the retailer has been unable to up until now. "We know when customers are coming into store they are showing high intent to buy. They are highly tuned into a buying mission," says Ramage. Consequently, being able to make a sale even when the item isn't available in the store is expected to increase customer satisfaction as well as sales.

The project started in February this year with tablets being issued to members of staff in a number of stores that gave them access to the full consumer-facing website. "There is a wealth of information out there about the products and the services we offer, so consolidating that into a device made perfect sense," says Ramage.

It became apparent, though, that access to the full website wasn't the best option. Feedback from staff was that it wasn't as much of an aid as the digital team was expecting and take-up and engagement was also below what they anticipated.

"The website was built for non-assisted consumer interaction. But when you had colleagues there, who are able to assist with their own knowledge and their training alongside the information we have on the website, those two things were quite powerful. What was getting in the way was effectively the rest of the website," explains Ramage.

What was needed was a pared-down version of the website more suited to how colleagues work in store. Four stores of differing sizes and levels of footfall were chosen and staff from these stores nominated to help build a new application, sharing some of the challenges they had and how a digital device could help them deliver a high-quality service to customers in store.

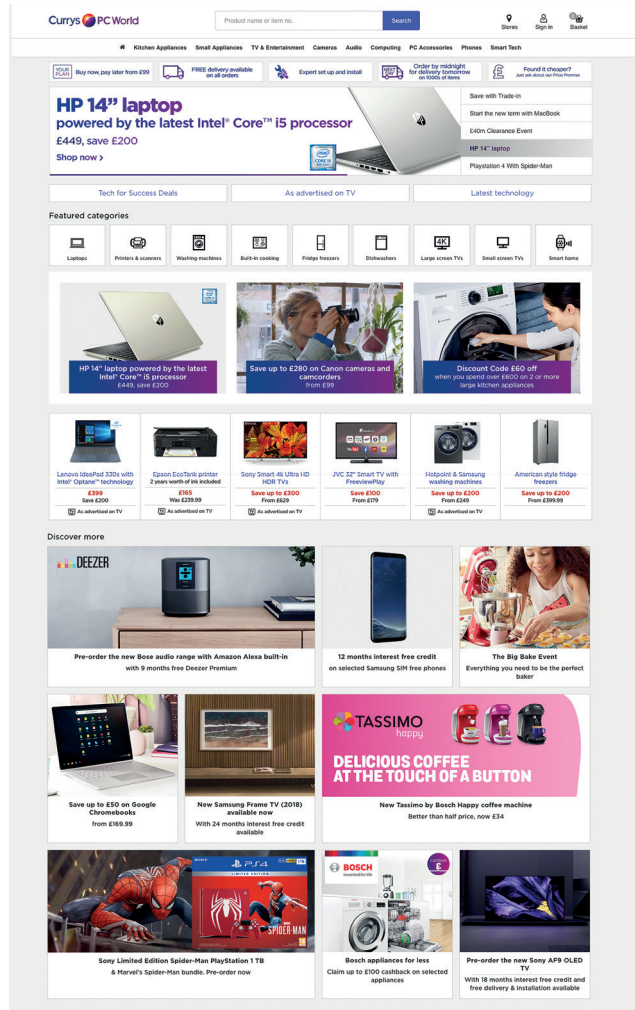
The development team, therefore, went back to basics, almost building a whole new version of the website from scratch using the things that colleagues found really powerful when interacting with customers in store.

"It wasn't a complex build in the end because we restructured some of the data that powers the website and changed the user interface. It has less content and really focuses on the things that will make a difference to the customer," says Ramage.

LEARNINGS

He says staff feedback was invaluable, adding that "they couldn't have done it without the colleagues in store". He believes that, in hindsight, it would have been better to consult with staff at the start of the project rather than

For consumers:



For store staff:

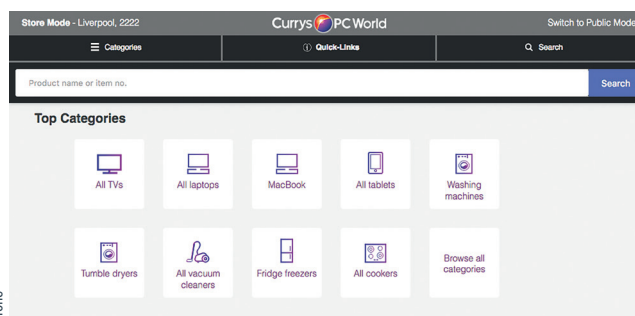


Image: Dixons Carphone

▲ The store mode website has less content than the customer-facing site and focuses on the things that make a difference to the store colleague/customer interaction

after the tablets had been issued in store. This, he adds, formed the core of the main learning from project: "We would have done this a lot faster if we'd put colleagues and the customer at the heart of what we were trying to achieve at the start."



Image: Divonts Carphone

▲ Tablets with a store version of the website will help staff when talking about products with customers

Ramage thinks that putting the website into colleagues' hands was a good idea, but "putting it into proof of concept without really understanding how colleagues are going to use it in front of customers probably put us back a little bit". He adds that he doesn't think that they'd have known without rolling out a certain number that the build had to be colleague-centric.

"Having put the initial rollout into those 50 stores and seen the relatively low engagement triggered the conversation to partner with a number of stores to really get under the skin of why they weren't using what we thought was a great opportunity, which is a fantastic website on a device for colleagues," he says. "We got a raft of feedback. It seems quite simple when you look back, but having sat down with colleagues and spent time with them understanding more from a digital perspective how they operate in stores has been the thing that has accelerated the project."

The project has proven the strength of combining two channels. "It shows that we have two fantastic assets and we are starting to unlock the value across the two," Ramage says. "There's magic when you can get the two powerful channels working together."

The store tablets are now at their fourth drop of the application having progressed from a minimally viable product at the beginning of the summer and going through a number of iterations as it was refined by the agile development squad using staff feedback. Tablets have

been gradually issued to a number of staff in 50 stores and they will be rolled out across the full estate of 340 Currys PC World stores by the third week of September. Initially, each store will get about 7 or 8 but eventually more may be issued so each member of staff has one.

The staff-centric site means that staff can quickly and easily interact with customers, showing them product details and accessing reviews, pricing and product comparisons, delivery availability, videos, stock levels in their own store and at other locations, credit calculators, services on offer and buyers' guides. Ramage explains that helping customers compare products using the product comparison tool on a tablet is much easier and clearer for everyone involved than for a store colleague to try and explain every small difference on their own.

The tablets use the same assets and data feeds as the main website, so functionality can be switched on and off easily to work in store as well as on the main website meaning staff can use the same data in store.

Customers can curate a shortlist or wish list of products on the website and save it under their account details. In future, this functionality will be accessible via store tablets enabling staff to view the list with a customer or compile one with them in store and email it to them so that they can review the products at a later stage.

"It starts to get to the pause and resume journey," says Ramage, since it's known that customers spend time researching products on the website before going into a store.

“Connecting those two things is quite difficult, particularly when the colleague is not knowledgeable about what the customer has done before. In many cases, the customer may need to go back to the beginning of their journey having spent many weeks researching, so if we can facilitate both the customer and the colleague in that situation we will be onto something quite special.”

He also believes the use of the tablets will change from being an assisted, information-led journey for the consumer and the colleague to a transactional conversation, so removing one of the friction points in store. The upgraded tablets will enable the same member of staff to take payment once the customer has made their purchasing decision. Currently, the customer has to be taken to a fixed till in store to carry out the transaction and be served by a different member of staff. A trial will take place before Christmas, according to Ramage.

“ We feel like we’re onto something that connects even more of our channels together by using this great digital asset that we have in the website and the technology we sell ”

The member of staff will also be able to take a customer’s order at the shelf edge for items that aren’t available in the store, making the journey quicker and more seamless since they won’t have to move to using the full website on a fixed PC in the store, as is the situation currently. “We know that customers want to be able to place an order in store if the item they are looking for isn’t available.” It also means that the customer can make their decision in store and then have their order delivered to their home, possibly with installation, too, if required.

Ramage says it is “unlikely” that further customer data will be incorporated into the store application.

The hardware being utilised has also changed with iPad minis being chosen for the full rollout. Ramage explains that they picked these due to the speed to market, the ability to update the software, Apple’s strong retail support and the security aspects of both the hardware and software which will provide a gateway to a transactional experience. “From an information security perspective, iOS and the Apple device are up there with best in class,” he says.

“The level of flexibility they gave us when we wanted to upgrade the software with updates we felt we wanted to keep the squad, the product team, running for an extended period of time and the ability to deliver those updates through Apple support is what swung it at the end of the day.”

BEYOND THE STORES

Ramage also explains how the same digital approach can be taken in other parts of the business, including the

WHY NO MOBILE APP?

Both InternetRetailing and new Dixons Carphone CEO Alex Baldock (previously CEO at pureplay Shop Direct) asked Ramage why there is no mobile app for Currys PC World.

The main reason, explains Ramage, is how often consumers interact with the business. “The discoverability and the usability of an app need to be pretty high,” he says. “You rarely get consumers with a retail app on their phone unless they are transacting weekly or monthly and that simply isn’t the case with us because of the nature of the products we sell.”

Dixons Carphone is working on initiatives such as range extension, content and features that would add value, such as the AR app.

The increasing breadth of the product portfolio into smart technologies which are smaller, low cost and more frequently purchased could change things, as could the increasing mix of services and credit facilities (which people interact with more frequently). He does add, though, that with customers wanting advice, services, guidance, FAQs, content, price comparison and product comparison an app “would really start now to make sense”, and it is something that the development team continues to discuss.

He adds that a Progressive Web App (PWA) could be “the route we go down” rather than building a separate app, with a PWA or native app launched “inside the next 12-18 months”.

contact centre and deliveries. The contact centre uses the full consumer-facing website when talking with customers so there is an opportunity to build a site specifically for it. The delivery drivers and installers visit 4 million customers a year so giving them access to digital assets would help them to have a better quality conversation with customers who may need extra items such as TV brackets or cables for their installation. “We feel like we’re onto something that connects even more of our channels together by using this great digital asset that we have in the website and the technology we sell,” he says.

Dixons Carphone is no different to other retailers in having a long list of digital projects in the pipeline. In fact, its list is 3 years long with project priorities constantly changing. Putting tablets in store, for example, has been on the list for a while but had been de-prioritised, although Ramage says now “is the right time to accelerate this project of work and it was a decision that didn’t take much convincing of the executive committee at all. We felt like we had to bring the next stage of retail selling to the fore.

“We found a solution that we could do quite cost effectively and quickly and we felt strongly about getting a solution in before peak season this year.”

The business case for projects has to be fully analysed and the expected improvements fully worked through before being put to the executive team in a bid for funding.

One project which will go live before this year’s peak trading is a single-page checkout. This incorporates all the stages of checkout that a customer currently goes through across 5 pages. Ramage explains that these pages used to load up separately so giving the customer plenty of opportunity to abandon their purchase, especially with



Image: Dixons Carphone

▲ An augmented reality view has been added to 800 products online

today's expectations of 1-click purchasing and frictionless checkout. "We've changed the UI, looked at the design and modernised it," he says.

The technology that the checkout works on has been upgraded, too. Part of the project was working out the best way to approach the checkout and the development team has worked through the different customer journeys. These range from customers wanting to reserve products for collection later from a store, small boxes which can be delivered by courier, larger items needing two-man delivery, and downloads and physical products in the same order with customers using discount coupons or credit or a mix.

Each journey calls on different applications and systems, explains Ramage, and the single-page checkout has been developed by looking at each customer journey end to end.

From a technical perspective, Ramage says this project "has thrown up technology challenges around the applications that we have to plug into that are legacy applications. Whilst we've been trying to run that programme in quite an agile state, it can be quite difficult when you are butting up against some applications that are a little bit more waterfall in their approach to development as well, so you have certain release schedules that have to align with other applications that exist in our IT stack. That has been a really interesting learning as well."

He adds that the single-page checkout has been "the most complex project by quite some way" of the past four or five years from a digital perspective "because of its critical nature in the customer journey".

AUGMENTED REALITY

Also new is the addition of augmented reality (AR) on the pages of 800 products across different categories. This functionality went live at the end of August following multivariate testing. It enables shoppers to see what items such as televisions would look like in their home or to view a life-sized rendition of the product and see all around it. It also enables them to rotate the products to see things such as cable connection points.

The retailer has worked with EyeKandy, which uses ARKit, so customers using iPhones (from 6 upwards)

and Samsung Galaxy S8 onwards can view products. All the customer needs to do is click on the 'see the product' button next to the 'buy' button on the product page and this will direct them to download the Currys-branded Point and Place app. The product will then 'appear' in front of their phone.

Ramage explains that they first thought about using an AR measuring tool which would be able to assess which products would fit in a space in the customer's home, such as whether a certain fridge would fit into a recessed area of a kitchen. However, the existing technology is not accurate enough to do this.


Ramage says that the company felt that the addition of AR was "worth the investment in time", especially since there was limited cost to the company. He adds that it was also an advantage to partner with a smaller, innovative company.

"We get approached quite frequently with a number of different opportunities," says Ramage. The difficulty for Dixons Carphone, he adds, is working out which technologies will bring real customer value.

There are many more projects on Dixons Carphone's digital list pinpointed by analytics as areas necessitating further investigation to explore the advantages of improvements and whether they are worth the investment. Currys PC World staff have the website in their hands now and the company has the opportunity to join the channels further.

Alex Baldock, who joined the firm as CEO in April, is well known as being keen on investing in digital and this has already been seen in a faster website and the addition of a team that focuses on the mobile experience.

The retailer, though, is driven by the experience it offers its customers. Ramage is aware that the company needs to keep up with consumer expectations, that are driven by what they experience across all online areas, and remain agile in the experience it offers digitally and as a business.

He concedes that Dixons Carphone has "probably, historically, treated our channels too independently". This project of putting iPads into stores for staff to use has helped the retailer to start seeing the value of connecting channels in a way that it hasn't been able to before. We can expect to see more developments in the future. 

Voice commerce: Why it's more than just talk

Rowena Patterson, Head of Consumer Research, Simpson Carpenter, shares research into the area of voice commerce.

In the retail world, we've become used to hearing over-hyped expectations about the latest tech. Remember Google Glass? It wasn't all that long ago that some were predicting these devices would revolutionise the in-store experience. It hasn't turned out that way though.

But one emerging technology I believe will buck this trend is voice interaction. The evidence is mounting that voice has already become more than just a fad. At the current rate of growth, by 2022 almost half of UK households are expected to own a smart speaker, increasing the v-commerce market from just £200m today to £3.5bn.

Amazon's Echo currently leads the space. The ecommerce giant accounts for 41% of global smart speaker sales (followed by Google on 27%), giving it an edge in the race to bring consumers into its voice shopping ecosystem.

The technology, and Amazon's hold over it, represents a clear challenge to the retail sector. However, adoption of the tech and of v-commerce by traditional retailers has been very slow. Many are still unconvinced and waiting for more evidence over whether it can have a real impact on the point of purchase.

I believe this short-sighted attitude is holding back the development of what could be a vital new channel for traditional retailers, leaving them vulnerable as the ecommerce giants continue to drive the voice market forward.

So that we could begin to understand people's attitudes towards voice technology and better identify how they are using their device, Simpson Carpenter conducted a study involving hundreds of smart speaker owners from across the UK. An overwhelming number expressed positive views

towards their device, with 90% either saying they liked their smart speaker (50%) or they loved it (40%).

Consumers are often reticent when adopting new technology, but as they become more familiar with it, that gradually changes. The research found one in three already own more than one smart speaker and 44% said the amount they use it had increased over time as they have mastered the commands and discovered more they can do with it.

The impact of smart speakers can be felt on other tech in the home. Some 14% of respondents said owning a speaker meant they were able to use their laptop, PC and smartphone less.

SMART SPEAKERS WILL DISRUPT THE ENTIRE SHOPPING JOURNEY

The study also revealed the potential for voice interaction to drive digital commerce. More than a quarter of respondents (28%) are either already or would like to use voice to make purchases.

This growing demand for voice interaction spans the entire customer journey. At the pre-shop stage, 57% said they wanted to use their smart speaker to check prices and 44% wanted to use it for finding a store's location or opening hours.

During the purchasing phase, 21% were interested in using their device for buying a product for the first time and 25% for making a repeat purchase. Some 42% wanted to use their device to check delivery status after making a purchase and a quarter wanted to use it for checking how to use a product.

Voice is becoming part of the *fabric of people's lives*

... by enabling an easy, hassle free and hands free experience

1 in 3
own more than one smart speaker

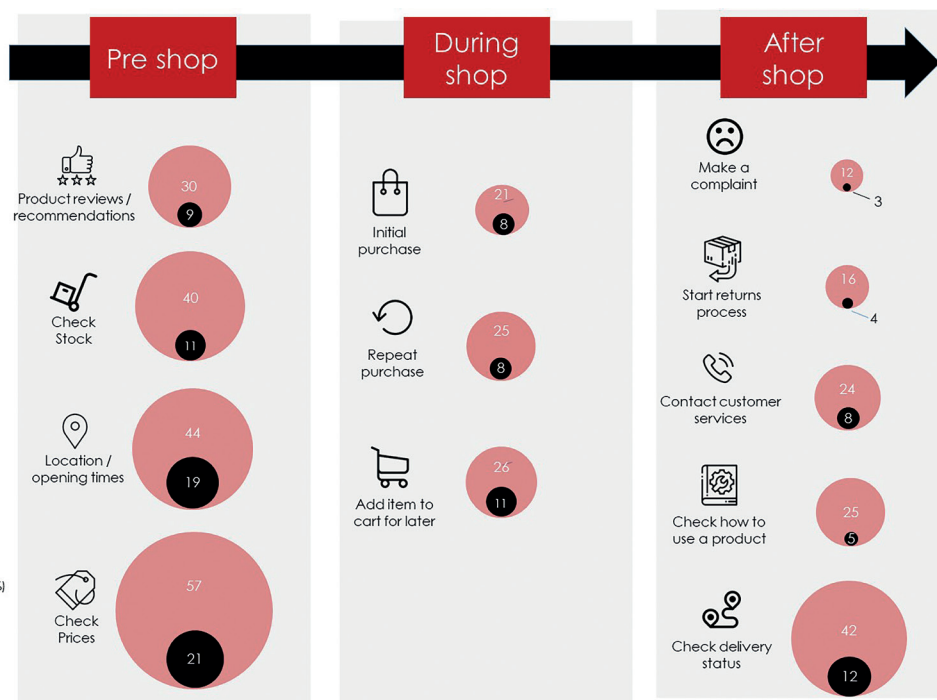
79%
Use their device(s) daily

5
Average number of purposes used for

- Music/radio 76%
- Weather/news 66%
- Questions/search 56%
- Timers/alarms 51%
- Travel news 40%

Voice will disrupt the entire shopping journey

Current behaviour (%)
Current behaviour + future interest (%)



The potential for voice interaction will grow as it becomes integrated into other technologies. For example, respondents in our study became more than twice as likely to order products and food and more than five times as likely to book transport when a screen is integrated alongside their virtual voice assistants.

The technology still isn't perfect. The fact that over half of respondents complained that their smart speaker sometimes misinterprets what they say, and 16% complain of unreliable or inaccurate responses should be a concern for manufacturers. But the devices are evolving quickly, and as AI-based techniques continue to mature, these issues will gradually be resolved.

