InternetRetailing September 2019
Issue 77

Internet Retailing

ISSUE 77 | SEPTEMBER 2019

VF: DIGITISING THE END-TO-END PRODUCT CHAIN

Velia Carboni, chief digital officer at VF Corporation, on balancing global digital requirements with the needs of individual brands and regions

INSIDE OUR 'PEAK' EDITION:

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ISSUE 77 | SEPTEMBER 2019

Editor: Emma Herrod Tel: 07801 282729
E-mail: press@internetretailing.net
Editor, InternetRetailing.net: Chloe Rigby
Editor-in-chief: Ian Jindal
Design: Julia Webber
Commercial Director: Andy James
Group Creative Solutions Director: Marvin Roberts
Tel: 020 7062 2525
E-mail: andy.james@internetretailing.net

InternetRetailing Media Sevices Ltd,
2nd Floor, St Mary Abchurch House,
123 Cannon Street,
London, EC4N 5AU
Printed in Great Britain
ISSN 1759-0582

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Editor's comment

Shopping peak 2019 is nearly upon us. From Black Friday to decorating the halls with boughs of holly to the tune of supermarket and department store TV adverts, the shopping fest of Black Friday – and it's preceding weeks' margin-slashing offers – are all ready for implementation.

In this issue of InternetRetailing magazine we look ahead to the peak season, draw insight from 2018's figures and investigate the key areas that digital is changing for retailers at this time of year.

Andy Mulcahy, strategy and insight director at IMRG, shares his insight into the figures, looks at whether Black Friday is now 'over' and examines whether retailers have to get involved with the weekend of offers.

A study by Yieldify has found that retailers are looking ahead positively to peak 2019 with many expecting an average 25% improvement on 2018 Black Friday revenue. The report for which it spoke to retailers in the US as well as in the UK, predicts that retailers will see growth of 28.6% for the peak shopping season as a whole. Less than 10% of are expecting flat or negative results for Q4 2019.

However, US retailers were among the most optimistic, with almost half predicting a revenue boost of between 25-75% on last year, versus just 33% who predict the same in the UK. Pureplay ecommerce retailers were less positive than multichannel retailers, with one fifth predicting no change.

Two areas which have grown in popularity amongst retailers and consumers in recent years are pop-up stores at Christmas time and signing up friends and family for gifts which continue all year. Stephanie Heasman, director of customer success, Feefo examines the growth of the subscription model and how Lifebox Food uses reviews to gain insight into its personalised products.

Ian Tomlinson, CEO, Cybertill, meanwhile, explains how retailers are using pop-up shops as a tool to drive sales, both online and off.

As Heasman says, customer insights play a major role in subscription box growth. "If you don't know your customers you are sunk," says Howard Rawlings, managing direct of wellness box business Lifebox, adding that maintaining competitiveness and reducing churn in the subscription box business can be challenging.

Paul Skeldon, InternetRetailing's mobile editor, investigates peak from a mobile perspective and the experience that shoppers in 2019 expect.

September is the month that new payments legislation was supposed to come into force. PSD2 puts the responsibility for fraudulent transactions firmly on the shoulders of retailers operating online and requires the majority of transactions to be secured with additional information – not just a CVV number. Either by checking each transaction above £30 in real-time with the cardholder's bank or by verifying the cardholder's identity through a second secure method such as something they have, know or are, the legislation was due to shake up the customer experience.

The industry has been given an 18-months extension – which is good for the run up to Christmas when retailers don't want an increase in cart abandonment – which also allows time to investigate the opportunities that PSD2 offers. I look at this and other changes in the payments industry that will impact retail over the next year.

Of course, global brands have to monitor changes such as these across the world since changes in one country can impact other markets as well as cross-border trade. Velia Carboni, chief digital officer at VF Corporation, spoke to me about how the global company balances global digital requirements with the needs of individual brands and regions during one of the most significant periods of transformation for the company.

With brands including Vans, The North Face and Timberland, VF is trying to speed up the end-to-end product chain bringing consumer feedback into the process earlier in the production cycle while also using digital to reduce time and travel for designers. A range of digital technologies have been incorporated into its new offices in London, the learnings and insights from which will feed back into a centralised team to drive innovation across the group.

Innovation and tech enablers is one of the themes for this year's InternetRetailing Conference which is taking place in London on 10 October. New markets, customer engagement, loyalty, customer experience and omnichannel will all be covered in what looks like another interesting event bringing together the retail industry for round-table discussions and workshops. The team at IR Towers looks forward to seeing you there.

Emma Herrod
Editor

NIKE JOINS SUBSCRIPTION ECONOMY

Nike has launched an online subscription service for children's shoes, joining the growing number of retailers using the model as a new way of selling to customers. Nike Adventure Club will allow children aged roughly between two and ten to select new shoes when their feet grow or according to their changing tastes.

Customers sign up to one of three tiers of the service online, each of which has a different monthly fee and allows them to rent a certain number of shoes per year. Customers who like the shoes can keep them.

The plan includes free shipping and returns, with a twice-yearly shoe drive allowing customers to hand back worn-out shoes.

Dominique Shortell, director of product experience and retention for Nike Adventure Club, said: "In providing footwear, we're always trying to answer, 'What do kids want? But an equally important question is, 'What kind of experience are we providing for their parents?' We want to make shopping for footwear as convenient as possible for them."

Dave Cobban, GM of Nike Adventure Club, said: "We see Nike Adventure Club as having a unique place within Nike, and not just for it being the first sneaker club for kids. It provides a wide range of options for kids, while at the same time, it removes a friction point for parents who are shopping on their behalf."

Tchibo announced in May it was extending its clothing rental programme to new products after a successful year-long trial. The German clothing retailer said that the first year of Tchibo Share had shown the size of shopping carts and conversion rates "rising steadily".

The retailer now plans to expand the range every six weeks, with new categories of children's sporting wear set to launch on 21 May. The company will extend the range of women's clothes on offer as well as offer holiday products.

IKEA announced plans back in February to trial leasing furniture to customers.

PROFITS UP AT DUNELM

Dunelm has reported that its focus on customer experience, both in store and online helped it to grow sales and profits over its latest financial year. The homewares retailer, a Top50 trader in IRUK Top500 research, reported revenue of £1.1bn in the year to June 29, up by 4.8% on the previous year. Pre-tax profits of £125.9m were 35.2% ahead of last time. Online sales grew by 35.1% while store sales were up by 7.7%. In the fourth quarter of the year alone, store sales were up by 12.1% while online was 37% ahead.

Over the past year Dunelm says it has focused sharply on its core Dunelm business, closing the Kiddicare and Worldstores websites – which it bought in 2016 for its commerce platform – and transferring product lines to its Dunelm.com website, while also investing in digital marketing to attract Worldstore shoppers there too. The focused approach, said Dunelm chief executive Nick Wilkinson in his review, "enabled us to invest all of our energy back into the Dunelm brand, concentrating on one supply chain and one website. In so doing, we significantly tightened our operational and commercial grip on the business."

Dunelm multichannel sales include revenues from online home delivery, in-store reserve and collect revenue and from sales made in-store via tablets, and accounted for 17.4% of total sales during the year. That's up from 13.5% a year earlier.

During the last year, Dunelm promoted its online services in-store by increasing its "customer hosts" to 1,200, training them to help shoppers buy from its extended range – 55,000 lines compared to the 30,000 stocked in store – via in-store tablets.

The retailer is to launch a new digital commercial platform during its current financial year that it says will enable it to "catch up" on convenience, not only offering click and collect but also adding more complex services such as paying for items stocked in store online ahead of collection, or buying a basket of items online with a range of different fulfilment options. Future development will focus on customer-focused improvements that drive conversion, frequency and basket size. "We view digital development as driving store sales as much as our online sales and will continue to invest in developing our offer across all channels," said Wilkinson.

AO MOBILE LAUNCHES

AO launched its own mobile phones business, AO Mobile, which it says will be a "gamechanger" for customers.

The new company is built on the foundations of Mobile Phones Direct, which AO bought at the end of last year. AO says that customers are turning online to buy their mobile phones, and its service is intended to cut through confusion that it believes customers can experience in the process, while promising lower prices than multichannel retailers who have the costs of operating on the high street.

AO founder and chief executive John Roberts said: "This is a game changer for customers because we've built AO Mobile for today's world. Customers tell us they find buying mobile and connectivity complicated. We're making it easy to choose what's best for them with easy-to-understand pricing and fantastic service.

"We can make it cheaper because AO Mobile customers don't have to pay for hundreds of high street stores with thousands of sales staff."

Roberts also argues that mobile phone customers will benefit from AO's customer service levels, as reflected in more than 100,000 Trustpilot reviews rating AO as excellent.

Roberts said: "When it comes to telecoms, buying a mobile is a minefield of confusion and pretty average service. Customers deserve better and that's where AO Mobile comes in."

AO bought Mobile Phones Direct (MPD) last year in a £32.5m deal and says that by then it was already the UK's largest online mobile phone retailer. At the time it had a customer base of 1.25m customers and around 13.6m visits to its two websites, as well as contractual relationships with the four UK mobile network operators as well as handset distributors. MPD started trading 27 years ago and its team is now running AO Mobile.

DEBENHAMS CEO TO BUILD ON CUSTOMER REACH

Debenhams' new chief executive says its turnaround strategy will focus on brand, differentiated products and "broad customer reach".

Stefaan Vansteenkiste, who was named as the new leader of the troubled department store, said the business was realistic about the challenges facing it.

"The retail industry faces a challenging environment and everyone at Debenhams acknowledges that," he said. "But we have a clear plan and Debenhams has a great team of people who are committed to delivering it. I am very excited about Debenhams' strong prospects and with a restructured balance sheet there is a robust platform from which to build a turnaround, based on Debenhams' clear brand focus, broad customer reach and differentiated product offer."

Vansteenkiste joined the company as chief restructuring officer in April, the month that it went into administration and handed control to its lenders. Since then he has been working with the executive team on a new turnaround business plan. His experience includes time as a turnaround expert and managing director at professional services firm Alvarez & Marsal as well as previous experience in the role of both chief executive and adviser at retailers and consumer brands including Bally Shoes, Diam International and Intertoys.

Chairman Terry Duddy will work with Vansteenkiste on the handover before stepping down from the board in September. Duddy, who previously ran Argos owner the Home Retail Group, joined the Debenhams board in 2015 as a non-executive director, before later taking on the role of executive chairman. He took over as interim chief executive when previous chief executive Sergio Bucher left following the group's move into administration.

The turnaround plan follows a Debenhams Redesigned strategy, unveiled in April 2017, which envisaged Debenhams becoming a social shopping destination, using mobile at the centre of the plan that aimed to give shoppers more reasons to come into stores. At the same time it also aimed to make operations more efficient.

TAKING FASHION OUT OF ADMINISTRATION

Boohoo acquired Karen Millen and Coast out of administration while Sports Direct bought Jack Wills in August. Boohoo said it had paid £18.2m in cash for the online business and association intellectual property rights of Karen Millen Fashions and Karen Millen Retail after they went into administration. They had previously been put up for sale by Icelandic bank Kaupthing.

Boohoo says that the online business of the two brands will complement its existing multi-brand approach while helping it in its ambition to lead the global online fashion market. Boohoo already owns Nasty Gal and PrettyLittleThing.

John Lyttle, group chief executive of the Boohoo Group, said: "The acquisition of the online business of two great and renowned British brands in Karen Millen and Coast represents another milestone in the group's growth story as it continues to invest in its scalable multi-brand platform and gain further share in the global fashion ecommerce market."

In the year to February 28 2019, the Karen Millen holding company, Karen Millen Holdco 1, turned over £161.9m and turned in an operating loss of £1.4m, according to figures cited by Boohoo today. Karen Millen and Coast together made revenues of £174.1m, with direct online sales of £28.4m.

Meanwhile, Sports Direct bought Jack Wills out of administration for £12.7m - its fifth major acquisition of the last 12 months.

The latest transaction gives Sports Direct direct ownership of the kind of brand that it would like to feature in its 'multichannel elevation strategy', a plan which chief executive Mike Ashley says is the retail group's response to brand insistence some years ago that it should move away from the traditional 'stack them high, sell them low' discount model and instead sell through a new generation of stores.

The move to buy Jack Wills gives it a direct route to gain as much branded clothing as it wants. The retailer is likely to sit alongside its other premium lifestyle brands including Flannels, Cruise and Van Mildert.

EUROPE LEADING THE WORLD

Europe leads the world in mobile shopping with 67% of retail traffic coming from this channel, compared to 59% in the US. But, much of it is driven by young people shopping in stores, finds a study by Bazaarvoice.

The international study, conducted among 2,500 respondents in the US, UK, France, and Germany, finds younger consumers ages 15-24 around the world join older consumers (65+), as those most likely to shop in store and in shopping centres in the run up to this Christmas.

Sophie Light-Wilkinson, VP Marketing EMEA at Bazaarvoice comments: "More and more we're seeing consumers rely on mobile to verify products they're considering in-store. With the majority of shoppers around the world (63%) stating they will complete the bulk of their holiday purchases online, digital marketers must interrogate any assumptions they've made about the online path to purchase."

In the UK, almost a third (32%) of consumers claim they will complete 'the majority of purchases' in physical shopping centres. In particular, they are more likely than the global average (26%) to pick traditional mass merchants such as John Lewis and Debenhams (30%).

When asked how brands could improve the holiday shopping experience, UK respondents picked improved convenience (61%), such as self-checkout and the option to buy online and pick-up in-store. Faster, more efficient shipping solutions were also chosen by 56% of respondents.

5G TO DRIVE EMERGING TECHNOLOGIES

The intrinsic capacity of the fifth-generation cellular technology – or 5G to the its friends – to connect the internet's end systems with enhanced data flows and faster response times will unlock the full potential of emerging technologies, according to analysts at GlobalData.

GlobalData's Disruptor Tech Database reveals how 5G can influence the deployment of emerging technologies, notably Internet of Things (IoT), autonomous vehicles, robotics & drones and virtual reality (VR).

According to Archi Dasgupta, director of disruptive tech at GlobalData: "In addition to the striking speed, which enables data transmission between two end systems almost instantly, 5G's ability to connect thousands of such devices at once with lower latency, higher reliability and lesser battery consumption lays a strong foundation for the effective adoption of emerging technologies."

5G can fill the gaps in 4G with virtually instantaneous response times essential for IoT and for robots to process more data in real-time, absorb new things and better communicate with the real world.

The widespread adoption of VR depends on reliable 5G networks as the immersive technology consumes huge data. The VR head-mounted displays currently require a powerful PC to run and store, which means the experiences are confined to a location and requires high power. The edge cloud capabilities of 5G look to have a solution for all these problems.

Dasgupta concludes: "While the commercial adoption of 5G for broader industrial applications is expected to take off in the early 2020s, its mainstream adoption could take longer due to several hurdles – the most crucial being cost. As the technology uses a totally different wavelength and needs much higher bandwidth compared to 4G and 3G, it requires network operators to replace the entire existing infrastructure. However, 5G adoptions will increase gradually and complement the effective implementation of emerging technologies."

CONNECTING SHOPPERS & RETAILERS ON MESSENGER

Facebook is looking to connect the 40 million active businesses on its site directly with consumers using Messenger, as it phases out the discover tab. It is hoping that this will help it boost commerce on the site.

"We want to make it more seamless for people to reach out to businesses on Messenger in places where they're already looking to connect," explains Facebook in its blog, of its decision to kill off the Discover feature. "We will put more investment into tools to connect people and businesses — including updates to m.me links, web plugins, various entry points across our family of apps, as well as ad products — that lead to Messenger".

Among the services available to businesses will be lead generation tools, appointment making tools and offer access to customer service chatbots, the company announced earlier this year at its F8 developer conference.

The lead-generation tool will come as a Messenger template within Facebook Ads Manager. This allows businesses to create experiences that can also help qualify leads in Messenger and then continue conversations in the app or integrate with existing CRM tools to track the leads further.

Appointment booking, meanwhile, is only now launching into beta with select developers and businesses. The big draw here is that it could see Messenger conversations turned into in-store traffic, as well as online and phone appointments. The feature will be launched globally to all developers later in the year.

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*

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VF: digitising the end-to-end product chain

***Velia Carboni**, chief digital officer at VF Corporation, spoke to Emma Herrod about balancing global digital requirements with the needs of individual brands and regions during one of the most significant periods of transformation for the company.*

From Vans to The North Face and Timberland, VF is home to a number of iconic outdoor brands. All have passionate fan bases such as owners of Vans footwear who keep old shoes because of the emotional engagement connecting a pair to a specific event or moment in life. The North Face – the climbers' brand that incorporates a cliff face from Yosemite National Park in its logo – has expanded into clothing for hiking in the outdoors and in the urban jungle. Timberland is spearheading the group's move to more sustainable materials and the circular economy.

They are all using digital in their own way, embracing online as a sales channel and digital technologies in store. Now, however, the supply chain is bringing the brands together under one digital project reducing the product development cycle and potentially moving customer feedback closer to the manufacturing stage.

A combination of VF's current design software and gaming technology is enabling 3D avatars to be rendered wearing the clothing being designed. This not only shows the designers how the end product

© VF

3D avatars are informing the designers and the factory reducing production times and could be used in stores or to render 2D images for digital channels

will look in the chosen fabric, but also informs the factory that's manufacturing the items how they should drape.

The project has cut out a lot of physical travelling and materials wasted between design and prototype since everyone knows earlier in the process exactly what the finished product will look like. They can zoom in or out, move around the garment and change how it looks under different lighting conditions indoors and outside in natural light.

Because the avatar is made to a specific fit model for the business with numerous measurements ensuring that the 'body' wearing the clothes is correct for the brand, it can be shown on digital screens and could also be rendered as a two-dimensional image on the website or other channel without the need for additional photography. Again, speeding up the supply chain and reducing the time to market. Previously, it took six weeks to move from product design to a prototype being manufactured. Vans, Timberland and The North Face are currently using the avatars before they are rolled out to the other brands in the VF group.

The images could also be shown on social media to gain a view from end consumers before being manufactured, explains Christopher Raeburn, creative director, Timberland. This is something that the brand has tried with its Construct:10061 project, which saw designers working directly in the factory in the Dominican Republic with finished product ready for consumers to feed back on in just four days. Raeburn admits that scaling this is not easy but the business does want to move to a place where designs can be shown to consumers before they are manufactured.

The level of risk involved in the long lead times of design and manufacture of products is phenomenal, he explains, so the industry needs to work towards a more agile way of producing stock that consumers want and will have an emotional connection to.

The 3D avatars go some way to shortening those lead times. They are being shown initially in VF's recently opened Axtell Soho brand showcase as a way for its wholesale business buyers to experience the brands and to engage with them and the product stories.

Each brand has its own floor showcasing the latest products and their environmental credentials with the brand stories being told through a mix of physical product and digital technology. Screens are everywhere.

How the wholesale business customers engage with the avatars and other technology being used to tell the brand stories in the London building will be fed back to the central digital team as part of a


© Timberland

Timberland is leading the group's move to more sustainable materials and the circular economy

test and learn process. That connection between the channels "is the most important thing, and ensuring that we bring all that data back into one centralised, secure place and leverage those insights to really drive innovation – whether that's in product or experience – is the game changer," explains Velia Carboni, chief digital officer at VF Corporation.

VF is embracing a test and learn culture and Carboni says it has to "continue to iterate and learn quickly and then start to scale" where relevant.

The technology in London is part of the storytelling that each brand wants to get across to its end consumers, she explains, adding that "it's the pinnacle of brand expression, of really storytelling and talking about what our products have to offer".

Digital connectivity is going to be critical to ensuring that the same messaging is seen across all channels, she explains. "At the end of the day, it's the same product and we should be talking about that with a consumer lens from the very conception of the product through to when we deliver it to the consumer, regardless of the channel which they are purchasing from, whether it's our owned properties, stores or online, or whether they buy it through one of our partners. It's still the same product."

Carboni adds: "We have a corporate responsibility to ensure that product represents who we are as a company and that it's truly meeting the need of our consumer."

BALANCING THE TEAMS

The digital and IT teams across the group work within a centralised framework that is decentralised physically with expertise embedded within the regions and individual brands depending on their expertise and the requirements of the region or brand. Technology – such as infrastructure, web services, mobile apps and toolkit items which can be used by the individual brands as they wish – is developed by a core team and accessible to all. The brands keep their own autonomy and are responsible for telling their own brand story and day-to-day trading.

This move of bringing everyone together under one umbrella has been very important for the business from a technology point view, says Carboni. In business today, she explains: "you can't say 'here's the digital team and here's technology' as it's hard to separate the two." She says that in terms of omnichannel services such as click and collect, elements that were once thought of as back-end systems such as inventory management have to be fully integrated. "You can't do digital without the inventory management," she adds.

Having a single team enables the company to make the most of the technologies and knowledge from each region or brand and to use them across the group as a whole without requiring each area of the business to duplicate work that has already been undertaken elsewhere. "That's a big cultural push that we're doing today because there's no reason to reinvent the wheel," says Carboni, adding that it's more important for the group to have ecommerce expertise in the US than in China where Tmall is the dominant channel. She believes that it wouldn't make sense to set up ecommerce in China but there is knowledge gained – such as from mobile – that can be integrated into other parts of the business.

The important thing, she adds, is that as chief digital officer she can access the best-of-breed technology and learnings as necessary.

