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N BROWN GROUP: DEMOCRATISING FASHION

Angela Spindler, CEO, N Brown Group on the transition from catalogues to online retailing

INSIDE OUR 'PEAK' EDITION:

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CHALLENGE JASON
TO CREATE PACKAGING THAT DELIVERS
Packaging Technologist Jason's seen - and solved - every challenge before. As Head of the Antalis Smart Packaging Design Centre, crafting corrugated solutions is all in a day's work for Jason. He's even made his own cardboard furniture. A true innovator if ever we saw one. It doesn't end there, Jason's an expert across the board, too - he can solve any challenge with packaging materials and machinery solutions tailored to you.
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Editor's comment

In this issue of InternetRetailing we take a look at peak trading, the Black Friday extravaganza and the run up to the 25 December Christmas deadline. It's a time of year which, for many retailers, is a year in the planning. Toy retailer The Entertainer, for example, started planning for this year's peak season as soon as 2017's rush was over. As Steve Williams, Logistics Director, The Entertainer, explained to me for this issue's eDelivery interview the company never stops planning for peak because the business is so fourth quarter heavy.

Adding to the complexity of forming plans and predicting required stock levels, the number of people needed to work in its warehouse and location of stock for click and collect, The Entertainer is one of the retailers that will be trying to capture extra market share from the gap left in the toy market by the demise of Toys 'R' Us.

Analytics play a hugely important part of planning for peak – and all aspects of retailing today. Michael Ross, Co-founder and Chief Scientist at DynamicAction, explores the path to customer centricity, which critical aspects of the business need to be thought about differently and explains what that can mean in practice. A very insightful read for anyone aiming towards a successful and profitable future.

Unfortunately, this year has already seen the end of 20 retailers, effecting 1,415 stores and more than 15,000 employees. While there are opportunities for other retailers to fill any gap left behind the rest of the year is going to be challenging for many. Will Christmas save the high street? That's a question I put to the industry. Professor Joshua Bamfield, Director of the Centre for Retail Research, warns that the developing crisis in the retail sector will permanently damage the high street unless rapid government and local council action is taken.

Others responded with solutions around technology, customer experience and how to compete against Amazon.

Paul Skeldon, InternetRetailing's Mobile Editor, examines what retailers can do with the technology they have today, or can readily integrate into business systems, between now and Christmas.

As he says, "If you don't have an app then you don't deserve to be a retailer, but most retailers still don't get the most from them when it comes to driving footfall, especially at peak times".

Apps are like your store front and produce much deeper links with consumers. Witness Amazon: part of the High Street's problem is that consumers turn to the Amazon app to shop as it is really easy to use and works.

Apps generate a great experience for the user, but also a vast amount of data for the retailer – and this is where you need to box clever. Use this data and the app itself to reach out to them and offer them encouragement to go to the store. Apps are a new channel, but really they are just a way to help you do your marketing in a place where consumers are.

It doesn't stop there, however. Once in the store, you have to give them the experience that they want, but that too can start with apps. As Paul Barnes, of App Annie, puts it: "The most successful retailers have recognised that mobile isn't a subset of digital, it's the glue that brings together the digital and store experience. Use of in-store beacons, apps that provide product data and product locators drive customer engagement and loyalty. It's worth considering that orders placed in-app and collected in-store represent increased margins in a tight market."

Once in store and the app fired up, there is much more that can then be done – much of it things that can, right now, give you the Amazon Go experience in the store. And this is the sort of experience which shoppers are saying that they want.

As InternetRetailing goes to print, Amazon will be holding Prime Day, the annual sales day that it invented, and this year's event is expected to be even bigger than 2017's Prime Day.

David Jinks, Head of Consumer Research at ecommerce delivery specialist ParcelHero believes that sales could be up by as much as 60% on last year's event. However, he also says that the $1.6bn event could also be a loss-leader creating millions more Prime members.

As he says, "The true prime numbers for Prime day are tricky to pin down, but JPMorgan Chase and Cowen & Co both believe last year saw $1bn in revenue on the day. That seems sensible, and with growth last year of 60% and Amazon pushing its Prime services even harder, $1.6bn seems a likely figure. A day and a half of bargains – with huge discounts on items like Amazon Dot – could see the ecommerce giant raise an easy million or so more members globally."

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*

CHANGES AT TESCO

TESCO closed its Tesco Direct business on 9 July. In closing its Tesco Direct business, the UK's largest supermarket has effectively said that it's just not possible for it to run the standalone non-food business in a sustainable – and profitable – way.

It is also planning joint operations with French supermarket Carrefour.

Announcing that Tesco Direct would stop trading on July 9, the company said that the high costs of fulfilment and online marketing were too great a challenge. The retailer is to close the fulfilment centre at Fenny Lock that handles orders for Tesco Direct and about 500 staff are at risk of redundancy. Tesco says its priority is to support staff and external partners set to be affected by the change.

So what's Tesco's solution to the challenge of selling general merchandise? Tesco says it still plans to sell non-food products, but to do so via its stores and online via tesco.com.

Uniform embroidery and Tesco Mobile products, currently offered via Tesco Direct, will continue to be sold on tesco.com. The ambition is to create "a simpler online experience" for the 100,000 customers that, on average, use the grocery home shopping service each day.

Charles Wilson, Chief Executive of Tesco UK and Republic of Ireland, said: "We want to offer our customers the ability to buy groceries and non-food products in one place and that's why we are focusing our investment into one online platform.

"This decision has been a very difficult one to make, but it is an essential step towards establishing a more sustainable non-food offer and growing our business for the future."

Tesco has also announced that it is forming a "strategic alliance" with French supermarket chain Carrefour. The alliance will cover the strategic relationship with global suppliers, joint purchasing of own brand products and goods not for resale.

GOOGLE TEAMS UP WITH JD.COM

GOOGLE has teamed up with JD.com to develop new ways of shopping. Google has invested US$550m (£415m) with the Chinese retailer in a strategic partnership that will see the two work together on new personalised and frictionless shopping experiences for use in regions including Europe, the US and South East Asia. Google says it will bring technology strengths to the partnership while JD has both supply chain and logistics expertise. JD will sell some of its products via Google Shopping in different parts of the world.

The news comes soon after Google started working with Carrefour to further develop its online shopping and broader digitalisation.

JD.com's Chief Strategy Officer Jianwen Liao said: "This partnership with Google opens up a broad range of possibilities to offer a superior retail experience to consumers throughout the world. This marks an important step in the process of modernising global retail."

This news came just days after Google formed a partnership with French retailer Carrefour that will see Google support Carrefour as it improves its digital capabilities and Carrefour sell via Google Shopping. Together the two partnerships seem to be significant step forward into retail for Google as it looks to find new ways to build on its dominance of the search market. It's worth noting that Amazon's Jeff Bezos has previously said he sees Google as a prime competitor, ahead of other retailers. This tie up could be Google's own fast-track to a new ability to link both products and physical retail to its own dominance in search. No doubt it will have spent less, at $550m, than Amazon did as it learned about retail.

AI FOR M&S

MARKS & SPENCER has signed a strategic partnership with Microsoft that will see the two explore the possibilities for artificial intelligence (AI) in retail.

The multichannel fashion-to-food business, an Elite retailer in IRUK Top500 research, says the partnership fits its strategy of becoming a digital-first retailer. It will see Microsoft AI technologies used in order to improve the M&S customer experience, both online and in stores, and to optimise its operations.

Microsoft engineers will work alongside a team from M&S Retail Labs.

M&S Chief Executive Steve Rowe said: "M&S is transforming into a digital fist retailer, at a time when the sector is undergoing a customer-led revolution. We want to be at the forefront of driving value into the customer experience using the power of technology.

"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."

Cindy Rose, Chief Executive of Microsoft UK, said: "The retail sector is one of the most challenging landscapes in the UK right now and we are thrilled to be working with M&S to explore how AI can help such an iconic brand transform the customer experience and improve wider operations."

The move also builds on M&S' new-look approach to technology, unveiled in January. It is working to create a more agile commercial technology function, in tandem with Tata Consultancy Services (TCS), as part of its five-year plan to save around £30m a year by 2021/22, bringing with it a more customer-centric approach to technology services – at a one-off cost of £25m. As part of the move, about 250 M&S technology staff transferred to become TCS employees.

DIFFERENTIATING JOHN LEWIS

THE JOHN LEWIS PARTNERSHIP is to invest upwards of £400m to £500m a year to focus the business on competing through differentiation and innovation rather than scale. It has warned though that the step would reduce profits to zero in the first half of its current financial year. A greater IT investment will be a big driver behind the overall profit change.

The group, which owns the John Lewis department store business and the Waitrose supermarket chain said it was changing its name to reflect the fact that staff are at the heart of a change that will see it "sharpen" its points of difference.

Waitrose, where more than half of products are now own-brand, will focus on its core customers, on health and wellbeing products, delivered with "an extraordinary level of service" – an approach that extends to Waitrose.com. The partnership said that as a result, its online sales were currently growing by 21% a year, well ahead of figures published by other grocers.

John Lewis, meanwhile, will focus on unique products – with a "curated and targeted assortment which is increasingly unique to John Lewis" – on personal service and on expanding into new services, as recently seen through its acquisition of home project organisation business Opun. Currently 30% of its products are own-brand and exclusive, and it plans to lift this to half. The in-store experience will be "exceptional" using technology and personalised advice and other services in both the home and fashion categories.

John Lewis is changing its name to John Lewis & Partners, while Waitrose will be Waitrose & Partners. The partnership said that its staff were the partnership's "point of difference and its competitive advantage", and that it would continue to invest in them.

John Lewis Partnership says that it has around the right number of stores, in the right places but it will continue to make adjustments to its overall estate. Waitrose said it would dispose of four convenience stores and one small supermarket.

HOF WINS CVA VOTE

HOUSE OF FRASER has won approval from its landlords for a company voluntary agreement (CVA) that will see 31 stores close with a loss of about 6,000 jobs. The £1.2bn retailer said the agreement would save it from falling into administration, a move that would have meant the loss of around 17,500 jobs. Now it is set to pursue a new focus on brands as it looks to adapt with its customers.

The CVA was a condition of House of Fraser's acquisition by C.banner, which also owns Hamleys. That deal was announced in May. The stores that have been identified for closure will trade until early 2019, the retailer has said.

Frank Slevin, Chairman of House of Fraser, said: "The approval of the CVAs is a seminal moment in House of Fraser's history. We must now continue with the implementation of our restructuring plan. This is also an important milestone in the transaction with C.banner and moves us toward the completion of the capital injection first announced in May."

Ahead of the CVA meeting, House of Fraser set out how it would focus on selling desirable brands within the context of a premium shopping experience, both online and in its stores.

It says it will respond to "evolving consumer preferences" by offering the best choice of contemporary brands and that it invests both in trend-spotting and product innovation using a recently launched global supply chain. It illustrates how consumer preferences are changing by citing Kantar Worldpanel findings that suggest shoppers spent £208m more on branded products over the last year, and less on own-label items.

LOSS & CHANGES AT CARPETRIGHT

CARPETRIGHT has reported bottom-line pre-tax losses of £70.5m as it takes stock of the cost of adapting its store estate to an era when online, in the words of its Chief Executive Wilf Walsh, is "key to this business in the short and medium-term".

The update came as Carpetright reported group revenue of £443.8m in the year to April 28, down by 3% on the previous year. Like-for-like sales fell by 3.6% over the year, with a first half increase of 0.7% offset by a decrease of 7.8% in the second half.

Top line pre-tax losses came in at £8.7m, from a profit of £14.4m last time. But after one-off costs of £61.8m, largely related to restructuring "to address legacy property issues in the UK" bottom-line pre-tax losses fell to £70.5m from a profit of £0.9m last time. Through a company voluntary arrangement, 81 underperforming stores that, Carpetright said, make an average of £11,500 a week and do not contribute to profits, are closing by the end of September 2018. But by the end of April 2018, 227 UK stores were trading under a new brand identity. That represents 55% of a UK store estate that stood at 545 at the end of the year that saw a net 19 stores close.

Walsh said that the retailer was "ultimately unable to carry the weight of a long tail of underperforming stores on uneconomic legacy tests" and that profit warnings, slow trading and the prospect of making a financial loss put it in the position of needing to consider "a much more radical restructuring" through its "only option", a company voluntary agreement (CVA) and business refinancing.

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*

FASTER M-WEB PAYS

MOBILE page speed plays a significant part in site abandonment rates, with faster loading pages already deciding winners, find two new studies by Google and Searchmetrics.

Ahead of the introduction of Google's mobile Speed Update – which aims to rate smartphone pages that deliver the slowest experience to users – the search engine reported that it still takes 15 seconds to load a landing page fully.

This figure is considered "far too slow" as 53% of smartphone site visitors leave the page that loads in more than three seconds, according to its research. Google analysed 11 million mobile ad landing pages spanning 213 countries to create a new industry benchmark for mobile page speed.

Google says that even though most traffic now occurs on 4G instead of 3G, the majority of mobile sites are still slow and 'bloated' with many elements. In fact, more than a half of overall web traffic comes from mobile, but sale conversion rates are lower than desktop, which indicates that speed equals revenue.

The study reports that retailer website pages take the longest to load, amongst other poor mobile user experience industries like automotive and technology. For 70% of all mobile pages analysed, it took more than 5 seconds for visual content to load above the fold to display on the screen – and more than 7 seconds to fully see it.

Google also trained a deep neural network, modelling the human brain and nervous system, with a broad set of conversion data to test a human's reaction to mobile site speed. The neural net, which had a 90% prediction accuracy, found that, as page load time goes from one to 10 seconds, the probability of a mobile site visitor bouncing increases by 123%.

Similarly, cluttered web pages have the same effect as long-loading web pages. Google says as the number of elements such as text, title and images goes from 400 to 6,000 the probability of conversion drops to 95%.

A study by Searchmetrics also examined the growth within search results of accelerated mobile pages (AMP), a framework that aims to help publishers "deliver a fast, consistent content".

Since the launch of Google's AMP initiative in 2015, the search engine reported that more than 25 million domains had implemented the service.

Searchmetrics says that a majority of industries are still considering implementing AMP, as this search term appears on the first results pages for 61% of all of the keywords. On average, when AMP keyword appears, there are 4.3 AMP-enabled pages listed in all single page research results, whether that is a traditional organic result, 'top stories,' carousels from a single publisher or mixed carousels.

The research goes on to say that 59% of ecommerce related researches now display the AMP-empowered result on the first page.

"While AMP content most commonly appears in the topical news and media related searches – for which it was originally intended – it is also now seen in over half of the first page results in finance, ecommerce and travel searches," says Cliff Edwards, Director Marketing & Communications of Searchmetrics. "The research suggests there is already some correlation between page speed and mobile rankings – and Google's Speed Update is only going to make this stronger. So webmasters need to be continually testing and finding ways to optimise their web pages for speed. Overall this is going to mean plenty of work for many sites as even in the top five positions 32% of search results took longer than three seconds to load."

VOICE MAKES MORE NOISE

SHOPPERS are willing to spend £200 using voice commerce so it's no wonder that marketers are looking to up their investment in voice search. A survey of more than 500 consumers across the UK reveals the average UK consumer is happy to spend in excess of £195 in an order through voice technology, rising to £232 in the case of shoppers over the age of 30.

According to the study by marketing technology company Wiraya, the rise in the use of voice technology shows the growing use of new tech for consumers looking for outstanding service. The study was conducted alongside Wiraya's annual CRM Barometer report, which surveyed 750 leading CRM and Customer Experience Managers in the UK and Europe understanding current trends in customer experience.

This report revealed that a genuine two-way conversation with the customer ranks second highest in terms of what businesses now deem 'outstanding customer service'. Furthermore, over a third of consumers surveyed (36%) want customer service available across different channels including mobile, online and over the phone.

All that said, voice commerce isn't for everyone. A separate study by digital agency Code Computerlove of 1,000 UK consumers found that most people are buying these devices not for shopping but to help with getting information – the most popular being how to boil and egg (20%) and getting it to tell them jokes (25%). Only 7% said they currently use them to buy things.

In a separate study, 53% of retail marketers say that they are planning to invest in voice search in the next 12 months. According to The CMO Performance Report 2018, published by digital marketing agency QueryClick, 75% of CMOs surveyed said their brand will change its SEO strategy to ensure it appears in voice-led search results. Of those, 43% said they would do this within the next 12 months. 32% said they would make the changes in over 12 months' time.

Only 3% of brands surveyed have already adapted their SEO strategies to ensure their brand appears in voice-led search results, despite consumers already making 50 billion voice searches per month today.

The Culture Of Convenience

Wherever you look in the global economy, new entrants are disrupting the market by embracing new technology in order to enhance customer experience, and in the process they are challenging the more established players. They are also changing the future of industries as far reaching as Financial Services to the Hospitality sector, and everything else in between.

Delivery continues to be a key focus for customers

The parcels sector is not immune to these pressures, and new technologies are already transforming our industry to what is becoming an increasingly demanding market. Customers can order online 24/7, they want items to be delivered faster than ever before and seamlessly returned – all at a competitive price.

But speed isn't the only criteria. Customers are also demanding more convenience over when, where and how their orders are fulfilled. Therefore, brands that offer a range of convenient delivery options are likely to enjoy a significant competitive advantage.

New digital innovations putting customers in control

Parcelforce Worldwide has launched a range of new digital tools which give the customer more control over their deliveries, as well as enhancing their convenient delivery notifications, with an SMS text sent on the morning of delivery containing a one hour delivery timeslot, and the opportunity to choose a preferred delivery location.

New digital tools include My Parcelforce Live, a Parcelforce app, and a leading edge dashboard – designed to give customers more choice when scheduling their day and providing detailed information about the progress of their deliveries.

My Parcel Live

My Parcel Live enables both sending and receiving customers to track the progress of their parcel out for delivery. Viewable on the App or parcelforce.com, it displays the driver's name, a map showing the driver's proximity to the address and the estimated one-hour delivery window.

Parcelforce App

The app enables recipients to track the location of their parcel on their mobile device and view My Parcel Live. It also allows them to specify their delivery preferences if they are not at home. Customers can opt to leave their parcel with a neighbour in the same postcode, a local Post Office or a 'safe place' of their choosing. The app is available for download from the App Store and Google Play stores.

New leading edge dashboard for parcel senders

The dashboard enables Parcelforce Worldwide account customers to view and track their UK and overseas parcels, all in one place, right at their fingertips. Available online 24/7 on all devices, it makes managing parcel deliveries easier than ever. Information is constantly updated throughout the day so that parcel senders can provide more accurate information to their customers. And for international deliveries, there is a summary of your top 6 countries, making it easy to keep track of your customers' parcels overseas.

The dashboard also contains a 'watch list' feature which enables businesses to monitor priority customers and parcels where an extra focus might be needed. When more detail is required, a sophisticated search provides all the data you need to know about your parcel delivery. Customers can also, if you want to, export data into Excel for further detailed analysis.

Provide your customers with control for a great delivery experience

Parcelforce Worldwide understands that the purchasing experience doesn't end at the checkout. Perception of your brand will be influenced by your delivery capabilities and the delivery experience. By putting customers in control you can encourage them to continue to do business with you again and again.

To see how Parcelforce Worldwide can help support your business, either call us on **0800 280 2729** (quoting ref. AP2168) or visit **parcelforce.com**

N Brown Group: Democratising fashion

Image: UNP for InternetRetailing

Having successfully transitioned to online retailing in the UK, former fashion cataloguer N Brown Group is setting its sights on growth at home and overseas. CEO *Angela Spindler* spoke to Emma Herrod about the company's transformation and future plans.

A move to the SAP Hybris platform from an in-house developed ecommerce platform is helping Manchester-based N Brown Group in its plans to expand in the UK and overseas. SAP Hybris was chosen to give the retailer a single responsive platform which can be optimised for natural search and the ability to add plug and play functionality such as Monetate, RichRelevance and dressipi.

While many readers will know of the company's pureplay Figleaves brand, this is only a very small part of the £922.2m revenue retail group. JD Williams, which accounts for a third of the business, sells contemporary fashion aimed at the 45-65-year-old female 'midster' age group. This does about 75% of its business online, up from 35% five years ago.

Simply Be sells plus-sized fashion which, as Angela Spindler, CEO of N Brown Group, explains, is tailored to fit each size perfectly rather than being designed to one size and then scaled. This offers a more contemporary look and has a younger target audience – along with a mobile-first approach to digital – than JD Williams. More than 95% of this business is online, and mobile "continues to grow apace". Spindler explains that everything learnt from Simply Be is being applied to JD Williams, since JD Williams' shoppers are following the same online wave of shopping behaviour as Simply Be but at a later time, a process that's a "tried and tested way of achieving online transformation".

Menswear brand Jacamo completes the company's line-up of three "power brands". A further seven brands complete the portfolio of fashion which is designed to be accessible, affordable, relevant and enjoyable. "We aim to democratise fashion," she says, being relevant and enjoyable to groups of customers that are underserved by the rest of the fashion industry – those who are older or larger. In effect, N Brown Group comprises niche retail brands all with a differentiated purpose but with a USP which is based on fit.

INTERNATIONAL OPPORTUNITY

High and Mighty, its larger menswear brand, has moved onto the SAP Hybris platform in the UK, as has the SimplyBe.com site for the US market. It is this latter brand that is pioneering the move into the US as, surprisingly, plus-sized fashion is under represented in the US. "The market opportunity in the US is 6 or 7 times the opportunity in the UK," Spindler says. The company saw 21% growth in the US during the second half of its financial year.

Image: N Brown Group

▲ SimplyBe.com is the first N Brown Group brand to migrate onto the SAP Hybris platform for a launch into the US

Like other retailers that have moved from a catalogue background, N Brown Group also has an in-house credit facility for customers. This is evolving and being modernised alongside the retail business, and the two aspects of the company will be brought together in the future. A move to IBM Cloud is enabling it to deliver new Oracle applications which will unify financial and retail processes. The loan book currently stands at £600m.

