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EDITORIAL & FEATURES

EDITOR'S COMMENT

RETAIL and the role of the ecommerce professional is changing and today's senior e-retailers are taking on strategic roles that encompass the entire retail business as digital spearheads not just direct channels but also cross-channel, mobile and the renaissance of the high street and 'the store'.

Nowadays, retailing means shops open at midnight as we go into Christmas Eve to allow longer trading hours following the close-at-4pm Sunday, the always-open checkouts of online stores joined by the anywhere tills of mobile sites and apps. As the strap line to John Lewis' festive snowman advert reads, "In store, online, mobile," so shoppers have been flocking to buy at all times, from anywhere – and ready to pick up their click and collect orders on 24 December.

Mobile has already proven its place in the retailers' arsenal; a large number of consumers have said that they will buy presents via a mobile device (some studies quoting around a third of consumers will do so) over Christmas 2012.

Added to the fact that tablets are selling at one every second or two, 2013 looks set to be a year of further innovations in the mobile, tablet and multi-screening arenas. This rise of the tablet – albeit from a much smaller base – is quite astonishing and is the subject for a feature by Paul Skeldon, Editor or M-retailing.net, in this issue of Internet Retailing. Tablets are something that retailers need to factor into their online retail strategy pronto, says Paul.

As we look at trends for 2013 – and beyond – for this forward-looking issue, we also asked mobile experts to share their opinions on marketing, mobile CRM and why the future of customer loyalty is mobile.

While mobile and ecommerce remain on a growth curve, the Eurozone crisis is ongoing, consumer confidence falling and concerns about continuing austerity measures and prospects for 2013 look less than encouraging. Penelope Ody takes a look at the figures, while Mike Petevinos, Vice President at Capgemini Consulting, takes a look at the global 'Digerati' and why they outperform peers in terms of revenue, profit and market valuation.

Professor Richard Eglese of Lancaster University Management School examines Choice-Based Demand Management and highlights a missed opportunity for retailers - as well as a chance to improve relationships with customers through the logistics offering.

But, what impact is all of this having on the high street? What's next for cross-channel retailing, click and collect, online-high street stores, endless aisles and the stores of the future? And how are ecommerce and cross-channel retail teams adapting to these changes?

As the retail landscape is being shaken up, so too is Internet Retailing. In this issue, and going forward, we look at the topic of Internet Retailing In Store, as well as the usual, independent coverage and thought leadership articles on the ecommerce and mobile channels.

As we go into 2013, I take a look at the future of the high street in a cross-channel world, changing consumer behaviour and the transformation that's taking place. Three speakers from the Internet Retailing conference share their thoughts on where digital is leading the store environment.

So, who else to choose to be the focus of our in depth Retail Review than John Lewis and its smiling snowman. I'm sure his Christmas journey would have been easier if he'd shopped online.

From all at IR Towers, I wish you happy trading as the virtual tills ring out again at Christmas time.

Emma Herrod
Editor


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FIGURING OUT AMAZON UK

Amazon's UK website generated net sales of £2.91bn in 2011, according to figures handed over to the House of Commons' public accounts committee by the retailer. The figure was 23.3% up on the previous year. In 2010, the site turned over £2.36bn, representing a 26.5% rise on the net sales of £1.86bn made in 2009. The newly-published figures also show how much VAT Amazon has paid on the sales. The figure was £41m for 2011, £262m in 2010, and £172m in 2009.

The figures came in the same week that Amazon.co.uk was confirmed once more as the UK's most-visited online shop by the Experian/IMRG Hot Shops List, and also accounted for 40% of visits to UK department store websites.

Amazon.co.uk's closely-guarded UK sales figures emerged as part of its submission shared "on a confidential basis" with the House of Commons' public accounts committee, which has recently questioned companies including Google and Starbucks about their payment of UK corporate taxes. Our use of the figures is permitted under the Open Parliament Licence.

The submission, from Andrew Cecil, Amazon's director, EU public policy, also details Amazon's corporate structure in the EU. While most of its EU business is headquartered in Luxembourg, a UK company, Amazon.co.uk Ltd, operates its fulfilment and customer service centres, and earns a margin on its operating costs.

As Chloe Rigby, IR's Web Editor commented on interetretailing.net at the time, "One thing we find fascinating about these figures is just how far ahead of the competition Amazon is. It appears to have the highest sales by a long way.

"When Argos released its full-year results in May it claimed the number two position in the UK online retail market. In the 53 weeks to 3 March it turned over £3.9bn and said that multichannel sales – those sales which include the internet – represented £1.9bn or 48% of its total sales in the 2011-2012 financial year. Amazon's figures are a full £1bn ahead of that and enjoying growth at 23% was well beyond the market average of 16% growth in 2011, as measured by IMRG."

HOT SHOPS LIST – NOVEMBER 2012

Website	Domain	Aug 12	Nov 12
Amazon UK	www.amazon.co.uk	1	1
Apple	www.apple.com	2	2
Argos	www.argos.co.uk	3	3
Next	www.next.co.uk	4	4
Amazon.com	www.amazon.com	6	5
Your M&S	www.marksandspencer.com	7	6
Tesco	www.tesco.com	5	7
John Lewis	www.johnlewis.com	8	8
LoveFilm.com	www.lovefilm.com	18	9
Debenhams	www.debenhams.com	9	10
Play.com	www.play.com	10	11
ASOS	www.asos.com	11	12
Tesco Direct	direct.tesco.com	14	13
New Look	www.newlook.com	17	14
ASDA Direct	direct.asda.com	31	15

Source: IMRG-Experian Hitwise

ROSE TO CHAIR DRESSIPI

Veteran retailer Sir Stuart Rose is to join fashion recommendations site Dressipi as its chairman. Sir Stuart, who previously chaired M&S is to take a part-time advisory role at the company as it looks to boost uptake of its service among high street and online retailers.

The Dressipi service works out a Fashion Fingerprint for each woman who uses it, and then recommends clothes that would suit both her taste and her shape. It promises to boost conversion rates and basket values for online and multichannel retailers. Users can also ask style questions and browse editorial content put together by a team of stylists and fashion journalists, including former Daily Mail fashion editor Natalie Theo.

Boden and BrandAlley have already signed up to the service, co-founded by Sarah McVittie and Donna Kelly, and more retailers are set to be unveiled in early 2013.

Rose comments: "Retailers have been crying out for years for a solution that can help them merchandise and sell clothes more effectively online. Getting a woman to buy an outfit on the internet is about much more than showing them it's available in their size. Before they click 'buy' they want to feel confident it will suit them and complement garments they already own. Giving online shoppers the confidence to make a purchase is the problem I think Dressipi have nailed with their recommendation service."

The announcement came as Dressipi published its first Fashion Brands Index. Zara came top in the index, voted as favourite brand by 33% of the 40,000 women who took part, and was followed by H&M (26%), Topshop (21%), River Island (20%), Next (19%) and M&S, Mango and New Look (17%). Online-only retailer Asos won 16% of votes.

WEATHER FORECAST BOOSTS BRAVISSIMO

Bravissimo reported a 600% rise in sales of swimwear in three months after tuning its pay-per-click (PPC) search campaigns into local weather reports. The lingerie and clothing retailer used software solution weatherFIT to enable PPC campaigns to be tailored in real time to local weather data. Over the course of March, April and May 2012, the company reports a 599.5% growth in revenue from its online PPC-campaign, compared to the same period the previous year. Its conversion rate also rose by 103% – despite the fact that, as a whole, 2012 was a particularly wet year.

Bravissimo also used the technology on a three-month campaign to promote its Pepperberry range of dresses. Sales rose by 77.95% and average order size by 77.96%, compared to the same period in 2011.

Fiona Lomas, Senior Marketing Manager at Bravissimo, said: "The results of our first campaigns using weatherFIT really speak for themselves, helping us to drive a major increase in PPC revenues. Using it to fine-tune our PPC advertising and promotions by taking into account local weather conditions really boosted sales in the crucial run-up to the holiday season – especially as the poor weather earlier in the year meant that consumers were spending more time at home. We will certainly continue to use weatherFIT as part of our online campaigns strategy."

INTERNATIONAL MULTICHANNEL PUSH FOR JAEGER

Jaeger has launched new websites in the UK, Europe and the US as it looks to drive multichannel and international growth. The upmarket fashion retailer hired eCommera to provide its websites in time for Christmas. More international sites will be added in 2013.

"The new online site provides us with a springboard for growth and international expansion," said Stewart Binnie, Chief Executive of Jaeger.

Jaeger signed up to use eCommera's solutions, including an ecommerce trading platform, a mobile app and browser, for five years. The eCommera Commerce Platform integrates products including Datacash and Demandware. Jaeger will also use eCommera's online data analytics tool, Intelligent Trader.

Andrew McGregor, Chief Executive at eCommera, said: "Jaeger has a clear business plan to utilise the ever growing multichannel market, coupled with international expansion and we look forward to working with them to achieve their goals. We are excited to have such a renowned brand as an advocate for our vision for integrated, analytics-driven commerce."

MORE POINTS AT ASDA

Asda is putting the emphasis on connecting its stores with the internet as it develops its multichannel services. Both mobile and click and collect are to the fore in its strategy, unveiled in November.

Asda says its multichannel services have doubled in size in the last two years – and are delivering a profit.

By listening to shoppers who include smartphone-wielding 'mobile mums', the supermarket has come up with what it says is not the "most techy" solution but one that enables shoppers to move seamlessly from web to store. It says online commerce is now moving towards a "post-PC world," where mobile will grow "exponentially". A year ago none of its online shopping orders came via mobile. Today, 16% do.

In response, the supermarket is currently installing free wi-fi across its estate, and says more than 15,000 people have registered for and used the service.

Over the coming year Asda plans "significant growth" in the expansion of its click and collect points. Shoppers will be able to collect their grocery orders from 100 Click and Collect points by the end of 2012 and that number is set to grow during the course of 2013. Asda is also trialling them in an Asda Living store, a business park and a standalone petrol station. Meanwhile, its George clothing range can be Click and Collect-ed from all 558 Asda stores, along with general merchandise purchases.

CYBER MONDAY SMASHES RECORDS

Cyber Monday set a new online retail record as shoppers in the UK made 112m visits to retail websites – 32% up on 2011, according to figures from Experian.

Three websites alone, eBay, Amazon and Argos, accounted for 30% of all visits to UK sites on Monday 3 December, Experian's Hitwise data showed. More than six in 10 visits (62%) went to the top 100 websites in the industry, while Amazon.com and Amazon.co.uk together saw 12.18% of all retail visits. That's up from 10.85% last year. And two mobile websites, eBay UK Mobile and Argos Mobile, were among the top 40 fastest moving websites in Experian's Hitwise index.

Other winners included NotOnTheHighStreet.com which doubled its market share of visits from last year.

Consumers also set new records for the amount of time spent shopping online in a day, with 15 hours spent on retail sites. Each visit came to 8m 12s.

James Murray, Digital Insight Manager for Experian Marketing Services, said Cyber Monday had been "the biggest single day of online shopping we've ever witnessed".

Max Childs, Marketing Director at Amplience, said Cyber Monday had lived up to retailers' expectations as being one of the busiest online shopping days of the year. "However for our retail clients," he said, "it was actually Sunday that was the busiest day of the year so far, with website views for some retailers peaking at 85% over run rate.

"Large retailers witnessed an increase in website traffic of up to 71% above normal levels over the weekend. Retailers also saw up to a 69% lift in click-through rates on our rich-media modules. Retailers with a US presence benefitted from a Black Friday boost in website traffic the weekend before last. As consumers got into the shopping spirit post pay-day, retailers offering rich-media content on their website saw a spike in engagement.

"Interestingly, the small retailers had consistently higher engagement results, with nearly four times more interaction with rich-media content on their websites than the larger brands."

Elsewhere, MetaPack's eTracker saw deliveries climb by 51% on Cyber Monday. The largest category boost came in sports and leisure, up by 81%. "Some of our retailers have reported as much as a 300% increase in sales during this period," said MetaPack Chief Executive Patrick Wall.

Already registered: Aurora Fashions, L'Occitane Ltd, ASOS, eBay UK, IKEA, Destiny
Urban Outfitters, Frames by Post, The Wool Company, Trueshopping Ltd
Halfords PLC, Monsoon Accessorize, The Range, Harrod Horticulture
The Body Shop, The White Company, J Sainsbury
Home Retail Group, River Island, JD Sports
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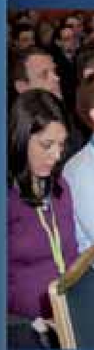

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MOBILE TO REACH 25% SALES BY 2017

According to forecasts by the independent retail analysts Verdict, m-commerce is set to grow a whopping 504% between now and 2017 – resulting in almost £1 in every £4 spent online being through a mobile device in 2017.

The food and grocery sector dominates, with 30.1% market share in 2011 thanks to the boom in home delivery of grocery shopping. Verdict expects innovative approaches to web and app design will be the main driver for strong performances, as more retailers recognize the potential for sales growth and marketing opportunities.

Mobile shopping is flourishing in sectors that have embraced technological innovation, with consistent investment in content and capabilities paramount to long-term success. However, there are signs that many shoppers will only use their mobile devices for non-transactional purposes. The report's survey found 24.8%, an increase of 8.6 percentage points, of shoppers stating they will mostly use their mobile device for research before shopping. While this may prove a barrier for some, it also provides an opportunity for those that provide helpful and detailed information about their products.

Matthew Rubin, Retail Analyst at Verdict explains: "Early adopters Amazon and eBay are among the most prominent m-commerce retailers, as their optimized websites and apps expand the online shopping experience, enabling users to access, use and remain updated anywhere. Third party developers are also playing a divisive role in the channel, not only in promoting special offers but also encouraging the practice of showrooming, which inevitably hinders high street retailers."

Rubin continues: "The channel is essential for all retailers with ambitions of long term growth; however evolving technology and the blurring lines between devices means innovation and adaptation is essential to stay ahead of the curve. Spending pressures have led consumers to seek the best value deals through m-commerce, but as the economy improves they will be drawn to the best content that adds value to not only online purchases, but also the instore experience."

SHOP DIRECT GROUP TO GO MOBILE

Shop Direct Group, the UK's largest online and home shopping retailer, is to work with global mobile marketing agency Somo to provide consultancy across the Group's three core brands – Very.co.uk, Littlewoods and isme – to help create a best in class mobile shopping experience. It is the first time that the retailer has appointed a mobile partner.