PLATFORMS

Carboni's role has been made more challenging since VF has acquired a number of brands in recent years which have each brought with them their own technologies and ecommerce platforms. While it makes sense to centralise some systems – such as a product information database with shared attributes – as the company continues its move to a global product company, others have to be deployed with a local view, such as cloud or anything that is differentiated by security legislation or privacy rules.

"Our goal is to be smart about where we centralise," she says. "We want the brands to have the tools that they need in their toolkit to be able to deliver on that brand storytelling and experience and not have to worry about this or that platform. That toolkit will be accessible to every brand in each region. What we choose to do will be very brand or region specific."

She adds: "Centralisation allows us to scale quickly and do more things and not have duplication in the technology stack." It also means that the corporate digital function is responsible for modernising VF's technology stack and it is doing this by using APIs, micro services and the cloud.

VF can, therefore, stay ahead of technological changes and innovations and if necessary test new technologies in different markets or in its own digital lab without each brand having to do it itself. So in some areas, the corporate team will lead while in others the technology requirement will come from a region or brand. There is two-way dialogue and transparency between the brands, regions and corporate function ensuring that everyone knows what is being delivered and that it is what the brands need.

Technologies such as 3D and AR are all "super important" but "at the end of the day it's about driving the engagement with the consumer".

Carboni is excited about how data and analytics can drive the business and the insights they can deliver, especially in the areas of digital product integration and customer engagement. Footwear brand Vans, for instance, enables shoppers to customise their shoes with different colours and artwork before buying them online. The same theme being seen repeatedly highlights a product gap.

Data can be harnessed from different points, including VF's own channels and the marketplaces through which it sells. This data can be used increasingly to drive experiences and product with consumers and with shoppers such as its existing customer base. She's excited about what data and analytics can unlock for VF and how that will help it to increase contextual relevancy for each consumer and build relationships. "I think of it like a marriage. You have to work on these relationships; it's not a one-time transaction," she says.

The team is experimenting with machine learning and AI as well as having teams of data scientists working both centrally and within the regions and individual brands. She says that technology won't replace people. It will help an assistant in store, for example, to have a more relevant conversation with each consumer, knowing who they are and educating them about what matters most about the brand.

WHO IS VF?

VF is 120 years old and is known mainly for its brands: Vans, The North Face, Timberland, Kipling, Icebreaker, Williamson-Dickie and Altra, among others. Its denim businesses, Wrangler and Lee, were hived off as a separate entity under the Kontoor Brands name earlier this year.

In the past year alone, VF has bought and sold 10 companies. It proves that big business can change, says VF group president EMEA Martino Scabbia Guerrini, adding that "agility and speed is what we need to do more of".

VF is working to a business transformation strategy which sets out its ambitions for sustainability, a focus on Asia – particularly investing in China – and elevating its direct-to-consumer business by prioritising digital through to 2021. Digital marketing and consumer analytics will be leveraged to gain a better understanding of customers and "to meet consumers where they are".

It expects that by 2021, digital will contribute more than half of the business's total growth.

"We are ahead of the strategy," says Scabbia Guerrini, and some brands – Vans, Timberland and The North Face – are "delivering beyond" their expected growth rates.

The UK is VF's main market in Europe, accounting for approximately 20% (£500m) of its revenue in the territory. The target for 2021 is for it to reach 23%. London itself represents 20% of the company's total revenue in UK with Vans leading the business.

VF operates 57 of its own stores in the UK, 20 of which are in London.

The group is still being challenged culturally as it moves from large-scale technological projects which are quickly deployed across large parts of the business, to remaining focused on a few "really important" things in a test and learn process. As Carboni says, it's very costly to do things in the way that technology companies did in the past. "We can do all the testing we want but there's nothing like testing something live in a store setting or online. Getting into that framework and not getting caught up with 'I have to get this out for everyone'. It's ok to test and learn before we scale. That's an important lesson for us to hold true as we move forward."

She says that with all the new technologies "it's like being in a buffet". Decisions have to be made about which technology is the most important. It's something that the industry is having to address and everyone is also having to work faster to move from test to scaling.

D2C GROWTH

Digital and direct to consumer are major parts of VF's growth plan. It is predicting an annual growth rate of between 10% and 12% for its direct-to-consumer revenue with digital across the brands increasing by 25%. This, says Carboni, will be driven by the teamwork between the brands, and corporate and regional functions working collaboratively in the consumers' interest.

"The central team has an obligation to deliver the right tools for the business to be able to bring the brand experiences to life, and they have the obligation to tell the story about the products and ensure they have the relevant products for our consumers," she says.

Balancing the global technological point of view with the individual requirements of the brands requires agile working. "It's a prioritisation exercise," she says, explaining how VF looks at the opportunity and balances that against the next opportunity in order to prioritise work.

"It's not a dollar thing; it might be delivering a better experience that later drives dollar. It's about focus, as we know we can't focus on one hundred things at once. It's about being choice full, and having a more consumer-centric model that says 'here's the problem or opportunity we're trying to solve, here's the value, the dependencies I have', and having a methodical framework for making the decisions."

Carboni's mantra is 'discipline before agility'. She says that if you have the focus and the framework in place it allows you to go a lot faster. It also allows for flexibility. And speed, agility and flexibility in a $14bn corporation with close to 20 global brands is something that many smaller retailers would envy. Added to it the authenticity, transparency and environmental credentials which many of the brands want to get across to consumers, along with the digital tools being put in place to tell those stories and the push with direct-to-consumer plus a will to close the gap between design and the consumer, and the future for VF is looking bright.

VANS

Vans is VF's fastest growing brand. It is also the most engaged brand on social media. It will be opening a flagship store at Oxford Circus in London later this year which the brand's creative director in EMEA Dirk Jacobs is calling a "big experiential space".

It will bring together Vans' focus on sport, arts, street culture and music as well as customisation through an area in which customers can gain inspiration from other people's work, engage with staff and come together in workshops. It's something which has been trialled already in Milan.

Digital will also be showcased in the store through screens and shoppers' ability to access the Vans website.

The brand has always focused on giving a great customer experience, and customisation fits the way Vans started and says a lot about "how we connect with consumers, giving them the best service possible and the best experience possible," says Jacobs. It gives consumers an "opportunity for them to talk positively about the brand".

© Vans

Ahead of the store opening, Vans has launched its Vans Family loyalty scheme in the UK, something which is already up and running in the US. This enables customers to give feedback after making a purchase, gain points and discounts, and access exclusive products and experiences – as well as engaging in the Vans CRM programme, of course.

VF's plans for the brand centre around looking at how it can remain loyal to its roots and meaningful as the Vans brand, how it can maintain growth and how it can continue to connect with its customers and reward them accordingly.

"There will always be the foundation of people who truly care about what we do and they will be the people we focus on," says Jacobs.

Research round up

*From predictions for peak 2019 to shopper loyalty, **Emma Herrod** looks at the latest research.*

Retailers are looking ahead positively to peak 2019 with many expecting an average 25% improvement on 2018 Black Friday revenue, according to customer journey optimization company Yieldify. It's report 'The Shape of Peak to Come' predicts that retailers will see growth of 28.6% for the peak shopping season as a whole.

The company surveyed more than 400 retailers in the UK and the US and found that less than 10% of them are expecting flat or negative results for Q4 2019.

US retailers were among the most optimistic, with almost half (49%) predicting a revenue boost of between 25-75% on last year, versus just 33% who predict the same in the UK. Pureplay ecommerce retailers were less positive than multichannel retailers, with one fifth (20.3%) predicting no change.

The report also found evolving attitudes towards the key events of peak season, namely Black Friday. While most retailers still plan on participating in Black Friday, a notable 22% of the more cautious pureplay ecommerce businesses said that they would be opting out. Those that do plan on participating will be offering fewer and smaller discounts than their multichannel counterparts.

Rather than a Black Friday bonanza, retailers appear to be spreading discounts across the quarter. Price-slashing activity will reach a peak during the weeks leading up to the Christmas period, when 85% plan to offer discounts. More than half (57.6%) of retailers are planning to offer discounts across their entire range during the Christmas period - higher than on Black Friday (50.6%) or Cyber Monday (44.4%). US retailers are more likely to favour this approach to discounting, even on Black Friday, with 61.9% discounting across all ranges versus just 39.3% of their British counterparts.

"The report attests to the trends we've seen in recent years with our clients - what used to be a race to the bottom for discounts has evolved into a more diverse set of approaches to the traditional peak season. With competition stronger than ever, it pays to be different as much as it pays to discount," says Jay Radia, CEO and founder, Yieldify.

The report found that regardless of the strategy, early preparation is near-universal this year. Over half (61%) of retail marketers have already started preparations for the holidays, with campaigns starting up to 3.6 months in advance (on 6 September). Overall, multichannel retailers were the most likely to start both planning and execution early: 52% of multichannel retailers had already started planning in July versus just 23.7% of pure-play ecommerce retailers.

LOYALTY

Meanwhile, almost 25 years after Tesco launched its revolutionary Club Card, a new report from Hawk Incentives reveals that loyalty schemes are as popular as ever. Supermarkets are still the main beneficiaries of the card-carrying public with 8 out of 10 consumers subscribing to a grocery reward programme, according to 'The Loyalty Evolution Report'. A massive 82% of people in the UK currently subscribe to at least one loyalty programme.

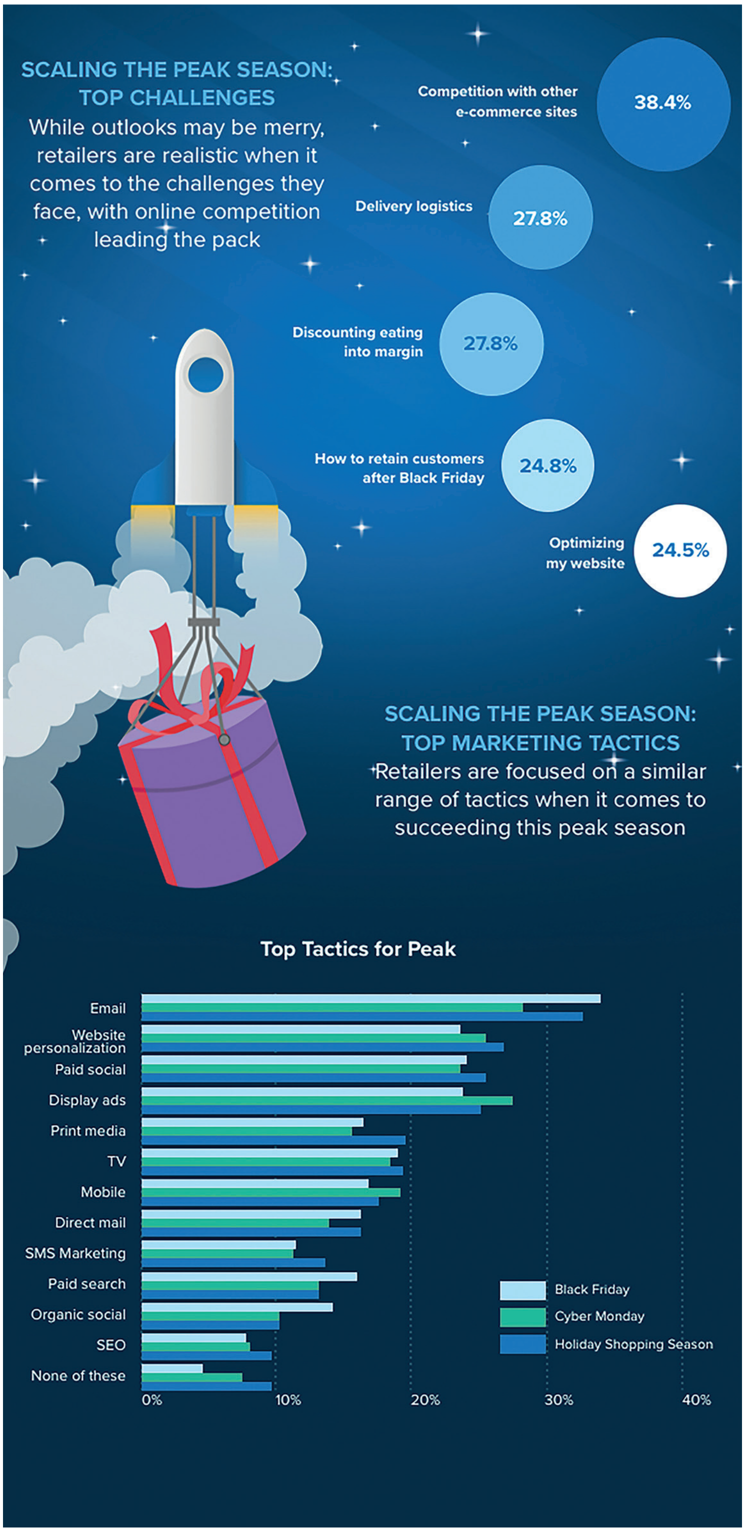
Over two thirds of people (64%) are signed up to between one and five loyalty schemes, followed by six to ten (14%), and eleven to twenty (2%).

The UK's burgeoning coffee shop culture is also driving consumer loyalty enjoying 42% of the share of the market, with restaurants in third place with 33%. Least popular currently are fuel schemes, with only 6% of the population subscribing. Technology schemes account for 8% and sports retail loyalty and rewards schemes 19%.

The study also revealed that 62% of people consider themselves to be brand loyal. Contrary to previous studies which have painted younger shoppers as more fickle, the Hawk report reveals that Gen Z, Xennials and millennials say they stay faithful to the brands they like or love. In fact, 77% of 25-34 year olds claim to be brand loyal and 70% of 18-24 year olds and 34-44 year olds.

Women are more likely to sign up to loyalty and reward schemes (85%) compared to 76%

of men. A lack of interest was cited by a fifth of respondents as the main reason for not signing up, with 17% citing a perceived lack of value. This is also a greater reason for men - 21% vs. 11% for women, as well as the older age group (24%).



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Older consumers 55+ are failing to sign up over concerns about the use of their data. Hawk Incentives' report finds that older respondents give stronger scores around statements relating to this. For example, 20% opted for "I am concerned about the use of my personal data (e.g. data breaches)", "I don't want to share my personal details with brands, and "I think it is just a reason for brands to capture my data".

Despite the rise of digital technologies, consumers would still prefer a physical loyalty card rather than a digital format. This is the case for both subscribers and non-subscribers. Over half of subscribers and 30% of non-subscribers said something in their purse or wallet was preferable to a smart phone app or another digital platform. Perhaps not surprisingly, non-subscribers don't really have a preference. But 46% said they would still prefer a physical card if they could choose.

"The fact that only 15% of consumers don't currently subscribe to rewards programmes shows loyalty schemes are still very much alive and kicking. However, it appears consumers' perception of them may have shifted as people become more concerned about data in the Facebook era," says Chris Ford, director of field sales, Hawk Incentives.

He continues: "What we do know is that brands that offer loyalty schemes which are relevant, offer choice, and are easy to access, create the best opportunity to engage an already receptive audience of active customers. Mining your data intelligently and sensitively to create targeted rewards and incentives will only make consumers more brand loyal and better brand advocates. Reassurance that their data is in safe hands is, of course, also key in the age of transparency.

"The preference for having a plastic vs digital card may seem surprising. It seems we've become habitual in our point of purchase use of physical cards. As we open our purses or wallets, reaching for cash or credit or debit cards, we see a range of cards and are therefore reminded to collect our points or redeem the value we've accrued. Though we're all app happy, we're less used to accessing them when transacting with brands, especially as most smartphone users have manifold apps on their phones.

At Hawk Incentives, we also believe brands' understandable reticence to 'club together' to create a cross brand smart wallet is also curbing the trend towards digital loyalty schemes. When this does happen we believe consumers will enjoy the nirvana of all loyalty schemes."

Social Commerce - from 'conversion' to 'conversation'

As social media becomes social commerce, new approaches are required for this front-line customer engagement. ***Ian Jindal*** *considers a changing perspective on social, from sales focus to customer focus.*

Consider a catchup between longstanding friends in a local restaurant. There's an exchange of news, updates on family and friends in common, mentions that each has lost weight and is looking happy and relaxed and how much that new top suits them. Stories are exchanged of holidays, work activities, scrapes and things they want to do, buy and experience. The only 'conversion' that evening is the till ringing in the restaurant as a four-top pays its bill for the first sitting of the evening.

The brands mentioned could not 'hear' the conversation and so are not lamenting the loss of a conversion event. The fact that it was not trackable (unless the restaurant's Alexa was listening in?) means that it didn't exist. However, we know as consumers that these conversations are a vital part of our commercial relationship with a brand: the mix of physical experience of products, the implied endorsement of the product by our friends and influencers, their stories over the experience of purchase and the emotional and practical reality of ownership, and how that experience changes over time... these are the fundamental truths of the pre- and post-purchase experience.

As more of our lives are exposed via social media and ever-improving tracking capabilities, brands and retailers have more access to these discussions and so can interject themselves into these conversations. In parallel, the social networks are offering sophisticated and seamless tools for commerce. Gone are the days of having to click on a promotional interruption to head to a vendor's website: commerce, promotion, payment and personalised recommendations are nearly invisible within the leading platforms. Instagram in particular is leading this charge: encompassing social, discovery, affirmation and promotion, it's an increasingly important channel for brands to interact with their customers - before, during and after the moment of sale.

These new interactions include:

- **Multi-narrative:** not only does a brand need to convey its own narrative and 'creation myths', but it needs to weave this into seasonal and topical activities, the customer's own narratives, and stories around the product lines. This is more demanding than simple copywriting and marketing blurb - it demands a consistency of tone and vision across many areas and narrative arcs.

- **Hosting:** much as a generous and considerate host listens to guests and brings the conversation back to topics of shared interest, so the social channel managers need to gently manage the levels of interest in products and purchasing. A standard promotional approach will appear cloth-eared and self-regarding. To run a social channel is to listen.

- **Authenticity:** while we might claim authenticity, it's really up to our customers to award us that accolade. It doesn't matter how well drilled we are in our brands "positions" and "messaging", this will fall apart over the myriad connections unless the values are genuinely held and expressed. For the social channel managers this authentic approach has to be applied while talking about new projects, dealing with questions, customer support and any other interaction. The front-line staff who work on the channel therefore carry our brand all day, every day.

- **Sustained conversation:** a social account that simply repeats promotional messages soon becomes tiring, just like a dinner guest that drones incessantly about themselves or the same old hobby-horse. Social channel managers need to converse with customers, fans, critics and partners over a period of years rather than seconds, covering the gamut of states in any relationship.

The social channels represent the fullest insights and relationships into our customers that we can have at scale, and we need to measure, resource and manage them accordingly.

It would be naive not to recognise social media as a performance and sales channel, however in the same way as stores have moved from pile-it-high stock depots to 'experience hubs', so too must the approach to social media evolve. While we seek the gratification of 'conversion metrics' we need to develop our 'conversation metrics' if we are to move from the moment of the sale to the lifetime value of our customers.

to their house.

Smurfit Kappa
Open the future

Glenn Lindfield
CEO at Cygnia

What does your company do and what is your USP?

Cygnia Logistics is a third-party logistics partner for ambitious brands that want to grow. We provide ecommerce fulfilment across multiple channels alongside custom packaging, personalisation and tracking services. Our USP is we always say yes; we love solving problems.

Which retailers do you work with?

We work with many household names helping them to deliver to store and direct to consumers nationally and internationally including Whittard of Chelsea, Feelunique, Revolution Beauty, Crabtree & Evelyn, Molton Brown, My 1st Years as well as with pure-play ecommerce operators such a Moonpig.

How would you describe your growth?

Cygnia Logistics has achieved average annual growth of just under 50% over the past five years. This growth is thanks to investment in its people and facilities to service the fast-growing e-fulfilment and ecommerce sectors.

2018 marked a significant turning point in the direction of the company as it introduced a new leadership team, launched a new brand and made significant investments in its warehouse and IT capabilities to help fast-track growth in its diverse customer base.

The company rebranded to Cygnia Logistics from Dalepak to reflect its evolution into a business focused on partnering with mid-size ecommerce businesses. Typically, prospects are at the point where they need to outsource their logistics to an expert partner who can help them to fulfil customer requirements seamlessly as their business grows.

What challenges are you addressing for multichannel retailers?

Many of our customers are experiencing sustained double-digit growth. This poses the challenge of scalability which is about being able to quickly adapt solutions to meet rapidly changing requirements.

CYGNIA IN BRIEF

Headquarters: Northampton

Turnover: £50 million

Employees: 600

Website: cygnia.net

At the same time, consumer expectations are growing exponentially. Fulfilment plays a big role in the end-customer's overall perception of a brand so it's critical to get every aspect right. Sustainability in packaging, fulfilment and logistics is increasingly important to brands as they become more accountable to their customers. This has significantly disrupted many markets, particularly multi-channel retail.

Their supply chain needs to be secure and resilient to help them grow their business and maintain and improve customer experience as they do so.

Last year we invested more than £500k in developing a state-of-the-art order picking solution to handle the increase in range for just one customer. This investment, aligned with our in-house experience and expertise, has enabled Cygnia to carve out a niche servicing particularly demanding sectors, such as beauty, where vloggers and influencers can create mini peaks in demand.

We can manage both micro and major peaks in orders, resulting in successful partnerships with brands that need to respond to increases in sales, driven by online reviews, social media influencers, planned promotional campaigns and seasonal milestones.

