

Mobile and Cross-channel:  
March 2015



A Performance Dimension Report as part of IRUK2015  
InternetRetailing's Top500 UK Retailers, 2015

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# From the editor-in-chief

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IT'S CLEAR THAT mobile and cross-channel commerce are growing quickly. What's not been so clear is where and how that growth is distributed across retailing. It's too easy to assume that customers who have smartphones and tablets are now using their mobile devices to shop in the easiest and most convenient way with any retailer that takes their fancy, triggering a general and wholesale rise in m-commerce spending.

Our real-life experience gets in the way of that picture; as our deeper research shows in this IRUK 500, 2015 Performance Dimension Report on Mobile and Cross-channel, the measured truth is more complicated.

When we launched this series of reports, in January 2015, we promised to hold the measure to a constantly changing industry, showing how accepted wisdom falls short of describing the full reality. In this report we've unearthed a picture in which many UK retailers aren't yet fully equipped for a world of mobile commerce. Not all apps work as they should, and many traders have yet to join up channels. But thanks to our research and knowledge partners, we have seen a great variety in the adoption and mastery of tools, tactics and approaches. It's a picture that well illustrates that there's plenty of opportunity for further growth.

Throughout the course of this study, we've endeavoured to shine new light in unexplored corners, and we're confident that you will discover practical insights and new areas of interest. Over the page, our editors, Jonathan Wright and Chloe Rigby, explain the shaping of this report and the way our research team has brought new ideas that we hope will help shape industry discussion.

Once again, we've relied on the insights of our valued Knowledge Partners to extend the scope of our research in this report: do get in touch if you have further data sets or studies that you feel could help further, and if you'd like to join the ranks of our partners.

Our next milestone will be unveiling and discussing the IREU Footprint, our research into European retailers, exclusively at [www.internetretailingexpo.com](http://www.internetretailingexpo.com). We hope you can join us to be part of the conversation.

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# Editors' comment

RETAILERS THAT ENABLE mobile commerce while also skilfully enabling customers to move easily between different sales channels are today at the forefront of cross-channel commerce. By making it easy and convenient for shoppers to purchase – and then take delivery of – their goods, these retailers are boosting both revenues and customer numbers.

It's now well recognised that traders selling through a variety of well-connected channels find that shoppers spend much more. Customers do this because the service they're being offered suits them and the way that they live. It's a service that appreciates and allows for the fact that, for many people, their ideal shopping experience is different every day. The retailers that we're celebrating in this, our second IRUK 500 Performance Dimension Report, on the theme of Mobile and Cross-channel, are those that are developing customer-first strategies as they adapt to our changing behaviour.

Over the pages of this report we analyse how retailers are handling this evolution. We do that by looking at the latest thinking underpinning cross-channel retail and focusing in on examples of real-world best practice. We begin by offering a strategic overview (page 8) of this Dimension, and then we offer an in-depth analysis of our research (page 12). In addition, we also share highlights from our latest research (page 29).

Then we connect to practical issues through interviews and case studies. We speak to Vikki Kirby, group communications manager at Home Retail Group, parent company of Elite retailer Argos (page 18), to learn more about its transformation strategy as the company looks to anticipate changing consumer habits. We look in detail at the mobile and cross-channel services offered by retailers judged Elite and Leading in our study (page 20) before focusing in on 12 practical approaches that leading retailers take (page 24). In a feature on emerging practice (page 32) we look at how the store will be reshaped by digital technologies in the future.

*We'd like to thank all our Knowledge Partners in this Dimension Report. In the months ahead, we'll be turning to the remaining four performance dimensions explored in IRUK 500, 2015. We welcome your thoughts on new areas of research as we add to our primary data and analysis. Please email: [jonathan@internetretailing.net](mailto:jonathan@internetretailing.net) and [chloe@internetretailing.net](mailto:chloe@internetretailing.net)*

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SJP Business Media Ltd,  
52-54 Gracechurch Street,  
London, EC3V 0EH  
Printed in Great Britain.  
ISSN 1759-0582



For circulation enquiries contact:  
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# The future of mobile commerce

**James Gagliardi**, VP of product and innovation at Digital River, anticipates the era of mobile-first

I'M WRITING THIS post on a laptop, but there's a good chance you're not reading it on one. The shift to mobile has profound consequences for retailers. Recent research estimates that almost half of online retail sales in the seven largest EU markets will happen on mobile devices by 2018. In the next three years, phone and tablet commerce in the UK alone is expected to grow a little more than 50%. For retailers, then, the question isn't *whether* to design mobile-first, it's *how*.

In the early days of mobile commerce, retailers built specialised mobile sites to accommodate the tiny screens and slow connections of early smartphones. This approach made sure that consumers had tolerable experiences on mobile devices – but special mobile sites were difficult to maintain and often frustrating for consumers who wanted to make actual purchases.

As mobile devices have become more powerful, retailers have taken better approaches to mobile commerce. Some have developed standalone apps, which offer the most polished mobile experiences. But for most customers, a website will be the first online point of contact with a retailer – and it's crucial to get it right. We work with Digital River customers to produce *responsive* websites, which adapt to optimise a user's experience on *any* device, from a desktop display to the tiniest wearable. Responsive sites are easier to maintain than mobile-only sites, reach more users than standalone apps, and provide a consistent experience for consumers, no matter what devices they're using – or where.

// For retailers, the question isn't whether to design mobile-first, it's how //



But in 2015, consistency is being challenged. Now and in the future, retailers must provide intelligently *inconsistent* experiences. Your website shouldn't present iPhone cases to someone who's shopping on an Android phone – and it should offer in-store options to a customer who's inside your physical store. Now, retailers can take advantage of analytics and onboard sensors to generate mobile experiences that adapt to the *context* in which mobile users are encountering them. This is the pathway to the future – is your company prepared for the journey? ●

## About Digital River



Digital River is a leading global provider of Commerce-as-a-Service solutions. Companies of all sizes rely on Digital River's multi-tenant, SaaS commerce, payments and marketing services to manage and grow their online businesses.

[www.digitalriver.com](http://www.digitalriver.com)

# Driving cross-channel sales

**Jim Davidson**, head of research for Bronto, offers advice on the new rules of marketing in a cross-channel world

CONSUMERS DON'T THINK about channels when they're shopping, they just want to be able to buy what they want. In the words of Jim Davidson, head of research for Bronto: "Convenience is key. The retailer-to-consumer dynamic has shifted, putting shoppers in control. Retailers must adapt to this tilt in the relationship, ceding control to the customer, or face lost sales."

First and foremost, this means acknowledging that we're now in a cross-channel world. This in turn means that consumers expect to be able to use their smartphones to browse and, just as importantly, to buy. In itself, this poses big challenges for retailers as companies try to work out how best to reach out to consumers.

Jim Davidson's advice is to keep things simple, to think about retail basics. "Yes, there are highly technical, overly complex ways to market to today's consumer, but many of the gaps between channels and devices can be met with simple solutions," he says. "A good first step is to find the fundamental ways you can connect the channels." Click and collect, ship to store and inventory all help here. In addition, "E-receipts and point-of-sale email acquisition can build better profiles of in-store shoppers and help continue their experience online."

Once retailers have gathered this information, it needs to be used in smart ways. Again, though, retailers shouldn't over-complicate things. Even in a retail landscape where social media and mobile are increasingly important, there's a lot to be said for email. "The inbox has served as a connection point between channels and will continue to do so," says Davidson.

// The retailer-to-consumer dynamic has shifted, putting shoppers in control //



"Marketers can tailor the email experience of their customers by leveraging store data, online interactions and purchase data from their commerce platform."

Nevertheless, he advises, retailers do need to ensure their communications reflect a changing business environment where consumers can easily compare prices and customer service options, even when they're out and about. "These factors can greatly influence a purchase decision," says Davidson. "Retailers are now in a reactive mode trying to keep up with these shoppers. The retailers finding the most success are the ones who maximise their brand's value proposition, give solutions to their customers' problems and provide a quick and convenient shopping experience that is consistent with the preferences of their customers." ●

## About Bronto



Bronto Software provides a cloud-based marketing platform for brands to drive revenue through their email, mobile and social campaigns. Bronto is the number one ranked email marketing provider to the Internet Retailer Top 1000 and has a client roster of leading brands worldwide, including including Armani Exchange, Timex, JustFab, Samsonite and Boot Barn.

<http://bronto.com>

# Meet the cross-channel challenge

Preparing for a mobile and cross-channel future poses huge challenges that can't be ducked. Looking across the whole industry, perhaps the British retail sector isn't as far advanced here as many suppose, argues **Jonathan Wright**

BRITISH RETAILERS ARE rightly feted for the way they have adapted to the digital age. Early to build transactional websites, retailers were equally early to understand the power of cross-channel retail, a world where consumers access different channels – whether going to the store, browsing via PC or using a mobile device – as they move towards a purchase. Accordingly, the rest of the world often looks to the British retail sector when it tries to work out what might be coming next.

Yet it's important to interject a note of caution here. This is a picture based on the work of leading companies, often larger, well-funded retailers with a comprehensive digital presence and, if not pureplays, networks of stores in landmark locations. Look across the whole retail sector and you can equally point to companies that have struggled to adapt to the changing retail landscape.

In this context, one figure in particular jumped out at us when we initially researched the Mobile and Cross-channel Dimension. Of the IRUK 500, only 169 retailers had mobile apps. Breaking that figure down further, only 93 retailers had 'advanced' apps, which we defined as those with a transactional facility.

At first glance, this may not seem a particularly important statistic, until you stop to consider how mobile devices bind together cross-channel retail. What if we too often think about an app as a nice-to-have feature when we should be thinking about having a sophisticated app as evidence that a retailer in turn is far more likely to have sophisticated cross-channel strategy? Suddenly, the idea that 331 of the IRUK 500 retailers didn't have an app at all takes on a far greater significance.



## A BRIEF HISTORY OF APP DEVELOPMENT...

If British retailers are so good at cross-channel retail, why do they seem slow to utilise apps? According to Oyvind Henriksen, CEO and co-founder of mobile technology company Poq Studio, one of InternetRetailing's partners in the IRUK 500 research, it's a question we need to approach from both technical and commercial viewpoints.

To that, we might also add the idea of 'legacy thinking'. According to Henriksen, CTOs tackling mobile projects typically have a background in websites. Instinctively, they want to use HTML5. The mobile web seems to be the natural way forward, but there's a big problem with this approach. "The problem is systemic, the problem is that people are trying to build their mobile experience on a document format from the 1990s, from 25 years ago," he says.

Facebook's experience here is instructive. The company tried to use HTML5 as the basis of its mobile web experience, and for its apps for iOS and Android, a so-called hybrid approach. It didn't work, the app performed poorly and, in September 2012, Mark Zuckerberg conceded: "The biggest mistake we made as a company was betting too much on HTML5 as opposed to native."

It's a scenario Henriksen says he often see repeated. "The CTO will always say, 'No, I want to do mobile web.' They need to try it and realise, 'I'm now spending 90% of my time bug fixing and trying workarounds, and trying micro-implementations to get the whole thing up.' Then give up and then do it properly. That's just a pattern we keep seeing again and again and again."