Jonathan Wall, Shop Direct Group's E-Commerce Director explains: "Whichever channel a customer chooses, we want their shopping experience to be as easy and enjoyable as possible. About a third of traffic on our sites is from mobile devices and mobile is increasingly important to us as a business. We looked for an expert partner to advise on best practice, keep us up to date on mobile innovation, and help us deliver industry-leading mobile products. Somo's specialist mobile knowledge, strategic thinking and creativity make them the ideal partner for us."

Ross Sleight, Chief Strategy Officer at Somo added: "Shop Direct Group are leaders in their market and recognise the huge part that mobile technologies are now playing in the success of their business. We're looking forward to working with them not only to create exceptional mobile shopping experiences for consumers, but also to use mobile to improve efficiencies across the company."

MOBILE NFC SCALED BACK

Juniper Research has published its revised forecasts for the global NFC market, significantly scaling back its growth estimates for the North American and Western European markets. While its report finds that by 2017 the proportion of NFC-enabled smartphones will be only marginally below previous estimates, global NFC retail transaction values are now expected to reach $110bn in 2017, significantly below the $180bn previously forecast.

According to the report, Apple's decision to omit an NFC chipset from the iPhone 5 has reduced retailer and brand confidence in the technology, leading to reduced POS (Point of Sale) rollouts and less NFC campaigns. This in turn will lead to lower NFC visibility amongst consumers and fewer opportunities to make payments, threatening a cycle of "NFC indifference" in the short term.

"While many vendors have introduced NFC-enabled smartphones, Apple's decision is a significant blow for the technology, particularly given its previous successes in educating the wider public about new mobile services," says report author Dr Windsor Holden. "Without their support, it will be even more difficult to persuade consumers – and retailers – to embrace what amounts to a wholly new means of payment."

The report found that Apple's move would impact most dramatically on markets in North America and Western Europe, where transaction values would exhibit a "two year lag" on previous forecasts as retailers delay POS investments.

Conversely, retail transactions in NFC's heartland in Japan and Korea are likely to experience little or no impact from the decision. It also observed that lower than expected adoption of Google Wallet allied to a delayed launch of the ISIS NFC project in the US would also have a negative effect on that market.

On a brighter note, the report also says that despite Apple's decision, NFC trial consumer feedback – such as at the London Olympic venues and in Singapore – has been extremely positive, suggesting strong latent interest when services are more widely deployed. Both MasterCard and Visa have certified several NFC service solutions and datacentres, including those of Giesecke & Devrient and Gemalto.

A GROWING MARKETPLACE

A year after its purchase by Japanese marketplace leader Rakuten, Play.com has launched Rakuten Marketplace on its site. Emma Herrod speaks to Adam Stewart, Marketing Director, Rakuten's Play.com, about this new sales channel and the firm's strategy for growth.

RAKUTEN MARKETPLACE is a true marketplace," says Adam Stewart, Marketing Director, Rakuten's Play.com. "It's unique," he says of the merchant retail offering which the firm launched on its UK ecommerce site in September 2012.

Not only is Marketplace a new sales channel for retailers large and small, it aims to empower merchants by allowing them to create their own branded shopfront within Rakuten's Play.com website. Stewart explains how Marketplace is in essence a shopping centre with individual storefronts. Rather than being confined to a standard template, all merchants have a Merchant Toolbox which gives them the freedom to bring their brand to life on the platform and create their own shopfront using a wysiwyg-style application.

These shopfronts are the main difference between the Rakuten Marketplace model and Play.com's previous model, PlayTrade, through which other brands and individuals could sell direct to shoppers on its platform. In the past, explains Stewart, merchants couldn't translate brand on Play.com but they are now able to do so, enabling them to build greater engagement and deeper relationships with consumers.

To help them boost this engagement, merchant sellers can access another tool through the Merchant Toolbox, Superpoints. They can use this online loyalty scheme, which is used across the platform, to promote themselves and incentivise Play.com shoppers who purchase from them. Merchants can also run their own multiplier promotional campaigns, whereby shoppers earn extra loyalty points by buying certain items – or anything – from the merchant. In addition, it can be marketed to specific segments such as the merchants' own customer base or across the Play.com customer base.

Play.com supports new and existing merchants wanting to operate on Rakuten's Play.com platform. A growing team (currently about 25) of Play.com E-commerce Consultants are on the end of a telephone to help them with anything from setting up a storefront to getting the most from the platform and optimising their online sales. "It's all about partnership," explains Stewart.

The Marketplace model and Merchant Toolbox are already used to great effect on the Rakuten Ichiba site in Japan as part of its B2B2C model. Tools such as Superpoints and branded shopfronts are in operation or being considered by other Rakuten subsidiary companies around the world.

COLLABORATION

It's a collaborative approach that eBay also uses, whereby the relationship between the merchants selling on the platform and consumers is as important as the relationship between the consumers and the platform itself.

Part of this approach is the opening up to merchants of the Rakuten Play.com mailing system. Customers who shop with a retailer can choose to receive updates on its latest products and special offers. Using the Rakuten Mail tool merchants can then engage in direct communication with their customer base.

Stewart explains why this collaborative approach is so critical: "Let's face it, competition online is fierce. Whatever a retailer's size, it's crucial that they are armed with the tools to create a shopping experience that offers customers more than just the lowest price tag. Rather than competing with our merchants, at Rakuten's Play.com we want to create lasting partnerships and help them maximise sales through the platform – it's win, win, win."

Whereas other marketplaces may compete directly with sellers, Rakuten's model seeks to empower merchants to deliver omotenashi, the

Japanese model of high-quality service, which helps them create lasting relationships with customers.

It's also a model that has helped Play.com's Japanese parent company Rakuten to become one of the world's top 10 internet companies by market capitalisation. Rakuten, which bought Play.com in September 2011, has numerous sites, including its flagship B2B2C ecommerce site, Rakuten Ichiba, the biggest ecommerce site in Japan and among the world's largest by sales.

Play.com

Founded in 1998, Rakuten's Play.com is the UK's third largest ecommerce marketplace, with a customer base of more than 14 million registered users. It has offices in London, Cambridge, Jersey and Bristol, and employs more than 400. In 2012, it was voted the UK's Best Entertainment Retailer in Verdict's Consumer Satisfaction Awards. In 2011, Play.com was acquired by Rakuten Inc, one of the world's leading internet service companies.

Forbes recently labelled Rakuten the seventh most innovative company. Play.com has already incorporated some of these technology innovations, although it still runs on the same platform. "Innovation is key to Rakuten and we'll

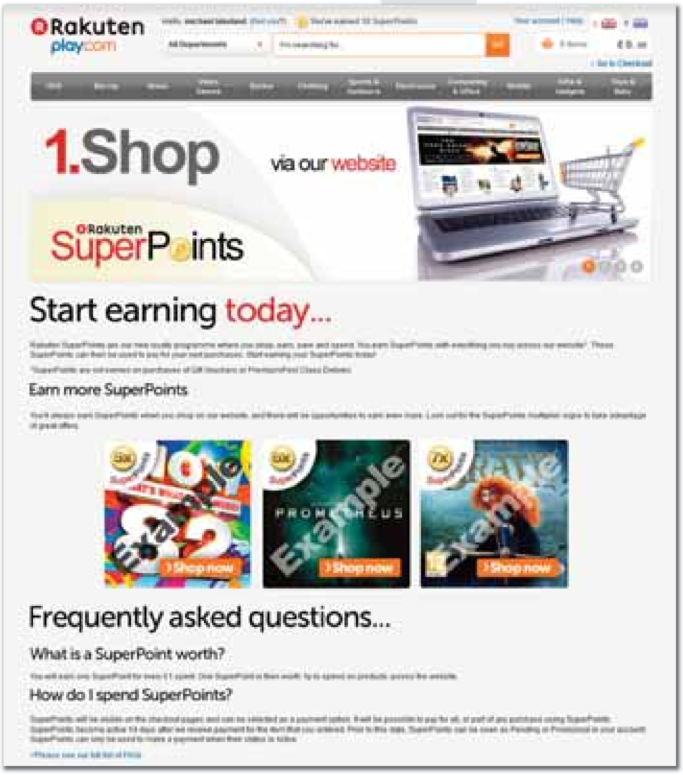
The Rakuten Marketplace Merchant Toolbox

- Rakuten Play.com Superpoints – This unique online loyalty scheme lets retailers reward and incentivise customers, by running their own multiplier promo campaigns where shoppers can earn extra loyalty points for buying from them.

- Customer Databases and Rakuten Mail – Customers that shop with a merchant can choose to receive updates on the latest products and special offers from them. Using Rakuten Mail, merchants can then engage in direct communication with their customer base.

- Branded Shop Front – Rather than being confined to a standard template, merchants can create brand personality online.

- E-commerce Consultants (ECCS) – Merchants are assigned a personal contact from Rakuten's Play.com's team of e-commerce consultants to help maximise sales. They provide personalised guidance on everything from customer insight to promoting products.



try to implement things if they work for the UK market," says Stewart.

PARTNERSHIP & CO-OPERATION

This belief in partnership and co-operation runs across the Rakuten group of companies. It holds regular global leadership meetings across all its subsidiaries, such as Buy.com in the US and Canada, PriceMinister in France and Spain, Tarad in Thailand, and Rakuten sites in Brazil, Germany, Austria, Taiwan, Malaysia, Indonesia and Taiwan. It uses video conferencing held at different function levels across its subsidiaries such as marketing, IT and leadership, to give everyone a chance to share best practice and ideas. "There's nothing deemed not to share," says Stewart. Rakuten also has a Global Creative Web Design team and Global Market Team.

Stewart says Rakuten acquired Play.com for its expertise in the UK market; Play.com, in turn, has gained leadership through the Rakuten model. The challenge now is to combine both into a localised UK version of Rakuten. He adds: "We're getting the pieces of best practice that can enhance the experience for the UK customer."

Part of this channelling of best practice has been Play.com's goal of introducing the omotenashi service model, which steps away from the vending machine retail model and aims to go the extra mile when delivering great customer experience. As part of this push, the company recently brought its customer service contact centre back to the UK from the Philippines, which "saw customer satisfaction levels increase," says Stewart.

He adds: "We have a 55-strong team to advise customers pre- and post-sale, and this will be increasing to 200 over our peak period. Furthermore, we will soon be increasing customer service via social channels from its current operation of 12 hours to 24/7. This will run alongside other channels to ensure we are as accessible as possible."

This emphasis on service is already paying off: Verdict Research named Play.com the UK's Best Entertainment Retailer in its 2012 Consumer Satisfaction Index.

Stewart goes on to explain how "there's always a long list of ideas" to keep the Japanese group at the cutting edge. One of founder and CEO Hiroshi Mikitani's principles is "speed, speed, speed," says Stewart, so "we have prioritisation meetings on pushing forward". He explains how he had 12 months in which to prove the business case and ROI for social. "Play.com is driven by numbers," he reveals.

In August 2012, Play.com reported that Facebook fans could be more valuable to online retailers than those gained through paid-for channels. It revealed:

- Fan growth: Over the previous 12 months Rakuten's Play.com more than quadrupled its social following. Without any paid-for media promotion, it attracted 370% organic growth, taking its community from 75,000 to more than 350,000;

- Fan reach: Through friends of fans, the 350,000-plus fan base (calculated on the number of friends of fans) has a potential reach of more than 38 million – that's more than the active number of internet users in the UK;

- Sales growth: Volume of sales directed through Facebook to Rakuten's Play.com grew rapidly with year-on-year sales through the platform up by 80%. Sales that can be directly attributed to Facebook accounted for more than £2m of gross merchandise sales (GMS) for Rakuten's Play.com;

- Tweet reach: Rakuten's Play.com has an active community on Twitter with more than 40,000 followers. Top tweets can receive more than one million impressions.

According to its 2011 figures, on average, customers who had engaged with one or more Facebook campaigns from Rakuten's Play.com spent 24% more on its website than those who hadn't. Furthermore, shoppers who made their first purchase on Rakuten's Play.com referred through Facebook spent 30% more than the average customer in their first year of using the website.

"It's not just about increasing sales through our Facebook fans; we see social channels as being a huge part of engaging and rewarding our fans," says Stewart. "We have a vast amount of data on fans."

Using the EngageSciences platform, Play.com can create holistic profiles of its fans – looking at how they engage with Play.com and share content. This drives personalisation in other channels and helps in the creation of online campaigns "that are more compelling and better reward our biggest social promoters and advocates". Fans have first sight of promotions, sometimes up to 24 hours before general release, as well as competitions with prizes such as those with tie-ins to film studios.

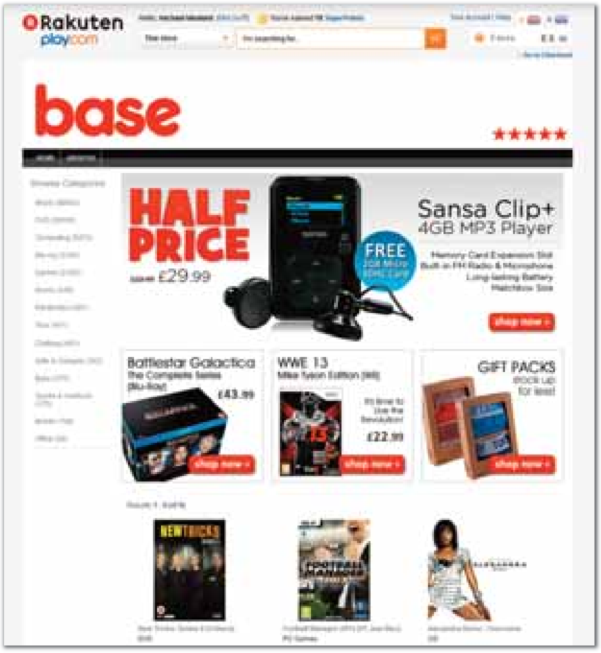
Stewart says social media will be a core part of the business going forward, and reveals that Play.com's social media success "has been shared back to Japan", leading them to implement EngageSciences there.

SO WHAT NEXT?

The company has achieved a lot over the past 12 months. It has raised its profile and made the market and consumers more aware of what it can offer, while driving through "productivity and efficiency", bringing all content, richer content and reviews into one place within the shopping mall to make it easier for consumers to shop across different brands.

The next step is to grow the Marketplace model while developing tools to further empower its merchants. This will enable it to offer a far greater breadth of products and new categories through the merchants that join the platform. Play.com now has ten categories including clothing and, says Stewart, "we are looking to take that even further".

Of course, Play.com has targets to grow the Marketplace in terms of merchants and consumers. "One attracts the other," says Stewart. Initial growth is going to come from transitioning the 2,000 merchants already on PlayTrade into Rakuten Marketplace.