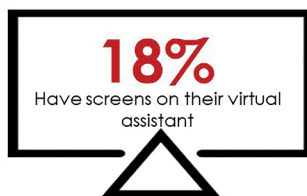
So, what are the key takeaways from our study? Firstly, there is genuine demand and positive feelings for smart speakers. When someone buys a device it quickly becomes an integral part of their homes and their lives. As they get used to their speaker, people use it more frequently, and there is not just demand for more basic tasks but for

speakers to support on interactions across the shopping journey.

There is clearly an opportunity for retailers to use this fast-growing and versatile channel to transform the shopping experience and significantly improve their relationship with customers. Voice tech might be alien to most of us now but that doesn't mean it won't be in a few years' time. A decade ago many people wouldn't have dreamt of making a payment over their mobile phone. That hasn't stopped millions doing it today and the 'swipe' becoming an established means of interaction.

We're seeing some retailers taking tentative steps into the market by creating Alexa skills and getting themselves on Google Home, but that doesn't come close to meeting the scale of the challenge and the opportunity. Retailers need to start investing heavily in voice as a key part of their omnichannel and marketing tech strategies, or risk handing Amazon yet another advantage in the race to capitalise on digital commerce.

Screens will open up further opportunities



and those who do, are more much more likely than those who don't have a screen to be engaging in transactions



COMMENT

In this omnichannel era of providing a seamless and high quality customer experience, what effect is this having on retail staff and how can retailers make the most of their employees' skills? *Amy Prendergast, Head of Vocational and Career Development at retailTRUST reports.*



The following guest article has been written for InternetRetailing by Amy Prendergast, Head of Vocational and Career Development at retailTRUST. retailTRUST is the trade charity for the 4.5 million people working in retail and the

supporting service industries. retailTRUST improves lives through their wellbeing services, vocational and career development programmes, and retirement estates. They offer a range of initiatives including educational and vocational grants, career development support and digital re-skilling programmes.

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The omnichannel experience demands that businesses understand how technology solutions can be used effectively to provide a seamless and high quality experience to their customers.

Consumer needs are evolving as three out of four individuals use a mobile or smartphone to access the internet. More customers than ever are shopping online with four out of five shoppers, using a retailer's mobile app.

The changing customer needs and technology solutions are having an impact on both traditional job roles and job skills in retail. It is estimated that 1,403,000 wholesale and retail jobs will be displaced by artificial intelligence and 1,276,000 new jobs will be created in these industries by 2037.

The growth of omnichannel means getting the right talent with the right skills. Seeking skills in technical areas is imperative such as programming, digital marketing, merchandise analytics and systems analysts. Growing this talent pipeline means being able to support business units (supply chain, logistics and operations) that deliver the omnichannel strategy.

Existing employees now need greater knowledge of customer needs. They have to understand the customer's digital journey before they arrive at store and identify the most appropriate channel to serve them based on their persona. Having a single customer view enables this level of understanding which in turn improves customer engagement.

More ownership is being placed on stores to use a bottom-up rather than a top-down approach. Retailers therefore need to build time into the manager's schedule to provide the necessary coaching for their employees so they can keep up with the pace of change.

HOW CAN RETAILERS MAKE THE MOST OF THEIR EMPLOYEES' SKILLS?

Review technology and skills sets: The first step for an employer will be to review the current technology and data

assets available to deliver an omnichannel experience. The next step would be to review their employees' skill sets, ability to adapt to the latest tools and methods of working, and identify opportunities to build new capabilities.

Strong leadership, organisational alignment and resource allocation are required as part of the omnichannel journey.

Place the customer at the heart of the business: It is essential to develop a customer-centric culture where consumer needs are placed at the heart of all decision making. Retailers can use data and insights to build a detailed view of the customer to really understand their requirements and shopping preferences.

Employers could also look at optimising local social networks to market their brand within a digital world in addition to traditional marketing methods.

Engage employees: Employee engagement is key to keeping colleagues up-to-date, promoting ideas and sharing knowledge across functions to deliver excellent customer care.

Retailers can develop collaborative digital platforms and encourage cross-functional teams as part of their overall omnichannel business model. Working across departments can lead to creativity and new ideas to develop a great customer experience.

Create digital mind-sets: Understanding how to connect with customers the way they want to be connected with requires a different skill set. Employers can create digital mind-sets to drive transformation across their organisation by improving their employees' digital understanding and literacy.

It is important to remember that people and digital skills are both vital in being able to deliver an omnichannel strategy.

Support training needs: Retailers can support their employees by providing interactive and engaging training through video content and gamification. The guiding principles of all training and upskilling are to inform, educate and motivate employees.

To ensure the employees digital skills are relevant in this omnichannel world, many charities offer free training and digital reskilling projects. The sessions can often be delivered face-to-face or through webinars to prepare employees for this digital revolution.

As company budgets are often restricted, vocational grants are available to support employees with their digital training needs. The grants could cover courses, qualifications or one-off training sessions.

This omnichannel era presents a diverse range of opportunities for retailers to offer a seamless and high quality customer experience. Employees also have the chance to enhance their skill sets and remain relevant for the changing world of retail.



Vanilla and Marmite

Retailers would like to appeal to a broader audience, but sometimes taking a stand can reflect your brand's values and increase sales. *Ian Jindal* examines the pull between vanilla (appeal to all) and polarising stands.

Trump. Brexit. Fake News. Bannon. Antifa. Plastic straws. A starter list of some of the topics that can lead to a dinner-party meltdown or tabloid rage. These are topics of passion, of importance, and – increasingly – topics without a middle, grey ground. A characteristic of our time is not only “differences” (which have surely always existed) but “polarisation”. This is where the middle ground of consensus is eroded, leaving only implacable, opposed and increasingly hostile perspectives.

Against this background of vocal social stirrings, amplified and accelerated by the echo chamber of social media and the non-stop rolling news machine, there's a desire by retailers and brands to appeal to the broadest, biggest consumer base possible. At first this choice appears to be a conflict between a ‘vanilla’ approach and a ‘Marmite’ approach (that invites a consumer to take a side in a debate).

Vanilla is the world's most popular flavour, neck and neck with that of chocolate (with which it's often combined, of course). Being ‘vanilla’ is seen as being bland (a sort of white), universal and inoffensive. Ideal, you might think, in approaching a global audience.

Marmite (a salty, pungent, yeast-based savoury spread manufactured by Unilever) is a cultural phenomenon with adverts that revel in its polarising nature. Marmite is so distinctive, so recognisable and so

uncompromising that it's a ‘love it or hate it’ product. I'd argue that no-one is indifferent to Marmite (disclosure: I love it!).


We have seen a number of brands take risky, Marmite-like positions in recent months. Nike's new Kaepernick campaign is a thought-provoking recent example. Nike has a record of sustaining its sponsorship of athletes who fall temporarily from grace and this reinforces their value of commitment, faith and being involved for the long haul, not just for the fashionable moment. Colin Kaepernick is an American Football player who ‘took a knee’ during the American anthem in protest at police brutality and racism. He is currently suing the football league, alleging that he's been excluded from play since 2017, and he's faced a vitriolic campaign from the White House and right wing commentators for a claimed disrespect of the American flag. In making Kaepernick the face of their 30-year anniversary campaign Nike is living up to the strapline “Believe in something. Even if it means sacrificing everything”.

While the internet is awash with ‘patriots’ burning and defacing their Nike trainers, the online sales of Nike products grew 31% over the weekend of the campaign launch. The calculation is both to do with brand values and, I suspect, a bet on the future – namely that its most important customer is the ‘millennial’, issues-aware consumer and not the larger older, whiter, more conservative customer base.

It's interesting that Nike chose to side so strongly with one part of its ‘base’ rather than try to keep all sides on board. However, it's also clear that rival brands have been eroding Nike's position with more resonant relevance to urban youth and committed sneaker aficionados in particular. Perhaps the reasoning is that the ‘centre cannot hold’ and a passionate, clear position is better than being ‘wallpaper’.

There is also a call for the appealing, certain comfort of vanilla. Consider Amazon for a moment – certainly a company that goes to lengths to avoid offence or adopting a campaigning position. Rather, Amazon represents consistency, capability and quality – the ‘madagascan vanilla’ of the flavour world, perhaps. Like the internet's dial tone, or the British Royal Mail, the Amazon capabilities “just work” (irrespective of product category, brand or the demographics of the delivery address!).

Modern retailers, therefore, need to be both vanilla and Marmite at the same time. Vanilla in terms of accessibility, recognition, consistency, quality and experience. Excellence is now a uniformly-demanded consumer experience. However, the product, the brand's values and behaviours, and the consumer experience also needs to be recognisable, distinctive, memorable and clear – based on authentic and sustained values.

Retail has moved beyond ‘vanilla’. Think salted caramel ice cream. With added sprinkles. A no plastic spoons. 

IRUK: Strategy & Innovation

The latest IRUK Top500 Performance Dimension Report focuses on the areas of strategy and innovation. *Emma Herrod* shares some of the findings.

Consumers, already cautious at a time of political and economic uncertainty, are fast taking their spending further online, as they look for the most convenient and cost-effective way to buy. Some traditional retailers have found their business model no longer works, and have been forced into administration. Others are scaling back their high street presence dramatically in order to adapt. It's clear that 2018 is a year of fast and dramatic change in retail: the Centre for Retail Research has said that it expects more change this year than we've seen for years, while John Lewis has said that this is a time of generational change.

But at the same time, more agile businesses, joined by new and emerging retailers, are shrugging off this shift: these are the retailers that are further on with the task of adapting their business models in order to fit the needs and demands of today's customers. These businesses are investing heavily in skilled staff and systems in order to give shoppers the data-driven, intelligent, consumer-centric retail experiences that they now demand.

It's against this background of fast change that InternetRetailing's research team presents its performance-based assessment of retail strategy and innovation among Top500 retailers. In the IR UK Top500 Strategy & Innovation Dimension Report, produced in partnership with Barclaycard, they examine the strategies that retailers are using, through practical examples, case studies and interviews, and through the prism of RetailX research that enables the authors to cut through to see what Top500 retailers are doing both individually and as a group. Using this, retailers of all sizes can benchmark their performance and find areas where improvement can put them ahead of the crowd.

The findings make for a fascinating read. As Martin Shaw, Head of the RetailX research team explains: "In this dimension we bring together the IRUK Top500 metrics that we consider the most strategic and innovative including more than 40 different measures of retailer performance, covering delivery, collection and returns, how easy it is to load and use a website, and mobile app functionality. These are measures that help traders stand out from the crowd, and to compete in challenging markets".

The definition of what 'strategic' and 'innovative' are have naturally changed over the last year. Last year, it



was still innovative to offer a click and collect service. This year, the RetailX team has measured how quickly retailers promise products can be collected, and they've found that retailers are now offering faster delivery along with faster collection times.

Delivery is also faster on desktop and mobile websites, offering consumers the speed of service that they now expect. All of this helps retailers, in turn, to give customers the experience that they would like to become accustomed to.

The measures also encompass features that improve the mobile experience from augmented reality, live chat and visual search in mobile apps, to predictive search (56% use this) and the 'hamburger button' (94%) that enables easier navigation. This analysis, measured by real people recording their experience on every Top500 website, focuses on the practical user experience, concentrating on the aspects that really make a difference.

“In particular, this year, we’ve focused on easy-to-use search that returns relevant results, along with simple navigation that helps shoppers get straight to the point. We’ve also looked to see how easily users can see and interact with visuals on the product pages of a website,” says Shaw.

“ Amongst the retailers featuring in the report are Ocado, Dunelm, Hotel Chocolat, Screwfix and The Perfume Shop ”

Amongst the retailers featuring in the report are Ocado, Dunelm, Hotel Chocolat, Screwfix and The Perfume Shop. Ocado is well known as a grocer turned technology company which has expanded through partnerships with other sectors including publishing and beauty and implemented its technology for Morrisons, Groupe Casino, ICA, Sobeys and Krogers.

Dunelm is in the process of upgrading its omnichannel capabilities as it takes advantage of the Worldstores technology platform which is bought as part of the acquisition of WS Group. “We have expanded our

customer reach and digital capabilities significantly over the last twelve months and will continue to do so as we exploit the technology assets which we acquired with Worldstores,” says Nick Wilkinson, CEO, Dunelm.

Screwfix has changed from selling screws via mail order to launching a website in 1999 and opening its first stores in 2005. It now has close to 600 stores and recorded double-digit sales growth and a 5% rise in profits in its last financial year. “We’ve opened on average a new store every week for the past eight years,” says CEO Graham Bell, “and we’re not planning to stop there”.

The retailer clearly understands its customer base. As Bell says: “Our proposition is all about responding to their needs – providing our customers with incredible convenience, great products and value for money.”

The Strategy & Innovation Dimension Report flows from IRUK Top500 research, in which InternetRetailing benefitted from the valued input of its skilled Knowledge Partners. As always, InternetRetailing would like to hear what readers think, whether you have views on the metrics we’ve used, and how they could be improved, or on an innovative approach that’s working for you as a retailer – please do share your thoughts via research@internetretailing.net.

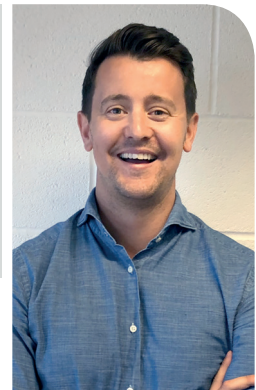
Further copies of the research can be downloaded from www.internetretailing.net. 

STRATEGY & INNOVATION TOP50

Amazon	Harvey Nichols	Ocado
Ao.com	Hotel Chocolat	Office
Apple	Jacamo	The Perfume Shop
Argos	JD Sports	Sainsbury's
Asda	JD Williams	Schuh
Asos	John Lewis	Screwfix
B&Q	Kaleidoscope	Selfridges
Boots	Littlewoods	Simply Be
Carphone Warehouse	MAC Cosmetics	size?
Currys PC World	Mamas & Papas	Smyths
Debenhams	Marks & Spencer	Superdrug
Dorothy Perkins	Mint Velvet	Superdry
Dunelm	Morrisons	Tesco
The Fragrance Shop	Moss Bros.	Wickes
H&M	New Look	Wiggle
Halfords	Next	Yours Clothing

Sam Jarvis

CEO of HubBox



WHAT IS YOUR COMPANY'S MISSION?

Put simply, HubBox makes click and collect easy for retailers by solving the numerous barriers to entry that commonly exist with courier solutions. By making our solution straightforward and low-risk to adopt, retailers are able to spend less time on technical integrations and more time on areas where they can truly add value: customer satisfaction, the purchasing cycle and internal operations.

The performance of companies such as Amazon and ASOS has raised customer expectations across the board and retailers need to respond. We empower retailers to raise the bar by providing consistent, quality service now demanded by consumers.

Using our software, combined with our network of over 4,200 collection points across the UK, our retail clients are able to quickly add a click and collect delivery option to their checkouts.

Unlike our competitors, our service is not predicated on a relationship with one specific courier, which means that retailers don't have to make any changes to their courier partners or fulfilment to add click and collect. We connect with more than eight different ecommerce platforms, 40 checkout variants and every payment provider, meaning we can create solutions for any retailer with an ecommerce platform.

WHY IS CLICK AND COLLECT A MUST-HAVE?

We think of click and collect as providing both qualitative and quantitative benefits. On the qualitative side, offering more delivery options makes customers happier. The more choice you have, the more people you will please.

Click and collect delivers tangible benefits that impact your bottom line. The first is that click and collect doesn't fail – there is no danger of missing a delivery as our collection points are open whenever customers want to use them. This is no small matter; every missed delivery costs a retailer £14 due to cancelled orders as well as re-delivery and related customer service costs. Each order fulfilled through click and collect reduces this number.

More delivery choices also bring in more customers. Our analysis suggests adding click and collect increases

HUBBOX IN BRIEF

Company Name: HubBox

Founder: Sam Jarvis

Founding Date: July 2015

HQ Location: London (SW)

Size / Employees: 20

Customers: Boohoo, hmv, TM Lewin, Jack Wills, Warehouse, Lavish Alice, Oddbins, AX Paris, This Works, etc.

Website: www.hub-box.com

conversion rates from 1.3 to 3.2%. And above all, basket values are also 14% higher than when customers choose home delivery due to their higher confidence that they will not be missing a delivery.

Click and collect really is a win-win for customers and retailers.

WHAT CONCERNS DO YOUR CUSTOMERS HAVE AND HOW DO YOU ADDRESS THEM?

A common concern of our retail customers is that they don't want to lose footfall in their stores. We emphasise that our service is a complement to, rather than a replacement for, retailers' existing in-store collection options. Our unique geo-fencing tool allows retailers to make collection points within a certain radius of their stores invisible so that they continue to drive footfall and sales into their stores. Our research suggests that 27% of click and collect customers will make an additional purchase when collecting an item in-store. For instance, Jack Wills combines our collection points with its 85 stores in the UK to curate a network of delivery stores they want to offer to their customers, in a way that best complements their commercial strategy.

WHAT OTHER SERVICES DO YOU OFFER?

Using the same technology that powers our 4,200 local collection points, we've also developed a solution that gives retailers the capability to offer in-store click and collect. This means that our technology now supports a retailer's omnichannel strategy both online and in their own stores. Our easy to use system is in place in the

stores of brands such as Skinnydip and TM Lewin, who now have an end-to-end solution that accompanies customers from the moment they place an order online until they pick it up in store.

Our retail customers also have total real-time visibility and control of their click and collect network in a single centralised dashboard. This enables them not only to manage day-to-day operations and respond to customer queries, but also provides valuable insight as to where and when their customers are using the service. Retailers are then able to use this data to optimise their strategy and deliver increased customer convenience.

We act as a guide to help retailers tackle challenges and improve the quality of their offering with our continued support and training at hand. We help them identify where they can do more or less. If they need help promoting the service we can offer promotions and signposting to boost take-up.


WHO ARE YOUR CLIENTS?

We've performed over 200 click and collect integrations

for retailers and our software is currently used by leading brands such as Boohoo, Jack Wills, Warehouse, hmv and Whistles.

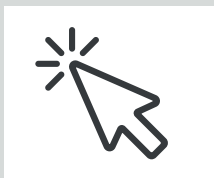
We also provide the only 'ready-to-go' click and collect app for popular and emerging retailers using the Shopify platform. Examples are Lavish Alice, Skinnydip, Lazy Oaf and Maniere de Voir.

GIVE US YOUR ELEVATOR PITCH.

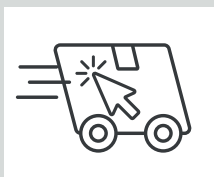
Implementing click and collect is not just about enhancing your delivery proposition. Offering click and collect delivers returns from both operational savings and additional revenue. We want to make it as simple as possible for retailers of any size, on any ecommerce platform and using any courier to access these benefits as quickly as possible. 

This Company Spotlight was produced by InternetRetailing and paid for by HubBox. Funding articles in this way allows us to explore topics and present relevant services and information that we believe our readers will find of interest.

HOW CLICK AND COLLECT DRIVES HIGHER BASKET VALUES



5% of all orders are now click and collected



Click and collect orders are 15% higher in value than home delivery orders

Founded in 1999, Brown Bag Clothing is an established online brand offering customers high-profile menswear at affordable, discounted prices. With a mission to "provide customers with top designer men's fashion at the very best prices", they supply a range of brands including New Balance, Tommy Hilfiger and True Religion.

THE STORY

Getting the delivery mix right is increasingly important when it comes to meeting consumers' heightened service expectations. With this in mind, Brown Bag Clothing and their sibling site Woodhouse were keen to get a local click and collect solution up and running as quickly as possible.