We have also continued to invest in our IT systems and are now looking to expand our warehouse footprint. We're continually exploring how we can use technology to support leaner operations, reduce shrinkage, optimise quality and stay flexible. We don't believe fixed models work in today's fast-changing environment and this approach serves us well. Brexit may disrupt supply chains but many of our customers operate globally and we feel well prepared for the changes ahead.

How are you using emerging technology?

One of the key factors that has changed in recent years is the role of social media influencers in driving personalised orders and micro-peaks and we have invested specifically to ensure that our customers can maximise influencer-driven sales.

Recently, we launched enhanced software platforms to provide greater real-time transparency and reporting on orders for customers.

The team has upgraded the existing Gateway, Sorted and Tableau systems to align with specific customer requirements and operational improvements.

We always like to push what's possible and make existing systems work hard for our customers. It's part of our ongoing commitment to continuous improvement.

Having an in-house IT team gives us a huge amount of flexibility in terms of the speed of onboarding staff and tailoring our capabilities to specific customer needs. Being able to offer a broad range of delivery options helps to reduce basket abandonment and ultimately increase sales.

What targets are you aiming to achieve in the next five years?

We want to continue our growth trajectory by diversifying our portfolio and focusing on sectors and markets that are predicted to grow, we can see a clear path to our continued development and lots of exciting opportunity.

Give us your one-sentence elevator pitch.

We help retailers navigate digitalisation and continue to thrive.

This Company Spotlight was produced by eDelivery and sponsored by Cygnia. 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

Revolution Beauty

Revolution Beauty is a British cosmetics, skincare and haircare brand. Stocked in 44 territories around the globe, Revolution Beauty is No 43 in the UK's top 100 growth companies.

The rapidly growing beauty business specialises in creating and developing products faster than anyone else, which makes it highly responsive to changing tastes. With much of its sales driven by social media, influencer and customer advocacy, lead times need to be flexible to meet peaks in demand and to match customer expectations.

The company appointed Cygnia Logistics in September 2018 to ensure seamless delivery of its products to customers with a 16-hour, five-days-a-week shift pattern to accommodate their predicted volumes. Revolution Beauty and Cygnia implemented the plan in around two months. Within two weeks of the service going live, Revolution Beauty was averaging 1700 orders per day at an average of seven units per order, with over 30,000 orders shipped in the first 18 days.

Within three weeks, those orders stepped up to three-fold requiring 24-hour, seven-days-a-week cover to keep pace. Average items per order also increased by 50%.

The stock keeping units (SKUs) in the range rose 60% which prompted the whole layout of the warehouse to change. Over the Black Friday weekend, the company fulfilled ten times the normal order level in just three days.

Or Lenchner,
CEO at Luminati

COMPANY SPOTLIGHT

What does your company do and what is your USP?

To remain competitive and relevant, global brands need data, which is primarily sourced from the internet. Whether for price comparison purposes or checking other companies' catalogues, a business must have open, unfettered access to the online domains holding this data.

Accessing this critical data is not that easy. Most of the time, if company #1 attempts to collect data at scale from company #2's website, company #1 will either be blocked or served misleading content by #2. If the average consumer visits #2's site, they will be able to view it with complete transparency. So, how can company #1 (and many others like it) leverage the kind of power held by consumers, and gain access to an open, honest internet?

Simple: an IP Proxy Network (IPPN). Luminati, the largest operator of this service, enables the leading retail brands, including Fortune 500 companies, the most prominent travel sites, and some of the most well-known names in security and advertising, to see the internet through the eyes of an average consumer.

We harness the power of 35 million IP addresses located in every corner of the world. Part of our global IPPN/ residential proxy network, these IP addresses belong to 35 million consumers, each of which has willingly opted in, in return for access to ad-free applications. Routing traffic via global consumers' IP addresses grants our 10,000-plus customers an unrestricted, transparent view of the internet: just like the view seen by their own customers.

We're also 100% transparent ourselves: Luminati requires clear explicit consent from its peer network, and we impose rigorous compliance procedures for all of our customers.

How do you deliver on this USP?

We make sure you never get blocked. A business using our IPPN can choose to view the internet (or domain) from a specific location, on a specific device and from a specific service provider. Company #1 could, for example, check how a consumer in Brussels using an Android phone sees an e-commerce site's catalogue, versus the view of a consumer in Bangkok browsing using their PC.

A consumer's IP address is only used by our IPPN when their device is idle and with sufficient battery. However, the sheer scale of our global network means that brands can select from millions of specific IP addresses to collect online market intelligence, already available in the public domain, quickly and easily.

This market intelligence is priceless: brands require exact, real-time accurate information to make the best business decisions, price products and services competitively, and ultimately remain successful and competitive themselves.

How would you describe your vision?

As the inventor of the IPPN and a pioneer in the space, since its inception, Luminati has been committed to web transparency for the benefit of all of its customers, and all of its (consumer) customers worldwide.

Today, we continue to innovate and develop the kind of advanced technology required to maintain an open, transparent internet. We enable every one of our many and varied customers (from global enterprises to small start-ups) to view the internet through the eyes of real consumers (wherever and however these companies choose), lifting the internet veil that exists today.

How do you use emerging technology to support growth?

Luminati's IPPN offers one of the only ways for retailers to manage the ever-evolving and data-

LUMINATI IN BRIEF

Founded: 2014

Headquarters: Netanya, Israel

Customers: 10,000

Employees: 120

Website: luminati.io

laden internet space. Remaining competitive is dependent on intelligence collection, and with the scale of information on the internet ballooning, next-generation IPPN technology is crucial. We're investing a lot to make sure our infrastructure can be easily integrated with retailers' existing systems, meaning these companies can start gathering market intelligence as quickly as possible – and begin making more accurate business decisions.

We also design proprietary technology especially for online retailers, enabling them to collect large scale market intelligence with almost zero need to understand and conduct coding themselves. Our customers aren't all data scientists and tech wizards, so our technology does the hard work for them and lets them focus on their own core business.

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

Data is an opportunity, but also a major challenge. Businesses need to be able to wade through the huge amounts of irrelevant and inaccurate information online, and mine only the most valuable and relevant to their business.

Many retailers are already using sophisticated algorithms for automated product pricing, for example, meaning competitors must be equally fast and dynamic in gaining access to this information. There's therefore a huge need for real time, pin-point, high-scale intelligence collection.

We're always looking to the future, so our current focus is on addressing both the need for pin-point accuracy, and the need for speed. We're working to optimise the speed at which each and every brand is able to access data at massive scale. Our expanding global network and dozens of daily software updates are evidence of our work to address this huge demand.

With years of industry experience, a rapidly developing network and innovators working continuously behind-the-scenes, Luminati stands in a unique position to foresee market trends and ensure every one of ours customers can collect competitive, accurate market intelligence quickly, at speed.

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

Brian Green
Head of EMEA Commerce, Magento, an Adobe Company

What does your company do and what is your USP?
The Magento Commerce product provides merchants the power to create unique and powerful ecommerce and omnichannel shopping experiences. Magento is now part of Adobe, with its solutions merged into Adobe's Adobe Experience Cloud, offering an end-to-end platform to manage, personalise and optimise the commerce experience at every touchpoint.

The entire journey from content creation and analytics to marketing and commerce is integrated into one platform, making it the only commerce platform to integrate both B2B and B2C experiences.

How do you deliver on this USP?
Our Magento community of over 360,000 developers and 1100 partners and system integrators helps us to stay innovative. Magento's advantage has been the ability to allow this community to collaborate, contribute and extend its core capabilities, in addition to this with Adobe's scale we can innovate across the whole customer journey and this is recognised in numerous Gartner rankings, including the 2019 Magic Quadrant for Digital Commerce Platforms.

How would you describe your vision?
Consumers expectations are changing daily, they are using more devices to interact than every before. Our aim is to meet these expectations, deliver a world class digital experience to these consumers and make this experience as frictionless as possible. We deliver this to large global enterprises, mid-market and small organisations across the globe.

Which retailers do you work with?
We support established fashion brands such as Osprey, which uses Magento to refine its digital presence, or emerging ones like Ego Shoes, whose growth and success has always revolved around their pioneering use of our technology. Magento also provides commerce capabilities to retailers in the food and drinks sector such as Beer Hawk, which partnered with Magento to take its business to the next level and is now owned by AB-Inbev, the world's largest brewer and craft beer retailer. We have also proved our worth within the construction field, driving B2B sales innovation for builders' merchant Selco.

MAGENTO IN BRIEF

Headquarters: Campbell, California

First release: 2008

Website: magento.com

What have been the main points in your expansion?
Since being founded in 2008, one of Magento's key turning points has undoubtedly been joining Adobe. Our position as the world's most popular commerce platform has certainly been enhanced by Adobe's leadership in designing great digital experiences, allowing us to empower our customers and enable every business to create and deliver compelling real-time experiences as well as enhance the depth of our product capabilities and cloud technology – thereby allowing us to take our commerce offering to the next level.

What challenges are you addressing for multichannel retailers who aim to meet peak season demands?
Sales season is the perfect opportunity for retailers to engage with their price-conscious and tech-savvy costumers. UK customers tend to shun chaotic high-streets and embrace the sales as a mainly online phenomenon so merchants can expect traffic peaks from both desktop and mobile devices. Customers aren't likely to tolerate slow-loading pages, particularly when the best deals are awaiting them on a competitor's website. This is why Magento's robust eCommerce solutions are designed to support fast-loading sites and frictionless checkouts regardless of traffic spikes. Moreover, the increased volume of orders during peak times mean retailers' omnichannel capabilities will be put to a test – with customers demanding fast and convenient shipping from different warehouses, click and collect services and cross-channel returns. Magento's inventory,

fulfilment and order management tools come in handy to streamline these operations as much as possible and navigate the logistical nightmare brought about by the sales season.

How are you using emerging technology to support growth?

Mobile is where some of the most interesting commerce-related innovations are taking place, likely due to the exponential growth of mobile devices being used to purchase from both B2B buyers and consumers. For example, Magento supports commerce through progressive web apps (PWAs), which have the ability to create incredibly fast-loading mobile sites and slick experiences by leveraging open web technologies; they are ideal for mobile commerce as they enable touch-based navigation, push notifications and an offline mode.

What do you see as challenges for the retailers and suppliers over the coming years?

Customers simply don't perceive retailers to operate through different channels, they seek to experience the same brand, access the same offers and promotions, and purchase the same products when shopping in store and online – so, retailers must strive to deliver on this expectation. Magento's technology enables streamlined communication between a merchant's platform and its other sales outlets – for example, a unified inventory management system with stock visibility across all channels, able to fulfil orders from the most convenient warehouse, or the ability to integrate with marketplaces.

Thanks to the unique community model that Magento has, we can react very fast to these challenges and other that we and the merchants we can't foresee.

What targets are you aiming to achieve in the next five years?

A year on from the acquisition, our objectives are to continue to drive more value for our customers, fast-track innovation and product development and continue to be a leader in the commerce industry. We are leveraging Adobe's incredible scale to work with more and more merchants and make every experience shoppable. We are extremely excited for what we'll be able to achieve over the next five years.

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

Beer Hawk

BEER HAWK
HUNTING OUT THE WORLD'S BEST BEERS

Beer Hawk launched in 2012, selling over 1000 beers from around the world online using a Magento 1 Open Source store.

With orders quickly rising, the company found that its existing store was unable to handle demand. Working with solution partner Pinpoint, the company decided to upgrade to Magento Commerce 2 with a three-month deadline.

The new version of the site offers optimised store views and categories to help customers find their ideal brew. The back end is simpler, with the ability to mine data and offer personalised marketing campaigns. Beer Hawk opened an experiential store in June 2018 and plans to add more in the future.

Since moving to Magento Commerce 2, revenue has risen 57.8% year-on-year, with its website conversion rate rising 29.4% and average order value rising 9.11%.

Andy Cockburn,
CEO at Mention Me

What does your company do and what is your USP?

Mention Me is on a mission to put trust back into the heart of marketing by harnessing the most relevant form of advertising: word of mouth. Our USP is Mention Me platform's A/B testing and name sharing functions.

We've carried out extensive research into the psychology of referral and help clients. This helps us to implement strategic AB testing roadmaps for our clients, that deliver strong results and provide invaluable insight into how brands can optimise campaigns and messaging for different target audiences.

In addition, our unique name sharing function lets brands tap into customers' offline conversations and reward customer advocacy, so no opportunity is lost.

Since 2013, we've delivered more than 1.5 million referrals totalling £500m revenue for more than 450 brands globally. We use a cost-per-acquisition business model, which means we're as invested as our clients in achieving success.

How would you describe your vision?

Our vision is for trust marketing to be globally recognised as a key ingredient in every brand's marketing mix. As marketers, we know getting a brand in front of the right audience in a cost-effective manner can be a challenge. Consumers are bombarded with irrelevant marketing messages and increasingly distrust traditional media.

Against this backdrop, referral marketing delivers real, measurable value. We want to help brands realise this and unlock remarkable results.

Which retailers do you work with?

We work with hundreds of retail brands, including Farfetch, PrettyLittleThing, Bloom & Wild, Kurt Geiger and Charlotte Tilbury.

How would you describe your growth?

Since we founded Mention Me in 2013, our team has transformed from a handful of employees with a few clients to more than 90 referral marketing specialists working with more than 450 brands.

We made a deliberate choice to only raise money when the time was right. After 18 months we raised an angel round, then operated out of cash flow until our first Series A funding round with Eight Roads in June 2018.

We're now ready to accelerate growth. International expansion is the primary focus; we're opening an office in France later this year and plan to open more international offices over the coming years.

MENTION ME IN BRIEF

Founders: Andy Cockburn and Tim Boughton

Founding Date: 2013

HQ Location: Vauxhall, London

No of Employees: 93

Customers: 450+

Website: https://www.mention-me.com/

How are you using emerging technology to support the retail growth?

Mention Me uses cutting-edge technology to provide clients with a market-leading platform that delivers outstanding results.

We've designed our customer journey to be consistent with brands' positioning, integrate seamlessly into the user experience, and be mobile-first. We're continuously releasing new updates to improve the customer experience at every touchpoint.

In addition, our platform lets clients easily see their performance and make adjustments to optimise results.

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

I see three key challenges for retailers and suppliers: acquiring customers; retaining customers with strong lifetime value; and mimicking real life transactions online.

Our platform provides a solution to all three. New customers acquired through existing ones are likely to be a strong match for your target market with a greater lifetime value than customers acquired through other means. On average, referred customers spend 25% more, have double the lifetime value of customers acquired via other channels and are three times more likely to refer someone else.

Another major challenge for retailers is tapping into offline conversations; we may be living in the digital era, but 93% of all referrals take place offline. Our name share feature offers a solution to this that feels natural and authentic, creating a sense of brand loyalty that's difficult for online retail giants like Amazon to replicate.

What targets are you aiming to achieve in the next five years?

We have three key targets for the next five years. The first is building upon our vision of trust marketing being globally recognised as a key ingredient in every brand's marketing mix.

The second is supercharging our international expansion into Europe and North America. Our extensive AB testing of clients' referral schemes in different markets around the world means we already have a strong understanding of what works, and our platform supports more than 20 languages. However, we have to be mindful of our people as we expand – I'm incredibly proud of Mention Me's unique culture and am committed to only making it stronger as we grow.

Lastly, we have ambitious targets for rolling out our new product, Mention Me Repeat, to clients around the world. Referral helps acquire new customers; Repeat helps to keep them. In a climate where it's increasingly expensive to acquire customers and difficult to retain them, Repeat offers a solution, driving repeat purchases and increasing customers' lifetime value.

Give us your elevator pitch.

Mention Me empowers online businesses to harness customer advocacy to drive up to 30% of new customer acquisition, boost average order and lifetime values and, ultimately, generate more revenue over the long-term.

This Company Spotlight was produced by InternetRetailing and sponsored by Mention Me. 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

Ted Baker

Ted Baker is a UK lifestyle brand founded in 1988, offering men's and women's clothing as well as accessories, kidswear and fragrances.

Ted Baker began using Mention Me in 2018 to tap into customer loyalty and offline conversations by allowing customers to pass offers onto friends. The companies ran a split test in Australia, the UK and US, identifying the most effective channels for customers to refer.

Copyright © Ted Baker

Referred Ted Baker customers on average spent 34% more than those acquired through other channels while the purchase rate of referred customers during peak months is 16%.

Chris Liversidge,
CEO, QueryClick

What does your company do and what is your USP?

QueryClick is a full-service digital marketing agency. Its advanced in-house software is uniquely able to find every individual customer or target customer across all marketing touchpoints online and off.

We use our expertise to then deliver client value through ROI-controlled new-customer growth strategies.

How do you deliver on this USP?

QueryClick are able to find customers across data silos with our unique machine learning-based software Corvidae, which reveals up to 334% more data for attribution than market-leading competitors, providing game-changing accuracy and predictive performance.

It tracks the 'customer journey' across all advertising platforms including television, newspapers, magazines, out of home and digital, enabling companies to precisely allocate their investments across different marketing channels.

What have been the main points in your expansion and what has been key to your success?

QueryClick is passionate about performance. We believe in being data driven in everything we do and providing strategic insights to better improve a client's ROI & growth targets.

The agency has been delivering best-in-class multichannel insights and strategic consultancy to clients for 10 years. Growth is driven largely by the development of our software suite to allow us to offer unique data to our optimisation strategies...and further drive performance.

In the early days, development of our Halo software, to allow us to programmatically remove and automate Paid and Organic search engine optimisation, won us work with AirBnB, for whom we identified £4.2m of cannibalised media spend in the first year. Also, we drove an overall increase of 10.2% from search traffic volumes by balancing paid and organic marketing messages with the same software for client Sally Beauty.

Then, addressing Google's changing algorithm focus, we developed Swiftlink which is a creative content pre-qualification tool which addresses the problem we found in the market that 72% of 700 marketers rated their content marketing as 'limited, basic, or inconsistent'. Swiftlink can align content activity to SEO value in the linkless algorithm world and provide SEO driven by content marketing again.

> " Corvidae uses an omnichannel view of your marketing touchpoints online and off to cut new customer acquisition costs in half while simultaneously driving growth by 4x "

And finally to today with our machine learning software Corvidae, taken to market originally to solve attribution challenges in digital marketing, and in fact learning that it provides phenomenal predictive targeting data to allow Programmatic and Paid Social channels to dramatically improve performance – cutting CPAs in half and finding 400% more conversions in A/B tests with our customers.

In developing Corvidae, we realised that attribution models aren't the problem, but in fact it is the quality of the data going in. Corvidae also provides granular data output daily, to allow automated action to your channels. In our first client test it delivered a 40:1 ROI.

QUERYCLICK IN BRIEF

Date launched: 2008

Office locations: Edinburgh and London

Customers: EE, BT Enterprise, Tesco Mobile, Vitality, Aggreko, Schuh, Johnstons of Elgin, Sally Beauty.

Contact details: www.queryclick.com, 0207 183 0344, https://twitter.com/liversidge, www.linkedin.com/company/249361/

What results is Corvidae achieving for retailers?

An insurance company with an £11.8m media spend has achieved a 51:1 ROI for all types of retargeting (programmatic & paid search) through the use of Corvidae. The company removed 39% of TV spend to deliver the same revenue impact, removed 68% of radio spend to deliver same revenue impact and removed 16% of paid search spend to deliver the same revenue impact.

Other results achieved include 4.8:1 ROAS for paid social prospecting (inc. Facebook), 91% more revenue from email using attributed data & retargeting and 37% media spend reduction, delivering +£976k revenue impact. Overall, the company received a 40:1 ROI for Corvidae deployment across all channels.

What challenges are you addressing for multichannel retailers who aim to meet peak season demands?

We use a data driven approach to ensure our retailers are getting the most out of their marketing investments to maximise revenue. Our technology has been able to solve common challenges in the industry such as eliminating paid search wastage, removing wasted creative time on underperforming content before it is specified and rebuilding below the line campaigns on correctly attributed marketing spend to boost ROI and growth simultaneously.

How are you using the emerging technology to support retail growth?

Given Corvidae's granular output, we can use A/B performance as proof that its customer targeting models and predictive capability are accurate. Then we help client's internal team or incumbent agencies onboard more automation driven by the models across the entirety of their campaign spends below the line.

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

Removing wasteful discounting in-store by targeting local customers in a strategy to sell full priced items online using advanced predictive models and CDPs that take into account above and below the line customer engagement with marketing, has a profound implication for the impact on distribution and product planning for a retailer.

It requires a concerted approach from retailers to follow this new strategy, and a drive and vision from the top that centralises marketing strategy as the core margin driver for the business. Not all retailers will go on that journey, and those that don't will find discounting and free returns become a drag on their ability to exist profitably and gain any real customer growth in a segment.

The winners in this margin-led growth strategy will be able to dramatically outcompete local retailers and can go on strong global growth strategies that makes the inroads made by the likes of Zalando into the UK digital retail market seem tame.

What targets are you aiming to achieve in the next five years?

In the short term we are looking to solidify our position as a technology leader in the UK and conclude a number of POCs we have with global brands to prove our impact and expand in the US & EMEA markets, then build towards market leadership in marketing analytics and performance optimisation with radical innovation we have coming down the pipe driving a new approach to marketing.