This overhaul of the credit offering is one of the reasons why the US site is heading the move to the Hybris platform. In the US, N Brown Group works with a third party, white label credit company Alliance Data Services, so both aspects didn't have to move onto Hybris at the same time, explains Spindler. The US site also excludes homewares and gifts, so there's no need to integrate with the third party suppliers used for these product categories in the UK. Orders are fulfilled direct from the UK.

There are plans to move the next brand to the new platform in the second half of this financial year, once the full functionality of the site has been developed. About 90% of the functionality has been developed so far, according to Spindler.

The company has had to restart its marketing in the US since its original idea to buy lists attracted too many traditional shoppers who weren't converting rather than online-savvy customers wanting contemporary fashion. Its approach is now more akin to younger pureplays, engaging bloggers, micro-influencers and affiliates, and this is working better, explains Spindler. "Plus size is a rich territory for us," she adds. "We are rebasing and almost restarting with the confidence now that we have an online proposition that is very competitive and we have a right to win."

N Brown Group has also implemented Global Ship Anywhere. Since February 2016, this has seen it partner with Global-e to overlay the main UK site with localised delivery and payments options. This extends the group's offering to 16 international markets. "More than half of these orders have come from Australia," says Spindler.

It has therefore set its sights on Australia as the next international market. Former cricketer Freddie Flintoff is brand ambassador for N Brown Group's menswear brand Jacamo and Spindler believes that he will attract a strong following after winning the Australian version of 'I'm A Celebrity... Get Me out Of Here!'.

N BROWN GROUP IN FIGURES

N Brown Group reported revenue of £922.2m for the full year to 3 March 2018, an increase of 3.2% on 2017's figure. EBITDA was also up at £118.6m for the year.

Product revenue from power brand JD Williams came in at £163.4m, a rise of 3.2% over 2017 with Jacamo reporting a 5.1% increase to £66.6m. It was Simply Be that reported the "standout performance" seeing product revenue increase by 16.3% over the previous year to £132.8m.

Online revenue was up 10% year-on-year with online revenue from the three power brands increasing 17%. Online penetration now stands at 73%, a 4ppts rise.

Spindler explains that the conversion rate, which stands at 5.3%, is amongst the highest in the industry. It has been dropping though as the amount of mobile traffic increases. However, overall traffic is up as is the number of customers checking out. "As traffic goes up, the percentage conversion goes down but absolute converted customers goes up," she says.

She explains that a full launch with a localised site on SAP Hybris won't happen until the technology and operations have proved themselves in the US.

TARGETING

The company is not completely forgetting its catalogue heritage and is using its CRM strengths from its mail order days to enhance the new 'data as key' philosophy of today's retail industry. "Data is the new oil," says Spindler. "We have data to die for," she adds, since that's how catalogue businesses operate, explaining that "it's about asking your data the right questions".

It now has to utilise that data and it is doing this through online personalisation with plans to move to AI-run hyper-personalisation using information from more variables and data points, drilling in to more variables to create the customer marketing action chain and the product selections that support that for the customer. "The more efficient you can become around [hitting the right target], the more you will have to spend because you will get a better return on your investment. You may do less but everything you do will be more effective," she says.

Spindler sees the multiple brands as a business strength, since it helps the group to target specific customer groups with relevant, differentiated brands that are the best fit. It has reduced the number of brands it offers, migrating customers from 46 to the ten targeted brands. Many have been migrated to JD Williams.

She admits that some of these migrations have been more successful than others because shoppers who may fit a behavioural profile such as shopping on mobile have resisted a move from 'classic' clothing brands when offered the same products styled in a more contemporary way.

For example, she says its migration of around 200,000 customers from the Fifty Plus brand to JD Williams was left to last so "we could take the learnings from other migrations". These Fifty Plus customers shopped online but preferred a more classic look. Marketing aimed at them has been given a more classic look and feel online via personalisation, enabled by Monetate, which gives them a website and product that better suits their preferences.

JD Williams has 140 years' worth of data to draw on. It started out with paper catalogues and orders being taken over the telephone and via post. Its supply chain was set up to deliver individual items to a customer at home. Spindler says she thinks the move to online is in some ways harder for a catalogue businesses than it is for a bricks-and-mortar retailer. Yes, product is sent out individually rather than by the pallet load, but stock is bought in only twice a year – once for the spring/summer season and again for autumn/winter. After a catalogue went to print that was it. No more changes until the following season.

> "If you try to design transformation to move from A to B, the chances of you failing are much higher than if you are iterative, have a rolling plan and when things are developed and ready to go you test them and then launch them"

"An online retail business in almost every respect and process is different to a catalogue company," she says, and it's "all to do with how we think about product. Online businesses are introducing newness to customers whether that's through new promotions, resequencing or new products".

She explains that long seasons allow for very limited in-season flexibility. "Catalogue businesses work on extremely long lead times, present the product in print so there's little you can do to change that." By contrast, online product can be introduced daily and content can be differentiated almost hourly.

BUILDING IN FLEXIBILITY

N Brown Group has changed to a model that is more flexible through its supply chain and trading capability, all enabled by technology, she explains, with the shopping vehicle being the web. Lead times on new collections have reduced from around 20 weeks to 3, although she points out that they are not usually produced in such a short time. Stock repeats can be carried out in 7 days due to process improvement and more near sourcing with product coming from the UK and Europe.

Image: N Brown Group

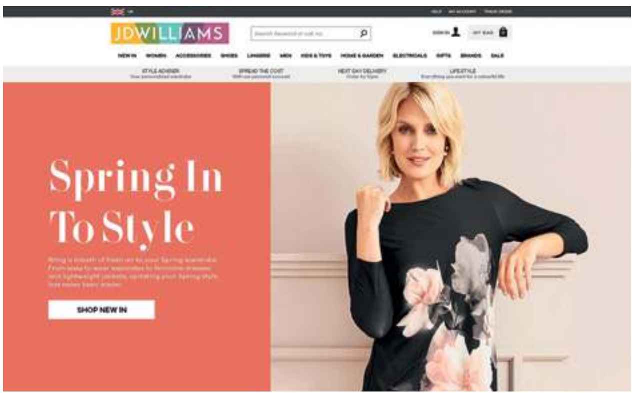
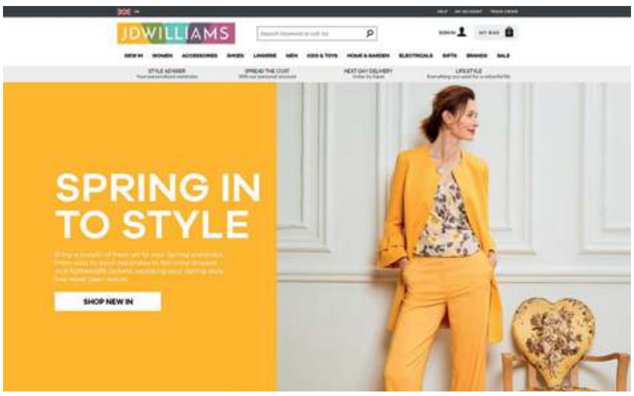


Image: N Brown Group



Sometimes shoppers may show the same behaviour but product needs to be styled differently as the migration from Fifty Plus to JD Williams has shown

Image: N Brown Group

N Brown Group plans to expand its Jacamo brand internationally

This speed has necessitated business restructuring and reskilling; an in-house design function is now responsible for the company's products rather than being inspired or dictated by suppliers. The increased speed also means that products are more on trend.

Stock management has changed, too, with a flexible supply chain enabling a continuous flow of product rather than everything being bought into the business in 2 large tranches to coincide with catalogue seasons. "There have been equal amounts of change all over the business," says Spindler, and this stretches across all areas with digital marketers, technology developers, merchandising, designers and online capabilities all being bought into the Manchester headquarters.

She adds that this is all part of the group's vision to transform the business into an "online retailer that is globally loved, experts in fashion that fits and flatters. We've worked on developing our capability on all three of those areas." Being globally recognised for fit, she explains, "is important to all customers in fashion but particularly to our customers".

The company has worked towards this vision through a process of continuous change, working on a number of changes in isolation which can be brought together. Spindler says this way of managing change is more akin to agile working with a squad mentality. "It's an efficient way to work when you are trying to drive a significant amount of change. If you try to design the whole thing and then move from A to B, the chances of you failing are much higher than if you are iterative, have a rolling plan, and when things are developed and ready to go you test them and then launch them. In aggregate, it adds up to a very big transformation but it feels more manageable. It's also a good way of managing risk. The result is transformational but the approach has been continual change."

> Spindler's vision was to transform the business into an online retailer that was globally loved, experts in fashion that fits and flatters

Transformation doesn't happen overnight, though, and it isn't as simple as moving from A to B, she explains. It is a mix of overall vision and an ongoing process of change management and capex prioritisation so that the work that will achieve the biggest returns is prioritised. "This typically means prioritising things that improve things for the customers," she says. "We don't expect that to slow down any time soon. It used to be said of retail that if you stop innovating you go backwards but now it's more a case of if you slow down you're going backwards. We've bought into that and set ourselves up to keep that pace of change going."

She adds that the transformation is "typically technology enabled but it's led by customers and how they are shopping and how their expectations of service is increasing".

Image: N Brown Group

The Group's vision is to be experts in fashion that fits and flatters

STORES

As part of N Brown Group's focus on becoming a global online retailer the company announced on 14 June that it is undertaking a review of its store estate. It currently operates 20 stores under the brands of High & Mighty and joint Jacamo & Simply Be.

The company says that footfall continues to be "disappointing" and although it has achieved significant cost efficiencies, it is entering into a consultation with store colleagues to consider closing the stores ahead of lease expiry. In FY18 these stores generated £15m revenue (2% of Group revenue) and an EBITDA loss of £3m. We anticipate that the consultation process will be completed around the time of our half year results in October.

Should the decision be taken to close all 20 stores, the company anticipates an exceptional cost of £18m to £22m, of which approximately half will be in cash.

Around 240 retail jobs are at risk of redundancy, with 15 head office jobs and 35 distribution roles at Duke Mill in Shaw impacted.

"You have to decide now more than ever where you deserve to win with customers and you have to invest in that," she says. She expands by saying that this could be through service proposition, product, price or a unique combination of all three. "What sets N Brown Group apart is choice and the expertise we have in fit."

Spindler explains that the brands also have to be relevant to the ways in which customers are shopping – such as offering a delivery subscription, loyalty scheme for Simply Be and dressipi style preferences to tailor the content shown to customers – and its financial credit product, and then to be economically viable and make money. "Getting it right for customers typically translates into economies of scale and cash," she says.

It is this customer loyalty which has been tested at N Brown Group since it started offering shoppers the option to pay outside of the confines of the traditional catalogue-style credit account. "Gaining the loyalty of these cash customers [who pay with a debit or credit card and don't have a personal account] is harder," says Spindler.

"The profitability and loyalty of our cash customers is an important indicator to us that we are getting our retail proposition right," she adds. "The financial services proposition enables us to think about the business slightly differently if we choose to. It's not why we exist but it does keep customers shopping and enables them to shop and encourages them to shop in a positive way because they have the ability to spread the costs and pay in a way that suits their budget."

SKILLS

Core areas of the business including supply chain, product sourcing, photographic studio and IT is syndicated across all of the N Brown Group brands. Marketing is undertaken by brand but individual products could be offered by a number of brands. The product team prepares a brief on how products – such as a pair of jeans offered to customers by JD Williams and by Simply Be – could be styled differently. "There is up to 50% overlap of product," says Spindler.

The group is increasingly developing systems in house, such as the latest mobile app for JD Williams which is rated 4.8 out of 5 in the app store. This was developed by a cross-functional "squad".

Adam Warne, previously of AO.com, has been bought in as CIO to build the in-house technology capability and to reduce the retailer's reliance on third parties "but not remove it". Spindler explains: "It's a mistake to say that we're going to do everything in-house versus outsourcing everything. It depends on what you are working on and what you are trying to achieve."

Spindler believes that having its headquarters in Manchester rather than London is an advantage since it can recruit from a local pool of talent through its graduate programme and apprenticeships, bringing people into the business and training them. "It's competitive given the number of very progressive online retailers; there is a rich source of talent," she says.

This pool of talent comes from across the region with other pureplays in the area including Boohoo, Missguided, The Hut Group and Shop Direct as well as grocers Asda and Morrisons.

Looking to the future, N Brown Group is aiming to strengthen its brands in the UK market, continue its overseas expansion and grow through partnerships with marketplaces. To date, curated ranges are being offered on Zalando, Amazon, Asos, The Iconic (in Australia), Lamoda (in Russia) and Namshi (in the Middle East). Spindler says the group has around 25,000 lines on a site but these are curated to around 250 products on partner sites.

As well as Warne, Spindler has hired Alyson Fadil from Missguided, to the board as Chief People Officer. The group's board is now completely different to when Spindler joined the company as members have "self-selected" to leave and she has been able to hand pick replacements. These include analytics expert and founder of Figleaves Michael Ross, who has joined as a non-executive director.

N Brown Group is set up for a digital future with a new platform and board appointments. Its programme of change will allow it to capitalise on its ability to target niche groups of customers in the UK and overseas before the rest of the fashion market truly embraces inclusivity.

Research round up

How millennials shop and the struggles of CIOs and cross-organisational working are highlighted in research this issue.

Most millennials prefer shopping in bricks and mortar stores rather than online, according to a survey by brand experience consultancy I-AM. 'The Convergence Continuum' report found that just 26% prefer online shopping, while 35% would rather visit a shopping centre. When it comes to staff in store, almost half of the millennials surveyed think that they hinder the shopping experience in store while 70% think staff should be confined to pay points. Although, 48% still value help from staff in store.

The survey found that millennials would love to navigate, obtain information and pay using their phone in store, a large majority (77%) are happy to hand over data in return for discounts and 69% of store card holders believe they are valuable and encourage them to shop at the same store. More than a quarter (28%) would happily shop in stores without staff, but where staff are on hand, the majority of survey respondents (71%) want them to be more knowledgeable.

Millennials are keen on omnichannel services too with 45% saying that they would revisit stores that offered workshops and tutorials and 56% wanting changing rooms at the click and collect point of retailers selling clothes. They'd also like facilities in these areas for returns and refunds to be processed.

"Both online and offline, people prefer multi-brand stores over mono-brand ones. Retail has undergone a seismic change in the last decade. Though this has been largely driven by technology, our consumer attitudes to what shopping is and does has shifted dramatically and our needs, platforms and spaces have converged. We no longer shop in specific bursts, rather shopping hums along at our pace of life," says Pete Champion, Partner, I-AM Group.

He continues: "Retail has become a continuous chain-reaction of movements, events, experiences and motives. Shopping has become relative – relative to context, person and place and has moulded into four dimensions of space and time. Shopping is no longer about the what and where, but how and when."

SOFTWARE DELIVERY

Meanwhile, a global survey of 219 CIOs in the retail sector, has revealed that 74% of retail organisations say the need for speed in digital innovation is putting customer experience at risk. The study found that, on average, retailers release new software updates twice per working hour as they push to keep up with competitive pressures and soaring consumer expectation. However, the majority of CIOs are forced to compromise between faster innovation and perfectly working software.

Looking ahead, the survey by software intelligence company Dynatrace, reports that 91% of retail CIOs said they will need to release updates even faster in the future. However, the speed of releases can come at a cost.

"Every organisation on the planet is a software company these days. Market leaders like Amazon are releasing multiple software updates every second. Consequently, the modern approach to delivering software is about agile, fast development cycles and releasing into dynamic, hybrid multi-cloud environments," says Andreas Grabner, DevOps Activist, Dynatrace.

> "Both online and offline, people prefer multi-brand stores over mono-brand ones"

"Yet shoppers also expect the steady flow of new ecommerce features and updates to work perfectly, without compromise. The challenge for retail IT teams is to deliver fast, while moving to a cloud native architecture and maintaining user experience," he says.

The survey looks at the pains retail organisations face as they strive for new heights of agility and speed. Key findings include: cloud enables agility, a lack of collaboration and visibility leads to innovation delays and retailers face challenges as they turn to DevOps to improve collaboration.

When moving to the cloud, retail CIOs said that they struggle with:

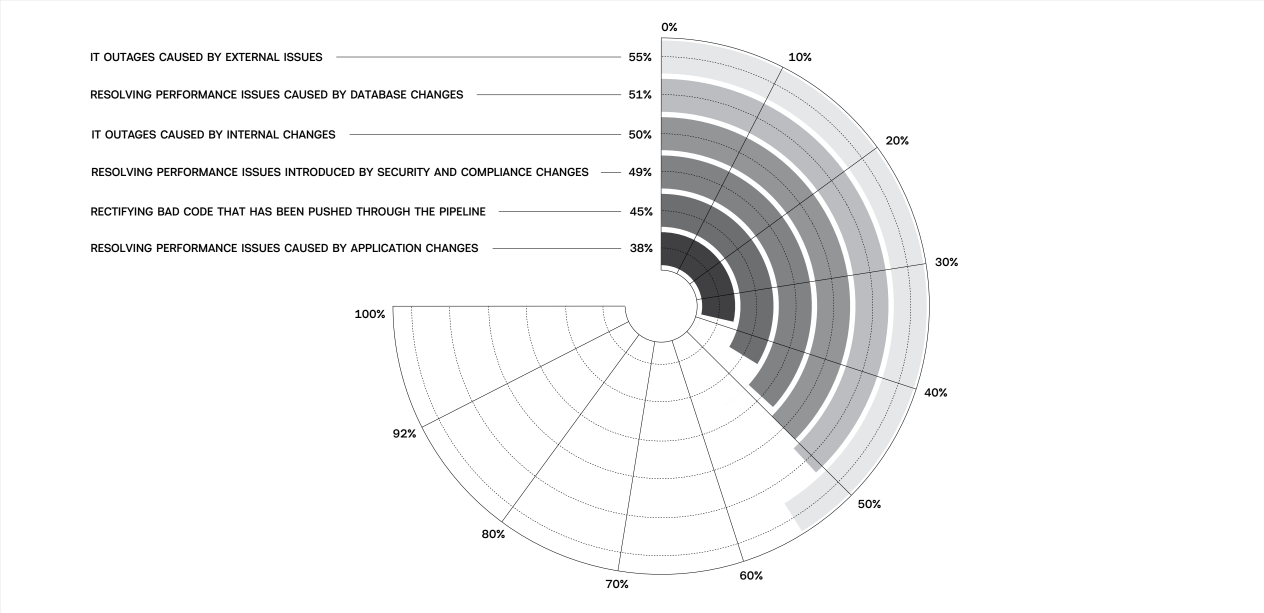
- Ensuring software performance isn't negatively impacted (63%);
- Identifying if moving an application to the cloud has delivered the desired benefits (55%);
- Understanding if an application is well-suited to the cloud (51%);
- Re-architecting legacy applications for the cloud (43%);
- Ensuring the user-experience isn't impacted during the migration process (49%).

The majority of respondents (78%) said their organisation has experienced IT project delays that could have been prevented if development and operations teams were able to easily collaborate. Digital transformation initiatives were most frequently derailed by: IT outages caused by external issues (47%); IT outages caused by internal changes (50%) and rectifying bad code that has been pushed through the pipeline (45%).

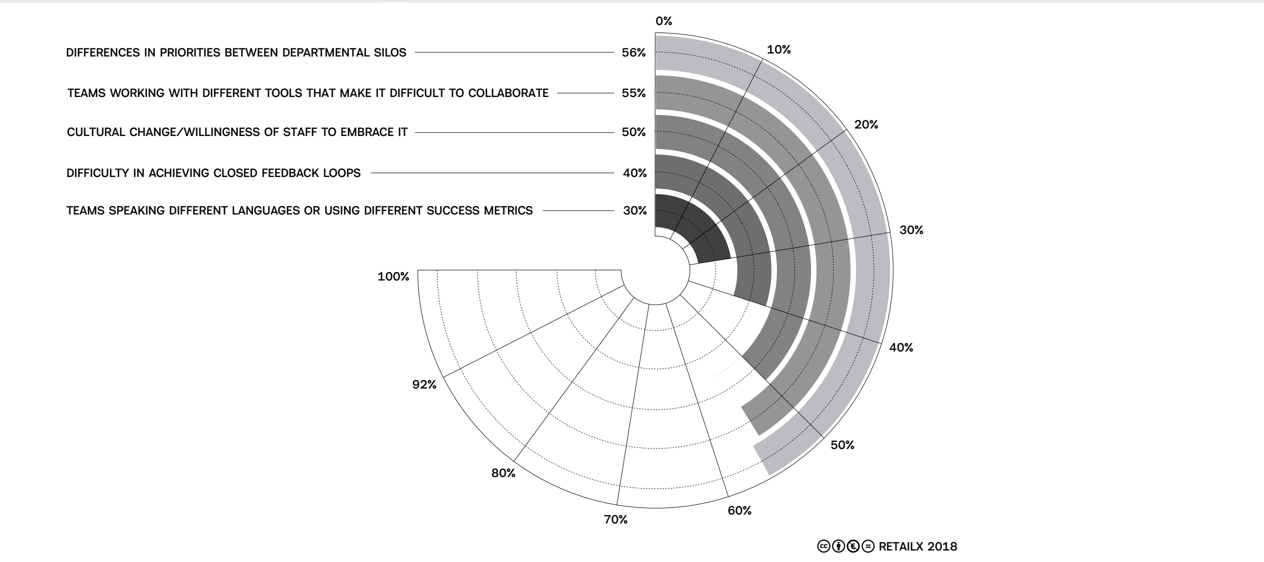
The move to a DevOps culture is something that 61% of retail respondents have either implemented or are exploring in order to improve collaboration and drive faster innovation. However, half of retail CIOs have identified differences in priorities between departmental silos as a barrier to DevOps adoption. The majority (73%) though said that DevOps efforts are often being undermined by the absence of shared data and tools, which makes it difficult for IT teams to obtain a single view of the truth.

"The challenge for retailers and indeed all organisations, is to get a holistic view of the DevOps pipeline – from idea to code to experience. As DevOps has matured, retailers are looking to automate and integrate their software development to release faster, with higher quality, and with less manual effort. It's exciting to see AI play an even greater role in reducing manual tasks, so we can do what we love – write better software, deploy with speed, and deliver perfect software experiences throughout the customer journey."