Giving customers who might be out during the day an alternative delivery option, and thus reducing customer service queries and issues resulting from missed or failed deliveries was crucial to Brown Bag. Ease of implementation and compatibility with existing solutions were also key priorities.

THE SOLUTION

Brown Bag Clothing were able to implement click and collect without having to make any changes to their existing couriers, warehouse management system (WMS) or label printing, making the process smooth and straightforward.

Using HubBox's pre-built module for Magento, Brown Bag completed the integration themselves within a couple of days.

Additionally, the click and collect option was instantly compatible across both standard delivery and next-day delivery options, giving their customers access to their purchases at their desired time.

THE IMPACT

Within two months of implementing HubBox click and collect, the service demonstrated its value. Uptake was swift, indicating an underlying consumer need previously unmet.

Immediately tangible results included:

- Increased operational efficiency as a result of a reduction in the volume of issues resulting from missed and failed deliveries
 - Boost to incremental revenue as a result of the higher AOV (Average Order Value) for click and collect orders— over three months Brown Bag's click and collect orders were on average 15% higher in value than home delivery orders
 - Initial 5% uptake rate and growing – highlighting the performance of technology designed to deliver the best possible user experience at checkout
- Paul Bradley, IT and operations director at Brown Bag Clothing, said: "Adding HubBox was easy. We know how much our customers value convenient delivery when they shop with us, and even in a short time frame we've been able to see the tangible returns on customer satisfaction and revenue from adding HubBox click and collect."

Carsten Kraus

AI expert and founder of FACT-Finder



FACT-Finder[®]

With retailers facing the twin challenges of rising consumer expectations and pressure from the likes of Amazon and Alibaba, the need to deliver a truly omnichannel experience is greater than ever. InternetRetailing sat down with Carsten Kraus, AI expert and founder of FACT-Finder, to learn how they can use customer data and smart algorithms to achieve this.

THE CHALLENGES FACING RETAILERS

It is hard to get true omnichannel – most retailers offer multichannel, in which individual routes for customer interaction co-exist but still appear separate and occasionally disconnected to the customer. This is a problem since a retail brand exists in the customer's mind as a single entity and not as 'online and offline' departments. Store operations and online activity have grown separately, and retailers face the challenge of merging working practices, operations and the customer experience into a consistent, seamless whole.

UK retailers often focus on the challenge from Amazon, but European retailers also need to consider how they will co-exist with Alibaba. Alibaba works directly with Chinese manufacturers and can bring their products directly to consumers at lower costs, cutting out the retailer in the middle and shrinking their margins. This is a twin threat to retailers – exemplary logistics and cheap, directly-sourced products.

To counter this, stores must become digitally enabled and integrate with online into a seamless user experience. Amazon and Alibaba do not yet offer physical stores allowing people to touch and look at products so this is an opportunity to differentiate.

The store can be a marketing tool. When you have a physical interaction, the trust is much higher whereas online you only have a two-dimensional view.

HOW OUR PRODUCT CAN HELP

Our product, FACT-Finder, helps retailers provide a state of the art online store. It's not just how it looks, it's also about the actual experience of buying products. The customer knows what they want and wants to see it on the screen straight away.

Too many retailers are sorting search results on non-

FACT-FINDER IN BRIEF

Company Name: FACT-Finder (UK) Ltd.

Founder(s): Carsten Kraus

Founding Date: 2001

HQ Location: Cambridge

Size / Employees: 160

Customers: 1600 including Lidl and Footlocker

Website: www.fact-finder.com/

personalised metrics such as price. Amazon never does this: they put the products that customers are most likely to buy first. Our algorithms learn from customer interactions, so if customers respond in a certain way to a search result the shop learns this. It also offers semantic learning, which analyses what differentiates the product that got bought from the one that didn't.

Consumers want to see what's in stock in their local store so they can pick it up the same day. We do this with big online chains such as electronics giant MediaMarktSaturn and home improvement specialist Kingfisher. We collate the information of which store has what, so that when a customer in a given area searches for a camera, FACT-Finder weighs the local availability with other metrics such as how likely a product is to sell. The customer is then presented with a locally available product which they are also likely to buy.

DIFFERENTIATING FROM AMAZON

Even pure online players can provide things like advice via the phone – 15 minutes of talking to the customer can win a big sale. Even if Amazon had a call centre they couldn't be expected to know in detail about every product they sell. If you are a specialised, top retailer you have that knowledge and so you can offer that interaction.

Online interaction with Amazon is not always the best. Our tool learns from all customers together, including both online and offline purchases. We determine how quickly customers use products and therefore when they might want to buy them again. Our Predictive Basket technology learns what people are buying on

a regular basis and when so that online shopping for FMCG becomes faster than ever. With Amazon, they often suggest to me to buy things again even when it is something like an electric toothbrush that I won't need more than one of.

AI – FROM HYPE TO REALITY

Just because something has not worked in the past does not mean it won't work now. Humans tried to fly for thousands of years without success but now for many people it feels like an everyday experience. A single small change, like James Watt increasing the efficiency of the steam engine from 0.5 percent to 3 percent, can make a technology viable. AI used to have almost no practical applications and neural networks needed teraflops of calculating power to gain limited results. But now AI hardware has become cheap enough to deploy, and deep learning has evolved, and thus using AI algorithms such as our Predictive Basket or Personalisation pays off.

THE PRIORITY FOR RETAILERS

Work on your strengths. Retailers need to differentiate where they can, copy where they can't. Don't try to innovate online if you aren't an expert – just copy things from other successful retailers.


Strengthen your offline stores, provide great experiences there and have good people in your outlets – especially at your click and collect desks. Get those people away from unimportant tasks and put them in front of the customer.

OUR TARGETS FOR THE NEXT FIVE YEARS

We want to build up our European presence. We are a European company but we have not been in the UK that long and want to emphasise our pan-European credentials. We've also doubled headcount in our research department to build more great algorithms.

OUR ONE LINE ELEVATOR PITCH.

You have the visitors – we get them buying.

Carsten Kraus is founder of Omikron Data Quality, which offers the FACT-Finder product. His first major innovation as a teenager was a programming language that Atari bought and shipped with 700,000 computers. At an early age Carsten Kraus developed an understanding of and interest in logic and AI, going on to develop products which today provide master data management solutions for many large corporations and which are used by almost every European consumer when shopping online. Due to his expertise, he was elected Chairman of the AI Division at bwcon. He has applied for several patents on AI processes over in recent years and is a popular speaker at conferences. 

This Company Spotlight was produced by InternetRetailing and paid for by FACT-Finder. Funding articles in this way allows us to explore topics and present relevant services and information that we believe our readers will find of interest.

COOKSONGOLD INCREASES SHOP CONVERSION RATE BY 26% WITH FACT-FINDER

THE CHALLENGE

Cooksongold is a one-stop shop providing materials to jewellery-makers selling most of its 18,000 products through a 24/7 transactional website. This large and complex range can make it hard for customers to find the right products.

The company wanted to make it easier for customers to find what they are looking for through online search. It also wanted to create merchandised campaigns around sales events and drive new sales through product recommendations. With only a small marketing and IT team, Cooksongold needed to be able to do all this cost effectively and with minimal ongoing management. It also wanted to be able to replicate successful merchandised campaigns in the UK across several new markets in Europe.

THE SOLUTION

Using FACT-Finder's advanced filtering technology, Cooksongold can automatically display products based on their popularity or profitability. The retailer can also use FACT-Finder to create and deliver campaigns in half the time, allowing it to run many more highly profitable campaigns each year.

Cooksongold can also transfer its UK campaigns across other regions, with campaigns already having been replicated on local language sites for Spain and Germany. FACT-Finder automatically removes products that aren't available in a particular country.

"We're moving forward rapidly thanks to FACT-Finder's unique capabilities. FACT-Finder has also provided exceptional support. Any issues we encounter are resolved rapidly. We also get analysis and regular recommendations on where we could improve," says Jonathan Broadhurst, E-commerce Executive, Cooksongold.

THE FUTURE

Cooksongold's IT team plans to take further advantage of FACT-Finder's capabilities by improving personalisation. By doing so, customer experience, conversion rate and revenue will continue to improve. It also plans to use FACT-Finder across more European websites as it expands.

THE RESULTS

By making the most of FACT-Finder, Cooksongold has increased:

- E-commerce conversion rate by 26%
- Number of transactions by 26%
- Revenue by 22%

Nathan Jones

CEO, ShipStation



ShipStation®

WHAT DO YOU DO?

ShipStation provides logistics software for merchants. We eliminate shipping fulfilment complexities and the taxing part of the journey from order to delivery for ecommerce retailers.

We focus on the merchant's experience to build a world-class fulfilment solution and fulfilment workflows so that they can create the market-leading post-purchase experience now demanded by consumers.

Our shipping solution connects with leading platforms including Amazon, eBay, Etsy, Shopify and PayPal to make it easy to manage real-time online orders. We also connect with all relevant couriers, for example Royal Mail, Hermes, DPD and Parcelforce. That allows merchants to dispatch all their orders, manage returns, select courier services and create shipping labels – all through a single centralised platform. They can use their courier accounts and negotiated prices - or get our discounted rates with no courier requirements or paperwork.

WHAT IS YOUR USP?

The quality of the product experience itself is what sets us apart. Our features are more tuned to the real needs of the merchant than our competition. Nobody does what we do at the level we do it. We don't consider other companies in this space to be peers – to us, our competition is lack of customer awareness of our solutions in certain markets rather than the companies that are currently serving those markets. Most companies are stuck in manual workflows and overpriced solutions.

Our partner, Amazon, is successful because it provides such a consistently high-quality delivery experience on behalf of their customers. Our software is designed to enable merchants of all sizes to deliver a similar experience.

HOW DO YOU DELIVER ON THIS USP?

With our software in place, merchants can seamlessly connect to service providers and retailers to leverage shipping automation tools and workflows that meet retailers' business priorities. Retailers can easily manage orders, view insights about their business and even create

SHIPSTATION IN BRIEF

Global reach: US, UK, CA, AU

Established: 2011

Target group: Online sellers (multi-channel, multi-courier, subscriptions, 3PL)

Employees globally: > 200

and print labels back at the office via our mobile app, ShipStation Mobile.

Every single task and shipping decision can be processed automatically based on retailers' business preferences, thus making retailers' orders right the first time and reducing the risk of human error. We equip merchants with the best possible access at the best possible price-our plans range from £7-£125 for unlimited order volume.

“ Our shipping solution connects with leading platforms including Amazon, eBay, Etsy, Shopify and PayPal to make it easy to manage real-time online orders. ”

WHO ARE YOUR CUSTOMERS?

We work with ecommerce merchants who aim to expand their businesses. We take pride in immersing ourselves in retailers' expansion plans by allowing them to connect to a pool of international carriers that fit their growth-centric strategies without charging them more.

WHAT IS YOUR COMPANY'S VISION?

We want to become a leading order fulfilment company to empower worldwide merchants to make their deliveries exceptionally efficient, regardless of channel, courier shipment method or deadline. Our motto is to make web-based shipping easy.

As ecommerce becomes more prevalent and more complex the number one change is in the expectation of an online shopper. Consumers now expect instant delivery

within days if not the same day as when the order was placed. Our infrastructure is designed to enable small and medium-sized merchants to meet this demand.

The reality is most merchants' differentiating potential is on the front end of the sale. The negative difference happens at the back end. We turn it into an opportunity to impress rather than disappoint.

HOW ARE YOU ADDRESSING THE ORDER FULFILMENT CHALLENGES RETAILERS FACE TODAY?

ShipStation's branded returns portal addresses three primary returns challenges by reducing workload, decreasing returns and increasing revenue as outlined in our case study. It provides retailers with an automated returns process with branded, easy-to-use returns experience for their customers and eliminates future returns by identifying and analysing reasons for the returns. Retailers can save money on the IT support with our expert ShipStation team acting as an extension of our clients' business to ensure that support is at hand.

HOW ARE YOU USING EMERGING TECHNOLOGY TO HELP RETAILERS GROW?

We have integrated voice technology into our software product to accelerate retailers' label printing processes.

Our clients have found it very useful when interfacing with our mobile app. The result is that retailers are able to save the time and multitask with technology doing the job for them. We have also looked into how augmented reality can help staff in a warehouse environment.

We believe that emerging technology has to be evaluated for its ability to make merchants deliver operations more efficiently - not because it's seen as 'cool.'

WHAT ARE YOUR MAIN GOALS OVER THE NEXT 5 YEARS?

Our long-term objective is to have every seller using ShipStation. We want to empower retailers to provide the kind of customer service consumers will come back for by enabling them to provide quick order processing, great communication and efficient shipments and returns.

GIVE US YOUR ONE SENTENCE ELEVATOR PITCH.

Wherever you sell, however you deliver – exceptionally efficient. 

This Company Spotlight was produced by InternetRetailing and sponsored by ShipStation. Funding articles in this way allows us to explore topics and present relevant services and information that we believe our readers will find of interest.

SMBS GROW ONLINE SALES USING SHIPSTATION'S BRANDED RETURNS PORTAL: AVERAGE ORDER INCREASE OF 16%

Most shoppers check an e-tailer's returns policy (*), value free return labels (**), and an easy, accessible returns process. But does it make sense for small-to-medium-sized businesses to mimic all the generous policies big retailers have?

ShipStation looked at hundreds of merchants who sell online and in third-party marketplaces. The leading ecommerce fulfillment platform investigated how the adoption of a self-service returns feature for consumers affected the success of these retailers.

The test design:

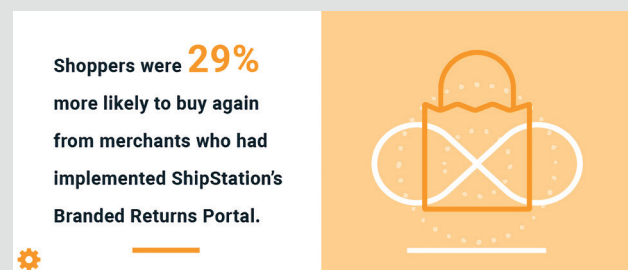
Merchants ranged from low volume (under 50 orders per month) to mid-size businesses (6,000+ orders/month). The comparison looked at overall sales volume before stores launched ShipStation's Branded Returns Portal feature vs. the months after.

In addition, ShipStation researched how likely shoppers were to buy again from a store that offered a returns experience which involved the Branded Returns Portal.

The results:



- The average store saw 16% more orders after feature adoption. In many cases, not only the order volume but average order value also increased.
- It was 28.8% more likely that a shopper who returned an item through the Branded Returns Portal would come back to the same store than consumers who returned items through another method.



Bottom line:

The results clearly showed that online SMB merchants should adopt best practices on returns, including providing an easy process and a clear, prominently marketed policy to build trust.

Sellers showing more confidence in their products and professionalism in handling returns will "in return" encourage more shoppers to have the confidence to open their wallet.

The full data and more stats on this is available here:

www.shipstation.com/blog/inking-new-ideas/boost-sales-with-branded-returns-portal

Footnotes/sources:

* www.ups.com/us/en/services/knowledge-center/article.page?name=return-shoppers-by-rethinking-your-online-returns

** www.statista.com/statistics/489858/importance-of-delivery-and-return-services-in-online-retail-in-the-uk/

By Stephan Millies, Director Product & Operations, ShipStation

Tim Johnson

CSO, Visualsoft



WHAT DOES YOUR COMPANY DO AND WHAT IS YOUR USP?

We grow retailers online via our award-winning eCommerce platform and digital marketing services. Our enterprise level platform offers everything a retailer needs to run their online business while our marketing teams help drive sales and increase customer numbers through the use of SEO, PPC, social media, email marketing, affiliate marketing and conversion rate optimisation.

Our USP is the “shared success” model. Rather than charging big upfront project fees like other agencies, we charge you a small fee per successful transaction.

This aligns us with the successes (and pains!) of the retailer and makes us more accountable, helping to drive growth.

“ Rather than charging for big projects like other agencies, we charge you a small fee per transaction, meaning we care if we get results ”

HOW WOULD YOU DESCRIBE YOUR VISION?

Our vision is to be at the forefront of the UK ecommerce industry. We see so many UK retailers using providers outside of the UK. We want to bring the country’s retail technology sector to the front of people’s minds and believe there is nowhere better than the UK when it comes to quality.

WHAT TYPE OF COMPANY DO YOU WORK WITH?

We thrive in the space slightly above the entry-level software-as-a-service providers.

We're 100% ecommerce focussed, and the retailers we work with best are ambitious and serious about growing their business online. Alongside B2B and B2C retailers, we also have an ever-growing number of brands looking to drive direct sales.

Our customers are varied but our main sectors are fashion and footwear, sports and outdoors, jewellery and

VISUALSOFT IN BRIEF

Date launched: 1998

Office locations: Teesside, Newcastle, Manchester

Date launched in the UK: 1998

Turnover: £10m+

Number of customers: 1000+ customers including TJ Hughes, Blue Inc, Jules B, Gola, Charles Clinkard, BigDug, Kickers, Canterbury, Mitre, Daniel Footwear, Moda in Pelle, Sik Silk, 11 Degrees, Little Mistress, Andrew James

Number of employees: 250+

Number of partners: 30+

Contact details for further information: +44 (0) 1642 633 604

www.visualsoft.co.uk, @Visualsoft

furniture. Some of our key clients are TJ Hughes, BigDug, Jacobson Group, Blue Inc, and Pentland Brands.

HOW WOULD YOU DESCRIBE YOUR GROWTH, WHAT HAVE BEEN THE MAIN POINTS IN YOUR EXPANSION AND WHAT HAS BEEN KEY TO YOUR SUCCESS?

I'd describe it as steady and consistent. We actually predate Google and remember doing SEO before it was a thing. We've seen so many agencies come and go over the years, but through innovation and working hard we've managed to stay ahead of the game. A client told me last week that they saw Visualsoft as a 'great hidden secret' as we have seen huge growth but are not yet a household name.

The majority of our work comes from recommendation and the success we achieve for our clients. Every great website we launch, award we win, or client we get top of a search engine, in turn, gets us exposure. So we know if we get our clients exposure, so will we.

WHAT DO YOU SEE AS CHALLENGES FOR THE RETAIL INDUSTRY OVER THE COMING YEAR?

The uncertainty of Brexit aside, I think the main challenges for retailers over the coming year are going to be fast-paced evolving technology and the challenge of keeping up with it. This is a huge opportunity for those who embrace change and stay ahead of the curve but many online retailers are far too late to adapt to the changing landscape.

Some are only just getting their head around responsive websites and by the time the latecomers get there the

technology will have moved on to PWA and AMP. Younger shoppers are unforgiving about site speed and with lots of choice not as loyal as the offline customers of old.

Security should also be a concern for retailers – yet while larger retailers know to choose PCI Level 1 Compliant Providers and have invested in becoming GDPR compliant, we find many small to medium retailers ignore the warnings.

WHAT DO YOU SEE AS THE CHALLENGES FOR SUPPLIERS AND TECHNOLOGY PROVIDERS?

They face ever-moving goalposts as the technology is so fast-paced. It's crucial there's a constant investment in R&D and strategies are collaborative with key stakeholders within the industry such as Google, eBay, Amazon etc. who are constantly evolving.

HOW ARE YOU PREPARED TO MEET THOSE CHALLENGES?

We invest heavily in R&D and alongside our internal and client driven roadmap we have strong partnerships with Google, eBay, Amazon. We work closely with them to ensure the things we're developing for the future of our business are in sync.