"We've got a lot to do at Play.com," he says. "The learning curve is very quick and intense."

Rakuten is expanding globally and currently has operations throughout Asia, Western Europe and the Americas, including Rakuten's Buy.com in the US, Rakuten's PriceMinister in France, Canadian eReader company Kobo, Spanish streaming and video-on-demand business Wuaki.tv, and French ecommerce logistics business Alpha Direct Services. It has more than 10,000 employees worldwide.

With such swift growth, there is no doubt that Rakuten is acquiring expertise along the way to localise the Rakuten Marketplace model. According to its website: "The Rakuten Group will promote a horizontal penetration of our unique business model started from Japan as well as the know-how for success in each country and region. Also, we will develop a highly synergetic global management platform and will enlarge the Rakuten Ecosystem globally, striving to become the world's No. 1 internet services company."

As far as the UK is concerned, it may be the third biggest marketplace, but Play.com has

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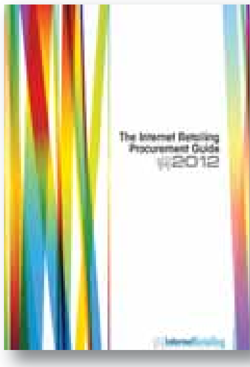

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InternetRetailing's Directory Index (IRDX)

IRDX gives you a view on the supplier, retailer and people 'ecosystem' in multichannel retail.

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Our M-Retailing online page is dedicated to the Mobile Commerce channel keeping you up to date with the latest industry news.

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moved from being a seller of just cds and dvds, to a platform where customers trade their unwanted games and merchants sell their wares, plus it has also expanded into other categories. Its possible future position is as a shopping mall for all who can create a shopfront. Will it remain the UK's number three marketplace or can it overtake eBay in the number two slot by the time Rakuten's Play.com becomes Rakuten.co.uk?

As far as the name is concerned, Stewart says, "we're taking things one step at a time".

The UK ecommerce landscape is certainly large enough for more marketplace channels and Play.com is ahead of other retailers such as Tesco, HMV and Asos, harnessing their own positions and traffic as they move towards a joint retailer/marketplace model. With changes in business models coming thick and fast in the retail industry right now, it's certainly an interesting journey for merchants, consumers and marketplaces alike. ■

Why the rise in marketplaces?

Marketplaces are not just an extra channel through which retailers can sell their wares. The UK ecommerce landscape has seen a number of retailers – Asos, Tesco, HMV - launch their own marketplace platform in recent times. So why the sudden rise and what challenges do they bring?

"Setting up their own marketplace gives larger retailers the opportunity to diversify," says Seamus Whittingham, Managing Director, EMEA, ChannelAdvisor. It also means that they can "spread any risk across another channel while leveraging what they have – site traffic." He explains how "many brands have reached a glass ceiling of own customers/product range and are looking to take their business to the next level. "You have to have a certain amount of traffic gravity in the first place in order to monetize that traffic," he says. A retailer such as Tesco can then feed transactional data back into the core business both on- and offline and into its Clubcard programme.

Tesco's UK General Merchandise Director Neela Mukherjee comments on the main reason that Tesco set up a marketplace and why other retailers are expanding in such a way: "A marketplace is a great way to bring a broad range of products to customers in one place, including from specialist sellers and experts in their fields. As well as appreciating being able to make a purchasing decision from a single website, customers are looking for a name they trust. Tesco is a well-recognised and trusted brand, which is why it works for us."

This trust of the retailer as it expands through a marketplace model is one of the reasons for merchants joining the platform. As Joel Stevenson, Managing Director of one of Tesco's merchant partners Wayfair.co.uk explains, "Primarily [a marketplace] is a way to reach new customers. Many of our marketplace partners, like Tesco in the UK and Wal-Mart in the US, have loyal and well-established customer bases that they've built over a long period of time across hundreds if not thousands of transactions. Having built that sense of trust, the customer may be more willing to buy from a brand like Wayfair via the marketplace partner because of their existing relationship with them."

Tesco's objective for the future is to build in more partners across all categories to bring the best products to its customers at the best price but without compromising its high standards. "We only work with partners we invite on board, to ensure our customers get the levels of service and quality they would expect from Tesco," says Mukherjee.

The marketplace at HMV.com is in soft launch at the moment but "it's early days and purposely low key for the time being, while we test the functionality to ensure everything works and the experience is a good one for the customer," says HMV's Partnerships Manager James Flett. "Our priority is to focus on delivering a successful Christmas, but we will look to officially launch early next year with a wide range of partners. For the moment we have a number of partner offerings, including with DVD Gaming, who were the first to go live. Ultimately it's about complementing our existing core offer and filling any gaps so that we can extend an even greater content-related choice to our customers."

Some marketplaces are not so selective of the merchants that come on board, which could be an issue with the reputation of all companies dependent on the workings of the platform and vice versa. "There is a big difference between platform operators like Amazon and eBay and the brick and mortar players," says Joel Stevenson. "The platforms pretty much let anyone in but then try to police through customer feedback and operations metrics. That leads to some issues like people selling counterfeit goods on eBay but over time the community and platform do a pretty good job of self-policing. It's a bit trickier for someone like Wal-Mart who is really focused on a great customer experience in all cases. These larger brick and mortar retailers focus on partnering with established leading online retailers, like Wayfair, since they can rely on our customer service and operations expertise to take care of their customers."

Another issue with marketplaces is where the line is drawn between collaboration and competition between marketplace and merchant. Stevenson comments that it varies greatly by marketplace with some partners being very aggressive in using sales data generated by their marketplace to inform their own selection. "Every partner is different though, for example eBay doesn't sell anything directly so you don't have that concern with them," he says.

Tayyab Akhlaq, Managing Director of Genie and the Geek, comments that they do not encourage retailers to run sales on the marketplace and their own websites at the same time. "Instead, they advise using the marketplace to encourage sellers to visit the retailers' own sites to see more of what's on offer, therefore maximising sales."

EBay and Amazon follow different models explains Seamus Whittingham; eBay is a marketplace and Amazon a retailer with a marketplace. "Amazon can afford the luxury of gamekeeper turned poacher," since they, as the forefather, can adopt practices and processes that a new marketplace starting out today wouldn't be able to do, says Whittingham. "Brands are nervous of a marketplace as competitor so clear demarcation is needed between you as retailer and marketplace so you are not competing," he says.

UK COMPANIES
STRUGGLE TO DELIVER ONLINE CUSTOMER SERVICE

Businesses are unable to answer nearly half of the basic questions asked of them online and close to a quarter shut off the email channel, finds an study by Eptica.

UK CONSUMERS are being let down by second class customer service through the web, email and social media channels, according to a study carried out by multichannel customer interaction management software provider Eptica.

In total 100 company websites across the insurance, travel, CD/DVD/book retail, food retail, electronics retail, consumer electronics manufacturers, utilities, fashion retail, telecoms and banking sectors were evaluated on their ability to provide answers to 10 routine questions via the web as well as their speed and accuracy when responding to email.

The 2012 Eptica Multichannel Customer Experience Study found that websites could only answer just over half (53%) of customer questions, while company responses to email queries has worsened since a similar study was undertaken in 2011. Social media use had doubled, although many still failed to integrate social media into their

Britain's top 100 companies could only answer an average of 53% of questions asked online

SCORES OUT OF 10

	2011		2012
1	2%	-	2%
2	6%	↑	7%
3	15%	↓	11%
4	19%	↓	14%
5	23%	↓	20%
6	15%	↑	18%
7	8%	↑	11%
8	8%	↑	9%
9	2%	↑	6%
10	2%	-	2%

ONLINE QUESTIONS ANSWERED

SECTOR	2011		2012
TELECOMS	42%	↑	56%
CD/DVD/BOOKS	43%	↓	40%
BANKING	43%	↓	41%
CONSUMER ELECTRONICS	48%	↑	55%
FOOD RETAIL	48%	↓	40%
INSURANCE	50%	↓	48%
UTILITIES	52%	↑	60%
ELECTRONICS RETAIL	54%	↑	58%
TRAVEL	54%	↑	63%
FASHION RETAIL	**64%**	↑	**75%**

Website with email facility for general queries

overall customer service strategy.

Researchers were unable to email nearly a quarter (23%) of the companies in the study, as they either had removed the opportunity for non-customers to contact them through this channel or email addresses could not be easily found. Just 39% of the 100 businesses actually managed to respond with an accurate answer via email and on average companies took 64 hours 33 minutes to successfully reply to emails – 44 hours longer than the 2011 study. Response times varied greatly – two companies successfully answered email questions in a superfast 19 minutes, but another took one month to reply. Overall every one of the ten sectors surveyed answered emails slower on average than in 2011.

The study found a huge chasm between best and worst; for example, fashion companies answered 75% of questions asked on their websites, while CD/DVD/Booksellers and food retailers scored a paltry 40%.

While web performance improved from 2011's average of 50% of questions answered to 2012's 53% there was a major chasm between winners and losers. Over a quarter (28%) of companies performed worse in 2012 compared to last year – despite being asked exactly the same questions, through the same channels.

"At a time when recession is putting unprecedented strain on many companies, customer service is critical if businesses want to win and retain consumers – but this study shows that many organisations are still struggling to provide basic information or answer customer emails," says Dee Roche, Global Marketing Director, Eptica.

"The fact that the performance of many companies has worsened over the last twelve months is disappointing to see – poor service will simply endanger sales in today's competitive market. Customers want to be able to contact companies through their channel of choice, so businesses need to adopt a joined-up, multichannel approach if they are to meet their needs."

Many companies seemed to be more successful on one channel than others – excelling on the web but then providing poor responses to email questions. Food retailers could only answer 40% of questions asked via the web, but successfully responded to 70% of emails.

The study also researched how companies were using social media to engage and interact with their customers. On the positive side, social media use had nearly doubled, with 64 companies having Facebook pages (against 33 in 2011) and 70 with Twitter (up from 36 in 2011). However only 11% linked customer service to these social media channels – showing they are still only at the beginning of the social customer service journey.

"Social media is transforming how consumers approach customer service as it provides a megaphone for them to broadcast their complaints to the world," says Roche. "So it is positive to see that companies are embracing this new channel – they now need to integrate it with their overall customer service strategy to deliver a joined-up approach that is both consistent and efficient."

The overall average performance masked major differences between sectors and even companies within them. For example, one food retailer scored 100%, answering all ten questions successfully – but at the same time three companies in the same sector scored just two out of ten. In total, 17% of organisations answered 8 or more questions. However, 20% were unable to answer more than three. Only two organisations could successfully answer all ten sector-specific questions asked on their websites.

The 2012 Eptica Multichannel Customer Experience Study can be downloaded from www.eptica.com/Customer-Experience-Study-2012.html ■

The fastest, accurate reply took 19 minutes, from both a consumer electronics retailer and travel company.

The slowest sector was CD/DVD/Books where companies took an average of 93 hours and 22 minutes to reply.

Bob Hale, CEO SDL Campaign Management & Analytics

LISTEN. UNDERSTAND. ENGAGE.

THREE SIMPLE STEPS THAT YIELD BETTER BUSINESS RESULTS.

The retail market is evolving. Customers have more access to information than ever before and their expectations for how retailers will interact with them have changed. Today's customers are in control of the retail experience. Retailers will gain from letting their customers take the lead. How customers engage through traditional, online and digital media and how they interact in retail, online and digital purchase channels provides an understanding of their path to purchase. The insights and intelligence gained from customers' interactions with a brand create a road map for building meaningful, lasting connections with them.

Today's most successful retailers use a single view of their customers to understand how they want to engage with their brand. By following the customer's lead, these retailers initiate meaningful interactions that generate lasting, high-value relationships.

Retailers succeeding in today's evolving marketplace follow three simple steps:

Step One: Listen. Create a single view of the customers.

Customers maintain a dialog with the brands they engage. Interactions through social media, loyalty programs, ecommerce and in-store contact provide vital information that tells retailers how to build lasting, high value relationships with them. The key to developing those relationships is taking action on what's been "heard".

Consolidating and analyzing the information gathered through customer touch points enables retailers to truly understand their customers across all of their interactions with the brand.

Step Two: Understand. Appreciate how customers interact with the brand.

No two customers are the same and interactions with them need to address their individual differences. How customers interact with a brand is meaningful and defines their path to purchase.

Understanding each customer's individual path to purchase provides information and insights needed to truly connect with them. Reaching out through the touch points customers prefer builds awareness and motivates purchase.

Step Three: Engage. Take action on new customer intelligence.

Effective customer communications are highly individualized and offer personal value across a customer's preferred channels. Consistent, coordinated communications delivered across relevant touch points initiate and propel customers along their chosen path to purchase.

In January 2012, SDL acquired Alterian, now the SDL Campaign Management & Analytics division. Newly acquired expertise with analytically-driven, intelligent marketing enables SDL to deliver solutions for Global Customer Experience Management (CXM). The combination of customer analytics, campaign management and email software with other technologies, such as SDL Tridion for web content management, delivers a personalized online customer experience that complements direct customer interactions.

According to Forrester Research, Inc., providers in multiple solution categories are converging on the emerging practice of CXM, and doing so with overlapping capabilities. Product and service approaches vary based on vendor's area of expertise. SDL has assembled and integrated best-in-class technologies, now including analytics-driven intelligent marketing, to deliver Global CXM solutions.

SDL Campaign Management & Analytics easy to use, web-based marketing software provides retail marketers a powerful solution for:

- Consolidating data from various sources to provide a single view of the customer
- Analyzing data to gain a better understanding of customers
- Engaging with customers to create a high value, full-channel experience

SDL's suite of retail marketing software, offers an intuitive campaign management tool powered by advanced analytics so that marketers can interact with customers through highly personalized campaigns driven by our dynamic email and SMS capabilities. SDL's intelligent marketing software specifically addresses the needs of retailers so they can effectively interact with customers and acquire, develop and reactivate their most profitable customers.

The SDL Campaign Management & Analytics solution specifically addresses the needs of retailers. We enable retailers to understand their customers and engage them in meaningful interactions that promote purchases from new, existing and lapsed buyers.

More than 35 data assets are designed to enable retailers to analyze and report on vital business initiatives:

- How effectively do customer acquisition programs generate first-time buyers?
- What drives repeat purchase among first-time buyers?
- What defines best buyers and which interactions keep them engaged?
- How are past interactions with lapsed buyers used to reactivate customers?

The tools required to address each of these questions are standard components of the solution, and are designed to minimize retailers' time to value.