UNPLANNED WORK THAT CIOS SAY MOST REGULARLY DERAILS DIGITAL TRANSFORMATION PROJECTS



BIGGEST BARRIERS CIOS FACE ON THE ROAD TO DEVOPS ADOPTION



Source: Dynatrace

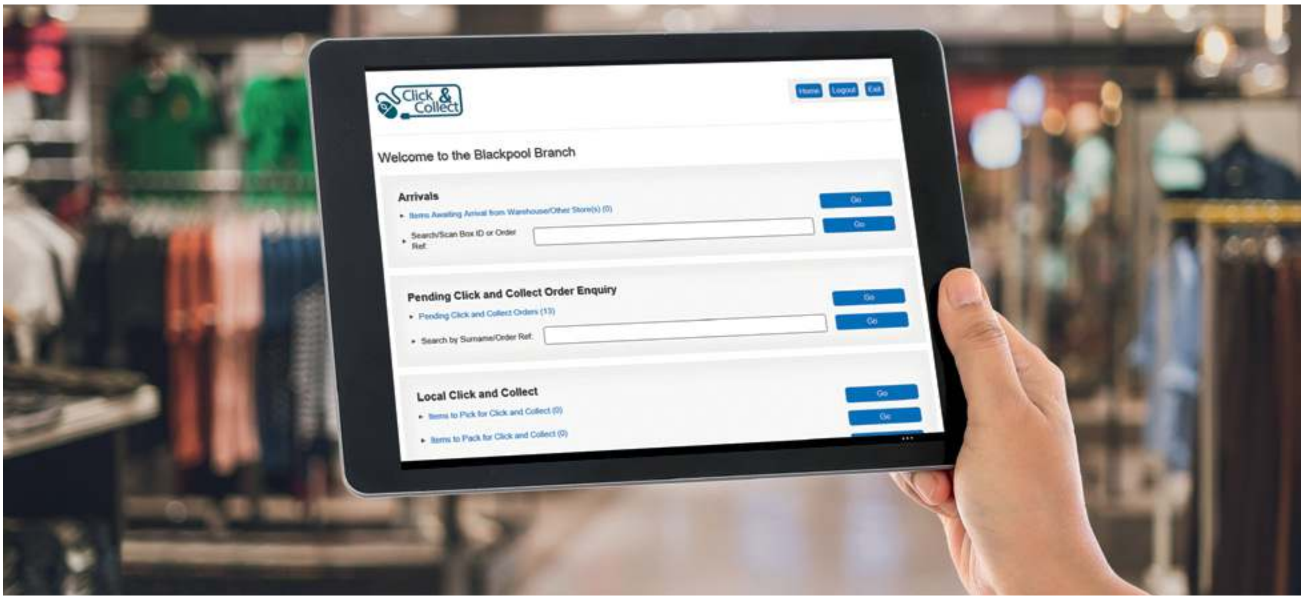


Image: Sanderson

Missing Sales Opportunities?

Opening up stock across all channels to fulfil online orders can boost revenue by up to 20%.

With increasing online sales, often potential orders are lost due to an item being out of stock at the main warehouse/distribution centre. Accessing the full inventory across stores and other channels, enables retailers to fulfil online orders with stock that is available anywhere in the estate.

The ability to **Ship from Store** ensures the sale of an available item is never missed with a single view of stock across all touchpoints, ready to despatch. With the addition of **Click & Collect** services, the order can be shipped to a store, parcel shop or locker location, as required by customers.

BEAVERBROOKS THE JEWELLERS

"Using the NEW Elucid Ship from Store solution has opened up our full inventory across the entire business, so that we can fulfil ecommerce orders from any location. The addition of the Elucid Click & Collect solution is enabling us to serve our customers faster and with greater efficiency."

Lee Harker,
Ecommerce Technology Manager,
Beaverbrooks

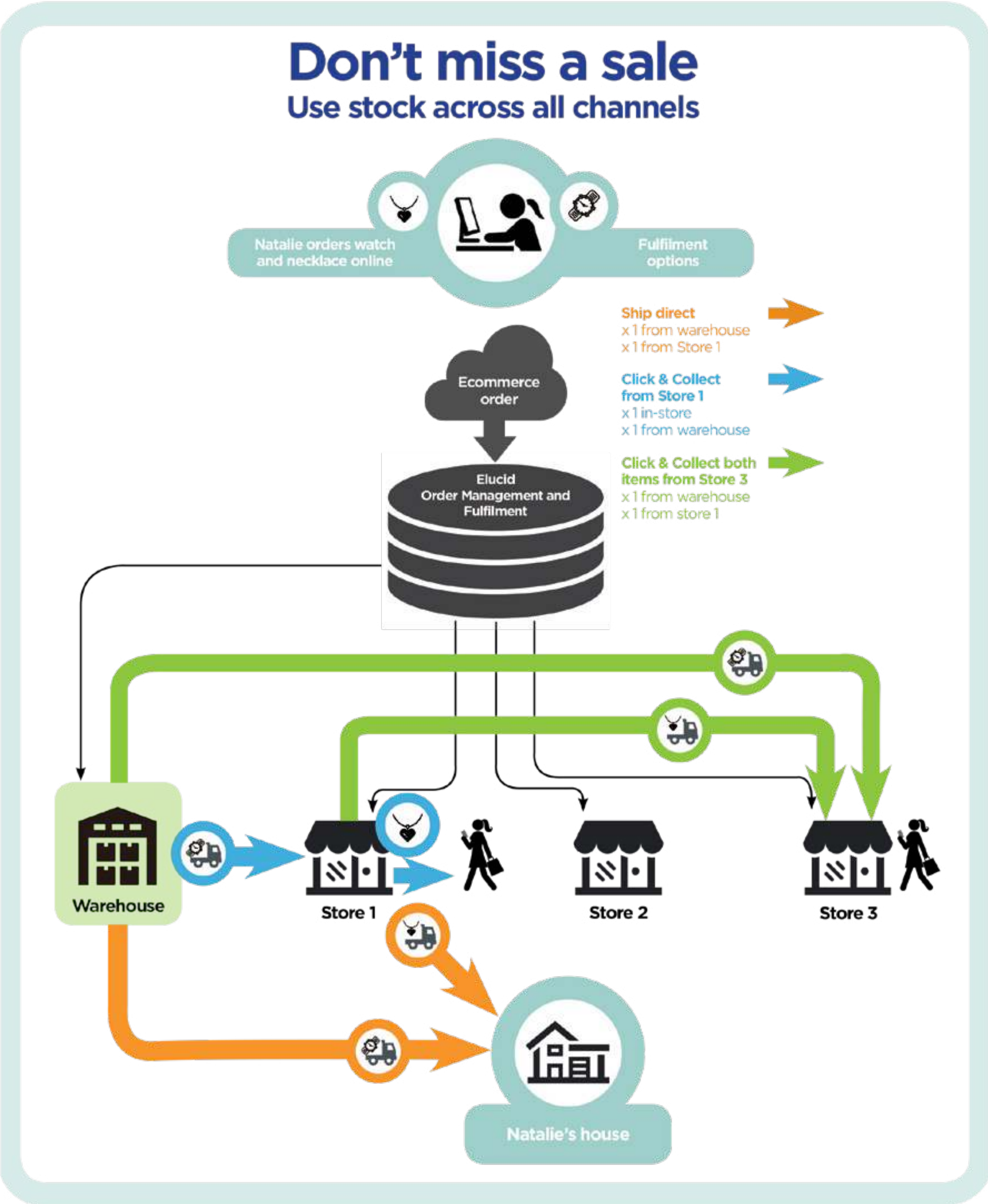
Beaverbrooks the Jewellers is the latest Sanderson customer to go-live with the NEW Elucid Ship from Store and Click & Collect solutions. The specialist high street jeweller has 70 stores stocking high value items. The company were keen to improve stock efficiency and access their entire stock to fulfil orders from any location. The team started to explore how they could provide ship from store and click & collect services with Sanderson.

The Elucid solution holds a single view of stock across the entire business, which can be accessed by the website. The system handles the shipping between stores, from the DC, and direct from store to customer. The Sanderson developed browser-based solution makes it easy for store staff to receive orders for collection and to despatch stock items for delivery to customer addresses and other stores. The new collection process with digital signature and automated notifications, provides greater convenience for both store staff and customers.

Using these solutions, your business will benefit from:

- Increased revenue by capturing potential lost sales
- Increased profitability with less discounting
- Unlocked cash previously tied up in stock
- Improved customer shopping experience and satisfaction
- A single, accurate view of stock across all touchpoints
- Fast implementation, easy to use solution with minimal store training

Designed to ensure the sale of an available item is never missed, the NEW Elucid Ship from Store and Click & Collect solutions support a '**buy anywhere, deliver anywhere, return anywhere**' proposition. This flexible fulfilment solution utilises the entire stock holding across a business to fulfil online orders and provide delivery, collection and return services, from any location. Easy to use, this fast browser-based solution is ideal for mobile devices.



Beaverbrooks is just one of many retailers benefiting from Sanderson Omnichannel Retail Solutions, others include Thorntons, OKA Direct, Richer Sounds, Hotel Chocolat and Office.

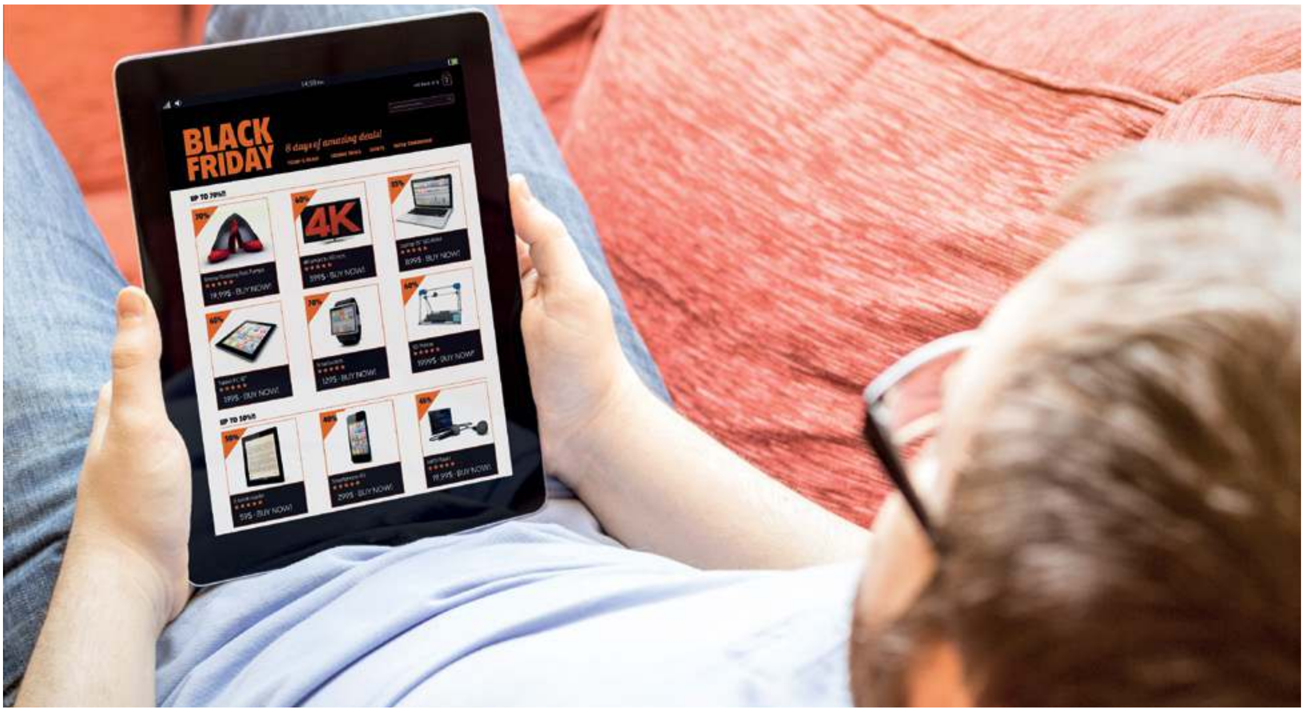


Image: virtualstock

Planning for peak

The mammoth retail event, Black Friday arrived on our shores some eight years ago.

The promise of never-before-seen, pre-Christmas discounts wreaked havoc in our streets, with supermarket stampedes and fisticuffs reminding us Brits as to why it had been called 'Black Friday' in the first place.

For the retailers, themselves, it quickly became apparent that the risks of Black Friday were not confined to gory clean-ups on aisle five. Indeed, the advent of Black Friday was fast considered as an unhealthy US import, which, like the fast food phenomenon, could prove similarly injurious to retailers' logistical arteries.

Dragging Christmas forwards had signified Black Friday as the third spike in a retailers' peak season traffic, beyond the December shopping and January sales. The result was a new, more massive peak season, heralding supplementary stress for retailers' infrastructures.

Unsurprisingly, there were difficulties. The websites of even tier one retailers failed to accommodate the increase in visits, and their systems struggled to juggle the millions of orders, products and suppliers.

The result was that thousands of unhappy customers turned to competitors instead, with a promise to never jeopardise their Christmastide celebrations like this again.

Eight years later the 'chaos' has subsided, and Black Friday has become a more natural part of our shopping landscape, with retailers appreciating the potential and opportunity.

Last year, online retailers enjoyed a £1.4 billion of sales, according to IMRG, with sales growth increasing by 11%, even though Black Friday took place earlier than usual, and before payday for most. John Lewis described the 2017 online promotional bonanza as "one of its most successful days". The department store chain said that it had its busiest ever single hour of online trading, while Argos said that more than two million people visited its website in the four hours after it launched its Black Friday deals.

This does not mean, however, that the risks have dissolved. More so than ever, peak season selling is increasingly becoming a digital operation, with last year in-store footfall dropping by 4.2% and with new ways of shopping coming out on top; 39% of ecommerce transactions were conducted via smartphone.

As a result, contemporary challenges continue to test the technical capabilities of retailers, namely the fast-evolving consumer demands and new ways of purchasing, which require a well-oiled and agile digital vehicle. During the peak season, the vehicle is tested more than ever.

As retailer giants like Amazon can guarantee mind-boggling product ranges, next day delivery and so-forth, with technology built to manage order volumes of this size – it's hard for traditional retailers to compete.

The apparent Achilles heel for retailers comprises of

Image: virtualstock

incumbent legacy systems, which were never built to manage the volume of a peak season orders. These systems are utterly incapable of keeping track of all the order data, inventory and stock, with little oversight of the supply chain and a lack of communication between the various, disparate networks.

Also, entangled noodle soups like these are unable to react fast enough to market trends, whether it be to onboard the latest Christmas-winning toys in a timely fashion, or to deliver the flexibility that consumers desire. For instance, during December we often see an uplift in high-value item purchasing like iPads, which customers would rather have delivered to a store rather than risk leaving on their doorstep. As a result, retailers who don't offer click-and-collect functionality might miss out on thousands of potential sales.

To help solve peak issues, but, avoid uprooting their entire infrastructure, retailers tend to throw money, people and spreadsheets at the problem as a temporary fix. The issue is that this in itself is costly and fails to address the root of the problem.

The peak season technical or logistical failures are often symptomatic of a deeply ingrained issue within many retailers' infrastructures, which will also be infecting other seasons and limiting potential.

But, how can retailers treat the source of the problem when planning for peak to ensure a smooth season, boost year-round revenue and drive customer satisfaction without incurring enormous costs?

The secret to success is simple and lies within a cloud-based platform that can provide full oversight of the entire supply chain data, from sourcing the product to delivering it at the consumer's door.

The game-changing technologies like these can provide businesses with total control over their supply chain, empowering retailers to deliver the right product, at the right time, to the right place, to the right person, every time. With extended range, click-and-collect, track-and-trace and next day delivery functionalities, the ideal platform should also be able to connect all of a retailer's systems and be able to work alongside the current infrastructure. This means that a retailer can get started in time for a peak season while avoiding building an in-house solution, which can often take several (expensive) years to develop – by which point the market has shifted again.

Full supply chain visibility will also help retailers exceed customer expectations perennially while providing an integrated and seamless online and offline experience.

So, while previously the peak season, sparked by Black Friday, might have been considered a catalyst for the so-called 'retail apocalypse', we see little reason for concern.

Indeed, those who re-evaluate their supply chain in time and digitise quickly will reap the rewards of the dynamic landscape and might even give thanks for those post-thanksgiving discount Turkeys that begat our swelling peak season some sixty years later in the UK.

For where there is a risk for some, there is an opportunity for others, and we see plenty here.

VIRTUALSTOCK®


Image: Barclays UK

Sir Ian Cheshire (c) Barclays UK.

"Thrive"

An insight into the developing awareness of mental health and wellbeing at the core of our people-based sector's performance".

In anticipation of his upcoming keynote at MadWorldConference, *Sir Ian Cheshire* in conversation with *Ian Jindal* on how retail - and retail's people - can thrive,

The retail industry employs 21% of the UK working population and contributes 11% of the UK's GDP [1]. Moreover, those not directly employed are all customer of the products, services and experiences that retailers provide. Retail is a 'people business'. However, until recently, we have treated our people as "assets" - to be developed, optimised, trained and leveraged to a peak of 'performance': much as we would any asset from a warehouse to an IT system.

Missing from this debate around people performance has been the mental health and wellbeing of our staff. Beyond gym membership, fruit in the office and at-desk massage, our understanding of the commercial and societal benefits of mental health and business performance has lagged behind other areas of our complex business.

Mental health is one of the final taboos in the workplace. Hand in hand with progress in society, retailers have embraced diversity, gender equality, and are striving to become disability confident, yet discussing and dealing with mental health issues in the workplace lags behind a society's increasing awareness. Fewer than 2% of staff would be willing to discuss their mental health and its impact on their role, and employers also feel exposed and under-confident in discussions with staff.

The retail sector is under pressure to perform, yet is also transforming to an experience– and talent-based industry - from shop floor service to data scientists, via technologists and contact centres. There's an emerging understanding of the benefits of addressing the 'whole person' - the mental health as well as physical health. We need to balance performance with sustainability - how do we get from "survive" to "thrive".

Leading the debate in retail is Sir Ian Cheshire, via a coordinated set of initiatives spanning the UK Government, national expert charities and business. Ian Jindal spoke with Sir Ian, in advance of his opening keynote at the MadWorldForum conference on October 9 in London.

IR: WHAT HAS BEEN THE DRIVER TO MAKE MENTAL HEALTH SUCH A BROADLY DISCUSSED TOPIC IN SOCIETY AND THE WORKPLACE?

"Realistically it feels like an issue whose time has come. There is a recognition at large that mental health is an issue - with the pressures of social media being particularly acute for young people. The emergent recognition has been reinforced by campaigns like "Time to Change" that Mind has led over many years. The "Heads Together" initiative - led by three of the most famous people on the planet - has started to change the stigma around discussing mental health issues. When the Duke and Duchess of Cambridge and the Duke of Sussex started talking openly, sharing that they've had issues and providing a forum for discussion, it struck an extraordinary chord last year. The topic was no longer an abstract, vaguely institutional one. As happened with other major societal issues like same-sex marriage or HIV awareness, there was a tipping point at which highly conventional role models ask for the issues to be reassessed, and society was ready to listen to that call.

It's a revelation for people that we have physical health and also mental health. People know how to manage their physical health, and who to call when we break a leg, for example. However the first few steps of managing mental health - how to talk about it, where to go for help - are less well understood.

IR: WHAT IS BUSINESS' ROLE IN THIS REASSESSMENT?

"Businesses have put in their annual reports that 'people are our asset' for many years, but in an increasingly digital, complicated and remote-working world, the quality engagement and performance of your teams is indeed the most critical success factor in business. Businesses are waking up to the fact that if they can help, support and make the most of their teams it'll be a good result for their business - not just in the short term.

Consider that most of the population goes to work, and therefore most of their time is spent in some sort of workplace. It's a critical place in terms of mental wellbeing. Until recently companies were concerned that this might be an extra burden - more to look after. However there's a realisation that they can make a contribution: by keeping someone mentally fit you can increase productivity, energise the contribution of staff, reduce sickness leave and of minimise the disruption of staff leaving the workplace due to catastrophic mental illness. For business, this is an idea whose time has come.

In all of the businesses I've been involved with, the key success factor is the people: the team. Businesses need technology, need capital, but the engine of any business is the human capital, the talent, the energy of the people.

People are the drivers of the business rather than just one of the assets.

"THRIVING AT WORK" - THE STEPHENSON/FARMER REPORT

Released in October 2017 this is an independent report conducted by Paul Farmer and Lord Dennis Stephenson. The Prime Minister Theresa May commissioned the report in January 2017 saying "Many employers are already creating healthy, inclusive workplaces, but more needs to be done so that employers provide the support needed for employees with mental health conditions". She continued a thread of interest that her predecessor David Cameron had also supported.

The report's summary talks of the mental health challenge in the workplace. While there are more people with mental health problems in work than ever before, some 300,000 people with long term mental health problems lose their jobs each year.

In addition, some 15% of people in work have had symptoms of a mental health condition. The cost to employers is between £33bn and £42bn a year. The report makes the case for increased productivity and quality of life as the joint results of an increase in mental health - a point borne out by a series of academic studies and 200 case studies for the report.

The Report's Vision is that in ten years' time:

- Employees have good work, which contributes positively to their mental health, society and the economy.
- we all have the knowledge, tools and confidence, to understand and look after our own mental health and the mental health of those around us.
- All organisations, will be aware and equipped to recruit, support and develop individuals with mental health conditions, and aware of how to get expert, timely support.

To achieve this, the report sets out what we describe as "mental health core standards" that all organisations are capable of, namely:

- a mental health at work plan;
- mental health awareness among employees;
- open conversations about mental health and the support available when employees are struggling;
- good working conditions and a healthy work life balance
- effective people management;
- monitor mental health and wellbeing.