We focus on emerging technologies where we can

demonstrate value as opposed to future-gazing projects. For example, we are looking at an AI personal shopping assistant which will combine deep customer profiling with known external factors such as weather and location, to provide tailored product recommendations.

WHAT ARE YOUR FUTURE PLANS?

Further growth and investment in people. Our CEO Dean Benson's motto is happy staff equals happy clients. Following the expansion of our Manchester office, we're currently in the process of moving our Newcastle team into larger premises and renovating our Teesside HQ to introduce some more exciting areas for staff and clients to enjoy.

GIVE US YOUR ONE LINE ELEVATOR PITCH.

We grow retailers online. 

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CUSTOMER CASE STUDY



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Family-run retailer Charles Clinkard has devoted over 90 years to offering the finest footwear to its customers. The business now has 32 stores across the UK and many awards to its name including Multiple Footwear Retailer of the year on more than one occasion.

The client's main goal was to drive traffic and revenue through their online store to complement the huge success they have through their bricks and mortar stores. A key objective was to make sure all the marketing channels used enhanced personalisation, and targeting for better engagement with customers, making the benefits and offers of shopping with Charles Clinkard online relevant and clear.

In order to drive greater traffic and revenue through the online store, Visualsoft worked alongside the client to deliver an integrated marketing strategy, utilising all its in-house marketing departments to create themed content and improved

personalisation through targeting, something that was important to the client.

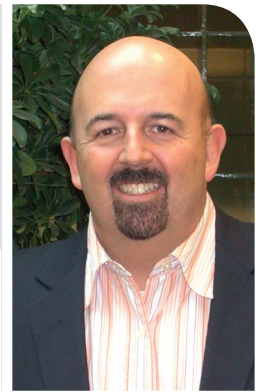
Offers and campaigns were created and executed across channels, using the same key messages, targeted to identify audience groups through social media advertising, paid search, remarketing and email segmentation.

Results have really stepped up for Clinkards, with a 27% increase in new users from organic, 97% increase in traffic from social and 348% increase in order value via affiliates.

"The results we've seen since implementing a 360 marketing approach via Visualsoft's Shared Success Enterprise+ service have more than exceeded our expectations," said Rachel Clinkard, ecommerce director, Charles Clinkard. "The Visualsoft team have been very understanding of our individual business requirements and worked hard to provide a strategy that is ideal for us."

Michael Grillo

director, ACI Worldwide



WHAT DOES YOUR COMPANY DO AND WHAT IS YOUR USP?

ACI Worldwide provides electronic banking and payment solutions around the world. We connect merchants with more payment capabilities than any other provider, numbering nearly 400 global acquiring and alternative methods.

Behind the software is our global network of payment professionals and the market intelligence that we have as a result of our more than 40 years of industry experience. We really do see ourselves as the leader in payment connections when it comes to delivering choice for merchants that we work with.

WHAT IS YOUR COMPANY VISION?

Our vision is to enable real-time “any to any” payments, regardless of time, location or type of payment. Consumers and businesses continue to push the requirements to transact wherever they want in a frictionless way, whether on mobile, at a kiosk, online or soon on the IoT. The immediacy of anytime-anywhere commerce is pushing merchants, banks and anyone that serves them to think about how they will go to market with their channel approach. It is about leveraging technology to meet those critical requirements from their customers.

WHAT TYPE OF COMPANY DO YOU WORK WITH?

We serve anyone who moves money and transacts on a daily basis, powering around \$14 trillion in transactions each day. This includes 18 of the 180 top banks worldwide, 300 leading global retailers as well as merchants and intermediaries. 3500 organisations use our bill payments solution and over 1500 institutions are protected by our fraud prevention solutions.

For retailers, we have two models – we focus on the first one where we sell directly to large omni-channel retailers or other merchants who may sell either domestically or globally. We also have a sizeable indirect model working with service providers selling to mid-tier merchants and retailers.

One client is Aegean Airlines, whom we are providing with the ability to monitor and track real-time fraudulent activities but also a frictionless experience so that a good paying customer doesn't get caught up in fraud controls.

ACI WORLDWIDE IN BRIEF

Date launched: 1975

Global reach: Headquarters in US, UK and Singapore, offices across 31 countries

Turnover: \$1.024 Billion

Number of customers: 5100+

Number of employees: 4100+

HOW WOULD YOU CHARACTERISE YOUR GROWTH TO DATE AND WHAT HAS DRIVEN IT?

A lot of it is driven from our platform business, which is where all of our fraud and gateway customers sit. Retailers don't want to be in the payments business, they want to focus on what they do best: selling goods and services. Payments can be very complex and come with lots of requirements like PCI. By outsourcing the payments function to a company like ACI, they minimise the PCI compliance burden on themselves. We still have many customers who have an on-premise version of our UP Merchant Payments solution, but more and more are moving into a cloud-based platform environment.

More and more merchants are looking at cross-border and global expansion opportunities. Those who want to sell in new areas but don't have the local or regional knowledge can work with us to work out how they can get themselves to get ready to accept preferred payment options in those various geographies.

HOW DO YOU HELP RETAILERS MEET THE DEMANDS OF PEAK?

A lot of the focus is around fraud. We have globally dispersed risk teams that work with each merchant client on fraud strategies throughout the year. With the peak season fraudsters like to take advantage of heightened consumer activity and blend in with good transactions. They may be trying to test the limit of retailers who are trying to sell as much as they can during this time. Gearing up for peak is an important part of our risk team's focus.

Last year, total transactions during holiday season increased by 19 percent but fraud attempts between Thanksgiving and December increased by 22 percent. Despite the sales lift, 1 in 85 transactions were fraud attempts.

WHAT ARE THE MAIN CHALLENGES FACING THE RETAIL SECTOR AND HOW ARE YOU ADDRESSING THESE?

Digital and physical are continuing to entwine and blur. The blending of these channels will drive a lot of need for consolidated intelligence around activity of consumers, which is still very siloed.

We are bringing together intelligence with a consolidated view and reporting. Retailers can make use of all of the information running through payments activities and marry it with other data to put together packages that are best for the consumer.

WHAT ARE YOUR TARGETS OVER THE NEXT FIVE YEARS?

We are continuing to push on real time any-to-any movement. We are really entrenched in what is happening with faster payment schemes around the world. The banks and central infrastructures are already moving, but the

merchants aren't far behind in trying to figure out how to take advantage of this.

We did a survey earlier this year with Ovum, which showed merchants continue to look for ways to reduce cost and see the idea of real time payments as a way to try to take advantage of that.

It also found they expect to see a decrease in use of cards over time as more and more real-time payment opportunities come to fruition.

GIVE US YOUR ONE SENTENCE ELEVATOR PITCH.

ACI makes fast, simple and secure payments possible around the world. 

This Company Spotlight was produced by InternetRetailing and sponsored by ACI Worldwide. Funding articles in this way allows us to explore topics and present relevant services and information that we believe our readers will find of interest.

CASE STUDY – REDUCING RISK AND SUPPORTING INTERNATIONAL SALES AT AEGEAN AIRLINES

Narrow profit margins are commonplace in the travel and airline industries, making the swift and secure processing of customer payments a high priority. The complex multi-channel, international nature of the travel market also makes it a key target for fraudsters, and airlines frequently experience some of the highest fraud to turnover ratios of any industry.

Aegean Airlines, the largest carrier in Greece and a Star Alliance member, connects Greece with 87 international destinations in 32 countries, as well as flying to 33 domestic airports. In 2014, the company planned to operate approximately 100,000 flights and to offer more than 13 million seats, including 6.6 million seats to 33 domestic destinations and 6.4 million seats to 87 international destinations. During the year, Aegean Airlines extended its reach to make 205 international routes and 51 domestic routes available, from eight Greek Aegean bases.

With the increase in international passengers, however, came a corresponding increase in fraudulent transactions received by Aegean Airlines. The airline quickly realized they needed an expert partner to help them reduce their risks and support genuine sales.

THE CHALLENGE

Aegean Airlines was experiencing fraud issues across a number of channels. Chief among these was the online channel, but fraud was also evident in call center transactions.

Bookings being made less than a week before departure were one of the biggest problem areas, accounting for 81% of fraud. Many of these transactions were being conducted using U.S. cards. The card schemes intervened, introducing the possibility that the airline's U.S. sales channel would be shut down, due to unacceptably high fraud rates. With 50% of Aegean Airlines' transactions coming from international cards, this presented a huge threat to the company's profitability and growth prospects.

After an extensive selection process, Aegean Airlines identified ACI Worldwide, with its sector-specific fraud solutions and global expertise, as the right partner to help the company address these challenges.

THE SOLUTION

Prior to engaging ACI, Aegean Airlines' fraud screening was reliant on manual processes – nothing was automated. ACI's expert risk analysts worked closely with the airline's own team to review the existing rules, also making an historical analysis of six months of transaction data to form a comprehensive view of customer behavior profiles, trends and the effectiveness of the existing fraud prevention approach. Based on their knowledge of the industry and broader fraud trends, the ACI team was able to recommend the addition of several new data fields to enhance Aegean's fraud strategies.



With the information gathered through the review process, ACI worked with Aegean to implement a highly customized version of the ACI ReD Shield® online fraud prevention solution, with built-in case management functionality and a bespoke reporting module – giving Aegean Airlines the ability to view key transaction trends quickly and easily, and obtain other valuable information that would help to implement timely and effective rule changes where needed. Core to the new strategy was a focus on critical issues, for instance, consistently prioritizing short-notice bookings in the fraud screening process.

To ensure a smooth transition into production, ACI's experts stayed on site at Aegean over the course of the launch, providing go-live analysis and making minor adjustments to ensure the solution was fully optimized and working efficiently.

THE BENEFITS

The first year of the collaboration between Aegean Airlines and ACI delivered a range of demonstrable benefits including:

- An average 97% of all confirmed fraud was denied by the rules, saving the airline €3 million
- Manual review rates reduced from 12% to less than 5%
- Chargeback rates are now less than 0.1% on average

The cost savings and efficiencies achieved since the implementation of ReD Shield have also enabled Aegean Airlines to extend the solution to cover call center transactions without any additional resource requirements to support fraud screening.

With its acquisition of Olympic Air, Aegean Airlines is now building on its earlier growth and success, secure in the knowledge that the fraud strategy supports the company's business objectives and, with the help of ACI, is easily reconfigured to address any changes in the customer base or transaction trends.

Steven Warren

CEO, Mapp Digital



WHAT DOES YOUR COMPANY DO AND WHAT IS YOUR USP?

Mapp Digital is the world's largest independent digital marketing company. We enable retailers to target customers with personalised cross-channel marketing from a single central interface powered by in-depth data sources. We are built on the knowledge, expertise and experience of seven of the most reputable marketing technology companies in the market.

Our unique selling proposition is that we are the only company to combine the world of ad-tech, customer acquisition and sophisticated marketing automation tools. This provides full control over customer engagement – retailers can capture, unify, segment and analyse customer data to execute marketing campaigns across web, email, mobile and social channels.

Our services are extensively used by more than 3,000 companies including leading retailers such as Puma, Sainsbury's, Tommy Hilfiger, Argos, Columbia and Ace Hardware.

HOW DO YOU DELIVER ON THIS USP?

Our product, Mapp Cloud, combines three marketing solutions that help retailers acquire new clientele, target them with multi-channel campaigns and loyalty programmes, and tailor communication strategies based on client data insight. Mapp's customer data platform (CDP) is the technology behind the AI-driven customer personalisation that combines a holistic view of the GDPR-compliant contextual data and customer behaviour in one place to execute marketing tactics.

HOW WOULD YOU DESCRIBE YOUR VISION?

Our vision is to be the leading digital marketing guide for the retail sector by equipping it with robust data that will continuously enhance their customer engagement strategies.

With our platform in place, retailers can focus on improving the two main cycles – acquiring new clientele and marketing to their existing one.

HOW WOULD YOU DESCRIBE YOUR GROWTH AND WHAT HAS BEEN KEY TO YOUR SUCCESS?

Mapp takes a different approach to the challenges retail

MAPP DIGITAL IN BRIEF

Global reach: Mapp Digital serves thousands of customers globally from our 12 international offices.

Established: Mapp Digital relaunched in 2016 with its Mapp Cloud offering. Its roots stem from eCircle, the leading digital marketing platform in Europe, and Blue Hornet, a leading ESP in the US. For nearly 20 years, Mapp has continuously innovated to become a global digital marketing leader.

Customers: Over 3,000

Employees globally: Over 300

marketers face. By partnering with Mapp, you eliminate the complexity of choosing the right subset of marketing strategies. We allow retail marketers to focus on priorities that fit within their customer base, while also targeting and acquiring new ones.

Global clients in Europe and North American have referred numerous clients to us and have played a large part in our company's growth for years. Our retail customers have found that our CDP collects and utilises all of their customer data that otherwise may have been lost. Mapp's CDP gives our retail customers a real-time 360-degree view of their own customers giving them valuable insights to maximise their marketing efforts.

WHAT CHALLENGES ARE YOU ADDRESSING FOR MULTICHANNEL RETAILERS WHICH AIM TO SECURE LIFETIME CUSTOMERS?

Within Mapp Cloud lives three powerful solutions – Mapp Acquire, Mapp Engage, and Mapp Intelligence. Mapp Acquire helps marketers find new customers while keeping customer acquisition costs down through channel assessment, digital planning and contact marketing. Our global team of marketing experts have deep channel and sector specialisation and they help ensure each retailer's unique style is embodied throughout the process, from optimal layout and design, to messaging hierarchy and tone. We act as a guide to help retailers tackle challenges and accelerate digital transformation in their customer-centric campaigns.

Mapp Engage maximises the lifetime value of each customer by extracting meaningful insights to deliver

personalised messaging across multiple channels and touchpoints. We also partner with Brierly, customer loyalty software that identifies marketing methods that deliver the highest financial value, thus mapping the course for an ultimate customer-retailer relationship.

Mapp Intelligence generates even more value from existing clientele with enhanced segmentation to deliver highly personalised marketing campaigns. This is a newly released feature that provides AI-powered predictive recommendations for retailers' existing workflows to enable them to seamlessly maximise their marketing tactics.

WHAT DO YOU SEE AS CHALLENGES FOR RETAILERS OVER THE COMING YEARS?


Retailers will face a lack of interconnectivity between their technology platforms as well as their advertising and marketing teams. Mapp Cloud's platform includes Mapp Connect which delivers both native and out-of-box connectors and application programming interfaces (APIs) to integrate with retailers' entire marketing ecosystems. This strategically unifies external customer data with first-party data without human intervention in our CDP, giving retailers an unparalleled vision of each customer. With our CDP paired with simplified

and automated cross-channel execution, Mapp provides retailers with higher ROI at a reasonable price point.

WHAT TARGETS ARE YOU AIMING TO ACHIEVE IN THE NEXT FIVE YEARS?

We aim to be a trusted vendor in the retail field for fully automated marketing campaigns. Mapp will maximise conversion rates and drive incremental revenue by giving retailers a predictive insight into a strategy's outcome. To facilitate this development, we are looking at organically building and investing more in an innovative tool-set with emerging technology like AI and machine learning (ML). This will enable retailers to hone their marketing solutions and deliver communications now demanded by clientele.

GIVE US YOUR ONE SENTENCE ELEVATOR PITCH.

Mapp Cloud provides a premium marketing platform for budget-conscious brands that want to acquire, engage, and retain their customers through meaningful and personalised cross-channel campaigns. 

This Company Spotlight was produced by InternetRetailing and paid for by Mapp Digital. Funding articles in this way allows us to explore topics and present relevant services and information that we believe our readers will find of interest.

WITT WEIDEN CASE STUDY

CHALLENGE

Witt Weiden's performance in the textile mail-order business is highly correlated with their marketing team's email abilities, encompassing at least 14 newsletters a week for eight different brands. Their email marketing platform was extremely time-consuming and required manually uploading email lists at the beginning of every day, as there was no option to automate emails. Using another tool for newsletters, the team was required to copy-paste HTML code for every email into their email marketing tool. With all these disjointed tools, the chance of encountering errors and issues was very high. Email marketing managers were becoming frustrated, as they wanted to work on creative email ideas, but instead were bogged down by uploading files and troubleshooting HTML code.

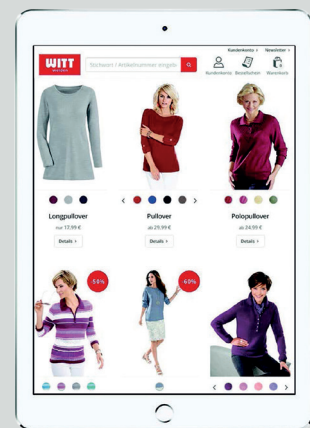
SOLUTION

The new tool needed to optimise the email marketing campaigns at all stages (i.e. creation, deliverability, management), as well as significantly improve the team's productivity. After a thorough evaluation of the tools proposed by several providers, the team chose Mapp Digital as their digital marketing platform. They used two solutions: Mapp Engage for email marketing and Mapp Connect to integrate with Witt Weiden's in-house CMS. The platform has enabled the email marketing team to create newsletters by setting up a template once and then reusing it through the drag-and-drop capability, generating a variety of designs easily. Mapp Engage also has an efficient reporting system that generates automated weekly reports based on specified KPIs and stated information. Both internal newsletters

and external communications with affiliate partners are now done using Mapp Engage, allowing complex email campaigns to be effortlessly executed.

RESULTS

Witt Weiden's weekly newsletters have doubled from 15 to 32 on average after the implementation of the new solution. This has had a significant impact on the revenues generated through these email campaigns, with a significant increase of 56 percent. Mapp Engage has lived up to the expectations of the email marketing team when it comes to both volume and deliverability, thus ensuring better reach and increased personalisation of messages. Last but not least, working with Mapp Engage, the team didn't have to worry about modifying their data processing mechanisms or any other documentation-related issues when GDPR arrived. The email marketing operations carried out through the platform automatically comply with all the regulations enacted by the European Union. Witt Weiden is planning future digital marketing campaigns that will provide customers with tailored content depending on their location.



Acquisition in the digital world

Chris James, Vice President, Oracle Retail examines why it's not all doom and gloom in bricks and mortar retailing.



The following guest article has been written for InternetRetailing by Chris James, Vice President, Oracle Retail. Oracle provides retailers with a complete, open, and integrated suite of best-of-breed business applications, cloud services, and hardware that are engineered to work together and empower commerce. Leading fashion, grocery, and specialty retailers use Oracle solutions to anticipate market changes, simplify operations and inspire authentic brand interactions.

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Despite the attempts of naysayers to prophesise the impending demise of our bricks and mortar stores, high-profile acquisitions of major retail outlets take place more regularly than you'd expect, given the sector's perennial pessimism. Indeed, earlier this year, RPC reported there had been a 15% increase in retail mergers and acquisition, as brands realised they must possess a strong presence both online and in-store.

Take the landscape right now: Sports Direct just purchased department store behemoth House of Fraser, whilst Weyvale Garden Centres (the largest garden centre group in the UK with 140 stores) is going to be sold imminently – and received an incredible 900 bids from buyers when it initially went on the market.

Does this new-found faith in physical stores merely represent an irrational nostalgia for the British high street, or do these buyers and bidders realise it's no longer enough to dominate a single channel? Perhaps, rather than closing them down, bricks and mortar stores could be the lifeblood that propels a business to a lucrative new level.

When analysing acquisitions in the retail sector, the pervading question remains: why are some stores deemed worthy of purchase? Why was House of Fraser such an attractive acquisition target for Sports Direct, whilst department store chain British Home Stores (BHS) ended up joining Woolworths and Borders as another headstone in the retail graveyard?