If that's the technical perspective on why surprisingly few retailers have sophisticated apps, the commercial perspective is around the cost of development. Henriksen sees the situation as having been like the 1990s, when every website was a huge undertaking because sites were built "from the ground up and by hand every single time". One reason why so few retailers have sophisticated apps may simply be because development costs have been high.

However, this is changing. Poq Studio has built an app commerce platform, analogous to the ecommerce platforms sold by Demandware, Hybris or Magento, so that retailers no longer have to reinvent the wheel every time. The cost of going native is coming down, and we would expect the IRUK 500 2016 to reveal a growth in the number of retailers using transactional apps.

### THE BIGGER PICTURE

As to whether these retailers will be happy with the commercial performance of this technology, that won't just be down to how well it works. Before going further, it's important to emphasise we're not advocating apps as somehow being an answer to retailers' cross-channel challenges. Rather, we're suggesting the most effective apps work well because they're intrinsic to an overall cross-channel strategy.

It's also worth pausing to consider the deeper assumptions that underpin such strategies. A typical narrative around the development of digitally enabled commerce begins with transactional websites, charts how digital technologies have come to permeate the shopping experience in different channels, and then considers how retailers have tried to reduce the friction between channels – the move from multichannel to cross-channel.

While there's nothing specifically wrong with this narrative, it rather rests on the idea that the advent of the web was a huge disruptive event, which it was, but downplays the importance of what's happened since Tim Berners-Lee had his big idea. In short, it's a fixed web-centric view of the world.

Now start instead from the assumption that mobile technology is what's transforming retail. It's not such a big leap. According to Forrester research, 42% of the global population will own a smartphone by the end of 2015. Within this narrative, you might see the creation of 3G networks as being at least as important as the creation of the world wide web.

Or perhaps we shouldn't bother to make the comparison. Once you see the development of digitally enabled retail as being punctuated by disruptive events rather than resting on one single bright idea, it becomes far easier to see that cross-channel retail will quickly evolve to be very different from today.

The increasing use of apps, for example, which has rather crept up on us, may have far more profound effects than we yet realise. Oyvind Henriksen, for instance, argues there's a kind of new internet developing, one of apps that are integrated with each other. "It's much less about navigation from page to page," he says. "Each unique app is personalised and tailored to be your best experience. It's a much more living, much more organic future." 

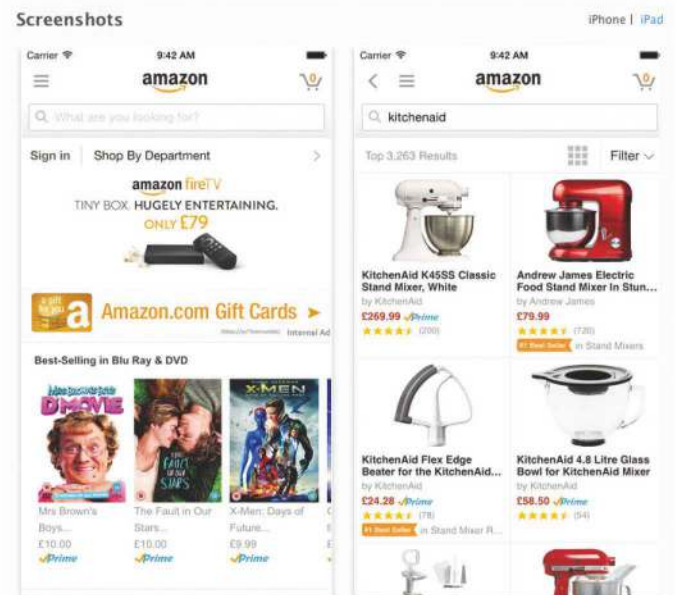
### THE INTERNET OF EVERYTHING

This doesn't mean we should expect an app internet to replace the world wide web anytime soon, or indeed ever. Rather, it's just one example of the way new digital technologies will change how we behave and, because it's so often customers who have driven mobile commerce, the way customers using new technology in unexpected ways will change the way retailers operate. Already, a customer accessing digital services via a smartphone is potentially behaving very differently from a customer using a PC, simply because a smartphone is an object that gets carried around – and when you consider how much we now use our smartphones, this really is a profound change.

“It is a misnomer that consumers only carry out certain activities online on their mobile,” says Jess Stephens, chief marketing officer at mobile and marketing specialists SmartFocus. “We have reached a tipping point where more than 50% of online activities occur on the mobile. What changes behaviour, then, is context. While I am on the train commuting I am very likely to search for a new home or carry out a lengthy insurance quote. However, when actually on the move, Google or location-enabled apps are going to get my attention.”

Even at the start of what looks like a long-term shift towards a mobile-first world, Stephens' words suggest it's already possible to see nuances in still-emerging new patterns of behaviour. To visualise how much more radically our interaction with digital domains is going to change over the next two decades, we need to imagine a future where digital technologies are far more pervasive, where all kinds of objects have a digital presence in what's been dubbed the internet of things – and which SmartFocus, using a term that better conveys what lies ahead, dubs the internet of everything.

“There will be no channels, just seamless interactions,” says Stephens. “As the internet becomes like air, and connectivity issues become a thing of the past, online and offline channels will mingle, blur and ultimately vanish as a concept. Personalisation and contextualisation in brand conversation – digital or otherwise – will be the norm.”



Amazon's highly personalised app makes it a leading player in a long-term shift towards a mobile-first world

In such a future, a truly omnichannel world, 4G or better will be the norm; beacons will be commonplace in all kinds of locations and send out personalised messages and offers [see the boxout on personalisation opposite], and smartphones, and other devices such as smart-watches, will double as payment devices. This is Henriksen's picture of the future, but with internet-enabled bells and whistles on.

If such visions seem as yet to be a little airy, the stuff of near-future science fiction, then let's drag things back to the present day. Forget for a moment investing here as a way to prepare for what lies ahead, as important as this is, retailers also need to invest in cross-channel retail – whether we're talking click and collect, beacons or even such mundane yet technically challenging features as real-time stock visibility so that customers don't waste time going to a location where an item isn't available – because all the evidence suggests these are the kinds of services customers want right now.

That's ultimately why the apparently small matter of developing an app that's genuinely useful, such as B&Q's app, which also doubles as a loyalty card, is so important: it's both valued by customers today, and it offers insights and hands-on experience that will help the retailer when the next wave of cross-channel technology arrives. Nevertheless, we again need to emphasise that retailers still need to work out how the app sits within a wider cross-channel offering, as B&Q has done. An app may serve as evidence of a retailer developing a cross-channel strategy, but it can't be a substitute for one. ●

## The personal touch

We all value the kind of personal service where a sales assistant takes the time to find out what we want to buy and offers expert advice. To date, while great strides have been made by retailers such as Amazon, this kind of retail has been difficult to recreate on the web. That's because retailers often don't know much about who's buying from them when a sale is made electronically, something that's built into the DNA of the web.

As Poq Studio's Oyvind Henriksen points out: "You're supposed to be able to be anonymous when you're on the web, to the extent they even have EU legislation forcing you to have a cookie law when everyone knows they're being tracked."

In contrast, a smartphone isn't just a small computer that allows you to make calls and send messages. "Our personal supercomputer, the smartphone, is already acting as our avatar in this digital world," says Jess Stephens of SmartFocus. There's an intrinsic conceptual difference here. Because a smartphone is so personal, an item we carry around, we seem relaxed about the idea of letting it represent us.

For retailers, this opens up intriguing possibilities. Let's take the scenario of a customer carrying a smartphone who walks into a store where he or she has already signed up for the retailer's app. This is a customer who has opted in to dealing with the retailer, and is far more likely to be receptive to receiving sales messages and offers. That's especially true if the retailer is able to tailor these messages based on previous purchases. It's still early days here yet, but this kind of geolocation-specific personalisation is potentially hugely powerful, especially as it becomes allied to easier payments via mobile.



This isn't just an area where individual retailers are doing work. Property developer Hammerson, which specialises in retail, is rolling out its Plus app across all its shopping centres, including such prime locations as Brent Cross in North London and Cabot Circus in Bristol. The app uses Bluetooth beacons and geolocation technology to send shoppers personalised content, plus offers that are relevant to previous browsing, previously redeemed offers and the stores they've visited.

The aim is to drive both footfall and loyalty, and it's no coincidence the company is also active on social media, which it uses, for example, to promote events designed to draw in customers. It also offers free wi-fi and click-and-collect services.

So what do customers think of such initiatives? As the economy gradually emerges from recession, Hammerson's pre-tax profits in the year to 31 December 2014 were £703.1m, more than double the £341.2m it reported the previous year. While this can hardly be said to be the result of its cross-channel and personalisation initiatives, these initiatives are nevertheless a crucial part of the mix when it comes to encouraging consumers to visit the company's shopping centres.

**//** The smartphone is already acting as our avatar in this digital world **//**

# Where channels meet

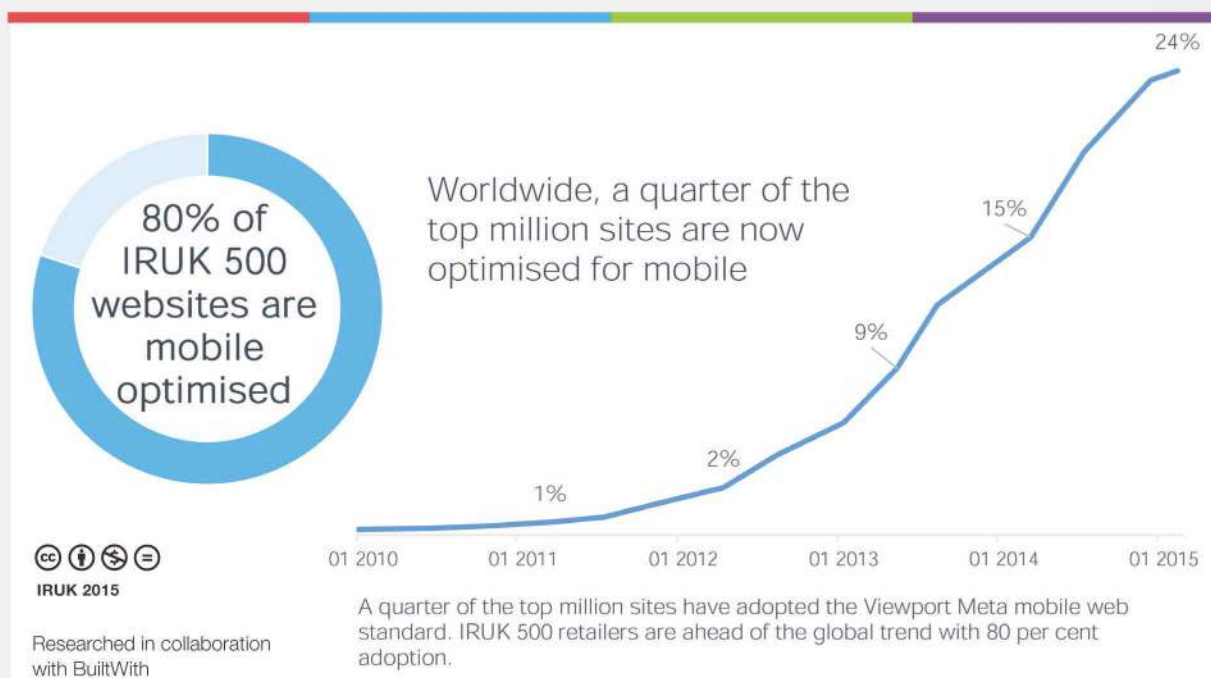
InternetRetailing senior researcher **Martin Shaw** outlines what IRUK data reveals about mobile and cross-channel retail

AT THE HEART of cross-channel retail lies the mobile phone. It is a piece of technology customers always have at their fingertips, even if they don't make a purchase with it. Mobile binds together channels and the customer journey. This isn't just a glib industry truism, the facts support it. According to the *Samsung Future Shoppers Report*, published late last year, 44% of 17-24 year olds, the dominant consumers of tomorrow, use their mobiles to research a product while looking at it in-store.