'Enhanced' standards for larger and examplar businesses include:

- Increase transparency and accountability through internal and external reporting
- Demonstrate accountability
- Improve the disclosure process
- Ensure provision of tailored in-house mental health support and signposting to clinical help

The report is available at the UK Government's website: https://www.gov.uk/government/publications/thriving-at-work-a-review-of-mental-health-and-employers

IR: YOU HAVE SPOKEN IN THE FARMER REPORT (SEE SIDEBAR) ABOUT THE 'FLUX' IN MENTAL HEALTH. HOW CAN BUSINESSES THEMSELVES FLEX TO ACCOMMODATE THIS?

"On the back of greater understanding. Mental health is an oscillating state - much as in physical terms we may gain and lose weight, or become ill and recover. Modern life has become more flexible, more technology-enabled, with more flexible working. In parallel there's an increased understanding that there's variation in how people feel. Businesses can provide means to talk openly and flex their procedures to support these changes - allowing breaks, take time away from tasks, and speaking honestly, for example. Staff will perhaps say that they are physically ill rather than admit that they are anxious or depressed. If we can adapt to flexible working then the next stage is to adapt to the 'cadence of working', a cycle of wellbeing, and have an open conversation about this.

IR: WE HAVE KPIS IN RETAIL FOR THE 'OUTPUT' AND PRODUCTIVITY OF OUR PEOPLE - DO YOU THINK THAT THERE ARE MEASURES REGARDING THE HEALTH OF OUR TEAMS?

"From personal experience, running B&Q and then Kingfisher, we had employee engagement as a major KPI. We used the Gallup Q12 scoring [2] for our employee engagement KPI. Engaged staff gave better service, resulting in improved sales. At the other end we measured customer impact via the Net Promoter Score, and so both the input and the result were tracked. Arriving at Barclays I find that these are the two measures they've adopted too.

Behind the use of the employee engagement there's an understanding that you have to engage with the 'whole individual'. Looking after their physical wellbeing and working conditions are important, but we need to include the mental health aspect too. If an employee is able to thrive then their contribution, capacity, resilience and performance will increase - individually and as a team.

IR: SUPPORTING MENTAL WELLBEING IS A NEW DEMAND UPON LEADERS AND THE ORGANISATION - HOW CAN RETAILERS PREPARE?

"There are three areas - getting data and an understanding of your current state; building managers' confidence; and creating the right culture of openness and support.

Firstly, using a mapping tool will give you a version of an engagement index specifically focused on mental wellbeing. Business in the Community and others have developed a free, online toolset (see sidebar). This data will allow retailers to target efforts and development.

The tools aren't simply for big companies. Large enterprises have an opportunity to lead throughout their supply chain, but there are also solutions aimed at SMEs who lack HR departments and large teams.

The second is to build the confidence of managers, to equip them with the tools of what to say and do, and where they can get help. When a team-member admits 'actually I'm struggling a bit' the manager might worry that their actions could make things worse or that they could be in trouble. Just as we now have 'disability confident businesses' we could have 'mental health confident' leaders in future.

Thirdly, create an open and honest culture within the organisation. A powerful technique is to use stories to build culture. Where people, especially leaders, share

SIR IAN CHESHIRE

Sir Ian has a storied career in retail and business, and is currently the Government Lead Non-Executive, working with Secretaries of State (in the UK Government's Cabinet) to improve governance across Whitehall. This is in addition to his roles as Chairman of Barclays UK and a non-executive director at Whitbread.

He is currently chairman of Debenhams PLC and was Group CEO of Kingfisher (having been CEO of B&Q immediately prior to that) and he served as Chairman of the British Retail Consortium.

Sir Ian chairs the board of **Heads Together** and is President of the Business Disability Forum President's Group. Previously he was Chairman of the Prince of Wales Corporate Leaders Group on Climate Change.

Sir Ian was knighted in 2014 for services to business, sustainability and the environment.

HEADS TOGETHER - "CHANGING THE CONVERSATION ON MENTAL HEALTH" (WWW.HEADTOGETHER.ORG.UK)

Heads together was a campaign initiated by TRH the Duke and Duchess of Cambridge and the Duke of Sussex to tackle the mental health stigma. Bringing 8 leading charities in the sector together with new funding. They changed the debate around mental health not only through their patronage of charities but their their own example of speaking aloud and with others about the challenges of mental health issues. Allied with media and sporting figures, the royal trio's openness has done much to change attitudes.

The charity partners comprise CALM (Campaign Against Living Miserably), Anna Freud, The Mix, Place2Be, Contact, YounMinds, Best Beginnings and Mind. Funding partners are Unilever, Virgin Money and DixonsCarphone.

MADWORLD FORUM - LONDON SUMMIT, 9 OCTOBER 2018.

mad world

mental health / wellbeing / workplace

'MOVING FROM STIGMA TO SOLUTIONS'

Good mental health in the workplace is fundamental to business success. Mad World is Europe's only event that puts mental health at the heart of the business agenda.

InternetRetailing is proud to partner with MadWorldForum to ensure that retail and ecommerce - a sector driven by human capability - benefits from an open and effective approach to mental health. Delegates will:

- learn how to integrate mental health into existing wellbeing strategies
- gain inspiration from innovative leaders
- uncover the right solutions for their organisation
- share ideas and experiences with peers.

Sir Ian Cheshire is one of the opening keynotes, and you can see the whole agenda, speakers and reserve your place at www.madworldforum.com or engage with the team on twitter at @madworldforum.

their experiences of having, sharing and surmounting issues then all staff realise that there is support, a career even if they experience 'flux' in their own mental health. Talking also teaches people how to speak about their mental health.

I've found that inside Barclays (where we've done a 'This is Me' campaign) one of the most powerful parts is where senior people say they've had an issue, how they've dealt with it, and that it's a part of my life, and part of my reality.

> "Business doesn't need all of the answers - we can start by talking."

InternetRetailing will be covering the topic of mental health and sustained performance as part of our "People" them at InternetRetailing.net. Our thanks to Sir Ian Cheshire for this conversation and you can hear more at his keynote on 9 October, 2018 at the inaugural MadWorldForum Summit in London.

ACTION SUPPORT FOR BUSINESS

Business in the Community (BITC) has created, with Mental Health England, a free online toolkit to help every organisation support the mental health and wellbeing of its employees. Covering positive actions on culture, understanding, how to get and give help. BITC encourages larger businesses to share this resource with their supply chain partners too, and it's clear that retailers have a role to play in amplifying understanding and good practice.

The toolkit is available free of charge at:
https://wellbeing.bitc.org.uk/all-resources/toolkits/mental-health-employers

Also, in September, **Heads Together** is launching a Mental Health at Work portal to support smaller businesses who may not have the resources of an enterprise HR department. Launching in conjunction with Mind and Unilever, the initiative draws on the learning of the **Farmer Report** and the BITC to create an accessible and practical tool. HRH The Duke of Cambridge noted at the launch that "the number of people who would feel able to talk to their HR departments about their mental health was a mere 2%", according to **Heads Together** research.

[1] House of Commons Briefing Paper 06186, 21 March 2018: "The retail industry: statistics and policy", Chris Rhodes & Philip Brien

[2] Gallup's Q12 survey - employee engagement tools. https://q12.gallup.com/

IREU Top500

The latest InternetRetailing EU Dimension Report, as sponsored by Klarna, investigates the key retailers across the European Economic Community and what makes them 'Elite' and 'Leading'. *Penelope Ody* shares a strategic overview.

Europe is changing: while the UK may be preoccupied with Brexit, elsewhere continued austerity, the migration crisis, and growing support for right-wing politics have helped fuel a nationalist agenda. The EU "Project" – promoting ever increasing political and fiscal union – is questioned by many in the remaining "27" while, thanks to Donald Trump, free trade is threatened by protectionism and tariff barriers.

In contrast, polls regularly demonstrate that many "millennials" – those in the 20 to 35 age range – prefer globalisation: a Western Union survey late last year of millennials in 15 countries, found that 57% see themselves "as global citizens rather than a citizen of any one country". It's also a generation that has grown-up in a digital world: one with little memory of life before smartphones and online shopping.

So, despite the nationalist and protectionist trends, it would seem that currently when it comes to online shopping, the "global citizen" approach is proving rather more popular. As Amazon vp Eric Broussard told the ShopTalk conference in Las Vegas in March, some 25% of sales by Amazon's merchants were cross border in 2017 – an increase of 50% on 2016 figures and compared with a 31% growth in Amazon's total net sales. As Broussard said: "A customer shops in German, pays in euros and gets very rapid fulfilment for a product from a US seller". Looking ahead, a study by DHL suggests that global cross-border sales will increase by 25% p.a. until 2020 when they will account for 22% of the global e-commerce market. But, as the report also points out: "...considering the patterns according to which e-commerce companies expand their regional footprint today, one could assume that every e-commerce purchase will eventually become a local purchase".

It is a trend reflected in our Top500. While 92% (458) of companies listed are multi-channel businesses, many are also in the "multi-national" category with both stores and warehoused inventory in the various global markets in which they operate. In the "elite" category Apple, H&M, Ikea and Zara – retaining their places in this group for the second or third year – are well established in many geographies, as are around half of those in the "leading" group.

Despite Broussard's view of rapid fulfilment to Europe from the US, having local and accessible stock becomes ever more important as demanding shoppers expect real time information on product availability, as well as rapid delivery or click-and-collect within hours. IR's research this year has included enhanced analysis of fulfilment services with many more players – including the smaller and less experienced retailers lower down the lists – now offering a wider range of delivery options, including next, same-day or weekend options. Click-and-collect is increasingly common with additional research this year with third-party collection options and time from order to collection added to the metrics.

IR's researchers have also identified a significant decline in social media integration this year, with a drop of around 25% in the number of Top500 retailers providing "like" buttons. The reason is unclear: it may be linked to changes in the popularity of certain social networks or possibly

InternetRetailing's latest IREU Dimension Report, as sponsored by Klarna, comprises an overview of the key retailers across the European Economic Community and what makes them 'Elite' and 'Leading'. All are measured against an array of performance indicators which look past retail turnover and store estate to factors including the extent to which the retailer is adapting for growth, international commerce and customer responsiveness.

Delivery, returns and collections are measured as well along with merchandising and brand engagement. Mobile too, and how well the retailer connects channels beyond single ecommerce or store channels completes the six Performance Dimensions by which every retailer is assessed by Internet Retailing's research team. Those retailers being ranked as Elite have performed at an exceptional level across all Dimensions. Other reports throughout the year will examine each Dimension in more depth, highlighting what constitutes Elite and Leading performance in each area and what all retailers can learn from those that are excelling.

privacy concerns – for many in that digital savvy millennial group, systems like Snapchat, with its limited accessibility, can be preferable to the permanence of Facebook. With many consumers now enjoying high-speed broadband connections in the home as well as 4G for mobile, the researchers also found that, in general, site performance for the Top500 had not improved.

While many major multi-national retailers have achieved "elite" or "leading" status this year, the Top500 also includes a fair number of smaller national specialists and, significantly, both marketplaces and manufacturers selling direct: companies in both these groups have gained significantly this year. Among the dozen or so marketplaces in the Top500 Spartoo has moved from "Top 500" in 2016 to "Top250" this year, for example, although Zalando has slipped down to Top100. A newcomer this year is DaWanda, originally a German marketplace but now selling in seven additional geographies, which has joined the Top500. With Amazon currently accounting for more than 40% of US online sales the global impact of marketplaces in the years ahead will certainly become more significant: with their wide selection of brands, novel products, and comparable price options they form a convenient one-stop shop for customers looking for quick and efficient ordering choices.

Manufacturers in the Top 500 range from Adobe to Swatch, Adidas to Microsoft with several gaining ground: Nespresso, for example, is up from "Top100" to "Top50". For the luxury designer brands an online presence is an efficient way of reaching a select global niche, and they too are improving their service levels: Louise Vuitton has moved into the Top150 (from Top 250) this year.

Looking ahead we can expect continued growth in the importance of both marketplaces and direct-to-consumer manufacturer sites. Shopper expectations of quick and efficient service will continue to grow – as will their frustration with any retail site which fails to match the streaming speeds of other digital services. And despite those nationalist trends at the ballot box, it seems more likely that online retailers will continue to look cross-border for growth and appeal to "global citizens" – just as so many leading bricks-and-mortar retailers have long done so.

THE BIGGEST BRANDS IN EUROPE

Our Elite brands are statistically ahead of all others and represent the pinnacle of retail practice by brands in Europe. Congratulations to Apple, Argos, H&M, Ikea, Tesco and Zara.

ELITE

Apple	Elite
Argos	Elite
H&M	Elite
Ikea	Elite
Tesco	Elite
Zara	Elite

LEADING

Amazon	Leading	Dunelm	Leading
Asda	Leading	Euronics	Leading
Auchan	Leading	Halfords	Leading
Boots	Leading	Intersport	Leading
Carrefour	Leading	Marks & Spencer	Leading
Coop	Leading	New Look	Leading
Darty	Leading	Nike	Leading
Debenhams	Leading	Sainsbury's	Leading
Decathlon	Leading	Screwfix	Leading
Deichmann	Leading		

Ed Bradley

co-founder Virtualstock

VIRTUALSTOCK®

WHAT DOES YOUR COMPANY DO AND WHAT IS YOUR USP?

We are a UK-based software-as-a-service (SaaS) company looking to transform global enterprise supply chains and marketplaces – and help retailers deliver the exemplary customer experience now demanded by shoppers.

Our USP is that we can give retailers an unparalleled view of their entire inventory across all their supply chains and to route orders based on configurable business rules. This opens up total control over the customer experience for the retailer – from sourcing a product to delivering to the customer's door.

"Our vision is simple: to become the leading digital supply chain solution provider to the retail sector by enabling our clients to transform the way they manage their supply chain operations"

HOW DO YOU DELIVER ON THIS USP?

Our product, The Edge®, is a modular platform that connects retailers with their suppliers, giving retailers a single, centralised view of all product data, order information and inventory levels from across all and any channel.

In addition, The Edge – which is GS1 certified– can format the supplier product data to fit any system, or platform, while maintaining total data integrity.

HOW WOULD YOU DESCRIBE YOUR VISION?

Our vision is simple: to become the leading digital supply chain solution provider to the retail sector by enabling our clients to transform the way they manage their supply chain operations.

With our platform in place, retailers can focus on delivering a world class customer experience knowing that their entire supply chain is working efficiently and effectively.

VIRTUALSTOCK IN BRIEF

Global reach HQ in the UK with European reach with planned expansion to the US

Date launched: 2004

Customers: Over 3000 retailers and suppliers using The Edge currently

Employees: 66

Partners: IBM, Wincanton, Previse

For more information about Virtualstock please visit www.virtualstock.co.uk or send us an email: info@virtualstock.co.uk

WHICH RETAILERS DO YOU WORK WITH?

The Edge is used extensively across some of the world's largest and most respected retailers including Tesco, John Lewis, The Kingfisher Group, Sainsbury's Argos, Dixon Carphone Warehouse and Office Depot.

While to date we have typically operated in the top tier, The Edge easily adapts to address the needs of mid-tier retailers and suppliers – and here we are seeing significant interest.

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

Our growth has doubled year on year as we've continued to sign up top retail clients across the UK and EU we now have over 100 extremely skilled people working in the company who bring deep supply chain knowledge to our business.

The key to Virtualstock's success is that we created The Edge at a time when online sales represented a small percentage of a retailer's overall revenue. With online sales in the UK growing from around £30BN in 2012 to around £70BN projected for 2018, this now represents around 15%-20% of a retailer's non-food sales. In some categories, like Consumer Electronics, this percentage can be around 90% online. Our vision and innovation has enabled us to pre-empt the online growth and offer a simple, scalable and cost-effective solution to the demands created by today's consumers.

HOW CAN YOU HELP MULTICHANNEL RETAILERS MEET THE DEMANDS OF PEAK?

The main peak season challenge for retailers is that their infrastructure is often unable to deliver the same standard of service at peak order times. When ordering online, a customers' main enquiry is usually "Where is my order?" Our platform communicates real-time tracking order status to retailers, which can be instantly passed on to the shopper, relieving customer service pressures and avoiding unnecessary costs to the retailer.

We also enable retailers to offer a vastly extended range at a time when competition is fierce. By facilitating their entire drop-shipping solution, The Edge allows retailers to easily add many more products without the risk of holding stock at a time when effective use of warehouse space is critical.

The Edge also provides real time visibility of drop-ship orders ensuring that the customer experience matches that of an order from any other channel.

HOW IS YOUR TECHNOLOGY HELPING TO SUPPORT RETAIL GROWTH?

We are always enhancing our product to deliver innovations to retailers. We have a strategic, global partnership with IBM, which is bringing a wealth of new technologies to our platform with its knowledge of blockchain and AI.

We are connecting The Edge to Watson to mix internal and external retailer data ranging from orders, inventory levels to weather patterns to provide a new level of insight for retailers.

We also partnered with GS1 to verify GTIN barcodes on the products that vendors supply to retailers. The platform automatically validates the code against a central standard body to determine an item's authenticity.

Previse is also working with us to offer suppliers immediate payments when they receive an order. Retailers can see what they have bought from a vendor, and its location, in real-time while suppliers receive payments instantly for delivering their goods.

ONE SENTENCE ELEVATOR PITCH TO BE USED AS A DIRECT QUOTE ON HOW YOUR COMPANY BENEFITS RETAILERS

"The Edge can connect to any system, giving retailers complete control over all supplier orders, inventory and product data and allowing them to compete in a fast-changing, customer-experience-dominated market."

This Company Spotlight was produced by InternetRetailing and sponsored by Virtualstock. 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.

CUSTOMER CASE STUDY

Image: geograph.org.uk

Tesco was actively seeking a third-party technology partner to manage dropship activity within the business to help expand their range, drive revenue and increase customer satisfaction.

Tesco identified Virtualstock's flagship product, The Edge® as being the best candidate to meet their requirements, with the team engaged to create a so-called Tesco Dropship Portal ('TDP'). We have been working together ever since.

The success of the TDP project led to Virtualstock further developing the system to handle all Click & Collect orders from dropship suppliers to store. Further to this, the system was modified to handle all product data and orders for Tesco's entertainment warehouses, Oakwood.

The Edge has also been adopted by leading retailers including John Lewis, Sainsburys Argos, Dixons Carphone and Office Depot, among others.

Tony Dobson

managing director, Snapfulfil

WHAT DOES YOUR COMPANY DO AND WHAT IS YOUR USP?

We supply a software-as-a-service (SaaS) warehouse management system (WMS) to small-and-medium-sized-enterprises (SMEs) and mid-maker supply chains across the US and Europe.

The unique, no capex model means that our clients pay no upfront fees, with all necessary hardware, software, training and updates packed in one monthly subscription. We offer unlimited licences, enhanced functionality and configurability, along with comprehensive 24/7 pre and post-sales support to successfully deliver large or complex retail projects.

Our USP is delivering software systems at below market value in exceptional time scales-ranging from 8 to 12 weeks of order placement to implementation of the project.

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

The key to success is our distinctive software, which is entirely configurable, combined with our commercial model and our speed to deliver. These factors have fuelled our continuous growth, with high levels of innovation which keep us ahead of the competition.

WHAT IS THE LATEST VERSION OF YOUR SYSTEM AND WHAT NEW ASPECTS/FUNCTIONALITY DOES IT GIVE TO RETAILERS?

The new version is called HTML5 which is a version of the original Snapfulfil product. The system is built on HTML, enabling retailers to use the system on any digital device. Retailers can perform warehouse management operations with their smartphones or iPads – whether they are doing a warehouse walkthrough or are in a meeting with a client. It allows intuitive planning and forecasting with new control power solution, which offers real-time visibility into what's happening throughout every facet of warehouse performance. As the ever-changing customer behaviour is putting pressure on warehouses' agility to meet their demands, retailers can solve not only complexities within a distribution centre but also plan ways to provide more convenience.

SNAPFULFIL IN BRIEF

Global reach: North America, Caribbean, South America, Mexico, Europe and Asia
Established: Circa 50 years ago
Customers globally: 200
Employees globally: 120
For more info on Snapfulfil please visit ww.snapfulfil.com or call 0333 241 2082.

WHAT IS YOUR MARKET POSITIONING AND WHAT GAP ARE YOU FILLING IN THE UK MARKET?

There is a gap in the UK market where our competitors are achieving +90% product delivery accuracy in comparison to our +99.9% precision. This returns the whole cost of ownership of our system, relieving the pressure of returns, customer queries, and in turn, boosts customer satisfaction.

HOW ARE YOU HELPING RETAILERS MEET PEAK SEASON DEMANDS?

Our cloud WMS is built on the virtualised environment so when the peak trading period arrives we adjust our backend to cope with a +100% uplift of transactions. To accommodate order surges, retailers can temporarily increase the amount of software and devices they use and revert to the original level when customer shopping levels return to normal. For a retailer alone, we rent extra equipment to provide more than +400 additional licenses, system users and RF devices. The whole platform can process 1.5 million customer orders per day. We have invested in an additional service capacity to maintain the same service standard, and performance as at any other time of year.

HOW IS YOUR TECHNOLOGY HELPING TO SUPPORT RETAIL GROWTH?

Our most significant technological push is currently robotics, though we have a different vision on that than everyone else. Most retailers use costly static robot systems in their warehouses. We don't see this as being sustainable or cost-effective. Our technological stance is to utilise simpler autonomous robots in conjunction with human labour.

Brexit is currently in progress, and we can potentially see a labour shortage in the UK due to a large number of people from overseas working in distribution centres. Our vision is that combining robots and human labour can eliminate this risk, and take over jobs such as transporting, picking and replenishment.

What do you see as challenges for retailers and suppliers over the coming years? How are you prepared to meet those challenges?

Amazon is driving customer satisfaction with its Amazon Prime Now service, which offers customers a one-hour delivery service. It has strategically located its warehouses in markets including the UK, US and Europe to dominate those areas. This presents a challenge for retailers and suppliers to catch up with Amazon's last-mile success. Our view is that warehouses will get smaller and dispersed to enable retailers to address this demand.

We also think that retailers will wind up moving online, with a few smaller stores to support their digital presence. The future of bricks-and-mortar retailing is almost like a small warehouse which can serve retailers like a click-and-collect centre. Retailers must embrace traditional stores for consumers to do things that aren't available online such as trying on footwear or clothing. The personalisation element of the retail will stand the test of time, whereas commoditisation will be lost to Amazon.