The answer lies in the customer experience. The country's leading retailers are those investing in this space, turning to technology to improve the service they deliver to their customers. Shortly after its takeover of House of Fraser, Sports Direct owner Mike Ashley was quoted

as saying he wanted to turn the 59-store chain into the 'Harrods of the high street'.

It's no surprise Ashley wants to emulate Harrods, the high street shop that's been differentiating itself with huge success for a number of years. Examples of the luxury department store innovating include a mobile app featuring an in-store mapping tool. Equipped with beacon technology, it helps customers navigate their way around the premises and find their favourite brand.

Another example is Harrods' facial recognition technology, used to monitor how customers are reacting to its in-store digital advertising – measuring age, gender and viewing time. This feedback lets Harrods see the demographics of people visiting its store and which brands and areas within the store they're interacting with most.

It's also likely Weyvale Garden Centres is such an attractive prospect for buyers as it comes equipped with its own innovative services. The centres place huge value in profiling customers in order to deliver the most effective experience possible. Customer overview technology lets the garden centre gather shopper data regarding historical purchases and frequency of visits – regardless of which store they're frequenting, creating a detailed profile of shoppers.

By learning more about their customers, brands like Harrods and Weyvale Garden Centres are building a customer experience that revolves around each individual shopping journey – collecting only the most relevant data, allowing them to deliver an experience that really resonates with shoppers, and presents an attractive proposition for organisations looking to purchase retail brands.

EMPOWER EMPLOYEES WITH TECHNOLOGY

The staff working on the front line of bricks and mortar stores are at the heart of a retail business. Regardless how many takeovers and acquisitions take place, changes in management, or overhauled business structures – it's the employees working on the front line and interacting with customers every day who will make or break a retail brand. Yet a lot of organisations struggle to manage these employees effectively, especially when they're spread across multiple locations.

Technology is the key to bringing all of them together, facilitating top-notch communication, collaboration and sharing of information between employees, regardless of store. Technology gives employees instant access to information services and back-office inventory –



Image: Wyevale Garden Centres

▲ Wyevale Garden Centres received 900 bids from buyers when it initially went on the market

eliminating the tedious 'let me go and check if we have that in stock' disappearing act synonymous with poor customer interactions. Product details are available at the touch of a button, meaning employees can provide shoppers with relevant information, regardless of where they are during the transaction.

The result is an empowered employee who can identify and react to customer concerns quickly and efficiently, which, in turn, saves time and increases accuracy. And we all know what happens when a frontline sales employee is afforded more time to focus on selling. They generate more revenue.

Is omnichannel a sustainable strategy in retail? With the emergence of any new business trend, there will always be questions raised about whether it will truly serve as a sustainable, long-term business strategy – or merely be another fleeting bandwagon everyone jumps off after a couple of over-hyped years.

The answer in retail is most definitely the former. Omnichannel is here to stay, and companies that stubbornly avoid its meteoric rise will follow in the footsteps of former retail stalwarts like BHS and more recently, Toys R Us. There are numerous reasons these stores failed to attract any successful takeovers, but the most pertinent to this article was their reticence to digitise their services and products.

By its own admission, Toys R Us typically fared well during peak holiday times because shoppers would visit stores in a panic after worrying their last-minute orders from online competitors would not arrive in time. However, as competitors evolved their manufacturing and delivery processes to satisfy customers who demanded same-day and one-day delivery turnarounds, Toys R Us failed to invest significantly in its online arm.

Similarly, BHS failed to keep on trend. Digital transformation and its website were treated as afterthoughts, resulting in a chronic lack of online conversions. Most damning of all though was a failure to use a digital shop front as a means of enticing shoppers in-store.

The fact BHS and Toys R Us failed to maintain relevancy and adapt to changing customer demands for so long meant that when the time came to sell, the potential for buyers – and, therefore, the queue of buyers – was virtually non-existent. The building blocks are clearly already in place for sought-after chains like Wyevale Garden Centres, which consistently demonstrate a willingness to innovate and adapt to shifting customer demands. Indeed, as recently as last year, Wyevale underwent a major overhaul of its EPOS systems to improve its customer service.

Let's face it, the golden age of the British high street is over. The sooner we accept that, the sooner we can start focusing on new ways to delight our customers. But that doesn't mean our bricks and mortar stores don't have a viable future. Whilst online shopping is convenient, customers are still looking for retail brands that will interact with them in a physical environment with a human touch. Take Apple stores as evidence for this. Anything you can buy there, you can also buy online, but still people pop in to play with the latest goods and see innovations first-hand – and consult that handy Genius Bar.

So, whilst we can still expect to see retail brands cutting their physical stores over the next few years, this isn't necessarily a negative, as the bricks and mortars shops that remain will be married to a company's online offering. And, to succeed, they'll be finding new ways to innovate within their shops – providing an experience-driven, personalised shopping experience that's part of a strategic, data-driven omnichannel strategy. 

The Modern Warehouse Journey

Craig Summers, UK Managing Director, Manhattan Associates explores the position of the warehouse in providing a true omnichannel experience to customers.



The following guest article has been written by Craig Summers, Managing Director UK at Manhattan Associates. Manhattan Associates is a technology leader in supply chain and omnichannel commerce and designs, builds and delivers leading edge cloud and on-premises solutions so that across the store, through the network or from a fulfilment centre, retailers are ready to reap the rewards of the omnichannel marketplace.

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An effective omnichannel strategy is not just about the front-end experience for the consumer; it's about the seamless back-end processes that retailers use to navigate inventory, customers and returns through the entire infrastructure. Retailers may have invested disproportionately in optimising their front-end operations, particularly their ecommerce offering, in the last 10 to 15 years, but many are now turning their attention to their back-end processes, as they seek to harmonise and optimise their omnichannel operations. And the warehouse, a key component of a retailer's 'back-end processes,' is an essential piece of this omnichannel puzzle. The need for improved speed, efficiency, visibility and accountability in today's omnichannel environment is reverberating throughout the supply chain and influencing warehouse operations significantly.

First of all, we need to take a little trip back in time. Initially, every bricks and mortar high street store set up operations with a storefront and supporting distribution centre (DC) to replenish stock. Disruption has hit these traditional retailers hard because they have kept the existing replenishment methods but have overlaid infrastructure on top to process singles as well as bulk, whereas the new pure plays have been able to set up shop with a streamlined, dedicated ecommerce infrastructure.

The current mindset of a majority of retailers is damaging the way the warehouse is working. When the supply chain needs upgrading, the warehouse is nearly always the last consideration, because it works. Surely if it isn't broken, don't fix it? Well, if the warehouse is based on legacy system infrastructure and outdated processes that accommodated customer requirements from a

decade ago, it's probably high time that processes were redefined and systems upgraded. Warehouses need to work for the here and now, as well as being adaptable for the future.

In order to increase efficiency, retailers have done one of two things. They have either disrupted their current supply chain and placed ecommerce at the centre of it; or they have a parallel warehouse which is only used for ecommerce. Neither of these is particularly efficient because silos remain.

AGILITY IS ESSENTIAL

As the world of ecommerce has accelerated and retailers have invested heavily in the customer experience, it seems like they have been afraid of applying the same updates to the warehouse. If this approach carries on, the reality is that their front-end experience could crumble if the back-end is not up-to-date. You cannot build a house to stand the test of time if the foundations are unstable; the customer experience should start in the warehouse to ensure survival.

“ It is time to stop viewing the warehouse as simply the back-end, and instead see it as the foundation for the entire customer journey ”

A warehouse should be efficient, scalable, agile, and be able to synchronise workloads. The ideal environment for this is the cloud, which provides the agility and scalability that retailers need and allows for innovation which is crucial as retail continues to evolve at a fast pace. In the modern warehouse, retailers should be able to do everything in one place, be it prioritising picking, processing orders or allocating workloads. Cloud is an essential platform for this as it allows retailers to manage all operations seamlessly and deal with peaks in demand without compromising ongoing operations.

As retailers look to update warehouse operations, they are likely also considering automation. “The robots are coming” might conjure up images of a fully automated warehouse with no staff, but some of the most efficient




Image: Manhattan Associates

▲ A warehouse should be an agile and efficient environment where customers' expectations are met

warehouses have both. Automation is key to increasing efficiency, but a good Warehouse Management System (WMS) should be able to manage manual workloads as well as creating an efficient harmony between machines and people. Automation shouldn't be a replacement for people, it should be an addition which enables a more efficient modern workforce.

This efficiency and ability to prioritise is essential during busy periods. It is becoming a realisation for many retailers that peak is no longer limited to the run up to Christmas; peaks in sales throughout the year can be influenced by anything from World Cup fever, to uncharacteristic summers, so retailers must be prepared to deal with

unpredictable highs. An efficiently built warehouse with an agile cloud system in place enables retailers to scale up their operations to accommodate these peaks without compromising the ability to fulfil orders.

It is time to stop viewing the warehouse as simply the back-end, and instead see it as the foundation for the entire customer journey. By continuing to only update the customer facing aspect of omnichannel, retailers have created inefficient silos that are costing them money. It is only by changing this mindset that the warehouse can become an agile and efficient environment where customers' expectations are met, and that truly seamless omnichannel becomes a reality. 



The UK's leading packaging supplier to ecommerce businesses, offering a wide range of postal solutions including:

Postal tubes

White Postal boxes

Book wrap mailers

Paper mailing sacks



Image: SoftBank Robotics Europe

▲ AI robots such as Pepper can understand natural language and emotions when interacting with shoppers

Omnichannel AI

Marks & Spencer is testing the capabilities of artificial intelligence (AI) and machine learning as part of its plan to transform itself into a digital-first business. *Emma Herrod* investigates the challenges and opportunities that come with machine learning.

M&S Retail Labs has formed a strategic partnership with Microsoft, which will see the businesses working together to explore how technologies such as artificial intelligence (AI) can be used within retail to improve the customer experience in stores and to optimise operations.

Marks & Spencer sees the partnership as an important next step in its business-wide transformation programme and one which the company says could be a “game changer” for it. “Working together with Microsoft to understand the full potential of how technology and artificial intelligence can improve the in-store experience for our customers and the efficiencies of our wider operations could be a game changer for M&S – and for retail,” says Steve Rowe, CEO, M&S.

But what is AI and why is it so important to the future of retail? Cliff Crosbie, Co-founder, emotion recognition technology company Emrays, explains that it involves more than a simple algorithm or mathematical calculation. True AI, once trained, has to be able to work independently, to be able to continually learn and give insights into the data that’s feeding it rather than providing more data. IBM calls it

augmented intelligence – the combination of human and a machine to deliver an outcome that’s better than either one could achieve on their own.

However, an AI engine is only as good as the information that it’s given. “If you feed it bad data it will feed you bad results,” warns Crosbie. “So you have to make sure that it’s looking at good data all of the time so that it can be effective and learn.”

He adds: “What people are looking for is insights from the data, learning from the data, things that give them some kind of competitive edge through that data to be able to do something that works in terms of what the customer or the company needs.”

CHALLENGES

Alex Rutter, Director of Watson Customer Engagement UK & Ireland at IBM, agrees that an AI engine is only as good as the data that has trained it initially and the information with which it’s later fed. IBM’s Watson AI engine, for example, has been developed for different industries and fed data that is applicable to each, so the reply it gives to a medical query would be different to that for a retail one. By tailoring



Image: Marks & Spencer

▲ Marks & Spencer is exploring how AI can be used in stores

the AI engine to each industry – in this case, retail – it can understand retail in the same way as a retail expert.

The artificial aspect uses the technology to deliver the interaction and the intelligence part enables it to mimic what a human being would do. “In order to do that you need the complexities of machine learning, because the richness of the information required in the short space of time, or in advance of this happening, is what’s different,” says Andrew Fowkes, Head of Retail Centre of Excellence, SAS UK & Ireland.

He explains that this is all enhancing the demand forecasting that retailers have been doing for years; looking past an empty shelf in a store to the different demand indicators such as browsing behaviour, social reaction, abandoned baskets and so on. AI and machine learning takes real-time data and predicts what is needed at which locations so subscription services could have the product with the customer before they even know they need it.

He also says that retailers can’t deliver really rich contextualised information or customer experience from an AI point of view unless they have some elements of machine learning that understand what the customer might be looking to ask for next and are able to put that into a place that’s ready to provide the answer to the customer.

The quality of the data is therefore key not just to the initial training of the AI engine but to what is continually fed in from across the business. Retailers able to tie their technology stacks together and scale AI and machine learning across the customer journey, rather than at specific channels and limited data points, are going to be at an advantage – especially

since many retailers are still struggling to break down organisational barriers and siloed operations.

A retail AI engine will become even better over time since it is continually learning how the specific business works, the rules of how it should interact and the individual behaviour of each customer. For example, over time, the AI engine used by a cutting-edge young fashion chain will respond differently to one used by 1-800 Flowers.

This time to market is where early adopters of AI will be gaining a competitive advantage, explains Rutter, since they will not only have the advantage of using AI now but their AI engine will have longer to learn from their business and customer data rather than being a generic retail AI engine.

IS AI KEY?

However, only a quarter of businesses think that AI is key to their business, according to Fujitsu. Many implementations of AI and machine learning around the world are still at the level of pre-packaged applications and they have been integrated into existing processes such as chatbots and voice recognition.

“I think that will change over the coming years as they see the competitive advantage that organisations that have adopted AI will generate. They will look to follow suit and it will become strategic and start to be surfaced with the board more as a topic to drive differentiation and value,” says David Nicholls, Retail Chief Technology Officer, Fujitsu UK & Ireland.

The UK is leading the way in terms of the number of companies assessing the strategic value of AI. Reducing

errors, improving quality and enhancing the customer experience are all cited by respondents to Fujitsu's 'Digital Transformation PACT' study as benefits of the technology.

For many of the respondents involved with digital transformation, the technology cannot be implemented fast enough since 2 out of 5 say they are frustrated by the slow speed of change.

The majority, though, recognise the fact that AI is expected to transform the kind of skills required within three years. As the Fujitsu report says: "Turning a digital vision from a grand plan into a practical reality is about much more than wise technology investments or putting best practices in place. It's about making sure that you have the right people with the right mix of skills across your business."

PEOPLE

As with any 'new' technology being inhouse by retailers, there is a shortage of staff able to generate the desired ROI. "Should retailers be trying to become data scientists?" asks Fowkes. M&S believes so – to a certain degree – since more than 1,000 members of its staff will be undergoing training as part of a data skills initiative.


The M&S Data Academy will take staff from every part of the business – from store managers and visual merchandisers to finance and buying – and create a new

raft of data-skilled leaders to lead digital transformation across the company.

The leadership team will embark on a Data Leadership programme, enabling them to get hands-on with machine learning and AI technology while other staff can enrol on The Data Fellowship, an 18 month in-work data science skills scheme. Participants will learn how to harness cutting-edge data analytics tools including R and Python and adopt technologies such as machine learning.

Steve Rowe says: "This is our biggest digital investment in our people to date and the creation of the M&S Data Academy will upskill colleagues and provide them with an in-depth level of digital literacy as well as a data analytics qualification. Transformation of our business is key to survival and a huge part of this lies with our colleagues."

AI and machine learning are not just bandwagons to be jumped upon, although the technology suppliers are making many claims about them. Technologies are fast transforming the retail industry but retailers need to think about whether any application will save them money, attract more customers, generate more sales and money, or make them better at what they do.

AI should be saving you time, because it's doing things quicker than a human being, saving you money because less people are involved in gaining the insight. It should give you an instant result that will either save you money or increase your sales. 

10 WAYS THAT AI IS BEING USED IN RETAIL

Linking shopper behaviour with inventory levels and locations – AI and machine learning can enhance demand forecasting, pulling out insight from a complex array of demand indicators such as social media and abandoned carts, in real time, and predict what customers are going to do next, the locations in which stock will be needed and even having product ready for a customer before they know they need it.

Personalisation – AI is being adopted on ecommerce and mobile sites, through marketing and in stores, to help scale the optimisation of channels and pinpoint the best times to communicate with shoppers. It is becoming pivotal in understanding the shopper and recommending products.

Warehouse – Ocado uses machine learning in its warehouses. This governs the layout of products in the zone-pick area where a number of items are located within easy reach of each manned pick station. Customer totes then visit the relevant pick station on their route around the warehouse.

Chatbots & customer service – Chatbots are the new customer service channel, especially when combined with a natural language processor and an AI which understands emotion. From telephone calls, which may need to be passed seamlessly to a human if they need escalating, through to 'robots' in stores which are able to interact with shoppers, AI bots have been springing up all year. They are also able to 'sell'. H&M's Kik, for example, can interact via text with customers and recommend clothes. It asks the customer questions in order to narrow down and learn what they want. It then delivers relevant product information to their phone so customers can choose to buy.

AI is also useful with email communication. Inbound emails at Ocado are automatically analysed and prioritised, so instead of being handled in the order that they are received, customer emails which need urgent attention are dealt with ahead of acknowledgments or those giving general feedback. The analysis is done by an application which was developed in-house by Ocado's technology division utilising Google Compute Engine, Google Cloud Services and its Tensor Flow machine learning service along with a natural language processor developed and trained by Ocado.

Ommichannel – AI is open to retailers of all sizes. A Cornish fashion retailer with a turnover of £20m is using AI across its business and has seen a 46% reduction in marketing costs while growing overall revenue by 30%.

Predicting store interaction – An AI engine can understand people's emotional responses and predict how situations may develop. By monitoring CCTV, it can tell if someone in a shop is picking up an item because they are showing interest in the product, why they decided to put it down, or raise the alarm if unusual behaviour is likely to occur such as the item being about to be shoplifted.

It can also be used with geolocation data to map customer and staff interactions. Japanese department store Isetan, for example, found that sales staff located on the periphery of the sales floor had better interactions with customers than those standing in the centre. Those at the periphery generated as much as 10% more revenue.

Store design – Monitoring sentiment is more than a case of using facial recognition. By analysing semiotic feeds from people as they look at a shop design or walk into a store, the AI can tell if someone is being made unhappy by the conversation they are having on their mobile phone rather than the store.

Semiotic feeds also enable AI to analyse how customers will react to a store design in its entirety and by separate sections, either collecting feeds through a camera on a mobile phone as they walk around a store space or as they look at a design. It can also reduce the bounce rate as customers walk in, scan the store quickly and walk straight out again.

Marketing impact – AI can monitor for brand sentiment across news and social media and give insight into how people will react to marketing campaigns, videos or messages.

Analysis and instant feedback – You have one chance every time a customer walks through the store door and retailers can't miss many of them. Instant feedback can highlight if another cashier is needed, if an area of the store isn't working, and whether people aren't going along a specific aisle or picking up certain products. In the same way that personalisation works online with product highlighted to the right customer, the same can be done in store.

Fraud reduction – Transaction records can be analysed along with CCTV images in real time to monitor for fraud, such as items not being scanned at a self-service checkout or an expensive item being scanned with a different bar code for a cheaper item such as being weighed as carrots.