The increase in consumer use is mirrored in website design. Data compiled by Knowledge Partner BuiltWith shows that 398 (80%) of IRUK 500 websites have Viewport Meta tags, meaning that pages will render to a mobile-optimised size. This compares favourably to the internet as a whole – 24% of the top million websites in the world have the tags. The trend towards mobile optimisation in websites is very obvious when graphed.

## APP COMMERCE

Mobile apps are surprisingly scarce among British retailers, perhaps because retailers rely on responsive mobile sites to serve mobile visitors. There is added value in having an app due to greater responsiveness and fewer connectivity issues. Poq Studio reported double the conversion rate in its clients' apps than their mobile sites. Yet few retailers choose to offer apps. Only 93 (18.6%) of the IRUK 500 offer transactional iOS apps, according to our research. Without a doubt building a good app is an expensive process, but the small uptake is remarkable in a world where, according to Affiliate Window research in December 2014, 44% of ecommerce traffic comes from mobile. Much of our ongoing research is now directed towards understanding retailers' reluctance to embrace apps (see six mobile KPIs on page 29) but in the meantime a first crucial step has been identifying in general terms how the Top500 are doing here. Accordingly, in this section we review the whole cohort – the broad or narrow support for particular app functions, beginning with ecommerce's potential to drive footfall into the high street.





#### DRIVING FOOTFALL

Mobile technologies are an effective way to bring shoppers in-store. If anybody still needs to be convinced of the value of ecommerce-driven footfall, consider the stores and shopping centres vying to be pick-up locations for online orders. One reason for the competition here is that shoppers collecting a parcel are inclined to make incidental purchases while they're out and about. It's reasonable to suppose that customers who already have a relationship with a brand, evidenced by downloading an app or opening a mobile website, are potentially more likely to make such purchases. Multichannel retailers are capitalising on relatively simple features, with 75% of multichannel retailers' apps sporting a store finder, according to IRUK research. In our article on app KPIs (page 29) we examine the take-up of cutting edge features such as geofencing and beacon technology which also drive footfall.



#### INTERNET RETAILING IN-STORE

The natural culmination of using ecommerce to encourage tech-savvy customers onto the high street is to offer internet retailing in-store (IRIS) technology (see our feature on page 32 for a look at the future of IRIS). Consider a modern department store such as House of Fraser, where there are typically touchscreen devices to view and compare items that can't be displayed in the store's limited space. Despite these items not being stocked on the premises, consumers see value in finding information about products within the confines of the (physical) store.

As far back as 2012, House of Fraser's multichannel director, Andy Harding, said the strategy was paying dividends and would be rolled out to all stores. The advantages of IRIS become even more obvious if stores find ways to capitalise on shoppers' existing mobile phones and tablets. By offering free wi-fi, for example, a retailer attracts shoppers (and shopping-averse spouses) but also sees which competitors' websites are being viewed. If the retailer's app allows shoppers to scan products for more information and this is advertised in-store, the merchant can "convert curiosity".

**//** A third of customers who use their phones to research a product in-store, buy it elsewhere **//**

**CONVERTING CURIOSITY**

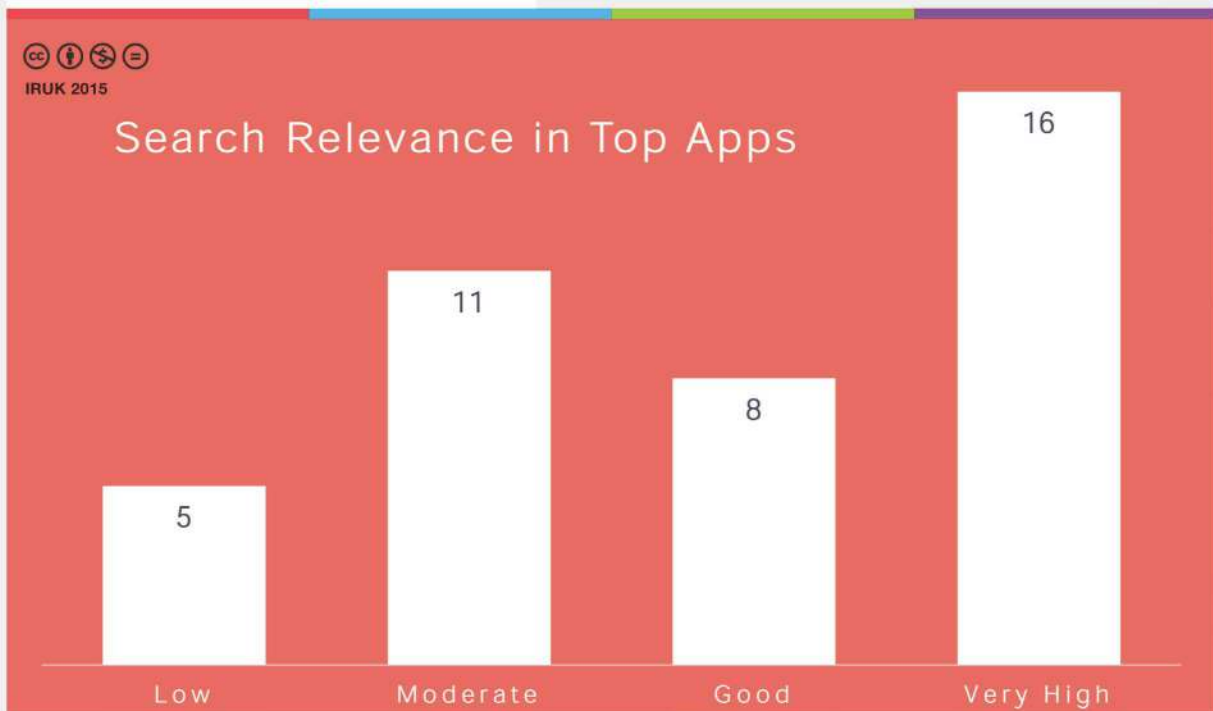
Persuading information-hungry consumers to part with money is challenging, but an effective app helps. A pan-European study by Tradedoubler last year revealed that one third of potential customers who use their phones to research the product they are looking at, change their minds and buy it elsewhere. This may sound like bad news, until you realise that retailers can capitalise on “showrooming” by providing expanded information and customer reviews within an app or mobile site – information that should be displayed next to an “add to shopping cart” button. Stores promoting the app or mobile site keep browsers’ interest in their store.

**IN THE FUTURE**

A Forrester study on the future of retail, *European Cross-Channel Retail Sales Forecast* predicts that by 2018, 44% of retail sales in Europe will be influenced by the internet, with mobile the main channel. But reports of the high street’s death are an exaggeration. The same Forrester study predicts that, while the role of the store will fundamentally change, it will remain central to cross-channel retail. The experience of Argos backs up this idea. The homeware retailer reported last year that 44% of sales start online, although 90% of transactions involve a store somehow (see our feature on Argos on page 18).

The overall lesson here is that timeliness and convenience are important to customers, and retailers need to remove points of friction. Even when a customer buys on a PC, an idea that may seem a little steam-powered to younger consumers, the chances are a mobile phone displaying a confirmation email will act as the customer’s evidence of identity at point of collection. ●

Do the apps of 40 top retailers offer relevant results even when specific items are searched for or queries are misspelt? This data is drawn from an InternetRetailing and Poq Studio study, covered extensively on page 29.

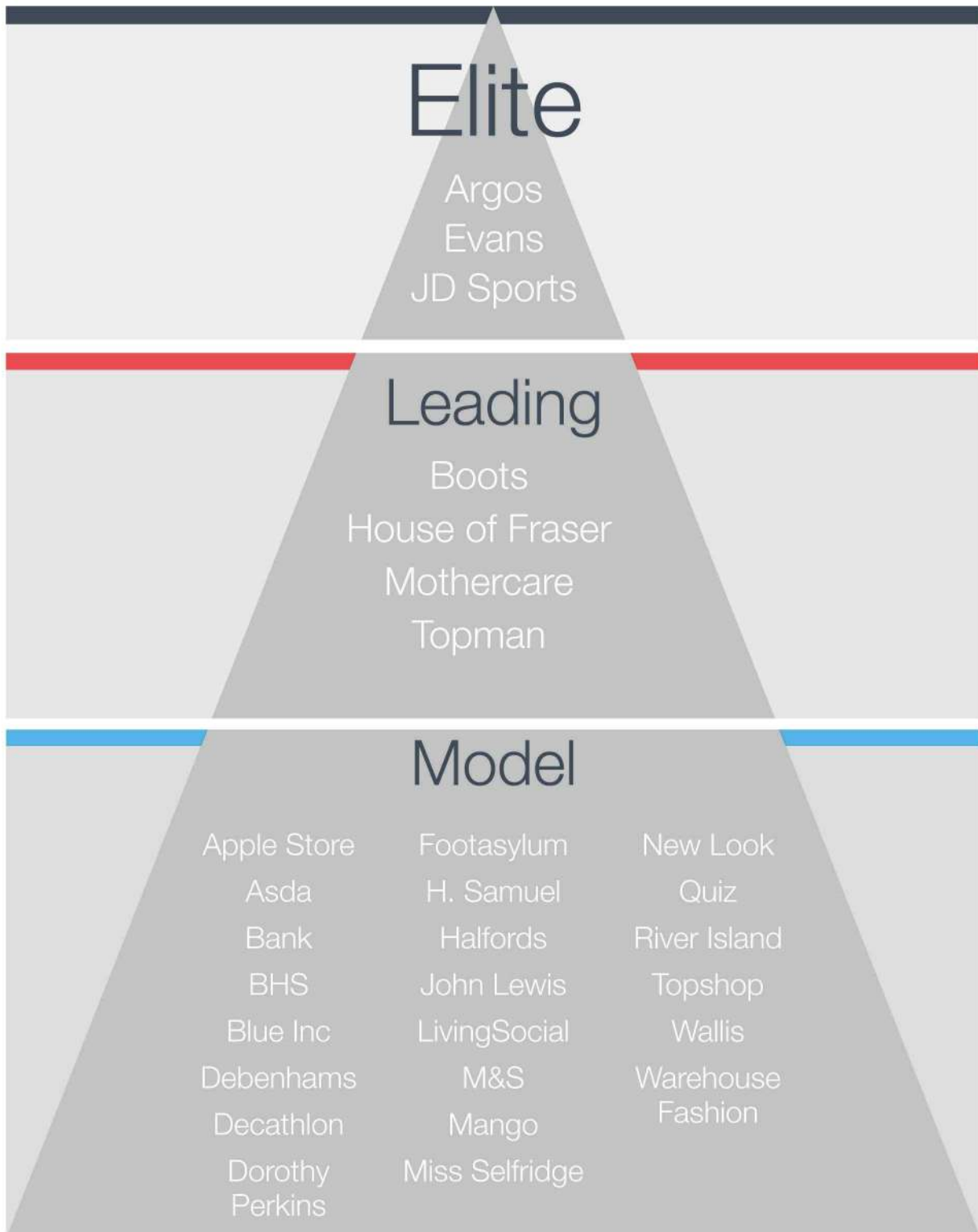


# Mobile and cross-channel



## 2015 Results – the top performers in this Dimension

Share your thoughts on #IRUK500 with @etail



For the full Top500 listing, see the IRUK 500, 2015, on page 16.