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

Andrew Curran, *CEO at Retain.me*

Retain.me
CUSTOMER RETENTION : DELIVERED

What does your company do?

Retain.me brings two decades of pure play e-retail experience to the fore, with the single aim of solving the biggest challenge in retail: loyalty. We identified a significant opportunity and were first to market with our solution: SMARTSlip with a suite of products swiftly following.

The SMARTSlip replaces the obsolete delivery note and delivers personalised marketing content to every customer, in full colour, at the point of delivery. This is first and foremost a transactional document but with 75% personalised marketing content, designed to drive customers to repeat purchase.

What is your USP?

With 100% open rates, SMARTSlip offers an unrivaled opportunity to extend your brand messaging and capitalise on the euphoria of the unboxing moment. Integrations are available for a wide range of fulfilment partners; ecommerce engines;personalisation/recommendation engines, and review engines.

> "Retain.me enhances the post-purchase customer experience and improves customer lifetime value for retailers, by using highly personalised content in a new direct marketing channel."

How do you deliver on this USP?

We're a team of developers and marketeers, innovating and exclusively focused on improving post-purchase customer experience, thereby building lifetime value in retail. We are also able to integrate with any unsupported third party solutions on request.

How would you describe your vision?

Retain.me is focused on post-purchase strategies for multi-channel retailers. Our over-arching vision is to improve customer lifetime value in retail, delivered by our four interconnected products. The diagram on the next page shows how these four products work together to enhance the post-purchase strategies, create brand engagement, provide the brand with actionable data, and bring back at risk customers.

RETAIN.ME IN BRIEF

Founder: Andrew & Rebecca Curran

Founding Date: 2015

HQ Location: Corby, East Midlands, UK

No of Employees: 12

Customers: 25

Website: www.retain.me

Which retailers do you work with?

Our current portfolio of clients includes a variety of online retail businesses including fashion, beauty, interiors, jewellery, lawn care, grocery and even scooters! The Retain.me tools have proven their worth across a range of different sectors, and it's always great to see the innovative approaches our clients take.

What challenges are you addressing for multichannel retailers who aim to meet peak season demands?

One of the biggest problems faced during peak season is being able to scale all facets of your operation in order to meet the increased demands. Thanks to having 15 years of retail experience prior to starting Retain.me, the business was built with scaling in mind. This last year we have moved the company's technology stack to a cloud based solution, allowing for infinite scale and fail over.

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

Increased competition means it will be more and more difficult to hang onto market share. It is therefore vital that customer retention is thought of at least as an equal to customer acquisition. Seamless, personalised thoughtful experiences will lead the way to loyal customers and help retailers stand out amongst the growing competition.

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What targets are you aiming to achieve in the next five years?

Retain.me will seamlessly integrate the digital customer journey into the in-parcel experience. This is broken down into two key targets.

Firstly, a development roadmap which focuses on integration with key AI, marketing automation, and ecommerce platforms. This is vital in order to allow our products to be accessible to all brands and retailers.

Secondly, implement with third party fulfillment providers globally. This is all part of our plan to move towards offering a 'plug and play' solution, removing barriers to access the opportunities provided by the Retain.me solutions.

This Company Spotlight was produced by InternetRetailing and sponsored by Retain.me. 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

Amara Living

Fast facts: *Nursery Campaign Beat Email by x 2.09 GP, ROAS of £11.49 (first time customers), Reduction in Variable Marketing of 2pp, Increased AOV for Repeat Customers by 11%.*

Amara is an online interiors business with revenue of £20 million, selling 40,000 products across 250 brands. The company aims to offer the very best in luxury home fashion to its customers. Aside from its huge range of products and brands, its key differentiator is customer service, which has always been first class.

Amara's key challenge however was improving customer loyalty and turned to Retain.me for help. The campaign replaced its delivery notes with a Retain.me SMARTSlip, a personalised product leaflet which provides customers with a QR code that allows them to supply feedback and access post-purchase recommendations.

The SMARTSlip works on the basis that the most effective time to target customers for repeat purchases is in the first week after purchase. Retain.me structures billing on a per-order basis, offering Amara a variable cost to manage marketing spend in line with its sales profile.

The nursery campaign increased average order values of repeat customers by 11%.

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Planning for Black Friday 2019

***Andy Mulcahy**, strategy and insight director, IMRG examines retail performance over Black Friday 2018 and looks ahead to the 2019 peak.*

Things are pretty tough in retail at the moment. The challenges around evolving the high street are well documented and seemed to reach a tipping-point as we entered 2018 – exacerbated by low customer confidence, struggling footfall and high rents (not even an exhaustive list).

Against this difficult trading backdrop, Black Friday and Christmas peak trading was a bit underwhelming in 2018 – which was a shift, as earlier in the year online retailers seemed to be thriving rather than surviving. Online sales growth was +15% in the first quarter, rising to +18% in the second quarter. But then the growth rates dropped as we got toward peak (see chart 1). Why? Multiple reasons perhaps, but chief among them was the spread of discounting that dragged so many retailers into wider and heavier rates than they would have liked.

This is something we were able to quantify. A metric we track at IMRG is the percentage of revenue generated from items that are on sale or have a discount against them. During the third-quarter of 2018, it was up by over one-third compared with the same period in 2017. What this means is that there was already an awful lot of very heavy discounting going on.

And then the Black Friday period arrived. As a result, and again there might be multiple factors

The following guest article has been written for InternetRetailing by Andy Mulcahy, strategy and insight director at IMRG, the UK's industry association for online retail. IMRG helps its members understand and improve their online retail performance through a busy programme of performance benchmarking, data analysis, insight, best practice-sharing and events.

https://uk.linkedin.com/in/andy-mulcahy-684aa325
www.imrg.org
@andymulcahy

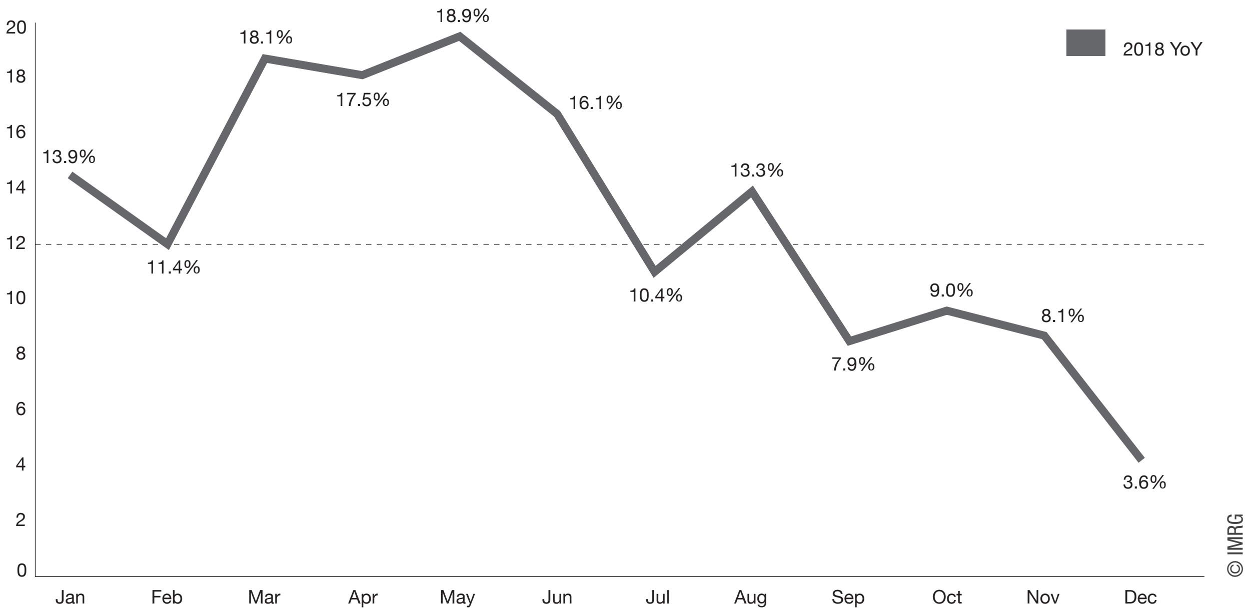

Table 1 | Online sales growth in 2018

influencing it, online sales growth over that period was a bit subdued. Black Friday the day itself was up +7.3%, which doesn't sound too bad, but it was against a forecast of +13.2%. Black Friday week (eight-day period, Monday to Monday) was up +6.8%, but against a forecast of +12.5%.

So did the volumes just get pushed around a bit because of Black Friday occurring before the final payday? The simple answer is no. November as a whole didn't capture a higher-than-expected share of sales, and December's online growth was the lowest we've recorded in 18 years of tracking.

There's no getting away from it – peak trading was just not very good in 2018, and trading conditions in 2019 have continued to challenge with growth only getting above single-digit once (in February; +10.7%) during the first seven months.

So – the perennial question – is Black Friday now 'over'? Or are we heading for another tough Black Friday period and, if so, what can you do to plan for it?

DO YOU HAVE TO GET INVOLVED?

In spite of all the push-back, negative news and challenges to margin that Black Friday brings, any reports of its demise are likely to fall wide of the mark. The fact is that it is such a big deal, with such wide awareness among the public that, even if lots of big-name retailers refused to get involved, there would still be plenty that do and they would then be very well-placed to mop up a lot of the traffic and sales available during that period.

Which isn't to say you have to get involved of course. In 2018, we had a few well-known retailers in our sample who actively did not promote Black Friday discounts; all of them actually recorded positive growth on Black Friday (which isn't to say they didn't promote some kind of sale).

> "Black Friday 2018 was up +7.3% against a forecast of +13.2%"

So you don't have to, but many of your competitors probably will. The second chart shows participation in Black Friday-specific campaigns for 210 retailers in 2017 and 2018, plotted against the days in November when their campaigns were live. Comparing the two years, there isn't much difference – only five more had campaigns live on Black Friday in 2018 than 2017. The most notable shift was in retailers launching earlier – 19 more were live on the Monday leading into Black Friday week.

The highest weekly concentration of sales (35%) for November occurred in the week leading into Black Friday. There's no reason why you can't run a successful campaign outside of that week,

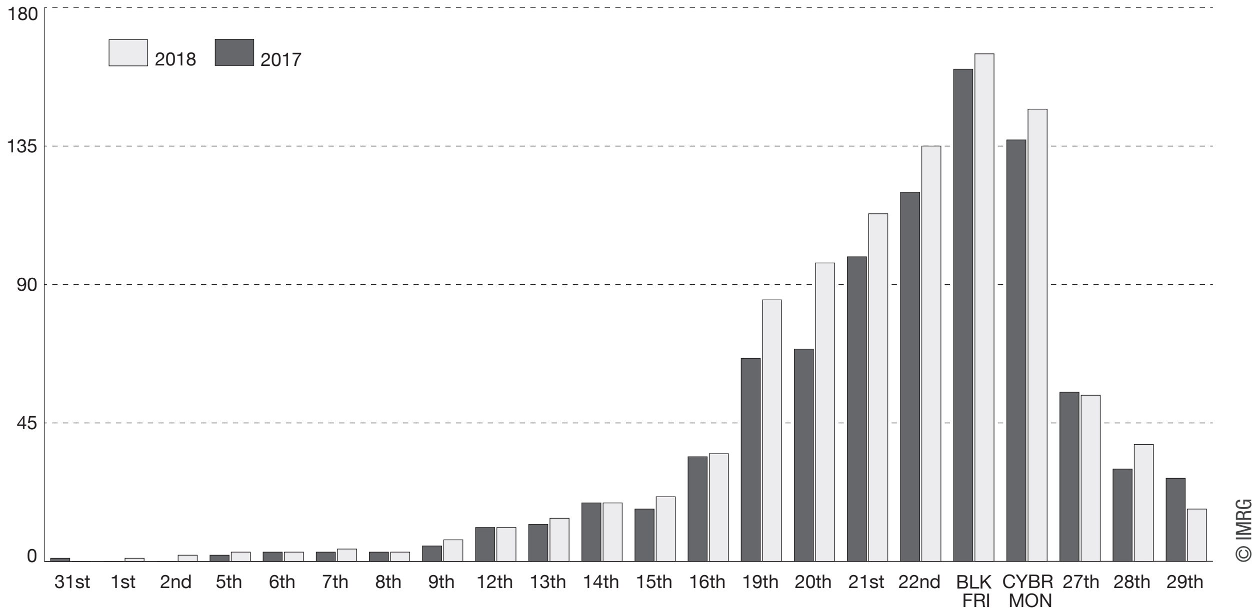

Table 2 | Retailers running Black Friday-specific campaigns

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particularly targeting your most engaged or profitable customers, but we have to remember that Black Friday is an event of huge scale that also attracts people who are not dedicated or regular shoppers. They are probably not committed enough to pay much attention further out from the big day.

> “Black Friday is an event of huge scale that also attracts people who are not dedicated or regular shoppers”

STANDING OUT

Whenever there is a big event with a big retail focus, retailers compete strongly over marketing messages. Doing something original, interesting or engaging can give a useful boost in that respect – consider how big a deal Christmas adverts are, for example, the success or otherwise of which can exert quite an influence over sales performance.

Black Friday tends to be different. It's about the promotion of a large headline number ('50% off'), quite often against a blank, black background and supported by advertising that stresses the incredible, best-of-year value of the discounts available. Dogs on trampolines and Elton John it ain't.

Should you try to do something to stand out then? Is it so standardised and unimaginative that it's ripe for disruption? Maybe, but while it may be possible for a retailer to do something surprising that really captures the public's attention, from the customer perspective Black Friday is specifically about lots of retailers offering high discounts on products. It's a frantic experience, where people visit more retail sites than they normally would, in the hunt for a good deal. The expectation is perhaps different from other times of year.

We saw several examples of gamification used last year – spin to win, mystery discounts, lucky dip – but for all the effort required to build the software, is it likely to really engage shoppers and drive sales? Generally speaking, we remain unconvinced. We also saw some retailers using complex messaging – '60% off plus a further 15%', '39% off' – again, it's a frantic experience and being really clear about the offer is probably safer than trying to stand out too much.

The pressure on margins when such heavy discounting is in place is a constant complaint about Black Friday. Where is the value for retailers when the event requires so much work for relatively little reward?

Perhaps the best way to measure it is to take the longer view. Black Friday provides a great opportunity for new customer acquisition; these customers (or just subscribers, if they don't complete a purchase then) may not be very profitable at that point, but if there is a well-structured marketing plan for converting them into better margin customers over a 12-month period, then the hit can be balanced out.

Campaigns can also be used to influence use of other channels, such as apps. Some have used Black Friday to strong effect in driving app downloads, either by advertising that some deals are only available through the app or by offering exclusive additional value for sales made through that channel, such as free delivery. Once they have the app, if they can be encouraged to use it over the longer-term they may prove to be far more profitable customers.

Clearly every retailer has their own strategy for, and unique challenges around, Black Friday but it has been around for several years now which means we have plenty of experience.

The best bit of universal advice would be to learn from the past. You don't have to repeat every detail exactly the same each year, but you know what has worked before and what hasn't. Trying to be too radical at such a key part of peak might not be the most sensible approach.

And, of course, smile; Black Friday is fun, remember.

Peak panic: The cost of missing metrics

***Kevin Murray,** managing director, Greenlight Commerce examines why ecommerce projects fail.*

Store closures, job losses, financial woes and the worst Christmas for sales in 10 years, the outlook for the retail industry continues to look grim. Just one look at the daily headlines reveals the downward spiral of once proud high-street brands. However, if we take a closer look beyond the gloomy stories presented in the mass media, it's clear that the industry is, in fact, going through a period of unprecedented transformation.

Over the last decade we've seen a major shift from a store-based past to a digital future, with online channels steadily driving growth and traditional high-street shopping declining: retail is re-inventing. While there are many factors contributing to this, the strongest force of all is the pace of changing consumer needs and habits driven by the rise of digital technology, which will only increase with the advent of 5G phone networks across the UK.

In order to survive and thrive, retailers have had to digitally transform their businesses – spanning from the boardroom, right the way through to the warehouse. As brands look to bridge the gap between the online/offline world, retailers are ramping up their investments in ecommerce capabilities to deliver the exceptional experience customers now require. However, in the lead up to one of the busiest periods in retail, are online retailers able to keep up?

Answering this question with credibility can be a challenge, especially if there have been issues in the past that have impacted online trading. With the addition of Black Friday to the retail calendar, on top of the Christmas period and summer peaks, IT and ecommerce directors have been asked by the business: Are we ready for peak trading?

While the peak season will ultimately expose any stress points, it's also an opportunity for retailers to shine by driving optimal customer experience. However, a new study by Greenlight Commerce found that many ecommerce projects are failing to delight customers and grow the bottom line, with 30% of UK retailers revealing that their ecommerce work will give them back no value at all.

The following guest article has been written for InternetRetailing by Kevin Murray, managing director, Greenlight Commerce. Greenlight Commerce is an ecommerce solutions practice, with an absolute focus on building sites that grow your business. Part of the Greenlight group of companies, Greenlight Commerce is a full-service partner, giving businesses the expertise and technology to deliver real digital growth across all areas, in the one place.

www.linkedin.com/in/kevmurray2000
www.greenlightcommerce.com
@GLCommerceLtd

The study also revealed that nearly all (99%) UK ecommerce decision-makers are experiencing some sort of ecommerce challenge, with the top concerns being customer retention (41%) and customer experience (39%). Providing a bad customer experience during such a pivotal period can cause irreparable damage, leaving businesses vulnerable.

The study further discovered that retailers are failing to measure many key metrics, with more than seven in ten (71%) failing to measure ROI, almost half (48%) are not measuring customer retention, and 47% are failing to measure the impact upon revenue. This leads me to question, how have UK retailers let themselves get to such a problematic place?

Defining value and measuring metrics are crucial to the success of any project, yet so frequently projects are stalling because they are mis-managed with measures being misaligned with the business strategy. In many cases, this is also left until the very end of the project, rather than being measured throughout. Perhaps the uncomfortable reality here is that all too often work is started with no clear goals in mind, and no defined benchmark to measure success against.

The most immediate factor, and one identified by nearly half of respondents (48%), is that too many projects are being rushed, with not enough care and attention being applied into defining what the project is actually going to achieve for the business. Retailers must not underestimate the level of commitment required at every stage of the project, right from the initial stage of discovery, all the way through to the user acceptance testing phase. By cutting corners, projects run the risk of higher costs, wasted resources, and a retailer's worst nightmare: an abandoned shopping cart.

TESTING FOR SUCCESS

Meanwhile, another study by software and usability firm, Applause, has found that UK ecommerce sites are limping behind the US and Germany for customer satisfaction and functionality. The research found that more than 3,000 software bugs and user experience issues were found amongst the world's top 52 retail sites. In terms of lost revenue, 65 bugs would cost top US retailers more than $60m in lost sales over the Christmas period. Yet, more concerning still, almost half (45%) of these issues were in fact found on UK sites.

Across all regions, over half of all bugs found in the study were classified as severe, which would significantly impact functionality on a website and potentially discourage customers from using the site to complete purchases. These online blockers are the equivalent to a store assistant ignoring a customer at the till and refusing to serve them. Senior management wouldn't allow for this poor level of customer service in a well-managed store; however, it appears to be common place in the online sphere.

A seamless experience is so much more than consistent brand design and messaging, it's about maintaining the same feel, functionality and customer engagement throughout the entire journey, regardless of the channel. Retailers should deploy testers who can mimic the buyer's journey from start to finish to highlight any potential pain points or areas of frustration. By doing so, this allows retailers to tackle any bugs before new features are deployed.

During periods of increased traffic, retailers should work towards an agile delivery model, focusing on smaller improvements to the customer journey that can be tested, and the results evaluated immediately. For instance, how can you increase page load speeds by 2%? Then, how can you improve the average time on a page by 5%? Then, how can you increase checkout transactions by 1%? These small, but immediate improvements lead to upward shifts in KPI performance, and as a result, each gain rapidly multiplies to give a better combined gain in a more consistent manner that isn't disruptive or risky during spikes of activity.

The days when peaks like 'Black Friday' would crash websites are behind us, but there is still a risk that something will go wrong during peak that will impact revenue. However, with thorough and diligent planning and proper measurement, risk can be minimised. Whilst locking down a site during peak periods is an individual retailer's choice, this should be something of the past for forward-thinking retailers. Proper measurement, and agile working practices allow for greater flexibility to quickly identify any issues that may arise, and successfully make changes accordingly without causing mass disruption. Where this isn't happening, senior management must step in and ensure projects are being properly planned from the get-go, implemented and their actual delivery measured.

> “Many ecommerce projects are failing to delight customers and grow the bottom line, with 30% of UK retailers revealing that their ecommerce work will give them back no value at all”

Rather than focusing on the competition and comparing themselves, retailers should take a step back and ask themselves 'what are the core needs of my customers?' Whilst it may seem tempting to implement the latest and greatest technology to keep up with customer demands and your competition, it's more important to get the basics of customer experience absolutely right first. Failure to do so can seriously compromise customer experience and negatively impact brands during a period of huge opportunity. M&S made the headlines for all the wrong reasons in 2014 when it was hit by online delivery delays in the Christmas run-up. This led to a fall in its shares by 2.8% - highlighting the importance markets place on online shopping.