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

We are looking to increase growth targets in the UK and US, raising the bar to 200% and 1,000% respectively.

Give me your one-sentence elevator pitch on how Snapfulfil benefits retailers

"If you want to improve your bottom line, you'll have to adopt the best return on investment (ROI) WMS in your supply chain, provided by Snapfulfil."

This Company Spotlight was produced by InternetRetailing and sponsored by Snapfulfil. 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 – VISION DIRECT

Location: York, UK and Amsterdam, Netherlands
Warehouse size: 40,000 sq ft
Operation: Item picking for ecommerce fulfilment
No. of users: 30
Shipping profile: Parcel carrier shipments
Length of implementation: five months
Integration requirements: In-house system

BACKGROUND

Vision Direct is Europe's leading online retailer of contact lenses and eye care products, which recently added sunglasses and spectacles to its offering of over three million (stock keeping units) SKUs.

Acquired by global eyecare specialist Essilor early in 2016, Vision Direct is a fast-growing business that currently employs around 150 people, based either at its head office in London, or in distribution/service centres in York, UK and Amsterdam, The Netherlands.

Vision Direct operates two instances of Snapfulfil, one for each of its distribution centres.

The company's largest distribution centre in York went live with Snapfulfil in February 2016, followed by the Amsterdam site just a few weeks later. The Snapfulfil implementation was part of a larger infrastructure project which has enabled the business to align processes and software across the two operational sites and provided closer cross-functional systems integration. Across the two operations, Vision Direct handles approximately 100,000 B2C orders per calendar month and holds approximately 25,000 distinct SKUs at any given time.

THE CHALLENGE

Prior to the infrastructure project, the company used another (software as a service) SaaS (warehouse management system) WMS for stock management and order picking, integrated directly to its web store software. As well as some integration issues, there were concerns that the existing set-up had reached capacity and offered no further scope for growth. In addition, limited support was available with the WMS, and response times were poor.

THE SOLUTION

For the warehouse management system selection, the Vision Direct operations team identified a number of criteria considered either essential or desirable and assessed 12 WMS options against this. The most challenging of these was the need for whichever WMS was selected to be able to validate against multiple barcode options for identical SKUs – while several providers appeared to offer a solution to this, only three proved genuinely capable.

One of the final three was disregarded on cost – the functionality offered was far more than the operation required with a price tag to suit. The operations team was satisfied with either of the final two, with the deciding factors in Snapfulfil's favour being the IT team's preference for a SaaS option and the perception of Snapfulfil as the newer technology.

Vision Direct's Head of Operations, Jason Thornton says: "One of our key learning points was around our selection criteria with a number of providers incorrectly claiming capability in various areas, most notably around our concern that identical products with different barcodes had to be picked/validated by SKU and not by barcode.

"Snapfulfil offered a number of reference visits which gave us confidence that the system could meet our critical requirements, as well as an opportunity to gain insight and feedback from operators who were already using the system."

THE BENEFITS

The business has seen a number of improvements through the implementation of the wider infrastructure project, making specific benefits of the WMS implementation difficult to quantify. However, there have been some changes that can be directly attributed to the change in WMS, including a productivity improvement of around 25% in the pick/pack process and a further reduction in Vision Direct's already impressive <0.1% error rate. The company's stock control and movement records are also enhanced, and replenishment is now system-driven rather than being done by eye as before.

The flexibility of Snapfulfil's concurrent licencing model also allows almost 60 staff to work effectively using fewer than 30 user licences, with the ability to create distinct user IDs for all staff, including temporary labour, thereby retaining full visibility over who is doing what. Under the old system, this would have meant either purchasing additional user licences or doubling up on user IDs, resulting in a loss of accountability.

Jason Thornton concludes: "Overall our experience with Snapfulfil has been very positive - as a high volume, B2C retailer with in excess of 10,000 individual stock locations/bins, and small, visually barely-distinguishable SKUs, the system does everything we need.

"Perhaps most importantly, feedback from users has been overwhelmingly positive, with 100% of operators who had used the old system expressing a preference for Snapfulfil."

© fotolia/Denys Prykhodov

Will Christmas save the high street?

Retail businesses failing, stores closing and the ever-present threat of Amazon. Emma Herrod investigates the state of the retail industry in 2018 and asks whether Xmas 2018 will save the high street.

Since the beginning of the year, 20 retail companies have failed, effecting 1,415 stores and more than 15,000 employees, according to the Centre for Retail Research (CRR). Retailers closing their doors include Maplin, Toys 'R' Us UK and fashion retailer East. House of Fraser, New Look and Mothercare plan store closures as part of Company Voluntary Agreement proposals.

The once-stalwart of the high street Marks & Spencer is closing 100 stores by 2022 – and has reported annual pre-tax profits down by almost two-thirds to £66.8m. Its sales of food, clothing and homeware have all declined. The closure of its stores is part of a modernisation programme that the retailer says is "vital" for its future.

Andy Burton, CEO, Tryzens, agrees: "M&S's figures make for unhappy reading and it's clear that it has some work on its hands to turn things around. Despite being a stalwart of the British high street for decades with a loyal customer base, it's clear that it has been too slow to adapt to the new era of shopping. Although M&S has – rightly – diversified its product lines to appeal to the next generation of shoppers while trying to keep its loyal customer base – it has struggled to completely satisfy either group of customers, with many left unsure what M&S stands for."

He continues: "With multiple customer segments, it is possible for M&S to appeal to different customers at the same time and win back the loyalty it once inspired in its customers. But to do that, it needs to be sharper on customer focus, offering a personalised, tailored experience that is contextually aware and consistent across in-store, online or on mobile devices. For less technologically savvy customers, refreshing the in-store experience will be the essential ingredient for long term success, but inspiring loyalty amongst the next generation will require a much more engaging and cohesive experience across its digital and physical properties."

He does believe though that M&S can "ultimately, reignite the spark that made it a high street staple in the first place," but in order to do so it has to meet the needs of its increasingly diverse customer base.

All retailers have to meet the needs of their customers – this is nothing new to retailing really if you look back over developments in the industry – it is just more important in challenging times. This rise of digital and the change to omnichannel retailing is hitting some retailers hard and fragile consumer confidence does not help.

RETAIL AT BAY

2018 is expected to be the worst year for store closures since 2008 with more than 10,000 stores leaving retail use, predicts CRR. Since 2012 it estimates that 60,932 stores closed (a fall of -15.7%) to end-2017 and by the end of 2018 the figure will be 71,602 (-18.4%).

In 2008, the online share of the retail market was only 7.7%, but more than doubled to 17.8% in 2018, worth £66.7bn. Since 2012, the sales increases made by traditional retailers only increased volumes by +0.5% compared to +87.7% growth by online retailers as they cannibalised high street businesses. This year almost a quarter (24.6%) of non-food sales (clothing, electricals, leisure, music and household) will be made by online sellers, thus depleting the bricks-and-mortar market even more. CRR's Retail at Bay 2018 report does not see rapid online growth as continuing forever – online will have 22.7% of retail sales by 2022: ecommerce non-food will be equivalent to one-third (33.9%) of total non-food sales – but there are monopoly implications, currently unexamined by the Competition and Markets Authority, of a company like Amazon controlling 25%+ of the UK retail market.

The report discusses the reasons for the crisis. These include a decade of weak growth, changing consumer behaviour away from purchasing retail merchandise towards experiences, eating out, events and destinations, and lower (often negative) profits because of poor sales combined with cost hikes from the National Living Wage and Apprenticeship Levy, the depreciation of the pound, long-term uneconomic rents and Business Rates.

The retail business model is founded on regular sales increases, high rents, 25-year leases based on 5-yearly upwards-only rent reviews, high profits and a proliferation of shops to provide buying power and stability. These underpinnings of the old business model have all gone since the recession, which is the reason for so many CVAs and company administrations aimed at closing stores and cutting rents. Rents have further to fall yet, believes the report's author, and Director of the Centre, Professor Joshua Bamfield

Along with outlining a range of strategies for retailers – not necessarily all online – he warns that the developing crisis in the retail sector will permanently damage the high street unless rapid government and local council action is taken.

As Adrian West, Director, Commercial Sector at Fujitsu UK comments: "This isn't the survival of the fittest, this is the survival of the most digitally-savvy. Internet sales are expected to accelerate and consumers increasingly expect both their in-store and online experience to be boosted by technology. The consequence is bricks-and-mortar retailers have now involuntarily joined the race to reinvent their business or accept defeat."

The majority of consumers (80%) would spend more with retailers that have a better technology offering, according to research by Fujitsu. "This represents a huge opportunity for retailers to tap into the two key drivers of 21st century retail spending – convenience and experience," says West. "Many consumers now prioritise flexibility over cost, especially as they've become accustomed to services such as Amazon and Uber that wrap around their needs. Moreover, almost half of consumers believe augmented reality will positively impact retail, illustrating an appetite for a different kind of shopping experience," he says.

> How many stores do retailers actually need to create the omnichannel experience?

He believes: "Retailers must be visionary in their use of tech and give shoppers what they want, before when they want it. With consumer confidence plunging, competition is fierce and both customer loyalty and shopping experience are weighing in. Those standing still face a worrying prospect – being the next generation of retailers to be pushed out of the high street for good."

Other industry commentators responded by saying that store closures are highlighting the reactive state-of-mind of the industry as it rushes to solve the effects of deep-rooted problems, rather than finding a way to prevent the cause. The reality is that future success of the British retail sector relies on all players shifting towards a more proactive mind-set to address operational efficiencies ahead of time, believes Ged Scheuber, COO at Rotageek.

"With limited scope for investment, retailers must examine smarter technologies that solve issues in the backend – such as scheduling – instead of focusing on flashy in-store tech. This approach will help retailers find where small changes can make a big difference," he says.

Other commentators have highlighted the in-store experience; A PWC 2017 Total Retail Global survey revealed that human contact is the most important part of the in-store experience for 59% of shoppers.

Shopping in store can be an event with more engaging experiences – ok it can be a quick grab and go experience, too – but stores will remain an important touch point in the customer journey. They can deliver a human and emotional connection that is harder to provide online but it is the mix, and balance, of technology and human interaction that is winning over shoppers. Loyalty, personalised experiences and tablets in store are still showing results for retailers.

Store staff, as brand ambassadors "must have the ability to create an emotive, personal connection and be confident and passionate in their demeanour when addressing customers. This is a key opportunity to find out more about them and understand how a product can fit into their lifestyle. The overall aim should always be to provide an experience that the customer cannot get elsewhere. Brand ambassadors that understand the shopper and add to the enjoyment of a purchase will certainly evoke stronger feelings towards us as a brand," says Stephen Sculley, CE In-Store Execution Manager at LG Electronics.

COMPETING AGAINST AMAZON

But will this mix of operational efficiencies and brand ambassadors in store be enough to stave off the challenges of retailing – as well as the market-share gobbling advances of Amazon?

In a similar way to how Amazon disrupts even itself, other retailers "need to innovate and evolve their offering," says Wanda Cadigan, Vice President of Commerce, SiteCore, but first they need to look at their own customer base and understand their own customers. Amazon says that it puts the customer first and this ethos should be true for other retailers regardless of the sector or geography in which they operate.

She believes that data is the "next standard for loyalty". If a shopper who regularly buys the same rabbit food in store views a video on the ecommerce site about adding a kitten to the household, that data should be available to the store associate and flagged up at the customer's next store visit, she explains.

Richard Wolfe, Managing Director, Javelin Group, believes that retailers need to take a two pronged approach to shoring up their business in the face of competition from Amazon. Retailers need to concentrate on brilliant basics and cutting new ground. "In a market in which we see margins consistently under pressure whether it's due to the living wage, FX impact of Brexit or Amazon, retailers have to re-examine their cost structure and become more efficient and use that as a way to fund growth initiatives," he says.

"You can see that Amazon is still a long way ahead of most retailers and to some extent that will apply to the leading pureplays as well," he says.

Traditional retailers need to adjust, in some cases quite dramatically, to get them an operating model that is going to work in the next few years he believes while also changing their culture to support a test and learn environment in order to innovate.

On the innovation side, Wolfe believes "there will be more change in the next 10 years than there has been in the past 40.

"There is still a role for stores," he says since they give traditional omnichannel retailers some advantages around footfall, collection and driving traffic back into stores but lockers and pick up points "negate some of those advantages". The big question, he believes, is "how many stores do retailers actually need to create the omnichannel experience?"

Amazon already takes a big chunk of shoppers' Christmas budgets along with the discretionary spend of those that can't resist a 'bargain' on Black Friday. And that's before it has even eaten too much of a share of the peak season grocery splurge. The Christmas peak will take on even more importance as everyone competes for the remaining share of wallet in what will be another challenging year for retail.

2018 may be the year that sees the high street becoming an omnichannel wonderland with digital effect and omnichannel services – along with merchandise from the Christmas adverts – as stores compete but this will only be amongst the flagship stores. For many others, the high street is becoming another click and collect location for retailers unable to invest to keep up with customers' demands at best and at worst an abandoned pedestrian zone of closed doors, betting shops and charities holding their own Black Friday sales.

The path to customer centricity

Michael Ross, **Co-Founder and Chief Scientist, DynamicAction, a prescriptive analytics company, explores the path to customer centricity, which critical aspects of the business need to be thought about differently and explains what that can mean in practice.**

The following guest article has been written for Internet Retailing by Michael Ross, Co-Founder and Chief Scientist of DynamicAction. DynamicAction is the most advanced analytics solution specifically built for ecommerce, store and omnichannel retail teams to take action at the speed of Amazon. DynamicAction empowers retailers across the globe, including DXL Group, Wehkamp, Mulberry, Cole Haan and El Corte Ingles.

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Almost all retailers are talking about transformation in their business, but their approaches are alarmingly inconsistent: multichannel, omnichannel, data-driven, mobile-first, digitally-led, customer-centric, and more. In many cases it's just a veneer –transformation on the outside –but scratch beneath the surface and not much has changed. The reality of managing a truly customer-centric business has to cut deep into the entire organisation. At the heart of it should be a new customer-centric operating model.

In the past, retail decisions were aligned to stores and products. Customers were obviously important, but stores were a proxy –an aggregation of local customers. Store like-for-likes were a good measure of overall performance and customer relevancy. Customer actions were left to the CRM team, if one existed, and mostly consisted of broadcasting promotions.

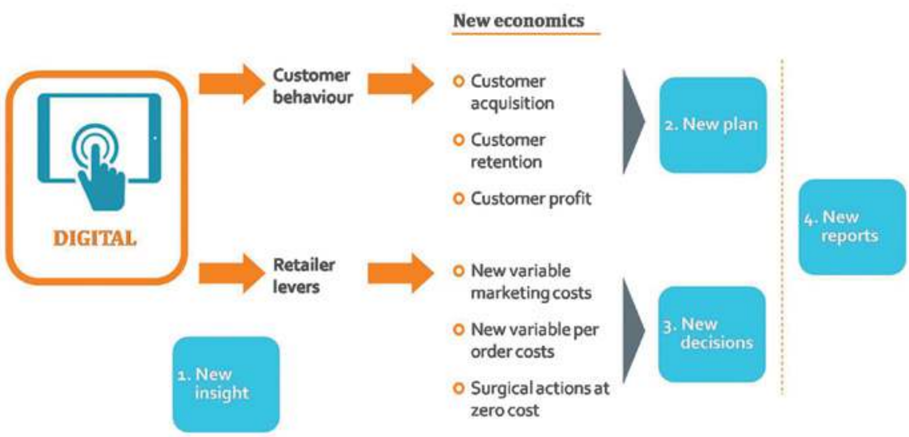
Today, digitally-enabled consumers have changed the fundamental economics and dynamics of retail – consumers have been unshackled from the geography of stores. As the share of online penetration and influence has increased, online cannot be regarded as 'just another store.' The new reality becomes clear when retailers reach the tipping point of having negative like-for-likes but increasing overall revenue: the traditional "four walls" view of retail performance no longer works.

Retailers need to pivot their focus from stores to customers. Almost everything is different in the customer-centric, data-rich, digitally-driven retail world:

- New revenue drivers (customer acquisition and retention);
- New variable marketing costs (cost per click, visit, transaction);
- New variable per-order costs (picking, packing, packaging, delivery, returns);
- New digital levers that allow retailers to take surgical actions (at customer, SKU, session level).

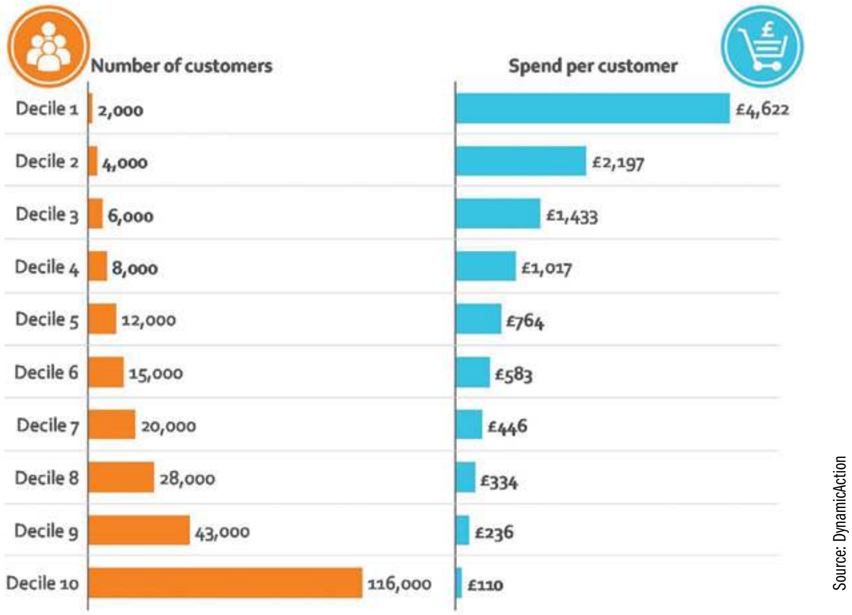
THE FOUR PILLARS OF CHANGE

It is the combination of these dynamics that requires retailers to change their approach to insight, planning, trading and reporting.



Source: DynamicAction

The four pillars of change



Customer decile analysis

1. New Insights on Customers: Retailers have always used the drivers of the P&L to understand their business – traditionally by geography, store, category, brand or store format, with actions aligned to these same drivers. Retailers now have data at a customer level, can understand customer profit and can take action at a customer level.

Customers are not equal – some matter more than others – and it is crucial for retailers to understand the profit and potential profit of every customer. A customer decile analysis brings this into sharp focus and highlights the fact that most retailers are actually running two very different businesses – the average customer does not exist:

The top 5-10% of loyal customers who will typically make up 50% of revenue and 80% of profit. They shop regularly, pay full price and are brand loyal;

A long tail of transactional customers.

CUSTOMER DECILE ANALYSIS

To be truly customer centric, you need to imagine a customer P&L – for every customer, know what are the actions that will drive incremental profit and what is the ROI for different types of actions. What are the characteristics of high and low value customers? Which products and brands acquire and retain high value customers? What marketing acquires and retains high value customers? Who are the low value but high potential value customers? What actions drive incremental customer lifetime value (LTV)?

It is also critical to make sense of the "digital exhaust" – the torrent of data from an individual customer's browsing, searches, product views, basket adds, email clicks and marketing exposure. This data is vital to understand the customer's intent and engagement to ensure that CRM actions are personalised, and retention investments are commensurate with the customer's churn risk and potential value.

Retailers can learn from Amazon. It has mapped each stage of the customer's journey to understand the incremental lifetime value (LTV) of each step – for example: making the first purchase, making a purchase in a new category, signing up for Prime, buying an Alexa device, browsing a new category, buying a Kindle... Amazon has modelled the incremental LTV for each of these High Value Actions (HVAs), which is effectively a "common currency" for managing a customer-centric business. This approach allows every decision and action to be overlaid with the customer LTV lens.

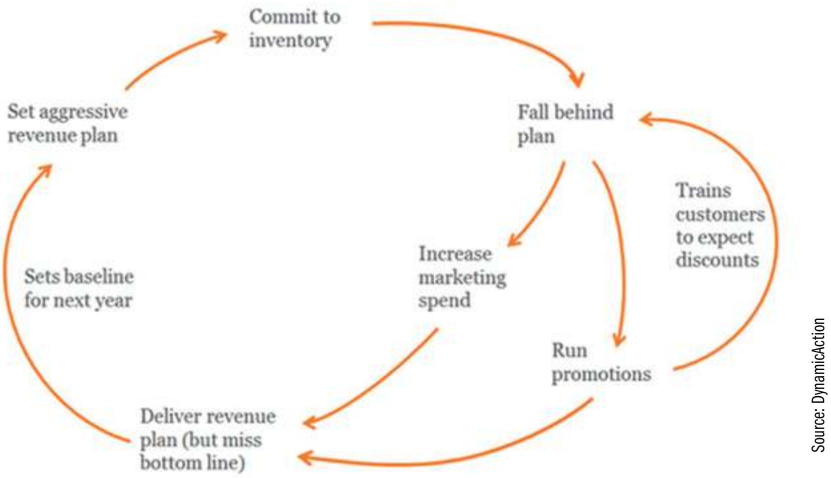
2. New Customer-Centric Plans: It is fundamental for retailers to set an achievable business plan. In the past, retailers' growth was driven by simple math: same-store sales growth and new stores. However, many retailers are now going wrong because they set an overly ambitious revenue trajectory, buy inventory to this plan, then find themselves behind plan and overstocked. They run promotions to get back on track, which not only kills margins, but also trains customers to expect discounts.

THE RETAIL SPIRAL TO AVOID

The key to success is to build a customer-centric business plan:

- Project revenue from the existing customer base;
- Determine the number and type of new customers required to hit plan;
- Triangulate with category, channel and marketing plans.