The full list of the Top500 clustered by performance segment is available to download at [www.internetretailing.net/iruk](http://www.internetretailing.net/iruk)

Congratulations to the retailers that have stood out in this Dimension.



The full rundown of the IRUK 500, 2015, as measured across six Dimensions: Strategy and Innovation, Customer, Operations and Logistics, Merchandising, Brand and Engagement, and Mobile and Cross-channel.

Share your thoughts on #IRUK500 with @etail

# Elite

Amazon  
Argos  
House of Fraser  
John Lewis  
M&S



# Leading

Asda  
Boots  
Clarks  
Debenhams  
Halfords  
Homebase  
Mothercare

New Look  
River Island  
Schuh  
Tesco  
Topshop  
Waitrose



# Model

ASOS  
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Dorothy Perkins  
Dunelm  
Early Learning Centre

Ebay  
Ernest Jones  
Euro Car Parts  
Evans Cycles  
French Connection  
Go Outdoors  
H&M  
Harrods  
Hobbs  
Hobbycraft  
HSS Hire  
IKEA  
Jack Wills  
Lakeland

Laura Ashley  
Lloyds Pharmacy  
Majestic Wine  
Mamas & Papas  
Moss Bros  
Mr Porter  
Net-A-Porter  
Ocado  
Office Shoes  
Post Office  
Richer Sounds  
Ryman  
Samsung  
Selfridges

Sports Direct  
Staples  
TK Maxx  
Ted Baker  
Thomas Cook  
Topps Tiles  
Toys R Us  
The Train Line  
USC  
Warehouse Fashion  
White Stuff  
WHSmith  
Wiggle  
Zara





## Top150

Adidas	Furniture Village	Karen Millen	Sony
All Saints	Games Workshop	Lastminute.com	Specsavers
AO.com	GAP	Lush	Spotify
Blacks Outdoor	George at Asda	MandM Direct	Thorntons
Blue Inc	Goldsmiths	Optical Express	Toolstation
Bonmarché	Google Play	Pandora	Urban Outfitters
Burberry	Groupon	Peacocks	Viking
Coast	Holland & Barrett	The Perfume Shop	Virgin Holidays
Costco	HP	Poundstretcher	Vision Express
Dabs.com	Hugo Boss	Pret A Manger	The White Company
eBuyer	iTunes & App Store	The Range	The Works
Expedia	JD Sports	SCS	
Fat Face	Joules Clothing	Smyths Toys	



## Top250

Abercrombie & Fitch	F Hinds	Lyle & Scott	Radley
Arco	Footasylum	M&Co.	Ralph Lauren
Austin Reed	Forever 21	Machine Mart	Reiss
Beaverbrooks	The Fragrance Shop	Mango	Rohan
Berry Bros. & Rudd	The Garden Centre Group	Massimo Dutti	Russell & Bromley
Blackwell's	Graze	Mint Velvet	See Tickets
The Body Shop	Habitat	Missguided	Shoe Zone
Boohoo.com	Harvey Nichols	Moonpig	Simply Be
Boux Avenue	Hawes & Curtis	Mountain Warehouse	Snow + Rock
Brantano	Heal's	Mulberry Company	Space.NK
Bravissimo	Home Bargains	Multyork Furniture	Speedy Services
Calumet Photographic	Hotel Chocolat	NetfliX	Surfdome.com
Cath Kidston	Interflora	Nike	Sweaty Betty
Chain Reaction Cycles	Jaeger	Notonthehighstreet	Thomson
Charles Tyrwhitt	Jigsaw	Novatech	Tiffany & Co
Countrywide Farmers	Jones Bootmaker	Oasis	TM Lewin
Crew Clothing	Just-Eat	Oliver Bonas	Uniqlo
Dulux Decorator Centres	Kiddicare	The Original Factory Shop	Very
Dune London	Kuoni Travel	Outnet, The	Wagamama
EAT.	Kurt Geiger	Paperchase	Wex Photographic
Ecco	Laitwaite's	Paul Smith	Whistles
Ellis Brigham Mountain	LEGO	Phase Eight	Wickes
Sports	Liberty	Photobox	Wilko
The Entertainer	LivingSocial	Printing.com	Yours
(TheToyShop.com)	LK Bennett	Pull & Bear	
Euronics	L'Occitane	Quiz	



## Top350

Abel & Cole	Dyson	Jacamo	Play.com
Agent Provocateur	EAST	Jacques Vert	Plumbase
Aldo	Edinburgh Woollen Mill	Jamie Oliver	QVC
American Apparel	Esprit	Jewson	Robert Dyas
Anthropologie	Estée Lauder	Jimmy Choo	Rowlands Pharmacy
ATS Euromaster	Etsy	JoJo Maman Bebe	RS Components
Axminster Tools	Euroffice	Kitbag	Superbreak Holidays
Bare Escentuals	Farrow & Ball	Lipsy	Sweatshop
Barker & Stonehouse	Feelunique.com	Long Tall Sally	Thomas Pink
Ben Sherman	Flannels	Made.com	Thompson & Morgan
Bershka	Fortnum & Mason	Matches Fashion	Timberland
Book Depository	Fossil	Menkind	TJ Hughes
Book People, The	Fragrance Direct	Microsoft	Toast
BrandAlley	Fraser Hart	Misco	Trespass Clothing
Brewers	Freemans.com	Mobile Fun	Tripp
CC Fashion	Gant	Moda in Pelle	Vente-privee
Charles Clinkard	Getting Personal	Mole Valley Farmers	Victoria's Secret
Co-operative Pharmacy	Gucci	Molton Brown	The Watch Gallery
Cotton Traders	Hallmark	Musto	The Watch Hut
Crabtree & Evelyn	Harveys Furniture	National Trust Shop	Wedgwood
Deichmann	Hillarys Blinds	Nisbets	Whittard of Chelsea
Dell	Hi-Tec Sports	Oakley	Zalando
Diesel	Hollister	OKA	
Direct Golf	Hughes Direct	On the Beach	
DKNY	Hut, The	Orvis	
Dr. Martens	isme	Overclockers	



## Top500

24Studio	Bulk Powders	Dreams	J Crew	National Geographic	Sunglass Hut
Alexandra	Buyagift.com	Emma Bridgewater	JD Williams	North Face, The	Superfi
Alfred Dunhill	Calendar Club	EXPANSYS	JML	Notcutts Nurseries	Suttons Seeds
Alibaba.com	Calvin Klein	Farfetch.com	Joe Browns	Office Team	Swatch
Appliances Direct	Camper	Farr Vintners	John Smith	Outdoor & Country	TAG Heuer
Approvedfood.co.uk	Card Factory	Feather & Black	Joseph	Pavers Shoes	Tate Shop
Aspinal of London	Cargo Home Maker	Figleaves.com	Joy	Planet Organic	TH Baker
Avon	Cartier	Firebox	La Redoute	Poetry Fashion	Thomas Sabo
Baker Ross	CCL Online	Fired Earth	Lacoste	Prada	TimeToSpa (Elemis)
Barbour	Character	Fitflop	Land's End	Pretty Green	Timpson
Barrhead Travel	Chemist Direct	Foyles	Laptops Direct	Printerland	Tommy Hilfiger
BBC Shop	Christy Towels	Fred Perry	LED Hut	Protyre	Trueshopping
Beales	Chums	Glasses Direct	Leekes	Puma	TTS Group
Belkin	Clintons	GNC	Liz Earle	QD Stores	Vax
Bench	Craghoppers	Great Little Trading	Logitech	Rapid Electronics	Virgin Wines
Bensons For Beds	Crocs	Company	LookFantastic.com	Reebok	Vivienne Westwood
Berghaus	Cromwell	G-Star Raw	Lovehoney	Roman Originals	Warren James
Bettys	Cruise	Guess	MAC Cosmetics	Route One	Weldricks Pharmacy
Bondara	Cycle Surgery	Hackett	Mappin & Webb	Scotts of Stow	Woolworths.co.uk
Boodles	Damart	Hamleys	Marisota	SecretSales.com	WorldStores
Bose	Demon Tweaks	Hello Fresh	MaxiShop	Sevenoaks Sound and Vision	Wynsors World of Shoes
Bradfords	Denby	High & Mighty	MoMa Store	Slaters Menswear	Yankee Candle
Brandon Hire	DietChef	Hornby	Monica Vinader	Smythson	Yeomans Outdoor
Brora.co.uk	Dobbies Garden	Isabella Oliver	Morrison's Cellar	SportsShoes.com	Leisure
Build-A-Bear	Centre	itsu	My Protein	Sterling Furniture	Zavvi
Workshop	Dolphin Music		Naked Wines		



# Argos: putting digital first

The catalogue retailer answered the challenge of cross-channel by radically transforming how it does business, discovers **Chloe Rigby**

BACK IN OCTOBER 2012, Argos launched a five-year transformation programme that promised to put digital first. The general merchandise retailer set itself the challenge to do no less than “redefine multichannel convenience for a digital age”. A year after it introduced its plan, in October 2013, it reported that mobile commerce had doubled, to 16% of all sales, while multichannel sales represented 52% of its total sales.

Fast forward to Christmas 2014, and an Argos third quarter trading statement, issued in early January, showed mobile accounted for 71% of online visits, 61% of digital sales and 28% of total Argos sales. Some 49% of all its sales took place online in the 18 weeks to 3 January, up from 46% at the same time last year. The mobile commerce figures represented 40% growth, year-on-year.

Mobile commerce, says Vikki Kirby, group communications manager at Argos’ parent company the Home Retail Group, “has grown tremendously in the past few years”. She adds: “We spotted early on that customers would want to shop when out and about, and responded to that.”

*Argos offers around 43,000 products through 734 stores, its website and mobile apps. In 2014 its website and apps received about 738m visits, while 123m customers visited its stores.*



The fact that Argos leads the way in the IRUK 500 Mobile and Cross-channel Dimension, ranking highly for both mobile commerce and click and collect, is also a recognition of the retailer’s distinct approach to digital, which came out of its background as a catalogue retailer with high street stores. “It is true that our unique retail model has helped us to build on our strengths of innovation in check and reserve, high street presence and single view of stock,” says Kirby.

This Christmas, some 80% of all internet sales were through the Check and Reserve app, first introduced in 2010 and still Argos shoppers’ favourite way to buy across channels.

Argos has answered the task it set itself – of redefining multichannel convenience – by challenging preconceptions about the way that joined-up retail works. Some may have read the last rites over high street stores, but while Argos has pruned its estate in recent years, it also very firmly sees its stores as a strategic advantage. In its 2012 business review, it said



nearly 90% of its sales involved a store at some point. The retailer is currently investing in digital format stores that promise fast click and collect, supported by a hub-and-spoke logistics model that ensures customers can choose from a wide range of products for fast delivery and collection.