It's crucial for retailers to build a culture where they embrace constant change, and are willing to try, win and fail in quick succession. Only those that are able to transform and realise immediate benefits will remain in good standing in the long run. Whilst it's impossible to stay ahead of customers and their ever-evolving needs, the decision and processes that retailers invest in today, future proof the business not only during peak period, but more importantly over the years to come.


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Andy Lightfoot
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Ashley Hubbard
eCommerce Manager, Grenson Shoes


Ben Freeborn
Head of Customer Experience, Interflora


Chloë Thomas
Founder, eCommerce MasterPlan


Chris Conway
Head of eCommerce, The Co-operative Group


Dan Horlor
Business Development Manager, Braintree


Dan Taylor-Edwards
Director SEM, Experiences & Rentals, TripAdvisor


David Lloyd
General Manager, UK & Nordics, Alibaba Group

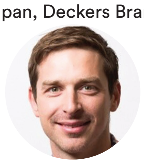

David Williams
Senior Director, DTC (eCommerce and Retail), EMEA and Japan, Deckers Brand


Ed Couchman
UK General Manager, Snap Inc


Emilie Mouquot
Customer and Growth Director, NotOnTheHighStreet.com


Eric Fergusson
Director of eCommerce, Liberty London


Grace Roper
Head of Food Digital Operations, Sainsbury's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Kyle Monk
Head of Insight and Analytics, British Retail Consortium


Lisa Luu
Global Head of Insight, Hitwise


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Mike Baxter
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Nick Burton
VP Digital Development, Avon


Nicola Fox
Former Head of CRM, Missguided and Holland & Barrett


Polly McMaster
CEO and Co-Founder, The Fold


Richard Hunt
VP MDM, DIW & Agility Solutions, Agility Multichannel (by Magnitude)


Robin Phillips
CEO, Watchshop


Rory O'Connor
CEO & Founder, Scurri


Ros Lawler
Senior eCommerce Consultant, Pai Skincare


Scott Barker
Head of Customer Services, Missguided


Sienne Veit
Director, Digital, John Lewis


Stacey Widlitz
President, SW Retail Advisors


Stephen Dowling
Vice President, Digital Growth, adidas


Stephen Honight
eCommerce and Performance Marketing Lead (Global), Pukka Herbs


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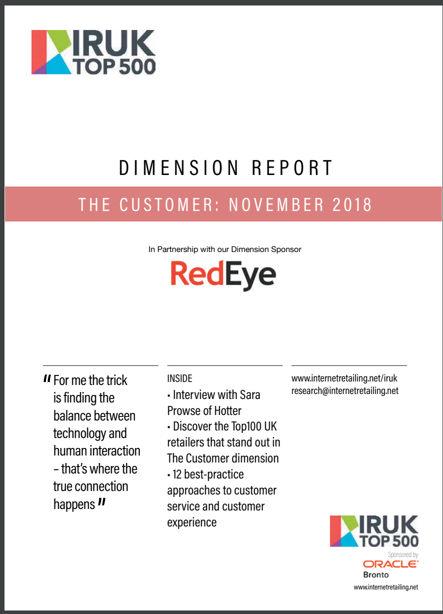

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- Discover the Top100 UK retailers that stand out in The Customer dimension
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Cashing in on banking changes

***Emma Herrod** and **Chloe Rigby** investigate changes in the banking and payments industry, legislation of which retailers should be aware and where trust is opening up new opportunities.*

The payments industry has been shaken up in recent times as the move to digital has seen mobile phone companies offering their own secure wallet on mobile devices and open banking enabling anyone with the right licences to become a bank. The latest move has seen a number of companies, including Facebook, announcing that they are to launch a crypto currency secured by blockchain in 2020.

With the rise of online and m-commerce, it seems as if everyone wants a piece of the payments pie and shoppers are becoming used to paying with the method of their choosing. From using PayPal in a physical store that also accepts Visa cards to checking out and paying later with Klarna, the payments sector is changing fast.

Payment methods are also crossing international boundaries. Chinese tourists, for instance, can use their WeChat Pay or Alipay account to buy things from a number of luxury retailers in London.

Working with payment service company SafeCharge, four leading shops in Beauchamp Place – McKenna & Co, Lalage Beaumont, Grace Han and Gladwell Patterson – are testing technology that allows them to take payments easily from WeChat Pay and Alipay.

As well as making it easier for tourists to pay, the retailers can use the social media site to show tourists in the local area that they are there and open for business.

"Beauchamp Place is between Harrods and Harvey Nicks on one side and the museums on the other. If you have WeChat customers in Harrods, it will come up that there is a cluster of WeChat customers in the area – which encourages them to come. For us this is really interesting as it gives them confidence, gives us confidence and is a 'bridge of introduction' which is really useful. It really is like an introduction," says Catherine McKenna, director and co-founder of antique jewellery store McKenna & Co.

What links all of the payment methods is security. While retailers and banks have systems in place which work out the likelihood of each transaction being carried out fraudulently or even simple processes that require the first online purchase to be sent to the cardholder's billing address, retailers have to balance declining a purchase by a genuine shopper against stopping a fraudulent transaction.

In the same way that PIN numbers were introduced to reduce the levels of fraudulent transactions in physical locations, the three-digit CVV was introduced onto bank cards and used on online transactions – or cardholder not present as the banks refer to this type of transaction. 3D Secure, otherwise known as Verified by Visa and Mastercard Secure Code, was introduced in 2001. This required the shopper to enter a password on what was often a clunky redirect page when checking out. It did mean though that the bank was then liable if the transaction was later found to be fraudulent.

> "SCA will exacerbate low consumer tolerance for bad checkouts, causing a rise in cart abandonment"

While these password checks have been used on 'exceptional' transactions which fall outside of the normal pattern of use for the customer, a new system came into practice on 14 September requiring all transactions to undergo an additional check. This means that shoppers will not only have to enter their card number and CVV but also use another type of information to verify their identity at an online checkout.

This PSD2, as the EU legislation is called, is putting the responsibility for fraudulent transactions firmly onto the shoulders of retailers since it requires the majority of transactions to be secured with additional information. This could be additional information sent from the retailer to the bank about the individual transaction such as delivery address, customer's device ID or transaction history. This is checked in real time with the bank deciding if additional checks are required.

© NatWest

Is NatWest's testing of fingerprint checks a precursor to online verification?

WHAT DO CONSUMER THINK?

When asked for the Stripe survey what they believe would be the best authentication experience, 54% of consumers said one-time passcodes, while 26% said fingerprint recognition (such as Touch ID on Apple devices). Despite this apparent low preference for fingerprint recognition, 43% believe that it is "most secure". This indicates a need to help consumers get more comfortable with mobile wallets like Apple Pay and Google Pay as a secure and easy way to check out online.

If they are, the customer is required to undergo an additional level of security check which is based on something that they know (such as a PIN or password for Verified by Visa/Mastercard Secure Code), something which they have (such as their phone) or something which they are (such as their fingerprint). Technology from Mtek can authenticate someone from a selfie, for example.

Some banks are already using similar security with their online banking by sending a 6-digit code to the customer's mobile phone which then has to be entered on their desktop banking page when transferring money.

There have been worries though about the levels of throughput between banks and retailers and that if the shopper has to go through the process of identifying themselves with a further check they will simply leave the retailer's website and abandon their basket.

ABANDONED BASKETS

The payments sector and retailers have also been concerned about the disruption to the customer experience. Payments infrastructure company Stripe predicted that European companies would lose €57bn in the first 12 months due to shoppers' low tolerance for bad checkouts, leading to an increase in abandoned baskets.

Even now, just 47% of European consumers feel that the online checkout process is 'very easy' and the most attractive customers for online businesses often abandon purchases when encountering a poor checkout experience. For example, 74% of Gen Z shoppers have abandoned an online purchase in the past six months due to a bad checkout experience. Over half (52%) of online shoppers who abandon a purchase end up completing the transaction with a competing merchant.

Against this backdrop of low consumer tolerance for poor checkout design, the additional Secure Customer Authentication check (SCA) was deemed likely to make matters worse. Many shoppers were unaware of the new authentication requirements and only 44% of retailers surveyed expected to be ready for SCA on 14 September itself.

"SCA is unequivocally the single most disruptive event to impact European digital commerce, and many businesses — especially smaller ones — have yet to fully grasp its extensive impact. Our study indicates low levels of preparedness and, most troublingly, a lack of appreciation for how SCA will transform how European consumers will buy online," adds Jordan McKee, analyst at 451 Research, the organisation which conducted the survey for Stripe.

With such levels of uncertainty amongst consumers and retailers it was a relief to hear that the Financial Conduct Authority (FCA) agreed a plan giving the payments and ecommerce industry extra time to implement SCA. The industries now have an extra 18 months to ensure that the complex requirements are put in place.

As Jonathan Davidson, Executive Director for Supervision – Retail and Authorisations, FCA explains: "While these measures will reduce fraud, we want to make sure that they won't cause material disruption to consumers themselves; so we have agreed a phased plan for their timely introduction."

He continues: "The FCA will not take enforcement action against firms if they do not meet the relevant requirements for SCA from 14 September 2019 in areas covered by the agreed plan, where there is evidence that they have taken the necessary steps to comply with the plan. At the end of the 18-month period, the FCA expects all firms to have made the necessary changes and undertaken the required testing to apply SCA."

The industry still needs to make "necessary steps" and as Mark Nelsen, svp, open banking at Visa says: "The impact of SCA on the customer journey depends on the preparation of each merchant, their acquirer and the customer's own bank. In many instances, SCA will not get in the way of seamless ecommerce. If the right technology (namely 3D Secure) is in place, and merchants and banks are able to apply the exemptions, ecommerce post SCA shouldn't feel too different to the experience today. The main difference will be that, rather than static passwords, consumers will have access to easier and safer ways to authenticate payments (such as biometrics and one-time passcodes)."

"However, if merchants and banks do not prepare, and haven't applied necessary exemptions, the customer experience will be less streamlined. Crucially, if merchants do not have the appropriate fraud management tools in place, issuers may decline payments outright – resulting in lost business," he adds, pointing out that there is a long list of transactions which will be exempt from SCA.

"Examples of payments that are out of scope include those that are made via subscriptions and recurring payments. The three most significant exemptions for retailers include low value payments (payments under £30), payments subject to Transaction Risk Analysis (where technologies such as 3D Secure analyse the risk profile of payments), and payments classed as Trusted Beneficiary (whereby consumers add merchants to a trusted list held by their bank – so they only need to authenticate if there is something unusual, or risky, about their payment)."

He adds that it's worth noting that these payments aren't automatically recognised however, and merchants need to highlight out of scope payments and use the correct technology to apply exemptions. "These can be managed through 3D Secure. For merchants with access to a hosted solution they will need to sign up to this solution,

Could Libra launch herald the mainstream use of cryptocurrency in retail?

eBay, Farfetch, Facebook and PayPal are among the partners set to launch the new Libra cryptocurrency next year. The Libra launch could be a first step towards the mainstream use of cryptocurrency in retail. But plenty of factors, not least consumer trust, could hold that back. Chloe Rigby, editor of InternetRetailing.net investigates.

© facebook

The announcement of the new blockchain-based cryptocurrency came first from Facebook, which said its own Calibra digital wallet would go live in 2020 to enable users to buy and spend the currency across a range of platforms. The social media organisation has led development of the Libra, but its control will rest with the Libra Association, based in Geneva. The Libra Association will be overseen by its founding members, who meet at least two of a range of criteria around net worth, reach and industry leadership.

Once the currency is launched – and spendable – Facebook will have the same rights and obligations as any other founding member of the association. So far the association has 28 members – from marketplaces eBay and Farfetch, technology companies Uber, Spotify and Lyft, and telecoms providers Iliad and Vodafone Group, through to blockchain, venture capital and not-for-profit organisations. The aim is to have about 100 by the time the currency launches in the first half of 2020.

The Libra Association says the fact that it has reserve assets including bank deposits and short-term government bonds will give Libra whereas those that don't use a payment services or shopping cart provider may need to upgrade their software themselves," he says.

OPEN BANKING

Another aspect of the legislation is open banking which is allowing payments to be made directly between the bank accounts of a retailer and the customer – therefore making the payment faster and potentially at a lower cost to the retailer than card payments.

It has also opened up the financial services industry so that consumers can consent to other approved third-parties having access to their financial data via a secure API. Initial applications include consumers being able to see full, itemised receipts from retailers in their bank statement so rather than just seeing the date, retailer and the amount they've spent, they can see exactly what they bought at that time.

Loyalty schemes are also being linked to bank cards so consumers don't need to carry them all around or use different apps. It also means that retailers can send offers directly to a consumer's banking app. Flux is a great example of an organisation enabling such services.

Consumers are becoming used to paying in different ways and not associating the payment with their bank. They are paying with Apple Pay rather than the actual bank card stored in the wallet on their mobile phone. And this is another way in which Apple is building trust and loyalty with its customers – as well as tying them into its services.

When using Amazon Pay or Alipay, for example, shoppers are trusting the retailer as much as they are their bank or card issuer. When it comes to the consumer's hard earned cash trust is the most important thing and once it's lost it may never be earned again. These latest changes are giving retailers an opportunity to build on the trust they already have with their loyal customers. Don't let a customer experience issue throw that away in what could be the first step to a closer relationship with their wallet.

users "a high degree of assurance that they can convert their digital currency into local flat currency based on an exchange rate". It also expects that the fact of those reserves will prevent its value fluctuating in the way that other cryptocurrencies have - and instead will be "a stable digital cryptocurrency".

It promises that interest payable on the reserve assets will be used to cover the running costs of the system, to ensure low transaction fees and to pay dividends to founding investors.

How to spend it: Faceboook says in its blog that its digital wallet will enable people across the world, including those who do not have access to banking, to spend online without needing to have their own bank account. It says: "For many people around the world, even basic financial services are still out of reach: almost half of the adults in the world don't have an active bank account and those numbers are worse in developing countries and even worse for women. The cost of that exclusion is high - approximately 70% of small businesses in developing countries lack access to credit and $25bn is lost by migrants every year through remittance fees."

Instead it pins access to easy digital spending on the ownership of a smartphone, which it puts at as little as $40 - plus the cost of an internet connection. At first, it says, Calibra will enable users to send Libra to others with smartphones as easily as sending a text message "and at low to no cost". It adds: "In time we hope to offer additional services for people and businesses, like paying bills with the push of a button, buying a cup of coffee with the scan of a code or riding your local public transit without needing to carry cash or a metro pass."

It seems likely, given the presence of eBay and Farfetch among its founders, that a retail application for the Libra cryptocurrency will quickly emerge, with much of that spending taking place via Facebook's own systems and platform. This will enable Facebook to take a more central role in retail than it currently does at a crucial moment – the moment of payment.

Our view: If half of the world's population cannot yet spend online, then enabling them to do so has the potential to boost online retail and wider digital sales enormously. But how those that have no bank account will buy Libra in the first place is as yet unclear. Presumably there'll be an offline link, such as using cash to buy cards that represent Libra. Alternatively users may be able to earn Libra online in some way, such as through social media interactions.

Whether this venture succeeds will ultimately be down to consumers – and whether they trust Facebook and its partners enough to pay them for the privilege of spending their own money. Those "no to low" costs may well end up being micro amounts – but they will all add up, especially for those that have little cash to spend – and it does look as if it will be the consumer rather than the retailer that will be paying the transaction fees, unlike conventional banking.

Customer insights play a major role in subscription box growth

***Stephanie Heasman**, director of customer success, Feefo examines the growth of the subscription model and how Lifebox Food uses reviews to gain insight into its personalised products.*

From razors and recipe kits to stationery and self-care, the subscription box phenomenon continues to thrive. Its success has come from a focus on customer experience and the use of technologies that enable it to capitalise on changing consumer behaviour.

In the UK, Royal Mail estimates that the subscription box sector will be worth £1bn by 2022 and that 27% of UK consumers currently receive at least one box. Cool and style-conscious in many cases, these services are most popular with under-35s. The Royal Mail research shows that more than half of 25-35 year-olds subscribe to at least one box service. In the US, meanwhile, the management consultancy giant McKinsey estimates the market for internet-based subscription services, which includes boxes, grew by more than 100% a year over a five-year period to 2018.

Growth shows no signs of stopping, with the Royal Mail research finding that 40% of UK consumers will join more schemes in the future.

What is behind this expansion? Partly, it is related to the changed habits of consumers who no longer browse for the unexpected on the high street. Yet when they go online they are faced with a bewildering amount of choice. Consumers are aware they can spend far too long choosing what to buy and value a selection "curated" by an expert. In the UK, millions of consumers have also become accustomed to subscription services through the growth of online grocery shopping.

Consumers want convenience, but on the other hand, they also want pleasant surprises. Whether in the US or the UK, subscription box services fall broadly into two categories to meet these overlapping sets of demands. Services delivering razors and baby products are fundamentally about replenishment, while a business such as Feefo customer Lifebox, which delivers a monthly box of high-quality health foods not readily available elsewhere, is about discovery and delight.

The following guest article has been written for InternetRetailing by Stephanie Heasman, director of customer success, Feefo. Feefo enables retailers to connect directly with their customers to gather real feedback, meaning real insight and tools to build relationships, improve brand reputation and make informed decisions for the future.

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CUSTOMER EXPERIENCE REDUCES CHURN

High churn rates, however, remain a challenge right across the subscription box industry. McKinsey found that four-in-ten consumers had cancelled their subscriptions. More than a third of consumers who sign up for a subscription service cancel in less than three months, and more than half cancel within six. As McKinsey repeatedly stresses, consumers will only continue to subscribe if they receive superb end-to-end customer experience.

Lifebox is one of the companies at the forefront of the subscription box revolution. It was founded five years ago by Jenny Sleath from a belief in wholesome food and exercise. Managing director Howard Rawlings says understanding customers in order to provide them with a memorable experience is essential. Discovery is a central part of the customer experience, along with meticulous presentation and dependable delivery.

That is not to say that value is a long way behind in customers' considerations. The cost of a box is less than the combined RRP of the same items bought individually, assuming consumers know where to find them. Customers will often post feedback highlighting how the boxes are excellent value for money.

Rawlings view is: "Customer experience starts when consumers visit our website and goes

© Lifebox

Discovery is part of the Lifebox customer experience

through to receiving the second box." The company knows its customers regard receiving a box as something akin to giving themselves a gift so a great deal of attention is paid to presentation. Layering makes the unwrapping and unboxing ritual enjoyable and if a box is a gift it will have a ribbon. The attention to detail extends to the way the tissue paper is folded inside and the provision of a booklet that gives information on the contents and suggests recipes.

These finishing touches add to the 'self-gifting' experience and the business goes the extra mile to ensure receiving a Lifebox is an exciting and special moment.

CUSTOMER INSIGHT IS AS VITAL AS CURATION

Knowing what matters to customers and whether the company is delivering on its promise at every step of the way makes feedback crucial to Lifebox. Rawlings says: "In its most basic form, what we do is not difficult; we put products in a box and send them to consumers. What makes us different is the knowledge we have about our consumers' preferences and how we use that information to keep our boxes fresh and exciting."

Customers are encouraged to post reviews and these are published for all to see. Rawlings sees these as invaluable saying that it makes the customer realise they are important and that their voice will be listened to. The feedback is critical to both shaping what Lifebox offers and to the resolution of any individual problems or misunderstandings. Secondly, analysis of the reviews highlights broader market trends and responses to products or aspects of the service. It's here that customer review feedback helps address the substantial challenge of reducing churn, any insight that can help with this is crucial to the business's growth.

Like many successful subscription box companies, a large part of Lifebox's success is in anticipating trends. Boxes containing vegan foods are its biggest seller, but the company also addresses gym fitness enthusiasts with high-protein products. Being prepared to offer customers products that are a little off-the-wall is vital.

The crucial decisions about what to put in the boxes are made by a curator who is a nutritionist working closely with international brands so that when a new product is released, Lifebox already

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knows about it. This is, as Rawlings says, a very important part of the business. The company never repeats items in its boxes, so that the experience is different every month with entirely new content. This is the company's specific niche where it sees itself as having special expertise and plenty of scope for growth.

"Feedback allows us to keep a customer rather than lose them over some specific misunderstanding but it's also important for the brands in our boxes," says Rawlings. "We can give them information about their products, especially when they are new." This has special relevance to Lifebox, because, as Rawlings says: "We like to challenge our customers sometimes with products that are new or different, so we'll get feedback saying 'I didn't enjoy everything in the box, but I'm giving you five stars'. If you want to discover new products, you have to expect that you will occasionally discover something that doesn't suit your tastes."

> "Royal Mail estimates that the subscription box sector will be worth £1bn by 2022. 27% of UK consumers currently receive at least one box"

Rawlings points out that maintaining competitiveness and reducing churn in the subscription box business can be challenging. The content of boxes has to change constantly without any compromise on quality and any successful new ideas can be adopted by competitors.

It is why it is so important to obtain customer feedback and extract insights from it. "If you don't know your customers you are sunk," he says. "There's a certain amount of anecdotal evidence, which is useful, but you cannot beat having a look at your Feefo feedback over the last six months and seeing which way it is going."

Looking ahead, the future of subscription boxes lies in greater personalisation. The McKinsey research showed that 28% of subscribers in the US view personalisation as the main reason for continuing to subscribe. This is a difficult nut to crack for any subscription service, but it is one where customer feedback will have a very obvious and highly effective role to play. Gaining real insights from the review feedback of thousands of real customers will be essential to the development of the subscription box industry.