RETAIL REVIEW

As customers and retailers look across all touchpoints rather than siloed channels, so IR retailer reviews have moved to a new format to look at the entire retailer's eco-system of website, mobile, the use of digital in store and their overall strategy. Longer in-depth analysis of the four areas can be viewed online at www.internetretailing.net. This issue our reviewers examine John Lewis.

RETAIL LEADERBOARD

John Lewis 83/100

RETAIL STRATEGY *20/25*

Emma Robertson, Managing Director, Transform

As John Lewis strives to embrace omni-channel retail, anecdotally there have been some teething troubles in the transition from multichannel with regards to customer experience, and for John Lewis, customer service is the backbone of its proposition. Its reputation for customer service excellence is underpinned by both the branch staff as well as the in-store care experience, and in the omni-channel world, customer facing staff will be the glue that holds the channels together for the customer. This will be paramount to John Lewis if it is to retain its place in the heart of the British consumer.

The scoring is based on: collection in-store; mobile web; mobile app; iPad app; in-store tech.

INTERNET RETAILING IN STORE *21/25*

Louise Garvin, Consulting Manager, Javelin Group

John Lewis stands out as one of the UK's leading multichannel retailers; a position further cemented with the latest store opening in Exeter which has several new cross-channel and interactive features (and would have scored 22/25 in our review).

Overall, the store experience is good, John Lewis will no doubt continue to evolve its multichannel proposition, particularly to reflect the evolving role of the mobile device as a means to enhance and personalize the store experience.

Our multichannel proposition evaluation is based on our proprietary scorecard which assesses multichannel functionality and execution across 8 key customer centric areas. This review is based on John Lewis' Oxford Street store.

MOBILE *20/25*

Adam Maxted, Square Media Consultancy

Both the m-site and App were not market leading exponents when looking at other similar competitor offerings in the sector and seemed to be based on a template approach, rather than offering an engaging, rich experience for mobile shoppers.

Overall, the mobile channel works functionally well for first time users and repeat customers but could just do with finessing in a few areas, particularly creative look and a few small areas of navigation.

Using two mobile devices – an iPhone 5 and a Nokia Lumina 800 Windows 7 – I took a look at both the apps and m-websites of John Lewis to assess their look and feel, layout, content, navigation, usability, payment processing and post sale service.

WEB EFFECTIVENESS *22/25*

Shane Walsh, User Experience Consultant, User Vision

For the most part, the John Lewis site is a great example of an effective ecommerce site. The faceted search feature is implemented excellently, managing to display a large number of filters for navigating through the online store. The product page strikes an exemplary balance between displaying detailed images of products and information about the product. The neutral colour palette of the navigation features allows the products to sell themselves. Customers are reassured throughout the checkout process, through appropriate feedback, that this is a secure site. Accessibility is well considered on the site, however some accessibility issues were identified.

User Vision is reviewing the effectiveness of each retailer by 5 different criteria which are assessed while following a standard user journey through the site. In the case of the John Lewis site this was when purchasing a winter coat. ■

THE FROG IN THE WELL KNOWS NOTHING OF THE GREAT OCEAN

On the basis that we create the future we have seen, Ian Jindal wonders whether we are spending enough time forging motivating and radical futures for retail.

JANUARY is a time to take stock, to learn lessons, distil our ambitions and gird our loins to act in pursuit of our aims. We reflect on the change in our state from the last new year, consider the passing of time, and imagine the changes we expect to deliver in the coming year.

However, when speaking with retail professionals, customers and small-ish children alike, there seems to be a 'lack of future'. This is not to say, of course, that they expect the world to end imminently, but rather that the quantum of anticipated change is limited to incremental and steady improvement. There is an expectation that the future will be just like the present, but a little better: an iPhone 10 rather than the 5, better surgical outcomes, but no Martian colonies or Utopian social vision.

In my childhood we had a real feel for a transformational future. The space race had ignited a new pioneering front, with Star Trek boldly going where no man had gone before. We had *Space 1999* and moon base Alpha, bringing a darker, British view to the tribulations of space - but at least we were *in* space - with Lycra 'onesies', phasers and transparent aluminium.

The impact of those early series, presaged by the science fiction writing of the 1950s and 60s, helped invent the Motorola Startac flip-phone, the iPad and Microsoft's Surface (indeed the deck of the USSS Enterprise was like an Apple store prototype!). We're still 'owed' the transparent metal, the anthropomorphic ubiquitous computer (no, not Siri) and teleportation. It's fair to say that many of the technological advances of the last 20 years have grown from the seeds imagined and prototyped in the fiction of the '60s.

Modern digital stores are improving due to the mix of mobile and tablet technology meeting the effects from the film *Minority Report* and the ongoing meeting of data and location delivered personally to the customer. However, not only is this an incremental rather than radical change, it's also no more than the customer ungratefully already expects.

I was reminded of the Chinese folk story of a frog in a well, feeling entirely king of his domain, with food aplenty and the other denizens of the well no match for him in size, strength or capability. All good, until one day a passing turtle catches its foot in the well and in chatting with the frog tells him tales of the wide ocean, its extent, depth and creatures. The frog is discomfited to realise the extent of the wider world and the wonders he's missed: his earlier confidence was ill founded.

Retailers in general work to establish a broader view. They draw from social interaction, science, technology, materials developments and wider trends - as well as contributing in turn to these phenomena. We sell internationally and at scale; adoption of mobile and the digital store has turned 'ecommerce' into 'multichannel' and the quest for customer insight and focus is driving new levels of personalised service. There is also point innovation that changes customers' experience of shopping - from click and collect blurring the notion of the store to Amazon's Subscribe & Save, offering us product-level relationships.

However, this is still just Shopping 3.0 or 4.0.

The parabular Frog reminds us that even as we succeed we need to be active in our quest for inspiration and open to sources of ideas; to reach beyond our current realms of experience and dominance. Our most dangerous competitors may not be those companies traditionally seen as 'in our sector' - consider how Apple's stores changed retail, and how a luxury brand like Burberry has embraced social and digital, and Amazon's becoming the Merchants General of the web on the back of logistics dominance and data.

Throughout 2013 Internet Retailing will be charting the successes of retailers who moved beyond incrementalism and optimisation to a radical reshaping not only of our retail present but our retail futures. We wish all of our readers every success in 2013 and beyond. May the turtle of insight stumble into your wells, and may visions you perceive and communicate be ones to mobilise a generation. ■

RETAILING WILL NEVER BE QUITE THE SAME AGAIN

With the Eurozone crisis ongoing, consumer confidence falling and concerns about continuing austerity measures, prospects for 2013 look less than encouraging. Penelope Ody examines the figures.

IN THOSE pre-2008 halcyon days retailers were on a roll. The message to shoppers was "spend, spend, spend", credit cards were maxed, and consumer confidence was boosted by rising property prices, job security, and a government that declared an end to "boom or bust".

As we head into 2013 life is very different. The UK may have moved out of recession, albeit minimally, in the third quarter of 2012, but consumer confidence is still wavering. After hitting a six month low in October the GfK index for November showed an unexpected recovery: "This comes despite uninspiring economic news recently," says Nick Moon, Managing Director of Social Research at GfK. "The improvement is especially dramatic following such a stagnant summer and will be welcomed by retailers as the figures show that people are increasingly optimistic about how the economy will perform over the next 12 months. This could be because consumers now think things can't get any worse or it may be for more positive reasons."

"Consumer confidence has remained relatively depressed for much of the last four years," adds Helen Roberts, Senior Director of Retail & Shopper Research at GfK. "On the basis of the last recession, the recovery was well under way before consumer confidence really started to pick up again and we expect a similar thing to happen this time."

Much will obviously depend on Christmas sales. "Surveys suggest that people will be careful over Christmas spending," says Professor Joshua Bamfield, Director at the Centre for Retail Research, "but they will probably push the boat out as usual and we're expecting a 1.5% increase on 2011 figures, so not quite as bad as last year."

Sales figures and retail surveys for November were mixed with the CBI seeing some signs of an upturn while the BRC-KPMG Index confirmed the current mood of consumer caution. After October's figures showed the worst sales growth for 11 months, like-for-like sales values in November grew 0.4%, according to the BRC-KPMG study. "Sales growth slowed as November unfolded," said Stephen Robertson, Director General, British Retail Consortium, "suggesting that customers are taking care not to spend too much too soon. Over-all, the emphasis continued to be on value with consumers looking at lower priced gifts. The same caution hit online sales, which delivered their third worst performance of the year."

In contrast, the CBI's quarterly distributive trades survey suggested that retailers were showing signs of optimism in November with almost half of the 140 firms questioned reporting that year-on-year sales volumes were up. The survey group remained relatively cautious about the over-all outlook, however: "The increase in employment, along with expectations for improvement in the business situation over the next quarter, point to a welcome boost to the sector," said Anna Leach, CBI Head of Economic Analysis, "but the fact that retailers are still reluctant to authorise new capital expenditure shows that there is some way to go before activity on the high street is back to normal."

For retailers heading into 2013, much will depend on Christmas. If shoppers have tightened their belts then heavy discounting in the Sales may boost turnover, although at the obvious expense of margin. As the case of Comet well demonstrated in October 2012 it takes very little to push a highly geared business into administration or insolvency and many will be depending on seasonal sales to cover December's quarterly rent bills.

As David McCorquodale, Head of Retail at KPMG says: "It appears that consumers know they have to spend before Christmas but are holding off for as long as they can to see if there might be bargains available. Retailers, meanwhile, are trying to hold firm to maintain margins.

Professor Bamfield also points out that 31 retail companies failed in 2011 with the loss of 2,500 stores. In the nine months to September 2012 the corresponding figures were 47 retail companies and 3,673 stores. "Last time it was as bad as that was 2008," he says. "It seems that companies had been holding on by their fingertips and the continuing downturn finally caused them to fall."

Analysts talk of the "zombie economy" with businesses making just enough to service their debt and tick over, but with nothing left to invest in growth. Others apply the "zombie" model to consumers: households with interest-only mortgages surviving each month with the help of pay-day loans. As Mark Thomas, business strategy expert at PA Consulting – who coined the "zombie" tag back in 2009 – has said: "People who need pay day loans just to pay for their food are not in a position to provide any kind of stimulus to the economy at all."

A key problem for consumers is, of course, that throughout 2012 wages have not kept pace with inflation: the Office of National Statistics suggests that for the year to August 2012 average pay increased by 2% while inflation during that period ranged from 5.2% in October 2011 to a low of 2.4% in July 2012. Latest figure (October 2012) is 2.7%.

2013 & BEYOND

Looking to 2013 and beyond much will also depend on what happens in the Eurozone. Latest forecasts from the IMF suggest that GDP for the Eurozone will increase by 0.2% in 2013 while for the UK it will rise by 1.1%; inflation is likely to be running at, respectively, 1.6 and 1.9%. The IMF also points to "overstretched private and public balance sheets" weighing on UK demand and thus hindering growth.

Views of the UK recovery are also mixed: the CBI is slightly more optimistic with a forecast of a 1.4% increase in GDP in 2013 rising to 2% in 2014, while it expects inflation to average 3% RPI in 2013 falling to 2.4% in 2014. Joshua Bamfield is less bullish: "We expect 2013 to be flat so the earliest retailers may see things improve could be 2014: there is no great relief in sight," he says.

Verdict Research also sees minimal improvements in the economy in 2013. "Household spending will improve, but concerns over the economic recovery and unemployment will mean very constrained expenditure," says ▶

Honor Westnedge, Senior Analyst. "We therefore do not expect to see a significant return to growth until 2015."

The current emphasis on value and discounting noted in the BRC-KPMG November study also suggests a continuing change in shopper attitudes. "Voucher-culture has become part of British retail," says Helen Roberts. "Had the recession been short-lived, then this behaviour may well have been short-term but after four years of this behaviour it is now surely a way of thinking that is here to stay."

While over-all retail prospects remain comparatively gloomy, online continues to be slightly more optimistic. Estimates for online sales vary considerably by market sector: over-all 12-12.5 per cent is commonly quoted but as Andy Mulcahy, Head of Communications at the IMRG points out, this often includes newsagents and petrol stations in the "retail" category, neither of whom have much business online. "We currently put the figure at 17 per cent including online travel," he says, "with 14 per cent year-on-year growth, but it could be much higher than that for some businesses. It is difficult to predict 2013 but we certainly expect growth to remain in double digits for the next couple of months."

BEHAVIOUR & CONSEQUENCES

Mobile and smartphones are playing a major part too – blurring the channel boundaries with "showrooming" or enabling shoppers to order online from in-store. "Smartphone usage in the purchase process will continue to grow and increasingly empower the shopper by giving them total transparency of the marketplace and ever greater flexibility to buy on their terms not the retailer's terms," says Helen Roberts. "Currently we put this sort of usage at approximately 30% of all smartphone users."

Separating out just what proportion of sales are purely store or purely online is becoming ever more difficult. However, a survey conducted by IMRG, Portaltech and eDigitalResearch in November of 150 leading multichannel retailers suggests that 20 – 40% of sales could already be online for some chains. "We asked them to predict online sales by 2014," says Mulcahy, "and the average was almost 50% across all digital channels and including click and collect. This 50% is made up of 36% online, 9% mobile and 4% social; the other 40% was store and then 10% call centre and catalogue.

"Obviously once you get to half of a retailer's sales being made online that has major implications for strategy and we're seeing a revolution in retailing on a scale that could compare with the Industrial Revolution," says Mulcahy.

Certainly there are already signs that major retailers are responding to this digital shift closing outlets and focusing on online operations. Announcing Arcadia's annual results in November, for example, owner Sir Philip Green put continuing focus on overseas and online expansion. Arcadia's web sales had increased by 22% year-on-year with free click-and-collect while 60 stores had been closed and Sir Philip warned he could close 260 more, unless landlords renegotiate leases.

"Other retailers are talking about cutting 50 – 60% of their estates by 2018," adds Professor Bamfield, "although that may just be a negotiating ploy as they try to persuade landlords to reduce rents. Back in the '70s and '80s when retailing was struggling there were plenty of banks, building societies and travel companies to take on high street outlets and keep rents high. Now it is different and there only seem to be charity shops and coffee bars willing to fill the empty spaces."

Professor Bamfield estimates that the 300,000 retail units trading in 2011 will fall to around 250,000 by 2016. Sectors likely to see the most retrenchment include fashion, DIY, electricals, books and entertainment. "In 2013 we can expect major moves to revamp the high street," he says, "We may see local authorities encouraging more independents, to try to move away from clone towns where the same multiples dominate. Perhaps the future for some shopping malls will be to knock them down and replace them with housing. There will certainly be some hard choices ahead." ■

DELIVERING PROFITS IN 2013

Professor Richard Eglese, Department of Management Science, Lancaster University Management School examines Choice-Based Demand Management and highlights a missed opportunity for retailers - as well as a chance to improve relationships with customers.