### NEW PARTNERSHIPS

Argos has also developed partnerships with retailers that it might more traditionally have seen as rivals. eBay buyers can collect their parcels from Argos stores on high streets across the UK, while Argos itself is opening branches of its new-look Argos digital stores in branches of Sainsbury's. This is perhaps a counter-intuitive approach, but one that's best understood through customer-first thinking. Kirby says: "We can't comment on the strategies of other retailers but, for Argos, we have partnered where we have identified a mutual benefit in bringing extra choice, accessibility and convenience to customers. The introduction of



10 Argos digital concessions within Sainsbury's stores will provide customers greater access to an Argos store locally and a choice of over 20,000 non-grocery products, which they can either buy instantly in-store via tablets, or reserve online for easy collection within hours. With eBay, we have successfully enabled a click and collect option for their customers, which has already resulted in over one million pick-ups in Argos stores."

Argos has innovated in its approach to selling on the London Underground, where it has opened not just a collection point, as many others have, but a smaller, 650sq ft stockless digital store at Cannon Street tube station. Shoppers can both order through screens and pick up purchases they may have made over any channels. The emphasis is on making shopping easy and convenient.

Argos is moving fast. Its Cannon Street store and its partnership with Sainsbury's have been unveiled in only the last three months. If its current pace of development continues, what can we expect over coming months and years?

"We believe that customers will increasingly expect to be able to shop whenever, wherever they want and will expect retailers to make that easy for them," says Kirby. "Our five-year transformation plan is in response to this trend. 80% of the UK population is already purchasing goods via digital channels, and nearly 20% have purchased via tablet or smartphone devices. In the next few years, we believe total participation will move towards 100% while mobile devices will become the preferred channels for digital transactions. We have said that we expect 75% of Argos sales to be digitally-led by 2018."

On this evidence, the future at Argos, it would seem, is definitely mobile. ●

# Boots: Loyalty that crosses channels

LAST YEAR, BOOTS promised a new focus on omnichannel. This would enable it to respond both to the changing way that customers buy, and to shoppers' expectations. In full-year results published last May, the health and beauty retailer's parent company, Alliance Boots, said it was "at the point in the cycle where we are reinventing our business models, in order to deliver sustained profit growth. In retail, this translates into accelerating our rapidly evolving health and beauty omnichannel offering in an integrated way, with even more differentiated products and services tailored to meet rapidly evolving customer behaviours and expectations, be it in terms of choice, convenience or service."

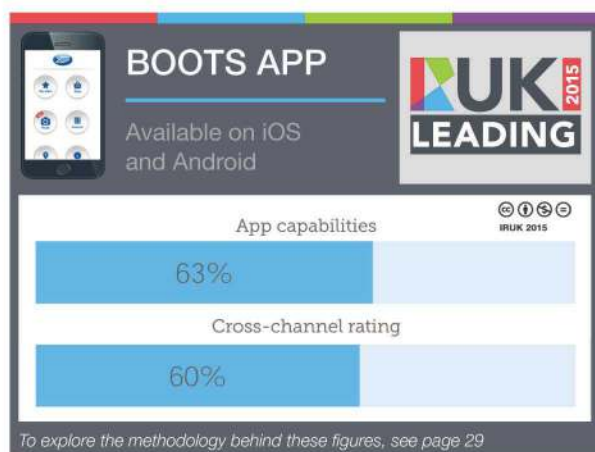
Today shoppers can order in the store, online, via mobile or by phone call, for delivery to home, workplace or nearest store. The retailer's mobile app, for both iPhone and Android smartphone, focuses on bridging the gap between the store and online. Shoppers can use the app to view the personalised offers that are available to them as members of the Boots Advantage Card, adding to their digital account those that appeal for use on their next trip to the retailer's high street stores. Shoppers using the card in-store, by contrast, are offered a range of personalised offers when paying at the till, or can visit a kiosk to choose their own offers.

The retailer is pushing at the limits of click and collect. Customers can buy online through the transactional app for home delivery, or buy for



next-day pick up in-store. Orders placed by 6pm, both online or in-store, can be collected the next day after noon from more than 2,300 stores. The service is free when shoppers spend £20 or more. Travellers passing through a UK airport that's served by a Boots store and who order five days before they fly, can pick up their items just before they board their plane. And on Valentine's Day 2015, the retailer pushed the limits of the service further, offering noon collection for orders placed by 8pm the previous day.

A photo-printing function is another clever way to bridge the gap between the store and online. Shoppers can order prints of images held on their phone, on their Facebook or Instagram accounts and pick them up in-store as soon as an hour later. These functions sit alongside a store locator and a barcode scanner that customers can use to find out more about products they're considering buying. ●



## Links

Boots delivers personalised offers through its new app: <http://etail.li/caseboots>

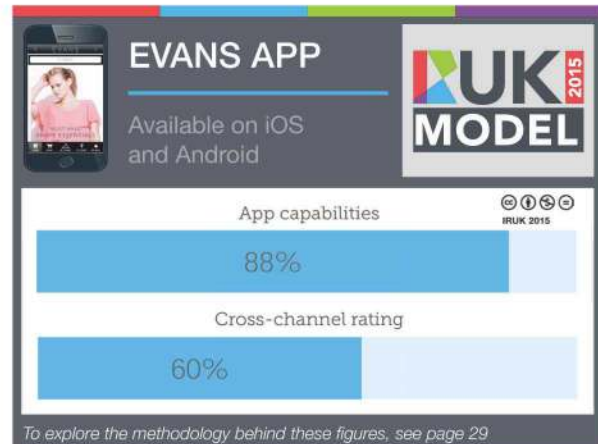
# Evans: joining up mobile commerce

PLUS-SIZE RETAILER EVANS is an Elite retailer in the Mobile and Cross-channel Dimension because its mobile app supports easy buying on the move. Its cross-channel functionality enables shoppers to buy and collect items not only from its own branches but those of fellow Arcadia Group companies.

Shoppers who download the Evans app, available for both iOS and Android smartphone and tablet, can find products and check whether their own size is in stock before clicking to add to the basket for payment or to a wishlist. The app has a built-in barcode scanner: shoppers can use it to scan an item of clothing they see in store and find out if it's available online or in other branches of Evans. An in-app shape calculator helps customers decide what size will fit them best. They can also view account information from the app.

When it comes to convenient delivery options, seven-day click and collect is free, but customers who need an item in a hurry and order by 7pm can pay £2.95 for next-day pick-up from store. Not only can customers placing an order on Evans.co.uk collect it from any Evans store, they can also nominate branches of Wallis, Dorothy Perkins, Burton and BHS.

Evans is one of the seven Arcadia brands – stablemate Topman is also recognised in this dimension



as a Leading retailer. In the year to the end of August 2014, Arcadia turned over £2.7bn, and saw its online sales grow by 13.4%, well ahead of UK like-for-like growth of 0.2%. Arcadia owner and chairman Sir Philip Green said in its 2014 results statement that the company was “investing heavily” in multichannel systems in order to adapt to new ways that shoppers now buy. “The retail industry continues to be fast-changing,” he said, “as the number of channels through which customers choose to purchase and engage with us continually evolves, thus increasing the complexity of our operations.”

It's a complexity that Arcadia group companies have dealt with by introducing supply chain management systems that enable accurate stock checking through the mobile app and other interfaces. Arcadia sells online in more than 100 markets and 40 websites, as well as through around 1,500 UK stores. ●

## Links

Arcadia Group opts for new supply chain technology:  
<http://etail.li/caseevans>

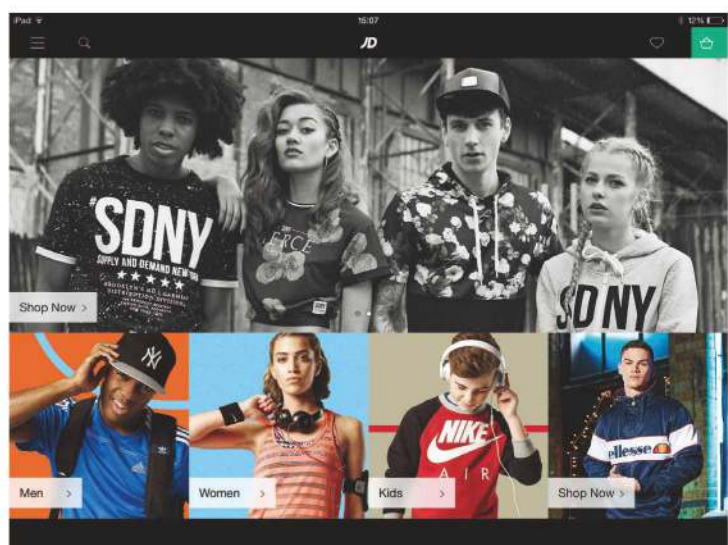


Copyright: Evans

# JD Sports: effective and efficient cross-channel services

JD SPORTS TAKES its place in the Elite group of retailers for the Mobile and Cross-Channel Dimension because it provides mobile shoppers with the tools they need in order to buy the devices they carry around with them, and because it effectively bridges the gap between the store and online. Shoppers can, for example, order online or from a mobile device to collect from any JD Sports store. The company delivers ecommerce orders to more than 600 JD Sports stores, as well as to alternative collection points with its group. Shoppers can pick up their orders from Blacks, Millets or Scotts Menswear stores as well. The free click-and-collect service takes between three and five days, with parcels available for pick up seven days a week. Returns also take place across channels, with customers able to return items to a branch of JD Sports or to post them to the returns centre.

The retailer makes it easy to find products through its app, first introduced in August 2013, through intuitive search and navigation filters. The speed of checkout was updated in the latest version of the app, released in December 2014. Once a shopper has found the item being searched for, he or she can, from the product page, add it to a multichannel wish list, to the basket, or use social-sharing links to enable friends to comment on spending plans. App users can locate the nearest outlet, whether from a desktop or from a mobile device using store finder functionality.



JD Sports' cross-channel service operates well beyond the mobile app. It has taken digital into the store, adding kiosks to some of its smaller stores. This, said the company in its latest financial results, for the half-year to August 2014, "enables customers to access a range wider than the physical stores can support". Shoppers can also order items in store for home delivery.