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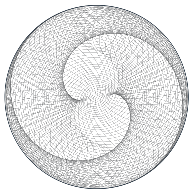
With regards,

Ian Jindal

Editor-in-Chief, InternetRetailing



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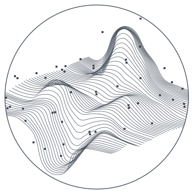

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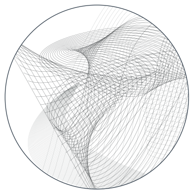

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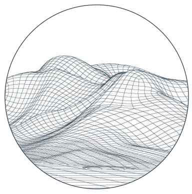

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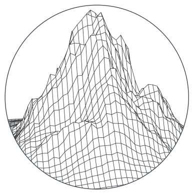

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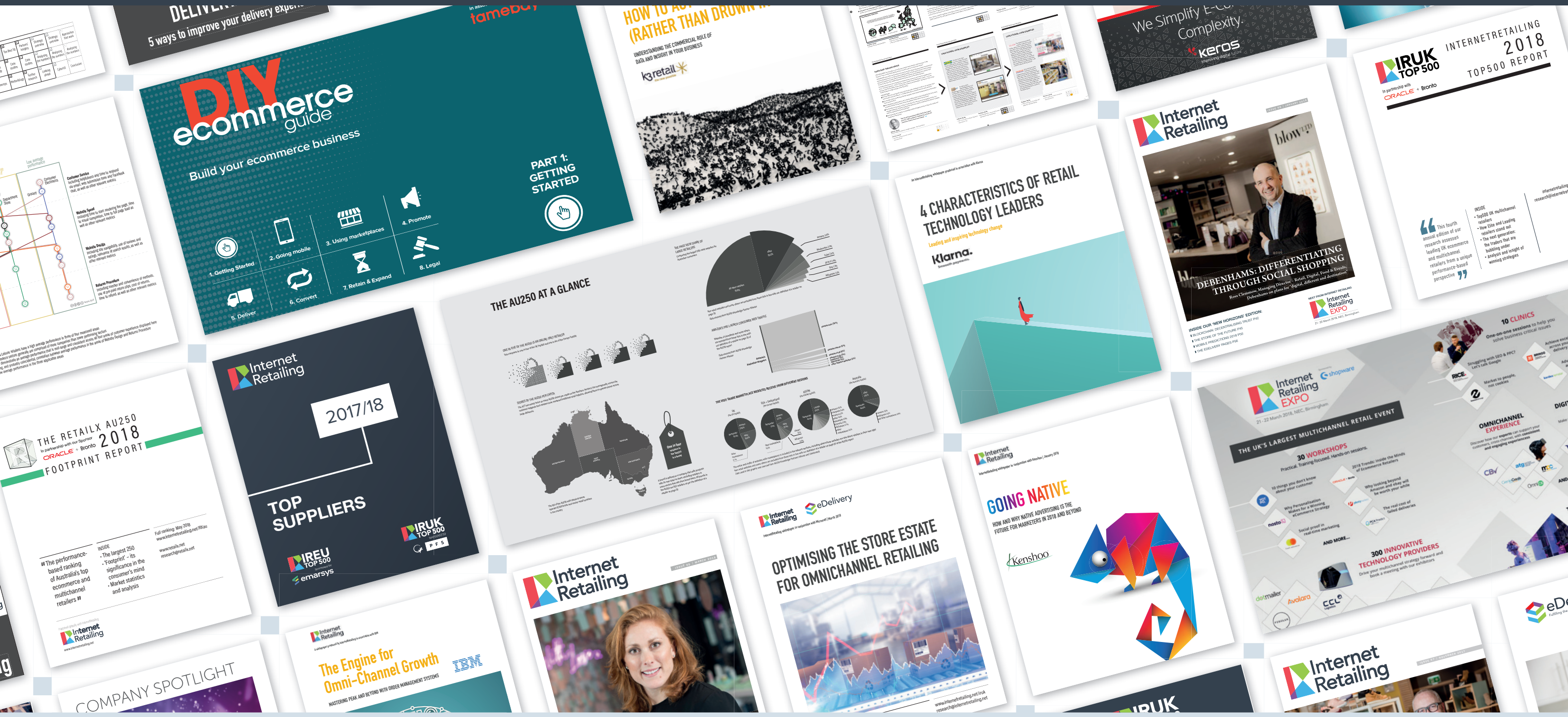

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Standing out by popping up on the high street

Ian Tomlinson, CEO, Cybertill explains how retailers are using pop-up shops as a tool to drive sales, both online and off.

Capturing the attention of consumers has never been more challenging, especially for big box retailers and brands. The average attention span of a human is just 8 seconds, which means at 9 seconds, goldfish now have a longer attention span than the typical consumer. When thinking about peak trading, every retailer will be pulling out all the stops to capture the attention of consumers. But what works? Pop-up shops are becoming a favourite for both online and high street retailers alike. They are perfect for testing new markets or making your products accessible to areas that you don't have a physical presence in.

According to the International Council of Shopping Centres, opening one new physical store in a market results in an average 37% increase in overall traffic to that retailer's website. It's human nature for people to want to find out more when we see something new or different and retailers can really tap into our inquisitive nature through pop-up stores.

Cybertill and YouGov research highlights that consumers are, on average, 11% more likely to purchase items directly through a retailer or brand in-store than online or through an app. In addition, for Gen Z in particular, nearly half of in-store purchases are assisted by browsing online. The physical space is especially powerful for items which require personalised service to purchase, such as jewellery or makeup.

Look Fabulous Forever (LFF), a makeup and skincare brand formulated for older women (roughly 55+), opened its first pop-up shop in Wimbledon in October 2018 after success as a pureplay direct to consumer brand. "Our pop-up shop isn't just a place to come and buy our products. Customers can book a makeover for £50 which is redeemable against any makeup bought afterwards. Before we opened the pop-up, we had 200 makeovers already booked and it's been such a success that the shop is still open," explains Anna Cusden, LFF's managing director. The brand has since opened a second pop-up shop in Guildford.

The pop-up shop for LFF offers services that complement the product, which has extended its online presence to engage new customers. "Over 30% of people booking makeovers are new, so it's been a really good way for us to acquire new customers. In addition, 17% [of visitors to the pop-ups] are dormant. So again, it's a great way for us to reignite our relationship with our audience," continues Cusden.

The following guest article has been written for Internet Retailing by Ian Tomlinson, founder and CEO at Cybertill. Cybertill provides retail management software and services including dedicated cloud platforms featuring omnichannel EPoS, PIM, CRM, inventory replenishment, order management, and warehouse management. Its mobile POS can transact whilst offline and is a trusted option for hundreds of retailers globally.

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Pop-ups present pureplay retailers with opportunities to create consumer confidence by providing a tangible aspect of retail that can so often get lost online. "Our pop-ups answer one of the main barriers to purchasing makeup online – women can try the makeup. We also create an environment and experience which makes our customers feel comfortable and relaxed. The makeup artists are older women themselves, so there's an understanding and trust they can build with the customers."

Using a slightly different approach, beauty brand, Benefit, understands the importance of maximising physical presence by placing vending machines in airports for time poor customers who know what they want. Considering the target market of Benefit differs greatly to LFF, you can see that each brand is using a pop-up strategy relevant for their audience.

RELEVANCY TO THE CONSUMER

Keeping the initiative relevant and meaningful to your audience, as both Benefit and LFF have done, is key to a successful pop-up programme. Our research shows that 49% of over 55s cited 'face-to-face customer service' as a top reason to shop in-store rather than online, compared to only 22% of Gen Z and millennials.

Booking short-term commercial space can bring long-term gains for seasonal retailers, especially those planning for peak retail events. Trying to cut through the noise of Christmas is what edible cocktail company Smith & Sinclair aims to achieve with its pop-ups. As managing director Melanie Goldsmith explains: "We design playful, interactive spaces that encourage brand and product discovery whilst delivering shareable storytelling moments, turning our customers into brand advocates through social media and word of mouth. Our aim is to cultivate these relationships at Christmas, then nurture all year round encouraging a longer, more loyal customer lifecycle and referral due to the experience we personally gave those attending our space."

At the other end of the seasonal spectrum, children's beachwear brand, Sunuva takes an omnichannel approach to the mix of pop-up shops, wholesales and concessions. Understanding the need to partner with larger retailers since launching in 2007, Sunuva have had collections featured in luxury department stores as well as independent boutiques and international resorts. Managing Director, Bunty Stokes describes how Sunuva made the decision to open a pop-up store: "we've continued to see strong growth in our wholesale channel, so we made the decision we should experiment with a pop-up in Notting Hill, close enough to our studio that we could manage it and an opportunity to pilot this channel to complement our existing channels, taking an omnichannel approach."

With physical space at a premium, pop-ups and micro-retail stores could be a good option for many types of retailers.

Online retailers struggle with costly returns, especially if an item can't be resold at full price. Pop-ups designed to let consumers 'try before you buy' could be perfect for providing that all important touchy-feely approach, which works well for high-end, luxury goods. A mobile pop-up concept, like the Amazon Treasure Truck, could also appeal and get a halo effect of PR.

Brands can be creative and can tap into quirky new tech that they may not be able to implement in store or concessions. Fashion, accessory, jewellery and beauty retailers can minimise products in the pop-up and create a 'virtual pod' that lets the consumer choose what they want, view how it would look using virtual mirrors and buy through an app or mobile POS.

Department stores or large national chains can use the 'store within a store' concept to team up with local, independent or specialist brands that aren't available elsewhere on the high street. A great way to increase footfall, it keeps the store fresh and taps into a whole new customer base.

Whatever retailers decide to do, ensure that the pop-up ROI isn't just measured on pure profit but other factors too such as, new customer acquisition and marketing metrics.

And remember, make it pop (pun intended). It needs to capture the attention of a human, not a goldfish.

The mobile splurge

***Paul Skeldon**, mobile editor, InternetRetailing, examines how the ease of m-commerce is leading to issues around serial returners, sustainability and consumer debt – and how to make it right.*

You'd think that selling too much wasn't a problem for retailers. However, the rise of e and particularly m-commerce has seen more shoppers than ever 'blowing their budget' while ogling the merch on their phones – and it is leading to a raft of issues for both consumers and retailers.

The rise of the web and mobile has forced retailers selling through these channels to make them as easy to use as possible. Check out processes are now super slick and easy and, where possible, retailers have even tried to make payment a seamless one or two click process.

While this has been driven by making the shopping experience on mobile easier to facilitate – avoiding the need to type in long card numbers and so on – it has also have the effect of making it really easy to see something, look at it and buy it.

Similarly, the growth of social media has also pushed the mobile shopping envelope, giving people the chance to be influenced into seeing and quickly and easily buying things – both online and on mobile.

This partly explains why, according to figures from Salmon on Black Friday 2018, 73% of retail traffic comes via mobile devices and 59% of sales. Sure the proportion of sales for traffic is still low compared to online – 27% of traffic from desktop and 41% of sales – but it is still a marked increase on previous years. Shoppers are buying more frivolously.

A US study by CouponFollow, an online couponing platform, found that about 2 in 5 (42%) of consumers admit blowing their budgets while online and mobile shopping in the past six months.

Together, these two phenomena – ease of checkout and social media – have led to a surge in sales online. But the upshot isn't necessarily all good. For consumers, there is the every present worry of debt. The CouponFollow survey found, unsurprisingly, that online shopping and credit debt go hand-in-hand, with around 29% reporting that they had gone into debt in the past six months due to online purchases.

In fact, the report highlights how more than a quarter of respondents reported reaching a credit card balance above $1,000 from online shopping in the past, but most shoppers said $100 - $300 was the most online shopping debt they'd ever carried.

BE CAREFUL WHAT YOU WISH FOR

It would be easy to think that more sales – despite debt – is a good thing for retail, not least with the peak season heading our way. Of course, everyone wants to sell more, but there are caveats and, drilling deeper into the impact of ease of use and social media influence on shoppers reveals that there is a dark side.

For starters, increasingly mobile-centric shoppers may be buying more, but many of them are becoming much more savvy about hunting out deals. Another US survey, this time by Kelton Global on behalf of RetailMeNot, found that, while an encouraging 85% of US shoppers visit three non-grocery physical retail stores during a typical week – an average that goes up to four stores per week among millennial shoppers and 5.25 among Generation Z – they do it armed with their phones and are hunting for bargains.

Consumers are leveraging their devices to seek out deals, with half (49%) of Americans having an app that collects and provides deals and discounts across retailers on their smartphones. 65% of them say receiving mobile coupons they can redeem in-store is important when shopping in physical stores.

This does mean that marketing needs to be smarter and it does, in theory lead to greater sales, but it is forcing the ever-growing discounting model to sink its claws deeper into retail's soft underbelly. More sales don't necessarily mean more money.

SERIAL RETURNERS AND SUSTAINABILITY

Another aspect of growing sales driven by the ease of mobile and social commerce that retailers planning for peak need to be think about is the growing problem of serial returners. Many of the

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Fashion retailer Asos has introduced a new returns policy to block serial returners

people wildly buying are doing so just because they have issues with impulse control, but many are doing it for far more onerous reasons.

The rise of social media and the social status seemingly conferred by being a 'social media influencer' is pushing many a deluded soul to buy stuff online, receive it, wear it so they can take a selfie in it (probably while pouting and throwing a 'peace' sign) then sending it back.

This they do on repeat and it's becoming a £7bn a year problem for retailers, according to Barclaycard. Research carried out by Opinium for the card company quizzed 2,002 UK consumers and 302 retailers and found that 26% of retailers have seen returns rise both in-store and online over the last two years. Fashion retailers are among the worst hit, with almost four in ten (37%) reporting increased levels of returns.

The average British shopper, it found, spends £313 buying clothes every year – and returns almost half (47%), worth £146. A third (33%) of shoppers buy clothes online expecting they will be unsuitable before they've tried them on. Two in five (40%) return clothing bought online because they don't fit as expected, while 9% have started buying several sizes and returning the ones that don't fit. That's a trend that 27% of retailers have seen.

But it is the social media-driven returners that are the real issue. According to new research conducted by resource planning platform Brightpearl, which asked more than 200 retailers across the UK about the trouble they face, more than a third of shops have seen an increase in serial returns over the last year.

Famously, Asos is now checking – and blacklisting – the social media accounts of people that it suspects are serial returners driven by the ease of use of mobile and social shopping and the pressure to become influencers.

While Asos denies this – as does Harrods, which has also been accused of refusing refunds after looking at shoppers purchase histories and Twitter and Instagram feeds – not everyone sees serial returns as the problem.

Most retailers now accept that returns are going to be part of the price paid for online and mobile success. Speaking to Brightpearl as part of its research, Hester Grainger, a stylist at Hester Styles, said that retailers should put more trust in their customers. "In my opinion, 'serial returning' is now the way of the world," she says.

Grainger continues: "I think that as consumers, we want, need, expect – and deserve – multiple options. Especially with a garment that involves stepping out of your comfort zone. I think it's normal to order different colours and sizes – especially when sizes vary so much from retailer to retailer. I think ultimately, that retailers should trust their customers, and that there are many different reasons for consumers to return items, for example, sizes not being standard, wanting to try different colours, not being sure if a style or garment will suit."

Barclaycard agrees: Konrad Delling, managing director of customer solutions at Barclaycard, says: "It's clear having an effective and convenient returns policy that satisfies customer needs is a crucial factor of success for retailers. While many have adopted new processes to help manage increasing returns volumes, the real focus should be on measures which help to reduce over-ordering in the first place. Implementing technology such as virtual fitting rooms which allow shoppers to visualise how products will look when worn, for example, is one way retailers could reduce the number of returns and refunds they contend with and, in turn, the size of the 'phantom economy'."

WASTE NOT WANT NOT

Another repercussion of the swell in online and mobile sales lies in sustainability. The endless discounting and volumes needed produces a growing mountain of goods. Many that are bought and returned never get reused and instead go to landfill. There is also the issue with packaging, raw materials, the provenance of the goods and the welfare of the people who made them. The more things that are sold, the more it impacts on the sustainability of retail.

This impacts all retail, but is a growing problem for 'fast fashion'. Research by Nosto published on 5 June this year, World Environment Day, suggests that more than half (52%) of consumers in the UK and US want the fashion industry to become more sustainable, with calls for reduced packaging and fair pay for workers among their top demands. 29% of these consumers say they will pay more for sustainably-made versions of the same items.

And despite many clothing manufacturers and retailers already taking steps to become more sustainable, 45% of the 2,000 consumers who were polled agree that it is difficult to know which fashion brands are really committed to sustainability.

Further analysis by Drapers among 372 fashion business leaders and professionals found that 92.2% felt there was now a commercial imperative to become more sustainable. Some 91.6% of respondents to the Drapers Sustainability Survey said their customers were showing a growing interest in sustainability, while 59.9% thought they were willing to pay more for that.

Squaring this with increasing and wanton purchasing by consumers armed with phones looks like quite a challenge for the industry – but young shoppers may well be changing it for them.

For instance, the number of UK shoppers using fashion resale apps has increased by 113% in five years, with 18-24 year olds the thriftiest age group when it comes to getting rid of unwanted clothing, shoes and accessories, according to research by the Fashion Retail Academy.

The poll reveals that those aged 18-24 are the most active at selling their unwanted garments with 22.8% selling their clothes via resale apps like Depop and 11.9% selling to their friends. They are also the most active when it comes to making money at car boot sales with 13.2% revealing that's how they get rid of the unwanted items in their wardrobe.

They are also keen on embracing new ways to consume, such as looking at clothes rental, with apps such as Tulerie offering rental of luxury clothes in the US and Tchibo covering off the lower end of the market in Germany.

Launched in January 2018, the Tchibo Share programme allows customers to rent clothing online in order to cater to customers that only require clothing for short periods. It aims to increase sustainability and move towards a sustainable economy. The retailer now plans to expand the range every six weeks, with new categories of children's sporting wear set to launch on 21 May. The company will extend the range of women's clothes on offer as well as offer holiday products.

Nanda Bergstein, director of corporate responsibility, explains: "We believe that sharing and reusing resources is an important answer to the pressing issue of our time, how we as a company and society can protect the environment and leave a liveable world to the next generation."

Bergstein concludes: "With Tchibo Share we try to inspire our customers to try out such an offer and ideally integrate it into their daily lives. It is important for us to be an everyday companion for families and to offer them services that are easy to implement in everyday life and protect the environment."

So, perhaps the process is evening out. Maybe, as these younger shoppers start to adopt new ways of shopping, there will be more sales, only with fewer downsides.

The changing face of mobile retailing

__Paul Skeldon__, mobile editor, InternetRetailing, investigates peak from a mobile perspective.

Just when you think you have it nailed, everything changes. With another Prime Day under the belt, most retailers are now gearing up to keep that peak momentum going between now and the all-important Christmas bonanza. However, many of the ways they are used to selling things could all be set to change – if not this Christmas, then certainly by Christmas 2020.

Peak 2019 for UK retailers is set to be a tough one. The economic climate is already making it look tricky and, should Brexit occur on 31 October, that could be made worse by throwing imports and exports to and from the continent into chaos depending on whether there is a deal or not.

Against this backdrop, there is also a shift in how shopping is likely to work – on mobile at least. For starters, retail app use is now de rigueur. Depending on whose numbers you look at, mobile traffic to retail sites already outweighs that of desktop. Increasingly, we are seeing more sales on mobile than on desktop (in certain circumstances). Now retail apps are starting to come into their own, driving more sales for more retailers than ever before.

According to research in the US by US app marketing company Liftoff and fraud preventer Adjust, which analysed more than 90.9 billion ad impressions across 13.6 million installs and 3.9 million registration and purchase events between April 2018 and April 2019, the traditional 'make-or-break holiday shopping season' is dead as mobile users shop all year long.

Historically, retail app marketers are laser-focused on the holiday shopping season – from Black Friday through the New Year – to target consumers ready to spend. This year's trends, however, beg the question: is holiday shopping still a make-or-break period for ecommerce?

"Winter holiday shopping is still alive and well, from mobile to brick-and-mortar," explains Liftoff co-founder and CEO Mark Ellis. "But our data shows consumers now spend steadily all year long, suggesting the traditional holiday shopping season won't make or break a brand as it might have in the past."

In short, the data suggests that linking mobile advertising campaigns to traditional holidays is somewhat passé. For mobile marketers looking to get the best return on their marketing dollar this year, throw away preconceived notions and target users year-round.