THE FUTURE success and viability of the boom in e-tailing is dependent on finding solutions to fundamental, practical issues around delivery. Broadcasting an offering of goods and services via the internet is a powerful platform. But delivering to customers - who might be ordering anytime and anywhere - at a time which suits them creates complex problems of logistics and costs which eat into profits.

The growing demand for these kinds of services can be illustrated by the British online grocery sector which grew by 17.2% in 2011, with sector sales being forecasted to rise by 79% over the next five years relative to levels in 2012 (Mintel 2012). Businesses must get the trade-off right between sometimes substantial order fulfilment costs and maintaining customer satisfaction - and the principles are exactly the same for any kind of e-tailing transactions other than grocery.

Small delivery time windows appeal to customers but cost money. The importance of the trade-off has been dramatically demonstrated by business failures such as Webvan (bankrupt in 2001) or Publix Direct (shut down in 2003). Other companies learned from these failures and successfully provide delivery services with larger delivery time windows, using appropriate scheduling and vehicle routing software and, at the same time, often have become very good at collecting valuable customer information that is used for customer segmentation and targeted marketing.

The sales process typically consists of collecting orders including delivery time requests (subject to available capacity) until a certain cut-off time, and subsequent planning of the delivery schedule using appropriate routing software. Relying on customers to request their own preferred delivery times has a potentially large impact on scheduling and routing efficiency: for example, the given delivery time specifications might require much longer routes than if demand were geographically clustered for each time window; and, some delivery time slots might be much more popular than others, so that a large vehicle fleet would be needed for peak times and leaving many vehicles idle in off-peak times.

A reservoir of great profit-generating potential is being missed. What needs to happen is for demand - in the form of online bookings - to be managed by setting incentives so that customers are steered towards selecting time slots that maximize the firm's expected profits. Incentives could take a variety of forms: the size of the delivery charge for different time slots, and rewards such as discounts or 'shopping points' for choosing unpopular slots, or even by encouraging customers to consider the environmental impact, an approach already used by Ocado. The objective of maximizing profit is dependent on clear knowledge of the expected fulfilment costs, linking demand management to vehicle routing. The customers' choices of delivery times directly impact on delivery costs so that steering their choices could cause significant profit increases.

In our research we have looked at how this would work in practice. We considered the problem of servicing requests, arriving at random points in time, for a fixed delivery day. We put together a schedule/routing plan for the delivery of the collected orders, based on the use of a number of delivery vehicles with a fixed capacity, and data which specified customer information (including post code), a revenue figure for the item/s and a figure for 'capacity consumption' corresponding to the number of standard-sized transport boxes required to accommodate the goods that this customer has ordered. The study is based on the creation of a more advanced customer choice model linked to a monetary incentive or disincentive, and the firm's task is to set these incentives in real-time so as to maximize profits over the entire sales horizon leading up to a specified delivery day.

Through a detailed simulation study we have been able to show that by including the impact of future expected orders (a "foresight policy") on the decision of what delivery fee to charge for each delivery time slot, we can obtain higher profits than only using orders accepted-to-date in this decision (a "hindsight policy"). Using real data from the online grocery sector we found that the foresight policy results in improved profits of on average 2.6% over the hindsight policy, and on average 3.8% as compared to the typical industry practice of using two-tier static delivery prices that only depend on whether or not the order value exceed a certain threshold. In an industry that operates on very small margins (for example, one etailer reported operating margins of 0.55% in H1 2012 according to Mintel), this profit potential is remarkable. The model shows that our approach can outperform the static two-tier delivery pricing policies that are often found in practice by up to 6% in profits. We also found that dynamic pricing without taking future expected demand into account can produce even worse results than static pricing when dealing with situations where delivery capacity is scarce. ■

GAINING DIGITAL ADVANTAGE IN INTERNET RETAIL

Mike Petevinos, Vice President at Capgemini Consulting, takes a look at the global 'Digerati' and why they outperform peers in terms of revenue, profit and market valuation.

AS THE RETAIL space shifts into overdrive in the crucial run up to Christmas it is heartening to see how British brands and retailers are forging new paths for the retail sector. Despite the high profile departure of John Browett, ex-Dixons chief, from Apple it's clear that multinationals view our small island's retail executives with envy – truly we are seen as a nation of digital shop keepers.

Burberry is just such an example, an iconic British luxury brand established in 1856, it was significantly underperforming against its peers when CEO Angela Ahrendts took over in 2006. While the overall sector was growing at around 12-13% a year, Burberry's rate was about 1-2%. To address these issues, Ahrendts launched a significant transformation programme covering multiple business areas, from customer experience to operational excellence, and largely driven by digital technologies. As well as online, Burberry leveraged digital technologies to enrich the in-store customer experience, while at the back end, it rolled-out a global ERP programme to unify processes and integrate data across the globe. According to Ahrendts, "Digital has been a catalyst for everything in the company, and when we got everyone on board with this concept they were clamouring to become even more connected."

The visionary approach of leaders such as Ahrendts is examined in a global study on which Capgemini has partnered with the MIT Center for Digital Business. This research of 400 major global companies worldwide has revealed the common ingredients of successful digital transformation, and identified the business returns that successful deployment of such technologies can deliver for organisations.

Two key findings emerge from the research: First, that the 'Digirati' - those who are delivering a fundamental transformation of their business – are in the minority, with a quarter of surveyed firms reaching that elevated status. Second, that digital is driving change in all industries, from the obvious suspects in the retail and media sectors to the less familiar bricks-and-mortar giants of manufacturing.

The study also reveals a significant and measurable performance advantage for those organisations that have a highly developed or mature approach to digital transformation. These high performing companies – the 'Digirati'- outperform their industry competitors on multiple financial metrics. They generate, on average, 9% more revenues through their existing assets; outperform their peers by 26% in terms of profitability; and achieve significantly higher (12%) market valuations.

FRAMEWORKS & FASHIONISTAS

Achieving this transformation however is about much more than new technology implementation. It involves a closely managed change programme to achieve cross-channel consistency, engage employees, secure the right skills, and develop strong IT-business relationships. Specific governance needs to be put in place, new roles need to be created, and missing skills need to be developed or acquired. It is also about continuous improvement, with no possibility of standing still. The leaders of 'Digirati' firms such as Ahrendts already have one eye on the future possibilities: "Consumer data will be the biggest differentiator in the next two to three years. Whoever unlocks the reams of data and uses it strategically will win," she says.

The challenge for those looking to buy in expertise by poaching staff is shown by the underperformance of firms in the report which slavishly follow digital trends, rather than adapting their underlying business models. Such digital "Fashionistas", tend to just follow the latest digital trend; "Conservatives", who are sceptical and favour prudence over innovation; and "Beginners", who do very little with advanced digital technologies even if they have achieved a lot with ERP or traditional ecommerce. These three groups are shown by the research to follow a trend of steadily worse revenue and profit performance.

George Westerman, the research scientist whom we have worked alongside at MIT states it best: "Achieving a digital advantage requires more than sheer digital investment. It requires building the leadership frameworks to envision and drive transformation. Digital transformation is as much about leadership and organisational change as it is about implementing new technologies. Both leaders and laggards need to recognize that this is a process of constant reinvention."

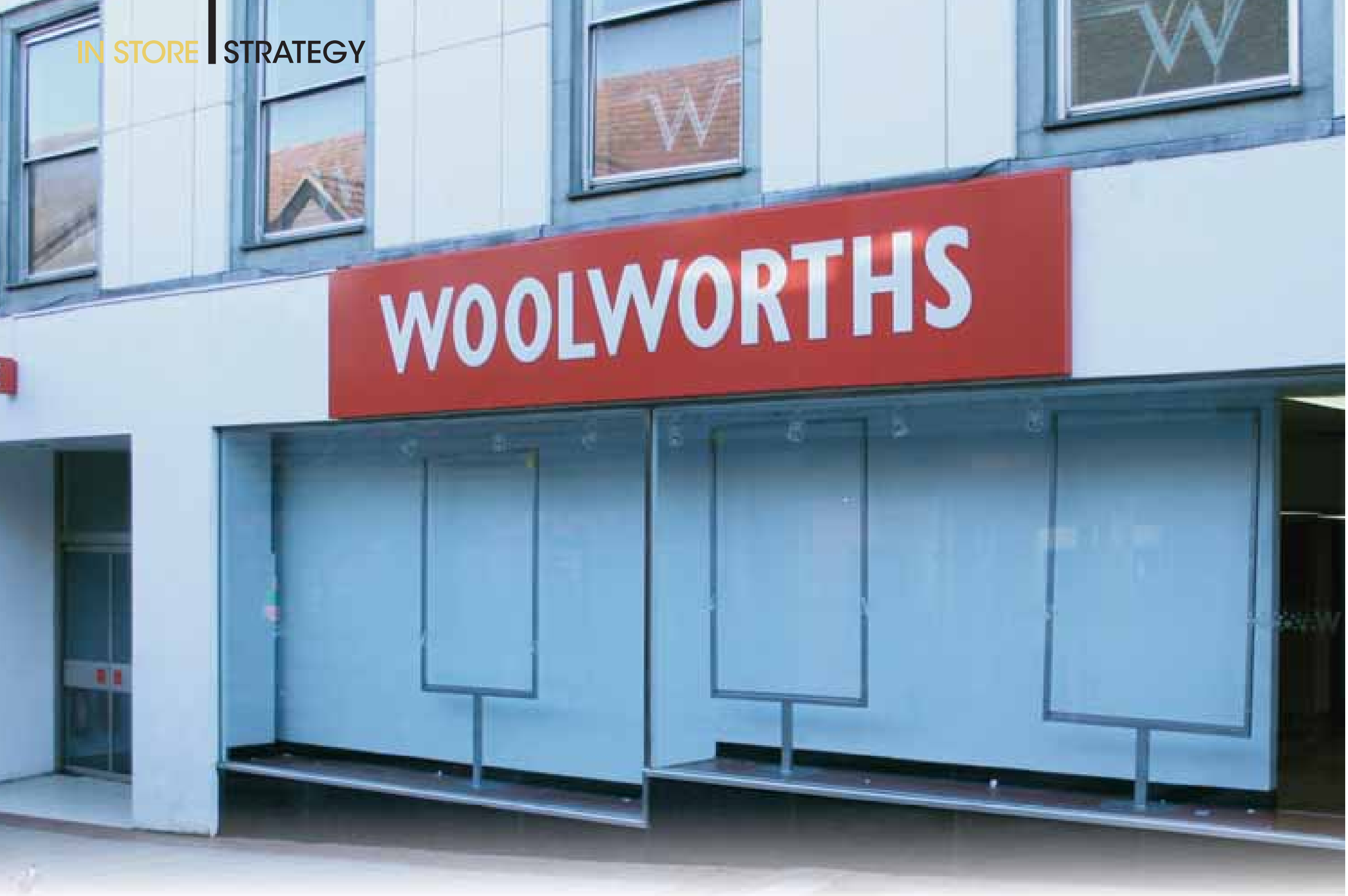
And why does this matter to readers such as yourself? Surely by definition as someone interested in internet retailing you are already well ahead of the pack? Well as we see from the Beginners category, ecommerce is only the beginning of digital transformation – true digital advantage only emerges from a more wholesale adoption of technology across the supply chain and business. Indeed, according to the research, globally consumer products and goods are laggards in the race for digital advantage, only manufacturing and pharmaceuticals as sectors come off worse. Unsurprising the high tech sector, with around 40% of Digirati leads the race, just ahead of banking. Travel and hospitality, insurance and telecom companies have many Digirati too.

Ocado's recent cashbox refinancing shows that initial market leadership counts for little in the highly competitive British marketplace, but that challenge is exactly why as a nation we are among the most innovative and competitive in the internet retailing space. The message is clear: whether you are in the business of handbags or shopping bags, digital matters. And while there is no "one-size-fits-all" in digital transformation, there are common patterns for how CEOs and business leaders can build their digital advantage, based on the two dimensions of digital maturity discussed earlier: your transformation management practices and your digital practices.

Digirati leaders such as Angela Ahrendts invest 100% on the "how" of digital transformation practices. This means developing a shared understanding of the digital vision, engaging the workforce at scale in understanding the vision, implementing proper governance structures to ensure ownership and accountability, investing in a competence upgrade, and building a strong relationship between the business and IT functions.

Second, leaders make choices about what digital practices they will excel in, based on an understanding of the pace of transition between the old and the new in their industry as well as competitive dynamics. This means concentrating investment in one or several key domains of operational excellence where they can gain advantage (rather than spreading a little investment in many areas). For instance, some Digirati excel in process digitization with a strong emphasis on analytics and internal collaboration, while others select customer experience excellence through channel integration. These principles provide the starting point for what will undoubtedly be a long and challenging journey, but whether you are selling overcoats to the world's High Net Worth Individuals or delivering groceries to the masses digital transformation is both a massive opportunity and an absolute necessity.

A full copy of the Digital Advantage research can be viewed at: www.capgemini.com/insights-and-resources/by-publication/the-digital-advantage-how-digital-leaders-outperform-their-peers-in-every-industry/ ■



IS THE HIGH STREET DEAD?

While high street shops are still responsible for the lion's share of retail sales, there are clear signs that their role is shifting. Could it be that the future of 'physical' stores will be to maximise opportunities and bridge the gap between online and offline? asks Emma Herrod.

MULTIPLE RETAILERS closed an average of 20 stores a day in the first half of 2012, according to PwC and Local Data Company. By the end of October 2012, more than 10% of all high street and shopping centre stores in the UK lay empty with fewer people using the traditional channel to shop than a year ago.

"This new high in empty shop numbers really sets alarm bells ringing," says Stephen Robertson, British Retail Consortium (BRC) Director General. "It's the worst vacancy rate [since its survey began in July 2011] and confirms that financial challenges for both customers and retailers are far from over. Many retailers are battling stagnating sales and rising costs, and 2013's threatened business rates increase can only make matters worse."

The BRC is calling on the government to freeze business rates in 2013 to help breathe life back into the UK's high streets. But is it too little, too late?

Some believe that the high street is already "as good as dead" with online and mobile presenting "terminal diseases" and a nightmare scenario for retailers. The past decade has taken a toll on the high street: structural change, large format shopping and product aggregators in the form of supermarkets and online all having played a part. "You just have to look at the situation with book shops," says James Miller, Lead Consultant, Retail & Property at Experian and author of its Town Centre Futures 2020 whitepaper. "Now the economy is exacerbating that decline."