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Agenda at a Glance

Opening Plenary

09:00 – 09:10

Chairman's Introduction & Welcome

Ian Jindal, Editor in Chief, InternetRetailing Magazine

09:10 – 09:25

Keynote Fireside Chat

Henry Birch, Chief Executive Officer, Shop Direct

09:25 – 09:55

Opening Keynote Panel Discussion

Jonathan Wall, Chief Digital Officer, Misguided
Ian Jindal, Editor in Chief, InternetRetailing Magazine
Paul Sulyok, Founder & CEO, Green Man Gaming

09:55 – 10:25

Keynote Presentation: New Retail

David Lloyd, Managing Director, UK & Nordics, Alibaba Group

10:25 – 10:55

eCommerce Innovation Keynote Panel Discussion

Alex Murray, Digital Director, Lidl
Sébastien Hénon, Director of Consumer Information Systems, Clarins Group
Alex Hamilton, Head of Innovation Projects, Isobar

11:30 – 12:10

Roundtable sessions

Alison Lancaster, Interim Digital Marketing Director, Fanatics (International)
Alex Murray, Digital Director, Lidl
Sara Prowse, Chief Executive Officer, Hotter
Caroline Hazlehurst, Operations Director of UK/IE, Deliveroo
Ash Roots, Chief Digital Officer (Services), Dixons Carphone

Track 1 International & Innovation

12:15 – 12:45

Building an innovation framework for eCommerce

Alex Hamilton, Head of Innovation Projects, Isobar

12:45 – 13:45

Lunch and networking

13:45 – 14:25

How can you use localisation effectively to drive sales when retailing internationally?

Robin Phillips, Chief Executive Officer, Watchshop

14:30 – 15:00

Next Generation Tech Solution Workshops

15:05 – 15:40

Networking, coffee & 1-2-1 meetings

15:45 – 16:15

Tech Track Presentation: Pureplay, Innovation & Disruption

Senior Representative, Monetate

16:15 – 16:55

How can a retailer differentiate through creating and fostering an internal culture of innovation?

Track 2 Delivery & Operations

12:15 – 12:45

Tech Track Presentation: Final Mile

12:45 – 13:45

Lunch and networking

13:45 – 14:25

How can you meet customer expectations for same-day delivery and still remain profitable?

Charlotte Briscall, Head Of Digital Experience, Group Digital, Sainsbury's

14:30 – 15:00

Next Generation Tech Solution Workshops

15:05 – 15:40

Networking, coffee & 1-2-1 meetings

15:45 – 16:15

Tech Track Presentation: Operational Excellence

16:15 – 16:55

What does an operational excellence strategy look like leading up to and during peak trading periods?

Phil Barnes, Director of Supply Chain, N Brown Group

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Business Design Centre
London

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Closing Plenary

17:00 – 17:35

Closing Keynote Panel Discussion

How will eCommerce develop by 2021 and what should retail leaders be doing today to prepare?

Joris Beckers, Founder, Picnic

Maureen McDonagh, Industry Head, Retail, Facebook

Alastair Stirling, Industry Head, Retail, Google

Sean McKee, Director of eCommerce and Customer

Experience, Schuh

Ian Jindal, Co-founder and Editor in Chief, InterneRetailing

17:35 – 17:40

**Chairman's Closing
Remarks**

17:40 – 20:00

IRC After-Party

Track 3 Customer & Engagement

12:10 – 12:15

Track Chair Introduction

Chloë Thomas, Founder, eCommerce MasterPlan

12:15 – 12:45

Marketing & Customer Obsession

Joey Moore, Director of Product Marketing, Episerver

12:45 – 13:45

Lunch and networking

13:45 – 14:25

**Proving marketing ROI in a fragmented market
of increasing media options**

Simon O'Mahony, Director of Digital, Retail & Customer Service,
& MD Mitre Linen, Nisbets

14:30 – 15:00

Next Generation Tech Solution Workshops

15:05 – 15:40

Networking, coffee & 1-2-1 meetings

15:45 – 16:15

**From transactional to inspirational commerce –
how to adapt to individual consumer expectations**

Heike Zellerhoff, Manager Sales & Relations UK, Shopware AG

16:15 – 16:55

**Which personalisation strategies will actually
engage your customers and drive loyalty?**

Rachel Swidenbank, VP Commercial & Community, Depop

Track 4 Beyond Channels

12:15 – 12:45

Tech Track Presentation: Mobile-First

Lauren Wolfe, Marketing Director, Klarna

12:45 – 13:45

Lunch and networking

13:45 – 14:25

**How can you move 'mobile first' from a concept
to a strategic eCommerce reality?**

Alexander Bartholomew, Managing Director, Performance
Cycling, Halfords

14:30 – 15:00

Next Generation Tech Solution Workshops

15:05 – 15:40

Networking, coffee & 1-2-1 meetings

15:45 – 16:15

**Payment strategies to enhance
customer experiences**

Nicolas Vedrenne, Chief Business Development Officer,
SafeCharge

16:15 – 16:55

**What does a seamless omnichannel customer
experience feel like and how should you approach
delivering it?**

Sara Prowse, Chief Executive Officer, Hotter

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Inspirational speakers re:generating digital retail




Alibaba Group

David Lloyd
MD, UK & Nordics
Alibaba Group




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Henry Birch
CEO
ShopDirect




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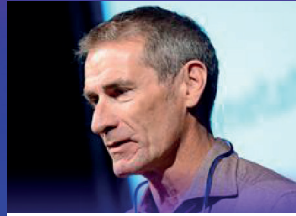
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Charlotte Briscall
Head of Digital
Experience, Group Digital
Sainsbury's



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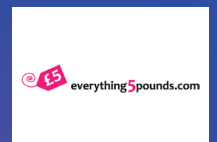
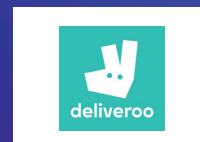
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Fostering community in retail

Chris Labrey, Managing Director, Econocom UK & IRL, examines how technology is supporting retailers bringing the human touch back to stores.



The following guest article has been written for InternetRetailing by Chris Labrey, Managing Director, Econocom UK & IRL. Econocom designs, finances and oversees companies' digital transformation. The company employs

over 10,700 employees in 19 countries, with revenues in excess of €3bn in 2017. Econocom has all the requisite abilities to ensure the successful implementation of large-scale digital projects.

<https://uk.linkedin.com/in/chrislabrey>

<https://www.econocom.co.uk/>

For years we've been hearing about the imminent death of the high street. Footfall is down, costs are up and ecommerce is taking over. Recent news headlines seem to support this idea, just consider the ongoing House of Fraser saga. Yes, it's been bought by Mike Ashley, but suppliers are still clamouring for cash (to the tune of £484m, according to administrator EY), jobs are in jeopardy and relationships with luxury brands like Mulberry have taken a hit.

One of the major threats that retailers face is from ecommerce giants and the continuing growth of online shopping. While most retailers are answering this challenge by moving to an omnichannel model, they also need to consider how buying behaviour has changed, how customers are savvier than ever before and how retail itself is shifting.

Going forward, there are many solutions and innovations that retailers are looking at to avoid a slow death. Practically speaking it may require a delicate balance of a number of factors, from technology and new business models, to experiential retail and shoppertainment. But all need to ensure that customer experience is the same across all touch points, from in-store interactions to purchasing goods on apps or online. To a large degree this has been accomplished with technology making shopping more convenient, giving the customer more choice and the transaction is completed quickly.

BRINGING BACK COMMUNITY

While this is a win for the customer experience, what about the longer-term goals of the retailer? The ultimate aim is to increase revenue by attracting more shoppers.

According to a recent study from PwC, shoppers want human interaction when they go into a store. They don't all want to use self-service technology or talk to robots. In fact, 59% of global respondents in the survey said they felt brands had lost touch with the human element of customer experience.

Maybe something can be learnt by taking a higher-level view and looking at the high street as a whole – not all towns and high streets are struggling. Stockton-on-Tees, for example, defied the odds and actually boasted more shop openings than closings in 2017. It was the only town centre in the region to buck the trend following the town council's proactive plan of regeneration. According to the council, "... our regeneration of the High Street has been about delivering a town centre that offers different things. It's been as much about hosting events, celebrating heritage and creating pleasant spaces as it has been about shopping".

“ 59% of global respondents said they felt brands had lost touch with the human element of customer experience ”

Applying this same mentality to individual stores or retail chains can have a tremendous impact on the health of the high street.

Retailers such as Sports Direct and Game are taking the idea of shoppertainment to the next level and showing what can be achieved. The collaboration between the two companies sees Sports Direct opening e-sports areas in some of its stores. The first Belong gaming arena has already launched, with more to follow, and offers gamers a state-of-the-art space to play the latest games.

John Lewis in the newly launched Westgate shopping centre in Oxford offers customers an Alice in Wonderland themed experience, supported by 300 staff members trained by the Oxford Playhouse theatre.

Other retailers are making smaller, incremental changes, like incorporating coffee shops and nail salons into stores. These add-ons deliver value themselves, but also ensure shoppers stay longer in-store and are more engaged.



Image: istock/aiastudio

▲ Technology and the right level of human interaction are needed for a frictionless customer experience in store

THE TECHNOLOGY POINT OF VIEW

Technology is still important though, but, according to the PwC report, as an enabler of this more human customer experience and not at its expense.

While entertainment and experiential retail are one element, they need to be brought together and enabled by technology. Together they can foster a sense of community.

Step inside any official Apple store today and you'll notice that there isn't a single 'traditional' till point in sight. Instead, you'll find staff members with a mobile POS device in one hand moving freely across the shop floor and assisting customers.

The benefits are clear: shoppers don't have to line up to make a purchase, especially during busy periods. In much the same way, there is a huge degree of freedom and liberation that comes with unshackling staff members from a static till and allowing them to work the entire shop floor as necessary. Suddenly, employees are no longer limited to just scanning the barcodes on items – they can serve, engage and interact with customers, delivering that crucial personal experience.

This in turn allows for a much more immersive and interactive in-store experience – something that is

becoming increasingly crucial to ensure future in-store retail success.

“ Technology is important as an enabler of a more human customer experience and not at its expense ”

Regardless of the technology, updated POS systems, tablets, mobile devices or MR devices, there are bound to be challenges. Specifically around cost. However, there are a number of ways in overcoming these obstacles through the use of different payment options, like subscription models. Retailers can effectively move the cost of new technology to operating expenditure, instead of CAPEX, keeping costs predictable and manageable. This also enables them to spread the cost over time, while being able to leverage the benefits of new technology and shorten replacement cycles. 🇬🇧



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▲ Is the end in sight for Britain's high streets?

The passing of a nation of shopkeepers

Emma Herrod investigates the issues behind store closures and what is happening to transform this nation of shopkeepers.

Britain's high streets provide a contrast of empty shops and charity shops, to market towns full of independent retailers and cities with flagship stores from international brands. For many, the past few years have been a challenge with different experts called in by Government to offer reports and conclusions into how to save the high street.

High Streets Minister Jake Berry MP has announced a new panel of experts which has been appointed to diagnose issues currently affecting the health of the high streets and advise on the best practical measures to help them thrive now and in the future. The panel is chaired by Sir John Timpson, Chairman of multiple service retailer Timpson. The panel's review will focus on what consumers and local communities want from their high streets as well as

looking at the current challenges and working out options to ensure that town centres remain vibrant.

The government is committed to helping communities adapt with high streets remaining at their centre. "High streets of the future will still be commercial centres but consumers now look for a wider range of experiences, from leisure to health services. Our future high streets may well feature more homes, childcare centres and gyms to bring people back and ensure that they keep returning," says High Streets Minister Jake Berry MP.

Timpson is being realistic to the difficulties that the high street is facing and understands that the panel cannot offer an instant, quick fix solution. He does though hope that it will be able to "identify practical and common sense decisions that will help the government provide the

support that local communities and businesses need to provide the leisure and shopping facilities people will want 25 years from now.”

However, while the review panel includes many eminent members from retailing, property and government organisations, shopworkers trade union Usdaw is “disappointed” that a retail staff representative hasn’t been included. Usdaw’s new General Secretary Paddy Lillis has recently called on national and local government, unions and employers to form a joint retail task group to protect the high street, safeguard jobs and ensure good wages and good training in the retail sector.

The review has though asked members of the public – and young people in particular – what they want from the high streets of the future.

INDUSTRY RESPONDS

However, David Jinks, Head of Consumer Research at parcel delivery comparison site ParcelHero believes that the review may be a case of too little, too late. “To be brutally honest, the diagnosis is already clear, and it’s terminal unless the Government and retailers act swiftly,” he says.

“The High Street is sinking fast from the perfect storm of home shopping and ruinous business rates that retailers have been screaming in protest against for some years”

ParcelHero’s own research suggests that by 2030 over 40% of all retail sales will be online and up to half of the existing High Street stores will have closed. “The High Street is sinking fast from the perfect storm of home shopping and ruinous business rates that retailers have been screaming in protest against for some years,” he says.

Jake Berry MP believes that the high streets of the future “may well feature more homes, childcare centres and gyms to bring people back and ensure that they keep returning”. The high street is going to need more than this though as these “aren’t even going to be sticking plaster over the empty shop windows on our town centres,” says Jinks. “Let’s hope Sir John’s panel have fresher ideas.”

He adds: “We all need a reason, or at least an excuse, to return to the High Street. High Street stores must offer a great shopping experience, and more product expertise. Business rates need to be slashed... Many of the biggest names on the High Street have to get to grips with a combined multiplatform approach to sales: or join the ranks of BHS and Toys ‘R’ Us. It looks a talented panel Sir John Timpson is to chair, and we’re hoping for weightier ideas than gyms from it.”

The announcement of the panel comes at a time when another heavyweight of the high street, Bill Grimsey, is

calling on government to act now and “carry out serious independent reviews” of what he believes are barriers to the progress of transforming high streets. These obstacles include business rates, the complex layers and bureaucracy of local government and how change can be financed.

One of 25 recommendations in the evidence-based ‘Grimsey Report 2’ is for government to “accept that there is no confidence, in business rates, it is accelerating shop closures in many towns and is an outdated and unfair tax that needs a major overhaul.” The report calls for it to be replaced with a tax based on land, area or property value or for a sales tax to be introduced instead.

The report also calls on towns to develop their own plan and USP, under strong leadership and for local authorities

“We will no longer be a nation of shopkeepers and Britain will be a lot poorer as a result”

and other agencies to share best practice rather than working in silos.

Adjustments and adaptation needs to happen swiftly with support from central government otherwise he warns “communities will pay a heavy price and a key part of our national character will be lost. We will no longer be a nation of shopkeepers and Britain will be a lot poorer as a result.”

eBay would add a further recommendation to Grimsey’s report in the shape of closing the digital gap between online and brick and mortar retailing by supporting SMEs to make the most of the digital opportunity and allowing them to reach more customers nationally and internationally. “We should be very proud of the incredible strength of the small businesses of the UK and must seek to empower them more,” says Rob Hattrell, UK VP, eBay.

Jat Sahi, Digital Lead Retail, EMEA at Fujitsu believes that the idea of designing town centres as community hubs could actually prove positive for retailers, as having such attractions nearer stores would very likely keep a retailer front-of-mind for consumers and make them more likely to be visited.

“If cities and towns do take up these recommendations, it will be absolutely vital for those still on the high street to maximise their already reduced presence. But regardless of this, with consumer confidence trending downward, competition is fierce and both customer loyalty and shopping experience are weighing in. If they can avoid being the next generation of retailers to be pushed out of the high street for good, by deploying technology in a visionary manner they could be looking forward to consumers being physically much nearer to them which could be a renaissance for the high street,” he says.



Image: en.fotolia.com/bluraz

▲ Is it time to level the playing field so that the high street can thrive again?

DATA-DRIVEN HIGH STREETS

Another organisation is arguing that investment and education are needed in order to create data-driven destination high streets which are crucial to the future of shopping.

SavetheHighStreet.org brings together independent retailers, local government, town centre organisations and high street champions from across the country in a bid to “level the playing field, accelerating the whole high street’s transition to a better connected, digitally enabled, more sustainable high street.”

It says that this is the most transformational period in the history of high streets and that the future will depend on how businesses act now.

“If we can create and safeguard the conditions for success on the high street, a stronger, better connected, digitally enabled future high street will emerge,” it says in its 2018 manifesto. “If we work together and with conviction we can live in a world where the high street economy thrives for generations to come.”

Again, investment, support and the nurturing of innovative solutions are being called upon to help bring about the high street of the future.

It seems as if everyone is wanting the same thing, the transformation of the high street. As the Grimsey report

says, “It is now obvious that we are at the beginning of enormous social and economic change. The Fourth Industrial Revolution will be the most disruptive period any of us has ever known, as we continue to witness a

“ The Fourth Industrial Revolution will be the most disruptive period any of us has ever known ”

blurring of the real world with the technological world.”

Will the country move at the pace of past revolutions or can we take a lesson from Moore’s Law and move everything along at the pace of technological change? Society is changing, old ideas are being overturned swiftly and a number of strong, visionary leaders have taken on ideas from the first Grimsey review to change their own high streets.

It can be done at a local level, retailers and technology providers are ready but support is needed from landlords and from central government in the form of investment in high streets through alteration of the business rates barrier. 🇬🇧

Point. Discover. Experience

Paul Skeldon, Mobile Editor, InternetRetailing, investigates how mobile continues to change shopper behaviour across channels.

The death of the High Street has been wafting around the news agenda all summer – fuelled by some high-profile fails – but rumours of its demise are premature. What is really happening is that the role of the High Street is changing. Instead of being a thing in its own right, bricks and mortar stores are becoming part of the omnichannel world: they are part of an ever-broadening retail palette.

And the brushes dipping into this palette are mobile phones. Having mobile at the centre of the omnichannel play is not a new idea (remember mobile as the glue to retail?), instead it has become a reality. While some retailers have been slow to react – or more likely screwed by ground rents and other non-retailing pressures – many are starting to get the idea.

“ More than 70% of Gen Z and millennials would buy more online if all digital content was shoppable ”

At the centre of this mobile mainstream are the kids. According to research from visual commerce AI company ViSenze – which powers image recognition at fast fashion pureplay Asos – that questioned more than 1,000 UK and US shoppers from the Gen Z and Millennial demographics, nearly half of these youngsters shopped online at least once a week, while 60% shopped in store more than once a week.

Before you get excited that this means that shops aren't dead, the research goes on to find that more than 60% of respondents said they were most likely to complete transactions on their mobile device, while nearly 80% tended to discover products via mobile while they were out and about with their phones.

And here's the rub. They are using their phones to find and identify things – things they often then go into a store to buy – but when they do purchase they want to use their handset to do so.

Queuing in stores – especially to pay – is becoming more of a headache for everyone, not just the kids and is the place where mobile can easily shift the pain. According to Jisp, a mobile payment company, almost half of shoppers (41%) have ditched the high street because of long queues – while consumers also cited difficulty locating products

(19%) and unknowledgeable staff (15%) as the main deterrents of visiting traditional stores. All things that can be aided by the in-store use of mobile.

The thing is, a quarter of the 1,000 shoppers polled by Jisp wanted to see better, more mobile payment technology implemented in stores. A third wanted to also have better information about stock – and for staff to have the same – and that, they say, would entice them to visit stores.

Nearly half of all shoppers actually like going into stores to touch and feel the goods and talk to staff, to get expert views and to learn. They also quite like free wifi, a cup of coffee and the chance to sit down and eat a cake. While mobile can't deliver confectionary (yet!), it can very simply and easily cure most of the ills of in-store shopping.

EXPERIENCE

A leading proponent of changing the in-store environment to embrace expertise, touching and feeling the goods, as well as grabbing a cinnamon swirl and a latte is John Lewis & Partners.

Not only has the retailer changed its name to '...& Partners' to reflect the importance of its staff to its revamp, it has also set aside 25% of its floor space to offering talks and demos, hands-on sessions, manicures and more – all booked through a concierge and mobile app.