The £1.3bn-turnover company trades online and through more than 800 stores under a number of brand names, including JD Sports, Size?, Blacks, Millets, Cloggs and Tessuti. It has also taken its cross-channel service well beyond its UK home territory. In its half-year results, executive chairman Peter Cowgill said: "We have launched country-specific JD websites in each of the international territories where we have a retail presence. This enables us to give the customer in these territories a truly multichannel retail experience." ●

## Links

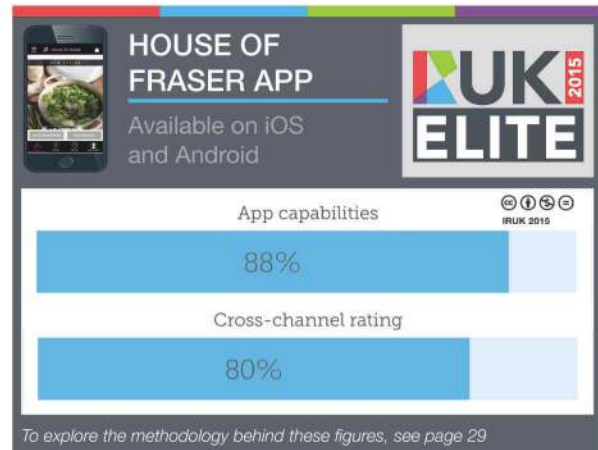
Online helps JD Sports lift turnover and profits:  
<http://etail.li/casejd>

# House of Fraser: putting mobile first

IN FEBRUARY 2014, House of Fraser unveiled its mobile-first website. The move came a scant eight months after the department store publicly recognised the fact that more than half its traffic now came from mobile devices, and announced it would make mobile design a priority. By Christmas 2014, House of Fraser has said, mobile traffic and sales were at record levels, part of a cross-channel performance that saw online sales rise by 31.2% in the six weeks to 3 January 2015, compared to the same period in the previous year, while bricks-and-mortar stores were 4.2% ahead.

Overall, Christmas like-for-like sales were 8% up on the previous year. The strong performance suggests that the department store had met customers' demands, in ways that include enabling customers to shop via their mobile devices, while also making mobile a bridge that connected the different sales channels. House of Fraser's channel-linking approach has also won the department store credit as a Leading retailer in this Mobile and Cross-channel Dimension.

Consumers have moved quickly to use House of Fraser's mobile services. In June, the retailer said more than 50% of visits were via mobile. By October,



more than half of sales were made using the channel. Speaking ahead of InternetRetailing Conference 2014, held in October, Andy Harding, executive director, multichannel, at House of Fraser, said customers' behaviour was changing as they used their handheld devices to access the site, whether they were using beacons in store or scanning items using the mobile app.

Harding commented: "Mobile is now the single biggest channel that our customers use and that makes it mandatory to consider mobile, and make sure that each channel can be used in a way that's contextually relevant to the customer journey. The most important thing is that you don't just bring everything together for the sake of it into one user experience. You need to be consistent between your channels but still leverage the value that each channel has in the customer journey. If you're using mobile in-store, that experience should use functions that add value to the context that the shopper is in."

The tablet and desktop experiences, he said, must be different and fit with the way that shoppers use those channels. The retailer has changed its strategy as its customers have changed their behaviour. With an approach of continuous investment, it now aims to keep pace in times of fast development. ●

## Links

House of Fraser aims to bridge gap between store and online with new app: <http://etail.li/casehouse>

# 12 approaches that work

How are leading retailers securing cross-channel sales? **Chloe Rigby** focuses on examples of best practice

RETAILERS THAT ENABLE customers to shop wherever, whenever and however they want reap financial rewards. House of Fraser figures show that shoppers who buy from the company over mobile, in-store and online from the desktop site spend more than five times as much as those who only buy from the desktop site. John Lewis has said those who use three channels spend 3.5 times as much as those who use one.

## 1 Help customers check it's in stock

Argos' Check and Reserve app was one of the first mobile offerings when it was introduced in May 2010. Today it continues to play an important role in its customers' lives. Shoppers use it to check whether the item they want to buy is in stock at a local store and then reserve it for collection. This simple function, developed in-house, has been one of the retailer's fastest-growing sales channels: in the year to 1 March 2014, it alone accounted for 32% of total Argos sales. Over the years it's been updated: the Argos app now enables one-click reservation as well as purchase for delivery or, most recently, for fast-track store pick-up. Shoppers can personalise the app, so that it shows account information and product availability in a named store. Customers can save products they're considering to a shortlist. The Argos app originally launched for iPhone, but today it's also available for download for Android and iPad. Together, by the half-year to 30 August 2014, the suite of apps had been downloaded almost 10m times.

Traders are adapting to shoppers for whom mobile is fast becoming a given, whether as a purchase or browsing device in its own right or as a bridge between store and online: some 58% of sales on Very.co.uk are made over smartphone or tablet. Retailers that succeed in boosting mobile and cross-channel sales are those that make shopping both easy and convenient. We take a look at 12 practical approaches, from the tried and tested to the cutting edge, that leading retailers take to mobile and multichannel.

## 2 Use mobile to give extra information in-store

House of Fraser focused with its latest app on giving customers extra information when they're in-store. Shoppers can personalise the Android app, designed by Poq Studio on its own platform, and save details such as preferred store and clothing size.

When customers are in a House of Fraser department store, they can put the app into 'store mode', which uses GPS to detect which shop they're in and shows real-time stock availability in that particular store, in that particular size. Favorites can be saved for later. Barcode scanning functionality means shoppers can access extra product information such as product reviews and extra images. Other features include social sharing and a secure checkout. The app was launched in November 2014 and, says House of Fraser, "contributed to record mobile app traffic and sales during the Christmas period". The retailer is also using beacon technology on mannequins in the store. Andy Harding, executive director, multichannel, has said this is now becoming an accepted part of the customer journey.





The Very app's image recognition software suggests items similar to styles uploaded by the shopper

### 3 Get the most out of mobile-only features

Shop Direct made the most of the fact that mobile devices can take pictures when it added image recognition technology from Cortexica to its new Very.co.uk transactional app. Shoppers use a smartphone or tablet computer to photograph clothes and footwear they like, and search for items that looks similar through Very.co.uk's range of 13,000 clothing and footwear products. The image search is based on research into the workings of the human visual cortex, designed to mimic the human perception of colour, texture and pattern – and shape, for shoes and bags. Shop Direct is now considering the next level of image recognition: analysing several items at once, so that shoppers could photograph someone in the street and search their entire outfit. The app also offers optimised search and browsing, giving shoppers more traditional ways to pinpoint the item they're looking for quickly.

The launch of the iOS app comes at a time when mobile accounts for 58% of sales at Very.co.uk, and iOS accounts for more than 50% of traffic to its websites. An Android version is scheduled for launch in 2015.

### 4 Enable on-the-go shopping

Over the years grocers have experimented with making online shopping easier for customers as they move around cities. Ocado and Tesco have both tested shopping by barcode, enabling shoppers to use smartphones to choose and pay for goods for later collection or home delivery. Today the focus is firmly another part of the shopping journey: taking delivery of the goods. Those fast-moving customers are out and about, by definition unlikely to be at home when deliveries are made, and most of the grocers, from Tesco to Sainsbury's, now have grocery collection points in Transport for London stations.

In all, TfL trialled click and collect at 43 stations in 2014: in the year to November, some 12,000 orders were placed for collection. Retailer Amazon has its own locker-based collection points, most notably in Birmingham International Airport; Argos opened its first digital store and collection point in an underground station at Cannon Street in November; and John Lewis has a click-and-commute shop at London St Pancras rail station. Scores of other retailers use lockerbanks operated by InPost and ByBox and others, and collection points from businesses, including Network Rail venture Duddle, CollectPlus, UPS Access Points and myHermes.



Copyright Transport for London

## 5 Make delivery easier

Amazon uses its app to make deliveries easier. Customers who enable mobile alerts through the app, which can be downloaded on five devices including the Kindle Fire, receive push notifications alerting them when parcels are sent, and when they arrive. Alex Meisl of WiForia says the in-house developed service is both “exceptionally good” and of “scary quality”.

The app also enables order tracking, modification and cancellation – users can change the delivery destination en route, opting to send items to a neighbour or a safe place – and also wins praise for its mobile one-click confirmation of delivery address and payment. It bolsters enviable delivery capabilities that also include more than 16,000 pick-up locations for click and collect orders, including same-day collection through newsagents that are members of the Pass the Parcel network, Collect+ stores, Royal Mail branches and Amazon lockers. The Amazon Logistics technology platform underpins seven-day delivery: Sunday deliveries, free to members of the retailer’s Amazon Prime subscription scheme, grew by more than four times in 2014.

In New York, Amazon is raising the bar still further by enabling one-hour delivery to Prime members who order from a range of tens of thousands of items from a Prime Now mobile app.

## 6 Use content to engage customers

Mothercare combines mobile and social to great effect in its range of apps. The retailer, which serves the parents of babies and young children, aims to develop a customer relationship through the app that goes beyond the transactional. The app enables shopping and barcode scanning in-store, but it goes well beyond the purely commercial with a range of features that includes week-by-week pregnancy updates, timers for kicks, contractions, naps or feeds, a collection of baby tunes, and a baby name finder – with the option to shake to generate a random name. Mothercare TV, available from the app, hosts a range of advice videos, while app users can also receive special offers and find out about local store events. “Mobile has opened up that opportunity to create a great transaction and a great customer experience that gets people coming back to you,” said Mothercare’s mobile commerce manager Harpinder Singh, speaking at the Demandware 2014 customer conference.

Mothercare engages too with its audience through social media, with a presence on six social networks, according to the IRUK 500 research. Its app features social media sharing, as do the product pages of its website.

## 7 Make payment easy

Apple focused on convenient and easy mobile payments when it launched Apple Pay in 2014. Contactless payments happen when the near-field communication (NFC) antenna built into the iPhone 6 is brought close to a contactless payment sensor in the store. That’s safeguarded through Touch ID, a fingerprint security system built into the same model. The system stores credit card details in a tokenised form in a wallet. Owners of the Apple Watch and the iPad Air 2 and iPad mini 3 can also use Apple Pay, the latter through apps.

US shoppers can use Apple Pay to pay in Apple’s own stores, as well as at around 50 retailers, from ToysRUs to Foot Locker and the Disney Store. UK shoppers must wait to be able to use the technology, but Apple Pay is widely expected to launch here later this year.

Non-retailers offering cross-channel payments in the UK include PayPal, offering online payment as well as in-person payment through its mobile apps. Our research unearthed happy customers using Barclays’ contactless payment wristband, while digital wallets and other contactless payment methods are gaining in popularity.

Thomsons Holiday Design Stores feature interactive displays for customers to explore potential holiday ideas



## 8 Put the store at the heart of the experience

Thomson's Holiday Design Stores bring digital into the store in order to make them places where customers can research and explore potential holiday ideas using digital technology as well as asking questions and advice of staff. Video walls, interactive maps – which have proved one of the most-used features in the digital store – and social media feeds are all part of the mix. Customers can also browse for information through self-service tablet computers or opt for a personal consultation with an assistant. Shortlists of holiday ideas are saved on a wishlist that can be accessed through digital devices away from the store.

“Ultimately we sell dreams,” said Doug Glenwright, general manager for retail transformation at Thomson, speaking ahead of the InternetRetailing Awards 2014. “We do not have a product that customers can feel and touch, so it is incredibly important that we get a clear understanding of what our customers want and also that we bring our products to life in an engaging and exciting way by using rich content and imagery.” Once a holiday is sold, holidaymakers stay informed about their break, from flight times and luggage allowances to weather updates and social sharing through the MyThomson mobile app.



## 9 Persistent shopping baskets

When customers who are logged in to the Marks & Spencer website place an item into the shopping basket, that item will still appear in the basket when it's viewed from another device. Thus, baskets created on a tablet can be checked out from a desktop computer, or those created on a laptop can be seen from the mobile website or an app. It's a simple but effective multichannel basic that M&S does well. Virtual baskets that are started in the store through a browse and order point kiosk can be saved to a mobile device when the customer generates and scans a QR code. All of this enables customers to take a start/stop approach to shopping, something that adds to the convenience of shopping online. Meanwhile, those who have signed up to the Marks & Spencer site can also see their account information across devices.