However, Miller says the high street is far from dead, although he does admit that it has a challenge on its hands. "If it learns to adapt, its future is bright," he believes.

HIGH STREET BEHAVIOUR

While at Internet Retailing we've been used to reporting growth figures for online purchases and the meteoric rise of shopping via mobile phones and tablets, physical stores still account for the majority of retail sales (between 80% and 90% of the total depending on whose figures you refer to). Cross-channel and the store environment are actually the growth areas for digital teams' work within retail. Argos, for example, attributes more than 50% of its sales to multichannel shopping. Its fastest-growing channel remains online check and reserve, which now accounts for 30% of sales; mobile and kiosks take the remainder of multichannel sales.

Independent retailers, the high street and shopping centres are embracing online by acting as collection points for online deliveries. Locker boxes from independent companies such as ByBox and retailers including Amazon are becoming a familiar site as delivery options for consumers increase. Delivery services such as CollectPlus – which has just signed up its 5,000th outlet – see petrol stations and convenience stores acting as collection and delivery points for parcels from other retailers. eBay has been trialling same-day delivery in San Francisco in the US, and has recently started a trial of click and collect in the UK.

But the high street is more than a point from which to pick up online purchases. A significant proportion of people who look up a product online or on their mobile (38%) still want to go into a shop to actually buy it, reveals a study by TradeDoubler. Another report, by digital wallet provider Skrill, found that one in three consumers uses the high street just to window-shop, using mobile phones to compare prices, save details for buying online at home or to make purchases. Experian's James Miller believes that the future role of the high street, as far as retail is concerned, is to become a bridge between offline and online.

People are shopping across all channels, researching in one or more, purchasing in another for delivery to home, office, store or local collection point. The line between channels has already blurred, if not disappeared, from customers' minds and retailers are moving increasingly to multi-touchpoint operational models – or at least cross-channel teams – rather than the dual silos of shops and 'other channels'.

House of Fraser, Marks & Spencer and John Lewis have each opened a 'Store of the Future' and are following this consumer trend of using the high street as a showroom for purchases to be made in other channels. Others have taken the test-everything-and-see-what-sticks approach, experimenting with mobile and other user interfaces for their staff and customers following the innovator's mantra of 'fail fast, succeed faster'.

FUTURE CONSUMERS – AGE, ECONOMY & TECHNOLOGY

So where is this change leading the high street and consumers? "Shopping and showrooming behaviour aside, they [high street shops] are still a place of face-to-face service and social and leisure activity, and that is not going to change," says Miller. Indeed, almost 90% of the population live and work in towns and cities. What will change, though is the age of consumers, the economy and the technology involved.

- Between 2012 and 2020, 79% of UK town centres will experience at least a 10% growth in the 50+ age group, according to Experian. It predicts that in five years' time there will be half a million fewer teenagers and young adults in the UK, while in ten year's time, there will be three million more people over the age of 70. Some regions will have a much higher proportion of older consumers than others; the highest growth is expected in the East Midlands, the East, the South East and the South West.
- The shopping public will continue to look for value, and still want quality as well as choice, so retailers will also have to take these factors into account.
- The biggest game changer on the high street and in shopper behaviour by 2020 will be technology, especially smart devices such as mobile phones.

While the trend for searching the internet for the best bargains will continue – so that between 2011 and 2015 the proportion of all online-based retail spending will climb from 8.9% to 12.1% – m-commerce and click and collect schemes offer opportunities for retailers to innovate. These three drivers – demographic change, the economy and technology – will merge with existing drivers such as the demand for convenience, experience and choice, to shape future shopper behaviour.

"By 2020, the UK will be a very different place

The High Street in 2012

UK town centre vacancy rate Oct 2012	UK total retail footfall* Aug – Oct 2012 v. 2011	UK % change year-on-year	High street	Out-of-town	Shopping centre
11.3%	-0.4%	August	0.3	-0.6	0.1
		September	-0.4	1.4	1.8
		October	-2.6	-0.5	-2.1
		Aug - Oct average	-0.9	0.2	0.1

Source: BRC / Springboard

with a shift in shopper make-up and a far greater role for technology," says Miller.

The UK's high streets and town centres have a careful balancing act to perform. How they tackle these major drivers of change will be crucial. They must fulfil the modern need for convenience and value of those with increasingly limited resources and incomes, but not to the detriment of quality and service, sought by older and more affluent consumers. At the same time they need to embrace technology to enrich the shopping experience by combining online shopping with the often more convenient option of collecting goods from town centres.

TRANSFORMATION

Transformation is a necessity for the high street as retailers have to continue to encourage shoppers to visit stores, even if the purchase is made through another channel. According to Miller, more than half of the population in at least 500 towns will have become frequent online shoppers by 2018. This will mean more retailers will need to adopt click and collect and town centres will have to market themselves as convenient hubs for picking up products, such as through high street lockers. They will also have to embrace m-commerce and social media to develop their online presence, offering real-time vouchers and loyalty apps.

Retailers have to "embrace" changes such as showrooming and price comparison believes Jon Copestake, retail analyst at the Economist Intelligence Unit (EIU). "You aren't going to increase custom through alienation," he says, explaining how Best Buy's former practice of replacing barcodes on in-store items with its Best Buy-only codes may have reduced the practice of shoppers easily comparing prices online while in store but could have also put buyers off.

"If you're not willing to get someone into your store you may as well be a pureplayer," he says.

The showroom function of bricks-and-mortar shops will become more focused on establishing brand visibility and a reputation for service than on generating in-store sales, predicts EIU's Retail 2022 report. As Copestake says: "A well-located store is good for marketing and branding," and for pureplays, "click and collect lockers are only one step away from a store". In fact, the Retail 2022 report believes that "the next decade will see a number of pureplay retailers, especially Amazon, setting up permanent branded showrooms and shops on the high street and in shopping centres".

Half of the audience at a 2012 World Retail Congress panel discussion on the role of property in the multichannel world agreed. The group of retailers believed that "physical stores would be needed not so much to survive as to maximise the opportunities".

As far as pop-up stores are concerned, there has always been scope for them on the high street. But there's now more opportunity for seasonal stores, whether it's around Christmas time, bonfire night or other big occasions, with landlords having to become more accommodating of short-term lets in the current climate.

IN CONCLUSION

The number of people who buy products online and on-mobile will increase, whether retailers like it or not: the future belongs to those prepared to innovate and adapt to this changing behaviour.

Click and collect, cross-channel and in-store experience – whether through physical interaction or virtual innovations – will all continue to be developed and tested as the high street adapts to shifting consumers demands. But these innovations need ultimately to lead to sales through one touchpoint or another. Enabling customers to do this is key for the high street store, although not necessarily its only role.

The reality is that making the most of mobile and online could be exactly what the high street needs to survive. ■

Main multiple retailer net changes by classification - January to June 2012

Risers	Net change (units)	Net change (%)	Fallers	Net Change (units)	Net Change (%)
Convenience food stores	23	4.6	Computer games	-177	-44.1
Bureaux de change	37	10.9	Home furnishing & furniture	-54	-36.7%
Charity shops	35	1.1	Gift shops	-82	-36.3
Pawnbrokers	55	8.4	Card & poster shops	-37	-3.9
Cheque cashing (payday loans)	45	11.3	Toy shops	-103	-32.8
Discount stores	50	7	Camping goods & outdoor wear	-33	-8.4
Bookmakers	53	2.3	Clothes shops incl lingerie	-276	-3.6

Source: Local Data Company


RACKED ECOMM,
L AND DIGITAL?

TOWARDS THE CROSS-CHANNEL STORE ENVIRONMENT

The Internet Retailing Conference brought together a Head of Ecommerce, a User Experience Design Lead and a Marketing Manager – Mobile to debate where digital is leading the store environment. Read on for the thoughts of representatives from Tesco, Schuh and M&S.

MARK CODY, SENIOR MARKETING MANAGER - MOBILE, TESCO

With stores undergoing huge change, it's not just a question of deciding if click and collect orders can be attributed to them, it's about what actually constitutes a store. As far as Tesco is concerned, its Senior Marketing Manager – Mobile Mark Cody told the audience at the Internet Retailing 2012 conference: "We have to keep reinventing ourselves to keep up with customers."

It launched free Wi-Fi in its Tesco Extra stores in January 2012. This allows everyone free access for 15 minutes but gives Clubcard customers unlimited usage. By October, it had extended the service to its superstores covering 850+ outlets UK-wide. Cody said: "We have 500,000 connected shoppers walking around our stores at the moment and we have to work out what to do with that." He believes Wi-Fi is the key to unlocking the multichannel opportunity in-store.

Tesco wanted customers to get used to the service first, which is why you won't be pushed an advert for TVs while you are looking at them in-store. "They can turn customers off just as quickly," said Cody.

He added: "We can't stop customers using their phones in store." Instead it's about unlocking the depth of product and service provided, putting the building blocks in place and getting customers confident about using their own technology.

Cody said Tesco is about "testing and learning". In August 2011, it took its services to customers in South Korea in the form of a virtual store. Feedback was encouraging and it increased engagement and custom. "But that was Korea, not the UK," he said. The concept was trialled again in August 2012 at Gatwick Airport. "We don't think we've cracked it but technology has its place. Not for the sake of technology, but we have to keep testing things with our customers. For us it's about providing valuable service for them."

As to QR codes? "Our jury is still out. They are ugly from a marketing point of view, but they do provide a way of getting to a location quickly."

He said he believes that shopping walls are a good way to show extended ranges in-store. It's testing a 7ft tall 'endless aisle' touch screen in the toy aisle of its Extra store in Cheshunt, Hertfordshire. With access to the full range of toys on tesco.com, the screen is helping customers do more of their shopping in a single trip. Items can be filtered by age, gender and price; orders are placed by printing a ticket for Click & Collect or by mobile phone, a QR code on the screen or sending a text message to get a web link.

"In store it's all down to tracking and measurement", said Cody. "If it's not measurable, should you be doing it?"

Another technology that Tesco has been "playing with" is augmented reality. It first used it in 2011 in a number of stores with a TV screen embedded in the shelf edge that played a trailer when it was shown the DVD cover.

"Customers found it engaging but the pricing is not necessarily scalable across a couple of thousand stores, said Cody. "But we know that 60% of our grocery shoppers have a smartphone and like to use their phones and apps, so augmented reality can add value."

Continuing its ethos of test and learn, the company launched its Tesco Discover augmented reality app at the end of July 2012. This is showcased in its 'Read Food' magazine, which uses the app to help bring content to life. The magazine has scored an average click-through rate of 16%, with one page – with a competition to win a year's supply of wine – topping 60%.

As to what the next game-changing piece of technology in-store will be, Cody nominated payments. "It's too painful at the moment and it needs to be easy."

SEAN MCKEE, HEAD OF ECOMMERCE, SCHUH

"Our key objective is to sell product, and we take the view that multichannel helps us sell product and technology has a defined role in the business," Sean McKee, Head of Ecommerce at Schuh, told delegates. He explained how the firm operates via tablet, mobile, contact centre, stores and its website. Multi-touchpoint journeys are now the norm, he said, but "bricks and mortar are still integral to how we see the business".

He added: "We see smartphones as the most important thing that's happened to retail since the internet. Every time a new device comes along we see a little change in the way our customers are consuming." Consumers shopping at Schuh via a mobile device are five times more likely to look for a local store and six times more likely to reserve stock for pick up, he said.

By next year, McKee predicted that mobile traffic would become the most popular way of buying and by 2016 it would account for the majority of sales at Schuh. Unsurprisingly, the company is planning for that eventuality.

But what does the customer at the heart of this shopping revolution really require from a store?

For a start, it's a place where they can pick up their purchases. Click and collect is becoming more important for Schuh. It has had a single view of inventory for web users for the past 9 years, enabling online reservations and purchases from store stock. During the first half of 2012, 17,000 pairs of shoes were purchased online for store pick-up and 43,000 pairs reserved for trying on in store.

As far as in-store technology is concerned, there's a plethora of choice even amongst what's happening now: payment apps; store Wi-Fi; gamification; personalised and interactive mirrors; QR codes; location-based marketing; tablet-equipped staff; single view; and e-vouchers. "I think we'll do the majority of them if not all of them," McKee said.

It has experimented with sales floor technology including kiosks, standalone and screwed to the wall, and a monster app in Bath. He commented: "We have done that and bought the t-shirt." Ultimately, though, Schuh is a business with finite

resources. "The reality is that customers are consuming technology at a great rate of knots and we'll never have the capital expenditure we'll need to keep up with them."

McKee asked: "So, shouldn't we enable what the customer does and their own technology?" This could be through store Wi-Fi, QR codes – "synonymous with disappoint" – and iOS app, although: "our mobile site has better sales than the app".

"We can add value, on the customers own terms, on their own phone," he said. Customers see stores as a place to just pick up items, so in time they won't understand why you'd want to join a queue to pay. "Big retailers have a chance to guide customers in what the future look like," he added.

The key differentiator for Schuh is customer service. It's "quite basic but commercial". McKee advised other retailers to take a simple approach and not race to the bottom. It had to be practical and there are key steps that you have to achieve "so walk before you can run".

As to showrooming behaviour, he told delegates that shoppers are doing it "so get over it". In fact, he said, Schuh is trying to capitalise on it and ensure that its in-store range and presentation is efficiently compelling. "Shoppers are dwelling, they are in our stores, it's an opportunity. For us, the store is where you enable the experience, fulfil at speed and connect using customers' own technology."

NIKOS KARAOULANIS, USER EXPERIENCE DESIGN LEAD, MARKS & SPENCER

"We design the digital experience for people and the mobile device that they bring to store, be that a mobile website, mobile app, or iPad app for the home category," Nikos Karaoulanis, User Experience Design Lead, Marks & Spencer, told delegates. "We come up with specific applications such as guided apps on big interactive screens and kiosks in-store to help people buy products such as beauty, and other multichannel projects."

The first challenge, said Karaoulanis, is: "How do you give a consistent experience when your customers know how to get to things?" So the company has recently developed its first set of guidelines on building a consistent experience, for use in-house and by third party developers and agencies.

The second? "Who do we design for? My view is that we sometimes underestimate the customer." With many quite used to using iPhone and iPad technology, for example, the next challenge is: "How do we leverage that to help them?"

Karaoulanis advised retailers to think about why they were designing something for in-store. "Is the store not enough?" he asked. Retailers should ask themselves whether what they're doing is going to interrupt the in-store journey or help customers. "There are not that many technologies out there that will really help."