At the time of the launch, Paula Nickolds, Managing Director of John Lewis, said: “As part of our plans to differentiate the John Lewis brand and to reinvest in the department store for the 21st century, our shops continue to be a place where customers come and experience our brand – the physical manifestation of what we stand for. More than a route to selling things, our Oxford shop is a place that aims to inspire and delight our customers and is entirely focused on customer experience.”

Game, famed as an online marketplace for games, also believes in the power of real-world experiences. It has opened the first of two new gaming arenas, each of which has space for 50 people to play the latest games on the latest hardware.

A new Belong arena opened in the Westfield shopping centre in Shepherd's Bush in West London, and is the first new venture since Game formed a partnership with Sports Direct. A second Belong arena is scheduled to open in Thurrock on the eastern flank of London this month.

The company already has a number of much smaller Belong venues around the country, but this marks a significant step forward.



Image: John Lewis & Partners

▲ The shopping experience is more than simply buying something

DISCOVERY

Where mobile really links the online and real world's though is increasingly in the realm of discovery. As we have seen, today's shoppers are discovering online – often with mobile while out and about – but many are still then heading into stores to see the goods, especially in apparel retail.

Here discovery is what drives people to the experiences that lie in store. And young people are ripe for this.

According to the ViSenze study, almost two thirds (62%) of Gen Z and millennials said that they would like to use visual search in order to find and identify products that they are inspired by on their mobile devices, before buying. And more than 70% said that if all digital content was shoppable, they would buy more online.

More than half (57%) of millennial shoppers said they discovered products on retailers' websites, while 60% of generation Z shoppers find them on social. Overall, 70% of respondents said they engaged with social media platforms at least five times a day.

The data also suggests differences between the two groups when it comes to the types of product recommendations preferred: more than 80% of both groups welcome product recommendations, but 50% of Gen Z respondents prefer brands to deliver recommendations based on their own buying behaviour, while 41% of Millennials prefer to be shown recommendations based on what people similar to them are interested in. In either case, over 70% of total respondents indicated they are likely to buy a product based on a recommendation.

“Once focused almost exclusively on appealing to Millennials, marketers have broadened the scope of their

digital strategies to take Gen Z preferences into account as they are on track to become the largest generation of consumers by the year 2020, and account for \$29 to \$143 billion in direct spending according to Millennial Marketing,” says Oliver Tan, Chief Executive and Co-founder of ViSenze. “Yet our research confirms that while the two consumer groups are starkly different in many ways, their shopping journeys are increasingly dominated by mobile, reaffirming the growing opportunity of shoppable content and visual search.”

But they still like stores. According to Jisp CEO, Julian Fisher, 15% of its survey respondents value the fact that a high street shopping trip avoids the delivery charges and waiting times associated with online shopping. Similarly, 13% believe it is easier to see what is available in a traditional store compared to browsing online.

The survey did bring some other good news for high street retailers. Almost a half (48%) of those polled said that the ability to touch and feel products was the biggest benefit to in-store shopping, although 39% admit they rarely speak to shop assistants for product information.

Stores have to change and they have to adapt to this mobile world of discovery and experience.

“It is vital for retailers to take heed of these results and make some big changes to tempt consumers back to the high street. Making it easier for customers to pay for their goods and adopting new technology to do so should be at the top of the agenda. Retailers should also focus on the elements of the shopping experience that are unique to stores, such as the ability to touch and try on items, which can't be paralleled online,” concludes Fisher. 🇧🇪

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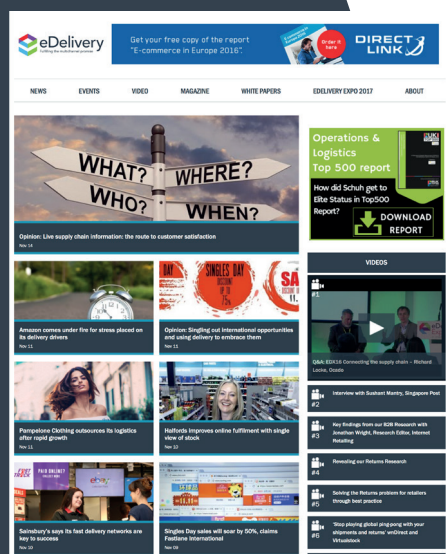
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Image: Schuh

▲ Rob Bridle, Logistics Director, Schuh

Schuh: Delivering customer choice

Rob Bridle, Logistics Director, Schuh, takes us behind the scenes to show how the shoe retailer remains amongst InternetRetailing's Top50 in the Operations & Logistics Dimension.

HOW DOES SCHUH'S LOGISTICS OPERATION WORK?

The Schuh logistics estate currently consists of two Scottish DCs, located a few miles apart from each other at Livingston and Bathgate, a mini DC at West Bromwich in the Midlands and 133 stores that are used as mini fulfilment centres.

Most new intakes are delivered to our Bathgate DC with returns, store to store transfers and clearance operations handled at the Livingston DC with both fulfilling online and

store orders. Our mini DC at West Bromwich is used purely as an ecommerce fulfilment centre and is sent stock daily for sale online with a much later last order cut off time than we can achieve from Scotland. Stock in stores is populated for sale online and shipped from a store where stock may not be available in a DC or where the customer has chosen same day collection from a specific store.

The operation is focussed on three core goals:

1. Providing great service to all of our logistics customers;
2. Finding ways to add value by doing things better, more efficiently or more cost effectively;
3. Ensuring resources are in place to support the company's future growth aspirations.

They're all pretty important but our most important KPIs are service related and customer focussed.

Service: We think of our customers as falling under three



Image: Schuh

▲ Orders are fulfilled from two Scottish DCs, a mini DC in the Midlands and 133 stores

broad headings: 1) Direct consumers (online customers) and the Ecommerce Team, 2) The Retail Team (stores) and 3) the Buying & Merchandising Teams

For Direct consumers and the Ecommerce Team, we aim to provide every type of delivery service required and partner with fast and reliable delivery partners. New lines need to be available for photography and offered for sale online with the stock in a pick location on the day of receipt. Our main KPI is on time delivery which we measure using tracking data imported into our own Customer Journey Report.

For the Store Retail Team, we provide next-day delivery 6 days a week and aim to pick all orders and replenish sales on the same day through to 6pm daily for next day

delivery. Our automation helps us pick and pack up to 12,000 items an hour. The main KPIs are on time delivery, delivery accuracy and we also measure sales next day that could only have been achieved as a result of us

“ We believe that positive supplier relationships massively add value to our operation ”

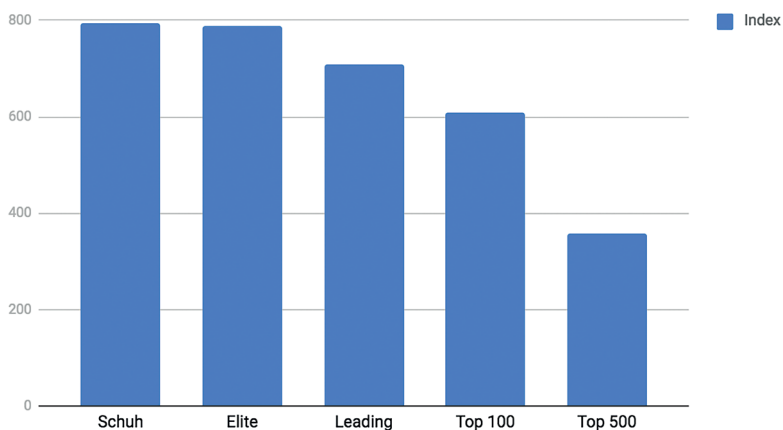
running replenishment picking in the afternoon through to 6pm. Picking this way is less efficient from a productivity point of view, compared to waiting until next day, as it involves multiple

picks but we know that the additional sales achieved more than cover the extra man hours required.

For the Buying and Merchandising Team, service is based on same day turnaround on all new intakes with the stock offered for sale online same day (except where there's a specific future launch date) and in all UK & IE stores next day. Our stores are electronically sent two or three return tasks each week in order to move dynamic and limited stock to locations that are selling it faster. This can be as much as 35% of outbound delivery volume. Stores scan and pack the stock on day one, it's collected and returned on day two and processed and sent back out for delivery for day three (day four in German stores). This process is assisted by some very slick IT

A LEADER IN THE IRUK500

Operations and Logistics Average Index



Schuh offers delivery over 7 days with a late order cut off time, same-day express click and collect, and a choice of third party click & collect locations. In addition to the standard order progress, dispatch and tracking communication that is provided, all customers also receive messaging direct from the carrier about their expected delivery window, updates on any potential delays during the delivery day and have some additional control over their delivery in the form of 'in-flight' delivery options.

Schuh has invested a lot of time and effort to ensure that it is working with some of the best

performing and most reliable delivery partners in the business. It imports live tracking data from delivery partners to populate a Customer Journey Report which measures actual delivery performance against its delivery promise across all services.

The retailer's standard delivery service, which comes with a 2-3 day delivery promise, is running at over 99% on time so far this year with circa 70% delivered next working day. Schuh benchmarks itself against the IMRG Delivery Index and it typically aims to exceed the national average by 8-10%.

processes and automated sortation system and delivers some significant benefits in the form of lower overall investment in inventory than we might otherwise expect (we typically run on 12-14 weeks stock cover) and a lower percentage of markdown incurred.

We also have a clearance operation where fragmented lines and former display shoes can be QC checked, graded and if appropriate be listed for sale, with a discount, as slightly imperfect, with a photo and description of the imperfection on a special area of our website. This provides a useful way of achieving the best possible terminal selling price for this type of stock and also helps keep our inventory fairly clean.

Added Value: In addition to trying to ensure that the logistics operation is leveraged to help support the sales teams and to provide what's needed for all of its users we've also

worked hard over the years to find ways to add value and positively impact operating income as a result of initiatives to improve productivity, processes or cost control.

Since 2014 we have improved productivity by 29% while still expanding the size of the logistics workforce. This has been achieved as a result of investment in facilities (new DC) automation (new sorter) and development of our in house Warehouse Management System as well as a number of operational and shipping initiatives.

When it comes to choosing suppliers and delivery partners, service and quality are always highest on our list of requirements but we also benchmark everything we purchase, whether its goods or services, to ensure that we are getting the best possible value. We have built really strong relationships with a number of key third party partners

over the years and we believe that positive supplier relationships massively add value to our operation.

Future Growth: Our Bathgate DC is big enough to comfortably support the planned growth of the business over the next 10 years. When we acquired it we planned to max out use of the available ground floor space over the first few years before increasing storage density by expanding upwards and utilising the height of the building fully. We're now getting closer to optimising use of the ground floor footprint and during the next two years we will be adding an automatic storage and retrieval system (ASRS) which will offer us high density storage, faster stock put away and retrieval. We've chosen this route ahead of traditional mezzanine systems partly due to its speed, and storage efficiency but also because it can be added to and expanded gradually each year in line with growth, rather than making a huge investment up front ahead of when its full capacity would be fully utilised, and this use of capital suits our business model.

HOW DO YOU MAINTAIN EFFICIENCY OF BACK END PROCESSES IN LINE AND AHEAD OF ONLINE AND OMNICHANNEL GROWTH? WHAT CHALLENGES DOES THIS BRING?

Our logistics staffing model is linked to a projected sales model which factors in promotional activity, new product launches, average selling prices, current performance etc... for online and omnichannel so we have a pretty good idea of how our weekly workload will look in advance. It changes periodically in line with trading performance and forward stock commitments and we can then ensure we have the right resources in place to handle expected volumes and enough flexibility to be able to handle any upside if there is any. All of our internal processes have specific KPIs in terms of productivity ranging from high productivity activities like goods receipt and store order fulfilment, mid-range activities including online order fulfilment and store-to-store transfers through to more labour-

intensive activities such as clearing ends of lines (which requires some QC and often some additional photography for imperfect items). We're able to measure and report on all of them in terms of PPH (pairs per hour) which helps make the impact of any new operational initiatives or process improvements very visible and quantifiable.

The biggest challenges are usually unexpected ones, such as a large new delivery not arriving when expected or having to re-label a big delivery that has arrived with incorrect box end labelling, but we're usually able to recover from these sorts of things fairly quickly by re-deploying staff from other activities. Like many retailers we experienced dangerous local road conditions due to the snow back at the start of the year which meant we lost a couple of days but fortunately our online admin allows us to change our delivery promise in real time so at least customers were given a clear indication of revised expected delivery dates before making their purchase and we were able to deliver on time within the revised delivery window.

CAN YOU SHARE DETAILS OF ANY IT OR OPERATIONAL PROJECTS WHICH HAVE BEEN UNDERTAKEN RECENTLY?

We've been working hard at refining and improving many internal processes, with the help of some smart in-house IT, but there are three recent projects that are worth noting.

We have upgraded our label printers in all three of our DCs and in each of our stores (50% of orders are fulfilled from our store estate). We've changed from printing using laser printers to much smaller and faster Toshiba Duplex thermal printers which print on both sides of the label / dispatch note. The saving in media (paperwork but mainly toner) is significant in the region of £150k pa which has not only covered the cost of capital in year one but also allowed us to process orders more quickly, avoid the admin associated with ordering and recycling toner cartridges and leave a smaller environmental footprint.

We've also introduced 20 large screen monitors across our two Scottish DCs as part of a two part initiative to increase staff engagement and try and make what can be quite a repetitive workload as interesting as possible for our staff. The dashboards show the main KPIs for the work completed each day and work outstanding as well as how the company is trading, what is selling, staff messages and recognition of personal records achieved for various pick and pack activities. Phase two will involve an element of 'Gamification' where we'll aim to make it possible for staff to be recognised, individually and in teams when they hit certain

“ 50% of customer orders are fulfilled from Schuh's store estate ”

milestones in their career with us, for example, picking or packing defined volumes, processing returns, receiving new delivery intakes or completing stock moves. We're taking our time with phase two so that we come up with interesting metrics, and visualisations, that are fun to achieve without adding unwelcome pressure and where any rewards are funded by gains made.

We are greatly helped by having a single, real time, view of our inventory across all of our channels and have been fulfilling orders and shipping from our store estate for well over 15 years now but during the last twelve months we've made some further 'streamlining' refinements to our web population rules that have helped us ensure that we not only offer the right delivery options at checkout (express buy and collect and standard delivery for stock in stores and next day & nominated day services for stock in DCs), but that we also have algorithms in place for very dynamic or scarce lines that ensure

that we minimise 'out of stock' orders bringing the percentage down to less than 0.13%.

We've been recycling cardboard, paper and plastics for many years but this year we are pleased to be able to say that we now send zero waste to landfill. In addition to splitting out recyclables we now compact any non-recyclable waste which is then used as biofuel. Apart from the environmental impact, it has also cut down our waste collections and reduced landfill taxes. We're currently working on further reducing the environmental impact of our packaging and will be making some positive changes in that respect very soon.

WHAT PLANS DO YOU HAVE FOR THE FUTURE?

A couple of important delivery projects have taken a back seat while our websites have been fully redesigned this year, but they will be going live in the coming months. First is the reinstatement of a same day, one-hour delivery service from our major regional stores. Until February 2018, we were partnered with Shutl but the company has ceased offering this service. Although customer demand for this service was relatively low and heavily centred towards central London we think this is still an important service to offer and we will be working with an improved and wider offer with On the dot shortly.

The second development is the launch of a self-service returns portal on our website giving customers an enhanced choice of ways to return unwanted items. These will include our store network, convenient third party locations, 24-hour lockers, Asda supermarkets and a collection from home option which we don't currently offer.

Commercially it was the right thing to do to focus on and prioritize our website design but these are both things that we think our customers will appreciate and which we believe we should offer in order to compete at the highest level with other IRUK500 retailers. 🇬🇧



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Read more of *Liz Morrell's* insight into changes in the delivery market and keep up to date with the news between issues at www.edelivery.net

SUPERDRY ECOMMERCE SPREADS TO 3 DCS

SUPERDRY has revealed that from autumn its ecommerce customers will be served from all three of its distribution centres. The three DCs are based in the UK, Europe and the US. The company claims that it means it will be able to offer market-leading delivery options in all of its key markets.

The 2018 financial year saw Superdry extend its multichannel capability to its European distribution centre, as well as implementing a new order management system for ecommerce. Superdry said that together, these developments allowed it to introduce its ecommerce delivery proposition to key European markets ahead of peak season.

It said both the UK and EU distribution centres are now serving all channels, reducing the speed to market. By Autumn 2018 its US distribution centre in Pennsylvania will also fulfil ecommerce sales, reducing delivery times and enabling the company to sell through new third-party channels.

Speaking as it announced year end results, Superdry said it is also working towards harmonisation of the global range, increasing the level of product overlap between its retail and wholesale ranges. In the financial year 2018, the company said it had increased this overlap by more than 20%. The harmonisation will also help the company to create a single consolidated inventory pool across its retail and wholesale channels, allowing it to maximise availability. It expects to have done this by the end of 2018.

The company is also reducing inventory held in store stock rooms and implementing more effective replenishment processes. It says doing so will minimise the movement of stock from production to sale without damaging availability while enhancing margins and reducing labour and logistics costs. Inventory cover has been reduced by 9 weeks to date.

ASDA CONSULTS ON DC CLOSURE

ASDA has revealed it is entering into consultation with staff at its Enfield Home Shopping Centre distribution facility in North London as it plans to close the site.

The retailer has opened two new fully automated shopping centres around London in the past 18 months – including one in Heston in July last year and one in London in May.

The Enfield site opened in 2010, employs 261 colleagues and delivers home shopping to 4,500 customers a week.

Asda claims the new sites have created over 700 new jobs whilst also providing increased capacity, improved accuracy and faster fulfilment to meet customer demand.

Simon Gregg, Vice President of Grocery Home Shopping at Asda, said that the Enfield site simply wasn't viable any longer. "Despite great efforts by our colleagues at Enfield, restrictions on the site mean we are not able to make the necessary further improvements to meet the speed of fulfilment and product ranges that our customers now expect. Therefore, we've entered a consultation process with colleagues on proposals to close the facility," he said.

The company is considering expanding capacity in its Heston centre and discussing options for colleagues to take on roles in other neighbouring stores. "Whilst conversations about change are never easy, we would always work to find new opportunities for impacted colleagues, with redundancy as a last resort," said Gregg.

M&S EXPANDS C&C OFFER

MARKS & SPENCER has expanded its click and collect returns offer to allow such returns to take place at Simply Food stores.

Customers could previously only collect their online orders in Simply Food stores but had to use larger M&S stores to return goods. The new service, which uses Duddle's 'Powered by Duddle' technology on Marks & Spencer's existing in-store devices, was initially trialled in seven locations from June 2017. It will now be available across 280 Simply Food locations, and in more by the end of the year.

Since implementing the new Duddle service, M&S claimed that 90% of customers claimed to be "extremely satisfied" with the in-store experience and 85% of customers claimed that the ability to return online purchases at Simply Food locations would encourage them to order more frequently.

"We've responded to increasing demand from our customers for more choice and convenience when it comes to collecting and returning their online orders," said Richard Pugh, Head of M&S.com Logistics and Returns. "Providing customers with a consistent customer experience, regardless of which Marks & Spencer store they're in, is key to making every moment special."

"Marks & Spencer was looking to find a way to efficiently handle returns in its Simply Food network," said Gary O'Connor, Duddle Chief Technology Officer. "With Powered by Duddle we were able to provide a simple, intuitive in-store workflow that was easy for staff to adopt while minimising the impact on retail operations."