As well as synchronising baskets and personal information across devices, the fashion-to-food multichannel retailer's app has a barcode scanner. This enables shoppers who can't find an item of clothing in their size in-store to read the barcode from the same item in a different size and then go online to order the one that will fit them.

## 10 Inform shoppers even when the store is closed

Ralph Lauren and Harrods teamed up for a mobile proximity technology campaign that enabled customers to get the information they wanted about the goods on display, even when the store was closed. The luxury fashion retailer took over 15 window displays at the Knightsbridge store in October, displaying QR codes alongside the items in the window.

Shoppers who scanned or tapped the display with their smartphones started up a dedicated landing page in their browser. That page featured an interactive map taking them to the area within Harrods where the new Ralph Lauren Polo for Women range was on show. The QR codes were provided by Proxama, which, using its TapPoint platform, could give Harrods a view of the user journey and campaign analytics, helping both the department store and Ralph Lauren to make sure they were getting the most out of the campaign.



Free wi-fi in Tesco stores gives shoppers access to cross-channel features

## 11 Make it easier to buy

B&Q's Spaces kitchen design tool enables customers to plan a new-look kitchen at an appointment in-store before saving it as an online project for further refinement at home. The price of the design varies as materials and styles change. "If it's too expensive or the customer doesn't want it, they just drag it out and put something else in instead," said Michael Durbridge, B&Q head of multichannel development and strategy, speaking ahead of InternetRetailing Conference 2014. "It's a really quick tool that helps customers from the start, where they're not really sure what they want, through the design process to finding out how much it would cost in about 10-15 minutes, something that would normally take a few days."

Shoppers can liaise with the member of staff who helped them in-store before generating a list of components to be bought and arranging installation online. "It's a helpful and collaborative way of helping customers make perhaps one of the biggest decisions they'll make in their lives," said Durbridge.

## 12 Free wi-fi

Retailers from Tesco and Apple to John Lewis offer free wi-fi to shoppers, who use it to research reviews, check discount offers and compare prices – as well as surfing the internet while they wait to finish their shopping trip. Some retailers have been unsure whether enabling price comparison in their shops is altogether good for their business, but those that have introduced it are using it to remove friction from the in-store shopping trip.

It may seem basic, but free wi-fi underpins many of the cross-channel features we've mentioned in this list: apps and beacons used in store, as well as payment from mobile rely on shoppers being able to get broadband access. As 4G comes in, there'll be more store-based use of 4G but in the meantime free wi-fi enables retailers to connect up sales channels ●

# The KPIs of mobile

How should retailers measure the effectiveness of an app? **Martin Shaw** outlines InternetRetailing's latest research in this area

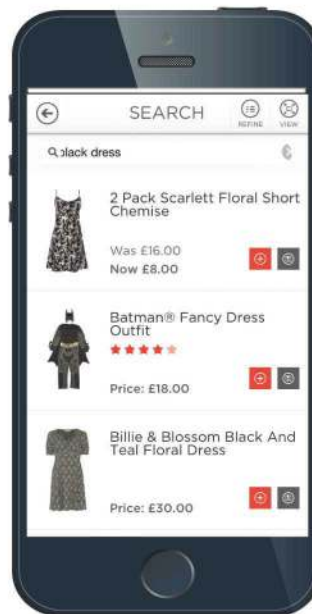
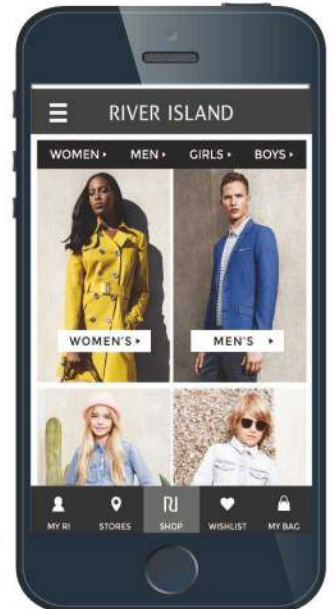
A RECENT STUDY by InternetRetailing and Poq Studio focused on 55 retailers' mobile apps. Six key performance indicators (KPIs) were identified in the research, conducted exclusively for this report. Sophisticated features such as beacon tech and relevancy in search results were measured alongside more standard store finder and social-sharing features. We found that in embracing great features, some apps have lost usability in terms of stability and ease of navigation. One or two apps were practically unusable, even to the most patient shoppers. We also found that different retail sectors have different requirements, which are reflected in app design. Cross-channel retailers arguably have more to gain from app development than pureplays, and the study paid special attention to how apps can successfully drive footfall, and even add to the in-store browsing and purchasing process.

## The study

InternetRetailing and Poq Studio researched 55 top IRUK 500 retailers, starting with whether or not they had a transactional app: 78% of the retailers offered Android apps and 73% had iPhone (iOS) apps. The 40 iOS apps were analysed in more detail across 22 metrics, covering features, usability and cross-channel integration. Search relevance, personalisation and banner size were each weighted with a maximum index rating of five. To gauge how simple the order process is, researchers counted the number of screens a purchaser passes through between home and checkout – the minimum was four and the maximum 16. Apps were assessed for product images that can be enlarged by the user, and integration of star ratings and product reviews. Just 12 retailers offered more stable native checkouts, 30% of those with apps. In the coming weeks the study will be explored further on the research blog at [internetretailing.net/iruk](http://internetretailing.net/iruk)

### KPI 1: BANNER SIZE

A banner's buttons should be easy to see and tap – a design constraint that competes with other uses of limited space. Because they're so crucial to navigation, banners can be a source of frustration when poorly designed. That said, the ideal size is a subjective measure, with little consumer-side research into what is 'best'. However, we've taken a banner at least 4mm wide to be optimal, something that features in eight (20%) of the apps we studied. There are other nuances here: River Island's banner was the optimal size, but it was difficult to navigate to different sections of the retailer's stock – Women, Men, Girls and Boys. Banners are tough to get 'right'. Nevertheless, people navigate in-app using banners and a less-is-more approach to app design should begin with these basics in mind.



It's a technical challenge to retailers to provide relevant results for specific or misspelt searches

### KPI 2: SEARCH RELEVANCE

Search results that are genuinely useful to the consumer are more important on mobile devices than desktop computers because menus are constrained by space. Moreover, reliable apps can help retailers avoid 'showrooming' where people browse in-store before buying online from another company. According to an Econsultancy report, more than half of smartphone owners use their mobile device to search for information while they shop, making mobile search an integral part of in-store shopping. Our study looked

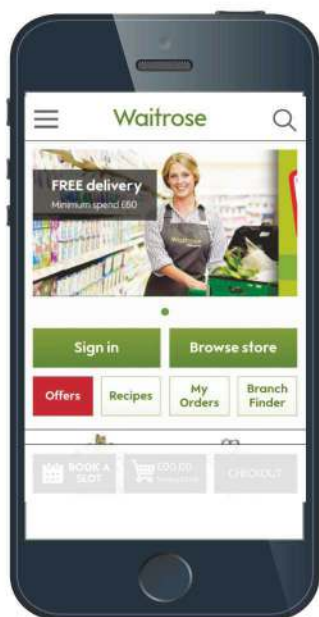
at the relevance of search results under repeated tests, which included misspelt and specific items, such as 'black dress'. Seventeen (43%) of the retailers demonstrated very strong relevancy across all the tests. The search KPI reveals that while almost half of app commerce retailers have prioritised this feature, many apps lack anything more than a basic keyword search. Cosmetic similarity belies a big difference in usability.

### KPI 3: KNOWING THE CUSTOMER

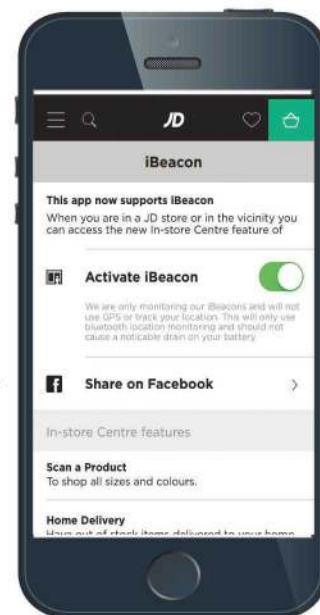
Personalising the customer experience improves conversion rates and app design is crucial here. For cross-channel retailers, the single view of the shopper requires a connection between the online account and the in-store loyalty card. Of the retailers in the Poq Studio study, eight (20% of those with apps) already do this. "Providing an option to enter loyalty card details makes it easier for customers to make use of retailers' loyalty schemes and easier to deliver customised offers to them via the app," says Poq Studio's Anna Abrell. One step further is to make the app itself the loyalty card, driving downloads and opens. In the case of Waitrose, customers can add products to personal shopping lists – at home or in-store – using the barcode scanner. The result is more convenience for the customer, while the retailer can target promotions with more specificity.

### KPI 4: DRIVING FOOTFALL

Another emerging technique is the use of location-sensitive tracking – customers who allow geofence notification and beacons can be alerted to in-store offers. But is that too obtrusive? Actually, people prefer to receive bespoke offers. Seven out of 10 consumers enable push notifications either for offers or to hear about new products, according to a DMA consumer survey. Moreover, this is a natural development of the standard 'store finder' feature



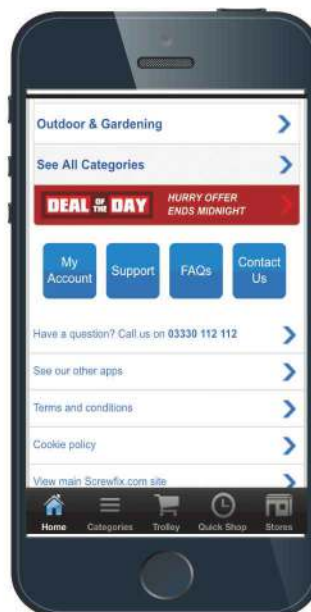
present in all of the 37 apps offered by cross-channel retailers in our assessment. Of the retailers in our study, 26 (65% of those with apps) use push notifications and one, JD Sports, communicated the use of beacon tech in its app. Footfall benefits from location specific offers, turning uni-channel customers into valuable cross-channel shoppers. Demanding customers seeking unique offers will drive the development of proximity marketing in the coming years.