At the core of this new model is an explicit growth vs. profit trade-off: accelerating customer acquisition can reduce profits in the short term but drive long-term growth; alternately, dialling down customer acquisition will have the opposite effect. There is no right answer, but smart retailers are clear about whether they are trying to drive cash, medium-term profit or long-term growth and can then adjust their path accordingly. Too many retailers make the mistakes of benchmarking growth rates against retail like-for-likes, creating unrealistic top-down targets, extrapolating from historical rates or focusing too much on top-line sales.



Retail spiral to avoid

Once the overall objective is set, retailers need to set plans for categories, channels and marketing based on customer outcomes:

- Marketing: allocate marketing spend across the various marketing touch points to optimise customer acquisition and retention;
- Channel: set customer acquisition and retention targets by store, and for online;
- Product: build range based on the products/brands/categories aligned with customer acquisition and retention. Allocate range and size ratios to stores based on local customer characteristics.

3. New Trading Decisions: Retailers' actions are typically blunt, based on sparse data and reliant on physical execution, and predominantly taken at the aggregate level of stores, categories or customer segments.

Thirty years ago, the advent of computers gave retailers the ability to rethink processes, but success required processes to be reengineered – if retailers simply computerised their existing processes they missed the opportunity. Now new technologies are giving businesses the ability to rethink decisions.

Some decisions will remain the same, but digital levers can be used to transform their efficiency, frequency or specificity. For example:

- Decisions that have required data manipulation in spreadsheets can now be completely automated;
- Decisions that have historically been taken weekly (in a trading meeting) can now happen every day, or every hour;
- Decisions that have historically been taken at category-level can now be taken (and executed) at product or even SKU-level.

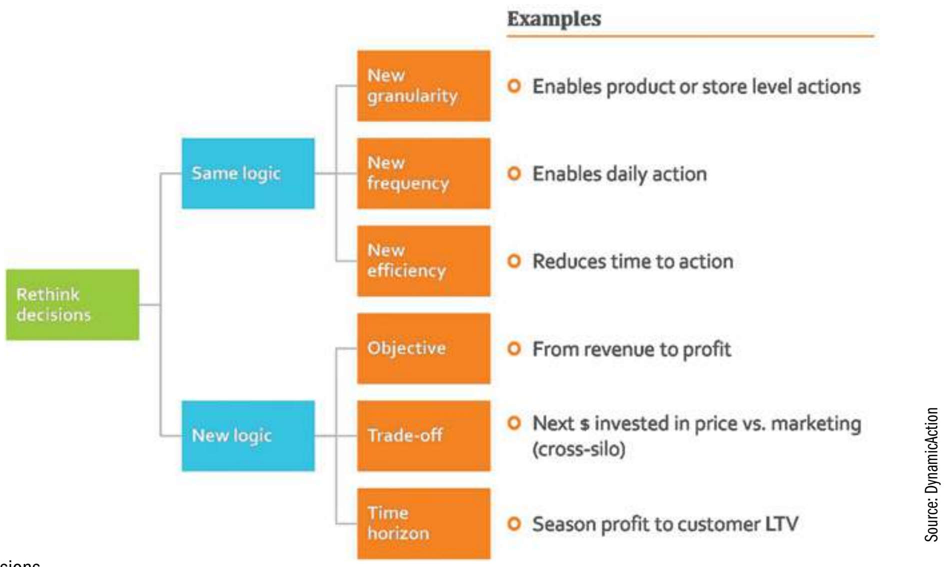
Many trading decisions will need to be completely rethought with a different logic. For example, if a product is overstocked, retailers now need to decide whether to increase its exposure (more marketing), trigger a customer-specific promotion or offer a price discount? More generally, retailers now need to review their core trading decisions through the lens of customer profitability.

- Marketing: do we optimise to session profit vs. customer LTV?
- Channel: do we make decisions based on four walls profit vs. customer profit in store catchment area?
- Product: do we focus on season profit vs. customer acquisition?

4. New Customer-Centric Metrics and Reporting: Retailers' reporting has traditionally focussed on aggregated averaged outcomes – e.g., like-for-likes, sell-through, inventory turns – that are used to tell a simple story. A clear picture emerges of performance across stores, across categories, across buyers and across managers. The metrics are mature and benchmarks are plentiful and meaningful. This made sense in a world where the aggregated data (e.g., at store or category level) aligned with the frequency and specificity of the decision being made. Moreover, the aggregation of data in physical retail has a naturally homogenizing effect that makes the averages helpful. The changes described above now require a different approach given:

- Focus on profit – reports need to be decomposed to understand the drivers of profit. It's easy to drive revenue and depress profit in the customer-centric world;
- Faster and more specific reporting – reports need to align to the frequency of action, and need to make sense of millions of customers, and customer-centric actions. The key here is to measure inputs as well as outcomes;
- More granular – digital data provides incredible detail on every customer impression, click, visit and transaction, which requires reports to be deaveraged to understand what's driving performance.

Unlike physical retail, aggregated averages are the enemy of the customer-centric retailer – they are generally unhelpful, often misleading and rarely representative. Retailers need to review their core trading reports and metrics to ensure that:



How to rethink decisions

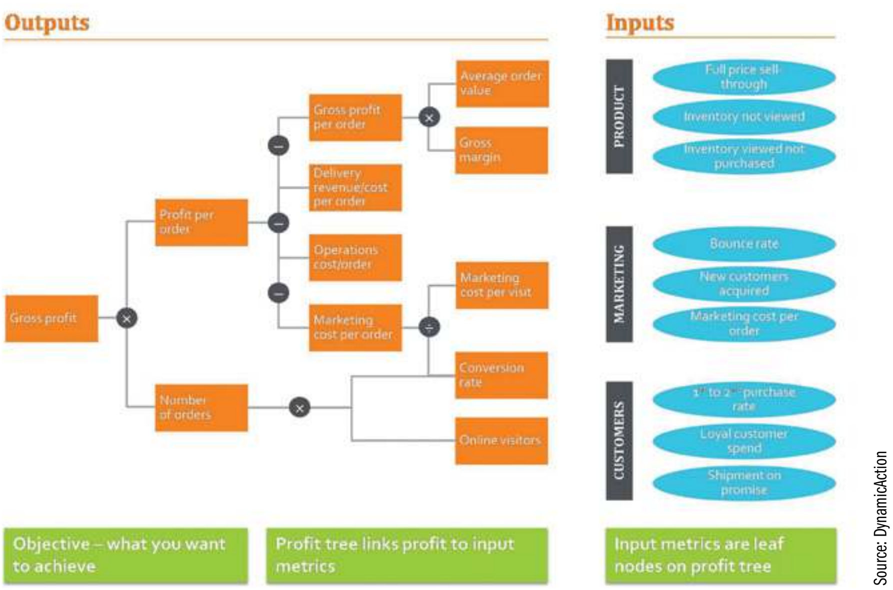
- Things are measured that matter to customers and drive action [what Amazon calls "controllable input metrics"]. A good example is page-weighted availability for high value customers – are you in-stock with the products that high value customers are looking at?
- Reports focus on outliers and anomalies – it's critical to highlight waste and inefficiency to understand what can be improved. For example, how much money are you spending on digital marketing for products that are sold out?
- Metrics are deaveraged – by store, by SKU, by customer – to understand the right level at which to take action. For example, how often are you taking a product-level action when the issue is at SKU level?

NEW APPROACH TO REPORTING

Retailers no longer have the luxury of being unwilling or unable to change. Anyone who takes this transformation seriously will recognise just how sweeping and profound these shifts have to cut into their organisation. Enabling the new insights, new plans, new decisions and new metrics needed to create a new customer-centric operating model cannot be accomplished through minor superficial tweaks.

To truly make customers the focus of the business requires enabled senior leadership, such as a Chief Customer Officer, who can cut across silos and channels with the bigger picture in mind. Navigating with AI and data science at the heart of the organisation, managers need to have the skills and understanding in AI that then allow them to successfully achieve the necessary balance between human and AI algorithm-based decision making. Mistakes and bumps in the road are inevitable. Transformation is a significant challenge, not to be underestimated. It is imperative to create a culture where these bumps are seen as opportunities to learn and transform in order to foster growth.

A skilled, nimble leadership and culture, as well as an employee base empowered by technology, are the vital elements to embarking on a journey of innovation and ultimately a successful (and profitable) future.



New approach to reporting

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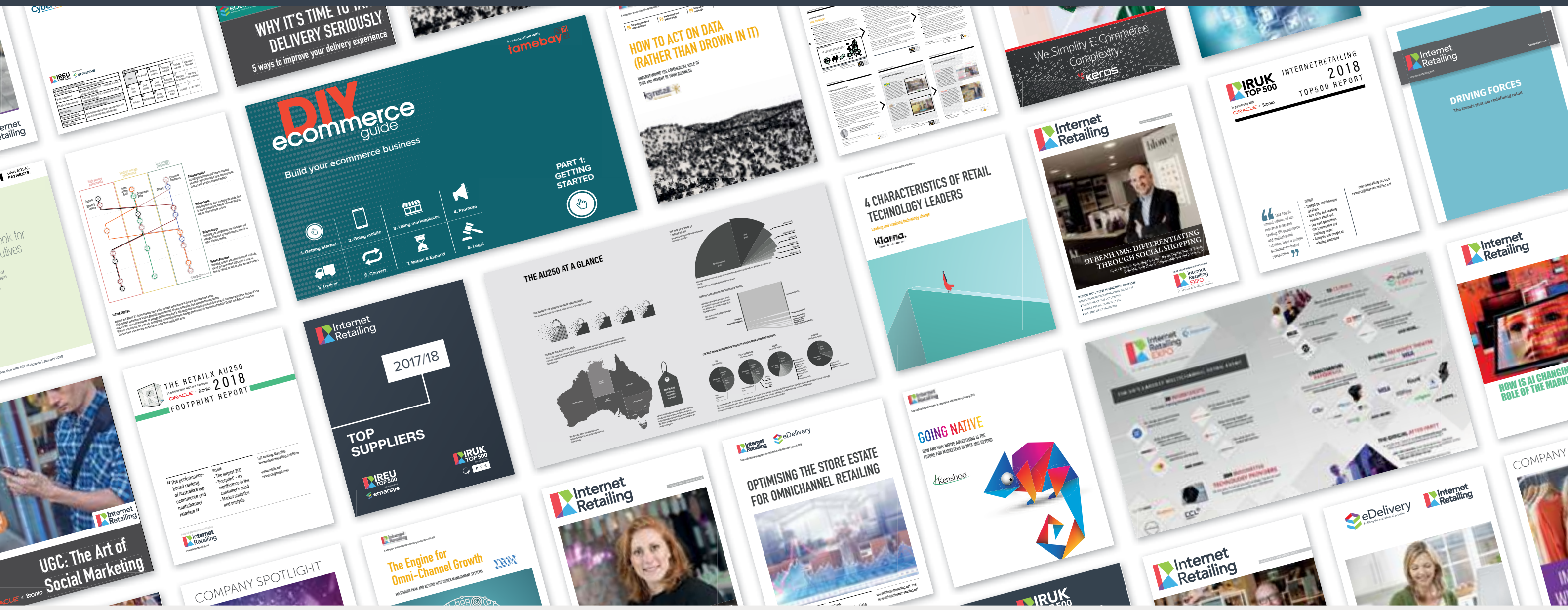

We have been providing members of the international multichannel retail community with research, news and analysis - both printed and digital - for several years now, with increasing depth and frequency. As a result we're sending you more information each month to read, digest and exploit.

By developing a membership platform for InternetRetailing.net, we'll ensure that from the wealth of in-depth analysis we create you'll get rapid access to the most relevant content - to suit your interest and needs, even as those change throughout the year. By signing up, filling out your interests and joining as a member, we'll better know what to send you and even what to display as you're browsing the site.

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With regards,
Ian Jindal
Editor-in-Chief, InternetRetailing

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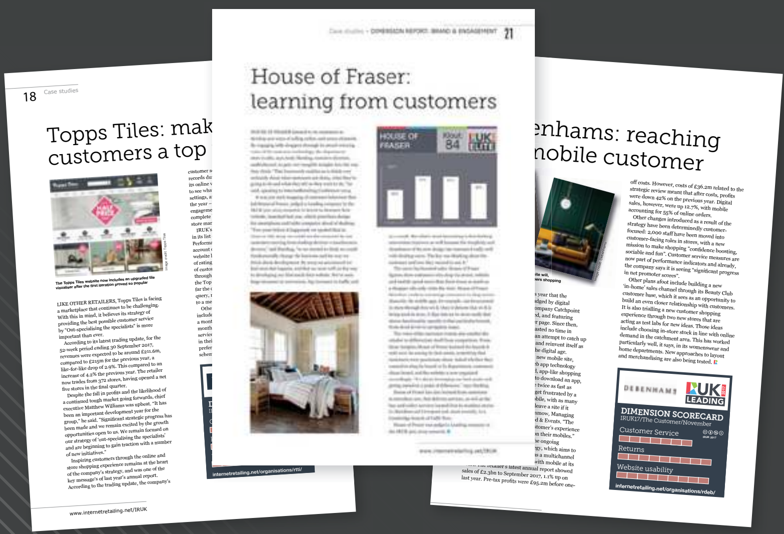

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How to optimise click and collect at peak

Click and collect offers a great solution for deliveries during peak trading but it's not without its challenges so how should retailers best optimise click and collect ahead of peak? *Liz Morrell* reports.

When it comes to peak trading ensuring customers can get their hands on their goods in the fastest and most convenient way possible is key and means that click and collect is increasingly popular. According to GlobalData the click and collect market will grow by 55.6% over the next five years totalling 13.9% of total online spend in 2022 and worth £9.6bn. Its benefits mean it's easy to see why.

"The real value comes in conversion in store," says Mike Richmond, Chief Commercial Officer of Doddle Parcel Services. He points out that in a GlobalData review of 10 of the biggest multichannel retailers in the UK click and collect was responsible for more than 25% of online sales but across those retailers 41% went on to make additional purchases instore with an average basket value of more than £20. "With figures as compelling as those, there should be no limit to how hard retailers push to get online customers collecting in-store," says Richmond.

But at peak, when a store is already busy with traditional customers, retailers have to ensure the instore click and collect experience is optimised otherwise both sales and customer satisfaction will be hit.

At Debenhams the retailer is seeing click and collect up 10% against last year. It has a dedicated counter, till and staff for click and collect, as well as a dedicated dressing room that allows customers to try on items straightaway. Jay Brown, Multichannel Services Lead at Debenhams, calls it a "one stop shop for the click and collect customer".

Its click and collect desk is manned at all times at peak with staff "trained to actively work the queue to ensure customers are served as efficiently as possible," says Brown. During quieter times staff are able to page staff to serve them.

Speed should always be of the essence, particularly at peak, according to Tom Downes, CEO of Quail Digital. "Our research clearly shows that customers arriving for click and collect expect a seamless transaction, ideally in less than three minutes," he says.

As well as ensuring a well signposted and dedicated click and collect desk with parcels stored close by and adequate, dedicated staffing at peak retailers can also monitor and control the level of click and collect orders sent to store.

"We constantly review the volumes of click and collect parcels through our supply chain and compare them against the actual volumes that were processed last peak," says Brown. "We have cubic capacity figures for all of our click and collect locations and review any store that is close to capacity and work throughout the summer to increase capacity in these locations. We also use this data to ensure we have sufficient payroll to meet the needs of the customer. As we head into peak we carry out refresher training with our teams," says Brown.

Jim McGrath, Product Director, Sanderson Multichannel Retail Solutions, says that retailers must examine every stage of the process and see where they can improve. "There are always improvements that can be made. Look at controlling the volume of orders sent to stores at peak, use different devices in store to keep pressure away from the tills, look at simple things like well signposted collection points and consider using third party delivery locations," says McGrath.

STEPS TO OPTIMISE C&C AHEAD OF PEAK

- Consider third party locations;
- Control volume of orders sent to stores at peak;
- Man collection desks at all times during peak;
- Clearly signpost collection points instore (dedicated if possible);
- Keep the customer informed;
- Make the process easy instore for both staff and customers.

THE VALUE OF THIRD PARTY LOCATIONS

Indeed third party delivery locations can be a great option to relieve the pressure on stores and can range from locker services to convenience stores or charity shops. "For regional or smaller retailers it offers a nationwide collection location," says McGrath. "For larger retailers at busy times it lets them keep focus on their instore operations and reduces dependence on retail resource for click and collect processing," he says.

As well as providing extra collection points click and collect can also be a cheaper option for retailers. "It's much more cost effective for retailers to deliver online shopping into hubs rather than individually to each customer's home address," says CollectPlus Chief Executive Neil Ashworth.

Third party delivery locations can drive footfall for other local shops and businesses too. Doddle is rolling out into

Image: Debenhams

Debenhams is seeing click and collect up 10% against last year

both Morrisons and Debenhams allowing customers to pick up goods from retailers such as Amazon, ASOS and Missguided from its stores. Richmond says the company's analysis shows that more than a third (37%) of Doddle customers are new to Debenhams.

THE ROLE OF TECHNOLOGY

Whilst efficient store operations and third party locations can help ease the pressure, wins also come from ensuring the click and collect service is well managed from a technology point of view. However, Richmond says this often isn't happening. "Many retailers are using click and collect services that have been developed in-house, over time and that simply aren't fit for purpose when it comes to offering customers the slickest experience or when it comes to exploiting the potential rewards of offering a great click and collect service," he says. Indeed he claims to know of one major retailer that still calls customers when orders arrive instore. "That's not something customers expect in 2018," he says.

"A seamless click and collect experience is driven by customer experience, technology and product features," says Sebastian Steinhauser, Managing Director, Parcelly. "Customer experience, in relation to collection time and overall service level, does not require further explanation. Technology allows the monitoring and management of outgoing pick-ups for store or third party locations, and facilitates the collection process, engagement, communication as well as convenience for those who collect," he says.

Customers expect relevant, timely and simple communication around their click and collect deliveries, says Richmond. "Consumers are bombarded these days and only want to receive necessary information served in a way that makes their life easier. Now when we alert customers to the fact their parcel is on its way, we let them know where their nearest Doddle locations are and our new Android and iPhone wallet passes will even serve up the relevant collection codes the minute they walk into the shop, so they don't have to search for emails," he says.

Sanderson's McGrath says making it easy instore is vital for both staff and customer. "It needs to be a simple interface for the solution for the store staff, ideally run on a tablet so there is no need to queue at a till with minimal paperwork, electronic signatures and e-collection receipts for the customer," he says.

Of course, whilst many retailers work on improving process ahead of peak there are many retailers that are reinventing the click and collect experience altogether. At John Lewis more than half of all its online orders are made through click and collect and last year Waitrose launched self-service check-ins with iPads at the welcome desks of 140 stores, allowing customers to register their order numbers and that they were in the store.

At Zara, the fashion retailer opened a refurbished store at Westfield Stratford in May that includes two automated online order collection points from which customers can collect their online orders. The store is serviced by a small warehouse which is manned by a robot arm, cutting out the need for human intervention.

Automation is also playing its part at Asda. The company launched the UK's first parcel vending machine at Asda's Trafford Park in January. The giant parcel vending machine allows customers to pick up orders in less than 60 seconds and is already in more than 100 Walmart stores in the US.

As its use continues to rise many are struggling with how to best optimise click and collect but ensuring good processes instore and technology to better predict and manage flow is a great start.

Reducing customer effort through automated customer care

Jack Barmby, **CEO, Gnatta, explores how chatbots, Alexa and AI are changing customer service.**

The following guest article has been written for InternetRetailing by Jack Barmby, CEO, Gnatta. Gnatta is a customer communication platform that enables companies such as ASOS and AO to talk to their customers over any system or channel. Gnatta's platform pulls together all the systems and channels a company uses to communicate with customers, connecting the data from those systems to provide everything a company needs to have informed and intelligent conversations with them.

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The retail sector faces a series of challenges over the next few years as high street retailers continue to compete with online rivals such as Amazon.

As Amazon starts to open physical stores, the barriers between offline and online, virtual and real life are becoming more blurred. That presents a challenge to retailers in how to give customers a seamless experience across the various channels they use to browse and shop. That extends to customer care: whether a customer contacts you directly, on social media, or by live chat, their experience should be the same. Omnichannel may be a buzzword, but it's an important one.

Using technology to gather and analyse customer query data ensures that both live customer service teams and automated systems have the information they need to provide quick resolutions to customer queries. Adding a layer of automation deals with routine queries ("where's my order", "I want a refund or replacement" and so on) and frees up human customer service specialists to provide in-depth support where it's needed. This combination improves the overall efficiency of the business. The trick is to make sure it also makes life better for the customer.

Many customers engage with some sort of AI or automation daily without giving it much thought. Some 75% of what we watch on Netflix is recommended by an algorithm, while Amazon uses AI algorithms to generate personalised recommendations (contributing to 35% of what we buy on the site).

But what I find really interesting is that YouGov found that 25% of people questioned said that they had never knowingly interacted with AI. (I think the key word here is 'knowingly'.) If you get it right, people won't be able to distinguish between talking to a robot, and talking to a person. As long as a customer's query is answered well, or they get great recommendations, they won't care whether it's been done by a human or a bot.

BOTS FOR EFFICIENCY

The difference between automation and AI is that AI has the ability to learn and adapt during interactions. Automation tools (chatbots or other bots) follow a simple 'if this, then that' formula – great for dealing with routine queries that simply gather data from different places (such as tracking tools) to solve a problem. Bots without natural language understanding (NLU) can only recognise pre-programmed keywords and execute actions based on them. Chatbots with NLU engines can understand a broader range of language and this allows them some limited interaction. They can ask questions, interpret responses and execute actions. What they can't do is learn.

> "Conversational commerce offers another way for customers to find answers and make purchases taking the pressure off customer service teams"

When we analysed why our retail client's customers contacted customer service, we found that more than half of customers wanted quick answers to simple questions such as "where's my order?" or to ask about returns and refunds.

Automation can answer these questions almost instantly, far quicker than a human can, and with less chance of making an error. Human agents have to take order numbers, go through systems and spend more time tracking information down and waiting for technology to give them the information. Customers want a fast response and resolution to their queries above all else. Salesforce reported that 73% of UK customers were influenced by personalised customer service, but 81% were more influenced by getting an immediate response. By using automation to answer simple questions, retailers can make their customer service team more efficient and effective.