MOVING AWAY FROM AMAZON

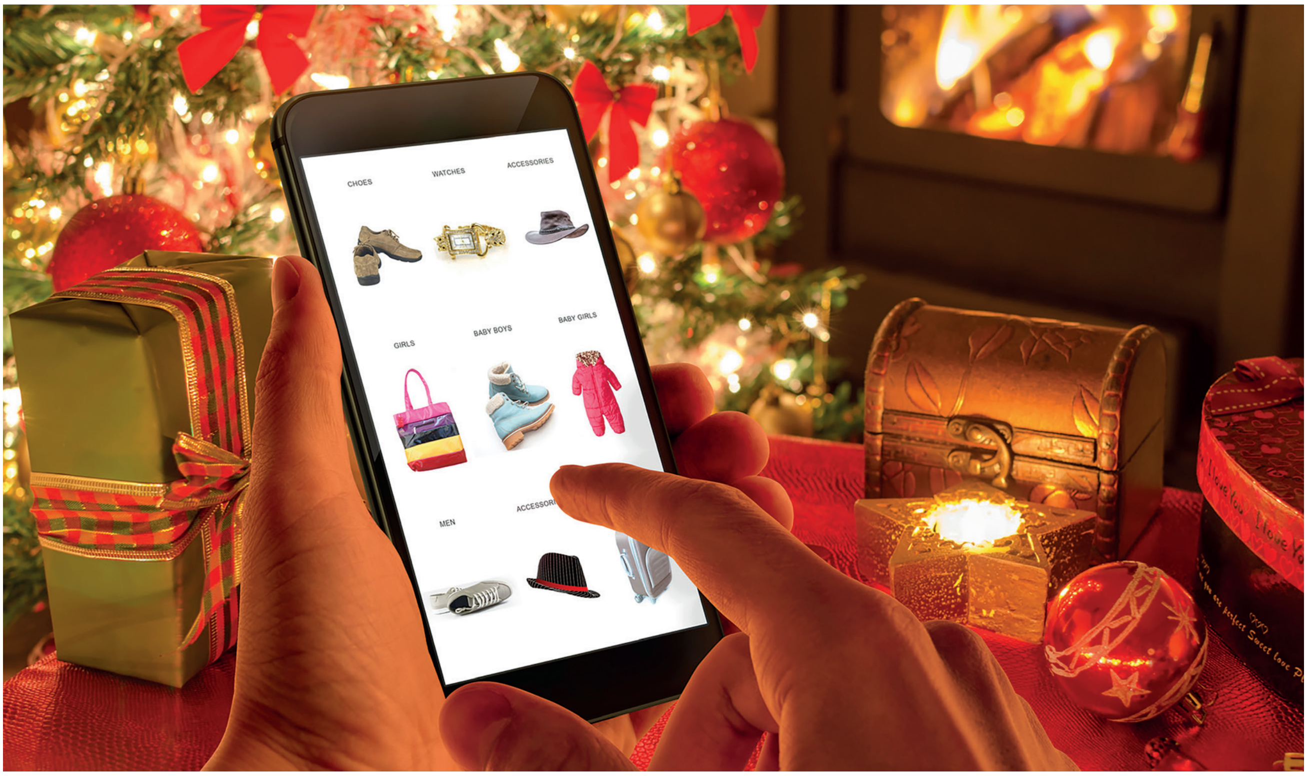
Amazon, as Prime Day has shown, is still a dominant force in mobile retail at peak, but this too is changing. A new study by Wunderman Thompson Commerce in June found that younger consumers report less satisfaction with the retail giant than older generations – and are stopping using it.

> "A study in June found that younger consumers are less satisfied with Amazon than older generations and are stopping using it"

The Future Shopper report, which takes an in-depth look at the current commerce landscape through the lens of the modern shopping journey, found that, while Amazon attracts more than a third of all online retail spend internationally (36%), 16 to 24-year olds are less likely than older shoppers to believe the marketplace provides the best experience when it comes to access to brands, easy returns and customer service.

Almost one in five (18%) Gen Z consumers also said they were swayed by brand ethics when making a purchase decision, a factor which would see them choose another retailer over Amazon. Only 36% of Gen Z shoppers turn to search engines for inspiration

For brands and retailers, the study reveals a key challenge in the online shopping journey. While consumers are relatively platform-agnostic when it comes to finding inspiration for purchases, this behaviour changes when they search for products. More than half (51%) of consumers said they turn to Google and other search engines for inspiration or ideas for products to buy, while 33% said the same for brand websites and 32% for social media. However, when it comes to



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Peak 2019 is set to be a tough one for retailers

actively searching for individual products to buy online, 56% of consumers go directly to Amazon to start their search.

Although the statistics reflect Amazon's increasing dominance, there were certain factors that shoppers said would influence their decision to shop elsewhere. For consumers to choose other retailers and brands over Amazon, they look for cheaper pricing (61%), more attractive loyalty programmes (26%), more convenient delivery options (23%) and a better, more specialised product range (18%).

"Brands and retailers continue to grapple with the challenge of how to exist alongside Amazon. While the retail giant may be a competitor, it is also a platform that can give brands and retailers enormous scope to reach millions of consumers globally. The most important thing is that they find a way to partner with Amazon but still own the relationship with the customer; now and into the future," says Neil Stewart, global CEO, Wunderman Thompson Commerce.

IT'S ALL ABOUT EXPERIENCE

One of the reason given for Amazon's slight fall in favour lies in the growing desire – especially among younger shoppers – is that they don't dig Amazon's somewhat utilitarian approach. Once the gold standard in making mobile retail work, the Amazon app is now considered effective, but pedestrian.

Instead, shoppers in the Gen Z cohort want personalised experiences. Michael Schirrmacher, managing director UK at Bloomreach believes that young shoppers want to feel valued, shop with ease and get access to the right products quickly and simply.

"Growing up with the online world at their fingertips, this generation expect instant access to what they want and the information they need as standard," he says. "Amazon's almost infinite product range is a huge competitive advantage, but the actual experience of using [Amazon] simply doesn't cut it. Fewer and fewer people have the patience for the sluggish and outdated experience Amazon offers. What people actually want are contextual and highly relevant shopping experiences."

He continues: "Going big on personalisation and tailored experiences that encourage customer loyalty and spend is where competing retailers and brands can play an advantage. People chose where to shop based on the experience they receive. Whether on web or mobile, only by using digital experience platforms that combine AI search and merchandising with a connected CMS is it possible to build more effective, differentiated customer experiences. That might mean delivering search results that truly fit the query, or it might mean ensuring the homepage highlights products that fit the user's interests."

TAKING IT IN-STORE

There is also a shift, believe it or not, towards stores, which is also going to shape who the winners and losers are over peak 2019 and beyond. According to the Wunderman study, consumers are also still craving an in-store experience, with almost half (46%) saying that they want to shop with a brand that has a physical store, which rises to 49% among Gen Z shoppers.

This is backed up by research in the US by Kelton Global on behalf of RetailMeNot, which found earlier this year that consumers today do almost nothing without a mobile device in hand and the study data shows this is especially true when shopping in stores.

Gen Z-ers shop with their phone and use their phone while they shop to help them, but overall they want to visit real stores. In fact, most in-store shoppers (69%) would rather consult a product review on their phone than ask a store associate, while more than half (53%) would rather use a mobile device to find deals and offers on products they are considering purchasing than discuss promotions with an in-store associate.

This is driving Gen Z engagement with brands in a new way and retailers need to tap into that. A key part of this lies in increasing interaction between consumers and brands, as well as letting consumers feel that they are influencing brands, believes Philippe Loeb, consumer goods, CPG & retail industry vp, Dassault Systèmes.

According to Loeb: "Businesses today must look beyond the aesthetics of a product or the practicalities of a service. Consumer engagement and loyalty count far more than features and benefits alone – so much so, consumers expect to interact with or even influence suppliers. As a result, products are no longer enough for today's consumers who value being a customer as much as a creator. Nothing embodies this shift as much as the rise of co-creation with brands asking their customers to design new products, or even select the ones that would make it to the market."

He adds: "The retail sector is now also heavily influenced by social networks, playing a vital role in consumers' online buying behaviour through advertising and the rise of voice activated and algorithmic commerce. It is no longer a simple task to attract the consumer and business models need to be more agile and flexible to adapt continually to the whims of buyers."

The logical extrapolation of Loeb's theory, that consumers are more likely to become collaborators and influencers of brands, may not be as far-fetched as some may think. Last month Instagram CEO Adam Mosseri told the Financial Times that the social site is set to become fully-shoppable, with native checkouts, shopping baskets and more – making it a place to discover, influence and shop.

"Our research suggests that 85% of millennials reach for their smartphones first when making purchases via the internet and, with 1 billion people using Instagram every month, the market potential for retailers to capitalise on this move is huge," says Andy Burton, CEO of Tryzens. "By working with Instagram, retailers will be able to reach the largest possible audience, who can purchase an item in a matter of seconds due to advancements in simplified payments on websites from the likes of Apple Pay, Android Pay, and PayPal."

Kees Jacobs, Vice President, Global Consumer Products and Retail Sector at Capgemini agrees: "Instagram's plans to integrate online shopping into its app is another sign of the changing nature of the shopping experience," he says.

"Everything – from video content to social media – will become directly shoppable everywhere – from mirrors to VR, multiplying frictionless opportunities for purchase and embedding shopping into day-to-day activities and routines. If the customer is willing to allow access to the relevant data, this offers brands the opportunity to interact with customers in new and innovative ways."

And this could be the most fundamental shift in mobile commerce – in commerce in general – in the coming 24 months. Suddenly, everything is shoppable: VR, AR, voice assistants, video, TV, advertising and more.

This shifts what it means to be a retailer away from online sites to, in theory, stores as showrooms and a place to take the snap, while Instagram becomes the shop front. It is an interesting change – and one that could severely dent Amazon – that shifts how retailers operate, but which could boost their sales. It is certainly going to be an interesting Christmas – both this year and next.

Milestones on the road from retailer to tech company

***Zalando and Ocado** have both made the switch from being retailers to technology companies, understanding the important part that logistics plays in ecommerce. Both have reached new milestones this year. eDelivery explains.*

Ocado and US supermarket chain Kroger have begun work on the first of 20 customer fulfilment centres (CFC) which will use Ocado's smart picking and packing platform. The CFC, located in Southwest Ohio, is set to become operational in spring 2021.

Kroger has invested a total of $55m (£43.4m) for the 335,000sq ft building, with Ryan Companies contracted to design and build it. It expects the site to create over 400 new jobs.

"With construction starting for Kroger's first customer fulfilment centre in the Cincinnati region, we are now well on the way to a nationwide revolution in how Kroger customers experience ecommerce," says Luke Jensen, CEO of Ocado Solutions.

"In a fast-developing landscape for grocery retail, Kroger's determination to continue delivering the best experience for its customers, online as in stores, is unparalleled."

Rodney McMullen, Kroger's chairman and CEO comments: "Kroger is incredibly excited to reach this meaningful milestone in our Restock Kroger vision to serve America through food inspiration and uplift."

He adds: "Our partnership with Ocado will introduce transformative ecommerce, fulfilment and logistics technology in the US and bring customers fresher food faster than ever before, accelerating our ability to provide anything, anytime, anywhere."

The next two CFCs to be built will fulfil orders in central Florida and the mid-Atlantic region.

Meanwhile in the UK, Ocado and Morrisons have altered the terms of their agreement, allowing the former to use more of its own warehouse space following the fire at its Andover CFC in February 2019 which saw Ocado lose 10% of its fulfilment capacity. It also enables Morrisons, which is a customer of Ocado's automation technology Ocado Solutions, to expand its partnership with Amazon.

The agreement will see Morrisons.com, suspending its use of Ocado's Erith fulfilment centre. Currently it accounts for over 10,000 orders from the site and has the right to use 30% of the centre's future order capacity.

Morrisons will resume using the warehouse in February 2021 but in the meantime it will be able to fulfil orders from store through Ocado's store pick solutions and will pay lower store pick fees, as well as not having to pay for any of the costs of using the Erith centre.

In addition, the grocers have agreed to relax exclusivity provisions which prevented Morrisons from working with other digital partners such as Amazon.

Morrisons is pleased with the arrangement and its ability to "help our partner in times of need after the recent fire". David Potts, CEO, Morrisons comments: "We will keep growing Morrisons.com for our customers and save some cost, returning to the Erith CFC when it is more mature".

He adds: "Our new agreement allows us to have more than one digital partner, and opens the way for significant potential opportunities and partnerships in this important growth area for Morrisons."

In a letter to investors, Ocado reported that a malfunction with a battery charging unit on the robotic grid was to blame for the fire. It caused the plastic lid on a robot to catch fire. The company has since undertaken a number of safety measures to prevent another fire, including removing the plastic lid and introducing localised smoke detectors. In the future, the grocer will also add heat sensors in the storage grid.

Ocado said the charging units were only used at the Andover distribution centre.

The letter concluded that the "assessment of the reasons for the fire at CFC 3 gives the Board confidence that, going forward, there are no significant implications for the risk profile of the Group's assets or the viability of the Group's model, and therefore for either Ocado Retail or the rest of the Group."

Investment house Peel Hunt has pronounced the Ocado warehouse automation platform as being more advanced than that of Amazon. Peel Hunt analysts James Lockyer and Damindu Jayaweera visited Amazon's most technologically advanced European warehouse in Tilbury and said that it had left them "underwhelmed" compared to Ocado's technology.

For one thing, they pointed out that Ocado's robots move three times as fast as Amazon's. They also used the example of Ocado being able to differentiate between the different ripeness of fruit as one area.

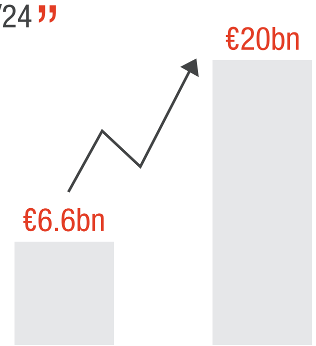
They also claimed that Amazon's warehouses are less efficient due to spare capacity outside of peak season, with utilisation rates at 50% for most of the year and 90% between October and January.

They have advised clients to invest in Ocado, saying that they believe "the management has the vision to take Ocado's success today to become the Microsoft of Retail tomorrow".

Ocado has since opened an innovation centre in London to work on its Smart Platform focusing on areas including machine learning, big data, simulation and the cloud. The initial group of 40 employees in what is its sixth innovation centre will grow to 300 over time.

German retailer turned marketplace and technology company Zalando has seen the number of partners for its Zalando Fulfilment

" Zalando aims to grow GMV from its current level of €6.6bn to €20bn by 2023/24 "



Solutions (ZFS) business grow 300% to over 100. ZFS gives fashion brands access to its logistics infrastructure. Over the past year, the number of items shipped through ZFS has grown 400%, with the share of items sold via the partner programme that uses ZFS grew 200%.

Through the service, Zalando takes over customer fulfilment for its fashion partners, from inbound to returns processing so that its customers receive an entire Zalando order in one parcel regardless of the brands purchased. According to the company "on average, our customers buy fashion from 13 different brands per year in the fashion store. As a result, 76% of items are ordered in multi-brand orders."

In a new addition to the service, Zalando will also handle fulfilment for brands which aren't sold on the Zalando site. The company is running a six-months trial with Adidas which sees Zalando fulfilling orders from Adidas.fr.

As well as this multichannel option, Zalando is also launching fulfilment in Switzerland somewhere which CFO David Schröder says is a "very attractive market that has been complex to serve for many partners from their own logistics footprint".

A third service launched by Zalando will be piloted in Q4 and allow partners to shift remaining stock to Zalando's discounted Zalando Lounge range, which will increase stock flexibility and limit inventory risk.

The new features apparently aim to alleviate a range of concerns over the service's impact on stock availability and flexibility, which were highlighted by investor firm UBS earlier this year.

Zalando is also expanding its fulfilment network with a new warehouse in the Netherlands to

© Zalando

Zalando operates 14 fulfilment centres across Germany, France, Italy, Sweden and Poland

support its ambitious growth targets in Western Europe. It operates 14 fulfilment centres across Germany, France, Italy, Poland and Sweden. The warehouse, which opened in Sweden in January this year is the most advanced in terms of automation built with the aim of cutting lead times in half for Nordic customers.

Outbound processes in the 323,000sq ft fulfilment centre are automated to ensure efficiency and throughput of orders and to cut "monotonous and non-ergonomic tasks". This extends to pocket sorters and 50 'butler' robots from GreyOrange. These autonomous robots carry product on shelving for human packers to place into customer orders. Around 500 people are employed on the site.

Overall, Zalando handles 60 different delivery and return options for shoppers including fast delivery which can see a parcel delivered in just 25 minutes.

Zalando still has its sights set on capturing one-fifth of Europe's online fashion market and wants to increase the amount of product sold on its platform, growing gross merchandise volume (GMV) from its current level of €6.6bn (£5.93bn) to €20bn (£17.97bn) by 2023/24.

This it will do through its partner programme, of which ZFS is a part. "Platforms are the future. Customers want to buy as much fashion as possible from a single source; across all brands and price points. We want that source to be Zalando: the starting point for any fashion journey our customers might take," says Marco Scheufel, commercial lead, ZFS.

He continues: "To be able to offer customers the assortment they are looking for we invest in brand partnerships. From the beginning, we built close and long-term partnerships with our brand partners. We offer them various services, like the Partner Program, Zalando Lounge and Zalando Marketing Services that help them scale their businesses. Partner Program is the key growth driver for our platform, and will account for 40% of our GMV in 2023/24. ZFS is offered within the Partner Program for partner brands only.

"The savings brands enjoy as a result of reduced fulfilment costs with ZFS allow for an expanded assortment across all price points. The result is that our customers have access to a vast assortment: this is how we become the Starting Point for Fashion. Today every third order from our partner program is already handled by ZFS. By 2023, we want to increase this ratio to 70%".

CLICK BUT NOT COLLECTED

As many as 72% of retailers see Click & Collect services as a solution to drive high street footfall, yet, UK shoppers are leaving as much as £228m worth of items uncollected each year.

So finds research from Barclaycard – which processes nearly half of the nation's credit and debit card transactions – which suggests that more needs to be done to enhance the experience for shoppers.

According to the study, more than seven in ten UK consumers (71%) now use Click & Collect – selecting the option twice a month on average – yet 15% of shoppers admit to not collecting their purchases in-store. Despite the challenges this can cause retailers, for instance in processing returns and managing stock flow – 87% still consider it the fastest-growing delivery option.

One in three who have failed to pick up an item put it down to the Click & Collect process being a 'hassle' (30%), preferring to wait for a refund before re-ordering for home delivery. Other reasons cited by shoppers include long wait times (25%), poorly staffed collection points (25%), struggling to find the Click & Collect area (17%) and paying for the service (15%).

However, implemented well, Click & Collect could be beneficial for the high street. 89% of merchants offering the service have seen footfall increase over the past two years and 97% have benefitted from additional revenue. Almost two in five (39%) UK adults also say they would visit shops more often if the process was improved.

Cost efficiencies can also be made, with the retailers surveyed estimating that they could each save over £178,500 across delivery, packaging, returns and restocking costs if more customers chose this option.

In today's experience-driven economy, more than half of Brits (53%) want retailers to offer special rewards and experiences to Click & Collect customers. A third of shoppers (34%) would also like to try out the products they have purchased; for instance, by exposing outdoor clothing to the appropriate conditions or trialling kitchen equipment before they take it home with them.

AMAZON TEAMS WITH PAYPOINT

Amazon has teamed up with click and collect network PayPoint to introduce new pick-up locations in the UK. Amazon Hub Counter launched at over 500 stores and thousands of shops across the country following successful trials. PayPoint operates out of high street shops such as supermarkets and convenience stores, with a network of 28,000 locations across the UK.

The service allows customers to pick up parcels within 14 days. It is available on tens of millions of items sold on Amazon.co.uk.

Counter launched earlier this year in the UK, Italy and the US. It is part of the Amazon Hub offering of pick-up and return points.

Meanwhile, DHL has teamed up with PayPoint to expand its collection and returns offering to customers. The shipping giant is working with PayPoint to add 500 new pick-up and drop-off locations in convenience stores across the country. The service will add a further 3,000 points by the end of the year.

PayPoint will support DHL's ServicePoint, which allows consumers to either collect or return parcels.

The ServicePoint offering previously used the Pass My Parcel network, formerly owned by Smiths News before DHL acquired it. Retailers who are operating Pass My Parcel locations will have the option to opt into this new PayPoint scheme if they aren't already part of the network.

In Germany, DHL has stopped working with Amazon Fresh, citing concerns over the size of the market. The firm said the market for online fresh food orders had "so far fallen far short of expectations".

DHL began delivering fresh food in 2016. The company also has its own online supermarket Allyouneed Fresh in the country.

ELECTRIC CHARGE POINTS OVERTAKE PETROL STATIONS

The number of electric vehicle (EV) charging points in the UK has exceeded the number of fuel stations, according to a study. Car manufacturer Nissan analysed data from the Energy Institute and Zap-Map to find that there are now 9,199 EV charging locations across the country compared to 8,396 fuel stations.

Of the charge points, more than 1,600 provide rapid charging which can recharge a typical battery to around 80% in less than an hour.

The EV figure has risen 38% in a year from 6,669 in 2018 and more than doubled since 2016, while the number of petrol stations has peaked and begun to decline. It is worth noting that the EV figure includes stations with as few as one charging point, however.

Nissan credited Transport for London with installing over 1,000 EV charging points in the last year. The London EV Infrastructure Delivery Plan announced by Mayor Sadiq Khan's administration in June will see five rapid charging hubs installed across the city. It aims to install the first hub in the Square Mile area by the end of this year.

Kalyana Sivagnanam, managing director of Nissan Motor Great Britain, said: "We've moved beyond the early concerns of range anxiety with EVs now exceeding the vast majority of customer's daily driving needs. The next challenge is for charging infrastructure to keep pace with the number of EVs on the road, and that the experience of recharging is as enjoyable and effortless as that of all-electric driving."

While major couriers are showing considerable interest in electric vehicles, many cite the lack of charging infrastructure as a considerable obstacle.