He commented that M&S had been "pleasantly surprised" by how people were interacting with the large devices at its Cheshire Oaks store, which showcases the latest in shopping technology. It also has:

- High-definition display screens displaying the latest looks or offers;
- 12 Browse and Order screens which allow customers to order from the entire M&S catalogue in-store;
- Shop assistants equipped with iPads to help customers find items or place orders;
- First-to-market technology such as the Virtual Makeover counter and the Duvet and Pillow Selector;
- QR codes on internal and external decor which help customers discover more about product ranges and the store itself.

It is in the homeware department that the new technology comes into its own. Customers can browse the latest M&S ranges to create a living room, kitchen or bathroom using 70in display screens that showcase key design themes. They can also use iPads and 32in interactive browsing screens to peruse the entire catalogue.

As far as attribution is concerned, Karaoulanis told the audience that M&S collects sales data as well as what's happening on those devices, since usage could be high but sales low because customers buy from a sales assistant such as a beauty counter in the case of a virtual makeover. "We capture exit points and where they are likely to buy," he added.

On showrooming behaviour, he commented that retailers should look at how they help customers rather than being a barrier. "Why wouldn't you have Wi-Fi?" he asked. The other issue was, what is a customer looking for when they take a picture in store, for example? They have the product in front of them, so they have the information – so what more can the retailer do to help them?

THE FUTURE OF CUSTOMER LOYALTY IS MOBILE

IR asked mobile experts to share thier opinions on marketing, mobile CRM and why the future of customer loyalty is mobile. Jason Cross, Marketing Director at Incentivated, comments first.

CUSTOMER LOYALTY programmes are driven by technology. Green Shield stamps flourished in an analogue world, but quickly died as soon as the capacity to handle large volumes of data became a reality. The first card-based systems like Sainsbury's Homebase Spend and Save Card (launched in 1982) disappeared with the advent of more sophisticated, integrated schemes like Nectar.

The next major technological development in loyalty programmes will be the integration of smartphones into existing schemes. Already, 60% of the population has a smartphone and spends more than two hours a day using them. And they offer a permanently connected link to the internet that can be activated by location and will link seamlessly to other digital devices, whether at home with smart TVs or in-store with POS systems or wifi. This adoption of smartphones will be the most influential marketing development of this decade and will allow retailers to create direct, personalised links with their customers and revolutionise loyalty.

According to ABI Research, nearly half (45%) of smartphone users with a retailer-branded app visit the retailer's store more often. However, in the face of incontrovertible proof, brands and retailers have been slow to react to the full scale of the mobile opportunity, doubly so when one considers the relatively low cost of development and the potential high reward.

According to research by Incentivated, only 31 of the FTSE 100 companies have mobile optimised sites and many have poor functionality, work on a limited number of devices and are non-transactional.

It's almost inevitable that mobile wallets will replace the current card-based loyalty programmes. Evidence suggests that consumers are still wary of mobile transactions and mobile payment systems, but actively use mobile loyalty products. We have seen this with the innovative programme we recently launched for fashion retailer Monsoon.

The app has a built-in 'loyalty card', but also allows targeted offers to be communicated and details about a customer's personal interaction with the brand to be stored. Launched recently the stats are encouraging: Average session length is five minutes; the majority of those who have downloaded the app have already begun to use it on a weekly basis and 20% of app downloads come from social media links, indicating the app is being shared and recommended virally.

Mobile is going to revolutionise loyalty marketing and increasingly apps are the tool of loyalty and customer relationships. Whereas company websites are a useful source of information for customers at fixed locations, consumers will download apps for brands they want to deal with regularly.

And its benefits are clear. Firstly, the consumer is constantly in contact with the brand, meaning latest offers and information can be communicated. Secondly, specific targeting is possible; especially with vast amount of data that

Incentivated predictions

- Smart phone penetration will reach 75% with 12 months. Over the same period tablet penetration will leap from 11% to 33%;
- Consumers will, on average, download five interactive retail apps. They will spend, on average five minutes a week with each app;
- Within two years, apps and smart TV sites will become the key conduit for remote shopping and loyalty programmes;
- Within two years 25% of consumers will use mobile phones to manage loyalty cards;
- Within two years a UK-based retailer will launch a fully-integrated m-commerce channel; a TV app containing content and offers that integrate with mobile devices that can be redeemed in-store.

mobile creates. For example, targeting by location, time of day and via social media – almost any permutation is feasible.

Thirdly, for a brand, it's a cheap means of communication. It's faster, more reliable and secure. It will create greater efficiency – consumers don't have to have cards or redeemable vouchers - everything is contained within a piece of technology permanently with them, packed full of history on their activity with the brand.

Fourth, it's connected with all other marketing activity. Mobile will be connected to smart TVs and allow interaction with brand advertising. Retailers can advertise on TV and alert a viewer with a tablet or mobile about a specific offer.

The customer can then either redeem the offer via ecommerce or in-store. Near Field Communication (NFC) chips and the development of mobile 'wallets' will enable customers to manage transactions and pay through an app, or equivalent, on their phone. Mobile has an effect at every stage.

"This is a great time to be a shopper," says Steve Mader, Senior Analyst for Kantar Retail. "The shopper's entire path of purchase is evolving and it is becoming more fluid across channels and more fluid across mediums. I think that retailers and brands are going to have to push themselves to be where the shopper expects them to be."

Given that more than half of a shopper's decisions are made in-store, then mobile is the technology that will enable retailers and manufacturers to better understand that decision-making process and, perhaps, to influence some of those purchase decisions at every point of consideration. ■

Why Apple's Passbook will transform retail

By Krishna Subramanian, CMO, Velti

While the sudden appearance of the Passbook icon on the iPhone's home screen may have some users scratching their heads, its premise is simple; Passbook is an app for receiving, managing and using offers, tickets and loyalty points. People can receive these items, called "passes", via email, web or SMS, or they can be delivered directly into Passbook via a brand-specific, Passbook-capable app offered in the App Store. To use the pass, the user simply clicks on it and a barcode appears. The merchant then scans it to apply the discount, redeem loyalty points, accept the ticket and so on.

Brands and consumers in the US have already been quick to embrace the new service and Passbook-enabled apps for brands such as Ticketmaster and American Airlines quickly entered the top ten free apps in the App Store. Uptake in the UK has not yet been as rapid but once brands begin to integrate and promote the new service, it is likely to become equally as successful here.

On the face of it Passbook is a nice convenience and offers consumers a simple way to manage and make use of the offers they find useful and without having to stuff their wallets with coupons. However, on closer consideration it delivers much more than that and is poised to become a major force in retail and in the customer loyalty space.

Customer loyalty programs often seem better on paper than they do in practice. By rewarding customers with loyalty points that they can redeem for goods and services, you build stronger relationships, encourage higher spending, and foster brand affinity. However, it's clear that not all customers find points useful. A third of reward points go unredeemed and expire and to a large extent this is because they are difficult to track and redeem. That means that typically more than a third of loyalty programmes represent wasted effort by the brand and undelivered value for the customer.

With Passbook, loyalty points are updated in real-time as they're accrued; customers can see how many they have at a glance, and can redeem them as easily as swiping their phone. Higher redemption rates may require brands to reconfigure the economics of their programmes but the impact on customer loyalty makes them well worth the effort.

Mobile marketing is already transforming the way brands engage with consumers and drive business. Passbook represents a fresh opportunity for brands and advertisers to bring the online and offline worlds together in a way that makes sense for consumers and businesses alike. The advent of Passbook could herald the start of a new era where the integration of promotions, redemption, and on-going loyalty deliver more value than ever.

KEEP TAKING THE TABLETS

While mobile goes from strength to strength in the ecommerce world, the rise of the tablet – albeit from a much smaller base – is quite astonishing. And, as Paul Skeldon points out, is something that retailers need to factor into their online retail strategy pronto.

FIGURES OUT in the run up to Christmas 2012 from IBM showed that tablet computers are increasingly playing a major role in how consumers go about online commerce, with IBM's study suggesting that iPads alone account for 10.8% of online shopping over Christmas 2012.

This marks a major shift in not only the role tablets play in the whole m-commerce model, but also how online commerce is now becoming something that occurs over three key channels: computers, mobiles and tablets.

This isn't as glib as it sounds: all three play very different roles in how consumers shop. In a purely transactional sense, the PC, the tablet and the mobile play very different roles based around location, immediacy, social and research. But looking more widely, they each play a very different role in the whole retail experience, more of which later.

So why is this tablet revolution taking place and why is it happening so suddenly?

"Tablets provide a simple user experience and better value browsing experience for consumers – they also offer improved browsing over traditional desktops as consumers are more likely to pick up and start flipping through websites in their leisure time whilst sat on the sofa than reaching for their laptop which can remind them of work," explains Matt Clarke, Chief Technical Officer at Amaze, a cross-channel marketing agency. "The device is easy to use, shows products in a more engaging way and allows the consumer to be more submerged in the product compared with traditional browsers."

Max Childs, Marketing Director at Amplience agrees: "Tablets just offer a much nicer and more engaging user experience and if retailers do start to optimise for tablets and design tablet-specific apps they tend to get a much stickier experience and more repeat business."

One extremely interesting example of how tablets fit into a new niche within the ecommerce model is the app designed by Argos for the iPad. "Argos was typically associated with being a catalogue company, with a catalogue that lived on your coffee table and that every member of the family dipped into," says James Lovell, Smarter Commerce Solution Consultant, Europe for IBM. "This lends itself perfectly to the iPad. The iPad increasingly is a family web access point that lives on the coffee table and lets people dip into it."

This is why the Argos iPad app is such a strong proposition: it melds the 'old skool' with the new and uses the technology to deliver a more connected and digital version of what the company has done all along.

And other retailers are starting to realise the same. M&S and Ikea have both brought out catalogue like iPad apps to capitalise on this move to the iPad being a shared family living room tool. Even the likes of car maker Land Rover is utilising iPad-specific apps to start to build more compelling consumer engagement.

This is the reason why tablets are seeing such unprecedented growth in the e- and m-commerce environment. They are rapidly filling that gap between the laptop/desktop computer that you typically have to go to in order to get online and the smartphone, which is very private and personal. The tablet has almost created a new niche: one where it is a shared common family access device to the web – and therefore commerce – while the family is sitting around on the sofa.

The fact that these devices start almost instantly and are designed to be 'scooped up' and used means that they are redefining ecommerce. There will come a day when no-one buys a laptop – tablets will be powerful enough to do the job.

"More people are choosing tablets when they are considering new home IT spend and they now occupy this great middle ground between desktops and phones and this will drive their use as a new kind of m- or ecommerce shopping platform," believes Amy Vale, VP, Global Marketing, Mojiva.

But so far all of the developments – and indeed the facts and figures – surrounding the boom in tablet commerce is centred very much on the iPad. And while this device is currently the real exemplar of tablet technology, ignoring the other tablet devices coming up through the ranks could be something that retailers today do at their peril.

Apple is still the high end of the tablet market but other manufacturers are making them more and more cheaply and adding increasing web and apps functionality to devices such as ebook readers. And this is where the real tablet traction is going to happen, some believe.

"The cost of tablet devices such as the Kindle Fire is already so low that more people will start to use them for all manner of online activities," says Mojiva's Vale. "It is important that retailers, while struggling right now to get their smartphone strategies in place and integrated into their businesses are also looking at how to develop apps and compelling shopping experiences on other tablet devices as this is where the real big business will be in a year or two."

IBM's Lovell agrees. "Retailers must right now look at their tablet strategy and not just base it around the iPad. Kindle, Google and Samsung and many others all have tablet products. Soon there will be many more and you have to be ready."

This brings us to the bit that no retailer wants to hear: you have to have a tablet strategy in place right now and it has to cover not just the main devices today, but be ready for the devices of the future.

"You have to build once and deliver as an optimised experience across a range of devices and device types," says Lovell. "And these days that means having different experiences for smartphones to laptops to tablets as consumers are all using them in very different ways. It's a challenge, but with the right technology partner you can make it happen."

All this bears out Christmas 2012's statistics that tablets are growing very rapidly. But are you as retailers ready for the fact that tablets aren't just smartphones on steroids, nor are they flyweight laptops. They are becoming a shopping platform of their own, and they are likely to become, in the next five years, the main access point to ecommerce for most consumers. So, time to take the tablets seriously. ■

Tablets in store

While there is something of a revolution occurring around how consumers use tablets for 'couch commerce', these devices are also becoming something that is set to revolutionise the in-store experience, for both retailers and their floor staff and consumers.

"The beginnings of 4G networks and the fact that retailers are increasingly rolling out their own in store wifi networks means that the whole experience of being in a store is set to change dramatically this year," says James Lovell, Smarter Commerce Solution Consultant, Europe for IBM. "Better networks in stores will see more consumers able to interact with their physical environment with devices and tablets, because they provide such a rich experience, have a big part to play in this."

But while in store networks and consumer devices allow for the fusing of the online and in store world's for consumers, devices such as tablets – along with these in store networks – are really set to revolutionise how in-store shopping works.

M&S has already started to equip many of its staff with iPads to help them with background information and stock details for wine and clothing, allowing staff to order out of stock products and to help give consumers more info on the sales floor. So far it has equipped 36 UK stores and its Paris store and is planning to have them in all 350 UK stores that sell general merchandise and food this year.

But with other retailers such as DFS and Burberry and others either equipping staff with iPads or nailing iPads to pillars in stores, it could be questioned as to the value of doing this.

Consumers that are tech savvy will probably look stuff up for themselves, while those that aren't are going to want good old fashioned customer service rather than a tablet. Balancing this in store is going to be one of the key multichannel challenges for 2013.

Insight from around the world

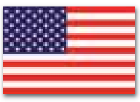
ISABELLE SALLARD, EDITOR, INTERNETRETAILING.FR

Within a few years, the internet has become France's favourite shop according to a recent Ifop/Wincor Nixdorf study. People in France enjoy spending time shopping on the internet: in the ranking of the average weekly time dedicated to shopping, the internet comes in second position, just after supermarkets and before clothing stores. Moreover, searching the internet for information about a product before buying it has become routine for almost a third of French consumers.

According to the study, for 79% of the respondents, French e-retailers have made big improvements on their service quality while only 19% think the same about their local stores, although they visit more regularly. Unsurprisingly, the Y Generation (18-35 years old) has the higher expectation: there are 34% who judge the shops' efforts unsatisfactory or non-existent, which suggests that this is a sustainable trend.

It is then a euphemism to say that web emergence has generated new expectations among French consumers about traditional retailing. Therefore, they hope to enjoy some of the internet's advantages while in stores: 46% would like to find in-store price comparison, 37% would like to access the same variety of products and 25% of respondents would like to benefit from strong promotions.