Automation is also effective at taking the pressure off customer service teams at peak times and during major retail events, like Black Friday and the run-up to Christmas. Our research found that customer use of digital customer service options rose by 28% in November 2017 and that they spiked again between the 5th and 9th of January as people ordered (and returned) holiday purchases and gifts. Those peaks can be predicted, and bots programmed to deal with them.

Image: Gnatta

Advances in chatbots, natural language engines and AI can take the pressure out of customer service calls for customers and staff

Customers appreciate (and use) automated customer service options when their need for a quick resolution supersedes their desire to talk through their problem with a person. Seasonal periods are often especially stressful times for customers and retailers – automated assistance provides a crucial way to minimise that pressure.

REDUCING CUSTOMER EFFORT

Voice will become another popular way to reduce customer effort. Gartner predicts that by 2020, 30% of searches will be conducted via voice recognition technology and shopping via voice is expected to be worth £3.5bn to the UK economy by 2022.

Retailers are starting to consider how they can be leaders in the market. Morrisons, for example, launched an Alexa Skill in December 2017, allowing its customers to do their supermarket shop via their Amazon Echo.

Capgemini found that 81% of people questioned already used voice assistants on their mobile phones, while 25% used smart speakers such as Google Home and the Echo. The research also showed that 36% of people had used voice assistants at least a few times to access customer service, while 35% used the assistants to shop.

The Capgemini study found that 71% of respondents were satisfied with their voice-based interactions, with focus-group participants highlighting the ease of use, the ability to set reminders and their ability to learn.

Retailers have the chance to develop conversational commerce offerings while the medium is still in its early stages of adoption. In doing so, they offer another way for customers to find answers and make purchases that takes the pressure off customer service teams.

Visual virtual assistants (such as Cora, which is currently being trialled by NatWest) are still relatively rare. But the response they can get from customers is fascinating. These assistants work best when they're based on an AI system that can detect the customer's emotion, and reflect understanding via their digital face. Empathy and emotional mirroring are crucial factors in human communication, so done poorly, the lack of true humanity behind the digital human becomes obvious. But done well, they could diffuse a difficult situation. Research has shown that we tend to mirror emotion mimicked by virtual assistants – if the VA displays happiness, the person engaging with it is more likely to be happy (Moridis and Economides, 2012).

The digital human also needs to be programmed with the appropriate tones to help its speech sound natural and be able to understand multiple accents to reduce the chance of customer frustration. Another problem lies in appearance. Will the assistant have a set appearance or multiple options?

It's still early days for visual assistants, but it's definitely an area to watch. If a VA could make personalised suggestions to a customer – becoming a personal shopper of sorts, for example – I believe it could have benefits in terms of positive customer experience, and upsell potential. But it's a significant investment and not one to take lightly. For now, using a combination of an omnichannel approach and some automation to improve the customer experience, is the most sensible path for retailers.

Mobile: In time for Christmas

Paul Skeldon, **Mobile Editor, InternetRetailing, examines what retailers can do with the technology they have today or can readily integrate into business systems between now and Christmas.**

As the Summer sun shines, retailers across the UK will be preparing for what's tipped to be the UK's biggest ever online spending splurge: Black Friday 2018 – and the peak season that hopefully will be kickstarted by this retail starting gun.

In 2017, consumers spent a huge 515% more online than the average Friday, according to Ingenico's payment data, with the Wednesday through to Monday recorded as the six busiest shopping days of the year, last year.

In the High Street the story is very different. In December 2017, Springboard found that footfall across all retail destinations rose by only 1%, week-on-week, in the week of November 27, and fell by 3.1%, compared to 2016. UK high streets suffered the most that week, reporting a marginal rise in footfall of just 0.3% week-on-week, but a drop of -4.5% compared to the same week in 2016.

So, what can retailers do to mitigate a repeat of this? 2018 has seen many prominent names in the High Street close their doors and it is unlikely that Christmas will be any better for them unless they act.

With Peak 2018 only a couple of months away, what can be done in this short time frame to make an impact? Mobile. That's what.

While there are a plethora of thought-leadership pieces out there on how to bring AR and VR into the store and how to employ sophisticated technology a la Amazon Go, most retailers don't have the money – and certainly don't have the time – to get that sort of experience ready for Christmas.

But this is the sort of experience that consumers want. According to a study by MuleSoft, 60% of consumers globally want Amazon Go like experiences in-store, rising to 77% of Gen Z and X shoppers. So, here are some thoughts on what you can do in a limited amount of time between now and Christmas with technology that you either have today or can readily integrate into your business systems.

WORK THOSE APPS

If you don't have an app then you don't deserve to be a retailer, but most retailers still don't get the most from them when it comes to driving footfall, especially at peak times. Apps are like your store front and produce much deeper links with consumers. Witness Amazon: part of the High Street's problem is that consumers turn to the Amazon app to shop as it is really easy to use and works.

This has not been wasted on ASOS, which is now the third most used retail app in the UK. The company says it has added 23% to revenue this year, in what most retailers are finding very challenging circumstances.

Used right, apps can be really useful to your footfall as well. "Not only does mobile now present the best opportunity to reach your audience, it's the chance to create a truly personalised experience for your customers and nurture your relationship with them," says Paul Barnes, Territory Director Northern Europe and the Middle East, App Annie. "Apps are far more than just another platform; they're an opportunity to improve your relationship with customers and, ultimately, your bottom line. Retailers can discover a plethora of personal preferences from their customers through the time they spend in their apps – from their preferred store locations and their wish lists to their favourite time to browse and more."

Apps generate a great experience for the user, but also a vast amount of data for the retailer – and this is where you need to box clever. Use this data and the app itself to reach out to them and offer them encouragement to go to the store. Apps are a new channel, but really they are just a way to help you do your marketing in a place where consumers are.

It doesn't stop there, however. Once in the store, you have to give them the experience that they want (as we shall see throughout this article), but that too can start with apps. As App Annie's Barnes puts it: "The most successful retailers have recognised that mobile isn't a subset of digital, it's the glue that brings together the digital and store experience. Use of in-store beacons, apps that provide product data and product locators drive customer engagement and loyalty. It's worth considering that orders placed in-app and collected in-store represent increased margins in a tight market."

Once in store and the app fired up, there is much more that can then be done – much of it things that can, right now, give you the Amazon Go experience in the store.

SCAN & GO

One of the most appealing aspects of Amazon Go is that it obviates the need to queue up and pay. To my mind this is the single most pointless and awful part of shopping in a 'real' shop (along with there never being the thing you want in your size, but I digress) and it can be simply solved.

Barcode scanning solutions on mobile have been around for ages. Couple them with apps, mobile payments – Apple Pay and Android Pay will suddenly make sense in the next sentence – and eagle-eyed security and your app, which you have used to lure customers into your store, can be the checkout.

Sainsbury's, Tesco, Co-op and Budgens have all rolled out apps that allow for scan and go with grocery shopping and technology company Jisp aiming to make checkouts a thing of the past in all shops.

Jisp proposes putting RFID stickers on everything and letting shoppers use NFC on their phones to tap the sticker to buy the item. In a supermarket this may be quite a feat, but there is no reason why it couldn't work in fashion or books or any number of other retail verticals with a physical presence.

For the retailers using Jisp, overheads are lower as there is no need to invest in hardware. Also, the system provides higher intelligence on the choices made than a scan service, including the order in which products are selected and data on outcomes rejected to enable follow-up enticements such as discounts.

There is also the opportunity for cross-selling either while shoppers are in the store or afterwards. Offers and discounts can be communicated electronically; there is no need for paper vouchers, which customers often mislay or leave at home. Random checks, a flagging of high-value items or those that need the validation of age will help prevent shrinkage or illegal sales.

"Tap & Go will make scan services seem slow, cumbersome and old-fashioned. Since most customers will have their mobile phone with them this way of shopping will seem natural, reflecting how they shop, their lifestyle and choices and crucially to keep a digital record of their purchases," comments Julian Fisher, the Founder and Chief Executive Officer, Jisp.

REMEMBER SHOPPERS LIKE SHOPS

Shoppers do actually like going to physical stores and they like doing business with people – they like the human touch and a nice day out and a cake. What is going wrong with the High Street, in essence, is that it is offering 21st Century customers a 1970s experience. Technology is now a part of everyday life, the mobile phone a sort of portal to everything and a portable memory bank. Retailers need to bear this in mind and leverage it.

Shops need to be places where mobile works and can be brought to bear to offer the kind of experience that consumers want.

The 2018 Retail Sector Report from I-AM finds that 80% of people went shopping as a day trip in the last month, with 50% of those going in the last week, while 74% still prefer physical stores compared to just 26% preferring online shopping, with 36% preferring shopping centres.

But, they want their tech to help them. 51% would love to navigate, get information and pay using their phone in-

Image: Co-op

Co-op is testing an app that allows for scan and go with grocery shopping

store, while 49% say the most loved element of the in-store experience is touching and trying things out.

However, when it comes to staff, there are distinctly negative views: 46% think staff hinder the shopping experience – although 48% still value help – while 70% prefer staff to be just at the pay point, while 28% would happily shop without staff at all.

Arming staff with devices and making them more knowledgeable is also increasingly being seen as a bonus. 71% want store staff to be more knowledgeable and 45% would revisit stores that offered workshops and tutorials from experienced and expert staff.

Staff too want tech to help them. A separate study, by HR experts CoreHR, found that 57% of store staff see digital technologies as playing a central role in enabling them to work to the best of their abilities. However, the tools aren't there and, in some cases where there technology is present, it actually hinders them doing their jobs through poor training and poor deployment.

YOU HAVE THE POWER

What all this shows is that, while shoppers aren't heading to the High Street, it isn't because they don't want to. What they want is for the High Street to be better – and that means tech. Tech for the consumers, tech for the staff and tech that enhances the experience.

Much of this is already available: arming staff with iPads that connect to the store's website via wifi are all things you could sort out this weekend.

Adding scan and go may take a little longer, but could be in before peak.

And as to apps: you already have one, right? Then use it. Get your marketing teams using the data and thinking how to push people, via the app, to the store.

Once there, they can use the tech you installed this weekend to have a much better time. And remember, a new in-store experience isn't just for Christmas, it's for life.

Paying for Christmas

Luke Griffiths, **GM, Klarna UK examines how flexible payments and emotional intelligence could be key to a successful holiday season - and beyond.**

The following guest article has been written for InternetRetailing by Luke Griffiths, GM, Klarna UK. Klarna is Europe's leading payments provider and a newly-licensed bank, which wants to revolutionise the payment experience for shoppers and merchants alike. The fintech unicorn gives online consumers the option to pay now or pay later or over time. Klarna works with 90,000 merchants around the world including ASOS, Topshop and JD Sports in the UK.

www.klarna.com

The sun may only just be reappearing and swimwear promotions rolling out, but for retailers it's never too early to begin thinking about the crucial Christmas trading season — which can be make or break.

While it may not be until November when sales really take-off, every year Christmas seems to come earlier. As one of the most lucrative opportunities in the retail calendar, it's imperative that retailers step up their game to attract customers or they risk missing out on a significant opportunity.

Last year, for instance, there was a mixed bag of retailer performance over the all-important Christmas trading period — highlighting the need for serious pre-planning. For online retailers the opportunity is significant; Ted Baker, Superdry and Boohoo.com all stood out for their online results, with the former reporting a 35% year-on-year web sales increase in the eight-week period to 6 January 2018. In contrast, Debenhams, House of Fraser and Marks & Spencer were among those retailers announcing poorer Christmas performances — with HoF sales falling 2.9% year-on-year in the six weeks to 23 December.

Figures from the BRC showed that overall, footfall was down by 3.5% in December — the biggest decline since March 2013, meaning online is more important than ever. But, figures from uSwitch showed that UK shoppers spent an average of £452 each on credit cards last Christmas, showing just how profitable this time of year is for brands.

Christmas doesn't have to focus on promotions or festive themed marketing; it's about innovating now to make the next six months smoother and more profitable. With this in mind, here are three things retailers must be aware of if they want to maximise on the festive season.

WHO SPENDS & WHEN

Peak season is getting longer and driven by intense competition. It's more important than ever that retailers use all the tricks in their arsenal to draw in festive shoppers. But in order to make the most of the Christmas spending frenzy, they must be fully aware of the shopping habits of their customers.

Since its introduction into the UK, Black Friday has become an increasingly significant date in UK retail calendars, particularly online — expanding from a single day of sales to up to a fortnight of discounts. In fact, figures from IMRG revealed that last year £1.4bn was spent on online sales alone in the UK on Black Friday — up some 11.7% on last year.

But while Black Friday is prime time for consumers to get ahead of their Christmas shopping, purchases of many discounted items can add up — leading shoppers to think twice about parting with their hard-earned cash. Retailers who take this into consideration, offering flexible payment options can remove a barrier from the customer checkout process, helping drive sales.

Even though Black Friday and Cyber Monday are increasingly the focus for the retail sector during the festive season, retailers should not focus solely on these peak points. There are still a multitude of opportunities for them to capitalise on spending outside of these days.

Recent research we conducted delved into the views of over 2,000 UK consumers, revealing that 30% of Brits complete their Christmas shopping with at least three weeks to spare, while two in five admit they don't finish until a week or less before the big day. By understanding the needs of these last-minute shoppers, retailers can be sure to optimise their festive offering to gain a competitive advantage over other brands, giving their business a boost.

It's crucial, too, that the post-Christmas opportunity isn't ignored. The New Year brings with it the inevitability of a slump as consumers tighten the purse strings following the Christmas spending frenzy — but it also sees the start of the January sales. Pay later options, which let consumers 'try before they buy', can significantly help lessen the festive burden on shoppers' purses, and help build loyalty and trust.

EMOTIONS & BRANDING

While Christmas is a time for present-giving and relaxing with family and friends, the weeks before are generally filled with stress, as consumers desperately search for presents.

At Klarna, we always want to better understand shopper motivations, so last year we conducted a study in partnership with Reading University. Interestingly it showed that consumers are often influenced by powerful emotional drivers such as excitement, impulsiveness and anxiety when shopping — emotions which are heightened significantly during the hectic festive period. Specifically, two thirds (68%) of millennials, who make up the majority of online shoppers, reported feeling excitement when adding items to their online basket, compared to less than a quarter (24%) of people over 55. For retailers that target these younger shoppers it's worth bearing in mind how they feel when shopping online and what you can do to prolong the excitement so this crucial group don't lose interest during a slow or clunky payment process.

Most consumers are emotional shoppers, and although brands may be trusted and liked, many fail to familiarise themselves with the emotions that drive their customers' most profitable behaviours. This is a big mistake as the payoff can be huge for retailers that connect with shoppers' emotions. To create a truly great customer experience — one that encourages brand loyalty and advocacy — it's essential to have knowledge of the triggers that drive your customer's brand preference and behaviour.

Think about all the steps that shoppers must take to get to the point of purchase; they have to decide what they want to buy, find a place that sells it, navigate the website to find the item they're looking for, and then decide if they want to follow through with the purchase. Throughout this journey, there are a host of things that can influence whether or not consumers abandon their basket.

For instance, in-store crowds were the number one stress for a quarter of respondents to another Klarna survey. But, this is not a problem that's limited to physical shops as 1 in 10 respondents have abandoned their online basket in frustration when the shopping process is too complex — suggesting there's still work to be done to streamline the purchase process online.

MANAGING RETURNS

While the run up to Christmas signifies the busiest time for retailers, this doesn't stop come Christmas Eve. If we factor in returns post-Christmas, peak season now extends well into the New Year — and as the final touch point between retailer and customer, it's crucial that adequate policies are in place to manage the increased activity.

Over half (57%) of Brits have revealed they've been stuck with unwanted gifts they couldn't return after Christmas — understandably a major source of frustration as returns can have a negative impact on consumers' cash-flow. Retailers need to consider ways to take the pressure off their customers. Linking the returns process with payments by offering pay later options at the checkout — which mean shoppers don't have to part with their money until they, or their recipient, is happy — is a sure way to counteract dissatisfaction and boost loyalty at the busiest time of the year.

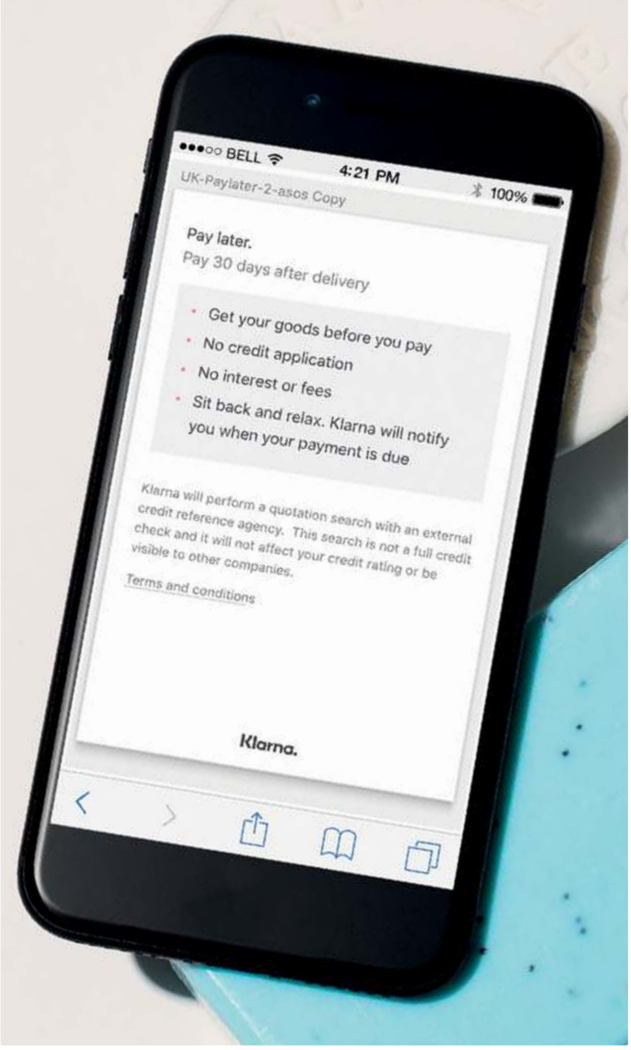

Image: Klarna

Pay later options let consumers 'try before they buy'

The online customer journey at Christmas can be easily fractured by a stressful moment and while consumers may put items in their virtual shopping baskets, many of them don't actually convert. Fortunately, there are simple ways to turn these fair-weather shoppers into paying customers.

Planning for the festive period starts now. Retailers need to innovate by adding technology that can help improve the user experience and deliver a smooth customer journey – from the first moment a customer spots a product they want, to when it is sitting under the Christmas tree. To do this, they should ask themselves one crucial question: what makes online shopping convenient?

Consumers who consider online shopping enjoyable largely attribute this to a slick experience that saves time, effort and frustration. Payments however, are often erroneously de-prioritised in the festive rush in favour of marketing and discounting. This needs to change.

With stress levels high pre-Christmas, it's time to start looking at payment as the strategic end in the customer journey — redefining the what, where and when of payment will ensure a happy start to the New Year.

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The Entertainer: Planning to fill the Toys 'R' Us gap this Christmas

Steve Williams, Logistics Director, The Entertainer, spoke to Emma Herrod about planning for peak and the gap in the market left by Toys 'R' Us.

Planning for peak is no easy task. Retailers work with suppliers and across their own organisation to forecast as accurately as possible, but the implications of different scenarios have to be tested and factored into the business. What peak actually looks like is down to consumers though and shoppers are fickle. While their behaviour can be predicted to a certain extent, peak planning still requires a certain amount of educated guesswork.

Add in the complexity of those customers being children who can change their mind over what they 'really need' as quickly as the next product page then it's surprising that toy retailers are able to not only predict this Christmas's must have let alone get enough stock in to keep selling through until children across the country are putting the mince pie out for Father Christmas.

The demise of Toys 'R' Us has left a large gap in the market with toy retailers, and no doubt supermarkets and Amazon alike, keen to fill or at least grab as large a share as possible. As Steve Williams, Logistics Director, The Entertainer says, "The team is busy gaining insight into what Toys 'R' Us leaving the market will mean for The Entertainer."

This means gathering feedback and opinion from suppliers, the industry and buyers and additional data being added into the peak forecast. It does mean though that last year's data will not be as accurate as a large part of the toy market has been freed up. "We will build in extra flexibility this year with some margin over what the plan says we should have," says Williams.

This will include sensitivity plans should the volumes be higher than expected. In its favour the retailer will see extra business starting to build with the beginning of peak.

The Entertainer is one of the retailers eyeing up the gap in the market as it plans its strategy for Christmas trading. The peak season, which for The Entertainer starts to build in September, is the largest quarter in terms of sales for the company. It is also a quarter which is planned for right the way through the year from January to September. "We never stop planning for peak because this business is so fourth quarter heavy," says Williams

Steve Williams, Logistics Director, The Entertainer

He does add that the business continues to sell product all year around with small peaks in school holidays but, "the entire cycle is about peak".

He explains that planning starts as soon as the previous year's peak is over while everything is still fresh in everyone's minds. The experience of everyone involved from freight forwarders, warehouse, agencies, buying, marketing, merchandising and retail operations are dissected to find out how aspects can be improved or enhanced for the following year and where extra resource or investment is needed.

"It's very very collaborative," says Williams. "I do nothing but try and build relationships between every one of these contributors." Many of these relationships have not been strong in the past because the outside companies involved have seen themselves as competitors. Williams actively encourages the relationships with everyone working as part of The Entertainer supply chain. "The more we can share information and the more we can use that information to better forecast the coming peak the better," he says.

"In relation to peak everything we do is about forecasting what we think is going to happen. It's built on the actuals from last year and the budget for the current year. This is all pulled together with the year to date actuals and a constant rolling forecast model which rolls up to peak. This is tweaked as we go and everything else is planned around that," he says.

"The forecast is the absolute driver for everything else in regard to resources, system requirements and people management," he adds.