### KPI 5: MAINTAINING INTEREST

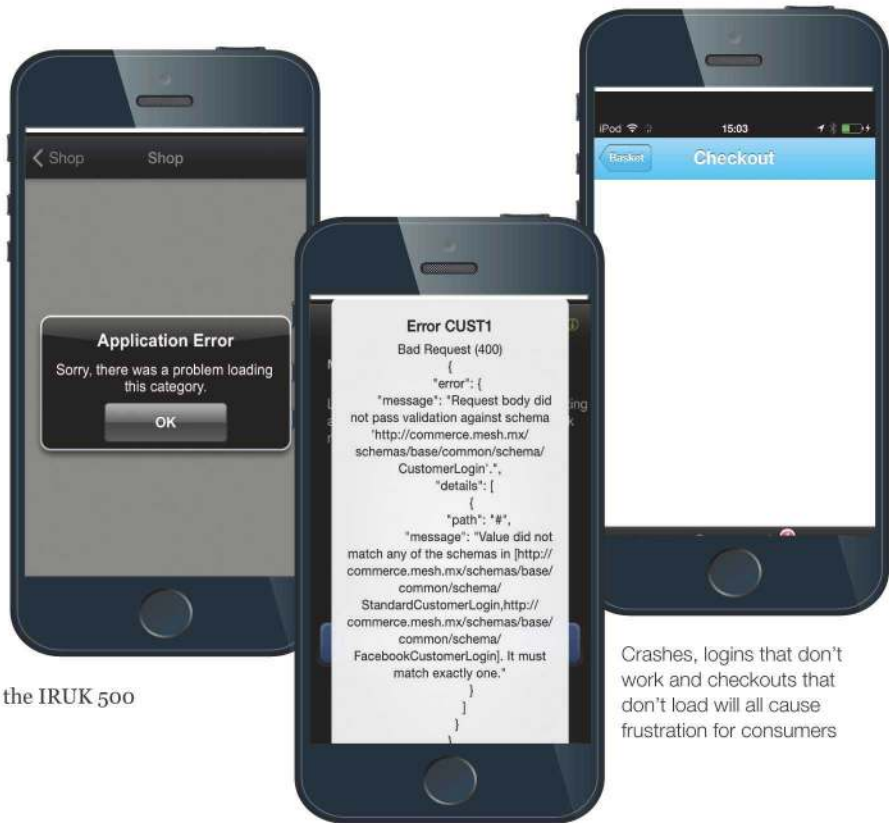
Customers' interest in apps can soon flag. To counter the phenomenon of 'zombie apps' (downloaded but rarely used), limited-time offers spark interest and stimulate frequent use, especially when used in conjunction with push notifications. Only two apps in the study, by Screwfix and Amazon, offer daily deals, while Argos has weekly deals. Displaying different products every time the app opens also leads to more use of the app. Finally, promoting the app on-site

and in-store keeps the app front-of-mind for customers and makes them aware of the benefits before they download. All this serves to turn customers into more valuable multichannel shoppers. But it can have a negative effect if features fail to function as advertised, which is why reliability is the sixth mobile app KPI.



**KPI 6: RELIABILITY**

Reliability is a critical KPI for an ecommerce app, because users will quickly delete it for slowness or faults. However, the study revealed a user login that doesn't work, a 'remember me' option that fails to save card details and delivery address, and an app where the checkout screen doesn't load. Nevertheless, we don't want to understate the difficulty of app development and maintenance across platforms; these retailers are, after all, in the minority within the IRUK 500 merely for offering an app.

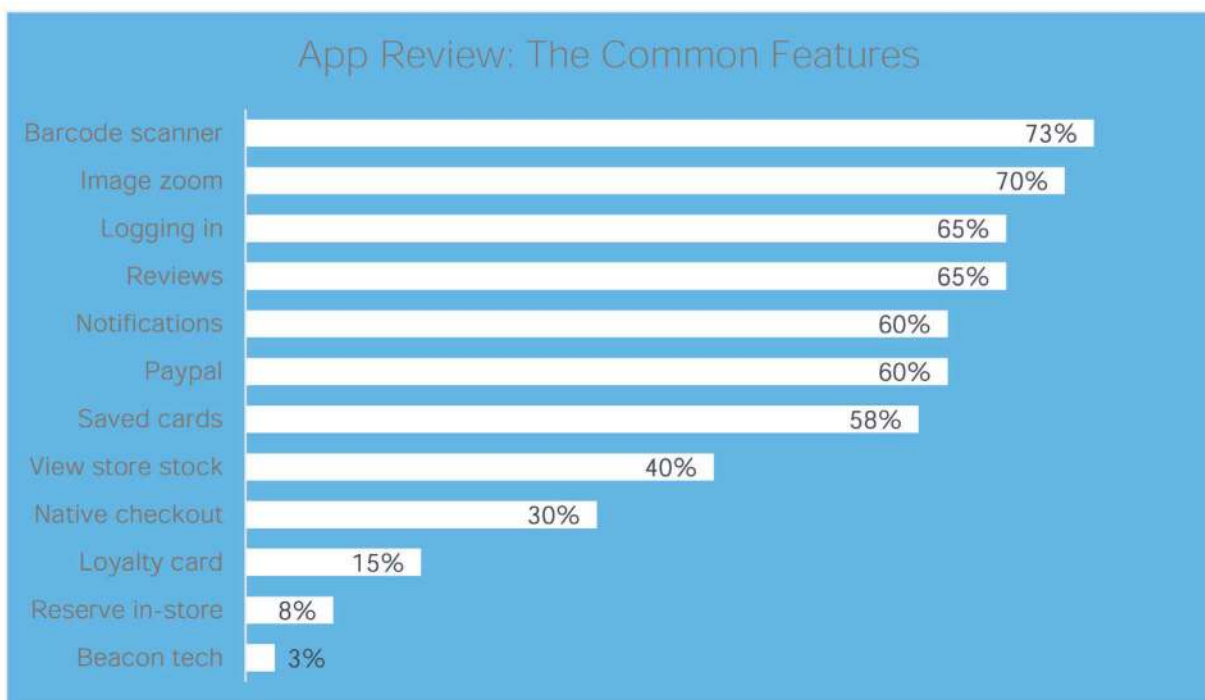


Crashes, logins that don't work and checkouts that don't load will all cause frustration for consumers

**CONCLUSION**

The InternetRetailing and Poq Studio study identified six KPIs to help retailers avoid problems and take hold of opportunities in mobile commerce. It also highlighted the tension between features and reliability. When even large, established retailers can trip up on basics, it's perhaps no wonder only 19% of IRUK 500 retailers have transactional apps. Nevertheless mobile apps could soon change the way we shop. To give one example, some international retailers have introduced self-checkout apps, fulfilling the function of physical checkout stations at a percentage of the cost;

in addition, part of the promise of mobile retailing is that it will operate as a great leveller that enables medium and small-sized retailers to keep up or possibly even lead in the race to embrace technological efficiency. In the coming weeks our research blog at internetretailing.net/iruk will assess the real value of apps and their key features, offering new insights from mobile commerce professionals, including retailers and vendors. ●



The fraction of retailers offering a feature, of the 40 with transactional iOS apps. Researched in collaboration with Poq Studio

# Shops of the future

Professor Jonathan Freeman tells **Jonathan Wright** how the store will become a place where retailers use technology to deliver personalised customer experiences

IN THE ERA of digitally driven retail, it's clear that reports of the death of the bricks-and-mortar shop, reports that were commonplace just a few years back, were greatly exaggerated. As retailers as varied as Argos, Apple and John Lewis have proved, companies can re-engineer stores to make them an integral part of cross-channel operations.

But how will IRIS (internet retailing in-store) technology evolve over the coming years? Someone who has a keen interest here is Jonathan Freeman, both a professor of psychology at Goldsmiths, University of London and managing director of technology and usability researchers i2media. Some of his company's most recent research has been around how best to reach customers with adverts and communications when they're out and about, both in retail and non-retail environments.

Of course, retailers have long spent time analysing how shoppers use stores, watching what customers do in order to work out how best to display goods. However, what's new here is the way i2media is looking at using digitally driven technology, such as cameras that provide a feed to analyse body language and facial expressions, to "code" how people react to their environments.

"There have been a lot of trials in beacon technology, triggering offers to people based on where they are and so on," says Freeman. "What there hasn't been so far, and where we're investing time and research at the moment, is in developing algorithms to work on real-time analytics that aren't just on a shop level but an individual customer level to measure people's receptiveness and interest, based on behaviour."

// We're looking at how to measure the interest of individual customers, based on their behaviour. //

*Professor Jonathan Freeman*



There are technical challenges to creating real-world versions of the kind of algorithms that have long been used on the web. It may be, for instance, that a customer keeps returning to a coat display not because he or she is interested in buying a coat, but because that's where he or she can get the best mobile reception in the store. However, such problems can be overcome, and they will be.

## IDENTITY MATTERS

Another potential obstacle to implementing this kind of technology is around identifying individual customers. It's one thing to be able to tell whether someone does or doesn't like the coat they've just looked at, but what's a retailer to do with this information? What message, if any, should the retailer send to the customer? In these circumstances, it would help to know exactly who the customer is.

For this reason, mobile technology is crucial here, because smartphones and, looking ahead, other kinds of wearable tech, will serve to identify individuals. "The more you know about the person and their interests, the more likely you are to be able to infer something accurate about their needs," says Freeman. That's especially true if, for example, the retailer can link to loyalty card information that relates to the customer's behaviour in different channels.





In an omnichannel world, shoppers' behaviour on the high street will be analysed and consumers will receive personalised offers

### PRIVACY ISSUES

While it's easy to see what's in this for the retailer, it's nonetheless a potentially rather spooky use of technology. Will consumers accept this kind of tracking? "I think the reality is that we're already tracked a hell of a lot more than we know," says Freeman, a remark that rather illustrates the potential problem for retailers here. It's one thing to be offered recommendations based on what you've been searching for on the web or to receive a marketing email, it's potentially far more intrusive to receive a personalised, location-specific message on a device you carry around all day.

One way around this is to offer genuinely useful information and carefully tailored offers. However, Freeman says retailers and marketers may also have to make their terms and conditions far more transparent (which could be a nasty shock to the technology sector...) if they're to gain consumer acceptance, to spell out how they will and won't use data.

"You can imagine a wine and spirit retailer tracking a lot of people's purchase decisions, browsing their histories to make recommendations and offers to them," Freeman says. "That's great, if you get good offers for less money. But if that data is then sold to a health insurance company who say you've been drinking five bottles of wine a week for however long, that would be more worrying for the consumer – no amount of discount on the wine initially would be worth that transaction."

### IMPLEMENTATION

As to the timescales here, some of the technology may take more than a decade to make it to high streets up and down the country. However, the direction of travel is clear and we can expect it to be trialled in landmark stores in central London far sooner. "I think in the next five-to-ten-year window there should be fascinating innovation in this space," says Freeman. "I'm looking forward to seeing it happen." ●

# Conclusion

WE'RE ENTERING AN era when it will seem increasingly nonsensical to talk about cross-channel retail. Look even two decades down the road and there will be a generation of digital natives who take mobile shopping for granted because they've always been able to do it, even if they can just about remember an era when you couldn't pay via mobile.

The fact they'll be occupying the same world as consumers who can still remember using pounds, shillings and pence is a measure of how far we've come.

But as we've seen in this report, that doesn't mean we've already arrived at an era where omnichannel retail is the norm. Far from it. Instead, our research offers up a picture of an industry undergoing profound change. Although larger retailers that have been able to put money and time into developing cross-channel strategies and mobile offerings have made great progress, other companies have done less well.

So looking ahead, will first-mover advantage prove crucial in determining which retailers are leaders in the omnichannel world that lies just around the corner? Perhaps, but here's one final thought. Just as with the fixed web before, technologies associated with mobile and cross-channel retail are coming down in price. This enables smaller retailers to buy technology once available only on a bespoke basis off the shelf. Big retailers may have made the running in the Mobile and Cross-channel Dimension, but that's no guarantee these companies will continue to be leaders. ●





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