Finally, the study reveals how increasingly connected French consumers are. A third of them would use their mobile to support in-store purchases, 9% don't hesitate to take pictures of products before searching for relatives' advice, 8% are trying to get product information and 7% use their smartphone to compare prices. More marginally, 5% of consumers seek relatives' advice on social networks. Finally, only 1% of respondents pay through their mobile phone, although more and more French stores are looking into mobile payments.



MATT TATHAM, EXPERIAN MARKETING SERVICES

Cyber Monday online retail traffic in the US increased 11% in 2012 versus 2011 as the top 500 retail sites received more than 206.8 million total US visits. Black Friday online retail traffic increased 7% in 2012 versus 2011 with more than 193.8 million US visits to the top 500 retail sites. On Thanksgiving Day itself online retail traffic increased 6% over last year with 192.5 million visits to those 500 sites.

Overall, the online traffic to retail sites from Thanksgiving Day to Cyber Monday was up 8% in 2012 over 2011's level.

Amazon.com remained the top visited retail site on Cyber Monday while Walmart received the second most visits. BestBuy was the third most visited site with Target and JC Penney rounding out the top five. Among the top five sites, Amazon saw the biggest year-over-year growth at 36%. It was also the top visited retail site on Thanksgiving Day, Black Friday and Cyber Monday.

As we noted from our CEI data, consumer optimism during the first six months of 2012 had reached an all-time high over the last four years levels and continued into this holiday weekend with retailers seeing significant gains over 2011's traffic figures.

Last year Cyber Monday claimed the prize as the busiest shopping day of the year, growing from 138 million online visits to 177 million total US visits to the top 500 retail sites, a 29% growth comparing 2011 to 2010. Also, Cyber Monday, Black Friday and Thanksgiving were the top 3 Email Transaction days during the holiday season.

STEVEN KAISER, DIRECTOR OF RESEARCH - SOUTH EAST ASIA, EFFECTIVE MEASURE

Vietnam's burgeoning digital sector is shaping up to possess a lot of ripe, latent opportunity in the next five years as broadband usage grows in tandem with shifts to online transactional consumer behaviour. Currently sitting on 30 million online users, Vietnam's digital maturation is enjoying more of a behavioural evolution rather than playing the numbers game of its more net-savvy neighbours.

With broadband penetration on the rise and mobile broadband access emerging as a feature trend, online retailing, once established strategically, is poised to make an impact. The trend is supported by the increasing online engagement patterns of the average Vietnamese netizen. Recent studies suggest that average time spent on the internet tripled from 43 to 130 minutes per day between 2008 and 2011.

One of the barriers so far to the emergence on online retailing has been a lack foreign investment in retail services, which continues to be highly regulated. Meanwhile, local retailers are also constrained by capital to invest in robust ecommerce platforms.

However, like the rest of the e-tail world, the group buying phenomena has taken its hold on the Vietnamese market. Since the first group buying sites entered the market in 2010, the concept has worked to whet the appetite of the reluctant online shopper. Moving from serial coupon buys to fully-fledged online shopping is, after all, only a few habitual clicks away.

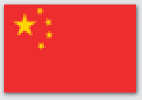
Meanwhile, local entrepreneurs are seizing on these low barrier to entry ecommerce plays by finding a business opportunity in e-marketplace sites where they sell space on their sites to local retailers who lack their own web presence to bring their product offers to consumers.

This trend is getting traction with technology products and durable appliances, which is understandable given Vietnam's highly rural population. With less than 30% of the population living in major cities, bigger ticket items like technology assets, which have limited availability in physical retail stores, have a natural affinity with ecommerce opportunities.

According to Effective Measure's data, currently just under 50% of internet users surveyed can access the internet from their mobile phone, with most using their handsets to conduct research in shopping for products. More than 40% of respondents use their mobile phone at least occasionally when researching and shopping for technology, fashion and entertainment products. Price comparison emerges as a key tool for online engagement via the handset, with over a third of users claiming it as "very important".

While the majority of users currently rarely pay for goods via their mobile phone, around a quarter claim that they use vouchers or coupons stored on their mobile phone when shopping.

Another roadblock is the inherently low credit card usage rates among consumers, estimates range between 1-5% of Vietnamese consumers own a credit card. But, with the mobile payment systems like NFC and apps on the horizon, this cultural issue could be eventually conquered by technology.



SAM ZHUANG, CEO, WWW.SMART-PATH.NET

Driven by rapid ecommerce growth in China's smaller cities and the success of November's 11.11 Shopping Festival (Singles Day), annual sales volumes on Tmall and Taobao Marketplace, the country's two largest online shopping websites, have surpassed a combined RMB $1 trillion ($157bn) for the first time.

The milestone, reached on 30 November, was hailed by officials for Alibaba Group, the parent company of the shopping websites, as a potent sign of the increasing importance of ecommerce in the everyday lives of Chinese consumers. Speaking on 1 December, Alibaba Group Chairman and CEO Jack Ma noted that only two companies - Alibaba and US retailing giant Wal-Mart - have ever recorded annual transaction volumes greater than RMB 1 trillion (or the equivalent in US dollars).

Singles Day is China's biggest online shopping event. Including four '11' - four singles, 'Singles Day', is a version of Valentine's Day for unattached young people. Though it's not an official public holiday, it's very popular among young people. Since 2009, Taobao has been using this chance to carry out promotional activity in which participating merchants on Taobao give 50% discounts to customers. Turnover on Taobao during the 2012 event reached RMB 19.1bn, 267% more than in 2011.

According to Tmall (Taobao's B2C platform), 10 million people, which is more than the population of Greece, visited Tmall just 1 minute into the promotion. After two hours and nineteen minutes, Tmall's sales had already exceeded the total turnover of Singles Day in 2011; at 1:38pm, Tmall reached RMB 10bn sales, which was Taobao's sales target for Tmall for this Singles Day. In all, 213 million people visited Tmall, accounting for 40% of the total Chinese netizen population. 217 stores reached a turnover of RMB 10m and three stores reached RMB 100m.

Many of the other large B2C online retailers, such as 360Buy, Dangdang and Amazon China, took part in the promotion as well. These B2C retailers didn't offer as many 50% discounts to customers as Taobao, instead offering coupons and small discounts.

Overall, the staggering, record-breaking one-day sales of Singles Day demonstrated that the Chinese ecommerce market has reached a critical mass. This will push various stakeholders (manufactures and e-retailers) to take ecommerce more seriously going forward. ■

At IR Towers we recognise the importance of face-to-face meetings, the experience of 'being there' and the ability to focus fully on an idea or issue. While we have a growing range of events and activities, created specifically for retailers from Jumpstarts to webinars, we also appreciate that time is precious. Here are some of the learnings from recent events.

NOW&NEXT

INTERNET RETAILING held three webinars recently with diverse topics that are key trends and innovations in the etail industry. At the end of each webinar, the audience was able to ask questions of the presenters.

CHARLES VÖGELE'S PEAK PERFORMANCE WITH KEYNOTE

At the most recent webinar, hosted by Keynote on 25 October, the audience heard how Charles Vögele, a Swiss fashion retailer with more than 850 branch offices across Europe, prepares its website for peak performance during the Christmas period and beyond. Fabian Koßmehl, E-Commerce Frontend & Application Manager at Charles Vögele Trading explained how the retailer monitors its website, content and applications and how they perform on actual browsers and networks with Keynote Systems alarm management so that performance issues can be identified and corrective action taken. He revealed:

- In the last year, five downtimes were identified immediately and action could be taken quickly. The alternative, waiting to find that the online shop wasn't working through a customer complaint, would take "far too long," said Koßmehl.

- Charles Vögele also used Keynote Systems to monitor its site performance, and it identified 30 possible optimisations. Results have included a 45% reduction in home page loading times, while the time taken to move from the home page to checkout has reduced by 35%. Conversion has been boosted by 0.6%.

- In the run up to Christmas, Charles Vögele expects up to eight times more visitors a day, with as many as 10 times more page views an hour. It will prepare by having a round-the-clock emergency plan, monitoring through both Keynote and Nagios systems, while processing power will be doubled.

Mobile was the focus for the second speaker, Robert Castley, Solutions Consultant at Keynote Systems. With the surge of tablet and smartphone use, he said, there was a need for retailers to optimise their sites for such devices. The take-away from his presentation is that 60% of tablet users now expect a download in three seconds or less, while 64% of smartphone users want to download sites in less than four seconds. Currently, however 18% of mobile commerce sites download in six seconds.

CHOOSING AN ECOMMERCE PLATFORM WITH EPISERVER

The complex question of how to choose the right ecommerce platform was tackled in a separate webinar, hosted by David Bowen, Product Manager at Episerver. He took listeners through the process step-by-step, considering both what needs a platform must meet and how the latest ecommerce technologies can both help a retailer meet those needs and keep ahead of the competition through innovation. He said:

- Selection processes are changing. Rather than promoting a tick-box response, RFIs (requests for information) can be used to gather information on business requirements, building out from the business plan and budget, and including scenario-based demonstrations.

- It's important to get to know the short-listed vendor company before making a final choice, while a trial of the solution may be very useful.

- A key task for the selection team is to understand how a vendor operates, whether it is selling its own system or working in partnership with another.

MAKING THE MOST OF YOUR SOCIAL CRM WITH REEVOO

Richard Anson, founder of social commerce platform business Reevoo, was the presenter for another recent webinar on 'Making the most of your social CRM with user-generated content'. During the course of the event, he guided listeners through the implementation and use of a social CRM system, including an in-depth look at how retailers had used such systems to deliver insights into their services and products. The audience heard:

- Some 14% of consumers provide reviews after making a purchase, while 54% of product owners who are members of the Reevoo community respond to a query within 24 hours.

- For consumers, the key point about social content is the trust that it inspires, said Anson. He cited GMI research from March 2012 that showed that 50% of those questioned trusted reviews collected independently, compared to 23% who trusted the feedback content provided by a brand.

- Anson analysed Currys data to show how consumers use a site with reviews on it. The figures showed that people reading reviews were twice as likely to purchase, while they also spent 181% more time on the site and saw 138% more page views. "There are strong benefits to the brand and to consumers from social content," he said.

- There's been a need for more sophisticated CRM systems that replace the more basic CRM data of earlier years. Such systems must understand what customers are saying, where they are saying it, when and why. Some argue, he said, that you don't need old world CRM any more, but rather to understand consumer intent. His own feeling was that both were important.

IR JUMPSTARTS

Procurement is painful not simply due to the difficulty in assessing answers, but the much more important issue of getting the right question. Internet Retailing's Jumpstart programme takes a short, sharp, intense look at a topic – concentrating upon the key questions retailers should ask. Best of all, the presentations are limited to 20 minutes each. All sessions are filmed, and, with the supporting information, provide a useful resource and stimulus for a rapid, relevant coverage of a topic. See the box for forthcoming dates and topics.

A full write up of the webinars, along with contact details, are available at http://internetretailing.net/events/webinars/ ■

KEY DATES FOR 2013 LEARNING OPPORTUNITIES

Fast Track Briefing Programme
JUMPSTART
An INTERNET RETAILING event

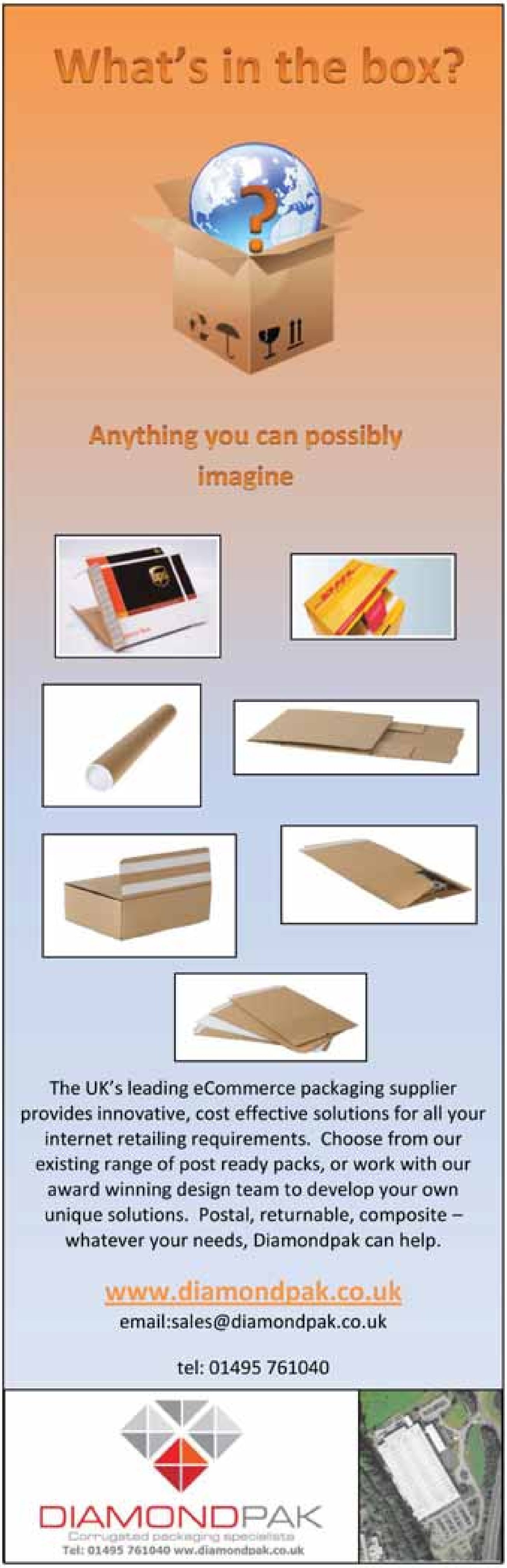
8 May – E-Commerce Platforms
29 May – International & Cross Border
5 June – Cross Channel
19 June – Customer Experience

InternetRetailing expo
Selling in the digital age
20th - 21st March 2013

With its 6 conferences, 12 workshops, all free to attend, and over 150 leading suppliers, IRX 2013 is the must-attend event for multichannel and online retailers. Register now to make sure you get your free ticket to avoid the queues on the door and to be kept up-to-date with all the major developments and announcements.

2013 InternetRetailing
16th October 2013, Novotel, Hammersmith, London

3 keynotes, 3 conference streams, 8 free workshops and 45 displays. View 2012's presentations online or contact Emma Herrod if you are interested in speaking at the October 2013 event.



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fulfilment, logistics & order management

seach & recommendation

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customer experience

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