RUNNING THE ENTERTAINER

The Entertainer operates with two distinct teams for its online operations with one focusing on the front end and marketing and the other on logistics. The teams work closely together but separately from the store teams with their own distribution centre (DC) fulfilling online orders. Another DC in Banbury, Oxfordshire, is used mainly for store replenishment. This is operated for the toy retailer by XPO Logistics.

However, while it's more efficient to fulfil online orders from the online DC, attached to head office in Amersham, stock across the business can be viewed as one pool by buying and merchandising for planning purposes and channelled to wherever it's needed.

"We don't exist to operate what's ultimately logistical efficiency. We exist to sell toys so will efficiently move stock between DCs if that's the best thing to do for orders we may have, orders we are forecasting to get, pre-orders that we have already received or products that the stores are beginning to sell faster. We are very flexible with our inventory," says Williams explaining how product can be moved between the two warehouses which the company operates for online and store replenishment as well as out to stores for the fulfilment of click and collect orders. These click and collect orders are first fulfilled from store stock with customers able to collect their order 30 minutes after placing their order online.

Overall control of click and collect rests with the ecommerce team but the fulfilment system controls the decision over which part of the business fulfils the order.

Once the peak forecast is in place, the logistics team can start to plan the details such as the amount of pallets needing to be moved and therefore the amount of labour needed to move them through to the amount of orders to be fulfilled each day or down to an hourly level. The online fulfilment DC operates manual pick and pack so that it can handle a small toy car as easily as large dolls houses.

The amount of labour required therefore has to be factored in throughout the peak trading period so that temporary staff can be inducted, trained and be working to the same level as permanent staff by the time that peak really hits.

For The Entertainer, peak can amount to 10x the usual level of volume units through the warehouse and during a product launch can spike to 20x normal levels with pre-orders which need to be fulfilled. While these latter orders are easier to predict, issues in the supply chain such as stock arriving a few hours later than expected can cause problems. Williams explains that the average units per order can be less on days when pre-orders are processed though as customers may not have added anything else to their basket online. "It's quite a fluctuating thing," he says.

"The goal for us in peak is never to get further than a percentage of a day behind so that the order bank is never more than a percentage of a day's capacity," says Williams.

This means that at some times the level of personnel in the warehouse is higher than required but it also means that the company can continue to give customers the same level of service which it aims to keep to throughout the year regardless of the number of orders going through the warehouse.

When it comes to the 'must have product' at Christmas, forecasting is immensely important. While people in the business will have a good idea or opinion nobody knows what the product or group of products will be until they start taking off. Then there are issues of obtaining future supplies and getting it through the business fast enough. "If you have by fluke or by brilliance forecast very well then that makes it a lot easier because you have resourced every area of the supply chain adequately to move stock to fulfil the orders," he says.

However, the adverse can also be true since it's difficult to factor in change when logistics is operating at close to capacity during peak.

While increased sales are good for the business, Williams says that if spikes outside of the forecast happen around Black Friday it can cause issues with recruiting labour because the temp agency may not have available the number of people required – and then they have to be trained. "We have a week-by-week plan of the number of people to be brought into the business," he says. This on boarding is smoothed across the peak to make sure that people aren't taken on and then laid off again between peaks.

"In this industry – the toy industry – the peak is such a dramatic peak, that you have this great period of preparation but you quickly find out when you are in it just how good that preparation was," he says.

And with one of the biggest players out of the picture this Christmas, The Entertainer's operations are going to be tested as it manoeuvres to capture as much of the market as it can.

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*

MOVES AT AMAZON

AMAZON has launched Home Services, an installation and assembly support service, in the UK. The service allows shoppers buying more than four million products on the site to schedule installation or assembly support from a professional when they check out. The services can also be bought if customers have bought their goods elsewhere.

Customers in Greater London, Birmingham and Manchester will initially be able to book such services through an invite-only marketplace of professional service providers.

Pre-packaged services can be added to shopping baskets but customers are only charged when the job is complete.

The experts available will include general handymen, electricians, plumbers and home cinema specialists with new cities and services added over time.

"We're thrilled to be expanding Amazon Home Services to the UK as a simple way to book trusted, service professionals," said Scott Webster, general manager, Amazon Home Services Europe. "Following our successful launch in the US, customers have told us they love the convenience and peace of mind that comes with trusted, professional installation of their products. We're delighted to be able to offer this same experience to UK customers through a network of handpicked, local trades people and service providers."

Amazon has also launched a new programme aimed at helping individuals launch their own delivery business to deliver Amazon packages, whether they have previous logistics experience or not.

Available in the US, it claims that successful owners would be able to earn as much as $300,000 in annual profits, operating fleets of up to 40 delivery vehicles.

Owners will be promised delivery volume from Amazon, access to the company's delivery technology, training and discounts on assets and services such as vehicle leases and insurance.

The company has also announced that Prime Day 2018 will be on July 16 and will run for 36 hours, up from 30 hours last year. The day will include more than one million exclusive deals for Prime customers worldwide.

As well as extending the promotional period, Amazon is also adding 50% more Spotlight Deals globally – featuring its deepest discounts on top brands and the most popular products. The promotional event also focuses on small businesses. On Prime Day 2017, customers ordered more than 40 million items from small and medium-sized businesses worldwide.

Also new this year, hundreds of well-known and emerging brands around the world will unbox exclusive new items, content and special-edition products available just for Prime members for a limited time.

For the first time, US Prime members will also be able to celebrate Prime Day at their local Whole Foods Market.

MORRISONS HITS SOUTH EAST

MORRISONS has extended its home delivery service from north London into south London and the south-east, delivering into most of Surrey and Kent and a further two million homes. The company claims that the expansion now enables it to reach 70% of UK households.

Customers will be able to order from their computer, smartphone, tablet and their Alexa voice-enabled device.

Delivery in the south-east will be free initially and then will be charged for, with prices starting from £1. The company will also be offering a doorstop check service whereby customers will be able to confirm the freshness of the products before they accept them.

"Our aim is to make and provide affordable food for more and more people so we are delighted to expand our delivery service to more homes in the south east of England," said Matt Kelleher, Online and Digital Director at Morrisons.

Morrisons has also awarded a six-year contract to manage its wholesale logistics operations to DHL Supply Chain. The new contract will see DHL provide order fulfilment, store delivery and IT services to serve the retailer's wholesale operations, starting with 1,650 stores in the McColl's Retail Group. Those stores are exclusively served by Morrisons under its Safeway wholesale brand.

£7BN OF RETURNS

UK RETAILERS are seeing £7bn of purchases returned each year with a quarter of retailers (26%) saying they have seen a rise of returns in store and online over the last two years and the number of items returned up by 22% on average. The research by Barclaycard, says that 37% of fashion, footwear and accessory retailers report a rise in returns since 2016.

British shoppers spend an average £313 online on clothes but send back almost half (£146 worth). Fit was a major issue. More than a third (36%) of shoppers said retailers should improve online size guidelines and 35% that size should be standard across retailers. A further 16% want to see more technology used online.

Meanwhile, XPO Logistics is adding augmented reality to its Ship XPO consumer self-service platform in the US later this year. The technology can be used by shoppers to help visualise the best place for heavy goods such as sofas, beds and appliances to fit in their homes in an effort to cut return rates for such items.

"Augmented reality is another innovation that our retail and ecommerce customers can offer to consumers, providing more control over the shopping experience," said Troy Cooper, President, XPO Logistics.

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REVAMPING BONMARCHÉ

WOMEN'S VALUE fashion retailer Bonmarché has focussed on improvements in its supply chain and greater efficiencies within its distribution centre in an effort to reduce costs, the company said as it announced its year-end results.

Within its logistics operations the company carried out a strategic review in early FY18 which it says identified a number of opportunities to improve or modernise the operation and reduce costs.

Bonmarché started with what it called "a sharpened focus on improving the basics" such as reducing the number of steps needed to complete a picking operation, re-laying part of the distribution centre and increasing the picking and packing productivity of the ecommerce operation. Further initiatives are being carried out this year.

The company also introduced new suppliers in the last year aimed at delivering with a shorter lead time and improving agility at the retailer, allowing it to react faster to customer demands. The new model has also allowed Bonmarché to reduce stock levels, it said.

It held its first supplier conference in September 2017, aimed at delivering a consistent message to its suppliers and to encourage more exchanges of views. It said the event allowed it to address operations matters such as standardisation of boxes in which stock is delivered, improvements in which allows it to improve efficiency within its distribution operation.

Bonmarché also improved its delivery offer in the last year so that customers now benefit from free delivery above a certain spend threshold. The retailer said it would continue to test different thresholds which may alter at different times of the year or to coincide with promotions.

It said that further improving delivery options and making the whole experience slicker would be a key focus for the new financial year. The company plans to introduce an improved customer fulfilment option using a partner third party interfacing to its systems. It will release more details on this at its interim results in November.

AUTOMATING PETS AT HOME

PETS AT HOME is to undergo a major upgrade at its ecommerce distribution centre in Northampton with a £2.5m warehouse automation project.

The retailer has signed a deal with Conveyor Networks to install an automated picking and packing system spanning three floors. It follows a trifold growth in ecommerce parcel volumes in the last 18 months. Once implemented, the warehouse will be capable of supporting Pets At Home's future expansion plans of 100% growth in parcel volumes over the next five years.

The UK DC is responsible for fulfilment of online orders, including subscription-based medicines. The system will include conveyor modules, packing machinery, automated label print and apply and intelligent routing and sorting. It will also include the software platform that will manage the interface between the PLC control system and the host WMS platform; imio software's MFC module (Material Flow Control) which controls the flow of data between both programs and will provide real-time operational visibility and tracking capability and is provided by Conveyor Networks' associate business – imio Software Solutions.

"Automating material flow and packing for our ecommerce and subscription-based medicines is a priority following our recent growth," said Terry Siddle, Director of Logistics and Distribution at Pets At Home. "It's vital that we can handle increasing orders and parcel volumes without causing compromise to our high customer delivery expectations," he said.

Pets at Home's own in-house fleet manages the majority of the retailer's click and collect orders to store, whereas home deliveries are handled by external carriers.

AO BOOSTS VANS

EUROPEAN ONLINE electrical retailer AO World has increased the number of deliveries of MDA (major domestic appliances) from its own AO liveried vans in the last year, boosting its brand presence the company said in its year-end results.

The company said it had continued to invest to create a delivery infrastructure that customers can depend on when they need it most – and that this had boosted its key customer metrics, such as customer satisfaction, as a result.

AO opened a new outbase in Bridgend during the year which it says will help to further improve delivery availability and services to its customers in the southwest, as well as reducing stem mileage and improving efficiencies in its logistics business.

It said its premium installation fleet, which not only delivers but also installs products for customers, had experienced strong growth over the period with improved lead times and an improving proposition.

The company's logistics business also won a distribution contract with a new third party client during the year – a new focus for income streams for the company.

To improve product ranges AO said it has also added a second drop ship vendor to its infrastructure which it says has allowed it to increase its computing range and bolt on new categories to AO.com.

This year it will see an increased focus on third-party logistics which will also see investment in coming years too.

Warehousing costs in the UK increased by £2.7m to £30m during the year, representing 4.4% of revenue. The increase included the full-year costs of two outbases opened in the previous year as well as the opening of the new Bridgend outbase.

Insight around the world

EMMA HERROD, EDITOR, INTERNETRETAILING

The US Supreme Court has ruled that sales tax can be collected from online retailers regardless of whether or not they have a physical presence in the state. This overrules earlier rulings that said that they were exempt from collecting sales tax from customers. The ruling is applicable to South Dakota following a case of the state vs online retailer Wayfair. Justice Anthony Kennedy said that the internet's prevalence and power have changed the dynamics of the national economy. "This expansion has also increased the revenue shortfall faced by states seeking to collect their sales and use taxes," he said.

Other states are expected to follow suit. Many leading US-based online retailers already collect sales tax in different states due to having a physical presence in the form of a warehouse or stores.

Meanwhile, Amazon and Whole Foods Market have extended free two-hour delivery of groceries from Whole Foods Market through Prime Now in Baltimore, Boston, Philadelphia, Richmond, Chicago, Houston, Indianapolis, Minneapolis and San Antonio. Along with the free two-hour delivery, members of Amazon Prime can pay $7.99 for one-hour ultrafast delivery if they spend $35 or more. Deliveries are made between 8am and 10pm. The service, which launched earlier this year, is now available to members of Amazon Prime in 19 cities. The companies plan to continue expanding the service across the US throughout 2018.

"We've been delighted with the customer response to free two-hour delivery through Prime Now, and we're excited to bring the service to our customers in Baltimore, Boston, Philadelphia and Richmond," says Christina Minardi, Whole Foods Market Executive Vice President of Operations. "Today's announcement is another way that we are continuing to expand access to our high-quality products and locally-sourced favourites."

Also in the US, department store Neiman Marcus has seen total site traffic increase by 17.9% in the past year. This increase is even more significant as it is primarily due to an increase in direct traffic, which grew 50% between March 2017 and March 2018, according to SimilarWeb. Its blog reports: "Direct traffic is a huge indicator of brand loyalty, and its growth shows huge online success for a brand that is primarily offline. We've been able to identify that over the past year Neiman Marcus has successfully invested in strategic keywords that have both leveraged brand exposure and luxury associations, correlating with increases in brand loyalty."

In the EU, Forrester predicts that €1 trillion of EU retail sales will be digitally impacted by 2021. The analysts forecast that 55% of EU retail sales will either take place online or be digitally influencing offline sales by 2021, as an increasing number of customers spend time researching online before purchasing. In addition, smartphones and tablets are expected to influence €620bn (£546bn) of retail sales in 2022, up from €306bn (£269bn) in 2017. These will account for 81% of all digitally-influenced retail sales.

Carrefour and Google have signed a strategic partnership to innovate on new distribution models and commerce experiences for shoppers in France. This will see a new grocery shopping experience launch in early 2019 utilising Google Assistant, connected speakers like Google Home and a new experience on the Google shopping website in France. Working from a new innovation lab in Paris, which is due to open this summer, Carrefour engineers will work alongside Google Cloud AI experts to co-create new consumer experiences.

Trouva, a curated marketplace for UK bricks and mortar boutiques, has expanded to Berlin. The move connects an initial 20 independent fashion and homewares boutiques with online shoppers. The expansion marks Trouva's first step in becoming a "global destination for the best of independent retail" following investment of $10m (£7.57m) through Series A funding.

Boutiques selling through the Trouva platform can access the company's in-store inventory management software, real-time logistics platform and AI machine learning, along with offering same-day click and collect and worldwide shipping for customers.

At the other end of the scale, Chinese marketplace JD.com has taken over an entire freight train to move products from Europe to customers in China. The company says that the China Railway Express was faster than sea and cheaper than air when it completed its inaugural journey from Germany to China.

Since JD handles all customs procedures, retailers and suppliers also benefit from a one-stop shop service solution, with JD handling every aspect of the freight process from the train station in Germany to the consumer's doorstep in China. JD is also building out a transfer centre in Hamburg to extend this convenience to more merchants across Europe.

Moreover, the train functions as a mobile warehouse; as soon as goods are logged and loaded onto the train in Germany they can be listed for sale immediately on JD.com's ecommerce platform in China. This means that consumers can place orders for the products even while they're in transit, shortening wait times for consumers while further reducing warehousing costs and increasing stock management efficiency for brands and retailers.

Liu Han, General Manager of International Supply chain, JD Logistics says, "At JD, logistics innovation and efficiency is all-important because we know that speed, cost and choice are what matter most to our suppliers and our consumers. Through our use of a train Germany to China fully dedicated to carrying goods destined for JD.com, we are dramatically reducing the time to market for European retailers and suppliers and providing our consumers with even more product choices at cheaper prices. With demand for imported European products soaring on JD, we expect to launch a regular service later this year and we look forward to seeing this train make many more trips in the months and years ahead."

JD has also partnered with electric vehicle company NIO to enable deliveries to be made to a car boot. The new service allows customers to have their purchases dropped off in the boot of their car, whether their car is parked at home, at the office, or in a wide range of other approved areas.

GARY TERVIT, INTERNATIONAL DIRECTOR, P2P

UK retailers wishing to explore the lucrative Australian market are now obliged to negotiate new import tax laws. From 1 July 2018, Australian goods and services tax (GST) has applied to consumer sales of low value goods imported by consumers into Australia.

According to figures from the Office for National Statistics, Australia was the UK's 16th largest export market in 2016, with £8.6bn worth of goods and services accounting for 1.6% of total UK exports. The new goods and services tax is designed to give Australia's domestic businesses a level-playing field in recognition of the continued growth of online sales.

GST applies to any business that sells more than A$75,000 (£41,930) of taxable supplies a year to consumers in Australia. These rules also extend to electronic marketplace providers (or 'electronic distribution platform' providers such as eBay) and goods 're-deliverers'.

Previously, imports of goods worth less than A$1,000 (£559) were exempt from GST but, under the new legislation, Australian consumers have to pay 10% GST on all online goods bought from overseas. As a barometer, Australians spent around A$40m (£22.43m) on such items online in the last financial year.

The new GST ruling places an administrative burden on overseas retailers looking to sell to Australia. These businesses will need to register for GST, charge it on sales of low value imported goods, and lodge returns and remit the GST to the Australian Taxation Office. Retailers will have to declare the 10% GST on receipt and commercial invoices to consignees. As with any tax process there is pressure to ensure compliance, with penalties for businesses that don't comply.

ANTHONY CAPANO, MANAGING DIRECTOR EU, RAKUTEN MARKETING

Globalisation is nothing new. With key markets such as the UK and the US already well developed, many brands are looking beyond their traditional customer bases in search of new opportunities and sources of growth.

Thanks to the evolution in ecommerce platforms, translation tools and most importantly, freight forwarding, overseas shoppers have abandoned their concerns around confusing websites and long delivery times. They now actively seek out products to buy from UK brands, based on the promise of quality and value.

Based on interviews with over 400 UK marketers, Rakuten Marketing's 'New Horizons' report examines business readiness in response to growing demand in emerging markets for UK brands.

Among the key findings:

- 89% of UK marketers are now in a position where they are currently managing international campaigns. More than half (55%) are actively managing campaigns across Europe and a further 14% state they are also managing campaigns further afield;
- While nearly a quarter of marketers are in the privileged position of having a centralised global marketing team, just 11% say they have local marketing teams in overseas markets able to carry the responsibility for rolling out international campaigns. The majority (61%) are reliant on UK teams to take charge of global campaigns;
- Asia-Pacific (APAC) is a region that is quickly growing in importance for UK marketers. To reach APAC effectively, UK marketers are personally using WeChat (36%). Similarly, 30% have tried Weibo and 18% have tried Renren.

In the UK alone, more than 35% of transactions driven for Rakuten Marketing clients are now taking place overseas, highlighting the significant international growth opportunity for UK brands.

Image: InternetRetailing Events

Re:generate at the Internet Retailing Conference

The annual InternetRetailing Conference (IRC) is taking place in London in October. *Emma Herrod* **looks ahead to the event.**

This year has seen the end for many retail businesses resulting in empty shops on high streets across the UK and unemployment. As many financial reports attest, these are challenging times – even for those businesses reporting strong growth. Keeping up with consumer demands and expectations requires retailers to really understand their customers – as a group, a segment and down to the individual level. This impacts every part of the organisation from product selection to ways to shop and how and where channels engage shoppers.

The retail industry needs to continually look at the innovation that's required to stay ahead, the opportunities available and the skills required in what is a rapidly changing landscape. As Angela Spindler, CEO, N Brown Group, says earlier in this issue of InternetRetailing, "It used to be said of retail that if you stop innovating you go backwards but now it's more a case of if you slow down you're going backwards."

The industry is changing, but it is still retailing at its core, which is why IRC is looking at how retail and retailers can regenerate to become stronger and fitter for the new paradigms. Innovation, growth , customer engagement, beyond channels and delivery are all areas of focus at this year's one-day event which is being held at The Business Design Centre in London on 11 October.

The Conference applauds those in the industry that are winning, either through overall business transformation, or individual projects which highlight how aspects of retailing can be carried out more efficiently, closer to the customer, across channels or in totally new ways, innovating for the new wave of retailing.

Shop Direct, for example, has transformed from a catalogue business to the UK's second largest pureplay digital retailer with annual sales reaching £1.93bn. Its digital department store brands Very.co.uk, Littlewoods.com, VeryExclusive.co.uk and LittlewoodsIreland.ie receive an average of more than 1.3 million website visits every day, with 69% of online sales completed on mobile devices. Very, its flagship brand, grew like-for-like revenue by 14.6% last year, on the back of 15.9% growth in 2016 and 17.4% in 2015. This hasn't been achieved without changes and upheaval in processes, technology and staff.

Speaking at his first event since taking up the position of CEO at Shop Direct, Henry Birch will open the Conference as keynote speaker. Henry Birch was previously Chief Executive of Rank Group where he led the business

Image: InternetRetailing Events

through a wide-reaching strategic overhaul to create the UK's largest multichannel gaming operator. Rank Group now has a fast-growing digital core with revenues up 15% and profits up 60% in the last year alone.

Panel discussions which include leading retailers and brands Missguided, Alibaba and Google will give delegates the opportunity to ask their own questions. However, while the industry faces similar challenges, each business is different and the answer to every change in retail cannot be found by sitting in a room of PR-approved PowerPoint presentations. Discussing the trends and issues facing the industry has always been the focus for IRC, but this year the approach is being taken a step further with more opportunities for delegates to interact, to share their experiences and learning and to be challenged on key issues.

Delegates can join round table discussions focusing on specific issues and be challenged by industry leaders to share experiences, discuss challenges and together come up with possible solutions, tactics and ideas to take away and try in their own organisation. In a fail fast world, sharing what hasn't worked and why is just as important as projects that moved through to successful implementation.

"Delegates at the InternetRetailing Conference will not just listen to industry leaders, they will learn and be challenged by them as they ask questions in round tables and challenge sessions. We want the audience to be tired at the end of the day because they've been fully immersed in the discussion and go away fitter for market and the changes ahead," says Stuart Barker, Director, Internet Retailing Events.

IRC is taking place at the Business Design Centre in London on 11 October. More details can be found at www.internetretailingconference.com.

Image: InternetRetailing Events

Image: InternetRetailing Events