DPD announced earlier this year that it is rolling out a new charging grid for its electric vehicles in the UK, allowing it to expand its fleet. The courier is working with Rolec EV, a manufacturer of electric vehicle charge points, to install the network across its 60 UK distribution centres.

NIKE BUYS PREDICTIVE ANALYTICS FIRM

Nike has acquired a company specialising in predictive analytics to improve its inventory management across different channels. The sports brand retailer paid an undisclosed sum for Boston-based Celect, which has a range of technologies across the data science and software engineering spaces.

Celect has a cloud analytics platform which offers localised demand predictions, allowing retailers to allocate inventory to the most useful channel.

The Celect team will be integrated into Nike's global operations team, while its co-founders, who are professors at the Massachusetts Institute of Technology, will provide consultancy services.

Eric Sprunk, COO at Nike, said: "With the acquisition of Celect, Nike greatly accelerates our digital advantage by adding a platform developed by world-class data scientists.

"As demand for our product grows, we must be insight-driven, data-optimised and hyper-focused on consumer behaviour. This is how we serve consumers more personally at scale."

John Andrews, Celect CEO, said: "We're thrilled to be joining the Nike team, adding our unique and innovative capabilities to the data and analytics foundation they've been building over the years."

SAINSBURY'S & DELIVEROO PARTNER OVER FRESH FOOD

Sainsbury's is tapping into Deliveroo's delivery network to offer fresh food delivery to customers in four UK cities. Customers within the specified delivery area will find the supermarket listed on the Deliveroo app or website alongside local restaurants.

The service will offer deliveries of fresh food such as pizza as well as a range of snacks, sides, salads, dips and drinks. Sainsbury's will add personnel and extend the opening times of counters to support the service.

The service will be available in London, Birmingham, Brighton and Cambridge. It will operate from stores at Cambridge, Selly Oak, West Hove, Pimlico and Hornsey.

Sainsbury's is running a two-month trial, gradually expanding the product range, to test customer demand before a potential wider roll-out. Clodagh Moriarty, Sainsbury's group chief digital officer said: "With more and more shoppers looking for convenient and affordable meals delivered to their doors, our trial with Deliveroo brings our great value hot food direct to customers' homes.

"We're committed to making it as quick and easy as possible for our customers to shop with us and we'll be listening to their feedback throughout the trial to understand how we can best serve their hot food delivery needs. We're excited to see what our customers think before deciding if, how and where we go next with the offer."

THE RISE OF IN-CAR DELIVERY IN EUROPE

A Mercedes-Benz and Daimler service which allows customers to have in-car delivery of their parcels has expanded to Berlin. Called chark, the service allows drivers of certain Mercedes-Benz models to have parcels delivered to the boot of their car.

Using the Mercedes me connect app, the customer provides the digital vehicle key of their parked car to a service provider and inputs the chark hub as the delivery address when placing the order. The user decides the time window and parking location in which the courier can open the vehicle.

Once the courier is within 500 metres of the parking location they can locate the vehicle by GPS and unlock it once. The customer receives a notification when the delivery is underway and a report with photos when it is finished.

The service has already been successfully piloted in Stuttgart, with Daimler reporting positive feedback and more than 1,000 parcels delivered in the greater Stuttgart area to date. The new delivery area in Berlin extends from Reinickendorf over Steglitz-Zehlendorf, Köpenick to Pankow.

Currently the service only supports ecommerce orders but in the future it aims to support grocery purchases, returns and laundry services.

Meanwhile, Volkswagen is allowing Spanish customers to have parcels delivered to their cars through a new service. Customers will be able to select the service from amongst other possibilities such as home delivery. They specify a time slot and the area the car will be parked in, authorising Volkswagen at the same time to remotely unlock the car's boot.

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

eDelivery

Insight around the world

EMMA HERROD, EDITOR, INTERNET RETAILING

Amazon is closing its ecommerce marketplace in China, but will continue with its services including Amazon Web Services. Reports claim that Amazon.cn's share of the Chinese B2C market in the first half of 2018 had dropped to less than 1.2%. In comparison, Tmall and JD.com make up 83.8%.

Meanwhile, hackers gained access to details of almost half a million customers of Fast Retailing's Uniqlo and Gu sites in Japan in May. While the number may change during the course of the company's investigation, Fast Retailing has said that at present, a total of 461,091 unauthorized logins occurred between 23 April and 10 May. Access is believed to have been gained by means of list type account hacking whereby user IDs and passwords were leaked from other services, the company says.

The hackers have potentially accessed customer names, addresses, phone numbers, emails, purchase history, clothing measurements and date of birth, as well as the details of anyone who was sent a parcel by a customer. Partial credit card information (cardholder name, expiration date, and either the first or last four digits of the card number) were also accessible.

Customers have been advised to change their passwords – and not use the same ones as they do for other services.

Also in Asia, people's growing affinity with their pets is driving demand for premium pet care products. Asia Pacific is the fastest growing market with the region forecast to achieve the highest added sales globally by 2023, according to ecommerce insights company Edge by Ascential.

The 'Household and Pet Care CPG report' reveals that the Asia-Pacific market currently dominates consumer spending in the category. However, by 2023, sales in the region will expand by 37% to $384bn (£300bn). This is closely followed by North America, where sales will grow to $281bn (£221bn). Household and pet care spending in Europe is also expected to show a similar amount of growth through 2023, increasing by 28% to $203bn (£160bn).

The consistent increase in global consumer spending in the household and pet care categories is attributed to the growing trend of pet humanisation, as consumers increasingly see their pets as family members.

JING WANG, BUSINESS INTELLIGENCE MANAGER, ALIBABA

Consumers in so-called lower-tier cities, China's less-developed urban centres, and rural areas are driving the next wave of consumption growth in the country. As rising incomes lead to an upgrade in lifestyle, these consumers are increasingly looking for higher-quality goods, yet still at reasonable prices. They often search group-buying sites or cross-border ecommerce channels for these deals, giving international brands a chance to capitalise on a major consumption-upgrade trend playing out in the world's second-largest economy.

While there are various definitions of city tiers based on levels of economic development, lower-tier markets generally include tier-three cities, such as Guilin, to tier six, which are county-level urban centres and townships. Rural areas are also included. There are four tier-one cities and 46 second-tier cities in China, but there are 193 third-tier cities and 696 fourth-tier cities, according to data from McKinsey Global Institute. And these markets, including China's rural areas, were home to 934 million people in 2017, research firm Analysys reported. That's about three times the total population of the US.

Total consumption in these lower-tier cities and rural areas, which reached $3.3 trillion in 2017, is expected to reach $8.4 trillion in 2030, according to a Morgan Stanley study. Of that estimated $8.4 trillion, $6.9 trillion will come from China's still-growing urban centres, while the rest comes from rural areas. This is being driven by China's massive urbanisation, as people leave the countryside for steady work and better services in the city and migrant workers return to their home cities for a slower pace of life. About 60% of the 833 million people living in China's urban areas were located in third-tier and lower cities in 2018, according to McKinsey Global Institute's calculation.

In its latest earnings report, ecommerce giant Alibaba Group said that more than 70% of its 102 million newly acquired annual active consumers in fiscal 2019 came from these less-developed cities.

But, who are these consumers? For one, they are less worried about spending than their peers in higher-tier markets, not least because lower housing costs bolster their savings. A Nielsen report revealed that consumer confidence in lower-tier cities and rural areas was higher than first-tier cities in

2018. In particular, rural consumers showed the strongest confidence in spending in 2018, which tracked their faster-growing disposable income compared to urban dwellers. According to China's National Bureau of Statistics, the average disposable income of rural consumers grew 8.8% in 2018 versus 7.8% for city residents.

Also, they are more willing to search for a great deal than their top-city counterparts. A study by Analysys showed that shoppers in lower-tier cities and rural areas say price is one of their top three factors when making a buying decision, while trendiness and novelty were the least important considerations.

However, the perception that lower-tier market consumers want only bargains is quickly becoming obsolete. They are increasingly putting emphasis on both quality and value as their standards of living improve. In fact, quality became the number one factor for lower-tier market consumers when choosing a product, similar to top-tier city consumers, according to Analysys.

Perhaps it is not surprising, then, that they are turning to cross-border ecommerce for better-made, imported products that they can't buy at their local brick-and-mortar stores. About 64% of lower-tier market consumers have made a cross-border purchase, according to Analysys. Imported products from cross-border channels were among the top five fastest-growing categories for lower-tier market consumers, the study showed.

Group-buying and flash-sale platforms, such as Alibaba's Juhuasuan, are popular destinations among lower-tier market consumers who want quality products at competitive prices. Nearly half of the first 100 million products sold through Juhuasuan promotions for the mid-year 6.18 Shopping Festival came from consumers in tier-three through tier-six cities, according to Alibaba. Beauty product purchases by lower-tier city shoppers through Juhuasuan, in particular, saw a 143% year-over-year surge during the first two days of the festival, which runs June 1-18.

For brands, there is also an opportunity to introduce their products to a new consumer base. In 2018, new customers accounted for 80% of the gross merchandise volume of products that brands promoted through Juhuasuan, and nearly half of those new customers were from lower-tier cities.

In April, Juhuasuan hosted an "Under the Cloud" concert in partnership with seven international sunscreen brands, including Naris and Mentholatum, in China's southwestern province of Yunnan, which is known for its high-altitude climate and year-round sunny weather. During the three days of the promotion, the participating brands saw an average increase in sales of nearly 300% from Yunnan-based customers and an average 278% increase in the number of buyers from the region compared with the same period in 2018.

Meanwhile, Apple's GMV from lower-tier cities grew 170% year-over-year during the first two-days of the 6.18 promotion, significantly outpacing the growth rate of first- and second-tier cities. Most of Apple's 42 offline stores in mainland China are located in top-tier cities, so Apple's Tmall store is a convenient way to reach the 'small town' customers who are just as enthusiastic about the brand.

In order to help these lower-tier markets find good-quality, affordable products, Juhuasuan launched a "Daily Deals" program that allows factories to sell directly to the end consumer. This allows the factories to cut costs that may otherwise be added as a product moves through the supply chain from maker to buyer. Juhuasuan also offers the factories consumer analytics so that they can adjust their manufacturing to suit demand. For example, Juhuasuan brought consumer analytics and technical support to a Zhejiang-based sock manufacturer to help update its design to better suit consumer preferences. As a result, the factory cut production costs by 7% per pair and sold 1.53 million pairs in three days through Juhuasuan.

So, what's next? The lower-tier market opportunity is not one-size-fits-all. There are still nuanced consumer preferences in different tiers of cities, as well as rural areas. All of the residents in these less-developed areas are experiencing a consumption upgrade, but from different starting points. That will require brands to create tiered strategies to target consumers that might have different tastes.

The "off-price" or outlet strategies that many international brands use in the West may be an attractive way to engage lower-tier markets in China. Off-season bargains from brands, or products with more basic styles at competitive prices, are well-suited to these markets.

InternetRetailing Conference 2019

*InternetRetailing's annual conference will be taking place on 10 October. **Emma Herrod** looks ahead to some of the highlights.*

London's Business Design Centre is the venue for 2019's InternetRetailing Conference (IRC). The event returns on 10 October with a line up of speakers from brands including eBay, Groupon, Avon, Liberty London, Adidas, Made.com, Arcadia, TripAdvisor, Watch Shop and Pernod Ricard.

These senior retailers from big name brands will share their visions for the future, how they see their strategic initiatives translated into practice and how they are implementing new technology across the business.

The morning plenary session will see InternetRetailing's editor-in-chief Ian Jindal interviewing key retailers live on stage. This year's keynotes include Andy Lightfoot, CEO UK & US of SpaceNK who will be talking about how increased agility is helping the company to thrive in today's fast-paced disruptive retail environment.

Stephen Dowling, vice president, digital growth at Adidas, Zia Zareem-Slade, customer experience director, Fortnum & Mason and David Lloyd, managing director, UK & Nordics, Alibaba Group will then discuss the issue of partnerships and how retailers, brands, consumers and marketplaces are better together.

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IRC 2018 IN NUMBERS

800+ digital retail leaders

77% Visitors were retailers

70% Over £25m turnover

£43bn Turnover of companies attending

Ethical ecommerce and the areas of fast fashion, electric deliveries, social media and sourcing will be discussed in the afternoon plenary sessions. Suzanne Westlake, head of corporate responsibility & corporate affairs at Ocado and Kieren Mayers, director of environment and technical compliance, Sony Interactive Entertainment Europe give their take on this important issue.

Andy Harding, interim chief digital officer at Arcadia Group is interviewed about investment and where retailers should prioritise to drive growth. He will be followed by the closing panel who will be assessing the real power of the customer, online retailer and media owner. On the panel will be Henry Eccles, head of UK commerce, global partnerships EMEA, Google, Adele Cooper, UK & Ireland country manager at Pinterest and Ed Couchman, UK general manager, Snap.

These closing plenary sessions run from 4.20 until the conference closes at 5.45.

During the rest of the day though, there are many different topics for delegates to choose from. Across 6 conference tracks, delegates will hear from more thought-leaders as they discuss and outline what actions they believe retailers must take if they are to ride the wave of change in the retail industry instead of being swept away. Discussion and insight into RetailCraft will be shared across many areas on ecommerce and multichannel directors' to do lists.

Track 1 will focus on growth and new markets in the UK and overseas. Speakers including

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Forrester analyst Michelle Beeson, Robin Phillips, CEO of Watch Shop and Deckers senior director David Williams will discuss driving growth in new global and local markets.

> "A very good concentrated, intense day of best practice… brilliant that it's in one day, brilliant that it's in a single venue and a good opportunity to meet with senior people from very good retail organisations"
>
> Sean McKee, Head of eCommerce, Schuh

Track 2 will focus on customer engagement and loyalty. From creating an emotional connection online with your customer, subscription models and loyalty schemes, through to referral schemes and getting customers to become a proactive ambassador of your brand in the future. Speakers here include Emilie Mouquot, customer and growth director, NotOnTheHighStreet.com.

Track 3 focuses on the customer experience across all touch points. Topics being discussed include channel switch between offline and online and how retailers can replicate the personal magic touch. Eric Fergusson, director of ecommerce, Liberty London and Sienne Veit, director, digital at John Lewis will both be contributing to these sessions, while Miriam Lahage, CEO, Figleaves will share what the comapny has done differently to captivate the market as it transformed from a multi-brand lingerie retailer to a lifestyle brand.

Omnichannel and the changing dynamics between online and offline will be the focus of Track 4. In these conference sessions, speakers will examine the relationship between physical, desktop and mobile. Retail leaders including The Co-operative Group will share how they have become more customer focused rather than channel focused. Stuart Heffernan, head of ebusiness at Pernod Ricard, Stephen Honight, ecommerce and performance marketing lead at Pukka Herbs and Nicola Fox, former head of CRM at Missguided and Holland & Barrett will be on hand to discuss the topic further with small groups of delegates in round table sessions.

Track 5 will focus on tech enablers and innovation. It will examine whether you should stay ahead of the market or keep up with the pack and what hugely successful fast-growing brands are doing differently, how they see the future of retail and what their plans are for the future. Zalando, TripAdvisor, Lego, Nobody's Child and The Fold will all be sharing their views.

Track 6 will focus on customer expectations and giving them what they want. It will examine how retailers are achieving excellence across all the touch points to meet customer expectations as well as how to provide the perfect customer delivery experience at a price point that makes sense for both the consumer and the business. Jean-Francois Bessiron, vice president, Groupon, Nick Burton, vp digital development at Avon, Grace Roper, head of food digital operations, Sainsbury's will share their expertise, while senior retailers from Interflora, Missguided, Grenson Shoes and eBay will lead round table discussions.

IRC 2019 is more than PowerPoint presentations and speaker interviews. Round tables, workshops and 1-2-1 meetings give everyone the chance to discuss individual business issues with peers and suppliers to the industry, while the exhibition brings together the latest systems and innovations.

> "Following in-depth research with previous delegates and senior retailers, the 2019 conference agenda will address the key challenges facing board level executives in the UK Top 500 ecommerce and multichannel companies over the next 12 months"

The IRC round tables have been crafted to allow open and intimate discussions giving retailers the

The future of retail

Chloe Rigby, Editor at InternetRetailing.net asked speakers ahead of IRC 2019 for their retail predictions for the next five to ten years.

THE ROLE OF THE CUSTOMER

Customers will continue to take the lead, says Stuart Heffernan, head of business at Pernod Ricard UK. "Shoppers will find new ways to challenge retailers," he says, "and those that don't listen and proactively change to meet shopper needs and/or think long term then they will struggle."

Chloe Thomas, founder of eCommerce Masterplan, says retailers will need to develop strong connections with those who buy from them in coming years. "I think things will continue to shift in how consumers choose to shop and the experience they expect via different channels. Keeping up with and responding to that is going to be an exciting challenge. The retailers who win will be those with the strongest connection with their customers, which suggests it might be the direct-to-consumer and manufacturer brands who do the best, but I think there's still plenty of space for a great curated range."

THE CHANGING BALANCE BETWEEN ONLINE AND THE STORE

Speakers working in retail categories from toys to footwear see shoppers making more of their purchases online in the future, while shops evolve into showrooms where customers go for the experience. Lucy Shamdasani, vp, head of engagement technology and analytics at Lego Group, says: "Online channels will become more important and generate more revenue than physical retail stores for most retailers. There'll be a widespread move to marketplace ecosystems for online retail, while physical stores will become much more experience-focused with the purchase less important."

"I think the role of a multi-brand retailer will change hugely," says Ashley Hubbard, ecommerce manager at Grenson Shoes. "They feel like expensive businesses to run with a model based on a limited margin that I don't see fundamentally changing anytime soon. It's not all negative however. The death of the high street has also led to the growth of brands selling direct to consumer which is a fantastic environment and an opportunity for the entrepreneurial thinkers out there that I think will continue to grow as tech becomes an enabler to making this simpler. Retail is an indicator of social and economic behaviour change to me."

Hubbard says that while some products more easily lend themselves to buying online, shoppers will want to see larger and more expensive items for themselves – and that's where retail theatre and experience-based shopping can be most relevant. "Not everything needs the same treatment," he says. "I think the merging of social media and shopping will continue. Before long I can see Instagram being a shopping channel based on the early brand adopters in this space already offering shoppable content. Again, this is an experience being delivered to the consumer but without the need to go anywhere near bricks and mortar retail."

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room to debate and discuss the most pertinent issues their jobs demand. These dedicated forums have been designed to span a breadth of topics critical to the future retail machine and will equip participants with the tools to create an overall solution that ultimately attracts, keeps and builds customer loyalty and revenue over time.

In the hands-on, practical, training-focused workshops, delegates can hear from the companies which have led, delivered and assisted significant projects for globally-renowned retailers, brands and services.

Last year's conference welcomed more than 800 digital retail leaders, many of whom return each year, seeing IRC as an informative event and a great opportunity to network.

You can register your attendance and find out more details about the event at internetretailingconference.com.

AUTOMATION IN DELIVERY

Automation will start to be used in delivery, according to two of our speakers. Stephen Honight, global ecommerce and performance marketing lead at Pukka Herbs, says: "Driverless vehicles will significantly reduce delivery costs and unlock new ecommerce business models in CPG."

Meanwhile Chris Conway, head of ecommerce at The Co-operative Group, says: "My best guess would be an increased move to automation, especially around delivery and last mile operations.

The use of technology in store is also likely to increase, not just to save costs but to improve the experience for customers as new generations of customers grow up and expectations change."

RETAILER PARTNERSHIPS

Robin Phillips, previously of Boots and Waitrose and now chief executive of Watch Shop, says the benefits of working together will become a new theme for ecommerce and multichannel retailers.

"I think we'll see a lot more partnerships and I don't just mean retail partnerships but partnerships between retailers, technology providers, fulfilment providers, data providers, because I don't think most retailers can afford or have the bandwidth to think about all those things. I think you'll see people concentrating on what they're expert at, their brand or product, and looking to other experts as partners to make sure that overall you can compete against the likes of Amazon."

One example of how that might work is around data partners to make sure personalisation works well. "We have to be careful about respecting the sanctity of privacy and data," says Phillips, "but I think increasingly you'll see customers giving permission to share some of their data with a combination of retailers, mobile operators, shopping centres, individual stores who'll work together to provide a more personalised and rewarding experience through sharing that data – a value exchange with the customer." Indeed, Watch Shop itself is becoming a B2B partner by working with brands that want to outsource retailing, fulfilment and stock holding. It's already providing drop shipping services to Goldsmiths and is looking to expand on that.

THE RISE OF SUSTAINABLE BUSINESSES

Stephen Dowling, vice president, digital growth, at Adidas predicts an "exponential decline" among "bad retail, bad retailers and bad customer service".

He says: "Good retail, good service and good offerings will continue to prosper regardless of the channel. If and when the credit wave goes out, businesses built on featherweight and dubious consumer propositions will be seen to have their pants down." Businesses that ensure they are sustainable will work in the long-term. "Sustainability and society will become part of the extended retail P&L as in consumers will brutally judge those who are either part of the solution or the problem."

Polly McMaster, chief executive and co-founder of The Fold is thinking on similar lines. "Brands with a more agile approach and a stronger sense of purpose will flourish," she said. "We are already seeing a wave of consumer change on everything from shopping habits, environmental awareness and inclusiveness. But with all of that, it always comes down to – are you selling product that a customer wants to buy?"