EBAY TO USE COLLECTPLUS

EBAY has partnered with PayPoint to allow eBay sellers and buyers to use the Collect+ network for deliveries. eBay is the first multi-carrier partner for Collect+ signed by PayPoint.

eBay customers will initially have access to 2,500 selected stores within the Collect+ network from the beginning of October, in time for the start of peak season before expanding across the rest of the 7,000 strong network.

Commenting Dominic Taylor, CEO of PayPoint, said: “This deal is perfectly in-line with our parcel strategy as we move Collect+ to become the industry solution for a multi-carrier approach. We know that half of people collecting a parcel are visiting their local stores for the first time. The eBay deal therefore represents a

significant boost in footfall and possible sales for our Collect+ retailers.”

eBay UK Vice President, Rob Hattrell, said: “24 million customers shop with us every month. We want to make it as convenient as possible for them to get the item they’re looking for. Our partnership with Collect+ is a great boost to our delivery options, giving customers thousands more locations to choose from when they are shopping.”

A new Parcels retailer app will be launched at the same time to improve in-store operations via parcels scanning in and out away from the counter, accepting driver deliveries via mobile and creates extra capacity to serve customers during busy times. The app will be available on iOS and Android.

SWISSLOG DELIVERS FOR OCADO

WAREHOUSE automation supplier Swisslog has supplied a second AutoStore system for online supermarket Ocado. The system will be implemented at the retailer’s new general merchandise distribution centre in south-east London. Ocado already has a Swisslog AutoStore in operation at a separate general merchandise DC in Welwyn Garden City.

Consisting of 72,108 bins, 94 robots, 14 carousel ports and seven conveyor ports, the new solution is expected to increase efficiency and maximise space utilisation at Ocado’s new site. Shane Faulkner, Swisslog UK’s Head of Sales, explains that the AutoStore selected by Ocado is one of Swisslog’s flagship solutions.

“It is becoming increasingly popular for businesses to invest in systems that allow them to boost productivity while making the best possible use of their space. With AutoStore, robots collect the required bins and present them at integrated picking stations – meaning maximum efficiency and better space utilisation,” he said.

Richard Locke, Head of General Merchandise at Ocado, said: “With our first General Merchandise Distribution Centre now operating at capacity, the opening of our second facility creates exciting new opportunities to grow and build on the success we have had in GM in recent years. Using AutoStore with Swisslog again means that we have alignment between our first and second GMDCs, as we are using tried and trusted technology. The added capacity which GMDC2 will also support our first Fulfilled By Ocado partnership with Dobbies, which will be launching this year”.

AMAZON EXPANDS UK DASH REPLENISHMENT

AMAZON is expanding its Dash Replenishment programme in the UK, allowing automatic reordering of consumables from more companies.

The company said that Bosch, Kyocera and Siemens have now incorporated Dash Replenishment into their connected devices whilst brands such as Beko, Candy, Hoover and Sharp are to integrate Dash Replenishment into new product categories such as TV remotes and coffee machines.

Dash Replenishment enables connected devices to measure supply consumption through a variety of sensors and then automatically reorder supplies needed – whether that’s detergent for a washing machine or ink for a printer.

“With Dash Replenishment we’re working to make the process of shopping for everyday consumables completely disappear, because we’ve all felt the frustration of running out of something we frequently use,” said Eric Saarnio, Head of Amazon Devices EU. “Dash Replenishment allows manufacturers to add even more convenience to connected products, enabling a device to automatically reorder so a customer never has to worry about running out of what they need.”

Under the programme Dash Replenishment-enabled dishwashers from Bosch and Siemens will automatically reorder dishwasher detergent whilst Kyocera printers will reorder ink and toner. Toshiba TV remote controls will be the first brand in the UK to offer automatic re-ordering of batteries whilst Candy, Haier, Hoover and Sharp are developing washing machines to help automatically re-order laundry detergent and fabric softener. illy is developing espresso and coffee machines to easily reorder capsules.



Insight around the world



**CHLOE RIGBY, EDITOR,
INTERNETRETAILING.NET**

The Government issued technical guidance in August on what exporters will need to do should there be a no-deal Brexit. That advice came in the same week that the Government launched an export strategy targeting 35% of GDP from exports in coming years. With many now giving a 50/50 chance of the UK leaving the EU without a deal, it looks like it's time to start planning.

Exports have long been key to online and multichannel retailers in search of growth, and exporting to Europe is one of the easiest markets to serve since currently there are no tariffs to pay on sales and delivery times are fast.

The EU is a key market for retailers such as fast fashion pureplay Asos, which makes most of its sales overseas. Its latest figures, for the four months to June 30, show that 64% (£514.7m) of its total £802.7m retail sales came from international markets. The EU was the largest of those markets: sales of £257.4m accounted for a solid 50% of its international sales.

The latest IMRG MetaPack UK Delivery Index suggests that European orders were an important part of the 15.2% growth it saw in the delivery of online orders in July. Andrew Starkey, Head of E-logistics at IMRG, says 2018 is proving a "solid year" for online delivery growth.

He added: "With European shoppers apparently taking advantage of the strength of the euro against sterling, and UK shoppers wanting to make the most of the hot summer, it's only the on-time delivery rate (90%) that remains a concern over the coming months as we approach the peak shopping season."

The Government's guidance on trading with the EU if there's no deal says that the major changes will be to customs and excise duties.

No deal would mean that there is no EU free trade agreement and trade would be on World Trade Organisation terms that would apply set 'most favoured nation' tariffs to consignments sent between the UK and the EU. What individual tariffs are will depend on what retailers are selling. Currently the UK's proposed post-Brexit WTO schedule is being reviewed in a three-month consultation among members. After that, the UK schedule, which replicates existing EU commitments, will be deemed approved if there are no objections from WTO members. However, it seems likely that there will be objections from markets including the US and Australia.

The UK Government no deal guidance suggests that exporters – which include online retailers selling abroad – should plan at all levels for the likely changes to these duties. They'll need to consider how their supply chains might be affected, and may need to renegotiate existing contracts in the light of any changes to customs and excise procedures.

Hiring suppliers such as customs brokers, freight forwarders or logistics providers may help, as may taking on HMRC-authorized customs warehousing in order to delay duty payments until the goods are sold. Northern Irish businesses that export to Ireland "should consider whether you will need advice from the Irish government about preparations you need to make".

Exporters and importers will need to register for a UK Economic Operator

Registration and Identification (EORI) number. They will need to update their contracts and international terms of service to reflect any new status as an importer or exporter, and they may need to apply for import or export licences and will need to pay VAT and import duties as well as recording exports, including through safety and security declarations.

Businesses that sign up for the HMRC's EU Exit update service, available at www.gov.uk, will be notified when the EORI service becomes available.

But how likely is this to happen? The Government is clear that no deal is not a scenario it expects to come about – but over the summer the likelihood of no deal has been put at about 50% by individuals and organisations from the Latvian foreign minister to the EU, while UK Foreign Secretary Jeremy Hunt has warned of an accidental no deal. That suggests retailers should strongly consider preparing for this scenario.

**JESSICA EXTON, BEHAVIOURAL
SCIENTIST, ING**

Before the first secure online retail transaction in 1994 and the advent of now-global giants Amazon and eBay in the mid-nineties, few may have predicted the take-off of online shopping. But almost 30 years later, most people across Europe, Australia and the United States spend online regularly.

In fact, two thirds (67%) of those in Europe now shop online at least once a month, according to the latest ING International Survey 'How do you prefer to pay?'

One in six (16%) Britons and Americans have bought goods or

services more than once a week in the last 12 months, 6% higher than the overall European average of 10%.

Overall, more than three-quarters of people in the UK (77%) shop online at least once per month – 10 percentage points higher than the European average (67%). At the other end of the scale, only half of those in Belgium (51%), 55% in Romania and 57% in France shop online at least once a month.

However, it's not just the frequency of online shopping which is increasing, it's also the many ways people choose to pay. The continual development of new payment technologies, as well as our growing familiarity with online payments and mobile banking more generally, are contributing to the uptake of a growing number of payment channels.

This is allowing consumers to design their own payment process, exercising more choice and control over their spending. But while being able to select the payment process provides a personalised user experience, too many options can be overwhelming.

Because the popularity of online payment methods varies by country, primarily due to availability and familiarity, providing the right number of choices without overloading the customer is key. This involves understanding local expectations, for example we asked about a large number of payment options available in Germany (7) and a smaller number available in Australia (2).

Of current methods, PayPal is the most accepted, facilitating a third (32%) of European online

transactions. While debit/credit card payment remains popular, many are storing their personal details and card data to enable one-click purchases. Prioritising trust within strong customer relationships is therefore also essential.

As technology continues to filter through our shopping habits, opportunity for diversification in how we pay online remains. However we haven't completely moved on from physical cards and cash. A quarter of e-tail payments are still made by manual card entry or cash payment on delivery, suggesting true payment diversification, rather than mass movement to a dominant option.

MICHYL CULOS, HEAD OF MARKETING COMMUNICATIONS, MAILJET

Emojis have come a long way from their origins. By focusing on visual representations of emotions and familiar items, it's often heralded as the first truly global language.

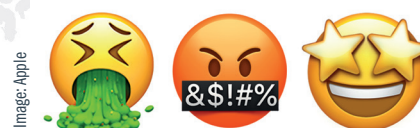
But to assume emojis are 'one-size fits all', underestimates their complexity, even across regions with cultural similarities. In the UK, consumers lap up the opportunity to complement text with imagery, but not all countries follow suit.

Mailjet conducted its annual emoji test within email subject lines across a database of over 20,000 subscribers, to explore what works for different countries and how brand marketers can become more empathetic to their local and international audiences.

In 2017, the research discovered that the outlook for emojis wasn't certain as open-rates only increased by 5% when including an emoji in the subject line of an email. This year, emojis are back in favour.

Email open-rates increase by 9% among UK recipients when the Symbols on Mouth or Open Mouth Vomiting emojis were included alongside subject line: 'Emails that make you feel (emoji)' – highlighting our love of satire and schadenfreude.

There's no blanket rule for driving engagement across Europe though. While a boost was seen in UK engagement for the Symbols on Mouth emoji, in France and Germany that same emoji caused open-rates to fall by 6%.



French open-rates only increased by 1% when including an emoji in the subject line. A decrease of 6% since 2017 highlights that marketers should rethink their emoji-use as an engagement tool in France.

All is not lost on the continent however. Joy rather than Anger or Disgust sets the tone, with open rates up by 6% for the Grinning Face with Star emoji in Spain, where engagement increases by 2.2% on average.

Similarly, Germany staggeringly peaked at 33% when the Raised Eyebrow emoji was used. Inspiring curiosity is an immediate method for driving engagement.

Across Europe, we continue to see cultural differences when it comes to how audiences engage with emails and emojis year-on-year. However, the stakes are raised. As marketers it's our job to be sensitive to all changes in our markets, whether large like GDPR or seemingly minor like emojis. It all has an impact. 

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InternetRetailing Conference

Emma Herrod looks ahead to Internet Retailing's annual conference and the topics to be discussed.

When is an industry conference not a conference, when it's an unConference. Before you all go off thinking I've lost the plot, bear with me.

The UnStore has been around for a few years now as the 'new' concept stores of the future. Rather than having products constrained within four walls, these stores are flexible spaces that are entertaining, engaging and interactive. OK, the InternetRetailing unConference (IRC), which is taking place in London on 11 October, may not promise to be as entertaining as the Samsung 837 unstore in Manhattan, for example, but looking through the list of speakers and the change of format it will be far from dull.

Delegates will have to interact with each other and with speakers as the day takes a round table approach with discussion, retail problem solving across many topics pertinent to issues raised by roles in retailing today. As the

IRC organisers say, "These dedicated forums – exclusively for retailers – have been designed to span a breadth of topics critical to the future retail machine and will equip participants with the tools to create an overall solution that ultimately attracts; keeps and builds customer loyalty and revenue over time."

These round table are led by retailers for retailers with moderators including Coop, Dixons Carphone and House of Fraser. Topics range from pureplay, innovation & disruption, beyond channels, marketing & customer obsession, final mile, operational excellence, international growth, mobile first and brand engagement.

Delegates won't be expected to do all the work as a keynote fireside chat with Henry Birch, CEO of Shop Direct will start the day. Shop Direct is the UK's largest integrated pureplay digital retailer and financial services provider, with annual

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Robin Phillips, Multichannel Director, Boots

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Image: InternetRetailing Events



sales of £1.93bn. Birch has been at the helm since May so will be able to share a new perspective with delegates of the company's brands, more than 1.3 million website visits every day and how mobile accounts for 69% of online sales. Maybe the retailer's mantra of "We exist to make good things easily accessible to more people," will extend to sharing some of its success to other retailers too.

The question of skills and those on which ecommerce leaders should focus to regenerate their businesses and drive 2018 profits will be addressed in a keynote discussion led by InternetRetailing's Editor-in-Chief, Ian Jindal. He'll be joined by panellists including Jonathan Wall, Chief Digital Officer of Missguided.

Discussions then move onto omnichannel and the role of the store today and how it will develop in the next 5-10 years.

A quick fire panel discussion will be posing questions of the audience too as the conference takes a dive deep in to the issue of innovation and exposes differing views. Panellists include John Nother, Senior Director: ASDA Digital Technology, Walmart International eCommerce and Alex Hamilton, Head of Insight at Isobar.

A coffee break then allows for the 4 walls to be changed to accommodate the different speaking tracks for the majority of the day, before delegates come back together for the closing keynote panel discussion which will look at how ecommerce will develop by 2021 and what should retail leaders be doing today to prepare? With panellists including Google and Facebook and innovative retailers Schuh and

Picnic there should be plenty of things to think through and how they may fit your own business.

TRACK FOCUS

Before then though, delegates have a full afternoon of presentations, workshops and one-to-one sessions to get to the heart of issues relevant to them, their role and their retail business. Four conference streams focus in further on International & Innovation, Delivery & Operations, Customer & Engagement, Beyond Channels.

With the uncertainty Brexit has created for ecommerce; many retailers are increasingly looking to international markets from growth opportunities. Although the opportunity is huge, trading internationally is a complex process. With online competition now fiercer than ever retailers are using innovative strategies to drive market share and keep customers engaged. The 'International & Innovation' conference track will help delegates use localisation effectively to drive sales and customer base when retailing internationally. The innovation sessions will help them understand how they can differentiate through creating and fostering an internal culture of innovation, get beyond the hype of AI and how multichannel retailers learn from pureplay innovators.

With the options for customer delivery rapidly growing and with some retailers even providing an hourly delivery option, delivery is fast becoming a key way for retailers to differentiate themselves from their competitors. The 'Delivery & Operations' track looks at both final mile and operational



excellence to drive market share through world class delivery. Delegates will learn how they can meet customer expectations for same-day delivery whilst still remaining profitable and what an operational excellence strategy looks like leading up to and during peak trading periods.

Speakers in this track include Charlotte Briscall, Head Of Digital Experience, Group Digital at Sainsbury's who will examine how demand for same-day delivery will develop over the next two years.

Phil Barnes, Director of Supply Chain at catalogue to online fashion business N Brown Group will present on how retailers should approach resource available during peak trading periods. One of the questions he'll be posing is "what can retailers do collaboratively as an industry to smooth the curve of gearing operations up for peak?"

Track 3 includes speakers from peer-to-peer social shopping app Depop and catering equipment supplier Nisbets. Simon O'Mahony, Director of Digital, Retail & Customer Service, & MD Mitre Linen, Nisbets, will look at the question of how to prove marketing ROI in a fragmented market of increasing media options. One of the questions he'll try to answer is "Which new media innovations will offer retailers the best ROI by 2020?"

As the track overview says, customer expectations are getting ever higher in an increasing complex market of channel options so an effective marketing, customer and engagement strategy has never been more essential for successful ecommerce. The 'Customer & Engagement' track will help delegates to understand how to prove marketing ROI

in a fragmented market of increasing media options and also decide which personalisation strategies will actually engage your customers and drive loyalty.

Conference Track 4 goes Beyond Channels: Today's increasingly demanding customers want to shop whenever, wherever and however they desire and now expect an increasingly seamless experience across channels. The 'Beyond Channels' track will help delegates assess what a seamless omnichannel customer experience actually feels like and how they should approach delivering it. It also looks at how retailers can move 'mobile first' from a concept to a strategic ecommerce reality.

Alexander Bartholomew, Managing Director, Performance Cycling, Halfords, will share his expertise in this area looking at the skills, talent and culture that is needed to make mobile-first a reality.

Other speakers in this track include Sara Prowse, Chief Executive Officer, Hotter. Sara joined shoe retailer Hotter at the beginning of 2016, with the remit to fix and stabilise a business that had gone through rapid growth but was starting to falter, and then step change the growth trajectory, with international expansion the key driver. At IRC she'll be looking at omnichannel retailing at what a seamless omnichannel customer experience feels like and how retailers should approach delivering it, what key strategies offer the best ROI when approaching a seamless experience, how do you decide how much to invest in each channel and how should you design your corporate structure to deliver the omnichannel experience of the future?

Image: Internetretailing Events










































IRC aims to shake the industry and question well established retail concepts; equipping digital leaders with a platform to learn, network and continue developing their digital retail and multichannel strategies. To this end, delegates have the opportunity to meet and test their strategies against each other in order

to create an overall solution that ultimately attracts customers, keeps customers and builds loyalty and revenue over time. That has to be worth taking back to the boardroom.

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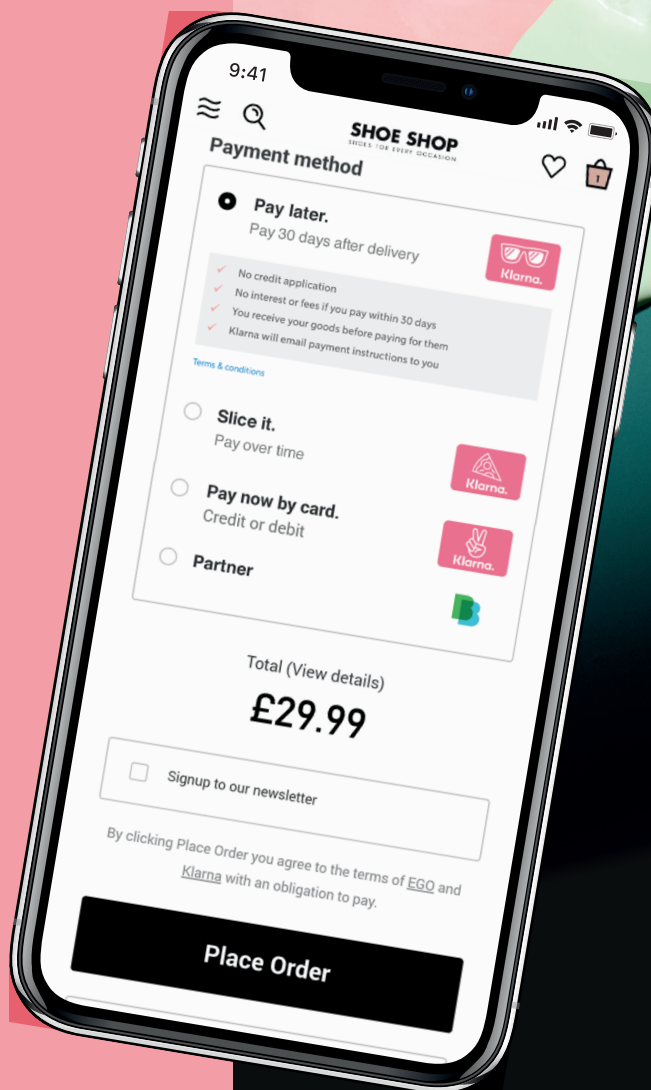
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